

# **Tuition and Fee Exemptions and Waivers**

## **Observations and Overview Opportunities and Options**

Legislative Budget Board Presentation  
Senate Higher Education Committee

April 26, 2010

### **Tuition and Fee Exemptions and Waivers: Observations**

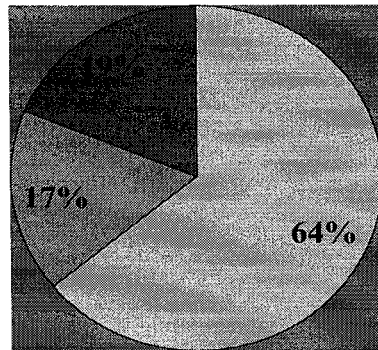
- Utilization of exemptions and waivers exceeds that of state-supported student financial aid, and the gap between their monetary values is closing.
- Usage and value of exemptions and waivers each increased 11% in FY 2008 over FY 2007:
  - 202,493 recipients
  - \$355.6 million in foregone revenue
- Another 11,675+ recipients of 4 *reimbursed* exemptions cost almost \$19.9 million in FY08.

Prepared by LBB Staff for SHEC

2

## Tuition and Fee Exemptions and Waivers: Observations

### Comparison to State-based Financial Aid Recipients, FY08



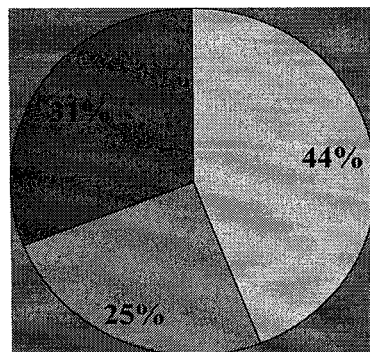
- Exemptions & Waivers: 202,493
- TEXAS Grants (TXG): 54,448
- Non-TXG State Aid: 59,195

Prepared by LBB Staff for SHEC

3

## Tuition and Fee Exemptions and Waivers: Observations

### Comparison to State-based Financial Aid Values, FY08



- Exemptions & Waivers: \$355.6 million
- TEXAS Grants (TXG): \$199.6 million
- Non-TXG State Aid: \$248.9 million

Prepared by LBB Staff for SHEC

4

	<b>Tuition and Fee Exemptions and Waivers: Overview Scope</b>
--	---

- |  |  |
|--|--|
|  | <ul style="list-style-type: none"><li>■ 62 exemptions, waivers and related financial assistance programs:<ul style="list-style-type: none"><li>– 38 exemptions, 24 waivers</li><li>– 34 mandatory (19 exemptions, 15 waivers)</li><li>– 28 discretionary (16 exemptions, 12 waivers)</li></ul></li><li>■ In FY 2008, 10 programs were unused, 4 had 10 or fewer recipients, one had been superseded, and one was reclassified.</li></ul> |
|--|--|

Prepared by LBB Staff for SHEC

5

	<b>Tuition and Fee Exemptions and Waivers: Overview Purposes</b>
--	--

- |  |   |
|--|---|
|  | <ul style="list-style-type: none"><li>■ Academic/administrative objectives – 27</li><li>■ Economic development – 2 (both waivers)</li><li>■ Public service and/or public safety – 4 (all exemptions)</li><li>■ Veterans/military personnel and families – 10 (including new combatants' dependents exemption)</li><li>■ Interstate cooperation &amp; international relations – 11 (all waivers)</li><li>■ Special individual/familial circumstances – 8</li></ul> |
|--|---|

Prepared by LBB Staff for SHEC

6

## Tuition and Fee Exemptions and Waivers: Overview

### Implementation

- Exemptions and waivers are state policies set in statute (one in rider), yet administered mostly by institutions through various campus offices.
- THECB has rule-making authority over 9 programs:
  - Veterans exemption/military personnel waiver (limited)
  - Western Hemisphere “Good Neighbor” Scholarship
  - Early high school graduates, educational aides, & TANF dependents
  - Nursing faculty children & professional nursing preceptors exemptions
  - Fire science and (eff. Fall 2011) law enforcement students exemptions
  - Blind/deaf students exemption (rule-writing deferred)

