

## BILL ANALYSIS

Senate Research Center  
79R14472 KEL-D

C.S.S.B. 1227  
By: Shapiro, West  
Education  
4/24/2005  
Committee Report (Substituted)

### AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Financial aid is essential for promoting participation and success by allowing students to prepare for, enroll in, and graduate from institutions of higher education. By providing access to institutions of higher education, Texas is making the necessary investments to meet the needs of the state in growing population and the goal of *Closing the Gaps by 2015*.

C.S.S.B. 1227 proposes an array of amendments to the Education Code to promote access to institutions of higher education, allow for financial aid administrative savings, and make clarifying changes.

### RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the governing board of an institution of higher education in SECTION 11 (Section 56.052, Education Code) of this bill.

Rulemaking authority previously granted to the Texas Higher Education Coordinating Board is modified in SECTION 14 (Section 56.304, Education Code) of this bill.

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 22 (Section 56.405, Education Code), SECTION 26 (Section 61.0776, Education Code), SECTION 27 (Section 61.088, Education Code), SECTION 28 (Section 61.225, Education Code) and SECTION 34 of this bill.

### SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 52.17(e), Education Code, as follows:

(e) Authorizes amounts paid to the Texas Higher Education Coordinating Board (board) by the federal Lender's Special Allowance program to be used by the board for the administration of student loan and grant programs administered by the board, including the making of grants under Subchapter M, Chapter 56. Deletes existing text relating to other loan programs.

SECTION 2. Amends Section 52.31, Education Code, to redefine "participating higher educational institution."

SECTION 3. Amends Section 52.32, Education Code, by amending Subsections (a) and (b) and adding Subsection (a-1), as follows:

(a) Authorizes the board to authorize loans from the Texas Opportunity Plan Fund to an applicant who meets certain amended criteria, rather than qualified students who meet certain requirements.

(a-1) Requires the applicant, except as provided by Subsection (b), if the institution to which the applicant has been accepted for enrollment was not a participating institution, as defined by Section 52.31, on May 1, 1985, to provide evidence that the applicant is unable to obtain a guaranteed student loan from a commercial lender.

(b) Provides that the applicant, if a loan applicant is enrolled at a career school or college in a degree program that is approved by the board or at a Regional Education Service

Center or other entity in an alternative educator certification program that is approved by the State Board for Educator Certification, is not required to provide evidence that the applicant is unable to obtain a guaranteed student loan from a commercial lender under Subsection (a-1), rather than (a)(2) of this section.

SECTION 4. Amends Section 54.007, Education Code, by adding Subsection (f), as follows:

(f) Authorizes a student to elect to pay the tuition and fees of an institution of higher education by installment under this section regardless of whether the student intends to apply a financial aid award administered by the institution toward the tuition and fees, except that a student whose financial aid award or awards are available to cover the total amount of tuition and fees is prohibited from paying by installment under this section. Requires the governing board of the institution, on receipt of notice of a student's election to pay tuition and fees by installment, to apply any financial aid award administered for the student toward the initial amount of tuition and fees due on installment and immediately release any remaining amount of the award to the student, except that the institution is not required to apply the award or awards toward the total amount of tuition and fees in exigent circumstances as determined by the institution.

SECTION 5. Amends Subchapter A, Chapter 54, Education Code, by adding Section 54.0071, as follows:

Sec. 54.0071. PAYMENT OPTIONS FOR STUDENT WITH DELAYED FINANCIAL AID. (a) Requires the governing board of an institution of higher education (governing board) to postpone the due date for the payment of all or part of the tuition and fees for a student for a semester or summer session in which the student will receive one or more delayed financial aid awards if the student meets certain criteria.

(b) Provides that the postponed due date under Subsection (a) applies only to the portion of tuition and fees to be covered by the student's delayed financial aid awards. Requires the governing board, when the financial aid awards become available, to apply the awards toward the amount due and immediately release any remaining amount of the awards to the student.

(c) Requires the governing board, if after the due date for a student tuition and fees is postponed under this section the student become ineligible to receive one or more of the delayed financial awards, or the amount awarded is less than the amount of tuition and fees due, to provide the student a reasonable period, not to exceed 30 days, to pay the unpaid amount of tuition and fees. Authorizes the board to deny a student credit for work done in the semester or summer session if the student fails to pay the tuition and fees by the end of that period.

