

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 9, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB1384** by Davis, Sarah (Relating to authorization by the Texas Higher Education Coordinating Board for certain public junior colleges to offer baccalaureate degree programs.), **Committee Report 1st House, Substituted**

The fiscal implications of the bill cannot be estimated at this time, but it could result in a net decrease in General Revenue associated with the bill due to decreased formula funding at general academic and health related institutions, and partially offset by increased formula funding at public junior colleges in fiscal years 2018-2020. The bill could result in a net decrease in tuition and fee revenue at general academic institutions and health related institutions due to estimated declines in enrollment in certain programs. The net change in General Revenue and institutional funds for institutions of higher education will depend on the number of baccalaureate degree programs offered by public junior colleges and the number of students who choose to enroll in those programs instead of programs at general academic institutions or health related institutions.

The bill would amend the Education Code relating to authorization by the Texas Higher Education Coordinating Board (THECB) for certain public junior colleges to offer baccalaureate degree programs. The bill would allow THECB to authorize baccalaureate degree programs in nursing at public junior colleges that offer a degree program in the field of nursing and have demonstrated a workforce need.

Based on information provided by institutions of higher education, it is assumed that the authorization of baccalaureate nursing programs at public junior colleges could result in decreased enrollment at nursing programs at some general academic institutions and health related institutions for students who choose to enroll in a public junior college instead of a general academic institution or health related institution. Any decline in enrollment would result in a decrease in tuition and fee revenue at the affected institution.

It is assumed there could be a savings to General Revenue from an estimated decrease in formula funding to certain general academic institutions and health related institutions that experience a decline in enrollment due to the implementation of the provisions of the bill. This savings would also not be seen until at least fiscal year 2018, as formula funding is provided to institutions based on student data prior to the biennium that will be funded. The amount of reduced formula funding would depend on the decline in enrollment resulting from the provisions of the bill, which is unknown.

It is assumed there would be a cost to General Revenue from an estimated increase in formula funding to any public junior college that offered a baccalaureate degree program under the

provisions of the bill due to additional students enrolling in the program generating additional contact hours. This cost would not be seen until at least fiscal year 2018. The amount of additional formula funding would depend on the number of programs offered and the level of enrollment in those programs, which is unknown. This analysis assumes this cost would partially offset estimated formula funding savings at general academic and health related institutions.

Based on information provided by THECB, the number of baccalaureate programs that would be offered under the provisions of the bill and the subsequent student enrollment is unknown. Consequently, the fiscal impact to the state in formula funding and to institutions of higher education in reduced tuition and fee revenue cannot be estimated.

Based on information provided by THECB, implementing the provisions of the bill could be accomplished utilizing existing resources.

Local Government Impact

Based on information provided by a sample of community colleges, the establishment of additional baccalaureate degree programs for eligible community colleges under the provisions of the bill could result in a significant fiscal impact for those community colleges to cover start-up and operating costs. Such costs include, but are not limited to, securing proper regional accreditation, upgrading facilities and libraries to accommodate upper division coursework, and costs associated with faculty salary and workload. This analysis assumes these costs would be paid for out of institutional funds, partially offset by any state appropriations from formula funding.

Source Agencies: 320 Texas Workforce Commission, 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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