

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

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

**April 2, 2019**

**TO:** Honorable Brandon Creighton, Chair, Senate Committee on Higher Education

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

**IN RE:** **SB1162** by Bettencourt (Relating to student success-based funding for certain public institutions of higher education.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

Under the provisions of the bill, the Higher Education Coordinating Board (HECB) would be required to include in its formula recommendations to the Legislature, a formula for distributing funds to general academic institutions in proportion to the number of scaled points earned by each institution according to the metrics defined in the bill. The HECB would also be required to determine an appropriate scale for each metric, and calculate the average of the applicable variables for the three most recent academic years. Under the provisions of the bill, the HECB would also be required to submit recommendations that include the performance metrics in the base formula, as well as a separate formula. The bill also increases the limit on general revenue appropriations of base funds from student success measures to not more than 20 percent in the formula recommendations.

Any changes to formula funding would not become effective until fiscal year 2022, as formula funding is provided to institutions based on student data prior to the biennium that would be funded. As such, formula funding in fiscal years 2020 and 2021 will be based on students that are enrolled during fiscal year 2019.

**Local Government Impact**

No 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,  
769 University of North Texas System Administration, 781 Higher  
Education Coordinating Board, 783 University of Houston System  
Administration

**LBB Staff:** WP, JGAn, DEH, ESC, GO