Affordability and Accessibility of Higher Education

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House Committee on Higher Education
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Keeping higher education affordable and accessible is critical for Texas to achieve 60x30TX goals

- Texas public school enrollment trends show a ten year increase in the percentage of economically disadvantaged students in the P-12 system and the majority (60%) of students in the P-12 pipeline are poor.

- Our most recent year of data show that 53% of Texas high school graduates enrolled in a Texas institution of higher education in the fall following graduation.

- About 41% of students enrolled in Texas public institutions in fall 2014 direct from high school received free or reduced-priced lunch.
Many factors affect tuition and fees

Factors that may affect tuition and fees:

- Exemptions and waivers
- Tuition set-asides
- Institutional budgeting decisions
- State appropriations
- Costs associated with federal compliance

Net Tuition and Fee Revenue vs.
Undergraduate Tuition and Fee Data

<table>
<thead>
<tr>
<th>Net Tuition and Fee Revenue per Full-Time Student Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source</strong>: THECB Sources and Uses Report</td>
</tr>
<tr>
<td><strong>Definition</strong>: Total amount of tuition and fees paid by undergraduate and graduate students (less waivers, remissions, exemptions, scholarship discounts and allowances) at public universities divided by FTSE enrollment.</td>
</tr>
<tr>
<td><strong>Uses</strong>: Reflects how much revenue institutions receive from tuition and fee sources, accounting for their total enrollment. Allows comparison to other sources of institutional revenue (e.g. state appropriations).</td>
</tr>
<tr>
<td><strong>Increase since 2003 (inflation adj)</strong>: 91%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Undergraduate Tuition and Fee Data</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source</strong>: THECB Tuition and Fees Data</td>
</tr>
<tr>
<td><strong>Definition</strong>: The average amount paid by a resident undergraduate student enrolled in 15 semester credit hours per semester at public universities, calculated from net fee bills. Includes tuition, mandatory fees and college course fees.</td>
</tr>
<tr>
<td><strong>Uses</strong>: Reflects how much a full time undergraduate student paid in tuition and fees. Does not include part time or graduate students. Allows comparison of students in similar situations across institutions.</td>
</tr>
<tr>
<td><strong>Increase since 2003 (inflation adj)</strong>: 70%</td>
</tr>
</tbody>
</table>
Students are bearing more of the cost of attending a Texas public university

Public University Undergraduate and Graduate Net Tuition and Fee Revenue & State Appropriations Per Full-Time Student Equivalent (Inflation Adjusted)* Fiscal Years 1994-2015

- **Net Tuition and Fees**
  - 1994: $7,640
  - 1997: $4,330
  - 2000: $2,671
  - 2003: $6,906
  - 2006: $5,071
  - 2009: $5,071
  - 2012: $6,906
  - 2015: $8,256

- **State Appropriations**
  - 1994: $2,284
  - 1997: $2,464
  - 2000: $2,713
  - 2003: $3,150
  - 2006: $3,323
  - 2009: $3,506
  - 2012: $3,853
  - 2015: $4,091

**Total increase since 2003:** $91%

**Total decrease since 2003:** $27%

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Source: * THECB, Sources and Uses Report

Breakout of undergraduate tuition and fee charges

Resident Undergraduate Tuition and Fee Charges for Students Enrolled in 15 SCH Per Semester at Texas Public Universities - Fall 2003-2015
(Includes Tuition, Mandatory Fees, and Average College and Course Fees)

- 2003: $1,934
- 2004: $2,284
- 2005: $2,464
- 2006: $2,713
- 2007: $2,951
- 2008: $3,150
- 2009: $3,323
- 2010: $3,506
- 2011: $3,853
- 2012: $3,951
- 2013: $4,091
- 2014: $4,229
- 2015: $4,229

**Percent Change from fall 2003-fall 2015: 119% (70% Inflation Adjusted)**
Nationally, Texas ranks 20th in affordability of public universities

Average Undergraduate Tuition and Fees Charged for Full-Time Students in 2013-2014 - Public Four-Year Universities

