

- SUBJECT:** Adding academic priority standards for awarding TEXAS grants
- COMMITTEE:** Higher Education — committee substitute recommended
- VOTE:** 7 ayes — Branch, Castro, Bonnen, Brown, D. Howard, Lewis, Patrick
1 nay — Alonzo
1 absent — Johnson
- WITNESSES:** For — Bill Hammond, Texas Association of Business; Woody Hunt, Governor’s Business Council; Dennis Jones, Governor’s Business Council and National Center for H.E. Management Systems; (*Registered, but did not testify*: Chuck Hempstead, Texas Association of College Teachers)
- Against — Marianna Anaya; Yannis Banks, Texas NAACP; Luis Figueroa, Mexican American Legal Defense and Educational Fund (MALDEF); Ted Melina Raab, Texas American Federation of Teachers; (*Registered, but did not testify*: Carlos Cardenas, Brenda Castillo, Christina Rodriguez, University of Texas at Austin Student Longhorn LULAC; Loretta Edelen, Texas Association of Black Personnel in Higher Education; Jesse Romero, Texas Association for Bilingual Education; Velma Ybarra, League of United Latin American Citizens - Texas)
- On — Fred Heldenfels, Raymund Paredes, Texas Higher Education Coordinating Board; Monica Martinez, Texas Education Agency; Drew Scheberle, Greater Austin Chamber of Commerce; Harold Whitis, Texas Association of Student Financial Aid Administrators; (*Registered, but did not testify*: Patricia Lopez, Texas Center for Education Policy; Angela Valenzuela, Texas Center for Educational Policy, UT-Austin)
- BACKGROUND:** In 1999, the Legislature established the Toward Excellence, Access, and Success (TEXAS) grant program for eligible financially needy students to pursue higher education. To be eligible for an initial grant, an incoming freshman generally must be a Texas resident, according to Texas Higher Education Coordinating Board (THECB) rules; graduate from a Texas high school with at least the recommended high school program or an equivalent; enroll with at least three-quarters of a full course load in an undergraduate institution within 16 months of high school graduation; and

meet financial need requirements. Candidates not meeting those criteria must have earned an associate degree from a public technical, state, or community college and enroll with at least three-quarters of a full course load in a public university no more than 12 months after receiving the associate degree. THECB and higher education institutions must give highest priority to students with the greatest financial need.

To continue receiving a TEXAS grant beyond the first year in college, students must meet their institutions' academic progress requirements. To continue receiving a grant beyond the second year of college, a student must have a cumulative grade point average (GPA) of 2.5, complete at least 24 semester credit hours per year, and complete at least 75 percent of the semester credit hours they attempt per year.

A student's eligibility for a TEXAS grant ends on the fifth or sixth anniversary of the initial award, depending on the degree program. Current law allows extended eligibility time under hardship provisions and makes accommodations for students who attend public high schools that do not offer all of the necessary courses for the recommended or advanced high school curriculum.

The maximum student award amounts for 2010-2011 are \$6,780 per year for universities and state colleges, \$1,780 per year for community colleges, and \$3,150 per year for technical colleges.

Students enrolling in public higher education institutions must take a Texas Success Initiative (TSI) exam and receive a passing score in order to enroll. Entering college students must be assessed for college readiness in reading, math, and writing unless the student qualifies for an exemption. Some exemptions include meeting certain standards on the ACT and SAT college entrance exams and the high school TAKS test. A student who fails to meet the minimum passing standard of the TSI exam offered by an institution must be placed in a developmental education course for the subject in which the student did not meet the state standards.

DIGEST:

CSHB 10 would enact the TEXAS Grant College Readiness Reform Act. The bill would establish new academic standards for awarding Texas grants and require institutions to give first-priority consideration to students who met some combination of the new requirements. It would require institutions that had remaining funds after the priority awards to give TEXAS grants to other students who met the current eligibility

criteria, giving priority to those with the greatest financial need. Beginning in the 2013-2014 academic year, in determining who should receive an initial TEXAS grant, general academic teaching institutions would be required to give priority to students who demonstrated the greatest financial need, but students who met the new eligibility criteria would receive highest priority.

The bill would require THECB, from money appropriated for the TEXAS grant program, to determine annually the allocation among general academic teaching institutions and other eligible institutions and distribute the money accordingly. THECB would have to ensure that a general academic teaching institution's percentage share of funds for TEXAS grants would not change due to the new eligibility criteria.

