

REPORT OF THE NEGOTIATED RULEMAKING COMMITTEE FOR RULES RELATED TO THE HAZLEWOOD EXEMPTION PROGRAM

January 3, 2014

Background

Senate Bill 1158, 83rd Legislature, Regular Session (2013), transferred the administration of the Hazlewood Exemption Program from the Texas Higher Education Coordinating Board to the Texas Veterans Commission. SB 1158 directed the Texas Veterans Commission to engage in the negotiated rulemaking process set forth in the Negotiated Rulemaking Act, Chapter 2008, Government Code, to adopt rules to implement SB 1158.

Convener

The Negotiated Rulemaking Act requires a state agency that proposes to engage in negotiated rulemaking to appoint a convener to assist the agency in determining whether it is advisable to proceed. On July 2, 2013, the Executive Director of the Texas Veterans Commission appointed Charlie C. Osborne, Jr., Chief Financial Officer of the Texas Veterans Commission, to serve as Convener to determine those persons and agencies likely to be affected, both positively and negatively, by the proposed rules. The following entities were determined to be most likely interested in the formulation of or changes to the Hazlewood Rules:

- Institutions of higher education, both community colleges and universities, with large enrollments of veteran and their family members using the Hazlewood exemption;
- Organizations comprised of veterans that represent the interests of all veterans in the State, such as Veterans Service Organizations; and
- State agencies that predominately deal with veterans issues.

Accordingly, representatives from the six major university systems, several colleges and universities not aligned with the major university systems, community college systems having the highest Hazlewood recipient enrollments, representatives from prominent veterans service organizations operating within the state, the Texas Military Forces, and several state agencies that represent higher education and veterans services were surveyed to identify issues which they would like resolved through the negotiated rulemaking process.

Analysis of the responses indicated that higher education and veterans interests were adequately and equitably represented for the initiation of the negotiated rulemaking process. This cross-section of interested parties were determined to be likely to negotiate in good faith and reach suitable consensus on the appropriate rules for implementation of the Hazlewood statute.

On August 29, 2013, the Convener recommended and the TVC Executive Director concurred with the following:

- That the Texas Veterans Commission establish a Negotiated Rulemaking Committee; and
- That the Negotiated Rulemaking Committee address three issues:
 - Standardization and simplification of procedures to determine Hazlewood *eligibility*
 - Standardization and simplification of *enrollment* processes used by institutions of

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higher education, and

- Standardization of *reporting* requirements and ease of access to reports.

Notice of Intent

On September 11, 2013, the Texas Veterans Commission submitted a Notice of Intent to Engage in Negotiated Rulemaking to the *Texas Register*. The Notice of Intent was published on September 20, 2013. The Notice of Intent summarized the findings of the Convener and set forth the individuals which the Texas Veterans Commission proposed to have serve on the Negotiated Rulemaking Committee. No comments on the proposal to engage in negotiated rulemaking or on the proposed membership of the negotiated rulemaking committee were received prior to the September 30, 2013 deadline.

On October 4, 2013, the Executive Director of the Texas Veterans Commission appointed the committee members to represent the agency and interested parties to comprise the Negotiated Rulemaking Committee. Additionally, on October 4, 2013, the Executive Director of the Texas Veterans Commission appointed Cruz Montemayor, Chief Administrative Officer of the Texas Veterans Commission as Facilitator for the Negotiated Rulemaking Committee, subject to the approval of the committee.

Organizational Meeting

The Negotiated Rulemaking Committee first convened on October 16, 2013, for an organizational meeting. The following topics were discussed and/or agreed to by the committee:

- Introduction of committee members and statement of interests represented
- Background of the Negotiated Rulemaking process
- Identification of issues involved in the rules related to the transfer of the Hazlewood Exemption Program from the Texas Higher Education Coordinating Board to the Texas Veterans Commission.
- Creation and adoption of committee protocols to include
 - Purpose and scope of negotiations
 - Definition of consensus and the agreement of the committee to abide by consensus
 - Administrative procedures pertaining to meeting minutes, agendas, attendance, participation and other related topics
- Creation of workgroups to address Hazlewood Eligibility, Enrollment and Reports.
- Approval of the Facilitator

Initial Workgroup Meeting Discussions

The initial workgroup meetings transpired during the two weeks following the Negotiated Rulemaking Committee's organizational meeting. Workgroup membership was open to all Negotiated Rulemaking

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Committee members, or their designated representative. The Hazlewood Rules effective May 26, 2013, formed the basis for the initial proposed revisions during the workgroups initial meeting discussions.

