

BILL ANALYSIS

C.S.H.B. 2755
By: Branch
Higher Education
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties contend that due to the institution's regional accreditation, students at Western Governors University Texas (WGU) are not eligible for certain financial aid opportunities that are available to students at Texas colleges and universities accredited by the Southern Association of Colleges and Schools. C.S.H.B. 2755 seeks to provide eligible students at WGU Texas or similar online nonprofit universities with certain student financial assistance grants on a trial basis.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTIONS 1 and 2 of this bill.

ANALYSIS

C.S.H.B. 2755 amends the Education Code to add temporary provisions, set to expire January 1, 2016, to require the Texas Higher Education Coordinating Board by rule to provide student financial assistance grants during the 2013-2014 and 2014-2015 academic years for students enrolled at WGU Texas, or a similar nonprofit, tax-exempt, regionally accredited college or university operating in accordance with a memorandum of understanding with the state under an executive order issued by the governor and offering competency-based, exclusively online or other distance education and for students enrolled in a degree program approved by the coordinating board for purposes of the bill's provisions. The bill requires the coordinating board by rule, in consultation with certain financial aid representatives, to conduct a study regarding, and prepare proposed draft legislation for, the creation of a similar state-funded student financial assistance program and, not later than October 1, 2014, to submit to each standing committee of the legislature with primary jurisdiction of higher education a report of the results of the study together with the proposed draft legislation.

C.S.H.B. 2755 requires the coordinating board rules to prescribe eligibility requirements for an award of a grant, including certain specified requirements, and caps the amount of a grant awarded to a student for an academic year at the lesser of the following: the maximum amount of a tuition equalization grant paid in behalf of any student during any one fiscal year or the amount of the difference between the tuition charged to the student by the college or university in which the student is enrolled for that academic year and the average tuition charged to a similarly situated student by a general academic teaching institution for that academic year, as determined by the coordinating board.

C.S.H.B. 2755 requires the coordinating board to adopt any rules necessary under the bill's provisions and begin awarding grants under the bill's provisions as soon as practicable after the bill takes effect and authorizes the coordinating board to adopt the initial rules in the manner provided by law for emergency rules.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2755 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subchapter A, Chapter 56, Education Code, is amended by adding Section 56.009 to read as follows:

Sec. 56.009. FINANCIAL ASSISTANCE FOR STUDENTS ENROLLED AT WESTERN GOVERNORS UNIVERSITY TEXAS OR SIMILAR ONLINE UNIVERSITIES.

(a) The Texas Higher Education Coordinating Board by rule shall provide for the participation in the state-funded student financial assistance programs that the coordinating board is authorized under this title to administer, including a program under this chapter or under Chapter 52 or 61, by students enrolled:

(1) at Western Governors University Texas, or a similar nonprofit university operating in accordance with a memorandum of understanding with this state pursuant to an executive order issued by the governor and offering exclusively online or other distance education; and

(2) in a degree program approved by the coordinating board for purposes of this section and accredited by an appropriate accrediting organization recognized by the coordinating board.

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter A, Chapter 56, Education Code, is amended by adding Section 56.009 to read as follows:

Sec. 56.009. FINANCIAL ASSISTANCE FOR STUDENTS ENROLLED AT WGU TEXAS OR SIMILAR ONLINE COLLEGES OR UNIVERSITIES. (a) In this section, "general academic teaching institution" and "private or independent institution of higher education" have the meanings assigned by Section 61.003.

(b) The Texas Higher Education Coordinating Board by rule shall:

(1) provide student financial assistance grants during the 2013-2014 and 2014-2015 academic years for students enrolled:

(A) at WGU Texas, or a similar nonprofit, tax-exempt, regionally accredited college or university operating in accordance with a memorandum of understanding with this state pursuant to an executive order issued by the governor and offering competency-based, exclusively online or other distance education; and

(B) in a degree program approved by the coordinating board for purposes of this section; and

(2) in consultation with representatives of the coordinating board's financial aid advisory committee, representatives of financial aid offices of institutions of higher education and private or independent institutions of higher education offering online or other distance education courses and programs similar to those offered by nonprofit colleges or universities described by Subdivision (1)(A), and representatives of financial aid offices of nonprofit colleges

(b) In the rules adopted under this section, the coordinating board may modify course load, course completion, or other eligibility requirements as appropriate for students enrolled in online or other distance education programs, and may prorate amounts of aid awarded considering course loads and costs of enrollment for those students.

or universities described by Subdivision (1)(A):

(A) conduct a study regarding, and prepare proposed draft legislation for, the creation of a state-funded student financial assistance program:

(i) that is available only to students of nonprofit, tax-exempt, regionally accredited universities or colleges domiciled in this state that offer competency-based, exclusively online or other distance education; and

(ii) under which the highest priority is given to awarding grants to those eligible students who demonstrate the greatest financial need; and

(B) not later than October 1, 2014, submit to each standing committee of the legislature with primary jurisdiction of higher education a report of the results of the study conducted under Paragraph (A), together with the proposed draft legislation prepared under that paragraph.

(c) The rules adopted under Subsection (b)(1) must prescribe eligibility requirements for an award of a grant under that subdivision, including:

(1) a requirement that a student:

(A) be a resident of this state; and

(B) demonstrate financial need; and

(2) any additional eligibility requirements, such as academic achievement, satisfactory academic progress, course load, or course completion requirements, that the coordinating board considers reasonable and appropriate for students enrolled in online or other distance education programs.

(d) The amount of a grant awarded to a student under Subsection (b)(1) for an academic year may not exceed the lesser of:

(1) the amount prescribed under Section 61.227(c) as the maximum annual amount of a tuition equalization grant paid to a student; or

(2) the amount of the difference between:

(A) the tuition charged to the student by the college or university in which the student is enrolled for that academic year; and

(B) the average tuition charged to a similarly situated student by a general academic teaching institution for that academic year, as determined by the coordinating board.

(e) This section expires January 1, 2016.

SECTION 2. (a) The Texas Higher Education Coordinating Board shall adopt any rules necessary under Section 56.009, Education Code, as added by this Act, as soon as practicable after this Act takes effect. For that purpose, the coordinating board may adopt the initial rules in the manner provided by law for emergency rules.

(b) The coordinating board shall begin awarding **student financial aid** in accordance with Section 56.009, Education Code, as added by this Act, as soon as practicable after this Act takes effect.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

SECTION 2. (a) The Texas Higher Education Coordinating Board shall adopt any rules necessary under Section 56.009, Education Code, as added by this Act, as soon as practicable after this Act takes effect. For that purpose, the coordinating board may adopt the initial rules in the manner provided by law for emergency rules.

(b) The coordinating board shall begin awarding **grants** in accordance with Section 56.009(b)(1), Education Code, as added by this Act, as soon as practicable after this Act takes effect.

SECTION 3. Same as introduced version.