State of Student Aid and Higher Education in Texas

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TRELLIS RESEARCH | SEPTEMBER 2022

About This Report

The State of Student Aid and Higher Education in Texas (SOSA) annual report from Trellis Research provides information helpful in informing policy and programs for higher education student financial aid. The report serves as a reference for colleges, universities, and policymakers, and provides a comparison of Texas state and federal student aid programs.

A primary goal of the SOSA is to serve as a resource for generating healthy discussions based on a common understanding of the facts. For more than two decades, Trellis has made this complimentary report available to lawmakers and higher education institutions to help inform their work as they shape policies and programs affecting Texas students.

As a straightforward reference report, the SOSA highlights data on a variety of student finance topics, including higher education, demographic projections, college costs, student loan repayment outcomes, and higher education policy.

It is our hope that you find this report useful in your planning and discussions. If you have further requests for information, or to schedule a briefing, please feel free to contact us at any time.

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About Trellis & Trellis Research Services

Trellis Company (trelliscompany.org) is a nonprofit 501(c)(3) corporation focused on connecting people to education-to-employment pathways that transform their lives. The company's mission is to develop and advance initiatives that grow individual economic mobility and expand community prosperity. For more than 42 years, we have delivered positive outcomes for students and institutions. Through our vision and mission, we are building on this history to impact a greater number of people and the communities where they live.

Trellis Research (trelliscompany.org/research) provides colleges and policymakers insight into key student success questions through data collection, use of institutional data, and over three decades of experience working with higher education institutions. Trellis Research welcomes opportunities to help institutions answer pressing questions with data.

This report is now available in a mobile-friendly format, including a quick search feature for easy access to charts and statistics.

Visit: **trelliscompany.org/state-of-student-aid-2022**

Introduction

The State of Student Aid and Higher Education in Texas publication is intended to be a reference document filled with current and timely statistics. The publication focuses on Texas, but often contains comparisons to the nation or other large states. Each section concentrates on a different issue or set of issues. As a reference document, it is designed such that each page stands on its own. Each page contains a title summarizing the page or highlighting a particular part of the page, a visual element, a brief writeup, and information on the sources used. Because each page stands on its own, you can use the table of contents to find the page or pages of interest without needing to read the entire document cover-to-cover. In fact, it was designed so that a page could be printed and taken to a meeting to ensure that everyone in the room is literally on the same page. To get started, read the section summaries below or scan the table of contents.

Section 1: Texas Demographics

The first section describes what the future population of Texas will look like. The younger demographic groups are also projected to increasingly be comprised of people of color – for example, in population projections for 2050, 22 percent of Texans under 18 years old will be White while 49 percent will be Hispanic. Texas also grapples with high poverty rates, particularly among the under 18 population. It will be critical for the future of Texas that low-income students and students of color are supported in their higher education pursuits.

Section 2: Texas College Readiness

This section reviews issues including FAFSA completion rates, college enrollment rates among high school graduates, and the importance of college prep programs in high school leading to enrolling in college. Texas has one of the highest high school graduation rates in the country, but it also has one of the highest percentage of adults without high school diplomas.

Section 3: Profile of Texas College Students

Texas students are likelier to attend college part-time than students nationwide, and this is especially true at two-year schools. Older students, first-generation students, and students taking developmental education courses are more common outside of the four-year sectors. The two-year sector plays an important college gateway role in Texas. In fact, 78 percent of freshmen at public institutions in Texas in 2020 were attending a two-year school.

Section 4: Cost of Education and Sources of Aid in Texas

The fourth section presents higher education costs by type and sector, showing that Texas is about on par with the nation in the four-year public and private, non-profit, sectors. This section also demonstrates that Texas students are highly reliant on federal aid, the majority of which comes in the form of grants. About 218,000 Texas students benefited from various institutional exemption and waiver programs in 2020.

Section 5: Grant Aid and Net Price in Texas

The pages in this section outline federal and state grant programs, with some breakouts by race/ethnicity and comparisons to other large states. Based on total dollars, the Pell grant is the largest grant program for Texas students. However, the average Pell grant award in Texas only covers 18 percent of the total cost for two semesters at a Texas public four-year university or at a Texas public two-year college.

Section 6: Loans

This section looks at the largest state loan program, the HHL-CAL, and the federal student loan program by school type and race/ethnicity. Two-thirds of HHL-CAL loan dollars are awarded in two regions in Texas and overall the loan is disproportionately awarded to students attending private four-year institutions, where costs tend to be higher.

Section 7: Need and Work

Unmet need, the amount of money a student still needs to pay for college after all financial aid, can be a serious hurdle for many students. Students in Texas with household incomes below $35,000 had more than $10,000 in unmet need in fall 2019. Students with unmet need are less likely to graduate than those with no unmet need. This section also shows that students would need to work 75 hours per week on minimum wage to pay for a Texas public four-year education, and 57 hours per week for a Texas public two-year education.

Section 8: Texas College Attainment

More education typically leads to higher earnings and lower unemployment, as demonstrated in the pages in this section. About a third of Texans aged 25 and older have at least a bachelor's degree, but wide gaps exist between racial/ethnic groups, different regions of the state, and income groups.

Section 9: Student Financial Wellness

This section reviews recent studies of student financial wellness, including food and housing security. Students who struggle with affording basic needs will likely have a more difficult time persisting through college to graduation compared with peers not experiencing those struggles. Many students are concerned with being able to afford college and report running out of money during the school year.

Section 10: Evidence-Based Programs and Interventions

Many institutions introduce programs designed to help students, with the hope of improving retention and graduation rates. This section reviews recent rigorous evaluations of institutional programs, finding that something relatively small in effort and cost, such as a text nudge, may have some limited positive effects. Evaluations of need-based grants have found that they can significantly increase retention and graduation rates.

Section 11: Consumer Debt

Overall student loan debt has been increasing at a steady rate for years, different from the patterns of other consumer debt such as auto and credit cards, which tend to reflect broader economic trends. Delinquency rates for student loans saw a dramatic uptick following the 2008 recession and a dramatic decrease during the COVID-19 pandemic that was not experienced in other types of consumer debt.

Section 12: Delinquencies, Defaults, and Collections

In Texas and nationwide, student loan cohort default rates decreased from 2017 to 2018. The overall rate for Texas is 7.8 percent, though this varies some by region of the state and by school type. This section also includes some sobering statistics about loan repayment and default using new federal data that has a longer tracking window than the official cohort default rate, and summaries of new studies looking at repayment outcomes of student loan and Parent PLUS loan borrowers.

Section 13: Texas Higher Education and Student Debt Policy

The last section looks at aspects of higher education policy in Texas, including a summary of the progress towards the 60x30TX strategic plan goals and the current biennium funding of Texas financial aid programs. At $125 billion, outstanding student loan debt in Texas is growing at a faster rate than this debt nationally. This section also includes an update on the Public Service Loan Forgiveness program and summaries of the Texas higher education allocations in the CARES Act and in the Consolidated Appropriations Act.

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Glossary of Terms

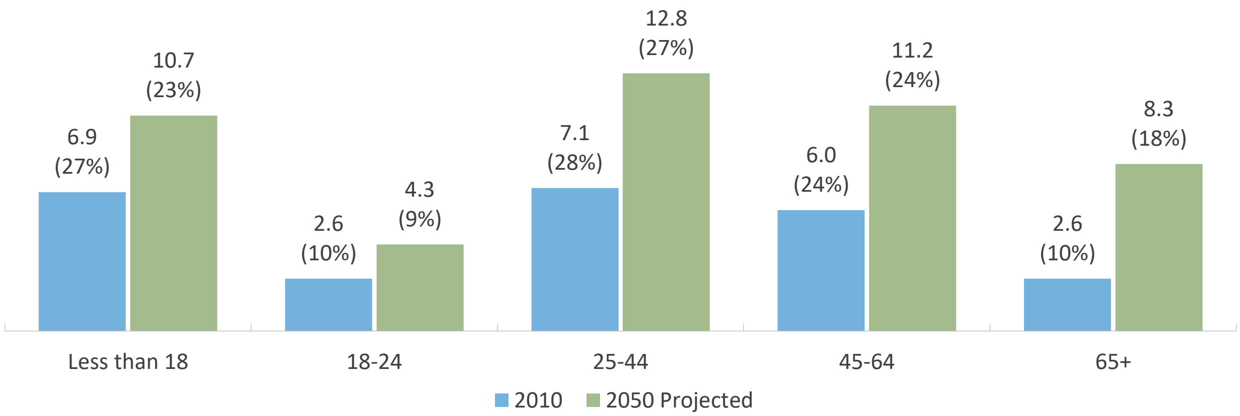
Academic Year	An academic year is a nine-month period that, for traditional programs of study, begins in August and ends the following May.
Award Year	A 12-month period beginning July 1 and ending June 30 of the following year.
Average	Often called the mean, the average is a common statistical method 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.

SECTION 1

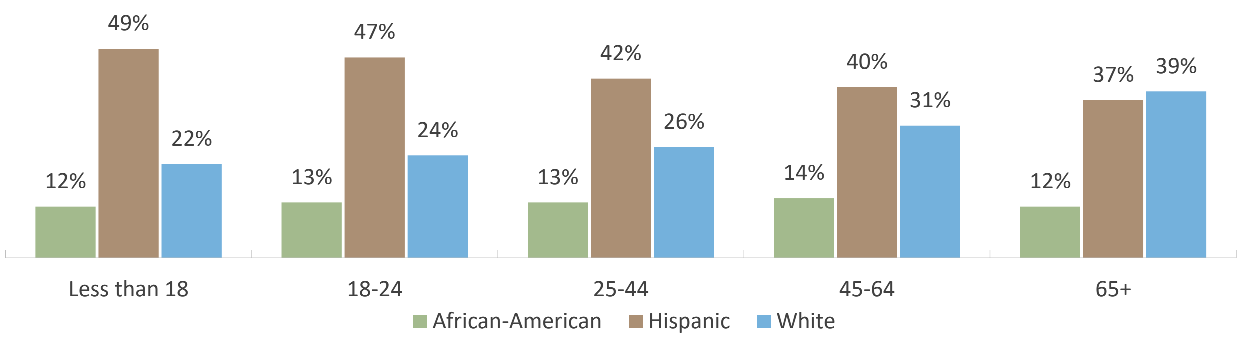
Texas Demographics

Texas' Future Depends on Addressing Educational Equity

Texas Population by Age in Millions and Percentage of Total in Each Year: 2010 and 2050 (Projected)



Projected* 2050 Population by Age and Ethnicity in Texas



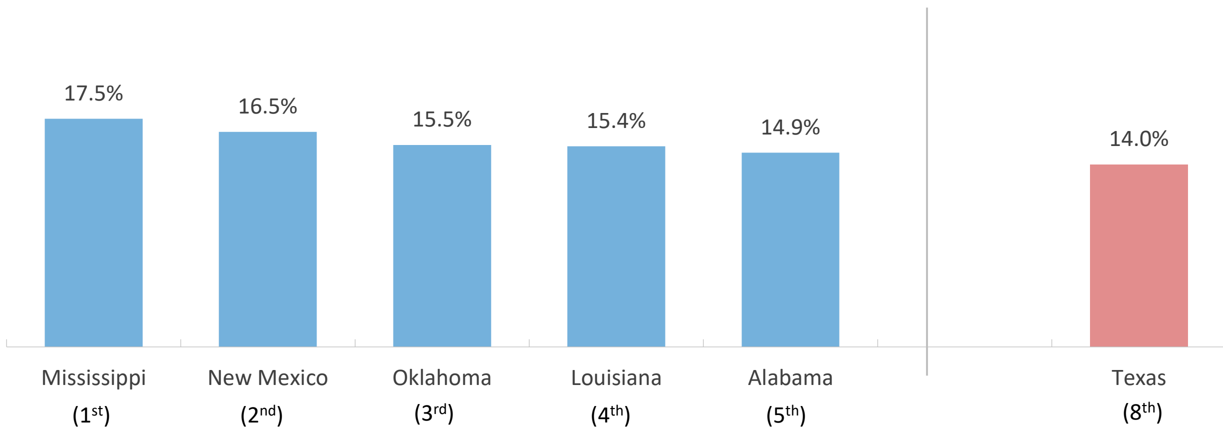
From 2010 to 2050, Texas is expected to add 3.8 million more children under age 18 and 1.7 million more adults aged 18 to 24 — the traditional college age population. The population age 25 to 64 will grow by almost six million, while the numbers of those aged 65 and older will swell by more than five million. Despite the increase in the number of children and young adults, people aged 24 and younger will actually drop slightly as a percentage of the population, from 28 percent to 27 percent. Meanwhile, people aged 65 and older will increase from 10 percent to 18 percent.

As Texas changes from a majority-White to a more pluralistic state and experiences an increase in the percentage of the elderly population, a significant difference emerges with respect to population by age. In 2050, 49 percent of children, 47 percent of 18- to 24-year-olds, and 42 percent of 25- to 44-year-olds will likely be Hispanic. By contrast, only 37 percent of those 65 and older are expected to be Hispanic. The African American population will remain relatively stable, at 12 percent to 14 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 all populations including those racial/ethnic groups which historically have had lower incomes, higher rates of poverty, and lower likelihood of attending and completing college than Whites.

Source: Texas Demographic Center, "Texas Population Projections Program: 2018 Population Projections", Population Projections for State of Texas by Age Group (https://demographics.texas.gov/Data/TPEPP/Projections/).

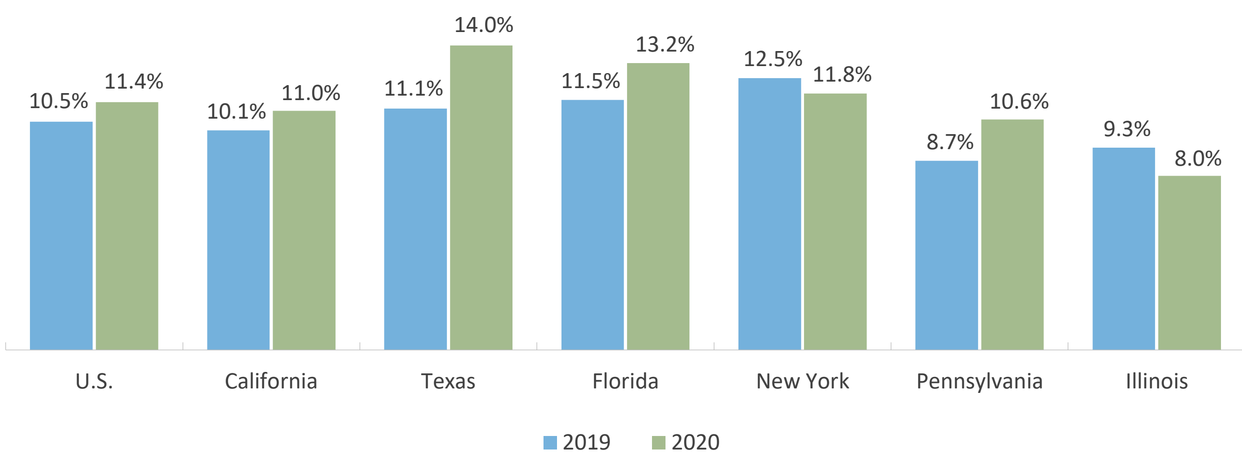
Texas Poverty Rate Increases, is Higher Than National Average

People in Poverty, States with Highest Rates (2020)



The prevalence of people in the U.S. living in poverty increased from 10.5 percent in 2019 to 11.4 percent in 2020. In 2020, Texas had the eighth highest poverty rate in the nation and a poverty rate higher than the national average. The 2020 data represents the start of the COVID-19 pandemic, which has had a detrimental impact on poverty for people across the country. In 2020, poverty was defined as having an income of $26,246 or less for a family of four with two children, or $13,465 or less for an individual under 65 years old.

People in Poverty, Largest States (2020)



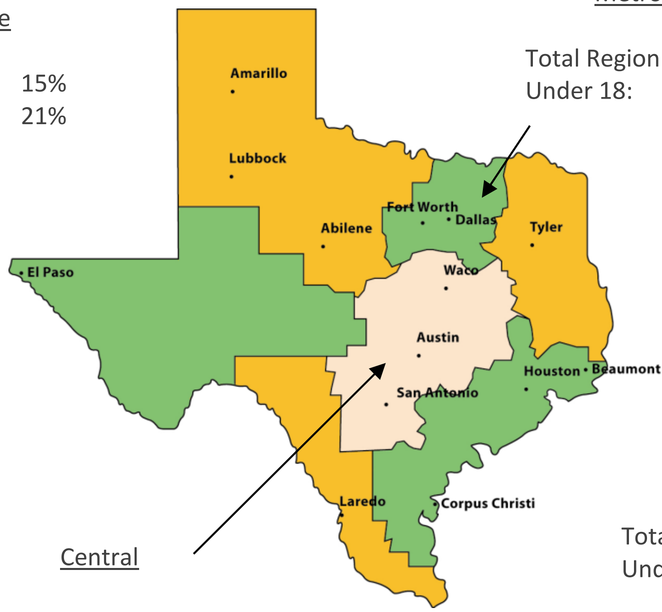
States shown in order by size of population

At 14.0 percent, Texas had the highest poverty rate among the six largest states, followed by Florida at 13.2 percent and New York at 11.8 percent. Only two of the six largest states observed a decreased poverty rate between 2019 and 2020.

Sources: U.S. Census Bureau, "Historical Poverty Tables: People and Families - 1959 to 2020 (https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-people.html)

Texas Poverty Rates Vary Widely by Region

Poverty Rate by Region (2019)



Panhandle

Total Region: 15%
Under 18: 21%

Metroplex

Total Region: 11%
Under 18: 15%

East Texas

Total Region: 16%
Under 18: 24%

West

Total Region: 16%
Under 18: 22%

Gulf Coast

Total Region: 13%
Under 18: 19%

Central

Total Region: 13%
Under 18: 17%

Rio Grande

Total Region: 26%
Under 18: 36%

State of Texas	
Overall:	**13.6%**
Under 18:	**19.2%**

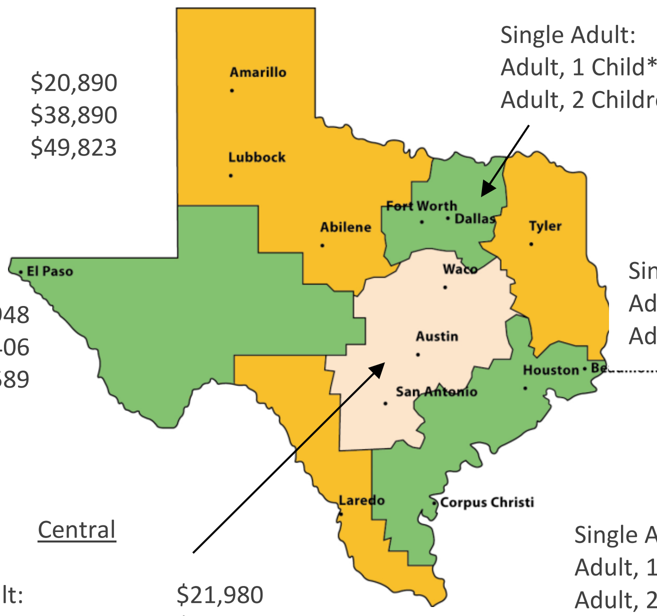
The 2019 poverty rate in Texas was 13.6 percent overall and 19.2 percent for children under 18; however, these rates vary widely by region. By a large margin, the Rio Grande region has the highest rates of overall and childhood poverty at 26 and 36 percent respectively – at least 10 percentage points higher than the next highest region. Because poverty disrupts housing patterns and makes educational attainment challenging, the disproportional poverty rates in the Rio Grande region may reduce college going rates, absent student support initiatives. In all regions, the poverty rate for children was higher than for the total population.

In 2019, poverty was defined as having an income of $25,926 or less for a family of four with two children, or $13,300 or less for an individual under 65 years old.

Sources: Definition of Poverty: U.S. Census Bureau, "Poverty Thresholds: 2020" (https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html); Poverty rates by region: U.S. Department of Agriculture, Economic Research Service, "Poverty estimates for the U.S., States, and counties, 2019" (http://www.ers.usda.gov/data-products/county-level-data-sets/download-data.aspx).

Income Needed For Self Sufficiency Varies Considerably by Family Composition

Minimum Annual Salary Needed to be Self Sufficient Without Public or Private Assistance (2021)



Metroplex

Single Adult:	$25,973
Adult, 1 Child*:	$47,657
Adult, 2 Children**:	$60,505

Panhandle

Single Adult:	$20,890
Adult, 1 Child*:	$38,890
Adult, 2 Children**:	$49,823

East Texas

Single Adult:	$20,823
Adult, 1 Child*:	$37,102
Adult, 2 Children**:	$47,468

West

Single Adult:	$20,948
Adult, 1 Child*:	$39,406
Adult, 2 Children**:	$50,589

Gulf Coast

Single Adult:	$22,295
Adult, 1 Child*:	$41,636
Adult, 2 Children**:	$53,218

Central

Single Adult:	$21,980
Adult, 1 Child*:	$42,314
Adult, 2 Children**:	$53,756

Rio Grande

Single Adult:	$20,353
Adult, 1 Child*:	$35,744
Adult, 2 Children**:	$45,206

State of Texas

Single Adult:	**$21,091**
Adult, 1 Child*:	**$39,269**
Adult, 1 Children:**	**$50,299**

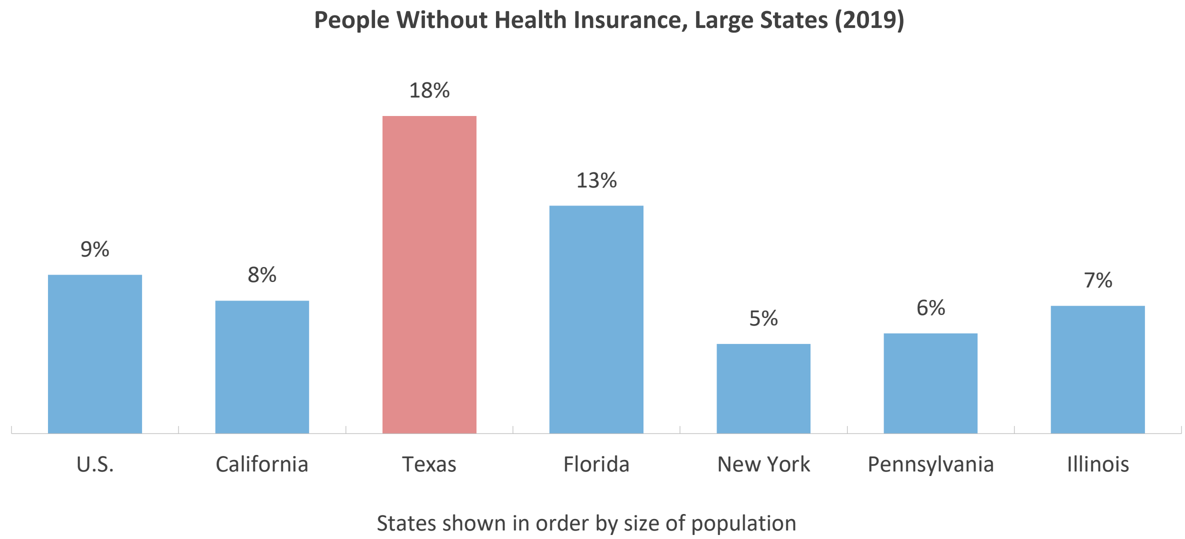
The Self Sufficiency Standard, developed by the Center for Women's Welfare at the University of Washington School of Social Work, determines the income families need in order to meet their basic needs at a minimally adequate level without using public or private assistance. The basic needs included in the calculation are housing, child care, food, transportation, health care, taxes (minus federal and state tax credits), and other expenses such as telephone, clothing, and household items. The costs are specific to the geographic location and to family size and age of children.

The annual income needed to be self sufficient varies somewhat by Texas region, with the lowest income needed in the Rio Grande Valley region and the highest income needed in the Metroplex region. A single parent with one child would need nearly double the income of a single adult to be self-sufficient, and an income of more than double if they have two children.

* Costs for pre-school aged child.
** Costs for pre-school aged child and school-aged child.

Sources: Center for Women's Welfare, University of Washington School of Social Work, Self Sufficiency Standard (https://selfsufficiencystandard.org/).

Lack of Health Insurance Destabilizes Finances, Makes College-Going Precarious



About nine percent of Americans lacked health insurance coverage in 2019. The percentage is much higher in Texas. At 18 percent, Texas is approximately twice the national average. It has the highest percentage of any state, with Oklahoma coming in second at 14 percent.

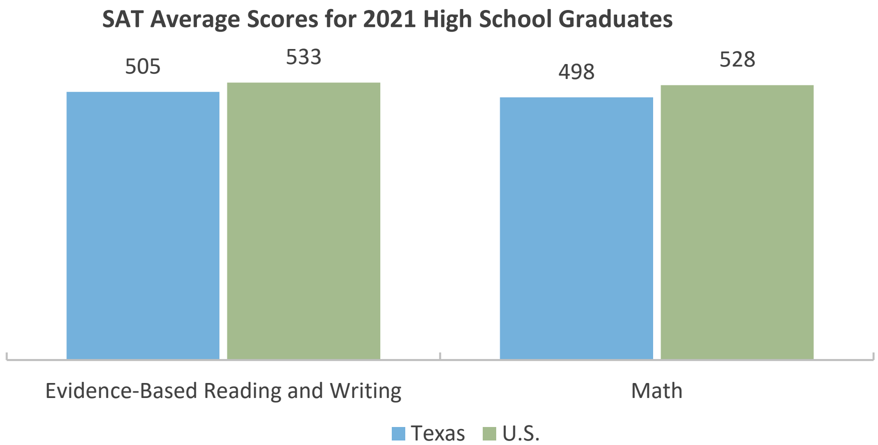
Family health crises can be unpredictable, and the resulting financial disruption can derail college plans. While financial aid administrators can make mid-year adjustments using professional judgement, this requires students to make a formal appeal, and adjustments may still be insufficient to help the student stay in school.

Source: U.S. Census Bureau, "Health Insurance Coverage in the United States: 2019" (https://www.census.gov/library/publications/2020/demo/p60-270.html).

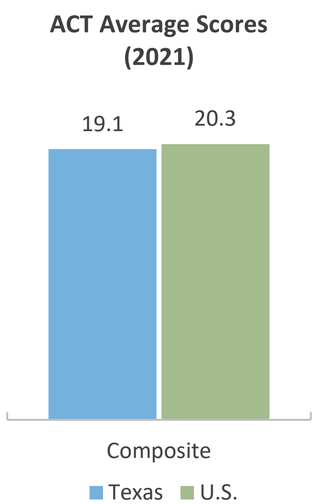
SECTION 2

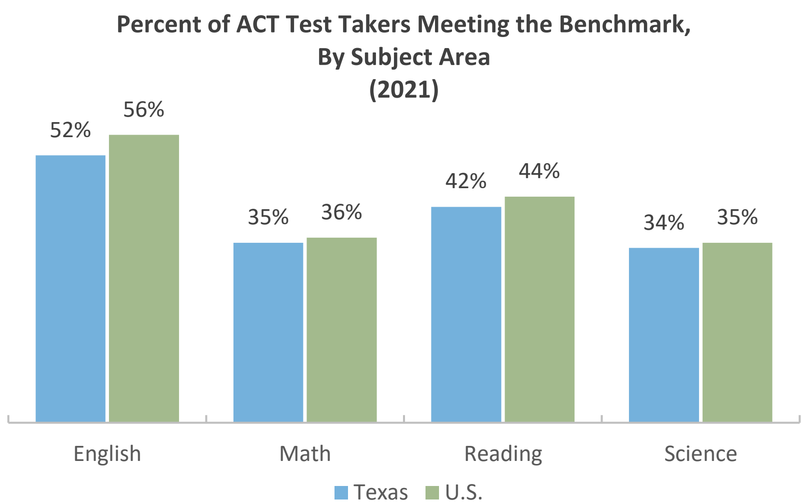
Texas College Readiness

Texas College Prep Test Scores Keep Pace with, but Fail to Exceed, National Average



Due to the COVID-19 pandemic and other factors, including a smaller number of colleges and universities requiring test scores for admission, fewer high school seniors took the SAT or ACT in 2020-2021. More than 225,000 Texas high school seniors and nearly 1.5 million high school seniors nationwide took the SAT in the 2020–2021 school year. Average scores were lower in Texas compared to the U.S. in both Evidence-Based Reading and Writing, and in Math.

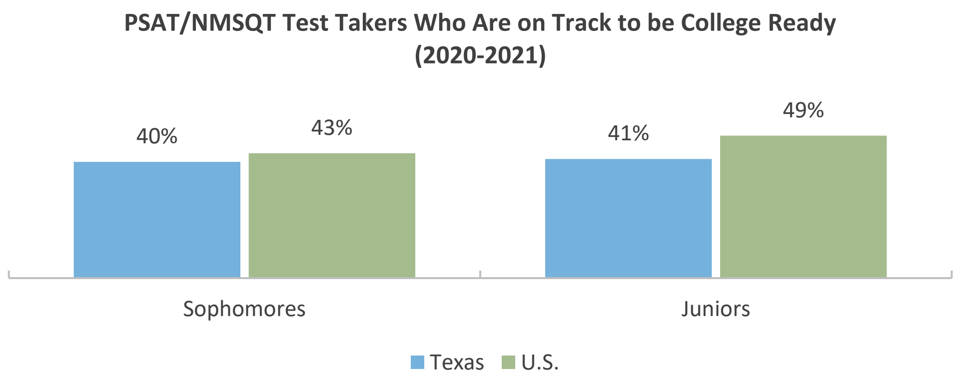




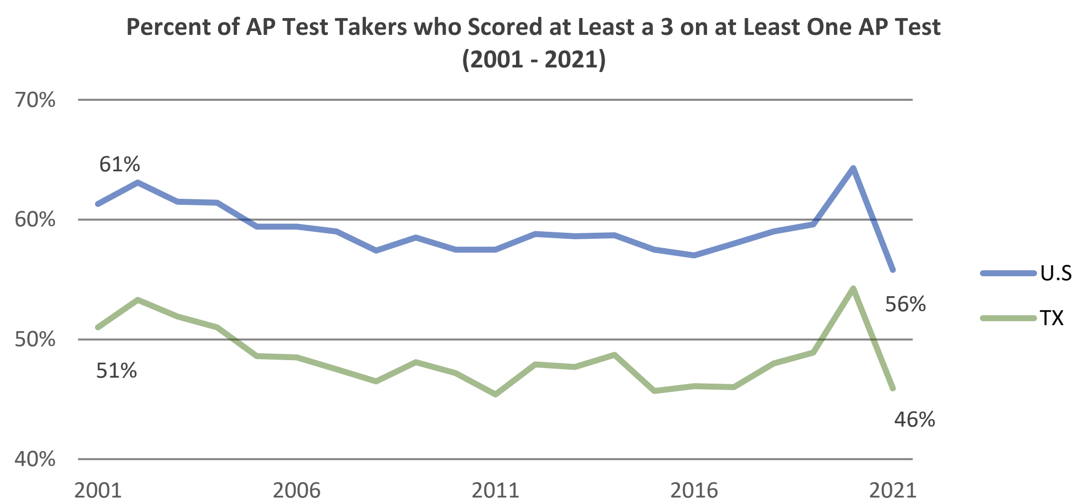
In Texas, the American College Test (ACT) has fewer test takers than the SAT. Twenty-three percent of the class of 2021 Texas high school graduates took the ACT, down from 38 percent in 2019. Nationally, 35 percent of high school graduates took the exam. While average ACT composite scores in Texas have 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 2021 (https://reports.collegeboard.org/media/2022-04/2021-total-group-sat-suite-of-assessments-annual-report; https://reports.collegeboard.org/media/pdf/2021-texas-sat-suite-of-assessments-annual-report.pdf); ACT: ACT, National and State Scores 2021 (https://www.act.org/content/2021/R2145-Grad-2021-Performance-by-EL-Status-2021-12.pdf).

Texas High School Students Less Prepared for College Academics



The Preliminary SAT (PSAT) and National Merit Scholar Qualifying Test (NMSQT) help high school sophomores and juniors prepare for the SAT and plan 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, which may translate into lower college success rates, slower progression to college degrees, and higher total college costs.

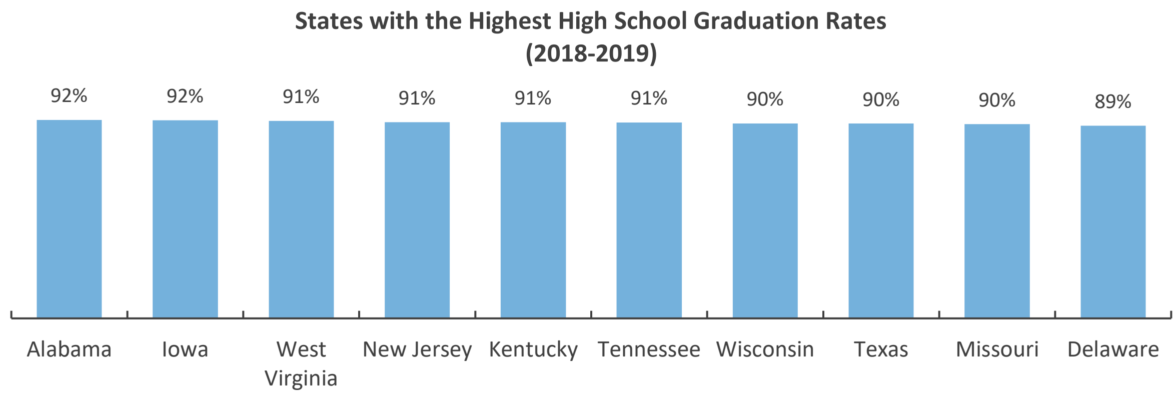


The Advanced Placement (AP) program offers more than 30 college-level courses and examinations to high school students. These courses satisfy high school diploma requirements, and sufficient scores on the exams can help students gain admission to selective colleges and even earn college credit (at the institution's discretion). Since 2005, all public higher education institutions in Texas with freshman-level courses have been required to grant credit to incoming students who earn a 3 or higher on an AP exam.

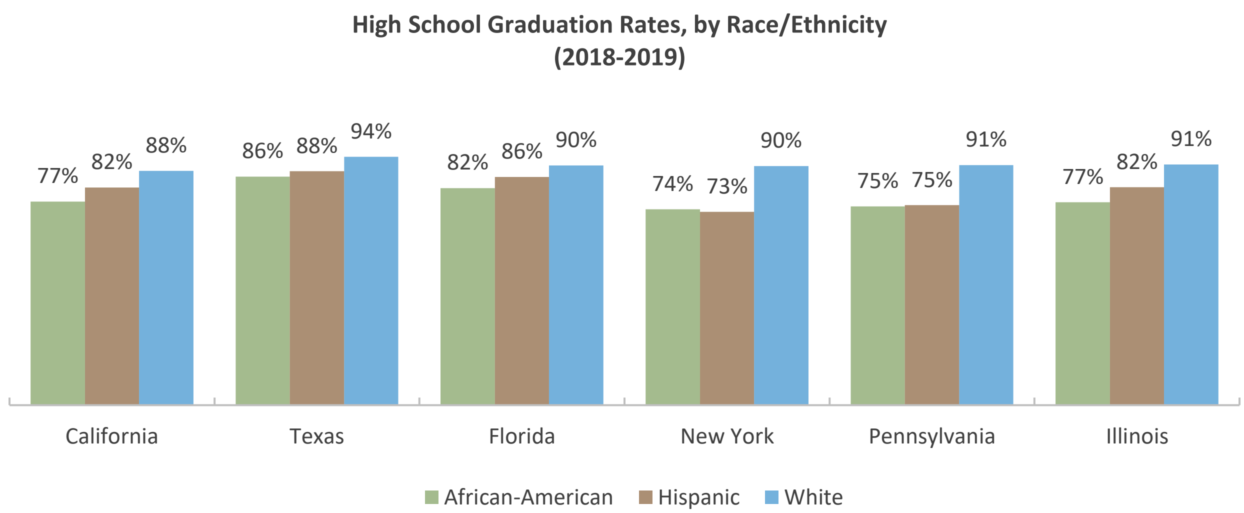
Texas trailed the nation in success rates by 10 percentage points in 2021, with 46 percent of test takers earning at least a 3 on an AP exam compared to 56 percent nationally. The percentage of AP test takers who scored at least a 3 on at least one AP test has declined both nationally and in Texas since 2000, however, the total numbers of AP test takers have also increased significantly during this time period.

Source: PSAT/NMSQT: The College Board, PSAT/NMSQT Data & Reports (https://reports.collegeboard.org/media/2022-04/2021-total-group-sat-suite-of-assessments-annual-report; https://reports.collegeboard.org/media/pdf/2021-texas-sat-suite-of-assessments-annual-report.pdf); AP: The College Board, Data and Research (https://apcentral.collegeboard.org/exam-administration-ordering-scores/scores/ap-data-research).

Texas Tops the Most Populous States in High School Graduation Rates



Texas ranked third in the nation for high school graduation rates in 2018-2019, tying with two other states at 90 percent. Texas ranked highest among the six most populous states and led them in graduation rates within racial and ethnic groups. Nationally, the overall graduation rate in 2018-2019 was 86 percent.



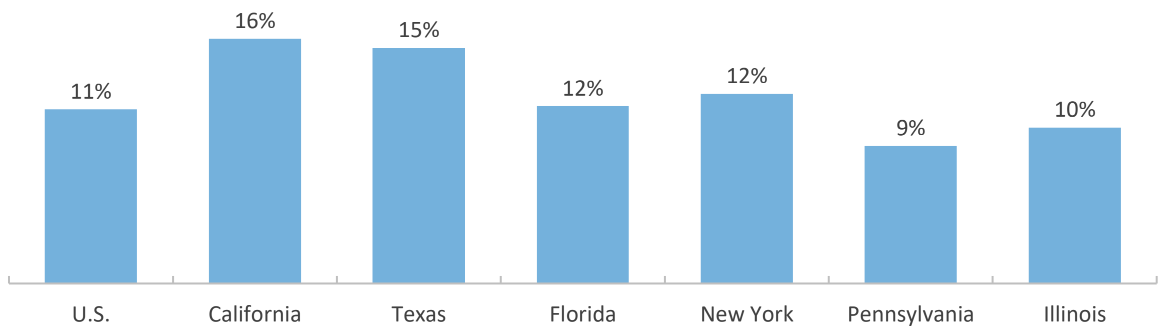
States shown in order by size of population

The recent increases in high school graduation rates have been due in part to dramatic reductions in the number of "dropout factory" high schools in the past 20 years. These schools are defined as having 60 percent or less of their ninth-grade class still enrolled in their senior year. In 2002, more than 2.6 million students were enrolled in these high schools compared to less than 900,000 in 2015.

Sources: Graduation Rates: U.S. Department of Education, ED Data Express, Data about elementary and secondary schools in the U.S. (https://eddataexpress.ed.gov/); All else: America's Promise Alliance, *2017 Building a Grad Nation Report: Progress and Challenge in Raising High School Graduation Rates* (http://gradnation.americaspromise.org/report/2017-building-grad-nation-report#driver-5-low-graduation-rate-high-schools).

Fifteen Percent of Texans Aged 25 or Older Lack a High School Diploma

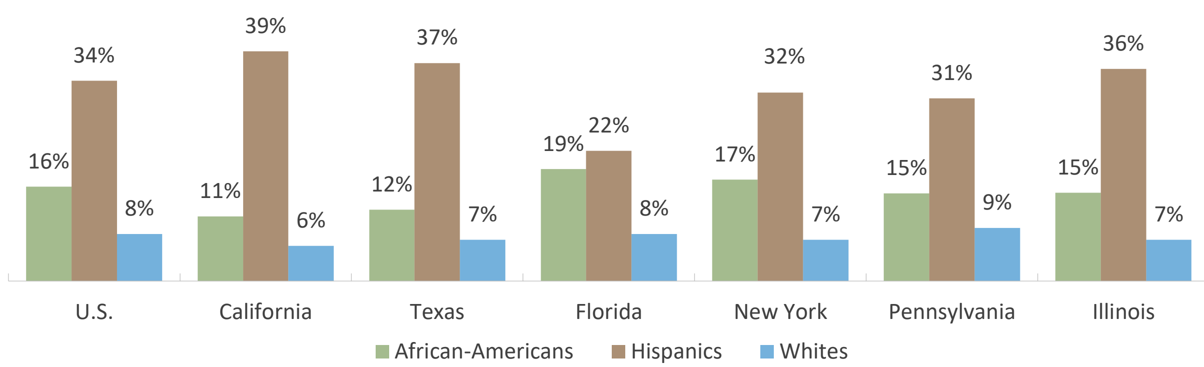
People Age 25 and Older Who Have Not Finished High School (2019)



States shown in order by size of population

In 2019, 15 percent of people aged 25 and older (or 3 million people) in Texas had not finished high school. This is almost the same percentage as California (16 percent) and a higher percentage than any other state in the nation. A legacy of historical educational inequity, more recent cohorts of high school graduates rank Texas near the top compared to other states, but change on this metric is slow to achieve.

People Age 25 and Older Who Have Not Finished High School (2018)



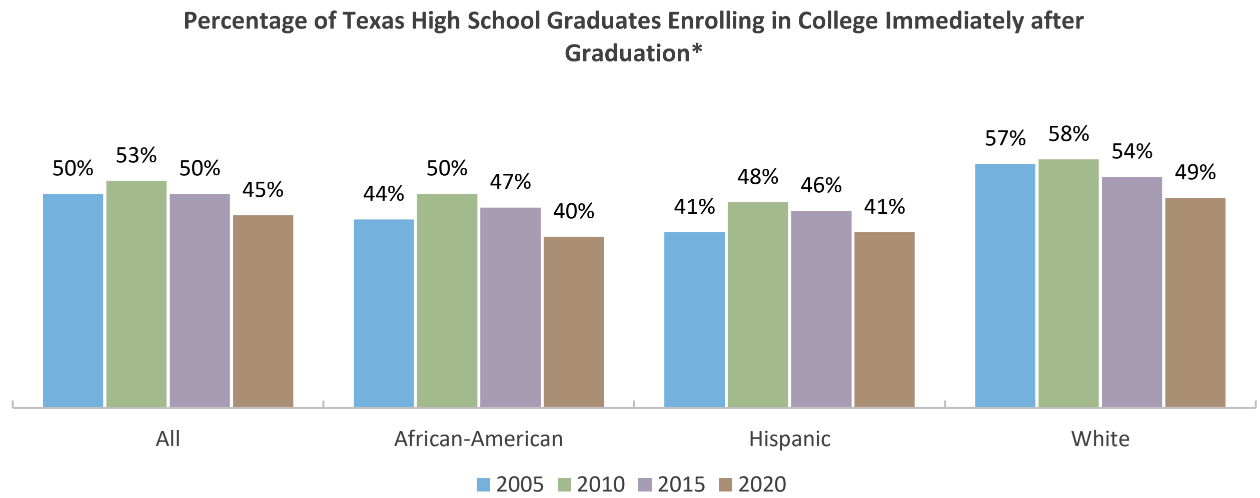
States shown in order by size of population

The high school completion rates of different racial and ethnic groups vary widely. Although these disparities exist in other states, they are particularly important for a "minority-majority" state like Texas. Data from 2016 (the most current source available for rates by racial/ethnic group) show that:

- Hispanics, who comprised over a third of the Texas population in 2016 and who are projected to comprise 43 percent by 2050, are the least likely to have obtained a high school diploma. As of 2016, 37 percent of Hispanics age 25 and older had not finished high school. While still very high, this is a significant improvement since 2006 when 46 percent of Hispanics had not finished high school.
- Approximately 12 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 Demographic Center, Texas Population Projections Program, "Population Projections for the State of Texas and Counties in One File," 2018 (https://demographics.texas.gov/Data/TPEPP/Projections/Index.aspx); High school completion among 25 and older: U.S. Census Bureau, 2019 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://eddataexpress.ed.gov/).

Percent of Texas High School Graduates Enrolling in College Immediately after High School Has Fallen Over Past Ten Years



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. The new 15-year plan, 60x30TX, began in 2015, building on the goals and results of the "Closing the Gaps" plan.

In 2005, 50 percent of all Texas high school graduates entered college in the summer or fall immediately after high school graduation. This increased to 54 percent in 2009, but steadily declined each year from 2010-2017, falling back to 50 percent by 2017 where it has roughly remained until 2020, when the COVID-19 pandemic exacerbated financial insecurities among many in the U.S., leading to lower rates of matriculation among Texas high school graduates (45 percent).

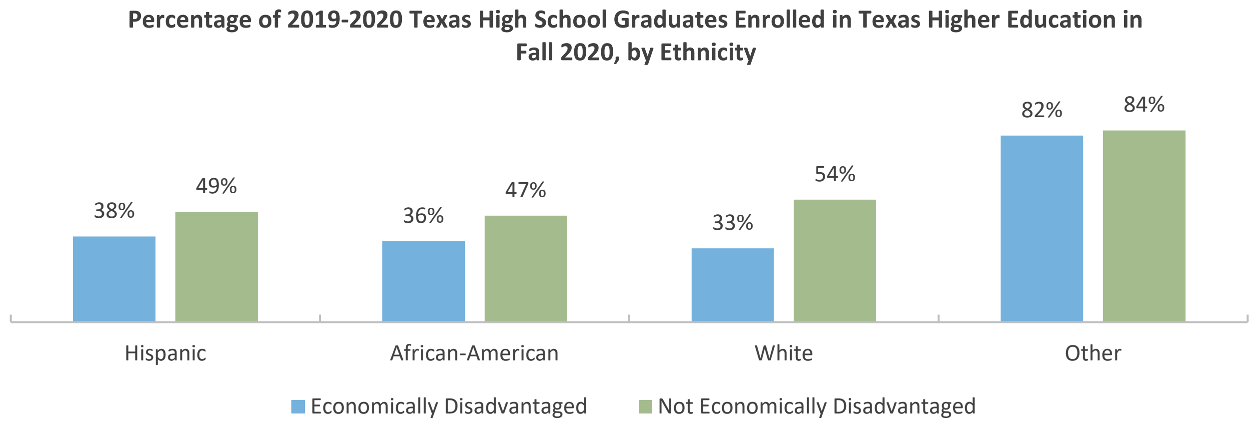
While the percentage of White students who enroll immediately after high school still exceeds the percentage of non-Whites, this gap had been steadily closing before the onset of the COVID-19 pandemic. For instance, in 2019, the difference between White and Hispanic enrollment was only three percentage points. While the straight-to-college pathway traditionally results in higher postsecondary attainment rates compared to delaying college entry after high school graduation, it is hard to determine how the pandemic has impacted the trajectory of these students.

Texas' new strategic plan for higher education, called Building a Talent Strong Texas, widens the higher education goals for the state, calling for an attainment goal for all adult Texans rather than focusing on the attainment of adults between the ages of 25 and 34. Increasing the number of high school graduates that immediately enroll in college will help Texas reach this goal.

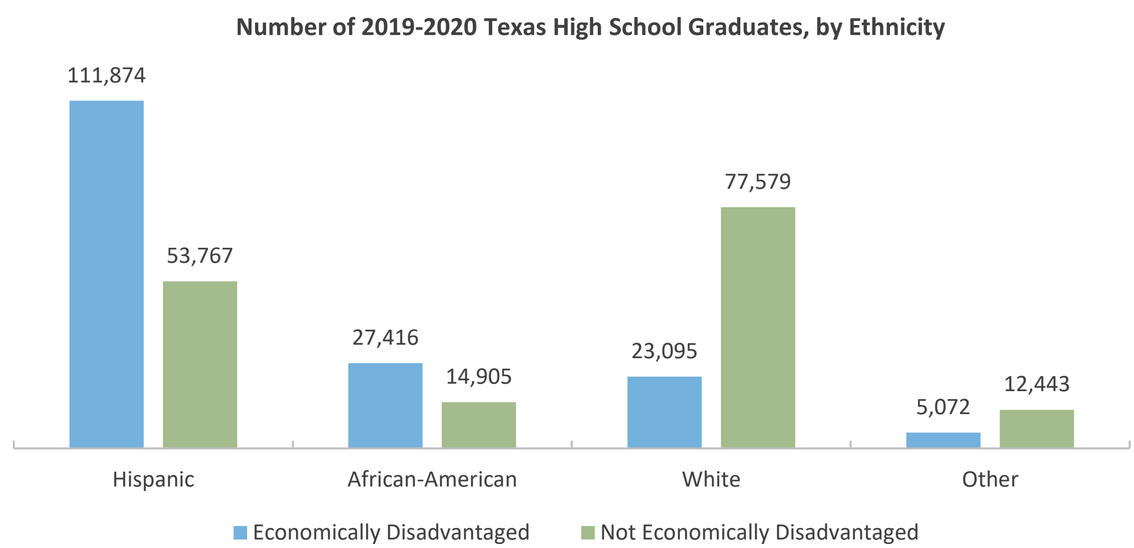
* Includes only Texas high school graduates who enrolled in a Texas public or private, nonprofit college or university. Data on students who enrolled at proprietary institutions or enrolled in out-of-state schools are not available.

Sources: "Closing the Gaps" goals: Texas Higher Education Coordinating Board (THECB) *Closing the Gaps.* October 2000 (http://www.thecb.state.tx.us/reports/PDF/0379.PDF?CFID=11742258&CFTOKEN=38987795); Texas high school students enrolling in college immediately after graduation: Texas Higher Education Coordinating Board (THECB) High School to College Linkages, 2020, "High School Graduates Enrolled in Higher Education the Following Fall: State Summary by Ethnicity and Higher Education Sector, Fall 2000 to Fall 2020" (http://www.txhighereddata.org/index.cfm?objectId=77D62E90-D970-11E8-BB650050560100A9)

Low-Income Texas High School Graduates Are Less Likely to Directly Enroll in College



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



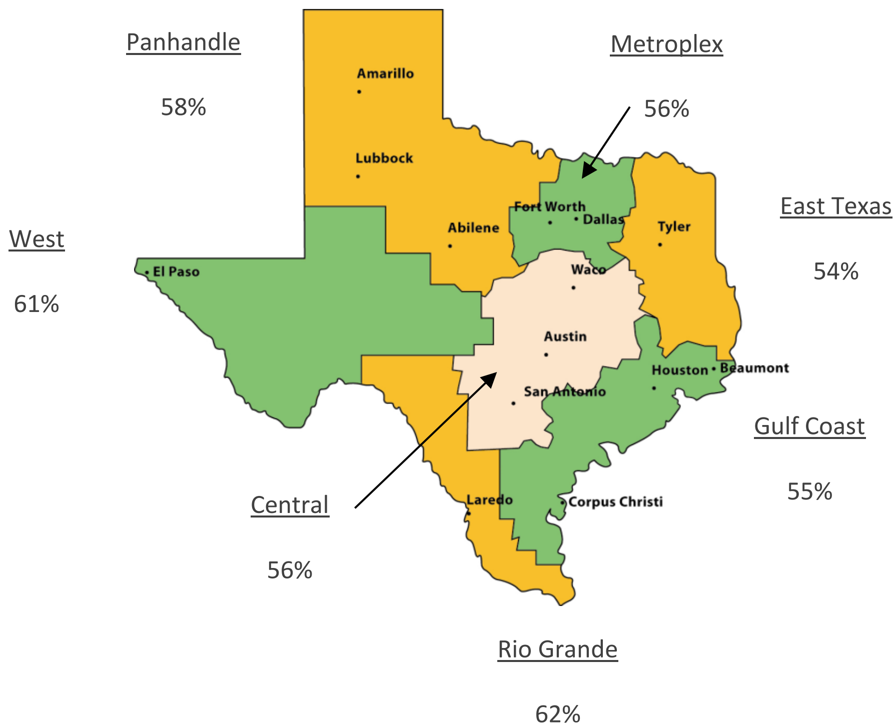
Only 23 percent of White high school graduates in Texas are considered to be economically disadvantaged, while 68 percent of Hispanic and 65 percent of African-American high school graduates are considered economically disadvantaged.

