



LEGISLATIVE BUDGET BOARD

Overview of Financial Aid

PRESENTED TO HOUSE APPROPRIATIONS COMMITTEE

SUBCOMMITTEE ON ARTICLE III

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LEGISLATIVE BUDGET BOARD STAFF

Financial Aid Overview

The Higher Education Coordinating Board administers several financial aid programs. These include programs found in the agency's bill pattern in Goal B, Close the Gaps in Affordability. House Bill 1 as Introduced includes \$1.1 billion in All Funds to this goal which represents 67 percent of the total funding to the agency.

The programs discussed in this overview include:

- Strategy B.1.1, TEXAS Grants
- Strategy B.1.2, B-On-Time-Public
- Strategy B.1.3, B-On-Private
- Strategy B.1.4, Tuition Equalization Grants
- Strategy B.1.5, Texas Educational Opportunity Grants
- Strategy B.1.6, Texas College Work Study
- Strategy B.1.8, Teach for Texas Loan Repayment Program
- Strategy B.1.11, Top Ten Percent Scholarships
- Strategy B.1.12, Texas Armed Services Scholarship Program

TEXAS Grant Program

- Assistance to eligible financially-needy high school graduates (or recent recipients of associate's degrees) who enroll at a Texas public university on at least a three quarter time basis, and maintain at least a 2.5 college GPA
- The TEXAS Grants program prioritizes initial awards for students who have completed certain academic requirements
- Senate Bill 215, enacted in the 83rd Legislative Session, made the program a university-only program beginning in Fall 2014. Students at two-year institutions who otherwise would have been eligible for a TEXAS Grant are now served through the Texas Educational Opportunity Grant (TEOG) Program
- House Bill 1 as Introduced includes \$693.9 million in General Revenue
 - Increase of \$41.3 million compared to 2014-15 amounts
 - Supports approximately 69,000 students per year.
- The agency's exceptional item, \$96.3 million increase over House Bill 1 as Introduced, would fully fund the program at the \$5,300 award amount

B-On-Time Program

- Allows universities to offer students zero interest loans with provisions for forgiveness should the student meet certain academic and time-to degree benchmarks
- Requires students to have graduated from high school under a college preparatory curriculum and to meet continuing academic requirements to continue to receive the loans
- Students must graduate on time, as defined, with a 3.0 or higher GPA to qualify for loan forgiveness
- While those who do not qualify for loan forgiveness must make monthly payments toward loan principal, there are no interest costs for the life of the loan
- B-On-Time loans to public university students are funded through a 5 percent designated tuition set-aside collected by institutions
- Senate Bill 215, 83rd Legislature, allows public universities to receive B-On-Time funding equivalent to the amount of tuition set-asides they collect, subject to available appropriations
- Because private institutions are not subject to tuition set-aside requirements, the Legislature has used General Revenue funds to make B-On-Time loans to students at these universities

B-On-Time Program - Appropriations

House Bill 1 as Introduced includes funding at the Texas Higher Education Coordinating Board for B-On-Time in two strategies:

- Strategy B.1.2, B-On-Time-Public,
 - \$55.2 million, which is a decrease of \$23.0 million compared to 2014-15 amounts in General Revenue-Dedicated Texas B-On-Time Student Loan Account No. 5103
 - Supports approximately 6,500 renewal students at public universities during the biennium
- Strategy B.1.3., B-On-Time-Private
 - \$19.2 million, which is a decrease of \$12.2 million in General Revenue compared to 2014-15 amounts
 - House Bill 1 re-allocates this reduction amount, \$12.2 million, to TEXAS Grants
 - Supports approximately 2,300 renewal students at private institutions during the biennium

B-On-Time Program General Revenue Dedicated Balances

- House Bill 1 as Introduced includes a contingency appropriation in Special Provisions Relating Only To State Agencies of Higher Education relating to the elimination of the tuition set aside for the B-On-Time Program.
- Under provisions of the contingency rider, the remaining balances in account, other than amounts required to cover renewals in 2016-2018, would be returned to institutions of higher education.

