



# An Unstoppable Tidal Wave of Progress: Minority Serving Institutions in Texas

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*As reflected in the 2016 U.S. presidential election, large swaths of the American populace cling to the illusory notion that elected leaders can reverse epoch-shifting economic and demographic changes.*

## RESEARCH TEAM

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Texas represents many characteristics of the United States: its rebel spirit, its multicultural future, and its fear of that future. Texas is a majority-minority state with deep roots in Native American, Spanish, and Mexican cultures. But Texas is also a state comprised of many who support the construction of a metaphorical and physical wall to barricade the country from an unstoppable tidal wave of progress. As reflected in the 2016 U.S. presidential election, large swaths of the American populace cling to the illusory notion that elected leaders can reverse epoch-shifting economic and demographic changes. These include the extinction of U.S. manufacturing jobs and the shrinking size of the country's White population. The pain caused by these dislocations and the implications for politics and policymaking are clearly seen in Texas. Its lawmakers look to higher education to address and correct the economic and workforce changes that will continue to reshape the Texas (and United States) of tomorrow.

Behind California, Texas is home to the most Minority Serving Institutions (MSIs) in the nation. More than 1/3 of the state's postsecondary institutions are MSIs. As in California and other states, MSIs will become the majority of higher education institutions in Texas in the very near future (Gasman & Conrad, 2013; Boland et al., 2015). It is critical to consider how states such as Texas have depended on their MSIs to address statewide priorities, who attends Texas MSIs, and how MSIs serve their students.

While researchers, advocacy organizations, and policymakers implore higher education practitioners to enroll and graduate traditionally underserved student populations, MSIs continue to fulfill this mission (Conrad & Gasman, 2015; Gasman & Conrad, 2013; Harmon, 2012; Baum, Ma, & Payea, 2013). MSIs are the embodiment of an equity solution to postsecondary education's exclusionary history as well as an effective mechanism for the achievement of state and national workforce and economic needs.

## TEXAS CONTEXT

### ECONOMY

Texas is the second largest state in the United States in terms of population and geography. It has the second largest gross domestic product (GDP) in the United States at \$1.63 trillion (in 2015) making it larger than the GDP of many of the world's countries (Bureau of Economic Analysis, 2016). Powered in part by its robust petroleum industry, Texas enjoys a diverse economy anchored by metropolitan centers and higher education. Texas' approach to taxes is reflected in its state constitution forbidding a state property tax. The combination of low taxes and its booming oil industry is why Texas is usually regarded as one of the most business-friendly states (Federation of Tax Administrators, 2008).

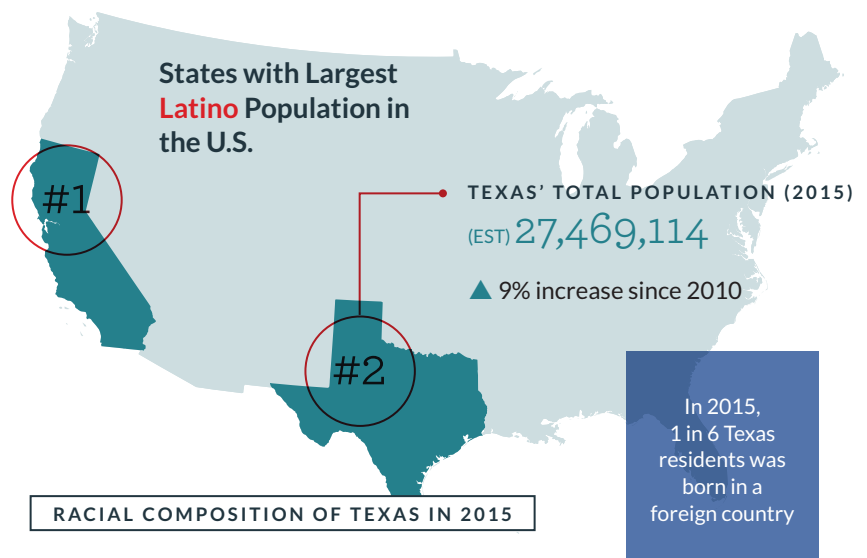
Despite its diverse and flourishing economy, over 60% of students in Texas' K-12 education system qualify for free or reduced lunch (Paredes, 2014; Fletcher & Webster, n.d.). Texas has a high poverty rate compared to states with comparable economies, with 17.6% of its citizens living below the poverty level. Nearly 1 in 4 non-Whites were below the poverty level in 2014 (\$21,027 or below for a family of four or \$10,787 for an individual under 65 years old). Median household income was estimated at \$51,900 in 2014 (U.S. Census, 2015a).

## RESEARCH DESIGN

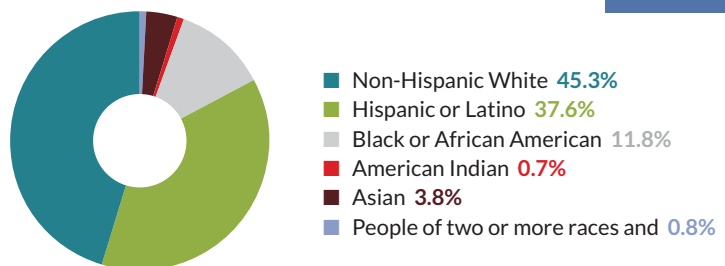
This report is an attempt to briefly explore the nature, purpose, and potential of MSIs in Texas. We analyze longitudinal data to assess enrollment, outcomes, funding, and other financial indicators. We gather data from the U.S. Department of Education's National Center for Education Statistics' (NCES) Integrated Postsecondary Education Data System (IPEDS), the Texas Higher Education Coordinating Board (THECB), the Texas Association of Community Colleges (TACC), the U.S. Census Bureau, and the Bureau of Labor Statistics. All financial variables in this report have been adjusted for inflation with the Consumer Price Index in 2014 dollars (the most recent year variable data was available). Enrollment variables represent averages for all institutions and include first-time, full-time, and part-time students in two-year institutions, public four-year institutions, and private four-year institutions. Outcomes variables include short- and long-term certificates, associate degrees, transfer from two- to four-year institutions, bachelor's degrees, master's degrees, and doctoral degrees; retention rate (first to second year for first-time, full-time students); and graduation rate (first-time, full-time students). Funding and financial indicator variables include financial aid (federal aid, Pell Grants, state and local financial aid, institutional financial aid, and student loans), state appropriations, local appropriations, and federal grants. We use these data points to help make conclusions about state public policy for higher education and suggest actionable insights for addressing these policy concerns.

## DEMOGRAPHICS

Texas has the second largest Latino population in the United States (behind California). In 2015, Texas' total population was estimated at 27,469,114, which represents a 9% increase since 2010 (U.S. Census, 2015b). In 2010, Texas' racial composition was 45.3% non-Hispanic White, 37.6% Hispanic or Latino, 11.8% Black or African American, 0.7% American Indian, 3.8% Asian, and 0.8% people of two or more races (U.S. Census, 2015b). It is predicted that by 2020, the White population will increase 2%, the Black population 11%, and Latinos by 31% (Creusere et al., 2014). It is projected that the population of Texas will grow to 50 million by 2040 and 59% of the non-White population will be Latino. The median age of Latinos is 27, while White non-Hispanics are a median age of 41 (Santiago, 2011; Excelencia in Education, 2015). In 2015, 1 in 6 Texas residents was born in a foreign country (White et al., 2015).



RACIAL COMPOSITION OF TEXAS IN 2015



## REGIONS

Measured in land and population, Texas is the second largest state in the United States. Perna and Finney (2014) argue that five Texas regions include the fastest growing communities of color, making them key areas critical for increasing the state's level of college attainment. These include Metroplex, Gulf Coast, Central Texas, South Texas, and Upper Rio Grande. These regions include 81% of Texas' population, 83% of which is Hispanic. In these regions, 76% of students did not complete a postsecondary degree or credential. The border regions, including South Texas, are made up mostly of Hispanic Serving Institutions (HSIs). Gaps based on race also occur in these regions, especially in Central Texas (Perna & Finney, 2014; Santiago, 2011).

PROJECTED POPULATION IN TEXAS

CURRENT POPULATION

+50 Million

2020

Hispanic or Latino	▲ 31%
Black or African American	▲ 11%
Non-Hispanic White	▲ 02%



## POLITICS

Unlike most other state governors, the powers of the Texas Governor are limited by its state constitution. In terms of higher education, the governor holds little power over the budget as well as appointments. The Lieutenant Governor is often perceived as being more powerful and this applies to higher education public policy. True to its lore in American culture, Texas prides itself on its individualism and decentralized control. The state is considered more akin to a “confederation of counties” as opposed to a uniform state (Perna & Finney, 2014).

Not a single Democrat has been elected to a statewide office since 1994. Of the 36 Congressional districts in the state, Republicans hold 25 and Democrats 11 as of the 114th U.S. Congress. Democratic voters cluster in Austin, Dallas, El Paso, Houston, and San Antonio; they are particularly comprised of minority voters in East and South Texas (Texas Legislature, n.d.; University of Texas, 2008).

## THE STRUCTURE OF TEXAS HIGHER EDUCATION

A state’s political culture affects the structure and finance of its public postsecondary education system (Kirlin & Shulock, 2012; McLendon, Hearn, & Mokher, 2009). In Texas, the state culture of decentralized control equates to weaker statewide higher education organizations and one of the largest and most decentralized higher education systems in the country (Gittell & Kleiman, 2000).