(d) Requires the board to prescribe procedures for the administration of this section.

(e) Requires the governing board, if the student with delayed financial aid awards has elected to pay tuition and fees by installment as permitted by Section 54.007, to postpone the due date as provided by this section for each installment payment that becomes due before the student receives the awards.

SECTION 6. Amends Section 54.214(c), Education Code, as follows:

(c) Requires a person, to be eligible for an exemption under this section, for the initial term or semester for which the person receives an exemption under this section, have worked as an educational aide for at least one school year during the five years preceding that term or semester, rather than be a school employee who worked as an educational aide for at least one school year during the five years preceding the term or semester which the person receives the exemption. Makes conforming changes.

SECTION 7. Amends Section 54.2155, Education Code, as follows:

Sec. 54.2155. PAYMENT OF TUITION ASSISTANCE FOR MEMBERS OF STATE MILITARY FORCES. (a) Requires the adjutant general of the state military forces, rather than the board, for each semester, rather than in the manner established by the board, to certify to institutions of higher education as described by Section 431.090 (Tuition Assistance), Government Code, information identifying the persons to whom the adjutant general has awarded tuition assistance under that section. Deletes existing text relating to the board making certain determinations.

(b) Requires an institution of higher education to exempt a person certified by the adjutant general as described by Subsection (a), rather than the board under this section, from the payment of tuition for semester credit hours for which the person enrolls, not to exceed 12 semester credit hours. Deletes existing text referring to the board reimbursing and granting money under this section.

SECTION 8. Amends Section 54.5021(b), Education Code, as follows:

(b) Requires the student deposit fund of an institution of higher education to be used, at the discretion of the institution's governing board, for making scholarship awards to needy and deserving students of the institution and making grants under Subchapter C, Chapter 56, to resident students of the institution

SECTION 9. Amends Section 56.033, Education Code, by adding Subsection (e), as follows:

(e) Authorizes the governing board, to supplement money set aside under Subsection (a), to use money received by the institution from the fee for issuance of collegiate license plates under Section 504.615 (Collegiate License Plates), Transportation Code, for awarding Texas Public Educational Grants. Authorizes the board to use the money to award grants to both resident and nonresident students, except that the board is required to give priority to grants for resident students. Prohibits the board, notwithstanding Subsection (b), from using the money for emergency loans under Subchapter D.

SECTION 10. Amends Section 56.051, Education Code, to authorize each institution of higher education to establish an emergency loan program under which students are loaned money to pay tuition, fees, and the costs of textbooks.

SECTION 11. Amends Section 56.052, Education Code, as follows:

(a) Provides an exception as provided by Subsection (b).

(b) Authorizes the governing board to adopt rules that allow the institution to select loan recipients from the eligible applicants according to financial need, regardless of when their applications are received, if money available for the program is insufficient to provide loans to each eligible applicant.

SECTION 12. Amends Section 56.076, Education Code, to require an employer, to be eligible to participate in the work-study program, to provide from sources other than federal college work-study program funds a percentage, rather than not less than 30 percent, of an employed student's wages that is equal to the percentage of a student's wages that the employer would be required to provide to the student in that academic year under the federal college work-study program. Deletes existing text relating to the employee benefits and whether or not the employer is a profit or non-profit making entity.

SECTION 13. Amends Section 56.203, Education Code, as amended by Chapter 1317, Acts of the 78th Legislature, Regular Session, 2003, by adding Subsection (a-1), as follows:

(a-1) Provides that the requirement provided by Subsection (a)(2) that a person is required to have successfully completed the recommended or advanced high school program established under Section 28.025 to be eligible for the Early High School Graduation Scholarship program does not apply to a person who entered grade nine before the 2003-2004 school year. Provides that this subsection expires January 1, 2007.

SECTION 14. Amends Section 56.304(e), Education Code, to provide that a person's eligibility, unless the person is provided additional time during which the person may receive a TEXAS grant under this subsection, ends on the fifth, rather than sixth, anniversary of the initial award of a TEXAS grant to the person and the person's enrollment in an eligible institution, if the person is enrolled in a degree or certificate program of four years or less, or on the sixth anniversary of the initial award of a TEXAS grant to the person and the person's enrollment in an eligible institution, if the person is enrolled in a degree program of more than four years. Clarifies a requirement for the coordinating board to adopt rules to provide additional time to a person eligible to receive a TEXAS grant under this subsection.

