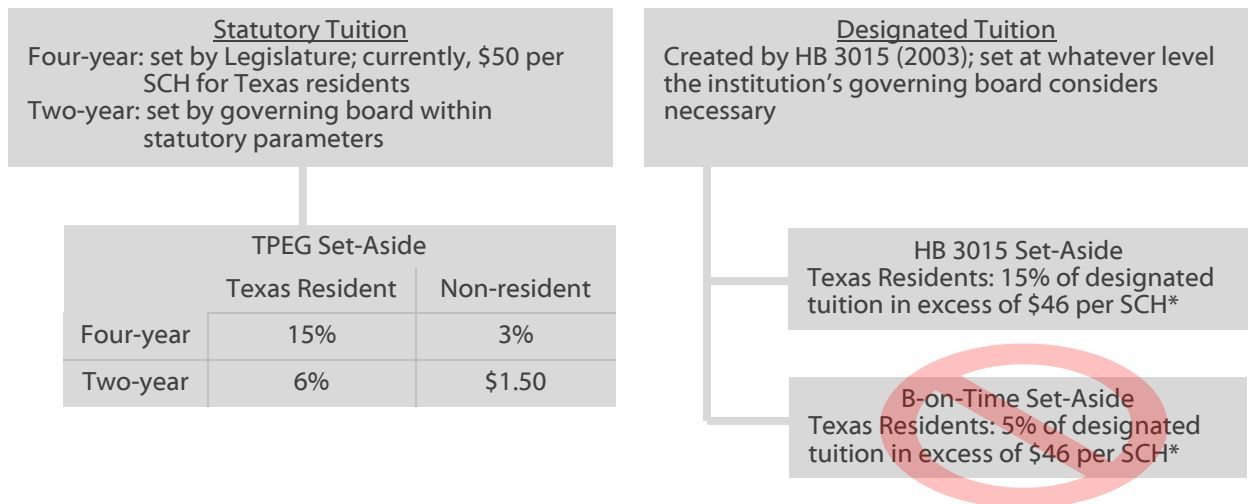


Tuition Set-Asides Require Colleges to Use Revenue for Aid

One way the state of Texas tries to make college affordable for all students is through tuition set-aside laws, which require that public institutions use a portion of their tuition revenue to provide financial aid. The Texas Legislature mandated set-asides in 1975 to fund the Texas Public Education Grant (TPEG) and expanded them in 2003 with HB 3015. The law allowed public institutions to set their own “designated tuition” but required that they set aside portions of any increase over \$46 per semester credit hour (SCH). The Texas Higher Education Coordinating Board (THECB) estimates that eliminating set-asides could reduce average public tuition by about seven percent. THECB also reports that tuition set-asides funded about \$345 million in financial aid for 208,944 students with in FY 2015.

Public University (Four-year) and Community College (Two-year) Tuition



Texas Public Education Grant (TPEG; TEC Sec 56.031-56.039, est. 1975)

- Each institution collects from and disburses to its own students.
- In FY 2015, \$146,770,037 was disbursed to 120,496 students. These students had exceptional financial need: about half were below the poverty line (\$23,624), and over 80 percent were below median income (\$52,550).

Financial Aid Funded by Designated Tuition Set-Asides (HB 3015; TEC Sec 56.011-56.012, est. 2003)

- Each institution collects from and disburses to its own Texas resident students and is legally required to notify resident students of the set-aside every semester/term.
- Aid may include loans and work-study, but 99 percent of funds were used for grants/scholarships in FY 2015.
- In FY 2015, \$196,804,001 was disbursed to 87,332 students. These students had exceptional financial need: 43 percent were below the poverty line, and 73 percent were below the median income.

B-on-Time Loan (TEC Sec 56.0092, est. 2003, rescinded 2013)

- Made zero-interest loans to resident undergraduate students; see page 79 for additional details.
- In FY 2015, \$58,990,699 was disbursed to 9,484 students. These were mostly middle-income students: 67.6 percent of recipients were above median income in FY 2015.

* Both two- and four-year institutions are subject to this set-aside, but no community college currently charges designated tuition greater than \$46 per SCH.

Sources: THECB, *Report on student financial aid in Texas higher education for fiscal year 2015*, September 2016 (<http://www.theccb.state.tx.us/reports/PDF/8504>)

