

1-1 By: Shapiro, West S.B. No. 1227
1-2 (In the Senate - Filed March 9, 2005; March 21, 2005, read
1-3 first time and referred to Subcommittee on Higher Education;
1-4 April 19, 2005, reported adversely, with favorable Committee
1-5 Substitute to Committee on Education; April 25, 2005, reported
1-6 adversely, with favorable Committee Substitute from Committee on
1-7 Education by the following vote: Yeas 7, Nays 0; April 25, 2005,
1-8 sent to printer.)

1-9 COMMITTEE SUBSTITUTE FOR S.B. No. 1227 By: Shapiro

1-10 A BILL TO BE ENTITLED
1-11 AN ACT

1-12 relating to enrollment in public and private postsecondary
1-13 educational institutions, to payment of the costs of attending
1-14 those educational institutions, and to financial aid and other
1-15 measures to assist students to pay those costs.

1-16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-17 SECTION 1. Subsection (e), Section 52.17, Education Code,
1-18 is amended to read as follows:

1-19 (e) Amounts paid to the board by the federal Lender's
1-20 Special Allowance program may:

1-21 (1) be deposited in:

1-22 (A) the Texas college interest and sinking fund;

1-23 or

1-24 (B) ~~[]~~ a board interest and sinking fund; ~~[]~~ or

1-25 (2) be used by the board for the administration of
1-26 student loan and grant programs [and the Teacher Loan Program and
1-27 Future Teacher Loan Program authorized under House Bill 72, 68th
1-28 Legislature, 2nd Called Session, 1984, or other programs]
1-29 administered by the board, including the making of grants under
1-30 Subchapter M, Chapter 56 [as specified by the legislature in the
1-31 General Appropriations Act].

1-32 SECTION 2. Section 52.31, Education Code, is amended to
1-33 read as follows:

1-34 Sec. 52.31. PARTICIPATING INSTITUTIONS. In this
1-35 subchapter, "participating [A participating] higher educational
1-36 institution" means a public or private nonprofit [is any]
1-37 institution of higher education, [public or private nonprofit,
1-38 including a junior college, [which is recognized or] accredited by
1-39 a recognized accrediting agency as defined by Section 61.003, or a
1-40 regional education service center or other entity that offers an
1-41 alternative educator certification program approved by the State
1-42 Board for Educator Certification, that:

1-43 (1) is located in this state; and

1-44 (2) [the Texas Education Agency or the Coordinating
1-45 Board, Texas College and University System, or its successors, and
1-46 which] complies with the provisions of this chapter and the rules
1-47 [and regulations] of the board promulgated in accordance with this
1-48 chapter.

1-49 SECTION 3. Section 52.32, Education Code, is amended by
1-50 amending Subsections (a) and (b) and adding Subsection (a-1) to
1-51 read as follows:

1-52 (a) The board may authorize loans from the Texas Opportunity
1-53 Plan Fund to a qualified [students if the] applicant who:

1-54 (1) is a resident of this state [Texas] as defined by
1-55 the board in accordance with Subchapter B, Chapter 54 [of this
1-56 code];

1-57 (2) has been accepted for enrollment at a
1-58 participating higher educational institution, provided that if the
1-59 institution is a public or private [any] postsecondary educational
1-60 institution, the institution must be [within the State of Texas,
1-61 public or private, which has been] approved by an agency of the
1-62 United States government for the purpose of guaranteeing the maker
1-63 of such loans against loss due to the death, disability, or default

of the borrower [~~— If the postsecondary institution that the student has been accepted to attend was not a participating institution as defined in Section 52.31 of this code on May 1, 1985, the applicant must provide evidence that he is unable to obtain a guaranteed student loan from a commercial lender except as provided by Subsection (b) of this section~~];

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

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

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

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

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

SECTION 4. Section 54.007, Education Code, is amended by adding Subsection (f) to read as follows:

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

SECTION 5. Subchapter A, Chapter 54, Education Code, is amended by adding Section 54.0071 to read as follows:

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

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

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

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

(c) If after the due date for a student's tuition and fees is postponed under this section the student becomes ineligible to receive one or more of the delayed financial aid awards, or the amount awarded is less than the amount of tuition and fees due, the

governing board shall provide the student a reasonable period, not to exceed 30 days, to pay the unpaid amount of tuition and fees. The board may deny a student credit for work done in the semester or summer session if the student fails to pay the tuition and fees by the end of that period.

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

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

SECTION 6. Subsection (c), Section 54.214, Education Code, is amended to read as follows:

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

- (1) be a resident of this state;
- (2) be a school employee serving in any capacity;
- (3) for the initial term or semester for which the person receives an exemption under this section, have ~~[who]~~ worked as an educational aide for at least one school year during the five years preceding that ~~[the]~~ term or semester ~~[for which the person receives the exemption];~~
- (4) ~~[(3)]~~ establish financial need as determined by coordinating board rule;
- (5) ~~[(4)]~~ be enrolled in courses required for teacher certification at the institution of higher education granting the exemption;
- (6) ~~[(5)]~~ maintain an acceptable grade point average as determined by coordinating board rule; and
- (7) ~~[(6)]~~ comply with any other requirements adopted by the coordinating board under this section.

