



State of Student Aid and Higher Education in Texas

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May 2016

By Chris Fernandez, Carla Fletcher, and Kasey Klepfer

**TG Research**

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May 2016

TO: Colleagues  
FROM: James Patterson, President and CEO  
RE: 2016 State of Student Aid and Higher Education in Texas

TG offers critical support to schools, students, and borrowers at every stage of the federal student aid process — from providing information on how to pay for a higher education, including financial aid options, to facilitating successful loan repayment after graduation. As part of that support, I am pleased to present TG's latest issue of *State of Student Aid and Higher Education in Texas*. The publication offers Texas policymakers, their staff members, and members of the student financial aid community an overview of key facts that describe student financial aid in Texas.

Our changing economy rewards workers who can think critically, solve problems creatively, and master technical skills in multiple areas. Postsecondary education nurtures and hones these abilities, and success in college is the best predictor of later financial success and other quality-of-life benefits.

Texas is experiencing rapid and profound demographic changes. The state's population growth is being fueled by a dramatic increase in the number of young Hispanics, a group that historically has been underrepresented in higher education. The economic vitality of the state will largely depend on how thoroughly financial barriers to education are removed. TG plays a significant role in helping students achieve their educational goals.

Both the Texas Legislature and the U.S. Congress understand the importance of providing access to college and have sought to ensure that qualified students can get a college education. *State of Student Aid and Higher Education in Texas* serves as a resource for those in search of information concerning demographic changes, educational attainment, college costs, financial aid programs, and student debt.

Please direct questions and comments about this report to George Torres, TG assistant vice president for congressional/legislative relations at (800) 252-9743, ext. 4503 or [george.torres@tgslc.org](mailto:george.torres@tgslc.org), or to Jeff Webster, TG director of research at (800) 252-9743, ext. 4504 or [jeff.webster@tgslc.org](mailto:jeff.webster@tgslc.org). TG would like you to consider the corporation as a primary resource for information about the types and levels of the major student financial aid programs that are currently available to Texas students and families, and how Texas compares to the nation as a whole.

Sincerely,

James Patterson  
President and CEO  
TG

TG promotes educational access and success so that students can realize their college and career dreams. As a private, nonprofit corporation, TG offers resources to help students and families plan and prepare for college, learn the basics of money management, and repay their federal student loans.

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# Glossary of Terms

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Academic Year	An academic year is a nine-month period that, for traditional programs of study, begins in August and ends the following May.
Award Year	A 12-month period beginning July 1 and ending June 30 of the following year.
Average	Often called the mean, the average is a common statistical method used to calculate central tendency. The average is found by adding all numbers together and dividing the sum by the number of items included in the calculation.
Borrower	An individual to whom a student loan is made.
Claim	A request that the lender (or lender's servicer) files with the guarantor for reimbursement of its losses on a Federal Stafford, SLS, PLUS, or consolidation loan due to the borrower's death, disability, default, or bankruptcy; school closure; an unpaid refund; theft of the borrower's identity; or false certification of the borrower's eligibility.
Cohort Default Rate	The percentage of Federal Stafford loan borrowers who default before the end of the second fiscal year following the fiscal year in which they entered repayment on their loans. The Department of Education calculates this rate annually.
Fiscal Year	A 12-month period beginning October 1 and ending September 30 of the following year. Fiscal Year 2013, for example, begins October 1, 2012, and ends September 30, 2013.
Median	A statistical measurement used to calculate the middle most number within a range of numbers. Using the median is a preferred measure of central tendency for when skewed, or distorted, distributions of numbers occur.
Weighted for Enrollment	Using the institution's enrollment in the formula to determine the average in order to give greater weight to those institutions with high enrollments.

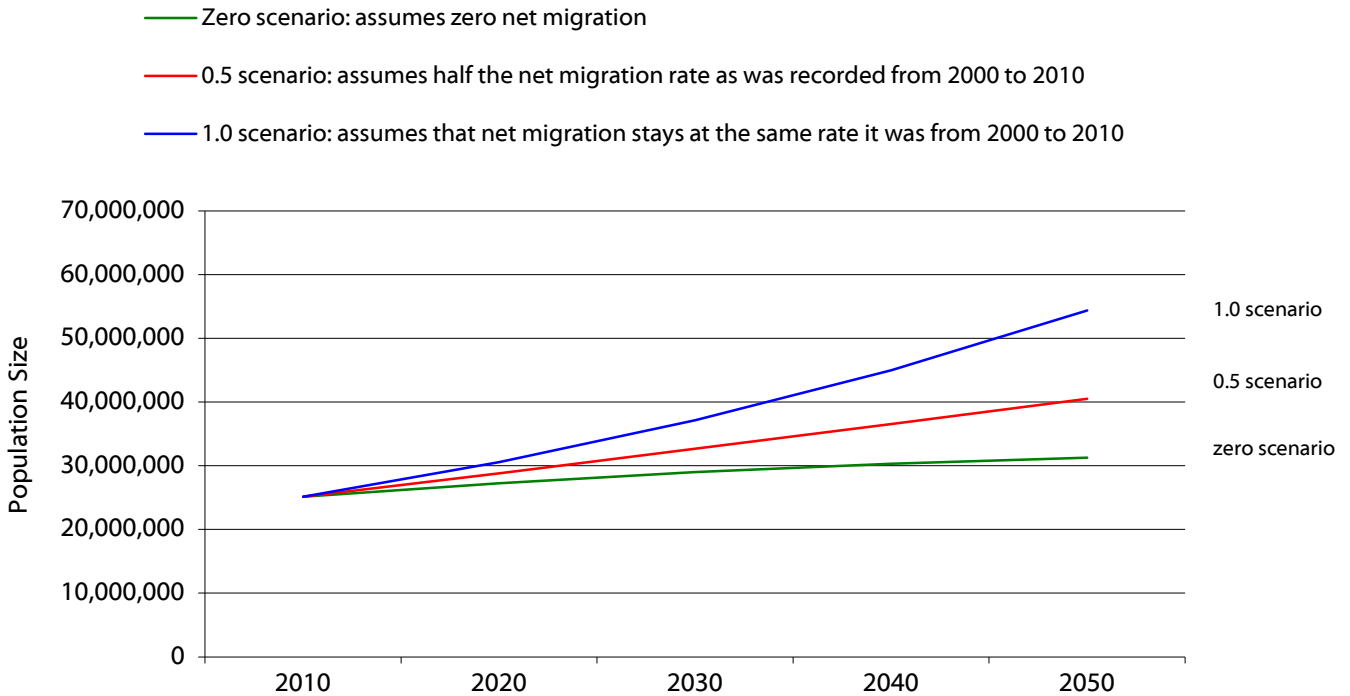
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## SECTION 1

# Texas Demographics

# Texas Population Projected to Grow Rapidly

Population Projections for Texas: Three Scenarios



The Texas population is growing rapidly. In 2010, Texas had 25.1 million people. The Texas State Data Center, also known as the State Demographer, developed three forecasts for population growth for Texas to 2050. The forecasts share identical assumptions on death and fertility rates, but differ on rates of net migration into the state. The zero scenario, which is provided primarily for comparison purposes, assumes no net migration into the state and demonstrates the population change that would occur as a result of only births and deaths. The 0.5 scenario assumes half the net migration into the state as was recorded in the 2000s, and the 1.0 scenario assumes that net migration stays the same as the rate recorded in the 2000s.

For most areas of the state, the State Demographer suggests that the 0.5 scenario may be most appropriate, but for short-term planning purposes (i.e., 5–10 years) the 1.0 scenario may be appropriate. This recommendation assumes that patterns from the recent past are most likely to characterize the immediate future, while growth rates under the 1.0 scenario are sufficiently high that they are unlikely to continue over extended periods of time. The population grew by about 20 percent between 2000 and 2010, to 25.1 million people. The 0.5 scenario indicates that the population will grow by about 61 percent between 2010 and 2050, or to 40.5 million people.

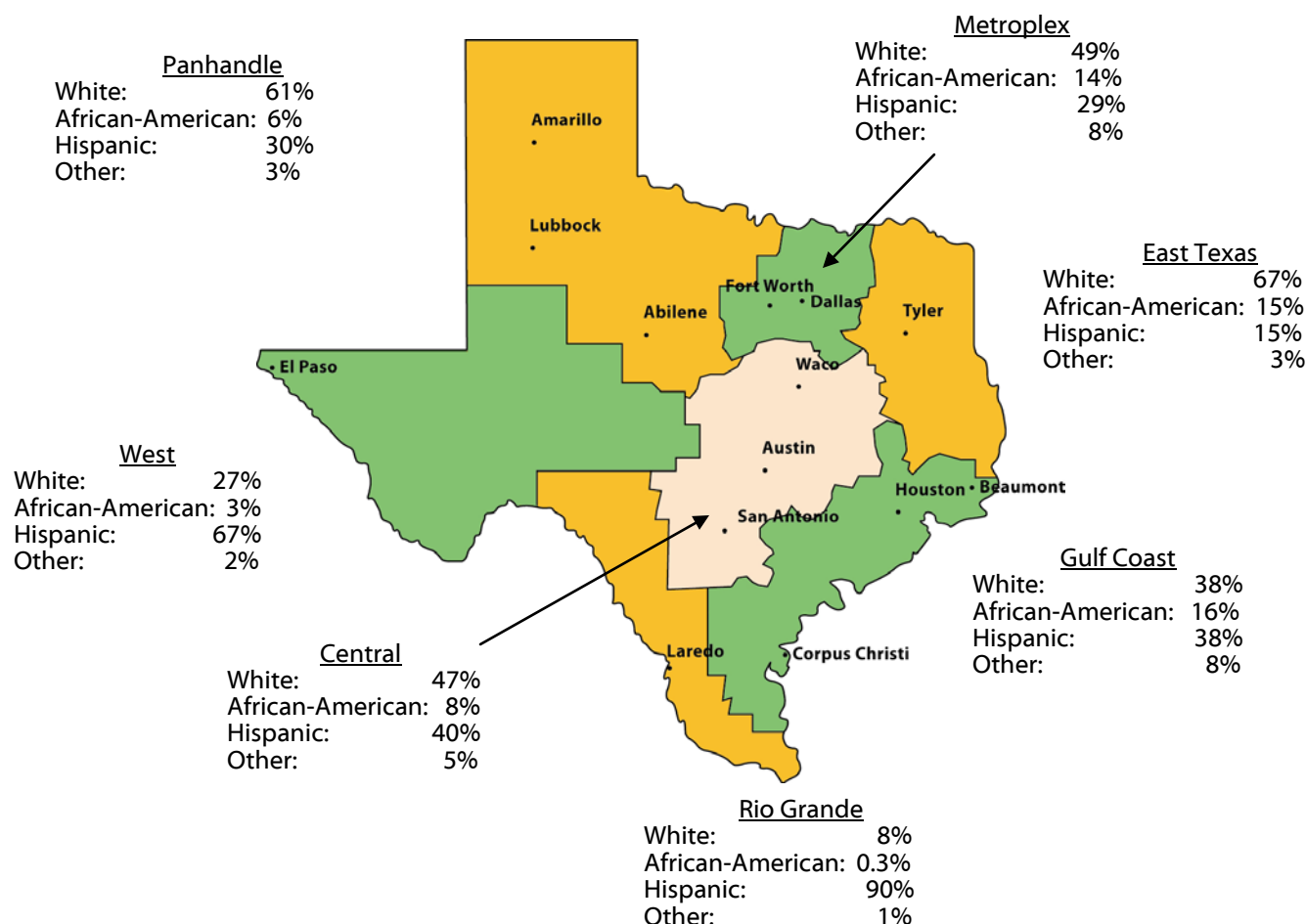
Source: Texas State Data Center and Office of the State Demographer, Texas Population Projections Program, "Population Projections for the State of Texas and Counties in One File," 2013 (<http://www.txsdcd.utsa.edu/Data/TPEPP/Projections/Index.aspx>).





# Racial/Ethnic Composition of Texas Varies by Region

**Racial/Ethnic Composition by Region  
(2013)**



In 2013, White non-Hispanics comprised 43 percent of the population, down from 53 percent in 2000. Hispanics are the fastest growing ethnic group in the state, as well as the nation. Most of the population growth in Texas in the next 30 years will continue to come from non-White racial/ethnic groups, especially Hispanics.

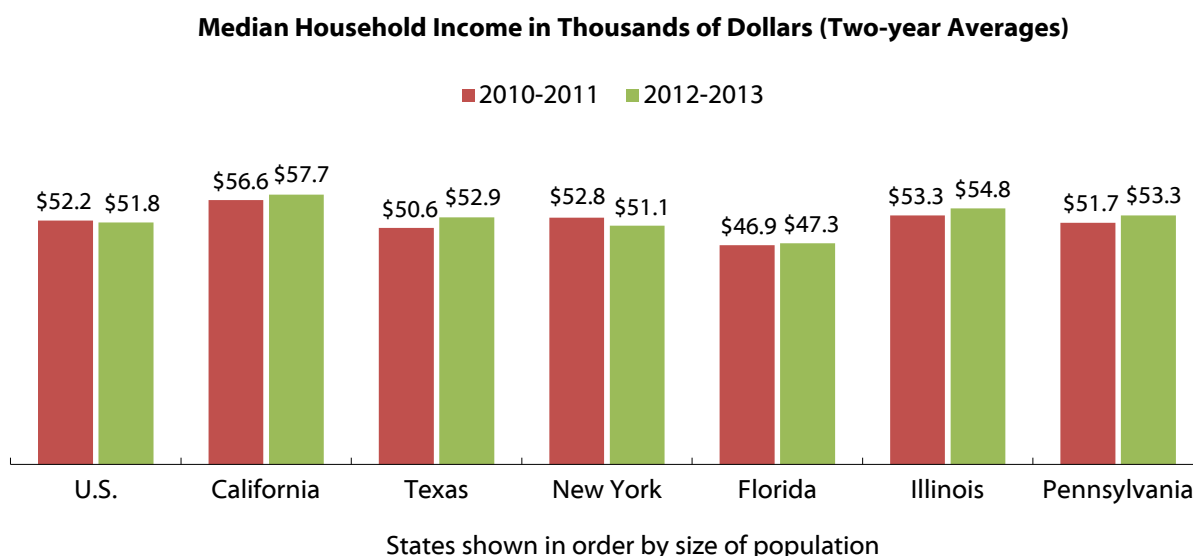
More than half of the Texas population lives in just 2 of the 7 regions: the Gulf Coast, which had 7.5 million people in 2013, and the Metroplex, which had nearly 7.0 million. The least populous region was the Panhandle, with 1.4 million people.

The racial/ethnic composition of the population varied greatly by region. In 2013, East Texas (67 percent) and the Panhandle (61 percent) had the highest concentration of Whites, while the Rio Grande (90 percent) and West Texas (67 percent) had the highest percentage of Hispanics. African-Americans were most concentrated in the Gulf Coast (16 percent), East Texas (15 percent), and the Metroplex (14 percent). Central Texas most closely resembled the overall state composition.

Source: Percent of Texas population by race/ethnicity, 2015: Texas State Data Center and Office of the State Demographer, "Estimates of the Total Population of Counties in Texas by Age, Sex and Race/Ethnicity for July, 1 2013". (<http://txsdc.utsa.edu/Data/TPEPP/Estimates/Index.aspx>).



# Median Income in Texas Increases



The median household income\* in the U.S. decreased from \$52,244\*\* in 2010–2011 to \$51,849\*\* in 2012–2013. Household income in Texas was lower than the national median in 2010–2011, but higher than the national median in 2012–2013, as it increased from \$50,649\* to \$52,854.\* Among the top six states with the highest populations, all but New York had increases in median income, and Texas had the largest increase (4.4%). Incomes are expected to stabilize over the next few years as the nation continues its recovery from the recent recession.

In 2014, Whites in the U.S. continued to out earn African-Americans and Hispanics. Compared with White household income in the U.S., African-American household income was 59 percent, and Hispanic household income was 71 percent.

\* Two-year average

\*\* In 2013 dollars

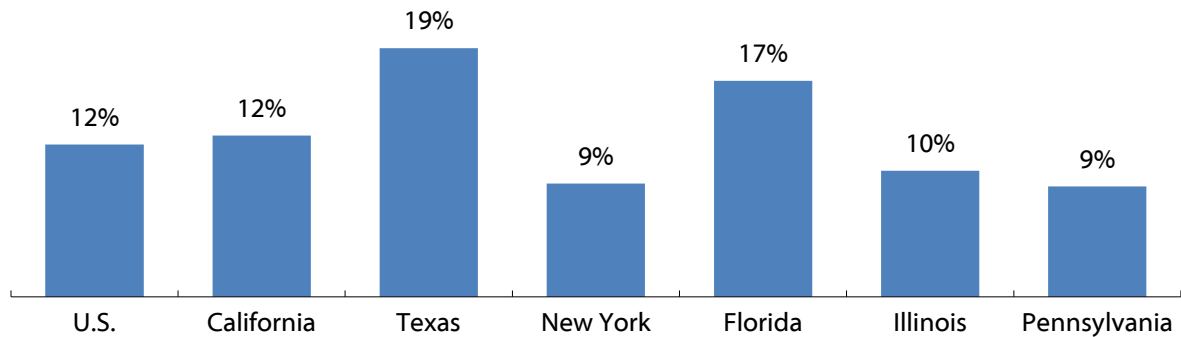
Source: U.S. Census Bureau, "Two-Year Average Median Household Income by State: 2010–2013" (<http://www.census.gov/hhes/www/income/data/statemedian/index.html>), and U.S. Census Bureau, "Income and Poverty in the United States: 2013". Due to the redesign of the CPS ASEC income questions, 2013 are the last available data for two-year averages. These data will not be updated until 2015 estimates are available.



# Nearly One in Four Texans Lacks Health Insurance

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**People Without Health Insurance, by State (2014)**



States shown in order by size of population

About 12 percent of Americans lacked health insurance in 2014. The percentage is much higher in Texas. Nineteen percent of Texans lacked insurance, the highest rate of any state in the nation. Florida and Georgia have the next highest rates of people without health insurance, at 17 and 16 percent, respectively.

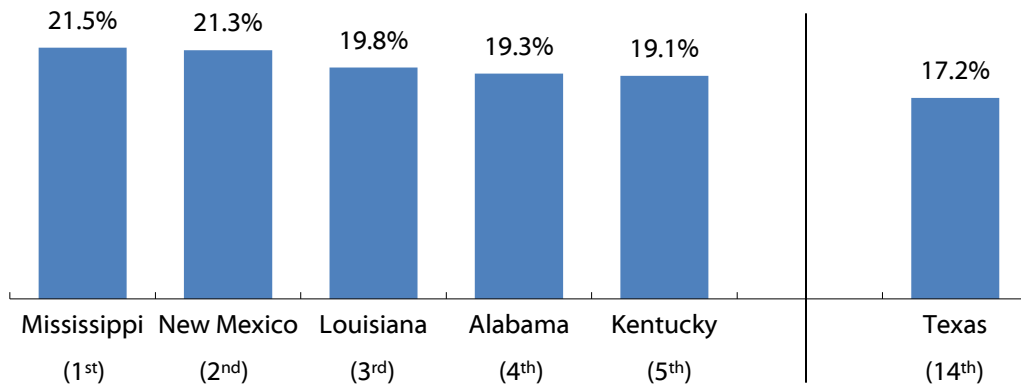
If a college student or family member were to become ill and did not have health insurance, it could be financially devastating and cause the student to drop out of college.

Source: U.S. Census Bureau, "Population Without Health Insurance Coverage by State: 2013 and 2014"  
(<http://www.census.gov/content/dam/Census/library/publications/2015/demo/p60-253.pdf>).



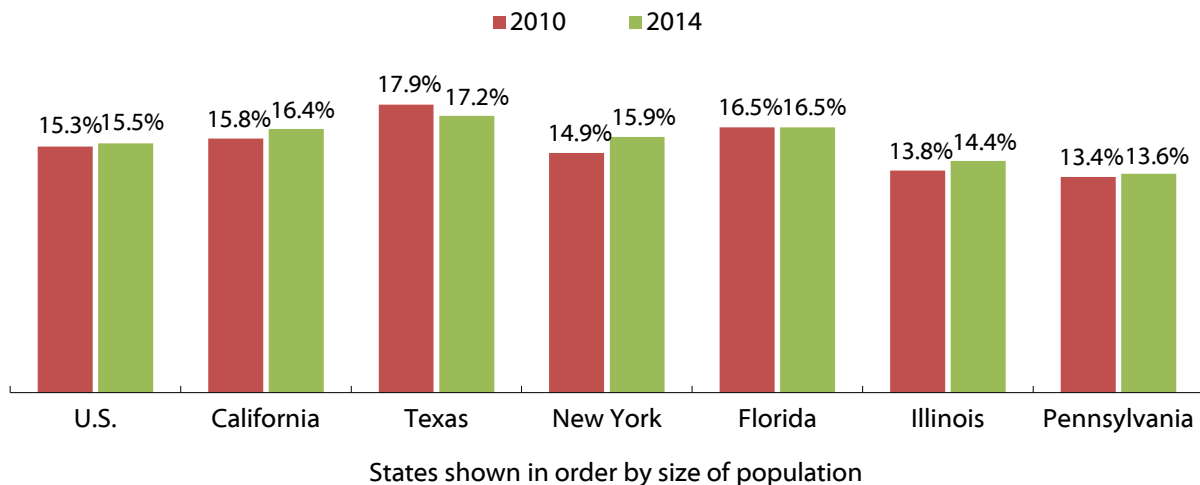
# Texas Poverty Rate Fourteenth Highest in Nation

**People in Poverty, States with Highest Rates (2014)**



An average of 15.5 percent of people in the U.S. lived in poverty in 2014, up from 15.3 percent in 2010. Texas has the fourteenth highest poverty rate in the nation and a poverty rate higher than the national average. In 2014, 17.2 percent of Texans lived below the poverty line, down from 17.9 percent in 2010. In 2014, poverty was defined as having an income of \$24,008 or less for a family of four with two children, or \$12,316 or less for an individual under 65 years old.

**People in Poverty, Largest States (2014)**

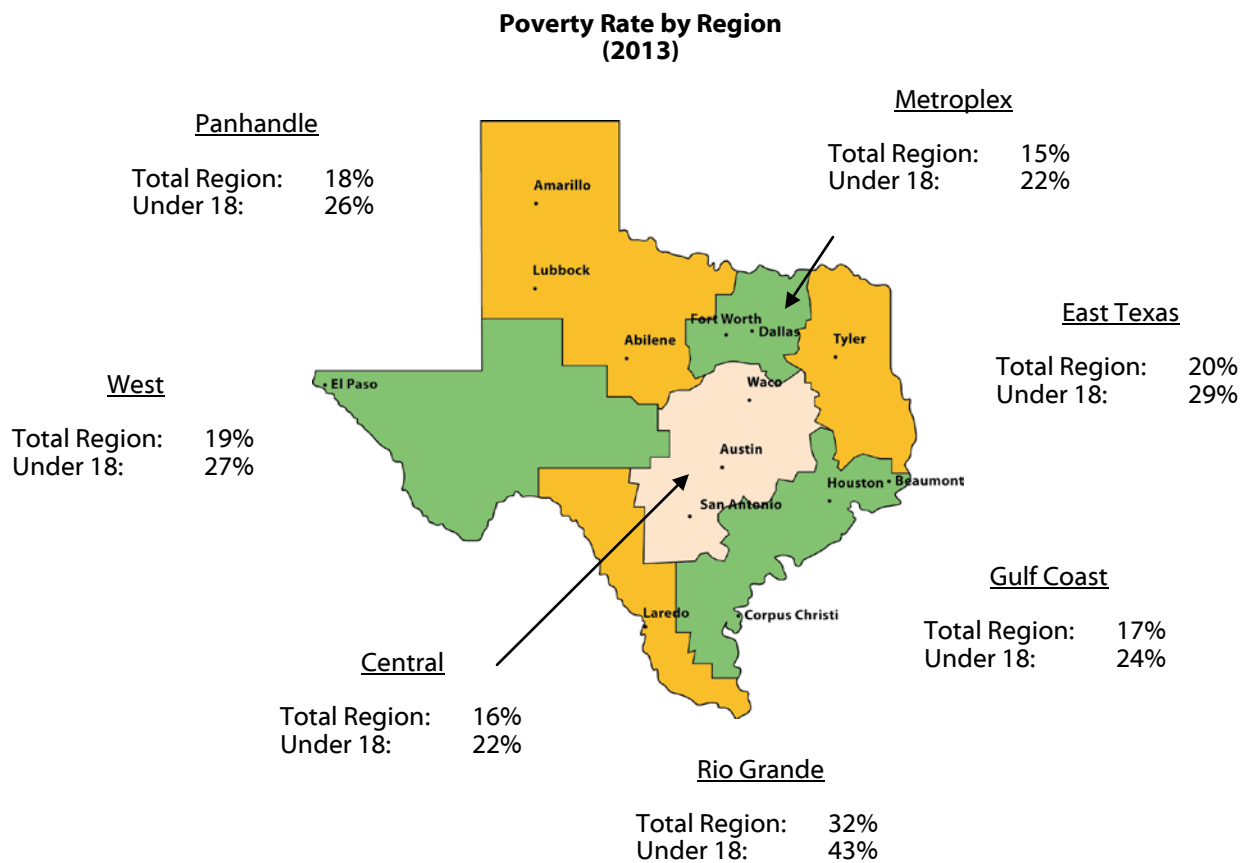


At 17.2 percent, Texas continues to have the highest poverty rate among the six largest states, followed by Florida, at 16.5 percent. Among these states, only Texas saw a decrease in poverty rate between 2010 and 2014.

Sources: Poverty Rates: U.S. Census Bureau, "Percentage of People in Poverty by State Using 2- and 3-Year Averages: 2010-2011 and 2012-2013" (<http://www.census.gov/hhes/www/poverty/data/incpovhlth/2014/tables.html>); Definition of Poverty: U.S. Census Bureau, "Poverty Thresholds: 2014" (<http://www.census.gov/hhes/www/poverty/data/incpovhlth/2014/tables.html>)



# Texas Poverty Rates Vary Widely by Region



The overall 2013 child poverty rate in Texas was 24.6 percent; however these rates vary widely by region. By a large margin, the Rio Grande region has the highest rate of childhood poverty at 43 percent – 14 percentage points higher than the next highest region. The Central and Metroplex regions have the lowest rates of childhood poverty at 22 percent.

In 2013, poverty was defined as having an income of \$23,624 or less for a family of four with two children, or \$12,119 or less for an individual under 65 years old.

Sources: Definition of Poverty: U.S. Census Bureau, "Poverty Thresholds: 2013" (<http://www.census.gov/hhes/www/poverty/data/threshld/>); Poverty rates by region: U.S. Department of Agriculture, Economic Research Service, "Poverty estimates for the U.S., States, and counties, 2013" (<http://www.ers.usda.gov/data-products/county-level-data-sets/download-data.aspx>).

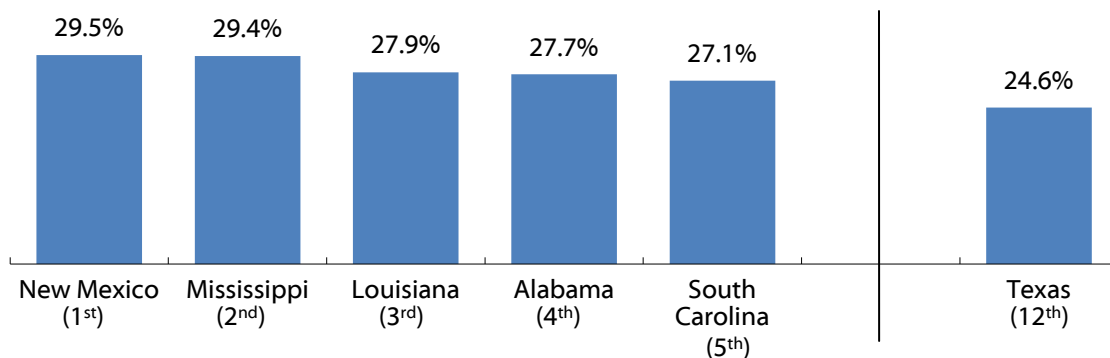


# One in Four Texas Children Live in Poverty

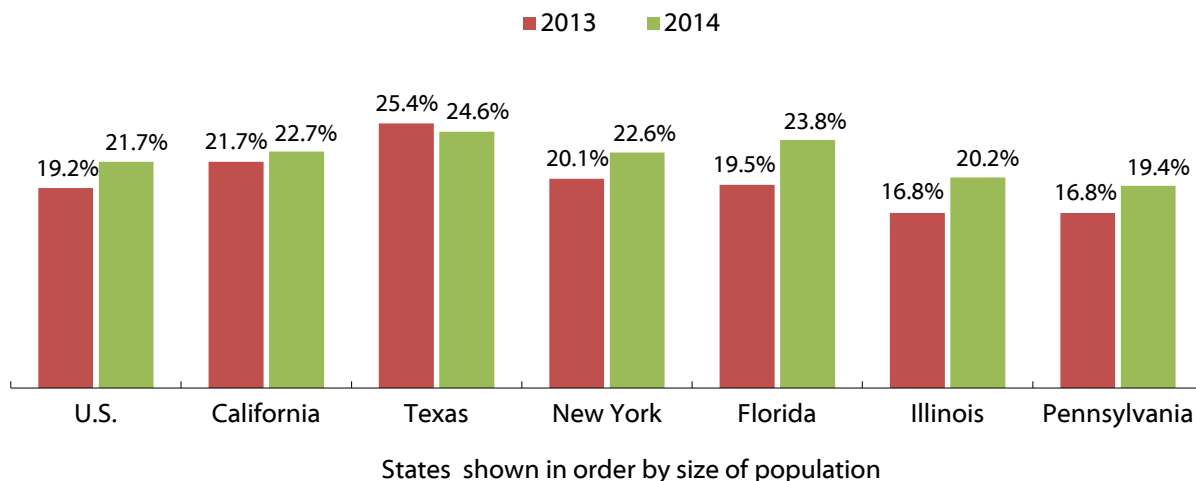
Texas has the twelfth highest rate of children living in poverty and the highest rate among the six most populous states. Almost one-fourth — 24.6 percent — of Texas children lived in poverty in 2014, a slight decrease from the 25.4 rate in 2013. Over 1,700,000 children in Texas lived in poverty in 2014, more than the children who lived in poverty in New Mexico, Mississippi, Louisiana, Alabama, and South Carolina combined.

The child poverty rate for the U.S. in 2014 was 21.7 percent, up from 19.2 percent in 2013. In 2014, there were 24 states in which 20 percent or more of children lived in poverty. Children who grow up in poverty and go on to college will most likely arrive with little financial assistance from their families and a high need for financial aid. In 2014, poverty was defined as having an income of \$24,008 or less for a family of four with two children, or \$12,316 or less for an individual under 65 years old.

**People Under 18 in Poverty: States with Highest Rates (2014)**



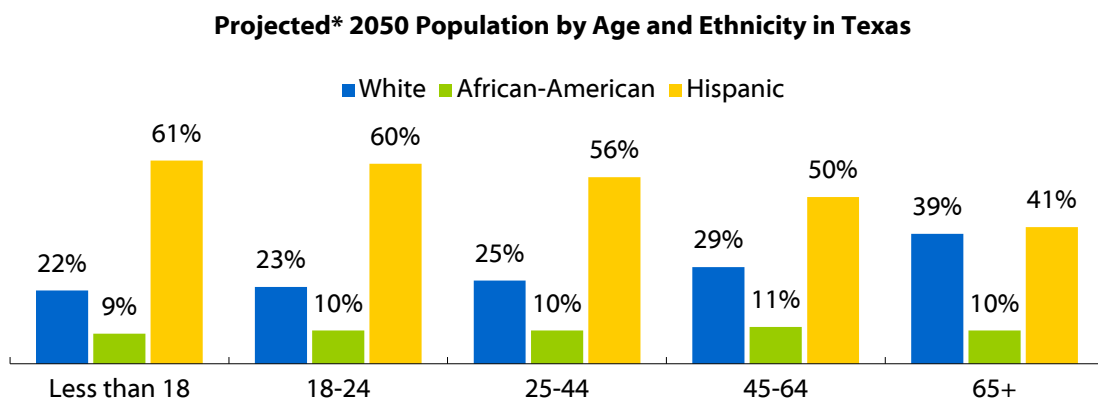
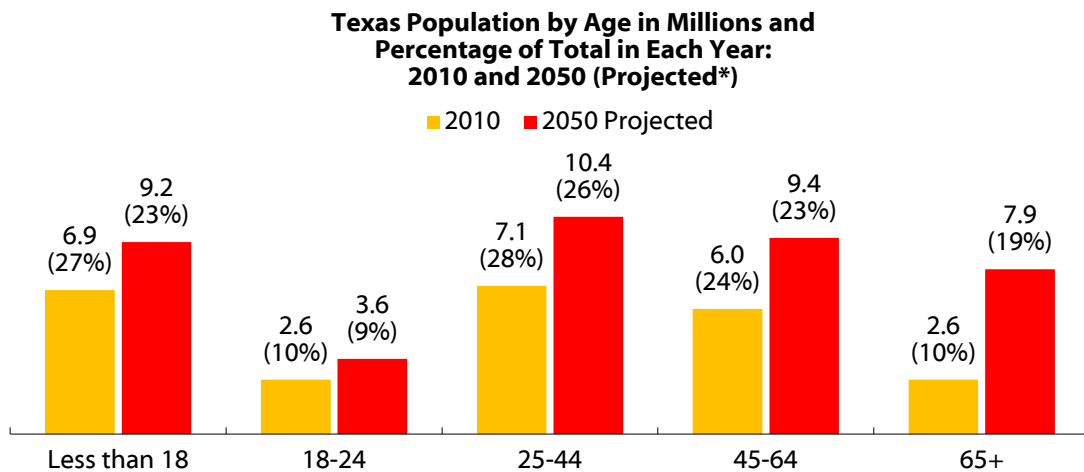
**People Under 18 in Poverty: Largest States (2013 and 2014)**



Sources: 2014 Poverty Rates: U.S. Census Bureau, Current Population Survey, (<http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>); Definition of Poverty: Definition of Poverty: U.S. Census Bureau, "Poverty Thresholds: 2014" (<http://www.census.gov/hhes/www/poverty/data/ncpovhlth/2014/tables.html>)



# Texas' Future Depends on the Education of Its Non-White Population



From 2010 to 2050,\* Texas is expected to add 2.3 million more children under age 18 and one million more adults age 18 to 24 — the traditional college age population. The population age 25 to 64 will grow by almost 7 million, while the numbers of those age 65 and older will swell by more than 5 million. Despite the increase in the number of children and young adults, people age 24 and younger will actually drop as a percentage of the population, from 38 percent to 32 percent. Meanwhile, people age 65 and older will increase from 10 percent to 19 percent.

