

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 18, 2015

TO: Honorable Kel Seliger, Chair, Senate Committee on Higher Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3027** by Zerwas (Relating to the establishment of the Texas Competency-Based Education Grant Program for certain students enrolled in competency-based baccalaureate degree programs at certain institutions of higher education.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3027, As Engrossed: a negative impact of (\$12,013,329) through the biennium ending August 31, 2017.

HB 3027 takes effect in the second year of the biennium; accordingly, there is an estimated negative impact to General Revenue Related funds of (\$30,001,476) through the biennium ending August 31, 2019.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	\$0
2017	(\$12,013,329)
2018	(\$13,875,395)
2019	(\$16,026,081)
2020	(\$18,510,123)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1
2016	\$0
2017	(\$12,013,329)
2018	(\$13,875,395)
2019	(\$16,026,081)
2020	(\$18,510,123)

Fiscal Analysis

The bill would establish a Texas Competency-Based Education Grant Program for certain students enrolled in competency-based baccalaureate degree programs at eligible institutions of higher education. The program would be administered by the Higher Education Coordinating Board (Board). Under provisions of the bill, the maximum annual amount of a grant under the program for a full-time undergraduate student equivalent enrolled at an eligible institution is an amount equal to 75 percent of the average state appropriation for the state fiscal biennium preceding the biennium in which the grant is awarded for a full-time undergraduate student equivalent enrolled at a general academic teaching institution, as determined by the Board. Under provisions of the bill, the Board may not award grants before the 2016-17 academic year (fiscal year 2017).

Methodology

The Higher Education Coordinating Board (Board) estimates that 1,400 students attending Western Governor's University would satisfy the financial need requirements in fiscal year 2015 based on information the Board received from WGU on Pell eligibility. The Board applied a percentage growth increase of 10 percent per year and as a result, the estimated number of eligible students in fiscal year 2016 and 2017 would be 1,540 and 1,694, respectively, and would continue to increase to 2,255 by fiscal year 2020.

The Board estimates that 300 students attending public institutions would qualify for the program in fiscal year 2015. The Board applied a percentage growth increase of 10 percent per year and as a result, the estimated number of eligible students in fiscal year 2016 and 2017 would be 330 and 363, respectively, and would increase to 483 by fiscal year 2020.

Based on these estimates the total number of eligible students would be 1,700 in fiscal year 2015, 1,870 in fiscal year 2016 and 2,057 in fiscal year 2017. The eligible students would increase to 2,738 by fiscal year 2020.

To calculate the award amount, the Board used the maximum Tuition Equalization Grant amount of \$6,727 and applied a percentage of 75 percent as provided by the bill, which results in an award amount of \$5,045 for fiscal year 2014. The Board applied a growth factor of 6 percent to the award amount beginning in fiscal year 2015 to reflect increases in cost of attendance. Based on this calculation, the average award amount for fiscal year 2015 is \$5,297 and would increase to \$5,562 and \$5,840 in fiscal year 2016 and fiscal year 2017 respectively. The average award amount would increase to \$6,761 by fiscal year 2020.

Under provisions of the bill, the Board would first award grants in fiscal year 2017. Based on projections for fiscal year 2017, it is estimated that 2,057 students would receive an average award amount of \$5,840 at a cost of \$12.0 million. By fiscal year 2020, it is estimated 2,738 students would receive the award amount of \$5,761 at a cost of \$18.5 million.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 781 Higher

Education Coordinating Board, 783 University of Houston System
Administration

LBB Staff: UP, EMu, DEH, GO