

IMPACT OF THE POST-9/11 G.I. BILL ON THE HAZLEWOOD LEGACY PROGRAM

AN ISSUE BRIEF FROM LEGISLATIVE BUDGET BOARD STAFF

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OBJECTIVE

The Post-9/11 G.I. Bill pays expenses toward higher education for eligible veterans. The Hazlewood Legacy Act waives tuition and fees for eligible veterans' qualified dependents.

KEY FACTS

- ◆ From federal fiscal years 2012 to 2013, the number of Post-9/11 beneficiaries in Texas increased from 49,938 to 69,957, or 40.1 percent.
- ◆ From 2012 to 2014, the number of Hazlewood Legacy recipients increased from 12,288 to 19,715, or 60.0 percent.
- ◆ In 2013, three of four veterans who received veterans' educational benefits in Texas received Post-9/11 benefits, which pay tuition and fees directly to the institution of higher education.

BUDGETARY IMPACT

As the number of Post-9/11 veterans increases, the number of Hazlewood Legacy recipients should increase, as veterans transfer unused credit hours to their dependents. The amount of waived tuition and fees, however, cannot be determined.

STATUTORY REFERENCES

Post-9/11 Veterans Educational Assistance Act of 2008

Post-9/11 Veterans Educational Assistance Improvements Act of 2010

The Texas Education Code, Section 54.341.

The U.S. Congress and Texas Legislature established two veterans' education benefits that went into effect in 2009. The Eighty-first Legislature, Regular Session, 2009, passed legislation that enables a veteran eligible for the Hazlewood Exemption to transfer unused semester credit hours to a qualified dependent through the Hazlewood Legacy Program. Congress also passed the Post-9/11 G.I. Bill. It pays for an eligible veteran's tuition, housing, and other higher education expenses. This G.I. bill should affect Hazlewood Legacy Program growth. Many Post-9/11 veterans will be positioned to transfer their credit hours to their dependents.

STATE VS. FEDERAL BENEFIT

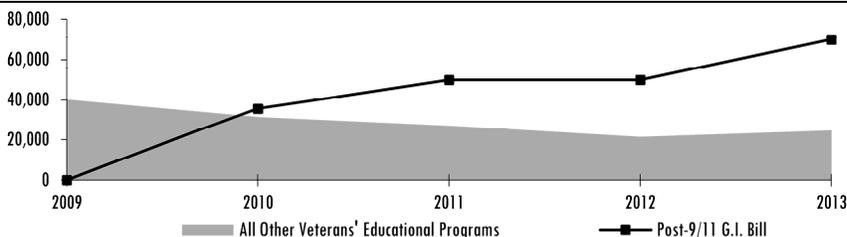
The Hazlewood Exemption provides a tuition and fee exemption to eligible Texas veterans and, in some cases, their spouses or dependents. Veterans must meet service entry or residency conditions; serve at least 181 days on active duty; and be discharged honorably or under honorable conditions. The Hazlewood Legacy Act, 2009, enables veterans to transfer up to 150 semester credit hours (SCH) to their dependents. If the dependents meet certain criteria, their tuition and fees are waived at Texas public institutions of higher education (IHE).

The Post-9/11 G.I. Bill provides education benefits to veterans with at least 90 days of active duty military service after September 10, 2001. Veterans who serve at least three years and are honorably discharged receive the full benefit. This benefit includes tuition and fees, a monthly housing allowance, a stipend for books and supplies, and other aid. Unlike the Montgomery G.I. Bill (MGIB), which provides a monthly stipend to the beneficiary, the Post-9/11 G.I. Bill pays tuition and fees to the IHE.

POST-9/11 GROWTH IN TEXAS

Figure 1 shows that the number of Post-9/11 beneficiaries in Texas has increased significantly. From 2010 to 2011, the number increased from 35,596 to 49,938, or 40.3 percent. From 2012 to 2013, the number increased from 49,938 to 69,957, 40.1 percent. At the same time, the number of beneficiaries for other veterans' programs decreased. From 2012 to 2014, the number of Hazlewood Legacy recipients increased from 12,288 to 19,715, or 60.4 percent.

FIGURE 1
POST-9/11 BENEFICIARIES AND OTHER VETERANS' EDUCATIONAL PROGRAM BENEFICIARIES
IN TEXAS, FEDERAL FISCAL YEARS 2009 TO 2013



SOURCES: Legislative Budget Board; U.S. Department of Veterans Affairs.