SECTION 15. Amends Sections 56.305(e) and (g), Education Code, as follows:

(e) Provides that a person, for the purposes of this section, makes satisfactory academic progress toward an undergraduate degree or certificate only if in a subsequent academic year [after the first academic year] the person completed at least 24 semester credit hours, rather than 75 percent of the semester hours attempted, in the student's most recent academic year.

(g) Requires the board to adopt rules to allow a person who is otherwise eligible to receive a TEXAS grant, in the event of a hardship or for other good cause shown, including a showing of a severe illness or other debilitating condition that may affect the person's academic performance or that the person is responsible for the care of a sick, injured, or needy person and that the person's academic performance, to receive a TEXAS grant, if the number of semester credit hours completed by the student, rather than completion rate, falls below the satisfactory academic progress requirements of Subsection (e).

SECTION 16. Amends Section 56.307, Education Code, by amending Subsections (b), (c), (d), (i), and (j) and adding Subsections (d-1), (i-1), and (l), as follows:

(b) Provides that the amount of a TEXAS grant for a semester or term for a student enrolled full-time at a private or independent institution of higher education is the amount determined by the board as the average statewide amount of tuition and required fees that a resident student enrolled full-time in a baccalaureate degree program would be charged for that semester or term at general academic teaching institutions.

(c) Makes a conforming change.

(d) Makes a conforming change.

(d-1) Requires the board to determine the average statewide tuition and fee amounts for a semester or term of the next academic year for purposes of this section by using the amounts of tuition and required fees that will be charged by the applicable eligible institutions for that semester or term in that academic year. Authorizes the board to estimate the amount of the charges for a semester or term in the next academic year by an institution if the relevant information is not yet available to the board.

(i) Prohibits a public institution, unless it complies with Subsection (j), from charging a person attending the institution who also receives a TEXAS grant an amount of tuition and required fees in excess of the amount of the TEXAS grant received by the person.

(i-1) Authorizes a public institution of higher education to elect to award a TEXAS grant to any student in an amount that is less than the applicable amount established under Subsection (a), (c), (d), or (e).

(j) Requires, rather than authorizes, a public institution of higher education to use other available sources of financial aid, other than a loan, to cover any difference in the amount of a TEXAS grant awarded to the student and the actual amount of tuition and required fees at the institution if the difference results from certain amounts.

(l) Requires the board to provide information regarding the Texas B-On-Time loan program established under Subchapter Q to each eligible applicant who receives less than the full amount of a TEXAS grant.

SECTION 17. Amends Section 56.3075(a), Education Code, to authorize the board, if the money available for TEXAS grants in a period for which grants are awarded is sufficient to provide grants to all eligible applicants in amounts specified by Section 56.307, to use any excess money available for TEXAS grants to award a grant in an amount not more than three times the amount that may be awarded under Section 56.307 to a student who meets certain criteria.

SECTION 18. Amends the heading to Subchapter P, Chapter 56, Education Code, to read as follows:

SUBCHAPTER P. TEXAS EDUCATIONAL OPPORTUNITY GRANT PROGRAM

SECTION 19. Amends Section 56.402(a), Education Code, to provide that the student financial assistance program authorized by this subchapter is known as the Texas Educational Opportunity Grant Program, rather than the Toward Excellence, Access, & Success (TEXAS) grant II program. Deletes existing text relating to a TEXAS grant II.

SECTION 20. Amends Section 56.403, Education Code, to make conforming changes.

SECTION 21. Amends Section 56.404, Education Code, to make conforming changes.

SECTION 22. Amends Section 56.405, Education Code, as follows:

(a)-(c) Makes conforming changes.

(d) Provides that a person, for the purpose of this section, makes satisfactory academic progress toward an associate degree or certificate if the person meets certain criteria.

(e) Makes conforming changes.

(f) Requires the board to adopt rules to allow a person who is otherwise eligible to receive a grant under this subchapter, in the event of a hardship or for other good cause shown, including a showing of a severe illness or other debilitating condition that may affect the person's academic performance or that the person is responsible for the care of a sick, injured, or needy person and that the person's provision of care may affect the person's academic performance, to receive a grant under this subchapter under certain conditions.

