LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 10, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SB1782** by West (Relating to the elimination of certain formula funding and dropped course restrictions for returning adult students at public institutions of higher education and to the tuition rate that may be charged to those students for certain excessive undergraduate hours.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Education Code relating to the elimination of certain formula funding and dropped course restrictions for returning adult students at public institutions of higher education and to the tuition rate that may be charged to those students for certain excessive undergraduate hours. The bill would require the Texas Higher Education Coordinating Board (THECB) to adopt rules requiring institutions to allow students that reenroll at the institution following a break in enrollment covering the preceding 24 months and that have successfully completed at least 50 semester credit hours to drop one additional course from the amount currently allowed by the Education Code. The bill would also restrict institutions from charging a higher tuition rate for repeated or excess undergraduate credit hours to students that fall under the above exception. Additionally, the bill would provide that the first 15 semester credit hours earned by a student under this exception be counted in formula funding models.

Each of the six university system offices responded that the provisions of the bill would have no fiscal or no significant fiscal impact. In its response, THECB noted that the agency does not have the data for how many students would re-enroll if the exceptions provided by the bill were enacted and that it could not estimate potential costs. This estimate assumes any impact to formula funding would not be significant. Additionally, any impact would not be seen until fiscal year 2020 as formula funding is provided to institutions based on student data prior to the biennium that will be funded. As such, formula funding in fiscal years 2018 and 2019 will be based on students that are enrolled during fiscal year 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, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 758 Texas State University System, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

LBB Staff: UP, THo, DEH, JP