

DOLLARS FOR DEGREES:

Financial aid and its impact on post-secondary degree completion in Texas

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Funded by

FSG  SOCIAL IMPACT ADVISORS



GREATER TEXAS FOUNDATION

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About Greater Texas Foundation

Located in Bryan, Texas, Greater Texas Foundation supports efforts to ensure all Texas students are prepared for, have access to, persist in, and complete post-secondary education. The foundation puts particular focus on helping underserved and disadvantaged populations, and pursues its mission by forming partnerships, supporting research, sharing knowledge, and making grants. Since its 2001 inception, Greater Texas Foundation has invested more than \$30.7 million in Texas education, including more than \$10.3 million in scholarship grants for post-secondary institutions since 2003.

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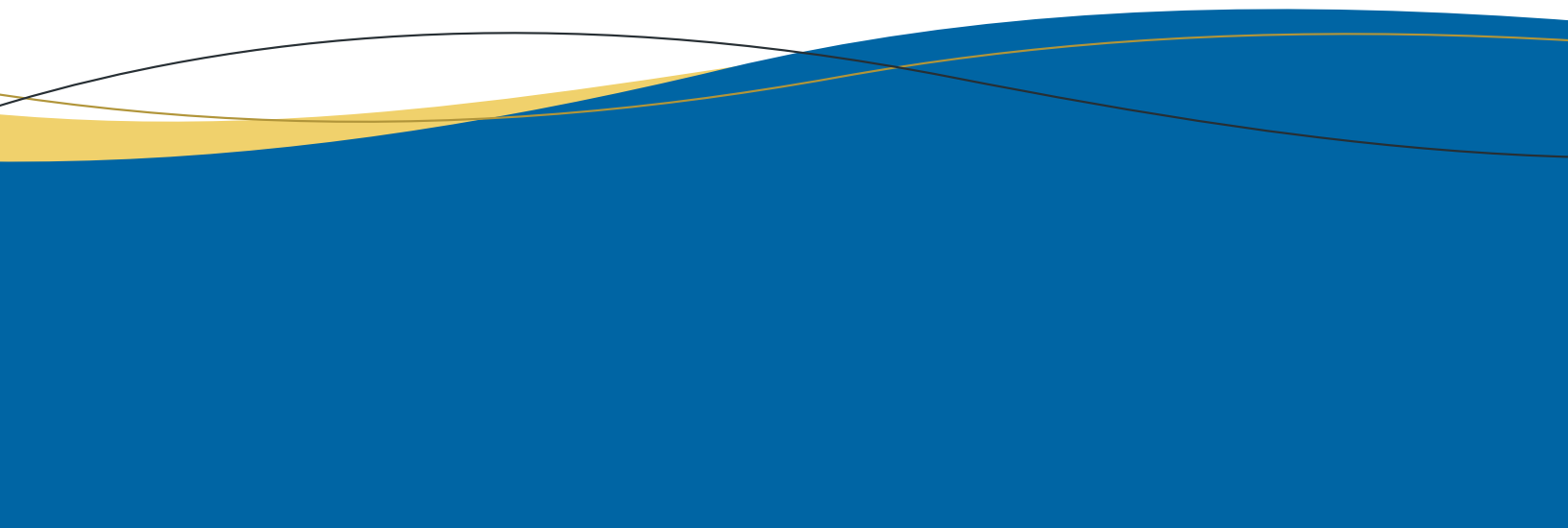




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EXECUTIVE SUMMARY

Introduction

College tuition in the United States gets more expensive every year. Tuition and fees at private and public post-secondary institutions have risen at rates well above the rate of inflation for at least two decades.¹ Although financial considerations are not the only reason students fail to complete college, they are an important piece of the puzzle. Young adults who started but have not completed degrees cite financial considerations as the primary reason for why they left college, with the top two reasons for leaving being they “needed to go to work and make money” or they “just couldn’t afford the tuition and fees.”² As a result of rising costs, students’ use of loans as a means of financing their education is also increasing. This year, the amount of outstanding student loan debt in the US surpassed that of credit card debt, having quadrupled since 2000.³

As the focus of policymakers and philanthropic funders has shifted from post-secondary access to post-secondary access *and* completion, researchers have begun to investigate more deeply the specific effects of rising costs, increasing debt, and the role of financial aid on degree completion. The relationship between aid and degree completion is complex and influenced by many factors, but a few conclusions are emerging from the work done so far: grant aid has a positive effect on completion; accumulated debt hinders degree attainment; and too many hours spent working slows or halts students’ progress toward a credential. It therefore follows that any attempts to improve Texas’s rate of degree completion (which lags that of peer states and the national average)⁴, have to confront directly the financial challenges facing students.



¹ The College Board, *Trends in College Pricing 2009*

² Survey of 22–30-year-olds who did not complete their post-secondary education, from Public Agenda, *With Their Whole Lives Ahead of Them*

³ Mark Kantrowitz, FastWeb.com, “Total College Debt Now Exceeds Total Credit Card Debt”

⁴ Texas’s 2008 rate of bachelor’s degree completion within 6 years was 50 percent, making the state 32nd in the nation on that metric. (Source: Measuring Up, 2008)

This Report

Greater Texas Foundation (GTF) engaged FSG Social Impact Advisors to examine how scholarship funders, including GTF, could design their programs to improve post-secondary access, persistence and completion. In the course of the research for that paper, we read extensively in the secondary literature on scholarships, spoke with a number of national and Texas-based experts, conducted a focus group with financial aid officers at two and four-year colleges in Texas, and incorporated the feedback of an expert panel of content advisors. The resulting paper, *Dollars for Degrees: Structuring post-secondary scholarships to increase student success*, as well as the download link for this paper, can be accessed at http://www.fsg-impact.org/ideas/item/dollars_for_degrees.html and at <http://greatertexasfoundation.org/2010/10/12/dollars-for-degrees/>.

While conducting the research described above, we developed a solid fact-base on the financial aid system in Texas, and how an understanding of that system might help scholarship providers design more effective programs. That same fact base can also provide a better understanding of financial aid in Texas to any individual, family, or organization interested in helping Texas students afford and complete a post-secondary degree. For those outside of Texas, the paper provides a framework within which you can analyze this issue in your own state.

Specifically, this paper describes the various sources and types of financial aid available to post-secondary students in Texas, how financial aid is packaged at different types of institutions, and the effects of financial aid types and packages on post-secondary persistence and completion. An appendix contains additional detail on federal, state, institutional and private aid sources as well as a list of the advisors, interviewees, and focus group members we spoke with during our research. While this paper focuses on financial aid in Texas given GTF's state-based purview, we believe many of the lessons are applicable across the country.



Texas's Post-Secondary Population

To understand Texas's financial aid system and its impact on post-secondary student success, it is important to have a baseline understanding of Texas's current and future post-secondary student population. The distribution of students by institution type, full-time or part-time status and socioeconomic background affect the distribution of financial aid. This background helps set the context for the discussion of aid types, sources and packaging that follow. It also helps provide a sense of the magnitude of the issues.

- Community colleges educate the majority of Texas undergraduates. In fall 2008, almost 600,000 Texas students were enrolled in public two-year institutions vs. about 515,000 students in four-year institutions.⁵
- Since 2000, enrollment at 2-year colleges has increased at an annual rate of 4.5 percent, while enrollment at four-year institutions has grown at 2.6 percent.
- Thirty-one percent of undergraduates in Texas come from lower-income backgrounds.⁶ Almost two-thirds of these lower-income students attend two-year institutions.⁷
- One-third of Texas undergraduates are first-generation college students, about the same rate as the US as a whole.⁸
- In 2009, nearly 413,000 Hispanic post-secondary students comprised 29 percent of all post-secondary students in Texas. Since 2000, Hispanic post-secondary enrollment has increased by 73 percent.
- Over the past decade, 72 percent of Hispanic students, on average, enrolled in community colleges.⁹

Financial Aid in Texas

In Texas, total undergraduate student financial aid awarded in 2008 was \$6.1 billion:

- Composition by type included 56.5 percent in loans, 42.5 percent in grants and scholarships, and the remaining one percent in the form of work study funds.¹⁰
- Composition by source included 72 percent from the federal government (about three-quarters in the form of loans and one-quarter in grants), 7.3 percent from the state of Texas (70 percent grants and 30 percent loans), 14 percent from institutional funding (almost all of it in grants), and 6 percent in private third-party scholarships and loans. Greater detail on particular aid programs is provided in the appendix.

⁵ *State of Student Aid and Higher Education in Texas*, TG Research and Analytical Services, February 2010, p.20

⁶ *Ibid.*, p.23

⁷ *Ibid.*, p.24

⁸ *Ibid.*, p.26

⁹ Texas Higher Education Coordinating Board

¹⁰ US DOE OPE database; *Overview of Financial Aid in Texas Higher Education for Fiscal Year 2008*, Texas Higher Education Coordinating Board (THECB), June 2009; *Overview of Financial Aid in Texas*, THECB, April 2010.

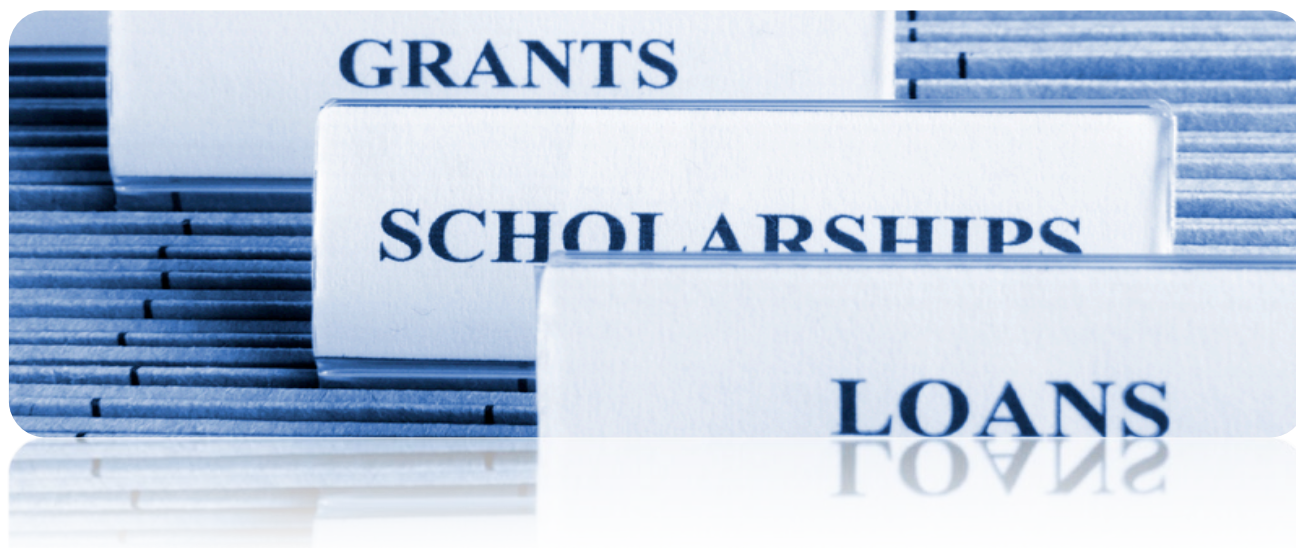
Texas students receive less grant aid and less institutional aid and take out more loans than their fellow students across the country, all differences which increase their accumulated debt burden and hinder their efforts to obtain a degree. Key findings include:

- Texas undergraduates receive less grant aid than the national average (41 vs. 49 percent).
- Texas ranks last among the six largest states in grant aid provided to students.
- Texas undergraduates are more reliant on federal aid than the national average (72 percent vs. 65 percent of total aid).
- Texas undergraduates are more dependent on loans than the national average (57 percent vs. 53 percent of total aid).

As noted above, the Hispanic post-secondary student population in Texas is large and growing. Hispanic students in Texas, on average, receive a slightly higher level of grant funding in comparison to all students. In 2006, this difference was \$355 at public four-year institutions and \$67 at public two-year institutions. However, in that same year, Hispanic students took out an average of \$1,012 less in loans at public four-year institutions and \$297 less in loans at public two-year institutions than the average Texas student. As a result, Hispanic students in Texas have a larger financial aid gap than the average Texas student to fill with scholarships, work-study, or personal contributions.¹¹

The process by which financial aid is distributed to students involves a number of actors with distinct roles. Students and their families submit financial information to the federal government and to colleges. Providers of financial aid make funding available to students. Staff in college financial aid offices determine the extent of a student's need for financial aid and how to fill that need. Key factors influencing financial aid packaging include:

- Federal financial aid policies, particularly how the Free Application for Student Financial Aid (FAFSA) determines financial aid eligibility and expected family contribution.
- Institutional financial aid policies including the allocation of grants, scholarships, loans, and work-study, as well as the practices of displacement (using private scholarships in lieu of institutional funds) and gapping (offering a financial aid package that does not fully meet a student's financial need).



¹¹ TG School Fact Sheets, 2003-2006

Effect of Financial Aid on Post-Secondary Degree Completion

While financial aid, in general, may have only a slightly positive impact on improving post-secondary persistence and completion, its impact is more evident when it is disaggregated by type and when assessed in relation to specific student populations. In particular:

- Grants have the clearest positive effect on degree attainment.
- Loans can have both positive and negative impacts on access, persistence, and completion.
- Debt aversion can discourage enrollment, increase time-to-degree, and can have a negative effect on degree completion.
- Third-party scholarship funding has a positive effect on degree completion.
- College work-study has financial and non-financial benefits for students.
- Poor developmental education outcomes impact federal aid eligibility.

