

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

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**May 3, 2017**

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

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

**IN RE:** **HB3512** by Faircloth (Relating to the establishment of a junior college by certain independent school districts.), **Committee Report 1st House, Substituted**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Education Code to allow an independent school district (ISD) located in a county with a population of 40,000 or less in which no junior college campus is located, and is adjacent to a county with a population of more than 3.3 million, to establish a new junior college. The bill would limit the proposed junior college district to an area that has a taxable property valuation greater than \$5 billion and have a total scholastic population greater than 5,000 in the next preceding year. This analysis assumes that one ISD would be eligible to establish a new junior college, based on the provisions of the bill. The geographical limitations in the bill affect one already established junior college district. The one eligible ISD is in the service area of the established junior college district.

It is assumed that there would be a cost to General Revenue from an estimated increase in formula funding to a newly established junior college due to students enrolling at the new districts and generating contact hours and success points. These costs would not be seen until at least fiscal year 2020, as formula funding is provided to institutions based on student data prior to the biennium to be funded. The bill could result in a decrease in General Revenue at previously established junior college districts, due to an increased number of junior college districts that General Revenue is allocated to. The change in General Revenue for junior college districts would depend on the level of enrollment at the new junior college district that would be established by the ISD.

**Local Government Impact**

Based on information provided by the Texas Education Agency (TEA), any costs incurred would be at the discretion of the ISD. Such costs could include, but are not limited to, securing proper regional accreditation, upgrading facilities and libraries to accommodate higher education coursework, and costs associated with hiring and paying faculty.

Based on information provided by a sample of community colleges, the establishment of a new junior college under the provisions of the bill could result in a decrease in General Revenue at already established junior colleges due to the increased number of districts receiving an allocation of formula funding. Junior college districts that are already established could see a decline in student enrollment, due to those students choosing to enroll at a newly established junior college.

**Source Agencies:** 701 Texas Education Agency, 781 Higher Education Coordinating Board  
**LBB Staff:** UP, THo, DEH, ESC