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Total Student Financial Aid in Texas Academic Year 2006–2007

Federal Programs

| Grants | Amount | Percent of Total Aid |
|-----------------------------|------------------------|----------------------|
| Pell | \$980,367,163 | 16.5% |
| SEOG | \$60,814,777 | 1.0% |
| ACG | \$20,204,037 | 0.3% |
| SMART | \$9,913,929 | 0.2% |
| Total Federal Grants | \$1,071,299,906 | 18.0% |

Loans

| | | |
|----------------------------|------------------------|--------------|
| Perkins Loans | \$52,689,182 | 0.9% |
| FFELP | \$3,585,361,134 | 60.2% |
| Direct Lending | \$208,053,232 | 3.5% |
| Total Federal Loans | \$3,846,103,548 | 64.6% |

| | | |
|--------------------------|------------------------|--------------|
| Total Federal Work-Study | \$48,810,629 | 0.8% |
| Total Federal Aid | \$4,966,214,083 | 83.4% |

State Programs

| | | |
|------------------------|----------------------|-------------|
| State Loans | \$121,024,861 | 2.0% |
| State Grants | \$299,771,581 | 5.0% |
| State Work Study | \$6,472,634 | 0.1% |
| Total State Aid | \$427,269,076 | 7.2% |

Institutional Programs

| | | |
|--------------------------------|----------------------|-------------|
| TPEG grant | \$129,340,225 | 2.2% |
| Private Institutional Grants | \$429,818,427 | 7.2% |
| Total Institutional Aid | \$559,158,652 | 9.4% |

Total Student Aid in Texas \$5,952,641,811 100.0%

Sources: Private Grants: Independent Colleges and Universities of Texas (ICUT), "Annual Statistical Report 2008;" State Aid and TPEG: Texas Higher Education Coordinating Board (THECB), "2007 Benton Report" (unpublished tables); Federal Aid: U.S. Department of Education, Office of Postsecondary Education, Ad Hoc Requests (2008)

This handout is an updated snapshot of the 2006 TG report "Ready, Willing, and Unable: How Financial Barriers Obstruct Bachelor-Degree Attainment in Texas." This report draws heavily on methodology used in the 2006 Advisory Committee on Student Financial Assistance (ACSFA) report, "Mortgaging our Future."

This and other TG reports can be found on TG's corporate Web site (www.tgslc.org), including:

- The Toughest Test: The Student Loan Liquidity Crisis of 2007–08 in Texas (2008)
- State of Student Aid and Higher Education in Texas (2008)
- School Fact Sheets (2008)
- Legislative Fact Sheets (2008)
- Risk Factors for Dropping Out: Examining State and Regional Difficulties (2006)
- Risk Factors for Dropping Out: Comparing the Southwest to the Nation (2006)
- Risk Factors for Dropping Out: Comparing Texas to the Nation (2006)



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For more information, contact Jeff Webster, TG Assistant Vice President for Research and Analytical Services, at (800) 252-9743 ext. 4504, or jeff.webster@tgslc.org.

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Ready, Willing, and Unable: How Financial Barriers Obstruct Bachelor Degree Attainment in Texas 2009 Update

In 2006, TG issued a report entitled "Ready, Willing and Unable: How Financial Barriers Obstruct Bachelor Degree Attainment in Texas". Drawing on a report by the Advisory Committee on Student Financial Assistance, which projected the number of bachelor degrees lost nationally due to financial barriers, "Ready, Willing and Unable" applied a similar methodology to the Texas population. The resulting projection was 47,000 lost bachelor degrees in Texas due to financial barriers. These estimates were based on college going and completion rates, as reported by the National Center for Education Statistics, in a 2002 longitudinal study. Follow-up surveys indicate that low- and moderate-income, academically qualified students are choosing four-year schools over two-year schools at a much lower rate than before (40 percent versus 54 percent). Because students who start at a two-year school are less likely to earn a four-year degree than those who begin their college careers at a four-year school, the projection for lost bachelor degrees has risen from 47,000 up to 52,800.

