

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**March 30, 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: HB2691** by Gallego (Relating to benefits for certain members of the Texas National Guard.),  
**As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2691, As Introduced: a negative impact of (\$4,733,813) through the biennium ending August 31, 2007.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$0
2007	(\$4,733,813)
2008	(\$9,609,036)
2009	(\$10,623,497)
2010	(\$11,245,688)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1
2006	\$0
2007	(\$4,733,813)
2008	(\$9,609,036)
2009	(\$10,623,497)
2010	(\$11,245,688)

**Fiscal Analysis**

The bill would amend the Education Code and the Government Code to provide education assistance to members of the Texas National Guard, financial assistance to members of the Texas National Guard deployed on federal active duty, and a compensation benefit to the surviving heirs of a member of the Texas National Guard who died while on federal active duty. The bill would require governing boards of institutions of higher education to exempt from payment of tuition and fees Texas residents who are members of the Texas National Guard. The Texas Higher Education Coordinating Board (THECB) would adopt rules to implement this exemption no later than January 1, 2006. The new tuition assistance provisions would take effect at the beginning of the 2006 fall semester. The bill would require institutions of higher education to reimburse students claiming the Texas National Guard tuition exemption for textbook and other required course materials. The state would reimburse institutions of higher education for providing this benefit through formula funding.

The bill would create the National Guard Temporary Assistance Account to provide interest-free loans to Texas National Guard Members and establish the National Guard Temporary Assistance Account as a dedicated account in the General Revenue Fund. The bill allows solicitation of gifts or grants from any source to fund the account.

The bill adds Subchapter G to Chapter 431 of the Government Code. Under this provision the state would pay \$100,000 to the heirs of Texas National Guard members who die while on active federal duty.

The bill would create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue stream. Therefore, the fund, account, or revenue dedicated included in this bill would be subject to fund consolidation review by the current legislature.

## **Methodology**

Since the effective date of the bill is the fall 2006 semester, the fiscal impact would begin in fiscal year 2007. There are currently 1,329 Texas Guard members enrolled in institutions of higher education, 30 of whom are Texas State Guards. There are currently 900 guard members awaiting enrollment, 27 of whom are Texas State Guards. THECB estimates that 2,172 National Guard members will qualify for the program in fiscal year 2006. It is assumed that there will be an increase of 10 percent in the number of students using this exemption as it is publicized, starting in fiscal year 2007. THECB estimates that there will be 2,389 National Guardsman in fiscal year 2007, 2,628 in fiscal year 2008, 2,891 in fiscal year 2009 and 3,180 in fiscal year 2010.

Under the provisions of the bill, the cost of textbooks would be reimbursed to eligible enrollees by the institutions. The average cost of books and supplies is \$58 per semester credit hour at universities and \$63 per semester credit hour at community colleges. These costs are based on figures from the 2004-05 school year. It is assumed that each National Guardsman will take six hours each semester. In fiscal year 2007, it is projected that 1,339 National Guardsmen will enroll in a university and approximately 1,050 will enroll in a community college. The total cost for textbooks is estimated to be \$465,972 at universities and \$396,900 at community colleges. In fiscal year 2008, it is projected that 1,473 of 2,628 National Guardsmen will enroll in a university and 1,155 in a community college for a total estimated cost of \$512,604 at general academic institutions and \$436,590 at community colleges. In fiscal year 2009, these costs are expected to increase to \$564,108 at the general academic institutions and \$480,060 at community colleges. For fiscal year 2010, the costs are expected to increase to \$620,484 for the general academic institutions and \$528,066 for the community colleges.

Beginning in fiscal year 2007, the estimated total tuition costs to community colleges would be \$3,870,941. For fiscal year 2008 and 2009 the cost would be \$4,278,176 and \$4,735,557 respectively. For fiscal year 2010 the cost would be \$4,735,557. These costs are based on a cost per semester credit hour of \$71. The total tuition costs to the general academic institutions would begin in fiscal year 2008 because of a lag in formula funding. The cost to the general academic institutions would be \$4,381,665 in fiscal year 2008, \$4,843,771 in fiscal year 2009 and \$5,361,581 in fiscal year 2010. These costs are based on cost per semester credit hour of \$102.

## **Local Government Impact**

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

**Source Agencies:** 304 Comptroller of Public Accounts, 401 Adjutant General's Department, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Board of Regents, Texas State University System Central Office, 763 University of North Texas Health Science Center at Fort Worth, 768 Texas Tech University System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

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