

## **BILL ANALYSIS**

C.S.H.B. 2555  
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Higher Education  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Texas has long been committed to providing tuition and fee exemptions at public institutions of higher education to certain military personnel through an initiative widely known as the Hazlewood Act. Recent legislation established a legacy provision which allowed a veteran to assign unused exempted semester credit hours to a dependent. Interested parties note that, in recent years, the expanded exemption has become increasingly costly for institutions of higher education at the same time as the institutions have experienced significant reductions in state funding. C.S.H.B. 2555 seeks to provide for a study and report regarding the Hazlewood exemption with the intention of acquiring information that will help to maintain the exemption for all qualified individuals and secure its future viability.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 2555 amends the Education Code to require the Legislative Budget Board (LBB), in consultation with the Texas Higher Education Coordinating Board and the Texas Veterans Commission, to study and evaluate the tuition and fee exemptions required to be given by the governing board of each institution of higher education to certain veterans, military personnel, and their dependents. The bill requires the LBB, in the study, to consider any available historical data and the projected data regarding recipients of such exemptions disaggregated by veteran, dependent, spouse, and legacy recipient, for each of certain specified categories of information. The bill requires the LBB, to the greatest extent possible, to include in its study a review of all federal education benefits for veterans in order to comprehensively review the sustainability of state and federal benefits for veterans and to use applicable data from the 2008-2009 academic year or a more recent academic year as a baseline in the study. The bill requires institutions of higher education, to the greatest extent possible, to cooperate with the LBB by providing any requested data and ensuring the reliability and validity of the data collected and submitted for the purpose of the study.

C.S.H.B. 2555 requires the LBB, not later than December 1, 2014, to submit to the coordinating board, the veterans commission, the governor, the lieutenant governor, and the speaker of the house of representatives a written report of the results of the study, together with any recommendations for legislative or administrative action, including any changes to eligibility criteria or other changes necessary to promote sustainability, fiscal efficiency, and effectiveness in the use of the exemption. The bill requires a recommendation included in the report to contain an explanation of the basis for that recommendation. The bill's provisions expire January 31, 2015.

## EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.

## COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2555 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

### INTRODUCED

SECTION 1. Section 54.341, Education Code, is amended by amending Subsections (c), (d), and (l) and adding Subsection (o) to read as follows:

(c) A person may not receive exemptions provided for by this section for more than a cumulative total of 135 ~~[450]~~ credit hours.

(d) The governing board of each institution of higher education granting an exemption under this section shall require each applicant claiming the exemption to submit to the institution an application for the exemption and satisfactory evidence that the applicant qualifies for the exemption not later than the 12th class day of the semester or term to which the exemption applies ~~[one year after the earlier of the date the institution:~~

~~[(1) provides written notice to the applicant of the applicant's eligibility for the exemption; or~~

~~[(2) receives a written acknowledgement from the applicant evidencing the applicant's awareness of the applicant's eligibility for the exemption].~~

(l) To be eligible to receive an exemption under Subsection (k), the child must:

(1) be a student who is classified as a resident under Subchapter B when the child enrolls in an institution of higher education; and

(2) meet the [make] satisfactory academic progress requirements of this section ~~[in a degree, certificate, or continuing education program as determined by the institution at which the child is enrolled in accordance with the policy of the institution's financial aid department, except that the institution may not require the child to enroll in a minimum course load].~~

(o) To receive an exemption provided by this section, a person otherwise eligible for the exemption must make satisfactory

### HOUSE COMMITTEE SUBSTITUTE

**No equivalent provision.**

academic progress toward a degree or certificate at the institution by maintaining an overall grade point average of at least 2.5 on a 4-point scale or the equivalent on all course work attempted by the person at the institution.

SECTION 2. The changes in law made by this Act apply beginning with tuition and fees for the 2013 fall semester. Tuition and fees for a term or semester before the 2013 fall semester are covered by the law in effect immediately before the effective date of this Act, and the former law is continued in effect for that purpose.

No equivalent provision.

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SECTION 1. Subchapter D, Chapter 54, Education Code, is amended by adding Section 54.3411 to read as follows:

Sec. 54.3411. STUDY REGARDING TUITION AND FEE EXEMPTIONS FOR CERTAIN MILITARY PERSONNEL AND DEPENDENTS. (a) The Legislative Budget Board, in consultation with the Texas Higher Education Coordinating Board and the Texas Veterans Commission, as the Legislative Budget Board considers necessary, shall study and evaluate the tuition and fee exemptions provided under Section 54.341. In the study, the Legislative Budget Board shall consider any available historical data and the projected data regarding recipients of the exemptions provided under Section 54.341, disaggregated by veteran, dependent, spouse, and legacy recipient, for each of the following categories of information:

(1) the total number of recipients, disaggregated by gender, race and ethnicity, institution, and socioeconomic background as indicated in the Free Application for Federal Student Aid (FAFSA);

(2) the number of undergraduate, graduate, and doctoral credit hours attempted and earned by semester;

(3) the number of degrees attempted and earned, and the associated semester credit hours required for those degrees, per recipient;

(4) the grade point average of recipients after completing the first, second, third, and fourth academic years, and subsequent academic years, as applicable, and to the extent allowed under the Family Educational Rights and Privacy Act of 1974

(20 U.S.C. Section 1232q);

(5) the average time to graduation;

(6) the four-year and six-year graduation rates, retention rates, and noncompletion rates;

(7) the number of semester credit hours of developmental education courses attempted and earned by recipients;

(8) the proportion of federal education benefits, including veteran and non-veteran benefits, and of the exemption provided under Section 54.341, used for undergraduate, graduate, and doctoral semester credit hours attempted and earned by recipients; and

(9) the average cost of tuition and mandatory fees for an undergraduate, graduate, and doctoral recipient enrolled in a full course load at an institution of higher education compared to the average cost for a nonrecipient student enrolled in a full course load at the same institution for the same degree level.

(b) To the greatest extent possible:

(1) the Legislative Budget Board shall:

(A) include in its study a review of all federal education benefits for veterans in order to comprehensively review the sustainability of state and federal benefits for veterans; and

(B) use applicable data from the 2008-2009 academic year or a more recent academic year as a baseline in the study; and

(2) institutions of higher education shall cooperate with the Legislative Budget Board by providing any requested data and ensuring the reliability and validity of the data collected and submitted for the purpose of the study.

(c) Not later than December 1, 2014, the Legislative Budget Board shall submit to the Texas Higher Education Coordinating Board, the Texas Veterans Commission, the governor, the lieutenant governor, and the speaker of the house of representatives a written report of the results of the study conducted under this section, together with any recommendations for legislative or administrative action, including any changes to eligibility criteria or other changes necessary to promote sustainability, fiscal efficiency, and effectiveness in the use of the exemption provided under Section 54.341. A recommendation included in the report must include an explanation of the

basis for that recommendation.

(d) This section expires January 31, 2015.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect on the 91st day after the last day of the legislative session.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.