To be eligible for an initial TEXAS grant, a student who graduated from high school on or after May 1, 2013, and was enrolling in a general academic teaching institution would have to be a Texas resident, as determined by the THECB; meet a combination of the academic requirements set forth in the bill; meet financial need requirements established by THECB; be enrolled in an undergraduate degree or certificate program at the general academic teaching institution; be an entering undergraduate for at least three-fourths of a full course load no later than 16 months after high school graduation; have applied for available financial aid; and comply with additional nonacademic THECB requirements.

To receive highest priority in the selection of initial award recipients, a student who graduated on or after May 1, 2013, would be eligible if the student was a graduate of a Texas public or accredited private high school who completed the recommended high school program or its equivalent and accomplished at least any two of the following four criteria:

- graduated under the advanced high school program or its equivalent, successfully completed course requirements of the international baccalaureate diploma program, or earned 12 or more credits in college credit programs such as dual credit courses or advanced placement courses or advanced technical courses;
- met the TSI college readiness thresholds prescribed by THECB or qualified for a TSI exemption;

- graduated in the top one-third of his or her graduating class or graduated from high school with at least a 3.0 GPA on a four-point scale or the equivalent; or
- completed for high school credit at least one advanced math course after successful completion of Algebra II or at least one advanced career and technical course.

Students who did not meet any two of the above four criteria would have to:

- have received an associate degree from a public or private higher education institution; or
- if sufficient funding was available, met the basic initial eligibility requirements under current law.

The bill would stipulate that an entering undergraduate student who began military service no later than one year after high school graduation and who enrolled for at least three-fourths of a full course load at the general academic institution no later than 12 months after being honorably discharged from military service would be eligible for an initial TEXAS grant award. A continuing undergraduate student who graduated from high school on or after May 1, 2013, and who had received an associate degree would have had to enroll on at least a three-fourths basis no later than 12 months after the student received an associate degree from a public or private higher education institution to qualify for an initial award.

A student who had not yet completed high school or did not yet have a final transcript available still would be eligible for a TEXAS grant if the transcript indicated that at the time of its preparation the student was on schedule to graduate from high school and to meet the eligibility requirements. An associate degree candidate who had not yet completed the associate degree or whose transcript was not yet available would be considered in compliance with the associate degree requirements if the transcript indicated at the time of its preparation that the student was on schedule to complete the associate degree, but the student ultimately would have to satisfy the associate degree requirements in order to be eligible for the grant.

If the student failed to graduate with the necessary credentials, THECB or the institution could require the student to forgo or repay grants awarded on this basis. A student who was required to forgo or repay the award

could become eligible later to receive a TEXAS grant if he or she met the requirements set forth in bill.

The bill would continue existing hardship provisions allowing students to receive awards when enrolled in fewer than the required semester credit hours as long as they took at least six hours per semester.

CSHB 10 would apply to TEXAS grants awarded for the 2013 fall semester, and grants awarded before then would be governed by current law.

The bill would take effect September 1, 2011.

**SUPPORTERS
SAY:**

CSHB 10 would prioritize TEXAS grant awards to students who have proven readiness to handle college-level work. TEXAS grants would continue to go to the state's neediest students, and institutions' TEXAS grant allocations would not be affected. The bill only would apply to general academic teaching institutions, and disbursement of awards to community and technical colleges would remain unchanged.

Implementing the TEXAS grant priority model would be a powerful incentive to get students prepared for college-level work. It would increase minority graduation rates and increase the productivity of degree completion without spending extra funds.

Ideally, the TEXAS grant program would be fully funded for all eligible students to receive grants. However, due to the state's current budget constraints, it is imperative to be efficient with limited state dollars and allocate the grants to those financially needy high school students whose academic preparation has prepared them well to complete their college degrees.

The current grant allocation model is based mostly on financial need and provides no preference or priority for students who have earned academic distinction in high school, aside from graduating under the recommended high school program and not having a felony or drug conviction. Academic achievement otherwise is not a factor, and the grant awards are made on a first-come, first-served basis.

The bill would not change the methodology for TEXAS grant allocations to institutions; it only would change how universities disburse the TEXAS

grant funds. THECB distributes initial-year grant awards to public institutions based on available funding for new awards and each institution's share of the financial aid population who demonstrates the greatest financial need. Financial need is defined as having an expected family contribution of \$4,000 or less, which is a family income of about \$45,000 a year. This would not change if CSHB 10 was implemented.

The provisions in the bill would not hurt low-income or minority students. TEXAS grants still would be focused on the most financially needy students, namely those with an expected family contribution of \$4,000 or less. In fact, an analysis prepared by THECB shows that the ethnic, racial, and income-level characteristics of grant recipients would be consistent with the most recent five-year history of the current program. In its report *Predictors of Access and Success at General Academic Institutions*, the Legislative Budget Board said that if the existing allocation of TEXAS grant funds to the universities stays the same, the differential rate of academic preparation will not substantially change the overall allocation of TEXAS grants by race and ethnicity. Seventy percent of fiscal-year 2009 TEXAS grant-eligible students would qualify under the new priority model.

Claims that adding a college readiness component to eligibility requirements would negatively impact minority students are unfounded. The proposed college-ready criteria would be available statewide. State law requires all school districts to offer students an opportunity to earn at least 12 hours of college credit. The most recent data from the Texas Education Agency for the 2009-2010 academic year indicate that at least 85 percent of Texas high schools surveyed offered the opportunity for earning college credit. All students attending a Texas high school have the ability to earn a B average or be in the top one-third of their class. Additionally, students that do not meet the metric for the SAT or ACT can take other exams that test college readiness that would be acceptable under the provisions of the bill, including the THEA and ACCUPLACER tests.

All students attending Texas public universities have had to comply with the TSI since 2003 in order to enroll in higher education. And over 70 percent of fall 2009 first-time college students who were TEXAS-grant eligible and enrolled in Texas universities were deemed college ready per the TSI. The bill would not take effect until 2013, which would give students and school districts time to prepare. It would not affect current high school juniors or seniors.

The current six-year graduation rate for TEXAS grant recipients is about 47 percent. By targeting better prepared students, graduation outcomes would increase significantly. Texas needs a highly educated workforce and needs to raise educational attainment levels, but already is falling behind. Texas must significantly increase the annual bachelor's and associate degrees and certificate awards in order to meet the 2015 goals of *Closing the Gaps*, the state's higher education plan.

Adding a priority model to the existing merit criteria would reflect the progress the state has made at the kindergarten through 12 level. When the TEXAS grant program was first offered, less than 60 percent of university students graduated under the recommended high school program. The percentage of university students that graduate with the recommended high school diploma or higher is now over 95 percent. Adding the priority model would continue to encourage students to reach higher for their educational goals.

OPPONENTS
SAY:

If CSHB 10 were implemented, the pool of TEXAS grant recipients would be less diverse. The bill would seriously impact the number of low-income students eligible for priority consideration for a TEXAS grant. Moving from a financial-need model to a more merit-based one could divert funds from students who have done well in high school and are just as deserving of financial assistance but simply have not had the same advantages as other students. Students who are not high achievers because of needing to work or because of certain family situations but who otherwise are good students would be overlooked by the priority model proposed in the bill. These are exactly the students that the state needs to get into the college pipeline in order to achieve the goals of *Closing the Gaps*. The bill would only widen the gap in higher education.

It is not known how CSHB 10 would affect various communities around the state, especially those with high concentrations of low-income and minority students. Not all public high schools in Texas are on a level playing field because not all of the metrics that the bill would require are offered at every high school. Only about 85 percent offer opportunities for students to earn college-level courses through dual credit and other similar programs, so students in some parts of the state would not have this opportunity available to them.

The bill at least should require students to meet only one of the four pathways for priority consideration instead of two. If a student were missing the TSI evaluations for college readiness, he or she might be excluded despite meeting the GPA requirements. It has been shown that the SAT and to some extent the ACT college entrance exams negatively impact minority students because of the lack of funding for test prep courses or private tutoring to help them prepare. Passing the SAT or ACT is a one-shot deal, and some people simply do not test well. The tests have proven to be less solid indicators of success, but a student's GPA is a very good indicator of success.

NOTES:

The committee substitute differs from the original version of the bill by establishing the TEXAS Grant College Readiness Reform Act as the title of the program. Under the substitute, the priority model would apply only to general academic teaching institutions. The substitute specified that allocation of TEXAS grant funds to institutions would not be affected by the number of students meeting college readiness criteria. The substitute also added a provisional TEXAS grant award to students on track to receive an associate degree.

According to the bill's fiscal note, no significant fiscal implication is anticipated.

The companion bill, SB 28 by Zaffirini, was reported favorably, as substituted, by the Senate Higher Education Committee on March 28.