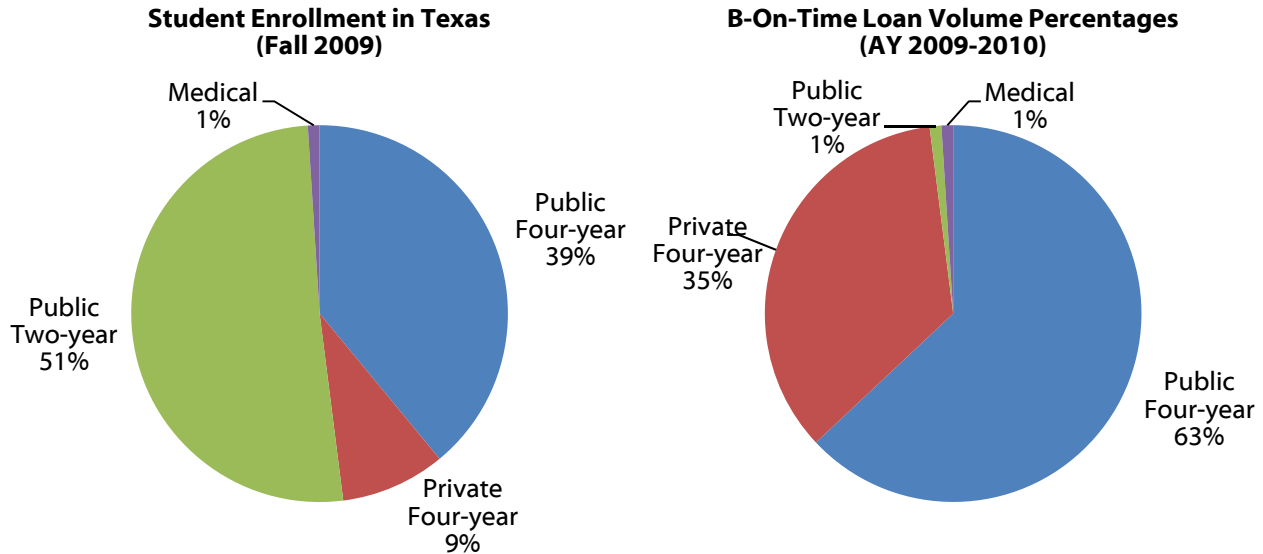


Most Volume for the B-On-Time Loan Goes to Students at Public Universities



Although more than half of Texas postsecondary students enroll in public two-year schools, only one percent of B-On-Time (BOT) loan volume went to these students. One reason for this may be that students are required to enroll in school full time in order to receive the loan, and two-year students are far less likely to enroll full time compared to four-year university students.

In 2003, the Texas Legislature created the BOT Loan, a no-interest loan which may be forgiven entirely upon graduation if the borrower graduates with a grade point average (GPA) of at least 3.0 on a 4.0 scale, and also graduates within four years* after entering a four-year institution or within two years after entering a two-year institution. In Award Year (AY) 2003–2004, the first year in which awards were allocated, approximately \$4.1 million in BOT aid was allocated to 1,663 students. BOT aid increased in AY 2006–2007 to \$42.9 million and was distributed to 10,247 students. BOT volume decreased in AY 2007–2008 and again in AY 2008–2009, in which 4,709 students received \$27.7 million in BOT loans. In AY 2009–2010, 7,713 students received \$40.1 million in BOT loans, an increase from the previous year.

Graduation rates in Texas remain lower than the U.S. average. National Center for Higher Education Management Systems (NCHEMS) data from 2009 indicate that 55.5 percent of U.S. students seeking bachelor's degrees completed their program within six years. Within Texas, only 48.5 percent of students earn a bachelor's degree within the same period. Likewise, 29.2 percent of students in the U.S. earn associate degrees within three years, compared to only 25.4 percent in Texas.

* Five years for architecture or engineering majors.

Sources: Loan volume: Texas Higher Education Coordinating Board (THECB). "Financial Aid Database for AY 2009–2010." Austin, Texas, 2011; Public Enrollment: THECB. "PREP Online" (http://www.txhighereddata.org/Interactive/PREP_New); Private Enrollment: Independent Colleges and Universities of Texas (ICUT). Fall 2009 Headcount Enrollment (Unpublished tables); Graduation Rates: National Center for Higher Education Management Systems (NCHEMS), "Progress and Completion: Graduation Rates, Six-Year Graduation Rates for Bachelor's Students, 2009," (<http://www.higheredinfo.org/dbrowser/?level=nation&mode=map&state=0&submeasure=27>) NCHEMS, "Progress and Completion: Graduation Rates, Three-Year Graduation Rates for Associates Students, 2009," (<http://www.higheredinfo.org/dbrowser/?level=nation&mode=map&state=0&submeasure=24>); Loan terms and loan eligibility: THECB. "College for Texans" Website (<http://www.collegefortexans.com/paying/finaidtypes.cfm>).

