

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

Revision 1

May 6, 2005

TO: Honorable Frank Corte, Jr., Chair, House Committee on Defense Affairs & State-Federal Relations

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

IN RE: HB2501 by Uresti (Relating to permitting certain military personnel entitled to receive a tuition and fee exemption to transfer the exemption to a child.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The provisions of the bill do not increase the maximum number of hours a veteran may transfer (currently set in statute at 150 credit hours) or expand the definition of eligible veterans; therefore, the bill would not increase the existing state liability to fund costs associated with tuition and fee exemptions.

Furthermore, there is not a clear, well-defined connection between tuition waivers and the decision to attend college. There are many reasons affecting the decision to attend college and it is not clear that tuition waivers would induce children of veterans to attend college who would otherwise not have attended college.

However, the Texas Higher Education Coordinating Board (THECB) estimates that if there is an increase in college attendance by children of veterans due to the provision of the bill, the increase could result in additional costs of \$2.5 million in fiscal year 2008, \$3.5 million in fiscal year 2009 and \$4.8 million in fiscal year 2010 due to fees and contact hours resulting from this bill's inducement to attend college.

Additionally, THECB estimates that if there is an increase in college attendance by children of veterans due to the provisions of the bill, there could be a loss in tuition income for institutions of higher education in the amount of \$2.3 million in fiscal year 2006, \$3.2 million in fiscal year 2007, \$4.0 million in fiscal year 2008, \$4.7 million in fiscal year 2009 and \$5.2 million in 2010.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 781 Higher Education Coordinating Board

LBB Staff: JOB, KJG, RT, JAW