

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 6, 2009

TO: Honorable Dan Branch, Chair, House Committee on Higher Education

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB1864 by Hochberg (Relating to tuition exemptions at public institutions of higher education for students enrolled in certain interinstitutional academic programs.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would allow public and private institutions to exempt tuition and fees for courses that are part of an Interinstitutional academic program. The program is a written agreement between an institution of higher education with one or more private or independent higher education institutions. The student may take courses at each institution that is in agreement in order to fulfill the program's degree or certificate requirements. The payment of tuition and required fees for the course, including an interdisciplinary course, may be exempt at the institution where the student is taking the course, but who is enrolled primarily at another institution.

Although the exemption is permissive for purposes of this fiscal note it is assumed that the institutions would grant the exemption and an estimate of the loss in tuition revenue will be provided.

In fiscal year 2008, institutions reported 3,738 students participating in interinstitutional programs of study. Of this amount, 937 were attending senior colleges (universities and health-related) and they generated a total of 3,769 semester credit hours of coursework, averaging 4 hours per student for the year. At 2-year colleges 2,801 students generated 244,446 contact hours, which reflects an average of 87 contact hours per student for the year. To estimate the costs to the institutions for exempting these students from tuition and fees, the Higher Education Coordinating Board converted the hours to Full-Time Student Equivalents (FTSE). They divided the 3,769 hours at senior institutions by 30 and concluded the senior college students represent 125 FTSE. They divided the 2-year college students' 244,446 contact hours by 480 (an estimated 16 contact hours per semester credit hour and 30 semester credit hours per FTSE) and concluded 2-year college students represent 509 FTSEs.

The Higher Education Coordinating Board then multiplied the number of FTSEs per type of institution by the 30-hour tuition and fee amounts per type of institution to estimate the costs to institutions. For universities this equaled \$625,824 (106 FTSEs x \$5,904 per student); for health-related institutions, \$105,184 (19 FTSEs x \$5,536); for community colleges, \$699,016 (347 FTSEs x \$1,928); for technical colleges, \$509,328 (162 x \$3,144), for an annual total of \$1,909,352. However, the Higher Education Coordinating Board assumed that the number of students claiming the exemption would be phased in over time with 60% of the students receiving exemptions in fiscal year 2010, 70% in fiscal year 2011, 80% in fiscal year 2012, 90% in fiscal year 2013 and 100% in fiscal year 2014. The resulting revenue losses would equal \$1,145,611 in fiscal year 2010 and steadily increase in the subsequent years as a higher percentage of eligible students used the exemption. These revenue losses are not considered significant.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

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