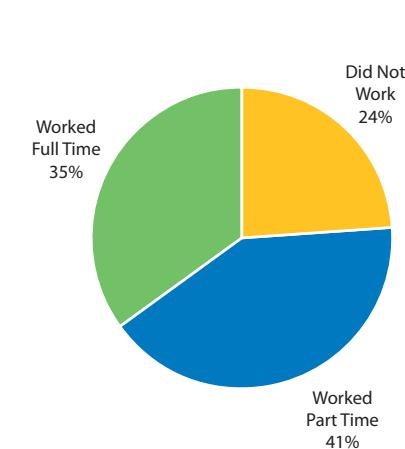
Major Findings: Financial Barriers

- An estimated 52,800 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 earn a bachelor's degree by 2012 if they are able to earn degrees at the same rates as their equally qualified higher-income classmates.
- The lack of affordability is felt among a broad spectrum of families. Thirty-four percent of the estimated 52,800 lost degrees are likely to occur among students whose parents earn between \$35,000 and \$74,999. Eight percent of the degrees projected to be lost due to financial barriers will come from students whose families make between \$75,000 and \$99,999.
- Of the students who took college preparatory classes, only 27 percent of students with incomes under \$35,000 are projected to earn a bachelor's degree, while 72 percent of students with incomes over \$100,000 are expected to graduate with their bachelor's degree by 2012.

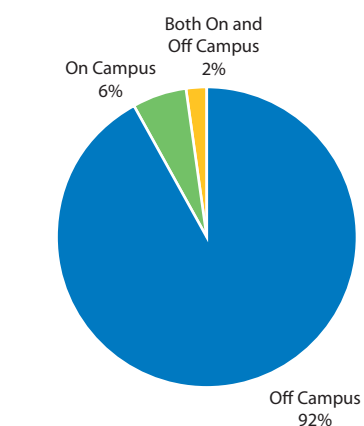
Important caveat: Having taken an Algebra II class is our proxy for college qualified. This is only one among several required courses that comprise the Texas college prep curriculum. We have no access to data showing differences in the quality of instruction provided in this class by the income of the student. If differences exist, this might alter the projection of lost degrees.

Financial concerns can force students to make decisions that may have a detrimental effect on their persistence. Working full-time while enrolled and going to school part-time are two risk factors for dropping out of college, according to U.S. Department of Education. The following charts illustrate the percentage of Texas undergraduates who have these risk factors.

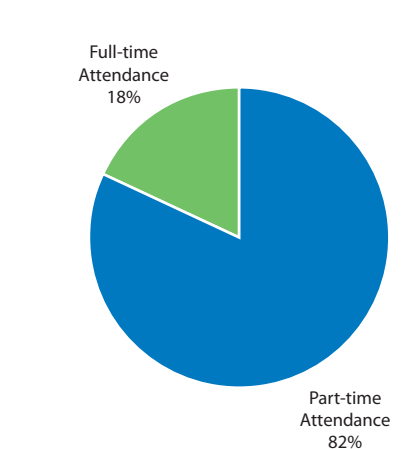
Percent of Texas Undergraduates who Worked While Enrolled, 2003–2004*



Location of Job for Undergraduates Who Worked While Enrolled, 2003–2004



Attendance Intensity for Undergraduates Who Worked Full Time While Enrolled, 2003–2004



*Note: Average of 31 hours per week for those students who worked

Source for Pie Charts: U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS) 2004.

