

Permanent Fund Supporting Military and Veterans Exemptions Summary of Budget Recommendations - House

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Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$28,500,000	\$28,500,000	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$28,500,000</i>	<i>\$28,500,000</i>	<i>\$0</i>	<i>0.0%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$17,686,853	\$18,429,407	\$742,554	4.2%
All Funds	\$46,186,853	\$46,929,407	\$742,554	1.6%

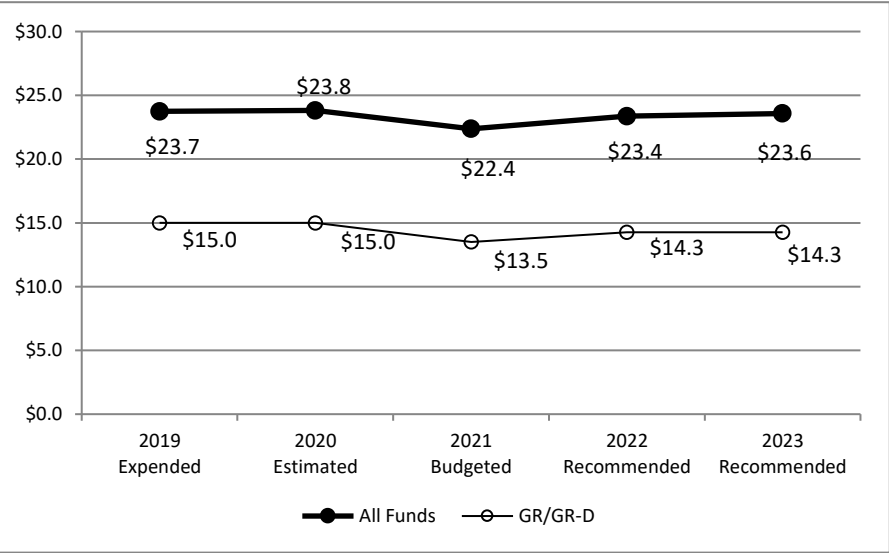
	FY 2021 Budgeted	FY 2023 Recommended	Biennial Change	Percent Change
FTEs	0.0	0.0	0.0	0.0%

Agency Budget and Policy Issues and/or Highlights

The Permanent Fund for Military Veterans Exemptions (MVE) is authorized in the Texas Education Code, Section 54.3411. The MVE was established to assist public institutions of higher education to offset the waived tuition and fee revenue from the Hazlewood Legacy Program (HLP). In accordance with HLP, qualifying veterans may assign unused hours of their state tuition exemption to a dependent that meets eligibility requirements

The bill pattern for this agency (2022-23 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2022-23 biennium.

Historical Funding Levels (Millions)



Permanent Fund Supporting Military and Veterans Exemptions
Summary of Funding Changes and Recommendations - House

Section 2

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):							
A)	Increase in estimated appropriations based on anticipated growth of the Permanent Fund Supporting Military and Veterans Exemptions for the 2022-23 biennium.	\$0.0	\$0.0	\$0.0	\$0.7	\$0.7	A.1.1
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$0.0	\$0.0	\$0.0	\$0.7	\$0.7	As Listed
SIGNIFICANT & OTHER Funding Increases		\$0.0	\$0.0	\$0.0	\$0.7	\$0.7	As Listed
SIGNIFICANT & OTHER Funding Decreases		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed

NOTE: Totals may not sum due to rounding.

