

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 16, 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: SB516 by Van de Putte (Relating to allowing certain military personnel to receive certain federal and state higher education benefits concurrently.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would allow certain military personnel to receive certain federal and state higher education benefits concurrently.

The Higher Education Coordinating Board estimates that in 2006, 8,810 veterans and children of veterans used the Hazlewood exemption. The tuition and fees they were exempted from paying totaled \$16.9 million. The 8,810 veterans using the exemption in Fiscal Year 2006 had to utilize their federal G I Bill benefits prior to using Hazlewood. Current language regarding the use of the Hazlewood exemption to fill the gap in a given semester between federal GI benefits and tuition and fees is currently permissive. The proposed legislation would make this mandatory if the federal benefits are insufficient to meet the tuition and fee amounts generally covered by the Hazlewood exemption. In general, the Hazlewood exemption amount equals tuition and fees other than property deposit and student service fees.

The Coordinating Board assumed federal benefits for students at 2-year institutions and undergraduates at senior colleges will equal or exceed the exemption amount. In Fiscal Year 2006, 43 percent of the students receiving Hazlewood Exemptions at universities were enrolled in graduate programs – programs for which they expect tuition and fees to exceed the value of federal GI benefits. The average award for graduate students is estimated to be \$4100 per year. The Coordinating Board estimates that 50% of the students attend schools that currently allow students to combine awards at this time. For the other 50 %, which would represent approximately 1200 students, they estimated the additional Hazlewood exemption costs to institutions would equal approximately \$5 million.

It is assumed this 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