

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 16, 2017

TO: Honorable J. M. Lozano, Chair, House 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 Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SB810, As Engrossed: a negative impact of (\$300,000) through the biennium ending August 31, 2019. The agency is not required to implement the legislation in the absence of an appropriation.

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	(\$200,000)
2019	(\$100,000)
2020	(\$1,076,735)
2021	(\$1,575,485)
2022	(\$2,074,235)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund
2018	(\$200,000)
2019	(\$100,000)
2020	(\$1,076,735)
2021	(\$1,575,485)
2022	(\$2,074,235)

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 adopt, modify or redesign a course at the institution to exclusively use open educational resources. Under provisions of the bill, the Board may not award a grant under the program to a faculty member of a postsecondary educational institution other than an institution of higher education. 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.

Under provisions of the bill, the Board may not use appropriated funds in an amount greater than \$200,000 for purposes of the program in the state fiscal biennium ending August 31, 2019. The Board may use any amount of other funds available for those purposes. This section would expire December 1, 2019.

The bill would require the Board, in collaboration with the Texas Education Agency, public institutions of higher education and school districts, 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 Board 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.

Under provisions of the bill, the Board may not use appropriated funds in an amount greater than \$100,000 for purposes of the study. The Board may use any amount of other available funds for purposes of the study and may solicit gifts, grants and donations for that purpose.

Under provisions of the bill, the Act takes effect only if a specific appropriation for the implementation of the Act is provided in a general appropriations act of the 85th Legislature.

Methodology

Under provisions of the bill the Higher Education Coordinating Board (Board) may not use appropriated funds in an amount greater than \$200,000 for purposes of the program in the state fiscal biennium ending August 31, 2019. In addition the Board may not use appropriated funds in an amount greater than \$100,000 for purposes of the study. As a result the costs associated with the new program and the study are limited to \$300,000 for the 2018-19 biennium as reflected in

the table above. These funding limitations expire in fiscal year 2019.

Beginning in fiscal year 2020, it is assumed that grant awards would increase. Based on information provided by the 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 higher education institution would receive an award. Beginning in fiscal year 2020, it is estimated that 50 percent of the 133 eligible public institutions would participate in the program and the faculty at these institutions would receive grants totaling \$997,500. In fiscal year 2021, it is assumed that participation in the program would increase to 75 percent and the cost of the program would increase to \$1,496,250. By fiscal year 2022, it is assumed that 100 percent of eligible institutions would participate in the program at a total cost of \$1,995,000.

Administrative costs for the Board associated with the new program are estimated to be \$60,980 for salaries, wages and benefits for 1 FTE, and \$18,255 in other costs beginning in fiscal year 2018.

Under provisions of the bill, the Act takes effect only if a specific appropriation for the implementation of the Act is provided in a general appropriations act of the 85th Legislature.

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, GO, THo, DEH, AW, GGo