

SUBJECT: Creating the Career Opportunity Grant Program

COMMITTEE: Economic Development — favorable, without amendment

VOTE: 8 ayes — Solis, Keffer, Clark, Deshotel, Homer, McClendon, Seaman,
Yarbrough

0 nays

1 absent — Luna

SENATE VOTE: On final passage, March 22 — voice vote (Fraser, Ogden, Sibley, Truan
recorded nay)

WITNESSES: (*On House companion bill, HB 1873:*)

For — Melinda Belding; Louis Dye; Carolyn Houston, Eric Juhlin, and
Robert E. Obenhaus, Career Colleges and Schools of Texas; Damien C.
Henderson; Becky Sierra; Tammy Stewart, Austin Business College;
Registered but did not testify: Jack Campbell, Texas Association of
Business and Chambers of Commerce; Jennifer Corrigan, Texas Council on
Family Violence; Paul Ellis, Austin Business College; Danielle Garcia,
Randstad; Sam Guzman, Texas Association of Mexican American Chambers
of Commerce; Linda Holcombe, Texas Industrial Vocational Association;
Steve Kester, American Electronics Association; Gerald W. Lee, San
Antonio Hispanic Chamber of Commerce; David Pinkus, Small Business
United of Texas; Jim Quinten, Automotive Wholesalers of Texas; Hannah
Riddering, Texas National Organization for Women

Against — None

DIGEST: SB 554 would create the Texas Career Opportunity Grant Program to
provide tuition assistance grants to Texas residents enrolled in qualified
proprietary schools, public technical institutes, and certain postsecondary
education programs.

The Texas Workforce Commission (TWC) would have to award the grants on
the basis of financial need, economic demand for the applicants' proposed

career field, efficient use of the money available for grants, allocation of grants across different career fields and geographical regions, and any other factor TWC considered appropriate. A grant could not exceed the difference between the tuition and fees at the eligible institution and the average amount of tuition and fees charged at a public technical institute, or an amount specified by the Legislature in an appropriation act, whichever was less. In no case could a grant exceed half of the formula funding for a full-time student at a public technical institution. Grants to part-time students would be reduced proportionally.

To receive designation as a qualified educational program, a proprietary school would have to have been accredited for at least five years, have held a proprietary school certificate of approval for at least five years, and offer one or more programs of at least one academic year in length leading to a certificate, certification, degree, or diploma in the career field.

To be eligible to receive a grant, an applicant would have to be a Texas resident and meet the qualifications to pay resident tuition at a public higher education institution; be enrolled in at least one-half of a full course load at an eligible institution; be required to pay more tuition and fees than required at a public technical institute; establish financial need and eligibility for assistance under federal regulations; and not be default of a loan or owe a refund on a grant made under a federal student aid program.

TWC could adopt rules to administer and enforce the bill's provisions and would have to distribute a copy of those rules to each eligible institution and submit an annual report to the Legislature on the program.

TWC could award grants for the 2001-02 academic year only to a person attending the first or second year at an eligible institution. The commission could award grants under the program during fiscal 2002-03 only from money appropriated specifically for that purpose or if other money became available to TWC from sources other than general revenue.

The bill would take effect September 1, 2001.

SUPPORTERS
SAY:

SB 554 would help ensure access to higher education for many more students by creating the Career Opportunity Grant Program to provide grants to low-income Texans who want to attend career colleges and schools. About half of all Texas students receiving career or technical training receive that training from a private career college. These institutions often offer specialized, career-focused courses of instruction unavailable at community colleges or public universities. Yet, while students at community colleges or public universities receive financial assistance through subsidized tuition and students at private, nonprofit institutions are eligible for grants through the Tuition Equalization Grant program, the state provides no financial assistance to students attending career colleges and schools. Students at career colleges and schools should have the same financial support that the state provides to similarly situated students at other institutions.

Only 20 percent of Texans obtain college degrees. The state needs to ensure that students have a variety of financially accessible options for higher education to prepare them to enter the workforce. Providing financial assistance for career colleges and schools would make this option more affordable to low-income students and would help more Texas residents obtain the education necessary to secure well-paying jobs.

Providing financial aid to students pursuing career education also would help the state by creating a pool of highly skilled workers to attract and retain economic development. Over the next seven years, Texas is projected to add two million new jobs, nearly half in technical, service, and professional sectors. Career colleges and schools provide training and education in all 10 of the fastest growing occupations, including computer engineers, systems analysts, paralegals, and physician assistants. Helping students obtain education in these fields would help the state economy.

SB 554 contains a number of provisions to ensure that money in the program would be used responsibly. Institutions would be eligible to participate in the program only if they met multiple qualifications involving extensive reporting requirements, audits, and site visits. Similarly, students would have to meet financial need and could not be in default on a federal education loan or owe refunds on grants. Career colleges and schools would not have an incentive to raise their tuition rates to receive larger grants, because the bill would direct TWC to distribute the grants to make the most efficient use of the

money available, which would limit grants to high-priced schools.

OPPONENTS
SAY:

The state should not subsidize education at private, for-profit institutions. People who are interested in pursuing higher education already have a wide variety of options available through public higher education institutions, community colleges, public technical colleges, and private, nonprofit institutions. Moreover, by limiting the grant to the difference in tuition and fees between public technical institutions and private career colleges and schools, these schools would have an incentive to raise their tuition and fees to receive larger grants and make greater profits.

NOTES:

The bill's fiscal note estimates that the grant program would cost the state \$10.3 million in general revenue in fiscal 2002-03 and \$5.1 million per year thereafter. A rider in Article 11 of the Senate version of SB 1 by Ellis, the general appropriations bill for fiscal 2002-03, would appropriate \$10 million to TWC for the Career Opportunity Grant Program, contingent on enactment of SB 554.