



Tuition Equalization Grant (TEG) Need Survey

Grants and Special Programs
Texas Higher Education Coordinating Board

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Outside Austin: 800/242-3062 options 3, 3

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A decorative graphic at the bottom of the page consists of several overlapping, three-dimensional geometric shapes in shades of blue and gray, creating a modern, abstract design.

Fall 2012

Texas Higher Education Coordinating Board

Fall 2012 TEG Need Survey

In determining your students' TEG need for FY 2014 allocation purposes, you must consider all students who are eligible for TEG (whether or not they will actually receive an award).

PLEASE NOTE: You are required to **exclude** TEG **renewal** students who are **not** meeting SAP requirements, unless your hardship provisions allow them to continue receiving TEG.

To be included in the TEG Need Survey, a student must:

1. be enrolled at least $\frac{3}{4}$ -time¹ in an individual degree plan leading to a first associate's degree, first baccalaureate degree, first master's degree, first doctoral degree, or first professional degree;
2. be classified as a resident of Texas **as determined by the Core Questions**, or be a National Merit Scholarship finalist receiving at least \$1,000 in scholarships;
3. NOT be receiving an athletic scholarship;
4. pay more tuition at your institution than if attending a public institution and be charged no less than the regular tuition required of all students enrolled at your institution;
5. show financial need based on the Federal Methodology;
6. either be registered for the Selective Service or be exempt from this requirement;
7. NOT be receiving a TEXAS Grant; and
8. have either met SAP requirements or hardship conditions as of the end of the prior year (applies to **renewal** students only).

SAP Requirements for TEG Renewal Students:

- If initial TEG offered prior to 9/1/2005: Must meet institution's SAP requirements.
- If initial TEG offered on or after 9/1/2005:
 - At end of first year: Must meet institution's SAP requirements
 - At end of subsequent years:
 1. Minimum overall 2.50 GPA;
 2. Minimum 75% completion rate of attempted coursework in prior AY; and
 3. Completed:
 - a. 24 hours in prior AY (undergraduate students)
 - b. 18 hours in prior AY (graduate students).

I. Field Definitions

To assist you in completing this survey, we developed a Microsoft Excel workbook for you to use. **Its structure must not be modified in any way.** In this workbook, the following fields are on the worksheet *Need Survey* (see example, page 3), into which you enter your student data:

A. Record Number

This is the number of the student data record in the survey listing. Each row is already numbered. **You will not be able to enter any data into this field.**

B. Name

Please enter the student's name in the following format:
Last Name, First Name, Middle Initial

C. Student Classification

Enter one of the following two **numbers**:

- 1** = Undergraduate (*student is seeking a first associate's or bachelor's degree*)
- 2** = Graduate (*student is seeking a first master's, doctoral, or professional degree*)

¹ " $\frac{3}{4}$ -time" for undergraduates means they are enrolled for at least nine credit hours per regular semester; for graduates, " $\frac{3}{4}$ -time" means they are enrolled for at least six credit hours per regular semester.

D. Cost of Attendance (COA)

This is the student's expense budget (for fall + spring semesters) as derived using budgets submitted to THECB. If necessary, the usual adjustments may be made and documented in the student's file. If the student is/will be enrolled for a shorter time period, use that time period for the COA and adjust the amount you enter into this field appropriately.

E. Expected Family Contribution (EFC)

This is the contribution toward educational costs from income and assets of the student (and his or her family, if relevant) as calculated using the federal methodology. **Use the federal methodology for all students.** If the student is/will be enrolled for a shorter time period, use that time period for the EFC and adjust the amount you enter into this field appropriately.

F. Gross Need

This entry is automatically calculated based on the student's COA and EFC as entered. **You will not be able to enter any data into this field.**

If the student's Gross Need is less than or equal to zero, the student is **not** eligible for TEG and should be removed from your survey.

G. Pell Grant

This is the amount the student is to receive for the nine-month period. If the actual amount is not known, your best estimate may be used. If the student is/will be enrolled for a shorter length of time, adjust the amount you enter into this field appropriately.

H. Categorical Aid

This is defined as aid that your institution does not provide to the student, but rather any aid that the student brings to the school. Examples are private scholarships, Texas Rehabilitation Commission funds, and National Merit Scholarships from non-institutional sources. Veteran's Administration benefits should **NOT** be included.

If your institution is able to grant the funds to another student meeting that program's eligibility criteria, the award should not be included as categorical aid.

I. Adjusted Gross Need

This entry is automatically calculated based on the student's Gross Need, Pell Grant and Categorical Aid. **You will not be able to enter any data into this field.**

If the student's Adjusted Gross Need is less than or equal to zero, the student is **not** eligible for TEG and should be removed from your survey.

J. TEG Need

This is the amount of TEG the student *could* receive if the program were *fully funded*.

PLEASE NOTE: This number is only used by THECB for the purpose of this survey: To determine program allocations for eligible institutions.

For each individual student, the maximum amount to list in this column will be the **least** of the following:

- Student's Adjusted Gross Need (as defined in Section I (I));
- Student's Tuition Differential (as defined in Section II); or
- **\$3,518.**

If the student's calculated TEG Need is less than or equal to zero, the student is **not** eligible for TEG and should be removed from your survey.

K. Exceptional TEG Need

Exceptional Need is defined in THECB rules as the need ***undergraduate students*** have if their EFC is \$1,000 or less. Texas Education Code 61.227 (e) allows undergraduate students with exceptional need to receive up to 150% of the annual TEG award amount (**\$5,277** in the 2012-2013 academic year). This increased award cannot exceed the student's financial need or tuition differential.

For each "exceptionally needy" undergraduate student, the maximum amount to list in this column will be the **least** of the following:

- Student's Adjusted Gross Need – TEG Need;
- Student's Tuition Differential – TEG Need; or
- **\$1,759** (\$5,277 - \$3,518).

II. Tuition Differential

This is the difference between the tuition the student pays at the independent college he or she is attending and the amount the student would have paid if attending a comparable public institution.

