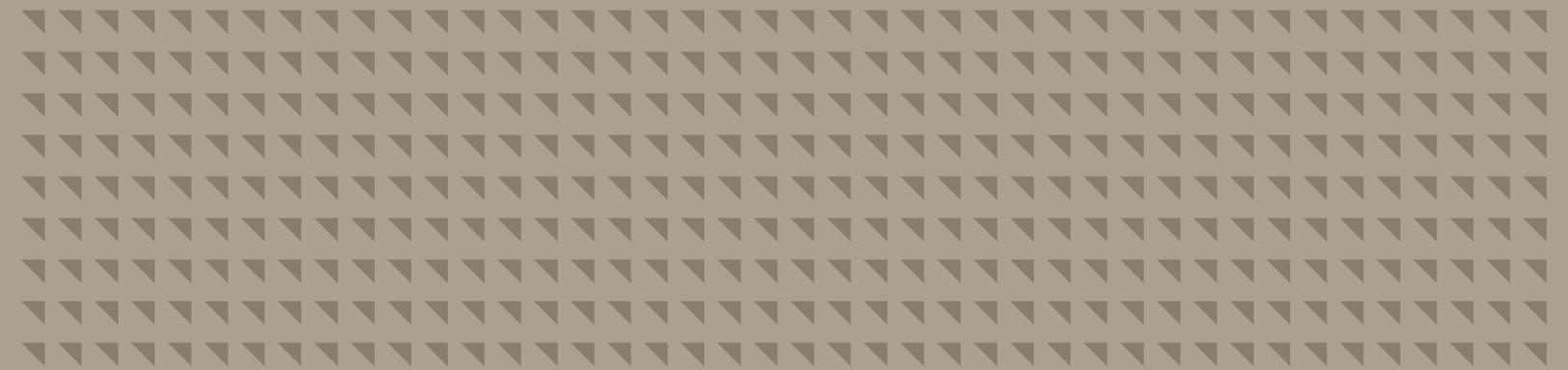


Profile of Minority-Serving Institutions in Texas



A Study of Historically Black Colleges and
Universities and Hispanic-Serving Institutions



Carla Fletcher

Research Analyst

TG

carla.fletcher@tgslc.org

Jeff Webster

Assistant Vice President, Research

TG

jeff.webster@tgslc.org

Table of Contents

Introduction	2
Risk Factors	3
Historically Black Colleges and Universities.....	3
Hispanic-Serving Institutions.....	4
Cohort Delinquency Rates	5
Cohort Default Rates.....	6
Federal Borrowing.....	7
Median Borrower Indebtedness	7
Paying for College – Aid and Work.....	8
Summary	8

Profile of Minority-Serving Institutions in Texas Historically Black Colleges and Universities and Hispanic-Serving Institutions

by Carla Fletcher

Minority-Serving Institutions are colleges that enroll a high percentage of minority students. Because minority populations have experienced disproportionate barriers to higher education, the federal government provides them with financial support through various titles of the Higher Education Act. MSIs include Historically Black Colleges and Universities (HBCUs) and Hispanic-Serving Institutions (HSIs), as well as colleges and universities with high enrollments of Native Americans, Asian Americans and Native American Pacific Islanders, and Alaska Natives and Native Hawaiians. This report will cover HBCUs and HSIs in Texas. We will use the term Minority-Serving Institution, or MSI, to refer generally to either an HBCU or HSI. Referring to the group MSI will be understood to include all HBCUs and HSIs.

MSIs constitute almost one-third of all public and private nonprofit colleges and universities in Texas. More than 460,000 students attend Texas MSIs¹. Non-White populations in Texas are rapidly growing, and are expected to continue to outpace White population growth. In fact, Texas has been a majority minority state since 2003². The overall Texas population is expected to grow 15 percent from 2010 to 2020. In that time span, White population growth is expected to be about 2 percent, compared to Black and Hispanic population growth of 11 percent and 31 percent, respectively³.

Poverty rates in Texas are high, especially for the minority populations. Nearly one in four people under the age of 18 in Texas lived in poverty in 2007, a higher proportion of the population than in any other state except Mississippi⁴. In 2007, poverty was defined as having an annual income of \$21,027 or less for a family with two children, or \$10,787 or less for an individual younger than 65 years of age⁵. Additionally, one in five Texans age 25 or older in 2008 had not finished high school. This is a higher proportion of the population than in any other state except Mississippi⁶.

