

## **BILL ANALYSIS**

Senate Research Center

H.B. 3015  
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Education  
5/9/2003  
Engrossed

### **DIGEST AND PURPOSE**

The current system used to set tuition in Texas mandates the same basic rate across the state. With tuition flexibility, universities could use flexible rates to achieve strategic goals such as improving graduation rates, more efficient use of facilities, and improving academic programs. H.B. 3015 establishes the structure to implement a flexible pricing plan.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 2 (Sections 56.011, 56.012, and 56.013, Education Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 54.0513, Education Code, as follows:

Sec. 54.0513. New heading: DESIGNATED TUITION. (a) Deletes text referring to redesignating the building use fee previously authorized in Section 55.16 of this code as tuition. Authorizes the governing board, in addition to amounts that a governing board of an institution of higher education is authorized to charge as tuition under the other provisions of this chapter, to charge an amount designated as tuition in an academic year an amount not to exceed the amount charged under Sections 54.051 (Tuition Rates) or 54.0512 (Interim Tuition Rates), as applicable, in that academic year.

(b) Authorizes the governing board of an institution of higher education, in addition to the amounts authorized by Subsection (a), to charge a resident undergraduate student an additional amounts designated as tuition in a certain manner.

(b-1) Provides the maximum amounts of tuition permitted by Subsection (b) are in addition only to the tuition amounts authorized by Subsection (a). Prohibits a governing board of an institution of higher education from increasing the maximum amount of tuition by combining or aggregating the additional amounts permitted by Subsections (b)(1) and (b)(2).

(c) Authorizes the governing board of an institution of higher education, for a nonresident student or a student enrolled in a graduate or professional degree program, to charge amounts designated as tuition in the amounts and under the terms the governing board considers necessary for the effective operation of the institution.

(d) Authorizes a governing board to set a different tuition rate for each program and course level offered by each institution of higher education. Authorizes a governing board to set a different tuition rate as the governing board considers appropriate to increase graduation rates, encourage efficient use of facilities, or enhance employee performance. Provides that this subsection does not authorize a governing board to set tuition in violation of a limitation provided by another provision of this chapter.

(e) Prohibits an institution of higher education , in an academic year to which Subsection (b)(3) applies, from charging tuition under Subsection (b) in excess of the amount provided by Subsection (b)(2) unless the institution is certified by the Texas Higher Education Coordinating Board (THECB) to have made satisfactory progress since the preceding year toward the accessibility goals established by the coordinating board in the master plan for higher education and in Closing the Gaps by 2015. Requires THECB, for each institution that THECB determines has not made satisfactory progress toward those goals, to establish criteria that the institution must meet to be considered to be making satisfactory progress toward those goals by the next January 1. Requires the governing board of the institution, not later than September 1, to prepare and submit to THECB a plan for the institution's efforts to make satisfactory progress toward those goals, together with information required by THECB to assist THECB to evaluate the progress of the institution in meeting the goals, including information on the race, ethnicity, and economic background of the institution's student body and most recent entering class.

(f) Prohibits the governing board of an institution of higher education, notwithstanding the other provisions of this section, from increasing the rate of tuition charged to a resident student under this section from the applicable rate for the preceding academic year by a greater percentage than the percentage of any increase in the rate of tuition charged to a similarly situated nonresident student under this section from the applicable rate for the preceding academic year. Provides that for purposes of this subsection, a resident student is similarly situated to a nonresident student if the factors affecting the tuition that would be charged to those students, other than Texas residency status, are the same, including the degree program in which the students are enrolled, whether the students are enrolled in a regular semester or summer term, and the course load for which the students are enrolled.

(g) Creates this subsection from existing text. Deletes text that specifies that Section 51.009 is of this

(h) Redesignates this subsection from Subsection (d).

(i) Redesignates this subsection from Subsection (e).

(j) Redesignates this subsection from Subsection (f).

(k) Prohibits an institution of higher education from charging an undergraduate student tuition under Subsection (b) or (c) in an academic year unless the institution applies the same admissions criteria to all freshman admissions to that academic year.

SECTION 2. Amends Chapter 56, Education Code, by adding Subchapter B, as follows:

**SUBCHAPTER B. FINANCIAL ASSISTANCE FUNDED  
FROM DESIGNATED TUITION**

Sec. 56.011. **RESIDENT UNDERGRADUATE STUDENT ASSISTANCE.** (a) Requires the governing board of each institution of higher education to cause to be set aside not less than 20 percent of any amount of tuition charged to a resident undergraduate student under Section 54.0513 in excess of \$46 per semester credit hour. Requires the funds set aside under this section by an institution to be used to provide financial assistance for resident undergraduate students enrolled in the institution.

