

SUBJECT: Increasing tuition for nonresident students

COMMITTEE: Higher Education — favorable, without amendment

VOTE: 6 ayes — Rangel, Goolsby, Harris, Kamel, Moreno, Reyna

0 nays

3 absent — Ogden, Gallego, Rodriguez

For — None

Against — None

On — Mike Kerker, Legislative Budget Board; Kenneth Ashworth, Texas Higher Education Coordinating Board.

BACKGROUND: Nonresident undergraduate tuition at Texas senior colleges and universities is set at 100 percent of the cost of education (COE), as determined by the Texas Higher Education Coordinating Board. The COE for one semester hour for 1994-95 is \$171, and will increase to \$176 for the 1995-96 school year. Resident tuition is set by law at \$28 a semester hour for 1994-95; \$30 for 1995-96 and \$32 for 1996-97.

The rates apply to undergraduate programs; current law allows institutions to charge graduate students up to twice the amount charged to undergraduates. In addition to tuition, students pay mandatory fees that may in some cases equal tuition.

The COE is determined on January 1 of each odd-numbered year and is based on the average amount appropriated each biennium from the general revenue fund, including retirement and health benefit program costs, excluding special items and building construction, plus estimated educational and general income collected locally.

Additional background information on tuition may be found in *Higher Education Tuition in Texas*, House Research Organization State Finance Report Number 74-2, February 16, 1995.

DIGEST: HB 1792 would make nonresident tuition at Texas' public colleges and universities equal to the average undergraduate tuition charged nonresidents at public universities in the five most populous states besides Texas, unless otherwise stipulated in law. The Texas Higher Education Coordinating Board would be required to determine the nonresident rate by January 1 of the year in which an academic year begins. The cost-of-education provisions would be repealed. The bill would apply starting in fall 1995 and would take immediate effect if approved by two-thirds of the membership of each house.

SUPPORTERS SAY: Texas' nonresident tuition is among the lowest in the nation and amounts to an unwarranted subsidy to students from outside Texas. The state can no longer afford to set rates this low when funding is tight and higher education accounts for more than 12 percent of the total state budget. In 1993-94 Texas ranked 42nd among the states in undergraduate nonresident tuition and 49th in graduate nonresident tuition.

HB 1792 would reasonably tie Texas tuition for out-of-state students to similar charges by the five largest states outside Texas. Other states charged Texas students an average of 23 percent more than Texas charged their students to attend our schools in 1994-95. Some charged much more. For example, California nonresident tuition in 1993-94 was more than 50 percent higher than that in Texas.

Higher education in Texas is a bargain for nonresidents, and they would continue to come here even with somewhat higher tuition. The fiscal note estimates only a 10 percent reduction in out-of-state students because of the increased tuition, so out-of-state students would continue to be assigned part of the student mix. 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 sciences (50 percent). 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:

Increasing nonresident tuition, already far higher than resident tuition, would reduce the number of non-Texas students attending Texas public colleges and universities and make the campuses more insular and provincial. Colleges and universities are laboratories for life experiences, and losing the opportunity to meet and understand people from outside Texas would harm students, who will have to function in a global economy. As the Texas economy continues to diversify, Texas students need first-hand knowledge and personal contacts with people from other states and nations.

OTHER
OPPONENTS
SAY:

Tuition should be substantially increased for *all* students. Texas ranks low among the states in both the amount the state spends per student on higher education and the amount students pay in tuition and fees. In 1993-94 Texas ranked 48th in undergraduate tuition and 50th in graduate level tuition in overall tuition rankings.

The tuition increases provided by HB 1792 should go to fund higher education and not to the general revenue fund. The fiscal note estimates the bill would add close to \$37 million to the general revenue fund. On the other hand, the \$2-per-semester-hour tuition increase already in law for resident students would be retained by the schools under provisions in HB 1, the general appropriations bill. The schools need this help to offset the rising cost of higher education.

NOTES:

The fiscal note estimates average non-resident tuition in the five most populous states other than Texas — California, New York, Florida, Pennsylvania and Illinois — was \$222 per hour in 1994-95, compared to \$176 per hour charged to non-residents attending Texas schools.