The state includes a multi-levelled public higher education system. Its 50 public community college districts are separate from public technical colleges. Ten statutory university governing boards coordinate public higher education, including six boards for multi-campus systems and four for single institutions (THECB, n.d.-a; Education Commission of the States [ECS], n.d.-a). These include:

- The University of Texas System (9 universities, 2 health science centers, 1 medical branch, and 2 medical centers)
- Texas A&M University System (8 universities, 1 health science center, 1 upper-level institution, and 1 college of marine science)
- Texas State University (5 universities, 1 upper-level center, and 3 lower-division state institutions)
- The University of Houston System (2 universities and 2 upper-level institutions)
- The University of North Texas (1 university and 1 health science center)
- Texas Tech University System (1 university and 1 health science center)
- Texas State Technical College System (4 technical colleges)

These institutions are governed by a single board exclusive to each:

- Midwestern State University
- Texas Woman’s University
- Stephen F. Austin State University

Texas also includes 37 independent colleges and universities (ECS, n.d.-a).

The Texas Legislature established a P-16 Council to facilitate cooperation between the THECB and the Texas Education Agency (TEA), the organization overseeing the K-12 education sector. The P-16 Council works to assure that all segments of education coordinate to advance educational attainment at all levels (THECB, n.d.-a).

## THE FINANCE OF TEXAS HIGHER EDUCATION

### State Appropriations

Texas employs a complex formula-funding mechanism to allot annual appropriations to its public two- and four-year institutions. The formula is based primarily on enrollment and instructional costs. The institutions and the THECB submit budget requests to the governor, with the legislature voting on the final amounts. Thereafter, the THECB disburses the funding to the institutions.

The legislature introduced a version of performance-based funding for community colleges in 2007 with the Higher Education Performance Incentive Initiative. The Texas performance-funding regime focuses on Student Success Points—specific progress measures used to determine the total funding level to be awarded, which is a maximum of 10% of the total state appropriation to community colleges. These measures include:

- Number of students completing 15 and 30 credit hours
- Number of students transferring to a General Academic Institution following the completion of 15 semester credit hours
- Number of degrees and certificates awarded
- Additional points awarded for students earning STEM and health field degrees (THECB, 2015b).

Student Success Points were designed to account for the varying degrees of student preparation and intent in the community colleges. They also acknowledge the nuanced conception of success beyond routine outcome measures, such as degree attainment and transfer to a four-year institution. Student Success Points incorporate intermediate steps, including course completion and persistence from the first year to the next (THECB, n.d.-b). The distribution of Student Success Points was originally based on a three-year average of success points for each community college district. This has since been revised to allow for success points be allotted according to the performance of individual institutions within a community college district compared to each other (THECB, n.d.-b; Texas Association of Community Colleges [TACC], n.d.-a). At this time, there is no performance component to formula funding for public four-year institutions, though THECB officials explained the legislature routinely discusses this option (personal correspondence, May 22, 2016).

### Local Tax Funding

In addition to state appropriations, other sources of community college revenue include local tax funding, as well as tuition and fees. Each community college board is required by state law to levy annual ad valorem taxes for the maintenance of district facilities. A board may issue bonds for the construction of school buildings and to purchase land. The state caps the bond rate at \$0.50 per \$100 valuation of taxable property in a district. The bond rate, if any, together with the annual maintenance tax rate cannot exceed \$1 per \$100 valuation of taxable district property (Texas Constitution & Statutes, n.d.-a). Many districts have imposed caps on tax rates as well (THECB, n.d.-c).

### Tuition

Texas passed House Bill 3505 in 2003, which deregulated tuition-setting authority and allowed the governing boards of public institutions to determine tuition levels in part as a response to cuts in state appropriations to public higher education. Tuition in the community colleges varies widely depending on the wealth of the district in which the institution is located. For example, fall 2015 in-district resident tuition and fees ranged from \$470 in the Collin community college district to \$1,650 in the Laredo community college district. Non-resident tuition and fees in fall 2015 varied from \$1,461 in the Hill community college district to \$4,536 in the Austin community college district (TACC, n.d.-b).

### Financial Aid

Texas has historically not provided substantial financial aid to its college students. While it has slowly expanded financial aid since the late 1990s, the total amount still falls below many other states (Perna & Finney, 2014; Moore & Shulock, 2014). Following the legislature's deregulation of tuition setting in 2003, there was a requirement to meet the anticipated increase in tuition with a 15% boost in financial aid. This did not occur (Flores & Shepherd, 2014).

The state's primary financial aid is the TEXAS Grant. Though originally need-based, the TEXAS Grant is now a need/merit-based aid hybrid (as amended by the legislature in 2011). To obtain a TEXAS Grant, a student must qualify based on two of four criteria: graduate in the top 1/3 of their high school class, maintain a B average, enroll in advanced math courses, or complete an AP or IB high school curriculum. The TEXAS Grant is intended for traditional college-aged students (19-24 years old) (Center for Public Policy Priorities, 2012).



*More than half of all Texas students enrolled in four-year institutions entered as transfer students from community colleges.*

### UNDOCUMENTED COLLEGE STUDENTS

*Over 2 million undocumented traditional college-age students (18-24 year-olds) attend college in the United States. Less than 10% of undocumented students who earn a high school diploma will enroll in postsecondary education. Given the increasing size of this population, state lawmakers and higher education leaders must constructively and equitably address undocumented students (University of Texas, n.d.). To this end, 13 states by law allow undocumented students to pay in-state tuition and fees. Two states—Texas and New Mexico—provide financial aid to undocumented students (Santiago, 2011).*

*In 2001, Texas passed House Bill 1403, which allowed undocumented students to pay in-state tuition at Texas public institutions. According to the University of Texas, more than 16,000 students have been enrolled under HB 1403. Most HB 1403 students attend community college (75%) with the remainder enrolled in four-year institutions (25%) (University of Texas, n.d.). Senate Bill 1528 allowed all students categorized as Texas residents (including undocumented students) to qualify for state financial aid (University of Texas, n.d.).*

## TEXAS EDUCATION ATTAINMENT

Texas boasts relatively high education attainment in the percentage of the population who hold a high school diploma (81.2% in 2014). Yet the proportion of state's population with a postsecondary credential is much lower: 35% of young adults (age 25-34) had an associate degree or higher in 2014 and 27.5% had at least a baccalaureate degree. Baccalaureate degree attainment varies by race: 46% of White students, 31% of Black students, 64% of Asian students, and just 18% of Hispanic students (Institute for Research on Higher Education, 2016).

More than half of all Texas students enrolled in four-year institutions entered as transfer students from community colleges. There are differences by race amongst transfer students to a four-year institution: 48% White, 31.9% Hispanic, 11.3% Black, 5.7% Asian, and 3.2% categorized as other (THECB, n.d.-d).

Texas' former strategic plan for higher education, *Closing the Gaps*, established ambitious attainment goals for the state. Throughout its existence (2000-2015), *Closing the Gaps* achieved some of these goals:

- It surpassed the overall enrollment growth goal (630,000 compared to 589,741).
- Enrollment of Black students surpassed the original goal (119,945 compared to 112,839).

Yet enrollment of Hispanic students fell short. Texas sought to enroll 439,000 additional Hispanic students by 2015. The actual increase of Hispanic students was 301,116. The increase of new White students was the category that fell shortest of the state initiative's goal: 42,665 compared to 101,000 (Paredes, 2014). Texas cannot meet its attainment goals and fulfill future workforce needs without carefully harnessing the power of its MSIs.

The state's new strategic plan for higher education—60x30TX—ambitiously calls for 60% of Texas' 25-34 year-old population to have a college credential by 2030 and outlines tangible steps to achieve this goal (THECB, 2015a). Given demographic changes and postsecondary attainment realities, Texas must do more to enroll and graduate those students traditionally disenfranchised by traditional higher education.

## WHAT TYPES OF MSIs ARE IN TEXAS?

There are 63 MSIs in Texas. Texas is home to several categories of MSIs: Asian American and Native American Pacific Islander Serving Institutions (AANAPISIs), Historically Black Colleges and Universities (HBCUs), Hispanic Serving Institutions (HSIs), and institutions that qualify in two categories as AANAPISI/HSI or HBCU/HSI. As of fall 2016, there was one Predominantly Black Institution (PBI) in Texas: Cedar Valley College.

An HSI is any public or private institution that enrolls at minimum 25% full-time Hispanic students and receives a federal grant via Title III or Title V. An AANAPISI must enroll at least 10% full-time Asian American and Pacific Islander students and also fulfill a minimum percentage of students receiving financial aid. A PBI enrolls more than 50% Black students, a specified level of whom receive financial aid. HBCUs were founded prior to 1965 to serve Black students, though HBCUs today enroll students of different races (Núñez, Hurtado, & Calderon Galdeano, 2015; Hispanic Association of Colleges and Universities, 2014; White House Initiative on Asian American and Pacific Islanders, 2014).

