



From: Dr. Angela Valenzuela, Director, Texas Center for Education Policy and Patricia D. Lopez, M.A., Research Associate, Texas Center for Education Policy.

To: the Honorable Dan Branch, Joaquin Castro, Roberto R. Alonzo, Dennis Bonnen, Fred Brown, Donna Howard, Eric Johnson, Tryon D. Lewis, and Diane Patrick.

Re: Written Testimony to the House Higher Education Committee of the 82nd session of the Texas State Legislature on House Bill 10: Relating to eligibility for a TEXAS grant and to administration of the TEXAS grant program.

Date: March 1, 2011

On behalf of the Texas Center for Education Policy (TCEP), we respectfully submit the following written testimony in response to your hearing regarding Texas student financial aid. TCEP is a nonpartisan education research and policy center within the Division of Diversity and Community Engagement at the University of Texas at Austin. Building on the University of Texas tradition of distinguished scholarship, the Texas Center for Education Policy is committed to research on equity and excellence in PK-16 education. TCEP promotes interdisciplinary and collaborative research, analysis, and dissemination of information to impact the development of educational policy by bringing together university entities in partnership with local, state, national, and international education communities.

During the 81st Session of the Texas State Legislature, our center monitored and responded to the many iterations of House Bill 3 (HB 3) from a research-based perspective. Specifically, the Center brought to light the complexities and consequences of accountability policies regarding high-stakes testing, end-of-course exams, college readiness, growth models, interventions and sanctions, school capacity and resources, limited English proficient youth, and curricular tracking.

Attached is an overview of relevant research on financial aid, followed by policy concerns and considerations. If you have any questions or concerns, please contact Dr. Angela Valenzuela or Patricia D. Lopez by phone (512) 471-7055 or e-mail tcep@austin.utexas.edu. Thank you for your consideration.

A handwritten signature in black ink that reads "Angela Valenzuela".

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Relating to eligibility for a TEXAS grant and to administration of the TEXAS grant program.

Introduction

During the 81st Session of the Texas State Legislature, Senate Bill 2084 (SB 2084) and its companion, House Bill 3276 (HB 3276), sought to change the eligibility criteria of the TEXAS Grant from a needs- to “needs plus merit-based aid.” Need plus merit-based student aid refers specifically to “student aid programs such as Texas Grants which are need-based that include incentives for students to be prepared for college and to make academic progress once enrolled” (Select Committee on Higher Education and Global Competitiveness, 2008, p. 45).

Currently, eligibility for the TEXAS Grant requires students to meet *one* of the following three criteria to qualify: (1) have a 2.5 GPA; (2) complete a Recommended or Distinguished high school program; or (3) receive a minimum SAT or ACT score. The proposed shift to “needs-plus-merit” would require students to meet *two* of the following four criteria in order to be eligible for TEXAS Grant aid: (1) have a 3.0 GPA; (2) be at the top third of their graduating class; (3) complete a Recommended or Distinguished high school program; or (4) Receive a minimum SAT or ACT score (1070 and 23, respectively).

House Bill 9 proposes to change the above eligibility criteria that students will be required to meet in order to receive the state’s TEXAS grant. The goal of this brief is to provide relevant research that sheds light on the different factors at play with regards to needs- and merit-based aid. Additionally, we review pertinent research evidence alongside the changes proposed by the Texas Higher Education Coordinating Board within the new policy context created by House Bill 3 that transitions Texas’ public schooling system from one of minimum skills to that of a college-readiness framework.

Research

The impetus of the proposed changes to the TEXAS Grant can be traced to the final report produced by the Select Committee for Higher Education and Global Competitiveness (2009) that outlined Texas’ goal of becoming a top-ten state in college graduates. As referenced by the Select Committee on Higher Education and Global Competitiveness (2009) and prior testimony on February 24, 2010, the proposed changes to the TEXAS Grant draw from the Oregon Social Responsibility Model. This model “assumes that the student, as primary beneficiary of the education, bears the first and most significant responsibility for paying for college. The contributions of other partners —family and household, federal government, and the state — are based on the resources it takes to close

the "affordability gap" for each student" (AAWG, 2007). According to the Texas Higher Education Coordinating Board (THECB), the rationale behind this shift was centered on two goals: Achieving better outcomes in the four targeted areas of closing the gaps and promoting more cost efficiency in institutions of higher education."ⁱ The THECB further notes their priority to "reward students who have worked hard [and who] are most likely to succeed." While the notion of rewarding students who perform academically high is worthy, it ignores disparate inequities that exist in our public school system and can worsen problems such as low-college-going and completion rates that we are currently seeing in institutions of higher education in Texas and nationally (Heller, 2006; also see Marin, 2002).

