

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 19, 2023

TO: Honorable John Kuempel, Chair, House Committee on Higher Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB8 by VanDeaver (Relating to the administration, coordination, and support of public higher education, including the public junior college state finance program and an Advanced Career and Education (ACE) scholarship program for students enrolled in dual credit courses.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB8, As Introduced : a negative impact of (\$96,178,342) through the biennium ending August 31, 2025.

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

Potential costs related to the formula funding provisions of the bill are not included in the amounts below. Contingent funding is currently provided in House Bill 1 for this purpose.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$46,292,777)
2025	(\$49,885,565)
2026	(\$51,506,996)
2027	(\$54,703,418)
2028	(\$58,109,018)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from Foundation School Fund 193</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$7,920,361)	(\$38,372,416)	28.0
2025	(\$8,699,172)	(\$41,186,393)	28.0
2026	(\$7,321,159)	(\$44,185,837)	28.0
2027	(\$7,321,159)	(\$47,382,259)	28.0
2028	(\$7,321,159)	(\$50,787,859)	28.0

Fiscal Analysis

The bill would establish the Advanced Career and Education scholarship program, revise the public community and junior college funding formulas, and allow for the establishment of an institutional collaboration center.

Methodology

The bill directs the Texas Higher Education Coordinating Board (THECB) and the Texas Education Agency (TEA) to jointly establish the Advanced Career and Education scholarship program to cover the cost of tuition for educationally disadvantaged students enrolled in dual-credit courses at participating institutions of higher education. THECB estimates the cost of the grants to be \$79,558,809 in General Revenue from the Foundation School Fund 193 for the 2024-25 biennium based on its estimate of the product of the number of dual-credit semester credit hours taken by educationally disadvantaged students and a funding rate it will set per semester credit hour. THECB assumes increased costs in subsequent fiscal years due to a projected increase in dual-credit semester credit hours taken.

The bill permits THECB to establish an Institutional Collaboration Center to provide information and instruction to institutions. THECB estimates the cost of data and educational materials associated with the Center to be \$6,540,000 in General Revenue for the 2024-25 biennium and \$3,270,000 in each subsequent fiscal year.

THECB estimates the cost associated with its administration of the bill's provisions to be \$7,516,500 in General Revenue in the 2024-25 biennium and \$3,695,750 in each subsequent fiscal year, and that it would require twenty-five full-time equivalent positions in each fiscal year.

The bill establishes two funding formulas that would constitute all formula funding for Public Community/Junior Colleges: a base tier formula and a performance tier formula. The base tier formula would fund the difference between hypothetical appropriations for student enrollment - weighted by cost of instruction in varying disciplines and certain characteristics of the institution and its student body - and funding that institutions would hypothetically be able to generate through tuition and local property taxes. The performance tier formula would provide funding for the institution's award of degrees, certificates, and other credentials from credit and non-credit programs, student transfers to a general academic institution, and student completion of fifteen semester credit hours of dual-credit courses that apply toward academic and workforce program requirements at the postsecondary level. Based on the statutory language providing the legislature with the ability to set rates for the formulas established in the bill, no estimate of cost related to the formulas is provided.

There are currently appropriations in House Bill 1 for costs associated with the provisions of this bill.

Technology

TEA estimates the cost of Data Center Services and the development, implementation, and maintenance of applications associated with the Advanced Career and Education scholarship program to be \$2,563,033 in the 2024-25 biennium and \$355,409 in each subsequent fiscal year, and that it would require three full-time equivalent positions in each fiscal year.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 300 Trusteed Programs Within the Office of the Governor, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 701 Texas Education Agency, 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, 775 Texas Woman's University System, 781 Higher Education Coordinating Board, 783 University of Houston System Administration, 978 San Jacinto College

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