

Tuition Rates and Formula Funding Matrix

Student Status	Students Located On-Campus or In Texas		Students Located Out-of-State/Out-of-Country	
	Face-to-Face*	Electronic	Face-to-Face*	Electronic
Texas Resident	<i>Resident Tuition/ Formula Funding</i>	<i>Resident Tuition/ Formula Funding</i>	<i>Resident Tuition/ Formula Funding (For courses delivered face-to-face as travel abroad or travel out-of-state for students regularly enrolled on-campus and with prior CB approval of courses.)</i>	<i>Resident Tuition/ Formula Funding</i>
Non-Resident	<i>Non-Resident Tuition/ Formula Funding</i>	<i>Non-Resident Tuition/ Formula Funding</i>	<i>Non-Resident Tuition/ Formula Funding (For courses delivered face-to-face as travel abroad or travel out-of-state for students regularly enrolled on-campus and with prior CB approval of courses.)</i>	<i>Fees equivalent to Texas resident tuition and fees, or greater, and sufficient to cover cost of instruction No Formula Funding</i>
Special Cases				
Non-Resident qualifying for resident tuition (e.g., Academic Common Market, contiguous counties, and per other statutes)	<i>Resident Tuition/ Formula Funding</i>	<i>Resident Tuition if simultaneously enrolled and paying resident tuition for on-campus courses/ Formula Funding</i>	<i>Resident Tuition/ Formula Funding (For courses delivered face-to-face as travel abroad or travel out-of-state for students regularly enrolled on-campus and with prior CB approval of courses.)</i>	<i>Fees equivalent to Texas resident tuition and fees, or greater, and sufficient to cover cost of instruction No Formula Funding</i>
Other Exemptions			CB determination based on individual circumstances and justification	CB determination based on individual circumstances and justification

*Student and instructor are in the same physical setting. Relevant Legislation in Texas Education Code:

Sec. 54.218: permits certain fees to be waived if they are for services which student cannot use; e.g., the student union for distance education students.

Sec. 54.504: permits incidental fees, which include distance learning service fees, to be charged up to the amount needed to recover identified costs of providing the service.

Sec. 54.545: requires the institution to cover costs of continuing education courses with fees when no formula funding is received and no tuition is collected.



TEXAS HIGHER EDUCATION COORDINATING BOARD

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MEMORANDUM

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TO: Chancellors and Presidents of Public Universities, Health-Related Institutions, and Community and Technical Colleges

FROM: Don W. Brown

DATE: December 20, 1999

SUBJECT: State Funding and Tuition Policies for Distance Education and Off-Campus Courses

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We regularly receive questions asking whether certain electronic courses are eligible for formula funding and what tuition should be charged to students in such courses. This memo is intended to respond to those questions by clarifying, summarizing, and putting in one place tuition and funding policies for distance education and off-campus courses. It does not set forth any changes to current rules or policies; rather, it attempts to provide a user friendly summary for you and your colleagues.

The enclosed chart shows various categories of students by location and by method of course provision and indicates the corresponding tuition/formula funding policy. As you can see, these issues are complex, and emerging capabilities and delivery practices are likely to present additional challenges to rational policy. We will appreciate your help in dealing with them.

The chart is derived from relevant statutes and Board Rules on Distance Education and Off-Campus Instruction (Chapter 5, Subchapter H). Any interpretation beyond the specifics provided in those sources is based on the fundamental premise that, unless specifically provided for in statute, the state of Texas provides funding to its educational institutions to educate Texans, not citizens of other states or countries.

Formula Funding

Addressing directly the most frequently asked question, Board rules specify that distance education courses taken by non-Texans residing outside of Texas

cannot be submitted for formula funding without my specific prior approval. (The opportunity for limited exceptions is provided to accommodate, for example, our interpretation of some narrow statutory provisions affecting students living near the state=s borders.)

Some institutional representatives have questioned this policy, arguing that if the institution charges non-resident tuition to that out-of-state Aelectronic@ student, the state=s costs are therefore covered and the institution should be allowed to submit the credit hours earned by that student for formula reimbursement. In many cases, however, out-of-state tuition does not cover the state=s cost; this is most evident at the graduate level. In general, if distance education courses delivered out-of-state were eligible for formula funding, Texas taxpayers would be subsidizing the education of non-Texans who B unlike non-residents on-campus B are not living in Texas, not paying sales and perhaps other taxes here, and not supporting the Texas economy. We do not believe that is the intent of the Legislature.

Tuition and Fees

Policies on tuition and fees for courses delivered out-of-state derive from their status as non-state-funded courses. Lacking specific provisions to the contrary, courses taken by non-resident students living outside the state should be treated the same as other self-supporting courses for which the institution does not receive formula funding, such as continuing education or correspondence courses. Texas Education Code ' 54.545 specifies that the fees for self-supporting courses for which the institution does not collect tuition or receive formula funding are to be set by the institution's governing board and should be sufficient to recover the cost of providing the course. In general, we would expect that those fees would be greater than resident tuition, but beyond that, their amounts are to be determined by the institution's governing board. May the institution make a profit on such courses? Yes, we believe you may.

Thank you for your attention to this important issue. Over the past few years, our Board has increasingly supported distance education as a promising and valuable tool to help meet the state=s higher education needs. Rational and equitable funding policies and procedures are important to maintaining their support and the funding support of the Legislature.

Chancellors and Presidents
Funding and Tuition for Distance Education
December 20, 1999
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If you have questions concerning this memo, please contact me, Marshall A. Hill, Assistant Commissioner for Universities and Health-Related Institutions, at 512-427-6200 (marshall.hill@thehb.state.tx.us) or Janet Beinke at 512-427-6321 (janet.beinke@thehb.state.tx.us).

Enclosure

c: Chief Academic Officers
Reporting Officials
Distance Education Campus Contacts