

1-1 By: Raney, et al. (Senate Sponsor - Parker) H.B. No. 4005
 1-2 (In the Senate - Received from the House April 26, 2023;
 1-3 May 2, 2023, read first time and referred to Committee on
 1-4 Education; May 12, 2023, reported favorably by the following vote:
 1-5 Yeas 13, Nays 0; May 12, 2023, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			
1-18	X			
1-19	X			
1-20	X			

1-21 A BILL TO BE ENTITLED
 1-22 AN ACT

1-23 relating to the establishment of the Texas Competency-Based
 1-24 Education Grant Program for certain students enrolled in
 1-25 competency-based baccalaureate degree programs and to formula
 1-26 funding and dropped and repeated course restrictions for students
 1-27 enrolled in those degree programs at public institutions of higher
 1-28 education.

1-29 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-30 SECTION 1. Chapter 56, Education Code, is amended by adding
 1-31 Subchapter T to read as follows:

1-32 SUBCHAPTER T. TEXAS COMPETENCY-BASED EDUCATION GRANT PROGRAM

1-33 Sec. 56.521. DEFINITIONS. In this subchapter:

1-34 (1) "Competency-based baccalaureate degree program"
 1-35 means a baccalaureate degree program under which academic credit is
 1-36 awarded based solely on a student's attainment of competencies.
 1-37 The term may include a program that is organized around traditional
 1-38 course-based units, including for online or other distance
 1-39 education, that a student must earn for degree completion.

1-40 (2) "Coordinating board" means the Texas Higher
 1-41 Education Coordinating Board.

1-42 (3) "Eligible institution" means:
 1-43 (A) a general academic teaching institution;
 1-44 (B) a private or independent institution of
 1-45 higher education;

1-46 (C) a public junior college authorized to offer
 1-47 baccalaureate degree programs under Subchapter L, Chapter 130; or

1-48 (D) a nonprofit, tax-exempt, regionally
 1-49 accredited college or university operating in accordance with a
 1-50 memorandum of understanding with this state under an executive
 1-51 order issued by the governor and offering competency-based,
 1-52 exclusively online baccalaureate degree programs.

1-53 (4) "Expected family contribution" means the amount of
 1-54 discretionary income that should be available to a student from the
 1-55 resources of the student and of the student's family, as determined
 1-56 by the coordinating board following the methodology prescribed by
 1-57 the United States Department of Education for the purpose of
 1-58 determining a student's eligibility for need-based student
 1-59 financial assistance.

1-60 (5) "General academic teaching institution," "private
 1-61 or independent institution of higher education," and "public junior

2-1 college" have the meanings assigned by Section 61.003.

2-2 (6) "Program" means the Texas Competency-Based
2-3 Education Grant Program established under this subchapter.

2-4 Sec. 56.522. PURPOSE. The purpose of the Texas
2-5 Competency-Based Education Grant Program is to provide financial
2-6 assistance to enable eligible students to enroll in
2-7 competency-based baccalaureate degree programs at eligible
2-8 institutions.

2-9 Sec. 56.523. ADMINISTRATION OF PROGRAM; PRIORITY FOR
2-10 FINANCIAL NEED. (a) The coordinating board shall:

2-11 (1) administer the program;

2-12 (2) using the negotiated rulemaking procedures under
2-13 Chapter 2008, Government Code, adopt rules for determining the
2-14 allocation of funds under the program among eligible institutions;
2-15 and

2-16 (3) adopt any other rules necessary to implement the
2-17 program or this subchapter.

2-18 (b) The coordinating board shall consult with the student
2-19 financial aid officers of eligible institutions in developing the
2-20 rules adopted under Subsection (a).

2-21 (c) The total amount of grants awarded under the program may
2-22 not exceed the amount available for the program from
2-23 appropriations, gifts, grants, or other funds.

2-24 (d) In determining who should receive a grant under the
2-25 program, the coordinating board and the eligible institutions shall
2-26 give highest priority to awarding grants to students who
2-27 demonstrate the greatest unmet financial need.

