

## **BILL ANALYSIS**

C.S.H.B. 3027  
By: Zerwas  
Higher Education  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

According to interested parties, competency-based education is a successful educational approach that measures learning rather than time in a classroom and under which students advance by demonstrating mastery of the courses required by their degree plan. The parties note that this approach is especially helpful for adult learners who may have developed competencies through work experience and prior college courses allowing these students to move quickly through already mastered material and to material yet to be mastered. Students enrolled in these programs, the parties continue, are not currently able to participate in state financial aid programs. C.S.H.B. 3027 seeks to provide for such a program.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

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

### **ANALYSIS**

C.S.H.B. 3027 amends the Education Code to establish the Texas Competency-Based Education Grant Program to provide financial assistance to enable eligible students to enroll in competency-based baccalaureate degree programs at eligible institutions. The bill requires the Texas Higher Education Coordinating Board to administer the program, to adopt rules for determining the allocation of funds under the program among eligible institutions using the Negotiated Rulemaking Act's negotiated rulemaking procedures, to adopt any other rules necessary to implement the program or the bill's provisions, and to consult with the student financial aid officers of eligible institutions in developing the rules. The bill defines "competency-based baccalaureate degree program" as a baccalaureate degree program under which academic credit is awarded based solely on a student's attainment of competencies. The bill defines "eligible institution" as a general academic teaching institution, a private or independent institution of higher education, a public junior college authorized to offer baccalaureate degree programs, or a 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 baccalaureate degree programs.

C.S.H.B. 3027 prohibits the total amount of grants awarded under the program from exceeding the amount available for the program from appropriations, gifts, grants, or other funds. The bill requires the coordinating board and the eligible institutions, in determining who should receive a grant, to give highest priority to students who demonstrate the greatest unmet financial need.

C.S.H.B. 3027 sets out the initial and continuing eligibility requirements for the program, including limitations on the duration of a person's eligibility following an initial grant and academic performance requirements for continued eligibility, and requires the coordinating board to adopt rules to allow a person who is otherwise program eligible but whose completion rate falls below the satisfactory academic progress requirements because of a hardship or for other good cause shown to receive a grant.

C.S.H.B. 3027 authorizes a person receiving a grant under the program to use the money to pay any usual and customary cost of attendance at an eligible institution incurred by the student. The bill authorizes the institution to disburse all or part of the proceeds of a grant under the program to an eligible person only if the tuition and required fees incurred by the person at the institution have been paid. The bill sets the maximum annual grant amount for a full-time undergraduate student equivalent enrolled at an eligible institution at an amount equal to 75 percent of the average state appropriation for the state fiscal biennium preceding the biennium in which the grant is awarded for a full-time undergraduate student equivalent enrolled at a general academic teaching institution, as determined by the coordinating board. The bill authorizes the coordinating board to adopt rules that allow the coordinating board to increase or decrease, in proportion to the number of semester credit hours or competency units or credits in which a student is enrolled, the amount of a grant award to a student who is enrolled in a number of semester credit hours or competency units or credits in excess of or below 12 semester credit hours or an equivalent number of competency units or credits. The bill prohibits an eligible institution from denying admission to or enrollment in the institution based on a person's eligibility for or receipt of a grant under the program.

C.S.H.B. 3027 requires the coordinating board to adopt rules to administer the bill's provisions as soon as practicable after the bill's effective date and, for that purpose, authorizes the coordinating board to adopt the initial rules in the manner provided by law for emergency rules. The bill requires the coordinating board to begin allocating funds to eligible institutions for the first academic year for which money is appropriated for that purpose but prohibits the coordinating board from allocating funds for an academic year before the 2016–2017 academic year.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3027 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

#### INTRODUCED

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

SUBCHAPTER U. TEXAS  
COMPETENCY-BASED EDUCATION  
GRANT PROGRAM

Sec. 56.601. DEFINITIONS. In this subchapter:

#### HOUSE COMMITTEE SUBSTITUTE

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

SUBCHAPTER U. TEXAS  
COMPETENCY-BASED EDUCATION  
GRANT PROGRAM

Sec. 56.601. DEFINITIONS. In this subchapter:

(1) "Competency-based baccalaureate degree program" means a baccalaureate degree program under which academic

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

(2) "Eligible institution" means

a nonprofit, tax-exempt, regionally accredited college or university located in this state that

offers competency-based online or other distance education.

(3) "Expected family contribution" means the amount of discretionary income that should be available to a student from the resources of the student and of the student's family, as determined by the coordinating board following the methodology prescribed by the United States Department of Education for the purpose of determining a student's eligibility for need-based student financial assistance.

(4) "General academic teaching institution" has the meaning assigned by Section 61.003.

(5) "Program" means the Texas Competency-Based Education Grant Program established under this subchapter.

Sec. 56.602. PURPOSE. The purpose of the Texas Competency-Based Education Grant Program is to provide financial assistance to enable eligible students to enroll in competency-based online or other distance education baccalaureate degree programs at eligible institutions.

Sec. 56.603. ADMINISTRATION OF PROGRAM; PRIORITY FOR FINANCIAL NEED. (a) The coordinating board shall administer the program and

credit is awarded based solely on a student's attainment of competencies. The term may include a program that is organized around traditional course-based units, including for online or other distance education, that a student must earn for degree completion.

(2) "Coordinating board" means the Texas Higher Education Coordinating Board.

(3) "Eligible institution" means:

(A) a general academic teaching institution;  
(B) a private or independent institution of higher education;

(C) a public junior college authorized to offer baccalaureate degree programs under Section 130.0012; or

(D) a nonprofit, tax-exempt, regionally accredited college or university operating in accordance with a memorandum of understanding with this state under an executive order issued by the governor and offering competency-based, exclusively online baccalaureate degree programs.

(4) "Expected family contribution" means the amount of discretionary income that should be available to a student from the resources of the student and of the student's family, as determined by the coordinating board following the methodology prescribed by the United States Department of Education for the purpose of determining a student's eligibility for need-based student financial assistance.

(5) "General academic teaching institution," "private or independent institution of higher education," and "public junior college" have the meanings assigned by Section 61.003.

(6) "Program" means the Texas Competency-Based Education Grant Program established under this subchapter.

Sec. 56.602. PURPOSE. The purpose of the Texas Competency-Based Education Grant Program is to provide financial assistance to enable eligible students to enroll in competency-based baccalaureate degree programs at eligible institutions.

Sec. 56.603. ADMINISTRATION OF PROGRAM; PRIORITY FOR FINANCIAL NEED. (a) The coordinating board shall:

(1) administer the program;

(2) using the negotiated rulemaking procedures under Chapter 2008, Government Code, adopt rules for

adopt any rules necessary to implement the program or this subchapter. The coordinating board shall consult with the student financial aid officers of eligible institutions in developing the rules.

(b) The total amount of grants awarded under the program may not exceed the amount available for the program from appropriations, gifts, grants, or other funds.

(c) In determining who should receive a grant under the program, the coordinating board and the eligible institutions shall give highest priority to awarding grants to students who demonstrate the greatest financial need.

Sec. 56.604. INITIAL ELIGIBILITY FOR GRANT. (a) To be eligible initially for a grant under the program, a person must:

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

(2) meet financial need requirements as defined by coordinating board rules, including a requirement that the person's expected family contribution for the academic year does not exceed the maximum expected family contribution established for this purpose by the coordinating board;

(3) be enrolled in a competency-based online or other distance education baccalaureate degree program at an eligible institution;

(4) not be receiving a grant or other gift aid under any other state financial aid grant program for the same academic period; and

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

(b) A person is not eligible to receive a grant under the program if the person has been granted a baccalaureate degree.

