

- SUBJECT:** Establishing the Competency-Based Education Grant Program
- COMMITTEE:** Higher Education — committee substitute recommended
- VOTE:** 7 ayes — Zerwas, Clardy, Crownover, Martinez, Morrison, Raney, C. Turner
- 0 nays
- 2 absent — Howard, Alonzo
- WITNESSES:** For — Ray Martinez, Independent Colleges and Universities of Texas; Veronica Stidvent, Western Governors University Texas; Jennifer Grube; (*Registered, but did not testify*: Nelson Salinas, Texas Association of Business; Lizbeth Hernandez, TPA; Casey Smith, United Ways of Texas)
- Against — None
- On — Rex Peebles and Ken Martin, Texas Higher Education Coordinating Board
- DIGEST:** CSHB 3027 would establish the Texas Competency-Based Education Grant Program to award state financial aid grants to enable eligible students to enroll in competency-based baccalaureate degree programs at eligible institutions. Under this program, students could receive grants to reimburse costs such as tuition and fees at public and private institutions, junior colleges offering baccalaureate degrees, and certain online college degree programs for academic credit based on attainment of competencies.
- To be initially eligible to receive a competency-based education (CBE) grant, students would have to meet certain criteria. For example, students would need to meet financial need requirements set by the Texas Higher Education Coordinating Board. Grants could be provided to resident baccalaureate students who were not receiving other forms of state financial aid, such as TEXAS Grants.

Students could remain eligible for grants in subsequent semesters or terms as long as they fulfilled certain performance measures and other eligibility requirements. Those who lost eligibility one semester or term could regain eligibility later under certain circumstances. The coordinating board would have to adopt rules allowing students whose completion rates fell below academic progress requirements in the event of hardship or for other good cause shown to receive a grant if they otherwise were eligible for one. The coordinating board also could increase or decrease grant awards in proportion to the number of credit hours or competency units students took above or below the required number to maintain eligibility.

The bill would limit terms of eligibility for CBE grants to two or four years, depending on the number of credits or competency units students had accrued when they received their first grant. Students who graduated no longer would be eligible for CBE grants, regardless of time spent on their degrees. The bill also would prohibit institutions from rejecting students based on their eligibility for or receipt of a CBE grant.

The maximum annual amount of money awarded for a CBE grant would be 75 percent of the average state appropriation for a full-time undergraduate student in the preceding biennium. Allocations for CBE grants could be issued in the first academic year that the grant program received a state funding appropriation but no earlier than the 2016-17 academic year.

The Texas Higher Education Coordinating Board would adopt rules to administer the provisions of the bill as soon as practicable after the effective date.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2015.

**SUPPORTERS  
SAY:**

CSHB 3027 would help Texas students pursue an effective alternative to baccalaureate degrees. Rather than basing course completion on “seat time,” where students complete courses only once the full term has ended,

competency-based education (CBE) allows students to advance in their coursework based on their demonstrated mastery of the subject. This model can help students acquire their degrees more quickly.

CBE has been shown to work especially well for returning students. The model also serves other nontraditional students, such as parents or those working part-time, by allowing flexibility in earning credits. The CBE Grant Program would provide needed assistance to these students who might not qualify for state financial aid programs that typically require students to be enrolled a certain number of hours. The bill would ensure that students did not “double-dip” by awarding grants only to those who did not receive other forms of state aid.

CSHB 3027 would help address the state’s urgent need for more college-educated workers by offering another option for obtaining a degree. CBE encourages more timely and, therefore, less costly degree attainment. The time limits on program eligibility would ensure that students moved through their programs quickly to avoid excess tuition costs.

Competency-based programs in Texas have seen positive outcomes, and more schools have shown an interest in developing or expanding these offerings. While there are concerns about conflicting funding models and other issues related to implementation of the program, CSHB 3027 would support a promising practice that is worth the state’s investment. Although the funding needed for the CBE Grant Program appears in Article 11 of the House’s proposed budget, there may be opportunities to assure funding for the program as the budget process continues.

**OPPONENTS  
SAY:**

CSHB 3027 would provide for a model that offers some benefits but also potential drawbacks, such as issues with credit transfer. Schools receiving transfer students from competency-based programs could have trouble reconciling their own academic standards with a demonstrated-knowledge standard. This could result in lost credits and increased time-to-degree outcomes for these students. Additionally, students could take longer to demonstrate competency in a subject, potentially increasing their tuition costs.

Developing a state funding mechanism for the competency-based programs also could present a challenge. CSHB 3027 could encourage the creation of more of these programs at state institutions, which currently are funded through mechanisms such as semester credit hours that probably would not be compatible with the competency-based model.

OTHER  
OPPONENTS  
SAY:

Because funding for the CBE Grant Program is not assured in the current budget, CSHB 3027 could affect state funds for other state financial aid programs, such as TEXAS Grants and the Texas Tuition Equalization Grant.

NOTES:

The Legislative Budget Board estimates CSHB 3027 would have a negative net fiscal impact of about \$12 million to general revenue through fiscal 2016-17. The bill would take effect in the second year of the biennium, and the impact in fiscal 2018-19 would be an estimated \$30 million in general revenue.