

By: Shapiro, West

S.B. No. 1227

A BILL TO BE ENTITLED

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AN ACT

relating to enrollment in public and private postsecondary educational institutions, to payment of the costs of attending those educational institutions, and to financial aid and other measures to assist students to pay those costs.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subsection (e), Section 52.17, Education Code, is amended to read as follows:

(e) Amounts paid to the board by the federal Lender's Special Allowance program may:

(1) be deposited in:

(A) the Texas college interest and sinking fund;

or

(B) ~~[]~~ a board interest and sinking fund; ~~[]~~ or

(2) be used by the board for the administration of student loan and grant programs ~~[and the Teacher Loan Program and Future Teacher Loan Program authorized under House Bill 72, 68th Legislature, 2nd Called Session, 1984, or other programs]~~ administered by the board, including the making of grants under Subchapter M, Chapter 56 ~~[as specified by the legislature in the General Appropriations Act]~~.

SECTION 2. Section 52.31, Education Code, is amended to read as follows:

Sec. 52.31. PARTICIPATING INSTITUTIONS. In this

1 subchapter, "participating [~~A participating~~] higher educational
2 institution" means a public or private nonprofit [~~is any~~
3 institution of higher education, [~~public or private nonprofit,~~
4 including a junior college, [~~which is recognized or~~] accredited by
5 a recognized accrediting agency as defined by Section 61.003, or a
6 regional education service center or other entity that offers an
7 alternative educator certification program approved by the State
8 Board for Educator Certification, that:

9 (1) is located in this state; and

10 (2) [~~the Texas Education Agency or the Coordinating~~
11 Board, Texas College and University System, or its successors, and
12 which] complies with the provisions of this chapter and the rules
13 [~~and regulations~~] of the board promulgated in accordance with this
14 chapter.

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

18 (a) The board may authorize loans from the Texas Opportunity
19 Plan Fund to a qualified [~~students if the~~] applicant who:

20 (1) is a resident of this state [~~Texas~~] as defined by
21 the board in accordance with Subchapter B, Chapter 54 [~~of this~~
22 ~~code~~];

23 (2) has been accepted for enrollment at a
24 participating higher educational institution, provided that if the
25 institution is a public or private [~~any~~] postsecondary educational
26 institution, the institution must be [~~within the State of Texas,~~
27 public or private, which has been] approved by an agency of the

1 United States government for the purpose of guaranteeing the maker
2 of such loans against loss due to the death, disability, or default
3 of the borrower[. ~~If the postsecondary institution that the~~
4 ~~student has been accepted to attend was not a participating~~
5 ~~institution as defined in Section 52.31 of this code on May 1, 1985,~~
6 ~~the applicant must provide evidence that he is unable to obtain a~~
7 ~~guaranteed student loan from a commercial lender except as provided~~
8 ~~by Subsection (b) of this section];~~

9 (3) has established that the student [~~he~~] has
10 insufficient resources to finance the student's [~~his~~] college
11 education;

12 (4) has been recommended by reputable persons in the
13 student's [~~his~~] home community; and

14 (5) has complied with other requirements established
15 by the rules [~~and regulations~~] adopted by the board in conformity
16 with this chapter.

17 (a-1) Except as provided by Subsection (b), if the
18 institution to which the applicant has been accepted for enrollment
19 was not a participating institution, as defined by Section 52.31,
20 on May 1, 1985, the applicant must provide evidence that the
21 applicant is unable to obtain a guaranteed student loan from a
22 commercial lender.

23 (b) If a loan applicant is enrolled at a career school or
24 college in a degree program that is approved by the board or at a
25 regional education service center or other entity in an alternative
26 educator certification program that is approved by the State Board
27 for Educator Certification, the applicant is not required to

1 provide evidence that the applicant is unable to obtain a
2 guaranteed student loan from a commercial lender under Subsection
3 (a-1) [~~(a)(2) of this section~~].

4 SECTION 4. Subsection (c), Section 52.91, Education Code,
5 is amended to read as follows:

6 (c) The board shall repay bonds issued by the board to fund
7 the Texas B-On-time student loan program using legislative
8 appropriations and money collected by the board as repayment for
9 Texas B-On-time student loans awarded by the board. The board may
10 use tuition set aside under Section 56.465 to repay bonds issued by
11 the board for the Texas B-On-time student loan program. The board
12 may not use money collected by the board as repayment for student
13 loans awarded by the board under Subchapter C to repay bonds issued
14 by the board for the Texas B-On-time student loan program under
15 Section 56.464(b).

16 SECTION 5. Section 54.007, Education Code, is amended by
17 adding Subsection (f) to read as follows:

18 (f) A student may elect to pay the tuition and fees of an
19 institution of higher education by installment under this section
20 regardless of whether the student intends to apply a financial aid
21 award administered by the institution toward the tuition and fees,
22 except that a student whose financial aid award or awards are
23 available to cover the total amount of tuition and fees may not pay
24 by installment under this section. On receipt of notice of a
25 student's election to pay tuition and fees by installment, the
26 governing board of the institution shall apply any financial aid
27 award administered for the student toward the amount of tuition and

1 fees due for that semester or summer session until the tuition and
2 fees are paid in full and shall immediately release any remaining
3 amount of the award to the student, except that the institution is
4 not required to apply the award or awards toward the total amount of
5 tuition and fees in exigent circumstances as determined by the
6 institution.

7 SECTION 6. Subchapter A, Chapter 54, Education Code, is
8 amended by adding Section 54.0071 to read as follows:

9 Sec. 54.0071. PAYMENT OPTIONS FOR STUDENT WITH DELAYED
10 FINANCIAL AID. (a) The governing board of an institution of
11 higher education shall postpone the due date for the payment of all
12 or part of the tuition and fees for a student for a semester or
13 summer session in which the student will receive one or more delayed
14 financial aid awards if:

15 (1) the student has not received the awards by the
16 regular due date for payment of the tuition and fees; and

17 (2) the student agrees to assign to the institution a
18 portion of the awards equal to the amount of tuition and fees for
19 which the due date is postponed.

