

Ready, willing, and unable:

How financial barriers obstruct bachelor-degree attainment in Texas

A report to the 80th regular session of the
Texas Legislature

Prepared by TG Research and
Analytical Services

December 2006

Revised



About TG

TG, a nonprofit organization established in 1979 to administer federal higher education loan programs in Texas, is part of a public/private partnership committed to placing postsecondary education within reach of all citizens. This partnership, forged by the federal government, consists of private lenders, state designated guaranty agencies, student loan secondary markets, educational institutions, and student borrowers. Together, they operate the Federal Family Education Loan Program (FFELP), the largest source of student financial aid in the nation.

TG Research Reports

This report, *Ready, willing, and unable: How financial barriers obstruct bachelor-degree attainment in Texas*, is a publication of TG's Research and Analytical Services department and is designed to provide Texas legislators and other readers with information and insight about the demand for student aid in Texas. Other recent TG research publications, which are available at www.tgslc.org/publications or www.tgslc.org/research, include:

- *State of Student Aid and Higher Education in Texas (SOSA)*, April 2006;
- *Legislative/Congressional Fact Sheets*, 2005;
- *School Fact Sheets*, 2006;
- *Risk Factors for Dropping Out: Comparing the Southwest to the Nation*, 2006;
- *Risk Factors for Dropping Out: Comparing Texas to the Nation*, 2006;
- *Risk Factors for Dropping Out: Examining State and Regional Difficulties*, 2006;
- *Opening the Doors to Higher Education: Perspectives on the Higher Education Act 40 Years Later*, November 2005;
- *The Role of Work and Loans in Paying for an Undergraduate Education: Observations from the 2003-2004 National Postsecondary Student Aid Study (NPSAS)*, November 2005

Comments and requests for additional information regarding this report or any of TG's other research reports are welcomed. Please direct any questions to:

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December 2006
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David Wang





December 2006

TO: Members and Staff, 80th Regular Session of the Texas Legislature
FROM: Sue McMillin, President & CEO
RE: READY, WILLING, & UNABLE: HOW FINANCIAL BARRIERS OBSTRUCT BACHELOR DEGREE
ATTAINMENT IN TEXAS

Texas Guaranteed Student Loan Corporation (TG) is pleased to submit its first DEMAND FOR STUDENT FINANCIAL AID report to the 80th Regular Session of the Texas Legislature in compliance with Section 57.21 (d), as added by the passage of House Bill 2274, 79th Legislature, Chapter 221, Section 9.

TG was established by the 66th Texas Legislature in 1979 as a public, nonprofit corporation with oversight by the state executive and legislative branches of government to administer the Federal Family Education Loan Program (FFELP), the largest source of student financial aid in Texas, for the State of Texas on behalf of the U.S. Department of Education.

We all have a common goal expressed in the *Closing the Gaps* initiative that must be achieved if we are to ensure the future economic and social well-being of Texas through a well-educated population. TG believes that providing the best information possible to the legislature is a necessary component to accomplish this goal. Since this is TG's first experience in completing and submitting a mandated report to the legislature, we are able to lend a fresh perspective to examining student financial aid and access issues. TG intends for this series of reports to become a reliable tool for current and future policymakers and their staffs.

TG looks forward to discussing the findings and recommendations included in this report with Members and staff during the 80th Session of the Texas Legislature.

Sincerely,

A handwritten signature in black ink that reads "Sue McMillin". The signature is written in a cursive, flowing style.

Sue McMillin
President and CEO
TG

Acknowledgements

We would like to acknowledge Kristin Boyer, Sue Clery, Neal Combs, Michelle Cooper, William Goggin, Sue McMillin, George Torres, Barbara Webster, and Perry Weirich for their many contributions to this report.

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The authors, of course, take full responsibility for any errors contained in this report.

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Executive summary

The United States is losing high-paying jobs to countries that produce a more reliable supply of college graduates in math and science. Texas faces its own economic slowdown if it is unable to graduate more students with bachelor's degrees. The state has been addressing many of the obstacles students face in earning a four-year degree. Outreach efforts and public relations campaigns have encouraged students to consider going to college, while changes in curriculum have produced a much larger pool of college-ready* high school graduates. TEXAS Grants have made college more affordable, but due to projected funding shortfalls, the program's reach is limited and net prices remain high, undermining many of these well-intentioned college promotion efforts.

This paper looks at the barriers preventing college-qualified Texas students from completing college and the extent to which this failure is due to financial barriers.

Major findings

- **An estimated 47,000 bachelor's degrees may be lost annually in Texas due to financial barriers.** This represents the number of college-qualified, low-, moderate-, and middle-income students among 2004 Texas high school graduates who could have earned a bachelor's degree if they were able to go to college at the same rates as their higher-income classmates.
- **The Texas enrollment rate for economically disadvantaged college-prepared high school graduates was 20 percent less than their equally qualified but more financially secure peers.**

Other key findings

Academic preparedness

Texas high schools are graduating both more students and more college-qualified students than ever before.

- Between 1996 and 2004, the percentage of students who graduated from high school increased 10 percentage points to 85 percent.
- The percentage of high school graduates who completed the Recommended or Distinguished high school curriculum increased even more dramatically from 39 percent of graduates in 2000 to 68 percent of graduates in 2004.

* While more high school students may be taking college-preparatory courses, no reliable method exists to allow TG to assess the rigor of these classes.

Price of education

Although total expenses at public four-year Texas schools are slightly less than the national average, the median family income in Texas is a full 10 percent lower than the national median.

- During the 2003-2004 academic year, students at Texas four-year public schools faced a median net price of \$12,345, and two-year school enrollees encountered a median net price of \$7,114. At four-year private colleges, students were confronted with a median net price of \$18,182. Net price, which is the total cost of attendance minus grant and scholarship aid, must be paid through savings, income, or loans. The median family income in Texas was \$49,769 in 2005.

Financial aid

Only nine percent of Texas undergraduates received any state grant aid in AY 2003-2004 and loans to students represent two-thirds of all student aid in Texas.

- The average Federal Pell Grant award in Texas has grown only moderately from \$2,035 in AY 2000-2001 to \$2,501 in AY 2004-2005.
- Texas students rely on student loans at a rate more than 15 percent higher than the national average.
- Ninety-six percent of these loans were made under the Federal Family Education Loan Program (FFELP) with a Median Borrower Indebtedness (MBI) of \$8,893 in FY 2005.

Other risk factors

Financial obstacles exacerbate the negative effects of other risk factors on degree attainment. Seventy-five percent of Texas undergraduates have at least one of seven risk factors identified by the U.S. Department of Education.

- The average of Texas undergraduates who have at least one risk factor is five percentage points higher than the national average. Some factors include delaying college enrollment, attending part time, and working full time while enrolled.
- Seventy-five percent of Texas undergraduates work while in school and 35 percent work full time. After six years, 52 percent of undergraduates who work full time will likely leave college without a degree.

Higher education can produce well-educated, highly skilled citizens who can make Texas a safer, more financially secure place to live. To accomplish this goal, college must be made accessible to capable, well-prepared students regardless of the level of their parents' income.

Chapter 1

Introduction

Education is “the guardian genius of our democracy.” Nothing really means more to our future, not our military defenses, not our missiles or our bombers, not our production economy, not even our democratic system of government. For all of these are worthless if we lack the brain power to support and sustain them.¹

President Lyndon B. Johnson, January 12, 1965

Texas stands at a crossroads. In one direction lies a future that follows the path of the current courses of action. Enrollments in the state’s public and independent colleges and universities are not keeping pace with the booming Texas population. There is a shortfall in the number of degrees and certificates earned. And, fewer degrees and certificates earned leads to a less-educated workforce. The state’s workers are not able to support a growing state economy, which is necessary for a higher quality of life for all Texans, and individuals have fewer personal choices.²

From *Closing the Gaps 2015*, Texas Higher Education Coordinating Board

* * *

To tap into more brain power, barriers to college degree attainment need to be removed. These obstacles come in many forms – low parental expectations, complex application processes, inadequate academic preparation, and the inability to pay for college. While this paper will discuss the first three of these barriers, our focus will be on the fourth – college affordability. It should be understood, however, that these barriers are connected. A family that believes college is unaffordable will do less to prepare their child for college than a family more confident in its ability to pay college bills. Removing parental concerns about the cost of education and the threat of high debt will go a long way toward changing family expectations, promoting academic preparation, and giving students the hope needed to learn how to navigate the various pathways to college enrollment.

College affordability shapes the manner in which a student participates in school. Students unsure of their ability to pay for college — and to succeed academically — will look for ways to minimize their financial liability (i.e., the out-of-pocket expenses and debt they may accumulate).³ These students are more likely to delay enrollment, attend school part time, and work full time while taking classes. As a low-cost option, many students begin at a community college in the hopes of transferring to a four-year school. While many students attend community college to earn a two-year certificate, those who choose a community college with the intention of later transferring to a four-year school often become frustrated in their pursuit and never attain a four-year degree.⁴ According to the National Center for Education Statistics, these very strategies, while economically rational, can be counter-productive, putting students at higher risk of failing to earn a four-year degree.⁵ Student retention research

College affordability shapes the manner in which a student participates in school.

shows that students are more likely to earn a bachelor's degree if they are engaged in the life of the campus—attending classes full time; participating in student activities; benefiting from the camaraderie, bonding, and diversity of experiences of classmates; and, if they must work, working only a minimal number of hours on campus.⁶ Degree attainment starts with college admission, but ends only after proven student persistence and achievement. Removing financial barriers contributes to college graduation by enhancing the quality of the participation.

College affordability has two components—the cost of education and the financial resources available to pay the bills. This paper will provide an overview of both components. The paper may also serve as an introduction to the federal and state financial aid programs that serve students. The paper concludes with an attempt to identify characteristics of policies that might prove successful in putting a higher education degree within the grasp of all qualified Texans.

Chapter 2

College promotes economic and social mobility

Competitiveness in the global economy

Investment in human capital — our youth — in the form of higher education is key to developing and maintaining the knowledge-based workforce that the global economy rewards. A rapid shift from manufacturing to high-skilled jobs is changing job growth patterns. Researchers estimate that 42 percent of total job growth in this decade will require at least some postsecondary education — up from only 29 percent in 2000.¹ The opportunities to better one's economic status through hard, physical labor are vanishing. The Texas Workforce Commission estimates that the labor market will grow approximately 18 percent between 2002 and 2012; however, many of the gains will be in technical scientific fields, computer system design, business management, the healthcare industry, and educational and community services. Some of the losses in Texas economic growth may be those in manufacturing and goods-producing industries, which are likely to see a substantial decrease in jobs within the decade.²

The jobs of the future will require heavy thinking, not just heavy lifting. Texas has historically been reliant on an export-based economy and has ranked first among states in export revenues since 2001 (\$128.7 billion in 2005) for goods such as computers and electronics, chemicals, and machinery.³ As job growth patterns change to a service-based economy, Texas will need to find a way to fill the gap between the goods-producing workforce and knowledge-based workforce that is needed to successfully compete in a global market. However, the gap might not be easy to fill, given recent research on U.S. education rankings among other countries. In the Program for International Student Assessment, results of a 2000 and 2003 assessment in math and problem solving and reading literacy indicated that the U.S. was trailing behind the average for two-thirds of other countries belonging to the Organization for Economic Co-operation and Development.⁴ A new study by Duke University argues that global companies based in the U.S. would prefer to hire American engineers and technology workers, but are concerned about the supply of these well-trained workers. These firms will often add organizational complexity and cost by outsourcing high-skill jobs to countries with more rigorous standards in math and science because they cannot find these skills in sufficient numbers among workers educated in the U.S.⁵ Researchers at the Brookings Institute have stressed the necessity of investing in science- and math-based higher education and funding community college programs at higher levels so that the U.S. can maintain a workforce that secures the highest paying jobs in the global marketplace.⁶

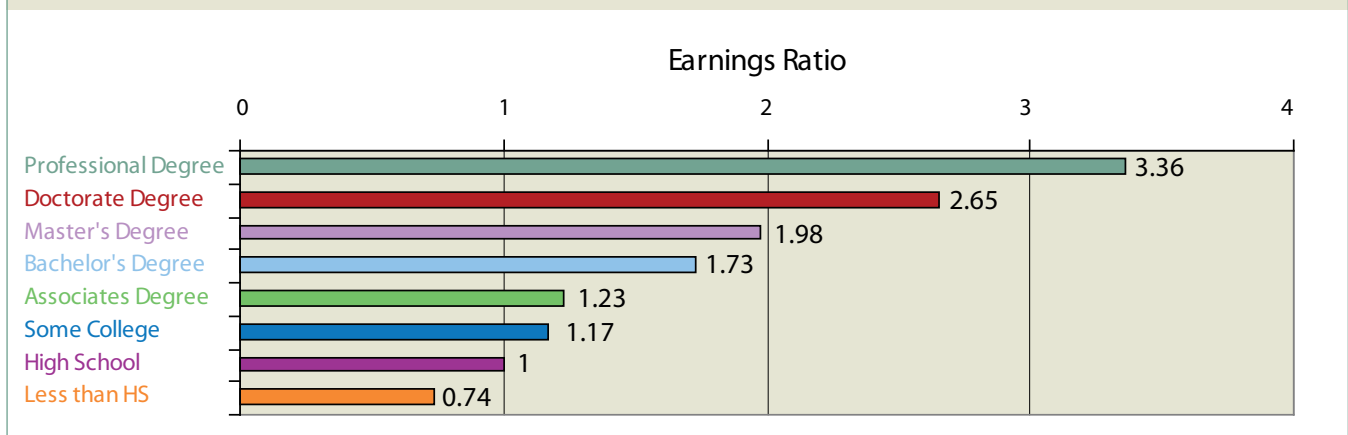
From learning to earning

Simply stated, the more you learn, the more you can earn. Recent studies have shown that graduates with four-year degrees will earn roughly 75 percent more than non-graduates — the equivalent of a one-million-dollar difference in lifetime earnings.⁷

*The jobs of the future
will require heavy
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heavy lifting.*

According to recent estimates by the U.S. Census Bureau, the gap in earnings between high school graduates and college graduates is close to \$23,000 in annual earnings.⁸ The chart below illustrates the differences in earnings ratios among various degree holders. One of the largest gaps in earnings occurs between high school and four-year degree holders (73 percent). Four-year degree holders also make 50 percent higher earnings than associate degree holders.⁹ It is not surprising that bachelor's degree holders are more likely to contribute to savings plans for retirement and possess higher interest-earning equity.¹⁰

Figure 2.1 Expected Lifetime Earnings Relative to High School Graduates, by Education Level¹¹



Source: U.S. Census Bureau, Current Population Survey (2004)

Investment in higher education has more than a 5 to 1 rate of return for the Texas economy.