In addition, the process by which financial aid is packaged also impacts student outcomes:

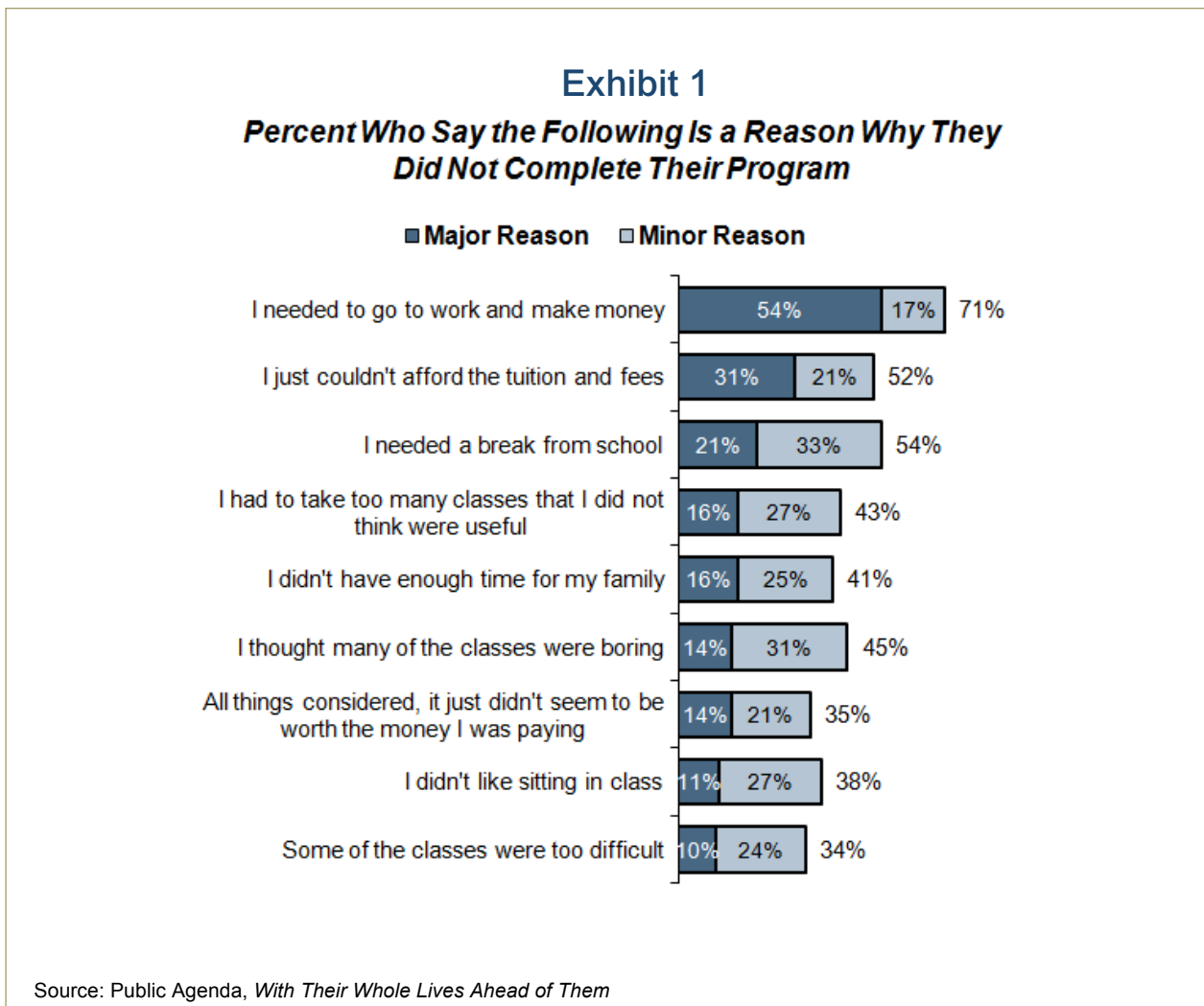
- Completing the FAFSA has a positive impact on college enrollment, but poses challenges for low-income and Hispanic students.
- Texas's allocation of state grant aid negatively impacts underserved and community college students.
- Not providing access to loans has a negative effect on post-secondary enrollment and degree completion, particularly for community college students.
- Gapping has a negative effect on post-secondary enrollment and degree completion.

Conclusion

Financial aid is a critical element in enabling post-secondary access, persistence and completion, especially for underserved student populations. Various aspects of Texas's post-secondary landscape, including the mix of institution types and proportion of students attending each type of institution, interact to place more of the burden of financing post-secondary education on the students themselves than is placed on the average student across the country. In light of Texas's large underserved student populations, who are more price-sensitive and debt-averse, this shifting of costs to students and families has a significant impact on post-secondary persistence and completion for these populations. The state, to which in more prosperous times one could look for increased aid, is also facing large fiscal challenges that are likely to persist over the next few years. Therefore, it is particularly important to understand ways in which the structure of financial aid helps or hinders students in their efforts to complete a degree so policymakers can best allocate scarce resources, philanthropic funders can leverage their grantmaking to greatest effect, and students (and their families) can maximize and optimize financial aid packages and have the greatest opportunity to enroll in and complete a post-secondary education.

INTRODUCTION

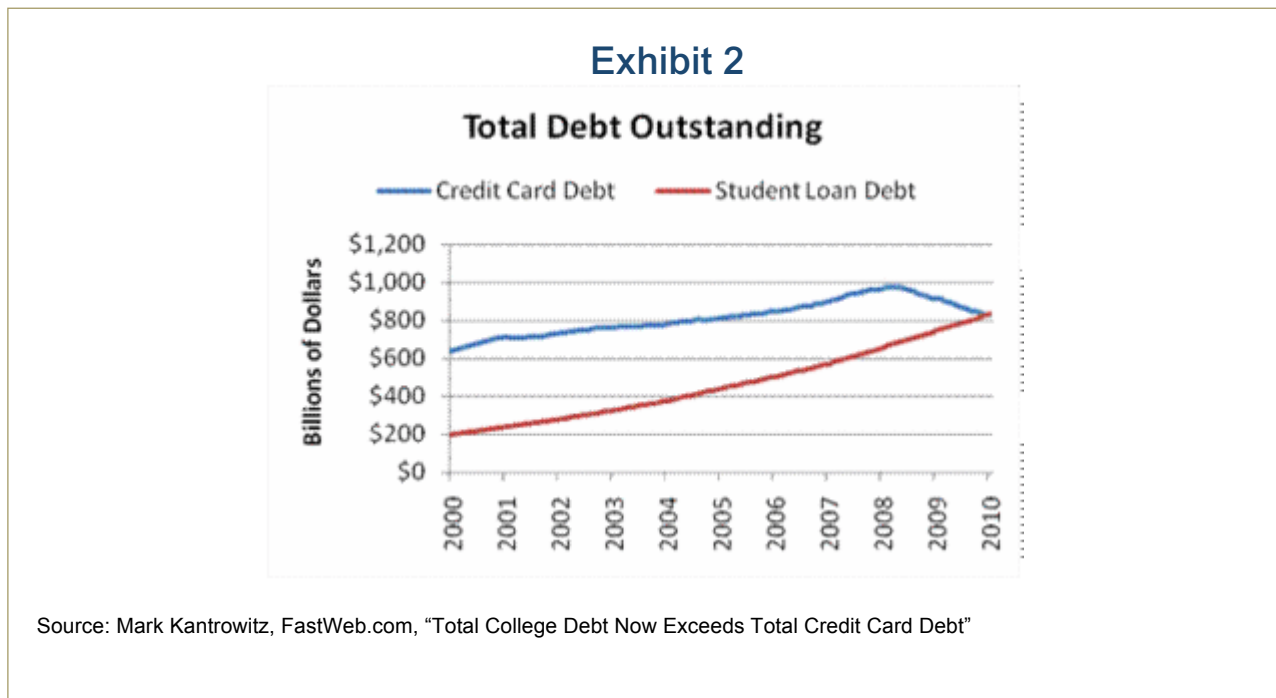
College tuition in the United States gets more expensive every year. Tuition and fees at private and public post-secondary institutions have risen at rates well above the rate of inflation for at least two decades.¹² Although financial considerations are not the only reason students fail to complete college, they are an important piece of the puzzle. Young adults who started but have not completed degrees cite financial considerations as the primary reason for why they left college (see Exhibit 1), with the top two reasons for leaving being they “needed to go to work and make money” or they “just couldn’t afford the tuition and fees.”¹³



¹² The College Board, *Trends in College Pricing 2009*

¹³ Survey of 22–30-year-olds who did not complete their post-secondary education, from Public Agenda, *With Their Whole Lives Ahead of Them*

As a result of rising costs, students' use of loans as a means of financing their education is also increasing. This year, the amount of outstanding student loan debt in the US surpassed that of credit card debt, having quadrupled since 2000 (see Exhibit 2).



As the focus of policymakers and philanthropic funders has shifted from post-secondary access to post-secondary access *and* completion, researchers have begun to investigate more deeply the specific effects of rising costs, increasing debt, and the role of financial aid on degree completion. The relationship between aid and degree completion is complex and influenced by many factors, but a few conclusions are emerging from the work done so far: grant aid has a positive effect on completion; accumulated debt hinders degree attainment; and too many hours spent working slows or halts students' progress toward a credential. It therefore follows that any attempts to improve Texas's rate of degree completion (which lags that of peer states and the national average),¹⁴ have to confront directly the financial challenges facing students.

¹⁴ Texas's 2008 rate of bachelor's degree completion within 6 years was 50 percent, making the state 32nd in the nation on that metric. (Source: Measuring Up, 2008)



THIS REPORT

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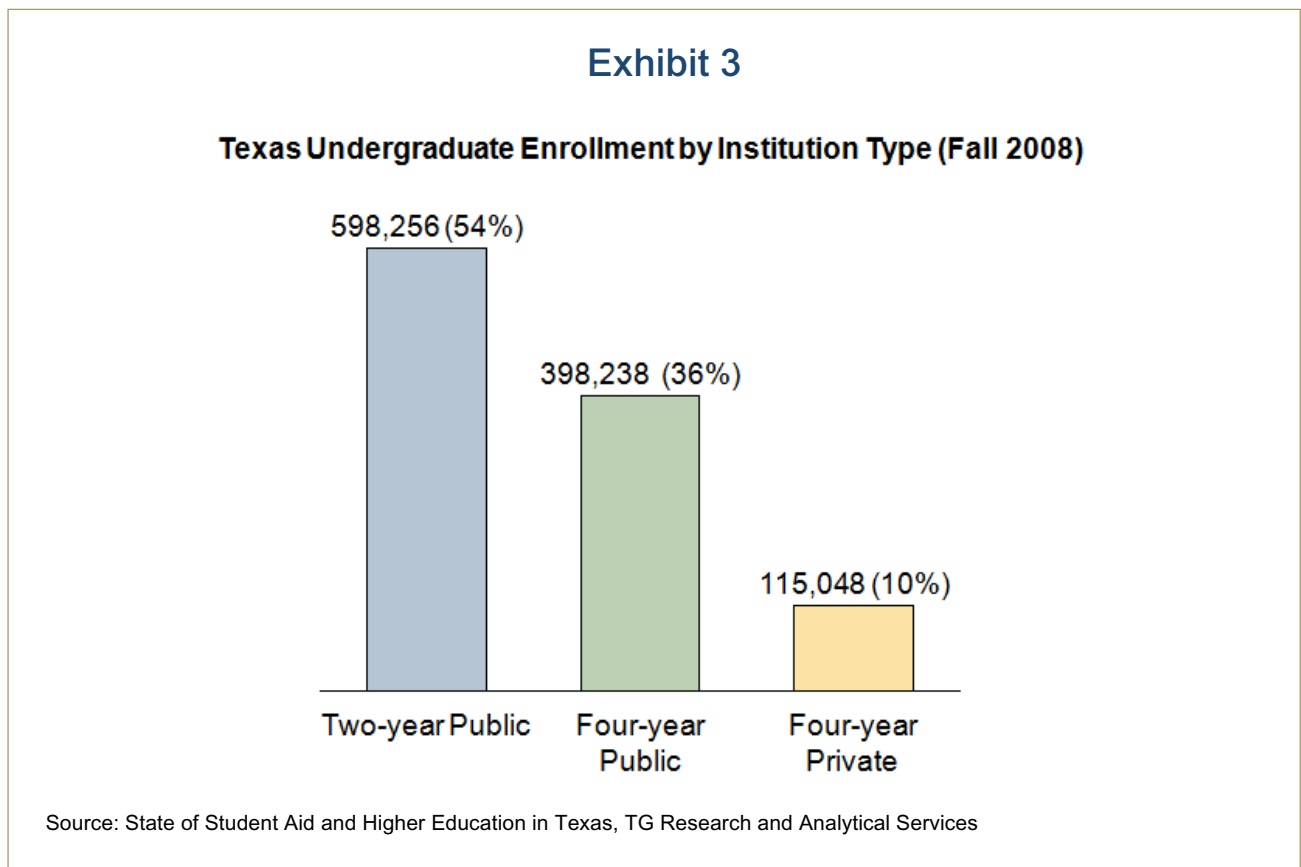
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TEXAS'S POST-SECONDARY POPULATION

To understand Texas's financial aid system and its impact on post-secondary degree completion, it is necessary to have a baseline understanding of Texas's current and future post-secondary student population. The distribution of students by institution type, full-time or part-time status and socioeconomic background affect the distribution of financial aid. This background helps set the context for the discussion of aid types, sources and packaging that follow. It also helps provide a sense of the magnitude of the issues.

