

- SUBJECT:** Allowing private higher education institutions to charge credit card fees
- COMMITTEE:** Higher Education — favorable, without amendment
- VOTE:** 8 ayes — Morrison, Goolsby, F. Brown, Dawson, Giddings, Harper-Brown, J. Jones, Rose
- 1 nay — Gallego
- 0 absent
- WITNESSES:** For — Carol McDonald, Independent Colleges and Universities of Texas, Inc.
- Against — None
- BACKGROUND:** The 78th Legislature enacted SB 1652 by Shapiro, allowing public higher education institutions to charge reasonable fees for payment of tuition, fees or other charges using electronic funds transfer or a credit card as well as service charges if a payment was charged to an account with insufficient funds.
- DIGEST:** HB 1829 would amend Education Code, ch. 51 to authorize private or independent institutions of higher education to charge a reasonable fee for payment of tuition, fees, or other charges made by or on behalf of the student using electronic funds transfer or a credit card. The institutions would be authorized to charge a discount, convenience, or service charge for a payment charged to an account with insufficient funds.
- Before the institution could accept payment by credit card, it would be required to inform the students or others making the payment about any fees.
- 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, 2005.

**SUPPORTERS
SAY:**

HB 1829 would give private and independent universities the same authority to charge a fee for payment by credit card or electronic fund transfer that public higher education institutions currently have. The use of credit cards is very widespread, and students and their families are increasingly using them as a way to pay for college expenses because of the convenience. Banks and credit card companies typically charge fees for transactions, and if institutions are not able to recoup those fees, they are forced to absorb the costs or charge higher prices to all students.

In some cases, this amounts to a significant amount of money. According to one small private collage, it had about \$70,000 in credit card fees in one academic year. Within four years, that amount had grown to over \$150,000, which is a significant amount for a small college to absorb.

The bill would not implement an across-the-board fee for all students. Only students or their families who chose to use credit cards or electronic funds transfers to make a payment for tuition or fees would be assessed the fee. It would have to be reasonably related to the actual expense incurred by the institution for processing, so it could not be used to raise revenue for the institution.

**OPPONENTS
SAY:**

HB 1829 would only add to the cost of higher education tuition at private and independent institutions. When added to the already high interest rate of credit cards, this would result in more student debt.