By: Zaffirini, et al. S.B. No. 1443 (In the Senate - Filed March 16, 2009; March 17, 2009, read first time and referred to Committee on Higher Education; April 29, 2009, reported adversely, with favorable Committee 1-1 1-2 1-3 1-4 1-5 Substitute by the following vote: Yeas 5, Nays 0; April 29, 2009, 1-6 sent to printer.) COMMITTEE SUBSTITUTE FOR S.B. No. 1443 1-7 Zaffirini By: 1-8 A BILL TO BE ENTITLED 1-9 AN ACT 1-10 relating to the academic costs charged to resident undergraduate 1-11 students by general academic teaching institutions, to student financial assistance funded by tuition set-asides, and to certain 1-12 1-13 reports regarding certain costs of those institutions. 1**-**14 1**-**15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS: SECTION 1. Subchapter A, Chapter 54, Education Code, is 1-16 amended by adding Section 54.016 to read as follows: Sec. 54.016. LIMITATION ON INCREASE IN TOTAL ACADEMIC COSTS 1-17 CHARGED TO RESIDENT UNDERGRADUATE STUDENTS. (a) In this section: (1) "General academic teaching institution" has the 1-18 1-19 1-20 1-21 1-22 estimated by the Legislative Budget Board under Section 51.973. (3) 1-23 "Total academic costs": includes: (i) tuition 1-24 (A) 1-25 for which the rates are prescribed by this chapter; 1-26 (ii) tuition charged by a general academic teaching institution under Section 54.0513 or another law authorizing a general academic teaching institution to establish 1-27 1-28 1-29 1-30 tuition rates; 1-31 (iii) mandatory academic fees; and 1-32 (iv) any other academic-related general fees and course fees, including fees for laboratories, field trips, 1-33 access to Internet or multimedia service, equipment replacement, and instructional technology; and 1-34 1-35 1-36 (B) does not include optional fees charged to a student for voluntary services or a fee approved by students of the 1-37 1-38 institution in a referendum held at the institution for that 1-39 purpose. (b) 1-40 to Subject the additional limitations provided by Subsections (c) and (d), if for any state fiscal biennium the 1-41 1-42 legislature appropriates to a general academic teaching institution from undedicated general revenue an amount that is less than the amount necessary to fully fund the institution's core operational costs for that biennium, the total academic costs 1-43 1-44 1-45 1-46 charged by the institution to undergraduate students who are residents of this state for an academic year of that biennium may 1-47 1-48 not exceed the amount that, when added to the amount of undedicated 1-49 general revenue appropriated to the institution for the corresponding state fiscal year for that purpose, is equal to the 1-50 1-51 institution's core operational costs for that corresponding state 1-52 fiscal year. (c) This subsection applies only to a general academic teaching institution whose per student total academic costs for the academic years covered by the most recent state fiscal biennium are 1-53 1-54 1-55 1-56 more than the amount of those per student costs charged by the general academic teaching institution or institutions that are at 1-57 the median for those costs for those years, according to the list of institutions certified by the Legislative Budget Board under Section 51.973(a)(2). The limitation provided by this subsection 1-58 1-59 1-60 is in addition to the limitations provided by Subsections (b) and 1-61 (d) on the total academic costs that may be charged by a general academic teaching institution. The total academic costs charged by 1-62 1-63

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a general academic teaching institution in an academic year to an 2 - 12-2 undergraduate student who is a resident of this state may not exceed 2-3 the total academic costs that the institution would have charged to a similarly situated student in the preceding academic year, as that amount is adjusted for the current academic year for inflation 2 - 42**-**5 2**-**6 as provided by this subsection. Not later than January 15 of each year, the Legislative Budget Board shall publish and certify to the 2-7 governing board of each general academic teaching institution the inflation rate to be used for purposes of this subsection for the next academic year. For purposes of this subsection, the inflation 2-8 2 - 92-10 2-11 rate is the average of the percentage increase, if any, as expressed in decimal form rounded to the nearest thousandth, in the consumer 2-12 price index, as defined by Section 341.201, Finance Code, for each 2-13 of the three most recent preceding calendar years as compared to the 2-14 2**-**15 2**-**16 consumer price index for the year preceding each of those years. If the average percentage increase for those three years is less than 2-17 zero, the inflation rate to be used for purposes of this subsection for the next academic year is zero. (d) This subsection applies only to a general academic 2-18