Community colleges educate the majority of Texas undergraduates. In fall 2008, almost 600,000 Texas students were enrolled in public two-year institutions. About 400,000 students were enrolled in public four-year institutions and 115,000 were enrolled in private four-year colleges (see Exhibit 3).¹⁵



The predominance of enrollment at two-year colleges is likely to continue, if not increase. Since 2000, enrollment at 2-year colleges has increased at an annual rate of 4.5 percent, while enrollment at four-year institutions has grown at 2.6 percent. The current economic environment in the United States and in Texas

¹⁵ *State of Student Aid and Higher Education in Texas*, TG Research and Analytical Services, February 2010, p.20

will likely cause many students to choose more affordable community colleges, exacerbating the divergence in growth rates between the two types of institutions. Whether students attend a four-year or a two-year institution has wide-ranging effects on the net price of their education, what types of financial aid they may receive, and the likelihood they will complete a credential - with attendance at a four-institution proving more favorable to the student on all those dimensions.

Thirty-one percent of undergraduates in Texas come from lower-income backgrounds (defined as having a family income of less than \$40,000 for dependent students and less than \$20,000 for independent students).¹⁶ Almost two-thirds of these lower-income students attend two-year institutions.¹⁷ One-third of Texas undergraduates are first-generation college students, about the same rate as the US as a whole.¹⁸ Lower-income and first generation college students are less likely to be able to depend on family for financial support and are therefore more dependent on financial aid to pay for their educations. They are therefore also more price-sensitive and more vulnerable to disruptions or shifts in aid that can require them to work more hours, “stop out” of college to work full-time or even drop out of post-secondary education entirely. Public Agenda reports that nearly 6 in 10 students in a recent study who left higher education without graduating said that they had to pay for college costs themselves, rather than being able to count on help from their families, while more than 6 in 10 of those who completed their degrees said they had help from parents or other relatives to cover the costs of school.¹⁹

The Hispanic post-secondary student population in Texas is large and growing. In 2009, nearly 413,000 Hispanic post-secondary students comprised 29 percent of all post-secondary students in Texas. Since 2000, Hispanic post-secondary enrollment has increased by 73 percent. From 2008 to 2009, Hispanic post-secondary enrollment growth accounted for 38 percent of all enrollment growth vs. white students representing 24 percent of the growth and African-American students representing 20 percent of the growth. If these growth rates continue, Hispanics will become the largest population of post-secondary students in Texas by 2016. Hispanic enrollment is also heavily weighted toward community colleges. Over the past decade, 72 percent of Hispanic students, on average, enrolled in community colleges.²⁰

At the same time, Hispanic students have low post-secondary completion rates. According to 2003 student cohort data, only 20 percent of Hispanic students who enrolled in higher education completed a degree compared to 36 percent of white students.²¹ Academic preparation is an issue that hinders completion for Hispanic students. In 2003, 69 percent of full-time Hispanic two-year students and 43 percent of four-year students were required to enroll in developmental education (vs. 51 percent and 18 percent of white students).²² As we will describe later, enrollment in developmental education can negatively impact access to financial aid and degree completion. Affordability is also an issue. In a 2004 Pew Hispanic Center survey of Latino college dropouts, 77 percent of Latino students cited tuition cost and the need to work and earn money as a major reason for failing to finish college. Other cultural issues, including a reluctance to share financial information (required on the FAFSA) and an aversion to taking out loans, also negatively impact financial aid access and degree completion for Hispanic students.

¹⁶ Ibid., p.23

¹⁷ Ibid., p.24

¹⁸ Ibid., p.26

¹⁹ Public Agenda, *With Their Whole Lives Ahead of Them*, p.8

²⁰ Texas Higher Education Coordinating Board

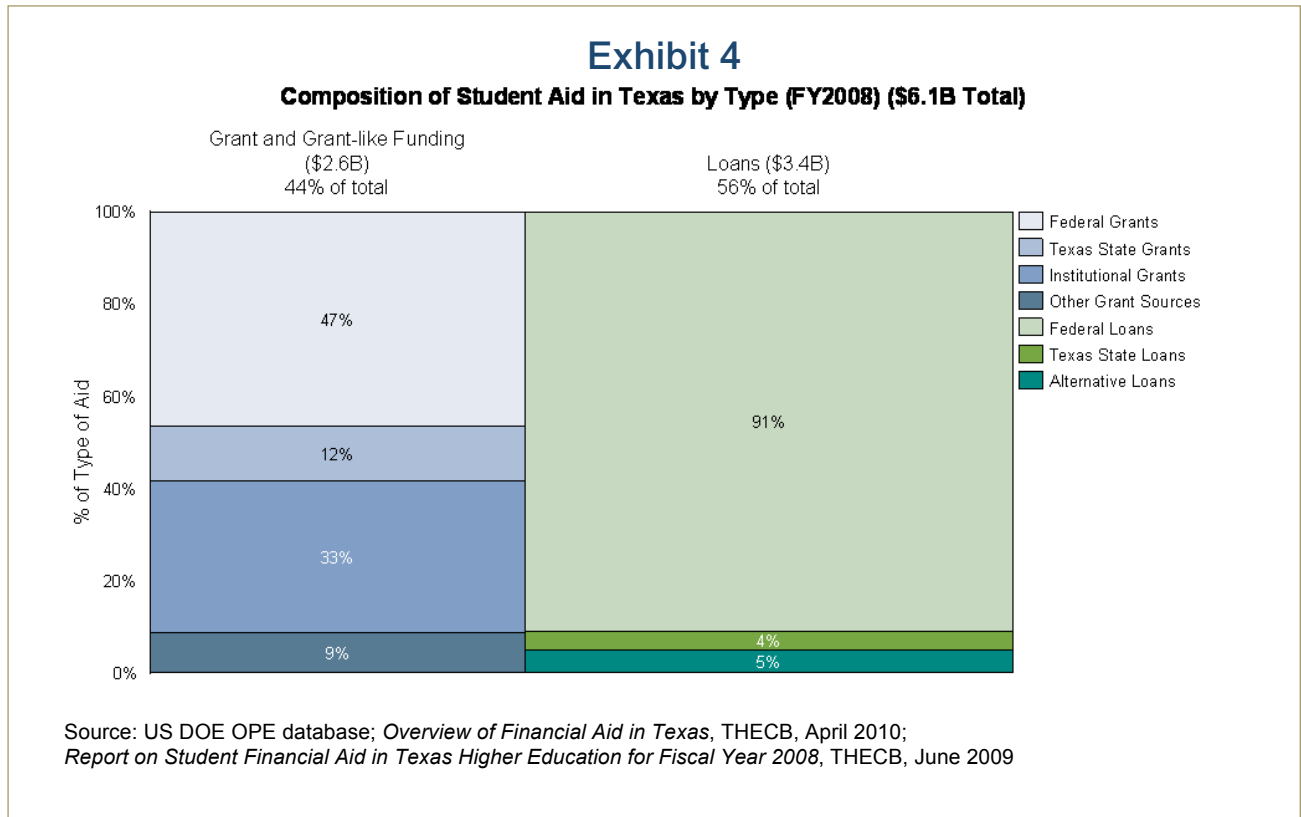
²¹ College Access/ Completion Pipeline Chart from NCES and THECB data in the State of Texas's *Report of the Select Commission on Higher Education and Global Competitiveness*, January 2009

²² Ibid

FINANCIAL AID IN TEXAS

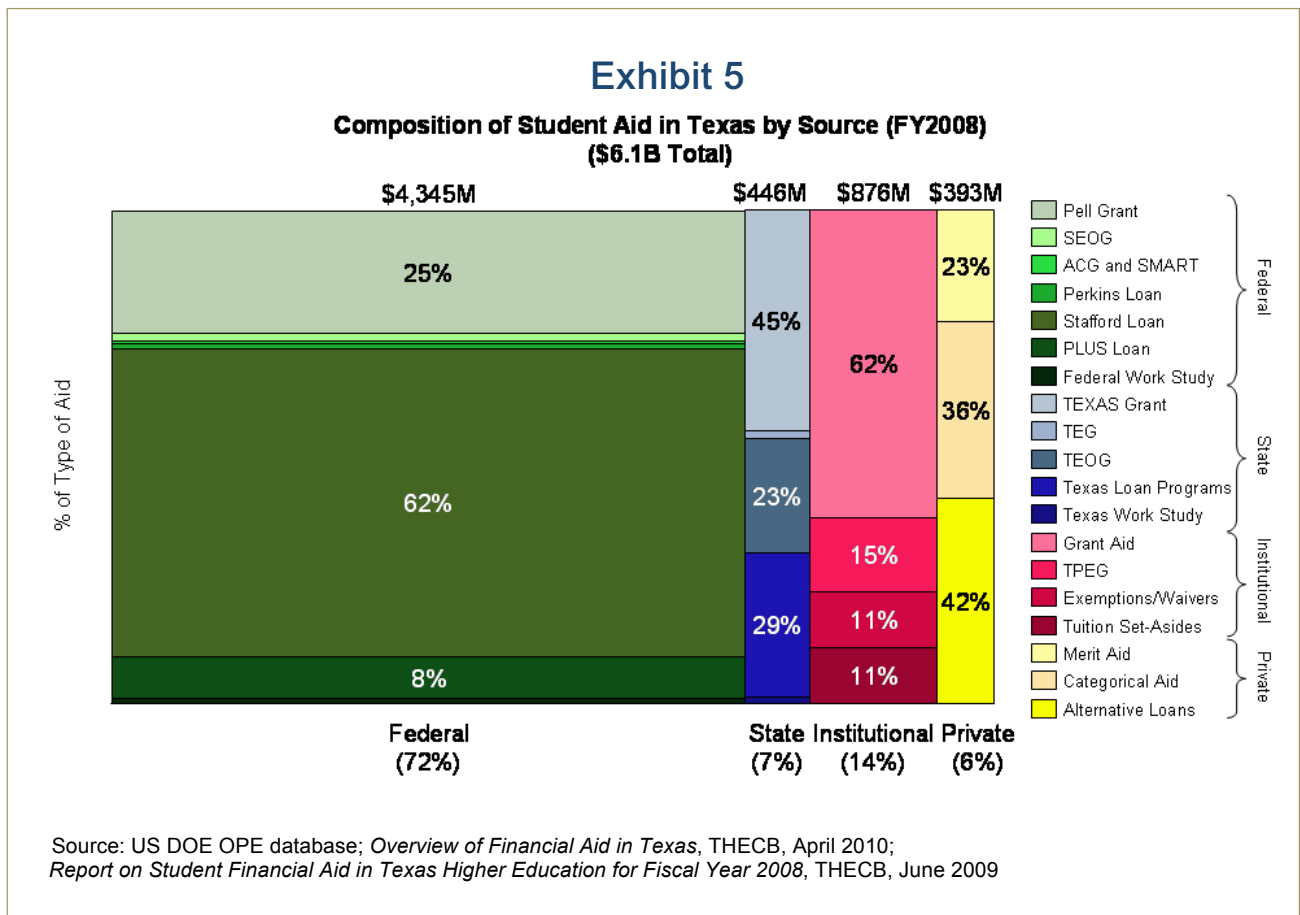
Types and Sources of Financial Aid

In Texas, total undergraduate student financial aid awarded in 2008 was \$6.1 billion (see Exhibit 4). Loans, which come in a great variety of types discussed in detail in the appendix, accounted for 56.5 percent of that \$6.1 billion. Loans must be repaid to the lender, usually with interest. Grants, scholarships and their variants, such as tuition waivers or exemptions, accounted for 42.5 percent of financial aid in 2008, and provide funds the student does not repay. The remaining 1 percent of financial aid was in the form of work study funds.²³



²³ US DOE OPE database; *Overview of Financial Aid in Texas Higher Education for Fiscal Year 2008*, Texas Higher Education Coordinating Board (THECB), June 2009; *Overview of Financial Aid in Texas*, THECB, April 2010.

Financial aid in Texas comes from four sources: the federal government, state government, post-secondary institutions and private third-party funders such as individuals, foundations, and civic groups. The federal government provides the bulk of financial assistance to US students. In 2008, two-thirds of undergraduate financial aid awarded was from the federal government.²⁴ As can be seen in Exhibit 5, the federal government provided 72 percent of total aid in Texas. Roughly three-quarters of that federal aid was in the form of loans and one-quarter in grants. The state of Texas provided 7.3 percent of the 2008 total, 70 percent of which was grants and 30 percent of which was loan funding. Institutional funding made up 14 percent of the total in Texas, almost all of it in grant or “grant-like” aid. Private third-parties accounted for the final 6 percent of which two-thirds was scholarships and one-third alternative (*i.e.*, private) loans.



²⁴ The College Board, *Trends in Student Aid 2009*

Exhibit 6 provides a summary overview of financial aid sources. Greater detail on particular aid programs is provided in the appendix.

