

BILL ANALYSIS

Senate Research Center

S.B. 1504
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Higher Education
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

When the legislature terminated the B-On-time Student Loan Program in 2015, it allowed whatever funds remained in the program's account to be appropriated based on a formula favoring institutions where B-On-time was "underutilized," meaning the percentage of students on a campus receiving B-On-time loans was less than the percentage that institution represented of the statewide tuition set aside pool. While understandable given that tuition set asides were the primary funding mechanism for B-On-time, that choice does not align with any existing state strategies for promoting access, affordability, or excellence in higher education.

The overarching goal of the state's higher education plan, 60x30TX, is to have at least 60 percent of Texans between the ages of 25–34 holding a certificate or degree by the year 2030. The completion goal of the plan is to have at least 550,000 students in that year complete a certificate, associate, bachelor's, or master's degree from an institution of higher education in Texas. The only way Texas will reach the completion goal is if more students graduate, particularly at-risk students (i.e., Pell Grant eligible students and/or academically underprepared students).

The current Operations Support formula incentivizes general academic institutions to increase student and course enrollments, offer more upper-level courses, and offer more costly programs such as doctoral programs. This formula funding is allocated to institutions based on enrollments on the 12th class day. If a student drops a course after the 12th class day, the institution receives the same amount of state funding. Accordingly, there are no built-in incentives for institutions to graduate students.

To align with state goals and best use existing resources, S.B. 1504 would allow the remaining funds in the B-On-time account—some \$126.8 million—to be disbursed to universities using a performance-based methodology that allocates funding based on a three-year average of the number of bachelor's degrees conferred on at-risk students. (Original Author's/Sponsor's Statement of Intent)

S.B. 1504 amends current law relating to the abolition of the B-On-time student loan account and the allocation of funds remaining in that account.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 56.0092, Education Code, by amending Subsections (d) and (f) and adding Subsection (e-1), as follows:

(d) Provides that the Texas B-On-time student loan account is abolished on September 1, 2024, rather than on September 1, 2020, and authorizes any remaining money in the account, notwithstanding Subsection (b) (relating to a limitation on the use of money in the B-On-time student loan account), to be appropriated only to eligible institutions in the

manner provided by Subsection (e) (relating to a formula for fair allocation of appropriated funds).

(e-1) Authorizes an eligible institution that receives an appropriation of money under Subsection (d) to use the money only to support efforts to increase the number of at-risk students who graduate from the institution or the rate at which at-risk students graduate from the institution.

(f) Defines for purposes of this section:

(1) "at-risk student" as an undergraduate student of an eligible institution:

(A) who has previously received a grant under the federal Pell Grant program or met the Expected Family Contribution (EFC) criterion for a grant under that program; or

(B) whose total score on the SAT or the ACT, excluding the optional essay test, is less than the national mean of students' scores on the applicable test.

(2) Creates this subdivision from existing text and defines "eligible institution."
Makes a nonsubstantive change.

SECTION 2. Effective date: upon passage or September 1, 2019.