

SENATE AMENDMENTS

2nd Printing

By: Brown of Brazos

H.B. No. 120

A BILL TO BE ENTITLED

AN ACT

relating to state funding and tuition charged for courses provided during off-peak hours at certain public institutions of higher education.

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

SECTION 1. Subchapter C, Chapter 61, Education Code, is amended by adding Section 61.0592 to read as follows:

Sec. 61.0592. FUNDING FOR COURSES PROVIDED DURING OFF-PEAK HOURS AT CERTAIN INSTITUTIONS. (a) The purposes of this section are:

(1) to ensure that student demand for courses is met;

and

(2) to encourage the efficient use of existing instructional facilities while reducing the need for new instructional facilities.

(b) This section applies only to funding for a course provided by:

(1) The University of Texas at Austin;

(2) Texas A&M University; or

(3) Texas Tech University.

(c) To carry out the purposes of this section, for each institution of higher education listed under Subsection (b), the board shall include in the formulas established under Section 61.059 funding in amounts sufficient to cover the institution's

1 revenue loss resulting from any reduction in tuition rates under
2 Section 54.061.

3 (d) In addition to the funding included under Subsection
4 (c), in the formulas established under Section 61.059, as an
5 incentive for the institutions to reduce tuition rates under
6 Section 54.061, the board may include additional funding that
7 represents a portion of the savings to the state resulting from the
8 institution's efficient use of resources.

9 SECTION 2. Subchapter B, Chapter 54, Education Code, is
10 amended by adding Section 54.061 to read as follows:

11 Sec. 54.061. REDUCED TUITION RATES FOR COURSES PROVIDED
12 DURING OFF-PEAK HOURS AT CERTAIN INSTITUTIONS. In accordance with
13 coordinating board rules and for the purposes stated in Section
14 61.0592, the governing board of an institution of higher education
15 to which Section 61.0592 applies may establish resident and
16 nonresident tuition rates that are lower than the applicable rates
17 otherwise required or authorized by this chapter for a course
18 offered:

- 19 (1) during the evening;
20 (2) on weekends; or
21 (3) at other times that the institution's
22 instructional facilities would otherwise be underutilized, as
23 determined by the board.

24 SECTION 3. As soon as practicable after the effective date
25 of this Act, the Texas Higher Education Coordinating Board shall
26 adopt rules under which public institutions of higher education may
27 establish lower tuition rates in accordance with Section 54.061,

1 Education Code, as added by this Act.

2 SECTION 4. This Act takes effect immediately if it receives
3 a vote of two-thirds of all the members elected to each house, as
4 provided by Section 39, Article III, Texas Constitution. If this
5 Act does not receive the vote necessary for immediate effect, this
6 Act takes effect September 1, 2007.

ADOPTED

MAY 18 2007

By: Brown / Shapiro

Letey Spaw
Secretary of the Senate

H.B. No. 120

Substitute the following for H.B. No. 120:

By: WV

C.S.M.B. No. 120

A BILL TO BE ENTITLED

AN ACT

relating to state funding and designated tuition charged for courses provided during off-peak hours at certain public institutions of higher education.

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

SECTION 1. Subchapter C, Chapter 61, Education Code, is amended by adding Section 61.0592 to read as follows:

Sec. 61.0592. FUNDING FOR COURSES PROVIDED DURING OFF-PEAK HOURS AT CERTAIN INSTITUTIONS. (a) The purposes of this section are:

(1) to ensure that student demand for courses is met;

and

(2) to encourage the efficient use of existing instructional facilities while reducing the need for new instructional facilities.

(b) This section applies only to funding for a course provided by:

(1) The University of Texas at Austin;

(2) Texas A&M University; or

(3) Texas Tech University.

(c) To carry out the purposes of this section, for each institution of higher education listed under Subsection (b), the board shall include in the formulas established under Section 61.059 funding in amounts sufficient to cover the institution's

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1 revenue loss resulting from any reduction in tuition rates under
2 Section 54.061.

