

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**May 31, 2003**

**TO:** Honorable David Dewhurst , Lieutenant Governor, Senate  
Honorable Tom Craddick, Speaker of the House, House of Representatives

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB3015** by Morrison (Relating to the tuition and fees charged to students of institutions of higher education, to financial assistance funded by tuition, and to reports of availability and access by institutions of higher education. ), **Conference Committee Report**

No significant fiscal implication to State appropriations is anticipated.

Universities would realize additional revenue for increases in designated tuition rates. However, this change would have no fiscal impact to State appropriations because designated tuition is considered institutional funds and is therefore outside of the appropriation process.

Universities would realize additional revenue for increases in designated tuition rates. However, this change would have no fiscal impact to the State because designated tuition is considered institutional funds and therefore is outside of the appropriation process. It is assumed that tuition set aside for financial aid would be administered by each institution.

There could be fiscal implications for TEXAS Grants because increases in tuition and fees would increase the average amount of a TEXAS Grant. Assuming the average cost of tuition and fees increase five percent, the increased costs of TEXAS Grants would be \$12.4 million in 2004, increasing to \$17.7 million in 2008. To the extent that no additional General Revenue is appropriated, existing statute allows the Coordinating Board to change the financial need criteria so that the total number of TEXAS Grants recipients would decrease proportional to the cost related to increases in average tuition and fees.

It is assumed that higher education institutions would use revenue from designated tuition to cover costs associated with administering designated tuition set asides and financial aid paid from these funds. Also, this increase in designated tuition would be used at certain institutions to offset the difference between what they charge in tuition and fees and the amount of a TEXAS Grant and the amount of the payment from a prepaid tuition contract.

It is assumed that institutions would use available funds to comply with reporting requirements related to the affordability and access of their institution.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 781 Higher Education Coordinating Board

**LBB Staff:** JK, CT, SD, PF, MG, WP