2-19 2-20 2-21 teaching institution whose per student total academic costs for the academic years covered by the most recent state fiscal biennium are 2-22 more than the amount of those per student costs charged by the general academic teaching institution or institutions that are at 2 - 23the median for those costs for those years according to the list of institutions certified by the Legislative Budget Board under Section 51.973(a)(2). The limitation provided by this subsection is in addition to the limitations provided by Subsections (b) and 2-24 2**-**25 2**-**26 2-27 (c) on the total academic costs that may be charged by a general academic teaching institution. The total academic costs charged by a general academic teaching institution in an academic year to an undergraduate student who is a resident of this state may not exceed 2-28 2-29 2-30 2-31 2-32 the total academic costs that the institution would have charged to 2-33 a similarly situated student in the preceding academic year by more 2-34

2-34 than five percent.
2-35 (e) Notwithstanding Section 54.0513(c), the legislature in appropriations Act may provide for an adjustment of general revenue appropriated to a general academic teaching institution for a state fiscal year to account for an increase in the amount of total academic costs charged by the institution in that fiscal year to an individual student of the institution to whom this section applies, in excess of an amount specified in the appropriations 2-42 Act, if the legislature specifies such an amount in that Act.

(e-1) This subsection applies to total academic costs charged to students for the 2009-2010 academic year by a general academic teaching institution other than an institution to which Subsection (e-3) applies. Subsections (b), (c), and (d) do not 2-43 2-44 2-45 2-46 apply to those costs charged by an institution to which this 2-47 subsection applies in an academic year to which this subsection 2-48 applies. 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 2-49 2-50 2-51 2-52 state may not exceed the total academic costs that the institution 2-53 would have charged to a similarly situated student in the 2008-2009 2-54 academic year by more than the greater of:

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(1) five percent; or (2) \$315.

2-57 (e-2) This subsection applies to total academic costs charged to students for the 2010-2011 academic year by a general academic teaching institution to which Subsection (e-3) does not 2-58 2-59 apply that did not increase the rate of designated tuition charged to any student under Section 54.0513 in the 2008-2009 academic year 2-60 2-61 2-62 from the rate charged by the institution to a similarly situated student under that section in the 2007-2008 academic year. This subsection also applies to total academic costs charged to students 2-63 2-64 for the 2010-2011 academic year by a general academic teaching institution that in the 2008-2009 academic year did not yet operate 2-65 2-66 as an independent general academic teaching institution and at 2-67 which the rate of designated tuition charged to any student under Section 54.0513 in the 2008-2009 academic year did not exceed the 2-68 2-69