2-28 Sec. 56.524. INITIAL ELIGIBILITY FOR GRANT. (a) To be
2-29 eligible initially for a grant under the program, a person must:

2-30 (1) be a resident of this state as determined by
2-31 coordinating board rules;

2-32 (2) meet financial need requirements as defined by
2-33 coordinating board rules, including a requirement that the person's
2-34 expected family contribution for the academic year does not exceed
2-35 the maximum expected family contribution established for this
2-36 purpose by the coordinating board;

2-37 (3) be enrolled in a competency-based baccalaureate
2-38 degree program at an eligible institution;

2-39 (4) not be receiving a TEXAS grant under Subchapter M,
2-40 a tuition equalization grant under Subchapter F, Chapter 61, or any
2-41 other state-funded student financial assistance for the same
2-42 academic period; and

2-43 (5) comply with any additional nonacademic
2-44 requirement adopted by the coordinating board under this
2-45 subchapter.

2-46 (b) A person is not eligible to receive a grant under the
2-47 program if the person has been granted a baccalaureate degree.

2-48 (c) A person's eligibility for a grant under the program
2-49 ends on the earliest of the following dates:

2-50 (1) the fourth anniversary of the initial award of a
2-51 grant under the program to the person, if at the time of the initial
2-52 award the person had earned less than 60 semester credit hours or an
2-53 equivalent number of competency units or credits toward the
2-54 person's degree;

2-55 (2) the second anniversary of the initial award of a
2-56 grant under the program to the person, if at the time of the initial
2-57 award the person had earned 60 or more semester credit hours or an
2-58 equivalent number of competency units or credits toward the
2-59 person's degree; or

2-60 (3) the date the person receives a baccalaureate
2-61 degree.

2-62 Sec. 56.525. CONTINUING ELIGIBILITY AND ACADEMIC
2-63 PERFORMANCE REQUIREMENTS. (a) After initially qualifying for a
2-64 grant under the program, a person may continue to receive a grant
2-65 under the program during each semester or term in which the person
2-66 is enrolled at an eligible institution only if the person:

2-67 (1) meets the criteria for initial eligibility under
2-68 Section 56.524(a);

2-69 (2) makes satisfactory academic progress toward a

3-1 baccalaureate degree; and
 3-2 (3) complies with any additional nonacademic
 3-3 requirement adopted by the coordinating board.

3-4 (b) If a person fails to meet any of the requirements of
 3-5 Subsection (a) after the completion of any semester or term, the
 3-6 person may not receive a grant under the program during the next
 3-7 semester or term in which the person enrolls. Unless the person's
 3-8 eligibility for a grant expires under Section 56.524(c), a person
 3-9 may become eligible to receive a grant under the program in a
 3-10 subsequent semester or term if the person:

3-11 (1) completes at least 12 semester credit hours or an
 3-12 equivalent number of competency units or credits in a semester or
 3-13 term during which the student is not eligible for a grant; and

3-14 (2) meets all the requirements of Subsection (a).

3-15 (c) For the purpose of this section, a person makes
 3-16 satisfactory academic progress toward a baccalaureate degree only
 3-17 if the person completes at least 12 semester credit hours or an
 3-18 equivalent number of competency units or credits in each semester
 3-19 or term in which the person is enrolled.

3-20 (d) The coordinating board shall adopt rules to allow a
 3-21 person who is otherwise eligible to receive a grant under the
 3-22 program to receive a grant if the student's completion rate falls
 3-23 below the satisfactory academic progress requirements of this
 3-24 section in the event of a hardship or for other good cause shown,
 3-25 including:

3-26 (1) a showing of a severe illness or other
 3-27 debilitating condition that may affect the person's academic
 3-28 performance; or

3-29 (2) a showing that the person is responsible for the
 3-30 care of a sick, injured, or needy person and that the person's
 3-31 provision of care may affect the person's academic performance.

3-32 Sec. 56.526. GRANT USE. A grant awarded under the program
 3-33 may be applied only to the payment of tuition and required fees at
 3-34 an eligible institution.

3-35 Sec. 56.527. GRANT AMOUNT. (a) The amount of a grant
 3-36 awarded under the program to a full-time undergraduate student
 3-37 equivalent enrolled at an eligible institution for an academic year
 3-38 may not exceed the lesser of:

3-39 (1) the difference between the amount of tuition and
 3-40 required fees charged to the student by the institution for that
 3-41 academic year and the amount of any other gift aid, including state
 3-42 or federal grants or scholarships, awarded to the student for that
 3-43 academic year; or

3-44 (2) \$500.

