

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 16, 2009

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

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

IN RE: SB847 by Averitt (Relating to applicability of fee exemptions for military personnel and their children to certain course fees charged by public technical institutes and public state colleges.), **As Introduced**

No significant fiscal implication to the State is anticipated.

Under provisions of the bill, public state colleges and public technical institutes could establish a fee for extraordinary costs associated with a specific course or program. Certain military personnel and their dependents would be exempt from paying this fee. In fiscal year 2007, the Coordinating Board reported a total of 9,112 veterans and qualifying dependents as having received the Hazlewood Exemption at Texas public institutions of higher education. Of those, 187 received the exemption at a public state or technical college. The Coordinating Board estimated that one-third, or 62, of these students were enrolled in programs associated with having extraordinary fees; such as flight training and truck driving. Using the average fuel rate charged for pilot training programs at technical institutions, the Coordinating Board derived the average fee charges at state colleges for these high-cost programs. It was assumed that the number of students enrolled in these programs will remain constant, with no increase in enrollment through fiscal year 2014.

The average fee amounts for fiscal year 2007 Hazlewood participants in high-cost programs were estimated at \$1,445 at state colleges and \$1,700 at technical colleges. Applying the applicable fee amounts to the estimated number of students, The Coordinating Board estimated the amount of fee revenue that institutions would receive. The state and technical institutions will experience an increase in fee revenue estimated at \$95,762 per fiscal year.

To determine the amount of fee revenue that would be offset by the exempted fees, the Coordinating Board applied the average value of Hazlewood exemptions to the percentage that was attributed to fees, and derived the regular fee amounts from which these students would be exempted. They then multiplied the average value of exempted fees to the estimated numbers of students by institution type to arrive at the total estimated fee costs to the institutions beginning in fiscal year 2010. Institutions will experience additional losses through the exemption of regular fees estimated at \$16,508 per fiscal year. After subtracting the amount of exempted fees from the amount of new fee revenue, the total additional revenue is estimated at \$79,254 per fiscal year.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 781 Higher Education Coordinating Board

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