

Forty Years of Success

**The Texas Tuition Equalization Grant (TEG) Program
A Program of College Student Aid
1971 – 2011**

Independent Colleges and Universities of Texas, Inc.

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THE TEG PROGRAM

1971 the Texas Legislature created the Texas Tuition Equalization Grant (TEG) Program to:

- reduce taxpayer costs for higher education by providing limited financial assistance to needy low- and middle-income Texas students attending Texas independent institutions of higher education;
- help bridge the tuition gap between lower priced state universities and independent institutions;
- assist students whose financial circumstances limit their college choices;
- encourage independent institutions to expand and continue sharing the task of educating a rapidly growing student population; and
- strengthen independent institutions by helping them maintain ethnically and economically diverse student bodies.

Who Receives TEG?

Family Financial Background

- Students who receive Pell grants are the neediest students enrolled in higher education. In fiscal year 2009, 49% of TEG students were Pell grant recipients. Their average parental income was \$17,779.
- The average income of TEG recipients who do not receive Pell grants is about \$49,600; students with “higher” incomes may qualify for TEG because their families are exceptionally large or because of recent financial reverses caused by death, disability, or unemployment.
- The overall average parental income of TEG recipients is less than \$29,000.

Racial and Ethnic Diversity

- 26.3% Hispanic
- 14.9% African American
- 0.7% Native American
- 5.5% Asian American
- 3.8% Unknown
- 48.8% White

Student Classification

86% of TEG students are undergraduates

14% of TEG students are graduate/professional students

Who's Eligible for a TEG?

To be eligible for a TEG, a student must:

- be a qualified Texas resident meeting the conditions for paying public Texas resident tuition;
- establish financial need as required by the Texas Higher Education Coordinating Board;
- not receive any form of athletic scholarship while receiving TEG;
- be enrolled at least three-quarter time at an approved Texas independent institution; and
- earn 24 Semester Credit Hours (SCH) per year while maintaining a 2.5 GPA.

TEG and Actions of the 81st Legislature

The 81st Legislature appropriated \$105.8 million each year of the 2010-2011 biennium for the TEG program. This amount was less than 1% of all the funds appropriated for higher education.

In fiscal year 2010 \$2.1 million of the TEG appropriation was withheld as part of the ordered 5% reduction in state agency budgets; in fiscal year 2011, \$4 million was withheld.

Demonstrated student need for TEG exceeded \$193 million in fiscal year 2010. The portion of the 2010 appropriation used for the TEG program met 53.6% of TEG need.

About \$107,000 of TEG funds were used in fiscal year 2010 to meet obligations to TEXAS Grant recipients during that program's phase-out at independent institutions. There are few, if any, remaining TEXAS Grant students at independent institutions.

How Taxpayers Benefit from TEG

TEG reduces taxpayer costs for higher education by providing limited financial assistance to needy Texas students attending Texas independent institutions of higher education. Degrees produced by independent institutions cost the taxpayers about 10% of the cost of degrees produced by public institutions.*

For fiscal year 2009, the average TEG of \$3,441 was slightly more than 45% of the estimated taxpayer contribution of \$7,616 for each full-time student enrolled at a state university.

In fiscal year 2009, if TEG recipients had enrolled at state universities, Texas taxpayers would have paid more than \$232 million, or more than twice the appropriation for TEG.

If Texas public institutions had to absorb TEG students without additional funding, the result would be larger classes, increased demand for libraries and technology, a lower percentage of students able to access the classes they need, reduced timely graduation and so on. In short, public higher education would face increased burdens and reduced quality.

*Source: OICA Fact Book, January 6, 2010

How Needy Students Benefit from TEG

In fiscal year 2009, \$104.7 million in TEG funds aided 30,446 Texas dependent and independent students with an average TEG of \$3,441. These students had:

- average Adjusted Gross Income (AGI) of \$35,973 (both dependent & independent students)
- average college expenses of \$31,832; and
- average student need of \$27,213.

About 40% of TEG students came from families with an Expected Family Contribution (EFC) of \$1000 or less and were eligible for a larger TEG because of "exceptional" need. Their average grant was \$4,048 while students with "ordinary" need received an average grant of \$3,057.

**Graduation Rates for Entering Cohorts Fall 2002 - Fall 2005
Texas Public and Independent 4-Year Institutions of Higher Education***

<u>Cohort</u>	<u>4-Year Graduation Rate</u>	<u>5-Year Graduation Rate</u>	<u>6-year Graduation Rate</u>
Fall 2002 Independent	39.0%	58.1%	63.5%
Fall 2002 Public	25.1%	47.6%	56.8%
Fall 2003 Independent	36.6%	58.2%	63.6%
Fall 2003 Public	25.3%	47.5%	56.0%
Fall 2004 Independent	40.7%	58.4%	
Fall 2004 Public	27.0%	49.0%	
Fall 2005 Independent	41.1%		
Fall 2005 Public	29.0%		