20 (b) The postponed due date under Subsection (a) applies only
21 to the portion of tuition and fees to be covered by the student's
22 delayed financial aid awards. When the financial aid awards become
23 available, the governing board shall apply the awards toward the
24 amount due and immediately release any remaining amount of the
25 awards to the student.

26 (c) If after the due date for a student's tuition and fees is
27 postponed under this section the student becomes ineligible to

1 receive one or more of the delayed financial aid awards, or the
2 amount awarded is less than the amount of tuition and fees due, the
3 governing board shall provide the student a reasonable period, not
4 to exceed 30 days, to pay the unpaid amount of tuition and fees. The
5 board may deny a student credit for work done in the semester or
6 summer session if the student fails to pay the tuition and fees by
7 the end of that period.

8 (d) The Texas Higher Education Coordinating Board shall
9 prescribe procedures for the administration of this section.

10 (e) If a student with delayed financial aid awards has
11 elected to pay tuition and fees by installment as permitted by
12 Section 54.007, the governing board shall postpone the due date as
13 provided by this section for each installment payment that becomes
14 due before the student receives the awards.

15 SECTION 7. Subsection (c), Section 54.214, Education Code,
16 is amended to read as follows:

17 (c) To be eligible for an exemption under this section, a
18 person must:

19 (1) be a resident of this state;

20 (2) be a school employee serving in any capacity;

21 (3) for the initial term or semester for which the
22 person receives an exemption under this section, have [who] worked
23 as an educational aide for at least one school year during the five
24 years preceding that [the] term or semester [for which the person
25 receives the exemption];

26 (4) [(3)] establish financial need as determined by
27 coordinating board rule;

1 (5) [~~(4)~~] be enrolled in courses required for teacher
2 certification at the institution of higher education granting the
3 exemption;

4 (6) [~~(5)~~] maintain an acceptable grade point average
5 as determined by coordinating board rule; and

6 (7) [~~(6)~~] comply with any other requirements adopted
7 by the coordinating board under this section.

8 SECTION 8. Section 54.2155, Education Code, is amended to
9 read as follows:

10 Sec. 54.2155. PAYMENT OF TUITION ASSISTANCE FOR MEMBERS OF
11 STATE MILITARY FORCES. (a) For [~~In the manner established by the~~
12 ~~Texas Higher Education Coordinating Board, for~~] each semester, the
13 adjutant general of the state military forces [~~coordinating board~~]
14 shall certify to institutions of higher education as described by
15 Section 431.090, Government Code, information identifying the
16 persons to whom the adjutant general [~~of the state military forces~~]
17 has awarded tuition assistance under that section [~~Section 431.090,~~
18 ~~Government Code, if the coordinating board has determined that~~
19 ~~sufficient money is available to reimburse institutions for tuition~~
20 ~~exemptions granted under this section and to make tuition~~
21 ~~assistance grants under Subsection (c)].~~

22 (b) An institution of higher education shall exempt a person
23 certified by the adjutant general as described by Subsection (a)
24 [~~coordinating board under this section~~] from the payment of tuition
25 for the semester credit hours for which the person enrolls, not to
26 exceed 12 semester credit hours. If the person is not charged
27 tuition at the rate provided for other Texas residents, the amount

1 of the exemption may not exceed the amount of tuition the person
2 would be charged as a Texas resident for the number of semester
3 credit hours for which the person enrolls, not to exceed 12 semester
4 credit hours.

5 ~~[(b) From money appropriated for purposes of this section,~~
6 ~~the coordinating board shall reimburse an institution of higher~~
7 ~~education in an amount equal to the amount of the tuition exemption~~
8 ~~the institution grants to a person under Subsection (a).]~~

9 ~~[(c) From money appropriated for purposes of this section,~~
10 ~~the coordinating board shall make a grant to a person attending a~~
11 ~~private or independent institution of higher education, as defined~~
12 ~~by Section 61.003, to whom the adjutant general has awarded tuition~~
13 ~~assistance for the semester under Section 431.090, Government Code.~~
14 ~~The amount of a grant under this section is an amount equal to the~~
15 ~~average amount of reimbursement the coordinating board estimates~~
16 ~~will be paid per student for the same semester under Subsection~~
17 ~~(b).]~~

18 SECTION 9. Subsection (b), Section 54.5021, Education Code,
19 is amended to read as follows:

20 (b) The student deposit fund of an institution of higher
21 education shall be used, at the discretion of the institution's
22 governing board, for making scholarship awards to needy and
23 deserving students of the institution and making grants under
24 Subchapter C, Chapter 56, to resident students of the institution.
25 The governing board shall administer the scholarship awards for the
26 institution, including the selection of recipients and the amounts
27 and conditions of the awards. The recipients of the scholarships

1 must be residents of the state as defined for tuition purposes.

2 SECTION 10. Section 56.033, Education Code, is amended by
3 adding Subsection (e) to read as follows:

4 (e) To supplement money set aside under Subsection (a), the
5 governing board of an institution of higher education may use money
6 received by the institution from the fee for issuance of collegiate
7 license plates under Section 504.615, Transportation Code, for
8 awarding Texas Public Educational Grants. The board may use the
9 money to award grants to both resident and nonresident students,
10 except that the board shall give priority to grants for resident
11 students. Notwithstanding Subsection (b), the board may not use
12 the money for emergency loans under Subchapter D.

13 SECTION 11. Section 56.051, Education Code, is amended to
14 read as follows:

15 Sec. 56.051. EMERGENCY LOANS. Each institution of higher
16 education may establish an emergency loan program under which
17 students are loaned money to pay tuition, ~~and~~ fees, and the costs
18 of textbooks.

