

College Affordability

The TEXAS Grant Program Must Do More for Our Students

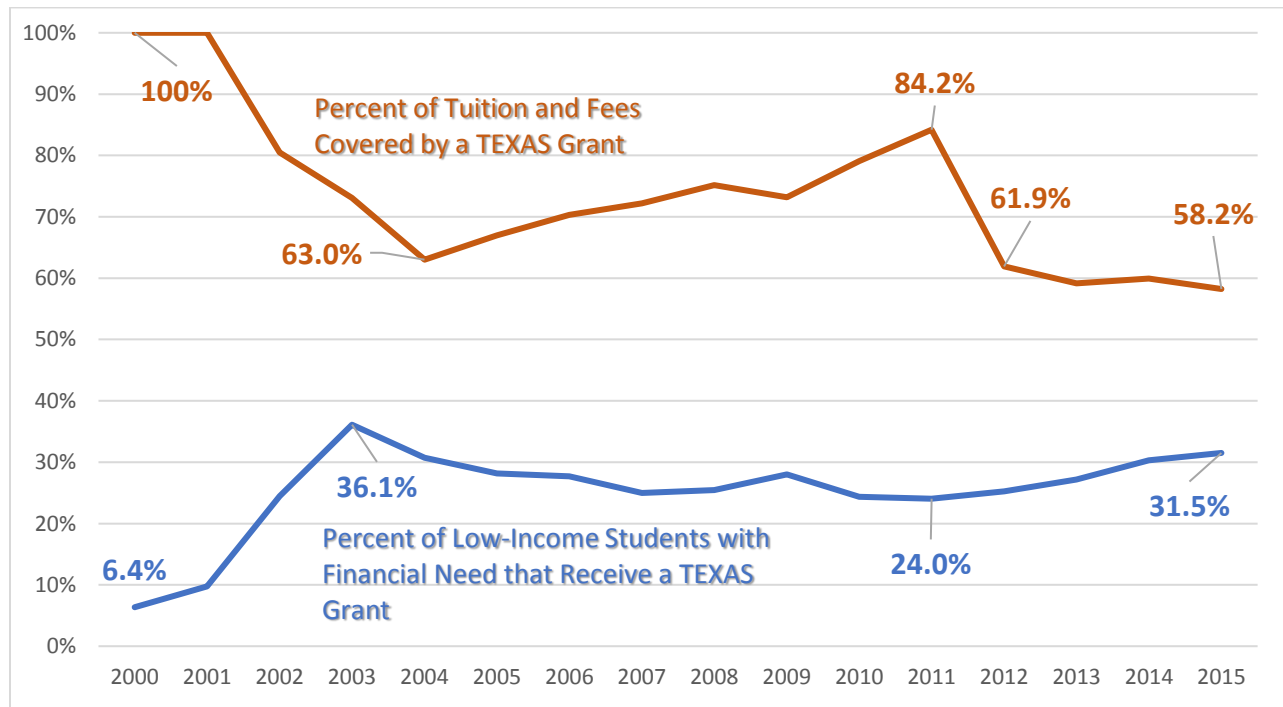
The future economic prosperity of Texas will depend on the education and skill level of our workforce. As a state, we acknowledge this fact and have set an ambitious goal to ensure that 60 percent of all 25-34 year-olds obtain a postsecondary credential by the year 2030. However, the Texas Legislature has not sufficiently prioritized funding for higher education, limiting our investment and shifting the burden to students and families.

The Value of a TEXAS Grant Award is Declining

The *TEXAS Grant* program is the primary source of state-based financial aid for Texas' rapidly growing university student population. Created in 1999, the original legislative intent was to provide a state grant to cover all tuition and fees for high-achieving, low-income students. Since that time, the price of tuition and fees continues to climb, and the number of low to moderate-income Texans struggling to afford college has outpaced those receiving awards.

The legislature has only moderately increased support for the TEXAS Grant program relative to the growing financial need for students in college. The result is that over the past 15 years, the average percent of tuition and fees covered by a TEXAS Grant has decreased to only 58 percent in 2015, while the percentage of low-income students with financial need receiving a TEXAS Grant peaked in 2003 at only 36 percent.