Texas 2006–07 High School Graduates by Diploma Type, Family Economic Status, Enrollment Status, and Ethnicity in Texas Higher Education in Fall 2007

| | Type of Diploma | Percent Enrolled in College | Total |
|--------------------------------|-----------------|-----------------------------|--------|
| Economically Disadvantaged | Minimum | 16 | 3,429 |
| | College Prep* | 48 | 28,889 |
| Not Economically Disadvantaged | Minimum | 27 | 8,468 |
| | College Prep* | 64 | 81,700 |

Graduating with a College Prep high school diploma increases your chance for enrolling in a Texas college. Yet enrollment rates vary for equally qualified students based on the income earned by their parents.

| | Type of Diploma | Percent Enrolled Two-year | Percent Enrolled Four-year |
|--------------------------------|-----------------|---------------------------|----------------------------|
| Economically Disadvantaged | Minimum | 87 | 13 |
| | College Prep* | 55 | 45 |
| Not Economically Disadvantaged | Minimum | 88 | 12 |
| | College Prep* | 43 | 57 |

College choice appears to be influenced by both income and level of academic preparedness. College-qualified economically disadvantaged students choose two-year schools over four-year schools more frequently than their peers.

| | | Percent Enrolled in College | Number Enrolled in College |
|--------------------------------|------------------|-----------------------------|----------------------------|
| Economically Disadvantaged | Hispanic | 39 | 19,867 |
| | African American | 40 | 5,983 |
| | White | 36 | 4,991 |
| | Other | 61 | 1,477 |
| Not Economically Disadvantaged | Hispanic | 48 | 16,869 |
| | African American | 50 | 8,569 |
| | White | 61 | 59,630 |
| | Other | 63 | 5,100 |

Even among differing ethnicities, financial barriers exacerbate the disparities in enrollment that already exist between ethnic groups.

*Note: High school graduates with either the Recommended or Distinguished diplomas
Source: Texas Higher Education Coordinating Board, Ad Hoc Report (2008)

Estimated Texas 2003–04 High School Graduates by Family Income
By College Preparedness, Bachelor's Degree Attainment, and Estimated Loss Degrees

| 2003 Family Income | 2004 TX HS Graduates # | 2004 TX HS Graduates % | College Prep (Algebra II) | | College Prep and Projected to Earn a BA Degree by 2012 | | Projected Loss of BA Degrees Due to Financial Barriers | |
|----------------------|------------------------|------------------------|---------------------------|---------|--|--------|--|-----------|
| | | | Yes | | Yes | | Method #1 | Method #2 |
| | | | % | # | % | # | | |
| Under \$35,000 | 101,600 | 42% | 66% | 67,000 | 27% | 18,000 | 30,300 | 20,900 |
| \$35,000 to \$74,999 | 77,100 | 32% | 75% | 57,800 | 41% | 23,400 | 18,200 | 10,100 |
| \$75,000 to \$99,999 | 35,600 | 15% | 84% | 29,900 | 58% | 17,300 | 4,300 | |
| \$100,000 and over | 25,500 | 11% | 90% | 22,900 | 72% | 16,400 | | |
| Grand total | 239,716* | 100% | — | 177,600 | — | 75,100 | 52,800 | 31,000 |

Over 40% of 2004 Texas high school graduates come from families with incomes of less than \$35,000.

Economically disadvantaged students not only enroll in college at different rates, but earn degrees at different rates (27% in low-income group and 72% in highest income group).

Financial barriers also exist for middle-income students, and approximately 4,300 lost degrees are represented by this income group.

Method #2 defines the financial barrier more conservatively, using the degree attainment rate of middle-income students as the benchmark, instead of the rate of high-income students.

This number excludes high school dropouts, some of whom may eventually enroll in postsecondary education.

The state of college preparedness varies by family income for Texas 2004 high school graduates. While an estimated 90 percent of high-income graduates were college prepared, approximately 66 percent of low-income graduates had taken college preparatory classes.

Even students from middle-income families earn degrees at a lower rate than their high-income peers.

An estimated 52,800 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 earn a bachelor's degree if they had been able to go to college and persist at the same rates as their higher-income classmates.

*Note: Represents actual number from TEA, while others are estimates rounded to the nearest hundred based on a sample from NELS: 2002/06

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

Source: NCE's NELS: 2002/06 and TEA's ad hoc report, 2006