

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 17, 2017

TO: Honorable Kel Seliger, Chair, Senate Committee on Higher Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2994** by Ashby (Relating to workforce continuing education offered by public junior colleges.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2994, Committee Report 2nd House, Substituted: an impact of \$0 through the biennium ending August 31, 2019. However, beginning in 2020-21 there would be an estimated negative impact of (\$26,077,952).

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2018	\$0
2019	\$0
2020	(\$13,038,976)
2021	(\$13,038,976)
2022	(\$13,038,976)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1
2018	\$0
2019	\$0
2020	(\$13,038,976)
2021	(\$13,038,976)
2022	(\$13,038,976)

Fiscal Analysis

The bill would amend the Education Code to allow contact hours attributable to the enrollment of a student in a workforce continuing education course to be included in formula funding. Currently, these hours are not included in formula funding. This assumed cost to General Revenue would not be seen until at least fiscal year 2020, as formula funding is provided to institutions based on student data prior to the biennium to be funded. Under the provisions of the bill, contact hours earned by students in workforce continuing education courses would be eligible for formula

funding regardless of whether tuition and fees were wholly or partially waived.

The bill would also amend the Education Code to allow a public community college to waive all or part of the tuition and fees charged for a workforce continuing education course. The contact hours earned by students whose tuition and fees are waived would be eligible for formula funding.

Methodology

The Texas Higher Education Coordinating Board (THECB) estimates an additional 1.6 million contact hours per semester would be eligible for formula funding. Applying the current annual contact hour rate of \$2.69 to the semesters that continuing education courses are offered results in an estimated annual formula cost of \$13.0 million in General Revenue.

Local Government Impact

This analysis assumes that the increased contact hours available for funding under the provisions of the bill could result in an increase in formula funding. However, without knowing which programs would be offered under the expanded definition for potential students, these fiscal implications of the bill are unknown at this time.

Source Agencies: 781 Higher Education Coordinating Board

LBB Staff: UP, THo, DEH, ESC