

SUBJECT: Eliminating nonresident tuition waiver for competitive scholarship students

COMMITTEE: Higher Education — favorable, without amendment

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

WITNESSES: None

BACKGROUND: Education Code sec. 54.064 allows certain nonresident scholarship holders to pay resident tuition and fees at state institutions of higher education. The provision applies to students who 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 students receiving the 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 reports that in fiscal 1994 the tuition break assisted 9,512 nonresident students, about half of them graduate students, and cost the state nearly \$30 million in tuition.

DIGEST: HB 1146 would repeal Education Code sec. 54.064 beginning in the 1995 fall semester. Nonresident students receiving the waiver before the bill was enacted could continue to receive the waiver until the fall semester 1997. HB 1146 would take effect immediately if approved by two-thirds of the membership of each house.

SUPPORTERS SAY: HB 1146 would eliminate the competitive-scholarship tuition waiver for out-of-state students and, according to the fiscal note, save the state more than \$106 million over the next five years. Nonresident tuition at Texas colleges and universities ranks among the lowest in the nation. No good purpose is served by further subsidizing certain 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. Other tuition waivers are available for out-of-state scholars working in their academic field or as teaching assistants.

Nonresident students make up about 10 percent of the enrollment at Texas universities, and about half come from outside the United States. Foreign students took home 30 percent of the 2,000 Ph.D.s awarded in 1992, with heavy concentrations in physical sciences (43 percent) and agricultural science (50 percent). There is no need to subsidize the tuition of nonresident students, and any loss of enrollment from out of state could give more Texans access to the state's flagship schools, where enrollment caps limit access.

**OPPONENTS
SAY:**

The purpose of the competitive scholarship tuition waiver is to draw top scholars from outside Texas to Texas schools. About half the waivers went to students at UT Austin, Texas A&M and Texas Tech University, primarily in the graduate programs. These schools compete nationally and internationally for scholars with institutions such as Harvard, Yale and the University of Michigan, which waive tuition entirely to attract the best students. The top students often choose a school because of the financial package it offers. Texas cannot afford to lose a competitive edge. Many of these students stay in Texas after graduating and have a positive long-term economic impact on the state.

**OTHER
OPPONENTS
SAY:**

Rather than eliminate the competitive scholarship waiver program entirely, the \$200 scholarship cap should be increased to \$1,000, which would reduce the number of students who participate in the program, but continue to allow state universities to provide a needed incentive to bring the best scholars to Texas. Another approach would be to lower from 5 percent to 2 percent the part of a school's student body eligible for the waiver, as suggested by the Texas Performance Review in 1993.

The bill should allocate the savings it would produce to institutions of higher education. As it is now, this money would go into the general revenue fund.

NOTES: HB 1792 by Junell, which would raise out-of-state tuition, was amended on the House floor to raise the competitive scholarship cap from \$200 to \$1,000 in the tuition waiver provision. HB 1792 passed the House on March 29 and has been referred to the Senate Finance Committee.