

HEARING AGENDA
SENATE FINANCE COMMITTEE
SENATOR STEVE OGDEN, CHAIRMAN
WEDNESDAY, MARCH 24, 2010, 10:00 A.M.
CAPITOL EXTENSION E1.036

- I. Call to Order
- II. Roll Call
- III. Committee Business

Review and make recommendations regarding existing and future public debt at all levels of government in Texas, including independent school districts, cities, other local governments and the Texas Guaranteed Tuition Plan.

A. Invited Testimony

- 1. Interest-Rate Swaps and their Use by State Entities
 - University of Texas Investment Management Company (UTIMCO) -
Bruce Zimmerman, CEO & Chief Investment Officer
 - Office of the Attorney General - *Jonathan Frels, Deputy Attorney General for
Legal Counsel*
 - Bond Review Board - *Robert Kline, Executive Director*
- 2. Credit Ratings and Bond Market Access
 - Texas Public Finance Authority - *Dwight Burns, Executive Director*
 - Municipal Advisory Council of Texas - *Laura Slaughter, Executive Director*
 - Standard and Poor's - *Alex Fraser, Managing Director*

Examine the Texas Tomorrow Fund and its impact on institutions of higher education. Assess current and future costs, the ability of institutions to absorb the costs, and make recommendations for ensuring a sound fiscal approach to managing the fund for the future.

B. Invited Testimony

- 1. Texas Tomorrow Fund
 - Comptroller of Public Accounts - *Martin Hubert, Deputy Comptroller*
 - Higher Education Coordinating Board - *Dan Weaver, Assistant Commissioner*

C. Public Testimony

IV. Recess/Adjourn

Comptroller of
Public
Accounts

Presentation to the

Senate Finance Committee

Texas Tomorrow Fund

March 24, 2010

Presented by:

Martin Hubert, Deputy Comptroller
Texas Comptroller of Public Accounts



Texas Tomorrow Fund Programs

The Prepaid Higher Education Tuition Board oversees four qualified tuition plans that were created under the authority of IRC Section 529 to help families prepay tuition or set aside funds for future college costs.

1. Texas Guaranteed Tuition Plan (TGTP) (1996)
2. Texas Tuition Promise Fund (TTPF) (2008)
3. Texas College Savings Plans (2003)
4. LoneStar 529 Plan (2003)

Texas Tomorrow Fund Programs

Comparison of Texas Qualified Tuition Plans

Description	TGTP	TTPF	TCSP/LS529
Plan Type	Prepaid	Prepaid	Savings
Plan Manager	Comptroller	OFI Private Investments	OFI Private Investments
Enrollment Period	Closed	Sept-Feb	Anytime
Active Accounts	96,996	17,741	27,280
Assets	\$1.5 billion	\$116.4 million	\$234.3 million
Unfunded Liabilities	\$605 million	(Overfunded \$10.2 million)	NA
Risk	Texas full faith and credit	Risk transfers to investor institutions	Investor institutions

TGTP Impact on Universities

Senior College Payment Summary (2008-2009 Academic Year)

Texas public universities and colleges are paid up to the weighted average rate of tuition and they must accept the payment as payment-in-full for the number of hours covered by the plan.

University	Amount Billed (\$millions)	Reduction (\$millions)	Amount Paid (\$millions)	Percent Paid
UT-Austin	\$22.90	(\$6.71)	\$16.19	70.7%
TAMU	\$22.37	(\$4.40)	\$17.97	80.3%
UT-Dallas	\$2.31	(\$0.70)	\$1.62	69.9%
Texas Tech	\$10.59	(\$0.67)	\$9.92	93.6%
Texas State	\$7.77	(\$0.54)	\$7.23	93.1%
UT-Arlington	\$2.52	(\$0.51)	\$2.01	79.7%
UT-San Antonio	\$4.91	(\$0.50)	\$4.41	89.8%
North Texas	\$5.97	(\$0.42)	\$5.55	93.0%
Houston	\$3.27	(\$0.27)	\$3.00	91.7%
Others	\$13.76	(\$0.03)	\$13.73	99.7%
Total	\$96.37	(\$14.75)	\$81.62	-

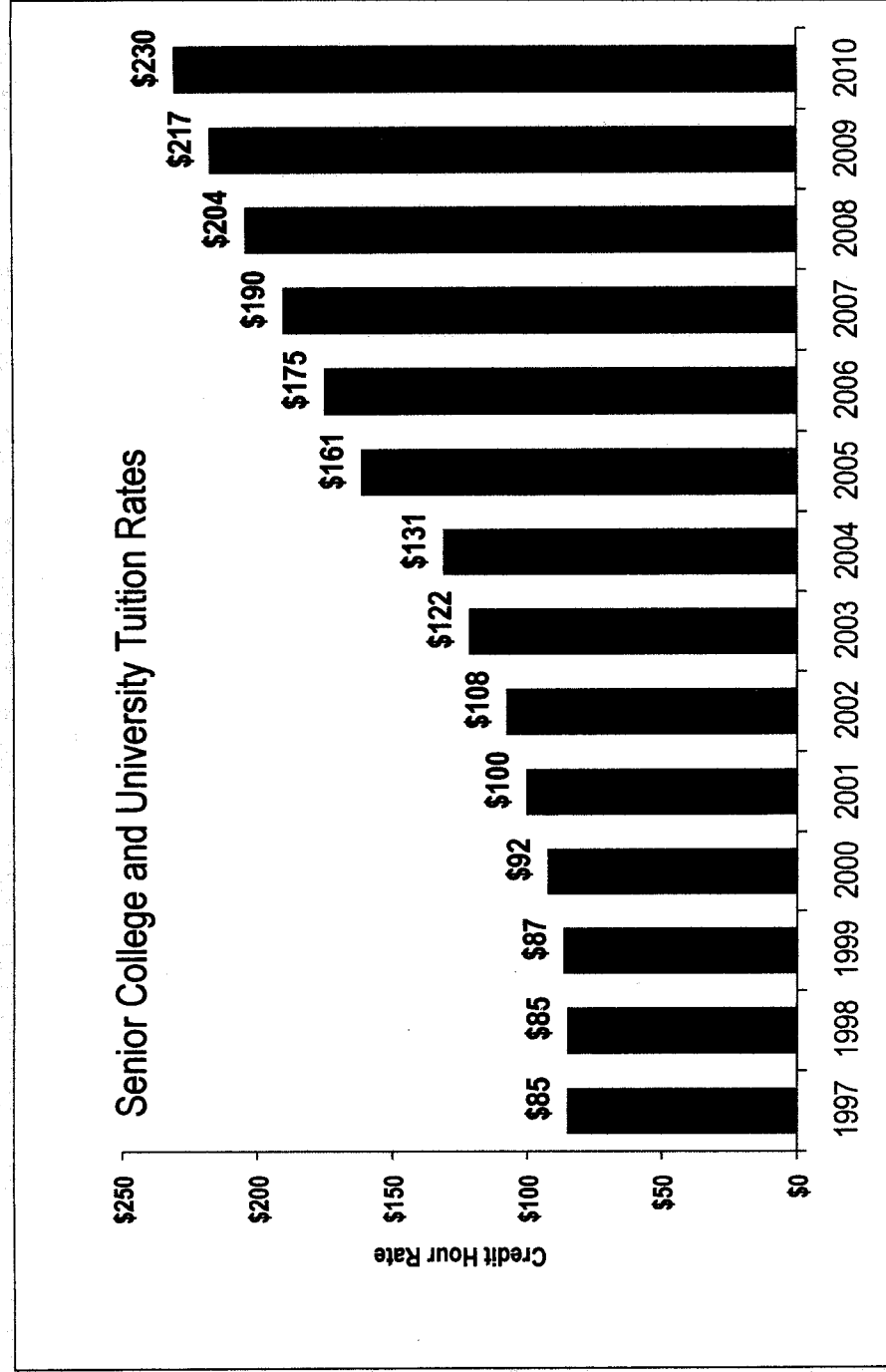
TGTP 2009 Actuarial Valuation

As of August 31, 2009

- Total Assets = \$1.6 billion
- Total Liabilities = \$2.2 billion
- Unfunded Liabilities = \$605.6 million (as of August 31, 2009)
- Funded Ratio = 73.1%
- Projected Year of Depletion = 2018

