

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 9, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1322 by Hagenbuch (Relating to the accreditation of public institutions of higher education.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for SB1322, As Introduced: a negative impact of (\$3,653,518) through the biennium ending August 31, 2027.

Prior to September 1, 2029, the Texas Higher Education Accreditation Commission is required to implement a mandatory provision of the bill only if the legislature appropriates money to the Texas Higher Education Coordinating Board specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the commission may, but is not required to, implement a provision of the bill using other appropriations available for that purpose. If the commission does not implement a mandatory provision, the Texas Higher Education Coordinating Board must certify that fact in its subsequent legislative budget request to the Legislative Budget Board and include an estimate of the costs of implementing the provision in each year of the next state fiscal biennium.

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 General Revenue Related Funds
2026	(\$1,906,759)
2027	(\$1,746,759)
2028	(\$1,645,233)
2029	(\$1,645,233)
2030	(\$1,645,233)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable (Cost) from General Revenue Fund 1	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$1,906,759)	12.0
2027	(\$1,746,759)	12.0
2028	(\$1,645,233)	11.0
2029	(\$1,645,233)	11.0
2030	(\$1,645,233)	11.0

Fiscal Analysis

The bill would establish the Texas Higher Education Accreditation Commission (Commission) which would be administratively attached to the Texas Higher Education Coordinating Board (THECB) and directly accountable to the Governor. The Commission would be responsible for identifying and approving at least three accrediting agencies best suited to serve as accreditors for institutions of higher education. The bill would require the Commission to conduct biennial evaluations of the approved accrediting agencies; determine a rating of unsatisfactory, satisfactory, or exemplary for each; and publish the standards used in the evaluation on a publicly accessible website.

If an institution of higher education seeks accreditation from an accrediting agency that has not been evaluated by the Commission, the Commission must conduct an evaluation of the accrediting agency from which accreditation is sought within five years after the institution receives accreditation from the accrediting agency.

The bill would require institutions of higher education, at their own expense, to seek accreditation from an accrediting agency approved by the Commission and establish timeframes under which institutions of higher education accredited by an accrediting agency with a non-exemplary rating by the Commission would be required to, at their own expense, seek accreditation from a different approved accrediting agency.

The bill would require the Commission to provide an institution with written notice of any noncompliance, and if the institution fails to take corrective action within 180 days, require the Comptroller of Public Accounts to withhold all state funding from the institution until compliance is reached.

Methodology

THECB expects that 12.0 additional FTEs, including one Project Manager to oversee establishment of the Commission for the first two years, would be needed to staff the Commission and to conduct evaluations required by the bill. Total costs for salaries, benefits, and other costs related to the 12.0 FTEs would be approximately \$1.3 million in 2026, \$1.2 million in 2027, and \$1.1 million in subsequent fiscal years. The THECB indicates that additional FTEs may be needed if additional data needs arise.

THECB expects that either one-time construction costs in fiscal year 2026 of \$100,000 or ongoing appropriations for leased space would be needed to house Commission staff. Additionally, there would be an annual cost of \$500,000 related to technology needs for new database and application infrastructure related to the management of documentation and accreditation tracking.

According to information provided by institutions of higher education, there could be a significant fiscal impact related to seeking accreditation from another accrediting agency.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 300 Trusteed Programs Within the Office of the Governor, 304 Comptroller of Public Accounts, 320 Texas Workforce Commission, 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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