

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

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

**March 22, 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.), **As Introduced**

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| <b>Estimated Two-year Net Impact to General Revenue Related Funds</b> for HB2198, As Introduced: a negative impact of (\$159,918) through the biennium ending August 31, 2009. |
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**General Revenue-Related Funds, Five-Year Impact:**

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

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

| <b>Fiscal Year</b> | <b>Probable (Cost) from<br/>GENERAL REVENUE FUND<br/>1</b> | <b>Change in Number of State Employees<br/>from FY 2007</b> |
|--------------------|--|---|
| 2008               | (\$85,984)   | 1.0   |
| 2009               | (\$73,934)   | 1.0   |
| 2010               | (\$73,934)   | 1.0   |
| 2011               | (\$73,934)   | 1.0   |
| 2012               | (\$73,934)   | 1.0   |

**Fiscal Analysis**

The bill would direct the Higher Education Coordinating Board to authorize up to four new baccalaureate degree programs at each of the three community college districts currently participating in the Bachelor of Applied Technology degree pilot program (Brazosport College, Midland College and South Texas College).

The bill would also direct the Higher Education Coordinating Board to authorize new baccalaureate degree programs at additional community college districts if the Coordinating Board considers the potential degree program to be in the best interests of the state. The bill would direct the Coordinating Board to establish a review process for those community college districts seeking to establish and offer new baccalaureate degree programs.

The bill would limit to five the total number of baccalaureate degree programs at any single district. Since there are fifty community college districts in Texas, and three of these districts already offer one baccalaureate degree program, this bill could add up to 247 new baccalaureate degree programs offered at community colleges.

The Higher Education Coordinating Board estimates it will need funding for, and authorization to hire, one additional FTE to administer this expansion of the baccalaureate degree program application process.

The Semester Credit Hours generated by new baccalaureate programs at community colleges would be eligible for roughly the same level of state funding as is provided to 4-year institutions. Based on this, the Higher Education Coordinating Board projects an insignificant state cost for these new baccalaureate degree programs, assuming students would seek a baccalaureate degree from either a 4-year institution or a community college offering a baccalaureate degree program.

However, there is a clear possibility the availability of a baccalaureate degree program at a community college may induce certain students who would otherwise not continue their education to continue working toward a 4-year degree at the community college. The additional state cost would depend on the number of students seeking a 4-year degree at a community college who would not otherwise have sought a 4-year degree elsewhere.

### **Methodology**

The Higher Education 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**

There are significant local costs to any community college district electing to establish a new baccalaureate degree program. These local costs would be offset by any state contributions for "start-up" funding.

**Source Agencies:** 781 Higher Education Coordinating Board

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