

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 23, 2011

TO: Honorable Dan Branch, Chair, House Committee on Higher Education

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB3025 by Branch (Relating to measures to facilitate the transfer of students within the public higher education system and the timely graduation of students from public institutions of higher education.), **As Introduced**

No significant fiscal implication to the State is anticipated.

Under provisions of the bill, a general academic teaching institution may develop a fixed tuition rate program for qualified students who agree to transfer to the institution after successfully earning an associate degree at a lower-division institution of higher education. The bill specifies that in such a program, the general academic teaching institution (GATI) must do the following: (1) guarantee admission to the sponsoring GATI and acceptance to the student's degree program of choice to an otherwise eligible participating lower-division institution student; and (2) guarantee to charge the participating student, upon transfer to the GATI, a fixed tuition rate equal to the rate that would have been charged the student his/her freshman year, had the student been enrolled in the GATI as a freshman.

Based on responses from institutions of higher education it appears the program would not be implemented but included below is an estimate based on information provided by the Higher Education Coordinating Board of what the maximum impact would be if fully implemented. Most likely the

In fiscal year 2010, 7,141 associate degree recipients transferred into general academic teaching institutions. Between fiscal year 2010 and fiscal year 2011, the average designated tuition rate for 30 semester credit hours rose 6.92% -- from \$3,195 to \$3,416. The Higher Education Coordinating Board assumed this rate of increase would remain a constant. Therefore, between fiscal year 2012 and fiscal year 2016, the rate for 30 hours would rise from \$3,652 to \$4,773. The impact per full-time student equivalent (person taking 30 hours per year) for the fix tuition rate is a savings of the designated tuition amount in the year of enrollment less the tuition amount in his/her freshman year. They also assumed the transfer students would have been entering freshmen two years prior – in other words, students entering as associate degree transfers in fall 2011 entered as freshmen in fall 2009, etc. They also assumed the average undergraduate would be taking 80% of a full-time load, so the 7,141 headcount of associate degree transfer students would equal 6,713 full-time student equivalents (FTSEs), dropping to 4,681 in their second years and for the 60% who attend a fifth year before graduating, 4,764 students in the third year.

To calculate the amount of designated tuition saved by the students (and lost to the institutions) they multiplied the expected number of FTSEs per year per cohort times the differential in their projected year designated tuition amount less what they would have paid in their freshman year. In fiscal year 2012, 5,713 FTSEs will enter and save \$457 in designated tuition – generating a total savings for the students of \$2,612,962. The savings would increase in 2013 to \$6,118,494 as a new cohort is added and so on for the out years. Since the program is optional most likely the impact will be much less than this.

The Higher Education Coordinating Board, in collaboration with institutions of higher education, would be required to develop transfer compacts as well as develop a core curriculum of at least 36

semester credit hours. Each institution of higher education would be required to adopt a core curriculum of not less than 36 semester credit hours.

The bill also includes a provision whereby a student is required to file a degree plan. The degree plan is a statement of the course or study requirements that an undergraduate student at a general academic teaching institution must complete in order to graduate from the institution, established through collaboration between the student and an academic advisor for the student's degree program and approved by the academic advisor. The bill includes a deadline on when the degree plan must be filed and ramifications of not filing the plan. This section would apply to undergraduate students who initially enroll in general academic teaching institutions for the 2011 fall semester. Several institutions indicated there would be costs associated with implementing the degree plan requirement including additional staff and tracking software. These costs would be absorbed within current resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 768 Texas Tech University System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

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