On October 21, 2013 the Eligibility Workgroup met to identify issues and rule requirements pertaining to the eligibility portion of the Hazlewood Exemption Program. Membership of the Eligibility Workgroup totaled seventeen (17) individuals representing different Veterans organizations and various higher education institutions across the state. Initially, the workgroup identified and defined common terms referred throughout the rules. Following the defining efforts, the workgroup addressed sections of the current Hazlewood Rules that were identified as needing clarification. The workgroup reached a consensus on the majority of clarification issues acknowledged, but failed to clarify the current rules regarding the portion of the Satisfactory Academic Progress policy that applies to Hazlewood Exemption eligibility. Several issues concerning qualifying documentation for Hazlewood Exemption eligibility were identified by the workgroup. Qualifying documentation issues discussed varied from eligible military discharge documents to sufficient documentation required from dependents applying for the Survivor or Legacy portion of the Hazlewood Exemption Program. All qualifying documentation issues identified by the workgroup were addressed. Furthermore, the workgroup identified and addressed issues relating to Hazlewood Exemption eligibility concerning federal educational benefits. A consensus was reached on all issues regarding federal education benefits discussed by the workgroup. The workgroup concluded the meeting discussing procedures higher education institutions use to resolve Hazlewood Exemption eligibility issues. A consensus was reached to authorize each higher education institution to instate their own appeals process but to refer unresolved matters to the Texas Veterans Commission. The Eligibility Workgroup adjourned their first workgroup meeting addressing the majority of issues identified; however, open items left unaddressed were deferred to future meetings.

On October 23, 2013 the Enrollment Workgroup met to identify issues and rule requirements pertaining to the enrollment portion of the Hazlewood Exemption Program. Composed of sixteen (16) individuals, the Enrollment Workgroup membership included Veterans organizations and registrar and financial aid personnel of higher education institutions across the state. Additionally, a representative of Texas Higher Education Coordinating Board served on the Enrollment Workgroup. The Enrollment Workgroup began their discussions identifying current issues higher education institutions are experiencing with the loan default verification requirement prior to a student enrolling into the Hazlewood Exemption Program. It was explained to the workgroup that the current Hazlewood Exemption Rules were silent in dictating how regularly a student's loan status needed to be verified. The workgroup reached a consensus and agreed to rule language to be inserted to clarify how frequently a student's loan status must be verified prior to enrolling into a higher education institution under the Hazlewood Exemption Program. The Texas Veterans Commission provided an overview of the Hazlewood Database transfer process that is occurring between the Texas Higher Education Coordinating Board and the Texas Veterans Commission. Higher education institutions were given details about the accessibility that will be granted to them once the transfer is complete. Moreover, the majority of discussions engaged by the workgroup centered on the current Hazlewood Exemption Applications. Issues with the current Hazlewood Exemption Applications were identified by both Veterans organizations and higher education institutions. The workgroup reached a consensus to authorize the Texas Veterans Commission to simplify and streamline the application process as needed while taking into consideration any recommendations provided by the workgroup. However, the workgroup reached a consensus authorizing the final approval of the Hazlewood Exemption Applications to be made by the full Negotiated Rulemaking Committee. Lastly, impediments to standardizing the Hazlewood Exemption Program's enrollment process were discussed. It was identified by the workgroup that a standardization process for renewal applications needs to be instituted. The workgroup reached a consensus authorizing the Texas Veterans Commission, to the extent of authority allowed under current statutes, to create a modified renewal form for continuing Hazlewood students

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returning to the same institution. The Enrollment workgroup adjourned their first workgroup meeting with no open items, other than waiting to review the Hazlewood Exemption Applications composed by the Texas Veterans Commission.

The Reports Workgroup met for the first time on October 30, 2013 to identify issues and rule requirement pertaining to the reporting portion of the Hazlewood Exemption Program. The Reports Workgroup totaled fourteen (14) members, which included Veterans organizations, the Texas Higher Education Coordinating Board, and representatives from higher education institutions across the state. The Texas Veterans Commission initiated the discussion regarding issues with the current Hazlewood Exemption reporting procedure by briefing the workgroup on the current status of the Hazlewood Exemption Database transfer from the Texas Higher Education Coordinating Board to the Texas Veterans Commission. The workgroup expressed concerns with the recommended future reporting deadlines described in Senate Bill 1158. Additionally, the higher education institutions expressed the need for clarification in the current Hazlewood Exemption Rules regarding the material that is required to be reported. The Reports Workgroup addressed these concerns by inserting agreed upon language to clarify the material that is required to be reported, and reached a consensus to require a certified report to be submitted to the reporting database. The workgroup also authorized the ability for a higher education institution to notify the Texas Veterans Commission if they are having problems with meeting the reporting deadline. Further, the Reports workgroup identified the ability to eliminate and amend certain database fields that are currently utilized in the Hazlewood Exemption Reporting database. Examples of eliminated and amended database fields include, changing the display of the fiscal year to the actual calendar year on student only copies and questions on the database that would otherwise disqualify a student from the Hazlewood Exemption Program. Lastly, the Reports workgroup discussed the feasibility for capturing federal education benefit information in an additional report to assist the Legislative Budget Board with their analysis of the Hazlewood Exemption Program. The discussion provided great information to the workgroup members, but the workgroup reached a consensus to take no action regarding this item until the Legislative Budget Board distinguishes what information they need about federal education benefits. The Reports Workgroup adjourned their initial meeting with no open items.

