

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 18, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB29** by Branch (relating to requiring certain general academic teaching institutions to offer a four-year fixed tuition price plan to undergraduate students.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

Under provisions of the bill, general academic teaching institutions, other than public state colleges, would be required to offer a four-year fixed tuition price plan as an option for undergraduate students. The plan must provide that for the four academic years immediately following a student's initial enrollment the institution will not charge tuition in excess of the rate they were charged in the first academic year in which the student enrolled at the institution or the academic year immediately following the summer term in which the student enrolled. Beginning with the fifth academic year following the date the student first enrolls at the institution, the institution may not charge tuition exceeding the rate the student would have been charged if enrolling one year after the student's actual initial enrollment. The general academic teaching institution shall notify each entering student of the fixed tuition rate plan option that is available. The price plan does not need to be offered to students enrolled prior to the 2014 fall semester. The new provisions would expire January 1, 2020. The Act would take effect immediately if it receives two-thirds vote of all members of each house; otherwise, the Act would take effect September 1, 2013.

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 significant 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, 783 University of Houston System Administration

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