College graduates enjoy other non-monetary benefits, such as better working conditions, more leisure time, improved health status, greater life expectancy, and career flexibility. On average, those with four-year degrees report “excellent,” “very good,” or “good” health status at a rate 10 percent higher than non-degree holders.¹² College graduates are also more likely to go to museums, concerts, and sporting events regularly and are able to enjoy a more flexible lifestyle that leads to social and economic growth.¹³

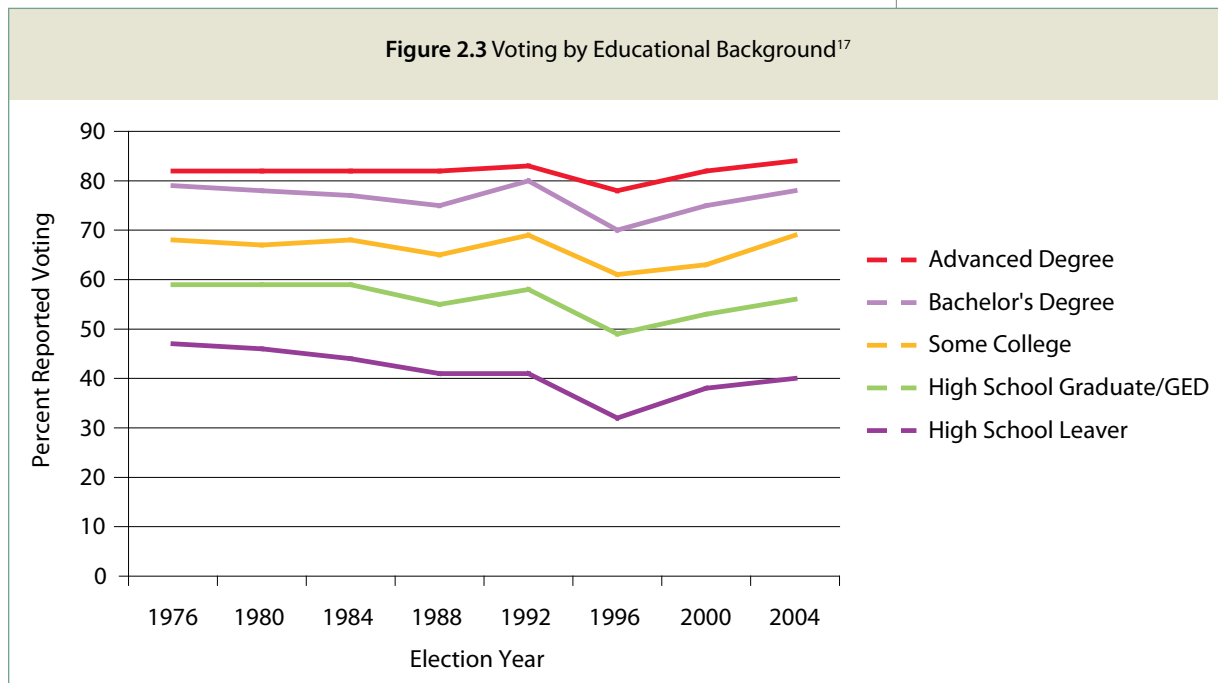
Community benefits from higher education

Investment in higher education not only has individual benefits but also has a ripple effect throughout local, state, and national economies. According to a Special Report from the Texas Office of the Comptroller, the revenues and expenditures associated with the Texas higher education system such as wages, student expenditures, and research revenue caused a multiplier effect in the economy. The report found that “higher education fueled the Texas economic engine with \$33.2 billion per year.” For every dollar invested in higher education, the return on investment in the economy was \$5.50.¹⁴

Increased levels of education can help bind social networks and encourage civic participation. According to a report by the National Conference on Citizenship, college

graduates are considerably more engaged in civil society. Between 2001 and 2004, college graduates were much more likely to read newspapers, vote, trust citizens and government institutions, and volunteer as those who did not complete high school.¹⁵ The chart below illustrates the widening gaps between education level and voting trends—a trend that is mirrored in many other aspects of civic involvement. Figure 2.2 illustrates the widening gaps between education level and voting trends — a trend that is mirrored in many other aspects of civic involvement. The gaps between college graduates and other voters continued to widen between 1976 and 2004. Graduates with four-year degrees were more than 22 percent more likely to vote than high school graduates in the 2004 election.¹⁶

Communities also benefit from well-educated populations through reductions in crime rate, lower rates of incarceration, increased diversity, decreased reliance on governmental assistance programs, and lower rates of unemployment. For every



Source: U.S. Census Bureau, "Reported Voting Rates in Presidential Election Years" (2005)

four-year degree holder who is incarcerated, there are 12 incarcerated individuals who only completed high school.¹⁸ According to the Institute for Higher Education Policy, less than one-half percent of four-year degree holders nationwide reported receiving public assistance in 2003.¹⁹ Similarly, studies have shown the unemployment rate is consistently and considerably lower for four-year degree holders than those with less education.²⁰

For economic and public well-being, increasing the number of bachelor's degree holders has become more urgent. A four-year college education can create opportunities for hardworking, talented students, regardless of family background or financial standing. For these reasons, removing barriers to higher education enrollment and degree attainment has become imperative for Texas.

Chapter 3

Barrier to higher education:
low parental expectations

Aspirations similar among socioeconomic groups

Parents across all levels of income have similar expectations that their children will be able to attend college. In a recent national survey of high school parents, 90 percent of high school parents agree that obtaining a college degree has now become the equivalent of what a high school diploma was in the past. When parents were asked what path they thought their children should take after high school, only four percent responded that “getting a job” is more important than going on to school.¹ However, these attitudes and perceptions are most evident in middle school and early high school years, before financial barriers become more concrete.

A student’s likelihood of actually enrolling in college often depends on the interaction of many factors: socioeconomic status, academic ability, occupational goals, planning and savings, access to information, and parental support throughout the process.² Researchers have been able to identify the phases of the process that students must experience in order to ultimately enroll in college. The development and cultivation of a student’s aspirations to attend college in or before the middle school years has been recognized as the first stage in this process.³

By the time students reach the ninth grade, a majority (61 percent) have already made a decision whether or not to try to attend college.⁴ It is during this crucial time that parental expectations and support become extremely important. Extensive research has identified “parental encouragement” as the strongest factor related to students’ post-secondary education aspirations as early as seventh grade — more important than socioeconomic status, ability, and savings for college.⁵

Higher education casualties in low-income communities

Community perception and culture help shape parental expectations. Although all communities may have the same basic desire for students to attend college, low-income communities more often see the casualties of higher education. Pursuing a college degree entails substantial financial risk, especially for low-performing or working students. As it now requires roughly 55 hours of minimum wage work per week to pay for a public four-year degree in Texas, low-income communities may see higher drop-out rates due to the rising pressure on those who must work and attend school full-time.⁶ Latinos and African Americans, who make up a disproportionate share of low-income students, tend to also have different concepts of financial assistance and affordability that are typically shaped by the social networks, norms, attitudes, and experiences of neighborhoods and communities.⁷ Latinos may face even more community-perception issues because of language barriers, pressure to remain in the community, pressure to work part-time or full-time to support their families, and a general reluctance to discuss financial issues in groups or communities — sometimes even with their own parents.⁸

Ninety percent of high school parents agree that obtaining a college degree has now become the equivalent of what a high school diploma was in the past.

❧

The ability of low-income parents to maintain college expectations for their children begins to disappear as financial barriers become more of a reality.

❧

The death of a dream

During the high school years when students must decide to prepare academically, take relevant entrance exams, and apply for financial assistance, parents' expectations can play a pivotal role in influencing these decisions. Socioeconomic variables and perceived cost become stronger factors as students progress through high school. The ability of low-income parents to maintain college expectations for their children begins to disappear as financial barriers become more of a reality. By the time students are high-school age, roughly 66 percent of low-income families have saved less than 10 percent of the costs of higher education.⁹ Most low-income parents are struggling just to pay rent and keep food on the table; many depend on the financial contributions of their children just to make ends meet. Within this context, the rising cost of college and the perception that it is not affordable deflates parental expectations for their children.

In the time between when students aspire to attend college and their actual enrollment, parental encouragement and expectations are crucial in helping students plan for their educational future. However, poverty can narrow one's sense of the future, making college planning seem pointless or even naïve. Prior research suggests that there is a 25 percent gap between students who have aspirations of attending college in ninth grade and those who actually enroll.¹⁰ Overcoming low parental expectations requires significant outreach efforts, application simplification, and the willingness to fulfill promises about making college affordable for all qualified students.

Chapter 4

Barrier to higher education:
complexity

Most students want to attend college, and most parents, regardless of income, desire to support their children in this endeavor. However, achieving this dream becomes much more difficult for disadvantaged students who have lower incomes, especially if they are the first in their family to go to college. These students and their families are often either under-informed or misinformed about the cost of attending college, the amount of financial aid available, and the complexity of applying for college.

Research regarding the accessibility and use of financial aid information for students of varying levels of income is mixed. Despite the information barriers for low-income and first-generation college students, there is evidence suggesting that students from low- and middle-income families gain access to more financial aid information than students from higher income families. In fact, college-qualified 1992 high school graduates from low-income families were substantially more likely (72 percent) to speak with a teacher or guidance counselor than their high-income peers (42 percent). Low-income students were also more likely to read at least two sources of financial aid information as were parents from high-income families.¹ However, information barriers are more challenging for some groups of students to overcome.

A recent survey of California Latino students found that most overestimated the costs of attending public four-year universities, only 36 percent felt that the costs of attending college outweigh the benefits, and only 18 percent referred to loans as a way to pay for college. Less than half knew the requirements for receiving federal grants, and one-fourth had the misconceptions that high grades were a requirement for loan applications and that parents must be U.S. citizens to qualify for eligibility.²

U.S. Secretary of Education Margaret Spellings finds the financial aid process to be so complicated that in a recent speech, she named simplifying the application process for financial aid as one of the top four action items for her department.³ While much remains to be done on this front, we should not ignore the many efforts that have been undertaken over the past decade to simplify the process and provide information and assistance to those who need it.

Simplification efforts

During the 1990s, several federal changes helped simplify the process of applying for student aid, including:

- The Free Application for Federal Student Aid (FAFSA) was created to comply with the 1992 reauthorization of the Higher Education Act (HEA), which mandated that the application for financial aid must be free.
- The 1992 reauthorization also created a unified Federal Methodology for need analysis which included provisions for both a simplified needs test and an automatic-zero calculation to determine the Expected Family Contribution, or EFC. These provisions went into effect in the 1993-1994 award year, greatly simplifying the application process for lower-income students.
- FAFSA on the Web was introduced in the 1997-1998 award year. In 2005-2006, 88 percent of applicants used the form on the Internet.⁴

*The State of Texas
has been proactive
in simplifying
application to Texas
public universities.*

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For students who have access to the Internet, there is a wealth of information available on colleges, college costs, and financial aid including loans, scholarships, and grants.

❧

During the aborted Congressional Higher Education Act reauthorization process, bills were introduced in 2003, 2004, 2005, and 2006 to further simplify the application for federal aid by expanding eligibility for the simple needs test, phasing out the full paper form, and allowing students to apply earlier.

The State of Texas has been proactive in simplifying application to Texas public universities by creating the Texas Common Application for Admissions, which standardized the application form, made it possible to apply on-line, and made it simple to apply to multiple colleges with the same information.⁵ In 2006, the Texas Application for State Financial Aid (TASFA) was created for undocumented Texas residents who graduated high school in Texas, allowing them to easily apply for state student aid.

Sources of information and assistance

The recent growth in technology and the popularity of the Internet have expanded the resources available to students seeking to learn about student financial aid and college going in general. For students who have access to the Internet, there is a wealth of information available on colleges, college costs, and financial aid including loans, scholarships, and grants. A few of these Web sites are listed below.

- The U.S. Department of Education - www.ed.gov . This site contains information ranging from resources to help students with their homework to detailed information on how to apply to college and apply for financial aid.
- The College Board - www.collegeboard.com . The College Board is well-known for its SAT program. However, this organization has expanded its site to include many resources for students including how to prepare for college, help in finding a college, information on how to apply for college, financial aid calculators, and scholarship search tools.
- *College Access Initiative* – www.going2college.org and www.prep4highered.org. This new site (which can be accessed from two different URLs) was created by a consortium of guarantors in order to support the College Access Initiative, a provision of the Higher Education Reconciliation Act (HERA), which was signed into law in early 2006. The site provides detailed information by state about the resources available to help plan for a career, prepare for, and pay for college.
- *Adventures In Education (AIE)* – www.AIE.org . This free site funded by TG contains information to help students and plan for college beginning in middle school. AIE provides information to assist students in developing career goals, finding the right school, and financing their education. Some of AIE's unique services are AIEmail, a weekly e-mail newsletter targeted to specific audiences based on grade level; AIE Counselors Network, containing resources to assist counselors in better performing their jobs; and full content availability in Spanish.
- *Mapping Your Future* - www.mapping-your-future.org . This site was created through a collaborative effort of the financial aid industry. It provides

information for students, parents, high school counselors, and financial aid professionals. The information provided is state-specific and ranges from career planning tools, to assistance with choosing a college, to finding ways to pay for college.

- *FinAid* - www.finaid.org . *FinAid* was one of the first comprehensive college planning sites. This site contains financial aid information and provides links to other sources — both on the Internet and in print. It also has many calculators on the site to assist parents and students in estimating college costs, family contribution, savings growth, and how much to borrow.

Texas sources of information and assistance

Texas has many organizations that offer assistance and provide information to all students, and focus on low-income or disadvantaged students. These organizations include private lenders and guarantors, schools, servicers, and state government organizations.