The Southern Association of Colleges and Schools (SACS) identifies institutions by the highest levels of degrees they offer. We have used SACS levels to identify "comparable" institutions for the purpose of calculating tuition differential. SACS levels and average public institution tuition charges for undergraduate and graduate studies follow:

- | | |
|-------------------------|---|
| Level 1 – Associate | Level 4 – Master's Degree and Ed. Specialist Degree |
| Level 2 – Baccalaureate | Level 5 – 3 or fewer Doctoral Degrees |
| Level 3 – Master's | Level 6 – 4 or more Doctoral Degrees |

| SACS Level | Undergrad 30 hours | Undergrad 24 hours | Undergrad 18 hours | Graduate 20 hours |
|------------|--------------------|--------------------|--------------------|-------------------|
| 1 + SWCC | \$1,457 | \$1,166 | \$874 | n/a |
| 2 | \$1,800 | \$1,440 | \$1,080 | n/a |
| 3 | \$5,113 | \$4,090 | \$3,068 | \$4,218 |
| 5 | \$4,641 | \$3,713 | \$2,785 | \$4,394 |
| 6 | \$6,309 | \$5,047 | \$3,785 | \$5,830 |

The average public institution tuition rates for law school students are as follows:

- Law student (resident): \$886 per semester hour
- Law student (non-resident): \$1,242 per semester hour

Remember to compare a student's calculated tuition differential to the maximum TEG award to make sure your annual award does not exceed it. Calculations for National Merit Scholarship finalists who are not Texas residents should be based on the non-resident rates.

III. Student Data Record Verification

Here is an example of a student record listing on the worksheet *Need Survey*:

| A | B | C | D | E | F | G | H | I | J | K |
|---------------|---------------------------------------|-------------------------------|--------------------|------------------------------|-------------------|------------|-----------------|-------------------------------|------------------------|------------------------------------|
| Record Number | Name | Student Classification | Cost of Attendance | Expected Family Contribution | Gross Need (D-E)* | Pell Grant | Categorical Aid | Adjusted Gross Need (F-G-H)** | TEG Need (max \$3,518) | Exceptional TEG Need (max \$1,759) |
| | Last Name, First Name, Middle Initial | 1 = Undergrad 2 = Graduate | | | | | | | | |
| | | | 214,832.00 | 2,494,206.00 | 349,121.00 | 142,392.00 | 104,327.00 | 102,402.00 | 30,210.00 | 12,054.00 |
| 1 | Doe, John | 1 | 26,738 | 900 | 25,838 | 5,500 | - | 20,338 | 3,600 | 2,000 |
| 2 | Doe, Jane | 1 | 25,697 | - | 25,697 | | 15,899 | 9,798 | 3,518 | 1,759 |
| 3 | Smith, Tom | 1 | 26,484 | 1,001 | 25,483 | 5,500 | 10,652 | 9,331 | 3,518 | 1,759 |
| 4 | Thompson, Albert J. | 1 | 27,856 | 800 | 27,056 | 5,500 | 12,000 | 9,556 | 3,518 | 1,759 |
| 5 | Smith, Laura M. | 2 | 35,968 | 6,462 | 29,506 | | 30,000 | (494) | 3,518 | |
| 6 | Martin, Don | 2 | 36,215 | 5,648 | 30,567 | | 26,584 | 3,983 | 3,518 | 1,000 |
| 7 | Martin, Rebecca W. | 2 | 35,874 | 26,538 | 9,336 | | 8,625 | 711 | 3,518 | |
| 8 | | - | | | 0 | | | 0 | | |

To ensure that the aggregate numbers we will use when determining your allocation for the upcoming year are **accurate**, we created an edit-check system on a separate worksheet, *Student Data Record Issues*:

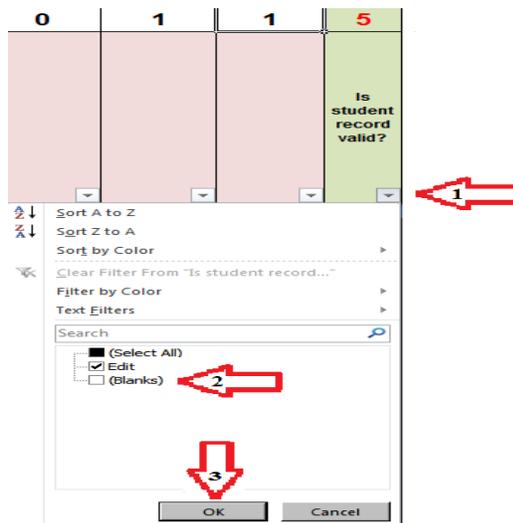
Student Data Record Issues

| Rec Num | Name | Student Class 1 = UG 2 = Grad | 0 | 1 | 0 | 2 | 1 | 1 | 1 | 1 | 0 | 1 | 0 | 1 | 1 | 5 | |
|---------|---------------------|-------------------------------------|--|---|--|--|---|---|--|---|---|--|--|---|---|--------------------------|------|
| | | | EC-1 Is student's Gross Need at or below \$0? | EC-2 Is student's AGN at or below \$0? | EC-3 Is student's TEG Need at or below \$0? | EC-4 Does student's TEG Need equal AGN when AGN is less than \$3,518? | EC-5 Does student's TEG Need equal \$3,518 when AGN is at least \$3,518? | EC-6 Is student's TEG Need greater than \$3,518? | EC-7 Is a Graduate student being given Exceptional Need monies? | EC-8 Are Exceptional TEG Need monies being given to an Undergrad with an EFC greater than \$1,000? | EC-9 Are Exceptional TEG Need monies being given to an Undergrad with a TEG Need of less than \$3,518? | EC-10 Is Undergrad's Exceptional TEG Need greater than \$1,759? | EC-11 Does TEG Need + Exceptional TEG Need equal Undergrad's AGN when AGN is less than \$5,277? | EC-12 Does TEG Need + Exceptional TEG Need equal \$5,277 when Undergrad's AGN is at least \$5,277? | EC-13 Does TEG Need + Exceptional TEG Need exceed \$5,277? | Is student record valid? | |
| 1 | Doe, John | 1 | - | - | - | - | ISSUE | ISSUE | - | - | - | - | - | ISSUE | - | ISSUE | Edit |
| 2 | Doe, Jane | 1 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Smith, Tom | 1 | - | - | - | - | - | - | - | ISSUE | - | - | - | - | - | - | Edit |
| 4 | Thompson, Albert J. | 1 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Smith, Laura M. | 2 | - | ISSUE | - | ISSUE | - | - | - | - | - | - | - | - | - | - | Edit |
| 6 | Martin, Don | 2 | - | - | - | - | - | - | ISSUE | - | - | - | - | - | - | - | Edit |
| 7 | Martin, Rebecca W. | 2 | - | - | - | ISSUE | - | - | - | - | - | - | - | - | - | - | Edit |
| 8 | 0 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

