

By: Ogden

S.B. No. 1485

A BILL TO BE ENTITLED

AN ACT

1
2 relating to tuition and fees charged by institutions of higher
3 education.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 51.009(c), Education Code, is amended to
6 read as follows:

7 (c) Each of the following shall be accounted for as
8 educational and general funds: net tuition, special course fees
9 charged under Sections 54.051(e) and (l), ~~[Education Code,~~ lab
10 fees, student teaching fees, fees collected under Section 54.0025,
11 ~~[hospital and clinic fees, organized activity fees,~~ proceeds from
12 the sale of educational and general equipment, and indirect cost
13 recovery fees.

14 SECTION 2. Section 54.001, Education Code, is amended by
15 adding Subdivision (1-a) to read as follows:

16 (1-a) "Fee" means an essential student education fee
17 or a discretionary student services fee imposed by an institution
18 of higher education under Section 54.0025.

19 SECTION 3. Subchapter A, Chapter 54, Education Code, is
20 amended by adding Section 54.0025 to read as follows:

21 Sec. 54.0025. CLASSIFICATION OF TUITION AND FEES; FEE
22 AUTHORITY. (a) An institution of higher education, except as
23 permitted by other law, may collect only the following charges from
24 a student at the institution:

- 1 (1) tuition in the amounts authorized by this chapter;
- 2 (2) essential student education fees; and
- 3 (3) discretionary student services fees.

4 (b) Tuition is the student's share of the minimum amount of
5 money determined by the legislature to be necessary to operate the
6 essential academic programs of an institution, including the direct
7 cost of instruction and administration of the institution's
8 academic programs and of the operation of the infrastructure
9 required to conduct the essential academic programs of the
10 institution.

11 (c) Essential student education fees are the fees
12 determined by the governing board of an institution to be necessary
13 to supplement the total tuition collected from all students to
14 support the institution in complying with the institution's
15 statutory or constitutional mission or to maintain any necessary
16 accreditation. The governing board of an institution of higher
17 education may impose the essential student education fees the
18 governing board considers appropriate. In adopting an essential
19 student education fee, the governing board must make a written
20 determination that the institution cannot accomplish its mission
21 without charging the fee and will lose any necessary accreditation.
22 The total amount of essential student education fees charged to a
23 student may not exceed 150 percent of the amount of tuition that the
24 student would pay if the student paid full tuition at the rate
25 provided for Texas residents.

26 (d) Discretionary student services fees are fees relating
27 to services provided to students of an institution that are not

1 related to maintaining the academic quality or accreditation of the
2 institution. The governing board of an institution of higher
3 education may impose the discretionary student services fees the
4 governing board considers appropriate. The adoption and amount of
5 a discretionary student services fee must be approved by a majority
6 vote of the institution's students participating in a general
7 election called for that purpose. A group hospital and medical
8 services fee, medical services fee, student recreation or
9 recreational sport fee, bus or other transportation fee,
10 international education fee, statue fee, student union fee,
11 university center fee, or an art and performance center fee is a
12 discretionary student services fee. The total amount of
13 discretionary student services fees charged to a student may not
14 exceed the amount of tuition that the student would pay if the
15 student paid full tuition at the rate provided for Texas residents.

16 (e) Intercollegiate athletics at an institution may not be
17 funded by revenue derived from student charges other than a
18 discretionary student services fee. A discretionary student
19 services fee to fund or support intercollegiate athletics and any
20 increase in the amount of such a fee must be submitted for student
21 body approval separately from any other discretionary student
22 services fee. The issue for approval must clearly state the uses of
23 the fee and the amount of the proposed fee or fee increase. This
24 subsection does not prohibit an institution from charging a student
25 of the institution an admission charge to an intercollegiate
26 athletic event.

27 SECTION 4. Section 54.005, Education Code, is amended to

1 read as follows:

2 Sec. 54.005. RIGHT TO COLLECT OTHER [~~SPECIAL~~] FEES. The
3 provisions of this subchapter requiring or authorizing the
4 governing board of each institution of higher education to collect
5 tuition and fees do not deprive the board of the authority [~~right~~]
6 to collect special fees authorized by law, fees for nonessential
7 discretionary goods or services provided for the convenience of
8 students at the institution, or fees that are fines for conduct that
9 violates an institution's disciplinary regulations.