Second Negotiated Rulemaking Committee Meeting

On November 12, 2013, the Negotiated Rulemaking Committee met to receive reports from the respective workgroups and to provide further guidance to each individual workgroup. Committee members thoroughly discussed the workgroups' findings and identified further issues for the Eligibility Workgroup to address concerning the order of precedence for awarding the Hazlewood Exemption Program benefit to the surviving dependents of an eligible Veteran who has engaged in multiple marriages. The full Committee requested for the Eligibility Workgroup to also address issues relating to a Veteran assigning the Hazlewood Exemption for a portion of unused credit hours to their children. In addition, the full Committee requested for the Reports Workgroup to identify the ability for higher education institutions to submit an amended report past the reporting deadlines to accommodate errors or other special circumstances. Furthermore, the Committee was briefed on the role the Texas Veterans Commission will play in assisting higher education institutions with validating the eligibility of a student applying for the Hazlewood Exemption Application. Concluding the meeting, the full Committee instructed the Facilitator to create a draft set of rules, based upon the guidance provided, for the workgroups to further refine. Draft rules were developed and distributed to the workgroups for review and comment on November 15, 2013.

Second Workgroup Meeting Discussions

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On November 18, 2013, the Eligibility Workgroup met to review the full Committee's instructions/comments and revised initial rules that were distributed on November 15, 2013. The Eligibility Workgroup initiated the discussion on all open items that were not addressed during the previous workgroup meeting. Specifically, issues regarding the portion of the Satisfactory Academic Progress policy that applies to Hazlewood Exemption eligibility. The workgroup reached a consensus and recommended for clarifying language to be inserted into the current draft rules that will require all Hazlewood recipients to meet the Satisfactory Academic Progress requirement of Hazlewood Exemption eligibility, unless exempted under current statutes. Following this discussion, the workgroup addressed the issues assigned by the full Committee during the second Negotiated Rulemaking Committee Meeting. The workgroup identified the ability for the Texas Veterans Commission to resolve issues associated with the order of precedence for awarding the Hazlewood Exemption Program benefit to the surviving dependents of an eligible Veteran who has engaged in multiple marriages. The workgroup reached a consensus to authorize the Texas Veterans Commission to develop a form that will serve as the designated form to legally select a caretaker of the Hazlewood Exemption Program to distribute Legacy and Survivor hours to eligible children and dependents. Contrary, the workgroup reached a consensus to authorize the Texas Veterans Commission to include a section on the Hazlewood Exemption Application that will allow a Veteran to revoke hours from a dependent or a Legacy recipient. In addition, the workgroup reviewed the draft rules and concluded that additional terms needed to be defined, such as "formula funded courses," and "attempted hours." The workgroup members also identified certain sections of the draft rules pertaining to eligibility that needed more clarification. The workgroup addressed all issues regarding this concern by reaching a consensus on all language to be inserted for clarification. The Eligibility Workgroup adjourned the second workgroup meeting with no open items.

The Enrollment Workgroup met on November 20, 2013 to review the Texas Veterans Commission's edits to the Hazlewood Exemption Applications and revised initial rules that were distributed on November 15, 2013. No instructions/comments were provided to the Enrollment Workgroup from the full Committee. The workgroup was provided an overview of the recommendations and background utilized by the Texas Veterans Commission during the assembling of the Hazlewood Exemption Application. The following documents related to the Hazlewood Exemption Application were distributed to the workgroup: Hazlewood Application Worksheet, Hazlewood Eligibility School Checklist, Designation of Legacy Recipient Form, and the Legacy Revocation Form. The workgroup offered suggestions to revise the forms received from the Texas Veterans Commission, and reached a consensus on clarifying language to be inserted into the forms. Additionally, the workgroup recommended for the Designation of Legacy Recipient Form and the Legacy Revocation Form to contain the logo of the Texas Veterans Commission. The workgroup reached a consensus to allow the Texas Veterans Commission to discuss and formulate a decision internally regarding this recommendation. The Enrollment Workgroup adjourned the second workgroup meeting with no open items.

On November 21, 2013 the Reports Workgroup met to review the full Committee's instructions/comments and revised initial rules that were distributed on November 15, 2013. The Reports Workgroup initiated discussions regarding the full committee's instructions to identify and formulate a process for higher education institutions to submit an amended report past the reporting deadlines to accommodate errors or other special circumstances. The workgroup reached a consensus and authorized higher education institutions to submit an amended report past the reporting deadlines once the Texas Veterans Commission is notified of a late submission. Additionally, the workgroup reached a consensus to authorize the Texas Veterans Commission to address any other issues that are identified on a case-by-case basis regarding the late submission of Hazlewood Exemption Reports. The workgroup received an update regarding the database transfer from the Higher Education Coordinating Board to the Texas Veterans Commission. The workgroup discussed the identifying information that will be required to be

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reported from the Hazlewood Exemption Application to the Hazlewood Reporting Database. Further, the workgroup identified the need for clarification within certain sections of the proposed draft rules. The Reports Workgroup adjourned the second workgroup meeting with no open items.

Third Workgroup Meeting Discussions

Workgroup recommended changes to the proposed rules discussed during the second round of workgroup meetings were incorporated in another draft which was ultimately distributed to the full Negotiated Rulemaking Committee on November 26, 2013 for update and discussion during the third round of workgroup meetings which occurred on December 9-10, 2013.