The student names and classifications as entered into *Need Survey* are automatically displayed on *Student Data Record Issues*, which analyzes your survey data to confirm the validity of each student record. Should it find any issues, the worksheet displays "ISSUE" in the appropriate edit-check column for that record. "Edit" is displayed in the final column, indicating the need to review that record. The row immediately below the title (i.e. "Student Data Record Issues") provides you with a count of the number of times "ISSUE" (or "Edit") appears in that column.

Please Note: Column "EC-7" verifies whether or not a graduate student (classification = 2) is being given Exceptional Need monies. Since graduate students are not eligible to receive Exceptional Need monies, the edit-checks in columns "EC-8" through "EC-13" do not verify any Exceptional Need information contained in graduate student records.

Instead of searching the entire listing for each student record that needs to be reviewed:



1. Click on the downward-pointing arrow in the bottom-right corner of the title field of the "Edit" column.
2. Uncheck the last box ("Blanks") at the bottom.
3. Click on "OK".

Only those records that need to be reviewed will now appear on the worksheet.

Below is a table identifying:

- Each edit-check column on the worksheet *Student Data Record Issues*;
- The “ISSUE” that the edit-check will find; and
- The information to edit on *Need Survey* to resolve the issue.

Please Note: One data field may be the cause of *multiple* issues (e.g. TEG Need is too high or is too low). As such, editing the data in one field may resolve them all.

| Edit-Check Column | What is the “ISSUE”? | Solution |
|--------------------------|---|--|
| EC-1 | Student's Gross Need is at or below \$0. | Delete student record. |
| EC-2 | Student's Adjusted Gross Need (AGN) is at or below \$0. | Delete student record. |
| EC-3 | Student's TEG Need is at or below \$0. | Delete student record. |
| EC-4 | Student's TEG Need does not equal AGN, which is less than \$3,518. | Edit TEG Need to match AGN. |
| EC-5 | Student's TEG Need is not \$3,518, even though the AGN is greater than \$3,518. | Edit TEG Need to be 3518. |
| EC-6 | Student's TEG Need is greater than \$3,518, which exceeds the limit. | Edit TEG Need to be 3518 or lower (as appropriate). |
| EC-7 | A graduate student is listed as receiving Exceptional Need monies. | Delete the Exceptional Need amount. |
| EC-8 | An undergrad with an EFC greater than \$1,000 is receiving Exceptional Need monies. | Confirm that EFC is correct. If so, delete Exceptional Need. If not, edit EFC appropriately. |
| EC-9 | Exceptional Need monies are being given to an undergrad with a TEG Need of less than \$3,518. | Confirm that TEG Need is correct. If so, delete Exceptional Need. If not, edit TEG Need appropriately. |
| EC-10 | Exceptional Need amount is greater than \$1,759. | Edit Exceptional Need to be 1759 or lower (as appropriate). |
| EC-11 | The combined award amount (TEG Need + Exceptional Need) does not equal AGN, which is less than \$5,277. | Revise either or both award amounts as appropriate; Ensure their total does not exceed AGN. |
| EC-12 | The combined award amount does not equal \$5,277, even though the AGN is greater than \$5,277. | Edit TEG Need to be 3518 and Exceptional Need to be 1759. |
| EC-13 | The TEG Need and/or Exceptional Need amounts are in excess of program maximums. | Revise either or both award amounts, ensuring their total does not exceed 5277. |

If the information in a student record is correct, yet is generating an “Edit” notification, please contact me (see below) so we can work together to resolve the matter.

IV. Submitting the Survey

Once all student record issues are resolved, you may submit your completed survey workbook to THECB via email at TEG@theccb.state.tx.us, using the subject line:

“Fall 2012 TEG Need Survey – *your school’s name*”,

The deadline to submit your survey is November 7, 2012.

For questions, please contact:

Rafael Villarreal IV
TEG@theccb.state.tx.us
 1-800-242-3062 options 3, 3

TEG Need Survey - Fall 2012

Please email this Excel file (include all tabs) to the Coordinating Board by November 7, 2012

Please EXCLUDE from this survey any current TEG renewal students who are NOT meeting SAP requirements, unless your hardship provisions allow them to continue receiving TEG.