19 SECTION 12. Section 56.052, Education Code, is amended to
20 read as follows:

21 Sec. 56.052. ELIGIBILITY. (a) The governing board of each
22 institution shall adopt rules establishing eligibility criteria.
23 The rules must allow eligible students to obtain loans on the basis
24 of the order of receipt of applications, except as provided by
25 Subsection (b).

26 (b) The governing board may adopt rules that allow the
27 institution to select loan recipients from the eligible applicants

1 according to financial need, regardless of when their applications
2 are received, if money available for the program is insufficient to
3 provide loans to each eligible applicant.

4 SECTION 13. Section 56.076, Education Code, is amended to
5 read as follows:

6 Sec. 56.076. ELIGIBLE EMPLOYER. An eligible institution
7 may enter into agreements with employers that participate in the
8 work-study program. To be eligible to participate in the
9 work-study program, an employer must:

10 (1) provide part-time employment to an eligible
11 student in nonpartisan and nonsectarian activities;

12 (2) provide, insofar as is practicable, employment to
13 an eligible student that is related to the student's academic
14 interests;

15 (3) use Texas college work-study program positions
16 only to supplement and not to supplant positions normally filled by
17 persons not eligible to participate in the work-study program;

18 (4) provide from sources other than federal college
19 work-study program funds a percentage [not less than 30 percent] of
20 an employed student's wages that is equal to the percentage of a
21 student's wages that the employer would be required to provide to
22 the student in that academic year under the [and 100 percent of
23 other employee benefits for the employed student from sources other
24 than] federal college work-study program [funds, if the employer is
25 a nonprofit entity]; and

26 (5) provide from sources other than federal college
27 work-study funds [not less than 50 percent of an employed student's

1 ~~wages and~~] 100 percent of other employee benefits for the employed
2 student~~[, if the employer is a profit-making entity]~~.

3 SECTION 14. Section 56.203, Education Code, as amended by
4 Chapter 1317, Acts of the 78th Legislature, Regular Session, 2003,
5 is amended by adding Subsection (a-1) to read as follows:

6 (a-1) The requirement provided by Subsection (a)(2) that a
7 person must have successfully completed the recommended or advanced
8 high school program established under Section 28.025 to be eligible
9 for the Early High School Graduation Scholarship program does not
10 apply to a person who entered grade nine before the 2003-2004 school
11 year. This subsection expires January 1, 2007.

12 SECTION 15. Subsection (e), Section 56.304, Education Code,
13 is amended to read as follows:

14 (e) Unless the person is provided additional time during
15 which the person may receive a TEXAS grant under this subsection, a
16 [A] person's eligibility for a TEXAS grant ends on the fifth [sixth]
17 anniversary of the initial award of a TEXAS grant to the person and
18 the person's enrollment in an eligible institution, if the person
19 is enrolled in a degree or certificate program of four years or
20 less, or on the sixth anniversary of the initial award of a TEXAS
21 grant to the person and the person's enrollment in an eligible
22 institution, if the person is enrolled in a degree program of more
23 than four years~~[, unless the person is provided additional time~~
24 ~~during which the person may receive a TEXAS grant under this~~
25 ~~subsection]~~. The coordinating board shall adopt rules to provide a
26 person who is otherwise eligible to receive a TEXAS grant
27 additional time during which the person may receive a TEXAS grant in

1 the event of a hardship or other good cause shown that prevents the
2 person from continuing the person's enrollment during the period
3 the person would otherwise have been eligible to receive a TEXAS
4 grant under this subsection, including a showing of a severe
5 illness or other debilitating condition or that the person is or was
6 responsible for the care of a sick, injured, or needy person.

7 SECTION 16. Subsections (e) and (g), Section 56.305,
8 Education Code, are amended to read as follows:

9 (e) For the purpose of this section, a person makes
10 satisfactory academic progress toward an undergraduate degree or
11 certificate only if:

12 (1) in the person's first academic year the person
13 meets the satisfactory academic progress requirements of the
14 institution at which the person is enrolled; and

15 (2) in a subsequent academic year, the person:

16 (A) completed ~~[completes]~~ at least 24 ~~[75 percent~~
17 ~~of the]~~ semester credit hours ~~[attempted]~~ in the student's most
18 recent academic year; and

19 (B) has earned ~~[earns]~~ an overall grade point
20 average of at least 2.5 on a four-point scale or the equivalent on
21 coursework previously attempted at institutions of higher
22 education.

23 (g) The coordinating board shall adopt rules to allow a
24 person who is otherwise eligible to receive a TEXAS grant, in the
25 event of a hardship or for other good cause shown, including a
26 showing of a severe illness or other debilitating condition that
27 may affect the person's academic performance or that the person is

1 responsible for the care of a sick, injured, or needy person and
2 that the person's provision of care may affect the person's academic
3 performance, to receive a TEXAS grant:

4 (1) while enrolled in a number of semester credit
5 hours that is less than the number of semester credit hours required
6 under Subsection (a)(3); or

7 (2) if the student's grade point average or the number
8 of semester credit hours completed by the student [~~completion rate~~]
9 falls below the satisfactory academic progress requirements of
10 Subsection (e).

11 SECTION 17. Section 56.307, Education Code, is amended by
12 amending Subsections (b), (c), (d), (i), and (j) and adding
13 Subsections (d-1), (i-1), and (l) to read as follows:

14 (b) The amount of a TEXAS grant for a semester or term for a
15 student enrolled full-time at a private or independent institution
16 of higher education is the amount determined by the coordinating
17 board as the average statewide amount of tuition and required fees
18 that a resident student enrolled full-time in a baccalaureate
19 degree program would be charged for that semester or term at general
20 academic teaching institutions.

21 (c) The amount of a TEXAS grant for a semester or term for a
22 student enrolled full-time at a public technical institute is the
23 amount determined by the coordinating board as the average
24 statewide amount of tuition and required fees that a resident
25 student enrolled full-time in an associate degree or certificate
26 program would be charged for that semester or term at public
27 technical institutes.

