

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 29, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1051 by Wray (Relating to the creation of a campus of the Texas State Technical College System in Ellis County.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1051, Committee Report 1st House, Substituted: a negative impact of (\$6,714,696) through the biennium ending August 31, 2017.

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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$3,357,348)
2017	(\$3,357,348)
2018	(\$3,357,348)
2019	(\$3,357,348)
2020	(\$3,357,348)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Revenue Gain from Est Oth Educ & Gen Inco 770	Probable (Cost) from Est Oth Educ & Gen Inco 770	Probable Revenue Gain from Institutional Funds
2016	(\$3,357,348)	\$500,680	(\$500,680)	\$275,903
2017	(\$3,357,348)	\$789,962	(\$789,962)	\$430,536
2018	(\$3,357,348)	\$1,068,118	(\$1,068,118)	\$578,260
2019	(\$3,357,348)	\$1,068,118	(\$1,068,118)	\$578,260
2020	(\$3,357,348)	\$1,068,118	(\$1,068,118)	\$578,260

Fiscal Year	Probable (Cost) from <i>Institutional Funds</i>
2016	(\$275,903)
2017	(\$430,536)
2018	(\$578,260)
2019	(\$578,260)
2020	(\$578,260)

Fiscal Analysis

The bill amends the Education Code relating to the creation of a campus of the Texas State Technical College (TSTC) System located in Ellis County. TSTC currently has an extension center in Ellis County and the bill would designate the current extension center as a TSTC campus.

Methodology

Based on information provided by the TSTCs, the analysis estimates that General Revenue funding for special items, formula funding, and tuition revenue bond debt service would be required to implement the provisions of the bill in the amounts of \$3.4 million annually from fiscal years 2016 through 2020. According to TSTC System, no additional full-time equivalent positions would be needed moving from an extension center to a campus.

It is assumed that the TSTCs would be appropriated a special item for transition funding of \$2.3 million in General Revenue in fiscal year 2016, \$2.3 million in 2017, \$1.8 million in fiscal year 2018 and \$1.8 million in fiscal year 2019, and \$1.8 million in fiscal year 2020.

It is assumed that there would be a cost to General Revenue from an estimated increase in formula funding for the TSTCs due to the extension center becoming a campus. This estimate assumes the new campus would begin generating formula funding from the General Academic Institutions, Lamar State Colleges, and Texas State Technical Colleges Infrastructure Formula beginning in the 2018-19 biennium, estimated to be \$400,985 per year in General Revenue in fiscal years 2018 and 2019, and \$488,156 in fiscal year 2020. This estimate assumes current returned-value formula funding methodology for the TSTC Instruction and Operations formula. The TSTC extension center in Ellis County began serving students in fiscal year 2014. Accordingly, this estimate assumes the new campus would not generate Instruction and Operations formula funding until the 2022-23 biennium, as students complete courses at the new campus and then generate five years worth of post TSTC wage history for the returned-value model.

Based on information provided by TSTCs, it is assumed that the the campus would require a tuition revenue bond of \$13.8 million to be authorized by the Legislature. It is assumed that tuition revenue bond debt service would be appropriated to the institution beginning in fiscal year 2016. Based on information provided by the TSTCs, it is estimated that the annual debt service would be \$1,107,348 beginning in fiscal year 2016.

Based on information provided by TSTCs, it is assumed that there will be an increase in statutory tuition, General Revenue-Dedicated Fund 770, in the amount of \$500,680 in fiscal year 2016, \$789,962 in fiscal year 2017, and \$1,068,118 in fiscal years 2018 through 2020.

Based on information provided by the TSTCs, it is assumed that there will be an increase in institutional funds (designated tuition and fees) in the amount of \$275,903 in fiscal year 2016, \$430,536 in fiscal year 2017, and \$578,260 in fiscal years 2018 through 2020.

It is assumed that any increases in statutory tuition, General Revenue-Dedicated Fund 770, and institutional funds would be offset by the expenditure of these funds on other institutional operations associated with the establishment of the campus.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 719 Texas State Technical College System Administration, 781 Higher Education Coordinating Board

LBB Staff: UP, EMu, JP, DEH