

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

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

**April 22, 2003**

**TO:** Honorable Royce West, Chair, Senate Committee on Subcommittee on Higher Education

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

**IN RE: SB1139** by Van de Putte (Relating to instructional facilities of a junior college district and to state financial assistance for junior college instructional facilities and outstanding bonds.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1139, As Introduced: a negative impact of (\$827,248) 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	(\$413,624)
2005	(\$413,624)
2006	(\$406,124)
2007	(\$406,124)
2008	(\$406,124)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1	Change in Number of State Employees from FY 2003
2004	(\$413,624)	3.0
2005	(\$413,624)	3.0
2006	(\$406,124)	3.0
2007	(\$406,124)	3.0
2008	(\$406,124)	3.0

The bill would provide a mechanism for state assistance to community college districts for the payment of principle and interest on bonds issued for instructional facilities.

**Fiscal Analysis**

The Texas Higher Education Coordinating Board (THECB) would incur administrative costs of \$413,624 for the first two years, and a slightly lesser amount every year thereafter. Based on THECB figures of full time students (308,033) multiplied by the cap of \$250, the maximum biennial state fiscal impact of the application of the limitation on guaranteed allotment for new projects could be approximately \$77 million.

None of the entities providing cost estimates of this bill could determine a cost, but information on all

community college districts with existing bond tax rates already generate local revenue in excess of funding minimum (guaranteed yield) defined in this bill.

### **Methodology**

The THECB estimates staffing costs of \$413,624 per year to implement the requirements to establish and evaluate facilities standards at community colleges.

In addition to the administrative costs, the bill would establish the basis for appropriations for facilities assistance. The mechanism detailed in the bill designates a facilities allotment to be calculated by subtracting a college district's current tax support effort for facilities from a specified maximum combined state and local guaranteed yield. According to the THECB, and the Community College Association, this calculation is not applicable to community college districts. It appears the districts that currently have a bond tax rate in place are already generating local revenues in excess of the specified combined state and local guaranteed yield specified in the bill. The Bond Review Board, the Comptroller, and the Public Finance Authority were likewise unable to estimate costs.

However, Section 130.306 of the bill provides a limitation on guaranteed allotment for new projects by stipulating the maximum award to a district in any biennium shall not exceed certain thresholds. Under this section, the maximum potential for state aid that could be realized at each of the 50 community college districts in a biennium would be \$250 per full-time student. Figures from the THECB indicate the total full-time student count at all districts is 308,033.  $308,033 \times \$250 = \$77,008,250$ .

### **Local Government Impact**

The impact to local community college districts would depend on the extent to which each district received state assistance for facilities and on local decisions concerning bonded indebtedness.

**Source Agencies:** 304 Comptroller of Public Accounts, 352 Bond Review Board, 347 Public Finance Authority, 781 Higher Education Coordinating Board

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