

## **BILL ANALYSIS**

Senate Research Center  
84R25053 JSL-D

C.S.S.B. 1735  
By: Birdwell et al.  
Higher Education  
4/23/2015  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Hazlewood Act currently provides an exemption from tuition and required fees to veterans and certain dependents for up to 150 semester credit hours at public institutions of higher education (IHE) in Texas. In order to qualify under current law, veterans must have entered the service in Texas, been a Texas resident, or declared Texas as their home of record upon entering the service. Additionally, the veteran must serve a minimum of 180 days and be honorably discharged. In 2009, the 81st Legislature made it possible for a qualified veteran to pass his or her unused Hazlewood hours to a child dependent, age 25 or younger, through the Hazlewood Legacy Program. Since 2009, the amount of tuition exempted by Texas IHEs has risen dramatically. This places a burden on IHEs, which must be absorbed by the institution or passed on to other tuition payers.

C.S.S.B. 1735 adds an alternative residency qualification for out-of-state veterans to ensure the constitutionality of the program. C.S.S.B. 1735 also makes adjustments to eligibility criteria for the Hazlewood Legacy Program in order to reduce associated costs and ensure that Texas can continue to sustainably provide this well-deserved benefit to our veterans.

C.S.S.B. 1735 amends current law relating to tuition and fee exemptions at public institutions of higher education for certain military personnel and their dependents.

### **RULEMAKING AUTHORITY**

Rulemaking authority previously granted to the Texas Veteran Commission is modified in SECTION 1 (Section 54.341, Education Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 54.341, Education Code, by amending Subsections (a), (b-1), (e), (k), and (l) and adding Subsections (a-0), (a-5), (c-1), (k-2), and (p), as follows:

(a) Requires the governing board of each institution of higher education to exempt the following persons from the payment of tuition, dues, fees, and other required charges, including fees for correspondence courses but excluding general deposit fees, student services fees, and any fees or charges for lodging, board, or clothing, provided the person seeking the exemption established and maintained a domicile in this state as described by Section 54.052(a)(1) (relating to a person who established a domicile in this state not later than one year before the census date of the academic term in which the person is enrolled in an institution of higher education and maintained that domicile continuously for the year preceding that census date), and satisfies the residency requirement under Subsection (a-0):

(1)-(4) Makes no change to these subdivisions.

Deletes existing text exempting a person who currently resides in this state and entered the service at a location in this state, declared this state as the person's home of record in the manner provided by the applicable military or other service, or would have been determined to be a resident of this state for purposes of Subchapter B at the time the person entered the service.

(a-0) Requires a person to have resided in this state continuously for the eight years immediately preceding the first class date of the semester or other academic term to which the exemption would apply to be eligible for an exemption provided by this section. Provides that this subsection does not apply to a person who was born in this state.

(a-5) Provides that a person who received an exemption under this section for a semester or other academic term before the 2016 spring semester continues to be eligible for the exemption provided by this section as this section existed on January 1, 2105.

(b-1) Requires the spouse or child, to qualify for an exemption under Subsection (a-2) or (b), to have established and maintained a domicile in this state as described by Section 54.052(a)(1) or (2) (relating to a dependent whose parent established a domicile in this state not later than one year before the census date of the academic term in which the dependent is enrolled in an institution of higher education and maintained that domicile continuously for the year preceding that census date) as applicable, and satisfy the residency requirement under Subsection (a-0), rather than be classified as a resident under Subchapter B on the date of the spouse's or child's registration.

(c-1) Prohibits a person who qualifies for an exemption under Subsection (a) based on the person's military service, or a person to whom an exemption is assigned under Subsection (k) based on the military service of the person's parent, in addition to the limitation prescribed by Subsection (c) (prohibiting a person from receiving exemptions provided for by this section for more than a cumulative total of 150 credit hours), from receiving the exemption for a semester or other academic term the first class date of which is later than the 15th anniversary of the date of the person's or parent's honorable discharge from active military duty, as applicable. Provides that this subsection does not apply to a person who is eligible to receive an exemption under Subsection (a-2) or (b) (relating to the exemptions provided for in Subsection (a)) or to continue to receive an exemption under Subsection (a-1), (a-3), (a-4) (providing that a person who before the 2014-2015 academic year received an exemption under this section continues to be eligible for the exemption provided by this section as this section existed on January 1, 2013), or (a-5).

(e) Provides that the exemption from tuition, fees, and other charges provided for by this section does not apply to a person who at the time of registration is entitled to receive state or federal grant aid or educational benefits under federal legislation that may be used only for the payment of tuition and fees if the value of the grant aid and benefits received in a semester or other term is equal to or exceeds the value of the exemption for the same semester or other term. Entitles the person to receive both the grant aid or federal benefits and the exemption in the same semester or other term if the value of state or federal grand aid or federal benefits that may be used only for the payment of tuition and fees are received in a semester or other term does not equal or exceed the value of the exemption for the same semester or other term. Prohibits the combined amount of the state or federal grant aid or federal benefit that may be used only for the payment of tuition and fees plus the amount of the exemption received in a semester or other term from exceeding the cost of tuition and fees for that semester or other term. Prohibits an institution of higher education from requiring a person eligible for an exemption under Subsection (a) to apply for or obtain a student loan. Makes nonsubstantive changes.

(k) Requires the Texas Veterans Commission by rule to prescribe procedures, subject to the limitation prescribed by Subsection (k-2), to allow:

(1) a person who becomes eligible for an exemption provided by Subsection (a) to waive the person's right to any unused portion of the number of cumulative credit hours for which the person could receive the exemption and assign the exemption for up to 60 credit hours of the unused portion of those credit hours to a child of the person; and

(2) following the death of a person who becomes eligible for an exemption provided by Subsection (a), the assignment of the exemption for up to 60 credit

hours of the unused portion of the credit hours to a child of the person, to be made by the person's spouse or by the conservator, guardian, custodian, or other legally designated caretaker of the child, if the child does not otherwise qualify for an exemption under Subsection (b).

(k-2) Requires a person who becomes eligible for an exemption provided by Subsection (a) to have served on active military duty, excluding training, for at least six years before any portion of the exemption may be assigned to a child of the person under Subsection (k).

(l) Requires a child, to be eligible to receive an exemption under Subsection (k), to:

(1) have established and maintained a domicile in this state as described by Section 54.052(a)(1) or (2), as applicable, and satisfy the residency requirement under Subsection (a-0), rather than be a student who is classified as a resident under Subchapter B when the child enrolls in an institution of higher education;

(2) be an undergraduate student;

(3) maintain:

(A) a course load of at least 24 semester credit hours per academic year; and

(B) a cumulative grade point average of at least 2.5 on a four-point scale or the equivalent; and

(4) be 25 years of age or younger on the first class date, rather than day, of the semester or other academic term for which the exemption is claimed.

Deletes existing text requiring a graduate or undergraduate student to maintain a grade point average that satisfies the grade point average requirement to be eligible to receive an exemption under Subsection (k), for making satisfactory academic progress in a degree, certificate, or continuing education program as determined by the institution at which the child is enrolled in accordance with the institution's policy regarding eligibility for financial aid.

(p) Requires an institution of higher education to require a person receiving an exemption under this section to complete a Free Application for Federal Student Aid (FAFSA). Prohibits the institution from using the information obtained from a person's FAFSA to encourage or require the person to obtain a student loan, but authorizes the institution to use the information to make a person aware of grant opportunities.

SECTION 2. (a) Provides that, except as provided by Subsection (b) of this section, the changes in law made by this Act to Section 54.341, Education Code, apply beginning with tuition and fees charged for the 2016 spring semester. Provides that tuition and fees charged for a term or semester before the 2016 spring semester are covered by the law in effect immediately before the effect date of this Act, and the former law is continued in effect for that purpose.

(b) Provides that the change in law made by this Act in adding Section 54.341 (a-0), Education Code, apply beginning with tuition and fees charged for the first academic semester beginning on or after the effective date of this Act.

SECTION 3. Effective date: upon passage or September 1, 2015.