

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 3, 2013

TO: Honorable José Menéndez, Chair, House Committee on Defense & Veterans' Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3544** by Menéndez (Relating to higher education for veterans and their families.),
Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for HB3544, Committee Report 1st House, Substituted: a negative impact of (\$1,467,996) through the biennium ending August 31, 2015.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$752,965)
2015	(\$715,031)
2016	(\$715,031)
2017	(\$715,031)
2018	(\$715,031)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund
	1
2014	(\$752,965)
2015	(\$715,031)
2016	(\$715,031)
2017	(\$715,031)
2018	(\$715,031)

Fiscal Year	Change in Number of State Employees from FY 2013
2014	13.0

2015	13.0
2016	13.0
2017	13.0
2018	13.0

Fiscal Analysis

The bill amends the Education Code in regards to tuition and fee exemptions for certain military personnel and their dependents and the Government Code in regards to responsibilities of the Texas Veterans Commission (TVC).

Sections 1 through 3 of the bill transfer the administrative responsibility for exemptions under Section 54.341 of the Education Code to the TVC from the Higher Education Coordinating Board (THECB). In particular, TVC is required to prescribe a form and necessary evidence requirements for eligible individuals seeking the exemption to submit to institutions of higher education, provide assistance to veterans and family members in claiming and qualifying for the exemptions of tuition and fees under this specified section, and electronically monitor the use of tuition and fee exemptions under this section at institutions of higher education. In addition, under provisions of the bill, THECB is required to provide TVC with a system or access to a system able to monitor the tuition and fee exemptions provided under this particular section by January 1, 2014. This particular provision requiring THECB to provide this system expires September 1, 2015.

Section 4 of the bill amends the Government Code by establishing the Veteran Education Excellence Recognition Award Network and the Regional Veterans Education Counselors Program. TVC shall establish an award program for institutions of higher education in providing education and related services to veterans. For the Regional Veterans Education Counselors Program, TVC shall employ regional veteran's education counselors to work with institutions of higher education, veterans groups, military installations, and local workforce development boards to perform activities to enhance educational opportunities for veterans. TVC shall assign at least one counselor to not more than two of the ten higher education regions and each institution of higher education shall support the work of regional veteran's education counselors, including providing access to veteran resource centers or other student meeting areas and providing information, as permitted by law, related to veterans at the institution.

Section 5 of the bill removes the repeal of reporting requirements of higher education regarding information on individuals receiving certain exemptions under Section 54.341 of the Education Code.

Methodology

To implement the provisions of the bill, it is estimated that the Texas Veterans Commission (TVC) would require 13.0 Full Time Equivalents (FTEs). Based on analysis of information provided by TVC, it is estimated that TVC would need 3.0 FTEs to administratively oversee the exemptions, 3.0 FTEs to administer the Veteran Education Excellence Recognition Award program, and 7 FTEs for the Regional Veterans Education Counselors Program. Salaries and wages for these 13.0 FTEs needed to implement the provisions of the bill would total \$511,000 out of General Revenue each fiscal year. Benefit costs associated with those positions would total \$151,971 out of General Revenue each fiscal year and would be appropriated to the Employee Retirement System (ERS). Travel related expenses would total \$45,300 out of General Revenue for each fiscal year. A one-time cost of \$37,934 out of General Revenue in fiscal year 2014 will be needed for telephones,

desks, computers, and other office equipment. On-going operating costs would total \$6,760 out of General Revenue each fiscal year.

In addition, based on information provided by the Higher Education Coordinating Board and TVC, it was estimated that the Regional Veterans Education Counselors Program could result in a potential increase in enrollment at institutions of higher education in Texas. Tuition and fee exemptions in this section of the Education Code primarily provide awards for veterans, awards for children and spouses of certain deceased, disabled, or missing in action veterans, and awards through the Legacy Program by which a veteran assigns the exemption to an eligible child. The exemption applies to statutory tuition, designated tuition, and certain fees at public higher education institutions, including general academic institutions, health related institutions, public community/junior colleges, and other two year institutions. To the extent to which the Regional Veterans Education Counselors Program increases awareness of state and federal educational benefits for veterans and encourages veterans and/or their family members to enroll or remain enrolled at higher education institutions, these institutions may see an increase of students. An increase of students would provide an increase in tuition and fees to the institutions if the student is a veteran receiving federal education benefits, but would not provide an increase if the individual is a veteran or a veteran's family member receiving a state exemption from tuition and fees. The increase in students could result in an additional cost to General Revenue due to increased formula costs beginning in fiscal year 2016.

It is assumed any duties and responsibilities of institutions of higher education or the Texas Higher Education Coordinating Board in implementing the provisions of the bill can be absorbed within existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 403 Veterans Commission, 710 Texas A&M University System Administrative and General Offices, 719 Texas State Technical College System Administration, 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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