

AN ACT

relating to public and private postsecondary educational institutions, including enrollment in those educational institutions, payment of the costs of attending those educational institutions, and 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 (c), Section 51.009, Education Code, is amended to read as follows:

(c) Each of the following shall be accounted for as educational and general funds:

(1) net tuition, special course fees charged under Sections 54.051(e) and (1), [~~Education Code,~~] lab fees, student teaching fees, [~~hospital and clinic fees,~~] organized activity fees, proceeds from the sale of educational and general equipment, and indirect cost recovery fees; and

(2) hospital and clinic fees received by a state-owned clinical care facility that is operated using general revenue fund appropriations for patient care.

SECTION 2. Subdivision (1), Section 51.351, Education Code, is amended to read as follows:

(1) "General academic teaching institution," "governing board," "institution of higher education," "medical and dental unit," "public junior college," and "university system" have

1 the meanings assigned by Section 61.003 [~~of this code~~].

2 SECTION 3. Subchapter G, Chapter 51, Education Code, is
3 amended by adding Sections 51.355 and 51.356 to read as follows:

4 Sec. 51.355. NONVOTING STUDENT REGENT; UNIVERSITY SYSTEM
5 BOARD OF REGENTS. (a) In this section, "student government" means
6 the representative student organization directly elected by the
7 student body of a general academic teaching institution or medical
8 and dental unit.

9 (b) The chancellor of each university system shall develop a
10 uniform application form to be used by each general academic
11 teaching institution and medical and dental unit in the university
12 system to solicit applicants for the position of student regent.

13 (c) Except as provided by Subsection (f), not later than
14 September 1 of each year, the student government of each general
15 academic teaching institution and medical and dental unit in a
16 university system shall solicit applicants for the position of
17 student regent. Not later than November 1, from among the
18 applications received by the student government, the student
19 government shall select five applicants as the student government's
20 recommendations for the position of student regent and send the
21 applications of those applicants, with the name of each applicant
22 and the name of the institution or unit in which the applicant is
23 enrolled removed, to the chancellor of the university system. From
24 among those applicants, the chancellor shall select two or more
25 applicants as the university system's recommendations for the
26 position of student regent and shall send the applications of those
27 applicants to the governor not later than December 1. The governor

1 may request to review all applications for the position of student
2 regent received by the student governments and may request to
3 review information required to be removed from an application by a
4 student government under this subsection. On February 1, or as soon
5 thereafter as practicable, the governor shall appoint one of the
6 applicants to serve as the student regent for the system for a
7 one-year term expiring on the next February 1. The governor is not
8 required to appoint an applicant recommended by the chancellor.

9 (d) A student regent must be enrolled as an undergraduate or
10 graduate student in a general academic teaching institution or
11 medical and dental unit in the university system at the time of
12 appointment and throughout the student regent's term. For purposes
13 of this subsection, a person is considered to be enrolled in an
14 institution or unit for a summer term if the person was enrolled in
15 the institution or unit for the preceding semester and:

16 (1) is registered or preregistered at the institution
17 or unit for the following fall semester;

18 (2) if the person has not completed the person's degree
19 program, is eligible to continue the degree program at the
20 institution or unit in the following fall semester; or

21 (3) if the person completed a degree program in the
22 preceding semester, is admitted to another degree program at the
23 institution or unit for the following fall semester.

24 (e) A student regent is not a member of the board of regents
25 of the system for which the student regent is appointed. A student
26 regent has the same powers and duties as the members of the board of
27 regents of the system, including the right to attend and

1 participate in meetings of the board of regents, except that the
2 student regent:

3 (1) may not vote on any matter before the board or make
4 or second any motion before the board; and

5 (2) is not counted in determining whether a quorum
6 exists for a meeting of the board or in determining the outcome of
7 any vote of the board.

8 (f) The student government of the general academic teaching
9 institution or medical and dental unit at which a current student
10 regent was enrolled at the time of the student regent's appointment
11 may not solicit applicants for the position of student regent for
12 the next regular term of the position.

13 (g) A vacancy in the position of student regent for a
14 university system shall be filled for the unexpired term by
15 appointment by the governor in consultation with the chancellor of
16 the system.

17 Sec. 51.356. NONVOTING STUDENT REGENT; INSTITUTION BOARD OF
18 REGENTS. (a) This section applies only to a general academic
19 teaching institution that is not a part of a university system.

20 (b) In this section, "student government" means the
21 representative student organization directly elected by the
22 student body of a general academic teaching institution.

23 (c) The president of a general academic teaching
24 institution shall develop a uniform application form to be used to
25 solicit applicants for the position of student regent.

26 (d) Not later than September 1 of each year, the student
27 government of the general academic teaching institution shall

1 solicit applicants for the position of student regent. Not later
2 than November 1, from among the applications received by the
3 student government, the student government shall select five
4 applicants as the student government's recommendations for the
5 position of student regent and send the applications of those
6 applicants, with the name of each applicant removed, to the
7 president of the institution. From among those applicants, the
8 president shall select two or more applicants as the institution's
9 recommendations for the position of student regent and shall send
10 the applications of those applicants to the governor not later than
11 December 1. The governor may request to review all applications for
12 the position of student regent received by the student government
13 and may request to review information required to be removed from an
14 application by the student government under this subsection. On
15 February 1, or as soon thereafter as practicable, the governor
16 shall appoint one of the applicants to serve as the student regent
17 for the institution for a one-year term expiring on the next
18 February 1. The governor is not required to appoint an applicant
19 recommended by the president.

20 (e) A student regent must be enrolled as an undergraduate or
21 graduate student in the general academic teaching institution at
22 the time of appointment and throughout the student regent's term.
23 For purposes of this subsection, a person is considered to be
24 enrolled in an institution for a summer term if the person was
25 enrolled in the institution for the preceding semester and:

26 (1) is registered or preregistered at the institution
27 for the following fall semester;

1 (2) if the person has not completed the person's degree
2 program, is eligible to continue the degree program at the
3 institution in the following fall semester; or

4 (3) if the person completed a degree program in the
5 preceding semester, is admitted to another degree program at the
6 institution for the following fall semester.

7 (f) A student regent is not a member of the board of regents
8 of the institution for which the student regent is appointed. A
9 student regent has the same powers and duties as the members of the
10 board of regents of the institution, including the right to attend
11 and participate in meetings of the board of regents, except that the
12 student regent:

13 (1) may not vote on any matter before the board or make
14 or second any motion before the board; and

15 (2) is not counted in determining whether a quorum
16 exists for a meeting of the board or in determining the outcome of
17 any vote of the board.

18 (g) A vacancy in the position of student regent for an
19 institution shall be filled for the unexpired term by appointment
20 by the governor in consultation with the president of the
21 institution.

22 SECTION 4. Subsection (e), Section 52.17, Education Code,
23 is amended to read as follows:

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

26 (1) be deposited in:

27 (A) the Texas college interest and sinking fund;

1 or

2 (B) [~~7~~] a board interest and sinking fund; [~~7~~] or
3 (2) be used by the board for the administration of
4 student loan and grant programs [~~and the Teacher Loan Program and~~
5 ~~Future Teacher Loan Program authorized under House Bill 72, 68th~~
6 ~~Legislature, 2nd Called Session, 1984, or other programs]~~
7 administered by the board, including the making of grants under
8 Subchapter M, Chapter 56 [~~as specified by the legislature in the~~
9 ~~General Appropriations Act~~].

10 SECTION 5. Section 52.31, Education Code, is amended to
11 read as follows:

12 Sec. 52.31. PARTICIPATING INSTITUTIONS. In this
13 subchapter, "participating [~~A participating~~] higher educational
14 institution" means a public or private nonprofit [~~is any~~]
15 institution of higher education, [~~public or private nonprofit,~~]
16 including a junior college, [~~which is recognized or~~] accredited by
17 a recognized accrediting agency as defined by Section 61.003, or a
18 regional education service center or other entity that offers an
19 alternative educator certification program approved by the State
20 Board for Educator Certification, that:

21 (1) is located in this state; and

22 (2) [the Texas Education Agency or the Coordinating
23 ~~Board, Texas College and University System, or its successors, and~~
24 ~~which]~~ complies with the provisions of this chapter and the rules
25 [~~and regulations]~~ of the board promulgated in accordance with this
26 chapter.

27 SECTION 6. Section 52.32, Education Code, is amended by

1 amending Subsections (a) and (b) and adding Subsection (a-1) to
2 read as follows:

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

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

8 (2) has been accepted for enrollment at a
9 participating higher educational institution, provided that if the
10 institution is a public or private [~~any~~] postsecondary educational
11 institution, the institution must be [~~within the State of Texas,~~
12 ~~public or private, which has been~~] approved by an agency of the
13 United States government for the purpose of guaranteeing the maker
14 of such loans against loss due to the death, disability, or default
15 of the borrower [~~. If the postsecondary institution that the~~
16 ~~student has been accepted to attend was not a participating~~
17 ~~institution as defined in Section 52.31 of this code on May 1, 1985,~~
18 ~~the applicant must provide evidence that he is unable to obtain a~~
19 ~~guaranteed student loan from a commercial lender except as provided~~
20 ~~by Subsection (b) of this section~~];

21 (3) has established that the student [~~he~~] has
22 insufficient resources to finance the student's [~~his~~] college
23 education or alternative educator certification program;

24 (4) has submitted to the board at least two
25 references, including the names of the persons giving those
26 references and appropriate contact information for those persons
27 [~~been recommended by reputable persons in his home community~~]; and

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

4 (a-1) Except as provided by Subsection (b), if the
5 institution to which the applicant has been accepted for enrollment
6 was not a participating institution, as defined by Section 52.31,
7 on May 1, 1985, the applicant must provide evidence that the
8 applicant is unable to obtain a guaranteed student loan from a
9 commercial lender.

10 (b) If a loan applicant is enrolled at a career school or
11 college in a degree program that is approved by the board or at a
12 regional education service center or other entity in an alternative
13 educator certification program that is approved by the State Board
14 for Educator Certification, the applicant is not required to
15 provide evidence that the applicant is unable to obtain a
16 guaranteed student loan from a commercial lender under Subsection
17 (a-1) [~~(a)(2) of this section~~].

18 SECTION 7. Section 52.33, Education Code, is amended to
19 read as follows:

20 Sec. 52.33. AMOUNT OF LOAN. The amount of the loan to any
21 qualified applicant shall be limited to the difference between the
22 financial resources available to the applicant [~~him~~], including but
23 not limited to the applicant's [~~his~~] income from parents and other
24 sources, scholarships, gifts, grants, other financial aid, and the
25 amount the applicant [~~he~~] can reasonably be expected to earn, and
26 the amount necessary to pay the applicant's [~~his~~] reasonable
27 expenses as a student at the participating institution of higher

1 education where the applicant [~~he~~] has been accepted for
2 enrollment, under the rules and regulations adopted by the board.
3 The total loan to any individual student may never be more than the
4 amount the student [~~he~~] can reasonably be expected to repay in the
5 [~~a~~] maximum loan period provided by board rule [~~of 10 years after he~~
6 ~~is last enrolled in a participating institution~~], except as
7 otherwise provided for in this chapter.

8 SECTION 8. Section 52.35, Education Code, is amended to
9 read as follows:

10 Sec. 52.35. TERM OF LOANS. The term of all authorized loans
11 must be for the shortest possible period consistent with general
12 practice by issuers of student loans, as determined by the board.
13 [~~However, no loan may be made to any student for a period longer~~
14 ~~than 10 years from the date he is last enrolled in a participating~~
15 ~~institution.~~]

16 SECTION 9. Subsection (c), Section 52.91, Education Code,
17 is amended to read as follows:

18 (c) The board shall repay bonds issued by the board to fund
19 the Texas B-On-time student loan program using legislative
20 appropriations and money collected by the board as repayment for
21 Texas B-On-time student loans awarded by the board. The board may
22 use tuition set aside under Section 56.465 to repay bonds issued by
23 the board for the Texas B-On-time student loan program. The board
24 may not use money collected by the board as repayment for student
25 loans awarded by the board under Subchapter C to repay bonds issued
26 by the board for the Texas B-On-time student loan program under
27 Section 56.464(b).

1 SECTION 10. Section 54.007, Education Code, is amended by
2 adding Subsection (f) to read as follows:

3 (f) A student may elect to pay the tuition and fees of an
4 institution of higher education by installment under this section
5 regardless of whether the student intends to apply a financial aid
6 award administered by the institution toward the tuition and fees,
7 except that a student whose financial aid award or awards are
8 available to cover the total amount of tuition and fees may not pay
9 by installment under this section. On receipt of notice of a
10 student's election to pay tuition and fees by installment, the
11 governing board of the institution shall apply any financial aid
12 award administered for the student toward the amount of tuition and
13 fees due for that semester or summer session until the tuition and
14 fees are paid in full and shall immediately release any remaining
15 amount of the award to the student, except that the institution is
16 not required to apply the award or awards toward the total amount of
17 tuition and fees in exigent circumstances as determined by the
18 institution.

19 SECTION 11. Subchapter A, Chapter 54, Education Code, is
20 amended by adding Section 54.0071 to read as follows:

21 Sec. 54.0071. AUTHORITY OF INSTITUTION TO PROVIDE PAYMENT
22 OPTIONS FOR STUDENT WITH DELAYED FINANCIAL AID. (a) The governing
23 board of an institution of higher education may postpone the due
24 date for the payment of all or part of the tuition and fees for a
25 student for a semester or summer session in which the student will
26 receive one or more delayed financial aid awards if:

27 (1) the student has not received the awards by the

1 regular due date for payment of the tuition and fees; and

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

5 (b) A postponed due date under Subsection (a) applies only
6 to the portion of tuition and fees to be covered by the student's
7 delayed financial aid awards. When the financial aid awards become
8 available, a governing board that postpones a due date under this
9 section shall apply the awards toward the amount of tuition and fees
10 due and immediately release any remaining amount of the awards to
11 the student.

