

## **BILL ANALYSIS**

C.S.H.B. 3574  
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Higher Education  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

State law provides for a public institution of higher education to charge a nonresident student resident tuition and fees so long as the student is receiving a competitive scholarship of at least \$1,000 and meets other specified criteria. Currently, the total number of those students for a particular semester is capped at five percent of the total number of students registered at the institution for the same semester of the preceding academic year. The bill author has informed the committee that much of rural Texas is either experiencing a decrease in population or growth at a lower rate than the state as a whole and that institutions of higher education in other states are recruiting Texas students to attend their institutions, resulting in a disadvantage for rural institutions in Texas in their competitiveness and ability to recruit students to their institutions. C.S.H.B. 3574 seeks to improve the ability of certain institutions to supplement their declining populations with nonresident students by raising the cap on the total number of students who may be charged resident tuition by an institution under certain conditions.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 1 of this bill.

### **ANALYSIS**

C.S.H.B. 3574 amends the Education Code to raise the cap on the number of nonresident students holding an applicable competitive scholarship who may be charged resident tuition and fees by a public institution of higher education from five percent of the total number of students registered at the institution for the same semester of the preceding academic year to 20 percent of that total number if the following conditions apply to the institution as determined by Texas Higher Education Coordinating Board (THECB) rule:

- the institution is located in a local workforce development area that is experiencing a population growth rate less than the statewide average according to the most recent federal decennial census; and
- the most recent space usage efficiency report prepared by the THECB indicates the institution has sufficient capacity to support the nonresident students.

The bill retains the five percent cap for institutions to which those conditions do not apply. The bill requires the THECB to adopt rules as necessary to implement the bill's provisions.

C.S.H.B. 3574 applies beginning with the 2025-2026 academic year.

## **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.

## **COMPARISON OF INTRODUCED AND SUBSTITUTE**

While C.S.H.B. 3574 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

While both the introduced and the substitute raise the cap on the number of certain nonresident students who may be charged resident tuition and fees by an institution of higher education if certain conditions apply to the institution, the introduced included as one such condition that the institution is located in a region that is experiencing a population growth rate less than the statewide average based on the most recent available data, whereas the substitute includes the condition that the institution is located in a local workforce development area that is experiencing a population growth rate less than the statewide average according to the most recent federal decennial census.