

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

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 1, 2015**

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB1712** by Oliveira (Relating to the establishment of an innovative workforce training center in the Rio Grande Valley.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1712, As Introduced: a negative impact of (\$6,000,000) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2016	(\$3,975,000)
2017	(\$2,025,000)
2018	(\$149,688)
2019	(\$149,688)
2020	(\$149,688)

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

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from General Revenue Fund</b>
	<b>1</b>
2016	(\$3,975,000)
2017	(\$2,025,000)
2018	(\$149,688)
2019	(\$149,688)
2020	(\$149,688)

**Fiscal Analysis**

The bill would establish an innovative workforce training center in the Rio Grande Valley. The bill would require Texas Southmost College to administer the training center and provides that the headquarters of the training center would be located at Texas Southmost College in Brownsville. The bill would allow the training center to solicit and accept gifts and grants from any public or

private source and would allow the legislature to appropriate money for the training center.

### **Methodology**

Based on information provided by Texas Southmost College, the institution would require \$6.0 million in the 2016-17 biennium for the innovative workforce training center. Funding would be used for renovation of existing buildings for new labs and classroom, purchase of equipment for specialized training in welding, and expansion of construction, electrical, and heating/ventilation/air conditioning programs.

It is assumed that there would be a cost to General Revenue from an estimated increase in formula funding for Texas Southmost College due to additional students enrolled in the training center generating additional contact hours and success points 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 to be funded. As such, formula funding in fiscal years 2016 and 2017 will be based on the contact hours and success points of students that are enrolled during fiscal year 2015.

Based on information provided by Texas Southmost College, an additional 153 students are estimated to enroll in classes at the training center and could be eligible for formula funding. By applying an estimated amount of General Revenue provided in formula funding to these students, it is estimated that the state will see a cost of approximately \$0.1 million each fiscal year in formula General Revenue from fiscal years 2018-2020.

Based on information provided by the institution, Texas Southmost College would also require additional staff members and program resources to implement the provisions of the bill starting in fiscal year 2017. However, it is assumed that the institution could absorb these costs within existing resources and within the assumed additional formula funding resulting from the training center.

### **Local Government Impact**

Based on information provided by Texas Southmost College, any additional students enrolling in the training center programs would generate additional tuition and fee revenue beginning in fiscal year 2017, which would partially offset costs to administer the provisions of the bill.

**Source Agencies:** 320 Texas Workforce Commission, 781 Higher Education Coordinating Board

**LBB Staff:** UP, EMu, DEH, ED