

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 27, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1400 by Kolkhorst (Relating to measurable outcomes for certain transfer students for performance tier funding under the public junior college state finance program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1400, As Introduced: a negative impact of (\$65,249,197) 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>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2026	(\$32,823,191)
2027	(\$32,426,006)
2028	(\$31,905,457)
2029	(\$31,393,266)
2030	(\$30,889,297)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1
2026	(\$32,823,191)
2027	(\$32,426,006)
2028	(\$31,905,457)
2029	(\$31,393,266)
2030	(\$30,889,297)

Fiscal Analysis

The bill would authorize community colleges to receive formula funding for student transfers to a general academic institution if the student previously completed less than 30 semester credit hours of coursework at a general academic teaching institution at the time of transfer.

Methodology

The Texas Higher Education Coordinating Board estimated the number of such student transfers that would receive community college formula funding by using a forecast model based on historical actual certified data

from 2020 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 9,378 in fiscal year 2026 and 9,265 in fiscal year 2027 followed by an expected downward trend through fiscal year 2030. The total number of such weighted transfers multiplied by the fiscal year 2025 transfer outcome funding rate of \$3,500 would result in an estimated cost of \$32,823,191 in fiscal year 2026 and \$32,426,006 in fiscal year 2027, followed by an expected downward trend through fiscal year 2030.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 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, 781 Higher Education Coordinating Board, 783 University of Houston System Administration, 966 Howard College, 978 San Jacinto College

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