HOUSE
RESEARCH
ORGANIZATION bill analysis | 3/21/2001 | HB 1467
Maxey, Kitchen

SUBJECT: Public junior college tuition set-asides for Texas Public Education Grants

COMMITTEE: Higher Education — favorable, without amendment

VOTE: 5 ayes — Rangel, F. Brown, Farabee, J. Jones, West

0 nays

4 absent — Goolsby, Morrison, E. Reyna, Uher

WITNESSES: For — Richard Fonte, Austin Community College; Don Hudson, Texas Association of Community Colleges; *Registered but did not testify:* Lillian Davis, Austin Community College

Against — None

BACKGROUND: The 71st Legislature added Chapter 56, subchapter C to the Education Code to create the Texas Public Education Grants (TPEG) program, which provides non-state funded grants and scholarships to economically disadvantaged students who wish to attend public colleges or universities.

Education Code, sec. 56.033 requires the governing boards of institutions of higher education and the Texas State Technical College System to fund the TPEG program by setting aside between 15 and 20 percent of each resident student's tuition charge, and 3 percent of each nonresident student's tuition charge. Public community and junior colleges are required to set aside 6 percent out of each resident student's hourly tuition charge, 6 percent of hourly tuition charges for vocational-technical courses, and $1.50 out of each nonresident student's hourly tuition charge, for academic courses at public community and junior colleges.

At least 90 percent of the funds set aside under Education Code, sec. 56.033, are used for TPEGs, while at least 10 percent are used for emergency loans under subchapter D of Chapter 56.

DIGEST: HB 1467 would amend Education Code, sec. 56.033 to replace the current requirement for a 6 percent set-aside at public community and junior colleges with a new set-aside range of between 6 percent and a maximum of 20 percent of tuition charges.

HB 1467 also would amend Education Code, sec. 56.033(a) by deleting specific provisions in the current law relating to set aside requirements for higher education institutions, other than community and junior colleges, for the 1991-1992 and 1992-1993 academic years.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2001. Changes in law made by HB 1467 would apply beginning with the 2001 fall semester.

SUPPORTERS SAY:

HB 1467 would give more flexibility to community and junior colleges to provide financial aid in the form of TPEGs to their students. The bill would be both mandatory and permissive in nature, requiring colleges to set aside a minimum of 6 percent of the relevant tuition charges, as under current law, but also allowing them the flexibility to set aside up to 20 percent for these grants. This would allow junior colleges to set aside tuition in a manner similar to that already being done by universities.

HB 1467 would provide community and junior colleges the flexibility they need to assist economically-disadvantaged students in their district. Statistics from the Texas Guaranteed Student Loan Corporation indicate that about one-third of community and junior college students in Texas receive some financial aid. The average annual unmet need for these students is $4,199. HB 1467 would help low-income students by increasing the affordability and accessibility of higher education through additional need-based grants, thus helping to “close the gaps” in participation called for by the Texas Higher Education Coordinating Board.

HB 1467 would be particularly beneficial for students attending or interested in attending colleges that charge “high tuition” relative to their counterparts throughout the state. By allowing these institutions the flexibility to set aside more money for TPEG, HB 1467 would equalize the amount of out-of-pocket expense incurred by students attending these institutions relative to students who attend less expensive institutions. HB 1467 also would help such “high tuition” institutions in their outreach and recruiting efforts, particularly among economically-disadvantaged students who otherwise may view higher education as financially out of reach.

Finally, HB 1467 would have a limited scope and would not require any community or junior college to set aside more tuition revenue than they already are required to do so. There would be no significant fiscal impact on the state, and the bill would affect tuition revenues only to the extent that community colleges voluntarily increase the set-aside percentage.

OPPONENTS SAY:

HB 1467 indirectly would pressure community and junior colleges, including those with low tuition, to set aside larger amounts of tuition revenue for the TPEG program. This would have a negative effect on their tuition revenue that either would have to be offset by an alternative revenue source, such as higher property taxes, or passed along to students in the form of higher tuition. Colleges in growing areas would be able to offset the negative impact on their tuition revenue by joining other school districts to their taxing area. However, colleges in self-contained areas with little flexibility in their revenue stream would be unable to offset the loss of tuition revenue and would be forced to pass along the cost to students in the form of higher tuition.

OTHER OPPONENTS SAY:

HB 1467 would be unnecessary if all community and junior colleges focused upon providing low tuition to all their students. The existing 6 percent set aside requirement would be sufficient to meet the financial needs of students if community and junior colleges kept down their tuition rates. This would increase the accessibility and affordability of higher education to all economically-disadvantaged students.

NOTES:

The companion bill, SB 574 by Barrientos, has been referred to the Senate Education Committee.