Greater Texas Foundation supports excellence in education by increasing access for all Texans and improving educational quality through public-private partnerships.
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Photo courtesy of THSP
Dear Friends and Colleagues:

In 2008, Greater Texas Foundation had the opportunity to support a diverse spectrum of education related programs and initiatives. From books for local school children to robotics competitions for high school students to induction and training support for aspiring teachers, the Foundation’s grantmaking reached students of all ages throughout the state of Texas. Still, while reflecting on the year’s overall grantmaking, an important theme emerges: scholarships.

The Foundation is committed to removing barriers to education for students in Texas. In 2008, the Foundation removed financial barriers to higher education through multiple scholarship programs, awarding more than $5.4 Million primarily to institutions of higher education in the state for need based scholarships to diverse and unique student populations. Programs included scholarships for first generation college students; students transitioning from community colleges to four year colleges; students majoring in math and science and earning teacher certification; and students attending community colleges.

Significantly, 2008 was the final year for the Foundation’s Removing Educational Barriers scholarship program. Thirty three institutions of higher education in the state now have endowed need based scholarship programs as a result of this program, with twenty two institutions fully matching the Foundation’s $100,000 challenge. (See page 16 for additional information.)

We work hard to ensure every grant dollar makes a lasting and meaningful impact on education in Texas, whether through scholarships or through innovative programs that change the face of our current education systems, such as early college high schools or the replication of UTeach.

As you read through our 2008 annual report, I hope you will see how every aspect of our work supports this commitment.

Sincerely,

Wynn Rosser, Ph.D.
Executive Director
Greater Texas Foundation
We believe universal access to education will help Texans realize their dreams and bolster the common good of the state of Texas and the nation.

We strive for a system of education without social or economic barriers to individuals’ pursuit of fulfillment.
Board of Directors

Dr. J. Malon Southerland, President
Dr. Samuel Gillespie, Vice President & Chair, Audit & Accountability Committee
Dr. John F. Moss, Past President & Co-Chair, Charitable Activities Committee
Mr. Donald Engelage, Secretary & Chair, Student Loan Committee
Mr. E.G. “Rod” Pittman, Chair, Investment Committee
Dr. Alonzo Sosa, Co-Chair, Charitable Activities Committee
Mr. A.D. James, Jr., Director
Dr. Terry Jones, Director
Dr. Wesley K. Summers, Director
Mr. Bill Youngkin, Director (not pictured)

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Judy Brock, Office Administrator
Judy Holt, Consultant
Carol Miller, Grant Manager
Christina Orebaugh, Student Assistant
Kate Richardson, Project Associate
Dr. Wynn Rosser, Executive Director
McKenzie Watkins, Student Assistant
Greater Texas Foundation has a long history as a tax exempt organization serving the citizens of the state of Texas. From 1980 until 2001, the Foundation (known as the Greater Texas Student Loan Corporation until 2001) was dedicated to the exclusive purpose of providing financial assistance to Texas students seeking a higher education by encouraging financial institutions to participate in the Federal Family Education Loan Program (FFELP) and providing information to schools and students regarding this program. It accomplished this mission by primarily raising funds in the tax-exempt financial markets and then acquiring student loans originated by lenders participating in its programs.

In 2001, the organization made an election to expand its charitable purpose, and subsequently Greater Texas Foundation emerged in its current form. The loan corporation became known as LoanSTAR Systems, Inc. and was transformed into a for-profit subsidiary.

In 2005, the Foundation sold its stock in LoanSTAR adding to the Foundation’s investable assets. Soon after the sale, the board began an intense study of how to best achieve its mission with the greater resources made available by the sale of its assets while continuing to grant within its existing funding principles. This study led the board to believe that in order for Texas and Texans to compete in the contemporary economy, a greater mastery of math, science, engineering and other technological fields is necessary. The board concluded that Texas, like America as a whole, had begun to especially fall behind in those areas of education and added improving math and science education as a funding principle.

GROWTH

Since 2005, the Foundation has grown substantially in terms of personnel, IT infrastructure, and general capacity. In 2007, the Foundation welcomed seven new employees, including its first executive director and its first grants manager. Additionally in 2007, the Foundation introduced a Web interface grants database, which allows the entire grant process to be handled electronically, and a completely redesigned and user-friendly Web site.