SECTION 7. Section 54.2155, Education Code, is amended to read as follows:

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

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

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

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

4-1 SECTION 8. Subsection (b), Section 54.5021, Education Code,
4-2 is amended to read as follows:

4-3 (b) The student deposit fund of an institution of higher
4-4 education shall be used, at the discretion of the institution's
4-5 governing board, for making scholarship awards to needy and
4-6 deserving students of the institution and making grants under
4-7 Subchapter C, Chapter 56, to resident students of the institution.
4-8 The governing board shall administer the scholarship awards for the
4-9 institution, including the selection of recipients and the amounts
4-10 and conditions of the awards. The recipients of the scholarships
4-11 must be residents of the state as defined for tuition purposes.

4-12 SECTION 9. Section 56.033, Education Code, is amended by
4-13 adding Subsection (e) to read as follows:

4-14 (e) To supplement money set aside under Subsection (a), the
4-15 governing board of an institution of higher education may use money
4-16 received by the institution from the fee for issuance of collegiate
4-17 license plates under Section 504.615, Transportation Code, for
4-18 awarding Texas Public Educational Grants. The board may use the
4-19 money to award grants to both resident and nonresident students,
4-20 except that the board shall give priority to grants for resident
4-21 students. Notwithstanding Subsection (b), the board may not use
4-22 the money for emergency loans under Subchapter D.

4-23 SECTION 10. Section 56.051, Education Code, is amended to
4-24 read as follows:

4-25 Sec. 56.051. EMERGENCY LOANS. Each institution of higher
4-26 education may establish an emergency loan program under which
4-27 students are loaned money to pay tuition, ~~and~~ fees, and the costs
4-28 of textbooks.

4-29 SECTION 11. Section 56.052, Education Code, is amended to
4-30 read as follows:

4-31 Sec. 56.052. ELIGIBILITY. (a) The governing board of each
4-32 institution shall adopt rules establishing eligibility criteria.
4-33 The rules must allow eligible students to obtain loans on the basis
4-34 of the order of receipt of applications, except as provided by
4-35 Subsection (b).

4-36 (b) The governing board may adopt rules that allow the
4-37 institution to select loan recipients from the eligible applicants
4-38 according to financial need, regardless of when their applications
4-39 are received, if money available for the program is insufficient to
4-40 provide loans to each eligible applicant.

4-41 SECTION 12. Section 56.076, Education Code, is amended to
4-42 read as follows:

4-43 Sec. 56.076. ELIGIBLE EMPLOYER. An eligible institution
4-44 may enter into agreements with employers that participate in the
4-45 work-study program. To be eligible to participate in the
4-46 work-study program, an employer must:

4-47 (1) provide part-time employment to an eligible
4-48 student in nonpartisan and nonsectarian activities;

4-49 (2) provide, insofar as is practicable, employment to
4-50 an eligible student that is related to the student's academic
4-51 interests;

4-52 (3) use Texas college work-study program positions
4-53 only to supplement and not to supplant positions normally filled by
4-54 persons not eligible to participate in the work-study program;

4-55 (4) provide from sources other than federal college
4-56 work-study program funds a percentage [not less than 30 percent] of
4-57 an employed student's wages that is equal to the percentage of a
4-58 student's wages that the employer would be required to provide to
4-59 the student in that academic year under the [and 100 percent of
4-60 other employee benefits for the employed student from sources other
4-61 than] federal college work-study program [funds, if the employer is
4-62 a nonprofit entity]; and

4-63 (5) provide from sources other than federal college
4-64 work-study funds [not less than 50 percent of an employed student's
4-65 wages and] 100 percent of other employee benefits for the employed
4-66 student[, if the employer is a profit-making entity].

4-67 SECTION 13. Section 56.203, Education Code, as amended by
4-68 Chapter 1317, Acts of the 78th Legislature, Regular Session, 2003,
4-69 is amended by adding Subsection (a-1) to read as follows:

5-1 (a-1) The requirement provided by Subsection (a)(2) that a
5-2 person must have successfully completed the recommended or advanced
5-3 high school program established under Section 28.025 to be eligible
5-4 for the Early High School Graduation Scholarship program does not
5-5 apply to a person who entered grade nine before the 2003-2004 school
5-6 year. This subsection expires January 1, 2007.

5-7 SECTION 14. Subsection (e), Section 56.304, Education Code,
5-8 is amended to read as follows:

5-9 (e) Unless the person is provided additional time during
5-10 which the person may receive a TEXAS grant under this subsection, a
5-11 [A] person's eligibility for a TEXAS grant ends on the fifth [sixth]
5-12 anniversary of the initial award of a TEXAS grant to the person and
5-13 the person's enrollment in an eligible institution, if the person
5-14 is enrolled in a degree or certificate program of four years or
5-15 less, or on the sixth anniversary of the initial award of a TEXAS
5-16 grant to the person and the person's enrollment in an eligible
5-17 institution, if the person is enrolled in a degree program of more
5-18 than four years[, unless the person is provided additional time
5-19 during which the person may receive a TEXAS grant under this
5-20 subsection]. The coordinating board shall adopt rules to provide a
5-21 person who is otherwise eligible to receive a TEXAS grant
5-22 additional time during which the person may receive a TEXAS grant in
5-23 the event of a hardship or other good cause shown that prevents the
5-24 person from continuing the person's enrollment during the period
5-25 the person would otherwise have been eligible to receive a TEXAS
5-26 grant under this subsection, including a showing of a severe
5-27 illness or other debilitating condition or that the person is or was
5-28 responsible for the care of a sick, injured, or needy person.

