

**SUBJECT:** Participation in the Early High School Graduation Scholarship program

**COMMITTEE:** Higher Education — favorable, without amendment

**VOTE:** 6 ayes — Morrison, Brown, Chavez, Giddings, Jones, Mercer

0 nays

2 absent — Nixon, Smithee

**WITNESSES:** For — None

Against — None

On — Vicki Anderson, Comptroller of Public Accounts

**BACKGROUND:** Under the Early High School Graduation Scholarship Program, codified in 1995 as Education Code, ch. 56, subch. K, a high school student who graduates in 36 consecutive months or less is eligible to receive a grant of \$1,000 toward tuition at any Texas public or private institution of higher education that will match the award. Once a student becomes eligible for a grant under the program, there is no time limit within which the student must take advantage of the grant. The state pays for the grants through some of the savings to the Foundation School Program that result when students graduate early. Remaining savings to the Foundation School Program go to provide other tuition exemptions under the Education Code.

**DIGEST:** HB 1882 would amend Education Code, ch. 56, subch. K to change the rules of eligibility for the Early High School Graduation Scholarship Program and offer more financial assistance to eligible students.

**Eligibility.** A Texas resident who attended high school in Texas would be eligible for the program if:

- the student graduated in not more than 41 consecutive months and had the approval of at least one parent or person filling a parental role; or

- the student graduated in not more than 45 consecutive months with at least 30 hours of college credit.

**Limit on eligibility.** Eligibility would end on the sixth anniversary of the date the person first became eligible, unless the person showed hardship or good cause that prevented original or continued enrollment. Hardship or other good cause would be defined as a severe illness or other debilitating condition or responsibility for the care of a sick, injured, or needy person. The coordinating board would adopt rules concerning additional time for eligibility due to hardship or good cause.

An eligible person could use the state credit for enrollment in a higher education institution during any semester or summer session, except that the initial use of credit could not be for enrollment during any term of a summer session immediately following the person's high school graduation.

**Entitlement.** An eligible person under the program would be entitled to a state credit to be applied not only toward tuition but also mandatory fees at a public or private institution, in Texas or out of state, in the following amounts:

- \$2,000, if the person successfully completed requirements for a public high school diploma and graduated from high school in 36 consecutive months or less, and an additional \$1,000 if the person graduated with at least 15 hours of college credit;
- \$500, if the person successfully completed requirements for a public high school diploma and graduated from high school in more than 36 consecutive months but not more than 41 consecutive months, and an additional \$1,000 if the person graduated with at least 30 hours of college credit; or
- \$1,000, if the person successfully completed requirements for a public high school diploma and graduated from high school in more than 41 consecutive months but not more than 45 consecutive months with at least 30 hours of college credit.

**Payment to school districts.** The commissioner would distribute from the foundation school fund an amount sufficient to pay school districts the following one-time credits:

- \$1,000 for each eligible graduate who used any part of a state credit of \$2,000 or more; and
- \$250 for each eligible graduate who used any part of a state credit of \$500 or more.

The bill would take effect September 1, 2003, and would apply only to a student who graduated from a public high school on or after the effective date.

**SUPPORTERS  
SAY:**

HB 1882 would implement a recommendation from the comptroller's e-Texas report, *Limited Government Unlimited Opportunity*, related to expanding the Early High School Graduation Scholarship Program and providing payments to school districts for eligible students. The bill would have an estimated net savings, after credit payments, of \$2.5 million in general revenue for the fiscal 2004-2005 biennium.

School districts save over \$6,000 per year in average daily attendance costs for each high school student who graduates early. Currently, fewer than 5,000 students, out of a possible 215,000, have taken advantage of the Early High School Graduation Scholarship program. HB 1882 would aim to increase the number of students receiving state credits toward higher education tuition and mandatory fees and thus reduce costs to the state and school districts, as well as to universities and colleges. The state would continue to pay for the scholarships from savings to the Foundation School Program.

By broadening the high school graduation requirement from 36 consecutive months to 41 or 45 months and offering more financial assistance to many eligible students, HB 1882 would increase student participation. The earlier a student graduated, the more the state would save, and the more financial assistance, generally speaking, a student could receive under the program. Because the state would save money whenever a student took advantage of the program, the bill also would provide a financial incentive to school districts to encourage student participation.

Current law does not establish a cap for a person's eligibility in the scholarship program. In theory, someone could seek tuition credit 30 years after graduating early from high school. HB 1882 would provide more

stability to the program by limiting eligibility to six years after a person met the qualifications, except in cases of hardship or for other good cause.

High school students have more options than ever before, through advanced placement classes and concurrent credit courses between junior colleges and high schools, to earn college credit and graduate early. HB 1882 would help many students who have such goals to achieve them, but no student would be required to graduate high school early. The decision about whether to graduate early and take advantage of the assistance offered by this bill appropriately would be left to students and parents.

**OPPONENTS  
SAY:**

Students who would take advantage of this program likely would be inspired to graduate early, even without the state's offer of a tuition and fee credit. The state should not spend precious educational resources on students who already would be motivated to graduate early and attend college. Any savings to the state achieved by early high school graduation could be better spent elsewhere, for example on updated textbooks.

Furthermore, some students would be better served developmentally by remaining longer in high school. Because school districts would receive money for each student who graduated early, this bill might tempt school districts to encourage or pressure toward early graduation some students who were not ready. Students and their parents should be free from such pressures when making important decisions about graduating high school and attending college.

**OTHER  
OPPONENTS  
SAY:**

Two thousand dollars is not enough incentive, relative to entire college tuition and fee costs, to prompt students to forego their last year of high school. This bill should apply more of the savings to the Foundation School Program toward assistance for college-bound students who graduate early.

**NOTES:**

A companion bill, SB 465 by Lucio, has been referred to the Senate Education Committee. Related bills, SB 1163 by Barrientos and SB 1366 by Ogden, also would revise aspects of the Early High School Graduation Scholarship Program.