*Texas cannot meet its attainment goals and fulfill future workforce needs without carefully harnessing the power of its MSIs.*

There are 185 postsecondary institutions in Texas (excluding for-profit schools, which cannot be classified as MSIs) (National Center for Education Statistics, n.d.). One-third of these are MSIs. By sector, these include:

- Community and junior colleges (50%)
- University of Houston System (100%)
- University of Texas System (63%)
- Texas A&M University System (37%)
- Texas State University System (50%)
- Texas Tech University System (25%)
- Private Institutions (50%)

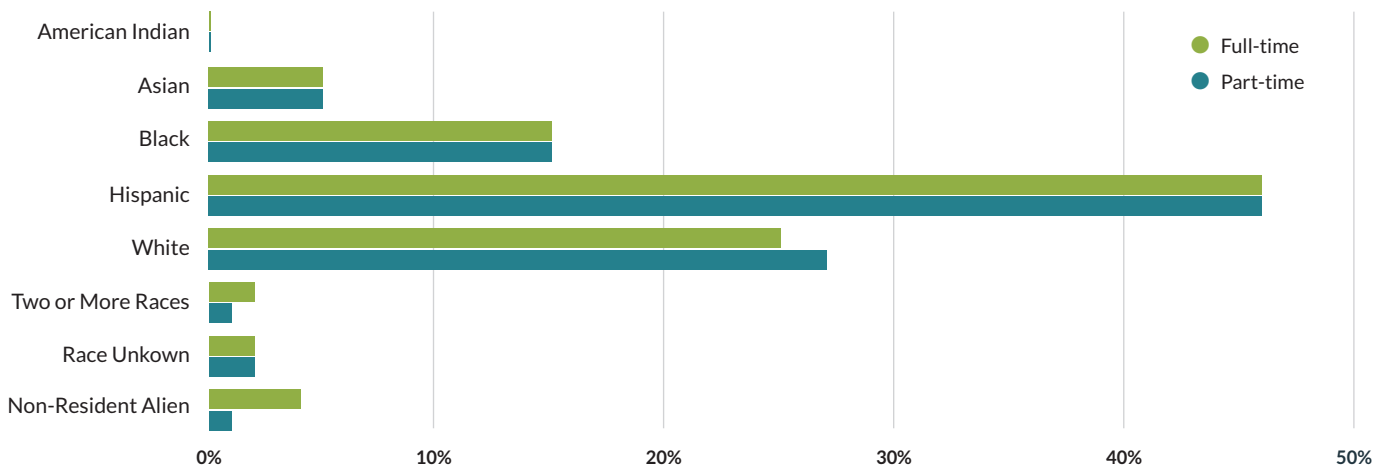
We define MSIs according to the Department of Education's classification of an institution that is accredited, awards degrees, and enrolls a specific full-time equivalent undergraduate student percentage that meets department criteria. We also include only those institutions receiving a federal grant (Title III and Title V) for specific MSI programming. We do not include emerging MSIs (those institutions near to reaching the enrollment percentage but are not yet eligible to apply to federal grant funding).

## WHO ATTENDS TEXAS MSIs?

### PUBLIC TWO-YEAR MSIs

Average enrollment in MSI community colleges per institution has remained relatively the same between 2010-2011 (13,796) and 2014-2015 (13,762). As HSIs account for the majority of MSIs in Texas, Hispanic enrollment comprised the majority of all Texas MSIs at 46% for both full- and part-time students (Figure 1). White enrollment was the next largest at 25% for full-time and 27% for part-time students. Hispanic enrollment increased by approximately 4 percentage points since the 2010-2011 academic year, while White enrollment declined by roughly the same number. Other racial categories did not change by substantial amounts across this timeframe.

**Figure 1** PUBLIC TWO-YEAR MSI ENROLLMENT BY RACE/ETHNICITY, 2014-2015





### PUBLIC FOUR-YEAR MSIs

Average full-time undergraduate enrollment per public four-year school increased slightly between 2010-2011 (11,712) and 2014-2015 (12,568). Hispanic students comprise the majority of undergraduate enrollment in public four-year MSIs in Texas by a wide margin (52% in 2014-2015) (Figure 2). White students accounted for 24%, a decline from 27% in 2010-2011. Yet White students still comprise a higher proportion in graduate enrollment (31%). Hispanic enrollment in graduate-level studies is almost half of Hispanic undergraduate enrollment (27%). This proportion has not changed since 2010-2011, though White enrollment in graduate-level education declined from 37% in 2010-2011. Average enrollment of graduate students per public four-year institution has remained mostly static (2,771 in 2010-2011 and 2,761 in 2014-2015).

Figure 2

**PUBLIC UNDERGRADUATE FOUR-YEAR MSI ENROLLMENT BY RACE/ETHNICITY, 2014-2015**

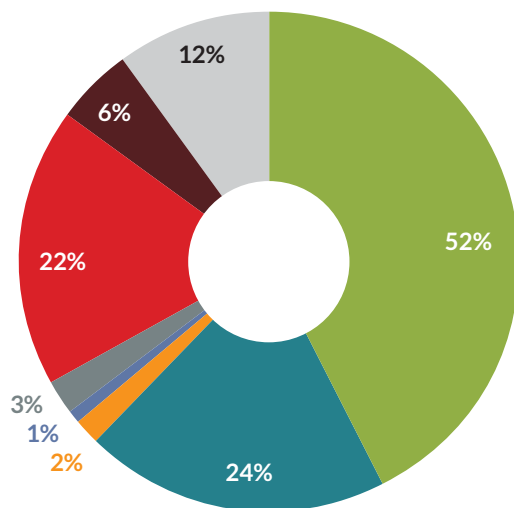
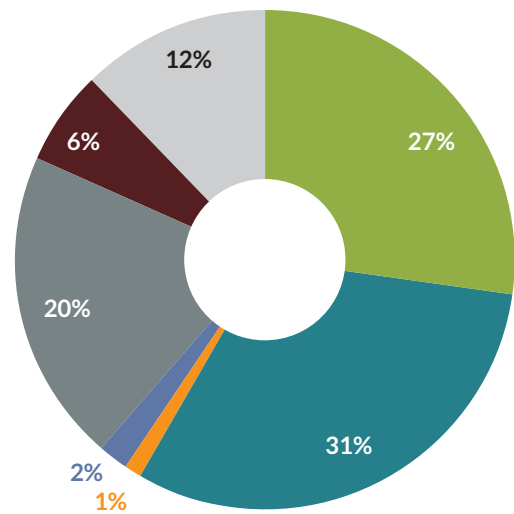


Figure 3

**PUBLIC GRADUATE FOUR-YEAR MSI ENROLLMENT BY RACE/ETHNICITY, 2014-2015**



## PRIVATE FOUR-YEAR MSIs

Similar to enrollment in the public MSIs, average enrollment per private four-year college has remained mostly the same. In 2010-2011, 1,340 undergraduates were enrolled, while 1,317 were enrolled in 2014-2015. Yet enrollment amongst graduate students increased by 26% during this timeframe (587 to 737). This increase was driven mostly by international students (a 47% increase), despite a substantial decline in the enrollment of White graduate students (15% decrease). As in all sectors of Texas MSIs, Hispanic students were the majority of total enrollment in private four-year MSIs in 2014-2015 (43% of undergraduates and 34% of graduates).

Figure 4

## PRIVATE FOUR-YEAR MSI UNDER-GRADUATE ENROLLMENT BY RACE/ETHNICITY, 2014-2015

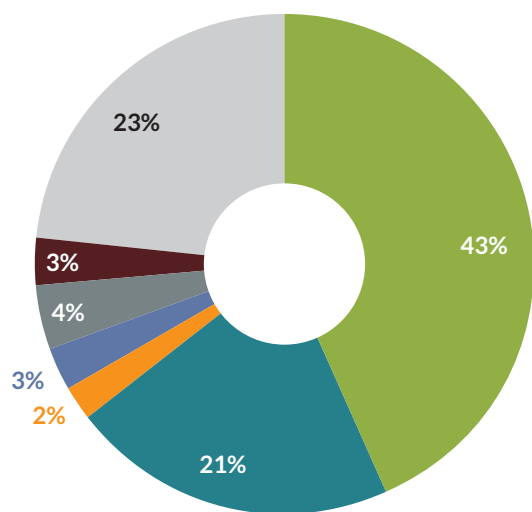
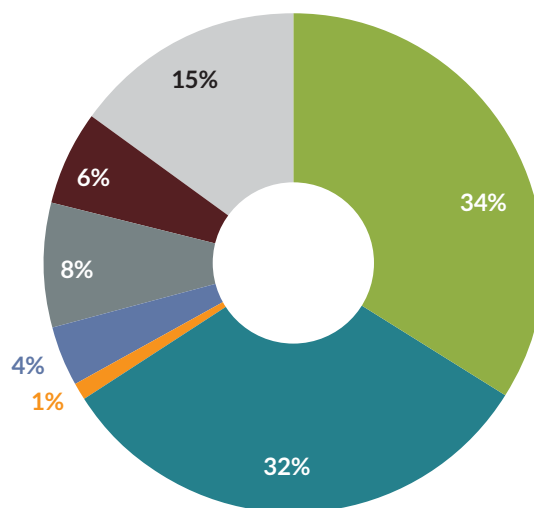


Figure 5

## PRIVATE FOUR-YEAR MSI GRADUATE ENROLLMENT BY RACE/ETHNICITY, 2014-2015



■ American Indian    ■ Asian    ■ Black    ■ Hispanic    ■ White    ■ Two or More Races    ■ Race Unknown    ■ Non-Resident Alien







## SAN ANTONIO MSIs

*The City of San Antonio is the 7th most populous city in the United States and 2nd most populous in Texas (pop=1,409,019 in 2014) (U.S. Census, 2015c). The city's roots reach back to the 17th century and Spanish missions from the 18th century remain standing (such as the Alamo). It is also home to the most MSIs of any city or metropolitan area in Texas. Eleven MSIs call San Antonio home, all HSIs with the exception of one HBCU.*

*Given its many MSIs, it is no surprise that San Antonio boasts a diverse population: 63.2% Hispanic or Latino, 26.6% Non-Hispanic White, 6.9% Black, and 2.4% Asian.*

INSTITUTION NAME	SECTOR	MSI CATEGORY	FALL 2014 UNDERGRADUATE ENROLLMENT
BAPTIST UNIVERSITY OF THE AMERICAS	Private four-year	HSI	189
HALLMARK COLLEGE	Private four-year	HSI	1,166
NORTHWEST VISTA COLLEGE	Public two-year	HSI	15,965
OUR LADY OF THE LAKE	Private four-year	HSI	1,555
PALO ALTO COLLEGE	Public two-year	HSI	8,427
SAN ANTONIO COLLEGE	Public two-year	HSI	23,004
ST. MARY'S UNIVERSITY	Private four-year	HSI	2,393
ST. PHILIP'S COLLEGE	Public four-year	HBCU	10,238
UNIVERSITY OF TEXAS AT SAN ANTONIO	Public four-year	HSI	24,342
UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO	Public four-year	HSI	793
UNIVERSITY OF THE INCARNATE WORD	Private four-year	HSI	6,491

## WHERE ARE TEXAS MSIs LOCATED?

Though MSIs are spread throughout the state, most tend to be clustered in South Texas, the Upper Gulf Coast region, and the Dallas metropolitan area (Figure 6). San Antonio is home to the most MSIs of any city or region (see previous page). The Texas border region also includes several MSIs (see p. 20).

## HOW MANY STUDENTS DO TEXAS MSIs RETAIN, TRANSFER, OR GRADUATE?

### PUBLIC TWO-YEAR MSIs

#### Completion

As seen in Figure 1, enrollment changed little between 2010-2011 and 2014-2015. Yet the number of students receiving credentials increased. The average number of credentials awarded per institution increased by 40% (1,369 in 2010-2011 to 1,922 in 2014-2015). Much of this was driven by a 50% increase in associate degrees awarded (902 in 2010-2011 to 1,350 in 2014-2015).

Figure 6 MAP OF TEXAS MSIs

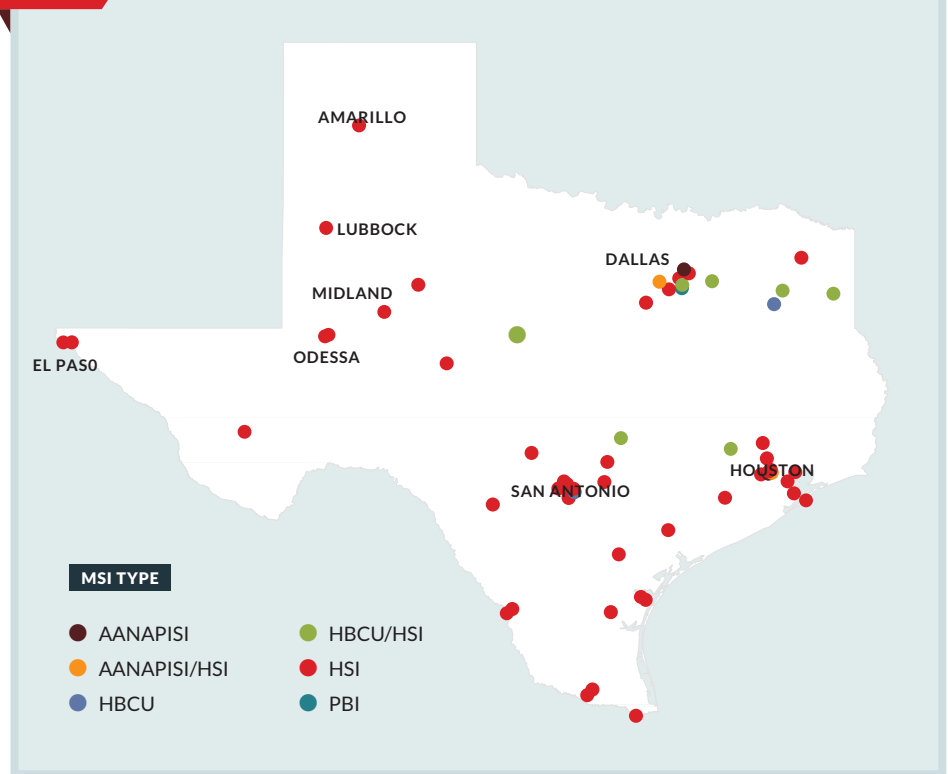
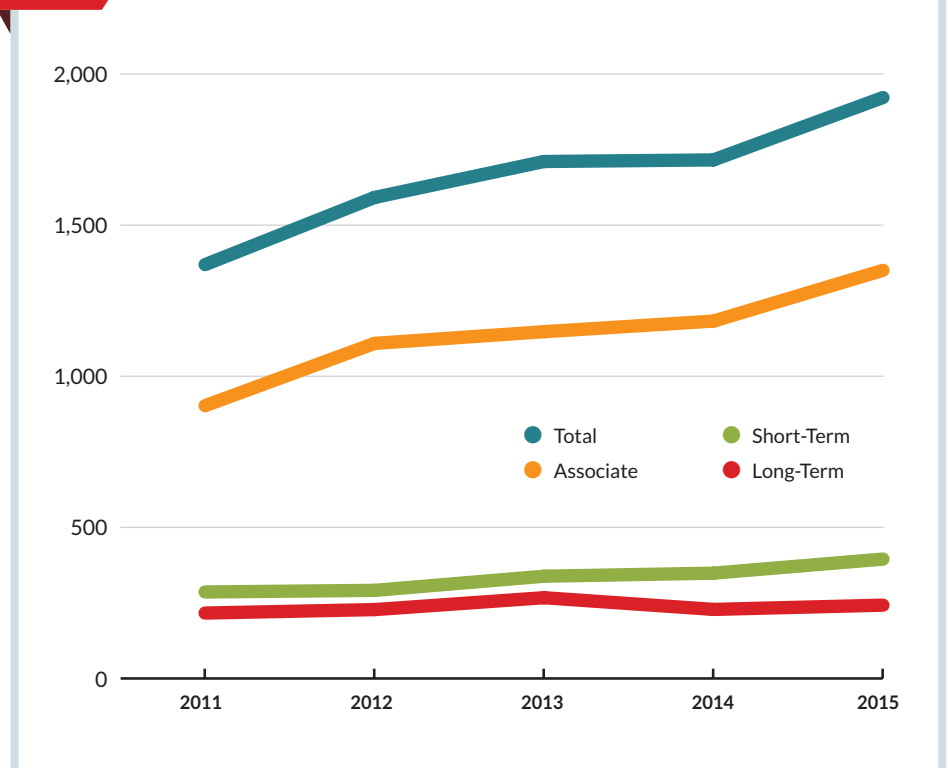


Figure 7 PUBLIC TWO-YEAR MSI COMPLETION



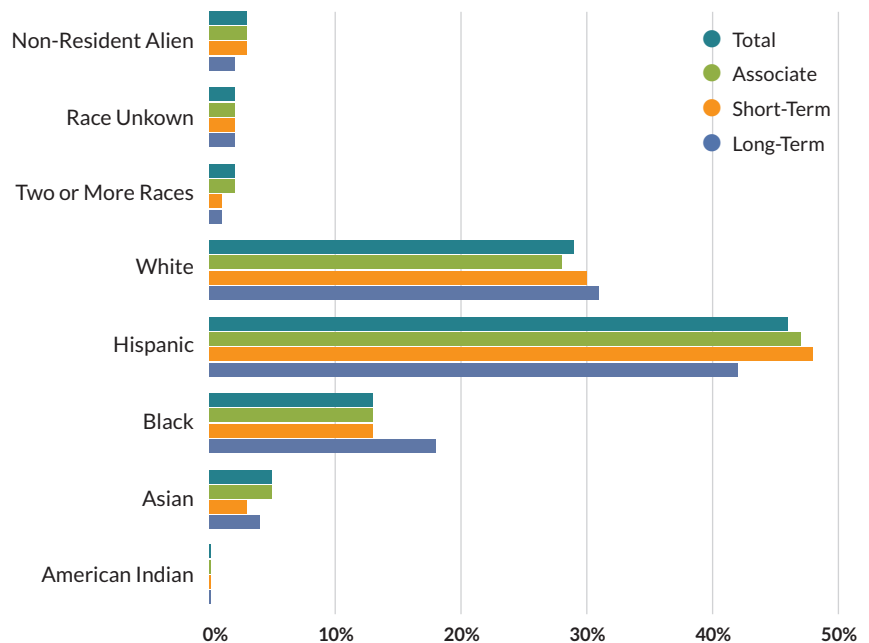


### Completion by Racial/Ethnic Category

To get a clearer picture of who graduates from Texas MSIs, we also disaggregate completion measures by race/ethnicity. Hispanic students account for the largest racial/ethnic category completing degrees at Texas MSI community colleges (46% of all completion categories). This is an increase from the 2010-2011 academic year (40%). As in enrollment, White student completion declined from 34% to 29%.

Figure 8

### PUBLIC TWO-YEAR MSI COMPLETION BY RACE/ETHNICITY, 2014-2015



### Retention

The retention rate for full-time students in Texas community colleges was about the national average (60%), while the part-time retention rate was slightly below average (44%).

### Graduation and Transfer Rates

Graduation rates have improved for all racial categories in community colleges since the 2009-2010 academic year. The overall graduation rate rose from 14% to 17%. The average transfer rate for all two-year MSIs dipped slightly, from 23% to 20%.

### PUBLIC FOUR-YEAR MSIs

#### Completion

Baccalaureate degree completion on average per institution has increased between 2010-2011 and 2014-2015, rising from 1,815 to 2,112. Graduate-level degrees have also increased, especially doctoral degrees (52 to 72). Master's degrees rose from 677 to 745.



### Completion by Racial Category

The percentage of Hispanic students earning bachelor's degrees in public four-year MSIs was higher than all other racial categories (42% compared to the next highest category, White students, at 32%). Hispanic students attained master's degrees (26%) and doctoral degrees (14%) at a much lower proportion than White students (36% and 37% respectively). Aside from White students, students categorized by NCES as non-resident aliens made up the largest total proportion of graduate degree completers (25% and 35% respectively). Compared to the 2010-2011 academic year, these figures have hardly changed, though White students' completion categories declined slightly and the number of non-resident alien students completing master's degrees increased by roughly 5 percentage points.