Exhibit 6

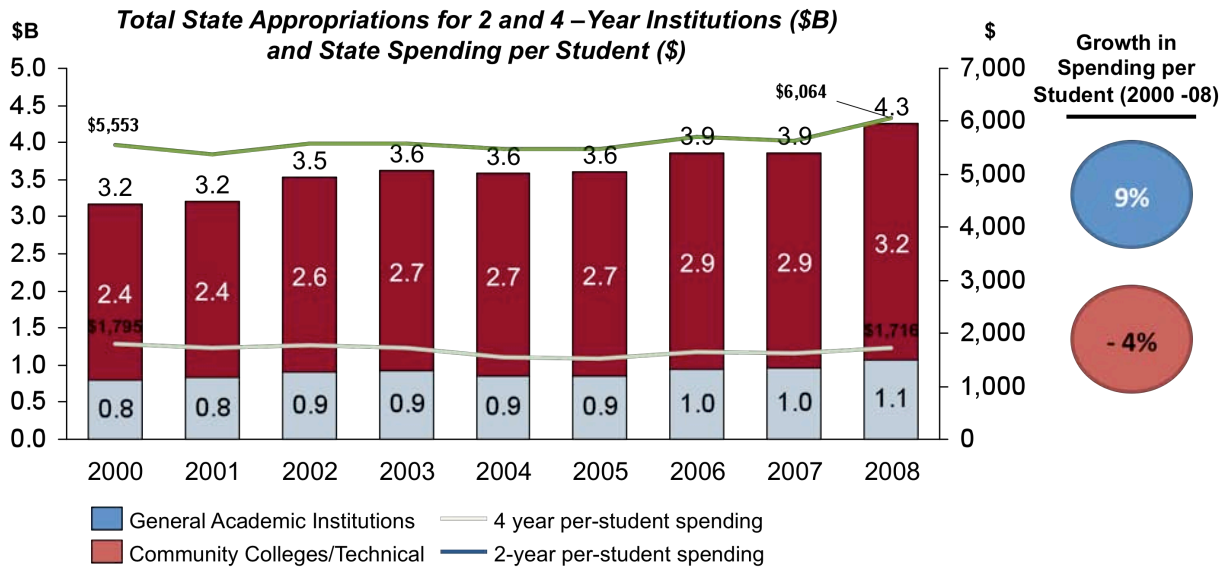
Source	Federal	State	Institutional	Private Third-Party
Programs	<ul style="list-style-type: none"> • Pell Grant • Supplemental Educational Opportunity Grant (SEOG) • Academic Competitiveness Grant (ACG) • National Science and Mathematics Access to Retain Talent Grant (SMART) • Subsidized Stafford Loans • Unsubsidized Stafford Loans • PLUS Loans • College Work-Study Program 	<ul style="list-style-type: none"> • TEXAS Grant • Texas Educational Opportunity Grant (TEOG) • Tuition Equalization Grant (TEG) • Hinson-Hazlewood College Access Loan • Texas B-On-Time Loan • Texas College Work-Study Program 	<ul style="list-style-type: none"> • Grant Aid • Texas Public Educational Grant (TPEG) • Exemptions/Waivers • Tuition Set-Asides 	<ul style="list-style-type: none"> • Merit and Need-based Aid • Categorical Aid • Alternative Loans
Aid to Texas Undergraduates in Award Year 2008/ Percent of Total Aid	• \$4.35 billion (72%)	• \$446 million (7%)	• \$876 million (14%)	• \$393 million (6%)
Proportion of Grants/Loans/Work-Study	• 27% / 72% / 1%	• 70% / 29% / 1%	• 100%/0%/0%	• 58% / 42% / 0%

Source: US DOE OPE database; *Overview of Financial Aid in Texas*, THECB, April 2010; *Report on Student Financial Aid in Texas Higher Education for Fiscal Year 2008*, THECB, June 2009

Given the large and growing population of Texas students who enroll in community college, it is also important to point out that while the state’s higher education spending grew by 4 percent per year from 2000 to 2008, overall spending per student in 2-year institutions decreased by 4 percent, while spending per student in 4-year institutions grew by 9 percent (see Exhibit 7).



Exhibit 7



Note: 2008 State Funding for General Institutions and Community Colleges was calculated using 2008/2009 Legislature Appropriated aggregated biennium data. Appropriations data do not account for inflation.
Sources: LEGISLATIVE APPROPRIATIONS: ALL FUNDS Agencies of Higher Education, THECB

Comparison to National Averages

In general, the composition of aid to Texas students, relative to national averages, favors types and sources of aid that are less likely to encourage degree completion. Texas students receive less grant aid and less institutional aid and take out more loans than their fellow students across the country, all differences which increase their accumulated debt burden and hinder their efforts to obtain a degree.

Texas Undergraduates Receive Less Grant Aid than the National Average

According to the Texas Higher Education Coordinating Board (THECB), in FY 2008, 41 percent of total aid received by Texas students was grant aid. This compares to an average of 49 percent nationwide.²⁵ These gaps in grant aid have serious ramifications for Texas undergraduates. As the THECB points out in its report on financial aid in Texas higher education, “If the split of funds between grant aid and loans for students attending college in Texas had matched national statistics in FY 2008, Texas students would have borrowed \$277.5 million less than they did.”²⁶

²⁵ Report on Financial Aid in Texas Higher Education for Fiscal Year 2008, THECB, June 2009, p. 20

²⁶ Ibid.

Texas has long lagged behind other large states in the amount of grant aid it provides to its students. As TG Research notes in its report on financial aid:

In Award Year (AY) 1996-1997, Texas spent only \$48 million in state grant aid. Although Texas had the second largest college-aged population, it ranked last among the six largest states, spending less than half what was spent by the next lowest state, Florida. Then, with the establishment of the Toward EXcellence Access, & Success (TEXAS) Grant program in 1999, state grant aid began to increase and reached more than \$250 million from AY 2003-2004 onward. However, Texas still ranks last among the largest states. In AY 2007-2008, Texas spent a little more than a third of what was spent by either California or New York. For Fiscal Year (FY) 2006-2007, TEXAS Grant funding was \$175 million. In anticipation of a significant growth in the number of students eligible for the Texas Grant, the 80th Texas Legislature increased appropriations for the program considerably for the current biennium. Nevertheless, the Texas Higher Education Coordinating Board (THECB) estimates that almost half of students eligible for the TEXAS Grant will not receive one during this period.²⁷

Texas Undergraduates are More Reliant on Federal Aid than the National Average

In 2008, federal aid made up 72 percent of total aid to Texas undergraduates, whereas federal aid made up only 65 percent of total aid to U.S. undergraduates overall (see Exhibit 8). There are several reasons for Texas students' greater reliance on federal aid:

- Texas provides less institutional aid to students than the national average (14 percent versus 17 percent of the total pool of student aid).²⁸
- Private universities provide much higher levels of institutional aid than public institutions and there are fewer private universities in Texas's mix of post-secondary institutions than in the mix of the U.S. as a whole.
- Since public universities are less expensive than private universities and public institutions in Texas have historically been less expensive than those in many other states, the cost of attending college has been lower in Texas; therefore more of the cost of attendance has been covered by federal and state aid, leaving less need for institutional aid.

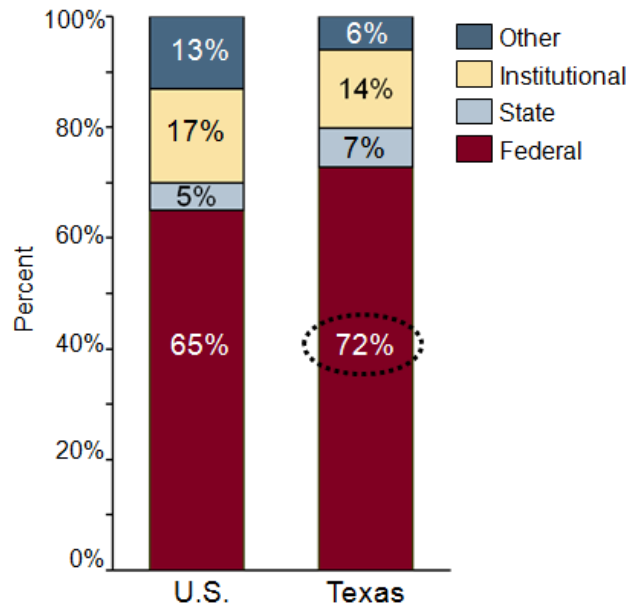


²⁷ *State of Student Aid and Higher Education in Texas*, TG Research and Analytical Services, February 2010, p.42

²⁸ Sources for these figures are: US DOE OPE database; *Overview of Financial Aid in Texas Higher Education for Fiscal Year 2008*, Texas Higher Education Coordinating Board (THECB), June 2009; *Overview of Financial Aid in Texas*, THECB, April 2010; The College Board, *Trends in Student Aid 2009*

Exhibit 8

Sources of Financial Aid (FY2008)



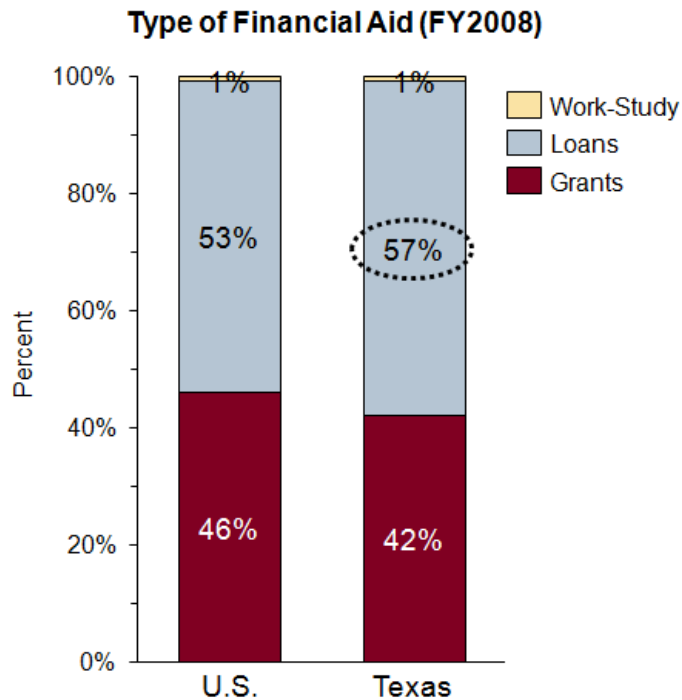
Source: US DOE OPE database; *Overview of Financial Aid in Texas*, THECB, April 2010; *Report on Student Financial Aid in Texas Higher Education for Fiscal Year 2008*, THECB, June 2009; The College Board, *Trends in Student Aid 2009*

Texas Undergraduates are More Dependent on Loans than the National Average

In 2008, 57 percent of aid to Texas undergraduates was in the form of loans, somewhat higher than the 53 percent average for the U.S. as a whole (see Exhibit 9).²⁹ This difference can be almost wholly attributed to the lower levels of institutional aid in Texas discussed above, since institutional aid is almost all grant aid. Some of the need filled by institutional grant aid elsewhere in the U.S. is filled with federal, state and private loans in Texas.

²⁹ US DOE OPE database; *Overview of Financial Aid in Texas*, THECB, April 2010; *Report on Student Financial Aid in Texas Higher Education for Fiscal Year 2008*, THECB, June 2009; The College Board, *Trends in Student Aid 2009*

Exhibit 9



Source: US DOE OPE database; *Overview of Financial Aid in Texas*, THECB, April 2010; *Report on Student Financial Aid in Texas Higher Education for Fiscal Year 2008*, THECB, June 2009; The College Board, *Trends in Student Aid 2009*

Comparison of Hispanic Students to All Students

As noted above, the Hispanic post-secondary student population in Texas is large and growing. Hispanic students in Texas, on average, receive a slightly higher level of grant funding in comparison to all students. In 2006, this difference was \$355 at public four-year institutions and \$67 at public two-year institutions. However, in that same year, Hispanic students took out an average of \$1,012 less in loans at public four-year institutions and \$297 less in loans at public two-year institutions than the average Texas student. As a result, Hispanic students in Texas have a larger financial aid gap than the average Texas student to fill with scholarships, work-study, or personal contributions.³⁰

Financial Aid Packaging

Overview

The process by which financial aid is distributed to students involves a number of actors with distinct roles. Students and their families submit financial information to the federal government and to colleges. Providers of financial aid, as described above, make funding available to students.

³⁰ TG School Fact Sheets, 2003-2006

However, from the point of view of a student and their family, the financial aid office's role is perhaps the most critical. Staff in college financial aid offices evaluate information from students and their families, as well as from the federal government, to determine the extent of a student's need for financial aid, how much of that need will be filled and the programs by which it will be filled. It is often financial aid officers that determine which students receive private scholarships (though many private funders designate their own scholars) and whether those scholarships will supplement or displace other aid.

While the role they play is central to the financial aid process, financial aid offices have tight budgets and small staffs. Financial aid offices therefore primarily devote their resources to crafting the aid packages, and allocate little staff time to counseling students beyond the most pressing issues or to tracking student progress and outcomes. The pressures on financial aid offices have also been growing, as the deteriorating economy causes more and more students to apply for aid.

The way aid is distributed has important implications for students' ability to attend a post-secondary institution and complete a degree. We will discuss these implications once we have described the basic mechanics of how aid packages are assembled. As we begin that discussion, we first need to understand how the federal government, whose policies provide the framework for the entire financial aid system, determines a student's eligibility for aid.

Federal Aid Policies

The federal government provides grants, loans and work-study funding to eligible students. The application form most often used to determine eligibility is the Free Application for Federal Student Aid (FAFSA). An alternate form, the Texas Application for Student Financial Aid (TASFA), is used within Texas by students unable to qualify for federal aid due to citizenship requirements. The FAFSA and TASFA collect demographic, income, and asset information from aid applicants and their families. This information is used to estimate the Expected Family Contribution (EFC), which is the amount students and their families are expected to contribute towards the cost of a post-secondary education. The EFC is determined through the use of a need analysis formula called the Federal Methodology (FM) which considers students' financial dependency status and their families' financial resources.

