

BILL ANALYSIS

Senate Research Center
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S.B. 1443
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Higher Education
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Many are concerned that the tuition and fees charged to students have increased dramatically since tuition deregulation.

As proposed, S.B. 1443 formalizes the relationship between the amount of funding provided by the state and the amount of tuition and fees charged by an institution of higher education. This bill sets forth limitations for the amount general academic teaching institutions are permitted to raise designated tuition for a given biennium based on the amount of general revenue appropriated for instruction and operation.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 1 (Section 54.017, Education Code) and SECTION 2 (Section 54.202, Education Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 54, Education Code, by adding Section 54.017, as follows:

Sec. 54.017. LIMITATION ON INCREASE IN TOTAL ACADEMIC COSTS CHARGED TO RESIDENT UNDERGRADUATE STUDENTS. (a) Defines "general academic teaching institution" and "total academic costs."

(b) Prohibits the total academic costs charged by a general academic teaching institution to an undergraduate student who is a resident of this state for an academic year 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 lesser of five percent, or, if the legislature has appropriated from undedicated general revenue funds available to pay the institution's core operational costs estimated by the Legislative Budget Board (LBB) under Section 51.973 for the current state fiscal biennium a greater percentage than the legislature appropriated from undedicated general revenue funds available to pay the institution's core operational costs for the preceding state fiscal biennium, a percentage that would produce an amount of total academic costs charged to students that, when added to the additional amount of undedicated general revenue funds available to pay core operational costs of the institution, would result in a total increase of five percent in total academic costs charged to students and undedicated general revenue funds available to pay core operating costs for that academic year.

(b-1) Provides that this subsection applies to total academic costs charged to students for the 2009-2010 and 2010-2011 academic years. Provides that Subsection (b) does not apply to those costs in an academic year to which this subsection applies. Prohibits, in an academic year to which this subsection applies, the total academic costs charged by a general academic teaching institution to an undergraduate student who is a resident of this state 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 five

percent, or if the institution's average per student total academic costs for the most recent academic year for which the information is available are less than the statewide average for those costs for that year as determined by the Texas Higher Education Coordinating Board (THECB), the greater of five percent, or \$360.

(c) Authorizes a general academic teaching institution, notwithstanding Subsection (b), to charge a student an amount of total academic costs that exceeds the maximum amount prescribed by that subsection if the amount of the increase was approved by the students of the institution in a referendum held in the preceding academic year at the institution for that purpose. Authorizes the institution to hold a referendum for purposes of this subsection.

(d) Provides that for purposes of this subsection, students are similarly situated if they share the same residency status, degree program, course load, course level, tuition exemption status, and other circumstances affecting the total academic costs charged to the student.

(e) Provides that this section does not ensure that the total academic costs charged to an individual student will not increase by more than the limitation described by Subsection (b) based on a change in the student's residency status, degree program, course load, course level, tuition exemption status, or other circumstance affecting the total academic costs charged to the student.

(f) Requires THECB to adopt rules as necessary to administer this section.

SECTION 2. Amends Subchapter D, Chapter 54, Education Code, by adding Section 54.202, as follows:

Sec. 54.202. TUITION EXEMPTION FOR CERTAIN FIRST-TIME FRESHMAN STUDENTS AT GENERAL ACADEMIC TEACHING INSTITUTIONS. (a) Defines "general academic teaching institution."

(b) Requires a general academic teaching institution to exempt from the payment of tuition and mandatory fees charged by the institution for a fall or spring semester a person who meets certain enrollment criteria.

(c) Authorizes a person to receive an exemption under this section for not more than 15 semester credit hours.

(d) Provides that the exemption provided by this section does not apply to a transfer student.

(e) Authorizes THECB to adopt rules for the administration of this section.

SECTION 3. Amends Subchapter Z, Chapter 51, Education Code, by adding Section 51.973, as follows:

Sec. 51.973. BIENNIAL REPORT BY LEGISLATIVE BUDGET BOARD REGARDING UNIVERSITY CORE OPERATIONAL COSTS; LEGISLATIVE OVERSIGHT COMMITTEE. (a) Requires the LBB, not later than December 1 of each odd-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 members of those committees in determining the amount of general revenue appropriations to general academic teaching institutions and tuition rates at those institutions, the LBB's estimate of the core operational costs for the next state fiscal biennium for each general academic teaching 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 plans, and student services.

(b) Requires the LBB, beginning in 2013, to submit with its estimate under Subsection (a) a comparison of each institution's actual core operational costs for the preceding state fiscal biennium to the LBB's previous estimate of the institution's core operational costs for the biennium.

(c) Provides that a legislative oversight committee is established to oversee the LBB's development of the methodology described by Subsection (a). Sets forth the composition of the oversight committee.

(d) Requires the lieutenant governor to designate one of the legislative oversight committee members appointed by the lieutenant governor as committee co-chair, and requires the speaker of the house of representatives to designate one of the committee members appointed by the speaker as committee co-chair.

(e) Provides that an appointed member of the legislative oversight committee serves at the pleasure of the appointing official.

(f) Requires the legislative oversight committee to meet at the call of the chair and authorizes the oversight committee to request reports and other information from THECB or any general academic teaching institution as necessary to carry out the committee's duties under this section.

SECTION 4. Requires each general academic teaching institution, not later than September 1, 2010, to submit to the LBB, the senate finance committee, the house appropriations committee, and the standing committee of each house with primary jurisdiction over higher education a detailed plan for reducing the institution's operational costs, excluding the institution's core academic budget, by at least five percent.

SECTION 5. Requires THECB to adopt the rules required by Section 54.017, Education Code, as added by this Act, as soon as practicable after this Act takes effect. Authorizes THECB, for that purpose, to adopt the initial rules in the manner provided by law for emergency rules.

SECTION 6. Effective date: upon passage or September 1, 2009.