



The Texas College Work-Study Program

by Trevor McGuire
Policy Analyst

Key Points

- By failing to involve private sector participation, the Texas College Work-Study Program did not serve the best interests of students or future employers.
- Companies can save a minimum of \$6,000 per hire if they promote co-op students to full-time staff positions.
- The THECB estimates that 1,600 more students could participate annually if work-study was divided between for- and non-profit organizations.

The Texas College Work-Study Program was created in 1989 with a noble intent—to give financially needy students a chance to defray the cost of their education by working. Yet upon graduation, many of these students find themselves facing an unforgiving job market that does not place a high value on the kind of job experience that work-study students receive in typical on-campus positions as office assistants, library assistants, and cafeteria staff. While we can acknowledge that students in the work-study program do benefit from these positions, the primary beneficiaries of the Texas College Work-Study Program in the status quo are the colleges and universities themselves, which benefit from additional student labor subsidized by the state.

The data show that both employers and student employees benefit from increased private sector involvement in work-study programs. According to a report prepared for the Indiana Commission for Higher Education, employers draw 40 percent of new hires from intern and co-op programs.¹

Furthermore, the one-year retention rate for employees hired out of intern and co-op programs stands at 75.8 percent—15 percentage points higher than the one-year retention rate for new hires who had not participated in these programs. As for the businesses themselves, “a survey of Fortune 500 companies reveals that hiring an interim co-op to a full-time position saves the company more than \$6,000 in cost per hire.”

College students looking to land a job in their field of interest after graduation cannot expect to receive interest from employers on the strength of their transcripts alone. A survey

of employers commissioned by the American Association of Colleges and Universities found that when employers consider “job applicants’ potential to succeed at [their] company,” 67 percent declared college transcripts are of either limited use or no use.² Meanwhile, more than four in five of the same group of employers stated that “completion of a supervised and evaluated internship or community-based project would be very or fairly effective in ensuring that recent college graduates possess the skills and knowledge needed for success at their company.”

These are but a few of the reasons why the Texas Higher Education Coordinating Board (THECB) has been recommending, for years, “the development of a work-study program that supports institutional collaboration with businesses to offer students off-campus, career-relevant jobs with the potential to lead to future employment.”³ This recommendation comes in response to a status quo where “most work-study jobs are on campus and not directly relevant to a student’s career choice.”⁴

HB 2365 as passed by the 84th Texas Legislature was designed to address these issues. The cost savings that this legislation brings to the Texas College Work-Study Program will remain in the program, enabling more students to participate. Since for-profit jobs are subsidized at a lower rate under the program than nonprofit jobs at colleges and universities, increasing the portion of work-study students placed in for-profit jobs would mean the program could serve more students overall. The THECB recently ran a model estimating that if Texas’ state work-study awards were divided equally between nonprofit and for-profit orga-

nizations, 1600 more students could participate in the program on its current budget.

Texas should reject the logic of the federal work-study (FWS) program, which excludes private, for-profit businesses from eligibility as FWS employers on the ground that such organizations are not “in the public interest.”⁵ The benefits to students, employers, and the communities that these students

and employers enhance are benefits that the public enjoys as well; certainly not every nonprofit is more beneficial to the public good than every private business.

In short, the improvements made by HB 2365 enable the Texas College Work-Study Program to provide a better service to significantly more Texans at the same cost it takes to operate the program now. ★

Endnotes

¹ Thomas P. Miller and Associates, “[Moving Toward an Experimental College Work Study Program](#),” Sept 2012.

² Peter D. Heart Research Associates, “[How Should Colleges Assess and Improve Student Learning?](#)” Jan 2008.

³ Texas Higher Education Coordinating Board, “[Overview: Texas College Work Study](#),” May 2014.

⁴ *Ibid.*

⁵ Information for Financial Aid Professionals, “[The Federal Work-Study Program](#),” FSA Handbook, June 2012.

About the Texas Public Policy Foundation

The Texas Public Policy Foundation is a 501(c)3 non-profit, non-partisan research institute. The Foundation’s mission is to promote and defend liberty, personal responsibility, and free enterprise in Texas and the nation by educating and affecting policy makers and the Texas public policy debate with academically sound research and outreach.

Funded by thousands of individuals, foundations, and corporations, the Foundation does not accept government funds or contributions to influence the outcomes of its research.

The public is demanding a different direction for their government, and the Texas Public Policy Foundation is providing the ideas that enable policy makers to chart that new course.