The Eligibility Workgroup met for the third and final time on December 9, 2013 to review the updated revised rules and to provide report input. The workgroup was provided an overview of what recommendations were inserted into the draft rules prior to discussing and reviewing the rules. Several workgroup members offered edits of their own to the revised draft rules. Each workgroup member who offered edits to the revised draft rules had an opportunity to explain the need for their edit to the entire workgroup. The workgroup discussed each substantive edit and reached a consensus on the majority of the edits offered for adoption during the next full Negotiated Rulemaking Committee Meeting. Further, the workgroup identified one issue relating to disabled veterans and qualifying spouses and children that had not been addressed. The workgroup reached a consensus to authorize the Texas Veterans Commission to discuss this issue internally and propose a solution during the next full Negotiated Rulemaking Committee. The Eligibility Workgroup adjourned their final workgroup meeting leaving this item open for discussion during the full Negotiated Rulemaking Committee.

On December 10, 2013 the Enrollment Workgroup met for the third and final time to review the updated revised rules and the Hazlewood Exemption Application proposed edits and to provide report input. The following documents related to the Hazlewood Exemption Application were distributed to the workgroup: Hazlewood Application Worksheet, Hazlewood Eligibility School Checklist, Designation of Legacy Recipient Form, and the Legacy Revocation Form. The Texas Veterans Commission elaborated on the recommendations that were added to the Hazlewood Exemption Application forms. The workgroup offered suggestions to clarify certain statements on the Designation of Legacy Recipient Form and the Legacy Revocation Form. Additionally, the workgroup reached a consensus to establish a deadline parallel to the draft rules for the final draft of the Hazlewood Exemption Application forms. The Enrollment Workgroup adjourned their final workgroup meeting with no open items.

The Reports Workgroup met for the third and final time on December 10, 2013 to review the updated revised rules and to provide report input. The Texas Veterans Commission updated the workgroup on the database transfer process occurring between the Texas Higher Education Coordinating Board and the Texas Veterans Commission. The workgroup reviewed the updated draft rules and offered minor suggestions. The workgroup reached a consensus to propose these suggestions during the next full Negotiated Rulemaking Committee. The Reports Workgroup adjourned their final workgroup meeting with no open items.

Third Negotiated Rulemaking Committee Meeting

On December 12, 2013, the Negotiated Rulemaking Committee met to review the proposed text for the rules distributed on November 26, 2013 and to consider additional comments/changes proposed during the final workgroup meetings. The meeting's initial discussion focused on the open item identified by the Eligibility Workgroup. The Texas Veterans Commission recommended for no change to be incorporated

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in the proposed rules regarding disabled veterans and qualifying spouses and children. The full Committee reached a consensus to accept the Texas Veterans Commission's recommendation. Further, each Committee member with proposed changes had an opportunity to explain their changes to the full Committee. All proposed changes were recommended by the Committee and were approved to be incorporated into the final draft of the proposed Hazlewood Rules. There were no issues identified during the Negotiated Rulemaking process which remain unresolved; or information, recommendations or materials which the Committee considered important, that the Committee did not reach consensus on.

The proposed Hazlewood Rules are at attachment-A.

Hazlewood Negotiated Rulemaking Committee Members

Appointee	Institution/Agency/Organization	Position
Mr. Kristopher Butler	University of Houston System	Program Manager, Registration and Academic Records
Mr. Trisha Ruiz	University of Houston System	Director, Veterans Service Office
Mr. Benjamin Armstrong	The University of Texas System	Coordinator of Student Veteran Services, University of Texas at Austin
Dr. Michael R. Smith	The University of Texas System	Vice Provost for Strategic Academic Initiatives and Director of the National Center for Border Security and Immigration, University of Texas at El Paso
Ms. Christina Holzheuser	Texas A&M University System	Bursar, Texas A&M University - Corpus Christi
Mr. Joseph P. Pettibon II	Texas A&M University System	Associate Vice President for Academic Services, Texas A&M University
Mr. Daniel Harper	Texas State University System	Deputy Vice Chancellor for Finance, Texas State University System
Dr. Michael Heintze	Texas State University System	Associate Vice President for Enrollment Management and Marketing, Texas State University
Ms. Lynette Wheeler	Texas Tech University System	Assistant Bursar, Angelo State University
Ms. Christine Blakney	Texas Tech University System	Director, Student Business Services, Texas Tech University
Ms. Elizabeth With	University of North Texas System	Vice President for Student Affairs, University of North Texas
Ms. Kayle Godinez	University of North Texas System	Senior Director of Student Accounting, University of North Texas
Ms. Adrienne Williams	Stephen F. Austin University	Accounting Assistant III, Stephen F. Austin University
Ms. Darla English	Midwestern State University	Registrar, Midwestern State University
Ms. Linda Ballard	Texas Southern University	Director, Financial Aid, Texas Southern University
Mr. Bobby Lothringer	Texas Woman's University	Registrar, Texas Woman's University
Mr. Steven Johnson	Texas Association of Community Colleges	Vice President, Public Affairs, Texas Association of Community Colleges
Ms. Teresita Bazan	Texas Association of Community Colleges	Executive Director, Student Assistance & Veterans Affairs, Austin Community College
Mr. David Ximenez	Texas Association of Community Colleges	Associate Vice Chancellor, Enrollment Services, Tarrant County College District
Mr. Gary Hendricks	Texas State Technical College System	Vice Chancellor for Financial and Administrative Services, Texas State Technical College System
Mr. Dan Weaver	Texas Higher Education Coordinating Board	Assistant Commissioner
Mr. Jay Kimbrough	Health and Human Services Commission	Deputy Associate Commissioner for Veterans Services
MAJ Wayne Peck	Texas Military Forces	Education Officer
Mr. William West	The American Legion	Department Adjutant
Mr. Dan West	Veterans of Foreign Wars	State Junior Vice Commander
Mr. Ray Lindner	National Guard Association of Texas	Director
Mr. John Kessler	Lone Star Veterans Association	Director
Mr. Rufus Coburn	Texas Veterans Commission	Director of Education
Mr. Murel Miller	Texas Veterans Commission	Manager of Education
Ms. Karen Fastenau	Texas Veterans Commission	General Counsel
Mr. Cruz Montemayor	Texas Veterans Commission	Negotiated Rulemaking Facilitator

