

## **BILL ANALYSIS**

C.S.S.B. 1227  
By: Shapiro  
Higher Education  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Financial aid is essential for promoting participation and success by allowing students to prepare for, enroll in, and graduate from institutions of higher education. By providing access to institutions of higher education, Texas is making the necessary investments to meet the needs of the state in growing population and the goal of *Closing the Gaps by 2015*.

S.B. 1227 proposes an array of amendments to the Education Code to promote access to institutions of higher education, allow for financial aid administrative savings, and make clarifying changes.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the governing board of an institution of higher education in SECTION 13 of this bill.

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 17, SECTION 34, SECTION 40, SECTION 41, SECTION 43, SECTION 48, SECTION 51, and SECTION 55 of this bill.

### **ANALYSIS**

SECTION 1. Subsection (e), Section 52.17, Education Code, is amended to:(e) Provide that amounts paid to the board by the federal Lender's Special Allowance program may be deposited in the Texas college interest and sinking fund or a board interest and sinking fund, or be used by the board for the administration of student loan and grant programs administered by the board, including the making of grants under Subchapter M, Chapter 56.

SECTION 2. Section 52.31, Education Code, is amended to define a "participating higher educational institution" as a public or private nonprofit institution of higher education, including a junior college, accredited by a recognized accrediting agency as defined by Section 61.003, or a regional education service center or other entity that offers an alternative educator certification program approved by the State Board for Educator Certification, that is located in this state and complies with the provisions of this chapter and the rules of the board promulgated in accordance with this chapter.

SECTION 3. Section 52.32, Education Code, is amended by amending Subsections (a) and (b) and adding Subsection (a-1) to:

- (a) Provide that the board may authorize loans from the Texas Opportunity Plan Fund to a qualified applicant who meets certain criteria.
- (a-1) Provide that except as provided by Subsection (b), if the institution to which the applicant has been accepted for enrollment was not a participating institution, as defined by Section 52.31, on May 1, 1985, the applicant must provide evidence that the applicant is unable to obtain a guaranteed student loan from a commercial lender.
- (b) Provide that if a loan applicant is enrolled at a career school or college in a degree program that is approved by the board or at a regional education service center or other entity in an alternative educator certification program that is approved by the State Board for Educator Certification, the applicant is not required to provide

evidence that the applicant is unable to obtain a guaranteed student loan from a commercial lender under Subsection (a-1).

SECTION 4. Subsection (c), Section 52.91, Education Code, is amended to (c) provide that the board may use tuition set aside under Section 56.465 to repay bonds issued by the board for the Texas B-On-time student loan program.

SECTION 5. Section 54.007, Education Code, is amended by adding Subsection (f) to: (f) provide that a student may elect to pay the tuition and fees of an institution of higher education by installment under this section regardless of whether the student intends to apply a financial aid award administered by the institution toward the tuition and fees, except that a student whose financial aid award or awards are available to cover the total amount of tuition and fees may not pay by installment under this section. Provide that on receipt of notice of a student's election to pay tuition and fees by installment, the governing board of the institution shall apply any financial aid award administered for the student toward the amount of tuition and fees due for that semester or summer session until the tuition and fees are paid in full and shall immediately release any remaining amount of the award to the student, except that the institution is not required to apply the award or awards toward the total amount of tuition and fees in exigent circumstances as determined by the institution.

SECTION 6. Subchapter A, Chapter 54, Education Code, is amended by adding Section 54.0071 to:

- (a) Provide that the governing board of an institution of higher education may postpone the due date for the payment of all or part of the tuition and fees for a student for a semester or summer session in which the student will receive one or more delayed financial aid awards if the student has not received the awards by the regular due date for payment of the tuition and fees and the student agrees to assign to the institution a portion of the awards equal to the amount of tuition and fees for which the due date is postponed.
- (b) Provide that a postponed due date under Subsection (a) applies only to the portion of tuition and fees to be covered by the student's delayed financial aid awards; and when the financial aid awards become available, a governing board that postpones a due date under this section shall apply the awards toward the amount of tuition and fees due and immediately release any remaining amount of the awards to the student.
- (c) Provide that if after the due date for a student's tuition and fees is postponed under this section the student becomes ineligible to receive one or more of the delayed financial aid awards, or the amount awarded is less than the amount of tuition and fees due, the governing board shall provide the student a reasonable period, not to exceed 30 days, to pay the unpaid amount of tuition and fees. Provide that the board may deny a student credit for work done in the semester or summer session if the student fails to pay the tuition and fees by the end of that period.
- (d) Provide that the Texas Higher Education Coordinating Board shall prescribe procedures for the administration of this section.
- (e) Provide that if a student with delayed financial aid awards has elected to pay tuition and fees by installment as permitted by Section 54.007 and if the governing board elects to postpone the due date for the student's tuition and fees as authorized by this section, the governing board in the manner provided by this section shall postpone the due date for each installment payment that becomes due before the student receives the awards.