¹ U.S. Department of Education, Office of Postsecondary Education, Integrated Postsecondary Education Data System (IPEDS).

² U.S. Census Bureau, American Community Survey.

³ Texas State Data Center and Office of the State Demographer, Texas Population Estimates and Projections of the Population of Texas and Counties in Texas by Age, Sex, and Race/Ethnicity for 2000-2040. Projections stated here use the 0.5 scenario. The State Demographer suggests that the 0.5 scenario is the most appropriate for long-term planning.

⁴ U.S. Census Bureau, Annual Demographic Survey, Poverty Status by State 2007.

⁵ Definition of Poverty: U.S. Census Bureau, "Income, Poverty, and Health Insurance Coverage in the United States: 2007."

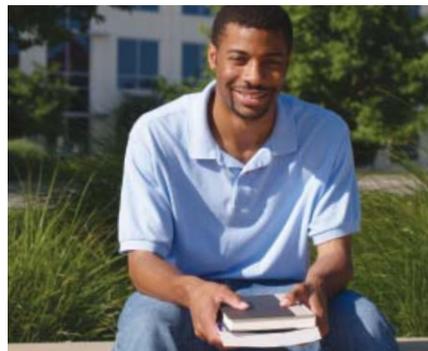
⁶ U.S. Census Bureau, "Educational Attainment in the United States: 2008."

Risk Factors

The Department of Education has developed a measure that indicates which students are at risk for dropping out of school. The measure consists of seven factors: delayed enrollment in higher education after high school, part-time attendance, independent student status, having dependents, being a single parent, working full-time while enrolled, and not having a high school diploma. The more risk factors a student has, the more at risk that student is to drop out of school. Students who drop out of school are much more likely to default on their loans than those who graduate. Black students in Texas were significantly riskier at the .05 confidence level⁷ in five of the seven categories, and Hispanic students in Texas were significantly riskier in four of the seven categories, compared to white students in Texas⁸.

Historically Black Colleges and Universities

HBCUs are defined in Title III of the Higher Education Act as being established prior to 1964, with the intention of serving the Black community. These institutions must be accredited to receive federal incentives under the HBCU program. While these schools have a mission to serve the Black community, the doors are open to students of all races and ethnicities.



The 1896 *Plessy v. Ferguson* decision created the foundation of “separate but equal” that encouraged the creation of some of the first HBCUs. By the time of the 1954 *Brown v. Board of Education* decision that overturned the previous decision, there were tens of thousands of students enrolled in these highly segregated and underfunded institutions. The Civil Rights Act of 1964 and subsequent court decisions abolished legal race-based segregation in education, including higher education, and provided the public policy foundation for more equitable higher education funding, while at the same time recognizing the important role that these HBCUs play.⁹

There are HBCUs in 20 states, plus the District of Columbia and the Virgin Islands. Alabama has the highest number of HBCUs at 14, followed by North Carolina with ten. There are nine HBCUs in Texas, with a total fall 2008 enrollment of 31,504 students. Eight of these are four-year universities [six private nonprofit and two public]. The ninth is a public two-year college¹⁰. At HBCUs in Texas, 62 percent of fall 2008 enrollment is African-American, 21 percent is Hispanic, 14 percent is White,

⁷ Significant at the 0.05 level using an independent estimate t-test, which is the appropriate test for comparing two non-overlapping groups.

⁸ U.S. Department of Education, Office of Postsecondary Education, National Postsecondary Student Aid Study 2008 (NPSAS:08).

⁹ U.S. Department of Education, Office for Civil Rights, Historically Black Colleges and Universities and Higher Education Desegregation

¹⁰ U.S. Department of Education, Office of Postsecondary Education.

and the remaining 3 percent is comprised of Asian or foreign students. St. Philip's College in San Antonio has a much lower concentration of African-American students than other Texas HBCUs. Only 16 percent of St. Philip's College fall 2008 enrollment is African-American, nearly half is Hispanic, and a third is White. If this school is removed from analysis, then 90 percent of the fall 2008 Texas HBCU enrollment is African-American, 4 percent is Hispanic, 2 percent is White, and the remaining 4 percent is Asian or foreign students¹¹.



