Prior to 2003, the Texas Legislature had the regulatory authority to set tuition rates, generally mandating that the same statutory and designated tuition rate be charged across the state. In 2003 the 78th Legislature passed House Bill (HB) 3015, amending Texas Education Code (TEC) §54.0513 to allow governing boards of public universities to set different designated tuition rates. There is no upper limit on the amount of designated tuition that a university may charge and the amounts may vary by program, course level, and academic period. Tuition deregulation became effective September 1, 2003, and universities began increasing designated tuition in spring 2004. In addition to granting institutions the authority to set tuition rates, the legislation requires universities to set aside a portion of tuition revenues for financial aid targeted to financially needy students.

Statutorily, there are two types of tuition charges for undergraduate students attending a general academic teaching institution, health-related institution, or an institution in the Texas State Technical College System -- statutory tuition and designated tuition. Statutory tuition is prescribed by the Legislature and is currently set at $50 per semester credit hour. Institutions award Texas Public Educational Grants from statutory tuition set-asides. Below is a detailed description of designated tuition as it currently applies.

**Designated Tuition and Tuition Set-Asides**

Designated tuition is set by the institutions, and is the portion of tuition that was deregulated beginning with the spring 2004 semester.* HB 3015 also amended the Education Code by adding §56.011 and 56.012, which require universities to set aside at least 15 percent of the amount of undergraduate and graduate designated tuition charged in excess of $46 per semester credit hour. This set aside is to be used to provide financial assistance for financially needy undergraduate or graduate students. These funds are intended to lessen the impact of tuition deregulation. HB 3015 also required institutions to set aside five percent of the undergraduate amount of designated tuition charged in excess of $46 per semester credit hour to fund the B-On-Time (BOT) Loan Program. The total financial aid set-asides (not including BOT) for fiscal years 2005-2008 was $248 million for undergraduates and $48 million for graduate students. In FY 2008, over $99 million in financial aid was disbursed to needy students through HB 3015 tuition set-asides. As the chart shows above, 78 percent of the aid was awarded through state grants. Approximately 58,948 awards were made to over 53,900 students using HB 3015 tuition set-asides in FY 2008.

* Designated tuition existed prior to 2004, but the rate set by the institution could not exceed the rate set by the Legislature for statutory tuition.
For more information: Office of External Relations
Texas Higher Education Coordinating Board
er@thecb.state.tx.us
(512) 427-6111