

## **BILL ANALYSIS**

H.B. 4005  
By: Raney  
Higher Education  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Competency-based education (CBE) is a successful educational approach that measures learning achieved rather than time spent in classrooms. According to research conducted in 2021 by the Legislative Budget Board for H.B. 3931, the CBE approach is especially effective for adult learners with existing experience or past education in a field who are looking to complete their degree or obtain a degree while balancing a full-time job, family responsibilities, military duty, and other life challenges. Since many adult students have been out of high school for a number of years, they are often ineligible for existing state-provided financial aid programs. H.B. 4005 seeks to bridge this financial gap so that more adult learners can complete degrees and enter high-need areas of the workforce. The legislation will allow more adult learners, many with some college experience but no degree, entrance into cost effective CBE degree programs, which will be overall beneficial for Texans since these degree programs are generally in high demand areas like teaching, nursing, business, and IT. H.B. 4005 will create a financial aid program to fill the gap between federal funds and total tuition needs of learners in CBE degree programs who are generally students from lower socio-economic backgrounds.

### **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 SECTIONS 1 and 5 of this bill.

### **ANALYSIS**

H.B. 4005 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, defined as follows:

- "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, which 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; and
- "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 under applicable state law, 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.

H.B. 4005 requires the Texas Higher Education Coordinating Board (THECB) to do the following:

- administer the program;
- adopt rules for determining the allocation of funds under the program among eligible institutions using procedures under the Negotiated Rulemaking Act;
- adopt any other rules necessary to implement the program or the bill's provisions; and
- consult with the student financial aid officers of eligible institutions in developing the rules.

The bill requires the THECB to adopt these rules as soon as practicable after the bill's effective date and 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 THECB and the eligible institutions, in determining who should receive a grant, to give highest priority to students who demonstrate the greatest unmet financial need.

H.B. 4005 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 THECB 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.

H.B. 4005 restricts use of a grant awarded under the program to the payment of tuition and required fees at an eligible institution. The bill caps the amount of a grant awarded to a full-time undergraduate student equivalent enrolled at an eligible institution for an academic year at the lesser of \$500 or 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. The bill authorizes the THECB to adopt rules that allow the 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. 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.

H.B. 4005 exempts a student enrolled in a competency-based baccalaureate degree program from a statutory limitation on the number of courses that may be dropped under certain circumstances. The exemption applies beginning with the fall 2023 semester. The bill requires the THECB, as soon as practicable after the bill's effective date, to develop by rule standards for and limitations on dropping or repeating courses by students enrolled in such a program.

H.B. 4005 prohibits the THECB 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. The bill requires the THECB to include in its higher education funding formulas funding for semester credit hours earned by a student who is enrolled in a competency-based baccalaureate degree program. These provisions apply beginning with funding recommendations for the 2025-2026 state fiscal biennium.

H.B. 4005 requires the THECB to begin allocating funds to eligible institutions for the first academic year for which money is appropriated for that purpose but prohibits the THECB from allocating funds for an academic year before the 2024-2025 academic year.

**EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2023.