FICE Code: 00000

Institution: *Name automatically appears after entering six-digit FICE*

| A Record Number | B Name <small>Last Name, First Name, Middle Initial</small> | C Student Classification <small>1 = Undergrad 2 = Graduate</small> | D Cost of Attendance (COA) | E Expected Family Contribution (EFC) | F Gross Need (D-E) | G Pell Grant | H Categorical Aid | I Adjusted Gross Need (F-G-H) | J TEG Need (max \$3,518) | K Exceptional TEG Need (max \$1,759) |
|-----------------------|---|---|-------------------------------------|---|--------------------------|-----------------|-------------------------|-------------------------------------|--------------------------------|---|
| | | 0 | 0.00 | 0.00 | 0.00 | 0 | 0 | 0.00 | 0.00 | 0.00 |
| 1 | | - | | | 0 | | | 0 | | |
| 2 | | - | | | 0 | | | 0 | | |
| 3 | | - | | | 0 | | | 0 | | |
| 4 | | - | | | 0 | | | 0 | | |
| 5 | | - | | | 0 | | | 0 | | |
| 6 | | - | | | 0 | | | 0 | | |
| 7 | | - | | | 0 | | | 0 | | |
| 8 | | - | | | 0 | | | 0 | | |
| 9 | | - | | | 0 | | | 0 | | |
| 10 | | - | | | 0 | | | 0 | | |
| 11 | | - | | | 0 | | | 0 | | |
| 12 | | - | | | 0 | | | 0 | | |
| 13 | | - | | | 0 | | | 0 | | |
| 14 | | - | | | 0 | | | 0 | | |
| 15 | | - | | | 0 | | | 0 | | |
| 16 | | - | | | 0 | | | 0 | | |
| 17 | | - | | | 0 | | | 0 | | |
| 18 | | - | | | 0 | | | 0 | | |
| 19 | | - | | | 0 | | | 0 | | |
| 20 | | - | | | 0 | | | 0 | | |
| 21 | | - | | | 0 | | | 0 | | |
| 22 | | - | | | 0 | | | 0 | | |
| 23 | | - | | | 0 | | | 0 | | |
| 24 | | - | | | 0 | | | 0 | | |
| 25 | | - | | | 0 | | | 0 | | |
| 26 | | - | | | 0 | | | 0 | | |
| 27 | | - | | | 0 | | | 0 | | |
| 28 | | - | | | 0 | | | 0 | | |
| 29 | | - | | | 0 | | | 0 | | |
| 30 | | - | | | 0 | | | 0 | | |
| 31 | | - | | | 0 | | | 0 | | |
| 32 | | - | | | 0 | | | 0 | | |
| 33 | | - | | | 0 | | | 0 | | |
| 34 | | - | | | 0 | | | 0 | | |
| 35 | | - | | | 0 | | | 0 | | |
| 36 | | - | | | 0 | | | 0 | | |
| 37 | | - | | | 0 | | | 0 | | |
| 38 | | - | | | 0 | | | 0 | | |
| 39 | | - | | | 0 | | | 0 | | |



Tuition Equalization Grant (TEG) Program Audit Guide

2011 - 2012

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March 19, 2012

Institutional Audit Guide

TEG Program: 2011-2012

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TEG Audit Guide: 2011 – 2012

General Program Guidelines

The TEG Program was created to promote the best use of existing educational resources and facilities within this state, both public and private, by providing need-based grants to Texas residents and National Merit Scholarship Finalists enrolled in any approved private or independent Texas college or university.

Maximum Award Amounts

The maximum annual TEG award for 2011-2012 equals the least of:

- the student's financial need (defined in TEG rules as cost of attendance less the expected family contribution),
- the student's tuition differential (the difference in the amount of tuition paid by the student to his/her institution and the amount he/she would have paid to attend a comparable public institution as defined by the institution);
- the maximum award amount; or
- for undergraduate students with exceptional need (defined as students with Expected Family Contributions (EFC) less than or equal to \$1,000), the maximum exceptional need award amount (1.5 x maximum award amount).

For specific maximum award values, please refer to Appendix 1: *Maximum Award Amounts*.

Tuition Differential

"Tuition Differential" is the difference between the tuition a student pays at a private or independent institution he/she is attending and the tuition the student would pay if he/she was attending a comparable public institution in Texas. Fees are not included in this calculation; only tuition rates should be compared to derive the tuition differential.

Tuition differentials should be calculated to compare rates for residents and non-residents. Calculations for National Merit Scholarship finalists who are not Texas residents should be based on the non-resident rates.

The Southern Association of Colleges and Schools (SACS) identifies institutions by the highest levels of degrees they offer. These levels are being used by the Coordinating Board to identify "comparable" institutions for the purpose of calculating tuition differentials. SACS levels are listed in Appendix 2a: *Southern Association of Colleges and Schools (SACS) Levels*

According to this approach:

1. Charges for the two independent 2-year institutions (Jacksonville and Lon Morris) are to be compared to public community college charges (Level 1)
2. Southwestern Christian College, a level 2 institution that only awards TEG to Associate Degree students, are also to be compared to those of public community colleges (Level 1)
3. Levels 2, 3, 5 and 6 independent institutions (other than Southwestern Christian College) should compare their charges to the average charges of public institutions at the same levels.

Appendix 2b (*Average Tuition Charges for Public Institutions*) shows average tuition charges for public institutions at various SACS levels for the 2011-2012 academic year for students pursuing undergraduate, graduate, or professional studies.

The American Bar Association is the only organization that accredits law schools. SACS accredits entire universities, not individual schools. As such, law schools must use the

appropriate public university tuition rate (Appendix 2c: *Average Public Tuition Charges for Law Schools*) for the 2011-2012 academic year to calculate tuition differentials.

If an institution's tuition minus the public institution tuition is less than maximum for an undergraduate student taking 30 hours (or less than revised maximum for a student with exceptional need), the student's TEG award must be adjusted so that it will not exceed that tuition differential. If the student is taking a course load of fewer than 30 hours, an institution will need to prorate its charges and recalculate the tuition differential for the relevant number of hours.

Program Definitions

To better clarify the specific program guidelines that follow, it is necessary to make the following differentiation:

Original TEG Program – refers to the TEG program as authorized by statute prior to amendments adopted by the 79th Texas State Legislature in 2005. Students who were offered their initial TEG prior to September 1, 2005, including students offered their initial TEG prior to September 1, 2005 for the 2005-2006 academic year, are participants.

2006 Revised TEG Program – refers to the TEG program as authorized in statute as amended by the 79th Texas State Legislature in 2005 and which applies to students who were or will be offered their initial TEG on or after September 1, 2005.

Residency

Changes to the rules for determining student residency status, adopted in January, 2011 by the Texas Higher Education Coordinating Board (THECB), became effective in late February. These changes became effective beginning with students applying for admission or seeking a change in residency status for fall 2011.

Amendments to the residency rules triggered changes to the Residency Core Questions, which were incorporated into the ApplyTexas application for admission. The new Core Questions, whether they are in the ApplyTexas form or in a separate paper or electronic form, should be used to make residency decisions. Institutions should update any in-house versions of the Core Questions being used.

In addition, the list of Visa types eligible to establish a domicile, which had previously been included as Chart I to the residency rules, is no longer a part of the rules.