1 (d) The amount of a TEXAS grant for a semester or term for a
2 student enrolled full-time at a public junior college is the amount
3 determined by the coordinating board as the average statewide
4 amount of tuition and required fees that a student who is a resident
5 of the junior college district and is enrolled full-time in an
6 associate degree or certificate program would be charged for that
7 semester or term at public junior colleges.

8 (d-1) The coordinating board shall determine the average
9 statewide tuition and fee amounts for a semester or term of the next
10 academic year for purposes of this section by using the amounts of
11 tuition and required fees that will be charged by the applicable
12 eligible institutions for that semester or term in that academic
13 year. The board may estimate the amount of the charges for a
14 semester or term in the next academic year by an institution if the
15 relevant information is not yet available to the board.

16 (i) A public institution of higher education may not:

17 (1) unless the institution complies with Subsection
18 (j), charge a person attending the institution who also receives a
19 TEXAS grant an amount of tuition and required fees in excess of the
20 amount of the TEXAS grant received by the person; or

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

24 (i-1) A public institution of higher education may elect to
25 award a TEXAS grant to any student in an amount that is less than the
26 applicable amount established under Subsection (a), (c), (d), or
27 (e).

1 (j) A public [~~An~~] institution of higher education shall
2 [may] use other available sources of financial aid, other than a
3 loan, to cover any difference in the amount of a TEXAS grant awarded
4 to the student and the actual amount of tuition and required fees at
5 the institution if the difference results from:

6 (1) a reduction in the amount of a TEXAS grant under
7 Subsection (i-1); or

8 (2) a deficiency in the amount of the grant as
9 established under Subsection (a), (c), (d), or (e), as applicable,
10 to cover the full amount of tuition and required fees charged to the
11 student by the institution.

12 (1) The coordinating board shall provide information
13 regarding the Texas B-On-time loan program established under
14 Subchapter Q to each eligible applicant who receives less than the
15 full amount of a TEXAS grant.

16 SECTION 18. Subchapter M, Chapter 56, Education Code, is
17 amended by adding Section 56.3071 to read as follows:

18 Sec. 56.3071. EFFECT OF ELIGIBILITY FOR TUITION
19 EQUALIZATION GRANT. (a) Notwithstanding Section 56.307, the
20 total amount of financial aid that a student enrolled in a private
21 or independent institution of higher education is eligible to
22 receive in a state fiscal year from TEXAS grants awarded under this
23 subchapter may not exceed the maximum amount the student may
24 receive in tuition equalization grants in that fiscal year as
25 determined under Subchapter F, Chapter 61.

26 (b) Notwithstanding any other law, a student enrolled in a
27 private or independent institution of higher education may not

1 receive a TEXAS grant under this subchapter and a tuition
2 equalization grant under Subchapter F, Chapter 61, for the same
3 semester or other term, regardless of whether the student is
4 otherwise eligible for both grants during that semester or term. A
5 student who but for this subsection would be awarded both a TEXAS
6 grant and a tuition equalization grant for the same semester or
7 other term is entitled to receive only the grant of the greater
8 amount.

9 SECTION 19. Subsection (a), Section 56.3075, Education
10 Code, is amended to read as follows:

11 (a) If the money available for TEXAS grants in a period for
12 which grants are awarded is sufficient to provide grants to all
13 eligible applicants in amounts specified by Section 56.307, the
14 [The] coordinating board may use any excess money available for
15 TEXAS grants to award a grant in an amount not more than three times
16 the amount that may be awarded under Section 56.307 to a student
17 who:

18 (1) is enrolled in a program that fulfills the
19 educational requirements for licensure or certification by the
20 state in a health care profession that the coordinating board, in
21 consultation with the Texas Workforce Commission and the statewide
22 health coordinating council, has identified as having a critical
23 shortage in the number of license holders needed in this state;

24 (2) has completed at least one-half of the work toward
25 a degree or certificate that fulfills the educational requirement
26 for licensure or certification; and

27 (3) meets all the requirements to receive a grant

1 award under Section 56.307.

2 SECTION 20. The heading to Subchapter P, Chapter 56,
3 Education Code, is amended to read as follows:

4 SUBCHAPTER P. TEXAS EDUCATIONAL OPPORTUNITY [~~TOWARD~~
5 ~~EXCELLENCE, ACCESS, & SUCCESS (TEXAS)~~] GRANT [~~II~~] PROGRAM

6 SECTION 21. Subsection (a), Section 56.402, Education Code,
7 is amended to read as follows:

8 (a) The student financial assistance program authorized by
9 this subchapter is known as the Texas Educational Opportunity Grant
10 Program [~~Toward Excellence, Access, & Success (TEXAS) grant II~~
11 ~~program, and an individual grant awarded under this subchapter is~~
12 ~~known as a TEXAS grant II~~].

13 SECTION 22. Section 56.403, Education Code, is amended to
14 read as follows:

15 Sec. 56.403. ADMINISTRATION OF PROGRAM. (a) The
16 coordinating board shall administer the [~~TEXAS~~] grant [~~II~~] program
17 and shall adopt any rules necessary to implement the [~~TEXAS~~] grant
18 [~~II~~] program or this subchapter. The coordinating board shall
19 consult with the student financial aid officers of eligible
20 institutions in developing the rules.

21 (b) The coordinating board shall adopt rules to provide a
22 [~~TEXAS~~] grant under this subchapter [~~II~~] to an eligible student
23 enrolled in an eligible institution in a manner consistent with the
24 administration of federal student financial aid programs.

25 (c) The total amount of grants awarded under the [~~TEXAS~~]
26 grant [~~II~~] program may not exceed the amount available for the
27 program from appropriations, gifts, grants, or other funds.

1 (d) In determining who should receive a [~~TEXAS~~] grant under
2 this subchapter [~~II~~], the coordinating board and the eligible
3 institutions shall give highest priority to awarding [~~TEXAS~~] grants
4 [~~II~~] to students who demonstrate the greatest financial need.