TGTP 2009 Actuarial Valuation

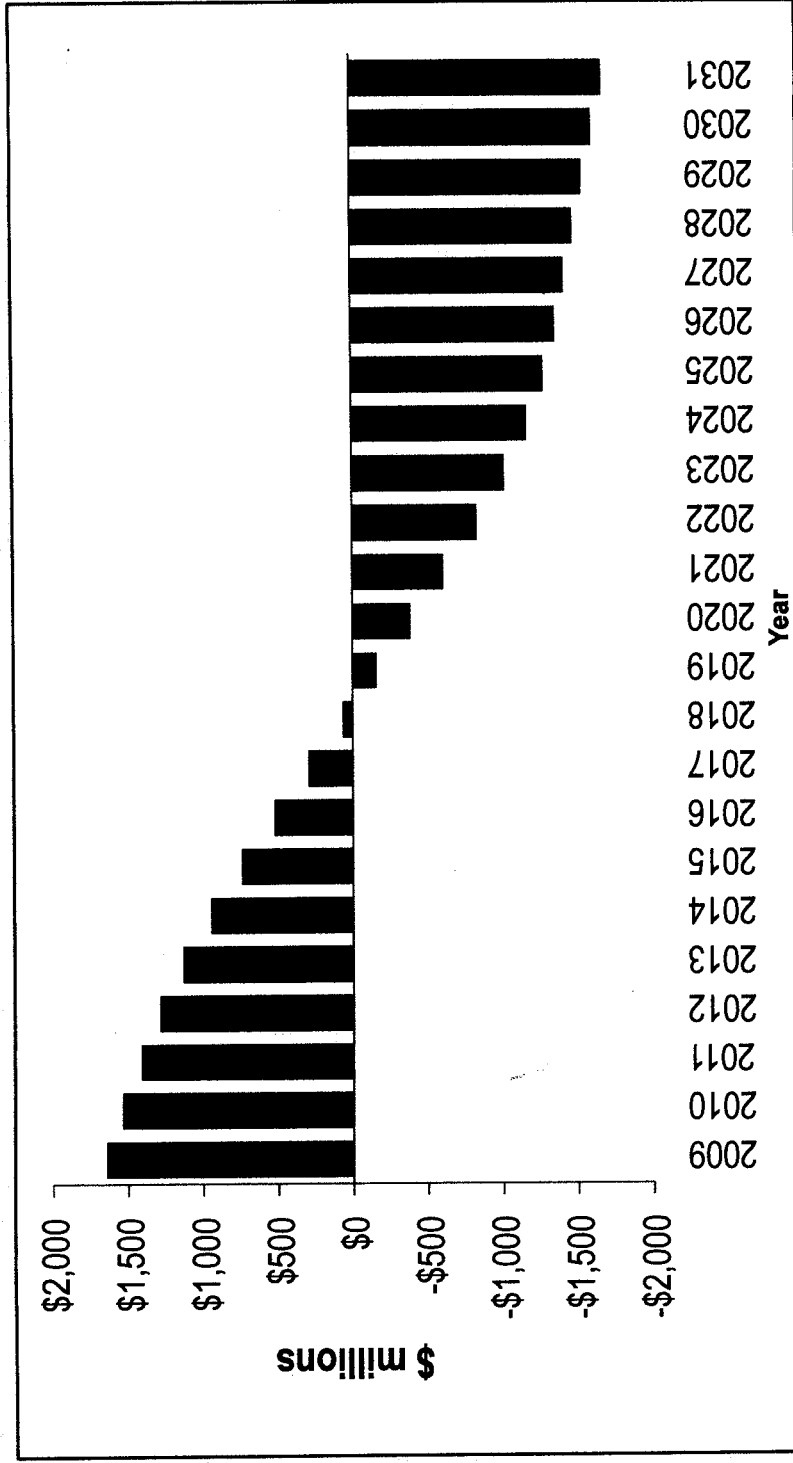
Historical Tuition Rates and Required Fees



TGTP 2009 Actuarial Valuation

TGTP Cash Flow Projection

Under current projections, the fund will be depleted by 2018 and total unfunded liabilities will exceed \$1.67 billion by 2031.



TGTP Actuarial Update

Contract Refunds (August 24, 2009-January 31, 2010)

In August 2009, the Board adopted a rule change to not pay earnings on cancelled contracts. Under the terms of the contract, contract holders had 60 days to cancel their contracts and receive a refund with earnings. This rule change was rescinded in December 2009 and earnings continue to be paid for mature contracts.

Contract Type	Count	Principal	Earnings	Total Refund
Matured	6,164	\$45,202,227	\$51,081,048	\$96,283,275
Not Matured	1,270	\$15,778,651	\$8,647,659	\$24,426,310
Totals	7,434	\$60,980,877	\$59,728,707	\$120,709,585

Questions?

Martin Hubert, Deputy Comptroller
Texas Comptroller of Public Accounts

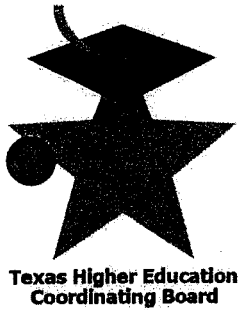
Kevin Deiters, Director
Educational Opportunities and Investments
(Texas Tomorrow Fund)
Texas Comptroller of Public Accounts

kevin.deiters@cpa.state.tx.us

(512) 463-8473



Higher
Education
Coordinating
Board



OVERVIEW

Exemptions and Waivers

Texas currently maintains a variety of programs aimed at exempting or waiving tuition, fees, and other expenses related to attending public colleges and universities. These exemption and waiver programs are targeted to specific populations that the Texas Legislature has identified as warranting special consideration related to paying for higher education costs. Statutes are inconsistent in the use of the terms "exemption" and "waiver", so for the purposes of this overview we have defined an exemption as a program that allows special groups of Texas residents or nonresidents to enroll and pay a reduced amount of tuition and/or fees. A waiver allows special groups of nonresidents to enroll and pay a reduced nonresident tuition rate. We are also limiting the use of these terms to programs whose costs are absorbed by the institutions.¹

Some programs are large and well known, such as the Hazlewood Exemption which provides an exemption from tuition and some fees for all Texas veterans. Others are relatively obscure and uniquely targeted, such as the Olympic Programs Waiver which waives out-of-state tuition rates for any student attending UT Brownsville or Texas Southmost College while participating in a Community Olympic Development Program or training at a U.S. Olympic training center in Texas.

All exemption and waiver programs are authorized or mandated by the Texas Legislature. Most exemption and waiver programs were designed to reward individuals or their families for services rendered. Others are used to strengthen the basic infrastructure of higher education, in that institutions use them to recruit faculty, research assistants, teaching assistants, and highly-qualified students. Today, Texas has 37 exemption programs and 21 waiver programs. In FY 2008, more than 202,500 students received assistance through these programs, and the amount of tuition and fee revenue foregone by institutions totaled almost \$356 million in FY 2008 dollars.

¹ The state appropriates funds to the Coordinating Board for use in reimbursing the costs of five programs referred to in statute as "exemptions." Because of this reimbursement, however, these programs have not been included in the cost estimates and analyses of this report. The programs function more like grants than exemptions. These programs include the Educational Aides Exemption Program (TEC 54.214), the Temporary Assistance to Needy Families Exemption (TEC 54.212), the Tuition Assistance Program for Members of State Military Forces, (TEC 54.2155 and Texas Government Code 431.090), the Early High School Graduation Scholarship Program (TEC Chapter 56, Subchapter K,) and the Combat Exemption Program (TEC Chapter 54.203 (b-2)).

Common Questions

Are all exemption and waiver programs mandated by the Texas Legislature?

Most programs are mandated for all institutions to implement and serve the defined program population. However, some programs are optional – implementation is left to the discretion of the governing boards at each institution. If the institution chooses to offer the program, however, it must serve all eligible students.

Does the Coordinating Board administer exemption and waiver programs?

No. The Coordinating Board performs a variety of tasks for a few programs as prescribed by statute, but exemption and waiver programs are generally administered locally at each institution.²

How do institutions administer the exemption and waiver programs?

While eligibility requirements and benefits are stated in statutes, how the programs are administered varies by institution. The greatest variation exists on campus the programs are administered. Many institutions, for example, administer military related waiver and exemption programs from a Veterans Affairs office. Conversely, some scholarship/academic waiver programs may be handled in the relevant academic department. Still other programs may be administered by the business, admissions, or financial aid offices.

Institutions have, in most cases, local discretion to identify the documentation needed to support a student's claim of eligibility. Once eligibility is determined by the appropriate institutional authority, billing is adjusted accordingly and the student pays the remaining balance of expenses (if any). Complicating administration, statutes usually do not define a deadline for students to prove eligibility. Therefore, institutions may have to revise billing, make refunds, and submit revised reports to the Coordinating Board for students proving eligibility after the census date of an academic semester or year.

How are exemption and waiver programs funded?

The state does not fund the exemption and waiver programs described in this overview. (See footnote 1, page 1.) Formula funding allocations to institutions do not include any set aside or funding line item to offset tuition and fees lost to exemptions and waivers claimed at an institution. In effect, the institutions must accommodate these losses. Of the \$356 million in tuition and fees forgone in FY2008, \$272.1 million was associated with the cost of mandatory exemption and waiver programs, and \$83.5 million in institutional revenue was lost to optional programs that some institutions elected to administer.

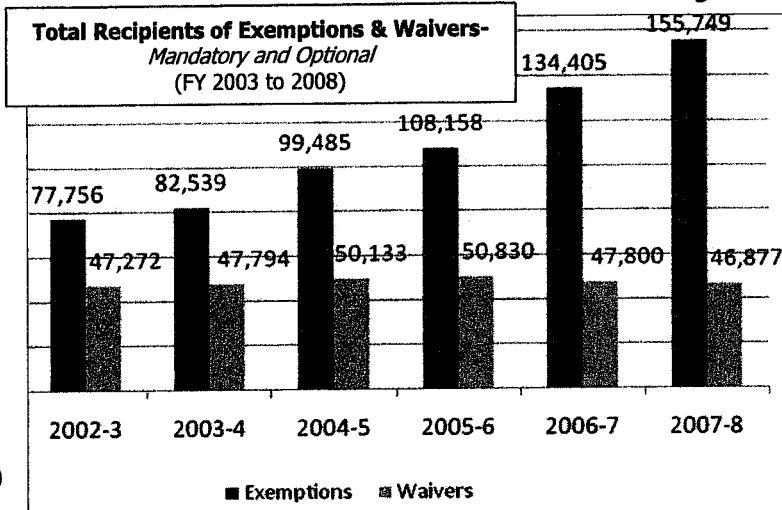
It stands to reason that institutions must accommodate lost revenue. This may include some combination of decreasing costs and identifying additional revenue sources.

² Statutes call for the Board to adopt rules for the administration of several programs, including the Hazlewood Act (TEC 54.203), Exemption Program for Nurse Faculty Children (TEC 54.221), Exemption for Preceptors and their Children (TEC 54.222), and Exemptions for Firefighters Enrolled in Fire Science Curriculum. Statutes also call for the Board to maintain a database for tracking student progress through their 150 hours of eligibility for the Hazlewood Exemption, to design applications for the Nurse Faculty and Preceptor Exemptions, and to compile a list of degree programs eligible for the Firefighter Exemption.

How many students participate in exemption and waiver programs?

