

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

Revision 1

April 10, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB830 by Fletcher (Relating to the portion of designated tuition set aside to provide student financial assistance at institutions of higher education.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill amends the Education Code as it relates to portion of the designated tuition set aside used to provide financial assistance to students attending institutions of higher education. Under provisions of the bill, the institution must first fund any tuition and fee exemptions required under Section 54.341 of the Education Code (Hazlewood Program) for veterans and other military personnel and their dependents and surviving family members enrolled as undergraduate students at the institution before the institution can use the set asides for student financial assistance.

As the bill only impacts designated tuition, which is classified as institutional funds, there would be no impact to the state. Further, the Hazelwood Program results in forgone tuition revenue to institutions, rather than resulting in an expenditure of funds.

Several institutions have indicated that if the bill resulted in a decrease in financial aid, as a result of the institution no longer expending the designated tuition set-aside as they do under current law, enrollment could be impacted, resulting in a loss of designated tuition. To the extent enrollment decreases, there could be general revenue formula funding savings. Based on information provided by the Higher Education Coordinating Board, the designated tuition set aside amount for fiscal year 2012 was approximately \$171.9 million for public universities while the revenue losses associated with the Hazlewood program was approximately \$89.6 million. For some institutions, the revenue loss associated with the Hazlewood program is very close to or exceeds the amount of the designated tuition set aside.

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

LBB Staff: UP, KK, SK, GO