

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 28, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3475 by Perez, Vincent (Relating to the establishment of a public law school in El Paso County.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB3475, As Introduced: an impact of \$0 through the biennium ending August 31, 2027; however, there would be costs related to the establishment of the law school beginning in fiscal year 2028.

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>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2026	\$0
2027	\$0
2028	(\$2,560,481)
2029	(\$3,763,882)
2030	(\$7,393,085)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable (Cost) from <i>Institutional Funds</i> 8888	Probable Revenue Gain from <i>Est Bd Authorized Tuition</i> <i>Inc</i> 704	Probable (Cost) from <i>Est Bd Authorized Tuition</i> <i>Inc</i> 704
2026	\$0	\$0	\$0	\$0
2027	\$0	\$0	\$0	\$0
2028	(\$2,560,481)	\$0	\$0	\$0
2029	(\$3,763,882)	\$0	\$0	\$0
2030	(\$7,393,085)	(\$9,592,000)	\$90,000	(\$90,000)

<i>Fiscal Year</i>	Probable Revenue Gain from <i>Est Oth Educ & Gen Inco</i> 770	Probable (Cost) from <i>Est Oth Educ & Gen Inco</i> 770	<i>Change in Number of State Employees from FY 2025</i>
2026	\$0	\$0	0.0
2027	\$0	\$0	0.0
2028	\$0	\$0	14.0
2029	\$0	\$0	16.0
2030	\$48,000	(\$48,000)	24.0

Fiscal Analysis

The bill would authorize the establishment of a public law school in El Paso County. The bill would require the governing board of a university system that intends to establish a school of law to notify the Higher Education Coordinating Board and require the Board to prepare a feasibility study to determine actions the university system must take to obtain accreditation of the law school. The bill would authorize the issuance of bonds, not to exceed \$40 million, to support the law school.

Methodology

For purposes of this fiscal note, it is assumed the new law school would be at The University of Texas at El Paso within the The University of Texas System (System). Based on information provided by the System, the law school would start enrolling students in fiscal year 2030 due to the Higher Education Coordinating Board needing to complete the feasibility study and hiring faculty and support staff in preparation of the first class.

The System indicates that in fiscal year 2028 the law school would need to hire 14.0 FTEs, including a dean, faculty and support staff, for an estimated cost of \$2,104,466 for salaries and benefits and approximately \$456,015 for operating expenses. Hiring would increase incrementally the following two years, resulting in 24.0 FTEs and an estimated fiscal year 2030 cost of \$2,307,867 for salaries and benefits and approximately \$456,015 for operating expenses.

In fiscal year 2029, there would be a \$1.0 million one-time cost associated with obtaining accreditation from the American Bar Association.

The System estimates that the new law school building would cost \$150.0 million. It is assumed a \$40.0 million Capital Construction Assistance Project bond would be issued to finance a portion of this construction. It is assumed that institution would use Institutional funds to support the remaining portion of the building. Bonds for the law school building are assumed to be issued on September 1, 2030, at a 6.0 percent interest rate with a 20-year level debt service amortization. Based on this calculation, the total amount of debt service payments would be \$13,080,000 per year comprised of \$3,488,000 in General Revenue and \$9,592,000 in Institutional Funds.

While Institutional Funds and General Revenue funding would be the primary source of financing for the law school, board authorized tuition (Fund 704) and statutory tuition (Fund 770) will also be used to support the operation of the law school. In fiscal year 2030, it is estimated that 25 students would enroll in the first class of the law school. These students would generate approximately \$90,000 in board authorized tuition and \$48,000 in statutory tuition. The revenue from board authorized tuition and statutory tuition would increase as additional students enroll. While formula funding is not estimated as part of this analysis, the law school could receive formula funding beginning in fiscal year 2032 based on expected enrollment starting in Fall 2030.

Local Government Impact

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

Source Agencies: 352 Bond Review Board, 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

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