

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 27, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB543 by Seliger (Relating to performance-based tuition limitations for certain public institutions of higher education and a temporary tuition limitation for those institutions.),
Committee Report 1st House, Substituted

No significant fiscal implication to the State is anticipated.

The bill relates to performance-based limitations on designated tuition charged by public institutions of higher education. The bill would tie potential designated tuition increases at general academic institutions, other than public state colleges, to achieving identified performance measures targets. The Higher Education Coordinating Board (THECB), in consultation with the governing board and president of each general academic institution, would establish a target level for each performance measure applicable to the institution. If the target levels were met as determined by THECB in the second year preceding a year of proposed tuition increases, an institution could increase designated tuition by inflation plus three percent. If the target levels were not met then the institution could only increase tuition by the rate of inflation. Under provisions of the bill, the THECB would make adjustments or exceptions for institutions that offer only upper-division courses and to which certain performance measures do not apply. Under provisions of the bill the Legislative Budget Board would determine the inflation rate.

The bill would also provide for a temporary limitation on the total amount of tuition charged for the 2018-2019 (fiscal year 2019) and 2019-2020 (fiscal year 2020) academic years during which tuition could not be increased by more than the inflation rate plus one percent.

Designated tuition is classified as institutional funds, therefore, there would be no impact to the State. Several institutions indicated that the bill would not impact designated tuition as they have already implemented a program that only allows tuition increases based on inflation, while other institutions identified a loss in tuition revenue, which could reach a significant amount.

Administrative duties associated with the bill would be implemented within current resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 710 Texas A&M University System Administrative and General Offices, 719 Texas State Technical College System Administration, 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, 769 University of North Texas System Administration

LBB Staff: UP, THo, DEH, GO, EMu, ED