

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

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

**April 6, 2011**

**TO:** Honorable Mike Jackson, Chair, Senate Committee on Economic Development

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

**IN RE: SB1534** by Shapiro (Relating to the operation and certification of career schools or colleges.),  
**As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1534, As Introduced: a negative impact of (\$320,000) through the biennium ending August 31, 2013.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**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> |
|--------------------|---|
| 2012               | (\$159,000)   |
| 2013               | (\$161,000)   |
| 2014               | (\$164,000)   |
| 2015               | (\$166,000)   |
| 2016               | (\$169,000)   |

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

| <b>Fiscal Year</b> | <b>Probable Revenue Gain/(Loss) from<br/>General Revenue Fund<br/>1</b> |
|--------------------|---|
| 2012               | (\$159,000)   |
| 2013               | (\$161,000)   |
| 2014               | (\$164,000)   |
| 2015               | (\$166,000)   |
| 2016               | (\$169,000)   |

**Fiscal Analysis**

The bill would amend the Education Code relating to the operation and certification of career schools or colleges. The bill would stipulate that career schools and colleges who did not operate in this state, as defined in the bill, would no longer be required to be approved or regulated by the Texas Workforce Commission (TWC). The bill would make an addition to the list of types of schools or educational institutions who are exempted from the requirement to register with the TWC. The addition would be a school or educational institution that is physically located in another state, is legally authorized by the state of its physical location to offer postsecondary education and award degrees, is accredited by an accrediting agency recognized by the U.S. Secretary of Education and offered in the State of Texas only postsecondary distance or correspondence programs of instruction.

This bill would take effect September 1, 2011.

## **Methodology**

The Texas Workforce Commission (TWC) advises that it currently regulates about 570 career schools and colleges in Texas. TWC further advises that about 45 of these institutions are located outside of the state, and thus would not be required to be regulated under the provisions of the bill.

For the purpose of this analysis, the Comptroller of Public Accounts records were accessed and used to calculate the loss in revenue if 45 of these institutions were to cease paying private educational institution fees. The table above reflects estimated revenue losses for each fiscal year based on the analysis of the Comptroller of Public Accounts. For the purpose of this analysis, it is assumed that additional institutions that are currently regulated by TWC would not move their "operations" out of the state to avoid payment of the fees.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 320 Texas Workforce Commission, 781 Higher Education Coordinating Board

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