

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**May 5, 2017**

**TO:** Honorable J. M. Lozano, Chair, House Committee on Higher Education

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **HB3766** by Lozano (Relating to tuition and fee exemptions or waivers at public institutions of higher education.), **Committee Report 1st House, Substituted**

The net fiscal implications of the bill cannot be determined at this time. It is estimated that public institutions of higher education (IHEs) would see an increase in tuition and fee revenue each fiscal year beginning in fiscal year 2020 resulting from more restrictive eligibility requirements for the Hazlewood Legacy Program as introduced by the bill. The change in waived tuition and fee revenue at IHEs cannot be determined due to the lack of information on the number of students affected by the various provisions of the bill.

The bill would amend the Education Code relating to tuition and fee exemptions for awards through the Hazlewood Legacy Program (HLP) by which an eligible veteran assigns unused hours of their exemption to an eligible child. The exemption applies to statutory tuition, designated tuition, and certain fees at public institutions of higher education (IHEs), including general academic institutions, health related institutions, public community/junior colleges, and other two year institutions. Included in this fiscal note are the provisions of the bill that would result in a fiscal impact to IHEs.

The following provisions of the bill provide for more restrictive HLP eligibility requirements, and would likely result in an increase in IHEs' tuition and fee revenue.

The bill's provisions would require a HLP student to maintain a course load of at least 24 semester credit hours (SCH) per academic year, which is not a current requirement. THECB reports that HLP students in fiscal year 2013 had average SCH of less than 24 at approximately 66 percent of IHEs. THECB indicates this would have the greatest effect on HLP students at public community colleges. Data is not currently available to estimate the fiscal impact of this provision.

The bill's provisions require a HLP student to maintain a cumulative grade point average (GPA) of at least 2.5 on a four-point scale, which would limit the number of those previously eligible. THECB reports that HLP students in fiscal year 2013 had an average GPA of less than 2.5 at approximately 54 percent of IHEs. THECB indicates this would have the greatest effect on HLP students at public community colleges. Data is not currently available to estimate the fiscal impact of this provision.

The bill's provisions require a HLP student to use any state or federal grant aid or federal education benefits for which they are eligible before using the HLP exemption. Data is not currently available to estimate the fiscal impact of this provision.

The bill's provisions related to HLP students would apply beginning with tuition and fees charged for the 2017 fall semester (fiscal year 2018). Tuition and fees charged before the 2017 fall semester would be governed by the law in effect immediately before the effective date of the bill. It is assumed that HLP provisions of the bill would result in savings in General Revenue Funds and statutory tuition (General Revenue - Dedicated Funds) from formula funding for IHEs due to the bill's changes to HLP exemption eligibility requirements. This change in formula funding would not be seen until fiscal year 2020 as formula funding is provided to IHEs based on student data prior to the biennium that would be funded. As such, formula funding in fiscal years 2018 and 2019 will be based on students that are enrolled during fiscal year 2017.

Additionally, the bill would amend the Education Code relating to tuition and fee exemptions or waivers at public IHEs. The bill would require that to be eligible for a waiver or exemption a person must complete a Free Application for Federal Student Aid (FAFSA) and either submit the FAFSA student aid report to the institution or designate the institution as a preferred institution to receive the report from the United States Department of Education. If the individual is found not eligible for federal student aid, under provisions of the bill, they would then be required to submit the Texas Application for Student Financial Aid (TAFSA). The requirements to submit the FAFSA and TAFSA would not apply to waivers granted to dual-credit students. The various university system offices responded that these provisions of the bill would have no significant to no fiscal impact on their component institutions.

The bill would take effect immediately if it receives a two-thirds vote in each house; otherwise, it would take effect September 1, 2017.

### **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, 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, 781 Higher Education Coordinating Board, 783 University of Houston System Administration, 403 Veterans Commission, 769 University of North Texas System Administration

**LBB Staff:** UP, JN, THo, DEH, GGo, JP, ESC, ED, EMu, EH