TITLE 40. SOCIAL SERVICES AND ASSISTANCE

PART 15. TEXAS VETERANS COMMISSION

CHAPTER 461. VETERANS EDUCATION

**SUBCHAPTER A. EXEMPTION PROGRAM FOR VETERANS AND THEIR
DEPENDENTS (THE HAZLEWOOD ACT)**

§461.10. Authority and Purpose.

(a) Authority. The authority for these rules is provided in Texas Education Code §54.341 relating to an exemption for Texas veterans, their spouses, and dependents; Texas Government Code §434.0079 relating to Duties Regarding Certain Tuition and Fee Exemptions for Veterans and Family Members; and Texas Government Code §434.00791 relating to Electronic System to Monitor Tuition Exemptions for Veterans and Family Members.

(b) Purpose. The purpose of these rules is to provide procedures and criteria for the administration of an exemption program for Texas veterans and dependents at public institutions of higher education.

§461.20. Definitions.

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

- (1) Board--The Texas Higher Education Coordinating Board.
- (2) Commission--The Texas Veterans Commission.
- (3) Census date-- The date in an academic term or semester for which an institution is required to certify a person's enrollment in the institution to the Board for the purposes of determining formula funding for the institution.
- (4) Degree certified hours--Hours for which the student is registered as of the census date of a term or semester.
- (5) Dependent--An individual who was claimed as a dependent for federal income tax purposes by the individual's parent or court-appointed legal guardian, or as defined in Texas Education Code §54.341(k) and §54.341(m) in a particular year and in the previous tax year. A child was a dependent if he or she was claimed as such by a parent or legal guardian during the veteran's year of entry into the service and in the previous tax year.

(6) Deposit fees--Fees that an institution may collect under Texas Education Code §54.502.

(7) Eligible Person--

(A) Veteran as defined in Texas Education Code §54.341(a);

(B) Spouse as defined in Texas Education Code §54.341(a-2); or

(C) Child or Children as defined by Texas Education Code §54.341(m).

(8) Extraordinary costs--Only applicable for public junior colleges, public technical institutes, or public state colleges as defined in Texas Education Code §61.003. The cost of tuition and fees that exceed the average tuition and fee charges at the institution.

(9) Hazlewood Act Exemption--The tuition and partial fee exemption authorized under Texas Education Code §54.341.

(10) Hazlewood Legacy Act-- The tuition and partial fee exemption authorized under Texas Education Code §54.341(k).

(11) Initial entry training--Includes Basic Combat Training and Advanced Individual Training (Army); Recruit Training and Skill Training (or 'A' School for Navy); Basic Military Training and Technical Training (Air Force); Recruit Training and Marine Corps Training (or School of Infantry Training for Marine Corps); and Basic Training (Coast Guard), or the equivalent training for that branch of service.

(12) Institution--A Texas public institution of higher education as defined in Texas Education Code §61.003(8).

(13) Qualifying service--Discharged under honorable conditions after serving on active military duty, excluding initial entry training, for more than 180 days as documented by the Certificate of Release or Discharge from Active Duty (DD FORM 214) issued by the Department of Defense or other qualifying discharge document. Other qualifying discharge documents are:

(A) WD AGO 53, Enlisted Record and Report of Separation Honorable Discharge;

(B) WD AGO 53-55, Enlisted Record and Report of Separation Honorable Discharge;

(C) WD AGO 53-58, Enlisted Record and Report of Separation General Discharge;

(D) NAVCG-553, Notice of Separation from U.S. Coast Guard;

(E) NAVMC 78-PD, U.S. Marine Corps Report of Separation; or

(F) NAVPERS-553, Notice of Separation from U.S. Naval Service.

(14) Resident of Texas--A resident of the State of Texas as determined in accordance with 19 Texas Administrative Code Chapter 21, Subchapter B (relating to Determination of Resident Status).

(15) Satisfactory academic progress--A grade point average that satisfies the institution's requirement for making satisfactory academic progress toward a degree or certificate in accordance with the institution's policy regarding eligibility for financial aid. This requirement does not apply to spouses or children of veterans who died from a service-related injury or illness, or who were classified as missing in action (MIA) or killed in action (KIA).

(16) Stacking--Concurrent use of state and federal veteran education benefits by an eligible person.

(17) Student services fees--Fees that an institution may, under Texas Education Code, §§54.503, 54.5061, and 54.513, elect to charge to students to cover the cost of student services.

§461.30. Hazlewood Act Exemption.

(a) Subject to the following provisions, an institution shall exempt an eligible person from the payment of tuition, fees, dues, and other required charges, including fees for correspondence courses and distance education courses, but excluding general deposit and student services fees and any fees or charges for lodging, board, or clothing.