Since FY 2003, total participation in exemption and waiver programs has increased 62 percent. However, all the growth has occurred in exemption programs. Almost 78,000 more students received exemptions in FY 2008 than in FY 2003. During this period, participation increased mostly in dual enrollment programs, fee exemptions for distance learners, and students receiving exemptions to cover the Texas Tomorrow Fund shortfall.

Meanwhile, overall participation in waiver programs has dropped slightly since FY 2003. Although the number of students receiving optional waivers increased by 55, the number receiving mandatory waivers decreased by 450, for a net loss of 395.



Among waiver programs, participation increased most in academic competitive scholarship-based waivers and in waivers for students from states bordering Texas. The greatest decrease was in waivers for military personnel stationed in Texas, which experienced a decline of more than 2,000. The Coordinating Board has been advised that the decline in this area is primarily due to increased military deployments since 2003 and competition with private and border-state institutions.

How do exemption and waiver programs interact with state provisions related to limitations on formula funding for excess hours or dropped courses?

State statutes exclude course hours from an institution's formula funding calculation if the hours are:

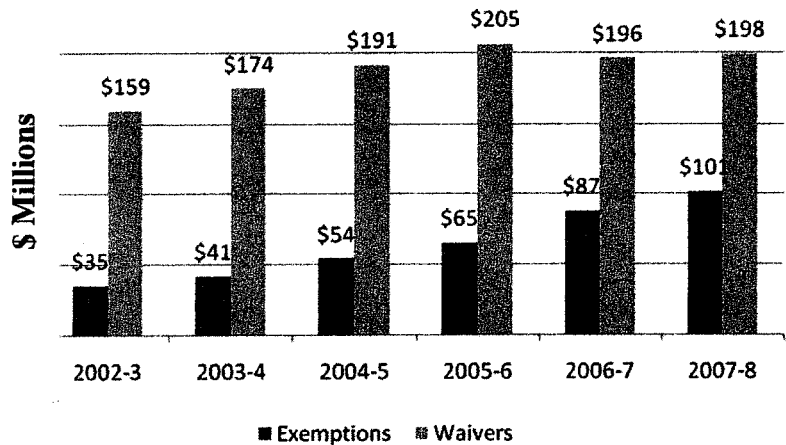
- Generated by undergraduates who have already attempted 30 hours beyond their degree plan (TEC 61.0595);
- Generated by graduates who have already have a total of 100 or more semester credit hours of doctoral work (TEC 61.069); and
- Generated by undergraduates who are repeating a course for the third time (Rider 42, Page III-247, General Appropriations Act).

Additionally, statutes (TEC 54.014) authorize institutions to pass the cost of this lost formula funding on to the students by raising the students' tuition rates to an amount as high as the nonresident rate. However, students exempted from the payment of tuition are exempt from the penalty rates, also. In short, only the institutions and not the students are penalized under these provisions if a tuition exemption/waiver is provided for a student that triggers one of these thresholds.

How much institutional revenue is lost because of exemption and waiver programs?

Between FY 2003 and FY 2008 the total value of exemptions and waivers in constant 2003 dollars increased by more than \$105 million. Mandatory exemptions and waivers account for 65 percent of the total increase. Among exemptions, the greatest dollar increases were in programs for community college dual enrolled students, participants in the Texas Tomorrow Fund (for whom institutions are to exempt the difference between the value of the state's pre-paid tuition plan and actual tuition and fee charges) and for fee exemptions for students enrolled in distance learning. The largest dollar increases for waivers were for competitive scholarship recipients, followed by research and teaching assistants.

Tuition and Fee Revenues Foregone through Exemptions and Waivers
Mandatory and Optional
(FY 2003-2008, Constant 2003 Dollars)



Are all exemption programs similarly structured in statute and applied uniformly?

No. As exemption and waiver programs have been added and amended by the Texas Legislature over many decades, there has been limited uniformity in definition, application, or structure for the programs. A clear example of the lack of uniformity is evident in how the programs are distributed throughout Texas code, to include Texas Education Code Chapter 54 (Tuition and Fees) and Chapter 130 (Junior College Districts), as well as the Texas Government Code, Chapter 615 (Financial Assistance to Survivors of Certain Law Enforcement Officers, Fire Fighters, and Others).

More importantly is the disparity and variation in definitions related to eligibility, benefits, academic requirements and residency. For example, some programs limit the total credit hours that will qualify for exemption (120, 150 or 200). Others authorizes exemptions until such time a degree is awarded, while others have no apparent restriction on total hours once the student initially qualifies for the exemption. In terms of eligibility, some programs require financial need while others include some merit components (such as a recommendation from a high school principal). Some require Texas residency as defined in the Texas Education Code, others are silent on residency. The value of awards varies from a single fee or charge to "all dues, fees, and charges whatsoever." And, the terminology is also varied as some programs refer to exempting "mandatory fees," while others reference only "fees," and still others use the term "tuition fees."

Additional Exemption and Waiver Program Data

Total Program Costs (Mandatory & Optional), FY 2003 and FY 2008 (Constant 2003 Dollars)

Exemptions	FY 2003		FY 2008	
	Award Recipients	Forgone Revenue	Award Recipients	Forgone Revenue
Public Universities	28,414	\$16,838,897	58,488	\$58,107,224
Public Health Related	841	633,227	2,604	1,369,406
Public Community Colleges	46,021	16,317,797	86,875	39,367,164
Public State Colleges	193	264,621	6,196	1,713,547
Public Technical Colleges	2,287	649,881	1,586	752,305
Total - All Institutions	77,756	\$34,704,423	155,749	\$101,309,646
Waivers				
Public Universities	33,747	\$139,719,140	33,399	\$177,151,582
Public Health Related	1,534	8,302,693	2,435	11,854,198
Public Community Colleges	11,513	9,718,031	10,534	7,444,256
Public State Colleges	46	101,284	33	52,565
Public Technical Colleges	432	1,133,098	476	1,842,081
Total - All Institutions	47,272	\$158,974,246	46,877	\$198,344,682

Sources: FY 2003 and FY 2008 Integrated Fiscal Reporting System reports

Mandatory Program Statistics, FY 2003 and FY 2008 (Constant 2003 Dollars)

Exemptions	FY 2003		FY 2008	
	Award Recipients	Forgone Revenue	Award Recipients	Forgone Revenue
Public Universities	5,942	\$10,601,802	18,646	\$35,020,231
Public Health Related	226	520,079	284	837,470
Public Community Colleges	10,215	6,358,876	17,098	12,779,529
Public State Colleges	182	258,927	264	345,016
Public Technical Colleges	384	177,000	375	367,894
Total - All Institutions	16,949	\$17,916,684	36,667	\$49,350,140
Waivers				
Public Universities	30,460	\$125,009,378	30,463	\$162,021,304
Public Health Related	1,512	8,219,946	2,364	11,460,929
Public Community Colleges	9,295	8,878,828	7,997	6,391,135
Public State Colleges	30	69,481	21	30,955
Public Technical Colleges	1	4,578	3	13,232
Total - All Institutions	41,298	\$142,182,210	40,848	\$179,917,555

Sources: FY 2003 and FY 2008 Integrated Fiscal Reporting System reports.

Optional Program Statistics, FY 2003 and 2008
(Constant 2003 Dollars)

Exemptions	FY 2003		FY 2008	
	Award Recipients	Forgone Revenue	Award Recipients	Forgone Revenue
Public Universities	22,472	\$6,237,095	39,842	\$23,086,992
Public Health Related	615	113,148	2,320	531,936
Public Community Colleges	35,806	9,958,921	69,777	26,587,635
Public State Colleges	11	5,694	5,932	1,368,531
Public Technical Colleges	1,903	472,881	1,211	384,411
Total - All Institutions	60,807	\$16,787,739	119,082	\$51,959,506
Waivers				
Public Universities	3,287	\$14,709,762	2,936	\$15,130,278
Public Health Related	22	82,747	71	393,269
Public Community Colleges	2,218	839,203	2,537	1,053,121
Public State Colleges	16	31,803	12	21,610
Public Technical Colleges	431	1,128,520	473	1,828,849
Total - All Institutions	5,974	\$16,792,035	6,029	\$18,427,127

Sources: FY 2003 and FY 2008 Integrated Fiscal Reporting System reports.

Resources

College for All Texans: www.collegeforalltexans.com

Exemption Programs: <http://www.collegeforalltexans.com/apps/financialaid/tofa.cfm?Kind=E>

Waiver Programs: <http://www.collegeforalltexans.com/apps/financialaid/tofa.cfm?Kind=W>



Texas Tomorrow Fund (Waiver), FY 2005 FY 2009

Public Universities

Institution Name	FY 2005		FY 2006		FY 2007		FY 2008		FY 2009		FY 2009	
	Recipients	Foregone Tuition/Fees	Recipients	Foregone Tuition/Fees	Recipients	Foregone Tuition/Fees	Recipients	Foregone Tuition/Fees	Recipients	Foregone Tuition/Fees	Recipients	Foregone Tuition/Fees
Angelo State University	1	\$18	2	\$50	2	\$5,530	5	\$12,558	2	\$5,199	2	\$2,497
Lamar University	0	\$0	0	\$0	0	\$0	0	\$0	1	\$450	0	\$0
Midwestern State University	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	64	\$17,964
Stephen F. Austin State University	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	26	\$234,219
Texas A&M University	23	\$76,918	17	\$146,556	27	\$201,545	25	\$194,738	1	\$4,820	1	\$4,820
Texas A&M University at Galveston	2	\$8,372	3	\$30,636	1	\$7,350	1	\$8,340	2	\$21,628	2	\$21,628
Texas A&M University-Corpus Christi	3	\$19,050	2	\$13,470	4	\$5,337	1	\$10,286	2	\$10,842	5	\$16,579
The University of Texas at Arlington	2	\$9,130	3	\$8,556	8	\$28,150	2	\$10,842	18	\$282,369	18	\$282,369
The University of Texas at Austin	9	\$71,142	14	\$461,313	16	\$170,044	2	\$17,514	2	\$17,514	6	\$47,208
The University of Texas at San Antonio	2	\$13,094	2	\$20,172	2	\$6,800	1	\$8,062	0	\$0	0	\$0
West Texas A&M University	0	\$0	0	\$0	0	\$0	1	\$8,062	0	\$0	0	\$0
Public Universities Totals:	42	\$195,774	43	\$680,753	60	\$431,556	56	\$545,159	128	\$549,802	128	\$549,802