Financial aid administrators use the EFC and other information to determine which students will receive federal student aid. The EFC is subtracted from the total cost of attendance to determine a student's *financial need* – or the amount a student will need from grants, scholarships, loans, or work-study programs. A student is eligible to receive federal student aid only if his or her EFC is less than the total cost of attendance, which includes tuition and fees, estimated living expenses, books and educational supplies, transportation to and from the post-secondary institution, and other miscellaneous expenses.³¹

This method of determining financial need is standard across all post-secondary institutions; however, what financial aid officers do once financial need is determined varies considerably. We will start with a look at how four-year private institutions fill or do not fill this need and then will talk about how that process differs at other types of post-secondary institutions.

³¹ Adapted from *Federal Student Financial Aid: A National Profile of Programs in Title IV of the Higher Education Act*, NASFAA, 2005: <http://www.nasfaa.org/PDFs/2005/2005fsfaprofile.pdf>

Aid Packaging at Private Four-Year Institutions

The financial aid office at a private 4-year institution begins the process of constructing a financial aid package for a given student by determining the percentage of the student's financial need that will be met by grant and scholarship aid. This sets what is called the *net price of attendance* for the student, which is the total cost of attendance less the total grants and scholarships the student receives. The net price of attendance can be negative, if the student is awarded more in grants and scholarships than the total cost of attendance. The net price is the amount the student and his or her family have to cover through loans, work or savings.³²

Private institutions establish a number of different set percentages that can be applied in determining an aid package. Financial aid officers then consider factors including how desirable the student is to the college (for academic, athletic or other reasons) or the student's likelihood of matriculation to determine the exact percent of a student's need that will be covered by grants or scholarships. Some of the 4-year institution financial aid officers who participated in our focus group mentioned they provide more aid to needier students and to freshman. The rationale for providing more grant aid to students who are earlier in their college career is to help them delay the necessity of taking out unsubsidized loans, on which interest begins to accrue immediately, and to keep the amount of those loans as low as possible.³³

Financial aid officers use grants and scholarships from all sources, not just their own institutional funds, to meet the set percentage of grant aid. Federal and state funds are committed first in constructing the grant package. Institutions then apply their own funds and third-party scholarship dollars. Some institutions will use third-party scholarship dollars to replace their own funding at some percentage rather than supplement it. This practice is known as displacement. If a college displaces third-party scholarship dollars at a rate of 100 percent, the student sees no reduction in their net price of attendance and does not benefit from his or her efforts to apply for and win outside scholarships. The displaced institutional funds can, however, be applied to another student with need.

Once the designated percentage of grant and scholarship aid is awarded, the remainder of need may be filled through loans and work-study. Work-study funds do not have to be paid back; hence financial aid officers add them to the package before fulfilling the remaining need with loans. If the student is eligible, the Perkins Loan will be awarded first, since it has the most favorable terms: \$5,500 each year up to a maximum of \$27,000 at a fixed interest rate of 5 percent with the government paying the interest until the student graduates or leaves college. Next, the subsidized Stafford Loan will be applied up to the borrowing limit of \$5,500 each year. If the student still has financial need, he or she can access unsubsidized Stafford Loans and private loans, which usually have less favorable terms.

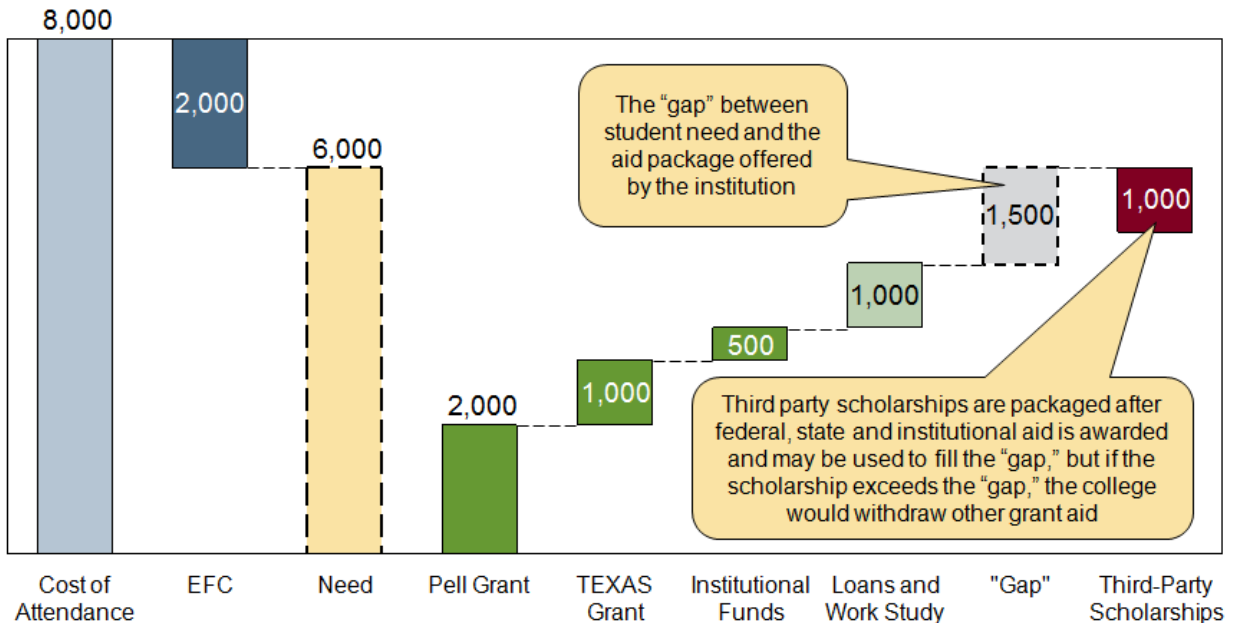
When an institution offers a student an aid package that does not fully cover the student's financial need, he or she must cover the additional amount in addition to the EFC. This is often referred to as "gapping." For instance, a student with an EFC of \$2,000 would have to raise that amount from parental funds, savings, work or private loans. A student with the same EFC and a \$1,500 "gap" will have to raise a total of \$3,500 from those same sources (see Exhibit 10).

³² *State of Student Aid and Higher Education in Texas*, TG Research and Analytical Services, February 2010, p.44

³³ FSG focus group with THECB Financial Aid Advisory Committee, March 24, 2010

Exhibit 10

Illustrative Financial Aid Package, Showing “Gap” Between Financial Need and Aid Offered



Gapping is widespread across institution types in Texas, with approximately half of all undergraduates at two and four-year colleges and universities having unmet need. The amount of unmet need varies from a median of \$3,580 at two-year publics to \$4,394 at four-year publics to \$6,255 at four-year private institutions (all figures are for the 2007-08 academic year).³⁴ Not surprisingly, gapping is particularly common for low-income students and their families. According to TG Research’s most recent report on the state of student aid in Texas, in academic year 2007-08, 75 percent of Texas undergraduates who were dependent on their parents and whose parents earned less than \$40,000 per year had unmet need, with a median unmet need of \$4,004.³⁵

Aid Packaging at Public Four-Year Institutions

The process of determining aid packages at public 4-year institutions is similar to that described above, with a few key differences. First, public institutions do not use set percentages of grant and scholarship aid to establish net price of attendance for students. As one financial aid officer for a four-year public university put it, “You have to have a lot of money to be able to commit to that,”³⁶ and there is generally less grant money available at public universities. What aid is available is awarded on

³⁴ *State of Student Aid and Higher Education in Texas*, TG Research and Analytical Services, February 2010, p. 65

³⁵ *Ibid.*, p.64

³⁶ FSG focus group with THECB Financial Aid Advisory Committee, March 24, 2010

a first-come, first-serve basis until it is gone. Second, in the more resource-constrained public university context, third-party scholarships are consistently used to displace institutional aid. Since public universities are lower-cost than private universities, it is generally true that students require less grant and scholarship aid for the net price of attendance to be affordable.

Aid Packaging at Public Two-Year Institutions

Community colleges in Texas serve a disproportionate number of students from underserved populations. Sixty-five percent of dependent students from families with income below \$40,000 per year attend two-year institutions.³⁷ However, the allocations of federal and state funding community colleges receive are determined by assumptions about enrollment and relative need that were developed more than a decade ago, when community college enrollment was lower. Thus there are relatively less funds available to serve a student population with relatively larger financial challenges. Community college financial aid officers on our panel estimated that one third of community college students have the lowest possible EFC (\$0) and an additional 17 percent are Pell-eligible, with an EFC of less than \$4,300.³⁸

Additionally, community college financial aid officers often do not “auto-package” loans, meaning that they offer them to students only upon request.³⁹ One reason for this is that, since students who attend community colleges are often averse to taking on debt, sending out an aid package with loans in it might discourage students from attending. Another reason may be that community colleges are seeking to minimize the federal penalties that result from high default rates. Community college students have much lower completion rates than students at other institution types, and students who do not complete their degrees default on their loans at rates three to four times those of students who do complete their degrees.⁴⁰ If an institution’s default rates rise above a certain level, it can lose access to Pell Grant and other federal funding. Finally, community colleges receive and administer far less third-party scholarship money than four-year institutions.



³⁷ *State of Student Aid and Higher Education in Texas*, TG Research and Analytical Services, February 2010, p.24

³⁸ FSG focus group with THECB Financial Aid Advisory Committee, March 24, 2010

³⁹ FSG focus group with THECB Financial Aid Advisory Committee, March 24, 2010

⁴⁰ Heller, D., “The Impact of Student Loans on College Access,” in Baum, S., McPherson, M. and Steele, P., eds., *The Effectiveness of Student Aid Policies: What the Research Tells Us*, 2008, p.54; also cf. *State of Student Aid and Higher Education in Texas*, TG Research and Analytical Services, February 2010, p.55, where the stated default rate is five times higher for Texas students who did not complete a degree.



EFFECT OF FINANCIAL AID ON POST-SECONDARY DEGREE COMPLETION

As David Mundel, a consultant to the College Board, observes in his recent overview of the research on the effects of student financial aid on persistence, “Student financial aid – (without distinguishing between types of aid) – has a positive impact on student persistence. However..., in most instances the amount of student financial aid accounted for relatively small amounts of the variation in student persistence.”⁴¹ While financial aid, in general, may have only a slightly positive impact on improving persistence, its impact is more evident when it is disaggregated by type and when assessed in relation to specific student populations. Below, we enumerate the effects of financial aid types and sources on post-secondary success. However, the research in this area is preliminary and there are not many studies of the effects of each type of aid, so the findings below should be read in that light.

Effects of Financial Aid Types and Sources

Grants Have the Clearest Positive Effect on Degree Attainment

Unsurprisingly, grants appear to be the most helpful form of aid. Mundel reports, “The more rigorous research studies tend to show the greatest impact of grants on persistence,” and that student grant programs have had “a substantial and significant impact on degree attainment.”⁴²

Our knowledge regarding the effects of aid on students at two-year institutions is more limited than that on aid to students at four-year institutions. According to Mundel, “Little if any of the available research was directed towards assessing the effects of student aid on persistence among students enrolled in two-year colleges, the increasingly dominant type of college in which lower-income high school graduates are first enrolled,” but a 2006 MDRC study found that a scholarship program directed toward low-income parents attending two-year colleges positively influenced their persistence rates.⁴³

Loans Can Have Both Positive and Negative Impacts on Access, Persistence and Completion

Loans can have a positive impact on access by allowing students to afford and attend a higher-quality institution, or even making it possible for students to attend college at all. Loans can improve persistence by enabling students to work less and manage cash-flow emergencies; and can increase

⁴¹ Mundel, D., “What Do We Know About the Impact of Grants to College Students?” in Baum, S., McPherson, M. and Steele, P., eds., *The Effectiveness of Student Aid Policies: What the Research Tells Us*, 2008, p.30

⁴² Ibid.; referencing Dynarski, S., *The consequences of merit aid*, Working Paper No. 9400, Cambridge, MA, NBER, 2002 and Dynarski, S., *The new merit aid*, Working Paper No. 9400, Cambridge, MA, NBER, 2003

⁴³ Brock, T. and Richburg-Hayes, L., *Paying for Persistence*, MDRC, 2006

completion rates, since, if students do not have to work as many hours, they can take a heavier course load, be more engaged on campus and perform better academically. In addition to making it more likely that students will graduate, loans can also reduce time-to-degree, reducing the overall cost of post-secondary education and allowing students to more quickly enter the workforce.

There are, however, disadvantages to loans as well, especially when over utilized as a means for students to keep up with ever-increasing tuition and fees or when they result in an untenably large debt burden. Donald Heller, a professor of education at Penn State, says in his review of the research, “it is fair to conclude that...loans do not have the same impact as do grants on college access persistence and degree attainment, particularly for students from lower-income families.”⁴⁴ Heller emphasizes that this finding should be understood in the context of “a financial aid landscape in which many students do not receive sufficient grant aid to pay for college...Absent sufficient grant aid, simply piling on higher amounts of borrowing to students with large levels of unmet financial need may not be an effective vehicle for getting them to college.”⁴⁵ Don Hossler, professor of educational leadership and policy studies at Indiana University, concludes that “loans are a poor vehicle for enhancing persistence.”⁴⁶ This is in no small part because “accumulated debt has a negative effect on student persistence.”⁴⁷

One final observation to be made about loans is that they introduce a much greater level of risk into the financing of a college education, especially for underserved students who are at higher risk of dropping out without completing a degree. Students who drop out of college after having taken out loans find themselves with the financial obligations of a degree recipient, but without the additional earning power a degree confers. It is therefore not surprising that dropouts default on their loans at rates three to four times higher than borrowers as a whole.⁴⁸

Debt Aversion Can Discourage Enrollment, Increase Time-To-Degree, and Can Have a Negative Effect on Degree Completion

Given the distinct possibility that they may end up possessing considerable loan obligations but no degree, it is understandable that some underserved student populations, especially Hispanic students, often try to avoid loans altogether. From the point of view of increasing persistence and completion, this is unfortunate, since loans can be an aid to timely and efficient degree completion. Assuming one completes a degree, borrowing for tuition will almost always be more advantageous financially than not attending college at all. Borrowing in order to complete a degree sooner can also be advantageous for students, as they might see a quicker return on their investment in college as well as be at less risk of dropping out entirely.⁴⁹ Finishing college more quickly would also allow students to spend more of their working lives at jobs which require a post-secondary degree or credential, and on average pay more. The resulting increase in lifetime earnings would likely be greater than the initial increase in debt burden.

⁴⁴ Heller, D., “The Impact of Student Loans on College Access,” in Baum, McPherson and Steele (2008), p.59

⁴⁵ Ibid., p.49

⁴⁶ Hossler, D., et. al., “Student Aid and Its Role in Encouraging Persistence,” in Baum, McPherson and Steele (2008), p.102

⁴⁷ Ibid., p.108

⁴⁸ Ibid., p.54; also cf. *State of Student Aid and Higher Education in Texas*, TG Research and Analytical Services, February 2010, p.55, where the stated default rate is five times higher for Texas students who did not complete a degree.

⁴⁹ Heller, D., “The Impact of Student Loans on College Access,” in Baum, McPherson and Steele (2008), p.60-61

Third-Party Scholarship Funding Has a Positive Effect on Degree Completion

Third-party scholarship aid is flexible funding that is not necessarily tied to government eligibility requirements or attached to particular institutions, so it can be used to fill gaps in funding from other sources. Scholarships have a number of positive features:

- Their portability increases students' ability to attend the institution of their choice. If that allows a student to attend a higher-quality post-secondary institution, that student is more likely to persist and complete a degree.
- Scholarships almost always come in the form of grants, which, as we saw above, have a “substantial and significant impact on degree attainment.”⁵⁰
- Scholarships can reduce students' loan burden as well as their need to work while in school, both of which can contribute to greater persistence and completion.
- If it is not used to displace other grant dollars, private third-party scholarship funding can also help alleviate the burden created by the practice of “gapping” students.

The role of private scholarship funders in Texas is especially important in light of this disparity, as their funding can make up some of the gap created by the dearth of institutional funding in the state.

College Work-Study Has Financial and Non-Financial Benefits for Students

College work-study funding, because it does not have to be repaid by the student, has many of the same positive features of grant aid in encouraging persistence and completion. It brings other, non-financial benefits as well. As Don Hossler states, “Some scholars have suggested that one of the positive effects of college work-study is that it helps students socially integrate into post-secondary communities and, further helps increase persistence. This is consistent with the theories of student persistence cited most often, which emphasize that social integration into the campus environment plays an important role in student persistence.”⁵¹ This role in facilitating integration into post-secondary communities can be particularly important for first-generation students or students from other underserved populations. Hossler goes on to cite higher education researchers Edward St. John, Thomas Tuttle, and Shouping Hu who concluded that “work-study at least helped even the odds for students who might be at risk of dropping out.”⁵²

Despite these potential benefits, work study occupies a very small part of the overall aid landscape, in part because of low funding levels, but also because students increasingly prefer more highly-paid off-campus jobs.⁵³ While this has positive financial benefits for students in the short term, it removes them from the campus environment which often leads to their taking longer to complete a degree or not completing a degree at all. In the long term, working off-campus can have a negative financial impact because the monetary differential between the off-campus and on-campus job is typically dwarfed by the wage increase that completing a college degree provides.

⁵⁰ Mundel, D., “What Do We Know About the Impact of Grants to College Students?,” in Baum, S., McPherson, M. and Steele, P., eds., *The Effectiveness of Student Aid Policies: What the Research Tells Us*, 2008, p.30; referencing Dynarski, S., *The consequences of merit aid*, Working Paper No. 9400, Cambridge, MA, NBER, 2002 and Dynarski, S., *The new merit aid*, Working Paper No. 9400, Cambridge, MA, NBER, 2003

⁵¹ Hossler (2008), pp.103-4

⁵² Hossler (2008), p.103, citing St. John, E.P., Hu, S., and Tuttle, T., “Persistence by undergraduates in an urban public university: Understanding the effects of financial aid,” *Journal of Student Financial Aid*, 30(2), 2000, pp. 23-37. and Braunstein, A., McGrath, M and Pescatrice, D., “Measuring the impact of financial factors on college persistence,” *Journal of College Student Retention*, 2(3), (2000), pp. 191-203.

⁵³ Hossler (2008), p. 104

Poor Developmental Education Outcomes Impact Federal Aid Eligibility

Texas has a large number of students who enter college in need of developmental education coursework. According to the THECB, approximately 50 percent of community college freshman and 22 percent of university freshman enroll in at least one developmental education course.⁵⁴ Many of those students have difficulty completing their developmental coursework and advancing into college-level classes. The impact of this on financial aid is that many students lose their eligibility for federal aid before they even begin taking courses for college credit. Federal regulation limits financial aid for developmental classes to 30 attempted hours. Students who enroll in more than 30 hours of developmental courses cannot receive any federal aid, including Pell Grants, SEOG or Stafford Loans to pay for additional developmental classes. One community college financial aid officer in our focus group said that 30 percent of the students in his institution have had their federal aid eligibility suspended in this way.⁵⁵ Students regain federal aid eligibility once they enroll in classes for college credit, but many drop out once they cannot pay for the developmental courses necessary to reach that point.

Effect of Financial Aid Packaging

Completing the FAFSA Has a Positive Impact on College Enrollment, But Poses Challenges for Low-Income and Hispanic Students

In 2007, only 46.2 percent of Texas high school graduates completed the FAFSA.⁵⁶ It is highly likely that the percentage of Hispanic and low-income students in Texas who complete the FAFSA is actually much lower. For example, in a study of Chicago Public School graduates, researchers at the Consortium on Chicago School Research at the University of Chicago found that Latino students were only two-thirds as likely as their white, African-American, and Asian-American peers to complete the FAFSA. The researchers go on to write in the report that “One of the chief potholes for many Latinos or other minorities is completing the Free Application for Federal Student Aid (FAFSA) forms” and “there is an increasing recognition that the complexity of the federal student aid system, and particularly the Free Application for Federal Student Aid (FAFSA), poses an important barrier to low-income students.”⁵⁷

This is particularly important because FAFSA completion has a significant impact on college enrollment rates for underserved populations. University of Texas at Austin researchers, while conducting the Central Texas Student Futures Project, found that for nearly ten thousand 2007 high school graduates, completing the FAFSA increased their chance of enrollment in higher education by 116 percent. However, the increase for low income students was 235 percent and for Hispanic students was 349 percent.⁵⁸ Unfortunately, many underserved students and their families have a very low level of knowledge about available financial aid, about whether they are eligible, and about how

⁵⁴ Charles A. Dana Center, University of Texas at Austin, “The Cost of Developmental Education in Texas” in *Higher Education Performance Review prepared for the Legislative Budget Board*, March 2007

⁵⁵ FSG focus group with THECB Financial Aid Advisory Committee, March 24, 2010

⁵⁶ THECB, http://www.thecb.state.tx.us/generalpubs/agenda/ag2009_07/XJ/XJSR.pdf

⁵⁷ Consortium on Chicago School Research, “From High School to the Future: Potholes on the Road to College”, March 2008

⁵⁸ Schexnayder, D., Cumpston, G., King, C., and Stolp, C., University of Texas at Austin, Central Texas Student Futures Project

to fill out the FAFSA. As a result, they apply late or do not apply at all.⁵⁹ Hispanic students face additional barriers that might arise around immigration status and discomfort in sharing financial information. Tarleton State University researchers, in a soon-to-be released paper, state “The first challenge [for college enrollment] was the reluctance and inability of the families to complete the FAFSA application. Many of the Hispanic families are disinclined to disclose any financial information and few of the families hold accounts at financial institutions.”⁶⁰

Texas’s Allocation of State Grant Aid Negatively Impacts Underserved and Community College Students

Over the last decade, Texas has established a number of state grant programs to foster greater access to post-secondary education and to encourage persistence and completion. These programs have shown promising results but are not funded at levels that allow all students who are eligible to receive funding.⁶¹ As a result, merit elements are increasingly being used to restrict eligibility.⁶² This approach increases the likelihood that the students receiving the scholarships will go on to complete a degree, but runs counter to the goal of assisting the most underserved students, who generally have lower academic outcomes. Economically disadvantaged or first-generation college students who are making satisfactory, but not exceptional academic progress, are less likely to receive these grants.⁶³ Where merit is not used as a rationing mechanism, luck and timing are, with those students who get their aid applications in first receiving funds.

Community college students have a particularly difficult time obtaining grant funding. Sixty percent of Texas first-time college students enrolled at two-year institutions in fall 2009, but the Texas Educational Opportunity Grant (TEOG), a program directed toward students at two-year public universities, only reached 5 percent of eligible students in 2009. The Texas legislature has doubled TEOG funding for the 2010-11 fiscal year, but this still falls far short of meeting the overall need.

Not Providing Access to Loans Has a Negative Effect on Post-Secondary Enrollment and Degree Completion, Particularly for Community College Students

In the absence of loans, many community college students must earn the money they need to pay for college by working while attending school. This gives them less time to focus on academic work or become engaged in campus life and decreases the likelihood that they will persist or complete their degree. In addition to access, financial aid office’s often do not have the resources to provide education to students on the role of loans and how their short-term costs will likely be more than made up for given the higher salaries and increased lifetime earnings students can expect upon degree completion.

Gapping Has a Negative Effect on Post-Secondary Enrollment and Degree Completion

Gapping increases the loan or work burden on a student and, consequently, decreases the likelihood that he or she will enroll, persist and complete a degree. Since a student usually makes up some of the gap with money earned from work, the practice can also lengthen time-to-degree.

⁵⁹ Op. Cit., Consortium on Chicago School Research

⁶⁰ Martinez, D., Jacks, J., Jones, D., Faulkner, B., Bell, P., Tarleton State University, “Work in Progress – Recruiting Initiatives for Hispanic, First-Generation Students”, October 2010

⁶¹ Research and Analytical Services, February 2010, p.43

⁶² Focus Group, March 24, 2010

⁶³ Focus Group, March 24, 2010



CONCLUSION

Financial aid is a critical element in enabling post-secondary access, persistence and completion, especially for underserved student populations. Various aspects of Texas's post-secondary landscape, including the mix of institution types and proportion of students attending each type of institution, interact to place more of the burden of financing post-secondary education on the students themselves than is placed on the average student across the country. In light of Texas's large underserved student populations, who are more price-sensitive and debt-averse, this shifting of costs to students and families has a significant impact on post-secondary persistence and completion for these populations. The state, to which in more prosperous times one could look for increased aid, is also facing large fiscal challenges that are likely to persist over the next few years. Therefore, it is particularly important to understand ways in which the structure of financial aid helps or hinders students in their efforts to complete a degree so policymakers can best allocate scarce resources, philanthropic funders can leverage their grantmaking to greatest effect, and students (and their families) can maximize and optimize financial aid packages and have the greatest opportunity to enroll in and complete a post-secondary education.





APPENDIX: DETAILED DESCRIPTIONS OF AID PROGRAMS AVAILABLE TO TEXAS UNDERGRADUATES

Federal Aid Programs

Direct Aid and Campus-Based Aid Programs

The federal government has two mechanisms for distributing aid to undergraduates, direct aid and “campus-based” aid. Direct aid is provided directly to the undergraduate based on his or her level of need. The U.S. Department of Education limits the annual amounts per student from each direct aid program, but does not limit how much direct aid can flow to a particular institution. Under the campus-based aid programs, the federal government allocates a fixed amount of funding to each institution for each program. The institution then determines the eligibility of financial aid applicants to receive the funding. When the institution’s allotment of aid for that program is exhausted, no more students can receive an award, even if they are otherwise eligible. Examples of direct aid are the Pell Grant program and the Stafford Loan programs. Campus-based aid programs include the Supplemental Educational Opportunity Grant (SEOG), the Perkins Loan program and the Federal College Work-Study program.

Grant Aid

Pell Grants: The Pell Grant program, a direct aid program, is the cornerstone of federal grant aid and by far the largest source of grant money for Texas undergraduates. Eligibility for a Pell Grant is determined by the Federal Methodology described in the main report. Grant amounts awarded to individual students are determined based on the student’s expected family contribution (EFC), the cost of attendance of the chosen university or college, and the student’s enrollment status. There are a number of other criteria as well (see Table 1). The Pell Grant is intended for only the neediest students. Although students with a family income of up to \$50,000 per year may be eligible for a Pell Grant, most recipients have a total family income below \$20,000 per year. Recent changes to federal aid policies will result in an increase in funding for the Pell Grant and increases in the maximum award amount.⁶⁴ In 2008, Pell Grants accounted for \$1.1 billion or 25 percent of total federal aid and 18 percent of total financial aid awarded to Texas undergraduates.

Supplemental Educational Opportunity Grant (SEOG): The SEOG is a campus-based program that provides funds to Pell Grant recipients with the lowest EFCs. An institution’s financial aid office has discretion in determining which students will be awarded this grant. Because the funding is limited, students who receive full Federal Pell Grants have priority for these funds. In practice this means that SEOG recipients are usually students with an EFC of \$0. The SEOG accounted for about \$60 million or 1.4 percent of total federal aid to Texans in 2008.