*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.

Sources: The Texas Higher Education Coordinating Board, "2019-2020 High School Graduates Enrolled in Higher Education Fall 2020, by Diploma Type and Ethnicity" (unpublished tables).

Rio Grande Valley Has Highest FAFSA Completion Rates in Texas, East Texas the Lowest

Fall 2021 FAFSA Completion Rate by Region*



The Free Application for Federal Student Aid (FAFSA) is the standardized financial aid application used by nearly all colleges and universities to award most types of financial aid. By completing the FAFSA, students and their families have access to more financial options and can make more informed decisions about attending college.

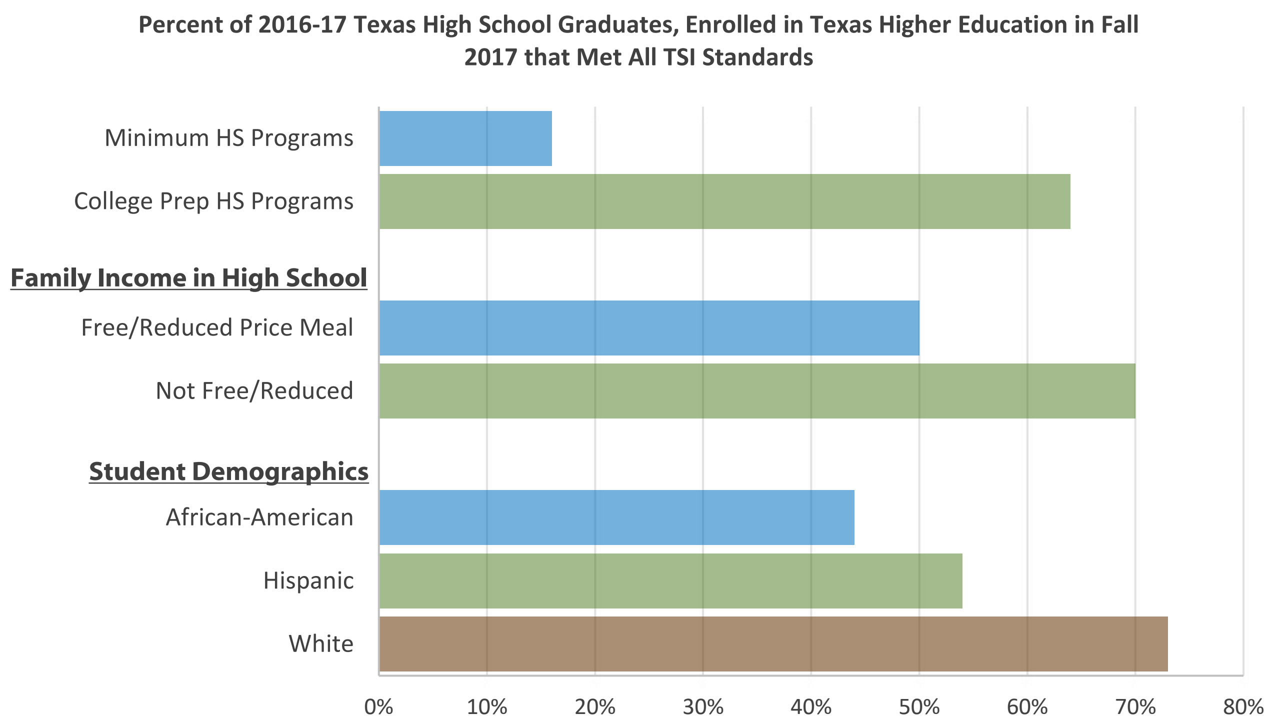
Texas became the second state in the nation to require high school seniors to submit a FAFSA application before graduating, with the requirement going into effect in the 2021-2022 school year. Louisiana started requiring this step in 2018 and has since ranked first among states in FAFSA completion. Illinois, Alabama, California, Colorado, and New Hampshire have also passed laws requiring FAFSA completion for high school graduation, and Maryland requires local education agencies to assist students in FAFSA completion. Other states are considering similar requirements.

The statewide FAFSA completion rate was 57 percent in fall 2021 and varied from 54 percent in the East Texas region to 62 percent in the Rio Grande Valley region. Many Texas communities promote FAFSA completion to encourage college enrollment, which, in turn, strengthens the skills in their local labor markets. The Rio Grande Valley region, a close-knit community, has been successful in their efforts. Many of the high schools have college admissions specialists on campus, and FAFSA completion work is championed by district leadership.

* Fall 2021 represents the class of 2020-2021 high school seniors completing the FAFSA as of September 24, 2021.

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/fafsa-completion-high-school). Number of high school seniors from Texas Education Agency (special request); FAFSA Requirement for High School Seniors: Inside Higher Ed, Making the FAFSA Mandatory (July 10, 2019) (https://www.insidehighered.com/news/2019/07/10/texas-becomes-second-state-require-fafsa-completion); Rio Grande Valley FAFSA efforts: learned via communication with the Austin Chamber of Commerce.

The Importance of College Prep Programs in High School



The Texas Success Initiative (TSI) was created by the state to help colleges and universities assess the college-readiness of incoming students in reading, writing, and math. To meet TSI standards, students either score high enough on an approved TSI assessment or complete an approved TSI exemption (e.g., scoring above a threshold on the SAT, ACT, or TAKS tests, or completing college-level coursework). Students who do not meet TSI standards may be required to complete developmental coursework – courses that often do not count towards a certificate or degree program – before enrolling in college-credit courses.

Of all 2016-17 high school graduates who enrolled in higher education the following fall, 61 percent met TSI standards in math, writing, and reading. However, the percentages of high school students who met all TSI standards varied widely when comparing key characteristics. Students who enrolled in higher education after completing the minimum high school diploma program were far less likely to meet TSI standards than students who completed the College Prep* diploma. Sixty-four percent of students in the College Prep diploma program met all TSI standards, compared to just 16 percent of those completing the minimum diploma program.

Low-income high school graduates were also less academically prepared for college than their peers. Fifty percent of students who received free or reduced-price meals in high schools – a common, though imperfect, metric to identify low-income students – met all TSI standards. In contrast, 70 percent of students who did not receive free or reduced-price meals met all TSI standards. College readiness measures also varied based on student demographics. Seventy-three percent of White students met all TSI standards, compared to 54 percent of Hispanic students and 44 percent of African-American students.

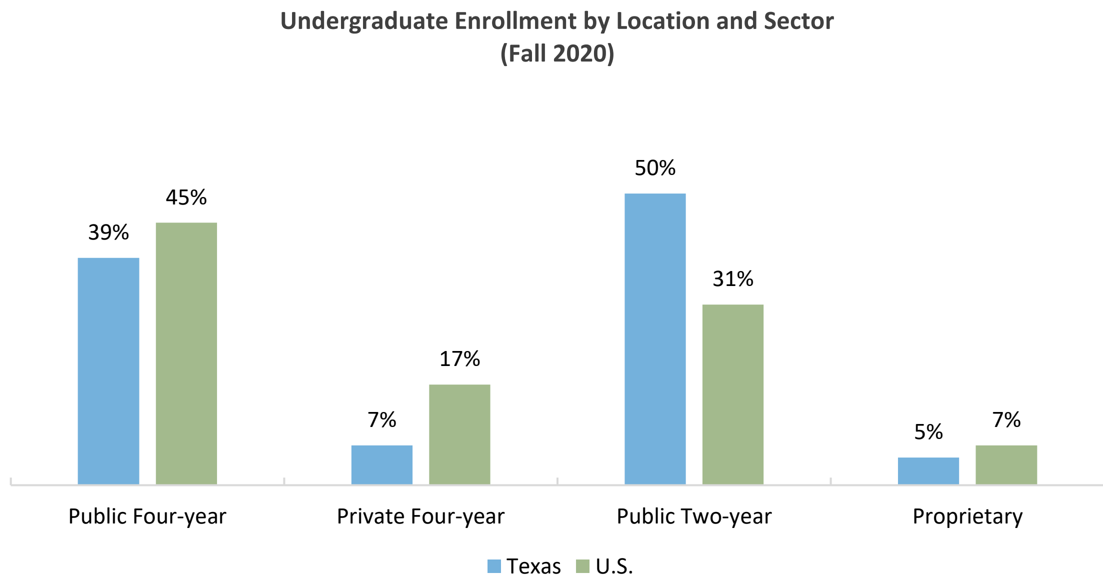
*A high school student who graduates under either the Recommended or Distinguished achievement program is considered to have a College Prep diploma for the purposes of this analysis, and a graduate of the Foundation or Minimum achievement program is considered a Minimum program. The Recommended and Distinguished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

Source: TSI Description and Requirements, College for All Texas, (http://www.collegeforalltexans.com/index.cfm?objectid=63176344-FFFA-217B-60C9A0E86629B3CA). Student Performance on Texas Success Initiative (TSI) Readiness Measures 2016-17 High School Graduates Enrolled in Texas Public Higher Education in Fall 2017, THECB, August 2018, (http://www.txhighereddata.org/index.cfm?objectId=271084AB-F486-92EE-63465FF6417C448E).

SECTION 3

Profile of Texas College Students

Texas Undergraduates More Likely to Attend Two-Year Institutions Than U.S. Undergraduates

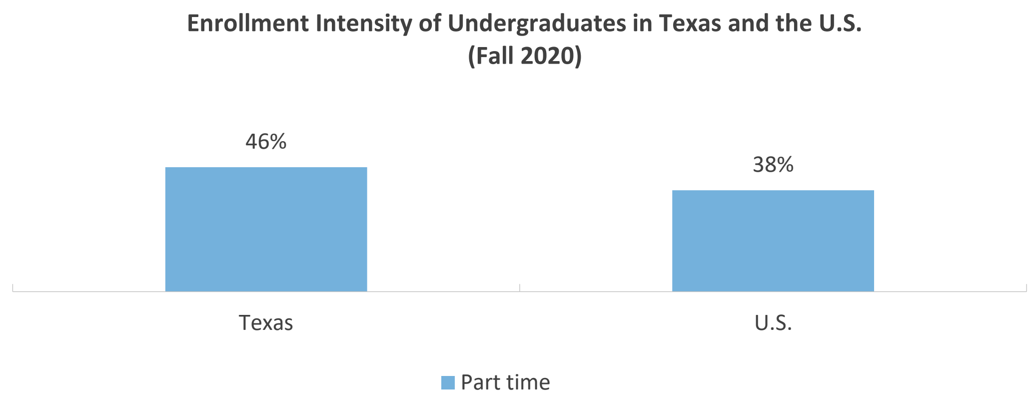


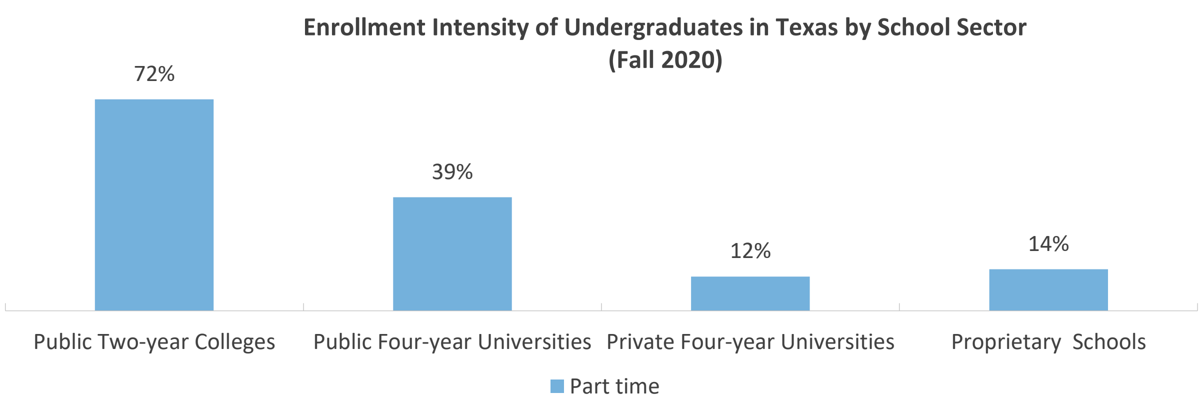
Half of Texas undergraduates attended public two-year institutions in the fall of 2020, far higher than the percentage of undergraduates nationwide in that sector. Texas undergraduates were less likely to be enrolled at private four-year or proprietary institutions compared to undergraduates nationwide, and slightly less likely to be enrolled at public four-year institutions.

While its relative low cost helps create access to postsecondary education opportunities, students who enroll at public two-year institutions are more likely to attend part-time compared to students enrolled in other sectors. Part-time students are at a greater risk of dropping out compared to those attending full-time, which is one of the factors that reduces the odds of Texas undergraduates earning their intended degrees.

Sources: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2020 (http://nces.ed.gov/ipeds/).

Nearly Half of Undergraduates in Texas Enroll in School Part Time



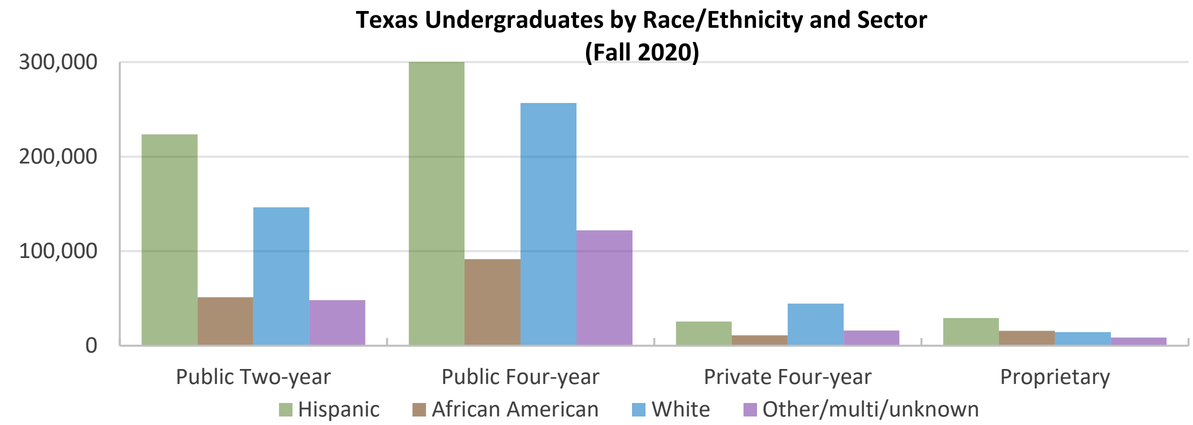


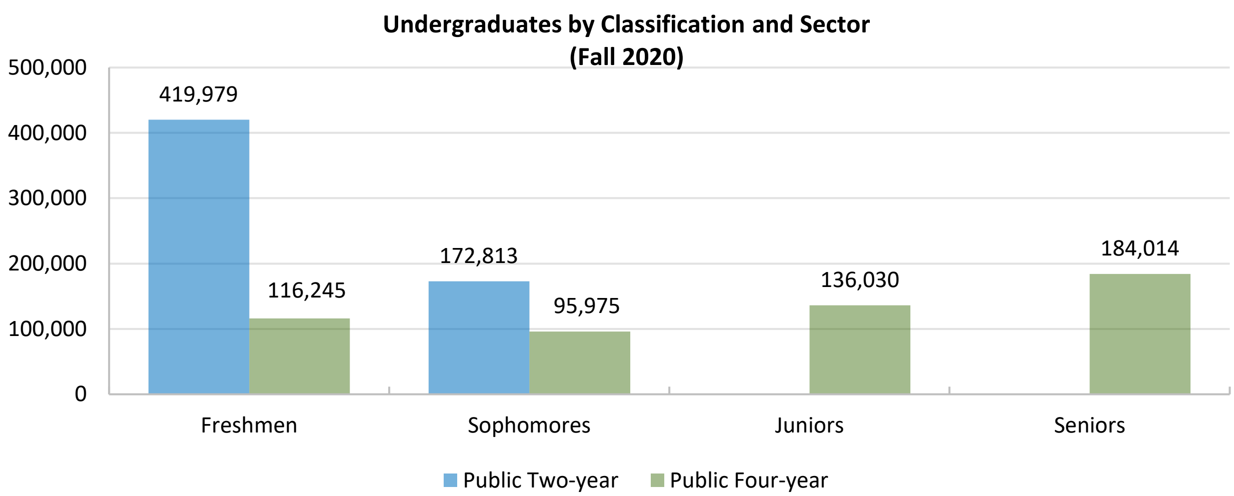
Part-time enrollment is more common in Texas than in the nation as a whole and within Texas much more prevalent at community colleges. As of fall 2020, about 46 percent of undergraduates in Texas were classified as full-time students. At public two-year colleges, the largest sector by enrollment, less than a third of students attend full-time. Reasons for part-time enrollment vary but may pertain to financial or personal concerns, like having limited funds for school expenses, trying to avoid student loans, caregiving responsibilities, or working more hours to provide for oneself and/or family. For several reasons, students who attend part-time are more likely to drop out of school.

Note: Institutions report their enrollment data to the Department of Education. The data are compiled but not de-duplicated at a student level, therefore some students may be concurrently enrolled at multiple institutions which may increase the proportion of students enrolled part-time.

Sources: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2020 (http://nces.ed.gov/ipeds/).

Most First-Year Undergraduates in Texas Attend Two-Year Institutions



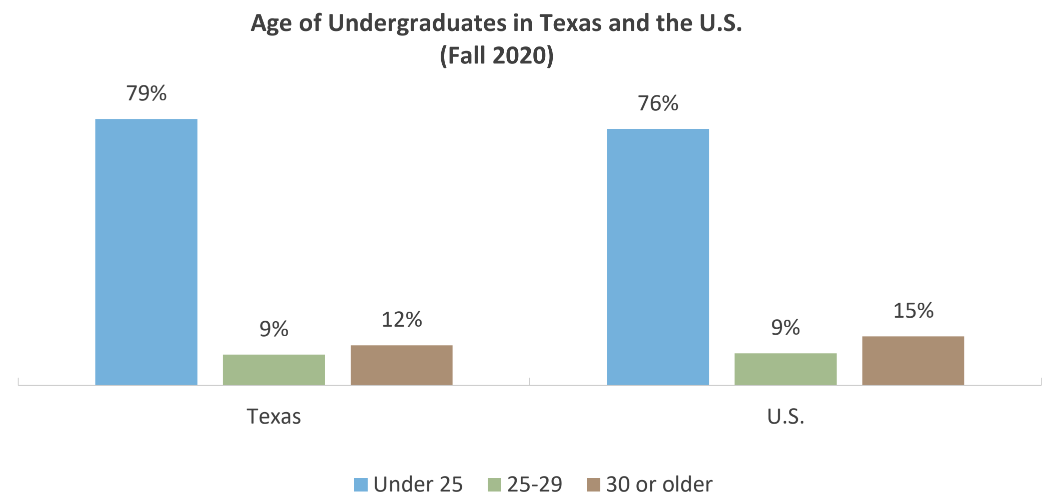


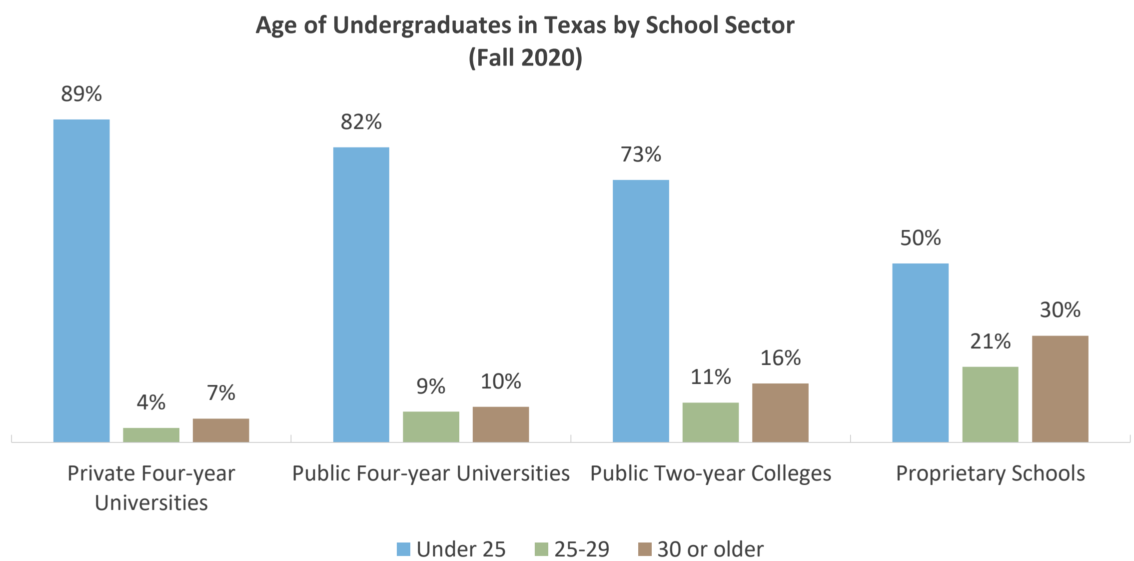
The number of undergraduates at public two-year institutions in Texas is much larger than the number at public four-year institutions and far exceeds the number at private institutions. In fact, 78 percent of all freshmen attending Texas public institutions of higher education in fall 2020 were enrolled at two-year colleges, and only 22 percent were enrolled at four-year universities.

Texas colleges and universities are exceptionally diverse. White students represent about a third or less at three of the sectors and just under half of students in the private four-year sector.

Sources: Enrollment by classification: Texas Higher Education Coordinating Board (THECB), Texas Higher Education Data, Accountability System Interactive Reports, Enrollment Statewide by Institution Type and Classification (http://www.txhigheredaccountability.org/AcctPublic/InteractiveReport/Accountability). Enrollment by race (fall 2020): U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2020 (http://nces.ed.gov/ipeds/).

Older Students Gravitate to Community Colleges and Proprietary Schools



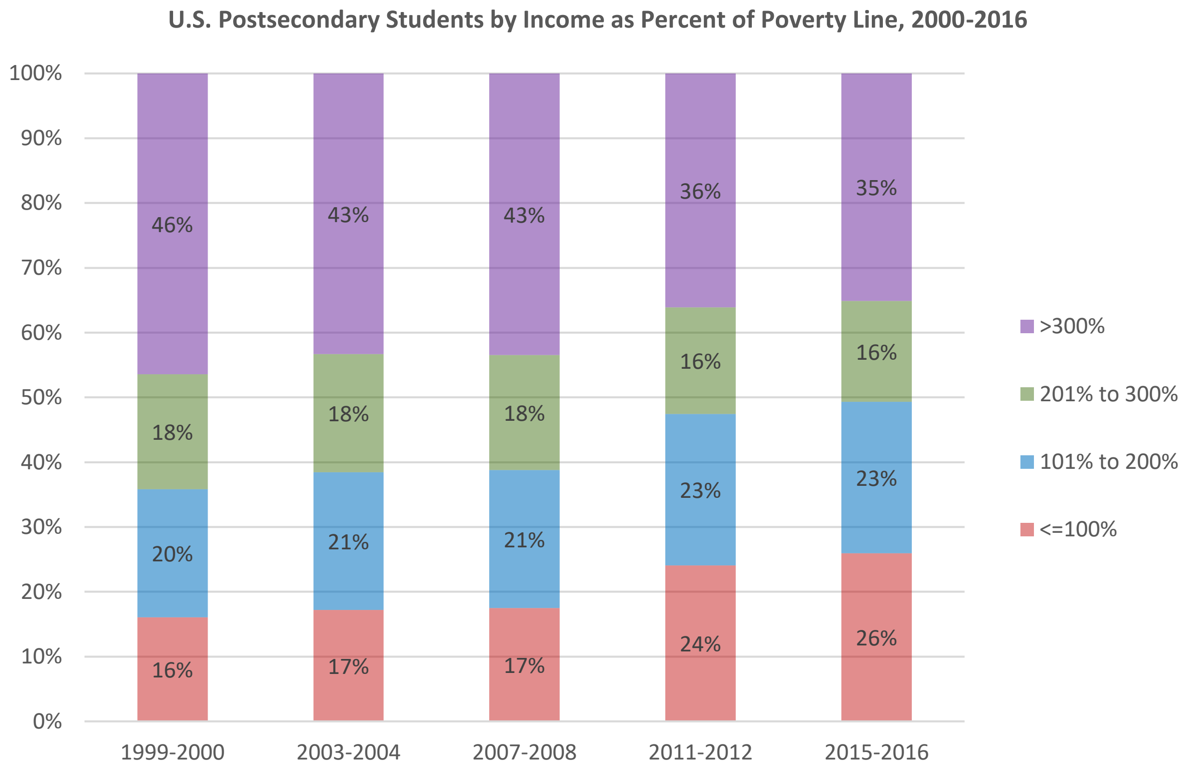


Of all Texas undergraduates in fall 2020, 79 percent were under age 25, nine percent were between age 25 and 29, and 12 percent were age 30 or older. The pattern in the U.S. is similar.

Older students are more common at community colleges and proprietary schools. These students often balance work and school, and have family obligations that compete with academic responsibilities. The educational experience of older students can be much different than their younger peers.

Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2020 (http://nces.ed.gov/ipeds/).

Greater Percentages of Postsecondary Students Live Below the Poverty Line and Require More Financial Aid



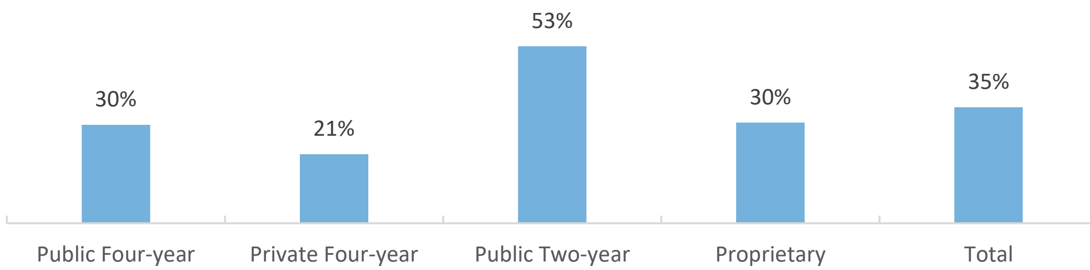
Students at or below the poverty level increased from 16 percent in AY 1999-2000 to 26 percent in AY 2015-2016. These students will have greater need for student financial aid and will display heightened price sensitivity. Concurrently, students in the highest income category – greater than 300 percent of the poverty line – have become rarer, declining from 46 percent in 1999-2000 to 35 percent in 2015-2016. Wealthier students tend to be more able to withstand tuition increases.

Federal U.S. Department of Health and Human Services poverty guidelines were used along with family size and income to determine the percent. For dependent students, the family size and income of their parents are used. For independent students, the family size and income of that student is used. Students in Alaska and Hawaii had their rates calculated using different, state-specific, poverty guidelines.

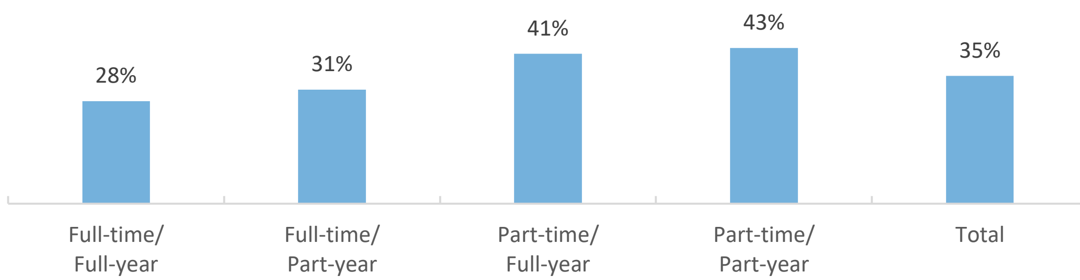
Source: U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS) (http://www.nces.ed.gov/das), survey years 2000, 2004, 2008, 2012, and 2016.

Over Half of Community College Students in the U.S. Had Taken Developmental Education Courses During College

Percentage of U.S. Students Who Ever Took Developmental Education Courses, by Sector (AY 2015-2016)



Percentage of U.S. Students Who Ever Took Developmental Education Courses, by Attendance Intensity (AY 2015-2016)



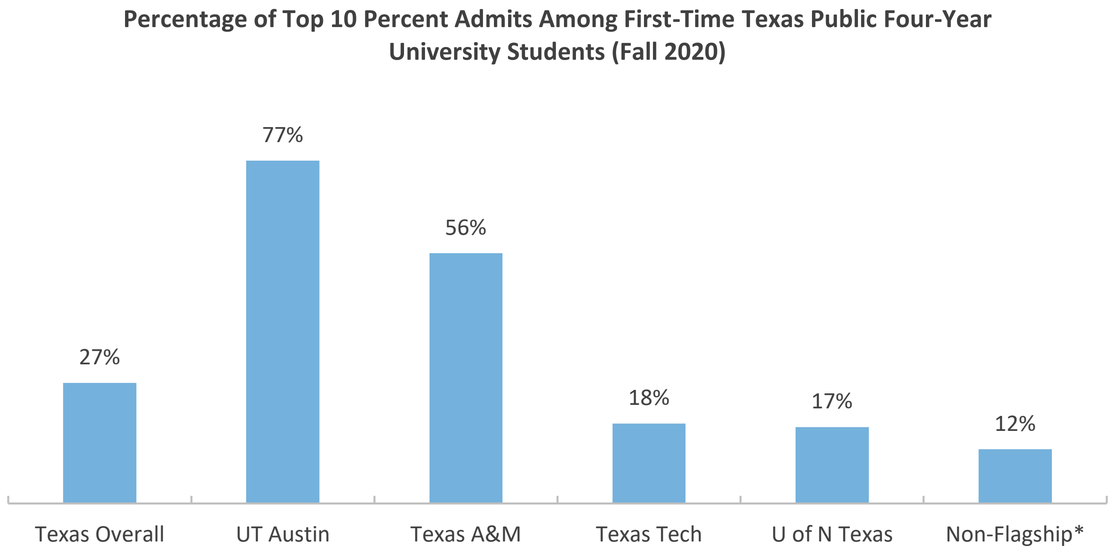
About a third of all undergraduates in the U.S. who graduated in academic year (AY) 2015-2016 had taken at least one developmental education course while in college. This varied by sector, with about 21 percent of private four-year undergraduates and more than half of students at public two-year institutions having been through developmental education.

Students who attended full time throughout their postsecondary education were the least likely to take developmental education courses compared to students with other attendance intensity patterns. Students are more likely to have taken at least one developmental education course in college as their attendance intensity lessens.

Students who take developmental education courses are less likely to graduate than their peers. In the Texas public four-year sector, students who did not take developmental education courses had double the graduate rate of their developmental education peers six years after entering higher education. The same pattern is seen in the public two-year sector with the non-developmental education students graduating at nearly double the rate of developmental education students three years after entering college.

Sources: U.S. Department of Education, National Postsecondary Student Aid Study 2016 (NPSAS) (http://www.nces.ed.gov/das); Graduation Rate: Texas Higher Education Coordinating Board (THECB), Graduation and Persistence of Developmental Education Students (http://www.txhighereddata.org/index.cfm?objectId=200A40A0-E156-11E8-BB650050560100A9).

Seventy-Three Percent of Students at Texas Public Universities Were Not in the Top 10 Percent of Their High School Class



While the majority of first-time students at two of Texas' public flagship universities – the University of Texas at Austin and Texas A&M University – are drawn from the top ten percent of Texas high school classes, the far majority of students at Texas public universities are not. Top ten percent graduates account for about 27 percent of all first-time Texas public university students and only about 12 percent* of first-time students at the non-flagship universities. Non-flagship universities account for about 71 percent of all Texas public university undergraduates.

Two of the 35** non-flagship public universities exceeded the average proportion of the top ten percent students: the University of Houston (30 percent) and the University of Texas at Dallas (29 percent). Four others exceeded 20 percent: Texas A&M International University (21 percent), West Texas A&M University (22 percent), the University of North Texas at Dallas (23 percent), and the University of Texas at Arlington (24 percent).

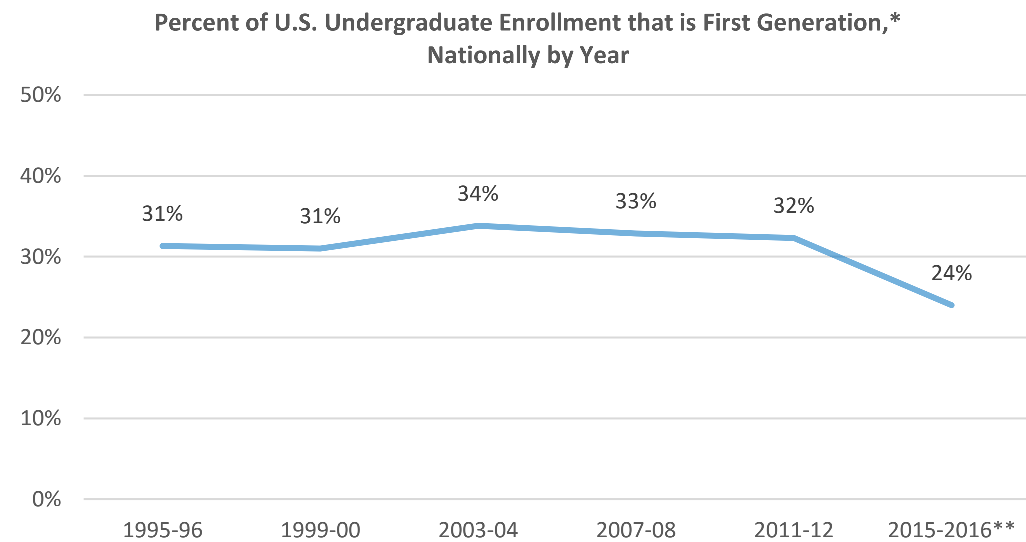
Six public universities had first-time classes whose share of top ten percent enrollment was less than ten percent.

*Estimate based on applying the percentage of top ten percent graduates among first-time students to the number of enrolled freshmen-level students.

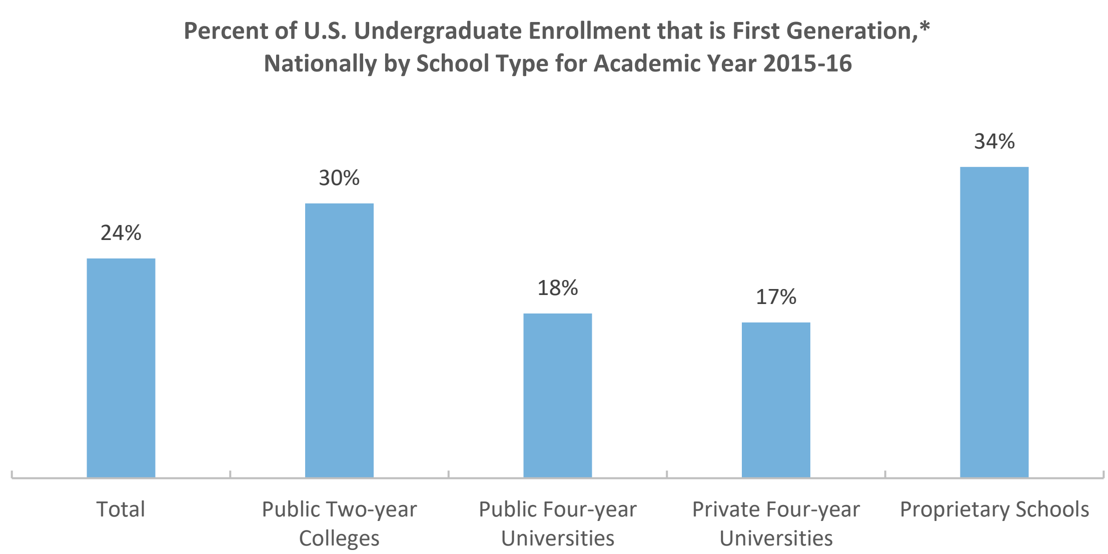
**This is the number of non-flagship public universities for which the THECB had data on the percentage of top 10 percent enrollments. There are 37 Texas public universities in total.

Sources: Texas Higher Education Coordinating Board (THECB) 2020 Higher Education Almanac (https://www.highered.texas.gov/data-reports/texas-public-higher-education-almanac/).

First-Generation Students' Proportion of Undergraduate Enrollments Declining



The proportion of U.S. students who are the first in their families to attend college has declined sharply since 2011-12. While first generation students are highly represented in all school sectors, the largest concentration appear at proprietary schools and public two-year colleges.



* First generation for this purpose is defined as students who have parents with the highest level of education attained by either one as high school or below. This does not include those with parents who attended some college or those who are unsure of their parents' educational levels.

**A change was made for the 2015-2016 survey that expanded the definition of parent to include step-parents or other adult guardians.

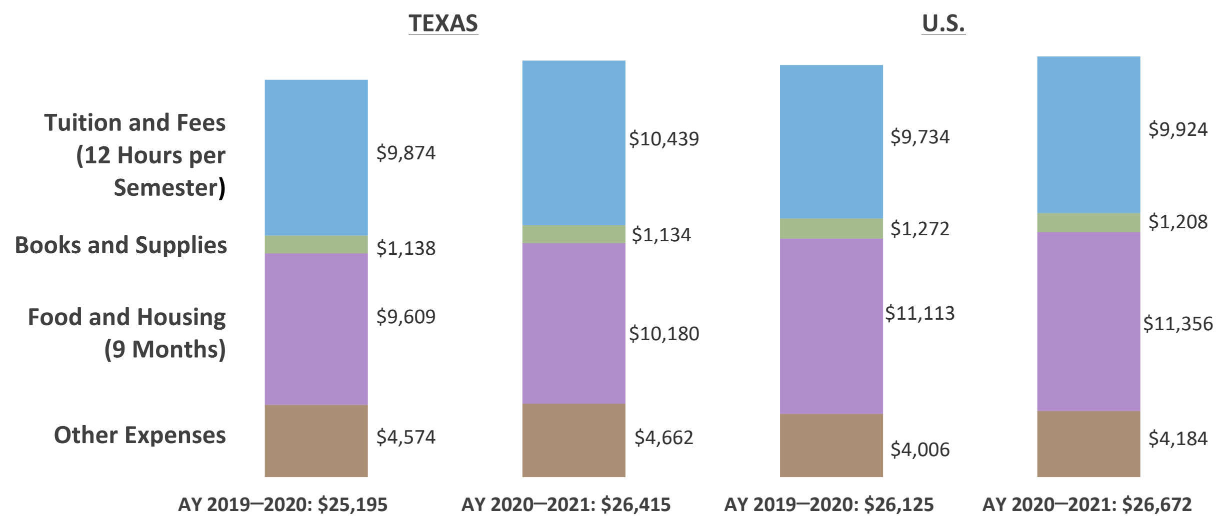
Source: U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS) (http://www.nces.ed.gov/das), survey years 1996, 2000, 2004, 2008, 2012, and 2016.

SECTION 4

Cost of Education and Sources of Aid in Texas

Texas Public Four-Year University Cost of Attendance Nearly Level with National Average

Weighted Average Public Four-year University Cost of Attendance for Two Semesters for Full-time Undergraduates Living Off Campus in Texas and the U.S. (AY 2019–2020 and AY 2020–2021)



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 2020 to 2021, total costs increased by $1,220 in Texas and $547 nationally. Weighted for enrollment,* two semesters of full-time** undergraduate education at a Texas public four-year university averaged $26,415 in Award Year (AY) 2020–2021. This amount was just $257 less than the national average. The primary expenses facing students are not tuition and fees but food and housing, which make up almost 40 percent of the cost of attendance in Texas. These costs are not discretionary: students must eat, and unless they live with parents — and 82 percent of U.S. public university undergraduates do not — they must pay rent. Together, food, housing, and other expenses comprise about 56 percent of the student budget, while tuition and fees make up 40 percent.

Cost of attendance is the starting point for determining financial aid. From the cost of attendance, the student's expected family contribution*** 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 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.

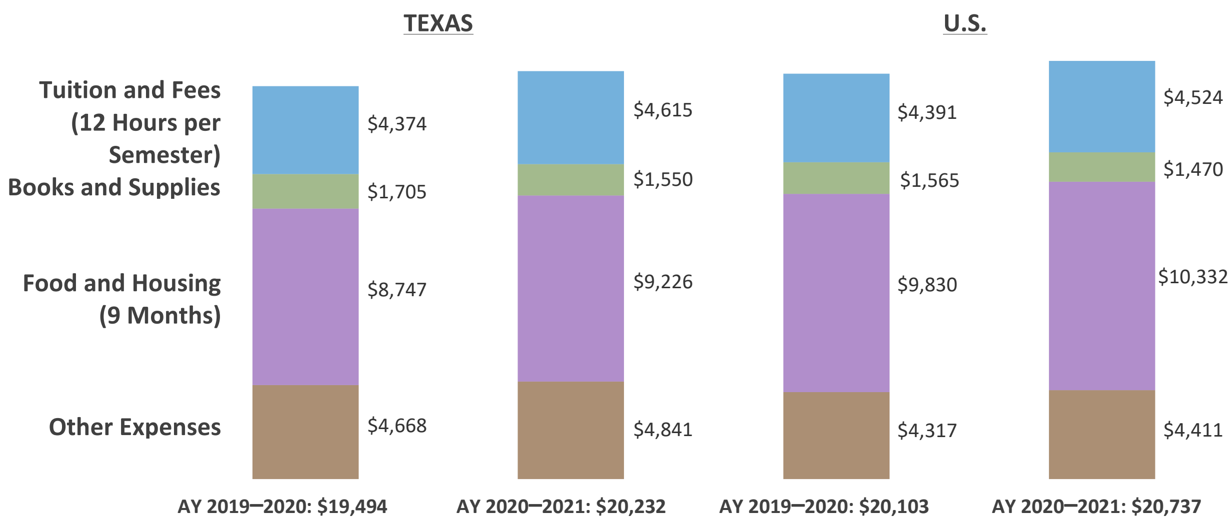
** 12 semester hours or more.

*** Expected Family Contribution is now known as the Student Aid Index. It is an index number that colleges use to determine a family's eligibility for financial aid. The number is determined through a federal formula that considers 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.

Sources: All Costs and Enrollments for 2020–2021: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2020 (http://nces.ed.gov/ipeds/); All Costs and Enrollments for 2019–2020: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2019 (http://nces.ed.gov/ipeds/); All other: U.S. Department of Education, National Postsecondary Student Aid Study – Administrative Collection (NPSAS-AC) 2018 (http://www.nces.ed.gov/das).

Texas Public Two-Year Colleges Cost Catching up to National Average

**Weighted Average Public Two-year College Cost of Attendance for Two Semesters for Full-time Undergraduates Living Off Campus in Texas and the U.S.
(AY 2019–2020 and AY 2020–2021)**



The cost for two full-time* semesters at Texas public two-year colleges, weighted for enrollment,** averaged $20,232 in AY 2020–2021. This is an increase of $738 over the Texas average in AY 2019–2020 and is just $505 less than the AY 2020–2021 national average. Costs in all categories have increased in Texas and nationally since AY 2019–2020, with the exception of the books and supplies category. The largest increases in Texas occurred in the food and housing category.

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*** 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, and the number of credit hours they take. 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.

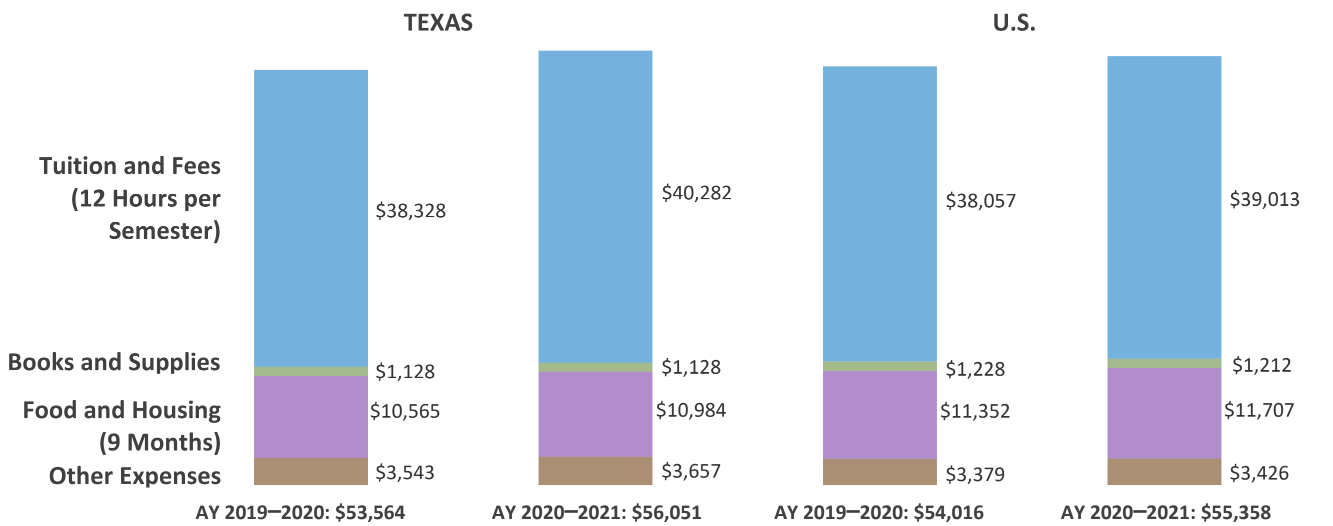
** An institution's costs are multiplied by its enrollment. The sum of costs for all schools is then divided by full-time, undergraduate enrollment, such that schools with higher enrollments are given greater weight. See glossary for clarification.

*** Expected Family Contribution is now known as the Student Aid Index. It is an index number that colleges use to determine a family's eligibility for financial aid. The number is determined through a federal formula that considers 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.

Sources: All Costs and Enrollments for 2020–2021: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2020 (http://nces.ed.gov/ipeds/); All Costs and Enrollments for 2019–2020: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2019 (http://nces.ed.gov/ipeds/); All other: U.S. Department of Education, National Postsecondary Student Aid Study – Administrative Collection (NPSAS-AC) 2018 (http://www.nces.ed.gov/das).

Costs at Texas Private Four-Year Universities Now Higher Than National Average

**Weighted Average Private Four-year University Cost of Attendance for Two Semesters for Full-time Undergraduates Living Off Campus in Texas and the U.S.
(AY 2019–2020 and AY 2020–2021)**



The increase from Award Year (AY) 2019–2020 to AY 2020–2021 of the average cost of attendance at private four-year universities in Texas, at $2,487, was due mostly to an average $1,954 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 $56,051 in AY 2020–2021. This is higher than the national cost of attendance for the same year, at $55,358, for the first time. The difference is mainly because tuition and fees costs in Texas are $1,269 higher than the national average.

As with public institutions, students who enroll in private four-year universities may receive an aid package, which primarily consists of grants and loans. A student's need is calculated by subtracting the expected family contribution*** 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.

*** Expected Family Contribution is now known as the Student Aid Index. It is an index number that colleges use to determine a family's eligibility for financial aid. The number is determined through a federal formula that considers 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.

Sources: All Costs and Enrollments for 2020–2021: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2020 (http://nces.ed.gov/ipeds/); All Costs and Enrollments for 2019–2020: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2019 (http://nces.ed.gov/ipeds/); All other: U.S. Department of Education, National Postsecondary Student Aid Study – Administrative Collection (NPSAS-AC) 2018 (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 2019–2020 to AY 2020–2021, Costs Weighted for Enrollment*)

Texas	Public Four-Year		Public Two-Year		Private Four-Year	
	Dollar Change	Percentage Change	Dollar Change	Percentage Change	Dollar Change	Percentage Change
Tuition and Fees (12 Hours/Semester)	$565	6%	$241	6%	$1,954	5%
Books and Supplies	-$4	0%	-$155	-9%	$0	0%
Food and Housing	$571	6%	$479	5%	$419	4%
Other	$88	2%	$173	4%	$114	3%
Total Change	**$1,220**	**5%**	**$738**	**4%**	**$2,487**	**5%**

U.S.	Public Four-Year		Public Two-Year		Private Four-Year	
	Dollar Change	Percentage Change	Dollar Change	Percentage Change	Dollar Change	Percentage Change
Tuition and Fees (12 Hours/Semester)	$190	2%	$133	3%	$956	3%
Books and Supplies	-$64	-5%	-$95	-6%	-$16	-1%
Food and Housing	$243	2%	$502	5%	$355	3%
Other	$178	4%	$94	2%	$47	1%
Total Change	**$547**	**2%**	**$634**	**3%**	**$1,342**	**2%**

Weighted for enrollment,* the total cost of attendance in all sectors in Texas by four or five percent, and nationally between two and three percent, between Award Year (AY) 2019–2020 and AY 2020–2021. By percentage, Texas had larger increases in all sectors compared to the nation.

Research shows that rents increased by larger percentages in zip codes that have at least one four-year university compared to zip codes that do not have any four-year universities. Universities draw students and faculty, but also draw businesses. The demand for housing around universities drives up the prices beyond what is seen in areas without that demand.

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 2017–2018, 57 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.

* 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.

Sources: All Costs and Enrollments for 2020–2021: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2020 (http://nces.ed.gov/ipeds/); All Costs and Enrollments for 2019–2020: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2019 (http://nces.ed.gov/ipeds/); Housing Demand: The Hechinger Report, "The Hidden Risk in Off-Campus Housing Costs," August 23, 2019 (https://hechingerreport.org/the-hidden-risk-in-off-campus-housing-costs/); All other: U.S. Department of Education, National Postsecondary Student Aid Study – Administrative Collection (NPSAS-AC) 2018 (http://www.nces.ed.gov/das).

Living Situation Key to Staying Within Average Room and Board Budgets at Texas Public Universities

Food and housing make up almost 40 percent of the cost of attending a public university in Texas. These costs are variable, but they are not discretionary. Students have some control over their lifestyle choice, but they must eat and pay rent. As the food and housing cost estimate is the largest single component of the official cost of attendance at both community colleges and public universities, it has critical implications for the types and amounts of financial aid that students are offered and the amounts institutions expect that students/families can afford to pay.

Using their knowledge of housing located in areas popular with students, Texas universities attempt to estimate the cost of food and housing that is modest but adequate. The room and board estimate at Texas public universities for the 2020-2021 Award Year (AY) ranged from $7,265 to $13,938, with the average estimate at $9,787,* or $1,087 per month. The U.S. Department of Agriculture (USDA) estimates the minimum dietary needs of an adult can be met on $289 per month provided that all food is prepared at home, an unlikely scenario for young adults. Subtracting $289 from $1,087 leaves $798 for rent and utilities. The addition of one small pepperoni pizza per week, however, would increase the monthly food budget by $43,** leaving $755 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 $7,900, or $878 per month. Sharing housing lowers the cost: a shared one-bedroom costs $439 per person per month and a shared two-bedroom costs $536 per person per month.

These data suggest that a thrifty student who is a savvy grocery buyer, cooks nearly all his meals, and shares housing would stay within the institutional room and board estimate of $1,087 per month. However, a student who shares all these traits and lives alone will probably not be able to stay within the estimate at about half of Texas universities. At 97 percent of Texas universities, the room and board estimate is too low for a single parent with a dependent.

