

Amend CSHB 7 by adding the following appropriately numbered ARTICLE and renumbering subsequent ARTICLES accordingly:

ARTICLE \_\_\_\_\_. TEXASNEXTSTEP GRANT PROGRAM

SECTION \_\_.01. Chapter 56, Education Code, is amended by adding Subchapter R to read as follows:

SUBCHAPTER R. TEXASNEXTSTEP GRANT PROGRAM

Sec. 56.481. DEFINITIONS. In this subchapter:

(1) "Coordinating board" means the Texas Higher Education Coordinating Board.

(2) "Eligible institution" means:

(A) a public junior college;

(B) a public technical institute; or

(C) a public state college.

(3) "Institution of higher education," "public junior college," "public technical institute," and "public state college" have the meanings assigned by Section 61.003.

(4) "Textbook costs" means the costs of textbooks and similar educational materials required for course work at an eligible institution.

Sec. 56.482. PROGRAM NAME; PURPOSE. (a) The student financial assistance program authorized by this subchapter is known as the TexasNextStep grant program, and an individual grant awarded under this subchapter is known as a TexasNextStep grant.

(b) The purpose of this subchapter is to provide a grant of money to enable eligible students to attend two-year public institutions of higher education in this state.

Sec. 56.483. ADMINISTRATION OF PROGRAM. (a) The coordinating board shall administer the TexasNextStep grant program and shall adopt any rules necessary to implement the TexasNextStep grant program or this subchapter. The coordinating board shall consult with the student financial aid officers of eligible institutions in developing the rules.

(b) The coordinating board shall adopt rules to provide a TexasNextStep grant to an eligible student enrolled in an eligible institution in a manner consistent with the administration of federal student financial aid programs.

(c) The total amount of grants awarded under the

TexasNextStep grant program may not exceed the amount available for the program from appropriations, gifts, grants, or other funds.

(d) In determining who should receive a TexasNextStep grant, the coordinating board and the eligible institutions shall give highest priority to awarding TexasNextStep grants to students who demonstrate the greatest financial need.

Sec. 56.484. INITIAL ELIGIBILITY FOR GRANT. (a) To be eligible initially for a grant under the TexasNextStep grant program, a person must:

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

(2) meet financial need requirements as defined by the coordinating board;

(3) not later than the 16th month after the month in which the person graduated from high school, enroll or have enrolled as an entering student for at least one-half of a full course load for an entering student, as determined by the coordinating board, in an associate degree or certificate program at an eligible institution;

(4) have graduated from:

(A) a public high school in this state; or

(B) an accredited private high school or a home school or other nontraditional educational program in this state;

(5) have applied for any available financial aid or assistance;

(6) meet eligibility requirements necessary to receive federal student financial aid, other than requirements regarding financial need; and

(7) comply with any additional nonacademic requirement adopted by the coordinating board under this subchapter.

(b) A person is not eligible to receive a TexasNextStep grant if the person:

(1) has been granted an associate or baccalaureate degree; or

(2) is concurrently enrolled in an institution of higher education other than an eligible institution, unless the

person is enrolled in the person's final semester or term at the eligible institution before completing the person's associate degree or certificate program and the person enrolls in one or more courses that, if successfully completed, would allow the person to complete the degree or certificate requirements.

(c) A person may not receive a TexasNextStep grant for more than 90 semester credit hours or the equivalent, including any developmental course work required by an eligible institution.

(d) Subject to Section 56.487(b)(2), a person may receive a TexasNextStep grant regardless of whether the person is eligible for a TEXAS grant or a TEXAS grant II.

(e) A person may not receive a TexasNextStep grant for a semester or term that begins on or after the third anniversary of the initial award of a TexasNextStep grant to the person.

Sec. 56.485. CONTINUING ELIGIBILITY AND ACADEMIC PERFORMANCE REQUIREMENTS. (a) After initially qualifying for a TexasNextStep grant, a person may continue to receive a TexasNextStep grant during each semester or term in which the person is enrolled at an eligible institution only if the person:

(1) meets financial need requirements as defined by the coordinating board;

(2) is enrolled in an associate degree or certificate program at an eligible institution;

(3) except as provided by Subsection (b), is enrolled for at least one-half of a full course load for a student in an associate degree or certificate program, as determined by the coordinating board;

(4) makes satisfactory academic progress toward an associate degree or certificate;

(5) meets eligibility requirements necessary to receive federal student financial aid, other than requirements regarding financial need; and

(6) complies with any additional nonacademic requirement adopted by the coordinating board.

