

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 14, 2009

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

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

IN RE: SB297 by Van de Putte (Relating to resident tuition rates and fees at public institutions of higher education for certain veterans and their spouses and children.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB297, As Passed 2nd House: a negative impact of (\$20,303,096) through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$10,101,043)
2011	(\$10,202,053)
2012	(\$10,304,074)
2013	(\$10,407,115)
2014	(\$10,499,876)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1
2010	(\$10,101,043)
2011	(\$10,202,053)
2012	(\$10,304,074)
2013	(\$10,407,115)
2014	(\$10,499,876)

Fiscal Analysis

Under provisions of the bill, certain veterans, spouses, and children of veterans are entitled to pay tuition and fees at an institution of higher education at the rates provided for Texas residents without regard to the length of time the person has resided in this state if certain conditions are met. The legislature would provide sufficient funds to cover the full costs of the exemptions.

Methodology

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 estimates 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 because of the new waiver: 2,550 veterans, 1,148 spouses, and 956 children of veterans will enroll, for a total 4,654 additional students in 2010. They further assume 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 4,654 increasing by one percent thereafter and reaching 4,843 in fiscal year 2014. The average award amounts for fiscal year 2007 tuition and fee waivers for military in Texas was \$2,170. Based on these assumptions, the institutions of higher education will experience additional losses of tuition and fees through the waiver estimated at \$10,101,043 in fiscal year 2010 and \$10,202,053 in fiscal year 2011. Additional losses are estimated at \$10,304,074 in fiscal year 2012, \$10,407,115 in fiscal year 2013, and \$10,499,876 in fiscal year 2014.

Since the bill includes language that the legislature shall provide sufficient funds to cover the full costs of the exemptions, these costs have been shown as general revenue costs to the state.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: JOB, KK, RT, GO