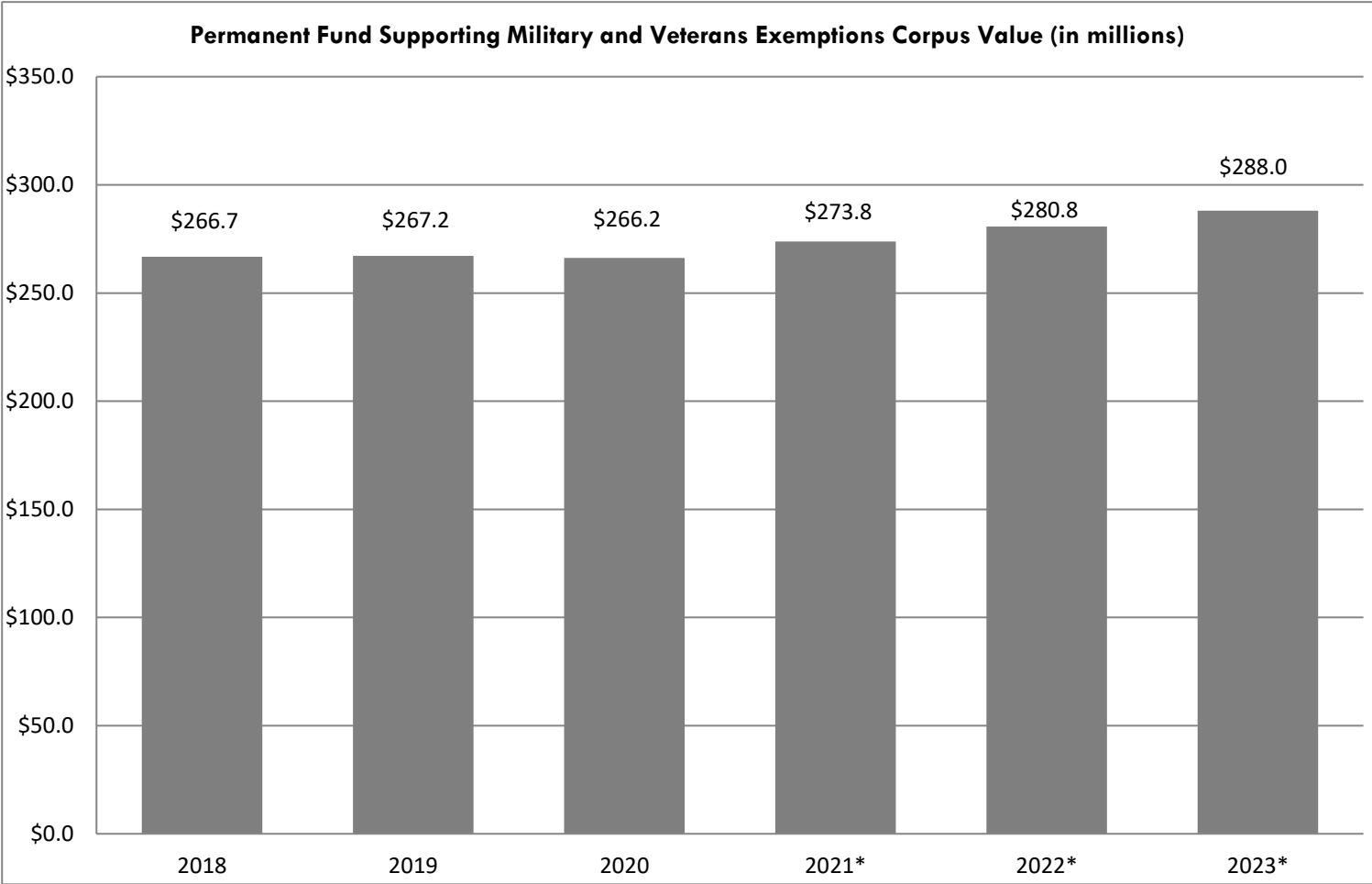
**Permanent Fund Supporting Military and Veterans Exemptions
Selected Fiscal and Policy Issues - House**

