

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**March 17, 2011**

**TO:** Honorable Leticia Van de Putte, Chair, Senate Committee on Veteran Affairs & Military Installations

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

**IN RE: SB639** by Van de Putte ( Relating to tuition and fee exemptions at public institutions of higher education for certain military personnel, veterans, and dependents residing in this state.), **Committee Report 1st House, Substituted**

**No significant fiscal implication to the State is anticipated.**

The bill relates to tuition and fee exemptions at public institutions of higher education for certain military personnel, veterans, and dependents residing in this state. The bill amends Sections 54.203 (a), (k), (l), and (m) of the Education Code, and, adds Sections 54.203(a-3), (k-1) and (n) to the Education Code to require that military persons receiving an exemption to reside in the state of Texas, and, in the event of their death, their remaining unused exemption may be designated to a child of the eligible person by the deceased person's spouse, or, by the conservator, guardian, custodian, or other legally designated caretaker of the child. Under provisions of the bill, the Higher Education Coordinating Board shall prescribe procedures by which a child who suffered from a debilitating condition that affected the child's ability to use an exemption before reaching the age limit may be granted additional time to use the exemption.

The bill adds Section 54.2031 to the Education Code to exempt from tuition payments any dependant children of Texas residents who are members of the United States armed forces deployed on combat duty outside the United States. A person may not receive exemptions in excess of 150 SCH, and, is not eligible for any exemption if the person is in default on a loan made or guaranteed for educational purposes by the State of Texas. Institutions are allowed to assess fees for extraordinary costs associated with specific courses or programs which will not be covered by exemption. Institutions may not consider a person's eligibility for this exemption in their admission decision regarding that person. The legislature shall, based on availability, provide sufficient funds to cover the full costs of the exemptions provided for by this section.

The change in law made by this Act applies beginning with tuition and fees for the 2011 Fall Semester.

Based on the following estimates provided by the Higher Education Coordinating Board, institutions will experience additional losses of tuition and fee revenue through the exemption estimated at \$66,931 in fiscal year 2012 and \$70,277 in fiscal year 2013. Additional losses are estimated at \$88,549 in fiscal year 2014, \$93,862 in fiscal year 2015, and \$99,494 in fiscal year 2016.

In fiscal year 2010, the Higher Education Coordinating Board estimated that 13,599 veterans and their dependents used the Hazlewood and Combat exemption. The Texas Veterans Commission estimates 1.7 million veterans live in Texas. Based on the new provisions of the bill, the Coordinating Board assumed that: 1) the number of people participating in the program will increase by 5 percent in fiscal year 2011, fiscal year 2012, and fiscal year 2013; increasing to 6 percent through fiscal year 2016, and 2) their enrollment pattern among types of institutions (universities, community colleges ect) will remain the same as in fiscal year 2010.

The Coordinating Board first calculated the award amounts and average value of Hazlewood exemptions received in fiscal year 2010 to determine the percentage of participants using these

exemptions per type of institution. Applying these same percentages to the fiscal year 2011 estimated number of students, they calculated the number of additional students that would enroll using the exemption if enrollments increased by 5 percent in fiscal year 2011, fiscal year 2012, and fiscal year 2013; increasing to 6 percent in fiscal year 2014. They estimated the number of additional students using the exemption in fiscal year 2012 would begin at 26 and would reach 39 by fiscal year 2016.

The average award amounts for fiscal year 2010 Hazlewood and Combat exemption participants were \$3,758 at universities, \$5,525 at health-related institutions, \$932 at community colleges, \$1,627 at state colleges, and \$1,589 at technical institutions. Applying the applicable percentage of total fiscal year 2010 Hazlewood and Combat exemptions for each type of institution to the estimated numbers of additional students, they estimated the amount of tuition and fee revenue, if applicable, that institutions would forego as a result of the additional students.

Although institutions of higher education would experience tuition losses due to these tuition and fee exemptions, the 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, 783 University of Houston System Administration

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