

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 6, 2009

TO: Honorable Frank Corte Jr., Chair, House Committee on Defense & Veterans' Affairs

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

IN RE: HB1550 by Herrero (relating to the tuition and fee exemption available to certain military personnel and their dependents and to permitting those personnel to transfer the exemption to a child.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill allows active duty personnel and honorably discharged veterans to transfer unused tuition exemptions to a child, stepchild, or adopted child below the age of 25. The bill restricts the exemption to only apply to the portion of tuition and fees not already covered by federal educational benefits. The Act applies beginning with tuition and fees charged for the 2009 fall semester.

Data from the Higher Education Coordinating Board's Hazlewood Database indicates that since 1995 a total of 31,614 veterans have participated in the Hazlewood exemption program. They are reported to have used a total of 784,041 semester credit hours—averaging 25 hours per veteran. This would leave the average veteran 125 hours to assign to a child, if he/she chose to do so. The Higher Education Coordinating Board estimated that 20 percent, or 6,323, of the 31,614 Hazlewood participants have college-age children and that 12%, or 759, of these veterans would choose to assign their unused hours to a child.

In fiscal year 2007, a total of 9,112 veterans and dependent children used the Hazlewood exemption. The Higher Education Coordinating Board assumed the number of participants would increase by one percent per year through fiscal year 2014 due to the expanded residency requirements. Based on these assumptions for fiscal year 2010, 850 students (759 plus 91) would use the exemptions. The average award amounts for fiscal year 2007 Hazlewood participants was \$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, the Higher Education Coordinating Board 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 \$1,831,195 in fiscal year 2010 and \$1,849,507 in fiscal year 2011, with slight increases in tuition losses in the subsequent years.

Local Government Impact

No 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, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 783 University of Houston System Administration, 720 The University of Texas System Administration

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