

1-1 By: Parker, Springer S.B. No. 462
 1-2 (In the Senate - Filed January 13, 2023; February 17, 2023,
 1-3 read first time and referred to Subcommittee on Higher Education;
 1-4 April 6, 2023, reported favorably from Committee on Education by
 1-5 the following vote: Yeas 12, Nays 0; April 6, 2023, sent to
 1-6 printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
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	X			

1-22 A BILL TO BE ENTITLED
 1-23 AN ACT

1-24 relating to the establishment of the Texas Competency-Based
 1-25 Education Grant Program for certain students enrolled in
 1-26 competency-based baccalaureate degree programs and to formula
 1-27 funding and dropped and repeated course restrictions for students
 1-28 enrolled in those degree programs at public institutions of higher
 1-29 education.

1-30 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
 1-31 SECTION 1. Chapter 56, Education Code, is amended by adding
 1-32 Subchapter T to read as follows:

1-33 SUBCHAPTER T. TEXAS COMPETENCY-BASED EDUCATION GRANT PROGRAM

1-34 Sec. 56.521. DEFINITIONS. In this subchapter:

1-35 (1) "Competency-based baccalaureate degree program"
 1-36 means a baccalaureate degree program under which academic credit is
 1-37 awarded based solely on a student's attainment of competencies.
 1-38 The term may include a program that is organized around traditional
 1-39 course-based units, including for online or other distance
 1-40 education, that a student must earn for degree completion.

1-41 (2) "Coordinating board" means the Texas Higher
 1-42 Education Coordinating Board.

1-43 (3) "Eligible institution" means:
 1-44 (A) a general academic teaching institution;
 1-45 (B) a private or independent institution of
 1-46 higher education;

1-47 (C) a public junior college authorized to offer
 1-48 baccalaureate degree programs under Subchapter L, Chapter 130; or

1-49 (D) a nonprofit, tax-exempt, regionally
 1-50 accredited college or university operating in accordance with a
 1-51 memorandum of understanding with this state under an executive
 1-52 order issued by the governor and offering competency-based,
 1-53 exclusively online baccalaureate degree programs.

1-54 (4) "Expected family contribution" means the amount of
 1-55 discretionary income that should be available to a student from the
 1-56 resources of the student and of the student's family, as determined
 1-57 by the coordinating board following the methodology prescribed by
 1-58 the United States Department of Education for the purpose of
 1-59 determining a student's eligibility for need-based student
 1-60 financial assistance.

1-61 (5) "General academic teaching institution," "private

2-1 or independent institution of higher education," and "public junior
 2-2 college" have the meanings assigned by Section 61.003.

2-3 (6) "Program" means the Texas Competency-Based
 2-4 Education Grant Program established under this subchapter.

2-5 Sec. 56.522. PURPOSE. The purpose of the Texas
 2-6 Competency-Based Education Grant Program is to provide financial
 2-7 assistance to enable eligible students to enroll in
 2-8 competency-based baccalaureate degree programs at eligible
 2-9 institutions.

2-10 Sec. 56.523. ADMINISTRATION OF PROGRAM; PRIORITY FOR
 2-11 FINANCIAL NEED. (a) The coordinating board shall:

2-12 (1) administer the program;

2-13 (2) using the negotiated rulemaking procedures under
 2-14 Chapter 2008, Government Code, adopt rules for determining the
 2-15 allocation of funds under the program among eligible institutions;
 2-16 and

2-17 (3) adopt any other rules necessary to implement the
 2-18 program or this subchapter.

2-19 (b) The coordinating board shall consult with the student
 2-20 financial aid officers of eligible institutions in developing the
 2-21 rules adopted under Subsection (a).

2-22 (c) The total amount of grants awarded under the program may
 2-23 not exceed the amount available for the program from
 2-24 appropriations, gifts, grants, or other funds.

2-25 (d) In determining who should receive a grant under the
 2-26 program, the coordinating board and the eligible institutions shall
 2-27 give highest priority to awarding grants to students who
 2-28 demonstrate the greatest unmet financial need.