**Graduation Rates for Entering Cohort of TEG and TEXAS Grant Recipients
Fall 2002 - Fall 2005***

<u>Program</u>	<u>4-Year Graduation Rate</u>	<u>5-Year Graduation Rate</u>	<u>6-Year Graduation Rate</u>
Fall 2002 TEG	32.3%	50.7%	57.6%
Fall 2002 TEXAS Grant	19.3%	41.2%	50.9%
Fall 2203 TEG	34.5%	54.3%	60.5%
Fall 2003 TEXAS Grant	22.3%	45.4%	55.3%
Fall 2004 TEG	34.2%	52.4%	
Fall 2004 TEXAS Grant	20.4%	49.1%	
Fall 2005 TEG	35.0%		
Fall 2005 TEXAS Grant	20.6%		

* Data Source: Texas Higher Education Coordinating Board

Maximum Grant Amounts for TEG are Smaller Than TEXAS Grants**

<u>Fiscal Year</u>	<u>TEXAS Grant</u>	<u>TEG/Ordinary Need</u>	<u>TEG/Exceptional Need</u>
2009	\$5,280	\$3,331	\$4,997
2010	\$6,080	\$3,808	\$5,712
2011	\$6,780	\$3,808	\$5,712

** The maximum TEXAS Grant is set annually; the maximum TEG is set biennially

Performance Measures for the Tuition Equalization Grant (TEG) Program General Appropriations Act for 2004-2009*

Performance Target: Retention Rate After One Academic Year 60%**

Retention Results:

Retention of TEG Recipients after one Academic Year (Fall 2003 to Fall 2004, FY 2004)

- Retained at Original Independent Institution 72.70%
- Total Retained in Texas Higher Education 88.22%

Retention of TEG Recipients after one Academic Year (Fall 2004 to Fall 2005, FY 2005)

- Retained at Original Independent Institution 70.50%
- Total Retained in Texas Higher Education 86.90%

Retention of TEG Recipients after one Academic Year (Fall 2005 to Fall 2006, FY 2006)

- Retained at Original ICUT Institution 69.20%
- Total Retained in Texas Higher Education 85.65%

Retention of TEG Recipients after one Academic Year (Fall 2006 to Fall 2007, FY 2007)

- Retained at Original ICUT Institution 69.60%
- Total Retained in Texas Higher Education 85.50%

Retention of TEG Recipients after one Academic Year (Fall 2007 to Fall 2008, FY 2008)

- Retained at Original ICUT Institution 69.10%
- Total Retained in Texas Higher Education 85.80%

Retention of TEG Recipients after one Academic Year (Fall 2008 to Fall 2009, FY 2009)

- Retained at Original ICUT Institution 69.50%
- Total Retained in Texas Higher Education 85.90%

*Source: Texas Higher Education Coordinating Board

** The Texas Higher Education Coordinating Board does not consider first to second year retention a "key measure" and has set no target for it since the Legislature set the 60% target in the General Appropriations Act of 2001.

Performance Target: TEG Recipients Earning a Bachelors Degree in 6 Years 50%*

Graduation Results:

TEG Recipients Earning a Bachelor's Degree (Fall 2002 Cohort)

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|-------------------------|--------|---------------------------|--------|
| • 4 Years (Summer 2006) | 32.34% | Persisting Beyond 4 Years | 38.26% |
| • 5 Years (Summer 2007) | 50.73% | Persisting Beyond 5 Years | 17.31% |
| • 6 Years (Summer 2008) | 57.63% | Persisting Beyond 6 Years | 9.55% |

TEG Recipients Earning a Bachelor's Degree (Fall 2003 Cohort)

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|-------------------------|--------|---------------------------|--------|
| • 4 Years (Summer 2007) | 34.51% | Persisting Beyond 4 Years | 36.45% |
| • 5 Years (Summer 2008) | 54.19% | Persisting Beyond 5 Years | 15.67% |
| • 6 Years (Summer 2009) | 60.48% | Persisting Beyond 6 Years | 9.70% |

TEG Recipients Earning a Bachelor's Degree (Fall 2004 Cohort)

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|-------------------------|--------|---------------------------|--------|
| • 4 Years (Summer 2008) | 34.17% | Persisting Beyond 4 years | 35.22% |
| • 5 Years (Summer 2009) | 52.38% | Persisting Beyond 5 Years | 15.68% |

TEG Recipients Earning a Bachelor's Degree (Fall 2005 Cohort)

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|-------------------------|--------|---------------------------|--------|
| • 4 years (Summer 2009) | 34.95% | Persisting Beyond 4 Years | 34.39% |
|-------------------------|--------|---------------------------|--------|

Performance Target: Percentage of Recipients Who are Minorities 45%

Minority Results:

Percentage of Minority TEG Recipients

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|-----------|-------|
| • FY 2004 | 45.0% |
| • FY 2005 | 46.2% |
| • FY 2006 | 45.5% |
| • FY 2007 | 46.7% |
| • FY 2008 | 47.5% |
| • FY 2009 | 47.4% |

* The Texas Higher Education Coordinating Board does not consider the six-year graduation rate a "key measure" and has set no target for it since the Legislature set the 50% target in the General Appropriations Act of 2001

What Do Independent Colleges and Universities Contribute to Texas?

