

**Support for Military and Veterans Exemptions  
Summary of Budget Recommendations - Senate**

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<b>Method of Financing</b>	<b>2024-25 Base</b>	<b>2026-27 Recommended</b>	<b>Biennial Change (\$)</b>	<b>Biennial Change (%)</b>
General Revenue Funds	\$214,866,466	\$214,866,466	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$214,866,466</i>	<i>\$214,866,466</i>	<i>\$0</i>	<i>0.0%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$21,080,464	\$21,534,368	\$453,904	2.2%
<b>All Funds</b>	<b>\$235,946,930</b>	<b>\$236,400,834</b>	<b>\$453,904</b>	<b>0.2%</b>

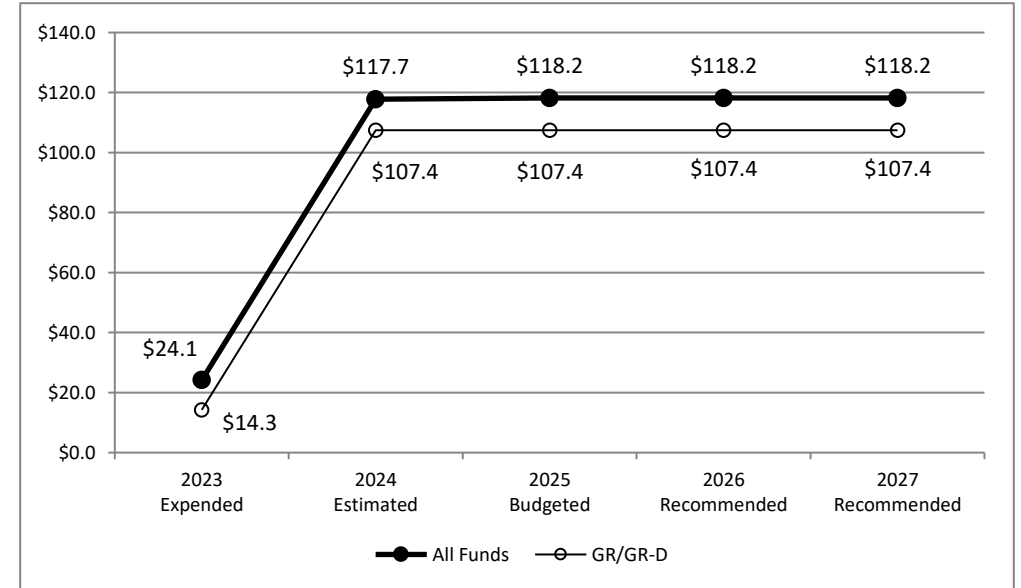
	<b>FY 2025 Budgeted</b>	<b>FY 2027 Recommended</b>	<b>Biennial Change</b>	<b>Percent Change</b>
FTEs	0.0	0.0	0.0	0.0%

**Agency Budget and Policy Issues and/or Highlights**

The Permanent Fund Supporting Military and Veterans Exemptions (MVE) is authorized by 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 up to 150 unused semester credit hours of their state tuition exemption to dependents that meet certain eligibility requirements.

The bill pattern for this agency (2026-27 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2026-27 biennium.

**Historical Funding Levels (Millions)**



**Support for Military and Veterans Exemptions  
Summary of Funding Changes and Recommendations - Senate**

<b>Funding Changes and Recommendations for the 2026-27 Biennium compared to the 2024-25 Base Spending Level (in millions)</b>		<b>General Revenue</b>	<b>GR-Dedicated</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>All Funds</b>	<b>Strategy in Appendix A</b>
<i><b>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</b></i>							
A)	Increase in estimated appropriations based on anticipated growth of the Permanent Fund Supporting Military and Veterans Exemptions for the 2026-27 biennium.	\$0.0	\$0.0	\$0.0	\$0.5	\$0.5	A.1.1
B)	Maintain General Revenue appropriations from the 88th Legislative Session.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	B.1.1
<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>		<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.5</b>	<b>\$0.5</b>	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>		\$0.0	\$0.0	\$0.0	\$0.5	\$0.5	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Decreases</i>		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed

NOTE: Totals may not sum due to rounding.

