

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**April 26, 2011**

**TO:** Honorable David Dewhurst, Lieutenant Governor, Senate

**FROM:** John S O'Brien, Director, Legislative Budget Board

**IN RE: SB28** by Zaffirini (Relating to eligibility for a TEXAS grant and to administration of the TEXAS grant program.), **As Passed 2nd House**

**No significant fiscal implication to the State is anticipated.**

The bill amends the Education Code concerning the award of TEXAS Grants. TEXAS Grants are financial aid awards made to higher education students who meet certain academic requirements as specified under the Education Code and who are selected for the award by the institution of higher education that they attend.

The bill would make eight major changes to this statute. First, the bill establishes a new set of academic standards for the "priority" award of these grants. Institutions would be required to award TEXAS Grants first to those students who met these new standards; institutions with funds remaining after these "priority" awards would be permitted to give TEXAS Grants to the broader, statutorily eligible population. Second, the bill would establish as an additional priority threshold an Expected Family Contribution (EFC) of less than 60 percent of statewide average tuition and fees. Third, the bill establishes in statute a formula for the allocation of initial TEXAS Grant awards by institution based upon the proportion of entering first-year students who have an EFC of \$4,000 or less. Fourth, the bill allows students enrolled in certificate programs to be eligible for the grant and this would expand the eligible population (current eligibility is restricted to degree-seeking students). Fifth, the bill would require institutions to award TEXAS Grants in reverse rank order of Expected Family Contribution. Sixth, the bill would preserve eligibility for future initial TEXAS Grant awards if an otherwise eligible student enters in a year where less than 10 percent of the eligible entering class received a grant due to insufficient levels of appropriation. Seventh, the bill requires the HECB to prepare an annual report on the allocation of TEXAS Grants based upon the new criteria established in the bill. Finally, the bill would enable eligible students entering military service to retain TEXAS Grant eligibility for the year following their honorable discharge from military service should they enroll for at least a three-fourths course load.

The statutory changes implemented as a result of the bill will not affect the number of students served at each institution and as a result no significant fiscal impact to the state is anticipated; however, the specific students selected for awards at some institutions may change.

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

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