

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

February 27, 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 general academic teaching institutions to offer a fixed tuition rate plan to undergraduate students.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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Under provisions of the bill, a general academic teaching institution would be required to offer a fixed tuition rate plan as an option for undergraduate students. The plan must provide that for the 48 months immediately following a student's initial enrollment the institution will not charge tuition in excess of the rate they were charged in the first term of enrollment. After the fourth anniversary date, 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 Higher Education Coordinating Board, in consultation with the general academic institutions, would adopt any rules it considers appropriate for administration of these plans. The fixed-rate plan does not need to be offered to students enrolled prior to the 2013 fall semester. The Act will take effect immediately if it receives two-thirds vote of all members of each house; otherwise, the Act will 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 rate 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

LBB Staff: UP, KK, SK, GO