Average USDA/HUD Food and Housing Costs for Two Semesters (9 Months) for Counties and MSAs* Where Texas Public Universities Are Located**
(AY 2020–2021)

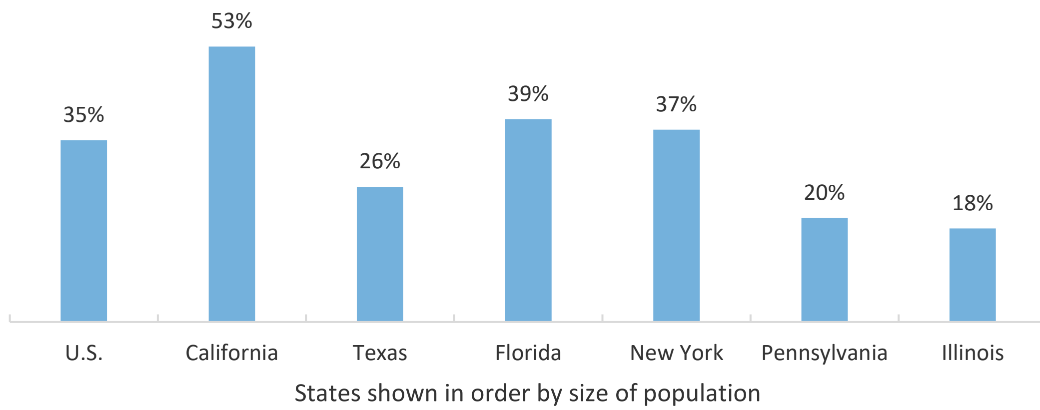
	Student sharing 1-bedroom unit	Student sharing 2-bedroom unit	Student living alone in 1-bedroom unit	Single parent student with 1 child in 2-bedroom unit
Food	$2,601	$2,601	$2,601	$3,914
Housing	$3,950	$4,827	$7,900	$9,654
Total Food and Housing	**$6,551**	**$7,428**	**$10,501**	**$13,568**
Average Room and Board Budget	**$9,787**	**$9,787**	**$9,787**	**$9,787**

*$10,180 when weighted for enrollment; see glossary for clarification. ** Based on the cost at Domino's Pizza near the University of Texas at Austin, April 2022. *** A Metropolitan Statistical Area is a geographic area of 50,000 or more inhabitants.

Sources: All Costs and Enrollments for 2020–2021: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2020 (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 2021." (https://www.fns.usda.gov/cnpp/usda-food-plans-cost-food-reports-monthly-report); U.S. Department of Housing and Urban Development (HUD). "Fair Market Rents 2021 for Existing Housing, October 2021," (http://www.huduser.org/datasets/fmr.html)

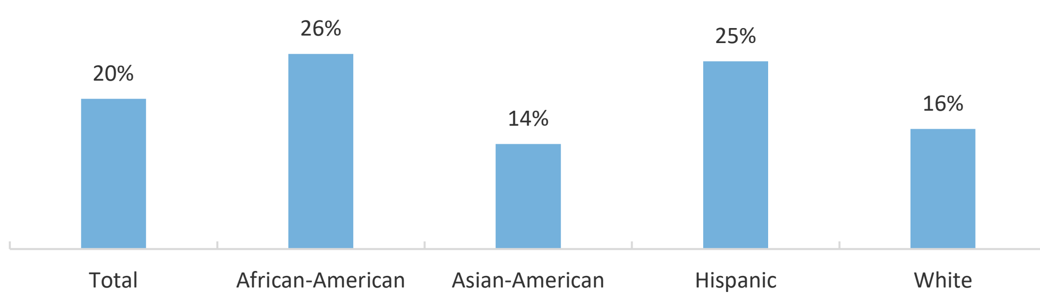
Average Tuition at Texas Public Four-Year Institutions Has Increased by 26 Percent Since 2008, Lower Than for the U.S.

Percent Change in Average Tuition at Public Four-Year Colleges, Inflation Adjusted, 2008-2019



Overall, average tuition at public four-year institutions nationwide increased 35 percent between 2008 and 2019. Texas had one of the smaller increases in tuition over that time period among the largest six states with a 26 percent increase.

Average Net Price at a Texas Public Four-Year University as a Percentage of Texas Median Household Income, by Race (2018)

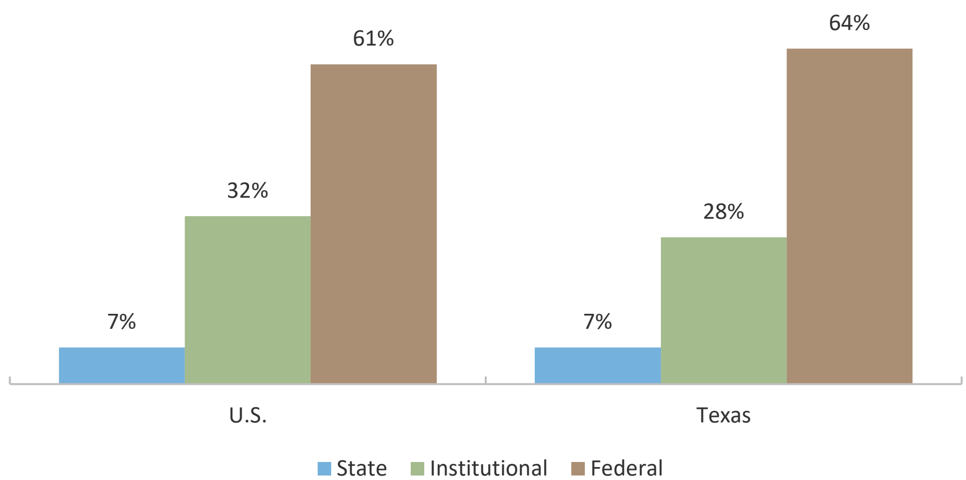


Average net price at Texas public four-year universities makes up about 20 percent of the median Texas household income, but this varies by race. Tuition and fees made up about 14 percent of the median income of Asian-American students and 16 percent of White students, but 25 percent and 26 percent of Hispanic students and African-American students, respectively.

Source: Center on Budget and Policy Priorities, States Can Choose Better Path for Higher Education Funding in COVID-19 Recession, February 2021 (States Can Choose Better Path for Higher Education Funding in COVID-19 Recession | Center on Budget and Policy Priorities (cbpp.org).

Nearly Two-Thirds of Student Aid Comes from the Federal Government

Direct Student Aid by Source (AY 2019-2020*)



College students receive financial aid mainly from three sources: the federal government, the state government, and the colleges and universities they attend ("institutional" aid). Of these three, the federal government's contribution is by far the largest for most students. Nationally and in Texas, the federal government provided more than 60 percent of the generally available direct financial aid* for undergraduate and graduate students in Award Year (AY) 2019–2020.

The state government and institutions in Texas and on average across the U.S. provided a similar percentage of the available aid to students in AY 2019–2020.**

Students may also receive tuition exemptions or waivers from their institutions. This type of aid is not included in the data in the chart due to data unavailability at the national level.

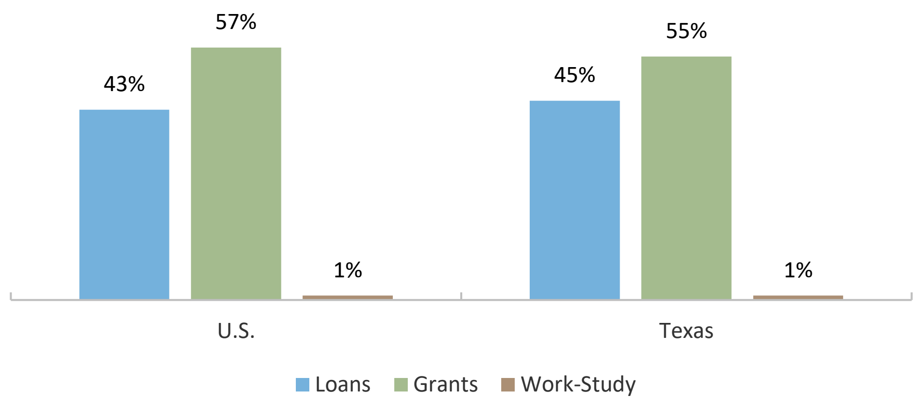
* Direct student aid includes aid that is generally available, goes directly to students, and derives from state and federal appropriations, plus institutional grants.

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

Sources: Aid in Texas: Texas Higher Education Coordinating Board, Report on Student Financial Aid in Texas Higher Education, Fiscal Year 2020 (http://reportcenter.thecb.state.tx.us/reports/data/report-on-student-financial-aid-in-texas-higher-education-for-fy-2020/); Aid in the U.S.: The College Board. *Trends in Student Aid 2021* (http://trends.collegeboard.org/).

Nearly Half of Aid is in the Form of Loans

Direct* Student Aid by Type
(AY 2019-2020)



In Texas and nationally, less than half of student aid has been in the form of loans and over half of the aid came from grants, including state and institutional grants.* Most student loans in Texas and nationwide are Federal Direct Loans.

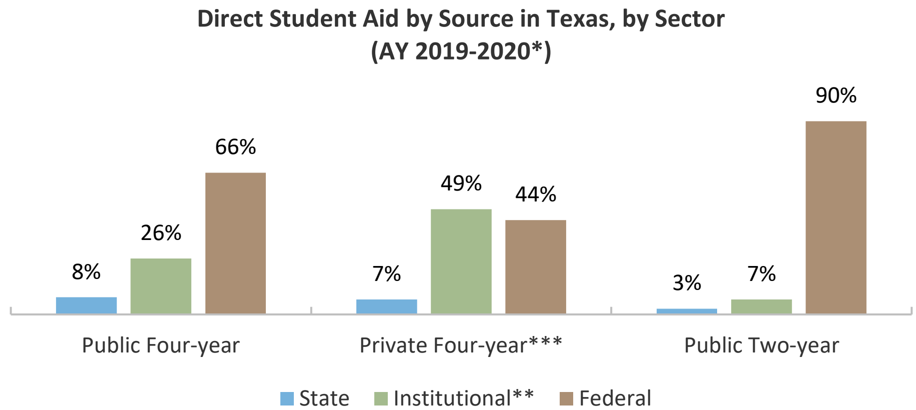
One percent of student aid in Texas and nationally comes from work-study dollars. The Federal Work-Study Program provides part-time jobs to students with financial need. Whether on campus or off campus, the program encourages employment related to the student's course of study whenever possible.

Students may also receive tuition exemptions or waivers from their institutions. This type of aid is not included in the data in the chart due to data unavailability at the national level.

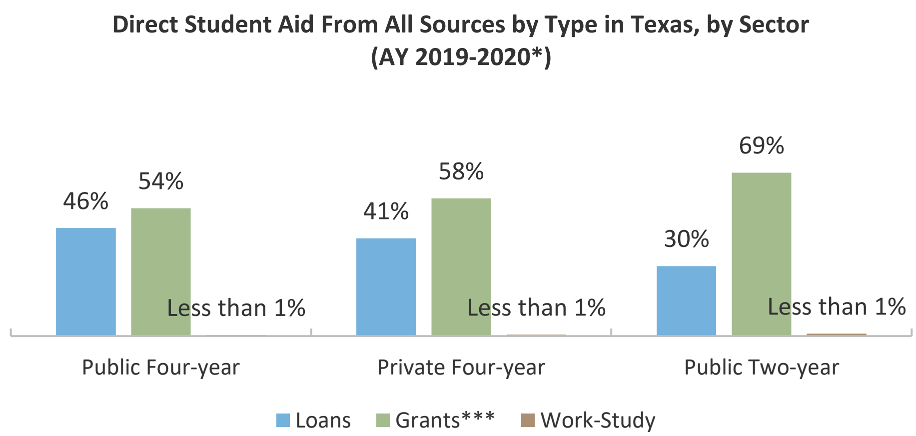
* Direct student aid includes aid that is generally available, goes directly to students, and derives from state and federal appropriations (including both FFELP and FDLP loans), plus institutional grants.

Sources: Aid in Texas: Texas Higher Education Coordinating Board, Report on Student Financial Aid in Texas Higher Education, Fiscal Year 2020 (http://reportcenter.thecb.state.tx.us/reports/data/report-on-student-financial-aid-in-texas-higher-education-for-fy-2020/); Aid in the U.S.: The College Board. *Trends in Student Aid 2021* (http://trends.collegeboard.org/).

Texas Public Institution Students Are Most Heavily Dependent on Federal Student Aid



Students enrolled in the Texas public two-year sector are the most dependent on the federal government for their financial aid, followed by students in the public four-year sector. Students in the public four-year sector receive more state support, proportionally, than those in the two-year sector.



Direct student aid in all sectors in Texas is more likely to be grants than loans. Grant aid made up a little more than half of the aid dollars in the public and private, not-for-profit four-year sectors, and 69 percent of the aid in the public two-year sector. In all sectors, work-study aid encompasses less than one percent of total student aid.

* 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. Comparable aid data for the private for-profit (proprietary) sector is unavailable. Work-study aid is not included in this chart. It accounted for less than one percent of direct student aid in all sectors. Totals may not add to 100 percent due to rounding.

** Tuition exemptions and waivers are included in institutional aid for the public sectors.

*** Data on tuition exemptions and waivers is included in the Grants category.

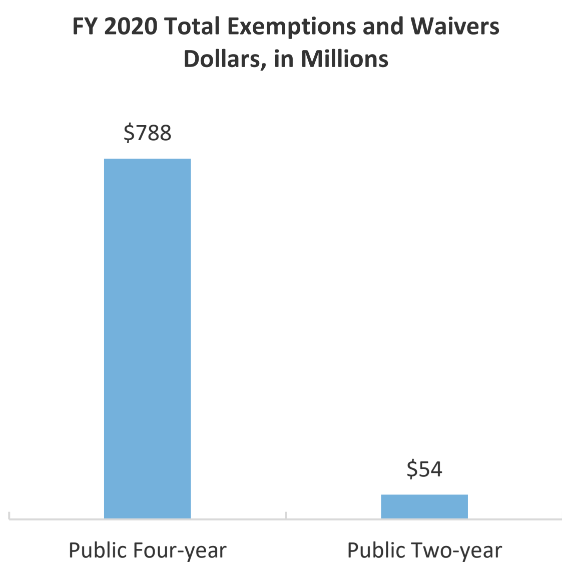
Sources: Texas Higher Education Coordinating Board, Report on Student Financial Aid in Texas Higher Education, Fiscal Year 2020 (http://reportcenter.thecb.state.tx.us/reports/data/report-on-student-financial-aid-in-texas-higher-education-for-fy-2020/).

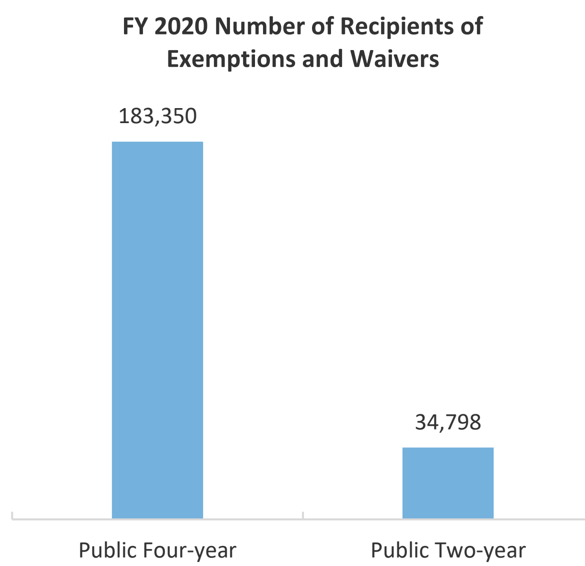
Students at Public Institutions in Texas Benefited from $842 Million in Exemptions and Waivers

There are 30 mandatory tuition exemption and waiver programs in Texas that public institutions are required to offer to eligible students. Another 24 optional exemption and waiver programs are available to institutions. Students who are eligible for an exemption or waiver will see their billing adjusted accordingly, and the school will absorb the waived or exempted portion of expenses as foregone revenue. The programs may have financial need and/or merit components for initial eligibility as well as for continuing awards.

The largest exemption program in fiscal year (FY) 2020 was the Hazlewood Exemption, a mandatory exemption program for veterans and their families. The largest waiver programs were for merit-based scholarships for students and mandatory waivers for teaching or research assistants.

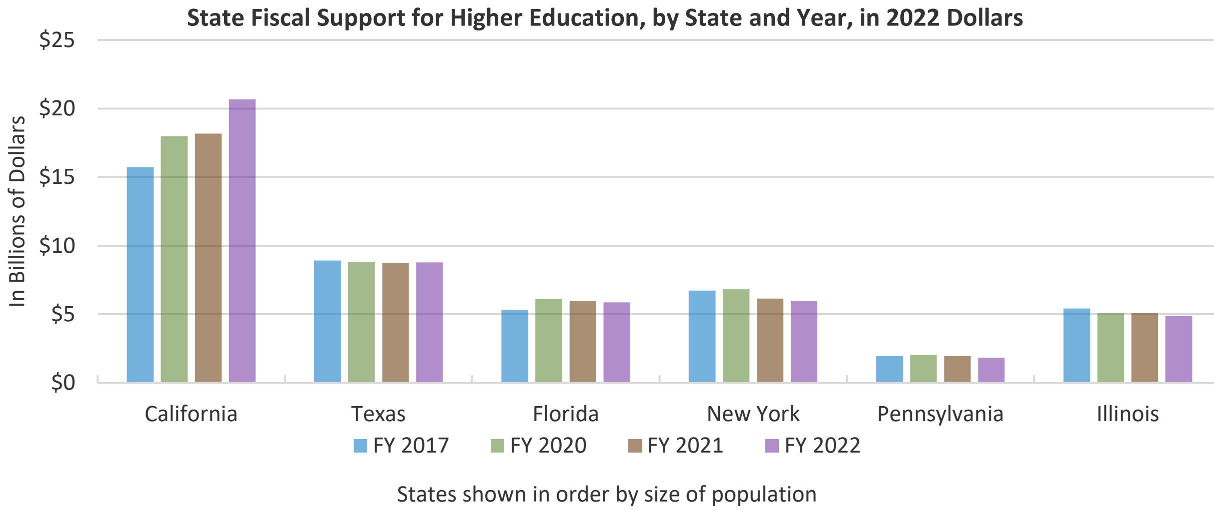
Although 16 percent of the total number of students receiving exemptions and waivers were from community colleges, only six percent of the dollars exempted or waived went to community college students. This is due to higher tuition costs at universities.



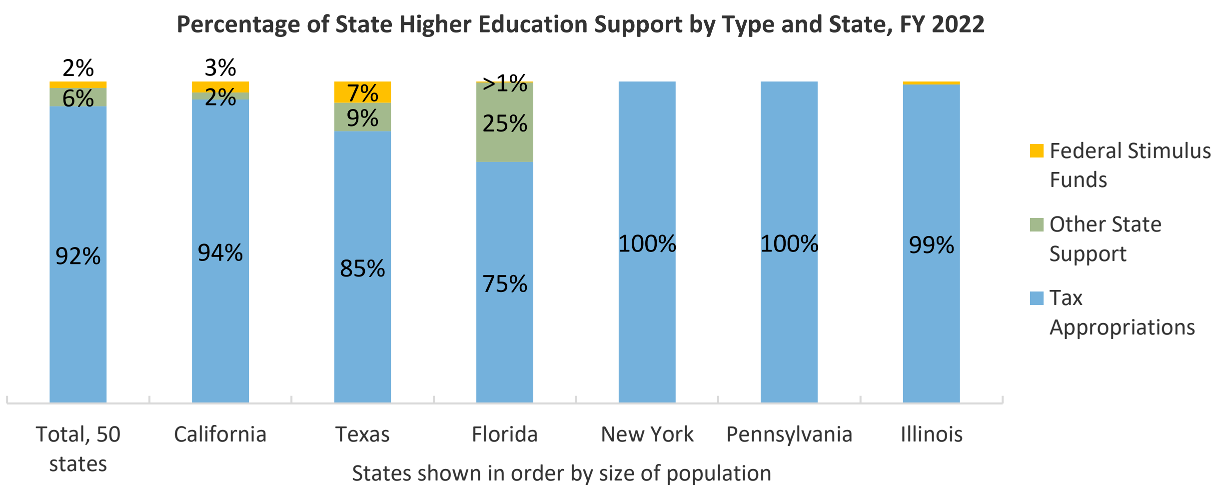


Source: Texas Higher Education Coordinating Board, Report on Student Financial Aid in Texas Higher Education, Fiscal Year 2020 (http://reportcenter.thecb.state.tx.us/reports/data/report-on-student-financial-aid-in-texas-higher-education-for-fy-2020/).

States Have Increased Support for Higher Education Over the Past Five Years



Nationally, state support for higher education has increased by about three percent over the past five years, from $102.0 billion in fiscal year (FY) 2017 (inflation adjusted to 2022 dollars) to $105.4 billion in FY 2022. California and Florida saw even larger increases over that same time period, while the other large states saw decreases. Texas had a decrease of two percent between FY 2017 and FY 2022.

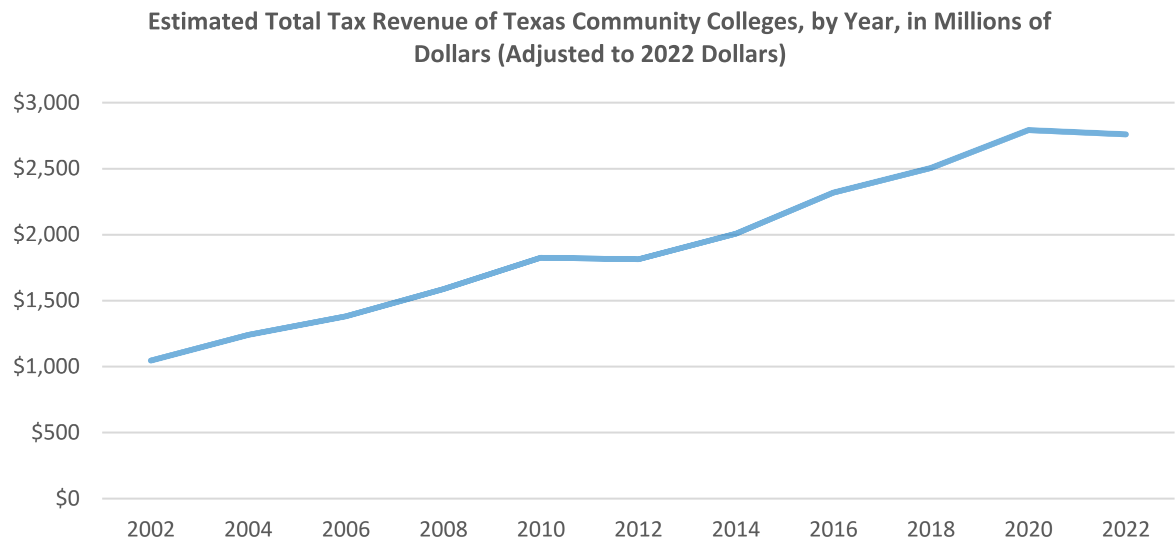


Many states allocate additional state support to higher education beyond tax appropriations. Sources for the additional state support are numerous and could include things like lottery monies, oil/mineral extraction fees on certain land, and interest on state-funded endowments. Three of the six most populous states did not provide additional state support outside of tax appropriations. About nine percent of state support for higher education in Texas comes from sources other than tax appropriations, larger than the national average of six percent. Federal stimulus funds* also made up some of the higher education support in FY 2022. In Texas, seven percent of higher education support came from federal stimulus funds.

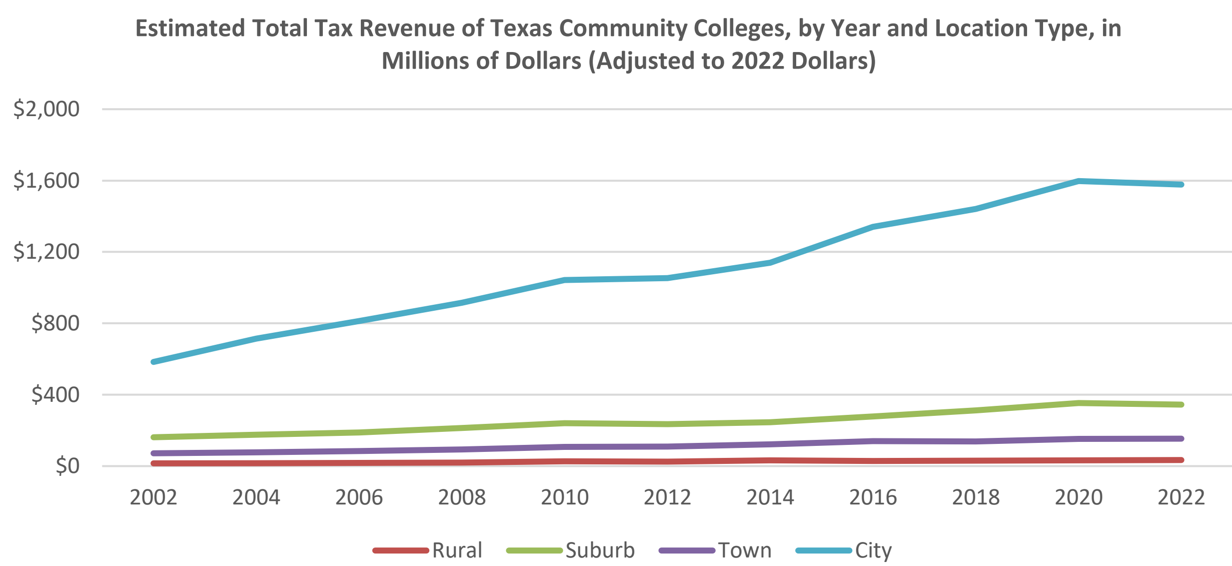
*This includes federal stimulus funding allocated to states for higher education. It excludes funds (such as HEERF) allocated directly to institutions or students.

Source: State Higher Education Finance, Grapevine report on state fiscal support for higher education, 2022 (https://shef.sheeo.org/grapevine/).

Community College Total Tax Revenue Saw Recent Declines



The estimated total tax revenue for all community colleges in Texas was just over $2.7 billion in 2022. The total tax revenue has increased nearly every year over the past two decades, making up an increasing share of overall community college revenue, though 2022 brought a slight decline. The vast majority of tax revenue came from colleges in city locations. Rural colleges made up the smallest share of tax revenue.

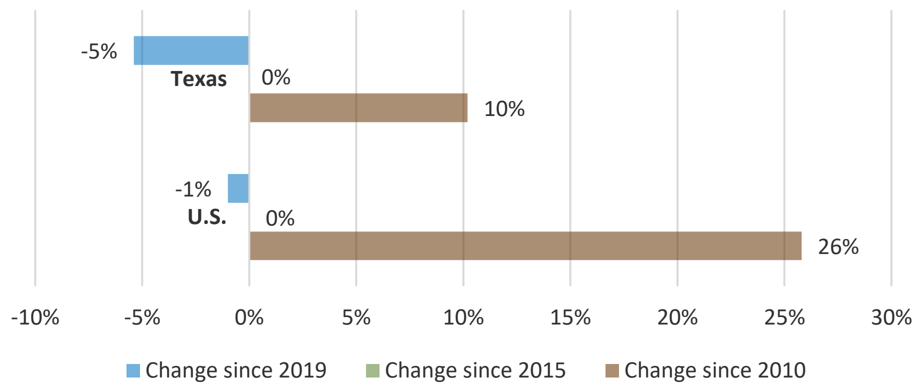


Note: Some community college districts have a mandatory tax rate freeze for certain citizens. The above figures are estimates based on projected tax rates and district valuation, not the actual amount collected by the district.

Source: Texas Association of Community Colleges (TACC), Tax & Valuation Survey Results (https://tacc.org/tacc/college-data).

Public Educational Appropriations Decreased in Texas Over the Last Ten Years

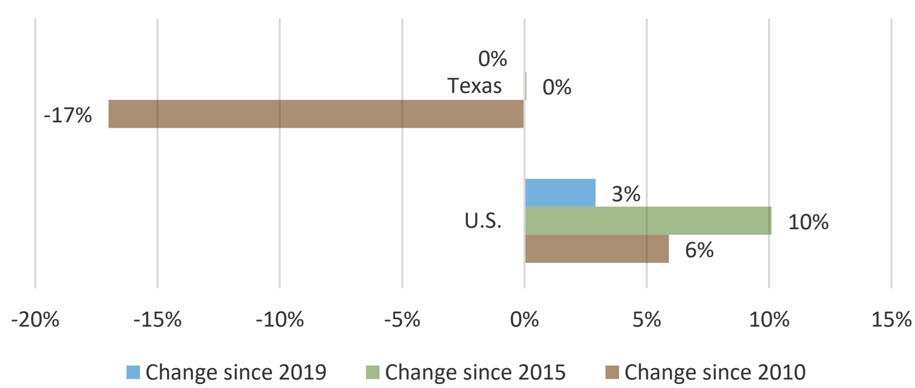
Percent Change in Public Higher Education Net Tuition Revenue Per Full-Time Equivalent Student (Constant Adjusted 2020 Dollars)



Net tuition as a percent of total education revenue has consistently increased for decades. In 1980, net tuition made up 21 percent of total educational revenue on average nationwide; this increased to 44 percent by 2020. Half of all U.S. states in 2020 were receiving over 50 percent of their educational revenue from tuition. In Texas, the percent of total education revenue made up by tuition has increased from 19 percent in 1980 to 40 percent in 2020.

Texas and the U.S. have seen an increase in tuition revenue over the last ten years, with Texas experiencing a ten percent increase and the U.S. experiencing a 26 percent increase during that time period. However, both in Texas and nationwide, there was a decrease in tuition revenue between 2019 and 2020. While the U.S. has experienced increases in public educational appropriations over the last ten years, Texas saw a 17 percent decrease between 2010 and 2020.

Percent Change in Public Educational Appropriations Per Full-Time Equivalent Student (Constant Adjusted 2020 Dollars)

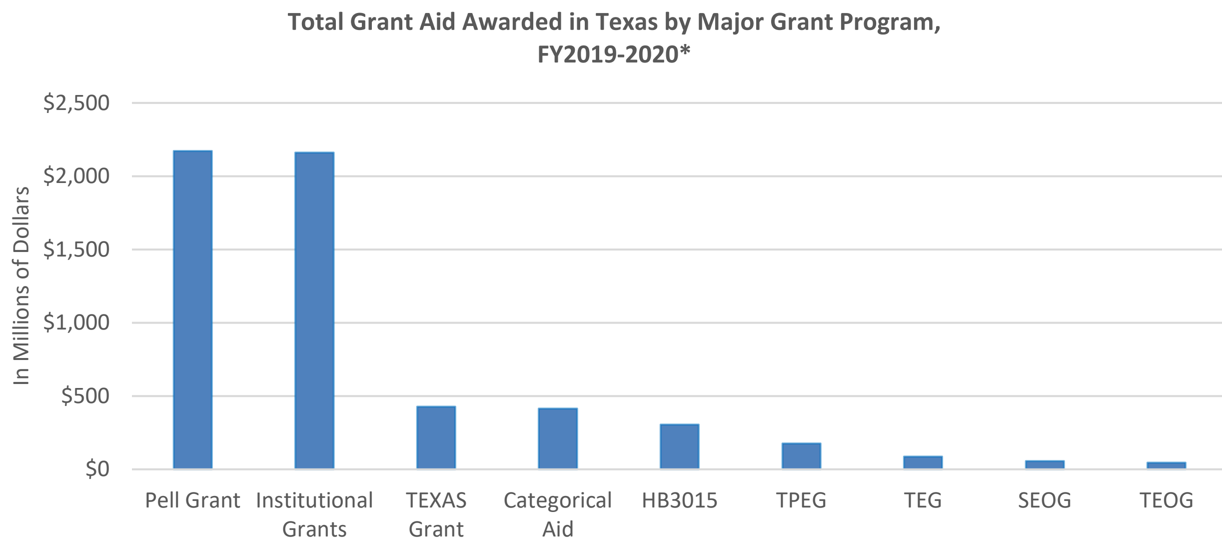


Source: State Higher Education Executive Officers Association (SHEEO), State Higher Education Finance: FY 2020 (https://shef.sheeo.org/wp-content/uploads/2021/05/SHEEO_SHEF_FY20_Report.pdf).

SECTION 5

Grant Aid and Net Price in Texas

The Federal Pell Grant is the Largest Source of Grant Aid in Texas



*Amounts for state aid programs are reported by fiscal year, whereas Pell and SEOG are reported by award year (see Glossary)

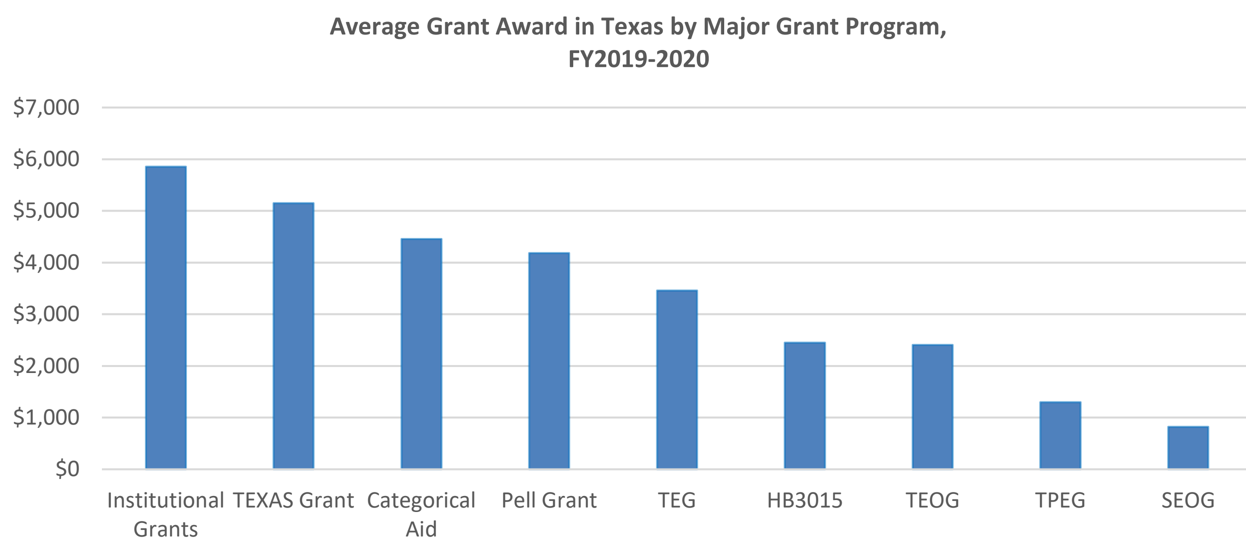
The federal Pell Grant Program is the largest source of grant aid in Texas, awarding about 519,000 undergraduate students more than $2.1 billion in award year (AY) 2019-2020. Combined with the Federal Supplemental Educational Opportunity Grant (SEOG), the federal government provided almost 40 percent of the grant dollars in Texas. Institutional grants were awarded to nearly 370,000 students, totaling over $2 billion in AY 2019-2020.

The four largest state grant programs in Texas provided 13 percent of the grant dollars in Texas in AY 2019-2020. The Towards EXcellence, Access, and Success (TEXAS) Grant is the largest of the state grant programs, disbursing over $425 million in AY 2019-2020. TEXAS Grants are available to baccalaureate 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. The Texas Educational Opportunity Grant (TEOG) serves financially needy students at public two-year colleges, the Tuition Equalization Grant (TEG) is available to financially needy students at private, non-profit institutions, and the Texas Public Educational Opportunity Grant (TPEG) is awarded to needy public college and university students out of tuition set-asides.

Aid issued under HB 3015, which requires institutions to “set aside” at least 15 percent of all tuition charges exceeding $46 per semester credit hour (SCH) for financial aid to needy resident students, and institutional aid made up almost half of grant aid dollars in Texas in AY 2019-2020. More than $305 million in HB 3015 grants were awarded to about 124,000 students, and about $2.1 billion in institutional grants were awarded to about 369,000 students in AY 2019-2020.

Source: Aid in Texas: Texas Higher Education Coordinating Board, Report on Student Financial Aid in Texas Higher Education, Fiscal Year 2020 (http://reportcenter.thecb.state.tx.us/reports/data/report-on-student-financial-aid-in-texas-higher-education-for-fy-2020/).

Institutional Grants Have Highest Average Award

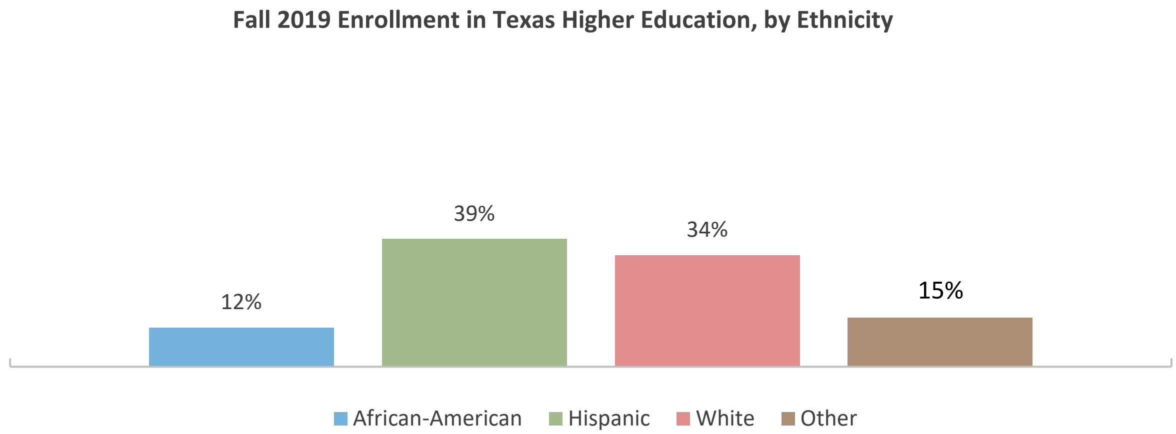


The largest average grant award in Texas in fiscal year (FY) 2019-2020 was for institutional grants at $5,854 followed by the Towards EXcellence, Access, and Success (TEXAS) grant at $5,149.

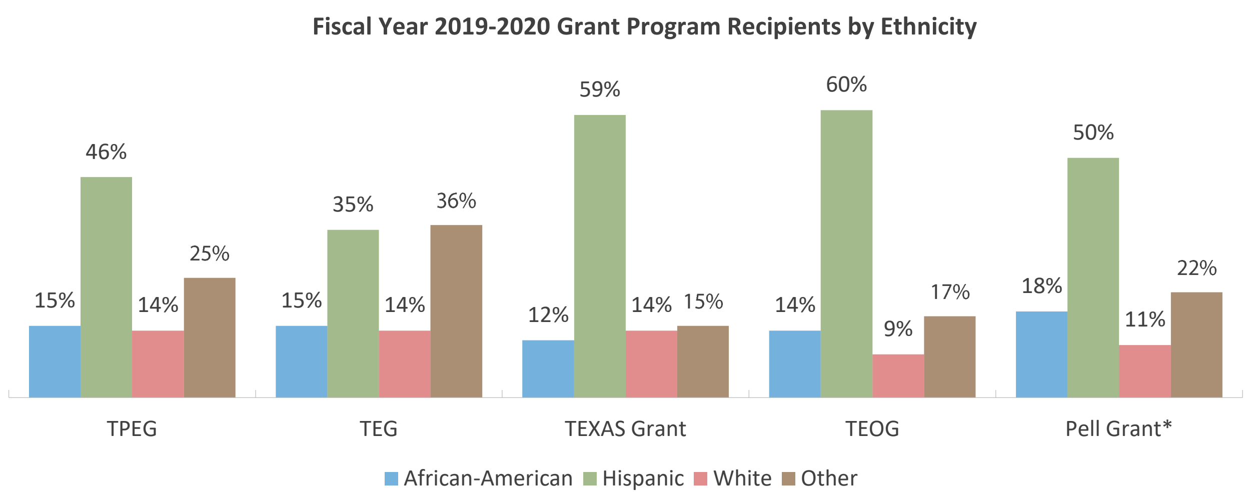
The average Pell grant increased two percent, from $4,088 in AY 2018-2019 to $4,186 in AY 2019-2020. The maximum Pell grant for AY 2018-2019 was $6,095 and increased to $6,195 for AY 2019-2020. This $100 increase is prescribed by the Student Aid and Fiscal Responsibility Act (SAFRA), which provides for automatic changes to the maximum Pell grant based on changes in the Consumer Price Index (CPI), a common measure of inflation.

Source: Aid in Texas: Texas Higher Education Coordinating Board, Report on Student Financial Aid in Texas Higher Education, Fiscal Year 2020 (http://reportcenter.thecb.state.tx.us/reports/data/report-on-student-financial-aid-in-texas-higher-education-for-fy-2020/); Maximum Pell: U.S. Department of Education, Federal Student Aid (https://studentaid.ed.gov/sa/types/grants-scholarships/pell).

Grant Recipients in Texas Are Racially/Ethnically Diverse



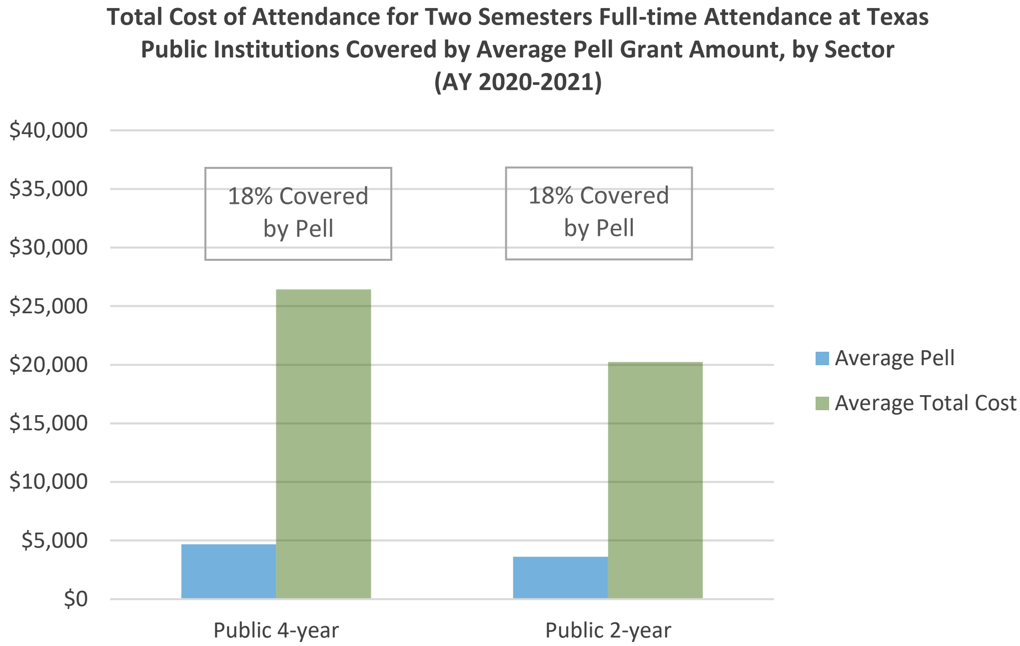
About 74 percent of Texas Educational Opportunity Grant (TEOG) and 71 percent of Toward EXcellence, Access, and Success (TEXAS) Grant recipients are either Hispanic or African-American. The Texas Public Educational Grant (TPEG) and Tuition Equalization Grant (TEG) serve somewhat fewer Hispanic and African-American students — 61 percent and 50 percent, respectively. The percentage of TPEG and TEG recipients who are Hispanic or African-American students has risen slowly over time, likely reflecting the steadily rising proportion of these students enrolled at public and private four-year colleges and universities.



*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 Financial Aid Database for Fiscal Year 2020 (special request, unpublished tables).

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



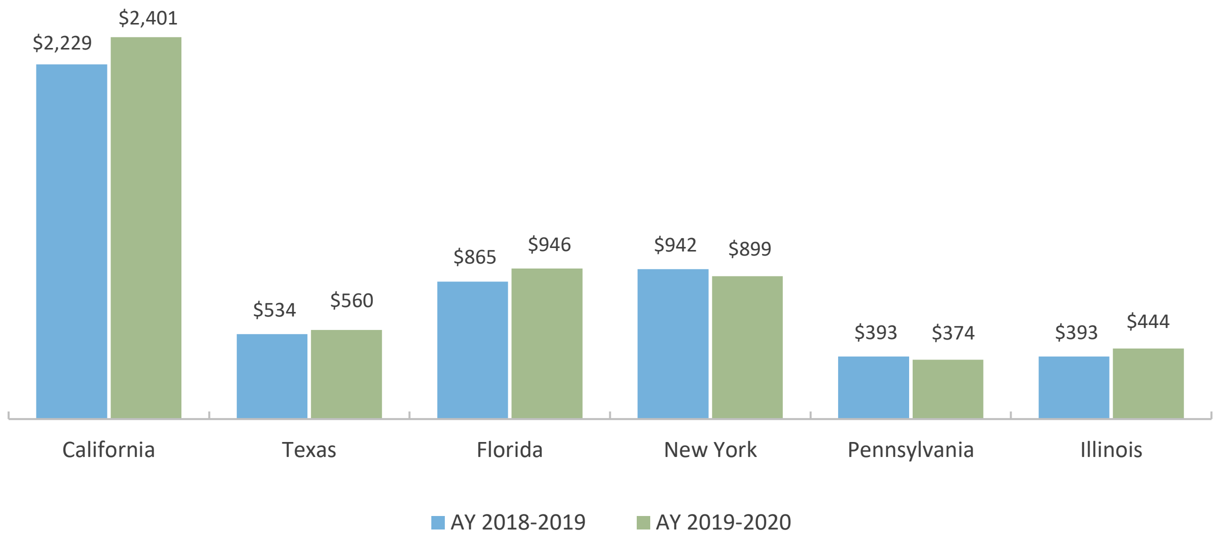
The buying power of the federal Pell Grant, the largest grant program in the U.S. and in Texas, has declined over the last three decades. Designed to be the foundation of need-based grant aid, only undergraduates with significant financial need receive the Pell grant. However, in Award Year (AY) 2020–2021, the average Pell grant in Texas covered only 18 percent of the average cost of attendance (COA) – i.e. tuition, fees, room, board, and other basic expenses -- for eligible undergraduates at public four-year universities and public two-year colleges 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 2018-2019 was $6,095 and increased to $6,195 for AY 2019-2020. This $100 increase is prescribed by 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 grant 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 2020-2021, the maximum eligible EFC is $5,711.

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 in-state 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).

California, New York, and Florida Top Texas in State Grants

Total State Grant Aid (millions of current dollars)



States shown in order by size of population

In AY 2019–2020, Texas spent about $560 million on grant aid for postsecondary students, less than a quarter of what was spent by California and less two-thirds of what was spent by New York and Florida.

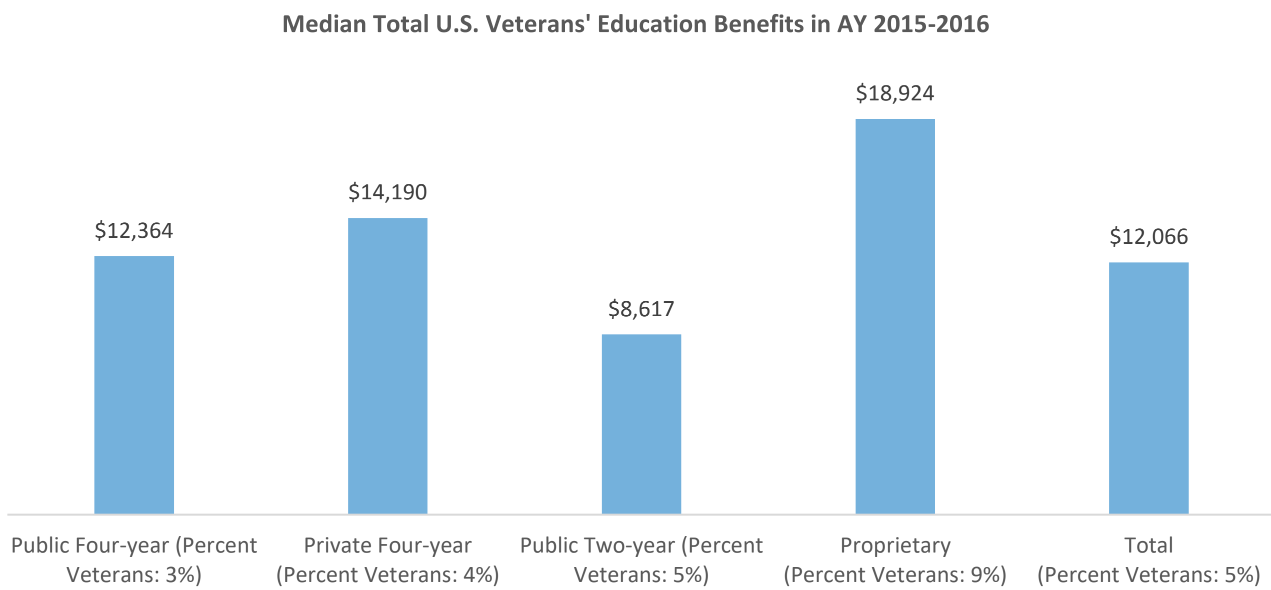
State grant aid may be based on financial need, academic merit, a combination of need and merit, or other factors, like veteran status. In Texas, all grant aid is either primarily need-based or has a need-based component. This includes aid that is funded not from legislative appropriations but from institutional 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. Tuition exemptions and waivers are also not included in the totals above as they are not considered state grant aid.

Although primarily need-based, maintaining the TEXAS Grant also involves academic requirements. 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 (such as having graduated in the top one-third of their high school graduating class or completing at least one math course beyond Algebra II).

Source: TEXAS Grant Eligibility: College For All Texans, http://www.collegeforalltexans.com/apps/financialaid/tofa2.cfm?ID=458; All other: National Association of State Student Grant and Aid Programs. 51st *Annual Survey Report on State-Sponsored Student Financial Aid.* 2020 (https://www.nassgapsurvey.com/); National Association of State Student Grant and Aid Programs. 50th *Annual Survey Report on State-Sponsored Student Financial Aid.* 2019 (https://www.nassgapsurvey.com/)..

U.S. Undergraduate Veterans Received About $12,000 in Median Total Veterans' Education Benefits



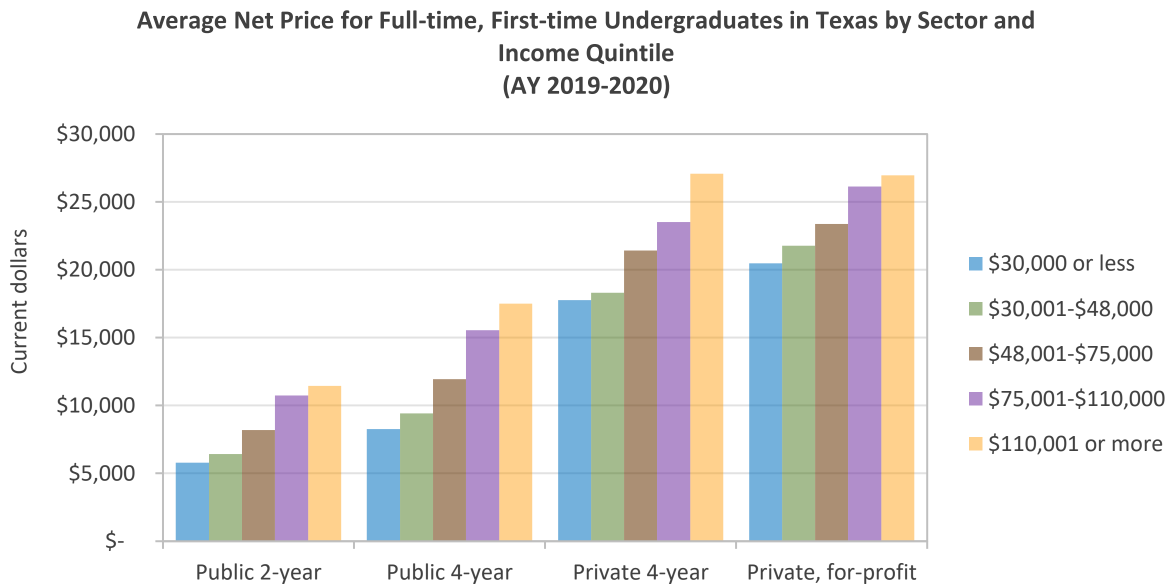
Veterans comprised about 5 percent of all enrolled undergraduates nationwide in academic year 2015-2016 and received a median of $12,066 per person in total federal, state, and institutional veterans' education benefits* in that year.

