



LEGISLATIVE BUDGET BOARD

Texas Public Higher Education

Overview of Tuition and State Support Since Tuition Deregulation

PRESENTED TO SENATE HIGHER EDUCATION COMMITTEE

LEGISLATIVE BUDGET BOARD STAFF

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Overview of Presentation

Related to Senate Higher Education Committee Interim Charge #3, Tuition Deregulation and Student Debt: Examine and make recommendations regarding tuition and student debt at public institutions of higher education in Texas. Specifically, study how Texas compares to peer states, variance between institutions, how accountability measures can be used to impact tuition, and increases in tuition since 2003:

1. Overview of Funding for General Academic Institutions
2. Overview of Tuition and Fees
3. Overview of Tuition Deregulation
4. Tuition and Fee Trends Since Deregulation
5. State Support Since Deregulation

State Support – 2016-17 Biennium

- For the 2016-17 biennium, the 84th Legislature provided additional funding for General Academic Institutions (GAIs).
 - Formula funding for GAIs increased by \$294.1 million in General Revenue, or 9.3 percent, from the previous biennium.
 - Special item funding for GAIs for the 2016-17 biennium increased \$80.1 million from the previous biennium.
 - Research funding for the 2016-17 biennium totals \$400 million in General Revenue, an increase of \$131.7 million from the 2014-15 biennium.
 - The enactment of House Bill 100 authorizes the issuance of \$3.1 billion in Tuition Revenue Bonds to fund capital projects at institutions of higher education. The Legislature appropriated \$240 million in General Revenue to the Higher Education Coordinating Board in fiscal year 2017 for distribution to the institutions for debt service on newly authorized tuition revenue bonds, of which \$175 million is for capital projects at GAIs.
 - The enactment of Senate Bill 1191 increased Higher Education Fund appropriations by \$131.3 million beginning in fiscal year 2017, of which \$110.7 million will be allocated to GAIs.

GAI Funding

- Appropriations for GAIs are composed mainly of General Revenue and General Revenue – Dedicated funds. General Revenue – Dedicated Funds appropriated to GAIs are primarily statutory tuition and fee revenue.
- GAIs also collect non-appropriated funds including designated tuition. These funds are not included in the General Appropriations Act (GAA).

Types of Tuition and Fees

- Statutory Tuition – an amount of tuition set in statute that institutions must charge resident or nonresident undergraduate students.
- Designated Tuition – additional tuition charges determined by each institution's governing board.
- Board Authorized Tuition – additional tuition charges for graduate programs also determined by each institution's governing board.
- Mandatory Fees – fees charged to a student upon enrollment to provide services to every student.
- Course Fees – mandatory fees required by all students enrolled in a particular course.

Overview of Tuition Deregulation

- Until 2003, tuition rates for public institutions of higher education were set by the Texas Legislature.
- In 2003, the 78th Legislature, Regular Session, passed House Bill 3015, allowing the governing boards of public institutions to set different designated tuition rates for each institution.
- Tuition deregulation became effective on September 1, 2003.

Trends Since Deregulation – Methodology

- Analysis included state support (General Revenue and significant Other Funds appropriations) and tuition and fee data from the Higher Education Coordinating Board for the General Academic Institutions (GAIs) from fiscal year 2004 to fiscal year 2015.
- All adjustments for inflation are based on the Consumer Price Index – All Urban Consumers (CPI-U) and represent inflation-adjusted values in fiscal year 2004 dollars.