Community Colleges

Institution Name	FY 2005		FY 2006		FY 2007		FY 2008		FY 2009		FY 2009	
	Recipients	Foregone Tuition/Fees	Recipients	Foregone Tuition/Fees	Recipients	Foregone Tuition/Fees	Recipients	Foregone Tuition/Fees	Recipients	Foregone Tuition/Fees	Recipients	Foregone Tuition/Fees
Austin Community College	0	\$0	0	\$0	0	\$0	1	\$2,670	0	\$0	0	\$0
Blinn College	0	\$0	0	\$0	4	\$6,596	5	\$5,548	5	\$4,063	5	\$4,063
Central Texas College	0	\$0	0	\$0	30	\$0	0	\$0	0	\$0	0	\$0
Coastal Bend College	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	26	\$48,331
Collin County Community College District	0	\$0	0	\$0	1	\$543	0	\$0	0	\$0	0	\$0
Dallas County Community College District	0	\$0	0	\$0	2	\$1,846	1	\$532	2	\$1,594	2	\$1,594
Houston Community College System	0	\$0	0	\$0	0	\$0	2	\$2,760	6	\$865	6	\$865
McLennan Community College	0	\$0	0	\$0	1	\$360	0	\$0	0	\$0	1	\$420
Tarrant County College District	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	1	\$805
Community Colleges Totals:	0	\$0	0	\$0	38	\$9,245	9	\$11,510	65	\$556,669	169	\$696,980
Grand Totals:	42	\$195,774	43	\$680,753	98	\$440,841	65	\$556,669	169	\$696,980	169	\$696,980

Texas Tomorrow Fund Waiver: TEC 54.621(c) as originally adopted, read, "A beneficiary is considered a resident for purposes of tuition regardless of the beneficiary's residence on the date of enrollment." Current wording is, "Notwithstanding any provision of Subchapter B, the tuition and required fees charged by an institution of higher education for semester hours and fees that are paid for by a prepaid tuition contract shall be determined as if the beneficiary of that contract were a resident student." NOTE: The beneficiary must be a resident of Texas at the time the purchaser enters into the contract.

Texas Tomorrow Fund (Exemption), FY 2005- FY 2009

Public Universities

Distribution Name	FY 2005		FY 2006		FY 2007		FY 2008		FY 2009		FY 2009	
	Recipients	Foregone Tuition/Fees	Recipients	Foregone Tuition/Fees	Recipients	Foregone Tuition/Fees	Recipients	Foregone Tuition/Fees	Recipients	Foregone Tuition/Fees	Recipients	Foregone Tuition/Fees
Sam Houston State University	25	\$2,846	52	\$4,894	23	\$2,888	35	\$2,789	70	\$5,332		
Stephen F. Austin State University	0	\$0	10	\$158	9	\$191	319	\$25,806	234	\$9,811		
Texas A&M University	1,938	\$1,808,564	2,293	\$2,805,728	2,663	\$3,278,278	2,728	\$3,629,236	2,923	\$4,274,204		
Texas A&M University at Galveston	0	\$0	0	\$0	0	\$0	1	\$895	0	\$0		
Texas A&M University-Commerce	69	\$0	0	\$0	0	\$0	0	\$0	0	\$0		
Texas A&M University-Corpus Christi	3	\$104	1	\$21	7	\$16	1	\$50	54	\$1,015		
Texas Southern University	0	\$0	0	\$0	4	\$11,485	0	\$0	0	\$0		
Texas State University-San Marcos	0	\$0	825	\$101,092	838	\$75,803	1,443	\$392,389	2,152	\$341,951		
Texas Tech University	1,142	\$1,100,174	1,292	\$1,098,019	1,493	\$1,327,427	1,741	\$1,136,376	1,401	\$524,669		
The University of Texas at Austin	2,112	\$2,983,333	2,376	\$5,027,958	2,645	\$5,764,382	2,841	\$6,698,179	2,806	\$5,945,715		
The University of Texas at Brownsville	0	\$0	0	\$0	3	\$326	1	\$54	5	\$845		
The University of Texas at Dallas	0	\$215,571	229	\$379,656	354	\$413,680	282	\$648,186	302	\$273,165		
The University of Texas at San Antonio	0	\$0	591	\$227,727	738	\$385,915	822	\$505,844	888	\$572,013		
The University of Texas at Tyler	62	\$193,432	77	\$251,199	100	\$376,623	135	\$533,623	130	\$561,497		
University of Houston	2	\$14,506	466	\$173,719	445	\$211,049	0	\$0	120	\$22,762		
University of Houston-Clear Lake	0	\$0	7	\$563	0	\$0	0	\$0	0	\$0		
University of North Texas	5	\$41,009	5	\$43,358	6	\$42,120	6	\$46,248	4	\$36,410		
Public Universities Totals:	5,358	\$6,310,728	8,224	\$10,114,092	9,288	\$12,886,985	10,355	\$13,619,675	11,173	\$14,185,766		

Community Colleges

Distribution Name	FY 2005		FY 2006		FY 2007		FY 2008		FY 2009		FY 2009	
	Recipients	Foregone Tuition/Fees	Recipients	Foregone Tuition/Fees	Recipients	Foregone Tuition/Fees	Recipients	Foregone Tuition/Fees	Recipients	Foregone Tuition/Fees	Recipients	Foregone Tuition/Fees
Central Texas College	30	\$0	22	\$0	8	\$0	0	\$0	0	\$0		
Frank Phillips College	0	\$0	0	\$0	5	\$13,696	0	\$0	0	\$0		
Grayson County College	0	\$0	11	\$7,720	28	\$25,978	21	\$18,964	42	\$42,408		
Howard College	24	\$13,802	31	\$27,048	22	\$19,594	24	\$20,052	20	\$33,578		
Kilgore College	0	\$0	0	\$0	45	\$63,006	0	\$0	0	\$0		
Laredo Community College	21	\$37,766	29	\$26,434	28	\$21,580	32	\$32,651	30	\$24,255		
Northeast Texas Community College	6	\$6,551	12	\$13,922	14	\$22,190	17	\$28,075	15	\$20,694		
San Jacinto Community College District	140	\$127,947	134	\$138,536	106	\$137,704	157	\$151,995	161	\$162,386		
Tarrant County College District	1	\$2,808	1	\$1,122	0	\$0	0	\$0	0	\$0		
Vernon College	8	\$0	0	\$0	0	\$0	0	\$0	4	\$1,708		
Weatherford College	0	\$0	0	\$0	0	\$0	0	\$0	1	\$398		
Community Colleges Totals:	231	\$168,074	240	\$214,782	249	\$303,788	251	\$251,737	291	\$256,127		
Grand Totals:	5,589	\$6,518,802	8,464	\$10,328,874	9,537	\$12,988,773	10,606	\$13,871,412	11,464	\$14,465,194		





UNIVERSITY OF
TEXAS
ARLINGTON

March 22, 2010

Steve Ogden, Chairman
Senate Finance Committee
1400 Congress Ave.
Room E1.038
Austin, TX 78701


Dear Chairman Ogden:

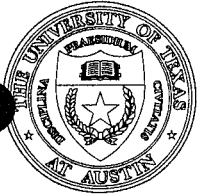
Thank you for the opportunity to provide information regarding the impact of the Texas Tomorrow Funds I and II, the state's prepaid tuition plans. For fiscal year 2009, The University of Texas at Arlington had \$314,239 in tuition exemptions and \$16,579 in waivers of non-resident tuition for Texas Tomorrow Fund I recipients. The Texas Tomorrow Fund portion of tuition exemptions and waivers represents 15% of the almost \$2.2 million in total tuition exemptions and waivers for UT Arlington in FY 2009.

While the University recognizes the benefit of tuition exemptions and waivers to the student, it results in a significant decrease in revenue to the University. The University must choose either to reduce its budget by the amount of foregone tuition, or find other funding sources to maintain instruction, instructional support, and student services, at the level required to provide the support necessary to ensure that our students are academically successful.

While we understand that prepaid tuition contracts offer benefits to those students and their families who can afford to purchase the contracts, we strongly urge you to consider the financial and budgetary implications to the universities as a result of the foregone tuition and fees that result from this and other state-mandated tuition exemption and waiver programs.

Sincerely,


James D. Spaniolo
President



OFFICE OF THE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

THE UNIVERSITY OF TEXAS AT AUSTIN

P.O. Box 8179 • Austin, Texas 78713-8179

(512) 471-1422 • Fax (512) 471-7742

Via Hand Delivery

March 22, 2010

The Honorable Steve Ogden
Chairman, Senate Finance Committee
Texas Capitol
Agency Code: 101

Dear Chairman Ogden:

Thank you for the opportunity to provide information on the impact of the Texas Tomorrow Fund (TTF) 1 and 2 on The University of Texas at Austin to the Senate Finance Committee.

These programs were created to help encourage parents and families to focus on financing higher education for their children, and to that end, we have seen TTF 1 as a successful program. The downside, on an institutional basis, is the shortfall which is absorbed by our institution.

