

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 26, 2017

TO: Honorable J. M. Lozano, Chair, House Committee on Higher Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB973 by Roberts (Relating to authorization by the Texas Higher Education Coordinating Board for certain public junior colleges to offer baccalaureate degree programs.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time, but it could result in a net decrease in General Revenue due to decreased formula funding at general academic institutions, and partially offset by increased formula funding at public junior colleges in fiscal years 2020-21. The bill could result in a net decrease in tuition and fee revenue at general academic institutions due to estimated declines in enrollment in certain programs. The net change in General Revenue and institutional funds for institutions of higher education would 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.

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 require THECB to authorize a public junior college with a service area located wholly or partly in a county with a population of more than three million to offer a baccalaureate degree program in the field of applied technology.

Based on information provided by institutions of higher education, it is assumed that the authorization of baccalaureate applied technology programs at some general academic institutions for students who choose to enroll in a public junior college instead of a general academic 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 that experience a decline in enrollment due to the implementations of the provisions of the bill. This savings would also not be seen until at least fiscal year 2020, 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 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 2020. 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 institutions.

The bill would take effect September 1, 2017.

Local Government Impact

Based on information provided by a sample of community colleges, the establishment of additional baccalaureate degree programs for eligible community college under the provisions of the bill would 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 recruitment, 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: 781 Higher Education Coordinating Board

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