**Support for Military and Veterans Exemptions  
Selected Fiscal and Policy Issues - Senate**

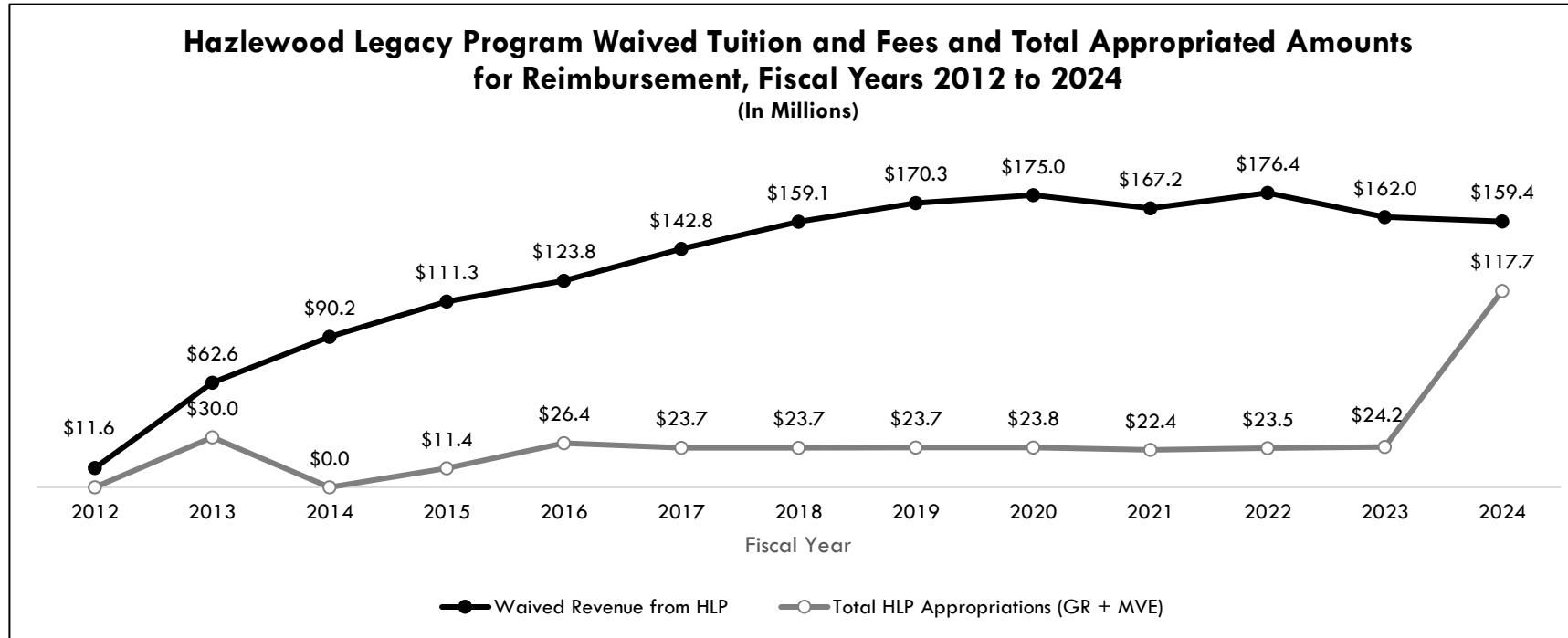
1. **Basis for the Estimated Appropriations from MVE.** Pursuant to Education Code, Section 54.3411 requirements, the Texas Treasury Safekeeping Trust Company (TTSTC) administers the Permanent Fund Supporting Military and Veterans Exemptions (MVE) and determines the amount available for distribution from the fund. For fiscal year 2025, TTSTC determined the MVE distribution amount based on 3.5 percent of the 20-quarter moving average value of the MVE. The current value of the MVE as of July 31, 2024 is \$338.4 million (see page 5 for historical values of the MVE corpus).
2. **Maintain General Revenue Appropriations.** In addition to the MVE distributions, the legislature has also appropriated General Revenue for the Hazlewood Legacy Program (HLP) since the 2018-19 biennium through the MVE bill pattern. The General Revenue support totaled \$30.0 million for the 2018-19 biennium but was reduced to \$28.5 million for the next two biennia due to a 5% budget reduction in General Revenue appropriations. The Eighty-eighth Legislature, 2023, increased the HLP appropriation for the 2024-25 biennium to \$214.9 million as part of a package related to higher education affordability. **Recommendations maintain the 2024-25 biennium funding level of \$214.9 million in General Revenue.**
3. **Distribution of MVE and General Revenue Appropriations.** The distribution requirements for MVE appropriations are set in Education Code, Section 54.3411(e), which indicates MVE funds may be appropriated only to offset the cost to institutions for the 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.

