

Expanding access to TEXAS Grants

*A proposal to leverage TEXAS Grants
to cover academic charges for more
needy students*



TEXAS HIGHER EDUCATION
COORDINATING BOARD

Three numbers explain the **structural challenge** facing the TEXAS Grant program

88%

Percent increase in number of TEXAS Grant eligible students over last five years.

59%

Projected percent of new eligible students served by TEXAS Grants in FY 2012; lowest percentage in last five years.

\$1.4B

Funding needed over next two years to fully fund all eligible TEXAS Grant students {3x what is currently available}.

Texas must share responsibility for financial aid among the federal government, the state and institutions

The THECB Proposal will leverage federal, state, and institutional resources to:

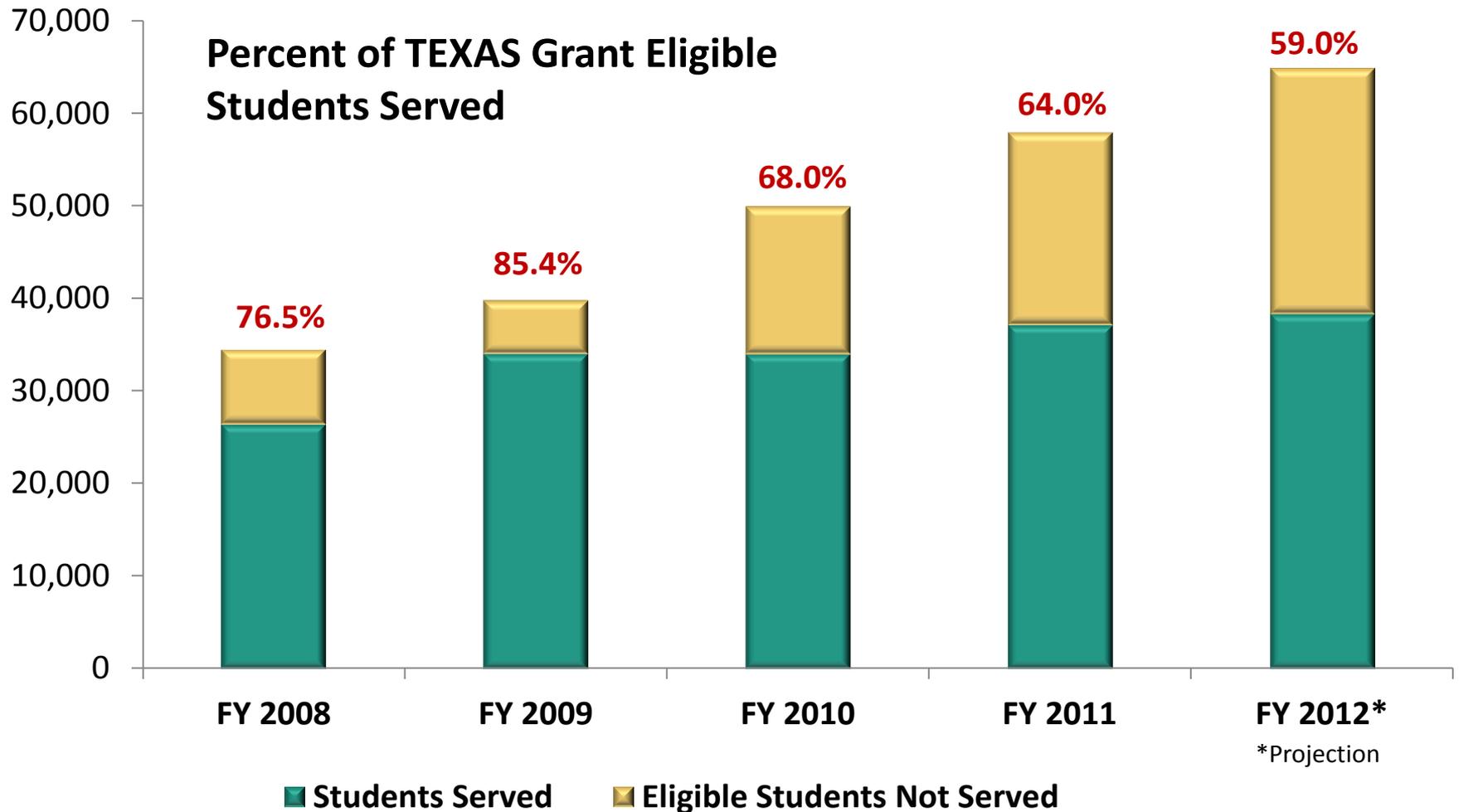
- ❖ Serve **more students** with state grant aid
- ❖ Expand the **pathway for community college transfers** to receive state grant aid
- ❖ Improve **flexibility for financial aid offices** to serve students as they deem appropriate within statewide targets.

