

SUBJECT: Tuition rebate program for certain undergraduate students

COMMITTEE: Higher Education — favorable, without amendment

VOTE: 5 ayes — Morrison, Goolsby, Harper-Brown, J. Jones, Rose
0 nays
4 absent — F. Brown, Dawson, Gallego, Giddings

SENATE VOTE: On final passage, March 31 — 28-0

WITNESSES: None

BACKGROUND: Education Code, sec. 54.0065, establishes a \$1,000 tuition rebate program for certain undergraduate students. To be eligible, a student must be a Texas resident and earn a baccalaureate degree without taking more than three hours in excess of the minimum number of semester credit hours required to complete the degree. Transfer credits and course credit earned exclusively by examination are counted toward the total credit hours.

Sec. 56.451 establishes the Texas B-On-Time (BOT) loan program. It offers no-interest loans to enable students who recently graduated from high school under the recommended high school curriculum or who received an associate degree from an eligible institution no earlier than May 1, 2005, to attend public and private universities in Texas. Loans made to students who graduate in four years from a four-year university with a 3.0 grade point average are forgiven. Students who receive undergraduate degrees in engineering, architecture or another program that requires more than four years to graduate can take five calendar years to graduate and have their loan forgiven. Only students who are Texas residents are eligible for the loan. The loan program is administered by the Texas Higher Education Coordinating Board (THECB).

DIGEST: SB 34 would add as a requirement for the tuition rebate program that a student graduate within the time period required to qualify for BOT loan forgiveness. Students would have to graduate within four calendar years – or five calendar years if the student was awarded a degree in engineering,

architecture, or any other program determined by the THECB to require more than four years to complete.

The bill would require a transfer student to provide to the university awarding the degree a transcript from every institution attended so that the period of enrollment and the number of hours attempted could be verified.

The THECB would adopt a rule to allow a student to receive a rebate if the student did not graduate in the specified time because of hardship or other good cause, including the performance of active military duty, and the student was otherwise eligible for the rebate.

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, 2005, and would apply only to a student who entered a general academic teaching institution for the first time on or after the effective date.

**SUPPORTERS
SAY:**

SB 34 would promote timely graduation by providing an incentive for more students to graduate "on time." The tuition rebate program provides a good incentive for students not to take too many semester credit hours, but it does not now include a time limit provision. Undergraduate students in Texas are taking too long to complete their baccalaureate degrees. This increases the cost of higher education, both to the state and to students, and it negatively impacts graduation rates. Only about 23 percent of full-time students earn an undergraduate degree within four years. According to the Texas Higher Education Coordinating Board, full-time students who take five to six years to graduate are taking an excess of 17 semester credit hours over and above their degree plans. The cost to the state is about \$29.4 million per year, and the cost to students and their parents totals about \$45.9 million a year. Texas cannot continue to finance the cost while students take more credit hours than they need to graduate. There are too many other important demands on the state budget.

**OPPONENTS
SAY:**

SB 34 would limit too greatly the number of students eligible for the tuition rebate program. Many excellent, motivated students do not take a large number of excess semester credit hours, but they do take longer than four years to graduate because they have to work while they are in school. The bill would provide some relief to certain students who were not able to graduate in the specified amount of time by allowing a hardship exemption, but it would not address those students who took longer to

graduate because they were working to finance their education. These students should not be penalized because they have to work, and it is not clear if this would be classified as "good cause."