

- SUBJECT:** Creating the Texas Competency-Based Education Grant Program
- COMMITTEE:** Higher Education — favorable, without amendment
- VOTE:** 9 ayes — C. Turner, Stucky, Button, Frullo, Howard, E. Johnson, Pacheco, Walle, Wilson
- 1 nay — Schaefer
- 1 absent — Smithee
- WITNESSES:** For — Steve Johnson, Western Governors University-Texas; (*Registered, but did not testify*: Ray Martinez, Independent Colleges and Universities of Texas)
- Against — None
- On — (*Registered, but did not testify*: Chad Puls, Higher Education Coordinating Board)
- BACKGROUND:** Interested parties have noted that while competency-based education baccalaureate programs have been a successful educational approach for helping nontraditional students, many of these students are ineligible for state-provided financial aid programs.
- DIGEST:** HB 3657 would establish the Texas Competency-Based Education Grant Program to provide financial assistance for eligible students to enroll in competency-based baccalaureate degree programs at eligible institutions.
- Definitions.** The bill would define a "competency-based baccalaureate degree program" as a baccalaureate program under which academic credit was awarded based solely on a student's attainment of competencies. The term could include a program organized around traditional, course-based units, including for online or other distance education.
- "Eligible institution" would mean a general academic teaching institution;

a private or independent institution of higher education; a public junior college authorized to offer baccalaureate degree programs; or a nonprofit, tax-exempt, regionally accredited college or university operating in accordance with a memorandum of understanding with the state under an executive order issued by the governor that offered competency-based, exclusively online baccalaureate degree programs.

Grant program. The Texas Competency-Based Education Grant Program would be administered by the Texas Higher Education Coordinating Board (THECB). The board, in consultation with the student financial aid officers of eligible institutions, would have to adopt rules for determining the allocation of funds under the program among eligible institutions. THECB also would have to adopt any other rules necessary to implement the program.

The total amount of grants awarded under the program could not exceed the amount available for the program from appropriations, gifts, grants, or other funds. In determining who should receive a grant under the program, THECB and eligible institutions would have to give highest priority to awarding grants to students who demonstrate the greatest unmet financial need.

Initial eligibility. The bill would establish initial eligibility requirements for grants under the program. To be initially eligible for a grant, a person would have to:

- be a resident of Texas;
- meet financial need requirements, including a requirement that the person's expected family contribution did not exceed the maximum expected family contribution established by the board;
- be enrolled in a competency-based baccalaureate degree program at an eligible institution;
- not be receiving any state-funded student financial assistance for the same academic period; and
- comply with any additional nonacademic requirements adopted by THECB.

A person who had already received a baccalaureate degree would not be eligible for the program.

Eligibility for a grant under the program would end on the earliest of the following:

- the fourth anniversary of the initial award, if at the time of the initial award the person had earned less than 60 semester credit hours or equivalent units towards the person's degree;
- the second anniversary of the initial award, if at the time of the initial award the person had earned 60 or more semester credit hours or equivalent units; or
- the date the person received a baccalaureate degree.

Continuing eligibility. After initially qualifying for a grant under the program, a person could continue to receive a grant each semester or term in which the person was enrolled at an eligible institution only if the person:

- met the criteria for initial eligibility;
- made satisfactory academic progress toward a baccalaureate degree, defined as attaining at least 12 semester credit hours or equivalent units each semester or term; and
- complied with any additional nonacademic requirements.

If a person failed to meet these requirements after the completion of any semester or term, the person could not receive a grant for the following semester or term in which the person was enrolled. Unless a person's eligibility expired, the person could become eligible to receive a grant again if the student met all the continuing eligibility requirements and completed at least 12 semester credit hours or equivalent units in a semester or term in which the student was not eligible for the grant.

THECB would be required to adopt rules to allow a person otherwise eligible for a grant to receive an award if the student's completion rate fell

below the satisfactory academic progress requirements in the event of a hardship or other good cause shown, including a showing of severe illness or a showing that the person was responsible for the care of a sick, injured, or needy person.

Grants. A person who received a grant under the program could use the money to pay any usual and customary cost of attendance at an eligible institution incurred by the student. The institution could disburse all or part of the proceeds of a grant under the program to a person only if the tuition and required fees incurred by the student had been paid.

The maximum annual amount of a grant for a full-time undergraduate student would be an amount equal to 75 percent of the average state appropriation for the biennium in which the grant was awarded for a full-time undergraduate student equivalent enrolled at a general academic teaching institution. THECB could adopt rules that would allow the board to increase or decrease a grant awarded to a student in proportion to the number of semester credit hours or equivalent units in which the student was enrolled.

Eligible institutions could not deny admission or enrollment based on a person's eligibility to receive a grant or a person's receipt of a grant.

Exemption. The bill would exempt a student enrolled in a competency-based baccalaureate degree program from a statutory limitation on the number of courses that could be dropped under certain circumstances. THECB would be required to develop standards for and limitations on dropping or repeating courses by students enrolled in such programs.

Formula funding. The bill would prohibit THECB from excluding contact hours or semester credit hours for a student's enrollment in a course for which the student previously generated formula funding from being counted in the hours reported to the Legislative Budget Board for formula funding if the student was enrolled in a competency-based baccalaureate degree program.

The provision on formula funding would apply beginning with funding recommendations for the state fiscal biennium beginning September 1, 2021.

Allocating funds. The bill would require THECB to allocate funds to eligible institutions in the first academic year in which money was appropriated for that purpose. Funds could not be allocated before the 2020-2021 academic year.

The 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, 2019.

NOTES:

According to the Legislative Budget Board, the bill would have a negative impact of about \$14 million to general revenue related funds through fiscal 2020-21.