(b) An institution is not required to provide the Hazlewood Act Exemption for tuition and fees related to courses for which the institution does not receive state formula funding, unless the governing board of the institution specifically chooses to provide the exemption for such courses.

(c) Generally, the Hazlewood Act Exemption provides for both resident or nonresident tuition and fees for those who meet all requirements to receive the benefit.

(d) A person's eligibility for the Hazlewood Act Exemption is not impacted by federal veterans' education programs that provide for benefits not specifically designated for the payment of tuition and fees.

(e) The Legacy recipient will receive an exemption for the number of degree certified hours reported by the institution for that term or semester. Maximum degree certified hours awarded to the Legacy recipient will be dependent upon the degree or certificate

program in which the student is enrolled for that term or semester and shall be consistent with the program length as defined within the school catalog as approved by the regional accreditation commission (Texas Government Code §434.0079(c)(1)).

(f) Stacking state and federal veterans education benefits is permitted. Persons eligible for more than one federal veterans education benefit must select which federal program to stack with the Hazlewood Act Exemption. Persons eligible for federal veterans benefits not specifically designated for the payment of tuition and fees, or eligible for federal veterans education benefits at less than the 100% entitlement level, may stack those benefits with the Hazlewood Act Exemption. If the person elects to apply federal benefits that provide for payment of tuition and fees, this federal benefit will be applied prior to the application of Hazlewood. At no time will the total of federal and state benefits exceed 100% of the tuition and fees for the term.

(g) An eligible person is not entitled to receive the Hazlewood Act Exemption for more than 150 attempted semester credit hours, except that it may be less as described in subsection (e) of this section.

(h) If the Hazlewood Act Exemption is used to pay for only a portion of the hours taken during a given term or semester, an institution shall deduct only the proportion used from the 150 hours of eligibility.

(i) The governing board of a public junior college, public technical institute, or public state college, as those terms are defined by Texas Education Code §61.003, may establish a fee for extraordinary costs associated with a specific course or program and may determine that the exemption does not apply to this fee.

(j) In determining whether to admit a person to any certificate program or to any baccalaureate, graduate, postgraduate, or professional degree program, an institution may not consider the fact that the person is eligible for an exemption through this subchapter.

(k) An application for the Hazlewood Act Exemption shall be denied if it is determined that the applicant is in default on an educational loan made or guaranteed by the State of Texas.

(l) If the institution is unable to determine eligibility of an applicant in accordance with these rules, the institution shall consult with the Commission to resolve the matter.

§461.40. Veteran Eligibility.

In order to be eligible to receive the Hazlewood Act Exemption, a veteran who claims the benefit for the first time shall demonstrate that he or she currently resides in the state as indicated by the address and signature on the application, unless he or she resides out of state solely due to his or her own (or a spouse's) current military orders, and:

(1) at the time he or she entered the service, was a resident of Texas, entered the service in the State of Texas, or declared Texas as his or her home of record in the manner provided by the military or other service;

(2) was discharged under honorable conditions after serving on active military duty, excluding initial entry training, for more than 180 days;

(3) has attempted fewer than 150 credit hours using the Hazlewood Act Exemption beginning with Fall 1995;

(4) if a continuing or transfer student, has met the GPA requirement of the institution's satisfactory academic progress policy in a degree or certificate program as determined by the institution's financial aid policy; except, the veteran is not required to enroll in a minimum course load; and

(5) provide to the institution a completed Hazlewood Act Exemption Application and the supporting documentation, as provided in §461.90 of this subchapter (relating to Supporting Documentation for the Hazlewood Act Exemption Application), no later than the last class date of the semester or term to which the exemption applies.

§461.50. Spouse's Eligibility.

(a) In order to be eligible to receive the Hazlewood Act Exemption, a veteran's spouse shall demonstrate that he or she:

(1) is the spouse of:

(A) a member of the U.S. Armed Forces who entered the service in the State of Texas; declared Texas as his or her home of record in the manner provided by the military or other service; or was a resident of Texas when he or she entered the service and who:

(i) was killed in action; or

(ii) died while in service; or

(iii) is missing in action; or

(iv) whose death is documented to be directly caused by illness or injury related to service in the armed forces of the United States; or

(v) is totally and permanently disabled or meets the eligibility requirements for individual unemployability according to the disability ratings of the Department of Veterans Affairs; or

(B) a member of the Texas National Guard or Texas Air National Guard who:

(i) was killed since January 1, 1946 while on active duty either in the service of Texas or the United States; or

(ii) is totally and permanently disabled or meets the eligibility requirements for individual unemployability according to the disability ratings of the Department of Veterans Affairs.

(2) is classified by the institution as a resident of Texas for the term or semester for which the spouse claims the Hazlewood Act Exemption.

(b) A spouse of a service-related totally disabled or individually unemployable veteran, if a continuing or transfer student, must meet the GPA requirement of the institution's satisfactory academic progress policy in a degree or certificate program as determined by the institution's financial aid policy; except, the spouse is not required to enroll in a minimum course load. This requirement does not apply to the spouse of a veteran who has died from a service-related injury or illness or who was classified as missing in action (MIA), or killed in action (KIA).