2-29 Sec. 56.524. INITIAL ELIGIBILITY FOR GRANT. (a) To be
 2-30 eligible initially for a grant under the program, a person must:

2-31 (1) be a resident of this state as determined by
 2-32 coordinating board rules;

2-33 (2) meet financial need requirements as defined by
 2-34 coordinating board rules, including a requirement that the person's
 2-35 expected family contribution for the academic year does not exceed
 2-36 the maximum expected family contribution established for this
 2-37 purpose by the coordinating board;

2-38 (3) be enrolled in a competency-based baccalaureate
 2-39 degree program at an eligible institution;

2-40 (4) not be receiving a TEXAS grant under Subchapter M,
 2-41 a tuition equalization grant under Subchapter F, Chapter 61, or any
 2-42 other state-funded student financial assistance for the same
 2-43 academic period; and

2-44 (5) comply with any additional nonacademic
 2-45 requirement adopted by the coordinating board under this
 2-46 subchapter.

2-47 (b) A person is not eligible to receive a grant under the
 2-48 program if the person has been granted a baccalaureate degree.

2-49 (c) A person's eligibility for a grant under the program
 2-50 ends on the earliest of the following dates:

2-51 (1) the fourth anniversary of the initial award of a
 2-52 grant under the program to the person, if at the time of the initial
 2-53 award the person had earned less than 60 semester credit hours or an
 2-54 equivalent number of competency units or credits toward the
 2-55 person's degree;

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

2-61 (3) the date the person receives a baccalaureate
 2-62 degree.

2-63 Sec. 56.525. CONTINUING ELIGIBILITY AND ACADEMIC
 2-64 PERFORMANCE REQUIREMENTS. (a) After initially qualifying for a
 2-65 grant under the program, a person may continue to receive a grant
 2-66 under the program during each semester or term in which the person
 2-67 is enrolled at an eligible institution only if the person:

2-68 (1) meets the criteria for initial eligibility under
 2-69 Section 56.524(a);

3-1 (2) makes satisfactory academic progress toward a
 3-2 baccalaureate degree; and

3-3 (3) complies with any additional nonacademic
 3-4 requirement adopted by the coordinating board.

3-5 (b) If a person fails to meet any of the requirements of
 3-6 Subsection (a) after the completion of any semester or term, the
 3-7 person may not receive a grant under the program during the next
 3-8 semester or term in which the person enrolls. Unless the person's
 3-9 eligibility for a grant expires under Section 56.524(c), a person
 3-10 may become eligible to receive a grant under the program in a
 3-11 subsequent semester or term if the person:

3-12 (1) completes at least 12 semester credit hours or an
 3-13 equivalent number of competency units or credits in a semester or
 3-14 term during which the student is not eligible for a grant; and

3-15 (2) meets all the requirements of Subsection (a).

3-16 (c) For the purpose of this section, a person makes
 3-17 satisfactory academic progress toward a baccalaureate degree only
 3-18 if the person completes at least 12 semester credit hours or an
 3-19 equivalent number of competency units or credits in each semester
 3-20 or term in which the person is enrolled.

3-21 (d) The coordinating board shall adopt rules to allow a
 3-22 person who is otherwise eligible to receive a grant under the
 3-23 program to receive a grant if the student's completion rate falls
 3-24 below the satisfactory academic progress requirements of this
 3-25 section in the event of a hardship or for other good cause shown,
 3-26 including:

3-27 (1) a showing of a severe illness or other
 3-28 debilitating condition that may affect the person's academic
 3-29 performance; or

3-30 (2) a showing that the person is responsible for the
 3-31 care of a sick, injured, or needy person and that the person's
 3-32 provision of care may affect the person's academic performance.

3-33 Sec. 56.526. GRANT USE. A grant awarded under the program
 3-34 may be applied only to the payment of tuition and required fees at
 3-35 an eligible institution.

