TEXAS BUSINESS LEADERSHIP COUNCIL

Texas Business Leadership Council
816 Congress Avenue, Suite 990, Austin, TX 78701
kkieschnick@txblc.org | (512) 481-0525

txblc.org
linkedin.com/company/txblc
@tx_blc

2026 | Q2

PUBLIC POLICY FOR A MORE GLOBALLY COMPETITIVE TEXAS

INVEST TO FINISH: EMERGENCY AID POLICY SOLUTIONS TO BOOST TEXAS POSTSECONDARY ATTAINMENT

Texas' economic strength depends on a steady pipeline of skilled, credentialed workers prepared to meet the demands of a fast-changing global economy. This critical need was recognized by Governor Abbott with the recent launch of the Texas Job's Council, an advisory board to strengthen workforce development initiatives and ensure Texans are equipped to fill the state's growing number of high-demand jobs. This requires a more educated workforce, but affordability challenges in the postsecondary system threaten that progress.

AFFORDABILITY CHALLENGES IN TEXAS HIGHER EDUCATION

Research shows that graduates who obtain a postsecondary degree or credential earn a substantial wage premium in the labor market and face significantly lower poverty and unemployment rates than those with no education beyond high school. However, as the cost of attendance continues to rise and college becomes less affordable, students are forced to decline, delay, or end their pursuit of college and career credentials needed to compete for the state's high-demand, high-wage jobs.

The Texas Higher Education Coordinating Board's Texas Talent Trajectory (T3) analysis of recent high-school cohorts reflects that 62% enrolled in postsecondary education and only 48% completed a credential within six years. The gap is far wider for economically disadvantaged students: 55% enroll and only 37% complete within six years. This completion gap represents nearly 49,000 students from low-income backgrounds – and, in total, an estimated $22.8 billion in lower combined lifetime earnings for those cohorts of enrolled students alone.

According to Texas 2036 research, an estimated 1 in 10 students enroll in public Texas higher education institutions and earn 60 or more credit hours but leave without completing a credential. Labeled "potential completers," these students are more likely to demonstrate higher levels of financial need, indicating the role that financial pressures play in their decision to leave without completing a credential despite investing years of study and thousands of dollars into their education. Looking at the broader adult population (ages 25 and older), over 5 million Texans have acquired college credits but stopped out before earning a degree or credential.

While there are many complex causes behind this completion gap for students from low-income backgrounds, significant levels of unmet financial need are clearly a significant contributing factor. Unmet need is the amount of money a student still needs to pay for college after all financial aid. Receipt of financial aid, therefore, serves as a fundamental lever for reducing anticipated unmet need and is strongly associated with degree completion. Longitudinal analysis of national data demonstrates that ever receiving scholarships or grants more than doubles completion odds for economically disadvantaged youth. While the majority of financial assistance is federally funded, students who receive need-based aid authorized by the state are consistently more likely to persist and graduate within six years compared to other low-income students who do not.

Texas is tied for first nationally with 100% of grant aid operating as need-based programs, and tied for 16th nationally with an average of $1,220 in state aid per full-time equivalent student. Two foundational programs - the Toward EXcellence, Access and Success (TEXAS) Grant authorized in 1999 for students enrolled at public universities and Texas Educational Opportunity Grant (TEOG) authorized in 2001 for students attending public two-year institutions - repeatedly face fiscal pressures to meet the state's long-standing commitment of serving 70% of eligible students demonstrating need. Despite data supporting improved graduation and persistence rates of recipients compared to low-income students not receiving aid through these programs, both programs are projected to reach just 67.5% of eligible students in the current biennium.

Unfortunately, significant levels of unmet need remain the norm for Texas students; according to THECB's Report on Student Financial Aid in Texas Higher Education for Fiscal Year 2024, the average amount of unmet need for students is $11,682 at public two-year institutions and $11,421 at public four-year institutions. Data from the Trellis State of Student Aid in Texas report reveal that just 35% of students with $10,000 or more in unmet financial need graduate within six years, compared to 62% of students with no unmet financial need. While tuition and fees have increased slightly in recent years, non-tuition expenses such as food, housing, transportation and childcare make up a growing majority of students' cost of attendance. According to FY26 College Student Budgets, on average, non-tuition expenses represent roughly 80% of the total cost to attend a Texas community college and more than 65% to attend a public four-year institution.