Hispanic-Serving Institutions

As a part of the HSI program statute amendment, Congress found that Hispanics are at a high risk of not enrolling or graduating from college. Title V, Part A of the Higher Education Act established a program to expand opportunities for Hispanic students and support colleges who enroll large numbers of these students. This program works by providing grants and other assistance to colleges with at least 25 percent Hispanic enrollment.

There are 47 HSIs in Texas that are eligible for the HSI program, with a total fall 2008 enrollment of 442,282 students. Each of these schools is a “nonprofit institution that has at least 25 percent Hispanic full-time equivalent (FTE) enrollment¹².” To receive assistance, a school must be eligible and must apply for the program through the Department of Education. For the purposes of this analysis, we include schools with at least 25 percent Hispanic enrollment, whether or not they have applied for the HSI grant. Most of the HSIs in Texas are public 2-year schools (57 percent). The next largest group is public 4-year schools (23 percent), followed by private nonprofit 4-year schools (15 percent). At HSIs in Texas, 9 percent of fall 2008 enrollment is African-American, 55 percent is Hispanic, 27 percent is White, and the remaining 9 percent is comprised of Asian-American, American students of unknown race, and foreign students¹³.

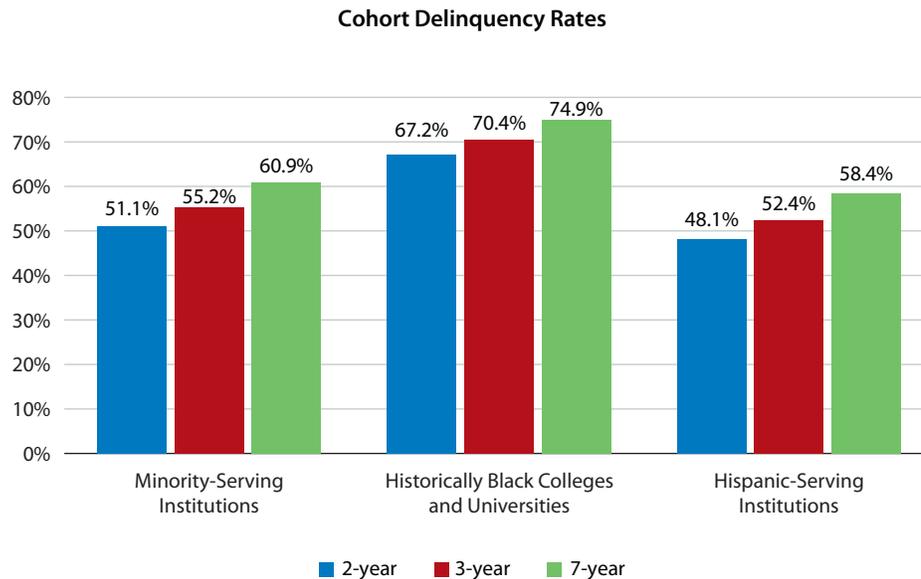
There is one school in Texas that is considered both an HBCU and an HSI. St. Philip's College, a public 2-year school, is included in each of the groups when they are analyzed separately, but it is included only once when discussing Minority-Serving Institutions (MSIs) all together. Therefore, there are nine HBCUs, 47 HSIs, and 55 MSIs.

¹¹ U.S. Department of Education, Office of Postsecondary Education, Integrated Postsecondary Education Data System (IPEDS).

¹² U.S. Department of Education, Office of Postsecondary Education.

¹³ U.S. Department of Education, Office of Postsecondary Education, Integrated Postsecondary Education Data System (IPEDS).

