

**Independent Colleges and Universities of Texas  
and the  
Texas Tuition Equalization Grant (TEG) Program  
A Program of College Student Aid**

**Stretching Minds. Stretching Money.**

**Independent Colleges and Universities of Texas, Inc. (ICUT)**

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## **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 118,799 students (fall 2008), about 11% 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 24% of all bachelor's degrees in Texas and over 29% 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:

- \$5.1 billion in land, buildings and equipment;
- \$10.4 billion in endowment;
- annual educational expenditures of \$2.5 billion; and
- 23,185 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.

## Facts About the TEG Program

The Texas Legislature established the Texas Tuition Equalization Grant (TEG) program in 1971 to:

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

The 80th Legislature appropriated \$105.8 million for each year of the 2008-2009 biennium for the TEG program. Of that amount, \$7 million was used in fiscal year 2008 and an estimated \$3.6 million will be used in fiscal year 2009 to meet obligations to TEXAS Grant recipients at independent institutions as that program is phased out at those institutions.

In fiscal year 2008, \$102.8 million in TEG funds aided 31,145 Texas students with an average TEG of \$3,302. These students had:

- average family incomes of \$36,399;
- average college expenses of \$29,687; and
- average student need of \$25,140.

About 40% of students receiving TEG come from families who can contribute \$1000 or less to support their student in college.

Demonstrated student need for TEG exceeded \$161.5 million in fiscal year 2008. The portion of the 2008 appropriation devoted to the TEG program met about 62% of TEG need.

In the 2008-2009 biennium, funding for the TEG program amounted to less than 1% of all the money the Legislature appropriated for higher education.

To be eligible for a TEG, a student must:

- be a qualified Texas resident;
- establish financial need as defined by the Texas Higher Education Coordinating Board;
- be enrolled fulltime at an approved independent college or university in Texas;
- not receive any form of athletic scholarship; and
- maintain a 2.5 GPA.

## Institutions Participating in the TEG Program And TEG Allocations for Fiscal Year 2009\*

Abilene Christian University	\$ 4,048,600
Austin College	1,645,210
Baylor University	12,507,259
College of St. Thomas More	30,915
Concordia University Texas	1,951,841
Dallas Baptist University	2,828,253
East Texas Baptist University	1,828,062
Hardin-Simmons University	2,975,273
Houston Baptist University	2,286,901
Howard Payne University	1,607,651
Huston-Tillotson University	1,183,230
Jacksonville College	321,525
Jarvis Christian College	1,173,098
LeTourneau University	2,308,536
Lon Morris College	533,735
Lubbock Christian University	2,196,760
McMurry University	2,188,124
Our Lady of the Lake University	2,692,058
•Parker College of Chiropractic	1,120,134
Paul Quinn College	1,089,908
Rice University	2,448,433
St. Edward's University	4,407,218
St. Mary's University	5,237,501
Schreiner University	1,446,756
•South Texas College of Law	1,112,909
Southern Methodist University	5,750,119
Southwestern Adventist University	700,312
Southwestern Assemblies of God University	1,535,487
Southwestern Christian College	175,746
Southwestern University	1,450,802
•Texas Chiropractic College	467,647
Texas Christian University	5,412,706
Texas College	1,573,609
Texas Lutheran University	1,972,770
Texas Wesleyan University	3,431,370
Trinity University	1,693,750
University of Dallas	2,384,729
University of the Incarnate Word	5,863,990
University of Mary Hardin-Baylor	4,040,517
University of St. Thomas	1,949,810
Wayland Baptist University	1,979,963
Wiley College	978,533
 Total	 \$102,540,750

\* Source: Texas Higher Education Coordinating Board. Although the Legislature appropriated \$105.8 million for the TEG program in fiscal year 2009, \$3.6 million was allocated for TEXAS Grants in Fall 2009.

