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

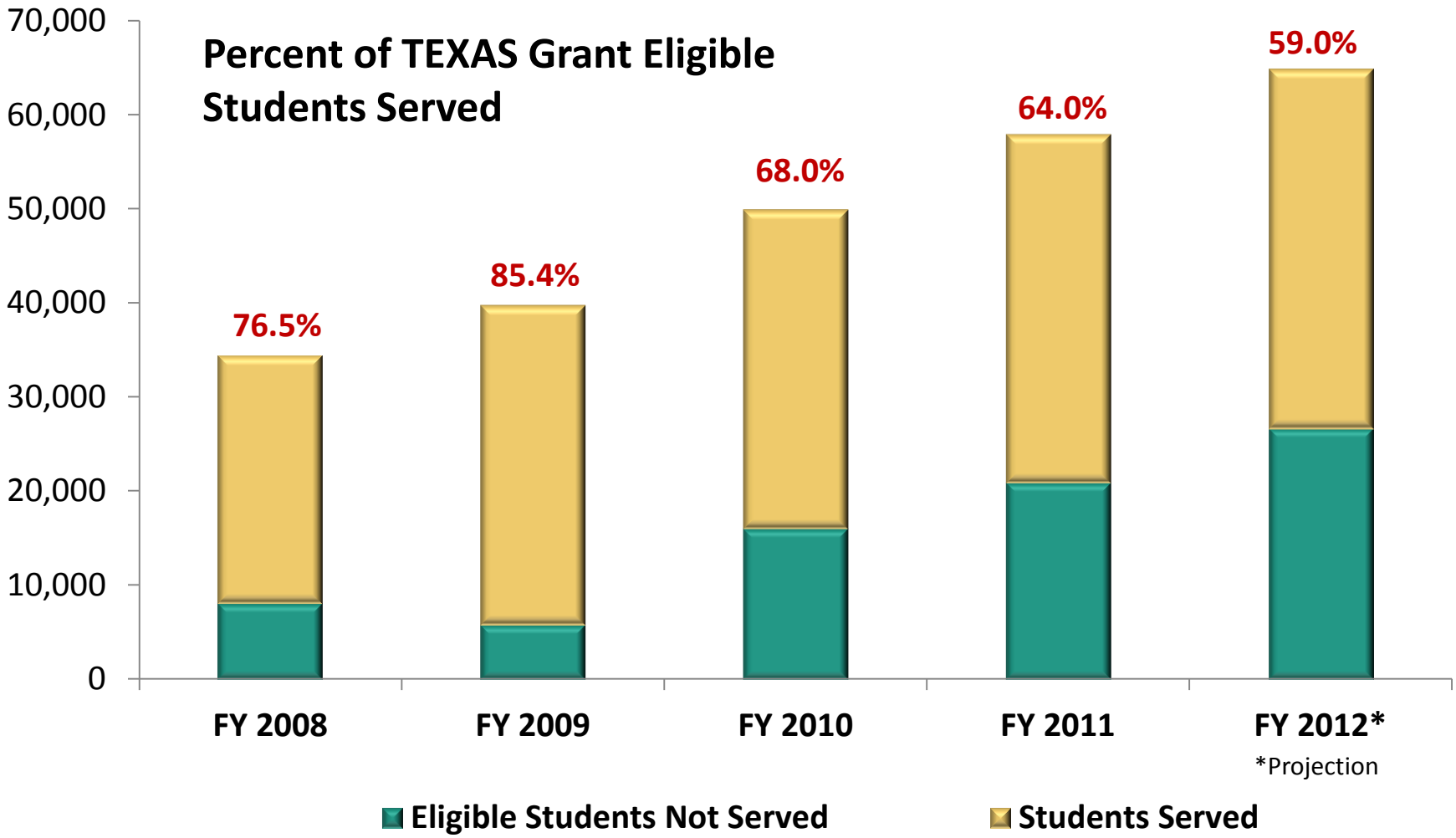
The THECB Proposal will leverage federal, state, and institutional resources to:

- 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.