Attached is a chart which illustrates the historical and projected costs of the TTF 1 for UT Austin. The difference between the tuition billed to the TTF and how much the TTF paid is the "exemption," and is the amount absorbed by the University which is listed as shortfall in income. The "waived" amount is the difference between in-state and out-of-state tuition rate. Nonresidents who paid into the fund are entitled to pay resident rates. As you will see, the shortfall in income has been fairly constant the past several years (\$6-7 million), and the shortfall is anticipated to steadily increase until peaking in the year 2014-2015.

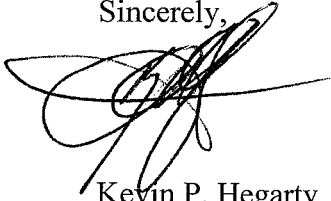
The information provided to the committee shows that 50% of the plans are choosing UT Austin and/or Texas A&M. Over 81% of the participants are choosing four universities (Texas A&M University, Texas State University-San Marcos, Texas Tech University and UT Austin).

With respect to the new TTF 2 program, the University is not able to project the costs of this program to UT Austin. TTF 2 is a more complicated program so it is unknown how popular it will be with parents and families. Also, the current financial climate also lends uncertainty to any estimates for this program. We anticipate that additional staff and programming support may be needed to administer this program.

The Honorable Steve Ogden
March 22, 2010
Page 2

Once again we appreciate the opportunity to provide the committee with information on these programs, and if you should have any follow-up questions, the University will be glad to assist.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin P. Hegarty', with a large, sweeping flourish extending to the left.

Kevin P. Hegarty
Vice President and Chief Financial Officer

Attachment

c: Members of the Senate Finance Committee
Mr. William Powers, Jr., President
Ms. Gwen Grisby, Associate Vice President, Governmental Relations

HISTORICAL AND PROJECTED COSTS OF THE TEXAS GUARANTEED TUITION PLAN (TEXAS TOMORROW FUND) FOR THE UNIVERSITY OF TEXAS AT AUSTIN

Academic Year	Yearly		Cumulative	
	Waived	Exempted	Waived	Exempted
Historical Costs				
1998-1999	10,000	0	10,000	0
1999-2000	20,000	0	30,000	0
2000-2001	10,000	0	40,000	0
2001-2002	40,000	0	80,000	0
2002-2003	50,000	0	130,000	0
2003-2004	60,000	1,770,000	190,000	1,770,000
2004-2005	70,000	2,980,000	260,000	4,750,000
2005-2006	90,000	5,400,000	350,000	10,150,000
2006-2007	170,000	6,760,000	520,000	16,910,000
2007-2008	280,000	6,700,000	800,000	23,610,000
2008-2009	290,000	6,950,000	1,090,000	30,560,000
Projected Costs				
2009-2010	510,000	7,360,000	1,600,000	37,920,000
2010-2011	460,000	7,930,000	2,060,000	45,850,000
2011-2012	510,000	8,050,000	2,570,000	53,900,000
2012-2013	500,000	8,210,000	3,070,000	62,110,000
2013-2014	520,000	8,510,000	3,590,000	70,620,000
2014-2015	520,000	8,710,000	4,110,000	79,330,000
2015-2016	520,000	8,620,000	4,630,000	87,950,000
2016-2017	510,000	8,400,000	5,140,000	96,350,000
2017-2018	480,000	8,000,000	5,620,000	104,350,000
2018-2019	470,000	7,570,000	6,090,000	111,920,000
2019-2020	430,000	7,240,000	6,520,000	119,160,000
2020-2021	420,000	6,690,000	6,940,000	125,850,000
2021-2022	400,000	6,550,000	7,340,000	132,400,000
2022-2023	290,000	4,830,000	7,630,000	137,230,000
2023-2024	200,000	3,210,000	7,830,000	140,440,000
2024-2025	100,000	1,870,000	7,930,000	142,310,000
2025-2026	40,000	310,000	7,970,000	142,620,000
2026-2027	0	10,000	7,970,000	142,630,000
2027-2028	0	0	7,970,000	142,630,000

NOTE: For the 2005-06 IFRS report a programming error assigned some of the exempted amount to the waived amount. IFRS shows \$461,313 waived; the correct amount is \$93,947. The difference of \$367,366 was added to the IFRS exempted amount of \$5,027,958 for a total of \$5,395,324. The above table reflects the corrected amounts.

WAIVED: The difference between the in-state and out-of-state tuition rate. Nonresidents who paid into the fund are entitled to pay resident rates.

EXEMPTED: The difference between the tuition billed to the TGTP and how much the TGTP paid. The difference is absorbed by the university as a shortfall in income.

These data refer to the Texas Guaranteed Tuition Plan shortfall and waived tuition. They make no comment on any possible shortfall or waived tuition related to the Promise Fund, the second version of the Texas Tomorrow Fund.



THE UNIVERSITY OF TEXAS AT DALLAS

OFFICE OF THE PRESIDENT

DAVID E. DANIEL

March 22, 2010

The Honorable Steve Ogden
Chairman
Senate Finance Committee
P.O. Box 12068
Austin, Texas 78711

Dear Chairman Ogden:

Thank you for the opportunity to provide comments regarding the impact of the Texas Tomorrow Fund on The University of Texas at Dallas. Since its inception, the Texas Tomorrow Fund has been an important program for Texans. Our experience has been that families of UT Dallas students like the program. The program has assisted UT Dallas, to some extent, in reaching the goals established by Closing the Gaps.

The University incurs expenses, which are increasing, in sustaining the program. Since FY 2005, UT Dallas has experienced cost increases of approximately 300% for the first Texas Tomorrow Fund program. Program expenses were approximately \$215,000 in FY 2005 and are estimated to reach nearly \$900,000 in FY 2010. Should increases continue over the next six year period at similar rates, UT Dallas would have to cover new expenses exceeding an estimated \$2.8 million in FY 2016. It is too early to estimate the costs to UT Dallas for the new Texas Tomorrow Fund program.

If the University can provide additional comments on this issue, please do not hesitate to contact us. Thank you for your continued commitment to providing opportunities for all Texans.

Sincerely,

A handwritten signature in black ink, appearing to read "David E. Daniel".

David E. Daniel
President

DED/js

UTSA The University of Texas at San Antonio
Office of Financial Services and University Bursar

March 22, 2010

Senate Finance Committee
1400 Congress Avenue, Room E1.038
Austin, TX 78701

RE: Impact of Texas Tomorrow Fund on The University of Texas at San Antonio


As indicated on the attached spreadsheet, during the past five years, The University of Texas at San Antonio (UTSA) has exempted or waived almost \$1.8 Million dollars in support of the Texas Tomorrow Fund.

UTSA has one of the fastest growing student populations in Texas and as such, has had a steady increase in Texas Tomorrow Fund participants. The increase in the amount UTSA has subsidized for this program increased by 22% in FY2008 over the previous fiscal year and in FY 2009 increased another 15%. Projected expenses for FY10 will at least equal the prior fiscal year and are expected to exceed \$615,000.

These annual expenses to support the Texas Tomorrow Fund are a drain on institutional resources that might be better applied to support student services or other needs at UTSA.

Please let us know if you have any questions or need additional information.

Sincerely,



Gary Klott
Director of Financial Services and University Bursar

Year	Description	Institution	FICE	Texas Tomorrow Fund Waivers	Texas Tomorrow Fund Amount Waived	Texas Tomorrow Fund Exemptions	Texas Tomorrow Fund Amount Exempted
2005	Community Colleges	Central Texas College	004003	0	-	30	-
2005	Community Colleges	Howard County Junior College	003574	0	-	24	13,002.00
2005	Community Colleges	Laredo Community College	003582	0	-	21	17,766.00
2005	Community Colleges	Northeast Texas Community College	023154	0	-	6	6,551.00
2005	Community Colleges	San Jacinto Community College District	003609	0	-	149	127,947.00
2005	Community Colleges	Tarrant County College District	003626	0	-	1	2,808.00
2005	Public University	Angelo State University	003541	1	18.00	0	-
2005	Public University	Sam Houston State University	003606	0	-	25	2,040.00
2005	Public University	Texas A&M University	010366	23	76,918.00	1938	1,800,564.00
2005	Public University	Texas A&M University-Commerce	003565	0	-	69	-
2005	Public University	Texas A&M University-Corpus Christi	011161	3	19,050.00	3	104.00
2005	Public University	Texas A&M University-Galveston Campus	010298	2	8,372.00	0	-
2005	Public University	Texas Tech University	003644	0	-	1142	1,100,174.00
2005	Public University	The University of Texas at Arlington	003656	2	9,130.00	0	-
2005	Public University	The University of Texas at Austin	003658	9	71,142.00	2112	2,983,333.00
2005	Public University	The University of Texas at Dallas	009741	0	-	0	215,571.00
2005	Public University	The University of Texas at San Antonio	010115	2	11,094.00	0	-
2005	Public University	The University of Texas at Tyler	011163	0	-	62	193,432.00
2005	Public University	University of Houston	003652	0	-	2	14,506.00
2005	Public University	University of North Texas	003594	0	-	5	41,004.00

