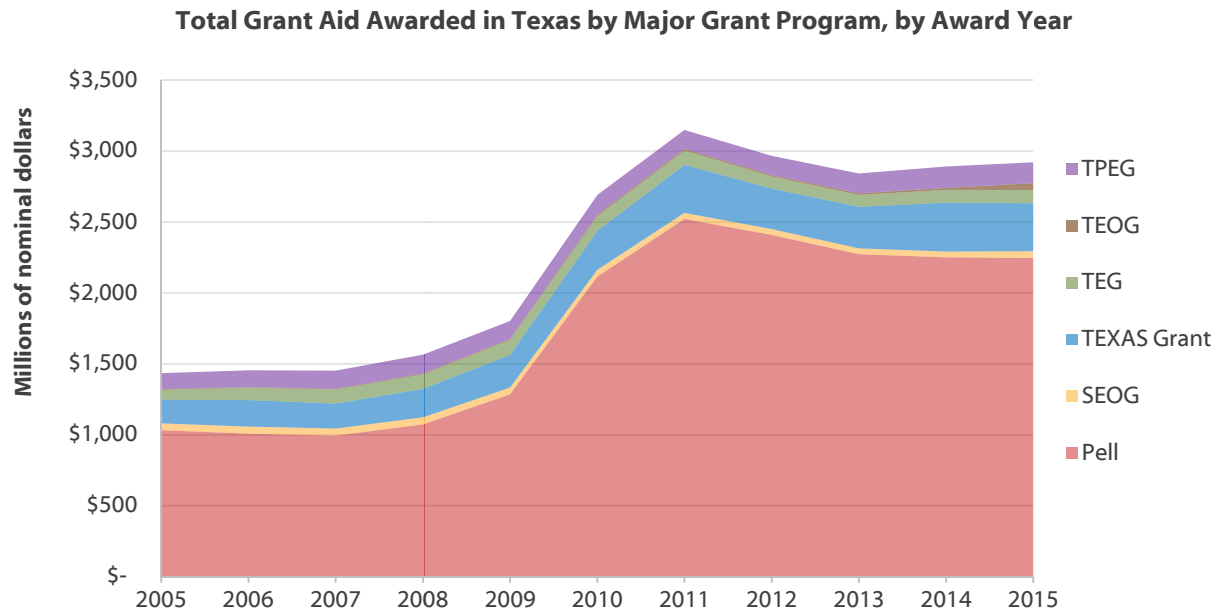


SECTION 5

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, the total amount disbursed to Texas students has decreased steadily over the past five years. In the 2014–2015 award year (AY), about 625,000 students received approximately \$2.25 billion in Pell grants. This was a decrease of about \$276 million, or 11 percent, from AY 2010–2011.

Overall, state grant aid decreased slightly in AY 2014–2015 compared to the prior year. The Towards EXcellence, Access, and Success (TEXAS) Grant is by far the largest of the state grant programs, disbursing over \$339 million in AY 2014–2015. 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.

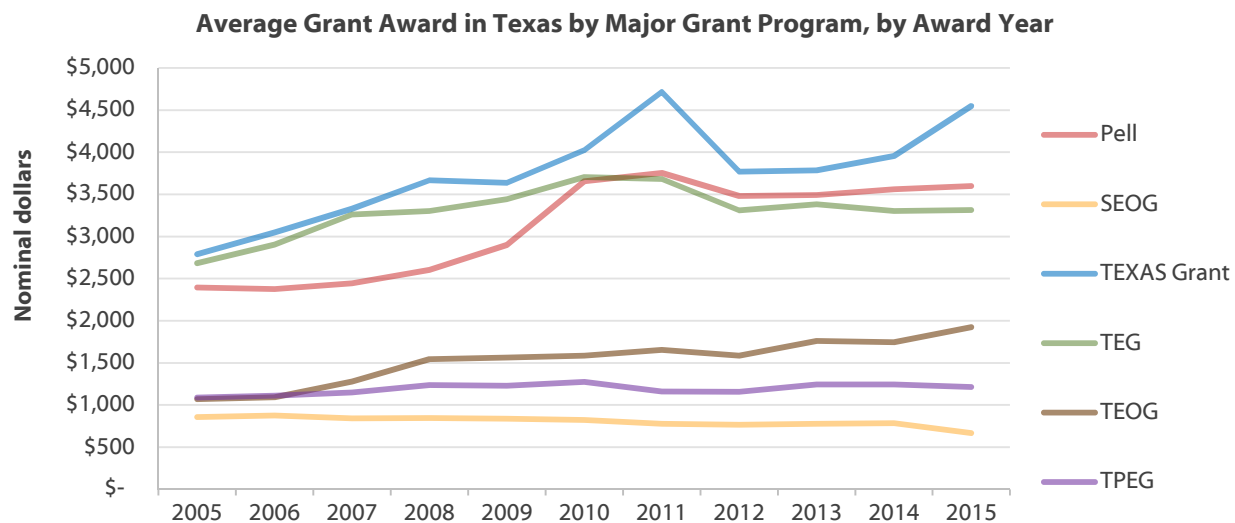
In AY 2014–2015, the Texas Educational Opportunity Grant (TEOG) – which serves financially needy students at public two-year colleges – saw a large increase in total disbursements over the prior year. The TEOG disbursement increased by \$37.5 million, or 73 percent, from AY 2013–2014.