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3-1	rate charged to a similarly situated student under that section in
3-2	the 2007-2008 academic year. Subsections (b), (c), and (d) do not
3-3	apply to those costs charged by an institution to which this
3-4	subsection applies in an academic year to which this subsection
3-5	applies. In an academic year to which this subsection applies, the
3-6 3-7	total academic costs charged by a general academic teaching institution to an undergraduate student who is a resident of this
3-8	state may not exceed the total academic costs that the institution
3-9	would have charged to a similarly situated student in the preceding
3-10	academic year by more than the greater of:
3-11	(1) five percent; or
3-12	(2) \$315.
3 - 13 3 - 14	(e-3) This subsection applies to total academic costs charged to students for the 2009-2010 and 2010-2011 academic years
3-15	by a general academic teaching institution that before April 15,
3-16	2009, established rates for total academic costs for the 2009-2010
3-17	academic year that will result in an amount of total academic costs
3-18	charged for that academic year to an undergraduate student who is a
3-19	resident of this state that exceeds the total academic costs that
3-20 3-21	the institution would have charged to a similarly situated student in the preceding academic year by more than five percent.
3-22	Subsections (b), (c), and (d) do not apply to those costs charged by
3-23	an institution in an academic year to which this subsection
3-24	applies. In an academic year to which this subsection applies, the
3-25	total academic costs charged by a general academic teaching
3-26	institution to an undergraduate student who is a resident of this
3 - 27 3 - 28	state may not exceed the total academic costs that the institution would have charged to a similarly situated student in the 2008-2009
3-29	academic year by more than \$630.
3-30	(e-4) This subsection and Subsections (e-1), (e-2), and
3-31	(e-3) expire September 1, 2011.
3-32	(f) For purposes of this section, students are similarly
3 - 33 3 - 34	situated if they share the same residency status, degree program, course load, course level, tuition exemption status, and other
3-35	circumstances affecting the total academic costs charged to the
3-36	student.
3-37	(g) This section does not ensure that the total academic
3-38 3-39	costs charged to an individual student will not increase by more than the limitation prescribed by Subsection (b) or (c) based on a
3-40	change in the student's residency status, degree program, course
3-41	load, course level, tuition exemption status, or other circumstance
3-42	affecting the total academic costs charged to the student.
3-43	SECTION 2. Subchapter A, Chapter 54, Education Code, is
3 - 44 3 - 45	amended by adding Section 54.017 to read as follows: Sec. 54.017. STABILIZATION OF TOTAL ACADEMIC COSTS; STUDENT
3 - 45	OPTION. (a) In this section:
3-47	(1) "Academic fees":
3-48	(A) include mandatory academic fees and any other
3-49	academic-related general fees and course fees, including fees for
3 - 50 3 - 51	laboratories, field trips, access to Internet or multimedia service, equipment replacement, and instructional technology; and
3-52	(B) do not include optional fees charged to a
3-53	student for voluntary services or a fee approved by students of the
3-54	institution in a referendum held at the institution for that
3-55	purpose.
3 - 56 3 - 57	(2) "Coordinating board" means the Texas Higher Education Coordinating Board.
3-58	(3) "General academic teaching institution" has the
3-59	meaning assigned by Section 61.003.
3-60	(4) "Tuition" includes:
3-61	(A) tuition for which the rates are prescribed by
3-62 3-63	this chapter; and (B) tuition charged by a general academic
3-64	teaching institution under Section 54.0513 or another law
3-65	authorizing a general academic teaching institution to establish
3-66	tuition rates.
3-67	(b) The governing board of a general academic teaching institution may offer an eligible student the option to pay tuition
3-68 3-69	and academic fees as provided by this section.

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4-1	(c) This section applies only to an undergraduate student
4-2 4-3	<u>who:</u> (1) enrolls at a general academic teaching
4-4	institution;
4 - 5 4 - 6	(2) after satisfying the requirement of Subdivision (1), remains continuously enrolled at a general academic teaching
4-7	institution until graduation, except as provided under rules
4-8 4-9	adopted under Subsection (j); (3) at all times while the student is enrolled at a
4-10	general academic teaching institution, is a resident of this state
4-11 4-12	for purposes of Subchapter B or is otherwise entitled to pay tuition and fees at the rate provided for residents of this state; and
4-13	(4) elects to pay tuition and academic fees under this
4-14 4-15	<pre>section. (d) Except as provided by Subsection (h) or by rules adopted</pre>
4-16	under Subsection (j), this section applies only to the amount of
4-17 4-18	tuition and academic fees charged under this chapter to a student as follows:
4-19	(1) for a student enrolled in a four-year degree
4-20	program, on or before the fourth anniversary of the date the student
4-21 4-22	first enrolls in a general academic teaching institution; (2) for a student enrolled in a degree program of any
4-23	other length, not later than the end of the standard completion
4-24 4-25	period for that program, as established by the general academic teaching institution awarding the degree; or
4-26	(3) if the student is a transfer student, not later
4-27 4-28	than the end of the period established by the general academic teaching institution for the completion of the student's degree
4-29	program based on the academic credit the student receives from the
4-30 4-31	transfer of courses. (e) Notwithstanding any other provision of this chapter but
4-32	subject to the applicability provisions of this section, a general
4-33 4-34	academic teaching institution may not charge to a student for any course in which the student enrolls after the student's freshman
4-35	year tuition at a rate that exceeds the rate in effect for that
4-36 4-37	course during the student's freshman year or, for a course that was not offered during the student's freshman year, a rate that exceeds
4-38	the rate in effect for an equivalent course during the student's
4-39 4-40	freshman year. (f) Notwithstanding any other provision of this chapter but
4-41	subject to the applicability provisions of this section, if a
4-42 4-43	student transfers to a general academic teaching institution from another institution of higher education and the student has
4-44	remained continuously enrolled in an institution of higher
4 - 45 4 - 46	education beginning with the student's freshman year, the general academic teaching institution to which the student transfers may
4-47	not charge to the student for any course in which the student
4-48 4-49	enrolls after the student's freshman year tuition at a rate that exceeds the rate in effect for that course at the receiving
4-50	institution during the student's freshman year or, for a course
4 - 51 4 - 52	that was not offered at the receiving institution during the student's freshman year, a rate that exceeds the rate in effect for
4-53	an equivalent course at the receiving institution during the
4 - 54 4 - 55	<pre>student's freshman year. (g) Notwithstanding any other provision of this chapter, in</pre>
4-56	any semester or other academic term in which the amount of tuition
4 - 57 4 - 58	that a general academic teaching institution may charge a student is limited by Subsection (e) or (f), the institution may not charge
4-59	the student an academic fee in an amount that exceeds the amount of
4-60 4-61	the fee that the institution would have charged the student in the student's freshman year, regardless of whether the student was
4-62	enrolled in that institution in the student's freshman year. For an
4 - 63 4 - 64	academic fee that was not charged in the student's freshman year, after the fee is initially charged, the institution may not
4-64 4-65	increase the amount of the fee charged to the student in any
4-66	subsequent semester or other term to which this subsection applies.
4-67 4-68	(h) Notwithstanding any other provision of this chapter, after the period described by Subsection (d), a general academic
4-69	teaching institution may not charge a student to whom this section