Tuition and Fee Rates

- Since tuition deregulation, the statewide average for total academic charges for an undergraduate resident student taking 15 semester credit hours (SCH) increased 112 percent from Fall 2003 to Fall 2014.

| | Fall 2003 | Fall 2014 | Percent Change |
|-------------------------------|----------------|----------------|----------------|
| Statutory Tuition | \$690 | \$750 | 9% |
| Designated Tuition | \$625 | \$2,128 | 240% |
| Mandatory Fees | \$547 | \$1,150 | 110% |
| Avg. College and Course Fees | \$71 | \$63 | (11%) |
| Total Academic Charges | \$1,934 | \$4,091 | 112% |

Source: Texas Higher Education Coordinating Board

- Adjusting for inflation, the statewide average for total academic charges for an undergraduate resident student taking 15 SCH increased 67 percent from Fall 2003 to Fall 2014.

| | Fall 2003 | Fall 2014 | Percent Change |
|-------------------------------|----------------|----------------|----------------|
| Statutory Tuition | \$690 | \$592 | (14%) |
| Designated Tuition | \$625 | \$1,680 | 169% |
| Mandatory Fees | \$547 | \$908 | 66% |
| Avg. College and Course Fees | \$71 | \$50 | (30%) |
| Total Academic Charges | \$1,934 | \$3,230 | 67% |

Source: Texas Higher Education Coordinating Board

Tuition and Fee Rates

- The level of tuition increases since tuition deregulation varies by institution. The following provides a comparison of total academic charges for an undergraduate resident student taking 15 SCH at each of the research and emerging research institutions.

Total Academic Charges

| | Fall 2003 | Fall 2014 | Percent Change |
|---------------------------|----------------|----------------|----------------|
| UT – Austin | \$2,721 | \$4,905 | 80% |
| Texas A&M University | \$2,357 | \$4,876 | 107% |
| UT – Arlington | \$2,366 | \$4,781 | 102% |
| UT – Dallas | \$2,622 | \$5,903 | 125% |
| UT – El Paso | \$1,837 | \$3,613 | 97% |
| UT – San Antonio | \$2,222 | \$4,524 | 104% |
| University of Houston | \$2,266 | \$5,303 | 134% |
| Texas Tech University | \$2,525 | \$5,127 | 103% |
| University of North Texas | \$2,366 | \$5,079 | 115% |
| Texas State University | \$2,072 | \$4,758 | 130% |
| State Average | \$1,934 | \$4,091 | 112% |