⁶⁴ Congress passed these changes in a provision of the Health Care and Education Reconciliation Act of 2010.

Academic Competitiveness Grant (ACG) and the National Science and Mathematics Access to Retain Talent Grant (SMART): ACG and SMART grants are two more targeted federal grant programs, both of which also have a merit component. The ACG is directed at Pell Grant recipients who are first or second-year undergraduates. The SMART grant is meant to support students with financial need who are majoring in science, technology, engineering, or mathematics (STEM) fields. It is available to Pell-eligible students in their third or fourth year of an undergraduate degree program. Both the ACG and SMART grants require recipients to maintain a minimum GPA of 3.0. These two programs accounted for \$35 million or less than 1 percent of total federal aid to Texas undergraduates in 2008. Both of these grant programs are scheduled to be phased out after the 2010-2011 award year.

For more detail on eligibility criteria and award amounts for federal grant programs, see Table 1.

Table 1: Federal Grant Programs

Program	Pell Grant	Supplemental Educational Opportunity Grant	Academic Competitiveness Grant	SMART Grant
Eligibility Criteria	<ul style="list-style-type: none"> U.S. citizen or eligible non-citizen Undergraduate student enrolled in a program that will lead to a certificate, diploma, or degree Students with a total family income up to \$50,000 may be eligible for Pell Grants, though most Pell funding goes to students with a total family income below \$20,000 	<ul style="list-style-type: none"> U.S. citizen or eligible non-citizen Pell Grant recipients with the lowest expected family contributions (EFCs) are considered first for a SEOG 	<ul style="list-style-type: none"> U.S. citizen or eligible non-citizen Federal Pell Grant recipient Enrolled at least half-time in a degree program First or second-year undergraduate student or a student in a certificate program of at least one year in a degree program at a two-year or four-year degree-granting institution Have completed a rigorous secondary school program of study If a second-year student — have at least a cumulative 3.0 GPA as of the end of the first year of undergraduate study. 	<ul style="list-style-type: none"> U.S. citizen or eligible non-citizen Pell Grant-eligible during the same award year Enrolled at least half-time In the third or fourth year of an undergraduate degree program (or fifth year of a five-year program) Majoring in physical, life, or computer sciences, mathematics, technology, engineering or a critical foreign language; or non-major single liberal arts programs Have at least a 3.0 GPA on as of the end of the second award year and continue to maintain a 3.0 GPA
Maximum Award Amount	<ul style="list-style-type: none"> For the 2009-10 award year: \$5,350 For the 2010-11 award year: \$5,550 	<ul style="list-style-type: none"> Between \$100 and \$4,000 per year Fixed grant aid amount allocated to campus, which then distributes aid to students 	<ul style="list-style-type: none"> \$750 for the first year of study and \$1,300 for the second year 	<ul style="list-style-type: none"> Up to \$4,000 for each of the third and fourth years of undergraduate study
Total Texas Aid (2007-8)	\$1.08B	\$59.8M	\$24.7M	\$10.6M
Total Texas Recipients	402,425	80,648	35,513	3,551

Source: US Department of Education, Office of Postsecondary Education data

Loan Aid

The federal government provides various types of student loans to help promote access to post-secondary education. As the New America Foundation explains:

The common goal among the different loan programs is to allow students to obtain financing for higher education at better terms than those available in the private market. To this end, the federal government subsidizes the cost of loan for the borrower. Students usually have little or no credit or employment history and no collateral with which to secure a loan to finance a

higher education. In response, the federal student loan programs entitle virtually all students to loans with below-market interest rates and flexible repayment options. Furthermore, loans are available to borrowers without respect to income, choice of institution, field of study, or academic performance (except in limited cases).⁶⁵

In 2008, federal loan programs accounted for almost three times as many aid dollars to Texas students as federal grant programs. Some federal loan programs are restricted to those with financial need (Perkins, subsidized Stafford), while others are not (unsubsidized Stafford, PLUS Loan).

Perkins Loan: The Perkins Loan program provides a low-interest (5 percent) loan for students with exceptional financial need as determined by the Federal Methodology. The Perkins Loan is a campus-based program. The federal government allocates a fixed amount of Perkins funding directly to colleges and universities, which must match one-third of the funding. Each campus then determines which students will receive the funds and distributes the loans to the students. A relatively small amount of total federal loan aid, \$53 million or about 1.2 percent of total federal aid, was disbursed to Texas undergraduates in the form of Perkins Loans.

Stafford Loans: Stafford Loans are the largest and most complex federal aid program. Stafford Loans can either be subsidized or unsubsidized. The federal government pays the interest on subsidized Stafford Loans from the date of disbursement until six months after the student ceases to be enrolled at least half-time at a post-secondary institution. Interest on unsubsidized Stafford Loans begins to accrue immediately upon disbursement. Eligibility for both loans is determined by the institution using data from the FAFSA, but unlike the Perkins Loan, this is a direct student aid program, so there is no limit to the amount of Stafford Loan dollars that may flow through to a college or university. Need is a factor in determining eligibility for the subsidized Stafford, but it is not a factor in determining eligibility for unsubsidized Stafford Loans.

Stafford Loans are available to students through two channels: (1) from banks, guaranteed and subsidized by the federal government under the Federal Family Education Loan (FFEL) program, and (2) from the federal government itself lending directly to students through the Federal Direct Student Loan Program (FDSLP). Colleges decide which program will administer the federal loans that their students borrow.⁶⁶ The overwhelming majority of Stafford Loans extended to Texas students were under the auspices of the FFEL program. In award year 2006-2007, 94 percent of federal student aid loan funds were distributed in Texas through the FFEL program and 5 percent through the FDSLP. This is in comparison with the figures for the US as a whole, which were 79 percent for FFEL and 19 percent for FDSLP.⁶⁷

In light of that fact, recent policy changes regarding the federal student loan programs will affect the Texas student aid landscape quite dramatically. In 2010, Congress eliminated the FFEL program for all new loans made as of July 1, 2010. All federal student loans will be made under the Direct Loan program as of that date.⁶⁸ The Congressional Budget Office estimated that the elimination of the FFEL program under the law would generate \$68.7 billion in savings over the next ten years. These savings, if realized, could be used to increase funding for the Pell Grant program.⁶⁹

⁶⁵ “Federal Education Budget Project, Federal Student Loan Programs – Overview,” New America Foundation: <http://febp.newamerica.net/background-analysis/federal-student-loan-programs-overview>

⁶⁶ Ibid.

⁶⁷ *State of Student Aid and Higher Education in Texas*, TG Research and Analytical Services, February 2010, p.54

⁶⁸ Health Care and Education Reconciliation Act of 2010.

⁶⁹ “Federal Education Budget Project, Federal Student Loan Programs – History,” New America Foundation:

In 2008, Stafford Loans accounted for almost half (45 percent) of the total aid received by Texas college students who filed the FAFSA and 63 percent of all loan aid. A total of \$2.7 billion in subsidized and unsubsidized Stafford Loans were awarded that year.⁷⁰

Federal Direct Parent Loan for Undergraduate Students (PLUS): This loan program enables parents to borrow to pay the education expenses of each child who is a dependent undergraduate student enrolled at least half-time. These are direct, unsubsidized, non-need-based loans that cover the total cost of attendance less any other aid the student is receiving. These have also been awarded under both the FFEL and FDSL P programs. In 2008, \$362 million in PLUS loans were disbursed, accounting for 8.3 percent of total federal aid disbursed.

See Table 2 for further details on interest rates, eligibility criteria and maximum award amounts for federal loan programs.

Table 2: Federal Loan Programs

Program	Perkins Loan	Subsidized Stafford Loan (FFEL and Direct)*	Unsubsidized Stafford Loan (FFEL and Direct)*	PLUS Loan (FFEL and Direct)
Interest Rate	<ul style="list-style-type: none"> Fixed; 5% No origination fee 	<ul style="list-style-type: none"> Fixed; currently 5.6% Over a four-year period beginning July 1, 2008, the interest rate on subsidized Stafford loans made to undergraduate students will be reduced in steps to 3.4% Origination fee of up to 1.5% of the loan 	<ul style="list-style-type: none"> Fixed; currently 6.8% Origination fee of up to 1.5% of the loan Interest accrues from the date of the first disbursement until the loan is paid in full 	<ul style="list-style-type: none"> Variable For 2009-2010, 3.28% (in both the Direct and FFEL programs) Interest accrues from the date of the first disbursement until the loan is paid in full Origination fee of up to 4% of the loan
Eligibility Criteria	<ul style="list-style-type: none"> Loan eligibility determined by postsecondary institution based on FAFSA (need is a factor) 	<ul style="list-style-type: none"> U.S. citizen or eligible non-citizen Enrolled at least half-time in a degree program Loan eligibility determined by postsecondary institution based on FAFSA (need is a factor) 	<ul style="list-style-type: none"> U.S. citizen or eligible non-citizen Enrolled at least half-time in a degree program Loan eligibility determined by postsecondary institution based on FAFSA (need is not a factor) 	<ul style="list-style-type: none"> U.S. citizen or eligible non-citizen Enrolled at least half-time in a degree program Creditworthiness of student's parents or other endorser
Maximum Award Amount	<ul style="list-style-type: none"> Up to \$5,500 for each year of undergraduate study (max total you can borrow as an undergraduate is \$27,500) Fixed aid amount allocated to campus, which then distributes aid to students 	<ul style="list-style-type: none"> First year: \$3,500 Second year: \$4,500 Subsequent years: \$5,500 	<ul style="list-style-type: none"> First year: \$5,500 (less subsidized Stafford award) Second year: \$6,500 (less subsidized Stafford award) Subsequent years: \$7,500 (less subsidized Stafford award) 	<ul style="list-style-type: none"> Total cost of attendance less any other financial aid received
Total Texas Aid (2007-8)	\$53.0M	\$1.7B	\$1.9B	\$361.9M
Total Texas Recipients	20,124	429,000	408,427	37,548

Source: US Department of Education, Office of Postsecondary Education data

*Award amounts quoted are for dependent students

<http://febp.newamerica.net/background-analysis/federal-student-loan-programs-history>

⁷⁰ Sources for these figures are: US DOE OPE database; *Report on Financial Aid in Texas Higher Education for Fiscal Year 2008*, Texas Higher Education Coordinating Board (THECB), June 2009; *Overview of Financial Aid in Texas*, THECB, April 2010. We were not able to find data that would allow us to disaggregate the unsubsidized and the subsidized Stafford amounts, since the US DOE include loans to graduate students in its reports on those loan programs.

Work Study Funding

Federal College Work-Study Program: This program provides jobs for university students with financial need, allowing them to earn money to help pay educational expenses. Work-study funding is a campus-based program. Individual colleges use FAFSA information to determine eligibility and award funds depending on level of need and the availability of funds. Federal work study funding to Texas students in 2008 was \$49.8 million, 1 percent of total federal aid.

Texas State Aid Programs

Texas state aid is the reverse image of federal aid with respect to the proportion of grant to loan funding. In 2008, 69 percent of Texas state aid was in the form of grants and 31 percent was in loan funding. That same year, 27 percent of federal aid was in grants and 73 percent in loans. Texas has three major grant programs: the TEXAS grant, the Tuition Equalization Grant (TEG) and the Texas Educational Opportunity Grant (TEOG). The state also provides two loan programs, the Texas B-On-Time loan and the Hinson-Hazlewood College Student Loan Program, as well as a state-funded college work-study program.

Grant Aid

TEXAS Grant: The centerpiece of Texas state aid is the TEXAS (Towards EXcellence, Access and Success) grant. To be eligible for a TEXAS grant, a student must have completed the Recommended High School Program (RHSP) or the Distinguished Achievement Program (DAP). Fall 2008 marked the entry into college of the first cohort of students for whom the RHSP was the default curriculum for graduation. That change has resulted in a significant increase in the number of students eligible for a TEXAS grant.⁷¹ In response to the increase in students eligible for the TEXAS grant, the state legislature has substantially increased its appropriations to the program. The amount awarded will rise from \$199.6 million in 2007-08 to \$614.7 million in 2010-11.⁷² At 2008 funding levels, only 51 percent of eligible students received a Texas grant.⁷³

Texas Educational Opportunity Grant (TEOG): TEOG is a similar program to the TEXAS grant, but targeted specifically at community college students. In fiscal year 2008, only five percent of eligible students received a grant from the \$12 million the state allocated to the program.⁷⁴ By the 2010-11 academic year, this funding will double to \$24 million, allowing it to cover a larger number of eligible students.

Tuition Equalization Grant (TEG): TEG is a grant provided to students at private, non-profit post-secondary institutions. Recipients must demonstrate financial need. This program distributed \$102.8 million to Texas undergraduates in 2008.⁷⁵

For details on eligibility criteria and award amounts for Texas state grant programs, see Table 3.