SECTION 7. Subchapter B, Chapter 54, Education Code, is amended by adding Section 54.0516 to:

- (a) Provide that this section applies only to a resident undergraduate student enrolled for a summer term or session at Texas A&M University.
- (b) Provide that tuition, other than tuition under Section 54.0513, charged to a student to whom this section applies is three-fourths of the amount otherwise provided by this subchapter.

- (c) Provide that the amount that the board of regents may charge as tuition under Section 54.0513 to a student to whom this section applies may not exceed the amount of other tuition the board is authorized to charge to the student under Subsection (b).
- (d) Provide that this section applies only if the legislature specifically appropriates money to Texas A&M University for the state fiscal biennium ending August 31, 2007, to cover the tuition revenue lost to the institution by the application of this section.
- (e) Provide that this section applies only to a summer term or session in 2006 or 2007. This section expires January 1, 2008.

SECTION 8. Subsection (c), Section 54.214, Education Code, is amended to (c) provide that to be eligible for an exemption under this section, a person must meet certain criteria:

SECTION 9. Section 54.2155, Education Code, is amended to:

- (a) Provide that for each semester, the adjutant general of the state military forces shall certify to institutions of higher education as described by Section 431.090, Government Code, information identifying the persons to whom the adjutant general has awarded tuition assistance under that section.
- (b) Provide that an institution of higher education shall exempt a person certified by the adjutant general as described by Subsection (a) from the payment of tuition for the semester credit hours for which the person enrolls, not to exceed 12 semester credit hours. Provides that if the person is not charged tuition at the rate provided for other Texas residents, the amount of the exemption may not exceed the amount of tuition the person would be charged as a Texas resident for the number of semester credit hours for which the person enrolls, not to exceed 12 semester credit hours.

SECTION 10. Subsection (b), Section 54.5021, Education Code, is amended to make non-substantive changes.

SECTION 11. Section 56.033, Education Code, is amended by adding Subsection (e) to: (e) Provide that in order to supplement money set aside under Subsection (a), the governing board of an institution of higher education may use money received by the institution from the fee for issuance of collegiate license plates under Section 504.615, Transportation Code, for awarding Texas Public Educational Grants. Provides that the board may use the money to award grants to both resident and nonresident students, except that the board shall give priority to grants for resident students. Provides that, notwithstanding Subsection (b), the board may not use the money for emergency loans under Subchapter D.

SECTION 12. Section 56.051, Education Code, is amended to provide that each institution of higher education may establish an emergency loan program under which students are loaned money to pay tuition, fees, and the costs of textbooks.

SECTION 13. Section 56.052, Education Code, is amended to:

- (a) Provide that The governing board of each institution shall adopt rules establishing eligibility criteria that allow eligible students to obtain loans on the basis of the order of receipt of applications, except as provided by Subsection (b).
- (b) Provide that the governing board may adopt rules that allow the institution to select loan recipients from the eligible applicants according to financial need, regardless of when their applications are received, if money available for the program is insufficient to provide loans to each eligible applicant.

SECTION 14. Section 56.076, Education Code, is amended to provide that an eligible institution may enter into agreements with employers that participate in the work-study program, and that to be eligible to participate in the work-study program, an employer must, in addition to other criteria, provide from sources other than federal college work-study program funds a percentage of an employed student's wages that is equal to the percentage of a student's wages that the employer would be required to provide to the student in that academic year under the federal college work-study program and provide

from sources other than federal college work-study funds 100 percent of other employee benefits for the employed student.

SECTION 15. Subchapter K, Chapter 56, Education Code, is amended by adding Section 56.2011 to define "coordinating board" the Texas Higher Education Coordinating Board.

SECTION 16. Section 56.202, Education Code, is amended to:

- (a) Provide that the Early High School Graduation Scholarship program is created to increase efficiency in the Foundation School Program and to provide assistance for tuition or tuition and mandatory fees, as provided by Section 56.204, to an eligible person to enable that person to attend a [Texas] public or private institution of higher education in this state.
- (b) Provides for non-substantive changes.

SECTION 17. Section 56.203, Education Code, as amended by Chapters 365 and 1317, Acts of the 78th Legislature, Regular Session, 2003, is reenacted and amended to:

- (a) Provide that to be eligible for an award through the Early High School Graduation Scholarship program, a person must have graduated from high school and meeting certain requirements under (A), (B), or (C); have attended high school exclusively in one or more public high schools in this state; and be a Texas resident as defined by coordinating board rule.
- (b) Provide that the eligibility for the Early High School Graduation Scholarship program of a person described by Subsection (a)(1)(A) or (B) ends on the sixth anniversary of the date that the person first becomes eligible to participate in the program, unless the person is provided additional time to participate in the program under Subsection (c).
- (c) Provide that the coordinating board shall adopt rules to provide a person described by Subsection (a)(1)(A) or (B) who is otherwise eligible to participate in the Early High School Graduation Scholarship program additional time to use a state credit for tuition and mandatory fees under the program. Provides that the rules must require a person seeking an extension under this subsection to show hardship or other good cause that prevents the person from enrolling in or continuing enrollment in an eligible institution during the period provided by Subsection (b). Provides that for purposes of this subsection, hardship or other good cause includes a severe illness or other debilitating condition, responsibility for the care of a sick, injured, or needy person, or active duty or other service in the United States armed forces.
- (d) Provides that a person who does not satisfy the curriculum requirements for the recommended or advanced high school program as required to establish eligibility under Subsection (a)(1)(A) or (B) is considered to have satisfied those requirements if the high school from which the person graduated indicates on the person's transcript that the person was unable to complete the appropriate curriculum within the time prescribed by that subsection solely because of a reason beyond the person's control, such as lack of enrollment capacity or a shortage of qualified teachers.

SECTION 18. The heading to Section 56.204, Education Code, is amended to modify the heading to read "ENTITLEMENT."

SECTION 19. Section 56.204(a), Education Code, is amended to (a) provide that an eligible person under the Early High School Graduation Scholarship program is entitled to a state credit to apply toward tuition or tuition and mandatory fees, as applicable, at a public or private institution of higher education in this state in certain amounts; adds a provision for a credit of \$1,000 to apply only toward tuition if the person graduated before September 1, 2005, after successfully completing the requirements for a high school diploma in not more than 36 consecutive months.

SECTION 20. Section 56.205, Education Code, is amended to provide that as soon as practicable after the coordinating board confirms with the high school from which a

person graduated that the person is eligible for an award through the Early High School Graduation Scholarship program, the coordinating board shall provide a certificate for state credits for tuition or tuition and mandatory fees, as applicable, to the eligible person.

SECTION 21. Sections 56.206(a), (c), and (d), Education Code, are amended to:

- (a) Provide that on enrollment of an eligible person in an eligible institution of higher education, the institution shall apply to the person's charges for tuition or tuition and mandatory fees, as applicable, for the enrollment period an amount equal to the lesser of the amount of the state credit available to the person; or the person's actual tuition or tuition and mandatory fees, as applicable.
- (c) Provides that for each student using a state credit for tuition or tuition and mandatory fees under this subchapter, the institution of higher education shall report to the coordinating board certain information.
- (d) Provides that subject to Section 56.203(b), an eligible person may use the state credit for enrollment in an eligible institution of higher education during any semester or summer session, except the initial use of the credit by a person who qualifies for an award under Section 56.203(a)(1)(A) or (B) may not be for enrollment during any term of a summer session immediately following the person's graduation from high school.

SECTION 22. Section 56.207(b), Education Code, is amended to: (b) Provide that on receipt of a report from the coordinating board under Subsection (a), the commissioner of education shall transfer to the coordinating board, from funds appropriated for the Foundation School Program, an amount sufficient to pay each eligible institution of higher education the amount of state credit for tuition or tuition and mandatory fees, as applicable, that is applied by the institution during the period covered by the report.

SECTION 23. Section 56.2075(b), Education Code, is amended to: (b) Provide that the commissioner of education shall distribute money from the foundation school fund in an amount sufficient to pay each school district under Subsection (a).