42 195,724.00 5589 6,518,802.00

Year	Description	Institution	FICE	Texas Tomorrow Fund Waivers	Texas Tomorrow Fund Amount Waived	Texas Tomorrow Fund Exemptions	Texas Tomorrow Fund Amount Exempted
2006	Community Colleges	Central Texas College	004003	0	-	22	-
2006	Community Colleges	Grayson County College	003570	0	-	11	7,720.00
2006	Community Colleges	Howard County Junior College	003574	0	-	31	27,048.00
2006	Community Colleges	Laredo Community College	003582	0	-	29	26,434.00
2006	Community Colleges	Northeast Texas Community College	023154	0	-	12	13,922.00
2006	Community Colleges	San Jacinto Community College District	003609	0	-	134	138,536.00
2006	Community Colleges	Tarrant County College District	003626	0	-	1	1,122.00
2006	Public University	Angelo State University	003541	2	50.00	0	-
2006	Public University	Sam Houston State University	003606	0	-	52	4,894.00
2006	Public University	Stephen F. Austin State University	003624	0	-	10	158.00
2006	Public University	Texas A&M University	010366	17	146,556.00	2293	2,805,728.00
2006	Public University	Texas A&M University-Corpus Christi	011161	2	13,470.00	1	21.00
2006	Public University	Texas A&M University-Galveston Campus	010298	3	30,636.00	0	-
2006	Public University	Texas State University-San Marcos	003615	0	-	825	101,092.00
2006	Public University	Texas Tech University	003644	0	-	1292	1,098,019.00
2006	Public University	The University of Texas at Arlington	003656	3	8,556.00	0	-
2006	Public University	The University of Texas at Austin	003658	14	461,313.00	2376	5,027,958.00
2006	Public University	The University of Texas at Dallas	009741	0	-	229	379,656.00
2006	Public University	The University of Texas at San Antonio	010115	2	20,172.00	591	227,727.00
2006	Public University	The University of Texas at Tyler	011163	0	-	77	251,199.00
2006	Public University	University of Houston	003652	0	-	466	173,719.00
2006	Public University	University Of Houston-Clear Lake	011711	0	-	7	563.00
2006	Public University	University of North Texas	003594	0	-	5	43,358.00
				43	680,753.00	8464	10,328,874.00

Year	Description	Institution	FICE	Texas Tomorrow Fund Waivers	Texas Tomorrow Fund Amount Waived	Texas Tomorrow Fund Exemptions	Texas Tomorrow Fund Amount	Texas Tomorrow Fund Amount Exempted
2007	Community Colleges	Blinn College	003549	4	6,536.00	0	-	-
2007	Community Colleges	Central Texas College	004003	30	-	0	-	-
2007	Community Colleges	Collin County Community College	023614	1	543.00	0	-	-
2007	Community Colleges	Dallas County Community College District	009331	2	1,846.00	0	-	-
2007	Community Colleges	Frank Phillips College	003568	0	-	6	13,696.00	-
2007	Community Colleges	Grayson County College	003570	0	-	28	25,978.00	-
2007	Community Colleges	Howard County Junior College	003574	0	-	22	19,554.00	-
2007	Community Colleges	Kilgore College	003580	0	-	45	63,086.00	-
2007	Community Colleges	Laredo Community College	003582	0	-	28	21,580.00	-
2007	Community Colleges	McLennan Community College	003590	1	360.00	0	-	-
2007	Community Colleges	Northeast Texas Community College	023154	0	-	14	22,190.00	-
2007	Community Colleges	San Jacinto Community College District	003609	0	-	106	137,704.00	-
2007	Public University	Angelo State University	003541	2	8,530.00	0	-	-
2007	Public University	Sam Houston State University	003606	0	-	23	2,880.00	-
2007	Public University	Stephen F. Austin State University	003624	0	-	9	191.00	-
2007	Public University	Texas A&M University	010366	27	201,545.00	2623	3,272,278.00	-
2007	Public University	Texas A&M University-Corpus Christi	011161	4	6,337.00	7	16.00	-
2007	Public University	Texas A&M University-Galveston Campus	010298	1	9,350.00	0	-	-
2007	Public University	Texas Southern University	003642	0	-	4	11,485.00	-
2007	Public University	Texas State University-San Marcos	003615	0	-	838	76,803.00	-
2007	Public University	Texas Tech University	003644	0	-	1493	1,127,427.00	-
2007	Public University	The University of Texas at Arlington	003656	8	29,150.00	0	-	-
2007	Public University	The University of Texas at Austin	003658	16	170,044.00	2645	6,764,382.00	-
2007	Public University	The University of Texas at Brownsville	030646	0	-	3	136.00	-
2007	Public University	The University of Texas at Dallas	009741	0	-	354	413,680.00	-
2007	Public University	The University of Texas at San Antonio	010115	2	6,600.00	738	385,915.00	-
2007	Public University	The University of Texas at Tyler	011163	0	-	100	376,623.00	-
2007	Public University	University of Houston	003652	0	-	445	211,049.00	-
2007	Public University	University of North Texas	003594	0	-	6	42,120.00	-
				98	440,841.00	9537	12,988,773.00	

Year	Description	Institution	FICE	Texas Tomorrow Fund Waivers	Texas Tomorrow Fund Amount Waived	Texas Tomorrow Fund Exemptions	Texas Tomorrow Fund Amount Exempted
2008	Community Colleges	Austin Community College	012015	1	2,670.00	0	-
2008	Community Colleges	Blinn College	003549	5	5,548.00	0	-
2008	Community Colleges	Dallas County Community College District	009331	1	532.00	0	-
2008	Community Colleges	Grayson County College	003570	0	-	21	18,964.00
2008	Community Colleges	Houston Community College System	010633	2	2,760.00	0	-
2008	Community Colleges	Howard County Junior College	003574	0	-	24	20,052.00
2008	Community Colleges	Laredo Community College	003582	0	-	32	32,651.00
2008	Community Colleges	Northeast Texas Community College	023154	0	-	17	28,075.00
2008	Community Colleges	San Jacinto Community College District	003609	0	-	157	151,995.00
2008	Public University	Angelo State University	003541	5	12,558.00	0	-
2008	Public University	Midwestern State University	003592	1	450.00	0	-
2008	Public University	Sam Houston State University	003606	0	-	35	2,789.00
2008	Public University	Stephen F. Austin State University	003624	0	-	319	25,806.00
2008	Public University	Texas A&M University	010366	25	194,738.00	2728	3,629,236.00
2008	Public University	Texas A&M University-Corpus Christi	011161	1	10,286.00	1	50.00
2008	Public University	Texas A&M University-Galveston Campus	010298	1	8,340.00	1	895.00
2008	Public University	Texas State University-San Marcos	003615	0	-	1443	392,389.00
2008	Public University	Texas Tech University	003644	0	-	1741	1,136,376.00
2008	Public University	The University of Texas at Arlington	003656	2	10,842.00	0	-
2008	Public University	The University of Texas at Austin	003658	18	282,369.00	2841	6,698,179.00
2008	Public University	The University of Texas at Brownsville	030646	0	-	1	54.00
2008	Public University	The University of Texas at Dallas	009741	0	-	282	648,186.00
2008	Public University	The University of Texas at San Antonio	010115	2	17,514.00	822	505,844.00
2008	Public University	The University of Texas at Tyler	011163	0	-	135	533,623.00
2008	Public University	University of North Texas	003594	0	-	6	46,248.00
2008	Public University	West Texas A&M University	003665	1	8,062.00	0	-
				65	556,669.00	10606	13,871,412.00

Year	Description	Institution	FICE	Texas Tomorrow Fund Waivers	Texas Tomorrow Fund Amount Waived	Texas Tomorrow Fund Exemptions	Texas Tomorrow Fund Amount	Texas Tomorrow Fund Exempted
2009	Community Colleges	Blinn College	003549	5	4,063.00	0	-	-
2009	Community Colleges	Coastal Bend College	003546	26	48,331.00	0	-	-
2009	Community Colleges	Dallas County Community College District	009331	2	1,594.00	0	-	-
2009	Community Colleges	Grayson County College	003570	0	-	42	42,488.00	-
2009	Community Colleges	Houston Community College System	010633	6	865.00	0	-	-
2009	Community Colleges	Howard County Junior College	003574	0	-	30	33,978.00	-
2009	Community Colleges	Laredo Community College	003582	0	-	38	34,295.00	-
2009	Community Colleges	McLennan Community College	003590	1	420.00	0	-	-
2009	Community Colleges	Northeast Texas Community College	023154	0	-	15	20,694.00	-
2009	Community Colleges	San Jacinto Community College District	003609	0	-	161	162,586.00	-
2009	Community Colleges	Tarrant County College District	003626	1	805.00	0	-	-
2009	Community Colleges	Vernon College	010060	0	-	4	1,788.00	-
2009	Community Colleges	Weatherford College	003664	0	-	1	598.00	-
2009	Public University	Angelo State University	003541	2	8,199.00	0	-	-
2009	Public University	Lamar University	003581	1	2,497.00	0	-	-
2009	Public University	Sam Houston State University	003606	0	-	70	5,212.00	-
2009	Public University	Stephen F. Austin State University	003624	64	17,984.00	234	9,801.00	-
2009	Public University	Texas A&M University	010366	26	234,319.00	2923	4,274,204.00	-
2009	Public University	Texas A&M University-Corpus Christi	011161	2	21,620.00	54	1,025.00	-
2009	Public University	Texas A&M University-Galveston Campus	010298	1	4,420.00	0	-	-
2009	Public University	Texas State University-San Marcos	003615	0	-	2152	541,951.00	-
2009	Public University	Texas Tech University	003644	0	-	1401	824,669.00	-
2009	Public University	The University of Texas at Arlington	003656	8	16,579.00	0	-	-
2009	Public University	The University of Texas at Austin	003658	18	288,076.00	2898	6,945,215.00	-
2009	Public University	The University of Texas at Brownsville	030646	0	-	5	845.00	-
2009	Public University	The University of Texas at Dallas	009741	0	-	302	373,165.00	-
2009	Public University	The University of Texas at San Antonio	010115	6	47,208.00	880	572,011.00	-
2009	Public University	The University of Texas at Tyler	011163	0	-	130	561,497.00	-
2009	Public University	University of Houston	003652	0	-	120	22,762.00	-
2009	Public University	University of North Texas	003594	0	-	4	36,410.00	-
				169	696,980.00	11464	14,465,194.00	



THE TEXAS A&M UNIVERSITY SYSTEM

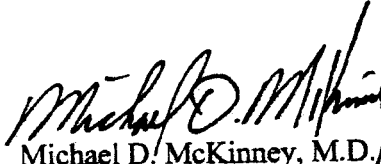
Office of the Chancellor

March 22, 2010

The Honorable Steve Ogden, Chairman
Senate Finance Committee
P. O. Box 12068
Austin, TX 78711-2068

Dear Chairman Ogden,

Thank you for the opportunity to share the attached projections regarding the financial impact the Texas Tomorrow Fund is having on our institutions. The attached document reflects the current and projected exemptions to be absorbed by each of our institutions as a result of the shortfall in funding provided by the Texas Tomorrow Fund. It is anticipated that the amount each institution will have to absorb will continue to increase each year. We look forward to working with the committee to address this issue moving forward and appreciate the committee's interest in this matter.


