

OVERVIEW

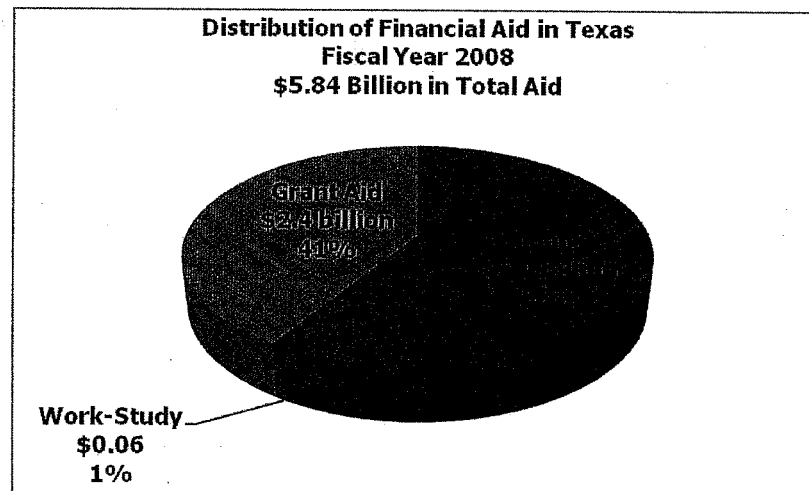
Financial Aid in Texas

Federal or state financial aid generally is one of three types: grants, work-study, or loans. The general characteristics of the aid are shown below:

Grants	Work-Study	Loans
<ul style="list-style-type: none"> • Need-based • Free money- no repayment • Examples: Pell Grant, TEXAS Grant 	<ul style="list-style-type: none"> • Less costly • State or federal funds are leveraged with earnings students receive through part-time jobs, usually on campus 	<ul style="list-style-type: none"> • Less costly • Most costly to student, who must repay money usually with accrued interest

Distribution of Financial Aid

In FY 2008, almost 623,000 students (approximately 51 percent of total enrollment) attending higher education institutions in Texas received more than \$5.84 billion in federal, state, and institutional financial aid. The majority (58 percent) of the aid received was in the form of loans, followed by 41 percent in grants and 1 percent in work study. Nationally, loans comprise 51 percent of financial aid received and grants, 49 percent. The chart below shows the distribution of financial aid in Texas by source:



Students at all types of Texas higher education institutions receive financial aid, with those attending Texas public universities receiving the greatest share of aid (\$3.18 billion) in FY 2008. Of that amount, \$2.0 billion (63 percent) was in the form of student loans. Students in the state's community colleges received a total of \$870.9 million in financial aid, of which \$281.5 million (32 percent) came in the form of loans. The table on the following page includes the actual dollars distributed by type and sector for FY 2008.

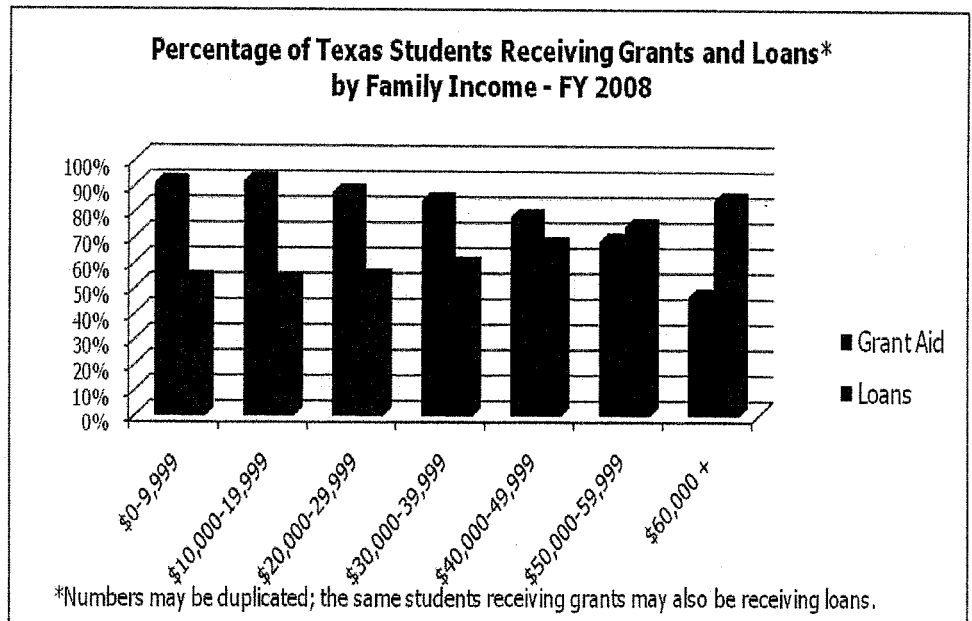
Financial Aid Distributed by Type of Aid and Institution – FY 2008