Prepared by LBB Staff for SHEC

7

## Tuition and Fee Exemptions and Waivers: Overview

### Top 10 Exemptions Ranked by Monetary Value, FY08

Program	Recipients	Share	Value	Share
Dual Credit (junior colleges)	62,463	40%	\$29,847,239	23%
Hazlewood (veterans) [incl. NCH]	9,629	6	22,183,444	17
Texas Tomorrow Fund	10,606	7	13,871,412	11
Irrelevant Fees	13,389	9	11,539,295	9
Deaf and Blind Students	3,547	2	7,895,874	6
Concurrent Enrollment	8,372	5	7,510,280	6
Dual Credit (universities)	8,779	6	6,982,318	5
Valedictorians (highest-ranking)	1,068	1	4,999,269	4
Former Foster Care Students	2,030	1	4,134,826	3
Distance Learning	23,701	15	3,534,786	3
<b>Total</b>	<b>143,584</b>	<b>93%</b>	<b>\$112,463,957</b>	<b>87%</b>

Prepared by LBB Staff for SHEC

8

## Tuition and Fee Exemptions and Waivers: Overview

### Top 10 Waivers Ranked by Monetary Value, FY08

Program	Recipients	Share	Value	Share
Competitive Scholarship Recipients (combined)	14,525	30%	\$95,919,294	41%
Teaching/Research Assistants	14,575	30	80,952,727	34
Mexican Citizens	2,589	5	15,316,015	6
U.S. Military Personnel in Texas	7,779	16	13,457,990	6
Border County/Parish Students	1,875	4	8,758,131	4
Border State Students	3,009	6	4,770,565	2
College Teachers/Professors	766	2	3,684,422	2
"100-mile" School Students	485	1	2,771,741	1
Mexican Citizens (pilot program)	280	1	2,576,647	1
"Good Neighbor" Scholarship Recipients	246	1	2,436,769	1
<b>Total</b>	<b>46,129</b>	<b>96%</b>	<b>\$230,644,301</b>	<b>98%</b>

Prepared by LBB Staff for SHEC

9

## Tuition and Fee Exemptions and Waivers: Overview

### Usage & Values by Program Type, FY08

<u>Type</u>	<u>Recipients</u>	<u>Change from 07</u>	<u>Value</u>	<u>Change from 07</u>
Exemptions*	155,616	16%	\$120,184,956	23%
Waivers	46,877	(4%)	\$235,398,392	7%
<b>Total</b>	<b>202,493</b>	<b>11%</b>	<b>\$355,583,350</b>	<b>11%</b>

\*unreimbursed

Prepared by LBB Staff for SHEC

10

**Tuition and Fee Exemptions and Waivers: Overview  
Usage & Values by Program Designation, FY08**

	EXEMPTIONS*		WAIVERS	
	<u>Recipients</u>	<u>Value</u>	<u>Recipients</u>	<u>Value</u>
Mandatory	36,667	\$58,569,474	40,848	\$213,528,806
Discretionary	118,949	\$61,615,482	6,029	\$21,869,586

\*unreimbursed

Prepared by LBB Staff for SHEC

11

**Tuition and Fee Exemptions and Waivers: Overview  
Usage & Values by Higher Education Sector, FY08**

Institution Type	Exemptions		Waivers	
	Recipients	Value	Recipients	Value
Universities	58,488	\$68,962,509	33,399	\$210,246,108
Community Colleges	86,742	\$46,670,705	10,534	\$8,834,953
Health-related Institutions	2,604	\$1,625,232	2,435	\$14,068,737
State Colleges (Lamars)	1,586	\$892,847	476	\$2,186,209
Technical Colleges (TSTC)	6,196	\$2,033,663	33	\$62,385

Prepared by LBB Staff for SHEC

12

## Tuition and Fee Exemptions and Waivers: Overview

### Definitions and Fiscal Impact

- Exemptions and waivers are discounts, credits or rate reductions applied to tuition and most fee charges of students entitled to them by law (unless discretionary and institutions opt not to do so).
  - Exemptions apply to most fees and to tuition charged to residents, including some statutory tuition (rate set by law) and all designated tuition (rate set by boards). They affect institutional and local funds with little impact on appropriations.
  - Waivers apply to a few fees and to nonresident tuition rates, which are set in statute for general academic teaching institutions. They exclusively affect statutory tuition, which is included in the General Appropriations Act and affects formula funding distributions to individual institutions.