C.S.S.B. No. 1443 <u>appli</u>es: 5-1 5-2 (1) tuition for any course at a rate that exceeds the rate the institution charges for the same or a similar course to a student who enrolls as a first-time resident freshman in the same 5-3 5-4 5**-**5 5**-**6 academi<u>c y</u>ear; or (2) an academic fee in an amount that exceeds the amount of the fee the institution charges a first-time resident 5-7 freshman student enrolled in the same degree program and with the 5-8 same course load in the same semester or other academic term. (i) In consultation with general academic teaching institutions, the coordinating board shall adopt any rules 5-9 5-10 5**-**11 5-12 necessary to administer this section, including: 5-13 (1) rules relating to the equivalency of courses offered during a student's freshman year and courses in which the student enrolls after the student's freshman year; (2) rules consistent with Subsection (f) that: 5-14 5**-**15 5**-**16 5-17 (A) provide for determining tuition rates for 5-18 students who transfer between institutions of higher education; and 5-19 (B) prescribe the types of documentation a 5-20 transfer student must submit to establish eligibility under that 5-21 subsection; and 5-22 (3) rules as described by Subsection (j) to allow 5-23 students to suspend their enrollment or giving students additional 5-24 time to complete their degree programs. (j) The coordinating board shall adopt rules to allow a student to pay tuition at the rates provided by Subsection (e) or 5-25 5**-**26 (f), as applicable, and to pay academic fees in the amounts provided 5-27 5-28 by Subsection (g) if the student satisfies the other requirements of this section but, solely as a result of a hardship or other good cause shown, is unable to remain continuously enrolled at a general academic teaching institution as required by Subsection (c)(2) or 5-29 5-30 5-31 5-32 other institution of higher education as required by Subsection or to complete the student's degree program before the (f), 5-33 applicable date described by Subsection (d). For purposes of this 5-34 5-35 subsection, a hardship or other good cause shown includes a showing 5-36 of: 5-37 (1) a severe illness or other debilitating condition that affects the student's ability to satisfy the requirement of Subsection (c)(2), (d), or (f); or (2) the student's responsibility for the care of a sick, injured, or needy person if the provision of care affects the student's ability to satisfy the requirement of Subsection (c)(2), 5-38 5-39 5-40 5-41 5-42 5-43 (d), or (f). (k) The limitations on total academic costs that may be 5-44 charged to a student provided under Sections 54.016(c) and (d) and under Section 54.016(e-1), (e-2), or (e-3), as applicable to the 5-45 5-46 institution, do not apply to a student who elects to pay tuition and 5-47 5-48 academic fees under this section during the period described by Subsection (d) applicable to the student. Beginning with the 2010-2011 academic year, the amount of tuition and academic fees charged by an institution to a freshman student under this section 5-49 5-50 5-51 for an academic year may not exceed the amount of tuition and 5-52 5-53 academic fees that the institution would have charged to a similarly situated freshman student under this section in the 5-54 5-55 preceding academic year by more than five percent. (1) This section does not apply to a student who enters an 5-56 institution of higher education for the first time before the 2009 5-57 fall semester. This subsection expires January 1, 2015. SECTION 3. Section 54.0513, Education Code, is amended by amending Subsection (c) and adding Subsection (g) to read as 5-58 5-59 5-60 5-61 follows: 5-62 Amounts collected by an institution of higher education (c) 5-63 under this section are institutional funds as defined by Section 51.009 [of this code] and shall be accounted for as designated funds. These funds shall not be accounted for in a general appropriations act in such a way as to reduce the general revenue 5-64 5-65 5-66 5-67 appropriation to a particular institution except as provided by 5-68 Section 54.016(e). 5-69 (g) In setting the rate or rates of tuition to be charged

