

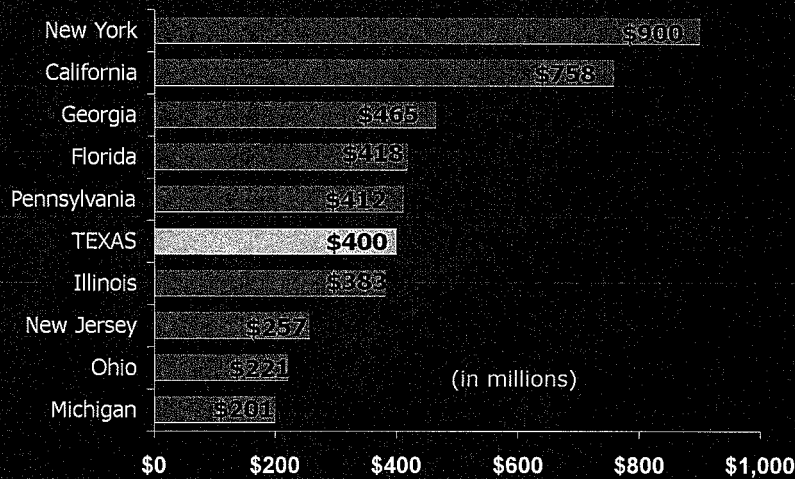
Financial Aid in Texas

Presentation for:
Senate Subcommittee on Higher Education
and
Senate Finance Higher Education Subcommittee

May 28, 2008

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In 2006, Texas ranked 6th nationally for providing grant aid

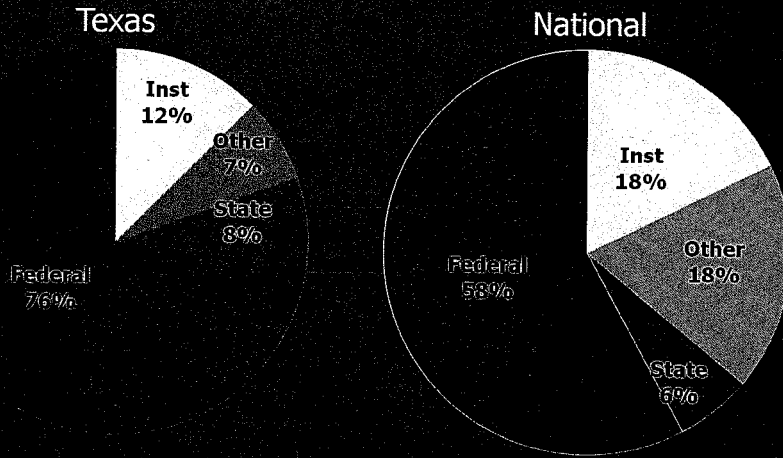


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Source: 2006 NASSGAP Report

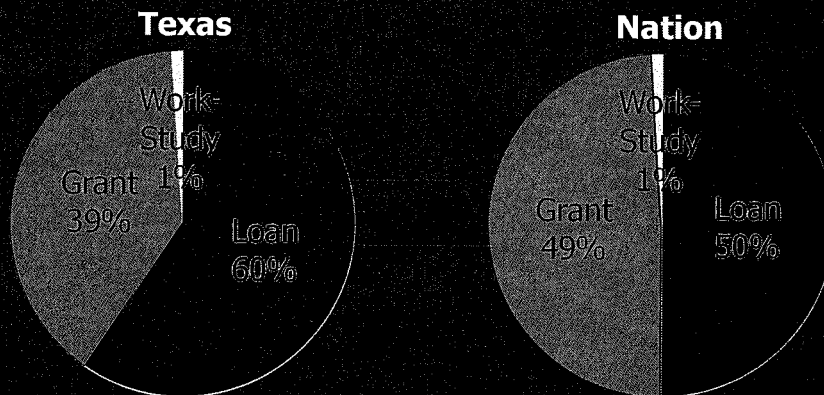
In FY07, the majority of student financial aid in Texas and nationally came from federal sources



