

By: West

S.B. No. 2995

A BILL TO BE ENTITLED

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 because of the receipt of a private scholarship or for other reasons identified below. This practice occurs in Texas, and the institution of higher education in which you are enrolling is required, not later than the 30th day after reducing your financial aid, to provide you notice of the financial

aid that has been reduced, the amount by which that aid has been reduced, and why that aid has been reduced."; and

(2) a list of the reasons for which the amount of gift aid a student is awarded might be revised or reduced under this chapter.

(c) An institution of higher education shall send the financial aid displacement advisory developed under Subsection (b) to a student not later than the seventh day after the date on which the student is admitted to the institution. The advisory may be sent by text message, e-mail, or mail.

(d) Not earlier than the 30th day before or later than the 30th day after an institution of higher education revises or reduces the amount of gift aid a student will receive under this chapter for a school year, the institution shall send to the student a financial aid reduction notice identifying:

(1) the gift aid that will be or has been revised or reduced;

(2) the amount by which the gift aid will be or has been revised or reduced; and

(3) the reason the gift aid will be or has been revised or reduced.

(e) An institution of higher education shall annually report to the coordinating board in a manner provided by coordinating board rule a report on the revision or reduction of gift aid at the institution under this chapter during the preceding academic year. The report must include the following information, disaggregated by race and sex:

1 (1) the number of students whose gift aid was revised
2 or reduced;

3 (2) the average amount by which the gift aid was
4 revised or reduced; and

5 (3) the reasons the gift aid was revised or reduced.

6 (f) The coordinating board shall annually submit to the
7 legislature and post on the coordinating board's Internet website a
8 report on the revision or reduction of gift aid under this chapter
9 during the preceding academic year. The report must include the
10 following information, disaggregated by race and sex:

11 (1) the total number of students whose gift aid was
12 revised or reduced;

13 (2) the average amount by which the gift aid was
14 revised or reduced; and

15 (3) the three most common reasons the gift aid was
16 revised or reduced.

17 (g) The coordinating board shall adopt rules necessary to
18 implement this section.

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

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