(c) A person's eligibility for a grant under the program ends on the earliest of the following dates:

(1) the fourth anniversary of the initial award of a grant under the program to the person and the person's enrollment in an eligible institution, if at the time of the

determining the allocation of funds under the program among eligible institutions; and  
(3) adopt any other rules necessary to implement the program or this subchapter.

(b) The coordinating board shall consult with the student financial aid officers of eligible institutions in developing the rules adopted under Subsection (a).

(c) The total amount of grants awarded under the program may not exceed the amount available for the program from appropriations, gifts, grants, or other funds.

(d) In determining who should receive a grant under the program, the coordinating board and the eligible institutions shall give highest priority to awarding grants to students who demonstrate the greatest unmet financial need.

Sec. 56.604. INITIAL ELIGIBILITY FOR GRANT. (a) To be eligible initially for a grant under the program, a person must:

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

(2) meet financial need requirements as defined by coordinating board rules, including a requirement that the person's expected family contribution for the academic year does not exceed the maximum expected family contribution established for this purpose by the coordinating board;

(3) be enrolled in a competency-based baccalaureate degree program at an eligible institution;

(4) not be receiving a TEXAS grant under Subchapter M, a tuition equalization grant under Subchapter F, Chapter 61, or any other state-funded student financial assistance for the same academic period; and

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

(b) A person is not eligible to receive a grant under the program if the person has been granted a baccalaureate degree.

(c) A person's eligibility for a grant under the program ends on the earliest of the following dates:

(1) the fourth anniversary of the initial award of a grant under the program to the person, if at the time of the initial award the person had earned less than 60 semester

initial award the person had earned less than 60 semester credit hours or an equivalent number of competency units or credits toward the person's degree;

(2) the second anniversary of the initial award of a grant under the program to the person and the person's enrollment in an eligible institution, if at the time of the initial award the person had earned 60 or more semester credit hours or an equivalent number of competency units or credits toward the person's degree; or

(3) the date the person receives a baccalaureate degree.

Sec. 56.605. CONTINUING ELIGIBILITY AND ACADEMIC PERFORMANCE REQUIREMENTS. (a) After initially qualifying for a grant under the program, a person may continue to receive a grant under the program during each semester or term in which the person is enrolled at an eligible institution only if the person:

(1) meets the criteria for initial eligibility under Section 56.604(a);

(2) makes satisfactory academic progress toward a baccalaureate degree; and

(3) complies with any additional nonacademic requirement adopted by the coordinating board.

(b) If a person fails to meet any of the requirements of Subsection (a) after the completion of any semester or term, the person may not receive a grant under the program during the next semester or term in which the person enrolls. Unless the person's eligibility for a grant expires under Section 56.604(c), a person may become eligible to receive a grant under the program in a subsequent semester or term if the person:

(1) completes at least 15 semester credit hours or an equivalent number of competency units or credits in a semester or term during which the student is not eligible for a grant; and

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

(c) For the purpose of this section, a person makes satisfactory academic progress toward a baccalaureate degree only if the person completes at least 15 semester credit hours or an equivalent number of competency units or credits in each semester or term in which the person is enrolled.

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(2) the second anniversary of the initial award of a grant under the program to the person, if at the time of the initial award the person had earned 60 or more semester credit hours or an equivalent number of competency units or credits toward the person's degree; or

(3) the date the person receives a baccalaureate degree.

Sec. 56.605. CONTINUING ELIGIBILITY AND ACADEMIC PERFORMANCE REQUIREMENTS. (a) After initially qualifying for a grant under the program, a person may continue to receive a grant under the program during each semester or term in which the person is enrolled at an eligible institution only if the person:

(1) meets the criteria for initial eligibility under Section 56.604(a);

(2) makes satisfactory academic progress toward a baccalaureate degree; and

(3) complies with any additional nonacademic requirement adopted by the coordinating board.

