

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

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

**May 23, 2011**

**TO:** Honorable David Dewhurst, Lieutenant Governor, Senate  
Honorable Joe Straus, Speaker of the House, House of Representatives

**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.), **Conference Committee Report**

**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 seven 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 of less than 60 percent of statewide average tuition and fees. Third, the bill prevents HECB from changing the proportion of funds allocated to institutions due to different levels of "priority" students; however, HECB retains rule-making authority to change allocation percentages for other reasons. 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 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. Finally, the bill provides an additional category of potential initial TEXAS Grant award recipients representing those students whose initial year of eligibility coincides with a year in which the Legislature funds less than 10 percent of initial TEXAS Grant awards. Students in this final category retain eligibility for an initial award throughout their undergraduate degree.

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. In addition, should the Legislature fail to fund initial grants at less than 10 percent of the eligible population in any given year, that decision would result in a large increase in the overall pool of eligible students in future years.

**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

**LBB Staff:** JOB, KK, RT, GO, GP