Source: Texas Higher Education Coordinating Board

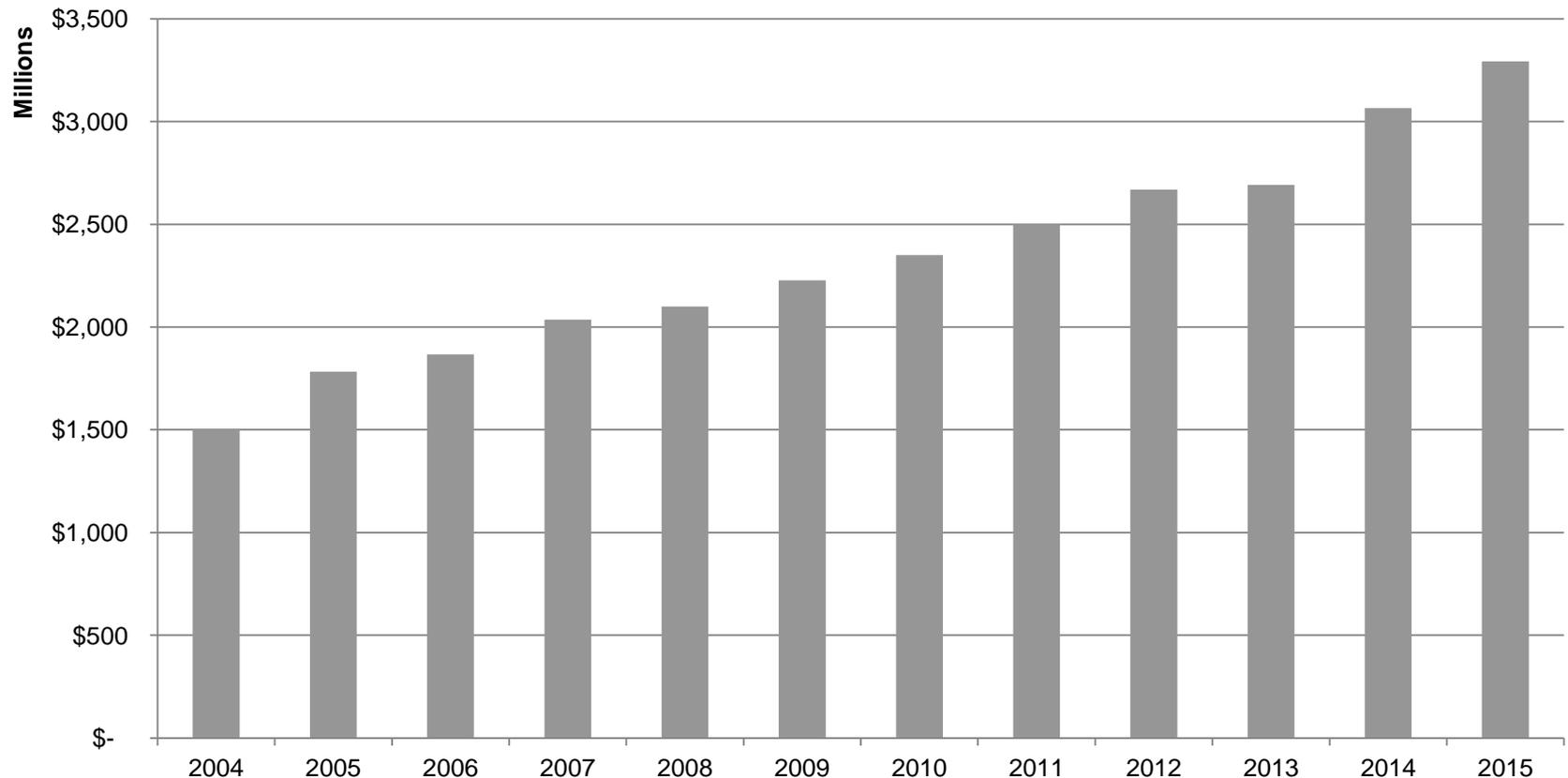
Tuition and Fees

- The total academic charges for an undergraduate resident student taking 15 SCH represents the average “sticker price” charged to a student.
- Net tuition and fee revenue is the actual tuition and fee revenue collected by an institution. Net tuition and fee revenue represents gross tuition and fees, less any exemptions, waivers, scholarship discounts, and allowances.

Net Tuition and Fee Revenue

- As tuition and fees have increased since tuition deregulation, total statewide net tuition and fee revenue increased 119 percent from fiscal year 2004 to fiscal year 2015, when adjusted for inflation.

