

SUBJECT: Revising student financial aid for higher education

COMMITTEE: Higher Education — committee substitute recommended

VOTE: 6 ayes — Morrison, Goolsby, F. Brown, Harper-Brown, J. Jones, Rose
0 nays
3 absent — Dawson, Gallego, Giddings

SENATE VOTE: On final passage, May 2 — 31-0

WITNESSES: For — Colby Hanks; Omar Ochoa, UT- Austin Student Body President; Matt Ross, UT Student Government; John Stevens, Texas Business and Education Coalition

Against — Carol McDonald, Independent Colleges and Universities of Texas, Inc.

On — Lois Hollis, Raymund Paredes, Texas Higher Education Coordinating Board; Earl Hudgins, Texas Association Student Financial Aid Administrators c/o Tia Clary, Lubbock Christian University

BACKGROUND: In 2003, following the 78th regular session, the Joint Interim Committee on Higher Education was charged with identifying legislative and administrative changes to make recommendations to the 79th Legislature that would improve opportunities for residents of all areas of the state to enroll in and complete programs of higher education.

DIGEST: CSSB 1227 would revise student financial aid programs.

The bill would authorize the use of funds paid to the Texas Higher Education Coordinating Board (THECB) by the federal Lender's Special Allowance Program to pay for the administration of loan and grant programs, including the awarding of grants through the Towards Excellence, Access and Success Grant Program (TEXAS Grants).

It would limit the number of years that a TEXAS Grant recipient could

continue to receive a grant to five years for a four-year degree and six years for a degree that took longer than four years. This would apply to students awarded the grant during or after the fall semester of 2005. Those awarded a grant before the 2005 fall semester would have six years to receive the grant. The bill would allow for a hardship or other good cause for not being able to meet this requirement. The bill would change the definition of "satisfactory progress" for receiving continuing awards through TEXAS Grants from requiring a student to complete 75 percent of the semester credit hours attempted in an academic year to 24 hours in an academic year and would apply to students awarded a grant for the 2005 semester or later.

THECB would have to base the calculation for TEXAS Grant award amounts on the cost of tuition and fees for the upcoming academic year, rather than basing awards on a statewide average. If funding was limited, prorated awards could be made as long as tuition and fees were covered by other gift aid. THECB would have to give every student information on B-On-Time (BOT) loans. The bill would prohibit students at private institutions from receiving both a TEXAS Grant and a Tuition Equalization Grant (TEG) and would coordinate the maximum amounts for both grants. If a student were otherwise eligible for both, that student would receive the grant of the greater amount.

The bill would require that TEG recipients had the same academic progress requirements and hardship provision as the bill would require for TEXAS Grant recipients. Students would have to complete 24 hours a year for an undergraduate degree, 18 hours a year for graduate degrees, and maintain a GPA of 2.5. If all the requirements were met, students could continue to receive a grant for five years for a four-year degree and six years for a five year program. It would apply to students awarded grants during or after the 2005-2006 academic year.

The bill would change the name of the TEXAS Grants II program to the Texas Educational Opportunity Grant and would establish the same hardship provisions and satisfactory academic progress requirements as TEXAS Grants.

It would extend the definition of "eligible institution" for the Hinson-Hazlewood College Student Loan Program to include regional education service centers or other entities that offered alternative education certification programs. It would exempt students enrolled in alternative

education certification programs from the Hinson-Hazlewood Loan Program requirement of providing evidence that they were unable to obtain a guaranteed loan from a commercial lender.

The bill would allow tuition set-asides for B-On-Time (BOT) loans to be used to pay debt service on any bonds issued for BOT loans.

The bill would adjust the tuition and fee installment plan authorized under current law to require the governing boards of institutions to apply a student's financial aid toward the total amount of tuition and fees due and then release any remaining balance to the student. A student whose financial aid award covered the total cost of tuition and fees could not pay by installment under this provision.

If a student's financial aid was not available by the due date and the student assigned pending financial aid to the institution in an amount equal to the postponed payment, the bill would require the governing boards of institutions to postpone the due date of unpaid tuition and fees and to provide a 30-day repayment option if financial aid was cancelled or reduced. The postponed due date would apply only to the portion covered by the delayed award, and any remaining award would be released to the student. A student who failed to pay the tuition and fees could be denied credit for work done during that semester.

The bill would amend the Educational Aide Exemption Program authorized under current law to clarify that a year of work as an educational aide applied only to the initial award, not for continuing eligibility.

THECB would have to conduct a biennial study of the costs of attending college and how students pay for college and would report to the appropriate standing committee of the Legislature by November 1 of each even-numbered year. The bill would require THECB to be responsible for coordinating and developing a comprehensive training program for high school counselors, financial aid administrators, and other organizations and would set forth the requirements for the training program. THECB would study tuition exemptions and waivers and evaluate the extent to which they were cost-effective and efficient. The study results would be due to the appropriate legislative committee by November 1, 2006. This requirement would expire on January 1, 2007.

The bill would establish the higher education enrollment assistance program to be administered by THECB and would require that information be provided to prospective students regarding enrollment and financial aid. THECB would choose three areas of the state as having a large number of students who did not attend higher education in which to provide this information, to the extent that funding was available. The bill would set forth the procedures for this program. By August 31 of each year, THECB would report to the Legislature about the program.