3 (d) In addition to the funding included under Subsection
4 (c), in the formulas established under Section 61.059, as an
5 incentive for the institutions to reduce tuition rates under
6 Section 54.061, the board may include additional funding that
7 represents a portion of the savings to the state resulting from the
8 institution's efficient use of resources.

9 SECTION 2. Subchapter B, Chapter 54, Education Code, is
10 amended by adding Section 54.061 to read as follows:

11 Sec. 54.061. REDUCED DESIGNATED TUITION RATES FOR COURSES
12 PROVIDED DURING OFF-PEAK HOURS AT CERTAIN INSTITUTIONS. (a) This
13 section applies only to a course offered by an institution of higher
14 education:

15 (1) beginning at 6 p.m. or later during a weekday;

16 (2) on weekends; or

17 (3) at other times when the institution's
18 instructional facilities would otherwise be underutilized, as
19 determined by the governing board of the institution.

20 (b) In accordance with coordinating board rules and for the
21 purposes stated in Section 61.0592, the governing board of an
22 institution of higher education to which Section 61.0592 applies
23 may establish tuition rates under Section 54.0513 for a course
24 described by Subsection (a) that are not more than 25 percent lower
25 than the rates that would otherwise apply to the course under that
26 section.

27 (c) This section applies only if the legislature

1 specifically appropriates money to institutions to which Section
2 61.0592 applies for the state fiscal biennium ending August 31,
3 2009, to cover the tuition revenue lost to the institutions by the
4 application of this section.

5 SECTION 3. As soon as practicable after the effective date
6 of this Act, the Texas Higher Education Coordinating Board shall
7 adopt rules under which public institutions of higher education may
8 establish lower tuition rates in accordance with Section 54.061,
9 Education Code, as added by this Act.

10 SECTION 4. This Act takes effect immediately if it receives
11 a vote of two-thirds of all the members elected to each house, as
12 provided by Section 39, Article III, Texas Constitution. If this
13 Act does not receive the vote necessary for immediate effect, this
14 Act takes effect September 1, 2007.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 14, 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 designated tuition charged for courses provided during off-peak hours at certain public institutions of higher education.),
Committee Report 2nd House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for HB120, Committee Report 2nd House, Substituted: a negative impact of (\$38,612,518) 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:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2008 | (\$19,306,259) |
| 2009 | (\$19,306,259) |
| 2010 | (\$19,306,259) |
| 2011 | (\$19,306,259) |
| 2012 | (\$19,306,259) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1 | Probable Revenue Gain/(Loss) from <i>INSTITUTIONAL FUNDS</i> 997 |
|-------------|--|--|
| 2008 | (\$19,306,259) | (\$19,306,259) |
| 2009 | (\$19,306,259) | (\$19,306,259) |
| 2010 | (\$19,306,259) | (\$19,306,259) |
| 2011 | (\$19,306,259) | (\$19,306,259) |
| 2012 | (\$19,306,259) | (\$19,306,259) |

Fiscal Analysis

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.

Methodology

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 25%. 4) That undergraduate 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 25% discount will cost the school \$7,217,028 per year in tuition losses. For the University of Texas at Austin, a 25% discount will cost the school \$8,085,030 per year, and for Texas Tech, a 25% discount will cost the school \$4,004,201 per year. The total for these three institutions, at a 25% discount, will cost \$19,306,259 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.

Based on the following language in the bill, "This section applies only if the legislature specifically appropriates money to institutions to which Section 61.0592 applies for the state fiscal biennium ending August 31, 2009, to cover the tuition revenue lost to the institutions by the application of this section," it is assumed that an equivalent amount of general revenue funds would be needed to reimburse the university for the loss of designated tuition revenue.

Local Government Impact

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

Source Agencies: 781 Higher Education Coordinating Board, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 733 Texas Tech University

LBB Staff: JOB, MN, RT, SSh, GO

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

LBB Staff: JOB, MN, RT, SSh, GO

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 16, 2007

TO: Honorable Geanie Morrison, Chair, House Committee 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 Introduced**

| |
|---|
| 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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