

## **BILL ANALYSIS**

Senate Research Center  
84R4166 KSD-F

S.B. 233  
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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 gave 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 104 percent, and designated tuition has increased 222 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 \$24,000 in student loan debt.

S.B. 233 addresses the issue of rising cost by capping tuition at its current level as of January 1, 2015, 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. 233 requires the Legislative Budget Board to certify the consumer price index no later than January 31 of each year.

As proposed, S.B. 233 amends current law relating to limitations on increases in fees and designated tuition charged by 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. 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) 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 institution of higher education the inflation rate to be used for purposes of Section 54.0513 (Designed Tuition) or 54.5001 for the next academic year.

(a-1) Requires the LBB, for purposes of applying Section 54.5001 for the 2015-2016 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, 2016.

(b) 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, as defined by Section 341.201 (Definitions of Indexes), Finance Code, for the preceding calendar year as compared to the consumer price index for the year preceding that year.

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

(g) Prohibits the amount of tuition the governing board of an institution of higher education charges under this section to a student for an academic year from exceeding the total amount of tuition that the governing board would have charged under this section to a similarly situated student for the preceding academic year, as that amount is adjusted for each academic year for inflation according to the inflation rate determined under Section 54.0095. Prohibits the governing board from increasing the amount of tuition charged under this section to a student more than once in any academic year. Provides that, for purposes of this subsection, students are similarly situated if they share the same residency status, degree program, course load, course level, tuition exemption status, and other circumstances affecting the tuition charged to the student.

(h) Prohibits the amount of tuition charged to a student under this section, notwithstanding Subsection (g), for the 2015-2016 academic year, from exceeding the total amount of tuition that the institution would have charged under this section to a similarly situated student for the 2014-2015 academic year, except that if the institution's governing board, before January 1, 2015, gave final approval to increased tuition rates to be charged under this section for the 2015-2016 academic year, the institution may charge tuition under this section for that year at those increased rates. Provides that, for purposes of this subsection, students are similarly situated if they share the same residency status, degree program, course load, course level, tuition exemption status, and other circumstances affecting the tuition charged to the student. Provides that this subsection expires September 1, 2016.

(i) Requires the institution, if a student has paid an amount of tuition charged under this section for the 2015 fall semester in excess of the maximum amount permitted by this section, not later than January 1, 2016, to refund to the student the excess amount of tuition paid. Provides that this subsection expires September 1, 2016.

SECTION 3. 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) Prohibits the governing board of an institution of higher education, notwithstanding any other provision of this subchapter or other law and except as provided by Subsection (b), 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 academic year as adjusted for inflation according to the inflation rate determined under Section 54.0095.

(b) Provides that Subsection (a) 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 voting in a student election authorized by law for that purpose.

(c) Provides that this section does not:

(1) provide independent authority for the governing board of an institution of higher education to increase the amount of a fee or to call a student election to approve an increase in the amount of a fee; or

(2) authorize the governing board of an institution of higher education to increase the amount of a fee charged under this subchapter to an amount that exceeds the maximum amount prescribed by the law authorizing the fee's imposition, if that law prescribes a maximum amount.

SECTION 4. (a) Provides that Section 54.0513, Education Code, as amended by this Act, applies beginning with tuition charged by public institutions of higher education for the 2015-

2016 academic year. Provides that tuition charged by an institution of higher education for an academic year before that academic year is covered by the law in effect before the effective date of this Act, and the former law is continued in effect for that purpose.

(b) Provides that Section 54.5001, Education Code, as added by this Act, applies beginning with fee increases for the 2015 fall semester.

SECTION 5. Effective date: upon passage or September 1, 2015.