

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 576  
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Finance  
4-8-97  
Committee Report (Substituted)

### **DIGEST**

C.S.S.B. 576 creates the Texas New Horizons Scholarship Fund, which will award scholarships to recipients who meet certain criteria, including the socioeconomic background of the student, whether the student's parents have received baccalaureate degrees, whether the student is a resident of an urban area or a rural area for which recognized socioeconomic indicators are lower than the average in similar areas, and the student's performance on standardized tests. This bill also requires the Higher Education Coordinating Board to adopt rules necessary for the administration and establishment of the scholarships, and, after determining the amount of money available and the number of scholarships, to issue the scholarships to the recipients.

### **PURPOSE**

As proposed, C.S.S.B. 576 creates the Texas New Horizons Scholarship Fund and sets forth provisions regarding its administration.

### **RULEMAKING AUTHORITY**

Rulemaking authority is granted to the Texas Higher Education Coordinating Board under SECTION 1 (Section 54.216(b), Education Code), of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 54D, Education Code, by adding Section 54.216, as follows:

Sec. 54.216. TEXAS NEW HORIZONS SCHOLARSHIP FUND. Requires the Texas Higher Education Coordinating Board (coordinating board) to issue scholarships, in a number to be determined by the coordinating board after reviewing the total amount of money available to the Texas New Horizons Scholarship Trust Fund, to qualified high school graduates. Authorizes a scholarship to be used by the recipient to attend any institution of higher education and exempts the recipient from the payment of tuition and required fees during the recipient's undergraduate enrollment at the institution. Requires the coordinating board to adopt rules as necessary for the administration of this section. Sets forth the criteria for awarding a scholarship. Sets forth requirements for the coordinating board regarding the publication of the criteria. Requires the coordinating board to award scholarships from the amount available in the Texas New Horizons Scholarship Trust Fund. Provides that the trust fund is established outside the treasury but is held in trust by the comptroller of public accounts. Authorizes money in the trust fund to be spent without appropriation and only to fund the program. Sets forth provisions regarding interest and income from the assets of the trust fund. Authorizes the coordinating board, in each state fiscal year, to spend from the trust fund to cover the costs of administering this section an amount not to exceed 2.5 percent of the total amount of money deposited into the trust fund in that fiscal year. Authorizes the coordinating board to accept gifts and grants from any public or private source for the purposes of this subchapter, and to deposit a gift or grant to the credit of the trust fund. Authorizes the legislature to appropriate money to the trust fund.

SECTION 2. Amends Section 74.3011, Property Code, as follows:

Sec. 74.3011. New heading: DELIVERY OF MONEY TO TEXAS NEW HORIZONS

SCHOLARSHIP TRUST FUND. Requires a local telephone exchange company, notwithstanding and in addition to any other provision of this chapter or other law, to deliver reported money to the Texas New Horizons Scholarship Trust Fund established under Section 54.216, Education Code, instead of delivering the money to the comptroller as prescribed by Section 74.301, rather than authorizing a local telephone exchange company to deliver reported money to a scholarship fund for rural students instead of delivering money to the state treasurer. Deletes existing Subsection (b), regarding the delivery by a local telephone exchange company of money under this section. Requires the local telephone exchange company to forward the claim to the coordinating board, rather than to the administrator of the scholarship fund to which the money was delivered. Authorizes the coordinating board, rather than scholarship fund, to pay the claim from the scholarship trust fund if the coordinating board, rather than fund determines in good faith that the claim is valid. Authorizes a person aggrieved by a claim decision to file a suit against the coordinating board in a district court in Travis County, rather than the county in which the administrator of the scholarship fund is located, in accordance with Section 74.506. Redefines "local telephone exchange company." Deletes existing Subsection (g), regarding the limit of the total amount of money to be transferred. Makes conforming and nonsubstantive changes.

SECTION 3. Repealer: Section 74.3012, Property Code (Delivery of Money to Urban Scholarship Fund).

SECTION 4. (a) Effective date: September 1, 1997, except as provided by Subsection (b) of this section.

(b) Requires the Texas Higher Education Coordinating Board to adopt criteria for awarding scholarships under Section 54.216, Education Code, as added by this Act, not later than December 1, 1997. Requires the board to use those criteria in awarding any scholarships awarded before September 1, 1998.

SECTION 5. Emergency clause.

## **SUMMARY OF COMMITTEE CHANGES**

SECTION 1.

Amends proposed Section 54.216, Education Code, to add provisions to Subsection (e), regarding the establishment of the trust fund outside the treasury, the spending of money in the trust fund, the crediting of interest and income, and the spending from the trust fund to cover administrative costs. Authorizes the coordinating board to accept gifts and grants from any public or private source for the purposes of this subchapter, and to deposit a gift or grant to the credit of the trust fund. Authorizes the legislature to appropriate money to the trust fund. Makes nonsubstantive changes.

SECTION 2.

Redesignates proposed SECTION 2 to SECTION 4 and adds new SECTION 2.

SECTION 3.

Redesignates SECTION 3 as SECTION 5. Sets forth a new repealer.