

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 26, 2007

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

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

IN RE: HB2273 by Rodriguez (Relating to tuition and fee exemptions for certain military personnel and their family members.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill amends the Hazlewood tuition exemption to include children of a veteran of the armed forces who has a service-connected disability of 50 percent or more and veterans who have lived in Texas for at least 10 years before the date of registration. These two changes will be discussed individually.

Addition of Children of 50% or More Disabled Veterans.

Based on information from the Veterans Commission, there are 79,167 veterans in Texas who are 50% or more disabled. The Coordinating Board assumed that 50% of them would meet the eligibility requirements for Hazlewood and that 20% of them would have a child of college age. They also assumed that 15% of the children of college age would choose to use the exemption. When these percentages are applied, there are 1,188 eligible students as of 2008. They assumed the number using the exemption would increase by 4 % per year, thus rising from 1,188 in fiscal year 2008 to 1,389 in fiscal year 2012.

In fiscal year 2006, 8,810 veterans used the Hazlewood exemption. The tuition and fees they were exempted from paying totaled \$16.9 million. To estimate the cost to the institutions the Coordinating Board assumed the children would enroll in public institutions in proportion to the enrollments in fiscal year 2006 for veterans using the exemption. They also assumed they would take a similar course load and that the average awards would be similar to those of fiscal year 2006. They multiplied the total number of children expected to enroll times the percent of the students that enroll in each type of institution times the average award for that type. For instance, in fiscal year 2008, 1,188 would enroll. Of this amount 53.37% of them would be at universities. The average university award equaled \$2,738. Therefore, the total cost for universities in fiscal year 2008 equals $1188 * .5337 * \$2738 = \$1,735,989$. When using these calculations for all types of institutions for all years, the institutions would forgo tuition and fee revenues estimated to equal \$2,271,604 in fiscal year 2008, \$2,362,468 in fiscal year 2009, \$2,456,966 in fiscal year 2010, \$2,555,245 in fiscal year 2011 and \$2,657,455 in fiscal year 2012.

Addition of veterans who have lived in Texas 10 or more years.

The Texas Veterans Commission estimates there are 14,000,000 veterans living in Texas. The Coordinating Board assumed that 50% of them would meet the current residency eligibility requirements for Hazlewood and therefore would not be impacted by the changes. They assumed the share of the population that would use the exemption would equal the share of Texans using the waiver = $8810 \text{ recipients} / 7,000,000 \text{ veterans}$. This would equal 0.1259% of the population. They assumed 10 percent of them would have lived in Texas the requisite 10 years. Therefore, the number who could qualify for Hazlewood would be $7,000,000 * 0.001259 * 0.10$ or 881 veterans who were not citizens of Texas when they entered the service. They assumed 25% would hear about the change in statute and enroll in fiscal year 2008, rising by 15% of the 881 eligible students per year. The

estimated number of participants, therefore, was 220 in fiscal year 2008, rising to 749 in fiscal year 2012.

As was mentioned above, in fiscal year 2006, 8,810 veterans used the Hazlewood exemption. The tuition and fees they were exempted from paying totaled \$16.9 million. To estimate the cost to the institutions the Coordinating Board assumed the 10-year Texas resident veterans would enroll in public institutions in proportion to the enrollments in fiscal year 2006 for veterans using the exemption. They also assumed they would take a similar course load and that the average awards would be similar to those of fiscal year 2006. We multiplied the total number of 10-yr vets expected to enroll times the percent of the students that enroll in each type of institution times the average award for that type. For instance, in fiscal year 2008, 220 would enroll. 53.37% of them would be at universities. The average university award equaled \$2,738. Therefore, the total cost for universities in fiscal year 2008 equals $220 * 0.5337 * \$2738 = \$321,480$. Assuming these calculations for all types of institutions for all years, the Higher Education Coordinating estimated that institutions would forgo tuition and fee revenues estimated to equal \$421,321 in fiscal year 2008, \$674,113 in fiscal year 2009, \$926,906 in fiscal year 2010, \$1,179,699 in fiscal year 2011 and \$1,432,491 in fiscal year 2012.

Taking both changes into the account, the total costs to the institutions in foregone tuition and fee revenues equal \$2,692,924 in fiscal year 2008, \$3,036,581 in fiscal year 2009, \$3,383,872 in fiscal year 2010, \$3,734,944 in fiscal year 2011 and \$4,089,946 in fiscal year 2012. 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 fiscal implication to units of local government is anticipated.

Source Agencies: 781 Higher Education Coordinating Board

LBB Staff: JOB, ES, RT, GO