

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 28, 2021

TO: Honorable Jim Murphy, Chair, House Committee on Higher Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4487 by Rosenthal (Relating to measures to facilitate the successful completion of degree and certificate programs by certain adult learners at public institutions of higher education.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4487, As Introduced : a negative impact of (\$50,000,000) through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill. The Texas Higher Education Coordinating Board is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the coordinating board may, but is not required to, implement a provision of this Act using other appropriations available for that purpose.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	(\$25,000,000)
2023	(\$25,000,000)
2024	\$0
2025	\$0
2026	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$25,000,000)	1.0
2023	(\$25,000,000)	1.0
2024	\$0	0.0
2025	\$0	0.0
2026	\$0	0.0

Fiscal Analysis

The bill would establish the Texas Recovery Act, which includes several initiatives that are aimed at the completion of degree and certificate programs by certain adult learners at public institutions of higher education. These initiatives include a tuition assistance grant program administered by the Higher Education Coordinating Board for adult learners for the 2021-22 and 2022-23 academic years. The program would

provide each adult learner enrolled in a baccalaureate or associate degree or certificate program at an institution of higher education a grant for each semester or term in the amount equal to 25 percent of the average statewide amount of tuition and required fees that a resident student enrolled full-time would be charged for that semester or term. The bill would also require the Higher Education Coordinating Board, for the state fiscal biennium beginning September 1, 2023 (fiscal year 2024), to distribute incentive funding to each institution of higher education based on the number of adult learners enrolled in the institution that meet certain requirements. Another initiative would allow certain adult learners employed through the Texas WORKS internship program in the 2021-22 and 2022-2023 academic years, to receive an additional \$2,500 stipend as part of the adult learner's wages under the program. The bill would also require the Higher Education Coordinating Board to establish the GRAD TX program to support the reskilling, upskilling, and high-value degree or certificate program completion of adult learners.

Under provisions of the bill, the total amount spent to support these initiatives could not exceed \$50 million and if the total cost of providing grants, incentive funding, or stipends to all eligible adult learners or institutions of higher education exceed \$50 million, the Higher Education Coordinating Board must reduce the amount of each grant, incentive funding award, and stipend as necessary. The subchapter would expire on September 1, 2025.

Methodology

For purposes of this fiscal note it is assumed that the costs associated with the bill would only be in the 2022-23 biennium and support the tuition assistance grant program, stipends for qualifying adult learners and the GRAD TX program. The funding would be split evenly, \$25 million per fiscal year. Costs associated with the incentive funding for higher education institutions, beginning in fiscal year 2024, are not represented in the tables above.

Based on information provided by the Higher Education Coordinating Board, there are an estimated 22,757 students in fiscal year 2022 and 23,437 in fiscal year 2023 that would qualify for tuition assistance grants. These projections are based on undergraduates that were 25-34 years old and enrolled in Texas public Higher Education Institutions in the fall of 2020. The agency applied a 3.0 percent annual increase to calculate the number of students for fiscal year 2022 and 2023. The agency estimates that at the maximum grant level for tuition and fees, the funding for the program would be \$31.3 million in fiscal year 2022 and \$33.0 million in fiscal year 2023. The agency reports that an estimated 400 students in the TEXAS Works program would receive \$2,500 a year. The total cost for this program would be \$1.0 million in fiscal year 2022 and \$1.0 million in fiscal year 2023. The agency indicates that to expand the GRAD TX program statewide, which is currently only in the Houston area, would cost \$4.0 million. The totals for these programs exceed \$25 million per year so it assumed that the agency would reduce the amount of each tuition grant and stipend to get within that threshold.

The Higher Education Coordinating Board estimates that it would need to hire a program manager at a total cost of \$65,043 for salaries and retirement benefits. The agency reports that the technology costs associated with data gathering, changing the current program for Texas Works, and to modify the existing system for the tuition assistance grants program would be approximately \$168,000 in FY 2022 and \$5,000 in 2023 for ongoing maintenance. This fiscal note assumes that the agency would use a portion of the funding allocated for the three programs for administrative purposes.

Local Government Impact

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

Source Agencies: 320 Texas Workforce Commission, 710 Texas A&M Univ System Admin, 720 UT Sys Admin, 758 Texas State University System, 768 Texas Tech Univ Sys Admin, 781 Higher Education Coordinating Board, 783 Univ of Houston Sys Admin

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