

AN ACT

relating to the displacement of student financial aid at a public institution of higher education.

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

SECTION 1. Subchapter A, Chapter 56, Education Code, is amended by adding Section 56.0094 to read as follows:

Sec. 56.0094. FINANCIAL AID DISPLACEMENT. (a) In this section:

(1) "Coordinating board" means the Texas Higher Education Coordinating Board.

(2) "Gift aid" means 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.

(b) The coordinating board shall develop a financial aid displacement advisory for use by institutions of higher education under this section that contains:

(1) a statement bordered by a line one point in weight in a font not less than 14 points in size in the following form:

"Financial aid displacement occurs when a student's financial aid is reduced due to receipt of a private scholarship or other reasons identified in this advisory. This practice occurs in Texas and should be taken into consideration while applying for financial aid. The institution to which you are applying is providing in this application a list of recommendations describing

1 how to maximize your financial aid and ensure that you are prepared
2 when financial aid displacement occurs. You are encouraged to
3 reach out to the institution to which you are applying to receive
4 advice on how to avoid financial aid displacement."; and

5 (2) a list of the most common reasons, as identified by
6 the coordinating board, for which the amount of gift aid awarded may
7 be revised or reduced under this chapter.

8 (c) Each institution of higher education shall include in
9 the institution's admission application form or provide in the
10 institution's admission application form a link to the financial
11 aid displacement advisory developed under Subsection (b) and, in
12 plain language:

13 (1) how to apply for gift aid at the institution;

14 (2) the timeline for financial aid processes at the
15 institution, including application deadlines, suggested deadlines
16 to report gift aid, and other deadlines of which the institution
17 determines a prospective student should be made aware;

18 (3) a list of recommendations to aid a prospective
19 student in maximizing gift aid awards, as determined by the
20 institution;

21 (4) a list of recommendations for a prospective
22 student to ensure the student's gift aid will not be reduced; and

23 (5) contact information for an employee or office at
24 the institution from whom a prospective student may seek advice
25 regarding gift aid.

26 (d) The coordinating board shall adopt rules necessary to
27 implement this section.

1 SECTION 2. Section 56.0094, Education Code, as added by
2 this Act, applies beginning with the 2025-2026 academic year.

3 SECTION 3. This Act takes effect immediately if it receives
4 a vote of two-thirds of all the members elected to each house, as
5 provided by Section 39, Article III, Texas Constitution. If this
6 Act does not receive the vote necessary for immediate effect, this
7 Act takes effect September 1, 2025.

S.B. No. 2995

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 2995 passed the Senate on May 12, 2025, by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 2995 passed the House on May 28, 2025, by the following vote: Yeas 81, Nays 57, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor