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A Review of State Investment in Higher Education
Affordability and Access During the 86th Legislature

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Postsecondary education is critical for driving prosperity for Texas families. Increasingly, well-paid jobs available in Texas require more than a high school diploma. For more Texans to become qualified members of the workforce and sustainable earners for their families, more students of all backgrounds need access to a postsecondary education. The state government has an important role to play to ensure college affordability, and it is critical that lawmakers prioritize higher education to ensure Texans from all backgrounds are able to access and afford these opportunities.

Existing research has identified the critical areas in which states have major levers of influence on college affordability such as increasing direct institution appropriations, enacting tuition-setting policies, and investing in student aid programs (Perna, Leigh, & Carroll, 2017). This editorial focuses on the Texas Legislature's engagement in college affordability activities as well as its investment in increasing access for nontraditional students throughout the 86th Legislative Session, which spanned January to May, 2019.

Since 2001, the state has been slowly divesting from Texas colleges and universities. In 2003, the Texas Legislature passed House Bill 3015, which deregulated tuition, allowing public colleges to charge unlimited tuition rates. This divestment, coupled with deregulation, has led, in part, to steady tuition increases at public colleges and universities to make up for the deficit created by decreases in state funding (Williams, 2019a).

As an increasing number of students in Texas are from nonwhite and low-income backgrounds, demographic shifts will require more state investment through appropriations, student aid, and other policies to ensure all students have the resources they need to access and complete their postsecondary education (Grawe, 2017). Therefore, the state's historical disinvestment in higher education must reverse course. With less state investment and unchecked tuition increases, students are forced to take on more debt and work longer hours, which can interfere with classroom performance during college and hinder economic mobility after graduation. Beyond the significant cost of tuition, many students struggle with rising costs of food, transportation, and housing, with some unable to afford postsecondary education altogether (Goldrick-Rab, 2016).

The Texas 86th Legislature made some positive increases in higher education investment, but more work remains ahead. Going forward, the Legislature must continue to prioritize higher education investment if legislators hope to expand access and affordability in postsecondary education—especially for students from historically underrepresented backgrounds. Following is an evaluation of the progress during the 86th Legislature as well as a discussion of remaining priorities for higher education access and affordability in Texas. As Texas higher education demographics shift and more resources are required to ensure students success, it is important to evaluate how the state Legislature has invested in higher education because the higher education legislative decisions of today will determine the economic prosperity for the future of Texas.

State Investment in the TEXAS Grant

Insufficient state funding has led to an increased cost burden on Texas students and families who have been forced to pay higher tuition and fees for students to attend college. One state program that is critical to helping Texans afford college is the Toward Excellence and Success (TEXAS) Grant. The TEXAS Grant was created in 1999 when the Texas Legislature passed House Bill 713 as a support to Texans who meet certain eligibility requirements including an expected family contribution (EFC), or the estimated amount of money a family can contribute to a child's education, of no more than $5,233 per year (*2016-2017 Program Guide TEXAS Grant*, 2016).

The 86th legislative session began with legislators holding TEXAS Grant funding flat at the 2018-2019 biennium level; a total of $393 million per year for the program in 2020-2021, even with a projected addition of nearly 7,700 students over the biennium. That means proposed TEXAS Grant funding would have decreased by almost $540 per student between 2019 and 2021. At that rate, just 54 percent of Texans eligible for the TEXAS Grant would have received the critical funds while leaving near-half of eligible Texas students with serious financial need without the support for which they qualify.

Through the budget markup process, an additional $30 million was added to the TEXAS Grant, with a reported 70 percent of eligible students now covered as a result of the increased funding which is a significant improvement from the starting-point. However, nearly one-third of eligible Texans, all who have high need for college financial support, are left with no support from this critical need based funding mechanism.

State Investment in Historically Black Colleges and Universities

While there has been insufficient state investment in higher education generally, there is a significant disparity in state investment in certain types of public institutions. This disparity in institutional investment is especially stark when comparing state funding of Historically Black Colleges and Universities (HBCU) to that of flagship state universities. There are nine institutions designated by the Department of Education as HBCUs in Texas. Two of Texas' HBCUs are publicly funded four year institutions: Texas Southern University, founded in 1947 with the original name of Texas State University for Negroes, and Prairie View A&M University.