The bill would clarify that students who graduated on or after September 1, 2005, whether or not the student successfully completed the recommended or advanced high school program, and who otherwise were eligible, would qualify for a \$1,000 tuition credit award through the Early High School Graduation Scholarship Program enabling a student to attend a higher education institution. It would require each high school to publicize information regarding the Early High School Graduation Scholarship Program and would set forth requirements.

The bill would expand the emergency tuition and fee loan program to allow awards to students for books. If funding was limited, institutions could give priority to needy students.

The bill would establish a pilot program that would allow a special summer tuition rate at Texas A&M University to be three-fourths of the amount otherwise charged. This provision would be implemented only if the Legislature appropriated money to Texas A&M University for the biennium ending August 31, 2007, to cover the lost tuition revenue. This section would expire January 1, 2008.

The bill also would amend sec. 431.090 of the Government Code regarding the transfer of the Tuition Assistance Program for State Military Forces to the Texas National Guard as well as amend sec. 504.615 of the Transportation Code allowing proceeds from the sale of license plates to be issued through the Texas Public Educational Grant Program. The bill would repeal conflicting statutory language on how much TEXAS Grant a student could receive.

Unless otherwise noted, the bill would take effect September 1, 2005.

SUPPORTERS
SAY:

CSSB 1227 would implement many of the recommendations made by the Joint Interim Committee on Higher Education that would streamline student financial aid programs.

Current law allows the state to use the federal Lender's Special Allowance to pay for the administration of loan and grant programs. However, the cost for administration can be covered under other appropriated funds, which would allow the federal funds to be used as financial aid, including for TEXAS Grants, rather than for administrative costs.

The name of the TEXAS Grants II programs should be changed to eliminate the confusion with the TEXAS Grants program. Conforming the same hardship provisions and satisfactory academic progress requirements for TEXAS Grants II would eliminate confusion and streamline the two grant programs.

Texas has a shortage of teachers and is meeting some of the need through the use of alternative teacher certification programs offered through Regional Education Service Centers and other public and private entities. These entities are not defined in the current Hinson-Hazlewood College Student Loan Program. As a consequence, financial aid for individuals seeking certification through these programs is not available.

Currently, students who qualify for financial aid but who cannot receive the aid by the time they register have to obtain alternate funding, which can create severe hardships for some students. The bill would authorize universities to allow students to enroll on an accounts-receivable basis for tuition and fees if they were not able to timely pay because of a delay in the release of federal or state financial aid funds.

The current installment plan offers only two options – full payment prior to the beginning of the term or payment of half of the amount prior to the beginning of the term, followed by two equal payments. The bill would also allow students who had been approved for aid to enroll under the installment plan even if the fund was delayed beyond the due date.

The Educational Aide Exemption Program is designed to increase the state's supply of teachers by encouraging previous educational aides to enroll and acquire teaching certificates. Current law requires an individual to have been employed as an aide one of five years prior to receiving the exemption. Educational aides who have a gap in service are required to

work a year to regain eligibility for the exemption, and this would keep many qualified individuals from getting their certificates. The one-year requirement should be only for initial eligibility of the exemption.

During the 78th Legislative session, two bills regarding the Early High School Graduation Scholarship Program were enacted with conflicting eligibility dates. Confusion over the interpretation of the statutes has resulted in students who were enrolled in the program prior to 2003 now being ineligible to receive the scholarships they had been promised. The bill would clarify the eligibility dates and enable these deserving students to receive the scholarships.

Grant recipients at private institutions should be held to the same standard as grant recipients at public institutions. Since the average GPA in Texas is currently around 2.8, it is not asking too much for TEG grant recipients to maintain a 2.5 GPA.

OPPONENTS
SAY:

Asking need-based financial aid recipients to maintain a GPA of 2.5 is going to be a hardship for many students. Currently, TEG grant recipients are required to maintain satisfactory academic progress as defined by the institution they attend. Also, the standard at most institutions for graduation is only a 2.0 GPA. Many need-based recipients typically come from disadvantaged backgrounds, but the bill would hold them to a higher standard than that required to graduate from college. While this requirement would make sense for merit-based grants, it would not for need-based grants.

Based on 2003-2004 statistics, if TEG grant recipients are required to maintain a 2.5 GPA, institutions estimate that about 3,700 students would lose their TEG grants and most of these would be likely to be minority students.

The requirement that graduate students take 18 hours to be eligible for a TEG grant would negatively impact students who could not go to graduate school full time because of work or family responsibilities. Graduate schools typically have a nontraditional pattern of attendance because many students tend to be older and have full-time jobs or families.

NOTES:

The substitute would "grandfather" students who are currently receiving financial aid through the TEXAS Grant program and the TEG program. It would allow, rather than require, institutions to postpone the due date for

payment of tuition and fees because of a delayed financial award. It would establish eligibility for students who lost eligibility for the Early High School Graduation Scholarship Program. The substitute added the provision for a special summer tuition pilot program at Texas A&M University, included in HB 20 by F. Brown, which was placed on the General State Calendar for May 12, but no further action was taken.