

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 23, 2023

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB17 by Creighton (Relating to the purpose of public institutions of higher education and the powers and duties of the governing boards of those institutions.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

The bill would prohibit an institution of higher education, except as required by federal law, from: 1) establishing or maintaining a diversity, equity, and inclusion office, 2) hiring or assigning an employee of the institution, or contracting with a third party, to perform the duties of a diversity, equity, and inclusion office, 3) compelling, requiring, inducing, or soliciting any person to provide a diversity, equity, and inclusion statement, 4) give preferential consideration to any person based on the provision of a diversity, equity, and 5) requiring, as a condition of enrolling at the institution or performing any institution function, any person to participate in diversity, equity and inclusion training. The bill would not limit or prohibit an institution of higher education or an employee of an institution of higher education from, for purposes of applying for a grant or complying with the terms of accreditation by an accrediting agency, submitting to the grantor or accrediting agency a statement that: 1) highlights the institution's work in supporting first generation students, low income students, or underserved student populations or 2) certifies compliance with state and federal antidiscrimination laws.

The bill would also require an institution to adopt policies and procedures for appropriately disciplining, including termination, an employee or contractor of the institution who violated the provisions of the bill and would also require an institution to submit to the legislature and the Texas Higher Education Coordinating Board (Board) a report certifying that such policies and procedures have been adopted before it may spend appropriated funds. The bill requires the Board to certify that each institution's diversity, equity and inclusion related policy is necessary to ensure compliance with a state or federal court order or state or federal law. The bill requires the Board, in coordination with institutions of higher education, to conduct an annual study to identify the impact of the bill on the recruitment rate, acceptance rate, matriculation rate, retention rate, grade point average and graduation rate of students at institutions of higher education by December 1 of each year. The bill would require the State Auditor to periodically conduct a compliance audit of each institution of higher education to determine whether the institution has spent state money in violation of provisions of the bill.

It is assumed that any costs associated with the bill could be absorbed using existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 308 State Auditor's Office, 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, 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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