

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 16, 2013

TO: Honorable Kel Seliger, Chair, Senate Committee on Higher Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB29** by Branch (relating to the governance of public institutions of higher education in this state.), **Committee Report 2nd House, Substituted**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill amends Education Code as it relates to the governance of public institutions of higher education. Under provisions of the bill, an appointment to a governing board of a university system that occurs when the legislature is not in session is prohibited from voting until the appointee has appeared before the Senate Committee on Nominations. If the Senate Committee on Nominations fails to hold a hearing within 20 days of the date the chair of the committee is notified of the appointment by the governor's office, the appointee is not prohibited from voting if the appointee has otherwise met the requirements to be eligible to vote. Institutions of higher education would implement provisions of the bill within existing resources.

Under provisions of the bill, general academic teaching institutions, other than public state colleges, would be required to offer entering undergraduate 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. 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, 758 Texas State

University System, 768 Texas Tech University System Administration,
781 Higher Education Coordinating Board, 783 University of Houston
System Administration

LBB Staff: UP, KK, SK, GO