SECTION 24. Subchapter K, Chapter 56, Education Code, is amended by adding Section 56.210 to:

- (a) Provide that when the student initially enrolls in the school, each public high school in this state shall provide information regarding the requirements of the Early High School Graduation Scholarship program to each freshman student enrolled when the school year begins and to a parent, conservator, or guardian of the student; and to each student who enrolls in the school before the student's senior year; and did not receive the information under Subdivision (1).
- (b) Provide that the information provided under Subsection (a) must include the number and type of high school course credits necessary to satisfy the eligibility requirements for the Early High School Graduation Scholarship program; and the appropriate order in which those high school course credits must be earned to satisfy the eligibility requirements, including course credits related to the curriculum for the recommended or advanced high school program.
- (c) Provide that the Texas Education Agency shall prepare a publication that includes the information required to be provided under this section and shall post that publication on the agency's website in a form that enables a public high school to reproduce the information for distribution to students, parents, and other persons as required by this section.

SECTION 25. Section 56.304, Education Code, is amended by amending Subsection (e) and adding Subsections (e-1) and (e-2) to:

- (e) Provide that if a person is initially awarded a TEXAS grant for an academic period before the 2005 fall semester, the person's eligibility for a TEXAS grant ends on the sixth anniversary of the initial award of a TEXAS grant to the person and the person's enrollment in an eligible institution, unless the person is provided additional time during which the person may receive a TEXAS grant under Subsection (e-2).

- (e-1) Provide that if a person is initially awarded a TEXAS grant for the 2005 fall semester or a later academic period, unless the person is provided additional time during which the person may receive a TEXAS grant under Subsection (e-2), the person's eligibility for a TEXAS grant ends on the fifth anniversary of the initial award of a TEXAS grant to the person, if the person is enrolled in a degree or certificate program of four years or less; or the sixth anniversary of the initial award of a TEXAS grant to the person, if the person is enrolled in a degree program of more than four years.
- (e-2) Provides that the coordinating board shall adopt rules to provide a person who is otherwise eligible to receive a TEXAS grant additional time during which the person may receive a TEXAS grant in the event of a hardship or other good cause shown that prevents the person from continuing the person's enrollment during the period the person would otherwise have been eligible to receive a TEXAS grant, including a showing of a severe illness or other debilitating condition or that the person is or was responsible for the care of a sick, injured, or needy person.

SECTION 26. Section 56.305, Education Code, is amended by amending Subsections (e) and (g) and adding Subsection (e-1) to:

- (e) Provide that for the purpose of this section, a person who is initially awarded a TEXAS grant for an academic period before the 2005 fall semester makes satisfactory academic progress toward an undergraduate degree or certificate only if they meet certain criteria.
- (e-1) Provide that for purposes of this section, a person who is initially awarded a TEXAS grant for the 2005 fall semester or a later academic period makes satisfactory academic progress toward an undergraduate degree or certificate only if:
  - (1) in the person's first academic year the person meets the satisfactory academic progress requirements of the institution at which the person is enrolled; and
  - (2) in a subsequent academic year, the person completed at least 24 semester credit hours in the student's most recent academic year; and has earned an overall grade point average of at least 2.5 on a four-point scale or the equivalent on coursework previously attempted at institutions of higher education.
- (g) Provide that the coordinating board shall adopt rules to allow a person who is otherwise eligible to receive a TEXAS grant, in the event of a hardship or for other good cause shown, including a showing of a severe illness or other debilitating condition that may affect the person's academic performance or that the person is responsible for the care of a sick, injured, or needy person and that the person's provision of care may affect the person's academic performance, to receive a TEXAS grant while enrolled in a number of semester credit hours that is less than the number of semester credit hours required under Subsection (a)(3); or if the student's grade point average or the student's completion rate or number of semester credit hours completed, as applicable, falls below the satisfactory academic progress requirements of Subsection (e) or (e-1).

SECTION 27. Section 56.307, Education Code, is amended by amending Subsections (b), (c), (d), (i), and (j) and adding Subsections (d-1), (i-1), and (l) to:

- (b) Provide for non-substantive changes.
- (c) Provide for non-substantive changes.
- (d) Provide for non-substantive changes.
- (d-1) Provide that the coordinating board shall determine the average statewide tuition and fee amounts for a semester or term of the next academic year for purposes of this section by using the amounts of tuition and required fees that will be charged by the applicable eligible institutions for that semester or term in that academic year. Provides that the board may estimate the amount of the charges for a semester or term in the next academic year by an institution if the relevant information is not yet available to the board.
- (i) Provide for non-substantive, conforming changes.
- (i-1) Provide that a public institution of higher education may elect to award a TEXAS grant to any student in an amount that is less than the applicable amount established under Subsection (a), (c), (d), or (e).

