

BILL ANALYSIS

S.B. 2995
By: West
Higher Education
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The bill sponsor has informed the committee that financial aid displacement occurs when an institution of higher education reduces the amount of institutional aid awarded to a student after the student receives an outside scholarship from a nonprofit, church, employer, or other source. S.B. 2995 seeks to inform students about financial aid displacement, how to avoid financial aid displacement, and recommendations to maximize financial aid by requiring the Texas Higher Education Coordinating Board to develop a uniform financial aid displacement advisory and by requiring each public institution of higher education to include that advisory or a link to that advisory in its admission application form.

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

S.B. 2995 amends the Education Code to require the Texas Higher Education Coordinating Board (THECB) to develop a financial aid displacement advisory for use by public institutions of higher education that contains the following:

- a statement of the following information bordered by a line one point in weight in a font not less than 14 points in size:
 - financial aid displacement occurs when a student's financial aid is reduced due to receipt of a private scholarship or other reasons identified in the advisory;
 - the practice of financial aid displacement occurs in Texas and should be taken into consideration while applying for financial aid;
 - the institution to which the person is applying is providing in the admission application a list of recommendations describing how to maximize the person's financial aid and ensure that the person is prepared when financial aid displacement occurs; and
 - the person is expressly encouraged to reach out to the institution to which the person is applying to receive advice on how to avoid financial aid displacement; and
- a list of the most common reasons, as identified by the THECB, for which the amount of gift aid awarded may be revised or reduced under statutory provisions relating to student financial assistance.

The bill defines "gift aid" as a grant, scholarship, exemption, waiver, or other financial aid awarded to a student without a requirement to repay the aid or earn the aid through work.

S.B. 2995 requires each institution of higher education to include in the institution's admission application form or provide in that form a link to the financial aid displacement advisory and, in plain language, the following information:

- how to apply for gift aid at the institution;
- the timeline for financial aid processes at the institution, including application deadlines, suggested deadlines to report gift aid, and other deadlines of which the institution determines a prospective student should be made aware;
- a list of recommendations to aid a prospective student in maximizing gift aid awards, as determined by the institution;
- a list of recommendations for a prospective student to ensure the student's gift aid will not be reduced; and
- contact information for an employee or office at the institution from whom a prospective student may seek advice regarding gift aid.

The bill requires the THECB to adopt rules necessary to implement the bill's provisions.

S.B. 2995 applies beginning with the 2025-2026 academic year.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.