

**SUBJECT:** Increasing tuition at institutions of higher education

**COMMITTEE:** Higher Education — committee substitute recommended

**VOTE:** 7 ayes — Rangel, Ogden, Gallego, Goolsby, Kamel, Reyna, Rodriguez  
0 nays  
2 absent — Harris, Moreno

**WITNESSES:** For — None  
Against — None  
On — Alex Schilt, College of Optometry, University of Houston and Jerald W. Strickland, University of Houston System

**BACKGROUND:** The Education Code sets undergraduate resident tuition at \$28 per semester hour for the 1994-95 school year, \$30 per hour in 1995-96 and \$32 for 1996-97. Law school tuition is \$60 per semester credit hour for residents; \$150 for nonresidents. Governing boards of institutions are authorized to set most other graduate tuition at up to twice the rate of other programs.

Nonresident students may pay resident tuition and fees if they receive competitive academic scholarships of at least \$200 from a Texas public college or university for the academic year or summer in which they are enrolled. The number of nonresident students receiving this waiver is capped at 5 percent of the total registered students at that institution for the same semester in the last academic year. The Texas Higher Education Coordinating Board reported that in fiscal 1994 this exemption was granted to 9,512 nonresident students, half graduate and half undergraduate, at a cost of about \$30 million.

**DIGEST:** CSHB 2467 would extend the state's annual \$2-per-hour tuition increases for residents attending institutions of higher education to the school years 1997-98 to 2000-01. The bill would also increase tuition for students attending law school beginning in the fall semester of 1995. The bill

would allow governing boards to increase tuition for students in optometry and pharmacy programs.

The bill would increase resident tuition by \$2 per semester credit hour (SCH) starting in the 1997-98 year through the 2000-2001 academic year. Tuition in 1997-98 would be \$34 per SCH, \$36 SCH in 1998-99, \$38 in 1999-20 and \$40 in 2000-01.

The bill would increase resident law school tuition from \$60 to \$75 per SCH and nonresident law school tuition from \$150 to \$200 per SCH, beginning in the fall semester 1995.

The bill would raise from \$200 to \$1,000 the minimum competitive scholarship needed for nonresident students to qualify for resident rates. Competitive scholarships awarded before September 1, 1995, that would apply to tuition in the 1995-96 academic year would be honored.

CSHB 2467 would require the governing board of an institution of higher education to set tuition rates for an optometry program at up to three times the regular tuition rate and at up to three times the regular amount for a pharmacy program, beginning in the fall 1995 semester. The bill would require that the additional tuition paid for optometry and pharmacy programs not offset general revenue appropriations to the schools.

The bill would take immediate effect if approved by two thirds of the membership of each house.

**SUPPORTERS  
SAY:**

CSHB 2467 would extend the phased, incremental increase in undergraduate tuition for another four school years and make other needed adjustments in tuition. Texas resident tuition is among the lowest in the nation. Texas was ranked 48th among the states in undergraduate tuition and 50th in graduate tuition. This bill would continue the annual \$2 per SCH increases already in current law through 2000-01. These small incremental increases help bring tuition in line with the cost of providing higher education, yet avoid the "sticker shock" that would accompany a one-time large increase. Tuition would remain low to guarantee access to education.

The additional tuition revenue stream provided in the bill would provide needed funds to finance higher education. Unless the state increases funding to higher education, quality will suffer. The fiscal note shows the general revenue fund would gain \$9.6 million a year that could be allocated to higher education and that colleges and universities could see a revenue gain of \$66.4 million by 2001 as a result of the bill.

Law school tuition has not been raised since 1988, and the increase provided in the bill would keep law school tuition in step with the increases implemented for other programs.

Allowing governing boards to double tuition rates for pharmacy programs would put pharmacy tuition in line with tuition for other graduate programs. Regents are permitted to charge up to double the amount of undergraduate tuition for graduate programs. But pharmacy colleges award doctor of pharmacy degrees for a four-year program that begins in a student's junior year. CSHB 2467 would allow regents to set graduate tuition rates for a graduate program in pharmacy that begins in the junior year. Pharmacy programs are expensive, and allowing the additional tuition to return to the school could allow the funds to help pay for the program.

Optometry school tuition has been very low compared to tuition for other health-care professionals. Allowing governing boards to triple tuition for these programs would help balance the cost of providing this education with the student's likely high income after graduation.

CSHB 2467 would raise the competitive scholarship tuition waiver for out-of-state students from \$200 to \$1000 and would save the state \$7 million per year according to the fiscal note. Raising the scholarship to \$1,000 would continue to provide a useful tool to draw top scholars from outside Texas to Texas schools, but would eliminate the abuses in the program. Nonresident tuition at Texas colleges and universities is among the lowest in the nation. No good purpose is served by further subsidizing such a large number of students, especially when the state is under tight budgetary constraints. In 1993-94 Texas ranked 42nd among the states in undergraduate nonresident tuition and 49th in graduate nonresident tuition. Nonresident students make up about 10 percent of the enrollment at Texas universities.

OPPONENTS  
SAY:

Tuition at public colleges and universities should be low to guarantee access to education for all those who want it. Texas should be proud of its low tuition and should not increase it. Raising tuition could require more Texas students to attend community college, or attend school part-time, which means they would take twice as long to get their degrees.

Increasing tuition disproportionately transfers the cost of higher education to middle income families, who are already overburdened. Because tuition is the same for all students, it is already regressive; increasing tuition would only make it more so. The wealthy can afford increased tuition, and those with low incomes have access to financial assistance, which leaves the middle class to shoulder most of the burden.

Society in general suffers from limiting access by increasing tuition. Businesses seek well educated workforces, especially information services and high tech industries. Graduate degrees now provide the desirable employment opportunities once ensured by a bachelors degree.

The purpose of the competitive scholarship tuition waiver is the financial incentive it gives top scholars from out of state to attend Texas schools. Raising the cap from \$200 to \$1,000 would reduce the number of students that Texas schools could attract with competitive scholarships. About half the competitive tuition waivers were graduate students at UT Austin, Texas A&M and Texas Tech University. These schools compete on a national and international basis for scholars. Texas is already somewhat at a recruiting disadvantage when competing with schools such as Harvard, Yale and the University of Michigan, which waive tuition totally to attract the best students.

OTHER  
OPPONENTS  
SAY:

If the state is going to increase tuition, it should also increase student financial aid to help offset the impact of the higher tuition.

NOTES:

The substitute would allow tuition for pharmacy programs to be doubled by governing boards and increase the competitive scholarship cap to \$1,000 (the original bill increased the cap to \$500).

HB 1792 by Junell, which passed the House on March 29, would increase nonresident tuition to the average of the five largest states' nonresident tuition and also would increase the competitive scholarship cap from \$200 to \$1,000. HB 1146 by Mowery, which passed the House on April 11, would repeal the law regarding the resident tuition and competitive scholarships. Both HB 1792 and HB 1146 were referred to the Senate Finance Committee.