5-29 SECTION 15. Subsections (e) and (g), Section 56.305,
5-30 Education Code, are amended to read as follows:

5-31 (e) For the purpose of this section, a person makes
5-32 satisfactory academic progress toward an undergraduate degree or
5-33 certificate only if:

5-34 (1) in the person's first academic year the person
5-35 meets the satisfactory academic progress requirements of the
5-36 institution at which the person is enrolled; and

5-37 (2) in a subsequent academic year, the person:
5-38 (A) completed [completes] at least 24 [75 percent
5-39 of the] semester credit hours [attempted] in the student's most
5-40 recent academic year; and

5-41 (B) has earned [earns] an overall grade point
5-42 average of at least 2.5 on a four-point scale or the equivalent on
5-43 coursework previously attempted at institutions of higher
5-44 education.

5-45 (g) The coordinating board shall adopt rules to allow a
5-46 person who is otherwise eligible to receive a TEXAS grant, in the
5-47 event of a hardship or for other good cause shown, including a
5-48 showing of a severe illness or other debilitating condition that
5-49 may affect the person's academic performance or that the person is
5-50 responsible for the care of a sick, injured, or needy person and
5-51 that the person's provision of care may affect the person's academic
5-52 performance, to receive a TEXAS grant:

5-53 (1) while enrolled in a number of semester credit
5-54 hours that is less than the number of semester credit hours required
5-55 under Subsection (a)(3); or

5-56 (2) if the student's grade point average or the number
5-57 of semester credit hours completed by the student [completion rate]
5-58 falls below the satisfactory academic progress requirements of
5-59 Subsection (e).

5-60 SECTION 16. Section 56.307, Education Code, is amended by
5-61 amending Subsections (b), (c), (d), (i), and (j) and adding
5-62 Subsections (d-1), (i-1), and (l) to read as follows:

5-63 (b) The amount of a TEXAS grant for a semester or term for a
5-64 student enrolled full-time at a private or independent institution
5-65 of higher education is the amount determined by the coordinating
5-66 board as the average statewide amount of tuition and required fees
5-67 that a resident student enrolled full-time in a baccalaureate
5-68 degree program would be charged for that semester or term at general
5-69 academic teaching institutions.

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

6-8 (d) The amount of a TEXAS grant for a semester or term for a
 6-9 student enrolled full-time at a public junior college is the amount
 6-10 determined by the coordinating board as the average statewide
 6-11 amount of tuition and required fees that a student who is a resident
 6-12 of the junior college district and is enrolled full-time in an
 6-13 associate degree or certificate program would be charged for that
 6-14 semester or term at public junior colleges.

6-15 (d-1) The coordinating board shall determine the average
 6-16 statewide tuition and fee amounts for a semester or term of the next
 6-17 academic year for purposes of this section by using the amounts of
 6-18 tuition and required fees that will be charged by the applicable
 6-19 eligible institutions for that semester or term in that academic
 6-20 year. The board may estimate the amount of the charges for a
 6-21 semester or term in the next academic year by an institution if the
 6-22 relevant information is not yet available to the board.

6-23 (i) A public institution of higher education may not:

6-24 (1) unless the institution complies with Subsection
 6-25 (j), charge a person attending the institution who also receives a
 6-26 TEXAS grant an amount of tuition and required fees in excess of the
 6-27 amount of the TEXAS grant received by the person; or

6-28 (2) deny admission to or enrollment in the institution
 6-29 based on a person's eligibility to receive a TEXAS grant or a
 6-30 person's receipt of a TEXAS grant.

6-31 (i-1) A public institution of higher education may elect to
 6-32 award a TEXAS grant to any student in an amount that is less than the
 6-33 applicable amount established under Subsection (a), (c), (d), or
 6-34 (e).

6-35 (j) A public [~~An~~] institution of higher education shall
 6-36 [~~may~~] use other available sources of financial aid, other than a
 6-37 loan, to cover any difference in the amount of a TEXAS grant awarded
 6-38 to the student and the actual amount of tuition and required fees at
 6-39 the institution if the difference results from:

6-40 (1) a reduction in the amount of a TEXAS grant under
 6-41 Subsection (i-1); or

6-42 (2) a deficiency in the amount of the grant as
 6-43 established under Subsection (a), (c), (d), or (e), as applicable,
 6-44 to cover the full amount of tuition and required fees charged to the
 6-45 student by the institution.

6-46 (l) The coordinating board shall provide information
 6-47 regarding the Texas B-On-time loan program established under
 6-48 Subchapter Q to each eligible applicant who receives less than the
 6-49 full amount of a TEXAS grant.

6-50 SECTION 17. Subsection (a), Section 56.3075, Education
 6-51 Code, is amended to read as follows:

6-52 (a) If the money available for TEXAS grants in a period for
 6-53 which grants are awarded is sufficient to provide grants to all
 6-54 eligible applicants in amounts specified by Section 56.307, the
 6-55 [The] coordinating board may use any excess money available for
 6-56 TEXAS grants to award a grant in an amount not more than three times
 6-57 the amount that may be awarded under Section 56.307 to a student
 6-58 who:

6-59 (1) is enrolled in a program that fulfills the
 6-60 educational requirements for licensure or certification by the
 6-61 state in a health care profession that the coordinating board, in
 6-62 consultation with the Texas Workforce Commission and the statewide
 6-63 health coordinating council, has identified as having a critical
 6-64 shortage in the number of license holders needed in this state;

6-65 (2) has completed at least one-half of the work toward
 6-66 a degree or certificate that fulfills the educational requirement
 6-67 for licensure or certification; and

6-68 (3) meets all the requirements to receive a grant
 6-69 award under Section 56.307.

