

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 16, 2017

TO: Honorable J. M. Lozano, Chair, House Committee on Higher Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB18 by Seliger (Relating to public institutions of higher education setting aside portions of designated tuition for student financial assistance.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SB18, As Engrossed: a negative impact of (\$30,000,000) through the biennium ending August 31, 2019.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2018	\$0
2019	(\$30,000,000)
2020	\$0
2021	(\$30,000,000)
2022	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1
2018	
2019	(\$30,000,000)
2020	\$0
2021	(\$30,000,000)
2022	

Fiscal Analysis

The bill would repeal the requirement that public institutions of higher education set aside portions of designated tuition for student financial assistance. Designated tuition is classified as Institutional Funds therefore this repeal would not have an impact to the State. The Higher Education Coordinating Board has estimated that the number of students impacted and the amount of financial aid from this set aside is 105,962 and \$238.8 million, respectively, in fiscal year 2018, increasing to 118,838 and \$267.9 million by fiscal year 2022.

The bill would create the Texas Students First Grant Program administered by the Higher Education Coordinating Board. The program would provide financial assistance to students with financial need at general academic teaching institutions that have successfully controlled tuition costs charged to students at the institution. Under provisions of the bill, institutions are only eligible to participate in the new program for an academic year only if the total amount of tuition charged by the institution to the student for that academic year is at least five percent less than the total amount of tuition that the institution would have charged a similarly student for the 2017-18 academic year.

The bill would require the governing board of an institution that sets aside any portion of designated tuition for financial assistance, to submit a report to the Higher Education Coordinating Board information regarding the set aside. The institution would also provide notice to students regarding the specific amount of the student's notice that was set aside for financial assistance.

Methodology

Senate Bill 1 as Engrossed includes \$30 million for the 2018-19 biennium contingent on creation of the Texas Student First Grant Program in this legislation. For purposes of this fiscal note, it assumed that funding for this program would continue at this level for the 2020-21 biennium and the 2022-23 biennium.

For institutions that would participate in the program there would be an impact to designated tuition. Designated tuition is classified as institutional funds; therefore, there would be no impact to the State. For some institutions, this impact could be significant.

Based on the analysis of responses provided by institutions of higher education and the Higher Education Coordinating Board, duties and responsibilities associated with implementing provisions of the bill could be accomplished by utilizing existing resources.

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, 768 Texas Tech University System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

LBB Staff: UP, THo, DEH, GO