### Retention

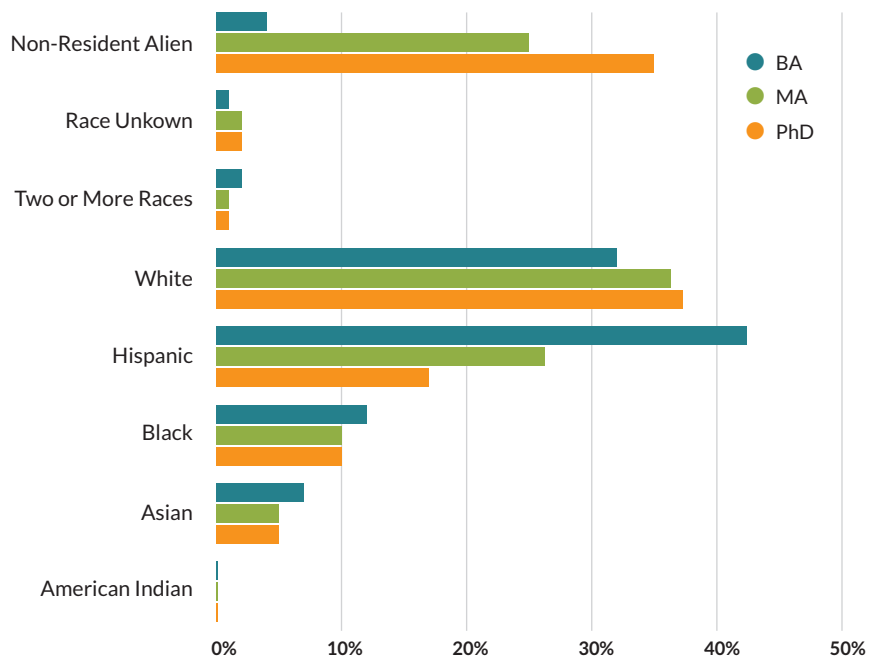
The retention rate for full-time students was 66% in 2014-2015, nearly the same as in 2009-2010. The part-time retention rate declined from 46% to 41%.

### Graduation Rate

The overall average graduation rate improved somewhat between 2009-2010 and 2014-2015 (32% to 34%). The category with the highest graduation rate was non-resident alien students (which includes international students).

Figure 9

### PUBLIC FOUR-YEAR MSI COMPLETION BY RACE/ETHNICITY, 2014-2015

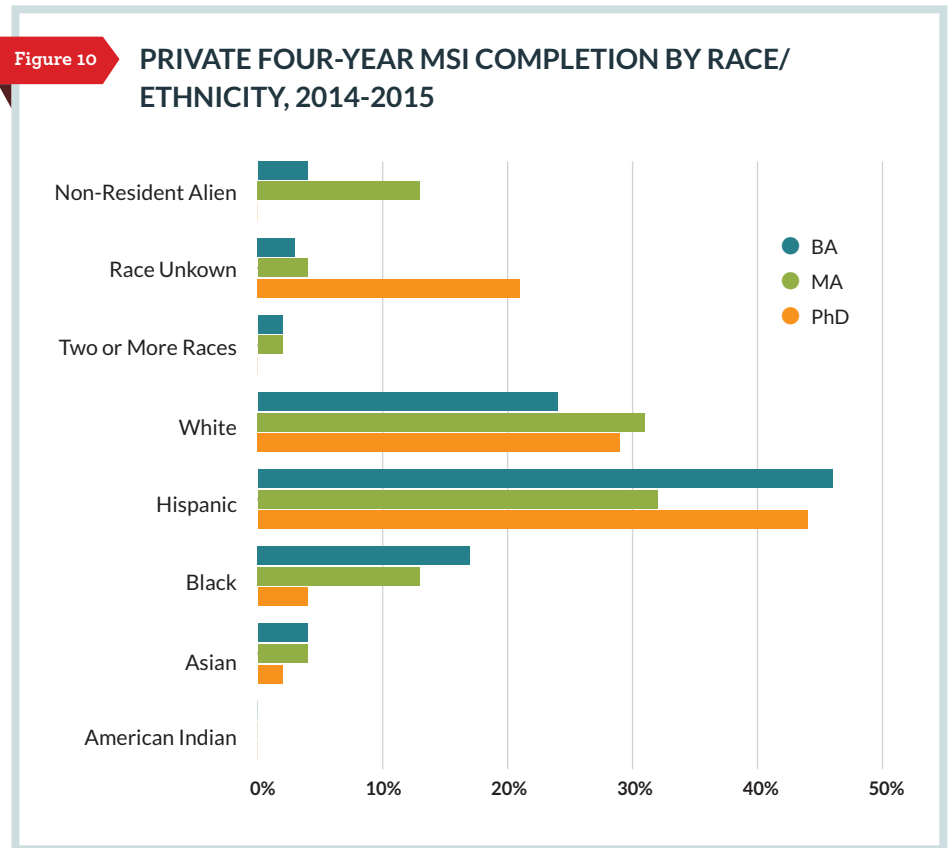




## PRIVATE FOUR-YEAR MSIs

### Completion by Racial/Ethnic Category

Changes in the proportion of completion based on racial categories in private four-year MSIs generally reflect such changes in all Texas MSIs: Hispanic students increased their proportion as White students declined. Unlike in public four-year MSIs, this held true for bachelor's and master's degrees. The one exception was doctoral degrees: White students improved from 21% to 29% between 2010-2011 and 2014-2015. Yet far more Hispanic students completed doctoral degrees in private four-year MSIs (44%) than other racial/ethnic categories.



### Retention

The retention rate remained mostly the same for full-time students in 2014-2015 as in 2009-2010 at 66%. The part-time retention rate improved from 34% to 41%.

### Graduation Rate

The average overall graduation rate remained mostly static in private four-year MSIs (36% in 2009-2010 to 38% in 2014-2015).

## HOW MUCH DOES IT COST TO ATTEND TEXAS MSIs?

### PUBLIC TWO-YEAR PUBLIC MSIs

Tuition and fees have risen sharply in the MSI community colleges since the 2010-2011 academic year. For in-state students, tuition and fees rose by 38% between 2009-2010 and 2014-2015, with the current average of \$3,606.

### PUBLIC FOUR-YEAR MSIs

Average tuition and fees per public four-year institution in Texas have ballooned over the past two decades. Between 1999 and 2014, tuition and fees swelled over 113% in public four-year MSIs (an average per institution of \$3,072 in 1999 to \$6,531 in 2014).

### PRIVATE FOUR-YEAR MSIs

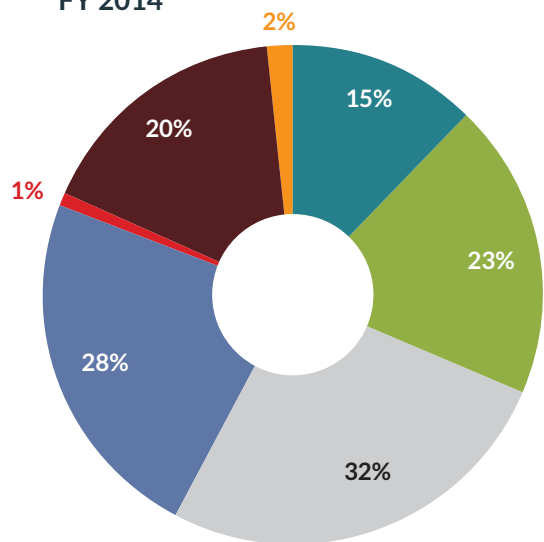
As with most private four-year colleges and universities, tuition in Texas private MSIs is much higher than its public counterparts. Average tuition and fees in 2014-2015 were \$19,263. Unlike the public institutions, tuition in the private sector did not increase at a similarly precipitous rate.

## HOW ARE MSIs FUNDED?

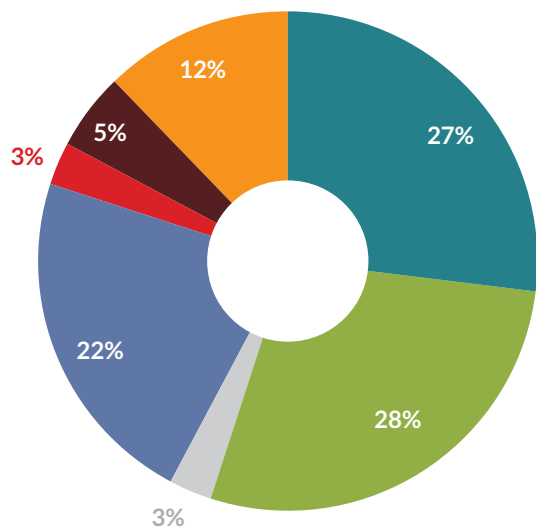
### PUBLIC TWO-YEAR MSIs

The largest source of core revenues in the community colleges in FY2014 was local tax appropriations (32%), an increase from 24% in FY2010. This reflects community colleges augmenting lost revenues from a continuing decline in state appropriations (23% in FY2014) with local tax funding. Government grants and contracts comprise a sizable proportion of core revenues (28% in FY2014), which in part reflects the federal MSI grant.

**Figure 11** PUBLIC TWO-YEAR MSI CORE REVENUES, FY 2014



**Figure 12** PUBLIC FOUR-YEAR MSI CORE REVENUES, FY 2014



### PUBLIC FOUR-YEAR MSIs

Core revenues changed little in the public four-year MSIs between FY2010 and FY2014. The percentage of core revenues derived from state appropriations and tuition and fees is almost identical for those years (28% and 27% respectively), which reflects the broader shift in declining state support and an increasing emphasis on tuition and fee revenue.

