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PURSE STRINGS

Give regents the power to set tuition, fees

By JEFF B. LOVE

As the Texas Legislature resumes trying to solve a \$10 billion shortfall, might I suggest one part of the solution is giving state universities complete tuition-setting authority instead of having 31 higher education institutions around the state face double-digit cuts?

Throughout my professional career I have devoted time to help better universities in and out of the state. In my view, regents who run these systems need flexibility to properly solve many grappling issues. It only makes good business sense that during tough economic times now and in the future, the great universities in our state should be afforded the same sensible opportunities given the majority of those outside of this state -- and that is to control their own destiny by being allowed to set their own tuition rates.

Over the past 15 years, the Legislature has successfully deregulated several aspects of university tuition, effectively extending "local control" of some tuition rates to the boards of regents that are the policy-setting bodies for these universities. Such control has been healthy. Now is the time to finish the job by giving regents of each university the authority to set the basic undergraduate tuition rate for their respective university.

This is a wise decision that lightens the load of the Legislature -- but, more importantly, it allows universities to manage their own budgets, generate additional dollars and serve more students. Such a prudent move benefits the bottom line, since universities setting their own tuition rates do not fall victim to pending state budget cuts. They instead can take market factors and local conditions into account.

Most of all, it benefits the students who are governed by a board of regents making critical and farsighted financial decisions specific to the university they attend.

Currently, governing boards can set graduate tuition rates, as well as the charge known as designed tuition, within certain limits. Regents in all university systems have exercised this authority carefully -- ever mindful of the need to keep university programs affordable and to ensure access, while also realizing that tuition revenues are an important source of financial support for the fundamental educational mission of our public institutions. A common practice has been to ensure that financial aid funds are available for students in need when tuition rates increase. This method of ensuring access would continue under new proposals for local control.

Yet the existing approach in Texas limits the extent to which market forces are brought to bear on tuition rates. The basic rate is standardized at all universities regardless of varying needs and market conditions.

If governing boards controlled the basic rate, they would be able to set flexible rates to help achieve strategic objectives, such as higher graduation rates, more efficient use of buildings and enhancement of the quality of academic programs. None of these practices is possible with the current one-size-fits-all pricing.

Increased tuition and fee revenue would support enhanced student services and stronger academic quality. Regents could keep rates relatively low at campuses in regions with low

incomes, while raising rates at campuses where students have more ability to pay. And the traditional technique of guaranteeing access by setting aside part of tuition income for financial aid would continue.

And even with this "local control," the boards of regents -- who are appointed by the governor and confirmed by the Texas Senate -- remain accountable to the public. Results in other states and with the limited use in Texas show that governing boards seek input from students and other constituencies when making tuition decisions, and that boards are as careful as legislators in weighing the pros and cons of a tuition increase. My involvement shows me that regents take their jobs seriously and always consider what's in the best interest of the publics they serve.

At this time of state budget crisis, Texas legislators and their constituents are concerned about how to adequately finance higher education and other state services. Without additional revenue, our public institutions will decline. It's clear the current financing system leaves a lot to be desired. We must be willing to try new approaches to see if they work better.

Local control of tuition may not be a cure-all, but it should be an important part of the solution.

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