- (j) Provide that a public institution of higher education shall use other available sources of financial aid, other than a loan, to cover any difference in the amount of a TEXAS grant awarded to the student and the actual amount of tuition and required fees at the institution if the difference results from a reduction in the amount of a TEXAS grant under Subsection (i-1); or a deficiency in the amount of the grant as established under Subsection (a), (c), (d), or (e), as applicable, to cover the full amount of tuition and required fees charged to the student by the institution.
- (l) Provide that the coordinating board shall provide information regarding the Texas B-On-time loan program established under Subchapter Q to each eligible applicant who receives less than the full amount of a TEXAS grant.

SECTION 28. Subchapter M, Chapter 56, Education Code, is amended by adding Section 56.3071 to:

- (a) Provide that, notwithstanding Section 56.307, the total amount of financial aid that a student enrolled in a private or independent institution of higher education is eligible to receive in a state fiscal year from TEXAS grants awarded under this subchapter may not exceed the maximum amount the student may receive in tuition equalization grants in that fiscal year as determined under Subchapter F, Chapter 61.
- (b) Provide that, notwithstanding any other law, a student enrolled in a private or independent institution of higher education may not receive a TEXAS grant under this subchapter and a tuition equalization grant under Subchapter F, Chapter 61, for the same semester or other term, regardless of whether the student is otherwise eligible for both grants during that semester or term. Provides that A student who but for this subsection would be awarded both a TEXAS grant and a tuition equalization grant for the same semester or other term is entitled to receive only the grant of the greater amount.

SECTION 29. Subsection (a), Section 56.3075, Education Code, is amended to (a) Provide that if the money available for TEXAS grants in a period for which grants are awarded is sufficient to provide grants to all eligible applicants in amounts specified by Section 56.307, the coordinating board may use any excess money available for TEXAS grants to award a grant in an amount not more than three times the amount that may be awarded under Section 56.307 to a student who meets certain criteria.

SECTION 30. The heading to Subchapter P, Chapter 56, Education Code, is amended to amend the heading to read, "TEXAS EDUCATIONAL OPPORTUNITY GRANT PROGRAM"

SECTION 31. Subsection (a), Section 56.402, Education Code, is amended to (a) Provide that the student financial assistance program authorized by this subchapter is known as the "Texas Educational Opportunity Grant Program."

SECTION 32. Section 56.403, Education Code, is amended to:

- (a) Provide for conforming changes.
- (b) Provide for conforming changes.
- (c) Provide for conforming changes.
- (d) Provide for conforming changes.

SECTION 33. Section 56.404, Education Code, is amended to:

- (a) Provide for conforming changes.
- (b) Provide for conforming changes.
- (c) Provide for conforming changes.
- (d) Provide for conforming changes.
- (e) Provide for conforming changes.
- (f) Provide for conforming changes.

SECTION 34. Section 56.405, Education Code, is amended to:

- (a) Provide for conforming changes.
- (b) Provide for conforming changes.
- (c) Provide for conforming changes.

- (d) Provide that for the purpose of this section, a person makes satisfactory academic progress toward an associate degree or certificate only if in the person's first academic year the person meets the satisfactory academic progress requirements of the institution at which the person is enrolled; and in a subsequent academic year, the person meets certain criteria.
- (e) Provide for conforming changes.
- (f) Provide that the coordinating board shall adopt rules to allow a person who is otherwise eligible to receive a grant under this subchapter, in the event of a hardship or for other good cause shown, including a showing of a severe illness or other debilitating condition that may affect the person's academic performance or that the person is responsible for the care of a sick, injured, or needy person and that the person's provision of care may affect the person's academic performance, to receive a grant under this subchapter while enrolled in a number of semester credit hours that is less than the number of semester credit hours required under Subsection (a)(3); or if the student's grade point average or completion rate falls below the satisfactory academic progress requirements of Subsection (d).

SECTION 35. Section 56.406, Education Code, is amended to provide for conforming changes.

