

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

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

**April 18, 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.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time. The bill could result in a net increase in General Revenue due to an increase in formula funding at newly established junior colleges from to new students enrolling at the new districts, which would generate additional contact hours and success points. 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 would be allocated General Revenue. The change in General Revenue for junior college districts will depend on the number of new junior colleges that would be established by independent school districts.

The bill would amend the Education Code to allow an independent school district in which no college campus is located to establish a new junior college. The bill would limit the establishment of new junior colleges to proposed districts that have a taxable valuation of \$5 billion or greater, and have a total scholastic population greater than 5,000 in the next preceding year.

It is assumed that there would be a cost to General Revenue from an estimated increase in formula funding to any 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 amount of additional formula funding would depend on the number of new districts, which is unknown.

**Local Government Impact**

Based on information provided by the Texas Education Agency (TEA), any costs incurred would be at the discretion of the independent school district. 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 new junior college districts under the provisions of the bill could result in a decrease in General Revenue at already established junior college districts 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 district.

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