



LEGISLATIVE BUDGET BOARD

Overview of Tuition Waivers and Exemptions

PRESENTED TO HOUSE HIGHER EDUCATION COMMITTEE

LEGISLATIVE BUDGET BOARD STAFF

AUGUST 2022

Interim Charge/Overview

Interim Charge 2:

Examine factors that have contributed to the rising costs of higher education, including the effect of statutory tuition and fee waivers and exemptions, the cost of compliance with state and federal mandates, and the increase in the number of non-faculty staff. Make recommendations for controlling these costs and ensuring a sound fiscal approach to managing college affordability for the future.

Included in this presentation:

- Brief Overview of Tuition Exemptions and Waivers
- Implications of Tuition Exemptions and Waivers in State Formula Funding
- Overview of Foregone Tuition and Fees

Tuition Exemptions and Waivers

Exemption and waiver programs aim to assist certain populations identified by the Texas Legislature when paying for higher education attainment.

- Exemptions permit certain Texas residents or nonresidents to enroll in an institution and pay a lesser tuition rate or reduced fees or both.

Example: TEC 54.367 Exemptions for Adopted Students Formerly in Foster or Other Residential Care.

- Waivers permit certain nonresidents to enroll in an institution and pay the Texas resident tuition or fee rate or a reduced nonresident tuition or fee rate.

Example: TEC 54.214. Biomedical Research Program; Scholarship Student.

See Appendix A for a complete chart of Exemptions and Waivers

Tuition Exemptions and Waivers

Students must meet certain criteria to be eligible for an exemption or waiver.

- Texas Education Code (TEC) Section 54.2001 contains additional provisions by which a student may be deemed eligible or ineligible to continue receiving an exemption or waiver. The provisions pertain to grade point average and excess credit hours towards a degree.
- Certain exemption and waiver programs are mandatory, and others are left to the discretion of the governing board of the institution to implement.

Example: TEC 54.367 Exemptions for Adopted Students Formerly in Foster or Other Residential Care is mandatory.

TEC 54.0601 Nonresident Tuition Rates at Certain Institutions (100 Mile waiver) is optional.

- All exemption and waiver programs, whether mandatory or optional, apply only to courses funded through state formula funding (TEC 54.2002).

Implications for State Formula Funding

- Formula funding is the method by which the state allocates appropriated sources of funds to institutions of higher education.
 - General Revenue and Statutory Tuition (General Revenue-Dedicated) are appropriated to institutions through the formula.
- Statutory tuition exemptions and waivers are not counted against institutions in the state formula funding methodology.

Foregone Tuition and Fees

Foregone Tuition and Fees					
	2012-2013	2014-2015	2016-2017	2018-2019	2020-2021
General Academic Institutions	\$793,571,848	\$1,109,769,125	\$1,307,296,441	\$1,453,145,553	\$1,541,288,703
Health Related Institutions	\$49,621,300	\$57,004,895	\$68,691,539	\$70,014,699	\$66,929,348
State & Technical Colleges	\$14,937,697	\$17,814,948	\$21,592,304	\$17,570,793	\$14,481,710
Community Colleges	\$214,123,289	\$257,558,375	\$324,813,875	\$420,279,565	\$501,142,929

Source: Texas Higher Education Coordinating Board & Texas Veterans Commission (Hazlewood)

Note: Hazlewood data is included for all years except 2013

Appendix A: Mandatory Exemptions

Program Name	Statute
Adopted	TEC 54.367
Border States	TEC 54.231(a)
Children of Disabled Firefighters/Law Enforcement Officers	TEC 54.351
Children of Nurse Faculty	TEC 54.355
Children of POWs and MIAs	TEC 54.343
Concurrent Enrollment/Min Tuition	TEC 54.011
Deaf or Blind	TEC 54.364
Dependents of Deceased Public Servants	TEC 54.354
Disabled Peace Officers and Firefighters	TEC 54.352
Ex-Prisoners of War	TEC 54.342
Firefighters taking Fire Science Courses	TEC 54.353
Foster Care/Texas DFPS	TEC 54.366
Hazlewood Dependents (Credit Hours)	TEC 54.341(b)(1)
Hazlewood Dependents (Non-Credit Hours)	TEC 54.341(b)(1)
Hazlewood Dependents Legacy Act	TEC 54.341(k)
Hazlewood Spouse (Credit)	TEC 54.341(a-2)
Hazlewood Spouse (Non-Credit)	TEC 54.341(a-2)
Hazlewood Veteran (Credit Hours)	TEC 54.341(a)
Hazlewood Veteran (Non-Credit Hours)	TEC 54.341(a)
National Guard Exemption	TEC 54.345
Peace Officers Exemption	TEC 54.3531
Preceptors and their Children	TEC 54.356
Performers of "Taps"	TEC 54.344
Texas Tomorrow Fund / Public Universities	TEC 54.624

