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# ***Financial Aid***

# ***Policy Recommendations***

**79th Texas Legislature - House Committee on Higher  
Education**



## Recommendations

### Policy

- Increase formula appropriations to community colleges. With appropriate state funding, community colleges will be able to continue offering affordable tuition and fees, making higher education accessible for more students.
- Increase funding for the Texas Educational Opportunity Grant Program from less than \$10 million biennially to \$50 million, making it the cornerstone financial program aid for students at community colleges. Students who complete the Associates degree, or the common core, and transfer to a four year institution would then move to B-on-Time or other self-help program for the last two years of their undergraduate education. Increase the appropriation for Texas Grant allowing community colleges more flexibility in meeting student unmet need.

### Administrative Flexibility

- Under the current system, allow TEOG recipients to be eligible to receive renewal TEXAS grants upon transfer to a four-year institution from a two-year institution.
- Allow community colleges to transfer up the lesser of 25% or \$25,000 of the funds between TEXAS grant, TEOG, and Texas Work Study.

## Chair Morrison and the House Committee on Higher Education

In your hearing on Committee Interim Charge #1, dealing with financial aid policy (April 25, 2006), Commissioner Paredes indicated that the need for financial aid at two year institutions in this state is “greater than the other sectors of higher education.” This letter will provide additional information to amplify the commissioner’s point, as well as provide specific recommendations in connection to this charge.

Community colleges are central to the state meeting the goals of Closing the Gaps. The Texas Higher Education Coordinating Board (THECB) predicts that at least 70 percent of the new students enrolling in Texas higher education will enroll in Texas’ public community colleges. As you can see in the chart below, the two year institutions are the largest sector of higher education in Texas (47.8%) with community colleges educating the vast majority of students enrolled at two year institutions (46.2%).

### Enrollment in Texas Higher Education: Fall 2004 and Fall 2005

Sector of Texas Higher Education	Fall 2004	Fall 2005*	Percent of Fall 2005
Two-Year Institutions	557,373	570,180	47.8%
Community Colleges	539,017	551,406	46.2%
TX State Technical Colleges	11,384	11,418	1.0%
Lamar State Colleges	6,972	7,356	0.6%
Public Universities	482,124	486,217	40.8%
Public Health Institutions	15,089	15,657	1.3%
Independent Colleges	115,852	117,404	9.8%
Independent Health Institutions	2,671	2,785	0.2%
Total	1,173,109	1,192,243	100.0%

Source: Texas Higher Education Coordinating Board

\*Fall 2005 - Preliminary Headcount

The chart below shows the enrollment trends over the last 5 years. Enrollment has increased every year, but enrollment gains appear to be tapering off.

### Enrollment at Community Colleges: Fall 2001 to Fall 2005

	Fall 2001	Fall 2002	Fall 2003	Fall 2004	Fall 2005
Headcount	461,236	498,408	518,597	539,017	548,719
Percent change from Previous Fall	6.8%	8.1%	4.1%	3.9%	2.3%
Percent Change from Fall 2001		8.1%	12.4%	16.9%	19.5%

Source: Texas Higher Education Coordinating Board

\*Fall 2005 - Preliminary Headcount

For the same time period, community college tuition and fees have grown dramatically.

### Tuition and Fees at Community Colleges: Fall 2001 to Fall 2005

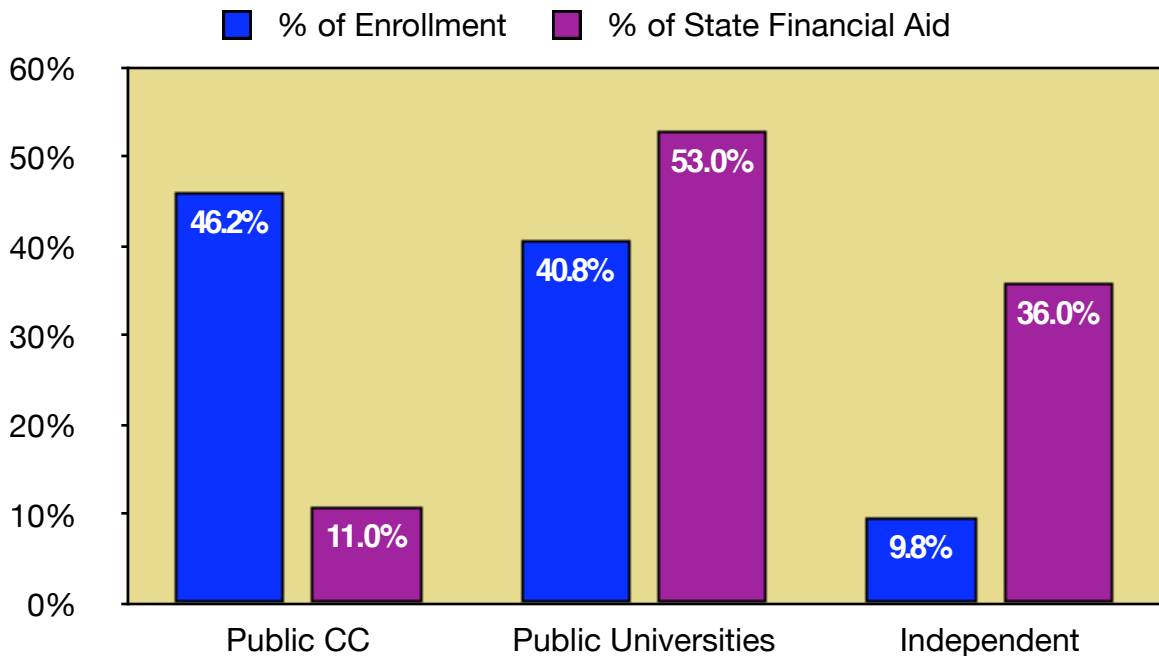
	Fall 2001	Fall 2002	Fall 2003	Fall 2004	Fall 2005
<b>Average In-District Tuition &amp; Fees/SCH</b>	36	38	44	47	51
Percent Change from Previous year		6.1%	16.4%	7.0%	8.7%
Percent Change from Fall 2001		6.1%	23.5%	32.1%	43.6%
<b>Average Out-of-District Tuition</b>	50	53	63	68	76
Percent Change from Previous year		5.8%	18.4%	8.5%	11.6%
Percent Change from 2001		5.8%	25.2%	35.8%	51.5%

