

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**April 25, 2011**

**TO:** Honorable Judith Zaffirini, Chair, Senate Committee on Higher Education

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

**IN RE: SB1631** by Birdwell (Relating to the determination of resident status of students by public institutions of higher education.), **As Introduced**

**The total fiscal impact to the state from the provisions of this bill is indeterminate due to the case-by case nature of the impact on institutions of higher education. The extent of savings from General Revenue formula funding would depend on each affected students' decision to pay the increased tuition costs, the demand for higher education from other students not currently enrolled, and the level of state support for formula funding.**

The bill would amend Section 54.052 of the Education Code by eliminating the ability of a student to qualify for in-state tuition at a public university by maintaining continuous residency for three years before earning a high school diploma and the year preceding the academic term in which the student is enrolled in a public university. The bill also prohibits persons not lawfully authorized to be present in the United States from establishing residency for purposes of in-state tuition.

The Higher Education Coordinating Board estimates the number of Full Time Students Equivalents (FTSE) that would have been affected by the bill, had the bill been in effect in fiscal year 2010, at 19,918. They further assumed a growth rate of one percent per year to come up with FTSE estimates for 2012-2016. The difference between resident and nonresident tuition rates in fiscal year 2010 for students enrolled full-time (i.e., per FTSE) in universities is \$8,742; per FTSE in health-related institutions, \$8,462; for per FTSE in community colleges, \$2,068; per FTSE in technical colleges, \$4,090; and per FTSE in state colleges, \$8,376. The Higher Education Coordinating Board assumed 99 percent of the students facing an \$8,000 increase or higher in tuition would drop out of school, transfer to less expensive schools, enroll in less expensive schools or decide not to enroll at all. This would impact students at universities, health-related institutions, and State Colleges. They also assumed 60% of the students facing a \$3,500 or more increase would drop out, transfer to less expensive schools or not enroll. This would impact students at state technical colleges. For students at community college, they assumed 40% of the students facing a \$1,750 or more increase would drop out or not enroll.

Using this information, the potential number of students who would not enroll in a higher education institution equals 11,513 in fiscal year 2012 rising to 19,246 by fiscal year 2016. Although some tuition losses would be offset by increased tuition paid by those students who continued their education (mostly at two year institutions), net losses in tuition for higher education institutions is estimated to be \$47.3 million in fiscal year 2012 adjusted to \$4.7 million (the Higher Education Coordinating Board assumed the impact to be only 10% of the total impact based on the assumption that 90 percent of the residency classifications will be made by the effective date of the bill September 1, 2011), \$54.8 million in fiscal year 2012, and increasing to \$92.3 million by 2016.

The extent of savings from General Revenue formula funding would depend on each affected students' decision to pay the increased tuition costs, the demand for higher education from other students not currently enrolled, and the level of state support for formula funding.

**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, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board

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