

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 1, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1241 by Giddings (Relating to student success-based funding recommendations for certain public institutions of higher education.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

Under provisions of the bill, the Higher Education Coordinating Board (HECB) would incorporate the consideration of certain student success measures in its formula recommendations to the Legislature. For general academic teaching institutions, other than a public state college, the success measures include the number of bachelor degrees awarded to at-risk and not at-risk students. The bill would define at-risk students as those who are Pell eligible or that have an ACT or SAT score below the national mean. Under provisions of the bill, HECB would prescribe a formula for allocating funds to the institutions in proportion to the weighted number of points earned by each of the institutions according to certain success measures. According to the bill, HECB must evaluate and consider funding success measures both inside and outside of the base formula funding model. Additionally, at the time HECB would make its formula recommendations to the Legislature, it would make recommendations it considers appropriate for inclusion in any potential distribution of incentive funds under Sec. 62, Subchapter D, Education Code. In its response, HECB indicated it could accomplish the provisions of the bill within existing resources.

If the proposals as outlined in the bill were implemented by the Legislature, the distribution of formula funding among general academic institutions could be impacted. Any changes in formula funding would not be seen until fiscal year 2020 as formula funding is provided to institutions based on student data prior to the biennium that would be funded. As such, formula funding in fiscal years 2018 and 2019 will be based on students that are enrolled during fiscal year 2017.

Local Government Impact

No 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, 781 Higher Education Coordinating Board, 783 University of Houston System Administration, 768 Texas Tech University System Administration

LBB Staff: UP, THo, DEH, JP, KK, GO