As Texas changes from a majority-White to majority-Hispanic state, and experiences an increase in the percentage of the elderly population, a significant difference emerges with respect to population by age. In 2050,\* 61 percent of children, 60 percent of 18- to 24-year-olds, and 56 percent of 25- to 44-year-olds will be Hispanic. By contrast, only 41 percent of those 65 and older will be Hispanic. The African-American population will remain relatively stable, at 9 percent to 11 percent of each age group. Increasingly, the future of Texas, including its economic prosperity, as well as the expertise needed to run business, government, and infrastructure, will depend on the education of its non-White populations, which historically have had lower incomes, higher rates of poverty, and lower likelihood of attending and completing college than Whites.

\* Based on the 0.5 scenario, which assumes half the net migration into state as was recorded from 2000 to 2010. The State Demographer suggests that the 0.5 scenario is most appropriate for long-term planning.

Source: Texas State Data Center and Office of the State Demographer, "Texas Population Projections Program: 2014 Population Projections", Population Projections for State of Texas by Age Group (<http://osd.texas.gov/Data/TPEPP/Projections/>).

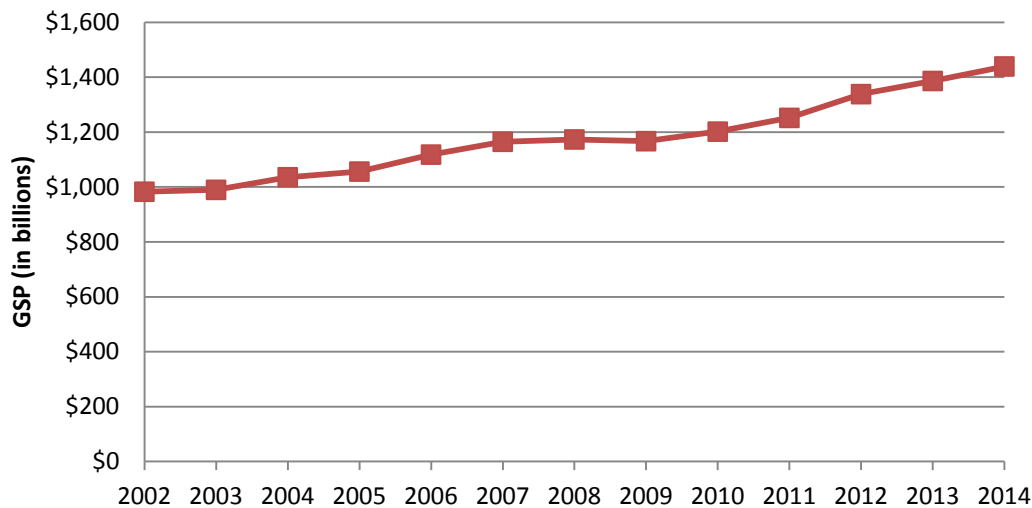


# Texas' Economy Is Second Largest in Nation

**Gross State Product (GSP)  
(FY 2014)**

Rank	State	Real GSP (Millions of Dollars)
1	California	\$2,113,280
2	Texas	\$1,467,342
3	New York	\$1,279,921
4	Florida	\$769,662
5	Illinois	\$680,448
6	Pennsylvania	\$609,141
7	Ohio	\$532,018
8	New Jersey	\$504,159
9	North Carolina	\$440,333
10	Georgia	\$435,511

**Texas' Gross State Product (2002-2014)**



Gross state product (GSP) is a measure of the economic output created by a state. Based on U.S. Bureau of Economic Analysis estimates, Texas' FY 2014 GSP was the second highest in the nation, behind California and just ahead of New York. The U.S. Bureau of Economic Analysis collects GSP data each fiscal year. Texas showed consistent economic growth between 2002 and 2014, and for the last two years Texas has shown the second highest rate of economic growth, behind North Dakota.

Sources: GSP: U.S. Department of Commerce, Bureau of Economic Analysis, "GDP By State Statistics", news release (June 10, 2015) ([http://www.bea.gov/newsreleases/regional/gdp\\_state/gsp\\_newsrelease.htm](http://www.bea.gov/newsreleases/regional/gdp_state/gsp_newsrelease.htm)); Texas GSP from Comptroller of Public Accounts, displayed in 2009 chained dollars. ([http://www.texastransparency.org/State\\_Finance/Budget\\_Finance/Reports/Forecasts/2014-15](http://www.texastransparency.org/State_Finance/Budget_Finance/Reports/Forecasts/2014-15)). Both GDP and GSP displayed in 2009 chained dollars. Per capita real GDP statistics for 1997-2014 reflect Census Bureau mid-year population estimates available as of December 2014. Texas' Gross State Product updated quarterly.

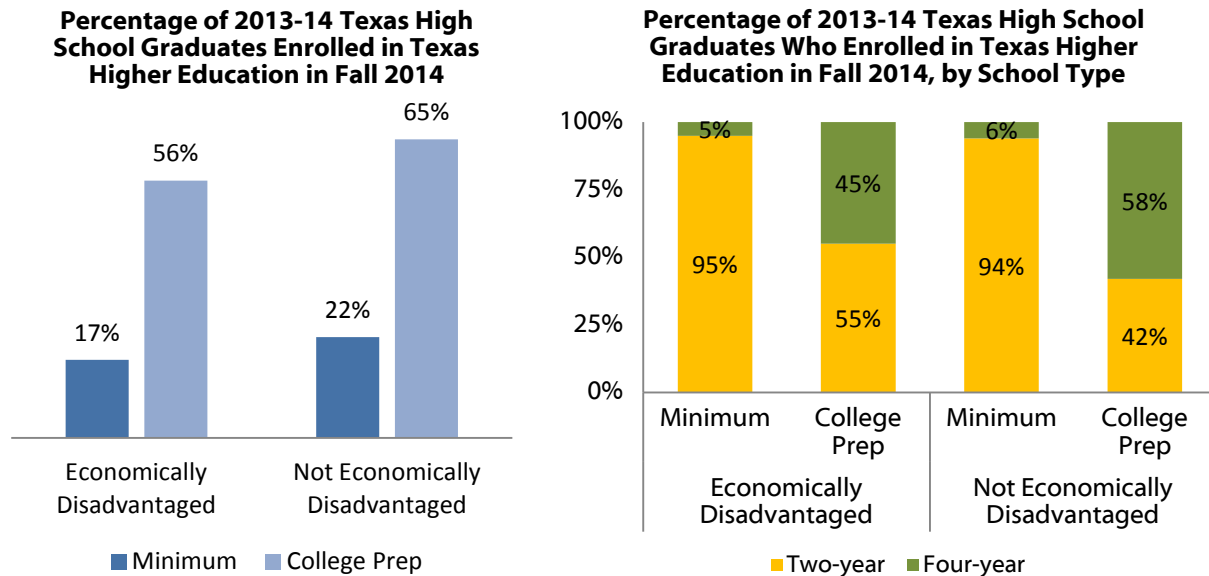




## SECTION 2

# Texas College Readiness

# A High School Curriculum of Academic Intensity Boosts College Success for Disadvantaged Students



While family income has a positive association with college enrollment, access to a high school curriculum of high academic intensity and quality, such as the Recommended or Distinguished achievement programs in Texas, can also play a key role in students' success. A U.S. Department of Education study found that the intensity and quality of a student's high school curriculum has a bigger impact on bachelor's degree completion than either the student's high school test scores or the student's grade point average (GPA).

In 2013–14, high school graduates with College Prep\* diplomas were more likely to enroll in college immediately following graduation, with 56 percent of economically disadvantaged\*\* students with College Prep diplomas enrolling in college compared to 17 percent of those with minimum diplomas. For students who were not economically disadvantaged, 65 percent of those with College Prep diplomas enrolled in college compared to 22 percent of those with minimum diplomas. "Economically disadvantaged," college-prepared high school graduates are also 13 percent less likely than college-prepared students considered "not economically disadvantaged" to enroll in a four-year college after graduation.

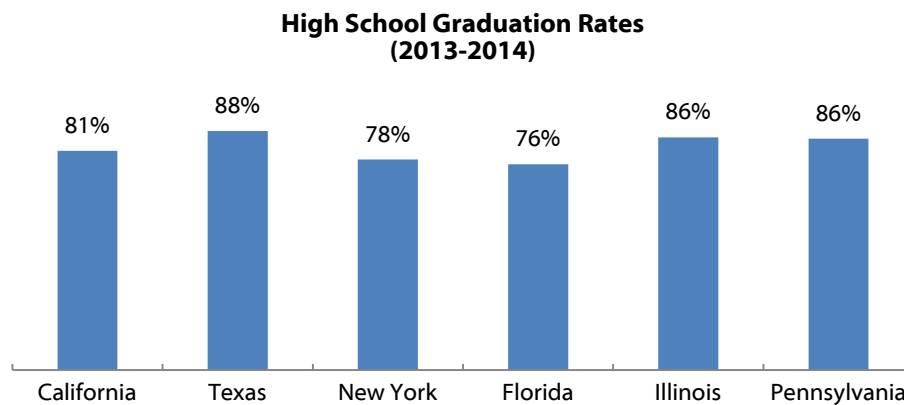
\*A high school student who graduates under either the Recommended or Distinguished achievement program is considered to have a College Prep diploma for the purposes of this analysis, and a graduate of the Foundation or Minimum achievement program is considered a Minimum program. The Recommended and Distinguished programs require more completed credits (26) in mathematics, science, social studies, language other than English, and fine arts than the minimum program. The Foundation and Minimum programs have fewer required completed credits (22).

\*\* The Texas Education Agency (TEA) collects data on whether a student is "economically disadvantaged" based on the student's eligibility for free or reduced lunch as a proxy for family income. The TEA does not have detailed information about family income.

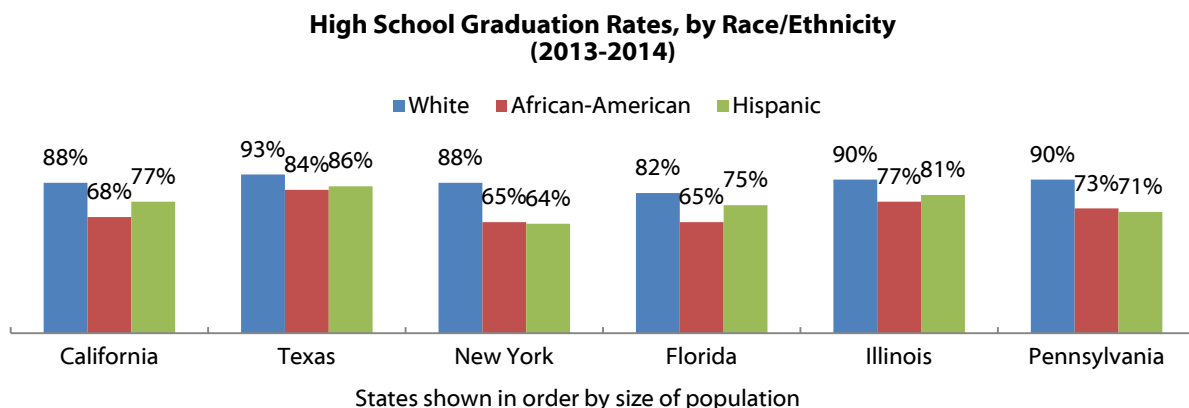
Sources: High school curriculum and degree completion: U.S. Department of Education, Office of Educational Research and Improvement, *Answers in the Tool Box: Academic Intensity, Attendance Patterns, and Bachelor's Degree Attainment*, by Clifford Adelman (1999) (<http://www2.ed.gov/pubs/Toolbox/toolbox.html>); Side-by-Side Comparison: Texas Graduation Programs 2014-2015: ([file:///C:/Users/tgksk/Downloads/SidebySideGraduationPrograms\\_030114.pdf](file:///C:/Users/tgksk/Downloads/SidebySideGraduationPrograms_030114.pdf)); All other: THECB, "2013-2014 Texas High School Graduates Enrolled in Higher Education Fall 2014, by Economic Category, Diploma Type, and Ethnicity" (unpublished tables).



# Texas Ranks Near Top in High School Graduation Rates



Texas ranked fifth in the nation for high school graduation rates in 2013-2014, tying with five other states at 88 percent. Texas ranked highest among the six most populous states in the nation and led the most populous states in graduation rates within racial and ethnic groups. Nationally, the overall graduation rate in 2012-2013 was 81.4 percent.\*



The recent increase in high school graduation rate have been due in part to dramatic reductions in the number of “dropout factory” high schools in the past 10 years. These schools are defined as having 60 percent or less of their ninth grade class still enrolled in their senior year.

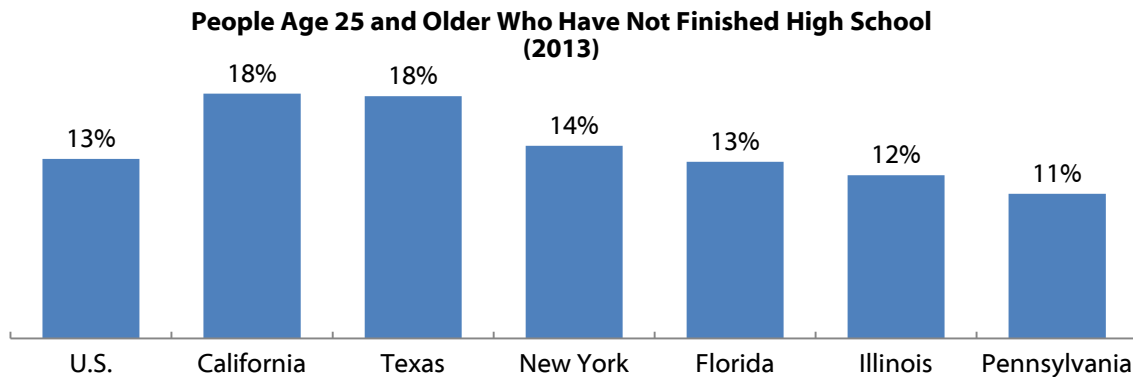
The U.S. Department of Education helps states decrease the number of low performing schools by providing federal school improvement grants through the Office of School Turnaround. These grants target dropout factory high schools, other low performing high schools, and their feeder middle schools in an effort to increase the number of people in the country with at least a high school education. The Alliance for Excellent Education predicts that Texas would likely see a more than \$600 million increase in Gross State Product if it can reach a 90 percent graduation rate across the state in just a single high school class. While Texas is close to reaching this 90 percent goal, it has remained at 88 percent for the last three years.

\*National high school graduation rate for 2012-2013 school year, not yet released for 2013-2014.

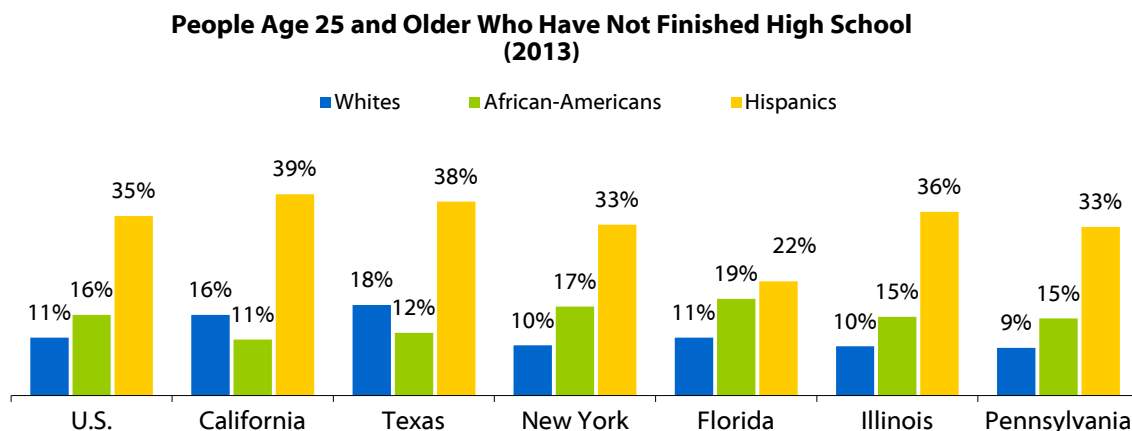
Sources: Graduation Rates: U.S. Department of Education, ED Data Express, Data about elementary and secondary schools in the U.S. (<http://www.eddataexpress.ed.gov/>); All else: America's Promise Alliance, *Building a Grad Nation: Progress and Challenge in Ending the High School Dropout Epidemic, 2015 Report* (<http://gradnation.org/report/2015-building-grad-nation-report>).



# Texas Has Largest Percentage of People Age 25 and Older Lacking a High School Education



In 2013, 18 percent of people age 25 and older (or 3 million people) in Texas had not finished high school. This is the same percentage as California and a higher percentage than any other state in the nation. In the U.S., 13 percent of adults had not finished high school. Not completing high school can have a detrimental effect on college access. However, overall high school diploma attainment in Texas are improving. Recent Texas high school graduation rates rank Texas near the top compared to other states.



States shown in order by size of population

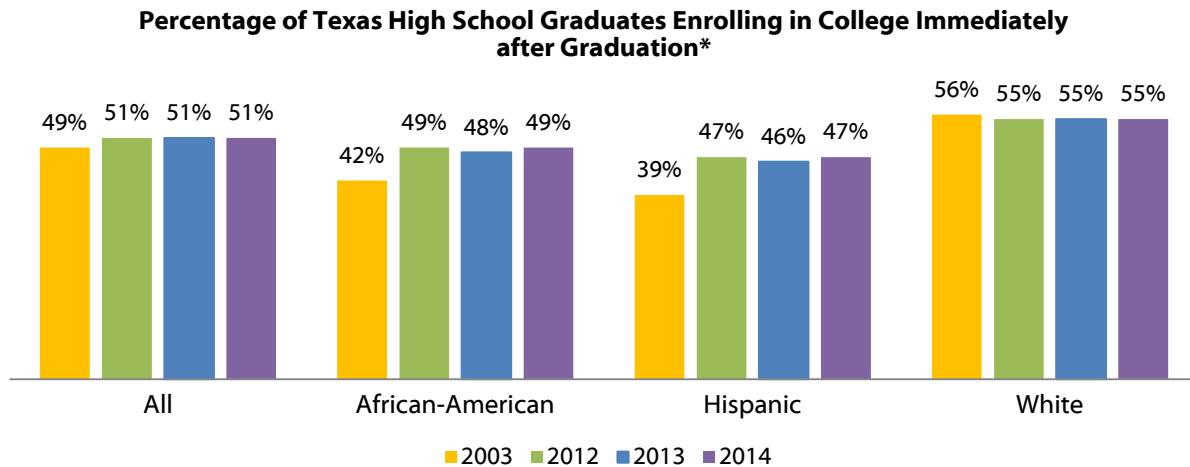
The completion rates of different racial and ethnic groups vary widely. Although these disparities exist in many areas of the country, they are particularly important for Texas, which has become a “minority-majority” state. At the high school level, data show that:

- Hispanics, who comprised over a third of the Texas population in 2013 and who are projected to comprise 54 percent by 2050, are the least likely to have obtained a high school diploma. As of 2013, 39 percent of Hispanics age 25 and older had not finished high school.
- Approximately 11 percent of African-Americans in Texas have not completed high school. This represents a major improvement since 2006, when 17 percent of African-Americans had not finished high school.

Sources: Texas State Data Center and Office of the State Demographer, Texas Population Projections Program, “Population Projections for the State of Texas and Counties in One File,” 2013 (<http://www.txsdcenter.org/Data/TPEPP/Projections/Index.aspx>). High school completion among 25 and older: U.S. Census Bureau, 2014 American Community Survey 1-Year Estimates, Detailed Tables (<http://www.census.gov/acs/www/>); High school graduation rates: U.S. Department of Education, ED Data Express, Data about elementary and secondary schools in the U.S. (<http://www.eddataexpress.ed.gov/>).



# Percentage of Texas High School Graduates Who Enroll in College Immediately after High School Remains Level



The 2010 U.S. Census revealed that a smaller percentage of the Texas population participated in higher education than in other large states and the U.S. as a whole. About 9.5 percent of the Texas population age 18 and older was enrolled in higher education in 2010, versus 11.2 percent for California, 10.0 percent for New York, and 9.9 percent for the nation.

In 2000, Texas set the goal of “closing the gaps” in participation and success in higher education by 2015 by increasing the number of students enrolled and the number of degrees awarded. A 2006 goal revision called for the number of students enrolled to increase from the original goal of 500,000 by 2015 to 630,000 by 2015. Also, the goal for the overall number of degrees awarded by 2015 was adjusted from the original goal of 163,000 to 210,000.

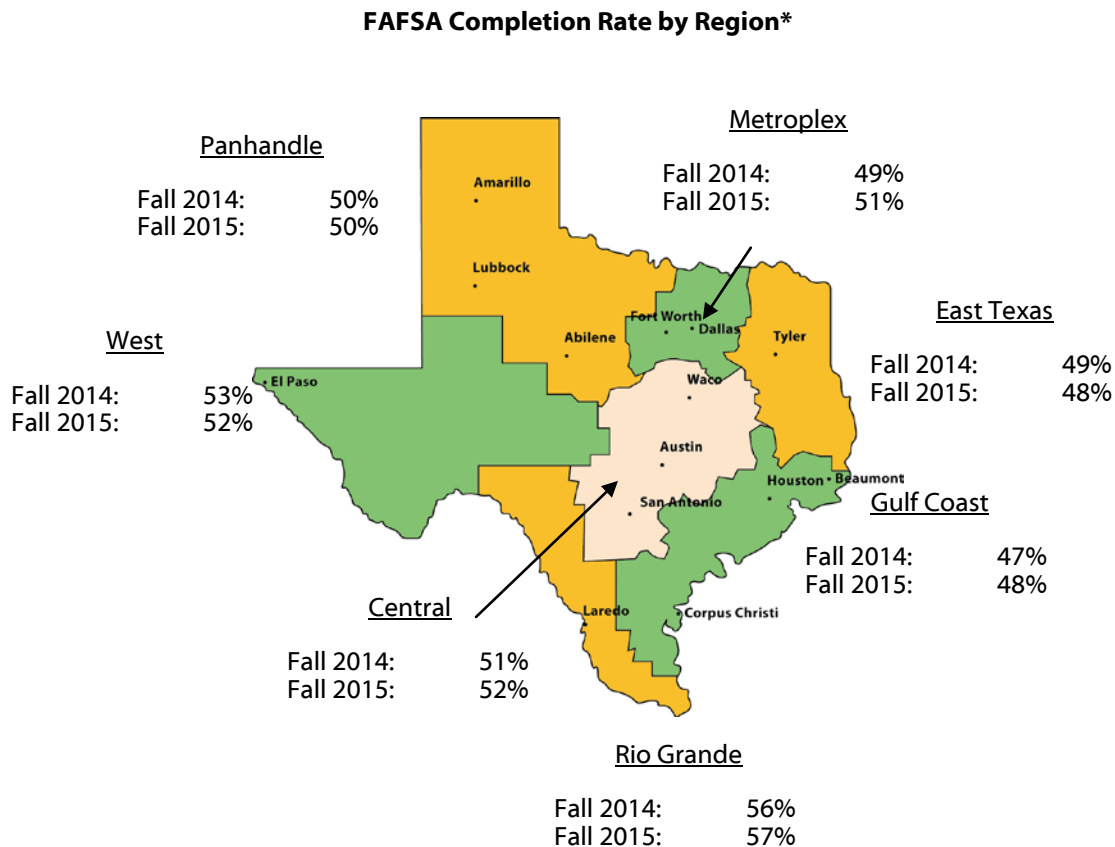
Although increasing the percentage of high school graduates who go on to college is not an official “closing the gaps” goal, the Texas Higher Education Coordinating Board (THECB) reports that the percentage of students entering college in the summer or fall immediately after high school graduation\* gradually increased from 2003 to 2011. However, since 2012, this percentage has remained constant across Texas. About 51 percent of all 2012-2014 Texas high school graduates enrolled in a Texas public college or university by that fall, up from 49 percent in 2003, but down from 52 percent in 2011. The percentage of Whites who enroll still exceeds the percentage of non-Whites; however, this gap is closing. For Hispanics, the percentage enrolling in college immediately after high school has increased greatly since 2003. Keeping track of this statistic is important, because delaying postsecondary enrollment after high school graduation is a risk factor for eventually dropping out of college or never enrolling.

\* Includes only Texas high school graduates who enrolled in a Texas public or private, nonprofit college or university. Data on students who enrolled at proprietary institutions or enrolled in out-of-state schools are not available. In AY 2007–2008, about 93 percent of Texas students who enrolled in college immediately after high school graduation were attending school in their state of residence.

Sources: “Closing the Gaps” goals: Texas Higher Education Coordinating Board (THECB) *Closing the Gaps*, October 2000 (<http://www.theccb.state.tx.us/reports/PDF/0379.PDF?CFID=11742258&CFTOKEN=38987795>); “Closing the Gaps” revised goals: Closing the Gaps Revised Goals and Targets for 2015 (<http://www.theccb.state.tx.us/reports/PDF/1176.PDF>); Percentage enrolled in higher education: U.S. Census Bureau, *Census 2000*, General Demographic Characteristics – DP-1 (population age 18 and over) and General Social Characteristics (population enrolled in higher education) (<http://www.census.gov/main/www/cen2000.html>); Texas high school students enrolling in college immediately after graduation: Texas Higher Education Coordinating Board (THECB) High School to College Linkages, 2014, “High School Graduates Enrolled in Higher Education the Following Fall: [State Summary](#) by Ethnicity and Higher Education Sector, Fall 2000 to Fall 2013” (<http://www.txhighereddata.org/index.cfm?objectId=2783AAA6-ADCB-E35A-5BFC8F501DC1D65A>).



# Rio Grande Valley Has Highest FAFSA Completion Rates in Texas



The Free Application for Federal Student Aid (FAFSA) is the standardized financial aid application used by nearly all colleges and universities to award all types of financial aid. The form is administered by the Office of Federal Student Aid (FSA), part of the U.S. Department of Education. Many students and families do not realize that most colleges and universities use this form to award all financial aid, not only Federal loans and grants. By completing the FAFSA, students and their families may have access to more financial options and may be able to make more informed decisions about college enrollment. Because of the importance of filling out the FAFSA and the strong correlation between FAFSA completion and college attendance, FSA has recently made data on FAFSA completion available to high schools and the public.

With the exception of the Gulf Coast and East Texas regions, 50 percent or more of the seniors in the high school class of 2014-2015 completed the FAFSA. Completion rates decreased from 2013-2014 in the West Texas and East Texas regions. At 57 percent, schools in the Rio Grande Valley had the highest completion rate.

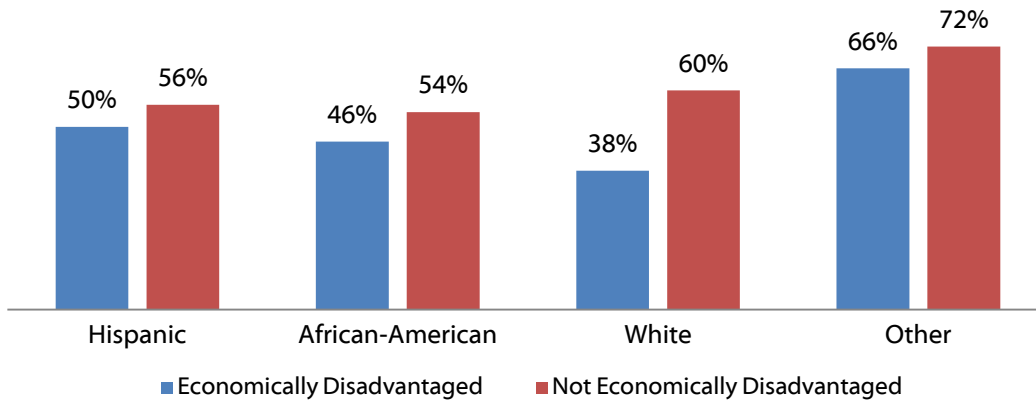
\* Fall 2013 represents the class of 2013-2014 high school seniors completing the FAFSA as of September 5, 2014; Fall 2015 represents the class of 2014-2015 high school seniors completing the FAFSA as of October 23, 2015.

Source: U.S. Department of Education, Office of Federal Student Aid, *FAFSA Completion by High School* (<http://studentaid.ed.gov/about/data-center/student/application-volume/afsa-completion-high-school>). Number of high school seniors from Texas Education Agency, special request.



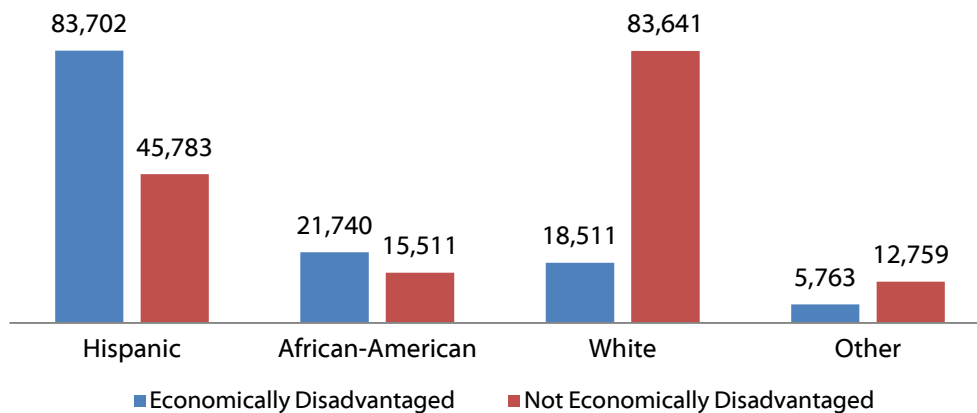
# Low-Income Texas Students Are Less Likely to Enroll in College

**Percentage of 2013-14 Texas High School Graduates Enrolled in Texas Higher Education in Fall 2014, by Ethnicity**



Economically disadvantaged\* high school graduates in Texas are less likely to enroll in college. This is true across all racial and ethnic categories but is especially pronounced for White students.

**Number of 2013-14 Texas High School Graduates, by Ethnicity**



Only 18 percent of White high school graduates in Texas are considered to be economically disadvantaged, while 65 percent of Hispanic and 58 percent of African-American high school graduates are considered economically disadvantaged.

\*The Texas Education Agency (TEA) collects data on whether a student is “economically disadvantaged” based on the student’s eligibility for free or reduced lunch as a proxy for family income. The TEA does not have detailed information about family income.

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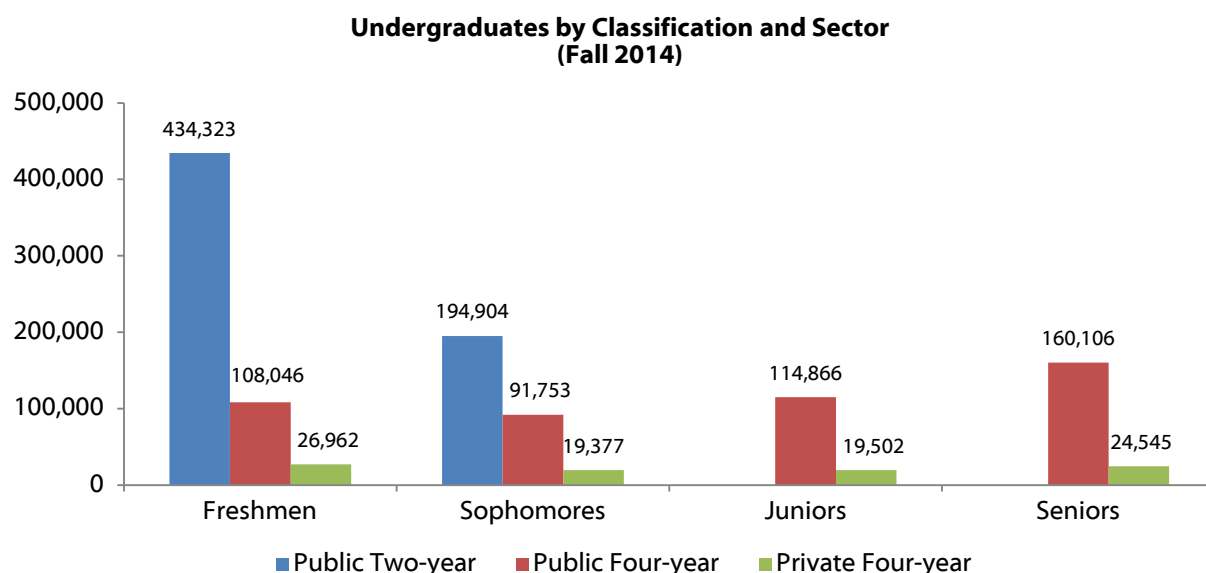




### SECTION 3

# Profile of Texas College Students

# Most Undergraduates in Texas Attend Two-year Institutions



Public colleges and universities in Texas enrolled a total of 1,438,033 undergraduate and graduate students in fall 2014. The number of undergraduates at public two-year institutions in Texas far exceeds the number at public four-year institutions, especially for freshmen. In fact, 80 percent of all freshmen attending Texas public institutions of higher education in fall 2014 were enrolled at two-year colleges (up from 76 percent in fall 2000), and only 20 percent were enrolled at four-year universities.