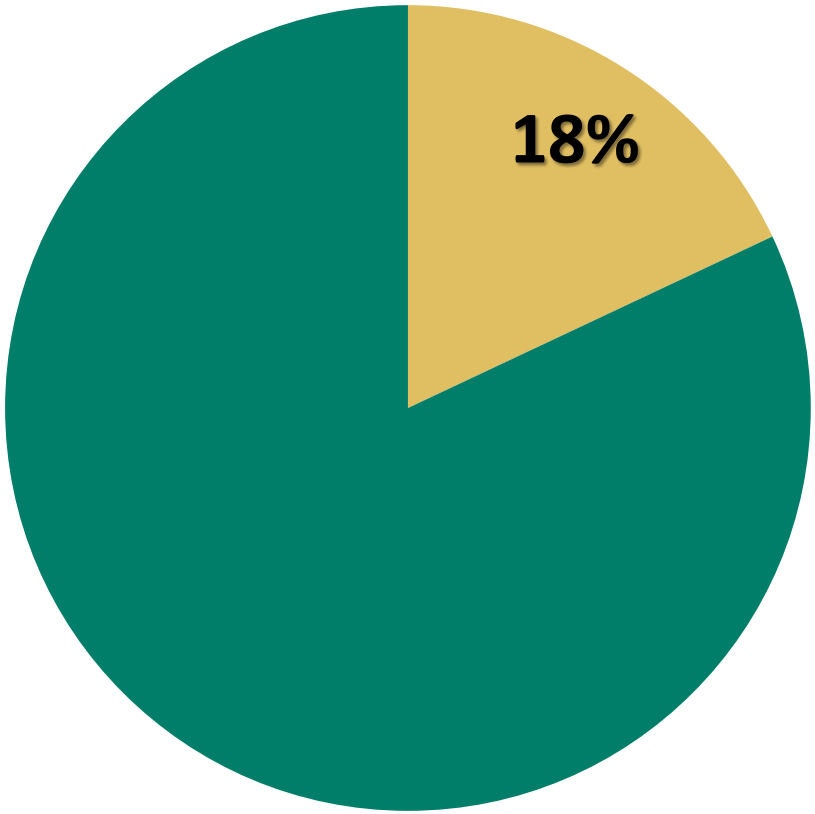
The THECB is recommending increases to TEXAS Grant funding to expand the program…

- ✓ THECB recommends increasing LAR base funding by **$21.2M** over 2012-2013 levels
- ✓ THECB recommends an **additional $106M** in special items appropriations to further expand program reach
- ✓ Both increases represent a **23% increase** over 2012-2013 appropriations

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



Assuming projected baseline funding, the current statutory approach will serve far too few needy students

