

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 18, 2011

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

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

IN RE: HB2597 by Garza (Relating to resident tuition rates and fees for certain civilian employees and private contractors at public institutions of higher education.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill expands the resident tuition status allowed for military personnel and their dependents through Education Code Section 54.058 to civilian employees and contractors and their spouses and dependents. The civilian contractors/employees must be assigned to duty in Texas in connection with that employment as part of the US Department of Defense base realignment and closure process. The bill is effective for the Fall 2011 semester.

The following information is included to provide context in terms of the tuition impact to institutions of higher education. In fiscal year 2005, the Department of Defense Base Structure Report estimated that 41,942 civilian employees and other non-military employees were assigned to duty in Texas as part of the Base Realignment and Closure (BRAC) process, but has no data about the share of them who are originally from Texas. The Higher Education Coordinating Board assumed the share of the BRAC employees that would use the waiver would equal the share of students using military waivers, or 7,624 students/41,942 BRAC employees. This would equal .1818% of the population. They further assumed that 20 percent, or 8,388, of the 41,942 employees have lived in Texas less than 1 year and are "non-residents"; but only 10% of these employees would be eligible and would enroll. Therefore, the number who could qualify for the waiver would be $8,388 \times .1818 \times .10$, or 152, employees who would be eligible and would enroll in fiscal year 2012. They also assumed that 50 percent, or 4,194 (out of 8,388), of these employees have spouses, but only 2%, or 84, of these spouses would enroll in fiscal year 2012. They estimate that 48 percent, or 4,026 (out of 8,388), of these employees have children, but only 20 percent, or 805, are college-age. Of these, 5%, or 40, children are eligible and would enroll in fiscal year 2012. Based on these assumptions a total of 277 BRAC employees, spouses, and children would enroll in fiscal year 2012. We further assume that the number of people qualifying to participate in the waiver will increase by 1% per year 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 average award amounts for fiscal year 2009 tuition and fee waivers for military in Texas was \$5,313 at universities, \$5,923 at health-related institutions, \$745 at community colleges, and \$2,135 at technical colleges. Applying the applicable percentage of total fiscal year 2009 military waivers for each type of institution to the estimated numbers of additional students, the Higher Education Coordinating Board estimated the amount of tuition and fee revenue that institutions would forego as a result of the additional students. The institutions will experience additional losses of tuition and fees through the waiver estimated at \$461,083 in fiscal year 2012 increasing to \$479,804 by fiscal year 2016. These tuition losses are not considered significant.

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

LBB Staff: JOB, KK, RT, GO