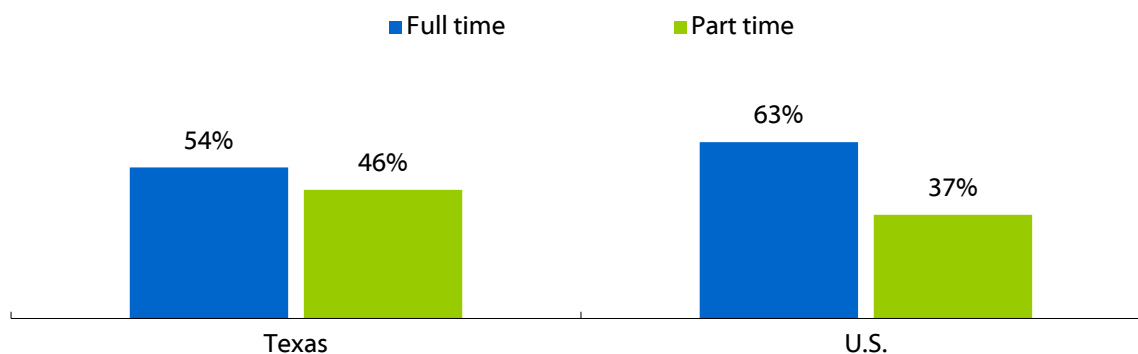
At public four-year universities, about 79 percent of students are undergraduates, but their distribution across grade levels is not consistent. At 27 percent, seniors made up the largest proportion of public four-year undergraduates in fall 2013, while sophomores represented the smallest proportion with only 15 percent. The higher number of seniors suggests that some students may be classified as seniors for more than one year.

Private, nonprofit four-year universities enrolled a total of 121,957 undergraduate and graduate students in fall 2014, or 8.5 percent of postsecondary students in Texas\*. Though the percentage of undergraduates, at 74 percent, is similar to the percentage at public four-year universities, the distribution across grade levels is not. About 22 percent of private students are freshmen and about 20 percent are seniors, with sophomores and juniors taking up 16 percent each. These distributions may indicate that private universities have lower freshman retention rates but higher graduation rates for students who persist to upper classifications.

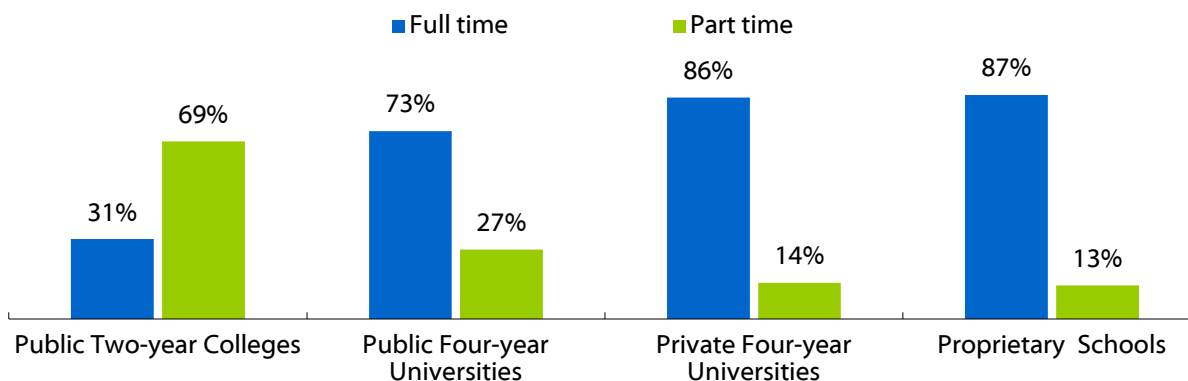
\*Excluding proprietary enrollment.

# Nearly Half of Undergraduates in Texas Enroll in School Part Time

**Enrollment Intensity of Undergraduates in Texas and the U.S.  
(Fall 2014)**



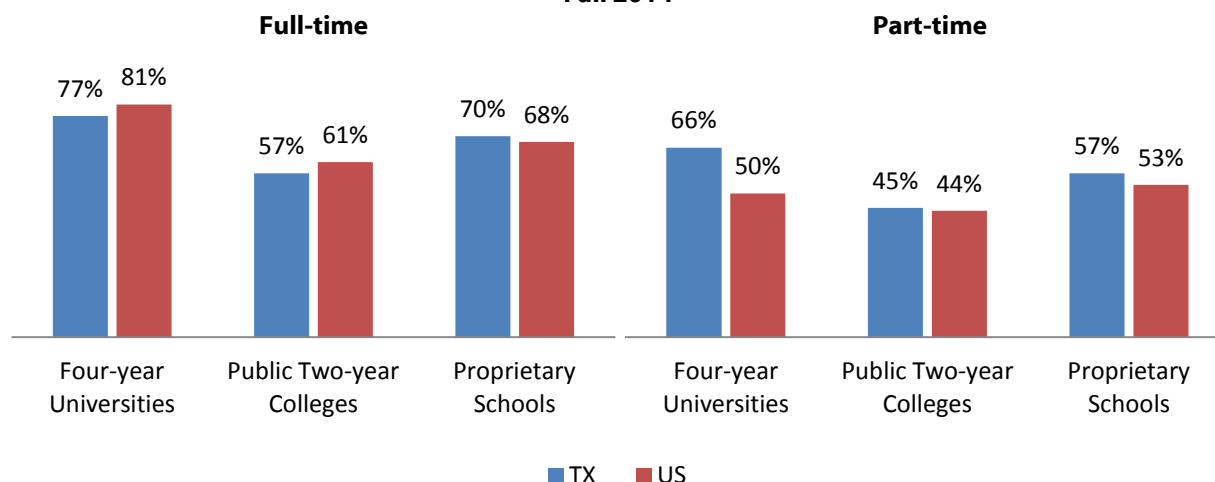
**Enrollment Intensity of Undergraduates in Texas by School Sector  
(Fall 2014)**



Part-time enrollment is more common in Texas than in the nation as a whole. As of fall 2014 about 54 percent of undergraduates in Texas were classified as full-time students. Full-time attendance is highest at proprietary colleges, followed closely by private four-year universities, then public four-year universities. At public two-year colleges, the largest sector by enrollments, only about a third of students attend full-time. Reasons for part-time enrollment vary but may pertain to financial concerns like employment or limited money for education expenses. For several reasons, students who attend part-time are at a greater risk for dropping out of school.

# Texas Trails National Average Retention for Full-time Students, Exceeds the Average for Part-time Students

**Average\* First-Year Retention Rates by Enrollment Intensity and Sector for U.S. and Texas Postsecondary Institutions, Fall 2014**

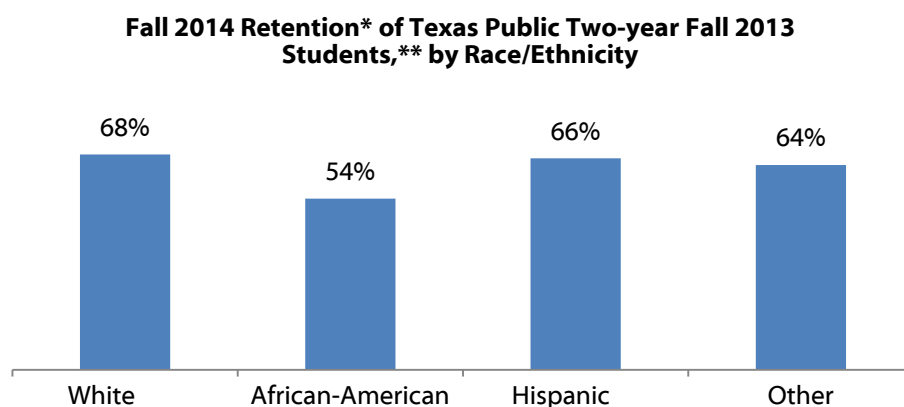
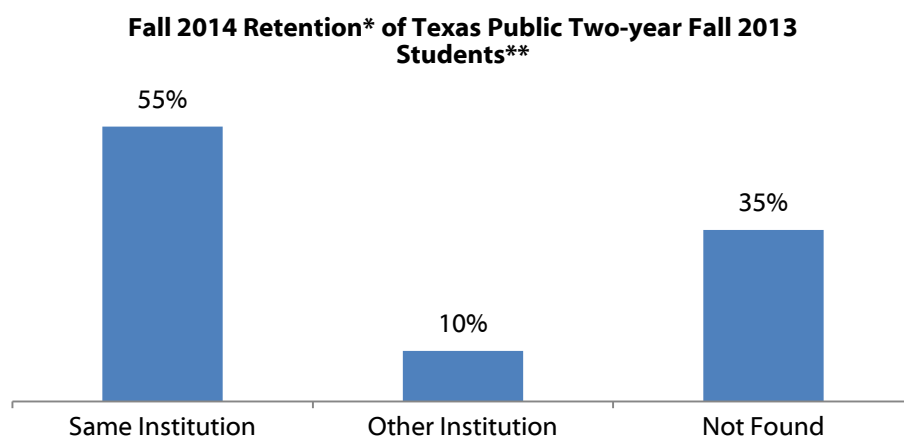


While Texas lags behind the nation in first-year retention rates for full-time students, particularly at four-year institutions, it has higher than average retention rates for part-time students at four-year institutions. The first-year retention rate is the percentage of the first-year fall enrollment in a given year that has either returned to the program or graduated by the fall of the following year. Among both full-time and part-time students, community colleges have the lowest retention rates. Both in Texas and for the nation as a whole, full-time students are far more likely to persist into their second year than part-time students.

The four-year sector in Texas has seen dramatic gains in the retention rate for part-time students in the past few years, increasing by 11 percentage points since fall 2012. Nationally, retention rates for part-time students in the four-year sector only increased by 1 percentage point since fall 2012. In Texas, full-time students make up 80 percent of enrollments in the four-year sector, 31 percent of enrollments in the community college sector, and 87 percent of enrollments in the proprietary sector.

\*This is a weighted average, meaning it is calculated as the average of institutional first-year full-time and part-time retention rates (retention rate of prior year's first-year students) weighted by full-time and part-time enrollments, respectively.

# More than One-Third of Community College Students Are Not Retained



Among Texas two-year college students who were enrolled in fall 2013 and did not graduate that year, about 66 percent continued their education at a Texas institution in fall 2014. Fifty-five percent of students continued at the same institution, and 10 percent continued at a different community college or transferred to a four-year institution. The 35 percent of non-graduates who were “not found” either dropped out or transferred to non-Texas institutions; it is likely that most left school entirely. African-American students were the least likely to persist in postsecondary education in Texas, at 54 percent. White students were the most likely to persist in postsecondary education in Texas, at 68 percent, followed by Hispanic students at 66 percent.

\*Average of institutional retention rates for Texas institutions by race/ethnicity weighted by enrollments by race/ethnicity

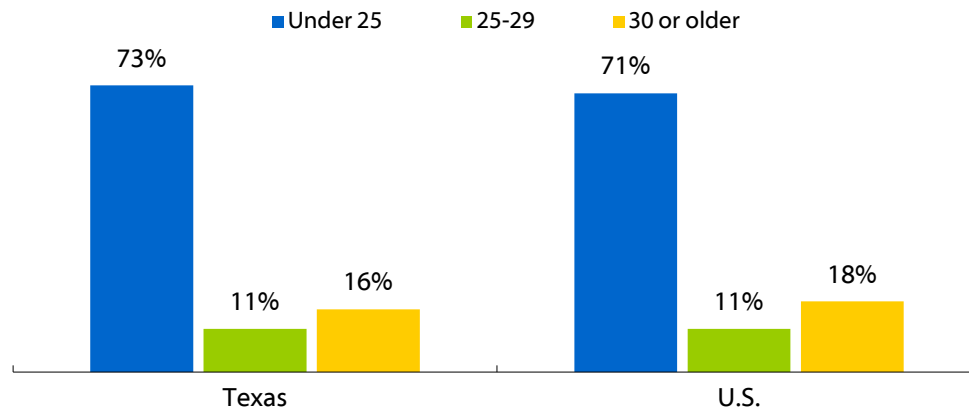
\*\* Includes first-time, full-time, credential seeking two-year college students who persisted or left without receiving an award or degree.

Sources: Texas Higher Education Coordinating Board (THECB) Accountability System (<http://www.txhighereddata.org/Interactive/Accountability/>), Retention (unpublished table).

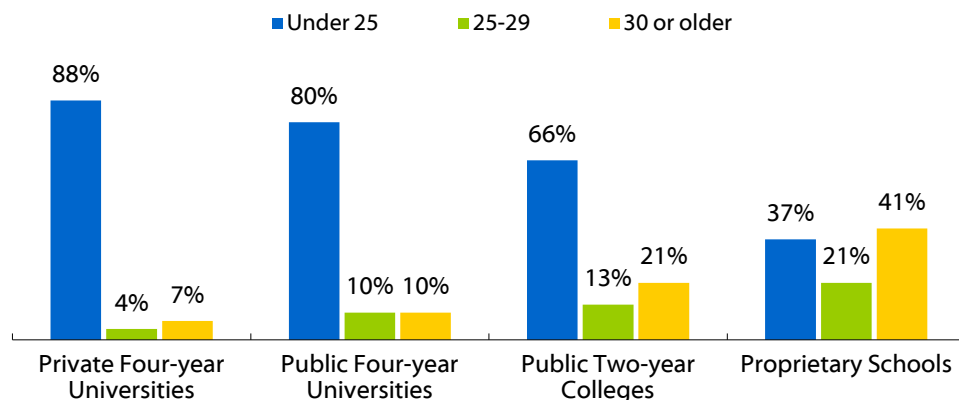


# Over Twenty-Five Percent of Undergraduates in Texas Are Age 25 or Older

**Age of Undergraduates in Texas and the U.S.  
(Fall 2014)**



**Age of Undergraduates in Texas by School Sector  
(Fall 2014)**



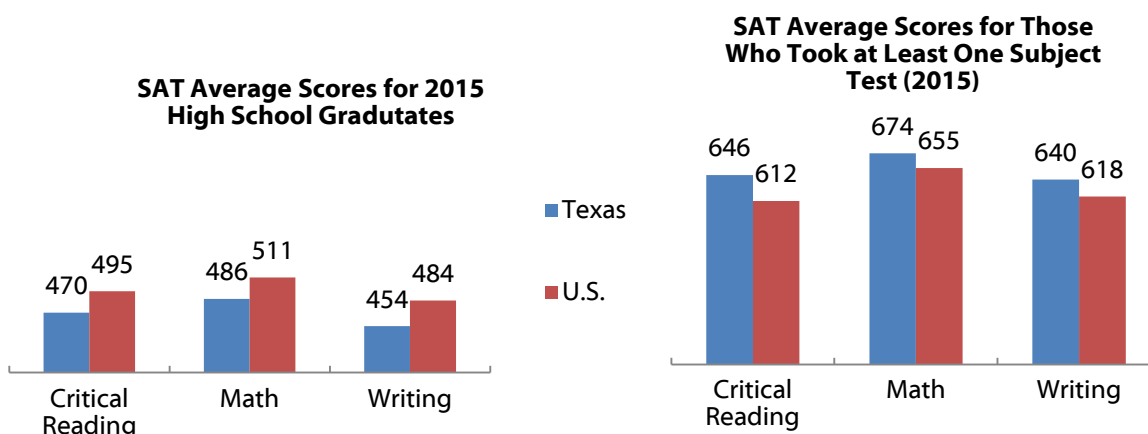
Of all Texas undergraduates in fall 2014, about 73 percent were under age 25, 11 percent were between age 25 and 29, and 16 percent were age 30 or older. In the U.S. as a whole, older undergraduates are marginally more common, with 71 percent of fall 2014 undergraduates under the age of 25, 11 percent between age 25 and 29, and 18 percent age 30 or older.

About four in five undergraduates at public four-year universities and almost nine out of ten at private four-year universities are under the age of 25. At public two-year colleges, 66 percent of students are under age 25. Proprietary schools and public two-year colleges have higher percentages of older undergraduates. About 41 percent of undergraduates at proprietary schools and 21 percent of undergraduates at public two-year colleges are age 30 or older.

Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2014 (<http://nces.ed.gov/ipeds/>).

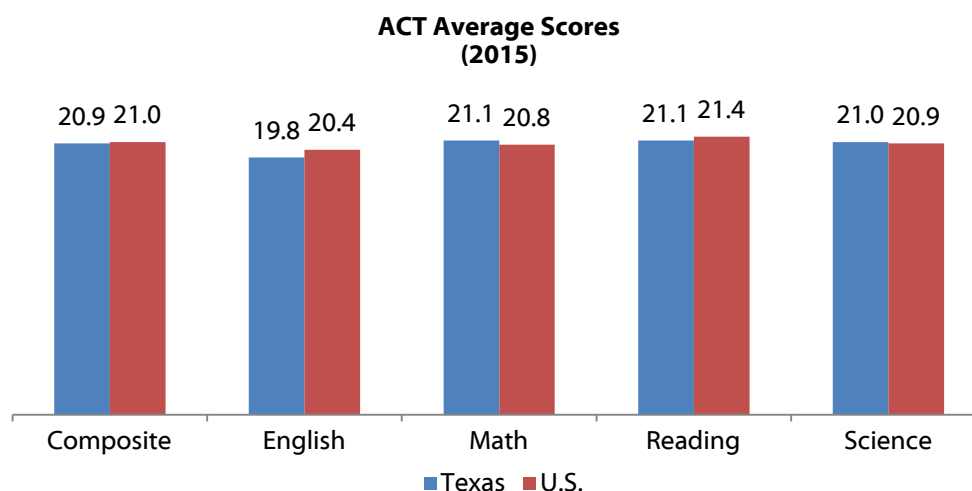


# Texas SAT Subject Test Takers Earn Higher Scores



More than 193,000 Texas high school seniors and 1.69 million high school seniors nationwide — well over half the total graduating class for both groups — took the SAT in the 2014–2015 school year. Average SAT scores are lower in Texas compared to the U.S. in all categories. In Texas, 64 percent of test takers were minority students. Additionally, almost one out of three students used a fee waiver. Nationally, 53 percent of test takers were minority students and about one in four used a fee waiver.

Only 32 percent of test-takers in Texas met the SAT College and Career Readiness benchmark, compared to 42 percent nationally. However, Texas students who took the SAT and at least one SAT subject test outperformed national averages by notable margins. Nationwide, about 13 percent of those who took the SAT also took at least one subject test. In Texas, only about 4 percent of SAT takers also took a subject test, but that 4 percent represents an exceptionally qualified pool of students that outperforms the national average.

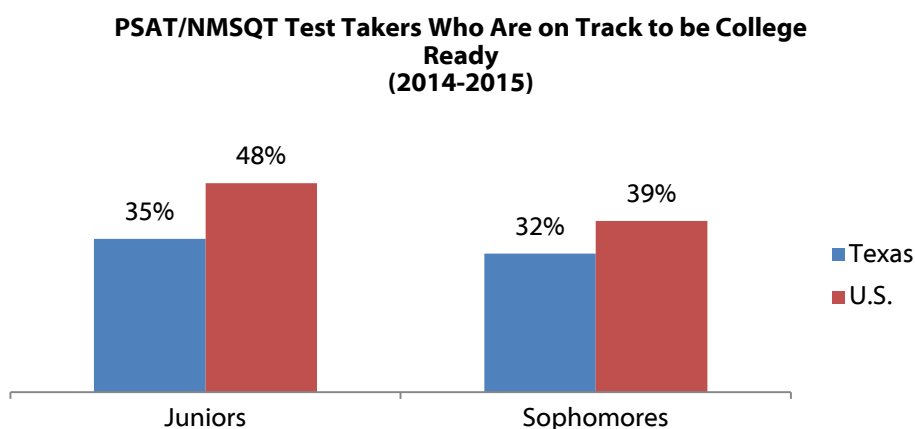


The American College Test (ACT) is less popular in Texas than the SAT but may be gaining in popularity. Forty percent of 2014-2015 Texas high school graduates took the ACT, up from 30 percent since 2007. Nationally, 57 percent of high school graduates took the exam. While average ACT composite scores in Texas have often lagged slightly behind national averages, the average composite score for Texas graduates has roughly mirrored that of the nation as a whole in recent few years, with slight variations in each subject area.

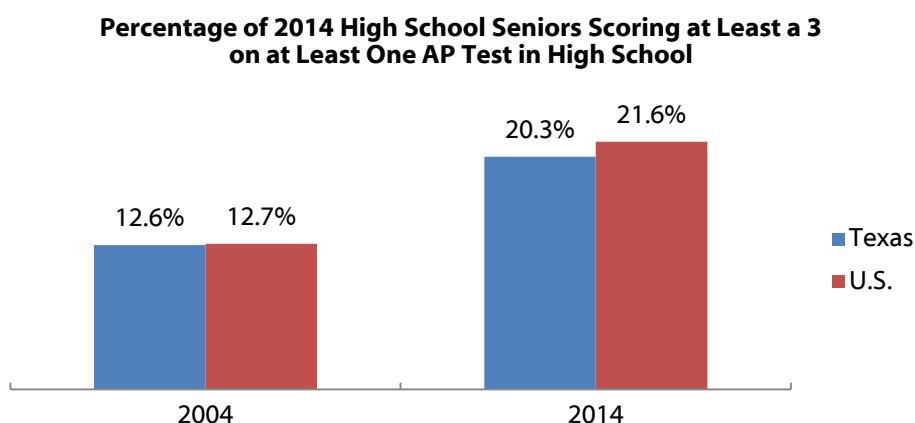
Source: SAT: The College Board, SAT Data & Reports, College-Bound Seniors <http://research.collegeboard.org/programs/sat/data/cb-seniors-2015>, ACT: ACT, National and State Scores 2015 (<http://www.act.org/newsroom/data/>).



# Texas High School Students Lag behind Students Nationally in College Readiness



The Preliminary SAT (PSAT) and National Merit Scholar Qualifying Test (NMSQT) are taken by high school sophomores and juniors. The tests help the students prepare for the SAT and prompt them to begin planning for college. The College Board has developed college readiness benchmark scores that students should meet or exceed in order to be considered on track for college readiness. Based on this measure, Texas sophomores and juniors lag behind their national peers in college readiness.



The Advanced Placement (AP) program offers more than 30 college-level courses and examinations to high school students, though a student can take an exam without having taken the course. These courses satisfy high school diploma requirements, and sufficient scores on the exams can help students gain admission to selective colleges and even earn college credit (at the institution's discretion). Since 2005, all public higher education institutions in Texas that have freshman level courses have been required to grant credit to incoming students who earn a 3 or higher on an AP exam.

Twenty-three percent of 2014 public high school 11<sup>th</sup>- and 12<sup>th</sup>-graders in Texas took an AP exam in high school, compared to 22 percent for the nation as a whole. Although a slightly higher proportion of Texas graduates took exams, Texas trailed the nation in success rates, with 20.3 percent of all public high school seniors earning at least a 3 on an AP exam compared to 21.6 percent nationally.

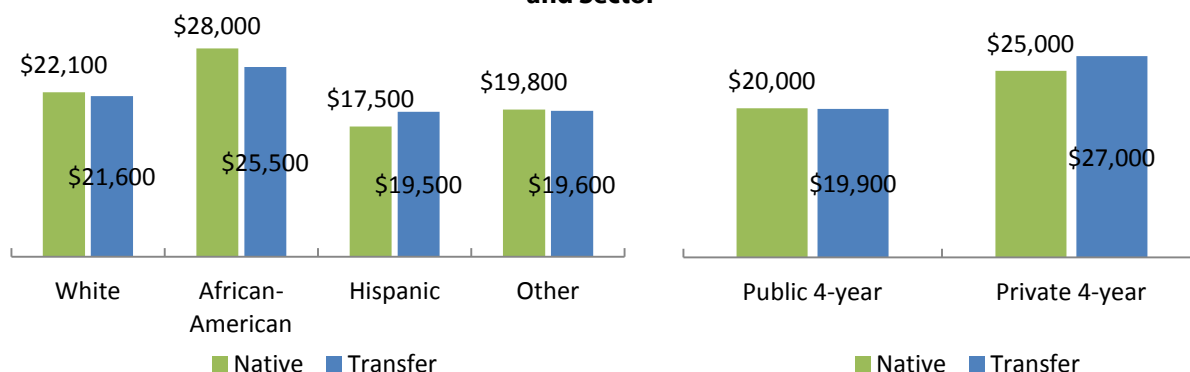
Source: PSAT/NMSQT: The College Board, PSAT/NMSQT Data & Reports (<http://research.collegeboard.org/programs/psat/data/cb-jr>); AP: The College Board, AP 10<sup>th</sup> Annual Report to the Nation (<http://apreport.collegeboard.org/home>)



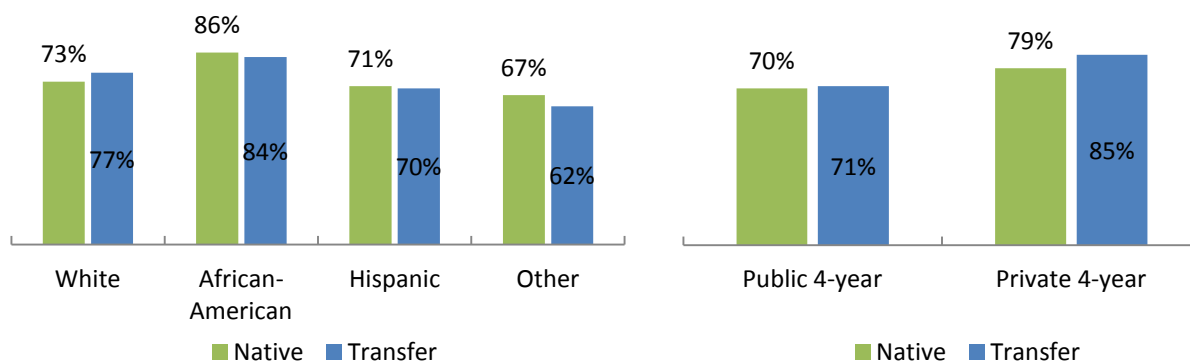


# Transfer Students Borrow About as Often and Nearly as Much as Native Students

**U.S. Low-income AY 2007-2008 Bachelor's Recipients' Median Cumulative Loan Debt through AY 2007-2008, by Race/Ethnicity and Sector**



**Percentage of U.S. Low-income AY 2007-2008 Bachelor's Recipients Who Borrowed Any Student Loan, by Race/Ethnicity and Sector**



Low- and middle-income bachelor's degree recipients borrowed about the same student loan amounts regardless of whether they started at a two-year college or a four-year university. Most transfer students were not able to avoid borrowing by starting at a community college and generally borrowed more than "native" students during their final years of college. Transfer students also tended to receive less grant and institutional aid than native students, especially at four-year private universities, which likely increased their need to borrow at their four-year institutions.

Many factors contribute to higher borrowing among transfer students. Transfer students tend to receive less grant aid, but they also tend to enroll at schools that provide less grant aid to all students, to have lower incomes and lower SAT scores, and to take significantly longer to finish their degrees. Prospective transfer students face many challenges. According to a 2009 study by the National Center for Education Statistics, only about one third of community college students who intend to transfer to a university actually end up doing so within three years, and several studies have reported better academic outcomes for students of four-year universities versus community colleges. High school students should consider these trends as well as their individual goals and circumstances in making their postsecondary enrollment decisions.

Sources: Percent Who Transfer: U.S. Department of Education, National Center for Education Statistics, On Track to Complete? A Taxonomy of Beginning Community College Students and their Outcomes 3 Years after Enrolling: 2003-04 through 2006, July 2009 (<http://nces.ed.gov/pubs2009/2009152.pdf>); All Else: U.S. Department of Education, National Center for Education Statistics, Baccalaureate and Beyond Longitudinal Study 2009 (<http://nces.ed.gov/surveys/b&b/>).



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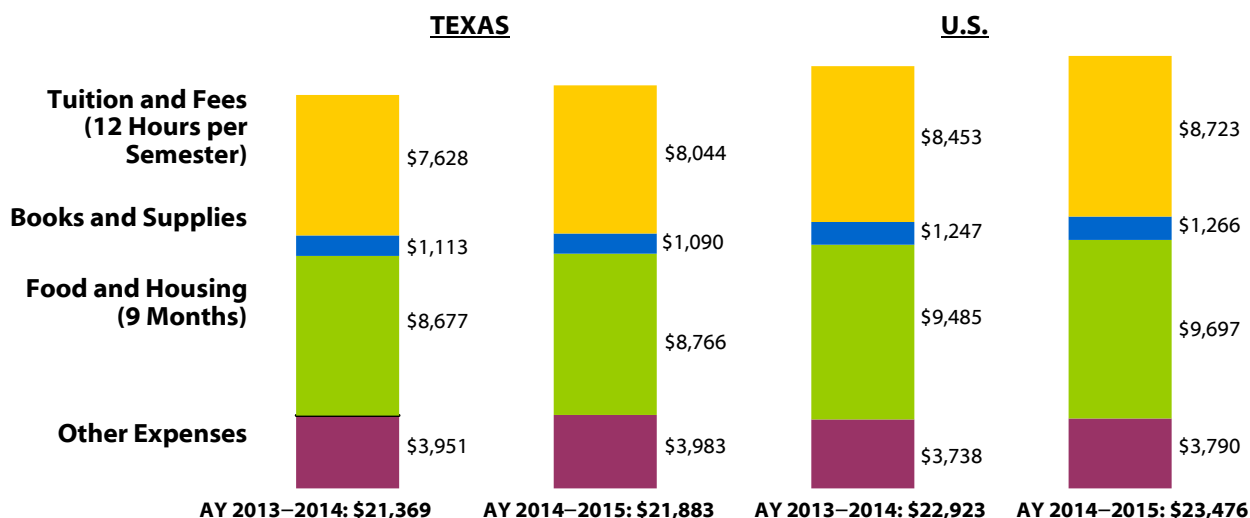


#### SECTION 4

## Cost of Education and Sources of Aid in Texas

# Texas Public Four-year University Cost of Attendance Below National Average

**Average Public Four-year University Cost of Attendance (Weighted for Enrollment\*) for Two Semesters for Full-time Undergraduates Living Off Campus in Texas and the U.S. (AY 2013–2014 and AY 2014–2015)**



The tuition and fees charged to students, along with living expenses, books and supplies, transportation, and other expenses, constitute a school's cost of attendance. From 2014 to 2015, total costs have increased by \$514 in Texas and \$553 nationally. Weighted for enrollment,\* two semesters of full-time\*\* undergraduate education at a Texas public four-year university averaged \$21,883 in Award Year (AY) 2014–2015. This amount was \$1,593 less than the national average. Total expenses in Texas have been below the national average for many years. With the exception of the "other expenses" category, all types of costs in Texas are lower than their corresponding national averages. The primary expenses facing students are not tuition and fees but food and housing, which make up 40 percent of the cost of attendance. These costs are not discretionary: students must eat, and unless they live with parents — and 68 percent of U.S. public university undergraduates do not — they must pay rent. Together, food, housing, and other expenses comprise nearly 60 percent of the student budget, while tuition and fees make up just over a third.

Cost of attendance is the starting point for determining financial aid. From the cost of attendance, the student's expected family contribution (EFC) \*\*\* is subtracted to calculate the student's financial need. Once financial need is determined, an aid package, consisting primarily of grants and loans, can be developed. What students actually pay for college depends on a number of factors, including the aid they receive and how frugally they live, as well as their enrollment and work patterns. To cut costs, many students enroll part time, work long hours, or both — but these strategies may increase their chance of dropping out of school without completing their program of study.

\* An institution's costs are multiplied by its enrollment. The sum of costs for all schools is then divided by full-time, undergraduate enrollment, such that schools with higher enrollments are given greater weight. See glossary for clarification.  
 \*\* 12 semester hours or more.

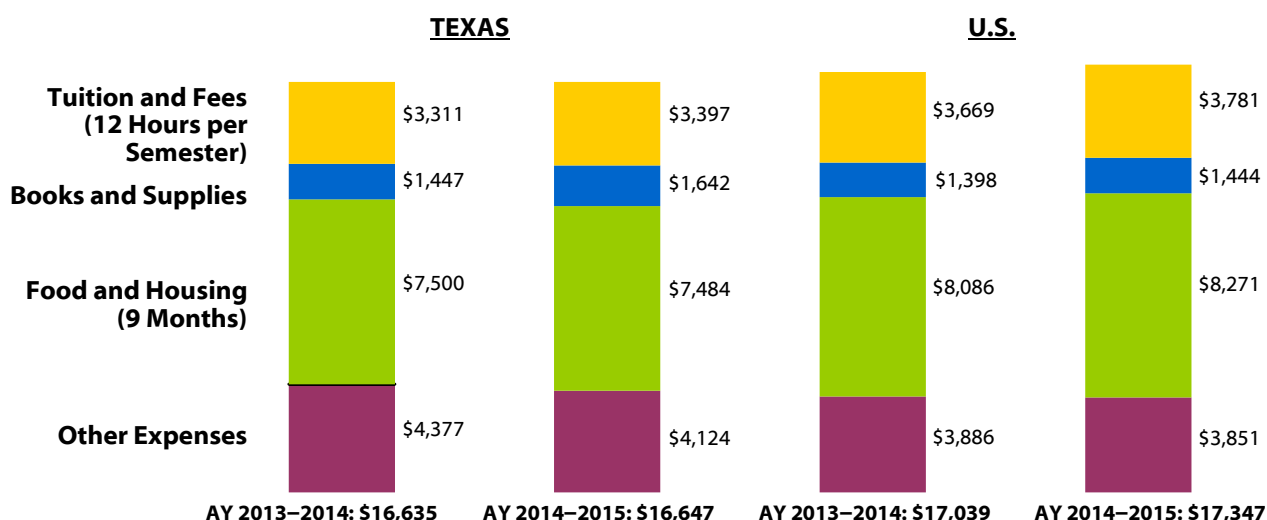
\*\*\* EFC is determined through a federal formula that takes into account family income and size as well as the number of children in college, among other factors. The average amount that families actually contribute to educational expenses is unknown. In AY 2011–2012, 22 percent of dependent undergraduates enrolled at public four-year universities nationwide reported that they received no help from their parents in paying tuition and fees.

Sources: All Costs and Enrollments for 2014–2015: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2014 (<http://nces.ed.gov/ipeds/>); All Costs and Enrollments for 2013–2014: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2013 (<http://nces.ed.gov/ipeds/>); All other: U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS) 2012 (<http://www.nces.ed.gov/das>).



# Texas Public Two-year Colleges Cost Less Than National Average

**Average Public Two-year College Cost of Attendance (Weighted for Enrollment\*\*) for Two Semesters for Full-time Undergraduates Living Off Campus in Texas and the U.S. (AY 2013–2014 and AY 2014–2015)**



Forty-three percent of Texas postsecondary students were enrolled in public two-year colleges in Award Year (AY) 2014–2015. The cost for two full-time\* semesters at Texas public two-year colleges, weighted for enrollment,\*\* averaged \$16,647 in AY 2014–2015. This is an increase of \$12 over the Texas average in AY 2013–2014, and is \$700 less than the AY 2014–2015 national average. Costs in nearly all categories have increased in Texas and nationally since AY 2013–2014, with the largest increase occurring in the books and supplies category in Texas and the food and housing category in the nation.

