

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 9, 2009

TO: Honorable Dan Branch, Chair, House Committee on Higher Education

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

IN RE: HB4047 by Castro (Relating to the residency requirements for tuition and fee exemptions for certain military personnel and their dependents.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill modifies the wording of the Hazlewood Exemption statute which exempts certain military personnel and their dependents from paying tuition and certain fees. The modified wording clarifies service members must declare Texas as their home state of permanent record upon entering the service, and removes a 12 month residency requirement before registration, replacing it with simply needing to be a Texas resident. The bill will expand the eligibility pool for the exemption.

The Higher Education Coordinating Board estimates that in fiscal year 2007, 9,113 veterans and their dependents used the Hazlewood exemption. The tuition and fees they were exempted from paying totaled \$19.6 million. The Texas Veterans Commission estimates 1.7 million veterans live in Texas, but has no data about the share of them who are originally from Texas. The Coordinating Board's assumptions are that: 1) the number of people qualifying to participate in the program because of the change in eligibility requirements will increase by 1% per year through fiscal year 2014, and 2) their enrollment pattern among types of institutions will remain the same as in fiscal year 2007.

Using fiscal year 2007 data as a starting point for fiscal year 2010, the Coordinating Board calculated the number of additional students that would enroll using the exemption if enrollments increased by 1 percent per year. Using average award amounts of \$2,155, the Coordinating Board estimated 91 additional students would be eligible for the award resulting in tuition losses of \$196,079 for the institutions. The tuition losses are estimated to be \$394,118 for fiscal year 2011, \$594,138 for fiscal year 2012, \$796,158 for fiscal year 2013, and \$1,000,199 for fiscal year 2014. 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 significant fiscal implication to units of local government is anticipated.

Source Agencies: 720 The University of Texas System Administration, 758 Texas State University System, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board, 710 Texas A&M University System Administrative and General Offices, 768 Texas Tech University System Administration

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