

## **BILL ANALYSIS**

Senate Research Center  
88R545 KJE-D

H.B. 4005  
By: Raney et al. (Parker)  
Education  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

H.B. 4005 seeks to remedy the workforce deficiencies in skilled industries affecting Texas by establishing the Texas Competency-Based Education Grant. This grant will be available to eligible students who attend a private or public institution of higher learning that offers competency-based degree programs and be administered by the Texas Higher Education Coordinating Board. The reduction of the financial burden should embolden eligible Texans to graduate from their institutions and join the workforce.

H.B. 4005 makes the necessary statutory changes to establish and administer the grant program, defines eligibility for both students and institutions, and creates guidelines for application, disbursement, and funding for the grant.

H.B. 4005 amends current law relating to the establishment of the Texas Competency-Based Education Grant Program for certain students enrolled in competency-based baccalaureate degree programs and to formula funding and dropped and repeated course restrictions for students enrolled in those degree programs at public institutions of higher education.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 1 (Sections 56.523, 56.525, and 56.527, Education Code) and SECTION 5 (Section 61.088, Education Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 56, Education Code, by adding Subchapter T, as follows:

#### **SUBCHAPTER T. TEXAS COMPETENCY-BASED EDUCATION GRANT PROGRAM**

Sec. 56.521. DEFINITIONS. Defines "competency-based baccalaureate degree program," "coordinating board," "eligible institution," "expected family contribution," "general academic teaching institution," "private or independent institution of higher education," "public junior college," and "program."

Sec. 56.522. PURPOSE. Provides that the purpose of the Texas Competency-Based Education Grant Program (program) is to provide financial assistance to enable eligible students to enroll in competency-based baccalaureate degree programs at eligible institutions.

Sec. 56.523. ADMINISTRATION OF PROGRAM; PRIORITY FOR FINANCIAL NEED. (a) Requires the Texas Higher Education Coordinating Board (THECB) to:

- (1) administer the program;
- (2) using the negotiated rulemaking procedures under Chapter 2008 (Negotiated Rulemaking), Government Code, adopt rules for 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) Requires THECB to consult with the student financial aid officers of eligible institutions in developing the rules adopted under Subsection (a).

(c) 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.

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

Sec. 56.524. INITIAL ELIGIBILITY FOR GRANT. (a) Requires a person, to be eligible initially for a grant under the program, to:

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

(2) meet financial need requirements as defined by THECB 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 THECB;

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

(4) not be receiving a TEXAS grant under Subchapter M (Toward Excellence, Access, & Success (TEXAS) Grant Program), a tuition equalization grant under Subchapter F (Tuition Equalization Grants), 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 THECB under this subchapter.

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

(c) Provides that 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 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, 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. 56.525. CONTINUING ELIGIBILITY AND ACADEMIC PERFORMANCE REQUIREMENTS. (a) Authorizes a person, after initially qualifying for a grant under the program, to 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 56.524(a);

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

(3) complies with any additional nonacademic requirement adopted by THECB.

(b) Prohibits a person, if the person fails to meet any of the requirements of Subsection (a) after the completion of any semester or term, from receiving a grant under the program during the next semester or term in which the person enrolls. Authorizes a person, unless the person's eligibility for a grant expires under Section 56.524(c), to 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) Provides that 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) Requires THECB to 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. 56.526. GRANT USE. Authorizes a grant awarded under the program to be applied only to the payment of tuition and required fees at an eligible institution.

Sec. 56.527. GRANT AMOUNT. (a) Prohibits the amount of a grant awarded under the program to a full-time undergraduate student equivalent enrolled at an eligible institution for an academic year from exceeding the lesser of:

(1) the difference between the amount of tuition and required fees charged to the student by the institution for that academic year and the amount of any other gift aid, including state or federal grants or scholarships, awarded to the student for that academic year; or

(2) \$500.

(b) Authorizes THECB to adopt rules that allow THECB 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.

Sec. 56.528. GRANT NOT TO AFFECT ADMISSION. Prohibits an eligible institution from denying admission to or enrollment in the institution based on a person's eligibility to receive a grant under the program or a person's receipt of a grant under the program.

SECTION 2. Amends Section 51.907, Education Code, by adding Subsection (b-1), as follows:

(b-1) Provides that Section 51.907 (Limitations on Number of Courses That May Be Dropped Under Certain Circumstances) does not apply to a student enrolled in a competency-based baccalaureate degree program, as defined by Section 56.521.

SECTION 3. Amends Section 61.059, Education Code, by adding Subsection (s), as follows:

(s) Prohibits THECB, notwithstanding any other law, from excluding from being counted in the hours reported to the Legislative Budget Board for formula funding contact hours or semester credit hours for a student's enrollment in a course for which the student has previously generated formula funding if the student is enrolled in a competency-based baccalaureate degree program, as defined by Section 56.521.

SECTION 4. Amends Section 61.0595, Education Code, by adding Subsection (f-1), as follows:

(f-1) Requires THECB, in the formulas established under Section 61.059 (Appropriations), to include without consideration of certain subsections funding for semester credit hours earned by a student who is enrolled in a competency-based baccalaureate degree program, as defined by Section 56.521.

SECTION 5. Amends Subchapter C, Chapter 61, Education Code, by adding Section 61.088, as follows:

Sec. 61.088. DROPPED OR REPEATED COURSES UNDER COMPETENCY-BASED BACCALAUREATE DEGREE PROGRAM. Requires THECB by rule to develop standards for and limitations on dropping or repeating courses by students enrolled in a competency-based baccalaureate degree program, as defined by Section 56.521.

SECTION 6. Provides that Section 51.907(b-1), Education Code, as added by this Act, applies beginning with the fall 2023 semester.

SECTION 7. (a) Requires THECB to adopt rules to administer Subchapter T, Chapter 56, Education Code, as added by this Act, as soon as practicable after the effective date of this Act.

(b) Requires THECB to begin allocating funds to eligible institutions under Subchapter T, Chapter 56, Education Code, as added by this Act, for the first academic year for which money is appropriated for that purpose, except that THECB is prohibited from allocating funds under that subchapter for an academic year before the 2024-2025 academic year.

SECTION 8. Provides that the changes in law made by this Act to Sections 61.059 and 61.0595, Education Code, apply beginning with funding recommendations made under Section 61.059, Education Code, for the state fiscal biennium beginning September 1, 2025.

SECTION 9. Requires THECB to adopt rules under Section 61.088, Education Code, as added by this Act, as soon as practicable after this Act takes effect.

SECTION 10. Effective date: upon passage or September 1, 2023.