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VANDERBILT
PEABODY COLLEGE



HIGHER EDUCATION
POLICY INSTITUTE

2016 COLLEGE AFFORDABILITY DIAGNOSIS

TEXAS



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TEXAS

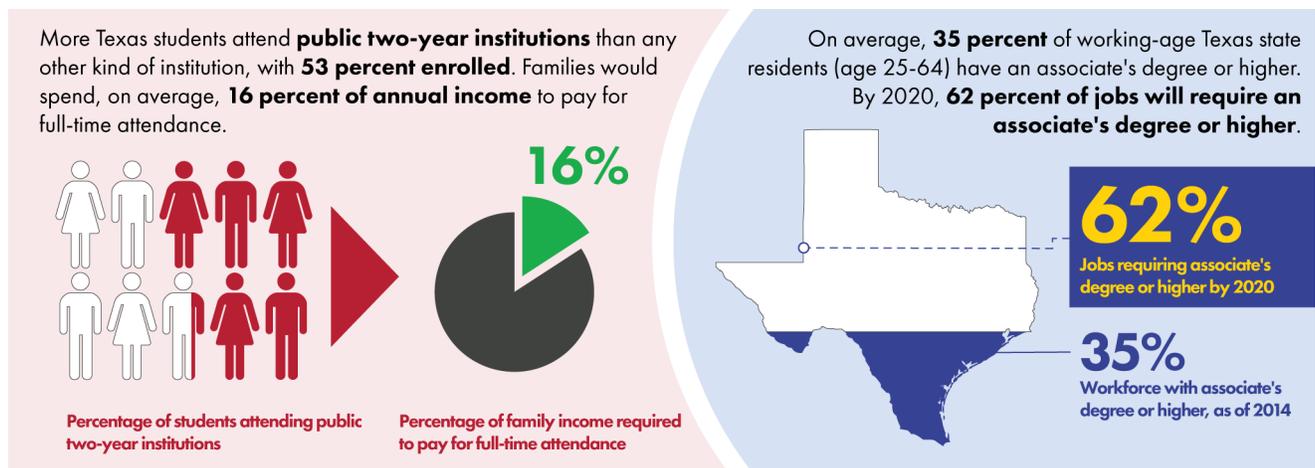
The Lone Star State’s top-ten College Affordability ranking masks serious and growing problems for Texans seeking college credentials and for the state’s overall economic health. All sectors of higher education have become less affordable for families since 2008—even though the state has significantly increased its provision of need-based per-student financial aid. And the state is not producing enough graduates with postsecondary degrees to keep up with its future needs.

Texas has a high concentration of students in its public two-year colleges. Low-income students at these institutions would have to pay a third of average family income to cover the cost of enrolling full time. This situation is made worse by differing tuition and fees across community colleges in Texas. Some students in Texas community colleges pay nearly twice as much as students in well-financed local districts.¹

Nearly half of White adults but only 18 percent of Hispanic adults have earned an associate’s degree or higher. Yet by 2020, 62 percent of all jobs in Texas will require some postsecondary education. Addressing these considerable

challenges of college access for those in poverty and racial and ethnic gaps will require Texas to improve upon its efforts to make higher education affordable for current and future generations.

- ▶ All sectors of higher education in Texas have declined in college affordability since 2008.
- ▶ Low-income students would have to pay on average 34 percent of their income to attend a Texas public two-year institution full time and approximately 51 percent of their income to attend a public four-year nondoctoral institution full time.
- ▶ White adults have more than double the college attainment rates of Hispanic adults.
- ▶ One quarter of all Texas residents earn \$30,000 per year or less, and the same percentage of Texas children live in poverty.



¹Source: <https://www2.gse.upenn.edu/irhe/srp/texas>

WHAT PERCENT OF FAMILY INCOME would be needed to attend college full time?

	Percent of Income 2008	Percent of Income 2013	Ranking*
Public Two-Year (53 percent of enrollment)**	14	16	11
Public Four-Year Nondoctoral (17 percent of enrollment)	22	25	19
Public Research (22 percent of enrollment)	22	24	9
Private Four-Year Nondoctoral (5 percent of enrollment)	37	43	23
Private Research (3 percent of enrollment)	43	56	23

* This measure ranked states 1-50. The lower the ranking on this measure, the better a state performed on overall college affordability.

** Enrollment may not add up to 100% due to rounding.

NOTE: The "net price" reported in the following tables for each sector of higher education includes tuition, mandatory fees, room/board and books *minus* all financial aid (federal, state and institutional).

For information on how these measures were calculated or which institutions were included, please see the technical report, available at www2.gse.upenn.edu/irhe/affordability-diagnosis.

STATE INCOME PROFILE

Income

\$0—30,000

Average Income in Group

\$17,195

Families in Group

25%

Income

\$30,000 —48,000

Average Income in Group

\$39,032

Families in Group

17%

Income

\$48,000—75,000

Average Income in Group

\$60,969

Families in Group

20%

Income

\$75,000—110,000

Average Income in Group

\$91,574

Families in Group

17%

Income

\$110,000 and above

Average Income in Group

\$191,924

Families in Group

21%

PERCENT OF FAMILY INCOME needed to attend full time:

PUBLIC TWO-YEAR INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	5,630	33
\$30,000—48,000	6,222	16
\$48,000—75,000	8,330	14
\$75,000—110,000	10,009	11
\$110,000 and above	10,978	6

Students would have to work 21 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public two-year institution full time.

PUBLIC FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	8,813	51
\$30,000—48,000	9,583	25
\$48,000—75,000	12,849	21
\$75,000—110,000	16,086	18
\$110,000 and above	16,690	9

Students would have to work 32 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public four-year nondoctoral institution full time.

PUBLIC RESEARCH INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	7,717	45
\$30,000—48,000	9,382	24
\$48,000—75,000	13,995	23
\$75,000—110,000	18,127	20
\$110,000 and above	19,592	10

Students would have to work 36 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public research institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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Income

\$110,000 and above

Average Income in Group

\$191,924

Families in Group

21%

PERCENT OF FAMILY INCOME needed to attend full time:

PRIVATE FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0–30,000	17,042	99
\$30,000–48,000	18,135	46
\$48,000–75,000	19,971	33
\$75,000–110,000	22,230	24
\$110,000 and above	24,461	13

Students would have to work 52 hours a week, on average, at federal minimum wage to pay for college expenses to attend a private four-year nondoctoral institution full time.

PRIVATE RESEARCH INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0–30,000	20,854	122
\$30,000–48,000	23,376	60
\$48,000–75,000	26,752	44
\$75,000–110,000	31,596	35
\$110,000 and above	38,675	20

Students would have to work 69 hours a week, on average, at federal minimum wage to pay for college expenses to attend a private research institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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WHAT INVESTMENT DOES THE STATE MAKE to financial aid programs to make college more affordable?

TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PUBLIC TWO- AND FOUR-YEAR INSTITUTIONS

	2004	2007	2013	National Average, 2013
Need-Based Aid	0	395	696	474
Other Aid	0	2	0	210

TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PRIVATE INSTITUTIONS

	2004	2007	2013	National Average, 2013
Need-Based Aid	0	81	0	644
Other Aid	0	1128	883	221

Data Source: National Association of State Student Grant and Aid Programs and the U.S. Department of Education.

HOW MUCH IS ANNUAL UNDERGRADUATE BORROWING for students who earn and do not earn degrees?

- ▶ Students who enroll in public research institutions typically borrow \$3,902 annually.
- ▶ Students who enroll at private research institutions typically borrow \$2,417 annually.
- ▶ Students who enroll at public four-year nondoctoral institutions typically borrow \$4,448 annually.
- ▶ Students who enroll at private four-year nondoctoral institutions typically borrow \$5,573 annually.
- ▶ In contrast, students who enroll at public two-year institutions borrow \$1,469 annually.

Data Source: U.S. Department of Education.

For information on how these measures were calculated or which institutions were included, please see the technical report, available at www2.gse.upenn.edu/irhe/affordability-diagnosis.

WHAT CONSIDERATIONS SHOULD STATES take into account in establishing policies on college affordability?

Workforce Needs

- ▶ By 2020, 62 percent of jobs in Texas will require a postsecondary credential.
- ▶ Texas is 41st in terms of states with the highest percentage of jobs that will require a postsecondary credential in the future.

Educational Attainment

- ▶ As of 2014, 35 percent of young adults in Texas (ages 25-34) had an associate's degree or higher compared to 42 percent nationally.
- ▶ As of 2014, 36 percent of working age adults in Texas (ages 35-64) had an associate's degree or higher, compared to 40 percent nationally.

Educational Attainment by Race/Ethnicity

- ▶ As of 2014, on average, 35 percent of working age Texas state residents (age 25-64) have an associate's degree or higher. However, attainment varies by race: 46 percent of Whites have an associate's degree or higher but the other three most populous racial groups (Hispanics, Blacks and Asians) have attainment of 18 percent, 31 percent and 64 percent respectively.

Educational Pipeline in Texas

- ▶ In 2020, Texas's public high school graduates are projected to be 54 percent Hispanic, 10 percent Black, and 5 percent Asian.
- ▶ The total number of high school graduates at public institutions in Texas is projected to grow by only 4 percent between 2020 and 2028.
- ▶ However, the percent of graduates that are Hispanic in Texas is projected to grow by 3 percent and the percent of graduates that are White is projected to decline by 3 percent while the percent of graduates that are Black is projected to remain constant over the same time period. The projected number of Asian graduates will increase by 1 percent between 2020 and 2028.
- ▶ The decline in White graduates is similar to projections for the nation (4 percent decline in White graduates between 2020 and 2028), as is the growth in Hispanics in Texas (Hispanics are projected to increase by 2 percent of national high school graduates by 2028). The flat growth in Black graduates is slightly below national trends (Blacks are projected to increase by 1 percent by 2028) while the growth in Asian graduates mirrors national trends (nationally, Asian graduates are projected to increase by 1 percent).

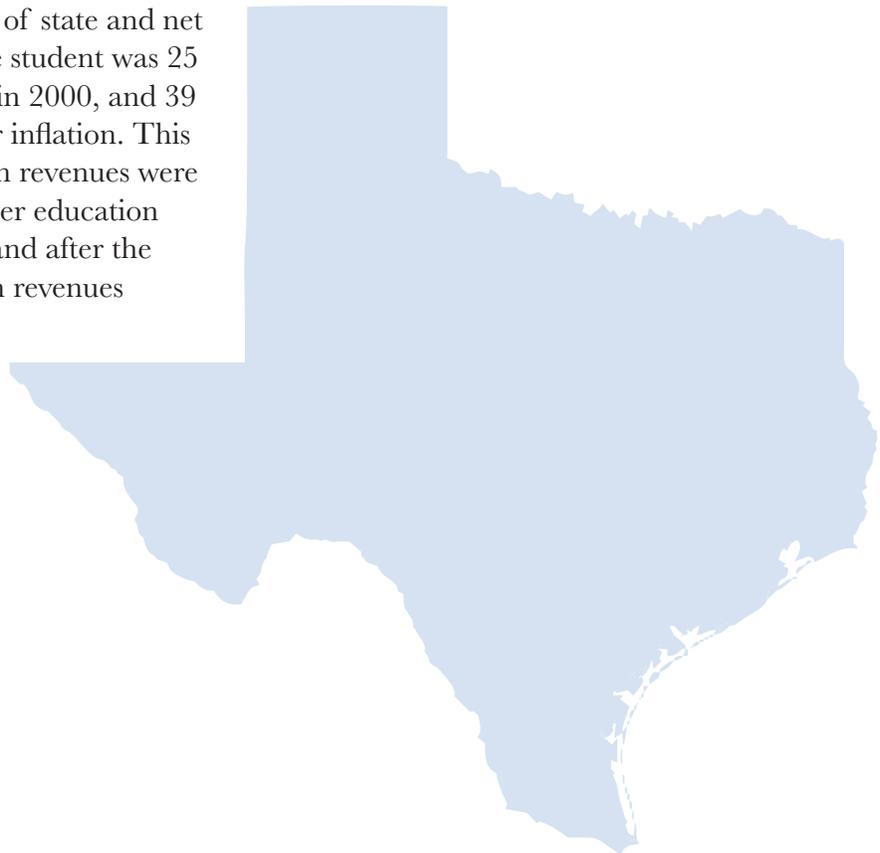
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Children in Poverty

- ▶ The percent of children living in poverty in Texas remained constant between 2005 and 2013 at 25 percent.
- ▶ In 2013 Texas was ranked 36th in terms of percent of children living in poverty. Rank order is from lowest to highest percentages of poverty.

Student Share of Total State and Tuition Revenues for Public Higher Education

- ▶ In Texas, total student share of state and net tuition revenues per full time student was 25 percent in 1989, 33 percent in 2000, and 39 percent in 2014, adjusted for inflation. This pattern shows that net tuition revenues were increasing as a share of higher education funding from 1989 to 2000 and after the 2007-08 recession net tuition revenues continued to increase.



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POLICY QUESTIONS FOR STATE LEADERS

- ▶ In what types of higher education institutions (sectors) has the state lost ground in college affordability?
- ▶ What are the economic circumstances of families in the state (by income quintiles, by different regions of the state, etc.)? What are the implications for college affordability?
- ▶ What is the projected demand for an educated workforce in the state? How far is your state from addressing this demand? To what extent is college affordability one of the barriers in educating more state residents?
- ▶ What are the gaps in college attainment between Whites and minority groups in your state? How can state policies on college affordability help to narrow these gaps?
- ▶ How is tuition policy related, if at all, to the income of the students and families that the state must educate?
- ▶ If tuition policy is delegated to public institutions, how does the state provide oversight to ensure that tuition and other educational costs are affordable for students and families?
- ▶ In what ways can state policies related to tuition be more tightly coupled with state policies on institutional appropriations and financial aid to address college affordability?
- ▶ To what extent do tuition policies encourage access to higher education and completion of certificates and degrees? How do financial aid policies address the needs of both young and working-age students?
- ▶ In what ways has the state provided incentives for institutions to improve efficiency and productivity in order to reduce the overall costs to students?
- ▶ Research shows that students who work more than 20 hours a week are less likely to make progress toward or complete their certificate or degree programs. How is the state alleviating the need for students to work more than 20 hours a week so that they can focus more on earning their certificates and degrees?
- ▶ How much are students borrowing relative to the percent of family income needed to pay for postsecondary education?
- ▶ Are all state policies that influence college affordability inadvertently stratifying higher education by income or race?

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