Cohort Delinquency Rates



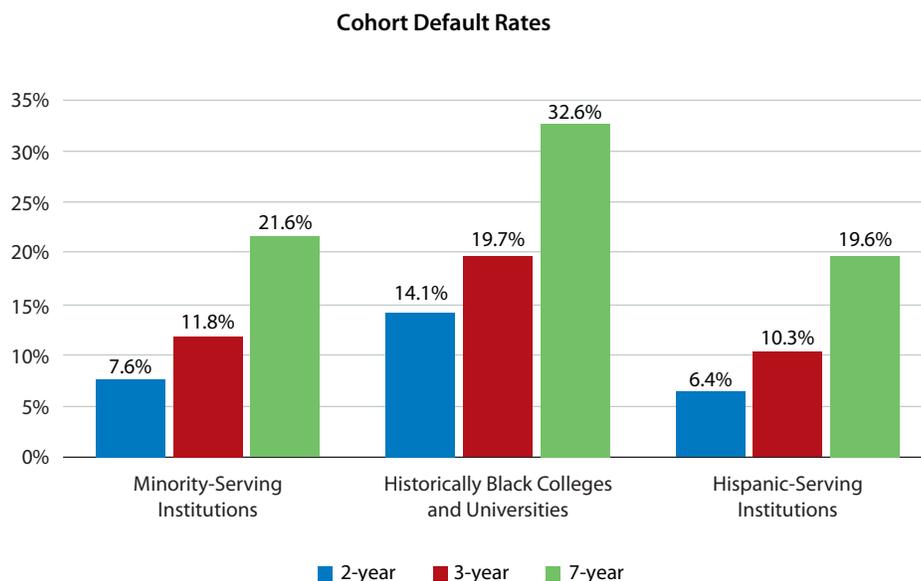
Over half of students who attended an MSI and went into repayment on their TG-guaranteed loan in FY 2002 were delinquent, meaning payment was at least 30 days late, on that loan by the end of FY 2003. The delinquency rates at MSIs continue to increase to 55 percent at 3-years out and 61 percent at 7 years out.

The delinquency rates at HSIs are quite similar to the rates of MSIs overall, but just slightly lower. The rates at HBCUs, however, are far higher than those at HSIs. Over 67 percent of students who attended HBCUs and went into repayment on their TG-guaranteed loans in FY 2002 were delinquent on those loans by the end of FY 2003. This increased to 70 percent delinquent by the end of FY 2004 (3-year rate), then to 75 percent by the end of FY 2008 (7-year rate).

St. Mary's University in San Antonio has by far the lowest delinquency rate of all MSIs, with a 29.6 percent 2-year delinquency rate increasing to a 33.8 percent 7-year delinquency rate. Texas College has the highest delinquency rate, with a 77.4 percent 2-year rate increasing to an 87.1 percent 7-year rate¹⁴.

¹⁴ All data in this section are TG data, using cohort FY 2002 as the base. This analysis, including the overall rates, only includes those schools that had at least 30 repayers in the specified time frame.

Cohort Default Rates



Almost 8 percent of students who attended MSIs and went into repayment on their TG-guaranteed loans in FY 2002 had defaulted (i.e., not made a payment for at least nine months) on those loans by the end of FY 2003. When the analysis is extended one year, the default rate increases to 11.8 percent, and this jumps to 21.6 percent for the 7-year default rate.

Again, the default rates at HSIs are very similar to the overall MSI rates, but the rates at HBCUs are much higher than those at HSIs. Fourteen percent of students who attended HBCUs and went into repayment on their TG-guaranteed loans in FY 2002 had defaulted on those loans by the end of FY 2003, which increased to nearly 20 percent for the 3-year rate. Roughly one-third of students who borrowed for their education at HBCUs in Texas and went into repayment in FY 2002 had defaulted on a loan by the end of FY 2008.

In line with the above delinquency rates, St. Mary's University of San Antonio has the lowest default rates, and Texas College has the highest. St. Mary's has a 2-year default rate of 1.4 percent, which increases to only 4.2 percent for the 7-year rate. Texas College has a 2-year default rate of 25.8 percent, which increases to nearly 55 percent for the 7-year rate¹⁵.

¹⁵ Ibid.