Confronting these financial barriers, many Texas students work long hours while enrolled. Two-thirds of Texas student respondents report working for pay while enrolled yet only 4% were able to solely rely on personal savings and/or current wages to pay for school according to the Fall 2025 Trellis Student Financial Wellness Survey. Despite students' best efforts to invest in their education, they are telling us how the compounding effects of unmet financial need interfere with their ability to successfully complete. Of Texas students who responded to the Trellis survey, 59% reported experiencing at least one form of basic need insecurity, such as food, housing, or transportation. Financial margins are so thin that 73% reported running out of money at least once and 58% reported they would have difficulty finding $500 in cash or credit if faced with an unexpected need like a car repair bill or medical expense.

Emergency aid programs—short-term grants or loans for time-sensitive, unexpected needs—have emerged across Texas campuses as a practical, targeted response to these shocks. By helping students cover immediate threats to continued enrollment (food, housing, transportation, childcare, technology, or emergency bills), emergency aid complements the state's foundational investments in need-based financial aid. State need-based programs such as TEOG and TEXAS grants remain the most powerful levers for improving completion; emergency aid is not a replacement for those investments but a supplement that helps ensure the state's prior investments in students yield a stronger return by preventing drop-outs precipitated by short-term crises.

CURRENT TEXAS LANDSCAPE FOR EMERGENCY AID

To better understand how these supports operate in Texas, the Texas Business Leadership Council conducted a mixed-methods landscape analysis of emergency aid at public institutions. We surveyed all public institutions of higher education in Texas and received 35 responses with a 37% response rate at a systems level (23 responses from unique systems out of 62). Additional research was conducted online and by directly contacting student support and financial aid offices to determine emergency aid availability statewide. Ranging from limited offerings to robust programs paired with other wraparound supports, 56 out of 62 (90%) provide some type of emergency aid. Follow-up focus groups with a subset of institutions (15 participated) deepened the understanding of program design, delivery, funding sources, and barriers.

These Texas-specific findings point to three core realities. First, emergency aid is widespread but uneven. Most institutions have programs, yet capacity and scale vary dramatically by sector and campus context. Community colleges more often house emergency aid within student advocacy or resource centers that bundle financial assistance with food pantries, social service navigation, and counseling—creating holistic entry points for students in crisis. Four-year institutions more often place emergency aid within financial aid offices or dean-of-students departments and tend to emphasize one-time grants for discrete emergencies rather than ongoing case management. The location and staffing of programs impact how accessible and adaptive supports are to student's needs.

Second, funding is fragile and frequently restrictive. Roughly two-thirds of survey respondents (about 66%, n=23) said they cannot consistently meet student demand. More than half of institutions (n=19) reported that philanthropy, foundations, or private donations supply the bulk of their emergency aid funding. While philanthropic partners are indispensable, donor-directed restrictions such as minimum GPAs, demographic eligibility, or program-specific requirements often misalign with the open-ended, urgent needs students present. Several institutions reported having unused donor funds because the campus does not serve enough students in the narrowly defined target population; conversely, other institutions face waiting lists when general funds are exhausted. The pandemic-era federal response—Higher Education Emergency Relief Fund (HEERF) funding—demonstrated how large, flexible infusions can rapidly reach hundreds of thousands of students (more than 1 million Texas students received HEERF aid), but HEERF was crisis-driven and time-limited. Most HEERF funds were spent by 2023, leaving institutions to return to irregular philanthropic and institutional funding streams.

