

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

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

**April 9, 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: SB85** by Hinojosa (Relating to a moratorium and other limitations on increases in designated tuition charged by public institutions of higher education.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB85, As Introduced: no impact through the biennium ending August 31, 2009.

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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Revenue Gain/(Loss) from <i>Institutional Funds</i> 997</b>
2008	(\$104,989,050)
2009	(\$215,227,553)
2010	(\$330,977,981)
2011	(\$352,739,823)
2012	(\$375,932,415)

**Fiscal Analysis**

The bill would amend Section 54.0513, Education Code by prohibiting institutions from raising tuition during the 2007-08, 2008-09 and 2009-10 school years and capping tuition increases at 5 percent annually after 2010. Students who paid more in tuition during the fall of 2007 than a similar student paid in 2006 would be refunded all tuition paid in excess of the cap. If the governing board raises designated tuition for an academic year, the governing board may not again raise designated tuition for all or any part of that academic year.

## **Methodology**

Although the bill would have no impact to General Revenue, it would eliminate anticipated increases in designated tuition during the three-year moratorium and reduce increases after 2010. The impact of the designated tuition loss to institutions is estimated, based on the latest tuition and fee increases.

The Higher Education Coordinating Board indicates the bill would reduce revenue available to general academic institutions for the three years the bill freezes current charges by an estimated \$104,989,050 for fiscal year 2008, \$215,227,553 for fiscal year 2009, and \$330,977,981 for fiscal year 2010, for a three-year total of \$651,194,585. After fiscal year 2010, institutions would be limited to a five percent annual increase; however, since this increase would be calculated as a percentage increase off a lower initial value, there would be a loss to institutional funds of \$352,739,823 in fiscal year 2011 and \$375,932,415 in fiscal year 2012.

## **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, 781 Higher Education Coordinating Board

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