(b) A person is exempt from the one-half course load requirement of Subsection (a)(3) if the TexasNextStep grant is awarded for the person's final semester or term before the person

completes the person's degree or certificate program and the person enrolls in one or more courses that, if successfully completed, would allow the person to complete the degree or certificate requirements. A person who qualifies for an exemption under this subsection is not eligible for a TexasNextStep grant in a subsequent semester or term, regardless of whether the person graduates as planned.

(c) If a person fails to meet any of the requirements of Subsection (a) after the completion of any semester or term, the person may not receive a TexasNextStep grant during the next semester or term in which the person enrolls. A person may become eligible to receive a TexasNextStep grant in a subsequent semester or term if the person:

(1) completes a semester or term during which the person is not eligible for the grant; and

(2) meets all the requirements of Subsection (a).

(d) For purposes of this section, a person makes satisfactory academic progress toward an associate degree or certificate only if the person meets the standards for academic progress as determined by the eligible institution.

(e) A person's eligibility to receive a TexasNextStep grant is not affected by the person's enrollment in or transfer to another eligible institution.

Sec. 56.486. GRANT USE. A person receiving a TexasNextStep grant may use the money to pay any usual and customary cost of attendance at an eligible institution incurred by the person. The institution may disburse all or part of the proceeds of a TexasNextStep grant to an eligible person only if the tuition and required fees and textbook costs incurred by the person at the institution have been paid.

Sec. 56.487. GRANT AMOUNT. (a) The amount of a TexasNextStep grant for a student enrolled full-time at an eligible institution is the amount determined by the coordinating board as the average amount of tuition and required fees and textbook costs that a resident student enrolled full-time in an associate degree or certificate program would be charged for that semester or term at the institution, except that if the eligible institution is a

public junior college, the average amount of those charges shall be computed without including the portion of tuition and required fees charged only to a student who resides outside the junior college district.

(b) The coordinating board shall adopt rules that:

(1) allow the coordinating board to increase or decrease, in proportion to the number of semester credit hours in which a student is enrolled, the amount of a TexasNextStep grant award under this section to a student who is enrolled in a number of semester credit hours in excess of or below the number of semester credit hours described in Section 56.484(a)(3) or 56.485(a)(3); and

(2) require the coordinating board to reduce the amount of a TexasNextStep grant by the amount of any state or federal gift aid for which the person receiving the grant is eligible if that aid could be applied, according to the terms of the aid, toward the person's tuition and required fees and textbook costs at the eligible institution.

(c) Not later than January 31 of each year, the coordinating board shall publish the amounts of each grant established by the board with respect to an eligible institution for the academic year beginning the next fall semester.

(d) An eligible institution may not:

(1) charge a person attending the institution who also receives a TexasNextStep grant an amount of tuition and required fees in excess of the amount of the TexasNextStep grant received by the person for tuition and required fees, except that if the eligible institution is a public junior college, the institution may charge an additional amount to the person based on the person's residence outside the junior college district; or

(2) deny admission to or enrollment in the institution based on a person's eligibility to receive a TexasNextStep grant or a person's receipt of a TexasNextStep grant.

Sec. 56.488. BIENNIAL REPORT. The coordinating board shall track the academic performance and subsequent educational attainment of grant recipients, by institution, and report this information biennially to the legislature and the comptroller.

Sec. 56.489. APPROPRIATIONS. This subchapter may not be

implemented and grants may not be awarded under this subchapter in any state fiscal year unless the legislature appropriates money to fully fund the TEXAS grant program under Subchapter M for that same fiscal year.

SECTION \_\_.02. (a) The change in law made by this article in adding Subchapter R, Chapter 56, Education Code, applies beginning with the 2004-2005 academic year, except that the Texas Higher Education Coordinating Board may not award a TexasNextStep grant under that subchapter to an entering student who enrolls in an eligible institution before the 2005-2006 academic year.

(b) The Texas Higher Education Coordinating Board shall adopt rules for the administration of Subchapter R, Chapter 56, Education Code, as added by this article, as soon as practicable after this article takes effect. For that purpose, the coordinating board may adopt the initial rules in the manner provided by law for emergency rules.