7-1 SECTION 18. The heading to Subchapter P, Chapter 56,
7-2 Education Code, is amended to read as follows:

7-3 SUBCHAPTER P. TEXAS EDUCATIONAL OPPORTUNITY [~~TOWARD~~
7-4 ~~EXCELLENCE, ACCESS, & SUCCESS (TEXAS)~~] GRANT [~~II~~] PROGRAM

7-5 SECTION 19. Subsection (a), Section 56.402, Education Code,
7-6 is amended to read as follows:

7-7 (a) The student financial assistance program authorized by
7-8 this subchapter is known as the Texas Educational Opportunity Grant
7-9 Program [~~Toward Excellence, Access, & Success (TEXAS) grant II~~
7-10 ~~program, and an individual grant awarded under this subchapter is~~
7-11 ~~known as a TEXAS grant II~~].

7-12 SECTION 20. Section 56.403, Education Code, is amended to
7-13 read as follows:

7-14 Sec. 56.403. ADMINISTRATION OF PROGRAM. (a) The
7-15 coordinating board shall administer the [~~TEXAS~~] grant [~~II~~] program
7-16 and shall adopt any rules necessary to implement the [~~TEXAS~~] grant
7-17 [~~II~~] program or this subchapter. The coordinating board shall
7-18 consult with the student financial aid officers of eligible
7-19 institutions in developing the rules.

7-20 (b) The coordinating board shall adopt rules to provide a
7-21 [~~TEXAS~~] grant under this subchapter [~~II~~] to an eligible student
7-22 enrolled in an eligible institution in a manner consistent with the
7-23 administration of federal student financial aid programs.

7-24 (c) The total amount of grants awarded under the [~~TEXAS~~]
7-25 grant [~~II~~] program may not exceed the amount available for the
7-26 program from appropriations, gifts, grants, or other funds.

7-27 (d) In determining who should receive a [~~TEXAS~~] grant under
7-28 this subchapter [~~II~~], the coordinating board and the eligible
7-29 institutions shall give highest priority to awarding [~~TEXAS~~] grants
7-30 [~~II~~] to students who demonstrate the greatest financial need.

7-31 SECTION 21. Section 56.404, Education Code, is amended to
7-32 read as follows:

7-33 Sec. 56.404. INITIAL ELIGIBILITY FOR GRANT. (a) To be
7-34 eligible initially for a grant under the [~~TEXAS~~] grant [~~II~~]
7-35 program, a person must:

7-36 (1) be a resident of this state as determined by
7-37 coordinating board rules;

7-38 (2) meet financial need requirements as defined by the
7-39 coordinating board;

7-40 (3) be enrolled in an associate degree or certificate
7-41 program at an eligible institution;

7-42 (4) be enrolled as an entering student for at least
7-43 one-half of a full course load for an entering student in the
7-44 associate degree or certificate program, as determined by the
7-45 coordinating board;

7-46 (5) have applied for any available financial aid or
7-47 assistance; and

7-48 (6) comply with any additional nonacademic
7-49 requirement adopted by the coordinating board under this
7-50 subchapter.

7-51 (b) A person is not eligible to receive a [~~TEXAS~~] grant
7-52 under this subchapter [~~II~~] if the person has been convicted of a
7-53 felony or an offense under Chapter 481, Health and Safety Code
7-54 (Texas Controlled Substances Act), or under the law of another
7-55 jurisdiction involving a controlled substance as defined by Chapter
7-56 481, Health and Safety Code, unless the person has met the other
7-57 applicable eligibility requirements under this subchapter and has:

7-58 (1) received a certificate of discharge by the Texas
7-59 Department of Criminal Justice or a correctional facility or
7-60 completed a period of probation ordered by a court and at least two
7-61 years have elapsed from the date of the receipt or completion; or

7-62 (2) been pardoned, had the record of the offense
7-63 expunged from the person's record, or otherwise been released from
7-64 the resulting ineligibility to receive a grant under this
7-65 subchapter.

7-66 (c) A person is not eligible to receive a [~~TEXAS~~] grant
7-67 under this subchapter [~~II~~] if the person has been granted an
7-68 associate or baccalaureate degree.

7-69 (d) A person may not receive a [~~TEXAS~~] grant under this

8-1 subchapter [II] for more than 75 semester credit hours or the
 8-2 equivalent.

8-3 (e) A person may not receive a ~~[TEXAS]~~ grant under this
 8-4 subchapter [II] if the person is eligible for a TEXAS grant.

8-5 (f) A person's eligibility for a ~~[TEXAS]~~ grant under this
 8-6 subchapter [II] ends on the fourth anniversary of the initial award
 8-7 of a ~~[TEXAS]~~ grant under this subchapter [II] to the person and the
 8-8 person's enrollment in an eligible institution.