The THECB is recommending increases to TEXAS Grant funding to expand the program...

- ✓ THECB recommends an **additional \$163.7M** in exceptional item appropriations to further expand program reach*
- ✓ This represents a **29% increase** over base appropriations in Senate Bill 1

* Amount includes \$15M contribution from TG

...unfortunately, funding is simply not keeping pace to effectively serve the growing number of needy students



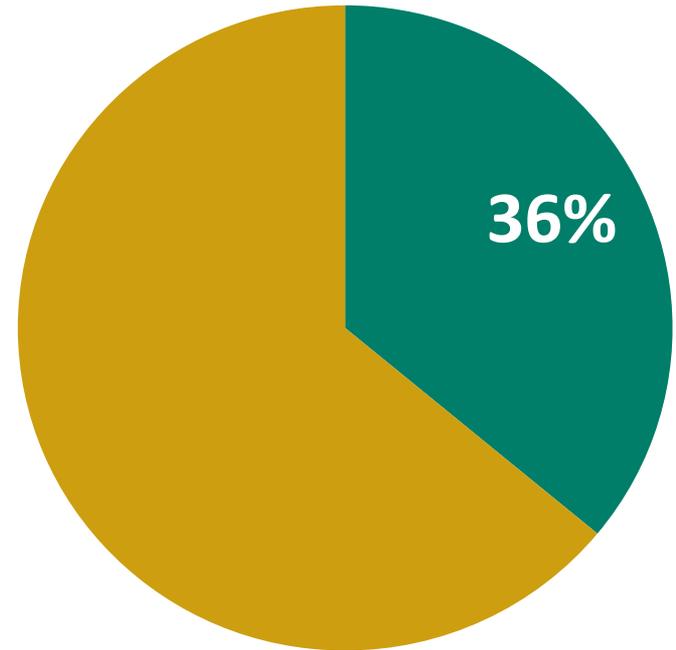
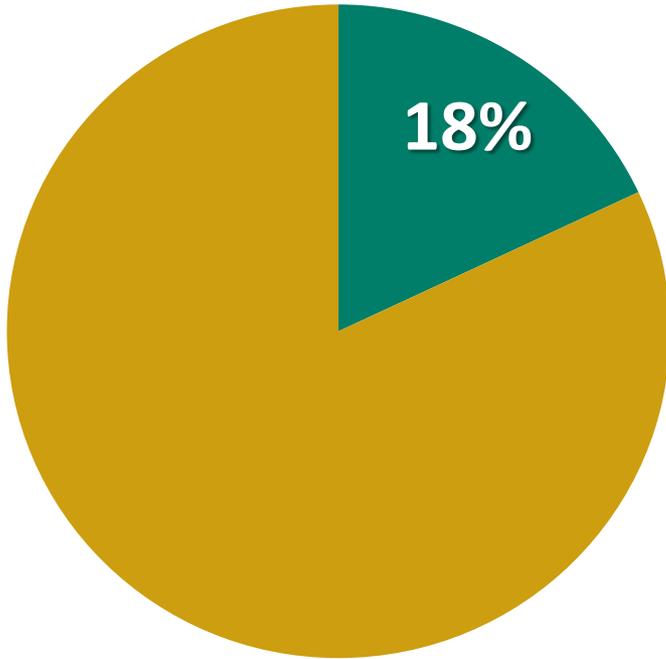
If TEXAS Grant award amounts are set at statutory maximums, as few as 1 in 5 students may receive awards

Funding Scenario:

Senate Bill 1 Base¹: **\$574.5M**

Award Scenario:

Current Statute



Funding Scenario:

Senate Bill 1 Base¹ + Exceptional Item²:

\$738.3M

Award Scenario:

Current Statute

- Eligible New Students Served
- Eligible New Students Not Served

1. Base includes \$15M donation from TG
2. THECB Exceptional Item Request = \$163.7M

If TEXAS Grant award amounts are set according to current THECB targets, **7 in 10 students** may receive awards

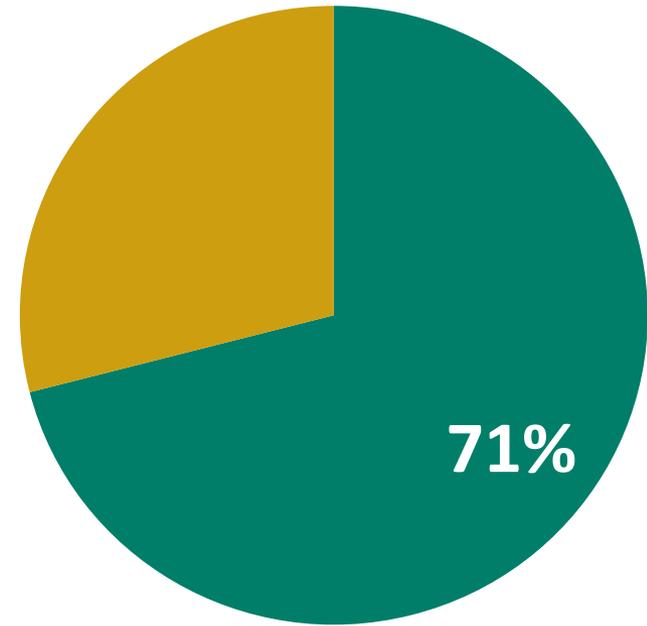
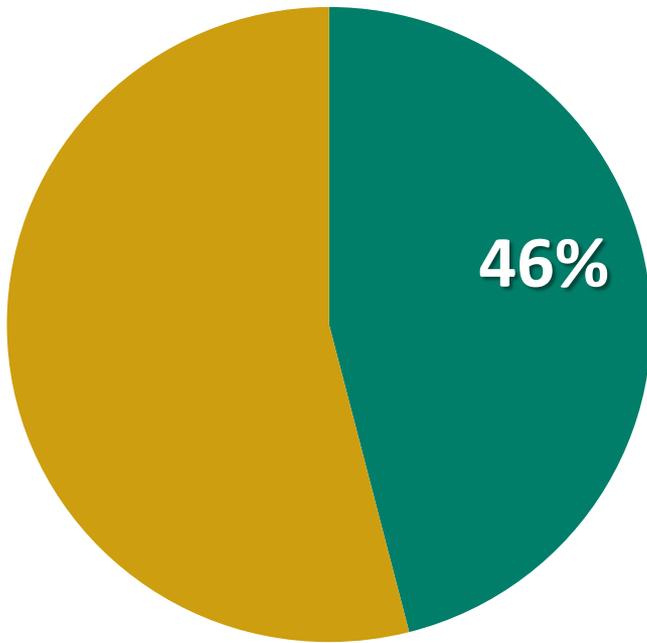
Funding Scenario:

SB 1 Base¹: **\$574.5M**

Award Scenario:

\$5,000 Universities

\$1,325 CTCs



Funding Scenario:

SB 1 Base¹ + Exceptional Item²: **\$738.3M**

Award Scenario:

\$5,000 Universities

\$1,325 CTCs

■ Eligible New Students Served

■ Eligible New Students Not Served

1. Base includes \$15M donation from TG

2. THECB Exceptional Item Request = \$163.7M

The THECB recommends amending statute to provide more grant aid to more students

Statutory changes include:

- ✓ Create eligibility pathway for transfer students
- ✓ **Empower universities to better leverage TEXAS Grant awards with federal and other grant aid to cover statewide average tuition, fees, and books (academic costs), taking into account Pell and family contribution.**
- ✓ Require full-time enrollment (12 SCH) and limit eligibility to 8 regular semesters within 5 years
- ✓ Eliminate requirement that institutions provide non-loan funds to make up difference between a student's TX Grant award and tuition & fee charges
- ✓ Limit the program to university students only and transfer funds that would have been allocated to community colleges to the TEOG program (approx. \$36M)