12 (c) If after the due date for a student's tuition and fees is
13 postponed under this section the student becomes ineligible to
14 receive one or more of the delayed financial aid awards, or the
15 amount awarded is less than the amount of tuition and fees due, the
16 governing board shall provide the student a reasonable period, not
17 to exceed 30 days, to pay the unpaid amount of tuition and fees. The
18 board may deny a student credit for work done in the semester or
19 summer session if the student fails to pay the tuition and fees by
20 the end of that period.

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

23 (e) If a student with delayed financial aid awards has
24 elected to pay tuition and fees by installment as permitted by
25 Section 54.007 and if the governing board elects to postpone the due
26 date for the student's tuition and fees as authorized by this
27 section, the governing board in the manner provided by this section

1 shall postpone the due date for each installment payment that
2 becomes due before the student receives the awards.

3 SECTION 12. Subchapter B, Chapter 54, Education Code, is
4 amended by adding Section 54.0516 to read as follows:

5 Sec. 54.0516. SPECIAL SUMMER TUITION RATES AT TEXAS A&M
6 UNIVERSITY: PILOT PROGRAM. (a) This section applies only to a
7 resident undergraduate student enrolled for a summer term or
8 session at Texas A&M University.

9 (b) Tuition, other than tuition under Section 54.0513,
10 charged to a student to whom this section applies is three-fourths
11 of the amount otherwise provided by this subchapter.

12 (c) The amount that the board of regents may charge as
13 tuition under Section 54.0513 to a student to whom this section
14 applies may not exceed the amount of other tuition the board is
15 authorized to charge to the student under Subsection (b).

16 (d) This section applies only if the legislature
17 specifically appropriates money to Texas A&M University for the
18 state fiscal biennium ending August 31, 2007, to cover the tuition
19 revenue lost to the institution by the application of this section.

20 (e) This section applies only to a summer term or session in
21 2006 or 2007. This section expires January 1, 2008.

22 SECTION 13. Subsection (c), Section 54.214, Education Code,
23 is amended to read as follows:

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

26 (1) be a resident of this state;

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

1 (3) for the initial term or semester for which the
2 person receives an exemption under this section, have [~~who~~] worked
3 as an educational aide for at least one school year during the five
4 years preceding that [~~the~~] term or semester [~~for which the person~~
5 ~~receives the exemption~~];

6 (4) [~~(3)~~] establish financial need as determined by
7 coordinating board rule;

8 (5) [~~(4)~~] be enrolled in courses required for teacher
9 certification at the institution of higher education granting the
10 exemption;

11 (6) [~~(5)~~] maintain an acceptable grade point average
12 as determined by coordinating board rule; and

13 (7) [~~(6)~~] comply with any other requirements adopted
14 by the coordinating board under this section.

15 SECTION 14. Section 54.2155, Education Code, is amended to
16 read as follows:

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

1 ~~assistance grants under Subsection (c)].~~

2 **(b)** An institution of higher education shall exempt a person
3 certified by the adjutant general as described by Subsection (a)
4 ~~[coordinating board under this section]~~ from the payment of tuition
5 for the semester credit hours for which the person enrolls, not to
6 exceed 12 semester credit hours. If the person is not charged
7 tuition at the rate provided for other Texas residents, the amount
8 of the exemption may not exceed the amount of tuition the person
9 would be charged as a Texas resident for the number of semester
10 credit hours for which the person enrolls, not to exceed 12 semester
11 credit hours.

12 ~~[(b) From money appropriated for purposes of this section,~~
13 ~~the coordinating board shall reimburse an institution of higher~~
14 ~~education in an amount equal to the amount of the tuition exemption~~
15 ~~the institution grants to a person under Subsection (a).~~

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

25 SECTION 15. Subsection (b), Section 54.5021, Education
26 Code, is amended to read as follows:

27 (b) The student deposit fund of an institution of higher

1 education shall be used, at the discretion of the institution's
2 governing board, for making scholarship awards to needy and
3 deserving students of the institution and making grants under
4 Subchapter C, Chapter 56, to resident students of the institution.
5 The governing board shall administer the scholarship awards for the
6 institution, including the selection of recipients and the amounts
7 and conditions of the awards. The recipients of the scholarships
8 must be residents of the state as defined for tuition purposes.

9 SECTION 16. Section 56.033, Education Code, is amended by
10 adding Subsection (e) to read as follows:

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

20 SECTION 17. Section 56.051, Education Code, is amended to
21 read as follows:

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

26 SECTION 18. Section 56.052, Education Code, is amended to
27 read as follows:

1 Sec. 56.052. ELIGIBILITY. (a) The governing board of
2 each institution shall adopt rules establishing eligibility
3 criteria. The rules must allow eligible students to obtain loans on
4 the basis of the order of receipt of applications, except as
5 provided by Subsection (b).

6 (b) The governing board may adopt rules that allow the
7 institution to select loan recipients from the eligible applicants
8 according to financial need, regardless of when their applications
9 are received, if money available for the program is insufficient to
10 provide loans to each eligible applicant.

11 SECTION 19. Section 56.076, Education Code, is amended to
12 read as follows:

13 Sec. 56.076. ELIGIBLE EMPLOYER. An eligible institution
14 may enter into agreements with employers that participate in the
15 work-study program. To be eligible to participate in the
16 work-study program, an employer must:

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

19 (2) provide, insofar as is practicable, employment to
20 an eligible student that is related to the student's academic
21 interests;

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

25 (4) provide from sources other than federal college
26 work-study program funds a percentage [~~not less than 30 percent~~] of
27 an employed student's wages that is equal to the percentage of a

1 student's wages that the employer would be required to provide to
2 the student in that academic year under the [~~and 100 percent of~~
3 ~~other employee benefits for the employed student from sources other~~
4 ~~than~~] federal college work-study program [~~funds, if the employer is~~
5 ~~a nonprofit entity~~]; and

6 (5) provide from sources other than federal college
7 work-study funds [~~not less than 50 percent of an employed student's~~
8 ~~wages and~~] 100 percent of other employee benefits for the employed
9 student[~~, if the employer is a profit-making entity~~].

10 SECTION 20. Subchapter K, Chapter 56, Education Code, is
11 amended by adding Section 56.2011 to read as follows:

12 Sec. 56.2011. DEFINITION. In this subchapter,
13 "coordinating board" means the Texas Higher Education Coordinating
14 Board.

15 SECTION 21. Section 56.202, Education Code, is amended to
16 read as follows:

17 Sec. 56.202. PURPOSE. (a) The Early High School
18 Graduation Scholarship program is created to increase efficiency in
19 the Foundation School Program and to provide assistance for tuition
20 or tuition and mandatory fees, as provided by Section 56.204, to an
21 eligible person to enable that person to attend a [~~Texas~~] public or
22 private institution of higher education in this state.

23 (b) A portion of the savings to the Foundation School
24 Program that occur as a result of the program is dedicated to state
25 credits for tuition or tuition and mandatory fees, as applicable,
26 provided to an eligible person under the program.