3-45 (b) The coordinating board may adopt rules that allow the
 3-46 coordinating board to increase or decrease, in proportion to the
 3-47 number of semester credit hours or competency units or credits in
 3-48 which a student is enrolled, the amount of a grant award to a
 3-49 student who is enrolled in a number of semester credit hours or
 3-50 competency units or credits in excess of or below 12 semester credit
 3-51 hours or an equivalent number of competency units or credits.

3-52 Sec. 56.528. GRANT NOT TO AFFECT ADMISSION. An eligible
 3-53 institution may not deny admission to or enrollment in the
 3-54 institution based on a person's eligibility to receive a grant
 3-55 under the program or a person's receipt of a grant under the
 3-56 program.

3-57 SECTION 2. Section 51.907, Education Code, is amended by
 3-58 adding Subsection (b-1) to read as follows:

3-59 (b-1) This section does not apply to a student enrolled in a
 3-60 competency-based baccalaureate degree program, as defined by
 3-61 Section 56.521.

3-62 SECTION 3. Section 61.059, Education Code, is amended by
 3-63 adding Subsection (s) to read as follows:

3-64 (s) Notwithstanding any other law, the board may not exclude
 3-65 from being counted in the hours reported to the Legislative Budget
 3-66 Board for formula funding contact hours or semester credit hours
 3-67 for a student's enrollment in a course for which the student has
 3-68 previously generated formula funding if the student is enrolled in
 3-69 a competency-based baccalaureate degree program, as defined by

4-1 Section 56.521.

4-2 SECTION 4. Section 61.0595, Education Code, is amended by
4-3 adding Subsection (f-1) to read as follows:

4-4 (f-1) In the formulas established under Section 61.059, the
4-5 board shall include without consideration of Subsection (a) or (e)
4-6 of this section funding for semester credit hours earned by a
4-7 student who is enrolled in a competency-based baccalaureate degree
4-8 program, as defined by Section 56.521.

4-9 SECTION 5. Subchapter C, Chapter 61, Education Code, is
4-10 amended by adding Section 61.088 to read as follows:

4-11 Sec. 61.088. DROPPED OR REPEATED COURSES UNDER
4-12 COMPETENCY-BASED BACCALAUREATE DEGREE PROGRAM. The board by rule
4-13 shall develop standards for and limitations on dropping or
4-14 repeating courses by students enrolled in a competency-based
4-15 baccalaureate degree program, as defined by Section 56.521.

4-16 SECTION 6. Section 51.907(b-1), Education Code, as added by
4-17 this Act, applies beginning with the fall 2023 semester.

4-18 SECTION 7. (a) The Texas Higher Education Coordinating
4-19 Board shall adopt rules to administer Subchapter T, Chapter 56,
4-20 Education Code, as added by this Act, as soon as practicable after
4-21 the effective date of this Act.

4-22 (b) The Texas Higher Education Coordinating Board shall
4-23 begin allocating funds to eligible institutions under Subchapter T,
4-24 Chapter 56, Education Code, as added by this Act, for the first
4-25 academic year for which money is appropriated for that purpose,
4-26 except that the coordinating board may not allocate funds under
4-27 that subchapter for an academic year before the 2024-2025 academic
4-28 year.

4-29 SECTION 8. The changes in law made by this Act to Sections
4-30 61.059 and 61.0595, Education Code, apply beginning with funding
4-31 recommendations made under Section 61.059, Education Code, for the
4-32 state fiscal biennium beginning September 1, 2025.

4-33 SECTION 9. The Texas Higher Education Coordinating Board
4-34 shall adopt rules under Section 61.088, Education Code, as added by
4-35 this Act, as soon as practicable after this Act takes effect.

4-36 SECTION 10. This Act takes effect immediately if it
4-37 receives a vote of two-thirds of all the members elected to each
4-38 house, as provided by Section 39, Article III, Texas Constitution.
4-39 If this Act does not receive the vote necessary for immediate
4-40 effect, this Act takes effect September 1, 2023.

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