8-9 SECTION 22. Section 56.405, Education Code, is amended to
 8-10 read as follows:

8-11 Sec. 56.405. CONTINUING ELIGIBILITY AND ACADEMIC
 8-12 PERFORMANCE REQUIREMENTS. (a) After initially qualifying for a
 8-13 ~~[TEXAS]~~ grant under this subchapter [II], a person may continue to
 8-14 receive a ~~[TEXAS]~~ grant under this subchapter [II] during each
 8-15 semester or term in which the person is enrolled at an eligible
 8-16 institution only if the person:

8-17 (1) meets financial need requirements as defined by
 8-18 the coordinating board;

8-19 (2) is enrolled in an associate degree or certificate
 8-20 program at an eligible institution;

8-21 (3) is enrolled for at least one-half of a full course
 8-22 load for a student in an associate degree or certificate program, as
 8-23 determined by the coordinating board;

8-24 (4) makes satisfactory academic progress toward an
 8-25 associate degree or certificate; and

8-26 (5) complies with any additional nonacademic
 8-27 requirement adopted by the coordinating board.

8-28 (b) A person is not eligible to continue to receive a
 8-29 ~~[TEXAS]~~ grant [II] under this section if the person has been
 8-30 convicted of a felony or an offense under Chapter 481, Health and
 8-31 Safety Code (Texas Controlled Substances Act), or under the law of
 8-32 another jurisdiction involving a controlled substance as defined by
 8-33 Chapter 481, Health and Safety Code, unless the person has met the
 8-34 other applicable eligibility requirements under this subchapter
 8-35 and has:

8-36 (1) received a certificate of discharge by the Texas
 8-37 Department of Criminal Justice or a correctional facility or
 8-38 completed a period of probation ordered by a court and at least two
 8-39 years have elapsed from the date of the receipt or completion; or

8-40 (2) been pardoned, had the record of the offense
 8-41 expunged from the person's record, or otherwise been released from
 8-42 the resulting ineligibility to receive a grant under this
 8-43 subchapter.

8-44 (c) If a person fails to meet any of the requirements of
 8-45 Subsection (a) after the completion of any semester or term, the
 8-46 person may not receive a ~~[TEXAS]~~ grant under this subchapter [II]
 8-47 during the next semester or term in which the person enrolls. A
 8-48 person may become eligible to receive a ~~[TEXAS]~~ grant under this
 8-49 subchapter [II] in a subsequent semester or term if the person:

8-50 (1) completes a semester or term during which the
 8-51 student is not eligible for a scholarship; and

8-52 (2) meets all the requirements of Subsection (a).

8-53 (d) For the purpose of this section, a person makes
 8-54 satisfactory academic progress toward an associate degree or
 8-55 certificate only if:

8-56 (1) in the person's first academic year the person
 8-57 meets the satisfactory academic progress requirements of the
 8-58 institution at which the person is enrolled; and

8-59 (2) in a subsequent academic year, the person:

8-60 (A) ~~[(1)]~~ completes at least 75 percent of the
 8-61 semester credit hours attempted in the student's most recent
 8-62 academic year; and

8-63 (B) has earned ~~[(2) earns]~~ an overall grade point
 8-64 average of at least 2.5 on a four-point scale or the equivalent on
 8-65 course work previously attempted at institutions of higher
 8-66 education.

8-67 (e) A person who is eligible to receive a ~~[TEXAS]~~ grant
 8-68 under this subchapter [II] continues to remain eligible to receive
 8-69 the ~~[TEXAS]~~ grant [II] if the person enrolls in or transfers to

9-1 another eligible institution.

9-2 (f) The coordinating board shall adopt rules to allow a
 9-3 person who is otherwise eligible to receive a grant under this
 9-4 subchapter, in the event of a hardship or for other good cause
 9-5 shown, including a showing of a severe illness or other
 9-6 debilitating condition that may affect the person's academic
 9-7 performance or that the person is responsible for the care of a
 9-8 sick, injured, or needy person and that the person's provision of
 9-9 care may affect the person's academic performance, to receive a
 9-10 grant under this subchapter:

9-11 (1) while enrolled in a number of semester credit
 9-12 hours that is less than the number of semester credit hours required
 9-13 under Subsection (a)(3); or

9-14 (2) if the student's grade point average or completion
 9-15 rate falls below the satisfactory academic progress requirements of
 9-16 Subsection (d).

9-17 SECTION 23. Section 56.406, Education Code, is amended to
 9-18 read as follows:

9-19 Sec. 56.406. GRANT USE. A person receiving a [~~TEXAS~~] grant
 9-20 under this subchapter [~~II~~] may use the money to pay any usual and
 9-21 customary cost of attendance at an eligible institution incurred by
 9-22 the student. The institution may disburse all or part of the
 9-23 proceeds of a [~~TEXAS~~] grant under this subchapter [~~II~~] to an
 9-24 eligible person only if the tuition and required fees incurred by
 9-25 the person at the institution have been paid.

9-26 SECTION 24. Subsections (a), (b), (c), (f), and (g),
 9-27 Section 56.407, Education Code, are amended to read as follows:

9-28 (a) The amount of a [~~TEXAS~~] grant under this subchapter [~~II~~]
 9-29 for a student enrolled full-time at an eligible institution is the
 9-30 amount determined by the coordinating board as the average
 9-31 statewide amount of tuition and required fees that a resident
 9-32 student enrolled full-time in an associate degree or certificate
 9-33 program would be charged for that semester or term at eligible
 9-34 institutions.

