

SUBJECT: Reduced tuition for courses at off-peak hours at certain universities

COMMITTEE: Higher Education — favorable, without amendment

VOTE: 7 ayes — Morrison, McCall, F. Brown, Alonzo, Aycock, Patrick, Rose

0 nays

2 absent — Giddings, D. Howard

WITNESSES: None

BACKGROUND: Education Code, ch. 54 governs tuition and charges at higher education institutions, and ch. 61 regulates the Texas Higher Education Coordinating Board (THECB). Under Education Code, sec. 61.059, THECB devises and recommends changes in the formula funding for allocating funds to public higher education institutions.

DIGEST: HB 120 would authorize reduced tuition rates for courses provided during off-peak hours at the University of Texas at Austin, Texas A&M University, or Texas Tech University. The governing boards at these institutions would be authorized to establish resident and nonresident tuition rates that were lower than rates already established for a course offered:

- during the evening;
- on weekends; or
- at other times that the university's instructional facilities would otherwise be underutilized, as determined by the board.

To carry out the purpose of the bill, THECB would be required to include in the formulas already established in current law funding in amounts sufficient to cover a loss of revenue from any reduction in tuition rates. In addition to this funding, THECB would be authorized to include additional incentive funding that would represent a portion of the savings to the state resulting from the institution's efficient use of resources.

The bill would require THECB to adopt rules under which a university could establish lower tuition rates as authorized by the bill.

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, 2007.

**SUPPORTERS  
SAY:**

By allowing the larger state universities to charge reduced tuition for classes offered at off-peak hours, HB 120 would save money for the state and would get more students through the education pipeline. It would ensure that student demand for courses were met and encourage the efficient use of existing instructional facilities while reducing the need for new instructional facilities.

Lower tuition for classes offered at non-peak times would attract more students, especially non-traditional students who have to work during the day. This would be especially attractive for lower-income students. By encouraging a better utilization of classroom space, the state would save money because the need to build more instructional facilities would be reduced.

Increasing the number of students taking classes at off-peak hours also would free up more space for traditional students to take classes during the day. This would enable more students to move through the higher education system.

Space utilization is less than 50 percent at the three universities that the bill would cover, and these institutions currently offer only limited night classes. By encouraging night and weekend classes, HB 120 would promote better utilization of classroom space. The best utilization of state resources is using the space the universities already have.

The universities likely would choose core curriculum classes to be offered at the reduced tuition rate. No additional formula funding would be needed because the universities would be able to offer the reduced tuition and make up the difference within the parameters of their current level of funding.

**OPPONENTS  
SAY:**

HB 120 is unclear about how much the University of Texas at Austin, Texas A&M University, and Texas Tech University could reduce their tuition to attract more students to non-traditional class times and how the

reimbursement and incentive funding for these universities would be implemented. Formula funding for general academic higher education institutions consists of both general revenue-related funds and the tuition that the institutions collect. If tuition is reduced, then another source would have to be utilized in order to keep the same level of funding for these institutions. The bill would not make an appropriation or provide for other funding to offset the reduction in tuition, so the Legislature would have to make up the difference with additional general revenue.

NOTES:

According to the Legislative Budget Board, based on a 15 percent reduction in tuition, the University of Texas at Austin would lose \$13.3 million a year, Texas A&M would lose \$11.3 million a year, and Texas Tech would lose \$6.9 million a year, totaling \$31.5 million per year for all three universities. To the extent that the state reimbursed the estimated tuition losses under the current formulas, the institutions would have increased formula general revenue as compared to institutions that do not offer the reduced tuition rates.