This increase in internal capacity has provided staff and directors an opportunity to think more strategically about the initiatives and programs the Foundation supports. In light of this and to further its history of dedicatedly serving Texas students, in 2009 the Foundation will go through an intensive strategic planning process which may result in a new or refined mission and vision. For additional information, please see “Looking Forward” on page 19 of this report.
Fifteen-year-old high school freshman Tony Montes wants to be an engineer when he grows up. Tony doesn’t just have a goal; he already has college credit to help him reach it. In fact, Tony is not only a freshman in high school, he is also a freshman in college.

Tony is one of 100 students in the first class of the Northwest Early College High School (NECHS) in El Paso, Texas. When Tony and his classmates graduate from the NECHS, each will have at least 60 hours of college credit and a guaranteed $4,000 two-year scholarship to ease the transition to a four-year college or university.

In 2007, Greater Texas Foundation awarded $864,000 to the Texas High School Project – Communities Foundation of Texas (THSP/CFT) to fund the establishment of the NECHS at El Paso Community College (EPCC) in partnership with Canutillo Independent School District. THSP is the state intermediary for this nation-wide initiative, which is designed to increase access to higher education for underserved and underrepresented students. THSP currently supports campuses across Texas, including the Rio Grande Valley.
Valley, San Antonio, Houston, El Paso and Dallas. EPCC President Dr. Richard Rhodes is a strong proponent of the program.

“The Early College High School is an option that provides students an accelerated pathway to success,” he said. “Encouraging and expecting students to compete in a rigorous college curriculum allows the students to prove to themselves that they can be successful in college; and the funding provided removes the economic barrier to college persistence. These benefits are especially important because the majority of our students are first generation and economically disadvantaged.”

The NECHS is one of 29 Early College High Schools (ECHS) in the state, and one of four located on an El Paso Community College campus. Each ECHS is located on or near a community college campus in order for students to attend both high school and college courses. Students earn a high school diploma while simultaneously earning an associate's degree or up to 60 hours of college credit. The goal is 100 percent graduation and transfer into a four-year institution of higher education.

In support of this goal, in 2008 Greater Texas Foundation awarded an additional $864,000 to create a scholarship fund for graduates of the NECHS from the Classes of 2012, 2013, 2014, and 2015, from which Tony and his classmates will benefit.

The program removes barriers to education by helping students such as Paul Alfaro, 15, get a tuition-free head start on their college education.

“I like it because most of my family members haven't gone too far in school.” Paul said. “When I learned about it, I thought it would save time.”

Paul eventually wants to earn a doctorate in psychology. With a long road ahead of him, getting an early start on college is important.

“You take the opportunity to save time—the sooner you finish, the sooner you get a job.”

The head start on college credit isn't the only benefit. Many students also enjoy the small school setting at NECHS. Each year the school will add a new class of 100 freshmen, thereby gradually increasing total enrollment. By the time Tony and Paul are seniors, the school will be at its full 400-student capacity.

“Because there are less students, there are less distractions,” Tony said. “It’s a lot easier to focus on your work and get things done. Because there are only 100 students now, and 400 later, it’s a lot easier to meet up with teachers and get help. They offer to stay late and get up early.”

It’s also apparent that the benefits of the ECHS are not limited to the students who attend.

“Through many discussions with our Early College High School students, we see an evolving ‘college going culture’ where students become role models not only to brothers, sisters, cousins and friends, but also, in many cases – to their parents,” Dr. Rhodes said.

Tony’s mother made the decision to go back
to school as a result of his participation in the program.

“At first [my parents] disliked the idea of college in high school,” Tony said. “They thought it wasn’t necessary. I convinced them and told them I wanted to get ahead. They’re very supportive now. My mom is also enrolled in community college.

“We kind of study together. She had always been thinking about it, but she never really had the initiative. When she saw my transcript, she wanted to do something also.”

NECHS student Darlene Cortez, 15, said she will be the first female in her family to graduate from college. Darlene, who wants to be an architect, realizes her early college success is a positive influence on family members.

“Doing it at 18 would set a good example for my cousins and little brother,” Darlene said.

Despite the direct and indirect benefits, the decision to attend the nontraditional school is not always an easy one. The students, though, agree it’s definitely worth it.

For example, students receive the full benefits of attending college, including participation in clubs and activities. Still, some students give up certain traditional high school activities, such as sports, for a jump start on their college education.

For students such as Paul, who sometimes misses using up his excess energy on the track field, it’s a worthwhile tradeoff, he says, as long as each student is ready to make the commitment.

“You can’t let other people make this decision for you,” Paul said. “You have to know what you want to do.”

Like many other students, Darlene had to leave behind childhood friends who went to the traditional high school.

“They’re practically best friends and sisters and you have to leave them,” Darlene said. “It’s still worth it; a friend’s not going to help you in your job. It’s for you. You have to think of yourself first.”

In 2008, Greater Texas Foundation awarded an additional $463,000 to THSP/CFT to fund establishment of the Brownsville Early College High School at the University of Texas Brownsville/Texas Southmost College in partnership with the Brownsville Independent School District. The full implementation expense of $864,000 was funded in collaboration with The Meadows Foundation of Dallas.

Additional information about Early College High Schools may be found at earlycolleges.org; thsp.org; and jff.org.

“...we see an evolving ‘college going culture’ where students become role models not only to brothers, sisters, cousins and friends, but also, in many cases – to their parents.”

Each year, the Foundation receives numerous letters from students who have benefitted from one or more of our programs. Directors and staff truly value these letters as a more personal way of learning how the Foundation’s initiatives and the programs it supports are removing barriers to education and improving education for students across the state of Texas. Thank you for the feedback.

Dear Greater Texas Foundation...
$13 Million for Education in Texas.

In 2008, the Foundation approved 99 grants for a total of $13,212,215 in funding. Of this amount $5,432,020 was awarded to institutions of higher education to support scholarships. The following report provides details for 2008 grants by funding principle.

Improving Math & Science Education.

$463,500 to Texas High School Project – Communities Foundation of Texas (Dallas) to establish an Early College High School to be operated by the Brownsville Independent School District in collaboration with The University of Texas at Brownsville/Texas Southmost College.

$3,000,000 to Texas Tech University (Lubbock) to support Middle School Math and Science (MS)2: Understanding by Design, a masters degree program to increase the number of highly qualified in-service middle school math and science teachers.

$499,824 to The University of Texas at San Antonio to support the Texas Prefreshman Engineering Program (TexPrep), which is designed to motivate and prepare middle and high school students for success and careers in STEM related fields.

$25,000 to College for All Texans Foundation Closing the Gaps (Austin) to help launch the first phase of the Texas Higher Education Coordinating Board’s marketing campaign for the sale of College for All Texans license plates.

Outreach for Higher Education.

$450,000 to KIPP Inc. (Houston) to support KIPP To (and Through) College, a college preparatory and support program designed to ensure access to and success in college for low-income, minority students.

$1,000,000 to MDC Inc. (Chapel Hill, NC) to support the Texas expansion of Achieving the Dream: Community Colleges Count.

$97,200 to The University of Texas at Austin to support seven additional colleges/districts to participate in the Board of Trustees Institute, part of the Achieving the Dream Community Colleges Count Initiative.

$300,000 to The Meadows Center for Preventing Educational Risk at The University of Texas at Austin to support a dropout prevention program.

Scholarship for Higher Education.

$100,000 to Alamo Community College District Foundation: Northwest Vista College (San Antonio) to provide need based scholarships to community college students.

$50,000 to Alamo Community College District Foundation: Palo Alto College (San Antonio) to provide need based scholarships to community college students.

$100,000 to Alamo Community College District Foundation: San Antonio College to provide need based scholarships to community college students.

$100,000 to Alamo Community College District Foundation: St. Phillips College (San Antonio) to provide need based scholarships to community college students.
$25,000 to Angelo State University (San Angelo) to provide Generation Proud scholarships for first generation college students.

$10,000 to Blinn College (Brenham) to support scholarships at Still Creek Ranch.*

$75,000 to Brazosport College Foundation (Lake Jackson) to provide need based scholarships to community college students.

$864,000 to Texas High School Project – Communities Foundation of Texas (Dallas) to create a scholarship fund for graduates from classes 2012 through 2015 of the Northwest Early College High School (Canutillo ISD).

$50,000 to Frank Phillips College (Borger) to provide need based scholarships to community college students.

$300,000 to Education is Freedom Foundation (Dallas) to support Close-the-Gap scholarships, which cover 100 percent of the shortfall between institutional financial aid and estimated cost of attendance for participating students.

$50,000 to Galveston College to provide need based scholarships to community college students.

$50,000 to Houston Community College Foundation to provide need based scholarships to community college students.

$25,000 to Lamar University (Beaumont) to provide Generation Proud scholarships for first generation college students.

$100,000 in matching funds to Lamar University Foundation Inc. (Beaumont) to establish Removing Educational Barriers 2008, an endowed need based scholarship program.

$75,000 to Laredo Community College to provide need based scholarships to community college students.

$75,000 to Lee College Foundation (Baytown) to provide need based scholarships to community college students.

$30,000 to Linda Lorelle Scholarship Fund Inc. (Houston) to support two college scholarships for deserving students in the Houston area.

$25,000 to Midland College to provide need based scholarships to community college students.

$25,000 to Midwestern State University (Wichita Falls) to provide Generation Proud scholarships for first generation college students.

$25,000 to Midwestern State University (Wichita Falls) to provide Rising to the Challenge scholarships for students making the transition from a community college to a four-year institution.

The Big Picture.

The following table provides a snapshot of the Foundation’s grant activity for 2008. Questions regarding these figures may be directed to the Foundation’s Grant Manager, Carol Miller.

Total Grants Approved in 2008 by Funding Principle:

<table>
<thead>
<tr>
<th>Funding Principle</th>
<th>Number of Grants</th>
<th>Amount of Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scholarships</td>
<td>78</td>
<td>$5,432,020</td>
</tr>
<tr>
<td>Improving Math &amp; Science Education</td>
<td>6</td>
<td>$4,800,824</td>
</tr>
<tr>
<td>Other</td>
<td>10</td>
<td>$2,946,371</td>
</tr>
<tr>
<td>GTF Educational Matching Grants</td>
<td>5</td>
<td>$33,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>99</td>
<td>$13,212,215</td>
</tr>
</tbody>
</table>

Total Requests Declined in 2008:

<table>
<thead>
<tr>
<th>Type of Request</th>
<th>Number of Declinations</th>
<th>Amount Requested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of Inquiry</td>
<td>25</td>
<td>$6,276,854</td>
</tr>
<tr>
<td>Proposals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rising to the Challenge Scholarship Program</td>
<td>5</td>
<td>$124,300</td>
</tr>
<tr>
<td>Community College Scholarship Program</td>
<td>12</td>
<td>$1,093,750</td>
</tr>
<tr>
<td>Math &amp; Science Teacher Scholarship Program</td>
<td>16</td>
<td>$2,250,000</td>
</tr>
<tr>
<td>Greater Texas Teachers</td>
<td>20</td>
<td>$55,286,682</td>
</tr>
<tr>
<td>TOTAL</td>
<td>78</td>
<td>$65,031,585</td>
</tr>
</tbody>
</table>
$25,000 to Navarro College Foundation (Corsicana) to provide need based scholarships to community college students.

$100,000 to North Harris Montgomery Community College District Foundation (The Woodlands) to provide need based scholarships to community college students.

$10,000 to Prairie View A&M University to support the O.M. Holt scholarship fund.*

$25,000 to Prairie View A&M University to provide Generation Proud scholarships for first generation college students.

$25,000 to Sam Houston State University (Huntsville) to provide Generation Proud scholarships for first generation college students.

$150,000 to Sam Houston State University (Huntsville) to provide scholarships to increase the number of highly qualified math and science teachers in Texas schools with deep subject area content knowledge.

$25,000 to Sam Houston State University (Huntsville) to provide Rising to the Challenge scholarships for students making the transition from a community college to a four-year institution.

$100,000 to San Jacinto Community College Foundation (Pascadena) to provide need based scholarships to community college students.

$25,000 to Tarleton State University (Stephenville) to provide Generation Proud scholarships for first generation college students.

$150,000 to Tarleton State University (Stephenville) to provide scholarships to increase the number of highly qualified math and science teachers in Texas schools with deep subject area content knowledge.

$25,000 to Tarleton State University (Stephenville) to provide Rising to the Challenge scholarships for students making the transition from a community college to a four-year institution.

Greater Texas Teachers

An Update on the Foundation’s Largest RFP Initiative to Date

The overwhelming data-supported links between teacher effectiveness and student success led us to believe Greater Texas Foundation can be a leader in improving math and science education in Texas by investing in individual teachers.

Released on November 1, 2007, the purpose of the Greater Texas Teachers RFP was to solicit proposals to develop a program that would increase the number of highly qualified Texas middle school math and science teachers with deep subject matter knowledge. We believe this will not only result in improved quality of instruction in those teachers’ classrooms but also in those teachers’ schools through mentoring and sharing best practices with other teachers. By developing a cadre of extraordinary master teachers who can be leaders in their schools, we set the stage for improving student success and retaining students on a wide scale.