There are 40 nonprofit, tax-exempt, general academic independent colleges and universities in Texas enrolling about 121,690 students (fall 2010), approximately 10% of all the state's college students. These institutions are the members of Independent Colleges and Universities of Texas, Inc. (ICUT).

These 40 institutions award nearly 23% of all bachelor's degrees in Texas and over 25% of all graduate and professional degrees.

In addition, there are three independent health related institutions and one independent college of law that are not members of ICUT.

All of these institutions meet the same accreditation standards as state universities, community colleges, and public medical and law schools.

The 40 independent institutions provide substantial higher education resources to Texas at no cost to taxpayers, including:

- \$6.4 billion in land, buildings and equipment;
- \$9.0 billion in endowment;
- annual educational expenditures of \$2.9 billion; and
- 24,096 faculty and staff.

Nearly 81% of students enrolled in independent institutions are Texas residents.

In FY 2008, the ICUT institutions provided over \$506 million in institutional (non-governmental) financial assistance to their students, nearly 5 times the amount appropriated for the Tuition Equalization Grant program.

Forty Years of Success: The TEG Program

From 1971 the TEG Program has achieved the Legislature's program goals

- **Reduce taxpayer costs for higher education by providing limited financial assistance to needy Texas students attending Texas independent institutions of higher education**
 - ◆ For fiscal year 2009, the average TEG of \$3,441 was more than 45% of the estimated taxpayer contribution of \$7,616 for each full-time student enrolled at a state university.
 - ◆ In fiscal year 2009, if TEG recipients had enrolled at state universities, Texas taxpayers would have paid more than \$231.8 million, or more than twice the appropriation for TEG.
- **Help bridge the tuition gap between lower priced state universities and independent institutions**
 - ◆ In fiscal year 2009, TEG provided about 30,446 students average grants of \$3,441 (the maximum allowed was \$5,830).
 - ◆ In fiscal year 2009 average state university tuition was \$6,193; average tuition at an independent institution was \$18,579 per year. Not even the maximum TEG makes up the difference between the two.
- **Help students whose financial circumstances limit their college choices**
 - ◆ Students who receive Pell grants are the neediest students enrolled in higher education. In fiscal year 2009, nearly 50% of TEG recipients also received Pell grants.
 - ◆ The average parental AGI of dependent TEG recipients who do not receive Pell grants is \$62,714; TEG recipients with higher family incomes qualify because of exceptional family or financial circumstances.
 - ◆ The overall average family income of TEG recipients is about \$36,000.
- **Encourage independent institutions to expand and continue to assume their share of the burden of educating a growing student population**
 - ◆ In 1971, when the TEG was created, ICUT institutions enrolled 74,685 students; this year 121,960 were enrolled, a 63% increase.
 - ◆ For 40 years TEG has helped independent institutions maintain a 10% share of the Texas higher education market.
- **Strengthen independent institutions by helping them maintain economically and ethnically diverse student bodies**
 - ◆ In Fall 1982, 16.9% of ICUT's enrollment was minority students; in Fall 2007, that percentage had more than doubled to 42.4%.
 - ◆ In Fiscal Year 1982, about 29% of TEG recipients were minority students; in Fiscal Year 2008, nearly 48% of the recipients were minority students.

Institutions Participating in the TEG Program And TEG Allocations for Fiscal Year 2011*

Abilene Christian University	\$ 3,539,406
Austin College	1,728,343
Baylor University	12,328,026
College of St. Thomas More	17,129
Concordia University Texas	2,250,196
Dallas Baptist University	3,865,976
East Texas Baptist University	1,579,968
Hardin-Simmons University	2,676,363
Houston Baptist University	2,485,949
Howard Payne University	1,350,442
Huston-Tillotson University	778,279
Jacksonville College	311,548
Jarvis Christian College	969,434
LeTourneau University	2,435,015
Lon Morris College	1,334,538
Lubbock Christian University	1,971,517
McMurry University	2,166,789
Our Lady of the Lake University	2,671,949
•Parker College of Chiropractic	943,041
Paul Quinn College	141,311
Rice University	2,604,197
St. Edward's University	4,828,433
St. Mary's University	5,528,909
Schreiner University	1,418,651
•South Texas College of Law	1,879,860
Southern Methodist University	6,324,641
Southwestern Adventist University	715,432
Southwestern Assemblies of God University	1,331,539
Southwestern Christian College	141,637
Southwestern University	1,523,108
•Texas Chiropractic College	378,971
Texas Christian University	5,638,508
Texas College	1,161,139
Texas Lutheran University	1,965,201
Texas Wesleyan University	3,648,955
Trinity University	1,802,537
University of Dallas	1,605,241
University of the Incarnate Word	5,062,133
University of Mary Hardin-Baylor	3,900,966
University of St. Thomas	1,934,083
Wayland Baptist University	1,585,400
Wiley College	1,349,892
 Total	 \$101,874,653

*Source: Texas Higher Education Coordinating Board. Although the Legislature appropriated \$105.8 million for the TEG Program for fiscal year 2011, \$4 million was withheld to comply with the order for a 5% reduction in state agency budgets.

• Institution is not a member of ICUT.