9-35 (b) The coordinating board may adopt rules that allow the
 9-36 coordinating board to increase or decrease, in proportion to the
 9-37 number of semester credit hours in which a student is enrolled, the
 9-38 amount of a [~~TEXAS~~] grant [~~II~~] award under this section to a student
 9-39 who is enrolled in a number of semester credit hours in excess of or
 9-40 below the number of semester credit hours described in Section
 9-41 56.404(a)(4) or 56.405(a)(3).

9-42 (c) The amount of a [~~TEXAS~~] grant under this subchapter [~~II~~]
 9-43 may not be reduced by any gift aid for which the person receiving
 9-44 the grant is eligible, unless the total amount of a person's grant
 9-45 plus any gift aid received exceeds the total cost of attendance at
 9-46 an eligible institution.

9-47 (f) An eligible institution may not:

9-48 (1) charge a person attending the institution who also
 9-49 receives a [~~TEXAS~~] grant under this subchapter [~~II~~] an amount of
 9-50 tuition and required fees in excess of the amount of the [~~TEXAS~~]
 9-51 grant under this subchapter [~~II~~] received by the person; or

9-52 (2) deny admission to or enrollment in the institution
 9-53 based on a person's eligibility to receive a [~~TEXAS~~] grant under
 9-54 this subchapter [~~II~~] or a person's receipt of a [~~TEXAS~~] grant under
 9-55 this subchapter [~~II~~].

9-56 (g) An institution may use other available sources of
 9-57 financial aid, other than a loan or a Pell grant, to cover any
 9-58 difference in the amount of a [~~TEXAS~~] grant under this subchapter
 9-59 [~~II~~] and the actual amount of tuition and required fees at the
 9-60 institution.

9-61 SECTION 25. Section 61.066, Education Code, is amended by
 9-62 adding Subsection (c) to read as follows:

9-63 (c) The board shall conduct a biennial study to determine
 9-64 the total cost of attending each institution of higher education
 9-65 and the resources used by students to cover that cost, including the
 9-66 amounts of money received by students at each institution from the
 9-67 major sources of public and private financial aid, including
 9-68 grants, loans, scholarships, gifts, and work-study programs. In
 9-69 conducting the study, the board shall solicit information and

10-1 comments from the financial aid office at each institution of
 10-2 higher education. Not later than November 1 of each even-numbered
 10-3 year, the board shall report the findings of the study to each
 10-4 legislative standing committee and subcommittee with primary
 10-5 jurisdiction over higher education.

10-6 SECTION 26. Section 61.0776, Education Code, is amended by
 10-7 adding Subsection (f) to read as follows:

10-8 (f) The board, in cooperation with the entities specified by
 10-9 Subsection (a) and the advisory committee established by Subsection
 10-10 (b), shall develop a comprehensive financial aid training program
 10-11 for public school counselors, employees of student financial aid
 10-12 offices of public and private or independent institutions of higher
 10-13 education, members of appropriate community-based organizations,
 10-14 and other appropriate persons. The board may adopt rules as
 10-15 necessary to administer the training program. The board shall
 10-16 design the training program to:

10-17 (1) use the information required by Subsection (e) and
 10-18 any other information necessary to carry out this subdivision:

10-19 (A) to inform persons receiving the training
 10-20 concerning:

10-21 (i) the opportunities available to students
 10-22 for obtaining financial aid, including eligibility requirements;
 10-23 and

10-24 (ii) the procedures for obtaining financial
 10-25 aid; and

10-26 (B) to provide sufficient and accessible detail
 10-27 to enable the persons receiving the training to provide timely and
 10-28 consistent answers to the questions of students and their parents,
 10-29 conservators, or guardians concerning the opportunities and
 10-30 procedures;

10-31 (2) teach methods to enable the persons receiving the
 10-32 training to effectively communicate financial aid information to
 10-33 students and their parents, conservators, or guardians;

10-34 (3) support and promote the dissemination of financial
 10-35 aid information to students and their parents, conservators, or
 10-36 guardians throughout local areas; and

10-37 (4) publicize the training and make the training
 10-38 easily available to public school counselors and other appropriate
 10-39 persons throughout this state.

10-40 SECTION 27. Subchapter C, Chapter 61, Education Code, is
 10-41 amended by adding Section 61.088 to read as follows:

10-42 Sec. 61.088. HIGHER EDUCATION ENROLLMENT ASSISTANCE
 10-43 PROGRAM. (a) To the extent that funds are available for the
 10-44 purpose, the board shall administer the Higher Education Enrollment
 10-45 Assistance Program. Under the program, the board shall:

10-46 (1) provide information related to enrollment in
 10-47 public or private or independent institutions of higher education,
 10-48 including admissions and financial aid information, to prospective
 10-49 students in three areas of this state identified by the board as
 10-50 having a significant number of students who graduate from high
 10-51 school and do not attend an institution of higher education; and

10-52 (2) assist those prospective students in completing
 10-53 applications related to enrollment in those institutions,
 10-54 including admissions and financial aid applications.

10-55 (b) To the extent that funds are available for the purpose,
 10-56 the board shall expand the program to include additional areas
 10-57 identified by the board as meeting the criteria specified by
 10-58 Subsection (a).

10-59 (c) The board shall provide the information and assistance
 10-60 required by this section at least twice each year at one or more
 10-61 appropriate locations in each area served by the program.

10-62 (d) The board may coordinate with an institution of higher
 10-63 education or other entity to provide the information and assistance
 10-64 required by this section in each area served by the program.