The Tuition Equalization Grant (TEG), which is available to financially needy students at private, non-profit institutions, increased slightly by \$1.1 million (1.2 percent) in AY 2014–2015. The Texas Public Educational Opportunity Grant (TPEG), which public colleges and universities award to financially needy students out of tuition set asides, decreased slightly by \$4.7 million (3.1%).

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 2015 (<http://www.thecb.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) 2014-2015 was for the Towards EXcellence, Access, and Success (TEXAS) Grant at \$4,549, an increase of \$594 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.

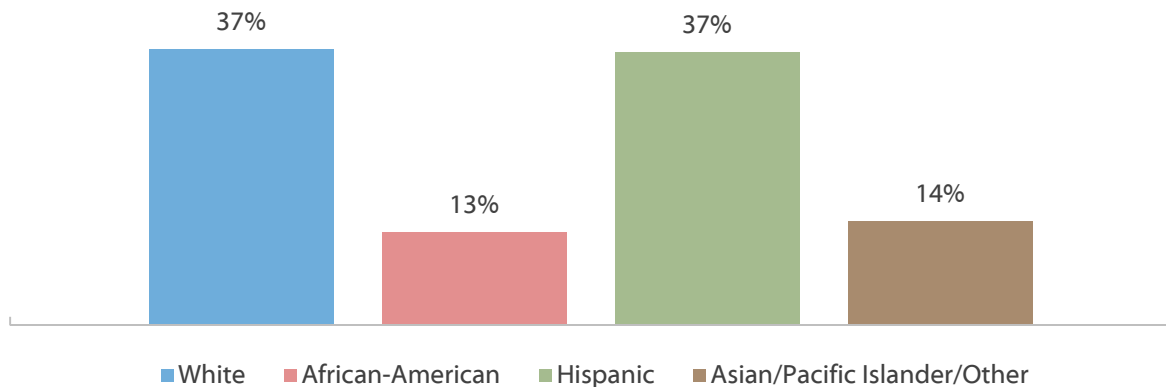
In AY 2014-2015 the average Pell grant in Texas increased by one percent, from \$3,560 to \$3,560, from the prior year. Average HB 3015 grants and Texas Educational Opportunity Grants (TEOG) have increased over the past ten years, while average Texas Public Educational Opportunity Grants (TPEG) and Supplemental 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 2015 (<http://www.thecb.state.tx.us/reports>); College for All Texans (<http://www.collegeforalltexans.com>)



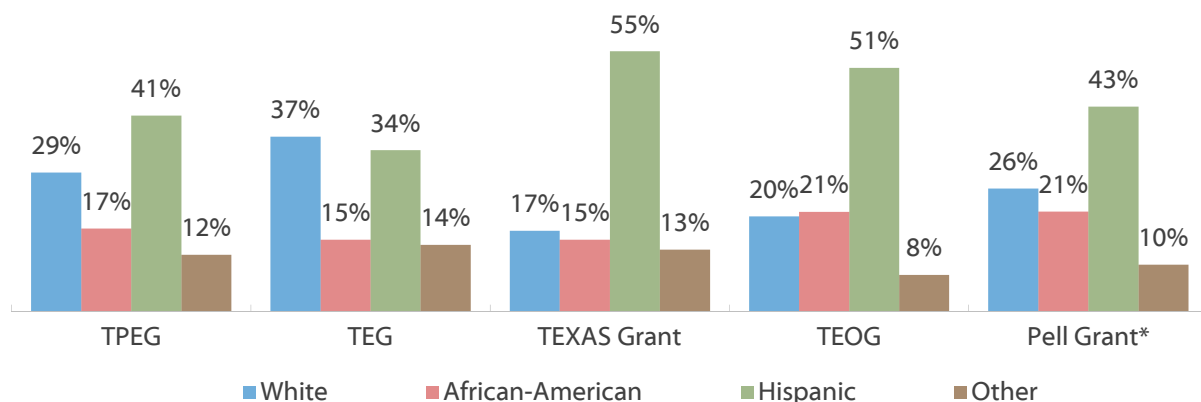
Grant Recipients in Texas Are Racially/Ethnically Diverse

Fall 2015 Enrollment in Texas Higher Education, by Ethnicity



The allocation of grant aid in Texas reflects the racial/ethnic diversity of the state. About 72 percent of Texas Educational Opportunity Grant (TEOG) and 70 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 — 58 percent and 49 percent, respectively.

Award Year 2014-2015 Grant Program Recipients by Ethnicity



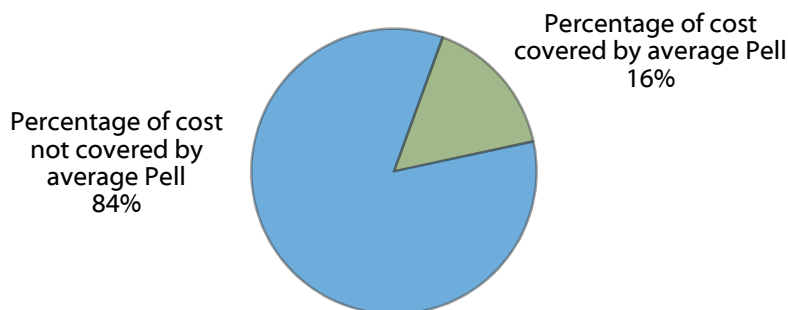
*Pell Grant data did not disaggregate "Asian/Pacific Islander" from "Other", so both are included in "Other".

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 2015 (<http://www.thecb.state.tx.us/reports/PDF/6802.PDF>); Texas Pell Grant: THECB Financial Aid Database 2014-2015 [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 2015–2016)



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.
2010-2011	\$98	\$40	\$652
2011-2012	-\$271	\$737	\$795
2012-2013	\$12	\$951	\$638
2013-2014	\$66	\$311	\$419
2014-2015	\$11	\$410	\$167
2015-2016	\$20	\$465	\$396

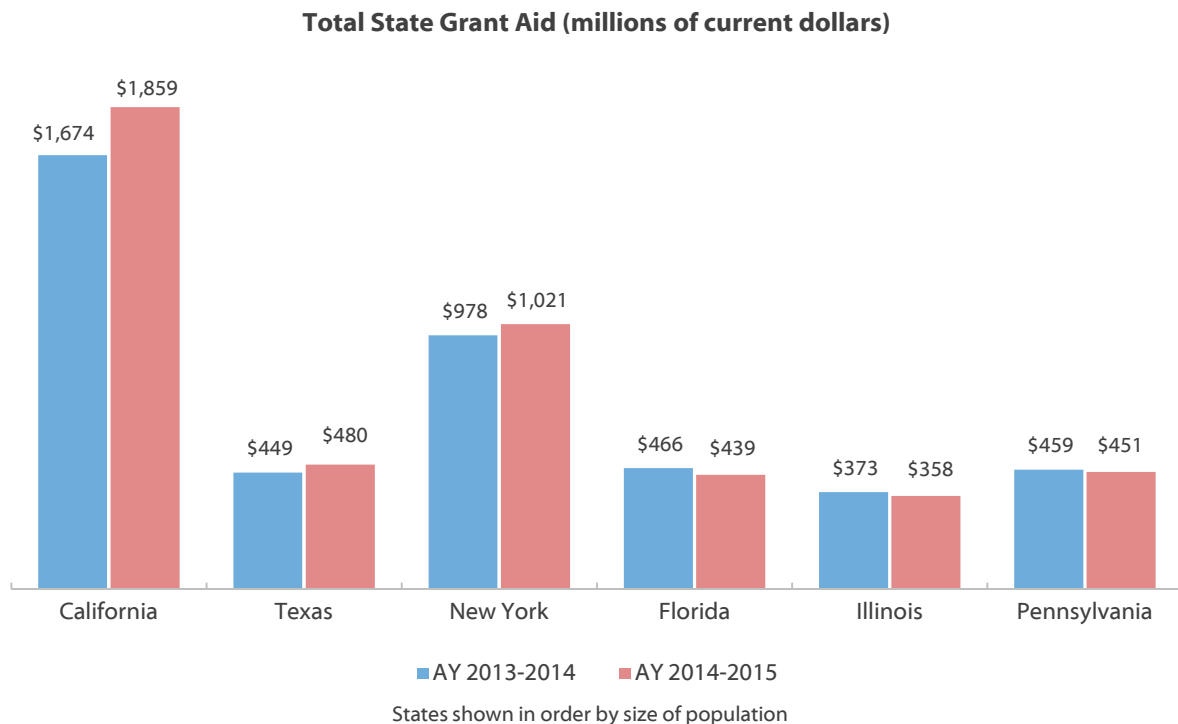
The buying power of the federal Pell Grant, the largest grant program in the U.S. and in Texas, has declined over the last three decades. Designed to be the foundation of need-based grant aid, only undergraduates with significant financial need receive the Pell grant; however, in Award Year (AY) 2015–2016, the average Pell grant in Texas covered only 16 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 2015–2016 was \$5,775 and will increase to \$5,815 for AY 2016-2017. This \$40 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. 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, Federal Student Aid (<https://studentaid.ed.gov/sa/types/grants-scholarships/pell>).



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 2014–2015, Texas spent \$480 million on grant aid for postsecondary students, over a quarter of what was spent by California and over 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.

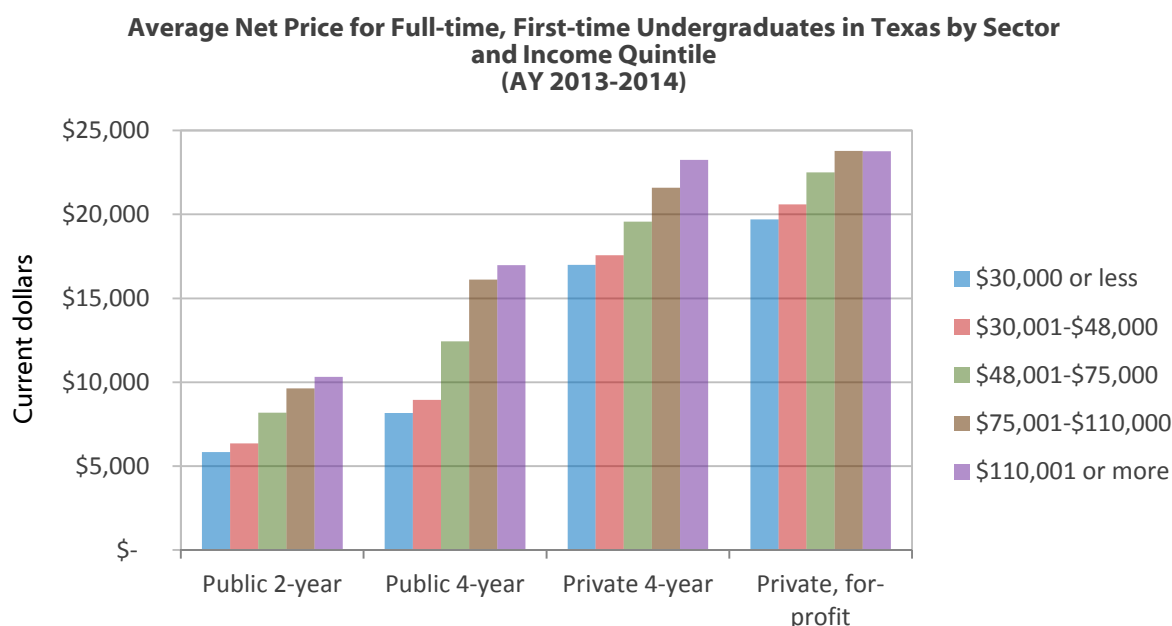
Although primarily need-based, eligibility for the TEXAS Grant also involves substantial academic components. To receive a TEXAS Grant, a student must have 1) completed either the Recommended High School Program (RHSP; the default curriculum) or Distinguished Achievement Program (DAP) in Texas and enrolled 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).



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) 2013–2014, the average net price of attendance for students with the lowest incomes** was \$5,850 (a decrease of 7 percent from the previous year) in the public two-year sector, \$8,166 (an increase of 7 percent from the previous year) in the public four-year sector, \$16,988 (a decrease of 8 percent from the previous year) in the private four-year sector, and \$19,696 (an increase of 8 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) 2014" (<http://nces.ed.gov/ipeds/datacenter/>).