SECTION 23. Amends Section 56.406, Education Code, to make conforming changes.

SECTION 24. Amends Sections 56.407(a), (b), (c), (f), and (g), Education Code, to make conforming changes.

SECTION 25. Amends Section 61.066, Education Code, by adding Subsection (c), as follows:

(c) Requires the board to conduct a biennial study to determine the total cost of attending each institution of higher education and the resources used by students to cover that cost, including the amounts of money received by students at each institution from the major sources of public and private financial aid, including grants, loans, scholarships, gifts, and work-study programs. Requires the board, in conducting the study, to solicit information and comments from the financial aid office at each institution of higher education. Requires the board, not later than November 1 of each even-numbered year, to report the findings of the study to each legislative standing committee and subcommittee with primary jurisdiction over higher education.

SECTION 26. Amends Section 61.0776, Education Code, by adding Subsection (f), as follows:

(f) Requires the board, in cooperation with the entities specified by Subsection (a) and the advisory committee established by Subsection (b), to develop a comprehensive financial aid training program for public school counselors, employees of student financial aid offices of public and private or independent institutions of higher education, members of appropriate community-based organizations, and other appropriate persons. Authorizes the board to adopt rules as necessary to administer the training program. Requires the board to design the training program to accomplish certain tasks.

SECTION 27. Amends Subchapter C, Chapter 61, Education Code, by adding Section 61.088, as follows:

Sec. 61.088. HIGHER EDUCATION ENROLLMENT ASSISTANCE PROGRAM. (a) Requires the board, to the extent that funds are available for the purpose, to administer the Higher Education Enrollment Assistance Program (program). Requires the board, under the program, to take certain actions relating to the program.

(b) Requires the board, to the extent that funds are available for the purpose, to expand the program to include additional areas identified by the board as meeting the criteria specified by Subsection (a).

(c) Requires the board to provide information and assistance required by this section at least twice each year at one or more appropriate locations in each area served by the program.

(d) Authorizes the board to coordinate with an institution of higher education or other entity to provide the information and assistance required by this section in each area served by the program.

(e) Requires the board, not later than August 31 of each year, to submit to the legislature a report on the scope and effectiveness of the program.

(f) Requires the board to adopt rules as necessary to implement this section.

SECTION 28. Amends Section 61.225, Education Code, as follows:

Sec. 61.225. New heading: ELIGIBILITY FOR GRANT. (a) Requires a person, to be eligible for a tuition equalization grant in the first academic year in which the person receives the grant, to meet certain criteria.

(b) Authorizes a person, after qualifying for a tuition equalization grant under Subsection (a), to receive a tuition equalization grant in a subsequent academic year in which the person is enrolled at an approved institution only if the person meets certain criteria.

(c) Provides that an undergraduate student's eligibility, unless the student is provided additional time during which the student may receive a tuition equalization grant under Subsection (d), ends:

(1) on the fifth anniversary of the initial award of a tuition equalization grant to the student, if the student is enrolled in a degree or certificate program of four years or less; or

(2) on the sixth anniversary of the initial award of a tuition equalization grant to the student, if the student is enrolled in a degree program of more than four years.

(d) Requires the board to adopt rules to provide an undergraduate student eligible to receive a tuition equalization grant additional time during which the student may receive a tuition equalization grant, in the event of a hardship or for other good cause shown that prevents the student from continuing enrollment during the period the student would otherwise have been eligible under Subsection (c) to

receive a tuition equalization grant, including a showing of a severe illness or other debilitating condition or that the student is or was responsible for the care of a sick, injured, or needy person.

SECTION 29. Amends Section 431.090, Government Code, by amending Subsection (g) and adding Subsections (h) and (i), as follows:

(g) Requires the adjutant general, before each semester at a time determined by the adjutant general, rather than the board, to certify to the appropriate public and private institutions of higher education, rather than the board, a list of persons to whom the adjutant general has awarded tuition assistance under this section for that semester. Prohibits the amount of tuition assistance awarded by the adjutant general under this section from exceeding the amount of money available to fund tuition assistance awards, rather than requiring the board, after receipt of the list, to determine whether sufficient money is available to fund tuition assistance awards. Deletes existing text relating to the board determining whether sufficient funds are available.