27 SECTION 22. Section 56.203, Education Code, as amended by

1 Chapters 365 and 1317, Acts of the 78th Legislature, Regular
2 Session, 2003, is reenacted and amended to read as follows:

3 Sec. 56.203. ELIGIBLE PERSON. (a) To be eligible for an
4 award through the Early High School Graduation Scholarship program,
5 a person must:

6 (1) [~~have the written approval of at least one of the~~
7 ~~person's parents or a person standing in parental relation to the~~
8 ~~person, if the person graduated from high school in not more than 41~~
9 ~~consecutive months;~~

10 [(2)] have [~~successfully completed the recommended or~~
11 ~~advanced high school program established under Section 28.025 and~~
12 graduated from [~~a Texas public~~] high school:

13 (A) in not more than 41 consecutive months and
14 successfully completed the recommended or advanced high school
15 program established under Section 28.025, if the person graduated
16 on or after September 1, 2005;

17 (B) in not more than 45 consecutive months, [~~or,~~
18 ~~if the person graduated~~] with at least 30 hours of college credit,
19 and successfully completed the recommended or advanced high school
20 program established under Section 28.025, if the person graduated
21 on or after September 1, 2005 [~~in not more than 45 consecutive~~
22 ~~months]; or~~

23 (C) in not more than 36 consecutive months after
24 successfully completing the requirements for a high school diploma,
25 if the person graduated before September 1, 2005, regardless of
26 whether the person successfully completed the recommended or
27 advanced high school program established under Section 28.025;

1 (2) [~~(3)~~] have attended high school exclusively in one
2 or more public high schools in this state [~~only~~]; and

3 (3) [~~(4)~~] be a Texas resident as defined by
4 coordinating board [~~Texas Higher Education Coordinating Board~~]
5 rule.

6 (b) The [~~A person's~~] eligibility for the Early High School
7 Graduation Scholarship program of a person described by Subsection
8 (a)(1)(A) or (B) ends on the sixth anniversary of the date that the
9 person first becomes eligible to participate in the program, unless
10 the person is provided additional time to participate in the
11 program under Subsection (c).

12 (c) The coordinating board shall adopt rules to provide a
13 person described by Subsection (a)(1)(A) or (B) who is otherwise
14 eligible to participate in the Early High School Graduation
15 Scholarship program additional time to use a state credit for
16 tuition and mandatory fees under the program. The rules must
17 require a person seeking an extension under this subsection to show
18 hardship or other good cause that prevents the person from
19 enrolling in or continuing enrollment in an eligible institution
20 during the period provided by Subsection (b). For purposes of this
21 subsection, hardship or other good cause includes a severe illness
22 or other debilitating condition, [ex] responsibility for the care
23 of a sick, injured, or needy person, or active duty or other service
24 in the United States armed forces.

25 (d) A person who does not satisfy the curriculum
26 requirements for the recommended or advanced high school program as
27 required to establish eligibility under Subsection (a)(1)(A) or (B)

1 ~~[of Subsection (a)(2)]~~ is considered to have satisfied those
2 requirements if the high school from which the person graduated
3 indicates on the person's transcript that the person was unable to
4 complete the appropriate curriculum within the time prescribed by
5 that subsection solely because of a reason beyond the person's
6 control, such as ~~[necessary courses were unavailable to the person~~
7 ~~at the appropriate times in the person's high school career as a~~
8 ~~result of course scheduling,~~ lack of enrollment capacity~~[7]~~ or a
9 shortage of qualified teachers ~~[another cause not within the~~
10 ~~person's control]~~.

11 SECTION 23. The heading to Section 56.204, Education Code,
12 is amended to read as follows:

13 Sec. 56.204. ENTITLEMENT~~[, MATCHING CREDIT]~~.

14 SECTION 24. Subsection (a), Section 56.204, Education Code,
15 is amended to read as follows:

16 (a) An eligible person under the Early High School
17 Graduation Scholarship program is entitled to a state credit to
18 apply toward tuition or ~~[pay]~~ tuition and mandatory fees, as
19 applicable, at a public or private institution of higher education
20 in this state in the following amounts:

21 (1) \$2,000 to apply toward tuition and mandatory fees
22 if the person successfully completed the recommended or advanced
23 high school program established under Section 28.025 and graduated
24 from high school on or after September 1, 2005, in 36 consecutive
25 months or less and an additional \$1,000 to apply toward tuition and
26 mandatory fees if the person graduated with at least 15 hours of
27 college credit;

1 (2) \$500 to apply toward tuition and mandatory fees if
2 the person successfully completed the recommended or advanced high
3 school program established under Section 28.025 and graduated from
4 high school on or after September 1, 2005, in more than 36
5 consecutive months but not more than 41 consecutive months and an
6 additional \$1,000 to apply toward tuition and mandatory fees if the
7 person graduated with at least 30 hours of college credit; ~~or~~

8 (3) \$1,000 to apply toward tuition and mandatory fees
9 if the person successfully completed the recommended or advanced
10 high school program established under Section 28.025 and graduated
11 from high school on or after September 1, 2005, in more than 41
12 consecutive months but not more than 45 consecutive months with at
13 least 30 hours of college credit; or

14 (4) \$1,000 to apply only toward tuition if the person
15 graduated before September 1, 2005, after successfully completing
16 the requirements for a high school diploma in not more than 36
17 consecutive months.

18 SECTION 25. Section 56.205, Education Code, is amended to
19 read as follows:

20 Sec. 56.205. ISSUANCE OF CERTIFICATE. As soon as
21 practicable after the coordinating board confirms with the high
22 school from which a person graduated that the person is eligible for
23 an award through the Early High School Graduation Scholarship
24 program, the ~~The~~ coordinating board shall provide a certificate
25 for state credits for tuition or tuition and mandatory fees, as
26 applicable, to the ~~an~~ eligible person.

27 SECTION 26. Subsections (a), (c), and (d), Section 56.206,

1 Education Code, are amended to read as follows:

2 (a) On enrollment of an eligible person in an eligible
3 institution of higher education, the institution shall apply to the
4 person's charges for tuition or tuition and mandatory fees, as
5 applicable, for the enrollment period an amount equal to the lesser
6 of:

7 (1) the amount of the state credit available to the
8 person; or

9 (2) the person's actual tuition or tuition and
10 mandatory fees, as applicable.

11 (c) For each student using a state credit for tuition or
12 tuition and mandatory fees under this subchapter, the institution
13 of higher education shall report to the coordinating board the
14 following information:

15 (1) the student's name;

16 (2) the school district from which the student
17 graduated from high school; ~~and~~

18 (3) the amount of the state credit applied; and

19 (4) whether the state credit was applied toward
20 tuition or tuition and mandatory fees.

21 (d) Subject to Section 56.203(b), an eligible person may use
22 the state credit for enrollment in an eligible institution of
23 higher education during any semester or summer session, except the
24 ~~[person's]~~ initial use of the credit by a person who qualifies for
25 an award under Section 56.203(a)(1)(A) or (B) may not be for
26 enrollment during any term of a summer session immediately
27 following the person's graduation from high school.

1 SECTION 27. Subsection (b), Section 56.207, Education Code,
2 is amended to read as follows:

3 (b) On receipt of a report from the coordinating board under
4 Subsection (a), the commissioner of education shall transfer to the
5 coordinating board, from funds appropriated for the Foundation
6 School Program, an amount sufficient to pay each eligible
7 institution of higher education the amount of state credit for
8 tuition or tuition and mandatory fees, as applicable, that is
9 applied by the institution during the period covered by the report.