Net Tuition and Fees – Adjusted for Inflation

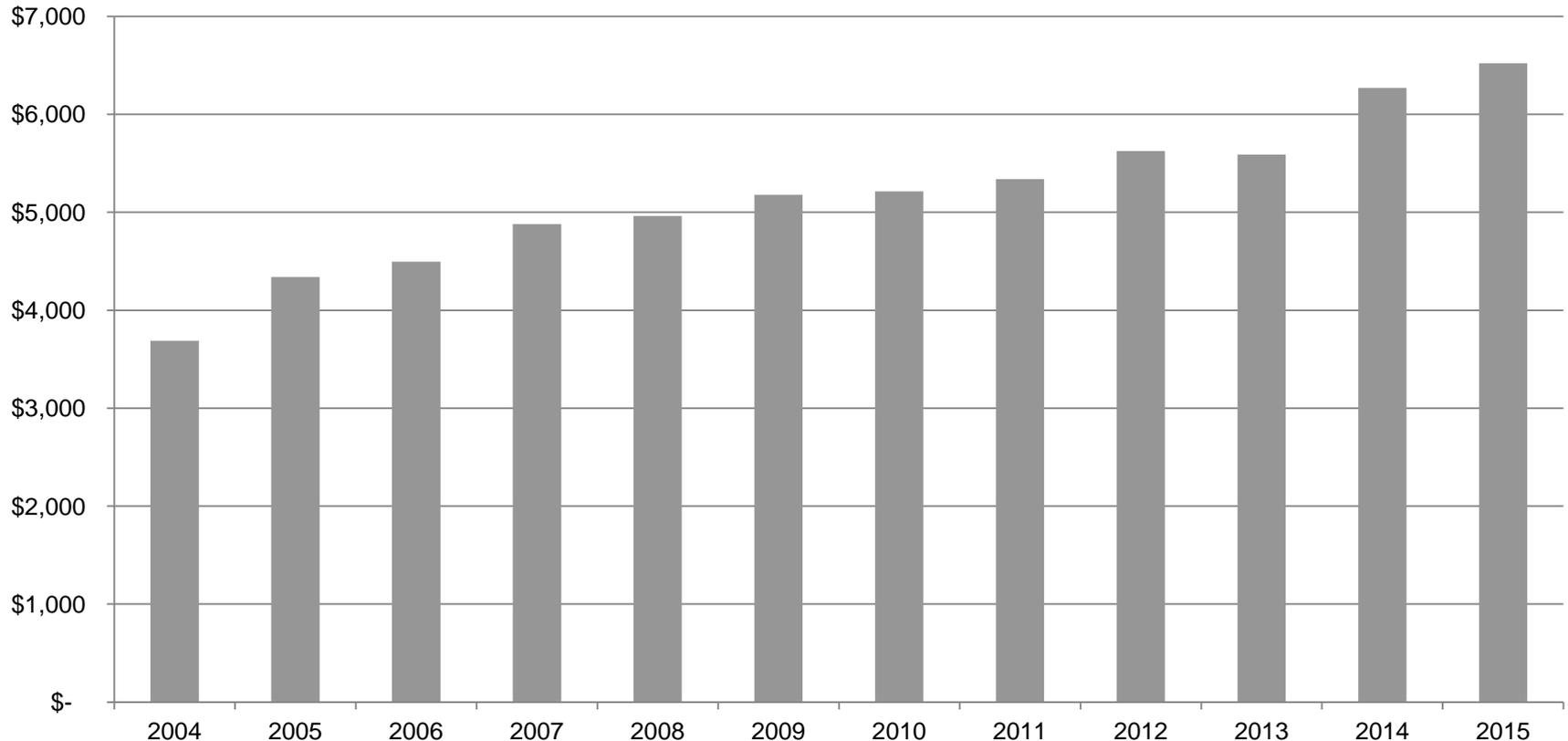


Source: Texas Higher Education Coordinating Board

Net Tuition and Fee Revenue per FTSE

- As tuition and fees have increased since tuition deregulation, total net tuition and fee revenue per Full-Time Student Equivalent (FTSE) increased 77 percent from fiscal year 2004 to fiscal year 2015, when adjusted for inflation.

