

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

February 24, 2015

TO: Honorable John Zerwas, Chair, House Committee on Higher Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB123 by Fletcher (Relating to excess undergraduate credit hours at public institutions of higher education.), **As Introduced**

The bill is estimated to have probable General Revenue cost in the range of \$2.1 to \$3.2 million each fiscal year from 2018-2020. Included below is information regarding the estimated fiscal implication.

The bill provides an exclusion for up to 20 semester credit hours earned by a student working toward an associate's degree that does not count toward a student's baccalaureate degree program from the Coordinating Board's determination of excess undergraduate semester credit hours. Excess undergraduate semester credit hours are ones that exceed, by at least 30 hours, the number of semester credit hours required for completion of the degree program or programs in which the student is enrolled, except in certain circumstances.

It is assumed that the estimated cost in General Revenue would come from increased formula funding for institutions of higher education due to additional semester credit hours being eligible for formula funding. This cost would not be seen until fiscal year 2018 as formula funding is provided to institutions based on student data prior to the biennium that will be funded. As such, formula funding in fiscal years 2016 and 2017 will be based on the semester credit hours of students that are enrolled during fiscal year 2015.

According to an analysis of information provided by the Texas Higher Education Coordinating Board, an additional 37,000 to 55,000 semester credit hours could be eligible for formula funding under provisions of the bill. By applying an estimated amount of general revenue provided in formula funding to these semester credit hours, it is estimated that the state will see a cost of approximately \$2.1 to \$3.2 million each year in formula General Revenue from fiscal years 2018-20.

Provisions of the bill could result in a reduction of tuition and fee revenue at institutions authorized to charge a higher rate to individuals with excess undergraduate semester credit hours due to the excluded hours. However, this reduction in tuition and fee revenue is not anticipated to be significant.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 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, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

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