10 SECTION 28. Subsection (b), Section 56.2075, Education
11 Code, is amended to read as follows:

12 (b) The commissioner of education shall distribute money
13 from the foundation school fund in an amount sufficient to pay each
14 school district under Subsection (a).

15 SECTION 29. Subchapter K, Chapter 56, Education Code, is
16 amended by adding Section 56.210 to read as follows:

17 Sec. 56.210. NOTIFICATION BY HIGH SCHOOLS REGARDING PROGRAM
18 REQUIREMENTS. (a) When the student initially enrolls in the
19 school, each public high school in this state shall provide
20 information regarding the requirements of the Early High School
21 Graduation Scholarship program:

22 (1) to each freshman student enrolled when the school
23 year begins and to a parent, conservator, or guardian of the
24 student; and

25 (2) to each student who:
26 (A) enrolls in the school before the student's
27 senior year; and

1 (B) did not receive the information under
2 Subdivision (1).

3 (b) The information provided under Subsection (a) must
4 include:

5 (1) the number and type of high school course credits
6 necessary to satisfy the eligibility requirements for the Early
7 High School Graduation Scholarship program; and

8 (2) the appropriate order in which those high school
9 course credits must be earned to satisfy the eligibility
10 requirements, including course credits related to the curriculum
11 for the recommended or advanced high school program.

12 (c) The Texas Education Agency shall prepare a publication
13 that includes the information required to be provided under this
14 section and shall post that publication on the agency's website in a
15 form that enables a public high school to reproduce the information
16 for distribution to students, parents, and other persons as
17 required by this section.

18 SECTION 30. Section 56.301, Education Code, is amended to
19 read as follows:

20 Sec. 56.301. DEFINITIONS. In this subchapter:

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

23 (2) "Eligible institution" means[+
24 [~~(A)~~] an institution of higher education that
25 offers one or more undergraduate degree or certification programs[+
26 ~~or~~

27 [~~(B) a private or independent institution of~~

1 ~~higher education~~].

2 (3) "Public junior college" [~~"Private or independent~~
3 ~~institution of higher education," "public junior college,"~~] and
4 "public technical institute" have the meanings assigned by Section
5 61.003.

6 SECTION 31. Section 56.302, Education Code, is amended to
7 read as follows:

8 Sec. 56.302. PROGRAM NAME; PURPOSE. (a) Except as
9 provided under Section 56.310(c), the [~~The~~] student financial
10 assistance program authorized by this subchapter is known as the
11 Toward EXcellence, Access, & Success (TEXAS) grant program, and an
12 individual grant awarded under this subchapter is known as a TEXAS
13 grant.

14 (b) The purpose of this subchapter is to provide a grant of
15 money to enable eligible students to attend public [~~and private~~]
16 institutions of higher education in this state.

17 SECTION 32. Subchapter M, Chapter 56, Education Code, is
18 amended by adding Section 56.3021 to read as follows:

19 Sec. 56.3021. STUDENTS ENROLLED IN PRIVATE OR INDEPENDENT
20 INSTITUTIONS: LIMITED ELIGIBILITY FOR GRANT.

21 (a) Notwithstanding any other provision of this subchapter, a
22 student who was awarded a TEXAS grant under this subchapter to pay
23 the costs of enrollment in a private or independent institution of
24 higher education for the 2005 fall semester or an earlier academic
25 period may continue to receive grants under this subchapter while
26 enrolled in a private or independent institution of higher
27 education if the student is otherwise eligible to receive a grant

1 under this subchapter.

2 (b) For purposes of determining the eligibility of a student
3 to continue to receive a grant under this section, a reference in
4 this subchapter to an eligible institution includes a private or
5 independent institution of higher education.

6 (c) The amount of a TEXAS grant under this section for a
7 student enrolled full-time at a private or independent institution
8 of higher education is the amount determined by the coordinating
9 board as the average statewide amount of tuition and required fees
10 that a resident student enrolled full-time in a baccalaureate
11 degree program would be charged for that semester or term at general
12 academic teaching institutions.

13 (d) Notwithstanding Subsection (c) or other law, the total
14 amount of financial aid that a student enrolled in a private or
15 independent institution of higher education is eligible to receive
16 in a state fiscal year from TEXAS grants awarded under this section
17 may not exceed the maximum amount the student may receive in tuition
18 equalization grants in that fiscal year as determined under
19 Subchapter F, Chapter 61.

20 (e) Notwithstanding Subsection (c) or other law, a student
21 enrolled in a private or independent institution of higher
22 education may not receive a TEXAS grant under this section and a
23 tuition equalization grant under Subchapter F, Chapter 61, for the
24 same semester or other term, regardless of whether the student is
25 otherwise eligible for both grants during that semester or term. A
26 student who but for this subsection would be awarded both a TEXAS
27 grant and a tuition equalization grant for the same semester or

1 other term is entitled to receive only the grant of the greater
2 amount.

3 (f) This section expires September 1, 2015.

4 SECTION 33. Subsection (a), Section 56.304, Education Code,
5 is amended to read as follows:

6 (a) To be eligible initially for a TEXAS grant, a person
7 must:

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

10 (2) meet either of the following academic
11 requirements:

12 (A) be a graduate of a public or accredited
13 private high school in this state who graduated not earlier than the
14 1998-1999 school year and who completed the recommended or advanced
15 high school curriculum established under Section 28.002 or 28.025
16 or its equivalent; or

17 (B) have received an associate degree from a
18 public or private ~~[an eligible]~~ institution of higher education not
19 earlier than May 1, 2001;

20 (3) meet financial need requirements as defined by the
21 coordinating board;

22 (4) be enrolled in an undergraduate degree or
23 certificate program at an eligible institution;

24 (5) be enrolled as:

25 (A) an entering undergraduate student for at
26 least three-fourths of a full course load for an entering
27 undergraduate student, as determined by the coordinating board, not

1 later than the 16th month after the date of the person's graduation
2 from high school; or

3 (B) an entering student for at least
4 three-fourths of a full course load for an undergraduate student as
5 determined by the coordinating board, not later than the 12th month
6 after the month the person receives an associate degree from a
7 public or private ~~[an eligible]~~ institution of higher education;

8 (6) have applied for any available financial aid or
9 assistance; and

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

13 SECTION 34. Subsection (e), Section 56.305, Education Code,
14 is amended to read as follows:

15 (e) For the purpose of this section, a person makes
16 satisfactory academic progress toward an undergraduate 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) completes at least 75 percent of the semester
23 credit hours attempted in the student's most recent academic year;
24 and

25 (B) earns an overall grade point average of at
26 least 2.5 on a four-point scale or the equivalent on coursework
27 previously attempted at public or private institutions of higher

1 education.

2 SECTION 35. Section 56.307, Education Code, is amended by
3 amending Subsections (a), (c), (d), (i), and (j) and adding
4 Subsections (d-1), (i-1), and (l) to read as follows:

5 (a) The amount of a TEXAS grant for a semester or term for a
6 person enrolled full-time at an eligible institution other than an
7 institution covered by Subsection [~~(b)~~] (c)[~~]~~ or (d) is the
8 amount determined by the coordinating board as the average
9 statewide amount of tuition and required fees that a resident
10 student enrolled full-time in a baccalaureate degree program would
11 be charged for that semester or term at general academic teaching
12 institutions.

