

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 8, 2003

TO: Honorable Geanie Morrison, Chair, House Committee on Higher Education

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2393 by Goodman (Relating to the governance and operation of The University of Texas at Arlington.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2393, As Introduced: a negative impact of (\$35,000) through the biennium ending August 31, 2005.

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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	(\$35,000)
2006	(\$35,000)
2007	(\$35,000)
2008	(\$35,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>EST OTH EDUC & GEN INCO</i> 770	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1
2004	(\$8,250,000)	\$0
2005	(\$2,300,000)	(\$35,000)
2006	(\$2,300,000)	(\$35,000)
2007	(\$2,300,000)	(\$35,000)
2008	(\$2,300,000)	(\$35,000)

Fiscal Analysis

The bill would remove The University of Texas at Arlington from the University of Texas System and create a new Board of Regents specifically to oversee the University of Texas at Arlington. The transfer of the University of Texas at Arlington from control of the U.T. System Board of Regents to a new independent board of regents would occur on September 1, 2004.

Methodology

A fiscal impact is anticipated due to the added costs involved with the loss of efficiency that currently exists in the UT system, particularly in respect to personnel, resources, and risk management programs. For the purposes of this analysis it is assumed that UT Arlington would remain under the U.T. System's borrowing/debt capacity on previously issued bonds. For future issuances, which

would not be realized for a number of years, UT Arlington could realize higher interest rates as a separate institution.

The University of Texas System estimates that the University of Texas at Arlington would need to increase personnel costs in the range of \$1,285,000 to \$1,610,000 per year to have the access to the same level of services UTA currently receives from the UT System. These expenses would be required to cover things ranging from legal affairs, Board of Regents Office, accounting, budgeting, auditing, and group insurance offices.

Regarding resources, if UT Arlington replicated the financial information system to support general ledger accounting that is currently provided by The University of Texas at Austin, the initial capital outlay could be between \$6.5 and \$10 million in fiscal year 2004, plus an additional \$200,000 in vendor support beyond what they are currently paying.

Currently, UT Arlington is covered under the UT System's risk management program. UT Arlington could potentially pay up to 1.5 to 2.0 times the current premiums for the various insurance property and liability insurance programs.

Lastly, line item appropriations are made to support existing university systems. This appropriation would most likely be between \$30,000 to \$35,000 similar to the other system offices.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 720 The University of Texas System Administration, 781 Higher Education Coordinating Board

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