- *CollegeForTexans* – www.collegefortexans.com . This campaign includes both the Web site and on-site GO Centers located in Texas high schools. The campaign is operated by the Texas Higher Education Coordinating Board (THECB). The site contains information on preparing for college from middle school onward, applying to college, and applying for financial aid. There are links available that allow students to apply to many Texas colleges by filling out one application — either online or a printed version. There are also links to both the FAFSA and the TAFSA and information about the Texas Financial Aid Information Center (discussed in more detail below). This site is “one stop shopping” for Texas higher education information.
- *Texas Financial Aid Information Center* – (888) 311-8881. Established by the 76th Texas Legislature in 1999, this call center resource is operated and funded by TG on behalf of the Texas Higher Education Coordinating Board. Fully trained operators staff the center every weekday. Every call is answered by an experienced counselor who has information about all aspects of financial aid, including both federal and state loan and grant programs, institutional aid, private aid sources, and available tax benefits.
- *TG Ambassador’s Program* – The Ambassador Program is a volunteer-staffed, pre-collegiate awareness program. TG employees attend financial aid fairs, college nights, and college preparation workshops at high schools, colleges, community centers, and faith-based venues. Ambassadors speak to parents and students about the benefits of a postsecondary education, direct them to resources, and explain the financial aid and admissions processes.
- *TRAINetwork* – The TASFAA Resource Activities and Instructional Network, created by the Texas Association of Student Financial Aid Administrators (TASFAA), provides a resource for organizations that provide workshops to students, parents, high school counselors, and other financial aid professionals. The network provides information about the time, location, and content of various workshops throughout Texas.
- *Lenders and Secondary Markets* – These groups also provide an array of pre-

college awareness materials to Texas students and families. These organizations routinely distribute their informational materials at financial aid events, college nights, and career fairs hosted by high schools, college campuses, and community organizations. Some lenders visit with students directly in the classrooms, others support Mobile Go Center-like vehicles that help students complete their financial aid and admissions applications online, and others support a college hotline to help students and parents get answers to their questions about going to and paying for college.

The continuation of these awareness efforts will be critical to increasing the college-going rates of under-represented populations in Texas. Students must be made aware of their college options and methods of financing their degree early in high school, or even in middle school. Without the perception that college is available to them, students do not see the need to prepare themselves academically. Most importantly, Texans must insure that funds are available so that all students who prepare themselves will be able to attend college. Without this assurance, all efforts at increasing awareness and simplifying the college application process will be in vain.

Chapter 5

Barrier to higher education:
inadequate academic preparation

In addition to low parental expectations and the complexity of the financial aid and admission processes, inadequate academic preparation can bar access to higher education. In Texas, active efforts have been made to improve the pipeline between the K-12 and higher education systems. The *Closing the Gaps* initiative has outlined several goals to be accomplished by 2015, including 1) increasing participation in postsecondary education by 630,000 students; 2) increasing the number of students completing certificates, associate’s degrees, and bachelor’s degrees from 116,000 in FY 2000 to 210,000 in FY 2015; and 3) raising Texas high school graduation rates.¹

There are multiple methodologies for calculating graduation rates. Under one methodology, which historically has been used by the Texas Education Agency (TEA), a cohort of ninth graders is tracked through the students’ expected graduation four years later. Longitudinal data indicate that four-year graduation rates have steadily increased over the last decade. This pattern holds true for all race/ethnic groups:

Race/Ethnicity	Percent by Year		
	1996	2000	2004
African American	69	77	83
Asian/Pacific Islander	86	89	93
Hispanic	64	73	78
Native American	74	79	84
White	83	87	89
State Overall	75	81	85

Source: TEA, *Secondary School Completion and Dropouts in TX Public Schools (2006)*

TEA calculations also indicate that graduation rates vary considerably across regions (i.e., Education Service Centers – ESC). For example, rates for the class of 2004 varied from a low of 80 percent in ESC Region 19 (El Paso) to a high of 92 percent in ESC Region 8 (Mt. Pleasant).³ Nevertheless, in all but one case (Region 15), the percentage of enrolled students obtaining high school diplomas increased between 2000 and 2004. Notably, the greatest change, up 7 percent from 79 to 86 percent, was seen in ESC Region 2 (Corpus Christi) – a region in which 61 percent of all students were classified in 2004 as economically disadvantaged.⁴

Identifying the best way for measuring graduation rates has been a controversial issue for many years and the approach used varies from state-to-state. In order to gain an accurate representation of local and national trends in high school graduation percentages, the U.S. Department of Education has proposed that all states use the same methodology for calculating this indicator.⁵ The recommended methodology is one of several that the National Center for Education Statistics (NCES) employed in a reanalysis of data reported by state education agencies throughout the last several years. In the case of the State of Texas, NCES calculations of high school graduation rates are lower than those reported by TEA. Nevertheless, both indicators demonstrated an overall increase in graduation rates between 1996 and 2004.

One of the strongest predictors of both enrollment in college and completion of college is the level of the courses taken during high school, especially those in mathematics.

Year	Percent by TEA Method	Percent by NCES Method
1996	75	66
1998	79	69
2000	81	71
2002	83	71
2004	85	77

Source: TEA, *Secondary School Completion and Dropouts in TX Public Schools (2006)*

Another consideration in increasing the number of students who participate in higher education is to ensure that Texas high school graduates are academically ready to succeed once enrolling in a postsecondary institution. Identifying a consensus definition of academic readiness, however, can be a difficult task. For example, admission requirements for Texas postsecondary institutions vary greatly, even within school sectors. While some schools have open admissions policies,⁷ others accept students on the basis of some combination of high school curriculum, test scores, or high school graduation rank. Regardless of specific entry requirements, college admissions officers are generally aware that, in order for students to succeed in college, they must start with a foundation of experience, skills, or knowledge upon which to build their college experience. In fact, research backs up this assumption. One of the strongest predictors of both enrollment in college and completion of college is the level of the courses taken during high school, especially those in mathematics.⁸

In an effort to improve students' academic preparation for higher education, the Texas State Board of Education and Texas Legislature have worked towards making college-preparatory courses⁹ the prevailing curriculum for all high schools in Texas. Even before *Closing the Gaps* plan was developed, Texas had begun to raise the minimum criteria for receiving a high school diploma.

For example, the graduation course requirements for a student entering ninth grade in 1994-1995 were four credits of English language arts, three credits of mathematics, two credits of science, two-and-one-half credits of social studies, and various credits in economics, physical education, and health education. A student also had the option of graduating under the Recommended High School Program (Recommended), which differed from the Minimum Graduation Plan by specifying that the three mathematics credits must consist of Algebra I, Algebra II, and Geometry. In addition, a Recommended graduate had to take an additional year of science, a total of four credits in social science, three credits in a foreign language, and a credit each in fine arts and technology applications.¹⁰ Only 8.7 percent of students who graduated in 1998 did so under the Recommended option.¹¹

In 1995, the Texas State Board of Education added an even more rigorous graduation track, the Distinguished Achievement Program (Distinguished). While similar to the Recommended curriculum, a Distinguished diploma requires an additional

standard, either original research or project; certain scores on specific standardized tests; completion of college-level classes with a 3.0 or more GPA; or a license from a professional board or association.¹² Of the 2000 graduating class, 39 percent of students received a diploma with either Recommended or Distinguished credentials, over four times more students than had just two years prior.¹³ Four years later, 68 percent of the students in the class of 2004 were advanced diploma recipients.¹⁴

As with graduation rates, the percentage of graduates with Recommended or Distinguished diplomas varies widely from region-to-region. In 2000, 56 percent of the students in ESC Region 1 (Edinburg), nearly 20 percent more than the state as whole, completed a Recommended or Distinguished curriculum. That year, the area with the lowest percentage of Recommended or Distinguished graduates (26 percent) was ESC Region 20 (San Antonio). All regions, however, made impressive gains in the percentage of Recommended or Distinguished graduates between 2000 and 2004. In the case of Region 20, the increase during the period was 40 percent. At least as impressively, the number of advanced high school diplomas earned in ESC Region 19 (El Paso) grew from 47 percent in 2000 to 89 percent in 2004. Not only did the region demonstrate the greatest growth in Recommended and Distinguished graduates, it became the region with the highest percentage of such students overall — 23 percent more than the state average.

The proportion of graduates with Recommended or Distinguished credentials also varies considerably across race/ethnicity. For example, in the class of 2004, 60 percent of graduating African American students did so under either the Recommended or Distinguished curriculum. In contrast, 83 percent of graduating Asian/Pacific Islander students received a Recommended or Distinguished diploma.

Table 5.3 Graduation Curriculum by Race/Ethnicity¹⁵

Race/Ethnicity	Percent Curriculum Type in 2000		Percent Curriculum Type in 2004	
	Minimum	College Prep ¹⁶	Minimum	College Prep
African American	74	26	40	60
Asian/Pacific Islander	44	56	17	83
Hispanic	65	35	32	68
Native American	63	37	35	65
White	57	43	30	70
State Overall	61	39	32	68

Source: TEA, 2000-2001 State Performance Report; 2004-2005 State Performance Report

Graduation rates and percentage of Recommended and Distinguished graduates have both increased steadily over the last decade. It does not seem to be the case that setting higher academic standards has deterred high school students from completing their diplomas. Clearly, both students and schools have begun to meet the challenge presented by Texas education officials. The ante has recently been raised again. Beginning with students entering grade nine in 2004-2005, the “minimum” curriculum requirements for graduation are those of the Recommended program.¹⁷ Furthermore,



Texas high school graduates will have done exactly what policymakers and society have been instructing them to do — stay in school, work hard, and take rigorous college-preparatory classes. Behind that instruction has been a promise — sometimes implicit and at other times explicit — that for those who graduate with the right classes, college will be made accessible.



the curricula for both the Recommended and Distinguished diplomas were expanded by the passage of House Bill 1 by the 79th Texas Legislature. Students entering ninth grade in 2007-2008 must meet the additional requirements of a fourth year each of science and mathematics. This most recent amendment to the Texas Education Code also specifies that one or more of the required courses must have a research writing component.¹⁸

The significance of this curriculum change cannot be overstated. A standard of class work for admission to public colleges and universities has been implemented. The majority of Texas students in the class of 2009 will effectively be academically prepared for college, regardless of family background and income, school location, and parental expectations towards postsecondary education. The State will be a major step closer to achieving one of the goals of *Closing the Gaps*. Texas high school graduates will have done exactly what policymakers and society have been instructing them to do — stay in school, work hard, and take rigorous college-preparatory classes. Behind that instruction has been a promise — sometimes implicit and at other times explicit — that for those who graduate with the right classes, college will be made accessible. With so many graduates leaving high school academically qualified, it remains uncertain if that promise will be fulfilled.

Chapter 6

Barriers to higher education:
inadequate financing

Concerns about college affordability undermine the good work of policymakers and college advocates in eliminating barriers to higher education. While starting with high aspirations for their children, low-income parents gradually see their hopes diminish the closer the children get to college age (and when college bills would need to be paid). Despite well-intentioned outreach efforts and legislative leadership to raise the rigor of high school graduation requirements, parental worries about how to pay for college represent a barrier to enrollment and degree attainment. Data from the Texas Education Agency (TEA) and the Texas Higher Education Coordinating Board (THECB) help illustrate this financial barrier.

Enrollment rates by type of diploma

With the cooperation of TEA and THECB, TG was able to track 2005 Texas high school graduates to see the rate at which students enrolled in Texas public or private universities. Many Texas high school graduates leave their home state to pursue further educational opportunities; these students are grouped with those “not enrolled in Texas higher education” because the data-collection process is unable to track enrollment outside of Texas.

Table 6.1 shows the difference in Texas college-going rates by the type of high school diploma earned. Texas high school graduates who took college-preparatory classes — those required by the Recommended High School Program (Recommended) or the Distinguished Achievement Program (Distinguished) — were much more likely to go to college than those who graduated with the minimum curriculum. Among the Texas high school graduates of 2004-2005, only a quarter of those with the minimum diploma went on to enroll in a Texas college later that fall. In contrast, over half of those with Recommended diplomas, and three-quarters of those with Distinguished diplomas, enrolled in college by fall 2005.

Curriculum	Not Enrolled %	Enrolled %	Total %	Total #
Minimum	75	25	100	66,380
Recommended	43	57	100	151,901
Distinguished	24	76	100	21,435

Source: THECB ad hoc report, 2006.

Since TEA collects data on whether a student was “economically disadvantaged,”² college attendance rates for those who were economically disadvantaged were compared with those who were not. For purposes of comparison, it is assumed that economically disadvantaged students are no more likely to attend college outside of Texas as their higher income peers. In fact, it is likely that high school graduates who are not economically disadvantaged are more likely to attend higher education

Despite well-intentioned outreach efforts and legislative leadership to raise the rigor of high school graduation requirements, parental worries about how to pay for college represent a barrier to enrollment and degree attainment.

institutions outside of Texas, thus dampening any attendance rate differences between the two groups. Table 6.2 shows that economically disadvantaged, but academically prepared, high school graduates went to college at a much lower rate than their equally prepared, but more financially secure, peers (47 percent and 65 percent respectively).

Table 6.2 Texas 2004-05 High School Graduates by Diploma Type, Family Economic Status, and Enrollment Status in Texas Higher Education in Fall 2005 ³					
	Type of Diploma	Not Enrolled %	Enrolled %	Total %	Total #
Economically Disadvantaged	Minimum	83	17	100	24,069
	College Prep*	53	47	100	51,242
Not Economically Disadvantaged	Minimum	71	29	100	42,311
	College Prep*	36	65	100	122,094

Source: THECB ad hoc report, 2006.

*Note: High school graduates with either the Recommended or Distinguished diplomas.

Table 6.3 illustrates that choice of college also appeared to be influenced by the economic security of the high school graduate. Economically disadvantaged, but academically prepared, students chose two-year colleges at a much higher rate than four-year schools, 60 percent and 41 percent respectively. National Center for Education Statistics (NCES) research shows that those students starting at a two-year school, but with aspirations to transfer to a four-year program, are less likely to earn a degree within eight years of high school graduation than students who start at four-year institutions.⁴

Table 6.3 Texas 2004-05 High School Graduates by Diploma Type, Family Economic Status and School Type Enrollment Status in Texas Higher Education in Fall 2005 ⁵					
	Curriculum	2-yr Enrolled %	4-yr Enrolled %	Total %	Total #
Economically Disadvantaged	Minimum	89	11	100	3,969
	College Prep*	60	41	100	22,803
Not Economically Disadvantaged	Minimum	88	12	100	11,777
	College Prep*	47	53	100	70,229

Source: THECB ad hoc report, 2006.

*Note: High school graduates with either the Recommended or Distinguished diplomas. Percentages are rounded.

