Texas Higher Education Coordinating Board

OVERVIEW

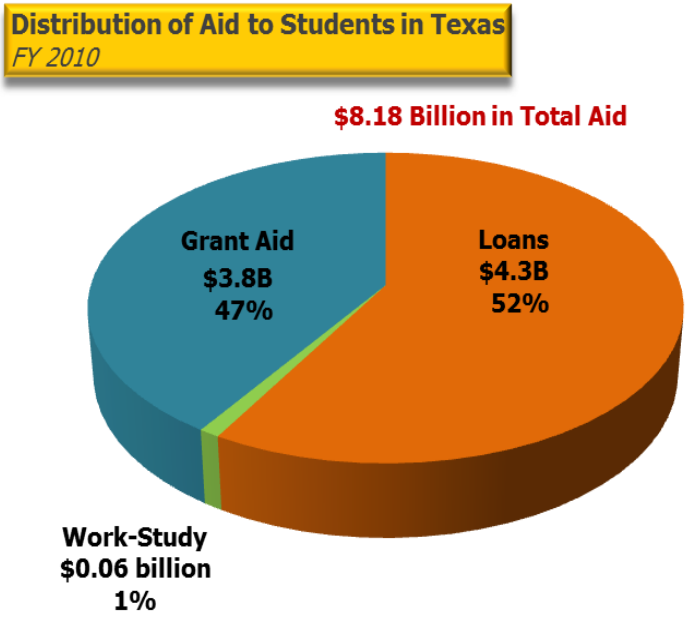
Financial Aid in Texas

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

Grants	Loans	Work-Study
• Need-based • No repayment • Examples: Toward Excellence, Access and Success Grant (TEXAS Grant), Texas Educational Opportunity Grant (TEOG)	• Less costly to state • Most costly to student, who must repay money usually with accrued interest	• Less costly to state • State or federal funds are leveraged with earnings students receive through part-time jobs, usually on campus

Distribution of Financial Aid

In FY 2010, more than 827,000 students attending higher education institutions in Texas received more than $8.18 billion in federal, state, and institutional financial aid. This represents approximately 61 percent of all students enrolled in fall 2009 at public and independent non-profit colleges and universities and 90 percent of the students who enrolled and applied for need-based aid. As depicted by the chart below, the majority (52 percent) of the aid received was in the form of loans, followed by 47 percent in grants and 1 percent in work-study. Overall, the federal government provided 73.2 percent of the aid received by Texas students.



State aid including loans, grant aid, and work-study, totaled nearly $542 million or 6.6 percent of student aid ($95 million more than in 2009 of which $44 million was growth in the TEXAS Grant program).

When comparing the average cost of attendance at each type of institution to the average resources available, costs exceed resources on average by $5,892 for students attending public universities and by $6,578 for students attending public two-year institutions. The table on the following page includes the actual dollars distributed by type and sector for FY 2010.

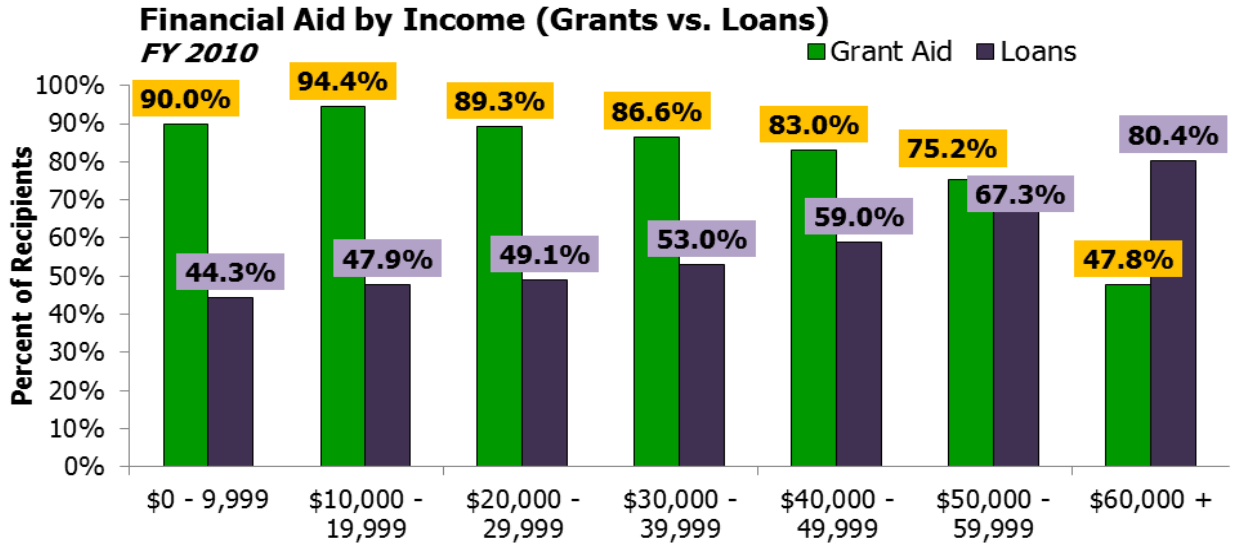
Financial Aid Distributed by Type of Aid and Institution

FY 2010 (in millions)

Texas Institution	TEXAS Grant	Other Grant Aid	Work-Study	Loans	Number of Recipients
Public Universities	$232.4	$1,487.7	$33.4	$2,518.2	364,694
Private Universities	$0.1	$863.6	$16.9	$891.6	92,290
Public Community Colleges	$38.6	$1,065.1	$16.5	$494.5	337,885
Private Two-Year Institutions	$0.0	$12.0	$0.1	$3.4	1,184
Public Health-Related Institutions	$0.2	$42.1	$0.3	$262.4	12,307
Private Health-Related Institutions	$0.0	$8.2	$0.6	$68.8	2,181
Public State Colleges	$0.9	$18.0	$0.3	$12.8	4,953
Public Technical Colleges	$2.0	$52.2	$1.0	$39.2	11,935
Total	$274.1	$3,548.8	$69.2	$4,290.8	827,429

Loans

Students on both ends of the income spectrum rely heavily on student loans to finance their education. Of the students receiving aid, 90 percent in the $0–$9,999 income range received grants and scholarships; 44 percent received loans. This contradicts the perception that most low-income students can meet the cost of education with grant aid alone. Students in the $60,000 and over income bracket received only 47 percent in grant aid; 80 percent received loans. The chart below represents the inverse relationship between income and the receipt of grants as well as the positive correlation between income and borrowing.



