

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 3, 2011

TO: Honorable Joseph Pickett, Chair, House Committee on Defense & Veterans' Affairs

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

IN RE: HB2688 by Lucio III (Relating to tuition and scholarships and fee exemptions for certain members of the armed services and certain military veterans attending institutions of higher education.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill amends Section 54.203 of the Education Code, by extending tuition and fee exemptions to certain members of the Texas National Guard and Texas Air National Guard who served on active duty in a theater of combat operations without regard to the length of time served in that theater. The bill also amends Chapter 56 of the Education Code to 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 Higher Education Coordinating Board provided estimates in terms of the impact regarding the statutory changes beginning with Section 54.203.

Using information from the Texas National Guard (TNG) and Texas Air National Guard (TANG), the total number of service members is 22,619. For fiscal year 2009, the number of TNG/TANG men and women who served active duty was estimated by the Higher Education Coordinating Board at 4,500. They estimate that fifty percent, or 2,250, of these service members have met program requirements for the Hazlewood exemption. Of those, they assumed that 15 percent, or 338 members, would enroll in fiscal year 2012. Also, they assumed that twenty percent, or 450 of these Guard members have college-age children; twenty percent, or 90 of them would receive unused hours through Legacy and would enroll. A total of 428 Guard members and children would enroll utilizing the exemption in fiscal year 2012. They further assumed that the number of members and children qualifying to participate will increase by 5 percent in fiscal year 2013 and fiscal year 2014; increasing to 6% in fiscal year 2015, and fiscal year 2016. Based on these assumptions the number would increase from 428 in fiscal year 2012 to 530 by fiscal year 2016.

The average award amounts for fiscal year 2010 Hazlewood participants were \$3,758 at universities, \$5,525 at HRIs, \$932 at community colleges, \$1,627 at state colleges, and \$1,608 at technical institutions. Applying the applicable percentage of total fiscal year 2010 Hazlewood exemptions for each type of institution to the estimated numbers of additional students, they 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 fee revenue through the exemption estimated at \$1,090,466 in fiscal year 2012 and \$1,144,990 in fiscal year 2013, continuing to slightly increase from, fiscal year 2014 on.

For Chapter 56, 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 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.

These tuition losses are not considered significant.

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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