All of these documents are posted on the THECB website (<http://www.thecb.state.tx.us>) under "Applying and Paying for College". Alternately, these documents can be accessed on the College for All Texans website. From the home page (<http://www.collegeforalltexans.com/>), go to "Get All the Facts", "Find the Right College", "Admissions Info", then "Residency Information". The THECB rules on determining residency are also provided here.

Student Eligibility Requirements

To receive an award through the TEG Program, a student must:

- Enroll at least ½-time under the Original TEG Program, or at least ¾-time under the 2006 Revised TEG Program, in a degree plan leading to a first associate's degree, first baccalaureate degree, first master's degree, or first doctoral degree;
- Show financial need;
- Maintain satisfactory academic progress (see next section);
- Be classified as a resident of Texas, or be an out-of-state National Merit Scholarship finalist who received one or more scholarships totaling at least \$1,000 from the institution or from an outside source, but paid to the institution as a scholarship for the recipient;

- Be required to pay more tuition than is required at a comparable public college or university and be charged no less than the regular tuition required of all students enrolled at the institution;
- Be registered with Selective Service, or be exempt; and
- Not be a recipient of any form of athletic scholarship during the semester(s) he/she is receiving TEG.

Satisfactory Academic Progress (SAP)

Original TEG Program - Students receiving awards through this program must meet the institution's SAP policy for both qualitative and quantitative standards.

2006 Revised TEG Program – To qualify to receive continuation awards in the following year, students receiving awards through this program must meet the following qualitative and quantitative SAP requirements at the end of the academic year:

| | | Undergraduates | Graduates |
|--------------------|------------------------------|--|--|
| GPA | At End of Initial Award Year | Institution's SAP Policy | Institution's SAP Policy |
| | At End of Renewal Award Year | Minimum 2.5 cumulative GPA | Minimum 2.5 cumulative GPA |
| Completion Rate | At End of Initial Award Year | Institution's SAP Policy | Institution's SAP Policy |
| | At End of Renewal Award Year | 75% completion of attempted hours for the year and completion of 24 hours for the year* | 75% completion of attempted hours for the year and completion of 18 hours for the year* |
| Maximum Time Frame | | Maximum time frame for receiving the grant is: <ul style="list-style-type: none"> • the fifth anniversary of the initial award if the student is in a degree plan of 4 years or less; or • the sixth anniversary of the initial award if the student is in a degree plan of more than 4 years. | A graduate student may continue to receive an award as long as he/she meets the basic eligibility requirements and the minimum GPA/completion rate requirements noted above. |

* Since the completion rate and hours completed are annual measures, students can regain eligibility in the summer for a fall award.

Hardship Provisions

Original TEG Program award recipients are eligible for professional judgment award adjustments as included in the institution's SAP policies.

In the event of a hardship or for other good cause, an otherwise eligible 2006 Revised TEG Program award recipient may be allowed to receive an award:

- while enrolled for an equivalent of less than ¾-time,
- with a GPA below SAP requirements,
- with a completion rate below SAP requirements,
- with the number of completed hours below SAP requirements, or
- beyond his/her maximum time frame, if the student has taken more time to complete his/her certificate or degree.

Such conditions may include, but are not limited to:

- a severe illness or other debilitating condition that may affect the student's performance,
- an indication that the student is responsible for the care of a sick, injured, or needy person and the provision of care is affecting the student's performance, or
- enrolling below $\frac{3}{4}$ -time to complete the student's degree plan.

Each institution must adopt a hardship policy and have it available for public review upon request. All hardship decisions must be documented in the student's records and be available for submission to the Coordinating Board if requested.

Requesting TEG Funds

A campus-based program such as TEG allows participating institutions to request and receive funds in periodic lump sum amounts (up to the amount allocated to the institution) to cover current expenditures. All awards and adjustments are made at the campus level by financial aid officers; only net results are reported to the Board.

To request funds, the TEG Program Officer sends a "Funds Request Form" by e-mail (or fax) to the Coordinating Board. Through the form, the institution certifies the amount of TEG needed for immediate disbursements to students (or to student accounts). The Coordinating Board then requests grant funds be transmitted to the institution by the State Comptroller's Office via direct deposit (EFT). If an institution is in the process of changing its bank account, a warrant (state check) may be generated and will then be mailed to the Bursar for deposit.

The Grants and Special Programs Office will notify the institution by e-mail of the date and amount of the EFT deposit. Funds received by the institution must be disbursed to students or applied to students' accounts within five working days of receipt.

Reallocations:

- Institutions will submit a Progress Report according to the program schedule in Appendix 4, indicating amount encumbered (awarded but not yet disbursed), amount to be released, and additional funds requested.
- Each year, institutions have until February 20 (or the first work day thereafter) to use all of their funds. Any funds that have not been disbursed or reported as encumbered via the Progress Report as of 5:00 on this date will be swept by the Coordinating Board for reallocation to other institutions.

Section A: Audit Purpose and Information

This guide was developed for auditors performing audits of the Tuition Equalization Grant (TEG) Program at Texas independent institutions. The purpose of the audit is to confirm that awards are going only to eligible students and that the institution has an adequate system of internal controls to assure adherence to program laws and regulations.

If the institution has an audit office independent of the financial aid and disbursing offices, that internal auditing office may perform the audit. Otherwise, it should be conducted by an external auditor.

Although all requirements outlined in this guide must be addressed by the auditor, the auditor should use his/her judgment to determine if further matters should be reviewed. This guide is not intended to be an exhaustive reference.

1. Audit Standards

The audits must be performed in accordance with generally accepted auditing standards. We encourage that they be performed as a part of the general financial aid audit required of all participants in federal Title IV aid programs by the Department of Education. However, if handled in this way, sufficient TEG records must be sampled to provide an accurate view of the program's administration. Evidence supporting TEG compliance should be sufficient, corroborative, and reliable. Sample results alone are not sufficient (AICPA Audit Guide, 11.10).

2. Audit Sample

Your audit results must be based on a sample of at least 50 TEG recipients or five percent of your recipient pool, whichever is greater.