10-65 (e) Not later than August 31 of each year, the board shall
 10-66 submit to the legislature a report on the scope and effectiveness of
 10-67 the program.

10-68 (f) The board shall adopt rules as necessary to implement
 10-69 this section.

11-1 SECTION 28. Section 61.225, Education Code, is amended to
11-2 read as follows:

11-3 Sec. 61.225. ELIGIBILITY [QUALIFICATIONS] FOR GRANT.

11-4 (a) To be eligible for a tuition equalization grant in the first
11-5 academic year in which the person receives the grant, a person must:

11-6 (1) be a Texas resident as defined by the coordinating
11-7 board and meet, at a minimum, the resident requirements defined by
11-8 law for Texas resident tuition in fully state-supported
11-9 institutions of higher education;

11-10 (2) be enrolled for at least one-half of a full course
11-11 load conforming to an individual degree plan in an approved college
11-12 or university;

11-13 (3) be required to pay more tuition than is required at
11-14 a public college or university and be charged no less than the
11-15 regular tuition required of all students enrolled at the
11-16 institution;

11-17 (4) establish financial need in accordance with
11-18 procedures and regulations of the coordinating board;

11-19 (5) not be a recipient of any form of athletic
11-20 scholarship; and

11-21 (6) have complied with other requirements adopted by
11-22 the coordinating board under this subchapter.

11-23 (b) After qualifying for a tuition equalization grant under
11-24 Subsection (a), a person may receive a tuition equalization grant
11-25 in a subsequent academic year in which the person is enrolled at an
11-26 approved institution only if the person:

11-27 (1) meets the requirements of Subsection (a); and

11-28 (2) completed at least 24 semester credit hours in the
11-29 person's most recent academic year.

11-30 (c) Unless the student is provided additional time during
11-31 which the student may receive a tuition equalization grant under
11-32 Subsection (d), an undergraduate student's eligibility for a
11-33 tuition equalization grant ends:

11-34 (1) on the fifth anniversary of the initial award of a
11-35 tuition equalization grant to the student, if the student is
11-36 enrolled in an undergraduate degree or certificate program of four
11-37 years or less; or

11-38 (2) on the sixth anniversary of the initial award of a
11-39 tuition equalization grant to the student, if the student is
11-40 enrolled in an undergraduate degree program of more than four
11-41 years.

11-42 (d) The coordinating board shall adopt rules to provide an
11-43 undergraduate student who is otherwise eligible to receive a
11-44 tuition equalization grant additional time during which the student
11-45 may receive a tuition equalization grant in the event of a hardship
11-46 or other good cause shown that prevents the student from continuing
11-47 the student's enrollment during the period the student would
11-48 otherwise have been eligible under Subsection (c) to receive a
11-49 tuition equalization grant, including a showing of a severe illness
11-50 or other debilitating condition or that the student is or was
11-51 responsible for the care of a sick, injured, or needy person.

11-52 SECTION 29. Section 431.090, Government Code, is amended by
11-53 amending Subsection (g) and adding Subsections (h) and (i) to read
11-54 as follows:

11-55 (g) Before each semester at a time determined by the
11-56 adjutant general [Texas Higher Education Coordinating Board], the
11-57 adjutant general shall certify to the appropriate public and
11-58 private institutions of higher education [the coordinating board] a
11-59 list of the persons to whom the adjutant general has awarded tuition
11-60 assistance under this section for that semester. The amount of
11-61 tuition assistance awarded by the adjutant general under this
11-62 section may not exceed the amount of [After receipt of the list, the
11-63 coordinating board shall determine whether sufficient] money [is]
11-64 available to fund the tuition assistance awards [under Section
11-65 54.2155, Education Code. If the coordinating board determines that
11-66 sufficient money is not available, the board shall notify the
11-67 adjutant general, who shall reduce the number of awards according
11-68 to the amount of money available and certify to the coordinating
11-69 board a revised list of the persons to whom the adjutant general has

12-1 ~~awarded tuition assistance].~~

12-2 (h) From money appropriated for purposes of this section,
 12-3 the adjutant general shall authorize the comptroller to reimburse
 12-4 an institution of higher education in an amount equal to the amount
 12-5 of the tuition exemption the institution grants to a person under
 12-6 Section 54.2155, Education Code.

12-7 (i) From money appropriated for purposes of this section,
 12-8 the adjutant general shall authorize the comptroller to make a
 12-9 grant to a person attending a private or independent institution of
 12-10 higher education to whom the adjutant general has awarded tuition
 12-11 assistance for the semester under this section. The amount of a
 12-12 grant under this subsection is an amount equal to the average amount
 12-13 of reimbursement the adjutant general estimates will be paid per
 12-14 student for the same semester under Subsection (h).

12-15 SECTION 30. Subsection (b), Section 504.615,
 12-16 Transportation Code, is amended to read as follows:

12-17 (b) After deduction of the department's administrative
 12-18 costs, the remainder of the fee for issuance of the license plates
 12-19 shall be deposited to the credit of the general revenue fund. The
 12-20 money may be used only for:

12-21 (1) scholarships to students who demonstrate a need
 12-22 for financial assistance under Texas Higher Education Coordinating
 12-23 Board rule; or

12-24 (2) Texas Public Educational Grants awarded under
 12-25 Subchapter C, Chapter 56, Education Code, if the fee is for the
 12-26 issuance of a license plate for a college described by Subsection
 12-27 (e)(1).