Michael D. McKinney, M.D.
Chancellor

JD/dt

Attachment

cc: Members, Senate Finance Committee
Dr. Stanton Calvert

THE TEXAS A&M UNIVERSITY SYSTEM
Senate Finance Committee - Interim Charge #5
Texas Tomorrow Fund

Member	FY 2009 Actual		FY 10 Foregone Tuition/Fees	FY 11 Foregone Tuition/Fees	FY 12 Foregone Tuition/Fees	FY 13 Foregone Tuition/Fees
	Headcount	Foregone Tuition/Fees				
PVAMU		\$ -	\$ -	\$ -	\$ -	\$ -
Tarleton		\$ -	\$ -	\$ -	\$ -	\$ -
TAMIU		\$ -	\$ -	\$ -	\$ -	\$ -
TAMU	2,949	\$ 4,508,523	\$ 5,300,000	\$ 5,900,000	\$ 7,100,000	\$ 8,500,000
TAMUG	1	\$ 4,420	\$ 5,200	\$ 5,800	\$ 7,000	\$ 8,400
TAMUCT		\$ -	\$ -	\$ -	\$ -	\$ -
TAMUC		\$ -	\$ -	\$ -	\$ -	\$ -
TAMUCC	56	\$ 22,645	\$ 41,000	\$ 51,000	\$ 64,000	\$ 80,000
TAMUK		\$ -	\$ -	\$ -	\$ -	\$ -
TAMUSA		\$ -	\$ -	\$ -	\$ -	\$ -
TAMUT		\$ -	\$ -	\$ -	\$ -	\$ -
WTAMU		\$ -	\$ -	\$ -	\$ -	\$ -
TAMHSC ¹	3	\$ 4,569	\$ 4,800	\$ 5,100	\$ 5,400	\$ 5,800
TOTAL	<u>3,009</u>	<u>\$ 4,540,157</u>	<u>\$ 5,351,000</u>	<u>\$ 5,961,900</u>	<u>\$ 7,176,400</u>	<u>\$ 8,594,200</u>

Note:

Foregone Tuition/Fees - is the difference between the amount received (per student) from the TX Tomorrow Fund and the actual tuition and mandatory fees at each respective institution.

¹ Includes only two undergraduate programs (Nursing and Dental Hygiene). Currently, the Dental Hygiene costs are below the Texas Tomorrow rate, therefore nothing has to be waived.



UNIVERSITY OF HOUSTON SYSTEM
UNIVERSITY OF HOUSTON

RENU KHATOR
Chancellor and President

March 22, 2010

The Honorable Steve Ogden
Chair, Senate Finance Committee
The Capitol Building, Room E1.038
Austin, TX 78701

VIA Hand Delivery

Dear Chairman Ogden:

Thank you for your inquiry regarding the impact of the Texas Tomorrow Program. Within our UH System of four institutions, the University of Houston is the only one experiencing a significant impact. In actual dollars, forgone revenue has increased from \$173,719 to \$291,491 over the last four years.

	<u>Students</u>	<u>Forgone Revenue</u>
FY2006	466	\$173,719
FY2007	445	\$211,049
FY2008	485	\$149,438
FY2009	539	\$291,491

As the University of Houston increasingly becomes an institution of first choice for more students, we see this gap widening. This forgone revenue constitutes essential funds that would have covered items such as faculty salaries, library, instructional administration, research, and student services.

The Honorable Steve Ogden

March 22, 2010

Page 2

Student access and affordability are top priorities for the UH System and the Texas Tomorrow Fund is one avenue that Texas families have used to provide a college education to their sons and daughters. As an additional support, UH has implemented two programs to ensure that students have the financial support they need to complete their degrees. The Cougar Promise now covers tuition and fees of students whose families earn less than \$45,000 per year. And through The Cougar Pledge any student who agrees to complete 30 hours a year for four years will save \$3,000 overall in tuition.

With warm regards,

Renu Khator

Renu Khator



TEXAS TECH UNIVERSITY SYSTEM

Jim Brunjes
Vice Chancellor and Chief Financial Officer

March 22, 2010

Honorable Steve Ogden
Chair, Senate Finance Committee
P. O. Box 12068
Austin, TX 78711

Submitted electronically

RE: Interim Charge #5—Texas Tomorrow Fund

Chairman Ogden and Members of the Senate Finance Committee:

The Texas Tomorrow Fund contracts have been significant tools that families have used to assist in financing students' access to higher education in Texas. We appreciate the opportunity to provide your committee information regarding the impact of these contracts on the institutions of the Texas Tech University System.

For Texas Tech University (TTU) and Angelo State University (ASU), the fiscal impact of the Texas Tomorrow Fund contracts has been different.

Texas Education Code, Section 54.624, requires the institution "to accept as payment in full of the beneficiary's tuition and required fees the lesser of:

- (1) the amount of tuition and required fees charged by the institution; or
- (2) an amount paid by the board under the contract equal to the weighted average amount of tuition and required fees of all public senior colleges and universities for that semester or other academic period as determined by the board."

For at least the last 5 years, TTU's tuition and mandatory fees have exceeded the amount paid by the Tomorrow Fund contract; therefore, the university has forgone revenue which would otherwise have been collected if not for the statute stating the amount of the contract is to be considered the full payment.

From fiscal year 2005 through fiscal year 2008, the number of contracts per year ranged from a low of 1142 to a high of 1741 with uncollected revenue amounts equal to an average of \$1.1 million per year. In FY 2009, there were 1401 contracts which resulted in \$824,669 of uncollected revenue. The decline in uncollected revenue for this one year was a result of approximately 300 fewer contracts for this year. Yet, because TTU did not increase tuition and fees for the year while the amount paid by the Tomorrow Fund contract increased, the amount funded per contract actually increased. For Fall 2009, the number of contracts has increased to 1660, an 18.5% increase, so it is anticipated that the forgone revenue for fiscal year 2010 will also increase.

These uncollectable revenue amounts are considered by the mandatory fee advisory committees at TTU during annual reviews of the needed fee amounts to cover the costs of providing the student services for the upcoming academic year. For these student services, the forgone revenue is factored into the fee amounts charged to the other students for the services.

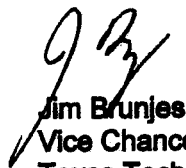
ASU's tuition and mandatory fees, on the other hand, have been below the state average, so the amounts paid by the Tomorrow Fund contracts have been sufficient to cover the full amount of tuition and mandatory fees with one notable exception.

Some of the students enrolled at ASU with Tomorrow Fund contracts have been nonresident students which the statute requires the university to waive the nonresident tuition rate and allows only the collection of the resident tuition rate. Texas Education Code, Section 54.621(c) states "Notwithstanding any provision of Subchapter B, the tuition and required fees charged by the institution of higher education for semester hours and fees that are paid for by a prepaid tuition contract shall be determined as if the beneficiary of that contract were a resident student."

The number of contracts per year for ASU students has generally been 2 with forgone revenue due to the waiver of the nonresident tuition rate has ranged from \$50 to \$12,558. In Fiscal Year 2008, there were a unique number of 5 contracts that resulted in forgone revenue of \$12,558. The waived nonresident tuition amounts were considered in the General Appropriations Act in the calculation of the estimated "educational and general revenue—General Revenue Dedicated" for the annual appropriations for ASU. Therefore, this waived amount was partially reimbursed.

Thank you for allowing us to comment on the impact of the Texas Tomorrow Fund. If you need additional information or have questions, we stand ready to furnish that information.

Sincerely,



Jim Brunjes
Vice Chancellor and Chief Financial Officer
Texas Tech University System

xc: Chancellor Kent Hance
President Guy Bailey
President Joseph Rallo

The Honorable Steve Ogden
P.O. Box 12068
Capitol Station
Austin, Texas 78711

March 22, 2010

Dear Chairman Ogden:

Thank you for the opportunity to discuss the Texas Tomorrow Fund's impact on the University of North Texas. The original pathway to college savings created by the Texas Tomorrow Fund (TTF I) has been helpful for students, families, and the state. The fund provided a useful financing option and induced Texas families to greater planning and prioritization for the college education of their children. As a result, TTF I has supported increased college going rates in Texas over the past years but the new Texas Guaranteed Tuition Plan (TTF II) will be more complex for both universities and families. It remains to be seen if it will also boost college savings and college enrollments to the same degree.

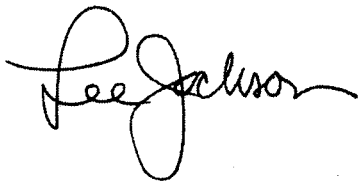
Currently, the cost to UNT of TTF I, after the guarantee of state funds, is approximately \$500,000 per year. Through 2009-2010, UNT will serve approximately 1,000 TTF I students. These students will receive approximately \$6 million in funds, of which approximately \$5.5 million will be paid by TTF and \$500,000 paid by UNT.

The complexities of Texas' multiple guaranteed tuition programs require additional overhead for institutions of higher education, and those costs will increase with TTF II. At UNT, TTF I requires approximately one full-time equivalent employee (FTE) for the 1,000 students participating each year. TTF II will necessitate additional staff training, computer programming set-up, and support. We do not yet know exactly how many FTEs will be required to manage both TTF I and TTF II.

