

Invest in Need-Based Financial Aid to Achieve a Talent Strong Texas

Texas currently has a skills gap that is putting a strain on our workforce. To meet the state's evolving and future workforce needs, Building a Talent Strong Texas aims for at least 60% of working-age Texans to earn a postsecondary credential of value by 2030. **Achieving this goal requires 192,000 additional students to complete a degree, certificate, or other credential of value each year.**¹



The Texas Legislature has the opportunity to strategically invest in need-based financial aid programs to support low-income students who need it most to earn postsecondary credentials and advance our state's workforce goals.

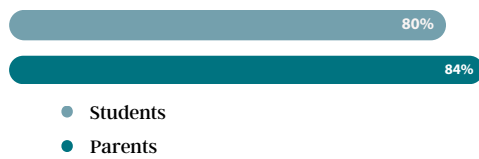


Affordability Remains a Critical Barrier to Persistence & Completion

According to a recent survey, more than 80% of Texas parents and students named financial cost as the top barrier influencing the decision to pursue higher education.² With rising non-tuition expenses, the average cost to attend a Texas community college is more than \$16,600 per year and more than \$26,600 per year for a public 4-year university.³

When you think about higher education, what challenges come to mind?

Financial Cost



High levels of unmet financial need force students to work full-time and often reduce their course loads, slowing academic momentum, delaying graduation, and ultimately lowering completion rates. **Only 37% of economically disadvantaged students who pursue higher education in Texas complete a degree or credential within six years - compared to 57% of their wealthier peers.**⁴

¹ THECB, Building a Talent Strong Texas: 2025 Update: <https://reportcenter.highered.texas.gov/agency-publication/miscellaneous/building-talent-strong-texas/>

² THECB January 2025 Major Policy Discussion: <https://reportcenter.highered.texas.gov/meeting/board-supporting-documents/vi-major-policy-rpt-jan25pdf/>

³ THECB Fiscal Year 2023 Report on Student Financial Aid in Texas Higher Education: <https://reportcenter.highered.texas.gov/reports/legislative/report-on-student-financial-aid-in-texas-higher-education-fiscal-year-2023/>

⁴ Based on analysis of data from THECB Talent Texas Trajectory (T3): <https://databridge.highered.texas.gov/the-texas-talent-trajectory/>

⁵ THECB Fiscal Year 2023 Report on Student Financial Aid in Texas Higher Education: <https://reportcenter.highered.texas.gov/reports/legislative/report-on-student-financial-aid-in-texas-higher-education-fiscal-year-2023/>



Need-Based Financial Aid Programs Increase Credential Completion

The Texas Legislature has taken significant steps to make higher education more affordable. Historically, the state has funded TEXAS Grants for 70% of eligible students at public 4-year institutions and, following recommendations from the Texas Commission on Community College Finance, set a similar goal for Texas Educational Opportunity Grants (TEOG) to reach 70% of eligible community college students.

Students receiving state need-based financial aid are consistently more likely to persist and graduate within six years, with rates that range from 4-11% higher than other low-income students who do not receive aid.⁵



What's At Stake: Access to Financial Aid for 78,200 Low-Income Students

The Texas Higher Education Coordinating Board's Exceptional Item reflects a commitment to reach 70% of eligible students through the TEXAS Grant and TEOG programs. **Without this funding, 78,200 students are at risk of losing access to the financial aid needed to pursue and earn the postsecondary credentials that will propel them to success in a competitive labor market.**



Recommendation: Fully Fund THECB's Exceptional Item

Investing \$364.3 million to help low-income students complete postsecondary credentials at the same rate as their wealthier peers would **generate an estimated \$20.9 billion in lifetime earnings and grow the Texas economy.**