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7-1 methodology that: 7-2

projects for each year of the next biennium: (A) changes in student enrollment for each

7-4 institution; and 7-5

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(ii) a rate of inflation; and (B) uses data from each institution's annual report regarding costs for instruction, academic 7-6 7-7 financial 7-8 support, institutional support, operations and maintenance of physical plants, and student services; and 7-9

(2) for purposes of determining the general academic teaching institutions to which Sections 54.016(c) and (d) apply, a 7-10 , 7**-**11 certified list of all general academic teaching institutions ranked 7-12 according to the amount of total academic costs charged per student 7-13 7-14 in the academic years covered by the current state fiscal biennium, 7**-**15 7**-**16 including an indication of the institutions to which Sections 54.016(c) and (d) apply.

7-17 (b) Beginning in 2013, the Legislative Budget Board shall submit with its estimate under Subsection (a)(1) 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. 7-18 7-19 , 7**-**20 7**-**21

7-22 SECTION 6. Subsection (a), Section 56.011, Education Code, 7-23 is amended to read as follows:

(a) The governing board of each institution of higher education shall cause to be set aside not less than <u>15</u> [20] percent of any amount of tuition charged to a resident undergraduate student under Section 54.0513 in excess of \$46 per semester credit 7-24 7-25 , 7**-**26 7-27 7-28 hour. The funds set aside under this section by an institution shall be used to provide financial assistance for resident 7-29 7-30 7-31 undergraduate students enrolled in the institution.

SECTION 7. Section 56.465, Education Code, is repealed. SECTION 8. Not later than September 1, 2010, each general academic teaching institution shall submit to the Legislative 7-32 7-33 Budget Board, the Senate Committee on Finance, the House Appropriations Committee, and the standing committee of each house with primary jurisdiction over higher education a detailed plan for 7-34 7-35 7-36 7-37 reducing the institution's operational costs by at least five 7-38 percent.

7-39 SECTION 9. The Texas Higher Education Coordinating Board shall adopt the rules required by Section 54.017, Education Code, 7-40 7-41 as added by this Act, as soon as practicable after this Act takes For that purpose, the coordinating board may adopt the 7-42 effect. 7-43 initial rules in the manner provided by law for emergency rules.

7-44 SECTION 10. (a) The changes in law made by this Act to Subsection (a), Section 56.011, Education Code, apply beginning with tuition charged for the 2010-2011 academic year. 7-45 7-46

7-47 (b) The repeal by this Act of Section 56.465, Education Code, applies beginning with tuition charged for the 2010-2011 7-48 academic year. SECTION 11. 7-49

SECTION 11. (a) Except as provided by Subsection (b) of this section, this Act takes effect immediately if it receives a 7-50 7-51 7-52 vote of two-thirds of all the members elected to each house, as 7-53 provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2009. 7-54 7-55

7-56 (b) Sections 6, 7, and 10 of this Act take effect August 1, 2010, but only if the 81st Legislature, in an appropriations act 7-57 7-58 enacted on or before that date, appropriates state revenue to the institutions of higher education to which Section 56.465, Education 7-59 Code, applies for the express purpose of providing additional revenue for the Texas B-On-time loan program to replace the portion 7-60 7-61 7-62 of tuition set aside for that program under Section 54.465, 7-63 Education Code.

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