⁷¹ *State of Student Aid and Higher Education in Texas*, TG Research and Analytical Services, February 2010, p.42

⁷² *Overview: Financial Aid in Texas*, THECB, April 2010

⁷³ *Overview: Financial Aid in Texas*, THECB, September 2008

⁷⁴ *Overview: Financial Aid in Texas*, THECB, April 2010

⁷⁵ *Ibid.*

Table 3: Texas State Grant Programs

Program	TEXAS Grant	Tuition Equalization Grant	Texas Educational Opportunity Grant
Eligibility Criteria	<ul style="list-style-type: none"> • Texas residents • Demonstrated financial need • EFC less than or equal to \$4,000 • Completion of the Texas High School Recommended Plan • Meet program academic standards • Due to funding limitations, only 51% of eligible students receive a TEXAS grant 	<ul style="list-style-type: none"> • Texas residents or non-resident National Merit Finalists • Demonstrated financial need • Enrolled in an eligible (private, non-profit) institution in Texas in a degree program • Meet program academic standards • Enrolled at least three-quarter time • Paying more tuition than student would pay to attend a public institution 	<ul style="list-style-type: none"> • Texas residents • Demonstrated financial need • If applying for a first-time award, have EFC of no more than \$2,000 • Are enrolled at least half-time in a degree or certificate program at a public two-year college in Texas • Only 5% of eligible students receive a grant
Maximum Award Amount	<ul style="list-style-type: none"> • \$6,080 per year for public university and state college students • \$1,780 per year for public community college students • \$2,680 per year for public technical college students 	<ul style="list-style-type: none"> • \$3,808 per academic year unless EFC is less than \$1,000, in which case award may go up to \$5,712 • Awards may not exceed the student's financial need or the amount of tuition the student is paying in excess of what he or she would pay at a public institution 	<ul style="list-style-type: none"> • The award amount is equal to the student's tuition and required fees • \$6,080 per year for public state college students • \$1,780 per year for public community college students • \$2,680 per year for public technical college students
Total Texas Aid (2007-8)	\$200M	\$103M	\$12M
Total Texas Recipients	52,562	30,316	3,707

Source: THECB publications and College for All Texans website

Loan Aid

Texas provides a small amount of loan aid through two programs, the Hinson-Hazlewood College Access Loan and the Texas B-On-Time loan. The Hinson-Hazlewood program also distributes Federal subsidized and unsubsidized Stafford Loans through the FFEL program, but those programs will not be considered here, since they were discussed above, in the section on federal loan aid.

Hinson-Hazlewood College Access Loan (HHL-CAL): The College Access Loan (CAL) program provides an alternative type of educational loans to Texas students. Students do not have to demonstrate financial need to receive these loans, which may be used to cover all or part of the Expected Family Contribution (EFC).⁷⁶ The purpose of the loan program is to allow students who would not otherwise be eligible for financial aid funds to have access to loans to help pay their EFC. The volume of loans disbursed through the HHL-CAL program has been declining, as commercial lenders have started offering better terms. In 2008, \$98.3 million was distributed through this program.⁷⁷

⁷⁶ THECB College for All Texans website, College Access Loan Fact Sheet

⁷⁷ Overview: Financial Aid in Texas, THECB, April 2010

Texas B-On-Time Loan: The B-On-Time program makes loans which are forgiven upon graduation for students who graduate on time and with a B average. If a student does not meet these criteria, the loan must be repaid at zero interest.⁷⁸ However, given that only 25 percent of first-time, full-time freshmen who entered Texas public four-year universities in fall 2002 graduated in four years, it is uncertain how many of these loans actually convert into incentive grants.⁷⁹ State appropriations for this program will quadruple from \$32 million in FY 2008 to \$140 million by 2010-2011.⁸⁰

See Table 4 for further details on interest rates, eligibility criteria and maximum award amounts for Texas state loan programs.

Table 4: Texas State Loan Programs

Program	Hinson-Hazlewood College Student Loan	Texas B-On-Time Loan
Interest Rate	<ul style="list-style-type: none"> The Hinson-Hazlewood College Student Loan Program encompasses the College Access Loan (CAL) Program and the Federal Family Education Loan Program (FFELP) including both subsidized and unsubsidized Stafford loans; interest rates and terms vary accordingly 	<ul style="list-style-type: none"> 0% interest 3% origination fee Loans made through the program are forgiven for students who graduate on time and with a minimum of a B average
Eligibility Criteria	<ul style="list-style-type: none"> Texas residents Enrolled at least half-time in a degree program 	<ul style="list-style-type: none"> Texas residents Completed the Texas High School Recommended Plan Enrolled full-time in an undergraduate degree or certificate program at an eligible institution Meet program academic standards
Maximum Award Amount	<ul style="list-style-type: none"> Up to cost of attendance less other financial aid 	<ul style="list-style-type: none"> \$6,080 per year for public university and state college students \$1,780 per year for public community college students \$2,680 per year for public technical college students
Total Texas Aid (2007-8)	\$98.3M	\$32M
Total Texas Recipients	11,000	10,247

Source: THECB publications and College for All Texans website

⁷⁸ Ibid.

⁷⁹ *State of Student Aid and Higher Education in Texas*, TG Research and Analytical Services, February 2010, p.51

⁸⁰ *Overview: Financial Aid in Texas*, THECB, April 2010

Work Study Funding

Texas College Work-Study Program: This program provides part-time jobs, mostly located on college campuses, by subsidizing student salaries. The state spent \$6.5 million on work-study aid in fiscal 2008.

Institutional Aid

The third source of student financial aid is post-secondary institutions themselves, which provided 14 percent of total aid in 2008.⁸¹ Almost all of this aid is in the form of grants or other gift aid that does not require repayment.

Some institutional aid programs are state-mandated, such as the Texas Public Educational Grant (TPEG), but the majority of such funds still flow from the institutions' own discretionary grant aid programs. TPEG, funded through tuition set-asides (funds that each institution must set aside out of tuition paid by resident students for need-based aid) and administered separately by each institution, are distributed by financial aid officers to help financially needy students.⁸² Students received \$132 million in TPEG money in 2008. The Texas legislature also mandates other tuition set-asides to provide funds for grants, loans and work study aid. In 2008, more than \$99 million was disbursed to students with financial need through these set-asides.⁸³ Post-secondary institutions also provide students with exemptions and waivers, which refer to situations in which an institution pays all or part of a student's tuition and fee bill directly (*i.e.*, not through normal financial aid programs or scholarships). Examples include ROTC exemptions, valedictorian exemptions, and out-of-state waivers. Texas students who completed the FAFSA benefited from \$99 million in exemptions and waivers in 2008.⁸⁴

The majority of institutional funding, \$546 million or 62 percent of the 2008 total, was distributed in the form of institutional grant aid that did not come from set-asides, exemptions or waivers.⁸⁵ This institutional grant aid is the second largest source of grant funding after the federal Pell Grant. The majority of this funding is not tied to financial need. The details of how this institutional aid is distributed are discussed in the main report.

⁸¹ *Overview: Financial Aid in Texas*, THECB, April 2010. This figure does not include scholarship aid to students who did not file a FAFSA.

⁸² *Ibid.*

⁸³ *Ibid.*

⁸⁴ *Report on Financial Aid in Texas Higher Education for Fiscal Year 2008*, THECB, June 2009, p.3. Texas public post-secondary institutions granted a total of \$129 million in exemptions and \$236 million in waivers, but much of this money went to students who did not file the FAFSA and presumably do not have much financial need.

⁸⁵ *Report on Financial Aid in Texas Higher Education for Fiscal Year 2008*, THECB, June 2009, p.3.

Aid from Private Third-Party Entities

Aid from entities that are neither government bodies nor post-secondary institutions accounted for 6.4 percent of aid to Texas undergraduates in 2008. There are three main types of private third-party aid:

- Merit aid: typically academic or athletic scholarships.
- Categorical aid: funds from organizations outside the post-secondary institution, such as Parent Teacher Organizations, the Veterans Administration, and other private scholarship providers, that are not part of the aid package awarded by the institution's financial aid office and may not include a financial need requirement.
- Alternative loans: funds from private lenders that are designed to help fill the gap between a student's aid and resources (including EFC) and the amount needed to cover the total cost of attendance. Alternative loans provide additional funding after a borrower has maximized his or her federal loan eligibility.

Alternative loans comprised the largest share of private third party aid (42 percent), followed by categorical aid (35 percent) and merit aid (23 percent). The total dollar amount of this aid in 2008 was \$393 million.⁸⁶



⁸⁶ Ibid.



APPENDIX: LIST OF ADVISORS

Advisory Group		
Name	Title	Organization
Kevin Byrne	Portfolio Director, U.S. Education	Michael & Susan Dell Foundation
Jacob Fraire	Assistant Vice President	Texas Guaranteed Student Loan
George Grainger	Director of Research and Planning/ Senior Grant Officer	Houston Endowment
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Tina Milano	Former Executive Director	Cleveland Scholarship Programs
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Additional Advisors		
Name	Title	Organization
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Don Thompson	Independent Consultant	Greater Texas Foundation



APPENDIX: LIST OF INTERVIEWEES

Interviewees		
Name	Title	Organization
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Jeverly Cook	Executive Director	W.W. Caruth, Jr. Foundation (Communities Foundation of Texas)
John Fitzpatrick	Executive Director	Communities Foundation of Texas/Texas High School Project
Alma Garcia	Program Officer, Early College High Schools	Communities Foundation of Texas/Texas High School Project
Lauren Hirsh	Coordinator, External Scholarships	University of North Carolina, Chapel Hill
Mark Kantrowitz	Director of Advanced Projects	Fastweb
Marcus Martin	Former President and CEO	Education is Freedom
Michael McPherson	President	The Spencer Foundation
Shirley Ort	Associate Provost and Director of Scholarships and Financial Aid	University of North Carolina, Chapel Hill
Patricia Steele	Research Associate	The College Board
Amy Weinstein	Executive Director	National Scholarship Providers Association



APPENDIX: LIST OF FOCUS GROUP PARTICIPANTS

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Doris Constantine	Director of Student Financial Services	St. Edward's University
Carolyn Cunningham	Director of Financial Aid	University of North Texas
Pilar Janis	Guidance and Counseling Office	Brownsville ISD
Carol McDonald	President	Independent Colleges and Universities of Texas
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Jeff Webster	Assistant Vice President, Research and Analytical Services	Texas Guaranteed
Marcus Wilson	Director of Financial Aid	Texas Tech University

Advisory Group

An advisory group made up of key practitioners and experts in the education field provided vital counsel for this project. FSG sincerely thanks them for their guidance and insight.

- Kevin Byrne, Portfolio Director, U.S. Education, Michael & Susan Dell Foundation
- Jacob Fraire, Assistant Vice President, Texas Guaranteed Student Loan
- George Grainger, Director of Research and Planning/Senior Grant Officer, Houston Endowment
- Jill Kramer, Senior Program Officer, Lumina Foundation
- Tina Milano, Former Executive Director, Cleveland Scholarship Programs
- Patti Ross, Vice President, Coca-Cola Scholars Foundation
- Jay Sherwin, Former Vice President for Programs, College Access Foundation of California
- Oscar Sweeten-Lopez, Manager, Dell Scholars, Michael & Susan Dell Foundation
- Don Thompson, Independent Consultant to the Greater Texas Foundation
- Joshua Wyner, Senior Advisor, New Leaders for New Schools

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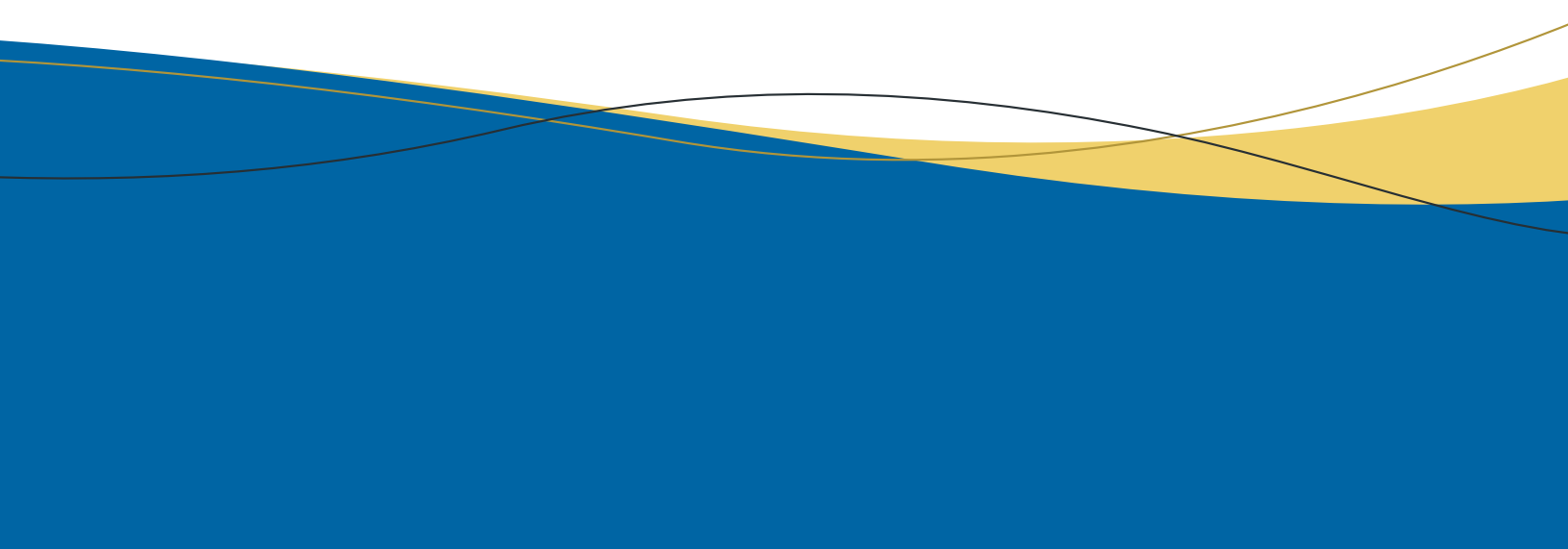
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Disclaimer

All statements and conclusions, unless specifically attributed to another source, are those of the authors and do not necessarily reflect those of any individual interviewee, the funders, or members of the advisory group.





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