

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 7, 2021

TO: Honorable Jim Murphy, Chair, House Committee on Higher Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3175 by Morrison (Relating to state support for comprehensive regional universities in this state.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3175, As Introduced : a negative impact of (\$84,968,647) through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	(\$42,507,647)
2023	(\$42,461,000)
2024	(\$44,091,430)
2025	(\$44,091,430)
2026	(\$45,813,649)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$42,507,647)	0.5
2023	(\$42,461,000)	0.0
2024	(\$44,091,430)	0.0
2025	(\$44,091,430)	0.0
2026	(\$45,813,649)	0.0

Fiscal Analysis

The bill would amend Education Code to provide funding to comprehensive regional universities based on the number of degrees awarded to at-risk students each year. The bill also requires the Higher Education Coordinating Board to work with a representative group of eligible institutions on a study of the fairness, equity, and effectiveness of the funding methodology prescribed by the provisions of the bill to be completed no later than September 1, 2022.

Methodology

The bill provides base funding of \$500,000 each year and a rate of \$1,000 per the 3-year average number of degrees awarded to at-risk students at comprehensive regional universities. A comprehensive regional university is defined as one designated by the Higher Education Coordinating Board accountability system as a doctoral, comprehensive, or master's university. An at-risk student is defined as an undergraduate student of an eligible institution whose score on the Scholastic Assessment Test (SAT) or the American College Test (ACT) is less than the national score of students' scores on that test, or who has previously received a grant under the Federal Pell Grant program or met the Expected Family Contribution (EFC) criterion for a grant under that program.

According to the Coordinating Board, 27 universities would be eligible for funding under the provisions of the bill. Assuming the FY 18-20 graduation data would be used to determine funding amounts for each year of the 2022-23 biennium, the bill would result in a cost of \$42,461,000 each year. The three-year average growth from FY 2017-2019 to FY 2020-22 was 2.78%; this growth rate was used to determine estimated at-risk degrees awarded in future fiscal years. Costs estimated above assume FY 20-22 at-risk degrees awarded would be used to determine funding for FY 24-25, and FY 22-24 at-risk degrees awarded would be used to determine funding for FY 26-27.

The Higher Education Coordinating Board estimates that 1 FTE would be needed for six months to complete the study required by the provisions of the bill. The Coordinating Board estimates personnel cost to be \$46,647 in Fiscal Year 2022.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 710 Texas A&M Univ System Admin, 720 UT Sys Admin, 758 Texas State University System, 768 Texas Tech Univ Sys Admin, 769 UNT System Administration, 781 Higher Education Coordinating Board, 783 Univ of Houston Sys Admin

LBB Staff: JMc, LBO, JSM, LLO