10 SECTION 5. Sections 54.006(b) and (c), Education Code, are
11 amended to read as follows:

12 (b) A general academic teaching institution or medical and
13 dental unit shall refund to a student withdrawing from the
14 institution or unit an amount equal to the product of the amount of
15 tuition and essential student education [~~mandatory~~] fees collected
16 for each course in which the student is enrolled on the date the
17 student withdraws multiplied by the applicable percentage derived
18 from the following tables:

19 (1) if the student withdraws during a fall or spring
20 semester or comparable trimester:

- | | | | |
|----|-----|-----------------------------------|-------------|
| 21 | (A) | prior to the first class day | 100 percent |
| 22 | (B) | during the first five class days | 80 percent |
| 23 | (C) | during the second five class days | 70 percent |
| 24 | (D) | during the third five class days | 50 percent |
| 25 | (E) | during the fourth five class days | 25 percent |
| 26 | (F) | after the fourth five class days | None; and |

27 (2) if the student withdraws during a summer term:

- 1 (A) prior to the first class day 100 percent
- 2 (B) during the first, second, or third class
- 3 day 80 percent
- 4 (C) during the fourth, fifth, or sixth class
- 5 day 50 percent
- 6 (D) seventh day of class and thereafter None.

7 (c) Separate withdrawal refund schedules may be established
 8 for discretionary student services fees or other [optional] fees
 9 that may be collected under Section 54.005 [such as intercollegiate
 10 athletics, cultural entertainment, parking, and yearbooks].

11 SECTION 6. Subchapter D, Chapter 54, Education Code, is
 12 amended by adding Section 54.2015 to read as follows:

13 Sec. 54.2015. APPLICATION OF EXEMPTIONS. (a) For purposes
 14 of this subchapter, unless otherwise expressly stated:

15 (1) an exemption from fees or required fees is an
 16 exemption from essential student education fees collected under
 17 Section 54.0025; and

18 (2) an exemption from tuition fees, charges, or
 19 student charges is an exemption from tuition and from essential
 20 student education fees collected under Section 54.0025.

21 (b) For purposes of this section, a waiver of tuition, fees,
 22 or other charge made or authorized by this subchapter is considered
 23 an exemption from the tuition, fees, or other charge.

24 SECTION 7. The heading to Section 54.5031, Education Code,
 25 is amended to read as follows:

26 Sec. 54.5031. STUDENT SERVICES FEE ADVISORY COMMITTEE.

27 SECTION 8. Sections 54.5031(a), (f), and (g), Education

1 Code, are amended to read as follows:

2 (a) A student services fee advisory committee is
3 established at each institution of higher education [~~except The~~
4 ~~University of Texas at Austin~~] to advise the governing board and
5 administration of the institution on the type, amount, and
6 expenditure of discretionary [~~compulsory fees for~~] student
7 services fees collected under Section 54.0025 [~~54.503 of this~~
8 ~~code~~].

9 (f) The committee shall:

10 (1) study the type, amount, and expenditure of each
11 discretionary student services fee [~~a compulsory fee under Section~~
12 ~~54.503 of this code~~]; and

13 (2) meet with appropriate administrators of the
14 institution, submit a written report on the study under Subdivision
15 (1) of this subsection, and recommend the type, amount, and
16 expenditure of each fee [~~a compulsory fee~~] to be charged for the
17 next academic year.

18 (g) Before recommending the student services fee budget to
19 the governing board of the institution, the president of the
20 institution shall consider the report and recommendations of the
21 committee. If the president's recommendations to the governing
22 board are substantially different from the committee's
23 recommendations to the president, the administration of the
24 institution shall notify the committee not later than the last date
25 on which the committee may request an appearance at the board
26 meeting. On request of a member of the committee, the
27 administration of the institution shall provide the member with a

1 written report of the president's recommendations to the board.

2 SECTION 9. Section 54.504(a), Education Code, is amended to
3 read as follows:

4 (a) The governing board of an institution of higher
5 education may fix the rate of incidental fees to be paid to an
6 institution under its governance by students and prospective
7 students and may make rules for the collection of the fees and for
8 the distribution of the funds, such funds to be accounted for as
9 other designated funds. The rate of an incidental fee must
10 reasonably reflect the actual cost to the university of the
11 materials or services for which the fee is collected. In fixing
12 such rate, the governing board may consult with a student services
13 fee advisory committee which the governing board may establish if
14 such student committee does not presently exist.

