

BILL ANALYSIS

Senate Research Center
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S.B. 1656
By: West
Higher Education
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Top 10 Percent Scholarship Program was established in 2007 through an appropriations rider. The program was implemented by Texas Higher Education Coordinating Board (THECB) rules and is a need-plus-merit program to encourage the best and brightest Texas high school students to go to college in Texas.

Scholarships are awarded to high school graduates with need who graduate in the top 10 percent of their high school graduating class and enroll full-time. To be eligible for a continuation award, students must complete 30 semester credit hours each year, maintain a cumulative GPA of 3.25, and complete at least 75 percent of the hours attempted.

The legislature has continued to fund the program as a function of appropriations. The Top 10 Percent Scholarship Program is currently administered under the authority of S.B. 1, 83rd Legislature, Regular Session, 2013 (General Appropriations Act, Rider 32 (III-53)), not in accordance with Subchapter R, Chapter 56, Education Code.

In order to generate consistency between existing operating practices and statute, S.B. 1656 would amend Subchapter R, Chapter 56, Education Code to reflect current program operations.

S.B. 1656 also proposes that the program's allocation of funds be distributed directly to institutions of higher education rather than THECB distributing the funds statewide. This change is expected to expedite the delivery of scholarship funds to students.

As proposed, S.B. 1656 amends current law relating to the administration of the scholarship program for certain students graduating in the top 10 percent of the students' high school graduating class.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 1 (Section 56.483, Education Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 56.483, 56.484, and 56.486, Education Code, as follows:

Sec. 56.483. New heading: ADMINISTRATION OF PROGRAM. (a) Requires the Texas Higher Education Coordinating Board (THECB) to administer the Top 10 Percent Scholarship Program established under this chapter, rather than award scholarships to eligible students under this subchapter, and to adopt rules as necessary to implement the program at institutions of higher education. Requires THECB to consult with student financial aid officers at institutions of higher education in developing the rules.

(b) Prohibits the total amount of scholarships awarded under this subchapter from exceeding the amount available for the program from legislative appropriations.

Deletes existing text requiring an institution of higher education to provide a student who receives a scholarship under the program for a semester or other academic term a credit in the amount of the scholarship, to be applied toward the payment of any amount of educational costs charged by the institution for that

semester or term and a check, electronic transfer, or other disbursement of any remaining scholarship amount.

Deletes existing text authorizing that an amount paid under Subsection (b)(2) be applied only to any usual and customary cost incurred by the student to attend the institution of higher education.

Sec. 56.484. INITIAL ELIGIBILITY FOR SCHOLARSHIP. Requires a student, to be eligible for a scholarship under this subchapter, to:

(1) Makes no change to this subdivision;

(2) have completed the recommended, advanced, or distinguished high school curriculum established under Section 28.025 (High School Diploma and Certificate; Academic Achievement Record), the distinguished level of achievement under the foundation high school program, or an equivalent curriculum;

(3) demonstrate financial need as defined by THECB rules, rather than have applied for admission as a first-time freshman student for the 2010-2011 academic year or a subsequent academic year to an institution of higher education that has elected to offer admissions for that academic year to applicants as provided by Section 51.803(a-1);

(4) unless granted a hardship extension under Section 56.490 (Exception for Hardship or Other Good Cause), enroll as a first-time freshman student in an institution of higher education not later than the first fall semester following the student's high school graduation and maintain full-time enrollment through the census date of that fall semester, rather than not later than the 16th month after the date of the student's high school graduation;

(5) Redesignates existing Subdivision (6) as Subdivision (5);

(6) Redesignates existing Subdivision (7) as Subdivision (6).

Deletes existing Subdivision (5) requiring a student to have been awarded a TEXAS grant under Subchapter M for the same semester or other academic term for which the scholarship will be awarded.

Makes nonsubstantive changes.

Sec. 56.486. AMOUNT OF SCHOLARSHIP. Provides that the amount of a scholarship for an academic year in which an eligible student is enrolled at an institution of higher education is an amount determined annually by THECB based on available funds.

Deletes existing text providing that, except as provided by Subsection (b), the amount of a scholarship of each semester or other academic term in which an eligible student is enrolled at an institution of higher education is an amount sufficient to cover, but not exceed, the amount of tuition charged to the student for that semester or term.

Deletes existing Subsection (b) prohibiting the amount of a scholarship for each semester or other academic term from exceeding the amount of the student's unmet financial need for that semester or term after any other gift aid has been awarded.

Deletes existing Subsection (c) requiring THECB to issue to each eligible student a certificate indicating the amount of the scholarship awarded to the student.

Makes nonsubstantive changes.

SECTION 2. Amends Subchapter R, Chapter 56, Education Code, by adding Section 56.4865, as follows:

Sec. 56.4865. SCHOLARSHIP USE; PAYMENT. (a) Authorizes a student receiving a scholarship under the program to use the money to pay any usual and customary cost of attendance incurred by the student at an institution of higher education.

(b) Authorizes an institution of higher education to disburse all or part of a scholarship to an eligible student only if the tuition and required fees incurred by the student at the institution have been paid.

SECTION 3. Amends Sections 56.487(a), (b), and (c), Education Code, as follows:

(a) Requires THECB to establish application procedures for the program. Deletes existing text authorizing that the procedures require an officer of the applicable high school or school district to verify the eligibility of a student to receive a scholarship under the program.

