

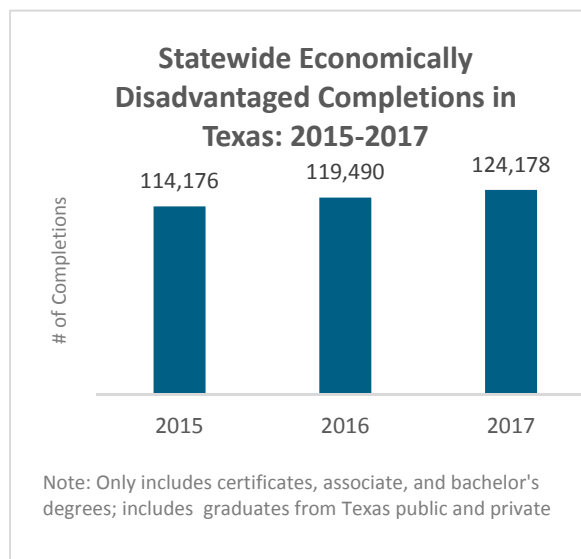
# Economically Disadvantaged Undergraduate Students at Texas Higher Education Institutions

August 2018

One target in the Texas higher education strategic plan, 60x30TX, is to increase the number of economically disadvantaged undergraduate students completing certificates, associate degrees, or bachelor’s degrees from Texas public or private (independent) institutions of higher education. Specifically, the target is that 246,000 economically disadvantaged undergraduates will complete a certificate or degree in 2030, up from 114,176 who completed those in 2015. This brief reviews completion and enrollment of economically disadvantaged undergraduates.

## Completion

Like many states in the U.S., Texas relies on Federal Pell Grant receipt as a proxy for economically disadvantaged (sidebar). In 2017, there were 124,178 economically disadvantaged undergraduates who completed a certificate or degree at a Texas public or private (independent) institution, which represented a 3.9 percent increase over the 119,490 who completed in 2016. Growth the prior year was 4.7 percent. While positive, these increases are short of the 5.3 percent annual increase required through 2030 to achieve the target.



Over the past 10 years, the number of credentials awarded to economically disadvantaged undergraduates at Texas public institutions has nearly doubled.<sup>1</sup> Furthermore, the annual number of economically disadvantaged undergraduates completing a certificate or degree now exceeds the number of non-economically disadvantaged students who complete. This shift, to economically disadvantaged students being the majority of undergraduates completing at Texas public institutions, occurred in 2010 at two-year institutions and in 2012 at four-year institutions. In 2017, economically disadvantaged students completed 54.5 percent of certificates, associate degrees, and bachelor’s degrees.

## Federal Pell Grant

When using Pell receipt as a proxy for economic disadvantage, it is important to understand who is eligible for this funding and how policy has changed over time.

To receive Pell, a student must meet several requirements, including, but not limited to: a valid FAFSA form, a high school diploma/GED, a valid SSN, and no defaulted federal loans. The amount of Pell grant a student receives is based on the student’s Expected Family Contribution (EFC) compared to the cost of attendance. A student’s EFC is based on parent or student income (contingent upon dependency status), assets, and expenses.

Data show the Pell proxy fails to count all low-income students and over counts some middle-class students. Of students in the income group of \$30,000 or less per year in 2011-12 (National Postsecondary Student Aid Study), only 68.7 percent received a Pell grant. Within this low-income group, 15.1 percent filed a FAFSA but were not eligible, and 16.2 percent did not fill out a FAFSA.<sup>2</sup>

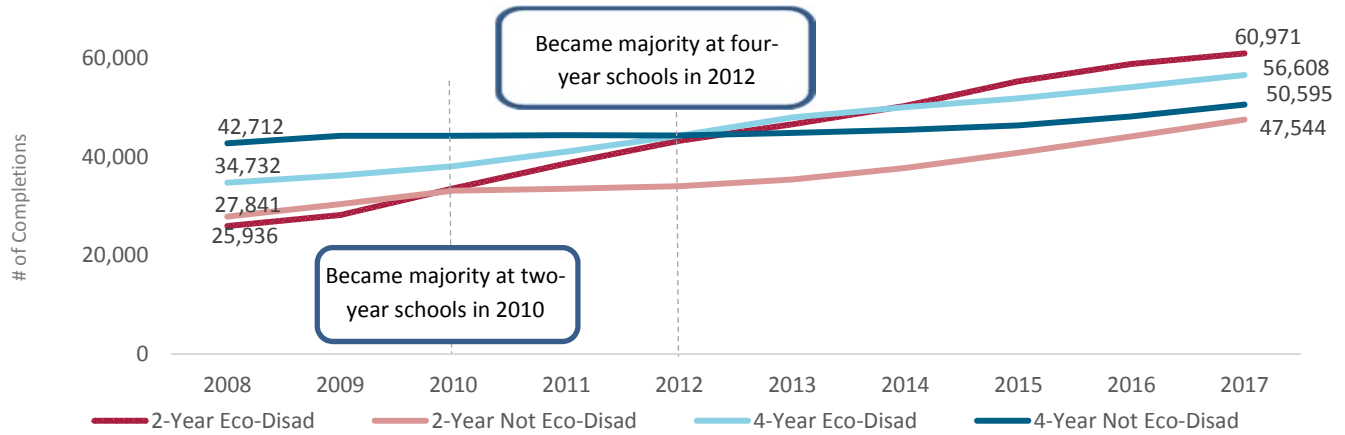
It is also important to use caution when comparing Pell receipt across time due to changes in the maximum Pell award and eligibility requirements.