HBCUs in Texas serve students from diverse backgrounds. Prairie View A&M University awards Bachelor's, Master's, and Doctoral degrees and has a student population that is approximately 86 percent African American and nine percent Hispanic. Additionally, 66 percent of Prairie View A&M students received Pell Grants in 2018 (*Higher Ed Almanac*, 2019). Texas Southern University serves a population of students that is 82 percent African American and eight percent Hispanic with 63 percent of total students receiving Pell Grants. Pell Grants are awarded to students who demonstrate financial need, as defined as the difference between a school's cost of attendance and a student's expected family contribution, calculated based on household income and tax information ("How Aid Is Calculated | Federal Student Aid," 2019).

In 2018, Texas public four-year HBCUs had student bodies where between 63 and 66 percent of students demonstrated significant financial need. In the same year, at two public flagship universities, The University of Texas at Austin and Texas A&M University, 22-23 percent of students demonstrated financial need. When comparing the student body compositions of Texas Public

HBCUs to two Texas Flagship Universities, it is clear that HBCUs function as sites of outstanding dedication to Texas students in most need of financial support (Table 1).

Table 1

Student Financial Profile Comparison: Texas Public HBCU vs. Two Texas Flagship Universities

Institution	HBCU Status	% of Students Receiving Pell Grants	Average Student Debt of Graduates	Average Time to Bachelor's Degree (Years)
Prairie View A&M University	HBCU	66%	$ 42,103	5.1
Texas Southern University	HBCU	63%	$ 42,699	5.7
University of Texas at Austin	Not HBCU	23%	$ 38,344	4.1
Texas A&M University	Not HBCU	22%	$ 33,710	4.1

Source: Texas Higher Education Coordinating Board, Higher Education Almanac, 2019

Additionally, public HBCUs in Texas invest a greater proportion of their total funds on student services and scholarships than do both The University of Texas at Austin and Texas A&M University. In 2018, Prairie View A&M University spent 21 percent of its total funds on student services and scholarships. Similarly, in 2018, Texas Southern University spent 16 percent of its total funds on student services and scholarships. State flagship universities, The University of Texas at Austin and Texas A&M University, spent eight and 12 percent respectively of their total funds on student services and scholarships. Therefore, the Texas Legislature could ensure a proportionately greater amount of its investment went to institutions that prioritize historically underrepresented populations with higher levels of demonstrated financial need if it increased investment in the state's public HBCUs (Table 2).

Table 2

Comparison of School Expenditure on Student Services and Scholarships: Texas Public HBCU vs. Two Texas Flagship Universities

Institution	HBCU Status	Total Funds Per FTSE	% of Total Funds Spent on Student Services and Scholarships
Prairie View A&M University	HBCU	$ 20,720	21%
Texas Southern University	HBCU	$ 18,540	16%
University of Texas at Austin	Not HBCU	$ 43,809	8%
Texas A&M University	Not HBCU	$ 26,518	12%

Source: Texas Higher Education Coordinating Board, Higher Education Almanac, 2019

When comparing state investments into students at HBCUs to state investment at two Texas flagship universities, the comparative level of per-student support from the state is stark. The 2018 state revenue provided to institutions per Full Time Student Equivalent (FTSE), the designator for a standard full-time student, at state flagships is higher despite HBCUs serving student bodies composed of a greater percentage of historically underrepresented students and a greater percentage of students demonstrating significant financial need. The 2018 average state revenue per FTSE for two flagship universities, Texas A&M University and The University of Texas at Austin, was $12,958. The 2018 average state revenue per FTSE at the public HBCUs in Texas was $10,506. That represents an average difference of state investment per student of nearly $2,500. This 2018 difference in average state HBCU investment versus flagship investment exists despite the fact that tuition and fees at the two public HBCUs in 2018 was between about $2,000 and $5,000 lower than tuition and fees at the selected flagships (Table 3).

Table 3

Comparison of State Funding and Tuition Per FTSE: Texas Public HBCU vs. Two Texas Flagship Universities

Institution	HBCU Status	State Funded FTSE	Tuition/Fees Per FTSE	State Revenue Per FTSE
Prairie View A&M University	HBCU	8274	$ 5,060	$ 11,454
Texas Southern University	HBCU	9158	$ 7,958	$ 9,557
University of Texas at Austin	Not HBCU	47243	$ 9,978	$ 15,745
Texas A&M University	Not HBCU	55775	$ 9,941	$ 10,170

Source: Texas Higher Education Coordinating Board, Higher Education Almanac, 2019

Public Texas HBCUs serve incredibly diverse populations and students with high financial need while keeping their tuition and fees significantly lower than that of flagships who serve a smaller proportion of students from low-income and historically underrepresented backgrounds. Increased state investment in HBCUs would directly translate to increased investment in low-income and historically underrepresented students. Yet the state fails to prioritize HBCUs in its funding. Going forward, the Texas Legislature should show its dedication to equity in higher education by increasing its funding to HBCUs to a level that at least matches its investments in public flagships or even exceeds those levels considering the populations served at HBCUs.

Policy Changes and State Investment Impacting Adult Learners

In addition to the financial investments in higher education legislators made during the 86th Legislature, legislators also made policy changes to reflect the shifting demographics of Texas students. Earning a high school degree or credential is a critical step toward Texans accessing postsecondary opportunities. However, about 3.4 million Texans over 18 don't yet have a high school credential, making Texas the lowest-performing state in the nation for high school credential attainment. Additionally, there are inequities in high school diploma attainment by race, with high school educational attainment rates for both Black and Hispanic Texans averaging lower than white Texans (You & Potter, 2014).

Recognizing the need for Texas to make headway in this area, legislators took action to remove barriers that historically underserved and low-income Texans face when trying to earn a high school equivalency credential (Williams, 2019).

House Bill 1891, by Representative Lynn Stucky, and Senate Bill 2130, by Senator Beverly Powell, were filed to allow Texas Higher Education Coordinating Board (THECB)-approved High School Equivalency (HSE) exam scores to count as exemptions to the Texas Success Initiative Assessment (TSIA) and fulfill college readiness standards. As put forth by these bills, Texans who score well on the any of the THECB approved exams would be able to opt out of taking the TSIA. This increases access to high school attainment credentials for 3.5 million Texans (Williams, 2018).

Many working Texans face barriers to taking and succeeding on these exams, including the exam costs, cost of preparation materials and courses, costs of time forgone working, and costs of securing childcare during preparation, among others. These bills would prevent Texans from facing these costs twice to prepare for two separate exams that measure the same skills and thus remove a significant barrier for adult learners reentering higher education. House Bill 1891 by Representative Stucky, sponsored by Senator Powell, was signed into law on June 14, 2019 by the Governor and took effect September 1, 2019.

Additionally, Representative Diego Bernal filed House Bill 441, in which the Texas Workforce Commission provides subsidies to HSE exam takers. The bill represented a $1.5 million investment in adult learners over the next two years. Considering Texas' dismal performance in adult learner investment, helping Texans cover the cost of HSE exams is a positive step toward reaching the 60x30TX goals of 60 percent of Texans ages 25-24 holding a postsecondary credential by 2030. While House Bill 441 did not pass, House Bill 3, an omnibus school finance law includes a subsidy for Texans taking an HSE exam. This subsidy allows Texans aged 21 years and older to receive a one-time subsidy for taking a state-approved high school equivalency exam, funded by the Texas Workforce Commission. Texas adult learners will still have to surmount the significant costs associated with preparation but this subsidy will certainly help lessen the load.

While there is still more work to be done to ensure Texan adult learners receive the resources they need to reach their full potential, legislators worked together this session to show their dedication both to improving higher education outcomes in Texas and investing in adult learners who have historically been left out of the state's investment priorities. What is required going forward is a dedication to effective implementation and coordination of all of the legislative policy changes for and continued investment in adult learners and other groups of nontraditional students.

Proposed College Promise Programs

Efforts to subsidize the costs of tuition and fees for students that meet certain income and academic requirements, frequently referred to as "College Promise" programs, have been implemented on a statewide basis in New York, Arkansas, Tennessee, Kentucky, Oklahoma, Louisiana, and Mississippi (Williams, 2019b). Nationally, the popularity of College Promise programs has grown, as college costs and student debt continue to skyrocket.

In Texas, there are a number of cities and counties that have implemented or begun the process of implementing local College Promise programs including Houston, Dallas, and San Antonio. While residents of localities will reap the benefits of local College Promise programs, some are concerned that access to affordable college will become dependent upon what city a Texan resides in or is able to relocate to.

In response, lawmakers filed statewide College Promise bills during the 86th legislative session in both the Texas House and Senate. These included House Bill 630 by Hernandez, House Bill 998 by Cortez, House Bill 1040 by Meza, House Bill 2727 by Reynolds, House Bill 2887 by Martinez Fischer, and Senate Bill 33 by Zaffirini.

While the proposals varied, in general, these bills would have allowed the costs of tuition and fees to be covered at two year institutions for students meeting certain income and academic requirements and had fiscal notes ranging from $80-86 million. Additionally, Senator Zaffirini put forth a bill to establish a Texas Promise Grant program at public four-year universities in Texas. Though the Senate bills did not receive hearings in the Senate Higher Education Committee, many of the College Promise bills did receive hearings in the House Higher Education committee including House Bill 630, House Bill 998, and House Bill 1040, suggesting serious legislative consideration.

Lawmakers left all of the House College Promise bills pending in committee, not becoming law, but the consideration of these programs indicates the Texas Legislature is paying attention to the serious college affordability and the student debt crisis that Texans face. Lawmakers will likely revisit College Promise models in the next legislative session as college affordability and student debt remain prominent issues. And while the College Promise bills did not go into effect, we can learn lessons from what each proposed to ensure future drafts are more effective.

The proposed Texas College Promise models generally included the following eligibility criteria for the programs. Students must:

- be Texas residents;
- have graduated high school in the last year;
- enroll in an associate degree or a certificate program;
- be enrolled at least half-time;
- and have applied for available financial assistance.

Additionally, the proposed Texas Promise Grant programs were limited to the costs of tuition and fees. The proposed plans excluded other expenses such as books, housing, food, and childcare, which represent significant affordability barriers. Lack of comprehensive coverage can hinder student completion and success, since tuition makes up only about a third of college and university attendance costs (Goldrick-Rab, 2016). The College Promise proposals largely left students without any additional support to cover the other two-thirds of the cost to attend college.

All College Promise programs proposed during the 86th Legislature were "last-dollar," meaning they would provide support to students only if there was remaining tuition and fees after applying all other aid a student receives. With the income restrictions included in these proposals, many eligible students would receive enough federal aid to cover the costs of tuition and fees. Because "last-dollar" programs are only designed to cover the remaining tuition and fees after federal aid is applied, students receiving significant federal aid are unable to use assistance from state College Promise programs to cover the extensive costs of college beyond tuition and fees. Therefore, the proposed last-dollar models prevented students with the greatest financial need from receiving support from the free college programs, leaving students at the higher end of the income eligibility spectrum as the only group served. Removing the last-dollar provisions would provide for a more equitable distribution of funds, but would likely add to the costs. Below are options that, if implemented by the Legislature, could advance this goal.

One potential legislative solution to ensure free college programs serve students with the most demonstrated financial need is including a minimum award to eligible students, sometimes referred to as a "middle-dollar" approach. When programs are designed as middle dollar, or carve out a minimum award, they ensure that students with demonstrated financial need can combine their federal support with at least the minimum award from the state College Promise program to cover tuition, fees, housing, books, food, transportation and all of the other significant costs associated with attending college. Oregon Promise is an example of a statewide program implemented on a middle-dollar basis (Perna et al., 2017).

A Texas College Promise program with a minimum award from the 86th Legislative Session is Senate Bill 33 which included a $1,000 minimum award for eligible students. In the case of the $1,000 minimum, even if aid from other sources exceeds the costs of tuition and fees at an institution, a student would still receive the $1,000 that could be applied toward other costs of college. While the average student's college cost in excess of tuition and fees goes well beyond $1,000, requiring a minimum amount is one approach that could target state College Promise programs to eligible students with the greatest demonstrated financial need.

Additionally, existing research suggests that family income alone is not a sufficient lens through which to examine how students are impacted by financial burdens. There are significant historical racial wealth gaps that exist as a result of years of systematic financial and social oppression of Black and Brown Americans through home mortgage exclusion and predatory lending of multiple forms (Oliver & Shapiro, 2006). Black and Brown students often have financial responsibilities beyond college such as supporting their families with rent and other bills (Addo, Houle, & Simon, 2016). For College Promise programs to be most effective in increasing college access and success, they must also address racial equity and go beyond income considerations alone.

Dr. Tiffany Jones and Katie Berger at Education Trust, a national nonprofit focused on education research and policy, proposed a framework to make free college programs more equitable and address historical inequities in similar program proposals. They propose that programs cover costs beyond tuition, including fees and living expenses, include nontraditional students such as adult and part-time students, include four-year colleges and universities, and design programs with publicly available data tracking (Jones & Berger, 2018). While it is true that implementing all of the equity-advancing program elements would require significant resource investment, policymakers must be willing to invest in and prioritize college affordability while seeking opportunities to implement these elements whenever possible.

Policy Changes Impacting Student Debt and Professional Licensure

The burden of student debt goes well beyond college graduation. In fact, for many Texans, that's where it begins. In 2017, fifty-five percent of students attending four-year institutions in Texas graduated with debt, with an average debt total of $26,824 ("College Insight," 2018). One-fifth of Texans who graduated in 2016 were not working or enrolled in further education one year after they graduated ("60x30TX Goals Tracking," 2018). And even for those who are employed, making ends meet while paying student debt isn't easy. Half of the students who graduated from Texas public institutions in 2015 had student loan debt at or above 60 percent of their first year wages ("60x30TX Goals Tracking," 2018).

Despite the fact that paying student loans upon graduation is a challenging reality for many Texans, prior to the 86th Legislative session, Texans who defaulted on their student loans were at risk of having their professional licenses revoked. Teachers, counselors, nurses, and social workers are among many other groups of Texans that require professional licenses to work. But some of these workers who fell behind on student loans found themselves without the very credential they needed to earn money to repay their student loans as a result of a Texas law that allowed the revocation or denial of renewal of professional licenses for student loan default. Reports indicate that between 2010 and 2015 530 nurses and 250 teachers had their renewals denied for student debt default (Najmabadi, 2018).

During the 86th Legislative session, legislators worked to repeal the law allowing for this practice of professional licensure revocation due to student debt default with the filing of House Bill 218 by Rep. Matt Krause, House Bill 258 by Rep. César Blanco, House Bill 466 by Rep. Ana Hernández, and Senate Bill 37 by Sen. Judith Zaffirini. Ultimately, Senate Bill 37 was signed into law by the Governor and took effect June 2019. A Brookings Institution report found that almost 40 percent of students who entered college in the fall of 2003 may default on their student loans by 2023, making it clear that this law will impact a significant number of Texans (Perry, 2019).

Conclusion

Higher education in Texas is in the midst of several substantial shifts. As student populations become increasingly made up of students from low-income and nonwhite backgrounds, significantly more resources will be required to ensure students can afford and succeed in college and achieve economic prosperity after graduation. The future of Texas higher education, and of the state's economic prosperity as a whole, depend on investment in and expansion of student financial aid, campus programs that facilitate students supports, inclusion of nontraditional students, as well as serious consideration of equitable free college programs. The Texas Higher Education Coordinating Board has set forth its strategic 60x30TX plan that aims for 60 percent of Texans ages 25-34 to possess a postsecondary credential by the year 2030. During the Texas 86th Legislature, lawmakers took significant strides toward a better funded and more equitable higher education system in Texas, but in order to drive sustainable progress toward state goals and reap lasting benefits, legislators will have to double down on their focus on and investment in higher education.

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