### PRIVATE FOUR-YEAR MSIs

Core revenues in private four-year MSIs changed little between FY2010 and FY2014. Tuition and fees comprised the largest portion of revenues (60%).

## HOW MANY TEXAS MSI STUDENTS RECEIVE FINANCIAL AID?

### PUBLIC TWO-YEAR MSIs

In 2014-2015, 74% of two-year public MSI students received some form of financial aid compared to 70% in 2009-2010. The largest form of aid is the Pell grant (58%, up from 54% in 2009-2010).

Figure 13

### PRIVATE FOUR-YEAR MSI CORE REVENUES, FY 2014

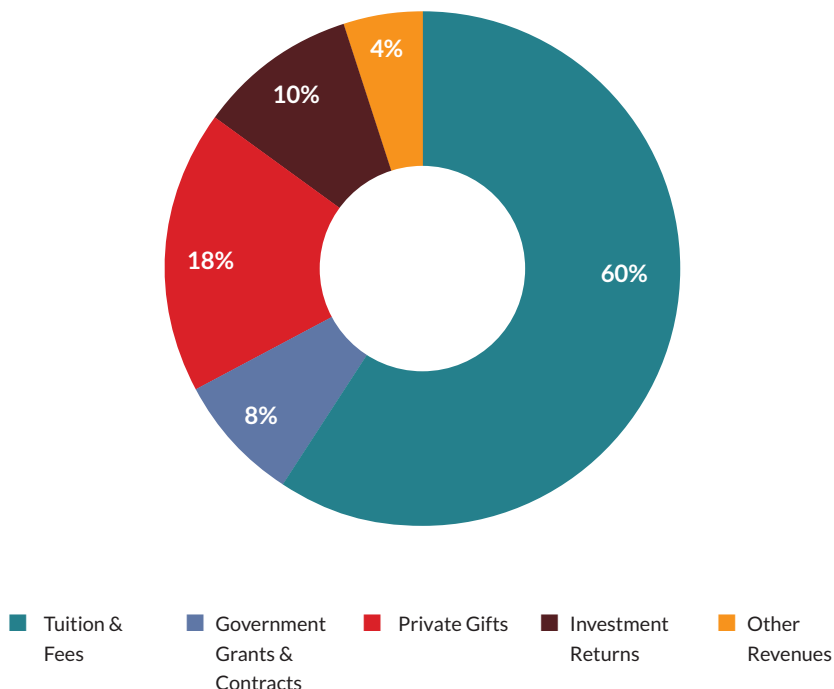
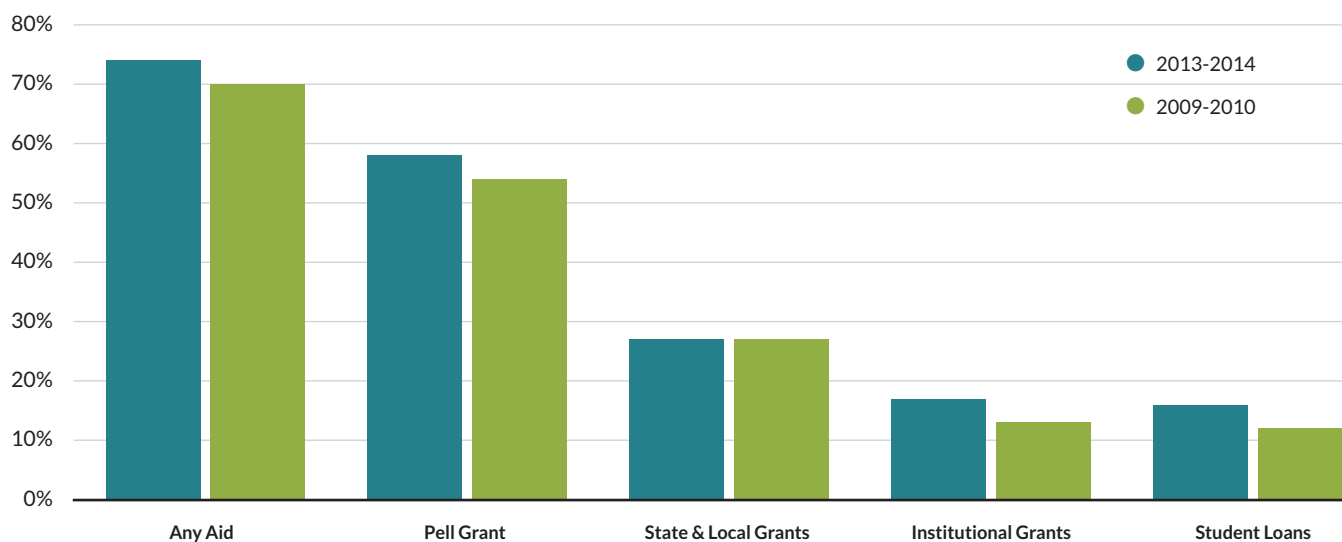


Figure 14

### PERCENT OF TWO-YEAR MSI STUDENTS RECEIVING FINANCIAL AID

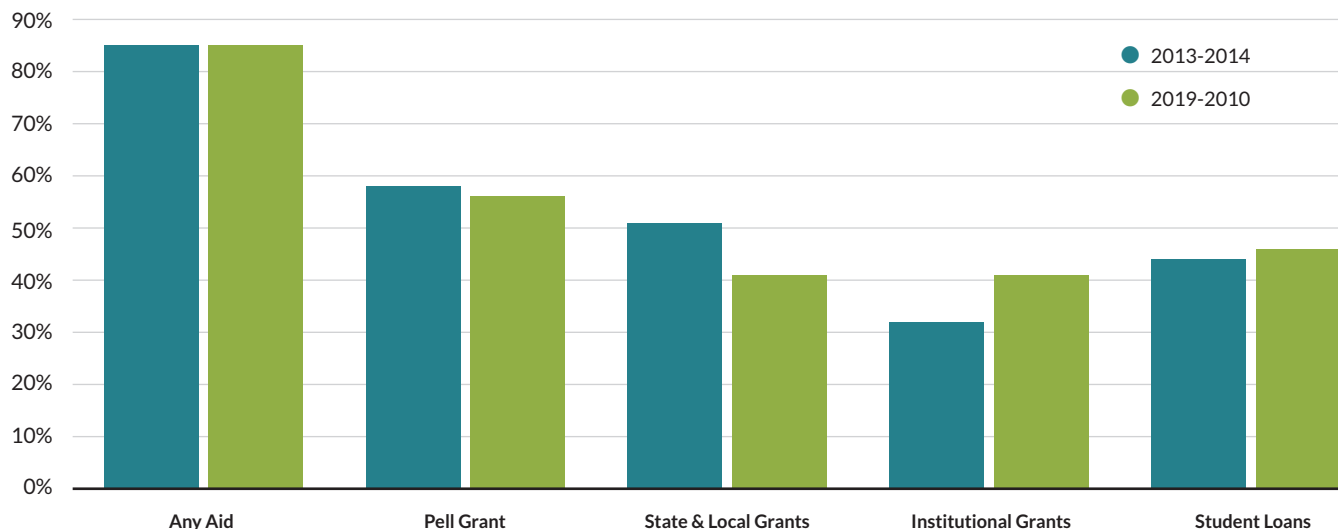


### PUBLIC FOUR-YEAR MSIs

The number of students in public four-year MSIs receiving any form of financial aid did not change between 2010-2011 and 2013-2014 (85%). The most substantial changes were in the percentage of students receiving state and local financial aid (a 10-percentage point increase to 51%) and institutional aid (a 9-percentage point decline to 32%).

Figure 15

#### PERCENT OF PUBLIC FOUR-YEAR MSI STUDENTS RECEIVING FINANCIAL AID



### PRIVATE FOUR-YEAR MSIs

Financial aid did not change much between 2009-2010 and 2013-2014, with the exception of institutional aid: institutions provided an increasing level of financial aid, with 71% of all students receiving this form of aid in 2013-2014 compared to 64% in 2009-2010. State and local aid to private four-year MSIs declined somewhat, from 40% to 37%.

Figure 16

#### PERCENT OF PRIVATE FOUR-YEAR MSI STUDENTS RECEIVING FINANCIAL AID







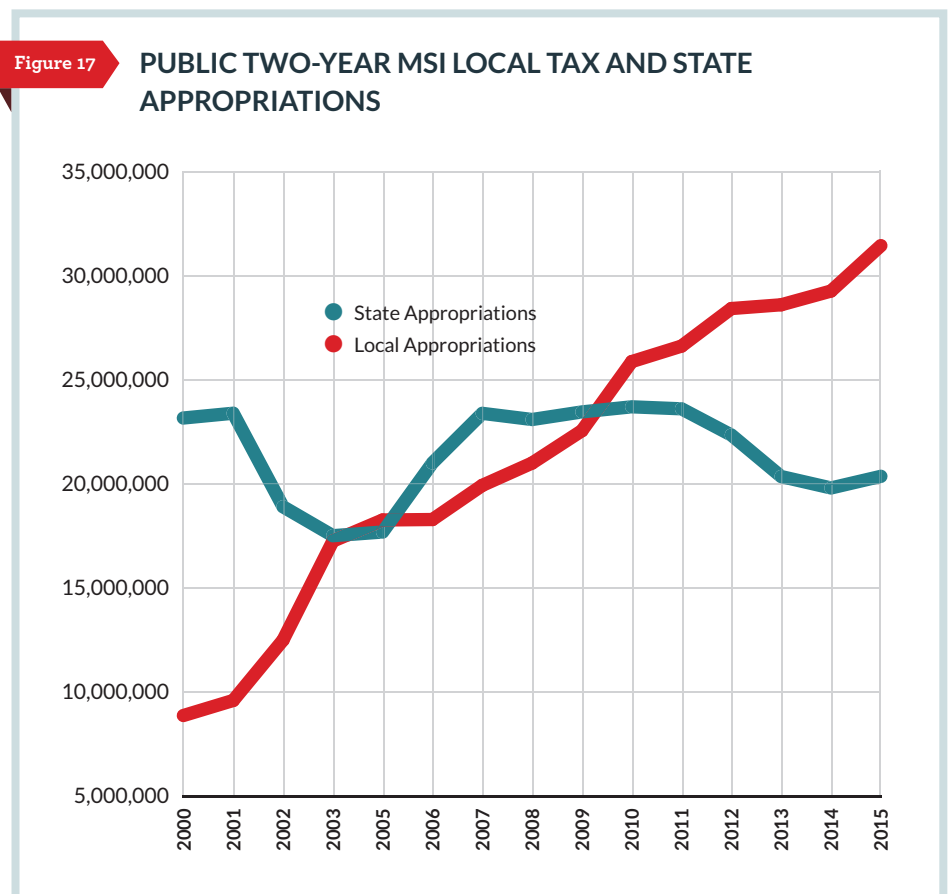
## POLICY CHALLENGES

Based on the data points noted above, Texas MSIs face three challenges rooted in state public policy for higher education:

