

BILL ANALYSIS

C.S.S.B. 1443
By: Zaffirini
Higher Education
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Many are concerned by the rate tuition and fees charged to students have increased since tuition deregulation.

C.S.S.B. 1443 establishes a limit on the increase in total academic costs charged to resident undergraduate students in the 2010-2011, 2011-2012, and 2012-2013 academic years and requires the Legislative Budget Board to submit to the Senate Finance Committee, the House Appropriations Committee, and the standing committee of each house with primary jurisdiction over higher education a biennial report regarding certain university costs.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.S.B. 1443 amends the Education Code to add temporary provisions, set to expire September 1, 2013, to prohibit the total academic costs charged in the 2010-2011, 2011-2012, and 2012-2013 academic years by a general academic teaching institution to an undergraduate student who is a Texas resident from exceeding the total academic costs that the institution would have charged to a similarly situated student in the preceding academic year by more than the greater of 3.95 percent or \$280. The bill establishes that students are similarly situated if they share certain circumstances affecting the total academic costs charged to the student and that these provisions do not ensure that the total academic costs charged to an individual student will not increase by more than the prescribed limitation based on a change in such circumstances. The bill defines "general academic teaching institution," "core operational costs," and "total academic costs."

C.S.S.B. 1443 requires the Legislative Budget Board, not later than September 1 of each even-numbered year, to submit to the Senate Finance Committee, the House Appropriations Committee, and the standing committee of each house with primary jurisdiction over higher education:

- for consideration by the those committee members in determining the amount of general revenue appropriations to general academic teaching institutions and tuition rates at those institutions, the board's estimate of the core operational costs for the next state fiscal biennium for each institution, based on a methodology that projects for each year of the next biennium changes in student enrollment for each institution and a rate of inflation, and uses data from each institution's annual financial report regarding costs for instruction, academic support, institutional support, operations and maintenance of physical plants, and student services; and
- a certified list of all general academic teaching institutions ranked according to the amount of total academic costs charged per student in the academic years covered by the current state fiscal biennium.

C.S.S.B. 1443 requires the board, beginning in 2013, to submit with its estimate of the core operational costs a comparison of each institution's actual core operational costs for the preceding state fiscal biennium to the board's previous estimate of the institution's core operational costs for that biennium.

EFFECTIVE DATE

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.S.B. 1443 differs from the original by prohibiting the total academic costs charged in the 2010-2011, 2011-2012, and 2012-2013 academic years, rather than the 2009-2010 academic year in the original, by a general academic teaching institution to an undergraduate student who is a Texas resident from exceeding the total academic costs that the institution would have charged to a similarly situated student in the preceding academic year by more than the greater of 3.95 percent or \$280, rather than the greater of five percent or \$315, as in the original. The substitute removes provisions in the original setting forth additional limitations on an increase in the total academic costs charged to resident undergraduate students by an institution based on certain factors and conditions, including legislative appropriations, median per student costs, adjustable inflation rates, academic year, and designated tuition rates. The substitute adds a provision not in the original appending an expiration date of September 1, 2013 to provisions in the bill relating to a limitation on increases in total academic costs charged to resident students.

C.S.S.B. 1443 removes provisions in the original providing for the stabilization of total academic costs charged to a student by freezing the per-course tuition rate for courses to an amount in effect for the course during the student's freshman year, under certain conditions and with certain exceptions, and granting rulemaking authority to the Texas Higher Education Coordinating Board to administer such provisions.

C.S.S.B. 1443 removes a provision in the original requiring the governing board of each institution of higher education, in setting designated tuition rates for an academic year, to take into account any reduction in the percentage of tuition that will be required to be set aside for student financial assistance from the percentage required to be set aside in the preceding year and to ensure that any increase in the designated tuition rates that the governing board would otherwise have made for that academic year is reduced accordingly. The substitute removes provisions in the original requiring the legislative oversight committee on higher education to oversee the Legislative Budget Board's development of the methodology used for estimating the core operational costs of general academic teaching institutions and of the certified list of institutions used for determining the institutions to which certain tuition caps apply, establishing legislative intent regarding a phase out of statutory requirements that a portion of designated tuition be set aside for student financial assistance, and setting forth requirements for the committee with the aim of accomplishing that phase out.

C.S.S.B. 1443 removes a provision in the original decreasing from 20 to 15 the minimum percentage of any tuition amount charged to a resident undergraduate student in excess of \$46 per semester credit hour caused to be set aside by the governing board of each institution of higher education for student financial assistance. The substitute removes provisions in the original repealing tuition set-asides for the Texas B-On-Time loan program, requiring each general academic teaching institution to submit to certain relevant entities a detailed plan for reducing the institution's operational costs by at least five percent, and making certain changes in law made by the bill applicable beginning with tuition charged for the 2010-2011 academic year. The substitute removes provisions in the original establishing that the bill does not make an appropriation and is effective contingent upon receiving specific legislative appropriation and adding a separate, conditional effective date for portions of the bill omitted in the substitute.