The proprietary sector had the highest proportion of veteran undergraduate students, at nine percent, and the highest median amount of benefits received, at $18,924. The median individual amount of total veterans' education benefits received was lowest at public two-year institutions, at $8,617.

*Institutional benefits include the institutional portion of the Yellow Ribbon program benefits. Federal benefits include Department of Defense military tuition grants and include payments made for tuition and fees, housing, books and supplies, work-study, and other educational expenses (as reported by the Veterans Benefits Administration).

Source: U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS) 2016 (http://www.nces.ed.gov/das).

Net Price of Attendance for Lowest-Income Public Four-Year Undergraduates in Texas Is More Than $8,000



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) 2019–2020, the average net price of attendance for students with the lowest incomes** was $5,782 in the public two-year sector, $8,260 in the public four-year sector, $17,755 in the private four-year sector, and $20,477 in the for-profit sector.

Net price generally rises 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 net price reflects costs for in-state/in-district students.

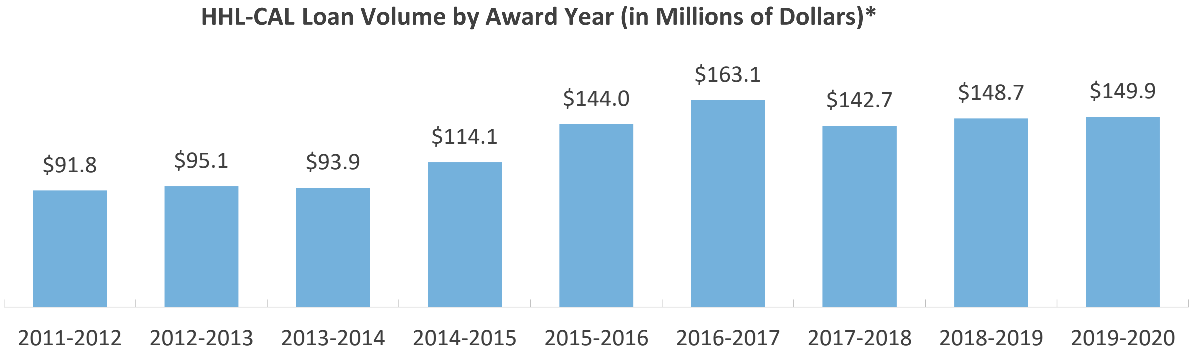
** For dependent students, income represents the student's family income; for independent students, it represents personal income.

Source: U.S. Department of Education, National Center for Education Statistics, "Integrated Postsecondary Education Data System (IPEDS) 2020" (http://nces.ed.gov/ipeds/datacenter/.

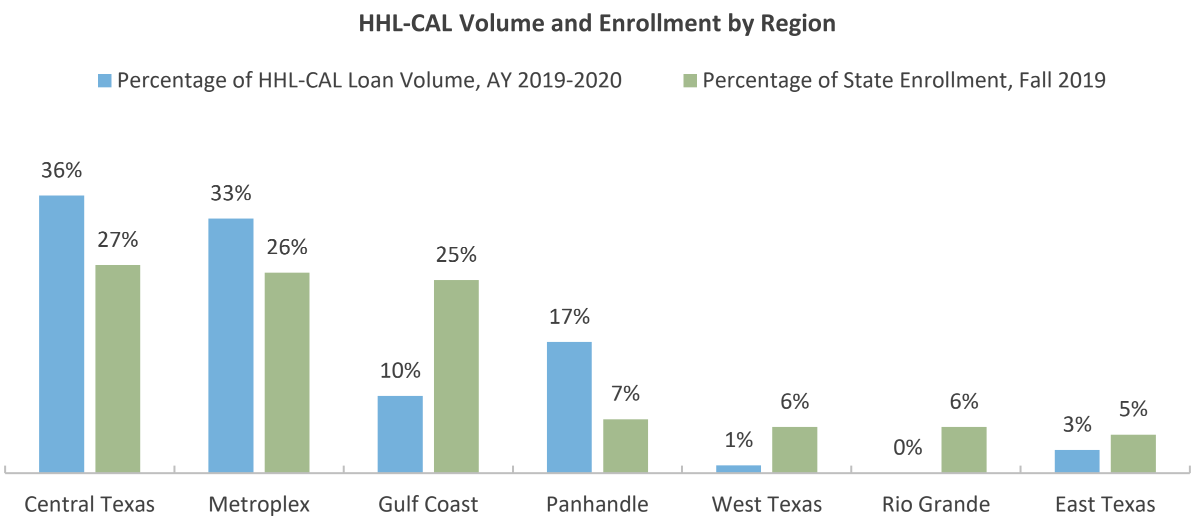
SECTION 6

Loans

Volume for the Largest State Loan Program, HHL-CAL, Increases



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. In AY 2019-2020 HHL-CAL awards totaled $149.9 million, a one percent increase over the previous year.

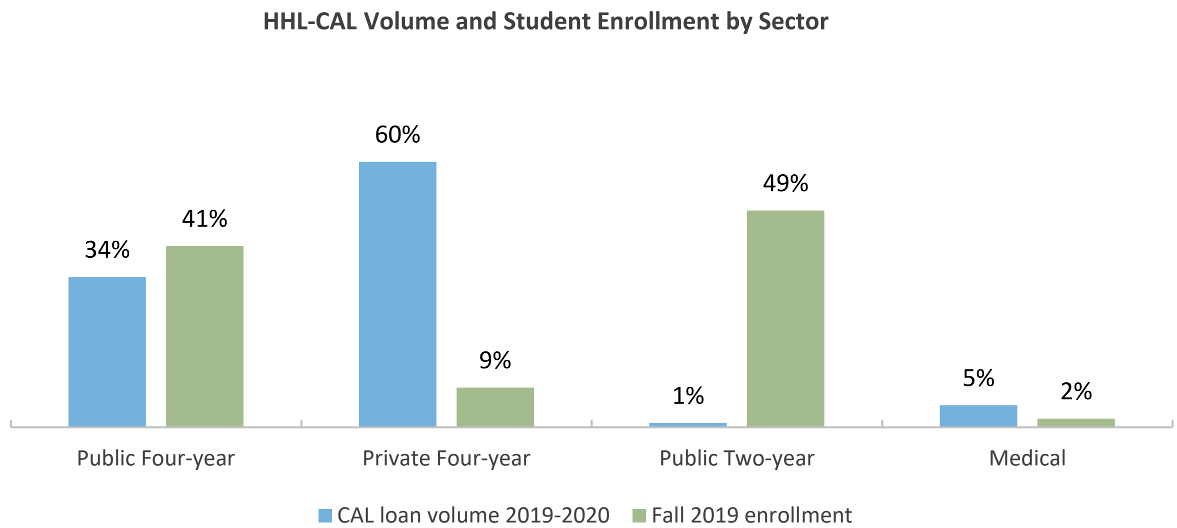


In AY 2019–2020, 36 percent of the HHL-CAL dollars went to students attending schools in the Central Texas region. Although Central Texas comprises only 27 percent of Texas enrollment, it is home to the state’s two flagship universities, the University of Texas at Austin and Texas A&M University. The Metroplex and Panhandle regions also received proportionately more HHL-CAL dollars compared to enrollment. All other regions 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 2019–2020,” Austin, Texas, 2021 (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 Private Four-Year Schools

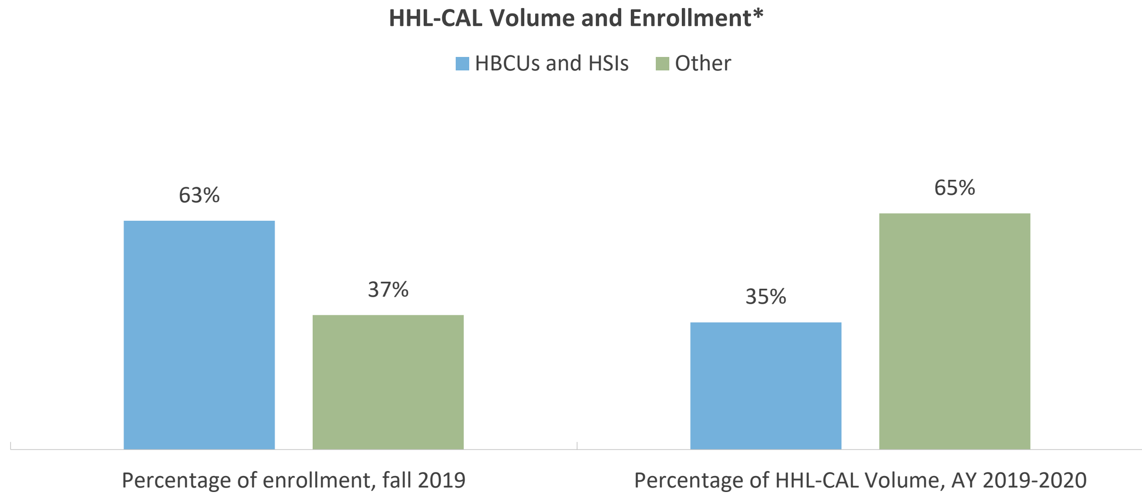


In AY 2019– 2020, 34 percent of HHL-CAL dollars went to students attending public four-year institutions, and this sector accounted for 41 percent of student enrollment. Private four-year students accounted for 9 percent of enrollment in Texas postsecondary institutions, but 60 percent of HHL-CAL volume. In contrast, public two-year students accounted for 49 percent of enrollment, but only 1 percent of HHL-CAL volume. The lower cost of attendance at public two-year schools compared to four-year schools helps explain the low usage of the loans at these schools.

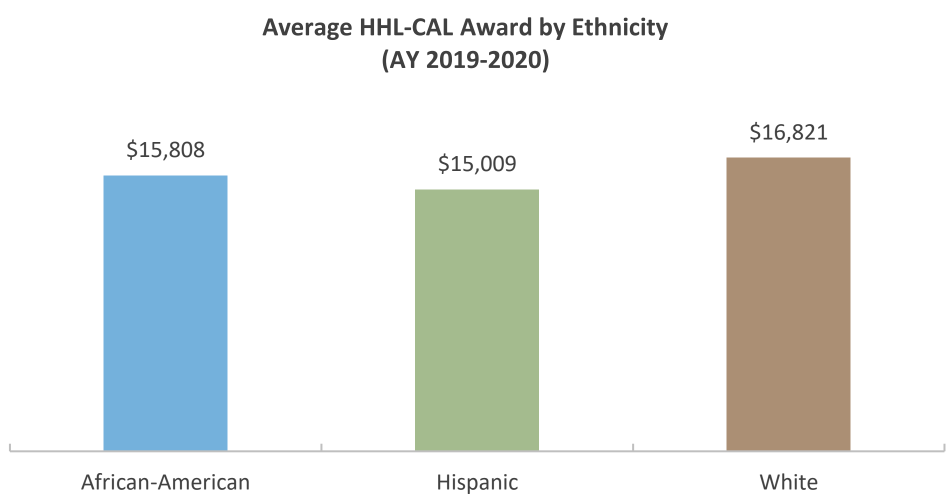
* HHL-CAL volume data for students who attended for-profit institutions are not available.

Sources: Loan volume: Texas Higher Education Coordinating Board (THECB). "Financial Aid Database, 2019-2020," Austin, Texas, 2021 (Unpublished tables); Public Enrollment: U.S. Department of Education, National Center for Education Statistics, "Integrated Postsecondary Education Data System (IPEDS) 2020" (https://nces.ed.gov/ipeds/datacenter).

HHL-CAL Volume Not Comparable to HBCU and HSI Enrollment



Texas has nine Historically Black Colleges and Universities (HBCUs) and 92 Hispanic-Serving Institutions (HSIs). In AY 2019–2020, HBCUs and HSIs comprised 63 percent of total Texas enrollment and received 35 percent of HHL-CAL dollars.



The average HHL-CAL award differed some across ethnic groups in AY 2019–2020. White students on average borrowed about $1,013 more than African-American students and $1,812 more than Hispanic 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 and HBCU/HSI list: Texas Higher Education Coordinating Board (THECB). "Financial Aid Database for AY 2019–2020." Austin, Texas, 2021 (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)

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

Top Schools by Region
(AY 2020–2021)

Panhandle*

1. Texas Tech University	$151 Million
2. Texas Tech University Health Sciences Ctr	$88
3. Abilene Christian University	$43
4. West Texas A&M University	$37
5. Midwestern State University	$28

*** Top 5 Schools Account for 79% of Volume**

Metroplex*

1. University of Texas at Arlington	$180 Million
2. University of North Texas	$177
3. Southern Methodist University	$92
4. University of Texas at Dallas	$73
5. Tarleton State University	$72

*** Top 5 Schools Account for 50% of Volume**

West*

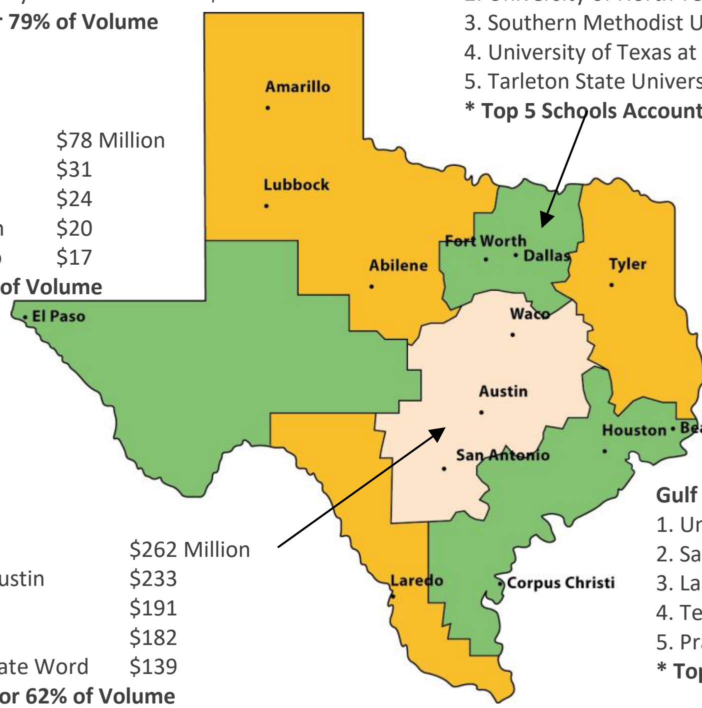
1. University of Texas at El Paso	$78 Million
2. Angelo State University	$31
3. Vista College	$24
4. U of Texas of the Permian Basin	$20
5. Southwest University at El Paso	$17

*** Top 5 Schools Account for 80% of Volume**

East*

1. Stephen F. Austin State Univ.	$57 Million
2. University of Texas at Tyler	$49
3. Tyler Junior College	$17
4. LeTourneau University	$14
5. Texas A&M U.-Texarkana	$10

*** Top 5 Schools Account for 79% of Volume**



Central*

1. Texas A&M University	$262 Million
2. University of Texas at Austin	$233
3. Texas State University	$191
4. Baylor University	$182
5. University of the Incarnate Word	$139

*** Top 5 Schools Account for 62% of Volume**

Gulf Coast*

1. University of Houston	$160 Million
2. Sam Houston State University	$109
3. Lamar University	$99
4. Texas Southern University	$72
5. Prairie View A&M University	$57

*** Top 5 Schools Account for 43% of Volume**

Rio Grande*

1. University of Texas–Rio Grande Valley	$87 Million
2. Texas A&M International University	$22
3. South Texas Vocational Technical Institute	$5
4. Rio Grande Valley College	$3
5. Texas Southmost College	$3

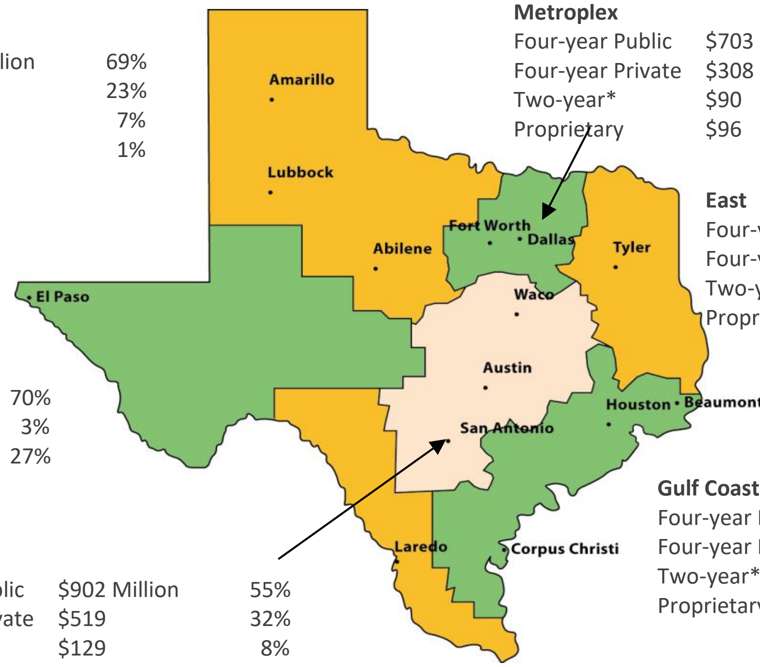
*** Top 5 Schools Account for 93% of Volume**

In the rural areas of the state, Award Year (AY) 2020–2021 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 93 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 (https://studentaid.ed.gov/sa/about/data-center/student/title-iv).

Four-Year Public Schools Account for Almost Two-Thirds of Federal Loan Volume

Federal Loan Volume by Region and School Type
In Millions of Nominal Dollars
(AY 2020–2021)



Panhandle

Four-year Public	$305 Million	69%
Four-year Private	$101	23%
Two-year*	$32	7%
Proprietary	$3	1%

Metroplex

Four-year Public	$703 Million	59%
Four-year Private	$308	26%
Two-year*	$90	7%
Proprietary	$96	8%

East

Four-year Public	$117 Million	62%
Four-year Private	$31	17%
Two-year*	$37	20%
Proprietary	$1	1%

West

Four-year Public	$151 Million	70%
Two-year*	$6	3%
Proprietary	$57	27%

Gulf Coast

Four-year Public	$762 Million	66%
Four-year Private	$135	12%
Two-year*	$122	11%
Proprietary	$127	11%

Central

Four-year Public	$902 Million	55%
Four-year Private	$519	32%
Two-year*	$129	8%
Proprietary	$83	5%

Rio Grande

Four-year Public	$109 Million	85%
Two-year*	$4	3%
Proprietary	$16	12%

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 (West and Rio Grande regions). In Award Year (AY) 2020–2021, public four-year schools accounted for 62 percent of the state's Federal Direct Loan Program (FDLP) volume. Four-year private school volume accounted for 22 percent, two-year* school volume accounted for 8 percent, and proprietary school volume accounted for 8 percent of total FDLP volume in Texas.

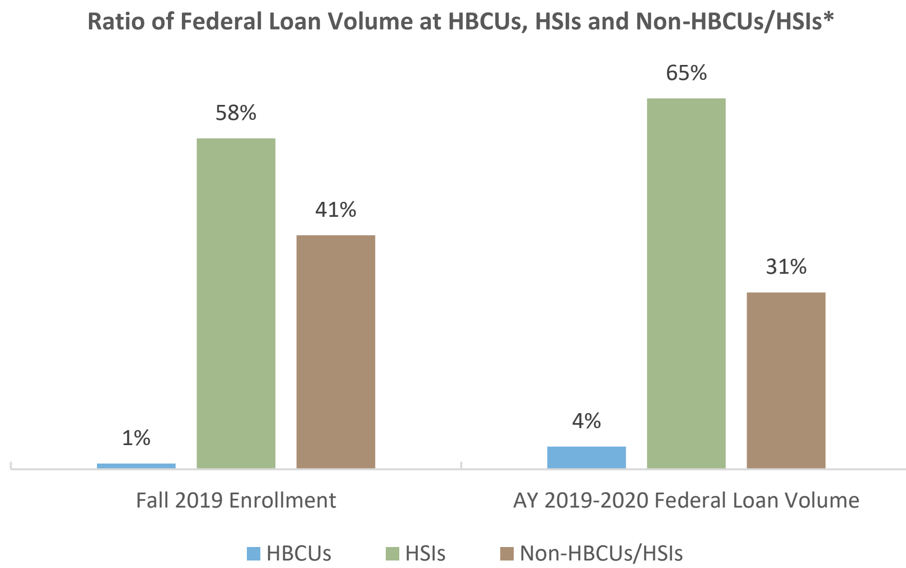
Texas Federal Loan Volume by School Type
AY 2020–2021

School Type	Amount (in Millions)	% of Amount
Public Four-year	$3,049	62%
Private Four-year	$1,095	22%
Two-year*	$420	8%
Proprietary	$380	8%

*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 (https://studentaid.ed.gov/sa/about/data-center/student/title-ivl).

Federal Loan Volume Is Proportionally More Than Enrollment at HSIs and HBCUs



Texas has nine Historically Black Colleges and Universities (HBCUs) and 92 Hispanic Serving Institutions (HSIs). HBCUs comprised one percent of total Texas enrollment in fall 2019 while generating four percent of Award Year (AY) 2019-2020 Federal Direct Loan Program (FDLP) volume. HSIs made up 58 percent of enrollment and accounted for 65 percent of federal loan 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.

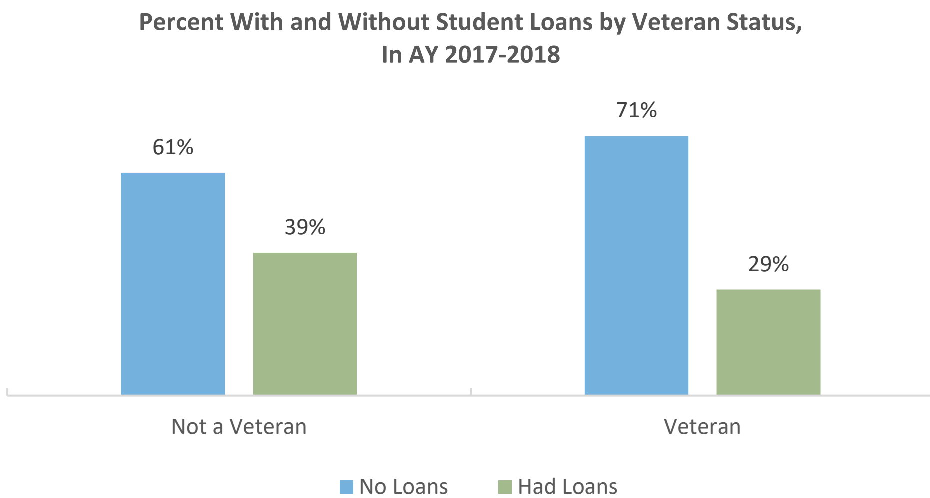
Institutions meeting certain eligibility criteria, such as having at least a 25 percent Hispanic undergraduate enrollment, can apply for federal funding under Title III of the Higher Education Act. This federal program helps HSIs better serve their populations, which often include first generation and 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) 2020 (http://nces.ed.gov/ipeds/); Loan Volume: U.S. Department of Education, Federal Student Aid Data Center, Programmatic Volume Reports (https://studentaid.ed.gov/sa/about/data-center/student/title-iv); 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).

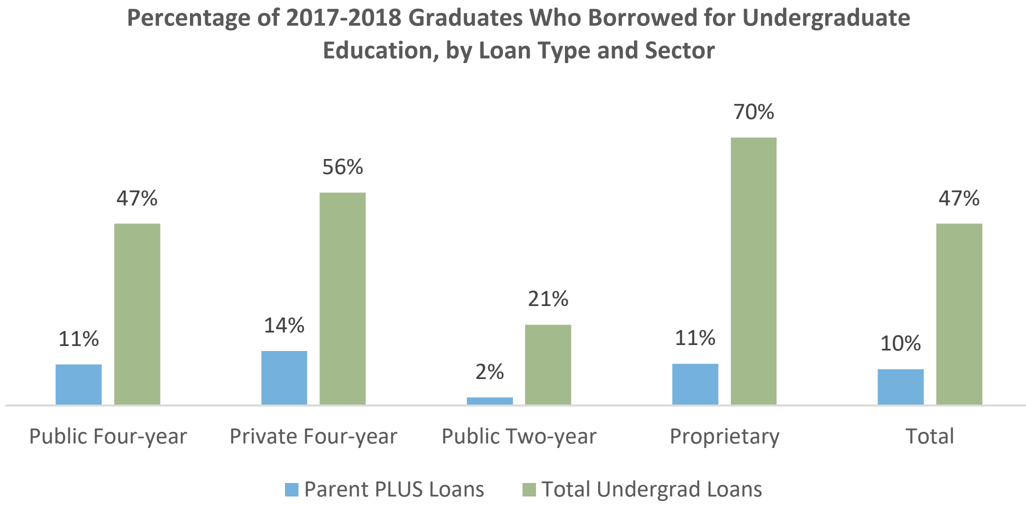
Veterans Less Likely to Borrow Student Loans Compared to Non-Veterans

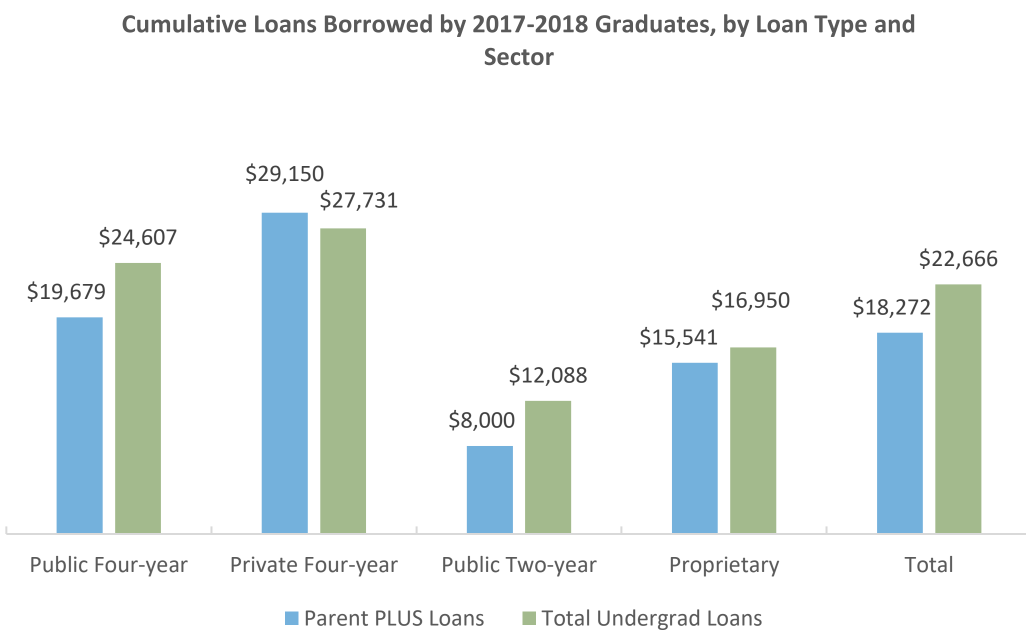
Undergraduate students who were veterans were less likely to borrow student loans compared to undergraduates who were not veterans, with 29 percent of veterans borrowing compared to 39 percent of non-veterans.



Source: U.S. Department of Education, National Postsecondary Student Aid Study – Administrative Collection (NPSAS-AC) 2018 (http://www.nces.ed.gov/das).

Undergraduates Nationwide Borrowed More Than $22,000 For Their Education





Almost half of undergraduates nationwide who graduated in academic year (AY) 2017-2018 had borrowed student loans, and 10 percent had parents who had borrowed parent PLUS loans. The public two-year sector had the lowest borrowing rates, with 21 percent of students borrowing and 2 percent of students' parents borrowing. The private four-year sector had the highest parent borrowing rate, at 14 percent, and the proprietary sector had the highest student borrowing rate, at 70 percent.

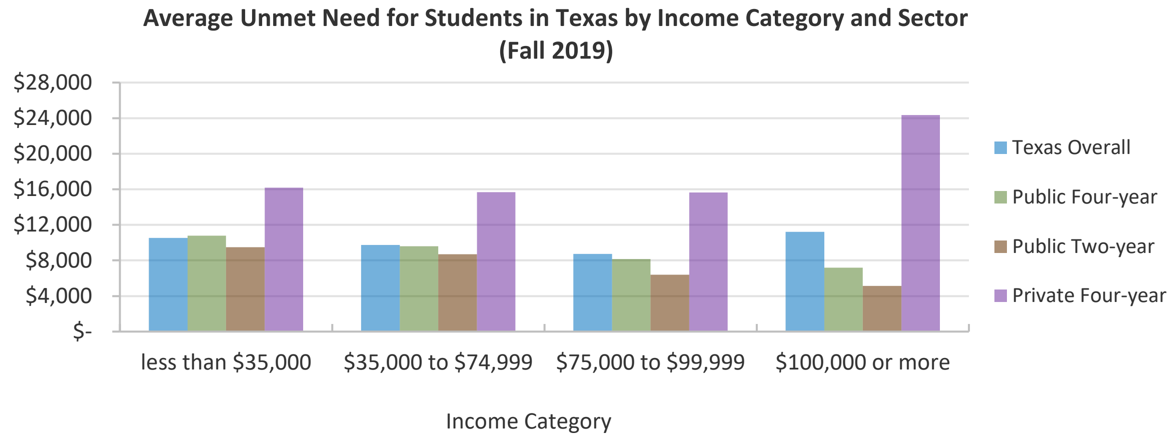
While parent borrowing rates were much lower than student borrowing rates, the average cumulative amounts borrowed were more comparable, especially at private four-year colleges. In the private four-year sector, parents ended up borrowing more than the students, with both groups having the highest median amounts among all the sectors. Overall, undergraduates who graduated in 2017-2018 ended up borrowing almost $23,000 and the parents ended up borrowing more than $18,000.

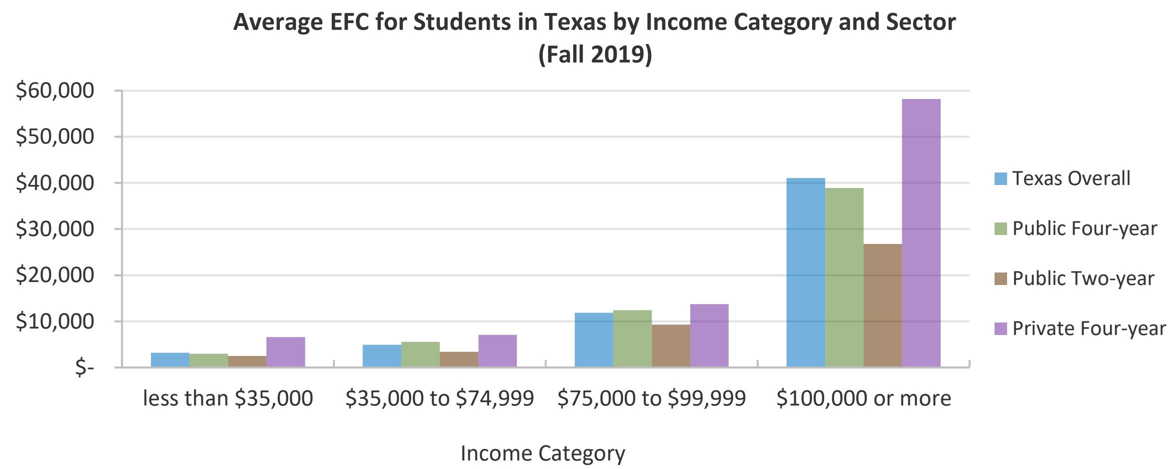
Source: U.S. Department of Education, National Postsecondary Student Aid Study – Administrative Collection (NPSAS-AC) 2018 (http://www.nces.ed.gov/das).

SECTION 7

Need and Work

Unmet Need for Low-Income Students in Texas Is Over $10,000





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.

The lowest-income students in Texas tend to have the highest unmet need; in 2019, average unmet need for this group was $11,215 statewide, or over $1,200 per month over the course of the 9-month school year. At private four-year schools, the lowest-income students experienced average unmet need of over $16,000. Besides having greater financial resources to contribute to EFC, those in the highest income category are more likely to attend more expensive four-year institutions, which further increases EFC. 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.

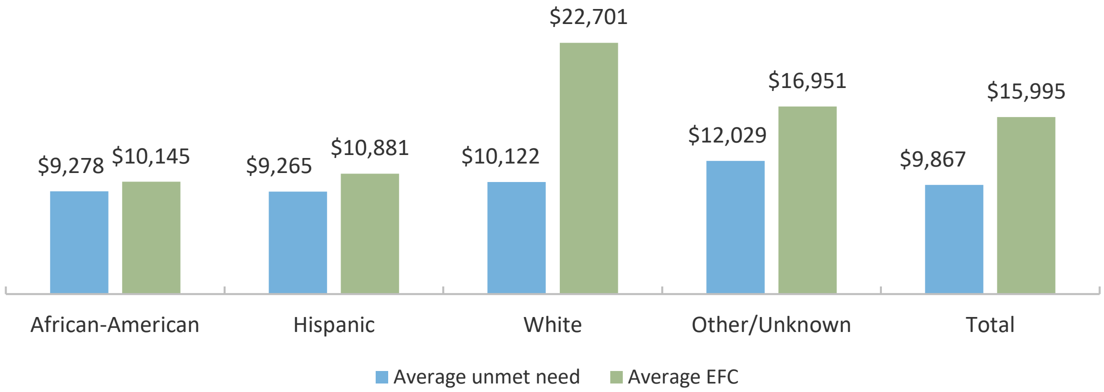
** EFC is determined through a federal formula that considers family size, income, and the number of children in college, among other factors. It is considered a rough estimate of a reasonable, affordable annual payment for a family with a given set of circumstances.

Source: Texas Higher Education Coordinating Board (THECB), "Unmet Need and Expected Family Contribution" (unpublished tables).

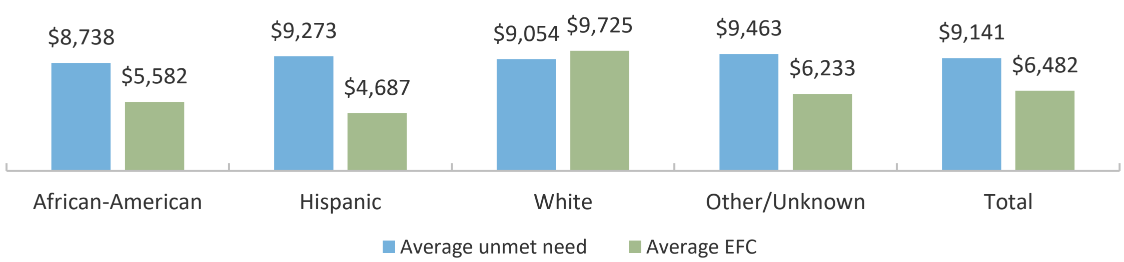
Unmet Need Among Community College Students Often Exceeds Expected Family Contribution

Average Unmet Need and Average EFC* by Race/Ethnicity for Texas Public Institutions (Fall 2019)

Public Four-Year



Public Two-Year



Despite substantially lower cost of attendance at public two-year schools, unmet need* is not significantly lower on average for students at these institutions compared to students at public four-year institutions. The average community college student had over $1,000 per month in unmet need over their nine-month school year.

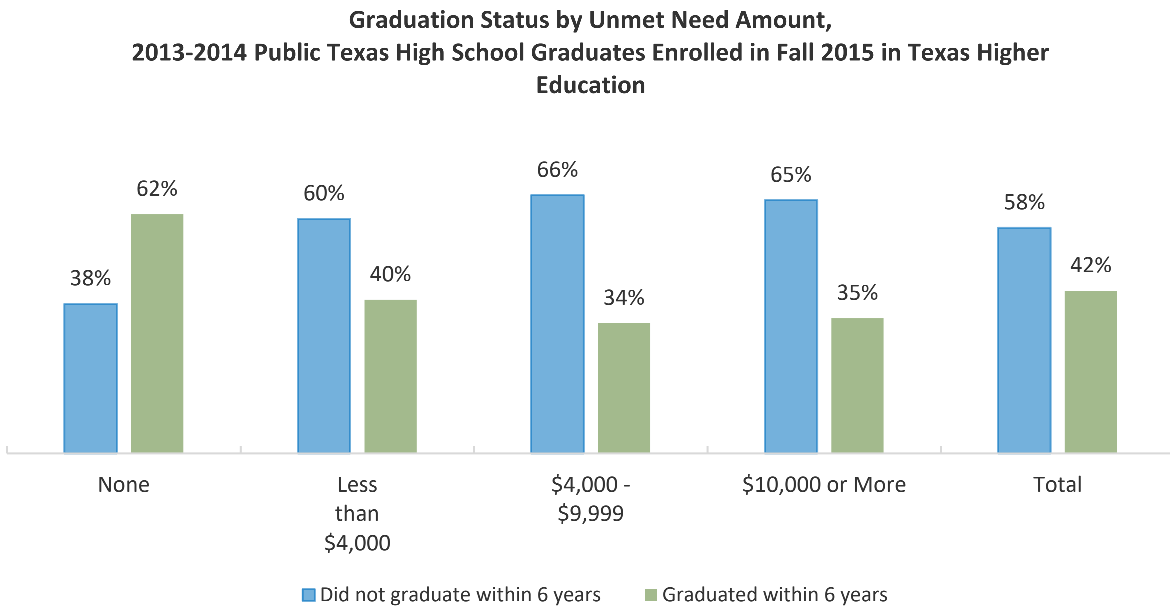
For all racial/ethnic groups, average expected family contribution (EFC)** was much higher at four-year universities due to a higher cost of attendance and a larger concentration of students from higher income families. Higher income students are disproportionately White or in the "Other/unknown" category, which explains the higher EFC amounts for those racial/ethnic groups. This is particularly evident at public four-year schools, where students in these racial/ethnic groups are not only wealthier on average but also more likely to enroll at higher cost universities.

* "Unmet need" is the gap that remains between a student's resources and his/her total cost of attendance even after accounting for grant aid, loan aid, and EFC.

**EFC is the formulaically determined amount that the student can reasonably be expected to pay out of pocket.

Source: Texas Higher Education Coordinating Board (THECB), "Unmet Need and Unexpected Family Contribution" (unpublished tables).

Texas Students With Unmet Need Were Less Likely to Graduate Than Those With No Unmet Need

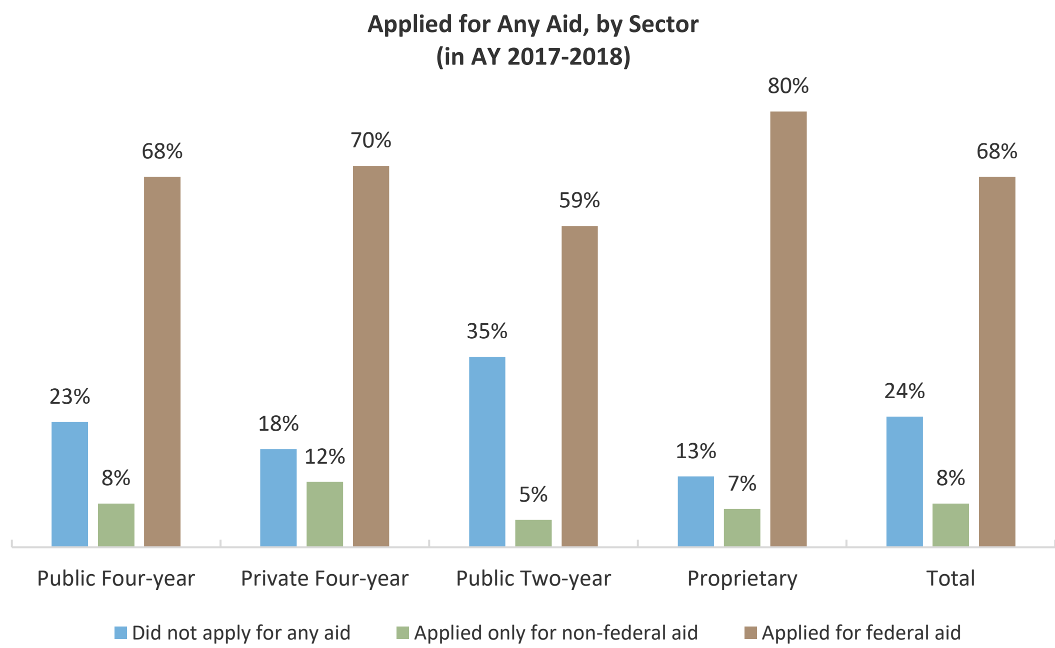


University students in Texas who had no unmet need were more likely to obtain a bachelor's degree than their peers who had unmet need. Over 60 percent of students with no unmet need had graduated within six years of initially enrolling in college, compared to 40 percent of those with unmet need below $4,000, 34 percent of those with unmet need between $4,000 and $9,999, and 35 percent of those with unmet need of $10,000 or higher.

Unmet need is the gap that remains between a student's resources and his/her total cost of attendance even after accounting for grant aid, loan aid, and expected family contribution (EFC; the formulaically determined amount that the student can reasonably be expected to pay out of pocket). The cost of attendance is the estimated sum of tuition and fees, books and supplies, food and housing, transportation, and other expenses for a full-time student for nine months.

Source: Texas Higher Education Coordinating Board (THECB), "Baccalaureate Graduation Status within Six Years by Unmet Need" (unpublished tables; special request).

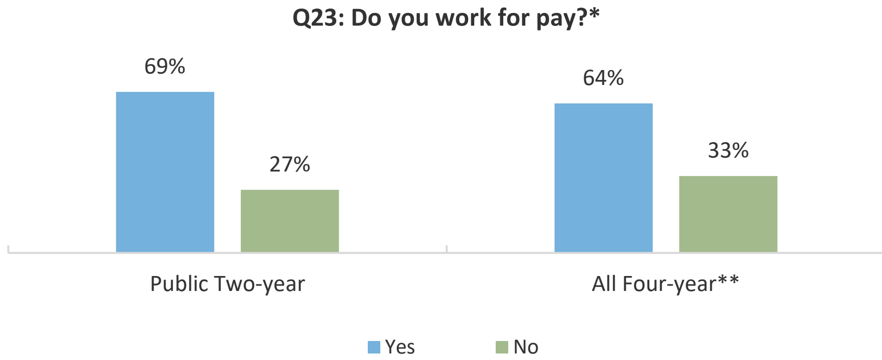
About Two-thirds of Undergraduates Applied for Federal Aid

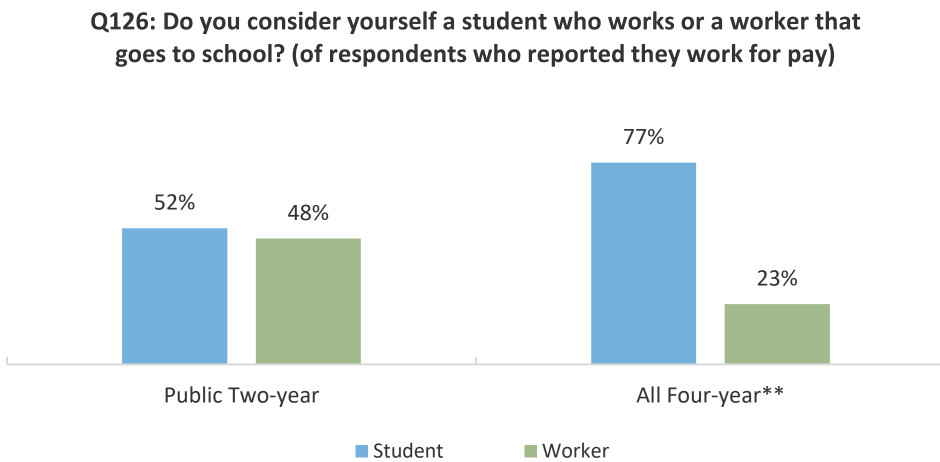


About two-thirds of undergraduates nationwide had applied for some form of aid in academic year (AY) 2017-2018. Most of the students who applied for aid had applied for federal aid, with a small minority only applying for non-federal aid. The public two-year sector had the highest percentage of students not applying for any aid.

Source: U.S. Department of Education, National Postsecondary Student Aid Study – Administrative Collection (NPSAS-AC) 2018 (http://www.nces.ed.gov/das).

More Than Two-thirds of Public Two-Year Students Worked While Enrolled During the Fall 2021 Semester





Over two-thirds of respondents attending public two-year and 64 percent of respondents attending public and private, non-profit four-year institutions reported in Trellis' national Student Financial Wellness Survey that they worked for pay during the fall 2021 semester. Of the respondents who did work for pay, those attending four-year institutions were more likely to consider themselves to be students who work compared to students who were attending public two-year institutions. Seventy-seven percent of four-year students considered themselves to be students who work while nearly half of public two-year students considered themselves to be workers who go to school.

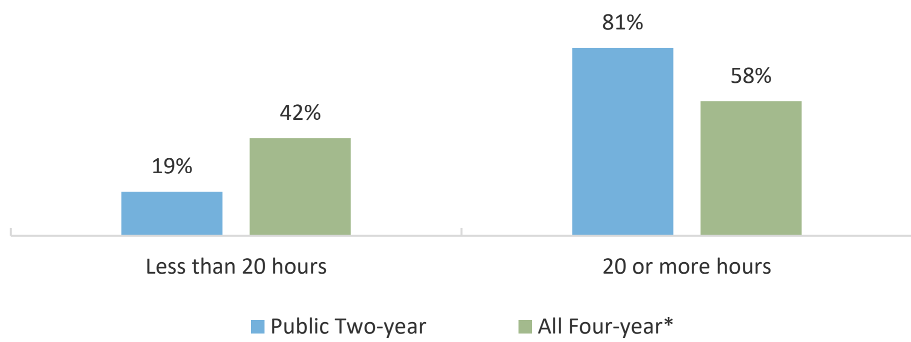
Note: Trellis' Student Financial Wellness Survey is open to any college nationwide that wants to participate. In the fall 2021 implementation, 104 colleges from 25 states participated – 71 community colleges and 33 four-year institutions. There were 44,254 respondents attending public two-year institutions and 19,497 respondents attending four-year institutions. The results are not nationally representative.

*Responses indicating "I Don't Know" are not shown
**Includes Public and Private, non-profit institutions

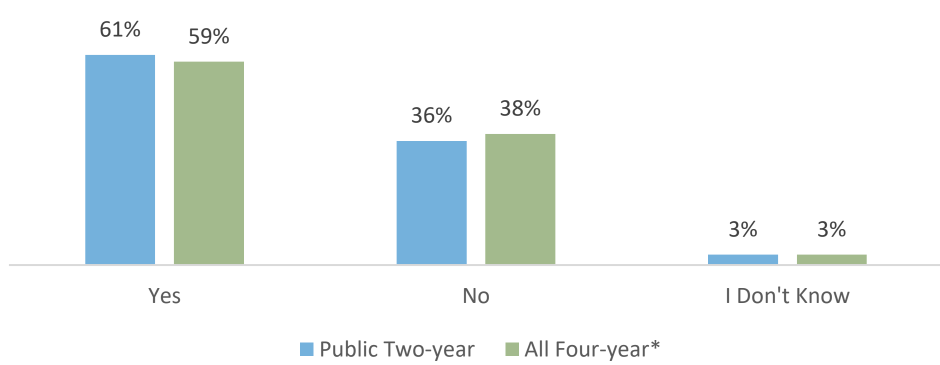
Source: Fletcher, C., Cornet, A., & Webster, J. Student Financial Wellness Survey: Fall 2021 (unpublished tables).

Community College Students Are More Likely to Work 20 or More Hours per Week

Q127: During the school year, about how many hours do you spend in a typical 7-day week working for pay?



Q29: Do you use your current income to pay for college?



While most students work while attending college, the number of hours they work per week varies greatly by school sector. Based on the responses to Trellis' national Student Financial Wellness Survey, more than three-quarters (81 percent) of respondents who were attending public two-year institutions in the fall 2021 semester worked 20 or more hours per week while enrolled. Working fewer than 20 hours per week was more common among students attending four-year institutions. A majority of students in both sectors reported that they used their current income to pay for college.

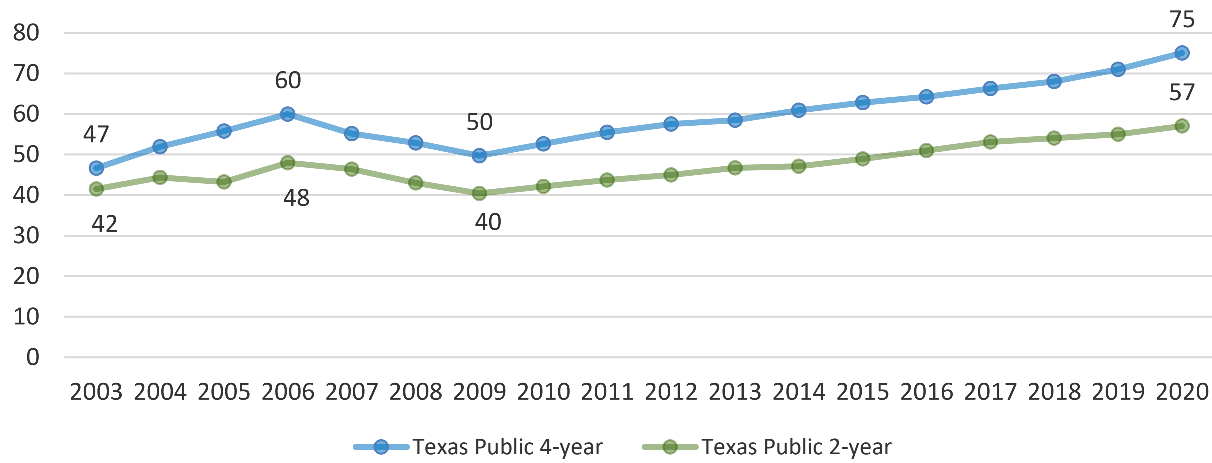
Note: Trellis' Student Financial Wellness Survey is open to any college nationwide that wants to participate. In the fall 2021 implementation, 104 colleges from 25 states participated – 71 community colleges and 33 four-year institutions. There were 44,254 respondents attending public two-year institutions and 19,497 respondents attending four-year institutions. The results are not nationally representative.

* Includes Public and Private, non-profit institutions

Source: Fletcher, C., Cornet, A., & Webster, J. Student Financial Wellness Survey: Fall 2021 (unpublished tables).

