

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 8, 2025

**TO:** Honorable Brandon Creighton, Chair, Senate Committee on Education K-16

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: SB37** by Creighton (relating to the governance of public institutions of higher education, including review of curriculum and certain degree and certificate programs, a faculty council or senate, training for members of the governing board, and the establishment of the Texas Higher Education Coordinating Board Office of the Ombudsman; authorizing a civil penalty.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB37, Committee Report 1st House, Substituted: a negative impact of (\$2,934,334) 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>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2026	(\$1,509,510)
2027	(\$1,424,824)
2028	(\$1,424,824)
2029	(\$1,424,824)
2030	(\$1,424,824)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<b>Probable Savings/(Cost) from General Revenue Fund 1</b>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$1,509,510)	11.0
2027	(\$1,424,824)	10.0
2028	(\$1,424,824)	10.0
2029	(\$1,424,824)	10.0
2030	(\$1,424,824)	10.0

Fiscal Analysis

The bill would establish provisions related to the governance of public institutions of higher education, including the review of curriculum and certain degree and certificate programs, responsibilities of and training for the governing board of an institution of higher education, and the establishment of a faculty council or senate.

The bill would require the Higher Education Coordinating Board (THECB), every five years, to conduct a review to determine the return on investment for students and manageable student debt levels for degree programs at each institution of higher education and prepare and provide to the governing board of each institution of higher education a report on the this review. The bill would require THECB to determine recommended thresholds for each reviewed degree program based on the manageable student debt and return on investment analysis and recommend performance ratings for the program.

The bill would establish the Office of the Ombudsman (Office) at the THECB to serve as an intermediary between the legislature and the public and institutions of higher education and to receive and investigate reports regarding noncompliance with requirements of the bill.

## **Methodology**

It is assumed that any costs for system offices and institutions of higher education associated with the bill's provisions could be absorbed within existing resources.

Based on information provided by THECB, the agency would need to hire 2.0 FTEs, a Director I and Manager II, to conduct the required program reviews as well as one Database Administrator IV for IT administration and technical support for reporting needs. Two Data Analyst IV in fiscal year 2026 and one in subsequent fiscal years would be required to develop and maintain the methodology and code for reviews, determine possible new data reporting needs, and develop data products needed to track data output and ratings.

The Office of the Ombudsman would require one Assistant Commissioner to serve as the Ombudsman and two Compliance Analysts IV to conduct investigations. The agency would also require one General Counsel II, one General Counsel I, and one Legal Assistant III for legal support to assist ombudsman investigations and required reviews.

The total costs for salaries and benefits and other operating costs for the 11.0 FTEs in fiscal year 2026 and 10.0 FTEs beginning in fiscal year 2027 would be approximately \$1.4 million and \$1.3 million, respectively.

## **Technology**

The Higher Education Coordinating Board estimates \$100,000 per year in on-going technology costs.

## **Local Government Impact**

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

**Source Agencies:** 212 Office of Court Administration, Texas Judicial Council, 300 Trusteed Programs Within the Office of the Governor, 302 Office of the Attorney General, 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, 781 Higher Education Coordinating Board, 783 University of Houston System Administration, 966 Howard College, 978 San Jacinto College

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