Net Tuition and Fees per FTSE - Adjusted for Inflation

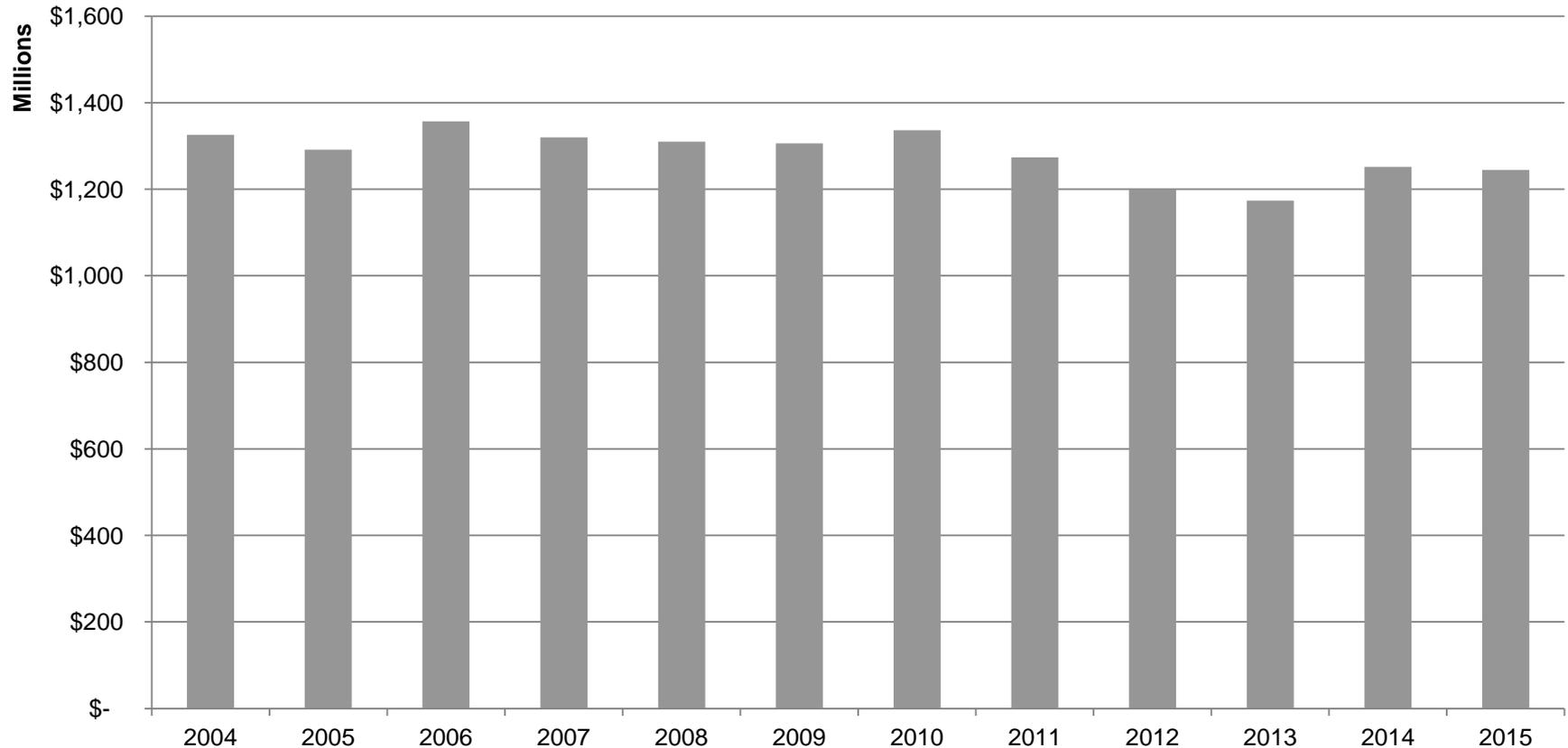


Source: Texas Higher Education Coordinating Board

Formula Funding – General Revenue

- While net tuition and fee revenue has increased since tuition deregulation, total General Revenue formula funding decreased by 6 percent from fiscal year 2004 to fiscal year 2015, when adjusted for inflation.