- ① Inequitable community college funding
- ② Policymakers' overemphasis on research universities
- ③ Finance policy that ignores affordability and access

### POLICY CHALLENGE #1: INEQUITABLE COMMUNITY COLLEGE FUNDING

The share of total revenues derived from state appropriations compared to local tax revenue has drastically shifted in the past two decades. State appropriations accounted for 61% of revenues in FY1985. They fell to 28% in 2007 (Perna & Finney, 2014). In FY2014, state appropriations comprised 23%. Revenues from local property taxes increased by 243% between 2000 and 2014 (average per institution, adjusted for inflation).



The community college districts do not always overlap with the community college service areas. The residents of these sections must vote to be taxed to create a "green area," which is the taxed district inside of the service area. Since there is variation in districts within service areas, there are financial disparities throughout the community colleges (Perna & Finney, 2014; TACC, n.d.-b). The lower-financed community college districts tend to be those in lower-income, rural regions with a higher percentage of Latino residents (TACC, n.d.-b).

*The local property tax funding mechanism for community colleges in Texas leads to disparities in programs and conditions throughout the public two-year institutions.*

Revenues raised from local property taxes vary greatly. In FY2014, the Houston Community College District had a tax levy of \$171,699,666. In comparison, Coastal Bend College District only had \$2,228,238 in the same fiscal year (TACC, n.d.-c).

Each community college district contains a service area and a taxing district (see Appendix), though these areas do not necessarily overlap. Students living outside the institution's service area pay higher tuition. The taxing district is the area that is taxed. The service area is the area mandated by the state legislature to provide community college education for all residents living within that area (TACC, n.d.-b).

While state appropriations are funneled to community college districts as determined by formula funding, local tax funding varies according to the property tax wealth of the counties in which each community college is located. This leads to vast disparities amongst the community colleges throughout the state (Perna & Finney, 2014; Excelencia in Education, 2015). Given state disinvestment in public higher education, community colleges increasingly rely on local property tax funding to backfill lost state-tax revenue. This leads districts to attempt to expand their taxing district, a difficult political process with institutions receiving no support from the state government (Perna & Finney, 2014). Senate Bill 390 created 50 community college areas in 1995. While this carved specific serving zones for these institutions, many community colleges have swaths of areas beyond the borders of their taxing districts (Perna & Finney, 2014; TACC, n.d.-b).

Community colleges must individually seek to expand their tax districts if they want to boost revenues from local property taxes. The outcome of this process varies wildly amongst the institutions, with some more successful than others. The onus is on community colleges to convince the community to vote to increase their local taxes—a hard bargain in a tax-averse state such as Texas.

The local property tax funding mechanism for community colleges in Texas leads to disparities in programs and conditions throughout the public two-year institutions. Though the state established ambitious goals in both *Closing the Gaps* and the new 60x30 TX, failing to adequately address the problems of community college finance—particularly the local property tax—will inhibit the attainment of many of those statewide goals. Though rigorous statistical research could better chart the connection between this policy and higher education performance, it appears that the consequence of the overreliance on local property tax funding is a lack of an increase in enrollment and a decline in the transfer rate. These issues also play out with completion in the four-year institutions, particularly at the graduate level.

## **POLICY CHALLENGE #2: POLICYMAKERS' OVEREMPHASIS ON RESEARCH UNIVERSITIES**

State policymakers make decisions on how to slice the public finance pie. These choices reveal preferences for the means of meeting statewide priorities. In Texas, lawmakers have been directing an increasing portion of higher education funding towards upgrading regional four-year institutions into research universities. Perna and Finney (2014) explored how Texas policymakers funneled tax-payer funds towards retrofitting state four-year flagships into research institutions. Lawmaker preference for research institutions is not uncommon throughout the United States (Callan, 2009). Research institutions bring prestige and funding (Gittell & Kleiman, 2000). Despite the benefits of research universities, such institutions are expensive to operate and maintain. Focusing solely on research universities can also distract attention and divert resources away from other public higher education institutions crucial in meeting state economic needs and serving a broad-base of state citizens. This is especially true for MSIs (most—though not all—of which are not research institutions in Texas). Given its increasing number of students of color and their heavy enrollment in community colleges and regional four-year schools, Texas must consider strategically reallocating state funding for public higher education towards non-flagship four-year institutions and community colleges—these are the institutions that enroll the majority of Texas postsecondary students.

*Texas' approach to finance policy is familiar to many states: it has no unified finance policy.*

There are some potential consequences of policymakers' preference for research institutions. Undergraduate and graduate enrollment in public four-year MSIs has not increased appreciably. While Hispanic undergraduate enrollment has grown, these students remain underrepresented at the graduate level. Completion amounts are similarly stagnant and also reflect inequitable rates by race/ethnicity at the graduate level.

State political culture has shaped the evolution of legislative leadership on public higher education in Texas. Its political culture is fiercely individualistic with an emphasis on decentralized power. As in other states with a similar ethos for public policy, Texas lacks an organized political force advocating for public higher education. As Gittell and Kleiman (2000) explain, state politicians view public higher education as "public pork" for their districts. This is reflected by every senatorial district having a university. Gittell and Kleiman (2000) explain the leadership vacuum as a consequence of elected officials advocating solely for schools in their districts. They argue, "the majority of higher education reforms are still controlled by a small group of regime leaders, but Texas law-makers are more willing and able to participate in these debates because of the individually driven, pork barrel politics that revolve around postsecondary institutions" (p. 1067). As community colleges in Texas have no central leadership, their influence on public policy is severely limited.

### **POLICY CHALLENGE #3: FINANCE POLICY THAT COMPROMISES AFFORDABILITY**

Texas' approach to finance policy is familiar to many states: it has no unified finance policy. Tuition-setting, state appropriations, and financial aid are developed independently. The closest the state came to a coherent finance policy was when the state deregulated tuition-setting authority in 2003. In response to rising enrollments and falling state appropriations, the Texas state legislature allowed public colleges and universities to establish their own tuition rates in 2003. Tuition in public four-year institutions jumped by 21% between 2003 and 2004.

This legislature required institutions to increase financial aid as well as outcomes for the power to set tuition. Yet most did not substantially boost financial aid awards. According to our analysis of IPEDS data, many colleges and universities limited the total amount of institutional aid available to students (at least since the 2008 recession).

Texas provided no financial aid to students until 2001. State aid continues to comprise a much lower proportion of financial aid received by Texas students. The percentage of students receiving institutional financial aid in community colleges increased somewhat after tuition deregulation in 2003, but then declined. The percentage that received institutional aid in 2014 is the same as in 2000 (17%). This figure has gradually increased for public four-year institutions, though still just a third of students receive it (compared to half receiving state and local aid).

Flores and Shepherd (2014) adopted an advanced quantitative framework to measure the impact of tuition deregulation on enrollment in Texas public institutions. They found a statistically significant impact on the enrollment of Latino students: they enrolled at a lower amount following tuition deregulation.

A primary consequence of the state's misaligned finance policy is the declining affordability of Texas' public postsecondary institutions. Nearly 25% of Texans earn less than \$30,000 a year (Institute for Research on Higher Education, 2016). According to the Institute for Research on Higher Education (2016), lower-income students pay nearly 34% of average family income to subsidize full-time enrollment in community colleges and 51% to enroll in non-research public four-year schools. The variation in tuition and fees across community colleges throughout Texas further complicates the affordability level for students and families. The Institute for Research on Higher Education (2016) notes that students in community colleges may pay twice as much depending on whether or not their community college district is better-funded depending on the property tax wealth of the region. The student and family portion of financing Texas public higher education increased from 25% in 1989 to 39% in 2014 (Institute for Research on Higher Education, 2016).

## MSIs ON THE BORDER

One of the important services that border MSIs provide to students (as well as high school students and community members) is bilingual outreach on programs and financial aid. They are heavily involved with local high schools in providing such information. These MSIs also provide numerous examples of successful programs that more closely connect higher education to the local community:

- El Paso Community College created an Early College High School Initiative to enable high school students to earn a high school diploma and associate degree within four years.
- The University of Texas El Paso Promise Plan waives all tuition and fees for full-time students who maintain a GPA of 2.0 or higher.
- South Texas College allows high school students to obtain college credits via a dual enrollment program (Achieve Early College High School).
- Laredo Community College provides high school students in nearby school districts an opportunity to earn college credit (Santiago, 2011).

