

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 12, 2019

TO: Honorable Chris Turner, Chair, House Committee on Higher Education

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: **HB730** by Hernandez (relating to exempting certain individuals who are homeless from the payment of tuition and fees at public institutions of higher education.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would allow certain individuals that are homeless to qualify for tuition and fee exemptions from public institutions of higher education. Under provisions of the bill, an institution of higher education may exempt from the payment of tuition and fees, including tuition and fees charged by an institution for dual credit course or other course for which a high school student may earn joint high school and college credit if the individual satisfies certain requirements included in the bill. The bill includes limitations on receiving the tuition exemptions. The tuition and fee exemption of the bill would be effective beginning with the 2020 spring semester.

Although the exemption is optional, this analysis assumes that institutions of higher education would grant the exemption. Based on information provided by the Higher Education Coordinating Board, a total of 3,535 individuals that completed the Free Application for Federal Student Aid (FAFSA) for the 2016-17 academic year indicated that they were homeless and unaccompanied. The Texas Homeless Education Office has estimated that the number of homeless individuals completing the FAFSA, who have homeless parents/families (not unaccompanied), is three to four times that estimate. As a result, the Higher Education Coordinating Board estimates that 10,605 homeless individuals would be eligible for the tuition and fee exemptions.

The Higher Education Coordinating Board estimates 20 percent of these individuals, or 2,121, would enroll in college. The Higher Education Coordinating Board estimates 48 percent of these individuals would enroll at a public community college and 44 percent would enroll at a public university. The average tuition and fees for fiscal year 2017-18 at public community colleges is \$1,366 and for public universities is \$4,390 per semester. Based on these assumptions, the Higher Education Coordinating Board estimates that the foregone tuition and fee revenue is \$5.5 million in fiscal year 2020 due to the exemption being effective in spring 2020. The estimated foregone tuition for fiscal year 2021 and beyond is \$11.0 million if institutions granted the tuition exemptions.

The bill would primarily impact designated tuition and fees, which are classified as institutional funds, and therefore would not impact the state. The bill would also impact laboratory fees, student teaching fees, and special course fees, that are accounted as educational and general

income, or statutory tuition in the General Appropriations Act. It is assumed that the provisions of the bill would not have a significant effect on this income.

Local Government Impact

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

Source Agencies: 701 Texas Education Agency, 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, 980 Southwest Texas Junior College, 985 Tyler Junior College, 996 Lone Star College System

LBB Staff: WP, JGAn, DEH, GO