

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 25, 2013

TO: Honorable David Dewhurst, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB29** by Branch (Relating to requiring certain general academic teaching institutions to offer a fixed tuition price plan to undergraduate students.), **Conference Committee Report**

<p>No significant fiscal implication to the State is anticipated.</p>
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Under provisions of the bill, general academic teaching institutions, other than public state colleges, would be required to offer entering undergraduate students, including transfer students, the opportunity to participate in a fixed tuition price plan under which the institution agrees not to increase tuition charges per semester credit hour for a participating student for at least 12 consecutive semesters that occur after the date of the student's initial enrollment at any public or private institution in those semesters, and subject to any restrictions or qualifications adopted by the governing board. The fixed tuition plan would only impact designated tuition (deregulated tuition) as statutory tuition is set by the Legislature at \$50 per semester credit hour. For purposes of this fiscal note it is assumed that institutions would adjust their designated tuition rate increases to assure the needed revenue flow under the fixed tuition price plan scenario, so no fiscal impacts in terms of loss revenue are anticipated for the institutions. For example in order to mitigate any tuition revenue losses, an institution could adopt a model where students are charged a predicted mid-point of the entire four-year cycle. This will result in the first and second year fixed tuition rate being higher than the year-to-year rate in order to recoup the lost revenue from the third and fourth years. It is also assumed any technology costs associated with implementing the bill, such as programming, would be absorbed by the institutions.

Local Government Impact

No fiscal implication to units of local government is anticipated.

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

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