• Institution is not a member of ICUT

## Performance Measures for the Tuition Equalization Grant (TEG) Program General Appropriations Act for 2004-2008\*

**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% |
| • Transferred to Another Independent Institution | 1.34%  |
| • Transferred to a Public Institution            | 14.18% |
| • 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% |
| • Transferred to Another Independent Institution | 1.50%  |
| • Transferred to a Public Institution            | 14.90% |
| • 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% |
| • Transferred to Another Independent Institution | 1.50%  |
| • Transferred to a Public Institution            | 15.00% |
| • 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% |
| • Transferred to Another Independent Institution | 1.40%  |
| • Transferred to a Public Institution            | 14.50% |
| • 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% |
| • Transferred to Another Independent Institution | 1.10%  |
| • Transferred to a Public Institution            | 15.60% |
| • Total Retained in Texas Higher Education       | 85.80% |

\*Source: Texas Higher Education Coordinating Board

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

**Graduation Results:**

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

- 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)***

- 4 Years (Summer 2007) 34.51% Persisting Beyond 4 Years 36.45%
- 5 Years (Summer 2008) 54.19% Persisting Beyond 5 Years 15.67%

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

- 4 Years (Summer 2008) 34.17% Persisting Beyond 4 years 35.22%

**Performance Target: Percentage of Recipients Who are Minorities 45%**

**Minority Results:**

***Percentage of Minority TEG Recipients***

- FY 2004 45.0%
- FY 2005 46.2%
- FY 2006 45.5%
- FY 2007 46.7%
- FY 2008 47.5%

\*Source: Texas Higher Education Coordinating Board

## Recent Appropriation History of the TEG Program: The Role of the Comptroller

During the 1995 Regular Legislative Session, Comptroller John Sharp made two rulings about how specific items of appropriation would be counted against certification of the General Appropriations Act. He singled out two items of appropriation: funds for economic development projects and funds for the Tuition Equalization Grant (TEG) program. He indicated that new funds appropriated for those programs would not be counted against the revenue estimate for certification of the appropriations bill. Comptroller Carole Strayhorn also followed these rulings.

Comptroller Sharp based his rulings on 2 facts: revenue produced from economic development projects was generally greater than the original appropriation; and because a TEG could amount to only half of the Legislature's appropriation for a full-time student at a state university, the state saved money each time a student accepted a TEG and enrolled at an independent institution instead of a public institution.

Using these Comptroller rulings, the Legislature steadily increased appropriations for TEG from 1995 through 2003, as shown on the table below. The appropriations were based on an amount the Comptroller determined each session.

In 2003, when the Legislature faced a \$10 billion shortfall in revenue for the 2004-2005 biennium, Comptroller Strayhorn made no ruling on the TEG program and its funding was reduced for the first time in a decade. When the economy recovered in 2005, the Comptroller again determined a level of new funds for TEG that was not counted against the revenue estimate for certification of the appropriations bill. In that same year, independent institutions voluntarily ceased participation in the TEXAS Grant Program and used a portion of the TEG funds to honor commitments made to TEXAS Grant recipients at independent institutions. Since that time, ICUT has not sought additional funding for TEG because TEG funds no longer used for TEXAS Grants acted as an increase in TEG funding and because the TEG maximum grant fell between the 2006-07 and the 2008-09 biennia.

### Recent Appropriation History of the Texas Equalization Grant Program

<u>Fiscal Year</u>	<u>Appropriation</u>	<u>Comptroller's Biennial Increase</u>
1993-94	\$ 25,200,000	
1994-95	25,200,000	
1995-96	37,159,873	
1996-97	37,200,337	\$25,000,000
1997-98	47,200,337	
1998-99	47,200,337	20,000,000
1999-00	62,200,337	
2000-01	62,200,337	30,000,000
2001-02	82,200,337	
2002-03	82,200,337	40,000,000
2003-04	70,449,779	
2004-05	70,316,479	
2005-06	105,974,655	
2006-07	105,974,655	70,000,000
2007-08	105,874,655	
2008-09	105,874,655	

## **Why did ICUT institutions voluntarily withdraw from the TEXAS Grant Program during the 79th Legislature, Regular Session?**

*There are 3 reasons why ICUT institutions withdrew from the TEXAS Grant Program.*

### **It was the right thing to do for students at public institutions**

When Comptroller Strayhorn indicated that she would not count an additional \$70 million for TEG as a cost against certification of the appropriations bill, ICUT knew its institutions could honor their obligations to current TEXAS Grant recipients using TEG funds. ICUT institutions' withdrawal from the TEXAS Grant program made approximately \$35 million more of the TEXAS Grant appropriation available for students at public institutions.