It is important to note that there is little evidence on whether this approach is significantly associated with increased motivation or higher academic attainment among those students who do receive aid in comparison to those who do not under the Shared Responsibility Model (see Curs, 2008). A recent study on the Oregon Shared Responsibility Model reveals that there is evidence that minority students were slightly more likely than non-minority students to benefit from receiving aid as measured by grade point averages. While small gains in student grade point averages for minority and non-minority students were found (.10, and .06, respectively), the author notes that these increases may be overstated and attributable to other factors.

In the case of other states and programs that have similarly transitioned to a more merit-based financial aid structure, such as Georgiaⁱⁱ, New Mexicoⁱⁱⁱ, and North Carolina^{iv}, research shows that merit-based forms of aid disproportionately award students who have historically had higher college participation rates (Marin, 2002; also see Dynarsky, 2002; Long, 2002; Heller, 1997). With respect to deciding factors for attending college, multiple studies confirm that access to tuition and financial aid play a critical role on whether underrepresented, first-generation students will attend (Heller, 1999; Paulsen & St. John, 2002; St. John & Starkey, 1995).

What we do know from research with regards to low-income, minority, first-generation students is that receiving financial aid not only facilitates their decision to attend college, but also plays an important role in where they decide to go to college (see Heller, 2006). Since state financial aid policies have the ability to influence college decisions, especially among low-income and first-generation students (Zumeta, 1992; Perna & Titus, 2004), efforts to restructure must take into account the growing majority of Texas students: Many are low-income and the first in their family to attend college. There must be a clear understanding among all decision makers that prioritizing the merit and completion rates of those who are already "making it," relatively speaking, may be at the expense of undermining the continued need to make college increasingly accessible to all Texans.

Policy Changes in Context

The decision to move toward need plus merit-based student financial aid should consider Texas' emergent policy context together with persistent resource constraints. Accordingly, this section underscores Texas' new college- and career-readiness system embodied within

HB 3 and follows with brief commentary on resource inequities in Texas that contribute significantly to students' disparate access to quality teachers and learning.

HB 3 outlines Texas' new accountability system. Among other things, it relies heavily on a student's participation in a high-school academic track and their passing scores on select, end-of-course exams (also referred to as the STAAR exams) in order to demonstrate postsecondary preparedness. The proposed changes to financial aid eligibility are similarly contingent on these two merit criteria. Given this context, the implications of the "needs-plus-merit" transition for financial aid eligibility are beyond those currently discussed by the state agency and the education policy community.

With respect to high school diploma programs, HB 3 requires students to fulfill the required four-by-four curriculum (four classes in each of the following core subject areas: English language arts, math, science, and social studies) in order to be eligible for a Recommended or Distinguished diploma. In addition to fulfilling the coursework, a student's *cumulative* test performance on 12 end-of-course, STAAR exams must equal a minimum score (that has yet to be determined by the Commissioner). Furthermore, as outlined by HB 3, students must receive a "proficient" score (also to be determined by the Commissioner) on the Algebra II and English III exams in order to receive a Recommended or Distinguished diploma.

Students who do not find themselves on track (based on course enrollment and completion and/or test performance) to complete the Recommended or Distinguished program can be placed in the Minimum program, which requires fewer courses in number in Math, science, and social studies. So test performance becomes a tracking mechanism, in effect, placing certain students in the Minimum diploma program and possibly rendering them ineligible for TEXAS Grant aid.

Understanding this context helps to shed light on the compounded effects that merit-based criteria may entail for Texas high school students. For example, we know that the student outcomes on the piloted Algebra I end-of-course exams for 2005-2009, as reported by TEA, reveal very low pass rates among large percentages of students—primarily those who are African American and Latino/a (see Tables 2 and 3). Given these dismal passing rates on the state's pilot, it is concerning that the state has adopted changes to recommended diploma requirements that call for students to meet a cumulative score threshold on 12 end-of-course exams, in addition to the college-readiness threshold on the Algebra II and English III exams. In addition, because end-of-course exams account for up to 15 percent of the final course grade, low performance on the exams would result in an irrecoverable drop in the student's grade point average, one of the proposed merit criteria contained in SB 2084 and HB 3276.

The Oregon Shared Responsibility Model's approach to "reward students appropriately for accepting their responsibility to prepare and perform well academically," does not take into account the extent to which students experience disparate access to resources, critical opportunities for learning, and access to higher education in the state of Texas. Across Texas' high-poverty high schools, nearly 40 percent of teachers assigned to teach science

courses are out-of-field^v (see Table 1). In the case of English, math, and social studies, these same schools are more than twice as likely than low-poverty schools to have teachers assigned out-of-field (22%, 18%, and 22%, respectively).

In addition to the research previously stated, research by Heller (2006) resonates with Texas' new system of accountability and college readiness by reminding us that needs-based grants are instrumental in facilitating college access and that merit-based approaches often have an opposite impact. Heller (2006) notes that due to "the strong correlation between socioeconomic status and the academic criteria use for awarding the [merit-based] grants—which generally include high school grades, standardized test scores, or some combination of the two—the benefits of merit grants flow disproportionately to students from more well-off families" (p. 22).

Points of Concern

- There is currently no research or data from the Oregon Shared Responsibility Model that demonstrates if such merit programs actually facilitate the goals that they are premised on and from the standpoint of our state's most vulnerable youth and families, the risk of experimenting with such an approach may lead to more harm than good.
- Because we have no support for the notion that merit-based aid is associated with increased motivation to reach greater academic achievement, we should not experiment with our students' futures, particularly when many of the state's poor, minority students continue to face challenges and barriers in accessing and enrolling in higher education.
- The projections presented by the THECB that outline how the transition to merit-based aid will impact students does not take into account the HB 3 context and what we know about end-of-course pass rates and these tests' impact on GPA. Projections should be revised to account for these factors.
- Since two of the four merit criteria (GPA and diploma program) rely heavily on the language-dependent nature of the all-English, end-of-course exam, the proposed changes fail to account for the continued and predictable negative consequences for limited English proficient students' eligibility for college admissions and financial assistance.

Points of Considerations

- As discussions to reshape the TEXAS Grant proceed, we should provide public data on differences in the average unmet need among the state's lower-income students compared to higher-income students and take that data into consideration.
- As part of the charge to restructure financial aid for student success, decision makers should have the opportunity to see figures on what it would cost for the state to increase funding so that all students who are eligible under the current TEXAS Grant criteria can receive aid. It should not be an either/or decision. If we are taking into account the growing majority of students, many of whom are low-income, minority, and first-generation, decision makers should not have to decide

on either prioritizing completion rates at the expense of disregarding access to higher education if an option to accomplish both has not been publicly deliberated or made available.

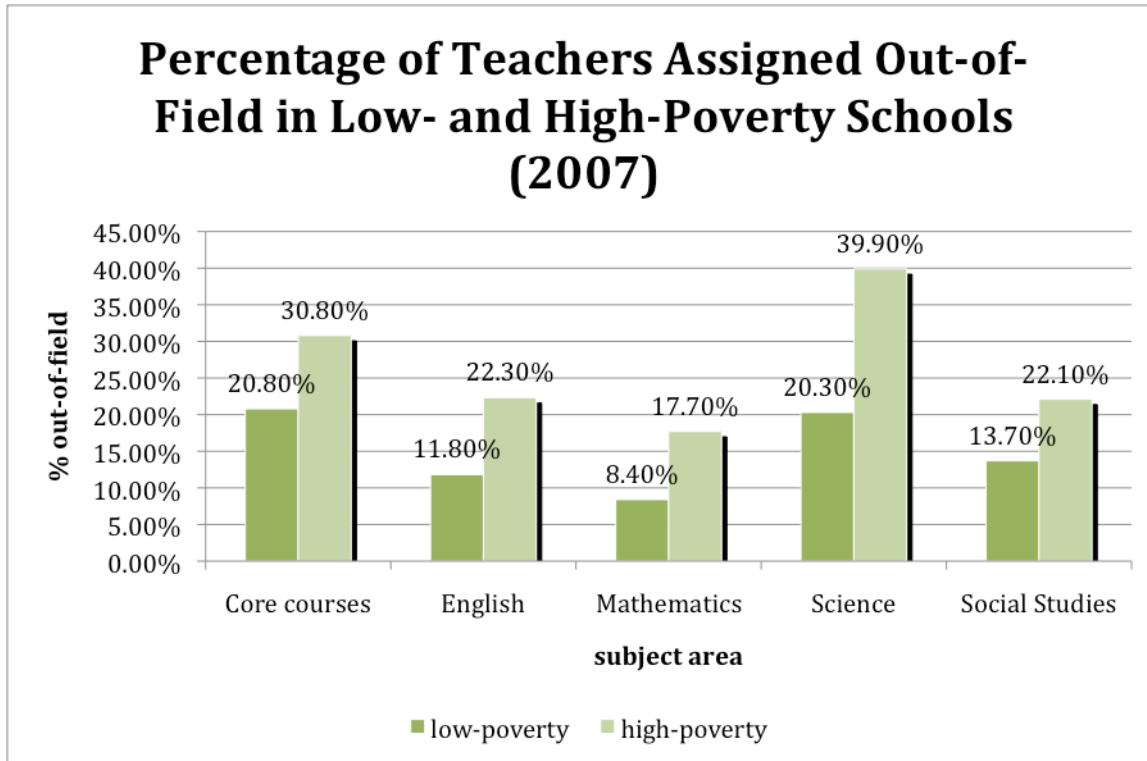
- If the state wishes to develop a merit-based aid system, it should adhere to the following two points:
 - a. Transparency. The state should create a separate financial aid fund that clearly labels itself as merit-based financial aid. This transparency will at least communicate to students that merit is prioritized over financial need and may lessen the stigma of failure that can be inadvertently placed upon the shoulders of students attending resource-poor high schools.
 - b. Adversity index. Any attempt to develop a merit-based aid fund should reexamine the indicators that comprise a merit index. Rather than relying on the currently proposed factors that privilege certain groups of students, we should strive for equity and develop merit-based criteria similar to the “adversity index” developed by the University of Texas. This index gives added priority to students who have demonstrate academic merit by being college eligible, while simultaneously overcoming cultural, racial, economic and social marginalization in their path to higher education.^{vi}

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Table 1:



Source: Fuller and Carpenter (2008). *Teacher Quality & School Improvement in Texas Secondary Schools*.

Table 2: Aggregate percentages of students who met the minimum and commended standards on the Algebra 1 end-of-course pilot exam.

YEAR	MET STANDARD	COMMENDED PERFORMANCE	NUMBER TESTED
2005	49%	6%	20,844
2006	50%	7%	21,206
2007	53%	8%	32,812
2008	56%	11%	52,462

Source: TEA, Texas Algebra End-of-Course Percent Meeting Standard (2005-2008)

Table 3: Percentage of students who passed the Algebra 1 end-of-course pilot exam by academic year and race/ethnicity.

Ethnicity	2005	2006	2007	2008
African				
American	30	28	33	39
Latino	41	43	47	47
White	61	64	61	66
Asian	71	78	80	83

Source: TEA, Texas Algebra End-of-Course Percent Meeting Standard by Ethnicity (2005-2008).

Endnotes

ⁱ Video archive of the February 24, 2010 House Committee on Finance, Interim Charge 2 - Financial Aid Invited Testimony can be accessed here: <http://www.house.state.tx.us/fx/av/committee81/00224a16.ram>

ⁱⁱ Research findings from the Georgia HOPE scholarship reveal a disproportionate increase in enrollments across race/ethnicity and socio-economic class backgrounds. "Higher-income youths were more likely to increase their college attendance after HOPE than those from lower-income families. Similarly, HOPE has positively affected white college enrollment more than black college enrollment, thereby increasing the racial gap in college attendance" (see Dynarski, 2002).

ⁱⁱⁱ Findings on the New Mexico Lottery Success reveal that, "while the scholarship program did not expand college access for New Mexico public high school graduates, it did encourage students to attend in-state rather than out-of-state institutions, and to shift from two-year to four-year institutions. However, the program did not benefit all students equally, with scholarship loss occurring most among Hispanic, African American, and Native American men" (see Marin, 2002, p. 113).

^{iv} The North Carolina LIFE Scholarship requires students to meet two of the following three eligibility requirements: (1) Have a 3.00 final high school grade point average based on the Uniform Grading Policy; (2) Have a minimum SAT test score of 1100 on critical reading and math sections combined or ACT test score of 24; (3) Have graduated in the top 30% of your high school graduating class. Retrieved from: <http://www.sc.edu/financialaid/life.html#General%20Eligibility%20Requirements>

^v Out-of-field refers to teachers who are not fully certified or do not hold a full state certificate. These teachers commonly hold either a probationary certificate for teachers who are enrolled in alternative certification programs or out-of-state certificates for teachers entering Texas from another state. A small percentage of teachers are not fully certified because they are permanent substitutes and do not hold a certificate of any kind (see Fuller and Carpenter, 2008, Teacher Quality & School Improvement in Texas Secondary Schools).

^{vi} The article "Scholarship Provider of the Year award presented to The University of Texas at Austin," (2004) summarizing the adversity index can be retrieved at: http://www.utexas.edu/news/2004/11/23/nr_scholarship/