

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 2, 2011

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

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

IN RE: HB866 by Flynn (Relating to tuition assistance for members of the Texas State Guard.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill provides graduate and undergraduate tuition and mandatory fee exemptions to the members of the Texas State Guard (TXSG) not to exceed a total of 120 semester credit hours. There are service requirements for the TXSG members. The exemptions take effect in the Fall 2011 semester.

Texas State Guard (TXSG) statistics show that the estimated number of currently active TXSG men and women is 2,007. The Higher Education Coordinating Board estimated that 50 percent, or 1,004 members would have met program requirements for the exemption. Of those, they assumed that 10 percent, or 100 members, would enroll in fiscal year 2012. They further assumed that the number of former TXSG service members qualifying to participate will increase by one percent in fiscal year 2013 and increase to two percent per year in fiscal year 2014 through fiscal year 2016. Their enrollment pattern among types of institutions and average award amount will remain the same as in fiscal year 2009.

The Higher Education Coordinating Board first calculated the award amounts and average value of mandatory tuition and fee exemptions received in fiscal year 2009 to determine the percentage of participants using these exemptions per type of institution. Applying these same percentages to the fiscal year 2012 estimated number of students, they calculated the number of additional students that would enroll using the exemption if enrollments increased by one percent in fiscal year 2013, and increased by two percent per year thereafter. Based on these assumptions the amount for fiscal year 2012 would begin at 100 and reach 191 by fiscal year 2016.

The average award amounts for fiscal year 2009 exemption participants were \$2,225 at universities, \$4,110 at HRIs, \$935 at community colleges, \$624 at state colleges, and \$1,866 at technical institutions. Applying the average award amounts of total fiscal year 2009 exemptions for each type of institution to the estimated numbers of additional students, we estimated the amount of tuition and fee revenue that institutions would forego as a result of the additional students. Based on these assumptions, the institutions will experience additional losses of tuition and fee revenue through the exemption estimated at \$177,570 in fiscal year 2012 and \$195,328 in fiscal year 2013. Additional losses are estimated at \$234,393 in fiscal year 2014, \$281,272 in fiscal year 2015, and \$337,526 in fiscal year 2016.

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

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