(b) Requires an institution of higher education to obtain the necessary documentation from the applicable high school or school district to verify a student's eligibility. Requires an institution of higher education to verify a student's initial eligibility based on the student's class rank at the end of the student's seventh semester in high school unless the institution uses a different semester in determining student eligibility for admission to the institution.

Deletes existing text authorizing THECB to permit a student to establish initial eligibility based on the student's class rank at the end of the student's seventh semester in high school.

Deletes existing text authorizing THECB to revoke an initial scholarship awarded to a student who subsequently loses eligibility based on the student's class rank on graduation from high school.

(c) Authorizes an institution of higher education, rather than THECB, to consider applications received after the uniform priority deadline, rather than the application deadline, prescribed by THECB under Section 56.008 (Priority Deadline for Student Financial Assistance) only if sufficient funding for scholarships remains after the institution, rather than THECB, awards scholarships to all eligible students who applied on or before the deadline.

SECTION 4. Amends Sections 56.488, 56.489, 56.490, and 56.492, Education Code, as follows:

Sec. 56.488. CONTINUING ELIGIBILITY FOR SCHOLARSHIP. (a) Authorizes a student, after establishing eligibility to receive an initial scholarship under the program, to qualify for a renewal scholarship award in a subsequent academic year in which the student is enrolled at an institution of higher education, rather than continue to receive additional scholarships during each subsequent semester or other academic term in which the student is enrolled at an institution of higher education, if the student:

(1) Makes no change to this subdivision;

(2) Makes a nonsubstantive change;

(3) Redesignates existing Subdivision (4) as Subdivision (3). Makes no further change.

Deletes text in existing Subdivision (3) authorizing a student to qualify for a renewal scholarship award if the student has been awarded a TEXAS grant under Subchapter M for the same semester or other academic term for which the scholarship will be awarded.

(b) Prohibits a student from receiving a scholarship during the next academic year, rather than the next semester or other term, in which the student enrolls if the student fails to meet any of the requirements of Subsection (a) as of the end of an academic year, rather than after completing a semester or other academic term. Authorizes a student to become eligible to receive a scholarship in a subsequent academic year, rather than subsequent semester or term, if the student:

- (1) completes an academic year, rather than a semester or term, during which the student is not eligible for a scholarship; and
- (2) meets all the requirements of Subsection (a).

(c) Makes no change to this subsection.

Sec. 56.489. SATISFACTORY ACADEMIC PROGRESS. Provides that a student initially awarded a scholarship under this subchapter in an academic year makes satisfactory academic progress in a subsequent academic year for purposes of this subchapter only if the student:

- (1) completes for that year at least 30 credit hours or the number of credit hours needed to complete the student's degree or certificate program, whichever is less; and
- (2) maintains an overall grade point average of at least 3.25 on a four-point scale or its equivalent for all coursework attempted at any public or private institution of higher education.

Deletes existing text providing that, for each academic year in which the student receives one or more under the program, a student must complete a least 75 percent of all credit hours attempted, as determined by the institution of higher education in which the student is enrolled. Redesignates existing Paragraph (B) as Subdivision (1). Makes nonsubstantive changes.

Sec. 56.490. EXCEPTION FOR HARDSHIP OR OTHER GOOD CAUSE. (a) Requires each institution of higher education to adopt a policy to allow a student who fails to enroll as a first-time freshman student at an institution of higher education within the period prescribed by Section 56.484(4) (requiring a student to enroll as a first-time freshman student in an institution of higher education not later than the 16th month after the date of the student's high school graduation) or who fails to make satisfactory academic progress as required by Section 56.489 (Satisfactory Academic Progress) to receive a scholarship in a subsequent semester or other academic term on a showing of hardship or other good cause, including:

(1)-(3) Makes no change to these subdivisions.

(b) Authorizes an institution of higher education to extend the eligibility period described by Section 56.488(c) in the event of hardship or other good cause as provided by the institution's policy adopted under Subsection (a), except that the institution is prohibited from extending a student's eligibility beyond four annual scholarship awards or for less than full-time enrollment.

(c) Requires that an institution of higher education maintain documentation of each exception granted to a student under this section. Deletes existing text requiring the institution of higher education to provide timely notice of those exceptions to THECB.

Sec. 56.492. New heading: DISBURSEMENTS. (a) Requires that each institution of higher education that provides scholarships under the program to eligible students

enrolled at the institution receive, in accordance with THECB rules, a share of the funds appropriated for the program. Deletes existing text entitling each institution of higher education to reimbursement by THECB of the amounts provided and requiring the institution to request reimbursement in the manner specified by THECB rule.

(b) Requires THECB to direct the comptroller of public accounts of the State of Texas to transfer the appropriate amount to an institution of higher education on approval of the institution's request for funds, rather than reimbursement.

SECTION 5. Repealers: Sections 56.485 (Ineligibility for Scholarship) and 56.487(d) (requiring THECB to notify each eligible student of the receipt of a scholarship under the program and to enable an institution of higher education to verify the award of a scholarship to a student who is enrolled at that institution), Education Code.

SECTION 6. Provides that the changes in law made by this Act to Subchapter R (Scholarships for Students Graduating in Top 10 Percent of High School Class), Chapter 56, Education Code, apply beginning with scholarships awarded under that subchapter for the 2015-2016 academic year.

SECTION 7. Effective date: upon passage or September 1, 2015.