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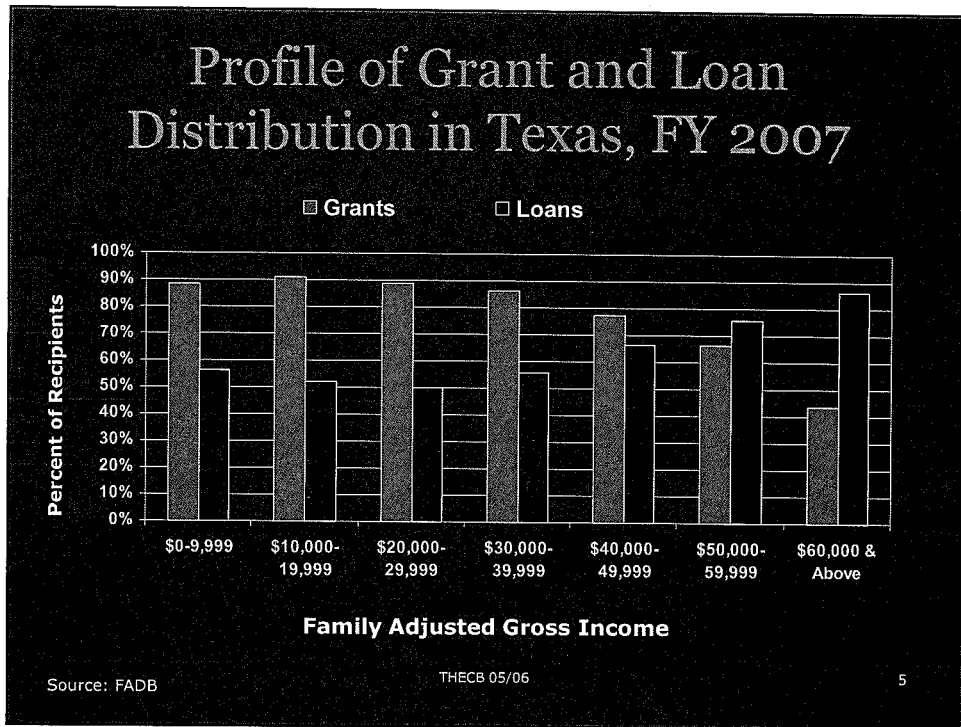
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In FY07, Texas Students Were More Reliant on Loans than were Students Nation-wide



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TEXAS Grant recipients perform at approximately the same level when measured against all students

2000 Public University Cohort by 2006	% Graduated	% Still Enrolled	% Graduated + Enrolled
All Students	57	18	75
TEXAS Grant	54	22	76

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Texas has made substantial investments in financial aid to improve access to higher education

- Since 2000, Texas has invested more than **\$2.5 billion in state financial aid**, including this biennium.
- During this time period, Texas created TEXAS Grants, TEOG and the B-on-Time Loan Program.

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Even with unprecedented investment, aid is not keeping pace with growth in population & cost

- Large numbers of eligible students do not have access to our major grant programs.
- Estimates for the current biennium show that:
 - ✓ Only **50%** of eligible TEXAS Grant recipients will **receive an award** (~ 90,000 students).
 - ✓ Less than **4%** of eligible TEOG Grant (2-year colleges) recipients will **receive an award** (~ 6,000 students).
 - ✓ Funding all eligible students under these programs with financial need would cost an **additional \$912 million this biennium**.

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Financial Aid Feasibility Study

- Rider 49 (80th Texas Legislature) directed Coordinating Board to examine key financial aid issues to include:
 - ✓ Effect of adding merit component to TEXAS Grant;
 - ✓ Role and funding levels of the B-On-Time program

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Financial Aid Feasibility Study

November 13, 2007 – April 24, 2008:

- Interviewed policymakers and government officials
- Conducted 4 Advisory Committee meetings
- Conducted focus groups with students
- Interviewed program directors in 14 peer states
- Surveyed all Texas institutions
- Consulted national experts
- Surveyed national literature and data
- Met regularly with THECB staff

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Consultant's Key Findings

- Although participation and success goals have not yet been met, Texas has made **notable improvements** in H.S. preparation, college-going rates, total enrollment, and college graduation rates.
- Texas' financial aid programs appear to be **serving the students they were designed to serve**, to include minorities and first-generation students.
- Texas is **among national leaders in developing student aid programs** of the future.
- **TEXAS Grant program is making a difference**—graduation and persistence rates among TEXAS Grant recipients are approaching national average for all students.