Total appropriations, including both MVE and General Revenue, to eligible institutions for HLP for fiscal years 2018-27 are as follows:

<b>Fiscal Year</b>	<b>HLP Appropriations from MVE</b>	<b>HLP Appropriations from General Revenue</b>	<b>Total HLP Appropriations (MVE + GR)</b>	<b>Total HLP Credit Hours Exempted</b>	<b>Total HLP Dollars Waived</b>	<b>Percent of Waived Dollars Reimbursed</b>
2018	\$8,645,813	\$15,000,000	\$23,645,813	549,419	\$159,104,376	14.9%
2019	\$8,737,849	\$15,000,000	\$23,737,849	567,912	\$170,280,785	13.9%
2020	\$8,815,572	\$15,000,000	\$23,815,572	553,167	\$175,008,796	13.6%
2021	\$8,871,281	\$13,500,000	\$22,371,281	477,725	\$167,169,935	13.4%
2022	\$9,279,778	\$14,250,000	\$23,529,778	501,509	\$176,377,802	13.3%
2023	\$9,896,384	\$14,250,000	\$24,146,384	440,390	\$161,955,615	14.9%
2024	\$10,313,280	\$107,433,233	\$117,746,513	431,375	\$159,404,190	73.9%
2025	\$10,767,184	\$107,433,233	\$118,200,417	*	*	*
2026	\$10,767,184**	\$107,433,233	\$118,200,417	*	*	*
2027	\$10,767,184**	\$107,433,233	\$118,200,417	*	*	*

Notes: \*FY 24-26 data is not yet available for FY25-27 distributions.  
\*\*FY 26-27 MVE distribution is estimated.

From fiscal years 2018 to 2023, annual HLP appropriations, including both MVE and General Revenue support, covered approximately 14.0 percent of the institutions' waived tuition and fee revenue. Due to the increase in General Revenue provided by the Eighty-eighth Legislature, annual HLP appropriations increased to cover 73.9 percent of waived tuition and fee revenue in fiscal year 2024.



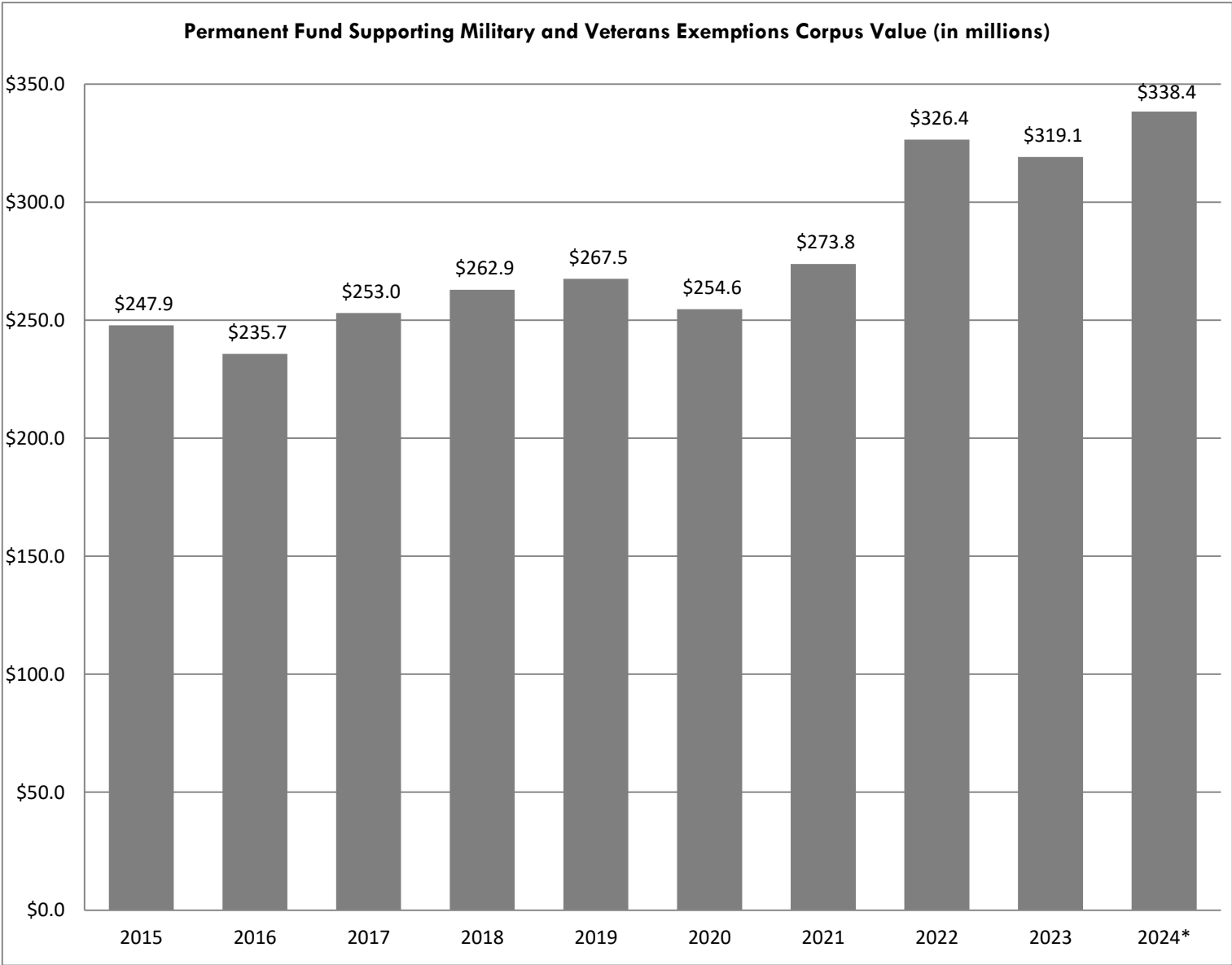
**Support for Military and Veterans Exemptions  
Performance of the Permanent Fund Supporting Military and Veterans Exemptions Fund (FY 2015-24)**