The total cost of attendance for a student includes tuition and fees, books and supplies, and living expenses. The student's financial need is calculated by subtracting the expected family contribution (EFC) \*\*\* from the cost of attendance, which is the basis for determining the financial aid package. This package consists primarily of grants and loans. The actual amount that students pay for college depends upon factors such as how much and what type of aid they receive, how frugally they live, the number of credit hours they take, and whether or not they work. To save money, students may enroll in school part time, work long hours, or both — but these strategies may increase their chance of dropping out of school without completing their program of study.

\* 12 semester hours or more.

\*\* An institution's costs are multiplied by its enrollment. The sum of costs for all schools is then divided by full-time, undergraduate enrollment, such that schools with higher enrollments are given greater weight. See glossary for clarification.

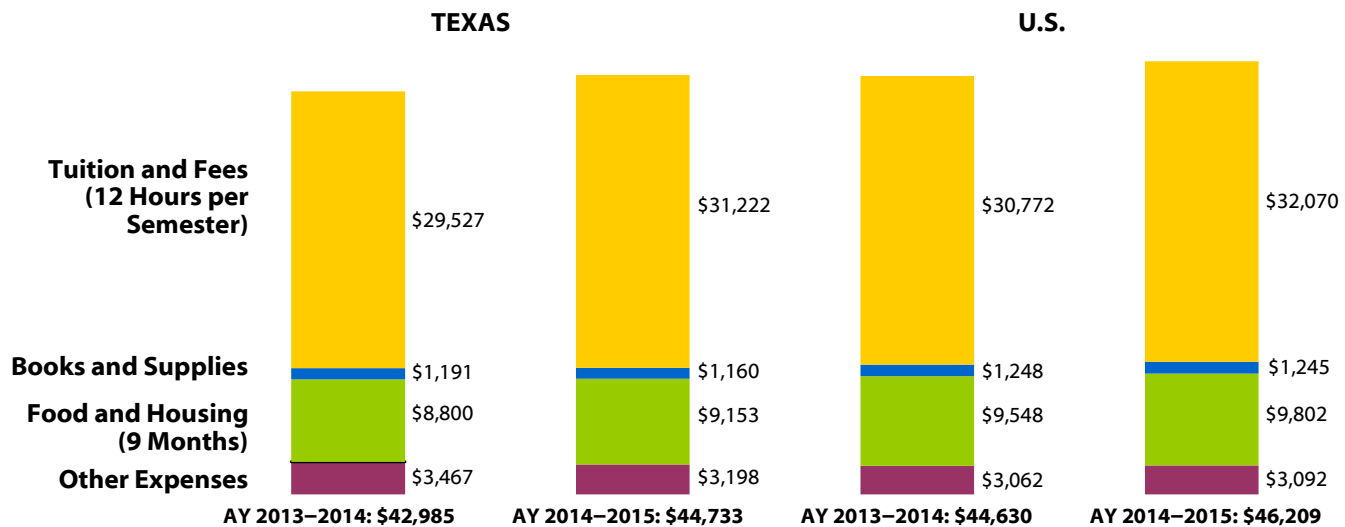
\*\*\* EFC is determined through a federal formula that takes into account family income and size as well as the number of children in college, among other factors. The average amount that families actually contribute to educational expenses is unknown. In AY 2011–2012, 31 percent of dependent undergraduates enrolled in public two-year colleges nationwide reported that they received no help from their parents in paying tuition and fees.

Sources: All Costs and Enrollments for 2014–2015: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2014 (<http://nces.ed.gov/ipeds/>); All Costs and Enrollments for 2013–2014: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2013 (<http://nces.ed.gov/ipeds/>); All other: U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS) 2012 (<http://www.nces.ed.gov/das>).



# Costs at Texas Private Four-year Universities Still Less Than National Average

**Average Private Four-year University Cost of Attendance (Weighted for Enrollment\*) for Two Semesters for Full-time Undergraduates Living Off Campus in Texas and the U.S. (AY 2013–2014 and AY 2014–2015)**



The increase from Award Year (AY) 2013–2014 to AY 2014–2015 of the average cost of attendance at private four-year universities in Texas, at \$1,748, was due almost entirely to an average \$1,695 increase in tuition and fees. Weighted for enrollment,\* the total cost of attendance for undergraduates at Texas private four-year universities for two full-time\*\* semesters averaged \$44,733 in AY 2014–2015. This is lower than the national cost of attendance for the same year, at \$46,209. The difference is mainly because tuition and fees in Texas are \$848 lower than the national average and food and housing costs in Texas are \$649 lower than the national average. Approximately nine percent of students in higher education in Texas in AY 2014–2015 enrolled in private four-year universities, versus 43 percent who enrolled in public four-year universities.

Students who enroll in private four-year universities may receive an aid package, which primarily consists of grants and loans. The student's need is calculated by subtracting the expected family contribution (EFC) \*\*\* from the cost of attendance in order to determine what kind of financial aid package they should receive. The total cost of attendance includes tuition and fees, books and supplies, and living expenses. To save money, students may choose to enroll in school part time, work long hours, or both — but these strategies may increase their chance of dropping out of school without a degree.

\* An institution's costs are multiplied by its enrollment. The sum of costs for all schools is then divided by full-time, undergraduate enrollment, such that schools with higher enrollments are given greater weight. See glossary for clarification.

\*\* 12 semester hours or more.

\*\*\* EFC is determined through a federal formula that takes into account family income and size as well as the number of children in college, among other factors. The average amount that families actually contribute to educational expenses is unknown. In AY 2011–2012, 15 percent of dependent undergraduates enrolled at private four-year universities nationwide reported that they received no help from their parents in paying tuition and fees.

Sources: All Costs and Enrollments for 2014–2015: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2014 (<http://nces.ed.gov/ipeds/>); All Costs and Enrollments for 2013–2014: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2013 (<http://nces.ed.gov/ipeds/>); All other: U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS) 2012 (<http://www.nces.ed.gov/das>).



# The Cost of Going to College Continues to Rise Each Year

## Change in Costs for Students Living Off Campus: Dollar and Percentage Change (AY 2013–2014 to AY 2014–2015, Costs Weighted for Enrollment\*)

Texas	Public Four-Year		Public Two-Year		Private Four-Year	
	Dollar	Percentage	Dollar	Percentage	Dollar	Percentage
Tuition and Fees (12 Hours/Semester)	\$416	5%	\$86	3%	\$1,695	6%
Books and Supplies	-\$23	-2%	\$195	13%	-\$31	3%
Food and Housing	\$89	1%	-\$16	0%	\$353	4%
Other	\$32	1%	-\$253	-6%	-\$269	-8%
<b>Total Change</b>	<b>\$514</b>	<b>2%</b>	<b>\$12</b>	<b>0%</b>	<b>\$1,748</b>	<b>4%</b>

U.S.	Public Four-Year		Public Two-Year		Private Four-Year	
	Dollar	Percentage	Dollar	Percentage	Dollar	Percentage
Tuition and Fees (12 Hours/Semester)	\$270	3%	\$112	3%	\$1,298	4%
Books and Supplies	\$19	2%	\$46	3%	-\$3	0%
Food and Housing	\$212	2%	\$185	2%	\$254	3%
Other	\$52	1%	-\$35	1%	\$30	1%
<b>Total Change</b>	<b>\$553</b>	<b>2%</b>	<b>\$308</b>	<b>2%</b>	<b>\$1,579</b>	<b>4%</b>

Weighted for enrollment,\* the total cost of attendance in all sectors in Texas and nationally increased between zero and four percent between Award Year (AY) 2013–2014 and AY 2014–2015. Texas had smaller increases at public four-year and public two-year schools compared to the nation, but a larger increase at private four-year schools.

The cost of attendance is the starting point for determining financial aid. What students actually pay for college depends on a number of factors, including the aid they receive and how frugally they live, as well as their enrollment and work patterns. To cut costs, many students enroll part time, work long hours, or both. In AY 2011–2012, 62 percent of all undergraduates nationwide attended less than full time/full year — that is, they either took fewer than 12 hours per semester or did not attend at least two semesters — and 66 percent worked while enrolled (27 percent of which worked full time\*\*). Full-time work and part-time enrollment are associated with each other and also with lower completion rates: 79 percent of U.S. undergraduates who work full time while enrolled attend less than full time/full year.

\* An institution's costs are multiplied by its enrollment. The sum of costs for all schools is then divided by full-time, undergraduate enrollment, such that schools with higher enrollments are given greater weight. See glossary for clarification.

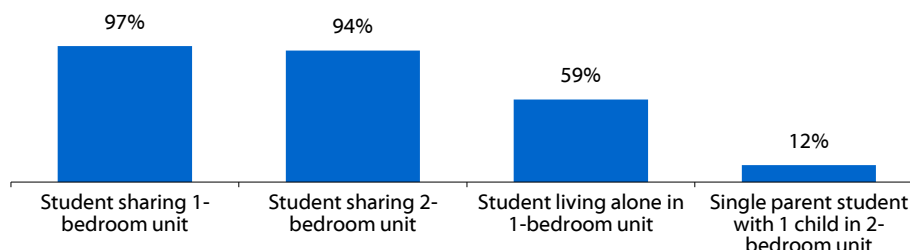
\*\* 35 or more hours per week; includes work-study/assistantship.

Sources: All Costs and Enrollments for 2014–2015: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2014 (<http://nces.ed.gov/ipeds/>); All Costs and Enrollments for 2013–2014: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2013 (<http://nces.ed.gov/ipeds/>); All other: U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS) 2012 (<http://www.nces.ed.gov/das>).



# Food and Housing Costs for Some Students May Be Higher Than Estimated

**Percentage of Texas Public Universities in Which the USDA and HUD Food and Housing Cost Estimate Is within the Institution's Room and Board Cost Estimate, by Type of Student (AY 2014–2015)**



Food and housing make up about 40 percent of the cost of attending a public university in Texas. These costs are not discretionary. Students must eat and pay rent. But students do have some discretion in their choices. The stereotype of the undergraduate who indulges in luxuries coexists with that of the student who shares an apartment with roommates, eats instant noodles, and frequents secondhand shops. But do institutions' room and board estimates make for a pampered or thrifty lifestyle?

Using their knowledge of housing located in areas popular with students, Texas universities estimate the cost of food and housing that is modest but adequate. For the 2014–2015 Award Year (AY), this average estimate is \$8,638,\* or \$960 per month. The U.S. Department of Agriculture (USDA) estimates the minimum dietary needs of an adult can be met on \$270 per month provided that all food is prepared at home, an unlikely scenario for young adults. Subtracting \$270 from \$960 leaves \$690 for rent and utilities. The addition of one small pepperoni pizza per week, however, would raise the monthly food budget to \$305,\*\* leaving \$655 for rent and utilities.

The U.S. Department of Housing and Urban Development (HUD) estimates the average nine-month cost of rent and utilities for a one-bedroom unit in the counties and Metropolitan Statistical Areas (MSAs)\*\*\* where Texas public universities are located to be \$5,929, or \$659 per month. Sharing housing lowers the cost: a shared one-bedroom costs \$329 per person and a shared two-bedroom costs \$416. These data indicate a thrifty student who cooks and shares housing will indeed be able to stay within the institutional room and board estimate of \$960 per month. However, a student who lives alone will probably not be able to stay within the estimate. Single parent students face additional costs. About 28 percent of U.S. undergraduates in AY 2011–2012 had dependent children, and about 15 percent were single parents.

**Average USDA and HUD Food and Housing Costs for Two Semesters (9 Months) for Counties and MSAs\*\*\* Where Texas Public Universities Are Located (AY 2014–2015)**

	Student sharing 1-bedroom unit	Student sharing 2-bedroom unit	Student living alone in 1-bedroom unit	Single parent student with 1 child in 2-bedroom unit
Food	\$2,428	\$2,428	\$2,428	\$3,644
Housing	\$2,964	\$3,740	\$5,929	\$7,480
<b>Total</b>	<b>\$5,392</b>	<b>\$6,168</b>	<b>\$8,357</b>	<b>\$11,124</b>

\*\$8,766 when weighted for enrollment; see glossary for clarification. \*\* Based on the cost at Conan's Pizza near the University of Texas at Austin, November 2015. \*\*\* A Metropolitan Statistical Area is a geographic area of 50,000 or more inhabitants.

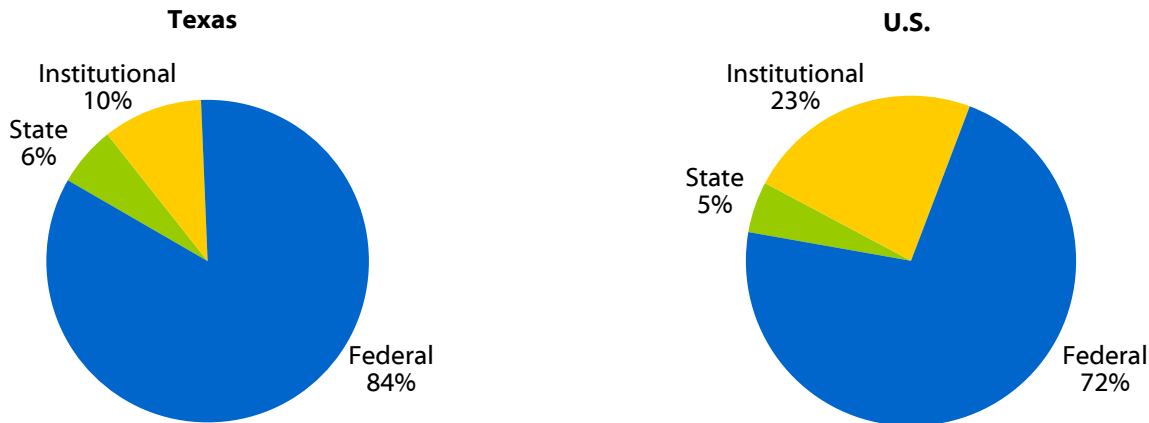
Sources: All Costs and Enrollments for 2014–2015: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2014 (<http://nces.ed.gov/ipeds/>); U.S. Department of Agriculture. "Official USDA Food Plans: Cost of Food at Home at Four Levels, U.S. Average, June 2015." (<http://www.cnpp.usda.gov/USDAFoodCost-Home.htm>); U.S. Department of Housing and Urban Development (HUD). "Fair Market Rents 2015 for Existing Housing, October 2015," (<http://www.huduser.org/datasets/fmr.html>); All other: U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS) 2012 (<http://www.nces.ed.gov/das>).





# Texas Highly Dependent on Federal Government for Student Aid

**Direct Student Aid by Source  
(AY 2013–2014\*)**



College students receive financial aid mainly from three major sources: the federal government, the state government, and the colleges and universities they attend. Of these three, the federal government's contribution is primary. Nationally, the federal government provided 72 percent of the generally available direct financial aid\* for undergraduate and graduate students in Award Year (AY) 2013–2014. In Texas, the federal government's role is much larger, accounting for 84 percent of aid.

Texas' state government provided six percent of generally available aid\*\* to its students in AY 2013–2014, the same as in AY 2012–2013. Nationally, state governments provided five percent of aid on average.

Texas colleges and universities, through institutional grants\*\*\* provided a much smaller percentage of financial aid than colleges in other states. Texas institutions provided ten percent of aid versus 23 percent for colleges nationally.

\* Direct student aid includes aid that is generally available, goes directly to students, and derives from state and federal appropriations, plus institutional grants. All aid shown in graphs is for AY 2013–2014, except the private institutional aid in the Texas graph, which is for AY 2010–2011.

\*\*The State of Texas, like other state governments, also supports public institutions through direct appropriations and tuition waivers.

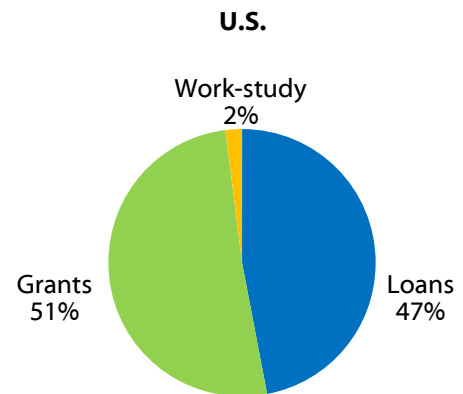
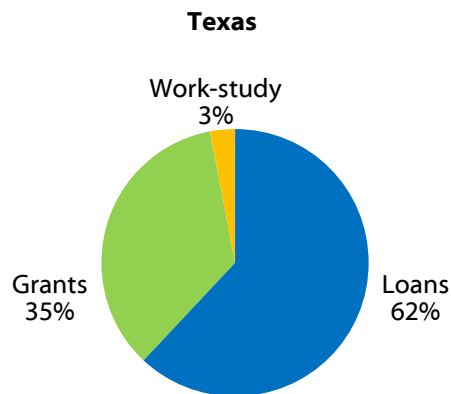
\*\*\* Includes the Texas Public Educational Grant (TPEG) for AY 2013–2014 as well as private institutional aid reported to the Independent Colleges and Universities of Texas (ICUT) for AY 2010–2011.

Sources: Private institutional aid: Independent Colleges and Universities of Texas (ICUT) "Annual Statistical Report 2012", (<http://www.icut.org/publications.html>); State aid and TPEG: Texas Higher Education Coordinating Board, "2013–14 Financial Aid Database," Austin, Texas, (unpublished tables); Federal aid in Texas: U.S. Department of Education, Federal Student Aid Data Center (<http://federalstudentaid.ed.gov/datacenter/>); Aid in the U.S.: The College Board. *Trends in Student Aid 2015* (<http://trends.collegeboard.org/>).

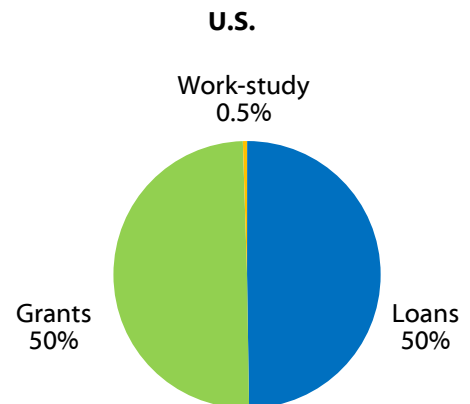
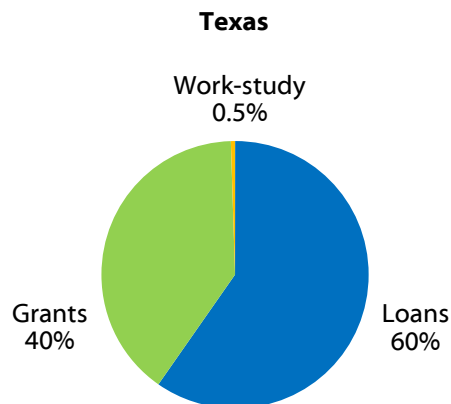


# Texas Students Highly Dependent on Loans

**Direct\* Student Aid by Type  
(AY 1991–1992)**



**Direct\* Student Aid by Type  
(AY 2013–2014)**



Reliance on loans in Texas has remained fairly high over the years, and students nationwide have become more dependent on loans to finance higher education as well. In Award Year (AY) 1991–1992, loans accounted for 47 percent of direct\* financial aid to undergraduate and graduate students in the U.S., and grants accounted for 51 percent. By AY 2013–2014 in the U.S., loans accounted for 50 percent and grants accounted for 50 percent of aid. Compared to national averages, Texas college students have relied and continue to rely even more heavily on loans. In AY 2013–2014, 60 percent of aid in Texas came from loans and 40 percent came from grants, including state and institutional grants.\* Most student loans in Texas are Federal Direct loans.

\* Direct student aid includes aid that is generally available, goes directly to students, and derives from state and federal appropriations (including both FFELP and FDLP loans), plus institutional grants. All aid shown in second set of graphs is for AY 2013–2014, except the private institutional aid in the Texas graph is for AY 2010–2011.

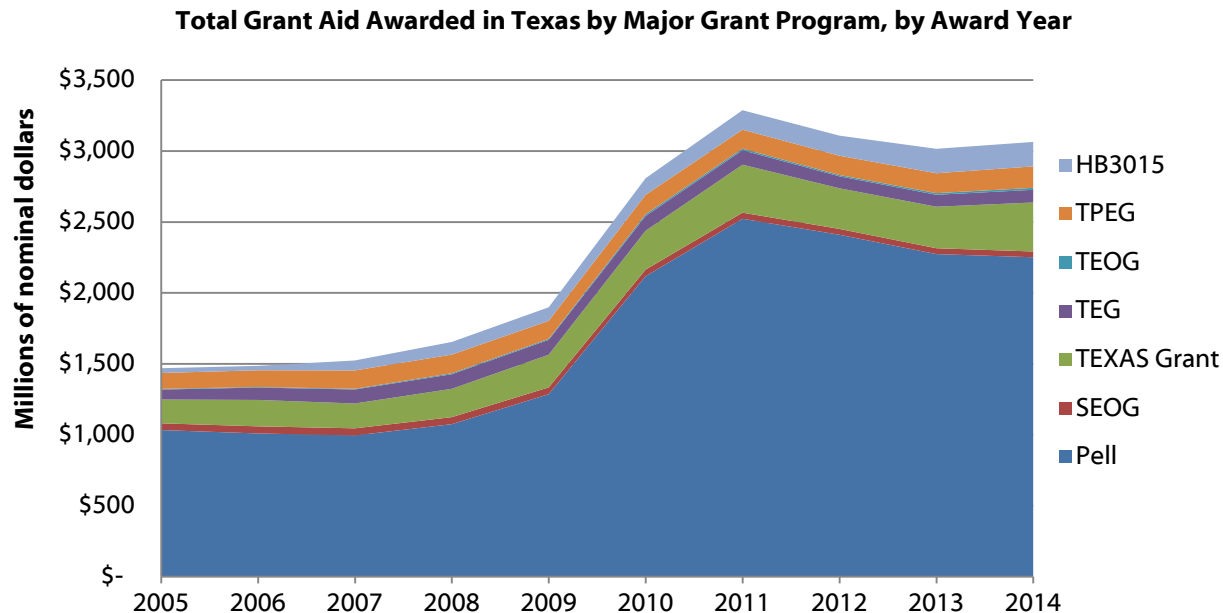
Sources: Private institutional aid: Independent Colleges and Universities of Texas (ICUT) "Annual Statistical Report 2012", (<http://www.icut.org/publications.html>); State aid and TPEG: Texas Higher Education Coordinating Board, "2013–14 Financial Aid Database," Austin, Texas, (unpublished tables); Federal aid in Texas: U.S. Department of Education, Federal Student Aid Data Center (<http://federalstudentaid.ed.gov/datacenter/>); Aid in the U.S.: The College Board. *Trends in Student Aid 2015* (<http://trends.collegeboard.org/>).



## SECTION 5

# Grant Aid and Net Price in Texas

# State Grant Aid Grows; Still Dwarfed by Pell



While the federal Pell Grant Program remains by far the largest source of grant aid in Texas, it contributed slightly less to Texas students during the 2013-2014 award year (AY) than in the prior year. In AY 2013-2014, about 632,000 students received approximately \$2.25 billion in Pell grants. This was a decrease of about \$22 million, or less than one percent, from the prior year.

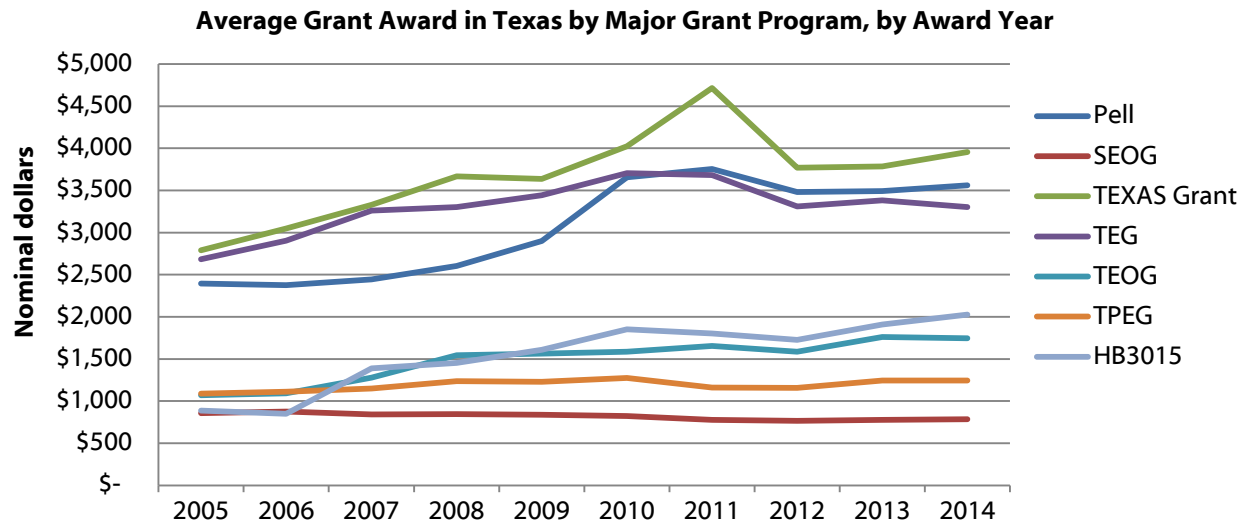
Overall, state grant aid increased somewhat in AY 2013-2014 compared to the prior year. The Towards EXcellence, Access, and Success (TEXAS) Grant drove the expansion, disbursing over \$345 million in AY 2013-2014, an increase of almost \$53 million and more than 18 percent over the prior year. TEXAS Grants are available to students who meet a variety of financial and academic criteria, with priority consideration given to students who meet additional academic criteria and a priority filing deadline. As of Fall 2014, initial TEXAS Grants are awarded exclusively to baccalaureate students, although students in other academic programs may be eligible if they received the grant previously.

Most other state grant aid programs also expanded their total disbursements in AY 2013-2014, though none as drastically as the TEXAS Grant. This includes a \$5.2 million (6.2 percent) increase in the Tuition Equalization Grant (TEG), which is available to financially needy students at private, non-profit institutions; a \$2.1 million (19 percent) increase in the Texas Educational Opportunity Grant (TEOG), which serves financially needy students at public two-year colleges; and an \$11.1 million (7.9 percent) increase in the Texas Public Educational Opportunity Grant (TPEG), which public colleges and universities award to financially needy students out of tuition set asides. Only HB 3015 grants (also funded through set asides) did not increase, remaining essentially flat compared to AY 2012-2013.

Sources: Pell and SEOG: U.S. Department of Education, Federal Student Aid Data Center (<http://studentaid.ed.gov/data-center>); TX programs: Texas Higher Education Coordinating Board (THECB) Report on Student Financial Aid for Texas Higher Education for Fiscal Years 2005 to 2014 (<http://www.theccb.state.tx.us/reports>); College for All Texans (<http://www.collegeforalltexas.com>)



# TEXAS Grant Has Highest Average Award



The largest average grant award in Texas in award year (AY) 2013-2014 was for the Towards EXcellence, Access, and Success (TEXAS) Grant at \$3,955, an increase of \$169 over the prior year. TEXAS Grants are available to students who meet a variety of financial and academic criteria, with priority consideration given to students who meet additional academic criteria and a priority filing deadline. As of Fall 2014, initial TEXAS Grants are awarded exclusively to baccalaureate students, although students in other academic programs may be eligible if they received the grant previously.

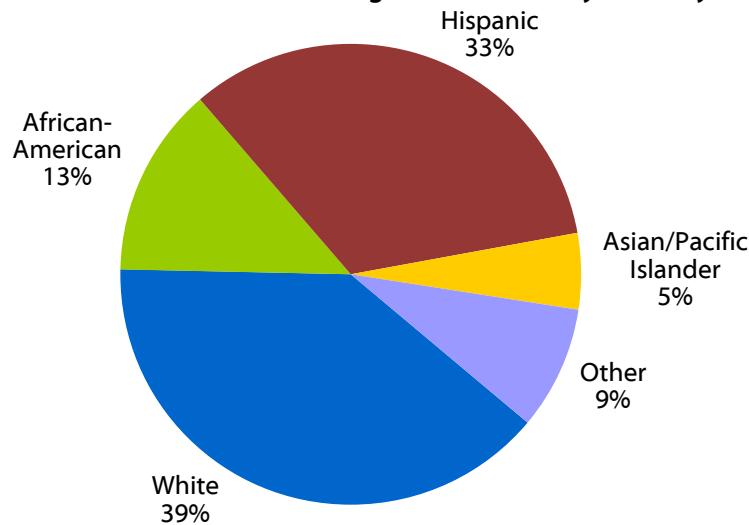
The average Pell grant in Texas increased by about two percent, from \$3,494 to \$3,560, from the prior year. Average HB 3015 grants and Texas Educational Opportunity Grants (TEOG) have increased over the past ten years, while average Texas Public Educational Opportunity Grants (TPEG) and Supplemental Educational Opportunity Grants (SEOG) have remained basically flat.

Sources: Pell and SEOG: U.S. Department of Education, Federal Student Aid Data Center (<http://studentaid.ed.gov/data-center>); TX programs: Texas Higher Education Coordinating Board (THECB) Report on Student Financial Aid for Texas Higher Education for Fiscal Years 2005 to 2014 (<http://www.thecb.state.tx.us/reports>); College for All Texans (<http://www.collegeforalltexas.com>)

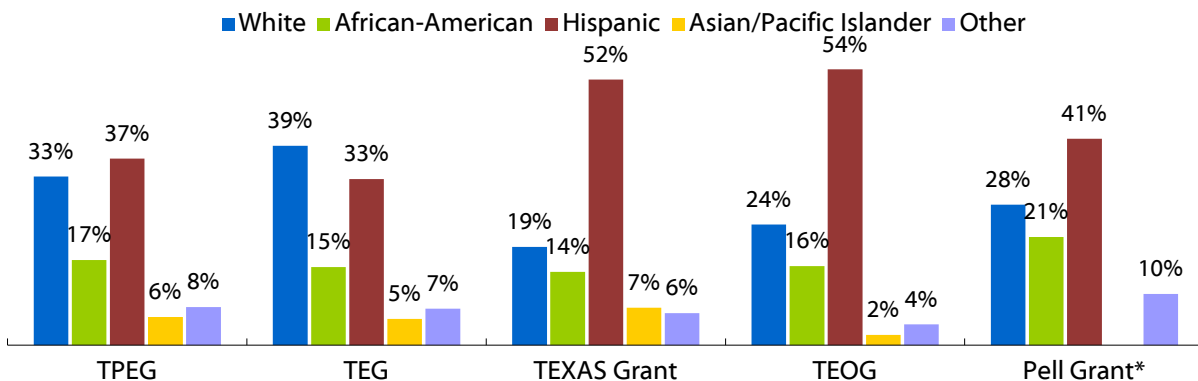


# Grant Recipients in Texas Are Racially/Ethnically Diverse

**Fall 2013 Enrollment in Texas Higher Education, by Ethnicity**



**Award Year 2013-2014 Grant Program Recipients by Ethnicity**



\*Pell Grant data did not disaggregate "Asian/Pacific Islander" from "Other", so both are included in "Other".

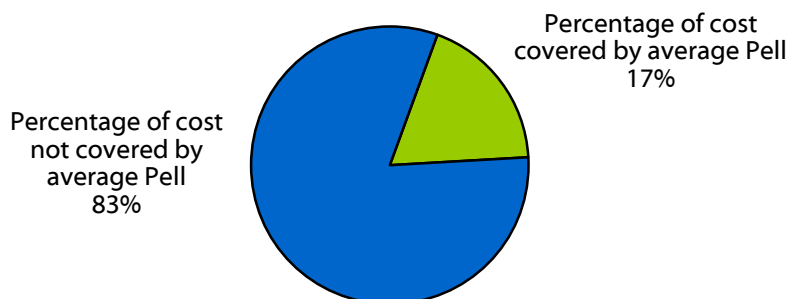
The allocation of grant aid in Texas reflects the racial/ethnic diversity of the state. About 70 percent of Texas Educational Opportunity Grant (TEOG) and 66 percent of Toward EXcellence, Access, and Success (TEXAS) Grant recipients are either Hispanic or African-American. The Texas Public Educational Grant (TPEG) and Tuition Equalization Grant (TEG) serve somewhat fewer Hispanic and African-American students — 53 percent and 46 percent, respectively.

Sources: Enrollment by ethnicity: U.S. Dept of Education, National Center for Education Statistics, IPEDS (<https://nces.ed.gov/ipeds/>); Texas grant programs: THECB Report on Student financial Aid in Texas Higher Education for Fiscal Year 2014 (<http://www.thecb.state.tx.us/reports/PDF/6802.PDF>); Texas Pell Grant: THECB Financial Aid Database 2013-2014 [unpublished tables].



