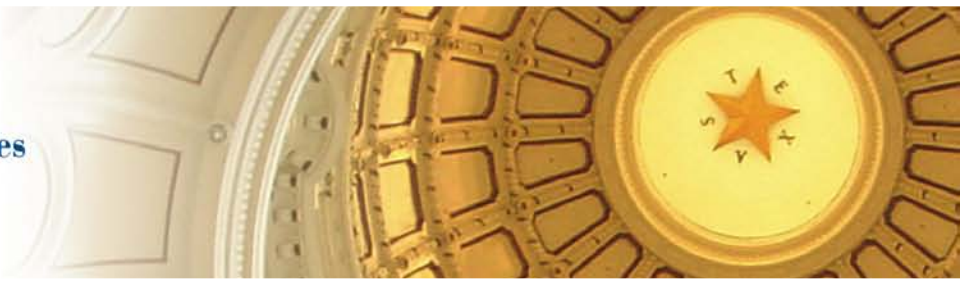




Center for Public Policy Priorities



# How can Texas Make Financial Aid Work for Texas Students and Families?

## *Financial Aid Policy Webinar*

*September 11, 2012*

*10:00am-11:15am*

Leslie Helmcamp ([helmcamp@cphp.org](mailto:helmcamp@cphp.org))

Policy Analyst, Economic Opportunity

# Speakers

- Leslie Helmcamp, Policy Analyst, Center for Public Policy Priorities
- Melissa Henderson, Postsecondary Policy Analyst, Educate Texas
- Tamara Draut, Vice President, Policy & Research, Demos
- Panel Discussion, Moderator, Don Baylor, Senior Policy Analyst, Center for Public Policy Priorities
  - Tom Melecki, PhD, Director, UT Student Financial Services
  - Steve Johnson, Vice President for Public Affairs, Texas Association of Community Colleges

**Dial-in: 1-866-740-1260, Access Code: 1730966**

# Webinar Logistics

- All phones are muted during the presentation.
- Please submit questions through chat.
- To un-mute your phone, press \*7, to mute your line \*6
- Dial-in: 1-866-740-1260, Access code 1730966
- Webinar slides and recording will be posted on our website, [www.cppp.org](http://www.cppp.org)

**Dial-in: 1-866-740-1260, Access Code: 1730966**

# What CPPP Does



*Improving public policies to better the economic and social conditions of low- and moderate-income Texans.*

- Creating **economic opportunity** to strengthen families and grow the middle class;
- Increasing access to **quality, affordable health insurance**;
- Helping families meet **basic needs**;
- Enhancing **child well-being and child protection**;
- Ensuring **effective public administration**; and
- Securing **fair and adequate taxation** to pay for critical public investments in Texas.

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**BETTER**  
TEXAS™

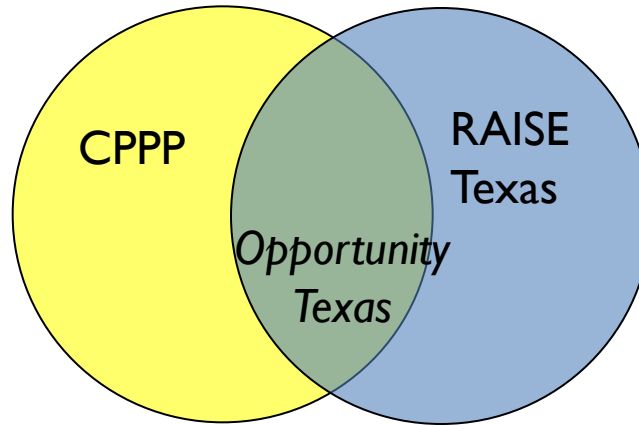
# What is *OpportunityTexas*?



## CPPP Roles &

### Strengths:

- Advocate
- Policy Innovation & Development
- Research & Data Analysis
- Communications & Coalition Building



## RAISE Texas

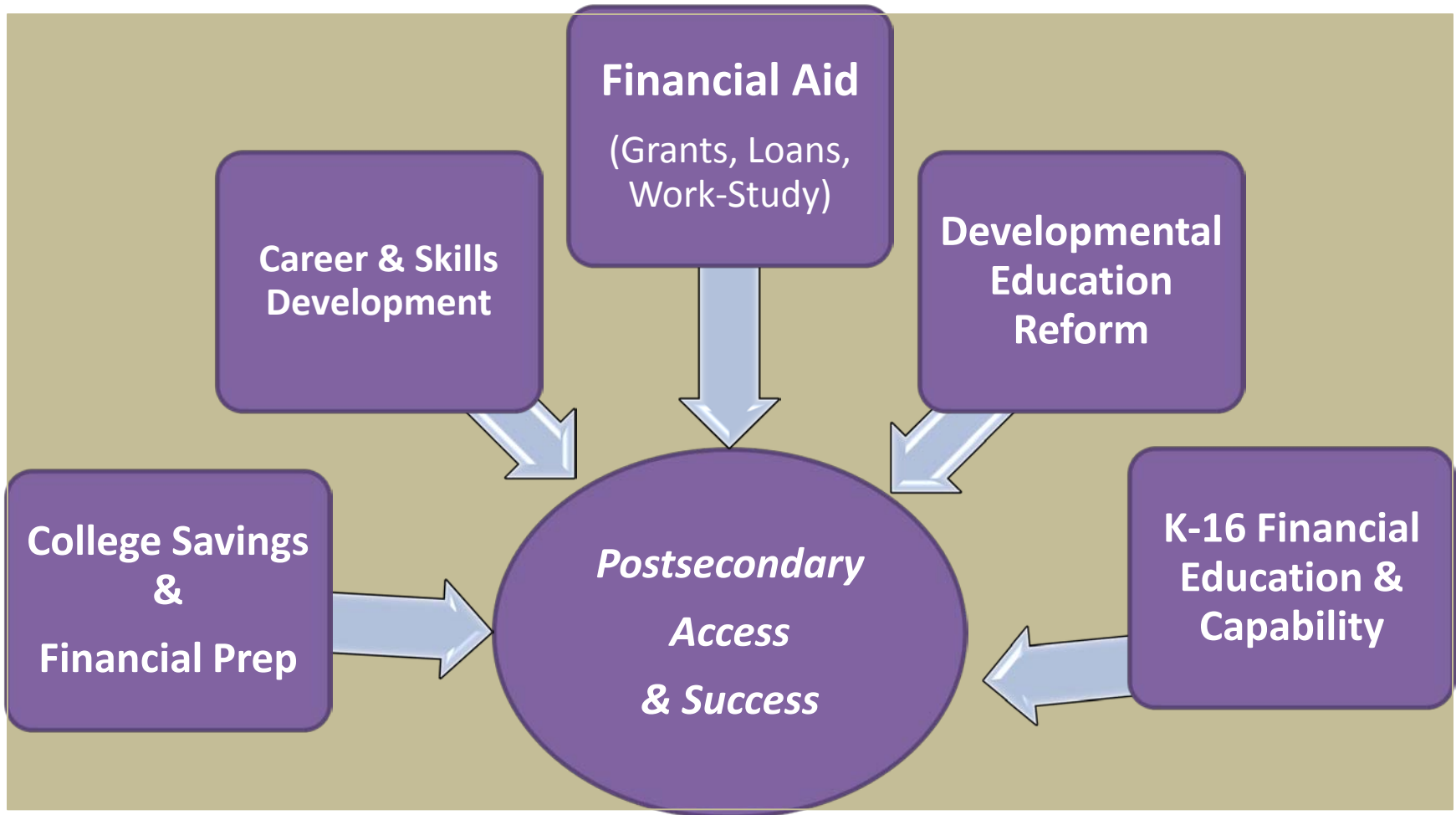
### Roles & Strengths:

- Technical Assistance
- Advisor
- Grassroots Network
- Convener-Collaborator

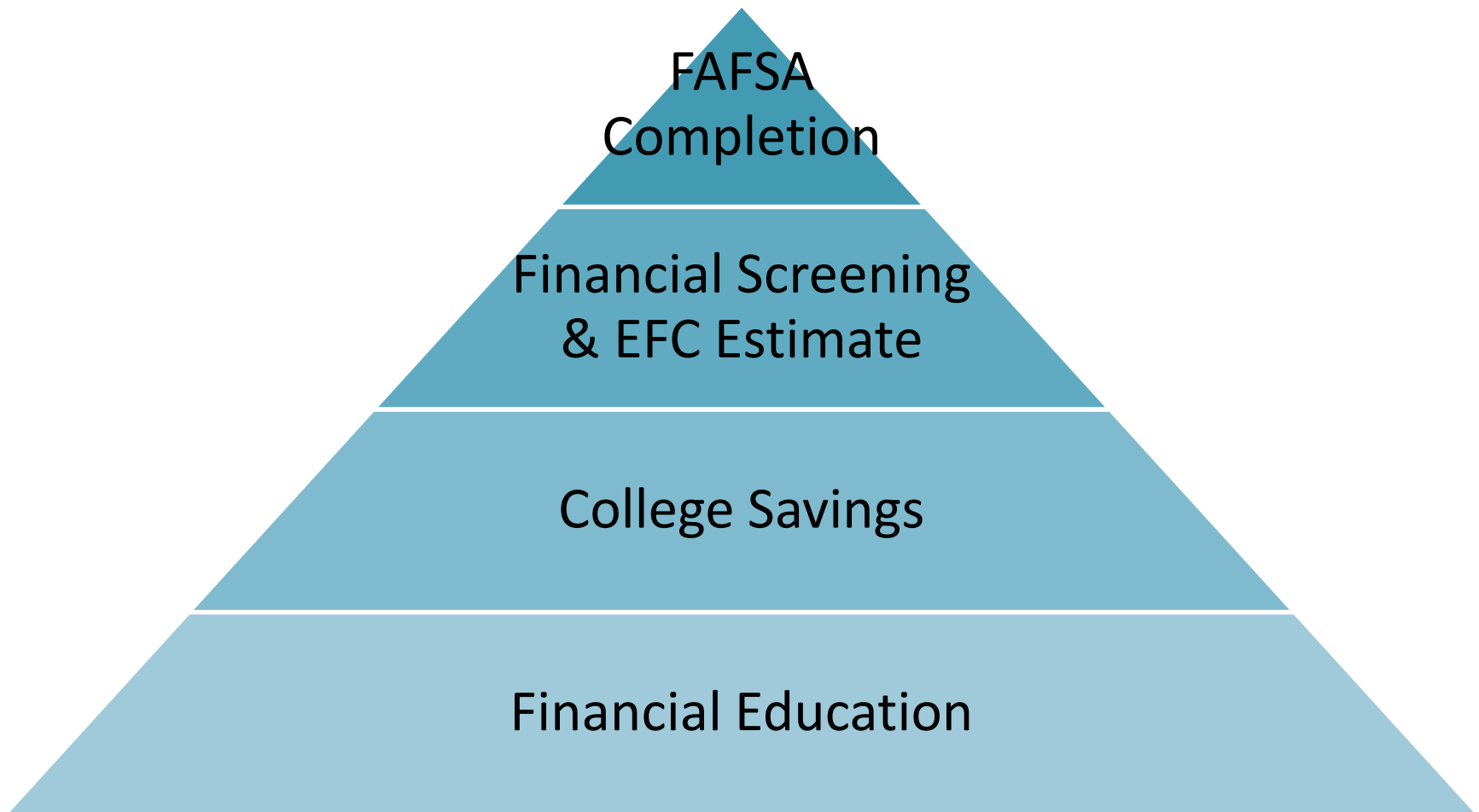
## *OpportunityTexas*

- Creates an engaging platform for savings, financial education and **financial preparation for college**
- Uses existing statewide delivery systems, such as the K-12 system and the workplace, to increase the financial success of Texans
- Forges new partnerships between higher education, business, nonprofits, the public sector, philanthropy, employers, and national intermediaries

# College Access & Completion Areas of Focus

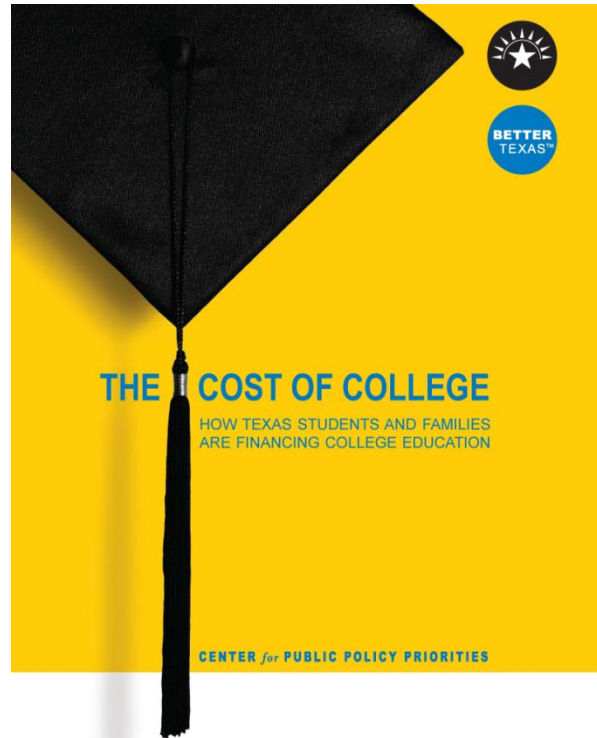


# Strategies to Enhance Financial Preparation for College

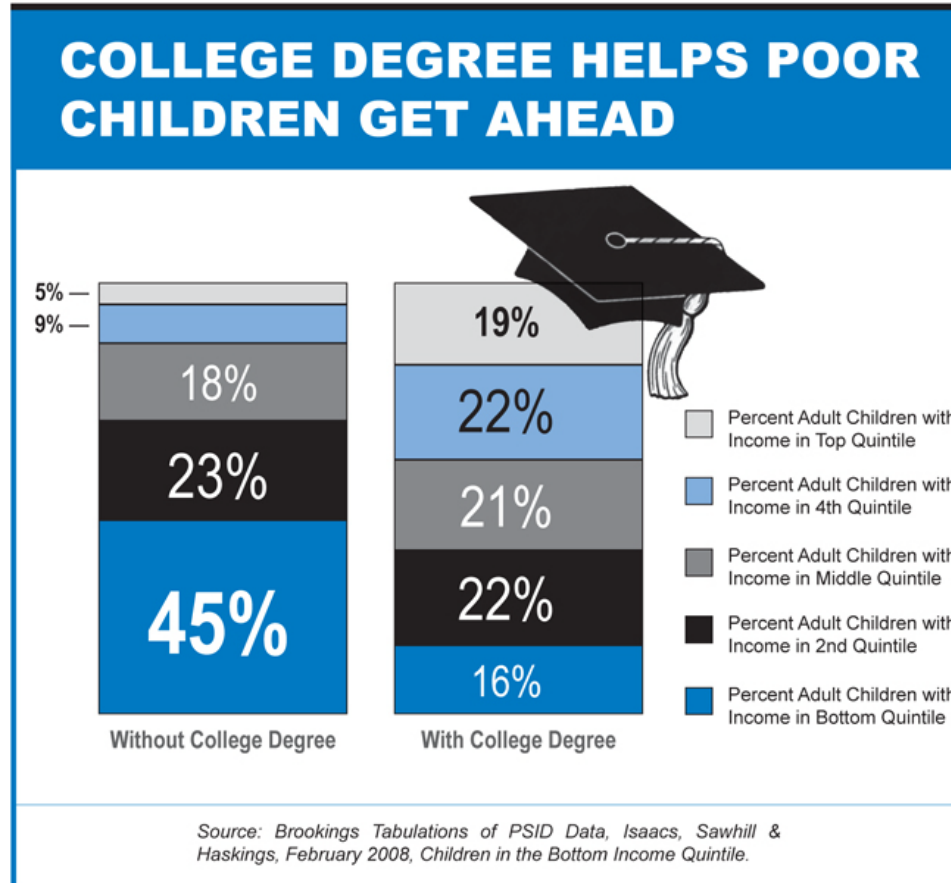




# The Cost of College

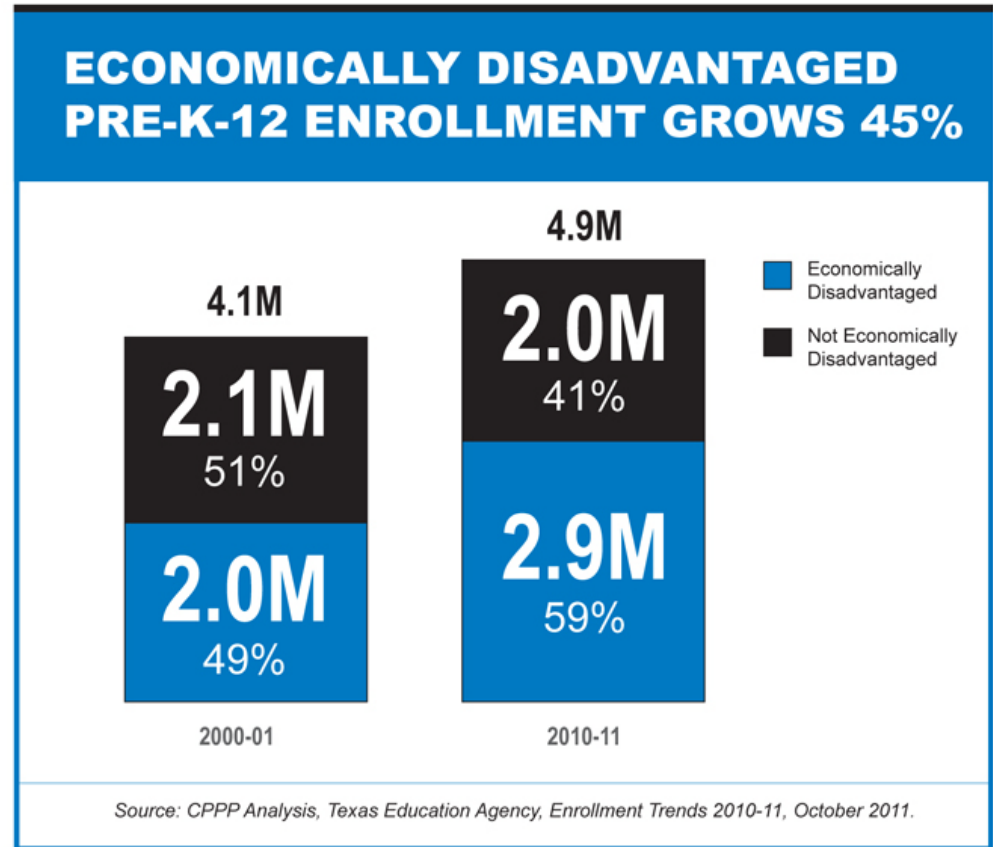


Children are nearly three times more likely to emerge from poverty as adults if they complete college.

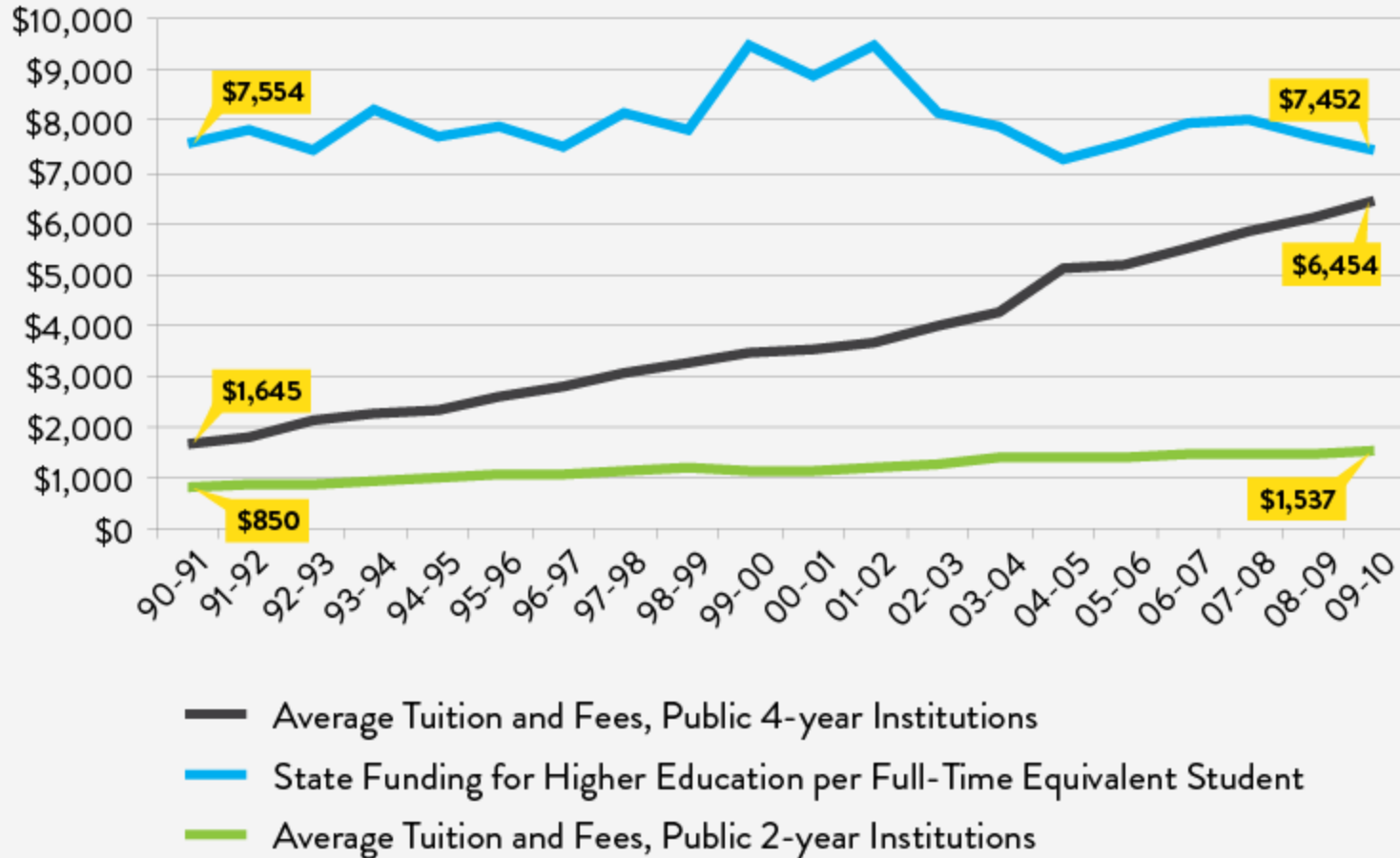


# Characteristics of Texas College Students

- Growing low-income population
- Most college students attend part-time
- Half of undergraduates are enrolled at community colleges
- Nearly one-third of college students are over age 24
- Strong dependence on loans
- Working during school



# Trends in Texas Higher Education



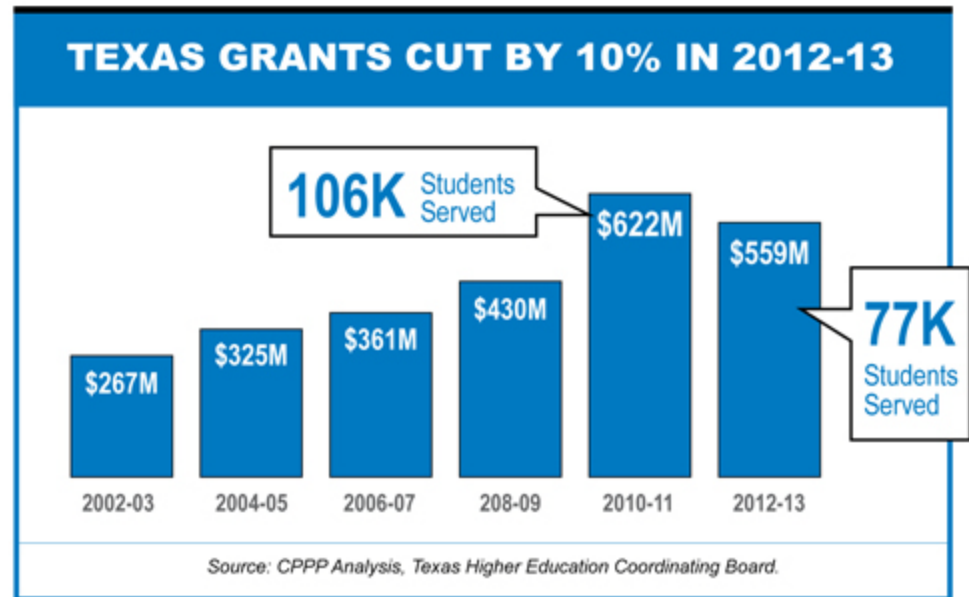
# Affordability Suffers, Debt Rises

- Tuition, fees, room and board at public 4-year Texas institutions amounted to 29% of median household income in 2009-2010, up from 15% in 1990-1991
- Over half (55%) of students graduating from public four-year colleges in Texas in 2010 left with debt, which averaged \$19,376. In 2001, 43 percent of public four-year Texas graduates left with student loans, which averaged \$14,230.

# Trends in Financial Aid: Texas

Increased focus  
on merit criteria

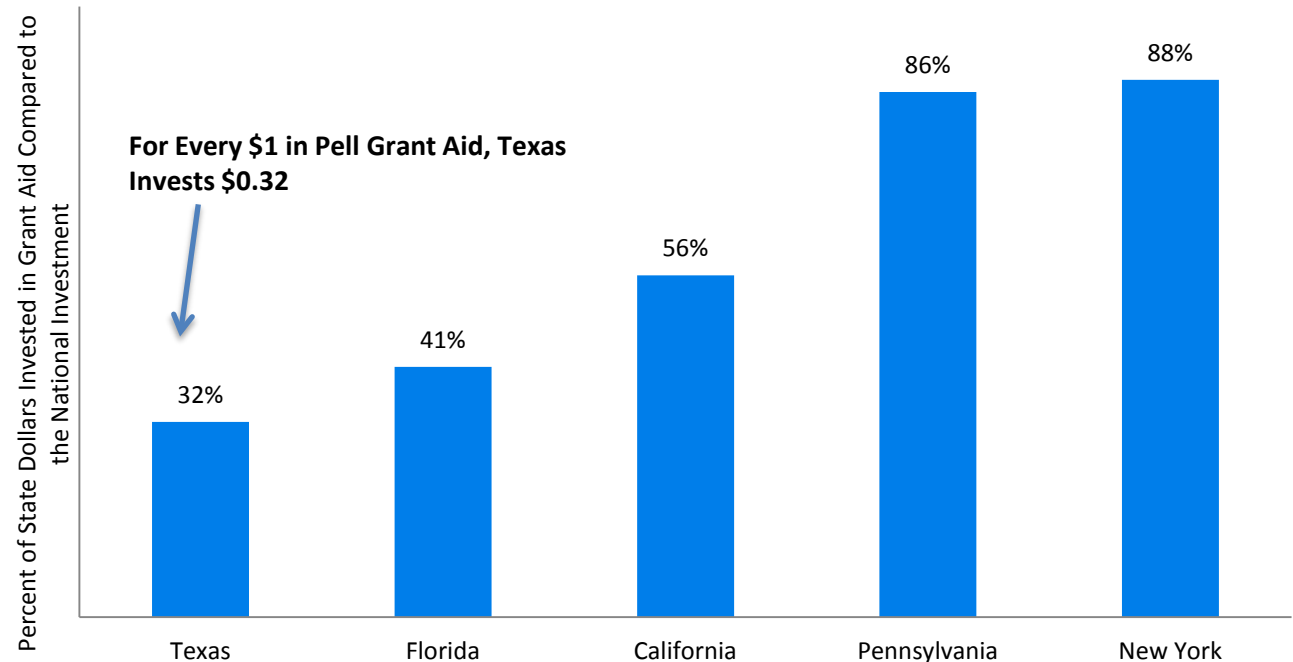
State financial  
aid programs cut  
by 15% (TEXAS  
Grant 10%)



# Trends in Financial Aid: Texas

## Texas Invests Less in Need-Based Aid Compared to other Large States

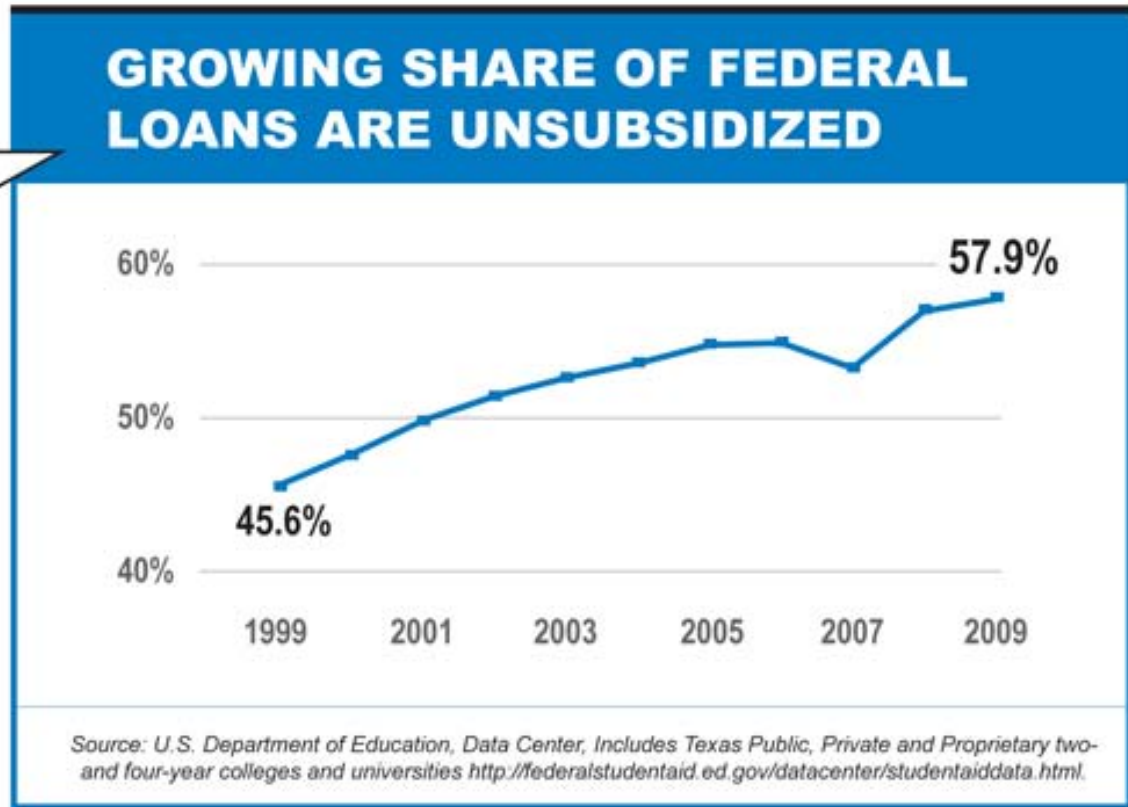
73% of Texas' financial aid comes from federal sources



Source: CPPP Analysis, National Center for Public Policy and Higher Education, Measuring Up 2008

# Trends in Financial Aid: Texas

**MORE  
COSTLY  
TO TEXAS  
STUDENTS**



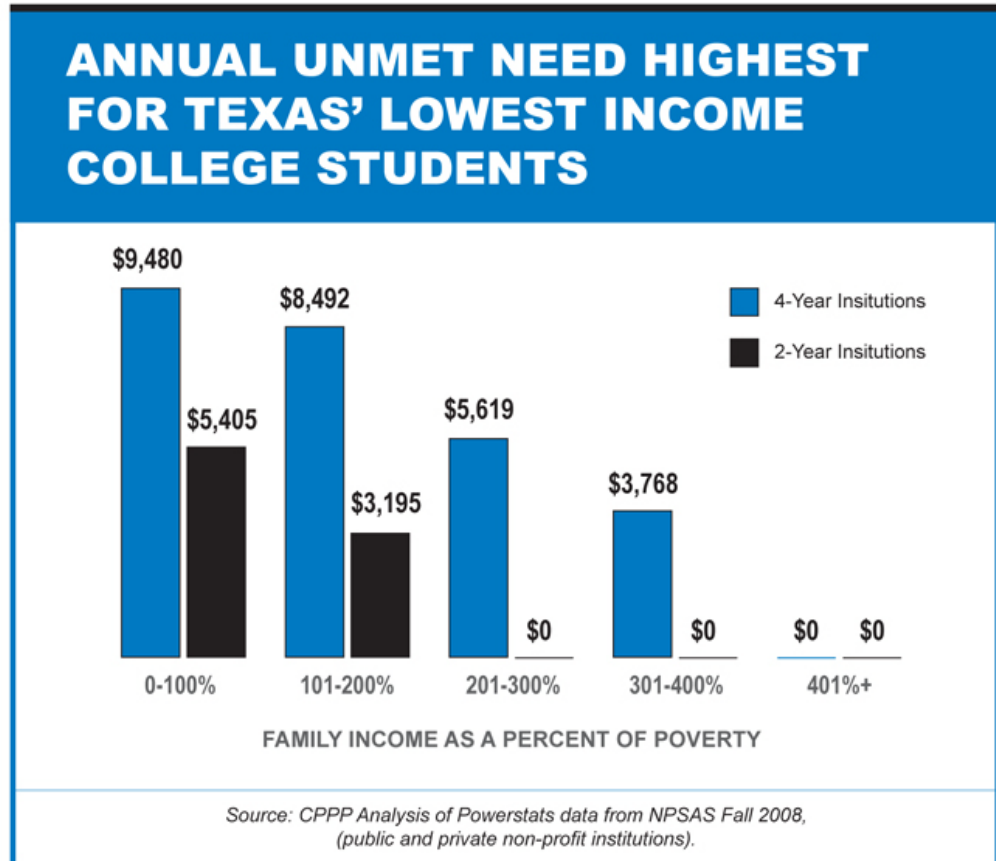


# Challenges in Financial Aid

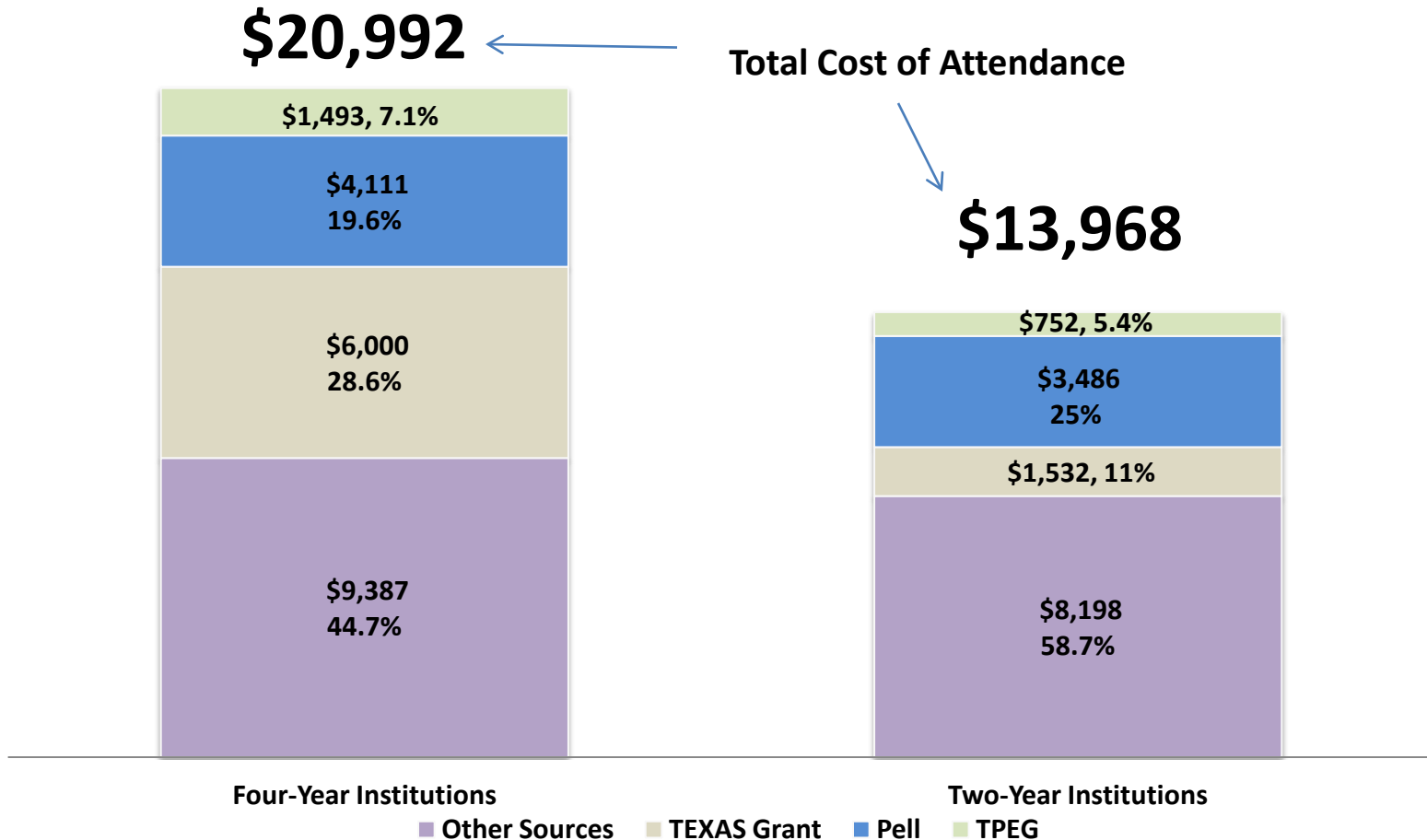
Unmet  
Need

Challenges  
for Adult  
Students

State  
Budgetary  
Delays

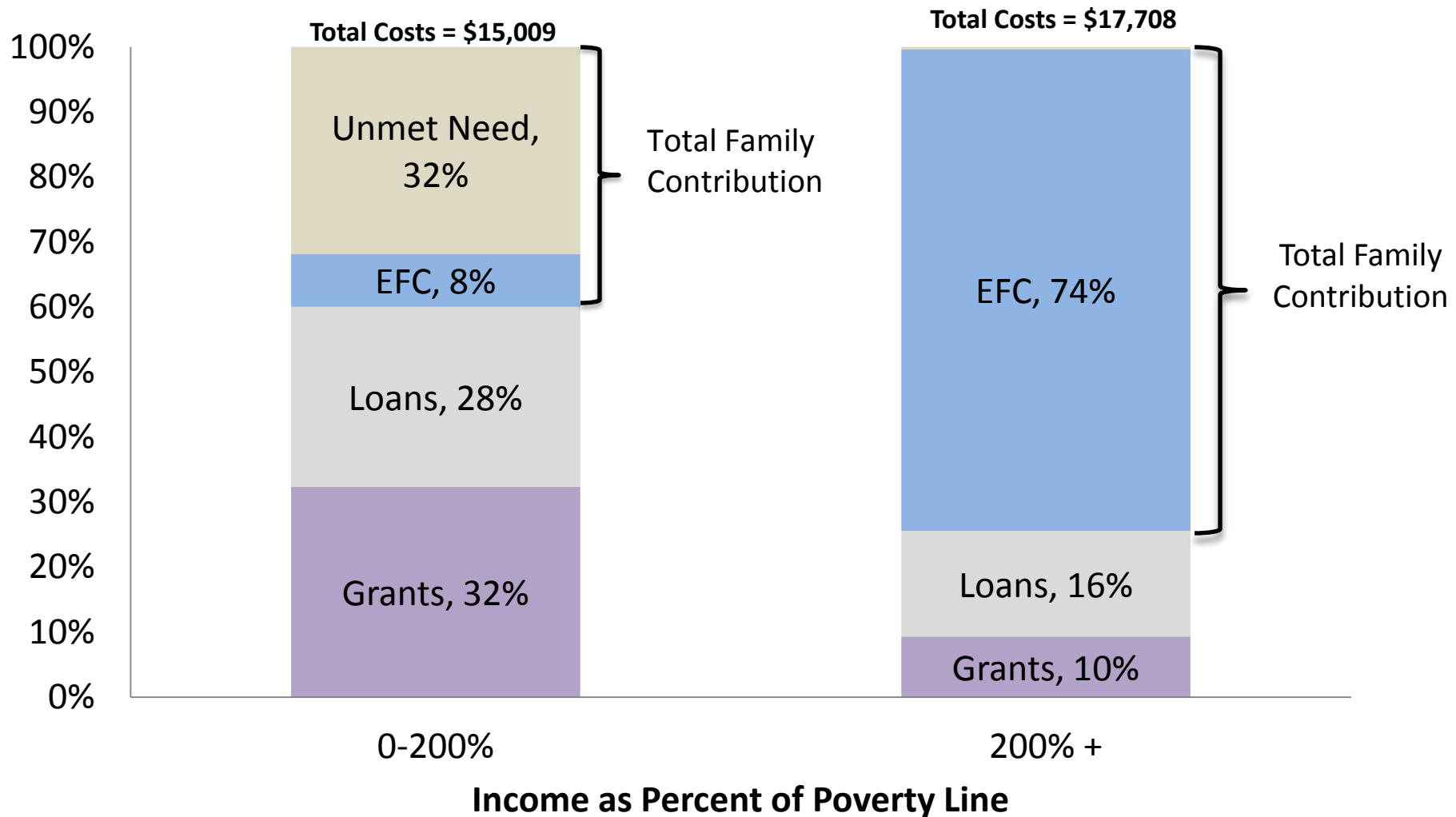


## Need-Based Grant Aid Only Covers a Fraction of College Costs at Texas' Public Colleges and Universities



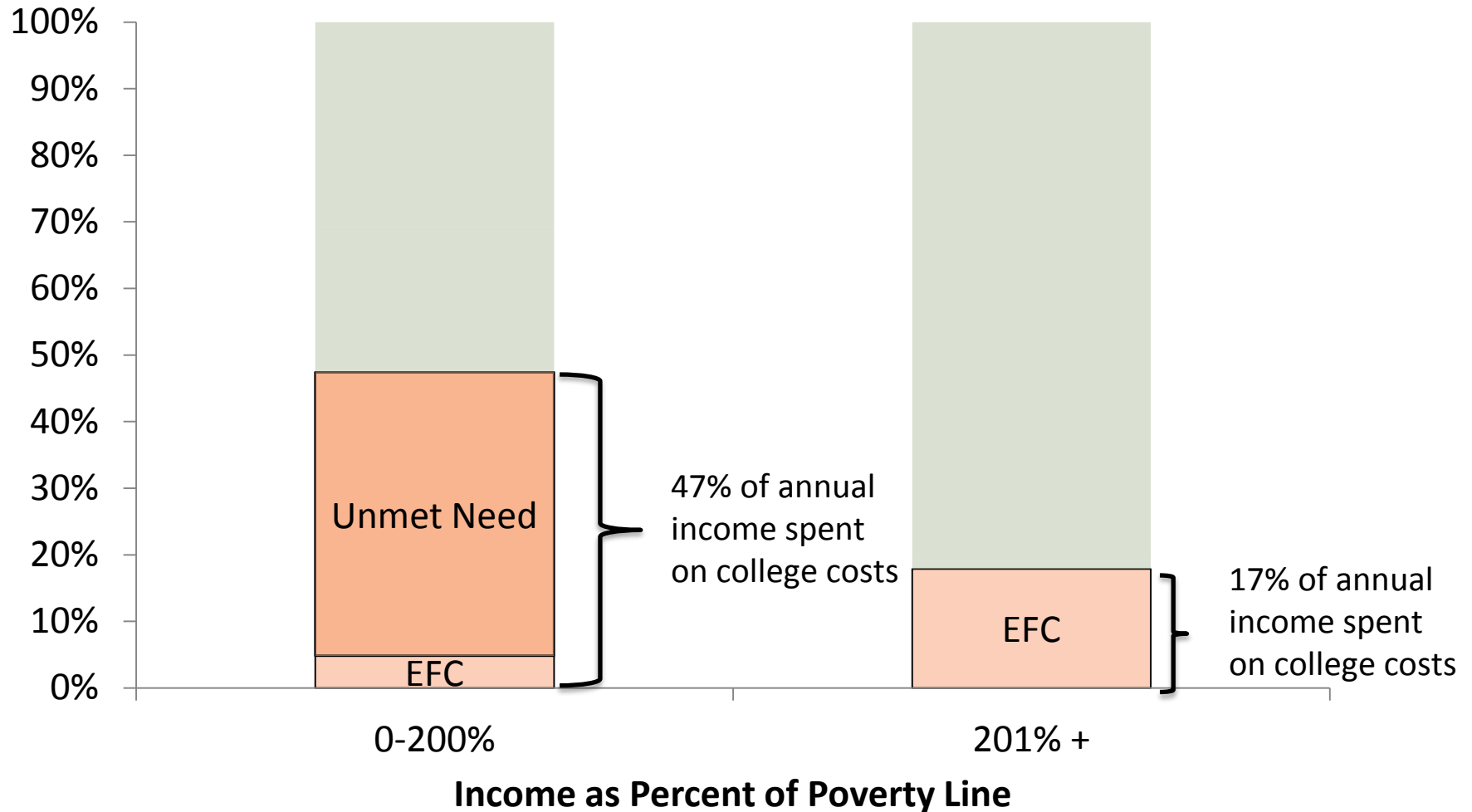
Source: CPPP Analysis, Texas Higher Education Coordinating Board, Student Financial Aid Database, FY2011

# Low-income families cover a higher percentage of college costs through financial aid, but...



Source: CPPP Analysis of National Postsecondary Student Aid Study of 2008, NCES Powerstats.

Total family contributions as a proportion of income are *nearly triple* for low-income families compared to higher-income



Source: CPPP Analysis of National Postsecondary Student Aid Study of 2008, NCES Powerstats.

# CPPP Financial Aid Recommendations

- Declare a statewide goal to reduce student dependence on loans
- Financial aid incentives for college success
- Increase financial aid investments (work-study, community colleges, adult students)
- Early commitment financial aid
- Promote and fund matched savings accounts for college
- Increase student supports
- Promote and fund early financial preparation strategies for college, including FAFSA preparation and financial education
- Make college-access organizations a prominent and integral partner in state college preparation activities
- Forward fund state financial aid programs

# 2011 Policy Accomplishments



## *New Laws Improve Texas' financial capability and college savings*

- SB 290 (Watson)—expands mandatory financial literacy into statewide K-8 curricula and assessment platforms
- HB 34 (Branch)—builds on current financial literacy requirement (12<sup>th</sup> grade economics) to include:
  - Instruction on paying for postsecondary education and training
  - Instruction on completing the FAFSA
  - Curricula to be finalized for 2013-2014 academic year

# Policy Accomplishment



(continued)

- HB 2594 (Truitt)—Payday and Auto Title Lending Reform Licensing Bill creates **Texas Financial Education Endowment** to fund initiatives such as:
  - “school and youth-based financial literacy and capability”;
  - “advertising, marketing, and public awareness campaigns to improve the credit profiles and credit scores of consumers in this state”;
- HB 399 (Castro)—requires universities to make available training on personal financial literacy (e.g. credit cards, loan repayment, retirement planning, budgeting, saving)
- HB 3708 (Hochberg)—improves Save & Match program by eliminating college savings penalties (financial aid, public benefits)

# Question & Answer



# Panel Discussion on State Financial Aid

- Moderator: Don Baylor, Senior Policy Analyst, Center for Public Policy Priorities
- Tom Melecki, PhD, Director, UT Student Financial Services
- Steve Johnson, Vice President for Public Affairs, Texas Association of Community Colleges

# Today's Webinar and Policy Report Releases

- A full recording of today's webinar and policy report releases can be found on our website

<http://cphp.org/research.php?aid=1199>

# Use of This Presentation

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