12-28 SECTION 31. Section 56.203, Education Code, as amended by
 12-29 Chapter 365, Acts of the 78th Legislature, Regular Session, 2003,
 12-30 is repealed.

12-31 SECTION 32. (a) The Texas Higher Education Coordinating
 12-32 Board shall conduct a study of the tuition exemptions and waivers
 12-33 authorized under Chapter 54, Education Code. The study must
 12-34 include an evaluation of the extent to which the tuition exemptions
 12-35 and waivers:

12-36 (1) are a cost-effective and efficient method of
 12-37 providing financial assistance to students when compared to other
 12-38 types of available financial aid;

12-39 (2) are consistent with one another in regard to
 12-40 eligibility requirements and application procedures;

12-41 (3) are capable of being efficiently or properly
 12-42 administered by public institutions of higher education or other
 12-43 applicable entities;

12-44 (4) effectively target students having substantial
 12-45 financial need or effectively accomplish the other purposes of
 12-46 those exemptions or waivers; and

12-47 (5) distribute tuition assistance fairly among
 12-48 similarly situated students.

12-49 (b) Not later than October 1, 2006, the Texas Higher
 12-50 Education Coordinating Board shall report the results of the study,
 12-51 including the board's recommendations for administrative or
 12-52 statutory changes to address the board's findings, to the governing
 12-53 board of each public institution of higher education and to the
 12-54 presiding officer of each legislative standing committee and
 12-55 subcommittee with primary jurisdiction over higher education.

12-56 (c) This section expires January 1, 2007.

12-57 SECTION 33. Subsection (f), Section 54.007 and Section
 12-58 54.0071, Education Code, as added by this Act, apply beginning with
 12-59 the 2006 spring semester.

12-60 SECTION 34. (a) The change in law made by this Act to
 12-61 Section 54.214, Education Code, applies to eligibility for an
 12-62 exemption from payment of tuition and fees for an academic period
 12-63 beginning with the 2005 fall semester and applies regardless of
 12-64 whether a person would have been exempt from payment of tuition and
 12-65 fees under Subsection (c), Section 54.214, Education Code, as that
 12-66 subsection existed before the amendment made by this Act.
 12-67 Eligibility for an exemption from payment of tuition and fees for an
 12-68 academic period before the 2005 fall semester is covered by the
 12-69 applicable law in effect before the effective date of this Act, and

13-1 the former law is continued in effect for that purpose.

13-2 (b) The Texas Higher Education Coordinating Board shall, as
13-3 necessary, adopt rules consistent with Subsection (c), Section
13-4 54.214, Education Code, as amended by this Act, as soon as
13-5 practicable after this Act takes effect. For that purpose, the
13-6 coordinating board may adopt the rules in the manner provided by law
13-7 for emergency rules. This subsection expires May 1, 2006.

13-8 SECTION 35. The changes in law made by this Act to Section
13-9 54.2155, Education Code, and Section 431.090, Government Code,
13-10 apply beginning with tuition assistance awards for the 2006-2007
13-11 academic year. Tuition assistance awards for an academic year
13-12 before the 2006-2007 academic year are covered by the law in effect
13-13 immediately preceding the effective date of this Act, and the
13-14 former law is continued in effect for that purpose.

13-15 SECTION 36. Sections 56.051 and 56.052, Education Code, as
13-16 amended by this Act, apply beginning with the 2006 spring semester.
13-17 The law governing emergency student loans in effect immediately
13-18 before the effective date of this Act applies to those loans for a
13-19 semester or term before the 2006 spring semester, and the former law
13-20 is continued in effect for that purpose.

13-21 SECTION 37. The changes in law made by this Act to Section
13-22 56.076, Education Code, apply only to an agreement entered into by
13-23 an institution of higher education and an employer under that
13-24 section on or after the effective date of this Act.

13-25 SECTION 38. The change in law made by this Act to Sections
13-26 56.304, 56.305, 56.307, and 56.3075, Education Code, applies
13-27 beginning with the 2005-2006 academic year, but does not affect the
13-28 amount of or entitlement to any grant awarded before the effective
13-29 date of this Act.

13-30 SECTION 39. The change in law made by this Act relating to
13-31 the eligibility of a person to receive a Texas Educational
13-32 Opportunity Grant applies to each Texas Educational Opportunity
13-33 Grant awarded on or after the effective date of this Act.

13-34 SECTION 40. The Texas Higher Education Coordinating Board
13-35 shall make the initial report required by Subsection (c), Section
13-36 61.066, Education Code, as added by this Act, not later than
13-37 November 1, 2006.

13-38 SECTION 41. The Texas Higher Education Coordinating Board
13-39 shall implement the comprehensive financial aid training program
13-40 under Subsection (f), Section 61.0776, Education Code, as added by
13-41 this Act, not later than January 1, 2006.

13-42 SECTION 42. The changes in law made by this Act to Section
13-43 61.225, Education Code, apply beginning with tuition equalization
13-44 grants for the 2005-2006 academic year, but only for tuition
13-45 equalization grants awarded on or after the effective date of this
13-46 Act. A tuition equalization grant awarded before the effective
13-47 date of this Act is governed by the law in effect immediately before
13-48 the effective date, and the former law is continued in effect for
13-49 that purpose.

13-50 SECTION 43. This Act takes effect September 1, 2005.

13-51 * * * * *