Financial Aid in Texas vs. the Nation, FY 2005 - 2010

During the past six years, students attending nonprofit institutions in Texas have relied more heavily on loans than have students nationwide. Two trends are occurring nationwide. First, the nationwide percentage of grant aid and loans has converged and are now roughly equivalent at approximately 50

percent. Secondly, Texas is following the national trend where the gap between grant aid (47 percent) and loans (53 percent) is closing.

Major Texas Financial Aid Programs

The major financial aid programs of the state, the requirements of each, the amount allocated, and the number of students served in FY 2010 are noted below.

Program	Eligibility	Max Amount (Per Year)	Total Spent	Total Students
TEXAS Grant	Financial Need; Complete the Texas High School Recommended Plan; Meet program academic standards	Universities & state colleges: $6,080 Community colleges: $1,780 Public technical colleges: $2,680	$274.1M	**68,119**
Texas B-On-Time Loan	Complete the Texas High School Recommended Plan; Meet program academic standards	Public and private universities: $6,080 Two-year public and private junior colleges: $1,780 Public technical colleges: $2,680	$41.9M	**8,163**
Texas Educational Opportunity Grant	Financial need and enrollment at least half-time at a two-year public institution	Community colleges: $1780 Technical colleges: $2,680	$11.9M	**7,489**
Texas Public Educational Grant	Financial need	Dependent upon both need and cost of attendance	$137.4M	**107,705**
Tuition Equalization Grant	Low to middle-income students at private, non-profit institutions	Award amount cannot exceed $3,808 per school year unless expected family contribution is less than $1,000, in which case max is $5,712	$103.7M	**27,988**
HB 3015 (78R) Tuition Set-Asides	Financial need	Varies based on financial need	$117.0M	**63,127**
Texas College Work-Study	Financial need	Varies based on financial need	$6.4M	**4,458**
Hinson-Hazlewood College Student Loan Program	Texas residents or eligible to pay in-state tuition	Up to cost of attendance less other aid	$90.8M	**9,318**

Summary of Major Financial Aid Programs

TEXAS Grant Program – The program began in 1999 and is the state's largest grant program. It encourages high school students to prepare for college by requiring recipients to have completed the Recommended or Distinguished High School Program. If recipients meet continuing eligibility requirements while in college, they are eligible for the grant for up to 150 hours, five years, or until the student acquires a bachelor's degree, whichever occurs first.

Texas B-On-Time Loan Program – Created in 2003, loans made through the program are forgiven for students who graduate "on time" and with a minimum of a "B" average. If students do not meet these criteria, the loan must be repaid at zero interest. The first full cohort of students graduated in spring 2009.

Texas Educational Opportunity Grant (TEOG) – Created for community college students in 1999, current funding of $12 million per year is woefully inadequate to meet the growing demand. Over 50 percent of first-time in college students enrolled at two-year institutions in fall 2010. A continued rise in new students enrolling in Texas higher education is expected to enroll first at two-year institutions. Less than 5 percent of eligible students receive a grant.

Texas Public Educational Grant (TPEG) Program – This program, funded through tuition set-asides and administered separately by each institution, allows financial aid officers to use the program to meet the needs of financially needy students. Only Texas public colleges and universities may participate in the program.

Tuition Equalization Grant (TEG) Program – This program is for students at private, non-profit, accredited institutions, and helps reduce the need for building additional capacity at public higher education institutions. The program's eligibility requirements for students who entered the program on or after September 1, 2005, are similar to those of the TEXAS Grant Program. To continue receiving grants, students must meet GPA and credit hour completion requirements.

HB 3015 (78R) Tuition Set-Asides – Tuition set-asides approved by HB 3015 passed by the 78th Texas Legislature in 2003 provide financial aid assistance to undergraduate and graduate students through grants, loans, and work-study. Universities are required to set aside at least 15 percent of the amount of undergraduate and graduate designated tuition charged in excess of $46 per semester credit hour. In FY 2010, over $116 million in financial aid was disbursed to over 63,000 financially needy students through HB 3015 tuition set-asides.

Texas College Work-Study (TCWSP) Program – The Texas College Work-Study Program provides part-time jobs – virtually all located on college campuses – by subsidizing employers who hire students. Through the program, state funds are leveraged with employer contributions. On average, for each dollar of state work-study funds, institutions provide $1.25. Work-study financial aid encourages student persistence, especially for students who live at home and commute to campus.

Hinson-Hazlewood College Student Loan Program – The Hinson-Hazlewood loan program offers low-interest loans to students to help them pay for college. The program is funded through the sale of general obligation bonds. (Note: the Hinson-Hazlewood loan program is not the same thing as the Hazlewood Act, which authorizes an exemption from tuition and fees for Texas Veterans).

Resources: CollegeforallTexans.com
Report on Student Financial Aid in Texas Higher Education for Fiscal Year 2010, July 2011

For More Information:
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