# The Federal Pell Grant Covers Less Than One-Fifth of Average Public Four-year Costs

**Percentage of Average Cost of Two Semesters Full-time Attendance at a Texas Public Four-year University Covered by the Average Texas Pell Grant (AY 2013–2014)**



**Change from Previous AY in Average Texas Pell Grant and in Average Cost of Two Semesters of Full-Time Attendance at In-State Public Four-Year Universities (current dollars)**

Award Year	Change in Average Pell Grant in Texas	Increase in Cost in Texas	Increase in Cost in U.S.
2008–2009	\$296	\$830	\$1,208
2009–2010	\$754	\$1,045	\$1,103
2010–2011	\$98	\$40	\$652
2011–2012	-\$271	\$737	\$795
2012–2013	\$12	\$951	\$638
2013–2014	\$66	\$311	\$419

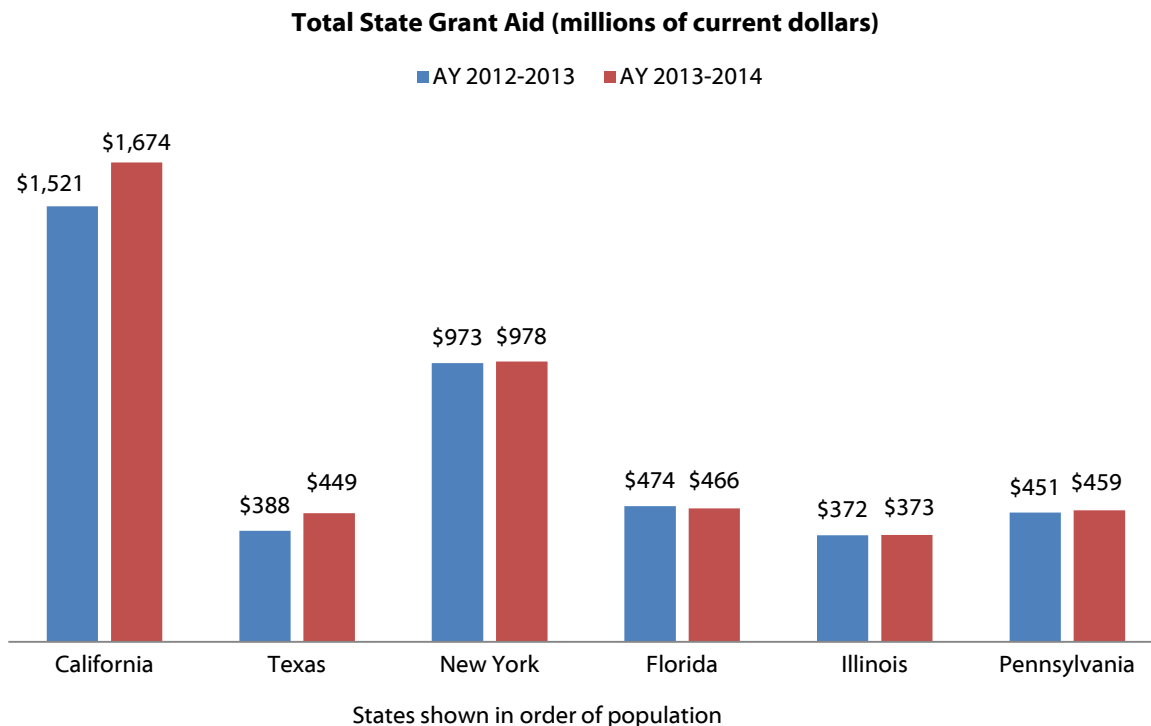
The buying power of the federal Pell Grant, the largest grant program in the U.S. and in Texas, has declined over the last three decades. Designed to be the foundation of need-based grant aid, only undergraduates with significant financial need receive the Pell grant; however, in Award Year (AY) 2013–2014, the average Pell grant in Texas covered only 17 percent of the average cost of attendance (COA; tuition, fees, room, board, and other basic expenses) for eligible undergraduates at public four-year universities in Texas. While the average Pell grant tends to increase from one year to the next, these increases generally fail to keep pace with increases in the cost of college.

The maximum Pell grant for AY 2014–2015 was \$5,730 and will increase to \$5,775 for AY 2015–2016. This \$45 increase is based on the Student Aid and Fiscal Responsibility Act (SAFRA), which provides for automatic changes to the maximum Pell grant based on changes in the Consumer Price Index (CPI), a common measure of inflation. Pell grant awards are determined according to a schedule that takes both COA and expected family contribution (EFC) into account. Pell grants awards increase for higher COAs and lower EFCs and decrease for lower COAs and higher EFCs, from a minimum of \$588 to the \$5,775 maximum for AY 2015–2016. There is also a set maximum EFC beyond which a student cannot qualify for a Pell grant regardless of the COA; for AY 2015–2016, the maximum eligible EFC is \$5,198.

Sources: Cost of attendance: U.S. Department of Education, National Center for Education Statistics, IPEDS Data Center (Author's calculation: Total cost of full-time undergraduate attendance weighted by FTE undergraduate enrollment) (<http://nces.ed.gov/ipeds/datacenter/>); Pell: U.S. Department of Education, Federal Student Aid Data Center, Programmatic Volume Reports (<http://studentaid.ed.gov/about/data-center/student/title-iv>); Maximum Pell: U.S. Department of Education, Dear Colleague Letter GEN-15-02 (<https://ifap.ed.gov/dpcletters/GEN1502.html>).



# Texas State Grant Aid Increases



In Award Year (AY) 1996–1997, Texas spent only \$48 million in state grant aid, the lowest among the six most populous states despite having the second largest population of postsecondary students. State grant aid began to increase significantly with the establishment of the Toward EXcellence Access, and Success (TEXAS) Grant Program in 1999; however, Texas still ranks second to last among the most populous states. In AY 2013–2014, Texas spent \$449 million on grant aid for postsecondary students, about a quarter of what was spent by California and half of what was spent by New York.

State grant aid may be based on financial need, academic merit, a combination of need and merit, or other factors, like veteran status. In Texas, all grant aid is either primarily need-based or has a need-based component. This includes aid that is funded not from legislative appropriations but from institutional revenues, such as the Texas Public Educational Grant (TPEG). This type of aid is often viewed as a form of “tuition discounting”, in which higher prices paid by more affluent students allow students with more financial need to pay less. TPEG, Student Deposit Scholarships, and other such tuition set-aside programs are not included in the state grant aid totals shown above.

Although primarily need-based, eligibility for the TEXAS Grant also involves substantial academic components. To receive a TEXAS Grant, a student must have 1) completed either the Recommended High School Program (RHSP; the default curriculum) or Distinguished Achievement Program (DAP) in Texas and enrolled in an undergraduate program in a Texas college or university within 16 months or 2) have earned an associate degree from a public technical, state, or community college in Texas no earlier than May 1, 2001 and enrolled in any public university in Texas no more than 12 months after receiving the associate degree. To remain eligible for the grant, the student must maintain a grade point average (GPA) of at least 2.5 on a 4.0 scale, meet Satisfactory Academic Progress (SAP) requirements, and complete at least 24 credit hours per award year.

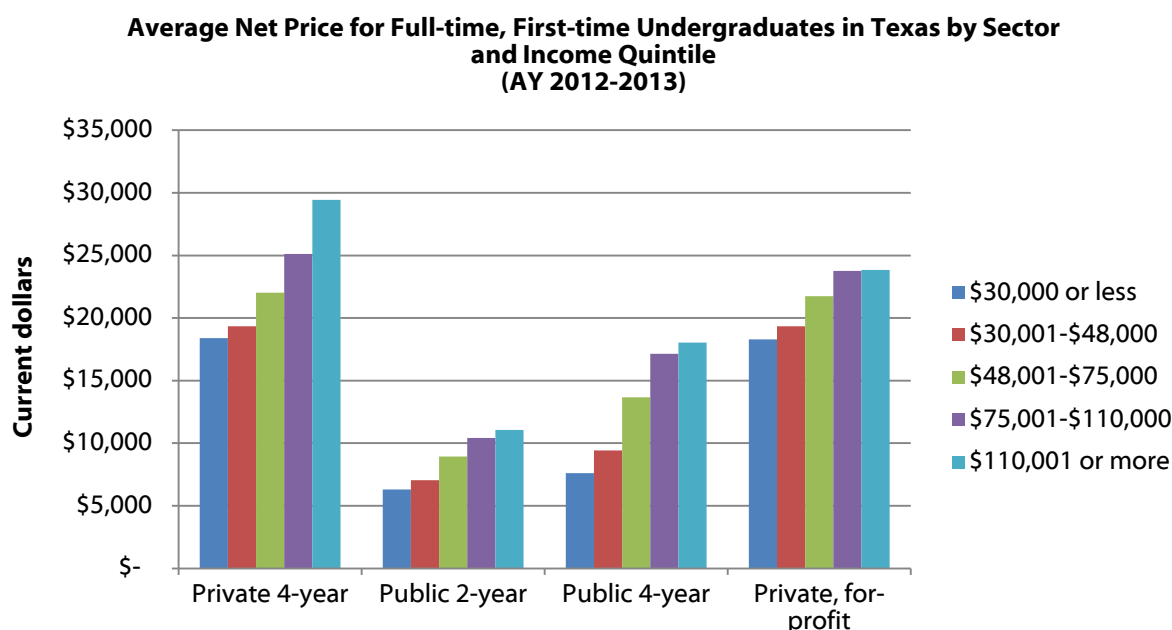
As funds are generally inadequate to award full grants to all eligible students, initial year TEXAS Grants are awarded on a priority basis. Eligible students receive priority consideration if they meet a priority filing deadline and at least two of four conditions related to high school academic performance.

Source: TEXAS Grant shortfall: THECB, “Recommendations Relating to the Feasibility Study for Restructuring Texas Student Financial Aid Programs, November 2008” (<http://www.theccb.state.tx.us/reports/PDF/1671.PDF>); All other: National Association of State Student Grant and Aid Programs. 45nd Annual Survey Report on State-Sponsored Student Financial Aid. 2015 ([http://www.nassgap.org/survey/state\\_data\\_check.asp](http://www.nassgap.org/survey/state_data_check.asp)).





# Net Price of Attendance for Lowest-Income Public Four-year Undergraduates in Texas Is More Than \$7,500



The net price of attendance for a student at an institution of higher education is defined as the student's cost of attendance\* minus the total grants and scholarships he or she receives from any sources: in essence, the amount that a student (and/or family) must pay either out of pocket or with student loans. In Award Year (AY) 2012–2013, the average net price of attendance for students with the lowest incomes\*\* was \$6,310 (an increase of 6 percent from the previous year) in the public two-year sector, \$7,605 (no increase from the previous year) in the public four-year sector, \$18,387 (an increase of 6 percent from the previous year) in the private four-year sector, and \$18,295 (an increase of 2 percent from the previous year) in the for-profit sector.

Net price rose with income across all four sectors, which likely reflects higher-income students' tendencies to attend higher-cost institutions and pay a larger percentage of their costs out of pocket. Both of these tendencies are likely more notable in the private four-year sector due to the wider variety of prices in that sector.

\* Tuition and fees, books and supplies, food and housing, transportation, and other expenses, for a full-time student for nine months. For public institutions, the cost of attendance represents the average cost for in-state/in-district students.

\*\* For dependent students, income represents the student's family income; for independent students, it represents personal income.

Source: U.S. Department of Education, National Center for Education Statistics, "Integrated Postsecondary Education Data System (IPEDS) 2013" (<http://nces.ed.gov/ipeds/datacenter/>).



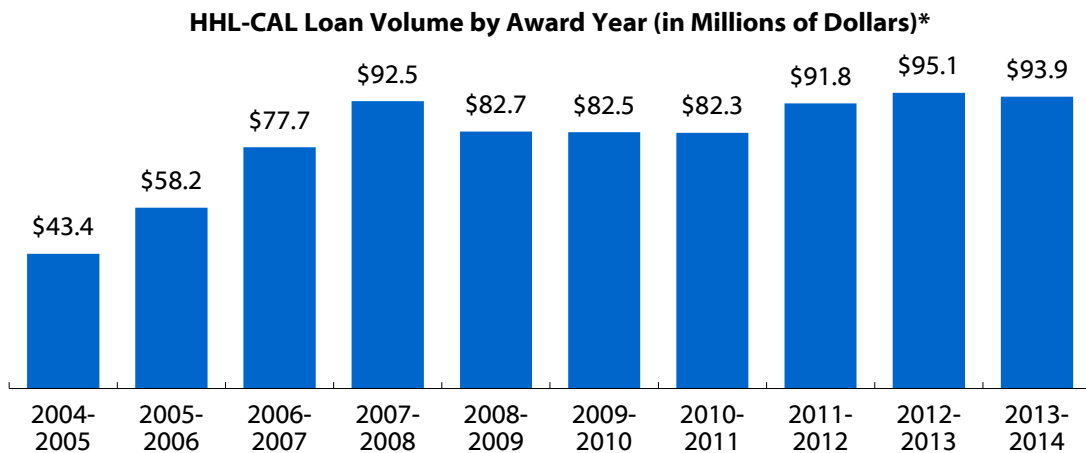
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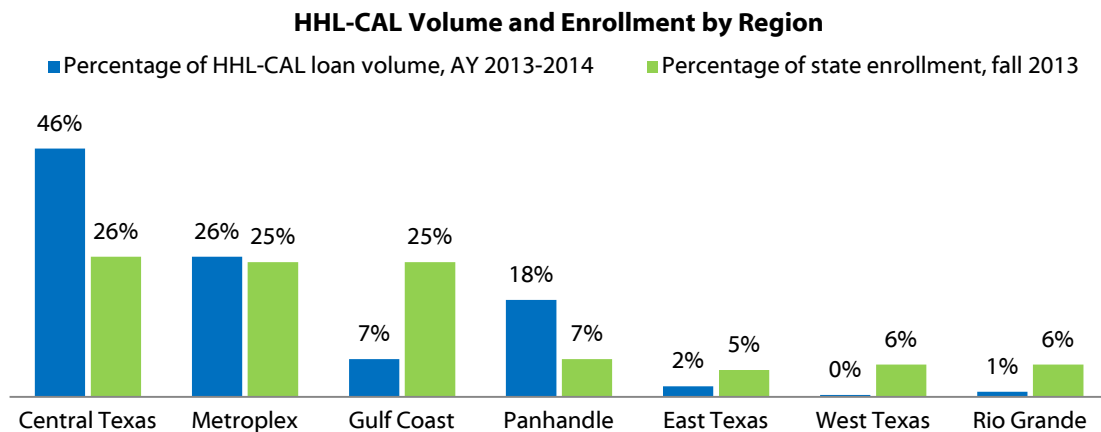
## SECTION 6

# Loans

# Volume for the Largest State Loan Program, HHL-CAL, Decreases Slightly



The Hinson-Hazlewood College Access Loan (HHL-CAL) is the largest of the loan programs that the State of Texas offers for students. Recipients are not required to demonstrate financial need to receive HHL-CAL loans. A student may borrow up to the cost of attendance at his or her institution, minus any other financial aid he or she is receiving. From Award Year (AY) 2002–2003 through AY 2007–2008, HHL-CAL volume increased steadily, reaching a high of \$92.5 million in AY 2007–2008. Loan volume decreased over the next three years, but has begun increasing again. In AY 2013–2014 HHL-CAL awards totaled \$93.9 million.



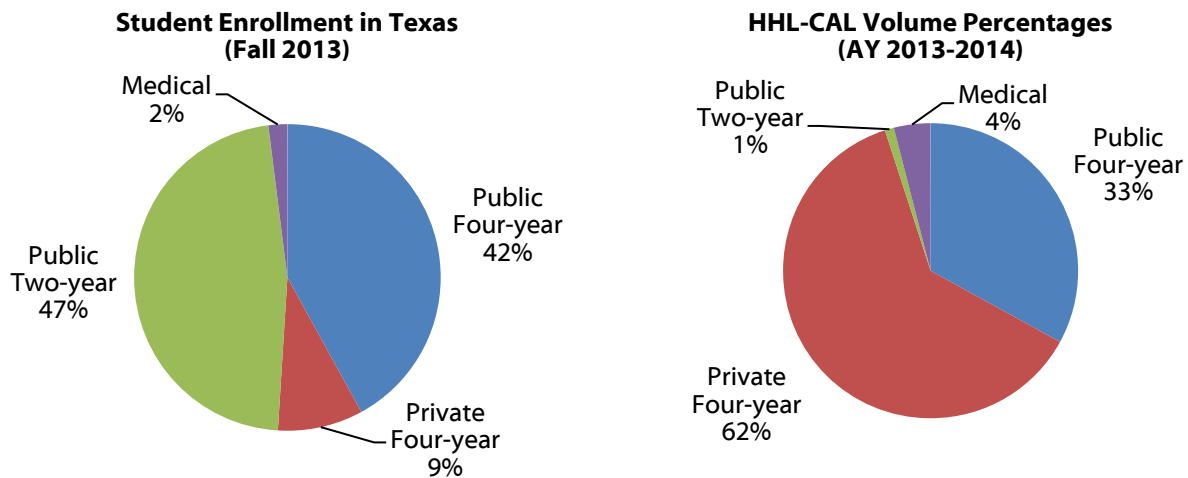
In AY 2013–2014, 46 percent of the HHL-CAL dollars went to students attending schools in the Central Texas region. Although Central Texas comprises only 26 percent of Texas enrollment, it is home to the state’s two flagship universities, the University of Texas at Austin and Texas A&M University. The Metroplex region received approximately the same percentage of HHL-CAL dollars as it represented in student enrollment. All other regions, except for the Panhandle region, received a smaller percentage than their share of the state’s enrollment.

\* Includes only the amounts reported in the Texas Higher Education Coordinating Board’s Financial Aid Database. The Financial Aid Database primarily records aid that was based on financial need, but may include some amounts that were not based on need.

Source: Loan volume: Texas Higher Education Coordinating Board (THECB), “Financial Aid Database for AY 2013–2014,” Austin, Texas, 2015 (Unpublished tables); Data on loan terms and loan eligibility: THECB, “College for Texans” Website (<http://www.collegeforalltexans.com/apps/financialaid/tofa.cfm?Kind=L>); Enrollment: THECB, Texas Higher Education Data (<http://www.txhighereddata.org/>).



# HHL-CAL Loans Go Predominantly to Four-year Schools

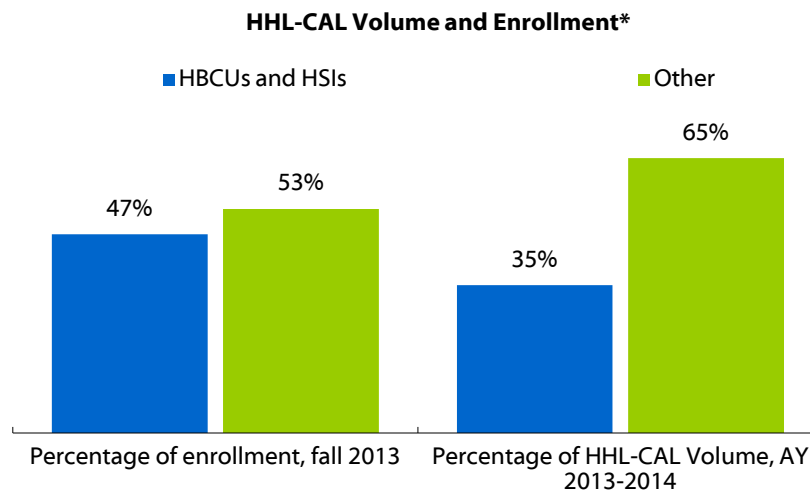


The majority of students in Texas attend public colleges and universities. However, the proportion of Hinson-Hazlewood-College Access Loan (HHL-CAL) volume by school type does not parallel student enrollment.\* In Award Year (AY) 1996–1997, 28 percent of HHL-CAL loan volume went to students in public universities and 68 percent went to students in private universities. The gap between the percentages narrowed throughout the 1990s. By AY 2002–2003, the percentage of HHL-CAL loan volume going to students in public institutions was greater than that going to students attending private institutions. About 51 percent of all HHL-CAL volume in AY 2007–2008 went to students in public four-year universities and 45 percent went to students in private four-year universities.

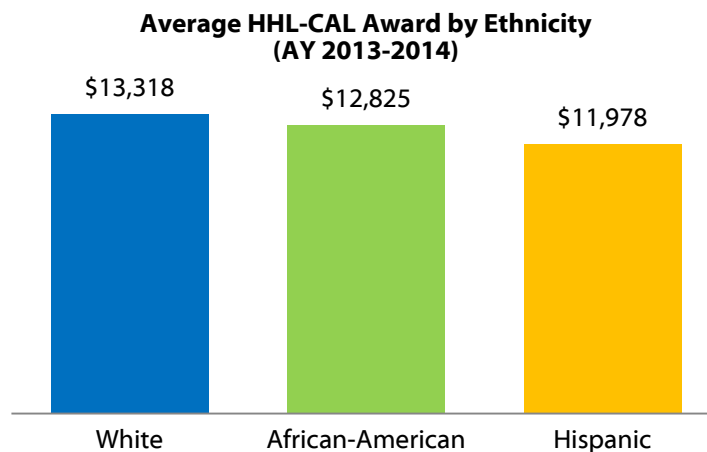
In AY 2013–2014, 33 percent of HHL-CAL dollars went to students attending public four-year institutions, and this sector accounted for 42 percent of student enrollment. Private four-year students accounted for 9 percent of enrollment in Texas postsecondary institutions, but 62 percent of HHL-CAL volume. Similarly, public two-year students accounted for 47 percent of enrollment, but only 1 percent of HHL-CAL volume. This disproportionate pattern is at least partially because the cost of attendance at public two-year schools is generally lower than at four-year schools.

\* HHL-CAL volume data for students who attended for-profit institutions are not available.

# HHL-CAL Volume More Comparable to HBCU and HSI Enrollment



Texas has nine Historically Black Colleges and Universities (HBCUs) and 44 Hispanic-Serving Institutions (HSIs). In Award Year (AY) 2005–2006, HBCUs and HSIs comprised 33 percent of total Texas enrollment and received 14 percent of Hinson-Hazlewood College Access Loan (HHL-CAL) dollars. In AY 2013–2014, HBCUs and HSIs comprised 47 percent of total Texas enrollment and received 35 percent of HHL-CAL dollars. This 12 percentage point gap has closed quite a bit compared to the 29 percentage point gap last year.



The average HHL-CAL award differed across ethnic groups in AY 2013–2014. Hispanic students on average borrowed about \$1,340 less than White students and \$847 less than African-American students.

\* Includes only the amounts reported in the Texas Higher Education Coordinating Board's Financial Aid Database. The Financial Aid Database primarily records aid that was based on financial need, but may include some amounts that were not based on need.

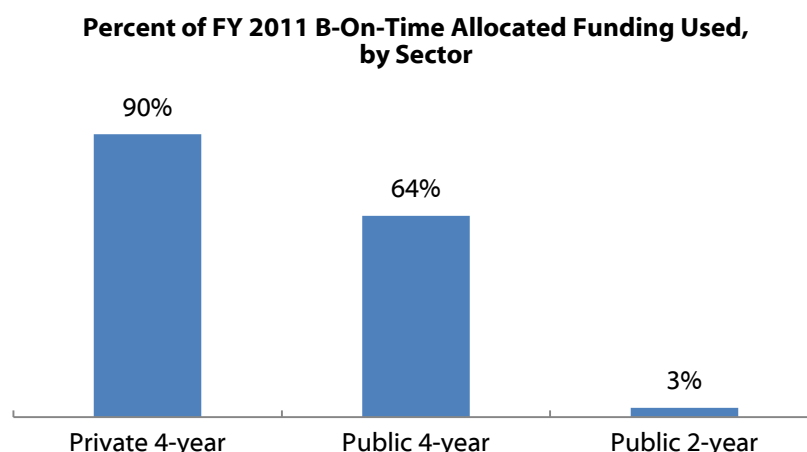
Sources: Loan volume: Texas Higher Education Coordinating Board (THECB). "Financial Aid Database for AY 2013–2014." Austin, Texas, 2015 (Unpublished tables); Enrollment: THECB. Texas Higher Education Data (<http://www.txhighereddata.org/>). HBCUs: U.S. Department of Education, *Office for Civil Rights* database. "Accredited Postsecondary Minority Institutions" (<http://www.ed.gov/about/offices/list/ocr/edlite-minorityinst.html>); HSIs: U.S. Department of Education, unpublished report (special request).



## B-On-Time Loan Program Was Underutilized

The Texas B-On-Time (BOT) Loan Program was a unique state aid program intended to increase access to higher education in Texas and encourage on-time graduation. This state student loan may be completely forgiven if the otherwise eligible borrower completes his or her degree on time. In 2003, State Senator Judith Zaffirini (D-Laredo) introduced legislation that created this program to increase the return on college investment by motivating students to graduate on time and, therefore, spend less money on their education. Beginning with the 2015-16 academic year, only renewal awards will be available until the program is phased out.

The Texas Higher Education Coordinating Board (THECB) reports that in fiscal year (FY) 2012, 43 percent of public university students with BOT loans graduated in 4 years, compared to 25 percent for those who received aid but not BOT loans. The 6-year graduation rate for BOT students is also higher than the rate for non-BOT students. Sixty-nine percent of BOT recipients at public universities graduated within 6 years, compared to 53 percent of aid recipients without BOT.



Despite its success, the BOT Loan Program was not fully utilized. Thirty-six percent of funds were not allocated in FY 2011, and only five out of 136 institutions disbursed their entire allocation. Four-year private institutions used 90 percent of their funds — the most of any sector. Four-year public institutions used the second highest percentage of funds, with 64 percent, while community colleges used only 3 percent of their allocation.

Many students at community colleges go to school part time and did not qualify for the BOT Loan Program, which may explain its very low rate of usage in that sector. On the other hand, a high percentage of students at private four-year institutions attend school full time and met the requirements to qualify for the BOT Loan Program. The higher tuition and fees at most private institutions may have encouraged more students to apply for the BOT Loan Program as part of a comprehensive financial aid package.

Another reason for this underutilization may have been that institutions could only tell students about the features and requirements of this loan program if they included it on a “preferred lender list,” which is a requirement for telling students about any private loan. This state loan program was considered a private loan program per federal regulatory requirements. If they choose to, institutions can research private student loan providers and put together a list that describes the best ones. If the institution does not want to put the time into this task, then they cannot provide information about private loan programs up front.

Sources: Graduation Rates: Texas Higher Education Coordinating Board (THECB), *Report on student financial aid in Texas higher education for fiscal year 2012*, June 2013 ([www.theccb.state.tx.us/reports/PDF/3126.PDF](http://www.theccb.state.tx.us/reports/PDF/3126.PDF)); Utilization: Sunset Advisory Commission, *Staff report with hearing material: Texas Higher Education Coordinating Board*, April 2012 (<http://www.sunset.texas.gov>).



# Top Texas School Federal Loan Volume Increases

Gross Federal Direct Loan Program (FDLP) volume for the top 25 Texas schools by federal loan volume totaled over \$2.8 billion in Award Year (AY) 2014–2015, accounting for over 56 percent of the total federal loan volume of all Texas schools in AY 2014–2015.

**Top Texas Schools by Federal Loan Volume, AY 2014–2015 FDLP**

<b>School</b>	<b>Number of Loans (In thousands)</b>	<b>Disbursed Amount (In millions of \$)</b>	<b>% of Texas School Volume</b>
1. University of Texas at Austin	42.6	257.4	5.1
2. Texas A&M University	37.9	237.9	4.7
3. University of North Texas	40.2	195.0	3.9
4. Texas State University	39.2	189.4	3.8
5. University of Texas at Arlington	39.0	171.7	3.4
6. University of Houston	31.0	166.8	3.3
7. Texas Tech University	31.4	160.3	3.2
8. University of Texas at San Antonio	31.4	126.4	2.5
9. Baylor University	15.1	99.0	2.0
10. Sam Houston State University	22.9	97.5	1.9
11. Houston Community College	29.2	88.4	1.8
12. University of Texas at El Paso	19.6	87.0	1.7
13. Texas Southern University	14.6	86.4	1.7
14. Stephen F. Austin State University	18.8	82.5	1.6
15. Southern Methodist University	6.9	80.8	1.6
16. Lamar University	14.5	78.7	1.6
17. University of the Incarnate Word	11.7	78.3	1.6
18. Texas Woman's University	17.2	78.3	1.6
19. Texas A&M University – Commerce	13.4	72.8	1.4
20. University of Texas at Dallas	12.2	67.1	1.3
21. Lone Star College – North Harris	20.7	67.0	1.3
22. Texas Tech University Health Science Ctr	5.2	64.3	1.3
23. Prairie View A&M University	14.5	63.0	1.3
24. Tarleton State University	13.3	61.1	1.2
25. Texas A&M University – Corpus Christi	13.1	60.1	1.2
<b>Total</b>	<b>555.6</b>	<b>2,817.3</b>	<b>56.1</b>

Source: U.S. Department of Education, Federal Student Aid Data Center, Programmatic Volume Reports (<http://federalstudentaid.ed.gov/datacenter/programmatic.html>).





# Federal Loan Volume Concentrated in Rural Areas, More Widely Distributed in Urban Areas

## Top Schools by Region (AY 2014–2015)

### Panhandle\*

1. Texas Tech University	\$160 Million
2. Texas Tech University Health Sciences Ctr	\$64
3. West Texas A&M University	\$43
4. Midwestern State University	\$29
5. Wayland Baptist University	\$28

\* Top 5 Schools Account for 73% of Volume

### Metroplex\*

1. University of North Texas	\$195 Million
2. University of Texas at Arlington	\$172
3. Southern Methodist University	\$81
4. Texas Woman's University	\$78
5. Texas A&M University - Commerce	\$73

\* Top 5 Schools Account for 48% of Volume

### West\*

1. University of Texas El Paso	\$87 Million
2. Vista College	\$37
3. Angelo State University	\$30
4. Southwest University at El Paso	\$16
5. Sul Ross State University	\$11

\* Top 5 Schools Account for 81% of Volume

### East\*

1. Stephen F. Austin State Univ.	\$82 Million
2. University of Texas at Tyler	\$38
3. Tyler Junior College	\$22
4. LeTourneau University	\$21
5. Kilgore College	\$10

\* Top 5 Schools Account for 73% of Volume

### Central\*

1. University of Texas at Austin	\$257 Million
2. Texas A&M University	\$238
3. Texas State University	\$189
4. University of Texas at San Antonio	\$126
5. Baylor University	\$99

\* Top 5 Schools Account for 60% of Volume

### Gulf Coast\*

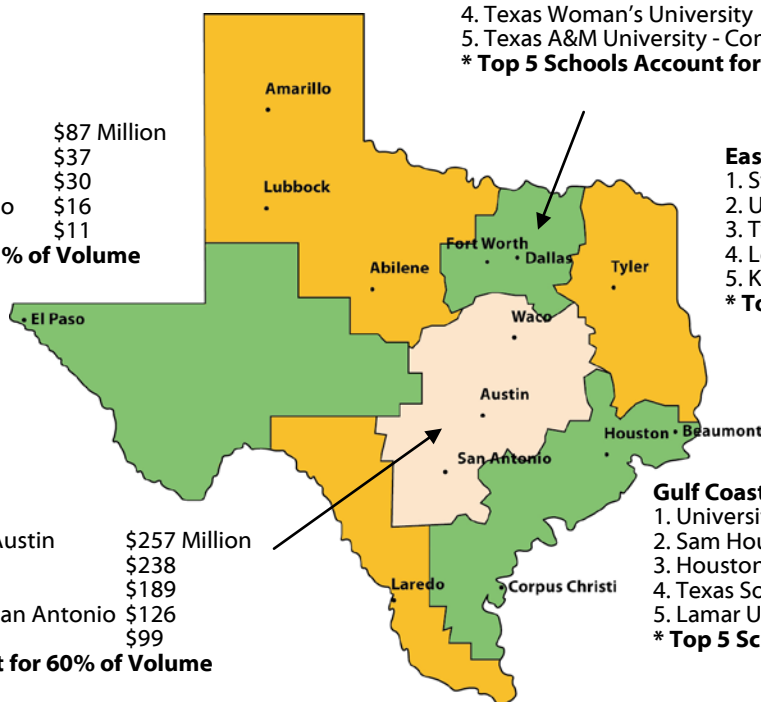
1. University of Houston	\$167 Million
2. Sam Houston State University	\$98
3. Houston Community College	\$88
4. Texas Southern University	\$86
5. Lamar University	\$79

\* Top 5 Schools Account for 42% of Volume

### Rio Grande\*

1. University of Texas–Rio Grande Valley	\$56 Million
2. University of Texas at Brownsville	\$27
3. Texas A&M International University	\$19
4. South Texas Vocational Technical Institute	\$4
5. Valley Grande Institute for Academic Studies	\$2

\* Top 5 Schools Account for 94% of Volume



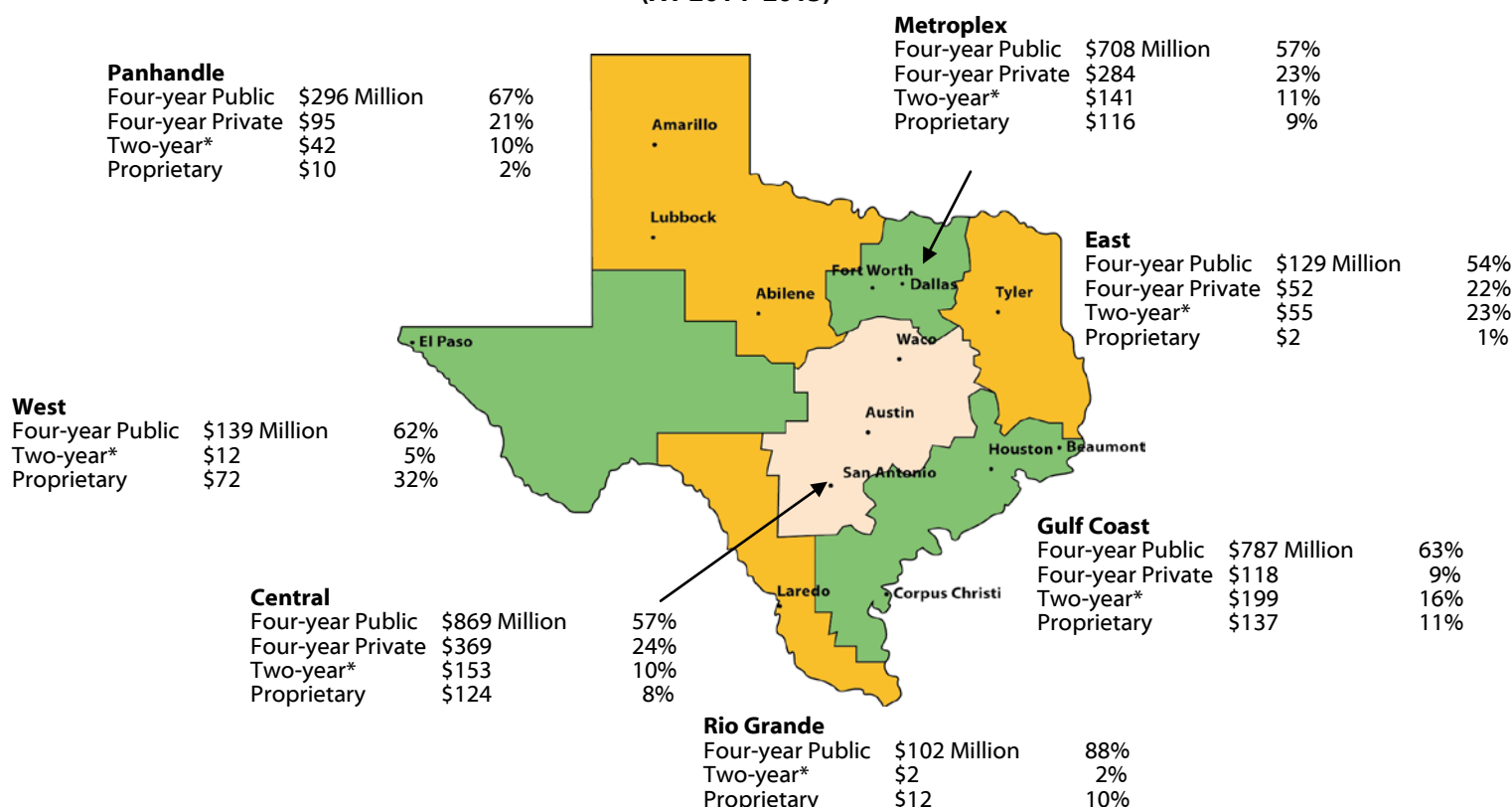
In the rural areas of the state, Award Year (AY) 2014–2015 Federal Direct Loan Program (FDLP) volume remains concentrated among a few schools. In regions that contain the state's largest cities, loan volume is more widely distributed. For example, in the Rio Grande region, five schools account for 94 percent of regional loan volume, while in the Gulf Coast region the five schools with the largest loan volume account for less than half of regional volume. This is most likely due to the greater number of school choices that exist in the more urbanized regions of the state.