### **It was the right thing to do for the state**

Since the maximum grant amount for TEG is determined as a percentage of the state's subsidy for each student attending a state university, TEG reduces the state's cost for providing higher education for its citizens. Independent institutions' participation in TEXAS Grant, with its maximum grant set at the price of tuition at state universities, marginally increased the taxpayers' cost for higher education. We believe that our decision to participate only in the TEG program is more cost-efficient for the state.

### **It was the right thing to do for independent college students**

TEG is a flexible program. It serves undergraduates and graduate and professional students; it provides aid for both traditional and non-traditional student populations; it assists students from very low- and middle-income groups; and it works equally well for graduates from private and parochial schools, home schools and for graduates of Texas public schools.

This flexibility has allowed TEG to be an effective program for students at institutions with a broad range of missions--from elite research institutions and highly selective liberal arts colleges to institutions that focus on students with special needs and those whose admissions practices are closer to open enrollment. Given the wide diversity among students in the independent sector, TEG is the most effective program for students at independent institutions.

## **The TEG Program-- Purposes and Accomplishments**

*In 1971 the Legislature created the TEG program for several purposes*

- **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 2008, the average TEG of \$3,302 was less than 50% of the estimated taxpayer contribution of \$6,662 for each full-time student enrolled at a state university.
  - ◆ In fiscal year 2008, if TEG recipients had enrolled at state universities, Texas taxpayers would have paid more than \$207.5 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 2008, TEG provided about 31,143 students average grants of \$3,302 (the maximum allowed was \$3,331).
  - ◆ In fiscal year 2008 average state university tuition was \$5,904; average tuition at an independent institution was \$16,704 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 2008, nearly 50% of TEG recipients also received Pell grants.
  - ◆ The average family income of TEG recipients who do not receive Pell grants is \$50,698; 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 118,799 were enrolled, a 59.1% increase. For 38 years TEG has helped independent institutions maintain a 10-12% 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 nearly doubled to 33.6%. In Fiscal Year 1982, about 29% of TEG recipients were minority students; in Fiscal Year 2008, nearly 48% of the recipients were minority students.

## The Members Of Independent Colleges and Universities of Texas

Abilene Christian University	Abilene
Amberton University	Garland
Austin College	Sherman
Baylor University	Waco
College of St. Thomas More	Fort Worth
Concordia University Texas	Austin
Dallas Baptist University	Dallas
East Texas Baptist University	Marshall
Hardin-Simmons University	Abilene
Houston Baptist University	Houston
Howard Payne University	Brownwood
Huston-Tillotson University	Austin
Jacksonville College	Jacksonville
Jarvis Christian College	Hawkins
LeTourneau University	Longview
Lon Morris College	Jacksonville
Lubbock Christian University	Lubbock
McMurry University	Abilene
Our Lady of the Lake University	San Antonio
Paul Quinn College	Dallas
Rice University	Houston
St. Edward's University	Austin
St. Mary's University	San Antonio
Schreiner University	Kerrville
Southern Methodist University	Dallas
Southwestern University	Georgetown
Southwestern Adventist University	Waxahachie
Southwestern Assemblies of God Univ	Terrell
Southwestern Christian College	Keene
Texas Christian University	Fort Worth
Texas College	Tyler
Texas Lutheran University	Seguin
Texas Wesleyan University	Fort Worth
Trinity University	San Antonio
University of Dallas	Irving
University of the Incarnate Word	San Antonio
University of Mary Hardin-Baylor	Belton
University of St. Thomas	Houston
Wayland Baptist University	Plainview
Wiley College	Marshall

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