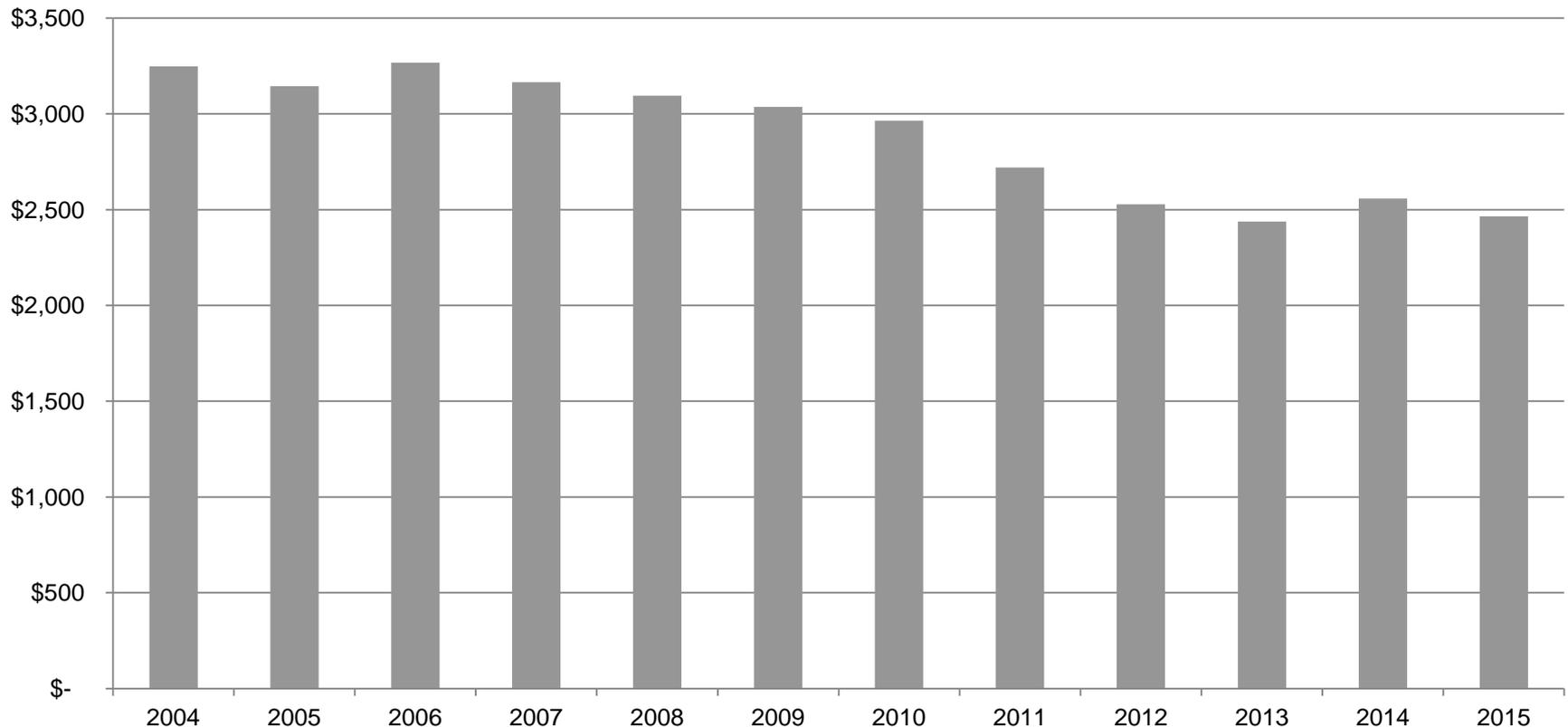
Formula Funding GR – Adjusted for Inflation



Formula Funding per FTSE

- Similarly, General Revenue formula funding per FTSE decreased by 24 percent from fiscal year 2004 to fiscal year 2015, when adjusted for inflation.