Source: U.S. Department of Education, Federal Student Aid Data Center, Programmatic Volume Reports (<http://federalstudentaid.ed.gov/datacenter/programmatic.html>).



# Four-Year Public Schools Account for More Than Half of Federal Loan Volume

**Federal Loan Volume by Region and School Type**  
In Millions of Nominal Dollars  
(AY 2014–2015)



Four-year public school volume makes up the largest share of the volume in all regions. Proprietary school volume exceeds two-year\* school volume in two regions. In Award Year (AY) 2014–2015, public four-year schools accounted for 60 percent of the state's Federal Direct Loan Program (FDLP) volume. Four-year private school volume accounted for 18 percent, two-year\* school volume accounted for 12 percent, and proprietary school volume accounted for 9 percent of total FDLP volume in Texas.

**Texas Federal Loan Volume by School Type**  
AY 2014–2015

School Type	Amount (in Millions)	% of Amount
Public Four-year	\$3,030	60%
Private Four-year	\$918	18%
Two-year*	\$604	12%
Proprietary	\$471	9%

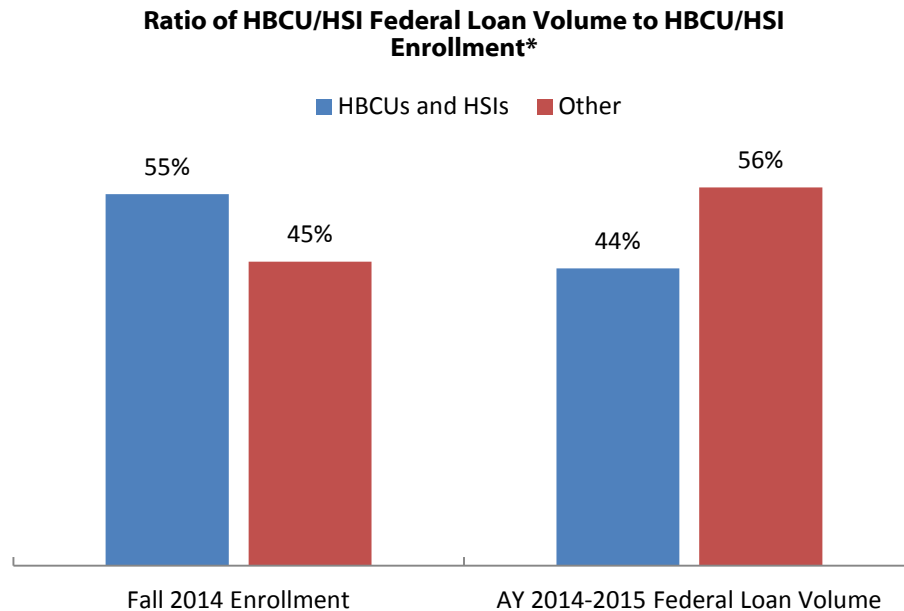
\*The two-year category includes both public and private, not-for-profit, and excludes proprietary.

Source: U.S. Department of Education, Federal Student Aid Data Center, Programmatic Volume Reports  
(<http://federalstudentaid.ed.gov/datacenter/programmatic.html>).



# HBCU and HSI Federal Loan Volume Is Proportionally Less Than Enrollment

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Texas has nine Historically Black Colleges and Universities (HBCUs) and 44 Hispanic Serving Institutions (HSIs). HBCUs and HSIs accounted for 55 percent of total Texas enrollment in fall 2014 while generating 44 percent of Award Year 2014–2015 Federal Direct Loan Program (FDLP) volume.

HBCUs are higher education institutions that were established prior to 1964 with the intention of primarily serving the African-American community, though students of all races and ethnicities are welcome to apply. There are 107 HBCUs nationwide.

Institutions meeting certain eligibility criteria, such as having at least a 25 percent Hispanic undergraduate enrollment, can apply for federal funding under Title III of the Higher Education Act. This federal program helps HSIs better serve their populations, which often include first generation and low-income students.

\*Does not include proprietary schools for volume or enrollment.

Sources: Enrollment: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2015 (<http://nces.ed.gov/ipeds/>); Loan Volume: U.S. Department of Education, Federal Student Aid Data Center, Programmatic Volume Reports (<http://federalstudentaid.ed.gov/datacenter/programmatic.html>); HBCUs: U.S. Department of Education, Office for Civil Rights database. "Accredited Postsecondary Minority Institutions" (<http://www.ed.gov/about/offices/list/ocr/edlite-minorityinst.html>); HSIs: U.S. Department of Education, unpublished report (special request).



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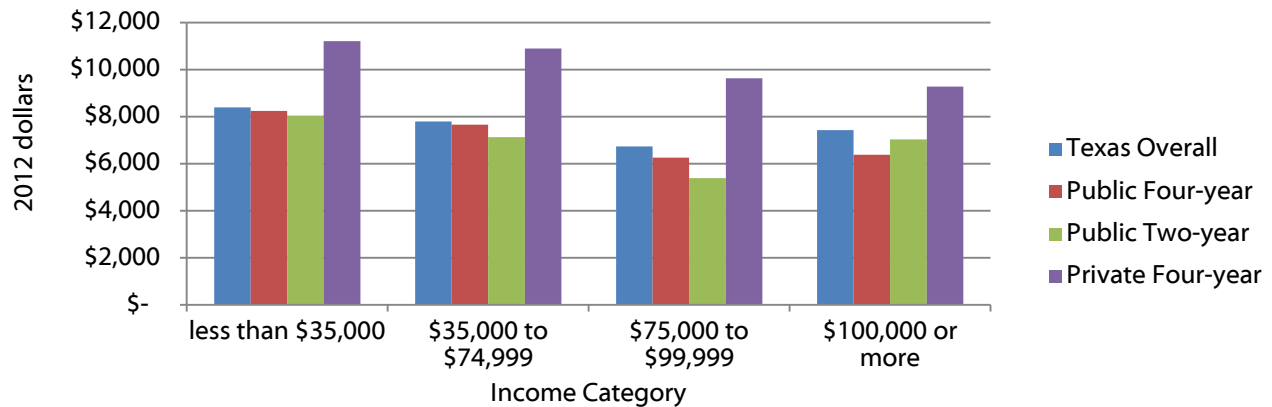


## SECTION 7

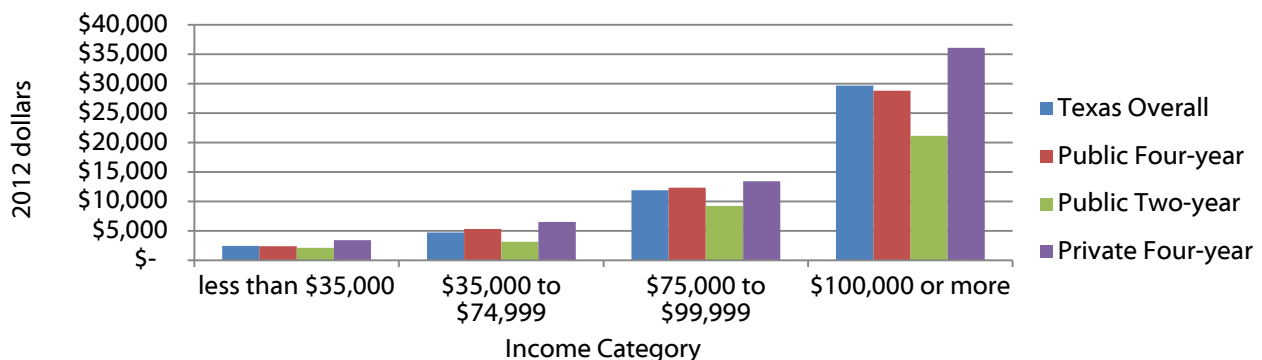
# Need and Work

# Unmet Need for Low-Income Students in Texas More Than \$8,000 at Public Universities

**Average Unmet Need for Students in Texas by Income Category and Sector (Fall 2012)**



**Average EFC for Students in Texas by Income Category and Sector (Fall 2012)**



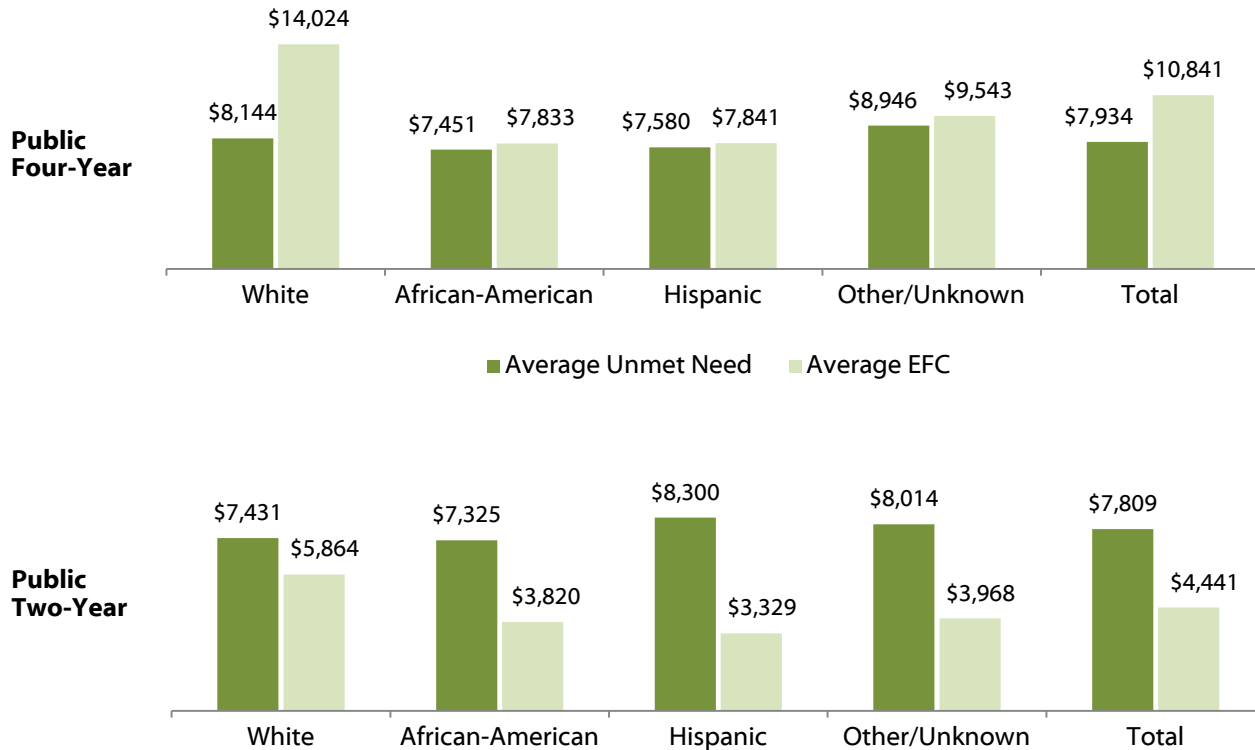
Unmet need is defined as a student's cost of attendance\* minus his or her expected family contribution (EFC)\*\* and all financial aid including grants, scholarships, work-study, and loans. This is the amount that students and/or their families must cover over and above their EFC, which is also an out-of-pocket expense. Unmet need was highest for students in the lowest income category, especially those attending a private four-year school. Besides having greater financial resources to contribute to EFC, those in the highest income category are significantly more likely to attend more expensive four-year institutions. Data on students who attended proprietary institutions are not available.

\* Estimated sum of tuition and fees, books and supplies, food and housing, transportation, and other expenses for a full-time student for nine months.

\*\* EFC is determined through a federal formula that takes into account family size, income, and the number of children in college, among other factors. It is considered a rough estimate of a reasonable, affordable annual payment for a family with a given set of circumstances.

# Hispanic Students Have Higher Unmet Need at Two-year Institutions Than at Four-year Institutions

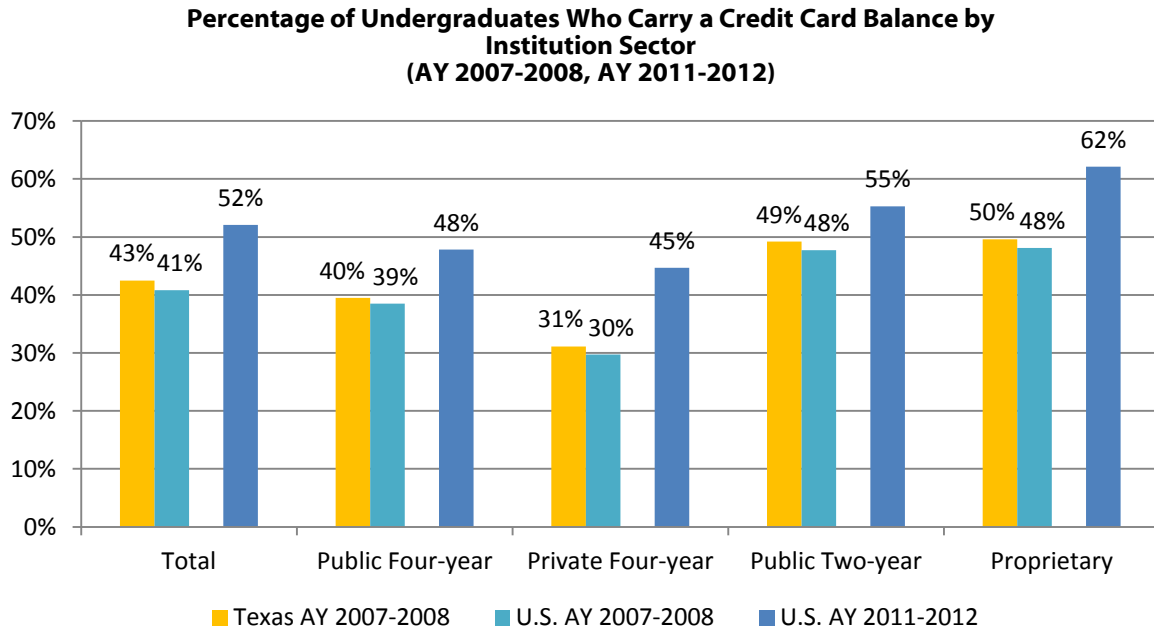
**Average Unmet Need and Average EFC\* by Race/Ethnicity for Texas Public Institutions (Fall 2013)**



The average unmet need for Hispanic students was somewhat higher at public two-year colleges than at public four-year universities. This was true despite the substantially lower cost of attendance at two-year schools. For all racial/ethnic groups, average expected family contribution (EFC) was much higher at four-year universities due to a higher cost of attendance and a larger concentration of students from higher income families. Although the income distributions for African-American and Hispanic students are similar across school sectors, White and Other/Unknown students at four-year universities tend to have higher incomes compared to their peers at two-year colleges. At both school types, the higher-income students are more likely to be White or in the Other/Unknown category, which explains the higher EFC amounts for those racial/ethnic groups.

\* "Unmet need" is the gap that remains between a student's resources and his/her total cost of attendance even after accounting for both grant and loan aid and the expected family contribution (EFC), which is the formulaically determined amount that the student can reasonably be expected to pay out of pocket.

# Students at Proprietary Institutions Most Likely to Carry Outstanding Credit Card Balance



Both nationally and in Texas, students at public two-year and at proprietary institutions were most likely to carry a balance on their credit cards, followed by students at public four-year and private four-year institutions. Undergraduates in all sectors nationally were considerably more likely to carry credit card debt in award year (AY) 2011-2012 than in AY 2007-2008. This increase is likely due to several causes: more expensive tuition costs, reductions in funding for state and institutional aid programs, and economic factors like high unemployment and stagnant real wages. As of AY 2011-2012, 52 percent of undergraduates nationally carried balances on their credit cards. Given that Texas undergraduates carried credit card balances at slightly higher rates than the national average in AY 2007-2008, it is likely that more than half of Texas undergraduates carried credit card balances as of AY 2011-2012.

\*Data for Texas for AY 2011-2012 are unavailable.

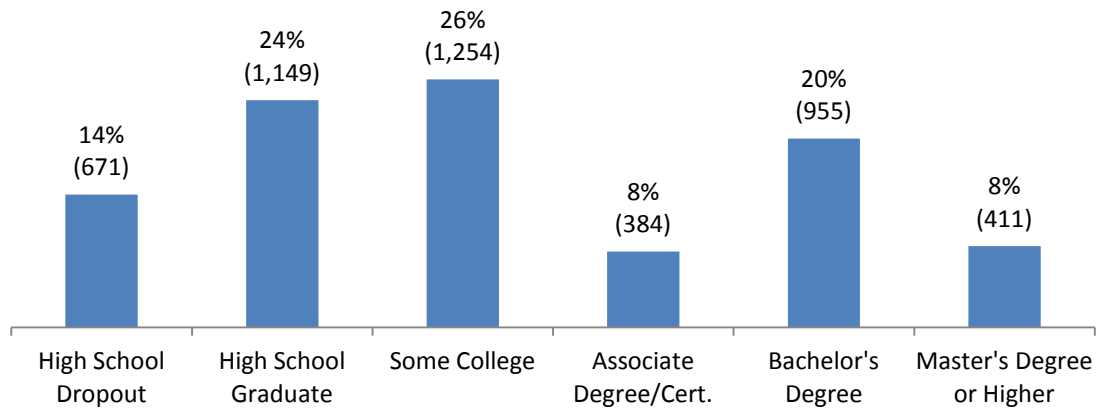
Source: U.S. Department of Education, National Center for Education Statistics, "National Postsecondary Student Aid Study (NPSAS) 2008" and "National Postsecondary Student Aid Study (NPSAS) 2012" (<http://www.nces.ed.gov/das/>).



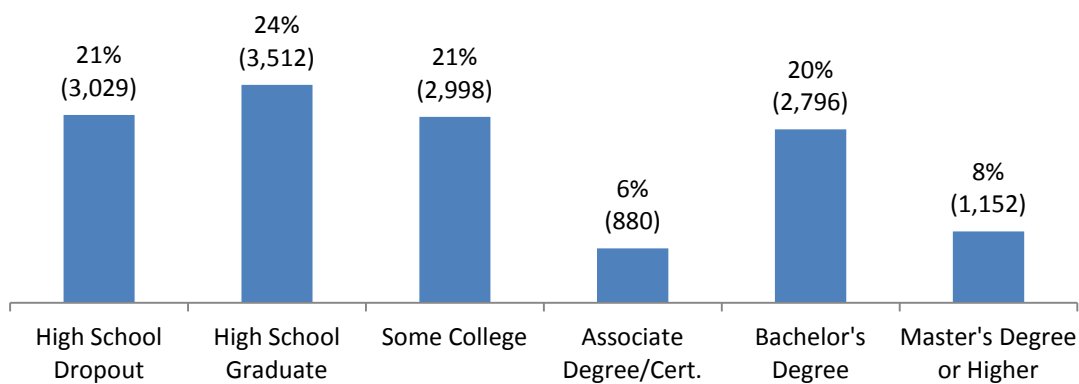


# More Than Half of Jobs in Texas Will Require Postsecondary Education by 2020

**Projected Percentage (and Number in Thousands) of Job Openings in Texas by Typical Entry Education Level, 2010-2020**



**Projected Percentage (and Number in Thousands) of Total Jobs in Texas by Typical Entry Education Level in 2020**



By 2020, approximately 54 percent of jobs in Texas and 65 percent of jobs nationally will require some kind of formal training or education beyond high school. Between 2010 and 2020, approximately 62 percent of all job openings in Texas will require some postsecondary education, and around 36 percent of those positions will require the attainment of a degree or certificate.

For employees without any postsecondary education, most job openings by 2020 will come from the food service, personal service, and blue collar occupations, such as construction, production, and transportation. Openings that generally require postsecondary education will be concentrated in sales and office support, healthcare, education, and managerial roles, which, along with food/personal services, will also be the fastest growth occupations.

# At Minimum Wage, the Average U.S. Student Must Work 65 Hours per Week to Pay for a Bachelor's Degree



In earlier decades, many students financed an undergraduate education by taking a full course load while working enough hours to cover living and educational expenses, perhaps with the aid of savings from a full-time summer job. From 1966 to 1981, a time in which the minimum wage increased fairly regularly, an industrious undergraduate could have paid for a year of education at a public university — including tuition, food, and housing — by working about 24 hours per week at a minimum wage job.

In the early 1980s, as the cost of education began to climb and the minimum wage increased less frequently, the number of work hours needed to pay for an education began to rise. By 1989, students earning the then-minimum wage of \$3.35 per hour had to work 39 hours per week to cover the average undergraduate budget. The number of work hours needed to pay for an undergraduate education continued to inch upward in the 1990s, then rose again sharply at the turn of the century. In 2006, increased costs and stagnant wages meant that a student working at the \$5.15 hourly minimum wage would have had to work 65\* hours every week of the year in order to pay the tuition, fees, and living expenses associated with two semesters of attendance at an in-state public university. An increase in the minimum wage to \$7.25 reduced that figure to 63\* hours per week in 2012, but it returned to 65 hours in 2013.

The cost of attendance tends to be lower in Texas compared to the nation, which means slightly fewer hours of work per week would be needed to pay for college. In 2014-2015, an in-state, residential undergraduate would have had to work 62\*\* hours every week of the year to pay for two semesters at a Texas public university.

\*Using Postsecondary Education Opportunity methodology, the Award Year (AY) 2013–2014 average in-state student budget at a U.S. public university is estimated at \$23,103. In 2013, the minimum wage was \$7.25 per hour, with 6.2 percent taken out for Social Security. At a net of \$6.80 per hour, a full-time student with no other financial aid or assets would have to work 3,397 hours per year, or 65 hours per week, to put him or herself through school.

\*\*The average student budget, weighted for enrollment, for an in-state, residential student at a Texas public four-year university in AY 2014–2015 was \$21,883. At a net of \$6.80 per hour, a full-time Texas student with no other financial aid or assets would have to work 3,218 hours per year, or 62 hours per week, to put him or herself through school.

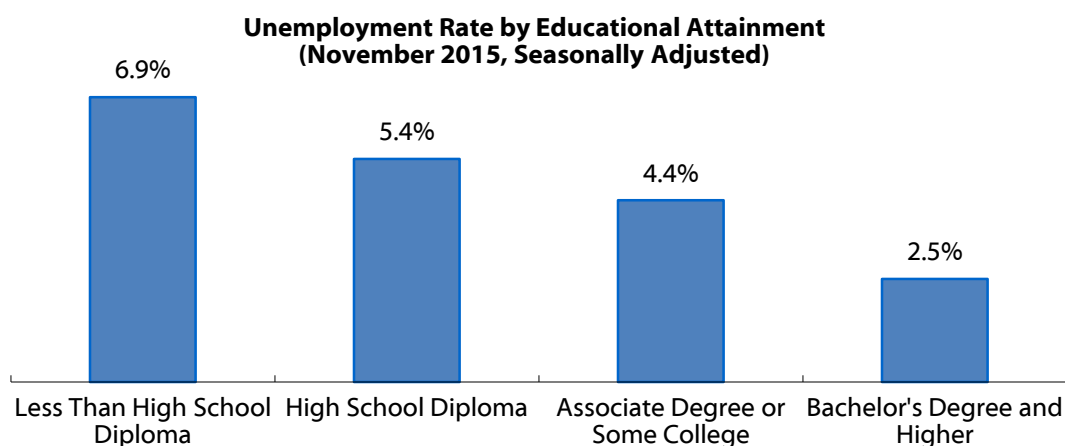
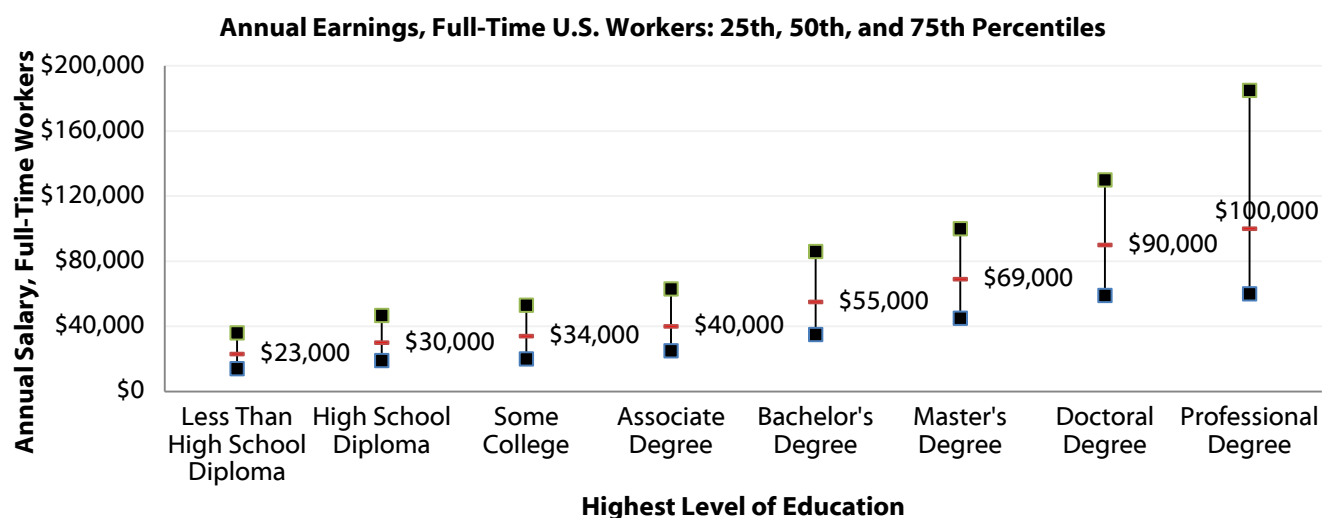
Sources: Minimum wage: U.S. Department of Labor, Employment Standards Administration, "History of Federal Minimum Wage Rates" (<http://www.dol.gov/whd/minwage/chart.htm>); U.S. Data: Postsecondary Education Opportunity, "I worked my way through college. You should too," 2008 update to *Research Newsletter*, Issue Number 125 (November 2002) ([www.postsecondary.org](http://www.postsecondary.org)); Texas Data: U.S. Department of Education, National Center for Education Statistics, IPEDS Data (<http://www.nces.ed.gov/ipeds/>).



## SECTION 8

# Texas College Attainment

# College Graduates Earn Far More Than High School Graduates and Experience Less Unemployment



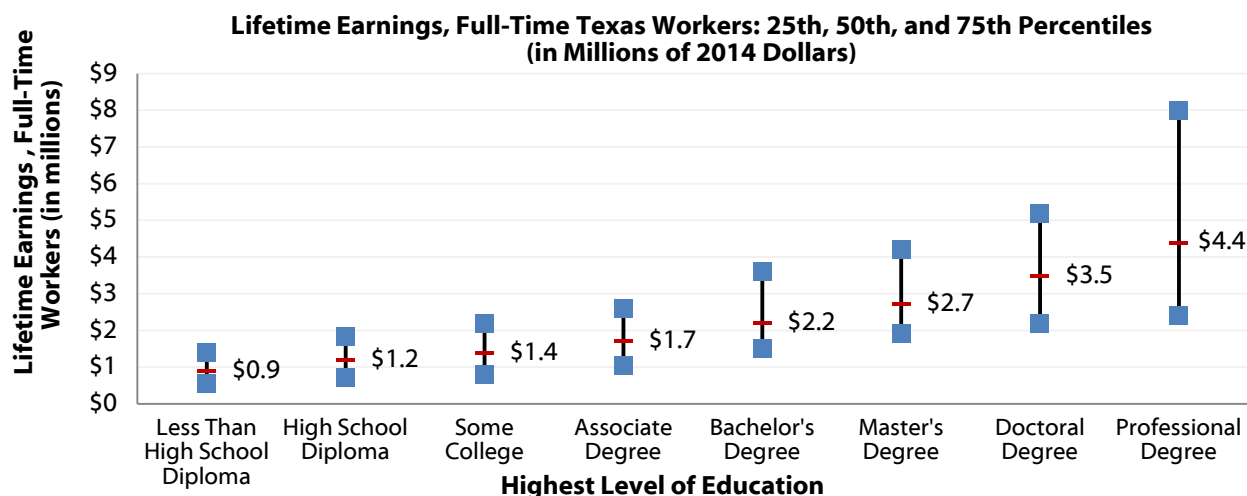
The U.S. Census Bureau reports that higher levels of education are *typically* associated with higher median earnings; however, annual incomes in the U.S. also vary widely *within* the same level of education. Consequently, some workers with associate degrees earn more than those with bachelor's degrees, while other bachelor's-level graduates make more than some master's degree holders. While educational level is not the sole predictor of one's income, the income range also expands as level of education increases, suggesting that workers with higher levels of education may encounter more opportunities for financial growth.

More evidence for the economic value of education comes from the U.S. Bureau of Labor Statistics. For November 2015, the unemployment rate of workers age 25 and older who had not completed high school stood at 6.9 percent. The unemployment rate for high school graduates was 5.4 percent, while the unemployment rate for those with a bachelor's degree and higher was 2.5 percent.

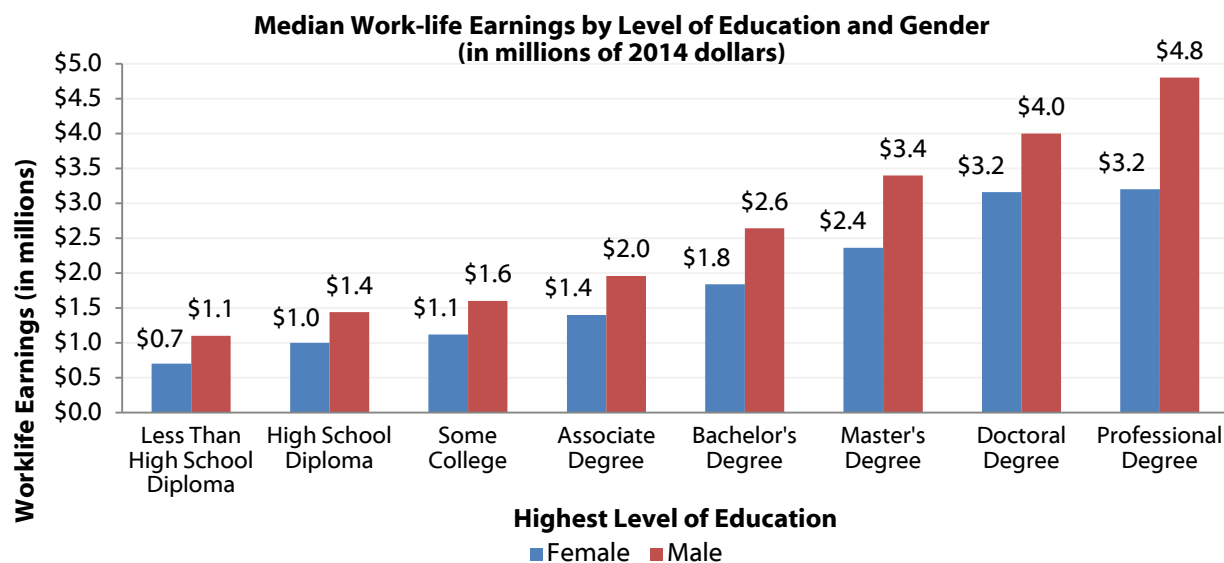
Sources: Unemployment: Bureau of Labor Statistics. "Employment Status of the Civilian Population 25 Years and Over by Educational Attainment," November 2015 (<http://www.bls.gov/news.release/empsit.t04.htm>); Earnings: U.S. Census Bureau, American Community Survey 2014 (<http://www.census.gov/programs-surveys/acs/data/pums.html>)



# Better Educated Workers Have Higher Lifetime Earnings



The difference in the salary earned by higher- and lower-educated workers compounds over a lifetime. The estimated earnings during the work-life (approximately 40 years) of a worker who did not complete high school are less than \$1 million. Completing high school increases median lifetime earnings by about \$300,000, and completing a bachelor's degree raises median lifetime earnings to \$2.2 million. Post-graduate education pays off even more; workers with a professional degree, such as doctors and lawyers, can expect over the course of their work-lives to earn an additional \$1.8 million over what workers with a bachelor's degree will earn. Higher levels of education typically offer increased lifetime earnings, but they also allow for more earning *variability*, as shown by the wider income ranges for the higher levels of education.



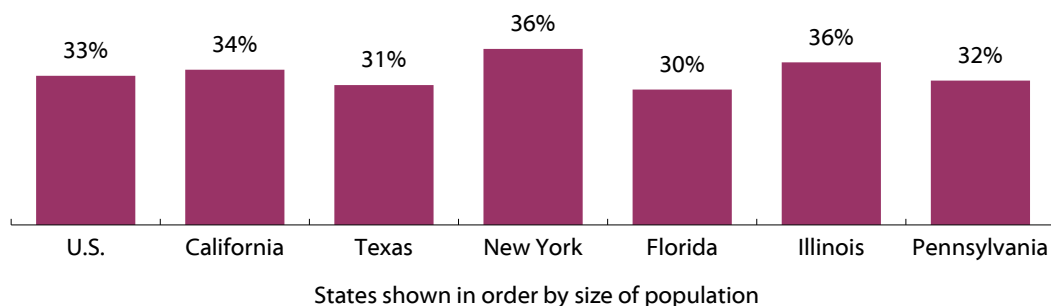
Lifetime earnings differences based on education are even more pronounced for women, who must earn at least a bachelor's degree to make as much as men with some college or an associate degree, on average.



