



OVERVIEW

Financial Aid

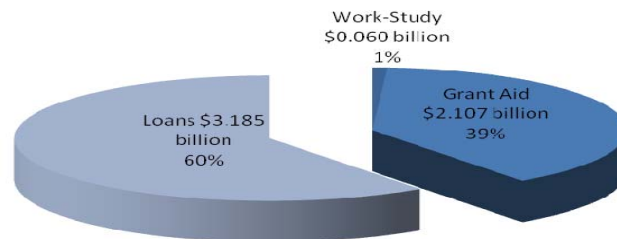
What are the types of financial aid?

Federal or state financial aid generally is one of three types: grants, work-study, or loans. The general characteristics of the three types of aid are shown below:

Grants	Work-Study	Loans
<ul style="list-style-type: none"> • Need-based • Most effective • Free money- no repayment • Most costly to government • Examples: Pell Grant, Texas Grant 	<ul style="list-style-type: none"> • Less costly • State or federal funds are leveraged with earnings students receive through part-time jobs, usually on campus 	<ul style="list-style-type: none"> • Least costly for government • Most costly to student, who must repay money usually with accrued interest

What is the distribution of financial aid in Texas?

In Fiscal Year 2007, more than 616,000 students (approximately 51 percent of total enrollment) attending higher education institutions in Texas received more than \$5.35 billion in federal, state, and institutional financial aid. The majority (60 percent) of the aid received was in the form of loans, followed by 39 percent in grants and 1 percent in work study. Nationally, loans make up 50 percent of financial aid received, grants 49 percent, and work study 1 percent. The chart below shows the distribution of financial aid in Texas by source:



Distribution of Financial Aid in Texas
Fiscal Year 2007
\$5.35 Billion in Total Aid

What is the distribution of financial aid among various types of institutions?

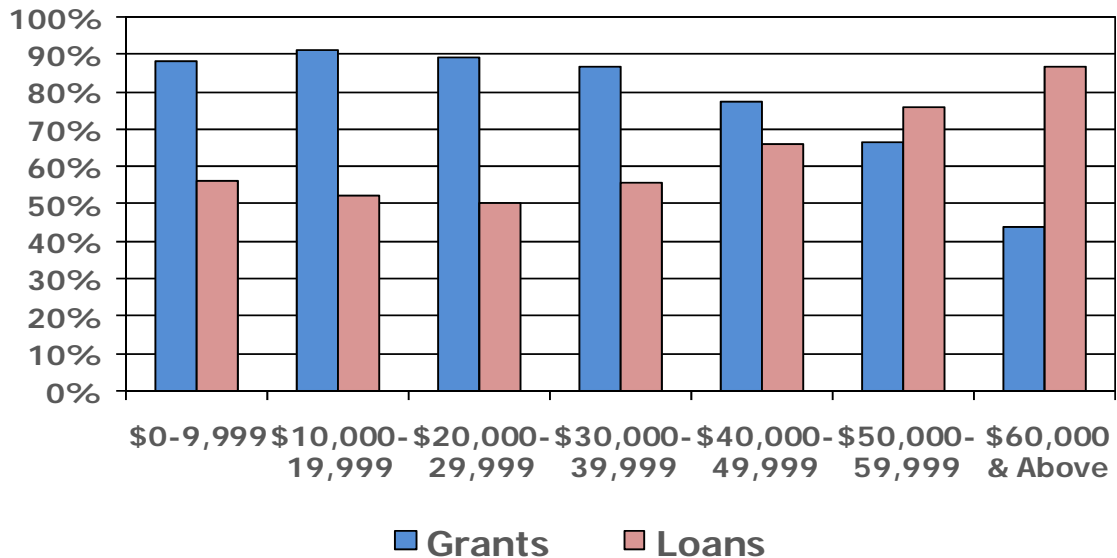
Students at all types of Texas higher education institutions receive financial aid, with those attending Texas public universities receiving the greatest share of aid (\$2.98 billion) in Fiscal Year 2007. Of that amount, \$1.9 billion (65 percent) was in the form of student loans. Students in the state's community colleges received a total of \$774.9 million in financial aid, of which \$228.7 million (30 percent) came in the form of loans. The table below includes the actual dollars distributed by type and sector for Fiscal Year 2007.

Texas Institution	(in Millions)					Number of Recipients
	TEXAS Grant	Other Grant-Aid	Work-Study	Loans	Total	
Public Universities	\$147.3	\$861.9	\$26.7	\$1,941.0	\$2,976.9	292,394
Independent Universities	\$7.0	\$486.3	\$17.7	\$708.5	\$1,219.4	74,306
Public Community Colleges	\$18.9	\$513.9	\$13.4	\$228.7	\$774.9	223,882
Public Health-Related Institutions	\$0.3	\$27.8	\$0.4	\$214.7	\$243.2	10,072
Independent Health-Related Institutions	\$0.0	\$8.2	\$0.6	\$66.8	\$75.6	2,301
Public Technical Colleges	\$1.1	\$19.8	\$0.7	\$20.4	\$42.0	8,799
Independent 2-Year Institutions	\$0.1	\$3.3	\$0.1	\$1.3	\$4.8	533
Public State Colleges	\$0.3	\$10.6	\$0.2	\$3.3	\$14.4	4,022
Total	\$175.0	\$1,931.8	\$59.7	\$3,184.6	\$5,351.3	616,309

Which students in Texas rely on loans?

