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H.B. No. 4005

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the establishment of the Texas Competency-Based
3 Education Grant Program for certain students enrolled in
4 competency-based baccalaureate degree programs and to formula
5 funding and dropped and repeated course restrictions for students
6 enrolled in those degree programs at public institutions of higher
7 education.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

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

11 SUBCHAPTER T. TEXAS COMPETENCY-BASED EDUCATION GRANT PROGRAM

12 Sec. 56.521. DEFINITIONS. In this subchapter:

13 (1) "Competency-based baccalaureate degree program"
14 means a baccalaureate degree program under which academic credit is
15 awarded based solely on a student's attainment of competencies.
16 The term may include a program that is organized around traditional
17 course-based units, including for online or other distance
18 education, that a student must earn for degree completion.

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

21 (3) "Eligible institution" means:

22 (A) a general academic teaching institution;

23 (B) a private or independent institution of
24 higher education;

1 (C) a public junior college authorized to offer
2 baccalaureate degree programs under Subchapter L, Chapter 130; or

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

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

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

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

20 Sec. 56.522. PURPOSE. The purpose of the Texas
21 Competency-Based Education Grant Program is to provide financial
22 assistance to enable eligible students to enroll in
23 competency-based baccalaureate degree programs at eligible
24 institutions.

25 Sec. 56.523. ADMINISTRATION OF PROGRAM; PRIORITY FOR
26 FINANCIAL NEED. (a) The coordinating board shall:

27 (1) administer the program;

1 (2) using the negotiated rulemaking procedures under
2 Chapter 2008, Government Code, adopt rules for determining the
3 allocation of funds under the program among eligible institutions;
4 and

5 (3) adopt any other rules necessary to implement the
6 program or this subchapter.

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

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

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

17 Sec. 56.524. INITIAL ELIGIBILITY FOR GRANT. (a) To be
18 eligible initially for a grant under the program, a person must:

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

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

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

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

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

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

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

12 (1) the fourth anniversary of the initial award of a
13 grant under the program to the person, if at the time of the initial
14 award the person had earned less than 60 semester credit hours or an
15 equivalent number of competency units or credits toward the
16 person's degree;

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

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

24 Sec. 56.525. CONTINUING ELIGIBILITY AND ACADEMIC
25 PERFORMANCE REQUIREMENTS. (a) After initially qualifying for a
26 grant under the program, a person may continue to receive a grant
27 under the program during each semester or term in which the person

1 is enrolled at an eligible institution only if the person:

2 (1) meets the criteria for initial eligibility under
3 Section 56.524(a);

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

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

8 (b) If a person fails to meet any of the requirements of
9 Subsection (a) after the completion of any semester or term, the
10 person may not receive a grant under the program during the next
11 semester or term in which the person enrolls. Unless the person's
12 eligibility for a grant expires under Section 56.524(c), a person
13 may become eligible to receive a grant under the program in a
14 subsequent semester or term if the person:

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

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

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

24 (d) The coordinating board shall adopt rules to allow a
25 person who is otherwise eligible to receive a grant under the
26 program to receive a grant if the student's completion rate falls
27 below the satisfactory academic progress requirements of this

1 section in the event of a hardship or for other good cause shown,
2 including:

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

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

9 Sec. 56.526. GRANT USE. A grant awarded under the program
10 may be applied only to the payment of tuition and required fees at
11 an eligible institution.

12 Sec. 56.527. GRANT AMOUNT. (a) The amount of a grant
13 awarded under the program to a full-time undergraduate student
14 equivalent enrolled at an eligible institution for an academic year
15 may not exceed the lesser of:

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

21 (2) \$500.

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

1 hours or an equivalent number of competency units or credits.

2 Sec. 56.528. GRANT NOT TO AFFECT ADMISSION. An eligible
3 institution may not deny admission to or enrollment in the
4 institution based on a person's eligibility to receive a grant
5 under the program or a person's receipt of a grant under the
6 program.

7 SECTION 2. Section 51.907, Education Code, is amended by
8 adding Subsection (b-1) to read as follows:

9 (b-1) This section does not apply to a student enrolled in a
10 competency-based baccalaureate degree program, as defined by
11 Section 56.521.

12 SECTION 3. Section 61.059, Education Code, is amended by
13 adding Subsection (s) to read as follows:

14 (s) Notwithstanding any other law, the board may not exclude
15 from being counted in the hours reported to the Legislative Budget
16 Board for formula funding contact hours or semester credit hours
17 for a student's enrollment in a course for which the student has
18 previously generated formula funding if the student is enrolled in
19 a competency-based baccalaureate degree program, as defined by
20 Section 56.521.

21 SECTION 4. Section 61.0595, Education Code, is amended by
22 adding Subsection (f-1) to read as follows:

23 (f-1) In the formulas established under Section 61.059, the
24 board shall include without consideration of Subsection (a) or (e)
25 of this section funding for semester credit hours earned by a
26 student who is enrolled in a competency-based baccalaureate degree
27 program, as defined by Section 56.521.

1 SECTION 5. Subchapter C, Chapter 61, Education Code, is
2 amended by adding Section 61.088 to read as follows:

3 Sec. 61.088. DROPPED OR REPEATED COURSES UNDER
4 COMPETENCY-BASED BACCALAUREATE DEGREE PROGRAM. The board by rule
5 shall develop standards for and limitations on dropping or
6 repeating courses by students enrolled in a competency-based
7 baccalaureate degree program, as defined by Section 56.521.

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

10 SECTION 7. (a) The Texas Higher Education Coordinating
11 Board shall adopt rules to administer Subchapter T, Chapter 56,
12 Education Code, as added by this Act, as soon as practicable after
13 the effective date of this Act.

14 (b) The Texas Higher Education Coordinating Board shall
15 begin allocating funds to eligible institutions under Subchapter T,
16 Chapter 56, Education Code, as added by this Act, for the first
17 academic year for which money is appropriated for that purpose,
18 except that the coordinating board may not allocate funds under
19 that subchapter for an academic year before the 2024-2025 academic
20 year.

21 SECTION 8. The changes in law made by this Act to Sections
22 61.059 and 61.0595, Education Code, apply beginning with funding
23 recommendations made under Section 61.059, Education Code, for the
24 state fiscal biennium beginning September 1, 2025.

25 SECTION 9. The Texas Higher Education Coordinating Board
26 shall adopt rules under Section 61.088, Education Code, as added by
27 this Act, as soon as practicable after this Act takes effect.

1 SECTION 10. This Act takes effect immediately if it
2 receives a vote of two-thirds of all the members elected to each
3 house, as provided by Section 39, Article III, Texas Constitution.
4 If this Act does not receive the vote necessary for immediate
5 effect, this Act takes effect September 1, 2023.