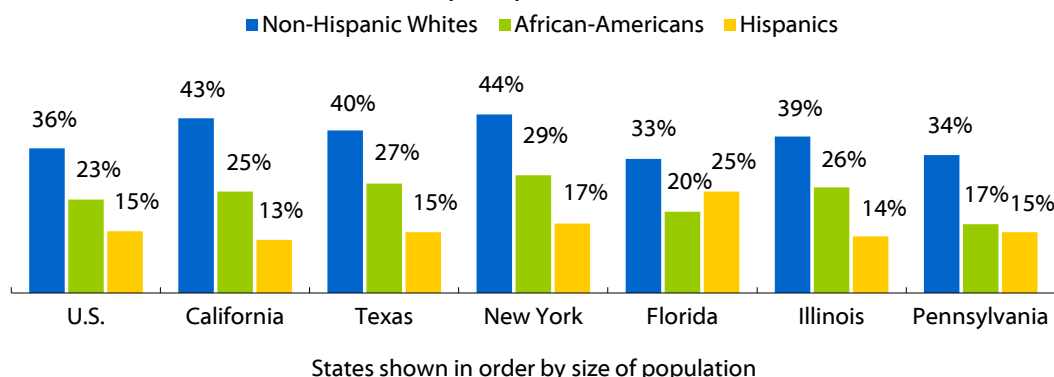
Earnings: U.S. Census Bureau, American Community Survey 2014 (<http://www.census.gov/programs-surveys/acs/data/pums.html>)

# College Completion Rates in Texas Are Lower Than in the U.S.

**Population Age 25 and Older with a Bachelor's Degree or Higher (2015)**



**Population Age 25 and Older with a Bachelor's Degree or Higher, by Race/Ethnicity (2015)**



Texas ranks lower than the nation in the percentage of people who have completed a bachelor's degree or higher. U.S. Census Bureau data show that in 2015 about 31 percent of Texans age 25 and older had obtained a bachelor's degree or higher (up from 29 percent in 2014), compared to 33 percent in the U.S. (which increased one percentage point from 2014). Among the six most populous states, Texas has the second lowest percentage of the overall population age 25 and older with a bachelor's degree or higher.

By race/ethnicity, U.S. Census Bureau data also show that:

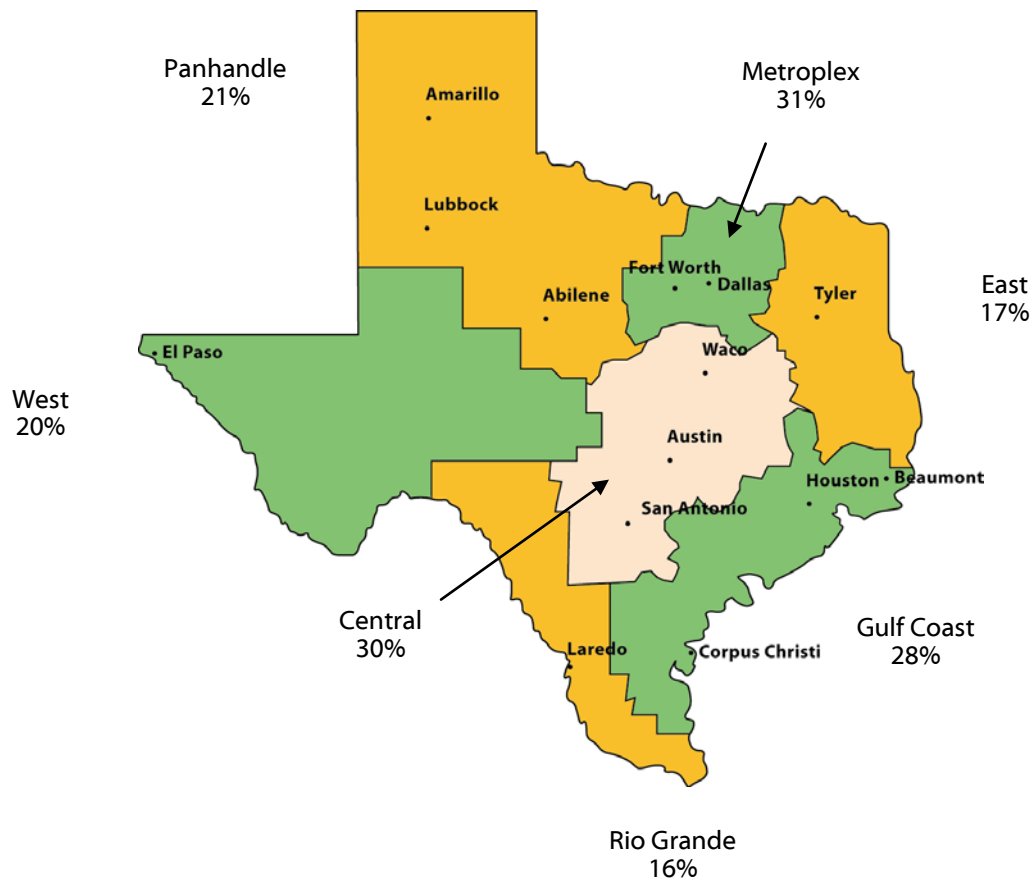
- In Texas, Hispanics are the least likely to complete a bachelor's degree. Only 15 percent of Hispanics age 25 and older have a bachelor's degree or higher, compared with 40 percent of Whites.
- The percentage of African-Americans in Texas who have a bachelor's degree is 13 percentage points lower than that of Whites. This gap has decreased by 3 percentage points since 2014.
- Among the six largest states, Texas ranks third in the percentage of Whites with a degree, ranks second for African-Americans, and ties for third for Hispanics.
- While the percentage of Whites age 25 or older with a Bachelor's Degree or higher remained steady from 2014 to 2015, the percentages for African-Americans and Hispanics each increased by three percentage points.

Source: U.S. Census Bureau, Current Population Survey 2015. Current Population Survey (CPS) Table Creator For the Annual Social and Economic Supplement ([http://www.census.gov/hhes/www/cps/cps\\_table\\_creator.html](http://www.census.gov/hhes/www/cps/cps_table_creator.html)).



# Texas Educational Attainment Levels Vary by Region

Population Age 25 and Older with a Bachelor's Degree or Higher (2014)

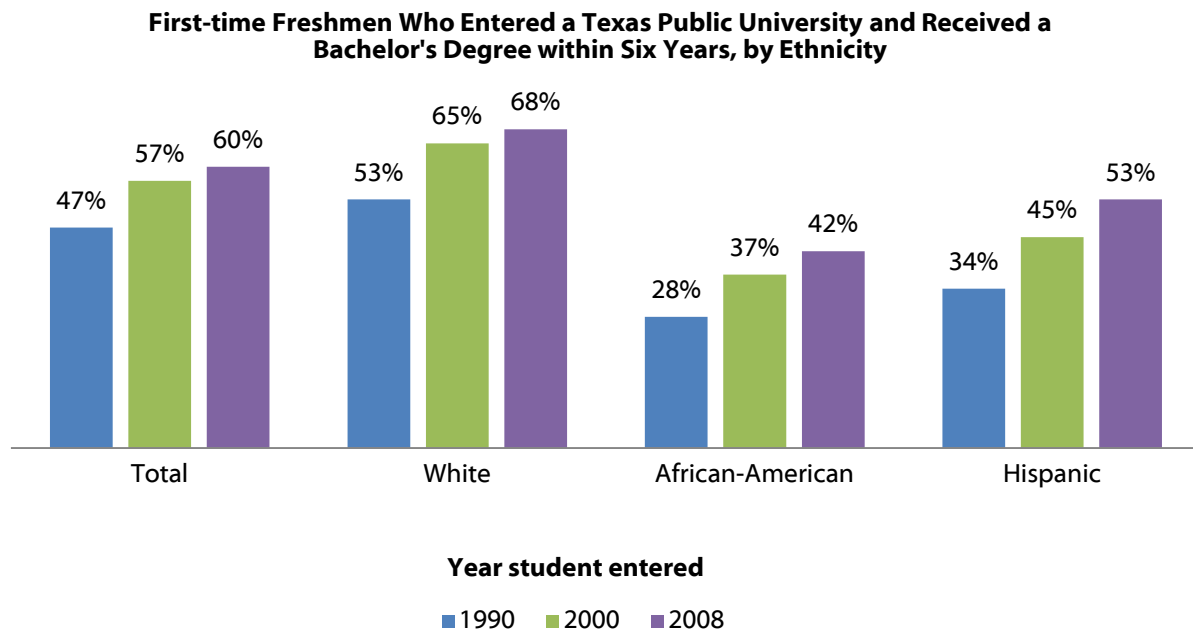


Educational attainment levels in the different regions of Texas vary dramatically. In the Metroplex region, 31 percent of people age 25 and older have a bachelor's degree or higher. In Central Texas, home to the state's two flagship universities, 30 percent of adults have a bachelor's degree or higher, and in the Gulf Coast region, 28 percent have a bachelor's degree or higher. However, educational attainment levels drop off in other areas of the state. The East Texas, West Texas, and Panhandle regions all record lower levels of educational attainment, and in the Rio Grande Valley region, the percentage of college graduates is about half that in the Metroplex region.

Source: U.S. Census Bureau, American Communities Survey, 2010-2014 Three-Year Estimates, Washington, D.C. (<http://www.census.gov/acs/www/>)



# Graduation Rates in Texas Rising, But Remain Stratified by Race/Ethnicity



College graduation rates in Texas are rising but remain stratified by ethnicity. About 60 percent of first-time (in college), full-time freshmen who entered a Texas public university in 2008 obtained a bachelor's degree from that or another Texas public university within six years, but the rate varied from 68 percent of Whites to 53 percent of Hispanics to 42 percent of African-Americans. The six-year graduation rates have risen over the past two decades for all racial and ethnic groups, but the rates have not increased as dramatically for African-American students as they have for White and Hispanic students.

As of Fiscal Year (FY) 2013, only 28.1 percent of freshmen in Texas graduate in four years. Most undergraduates in the U.S. take more than four years to complete a bachelor's degree. In 2010, only 31.3 percent of students nationally completed a degree within 4 years. Reasons for this vary, but include that the student may be: 1) pursuing a degree that requires more than 120 credit hours; 2) pursuing more than one degree; 3) changing his or her degree plan or major; 4) taking extra courses beyond those needed to graduate; 5) leaving or "stopping out" of school for brief periods; or 6) transferring from one institution to another. In addition, many students may attend school part time and work long hours in order to cut costs. In fall 2013, 22 percent of public university undergraduates in Texas attended school less than full time/full year; that is, they either took fewer than 12 hours per semester or did not attend two semesters.

Sources: National 4-year Graduation rates: The Chronicle of Higher Education. College Completion. [http://collegecompletion.chronicle.com/state/#state=ny&sector=public\\_four](http://collegecompletion.chronicle.com/state/#state=ny&sector=public_four); Graduation rates: Six-year and ten-year: THECB, Baccalaureate Graduation Rates <http://www.thecb.state.tx.us/reports/PDF/3409.PDF?CFID=18285142&CFTOKEN=11849287>; Four-year: THECB, Higher Education Accountability System (<http://www.txhighereddata.org/Interactive/Accountability/>);





# Texas Ranks Low in Percentage of Young Adults with a Bachelor's Degree or Higher

Percentage of Young Adults in 2014 (Ages 25-34) With a Bachelor's Degree or Higher

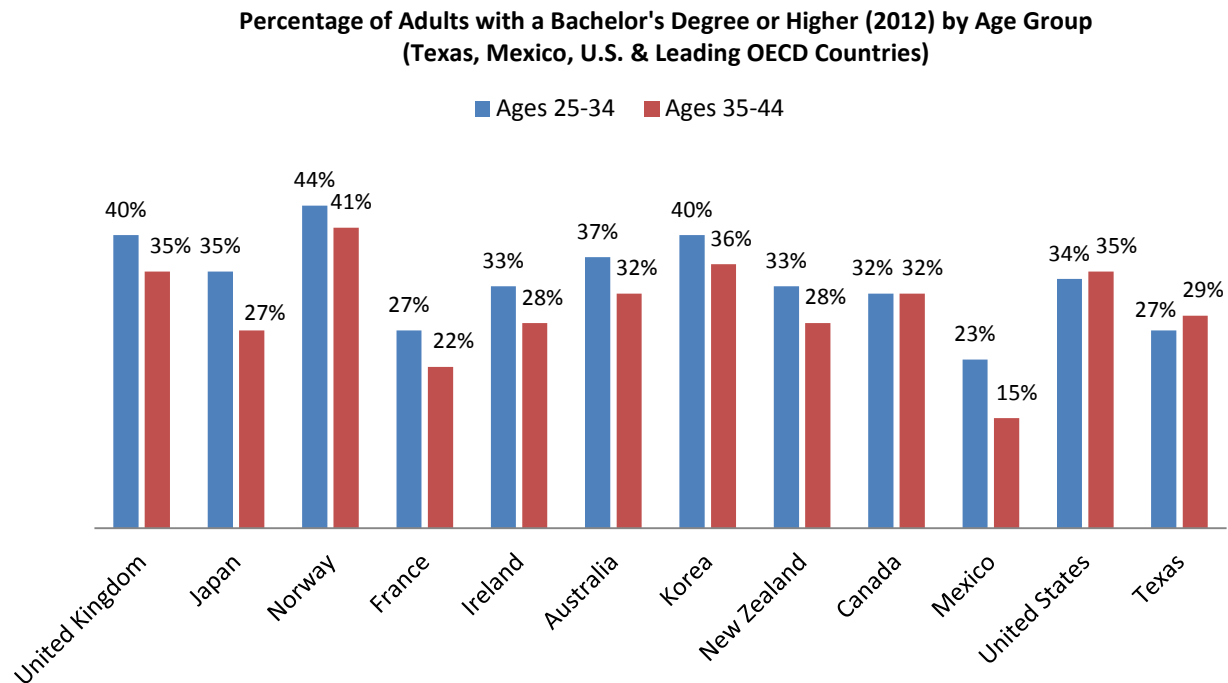
<u>U.S. States</u>	%	<u>OECD Countries</u>
	↑	
Massachusetts	48	
	46	
	44	Korea • Switzerland
New York		Belgium
New Jersey	42	Luxembourg
		Poland • Netherlands • United Kingdom
Connecticut • Maryland	40	Finland
Virginia • Illinois • Minnesota		Ireland • Estonia
Vermont	38	Iceland • Australia • Denmark
Colorado • New Hampshire		Japan • Greece
Pennsylvania • Rhode Island	36	Sweden • New Zealand • <b>OECD Average</b>
		<b>United States</b>
North Dakota • Nebraska	34	Israel • Norway
Delaware • Kansas • Iowa		Canada
Wisconsin • Washington • Missouri • California	32	Slovenia
Ohio • North Carolina • Montana • Oregon • Maine		Portugal
Hawaii • Michigan • South Dakota • Utah	30	Czech Republic • Hungary • Slovak Republic
Georgia		
<b>Texas</b> • Indiana • Tennessee	28	Spain • Germany
Florida • South Carolina		France
Kentucky • Arizona • Wyoming	26	
Alaska • Alabama • Louisiana • Oklahoma		
Idaho • West Virginia	24	Mexico • Italy
Arkansas		
New Mexico • Nevada • Mississippi	22	
	20	Austria
	18	Chile
	16	Turkey

The U.S. is often compared to other countries in the Organization for Economic Co-operation and Development (OECD) when measuring educational attainment. However, within the United States, each individual state can have very different education systems. Disaggregating attainment by individual U.S. states highlights the variance between state education systems in attainment percentages. The U.S. average for young adults (ages 25-34) with a bachelor's degree or higher is 35 percent, nearly the same as the OECD average and 7 percentage points higher than the Texas average. These rankings can change significantly when comparing attainment levels of an associate degree or higher.

Source: OECD (2014), *Education at a Glance 2015: OECD Indicators*, OECD Publishing. <http://www.oecd.org/education/education-at-a-glance-19991487.htm>;  
 U.S. Census Bureau, 2014 American Community Survey, 2014 Three-Year Estimates  
<http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>.  
 Note: The methodology and design for this figure was derived from the Texas Business Leadership Council and NCHEMS, 2013 TAB Higher Education Summit.



# Attainment Levels for Young Adults in United States and Texas Fall Behind the Gains of Leading OECD Countries



Measuring the attainment rates for postsecondary credentials is one way to evaluate the health and future of economies. To meet the demands for highly skilled workers, many countries have placed an emphasis on boosting their attainment rates. One way of observing which economies are succeeding in increasing higher education attainment is by comparing the levels of young adults (ages 25-34) with a bachelor's degree or higher to older adults (ages 35-44).

Most of the leading Organization for Economic Co-operation and Development (OECD) countries have young adult attainment levels that are 3 to 8 percentage points higher than their older adult populations. This may signal that these countries have a young workforce that is more skilled than their older workforce. In contrast, the Texas and United States populations have not seen increases in young adult attainment. To meet 21<sup>st</sup> century workforce needs, Texas will need to produce a higher percentage of young adults with postsecondary credentials. It is important to note that these figures may look different when comparing the attainment of associate degrees.

Source: OECD (2014), *Education at a Glance 2014: OECD Indicators*, OECD Publishing, <http://dx.doi.org/10.1787/eag-2014-en>; U.S. Census Bureau, 2013 American Community Survey, 2013 Three-Year Estimates <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>.  
Note: The methodology and design for this figure was derived from the Texas Business Leadership Council and NCHEMS, 2013 TAB Higher Education Summit



# THECB Reports Texas on Pace to Meet Overall Higher Education Targets, but Well Below Pace to Meet Target for Hispanic Enrollment

In 2000, Texas set the goal of “closing the gaps” in participation and success in higher education by 2015. The state aimed to achieve this goal by increasing the number of students enrolled by 630,000, and increasing the number of degrees and certificates awarded by 50 percent.

In June 2015, the Texas Higher Education Coordinating Board (THECB) reported that as of fall 2014, the state is on pace to meet its 2015 total higher education enrollment goal, although Hispanic student enrollment falls well below the target trend line. White student participation has decreased for the fifth consecutive year, falling by nearly 50,000 students since fall 2010. Meanwhile, African-American students continued to make impressive gains that have already surpassed the participation goal for 2015. Although Hispanic enrollment rose by more than 16,000 in fall 2014, enrollment will need to grow by another 25 percent to reach the 2015 goal.

THECB also reported that the state has already surpassed its 2015 goal for the total number of degrees and certificates awarded. The six-year graduation rate of first-time, full-time cohorts of students starting at public universities increased from 49.6 percent for those graduating by FY 2000 to 60 percent for students graduating by FY 2014.

Texas’ new 15 year strategic plan for higher education, referred to as 60X30TX, will be implemented at the completion of the Closing the Gaps plan.

## Texas Participation Targets for 2015

	Actual Fall 2014	2015 Targets	Difference	Growth Needed to Reach 2015 Targets
Total enrollment	1,621,725	1,650,000	28,275	2%
African-American enrollment	229,713	172,700	-57,013	0%
Hispanic enrollment	542,490	676,100	133,610	25%
White enrollment	619,658	671,300	51,642	8%

## Texas Success Targets for 2015

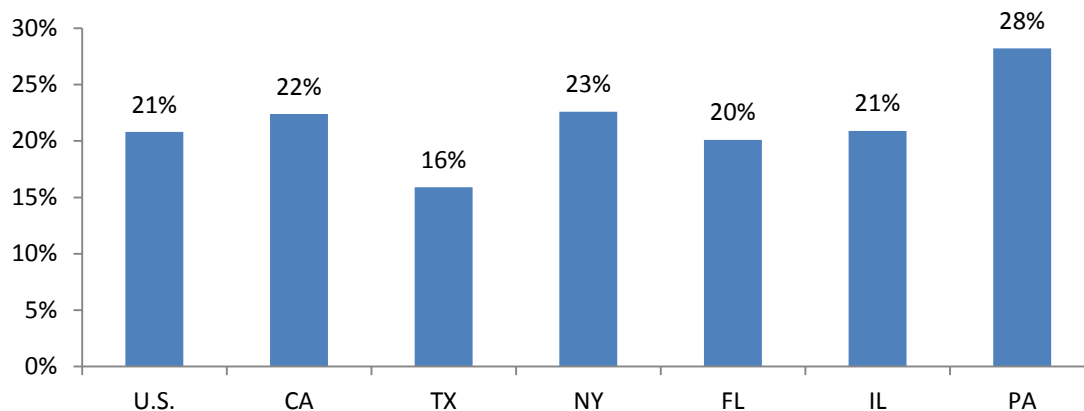
	Actual FY 2014	2015 Targets	Difference	Growth Needed to Reach 2015 Targets
Total certificates and degrees	246,499	210,000	-36,499	0%
Associate degrees	74,497	55,500	-18,997	0%
Bachelor's degrees	124,192	112,500	-11,692	0%

Sources: U.S. Census Bureau, American Community Survey 2014 ([http://www.census.gov/acs/www/data\\_documentation/2014\\_release](http://www.census.gov/acs/www/data_documentation/2014_release)). THECB. Closing the Gaps Progress Report, June 2015 (<http://www.theccb.state.tx.us/reports/PDF/6696.PDF?CFID=35470727&CFTOKEN=97038308>). THECB. Report Center (<http://www.txhighereddata.org/index.cfm?objectid=27718BD7-BD77-2355-39495E1F84605755>).



# Texas Ranks Eighth From Last among Ninth Graders Who Graduate From High School and College on Time

**Percentage of 9th graders who graduate from HS on time, go directly to college, return for their second year, and graduate within 150% of program time (2010)**



States shown in order by size of population

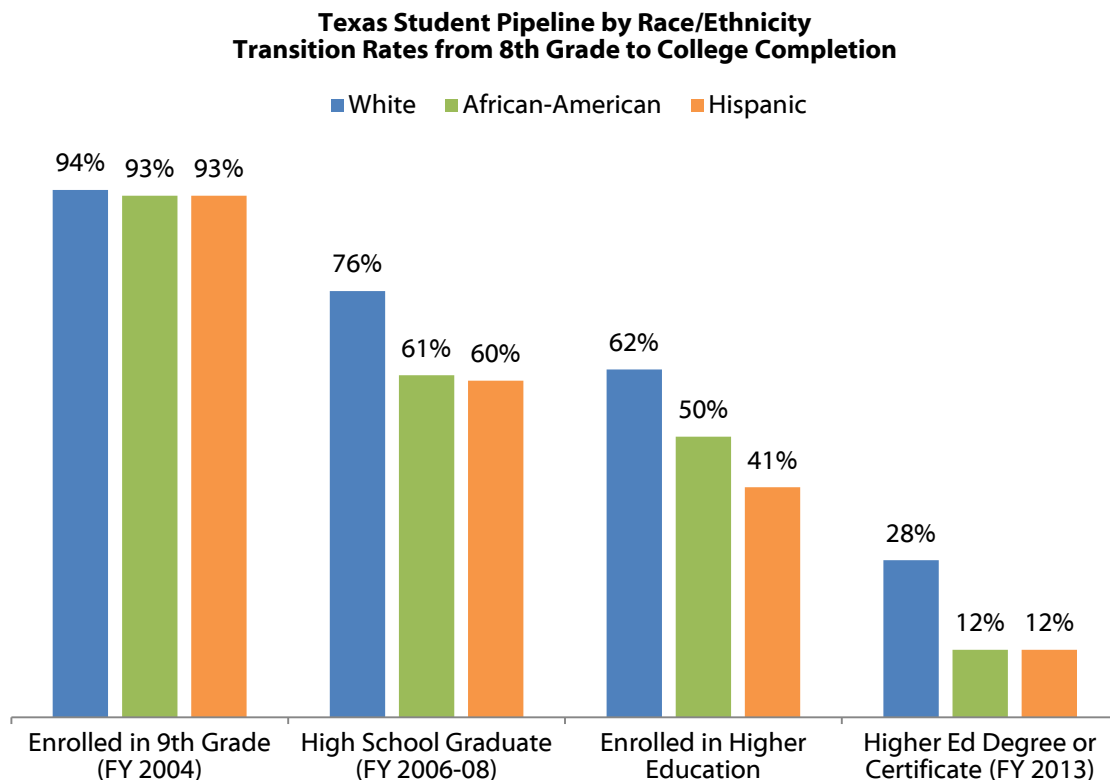
Texas ranks lower than the nation in the percentage of ninth grade students who graduate from high school on time, enter college the next year, are still enrolled their sophomore year, and graduate from college within 150% of program length. Data from 2010 indicate that less than 16 percent of Texas students who enter the educational pipeline in ninth grade are able to stay in the pipeline continuously until they graduate with a degree or certificate. Nationwide, 21 percent of students are able to accomplish this goal, and only seven states have rates lower than Texas (New Mexico, Alabama, Idaho, Louisiana, Alaska, Nevada, and Hawaii). Texas ranks in the bottom ten states in the percentage of high school graduates entering college and in the one-year retention rate of college freshmen.

Of the six largest states in the nation, only Pennsylvania, with 29 percent, has a higher percentage of these graduates than the nation.

Sources: The National Center for Higher Education Management Systems. 2013. Student Pipeline: Transition and Completion Rates from 9th Grade to College - 2010 (<http://www.higheredinfo.org/datamaps.php>).



# Many Texas Students Exit the Education Pipeline toward a Higher Education Degree or Certificate at Transition Points



The student pipeline is a one way to observe the path that Texas students take towards earning a postsecondary credential. The pipeline highlights the major transition points where many students drop out of the system. Simply focusing on student success after high school is an insufficient strategy to increase the number of postsecondary credentials. Instead, a strategy of promoting student achievement at every level of the educational pipeline has a better chance of increasing degree attainment.

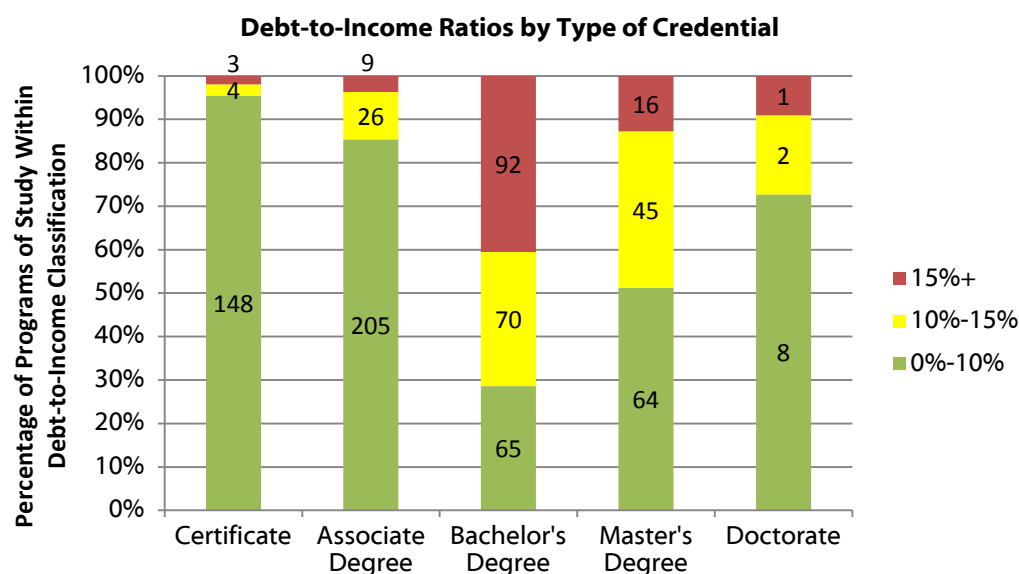
At every stage of the student pipeline, larger percentages of Hispanic and African-American students exited compared to White students. Whereas 62 percent of White 8<sup>th</sup> graders in 2003 enrolled in higher education directly following high school graduation, only 50 and 41 percent of African American and Hispanic 8<sup>th</sup> graders enrolled, respectively. Reducing these disparities is essential to making the attainment gains Texas needs for a skilled and competitive workforce, because these gains will most easily be found in underserved populations. For all student groups, those who enrolled in higher education but did not complete a degree or certificate represented the largest drop-off in the student education pipeline.

Note: The methodology and design for this figure was derived from the Texas Business Leadership Council and NCHEMS, 2013 TAB Higher Education Summit

Source: Texas Higher Education Coordinating Board, Regional Topic Data Tabs: 8<sup>th</sup> Grade Cohort and HS to College Data, 2014 (<http://www.txhighereddata.org/reports/performance/regions/>). TEA and National Student Clearinghouse data used by THECB. Out-of-state graduate total not shown, because current NSC data collection extends only into 2006.



# Most Programs of Study in Texas Report Graduates' Debt-to-Income Ratios Are Less Than Ten Percent



Debt-to-income ratios — comparisons of student loan debt to annual income — are becoming a more common metric to determine the potential financial burden borrowers may encounter after leaving school. Many experts recommend that annual student loan payments not exceed 15 percent of a borrower's annual income. Based on income within the first year of graduation, certificate holders are the most likely to have debt-to-income ratios under 10 percent, followed closely by associate degree graduates. Bachelor's degree graduates, who are typically enrolled in school for additional years, are the least likely to have ratios less than 10 percent.

Type of Credential	Median Annual Student Loan Payment	Median Annual After-Tax Income	Average Debt-to-Income Ratio
Certificate	\$1,082	\$23,896	5%
Associate Degree	\$1,209	\$23,372	5%
Bachelor's Degree	\$3,698	\$26,304	14%
Master's Degree	\$4,294	\$43,500	10%
Doctorate	\$3,621	\$69,836	5%
Overall	\$1,878	\$27,862	7%

Within the first year after graduation, annual incomes do not vary greatly by award type. However, holders of bachelor's or graduate degrees have student loan payments that are more than double that of their certificate and associate degree counterparts. This first-year snapshot does not necessarily reflect the long-term earning potential of these graduates. Many graduates — especially those who are entering the workforce for the first time — are unemployed or underemployed. The data shown above depict the financial circumstances experienced by many new graduates in Texas.

Sources: Public Institution Income: Texas Higher Education Coordinating Board, Gainful Employment – Placement Rate, 2012 (<http://www.txhighereddata.org/reports/performance/ctcasalf/gainful.cfm>); Public Institution Debt: Texas Higher Education Coordinating Board, Debt by Major by School, 2012 (unpublished, special request); For-profit Institution Data: U.S. Department of Education, 2012 Gainful Employment Downloadable Spreadsheet, (<http://studentaid.ed.gov/about/data-center/school/ge/data>).

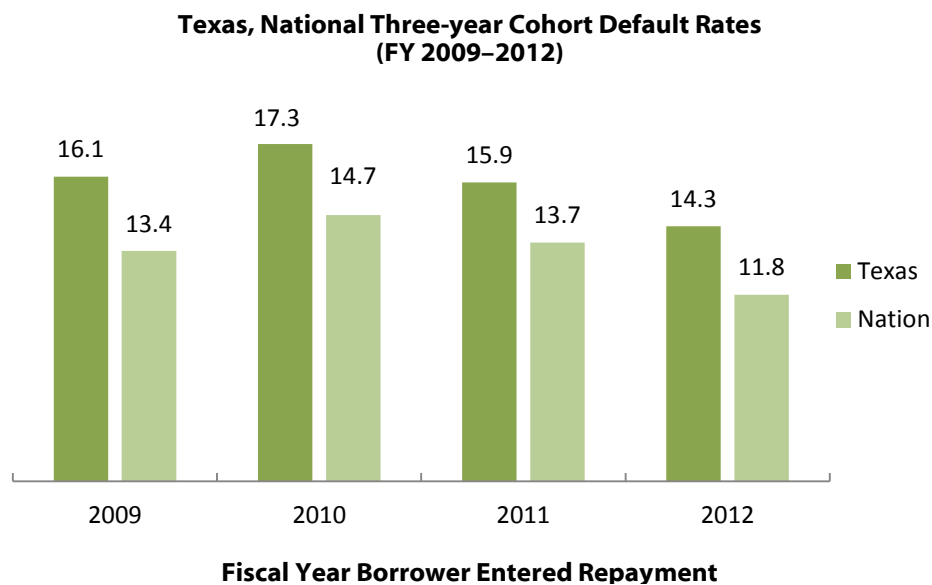


## SECTION 9

# Delinquencies, Defaults, and Collections

# Default Rates for Texas and the Nation Decrease

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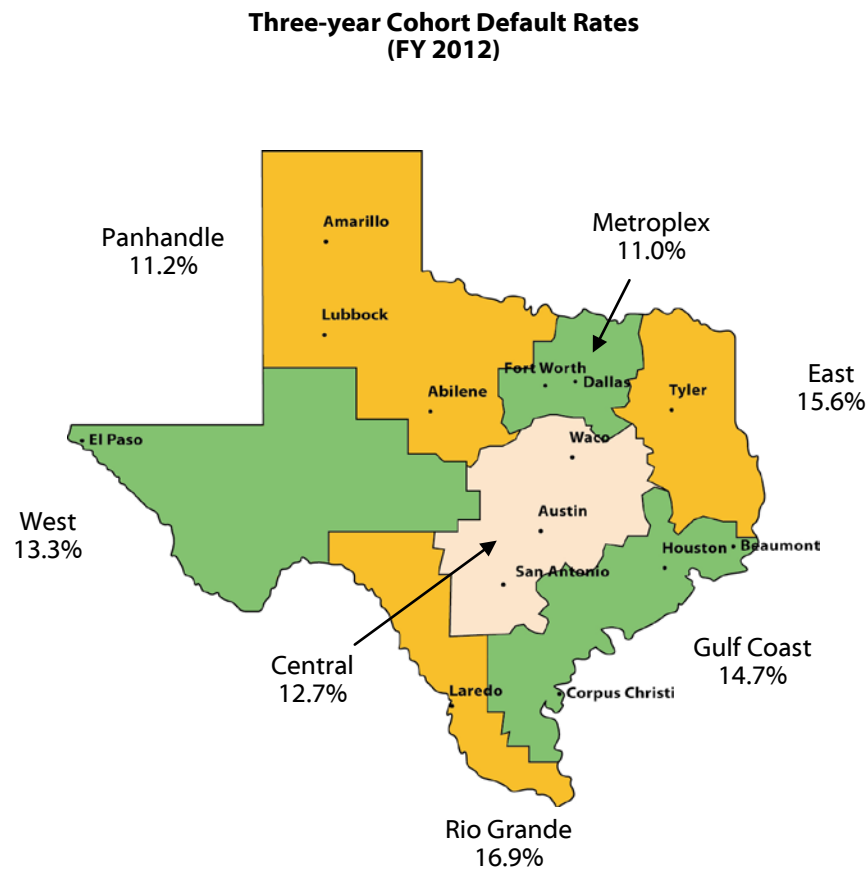
The Higher Education Opportunity Act (HEOA) of 2008 redefined cohort default rates (CDRs) to include a third year. Publication of the new three-year rates began in 2012 for the cohort of borrowers who entered repayment on their loans in FY 2009. The Texas three-year CDR for the FY 2009 cohort was 16.1 percent, 2.7 percentage points higher than the national three-year CDR at 13.4 percent. The CDR for both Texas and the nation increased in FY 2010 before decreasing for the last two fiscal years. In FY 2012, the rates for both Texas and the nation decreased by 1.6 and 1.9 percentage points, respectively.