For those institutions with fewer than 50 TEG recipients: As long as the auditor has determined in advance that both compliance controls are in place and effectively working, and that control risk is low, a sample size of 5 recipients may be used.

Regardless of the sample size, if the auditor finds at least one error, misstatement, or instance of noncompliance in the sample, the auditor must assume that the controls are insufficient and therefore must make appropriate actions to determine what the results mean in terms of TEG noncompliance (AICPA Audit Guide, 11.86). If this occurs, the auditor should document what their corresponding actions were and include this in the final report.

3. Audit Cycle

Program audits must be completed on an annual basis. Each participating institution shall have its TEG Program operations audited on a regular basis by an independent auditor or by an internal audit office that is independent of the financial aid and disbursing offices. Reports on findings and corrective action plans (if necessary) are due to the Board each year.

4. Reporting Results and Corrections

The auditing agency must submit its report to the Coordinating Board by April 15 following the end of the award year covered by the audit. A sample memo which can be used as a template to submit audit findings is provided in Appendix 5: *Auditor Sample Letter to Report Findings (on auditing company letterhead)*.

An institution found with noncompliance in their administration of the program or found to have weaknesses in their internal control systems must submit a corrective action plan as a part of their audit report. This corrective action plan must be submitted with the audit findings. If necessary, campus visits by Coordinating Board staff will be made to assist the institution in determining the proper course of action.

The Commissioner may penalize an institution for reports postmarked or submitted electronically more than a week late by reducing its allocation of funds in the following year.

Section B: Mandatory Audit Areas

1. Supervision by a TEG Program Officer

Compliance Requirement

The TEG Program Officer is the individual named by each institution's chief executive officer to serve as agent for the Coordinating Board. The TEG Program Officer has primary responsibility for all administrative acts required by the program, including the selection of recipients, maintenance of all records and preparation and submission of reports reflecting program transactions. Unless otherwise indicated by the administration, the director of student financial aid shall serve as TEG Program Officer.

Mandatory Audit Area

Ascertain whether the designated TEG Program Officer has oversight over the institutional administration of the program. The person designated as TEG Program Officer may **not** also oversee the disbursement of TEG funds.

2. Designation and Fiscal Oversight by a TEG Disbursing Officer

Compliance Requirement

For each institution in the program, the Chief Fiscal Officer shall designate a TEG Disbursing Officer (who may **not** be in the Financial Aid office) responsible for administering TEG funds on the institutional level in agreement with program guidelines.

Mandatory Audit Area

Ascertain whether the designated TEG Disbursing Officer has oversight over the institutional administration of program funds. The person designated as TEG Disbursing Officer may **not** also select TEG recipients.

3. Timely Disbursement of Funds

The TEG Disbursing Officer disburses grant to the student or applies it to the student's account. The award should be applied to the account or disbursed within five (5) business days of receipt and only after the student's eligibility is confirmed.

Mandatory Audit Area

Review the institution's records to verify funds disbursement within five (5) business days of receipt.

4. Institution Eligibility

Compliance Requirement

The Coordinating Board shall approve only those private or independent colleges that are located within this state, and which are accredited by the Southern Association of Colleges and Schools, the Liaison Committee on Medical Education or the American Bar Association.

Mandatory Audit Area

Determine whether the school has proof of current membership in good standing with the Southern Association of Colleges and Schools, the Liaison Committee on Medical Education or the American Bar Association. If the institution is on probation with the Southern Association of Colleges and Schools, the Liaison Committee on Medical Education, or the American Bar Association, determine whether students are being properly notified of that condition in keeping with TEG program rules.

5. Student Eligibility

Compliance requirement

To qualify for a TEG award, a student must meet the following general requirements:

- Enroll at least ½-time (if an Original TEG Program student), or at least ¾-time (if a 2006 Revised TEG Program student), in a degree plan leading to a first associate's degree, first baccalaureate degree, first master's degree, or first doctoral degree
- Show financial need
- Maintain satisfactory academic progress (see next paragraphs)
- Be classified as a resident of Texas, or be an out-of-state National Merit Scholarship finalist who received one or more scholarships totaling at least \$1,000 from the institution or from an outside source, but paid to the institution as a scholarship for the recipient
- Be required to pay more tuition than is required at a comparable public college or university and be charged no less than the regular tuition required of all students enrolled at the institution
- Be registered with Selective Service, or be exempt
- Not be a recipient of any form of athletic scholarship during the semester(s) he/she is receiving TEG

To receive a continuation award, an Original TEG Program student must meet the qualification listed above and have completed his/her previous year having met the institution's financial aid satisfactory academic policy requirements.

To receive a continuation award, a 2006 Revised TEG Program student must meet the qualifications listed above and as outlined on page 3, in the *Satisfactory Academic Progress (SAP)* section of the *General Program Guidelines*.

Mandatory Audit Area

Review the records for students in the sample to confirm that they meet program requirements. TEG Award recipients must be a resident of Texas as determined based on data collected using the Residency Core Questions and in keeping with Chapter 21, Subchapter B, of THECB Rules (relating to Determination of Resident Status), unless such student is a National Merit scholarship finalist who meets the competitive scholarship provisions of Texas Education Code, Section 54.064.

6. Award Amount Limits

Compliance Requirement

The maximum annual TEG award amounts for 2011-2012 are outlined in Appendix 1: *Maximum Award Amounts*.

Mandatory Audit Area

Confirm the award amounts for students in the sample do not exceed the student's calculated financial need, tuition differential (using public tuition rates as listed in Appendix 2), or the maximum award limits as specified in Appendix 1: *Maximum Award Amounts*.

7. Prorated Awards for Students Enrolled Part-Time or with Limited Need

The TEG award for an Original TEG Program student, if the student is enrolled less than full-time, must be prorated in keeping with the number of hours taken. The amount awarded should be based on the appropriate percentage of the semester's maximum award as determined by the institution.

Students receiving awards through the 2006 Revised TEG Program are required to enroll on at least a three-quarters-time basis. However, if the student needs fewer hours to graduate, is

granted a waiver of this requirement based on hardship, or if his/her financial need is insufficient to allow a full award, the award must be prorated in keeping with the hours taken or the student's need.