Tuition and Fees at Community Colleges: Fall 2001 to Fall 2005

## Financial Aid for Community Colleges

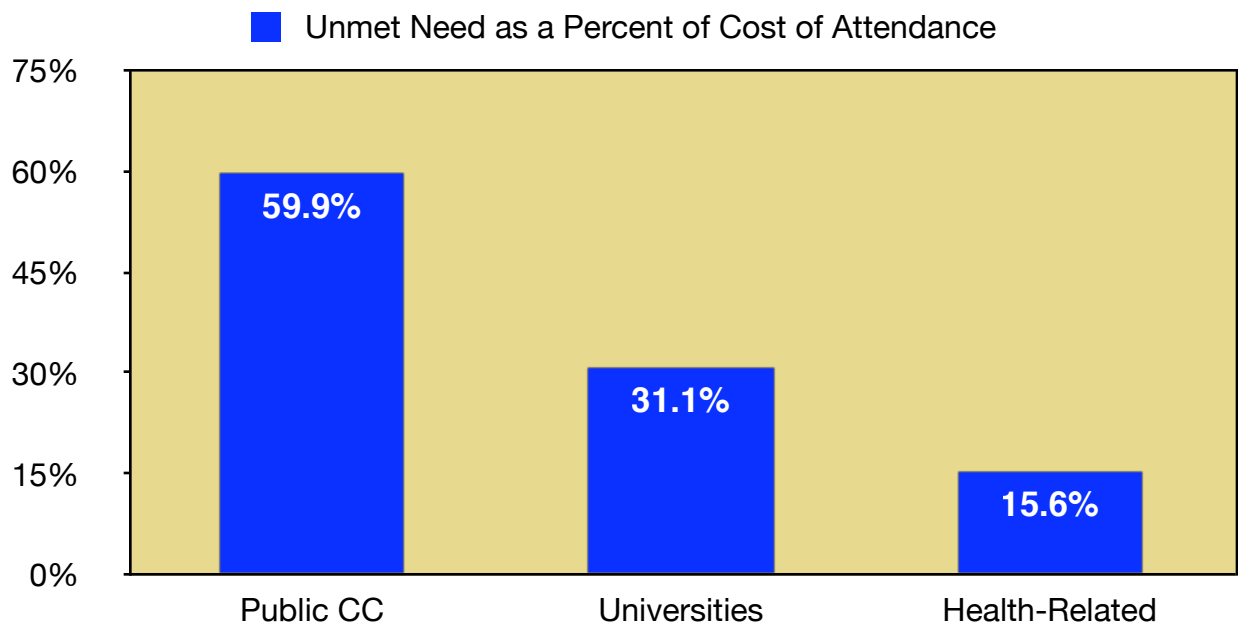
Approximately \$291 million is appropriated to the Texas Higher Education Coordinating Board for five major student aid programs in Texas. The Texas Educational Opportunity Grant Program (formerly TEXAS Grant II), a program exclusively for students at two-year institutions, receives \$4.5 million a year. The College Work Study program receives \$5 million per year. The B-on-Time loan forgiveness program receives \$10.3 million a year. TEXAS Grant, the largest financial aid program, receives \$166 million a year. The Tuition Equalization Grant, for students at independent institutions, receives \$105 million. In FY 2005, community college students received less than 10 percent of the TEXAS grant funds (\$14.8 million of \$162 million appropriation).

The chart below provides an analysis of the relative size of education sectors compared to their shares of state financial aid funding. Public community colleges are the largest sector, yet their students have the least access to state funds for financial aid.



Source: Texas higher Education Coordinating Board / Legislative Budget Board

Further analysis of the current financial aid picture in Texas demonstrates that even though the costs are lower for community college students, the percentage of unmet need is higher at community colleges than at other public sector institutions in Texas (see chart below).



Source: Higher Education Coordinating Board

Unless assisted by increased levels of state support for financial aid, Texas community colleges will find it increasingly difficult to meet student need. The result will be fewer and fewer Texans seeking opportunities through higher education. The state must reaffirm its commitment to *Closing the Gaps* by helping all students afford the rising costs of higher education.