

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

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

**April 25, 2017**

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

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

**IN RE:** SB1746 by Hinojosa (Relating to workforce continuing education offered by public junior colleges.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1746, As Introduced: an impact of \$0 through the biennium ending August 31, 2019. However, beginning in 2020-2021 there would be an estimated negative impact of (\$26,077,952).

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2018	\$0
2019	\$0
2020	(\$13,038,976)
2021	(\$13,038,976)
2022	(\$13,038,976)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1
2018	\$0
2019	\$0
2020	(\$13,038,976)
2021	(\$13,038,976)
2022	(\$13,038,976)

**Fiscal Analysis**

The bill would amend the Education Code to allow contact hours attributable to the enrollment of a student in a workforce continuing education course to be included in formula funding, regardless of whether the public junior college waives all or part of the tuition and fees for the course. Currently, these hours are not included in formula funding. This assumed cost to General Revenue 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 would also amend the Education Code to allow a public junior college to waive all or part of the tuition and fees charged for a workforce continuing education course. The contact hours earned by students whose tuition and fees are waived would be eligible for formula funding.

### **Methodology**

The Texas Higher Education Coordinating Board (THECB) estimates an additional 1.6 million contact hours per semester would be eligible for formula funding. This analysis assumes the current contact hour rate of \$2.69 would be applied to the semesters that continuing education courses are offered, which results in an estimated annual formula cost of \$13.0 million in General Revenue.

### **Local Government Impact**

Based on information provided by a sample of community colleges, the increased contact hours available for funding under the provisions of the bill could result in an increase in formula funding. However, without knowing which programs would be offered under the expanded definition for potential students, these fiscal implications are unknown at this time.

**Source Agencies:** 781 Higher Education Coordinating Board

**LBB Staff:** UP, THo, DEH, ESC