Too Few Students Receive a TEXAS Grant Covering Only a Portion of Tuition & Fees



Note: Low-income students with financial need is defined as the number of students that applied for and received a federal Pell grant in a given year. Ninety-Five percent of TEXAS grant recipients are at or below the Expected Family Contribution threshold (EFC) determined by the Federal Pell program. The EFC is the estimate the federal government uses to calculate how much financial aid a student is eligible to receive.

Source: THECB TEXAS GRANT PROGRAM Report to the Texas Legislature Fiscal Years 2013-2015 and Pell Recipient data provided by the Office of Federal Student Aid at the U.S. Department of Education

Too Few Students Receive an Award

Not all low-income students with financial need are eligible to receive a TEXAS grant award. In addition to limiting grant awards to university students by basic eligibility criteria such as Texas residency status, several policy decisions at the state level directly limit TEXAS grant eligibility:

- **Financial Need:** Financial need is determined as being below a state-determined “priority Expected Family Contribution (EFC)” level.
- **Full-Time Status:** Part-time students are not eligible (*Students must be enrolled three-quarter time*)
- **First-Year Enrollment:** The multi-year grant program is only open to students that receive an award in their initial year of enrollment at a four-year institution.
- **Merit Criteria:** Students must meet several merit criteria in order to establish “priority consideration” and improve their chances of receiving an award. (*For more information, visit www.collegeforalltexas.com*)

After narrowing the number of eligible university students using these criteria, the Texas Higher Education Coordinating Board (THECB) estimates that current state appropriations will allow only 85 percent of eligible students to receive an award during the 2016-17 biennium. Furthermore, without an increase in state funding, the agency estimates that the percent of eligible students receiving an award will drop further to 57 percent by the second year of the next biennium. Unfortunately, THECB does not collect data on the number of eligible students that do not receive a TEXAS grant over time.

Too Many Students Have Unmet Financial Need

The average cost of attendance at a public university in Texas, including tuition, fees, books, supplies, food, housing, transportation and other basic expenses for nine months was \$21,978 in FY 2015. The average TEXAS Grant covers only 36.3 percent of this amount, potentially leaving many of the state’s neediest students without sufficient resources to attend a public university. In fact, after all grants, loans, and any expected family contribution, the average student at a public university still has \$6,727 in unmet need.ⁱ A student working at a minimum wage job 10 hours a week during the school year can expect to earn only \$2,828 before taxes.

Recommendations

The Texas Legislature must make difficult decisions with limited funding for the TEXAS Grant program to accommodate both the growing cost of tuition and the increasing number of students enrolled in Texas universities. The current tradeoff has led to more students receiving grants, however those awards now cover significantly less of their tuition and fees than ever before. This unsustainable path shifts the burden of paying for college more and more onto low-income students and families. As the percent of tuition and fees covered by a TEXAS Grant declines, an increasing number of students are likely to decide that paying for college is beyond their reach, despite state assistance. To stabilize and increase the value of a Texas Grant, the legislature should:

- **Limit future increases in tuition and fees** by exploring methods to require legislative approval for tuition increases, and ensuring that general revenue investments in higher education keep pace with inflation and growth in student enrollment.
- **Continue to increase investments in TEXAS grants** by ensuring that both the grant amounts and the number of students receiving aid increase each year. Choosing between these two priorities is a false choice based on a limited appreciation for the economic return that Texas will receive from a highly educated workforce.
- **Research the impact of eligibility criteria** by requiring THECB to collect data on the number of eligible students that do not receive a TEXAS grant award, and conducting a review of the TEXAS Grant eligibility requirements to determine if the program is appropriately targeting limiting resources to maximize decisions by low-income students to enroll in a Texas university.

