

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 24, 2025

TO: Honorable Terry M. Wilson, Chair, House Committee on Higher Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB42 by Wilson (relating to the amount and allocation of the annual constitutional appropriation to certain agencies and institutions of higher education and to the permissible uses of that money.),
Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for HB42, Committee Report 1st House, Substituted: a negative impact of (\$787,500,000) through the biennium ending August 31, 2027.

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>
2026	(\$393,750,000)
2027	(\$393,750,000)
2028	(\$393,750,000)
2029	(\$393,750,000)
2030	(\$393,750,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>
2026	(\$393,750,000)
2027	(\$393,750,000)
2028	(\$393,750,000)
2029	(\$393,750,000)
2030	(\$393,750,000)

Fiscal Analysis

The bill would reallocate Higher Education Fund (HEF) appropriations between eligible recipient institutions and increase the annual constitutional allocation for the HEF from \$393,750,000 each fiscal year to \$787,500,000 each fiscal year beginning in fiscal year 2026.

If the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, relating to a permanent fund to support the capital needs of educational programs offered by the Texas State Technical College (TSTC) System is approved by the voters, the bill would remove eligibility for HEF funding for the

TSTC System and its campuses and reallocate HEF appropriations between recipient institutions beginning in fiscal year 2027.

Methodology

The current annual appropriation level for the HEF is \$393,750,000. The bill would increase the annual allocation to \$787,500,000, which would result in an annual cost of \$393,750,000 from the General Revenue Fund beginning in fiscal year 2026.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 710 Texas A&M University System Administrative and General Offices, 717 Texas Southern University, 719 Texas State Technical College System Administration, 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

LBB Staff: JMc, FV, LBO, CPo, NV