Prepared by LBB Staff for SHEC

13

## Tuition and Fee Exemptions and Waivers: Overview

### Reimbursables

- The State reimburses institutions (indirectly) or recipients for the costs of 5 mandatory programs:
  - Early High School Graduation Scholarship\*
  - Educational aides exemption
  - TANF recipients' dependents exemption
  - State Military Forces Tuition Assistance\*\*
  - Overseas combatants' dependents exemption
- THECB does not treat these programs as exemptions.

\*Tuition credits extended to recipients over time.

\*\*Reimbursements paid to students after enrollment.

Prepared by LBB Staff for SHEC

14

## Tuition and Fee Exemptions and Waivers: Overview

### Reimbursables

#### ■ Methods of Payment

- Foundation School Fund appropriations (est.)<sup>1</sup>
  - Early high school graduates
  - Educational aides
  - TANF dependents
- Sum-certain appropriation: state military forces<sup>2</sup>
- Rider: overseas combatants' dependents

<sup>1</sup>TEA rider (transfers), THECB line items (expenditures)

<sup>2</sup>Adjutant General's Department

Prepared by LBB Staff for SHEC

15

## Tuition and Fee Exemptions and Waivers: Overview

### Reimbursables

#### Recent Expenditures

Program	FY 2008	Change from 07	FY 2009	Change from 07
Early H.S. Graduates	\$5,595,454	(4%)	\$6,218,813	11%
Educational Aides	\$12,549,154	28%	\$11,165,474	(11%)
TANF Dependents	\$138,202	(27%)	\$77,117	(44%)
State Military Forces	\$1,595,615	16%	\$987,997	(38%)
Overseas Combatants' Dependents	N/A	-	N/A	-
<b>Total</b>	<b>\$19,878,426</b>	<b>20%</b>	<b>\$18,449,401</b>	<b>(7%)</b>

Prepared by LBB Staff for SHEC

16



## Tuition and Fee Exemptions and Waivers: Overview

### Reimbursables

#### Current Appropriations

Program	FY 2010	Change from 09	FY 2011	Change from 10
Early H.S. Graduates	\$5,956,973	(12%)	\$5,956,973	0%
Educational Aides	\$14,369,899	48%	\$14,369,899	0%
TANF Dependents	\$134,674	(40%)	\$134,674	0%
State Military Forces	\$2,000,000	100%	\$2,000,000	0%
Overseas Combatants' Dependents	\$349,500	N/A	\$349,500	0%
Total	\$22,461,546	27%	\$22,461,546	0%

Prepared by LBB Staff for SHEC

17

## Tuition and Fee Exemptions and Waivers: Opportunities

### Managing Growth and Measuring Progress

- High- and low-/no-growth programs are ripe for evaluation/review and emulation or suspension.
- *Closing the Gaps* provides a framework for moving beyond access and affordability to success and accountability.
- Existing datasets and reporting structures are adequate to support necessary levels of scrutiny.
- Cost/benefit drivers are likely to persist.

Prepared by LBB Staff for SHEC

18

**Tuition and Fee Exemptions and Waivers:  
Options**

**Status Quo, Targeting or Holistic Approach**

- Maintaining current system means proliferation without coherence, uniformity, oversight or any assurance of reaching goals or addressing issues.
- Subjecting selected programs to focused scrutiny and some level of regulation and reporting could enhance both students' and institutions' success.
- Comprehensive reform or wholesale revision would maximize efficiencies, desired outcomes, and fulfillment of legislative intent.

Prepared by LBB Staff for SHEC

19

**Tuition and Fee Exemptions and Waivers:  
Conclusion**

**Efficacy**

- Exemptions and waivers are the only forms of student financial aid that mirror inflation.
- Many exemptions and waivers are having positive effects for both students and institutions.
- Ill effects are more difficult to gauge absent more and better data and rigorous empirical analysis.
- Some exemptions' and waivers' benefits and desired outcomes are self-evident; many are not.

Prepared by LBB Staff for SHEC

20