In November 2007, public and private four-year institutions of higher education were notified in writing of the RFP and the RFP was posted to the Foundation’s web site. Letters of inquiry were due on February 1, 2008 and invited proposals on June 15, 2008.

The Foundation received 22 letters of inquiry in response to the RFP. The review process resulted in 13 institutions being invited to submit full proposals.

With the recommendation of an independent panel of reviewers, Greater Texas Foundation awarded a total of $6,000,000 to two institutions of higher education in Texas: $3,000,000 to Texas Tech University for the Middle School Math and Science (MS)2: Understanding by Design master’s degree program and $3,000,000 to University of Houston in 2009 for the Integrated Science, Math and Reflective Thinking (iS-MART) master’s degree program.

Detailed announcements of these awards and others may be found on our web site at www.greater-texasfoundation.org.
$10,000 to Texas A&M Foundation (College Station) to support need based scholarships.*

$8,000 to Texas A&M Foundation (College Station) to support the Bill '58 & Sharon Rosser Southerland Aggie Leadership Scholarship Fund.*

$5,000 to Texas A&M Foundation (College Station) to support the Foundation Excellence Award Scholarship Fund.*

$55,000 in matching funds to Texas A&M International University (Laredo) to establish Removing Educational Barriers 2008, an endowed need based scholarship program.

$25,000 to Texas A&M University (College Station) to provide Generation Proud scholarships for first generation college students.

$25,000 to Texas A&M University (College Station) to provide Rising to the Challenge scholarships for students making the transition from a community college to a four-year institution.

$60,000 in matching funds to Texas A&M University–Commerce to establish Removing Educational Barriers 2008, an endowed need based scholarship program.

$25,000 to Texas A&M University–Commerce to provide Rising to the Challenge scholarships for students making the transition from a community college to a four-year institution.

$25,000 to Texas A&M University–Corpus Christi to provide Generation Proud scholarships for first generation college students.

$80,000 in matching funds to Texas A&M University–Corpus Christi to establish Removing Educational Barriers 2008, an endowed need based scholarship program.

$25,000 to Texas A&M University–Kingsville to provide Generation Proud scholarships for first generation college students.

$25,000 to Texas A&M University–Kingsville to provide Rising to the Challenge scholarships for students making the transition from a community college to a four-year institution.

$35,000 in matching funds to Texas A&M University–Texarkana to establish Removing Educational Barriers 2008, an endowed need based scholarship program.

$25,000 to Texas A&M–Texarkana to provide Rising to the Challenge scholarships for students making the transition from a community college to a four-year institution.

$150,000 to Texas Christian University (Fort Worth) to provide scholarships to increase the number of highly qualified math and science teachers in Texas schools with deep subject area content knowledge.

$25,000 to Texas Southern University (Houston) to provide Generation Proud scholarships for first generation college students.

$100,000 in matching funds to Texas Southern University (Houston) to establish Removing Educational Barriers 2008, an endowed need based scholarship program.

$10,000 to Texas State University–San Marcos Development Foundation to support need based scholarships.*

$60,000 in matching funds to Texas Tech University (Lubbock) to establish Removing Educational Barriers 2008, an endowed need based scholarship program.

$25,000 to Texas Tech University System (Lubbock) to provide Rising to the Challenge scholarships for students making the transition from a community college to a four-year institution.

$25,000 to Texas Woman's University (Denton) to provide Generation Proud scholarships for first generation college students.

$150,000 to Texas Woman's University (Denton) to provide scholarships to increase the number of highly qualified math and science teachers in Texas schools with deep subject area content.

$25,000 to Texas Woman's University (Denton) to provide Rising to the Challenge scholarships for students making the transition from a community college to a four-year institution.

$150,000 to The University of Texas at Arlington to provide scholarships to increase the number of highly qualified math and science teachers in Texas schools with deep subject area content knowledge.

$150,000 to The University of Texas at Austin to provide scholarships to increase the number of highly qualified math and science teachers in Texas schools with deep subject area content knowledge.

$100,000 in matching funds to The University of Texas at Austin to establish Removing Educational Barriers 2008, an endowed need based scholarship program.

$35,000 in matching funds to The University of Texas at Brownsville to establish Removing Educational Barriers 2008, an endowed need based scholarship program.

$25,000 to The University of Texas at Dallas (Richardson) to provide Generation Proud scholarships for first generation college students.

$150,000 to The University of Texas at Dallas (Richardson) to provide scholarships to increase the number of highly qualified math and science teachers in Texas schools with deep subject area content knowledge.

$40,000 in matching funds to The University of Texas at Dallas (Richardson) to establish Removing Educational Barriers 2008, an endowed need based scholarship program.

$25,000 to The University of Texas at Dallas (Richardson) to provide Rising to the Challenge scholarships for students making the transition from a community college to a four-year institution.
$70,000 in matching funds to The University of Texas at El Paso to establish Removing Educational Barriers 2008, an endowed need based scholarship program.

$25,000 to The University of Texas at San Antonio to provide Generation Proud scholarships for first generation college students.

$25,000 to The University of Texas at San Antonio to provide Rising to the Challenge scholarships for students making the transition from a community college to a four-year institution.

$25,000 to The University of Texas at the Permian Basin (Odessa) to provide Generation Proud scholarships for first generation college students.

$25,000 to The University of Texas at the Permian Basin (Odessa) to provide Rising to the Challenge scholarships for students making the transition from a community college to a four-year institution.

$80,000 in matching funds to The University of Texas–Pan American (Edinburg) to establish Removing Educational Barriers 2008, an endowed need based scholarship program.

$25,000 to University of Houston to provide Generation Proud scholarships for first generation college students.

$150,000 to University of Houston to provide scholarships to increase the number of highly qualified math and science teachers in Texas schools with deep subject area content knowledge.

$18,000 in matching funds to University of Houston to establish Removing Educational Barriers 2008, an endowed need based scholarship program.

$25,000 to University of Houston to provide Rising to the Challenge scholarships for students making the transition from a community college to a four-year institution.

$25,000 to University of Houston–Victoria to provide Generation Proud scholarships for first generation college students.

$25,000 to University of Houston–Clear Lake to provide Generation Proud scholarships for first generation college students.

$40,000 in matching funds to University of Houston–Clear Lake to establish Removing Educational Barriers 2008, an endowed need based scholarship program.

$25,000 to University of Houston–Clear Lake to provide Rising to the Challenge scholarships for students making the transition from a community college to a four-year institution.

$150,000 to University of North Texas (Denton) to provide scholarships to increase the number of highly qualified math and science teachers in Texas schools with deep subject area content knowledge.

What’s in a Name?

In an era of increasingly strict oversight and accountability which stresses the importance of strategy and mission in the nonprofit sector, the name “Greater Texas Foundation” may seem a bit ambiguous. What exactly does “Greater Texas Foundation” mean, and how does it relate to education? Interestingly and perhaps surprisingly, a close look at the name actually reveals much about the Foundation’s extensive history as well its strategy for improving education in the state of Texas.

The entity that ultimately grew to become Greater Texas Foundation was a student loan nonprofit secondary market formed in 1980 and named Southeast Texas Higher Education Authority (Southeast Texas Authority). At the time, Southeast Texas Authority was one of eight education authorities around the state.

In 1985, Southeast Texas Higher Education Authority merged with East Texas Higher Education and Texas Coastal Higher Education Authority to become Greater East Texas Higher Education Authority. In 1998, Greater East Texas Higher Education Authority changed its name to the Greater Texas Student Loan Corporation in an effort to more closely identify its core business.

On February 1, 2001, the Corporation converted from a nonprofit 150D Corporation to a Texas public charity, Greater Texas Foundation. The name Greater Texas Foundation was chosen not only to closely identify with its history but to emphasize that its mission is to improve education across the entire state for the benefit of all Texans. The Foundation accomplishes this by supporting organizations which, by nature of their purpose, have a statewide impact and programs which can demonstrate potential for replication and expansion to reach all areas of the state. In other words, the Foundation looks for programs that serve greater Texas—for a greater Texas.
$33,000 in matching funds to University of North Texas (Denton) to establish Removing Educational Barriers 2008, an endowed need based scholarship program.

$20,000 in matching funds to University of North Texas Dallas Campus to establish Removing Educational Barriers 2008, an endowed need based scholarship program.

$25,000 to University of North Texas Foundation (Denton) to provide Generation Proud scholarships for first generation college students.

$25,000 to University of North Texas Foundation (Denton) to provide Rising to the Challenge scholarships for students making the transition from a community college to a four-year institution.

$25,000 to University of Texas at Brownsville and Texas Southmost College (Brownsville) to provide Generation Proud scholarships for first generation college students.

$25,000 to University of Texas at Brownsville and Texas Southmost College (Brownsville) to provide Rising to the Challenge scholarships for students making the transition from a community college to a four-year institution.

$87,000 in matching funds to West Texas A&M Foundation (Canyon) to establish Removing Educational Barriers 2008, an endowed need based scholarship program.

$70,000 to Book Trust (Fort Collins, CO) to enrich the literacy culture of families in need by providing children attending Kemp Elementary in Bryan ISD and College Hills Elementary in College Station ISD the opportunity to choose, own and delight in books.

$2,500 to James Madison High School (Dallas) to support the students, faculty, and/or staff.

$2,500 to W. H. Adamson High School (Dallas) to support the students, faculty, and/or staff.

School Community Partnerships.

Removing Educational Barriers

As a relatively young grantmaking organization, in 2003 the Foundation offered $20,000 scholarship grants to each public four-year post-secondary institution in the state. This initial funding planted the seeds for what has become one of the Foundation’s largest and widest reaching scholarship programs to date. As a result of the Removing Educational Barriers scholarship program, there is nearly $5.7 Million in endowed scholarship funds at 33 institutions of higher education across the state of Texas.

Following the initial disbursement in 2003, from 2004 to 2006, Removing Educational Barriers awards were made on a matching basis. In 2007, the Foundation’s board established a formal goal to create a $200,000 scholarship endowment at each public four-year post-secondary institution in the state. To that end, the Foundation offered matching funds (on a 1:1 basis) up to $100,000 to each institution.

Out of 34 eligible institutions in the state, 33 now have endowed scholarship programs as a result of this program, with 22 full matches totaling $2.2 million and 11 partial matches totaling $642,000. In 2008, $1,013,020 was matched with another $360,020 disbursed in 2009 to close the program.

Teacher Skill Enhancement / New Teacher Preparation.

$506,499 to The University of Texas at San Antonio to provide induction support to UTSA graduates pursuing certification in teaching shortage areas.

$492,672 to University of Houston-Victoria to support Access to Success, which provides scholarships, tuition and books to eligible instructional aides and long-term substitutes who want to become certified teachers.

* Distributed as part of the Educational Matching Grant Program, whereby the Foundation matches eligible contributions of officers, board members, committee members and employees.
Greater Texas Foundation was audited by KPMG. The complete audited financial report for 2008 is available upon request.

### Greater Texas Foundation & Subsidiaries
#### Consolidated Balance Sheet

<table>
<thead>
<tr>
<th>Assets</th>
<th>2008</th>
<th>2007</th>
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</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 7,600,745</td>
<td>$ 8,559,753</td>
</tr>
<tr>
<td>Investments</td>
<td>149,039,573</td>
<td>233,670,307</td>
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<tr>
<td>Student loan notes receivable, net</td>
<td>191,249,697</td>
<td>195,253,400</td>
</tr>
<tr>
<td>Accrued interest and other accounts receivable</td>
<td>9,630,123</td>
<td>3,715,897</td>
</tr>
<tr>
<td>Land, property and equipment, net</td>
<td>72,598</td>
<td>49,291</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>301,323</td>
<td>260,885</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$ 357,894,059</strong></td>
<td><strong>441,509,533</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Net Assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revolving finance agreements</td>
<td>$ 192,322,997</td>
<td>$ 197,354,851</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>542,273</td>
<td>448,767</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>588,383</td>
<td>1,785,151</td>
</tr>
<tr>
<td>Grants payable</td>
<td>9,081,241</td>
<td>3,646,039</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>202,534,894</strong></td>
<td><strong>203,234,808</strong></td>
</tr>
<tr>
<td>Unrestricted net assets</td>
<td>155,263,140</td>
<td>238,174,200</td>
</tr>
<tr>
<td>Temporarily restricted net assets</td>
<td>96,025</td>
<td>100,525</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>155,359,165</strong></td>
<td><strong>238,274,725</strong></td>
</tr>
<tr>
<td>Commitments and contingencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 357,894,059</strong></td>
<td><strong>441,509,533</strong></td>
</tr>
</tbody>
</table>
### Greater Texas Foundation & Subsidiaries