SECTION 36. Subsections (a), (b), (c), (f), and (g), Section 56.407, Education Code, are amended to:

- (a) Provide for conforming changes.
- (b) Provide for conforming changes.
- (c) Provide for conforming changes.
- (f) Provide for conforming changes.
- (g) Provide for conforming changes.

SECTION 37. Subsection (b), Section 56.463, Education Code, is amended to: (b) Provide that money in the Texas B-On-time student loan account may be used only to pay any costs of the coordinating board related to the operation of the Texas B-On-time loan program and as otherwise provided by this subchapter.

SECTION 38. Subsection (b), Section 56.465, Education Code, is amended to: (b) Provide that the amount of tuition set aside under Subsection (a) shall be deposited to the credit of the Texas B-On-time student loan account established under Section 56.463 or to the interest and sinking fund established by the coordinating board under Section 52.91(b) in accordance with the resolution of the board establishing such fund.

SECTION 39. Section 61.066, Education Code, is amended by adding Subsection (c) to: (c) Provide that the board shall conduct a biennial study to determine the total cost of attending each institution of higher education and the resources used by students to cover that cost, including the amounts of money received by students at each institution from the major sources of public and private financial aid, including grants, loans, scholarships, gifts, and work-study programs. Provides that in conducting the study, the board shall solicit information and comments from the financial aid office at each institution of higher education. Provides that, not later than November 1 of each even-numbered year, the board shall report the findings of the study to each legislative standing committee and subcommittee with primary jurisdiction over higher education.

SECTION 40. Section 61.0776, Education Code, is amended by adding Subsection (f) to: (f) Provide that the board, in cooperation with the entities specified by Subsection (a) and the advisory committee established by Subsection (b), shall develop a comprehensive financial aid training program for public school counselors, employees of student financial aid offices of public and private or independent institutions of higher education, members of appropriate community-based organizations, and other appropriate persons. Provides that the board may adopt rules as necessary to administer the training program, which is to meet certain criteria.

SECTION 41. Subchapter C, Chapter 61, Education Code, is amended by adding Section 61.088 to:



- (a) Provide that, to the extent that funds are available for the purpose, the board shall administer the Higher Education Enrollment Assistance Program. Provides that under the program, the board shall provide information related to enrollment in public or private or independent institutions of higher education, including admissions and financial aid information, to prospective students in three areas of this state identified by the board as having a significant number of students who graduate from high school and do not attend an institution of higher education; and assist those prospective students in completing applications related to enrollment in those institutions, including admissions and financial aid applications.
- (b) Provide that, to the extent that funds are available for the purpose, the board shall expand the program to include additional areas identified by the board as meeting the criteria specified by Subsection (a).
- (c) Provide that the board shall provide the information and assistance required by this section at least twice each year at one or more appropriate locations in each area served by the program.
- (d) Provide that the board may coordinate with an institution of higher education or other entity to provide the information and assistance required by this section in each area served by the program.
- (e) Provide that, not later than August 31 of each year, the board shall submit to the legislature a report on the scope and effectiveness of the program.
- (f) Provide that the board shall adopt rules as necessary to implement this section.

SECTION 42. Section 61.225, Education Code, is amended to:

- (a) Provide that this section applies only to a person who initially received a tuition equalization grant for an academic period before the 2005-2006 academic year.
- (b) Provide for a non-substantive change.
- (c) Provide that a grant to a part-time student under this section shall be made on a pro rata basis of a full-time equivalent.

SECTION 43. Subchapter F, Chapter 61, Education Code, is amended by adding Section 61.2251 to:

- (a) Provide that this section does not apply to a person who initially received a tuition equalization grant for an academic period before the 2005-2006 academic year.
- (b) Provide that to be eligible for a tuition equalization grant in the first academic year in which the person receives the grant, a person must meet certain requirements, including complying with other requirements adopted by the coordinating board under this subchapter.
- (c) Provide that after qualifying for a tuition equalization grant under Subsection (b), a person may receive a tuition equalization grant in a subsequent academic year in which the person is enrolled at an approved institution only if the person meets the requirements of Subsection (b); completed at least: 24 semester credit hours in the person's most recent academic year, if the person is enrolled in an undergraduate degree or certificate program; or 18 semester credit hours in the person's most recent academic year, if the person is enrolled in a graduate or professional degree program; and has earned an overall grade point average of at least 2.5 on a four-point scale or the equivalent on coursework previously attempted at public or private institutions of higher education.
- (d) Provide that, notwithstanding Subsections (b) and (c), a person's eligibility for a tuition equalization grant ends on the fifth anniversary of the initial award of a tuition equalization grant to the person, if the person is enrolled in an undergraduate degree or certificate program of four years or less; or the sixth anniversary of the initial award of a tuition equalization grant to the person, if the person is enrolled in an undergraduate degree program of more than four years.
- (e) Provide that the coordinating board shall adopt rules to allow a person who is otherwise eligible to receive a tuition equalization grant, in the event of a hardship or for other good cause shown, to receive a tuition equalization grant if the person does not complete the semester credit hours required by Subsection (c)(2); maintain the grade point average required by Subsection (c)(3); or complete the person's certificate or degree program within the period prescribed by Subsection (d).