TEXAS Grant Coverage of Tuition & Fees at Public Universities

FY	Initial Yr. EFC Max. (Priority 1) Must Be Less Than	After Priority 1, if funds available, for students exceeding EFC CAP	Max. Award Amount	Average Tuition and Fees	"Target" Award (Rec. Amt.)	Average Award Amounts Disbursed	Tuition & Fee Average "Shortfall" Per Student	% of Ave. Tuition & Fees Covered by Ave. Awards	# of Recipients	# Recip. Incr/ Decr	Amount Disbursed	Pell Grant Recipients
2000*	\$ 5,000	N/A	Actual T & F	\$ 2,834	N/A	\$ 2,315	\$ -	100.0%	6,108	N/A	\$ 14,160,014	96,107
2001*	\$ 5,000	N/A	Actual T & F	\$ 2,990	N/A	\$ 2,529	\$ -	100.0%	9,780	37.5%	\$ 24,820,124	100,480
2002	\$ 5,000	N/A	\$ 2,688	\$ 3,336	N/A	\$ 2,685	\$ 651	80.5%	26,982	63.8%	\$ 72,798,233	110,306
2003	\$ 8,500	N/A	\$ 2,950	\$ 3,867	N/A	\$ 2,827	\$ 1,040	73.1%	42,713	36.8%	\$ 121,341,457	118,285
2004	\$ 8,500	N/A	\$ 3,140	\$ 4,569	N/A	\$ 2,879	\$ 1,690	63.0%	40,379	-5.8%	\$ 116,628,000	131,342
2005	\$ 4,000	N/A	\$ 3,590	\$ 4,927	N/A	\$ 3,301	\$ 1,626	67.0%	38,947	-3.7%	\$ 128,814,417	138,340
2006	\$ 4,000	N/A	\$ 4,180	\$ 5,425	N/A	\$ 3,815	\$ 1,610	70.3%	38,823	-0.3%	\$ 148,340,997	140,177
2007	\$ 4,000	N/A	\$ 4,750	\$ 5,904	N/A	\$ 4,261	\$ 1,643	72.2%	34,523	-12.5%	\$ 147,309,274	138,282
2008	\$ 4,000	N/A	\$ 5,170	\$ 6,301	N/A	\$ 4,737	\$ 1,564	75.2%	35,633	3.1%	\$ 169,063,824	139,941
2009	\$ 4,000	Need > 50% of COA	\$ 5,280	\$ 6,646	N/A	\$ 4,864	\$ 1,782	73.2%	39,686	10.2%	\$ 193,445,513	141,628
2010	\$ 4,000	Need > 50% of COA	\$ 6,080	\$ 7,012	N/A	\$ 5,546	\$ 1,466	79.1%	41,828	5.1%	\$ 232,419,667	171,564
2011	\$ 4,000	Need > 50% of COA	\$ 6,780	\$ 7,342	N/A	\$ 6,182	\$ 1,160	84.2%	48,474	13.7%	\$ 300,349,881	201,593
2012	\$ 4,000	N/A	\$ 7,100	\$ 7,705	\$ 5,000	\$ 4,770	\$ 2,935	61.9%	53,335	9.1%	\$ 254,936,425	211,443
2013	\$ 4,000	N/A	\$ 7,400	\$ 7,902	\$ 5,000	\$ 4,676	\$ 3,226	59.2%	55,880	4.6%	\$ 261,915,170	205,803
2014	\$ 4,620	N/A	\$ 7,700	\$ 8,183	\$ 5,000	\$ 4,906	\$ 3,277	60.0%	62,432	10.5%	\$ 306,790,394	206,165
2015	\$ 4,800	N/A	\$ 8,000	\$ 8,458	\$ 5,000	\$ 4,925	\$ 3,533	58.2%	66,729	6.4%	\$ 329,255,042	211,873

Total

\$2,822,388,432

Source: All data reprinted from Texas Higher Education Coordinating Board: Texas Grant Program Report to the Texas Legislature, Fiscal Years 2013 – 2015, June 2016:

<http://www.thecb.state.tx.us/reports/PDF/7983.PDF?CFID=51498564&CFTOKEN=65918955>. Source: Pell grant recipients data provided by request from the Texas Higher Education Coordinating Board

¹ Report on Student Financial Aid in Texas: Fiscal Year 2015. Texas Higher Education Coordinating Board, September 2016. Accessed on January 4, 2017 at

<http://www.thecb.state.tx.us/reports/PDF/9130.PDF?CFID=56364097&CFTOKEN=35579903>

About CPPP: The Center for Public Policy Priorities is an independent public policy organization that uses research, analysis and advocacy to promote solutions that enable Texans of all backgrounds to reach their full potential. For more information or to request an interview, please contact Oliver Bernstein at bernstein@cppp.org or 512.823.2875.

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