Federal Borrowing

	FFELP AY07-08	FDLP AY07-08	Total AY07-08
Texas Minority-Serving Institutions	\$861,259,764	\$13,485,902	\$874,745,666
Texas Historically Black Colleges and Universities	\$177,297,910	\$0	\$177,297,910
Texas Hispanic-Serving Institutions	\$691,493,227	\$13,485,902	\$704,979,129

Overall, most MSIs in Texas, as with most Texas schools in general, used the Federal Family Education Loan Program (FFELP) over the Federal Direct Loan Program (FDLP). In fact, no Texas HBCU used the FDLP in Academic Year (AY) 2007-08, and only 2 percent of the federal loan dollars at HSIs in Texas in AY 2007-08 came from the FDLP¹⁶. Only four Texas HSIs used the FDLP at all in AY 2007-08, and only two of those used it exclusively.

Median Borrower Indebtedness

Overall, the median borrower indebtedness (MBI) of students leaving MSIs in Fiscal Year (FY) 2008 was \$10,375. The MBI at HBCUs was \$15,000 and the MBI at HSIs was \$9,775. This difference is expected based on the dominant school types of each group. Most of the HBCUs are 4-year universities, mainly private nonprofit, while most of the HSIs are 2-year public colleges¹⁷.

Four-year universities are more expensive than 2-year colleges, which accounts for much of the difference in MBI, and students attending 4-year universities also tend to attend for a longer time, and so end up having more years of borrowing.

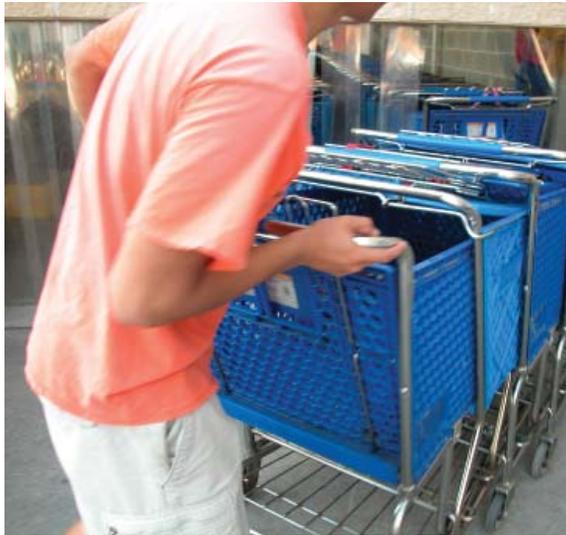


¹⁶ Data from the U.S. Department of Education, Office of Postsecondary Education, special request.

¹⁷ TG data.

Paying for College - Aid and Work

Students attending HSIs in Texas in Academic Year (AY) 2007-08 were significantly less likely to expect help from their parents to pay for tuition and fees, compared with students attending schools not designated as HSIs. Sixty-four percent of students at non-HSIs expected help from their parents, compared to 53 percent of students at HSIs. The students at HSIs and HBCUs were also significantly more likely to have a Pell grant, compared to their non-HSI and non-HBCU counterparts [23 percent at non-HSIs and 33 percent at HSIs; 25 percent at non-HBCUs and 51 percent at HBCUs]. In line with this finding, families of those students at HSIs and HBCUs had significantly lower median incomes than their non-HSI and non-HBCU counterparts [\$47,844 at non-HSIs and \$28,880 at HSIs; \$40,793 at non-HBCUs and \$26,991 at HBCUs]¹⁸.



Students attending HSIs in Texas in AY 2007-08 were significantly less likely to work to earn spending money compared to students attending non-HSIs [79 percent versus 71 percent]. Students attending HSIs were significantly more likely to work to pay for living expenses compared to students attending non-HSIs [82 percent versus 76 percent]. Students attending HBCUs in Texas were significantly more likely to work to send money home, compared to students attending non-HBCUs [12 percent versus 6 percent]¹⁹.

Summary

HSIs and HBCUs in Texas enroll hundreds of thousands of students each year, with the majority of those being minority students. These students have more risk factors that lead to them dropping out of school, compared to White students, which makes them more likely to default on their student loans.

¹⁸ U.S. Department of Education, Office of Postsecondary Education, National Postsecondary Student Aid Study 2008 (NPSAS:08).

¹⁹ Ibid.



To order additional copies visit www.tgslc.org. To request permission to reproduce any of the information provided, please call TG Communications at (800) 252-9743, ext. 4732.

© 2010 Texas Guaranteed Student Loan Corporation.