

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 30, 2009

TO: Honorable David Dewhurst, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

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

IN RE: SB93 by Van de Putte (Relating to tuition and fee exemptions for certain military personnel and their dependents or spouse and permitting those personnel to assign the exemption to a child.), **Conference Committee Report**

No significant fiscal implication to the State is anticipated.

The bill amends the Hazlewood Exemption statute which exempts certain military personnel and their dependents from paying tuition and fees. The statute will now be known as the Hazelwood Legacy Act.

The Higher Education Coordinating Board estimates that in fiscal year 2007, 9,113 veterans and their dependents used the Hazlewood exemption. The tuition and fees they were exempted from paying totaled \$19.6 million. The Texas Veterans Commission estimates 1.7 million veterans live in Texas, but has no data about the share of them who are originally from Texas. The Higher Education Coordinating Board assumed that: 1) the number of people qualifying to participate in the program because of the change in eligibility requirements will increase per year through fiscal year 2014, but the percentage of that increase will vary depending on the student population group (i.e. veterans formally ineligible due to residency restrictions, spouses, Legacy.), and 2) their enrollment pattern among types of institutions will remain the same as in fiscal year 2007.

They first calculated the award amounts and average value of Hazlewood exemptions received in fiscal year 2007 to determine the percentage of participants using these exemptions per type of institution. Applying these same percentages to the fiscal year 2010 estimated number of students, they calculated the number of additional students that would enroll using the exemption if enrollments increased each year (see below). They estimated the number of students using the exemption would increase as follows:

Veterans: 182 in fiscal year 2010, increasing by 2 percent and a new cohort each year and reaching 928 by fiscal year 2014.

Spouses: 464 in fiscal year 2010, increasing by 3 percent, and reaching 522 by fiscal year 2014.

Legacy Participants: 850 in fiscal year 2010, increasing by 1 percent, reaching 884 in fiscal year 2014.

The average award amounts for Hazlewood participants were \$3,208 at universities, \$4,697 at health related institutions, \$964 at community colleges, \$858 at state colleges, and \$1,334 at technical institutions. Applying the applicable percentage of total fiscal year 2007 Hazlewood exemptions for each type of institution to the estimated numbers of additional students, they estimated the amount of tuition and fee revenue that institutions would forego as a result of the additional students.

Based on these assumptions, the institutions will experience additional losses of tuition and fee revenue through the exemption estimated at \$3,223,529 in fiscal year 2010 and \$3,668,308 in fiscal year 2011. Additional losses are estimated at \$4,118,134 in fiscal year 2012, \$4,573,077 in fiscal year 2013, and \$5,033,205 in fiscal year 2014. It is assumed the cost will be absorbed by the

institutions of higher education since the bill does not require the State to reimburse the institutions.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 781 Higher Education Coordinating Board, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 783 University of Houston System Administration

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