(h) Requires the adjutant general, from money appropriated for purposes of this section, to authorize the comptroller to reimburse an institution of higher education in an amount equal to the amount of tuition exemption the institution grants to a person under Section 54.2155, Education Code.

(i) Requires the adjutant general, from money appropriated for purposes of this section, to authorize the comptroller to make a grant to a person attending a private or independent institution of higher education to whom the adjutant general has awarded tuition assistance for the semester under this section. Provides that the amount of a grant under this subsection is an amount equal to the average amount of reimbursement the adjutant general estimates will be paid per student for the same semester under Subsection (h).

SECTION 30. Amends Section 504.615(b), Transportation Code, to authorize money to be used only for Texas Public Educational Grants awarded under Subchapter C, Chapter 56, Education Code, if the fee is for the issuance of a license plate for a college described by Subsection (e)(1).

SECTION 31. Repealer: Section 56.203 (Eligible Person), Education Code, as amended by Chapter 365, Acts of the 78th Legislature, Regular Session, 2003.

SECTION 32. (a) Requires the board to conduct a study of the tuition exemptions and waivers authorized under Chapter 54, Education Code. Requires the study to include an evaluation of the extent to which the tuition exemptions and waivers meet certain standards.

(b) Requires the board, not later than October 1, 2006, to report the results of the study, including the board's recommendations for administrative or statutory changes to address the board's findings, to certain entities and persons.

(c) Provides that this section expires January 1, 2007.

SECTION 33. Makes application of Sections 54.007(f) and 54.0071, Education Code, as added by this Act, prospective to the 2006 spring semester.

SECTION 34. (a) Provides that the changes made by this Act to Section 54.214 (Educational Aides), Education Code, applies to eligibility for an exemption from payment of tuition and fees for an academic period beginning with the 2005 fall semester and applies regardless of whether a person would have been exempt from payment of tuition and fees under Section 54.214(c), Education Code, as that subsection existed before the amendment made by this Act. Provides that eligibility for an exemption from payment of tuition and fees for an academic period before the 2005 fall semester is covered by the applicable law in effect before the effective date of this Act, and the former law is continued in effect for that purpose.

(b) Requires the board to, as necessary, adopt rules consistent with Section 54.214(c), as amended by this Act, as soon as practicable after this Act takes effect. Authorizes the

board, for the purpose, to adopt the rules in the manner provided by law for emergency rules. Provides that this subsection expires May 1, 2006.

SECTION 35. Provides that the changes in law made this Act to Section 54.2155, Education Code, and Section 431.090, Government Code, apply beginning with tuition assistance awards for the 2006-2007 academic year. Provides that tuition assistance awards for an academic year before 2006-2007 academic year are covered by the law in effect immediately preceding the effective date of this Act, and the former law is continued in effect for that purpose.

SECTION 36. Makes application of Sections 56.051 and 56.052, Education Code, as amended by this Act, prospective to the 2006 spring semester.

SECTION 37. Makes application of Section 56.076, Education Code, as amended by this Act, prospective.

SECTION 38. Provides that the change in law made by this Act to Sections 56.304, 56.305, 56.307, and 56.3075, Education Code, applies beginning with the 2005-2006 academic year, but does not affect the amount of or entitlement to any grant awarded before the effective date of this Act.

SECTION 39. Makes application of the change in law made by this Act relating to the eligibility of a person to receive a Texas Educational Opportunity Grant applies to each Texas Educational Opportunity Grant awarded on or after the effective date of this Act.

SECTION 40. Requires the board to make the initial report required by Section 61.066(c), Education Code, as added by this Act, not later than November 1, 2006.

SECTION 41. Requires the board to implement the comprehensive financial aid training program under Section 61.0776(f), as added by this Act, not later than January 1, 2006.

SECTION 42. Provides that the change in law made by this Act to Section 61.225, Education Code, applies beginning with tuition equalization grants for the 2005-2006 school year, but only for tuition equalization grants awarded on or after the effective date of this Act. Provides that a tuition equalization grant awarded before the effective date of this Act is governed by the law in effect immediately before the effective date, and the former law is continued in effect for that purpose.

SECTION 43. Effective date: September 1, 2005.