

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 4, 2007**

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

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

**IN RE: HB2198** by Flores (Relating to authorizing certain public junior colleges to offer baccalaureate degree programs.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2198, Committee Report 1st House, Substituted: a negative impact of (\$159,918) through the biennium ending August 31, 2009.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$85,984)
2009	(\$73,934)
2010	(\$73,934)
2011	(\$73,934)
2012	(\$73,934)

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

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1
2008	(\$85,984)
2009	(\$73,934)
2010	(\$73,934)
2011	(\$73,934)
2012	(\$73,934)

Fiscal Year	Change in Number of State Employees from FY 2007
2008	1.0
2009	1.0
2010	1.0
2011	1.0
2012	1.0

**Fiscal Analysis**

The bill would require the state fund the semester credit hours generated by community college baccalaureate degree programs at a greater level than the general revenue funding provided for equivalent semester credit hours generated at four-year institutions.

The All Funds rate used to fund four-year institutions is composed of a mix of state general revenue, and tuition generated by the institutions. The rough split between the two methods of finance is 75 percent for general revenue and 25 percent for general revenue - dedicated (tuition) For example, an All Funds rate of \$60 per semester credit hour could be broken down into \$45 in general revenue and \$15 in tuition.

The bill would require the state provide general revenue for the entirety of the All Funds rate, rather than a portion of the All Funds rate, as is currently the case for four-year institutions.

The bill would also require the Higher Education Coordinating Board to authorize an undetermined number of baccalaureate degree programs at the 3 community college districts currently participating in the B.A. degree pilot program. Currently, statute restricts to five the number of B.A. programs offered at each pilot program district. Since the bill would give the Coordinating Board permission to authorize more than five B.A. programs per district, there could be an undetermined number of B.A. degree programs authorized.

The bill would also require the Coordinating Board to work with "junior college representatives" to study the "feasibility and benefits of increasing the number of public community colleges that offer baccalaureate degree programs.....and the number of baccalaureate degree programs offered by each of those public community colleges."

Based on the above study, the Coordinating Board would be permitted to authorize an undetermined number of community college districts to offer an undetermined number of B.A. degree programs. As is the case for districts with an existing pilot B.A. degree program, the bill would restrict to five the number of B.A. programs offered by each community college district unless "otherwise provided by a Coordinating Board rule."

Since the bill would restrict each of the 50 community college districts to five B.A. degree programs, 247 new B.A. programs could be authorized (250 minus the 3 currently in existence). However, because the bill would also permit the Coordinating Board to authorize an undetermined number of B.A. degree programs in excess of the five program limit, there is no upper limit to the number of B.A. degree programs that may be potentially authorized by the Coordinating Board.

## **Methodology**

The Coordinating Board estimates the need for a Program Director at a cost of \$73,934 and associated start-up cost in fiscal year 2008.

## **Local Government Impact**

The establishment of a new baccalaureate degree program at a community college district would require a considerable commitment of resources on the part of the district to cover start-up and operating costs. Such costs include, but are not limited to, securing SACS accreditation, upgrading facilities and libraries to accommodate upper division coursework, and costs associated with faculty salary and workload. These local costs would be offset by any state contributions for "start-up" funding.

## **Source Agencies:**

**LBB Staff:** JOB, MN, RT, JAW