Texas Institution	(IN MILLIONS)*					Number of Recipients
	TEXAS Grant	Other Grant-Aid	Work-Study	Loans	Total	
Public Universities	\$169.1	\$965.7	\$28.8	\$2,017.4	\$3,181.0	297,675
Independent Universities	\$2.9	\$614.2	\$16.3	\$848.6	\$1,482.1	74,415
Public Community Colleges	\$25.8	\$550.4	\$13.1	\$281.5	\$870.9	225,070
Public Health-Related Institutions	\$0.2	\$31.1	\$0.3	\$226.8	\$258.4	10,310
Independent Health-Related Institutions	\$0.0	\$7.8	\$0.5	\$68.2	\$76.5	2,173
Public Technical Colleges	\$1.4	\$22.4	\$0.8	\$24.0	\$48.5	8,984
Independent 2-Year Institutions	\$0.0	\$3.9	\$0.1	\$1.1	\$5.1	514
Public State Colleges	\$0.3	\$11.1	\$0.3	\$4.2	\$16.0	3,680
Total	\$199.7	\$2,206.6	\$60.2	\$3,371.8	\$5,838.5	622,821

*Slight variances between these statistics and others provided for FY 2007-09 are due to rounding.

Loans

The chart to the right shows that students in all income groups rely on loans. The lower four income groups (students from families with incomes under \$40,000) account for more than 75 percent of the students receiving financial aid, and 48 percent of these students have to obtain loans. This contradicts the perception that most low-income students can meet the cost of education with grant aid alone.



Major Texas Financial Aid Programs

The major financial aid programs of the state, the requirements of each, the amount allocated, and the number of students served in FY 2008 are noted below.

	Type of Aid	Eligibility	Max. Amount	Total Spent	Total Students
TEXAS Grant	Grant	Financial need; Complete the Texas High School Recommended Plan; Meet program academic standards	\$2,585 per semester at public universities, \$865 per semester at community colleges, \$1,325 per semester at technical colleges	\$199.6M	54,448
Texas B-On-Time Loan	Grant/ Loan	Complete the Texas High School Recommended Plan; Meet program academic standards	\$2,585 per semester at four-year public or private universities, \$865 per semester two-year public or private junior colleges, \$1,325 per semester at technical colleges	\$32.2M	6,819
Texas Educational Opportunity Grant	Grant	Financial need & enrollment at least half-time at a two-year public institution	\$2,585 per semester public universities, \$865 per semester community college, \$1,325 per semester technical college	\$7.0M	4,526
Texas Public Educational Grant	Grant	Financial need	Dependent upon both need and cost of attendance	\$131.5M	106,363
Tuition Equalization Grant	Grant	Low to middle-income students at private, non-profit institutions	Award amount cannot exceed \$3,331 per school year unless expected family contribution is less than \$1,000, in which case max is \$4,997	\$102.8M	31,143
HB 3015 (78R) Tuition Set-Asides	Grants, Work-Study, Loans	Financial need	Varies based on financial need	\$99M	~53,900
Texas College Work-Study	Leveraged Grant	Financial need	Varies based on financial need	\$6.2M (including employer match)	5,189
Hinson-Hazlewood College Student Loan Program	Loan	Texas residents or eligible to pay in-state tuition	Up to cost of attendance less other aid	\$98.3M	9,732

Status of Major Financial Aid Programs

- *TEXAS Grant Program* – The program began in 1999 and is the state’s financial aid centerpiece. It encourages high school students to prepare for college by requiring recipients to have completed the Recommended or Distinguished High School Program. If recipients meet continuing eligibility requirements while in college, they are eligible for the grant for up to 150 hours, five years, or until the student acquires a bachelor’s degree, whichever occurs first.
- *TEXAS B-On-Time Loan Program* – Created in 2003, loans made through the program are forgiven for students who graduate “on time” and with a minimum of a “B” average. If students do not meet these criteria, the loan must be repaid at zero interest. The first full cohort of students graduated in spring 2009.
- *Texas Educational Opportunity Grant (TEOG)* – Created for community college students in 1999, current funding of \$12 million per year is woefully inadequate to meet the growing demand. Sixty percent of first-time in college students enrolled at two-year institutions in fall 2009. A continued rise in new students enrolling in Texas higher education is expected to enroll first at two-year institutions. Less than 5 percent of eligible students receive a grant.
- *Texas Public Educational Grant (TPEG) Program* – This program, funded through tuition set-asides and administered separately by each institution, allows financial aid officers to use the program to meet the needs of financially needy students. Only Texas public colleges and universities may participate in the program.
- *Tuition Equalization Grant (TEG) Program* – This program is for students at private, non-profit, accredited institutions, and helps reduce the need for building additional capacity at public higher education institutions. The program’s eligibility requirements for students who entered the program on or after September 1, 2005, are similar to those of the TEXAS Grant Program. To continue receiving grants, students must meet GPA and credit hour completion requirements.
- *HB 3015 (78R) Tuition Set-Asides* – Tuition set-asides approved by HB 3015 passed by the 78th Texas Legislature in 2003 provide financial aid assistance to undergraduate and graduate students through grants, loans, and work-study. Universities are required to set aside at least 15 percent of the amount of undergraduate and graduate designated tuition charged in excess of \$46 per semester credit hour. In FY 2008, over \$99 million in financial aid was disbursed to financially needy students through HB 3015 tuition set-asides. Of the aid disbursed, 78 percent was in the form of grant aid.
- *Texas College Work-Study (TCWSP) Program* – The Texas College Work-Study Program provides part-time jobs – virtually all located on college campuses – by subsidizing employers who hire students. Through the program, state funds are leveraged with employer contributions. On average, for each dollar of state work-study funds, institutions provide \$1.21. Work-study financial aid encourages student persistence, especially for students who live at home and commute to campus.
- *Hinson-Hazlewood College Student Loan Program* – The Hinson-Hazlewood loan program offers low-interest loans to students to help them pay for college. The program is funded through the sale of general obligation bonds. (Note: the Hinson-Hazlewood loan program is

not the same thing as the Hazlewood Act, which authorizes an exemption from tuition and fees for Texas veterans).

Resources:

- CollegeforallTexans.com
- *Report on Student Financial Aid in Texas Higher Education for Fiscal Year 2008*, July 2009 (<http://www.thecb.state.tx.us/reports/PDF/1843.pdf>)

For more information: Office of External Relations
Texas Higher Education Coordinating Board
er@thecb.state.tx.us
(512) 427-6111

STATE APPROPRIATIONS FOR STUDENT FINANCIAL AID PROGRAMS

2010-2011 Compared to 2008-09

PRIMARY STATE FINANCIAL AID PROGRAMS

	FY 2008-09	FY 2010-11	% Change
B. 1.9 Student Financial Aid			
TEXAS Grant (GR)	\$427,922,929	\$614,782,953	43.7%
TEXAS Grant (gifts/donations)	\$1,360,000	\$1,360,000	0.0%
Texas Educational Opportunity Grant (TEOG)	\$14,000,000	\$24,001,000	71.4%
Texas B-On-Time (GR/GR-D)	\$77,000,225	\$140,000,000	81.8%
Texas College Work-Study	\$15,000,000	\$15,001,000	0.0%
Tuition Equalization Grant (TEG)	\$211,749,310	\$211,949,310	0.1%
TOTAL	\$747,032,464	\$1,007,094,263	34.8%

OTHER STATE-ADMINISTERED FINANCIAL AID

B.1.1 License Plate Scholarships (GR-D)	\$1,201,600	\$1,221,000	1.61%
B.1.2 Fifth-year Accounting Students (GR-D)	\$1,111,000	\$3,925,000	253.3%
B.1.3 Early High School Graduation Program	\$13,600,000	\$11,913,946	-12.4%
B.1.4 Grant Program for TANF Participants	\$450,000	\$269,348	-40.1%
B.1.5 Certified Educational Aide Program	\$19,400,000	\$28,739,798	48.1%
B.1.6 Teach for Texas Loan Repayment	\$9,042,886	\$11,542,886	27.7%
B.1.7 Border Faculty Loan Repayment	\$395,626	\$395,626	0.0%
B.1.8 OAG Loan Repayment Program	\$937,434	\$779,548	-16.8%
B.1.10 Doctoral Incentive Program	\$872,983	\$1,307,000	49.7%
B.1.11 Engineering Recruitment Program	\$2,000,000	\$2,000,000	0.0%
B.1.13 Top 10% Scholarship	\$20,000,000	\$54,000,000	170.0%
B.1.14 Texas Armed Services Scholarships (new)	\$0	\$2,000,000	0.0%
B.1.15 Tuition Reimbursement (new)	\$0	\$699,000	0.0%
B.1.16 Texas Career Opportunity Grant Program (new)	\$0	\$1,350,000	0.0%
D.1.8 Physician's Education Loan Repayment Program (GR/GR-D)	\$2,094,094	\$25,396,094	1112.8%
D.1.9 Financial Aid for Professional Nursing Students	\$1,837,130	\$1,837,130	0.0%
D.1.10 Financial Aid for LVN Students	\$91,266	\$91,266	0.0%
D.1.11 Dental Education Loan Program (GR/GR-D)	\$212,954	\$655,954	208.0%
TOTAL	\$73,246,973	\$148,123,596	102.2%