

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 28, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB810 by Kolkhorst (Relating to the use of open educational resources.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB810, As Introduced: a negative impact of (\$3,639,660) through the biennium ending August 31, 2019.

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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2018	(\$1,591,705)
2019	(\$2,047,955)
2020	(\$2,704,205)
2021	(\$2,704,205)
2022	(\$2,704,205)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund
2018	(\$1,591,705)
2019	(\$2,047,955)
2020	(\$2,704,205)
2021	(\$2,704,205)
2022	(\$2,704,205)

Fiscal Year	Change in Number of State Employees from FY 2017
2018	1.0
2019	1.0
2020	1.0
2021	1.0
2022	1.0

Fiscal Analysis

The bill would require the Higher Education Coordinating Board (Board) to establish and administer a grant program to encourage faculty at institutions of higher education to adopt and develop courses that use only open educational resources. Under the program, a faculty member of an institution of higher education could apply to the Board for a grant to redesign a course at the institution to exclusively use open educational resources. The bill does not specify the grant award amount for the new program. The Board would submit a report regarding the program to the governor, lieutenant governor, speaker of the house of representatives, and each standing legislative committee with primary jurisdiction over higher education by December 1 of each even-numbered year. Provisions of the bill regarding the open educational resources program would expire September 1, 2021.

The bill would require the State Library and Archives Commission (Commission) to conduct a study to determine the feasibility of creating a state repository of open educational resources. The study would have to include: 1) methods for facilitating public access to open educational resources, 2) the resources needed to create the repository, and 3) any potential challenges in creating the repository. The Commission would submit the report regarding the results of the study to the governor, lieutenant governor, speaker of the house of representatives, and each standing legislative committee with primary jurisdiction over higher education by September 1, 2018. Provisions of the bill regarding the feasibility study would expire September 1, 2019.

Methodology

Based on information provided by the Higher Education Coordinating Board regarding similar open educational resources programs in other states, it is assumed that the award amount under the new program would be \$2,500 per fiscal year. It is also assumed that six faculty at each participating public and private institution would receive an award. Beginning in fiscal year 2018, it is estimated that 50 percent of the 175 eligible public and private institutions would participate in the program and the faculty at these institutions would receive grants totaling \$1,312,500. In fiscal year 2019, it is assumed that participation in the program would increase to 75 percent and the cost of the program would increase to \$1,968,750. By fiscal year 2020, and continuing to fiscal year 2022, it is assumed that 100 percent of eligible institutions would participate in the program at a total cost of \$2,625,000 per year.

The Board has indicated administrative costs associated with the new program would be \$60,980 for salaries, wages and benefits for 1 FTE, and \$18,255 in other costs for the program beginning in fiscal year 2018.

The State Library and Archives Commission has indicated that one time costs of \$200,000 in fiscal year 2018 would be required to complete the feasibility study. The agency would contract with a vendor to complete the study.

Local Government Impact

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

Source Agencies: 306 Library & Archives Commission, 701 Texas Education Agency, 710 Texas A&M University System Administrative and General Offices, 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

LBB Staff: UP, THo, DEH, GO, AW, GGo