§461.60. Children's Eligibility.

(a) In order to be eligible to receive the Hazlewood Act Exemption, children shall demonstrate that they:

(1) are children of:

(A) members of the U.S. Armed Forces who entered the service in the State of Texas; declared Texas as their home of record in the manner provided by the military or other service; or were residents of Texas when they entered the service and who:

(i) were killed in action; or

(ii) died while in service; or

(iii) are missing in action; or

(iv) whose deaths are documented to be directly caused by illness or injury related to service in the armed forces of the United States; or

(v) are totally and permanently disabled or meet the eligibility requirements for individual unemployability according to the disability ratings of the Department of Veterans Affairs; or

(B) members of the Texas National Guard or Texas Air National Guard
who:

(i) were killed since January 1, 1946 while on active duty either in the service of Texas or the United States; or

(ii) are totally and permanently disabled or meet the eligibility requirements for individual unemployability according to the disability ratings of the Department of Veterans Affairs.

(2) are classified by their institutions as residents of Texas for the term or semester for which they claim the Hazlewood Act Exemption.

(b) Children of service-related totally disabled or individually unemployable veterans, if a continuing or transfer student, must meet the GPA requirement of the institution's satisfactory academic progress policy in a degree or certificate program as determined by the institution's financial aid policy; except, the child is not required to enroll in a minimum course load. This requirement does not apply to a child of a veteran who has died from a service-related injury or illness or who was classified as missing in action (MIA), or killed in action (KIA).

§461.70. Hazlewood Legacy Act Eligibility.

(a) An eligible veteran or, if the eligible veteran has died, his or her spouse, or child's conservator, guardian, custodian, or other legally designated caretaker (if the child does not otherwise qualify for an exemption under Texas Education Code §54.341(b)), may elect to waive the eligible veteran's right to all or a portion of unused hours for which he or she is eligible (up to the maximum 150 semester credit hours). By completing the relevant forms as prescribed by the Commission and submitting them to the institution, the veteran, his or her spouse, or child's conservator, guardian, custodian, or other legally designated caretaker may:

(1) assign the unused hours to only one of his or her children at a time; and

(2) if the child to whom the hours have been assigned fails to use all available credit hours, assign the remaining hours to another of his or her children.

(b) For an otherwise eligible veteran to assign his or her unused hours to a child through the Hazlewood Legacy Program (applies to new recipients Fall 2011), he or she must:

(1) reside in Texas; or

(2) demonstrate that he or she is out of state only because of his or her own (or a spouse's) current military orders and provide the orders and most recent three months' Leave and Earnings Statements (LES) showing Texas to be the person's home. If the

orders and LES do not both indicate Texas as the person's home, other documentation must be provided to support the person's claim to domicile in Texas.

(c) For an otherwise eligible child to be entitled to the Hazlewood Act Exemption through the Hazlewood Legacy Program in a given term or semester, he or she must:

(1) be classified by their institution as a resident of Texas for the term or semester for which the child claims the Hazlewood Act Exemption;

(2) if a continuing or transfer student, meet the GPA requirement of the institution's satisfactory academic progress policy in a degree or certificate program as determined by the institution's financial aid policy; except, the child is not required to enroll in a minimum course load; and

(3) meet the age requirements set forth in subsection (d) of this section.

(d) An eligible child must:

(1) be 25 years of age or younger on the first day of the semester or other academic term for which the exemption is claimed; or

(2) if the child is over the age of 25 and otherwise eligible for the exemption, the child must provide the institution documentation from a physician indicating he or she suffered from a severe illness or other debilitating condition which prevented the child from using the exemption in the required timeframe. In this case, the student's eligibility shall be extended for a period of time equal to the time during which he or she experienced the illness or debilitating condition.

(e) The Legacy recipient will receive exemption for the number of degree certified hours as referenced in §461.30(e) of this subchapter (relating to Hazlewood Act Exemption).

§461.80. The Application.

(a) Commission staff shall produce and distribute a state-wide Hazlewood Act Exemption Application, requiring institutions to obtain the following information from applicants for the exemption:

(1) general information about the veteran, spouse, and/or child;

(2) point of entry, home of record, or residency information for the time that the veteran entered the service;

(3) residency information for the time that the veteran, spouse or child wishes to use the exemption;

(4) a certification of the validity of the information provided by the veteran, spouse, or child; and

(5) a statement granting permission to the institution to release current term or semester and historic credit hour information to the Commission and granting permission for the Commission to share such data with any institution that the veteran, spouse, or child might attend.

(b) For an otherwise eligible veteran, spouse, or child to be entitled to the Hazlewood Act Exemption in a given term or semester, the applicant must have a completed Hazlewood Act Exemption Application and the supporting documentation on file with the institution no later than the last class date of the semester or term to which the exemption applies.

(c) All institutions shall require the completed Hazlewood Act Exemption Application with supporting documentation once each academic year in which an exemption is granted.

§461.90. Supporting Documentation for the Hazlewood Act Exemption Application.