Source: Texas Higher Education Coordinating Board, Texas Education Code

Appendix A: Mandatory Waivers

Program Name	Statute
Biomedical MD/PhD	TEC 54.214
Border County/Parish	TEC 54.231(g)
Citizens of Mexico (Pilot)	TEC 54.231(c)
Citizens of Mexico in Border Counties	TEC 54.231(b)
Citizens of Mexico Public Health	TEC 54.231(b)(4)
College Teachers, Professors, etc....	TEC 54.211
Economic Development	TEC 54.222
Foreign Service Officer	TEC 54.206
Military in Texas	TEC 54.241(b,c,f,g)
Military in Texas, Intention to Stay in Texas	TEC 54.241 (d,i,k)
Military in Texas, Radiology at MSU	TEC 54.241 (h)
NATO Members and Families	TEC 54.232
Olympic Programs Waiver	TEC 54.223
Reciprocal Educational Exchange Program (REEP)	TEC 54.231(d)(e)
TAMU Nat'l Lab or Nat'l Lab Operator Employee/Dependent	TEC 54.369
Teaching and Research Assistants	TEC 54.212
Texas Tomorrow Fund Contract	TEC 54.621
Academic Common Market Waiver	TEC 54.233

Source: Texas Higher Education Coordinating Board, Texas Education Code

Appendix A: Optional Exemptions & Waivers

Program Name	Statute	Waiver or Exemption
100 Mile Waiver	TEC 54.0601	Exemption
Ad Valorem	TEC 130.0032	Exemption
Combat Exemption	TEC 54.2031	Exemption
Community College District Employees	TEC 130.0851	Exemption
Designated Tuition Exemption	TEC 54.261	Exemption
Distance Learning Exemption from Fees	TEC 54.218	Exemption
Dual Enrollment - Junior Colleges	TEC 130.008	Exemption
Dual Enrollment - All Institutions	TEC 54.216	Exemption
Educational Aide Exemption	TEC 54.363	Exemption
Fully Funded Courses	TEC 54.217	Exemption
Good Neighbor Program	TEC 54.331	Exemption
Governing Board Waivers	TEC 54.5035	Exemption
Highest Ranking HS Scholarship	TEC 54.301	Exemption
Inter-Institutional Academic Programs	TEC 54.368	Exemption
Military in Texas, Radiology at MSU	TEC 54.241 (h)	Exemption
Non-Semester-Length Developmental Education Courses	TEC 54.225	Exemption
Prorated Fees for Term Length	TEC 54.5025	Exemption
Reduced Tuition/Off Peak Hour Courses	TEC 54.061	Exemption
Senior Citizen 65+ for 6 hours free tuition	TEC 54.365 (c)	Exemption
Senior Citizen 65+ for Audit Hours	TEC 54.365 (b)	Exemption
Senior Citizen Lowered Tuition 55+	TEC 54.263	Exemption
Student Services Fee Exemption	TEC 54.262	Exemption
TANF Exemption	TEC 54.361	Exemption
Three-peat Penalty Hardship Waiver	TEC 54.014(f)	Exemption
Tuition Exemption	TEC 130.0851	Exemption
Tuition Reduction for > or = 15 Hours	TEC 54.010	Exemption
Workforce Continuing Education Courses	TEC 130.304	Exemption
Competitive Scholarship	TEC 54.213	Waiver
National Student Exchange Program	TEC 51.930	Waiver
Nursing Graduate Students Planning to Teach	TEC 54.251	Waiver
Tech fee at UT Austin	TEC 54.221	Waiver

Source: Texas Higher Education Coordinating Board, Texas Education Code



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Contact the LBB

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