5 SECTION 23. Section 56.404, Education Code, is amended to
6 read as follows:

7 Sec. 56.404. INITIAL ELIGIBILITY FOR GRANT. (a) To be
8 eligible initially for a grant under the [~~TEXAS~~] grant [~~II~~]
9 program, a person must:

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

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

14 (3) be enrolled in an associate degree or certificate
15 program at an eligible institution;

16 (4) be enrolled as an entering student for at least
17 one-half of a full course load for an entering student in the
18 associate degree or certificate program, as determined by the
19 coordinating board;

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

22 (6) comply with any additional nonacademic
23 requirement adopted by the coordinating board under this
24 subchapter.

25 (b) A person is not eligible to receive a [~~TEXAS~~] grant
26 under this subchapter [~~II~~] if the person has been convicted of a
27 felony or an offense under Chapter 481, Health and Safety Code

1 (Texas Controlled Substances Act), or under the law of another
2 jurisdiction involving a controlled substance as defined by Chapter
3 481, Health and Safety Code, unless the person has met the other
4 applicable eligibility requirements under this subchapter and has:

5 (1) received a certificate of discharge by the Texas
6 Department of Criminal Justice or a correctional facility or
7 completed a period of probation ordered by a court and at least two
8 years have elapsed from the date of the receipt or completion; or

9 (2) been pardoned, had the record of the offense
10 expunged from the person's record, or otherwise been released from
11 the resulting ineligibility to receive a grant under this
12 subchapter.

13 (c) A person is not eligible to receive a [~~TEXAS~~] grant
14 under this subchapter [~~++~~] if the person has been granted an
15 associate or baccalaureate degree.

16 (d) A person may not receive a [~~TEXAS~~] grant under this
17 subchapter [~~++~~] for more than 75 semester credit hours or the
18 equivalent.

19 (e) A person may not receive a [~~TEXAS~~] grant under this
20 subchapter [~~++~~] if the person is eligible for a TEXAS grant.

21 (f) A person's eligibility for a [~~TEXAS~~] grant under this
22 subchapter [~~++~~] ends on the fourth anniversary of the initial award
23 of a [~~TEXAS~~] grant under this subchapter [~~++~~] to the person and the
24 person's enrollment in an eligible institution.

25 SECTION 24. Section 56.405, Education Code, is amended to
26 read as follows:

27 Sec. 56.405. CONTINUING ELIGIBILITY AND ACADEMIC

1 PERFORMANCE REQUIREMENTS. (a) After initially qualifying for a
2 [~~TEXAS~~] grant under this subchapter [~~II~~], a person may continue to
3 receive a [~~TEXAS~~] grant under this subchapter [~~II~~] during each
4 semester or term in which the person is enrolled at an eligible
5 institution only if the person:

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

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

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

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

15 (5) complies with any additional nonacademic
16 requirement adopted by the coordinating board.

17 (b) A person is not eligible to continue to receive a
18 [~~TEXAS~~] grant [~~II~~] under this section if the person has been
19 convicted of a felony or an offense under Chapter 481, Health and
20 Safety Code (Texas Controlled Substances Act), or under the law of
21 another jurisdiction involving a controlled substance as defined by
22 Chapter 481, Health and Safety Code, unless the person has met the
23 other applicable eligibility requirements under this subchapter
24 and has:

25 (1) received a certificate of discharge by the Texas
26 Department of Criminal Justice or a correctional facility or
27 completed a period of probation ordered by a court and at least two

1 years have elapsed from the date of the receipt or completion; or

2 (2) been pardoned, had the record of the offense
3 expunged from the person's record, or otherwise been released from
4 the resulting ineligibility to receive a grant under this
5 subchapter.

6 (c) If a person fails to meet any of the requirements of
7 Subsection (a) after the completion of any semester or term, the
8 person may not receive a [~~TEXAS~~] grant under this subchapter [~~II~~]
9 during the next semester or term in which the person enrolls. A
10 person may become eligible to receive a [~~TEXAS~~] grant under this
11 subchapter [~~II~~] in a subsequent semester or term if the person:

12 (1) completes a semester or term during which the
13 student is not eligible for a scholarship; and

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

15 (d) For the purpose of this section, a person makes
16 satisfactory academic progress toward an associate degree or
17 certificate only if:

18 (1) in the person's first academic year the person
19 meets the satisfactory academic progress requirements of the
20 institution at which the person is enrolled; and

21 (2) in a subsequent academic year, the person:

22 (A) [(1)] completes at least 75 percent of the
23 semester credit hours attempted in the student's most recent
24 academic year; and

25 (B) has earned [(2) earns] an overall grade point
26 average of at least 2.5 on a four-point scale or the equivalent on
27 course work previously attempted at institutions of higher

1 education.

2 (e) A person who is eligible to receive a [~~TEXAS~~] grant
3 under this subchapter [~~II~~] continues to remain eligible to receive
4 the [~~TEXAS~~] grant [~~II~~] if the person enrolls in or transfers to
5 another eligible institution.

6 (f) The coordinating board shall adopt rules to allow a
7 person who is otherwise eligible to receive a grant under this
8 subchapter, in the event of a hardship or for other good cause
9 shown, including a showing of a severe illness or other
10 debilitating condition that may affect the person's academic
11 performance or that the person is responsible for the care of a
12 sick, injured, or needy person and that the person's provision of
13 care may affect the person's academic performance, to receive a
14 grant under this subchapter:

15 (1) while enrolled in a number of semester credit
16 hours that is less than the number of semester credit hours required
17 under Subsection (a)(3); or

18 (2) if the student's grade point average or completion
19 rate falls below the satisfactory academic progress requirements of
20 Subsection (d).

