

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 17, 2009

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

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

IN RE: SB113 by Ellis (Relating to resident tuition rates at public institutions of higher education for certain veterans and their dependents.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill expands the eligibility for the military waiver of nonresident tuition for persons (and spouses and dependents) eligible for benefits under the federal Post-9/11 Veterans Education Assistance Act of 2008 or any other federal law authorizing educational benefits for veterans and participating in certain community service programs, internships, or cooperative educational programs. There is no length of residency requirement under the bill; however, qualifying individuals must maintain a domicile in Texas while in school for continued eligibility. The Texas Higher Education Coordinating Board shall adopt rules covering community service program approvals as soon as practicable after this Act takes effect. The bill applies beginning with tuition and fees for the first semester that begins after the effective date of this Act, but not earlier than the 2009 fall semester.

In fiscal year 2007, the Texas Veterans Commission (TVC) estimates that 1.7 million veterans are currently living in Texas, but has no data about the share of them who are originally from Texas. The Veterans' Administration estimates 33,260 of these veterans are using federal education benefits. The Higher Education Coordinating Board estimated that 10 percent (of the 1.7 million), or 170,000 have lived in Texas less than one year and are considered "non-residents". TVC estimates 75 percent, or 127,500 of these veterans are eligible for Post-911 education benefits. Out of this 127,500, the Higher Education Coordinating Board estimates that: 2% (2,550) will enroll because of the new waiver; 1,148 spouses and 956 children of veterans will enroll, but only 23%, or 484, total dependents would meet the student service or internship requirements, for a total 3,034 additional students in 2010. They further assume that the number of people qualifying to participate in the program (veterans, their spouses and children) will increase by one percent per year through fiscal year 2014. Their enrollment pattern among types of institutions and average award amount will remain the same as in fiscal year 2007.

The Higher Education Coordinating Board first calculated the award amounts and average value of all military waivers received in fiscal year 2007 to determine the percentage of participants using these waivers per type of institution. Applying these same percentages to the fiscal year 2010 estimated number of students, they calculated the number of additional students that would enroll using the waiver if enrollments increased by one percent per year. They estimated the number of students using the waiver in fiscal year 2010 would begin at 3,034 increasing by one percent thereafter and reaching 3,157 in fiscal year 2014.

The average award amounts for fiscal year 2007 tuition and fee waivers for military in Texas were \$4,978 at universities, \$7,036 at health-related institutions, \$1,203 at community colleges, and \$1,725 at technical colleges. Applying the applicable percentage of total fiscal year 2007 waivers for each type of institution to the estimated numbers of additional students, the estimated amount of tuition and fee revenue that the institutions would forego is \$6,584,994 in fiscal year 2010 and \$6,650,844 in Fiscal year 2011. Additional losses are estimated at \$6,717,353 in fiscal year 2012, \$6,784,526 in fiscal year 2013, and \$6,844,999 in fiscal year 2014.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 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

LBB Staff: JOB, KK, RT, GO