

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 18, 2009

**TO:** Honorable Dan Branch, Chair, House Committee on Higher Education

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

**IN RE: HB993** by Farias (Relating to enrollment requirements for the operation of Texas A&M University--San Antonio as a general academic teaching institution and the issuance of bonds for that institution.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB993, As Introduced: a negative impact of (\$6,974,764) through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$3,487,382)
2011	(\$3,487,382)
2012	(\$3,487,382)
2013	(\$3,487,382)
2014	(\$3,487,382)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1
2010	(\$3,487,382)
2011	(\$3,487,382)
2012	(\$3,487,382)
2013	(\$3,487,382)
2014	(\$3,487,382)

Fiscal Analysis

Provisions of the bill would reduce the enrollment requirement from 1,500 to 1,000 full-time students for the Texas A&M University System to be authorized to issue \$40 million in tuition revenue bonds for Texas A&M University - San Antonio. Provisions of the bill also remove the connection between the authority for Texas A&M University - San Antonio to operate as a general academic teaching institution and the issuance of tuition revenue bonds, and remove the date by which the enrollment threshold has to be met (January 1, 2010.)

The bonds would be payable from pledged revenue plus tuition. The bonds would not be general obligations of the State. However, the issued bonds would have fiscal implications for the State. Although tuition income is pledged against the bonds, historically the Legislature has appropriated General Revenue to reimburse institutions for the tuition used to pay the debt service. For purposes of this fiscal note it is assumed the bonds would be issued on September 1, 2009.

**Methodology**

The debt service calculations were based on a six percent interest rate and a 20-year debt service amorization. Based on these assumptions, the debt service calculations for fiscal year 2010 is estimated to be \$3,487,382 and for fiscal year 2011 is estimated to be \$3,487,382.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 710 Texas A&M University System Administrative and General Offices, 781 Higher Education Coordinating Board

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