Unlike TTF I, which has fairly simple and homogenous funding amounts and processes, the TTF II will have significantly increased variations, and the payouts will be unique to each individual student. Because TTF I will continue for more than a decade and contract executions from TTF II will begin soon, overhead costs and complexities will increase as both programs will be operating at the same time.

Again, I appreciate the opportunity to discuss how TTF I and TTF II impact the University of North Texas. Please do not hesitate to contact me or my staff directly, should you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink that reads "Lee F. Jackson". The signature is written in a cursive style with a large, looped initial "L".

Lee F. Jackson

Chancellor

THE TEXAS STATE UNIVERSITY SYSTEM

Founded 1911

Thomas J. Rusk Building • 200 East 10th Street, Suite 600 • Austin, Texas 78701-2407
(512) 463-1808 • Fax (512) 463-1816 • www.tsus.edu



REGENTS

Ron Blatchley
Bryan / College Station, Chairman

Charlie Amato
San Antonio, Vice Chairman

Kevin Lilly
Houston

Ron Mitchell
Horseshoe Bay

David Montagne
Beaumont

Trisha Pollard
Bellaire

Michael Truncale
Beaumont

Greg Wilkinson
Dallas

Donna Williams
Arlington

William C. Patterson
Marcos, Student Regent

INTERIM CHANCELLOR

Kenneth R. Craycraft
Austin

SYSTEM MEMBERS

Lamar University
Beaumont

Sam Houston State University
Huntsville

Sul Ross State University
Alpine

Sul Ross State University
Rio Grande College
Del Rio, Eagle Pass, Uvalde

Texas State University–San Marcos
San Marcos

Lamar Institute of Technology
Beaumont

Lamar State College–Orange
Orange

Lamar State College–Port Arthur
Port Arthur

March 19, 2010

The Honorable Steve Ogden
Chairman, Senate Finance
Texas Senate, District 5
PO Box 12068, Capital Station
Austin, Texas 78711

Dear Chairman Ogden and members of the Senate Finance Committee:

Thank you for the opportunity to comment on the impact of Texas Tomorrow Fund participants on tuition and fee revenue levels at institutions of the Texas State University System.

Availability of the Texas Tomorrow Fund (TTF) for families of Texas students is an important option for access to Texas public higher education. As the Texas Higher Education Coordinating Board FY 2009 figures show, the incidence of TTF participants varies widely across the State. According to their report, over half of Texas' public senior level institutions had no TTF participants in FY 2009. In fact, 83% of TTF recipients were enrolled in only four institutions while the weighted average of tuition and fee costs is based on rates at all of Texas' public senior level institutions.

Two of the Texas State University System's institutions, Sam Houston State University and Texas State University–San Marcos are included in the Coordinating Board's FY 2005 – FY 2009 report as recipients of Texas Tomorrow Fund proceeds. In FY 2009, forgone tuition in fees totaled \$5,212 for 70 recipients at Sam Houston and \$541,951 for 2,152 recipients at Texas State. The tuition impact will not cause significant harm to those two universities. However, any change in revenues or expenditures on the order of a half million dollars is a concern. Other institutions in the Texas State University System had few or no Texas Tomorrow Fund recipients.

We fully support the importance of the Texas Tomorrow Fund and recommend the following:

1. Future versions of the Fund exclude the tuition and fee cost calculation rates of institutions enrolling no Texas Tomorrow Fund recipients from the weighted average.
2. The weights of those institutions included be based on actual enrollments at the institutions.

Again, thank you for the opportunity to respond on this important matter.

Sincerely,

Dr. Kenneth R. Craycraft
Interim Chancellor



STEPHEN F. AUSTIN STATE UNIVERSITY

Office of the President

P.O. Box 6078, SFA Station • Nacogdoches, Texas 75962-6078
Phone (936) 468-2201 • Fax (936) 468-2202

March 22, 2010

The Honorable Steve Ogden, Chairman
Senate Finance Committee
1400 Congress Avenue, Room E1.038
Austin, TX 78701

Dear Chairman Ogden:

Stephen F. Austin State University has minimal costs related to the Texas Tomorrow Fund Program. Our total fiscal year 2009 costs were slightly over \$9,800. There were 232 unduplicated program participants during fiscal year 2009.

On February 26, 2010, the SFA Board of Regents approved a 3.95% increase in total tuition and fees for fiscal year 2011. We do not anticipate a material financial impact on SFA in regard to the Texas Tomorrow Fund program.

Please let me know if you need additional information.

Sincerely,

Baker Pattillo
President



Office of the Chancellor and President
P.O. Box 425587, Denton, TX 76204-5587
940-898-3201 Fax 940-898-3216

March 22, 2010

The Honorable Steve Ogden
Chair, Senate Finance Committee
P.O. Box 12068 Capitol Station
Austin, TX 78711

RE: Texas Tomorrow Fund: Impact on Texas Woman's University


Dear Senator Ogden:

In response to your request for information on the impact of the Texas Tomorrow Fund on institutions of higher education, Texas Woman's University (TWU) provides the following:

- The amount TWU has expended over the last 5 years is \$4,721.36 (as shown in the attached chart),
- TWU has not reported this as a waiver or exemption in the Integrated Fiscal Reporting System (IFRS) which is administered by the Coordinating Board, it has been treated as a write-off (amount billed, but uncollectable),
- The TTFund reimburses TWU at a rate that is calculated each semester to equal the average rate for tuition and required fees among all 35 public institutions and our rate is close to the average.

If you need additional clarification, Mr. Kelly McCullar, TWU Controller, is available and can be reached at the following number: (940) 898-3534.

Thank you.


Ann Stuart, Ph.D.
Chancellor and President

Cc: Dr. Brenda Floyd, Vice President for Finance and Administration
Mr. Kelly McCullar, Associate Vice President and Controller

Think SUCCESS  Think TWU

Texas Woman's University

TWU Student AR Write-offs for Texas Tomorrow Fund							
AR INVOICES ID	INV_DESC	INV_DATE	INV_TERM	INV_DUE_DATE	CHG_AMT	CR_AMT	Net Write-Off
2149559	Write Off Ave d Balance	11/21/05	05/FA	11/21/05	0.00	53.20	53.20
2215998	Write Off Ave Balances	03/07/06	06/SP	03/07/06	0.00	29.80	29.80
2293980	Write Off Ave Balances	05/30/06	06/MM	05/30/06	0.00	13.77	13.77
2348660	Write Off Ave Balances	08/04/06	08/S2	08/04/06	0.00	54.66	54.66
2348659	Write Off Ave Balances	08/04/06	08/S1	08/04/06	0.00	66.51	66.51
2408728	Rev Inv.1528906-Ave Biling	11/01/06	06/FA	11/01/06	232.07	0.00	(232.07)
2408740	Write Off Ave Biling	11/03/06	06/FA	11/03/06	0.00	260.89	260.89
2489604	Write Off Ave Billing	03/12/07	07/SP	03/12/07	0.00	67.48	67.48
2596632	Write Ave Billing	07/16/07	07/S1	07/16/07	0.00	0.49	0.49
2625137	Write Off Ave Billing	08/15/07	07/S2	08/15/07	0.00	3.74	3.74
2671216	Write Off Ave. Billing	10/18/07	07/FA	10/18/07	0.00	8.04	8.04
2773386	Write Off Ave Billing	03/17/08	08/SP	03/17/08	0.00	1,190.72	1,190.72
2773408	Adj Ave. Billing Write Off	03/17/08	08/SP	03/17/08	260.00	0.00	(260.00)
2828981	Adj Ave. Billing Write-Off	08/11/08	08/S1	08/11/08	0.00	784.30	784.30
2954608	Write Off Ave Billing Rate	08/25/08	08/S2	08/25/08	0.00	50.82	50.82
3001018	Ave Billing Write Off	11/17/08	08/FA	11/17/08	0.00	211.55	211.55
3107955	Write Off Average Billing	04/15/09	09/SP	04/15/09	0.00	612.80	612.80
3225644	Write Off Ave. Billing	07/09/09	09/MM	07/09/09	0.00	107.58	107.58
3225649	Write Off Ave Billing	07/09/09	09/S1	07/09/09	0.00	628.76	628.76
3225682	Correct Write Off Ave Billing	07/09/09	09/S1	07/09/09	107.58	0.00	(107.58)
3244236	Write Off Ave Billing	07/31/09	09/S1	07/31/09	0.00	629.64	629.64
3260994	Ave Billing Write Off	08/14/09	09/S2	08/14/09	0.00	286.67	286.67
3327765	Write Off Ave. Billing	11/12/09	09/SP	11/12/09	0.00	2.12	2.12
3327761	Write Off Ave Billing	11/12/09	09/FA	11/12/09	0.00	257.46	257.46
				Totals >	599.85	5,321.01	4,721.36



MIDWESTERN STATE UNIVERSITY

Office of the President

3410 Taft Boulevard Wichita Falls, Texas 76308-2099

Office: 940-397-4211 Fax: 940-397-4010

March 16, 2010

The Honorable Steve Ogden, Chairman
Senate Finance Committee
1400 Congress Avenue, Room E1.038
Austin, TX 78701

Dear Chairman Ogden:

Midwestern State University has not incurred significant costs relative to the Texas Tomorrow Fund programs because our standard tuition and fees applicable to all students have been less than the average rate paid by the Fund. While we are beginning to experience slight costs when students take less than a full load, owing to fixed fees that are charged regardless of class load, this has not caused a substantial cost burden.

In February our Board of Regents approved tuition and fees for FY 2011, to include a 3.95 percent increase as well as a new Intercollegiate Athletics Fee approved by the Texas Legislature during the last session. The rates for the Texas Tomorrow Fund programs in FY 2011 have not yet been announced; however, we do not foresee a concern for our university.

If I can provide additional information or assistance, please do not hesitate to let me know.

Sincerely,

Jesse W. Rogers,
President