13 (c) The amount of a TEXAS grant for a semester or term for a
14 student enrolled full-time at a public technical institute is the
15 amount determined by the coordinating board as the average
16 statewide amount of tuition and required fees that a resident
17 student enrolled full-time in an associate degree or certificate
18 program would be charged for that semester or term at public
19 technical institutes.

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

27 (d-1) The coordinating board shall determine the average

1 statewide tuition and fee amounts for a semester or term of the next
2 academic year for purposes of this section by using the amounts of
3 tuition and required fees that will be charged by the applicable
4 eligible institutions for that semester or term in that academic
5 year. The board may estimate the amount of the charges for a
6 semester or term in the next academic year by an institution if the
7 relevant information is not yet available to the board.

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

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

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

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

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

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

27 (2) a deficiency in the amount of the grant as

1 established under Subsection (a), (c), (d), or (e), as applicable,
2 to cover the full amount of tuition and required fees charged to the
3 student by the institution.

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

8 SECTION 36. Subsection (a), Section 56.3075, Education
9 Code, is amended to read as follows:

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

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

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

26 (3) meets all the requirements to receive a grant
27 award under Section 56.307.

1 SECTION 37. Section 56.310, Education Code, is amended by
2 amending Subsection (a) and adding Subsection (c) to read as
3 follows:

4 (a) The coordinating board may solicit and accept gifts,
5 ~~[and]~~ grants, and donations from any public or private source for
6 the purposes of this subchapter.

7 (c) In performing its duties under Subsection (a), the
8 coordinating board may develop and implement an appropriate process
9 for the naming and sponsoring of the program created under this
10 subchapter, an individual grant awarded under this subchapter, or
11 any item received by the coordinating board under Subsection (a).

12 SECTION 38. The heading to Subchapter P, Chapter 56,
13 Education Code, is amended to read as follows:

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

16 SECTION 39. Subsection (a), Section 56.402, Education Code,
17 is amended to read as follows:

18 (a) The student financial assistance program authorized by
19 this subchapter is known as the Texas Educational Opportunity Grant
20 Program ~~[Toward Excellence, Access, & Success (TEXAS) grant II~~
21 ~~program, and an individual grant awarded under this subchapter is~~
22 ~~known as a TEXAS grant II]~~.

23 SECTION 40. Section 56.403, Education Code, is amended to
24 read as follows:

25 Sec. 56.403. ADMINISTRATION OF PROGRAM. (a) The
26 coordinating board shall administer the ~~[TEXAS]~~ grant ~~[II]~~ program
27 and shall adopt any rules necessary to implement the ~~[TEXAS]~~ grant

1 ~~[[~~] program or this subchapter. The coordinating board shall
2 consult with the student financial aid officers of eligible
3 institutions in developing the rules.

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

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

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

15 SECTION 41. Section 56.404, Education Code, is amended to
16 read as follows:

17 Sec. 56.404. INITIAL ELIGIBILITY FOR GRANT. (a) To be
18 eligible initially for a grant under the ~~[TEXAS]~~ grant ~~[[~~
19 program, a person must:

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

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

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

26 (4) be enrolled as an entering student for at least
27 one-half of a full course load for an entering student in the

1 associate degree or certificate program, as determined by the
2 coordinating board;

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

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

8 (b) A person is not eligible to receive a [~~TEXAS~~] grant
9 under this subchapter [~~II~~] if the person has been convicted of a
10 felony or an offense under Chapter 481, Health and Safety Code
11 (Texas Controlled Substances Act), or under the law of another
12 jurisdiction involving a controlled substance as defined by Chapter
13 481, Health and Safety Code, unless the person has met the other
14 applicable eligibility requirements under this subchapter and has:

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

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

23 (c) A person is not eligible to receive a [~~TEXAS~~] grant
24 under this subchapter [~~II~~] if the person has been granted an
25 associate or baccalaureate degree.

26 (d) A person may not receive a [~~TEXAS~~] grant under this
27 subchapter [~~II~~] for more than 75 semester credit hours or the

1 equivalent.

2 (e) A person may not receive a [~~TEXAS~~] grant under this
3 subchapter [~~II~~] if the person is eligible for a TEXAS grant.

4 (f) A person's eligibility for a [~~TEXAS~~] grant under this
5 subchapter [~~II~~] ends on the fourth anniversary of the initial award
6 of a [~~TEXAS~~] grant under this subchapter [~~II~~] to the person and the
7 person's enrollment in an eligible institution.

8 SECTION 42. Section 56.405, Education Code, is amended to
9 read as follows:

10 Sec. 56.405. CONTINUING ELIGIBILITY AND ACADEMIC
11 PERFORMANCE REQUIREMENTS. (a) After initially qualifying for a
12 [~~TEXAS~~] grant under this subchapter [~~II~~], a person may continue to
13 receive a [~~TEXAS~~] grant under this subchapter [~~II~~] during each
14 semester or term in which the person is enrolled at an eligible
15 institution only if the person:

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

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

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

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

25 (5) complies with any additional nonacademic
26 requirement adopted by the coordinating board.

27 (b) A person is not eligible to continue to receive a

1 [TEXAS] grant [II] under this section if the person has been
2 convicted of a felony or an offense under Chapter 481, Health and
3 Safety Code (Texas Controlled Substances Act), or under the law of
4 another jurisdiction involving a controlled substance as defined by
5 Chapter 481, Health and Safety Code, unless the person has met the
6 other applicable eligibility requirements under this subchapter
7 and has:

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

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

16 (c) If a person fails to meet any of the requirements of
17 Subsection (a) after the completion of any semester or term, the
18 person may not receive a [TEXAS] grant under this subchapter [II]
19 during the next semester or term in which the person enrolls. A
20 person may become eligible to receive a [TEXAS] grant under this
21 subchapter [II] in a subsequent semester or term if the person:

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

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

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

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

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

5 (A) [~~1~~] completes at least 75 percent of the
6 semester credit hours attempted in the student's most recent
7 academic year; and

8 (B) has earned [~~2~~—earns] an overall grade
9 point average of at least 2.5 on a four-point scale or the
10 equivalent on course work previously attempted at institutions of
11 higher education.

12 (e) A person who is eligible to receive a [~~TEXAS~~] grant
13 under this subchapter [~~II~~] continues to remain eligible to receive
14 the [~~TEXAS~~] grant [~~II~~] if the person enrolls in or transfers to
15 another eligible institution.

16 (f) The coordinating board shall adopt rules to allow a
17 person who is otherwise eligible to receive a grant under this
18 subchapter, in the event of a hardship or for other good cause
19 shown, including a showing of a severe illness or other
20 debilitating condition that may affect the person's academic
21 performance or that the person is responsible for the care of a
22 sick, injured, or needy person and that the person's provision of
23 care may affect the person's academic performance, to receive a
24 grant under this subchapter:

25 (1) while enrolled in a number of semester credit
26 hours that is less than the number of semester credit hours required
27 under Subsection (a)(3); or

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

4 SECTION 43. Section 56.406, Education Code, is amended to
5 read as follows:

6 Sec. 56.406. GRANT USE. A person receiving a [~~TEXAS~~] grant
7 under this subchapter [~~II~~] may use the money to pay any usual and
8 customary cost of attendance at an eligible institution incurred by
9 the student. The institution may disburse all or part of the
10 proceeds of a [~~TEXAS~~] grant under this subchapter [~~II~~] to an
11 eligible person only if the tuition and required fees incurred by
12 the person at the institution have been paid.

