

- SUBJECT:** Creating the Texas Gateway to the Future Grant Program
- COMMITTEE:** Higher Education — committee substitute recommended
- VOTE:** 9 ayes — Rangel, Cuellar, F. Brown, Farabee, Goolsby, J. Jones, Morrison, E. Reyna, Wohlgemuth
- 0 nays
- WITNESSES:** For — Jimmy Parker, Texas Association of Student Financial Aid Administration; Charles Zucker, Texas Faculty Association
- Against — None
- On — Felipe Alanis, Texas Education Agency; Don W. Brown, Texas Higher Education Coordinating Board
- BACKGROUND:** In 1986, student tuition and fees accounted for 14 percent of total university revenue in Texas, with the state providing 55 percent through general revenue. A decade later, the state's share had fallen to 44 percent while the portion paid by students has risen to 21 percent. Tuition and fees at state-supported institutions of higher learning tripled over the same period. At present, about 40 percent of Texas college and university students receive some form of needs-based financial aid, usually in the form of loans. The state provides about \$122 million in grants and scholarships.
- DIGEST:** CSHB 713 would create the Texas Gateway to the Future Grant Program to provide a monetary grant to eligible students to attend public, private, and independent institutions of higher education in Texas. The Texas Higher Education Coordinating Board would adopt rules to implement and administer the grant program by July 25, 1999. The coordinating board would give the highest priority to students with the greatest financial need. The grants would begin with the fall semester 1999.
- Eligibility.** To be eligible for a Gateway grant, an individual would have to complete the recommended or advanced high school curriculum or as much of the curriculum provided by the high school the student attended. A school district could not offer more than 10 percent of the curriculum by distance

learning. Exemptions from college preparatory curriculum requirements would be allowed for students attending high schools not offering the necessary courses.

An applicant also would have to:

- be a Texas resident according to the coordinating board's rules;
- be a Texas high school graduate after 1997-98 academic year;
- meet the coordinating board's financial need requirements;
- be enrolled in an undergraduate degree or certificate program;
- enroll for at least half of a full course load;
- not have earned a bachelor's degree;
- not have completed more than 150 hours.

To continue receiving a Texas Gateway Grant in subsequent semesters, a student would have to maintain an overall 2.0 GPA, complete 80 percent of the course hours attempted in a semester, and meet coordinating board requirements. A student who lost the grant could become eligible again after completing one semester without the grant and meeting eligibility requirements.

Grant amount. A Texas Gateway grant would be based on the average cost of tuition and fees at a public university, public community college, or public technical institute. Grants for students at private or independent institutions would equal the average statewide cost of tuition and fees for resident students.

By January 1, the coordinating board would publish the amount of each grant for the next academic year. The grants would be prorated for the amount of hours attempted. The Texas Gateway grant only could be reduced if the student's total grants and scholarships exceeded the total cost of attendance.

Informing students. Each school district would develop detailed strategies for informing students about higher education, including admissions and financial aid; the Texas Gateway to the Future Grant Program; and curriculum choices to prepare for success beyond high school. Each district would track students completing the required curriculum.

The coordinating board also would develop programs to disseminate information about financial aid, maintaining a toll-free information line and

setting up a center for financial aid information.

Other funding. CSHB 713 would repeal the Texas National Guard/ROTC Students exemption program (§54.215 Education Code) and Texas New Horizons Scholarships (§54.216 Education Code). On June 1, 1999, it also would repeal the Texas Educational Opportunity Grant Program (Subchapter F, Chapter 56 Education Code), and Financial Aid for Professional Nursing Students and Vocational Nursing Students and Loan Repayment Program for Certain Nurses (Subchapter L, Chapter 61 Education Code).

The money appropriated or collected for the repealed sections would be transferred to the coordinating board for the Texas Gateway to the Future Grant Program. Funding for financial aid recipients under these programs would continue under the Gateway program. The coordinating board may solicit and accept gifts for the Gateway Grant program.

CSHB 713 would require the coordinating board to study student financial aid and report recommendations to the governor and the Legislature by December 1, 2000. By January 1, 2003, the coordinating board and the commissioner of education would report on the performance of higher education students who completed the recommended or advanced high school curriculum.

CSHB 713 would take immediate effect if finally passed by a two-thirds record vote of the membership of each house.

**SUPPORTERS
SAY:**

The two greatest obstacles to higher education are cost and lack of preparedness of students. The Texas Gateway to the Future Grant Program would create a new program that would help improve both situations. HB 1 by Junell, the House version of the general appropriations bill for fiscal 2000-01, would provide \$100 million to get this new initiative off to an promising start.

The effort to pay for higher education traditionally has been a partnership among students, their families, local, state, and federal government agencies, and private donors. However, the burden on students has been increasing, making higher education less accessible and affordable for high school graduates. Lack of money to stay in school full time is one of the main reasons nearly 50 percent of students enrolling in Texas colleges and universities still have not graduated after six years.

CSHB 713 would foster a closer working relationship between institutions of secondary education and higher education in order to provide information to students about the grant program. It would consolidate or repeal existing financial aid programs to provide a more efficient and understandable financial aid system, adding the money to the Gateway program. By addressing the cost, preparedness, and efficiency issues, CSHB 713 would take one more step to full participation and success in higher education.

Texas has traditionally enrolled and graduated a lower percentage of its population than other states. Low funding levels for grants, scholarships and other financial aid contribute to those low numbers. These need-based grants would open college doors to those who simply could not afford it any other way. This would improve the economy by increasing the state's overall education level and promote economic development by making a better skilled workforce available for new industries such as high technology.

The program would give many Texas students a better start in professional life. About 40 percent of Texas students receive some form of needs-based financial aid, usually in the form of loans. That means these students graduate from college and begin new careers burdened with thousands of dollars in debt.

The Gateway grants would be made based on the average cost of an education at a public university, public junior college, or public technical institute. Basing the program on the average tuition and fee cost for the particular type of institution would fairly and equitably help students throughout all Texas institutions. This would ensure that the most needy students truly could afford the public higher education institution of their choice.

CSHB 713 would require students to complete as much of the recommended or advanced high school curriculum as their high school offers. This provision would help prepare students for college-level work, ensuring that grant monies were well spent. Studies clearly show that taking college preparatory courses is one of the best predictors of a high school student's future success in college. Scholarships that only require a good high school GPA or high rank in class may have the unintended effect of encouraging students to duck harder courses.

While the curriculum requirement initially would reduce the number of eligible students, required notification efforts would enable students to make good decisions about the high school classes they take. Eventually, many students would choose to complete the recommended or advanced curriculum knowing that grant money would be available if they do so. In effect, CSHB 713 would make a good deal with low-income students: if a the student takes college preparatory classes, then the state will help pay for college. The grants, however, would be limited to the number possible at the funding level set in the general appropriations bill.

CSHB 713 would help ensure that financial aid information gets into the hands of students. It would establish a Center for Financial Aid Information, mandate a toll-free information line, and require school districts to develop strategies for informing students about financial aid opportunities. This would increase the efficiency and effectiveness of the state's financial aid programs.

The reporting requirements in CSHB 713 would allow the Legislature to monitor and adjust financial aid laws. If the students taking the recommended or advanced curriculum succeed, then the Legislature could use CSHB 713 as a model for future legislation expanding the program. If those students show no improvement, the Legislature could change the law to meet goals through another means.

**OPPONENTS
SAY:**

This new scholarship grant program would be too expensive. The bill has a fiscal note of over \$96.4 million for the first biennium. The next three years would cost more than \$365 million.

Scholarships ought to be based on merit. Grade averages and test scores traditionally have been used to measure a student's capability. Having a lower family income or no family financial support should not be the criteria for receiving a scholarship.

Even if a needs-based program were warranted, the eligibility requirements in this bill would be too restrictive and would help too few needy students. Only about 40 percent of high school graduates take the recommended or advanced curriculum.

In addition, students who are performing well at junior colleges would be left out. Although they have demonstrated the ability to do college work, if they

have not met the high school curriculum requirement, they would not be eligible for the program.

The grant mechanism could discourage students from attending junior colleges. Because it is less expensive to attend a junior college, and the grants are based on average cost of attending a particular institution, the student would receive less money.

OTHER
OPPONENTS
SAY:

CSHB 713 is too limited and would not provide for nearly enough money to help Texas students. The Texas Commission on a Representative Student Body recommended spending \$500 million on scholarships and other education experts have argued for \$637 million.

Because the grants would be based upon the average cost of education at a particular type of institution, the number of grants would be limited. Instead, the program should try to provide some funding to all eligible, needy students.

HB 713 would grant the coordinating board too much discretion to establish eligibility for the grants by rule-making. The bill should specify all eligibility requirements. The coordinating board should not have the authority to create new requirements, but should only be able to interpret statutory requirements to implement the grant program.

NOTES:

Rep. Cuellar plans to offer a floor amendment to allow students who earned an associate degree after the 1997-98 academic year to be eligible for the grant program.

The committee substitute change the original version by:

- ! changing the name of the program from the Texas Gateway to the Future Scholarship Program to the Texas Gateway to the Future Grant Program;
- ! adding the requirements for school districts to inform students of the financial aid opportunities.
- ! altering eligibility requirements;
- ! providing for how a student becomes eligible after losing a grant;
- ! determining the amount of the scholarship by the average full-time costs at a similar public institution and allowing the grant to be

- prorated for part-time students, rather than basing funding on actual costs at the institution;
- ! creating the Financial Aid Information Center and the advisory committee;
 - ! allowing for distance learning in the required curriculum; and
 - ! directing the coordinating board to report on the initial implementation of the bill.

A related bill, SB 37 by Ellis, passed the Senate on March 25 and was referred to the House Higher Education Committee. SB 37 would create a new HOPE grant program for students who completed recommended or advanced course work in high school and would be limited to students from low and middle income families, as determined by the coordinating board.

The House-passed version of HB 1 by Junell, the general appropriations bill for fiscal 2000-01, includes \$100 million for scholarships, which could be used to fund the new scholarship programs that would be established by HB 713 or SB 37.