Tuition Equalization Grants

- Provides grants to eligible, financially-needy students attending independent institutions in Texas
- To qualify, recipients must be Texas residents, or National Merit Finalists, and enroll on at least a three-quarter basis
- To remain eligible, a student must complete at least 75 percent of his/her coursework, complete at least 24 semester credit hours per year (18 if the recipient is a graduate student) and maintain at least a 2.5 college GPA
- House Bill 1 as Introduced includes \$180.1 million in General Revenue
 - Level funding compared to 2014-15 amounts
 - Supports approximately 27,700 students per year
- The agency's exceptional item, a \$18.0 million increase over House Bill 1 as Introduced, would support 30,000 students each year

Texas Educational Opportunity Grants

- Awards grants to students attending public community, technical, or state colleges, with the highest priority given to students with the greatest financial need
- To be eligible, a student must be a Texas resident, enroll at least half-time, show financial need, and be working towards an associate's degree or certificate
- To remain eligible, a student must complete at least 75 percent of his/her coursework and maintain a 2.5 GPA
- A student cannot receive a TEOG award for more than 75 hours, or four years
- The grant amount for each term shall not exceed the statewide average of tuition and fees at the type of public institution the student is attending
- House Bill 1 as Introduced includes \$65.1 million in General Revenue
 - Level funding compared to 2014-15 amounts
 - Supports approximately 19,500 students per year, or 8.5 percent of eligible entering undergraduates
- The agency's exceptional item, \$37.3 million increase over House Bill 1 as Introduced, would serve approximately 22 percent of eligible students.

Texas College Work Study

- Allows students to earn money to pay for at least part of their educational expenses
- Pays up to 75 percent of salaries for students working for nonprofit employers and up to 50 percent of salaries for students working for profit-making employers
- Employers pay the balance of the students' salaries and all other benefits
- House Bill 1 as Introduced includes \$18.8 million in General Revenue,
 - Level funding compared to 2014-15 amounts
 - Supports approximately 4,100 students per year at an average award amount of \$1,680
- The agency's exceptional item, a \$5.3 million increase over House Bill 1 as Introduced, would allow institutions to award 1,577 additional students an average award amount of \$1,680
- The exceptional item reflects the approximate amount of additional Texas College Work Study funds requested by institutions in the last biennium, which the Higher Education Coordinating Board was unable to meet due to insufficient funding

Teach for Texas Loan Repayment Program

- Provides student loan repayment assistance to Texas public school teachers who provide full-time instruction in a subject area that has a critical shortage of teachers or at a school experiencing a critical shortage of teachers
- Statute prohibits a person from receiving loan repayment assistance for more than five years
- The agency has indicated that the number of qualified applicants for the program has exceeded available funding every year since fiscal year 2004
- House Bill 1 as Introduced includes \$4.4 million in General Revenue
 - Level funding compared to 2014-15 amounts
 - Supports loan repayment awards of \$2,500 to 885 teachers
- The agency's exceptional item of \$4.2 million would allow approximately 846 additional teachers to receive awards in each year of the biennium if the award is maintained at \$2,500

Top Ten Percent Scholarship Program

- Established by rider in the Higher Education Coordinating Board bill pattern and implemented by agency rules
 - Need-plus-merit program
 - Scholarships are awarded to high school graduates with financial need who graduate in the top 10 percent of their high school graduating class and enroll full-time
 - To be eligible for a continuation award, students must complete 30 semester credit hours each year, maintain a cumulative GPA of 3.25, and complete at least 75 percent of the hours attempted
- House Bill 1 as Introduced includes \$18.2 million in General Revenue
 - Decrease of \$21.4 million compared to 2014-15 amounts
 - Supports estimated 15,185 students each year of the biennium at a \$600 award amount
 - House Bill 1 re-allocates this reduction amount, \$21.4 million, to TEXAS Grants
- Different Top 10 Percent Scholarship Program established in statute but never funded

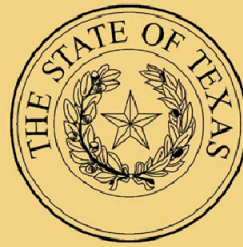
Texas Armed Services Scholarship Program

- Purpose of the program is to encourage students to become members of the Texas Army National Guard, the Texas Air Force National Guard, or commissioned officers in any branch of the armed services of the United States
- Eligibility requirements:
 - Enrolled in a public or private institution of higher education
 - Member in good standing of a Reserve Officers' Training Corps (ROTC) program
 - Appointed to receive a scholarship by the governor, the lieutenant governor, state senator, or state representative
 - Entered into an agreement with the Higher Education Coordinating Board to satisfy ROTC training and service requirements
 - If the student fails to meet the conditions of the scholarship, the scholarship will become a loan.

Texas Armed Services Scholarship Program - Appropriations

- House Bill 1 as Introduced includes \$5.3 million in General Revenue
 - Decrease of \$1.8 million compared to 2014-15 amounts
 - Supports all renewal awards and newly appointed students, estimated to be approximately 335 in fiscal year 2016 and 375 in fiscal year 2017, at an award amount of \$7,000
 - House Bill 1 as Introduced re-allocates this reduction amount, \$1.8 million, to TEXAS Grants

	Higher Education Coordinating Board	2014-15 Approp.	2014-15 Est/Bud	Diff. of 2014-15 Est/Bud to Approp.	2016-17 HB 1	Diff. of HB1 to 2014-15 Est/Bud	Explanation
B.1.1	TEXAS Grants – General Revenue	\$694.6	\$652.3	(\$42.3)	\$693.6	\$41.3	The 2014-15 appropriated amount included an estimated \$5 million in unexpended balances. The agency did not UB any funding into 2014. The agency transferred \$37.3 million to the TEOG program in FY 2015. House Bill 1 as Introduced includes \$693.6 million and supports approximately 69,000 students per year. The agency's exceptional item of \$137.9 million would fully fund the program at a \$5,300 award amount.
B.1.2	B-On-Time Program-Public – General Revenue Dedicated	\$80.6	\$78.2	(\$2.4)	\$55.2	(\$23.0)	House Bill 1 as Introduced supports renewal awards only, which is approximately 6,500 students.
B.1.3	B-On-Time Program-Private – General Revenue	\$31.4	\$31.4	\$0.0	\$19.2	(\$12.2)	House Bill 1 as Introduced supports renewal awards only, which is approximately 2,300 students. The reduction of \$12.2 million was reallocated to the TEXAS Grant Program.
B.1.4	Tuition Equalization Grants	\$180.1	\$180.1	\$0.0	\$180.1	\$0.0	House Bill 1 as Introduced supports an estimated 27,700 students each year at an average award amount of \$3,250.
B.1.5	Texas Educational Opportunity Grants (TEOG)	\$27.8	\$65.1	\$37.3	\$65.1	\$0.0	House Bill 1 as Introduced supports approximately 19,500 students per year, which equals all renewal students and 8.5 percent of eligible entering students.
B.1.6	Texas College Work Study	\$18.8	\$18.8	\$0.0	\$18.8	\$0.0	House Bill 1 as Introduced supports approximately 4,100 students each year of the biennium.
B.1.8	Teach for Texas Loan Repayment Program	\$4.4	\$4.4	\$0.0	\$4.4	\$0.0	House Bill 1 as Introduced would allow the agency to make annual loan repayment awards in the amount of \$2,500 to 885 teachers in each year of the biennium.
B.1.11	Top Ten Percent Program	\$39.6	\$39.6	\$0.0	\$18.2	(\$21.4)	House Bill 1 as Introduced supports renewal awards only, estimated to be 15,185 students per year. The reduction of \$21.4 million was reallocated to the TEXAS Grant Program.
B.1.12	Texas Armed Forces Scholarships	\$7.1	\$7.1	\$0.0	\$5.3	(\$1.8)	House Bill 1 as Introduced reduces funding for the program by 25 percent. The reduction of \$1.8 million was reallocated to the TEXAS Grant Program.



LEGISLATIVE BUDGET BOARD

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Legislative Budget Board

www.lbb.state.tx.us

512.463.1200