21 SECTION 25. Section 56.406, Education Code, is amended to
22 read as follows:

23 Sec. 56.406. GRANT USE. A person receiving a [~~TEXAS~~] grant
24 under this subchapter [~~II~~] may use the money to pay any usual and
25 customary cost of attendance at an eligible institution incurred by
26 the student. The institution may disburse all or part of the
27 proceeds of a [~~TEXAS~~] grant under this subchapter [~~II~~] to an

1 eligible person only if the tuition and required fees incurred by
2 the person at the institution have been paid.

3 SECTION 26. Subsections (a), (b), (c), (f), and (g),
4 Section 56.407, Education Code, are amended to read as follows:

5 (a) The amount of a [~~TEXAS~~] grant under this subchapter [~~II~~]
6 for a student enrolled full-time at an eligible institution is the
7 amount determined by the coordinating board as the average
8 statewide amount of tuition and required fees that a resident
9 student enrolled full-time in an associate degree or certificate
10 program would be charged for that semester or term at eligible
11 institutions.

12 (b) The coordinating board may adopt rules that allow the
13 coordinating board to increase or decrease, in proportion to the
14 number of semester credit hours in which a student is enrolled, the
15 amount of a [~~TEXAS~~] grant [~~II~~] award under this section to a student
16 who is enrolled in a number of semester credit hours in excess of or
17 below the number of semester credit hours described in Section
18 56.404(a)(4) or 56.405(a)(3).

19 (c) The amount of a [~~TEXAS~~] grant under this subchapter [~~II~~]
20 may not be reduced by any gift aid for which the person receiving
21 the grant is eligible, unless the total amount of a person's grant
22 plus any gift aid received exceeds the total cost of attendance at
23 an eligible institution.

24 (f) An eligible institution may not:

25 (1) charge a person attending the institution who also
26 receives a [~~TEXAS~~] grant under this subchapter [~~II~~] an amount of
27 tuition and required fees in excess of the amount of the [~~TEXAS~~]

1 grant under this subchapter [~~II~~] received by the person; or

2 (2) deny admission to or enrollment in the institution
3 based on a person's eligibility to receive a [~~TEXAS~~] grant under
4 this subchapter [~~II~~] or a person's receipt of a [~~TEXAS~~] grant under
5 this subchapter [~~II~~].

6 (g) An institution may use other available sources of
7 financial aid, other than a loan or a Pell grant, to cover any
8 difference in the amount of a [~~TEXAS~~] grant under this subchapter
9 [~~II~~] and the actual amount of tuition and required fees at the
10 institution.

11 SECTION 27. Subsection (b), Section 56.463, Education Code,
12 is amended to read as follows:

13 (b) Money in the Texas B-On-time student loan account may be
14 used only to pay any costs of the coordinating board related to the
15 operation of the Texas B-On-time loan program and as otherwise
16 provided by this subchapter.

17 SECTION 28. Subsection (b), Section 56.465, Education Code,
18 is amended to read as follows:

19 (b) The amount of tuition set aside under Subsection (a)
20 shall be deposited to the credit of the Texas B-On-time student loan
21 account established under Section 56.463 or to the interest and
22 sinking fund established by the coordinating board under Section
23 52.91(b) in accordance with the resolution of the board
24 establishing such fund.

25 SECTION 29. Section 61.066, Education Code, is amended by
26 adding Subsection (c) to read as follows:

27 (c) The board shall conduct a biennial study to determine

1 the total cost of attending each institution of higher education
2 and the resources used by students to cover that cost, including the
3 amounts of money received by students at each institution from the
4 major sources of public and private financial aid, including
5 grants, loans, scholarships, gifts, and work-study programs. In
6 conducting the study, the board shall solicit information and
7 comments from the financial aid office at each institution of
8 higher education. Not later than November 1 of each even-numbered
9 year, the board shall report the findings of the study to each
10 legislative standing committee and subcommittee with primary
11 jurisdiction over higher education.

12 SECTION 30. Section 61.0776, Education Code, is amended by
13 adding Subsection (f) to read as follows:

14 (f) The board, in cooperation with the entities specified by
15 Subsection (a) and the advisory committee established by Subsection
16 (b), shall develop a comprehensive financial aid training program
17 for public school counselors, employees of student financial aid
18 offices of public and private or independent institutions of higher
19 education, members of appropriate community-based organizations,
20 and other appropriate persons. The board may adopt rules as
21 necessary to administer the training program. The board shall
22 design the training program to:

23 (1) use the information required by Subsection (e) and
24 any other information necessary to carry out this subdivision:

25 (A) to inform persons receiving the training
26 concerning:

27 (i) the opportunities available to students

1 for obtaining financial aid, including eligibility requirements;
2 and

3 (ii) the procedures for obtaining financial
4 aid; and

5 (B) to provide sufficient and accessible detail
6 to enable the persons receiving the training to provide timely and
7 consistent answers to the questions of students and their parents,
8 conservators, or guardians concerning the opportunities and
9 procedures;

10 (2) teach methods to enable the persons receiving the
11 training to effectively communicate financial aid information to
12 students and their parents, conservators, or guardians;

13 (3) support and promote the dissemination of financial
14 aid information to students and their parents, conservators, or
15 guardians throughout local areas; and

16 (4) publicize the training and make the training
17 easily available to public school counselors and other appropriate
18 persons throughout this state.

19 SECTION 31. Subchapter C, Chapter 61, Education Code, is
20 amended by adding Section 61.088 to read as follows:

21 Sec. 61.088. HIGHER EDUCATION ENROLLMENT ASSISTANCE
22 PROGRAM. (a) To the extent that funds are available for the
23 purpose, the board shall administer the Higher Education Enrollment
24 Assistance Program. Under the program, the board shall:

25 (1) provide information related to enrollment in
26 public or private or independent institutions of higher education,
27 including admissions and financial aid information, to prospective

1 students in three areas of this state identified by the board as
2 having a significant number of students who graduate from high
3 school and do not attend an institution of higher education; and

4 (2) assist those prospective students in completing
5 applications related to enrollment in those institutions,
6 including admissions and financial aid applications.