TEA's data allow for factoring race/ethnicity into this analysis. Table 6.4 illustrates that 34,786 Hispanics with college-preparatory diplomas were from economically disadvantaged families. This represents over half of all academically prepared Hispanic graduates. In contrast, only eight percent of white academically qualified high school graduates (6,707) were from economically disadvantaged families. For each race/ethnicity group, those who were more financially secure enrolled in college at higher rates than their economically disadvantaged, but equally qualified, peers. This enrollment difference was most pronounced for whites with a gap of 19 percentage points between those who were economically disadvantaged (50 percent) and those who were not (69 percent).

Table 6.4 Texas 2004-05 High School Graduates with College-preparatory Diplomas* by Family Economic Status, Race/Ethnicity, and Enrollment Status in Texas Higher Education in Fall 2005 ⁶					
	Race/Ethnicity	Not Enrolled %	Enrolled %	Total %	Total #
Economically Disadvantaged	Hispanic	55	45	100	34,786
	African American	49	51	100	8,066
	White	50	50	100	6,707
	Other	35	65	100	1,683
Not Economically Disadvantaged	Hispanic	45	55	100	26,153
	African American	42	58	100	13,212
	White	31	69	100	76,599
	Other	34	66	100	6,130

Source: THECB ad hoc report, 2006.

*Note: High school graduates with either the Recommended or Distinguished diplomas. Percentages are rounded.

Degree attainment rates by family income

The Texas Education Agency does not collect family income for Texas students; so, for this analysis, TG differentiates high school graduates by their eligibility for free or reduced lunch as a proxy for family income. At this time, TG does not have the data to track high school graduates over a longer period of time to determine rates of degree attainment — the ultimate outcome one would like to measure when trying to make sound higher education policy. Fortunately, national data are available for this type of analysis, although one must extrapolate to the state level. Here, TG borrows the methodology used by the Advisory Committee on Student Financial Assistance (ACSF) in their 2006 report *Mortgaging Our Future*.⁷

The ACSFA used national longitudinal data from databases collected from the National Education Longitudinal Study of 1988-2000 (NELS:1988-2000) and the Education Longitudinal Study of 2002 (ELS) conducted by the National Center for Education Statistics (NCES) to track the progress of high school graduates who had taken Algebra II⁸ — the proxy for college preparedness and a requirement of both the Recommended and the Distinguished diplomas in Texas. High school graduates were monitored eight years later to determine if they earned at least a four-year bachelor's degree. The ACSFA was able to compare the degree attainment rates of high school graduates who had taken a college-preparatory curriculum, as measured by the graduates having taken Algebra II, by family income level. Since these high school graduates would represent the most academically prepared students, variations in degree attainment rates could reasonably be attributed primarily to differences in income (i.e., the financial barrier).

Texas is a large state and is fairly represented in the national longitudinal databases. Because of this size, one can break out the percentage of 1992 Texas high school graduates by the same income bands used in the ACSFA study, as shown in Table 6.5.

Table 6.5 Estimated Texas 1991-1992 High School Graduates by Family Income⁹

	1991 Family Income	1992 TX HS Graduates #	1992 TX HS Graduates %
Low	Under \$25,000	67,100	42%
Moderate	\$25,000 to \$49,999	50,900	32%
Middle	\$50,000 to \$74,999	23,500	15%
High	\$75,000 and over	16,800	11%
	Grand total	158,242*	100%

Source: NCES, NELS (1988-2000); THECB and TEA ad hoc report (2006)

*Note: Represents actual number from TEA, while others are estimates rounded to the nearest hundred based on a sample from NELS: 1988.

The sample size for Texas was not large enough to track the degree attainment of these high school graduates by their level of academic preparedness. TG can, however, extrapolate by assuming that 1992 Texas high school graduates behaved like their national peers with similar family income. Specifically, TG assumes that Texas high school graduates prepared themselves academically at the same rates as their income peers nationally and, subsequently, that they attained degrees at the same rates by income category as their national peers. With this set of assumptions, TG can build the following table.

Table 6.6 Estimated Texas 1991-92 High School Graduates by Family Income, by College Preparedness, and Bachelor Degree Attainment¹⁰

	1991 Family Income	1992 TX HS Graduates #	1992 TX HS Graduates %	College Prep (Algebra II)		College Prep and Earned a Bachelor's Degree by 2000			
				YES	NO	YES	NO		
				%	#	#	%	#	#
Low	Under \$25,000	67,100	42%	52%	34,900	32,200	43%	15,000	19,800
Moderate	\$25,000 to \$49,999	50,900	32%	65%	33,100	17,800	50%	16,500	16,500
Middle	\$50,000 to \$74,999	23,500	15%	73%	17,200	6,300	64%	11,000	6,200
High	\$75,000 and over	16,800	11%	86%	14,500	2,300	80%	11,600	2,900
	Grand total	158,242*	100%	100%	99,700	58,600	100%	54,100	45,400

Source: NCES, NELS (1988-2000); THECB and TEA ad hoc report (2006)

* Note: Represents actual number from TEA, while others are estimates rounded to the nearest hundred based on a sample from NELS: 1988. Therefore, column totals will sum while row computations may not.

The national data indicate that Texas high school graduates prepared for college at different rates based on their level of family income — the higher the income, the higher the percent prepared. While 86 percent of high school graduates with family incomes of \$75,000 and over in 1991 were college qualified, only 52 percent of low-income high school graduates had taken Algebra II.

For those who did graduate as college qualified, the four-year degree attainment rate also varied according to the income level of the high school graduate's family. Eighty percent of college prepared 1992 high school graduates from high-income families had earned a four-year degree by 2000. The pathway to a four-year degree is less sure for college-prepared, low-income high school graduates; only 43 percent completed a four-year degree program within eight years of graduating from high school. These were low-income students who had completed the right courses, stayed in school, and who had, most likely, been encouraged to go to college.

College-prepared, moderate-income high school graduates — those with 1991 family incomes of \$25,000 to \$49,999 — also experienced a pronounced gap in degree attainment when compared with equally prepared, high-income graduates (50 percent and 80 percent respectively). Even middle-income (\$50,000 to \$74,999 in 1991) high school graduates were 16 percentage points less likely than high-income graduates to earn a four-year degree within eight years of high school. By applying these national rates of college preparedness and degree attainment to the known number of 1992 Texas high school graduates by income level, one can estimate that 45,400 academically qualified Texas high school graduates failed to earn a four-year degree.

By applying these national rates of college preparedness and degree attainment to the known number of 1992 Texas high school graduates by income level, one can estimate that 45,400 academically qualified Texas high school graduates failed to earn a four-year degree.

Even among the high-income group, not all college prepared students earn a four-year degree. To better gauge the level of financial barrier, TG compared degree attainment rates among those equally prepared high school graduates from low-, moderate-, and middle-income families with those from high-income families (see Method #1 in Table 6.7). Had academically prepared 1992 Texas high school graduates from low-, moderate-, and middle-income families attained four-year degrees at the same rate as high school graduates from high-income families, Texas would have produced 25,700 more bachelor's degrees from that one state high school class. A more conservative approach (Method #2 in Table 6.7) compares low- and moderate-income high school graduates to those from middle-income families, yielding an estimate of 11,800 lost four-year degrees.

Table 6.7 Estimated Texas 1991-92 High School Graduates by Family Income, by College Preparedness, Bachelor Degree Attainment, and Estimated Lost Degrees¹¹

1991 Family Income	1992 TX HS Graduates #	1992 TX HS Graduates %	College Prep (Algebra II)		College Prep and Earned a Bachelor's Degree by 2000			Lost BA Degrees Due to Financial Barriers		
			YES	NO	YES	NO	Method #1	Method #2		
			%	#	#	%	#	#		
Under \$25,000	67,100	42%	52%	34,900	32,200	43%	15,000	19,800	12,900	7,200
\$25,000 to \$49,999	50,900	32%	65%	33,100	17,800	50%	16,500	16,500	10,000	4,600
\$50,000 to \$74,999	23,500	15%	73%	17,200	6,300	64%	11,000	6,200	2,800	
\$75,000 and over	16,800	11%	86%	14,500	2,300	80%	11,600	2,900		
Grand total	158,242*	100%	100%	99,700	58,600	100%	54,100	45,400	25,700	11,800

Source: NCES, NELS (1988-2000); THECB and TEA ad hoc report (2006)

*Note: Represents actual number from TEA, while others are estimates rounded to the nearest hundred based on a sample from NELS: 1988. Therefore, column totals will sum while row computations may not.

Method #1: computes the loss of bachelor's degrees based on the degree attainment rate of high-income graduates.

Method #2: computes the loss of bachelor's degrees based on the degree attainment rate of middle-income graduates.

The analysis of 1992 high school graduates was possible because the national database (NELS:1988) tracks these students through 2000, which is enough time to determine if they have earned a four-year degree. A more current national longitudinal study from NCES (ELS:2002) looks at high school graduates from 2004. From this database one learns the new rates of college preparedness (as measured by those taking Algebra II) by income category. Assuming that these college-prepared high school graduates earn four-year degrees at the same rate as those in 1992, then the analysis can be applied to Texas high school graduates from 2004 to project the number of lost degrees for this cohort primarily due to financial barriers. Fortunately,

the total estimated number of college-prepared high school graduates from 2004 can be cross-checked with TEA data (which does not have family income data). Extrapolating from national rates, roughly 177,700 Texas 2004 high school graduates were college prepared (i.e., took Algebra II). The data from TEA appear to confirm this estimate; according to TEA, 173,300 Texas high school graduates from 2004 had taken either the Recommended or the Distinguished curriculum (both of which include, among other requirements, that students successfully complete Algebra II). The difference between the estimate and TEA's number is only 2.5 percent. This suggests that the extrapolation from the national database closely reflects the actual college preparedness of Texas high school graduates.

An estimated 47,000 college prepared, high school graduates from 2004 may not be able to earn a four-year degree by 2012 primarily due to financial barriers.

Table 6.8 Estimated Texas 2003-04 High School Graduates by Family Income, by College Preparedness, Bachelor Degree Attainment, and Estimated Loss Degrees¹²

2003 Family Income	2004 TX HS Graduates #	2004 TX HS Graduates %	College Prep (Algebra II)		College Prep and Earned a Bachelor's Degree by 2012			Projected Loss of BA Degrees Due to Financial Barriers	
			YES	NO	YES	NO	Method #1	Method #2	
			% #	#	% #	#			
Under \$35,000	101,600	42%	66% 67,000	34,600	43% 28,800	38,200	24,800	14,100	
\$35,000 to \$74,999	77,100	32%	75% 57,800	19,200	50% 28,900	28,900	17,400	8,100	
\$75,000 to \$99,999	35,600	15%	84% 29,900	5,700	64% 19,100	10,700	4,800		
\$100,000 and over	25,500	11%	90% 22,900	2,500	80% 18,400	4,600			
Grand total	239,716*	100%	100% 177,600	62,000	100% 95,200	82,400	47,000	22,200	

Source: NCES, ELS (2002); THECB and TEA ad hoc report (2006)

*Note: Represents actual number from TEA, while others are estimates rounded to the nearest hundred based on a sample from NELS: 1988. Therefore, column totals will sum while row computations may not.

Method #1: computes the loss of bachelor's degrees based on the degree attainment rate of high-income graduates.

Method #2: computes the loss of bachelor's degrees based on the degree attainment rate of middle-income graduates.

Method #1 in Table 6.8 shows that an estimated 47,000 college prepared, high school graduates from 2004 may not be able to earn a four-year degree by 2012 primarily due to financial barriers. Coincidentally, this figure is the same as the goal for additional four-year degrees in the *Closing the Gaps* report.¹³ This analysis indicates that while over half of these 47,000 lost degrees are to students from low-income families, 37 percent – or 17,400 – are to students whose parents earn between \$35,000 and \$74,999 per year. The more conservative method, Method #2, compares the low- and moderate-income

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Students may be able to matriculate, but unless college is made more affordable, college students will not be able to achieve their goal of earning a four-year degree.

❧

high school graduates to their equally well-prepared, middle-income counterparts. Method #2 projects a loss of 22,200 bachelor degrees by 2012 for Texas high school graduates.

The preceding analysis attempts to quantify the financial barriers facing the Texas high school graduating class of 2004. Method #2 used conservative assumptions and focused the analysis exclusively on those high school graduates who had completed a college-preparatory curriculum — the most academically prepared high school graduates in Texas. Although many high school graduates with the minimum requirements may pursue a four-year degree, their failure to attain a bachelor's degree was not attributed to financial barriers since their relative lack of academic preparation may have been a contributing factor. This analysis also excludes the many students who drop out of high school without a diploma, some of whom will later earn a GED and enroll in college. Even with these assumptions, the number of students facing financial barriers is substantial. With more Texas high school graduates completing a college-preparatory curriculum, the inability to close the gap in four-year degree attainment by income level will produce even larger numbers of "lost" bachelor degrees. Students may be able to matriculate, but unless college is made more affordable, college students will not be able to achieve their goal of earning a four-year degree. Eliminating these financial barriers would allow Texas to reach the *Closing the Gaps* goals for degree attainment.

Chapter 7

Risk factors for dropping
out of school

The U.S. Department of Education’s research arm, the National Center for Education Statistics, has identified seven factors that put students at risk for dropping out:¹

- Delaying enrollment — defined as delaying enrollment into higher education by one year or more after graduation from high school
- Attending school part time
- Being an independent undergraduate — defined by the U.S. Department of Education as a student age 24 or older, married, with dependents to support, a veteran (or currently on active duty military personnel), or orphan or ward of the court; the financial aid office may choose to categorize students as independent if they receive no financial assistance from guardians
- Having dependents to support — all dependent students are assumed to have no dependents, based on the definition of independent students; dependents are not restricted to children
- Being a single parent — defined as unmarried and having dependents; because of the definition of having dependents, this is also not restricted to children
- Working full time while enrolled — defined as working 35 or more hours per week; excludes work-study jobs or assistantships
- Having no high school diploma — defined as not having received a high school diploma, or as having received a GED or high school completion certificate

Although many students have none or just one of these risk factors, it’s easy to see how having one risk factor can lead to having more than one. Students who have dependents, are single parents, or are independent students with no support from parents are at a disadvantage financially compared to their counterparts. These situations can put a substantial financial burden on the individual. When students do not have enough money to cover the cost of attending college, they may resort to certain tactics, such as working full time or attending school part time, to try to save money. Students may even postpone college in order to save up money to attend. Not having a high school diploma may not be directly related to finances, but it may mean the student is less prepared for college and thus more at risk for dropping out before attaining a degree. The more of these seven factors the student has, the more at risk he or she is for dropping out of college.²

When students do not have enough money to cover the cost of attending college, they may resort to certain tactics, such as working full time or attending school part time, to try to save money.

