

## **BILL ANALYSIS**

Senate Research Center

S.B. 722  
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As Filed

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

TexasNextStep addresses two of the major challenges facing Texas higher education in the 21st century: the state's rapid student population growth in areas of the state where there are relatively few four-year institutions of higher education, and the ever-increasing cost of college attendance.

By providing financial assistance through two-year institutions, TexasNextStep extends the opportunity to all students to attend college. Two-year institutions are located throughout the state and offer the opportunity for students in areas without a four-year institution a way to attend college while living at home and without the expenses of moving to another city.

Currently, Texas does not have a broad-based financial aid program specific to attendance at two-year institutions. Grant programs offered by the state contain useful applications, but do not address certain fundamental problems facing the higher education institutions of this state.

At a time when tuition rates are skyrocketing, TexasNextStep guarantees payment of in-district tuition, required fees, and \$30 per semester credit hour for textbooks for up to two years of education at a Texas community, technical, or two-year public institution for recent high school graduates.

Tuition and fees at two-year institutions are a bargain for the state, and S.B. 722 controls costs further by requiring that tuition and fees be set at the statewide average of in-district tuition and fees for each category of college. Out-of-district students pay the difference between the in-district rate and the out-of-district rate. Students are required to apply for federal aid and any federal or state gift aid they receive would be used to offset the cost of tuition, required fees, and textbooks before TexasNextStep takes effect. This means that TexasNextStep dollars reach more students who need financial assistance to attend, but do not qualify for enough federal or state gift aid to cover their expenses. The \$30 per semester credit hour for textbooks is set as a fixed rate and could not increase in the future without legislation. The allowance provides students with an incentive to get the best bargain for their textbooks and thus, helps hold the line on textbook cost increases.

S.B. 722 allows high school students up to sixteen months to enter a college and still be eligible for TexasNextStep. This ensures that students have time to test the job market and realize that they need additional skills to succeed or to work to save money for related expenses. This bill allows students up to three years to complete a certificate, associate's degree, or transfer program, including remedial courses, up to a maximum of 90 semester credit hours. This three-year window is important due to the abundance of students who need to work, support families, or fulfill other obligations that can sometimes result in the need for three years to complete even a one-year certification program.

As proposed, S.B. 722 offers all Texas high school graduates the opportunity to attend two years of college at any public community college, technical college, or two-year institution designated by the legislature with the state covering the costs of tuition, fees, and books.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 1 (Sections 56.483 and 56.487, Education Code) of this bill.

## **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 56, Education Code, by adding Subchapter R, as follows:

### **SUBCHAPTER R. TEXASNEXTSTEP GRANT PROGRAM**

Sec. 56.481. DEFINITIONS. Defines "coordinating board," "eligible institution," "institution of higher education," "public junior college," "public technical institute," "public state college," and "textbook costs."

Sec. 56.482. PROGRAM NAME; PURPOSE. (a) Provides that the student financial assistance program authorized by this subchapter is known as the TexasNextStep grant program (program), and an individual grant awarded under this subchapter is known as a TexasNextStep grant (grant).

(b) Provides that the purpose of this subchapter is to provide a grant of money to enable eligible students to attend two-year public institutions of higher education in this state.

Sec. 56.483. ADMINISTRATION OF PROGRAM. (a) Requires the Texas Higher Education Coordinating Board (board) to administer the program and adopt any rules necessary to implement the program or this subchapter. Requires the board to consult with the student financial aid officers of eligible institutions in developing the rules.

(b) Requires the board to adopt rules to provide a grant to an eligible student enrolled in an eligible institution in a manner consistent with the administration of federal student financial aid programs.

(c) Prohibits the total amount of grants awarded under the program from exceeding the amount available for the program from appropriations, gifts, grants, or other funds.

Sec. 56.484. INITIAL ELIGIBILITY FOR GRANT. (a) Requires a person to satisfy certain conditions to be eligible for a grant under the program.

(b) Provides that certain persons are not eligible to receive a grant.

(c) Prohibits a person from receiving a grant for more than 90 semester credit hours or the equivalent, including any developmental course work required by an eligible institution.

(d) Authorizes a person, subject to Section 56.487(b)(2), to receive a grant regardless of whether the person is eligible for a TEXAS grant or a TEXAS grant II.

(e) Prohibits a person from receiving a grant for a semester or term that begins on or after the third anniversary of the initial award of a grant to the person.

Sec. 56.485. CONTINUING ELIGIBILITY AND ACADEMIC PERFORMANCE REQUIREMENTS. (a) Authorizes a person, after initially qualifying for a grant, to continue to receive a grant during each semester or term in which the person is enrolled at an eligible institution only if the person satisfies certain conditions.

(b) Provides that a person is exempt from the one-half course load requirement of Subsection (a)(2) if the grant is awarded for the person's final semester or term before the person completes the person's degree or certificate program and the person enrolls in one or more courses that, if successfully completed, would allow the person to complete the degree or certificate requirements. Provides that a person who qualifies for an exemption under this subsection is not eligible for a grant in a subsequent semester or term, regardless of whether the person graduates as planned.

(c) Prohibits a person, if the person fails to meet any of the requirements of Subsection (a) after the completion of any semester or term, from receiving a grant during the next semester or term in which the person enrolls. Authorizes a person to become eligible a grant in a subsequent semester or term if the person satisfies certain conditions.

(d) Provides that, for purposes of this section, a person makes satisfactory academic progress toward an associate degree or certificate only if the person meets the standards for academic progress as determined by the eligible institution.

(e) Provides that a person's eligibility to receive a grant is not affected by the person's enrollment in or transfer to another eligible institution.

Sec. 56.486. GRANT USE. Authorizes a person receiving a grant to use the money to pay any usual and customary cost of attendance at an eligible institution incurred by the person. Authorizes the institution to disburse all or part of the proceeds of a grant to an eligible person only if the tuition and required fees incurred by the person at the institution have been paid.

Sec. 56.487. GRANT AMOUNT. (a) Provides that the amount of a grant for a student enrolled full-time at an eligible institution is \$30 per semester credit hour for textbooks and the amount determined by the board as the average amount of tuition and required fees and that a resident student enrolled full-time in an associate degree or certificate program would be charged for that semester or term at the institution, except that if the eligible institution is a public junior public college, the average amount of those charges are required to be computed without including the portion of tuition and required fees charged only to a student who resides outside the junior college district.

(b) Requires the board to adopt rules that meet certain specifications.

(c) Requires the board, not later than January 31 of each year, to publish the amounts of each grant established by the board with respect to an eligible institution for the academic year beginning the next fall semester.

(d) Prohibits an eligible institution from taking certain actions regarding tuition, fees, admissions, and enrollment.

Sec. 56.488. BIENNIAL REPORT. Requires the board to prepare a biennial performance report to the legislature regarding the academic performance of grant recipients.

SECTION 2. (a) Makes application of SECTION 1 of this Act prospective to the 2005-2006 academic year, except that the board is prohibited from awarding a grant under Subchapter R, Chapter 56, Education Code, as added by this Act, to an entering student who enrolls in an eligible institution before the 2006-2007 academic year.

(b) Requires the board to adopt rules for the administration of Subchapter R, Chapter 56, Education Code, as added by this Act, as soon as practicable after this Act takes effect. Authorizes the board, for that purpose, to adopt the initial rules in the manner provided by law for emergency rules. Provides that this subsection expires September 1, 2006.

SECTION 3. Effective date: upon passage or September 1, 2005.