7 (b) To the extent that funds are available for the purpose,
8 the board shall expand the program to include additional areas
9 identified by the board as meeting the criteria specified by
10 Subsection (a).

11 (c) The board shall provide the information and assistance
12 required by this section at least twice each year at one or more
13 appropriate locations in each area served by the program.

14 (d) The board may coordinate with an institution of higher
15 education or other entity to provide the information and assistance
16 required by this section in each area served by the program.

17 (e) Not later than August 31 of each year, the board shall
18 submit to the legislature a report on the scope and effectiveness of
19 the program.

20 (f) The board shall adopt rules as necessary to implement
21 this section.

22 SECTION 32. Section 61.225, Education Code, is amended to
23 read as follows:

24 Sec. 61.225. ELIGIBILITY [~~QUALIFICATIONS~~] FOR GRANT.

25 (a) To be eligible for a tuition equalization grant in the first
26 academic year in which the person receives the grant, a person must:

27 (1) be a Texas resident as defined by the coordinating

1 board and meet, at a minimum, the resident requirements defined by
2 law for Texas resident tuition in fully state-supported
3 institutions of higher education;

4 (2) be enrolled for at least one-half of a full course
5 load conforming to an individual degree plan in an approved college
6 or university;

7 (3) be required to pay more tuition than is required at
8 a public college or university and be charged no less than the
9 regular tuition required of all students enrolled at the
10 institution;

11 (4) establish financial need in accordance with
12 procedures and regulations of the coordinating board;

13 (5) not be a recipient of any form of athletic
14 scholarship; and

15 (6) have complied with other requirements adopted by
16 the coordinating board under this subchapter.

17 (b) After qualifying for a tuition equalization grant under
18 Subsection (a), a person may receive a tuition equalization grant
19 in a subsequent academic year in which the person is enrolled at an
20 approved institution only if the person:

21 (1) meets the requirements of Subsection (a);

22 (2) completed at least 24 semester credit hours in the
23 person's most recent academic year; and

24 (3) has earned an overall grade point average of at
25 least 2.5 on a four-point scale or the equivalent on coursework
26 previously attempted at public or private institutions of higher
27 education.

1 (c) Unless the student is provided additional time during
2 which the student may receive a tuition equalization grant under
3 Subsection (d), an undergraduate student's eligibility for a
4 tuition equalization grant ends:

5 (1) on the fifth anniversary of the initial award of a
6 tuition equalization grant to the student, if the student is
7 enrolled in an undergraduate degree or certificate program of four
8 years or less; or

9 (2) on the sixth anniversary of the initial award of a
10 tuition equalization grant to the student, if the student is
11 enrolled in an undergraduate degree program of more than four
12 years.

13 (d) The coordinating board shall adopt rules to provide an
14 undergraduate student who is otherwise eligible to receive a
15 tuition equalization grant additional time during which the student
16 may receive a tuition equalization grant in the event of a hardship
17 or other good cause shown that prevents the student from continuing
18 the student's enrollment during the period the student would
19 otherwise have been eligible under Subsection (c) to receive a
20 tuition equalization grant, including a showing of a severe illness
21 or other debilitating condition or that the student is or was
22 responsible for the care of a sick, injured, or needy person.

23 SECTION 33. Section 61.227, Education Code, is amended by
24 adding Subsection (d) to read as follows:

25 (d) Notwithstanding any other law, a student enrolled in a
26 private or independent institution of higher education may not
27 receive a tuition equalization grant under this subchapter and a

1 TEXAS grant under Subchapter M, Chapter 56, for the same semester or
2 other term, regardless of whether the student is otherwise eligible
3 for both grants during that semester or term. A student who but for
4 this subsection would be awarded both a tuition equalization grant
5 and a TEXAS grant for the same semester or other term is entitled to
6 receive only the grant of the greater amount.

7 SECTION 34. Section 431.090, Government Code, is amended by
8 amending Subsection (g) and adding Subsections (h) and (i) to read
9 as follows:

10 (g) Before each semester at a time determined by the
11 adjutant general [~~Texas Higher Education Coordinating Board~~], the
12 adjutant general shall certify to the appropriate public and
13 private institutions of higher education [~~the coordinating board~~] a
14 list of the persons to whom the adjutant general has awarded tuition
15 assistance under this section for that semester. The amount of
16 tuition assistance awarded by the adjutant general under this
17 section may not exceed the amount of [~~After receipt of the list, the~~
18 ~~coordinating board shall determine whether sufficient~~] money [~~is~~]
19 available to fund the tuition assistance awards [~~under Section~~
20 ~~54.2155, Education Code. If the coordinating board determines that~~
21 ~~sufficient money is not available, the board shall notify the~~
22 ~~adjutant general, who shall reduce the number of awards according~~
23 ~~to the amount of money available and certify to the coordinating~~
24 ~~board a revised list of the persons to whom the adjutant general has~~
25 ~~awarded tuition assistance~~].

26 (h) From money appropriated for purposes of this section,
27 the adjutant general shall authorize the comptroller to reimburse

1 an institution of higher education in an amount equal to the amount
2 of the tuition exemption the institution grants to a person under
3 Section 54.2155, Education Code.

4 (i) From money appropriated for purposes of this section,
5 the adjutant general shall authorize the comptroller to make a
6 grant to a person attending a private or independent institution of
7 higher education to whom the adjutant general has awarded tuition
8 assistance for the semester under this section. The amount of a
9 grant under this subsection is an amount equal to the average amount
10 of reimbursement the adjutant general estimates will be paid per
11 student for the same semester under Subsection (h).

12 SECTION 35. Subsection (b), Section 504.615,
13 Transportation Code, is amended to read as follows:

14 (b) After deduction of the department's administrative
15 costs, the remainder of the fee for issuance of the license plates
16 shall be deposited to the credit of the general revenue fund. The
17 money may be used only for:

18 (1) scholarships to students who demonstrate a need
19 for financial assistance under Texas Higher Education Coordinating
20 Board rule; or

21 (2) Texas Public Educational Grants awarded under
22 Subchapter C, Chapter 56, Education Code, if the fee is for the
23 issuance of a license plate for a college described by Subsection
24 (e)(1).

25 SECTION 36. Section 56.203, Education Code, as amended by
26 Chapter 365, Acts of the 78th Legislature, Regular Session, 2003,
27 is repealed.

1 SECTION 37. Subsection (h), Section 56.307, Education Code,
2 is repealed.

3 SECTION 38. The Texas Higher Education Coordinating Board
4 shall, as necessary, adopt rules consistent with Sections 52.91,
5 56.463, and 56.465, Education Code, as amended by this Act, as soon
6 as practicable after this Act takes effect. For that purpose, the
7 coordinating board may adopt the rules in the manner provided by law
8 for emergency rules.

9 SECTION 39. (a) The Texas Higher Education Coordinating
10 Board shall conduct a study of the tuition exemptions and waivers
11 authorized under Chapter 54, Education Code. The study must
12 include an evaluation of the extent to which the tuition exemptions
13 and waivers:

14 (1) are a cost-effective and efficient method of
15 providing financial assistance to students when compared to other
16 types of available financial aid;

17 (2) are consistent with one another in regard to
18 eligibility requirements and application procedures;

19 (3) are capable of being efficiently or properly
20 administered by public institutions of higher education or other
21 applicable entities;

22 (4) effectively target students having substantial
23 financial need or effectively accomplish the other purposes of
24 those exemptions or waivers; and

25 (5) distribute tuition assistance fairly among
26 similarly situated students.

27 (b) Not later than October 1, 2006, the Texas Higher

1 Education Coordinating Board shall report the results of the study,
2 including the board's recommendations for administrative or
3 statutory changes to address the board's findings, to the governing
4 board of each public institution of higher education and to the
5 presiding officer of each legislative standing committee and
6 subcommittee with primary jurisdiction over higher education.

7 (c) This section expires January 1, 2007.

8 SECTION 40. Subsection (f), Section 54.007, and Section
9 54.0071, Education Code, as added by this Act, apply beginning with
10 the 2006 spring semester.

11 SECTION 41. (a) The change in law made by this Act to
12 Section 54.214, Education Code, applies to eligibility for an
13 exemption from payment of tuition and fees for an academic period
14 beginning with the 2005 fall semester and applies regardless of
15 whether a person would have been exempt from payment of tuition and
16 fees under Subsection (c), Section 54.214, Education Code, as that
17 subsection existed before the amendment made by this Act.
18 Eligibility for an exemption from payment of tuition and fees for an
19 academic period before the 2005 fall semester is covered by the
20 applicable law in effect before the effective date of this Act, and
21 the former law is continued in effect for that purpose.

22 (b) The Texas Higher Education Coordinating Board shall, as
23 necessary, adopt rules consistent with Subsection (c), Section
24 54.214, Education Code, as amended by this Act, as soon as
25 practicable after this Act takes effect. For that purpose, the
26 coordinating board may adopt the rules in the manner provided by law
27 for emergency rules. This subsection expires May 1, 2006.

1 SECTION 42. The changes in law made by this Act to Section
2 54.2155, Education Code, and Section 431.090, Government Code,
3 apply beginning with tuition assistance awards for the 2006-2007
4 academic year. Tuition assistance awards for an academic year
5 before the 2006-2007 academic year are covered by the law in effect
6 immediately preceding the effective date of this Act, and the
7 former law is continued in effect for that purpose.

8 SECTION 43. Sections 56.051 and 56.052, Education Code, as
9 amended by this Act, apply beginning with the 2006 spring semester.
10 The law governing emergency student loans in effect immediately
11 before the effective date of this Act applies to those loans for a
12 semester or term before the 2006 spring semester, and the former law
13 is continued in effect for that purpose.

14 SECTION 44. The changes in law made by this Act to Section
15 56.076, Education Code, apply only to an agreement entered into by
16 an institution of higher education and an employer under that
17 section on or after the effective date of this Act.

18 SECTION 45. The change in law made by this Act to Subchapter
19 M, Chapter 56, Education Code, applies beginning with the 2005-2006
20 academic year, but does not affect the amount of or entitlement to
21 any grant awarded before the effective date of this Act.

22 SECTION 46. The change in law made by this Act relating to
23 the eligibility of a person to receive a Texas Educational
24 Opportunity Grant applies to each Texas Educational Opportunity
25 Grant awarded on or after the effective date of this Act.

26 SECTION 47. The Texas Higher Education Coordinating Board
27 shall make the initial report required by Subsection (c), Section

1 61.066, Education Code, as added by this Act, not later than
2 November 1, 2006.

3 SECTION 48. The Texas Higher Education Coordinating Board
4 shall implement the comprehensive financial aid training program
5 under Subsection (f), Section 61.0776, Education Code, as added by
6 this Act, not later than January 1, 2006.

7 SECTION 49. The changes in law made by this Act to Section
8 61.225, Education Code, apply beginning with tuition equalization
9 grants for the 2005-2006 academic year, but only for tuition
10 equalization grants awarded on or after the effective date of this
11 Act. A tuition equalization grant awarded before the effective
12 date of this Act is governed by the law in effect immediately before
13 the effective date, and the former law is continued in effect for
14 that purpose.

15 SECTION 50. The change in law made by this Act to Section
16 61.227, Education Code, applies beginning with grants for the
17 2005-2006 academic year, but only for grants awarded on or after the
18 effective date of this Act. A grant awarded before the effective
19 date of this Act is governed by the law in effect immediately before
20 the effective date, and the former law is continued in effect for
21 that purpose.

22 SECTION 51. This Act takes effect September 1, 2005.