1. **Basis for the Estimated Appropriations from MVE.** Pursuant to Texas Education Code, Section 54.3411 requirements, the Texas Treasury Safekeeping Trust Company (TTSTC) administers the Military and Veterans Exemptions (MVE) and determines the amount available for distribution and appropriation from the fund. TTSTC determines the MVE appropriation amount in accordance with policy that is adopted by the Texas Comptroller of Public Accounts. For fiscal year 2020, TTSTC determined the MVE appropriation amount based on 3.5 percent of the 20-quarter moving average value of the MVE. The total value of the MVE on August 31, 2020 was \$266.2 million (see page 4 for historical values).
2. **Distribution of MVE Appropriations.** The distribution requirements for MVE appropriations are set forth in the Texas Education Code, Section 54.3411(e), which indicates MVE funds may be appropriated only to offset the cost to institutions for the Hazlewood Legacy Program (HLP) exemptions. The amount appropriated to eligible institutions must be in proportion to each institution's respective share of the aggregate cost to all institutions for the HLP exemptions, as determined by the Legislative Budget Board using HLP data provided by the Texas Veterans Commission.
3. **5% Reduction to Appropriations for the Hazlewood Legacy Program (HLP).** Historically, the Legislature has appropriated \$15.0 million in General Revenue Funds per fiscal year (previously appropriated to the Texas Veterans Commission) for the HLP. The HLP appropriation is distributed in the same fashion as the MVE. Due to a recommended 5% budget reduction to all General Revenue appropriations, the HLP appropriation for fiscal year 2021 was decreased to \$13.5 million. Recommendations for the fiscal year 2022-23 biennium maintained this reduced amount, for a biennial HLP appropriation of \$28.5 million. Total appropriations, MVE and General Revenue combined, to eligible institutions for HLP for fiscal years 2019-23 are as follows:

Fiscal Year	HLP Appropriations from MVE	HLP Appropriations from GR	Total HLP Appropriations (MVE + GR)	Total HLP Credit Hours Exempted	Total HLP Dollars Waived
2019	\$ 8,737,849	\$ 15,000,000	\$ 23,737,849	532,602	\$ 186,632,522
2020	\$ 8,815,572	\$ 15,000,000	\$ 23,815,572	433,653	\$ 157,449,872
2021	\$ 8,871,281	\$ 13,500,000	\$ 22,371,281	**	**
2022	\$ 9,106,887	\$ 14,250,000	\$ 23,356,887	**	**
2023	\$ 9,322,520	\$ 14,250,000	\$ 23,572,520	**	**
Notes: FY19 funding distribution based on FY18 data; FY20 funding distribution based on FY19 data; FY20-22 data is not yet available for FY21-23 distributions.					

Permanent Fund Supporting Military and Veterans Exemptions
Performance of the Permanent Fund Supporting Military and Veterans Exemptions Fund (FY 2018-23)

Fiscal Year	Corpus Value (in millions)	% Change Corpus Value
2018	\$ 266.7	3.5%
2019	\$ 267.2	0.2%
2020	\$ 266.2	(0.4%)
2021*	\$ 273.8	2.9%
2022*	\$ 280.8	2.6%
2023*	\$ 288.0	2.6%
Note: *FY21-23 data is estimated. Source: Texas Treasury Safekeeping Trust Company		



Permanent Fund Supporting Military and Veterans Exemptions
Appendices - House

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C	FTE Highlights	*

* Appendix is not included - no significant information to report

Permanent Fund Supporting Military and Veterans Exemptions
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
DISTRIBUTE TO ELIGIBLE INSTITUTIONS A.1.1	\$17,686,853	\$18,429,407	\$742,554	4.2%	Recommendations include a \$0.7 million increase in estimated appropriations (Other Funds) from the Permanent Fund Supporting Military and Veterans Exemptions (MVE) for the 2022-23 biennium. Pursuant to the Texas Education Code, Section 54.3411 requirements, the Texas Treasury Safekeeping Trust Company (TTSTC) administers the MVE and determines the amount available for distribution and appropriation from the fund. TTSTC determines the MVE appropriation amount in accordance with policy that is adopted by the Texas Comptroller of Public Accounts. For Fiscal Year 2020, TTSTC determined the MVE appropriation amount based on 3.5 percent of the 20-quarter moving average value of the MVE.
Total, Goal A, FUND FOR MILITARY & VET EXEMPTIONS	\$17,686,853	\$18,429,407	\$742,554	4.2%	
REIMBURSEMENT FOR HAZLEWOOD EXEMPTS B.1.1	\$28,500,000	\$28,500,000	\$0	0.0%	Recommendations include \$14.25 million in General Revenue Funds per fiscal year.
Total, Goal B, REIMBURSEMENT FOR HAZLEWOOD EXEMPTS	\$28,500,000	\$28,500,000	\$0	0.0%	
Grand Total, All Strategies	\$46,186,853	\$46,929,407	\$742,554	1.6%	