

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**May 5, 2009**

**TO:** Honorable Judith Zaffirini, Chair, Senate Committee on Higher Education

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

**IN RE: SB1304** by Patrick, Dan (Relating to eliminating the set-aside of a portion of designated tuition for student financial assistance at public institutions of higher education.), **As Introduced**

<b>No significant fiscal implication to the State is anticipated.</b>
---

Under current law, the governing board of each institution of higher education is required to set aside not less than 20 percent of any amount of designated tuition charged to a resident undergraduate student and 15 percent of any amount of designated tuition charged to a resident student enrolled in a graduate or professional degree program in excess of \$46 per semester credit hours for financial assistance. The bill would eliminate this requirement. The B-On-Time program, which is funded by a five percent set aside, would not be impacted by the bill.

Several institutions have indicated the repeal of the set aside would allow them more flexibility, including reducing tuition rates which would offset any losses in financial assistance to students. Other institutions have indicated they would continue to support financial assistance programs through designated tuition. Therefore, for the purpose of this fiscal note, it is assumed that the impact would not be significant.

**Local Government Impact**

No 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, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

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