Source: U.S. Department of Education, Fiscal Year Three-Year Official Cohort Default Rates, Washington, D.C., 2015.





# Texas Three-year Cohort Default Rates Vary by Region



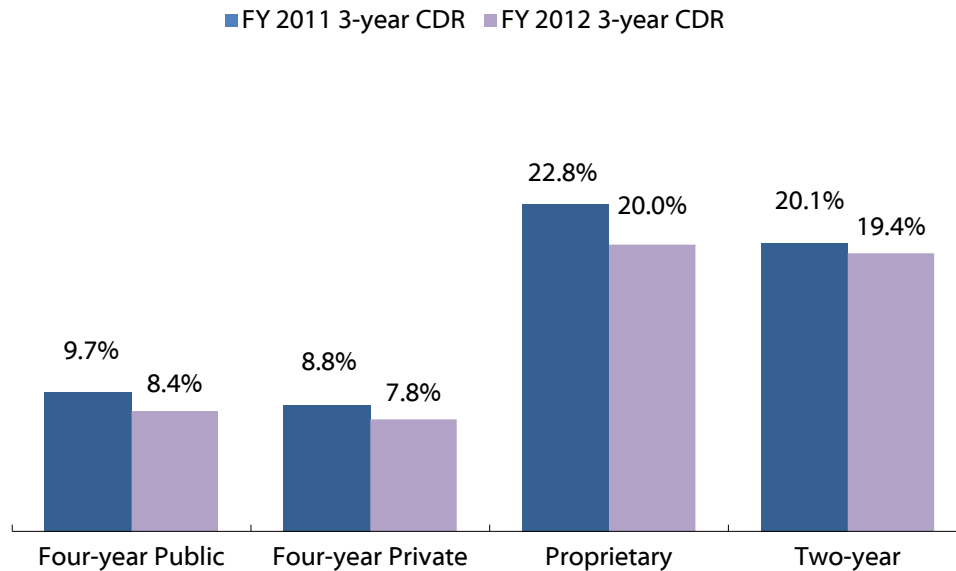
The overall Fiscal Year (FY) 2012 three-year cohort default rate (CDR) for Texas was 14.3 percent (compared to 15.9 percent in FY 2011). Texas' FY 2012 CDR was 2.5 percentage points higher than the 11.8 default rate for the nation. The CDRs for the different regions of Texas vary from 16.9 percent in the Rio Grande Valley region to a low of 11.0 percent in the Metroplex region. All of the Texas regions experienced a decrease in the three-year default rates between FY 2011 and FY 2012. The largest difference was seen for schools in the West Texas region, where the three-year CDR decreased by 1.7 percentage points, from 15.0 percent to 13.3 percent. In contrast, the change for schools in the Metroplex and Gulf Coast regions was just 0.1 percentage points.

Source: U.S. Department of Education, Fiscal Year 2011 and Fiscal Year 2012 Three-Year Official Cohort Default Rates, Washington, D.C., 2015.



# Short-Term Programs Have Higher Three-year Default Rates

**Texas Three-year Cohort Default Rates\* by School Type**



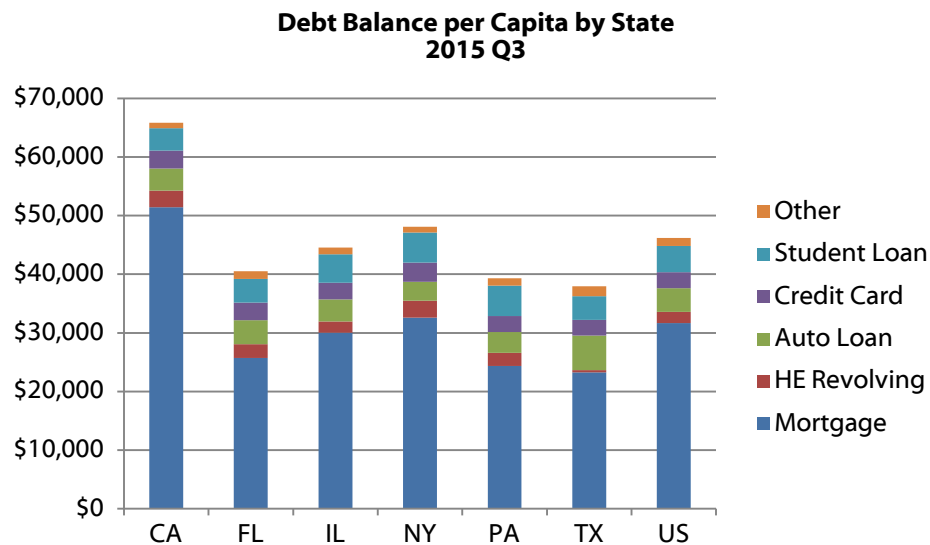
Texas borrowers who attended short-term programs have a combined FY 2012 three-year cohort default rate (CDR) more than twice the rate of those who attended four-year schools (19.6 percent and 8.2 percent, respectively). Although some proprietary schools offer bachelor's degrees or higher, most proprietary schools in Texas offer short-term programs exclusively. At 20.0 percent, the highest FY 2012 three-year CDR is for the proprietary sector, more than two-and-a-half times as high as the sector with the lowest default rate, four-year private schools (7.8 percent). There are several factors that contribute to the tendency toward higher CDRs for short-term programs, as compared to four-year schools. For example, borrowers from short-term programs are more likely to have risk factors for dropping out of school, such as attending school part time and working full time, than are students from four-year colleges and universities.

\*A three-year cohort default rate is the percentage of student borrowers with loans entering repayment in a given fiscal year who default on their obligations before the end of the next fiscal year. The FY 2012 cohort default rate, for example, is based on student borrowers who entered repayment during FY 2012 and subsequently defaulted by the end of FY 2014.

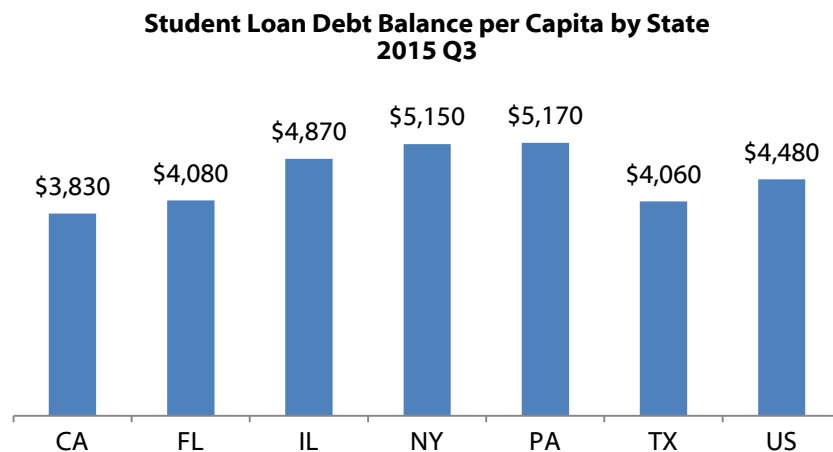
Source: Cohort Default Rates: U.S. Department of Education, Fiscal Year 2012 Official Cohort Default Rates, Washington, D.C., 2014. ; All Other: U.S. Department of Education, National Center for Education Statistics, "National Postsecondary Student Aid Study (NPSAS) 2012" (<http://www.nces.ed.gov/das/>).



# Texas Student Loan Balance Per Capita Lower Than National Average



With a per capita average of \$37,930 in debt, Texans have the lowest debt balance among the six largest states and the national average. This debt profile includes mortgage accounts, home equity revolving accounts, auto loans, bankcard or credit card accounts, student loans, and other loans (such as consumer finance and retail loans).



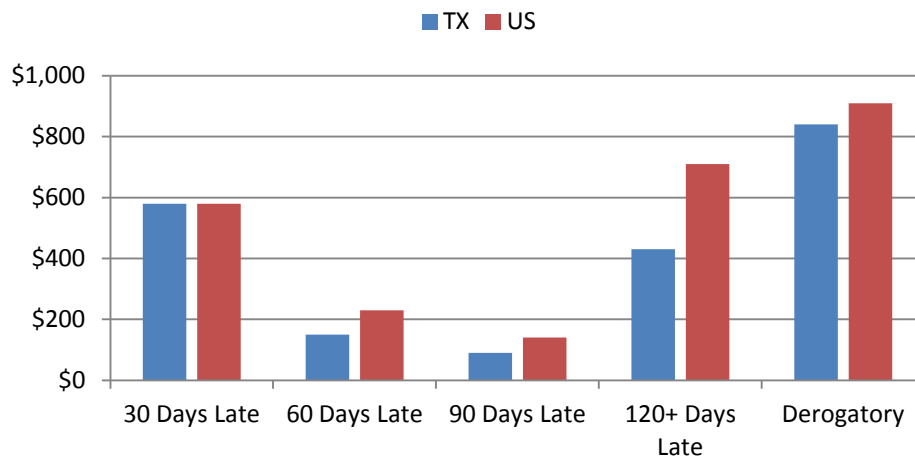
In the third quarter of 2015, Texans had a per capita student loan debt balance of about \$4,060, lower than the national balance of \$4,480. Texas has the second lowest student loan debt balance among the six largest states. Student loans in this analysis include loans to finance educational expenses provided by banks, credit unions and other financial institutions as well as federal and state governments.

Source: Federal Reserve Bank of New York, The Center for Microeconomic Data, Data & Reports, 2015 Q3  
<https://www.newyorkfed.org/microeconomics/data.html>

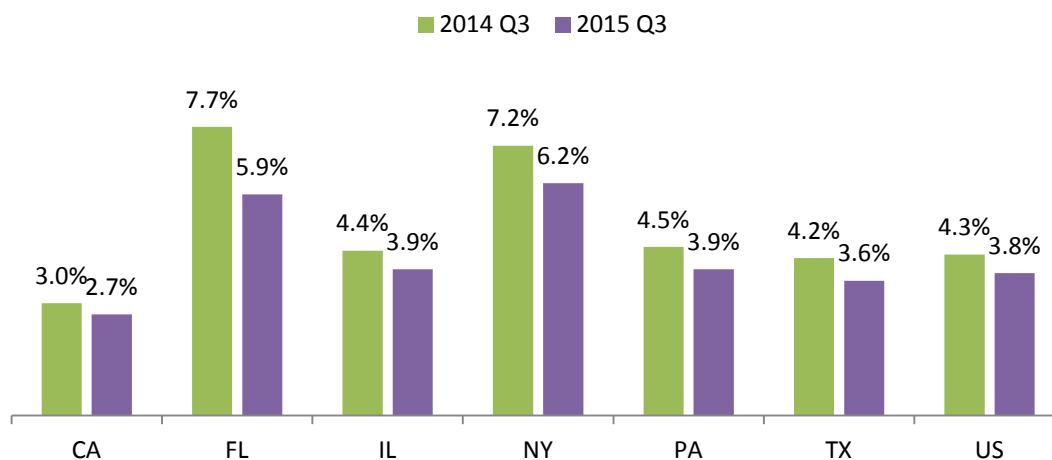


# Texas Has Lower Rates of Delinquency on Household Debt Compared to the Nation

**Delinquency Status of Debt per Capita by State  
2015 Q3**



**Percentage of Balance 90+ Days Late by State  
2014 and 2015**



Borrowers in Texas had lower amounts of debt in all stages of delinquency compared to the US. This is likely due to Texans having lower overall debt than US borrowers on average. Overall in the US and in the six largest states, the percentage of the debt balance that is severely delinquent – that is, 90 or more days late – has decreased by the end of the third quarter of 2015 compared to the end of the third quarter of 2014. Texas had the lowest percentage of severely delinquent borrowers among the six largest states, but still higher than the overall US percentage.

Note: The Derogatory delinquency status includes a person with any level of delinquency combined with repossession, charge off to bad debt, or foreclosure.

Source: Federal Reserve Bank of New York, The Center for Microeconomic Data, Data & Reports, 2015 Q3  
(<https://www.newyorkfed.org/microeconomics/data.html>).



## SECTION 10

# Student Debt and Policy in Texas

# 60x30TX: New Strategic Plan Targets Debt-to-Income Ratio

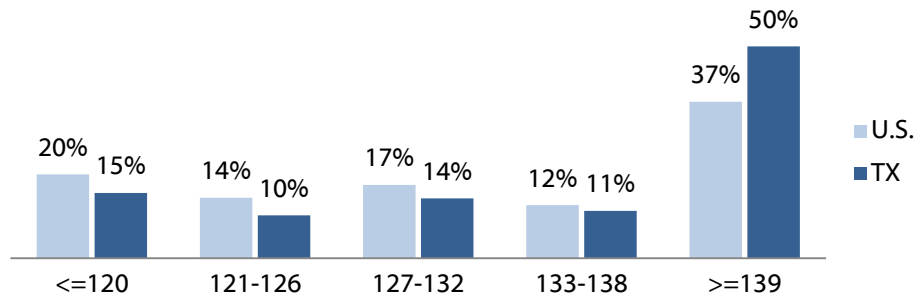
As Closing the Gaps phases out, the Texas Higher Education Coordinating Board (THECB) is gearing up to implement a new, 15-year strategic plan for Texas higher education: 60x30TX ("sixty by thirty Texas"). The plan establishes four core goals:

- 1) By 2030, at least 60 percent of Texans ages 25-34 will have a postsecondary credential or degree.
- 2) By 2030, at least 550,000 students in that year will complete a certificate, associate, bachelor's, or master's degree from a Texas public, independent, or for-profit college or university.
- 3) By 2030, all graduates from Texas public institutions of higher education will have completed programs with identified marketable skills.
- 4) By 2030, undergraduate student loan debt will not exceed 60 percent of first-year wage for graduates of Texas public institutions.

The first two goals continue the work towards expanded access and success begun under Closing the Gaps, but the latter two represent a new direction for the THECB. This new direction should help to address worrying trends in student debt and graduate underemployment\*. The plan has identified two additional targets to reach the .6 debt-to-income ratio:

- a) Decrease the excess semester credit hours (SCH) that students attempt when completing an associate or bachelor's degree.
- b) Work to limit debt so that no more than half of all students who earn an undergraduate degree or certificate will have debt.

**Total Credits Attempted by AY 2007-2008 Non-transfer Bachelor's Recipients, US and Texas**



Due to data limitations, the data shown above apply only to students who earned their bachelor's degree after attending only one postsecondary institution. This presents an incomplete picture – for AY 2007-2008, 56 percent of bachelor's recipients nationally and 69 percent in Texas had attended more than one institution – but also strongly suggests that Texas postsecondary students tend to attempt far more excess credits before earning their degrees (120 credits are needed for a standard bachelor's degree). Furthermore, transfer students may attempt even more excess credits, as they tend to take longer to complete their degrees and may lose credits when they switch institutions.

While meeting the target for excess credits attempted will clearly require substantial reduction, it is already the case that about half of undergraduate degree completers borrow student loans. However, this is largely because students who are more likely to borrow student loans, including Hispanic, African-American, and low-income students, are also less likely to earn degrees. Absent significant changes to the resources available to students and/or the costs they face, increasing completion among minority and low-income students (an explicit goal of 60x30) will raise the percentage of graduates who borrow. If Texas is making progress towards its completion goals, then holding the borrowing rate at 50 percent will require additional effort, not maintenance of the status quo.

\*"Underemployment" includes cases in which graduates are working part time despite wanting to work full time and cases in which graduates are working in positions that do not require the skills associated with their credentials.

Sources: 60x30TX: Texas Higher Education Coordinating Board. THECB 60x30 Strategic Plan (<http://www.thecb.state.tx.us/reports/PDF/6862.PDF>); Credits attempted: Analysis of US Dept of Education, National Center for Education Statistics, Baccalaureate and Beyond 2008-2012 (<http://nces.ed.gov/surveys/b&b/>).



# Meeting Closing the Gaps Goals Would Benefit Texas Greatly

In 2000, Texas committed itself to a 15-year plan for higher education improvement known as “Closing the Gaps”. The plan identified participation, success, excellence, and research as its goals and established targets to meet them. These targets included increasing the number of students enrolled by 630,000, increasing the number of degrees and certificates (BACs) awarded by 50 percent, increasing the number of nationally recognized postsecondary programs in Texas, and increasing Texas’ share of federal research and development funding. The Texas Higher Education Coordinating Board (THECB) commissioned a study to assess the impacts to the Texas economy if the goals of Closing the Gaps are met. The study found that meeting the Closing the Gaps goals would result in:

- \$489.6 billion\* increased annual spending until 2030
- \$194.5 billion increased annual gross state product until 2030
- \$121.9 billion increased annual aggregate personal income until 2030
- 1,023,281 additional permanent jobs by 2030

**Closing the Gaps Goals and Progress**

	2000 Actual	2014 Actual	2015 Target
Participation	baseline	+582,960	+630,000
Success	116,235	246,499	210,000
Excellence	Goal: to substantially increase the number of nationally recognized programs or services in Texas by 2015		
Research	5.5%	5.2%***	6.5%

## *Progress in Participation*

As of fall 2014, the state will meet its overall enrollment goal with the addition of about 47,500 students by fall 2015 – a large but not unprecedented increase. African-American enrollment has already surpassed its target by more than 19 percent. White enrollment has been on a slight downward trend and needs to grow by five percent. Hispanic enrollment is farthest from the target and would need to increase by 28 percent – more than double the largest previous increase.

## *Progress in Success*

Texas first exceeded the overall success goal of awarding 210,000 in a single year in FY 2013, and awards have continued to increase since. The state has also met six of nine affiliated targets; the remaining three, which relate to completion of science, technology, engineering, and math (STEM) degrees and of teaching credentials, will likely not be met.

## *Progress in Excellence*

The University of Texas at Austin recently attained a key excellence target – to have a research institution ranked in the top ten among U.S. research institutions – by tying for number one among public research universities in according to the Center for Measuring University Performance. At 17, Texas A&M University was also included in the top 30, and both institutions are ranked in the top 30 according to *U.S. News & World Report*. Many other Texas institutions and programs have earned national recognition for excellence.

## *Progress in Research*

Texas has largely failed to make progress toward increasing its share of federal science and engineering dollars. After peaking at 6.1 percent in 2003, Texas’ share has fallen to 5.2 percent, the lowest since 1998, for two years in a row. Reaching 6.5 percent of the national total in FY 2012 would have required almost \$350 million in addition to the \$1.43 billion actually received.

\*All gains in 2006 dollars; \*\* A Tale of Two States – And One Million Jobs” by the Perryman Group; \*\*\*FY 2012

Sources: Closing the Gaps Goals and Progress: Texas Higher Education Coordinating Board, Accelerated Plan for Closing the Gaps by 2015, April 2010 (<http://www.theccb.state.tx.us/reports/PDF/2005.PDF?CFID=1657207&CFTOKEN=63245910>), THECB. *Closing the Gaps Progress Report*, June 2015 (<http://www.theccb.state.tx.us/reports/DocFetch.cfm?DocID=6696&Format=PDF>) All Else: The Perryman Group, A Tale of Two States – And One Million Jobs: An Analysis of the Economic Benefits of Achieving the Future Goals of the “Closing the Gaps” Initiative of the Texas Higher Education Coordinating Board, March 2007 (<http://www.theccb.state.tx.us/reports/PDF/1345.PDF?CFID=1657207&CFTOKEN=63245910>).



# Funding for Many Texas Financial Aid Programs Increased in 2014-2015 Biennium

**Major Texas Financial Aid Programs  
Funding in 2012-2013 (Adjusted) and 2014-2015 Biennia**

	2012-2013 Adjusted Biennium Funding (in millions, rounded)	2014-2015 Biennium Funding (in millions, rounded)	Percent Change
Towards EXcellence Access and Success (TEXAS) Grant	\$579.7	\$724.6	25%
Texas Educational Opportunity Grant (TEOG)	\$23.1	\$27.8	20%
Texas Work-Study	\$17.7	\$18.8	6%
Tuition Equalization Grant (TEG)	\$168.8	\$180.1	7%
B-on-Time Loan	\$107.1	\$112.0	5%
Total	\$896.4	\$1,063.3	19%

Funding for several of Texas' major higher education financial aid programs was increased from the adjusted 2012-2013 Biennium to the 2014-2015 Biennium. Overall, funding for the five major programs was increased by 19 percent, from about \$900 million to over \$1 billion. This is due in part to a decrease in funding in the 2012-2013 Biennium, as the current increases bring funding levels for many of the programs back to pre-cut levels. All state grant programs assist student with financial need, promoting access to higher education to low-income students while helping to limit their need to borrow student loans.

**Other Major Texas Financial Aid Programs  
Funding in 2012-2013 (Adjusted) and 2014-2015 Biennia**

	2012-2013 Adjusted Biennium Funding (in millions, rounded)	2014-2015 Biennium Funding (in millions, rounded)	Percent Change
Top Ten Percent Scholarship	\$39.6	\$39.6	0%
Developmental Education	\$4.0	\$4.0	0%
Texas Research Incentive Program	\$70.0	\$35.6	-49%
Professional Nursing Shortage Reduction Program	\$29.6	\$33.7	14%
Family Practice Residency	\$13.3	\$5.0	-62%
Advanced Research Program	\$1.0	\$1.0	0%
Teach for Texas Loan Repayment Assistance Program	\$1.0	\$4.4	343%
Physician Education Loan Repayment Program	\$5.7	\$33.8	495%

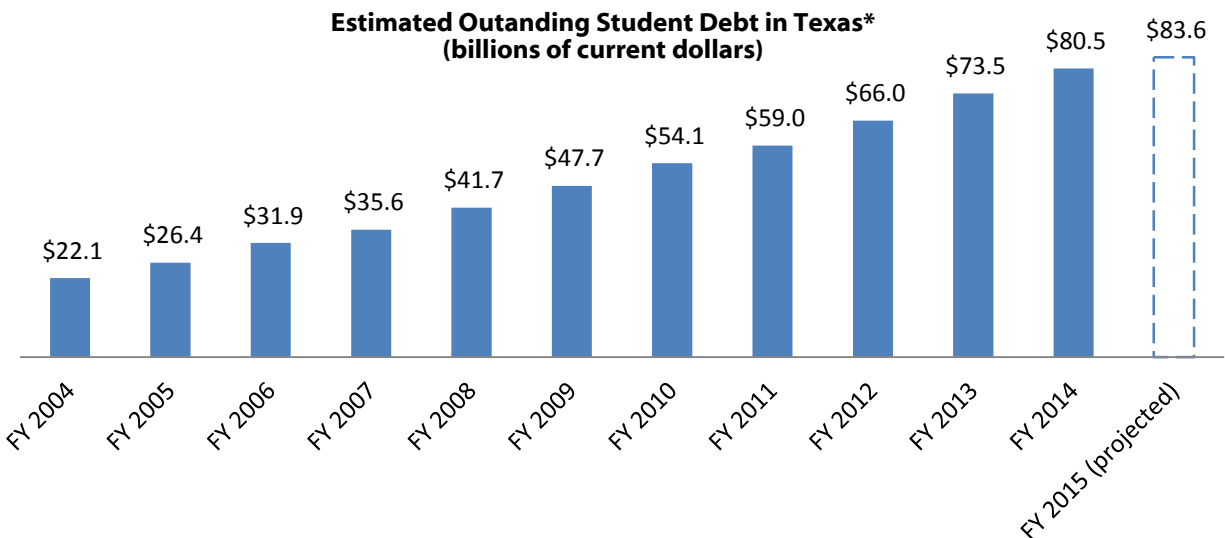
Source: Texas Higher Education Coordinating Board Presentation, "Higher Education Summary of the 83<sup>rd</sup> Texas Legislature (Regular Session)," July 2013 (<http://www.theccb.state.tx.us/>).





# Overall Student Loan Debt in Texas Continues to Increase

The rapidly rising national student loan debt has garnered much attention over the past few years. As of September 30, 2015, the total volume of outstanding student loan debt in the United States was estimated at \$1.2 trillion, representing an increase of about \$70 billion over the previous year and \$170 billion over the previous two years. As of 2014, the outstanding student loan volume in Texas was over \$80 billion, up about 9.5 percent from the previous year compared to 7.5 percent nationally.



At the state and national level, the majority of the outstanding student loan debt comes from federal loans, including Federal Family Education Loans (FFEL)\*\*, Federal Direct Loans, and Federal Perkins Loans. Private education loans, which generally do not provide accommodations like income-linked repayment plans, deferments, or forgiveness, account for about 17 percent of student debt nationally. Texas students are more dependent on federal aid, including loans, than students nationally. In Award Year (AY) 2013-2014, 84 percent of student financial aid in Texas came from federal sources, while just 72 percent of student aid nationally is federal. In Texas, 60 percent of all direct aid is in the form of loans, while 50 percent of direct aid in the U.S. overall comes from loans.

Individual student loan debts have grown along with the overall debt loads. From 2004 – 2014, the average student loan balance in the U.S. increased by 56 percent (more than double the rate of inflation over the same period). High loan balances can make it harder for student loan borrowers to hold other forms of debt and the results have been seen in the housing and auto markets. Entrepreneurship of young graduates is also down from previous levels, as some graduates, burdened by large monthly student loan repayment amounts, become less likely to expose themselves to the inherent risk of starting a new business.

\*Estimates are based on per capita student debt averages from the Federal Reserve Bank of New York Consumer Credit Panel, which excludes persons without credit reports and persons living in counties where fewer than 10,000 people have credit reports.

\*\*The FFEL Program ended in 2010, but borrowers are still making payments on outstanding FFEL balances.

Sources: U.S. Student Loan Debt Estimate: Federal Reserve Bank of New York (FRBNY), Quarterly Report on Household Debt and Credit, Oct. 2015 ([https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC\\_2015Q3.pdf](https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC_2015Q3.pdf)), Texas Student Loan Debt Estimate: FRBNY Quarterly Report on Household Debt and Credit, Q4 2011 through Q3 2015, and Household Debt and Credit Statistics by County (<http://www.newyorkfed.org/microeconomics/data.html>), Texas Department of State Health Services, Projected Texas Population by County, 2013 (<http://www.dshs.state.tx.us/chs/popdat/ST2013.shtm>) Sources of Aid: Texas Higher Education Coordinating Board, Report on Student Financial Aid in Texas Higher Education for Fiscal Year 2013, (<http://www.thecb.state.tx.us/reports/PDF/3578.PDF>); U.S. Department of Education, Federal Student Aid Data Center (<http://federalstudentaid.ed.gov/datacenter/>); The College Board. Trends in Student Aid 2014 (<https://secure-media.collegeboard.org/digitalServices/misc/trends/2014-trends-student-aid-report-final.pdf>); Individual Student Loan Balance Since 2005: FRBNY, Student Loan Debt by Age Group (<http://www.newyorkfed.org/studentloandebt/>); Markets: Rohit Chopra, Remarks to 2013 ABS East Conference via Housing Wire (<http://www.housingwire.com/articles/27303-cfpb-student-loan-debt-hijacks-the-housing-recovery>), Meta Brown, FRBNY & Postsecondary National Policy Institute, Student Debt Overview ([http://www.newyorkfed.org/regional/Brown\\_presentation\\_GWU\\_2013Q2.pdf](http://www.newyorkfed.org/regional/Brown_presentation_GWU_2013Q2.pdf)); Entrepreneurship: Young Invincibles, Borrowers in Distress: A Survey on the Impact of Private Student Loan Debt, May 2013 (<http://younginvincibles.org/wp-content/uploads/2013/05/Borrower-in-Distress-5.8.13.pdf>), The U.S. Small Business Administration, Frequently Asked Questions About Small Business, Sept. 2012 ([http://www.sba.gov/sites/default/files/FAQ\\_Sept\\_2012.pdf](http://www.sba.gov/sites/default/files/FAQ_Sept_2012.pdf))



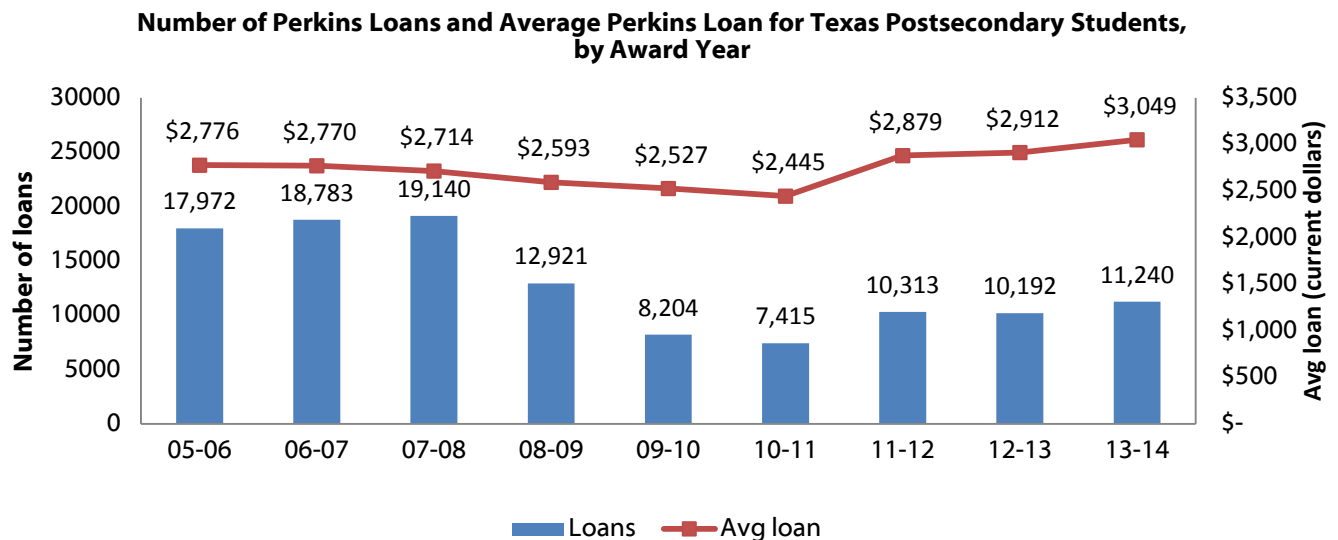
# Perkins and B-On-Time: Two Loan Programs Phasing Out

Two loan programs that Texas students have long utilized to finance postsecondary education are currently slated to be phased out: the B-On-Time (BOT) loan and the federal Perkins loan. Under the terms of HB 700 (84<sup>th</sup> Texas Legislature), BOT loans will be issued on a strictly renewal basis beginning with the 2015-2016 award year (AY). The BOT program offered loans to eligible undergraduates on highly advantageous terms for the student. These terms included a zero interest rate for the life of the loan (except in cases of default), grace period, deferment options, and 100% forgiveness upon on-time graduation with a grade point average (GPA) of 3.0 or higher. Despite these benefits and evidence that the program encouraged college success for borrowers, students were often unaware of the program, and it was generally underutilized (see p.49).

Established under the National Defense Act of 1958, the Perkins loan was the first national federal student aid program. It set the model both for subsidized educational loans and service-based loan forgiveness and provided a means for students with exceptional financial need to access higher education. It also offered substantial benefits, including low interest rates, an extended grace period, and generous forgiveness options for graduates in a variety of service-oriented professions.

The U.S. Senate initiated the phase-out of the Perkins loan when it failed to either renew the program or pass an extension by the September 30, 2015 deadline. Passage of the Federal Perkins Loan Program Extension Act of 2015 (H.R. 3594) has extended the program for two years but significantly limits its scope. First-time loans will be made only to undergraduate students with remaining need after exhausting eligibility for both subsidized and unsubsidized Direct Loans, which will bar most community college students from participation. No first-time loans will be issued after September 30, 2017. Even before that date, no first-time loans will be made to graduate students, but current graduate students who have borrowed Perkins loans can continue to borrow Perkins loans until finishing their programs.

The discontinuation of the Perkins loan could create a substantial financial impediment to access and success for low-income Texas students, most of whom already struggle with significant unmet need (see p.58).



Sources: B-On-time Loans: Texas Higher Education Coordinating Board. Texas Be-On-Time (BOT) Loan Program Fact Sheet (<http://www.hhloans.com/index.cfm?objectid=B00C090D-E45D-4F4B-89DA195959930185>); HB 700: Texas Legislature Online (<http://www.capitol.state.tx.us/BillLookup/History.aspx?LegSess=84R&Bill=HB700>); Perkins Loan background: Berkes, J. & Sponholtz, M. (2015). What We Do (And Don't) Know About Perkins Loan Program Wind-Down. National Assoc of Financial Aid Administrators ([http://www.nasfaa.org/news-item/6493/What\\_we\\_Do\\_and\\_Don\\_t\\_Know\\_About\\_Perkins\\_Loan\\_Program\\_Wind-down#fund](http://www.nasfaa.org/news-item/6493/What_we_Do_and_Don_t_Know_About_Perkins_Loan_Program_Wind-down#fund)); Perkins loan extension: Berkes, J. (2015). Two-Year Extension of the Perkins Loan Program Would Bring Dramatic Changes ([http://www.nasfaa.org/news-item/7007/Two-Year\\_Extension\\_of\\_the\\_Perkins\\_Loan\\_Program\\_Would\\_Bring\\_Dramatic\\_Changes](http://www.nasfaa.org/news-item/7007/Two-Year_Extension_of_the_Perkins_Loan_Program_Would_Bring_Dramatic_Changes)). Texas Perkins data: Texas Higher Education Coordinating Board. Report on Student Financial Aid in Texas Higher Education for Fiscal Year 2006-2014 (<http://www.thecb.state.tx.us/Reports/>).