SECTION 44. Section 61.227, Education Code, is amended by adding Subsection (d) to: (d) Provide that, notwithstanding any other law, a student enrolled in a private or independent institution of higher education may not receive a tuition equalization grant under this subchapter and a TEXAS grant under Subchapter M, Chapter 56, for the same semester or other term, regardless of whether the student is otherwise eligible for both grants during that semester or term. Provides that a student who but for this subsection would be awarded both a tuition equalization grant and a TEXAS grant for the same semester or other term is entitled to receive only the grant of the greater amount.

SECTION 45. Section 431.090, Government Code, is amended by amending Subsection (g) and adding Subsections (h) and (i) to:

- (g) Provide that, before each semester at a time determined by the adjutant general, the adjutant general shall certify to the appropriate public and private institutions of higher education a list of the persons to whom the adjutant general has awarded tuition assistance under this section for that semester. The amount of tuition assistance awarded by the adjutant general under this section may not exceed the amount of money available to fund the tuition assistance awards.
- (h) Provide that, from money appropriated for purposes of this section, the adjutant general shall authorize the comptroller to reimburse an institution of higher education in an amount equal to the amount of the tuition exemption the institution grants to a person under Section 54.2155, Education Code.
- (i) Provide that from money appropriated for purposes of this section, the adjutant general shall authorize the comptroller to make a grant to a person attending a private or independent institution of higher education to whom the adjutant general has awarded tuition assistance for the semester under this section and that the amount of a grant under this subsection is an amount equal to the average amount of reimbursement the adjutant general estimates will be paid per student for the same semester under Subsection (h).

SECTION 46. Subsection (b), Section 504.615, Transportation Code, is amended to: (b) Provide that after deduction of the department's administrative costs, the remainder of the fee for issuance of the license plates shall be deposited to the credit of the general revenue fund. The money may be used only for scholarships to students who demonstrate a need for financial assistance under Texas Higher Education Coordinating Board rule; or Texas Public Educational Grants awarded under Subchapter C, Chapter 56, Education Code, if the fee is for the issuance of a license plate for a college described by Subsection (e)(1).

SECTION 47. Subsection (h), Section 56.307, Education Code, is repealed.

SECTION 48. Provides that the Texas Higher Education Coordinating Board shall, as necessary, adopt rules consistent with Sections 52.91, 56.463, and 56.465, Education Code, as amended by this Act, as soon as practicable after this Act takes effect; the coordinating board may adopt the rules in the manner provided by law for emergency rules.

SECTION 49. (a) Provides that the Texas Higher Education Coordinating Board shall conduct a study of the tuition exemptions and waivers authorized under Chapter 54, Education Code. Provides that the study must include an evaluation of the extent to which the tuition exemptions and waivers are a cost-effective and efficient method of providing financial assistance to students when compared to other types of available financial aid; are consistent with one another in regard to eligibility requirements and application procedures; are capable of being efficiently or properly administered by public institutions of higher education or other applicable entities; effectively target students having substantial financial need or effectively accomplish the other purposes of those exemptions or waivers; and distribute tuition assistance fairly among similarly situated students.

(b) Provides that not later than November 1, 2006, the Texas Higher Education Coordinating Board shall report the results of the study, including the board's recommendations for administrative or statutory changes to address the board's findings, to the governing board of each public institution of higher education and to the presiding officer of each legislative standing committee and subcommittee with primary jurisdiction over higher education.

(c) Provides that this section expires January 1, 2007.

SECTION 50. Provides that Subsection (f), Section 54.007, and Section 54.0071, Education Code, as added by this Act, apply beginning with the 2006 spring semester.

