

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 7, 2009**

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

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

**IN RE: HB2746** by Kolkhorst (Relating to the establishment of the School of Ethics, Western Civilization, and American Traditions at The University of Texas at Austin.), **As Introduced**

<b>Estimated Two-year Net Impact to General Revenue Related Funds</b> for HB2746, As Introduced: a negative impact of (\$4,948,383) through the biennium ending August 31, 2011.
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**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2010	(\$2,464,583)
2011	(\$2,483,800)
2012	(\$2,523,595)
2013	(\$2,523,982)
2014	(\$2,544,982)

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

<b>Fiscal Year</b>	<b>Probable (Cost) from General Revenue Fund 1</b>
2010	(\$2,464,583)
2011	(\$2,483,800)
2012	(\$2,523,595)
2013	(\$2,523,982)
2014	(\$2,544,982)

<b>Fiscal Year</b>	<b>Change in Number of State Employees from FY 2009</b>
2010	8.0
2011	8.0
2012	8.0
2013	8.0
2014	8.0

**Fiscal Analysis**

The bill would create the School of Ethics, Western Civilization, and American Traditions at The University of Texas at Austin. The bill directs UT Austin to develop and offer courses in Western Civilization and American institutions and practices. The bill specifies the course requirements and content for an undergraduate major in Western Ethics and American Tradition within the college of

Liberal Arts. The bill also specifies the qualifications for the director of the school and would require the university to hire the director of the school no later than October 1, 2009.

## **Methodology**

The fiscal note will be broken out between construction costs and administrative costs.

### **Construction Costs**

The University of Texas at Austin has indicated that there is currently not space available on the campus to house the new school. For purposes of this fiscal note it is assumed that tuition revenue bonds will be issued to cover construction costs of adding a new floor to a previously planned construction project. Debt service of \$1,743,000 per year is estimated based on \$20,000,000 project cost at 6% for 20 years.

### **Administrative Costs**

The University of Texas at Austin has indicated existing faculty would teach the courses but that eight additional FTEs would be hired beginning in fiscal year 2010. These FTEs include a director, associate director, assistant director, senior administrative associate, administrative associate, academic advisor and network analyst. Total salary and benefit costs associated with these new FTEs is approximately \$640,000 in fiscal year 2010, with slight increases in the subsequent years due to 3% salary increases. Other expenses, including equipment costs, are estimated to be \$80,000 per year.

The institution indicated that the enrollment in the school would be from existing students and no new credit hours would be generated as students who chose to major in the program offered by the school would take the required courses in lieu of, not in addition to, courses they would have otherwise taken. Therefore estimates on formula funding and tuition revenue have not been included in this fiscal note.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 720 The University of Texas System Administration, 758 Texas State University System, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

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