

SUBJECT: Increasing tuition rates at public higher education institutions

COMMITTEE: Higher Education — committee substitute recommended

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

2 nays — E. Reyna, Uher

2 absent — Goolsby, Morrison

WITNESSES: For — None

Against — None

On — R.D. Murck, University of Texas System; Roger W. Elliott, Texas Higher Education Coordinating Board; John T. Montford, Texas Tech University System; Charles Zucker, Texas Faculty Association

BACKGROUND: In 1985, the Legislature began increasing tuition at public colleges and universities in annual increments. Education Code, sec. 54.0512 sets interim tuition rates for a resident student at a general academic institution for the 2000-01 academic year (\$40 per semester credit hour) and for earlier academic years. Other subsections set tuition rates for students enrolled in specific degree programs by academic year, ending in 1998-99. Tuition for academic years not covered by this section is the greater of \$120 per semester or 12-week summer session and \$60 for each six-week summer term, or \$40 per semester credit hour, as provided by sec. 54.051.

DIGEST: CSHB 2531 would increase tuition rates at public colleges and universities over the next 10 years. The bill would set tuition for a resident student at \$55 per semester credit hour under Education Code, sec. 54.051, and would set interim rates allowing tuition to rise in increments of \$2 per hour from \$40 in the 2001-02 academic year to \$50 in the 2006-2007 academic year, after which tuition would rise by \$1 per hour annually, reaching \$55 per semester credit hour in the 2011-12 academic year. These tuition rates would expire January 1, 2013.

The bill would authorize universities to charge additional amounts for designated tuition equal to the rates outlined in the bill. It would remove the current minimum tuition charge of \$120 per semester and would repeal the provisions for tuition rates before the 2000-01 academic year.

This 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.

**SUPPORTERS
SAY:**

Enactment of CSHB 2531 is critical for Texas to keep pace with the delivery of high-quality higher education services. Texas is following the national trend of relying less on general revenue and more on tuition to provide these services. To maintain quality and services, a stair-step tuition increase would provide more funding while containing the cost increase to students.

The extra funding would be used for grants, new lab equipment, insurance premiums, the local share of faculty salary increases granted by the Legislature, staff support, computers, and higher utility costs, which have hurt all institutions. Faculty salary increases would enable Texas institutions to remain competitive in recruiting and retaining faculty. Increased tuition also would provide more funds for student financial aid. Part of the money from tuition goes directly to fund aid programs such as the Texas Public Education Grants for low-income students.

Higher education in Texas is still a bargain, and tuition is low enough that some out-of-state students come to Texas because it cheaper than their in-state tuition. Nevertheless, operating costs for higher education institutions continue to rise, necessitating an increase in tuition rates. Even after the increase, Texas would rank 30th when compared to other states.

**OPPONENTS
SAY:**

Tuition and fees at Texas' public universities have nearly doubled since 1992, imperiling the goal of increasing the number of poor and minority students. Rising tuition costs are putting a greater burden on all students and their families and are impeding the state's efforts to close the gaps in low-income and minority enrollment.

As of 2000, the total estimated cost per year to attend a four-year university in Texas, including tuition, fees, transportation, room and board, and books,

was \$11,894, compared to the national average of \$10,909. Texas' poorer communities cannot afford higher tuition rates. Texas' growing minority population historically has been underrepresented in higher education, yet increased minority participation is vital to the state's future social and economic strength.

Higher education in Texas needs to be affordable not only for the poorest Texans but also for middle-class students, who do not qualify for federal grants such as the Pell grant or for the state's TEXAS Grants. These students and their families get stuck in the middle, getting squeezed out of financial aid with no recourse. The Legislature needs to appropriate more funds for higher education grants and scholarships and should broaden eligibility for grants if all Texas students are to have access to higher education.

OTHER
OPPONENTS
SAY:

The Legislature should give serious consideration to allowing each public institution to set its own tuition, as recommended by the governor's Special Commission on 21st Century Colleges and Universities. Some institutions might choose to offer an expensive education, while others might choose to be more competitive in price. According to the commission, this would allow institutions more flexibility to adapt and innovate in response to changing demographics and demand for higher education.

NOTES:

According to the bill's fiscal note, the tuition increase would increase state general revenue by \$26 million in fiscal 2003, \$52.1 million in fiscal 2004, \$78.1 million in fiscal 2005, and \$104.1 million in fiscal 2006, not counting any adjustments for projected changes in enrollment.

The committee substitute modified the filed version by lowering the proposed tuition for a resident student at a general academic institution from \$60 to \$55 per semester credit hour. It also decreased from \$2 to \$1 per hour the proposed annual increase in tuition beginning with the 2006-07 academic year and ending with 2011-12.

The companion bill, SB 1466 by Bivins, was reported favorably as substituted by the Senate Education Committee on April 17.