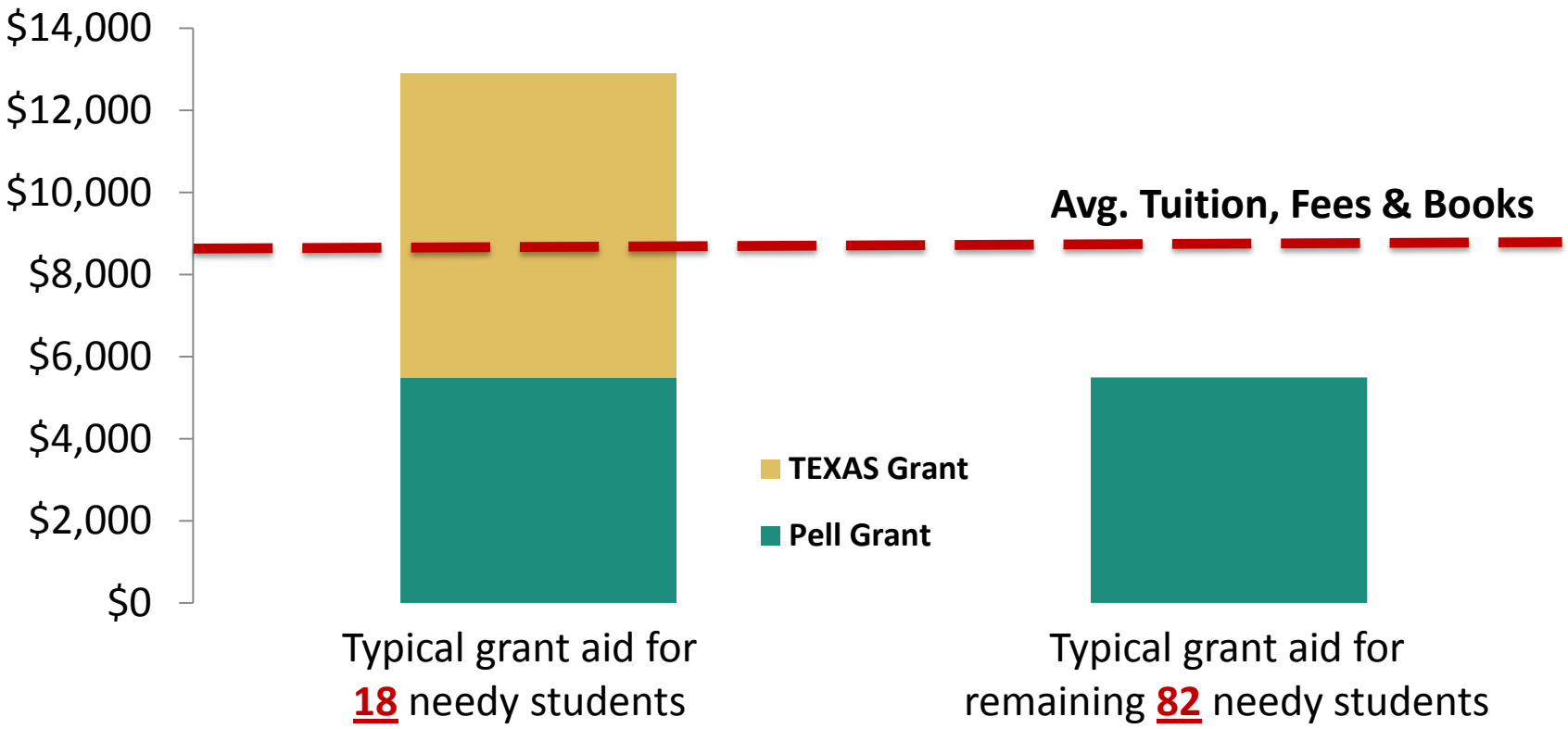


Based on THECB's 2014-2015 baseline Legislative Appropriations Request of $580.8M, **only 18 of every 100** new eligible TEXAS Grant students **are projected to receive an award**.

- **Eligible New Students Served**
- **Eligible New Students Not Served**

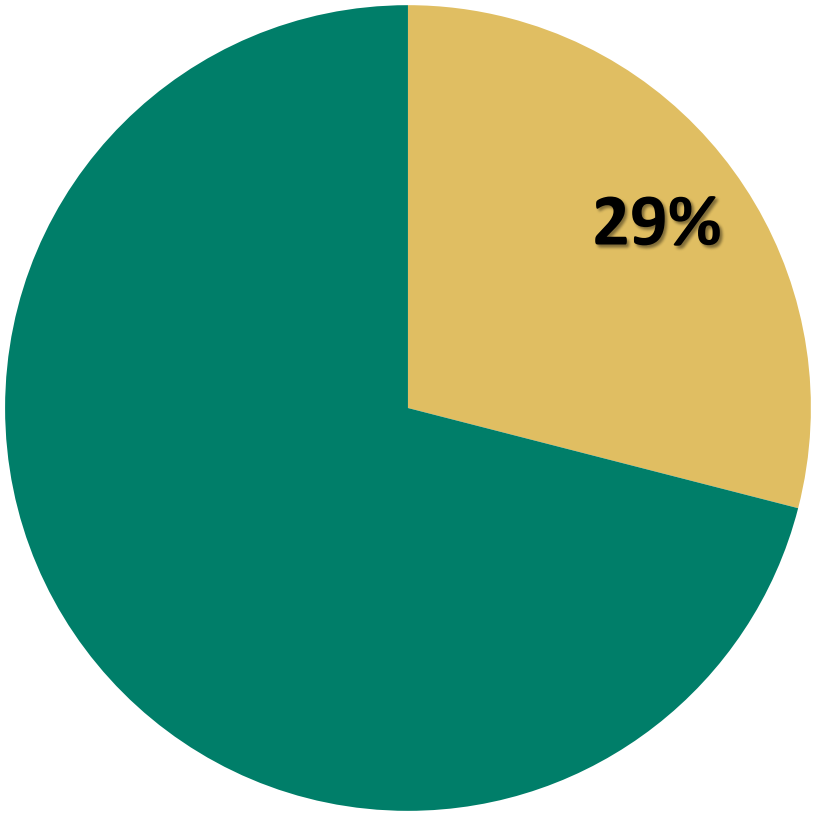
NOTE: Rate includes projected new eligible university, community and technical college students..