3-36 Sec. 56.527. GRANT AMOUNT. (a) The amount of a grant
 3-37 awarded under the program to a full-time undergraduate student
 3-38 equivalent enrolled at an eligible institution for an academic year
 3-39 may not exceed the lesser of:

3-40 (1) the difference between the amount of tuition and
 3-41 required fees charged to the student by the institution for that
 3-42 academic year and the amount of any other gift aid, including state
 3-43 or federal grants or scholarships, awarded to the student for that
 3-44 academic year; or

3-45 (2) \$500.

3-46 (b) The coordinating board may adopt rules that allow the
 3-47 coordinating board to increase or decrease, in proportion to the
 3-48 number of semester credit hours or competency units or credits in
 3-49 which a student is enrolled, the amount of a grant award to a
 3-50 student who is enrolled in a number of semester credit hours or
 3-51 competency units or credits in excess of or below 12 semester credit
 3-52 hours or an equivalent number of competency units or credits.

3-53 Sec. 56.528. GRANT NOT TO AFFECT ADMISSION. An eligible
 3-54 institution may not deny admission to or enrollment in the
 3-55 institution based on a person's eligibility to receive a grant
 3-56 under the program or a person's receipt of a grant under the
 3-57 program.

3-58 SECTION 2. Section 51.907, Education Code, is amended by
 3-59 adding Subsection (b-1) to read as follows:

3-60 (b-1) This section does not apply to a student enrolled in a
 3-61 competency-based baccalaureate degree program, as defined by
 3-62 Section 56.521.

3-63 SECTION 3. Section 61.059, Education Code, is amended by
 3-64 adding Subsection (s) to read as follows:

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

4-1 a competency-based baccalaureate degree program, as defined by
4-2 Section 56.521.

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

4-5 (f-1) In the formulas established under Section 61.059, the
4-6 board shall include without consideration of Subsection (a) or (e)
4-7 of this section funding for semester credit hours earned by a
4-8 student who is enrolled in a competency-based baccalaureate degree
4-9 program, as defined by Section 56.521.

4-10 SECTION 5. Subchapter C, Chapter 61, Education Code, is
4-11 amended by adding Section 61.088 to read as follows:

4-12 Sec. 61.088. DROPPED OR REPEATED COURSES UNDER
4-13 COMPETENCY-BASED BACCALAUREATE DEGREE PROGRAM. The board by rule
4-14 shall develop standards for and limitations on dropping or
4-15 repeating courses by students enrolled in a competency-based
4-16 baccalaureate degree program, as defined by Section 56.521.

4-17 SECTION 6. Section 51.907(b-1), Education Code, as added by
4-18 this Act, applies beginning with the fall 2023 semester.

4-19 SECTION 7. (a) The Texas Higher Education Coordinating
4-20 Board shall adopt rules to administer Subchapter T, Chapter 56,
4-21 Education Code, as added by this Act, as soon as practicable after
4-22 the effective date of this Act.

4-23 (b) The Texas Higher Education Coordinating Board shall
4-24 begin allocating funds to eligible institutions under Subchapter T,
4-25 Chapter 56, Education Code, as added by this Act, for the first
4-26 academic year for which money is appropriated for that purpose,
4-27 except that the coordinating board may not allocate funds under
4-28 that subchapter for an academic year before the 2024-2025 academic
4-29 year.

4-30 SECTION 8. The changes in law made by this Act to Sections
4-31 61.059 and 61.0595, Education Code, apply beginning with funding
4-32 recommendations made under Section 61.059, Education Code, for the
4-33 state fiscal biennium beginning September 1, 2025.

4-34 SECTION 9. The Texas Higher Education Coordinating Board
4-35 shall adopt rules under Section 61.088, Education Code, as added by
4-36 this Act, as soon as practicable after this Act takes effect.

4-37 SECTION 10. This Act takes effect immediately if it
4-38 receives a vote of two-thirds of all the members elected to each
4-39 house, as provided by Section 39, Article III, Texas Constitution.
4-40 If this Act does not receive the vote necessary for immediate
4-41 effect, this Act takes effect September 1, 2023.

4-42 * * * * *