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Consultant's Preliminary Recommendations

- Maintain the TEXAS Grant as the cornerstone program for a comprehensive student financial aid system.
- Develop a long-range plan for aligning and merging the Tuition Equalization Grant and the Texas Educational Opportunity Grant with the TEXAS Grant to form one comprehensive financial aid program based on family financial strength and academic merit.

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Consultant's Preliminary Recommendations (cont.)

- Develop long-term strategy for aligning the award criteria and allocation formulas for TXG, TEG, and TEOG while keeping separate funding streams.
- Assure that the least advantaged students, those from families in the three lowest family income quintiles, receive the greatest benefit from public funds.

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Consultant's Preliminary Recommendations (cont.)

- Develop an eligibility pathway for needy, self-supporting students for a TEXAS Grant:
 - ✓ Earn an associate degree or
 - ✓ Complete 12 - 24 hours of transferable general education courses with a GPA of 3.0
- Target BOT to the fourth and fifth income quintiles (income over \$61,685)

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Distribution of Aid by Income

Pell, TEXAS Grant, & Tuition Equalization 2006-07

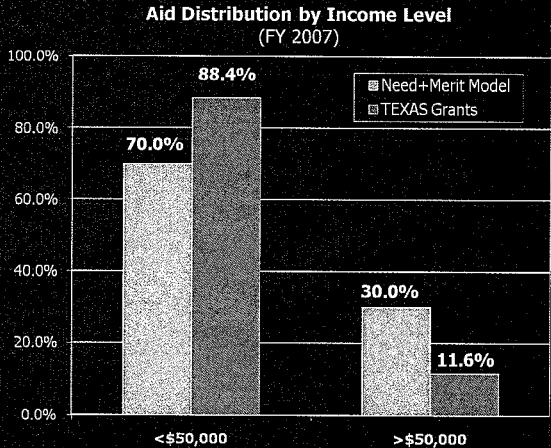
	Pell	TX Grants	TEG	Total
<\$22k	194,075	20,494	11,118	225,687
\$22k-\$39,299	116,757	19,580	6,547	142,884
\$39,300-\$61,684	32,342	9,711	6,362	48,415
\$61,685-\$98,249	1,770	2,499	6,033	10,302
>\$98,250	173	278	256	707

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Explore need plus merit models for expanding access to financial aid

- ✓ Need financial aid mechanisms that **increase access to more middle-income families**
- ✓ TEXAS Grants has limited impact on middle income students, whereas a need plus merit model would reach more of these students.



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Need plus merit model

- Consider a merit component to TEXAS Grant (One of the following three)--
 - Class rank/Standardized High School GPA
 - SAT or ACT scores
 - Distinguished Achievement Program
 - Reward students with a one-time \$1,000 bonus book stipend as an incentive to accomplish two of the three items above

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Expand B-On-Time Program

- ✓ Rewards both **achievement** and **time-to-degree**
- ✓ Well-suited to help middle-income students who meet merit and time-to-degree requirements
- ✓ First round of loan forgiveness occurred in 2007:
 - ❖ Approximately one-third of students met program requirements for loan forgiveness
 - ❖ Total of \$7.66 million in loans forgiven
 - ❖ Median loan value was \$3,590
- ✓ FY08-09 appropriation was only sufficient to cover ~10,500 student renewals, with no new awards

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Enhance and Expand Work-Study

- ✓ Rewards students for investing time in **meaningful employment or community involvement**
- ✓ Includes **mentorship components**, enhancing our return on investment
- ✓ **Leverages funding** with federal and private funds
- ✓ **Focus on critical fields** in partnership with private industry