13 SECTION 44. Subsections (a), (b), (c), (f), and (g),
14 Section 56.407, Education Code, are amended to read as follows:

15 (a) The amount of a [~~TEXAS~~] grant under this subchapter [~~II~~]
16 for a student enrolled full-time at an eligible institution is the
17 amount determined by the coordinating board as the average
18 statewide amount of tuition and required fees that a resident
19 student enrolled full-time in an associate degree or certificate
20 program would be charged for that semester or term at eligible
21 institutions.

22 (b) The coordinating board may adopt rules that allow the
23 coordinating board to increase or decrease, in proportion to the
24 number of semester credit hours in which a student is enrolled, the
25 amount of a [~~TEXAS~~] grant [~~II~~] award under this section to a student
26 who is enrolled in a number of semester credit hours in excess of or
27 below the number of semester credit hours described in Section

1 56.404(a)(4) or 56.405(a)(3).

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

7 (f) An eligible institution may not:

8 (1) charge a person attending the institution who also
9 receives a [~~TEXAS~~] grant under this subchapter [~~II~~] an amount of
10 tuition and required fees in excess of the amount of the [~~TEXAS~~]
11 grant under this subchapter [~~II~~] received by the person; or

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

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

21 SECTION 45. Subsection (b), Section 56.463, Education Code,
22 is amended to read as follows:

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

27 SECTION 46. Subsection (b), Section 56.465, Education Code,

1 is amended to read as follows:

2 (b) The amount of tuition set aside under Subsection (a)
3 shall be deposited to the credit of the Texas B-On-time student loan
4 account established under Section 56.463 or to the interest and
5 sinking fund established by the coordinating board under Section
6 52.91(b) in accordance with the resolution of the board
7 establishing such fund.

8 SECTION 47. Section 61.066, Education Code, is amended by
9 adding Subsection (c) to read as follows:

10 (c) The board shall conduct a biennial study to determine
11 the total cost of attending each institution of higher education
12 and the resources used by students to cover that cost, including the
13 amounts of money received by students at each institution from the
14 major sources of public and private financial aid, including
15 grants, loans, scholarships, gifts, and work-study programs. In
16 conducting the study, the board shall solicit information and
17 comments from the financial aid office at each institution of
18 higher education. Not later than November 1 of each even-numbered
19 year, the board shall report the findings of the study to each
20 legislative standing committee and subcommittee with primary
21 jurisdiction over higher education.

22 SECTION 48. Section 61.0776, Education Code, is amended by
23 adding Subsection (f) to read as follows:

24 (f) The board, in cooperation with the entities specified by
25 Subsection (a) and the advisory committee established by Subsection
26 (b), shall develop a comprehensive financial aid training program
27 for public school counselors, employees of student financial aid

1 offices of public and private or independent institutions of higher
2 education, members of appropriate community-based organizations,
3 and other appropriate persons. The board may adopt rules as
4 necessary to administer the training program. The board shall
5 design the training program to:

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

8 (A) to inform persons receiving the training
9 concerning:

10 (i) the opportunities available to students
11 for obtaining financial aid, including eligibility requirements;
12 and

13 (ii) the procedures for obtaining financial
14 aid; and

15 (B) to provide sufficient and accessible detail
16 to enable the persons receiving the training to provide timely and
17 consistent answers to the questions of students and their parents,
18 conservators, or guardians concerning the opportunities and
19 procedures;

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

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

26 (4) publicize the training and make the training
27 easily available to public school counselors and other appropriate

1 persons throughout this state.

2 SECTION 49. Subchapter C, Chapter 61, Education Code, is
3 amended by adding Section 61.088 to read as follows:

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

8 (1) provide information related to enrollment in
9 public or private or independent institutions of higher education,
10 including admissions and financial aid information, to prospective
11 students in three areas of this state identified by the board as
12 having a significant number of students who graduate from high
13 school and do not attend an institution of higher education; and

14 (2) assist those prospective students in completing
15 applications related to enrollment in those institutions,
16 including admissions and financial aid applications.

17 (b) To the extent that funds are available for the purpose,
18 the board shall expand the program to include additional areas
19 identified by the board as meeting the criteria specified by
20 Subsection (a).

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

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

27 (e) Not later than August 31 of each year, the board shall

1 submit to the legislature a report on the scope and effectiveness of
2 the program.

3 (f) The board shall adopt rules as necessary to implement
4 this section.

5 SECTION 50. Subchapter F, Chapter 61, Education Code, is
6 amended by adding Section 61.2251 to read as follows:

7 Sec. 61.2251. REESTABLISHING ELIGIBILITY FOR GRANT. If a
8 person who receives an initial tuition equalization grant after the
9 2004-2005 academic year fails to meet any of the applicable
10 requirements of this subchapter after the completion of any
11 semester or term, the person may not receive a tuition equalization
12 grant during the next semester or term in which the person enrolls.
13 The person may become eligible to receive a tuition equalization
14 grant in a subsequent semester or term if the person:

15 (1) completes a semester or term during which the
16 student is not eligible for a tuition equalization grant; and

17 (2) meets all the applicable requirements of this
18 subchapter.

19 SECTION 51. Section 61.227, Education Code, is amended by
20 adding Subsection (e) to read as follows:

21 (e) Notwithstanding any restrictions provided by Subsection
22 (c) on the amount of a grant, a tuition equalization grant for an
23 academic period for an undergraduate student who establishes
24 exceptional financial need in accordance with the procedures and
25 rules of the coordinating board may be certified by the
26 coordinating board in an amount not to exceed 150 percent of the
27 amount of the grant that the student would otherwise have been

1 awarded for that period under the other provisions of this section.

2 SECTION 52. Section 431.090, Government Code, is amended by
3 amending Subsection (g) and adding Subsections (h) and (i) to read
4 as follows:

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

21 (h) From money appropriated for purposes of this section,
22 the adjutant general shall authorize the comptroller to reimburse
23 an institution of higher education in an amount equal to the amount
24 of the tuition exemption the institution grants to a person under
25 Section 54.2155, Education Code.

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

1 grant to a person attending a private or independent institution of
2 higher education to whom the adjutant general has awarded tuition
3 assistance for the semester under this section. The amount of a
4 grant under this subsection is an amount equal to the average amount
5 of reimbursement the adjutant general estimates will be paid per
6 student for the same semester under Subsection (h).

7 SECTION 53. Subsection (b), Section 504.615,
8 Transportation Code, is amended to read as follows:

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

13 (1) scholarships to students who demonstrate a need
14 for financial assistance under Texas Higher Education Coordinating
15 Board rule; or

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

20 SECTION 54. Subchapter G, Chapter 504, Transportation Code,
21 is amended by adding Section 504.657 to read as follows:

22 Sec. 504.657. HIGHER EDUCATION COORDINATING BOARD LICENSE
23 PLATES. (a) The department shall issue specialty license plates
24 for the Texas Higher Education Coordinating Board. The department
25 shall design the license plates in consultation with the
26 coordinating board.

