

SUBJECT: Authorizing a flat-rate tuition pilot project at UT-Austin

COMMITTEE: Higher Education — committee substitute recommended

VOTE: 8 ayes — Rangel, F. Brown, Farabee, J. Jones, Morrison, E. Reyna, Uher, West
0 nays
1 absent — Goolsby

WITNESSES: For — None
Against — None
On — Dr. Larry Faulkner, University of Texas at Austin

BACKGROUND: Education Code, chapter 54 requires students who attend institutions of higher education to be charged tuition and fees based on the number of semester credit hours taken. Fees are set by the Legislature. For the purposes of financial aid, 12 hours is considered a full course load.

DIGEST: CSHB 3524 would authorize the governing board of the University of Texas System to establish a flat-rate tuition pilot program for undergraduates at not more than two colleges or degree programs to be designated by the board. The board could not charge a full-time student in the pilot project more than the average tuition that students not in the project would pay for 14 semester credit hours for the same semester or term. The bill would define “tuition” as all academic program costs charged to students related to enrollment.

The board would have to evaluate the effect of flat-rate tuition charged on the number of semester credit hours taken by the students in the project each semester. The board would have to report the results of the evaluation to the Legislature by December 31, 2002, and December 31, 2004.

Authorization for the pilot project would expire September 1, 2005.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2001.

**SUPPORTERS
SAY:**

CSHB 3524 would authorize creation of a pilot project to ascertain if a flat-rate tuition would help students graduate more quickly. Students who take only 12 hours per semester typically do not graduate in four years. A student who can take 15 or 18 hours per semester typically can graduate in four years, but often financial reasons prevent students from taking that many hours. Staying in school an additional year or two not only adds to a student's debt burden but causes the student to lose potential earning power of between \$33,000 and \$55,000 for each additional year spent in school.

Charging a flat-rate tuition for students who wanted to take more than 14 hours would be a more efficient use of state resources. Enabling students to take two additional semester credit hours each semester would be an important step to improving overall graduation rates in Texas.

Pushing students to take a heavier load would be a good thing, because it actually costs the state more in higher education resources if students stay in school an additional year or two. The cost of going to school an additional year is much greater than the cost of adding a course in a semester. If students could be encouraged to take larger course loads, they would move through the system faster and create more room for entering freshmen. A flat-rate tuition program, if adopted, would enable UT-Austin to admit an additional 1,000 freshman each year.

According to the bill's fiscal note, as an example, if students in the College of Engineering and the College of Communication were selected for the pilot study, the total number of full-time students would be 7,305. Total tuition and fees would be \$17.9 million under the current tuition and fee schedule. The same 7,305 students would pay \$18.3 million under a flat-rate tuition, or about \$2,500 per student. This would increase revenue by \$408,628 per semester or \$817,256 per year. Since appropriated tuition and fees account for about 40 percent of all tuition and fees, it is assumed that 40 percent of the revenue increase, or \$326,902, would represent a positive impact on state general revenue-related funds each year through fiscal 2005.

According to the Texas Higher Education Coordinating Board, Kentucky has a similar statewide flat-rate tuition plan and has found that students do take advantage of it. This plan gets students through the system quicker and makes for a more efficient system for the students and the state.

CSHB 3524 would be a useful experiment to determine if flat-rate tuition would help students graduate sooner. While such a plan might be more beneficial for students who did not work, it still would still be a worthwhile initiative. Studies have shown that students who have been encouraged to take 15 hours per semester do just as well as students taking 12 hours. If flat-rate tuition were adopted, students who wanted to take more than 18 hours could take advantage of the plan, and finances would not prevent them from completing their higher education on time.

OPPONENTS
SAY:

Flat-rate tuition for students taking more than a traditional full course load would be discriminatory against students who had to work while going to school. Having to work and take that many hours of course work while maintaining a good grade-point average is very difficult. The only students who could benefit from such a tuition plan would be students who did not have to work.

NOTES:

The committee substitute modified the original bill by providing that the flat-rate tuition pilot project could not involve more than two colleges or degree programs designated by the UT System board of regents, rather than not more than 10 percent of the total full-time student equivalents enrolled in undergraduate degree programs. The substitute would raise the benchmark for charging students from 12 to 14 credit hours and would extend the project's expiration to September 1, 2005, from September 1, 2003.