

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 26, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB685 by Paxton (Relating to performance tier funding under the public junior college state finance program.), **As Introduced**

The fiscal implications of the bill are likely to be a significant cost to the state, but cannot be determined due to a lack of data on the number of community college students who transfer to a public or private four-year postsecondary educational institution in another state.

The bill would authorize community colleges to receive formula funding for student transfers to private or independent four-year institutions of higher education and public or private four-year postsecondary educational institutions in another state.

The Texas Higher Education Coordinating Board (THECB) estimated the number of student transfers to private or independent four-year institutions of higher education that would receive community college formula funding by using a forecast model based on actual certified data from 2018 to 2024 and assuming the fiscal year 2025 funding weights and rates remain constant through fiscal year 2030. The forecasted weighted transfer outcomes are estimated to be 3,815 in fiscal year 2026 and 3,829 in fiscal year 2027 followed by an expected downward trend through fiscal year 2030. The total number of such weighted student transfer outcomes multiplied by the fiscal year 2025 transfer outcome funding rate of \$3,500 would result in an estimated cost of \$13,353,181 in fiscal year 2026 and \$13,400,882 in fiscal year 2027.

THECB does not track transfers to out-of-state institutions and would need to rely on federal data from the Department of Education and the National Student Clearinghouse. Based on a forecast model using the most recent such data available from fiscal year 2020, the estimated costs are indeterminate but assumed to be significant. THECB estimates a cost of \$629,400 annually to be able to obtain current data on transfers to a public or private four-year postsecondary educational institution in another state.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 781 Higher Education Coordinating Board, 966 Howard College, 978 San Jacinto College

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