

Reality Check: Hispanic-Serving Institutions on the Texas Border Strategizing Financial Aid

EXECUTIVE SUMMARY

As Latino representation in U.S. higher education grows, a reality check of institutional practices that support Latino students' access, persistence, and graduation is needed. This brief examines financial aid strategies aimed at increasing enrollment, academic success and degree completion at eight Texas Hispanic-Serving Institutions (HSIs) located along the U.S.-Mexico border serving low-income communities. These institutions rank among the top institutions, both statewide and nationally, in enrolling and graduating Latino students:

Texas A&M International University	Laredo Community College
The University of Texas at Brownsville	Texas Southmost College
The University of Texas at El Paso	El Paso County Community College District
The University of Texas Pan American	South Texas College

These institutions have increased access during challenging economic times and are implementing strategies to address both the students' and the institutions' financial constraints in efforts to improve student persistence and degree completion.

FINDINGS

- The low-income of many Latino families in the Texas border and the ongoing economic crisis have resulted in a need for most students to work while going to college. These financial constraints limit Latino students' persistence and completion rates.
- Federal financial aid is critical for Latino students to pay for college. In 2008-09, almost 75 percent of students in Texas relied on federal resources to pay for college.
- Latino students in these Texas border institutions had limited knowledge about their financial aid options. Many did not consider student loans to be financial aid, and they did not know how to navigate the financial aid process without institutional guidance.
- Financial aid staff described a general aversion by Latino students to borrowing, but also noted that current increases in college costs and economic constraints have resulted in an overall increase in the number of Latino students taking out loans to pay for college.
- Default management was a concern for the Texas border colleges and universities. Institutions did not want to jeopardize Pell grant eligibility for all students by having high default rates, but staff also recognized loans were becoming an increasing necessity for students to pay for college costs (especially at public universities).
- Institutional leaders were concerned they would not have sufficient resources or staff to provide the same level of information and services to students previously provided from lenders and guarantors before the change to federal Direct Loans.

EFFECTIVE FINANCIAL AID STRATEGIES

(1) Campus-based work-study programs allow a student to work and earn income while enrolled and provide financial support beyond tuition and fees. By keeping students on campus and creating additional opportunities to become aware of and use institutional services, students have possibilities for increased interaction with faculty, staff and other students, often resulting in a stronger sense of belonging at the campus.

(2) Guaranteed need-based scholarships provide low-income students with sufficient institutional aid to cover college costs that remain after federal and state aid is included. These scholarships serve as a powerful outreach and retention tool to support low-income students by providing a clear message of institutional commitment to access and affordability.

- (3) Early college high schools and dual enrollment programs allow students to earn college course credits while still in high school (often without expense to the student) by having institutions work with nearby school districts. Entering college with academic credits lowers the total expenses for the student's family and can shorten the time to completion.
- (4) Emergency loans and installment/payment plans provide access and retention for students who lack a credit history or who have limited income and prefer to pay as they go. These institutional strategies also provide a temporary safety net for students who become economically vulnerable. However, these programs can be a financial risk for institutions if students do not repay.
- (5) Integration or coordination of outreach activities, program information, and student services within an institution and among institutions through collaboration (such as joint application processes) simplify and align the financial aid process for current and prospective students.
- (6) Improved student/customer service and staff training can result in increased student participation in financial aid options and greater accuracy by staff of institutional policies and funding opportunities.
- (7) Increased outreach in high schools, in community colleges, at community events, online, and as part of orientation sessions or freshmen seminars is labor intensive, but such an institutional investment often results in greater access to financial information and resources for students and increases their participation in financial aid programs.

POLICY RECOMMENDATIONS

The following are recommendations to consider for policymakers that build from the strategies of the HSIs along the Texas border that can benefit all students, including Latinos.

Increase investment in work-study programs. Federal policy efforts in the last year have focused predominately on Pell grants and loans. Both of these forms of financial aid are critical for Latino students. However, in this constrained economic environment, students increasingly need to work while they are enrolled to manage their living and college expenses. Work-study is a valuable program for institutions and has financial support from the state and federal levels.

Guarantee need-based aid for qualified students. Finding and receiving sufficient financial aid to pay for college is a complex and cumbersome process. Providing potential and current students with a guarantee of their eligibility for financial support has been effective for enrolling and retaining low-income students at institutions and has the potential to be effective at a larger scale.

Continue to expand early college high schools or dual enrollment programs. The campuses along the Texas border are engaged with other educational institutions in their service area and have identified both early college high schools and dual enrollment programs as effective strategies for increasing access and completion of a college degree.

Encourage “intrusive” services by institutions. The institutions in this brief know their student population well and seek to implement institutional strategies in the best interests of their students as they see fit, without limiting students' choices or options. The majority of institutional staff noted the importance of not assuming their students knew their options when making aid choices.

Provide appropriate training and materials for default management and financial literacy. Institutions expressed serious concerns about the limited training and support for loan default management and financial literacy needed for both institutions and students with limited resources to manage their financial aid options well. Quality materials and training in default management can help institutions improve their financial aid strategies to low-income students. Financial literacy programs targeting low-income students can help these students manage their financial aid options.