

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 23, 2023

TO: Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1590 by Burns (Relating to the establishment of the Texas Leadership Scholars Program.), As Passed 2nd House

Estimated Two-year Net Impact to General Revenue Related Funds for HB1590, As Passed 2nd House : a negative impact of (\$20,000,000) through the biennium ending August 31, 2025.

The fiscal implications of the bill relating to research scholarships cannot be determined due to the unavailability of data related to the number of graduate students that would participate in the program and the award amount through the program.

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:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2024	(\$10,000,000)
2025	(\$10,000,000)
2026	(\$10,000,000)
2027	(\$10,000,000)
2028	(\$10,000,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable (Cost) from General Revenue Fund 1
2024	(\$10,000,000)
2025	(\$10,000,000)
2026	(\$10,000,000)
2027	(\$10,000,000)
2028	(\$10,000,000)

Fiscal Analysis

The bill establishes the Texas Leadership Scholars Program which includes two scholarship programs: a leadership scholarship, that would be awarded to undergraduate students, and a research scholarship that would be awarded to graduate students. Under provisions of the bill, the Higher Education Coordinating Board would administer the program but may contract with one or more institutions of higher education to assist in some of

the relevant duties, including receiving and reviewing applications, recommending the distribution of funds to institutions of higher education, and developing criteria for the selection of students for the program. The bill would establish certain eligibility requirements for the two scholarships including that the amount of the research scholarship is at least 150 percent of the amount of the leadership scholarship.

Methodology

In the 2022-23 academic year the Higher Education Coordinating Board received Governor's Emergency Education Relief (GEER) funds to support the Texas Leadership Scholar's Program. This funding was allocated to participating institutions of higher education to provide tuition and fee assistance; a housing and living stipend; and academic, professional and experiential supports for participating undergraduate students. Funding was provided up front: for each entering cohort, the institution received funding to pay for the subsequent four years of the students' participation in the program. A cohort of 250 students initially enrolled in the program and the Higher Education Coordinating Board provided institutions \$10 million (\$2.5 million per year over four years, or \$40,000 per student for four years). Based on information provided by the Higher Education Coordinating Board, enrolling similar size cohorts in 2023-24 and 2024-25 would cost \$10 million per year in General Revenue for the leadership scholarship program. This fiscal note analysis assumes similar costs in fiscal year 2026 and beyond.

The Higher Education Coordinating Board indicates that the fiscal implications for the research scholarship component of the program cannot be determined due the unavailability of data regarding the number of graduate students that would be eligible for the program and at what award amount.

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, 775 Texas Woman's University System, 781 Higher Education Coordinating Board, 783 University of Houston System Administration, 978 San Jacinto College

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