For every 100 students under the current statute, 18 will have grant aid that exceeds academic charges; 82 will receive far less



NOTE: Grant aid illustration assumes students with $0 EFC; does not illustrate grant aid from institutional resources which can be substantial based on campus; includes serving eligible community and technical college students ; based on 2014-2015 baseline LAR of $580.8M

Even if the Legislature provides an additional $106M, 7 in 10 needy students will not have enough grant aid



Based on THECB's 2014-2015 baseline Legislative Appropriations Request of $580.8M, plus $106M in special item appropriations, **only 29 of every 100** new eligible TEXAS Grant students **are projected to receive an award**.

- **Eligible New Students Served**
- **Eligible New Students Not Served**

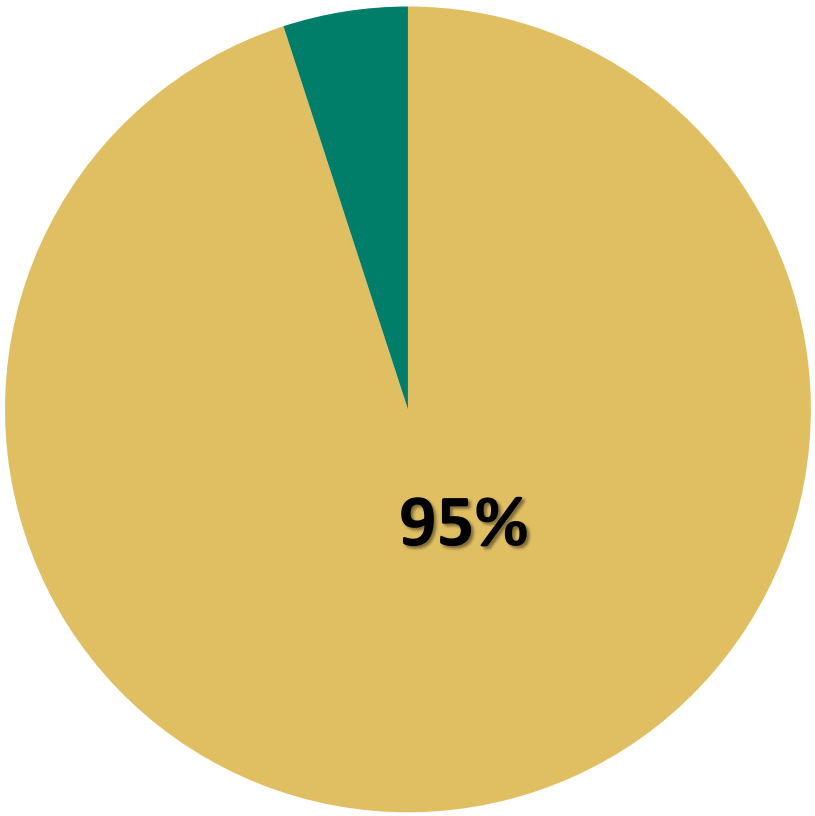
NOTE: Rate includes projected new eligible university, community and technical college students..

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)

Assuming projected funding, the THECB proposal will empower universities to serve nearly all new eligible students