27 (b) After deduction of the department's administrative

1 costs, the remainder of the fee shall be deposited to the credit of
2 the "College For Texans" campaign account in the general revenue
3 fund for use only by the Texas Higher Education Coordinating Board
4 for purposes of the campaign.

5 SECTION 55. Subsections (b) and (h), Section 56.307,
6 Education Code, are repealed.

7 SECTION 56. Section 51.009, Education Code, as amended by
8 this Act, applies to fees collected on or after the effective date
9 of this Act. A fee collected before that date is governed by the law
10 in effect when the fee is collected, and that law is continued in
11 effect for that purpose.

12 SECTION 57. The initial term of a student regent appointed
13 for a state university system under Section 51.355, Education Code,
14 as added by this Act, or for a state university under Section
15 51.356, Education Code, as added by this Act, expires February 1,
16 2007. The appropriate student governments, the chancellor of each
17 state university system, the president of each state university
18 that is not a part of a university system, and the governor shall
19 take the actions required by Sections 51.355 and 51.356, Education
20 Code, as added by this Act, as soon as practicable after this Act
21 takes effect to select a student regent for each state university or
22 state university system for that initial term.

23 SECTION 58. (a) The Texas Higher Education Coordinating
24 Board shall study and make recommendations regarding:

25 (1) the feasibility of implementing an automatic
26 admissions program for undergraduate students who:

27 (A) earn an associate degree or certificate at a

1 junior college or similar institution; and

2 (B) apply to transfer to a general academic
3 teaching institution, as defined by Section 61.003, Education Code;
4 and

5 (2) appropriate academic requirements for eligibility
6 for automatic admission under such a program, such as the
7 completion of courses in the core curriculum, as defined by Section
8 61.821, Education Code, or achievement of a minimum grade point
9 average.

10 (b) Not later than October 1, 2006, the Texas Higher
11 Education Coordinating Board shall deliver to each legislative
12 standing committee or subcommittee with jurisdiction over higher
13 education a report containing the results of the study and the
14 related recommendations of the board.

15 SECTION 59. The Texas Higher Education Coordinating Board
16 shall, as necessary, adopt rules consistent with Sections 52.91,
17 56.463, and 56.465, Education Code, as amended by this Act, as soon
18 as practicable after this Act takes effect. For that purpose, the
19 coordinating board may adopt the rules in the manner provided by law
20 for emergency rules.

21 SECTION 60. (a) The Texas Higher Education Coordinating
22 Board shall conduct a study of the tuition exemptions and waivers
23 authorized under Chapter 54, Education Code. The study must
24 include an evaluation of the extent to which the tuition exemptions
25 and waivers:

26 (1) are a cost-effective and efficient method of
27 providing financial assistance to students when compared to other

1 types of available financial aid;

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

4 (3) are capable of being efficiently or properly
5 administered by public institutions of higher education or other
6 applicable entities;

7 (4) effectively target students having substantial
8 financial need or effectively accomplish the other purposes of
9 those exemptions or waivers; and

10 (5) distribute tuition assistance fairly among
11 similarly situated students.

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

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

20 SECTION 61. Subsection (f), Section 54.007, and Section
21 54.0071, Education Code, as added by this Act, apply beginning with
22 the 2006 spring semester.

23 SECTION 62. (a) The change in law made by this Act to
24 Section 54.214, Education Code, applies to eligibility for an
25 exemption from payment of tuition and fees for an academic period
26 beginning with the 2005 fall semester and applies regardless of
27 whether a person would have been exempt from payment of tuition and

1 fees under Subsection (c), Section 54.214, Education Code, as that
2 subsection existed before the amendment made by this Act.
3 Eligibility for an exemption from payment of tuition and fees for an
4 academic period before the 2005 fall semester is covered by the
5 applicable law in effect before the effective date of this Act, and
6 the former law is continued in effect for that purpose.

7 (b) The Texas Higher Education Coordinating Board shall, as
8 necessary, adopt rules consistent with Subsection (c), Section
9 54.214, Education Code, as amended by this Act, as soon as
10 practicable after this Act takes effect. For that purpose, the
11 coordinating board may adopt the rules in the manner provided by law
12 for emergency rules. This subsection expires May 1, 2006.

13 SECTION 63. The changes in law made by this Act to Section
14 54.2155, Education Code, and Section 431.090, Government Code,
15 apply beginning with tuition assistance awards for the 2006-2007
16 academic year. Tuition assistance awards for an academic year
17 before the 2006-2007 academic year are covered by the law in effect
18 immediately preceding the effective date of this Act, and the
19 former law is continued in effect for that purpose.

20 SECTION 64. Sections 56.051 and 56.052, Education Code, as
21 amended by this Act, apply beginning with the 2006 spring semester.
22 The law governing emergency student loans in effect immediately
23 before the effective date of this Act applies to those loans for a
24 semester or term before the 2006 spring semester, and the former law
25 is continued in effect for that purpose.

26 SECTION 65. The changes in law made by this Act to Section
27 56.076, Education Code, apply only to an agreement entered into by

1 an institution of higher education and an employer under that
2 section on or after the effective date of this Act.

3 SECTION 66. As soon as practicable after this Act takes
4 effect, the Texas Higher Education Coordinating Board shall revise
5 rules adopted under Subsection (a), Section 56.209, Education Code,
6 as necessary to conform to changes made by this Act to Subchapter K,
7 Chapter 56, Education Code. For that purpose, the coordinating
8 board may adopt the revisions to those rules in the manner provided
9 by law for emergency rules. This section expires September 1, 2006.

10 SECTION 67. The Texas Higher Education Coordinating Board
11 shall:

12 (1) study alternative methods of funding the Toward
13 EXcellence, Access, & Success (TEXAS) grant program created under
14 Subchapter M, Chapter 56, Education Code; and

15 (2) not later than September 1, 2006, report to the
16 Legislative Oversight Committee on the TEXAS grant program and
17 Teach for Texas grant program concerning the results of the study.

18 SECTION 68. 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 69. 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 70. 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 71. 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 72. The change in law made by this Act by adding
8 Section 61.2251, Education Code, applies beginning with tuition
9 equalization grants for the 2005-2006 academic year, but only for
10 tuition equalization grants awarded on or after the effective date
11 of this Act. A tuition equalization grant awarded before the
12 effective date of this Act is governed by the law in effect
13 immediately before the effective date, and the former law is
14 continued in effect for that purpose.

15 SECTION 73. This Act takes effect September 1, 2005.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1227 passed the Senate on May 2, 2005, by the following vote: Yeas 31, Nays 0; May 27, 2005, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 27, 2005, House granted request of the Senate; May 29, 2005, Senate adopted Conference Committee Report by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1227 passed the House, with amendments, on May 25, 2005, by the following vote: Yeas 147, Nays 0, two present not voting; May 27, 2005, House granted request of the Senate for appointment of Conference Committee; May 29, 2005, House adopted Conference Committee Report by the following vote: Yeas 105, Nays 41, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor