

BILL ANALYSIS

C.S.H.B. 4387
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Higher Education
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Concerns have been expressed that some students who transfer into certain public institutions of higher education are unable to qualify for TEXAS grants, even though they may be otherwise financially and academically eligible for that aid. C.S.H.B. 4387 establishes a pilot program to provide financial assistance in the form of grants specifically to transfer students enrolled in baccalaureate degree programs at eligible institutions.

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. 4387 amends the Education Code to establish the Texas transfer grant pilot program to enable eligible students to attend a general academic teaching institution, excluding a public state college, or a medical and dental unit that offers one or more baccalaureate degree programs. The bill requires the Texas Higher Education Coordinating Board (THECB) to administer the program, to adopt any rules necessary to implement the program, and to consult with the student financial aid officers of eligible institutions in developing the rules.

C.S.H.B. 4387 provides for the funding of the program as follows:

- limits the total amount of program grants awarded to the amount available for the program from appropriations, gifts, grants, or other funds;
- requires the THECB and the eligible institutions to prioritize awards to students who demonstrate the greatest financial need; and
- requires the THECB, in the event that in any year the amount of money available for grants is insufficient to assist all eligible students, to establish priorities for awards as the THECB determines appropriate to further the program's purpose.

C.S.H.B. 4387 sets out eligibility criteria for a student to receive a grant, including enrollment in a baccalaureate degree program at an eligible institution, satisfactory academic progress, compliance with any nonacademic requirement adopted by the THECB, and the following additional conditions:

- the student is a Texas resident as determined by THECB rules;
- the student meets financial need requirements, as defined by the THECB, and has applied for any available financial aid or assistance;
- the student is enrolled as a transfer student for at least three-fourths of a full course load;

- the student is not a recipient of a Toward EXcellence, Access, & Success (TEXAS) grant for the same semester or term; and
- the student has not been granted a baccalaureate degree.

C.S.H.B. 4387 requires the THECB by rule to establish the maximum semester credit hours or the equivalent for which an eligible student may receive a grant. The bill provides for a student's ineligibility to continue receiving a grant if the student fails to meet satisfactory academic progress requirements and provides for the renewal of eligibility if the student meets all eligibility criteria in a subsequent semester or term. The bill requires the THECB to adopt rules to allow certain academic exceptions on grounds of hardship or for other good cause shown.

C.S.H.B. 4387 authorizes a grant recipient to use the money to pay any usual and customary cost of attendance incurred by the student at an eligible institution. The institution may disburse all or part of the proceeds of a grant directly to the student only if the student's tuition and required fees have been paid.

C.S.H.B. 4387 sets out the following provisions relating to the determination of the amount of a grant:

- establishes that the maximum amount for a student enrolled full-time is the amount determined by the THECB as the average statewide amount of tuition and required fees that a resident student enrolled full-time in a baccalaureate degree program would be charged for that semester or term at eligible institutions;
- requires the THECB to use the amounts of tuition and required fees that will be charged by the eligible institutions for a semester or term in the current academic year to determine the average statewide tuition and fees for that semester or term in the next academic year;
- authorizes the THECB to estimate such an amount for a semester or term at a given institution if the relevant information is not yet available;
- authorizes the THECB to adopt rules that allow a proportional increase or decrease of a grant award to a student who is enrolled in a number of semester credit hours that exceeds or is less than the minimum number of semester credit hours required to maintain eligibility; and
- prohibits the amount of a grant from being reduced by any gift aid for which the person receiving the grant is eligible, unless the total amount of the grant plus any gift aid received exceeds the student's total financial need.

C.S.H.B. 4387 authorizes an institution to elect to award a grant under the program to any student in an amount that is less than the maximum grant amount per student set by the THECB or the amount of tuition and fees charged by the institution, as applicable, but requires an institution to use other available sources of financial aid, other than a loan, to cover any difference in the amount of an awarded grant and the actual amount of tuition and required fees at the institution if that difference results from either of the following:

- a reduction in the amount of a grant because of the institution's exercise of its discretion as authorized by the bill; or
- a deficiency in the amount of the grant, as authorized by the THECB, to cover the full amount of tuition and required fees charged to the student by the institution.

C.S.H.B. 4387 prohibits an institution from doing the following:

- charging a grant recipient attending the institution an amount of tuition and required fees that exceeds the amount of the grant, unless the institution complies with the bill's requirement to use certain other financial aid to cover the difference in the amount of the grant and the amount of tuition and required fees; and
- denying admission to or enrollment in the institution based on a person's receipt of a grant or eligibility to receive a grant.

C.S.H.B. 4387 requires the legislature in an appropriations act to account for tuition and required fees received by an institution through program grants in a way that does not increase the general revenue appropriations to that institution. The bill requires the THECB, not later than December 1 of each even-numbered year, to submit to the legislature a report on the effectiveness of the pilot program, including a recommendation regarding whether the pilot program should be continued, expanded, or terminated. The bill's provisions expire September 1, 2025.

C.S.H.B. 4387 requires the THECB and eligible institutions to award initial grants beginning with the 2022 spring semester. Implementation of a provision of this bill by the THECB is mandatory only if a specific appropriation is made for that purpose.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 4387 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

In the context of a student's eligibility for a grant, the substitute describes the following considerations as being determined by the THECB, whereas the original specified that those determinations are by THECB rules:

- what constitutes a full course load for a student in a baccalaureate program; and
- the criteria for satisfactory academic progress toward a baccalaureate degree.

The substitute includes a reporting requirement for the THECB that did not appear in the original. The substitute includes a provision making the bill's provisions expire September 1, 2025, which was not in the original.

The substitute replaces certain references in the original to a public institution of higher education with references to an eligible institution to reflect the bill's applicable definition.

The substitute standardizes the form of an appropriations contingency provision that appeared in the original.