(a) Veterans: When applying for the first time for the Hazlewood Act Exemption, a veteran shall provide to the institution the Hazlewood Act Exemption Application, along with the following supporting documentation:

(1) a copy of the veteran's Certificate of Release or Discharge from Active Duty (DD FORM 214) or equivalent document. If the veteran's service period ended before the use of DD FORM 214, then the following forms may be substituted for the DD FORM 214:

- (A) WD AGO 53, Enlisted Record and Report of Separation Honorable Discharge;
- (B) WD AGO 53-55, Enlisted Record and Report of Separation Honorable Discharge;
- (C) WD AGO 53-58, Enlisted Record and Report of Separation General Discharge;
- (D) NAVCG-553, Notice of Separation from U.S. Coast Guard;
- (E) NAVMC 78-PD, U.S. Marine Corps Report of Separation; or
- (F) NAVPERS-553, Notice of Separation from U.S. Naval Service;

(2) a certificate of eligibility from the VA Regional Processing Office for federal education benefits if the veteran served active duty military service on or after 9/11/2001; and

(3) proof that the veteran is not in default on an educational loan made or guaranteed by the State of Texas.

(b) Spouse or Child: When applying for the first time for the Hazlewood Act Exemption, a spouse or child shall provide to the institution the Hazlewood Act Exemption Application, along with the following supporting documentation:

(1) proof that the veteran's death (DD FORM 1300) or disability (VA rating decision letter) was a result of an injury or illness directly associated with military service;

(2) a certificate of eligibility from the VA Regional Processing Office for federal education benefits if the veteran served active duty military service on or after 9/11/2001;

(3) if a child, proof that he or she is the child of an eligible veteran (birth certificate, or marriage certificate, or adoption certificate, or the veteran's federal income tax return);

(4) if a spouse, proof that he or she was the spouse of the veteran at the time the veteran died or is the current spouse of an otherwise eligible member of the military who sustained a disabling injury or is classified as missing in action (MIA) (marriage certificate or federal income tax return);

(5) documentation that the veteran, at the time he or she entered the service, was a resident of Texas, entered the service in the State of Texas (DD FORM 214), or declared Texas as his or her home of record in the manner provided by the military or other service (DD FORM 214);

(6) for the spouse or child of a disabled veteran or guardsman, a rating decision letter from the Department of Veterans Affairs verifying that the veteran has been rated totally and permanently disabled or meets the eligibility requirements for individual unemployability according to the disability ratings of the Department of Veterans Affairs; and

(7) proof that the spouse or child is not in default on an educational loan made or guaranteed by the State of Texas.

(c) Hazlewood Legacy Act: When applying for the first time for the Hazlewood Legacy Act transfer, a child shall provide to the institution the Hazlewood Act Exemption Application, along with the following supporting documentation:

(1) birth certificate, or marriage certificate, or adoption certificate, or most recent federal income tax return;

(2) certificate of eligibility from the VA Regional Processing Office for federal education benefits if the veteran served active duty military service on or after 9/11/2001;

(3) proof that the child and the qualifying veteran are not in default on an educational loan made or guaranteed by the State of Texas; and

(4) a copy of the veteran's Certificate of Release or Discharge from Active Duty (DD FORM 214) or equivalent document. If the veteran's service period ended before the use of DD FORM 214, then the following forms may be substituted for the DD FORM 214:

(A) WD AGO 53, Enlisted Record and Report of Separation Honorable Discharge;

(B) WD AGO 53-55, Enlisted Record and Report of Separation Honorable Discharge;

(C) WD AGO 53-58, Enlisted Record and Report of Separation General Discharge;

(D) NAVCG-553, Notice of Separation from U.S. Coast Guard;

(E) NAVMC 78-PD, U.S. Marine Corps Report of Separation; or

(F) NAVPERS-553, Notice of Separation from U.S. Naval Service.

§461.100. Subsequent Hazlewood Exemption Award.

(a) For each subsequent academic term in which an eligible person receives the Hazlewood Act Exemption, the institution shall confirm that the eligible person:

(1) has not exhausted the 150 credit hours of eligibility through the program since Fall 1995;

(2) resides in Texas or qualifies for an exception as provided in §461.40 of this subchapter (relating to Veteran Eligibility, which applies only to veterans), or is still classified as a resident student (applies only to a spouse, child or Legacy recipient);

(3) has met the GPA requirement of the institution's satisfactory academic progress policy in a degree or certificate program as determined by the institution's financial aid policy; as defined in §461.20(15) of this subchapter (relating to Definitions); and

(4) is not in default on an educational loan made or guaranteed by the State of Texas.

(b) An eligible person may submit the Hazlewood Application for Continued Enrollment once each academic year after initial application to maintain continued eligibility for the exemption.

§461.110. Enrollment Data to the Commission and Institutions.

The eligible person shall execute a statement, consenting to the release of the number of hours taken in the current academic year and in all previous academic years to the Commission and to any institution that he or she may attend.

§461.120. Reporting.

(a) All institutions shall report to the Commission, by means specified by the Commission, data related to the eligible persons who receive exemptions under this subchapter. Such data will include:

- (1) the name of the institution;
- (2) the name, social security number, and date of birth of each individual receiving benefits for the semester;
- (3) for each individual receiving benefits, the number of credit hours for which the individual received an exemption for the semester; and
- (4) any other information required by the Commission.

(b) All institutions shall report the required information not later than:

- (1) January 31st of each year for the fall semester;
- (2) June 30th of each year for the spring semester; and
- (3) September 30th of each year for the summer session.