

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 21, 2017

TO: Honorable Kel Seliger, Chair, Senate Committee on Higher Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1323 by Zaffirini (Relating to the academic costs charged to resident undergraduate students by general academic teaching institutions and to certain reports regarding certain costs of those institutions.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would limit increases in the total academic costs a general academic teaching institution could charge to resident undergraduate students. Under provisions of the bill, not later than September 1 of each even-numbered year, the Legislative Budget Board (LBB) would submit to the Senate Finance Committee, the House Appropriations Committee, and the standing committee of each house with primary jurisdiction over higher education the LBB's estimate of the core operational costs for the next state fiscal biennium for each general academic teaching institution. The members of those committees would use this estimate for consideration in determining the amount of general revenue appropriations to general academic teaching institutions and tuition rates at those institutions.

The LBB's estimate of core operational costs would be based on a methodology that: (1) projects for each year of the next biennium: (A) changes in student enrollment for each institution; and (B) a rate of inflation; and (2) uses data from each institution's annual financial report regarding costs for instruction, academic support, institutional support, operations and maintenance of physical plants, and student services. The LBB would be required to submit with its estimate a comparison of each institution's actual core operational costs for the preceding state fiscal biennium to the LBB's previous estimate of the institution's core operational costs for that biennium. Under provisions of the bill, if the undedicated general revenue appropriated to a general academic institution was less than the institution's core operational costs as determined by the LBB, then the total academic costs charged by the institution to resident undergraduate students, when combined with appropriated General Revenue, could not exceed the core operational costs.

Designated tuition and fees within Subchapter E of the Texas Education Code, Chapter 54, except for laboratory fees, student teaching fees, and special course fees, are classified as institutional funds; therefore, there would be no impact to the State. Laboratory fees, student teaching fees, and special course fees under Subchapter E of the Texas Education Code, Chapter 54, are accounted for as educational and general income, or statutory tuition, in the General Appropriations Act. It is assumed that the provisions of the bill would not have a significant effect on this income.

Institutions of higher education have indicated that due to the variables associated with the bill, including the determination of core operational costs by the LBB and undedicated General

Revenue appropriated by the Legislature, the impact of the bill cannot be determined.

Assuming current staffing levels, the LBB would absorb any costs associated with implementing provisions of the bill.

The bill would take immediate effect if it receives a two-thirds vote of both houses of the Legislature. Otherwise, it would take effect September 1, 2017.

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, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

LBB Staff: UP, THo, DEH, GO