

# Price of College Attendance and Financial Aid in Texas Compared to the 10 Most Populous States

## Executive Summary

The national report, *A Test of Leadership: Charting the Future of U.S. Higher Education*<sup>1</sup>, noted that college costs have outpaced inflation for the last two decades and that college affordability has become an increasing concern for students, families and policy makers. However, also during this time period, state appropriations per student have decreased. According to a recent NASULGC report, *University Tuition Consumer Choice and College Affordability*, state appropriations per FTE student only recently (in 2007) returned to their 1986 levels. Further, the current economic crisis “threatens to put public universities back on the historical cyclical path that will take real per FTE funding below the 1986 levels again.”<sup>2</sup>

Traditionally, tuition and fees and the total price of attendance at Texas public four-year institutions have been lower than the national averages and the averages for the 10 most populous states. However, in response to the decline in funding per student and budgetary constraints, the Texas Legislature in 2003 deregulated tuition and granted higher education governing boards the authority to charge students “an amount designated as tuition that the governing board considers necessary for the effective operation of the institution.” In an effort to ensure affordability for all Texans, the legislature also required higher education institutions to set aside a portion of designated tuition for financial aid.

The purpose of this report is to provide policy makers with information prior to and through the third full year of tuition deregulation (2006-07) regarding the price of attending college for first-time, full-time undergraduates in Texas as compared to other populous states and in relation to median family income.<sup>3</sup>

### Key Findings for First-time, Full-time Undergraduates at Four-Year Public Institutions

- Over the past five years, the total average price of attendance (\$16,053 in 2006-07) in Texas remained relatively low when compared to averages for the nation and the 10 most populous states, ranking 8 out of 11.
- Tuition and fees in Texas remained in the mid-range of the 10 most populous states, increasing from 7 to 6 out of 11 in 2006-07, but remaining below the 10 state and national averages.
- Since 2002-03, the total price of attendance as a percentage of median family income has increased nationally. In 2006-07, the total price of attendance in Texas represented 30.7% of median family income, slightly higher than the national rate of 28.8%.
- Due to funding limits in the TEXAS Grant program, Texas dropped from 7 to 9 out of 11 on the percentage of students receiving state grants when compared to the ten most populous states. Over five years, the percentage of students receiving state grants decreased from 39% to 31%, but the average award increased to \$3,364, higher than the average of the 10 most populous states (\$2,902) and the nation (\$2,916).
- As a result of tuition set-aside programs, Texas ranked 5<sup>th</sup> highest on the percentage of students receiving institutional grants (33%) among the 10 most populous states. The average institutional grant in Texas increased from \$1,601 to \$3,016, or 88.4%, from 2002-03 to 2006-07.
- With increasing costs and flat state grant funding, the percentage of students receiving loans in Texas increased from 36% to 45%, ranking Texas 7 out of 11 when compared to the 10 most populous states.
- Net price in 2006-07, which is the average price of attendance minus the average grant aid, continues to be lower in Texas (\$12,942) than the average of the 10 most populous states (\$14,388) and nationally (\$13,530). The net price at U.T. System institutions (\$12,934) was comparable to the state average.

## Price of College Attendance and Financial Aid in Texas Compared to the 10 Most Populous States

### I. Introduction

Traditionally, tuition and fees and the total price of attendance at Texas public four-year institutions have been lower than the national averages and the averages for the 10 most populous states, primarily because of the state's control over tuition rates and its subsidy to higher education in the form of appropriations. Over time, due to enrollment growth and other factors, state appropriations funded a smaller percentage of higher education costs.

In 2003, in response to the decline in funding per student and state budgetary constraints, the Legislature deregulated tuition by granting higher education governing boards the authority to charge students "an amount designated as tuition that the governing board considers necessary for the effective operation of the institution." Governing boards were allowed to raise "designated tuition" above the rate for statutory tuition, which continues to be set by the legislature (\$46 per SCH at the time). In an effort to ensure affordability for all Texans, the legislature also required higher education institutions to set aside a minimum of 20 percent of the resident undergraduate designated tuition and 15 percent of resident graduate designated tuition (above the statutory rates) for financial aid.

This report provides contextual information on the cost of attending college for first-time, full-time undergraduate students relative to median family income and grant aid provided from federal, state, and institutional sources. Data for Texas are presented in relation to comparable information for the 10 most populous states and national averages.

Price of attendance and tuition and fee data are available for five academic years (2002-03 to 2006-07), so Texas' relative position prior to and through the third full year of implementation of tuition deregulation can be compared. (Tuition deregulation was partially implemented in 2003-04 as institutions began charging additional designated tuition in spring 2004.) Data for this analysis were collected from the national Integrated Postsecondary Education Data System (IPEDS).

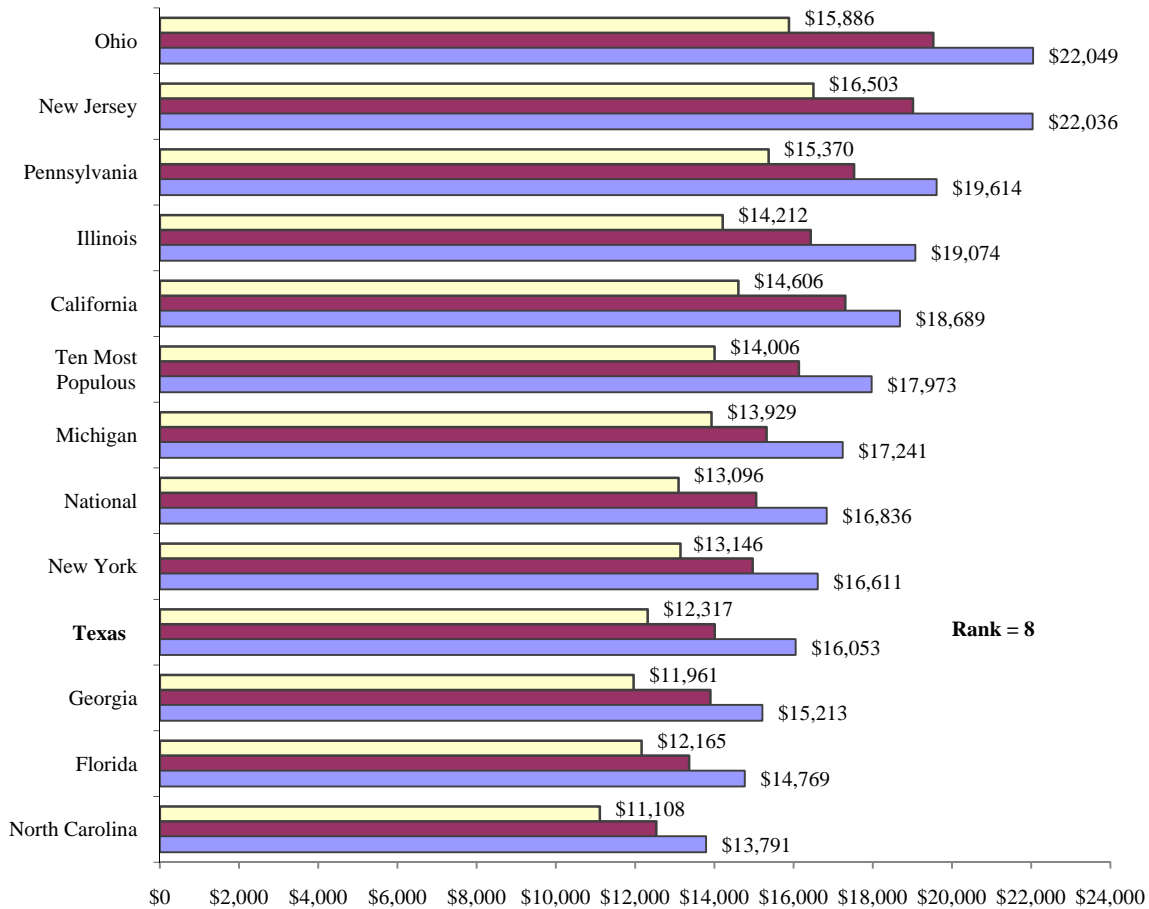
## Price of College Attendance and Financial Aid in Texas Compared to the 10 Most Populous States

### II. Price of Attendance

*The price of attending college for first-time, full-time undergraduates at a four-year public university in Texas continues to rank among the lowest when compared to the 10 most populous states.*

Total price of attendance represents the average annual cost of attendance in current dollars and includes in-state tuition and fees, books and supplies, on campus room and board and other living expenses for first-time, full-time undergraduates at four-year public institutions. The average price of attendance increased nationally from \$13,096 in 2002-03 to \$16,836 in 2006-07, an increase of 28.6%. The average price of attendance in the 10 most populous states increased at a similar rate, from \$14,006 to \$17,973 or 28.3%. The price of attendance increased at a slightly higher rate in Texas, from \$12,317 to \$16,053 or 30.3%. However, Texas' relative ranking over this time period remained 8 out of 11 states and below average for the 10 most populous states and the national average.

**First-time, Full-time Undergraduate Students in Texas and the 10 Most Populous States  
Average Total Price of Attendance at Four Year Public Institutions\***



\*Weighted by First-time, Full-time Degree-Seeking Undergraduates  
Source: IPEDS

□ 2002-03    ■ 2004-05    ■ 2006-07

## Price of College Attendance and Financial Aid in Texas Compared to the 10 Most Populous States

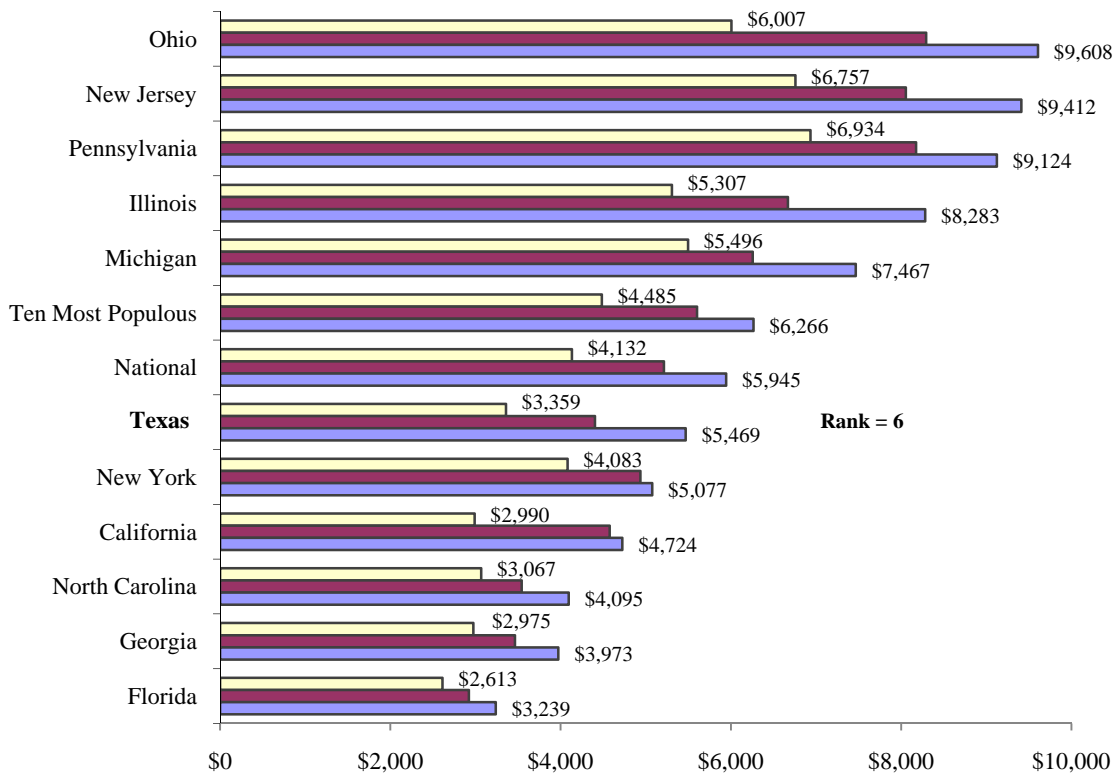
### Tuition and Fees

*Tuition and fees in Texas remained in the mid-range of the 10 most populous states, ranking 6 out of 11 in 2006-07, and below the 10 state and national averages.*

From 2002-03 to 2006-07, in-state tuition and fees at four-year public institutions increased at a higher rate than the total price of attendance. Nationally, tuition and fees increased by \$1,813 (43.9%), from \$4,132 to \$5,945. For the 10 most populous states, tuition and fees increased by \$1,781 (39.7%), from \$4,485 to \$6,266. In Texas, tuition and fees increased by \$2,110 (62.8%), from \$3,359 to \$5,469. Percentage increases were higher in Texas because of comparatively lower rates in 2002-03. When compared to the ten most populous states, Texas' relative ranking was 6<sup>th</sup> highest in 2006-07, up from 7<sup>th</sup> highest in 2002-03. As with most other states in the nation, tuition and fee increases correspond with a decline in state appropriations per full-time equivalent (FTE) student. For example, state appropriations per FTE student in Texas, averaged across all sectors of higher education, decreased from \$5,960 in FY 2002 to \$5,629 (when adjusted for inflation) in FY 2006. In FY 2007, state appropriations in Texas increased again, to \$6,225 (inflation-adjusted) per FTE student. However, at UT System academic institutions, state appropriations per FTE student decreased steadily over this time period.

Despite these increases, tuition and fees in Texas represented 34.1% of the total price of attending college in 2006-07, compared to 35.3% nationally and 34.9% for the 10 most populous states.

**First-time, Full-time Undergraduate Students in Texas and the 10 Most Populous States  
Average Tuition & Fees at Four Year Public Institutions\***



\*Weighted by First-time, Full-time, Degree-Seeking Undergraduates  
Source: IPEDs

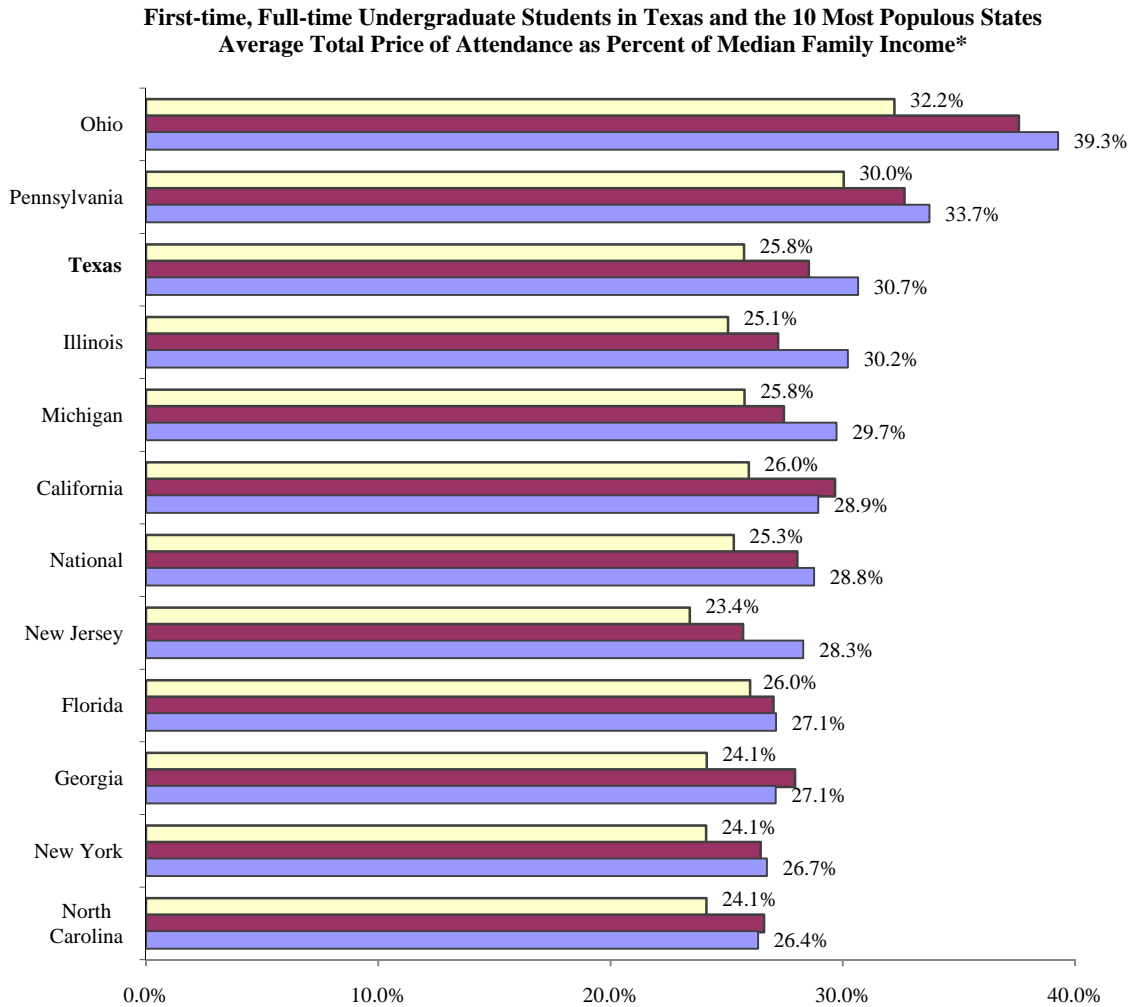
■ 2002-03 ■ 2004-05 ■ 2006-07

## Price of College Attendance and Financial Aid in Texas Compared to the 10 Most Populous States

### Median Family Income

*The total price of attendance as a percentage of median family income is increasing nationally and in Texas.*

When measured as a percentage of the median family income, the total price of attending college increased nationally from 25.3% in 2002-03 to 28.8% in 2006-07. During the same time period, the average price of attendance in Texas in relation to median family income increased from 25.8% to 30.7%. In 2006-07, Texas ranked 3<sup>rd</sup> highest on this measure among the 10 most populous states, up from 5<sup>th</sup> highest in 2002-03, reflecting the policy shift from state support for public institutions to a higher proportion of support by individuals and families.



\*Weighted by First-time, Full-time Degree-Seeking Undergraduates  
Source: IPEDS

□ 2002-03    ■ 2004-05    ■ 2006-07

## Price of College Attendance and Financial Aid in Texas Compared to the 10 Most Populous States

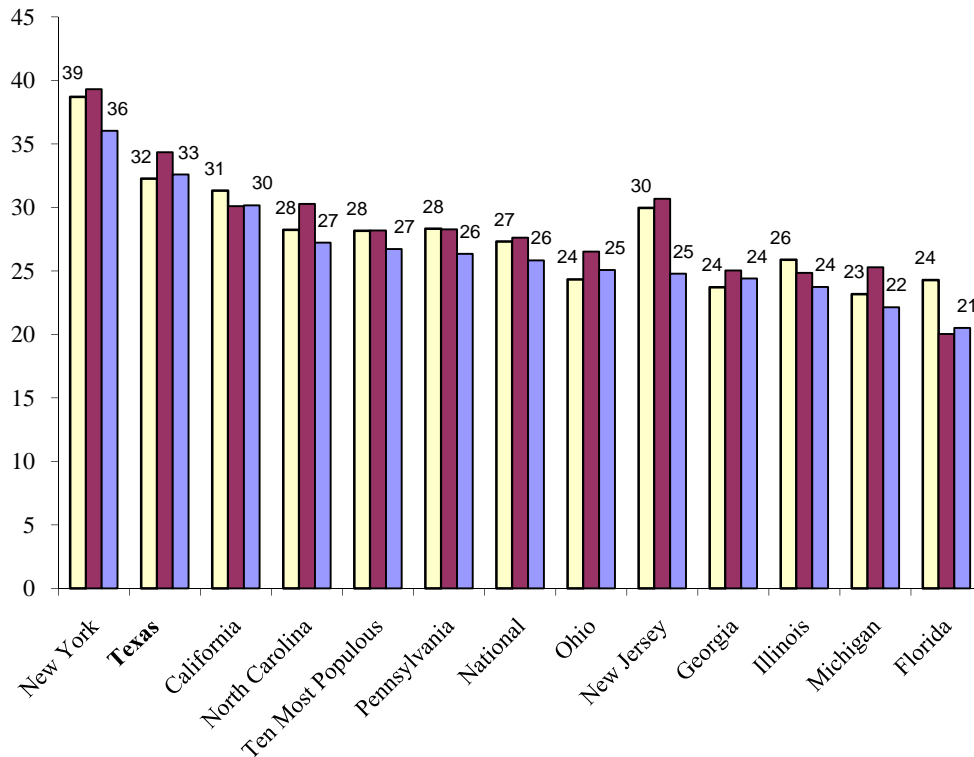
### III. Financial Aid

#### Federal Grants

*A relatively high percentage of first-time, full-time, degree-seeking undergraduate students at four-year public institutions in Texas receive federal grants when compared nationally and to the 10 most populous states.*

The distribution of federal grants is a function of the income level of students attending college and the total price of attendance. In general, states with more low-income students attending college will have a higher percentage of students receiving federal grant aid and states with a higher total price of attendance will receive higher average awards. In 2006-07, 33% of first-time, full-time, degree-seeking undergraduate students enrolled at a four-year public university in Texas received federal grants, compared to 27% for the 10 most populous states and 26% nationally. From 2002-03 to 2006-07, the average federal grant award\* in Texas increased from \$2,931 to \$3,342, less than the national average of \$3,406 and the average for the 10 most populous states, \$3,498. States with the highest percentage of students receiving federal grants were New York (36%) and Texas (33%). States with the highest average federal grants in 2006-07 were North Carolina (\$3,781), California (\$3,756), and New Jersey (\$3,697).

**First-time, Full-time, Degree-Seeking Undergraduate Students in Texas and  
the 10 Most Populous States  
Average Percent Receiving Federal Grants at Four Year Public Institutions\***



\*Weighted by First-time, Full-time, Degree-Seeking Undergraduates  
Source: IPEDS

■ 2002-03 ■ 2004-05 ■ 2006-07

\* based on students receiving federal grants

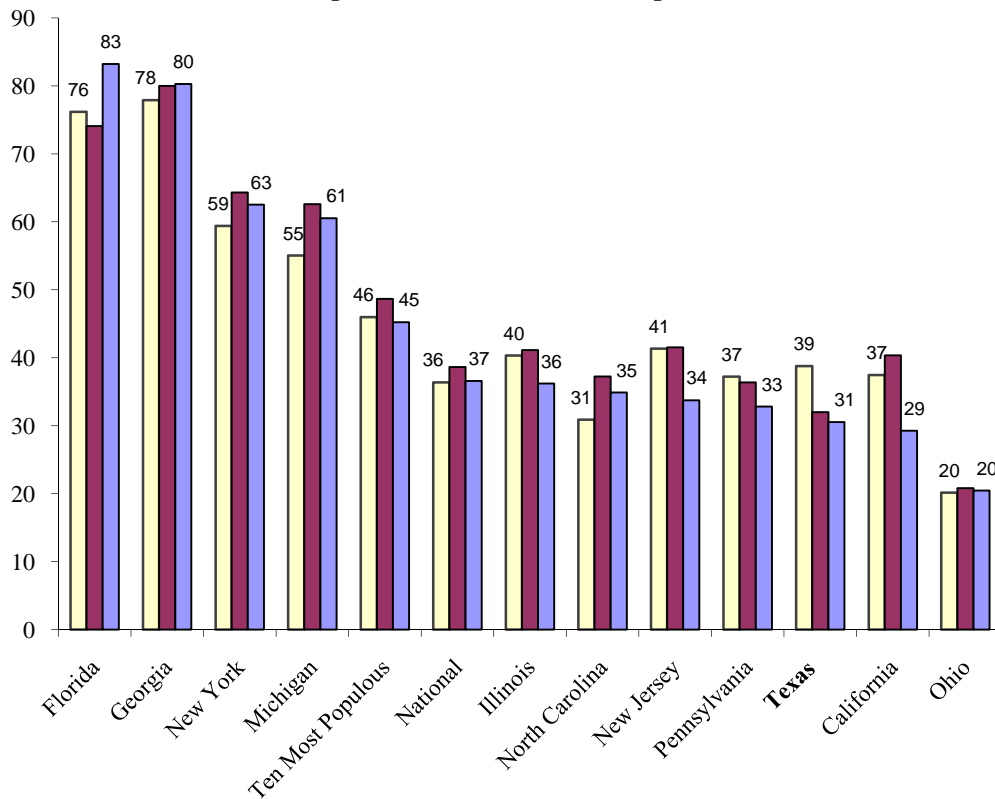
## Price of College Attendance and Financial Aid in Texas Compared to the 10 Most Populous States

### State Grants

*The percentage of first-time, full-time, degree-seeking undergraduate students receiving state grants at four-year public institutions in Texas is decreasing, but the average award has increased.*

From 2002-03 to 2006-07, the percentage of first-time, full-time, degree-seeking undergraduate students receiving state grants dropped from 39% to 31% in Texas. As a result, Texas' rank dropped from 7 to 9 out of 11 on this measure. While the percentage of students receiving state grants decreased, the average grant award\* in Texas increased from \$2,413 to \$3,364, higher than the national average of \$2,916, and the average of the 10 most populous states, \$2,902. States with the highest percentage of students receiving state grants included Florida (83%), Georgia (80%) and New York (63%). The states with the highest average state grant award were New Jersey (\$4,566), Illinois (\$4,054) and Georgia (\$3,951). While Georgia ranks high when compared to other states, most of Georgia's state grant awards are merit based.

**First-time, Full-time, Degree-Seeking Undergraduate Students in Texas and the  
10 Most Populous States  
Average Percent of Students Receiving State Grants\***



\*Weighted by First-time, Full-time, Degree-Seeking Undergraduates  
Source: IPEDS

□ 2002-03   ■ 2004-05   ■ 2006-07

\* based on students receiving state grants

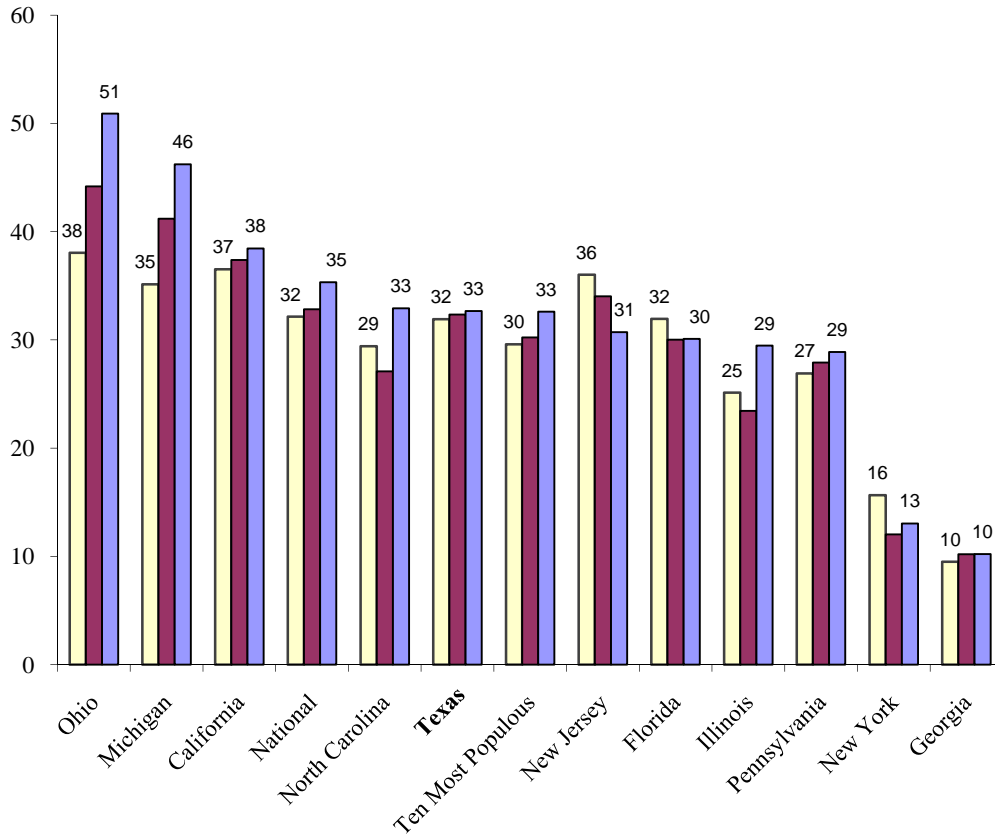
## Price of College Attendance and Financial Aid in Texas Compared to the 10 Most Populous States

### Institutional Grants

*As a result of tuition set-aside programs, average institutional grant awards are increasing in Texas.*

In 2006-07, almost 33% of first-time, full-time, degree-seeking undergraduate students enrolled at four-year public institutions in Texas received an institutional grant, compared to 35% nationally and 33% for the 10 most populous states. As a result of tuition set-asides, the average institutional grant award\* increased from \$1,601 to \$3,016 (an increase of 88.4%) from 2002-03 to 2006-07, still below the national average (\$3,825) and the average of the 10 most populous states (\$4,117). States with the highest percentage of students receiving institutional grants were Ohio (51%), Michigan (46%) and California (38%). States with the highest average institutional grant awards were California (\$5,042), New Jersey (\$4,950) and Ohio (\$4,751). All of these states, with the exception of California, have substantially higher tuition rates than Texas.

**First-time, Full-time, Degree-Seeking Undergraduate Students in Texas and the  
10 Most Populous States  
Average Percent Receiving Institutional Grants\***



\*Weighted by First-time, Full-time, Degree-Seeking Undergraduates

□ 2002-03   ■ 2004-05   ■ 2006-07

Source: IPEDS

\* based on students receiving institutional grants

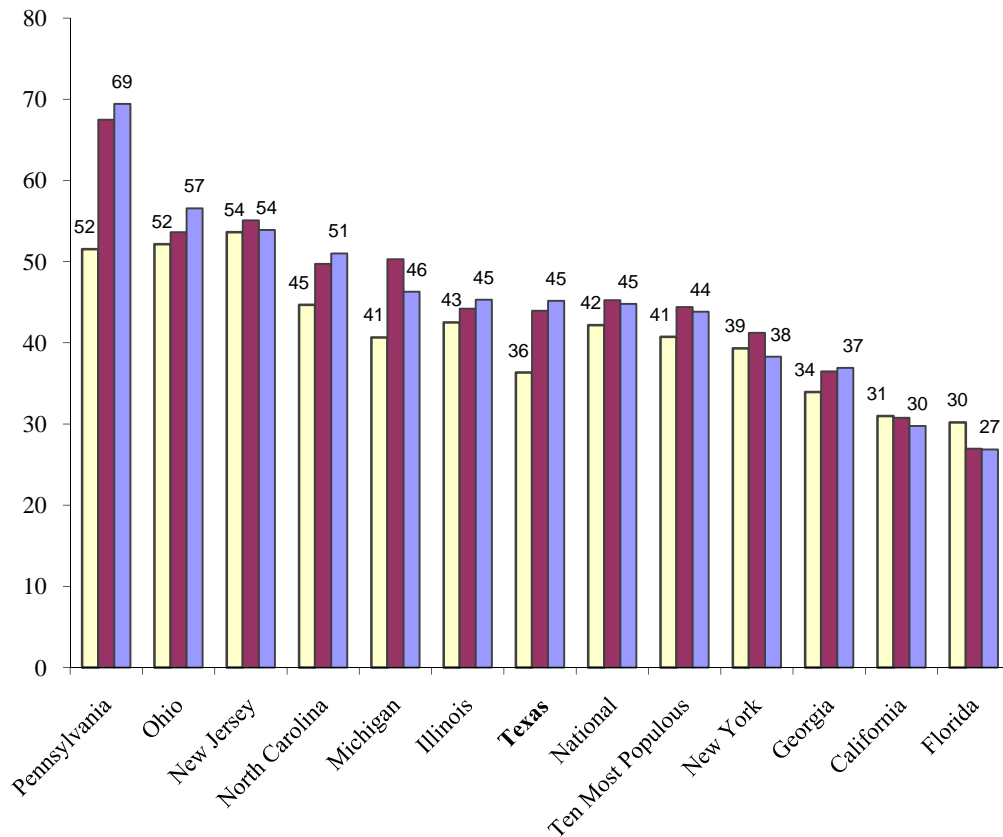
## Price of College Attendance and Financial Aid in Texas Compared to the 10 Most Populous States

### Loans

*As costs increase and state funding for the TEXAS Grant program remains relatively stable, the percentage of first-time, full-time, degree-seeking undergraduate students receiving loans at four-year public institutions is increasing.*

With increasing costs and a flat state grant program, the percentage of first-time, full-time, degree-seeking undergraduate students receiving loans increased from 36% to 45% in Texas from 2002-03 to 2006-07. The average loan\* also increased from \$2,716 to \$4,797, higher than the average for the 10 most populous states (\$4,534) and the national average (\$4,445). Texas' relative position for the percentage of students receiving loans was 7<sup>th</sup> highest in 2006-07, up from 8<sup>th</sup> highest in 2002-03.

**First-time, Full-time, Degree-Seeking Undergraduate Students in Texas and the  
10 Most Populous State  
Average Percent Receiving Student Loans\***



\*Weighted by First-time, Full-time, Degree-Seeking Undergraduates  
Source: IPEDS

□ 2002-03   ■ 2004-05   ■ 2006-07

\* based on students receiving loans

Price of College Attendance and Financial Aid in Texas  
Compared to the 10 Most Populous States

IV. Average Grant Aid (per enrolled student) and Net Price for First-time, Full-time, Degree-Seeking Undergraduates

*From 2002-03 to 2006-07, average grant aid per enrolled student increased by almost 32% in Texas, with the largest increases in institutional grant aid (93%).*

Average grant aid per enrolled student represents the amount of aid averaged across all enrolled students, not just those receiving the aid. Net price is the total price of attendance minus grant aid. These calculations are based on NCES methodology as described in the report *Changes in Patterns of Prices and Financial Aid*<sup>4</sup>. From 2002-03 to 2006-07, grant aid in Texas increased from \$2,361 to \$3,110 (31.7%). When separated by type of award, federal grant aid increased by 18.7%, state grant aid increased by 10.8% and institutional grant aid, driven in large degree by tuition set-asides, increased by 92.6%.

The net price of attendance increased nationally from \$10,550 in 2002-03 to \$13,530 in 2006-07, an increase of 28.2%. The net price of attendance in the 10 most populous states increased at about the same rate, from \$11,188 to \$14,388, or 28.6%. The net price in Texas increased from \$9,956 to \$12,942, or 30.0%. Even with a slightly higher percentage increase in net price, Texas retained its relative position among the 10 most populous states (8<sup>th</sup>) and was below the national average and the 10 state average.

**Average Grant Aid and Net Price\***  
**First-time, Full-time, Degree-Seeking Undergraduates in Texas and the**  
**Ten Most Populous States**

	AY 2002-2003							AY 2006-07						
	Total Price of Attendance	Fed	State	Inst.	Avg Grant Aid	Net Price of Attendance	Rank	Total Price of Attendance	Fed	State	Inst.	Avg Grant Aid	Net Price of Attendance	Rank
Ohio	15,886	694	311	1,358	2,363	13,523	1	22,049	873	376	2,436	3,686	18,364	1
New Jersey	16,503	857	1,496	990	3,343	13,160	2	22,036	916	1,540	1,521	3,977	18,059	2
Pennsylvania	15,370	800	869	925	2,595	12,775	3	19,614	865	1,033	1,187	3,086	16,528	3
Illinois	14,212	708	1,129	524	2,362	11,850	4	19,074	784	1,457	1,013	3,255	15,820	4
California	14,606	1,036	756	1,140	2,933	11,673	5	18,689	1,133	770	1,939	3,842	14,848	5
New York	13,146	977	1,024	366	2,367	10,779	6	16,611	1,069	1,443	505	3,018	13,594	6
Michigan	13,929	661	1,493	1,259	3,412	10,516	7	17,241	707	1,229	1,908	3,843	13,398	7
<b>Texas</b>	<b>12,317</b>	<b>912</b>	<b>932</b>	<b>517</b>	<b>2,361</b>	<b>9,956</b>	<b>8</b>	<b>16,053</b>	<b>1,082</b>	<b>1,032</b>	<b>996</b>	<b>3,110</b>	<b>12,942</b>	<b>8</b>
North Carolina	11,108	892	671	704	2,267	8,840	10	13,791	1,029	856	910	2,796	10,996	9
Florida	12,165	681	1,722	622	3,024	9,141	9	14,769	678	2,395	740	3,813	10,956	10
Georgia	11,961	650	2,606	332	3,587	8,374	11	15,213	750	3,185	389	4,324	10,889	11
National	13,096	783	840	922	2,545	10,550		16,836	865	1,055	1,386	3,306	13,530	
10 State Avg	14,006	816	1,102	900	2,818	11,188		17,973	909	1,285	1,391	3,585	14,388	

Notes:

\*Average grant aid is based on the total amount of grant aid received divided by the number of first-time, full-time, degree-seeking undergraduates enrolled.

**Net price is the total price of attendance minus the average federal, state and institutional grant aid.** Slight differences in calculations are due to rounding.

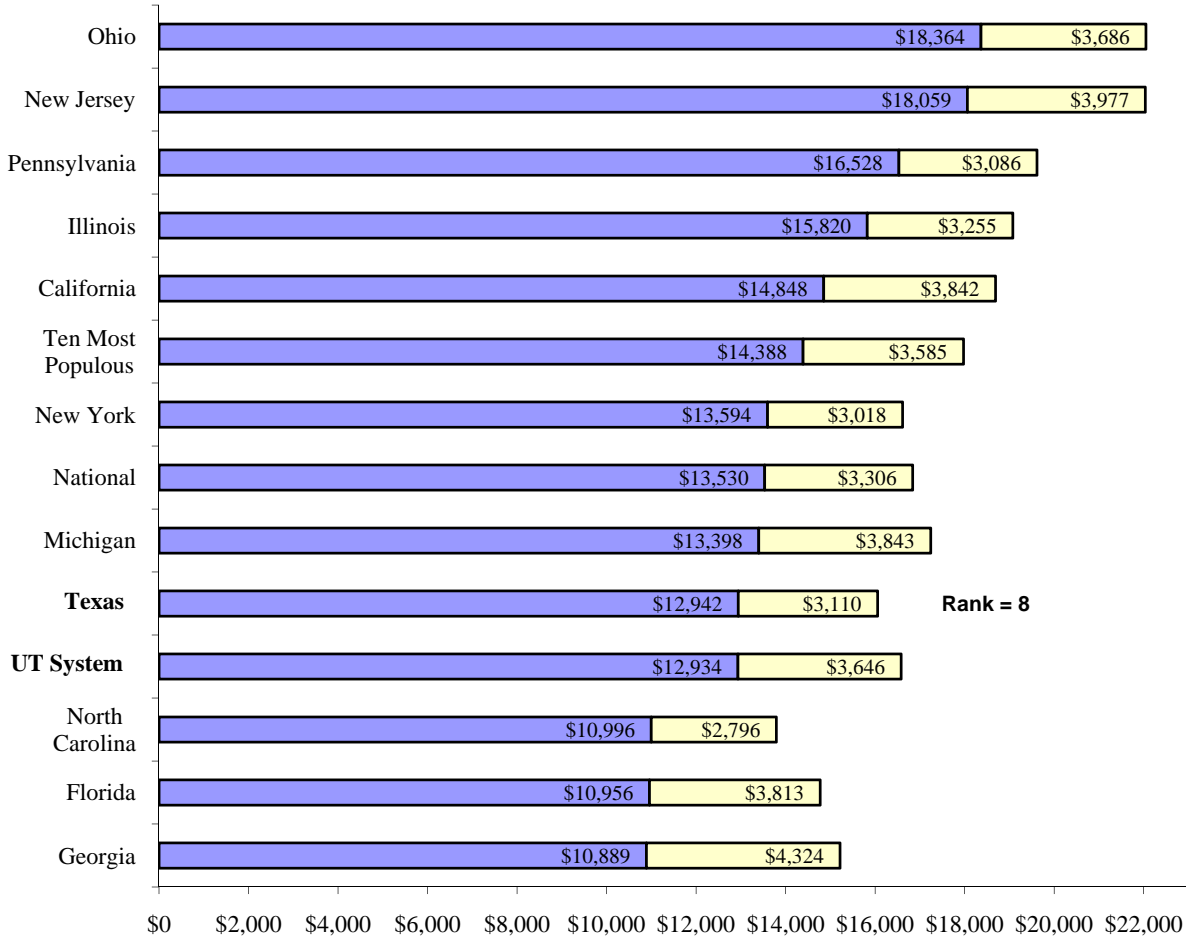
Source: IPEDS.

10 State Average is the average of the ten most populous states, excluding Texas.

## Price of College Attendance and Financial Aid in Texas Compared to the 10 Most Populous States

*In 2006-07, Texas ranked 8<sup>th</sup> highest in the net price of attendance when compared to the 10 most populous states. The net price of attendance at U. T. System institutions was comparable to the state average.*

**First-time, Full-time, Degree-Seeking Undergraduate Students in Texas and the  
10 Most Populous States  
Average Net Price of Attendance in 2006-07\***



\*Weighted by First-time, Full-time, Degree-Seeking Undergraduates  
Source: IPEDS

■ Average Net Price    ■ Average Grant Aid

Price of College Attendance and Financial Aid in Texas  
Compared to the 10 Most Populous States

V. Average Grant Aid and Net Price for First-time, Full-time, Degree-Seeking Undergraduates at UT System Institutions

*From 2002-03 to 2006-7, average grant aid per enrolled student increased by almost 18% at UT System, in spite of decreases in state grant aid. Due to the tuition set-aside program, the highest increases were in institutional grant aid (80%).*

Net price is the total price of attendance minus the average grant aid per enrolled student. From 2002-03 to 2006-07, grant aid at UT System institutions increased from \$3,103 to \$3,646, or 17.5%. When separated by type of award, federal grant aid increased by 28.7%, and institutional grant aid increased by 79.8%, while state grant aid decreased by 19.7%.

In 2002-03, the net price of attendance for UT System institutions was \$9,668, slightly less than the Texas average of \$9,956 and less than the National average of \$10,550. In 2006-07, the net price of attendance at UT System institutions was \$12,934, comparable to the state average of \$12,942 and below the national average of \$13,530.

**Average Grant Aid and Net Price\***  
**First-time, Full-time, Degree-Seeking Undergraduates**  
**at U. T. System Academic Institutions**

	AY 2002-2003						AY 2006-07					
	Total Price of Attendance	Fed	State	Inst.	Avg Grant Aid	Net Price of Attendance	Total Price of Attendance	Fed	State	Inst.	Avg Grant Aid	Net Price of Attendance
Arlington	11,734	767	1,101	540	2,408	9,326	15,891	983	496	267	1,747	14,144
Austin	13,417	519	1,425	1,015	2,959	10,458	19,758	814	1,623	1,925	4,362	15,396
Brownsville							13,502	1,684	545	300	2,529	10,973
Dallas	14,593	511	1,116	961	2,588	12,005	19,304	562	548	4,714	5,824	13,480
El Paso	10,704	1,703	1,359	336	3,398	7,306	12,523	1,957	1,439	844	4,240	8,283
Pan American	11,274	2,110	2,695	491	5,295	5,979	11,584	2,490	2,241	970	5,702	5,882
Permian Basin	9,743	628	143	721	1,492	8,251	11,049	1,232	586	2,174	3,992	7,057
San Antonio	14,587	1,174	1,215	163	2,553	12,034	17,830	994	422	458	1,874	15,956
Tyler	10,408	382	325	509	1,215	9,193	14,070	817	406	757	1,979	12,091
System Average	12,771	961	1,450	692	3,103	9,668	16,579	1,236	1,164	1,245	3,646	12,934
Texas	12,317	912	932	517	2,361	9,956	16,053	1,082	1,032	996	3,110	12,942
National	13,096	783	840	922	2,545	10,550	16,836	865	1,055	1,386	3,306	13,530

Notes:

\*Average grant aid is based on the total amount of grant aid received divided by the number of first-time, full-time, degree-seeking undergraduates enrolled. **Net price is the total price of attendance minus the average federal, state and institutional grant aid.** Slight differences in calculations are due to rounding. Source: IPEDS.

10 State Average is the average of the ten most populous states, excluding Texas.

## Price of College Attendance and Financial Aid in Texas Compared to the 10 Most Populous States

### VI. Conclusion

When compared to the 10 most populous states, the total price of attendance and tuition and fees for first-time, full-time undergraduates at four-year public institutions in Texas continue to rank at or close to the same levels in 2006-07 as in 2002-03, before tuition deregulation was implemented. However, as state support per student declines, costs to students and families are increasing, representing a higher proportion of median family income than in the past.

Increases in financial aid have helped to mitigate these higher costs, particularly for the neediest students. Compared to the 10 most populous states, a fairly high portion of Texas students (33%) receive federal grants, and the average award has increased. However, because funding for the TEXAS grant program has been stable, there was a dramatic reduction in the percentage of first-time, full-time, degree-seeking undergraduate students receiving state grants from 2002-03 to 2006-07 (39% to 31%), and an increase in the percentage of these students receiving loans (36% to 45%). As a result of tuition set-aside programs, the average institutional grant award to these entering undergraduates increased by 88.4% over the last 5 years. When considering net price and the effects of all grant aid, Texas continues to have a lower average net price than the 10 most populous states and the nation, and held its relative state ranking (8 out of 11) on this metric.

Students at UT system institutions experienced a similar shift in grant aid. With decreases in state grant aid, most UT System institutions were able to maintain a lower net price through increases in federal and institutional grants funded from tuition set-aside programs. The average net price of attending UT System institutions was comparable to the state average, and below the average of the 10 most populous states and the national average.

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<sup>1</sup> U.S. Department of Education, *A Test of Leadership: Charting the Future of U.S. Higher Education*. Washington D.C., 2006.

<sup>2</sup> National Association of State Universities and Land-Grant Colleges (NASULGC), *University Tuition, Consumer Choice and College Affordability, Strategies for Addressing a Higher Education Affordability Challenge*, p. 70. Washington D.C., 2007.

<sup>3</sup> The methodology was changed in this report to use weighted averages (by first-time, full-time, degree-seeking undergraduates) instead of institutional averages, therefore data published in the initial report are not comparable.

<sup>4</sup> Cunningham, Alisa F., *Changes in Patterns of Prices and Financial Aid*. NCES, U.S. Department of Education, November 2005.