Third, data and staff capacity are limited. About 30% of survey respondents do not collect recipient-level outcomes data on emergency aid. Among institutions that do track outcomes, metrics are inconsistent—many report only immediate enrollment outcomes or next-term persistence. Smaller campuses frequently have a single staff member juggling emergency aid responsibilities with other roles, constraining robust data collection and program evaluation. While focus group participants all reported that emergency aid helped students to continue within their current semester, without standardized reporting or analytic capacity to track longer term outcomes, it is difficult to demonstrate the full impact of aid on credit momentum, retention, and credential completion—data that would support sustainable public investment.

HOW PROGRAM DESIGN AND SUPPORTS AFFECT OUTCOMES

National research and Texas institutions' experiences converge on a critical insight: emergency funds are more effective when they are rapid, targeted, and linked to wraparound supports. Studies show mixed effects from cash assistance alone; programs that combine emergency aid with case management, mentoring, transportation assistance, or integrated basic-needs services have produced stronger gains in persistence and completion. Texas institutions that situate emergency aid within advocacy centers and offer connections to food, housing, transportation and other social services are able to provide more flexible responses to complex student needs.

WRAPAROUND SUPPORTS PROVIDED BY TEXAS PUBLIC INSTITUTIONS

SUPPORT SERVICES OFFERED BY SURVEY RESPONDENTS	2-YEAR INSTITUTIONS	4-YEAR INSTITUTIONS	RURAL	SUB/URBAN
Career Support	68%	88%	50%	93%
Clothing Donations	47%	81%	43%	73%
Childcare Support	68%	38%	50%	53%
Food Pantry	84%	94%	79%	93%
Housing Support	58%	56%	36%	67%
Medical	11%	0%	14%	0%
Social Services Referrals	78%	75%	64%	87%
Transportation Assistance	89%	50%	79%	60%
None	11%	0%	14%	0%

POLICY CONSIDERATIONS FOR STRENGTHENING EMERGENCY AID IN TEXAS

Texas already has core state investments in need-based aid such as TEXAS Grant and TEOG that improve persistence and completion. These programs drive long-term improvement in outcomes and must remain central to any policy discussion. Emergency aid should be understood as complementary: a tool that is narrowly targeted to help preserve the value of the state's broader, long-term investment by preventing temporary expense challenges from converting into permanent stops to students' progress. The institutions that participated in TBLC's survey demonstrate that relatively small emergency aid awards make a difference in addressing individual student needs—most awards fall between $200 and $599. Furthermore, institutions consistently indicated in focus group discussions that emergency aid was utilized as a last resort after first exhausting any unused traditional financial aid or other wraparound services to help students stay enrolled.

Several practical challenges suggest how state-level policy can strengthen emergency aid without supplanting existing need-based aid. First, institutions need more predictable, flexible funding that can be deployed quickly to meet a range of non-tuition needs. Second, smaller and rural campuses would benefit from capacity-building support to hire dedicated staff and implement data systems that can track outcomes beyond next-term persistence. Third, reporting standards and guardrails are necessary to assess program efficacy and equity while minimizing administrative burden; a standardized reporting template would enable statewide aggregation of evidence on metrics such as award size, and short- and medium-term student outcomes.

This analysis draws on a limited survey sample (35 institutions including community and technical colleges and four-year institutions surveyed at the systems level) and small focus groups (up to three participants per group), so findings may not capture the full diversity of institutional practice statewide. Nevertheless, the qualitative consistency across respondents—widespread programs, unstable funding, and limited data capacity—points to clear policy opportunities.

CONCLUSION

Emergency aid is a vital, targeted mechanism that helps students weather short-term crises and preserve their path to credential completion. State investment in traditional need-based aid programs should remain the foundation of the state's higher education affordability strategy; emergency aid functions as a complementary tool that protects that investment by reducing stop-outs and improving the likelihood that students complete their credentials and enter the workforce to address critical skills gaps. To advance this goal, the legislature should consider policy solutions for a durable, flexible statewide approach to emergency aid that supports institutional capacity, standardizes outcome reporting, and maintains institutional flexibility while preserving the state's investment in traditional need-based financial aid programs.

For questions or additional information:

Please contact TBLC Vice President of Policy, Kelle Kieschnick at kkieschnick@txblc.org