SECTION 51. (a) Provides that the change in law made by this Act to Section 54.214, Education Code, applies to eligibility for an exemption from payment of tuition and fees for an academic period beginning with the 2005 fall semester and applies regardless of whether a person would have been exempt from payment of tuition and fees under Subsection (c), Section 54.214, Education Code, as that subsection existed before the amendment made by this Act. Provides that eligibility for an exemption from payment of tuition and fees for an academic period before the 2005 fall semester is covered by the applicable law in effect before the effective date of this Act, and the former law is continued in effect for that purpose.

(b) Provides that the Texas Higher Education Coordinating Board shall, as necessary, adopt rules consistent with Subsection (c), Section 54.214, Education Code, as amended by this Act, as soon as practicable after this Act takes effect. Provides that, for that purpose, the coordinating board may adopt the rules in the manner provided by law for emergency rules. Provides that this subsection expires May 1, 2006.

SECTION 52. Provides that the changes in law made by this Act to Section 54.2155, Education Code, and Section 431.090, Government Code, apply beginning with tuition assistance awards for the 2006-2007 academic year. Provides that tuition assistance awards for an academic year before the 2006-2007 academic year are covered by the law in effect immediately preceding the effective date of this Act, and the former law is continued in effect for that purpose.

SECTION 53. Provides that Sections 56.051 and 56.052, Education Code, as amended by this Act, apply beginning with the 2006 spring semester. Provides that the law governing emergency student loans in effect immediately before the effective date of this Act applies to those loans for a semester or term before the 2006 spring semester, and the former law is continued in effect for that purpose.

SECTION 54. Provides that the changes in law made by this Act to Section 56.076, Education Code, apply only to an agreement entered into by an institution of higher education and an employer under that section on or after the effective date of this Act.

SECTION 55. Provides that as soon as practicable after this Act takes effect, the Texas Higher Education Coordinating Board shall revise rules adopted under Section 56.209(a), Education Code, as necessary to conform to changes made by this Act to Subchapter K, Chapter 56, Education Code. Provides that, for that purpose, the coordinating board may adopt the revisions to those rules in the manner provided by law for emergency rules. This section expires September 1, 2006.

SECTION 56. Provides that the change in law made by this Act to Subchapter M, Chapter 56, Education Code, applies beginning with the 2005-2006 academic year, but does not affect the amount of or entitlement to any grant awarded before the effective date of this Act.

SECTION 57. Provides that the change in law made by this Act relating to the eligibility of a person to receive a Texas Educational Opportunity Grant applies to each Texas Educational Opportunity Grant awarded on or after the effective date of this Act.

SECTION 58. Provides that the Texas Higher Education Coordinating Board shall make the initial report required by Subsection (c), Section 61.066, Education Code, as added by this Act, not later than November 1, 2006.

SECTION 59. Provides that the Texas Higher Education Coordinating Board shall implement the comprehensive financial aid training program under Subsection (f), Section 61.0776, Education Code, as added by this Act, not later than January 1, 2006.

SECTION 60. Provides that the changes in law made by this Act by amending Sections 61.225 and 61.227, Education Code, and by adding Section 61.2251, Education Code, apply beginning with tuition equalization grants for the 2005-2006 academic year, but only for tuition equalization grants awarded on or after the effective date of this Act. Provides that a tuition equalization grant awarded before the effective date of this Act is governed by the law in effect immediately before the effective date, and the former law is continued in effect for that purpose.

SECTION 61. Effective date.

**EFFECTIVE DATE**

This Act takes effect September 1, 2005.

**COMPARISON OF ORIGINAL TO SUBSTITUTE**

The committee substitute grandfathers students who are currently receiving financial aid through the TEXAS Grant program and the Tuition Equalization Grant program, from changes made by this Act. Modifies the date for when the Texas Higher Education Coordinating Board is to provide a report on tuition exemptions and waivers to the legislature from October 1, 2006 to November 1, 2006. Provides that the governing board of an institution of higher education "may" rather than "shall" postpone the due date for the payment of all or part of the tuition and fees for a student for a semester or summer session in which the student will receive one or more delayed financial aid awards if certain criteria are met. Re-establishes the eligibility of students who lost eligibility when the legislature changed the requirements of the Early High School Graduation Scholarship Program. Requires public high schools to provide students, upon initial enrollment, information regarding the Early High School Graduation Scholarship program. Provides for a special summer tuition rates pilot program at Texas A&M University