

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

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 26, 2019**

**TO:** Honorable John Zerwas, Chair, House Committee on Appropriations

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE:** **SB709** by West (relating to the allocation and use of the annual constitutional appropriation to certain agencies and institutions of higher education.), **Committee Report 2nd House, Substituted**

<b>No fiscal implication to the State is anticipated.</b>
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If enacted, the bill would, beginning in fiscal year 2021, reallocate the annual Higher Education Fund General Revenue appropriations based on Texas Higher Education Coordinating Board recommendations. Article VII, Section 17(d) of the Texas Constitution requires that the Legislature review the allocation formula after five years of each 10-year allocation period. Texas Education Code Section 62.022 requires that the Texas Higher Education Coordinating Board conduct a study and present recommendations to the Legislature on the reallocation formula. Recommendations followed input from all institutions that receive these funds.

The total appropriations for the biennium would be equal to the 2018-19 biennium amounts. The fiscal year 2020 allocations to each individual institution would match those of the previous biennium and the allocations for fiscal year 2021 would be adjusted to account for updates in formula funding, space deficit data, and campus condition index values.

Additionally, the bill would allow institutions to use HEF funds to purchase or contract for cloud computing services or other intangible assets with an expected useful life or for a contract period of more than one year.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

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

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