Figure 2 shows that federal expenditures related to veterans' education in Texas more than tripled from 2009 to 2014. Expenditures increased from \$390.7 million in 2009 to \$1.4 billion in 2014. These expenditures include spending at public and private institutions. Much of this growth is driven by Post-9/11 benefits.

POST-9/11 EFFECT ON HAZLEWOOD LEGACY PROGRAM

State law requires that veterans use federal educational benefits dedicated for tuition and fees before they use the Hazlewood Exemption. Before the Post-9/11 G.I. Bill, a veteran could use MGIB benefits and the Hazlewood Exemption because MGIB benefits are paid to the student and are not dedicated to tuition and fees. The Post-9/11 benefit pays tuition and fees to the IHE. Because Post-9/11 veterans have a federal benefit, they are not likely to use the state benefit, unless the federal benefit is not full value or they exhaust Post-9/11 benefits.

Veterans could use the exemption to pursue graduate or professional degrees. However, the number of adults with a graduate or professional degree in Texas is about half the number with a bachelor's degree. Nearly one in five (18.3 percent) adults age 25 and older has a bachelor's degree, while less than one in 10 (9.3 percent) has a graduate or professional degree, according to the 2015 Texas Public Higher Education Almanac. Therefore, it is reasonable to assume that many veterans with full Post-9/11 benefits will not use the Hazlewood Exemption themselves. They will be able to pass the benefit to their eligible dependents.

For instance, assume a Texas resident entered active duty military service in 2003, served four years, was honorably discharged, and had a dependent that was one year old when the veteran entered service. In 2009, the veteran decided to pursue an undergraduate degree at a public IHE. Post-9/11 benefits paid the veteran's tuition and fees. The veteran did not pursue a graduate or professional degree. In 2020, the veteran will be able to pass 150 SCH to an eligible dependent.

The population of Post-9/11 veterans in Texas is also increasing. Given these conditions, Post-9/11 is likely to increase the number of Hazlewood Legacy recipients. The effect will depend on a number of factors such as: the increase in the number of Post-9/11 veterans; if and when they have dependents and how many; and if these dependents attend a Texas public IHE. Given that Texas had nearly 70,000 Post-9/11 beneficiaries in 2013, it is reasonable to assume a significant number of these veterans will transfer unused SCH to their dependents in the next decade. The number of veterans who may do so and the tuition and fees that may be waived due to such transfers, however, cannot be determined.

USEFUL REFERENCES

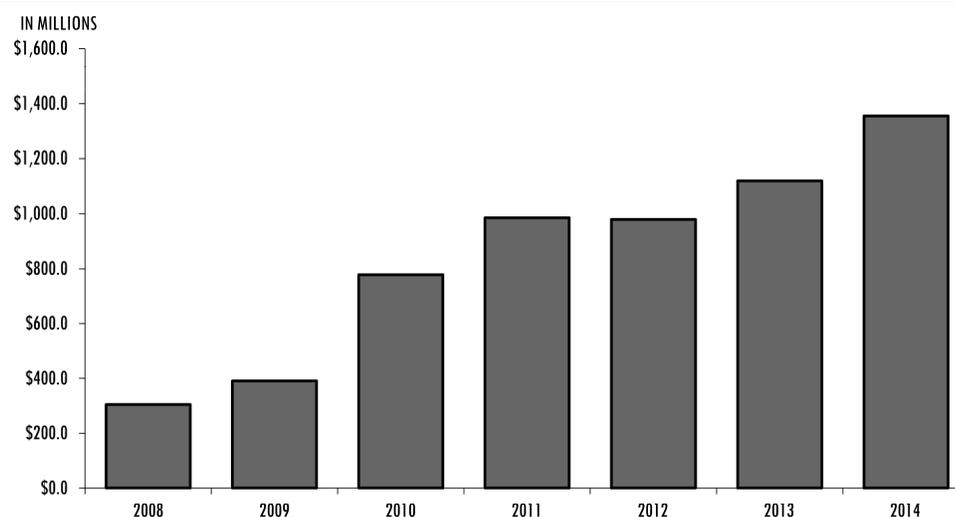
Report on the Hazlewood Exemption, Legislative Budget Board, December 2014.

Post-9/11 G.I. Bill: It's Your Future, U.S. Department of Veterans Affairs, 2012.

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FIGURE 2
FEDERAL VETERANS' EDUCATIONAL PROGRAM EXPENDITURES IN TEXAS, FEDERAL FISCAL YEARS 2008 TO 2014



NOTE: Includes educational, rehabilitation, and employment expenditures at public and private institutions in Texas.
SOURCE: Legislative Budget Board; U.S. Department of Veterans Affairs.