

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 13, 2009

TO: Honorable Judith Zaffirini, Chair, Senate Committee on Higher Education

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

IN RE: SB46 by Zaffirini (Relating to tuition exemptions at public institutions of higher education for certain students who volunteer for outreach programs.), **As Introduced**

No significant fiscal implication to the State is anticipated.

Under provisions of the bill, the governing board of an institution of higher education may exempt from the payment of tuition and fees for one course offered by the institution per semester or other term any student enrolled in the institution who: (1) is 55 years of age or older; (2) is a resident of this state for purposes of this title or entitled to pay tuition at the rate provided by this chapter for residents of this state; and (3) serves as a volunteer for at least 10 hours per week or 40 hours per month for an outreach, mentoring, or recruitment program that is designed to assist or encourage: (A) high school students to be admitted to and attend institutions of higher education; or (B) students who are currently enrolled in institutions of higher education to complete their degree programs.

The state currently has three other exemption programs for senior citizens. Section 54.210(b) of the Texas Education Code allows persons 65 or older to audit classes and pay no fees; paragraph (c) allows persons 65 or older to take up to 6 semester credit hours per term and pay no tuition. Section 54.013 of the Education Code allows persons 55 or older to take courses for a lowered tuition rate. All of these programs are optional for the institution and all of them are on a "space available" basis, meaning students paying full price are to be given priority over the exemption recipients. None of these programs have a service requirement. Based on information provided by the Higher Education Coordinating Board, a total of 4,281 students used these exemptions in fiscal year 2007. The reported total of waived tuition and fees was \$1,071,268. The average value of an award was \$250.

The Corporation for National and Community Service reports more than 100,000 people of all ages participated in volunteer activities in Texas in 2007-8 through the Senior Corps, AmeriCorps and Learn and Serve America Programs. A total of 4.6 million volunteers were reported for the state as a whole. The Corporation indicates that 25.3 percent of the people involved in the programs are participating in education-related activities and that 31 percent of them are baby boomers – people who would meet the age requirement for the exemption. The average amount of service was more than 100 hours per person. This would indicate $.253 * .31 * 4.6 \text{ million} = 360,778$ potentially eligible volunteers.

Based on information provided by the Higher Education Coordinating Board, assuming 1% of the volunteers will use the program in a given year, this would represent 3,608 exemption recipients. Assuming the same distribution among types of institutions as for the current programs, 233 of the recipients would attend universities; 6 would attend health-related institutions; 3,090 would attend community colleges, 7 would attend technical colleges and 272 would attend State Colleges. If the awards averaged out to the same amounts as in the current programs, the annual costs would be \$266,603 to the universities, \$482,555 to community colleges, \$7,600 at health related institutions, \$4,393 at technical colleges and \$141,987 at state colleges. The annual total cost would equal \$906,698. Assuming these costs will be phased in, as 60% of the potential users receive exemptions in fiscal year 2010, 70% in fiscal year 2011, 80% in fiscal year 2012, 90% in fiscal year 2013 and 100% in fiscal year 2014. The annual cost to the institutions will be \$542,039 in fiscal year 2010, \$632,378 in fiscal year 2011, \$722,718, in fiscal year 2012, \$813,058 in fiscal year 2013, and \$903,398 in fiscal

year 2014. These costs are not considered significant and will be absorbed by the institutions.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

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