

**SUBJECT:** Certification of and eligibility for a Tuition Equalization Grant

**COMMITTEE:** Higher Education — favorable, with amendment

**VOTE:** 6 ayes — Rangel, F. Brown, Farabee, J. Jones, Uher, West  
0 nays  
3 absent — Goolsby, Morrison, E. Reyna

**SENATE VOTE:** On final passage, February 14 — voice vote

**WITNESSES:** For — Carol McDonald, Independent Colleges and Universities of Texas;  
*Registered but did not testify:* Kathy Hutto, Baylor University  
Against — None  
On — Jane Caldwell, Texas Higher Education Coordinating Board

**BACKGROUND:** The Legislature established the Tuition Equalization Grant (TEG) Program in 1971 to help bridge the gap between low-priced state universities and independent, or private, institutions. The TEG helps students whose financial circumstances otherwise would prohibit consideration of an independent institution to attend the college of their choice.

Education Code, sec. 61.222 requires the Texas Higher Education Coordinating Board (THECB) to approve institutions that may participate in the TEG program. Sec. 61.227 requires the THECB, upon receipt of a student application, enrollment report, and certification of the amount of financial need from an approved institution, to certify the amount of the TEG grant to be paid to the student through the college or university that the student attends.

Texas has 40 nonprofit, tax-exempt independent colleges and universities that grant undergraduate degrees. Their fall 2000 semester enrollment of some 108,000 students represented about 11 percent of all the state's college

students. These institutions award about 21 percent of all bachelor's degrees in Texas and nearly 21 percent of all graduate and professional degrees.

**DIGEST:** SB 149, as amended, would delete the requirement that THECB receive a student application and enrollment report from an approved institution before certifying the amount of a TEG grant.

The bill also would amend Education Code, sec. 61.221 by updating the statutory reference to THECB. It would modify language describing independent institutions of higher education by referring to a definition of those institutions under sec. 61.003. It would specify that THECB could approve for participation in the TEG program only private or independent institutions that met the same program standards and accreditation as public higher education institutions.

This bill would take effect September 1, 2001.

**SUPPORTERS SAY:** SB 149 would allow THECB to accept an institution's certification of financial need, which is determined by using the students' Free Application for Financial Student Aid, to certify the amount of students' TEG grants, without receiving a paper student application or enrollment report. This would bring the law into line with THECB's ongoing pilot project to administer TEG as a "campus-based" program.

THECB instituted this pilot project in fall 2000. While TEG grants still are awarded to individual students, an approved school certifies to THECB its students' aggregate amount of financial need per semester, and the funds are given as a block grant to the institution. The funds then are applied to students' accounts. THECB selected nine schools in a range of size and geographic location to participate in the project.

Information about students who receive TEG funds comes from the student application, which contains information about the student; the enrollment report, in which the registrar confirms that a student is enrolled in the institution; and the certification of financial need, taken from the federal government's need assessment form. All three documents contain the same information. For purposes of the pilot project, THECB is requiring only the institution's certification of financial need. Eliminating the requirement for

THECB to receive the paper student application and enrollment report would improve the administrative efficiency of the TEG program. The pilot project has been very successful at streamlining paperwork, including by electronic transfer, and has resulted in fewer cancellations and errors while delivering financial aid to students in a more timely manner. The TEG is the state's oldest grant program, and SB 149 would bring it into line with the way newer financial aid programs, such as TEXAS Grants, are administered.

The current statute governing the TEG program contains out-of-date language. When the Legislature changed the name of the THECB from "Coordinating Board, Texas College and University System," the TEG statute was not amended to reflect the name change. The TEG statute has not been updated since 1979, and SB 149 would do so.

SB 149 also would clarify that a Texas institution approved for the TEG program would have to meet the same program standards and accreditation as Texas' public higher education institutions. If, in the future, a new institution is established in Texas, or if an out-of-state university seeks to establish a branch in Texas, it must be clear that the program standards and accreditation must meet the same standards before students enrolled in that institution could obtain TEG grants.

OPPONENTS  
SAY:

No apparent opposition.

NOTES:

The committee amendment would add the change in the required documents for THECB to certify the amount of a TEG grant.