

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**May 20, 2011**

**TO:** Honorable Judith Zaffirini, Chair, Senate Committee on Higher Education

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

**IN RE: HB9** by Branch (relating to student success-based funding for and reporting regarding public institutions of higher education.), **Committee Report 2nd House, Substituted**

**No fiscal implication to the State is anticipated.**

Under provisions of the bill, the Higher Education Coordinating Board would incorporate the consideration of certain student success measures in its formula recommendations to the legislature. For general academic teaching institutions, other than a public state college, the success measures must include the number of bachelor degrees awarded, number of bachelor degrees in critical fields awarded, number of bachelor degrees awarded to at-risk students, and as determined by the Board, the six-year graduation rate of students of the institution who initially enrolled in the institution in the fall semester immediately following their graduation from a public high school in the state as compared to the six-year graduation rate predicted for those students based on the composition of the institution's student body. For public state colleges, the success measures must include various metrics regarding the number of completions of entry level mathematics and english courses, number of undergraduates completing at least 30 semester credit hours, total number of associate and bachelor degrees awarded, and total number of certificates awarded for various certification programs that the Higher Education Coordinating Board may consider pertinent to student success. Under provisions of the bill, the impact of the success measures would be not more than 10 percent of the total amount of general revenue appropriations of base funds for undergraduate education recommended by the Board. The bill would also require the Board's recommendation for base funding for undergraduate education based on student success measures would not reduce or otherwise affect funding recommendations for graduate education. If the proposals as outlined in the bill, were implemented by the legislature, the distribution of formula funding among general academic institutions and community colleges could be impacted.

The bill would require the Higher Education Coordinating Board to submit to the Joint Oversight Committee on Higher Education Governance, Excellence, and Transparency a written report reviewing, comparing, and highlighting national and global best practices on: (1) improving student outcomes, including student retention, graduations, and graduation rates; and (2) higher education governance, administration, and transparency no later than September 20, 2011 and subsequently no later than July 1, 2012. This provision would be absorbed within existing resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 781 Higher Education Coordinating Board, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 783 University of Houston System Administration

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