Paying for A Bachelor's Degree Through Work Alone Would Require 75 Hours per Week at Minimum Wage

Hours of Minimum Wage Work per Week Needed to Pay for an Average Undergraduate Education in Texas, by Sector (2003 to 2020)



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. The 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 2020-2021, an in-state, residential undergraduate would have had to work 75* hours every week of the year to pay for two semesters at a Texas public university, and 57** hours for two semesters at a Texas community college. This is an increase from the previous year and is a continuation of the upward trend beginning in 2010, which reflects the period of annual minimum wage increases (2006-2009) coming to an end.

*The average weighted student budget for an in-state, residential student at a Texas public four-year university in AY 2020–2021 was $26,415. In 2020, 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 Texas student with no other financial aid or assets would have to work 3,885 hours per year, or 75 hours per week, to put him or herself through school.

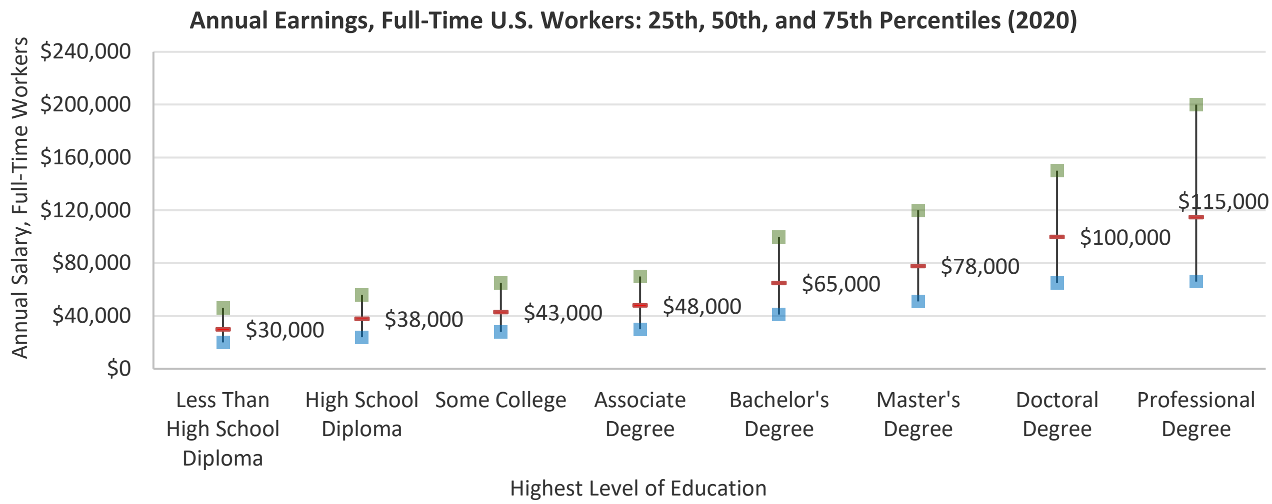
**The average weighted student budget for an in-state, residential student at a Texas public community college in AY 2020–2021 was $20,232. In 2020, the minimum wage was $7.25 per hour, with 6.2 percent taken out for Social Security. At a net of $6.80 per hour, a full-time Texas student with no other financial aid or assets would have to work 2,975 hours per year, or 57 hours per week, to put him or herself through school.

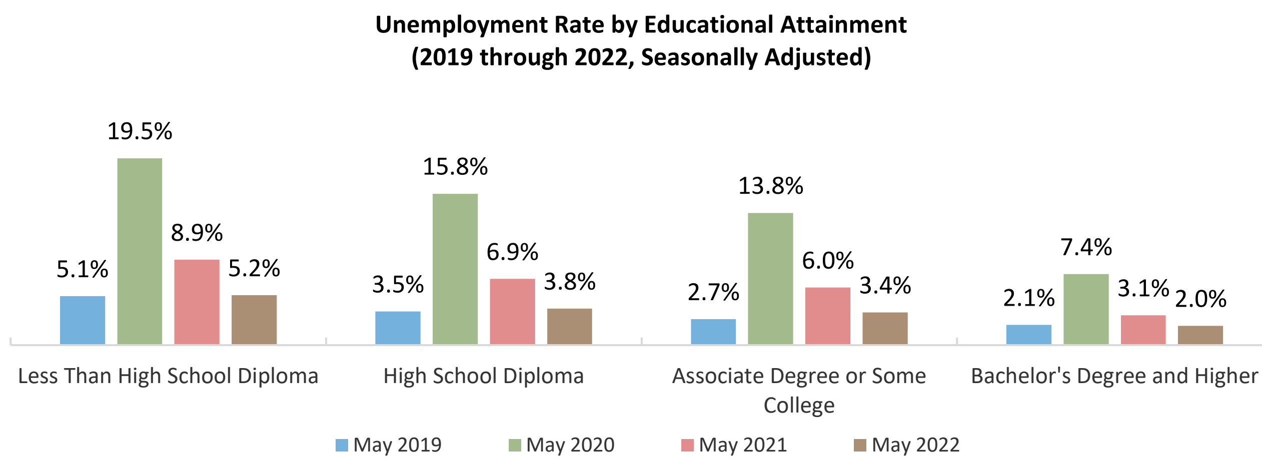
Sources: Minimum wage: U.S. Department of Labor. Employment Standards Administration, "History of Federal Minimum Wage Rates" (http://www.dol.gov/whd/minwage/chart.htm); U.S. Data: Postsecondary Education Opportunity. "'I worked my way through college. You should too," 2008 update to *Research Newsletter,*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



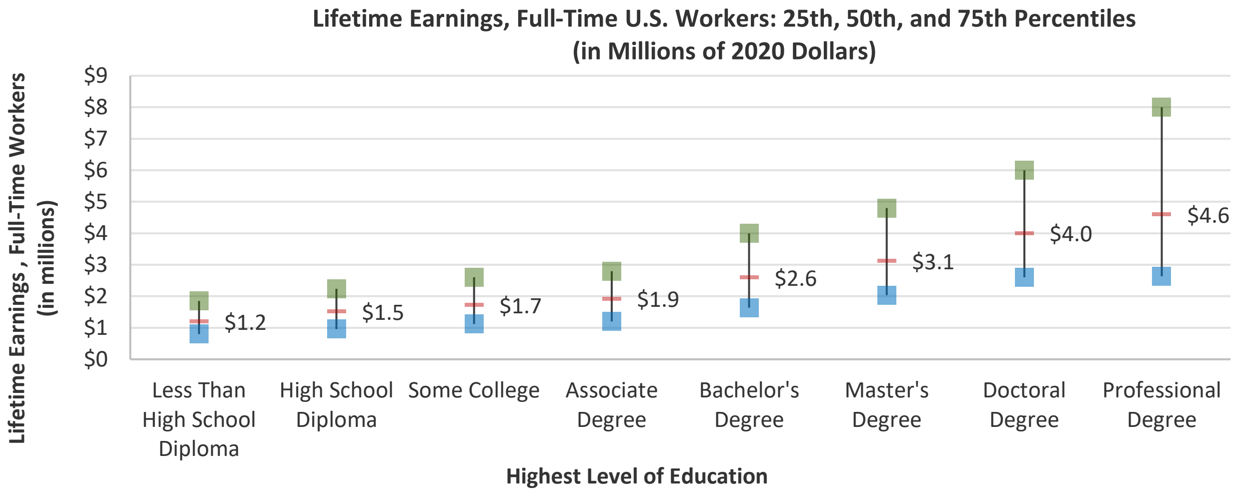


The U.S. Census Bureau reports that higher levels of education are typically associated with higher median earnings; however, annual incomes in the U.S. also vary widely within the same level of education. Consequently, some workers with associate degrees earn more than those with bachelor's degrees, 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.

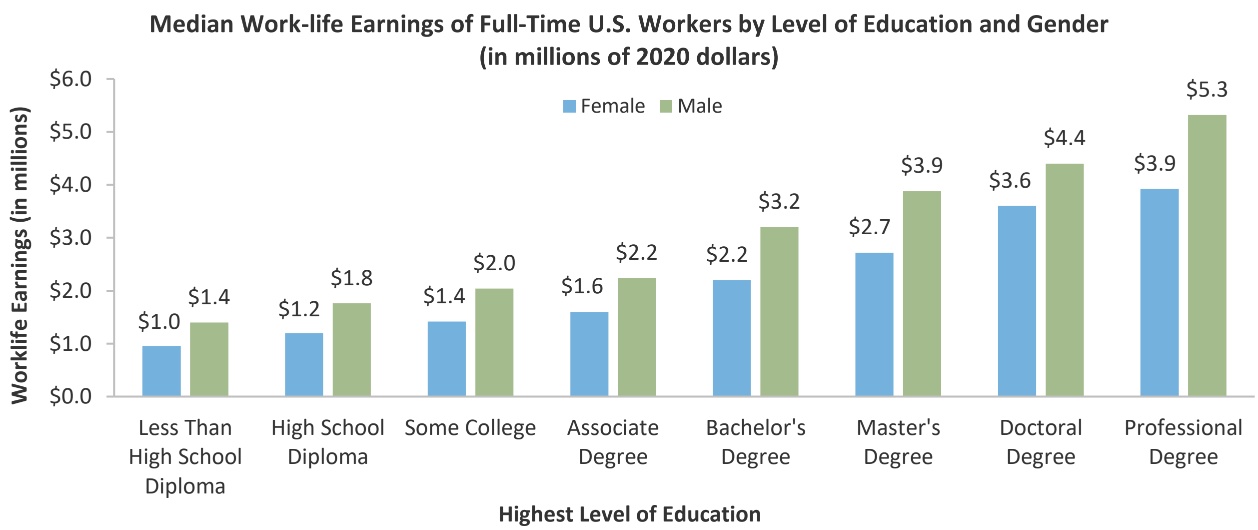
More evidence for the economic value of education comes from the U.S. Bureau of Labor Statistics. For May 2022, the unemployment rate of workers age 25 and older who had not completed high school stood at 5.2 percent. The unemployment rate for high school graduates was 3.8 percent, while the unemployment rate for those with a bachelor's degree and higher was 2.0 percent. These rates are lower than the prior two years as the U.S. economy continues to recover from the peak of the COVID-19 pandemic, but the pattern of lower unemployment rates for those with higher education still holds true.

Sources: Unemployment: Bureau of Labor Statistics. "Employment Status of the Civilian Population 25 Years and Over by Educational Attainment," May 2022 (http://www.bls.gov/news.release/empsit.t04.htm); Historical Unemployment Rates: Bureau of Labor Statistics. Data Retrieval: Labor Force Statistics (CPS) (https://www.bls.gov/webapps/legacy/cpsatab4.htm); Earnings: U.S. Census Bureau, American Community Survey 2020 (http://www.census.gov/programs-surveys/acs/data/pums.html).

Better-Educated Workers Have Higher Lifetime Earnings



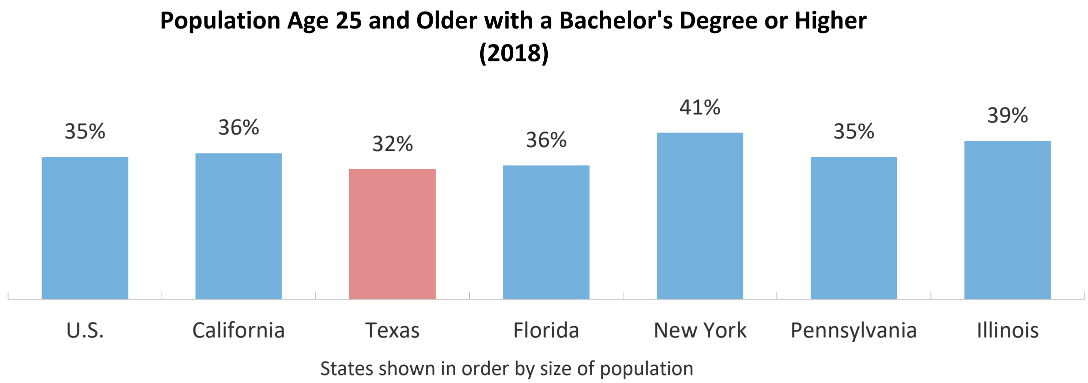
The difference in the salary earned by higher- and lower-credentialed workers compounds over a lifetime. The estimated earnings during the work-life (approximately 40 years) of a worker who did not complete high school is about $1 million. Completing high school increases median lifetime earnings by about $300,000, and completing a bachelor's degree raises median lifetime earnings to $2.6 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 $2 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, suggesting the importance of quality career guidance.

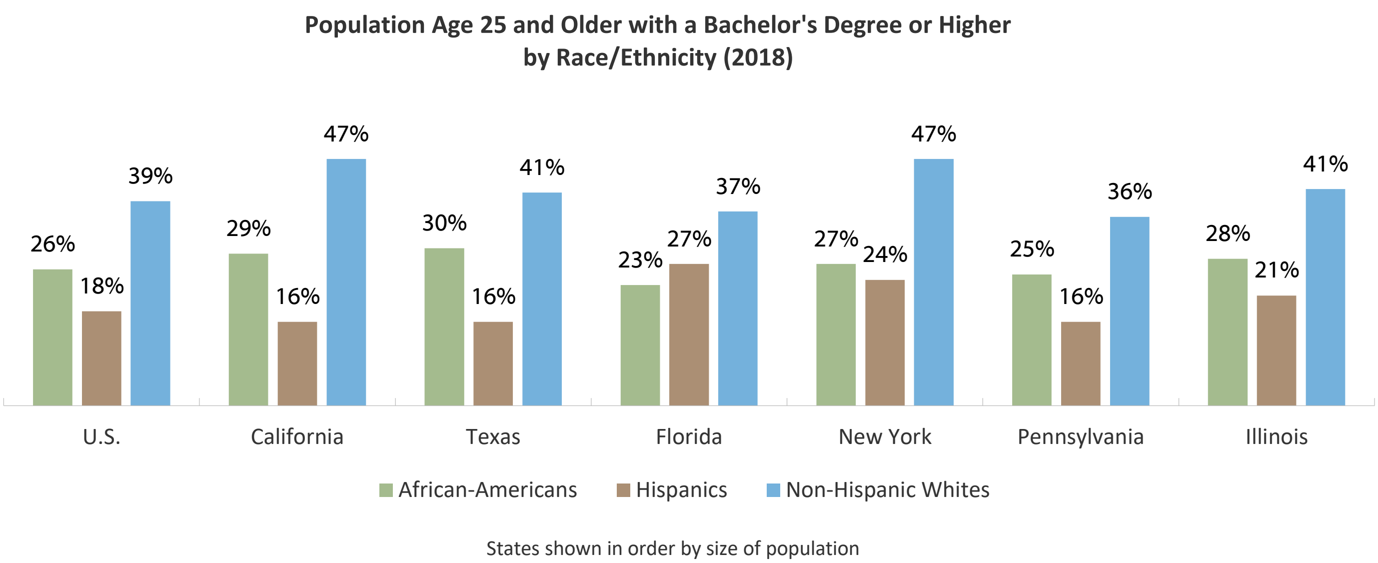


Median lifetime earnings differences based on education show earnings gaps by gender. For example, women typically must earn at least a bachelor's degree to make as much as men with an associate degree.

Earnings: U.S. Census Bureau, American Community Survey 2020 (http://www.census.gov/programs-surveys/acs/data/pums.html).

One-Third of Texans Age 25 and Older Have a Bachelor's Degree





Texas is slightly 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 2018 about 32 percent of Texans age 25 and older had obtained a bachelor's degree or higher, compared to 35 percent of adults nationwide. Among the six most populous states, Texas has the lowest percentage of the overall population age 25 and older with a bachelor's degree or higher.

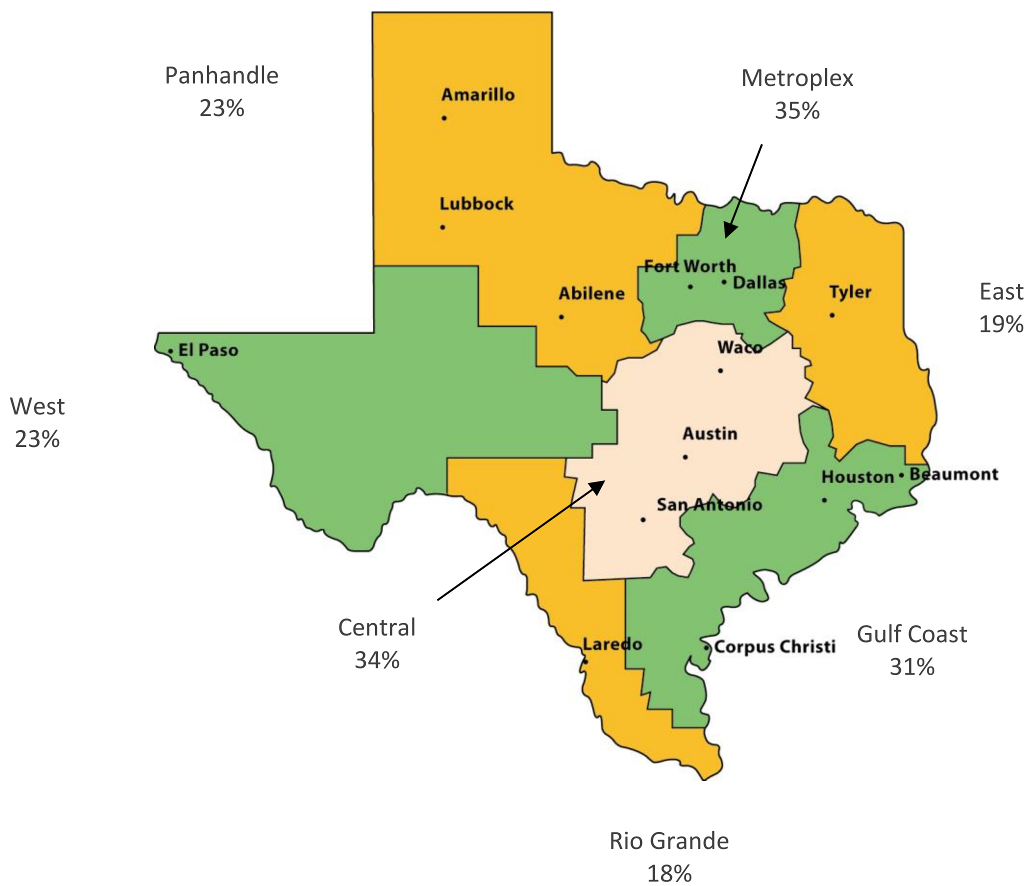
By race/ethnicity, U.S. Census Bureau data also show that:

- In Texas, Hispanics are the least likely to have a bachelor's degree. Only 16 percent of Hispanics age 25 and older have a bachelor's degree or higher, compared with 41 percent of Non-Hispanic Whites.
- The percentage of African-Americans in Texas who have a bachelor's degree is 11 percentage points lower than that of Whites. This gap has decreased by 4 percentage points since 2017.
- Among the six largest states, Texas is tied for third in the percentage of Whites with a degree and ties for last for Hispanics.

Source: U.S. Census Bureau, Current Population Survey 2018. Current Population Survey (CPS) Table Creator For the Annual Social and Economic Supplement (https://www.census.gov/cps/data/cpstablecreator.html).

Bachelor's Degree Attainment Varies by Texas Region

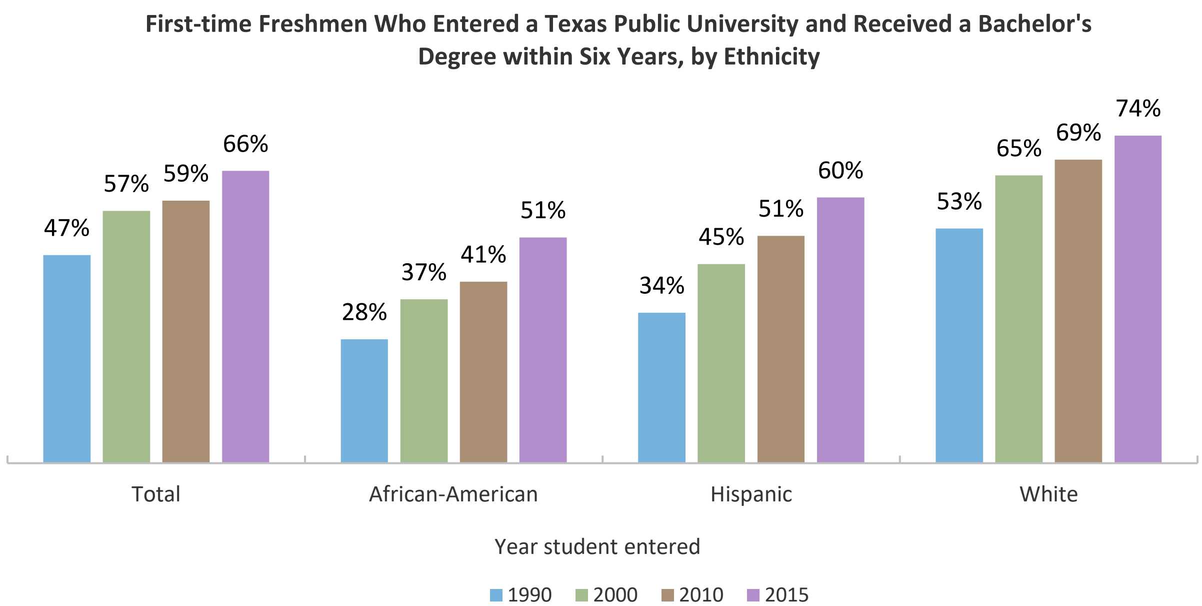
Population Age 25 and Older with a Bachelor's Degree or Higher (2020)



Bachelor's degree attainment in the different regions of Texas vary dramatically. In the Metroplex region, 35 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, 34 percent of adults have a bachelor's degree or higher, and in the Gulf Coast region, 31 percent have a bachelor's degree or higher. However, educational attainment levels drop off in other areas of the state. The West Texas and Panhandle regions record lower levels of educational attainment, and in the Rio Grande Valley and East Texas regions, the percentage of college graduates with at least a bachelor's degree is about half that in the Metroplex region.

Source: U.S. Census Bureau, American Communities Survey, 2020 Five-Year Estimates, Washington, D.C. (http://www.census.gov/acs/www/).

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

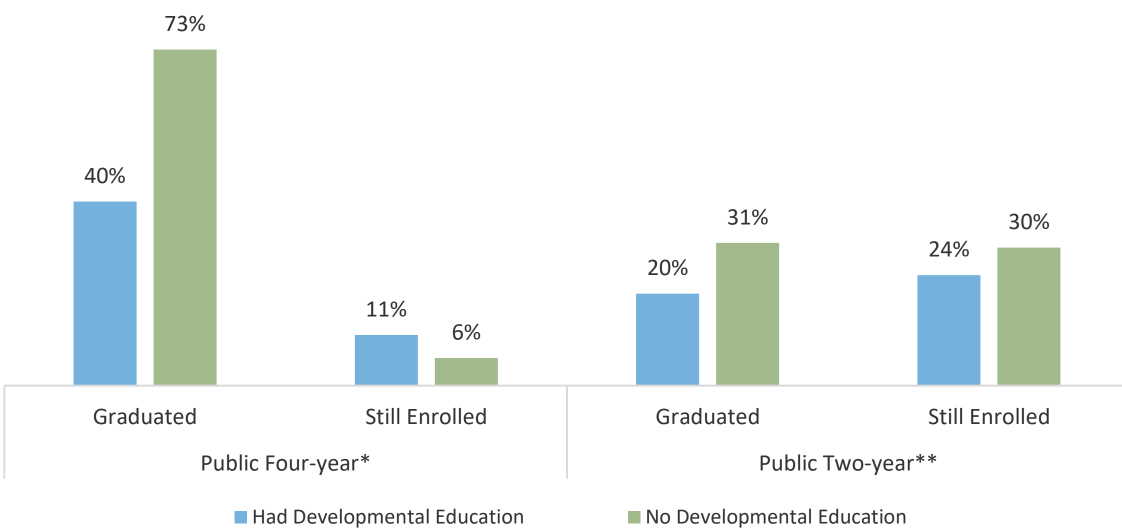


College graduation rates in Texas are rising but remain stratified by ethnicity. About 66 percent of first-time (in college), full-time freshmen who entered a Texas public university in 2015 obtained a bachelor's degree from that or another Texas public university within six years, but the rate varied from 74 percent of Whites to 60 percent of Hispanics to 51 percent of African-Americans. The six–year graduation rates have risen over the past two decades for all racial and ethnic groups.

Sources: Graduation rates: Six-year: THECB, Baccalaureate Graduation Rates (http://www.txhigheredaccountability.org/AcctPublic/InteractiveReport/Predefined).

Texas Undergraduates Who Took Developmental Education Courses Were Less Likely to Graduate

Percentage of First-Time, Full-Time Texas Undergraduates Who Graduated or Are Still Enrolled, by Sector and Developmental Education Status



Texas students who took one or more developmental education courses were less likely to have graduated compared to their peers who did not take developmental education courses at both public four-year and public two-year institutions. In the public four-year sector, developmental education students were a little more likely to still be enrolled six years after entering postsecondary education whereas the opposite was true in the public two-year sector three years after starting college.

In recent years, there have been efforts at institution and state levels to reform developmental education to make it more effective, efficient, and improve the pathways to graduation. Some of the efforts that have shown promise include collaboration with high schools to better assess students before the enter college, compressing the coursework so that it does not take an entire semester to complete the course, using co-requisite pathways that integrate additional support into “mainstream” classes for the students who need it, and implementing comprehensive student support programs.

* In 2021 for first-time, full-time students entering in fall 2015. The missing percentage is the percentage of students who had not graduated or were not still enrolled six years after entering postsecondary education.

** In 2021 for first-time, full-time students entering in fall 2018. The missing percentage is the percentage of students who had not graduated or were not still enrolled three years after entering postsecondary education.

Sources: Texas Higher Education Coordinating Board (THECB), Graduation and Persistence of Developmental Education Students (http://www.txhighereddata.org/index.cfm?objectId=200A40A0-E156-11E8-BB650050560100A9); Developmental Education Reforms: U.S. Department of Education, January 2017, “Developmental Education Challenges and Strategies for Reform” (https://www2.ed.gov/about/offices/list/opepd/education-strategies.pdf).

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

Percentage of Adults in 2021 (Ages 25-64) With a Bachelor's Degree or Higher

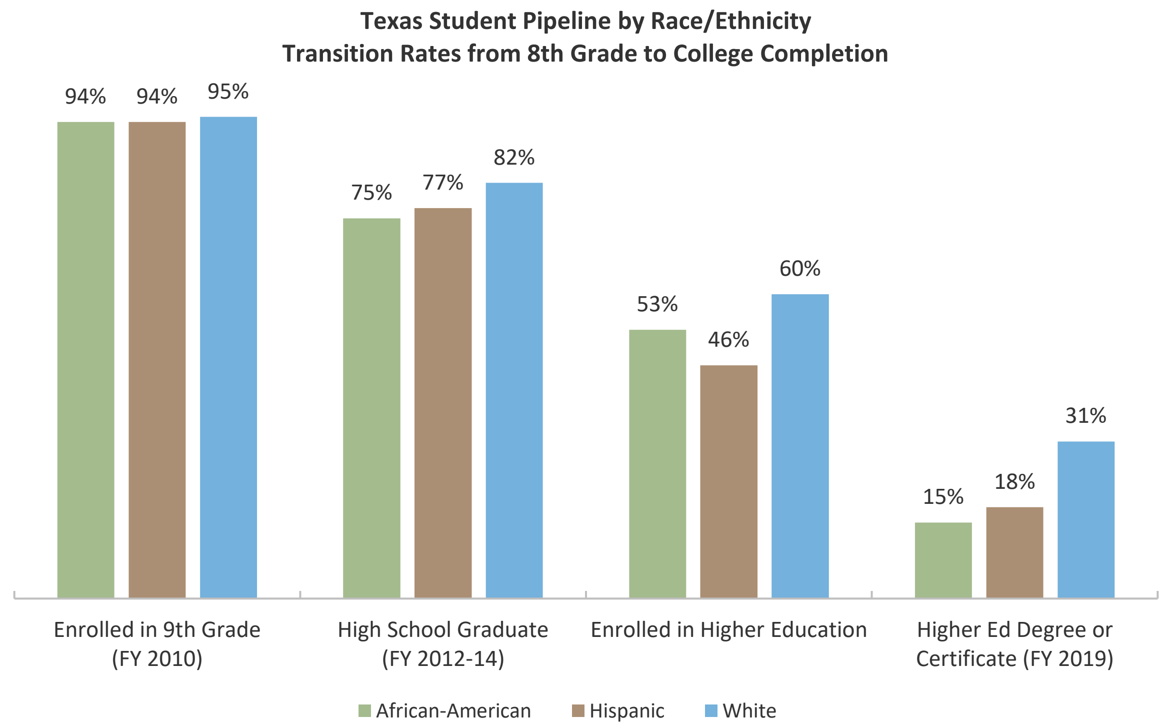
U.S. States	%	OECD Countries
	↑	
	48	
Massachusetts		
	46	Luxembourg • Switzerland
New Jersey	44	Lithuania
		Ireland
Colorado • Maryland • Connecticut	42	Belgium
Vermont • Virginia		Netherlands
New York	40	
Minnesota• New Hampshire		**United States**
Illinois	38	Australia • Finland • Iceland • Israel
Rhode Island • Washington		Estonia
	36	Korea • New Zealand
Kansas • Utah • California • Oregon • Nebraska • Pennsylvania		Denmark • Sweden
Montana • Hawaii • North Carolina • Georgia • Delaware	34	Canada • Latvia • Norway
Maine • North Dakota • Wisconsin		**OECD Average** • Poland
Michigan • **Texas** • Missouri	32	Greece
South Dakota • Iowa • Ohio • Florida		Germany • Japan
Tennessee • Arizona • Alaska • South Carolina	30	
Idaho • Indiana		Slovenia
Wyoming	28	Portugal • Spain
Alabama • New Mexico • Kentucky		Slovak Republic
Oklahoma	26	Hungary
Louisiana • Nevada • Arkansas		Columbia • Czech Republic • France
	24	
West Virginia • Mississippi		
	22	
		Italy
	20	
		Austria • Mexico
	18	
	↓	Chile • 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 outcomes. Disaggregating attainment by individual U.S. states highlights the variance between state education systems in attainment percentages. The U.S. average for adults (ages 25-64) with a bachelor's degree or higher is 39 percent, higher than the OECD average and the Texas average of 32 percent. These rankings can change significantly when comparing attainment levels of an associate degree or higher.

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

Source: OECD (2021), *Education at a Glance 2021: OECD Indicators*, OECD Publishing, Paris.
DOI: http://www.oecd.org/education/education-at-a-glance/; U.S. Census Bureau, Current Population Survey 2020. Current Population Survey (CPS) Table Creator For the Annual Social and Economic Supplement (http://www.census.gov/hhes/www/cpstc/cps_table_creator.html.

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



The student pipeline is one way to consider the flow of Texas students into postsecondary credentials. The pipleine metaphor highlights the major transition points, or "leaks", where many students drip out of the system. Focusing only 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.

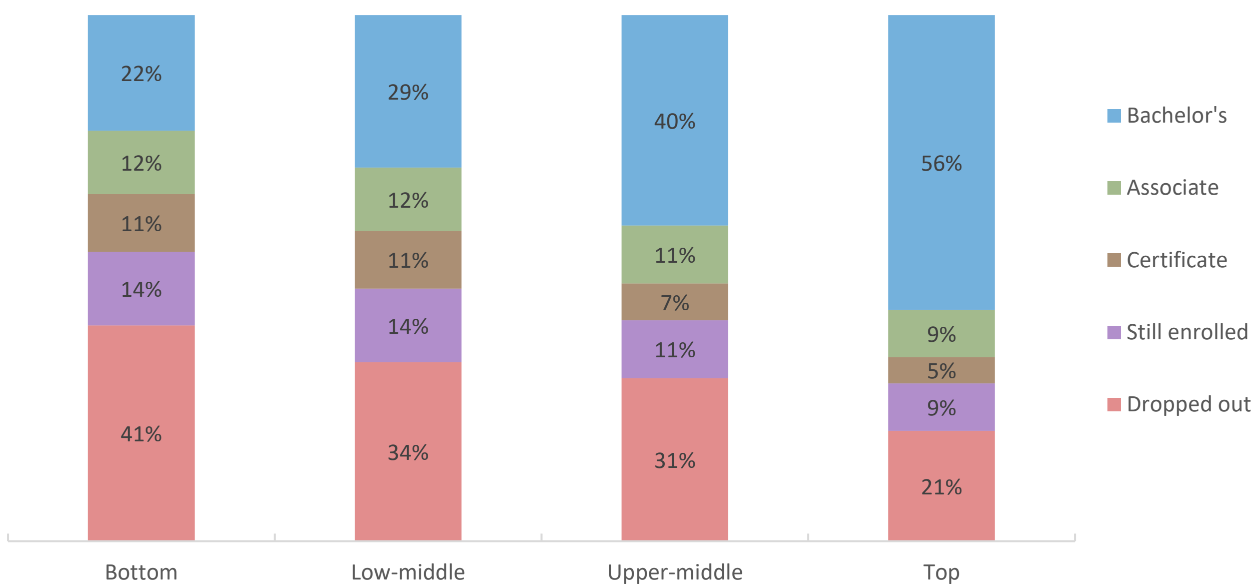
At every stage of the student pipeline, larger percentages of Hispanic and African-American students exited compared to White students. Whereas 60 percent of White 8th graders in 2009 enrolled in higher education directly following high school graduation, only 53 and 46 percent of African American and Hispanic 8th 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 historically 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 and the largest opportunity to improve student success.

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: 8th Grade Cohort and HS to College Data, 2019 (http://www.txhighereddata.org/index.cfm?objectId=4E600400-D970-11E8-BB650050560100A9). 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.

More Than 40 Percent of Low-Income Students Nationwide Dropped Out Within Six Years of Starting College

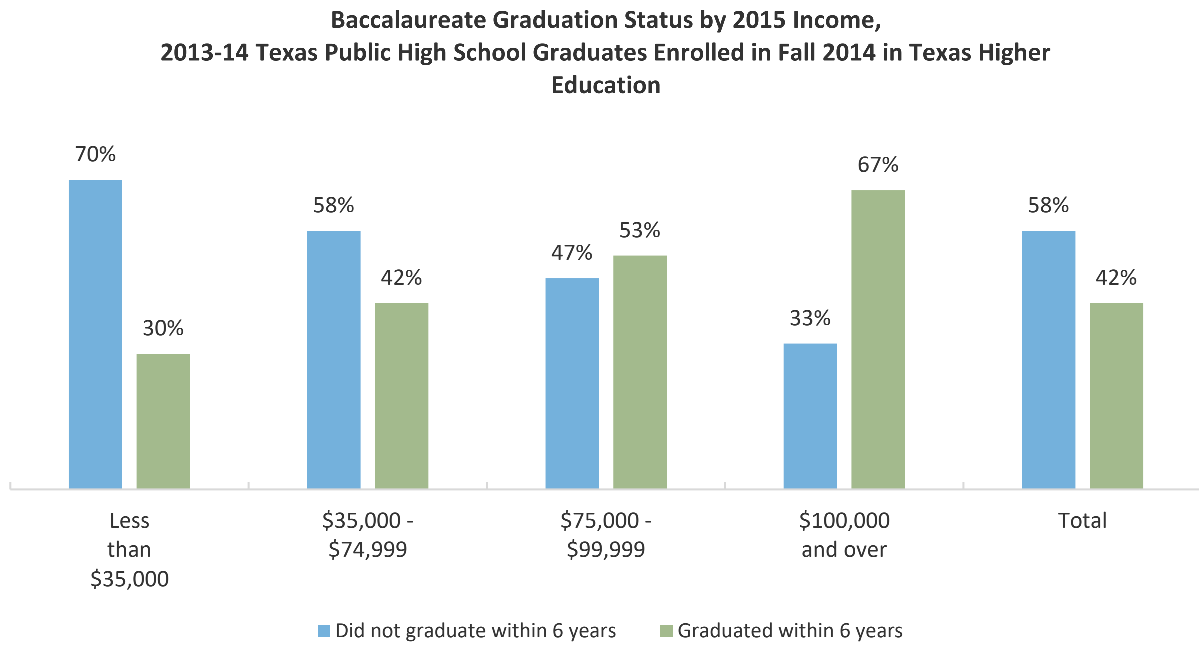
Six-year Attainment Status of 2011-12 First-year Students by Income Quartile



Income plays an outsized role in student success. The federal government tracked first-year students who began in academic year (AY) 2011-12. These students were segmented into income quartiles and compared by their academic outcomes. Over half of the top quartile earned a bachelor's degree within six years, while only 22 percent of the lowest quartile had made such an achievement. Furthermore, students in the bottom income quartile were almost twice as likely to leave school without a degree as those in the top quartile.

Source: U.S. Department of Education, National Center for Education Statistics, 2012/2017 Beginning Postsecondary Students Longitudinal Survey (BPS: 12/17) (https://nces.ed.gov/surveys/bps/).

Low-Income Texas Students Are Far Less Likely to Obtain Bachelor's Degree Than High-Income Peers

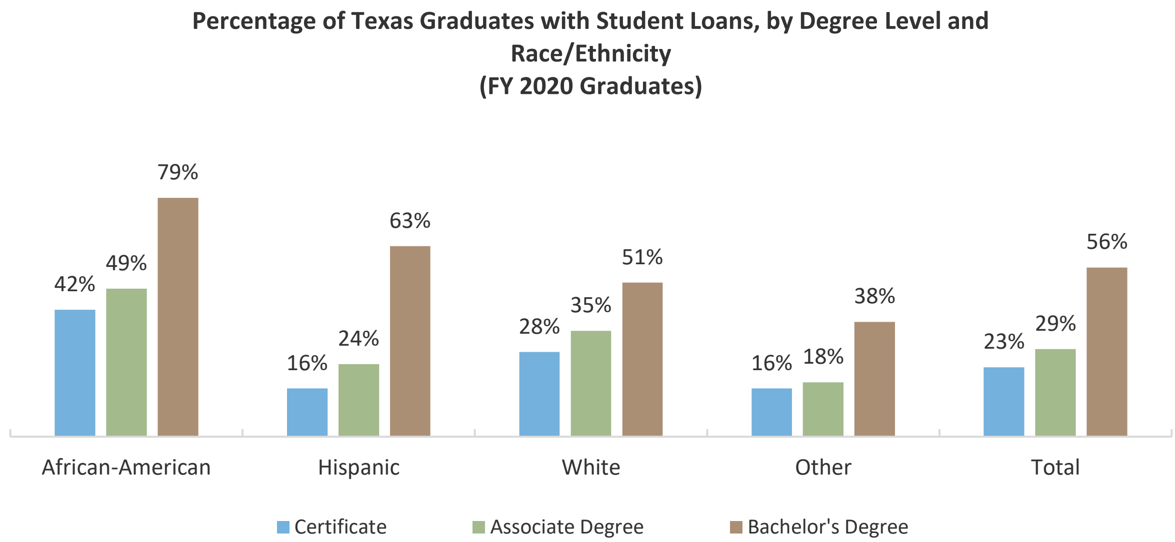


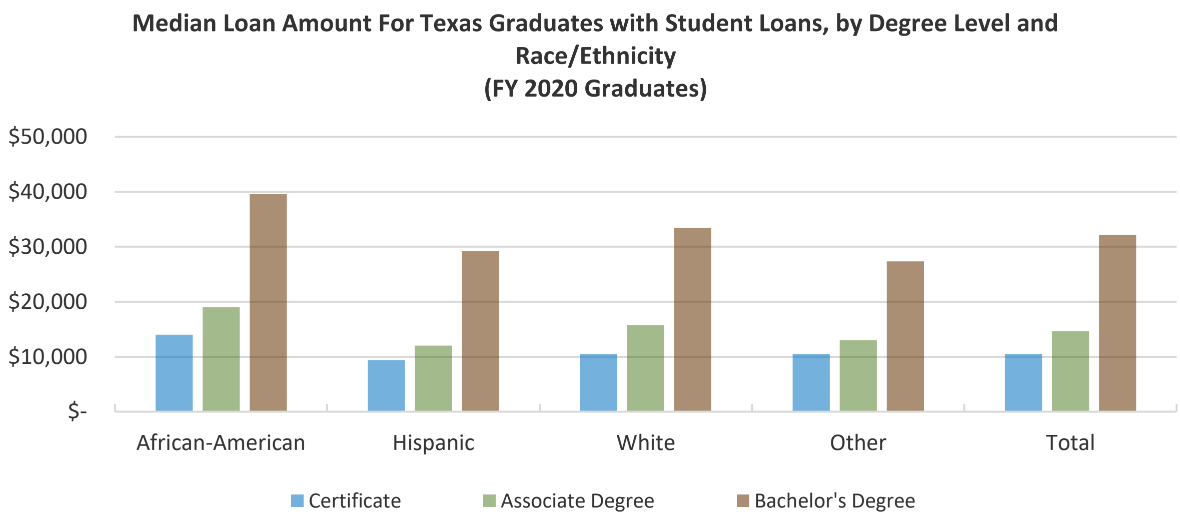
Less than a third of Texas baccalaureate students with incomes below $35,000 had graduated within six years, compared to two-thirds of students with six-digit incomes. Students with low incomes are more likely to have unmet need, which is the amount that students and/or their families must cover over and above all grants, scholarships, work-study, loans, and expected family contribution*.

*Expected family contribution is determined through a federal formula that considers 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.

Source: Texas Higher Education Coordinating Board (THECB), "Baccalaureate Graduation Status within Six Years by Income Range" (unpublished tables; special request).

Four in Five African-American Texas Bachelor's Degree Graduates Had Borrowed Student Loans

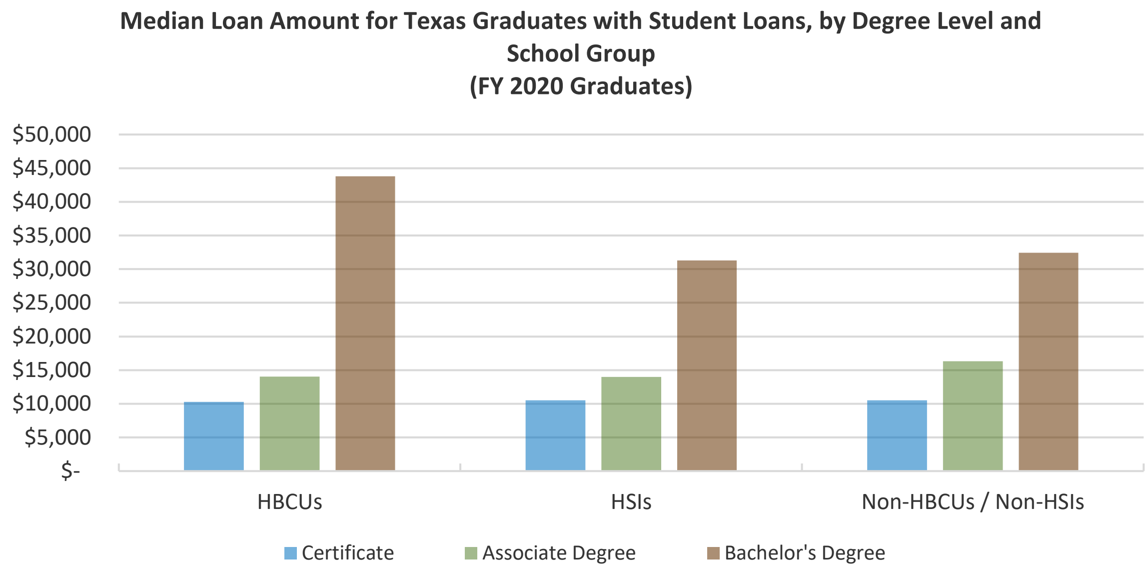




Bachelor's degree recipients in Texas who graduated in fiscal year (FY) 2020 were more likely to borrow and borrowed larger cumulative amounts compared to Certificate and Associate degree recipients. African-American students were particularly likely to borrow and to have a larger cumulative amount compared to students of other races/ethnicities, with 79 percent of African-American Bachelor's degree recipients borrowing a median of nearly $40,000.

Source: Texas Higher Education Coordinating Board (THECB), "Median Indebtedness by Degree Level and Race/Ethnicity" (unpublished tables; special request).

HBCU Bachelor's Degree Recipients Borrowed a Median Cumulative Amount of Over $43,000



Student borrowers graduating with a bachelor's degree at Texas Historically Black Colleges and Universities (HBCUs) had a median debt of more than $43,000 or almost one-third higher than their peers attending all other institutions in Texas.* The median amount borrowed at the Certificate and Associate Degree level is more similar between the HBCUs, the Hispanic-Serving Institutions (HSIs), and the non-HBCU/HSI institutions.

*Excluding private, for-profit institutions

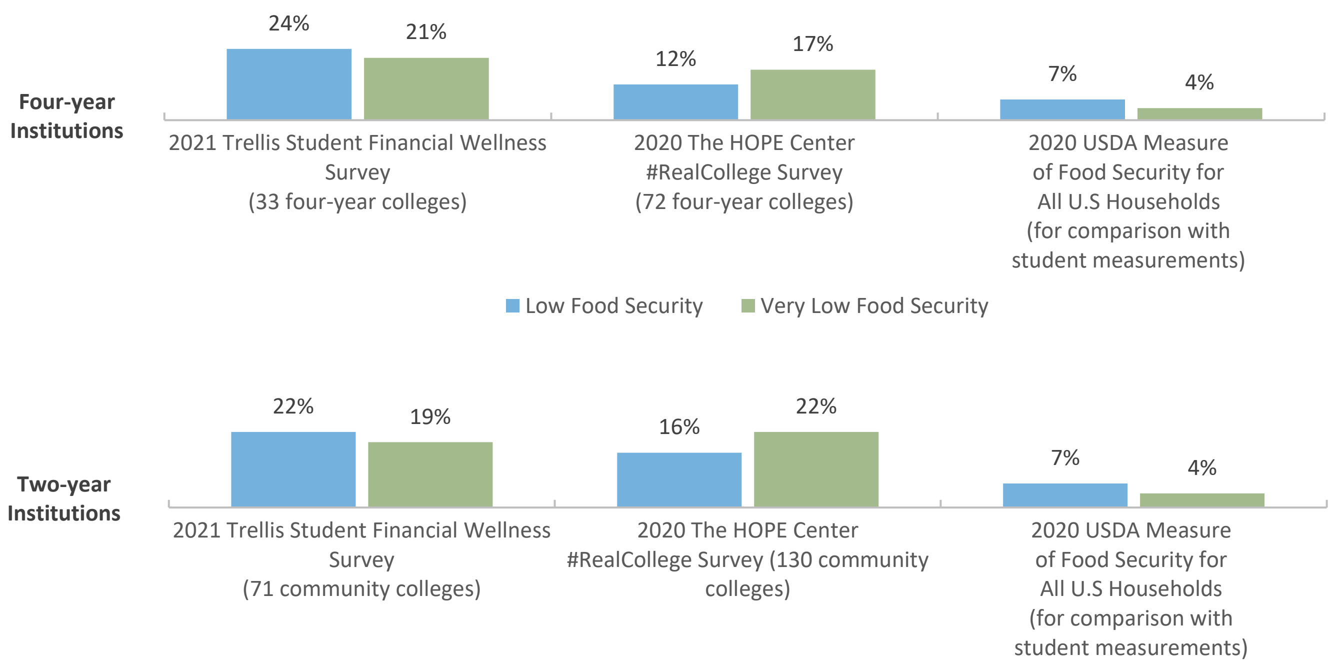
Source: Texas Higher Education Coordinating Board (THECB), "Median Indebtedness by Degree Level and School Group" (unpublished tables; special request).

SECTION 9

Student Financial Wellness

Recent Studies of Food Security Amongst College Students Find Similar, High Levels of Food Insecurity

Recent Studies of Food Security Among College Students Using the U.S. Department of Agriculture Scale



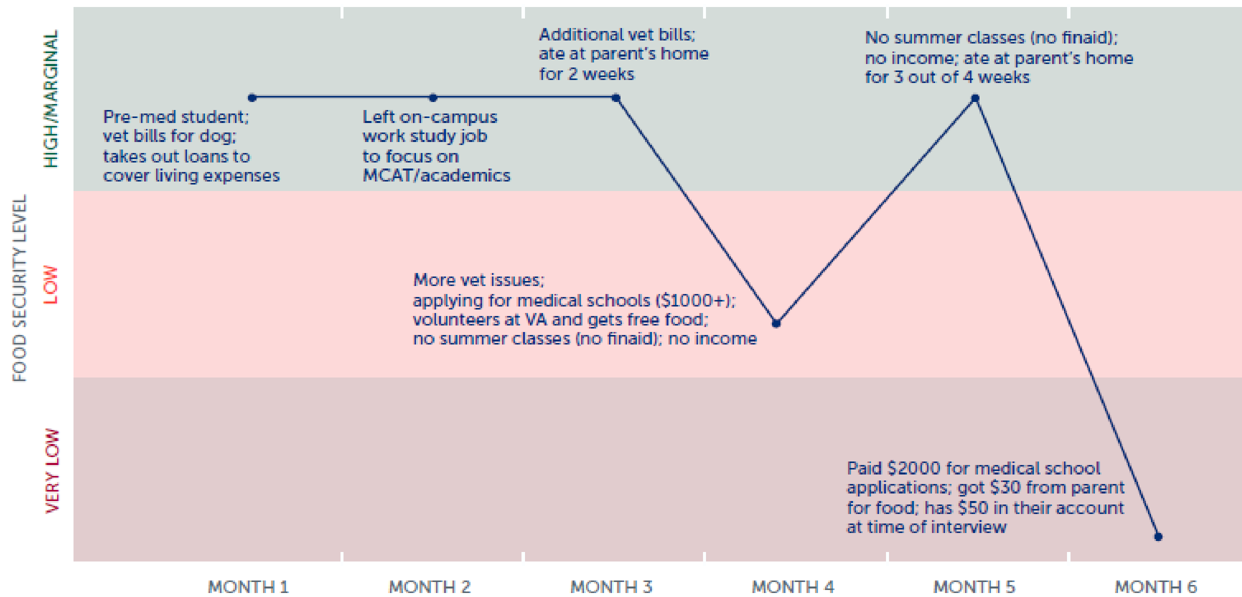
A growing body of research has explored the degree to which postsecondary students are struggling to meet their basic needs. While more research is needed to explore the extent to which basic needs insecurity affects student success, it is reasonable to assume that students who struggle with hunger, nutrition, and/or finding safe shelter will have a more difficult path to earning a degree. The measurement tool designed by the United States Department of Agriculture (USDA) defines low food security as "reports of reduced quality, variety, or desirability of diet" and very low food security as "reports of multiple indications of disrupted eating patterns and reduced food intake." While no nationally representative research is available for food insecurity among college students, a number of studies have found similar, troubling levels.

In the Fall 2021 Student Financial Wellness Survey from Trellis Company, researchers found that 45 percent of students at four-year colleges and 41 percent of students at community colleges experienced low or very low food security. The survey was open to any college nationwide and recruited 104 colleges in 25 states. The study included 71 community colleges and 33 four-year institutions. Greater food insecurity amongst the four-year institution cohort in the Trellis study, compared to other studies, may be explained by the types of institutions participating; these schools were more likely to serve under-resourced students than average four-year institutions.

Note: The Trellis survey used the condensed six-question food security scale while the other surveys used the 10-question version.