Figure 7.1 Percent with at least one Risk Factor and Average Number of Risk Factors by Race/Ethnicity for Texas and the Nation³

Race	Percent with at least one risk factor		Average number of risk factors	
	National	Texas	National	Texas
All	70	75	1.8	2.0
Asian	67	68	1.5	1.5
White	66	72	1.7	1.8
Hispanic	76	78	2.0	2.1
African-American	81	83	2.5	2.6

Source: U.S. Department of Education, NPSAS (2004)

Texas students have, on average, more risk factors than students nationally (2.0 compared to 1.8), and a higher percentage of Texas students have at least one risk factor compared to their counterparts across the nation (75 percent compared to 70 percent). At public two-year schools in Texas, 91 percent of African American students have at least one risk factor compared to 88 percent nationally. This trend is even more pronounced for Hispanic students at public two-year schools, where 95 percent of Texas students have at least one risk factor, compared to 81 percent nationally.⁴

Table 7.2 Percent of Students with Risk Factors for the Nation, Southwest, and Texas⁵

	Delayed Enrollment	Part-time Attendance	Independent Student	Has Dependents	Single-Parent	Work Full-time While Enrolled	No High School Diploma	Average Number of Risk Factors
First Generation Students								
Nation	50	52	63	38	18	39	11	2.90
Southwest	51	56*	68**	42**	21*	42	14	2.95
Texas	51	57**	63	40	21**	39	11	2.92
Pell Grant Recipients								
Nation	44	36	59	40	27	29	13	2.95
Southwest	47**	37	65**	45**	29	32**	15**	3.04*
Texas	47	37	62	45**	30*	32**	13	3.04**
Students with Unmet Need								
Nation	41	38	55	35	22	30	11	2.87
Southwest	43	44**	63**	42**	27**	35**	15	2.99*
Texas	45**	44**	59**	41**	27**	34**	10	2.98**
Federal Loan Borrowers								
Nation	33	26	46	25	14	28	8	2.52
Southwest	40**	29	57**	31**	16	35**	10**	2.57
Texas	37	28	51*	28	16	29	10	2.57

Source: U.S. Department of Education, NPSAS (2004)

Southwest region: Texas, Oklahoma, New Mexico, Arizona

*significantly different from the nation at the 0.10 level

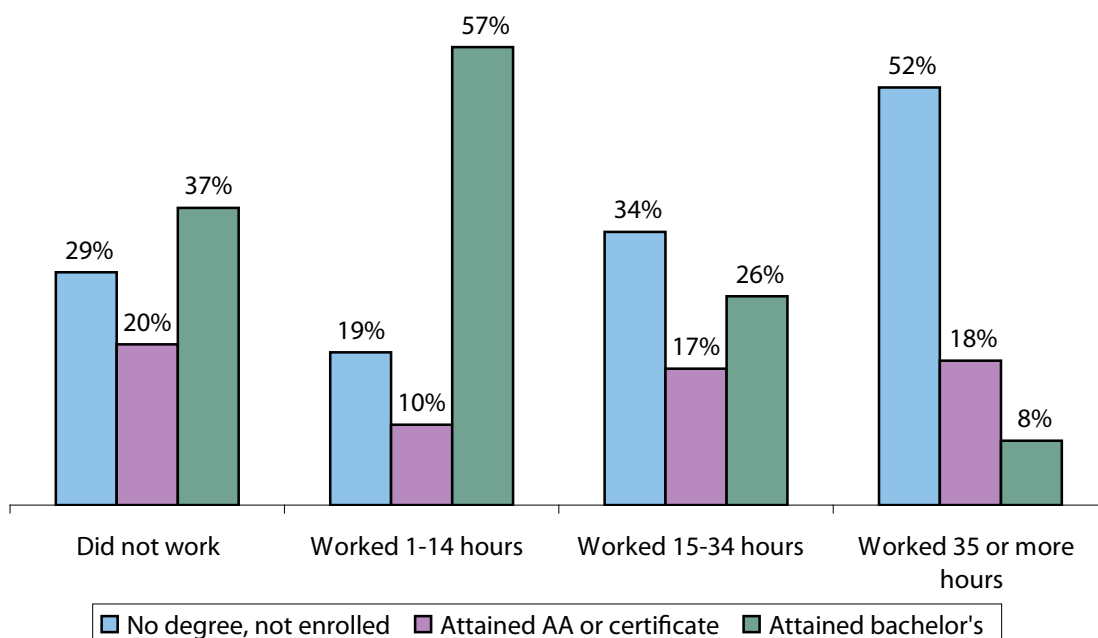
**significantly different from the nation at the 0.05 level

Overall, more students in the Southwest region and in Texas have these seven risk factors compared to the nation. Students with unmet need in Texas reflect these risks in significantly higher percentages compared to the nation in all categories except not having a high school diploma.⁶

Working while enrolled is one way students can try to mitigate the costs of attending college, but working long hours while enrolled can have a detrimental effect on schoolwork and persistence to a degree. In Texas, three-fourths of undergraduates worked while enrolled; for those who did work, the average work week was 31 hours.⁷ Undergraduates in Texas who worked full-time chose two-year schools by more than a two-to-one margin over four-year schools.⁸ Students who work long hours may choose

two-year schools because they are less expensive than four-year schools and are more accommodating of work schedules. Work can also affect attendance intensity. Students who work full-time are more likely to attend school part time than students working less hours. Eighty-two percent of Texas students working full time attended school part time, compared to just 45 percent of Texas students working between one and 14 hours per week.⁹ Work can also affect degree completion. Only eight percent of students who began postsecondary education in 1995 and worked full time their first year had obtained a bachelor's degree by 2001, compared to 57 percent of those who worked only between one and 14 hours per week.¹⁰

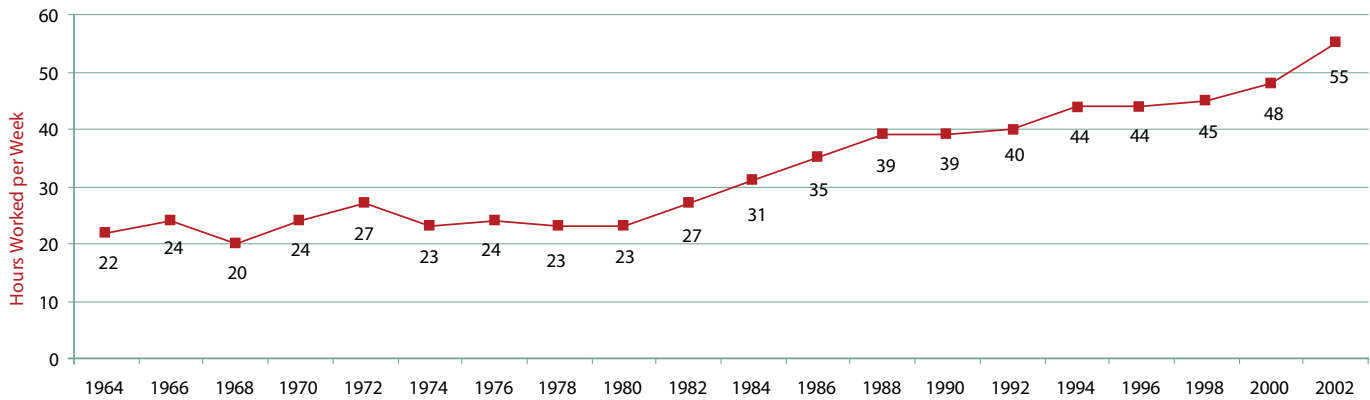
Figure 7.1 Work and Completion: Status in 2001 of Students who began Postsecondary Education in 1995, by Hours Worked per Week while Enrolled their First Year (students who are still enrolled not shown)¹¹



Source: McMillion, (2005)

Students who work longer hours are more likely to feel that it negatively impacts their schoolwork, including limiting the number of classes they can take, restricting the choice of classes, and having a negative effect on grades.¹² Retention research shows that persistence declines when students are less involved in campus life. Working full-time, often in off-campus jobs, undermines students' relationship to the school, jeopardizing their odds of earning a degree. Keeping workloads below 15 hours per week appears to improve one's chance of earning a degree, especially if that job is on campus. Unfortunately, 92 percent of Texas students who work while enrolled have off-campus jobs, and 97 percent of Texas students who work full-time have off-campus jobs.¹³

Figure 7.2 Hours of Minimum Wage Work Needed per Week to Pay for a Public University Undergraduate Education, 1964 to 2002¹⁴



Source: *Postsecondary Education Opportunity, #125 (2002)*

In earlier generations, some students paid their entire way through school by working and still managed to carry a full course load, but that is no longer feasible. Nationally, from 1964 until 1981, an undergraduate could have paid for a year of education at a public university — including tuition, food, and housing — by working about 24 hours per week at a minimum wage job. With frequent increases in the cost of education and much less frequent increases in minimum wage, by 2002 an undergraduate would have had to work 55 hours per week every week of the year to pay for tuition, fees, and living expenses associated with two semesters of attendance at a public university.¹⁵ Looked at a different way, to pay the total cost of two semesters of education at a Texas public for-year school in 2002-2003 while working 24 hours per week every week of the year, a student would have had to make at least \$11.16 per hour. At a Texas public two-year school, the student would have to make at least \$8.32 per hour, and at a Texas private for-year school, \$19.77 per hour.¹⁶

Financial issues can force students to make decisions that may have a detrimental effect on their persistence. Analyzing trends in cost of attendance and type of aid offered helps explain why so many students face these financial dilemmas.

Chapter 8

College affordability

College affordability has two components: college costs and available resources. College costs consist of tuition and fees; books and supplies; room and board; and other expenses including transportation (i.e., those elements of a student's budget that are essential in enabling the student to go to college). Available resources can include both parental and student income, and student aid in the form of grants, loans, and work-study. Affordability is the subjective assessment of the value and cost of college balanced by the resources at hand to pay the bills. When students perceive their resources to be inadequate to cover costs, they will either not enroll, or if already enrolled, will drop out without earning a degree. Understanding trends in affordability is crucial for determining the demand for student aid.

College costs¹

College costs are more than just tuition and fees. In fact, for students attending Texas public four-year schools, tuition and fees represent only 30 percent of total costs, and just 16 percent of total costs at Texas public two-year schools. Lacking direct public subsidies other than the Tuition Equalization Grant, Texas private four-year tuition and fees form a much higher percentage of total education costs — 64 percent — which is just below the national average of 66 percent.² Along with rent, utility bills, food, transportation, books, and supplies, the total cost of education can quickly add up to several times the cost of tuition and fees. Yet, these are all costs the student must pay and so they must be taken into account when considering student aid policy.

The average rent and utilities (except telephone) in 2005 for a one-bedroom apartment in counties where Texas four-year public schools are located totaled \$544 per month.³ With a nine-month average room and board budget of \$6,533, this leaves about \$42 per week, or about \$6 per day, for food. The U.S. Department of Agriculture estimated in 2005 that the average person age 20 to 50 could subsist on \$49 per week on a low-cost food plan — if all the food was cooked at home.⁴ Sharing housing will help lower the cost of rent and utilities, and possibly lower food costs slightly, but clearly, at the estimated average room-and-board budget, students are not living large.

For students attending Texas public four-year schools, tuition and fees represent only 30 percent of total costs, and just 16 percent of total costs at Texas public two-year schools.

Table 8.1 Average College Costs by School Type for Texas and the Nation 2004-2005⁵

	Public 4-Year		Public 2-Year		Private 4-Year	
	Nation	Texas	Nation	Texas	Nation	Texas
Tuition and Fees	\$5,056	\$4,439	\$2,428	\$1,795	\$19,317	\$16,483
Books and Supplies	\$954	\$889	\$968	\$936	\$920	\$923
Room and Board*	\$6,789	\$6,533	\$6,321	\$5,440	\$7,237	\$5,951
Other Expenses*	\$3,012	\$3,185	\$2,861	\$2,959	\$1,975	\$2,397
Total	\$15,811	\$15,046	\$12,578	\$11,129	\$29,449	\$25,754

*Used on-campus for private four-year schools and off-campus, not with family, for all public schools

Source: U.S. Department of Education, IPEDS (2004)

Over the past five years, average total costs in Texas have consistently been lower than the nation in all school sectors, but especially in the private four-year sector.⁶ The only category where Texas surpasses the nation in costs is Other Expenses, which includes costs such as transportation, entertainment, and laundry.⁷ Over the past five years, total costs at Texas public four-year schools averaged \$815 less than the nation, Texas public two-year schools averaged \$1,455 less than the nation, and Texas private four-year schools averaged \$3,743 less than the nation.⁸ Texas remains a low-cost higher education state, especially for students attending four-year private schools. However, recent increases in public four-year tuition and fees have narrowed the gap in overall education costs between Texas and the nation to five percent.

Figure 8.1 Total Cost of Attendance by School Type in Texas and the Nation, 2000-2001 to 2004-2005⁹



Source: U.S. Department of Education, IPEDS (2004)

The cost of attending school has risen exponentially in the last 30 years, and students and their families are increasingly being asked to shoulder the burden of that cost. In 1976-1977, tuition and fees at public four-year schools nationally cost \$2,192 in constant 2006 dollars,¹⁰ and 77 percent of student aid was in the form of grants.¹¹ In 2006-2007, tuition and fees at public four-year schools nationally cost \$5,836,¹² and in 2005-2006 only 39 percent of aid was composed of grants.¹³ Given these trends in costs and aid, students from low-income families may be forced to make decisions about school that could affect their ability to complete a degree, or even to enroll in the first place.

Income

One of the available resources for students is income. In 2005, the median family income in Texas was more than \$6,000 below the national median (\$49,769 vs. \$55,832). Fourteen percent of Texas families in 2005 were living below the poverty line, compared to the national figure of only 10 percent.¹⁴ More than one-fifth of Texas children (those under 18 years old) lived in poverty in Texas in 2005.¹⁵ Students in this group who do go to college arrive with little, if any, financial assistance from their family and in great need of financial aid.