<table>
<thead>
<tr>
<th>RANK</th>
<th>STATE</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>48</td>
<td>Pennsylvania</td>
<td>$12,607</td>
</tr>
<tr>
<td>47</td>
<td>Illinois</td>
<td>$12,520</td>
</tr>
<tr>
<td>34</td>
<td>California</td>
<td>$8,903</td>
</tr>
<tr>
<td></td>
<td>National</td>
<td>$8,312</td>
</tr>
<tr>
<td>20</td>
<td>Texas</td>
<td>$7,476</td>
</tr>
<tr>
<td>16</td>
<td>New York</td>
<td>$6,892</td>
</tr>
<tr>
<td>2</td>
<td>Florida</td>
<td>$4,423</td>
</tr>
</tbody>
</table>


Meeting the 60x30TX student debt goal requires a balanced relationship between the state, institutions and students

Student Debt
By 2030, undergraduate student loan debt will not exceed 60 percent of first-year wages for graduates of Texas public institutions.
Bachelor’s degree recipients have about twice as much debt as those earning associates

Debt Profile of 2015 Public Higher Education Graduates by Level of Degree

<table>
<thead>
<tr>
<th>Level of Degree</th>
<th>Average Debt*</th>
<th>Percent with Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelor's</td>
<td>$ 30,136</td>
<td>62%</td>
</tr>
<tr>
<td>Associate</td>
<td>$ 15,426</td>
<td>36%</td>
</tr>
<tr>
<td>Certificates</td>
<td>$ 12,546</td>
<td>29%</td>
</tr>
</tbody>
</table>

* Only includes students with debt.

The average TEXAS Grant award declined after 2011 but more students are getting a grant

- TEXAS Grant appropriations increased by $186M in 2009, an increase of 44% from the previous biennium.
- Appropriations were reduced by 10% in 2011 followed by a 25% increase in 2013.
- TEXAS Grant Appropriations in 2016-2017 Biennium: $715M
- Increase from previous biennium: $33M* (5%)
- Projected to serve 85% of eligible students in the 2016-2017 biennium.

*Excludes a $30M donation from Texas Guaranteed.
Average TEOG awards have fluctuated slightly from year to year.

Two-year institutions were removed from the TEXAS Grant program in FY15. Funding was shifted from the TEXAS Grant to the TEOG program to fund this, thus causing an increase in TEOG recipients.

TEOG Appropriations in 2016-2017 Biennium: $94M

Increase from previous biennium: 44%

Projected to serve 15% of eligible students in the 2016-2017 biennium.

Tuition Equalization Grants provide students attending independent colleges and universities access to state aid.

The TEG is the only aid program available to undergraduate and graduate students.

In FY 2014, 93% of TEG awards went to undergraduates. Approximately 7% went to graduate students.

The average award amount was $3,435 for undergraduates and $2,141 for graduate students in FY 2014.

73% of TEG undergraduate awards went to the most financial needy students; 79% of graduate awards.

TEG Appropriations in 2016-2017 Biennium: $192M

Increase from previous biennium: 6.8%
Recommendations to promote timely and cost efficient graduation

- **Reduce time to degree and decrease excess semester credit hours**
- **Increase funding for and efficiency of financial aid programs**
  Examples:
  - Limit TEXAS Grant and TEOG eligibility to promote timely completion and use savings to serve additional eligible students.
  - Recommend requiring TEXAS Grant recipients to complete 30 SCH per year, through any combination of fall, spring and summer sessions.
  - Recommend accommodating more middle-income families by limiting grant award amounts to the cost of tuition, fees and a book stipend, minus Pell.
- **Implement outcomes-based funding at universities**
- **Increase Advise TX funding**
- **Allow opportunities for specific community colleges to offer baccalaureate degrees in certain fields**
- **Update Fields of Study and create Programs of Study**
- **Support alternate degree pathways to completion**
- **Build the financial literacy of Texans to promote a better understanding of how and why to pay for higher education by convening a statewide advisory group**

**Higher education pays off.**

- **Lifetime earnings for those with a bachelor’s degree are almost double the lifetime earnings for those with only a high school diploma.**

Source: U.S. Census Bureau, American Community Survey, 2011, 2012, and 2013. Texas’ 3 year average inflation-adjusted earnings summed for Texans ages 25 to 64 by educational attainment for those working more than 32 hours per week and 40 weeks per year.