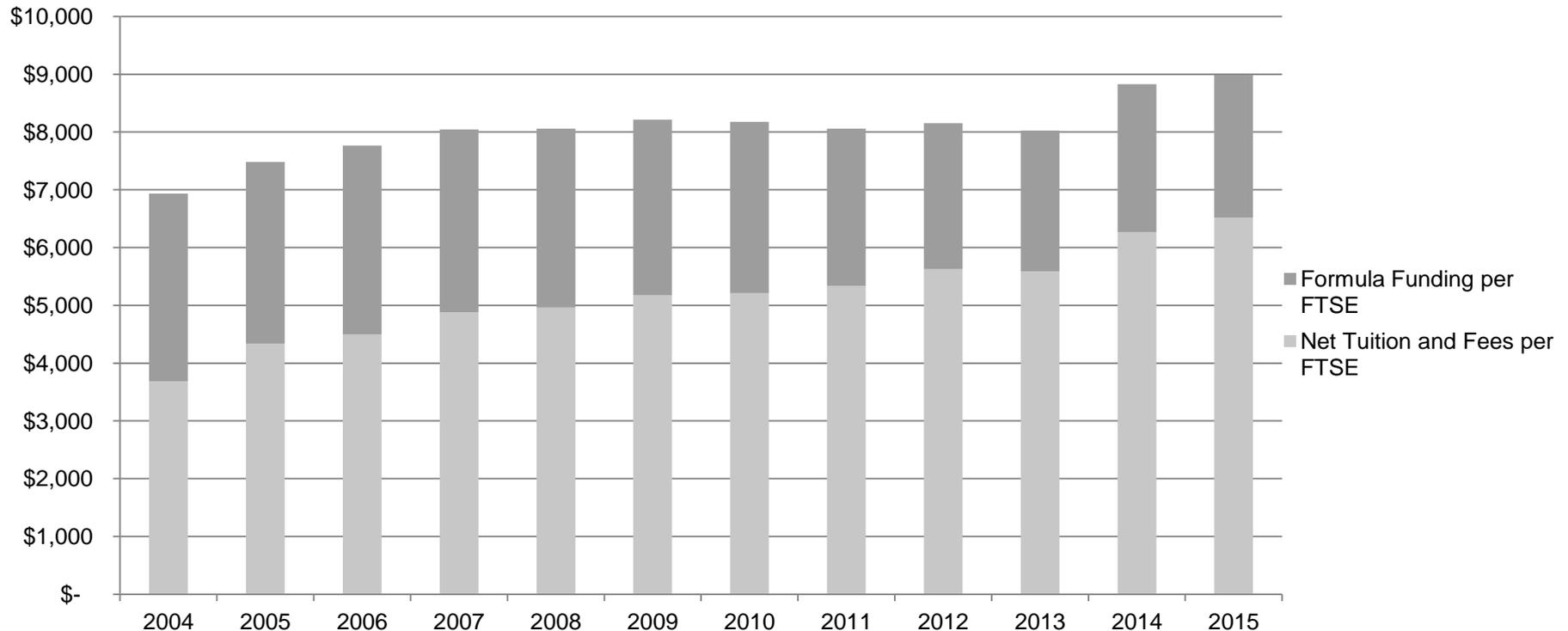
Formula Funding per FTSE - Adjusted for Inflation



Net Tuition and Formula Funding

- Since deregulation, net tuition and fees per FTSE increased 77 percent while formula funding per FTSE decreased 24 percent, when adjusted for inflation.
- When combined, formula funding and net tuition and fees per FTSE increased 30 percent from fiscal year 2004 to fiscal year 2015, when adjusted for inflation.

Formula Funding and Net Tuition and Fees per FTSE – Adjusted for Inflation



Other State Support

- GAls receive state support in addition to formula funding, including funding to support special items, research, and capital projects.
- From fiscal year 2004 to fiscal year 2015, state funding to GAls in the categories below increased 38 percent. Adjusted for inflation, state funding increased 9 percent over the same time frame.

Funding for General Academic Institutions (in millions)

| State Support | FY 2004 | FY 2015 | Percent Change |
|------------------|------------------|------------------|----------------|
| Formula Funding | \$1,325.5 | \$1,576.3 | 19% |
| Special Items | \$245.7 | \$242.3 | (1%) |
| Research | \$43.2 | \$152.2 | 252% |
| TRB Debt Service | \$107.9 | \$205.1 | 90% |
| AUF/HEF | \$478.0 | \$927.1 | 94% |
| Other | \$81.7 | \$53.9 | (34%) |
| Total | \$2,282.2 | \$3,157.0 | 38% |



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