(b) Requires a resident undergraduate student, to be eligible for assistance under this section, to establish financial need in accordance with rules and procedures established by THECB. Requires priority to be given to resident undergraduate

students who meet the THECB definition of financial need, and whose cost for tuition and required fees is not met through other non-loan financial assistance programs.

(c) Authorizes the financial assistance provided under this section to include grants, scholarships, and work-study programs.

Sec. 56.012. **NONRESIDENT UNDERGRADUATE STUDENT ASSISTANCE.** (a) Requires the governing board of each institution of higher education to cause to be set aside not less than three percent of any amount of tuition charged under Section 54.0513 to a nonresident undergraduate student in excess of \$46 per semester credit hour. Requires the funds set aside under this section by an institution to be used to provide financial assistance for nonresident undergraduate students enrolled in the institution.

(b) Requires a nonresident undergraduate student, to be eligible for assistance under this section, to establish financial need in accordance with rules and procedures prescribed by the THECB. Requires priority to be given to nonresident undergraduate students who meet the THECB definition of financial need, and whose cost for tuition and required fees is not met through other non-loan financial assistance programs.

(c) Authorizes the institution, if the funds set aside under this section exceed the amount required to provide financial assistance to each eligible nonresident undergraduate student, to use the excess funds to provide the same type of financial need for students who qualify for financial assistance under Section 56.011.

Sec. 56.013. **RESIDENT GRADUATE STUDENT ASSISTANCE.** (a) Requires the governing board of each institution of higher education to cause to be set aside not less than 15 percent of any amount of tuition charged to a resident student enrolled in a graduate or professional degree program under Section 54.0513 in excess of \$46 per semester credit hour. Requires the funds set aside under this section by an institution to be used to provide financial assistance for resident students enrolled in graduate and professional degree programs at the institution.

(b) Requires a student enrolled in a graduate or professional degree program, to be eligible for assistance under this section, to establish financial need in accordance with rules and procedures established by THECB. Requires priority to be given to students who meet the THECB definition of financial need and whose cost for tuition and required fees is not met through other non-loan financial assistance programs.

(c) Authorizes the financial assistance provided under this section to include grants, scholarships, and work-study programs.

Sec. 56.014. **INFORMATION REGARDING FINANCIAL ASSISTANCE FUNDED FROM DESIGNATED TUITION.** Requires THECB to disseminate to each public or accredited private high school in this state information regarding the financial assistance available under this subchapter and to include information designed to educate high school students and the parents of those students on available opportunities and required preparation with respect to institutions of higher education. Requires THECB to recommend a method of delivery of the information to parents and students under this section.

SECTION 3. Amends Subchapter H, Chapter 51, Education Code, by adding Section 51.4031, as follows:

Sec. 51.4031. **REPORTS OF AFFORDABILITY AND ACCESS.** (a) Requires the chief executive officer of each institution of higher education, as defined by Section

61.003 (Definitions), not later than November 30, 2004, to provide to the governing board of the institution a report for the preceding fall, spring, and summer semesters that examines the affordability and access of the institution.

(b) Sets forth the required content of the report.

(c) Authorizes, for purposes of the report, a student who applies for admission to or enrolls in an institution and applies for financial aid from the institution to be required to provide documentation necessary for the institution to complete the report.

(d) Requires an institution's report to be in the form prescribed by THECB in consultation with the institution.

SECTION 4. Amends Section 54.624, Education Code, as follows:

Sec. 54.624. SENIOR COLLEGE PLAN. (a) Creates this subsection from existing text.

(b) Requires the university, when the beneficiary of a senior college plan prepaid tuition contract enrolls in a public senior college or university, to accept as payment in full of the beneficiary's tuition and required fees the lesser of certain amounts.

(c) Requires each public senior college or university to provide the information requested by the board on or before June 1 each year to assist the board in determining the weighted average amount of tuition and required fees of all public senior colleges and universities for each semester or other academic term of the following academic year for purposes of this section.

SECTION 5. Requires THECB to conduct a study of the accessibility and availability of graduate and professional programs in institutions of higher education in this state. Requires THECB, not later than January 1, 2004, to report the results of the study, together with any recommendations for improving the accessibility and availability of these programs, to certain elected officials.

SECTION 6. Effective date: upon passage or September 1, 2003.