LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 1, 2003

TO: Honorable Florence Shapiro, Chair, Senate Committee on Education

FROM: John Keel, Director, Legislative Budget Board

IN RE: **SB1652** by Shapiro (Relating to institutions of higher education, including the administration, operation, governance, and financing of those institutions.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated from the provisions in this bill.

The bill exempts higher education institutions (institutions) from several state regulations or requirements.

The bill would amend the Tax Code to provide a partial exemption of property owned by higher education institutions but leased in part to a non-public entity. The Comptroller's Office has indicated that bill language is a clarification and should have neglible fiscal impact.

The bill would amend the definition of a major consulting services contract for higher education institutions, except public junior colleges, to mean a contract or contract renewal in which the value exceeds $25,000.

The bill would exempt institutions from having to obtain a finding of fact from the Governor's Office related to major consulting services contracts if the chief executive officer of the institution includes a finding that the consulting services are necessary.

The bill would authorize institutions to charge a service fee on payments of tuition, fees, or other charges made in any form. Allowing institutions to charge a service fee would increase revenue to the institutions. However, these fees would be considered institutional funds and would not impact state appropriations.

The bill would authorize institutions to enter into contracts to secure legal services related to their technology centers. The bill would allow these legal services contracts to be paid on a contingency fee basis or hourly rate. The bill would exempt these legal services contracts from contract requirements, fee payments, and contract approval provisions that typically apply to state governmental entities who contract for legal services under a contingency fee.

The bill would require institutions to pay one-half of the filing fee and court costs up front related to collecting or enforcing the repayment of a delinquent student loan. If the institution prevails in the lawsuit the default borrower would be liable for reimbursing the institution for the up front costs.

The bill would exempt institutions which process their own payroll from submitting payroll information to the Comptroller. This would eliminate the Comptroller's ability to provide reliable data on a significant portion of higher education employees. For some higher education employees the Comptroller processes reimbursement payroll, therefore the Comptroller would need to receive payroll detail from the institution.

The bill would authorize the establishment of deferred compensation plans for employees of regional education service cetners and certain higher education institutions other than public junior colleges.

The Department of Insurance indicates that it would likely be asked to certify vendor compliance with provisions in the bill, however this should not require a significant increase in workload.

The bill would allow institutions to employ a person who has been retired from state government at least 30 days, rather than one calendar year.

The bill would authorize telecommuting employees of higher education institutions to accumulate compensatory time for hours worked at their personal residence.

The bill would allow institutions to apply amounts appropriated for across-the-board salary increases toward merit salary increases instead.

The bill would allow commissioned peace officers at institutions to receive longevity pay in addition to hazardous duty pay.

The bill would exempt institutions from statutory provisions related to information technology projects, including exemption from contract notification for major information systems and submission of biennial operating plans.

The bill would extend worker's compensation benefits to out-of-state employees of The University of Texas System or the Texas A&M University System. These systems are self-insured and General Revenue appropriations for worker's compensation benefits have remained constant. It is assumed that costs associated with this provision would be absorbed by the institutions' local funds.

The bill would allow the Board of Regents of The University of Texas System to enter into an agreement to manage a national laboratory engaged in science and technology development, management, and transfer, and would allow funds at the various component institutions to be used for this purpose.

The bill would allow the Board for Lease of University Lands to hold a meeting by conference call.

The bill would allow institutions to satisfy postings related to intellectual property policies by a posting on the institution's website rather than filing with the Higher Education Coordinating Board. The bill would exempt a state officer who is a member of an institution's governing board from filing personal financial statements with the Texas Ethics Commission in the year in which the member's term expires.

The bill would exempt higher education institutions from reporting payables and binding encumbrances in the Comptroller's uniform statewide accounting system and from reconciliation of expenditures to the automated budget and evaluation system. Institutions would also be exempt from the provision which requires the Comptroller to lapse all unencumbered nonconstruction appropriation balances by November 1 of each year. It is assumed that the amount of General Revenue funds that an institution would have lapsed would not be significant.

The bill would exempt instititutions from filing a non-resident bidders report with the Legislative Budget Board.

The bill would exempt institutions from reporting requirements related to the compilation of construction and maintenance information.

The bill would exempt institutions from submitting contract notifications for professional services. Exempting higher education institutions from state regulations and reporting requirements could reduce administrative costs to the institutions. It is assumed that any funds saved through greater efficiencies would be retained by the institutions for use elsewhere, resulting in no significant impact to the state.

Local Government Impact

No fiscal implication to units of local government is anticipated. Community colleges report no expected fiscal impact.

Source Agencies:	304 Comptroller of Public Accounts, 323 Teacher Retirement System, 454 Department of Insurance, 720 The University of Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration
LBB Staff:	JK, SD, PF, MG, CT, DSB