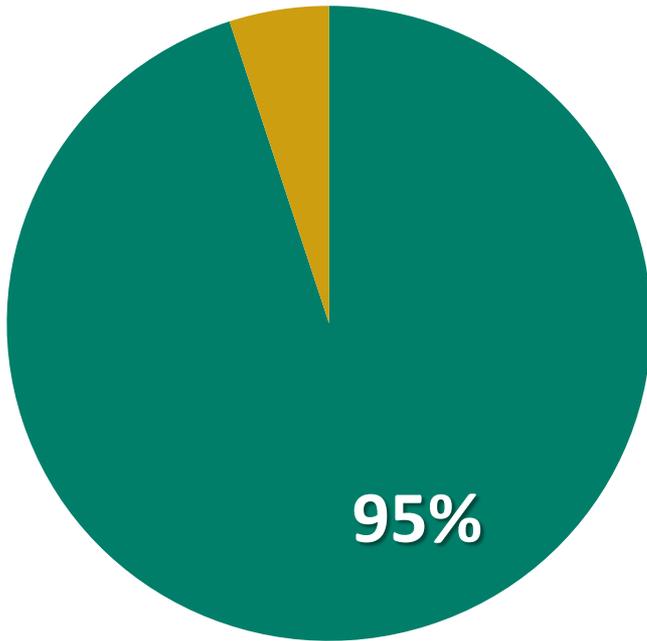
If the TEXAS Grant statute is amended to provide more institutional flexibility in setting student award amounts....

Funding Scenario:

SB 1 Base¹: **\$574.5M**

Award Scenario:

\$3,000 Target



- Eligible New Students Served
- Eligible New Students Not Served



Funding Scenario:

SB 1 Base¹ + Exceptional Item^{2,4}:

\$738.3M

Award Scenario:

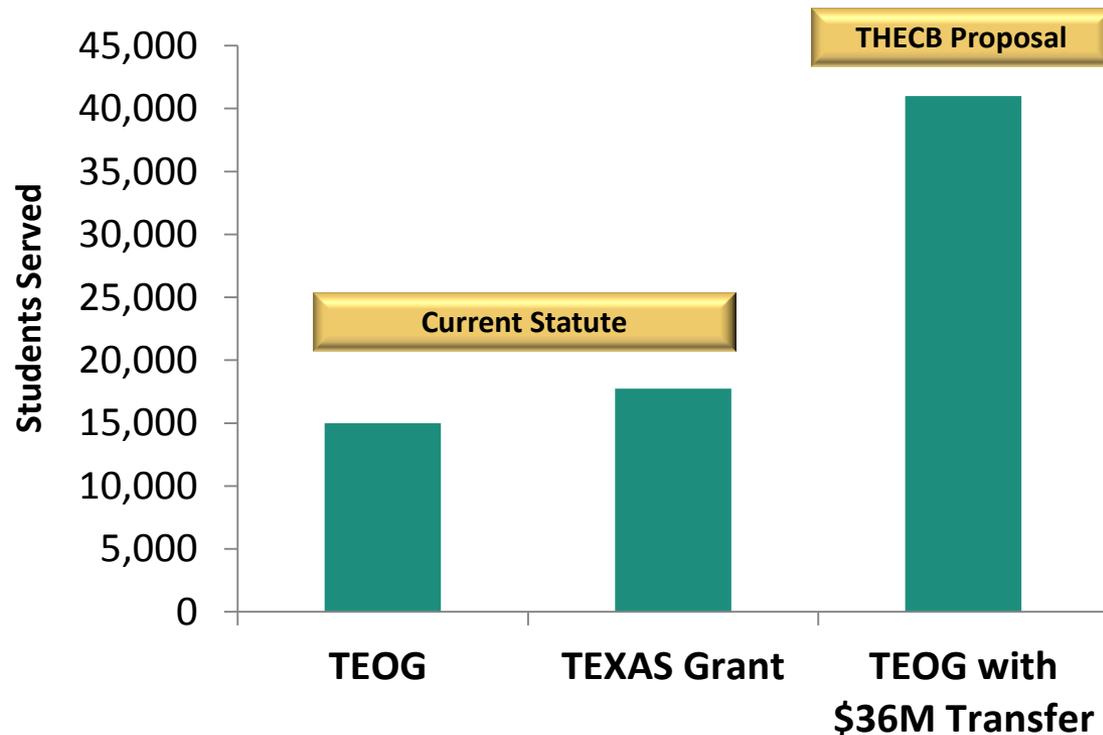
\$3,000 Target

1. Base includes \$15M donation from TG
2. THECB Exceptional Item Request = \$163.7M
3. Estimates include only eligible university students as statutory recommendations would make TEXAS Grants university only
4. THECB statutory recommendation would include using budget transfer authority to move \$36M to TEOG

Under the proposal, TEXAS Grant eligible community college students **will be served by the TEOG program**

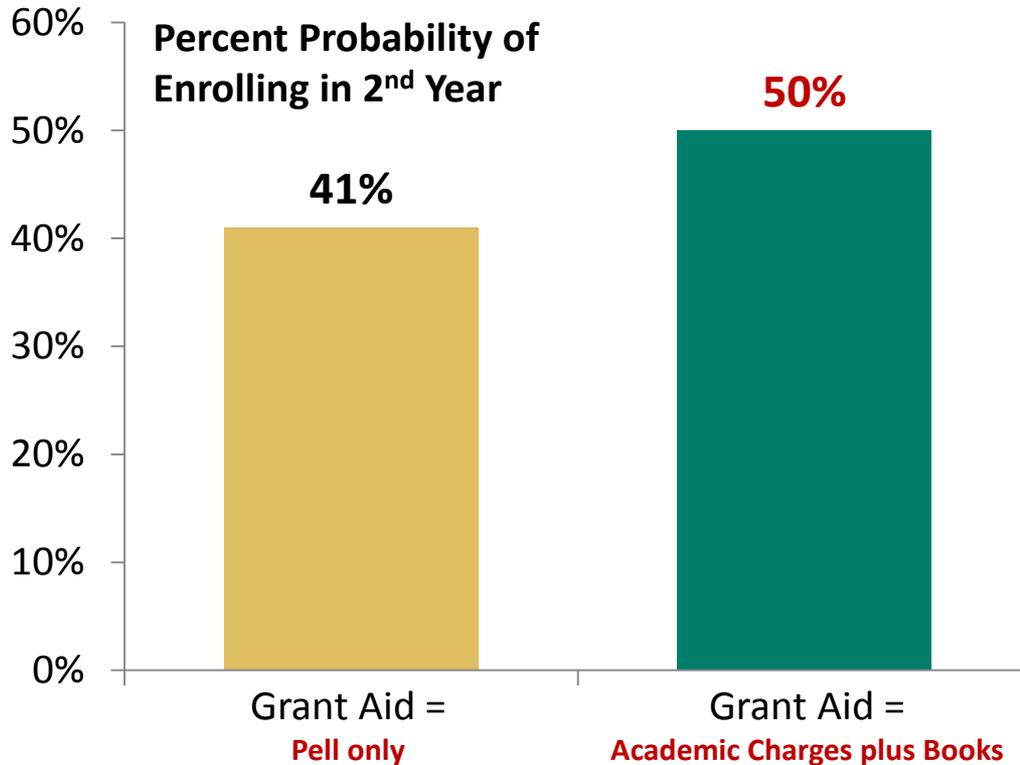
- ✓ TEOG is a financial aid program specifically designed for community college students.
- ✓ TEXAS Grants funds both community college and university students.
- ✓ The THECB proposal will make TEXAS Grant a university only program by transferring approx. \$36M to TEOG¹ to serve a commensurate number of students via the TEOG program.

Community & Technical College Students served by
2014-2015 Legislative Appropriations Request



1. Assumes additional funding above SB 1 base sufficient to cover transfer.

Research suggests that leveraging grant aid to cover academic charges for more needy students produces better results



Covering the academic charges and books of more financially needy students who enroll in college by strategically leveraging federal aid, institutional aid, and TEXAS Grants, **increases student persistence** from the first year to the second year of college.

Source: Higher Education Policy Institute