

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 2, 2007**

**TO:** Honorable Judith Zaffirini, Chair, Senate Committee on S/C on Higher Education

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB120** by Brown, Fred (Relating to state funding and tuition charged for courses provided during off-peak hours at certain public institutions of higher education.), **As Engrossed**

**No significant fiscal implication to the State is anticipated.**

Under provisions of the bill, the University of Texas at Austin, Texas A&M University and Texas Tech may offer lower reduced tuition rates for courses during off-peak hours. The Higher Education Coordinating Board used the following assumptions to calculate the tuition losses to the three schools: 1) The three institutions would actually offer off-peak courses. 2) That 15% of the students currently enrolled actually sign up for the off-peak courses. 3) The reduction in tuition rates would be 15%. 4) That both undergraduate and graduate courses would be offered during off-peak hours. 5) It is unknown the additional dollar savings that may occur with courses offered off-peak. 6) No consideration was given to the institutions that currently offer flat rate tuition and the implications a reduction in tuition may entail. Flat-rate tuition rates vary depending on the student's institution, program, classification and rates they currently pay and as a result the fiscal impact on reductions in flat-rate tuition cannot be estimated.

Using these criteria the Coordinating Board calculated that for Texas A&M, a 15% discount will cost the school \$11,290,248 per year in tuition losses. For the University of Texas at Austin, a 15% discount will cost the school \$13,265,393 per year, and for Texas Tech, a 15% discount will cost the school \$6,921,869 per year. The total for these three institutions, at a 15% discount, will cost \$31,477,510 per year. To the extent that the State reimburses the estimated tuition losses under the current formulas the impacted institutions would have increased formula general revenue as compared to institutions that do not offer the reduced tuition rates.

**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, 720 The University of Texas System Administration, 733 Texas Tech University, 781 Higher Education Coordinating Board

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