Sources: United States Department of Agriculture (USDA). 2017. Definitions of food security. (https://www.ers.usda.gov/topics/food-nutrition-assistance/food-security-in-the-us/definitions-of-food-security/); Fletcher, C., Cornet, A., & Webster, J. Student Financial Wellness Survey: Fall 2021 (unpublished tables); Baker-Smith, C. Coca, V. Goldrick-Rab, S. Looker, E. Richardson, B. & Williams, T. (2021). #RealCollege 2021: Basic Needs Insecurity During the Ongoing Pandemic. The HOPE Center for College, Community, and Justice. (https://hope4college.com/wp-content/uploads/2020/02/2021_RealCollege_Survey_Report.pdf); U.S. Department of Agriculture, Economic Research Service. Food Security in the U.S. (https://www.ers.usda.gov/topics/food-nutrition-assistance/food-security-in-the-us/key-statistics-graphics/).

Longitudinal Study of College Students Reveals Fluid Pattern of Food Security



While quantitative surveys differentiate magnitudes of food security and report prevalence at a specific point in time – key metrics for understanding and managing aspects related to student success – they give us little insight into these students' day-to-day lives. To address this gap, Trellis Company conducted a qualitative study that interviewed 72 students once a month for nine months to better understand the dynamics behind student finances and academic performance. The first report from this effort, *Studying on Empty: A Qualitative Study of Low Food Security among College Students*, examines the lived experiences of 36 students who indicated they experienced low (LFS) or very low food security (VLFS) at least once during the nine-month study. This longitudinal perspective revealed a more fluid, fluctuating pattern of collegiate food security than is commonly understood, where sudden changes in financial stability (e.g., shifts in employment, financial aid, social networks, medical issues, personal budgeting, etc.) degraded or improved a student's food security.

Over the course of the study, 26 participants experienced a decline in food security from one interview to the next.* Catalysts for degraded food security often included loss of employment, housing disruptions, and loss of financial aid.

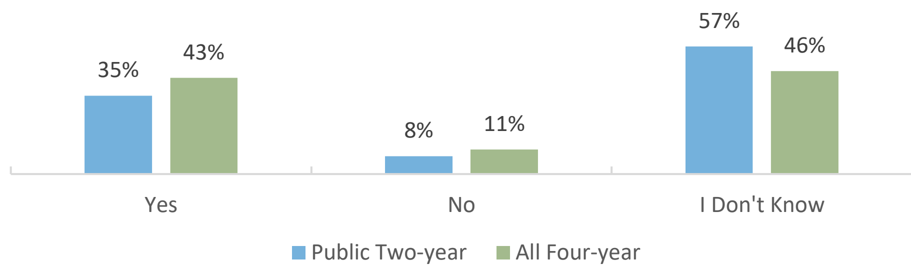
In the case above, a combination of ambitious academic and career goals, costly medical school applications, and recurring veterinary expenses resulted in the student's level of food security dropping twice. The student was food secure for the first three months of the study and had a restrictive, but attainable, budget. This changed in month four, where food security dropped from high/marginal to low due to a combination of: (1) recurring vet expenses; (2) pricey medical school applications; and (3) leaving her part-time, on-campus job to focus on academics. Fortunately, the student was able to secure free food through volunteering efforts and at her parents' home. This temporarily increased her food security for one month, but without financial aid or other regular sources of income, her financial and food situation degraded further to very low. By month six, she completely drained her savings after paying over $2,000 in medical school applications; and although she had received $30 from a parent for food, she only had $50 in her bank account at the time of the last interview.

*Researchers are unable to rule out the possibility that declining food security may be explained, in part, by the subjects becoming more comfortable discussing this sensitive topic with interviewers.

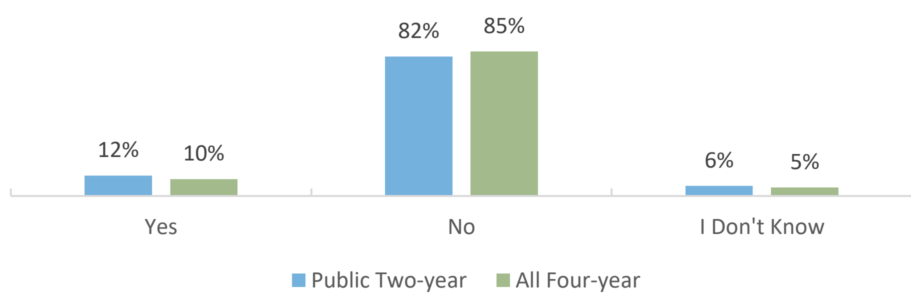
Source: Cornett, A., & Webster, J. (2020). Longitudinal Fluidity in Collegiate Food Security: Disruptions, Restoration, and Its Drivers. Trellis Company. Retrieved from: https://www.trelliscompany.org/wp-content/uploads/2020/02/Research-Brief_FSS_Longitudinal-Fluidity.pdf; Fernandez, C., Webster, J., & Cornett, A. (2019). Studying on Empty: A Qualitative Study of Low Food Security among College Students. Trellis Company. Retrieved from: https://www.trelliscompany.org/wp-content/uploads/2019/09/Studying-on-Empty.pdf

Less Than Half of Students Were Aware That Their College Has a Food Pantry

Q90: Does your school have a food pantry or food closet on campus?*



Q91: Have you visited a food pantry, on or off campus, since January 1, 2021?



Food insecurity is common among college students. The Fall 2021 Student Financial Wellness Survey from Trellis Company found that 45 percent of students at four-year colleges and 41 percent of students at community colleges experienced low or very low food security. When students' basic needs are not being met, it makes it much more difficult to focus on academic success. Campuses nationwide have created food pantries on campus or established partnerships with food banks to try to address this issue.

Most of the institutions that participated in Trellis' 2021 survey had a food pantry or food closet on campus. However, only a little over a third of respondents at community colleges with a food pantry and 43 percent of respondents at a four-year institution with a food pantry were aware that their school had this resource. More than half of community college respondents and almost half of four-year respondents did not know if a food pantry was available on campus.

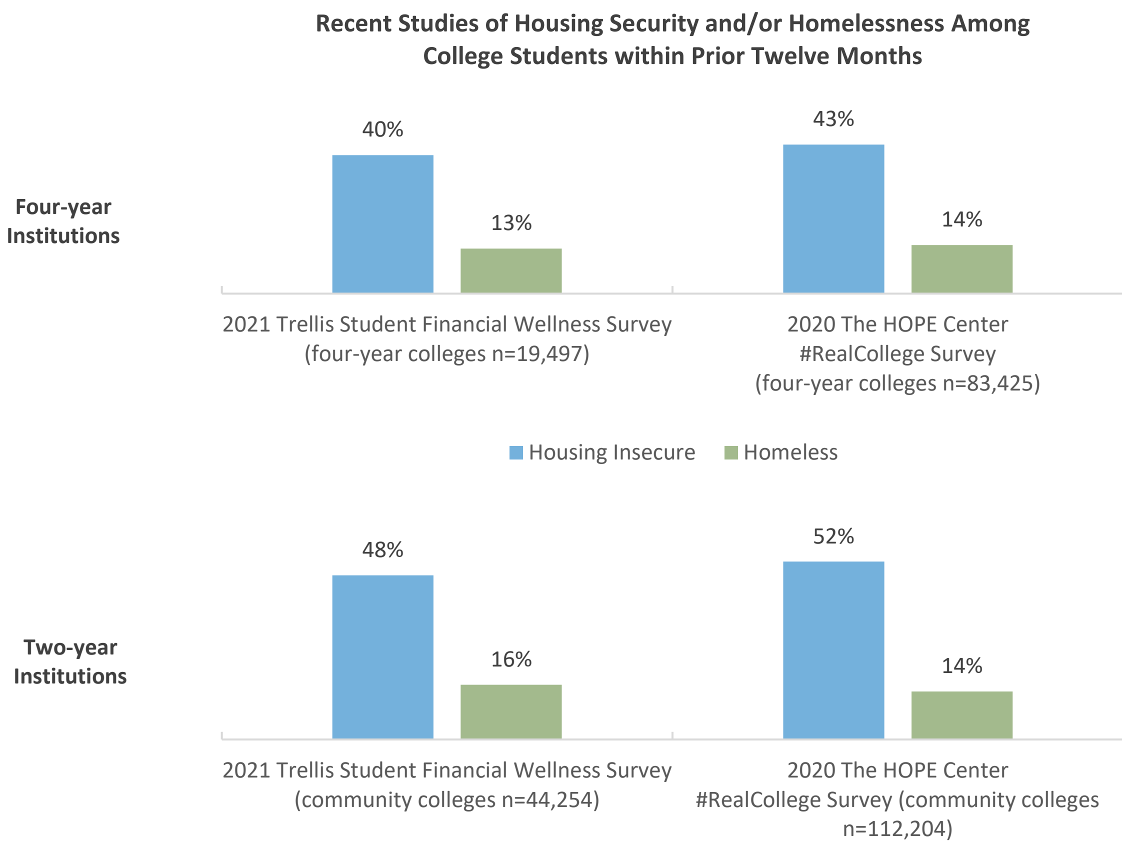
Twelve percent of community college respondents and ten percent of four-year respondents reported visiting a food pantry, on or off campus, during 2021. These percentages are much lower than the percentage of students who reported experiencing food insecurity. Making food pantries widely available and reducing the stigma of using them could help increase the number of needy students obtaining this resource.

Note: Trellis' Student Financial Wellness Survey is open to any college nationwide that wants to participate. In the fall 2021 implementation, 104 colleges in 25 states participated – 71 community colleges and 33 four-year institutions. There were 44,254 respondents attending public two-year institutions and 19,497 respondents attending four-year institutions. The results are not nationally representative.

*Analysis in this table excludes institutions that did not have a food pantry or food closet at the time the survey was implemented.

Source: Fletcher, C., Cornet, A., & Webster, J. Student Financial Wellness Survey: Fall 2021 (unpublished tables).

Almost Half of Community College Students are Housing Insecure



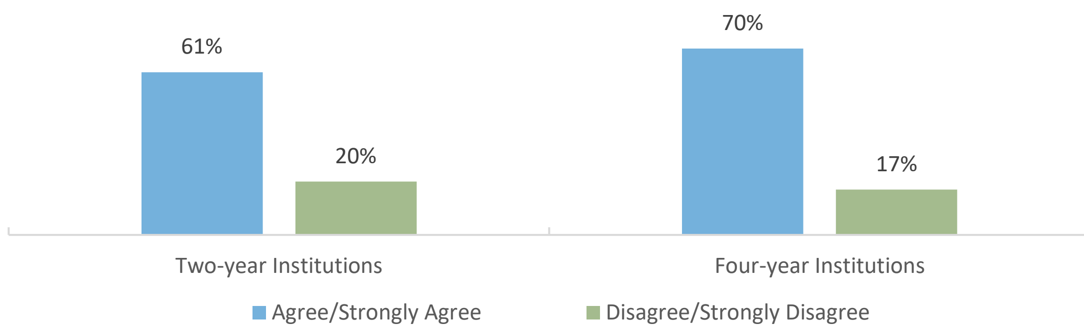
Recent studies by Trellis have found high levels of housing insecurity and homelessness among college students. Being homeless or "without a place to live, often residing in a shelter, an automobile, an abandoned building, or outside" can make an already challenging college experience even more difficult. Housing insecurity, including inability to pay full housing costs and moving in with others due to financial issues, is less severe, but can also make the college experience difficult. As the cost of college rises, basic needs security may become a barrier to success for more students. Some colleges are addressing housing issues with emergency grants, temporary housing, and partnerships with local organizations to provide rental assistance to students.

Trellis' Fall 2021 Student Financial Wellness Survey found 48 percent of community college students and 40 percent of four-year college students experienced housing insecurity in the previous 12 months. The Trellis study found that 16 percent of community college students and 13 percent of four-year students experienced homelessness in that same time period. Similar levels were found in a 2020 survey from the HOPE Center for Community, College, and Justice. The Trellis survey was open to any college nationwide that wanted to participate, and of the 104 colleges (in 25 states) in the study, 71 were community colleges and 33 were four-year institutions.

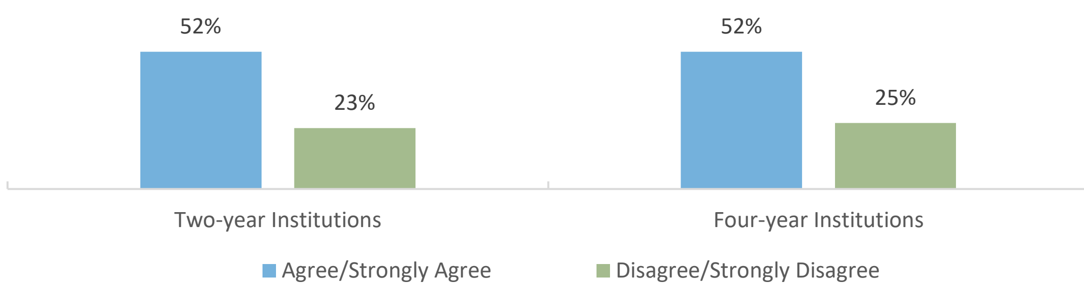
Source: Fletcher, C., Cornet, A., & Webster, J. Student Financial Wellness Survey: Fall 2021 (unpublished tables); #RealCollege 2021: Basic Needs Insecurity During the Ongoing Pandemic. The HOPE Center for College, Community, and Justice. (https://hope4college.com/wp-content/uploads/2020/02/2021_RealCollege_Survey_Report.pdf; U.S. News and World Report (February 27, 2018). A New Focus on College Campuses: Ending Housing Insecurity. https://www.usnews.com/news/education-news/articles/2018-02-27/campus-focus-on-solving-housing-insecurity-helping-homeless-students.

More Than Half of Students Have Concerns About Affording College

Q49: I worry about having enough money to pay for school.*



Q50: I know how I will pay for college next semester.*



There is growing recognition that the interplay of student collegiate finances and academic performance influences key student outcomes like retention and graduation. It is common practice for a student to develop an academic plan for college, but often there is no accompanying financial plan to help the student plan for the high direct and indirect costs of college. With these costs, those students with financial challenges may find themselves unsure of whether they can or should re-enroll in their next semester.

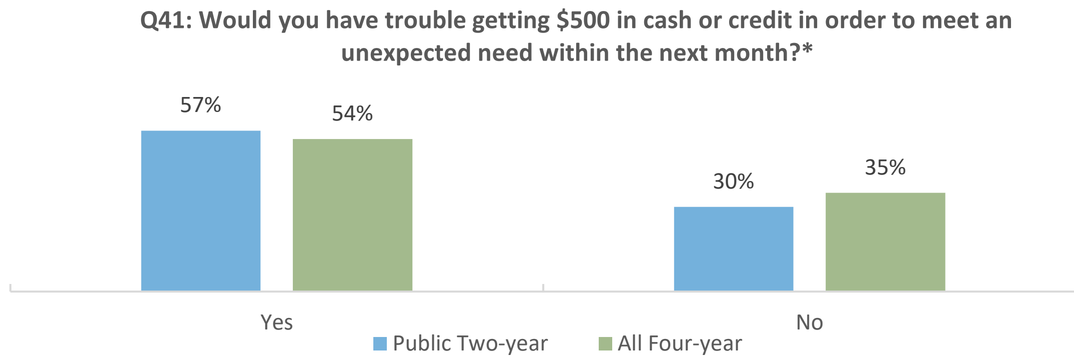
In Trellis' Fall 2021 Student Financial Wellness Survey, many students surveyed signaled concerns about being able to afford college. More than three in five respondents (61 percent) at two-year institutions and 70 percent of respondents at four-year institutions either agreed or strongly agreed that they worry about having enough money to pay for school. Twenty-three percent of respondents at two-year institutions and 25 percent of respondents at four-year institutions either disagreed or strongly disagreed that they knew how they would pay for college next semester.

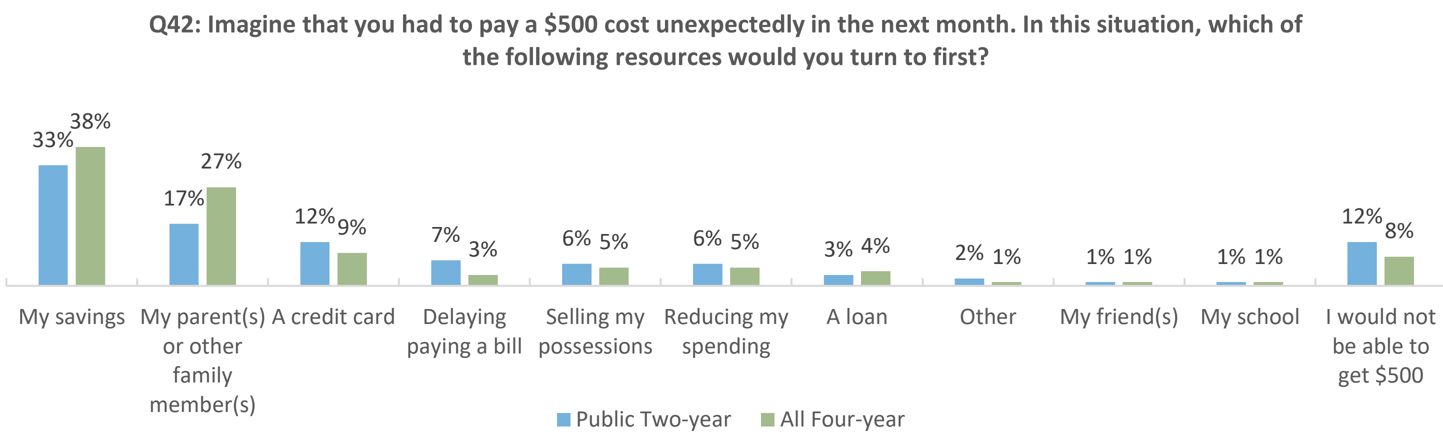
Note: Trellis' Student Financial Wellness Survey is open to any college nationwide that wants to participate. In the fall 2021 implementation, 104 colleges in 25 states participated – 71 community colleges and 33 four-year institutions. There were 44,254 respondents attending public two-year institutions and 19,497 respondents attending four-year institutions. The results are not nationally representative.

*Responses indicating 'Neutral' are not shown

Source: Fletcher, C., Cornet, A., & Webster, J. Student Financial Wellness Survey: Fall 2021 (unpublished tables).

The Majority of College Students Would Have Trouble Getting $500 to Meet an Unexpected Need





For students on tight budgets, persisting in school often depends on financial plans that go smoothly, as even modest disruptions due to accidents, illness, or unanticipated expenses can impede success. Cash-strapped students face these contingencies with fewer options than their more affluent peers, often engaging in extreme frugality and untenable work schedules that threaten their health and diminish their learning experiences. For students who are financially vulnerable, a relatively small expense can force difficult decisions around staying enrolled in college.

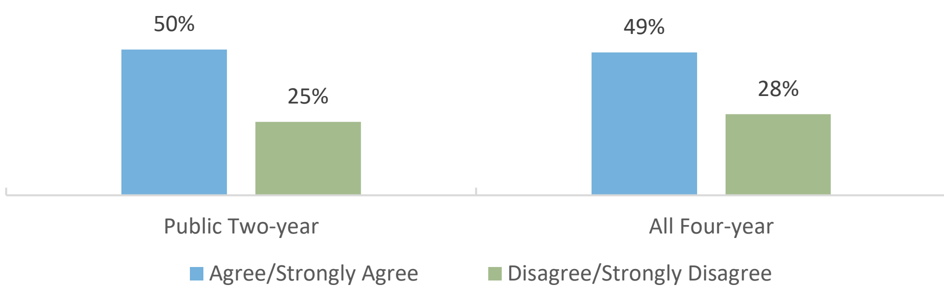
In the Fall 2021 Trellis Student Financial Wellness Survey, more than half of respondents from two-year and four-year institutions indicated they would have trouble getting $500 in cash or credit in an emergency. The most common resource students from both sectors would turn to if they needed $500 for an emergency is their savings. More than a quarter of four-year respondents and 17 percent of community college respondents said they would turn to their parents or other family. Some respondents also reported that they would use a credit card, delay paying a bill, sell possessions, reduce spending, take a loan, or turn to their friends or school. However, 12 percent of community college respondents and eight percent of four-year respondents said they would not be able to come up with $500 from any resource.

Note: Trellis' Student Financial Wellness Survey is open to any college nationwide that wants to participate. In the fall 2021 implementation, 104 colleges in 25 states participated – 71 community colleges and 33 four-year institutions. There were 44,254 respondents attending public two-year institutions and 19,497 respondents attending four-year institutions. The results are not nationally representative.

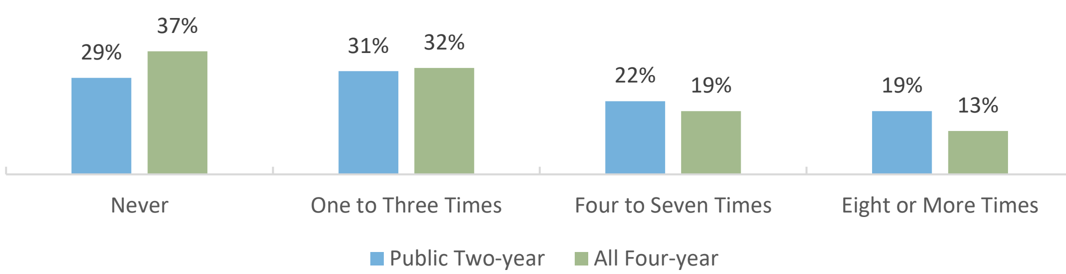
Sources: Fletcher, C., Cornet, A., & Webster, J. Student Financial Wellness Survey: Fall 2021 (unpublished tables).

Half of Students Express Concern About Affording Monthly Expenses; Most are Running Out of Money at Least Once Annually

Q48: I worry about being able to pay my current monthly expenses.*



Q43: In the past 12 months, how many times did you run out of money?



Some of the anxiety around paying for school may be driven by students' concern for their day-to-day expenses. In the Fall 2021 Trellis Student Financial Wellness Survey, about half of respondents – 50 percent at two-year institutions and 49 percent at four-year institutions – worried to some degree about paying for their current monthly expenses.

It takes careful planning for students to meet their expenses and manage a limited, often uncertain, cash flow while attending school. Nearly three-quarters of respondents at two-year institutions – and almost two-thirds of respondents at four-year institutions – reported running out of money at least once in the past 12 months. Alarmingly, 19 percent of respondents at two-year institutions and 13 percent of respondents at four-year institutions reported running out of money eight or more times in the past 12 months.

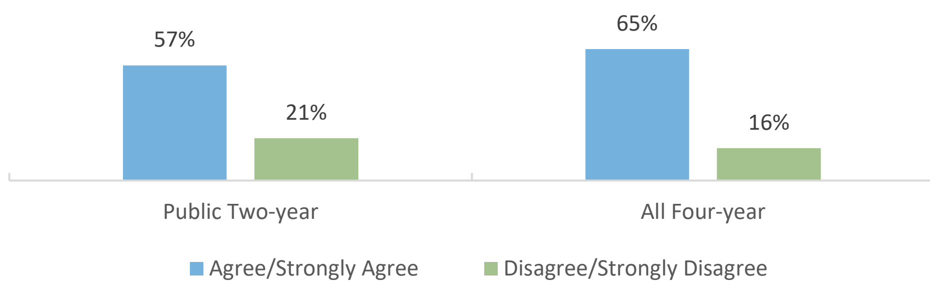
Note: Trellis' Student Financial Wellness Survey is open to any college nationwide that wants to participate. In the fall 2021 implementation, 104 colleges in 25 states participated – 71 community colleges and 33 four-year institutions. There were 44,254 respondents attending public two-year institutions and 19,497 respondents attending four-year institutions. The results are not nationally representative.

*Responses indicating 'Neutral' are not shown

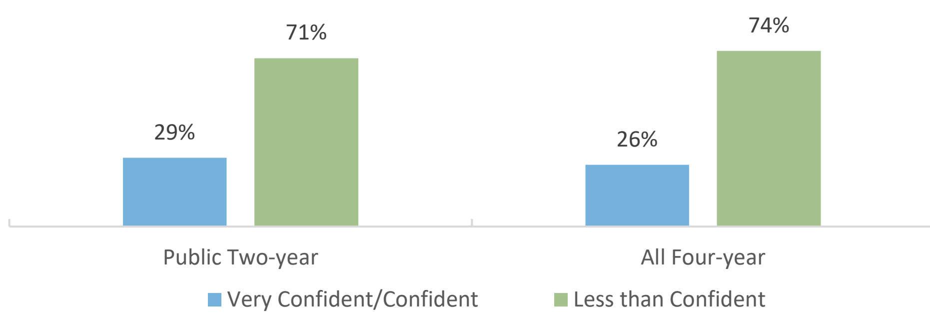
Source: Fletcher, C., Cornet, A., & Webster, J. Student Financial Wellness Survey: Fall 2021 (unpublished tables).

More Than Two-Thirds of Students Are Less Than Confident They Can Pay Off the Debt Acquired

Q75: I have more student loan debt than I expected to have at this point. (of those who indicated having a student loan they took out for themselves)*



Q76: How confident are you that you will be able to pay off the debt acquired while you were a student? (of those who indicated having a student loan they took out for themselves)



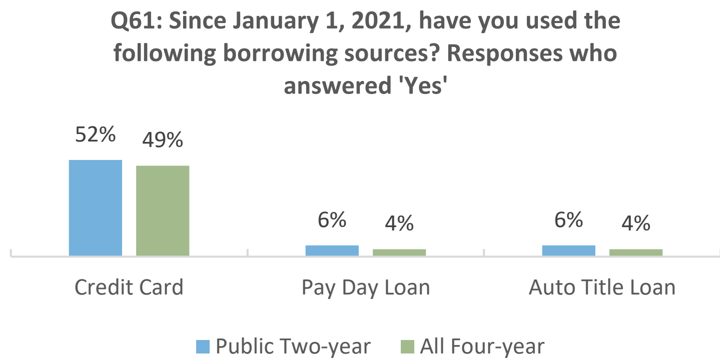
Estimating college expenses can be difficult, especially for students who are the first in their families to attend college. In the Fall 2021 Trellis Student Financial Wellness Survey, more than half of respondents who borrowed at two-year institutions and 65 percent of respondents at four-year institutions agreed or strongly agreed with the statement that they had more student loan debt than they expected at this point. Many students borrow with no confidence in their ability to repay. More than two-thirds of respondents who borrowed at two-year institutions and 74 percent of respondents at four-year institutions were not at all confident or only somewhat confident they would be able to pay off the debt acquired while they were a student.

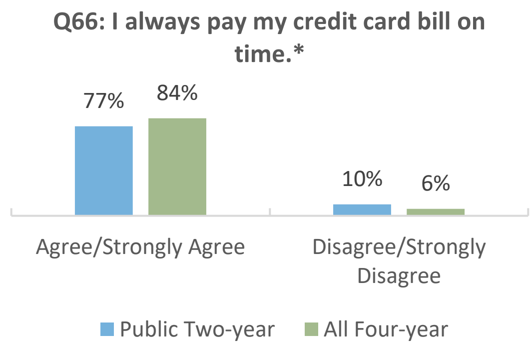
Note: Trellis' Student Financial Wellness Survey is open to any college nationwide that wants to participate. In the fall 2021 implementation, 104 colleges in 25 states participated – 71 community colleges and 33 four-year institutions. There were 44,254 respondents attending public two-year institutions and 19,497 respondents attending four-year institutions. The results are not nationally representative.

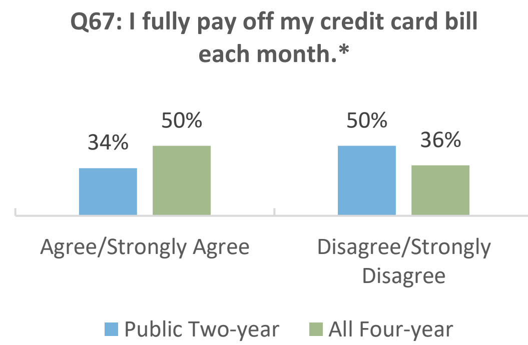
*Of those who said they had borrowed student loans to pay for college; responses indicating 'Neutral' are not shown

Sources: Fletcher, C., Cornet, A., & Webster, J. Student Financial Wellness Survey: Fall 2021 (unpublished tables).

Half of Community College Students Do Not Pay Off Their Credit Card Balance Each Month







Many students borrow student loans to pay for school, but students sometimes turn to potentially riskier forms of credit. Credit cards, pay day loans, and auto title loans can carry high interest rates, making them expensive sources of credit.

In the Fall 2021 Trellis Student Financial Wellness Survey, more than half of respondents who borrowed at two-year institutions and 49 percent of respondents at four-year institutions said they had used a credit card at least once during the year. In both sectors, six percent of respondents reported borrowing a pay day loan and four percent reported borrowing an auto title loan. Of those who had used a credit card, a majority of respondents agreed or strongly agreed that they always pay their credit card bill on time – 77 percent of two-year respondents and 84 percent of four-year respondents. However, only 34 percent of two-year respondents and 50 percent of four-year respondents agreed or strongly agreed that they fully pay off their credit card bill each month, accruing interest at potentially high rates.

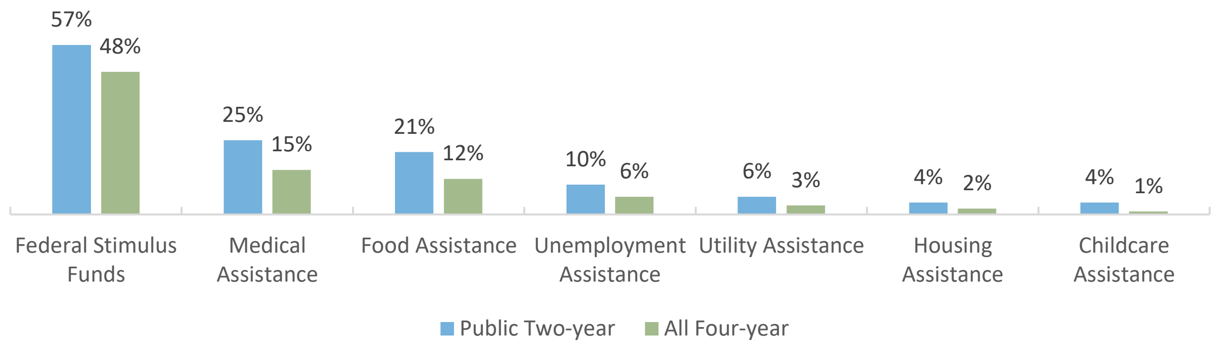
Note: Trellis' Student Financial Wellness Survey is open to any college nationwide that wants to participate. In the fall 2021 implementation, 104 colleges in 25 states participated – 71 community colleges and 33 four-year institutions. There were 44,254 respondents attending public two-year institutions and 19,497 respondents attending four-year institutions. The results are not nationally representative.

*Of those who said they had used a credit card since the beginning of the year; responses indicating 'Neutral' are not shown

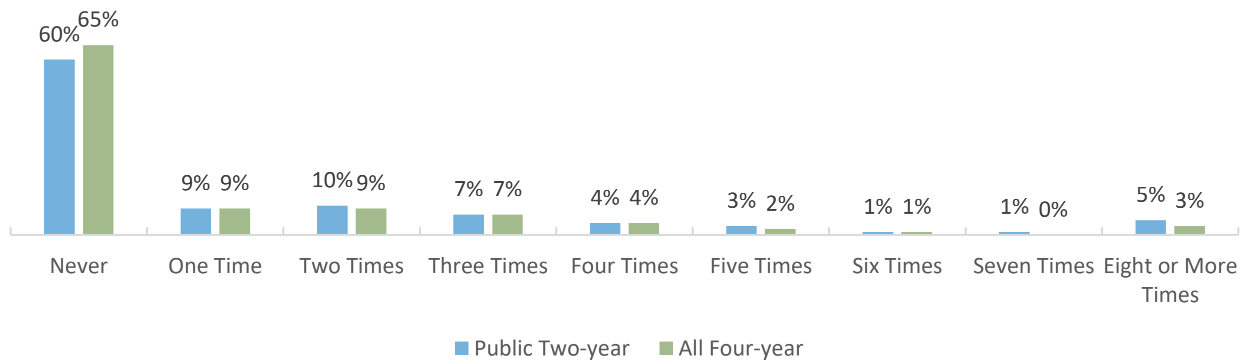
Sources: Fletcher, C., Cornet, A., & Webster, J. Student Financial Wellness Survey: Fall 2021 (unpublished tables).

Over a Third of Students Report Selling Belongings to Make Ends Meet

Q54-60: Public assistance use, by assistance type



Q70: Since January 1, 2021, approximately how many times did you sell your belongings to make ends meet?



Many students reported selling their belongings at a pawn shop, online marketplace, over social media, or using another avenue to make ends meet. Forty percent of community college respondents and 35 percent of 4-year respondents reported doing this at least once during 2021.

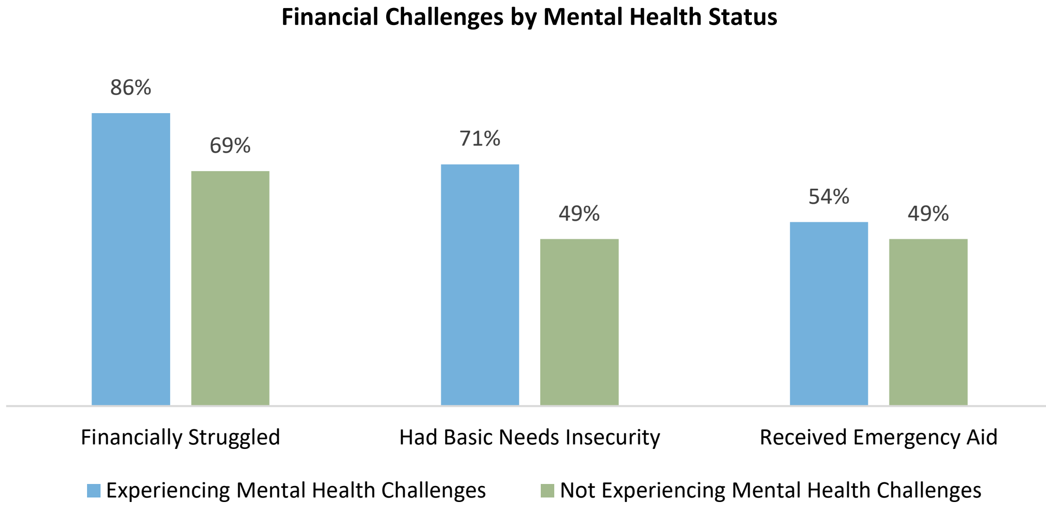
Students often have a network of family or friends that they can turn to in times of need, but sometimes students must go beyond their social network for help. During the pandemic, access to many forms of public assistance, especially for college students, have been expanded. This assistance included federal stimulus funds, which consisted of three rounds of direct relief payments disbursed to individuals and families starting in March 2020

In the Fall 2021 Trellis Student Financial Wellness Survey, more than half of community college respondents and nearly half of four-year respondents reported receiving federal stimulus funds. A quarter of community college respondents said they received medical assistance, and more than one in five received food assistance. Over one in ten four-year respondents reported receiving medical assistance and food assistance. Smaller percentages of respondents said they received unemployment, utility, housing, and childcare assistance.

Note: Trellis' Student Financial Wellness Survey is open to any college nationwide that wants to participate. In the fall 2021 implementation, 104 colleges in 25 states participated – 71 community colleges and 33 four-year institutions. There were 44,254 respondents attending public two-year institutions and 19,497 respondents attending four-year institutions. The results are not nationally representative.

Sources: Fletcher, C., Cornet, A., & Webster, J. Student Financial Wellness Survey: Fall 2021 (unpublished tables); Federal Stimulus Funds: U.S. Department of the Treasury. Economic Impact Payments (https://home.treasury.gov/policy-issues/coronavirus/assistance-for-american-families-and-workers/economic-impact-payments).

Students Who Experienced Mental Health Struggles Were More Likely to Also Experience Financial Struggles



Mental health challenges were already common on college campuses before the pandemic. The stress of college, often compounded with issues like financial instability, basic needs insecurities, and other responsibilities like caregiving and work, resulted in more than one-third of college students meeting the criteria for one or more conditions in both the 2018 and 2019 Healthy Minds Study implementations. The pandemic added stresses related to personal safety, health, isolation, and worry about loved ones. The 2020 implementation of the Healthy Minds Study found that 47 percent of students indicated depression or anxiety.

The Fall 2021 Trellis Student Financial Wellness Study (SFWS) found that a significantly higher percentage of students who screened positive for depression or anxiety, or both, had reported struggling financially while enrolled, experiencing basic needs insecurity, and receiving emergency aid from their institution compared to students who had not screened positive for either depression or anxiety. Almost three-quarters of students who were experiencing depression or anxiety at the time of the survey had also experienced food or housing insecurity in the prior year, compared to just under half of students who had not been experiencing depression or anxiety.

Note: Trellis' Student Financial Wellness Survey is open to any college nationwide that wants to participate. In the fall 2021 implementation, 104 colleges in 25 states participated – 71 community colleges and 33 four-year institutions. There were 44,254 respondents attending public two-year institutions and 19,497 respondents attending four-year institutions. The results are not nationally representative.

*The SFWS used a modified, short-form scale first used by the Centers for Disease Control and Prevention (CDC) that measures the frequency of depressed mood and the inability to feel pleasure over the past seven days.

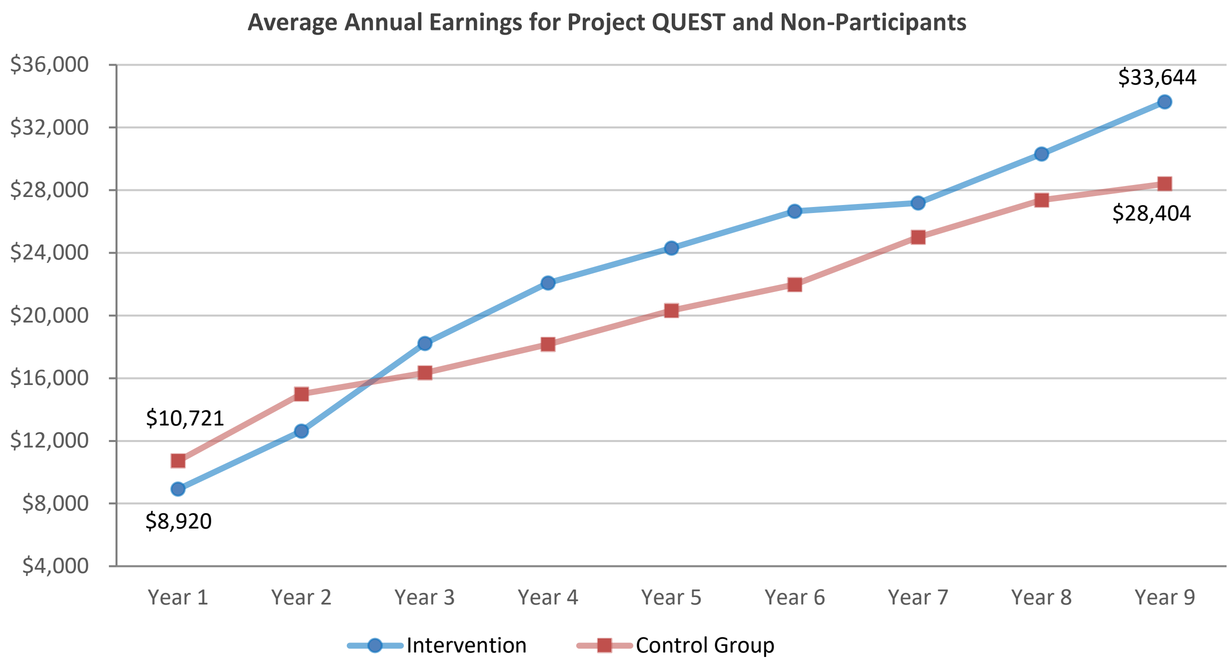
**The SFWS used a modified, short-form scale used by the CDC to screen for generalized anxiety disorder. This scale measures the frequency of anxious and worried feelings over the past seven days.

Sources: Fletcher, C., Cornet, A., & Webster, J. Student Financial Wellness Survey: Fall 2021 (unpublished tables); Healthy Minds Study: The Healthy Minds Network, National Data Reports (https://healthymindsnetwork.org/research/data-for-researchers/).

SECTION 10

Evidence-Based Programs and Interventions

Interventions to Provide Support and Skills Training Improves Employment Outcomes for Students in Some Two-Year Programs



Given cost pressures at colleges, identifying interventions that can have the greatest impact on student success is vital. Research using random controlled trials provides meaningful insight into the extent to which various interventions are effective in promoting desired outcomes.

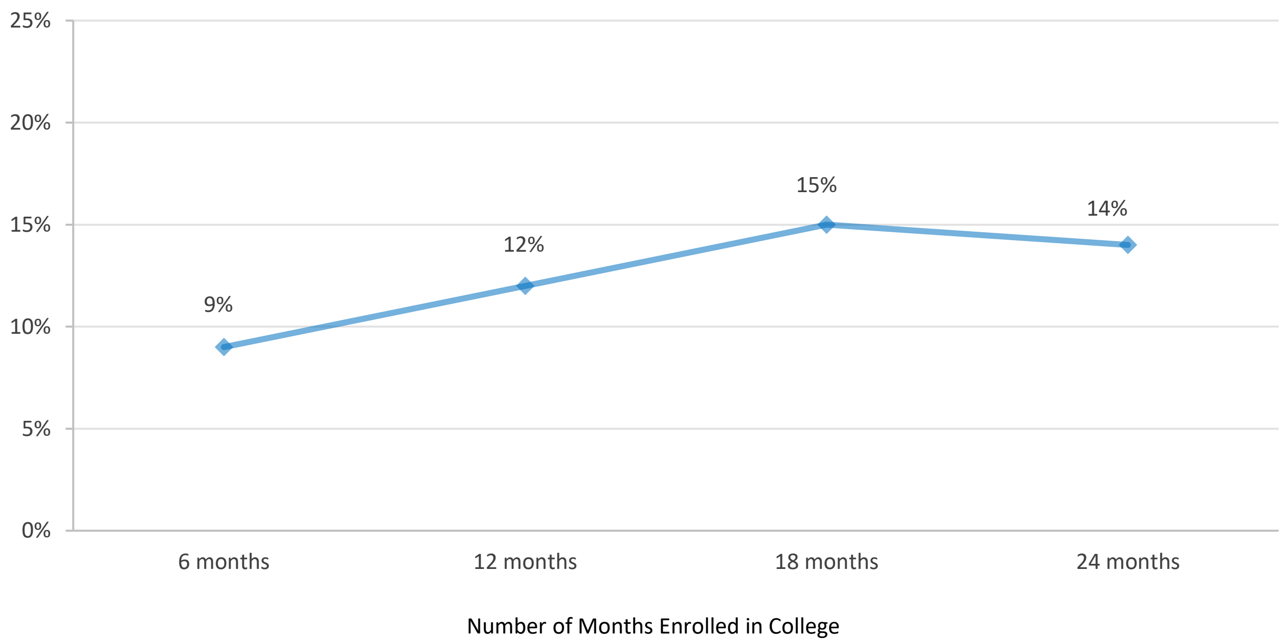
Project QUEST is a San Antonio, Texas organization aimed at helping low-income residents complete job-focused higher education programs and become gainfully employed. The organization provides students in specific technical and skill-based programs with a comprehensive suite of support and resources including financial assistance, remedial instruction for placement tests, personal and academic counseling, weekly meetings with a focus on life and study skills, and job placement assistance throughout the student's time pursuing a degree and employment.

In order to evaluate the effectiveness of these resources, Project QUEST conducted a randomized trial among students who started services with Project QUEST between 2006 and 2008 and followed them for six years. In 2017, the study was extended to assess the impact on participant's earnings, educational attainment, and public benefits usage in the nine years following random assignment. The evaluation focused on those pursuing skilled technical positions in medical fields (e.g., registered nurses, licensed vocational nurses, sonography technicians, etc.). Students who completed the program saw long-term gains in wages and employment, with participants earning over $5,000 more than the control group annually, on average, and experiencing a 15 percent higher level of year-round employment compared to the control group.

Source: Project QUEST, Nine Year Gains: Project QUEST's Continuing Impact, April 2019 (https://questsa.org/quest_impact/).

Individualized Coaching Is Effective for Increasing Attainment and Persistence

InsideTrack Student Coaching Evaluation: Persistence Increases Associated with Individualized Coaching, Compared to Control Group



A Portland-based company and a member of the Strada Education Network, InsideTrack, contracts with higher education institutions in all sectors to provide individualized student coaching to improve student success. The company conducted randomized trials at multiple institutions where they randomly divided students at a school into two groups, providing coaching to one group and not to the other, in order to observe the effect of the coaching experience on retention and graduation. The National Bureau of Education Research evaluated many of those experiments, selecting those from the 2003-04 school year, to enable comparisons with certain national survey data, and the 2007-08 school year, as the most current year available at the time of evaluation.

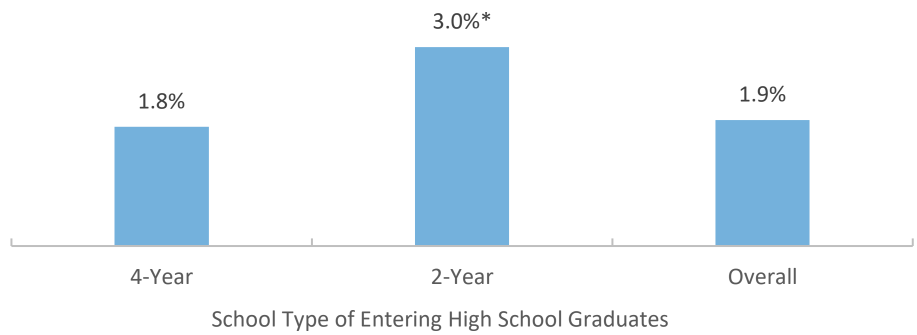
The evaluation found that, when controlling for covariates (i.e. age, gender, high school GPA, SAT score), individualized coaching was associated with an approximately five percent increase in retention after six months, a 12 percent increase after 12 months, and a 14 percent increase after 24 months compared to the control group. Groups receiving coaching also saw levels of completion four percent higher than groups who did not receive coaching.

Individualized student coaching, in addition to more traditional advising financial and academic advising and counseling, has the potential to increase persistence and attainment rates and was more cost effective, in the case of this InsideTrack evaluation, than other previously studied methods of increasing attainment, such as increasing financial aid.

Source: Bettinger and Baker, The Effects of Student Coaching: An Evaluation of a Randomized Experiment in Student Advising, March 2014 (http://journals.sagepub.com/doi/abs/10.3102/0162373713500523).

Text Nudges Provide Needed "Summer Melt" Intervention at a Low Cost

Enrollment Gains from Summer Melt Text Nudges



At times, colleges want to provide outreach and interventions to a large number of students in order to improve certain outcomes, such as retention and graduation, but often have limited resources. Sending text messages with targeted messaging at key intervals, commonly referred to as "text nudges," offer an empirically tested method for positively influencing students along a variety of outcome variables. Text nudges have been found to be effective in combatting attrition during the summer following initial enrollment, known as summer melt,** for as little as two dollars per student included in the texting campaign. Text nudges can be more easily scaled to a larger student population compared to more robust interventions such as phone calls or advising sessions, which, while typically effective, tend to be more labor intensive.

Researchers from the University of Virginia and the University of Pittsburgh conducted randomized controlled trials in 2012 at three high schools. The students in the experimental groups received text messages reminding them about college-related deadlines or required tasks (e.g. reminders to access important paperwork and register for orientation). These text nudging interventions were designed to increase the percentages of college-bound high school graduates that matriculate in the fall.

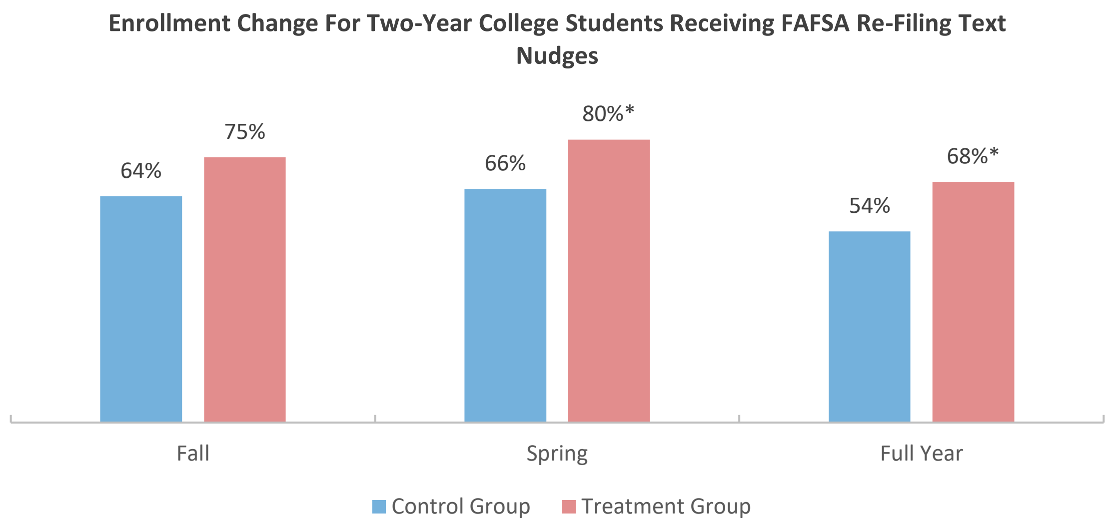
The text nudges were found to be effective for students with moderate GPAs, students who were enrolling in a two-year program, students enrolled in free or reduced-price lunch programs, students with unspecified college plans, and students who had not completed the FAFSA. Two-year programs experienced a statistically significant increase in enrollment with an increase of three percent. This suggests that summer melt text nudges are most effective for groups that may have limited access to other quality college information sources and represent a cost-effective intervention, but may be insufficient when used alone for many groups of students.

*Statistically significant at the 0.05 level ($p<0.05$).

**Summer melt is a term used to describe the occurrence of students indicating their intent to attend a college in the fall but then ultimately not matriculating. Some have defined this term as only including those who did not matriculate at any college while others have defined it as specific to an institution. Students may indicate their intent to attend college through various activities such as expressly saying so on a form to a counselor, paying college deposits, and registering for classes. The activities used to determine intent depend upon the definition being used for summer melt. For the purposes of this study, the researchers used information on students' expressly stated intentions to attend college and defined summer melt as "the phenomenon that college-intending high school graduates fail to matriculate in college anywhere in the year following high school."

Source: Summer Nudging: Can personalized text messages and peer mentor outreach increase college going among low-income high school graduates? Castleman, B. and Page, L., Journal of Economic Behavior and Organization (2015), (https://www.sciencedirect.com/science/article/pii/S0167268114003217).

Text Nudges Can be Used to Improve Two-Year Outcomes During a Student's Academic Career



The sending of targeted messaging via text messages at key intervals is commonly referred to as a "text nudge". Text nudges have been found to have positive effects in facilitating increased rates of annual FAFSA completion, and in promoting retention and attainment, for a minimal cost to the institution. A series of studies on text nudges used in varying contexts have suggested that text nudges may provide a low-cost alternative or supplement to other more intensive, and expensive, methods of outreach during a student's academic career, but are limited in effectiveness for some groups of students.