The chart below shows that students in all income groups rely on loans. The lower four income groups (students from families with incomes under \$40,000) account for over 67 percent of the students receiving financial aid, and more than half of these students have to take out loans. This contradicts the perception that most low income students can meet the cost of education with grant aid alone.

**Percent of Texas Students Receiving Grants and Loans*
by Family Income
Fiscal Year 2007**



*Numbers may be duplicated; the same students receiving grants may also be receiving loans

What are the major financial aid programs offered by the state?

The major financial aid programs of the state, the requirements of each, the amount allocated, and the number of students served in Fiscal Year 2007 are noted below.

	Type of Aid	Eligibility	Max. Amount	Total (FY 2007)	Total Students
TEXAS Grant	Grant	Demonstration of financial need; Completed the Texas High School Recommended Plan; meet program academic standards	\$2,585 per semester public universities, \$865 per semester community college, \$1,325 per semester technical college	\$175,037,505	52,562
Texas B-On-Time Loan	Grant/ Loan	Completed the Texas High School Recommended Plan; Meet program academic standards	\$2,585 per semester 4-year public or private university, \$1,720 per semester 2-year public or private junior college, \$1,325 per semester technical college	\$42,910,996	10,247

	Type of Aid	Eligibility	Max. Amount	Total (FY 2007)	Total Students
Texas Educational Opportunity Grant	Grant	Financial need & enrollment at least ½ time at a 2-year public institution	\$2,585 per semester public universities, \$865 per semester community college, \$1,325 per semester technical college	\$4,744,824	3,707
Texas Public Educational Grant	Grant	Demonstration of financial need	Dependent upon both need and cost of attendance	\$129,340,225	112,355
Tuition Equalization Grant	Grant	Low to middle-income student at a private, non-profit institution	Award amount cannot exceed \$3,331 per school year unless expected family contribution is less than \$1,000	\$98,832,412	30,316
Texas College Work-Study	Part-time work	Demonstration of financial need	Varies based on financial need	\$6,472,634 (including employer match)	5,485
Hinson-Hazlewood College Student Loan	Loan	Texas residents	Up to cost of attendance less other aid	\$71,800,000	11,000

*The numbers in this chart represent Fiscal Year 2007

What is the status of each of the programs?

- *TEXAS Grant Program* –The program was started in 1999 and is the state’s financial aid centerpiece. It encourages high school students to prepare for college by requiring recipients to have taken the Recommended High School Program (or above). If recipients continue to meet program academic standards while in college, they are eligible for a continuation of the grant to pay tuition and fees for up to 150 hours, six years, or until the student acquires a bachelor’s degree, whichever occurs first. Students receiving the grant persist and succeed at virtually the same rate as students who do not receive aid – a remarkable statistic considering that many of these students come from low-income families and communities. At current funding levels, only 51 percent of eligible students receive a TEXAS Grant.
- *TEXAS B-On-Time Loan Program* – Created in 2003, loans made through the program are forgiven for students who graduate “on time” and with a minimum of a “B” average. The first full cohort of students will graduate in spring 2009.
- *Texas Educational Opportunity Grant (TEOG)* – Created for community college students in 1999, current funding of \$7 million per year is woefully inadequate given the fact that at least 60 percent or more of the new students enrolling in Texas higher education are expected to enroll first at two-year institutions. Only 4 percent of eligible students receive a grant.
- *Texas Public Educational Grant (TPEG) Program* -- This program, funded through tuition set-asides and administered separately by each institution, allows financial aid officers at each institution to use the program to meet the needs of students who “fall between the cracks” of other federal and/or state programs.

- *Tuition Equalization Grant (TEG) Program* -- This program for students at private institutions, helps reduce the need for building additional capacity at public higher education institutions. The program's eligibility requirements for students who entered the program on/after September 1, 2005, are similar to those of the TEXAS Grant Program. Students, to continue receiving grants, must meet program GPA and credit hour completion rates.
- *Texas College Work-Study (TCWSP) Program* – The Texas College Work-Study Program provides part-time jobs – virtually all located on college campuses – by subsidizing employers who hire students. Through the program, state funds are leveraged with employer contributions. On average, for each dollar of state work-study funds, institutions provide \$1.21. Work-study financial aid encourages student persistence, especially for students who live at home and commute to campus.
- *Hinson-Hazlewood College Student Loan Program* – The Hinson-Hazlewood loan program offers low-interest loans to students to help them pay for college. The program is funded through the sale of general obligation bonds. (Note: the Hinson-Hazlewood loan program is not the same thing as the Hazlewood Act, which authorizes an exemption from tuition and fees for Texas veterans).

Resources:

- CollegeforallTexans.com

For more information:

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