Despite these limitations, Pell receipt is often the best measure of economic disadvantage and is widely available across institutions.

<sup>1</sup> From 60,668 to 117,579 at public institutions. Higher Education Public Accountability System.

<sup>2</sup> Delisle, Jason. (2017). “The Pell Grant proxy: A ubiquitous but flawed measure of low-income student enrollment.” Retrieved from <https://www.brookings.edu/research/the-pell-grant-proxy-a-ubiquitous-but-flawed-measure-of-low-income-student-enrollment/>

**Completions by economically disadvantaged students have increased over the last 10 years and now make up the majority of completions.\***



\*Note: Only includes certificates, associate and bachelor's degrees; "Two-Year" includes Texas public community and technical colleges and "Four-Year" includes Texas public universities and health-related institutions.

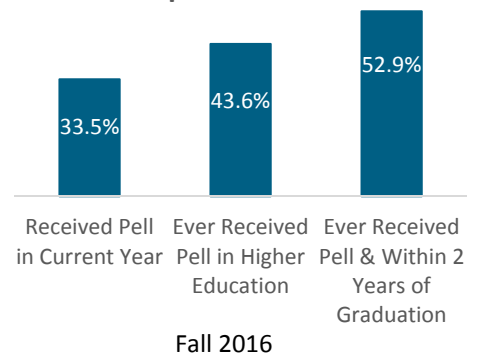
Does this trend mean economically disadvantaged students are more successful than their more advantaged peers? No. On average, graduation rates for economically disadvantaged students are lower than non-economically disadvantaged students. The growth in the number of successful economically disadvantaged students is driven primarily by the relative size of the economically disadvantaged student population in two ways. First, economically disadvantaged students make up nearly 60 percent of Texas' total K-12 student population.<sup>3</sup> Among graduating high school seniors, rates of economic disadvantage have increased from 31 percent in 2006 to 48 percent in 2016.<sup>4</sup> Second, as students progress through higher education, they are more likely to receive Pell at some point. More details about this second phenomenon, related to the timing of measuring economic status in higher education, are described in the next section.

## Enrollment

The Texas Higher Education Coordinating Board considers a student economically disadvantaged if they receive Pell *at any time* prior to completion. The percentage of economically disadvantaged enrollment changes depending on when and how Pell receipt is measured. Measured as Pell receipt within one academic year, 33.5 percent of undergraduates would be considered economically disadvantaged. However, measured as whether the student received Pell at any time, the percentage increases approximately 10 percentage points to 43.6 percent. Restricting the sample to students near graduation,<sup>5</sup> more than half (52.9%) of students would be considered economically disadvantaged. At graduation, the rate is 55 percent. The latter groups had a longer period to receive Pell than those with less higher education experience.

This information illustrates the importance of understanding how Pell receipt is measured and why data show that completions in 2017 were awarded to more economically disadvantaged students (54.5%) than non-economically disadvantaged (45.5%).

**Economically disadvantaged undergraduate fall enrollment differs by up to 19 percent depending on Pell receipt measurement.\***



\*Note: Only includes certificates, associate and bachelor's degrees; includes Texas public community and technical colleges and Texas public universities and health-related institutions.

<sup>3</sup> Texas Education Agency (TEA) Texas Academic Performance Report: 2016-17 Statewide Performance:

<https://rptsvr1.tea.texas.gov/perfreport/tapr/2017/index.html>. TEA uses eligibility for free and reduced-price lunch to determine economic status.

<sup>4</sup> The rate of economic disadvantage among graduating high school seniors was calculated using TEA high school graduation and demographic data.

<sup>5</sup> "Near graduation" is defined as junior or senior status at four-year institutions and at least 30 semester credit hours at two-year institutions.