<b>Fiscal Year</b>	<b>Net Asset Value (in millions)</b>	<b>% Change in Value</b>
<b>2015</b>	\$ 247.9	(4.7%)
<b>2016</b>	\$ 235.7	(4.9%)
<b>2017</b>	\$ 253.0	7.3%
<b>2018</b>	\$ 262.9	3.9%
<b>2019</b>	\$ 267.5	1.8%
<b>2020</b>	\$ 254.6	(4.8%)
<b>2021</b>	\$ 273.8	7.5%
<b>2022</b>	\$ 326.4	19.2%
<b>2023</b>	\$ 319.1	(2.2%)
<b>2024*</b>	\$ 338.4	6.0%

**Notes:** The Net Asset Value is the original value of the corpus plus net earnings of investments over time, less distributions.

\*FY 24 data is based on the value as of July 31, 2024.

**Source:** Texas Treasury Safekeeping Trust Company



**Support for Military and Veterans Exemptions  
Rider Highlights - Senate**

**Modification of Existing Riders**

The following riders include recommendations to make conforming changes such as updating fiscal years and ensuring statutory citations are consistent: Rider 1, Distribution to Eligible Institutions; Rider 2, Reimbursements for Hazlewood Exemption Program; and Rider 3, Appropriation: Unexpended Balances.

**New Riders**

- 4. Texas Veterans Commission Veterans Exemption Data.** Rider requires the Texas Veterans Commission to report to eligible institutions and their system offices on veteran, child, spouse, and legacy participants in the Hazlewood exemption program.

**Support for Military and Veterans Exemptions  
Appendices - Senate**

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\* Appendix is not included - no significant information to report

**Support for Military and Veterans Exemptions  
Funding Changes and Recommendations by Strategy - Senate -- ALL FUNDS**

<b>Strategy/Goal</b>	<b>2024-25 Base</b>	<b>2026-27 Recommended</b>	<b>Biennial Change</b>	<b>% Change</b>	<b>Comments</b>
DISTRIBUTE TO ELIGIBLE INSTITUTIONS A.1.1	\$21,080,464	\$21,534,368	\$453,904	2.2%	Recommendations include a \$0.5 million increase in estimated appropriations (Other Funds) from the Permanent Fund Supporting Military and Veterans Exemptions (MVE) for the 2026-27 biennium. Per Education Code, Sec. 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. For fiscal year 2025, TTSTC determined the MVE appropriation amount based on 3.5 percent of the 20-quarter moving average value of the MVE.
<b>Total, Goal A, FUND FOR MILITARY &amp; VET EXEMPTIONS</b>	<b>\$21,080,464</b>	<b>\$21,534,368</b>	<b>\$453,904</b>	<b>2.2%</b>	
REIMBURSEMENT FOR HAZLEWOOD EXEMPTS B.1.1	\$214,866,466	\$214,866,466	\$0	0.0%	Recommendations include maintaining \$107.4 million in General Revenue appropriations per fiscal year.
<b>Total, Goal B, REIMBURSEMENT FOR HAZLEWOOD EXEMPTS</b>	<b>\$214,866,466</b>	<b>\$214,866,466</b>	<b>\$0</b>	<b>0.0%</b>	
<b>Grand Total, All Strategies</b>	<b>\$235,946,930</b>	<b>\$236,400,834</b>	<b>\$453,904</b>	<b>0.2%</b>	