Grant aid

Nearly half of all Texas undergraduates depend on some form of grant aid. The median grant amount from all sources in Award Year (AY) 2003-2004 was \$2,500 for Texas students — about \$300 less than the national average.¹⁶ Most grant aid comes from the federal government, primarily through the need-based Pell Grant program. The amount of Pell Grants awarded to Texas students has nearly doubled since AY 2000-2001 from \$572 million to just over \$1 billion in AY 2004-2005. However, the average Pell Grant award in Texas has grown at a more moderate rate from \$2,035 in AY 2000-2001 to \$2,501 in AY 2004-2005.¹⁷ With the rise in the cost of college, the buying power of the Pell Grant has actually declined over the last three decades. While the average award in Texas increased by 23 percent between AY 2000-2001 and AY 2004-2005, the cost of attendance at public four-year schools in Texas increased by 27 percent during the same period of time. The increase in costs for Texas private four-year institutions was 28 percent. Nationally, in AY 1975-1976, the maximum Pell Grant covered 84 percent of the cost of attendance at a four-year public university. In contrast, only 33 percent of the cost of a four-year public university can now be met with a maximum Pell Grant award. For a four-year private college, the maximum Pell Grant covered 14 percent of total costs in AY 2003-2004.¹⁸ The other major federal grant program is the need-based Federal Supplemental Educational Opportunity Grant (FSEOG) program, which made \$57 million in awards in Texas during AY 2004-2005 with an average award amount of slightly less than \$800.¹⁹ The federal government is the senior partner in the shared effort to remove financial barriers to higher education.

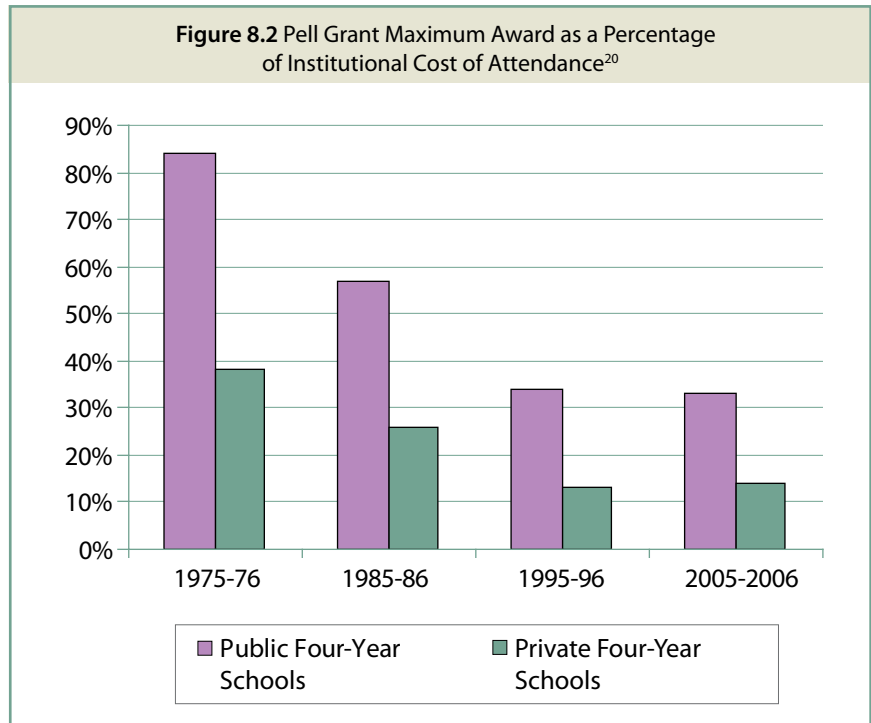


Texas remains a low-cost higher education state, especially for students attending four-year private schools. However, recent increases in public four-year tuition and fees have narrowed the gap in overall education costs between Texas and the nation to five percent.





In Texas, 27 percent of undergraduates received some form of federal grant in AY 2003-2004. A much smaller percentage (nine percent) received state-funded grants. Nationally, 15 percent of undergraduates received a state grant.



Source: ACSFA, *Access Denied* (2001); The College Board, *SAT Cohort Averages* (2006) and *FAQ about the new SAT* (2006)

In Texas, 27 percent of undergraduates received some form of federal grant in AY 2003-2004. A much smaller percentage (nine percent) received state-funded grants. Nationally, 15 percent of undergraduates received a state grant.²¹ State grants in Texas support fewer students than federal grants, but they represent a valuable form of assistance to students facing barriers to earning four-year degrees.

The largest major state grant program is the Towards Excellence, Access and Success (TEXAS) Grant Program. The TEXAS Grant is a hybrid merit-aid and need-based grant that has grown from \$35.9 million in 2001 to \$168.1 million in 2005. In AY 2004-2005, this program assisted over 59,000 students, with an average grant amount of \$2,803.²² However, funding for the TEXAS Grant program has remained flat for the past three years and the Texas Higher Education Coordinating Board (THECB) reports that 31,000 needy students — over one-third of those eligible — did not receive a TEXAS Grant in AY 2004-2005.

This under funding of the TEXAS Grant program is currently scheduled to continue for the next two academic years.²³ At currently proposed funding levels, the THECB estimates that the TEXAS Grant will fail to serve 36,804 students in the 2006-2007 academic year and an additional 38,106 the following year. These numbers represent students who are already preparing themselves academically, enrolling in college, and who demonstrate financial need. The cost to fully fund this grant over the next two years would be over \$653 million, more than double the proposed funding level of almost \$318 million dollars.²⁴

The second-largest source of state grant funds is the Tuition Equalization Grant (TEG). Private schools have exclusive access to the TEG, which awarded \$70.5 million in grants in AY 2004-2005. These need-based grants tend to be lower than TEXAS Grants, averaging \$2,497. Texas also has numerous small categorical grant programs designed for specific populations and funded through state appropriations. One of these programs is the Texas Educational Opportunity Grant (TEOG, formerly TEXAS Grant II), which assists undergraduates attending public two-year schools. These smaller grant and scholarship programs, including the TEOG, channeled \$24.8 million to Texas students in AY 2004-2005.²⁵

Texas institutions of higher education also provide significant financial assistance to students, through programs mandated by the State of Texas. The largest of these programs is the Texas Public Education Grant (TPEG) program. Although authorized by state statute, the TPEG program does not receive state appropriations. Instead, TPEG funds are derived from a percentage of tuition revenue set aside at public colleges and, therefore, are typically classified as institutional grants. Texas students received \$112.1 million in TPEG awards in AY 2004-2005, with an average award of \$1,091. The state also currently has 56 exemption and waiver programs that provide tuition and/or fee reductions to specific groups of students enrolled in public universities. These exemptions and waivers are required by state law, but must be funded by the institutions themselves. In FY 2005, total tuition and fees waived or exempted totaled over \$251 million.²⁶

Table 8.2 Disbursements, Number of Recipients, and Average Award per Recipient for Texas Grant Programs, 2001-2005²⁷

		2001	2002	2003	2004	2005
TEXAS Grants	Total Disbursements (in millions \$)	35.9	103.4	164.2	156.7	168.1
	Number of Recipients	18,162	53,167	68,205	64,053	59,992
	Award Per Recipient	\$1,976	\$1,946	\$2,407	\$2,446	\$2,803
Texas Public Education Grants	Total Disbursements (in millions \$)	79.7	76.2	93.3	107.3	112.1
	Number of Recipients	94,995	90,259	102,696	101,294	102,772
	Award Per Recipient	\$839	\$844	\$908	\$1,059	\$1,091
Texas Equalization Grant Program	Total Disbursements (in millions \$)	62.2	82.2	82	70.5	70.5
	Number of Recipients	26,769	32,707	34,424	27,980	28,225
	Award Per Recipient	\$2,324	\$2,513	\$2,383	\$2,519	\$2,497
All Other State Grant Programs	Total Disbursements (in millions \$)	15.3	18.3	20	21.9	24.8
	Number of Recipients	20,283	23,515	27,862	27,558	30,276
	Award Per Recipient	\$1,016	\$1,149	\$1,177	\$1,302	\$1,077

Source: THECB, Bentson Report (2005); THECB, Report on Student Financial Aid (2006)



To meet high net prices, students increasingly rely on self-help aid like student loans. Over half of all direct student aid in the United States is in the form of student loans. In Texas, loans to students represent two-thirds of all student aid.



Grants and scholarships lower the cost of college for students. The remaining expenses after grants and scholarships have been awarded — that is, the net price of college — must be paid for out of the student's (or family's) savings, current income, or with loans. For AY 2003-2004, the median net price for students attending community college in Texas was \$7,114. Texas public four-year students faced a median net price of \$12,345. An even higher median net price (\$18,182) is charged to students attending a private four-year school in Texas, despite how low the Texas private college costs are in this sector relative to the nation.²⁸ These net prices are substantial for students carrying a full load of courses. Students will adopt various strategies to meet net price. For those from low-income families, drawing from savings is seldom an option, leaving work and loans to cover the remaining costs. Work, as shown in chapter seven of this report, can undermine one's ability to graduate. Student loans can be a valuable tool to enable a student with substantial net price to afford to stay in college. However, students have expressed growing concerns about the level of debt they have been incurring.

Student loans

To meet high net prices, students increasingly rely on self-help aid like student loans. Over half of all direct student aid in the United States is in the form of student loans. In Texas, loans to students represent two-thirds of all student aid.²⁹ Ninety-six percent of these loans were made under the Federal Family Education Loan Program (FFELP).³⁰ Median Borrower Indebtedness (MBI)³¹ under this program in Texas has grown from \$5,485 in FY 1995 to \$8,893 in FY 2005, a 62 percent increase in 10 years.³² Naturally, borrowing is heaviest at four-year schools where net price is highest and students may borrow increasing amounts as they persist through multi-year programs. Private four-year Texas schools have both the highest net price and the highest MBI (\$15,600) in FY 2005. MBI at public four-year schools (\$14,125) was 10 percent lower than at private four-year schools. FFELP borrowing is much lower at proprietary schools and two-year colleges (\$5,670 and \$4,813, respectively) where programs are short in duration, federal loan limits are set at lower levels, and potential lifetime earnings are more modest.³³

Because persistence rates and the types of schools vary across Texas, it is not surprising that MBI also fluctuates by region. Central Texas — which includes UT Austin, Texas A&M, and Baylor University — had the highest MBI with \$11,350 in FY 2005, while the Rio Grande area had an MBI of \$5,250.³⁴

Median borrower indebtedness based on FFELP borrowing in Texas has been relatively stable over the past six years as federal loan limits have been unchanged. Although data are difficult to find, anecdotal evidence suggests that more students are turning to private loans that have higher, market-based interest rates and usually require credit checks. Eight percent of students attending public two-year and four-year schools in Texas during AY 2003-2004 had a private loan to pay for college. Students attending private four-year colleges and short-term proprietary schools (i.e., those without direct state subsidies) rely more heavily on private loans (26 percent and 22 percent,

respectively). Private four-year school students borrowed an average of \$7,192 through private loans, while proprietary school students — who tend to be from low-income families — borrowed an average of \$4,610 in AY 2003-2004. Where net price is high, pockets of students have resorted to high-interest-rate private loans to help pay for college.³⁵ In 2006, the College Board estimated that students nationally borrowed about \$17 billion in private, nonfederal loans for their education, equal to about 25 percent of federal loans.³⁶ Nonfederal loans have grown at an inflation-adjusted annual rate of about 27 percent since 2000.³⁷

As students progress toward a four-year degree, they increasingly rely on student loans to help meet their net price. On average, this gamble pays off handsomely in higher expected lifetime earnings, but for many students the wager can seem too risky. In particular, students who are unsure of their chance for success in college, who come from financially precarious families, and who aspire to enter low-paying, but socially beneficial occupations — such as teaching and social work — may be risk averse. For these people, going into debt means taking on the risk of potential student loan default, which carries severe financial penalties, such as ruined credit history, confiscation of IRS refunds and wage garnishment. Success in producing more four-year degrees depends on reducing this level of risk by lowering the net price of a bachelor's degree.

Unmet need

While “net price” is the total cost of education minus any grant aid, “unmet need” refers to any gap between total cost of education and the sum of the student’s Expected Family Contribution (EFC),³⁸ grant aid, and student loans. Students have few options for covering unmet need. The calculation of their need assumes a level of self-support (reflected in the EFC). Room-and-board estimates tend to be Spartan, leaving little room for trimming costs. Financial contributions from friends and extended family can help students with unmet need. Alternatively, students can take an extra job at the risk of harming their studies. Over three-fourths of Texas undergraduates who are dependent on the support of parents making less than \$40,000 per year had unmet need in AY 2003-2004, with a median unmet need of \$3,396. Students attending low-cost, publicly supported schools tend to have lower unmet need than those attending four-year private schools. Median unmet need at a two-year public school was \$2,840 in AY 2003-2004, while the median at four-year public schools was \$4,245 and \$4,601 at four-year private schools.³⁹ Those with unmet need tend to experience the most financial strain in paying for college. During AY 2003-2004, 34 percent of Texas students with unmet need worked full-time while enrolled, 44 percent attended part-time, and 45 percent delayed enrollment — all risk factors for dropping out.⁴⁰ Reducing net price for these students would maximize the utility of those dollars and would also have a powerful impact on improving graduation rates.

Chapter 9

Recommendations and
further research

The United States is losing high-paying jobs to countries that produce a more reliable supply of college graduates in math and science. Texas faces its own economic slowdown if it is unable to graduate more students with bachelor degrees. Texas has already been addressing many of the obstacles students face in earning a four-year degree:

- Public/private partnerships promote outreach efforts to raise college awareness and to help families navigate the admissions and student aid application processes.
- Texas state government promotes college preparation by raising high school curriculum standards.
- The State Legislature makes college more affordable through support for state grant programs like the TEXAS Grant, which helps defray tuition-and-fee charges for high-achieving high school graduates.

Outreach efforts and public relations campaigns have encouraged students to consider going to college, while changes in curriculum have produced a much larger pool of college-ready high school graduates. TEXAS Grants have made college more affordable, but due to projected funding shortfalls, the program's reach is limited and net prices remain high, undermining many of these noble college promotion efforts. This report estimates that due to financial barriers 47,000 bachelor degrees are lost each year in Texas. The lack of affordability discourages college planning and preparation. Furthermore, it frustrates students who do prepare for college by staying in school and taking the right classes with the expectation of achieving success through higher education. For those students who do enroll, many face financial pressures that force them to balance study and class time with long hours working off campus. Federal loans can help students out of this time-management predicament and can increase their chances for graduation. Low- and moderate-income students, however, may be hesitant to take on debt, as their knowledge of borrowing — through family and peers — makes them more familiar with the negative consequences of not paying loans. For many students, college completion depends on making school more affordable for their full four years.

