

SUBJECT: Formula funding and tuition for undergraduates with excess credit hours

COMMITTEE: Higher Education — favorable, with amendment

VOTE: 9 ayes — Rangel, Cuellar, F. Brown, Farabee, Goolsby, J. Jones, Morrison, E. Reyna, Wohlgemuth

0 nays

SENATE VOTE: On final passage, February 22 — 31-0

WITNESSES: For — None

Against — None

On — Mike Allen, Texas Association of Collegiate Registrars and Admissions Officers; Terri Flack, Texas Higher Education Coordinating Board

BACKGROUND: Under SB 1907 by Bivins, enacted in 1997, the calculation of general-revenue formula funding for higher education institutions will not include semester credit hours earned by a resident undergraduate student beyond 170 hours, beginning with the fall 1999 semester.

To offset any loss of formula funding, the law authorizes higher education institutions to charge a resident student higher tuition, up to the nonresident tuition rate, for any hours the student attempts beyond the 170-hour cap. The cap will not apply if the student is enrolled in two or more bachelor's degree programs, a double major requiring more than 130 hours, or a health professional bachelor's degree program. Hours earned through private or out-of-state institutions will not count toward the 170-hour cap. Similarly, credits by examination, remedial, or developmental courses, and noncredit courses will not count toward the cap. For the current academic year, tuition rates are set at \$36 per hour for resident students and \$249 per hour for nonresidents.

DIGEST: SB 345, as amended, would replace the flat 170-hour cap for resident tuition and formula funding with a floating cap of at least 45 hours beyond the required hours for the student's degree plan. The bill would exempt from the cap any credit hours earned by a student who initially enrolled as an undergraduate in any higher education institution before the 1999 fall

semester. Each institution would have to notify new undergraduate students in writing about the cap on the number of hours a Texas resident could complete while paying tuition at the resident rate.

SB 345 would remove the exemption for hours earned by students enrolled in two or more bachelor's degree programs simultaneously, a double major requiring more than 130 hours, or a health professional bachelor's degree program. However, the bill would exempt from the cap credits for technical and workforce education courses. The bill would treat an undergraduate who was not enrolled in a specific degree program as being enrolled in a degree program requiring 120 hours.

While SB 345 would exempt students enrolled before the 1999 fall semester, it still would exclude all students' excess hours from the funding formula's enrollment-growth calculations. This provision of SB 345 would expire on January 1, 2002.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house.

**SUPPORTERS
SAY:**

SB 345 would make the cap on resident tuition hours more flexible and fair for students and more manageable for higher education administrators without raising the state's cost of funding enrollment growth in higher education. The 1997 law capping resident tuition will not take effect until the fall of 1999, so SB 345's needed revisions would not be disruptive and would take effect in time to benefit both students and higher education institutions

The 1997 law will change the rules in the middle of many students' academic careers. For example, students who had changed majors at least once could now be in danger of exceeding the resident tuition cap. SB 345 would make the law more fair by creating a floating cap that would apply only to students who entered college beginning with the 1999 fall semester.

The floating cap would be more fair for students with long degree plans, who are more likely to exceed the cap than are students with short degree plans. Under current law, a resident undergraduate, regardless of major, will be subject to nonresident tuition rates after 170 credit hours. The law will penalize a student who chooses a long degree plan such as architecture, which at UT-Austin requires 167 hours. Allowing at least 45 hours, about three semesters, beyond the minimum hours required to complete a degree before

being charged higher tuition would give students plenty of flexibility to explore other course options. Although nothing would prevent students from remaining in school and taking many more hours beyond the floating cap, they would have to pay higher tuition for the privilege and their school would get no benefit under formula funding for these additional hours.

SB 345 would allow students to choose appropriate education plans with fair warning about the all of the implications of their choice by requiring higher education institutions to inform students of how many hours they would be allowed to complete and still pay resident tuition.

SB 345 also would make record-keeping more feasible for higher education administrators, who have found it hard to implement the current cap. As it now stands, universities have to track student records across all universities the student previously attended. The “grandfather” provision in SB 345 means that universities would have to collect this extra information only for students entering school this fall. Currently, universities have had to collect this information for all students and rewrite their databases to implement the new law.

SB 345 would continue to base the funding cap on credit hours attempted as of the 12th day of the semester, consistent with current institutional reporting requirements for state formula funding.

OPPONENTS
SAY:

Although SB 345 might improve the current law, the floating cap still could cause problems for students. It could limit students’ flexibility in changing majors. Some students enter college “exploring” for a major. During the course of their academic careers, they may encounter different courses that spark their interest, making them decide to change their degree plans. Forcing students to pay substantially higher tuition for taking additional credit hours beyond an arbitrary limit could stifle the intellectual curiosity that higher education is intended to promote.

NOTES:

The committee amendments would require higher education institutions to inform new undergraduates of the limit on the number of hours that a Texas resident could complete while paying resident tuition and would make a clarifying change.