

## **BILL ANALYSIS**

Senate Research Center  
85R2701 KSD-D

S.B. 250  
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Higher Education  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In 2003, the Texas Legislature relinquished accountability for managing tuition costs and transferred this authority to the individual systems' boards of regents. As a result, higher education has never been more expensive in Texas. Since 2003, tuition and fees across Texas public universities have increased 119 percent, and designated tuition has increased 256 percent, far past the rate of inflation.

The State of Texas has an interest in maintaining an educated workforce who can continue the Texas miracle by purchasing homes and creating new businesses, something college graduates are unable to do when financially burdened with excessive student loan debt. Student loan debt is now the second largest source of debt nationally, surpassing credit card debt. The average student borrower in Texas now owes over \$30,000 in student loan debt upon graduating college with a bachelor's degree.

S.B. 250 addresses the issue of rising costs by capping tuition at its current level as of January 1, 2017, for one year and limiting any future increases in tuition and fees to no more than the rate of inflation based on the consumer price index. Fees may be increased beyond the rate of inflation if approved by a majority vote of the student body. S.B. 250 requires the Legislative Budget Board to certify the consumer price index no later than January 31st of each year.

As proposed, S.B. 250 amends current law relating to limitations on increases in fees and designated tuition charged by certain public institutions of higher education.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Requires that this Act be known as the Higher Education Accountability Restoration Act.

SECTION 2. Amends Subchapter A, Chapter 54, Education Code, by adding Section 54.0095, as follows:

Sec. 54.0095. INFLATION RATE APPLICABLE TO CERTAIN TUITION OR FEE INCREASES. (a) Defines "general academic teaching institution" and "public state college."

(b) Requires the Legislative Budget Board (LBB), not later than January 31 of each year, or as soon thereafter as practicable, to publish and certify to the governing board of each general academic teaching institution other than a public state college the inflation rate to be used for the purposes of Sections 54.0513 (Designated Tuition) and 54.5001 for the next academic year.

(b-1) Requires LBB, for the purposes of applying Section 54.5001 for the 2017-2018 academic year, to publish and certify the applicable inflation rate as soon as

practicable after this section takes effect. Provides that this subsection expires September 1, 2018.

(c) Provides that the inflation rate is the percentage increase, if any, as expressed in decimal form rounded to the nearest thousandth of one percent, in the consumer price index for the preceding calendar year as compared to the index for the year preceding that year.

SECTION 3. Amends Section 54.0513, Education Code, by adding Subsections (g), (g-1), (g-2), and (h), as follows:

(g) Prohibits the amount of tuition the governing board of a general academic teaching institution other than a public state college charges to a student of the institution for an academic year from exceeding the total amount of tuition that the governing board would have charged a similarly situated student for the preceding year, as adjusted for inflation each academic year according to Section 54.0095. Prohibits the governing board from increasing the amount of tuition charged to a student under this section more than once in any academic year. Sets forth certain circumstances that qualify students as being similarly situated.

(g-1) Prohibits the amount of tuition charged to a student for the 2017-2018 academic year by a general academic teaching institution other than a public state college, notwithstanding Subsection (g), from exceeding the total amount of tuition that the institution would have charged to a similarly situated student for the 2016-2017 academic year, except that if the institution's governing board gave final approval to increased tuition rates to be charged for the 2017-2018 academic year before January 1, 2017, the institution may charge tuition for that year at those increased rates. Sets forth certain circumstances that qualify students as being similarly situated. Provides that this section expires September 1, 2018.

(g-2) Requires a general academic teaching institution other than a public state college, if a student has paid an amount of tuition for the 2017 fall semester in excess of the maximum amount permitted by this section, to refund to the student the excess amount of tuition paid not later than January 1, 2018. Provides that this section expires September 1, 2018.

(h) Defines "general academic teaching institution" and "public state college."

SECTION 4. Amends Subchapter E, Chapter 54, Education Code, by adding Section 54.5001, as follows:

Sec. 54.5001. LIMITATIONS ON FEE INCREASES WITHOUT STUDENT APPROVAL. (a) Defines "general academic teaching institution" and "public state college."

(b) Provides that this section only applies to a general academic teaching institution other than a public state college.

(c) Prohibits the governing board of an institution to which this section applies, notwithstanding any other provision of this subchapter or other law and except as provided by Subsection (d), from increasing the amount of a fee charged under this subchapter to an amount that is greater than the amount charged by the institution in the preceding year as adjusted for inflation according to Section 54.0095.

(c-1) Prohibits the amount of a fee for the 2017-2018 academic year charged by an institution to which this section applies, notwithstanding Subsection (c) and except as provided by Subsection (d), from exceeding the amount of the fee charged in the 2016-2017 academic year, except that if the institution's governing board gave final approval to an increase in the fee to be charged for the 2017-

2018 academic year before January 1, 2017, the institution may charge the fee for that year at the increased rate. Provides that this subsection expires September 1, 2018.

(d) Provides that Subsection (c) does not apply to an increase in the amount of a fee if the increase is approved by a vote of the students of the institution in a student election authorized by law for that purpose.

(e) Provides that this section does not provide independent authority for the governing board of an institution to which this section applies to increase the amount of a fee or to call a student election to approve an increased fee, or authorize the governing board of an institution to which this section applies to increase the amount of a fee to an amount that exceeds the maximum amount prescribed by the law authorizing the fee's imposition, if applicable.

SECTION 5. (a) Makes application of Section 54.0513, as amended by this Act, prospective to the 2017-2018 academic year.

(b) Provides that Section 54.5001, Education Code, applies beginning with fee increases for the 2017 fall semester.

SECTION 6. Effective date: upon passage or September 1, 2017.