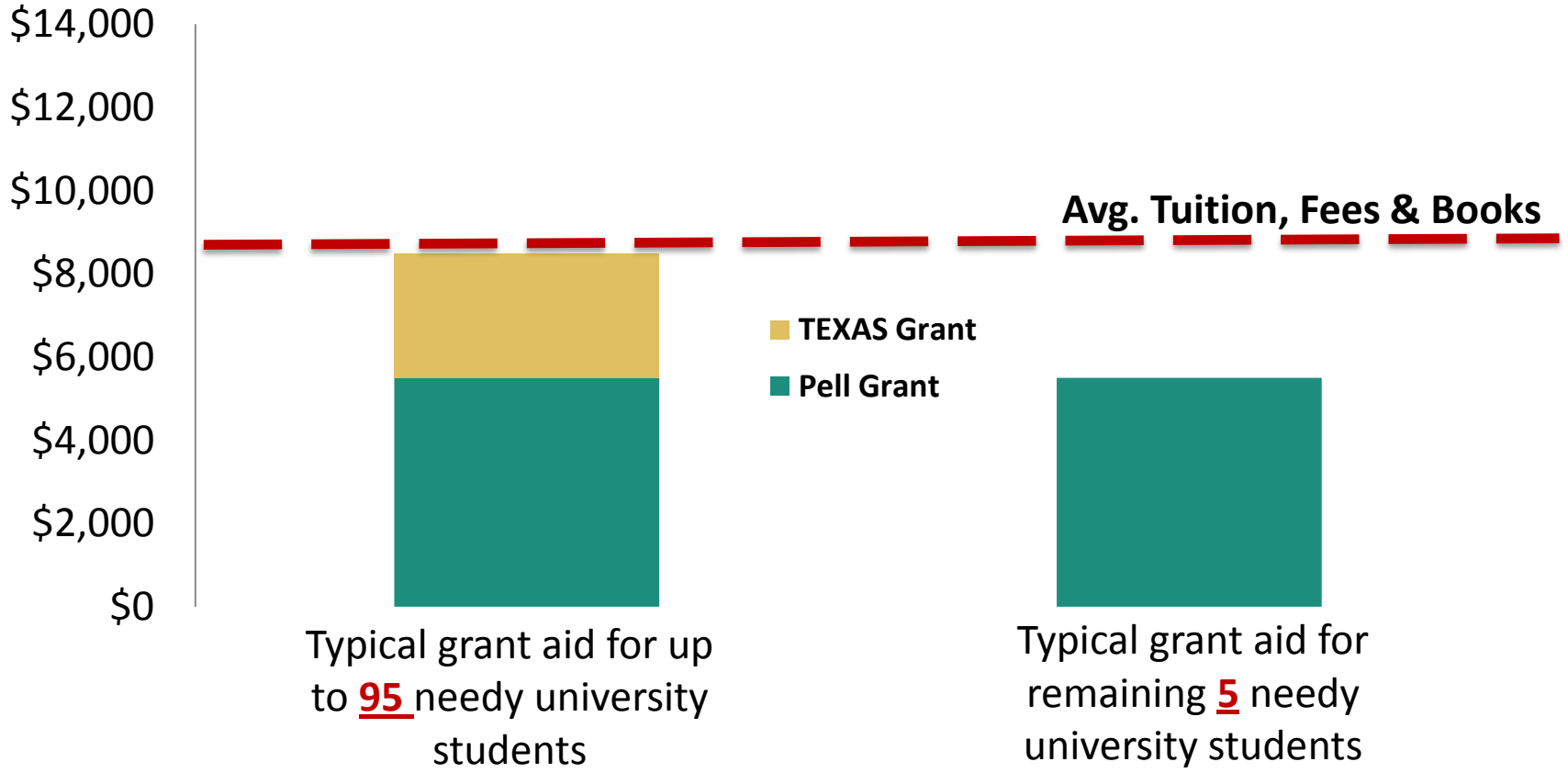


Based on THECB's 2014-2015 Legislative Appropriations Request of $580.8M, universities will be empowered to serve up to **95 of every 100** new eligible TEXAS Grant students, including transfer students.

- **Eligible New Students Served**
- **Eligible New Students Not Served**

NOTE: Rate does not include community and technical college students as the proposal would shift commensurate funding to the TEOG program to serve needy community college students.

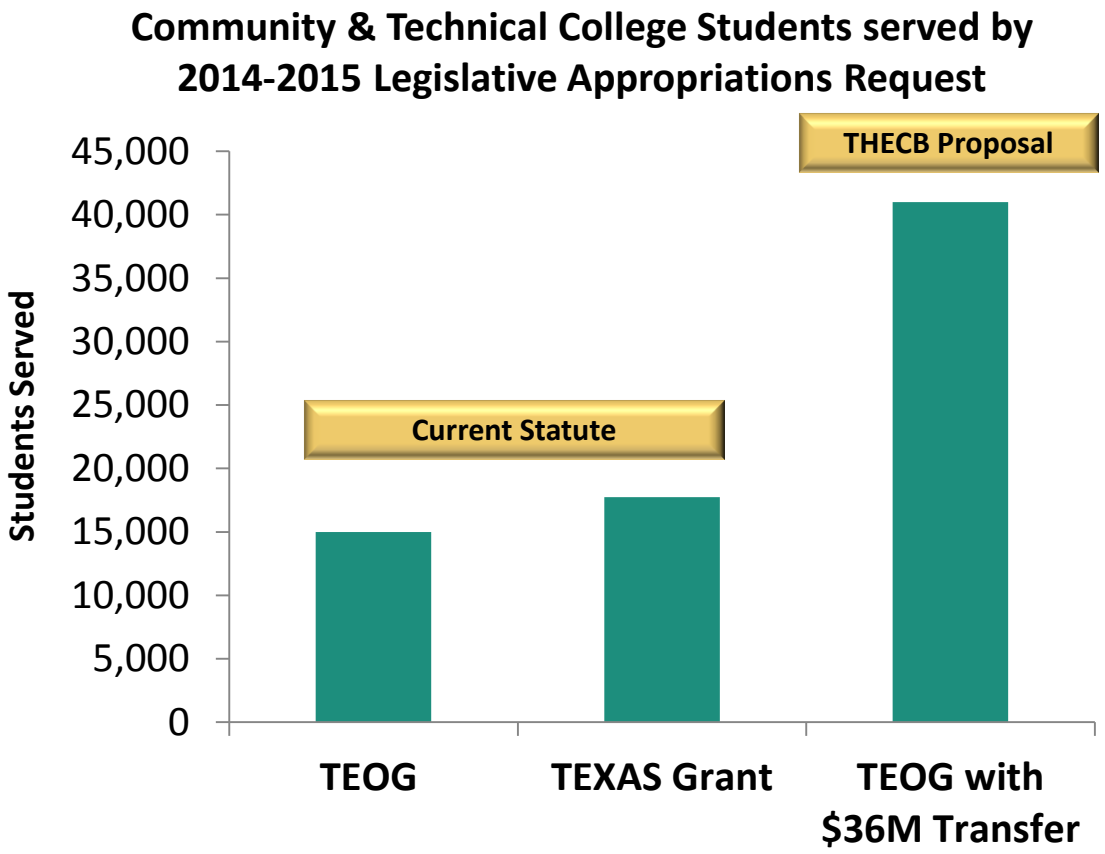
Under the proposal, TEXAS Grants can be leveraged with federal and institutional sources to cover tuition, fees, and books



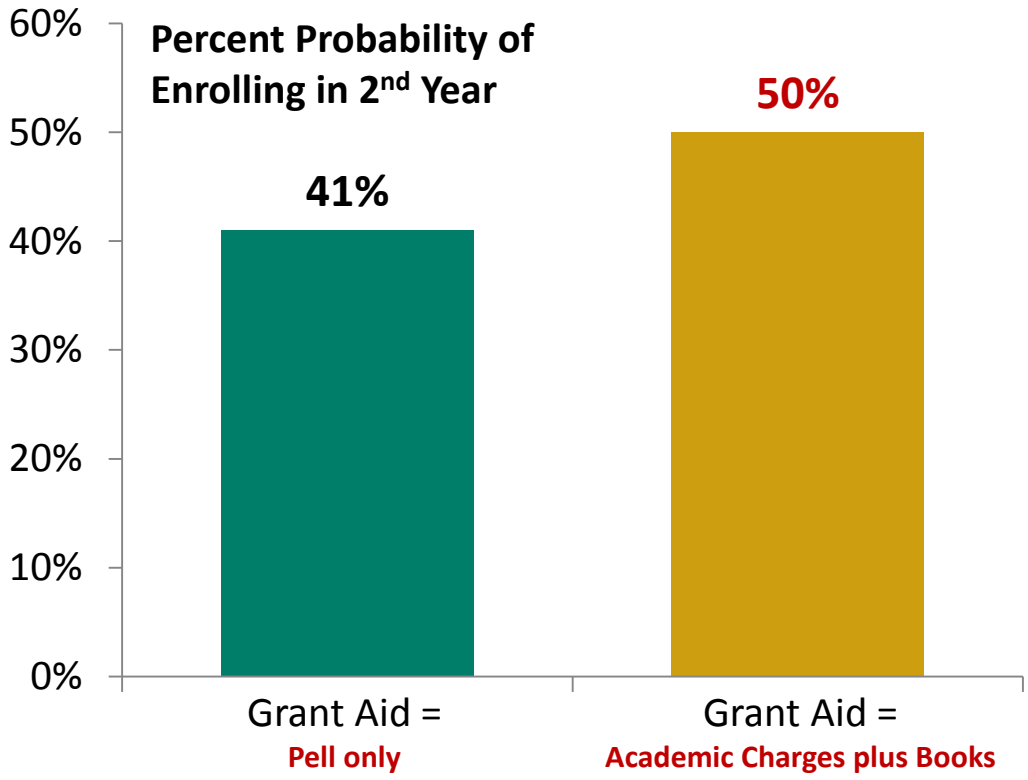
NOTE: Grant aid illustration assumes students with $0 EFC; does not illustrate grant aid from institutional resources which can be substantial based on campus; community and technical college students will be served via TEOG; based on 2014-2015 LAR of $580.8M

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 appox. $36M to TEOG to serve a commensurate number of students via the TEOG program.



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



Source: Higher Education Policy Institute

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.