

- SUBJECT:** Determining higher tuition for undergraduates with excess credit hours
- COMMITTEE:** Higher Education — committee substitute recommended
- VOTE:** 7 ayes — Morrison, Goolsby, F. Brown, Dawson, Giddings, J. Jones, Rose
- 1 nay — Gallego
- 1 absent — Harper-Brown
- WITNESSES:** For — None
- Against — Jeff Murray, Texas A&M University Student Senate & Legislative Relations Committee
- On — Kristine Kostoff, Legislative Budget Board
- BACKGROUND:** Education Code, sec. 54.068(a), allows higher education institutions to charge resident undergraduate students higher tuition rates for students who take more than 45 semester credit hours (SCH) beyond what is required for the completion of a degree program in which the student has enrolled.
- Education Code, 61.0595, caps state funding to higher education institutions for courses taken by students who take more than 45 SCH above their degree requirements. Undergraduate students who are not enrolled in a degree program are considered to be enrolled in a degree program requiring a minimum of 120 SCH.
- The 45 SCH limit and the funding cap do not apply to students enrolled before the fall semester of 1999, students who already have received a baccalaureate degree, students who earned SCHs by examination or for remedial, technical or workforce related courses, or SCH earned at a private or out-of-state institution.
- DIGEST:** CSHB 1172 would allow higher education institutions to charge students a higher tuition rate than that charged to other resident undergraduate students when the students' credit hours equaled or exceeded 115 percent

of the minimum number of semester credit hours required for completion of the degree program. The required hours would include minors and double majors, special programs, including a study-abroad program. The higher tuition rate could not exceed the nonresident undergraduate student rate.

The provision of CSHB 1172 charging higher tuition to resident students who equaled or exceeded 115 percent of their required hours would apply only to students who initially enrolled during or after the fall 2006 semester. Students who initially enrolled between fall of 1999 and fall of 2006 would continue to be charged higher tuition only when they took more than 45 hours beyond what was required to complete their degree programs.

CSHB 1172 would prohibit funding for semester credit hours for courses that equaled or exceeded 115 percent of the credit hours required for completion of degree programs of students who initially enrolled during or after the fall 2006 semester. The required hours would account for double majors, minors, and certificate or other special programs, including study-abroad programs. An institution's funding could not be reduced for semester credit hours earned by students who initially enrolled between fall of 1999 and fall of 2006 until the number of excess hours was at least 45 hours beyond what was required for their degree programs. Funding for semester credit hours for students who initially enrolled before the 1999 fall semester would not be changed.

The bill would apply beginning with the 2005 fall semester and would take effect September 1, 2005.

**SUPPORTERS  
SAY:**

CSHB 1172 would save the state money while decreasing the length of time it takes students to graduate. Students currently can take 45 semester credit hours over and above their degree plans before higher education institutions can charge them a higher tuition rate. The state continues to contribute funding for students to take additional courses that are not required for the completion of their degrees, while limited funds are available for other important higher education programs, including financial aid. Concerns over the increasing cost of higher education and the growth in enrollment have led institutions and the Legislature to create incentives to encourage students to graduate in four years.

The state's primary expense for higher education is based on the total number of semester credit hours attempted by each student. The more hours a student takes, the more it costs the state.

The Legislative Budget Board's Staff Performance Report to the 79th Legislature recommended reducing the funding cap for a bachelor's degree to no more than 115 percent above the degree requirement. According to the LBB, because the first cohort of students to be affected by the bill would not be until after fall 2006, no significant fiscal impact would be anticipated for at least six years. However, the state would begin to save general revenue by not funding the "excess" semester credit hours in the fiscal 2014-15 biennium. The LBB estimates the savings to general revenue would be \$20.7 million annually.

The bill is modeled after successful legislation in Florida, which requires students who take more than 115 percent of the semester credit hours required for their degrees to pay the full cost of tuition for the additional hours. So far, the Florida data show that only 20 percent of students will be affected by this policy and the state expects to save \$30 million. According to the Texas Higher Education Coordinating Board, only a small percentage of the students in Texas would be affected by the provisions in CSHB 1172.

Concerns that the bill would push too many students into the "excess semester credit hour" category are exaggerated. Provisions would be in place to provide students opportunities to avoid reaching the cap because semester credit hours earned by exam or remedial courses or at private institutions would be exempt. Students who took more hours because of a minor or double major or other certificate programs would not be penalized because the state would continue to pay for up to 115 percent of minimum for those degree plans.

**OPPONENTS  
SAY:**

The goal of encouraging students to graduate more quickly is valid, but the bill would force more students into the "excess semester credit hour" category, requiring them to pay a greater portion of their education expenses. Under current law, the state pays for up to 165 semester credit hours but under the provisions of the bill, the state would pay for only 138 semester credit hours. This could severely impact institutions and low-income students who already struggle with the costs of higher education, while institutions struggle to retain them.

The bill also could lead to a loss in formula funding for higher education institutions. Changing majors is reported as the most common reason that students take excessive hours to graduate. Freshman students do not always make the right decisions as far as a major field of study and often it takes time to figure out the right subject area. Not all students who take extra hours above their degree plan are "slackers" — many are highly motivated individuals who take extra courses in order to pursue certain goals, such as graduate school, and they should not be penalized because they are high achievers.

Although institutions are permitted to charge higher tuition for excess semester credit hours, it does not make up for the entire cost of instruction of those courses.

NOTES:

The substitute would specify that required hours included minors, double majors, certificate programs or other special programs, including study-abroad programs.