Recommendations

To achieve the state's goal of producing more baccalaureate degree recipients, certain policy implications follow from the analysis above. In particular, addressing college affordability is a necessary condition for degree completion — even for the most college-prepared high school students in Texas. Failure to address this problem may render other college promotion efforts futile. A few policy recommendations are offered to begin the public discussion on this important issue.

1. Increase need-based grant aid.

The State of Texas does not have the resources to remove all financial barriers to higher education; any state strategy must be undertaken in coordination with the federal government and private charity. One efficient tool for increasing affordability for low- and moderate-income families is the Texas Public Education Grant (TPEG). This program authorizes 15 to 20 percent of residential statutory tuition at public two- and four-year colleges to be set aside to fund need-based grants. The program protects low- and moderate-income students from the adverse effects of any tuition increase and does so in an administratively efficient way and without requiring state appropriations. Raising the percentages for the minimum and maximum tuition set aside in the TPEG would update the statute to reflect the current college cost and student income condition of Texas.

2. Fully fund the TEXAS Grant and Texas Educational Opportunity Grant (TEOG) programs.

The 47,000 bachelor degrees lost due to financial barriers occur exclusively among high school graduates who take college-preparatory curriculums. The TEXAS Grant focuses on the most academically prepared and financially needy, which overlaps with the targeted 47,000 college-qualified students. Funding these programs to fulfill the State's promise will help restore public trust for students who make good grades and take rigorous courses in hopes of securing help paying for rising tuition-and-fee costs.

Institutions also need more flexibility to transfer funds among the state student financial aid programs to better meet the financial needs of each institution's student body. Institutions may currently make up the difference between the total of tuition and fees and the TEOG by using any other available financial aid, except loans and Pell Grants.¹ The TEXAS Grant fund-transfer flexibility could be expanded by increasing the percentage of funds that an institution can transfer between the TEG, the Texas College Work Study Programs, and TEXAS Grant. Under the current statute, institutions "may transfer in a given fiscal year up to the lesser of 10 percent or \$10,000 between these programs."²

The allocation formula for determining the level of appropriations to the TEXAS Grant and TEOG programs also needs review. Particular consideration should be given to the differences between institution types, including cost, role in *Closing the Gaps*, current enrollment, and future enrollment growth.

3. Help students pay off their federal loans.

Given limited resources and the lifetime return on the investment in a college education, student loans will remain a prominent way to pay for college. With federal loans as the primary source of student debt, measures to mitigate the adverse effects of borrowing could begin with loan repayment assistance. Special effort could be directed at populations such as:

- Students entering low-paying, but socially beneficial fields, such as teaching and social work;
- Students majoring in math and science;
- Students who graduate “on time;”
- First-generation college students who might be reluctant to borrow out of fear of defaulting; or
- Middle-income families with unmet need.

4. Help curb college costs.

Housing is a key component of the student budget. Efforts to create affordable housing near campuses would reduce the financial strain on students. These efforts might include building new dormitories or could involve schools partnering with private apartment developers to promote low-cost units within the vicinity of college campuses.

Required textbook costs have risen sharply in recent years. Schools can do more to minimize the burden of these costs by:

- Encouraging faculty to release syllabi earlier to allow students more time to comparison shop;
- Providing links to on-line discount book sellers; and
- Promoting common sense balancing of textbook selection with sensitivity to student cost concerns, without compromising instructional goals.

Transportation costs are another source of expense to students. Low-cost transportation options, such as assistance in paying for public bus and light-rail passes; discount toll road tags; and promotion of car sharing and carpooling — even free classes on simple car maintenance — can make going to college more affordable.

5. Promote financial literacy.

The transition from high school to college can be eased through financial literacy classes designed to educate students concerning the use of consumer credit, financial services, student aid, and student loans. Classes could also promote frugality by training students how to live inexpensively.

6. Closely monitor developments in federal student aid policy.

The federal government is by far the primary source of student aid in Texas. Monitoring federal student aid policy will facilitate coordination between state and federal policies. Communicating with federal policymakers concerning the impact of their decisions on the ability of Texas students to earn degrees would be a valuable way to underscore the interdependence between the federal government the State of

Texas. For example, strengthening the Leveraging Educational Assistance Grant Program (LEAP), which matches state grant dollars with federal incentive money, could maximize need-based aid for Texas students.

Further research

Texas has a wealth of untapped data that could be analyzed to better track the outcomes of higher education policy. The report's estimate of lost bachelor degrees relied on a national longitudinal database that is updated only sporadically. Many of the relevant data fields, however, reside in Texas state agency databases, particularly those administered by the Texas Education Agency (TEA) and the Texas Higher Education Coordinating Board (THECB). These data are not usefully linked for data analysis and current policy at THECB restricts access to both detailed data (with personal identifiers removed) and summary data. With access to these data, TG could:

- Annually track cohorts of high school graduates to determine the degree to which college-qualified graduates experience financial barriers to earning bachelor degrees.
- Monitor the impact of unmet need on the ability of college students to graduate.
- Assess the impact of debt burden on student persistence.
- Examine the student success outcomes of financial aid recipients who delay enrollment or attend part-time.
- Analyze financial barriers by geographic regions and legislative districts in Texas.

Analyzing institutional data from TG, TEA, and THECB can produce many useful insights. Gaps in the data, however, prevent the state from fully understanding important aspects of college affordability. These gaps can be bridged with supplemental surveys and/or qualitative research, such as:

- A survey of financial aid recipients to monitor their post-college experience (e.g., employment history and geographic dispersion).
- A survey of actual housing expenses of college students. Housing is a major cost to students, but the current estimates tend to be made with varying degrees of confidence.
- Focus groups with college-qualified students who failed to earn a degree. These groups could provide information about students' assessment of college costs, knowledge of financial aid, and the factors prompting them to leave college without earning a degree.

TG intends to further refine an analytical approach to this legislative charge. TG will seek opportunities to bring relevant information on the student aid programs in Texas to the attention of the Legislature. We continue to hope that other state agencies will recognize the significance of sharing data and the opportunities that are possible through meaningful collaboration.

Conclusion

Higher education can be the state's "guardian genius of our democracy," producing well-educated, highly skilled citizens who can make Texas a safer, more financially secure place to live. To accomplish this goal, higher education must be made accessible to capable, well-prepared students regardless of the level of their parents' income.

This report has outlined a few measures the state can adopt to improve affordability. However, opening up access to college cannot be done by Texas state government alone; state officials have a stake in the higher education policies of the federal government and should advocate for federal policies that help remove barriers to higher education.

Institutions can also help. Controlling costs, simplifying their admissions process, and increasing their graduation rates will help Texas produce the number of bachelor degrees needed to fuel a high-wage economy.

Barriers to higher education are not insurmountable. The profound accomplishment in academically preparing Texas high school graduates for college attests to the efficacy of state policy to respond to significant challenges. Financial barriers currently undermine this good work, but can be effectively addressed by the State of Texas working in concert with the federal government and the private sector.

Appendix

Overview of federal and Texas
financial aid programs

Federal Programs

Pell Grants

- Type of Aid: Grant
- Need Requirement: Yes
- Merit Requirement: No
- Other Requirements: Pell grants are usually awarded to undergraduate students who have not already earned a bachelor's degree or higher. The student must be a U.S. citizen or eligible non-citizen and must make satisfactory academic progress to receive future grants.
- Award Amount: The maximum amount is \$4,050. The actual amount a student gets is determined by program funding, financial need, costs to attend school, full- or part-time status, amount of expected family contribution, and plans to attend school for the full academic year or less.
- Funding: The grant is funded by federal appropriations.
- Statistics: In Texas in 2004-2005, 359,657 students received a total of \$881,217,238 in Pell grants, or an average of \$2,450 per person.

Federal Supplemental Educational Opportunity Grant (FSEOG)

- Type of Aid: Grant
- Need Requirement: Yes
- Merit Requirement: No
- Other Requirements: The grant is awarded first to Pell grant recipients with the lowest expected family contributions. The student must be a U.S. citizen or eligible non-citizen and must make satisfactory academic progress to receive future grants. The student must be enrolled at least half time.
- Award Amount: The grant award is between \$100 and \$4,000 per year, depending on when you apply, your financial need, the funding at your school, and your school's financial aid policies.
- Funding: The grant is funded by federal appropriations.
- Statistics: In Texas in 2004-2005, 74,367 students received a total of \$57,447,245, or an average of \$772 per person, in FSEOG.

The Academic Competitiveness Grant

- Type of Aid: Grant
- Need Requirement: Yes
- Merit Requirement: Yes
- Other Requirements: The student is required to be a U.S. citizen, a Pell grant recipient, and be attending full time. The student is required to have completed a rigorous high school curriculum, including the Distinguished Achievement Diploma, the State Scholars program, a set of courses similar to the State Scholars program, or taking at least two Advanced Placement or International Baccalaureate classes in high school and passing the exams for them. The grant can be awarded to either first year students who graduated from high school after January 1, 2006, and are enrolled in higher education for the first time, or second year students who graduated from high school after January 1, 2005, and have at least a 3.0 GPA. Texas' Distinguished Achievement Diploma is recognized as a rigorous secondary school program.

- Award Amount: The grant award can be up to \$750 for first year undergraduate students and up to \$1,300 for second year undergraduate students. The amount of the grant plus the Pell grant cannot exceed the cost of attendance.
- Funding: The grant is funded by federal appropriations.
- Statistics: The program only became available after July 1, 2006, so there are no statistics yet.

The National Science and Mathematics Access to Retain Talent (SMART) Grant

- The National Science and Mathematics Access to Retain Talent (SMART) Grant
- Type of Aid: Grant
- Need Requirement: Yes
- Merit Requirement: Yes
- Other Requirements: The student is required to be a U.S. citizen, a Pell grant recipient, and be attending full time at a four-year degree-granting institution. The student must major in physical, life, or computer science, engineering, mathematics, technology, or a critical foreign language to receive the grant. The grant can be awarded to students who are in their third or fourth year of undergraduate study, who have at least a 3.0 GPA.
- Award Amount: The award can be up to \$4,000 per year. The amount of the grant plus the Pell grant cannot exceed the cost of attendance.
- Funding: The grant is funded by federal appropriations.
- Statistics: The program only became available after July 1, 2006, so there are no statistics yet.

Federal Work-Study (FWS)

- Type of Aid: Work-Study
- Need Requirement: No
- Merit Requirement: No
- Other Requirements: The aid can go to undergraduate or graduate students.
- Award Amount: The part-time jobs are awarded depending on financial need, the amount of other aid received, and the availability of funds at the school.
- Funding: The work-study program is funded by federal appropriations.
- Statistics: In Texas in 20004-2005, 31,980 students received a total of \$52,065,381, or an average of \$1,628 per person, in federal work study money.

Federal Perkins Loan

- Type of Aid: Loan
- Need Requirement: Yes
- Merit Requirement: No
- Other Requirements: The student must be attending college at least half time as either an undergraduate or a graduate student. This loan may be used at public and private, non-profit colleges and universities in Texas and in other states. Repayment begins nine months after graduation, leaving school, or dropping below half-time.
- Award Amount: The award can be for a maximum of \$4,000 per year for undergraduates (aggregate of \$20,000) and a maximum of \$6,000 per year for graduate students (aggregate of \$40,000).

- Funding: The loan is funded by federal appropriations.
- Statistics: In Texas in 2004-2005, 18,771 students received a total of \$49,214,426, or an average of \$2,622 per person, in Perkins loan money.

Subsidized Stafford Loan

- Type of Aid: Loan
- Need Requirement: Yes
- Merit Requirement: No
- Other Requirements: The student must be attending college at least half time as either an undergraduate or a graduate student. Loans may be used at public or private, non-profit colleges or universities.
- Award Amount: First year undergraduate: \$2,625; Second year undergraduate: \$3,500; Third year and remaining undergraduate years: \$5,500; Graduate: \$8,500 per year; Aggregate limit for undergraduates: \$23,000; Aggregate limit for graduate students: \$65,500. This loan may be taken out through the Federal Family Education Loan Program (FFELP) or the Direct Loan (DL) Program. The federal government pays the interest while the student is in school, during the grace period, and during authorized periods of deferment.
- Funding: The loan is funded by federal appropriations.
- Statistics: In Texas in 2003-2004, 254,214 students received a total of \$1,004,832,067 in FFELP subsidized loans. In Texas in 2003-2004, 15,262 students received a total of \$57,831,172 in DL subsidized loans.

Unsubsidized Stafford Loan

- Type of Aid: Loan
- Need Requirement: No
- Merit Requirement: No
- Other Requirements: The student must be attending college at least half time. Loans may be used at public or private, non-profit colleges or universities.
- Award Amount: First year undergraduate: \$6,625; Second year undergraduate: \$7,500; Third year and remaining undergraduate years: \$10,500; Graduate: \$18,500 per year; Aggregate limit for undergraduates, including subsidized amounts: \$46,000; Aggregate limit for graduate students, including subsidized amounts: \$138,500. This loan may be taken out through the Federal Family Education Loan Program (FFELP) or the Direct Loan (DL) Program. The interest accrues while the borrower is in school, during the grace period, and during deferments. The borrower does not need to make payments during these periods, but will be responsible for the payment of this interest when in repayment.
- Funding: The loan is funded by federal appropriations.
- Statistics: In Texas in 2003-2004, 181,395 students received a total of \$886,491,011 in FFELP unsubsidized loans. In Texas in 2003-2004, 8,628 students received a total of \$48,400,693 in DL unsubsidized loans.

PLUS Loan

- Type of Aid: Loan
- Need Requirement: No
- Merit Requirement: No
- Other Requirements: The student must be attending college at least half time. The parents, or other endorser, must have good credit.
- Award Amount: The amount of PLUS loans awarded varies, but the amount of PLUS combined with all other aid received cannot exceed the total cost of attendance. Repayment typically begins 60 days after the last disbursement has been given. The interest begins accruing immediately. This loan may be taken out through the FFELP or the DL program.
- Funding: The loan is funded by federal appropriations.
- Statistics: In Texas in 2003-2004, the parents of 17,826 students received a total of \$147,798,560 in PLUS loans.