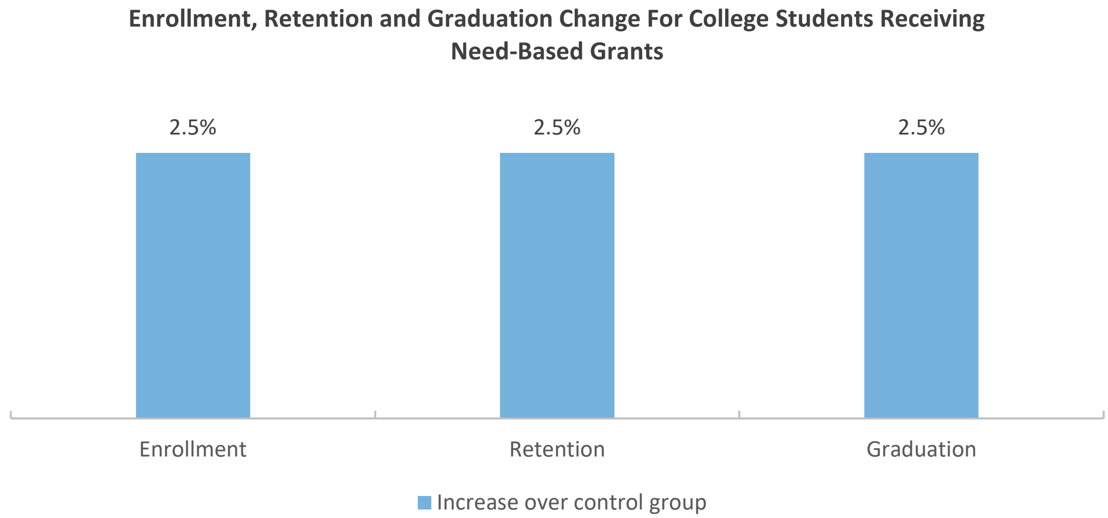
Researchers from the University of Virginia and the University of Pittsburgh used a randomized controlled trial design to examine the impact of text nudges on FAFSA re-filing rates among college freshmen. Text nudges containing information on where to obtain help with financial aid, important deadlines and requirements, and offering assistance related to financial aid and were sent to a randomly assigned group of community college freshmen during the 2012-13 academic year. Outreach took place over the course of approximately seven months with messages approximately every two weeks. Text nudges designed to provide important information and prompting concerning annual refiling of FAFSA have been found to be highly effective among community college students. Freshman community college students who received text nudges were nearly 12 percent more likely to persist into the fall of their sophomore year and were 14 percent more likely to persist into the spring.

Text messages represent a viable cost-effective option and are a valuable tool as part of a set of strategies to impact academic accessibility, persistence, and attainment; however, used alone, text nudges are likely to be inadequate for the overall student population. While impacts are substantial in some cases, effects are consistently limited to specific groups of students, often those with low availability of resources.

*Statistically significant at the 0.05 level ($p<0.05$).

Source: Freshman year financial nudges: An experiment to increase FAFSA renewal and college persistence. Castleman, B. and Page, L., Journal of Human Resources (2016), (http://jhr.uwpress.org/content/51/2/389.short).

Need-Based Grants Increase Retention, Graduation, and Enrollment



A metanalysis by Snevers and DeWitt (2018) of ten recent studies examined the effects of need-based grants on enrollment, retention, and graduation. This analysis demonstrated overall positive effects of need-based grants across the three outcomes measured in all studies. While these effects were small, they were strongly significant.

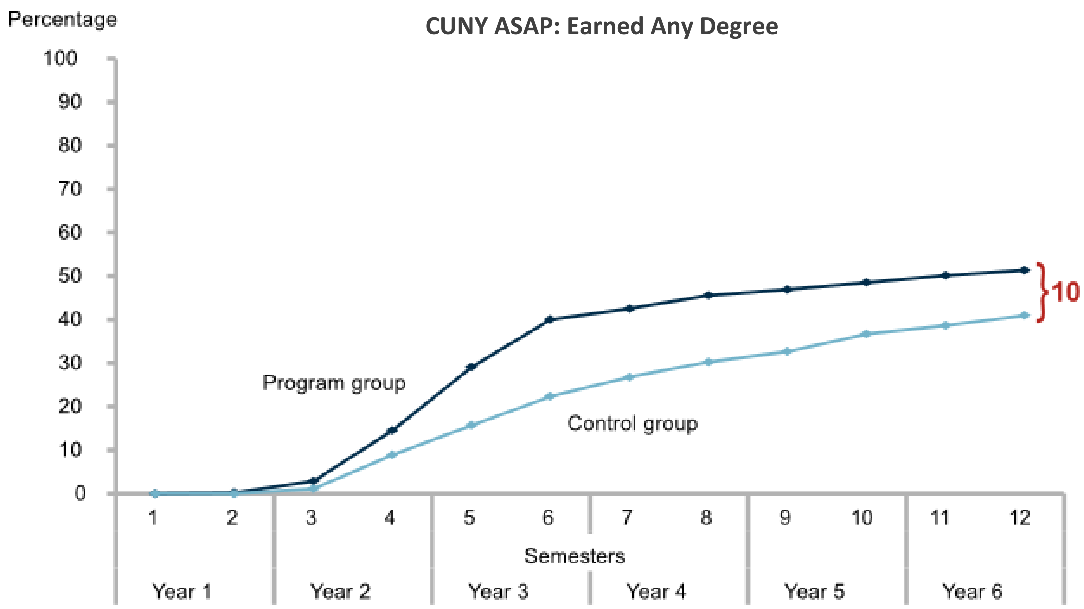
More granularly, the study found that need-based grants had a small positive impact on enrollment across studies in different educational contexts and multiple countries. Enrollment among those receiving grants increased by 2.5 percent compared to the control group. When looking at retention, the study similarly found a small but significant positive impact from need-based grants. When compared to their peers, the recipients of need-based grants were 2.5 percent more likely to be retained. This effect was again seen across all studies included in the analysis.

Finally, the results indicated that need-based grants have a positive effect on students ultimately graduating, but not necessarily within the ideal time to degree, such as four years for a bachelor's degree. Students who received grants were significantly more likely to graduate when looking at longer time to degree; however, no significant results were found for graduation rates within the ideal time to degree. The authors note that this seems to indicate that the effects of need-based grants may be delayed or may increase over time.

Source: Eline Sneyers & Kristof De Witte (2018). Interventions in higher education and their effect on student success: a meta-analysis, Educational Review, 70:2, 208-228, DOI: 10.1080/00131911.2017.1300874 (https://doi.org/10.1080/00131911.2017.1300874).

Evaluations of Community College Program for Low-Income Students Find Positive Results

In 2007, the City University of New York (CUNY) launched the Accelerated Study in Associate Programs (ASAP) with the aim to improve graduation rates among low-income students. The program provided services, such as tutoring and individual advising, and financial assistance with public transportation, textbooks, and tuition. An evaluation of the program found that retention rates, credit accumulation, and graduation rates were significantly increased among program participants as compared to a control group. The program group had a graduation rate that was nearly double that of the control group after three years (40 percent vs 22 percent) and was still 10 percentage points higher than the control group after six years (51 percent vs 41 percent), showing that the program both increased the graduation and helped students graduate at a faster rate.



The ASAP model was replicated by MDRC as a demonstration project in 2014 at three Ohio community colleges. An evaluation of the Ohio ASAP found similar results to CUNY. Retention rates, credit accumulation, and graduation rates were all significantly higher among program participants as compared to the control groups. As with the CUNY ASAP, the Ohio ASAP saw the graduation rate nearly double among program participants compared to the control group after three years (35 percent vs. 19 percent). Program participants also transferred to four-year institutions at higher rates than their peers in the control group (18 percent vs. 12 percent). As of 2022, the ASAP National Replication Collaborative includes colleges in five other states, in addition to the programs in New York and Ohio, that receive customized assistance to set up their programs. Though there are slightly higher costs associated with implementing a program like ASAP than typical services, these evaluations demonstrate the real-world benefits and can help inform conversations about costs and the return on investment.

Sources: MDRC, The Power of Fully Supporting Community College Students: The Effects of the City University of New York's Accelerated Study in Associate Programs After Six Years, October 2017 (https://www.mdrc.org/publication/power-fully-supporting-community-college-students); MDRC, Doubling Graduation Rates in a New State: Two-Year Findings from the ASAP Ohio Demonstration, December 2018 (https://www.mdrc.org/sites/default/files/ASAP_brief_2018_Final.pdf); MDRC, Increasing Community College Graduation Rates with a Proven Model: Three-Year Results from the Accelerated Study in Associate Programs (ASAP) Ohio Demonstration (https://www.mdrc.org/sites/default/files/ASAP_OH_3yr_Impact_Report_1.pdf); ASAP National Replication Collaborative (https://www1.cuny.edu/sites/asap/replication/#1605743953673-ac7ec7cc-d7a9).

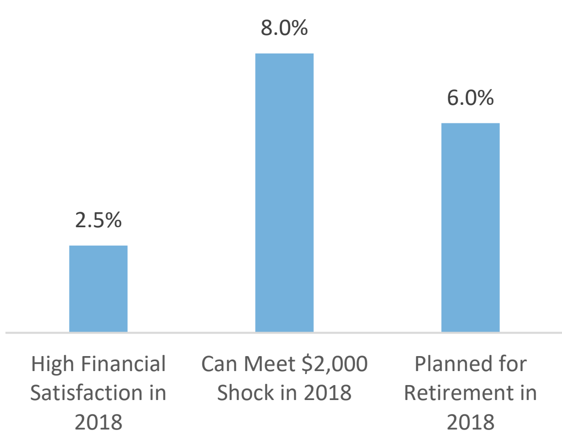
Financial Literacy Can Predict Positive Future Financial Outcomes

The FINRA Investor Education Foundation's National Financial Capability Study questionnaire was administered to a panel of participants in 2012 and 2018. The longitudinal data allowed for an analysis of the causal effect of financial knowledge on various financial outcomes. In both years, participants answered a five-question financial literacy scale to assess knowledge of fundamental concepts of finance, including topics like interest, inflation, and risk diversification.

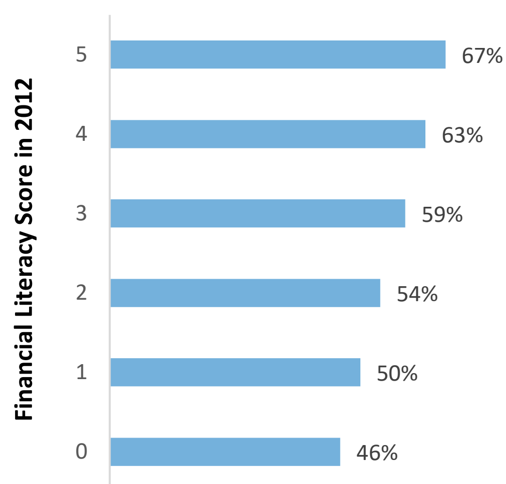
The score derived from this financial literacy scale was found to be quite stable for most participants between 2012 and 2018. Younger participants, between ages 18 and 32 experienced an increase in their score on average while older participants, above the age of 64, experienced some decline on average. Overall, across all participants, financial literacy was relatively stable over time.

Financial literacy was found to have a significant relationship with several financial outcomes. Every one-unit increase in the 2012 financial literacy scale score was associated with a 2.5 percent increase in financial satisfaction in 2018, an 8.0 percent increase in the likelihood of being able to meet an unexpected $2,000 expense in 2018, and a 6.0 percent increase in the likelihood that the respondent had done any retirement planning. Additionally, the financial literacy score in 2012 was not significantly related to three negative outcomes measured: the perception of having too much debt, the use of alternative financial services, and costly credit card behaviors. This suggests that poor financial outcomes may not be related to low financial literacy, and that there are other factors at play that were not captured in this study.

Downstream Positive Effects of Increases in Financial Literacy: Percent Increase in 2018 Financial Behavior Relative to the Mean for Every One-Unit Increase in 2012 Financial Literacy Score



Percent Increase in 2018 Ability to Meet $2,000 Shock Relative to the Mean for Every One-Unit Increase in 2012 Financial Literacy Score

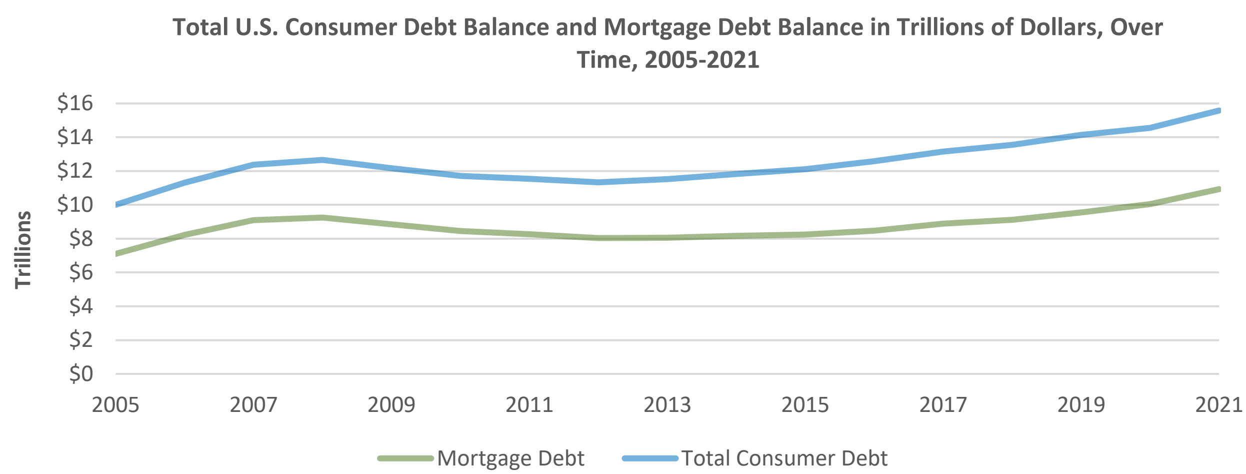


Source: Angrisani, Marco; Burke, Jeremy; Lusardi, Annamaria; and Mottola, Gary. The Stability and Predictive Power of Financial Literacy: Evidence From Longitudinal Study, October 2020 (https://www.finrafoundation.org/sites/finrafoundation/files/stability-and-predictive-power-financial-literacy-evidence-longitudinal-data.pdf).

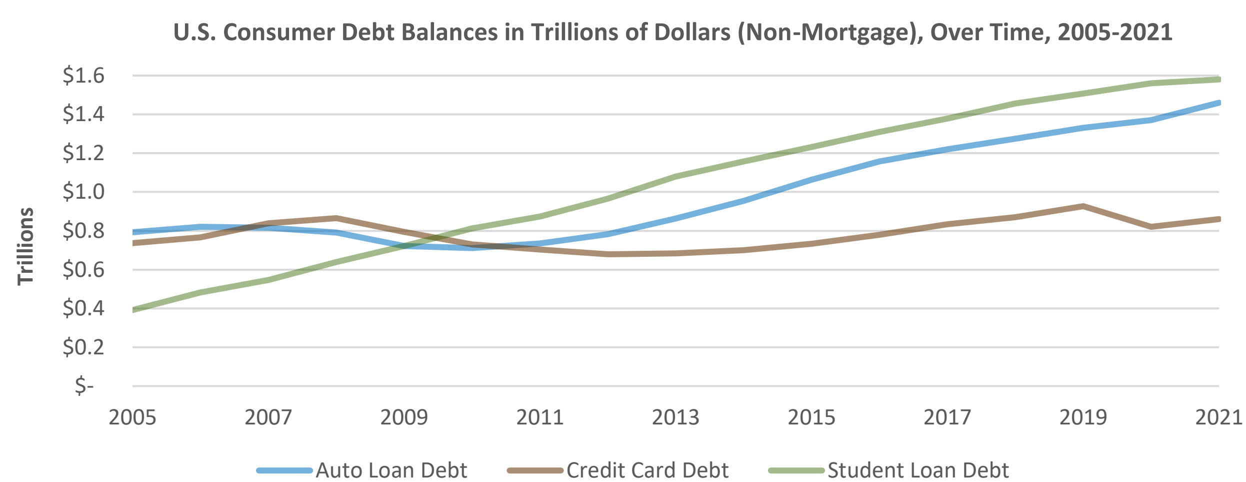
SECTION 11

Consumer Debt and Texas Workforce

Total U.S. Consumer Debt Reaches $15.6 Trillion, Student Loan Debt $1.6 Trillion



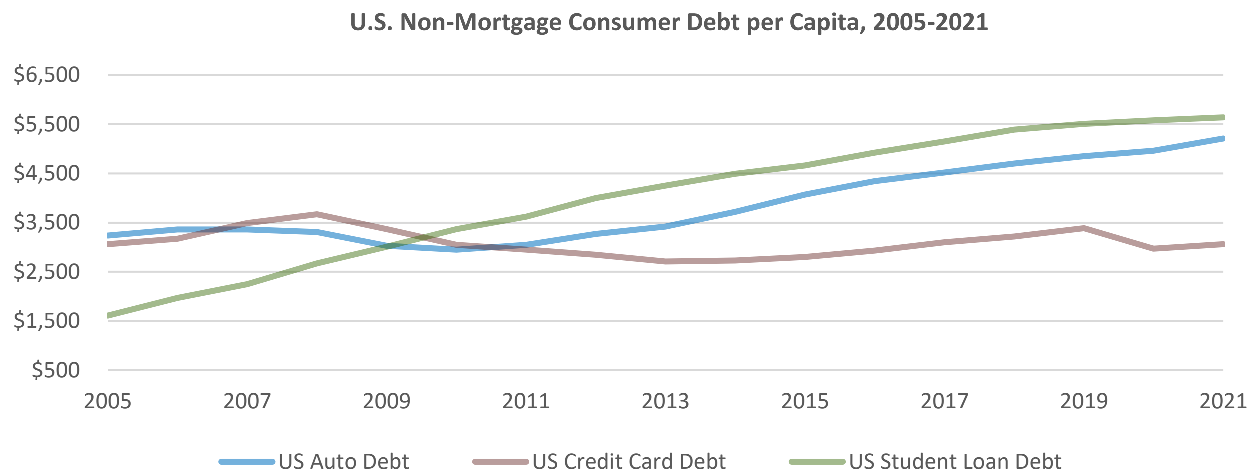
Total U.S consumer debt – including mortgage, credit card, student loan, auto, and other debt – reached more than $15.6 trillion by the fourth quarter of 2021. This is an increase of about $5.6 trillion since 2005. Mortgage debt is the largest form of consumer debt, at nearly $11 trillion by the fourth quarter of 2021. Debt spiked leading up to and during the economic recession a decade ago, but total consumer debt reached even higher levels than that in 2021.



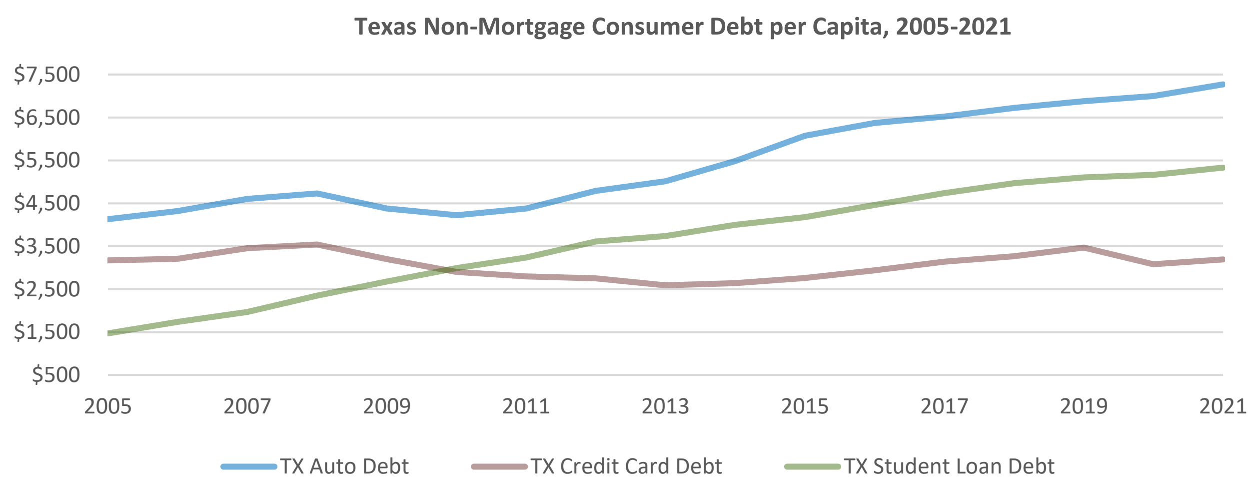
With a total of $1.58 trillion by the fourth quarter of 2021, student loan debt is the second largest form of consumer debt behind mortgages. It surpassed both auto and credit card debt in 2010 and has continued to rise. In fact, since 2005 student loan debt has increased by more than $1.1 trillion. Credit card debt took a downturn in the first three quarters of 2020 as the COVID-19 pandemic shrank consumer spending, but has been rising again since.

Source: Federal Reserve Bank of New York, The Center for Microeconomic Data, Data & Reports, 2021 Q4 (https://www.newyorkfed.org/microeconomics/data.html).

Unlike the Nation, Texas Student Debt per Capita has not Surpassed Auto Debt



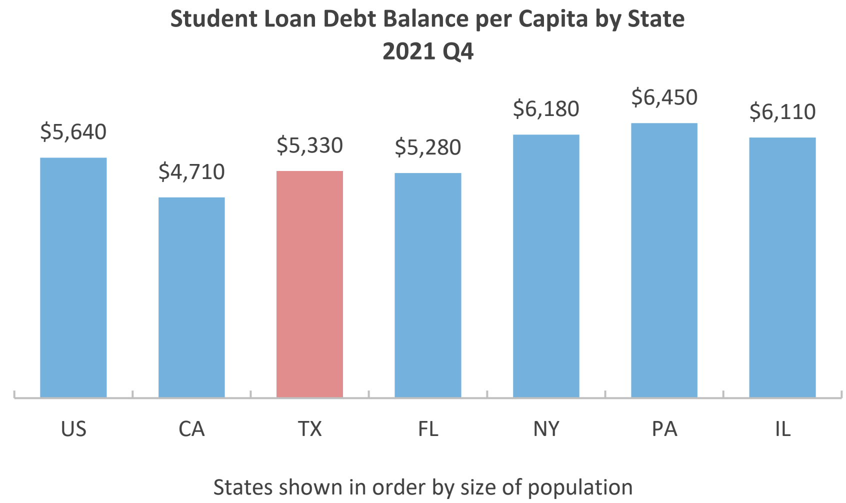
Mortgage debt is still the largest form consumer debt in the nation at $38,830 per capita by the fourth quarter of 2021. However, amongst the other forms of consumer debt, student loan debt became the second largest in 2010 – overtaking auto and credit card debt – and has continued to rise. Credit card debt declined during the first three quarters of 2020, as the COVID-19 pandemic discouraged consumer spending, but has been picking up again since then.



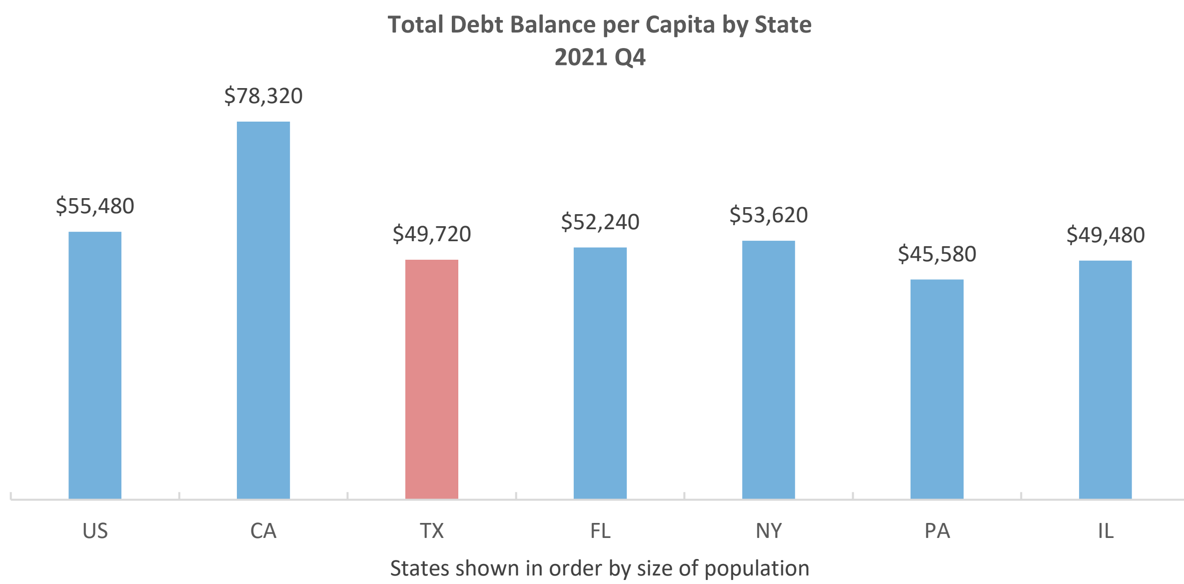
In Texas, mortgage debt is also the largest form of consumer debt, at $31,510 per capita by the fourth quarter of 2021. Amongst the other forms of consumer debt, student loans surpassed credit card debt in 2010, but has not surpassed auto debt. As seen nationally, credit card debt declined during the first three quarters of 2020 but has been increasing again.

Source: Federal Reserve Bank of New York, The Center for Microeconomic Data, Data & Reports, 2021 Q4 (https://www.newyorkfed.org/microeconomics/data.html).

Texas Student Loan Balance Per Capita Lower Than National Average



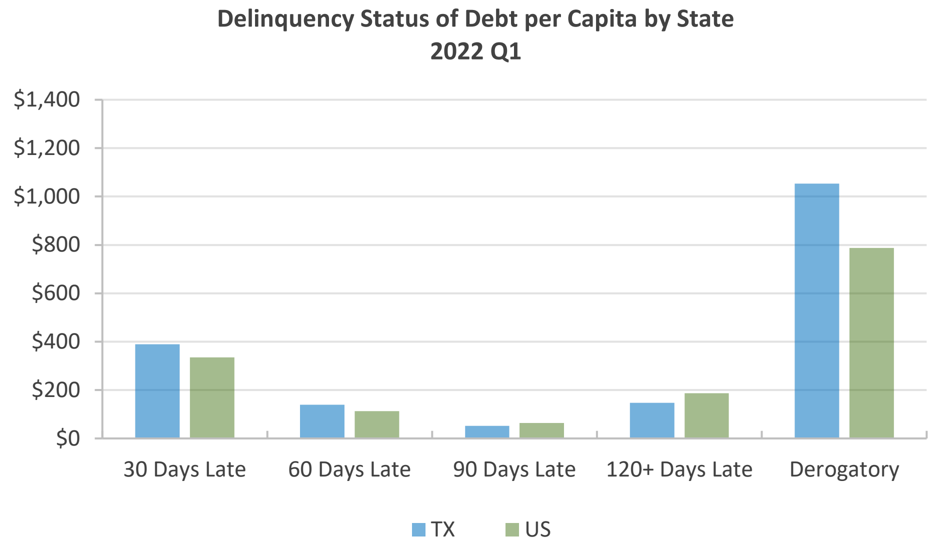
In the fourth quarter of 2021, Texans had a per capita student loan debt balance of about $5,330, lower than the national balance of $5,640. Texas has the third lowest student loan debt balance among the six largest states. Student loans in this analysis include loans to finance educational expenses provided by banks, credit unions and other financial institutions as well as federal and state governments.

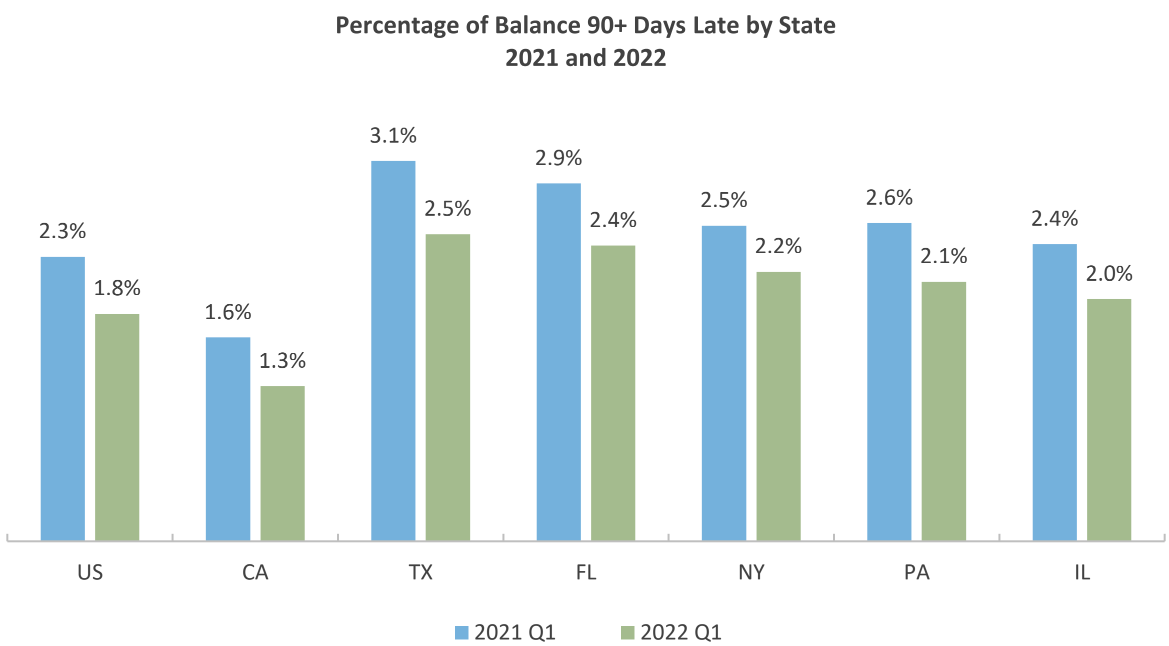


With a per capita average of $49,720 in debt, Texans have the third lowest debt balance among the six largest states and the national average. This debt profile includes mortgage accounts, home equity revolving accounts, auto loans, bankcard or credit card accounts, student loans, and other loans (such as consumer finance and retail loans).

Source: Federal Reserve Bank of New York, The Center for Microeconomic Data, Data & Reports, 2021 Q4 (https://www.newyorkfed.org/microeconomics/data.html).

The Nation Sees Decreases in Severely Delinquent Balances as the CARES Act Offers Some Relief During Pandemic



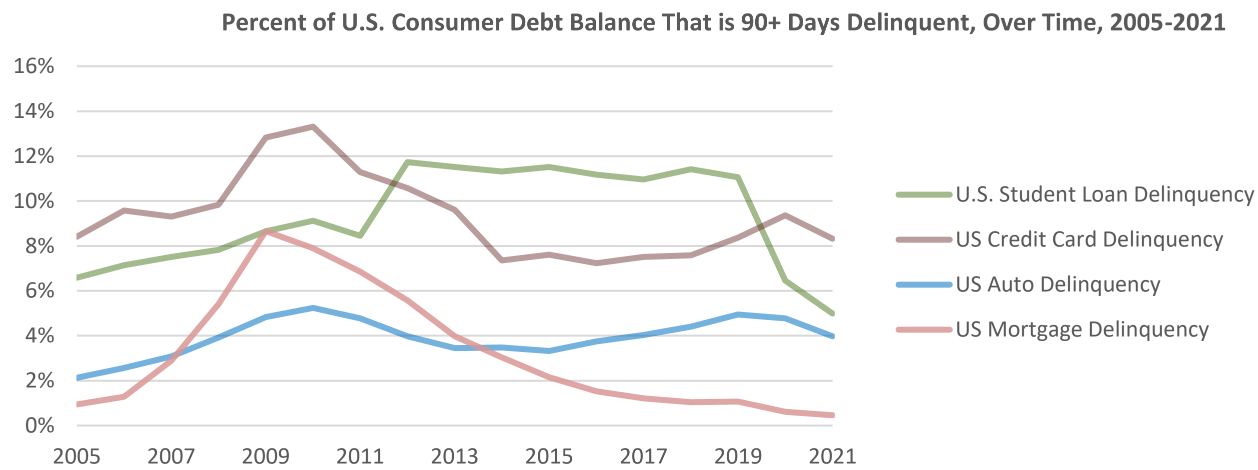


Nationally and in all of the six largest states, the percentage of balances that were at least 90 days delinquent dropped in the third quarter of 2020 compared to the third quarter of 2019. This continues a trend that began after the first quarter of 2020 due to relief measures included in the CARES Act, passed on March 26, 2020.

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, 2022 Q1 (https://www.newyorkfed.org/microeconomics/data.html).

Severe Delinquency for Student Loan Borrowers Has Fallen Dramatically Since 2020

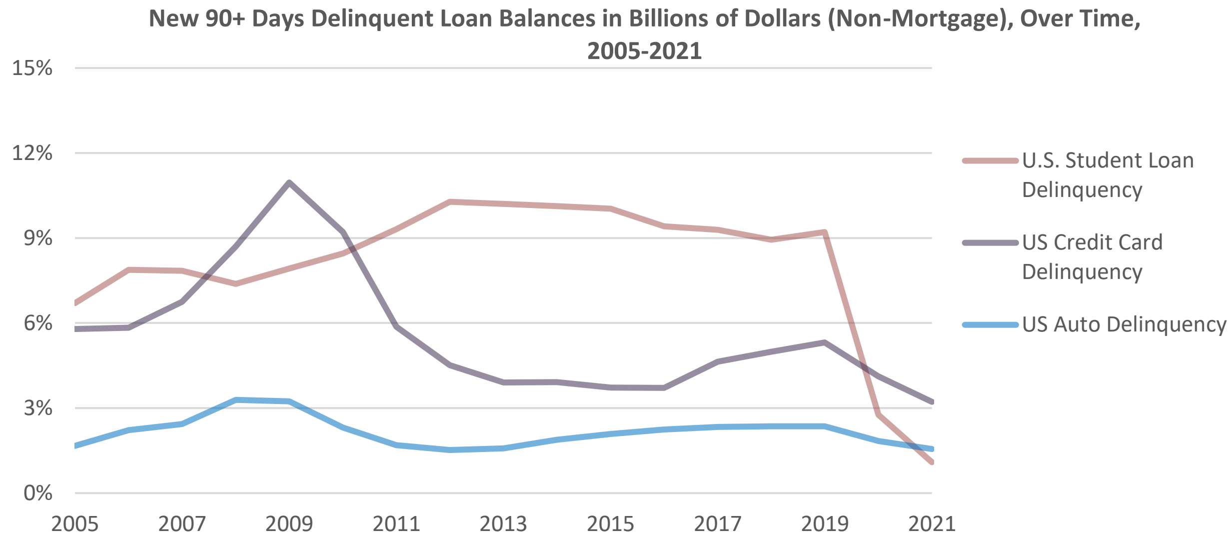


The percentage of debt that is severely delinquent – 90 or more days late – has shifted by debt type over time. Nationally, severe student loan debt delinquency (including federal, state, and private student loans) overtook credit card delinquency in 2012 to have the highest percentage of severely delinquent borrowers. Most student loans are made by the federal government as entitlements and have no credit rating requirement for borrowers. While severe mortgage debt delinquencies grew during the Great Recession, it fell below auto debt in 2014 and now has the lowest percentage of severely delinquent borrowers, at 0.5 percent in the fourth quarter of 2021.

Student loan delinquency began to decrease starting in the first quarter of 2020 and has fallen dramatically through the fourth quarter of 2021 so that student loan debt delinquency is now lower than credit card delinquency. The student loan relief enacted through the CARES Act that was passed in March 2020 applied to nearly all student loan borrowers. The freeze on student loan repayment is currently set to expire on August 31, 2022.

Source: Federal Reserve Bank of New York, The Center for Microeconomic Data, Data & Reports, 2021 Q4 (https://www.newyorkfed.org/microeconomics/data.html).

Delinquent Balances for Student Loan Debt Continue to Decrease Due to COVID-19 Pandemic Relief Measures



The percentage of credit card balances and auto loan balances that were severely delinquent increased during the 2008 economic recession. They decreased following the recession and were beginning to increase again prior to the start of the COVID-19 pandemic. Both credit card balances and auto loan balances have decreased since the first quarter of 2020.

Student loan delinquency has decreased dramatically since the start of the COVID-19 pandemic as a result of relief measures included in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed on March 26, 2020. The freeze on student loan payments has made it impossible for the majority of student loan borrowers to become delinquent on their loan payments. New student loan delinquencies are now lower than both new credit card and new auto delinquencies.

Source: Federal Reserve Bank of New York, The Center for Microeconomic Data, Data & Reports, 2021 Q4 (https://www.newyorkfed.org/microeconomics/data.html).

New Index Rates Universities Based on Economic Mobility of Students

The think tank Third Way has developed a new way of rating universities based on the economic mobility they provide their students. In particular, the rating is based on the proportion and performance of the low-income students at the institution.

Using the Economic Mobility Index, universities receive a rating and then can be placed into a tiered category based on their rating.

- Tier 1: Universities that rate within the top 20 percent for economic mobility
- Tier 2: Universities that rate between 20 percent and 40 percent for economic mobility
- Tier 3: Universities that rate between 40 percent and 60 percent for economic mobility
- Tier 4: Universities that rate between 60 percent and 80 percent for economic mobility
- Tier 5: Universities that rate in the bottom 80 percent to 100 percent for economic mobility

Looking at average statistics by tiers demonstrates the differences between the universities that are providing a high level of economic mobility to their students compared to universities that are not. The top Texas universities, in the tier 1 category, have the lowest price-to-earnings premium, meaning that students see a faster return on their investment in their education compared to institutions in other tiers. The tier 1 institutions also have the lowest median net cost for a degree for low-income students. In Texas, federal student aid is disproportionately disbursed to the schools that demonstrate the highest economic mobility. Schools in the top two tiers, those providing the greatest economic mobility, have the largest average annual federal student aid.

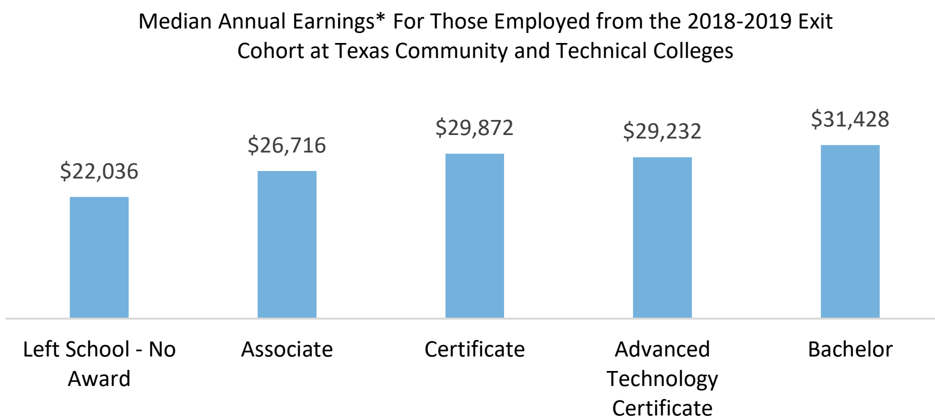
Economic Mobility Index for Texas Universities

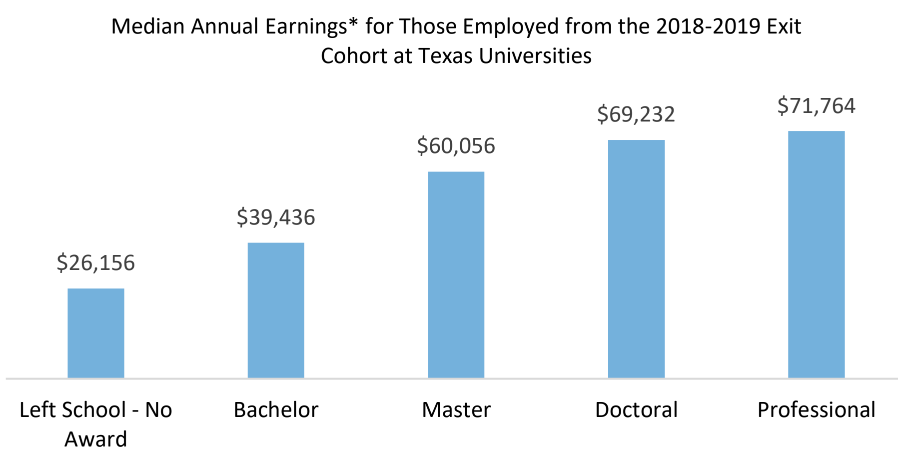
	Tier 1 (30 schools)	Tier 2 (12 schools)	Tier 3 (7 schools)	Tier 4 (11 schools)	Tier 5 (5 schools)
Average Annual Federal Student Aid Received	$105 million	$83 million	$24 million	$54 million	$17 million
Price-to-Earnings Premium	2.3 years	3.5 years	4.1 years	6.3 years	14.9 years
Median Net Cost to Earn Credential for Low-Income Students	$39,917	$60,322	$64,879	$86,456	$80,314
Earnings Beyond High School Graduate for Low-Income Students	$17,934	$21,424	$25,367	$18,424	$7,184

Source: Third Way, A New Way of Rating Institutions of Higher Ed: Upgrading the Economic Mobility Index, July 21, 2022 (https://www.thirdway.org/blog/a-new-way-of-rating-institutions-of-higher-ed-upgrading-the-economic-mobility-index).

Texas Students Who Leave Without a Degree Have Lower Earnings Than Those Who Obtained a Degree

The Texas Higher Education Coordinating Board (THECB) tracks students for various outcomes, including degree completion and earnings from employment. Students who left school in the 2018-2019 school year without a degree or certificate had the lowest annual earnings compared to students who earned degrees or certificates at any level that year. The annual earnings differences between those without a degree and those with a degree are particularly large at the university level.





* Earnings data in the THECB Exit Cohort Reports is quarterly. The data are annualized for these charts by multiplying the quarterly data by four.

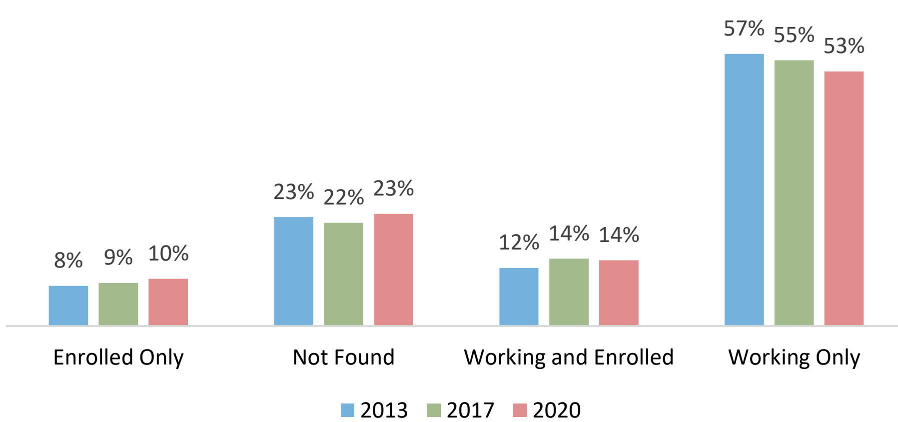
Source: Texas Higher Education Coordinating Board, Exit Cohort Reports (http://www.txhighereddata.org/index.cfm?objectid=7F22CE00-E218-11E8-BB650050560100A9).

More than Three-quarters of Texas Higher Education Graduates Are Working or Enrolled Within One Year of Receiving Degree

The percentage of students that were either working or enrolled, or both, one year after receiving their degree or certificate has been relatively stable between 2013 and 2020. The percentage of students who were working only declined a few percentage points while the percentage of students who were enrolled only or enrolled and working increased a little.

This information is gathered as part of the marketable skills goal in 60x30TX, the statewide higher education plan for Texas. The goal is that 80 percent of students that obtain a higher education award from a public Texas institution will remain in Texas and be working or enrolled within one year of receiving the award. Institutions are being asked to create a process to identify marketable skills for each program they offer, in collaboration with workforce stakeholders. This identification of skills is intended to make it easier for students to articulate what they learned in their program, making them more marketable when looking for jobs.

Percentage of Students Working or Enrolled Within One Year After Award

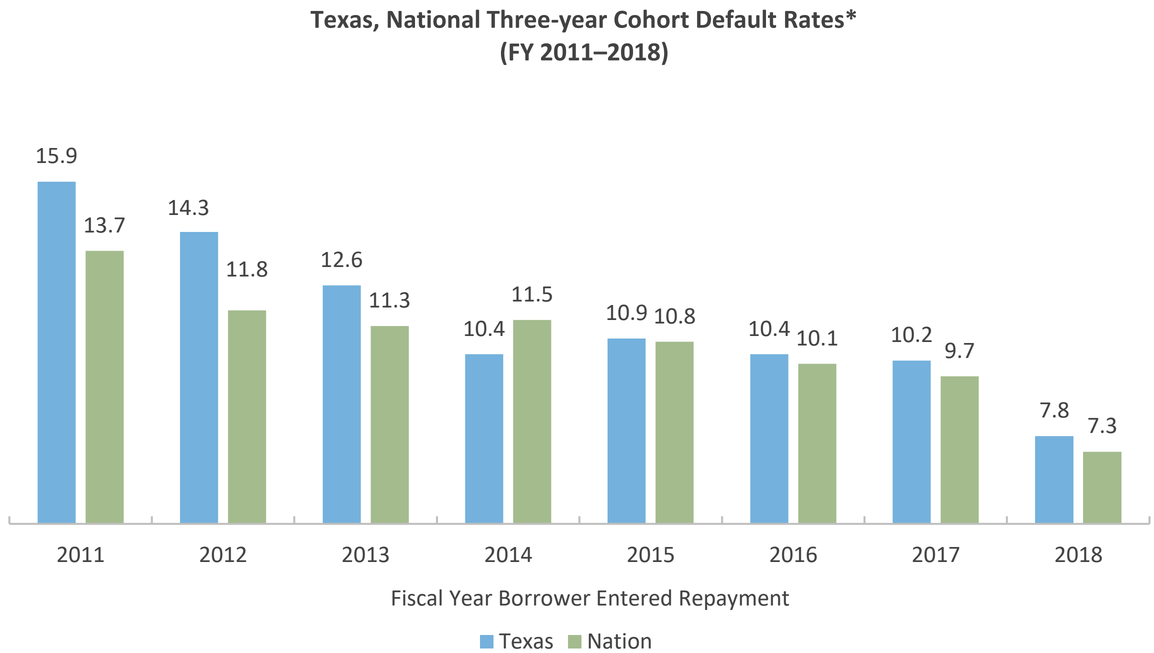


Source: Texas Higher Education Coordinating Board, Accountability System, Working or Enrolled Within One Year After Award (http://www.txhigheredaccountability.org/AcctPublic/InteractiveReport/ManageReports).

SECTION 12

Repayment and Default

Default Rates Decrease for Texas and the Nation



Federal cohort default rates (CDRs) have declined during the last eight years for both Texas and the nation. During this period of improvement, the difference between Texas and national CDRs have narrowed to where the two are now only half a percentage point apart. The large reduction in the rates in 2018 was due mostly to the student loan payment freeze that was originally implemented in March 2020. At that time, all student loans in repayment were placed into automatic forbearance with a zero percent interest rate, meaning that students were not required to make any payments on their student loans and would not be able to default on their loans. Borrowers who had been in delinquency or default also had their loans placed into automatic forbearance, and so they were no longer considered to be in delinquency or default. We will likely continue to see very low CDRs for the next few years as the pandemic relief measures continue to impact the next several cohorts.

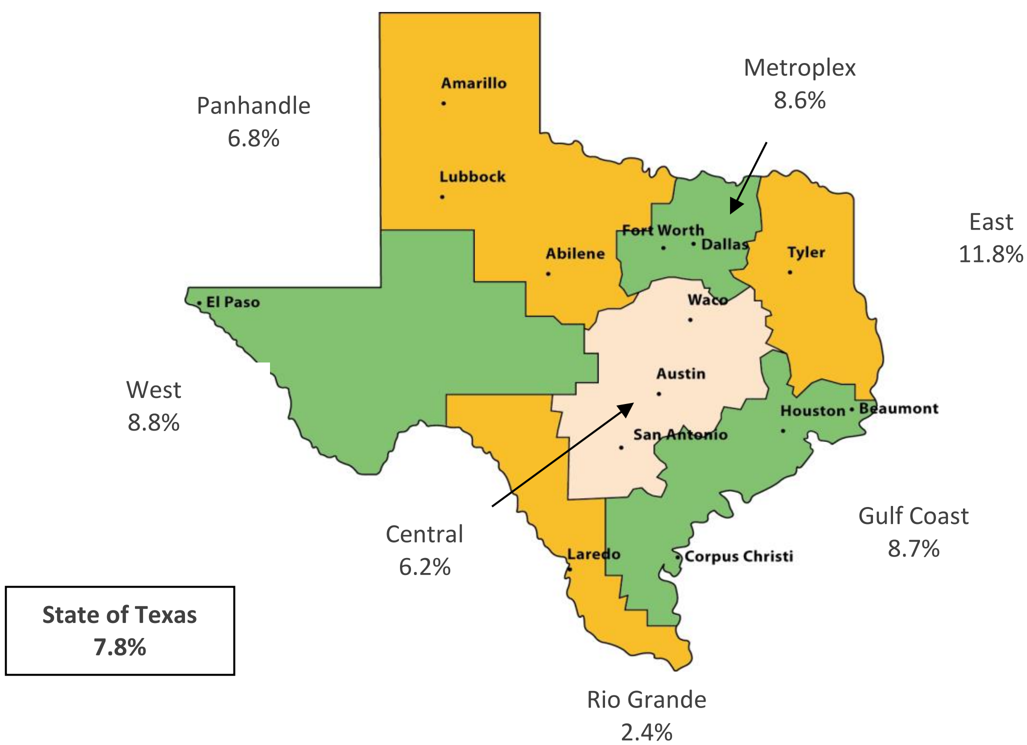
Prior to 2018, the decline in CDRs was likely due to general economic improvement (particularly the falling unemployment rate) and increased usage of flexible repayment options like income-driven repayment plans. The federal government and many institutions have made new efforts to inform borrowers of these repayment plans, which cap monthly payments at a percentage of income and require no payments at all below a certain income threshold. Improvements in student success indicators likely also contributed to lower CDRs.

*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 during that given fiscal year or in the next two fiscal years that follow. The FY 2018 cohort default rate, for example, is based on student borrowers who entered repayment during FY 2018 and subsequently defaulted by the end of FY 2020.

Source: U.S. Department of Education, Fiscal Year Three-Year Official Cohort Default Rates, Washington, D.C., 2021.

Texas Three-Year Cohort Default Rates Vary by Region

Three-year Cohort Default Rates*
(FY 2018)



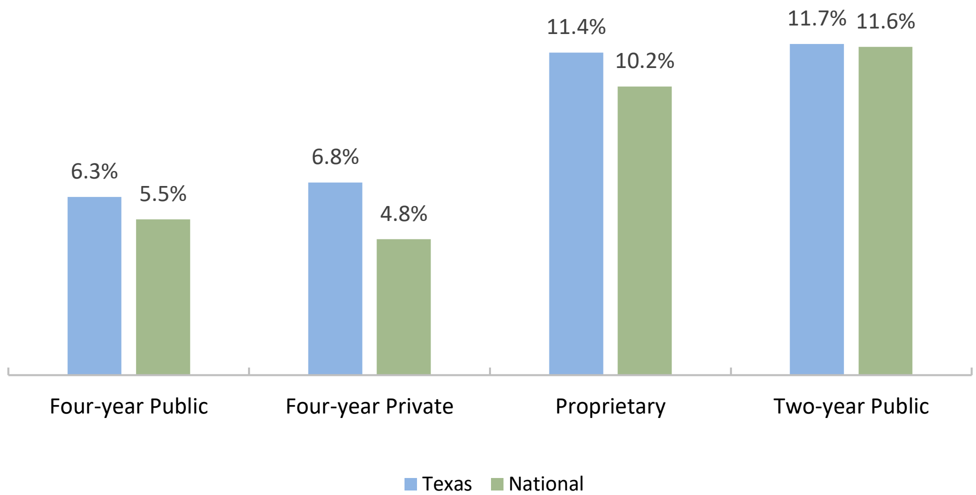
The overall Fiscal Year (FY) 2018 three-year cohort default rate (CDR) for Texas was 7.8 percent (compared to 10.2 percent in FY 2017). Texas' FY 2018 CDR was 0.5 percentage points higher than the 7.3 default rate for the nation. Cohort default rates for FY 2018 vary substantially from region to region, from a high of 11.8 percent in the East Texas region to a low of 2.4 percent in the Rio Grande region.

