

SUBJECT: Determining student priority in awarding TEXAS grants

COMMITTEE: Higher Education — committee substitute recommended

VOTE: 7 ayes — Branch, Alonzo, Cohen, D. Howard, McCall, Patrick, Rose
0 nays
2 absent — Castro, Berman

WITNESSES: For — Paul Ruiz, The Texas Grant Coalition; Drew Scheberle, Austin Chamber of Commerce; (*Registered, but did not testify*: Don Baylor, Center for Public Policy Priorities; Jerry Valdez, Greater Houston Partnership; Ken Zornes, Texas Business and Education Coalition)

Against — Kathy Bassham, Weatherford College; (*Registered, but did not testify*: Donna Smith, TG Center for FA Policy in Community Colleges)

On — James Dilling, West Garrett, Legislative Budget Board; Lois Hollis, Texas Higher Education Coordinating Board

BACKGROUND: The TEXAS Grant program was established in 1999 to ensure that well prepared high school graduates with financial need could go to college. It has become the foundation state financial aid program for needy students. To be eligible for a TEXAS Grant, generally a student must:

- graduate from a public or accredited private high school in Texas;
- enter higher education within 16 months of graduation;
- complete the recommended or advanced high school program;
- meet financial need requirements;
- be enrolled for at least three-fourths of a full course load; and
- apply for financial aid.

Institutions allocate existing funds to the neediest eligible students on a first-come, first-served basis without regard to academic preparation.

The Texas Success Initiative is a program designed to improve student success in college. Students entering college must meet the college readiness standards to be eligible for college-level courses in math,

reading, and writing. Students must take developmental courses when they enter college in any subject in which they do not meet certain standards.

DIGEST:

CSHB 3276 would require each eligible higher education institution, when determining who should receive a TEXAS grant, to give highest priority to students who demonstrated the greatest financial need and, beginning with grants awarded for the 2012-2013 academic year, who met, exceeded, or received an exemption from the Texas Success Initiative standards assessments designed to assess a student's readiness for freshman-level coursework.

For the 2012-13 academic year and for grants awarded for the 2013-14 academic year before September 30, 2013, when giving priority to students for meeting, exceeding or being exempt from Texas Success Initiative standards, institutions would have to give priority to those meeting, exceeding or being exempt from current standards or from standards as they existed on January 1, 2009.

This requirement would expire on December 1, 2013.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2009.

**SUPPORTERS
SAY:**

While not reducing the number of students eligible for a TEXAS grant, CSHB 3276 would communicate to students and their families that the students should meet both high school course completion and college readiness expectations to be first in line for a TEXAS grant. It would provide financial commitment in exchange for greater academic preparation for lower-income students. It would not favor students in four-year universities over students at community and junior colleges. The Texas Higher Education Coordinating Board has discretion in how to allocate funds to institutions for initial awards.

The bill would allow the state to focus limited resources on those students who had proven themselves to be college ready. This kind of targeted approach is a better use of limited state dollars. TEXAS grants already boost many students, but the grants could be more effective if the awards were getting to financially needy students who were academically prepared.

Without diminishing the importance of financial aid for needy students, the state needs to communicate to students and their families what it means to be prepared for college. Waiting until 2012 to begin using the merit-based component in the bill would allow students time to prepare and teachers time to organize the curriculum and put the structure in place to help students succeed.

Since its creation, the TEXAS grants program has proven to be an effective tool for improving college readiness for Texas high school students. In 1999, only 15 percent of high school graduates were completing at least the recommended high school program (RHSP), compared to 80 percent today. This is very likely due, in part, to the fact that a student must complete the RHSP in order to qualify for a TEXAS grant.

According to the Texas Higher Education Coordinating Board (THECB), half of the students entering college are unprepared for the rigors of college-level coursework. Even a significant number of students who graduate under the RHSP still require remediation in college. However, enrolling in developmental courses is costly and lowers the chances that a student will complete college. According to the National Center for Education Statistics, regardless of the assistance offered through remediation, students enrolled in remediation are less likely to earn a degree or certificate.

**OPPONENTS
SAY:**

Having college-ready students is extremely important and should not be minimized, but the shift to a merit-based component in awarding TEXAS grants would shift a disproportionate amount of funds to students at four-year institution and away from community college students. Community colleges, by their mission, are open enrollment institutions. They provide services to students who are trying to bridge the gap in order to be successful, learn marketable skills, or strengthen their academic abilities so they can continue on to four-year universities.

Beginning with the 2012-13 academic year, many community college students no longer would meet the eligibility criteria and would be bumped to the end of the line for receiving a TEXAS grant.

By their nature and mission, four-year institutions set their academic standards for admission at higher levels. While the bill would not change eligibility requirements for a TEXAS grant, it would change the way the

grants are awarded based on those students who meet the TSI standards. As a result, of all the entering freshmen who would met the criteria outlined in the bill — those who were enrolled for three-fourths of a full course load, who graduated under the RHSP or above, and who met the college readiness standards — a significantly larger portion would be at four-year institutions.

OTHER
OPPONENTS
SAY:

A better approach would be to convert the TEXAS grant program to a strictly university program and move the community college share of TEXAS grant funding to the Texas Educational Opportunity Grant (TEOG) program for community colleges. If the TEXAS Grants program is converted to a university-only financial aid program, attention would have to be paid to the students who graduated under the RHSP, were TSI prepared, but for other reasons decided to start their higher education at a community college. Once they earned an associate's degree and were ready to transfer to a four-year university, they should be eligible for a TEXAS grant renewal at the time of transfer in order to continue their education, as long as they met the other eligibility criteria.

NOTES:

A similar bill, SB 2084 by Ogden, was reported favorably, as substituted, by the Senate Finance Committee on May 1.