There are currently six MSIs on the border with Mexico:

INSTITUTION NAME	LOCATION	SECTOR	MSI CATEGORY	FALL 2014 UNDERGRADUATE ENROLLMENT
① TEXAS A&M INTERNATIONAL UNIVERSITY	Laredo, TX	Public four-year	HSI	6,585
② UNIVERSITY OF TEXAS AT EL PASO	El Paso, TX	Public four-year	HSI	9,696
③ LAREDO COMMUNITY COLLEGE	Laredo, TX	Public two-year	HSI	8,726
④ EL PASO COUNTY COMMUNITY COLLEGE DISTRICT	El Paso, TX	Public two-year	HSI	30,468
⑤ SOUTH TEXAS COLLEGE	McAllen, TX	Public four-year	HSI	31,232
⑥ UNIVERSITY OF TEXAS RIO GRANDE VALLEY*	Edinburg, TX	Public four-year	HSI	17,858



\*The University of Texas Brownsville and the University of Texas Pan American were merged to form the University of Texas Rio Grande Valley in 2013.



## MSIs CLOSE UP

We include the following MSIs as examples of how MSIs individually and in collaboration use their federal MSI grants to serve students. Please note that this is by no means an exhaustive list of the many MSIs in Texas doing similarly effective work.

### EL PASO COMMUNITY COLLEGE

EL PASO, TX  
TWO-YEAR PUBLIC  
HSI

El Paso Community College (EPCC) has distinguished itself for committing to student success. It has created numerous programs to improve course completion and facilitate transfer to a four-year institution. These include The College Readiness Initiative, the Pretesting Retesting Educational Program, Early College High Schools, and the Math Emporium (Gasman et al., 2013). EPCC has also entered a formal reverse transfer agreement with the University of Texas at El Paso (UTEP). The “2+2 Degree Plan” allows students who have transferred to fulfill the requirements of their associate degree while completing the requirements for their bachelor’s degree. Since both institutions formalized the program in 1996, reverse transfer students have earned 2,874 associate degrees and almost 2,000 bachelor’s degrees (U.S. Department of Education, 2015).

### PAUL QUINN COLLEGE

DALLAS, TX  
FOUR-YEAR PRIVATE  
HBCU

Paul Quinn College demonstrates the capacity of MSIs to introduce innovative practices to expand and reinvent traditional modes of higher education. Under the “Leave No Quinnite Behind” program, this faith-based private HBCU—originally founded to educate freed slaves—unified its efforts to boost retention rates and accelerate completion of a bachelor’s degree in a central office. These efforts have been spearheaded by current Paul Quinn president Michael J. Sorrell. He has made waves throughout the higher education community and garnered headlines for such initiatives as retrofitting the college’s football field into an organic farm and offering employment to all students to counteract tuition (Paul Quinn College, n.d.; Carlson, 2015).

### ANGELO STATE UNIVERSITY

SAN ANGELO, TX  
FOUR-YEAR PUBLIC  
HSI

### SOUTHWEST TEXAS JUNIOR COLLEGE

UVALDE, TX  
TWO-YEAR PUBLIC  
HSI

Many Texas MSIs combine forces to improve student outcomes and bolster not only performance but also the morale of their campuses. Usually, two- and four-year institutions align. Angelo State University (ASU) and Southwest Texas Junior College (SWTJC) currently operate a cooperative, federally funded program titled “Strengthening the Engineering Pipeline in West Texas” (STEP West Texas). The program calls for the creation of a Bachelor of Science in Civil Engineering degree in ASU’s Department of Physics and Geosciences. In turn, SWTJC will develop an Associate of Science in Engineering Sciences (A.S.E.S.) degree. The collaboration highlights the importance of transfer agreements between two- and four-year institutions, as SWTJC students can complete the A.S.E.S. degree and transfer to ASU to complete the bachelor’s equivalent. Both schools hope to have at minimum 100 students earning the A.S.E.S. and transferring to ASU by 2019 (U.S. Department of Education, 2015).

## OUR LADY OF THE LAKE UNIVERSITY

SAN ANTONIO, TX  
FOUR-YEAR PRIVATE  
HSI

## SAN ANTONIO COLLEGE

SAN ANTONIO, TX  
TWO-YEAR PUBLIC  
HSI

In 2014, Our Lady of the Lake University (OLLU) and San Antonio College (SAC) received a \$3.1 million cooperative development grant to fund the “Camino hacia el Éxito” program. Its mission is to increase graduation rates for Latino, first-generation, and low-income students. Éxito serves 1,000 students and will facilitate transfer between SAC and OLLU. Funding goes towards student support personnel to assist students in their pathway from community college to bachelor’s degree attainment. Other primary features of the program are integrated technology and online course components (Our Lady of the Lake University, 2014).

## TEXAS AGRICULTURE & MECHANICS INTERNATIONAL UNIVERSITY, TX

LAREDO, TX  
PUBLIC FOUR-YEAR  
HSI

## LAREDO COMMUNITY COLLEGE, TX

LAREDO, TX  
PUBLIC TWO-YEAR  
HSI

Laredo Community College (LCC) and Texas A&M International University (TAMIU) joined together under the Title V umbrella to create the FOSS (Focus on Student Success) Program. Similar to other cooperative development grants between two- and four-year MSIs, FOSS advances student success through a set of initiatives aimed at fostering a more seamless transition between high school and two- and four-year institutions. The program emphasizes success at all levels, including faculty development, community programs to encourage service learning, and improved data collection (Laredo Community College, n.d.).

## PALO ALTO COLLEGE

SAN ANTONIO, TX  
TWO-YEAR PUBLIC  
HSI

Included in the Alliance for Hispanic Serving Institution Educators (AHSIE) list of 12 outstanding HSI federal grant programs, Palo Alto College’s CAARE (Coaching, Active-learning, Advising, Research & Endowment) Project focuses on student success via transfer to a four-year institution in a STEM field. Program functions include faculty development, fortified support services to STEM students, and financial support for these students (Palo Alto College, n.d.).



## RECOMMENDATIONS

This report provides a brief overview of Texas MSIs and policy challenges as identified by existing academic research, Texas policy analysts, and MSIs in the state. Based on previous work conducted by the Penn Center for Minority Serving Institutions, we offer the following recommendations to both institutions and policymakers.

### INSTITUTIONS

- ① **Collaborate.** Numerous Texas MSIs have demonstrated the power of forming coalitions with each other on federal collective development grants. This is just one example of where MSIs across the country could combine forces to better serve their students and communities.
- ② **Protect undocumented students.** Following the 2016 U.S. presidential election, many higher education institutions—especially MSIs—announced their commitment to their undocumented students. Some institutions have even declared themselves as “sanctuary campuses” with official protocol designed to protect such students. The rhetoric of the election campaign and continued inflammatory statements and physical attacks confirm the necessity of MSIs to remain steadfast in their defense of undocumented and immigrant student populations.
- ③ **Strengthen fundraising efforts.** The state disinvestment in public higher education is unlikely to reverse course. Backfilling lost state revenues on the backs of students and families should not be the continued de facto recourse for institutions’ financial strategy. MSIs should explore partnering with local businesses and industry for potential research grants and other funding opportunities.
- ④ **Improve data collection.** Tracking student progress is essential for student success.
- ⑤ **Partner with high schools.** Texas MSIs have excelled at developing programs with high schools. More opportunities should be afforded for high school students to benefit from the resources of Texas MSIs.

### POLICYMAKERS

- ① **Revise local tax funding for community colleges.** Texas community colleges have accomplished much in terms of outcomes despite funding challenges. Yet the inequitable funding based on local tax revenues will compromise the success of many community colleges should it be left unaddressed.
- ② **Provide commensurate funding for non-research institutions.** Texas acknowledges that the majority of postsecondary students are enrolled in community colleges and regional four-year public institutions. Yet these institutions do not receive the same funding levels or support as the state’s flagship and research universities. The state cannot achieve its goals without properly funding these institutions.
- ③ **Craft a performance-funding model for the public four-year institutions that carefully considers issues of equity.** Texas has been planning to fund four-year colleges based on outcomes and this plan seems likely to be realized soon. While it is too early to measure the outcome of performance funding for the state’s community and technical colleges, Texas has applied a performance-funding model that accounts for student success at different levels. This should inform a future performance-funding policy for the state’s four-year schools, of which an increasing proportion will include MSIs in the coming years.

- ④ ***Continue to ease transitions.*** One successful area for Texas public policy in higher education has been in fostering alignment between K-12 and postsecondary education. This should be continued with an eye towards fostering the enrollment and graduation of traditionally underrepresented students in graduate-level programs.
- ⑤ ***Revert the TEXAS Grant to need-based.*** The state's primary financial aid mechanism—the TEXAS Grant—is a hybrid of need-based and merit-based aid. Research has shown that merit-based aid does not adequately serve lower-income, first-time, and non-White students. Given the slow growth of enrollment in four-year institutions, policymakers should consider removing the merit component to the TEXAS Grant.

## CONCLUSION

As Texas goes, so does the nation: it is quickly becoming more racially diverse and comprised of people who speak languages other than English. Walls and borders will not dam the rising tide of diversity. Texas' current strategic initiative, 60x30TX, acknowledges the quickly shifting population and industry of the state. It establishes ambitious goals that recognize the importance of awarding postsecondary credentials to all Texas residents, not only those traditionally served by higher education. While the state has accomplished some past goals, more remains to be done to keep pace with future challenges. The implementation of a state's public policy for higher education reveals its commitment to economic needs as well as social justice. This requires the recognition of the work MSIs have done and continue to do, which will undoubtedly be essential for the future of the state.



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