*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 during that given fiscal year or in the next two fiscal years that follow. For example, the FY 2018 cohort default rate is based on student borrowers who entered repayment during FY 2018 and subsequently defaulted by the end of FY 2020.

Source: U.S. Department of Education, Fiscal Year 2017 and Fiscal Year 2018 Three-Year Official Cohort Default Rates, Washington, D.C., 2021.

Short-Term Programs Have Higher Three-Year Default Rates

Texas Three-year Cohort Default Rates* by School Type, FY 2018 Cohort



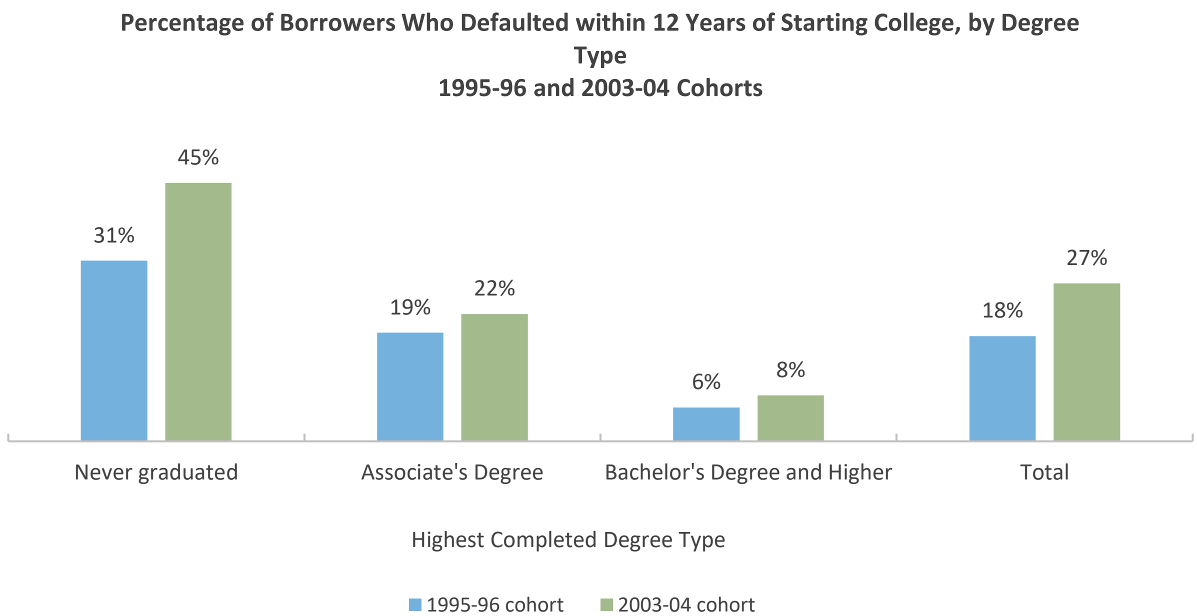
Texas borrowers who attended short-term programs have a combined FY 2018 three-year cohort default rate (CDR) nearly twice the rate of those who attended four-year schools (11.6 percent and 6.4 percent, respectively). Although some proprietary schools offer bachelor's degrees or higher, most proprietary schools in Texas offer short-term programs exclusively. At 11.7 percent, the highest FY 2018 three-year CDR is for the two-year sector, followed by the proprietary sector with an 11.4 percent CDR.

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, working full time, and having a low family income than are students from four-year colleges and universities. Also, post-college earnings tend to be lower for graduates of short-term programs compared with graduates of four-year schools.

*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 during that given fiscal year or in the next two fiscal years that follow. The FY 2018 cohort default rate, for example, is based on student borrowers who entered repayment during FY 2018 and subsequently defaulted by the end of FY 2020.

Source: Cohort Default Rates: U.S. Department of Education, Fiscal Year 2018 Official Cohort Default Rates, Washington, D.C., 2021; Proprietary School Program Length: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2021 (http://nces.ed.gov/ipeds); All Other: U.S. Department of Education, National Center for Education Statistics, "National Postsecondary Student Aid Study (NPSAS) 2016" (http://www.nces.ed.gov/das/).

Nearly Half of Borrowers Who Did Not Graduate Had Defaulted within 12 Years of Starting College



Most who track student loan default rates focus on the official three-year cohort default rate. Yet there is value in better understanding student loan repayment from a more long-term perspective. The National Center for Education Statistics has produced a data base which approximates this broader view of repayment. Approximately 31 percent of all student borrowers who first started their postsecondary education in the 1995-96 academic year and did not graduate had defaulted sometime during the 12 years after first starting college. The default rates for associate's degree and bachelor's degree holders were much lower. Just under six percent of borrowers who earned a bachelor's degree or higher had defaulted on their loans in the 12-year timeframe.

The default rates for borrowers who first started college in the 2003-04 academic year were higher across all categories, particularly among those who never graduated. This is likely due in part to the 2007-08 economic recession that hit many of those borrowers early in their work life following college. Those with less education have higher unemployment rates than those with more, and this was certainly true during and following the recession.

There are several factors that contribute to the tendency toward higher default rates for short-term programs, such as associate's degrees, 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. Also, earnings tend to be lower for graduates of short-term programs compared with graduates of four-year schools.

When the timeframe for tracking the 1995-96 cohort was extended from 12 to 20 years, 25.4 percent of all student borrowers had defaulted. The more recent cohort has already exceeded that rate at just the 12-year mark.

Sources: Default Rates: U.S. Department of Education, National Center for Education Statistics, Repayment of Student Loans as of 2015 Among 1995-96 and 2003-04 First-Time Beginning Students, October 2017 (https://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2018410); Risk Factors: U.S. Department of Education, National Center for Education Statistics, "National Postsecondary Student Aid Study (NPSAS) 2012" (http://www.nces.ed.gov/das/); Unemployment Rates: Bureau of Labor Statistics. "Employment Status of the Civilian Population 25 Years and Over by Educational Attainment," March 2018 (https://www.bls.gov/news.release/empsit.t04.htm).

One-Fifth of Texas Borrowers Had Not Reduced Their Principal Balance After Five Years in Repayment

The student loan repayment system can be complicated. While missing payments can get a borrower into financial trouble, even those who pay on time can face negative financial outcomes. For example, if payments fail to cover the interest that accrues, then the interest can capitalize, and increase the total amount owed on the loan.

Trellis used its extensive portfolio of Federal Family Education Loan Program loans to study students who had borrowed loans (guaranteed by Trellis) at a Texas institution and entered repayment any time between October 1, 2007 and September 30, 2011. An examination of 391,362 borrowers found that:

- Nearly a quarter (24%) of borrowers defaulted within five years of entering repayment, and most of them had previously suspended their payments using deferment or forbearance.
- About one in five borrowers (21%) owed more on their loans after five years in repayment than they did when they started repayment, accruing interest through heavy uses of deferment, forbearance, and delinquency.
- About one in five borrowers (22%) paid their loans during the first five years of repayment without missing or pausing any payments.

Repayment Group	Percent of Borrowers	Repayment Subgroup	Percent of Borrowers
Defaulters	24%	Paused Any Payment	14%
		Missed Any Payment	10%
Balance Increasers	21%	N/A	N/A
Balance Decreasers	45%	Uninterrupted	22%
		Paused Any Payment	20%
		Missed Any Payment	3%
Consolidators	10%	N/A	N/A

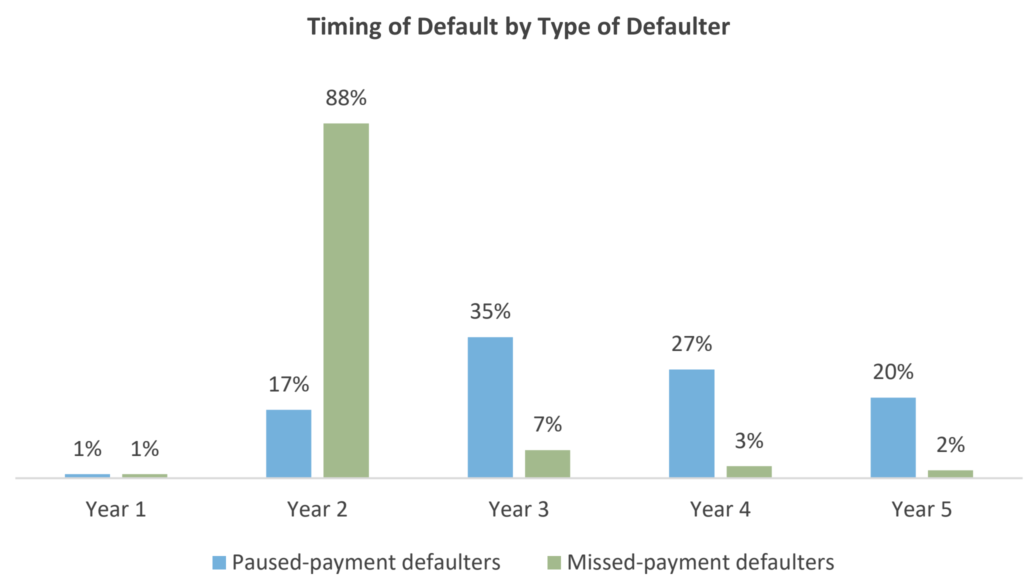
Source: The Pew Charitable Trusts, Student Loan System Presents Repayment Challenges, November 2019 (https://www.pewtrusts.org/-/media/assets/2019/11/psbs_report.pdf).

Most Defaulters Who Did Not Pause Payments Defaulted Very Quickly

A student loan borrower defaults on their loan after failing to make any payments for at least 270 days*. Default rates are measured in cohort years, where all borrowers who enter repayment between October 1 and September 30 are considered to be part of that year's cohort. Unless a borrower enters repayment between October and December, it is not technically possible to default in their first cohort year of repayment. Therefore, the earliest most borrowers can default is in their second cohort year of repayment.

Trellis tracked 391,362 student loan borrowers from its administrative data base of Family Federal Education Loan Program loans through their first five years in repayment to learn about their repayment patterns and outcomes. These students borrowed loans guaranteed by Trellis at a Texas institution and entered repayment at any time between October 1, 2007 and September 30, 2011.

Defaulters who did not pause their payments by using deferments or forbearances experienced difficultly repaying from the start, with the vast majority of these borrowers defaulting in their second year in repayment. Defaulters who paused payments tended to default in their third, fourth, or fifth year of repayment.



*In Trellis' administrative database of Family Federal Education Loan Program loans, borrowers are considered to be in default when the servicer has filed a claim against them, which can occur at any point between 270 and 360 days of nonpayment.

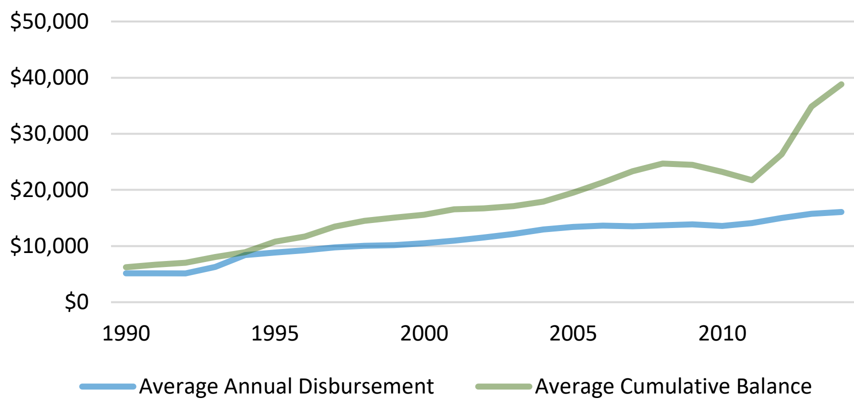
Note: This analysis calculated years to default from the end of borrowers' six-month grace periods.

Source: The Pew Charitable Trusts, Student Loan System Presents Repayment Challenges, November 2019 (https://www.pewtrusts.org/-/media/assets/2019/11/psbs_report.pdf).

Parents Struggle to Repay as Parent PLUS Borrowing Increases

The Federal Direct PLUS for parents (PLUS) loan program has become an increasingly popular financing option as college costs rise beyond what many families are able to afford. Parents are able to borrow potentially large amounts of money with only a modest check for adverse credit, meaning that some parents may borrow more than they can reasonably be expected to pay back. Average annual and cumulative borrowing in this program has grown tremendously since the original annual and lifetime maximum limits were removed in 1993.

Average Parent PLUS Borrowing, 1990 to 2014
In 2014 Dollars



Trellis used its extensive portfolio of Federal Family Education Loan Program loans to conduct a study of 59,096 parent borrowers who entered into repayment on their loans between October 1, 2004 and September 30, 2010. The analysis found that after seven years in repayment, about eight percent of parent borrowers had defaulted, seven percent had not seen a reduction in their principal balance, and about 75 percent had reduced their principal balance by at least one dollar.

Repayment Category		Percent
Successfully Repaying	Uninterrupted Payments	45%
	Had Deferment, Forbearance, and/or Delinquency	23%
	Had Delinquency Only	7%
Default	Had Deferment, Forbearance, and/or Delinquency	5%
	Had Delinquency Only	3%
No Reduction in Principal Balance		7%
Consolidation		12%

Source: Average borrowing chart: Looney, A. and Lee, V. on Brookings Institution, Parents are borrowing more and more to send their kids to college – and many are struggling to repay, November 2018 (https://www.brookings.edu/research/parents-are-borrowing-more-and-more-to-send-their-kids-to-college-and-many-are-struggling-to-repay/); Fletcher, C., Webster, J., and Di, W., PLUS Borrowing in Texas: Repayment Expectations, Experience, and Hindsight by Minority-Serving Institution Status, January 2020 (https://www.trelliscompany.org/wp-content/uploads/2020/01/parent-plus-borrowing-study.pdf).

SECTION 13

Texas Higher Education and Student Debt Policy

Progress on 60x30TX Goals

In 2016, the Texas Higher Education Coordinating Board (THECB) launched 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.

In focusing on student debt and workforce outcomes, goals three and four represented a new direction for the THECB. The plan identified two key targets for containing student loan debt:

a) Decrease the excess semester credit hours (SCH) that students attempt when completing an associate or bachelor's degree to 12 by 2020, six by 2025, and three by 2030.
b) Limit the need to borrow so that no more than half of all students who earn an undergraduate degree or certificate will have debt in 2030.

60x30TX Goal Updates

		2015 (Baseline)	2020	2030 Goal
	Overall Attainment Rate	40.3%	45.3%	60%
Completion Goals	Overall Completion Total	311,340	348,394	550,000
	Hispanic Completion	96,657	125,151	285,000
	African American Completion	38,964	41,265	76,000
	Male Completion	131,037	143,471	275,000
	Economically Disadvantaged Completion	114,176	128,983	246,000
	Texas High School Graduates Enrolling in Texas Higher Education	52.7%	44.9%	65%
Marketable Skills Goal	Working or Enrolled Within One Year	78.9%	79.0%	80%
Student Debt Goals	Student Loan Debt to First-Year-Wage Percentage	60%	51%	60%
	Excess SCH Attempted	19	14	3
	Percent of Undergraduates Completing with Debt	49.2%	44.1%	50%

While meeting the target for excess SCH will require substantial reductions, about 60 percent of undergraduate degree completers already borrow student loans. This is partially because students with a greater need to borrow tend to have lower odds of completing their degrees; students with more resources who do not need to borrow are overrepresented among completers. Without significant changes to students' costs and/or resources, increasing the number of minority and low-income students who graduate (an explicit goal of 60x30) will raise the percentage of graduates who borrow. Conversely, if grant funding does not increase significantly, then increasing the rate and amount of borrowing might be necessary for financially needy students who would otherwise drop out to persist to graduation. At current prices, making progress towards completion goals while holding the borrowing rate at 60 percent *and* containing the debt burdens of graduates will likely require additional grant funding.

Source: Texas Higher Education Coordinating Board. THECB 60x30 Progress Report, July 2021 (https://reportcenter.highered.texas.gov/reports/data/60x30tx-progress-report-july-2021/).

Higher Education Highlights from the 87th Legislative Session

The 87th Texas Legislature was in session from January 12, 2021 to May, 31, 2021. A number of bills related to higher education were ultimately passed into law, including the General Appropriations Act for Fiscal Years 2022-2023 that contains funding for higher education. Below are some of the higher education-related bills:

SB 1860: Relating to Creating an Electronic Application System for State Student Financial Assistance

- Requires the Texas Higher Education Coordinating Board to develop a process by the 2023-2024 school year that would allow students to complete the Texas Application for State Financial Aid online on the same website as the common admission application form

SB 1888: Relating to the Establishment of Certain Programs to Facilitate Early High School Graduation and Enrollment at Public Institutions of Higher Education

- Establishes the Texas First Early High School Completion Program and the Texas First Scholarship, which allows public high school students who demonstrate early college readiness to graduate early from high school and receive financial aid

- Establishes eligibility requirements for the scholarship program and requires the Texas Higher Education Coordinating Board to establish standards for determining early readiness for college

HB 3767: Relating to Measures to Support Workforce Development in the State, Including the Establishment of the Tri-Agency Workforce Initiative and Additional Employer Workforce Data Reporting

- Requires the Texas Workforce Commission, Texas Education Agency, and the Texas Higher Education Coordinating Board to create interagency agreements to share, match, and manage education and workforce data and coordinate resources

- Requires the three agencies to regularly update a list of career pathways based on current needs and forecasted demands, in consultation with employers

Source: Texas Higher Education Coordinating Board (THECB), Legislative and Media Resources, Higher Education Policy and Appropriations, "Summary of Higher Education Legislation, 87th Texas Legislature" (2021) (https://reportcenter.highered.texas.gov/training-materials/presentations/summary-of-higher-education-legislation-87r/).

Funding for TEXAS Grant, TEOG, and TEG Increase for the 2022-2023 Biennium

Major Texas Financial Aid Programs
Appropriated Funds by State Program and Biennium

	2020-2021 Biennium	2022-2023 Biennium
Towards EXcellence Access and Success (TEXAS) Grant	$866.4	$950.1
Texas Educational Opportunity Grant (TEOG)	$96.0	$105.2
Tuition Equalization Grant (TEG)	$178.6	$195.8
Graduate Medical Education Expansion	$157.2	$199.1
Nursing Shortage Reduction Program	$19.9	$18.9

The 87th Texas Legislature passed Senate Bill 1, the General Appropriations Act for Fiscal Years 2022-2023, and House Bill 2, a supplemental appropriations bill. These bills appropriated funding for the state fiscal years* 2022 and 2023 for, among other things, state higher education grant programs. Overall, appropriations for higher education increased by 2.2 percent ($352.5 million) between the 2020-21 biennium and the 2022-23 biennium.

Funding for Texas' largest state grant program, the Towards Excellence Access and Success (TEXAS) grant, was increased by $83.7 million between the 2020-21 biennium and the 2022-23 biennium. Funding for the Texas Educational Opportunity Grant (TEOG), Tuition Equalization Grant (TEG), and the Graduate Medical Education Expansion was also increased. The senate bill provided an additional $110 million for TEXAS grants, TEOG, and TEG in order to maintain the same percentage of eligible students served. This additional funding has been included in the 2022-23 biennium amounts listed in the table above.

All state grant programs assist students with financial need, promoting access to higher education to low-income students while helping to limit their need to borrow student loans, though some programs (like the TEXAS Grant) also have an explicit merit-based component.

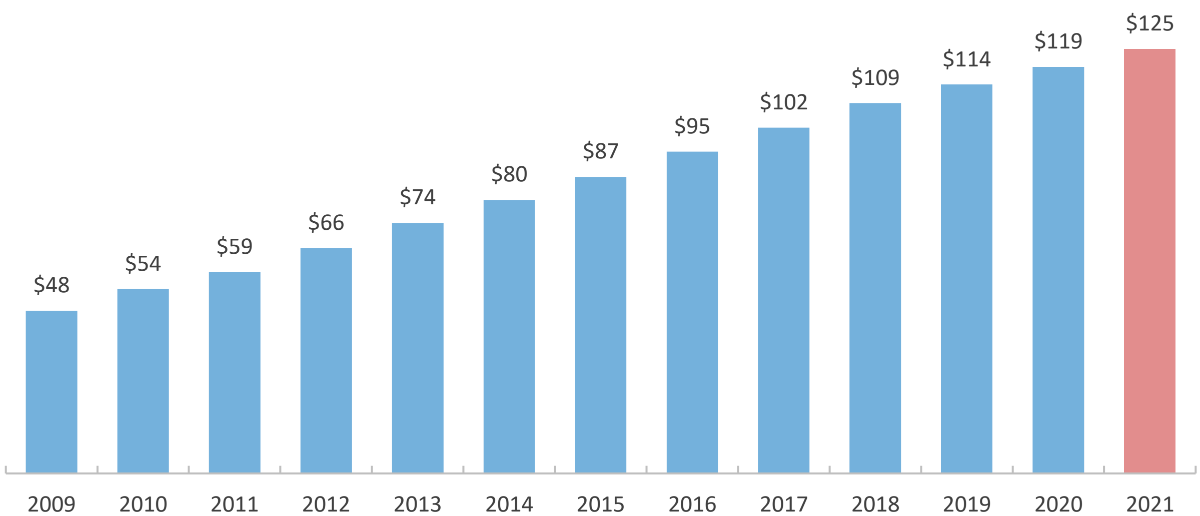
* The Texas state fiscal year is September 1 through August 31.

Source: Legislative Budget Board, State Budget by Program "87th Regular Session, Final Bill" (http://sbp.lbb.state.tx.us/).

Student Loan Debt in Texas Grows Faster Than the U.S.; Reaches $125 Billion

Rising national student loan debt has garnered much attention for several years. As of December 31, 2021, the total volume of outstanding student loan debt in the United States was estimated at $1.57 trillion, representing an increase of about $20 billion over the previous year. As of the end of 2021, the estimated outstanding student loan volume in Texas was about $125 billion, up about 4.5 percent from the previous year compared to 1.3 percent growth nationally. Because the growth rate of Texas student loan debt exceeds the rate for the U.S. as a whole, the proportion of all student loan debt held by Texans has increased. In 2009, Texans held about 6.6 percent of U.S. student loan debt; in 2021, Texans held about 7.9 percent. The relative youth of the Texas population is likely a major contributor to the growth in student loan debt relative to the nation.

Estimated Outanding Student Debt in Texas (in billions*)



While the growth rate of Texas student loan debt exceeds the overall U.S. growth rate, both rates have slowed somewhat in recent years. Texas has added about $5 billion per year in outstanding student loan debt since 2018, resulting in higher absolute growth but lower percentage growth than in previous years. For the U.S., absolute debt growth of about $50 billion annually since FY 2018 (and only $20 billion from 2020 to 2021) has been smaller than usual, such that the annual percentage growth has declined even more quickly.

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 and state-level education loans, which generally do not provide accommodations like income-linked repayment plans, deferments, or forgiveness, accounted for about 12 percent of student loans borrowed in AY 2020-21.

*Estimates are based on state-level 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 result for a given year is adjusted by the same factor by which the result of this methodology for the United States as a whole deviates from the United States total outstanding student debt for that year as reported in the Quarterly Report on Household Debt and Credit. This adjustment, which was not made in some previous editions of SOSA, has been applied to all years.

**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, 2021:Q4 (https://www.newyorkfed.org/microeconomics/hhdc/background.html), Texas Student Loan Debt Estimate: FRBNY, Household Debt and Credit Statistics by State (https://www.newyorkfed.org/microeconomics/databank.html); Non-federal borrowing: College Board. Trends in Student Aid 2021 (https://trends.collegeboard.org/student-aid/figures-tables/total-federal-and-nonfederal-loans-over-time).

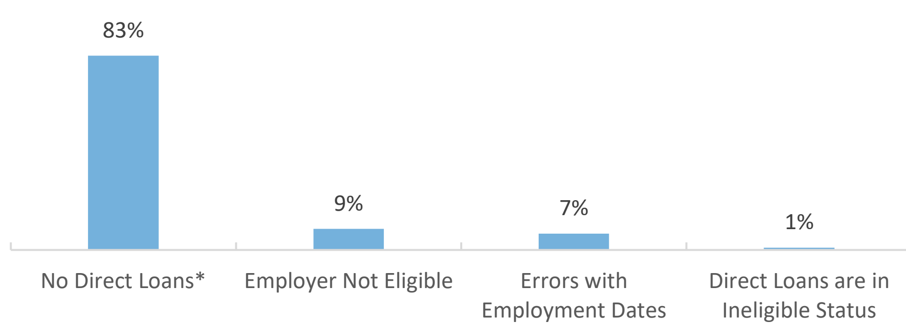
A Majority of Federal Public Service Loan Forgiveness Applications Have Been Processed and Approved

The Public Service Loan Forgiveness Program (PSLF) cancels the remaining balance of Federal Direct Loans for borrowers who have made 120 qualifying monthly payments while working full-time for certain government and non-profit employers. Qualifying payments must meet several eligibility criteria, including being made in full, within 15 days of the due date, and under an income-driven repayment (IDR) plan. PSLF first became available in 2007, and borrowers could (theoretically) have achieved 120 qualifying payments beginning in October 2017.

PSLF has undergone temporary changes as a result of the COVID-19 pandemic. The Department of Education issued a limited waiver, good through the end of October 2022, that meant a broader range of past payments on loans would count toward those 120 qualifying payments, so long as the payments were made while working for a qualified employer, and that borrowers could qualify for the program no matter what repayment plan they were signed up for. Additionally, the Department of Education placed nearly all active federal student loans into automatic forbearance, meaning that borrowers were not required to make payments while in that status. For those who were working for qualified employers during an automatic forbearance, each month still counts toward the 120 qualifying payments, even if the borrower wasn't making a payment. These changes mean that many more borrowers will be able to benefit from the forgiveness program, and the Department of Education has strongly encouraged borrowers to sign up by submitting a form.

Sixty percent of the 1,684,233 submitted PSLF forms were complete and processed as of June 2022. Of those complete and processed forms, 99 percent were determined to have met employment certification requirements, meaning that the borrower had qualifying payments that will count toward PSLF progress. Among the one percent of forms that did not meet employment certification requirements, 83 percent of them were not approved because the loans were not in the Direct Loan program. Nine percent had Direct Loans, but the employer is not eligible, and seven percent had Direct Loans and an eligible employer, but had errors with their employment dates. Only one percent of forms had loans in an ineligible status, such as default. This is likely to change in future years as the repayment pause ends and borrowers enter repayment again.

Reasons PSLF Applications Did Not Meet Employment Certification Requirements



* Borrowers were able to submit employment certification data for student loans that were not Direct Loans. The loans would still need to be consolidated into the Direct Loan Program in order to benefit from PSLF. After consolidation, the borrower's submitted form will be reevaluated to apply any earned PSLF credit.

Sources: U.S. Department of Education, Federal Student Aid, Public Service Loan Forgiveness Data: https://studentaid.gov/data-center/student/loan-forgiveness/pslf-data; U.S. House Committee of Education and the Workforce, PROSPER Act: https://www.congress.gov/bill/115th-congress/house-bill/4508.

Legislation Brings Big Changes to FAFSA, Need Analysis, and Access to Federal Aid

The FAFSA Simplification Act was passed in December 2020 as part of the Consolidated Appropriations Act of 2021. This legislation included many changes to the need analysis calculations, to access to federal aid, and to the Free Application for Federal Student Aid (FAFSA) form, in addition to many other changes. The changes are being made in a phased approach, but all changes will need to be made by July 1, 2024.

Replacing Expected Family Contribution (EFC) with Student Aid Index (SAI)

- The SAI is a similar calculation as was used for EFC, but there are some changes. The lowest EFC possible was zero dollars while the SAI can go as low as negative $1,500.
- The SAI will account for only family size instead of both family size and number in college.

Expanding Access to Federal Aid

- Federal Pell Grant access will expand to more students and link eligibility to family size and the federal poverty level.
- Incarcerated students and students whose school closed while they were enrolled will regain Pell Grant eligibility.
- The lifetime limit on the period that a borrower can receive subsidized loans will be lifted.

FAFSA Simplification

- Federal Student Aid is required to use as much data as possible directly from the Internal Revenue Service to calculate Federal Pell Grant eligibility and the SAI.
- Questions about Selective Service registration and drug convictions have been removed from the FAFSA form, and questions about sex and race/ethnicity have been added.

Sources: U.S. Department of Education, Federal Student Aid, Beginning Phased Implementation of the FAFSA Simplification Act (EA ID: GENERAL-21-39) (https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2021-06-11/beginning-phased-implementation-fafsa-simplification-act-ea-id-general-21-39); NASFAA, NASFAA Deep Dive: Changes to Federal Methodology, Other Student Aid Changes From Spending Bill (https://www.nasfaa.org/news-item/24269/NASFAA_Deep-Dive_Changes_to_Federal_Methodology_Other_Student_Aid_Changes_From_Spending_Bill); NASFAA, FY 2022 Spending Bill Includes Clarifications, Improvements to FAFSA Simplification Act (https://www.nasfaa.org/news-item/26984/FY_2022_Spending_Bill_Includes_Clarifications_Improvements_to_FAFSA_Simplification_Act).

Student Loan Repayment Pause Repeatedly Extended As the COVID-19 Pandemic Continues

Since March 2020, student loan borrowers who were in repayment have not been required to make payments on their student loans. The student loans were placed into automatic forbearance with a zero percent interest rate, so in addition to payments not being required, there will be no accumulation of interest during the payment pause as well. This pause on payments was put in place to provide some relief on financial pressures experienced due to the COVID-19 pandemic.

The initial payment pause was set to expire after 60 days, but just a week later was extended through the end of September 2020 as one of the provisions in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The pause has since been continuously extended, meaning that borrowers have not been required to make a student loan payment for more than two years. The current pause expires on December 31, 2022, with loan repayments resuming on January 1, 2023.

	Repayment Extension
March 20, 2020	Loan payments are suspended. Collections on defaulted loans are stopped. Loans are put into automatic forbearance and interest rates are set to zero percent. Was originally intended to last for 60 days.
March 27, 2020	The CARES Act extended the payment pause through September 30, 2020 and continued the zero percent interest rate.
August 8, 2020	The Department of Education is ordered to extend the student loan relief policies in the CARES Act through the end of the calendar year (December 31, 2020).
December 4, 2020	The payment pause is extended through the end of January 2021.
January 20, 2021	The payment pause is extended through the end of September 2021.
August 6, 2021	The payment pause is extended through the end of January 2022, referred to at the time as a final extension.
December 22, 2021	The payment pause is extended another 90 days through May 1, 2022.
April 6, 2022	The payment pause is extended another 120 days through the end of August, 2022.
August 24, 2022	The payment pause is extended through the end of the year (December 31, 2022), along with an announcement of debt cancellation for some borrowers.

Sources: U.S. Department of Education, Federal Student Aid, COVID-19 Emergency Relief and Federal Student Aid (https://studentaid.gov/announcements-events/covid-19).

COVID-19 Legislation Aims to Help Higher Education Institutions and Students

In response to the COVID-19 pandemic, and the resulting economic crisis, the U.S. Congress passed two major pieces of relief legislation – the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020 and the Consolidated Appropriations Act of 2021 in December of 2020. Both bills provided significant funding and some programmatic changes to help students and colleges weather the pandemic. The CARES Act authorized about $14 billion to higher education via an Emergency Stabilization Fund. Half of that fund is to be used for emergency grants to students for expenses related to campus disruptions due to the COVID-19 pandemic, such as food, housing, technology, health care, and childcare. The other half can be used by institutions for crisis-related expenses, such as lost revenue, technology costs associated with transitioning to remote learning, and payroll. A total of $1.02 billion in relief aid was allocated to Texas higher education with the amount evenly divided between student aid and institutional assistance.

Additionally, the CARES Act allowed student loan borrowers whose loans were held by the U.S. Department of Education to take a six-month break from making payments. Interest will be waived during that time period and loan collectors will be prevented from garnishing wages, tax returns, and Social Security benefits to collect overdue payments. The suspension of student loan payments was later extended to September 30, 2021 via executive memorandum.

The Consolidated Appropriations Act will deliver $23 billion in aid to higher education throughout the country. The bill also authorizes the simplification of the Free Application for Federal Student Aid (FAFSA) which reduced the number of questions from 108 to 36, allows more incarcerated prisoners to become eligible for Pell Grants, and forgiving the capital loans to Historically Black Colleges and Universities. This second stimulus act allocates over $500 million in financial aid to Texas students and $1.2 billion to Texas institutions of higher education.

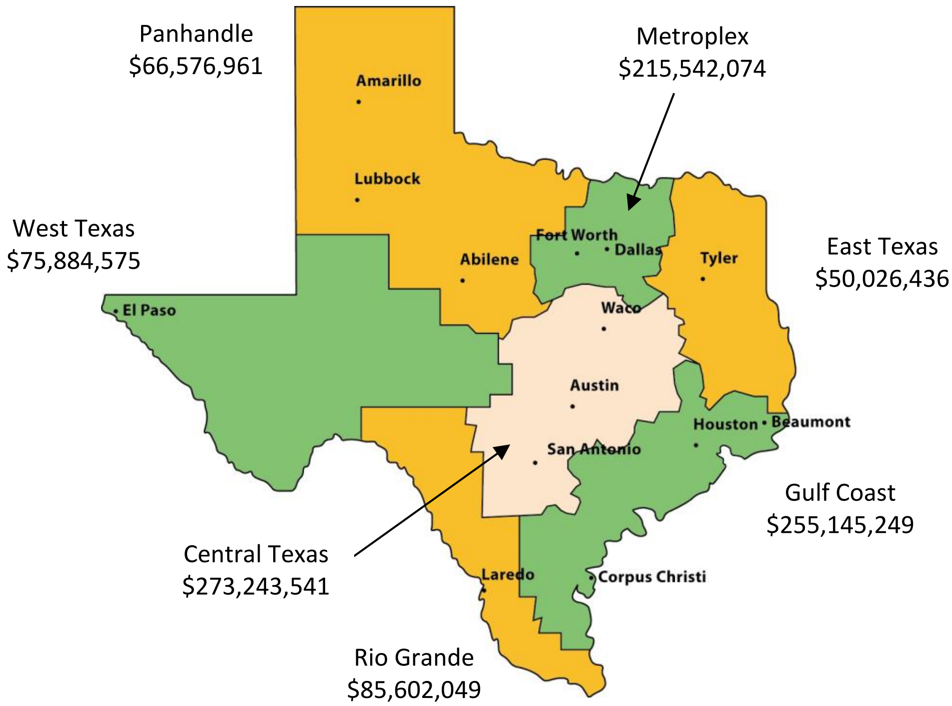
Federal Aid for Higher Education at Texas Institutions

	CARES Act	Consolidated Appropriations Act
Student aid	$511,010,443	$505,497,586
Institutional Assistance	$511,010,443	$1,225,520,018

Sources: CARES Act Text of Bill (https://www.nasfaa.org/uploads/documents/CARES_Act_Final_Text.pdf); Student Loan Payment Delay: MarketWatch.com, "$2 trillion coronavirus stimulus package lets some student-loan borrowers delay payments for six months" (https://www.marketwatch.com/story/2-trillion-coronavirus-stimulus-bill-gives-student-loan-borrowers-six-months-of-relief-2020-03-26); Extended Student Loan Payment Delay: U.S. Department of Education, Federal Student Aid, "Coronavirus and Forbearance Info for Students, Borrowers, and Parents (Coronavirus and Forbearance Info for Students, Borrowers, and Parents | Federal Student Aid); Consolidated Appropriations Act: National Association of Student Financial Aid Administrators, "Congress Releases Bipartisan Year-End Spending Deal, FAFSA Simplification, COVID Relief, and Other Student Aid Provisions (NASFAA | Congress Releases Bipartisan Year-End Spending Deal, FAFSA Simplification, COVID Relief, and Other Student Aid Provisions)

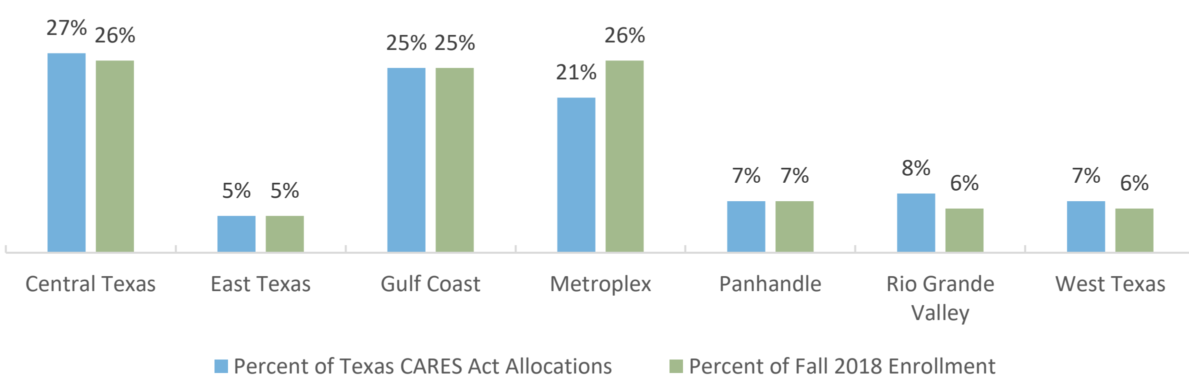
CARES Act Allocations in Texas Regions

CARES Act Allocations at Texas Institutions by Region



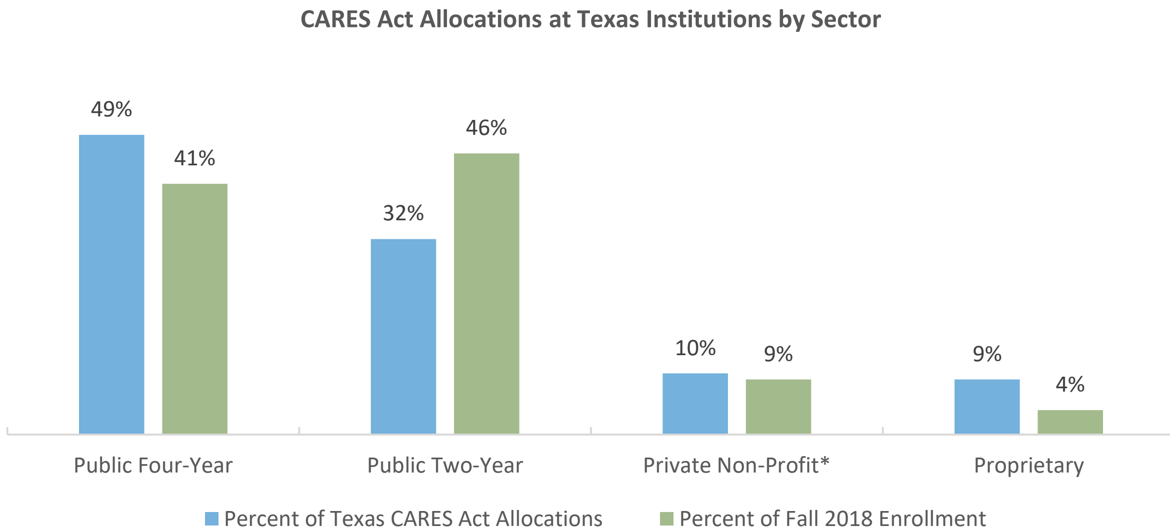
Two hundred ninety-six Texas institutions were allocated $1.02 billion through the CARES Act. The proportion of allocations by region are very similar to the proportion of Fall 2018 enrollment by region. Institutions in the most heavily populated regions of the state – the Central Texas, Gulf Coast, and Metroplex regions – will receive nearly three-quarters of a billion dollars in total to help students, employees, and higher education institutions weather the COVID-19 pandemic.

CARES Act Allocations at Texas Institutions by Region



Sources: U.S. Department of Education, Allocations for Section 18004(a)(1) of the CARES Act (https://www2.ed.gov/about/offices/list/ope/allocationsforsection18004a1ofcaresact.pdf); Enrollment by Region: U.S. Department of Education, National Center for Education Statistics, IPEDS Data (http://www.nces.ed.gov/ipeds/).

CARES Act Allocations Vary by Sector in Texas



School Type	Total Allocations	Number of Institutions
Public Four-Year	$500,029,127	43
Private Non-Profit*	$105,694,744	68
Public Two-Year	$328,113,876	64
Proprietary	$88,183,138	121

In March 2020, the CARES Act was signed into law to provide financial relief to people and organizations across the country while the COVID-19 pandemic stalled the economy. The bill included a provision to provide about $14 billion to higher education institutions and students. Using the guidance provided in the bill, the U.S. Department of Education developed a formula to determine how much funding each institution will receive. Texas institutions are allocated about $1.02 billion.

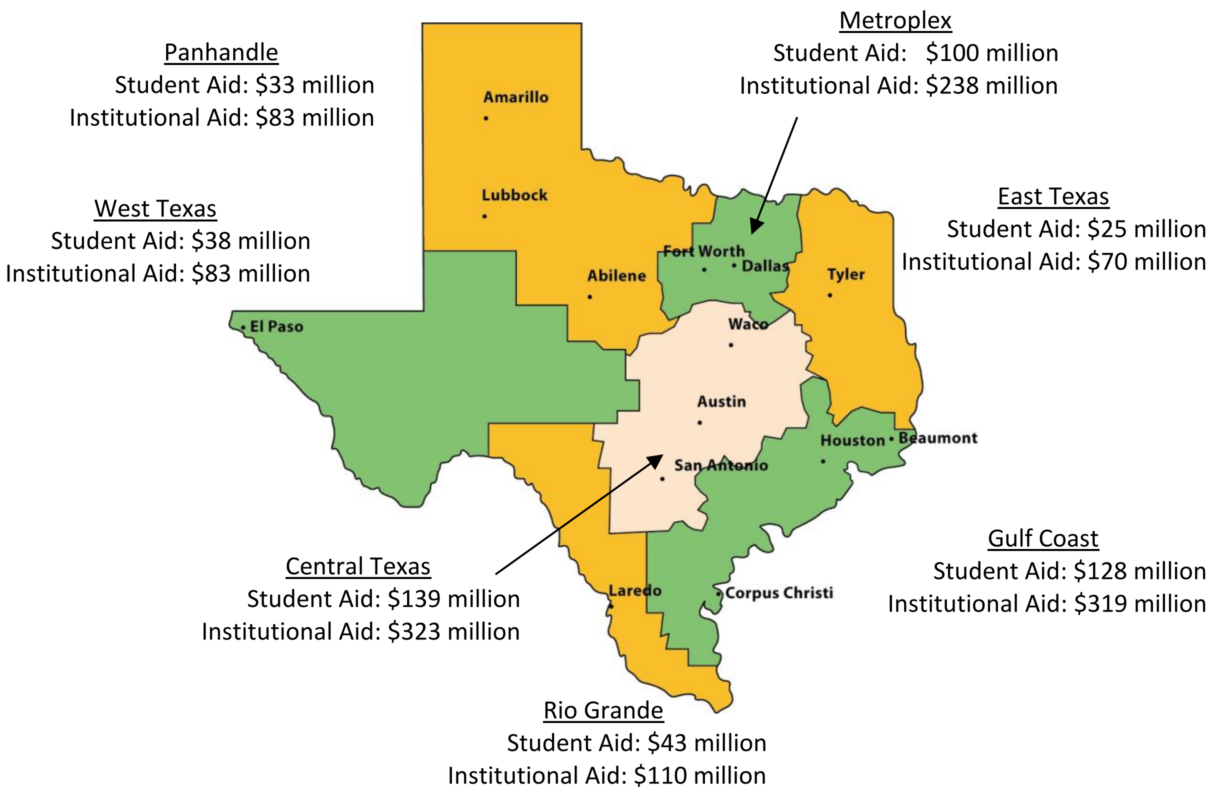
Compared to total enrollment figures, public two-year institutions are receiving proportionally less of the allocations while the other three sectors are receiving proportionally more. However, the CARES Act allocations are based on full-time equivalent (FTE) enrollment, which is a calculation that determines how many students would be attending if all enrolled students were enrolled full time. The higher an institution's proportion of part-time enrolled students, the lower their FTE enrollment number will be. Public two-year institutions in Texas have much higher proportions of part-time students than other sectors – 72 percent at public two-year, 30 percent at public four-year, 12 percent at private non-profit, and 14 percent at proprietary. The allocation formula also excludes students who were already exclusively enrolled in distance education. The public two-year sector in Texas has a higher proportion of distance education students compared to the other three sectors.

*This category includes 4-year or above, 2-year, and less-than 2-year institutions. Ninety percent of the Private Non-Profit Texas institutions receiving allocations are 4-year or above.

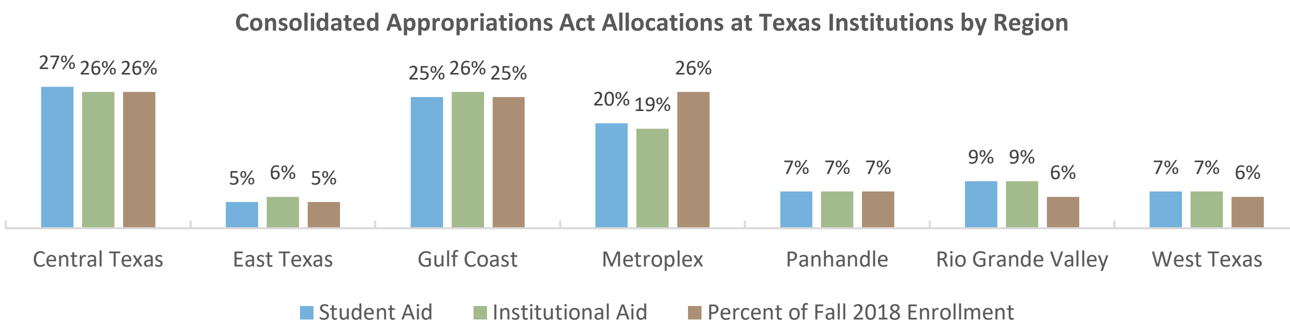
Sources: U.S. Department of Education, Allocations for Section 18004(a)(1) of the CARES Act (https://www2.ed.gov/about/offices/list/ope/allocationsforsection18004a1ofcaresact.pdf); Enrollment by Sector: U.S. Department of Education, National Center for Education Statistics, IPEDS Data (http://www.nces.ed.gov/ipeds/).

Consolidated Appropriations Act Allocates Aid to Areas of Greatest Need

Consolidated Appropriations Act Allocations at Texas Institutions by Region

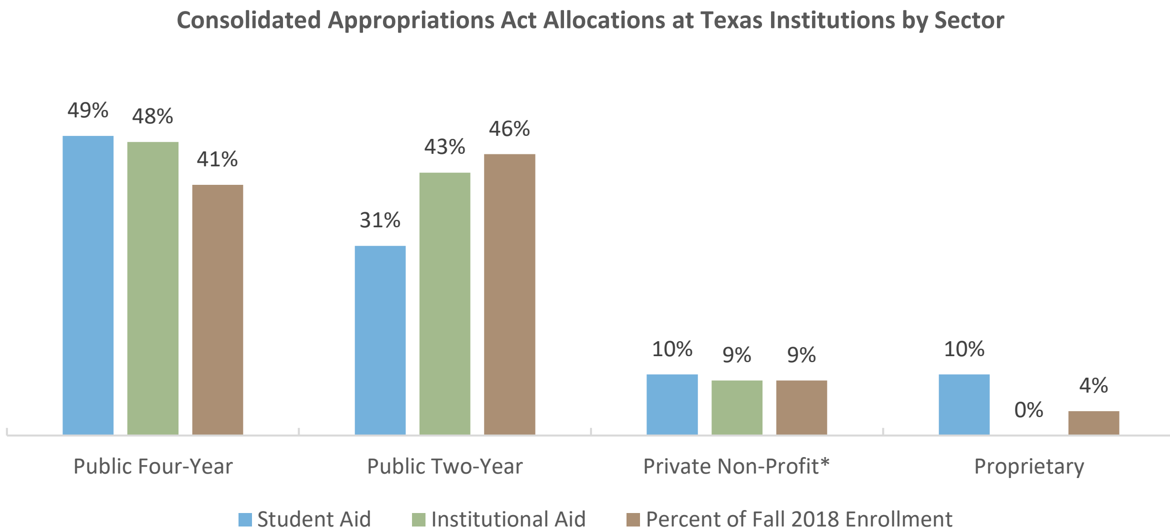


The second COVID-19 pandemic stimulus legislation, the Consolidated Appropriations Act, provides over $1.7 billion in assistance to students and institutions of higher education in Texas. Aid is being allocated roughly in line with enrollment patterns across geographic areas with the exception of the Metroplex which will receive 6-7 percentage points less than their proportion of enrollment in Texas. Students and institutions in the Rio Grande Valley will benefit from proportionately more HEERF funding than their share of Texas enrollment.



Sources: Consolidated Appropriations Act Allocations: U.S. Department of Education, "CRRSAA: Higher Education Emergency Relief Fund (HEERF II) (https://www2.ed.gov/about/offices/list/ope/ccrrsaa.html); Enrollment by Sector: U.S. Department of Education, National Center for Education Statistics, IPEDS Data (http://www.nces.ed.gov/ipeds/).

Consolidated Appropriations Act Channels Relief Disproportionately to Public Four-Year Sector



School Type	Student Aid	Institutional Aid	Number of Institutions
Public Four-Year	$249,298,069	$583,481,183	43
Private Non-Profit*	$52,743,033	$115,313,898	67
Public Two-Year	$154,034,029	$526,724,937	57
Proprietary	$49,422,455	$0	126

The second round of COVID-19 pandemic relief for higher education – the Consolidated Appropriations Act of 2021 – will be allocated using a formula that reduces some of the sectoral differences experienced with the CARES Act. In the CARES Act, Texas community colleges were allocated 32 percent of the funds even though their students comprise 46 percent of the enrollment. In contrast, Texas community colleges proportion of total Consolidated Appropriations Act funding will be 39 percent. Four-year public universities continue to receive a proportionally larger slice of the higher education relief funding. While the CARES Act allocations were split evenly between student aid and institutional aid, the allocations from the Consolidated Appropriations Act are weighted more heavily to institutional aid. The exception is that all aid allocated to proprietary institutions in this Consolidated Appropriations Act of 2021 is designated as student aid.

*This category includes 4-year or above, 2-year, and less-than 2-year institutions. Ninety percent of the Private Non-Profit Texas institutions receiving allocations are 4-year or above.

Sources: Consolidated Appropriations Act Allocations: U.S. Department of Education, "CRRSAA: Higher Education Emergency Relief Fund (HEERF II) (https://www2.ed.gov/about/offices/list/ope/ccrrsaa.html); Enrollment by Sector: U.S. Department of Education, National Center for Education Statistics, IPEDS Data (http://www.nces.ed.gov/ipeds/).