Beginning with awards for fall 2011, awards to students enrolling in fewer than the required number of hours in a given semester due to fewer hours needed for graduation, a hardship situation, or because the student's need is insufficient to allow a full award shall be prorated based on the schedule as outlined in Appendix 3a (*Undergraduate Student Prorated Award Amounts*) or in Appendix 3b (*Graduate Student Prorated Award Amounts*).

Compliance Requirement

The amount of a student's TEG award must be adjusted if the student is enrolled less than full time (if the student is an Original TEG Program student) or if the student is enrolled for less than a three-quarters load (if the student is a 2006 Revised TEG Program student).

Mandatory Audit Area

For your sample of TEG award recipients, check to make sure awards were prorated as appropriate.

8. Over-Awards

If a student receives additional financial assistance after a TEG award has been disbursed to the student, the institution is not required to adjust the TEG award unless the resulting sum of financial assistance exceeds the student's financial need by more than \$300.

Compliance Requirement

A student's TEG award may **not** exceed the student's documented financial need by more than \$300.

Mandatory Audit Area

Review an objectively determined sampling of student records to determine whether excessive over-awards were permitted.

9. Re-Awards and Refund Policy

Compliance Requirement

If a student officially withdraws from enrollment or drops courses (or for some other reason, the amount of a student's disbursement exceeds the amount the student is eligible to receive), the institution shall follow its general institutional refund policy in determining the amount by which the award is to be reduced.

Funds generated through such reductions should be re-awarded to other eligible students attending the institution. If funds cannot be re-awarded, they should be returned to the Board. Unless granted permission by the Coordinating Board, no funds should be held by the institution beyond the end of the State Fiscal Year for which the funds were appropriated.

Mandatory Audit Area

Review the institution's records to verify adherence to program requirements.

10. Maximum Time Frame for Undergraduates in the 2006 Revised TEG Program

The maximum time frame that a 2006 Revised TEG Program student is able to receive a TEG award (indicated by TEC 61.2251(d)) is outlined on page 3, in the *Satisfactory Academic Progress (SAP)* section of the *General Program Guidelines*.

Compliance Requirement

Institutions may not award a TEG grant to a 2006 Revised TEG Program student who has exhausted his/her maximum award timeframe, unless the student has been granted a hardship extension of that timeframe.

Mandatory Audit Area

Examine the school's method of tracking the original offer dates for TEG recipients to determine whether or not the institution has a satisfactory system in place for identifying 2006 TEG Program students and preventing the awarding of grants after the end of each student's period of eligibility. The system, at a minimum, should include the following student information:

- Whether the original TEG award was offered before or on/after September 1, 2005; and
- If original award was offered on/after September 1, 2005, calendar year and term (or actual date) of first award disbursed to the student.

The school must have a system in place to monitor that a student has NOT exceeded his/her period of eligibility and that any hardship decisions are documented in the student's records.

11. Disbursement Procedures

a. Approval of Disbursements

TEG funds shall not be disbursed or applied to a student's account without prior confirmation of the student's eligibility for the particular disbursement by the TEG Program Officer.

Compliance Requirement

Institutions must be able to show that a student was eligible at the time of disbursement or when those funds were applied to the student's account.

Mandatory Audit Area

Review the institution's program administration to verify adherence to program requirements.

b. Late Disbursements

The last day of the award period would be the last day of spring classes, or the last day the student was enrolled at least half-time, whichever is earlier. Documentation must be maintained in a student's file if the institution issues grant funds after the last day of the qualifying award period. Such disbursements must be made only in compliance with TEG Rules Section 22.28.

Compliance Requirement

TEG Rules Section 22.28 indicates funds that are disbursed after the end of the student's qualifying award period must be used to make a payment against the student's outstanding balance at the institution from his/her qualifying award period or to make a payment against an outstanding student loan received during that period of enrollment. Under no circumstances are funds to be released to the student.

Mandatory Audit Area

If your sample of TEG award recipients includes students who received a late disbursement, check to ensure procedures were followed and documentation is on file.

c. Year-End Account Close-Out

1. Compliance Requirement

By the end of each state fiscal year (August 31), all TEG accounts should be closed, with all disbursements either applied to student accounts or returned to the Coordinating Board. The institution should return unused funds in the form of a check (payable to Texas Higher Education Coordinating Board) or by EFT.

In no case shall all or part of a TEG payment (i.e. EFT deposit) be held by the school beyond the end of the state fiscal year in which the funds were deposited unless the institution has been specifically authorized to do so by the Coordinating Board.

1. Mandatory Audit Area

Review an objectively determined sampling of student records to determine whether program requirements were met.

2. Compliance Requirement

TEG payments should **not** be “held” in the institution’s bank account for more than **five** business days. If a recipient is no longer eligible, his/her funds must either be returned to the Coordinating Board or must be awarded to other student(s) in the form of TEG awards.

If this situation occurs, the institution should notify the TEG Program Specialist, Rafael Villarreal at TEG@theccb.state.tx.us in the Grants and Special Programs Office.

2. Mandatory Audit Area

Review the institution’s records to verify adherence to program requirements.

12. Retaining Records

Compliance Requirement

Records proving student eligibility at the time of disbursement and that the money was received by the student or applied to the student’s account should be maintained by the institution for three years.

Mandatory Audit Area

Confirm that institution records for student eligibility and award disbursement are maintained for the requisite amount of time.

13. Reports

Compliance Requirement

Institutions are required to complete multiple reports (see Appendix 4: *Program Schedule*) and submit them to the Coordinating Board for review and processing. These reports are used to verify that an institution is adhering to program requirements in making awards and to reconcile school records of the amount received with the amount on record as being issued by the Coordinating Board.

Mandatory Audit Area

Confirm that Business Office records of TEG amounts issued and number of awards made agree with the amounts reported by the institution through the Financial Aid Database Report or, if that report has not yet been certified when the audit is conducted, through the TEG End-of-Year Report.