(b) If a person fails to meet any of the requirements of Subsection (a) after the completion of any semester or term, the person may not receive a grant under the program during the next semester or term in which the person enrolls. Unless the person's eligibility for a grant expires under Section 56.604(c), a person may become eligible to receive a grant under the program in a subsequent semester or term if the person:

(1) completes at least 12 semester credit hours or an equivalent number of competency units or credits in a semester or term during which the student is not eligible for a grant; and

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

(c) For the purpose of this section, a person makes satisfactory academic progress toward a baccalaureate degree only if the person completes at least 12 semester credit hours or an equivalent number of competency units or credits in each semester or term in which the person is enrolled.

(d) The coordinating board shall adopt rules to allow a person who is otherwise eligible to receive a grant under the program to receive a grant if the student's completion rate falls below the satisfactory academic progress requirements of this section in the event of a hardship or for other good cause shown, including:

(1) a showing of a severe illness or other debilitating condition that may affect the person's academic performance; or

(2) a showing that the person is responsible for the care of a sick, injured, or needy person and that the person's provision of care may affect the person's academic performance.

Sec. 56.606. GRANT USE.

Sec. 56.607. GRANT AMOUNT. (a) The maximum annual amount of a grant under the program for a full-time undergraduate student equivalent enrolled at an eligible institution is an amount equal to 75 percent of the average state appropriation for the state fiscal biennium preceding the biennium in which the grant is awarded for a full-time undergraduate student equivalent enrolled at a general academic teaching institution, as determined by the coordinating board.

(b) The coordinating board may adopt rules that allow the coordinating board to increase or decrease, in proportion to the number of semester credit hours or competency units or credits in which a student is enrolled, the amount of a grant award to a student who is enrolled in a number of semester credit hours or competency units or credits in excess of or below 15 semester credit hours or an equivalent number of competency units or credits.

Sec. 56.608. GRANT NOT TO AFFECT ADMISSION.

SECTION 2. (a) The Texas Higher Education Coordinating Board shall adopt rules to administer Subchapter U, Chapter 56, Education Code, as added by this Act, as soon as practicable after the effective date of this Act. For that purpose, the coordinating board may adopt the initial rules in the manner provided by law for emergency rules.

(d) The coordinating board shall adopt rules to allow a person who is otherwise eligible to receive a grant under the program to receive a grant if the student's completion rate falls below the satisfactory academic progress requirements of this section in the event of a hardship or for other good cause shown, including:

(1) a showing of a severe illness or other debilitating condition that may affect the person's academic performance; or

(2) a showing that the person is responsible for the care of a sick, injured, or needy person and that the person's provision of care may affect the person's academic performance.

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(b) The coordinating board may adopt rules that allow the coordinating board to increase or decrease, in proportion to the number of semester credit hours or competency units or credits in which a student is enrolled, the amount of a grant award to a student who is enrolled in a number of semester credit hours or competency units or credits in excess of or below 12 semester credit hours or an equivalent number of competency units or credits.

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SECTION 2. (a) The Texas Higher Education Coordinating Board shall adopt rules to administer Subchapter U, Chapter 56, Education Code, as added by this Act, as soon as practicable after the effective date of this Act. For that purpose, the coordinating board may adopt the initial rules in the manner provided by law for emergency rules.

(b) The Texas Higher Education Coordinating Board shall begin awarding scholarships under Subchapter U, Chapter 56, Education Code, as added by this Act, for the first academic year for which money is appropriated for that purpose, except that the coordinating board may not award grants under that subchapter for an academic year before the 2016-2017 academic year.

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, 2015.

(b) The Texas Higher Education Coordinating Board shall begin allocating funds to eligible institutions under Subchapter U, Chapter 56, Education Code, as added by this Act, for the first academic year for which money is appropriated for that purpose, except that the coordinating board may not allocate funds under that subchapter for an academic year before the 2016-2017 academic year.

SECTION 3. Same as introduced version.