

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 12, 2017

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

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

**IN RE: HB3768** by Howard (Relating to a program to assist students in completing undergraduate certificates and degrees at certain institutions of higher education.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3768, As Introduced: a negative impact of (\$514,166) through the biennium ending August 31, 2019.

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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2018	(\$332,083)
2019	(\$182,083)
2020	(\$60,248)
2021	(\$60,248)
2022	(\$60,248)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2017
2018	(\$332,083)	2.5
2019	(\$182,083)	2.5
2020	(\$60,248)	1.0
2021	(\$60,248)	1.0
2022	(\$60,248)	1.0

Fiscal Analysis

The bill would amend the Education Code to create a new program, the "Texas Guided Pathways Program." Under the provisions of the bill, each institution of higher education would be required to develop recommended course sequences for each undergraduate degree and certificate program offered by the institution and annually submit these sequences to the Texas Higher Education

Coordinating Board (THECB) in an electronic format specified by the Commissioner of the THECB. Institutions that did not use the Texas Common Course Number System would also be required to annually provide data in an electronic format specified by the Commissioner indicating transfer equivalencies for compatible courses in recommended course sequences. Each institution would be required to provide links to a web-based platform identified by the Commissioner to enable students to compare institutions' recommended course sequences. Institutions, including research universities, would also be required to participate in transfer compacts and submit to the Commissioner annually a list of all transfer compacts in which the institutions participate in an electronic form to be specified by THECB.

THECB would be required to consult with institutions of higher education to develop rules for the electronic submission of course sequence and transfer equivalencies data by the institutions. THECB would also be required to work with the Texas OnCourse initiative of the University of Texas at Austin and its partners to develop a web-based platform to provide information to students on institutions' recommended course sequences and their transfer compacts with other institutions. THECB would be required to provide the Legislature with a written report each even-numbered year that includes an analysis of course alignment for courses taken and successfully completed within a recommended course sequence. THECB would also be required to provide the Legislature with a written report each even-numbered year including an analysis of the impact of regional and research university transfer compacts.

The bill would authorize the Commissioner to consult with institutions of higher education to adopt rules for implementation of the Texas Guided Pathways Program.

The bill would take effect immediately if it receives a two-thirds vote in each house; otherwise, the bill would take effect September 1, 2017.

## **Methodology**

According to THECB, the agency would need additional Full-Time Equivalent positions (FTEs) to undertake its requirements in the bill. The agency indicates initial startup for the Texas Guided Pathways Program would require staff to facilitate necessary meetings with institutions of higher education, analyze and organize submitted data, write required reports, and monitor compliance with the Texas Guided Pathways Program. This analysis assumes that 2.5 additional FTEs would be required in the first two years of implementation to meet the requirements of the bill, with a total fiscal impact including salary, benefits, and other costs of \$364,166 for the 2018-19 biennium.

According to the agency, after the first two years of startup, FTE needs would decline beginning in fiscal year 2020. This analysis assumes 1 FTE would be needed for program maintenance, including data analysis and report production, with a total fiscal impact including salary, benefits, and other costs of \$60,248 per fiscal year.

This analysis assumes costs to institutions of higher education to coordinate and implement the requirements of the bill would not be significant and could be absorbed within existing resources. According to the University of Texas System, there would be costs related to working with THECB on the Texas OnCourse initiative to develop a web-based platform as required by the bill; however, it is assumed these costs could be absorbed by the University of Texas System within existing resources.

**Technology**

THECB indicates a cost of \$150,000 in fiscal year 2018 for development of an interactive database with multiple data elements as would be required by the bill.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 710 Texas A&M University System Administrative and General Offices, 719 Texas State Technical College System Administration, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

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