Section C: Appendices

Appendix 1: Maximum Award Amounts for 2011-2012

| Maximum Annual TEG Award Amount | Maximum Annual TEG Exceptional Need Award Amount |
|---------------------------------|--|
| \$3,518 | \$5,277 |

Appendix 2: Tuition Differential for 2011-2012

a. Southern Association of Colleges and Schools (SACS) Levels

| | | | |
|------------------|----------------------|-----------------|--|
| Level I | Associate Degree | Level IV | Master's Degree and Education Specialist |
| Level II | Baccalaureate Degree | Level V | Three or fewer Doctoral Degrees |
| Level III | Master's Degree | Level VI | Four or more Doctoral Degrees |

b. Average Tuition Charges for Public Institutions

| SACS Level | Undergrad tuition for 30 hours | Undergrad tuition for 24 hours | Undergrad tuition for 18 hours | Graduate tuition for 20 hours |
|------------|--------------------------------|--------------------------------|--------------------------------|-------------------------------|
| 1 + SWCC | \$1,398 | \$1,119 | \$839 | n/a |
| 2 | \$1,700 | \$1,360 | \$1,020 | n/a |
| 3 | \$4,601 | \$3,681 | \$2,761 | \$3,719 |
| 5 | \$4,787 | \$3,830 | \$2,872 | \$4,054 |
| 6 | \$5,928 | \$4,743 | \$3,557 | \$5,291 |

c. Average Public Tuition Charges for Law Schools

| | |
|----------------------------|-------------------------|
| Law student (Resident) | \$825 / semester hour |
| Law student (Non-Resident) | \$1,155 / semester hour |

Appendix 3: Prorated Award Amounts

a. Undergraduate Student Prorated Award Amounts

1. If enrolled for the equivalent of 12 or more hours in a regular semester – 100% of the maximum award;
2. If enrolled for the equivalent of 9-11 hours in a regular semester – 75% of the maximum award;
3. If enrolled for the equivalent of 6-8 hours in a regular semester – 50% of the maximum award; and
4. If enrolled for the equivalent of fewer than 6 hours in a regular semester – 25% of the maximum award.

b. Graduate Student Prorated Award Amounts

1. If enrolled for the equivalent of 9 or more hours in a regular semester or the normal full-time enrollment of the student's program of study – 100% of the maximum award;
2. If enrolled for the equivalent of 6-8 hours in a regular semester or 75 percent of the normal full-time enrollment of the student's program of study – 75% of the maximum award;
3. If enrolled for the equivalent of 4.5 hours in a regular semester or 50 percent of the normal full-time enrollment of the student's program of study – 50% of the maximum award; and
4. If enrolled for fewer than 4.5 hours in a regular semester or less than 50 percent of the normal full-time enrollment of the student's program of study – 25% of the maximum award.

Appendix 4: Program Schedule

If a specified date falls on a weekend, the first business day thereafter is the due date.

| | |
|---------------------|--|
| September 1 | First day of the fiscal year. It is the earliest date to submit vouchers to the State Comptroller's Office to request funds. Institutions may submit Funds Request Forms to the CB as early as August 15th. |
| September 15 | TEG Need Survey instrument sent to institutions. It collects student-by-student information for individuals eligible to receive TEG awards in a given year. Completed TEG Need Survey is due by November 7. Data is used as the basis for allocating TEG funds for the following academic year. |
| February 20 | Deadline for submitting progress report and requesting all originally allocated funds. Institutions lose claim to any funds not requested by that date. Institutions with zero balances may request additional funding and receive a share of available funds. |
| April 1 | Second reallocation if needed. |
| April 15 | TEG audit reports for prior year are due |
| June 15 | Year-End Report is due. Institutions will report student-by-student data via the TEG Year-End Report in the summer for the current academic year. |
| December 1 | Financial Aid Database (FADS) Report is due. It includes student-by-student data to be reconciled to year-end report data. One of the fields in the FADS report is for TEG, and institutions are expected to report all recipients of TEG awards in the FADS report. |

Appendix 5: Auditor Sample Letter to Report Findings (on auditing company letterhead)

Date: _____

To: Lyn Kinyon, Assistant Director
Grants and Special Programs
Texas Higher Education Coordinating Board
P.O. Box 12788
Austin, TX 78711

(Street Address, if overnight delivery):

Texas Higher Education Coordinating Board
Attn: Lyn Kinyon, Grants & Special Programs
1200 E. Anderson Lane
Austin, TX 78752

From: _____

Subject: 2011 - 2012 Audit Report on the TEG Program at

(Name of independent institution)

We have completed our review of grant activities in the TEG program at _____ for the 2011 - 2012 academic year.

_____ (# of applications examined) TEG student files were selected and the following procedure performed on each file.

- The documents in the files were inspected and eligibility, as prescribed by the Audit Guide, was confirmed.
- The amount of the award was recomputed based on the criteria of the Audit Guide and compared to the amount disbursed and to the TEG maximum limitations stated in the Audit Guide.
- The TEG need reported by the Institution was recalculated for the students selected.

With regard to Agreed-Upon Procedures in the Audit Guide:

- (Our firm) affirmed with the Institution administration that TEG grant funds were used in accordance with the Program Procedures / Audit Guide.
- Affirmed through examination of functional procedures that the institution has:
 - a) Separate individuals functioning as TEG Program Officer and TEG

Disbursing Officer

- b) Assigned oversight responsibilities for the administration of the program to the TEG Program Officer
- c) Assigned oversight for the disbursement of TEG grant funds to the TEG Disbursing Officer

- Using the institution's documented policies and procedures, affirmed TEG funds are not disbursed to the student without prior confirmation of the student's continued eligibility.
- Through the examination of program information and Coordinating Board activity reports, affirmed year-end close-out procedures as specified in the Audit Guide.
- By reviewing documents on file with the institution, confirmed that the institution meets the accreditation standards for participating in the TEG program.

Our findings are as follows:

Conclusion:

With regard to the problems outlined above (if any), the school has developed a corrective action plan (copy attached).

If you have any questions, please contact _____ (auditor's name) at _____ (phone number) or e-mail address _____.

Signature
Printed Name
Phone Number
E-mail Address: