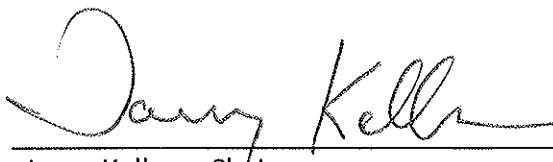


**Resolution of the Board of Directors in Support of the
TEXAS Grants Priority Model**

The Greater Houston Partnership's Board of Directors supports legislation that would reform the TEXAS Grants financial aid program to allow rewarding of financially needy high school students whose academic preparation has equipped them to complete their degrees.

The TEXAS Grants is the state's largest financial aid program, and should continue to serve students with the greatest need. The proposed modifications to the TEXAS Grant Program will prioritize financially needy students who not only complete a rigorous high school curriculum but also achieve at relatively high academic levels.

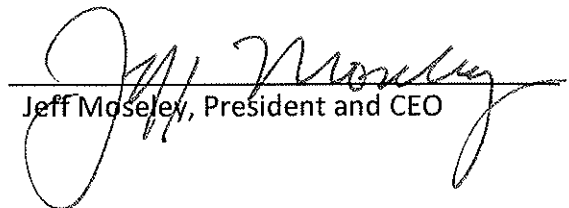
Support for this proposal will allow the best prepared, needy students, to receive a TEXAS Grants, and promote college and career readiness in high school by encouraging needy students to become college ready. The proposal, as it reward's the student's academic achievement also improves the state's return on investment, by offering financial aid to needy students who are also twice as likely to graduate as their peers.



Larry Kellner, Chairman



Tony Chase, Secretary



Jeff Moseley, President and CEO

BACKGROUND MEMORANDUM

DATE: April 6, 2011

TO: Greater Houston Partnership Board of Directors

FROM: Anne Taylor, Chair, Education Policy Advisory Committee

SUBJECT: Resolution of the Board of Directors in Support of the TEXAS Grants Priority Model

BACKGROUND

The purpose of the TEXAS (Towards Excellence, Access and Success) Grants program is to provide grants of money to enable eligible well-prepared high school graduates with financial needs to attend public and private institutions of higher education in this state.

Currently, the program is available for students that:

- Are Texas residents
- Show financial need -have an Expected Family Contribution (EFC) less than or equal to \$4,000 a year-
- Graduate from an accredited high school in Texas,
- Completed the Recommended High School Program or Distinguished Achievement Program in high school

The Texas Higher Education Coordinating Board (THECB) is proposing that the Legislature should modify the TEXAS Grant Program to prioritize financially needy students who not only complete a rigorous high school curriculum but also achieve at relatively high academic levels. The priority students would have to meet any two of four proposed academic criteria to be first in line to receive a TEXAS grant.

1. Graduating with a B average or in the top third of one's high school class.
2. Taking Advanced Placement, International Baccalaureate, or other college-level classes in high school (or completing the state's Distinguished Achievement Diploma).
3. Scoring at college-ready levels on any of a number of standardized tests
4. Taking a math class above Algebra II.

Once priority students are served, other students who complete the Recommended High School Curriculum and have financial need would be awarded a TEXAS Grant.

Reasons for the proposal include:

- A review of data conducted by the THECB indicates that TEXAS grant recipients who meet two of the four proposed academic criteria graduate at twice the rates of those who do not. A February 2010 study concluded that students who entered higher education in 2004 and received a TEXAS Grant graduated within six years at a rate 16 percentage points higher than eligible students who do not receive a TEXAS Grant (51 percent versus 35 percent). The same study showed that TEXAS Grant recipients who meet the criteria contained in the THECB's Priority Model graduated at a rate more than twice the rate of those not meeting the priority criteria (60 percent versus 29 percent).
- Although this short-term action recommendation will not necessarily reduce overall spending, it will lead to greater efficiency and productivity.
- Texas must realize a bigger return on its investment in higher education by producing more degrees and certificates per tax and tuition dollar invested.

The TEXAS Grants program will continue to serve students with the greatest need (EFC less than \$4,000), and no institution will experience a decrease in its share of TEXAS Grant allocations for initial awards (assuming level state funding): Initial allocations are based on the prior year enrollment of students with an EFC less than or equal to \$4,000; 100% of renewal students will be funded.

This new proposal has been highlighted by the Texas Association of Business (TAB), given that the TEXAS Grant funding will go to students who have demonstrated academic merit.

LEGISLATION PROPOSED

Representative Dan Branch has filed House Bill 10, relating to eligibility for a TEXAS grant and to administration of the TEXAS grant program. The bill would give priority to students who completed the recommended high school program or its equivalent having accomplished any two or more of the following:

- Graduation under the advanced high school program or its equivalent, successful completion of the course requirements of the international baccalaureate diploma program, or earning at least 12 college credits in high school under the college credit program;
- Satisfaction of the Texas Success Initiative college readiness benchmarks prescribed by the coordinating board on any assessment instrument designated by the coordinating board or qualification for an exemption;
- Graduation in the top one-third of the person's high school graduating class or graduation from high school with a grade point average of at least 3.0 on a four-point scale or the equivalent; or

- Completion for high school credit of at least one advanced mathematics course following the successful completion of an Algebra II course or at least one advanced career and technical course, as permitted by provisions of law.

The bill requires the coordinating board to ensure that each of those institutions' percentage share of the total amount of initial grant money allocated does not change. The bill requires the coordinating board and the eligible institutions, in determining who should receive a TEXAS grant, to give priority, rather than highest priority, to students who demonstrate the greatest financial need.

Senate Bill 28 by Judith Zaffirini, relating to eligibility for a TEXAS grant and to administration of the TEXAS grant program, also addresses the priority model. The eligibility criteria in this bill are maintained and expanded, for students graduating from high school after May 1, 2013, as follows:

- be a resident of this state;
- be a graduate of a public or accredited private high school in this state, and
- have accomplished any two or more of the following:
 - graduation under the advanced high school program
 - satisfaction of the Texas Success Initiative (TSI) college readiness benchmarks
 - graduation in the top one-third of the high school graduating class or graduation from high school with a grade point average of at least 3.0; or
 - completion for high school credit of at least one advanced mathematics course following the successful completion of an Algebra II course,

Summary: Would prioritize financial aid for high-achieving students who need help paying for college. This updates the criteria for Texas Grants. While need is still the priority, grants will initially be awarded based on merit as well, with an emphasis on higher level math and science courses taken.

KNOWN OPPOSITION

There is no known opposition to this initiative.

RESOURCES REQUIRED

This recommendation can be implemented with available Greater Houston Partnership staff and within current operating budget resources.