Graduate/Professional PLUS Loan

- Type of Aid: Loan
- Need Requirement: No
- Merit Requirement: No
- Other Requirements: The student must be attending graduate or professional school at least half time, and must have good credit (or have an endorser with good credit). If borrowing through the Federal Family Education Loan Program (FFELP), the student must have applied for the maximum subsidized and unsubsidized Stafford loan before they can apply for a Graduate/Professional PLUS loan. If borrowing through the Direct Loan (DL) Program, the student may choose to apply for a Graduate/Professional PLUS loan without applying for any Direct subsidized or unsubsidized student loans.
- Award Amount: The amount of Graduate/Professional PLUS loans awarded varies, but the amount of grad PLUS combined with all other aid received cannot exceed the total cost of attendance. Repayment typically begins 60 days after the last disbursement has been given, but the student may be able to obtain an in-school deferment if they are still attending school when repayment is set to begin. The interest begins accruing immediately. This loan may be taken out through the FFELP or the DL Program.
- Funding: This loan is funded by federal appropriations.
- Statistics: This loan only became available after July 1, 2006, so no statistics are available yet.

Robert C. Byrd Scholarship (BYRD)

- Type of Aid: Scholarship
- Need Requirement: No
- Merit Requirement: Yes
- Other Requirements: The student must be a U.S. citizen or eligible non-citizen, a Texas resident, and in the top 10 percent of their class. The student must be currently a graduating senior in high school or completing GED certification during the award year. The scholarship may be used at public or private, non-profit colleges or universities in or out of Texas. The student is nominated for the scholarship by their high school counselor or the GED center director.

- Award Amount: The scholarship is for a maximum of \$1,500 per year for up to four years. Applicants are selected based on GPA, class rank, and scores on college entrance exams.
- Funding: The scholarship is federally funded and state-administered.
- Statistics: In Texas in 2004-2005, 4,079 students received a total of \$3,033,875, or an average of \$744 per person, in scholarship money.

Texas Programs

B-On-Time Loan

- Type of Aid: Loan
- Need Requirement: Yes
- Merit Requirement: Yes
- Other Requirements: The student must have a certain required curriculum, be a Texas resident, be attending college full-time as an undergraduate, and maintain at least a 2.5 GPA. The student must have graduated in the 2002-2003 academic year or later. People who have earned Bachelor's degrees are not eligible for this loan program. A student may not receive this loan for more than 150 credit hours.
- Award Amount: four-year institutions: \$2,375 per semester (\$4,750 per year); two-year colleges: \$735 per semester (\$1,470 per year); public technical colleges: \$1,325 per semester (\$2,650 per year). This loan may be forgiven entirely if the student receives an undergraduate degree or certificate from an eligible institution and the student either graduated with a GPA of at least 3.0 within four years of enrollment in a four-year institution (or within five years for certain degree programs) or two years after enrollment in a two-year institution; or the student graduated with a GPA of at least 3.0 with a total number of credit hours that is no more than six hours beyond what is required to complete the degree or certificate. The forgiven loans must be reported to the IRS as taxable income.
- Funding: The loan is funded by a state funded program/THECB.
- Statistics: In Texas in 2004-2005, 1,221 students received a total of \$3,785,042, or an average of \$3,100 per person, in B-on-Time loans

Hinson-Hazlewood College Access Loan Program (CAL)

- Type of Aid: Loan
- Need Requirement: No
- Merit Requirement: No
- Other Requirements: The student must be a Texas resident, must be attending college at least half-time, and must make satisfactory academic progress. The student must have a cosigner with good credit who is at least 21, not the borrower's spouse, is a U.S. citizen, and has a regular source of income.
- Award Amount: The loan award can be up to the cost of attendance minus all other financial aid. THECB services the loan from origination to full repayment. Repayment begins after a six-month grace period.
- Funding: The loan is funded by a state funded program/THECB.
- Statistics: In Texas in 2004-2005, 7,513 students received a total of \$43,420,156, or an average of \$5,779 per person, in CAL.

Hinson-Hazlewood Health Education Loan Program (HELP)

- Type of Aid: Loan
- Need Requirement: No
- Merit Requirement: No
- Other Requirements: The student must be a permanent U.S. resident, a Texas resident, must attend college at least half-time in certain fields of study (see Award Amount below), and must make satisfactory academic progress. The student must have good credit or have a payment guarantor with good credit who is at least 21, not the borrower's spouse, is a U.S. citizen, and has a regular source of income.
- Award Amount: Pharmacy, Public Health, Nursing, Allied Health: maximum \$12,500 per year, aggregate of \$50,000; All other programs: maximum of \$20,000 per year, aggregate of \$80,000. THECB services the loan from origination to full repayment; repayment begins 9 months after the student ceases to be enrolled full-time in an eligible institution.
- Funding: The loan is funded by a state funded program/THECB.
- Statistics: In Texas in 2004-2005, 67 students received a total of \$234,805, or an average of \$3,505 per person, in HELP/HEAL.

Texas College Work-Study Program (TCWSP)

- Type of Aid: Work-Study
- Need Requirement: Yes
- Merit Requirement: No
- Other Requirements: The student must be a Texas resident attending a public or private, non-profit, college at least half-time. The student must complete the FAFSA to apply. The school financial aid office will notify students if they are eligible.
- Award Amount: The award amount varies by financial need.
- Funding: The loan is funded by a state funded program/THECB.
- Statistics: In Texas in 2004-2005, 5,444 students received a total of \$6,286,514, or an average of \$1,155 per person, in Texas college work-study money.

Leveraging Educational Assistance Partnership Program (LEAP)

- Type of Aid: Grant
- Need Requirement: Yes
- Merit Requirement: No
- Other Requirements: The student must be a U.S. citizen, a Texas resident, and attending a public or private university as an undergraduate. The student must complete the FAFSA to apply. The school financial aid office will notify students if they are eligible.
- Award Amount: The grant is for up to \$5,000, but no more than the student's financial need.
- Funding: The grant is federally funded and state-administered.
- Statistics: In Texas in 2004-2005, 2,994 students received a total of \$1,762,823, or an average of \$589 per person, in LEAP awards.

Towards EXcellence, Access, and Success (TEXAS) Grant

- Type of Aid: Grant
- Need Requirement: Yes
- Merit Requirement: Yes
- Other Requirements: The student must have completed the Recommended High School Program or the Distinguished Achievement Program in high school and must be a Texas resident. The student must enroll in a public college/university in Texas within 16 months of high school graduation, and have accumulated no more than 30 credit hours (not including dual enrollment, AP, IB, or CLEP), or have earned an associate's degree from a public college in Texas no earlier than May 1, 2001 and enroll in any public university in Texas no more than 12 months after receiving the associate's degree. The student must maintain at least a 2.5 GPA. The student can continue to receive the grant for up to 150 semester credit hours, up to 5 years or until receiving a Bachelor's degree, whichever comes first.
- Award Amount: The award amount varies.
- Funding: The grant is funded by state general fund appropriations.
- Statistics: In 2004-2005, 59,992 students received a total of \$168,144,503, or an average of \$2,803 per person, in TEXAS grants.

Texas Educational Opportunity Grant (TEOG) Program (formerly TEXAS Grant II)

- Type of Aid: Grant
- Need Requirement: Yes
- Merit Requirement: No
- Other Requirements: The student must be a Texas resident attending college at least half time and be in the first 30 hours of their certificate or associate's degree program. The student must be enrolled in a public two-year college in Texas, have not been granted an associate's or bachelor's degree, and, if applying for a first-time award, have a family contribution of no more than \$2,000. The student must maintain at least a 2.5 overall GPA to be eligible for future grants. Students can receive the award for up to 75 credit hours, four years, or until they receive an associate's degree, whichever comes first.
- Award Amount: The award amount, including state and institutional funds, is equal to the student's tuition and required fees. For 2006-2007, this is an average of \$2,375 per semester for public state colleges, \$735 per semester for community colleges, and \$1,325 per semester for technical colleges.
- Funding: The grant is funded by state general fund appropriations.
- Statistics: In 2004-2005, 4,586 students received a total of \$4,840,608, or an average of \$1,056 per person, in grant money.

Texas Public Educational Grant (TPEG)

- Type of Aid: Grant
- Need Requirement: Yes
- Merit Requirement: No
- Other Requirements: The student must be attending a Texas public institution at least half-time. The student is not required to be a Texas resident. The student must be attending a Texas public college. Awards can be made to

undergraduates or graduate students. The student must complete the FAFSA to apply. The school financial aid office will notify students if they are eligible.

- Award Amount: Each institution can set its own maximum award amounts, but the individual award cannot be more than the student's financial need.
- Funding: The grant is a state funded program/THECB. A portion of public institution tuition is used to fund this program.
- Statistics: In 2004-2005, 102,772 students received a total of \$112,083,441, or an average of \$1,091 per person, in TPEG.

Tuition Equalization Grant Program (TEG)

- Type of Aid: Grant
- Need Requirement: Yes
- Merit Requirement: No
- Other Requirements: The student must be attending college full-time and either be a Texas resident or a non-resident National Merit Finalist. The student must be enrolled in a private, non-profit college or university in Texas and are required to pay more tuition than would be required to attend a public institution. The student must maintain a GPA of at least 2.5 and complete at least 24 credit hours per year (18 for graduate students) to remain eligible for future awards. The student must not be receiving an athletic scholarship. The student must complete the FAFSA to apply. The school financial aid office will notify students if they are eligible.
- Award Amount: The grant pays up to \$3,444 per year, but awards may not exceed the student's financial need or the amount of tuition the student is paying in excess of what they would pay at a public institution. Students with expected family contributions of \$1,000 or less can receive up to \$5,166 in a given year.
- Funding: The grant is a state funded program/THECB.
- Statistics: In 2004-2005, 26,225 students received a total of \$70,471,710, or an average of \$2,687 per person, in TEG.

Other Texas Aid

- Educational Aide Exemption (<http://www.collegefortexans.com/paying/edaide.cfm>)
- Federal Teacher Quality Enhancement Scholarships from the U.S. Department of Education (<http://www.ed.gov/programs/heatqp/resources.html>)
- Marine Corps Foundation Scholarship (<http://www.mcsf.com/site/c.ivKVLAMTIuG/b.1677655/k.BEA8/Home.htm>)
- Early High School Graduation Scholarship (<http://www.collegefortexans.com/cfbin/tofa2.cfm?ID=133> or <http://www.collegefortexans.com/cfbin/tofa2.cfm?ID=225>)
- Education and Training Vouchers for Youths Aging Out of Foster Care (<http://www.collegefortexans.com/cfbin/tofa2.cfm?ID=142>)
- Fifth Year Accounting Student Scholarship (<http://www.collegefortexans.com/cfbin/tofa2.cfm?ID=7>)
- Kenneth H. Ashworth Fellowship Program (<http://www.collegefortexans.com/cfbin/tofa2.cfm?ID=70>)

- Professional Nursing Scholarships (<http://www.collegefortexans.com/cfbin/tofa2.cfm?ID=11>)
- Rural Emergency Medical Services Scholarship Incentive Program (<http://www.collegefortexans.com/cfbin/tofa2.cfm?ID=86>)
- Texas Health Service Corps Program: Stipends for Resident Physicians (<http://www.collegefortexans.com/cfbin/tofa2.cfm?ID=88>)
- Vocational Nursing Scholarships (<http://www.collegefortexans.com/cfbin/tofa2.cfm?ID=12>)
- Institutional Grants and Scholarships (<http://www.collegefortexans.com/cfbin/tofa.cfm?Kind=IGS>)
- Texas Tomorrow Funds (<http://www.texastomorrowfunds.org/>)
- Tax Credits (<http://www.collegefortexans.com/cfbin/tofa.cfm?Kind=TX>)
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- ⁸ Patricia M. McDonough, *The School-to-College Transition: Challenges and Prospects*, American Council on Education (December 2004), http://www.acenet.edu/bookstore/pdf/2004_IPtransitions.pdf.
- ⁹ While more high school students may be taking college preparatory courses, no reliable method exists to allow TG to assess the rigor of these classes.
- ¹⁰ Texas Education Agency. November 1998. "Texas State Graduation Requirements: A Comparison of Graduation Plans for Students Entering Grade 9 in 1994-95, 1995-96, and 1996-97; 1997-98; and 1998-99 and Thereafter, Recommended High School Programs" (November 1998), <http://www.tea.state.tx.us/teks/handbook/9CCh74Gr9in9498Rec.PDF#xml=http://www.tea.state.tx.us/cgi/tehis/webinator/search/xml.txt?query=%22A+comparison+of+graduation+plans%22&db=db&id=88f1b0d0b011b682>.
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- ¹⁶ High school graduates with either the Recommended or Distinguished diploma
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- ² Students defined as economically disadvantaged are those individuals who demonstrate either eligibility for: 1) free meals under national guidelines; 2) reduced meals under the same national guidelines; and/or 3) other specific governmental assistance programs requiring financial need.
- ³ Texas Education Agency and Texas Higher Education Coordinating Board, Ad Hoc Report on Characteristics of Economically and Non Economically Disadvantaged Students in Texas
Note: High school graduates with either the Recommended or Distinguished diploma
- ⁴ Advisory Committee on Student Financial Assistance, *Mortgaging Our Future: How Financial Barriers to College Undercut America's Global Competitiveness* (September 2006), 15, <http://www.ed.gov/about/bdscomm/list/acsfa/mof.pdf>.
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- ⁷ Advisory Committee on Student Financial Assistance, *Mortgaging Our Future*, 7-8
- ⁸ The ACSFA also looked at high school graduates who took Trigonometry. Since Trigonometry is not a part of the Texas Required High School Program or the Distinguished Achievement Program curriculum, we did not try to replicate this aspect of the ACSFA's analysis.
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- ¹⁴ "I worked my way through college, you should too", *Postsecondary Education Opportunity*, Number 125 (November 2002), 11, www.postsecondary.org.
- ¹⁵ Ibid.
- ¹⁶ Based on 2002-2003 total cost of education in Texas from IPEDS: \$13,069 at public four-year schools, \$9,739 at public two-year schools, and \$23,138 at private four-year schools. The dollar per hour given is the amount a full-time student with no other financial aid would need to pay for the total cost of two semesters of school, working every week of the year, and including the 6.2 percent taken out for Social Security.

Chapter 8

- ¹ The costs reported in this paper are weighted by the full-time undergraduate enrollment at the schools, so that the schools with larger enrollments are given a greater presence in the overall average. This is intended to better represent the true costs for the average student attending a Texas institution of higher education. Weighted costs were calculated from IPEDS data using the average costs at each school weighted by its total full-time undergraduate enrollment.
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