

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 7, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB885 by Seliger (Relating to eligibility for a TEXAS grant and to administration of the TEXAS grant program.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend various sections of the Education Code as it relates to the TEXAS Grant program.

The bill would set a maximum amount of a TEXAS grant for a semester to the lesser of the difference between the amount of tuition and fees and the amount of the Pell Grant for which the student is eligible, or the student's unmet financial need for that semester. The bill would make a student ineligible for a TEXAS grant if the student's Pell Grant exceeds the amount of tuition and fees required for the semester. The bill would also restrict institutions from providing work-study financial assistance to cover any difference in the amount of a TEXAS grant and the actual amount of tuition and fees. The bill would allow institutions to be exempted from providing other sources of financial aid to cover any difference in the amount of a TEXAS grant awarded and the actual amount of tuition and fees to any person who did not receive a priority for the award due to demonstrating the greatest financial need. The bill would impact initial or subsequent grants awarded for the 2018 fall semester (FY 2019). The bill would take effect January 1, 2018.

Based on estimates provided by the Higher Education Coordinating Board (THECB), the bill would result in the average award amount decreasing from \$5,000 to \$4,400 under current funding levels. Beginning in fiscal year 2019, this would result in the projected students that would receive an initial award increasing from approximately 28,000 students to 33,000 students. Thus, any savings resulting from lower award amounts would be offset by an increase in the number of students receiving awards. As the overall funding for the program is not impacted by these proposed changes, no significant fiscal impact to the state is anticipated. Any costs associated with implementing provisions of this bill would be absorbed within current 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, 758 Texas State University System, 768 Texas Tech University System Administration,

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

LBB Staff: UP, THo, DEH, GO, DFR