#### Consolidated Statement of Activities

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unrestricted operating revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on student loans</td>
<td>$ 6,495,543</td>
<td>8,324,190</td>
</tr>
<tr>
<td>Special allowance income</td>
<td>825,359</td>
<td>2,582,873</td>
</tr>
<tr>
<td>Interest on investments</td>
<td>3,263,317</td>
<td>5,119,830</td>
</tr>
<tr>
<td>Unrealized and realized gain (loss) on investments in securities, net</td>
<td>(71,664,478)</td>
<td>14,876,642</td>
</tr>
<tr>
<td>Other</td>
<td>140,507</td>
<td>141,119</td>
</tr>
<tr>
<td>Net assets released from restrictions – satisfaction of restrictions</td>
<td>4,500</td>
<td>10,700</td>
</tr>
<tr>
<td><strong>Total operating revenues (loss)</strong></td>
<td>(60,935,252)</td>
<td>31,055,354</td>
</tr>
<tr>
<td><strong>Unrestricted operating expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on lines of credit</td>
<td>6,137,647</td>
<td>11,567,317</td>
</tr>
<tr>
<td>Letter of credit fees</td>
<td>—</td>
<td>50,749</td>
</tr>
<tr>
<td>Loan servicing fees</td>
<td>990,918</td>
<td>1,141,094</td>
</tr>
<tr>
<td>Servicing contract expense</td>
<td>—</td>
<td>250,000</td>
</tr>
<tr>
<td>Provision for uncollectible student loans</td>
<td>110,418</td>
<td>197,058</td>
</tr>
<tr>
<td>Provision for servicing errors</td>
<td>—</td>
<td>(4,895)</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>564,502</td>
<td>368,814</td>
</tr>
<tr>
<td>Professional, consulting, rent and related travel</td>
<td>1,243,374</td>
<td>1,271,589</td>
</tr>
<tr>
<td>Charitable donations</td>
<td>12,728,083</td>
<td>4,279,934</td>
</tr>
<tr>
<td>Trustee fees</td>
<td>8,700</td>
<td>7,825</td>
</tr>
<tr>
<td>Miscellaneous expense</td>
<td>192,166</td>
<td>200,591</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>21,975,808</td>
<td>19,330,076</td>
</tr>
<tr>
<td><strong>Change in unrestricted net assets</strong></td>
<td>(82,911,060)</td>
<td>11,725,278</td>
</tr>
<tr>
<td><strong>Changes in temporarily restricted net assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets released from restrictions – satisfaction of restrictions</td>
<td>(4,500)</td>
<td>(10,700)</td>
</tr>
<tr>
<td><strong>Change in temporarily restricted net assets</strong></td>
<td>(4,500)</td>
<td>(10,700)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in net assets</strong></td>
<td>(82,915,560)</td>
<td>11,714,578</td>
</tr>
<tr>
<td><strong>Net assets at beginning of the year</strong></td>
<td>238,274,725</td>
<td>226,560,147</td>
</tr>
<tr>
<td><strong>Net assets at end of the year</strong></td>
<td>$ 155,359,165</td>
<td>238,274,725</td>
</tr>
</tbody>
</table>
A large majority of the Foundation’s current grantmaking is initiated through invited proposals and targeted RFPs, allowing the Foundation to better understand the logic behind intended outcomes of the programs and organizations it supports. This strategy ensures the Foundation can focus on research-based and measurable outcomes with a statewide impact.

Additionally, because the challenges facing Texas education are greater than one single entity can answer, the Foundation continuously seeks opportunities to partner with other organizations to improve education and improve access to post-secondary education for as many Texans as possible. Because barriers can exist at any level, the current commitment to improving education encompasses the entire educational spectrum: Pre-K-12, trade/service, community college, undergraduate and graduate degrees.

Within this context, the Foundation’s recent growth brings it to a point at which it is appropriate to analyze its mission, vision, funding principles and internal operations for the period 2010-2015. Further, the Foundation is interested in developing a comprehensive system to evaluate the overall impact of its grantmaking.

To accomplish this, under the guidance of FSG Social Impact Advisors, in 2009 the Foundation will engage in a process to examine research (what we know) related to the Foundation’s mission so that each funding principle may be explicitly grounded in data based assumptions (what we believe), which can then be measured for impact at the portfolio level (what we hope). This intensive strategic planning process will either (1) reaffirm or (2) refine its existing mission, vision, and funding principles or (3) will result in a new mission, vision, and funding principles.

In the end, all initiatives and grants will be tied logically to funding principles based on explicit assumptions linked to the Foundation’s mission in order to accomplish the organization’s purpose and achieve its vision. Additionally, results of the process will serve to make the Foundation more accountable (through outcomes and impact measures), more transparent (by widely sharing assumptions and results), and impactful (by being theoretically and data grounded).

Additional information regarding the results of this process will be available on the Foundation’s web site, www.greatertexasfoundation.org, later in 2009.