15 SECTION 10. Section 54.601, Education Code, is amended by
16 adding Subdivision (14) to read as follows:

17 (14) "Required fees" means essential student
18 education fees collected under Section 54.0025.

19 SECTION 11. Section 55.16(c), Education Code, as amended by
20 Chapters 769 and 1432, Acts of the 77th Legislature, Regular
21 Session, 2001, is reenacted and amended to read as follows:

22 (c) A board shall fix each rental, rate, charge, or fee that
23 the board has authority under this title to fix in an amount
24 determined to be necessary to pay or provide, for each activity or
25 service, all associated capital costs, including debt service,
26 operation and maintenance costs, including associated overhead
27 costs of a system or institution, and prudent reserves. Except as

1 otherwise provided by Subsection (e), this section does not
2 authorize a board to impose a rental, rate, charge, or fee at an
3 amount exceeding a limit imposed by another provision of this
4 title, including the limits imposed by Section 54.0025 on the total
5 amounts of student fees.

6 SECTION 12. Section 56.051, Education Code, is amended to
7 read as follows:

8 Sec. 56.051. EMERGENCY LOANS. (a) Each institution of
9 higher education may establish an emergency loan program under
10 which students are loaned money to pay tuition and required fees.

11 (b) In this subchapter, "required fees" means essential
12 student education fees collected under Section 54.0025.

13 SECTION 13. Sections 54.0513, 54.503, 54.5061, 54.5062,
14 54.507, 54.508, 54.5081, 54.5082, 54.5085, 54.5089, 54.50891,
15 54.509, 54.5091, 54.510, 54.511, 54.512, 54.5121, 54.5122, 54.513,
16 54.5131, 54.5132, 54.5133, 54.5134, 54.514, 54.515, 54.518,
17 54.519, 54.520, 54.521, 54.522, 54.5221, 54.5222, 54.523, 54.524,
18 54.525, 54.526, 54.527, 54.528, 54.529, 54.530, 54.531, 54.532,
19 54.533, 54.5331, 54.534, 54.5341, 54.5342, 54.535, 54.536, 54.537,
20 54.5371, 54.5372, 54.538, 54.539, 54.540, 54.541, 54.542, 54.543,
21 54.544, 54.545, and 54.546, Education Code, are repealed.

22 SECTION 14. (a) The change in law made by this Act applies
23 beginning with tuition and fees charged by an institution of higher
24 education for the 2004 fall semester.

25 (b) Not later than January 1, 2004, each institution of
26 higher education shall adopt a schedule for the amount of tuition or
27 fees to be charged for the 2004 fall semester under Section 54.0025,

1 Education Code, as added by this Act.

2 (c) If the governing board of an institution of higher
3 education has pledged revenue derived from any tuition, fee, or
4 other charge collected under a law repealed by this Act to the
5 payment of principal and interest on any bonds or notes, the repeal
6 of the law does not affect any pledge or covenants with respect to
7 any of those bonds or notes, and those pledges and covenants remain
8 in full force and effect in accordance with their terms and
9 provisions, it being the intent of the legislature that this Act not
10 impair the ability of an institution of higher education to satisfy
11 obligations incurred in respect to any bonds or notes issued by the
12 institution. The governing board may continue to collect the
13 tuition, fee, or other charge as necessary to pay the principal or
14 interest on the bonds or notes. The governing board shall classify
15 the tuition, fee, or charge as tuition, an essential student
16 education fee, or a discretionary student services fee under
17 Section 54.0025, Education Code, as added by this Act, and treat the
18 fee accordingly, except that the applicable limit on the total
19 amount of essential student education fees or discretionary student
20 service fees under Section 54.0025 does not apply to the extent that
21 charging a total amount of fees in excess of the applicable limit is
22 necessary to allow the governing board to satisfy obligations
23 incurred in respect to any bonds or notes described by this
24 subsection.

25 (d) Nothing in this Act limits or impairs any pledge or
26 covenant made by the governing board of an institution of higher
27 education with respect to any bond or note issued before the

1 effective date of this Act.

2 SECTION 15. This Act takes effect immediately if it
3 receives a vote of two-thirds of all the members elected to each
4 house, as provided by Section 39, Article III, Texas Constitution.
5 If this Act does not receive the vote necessary for immediate
6 effect, this Act takes effect September 1, 2003.