

## **BILL ANALYSIS**

Senate Research Center  
76R8868 CAG-D

C.S.S.B. 37  
By: Ellis  
Education  
3/22/1999  
Committee Report (Substituted)

### **DIGEST**

Currently, Texas ranks 48th in the nation in the percentage of high school students earning college degrees. The average cost of tuition has increased significantly over the past few years, making it more difficult for students to finance their higher education. This bill would create the Texas Hope Scholarship Program, to award scholarships to students who meet certain requirements, and the Teach for Texas Grant Program, to award grants to students who agree, as part of their eligibility, to teach at certain schools or in certain fields of study.

### **PURPOSE**

As proposed, C.S.S.B. 37 provides scholarships to students at higher education institutions who meet certain academic, citizenship, financial need, and other requirements in order to promote public service and provide qualified teachers.

### **RULEMAKING AUTHORITY**

Rulemaking authority is granted to the Texas Higher Education Coordinating Board in SECTION 1 (Sections 56.303(a) and (b), Education Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

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

#### **SUBCHAPTER M. TEXAS HOPE SCHOLARSHIP PROGRAM AND TEACH FOR TEXAS GRANT PROGRAM**

Sec. 56.301. **DEFINITIONS.** Defines “coordinating board,” “eligible institution,” “private or independent institution of higher education,” “public junior college,” and “public technical institute.”

Sec. 56.302. **PROGRAM NAME; PURPOSE.** Establishes that the financial assistance program created in this subchapter is named the Texas Hope Scholarship Program, and an individual scholarship is called a Texas Hope scholarship. Establishes that the purpose of this subchapter is to provide a grant to enable qualified students to attend public and private higher education institutions in this state.

Sec. 56.303. **ADMINISTRATION OF PROGRAMS.** Requires the Texas Higher Education Coordinating Board (THECB) to administer the Texas Hope Scholarship Program and the Teach for Texas Grant Program and requires THECB to adopt any rules necessary to implement the programs or this subchapter. Requires THECB to adopt rules to provide a Texas Hope scholarship to an eligible student enrolled in an eligible higher education institution in the most efficient manner possible. Prohibits the total amount of Texas Hope scholarships awarded from exceeding the amount available for the program from appropriations, gifts, grants, or other funds. Requires THECB to give highest priority, in determining who should receive a Texas Hope scholarship, to students who demonstrate the greatest financial need.

Sec. 56.304. **ELIGIBLE PERSON.** Establishes certain requirements for a person to be initially eligible for the grants. Provides that a person is not eligible to receive a Texas Hope scholarship if the person has been granted a baccalaureate degree. Prohibits a person from receiving a Texas Hope scholarship for more than 150 semester credit hours or the equivalent. Provides that a

person's eligibility for a Texas Hope scholarship ends on the sixth anniversary of the person's enrollment in an eligible institution. Provides that a person is not eligible to receive a Texas Hope scholarship if the person has been convicted of a felony, a crime involving moral turpitude, or an offense under Chapter 481, Health and Safety Code (Texas Controlled Substances Act), or under the law of any other jurisdiction involving a controlled substance as defined by Chapter 481, Health and Safety Code, unless the person has met the other applicable eligibility requirements under this subchapter and has met certain other requirements.

Sec. 56.305. **ACADEMIC PERFORMANCE REQUIREMENTS.** Authorizes a person, after initially qualifying for a Texas Hope scholarship, to continue to receive a Texas Hope scholarship during each semester or term in which the person is enrolled at an eligible institution if the person meets certain financial need requirements and academic performance requirements. Prohibits a person from receiving a Texas Hope scholarship during the next semester or term in which the person enrolls, if a person fails to meet any of the requirements of Subsection (a) after the completion of any semester or term. Sets forth the requirements for a person to become eligible again for a Texas Hope scholarship. Sets forth the requirements for a person to have made satisfactory progress toward an undergraduate degree or certificate.

Sec. 56.306. **SCHOLARSHIP USE.** Authorizes a person receiving a Texas Hope scholarship to use the money for any usual and customary cost of attendance at an institution incurred by the student if the student is a first semester college student or the student maintains a 3.0 grade point average or greater. Authorizes the institution to disburse all or part of the proceeds of a scholarship to an eligible person only if the tuition and required fees incurred by the person at the institution have been paid. Requires a person receiving a Texas Hope scholarship to use the money for payment of tuition, fees, or textbooks at an institution if the student maintains a grade point average of 2.5 or greater but less than 3.0.

Sec. 56.307. **SCHOLARSHIP AMOUNT.** Provides that the amount of a Texas Hope scholarship for a semester or term for a person enrolled in an eligible institution other than an institution covered by Subsection (b), (c), or (d) is the amount per semester hour determined by THECB as the average statewide amount of tuition and required fees per semester hour that a resident student enrolled full-time in a baccalaureate degree program would be charged for that semester or term at general academic institutions for the number of semester hours the person receiving the scholarship is enrolled. Provides that the amount of a Texas Hope scholarship for a student enrolled at a private or independent higher education institution is the amount determined by THECB as the average statewide amount of tuition and required fees per semester hour that a resident student enrolled full-time in a baccalaureate degree program would be charged for that semester or term at general academic institutions for the number of semester hours the person receiving the scholarship is enrolled. Provides that the amount of a Texas Hope scholarship for a student enrolled at a public technical institute is the amount determined by THECB as the average statewide amount of tuition and required fees per semester hour that a resident student enrolled full-time would be charged for that semester or term at public technical institutes for the number of semester hours the person receiving the scholarship is enrolled. Provides that the amount of a Texas Hope scholarship for a student enrolled at a public junior school is the amount per semester hour determined by THECB as the average statewide amount of tuition and required fees per semester hour that a student who is a resident of the junior college district and is enrolled full-time would be charged for that semester or term at public junior colleges for the number of semester hours the person receiving the scholarship is enrolled. Prohibits the amount of the Texas Hope scholarship from being reduced by any gift aid for which the person is eligible, unless the total amount of a person's scholarship plus any gift aid received exceeds the total cost of attendance at an eligible institution. Requires THECB to publish by a certain date the amount of a scholarship per semester hour for each type of institution covered by this section for the academic year beginning the next fall semester.

Sec. 56.308. **NOTIFICATION OF PROGRAM TO STUDENTS AND HIGH SCHOOLS.** Requires THECB to distribute to each eligible institution and to each school district a copy of the rules adopted under this subchapter. Requires each school district to provide certain notification to its students and ensure that each student's official transcript or diploma contains certain information. Requires the information required by Subsection (b)(2) to be included on a student's transcript by a certain date.

Sec. 56.309. **TEACH FOR TEXAS GRANT PROGRAM.** Provides that a Teach for Texas tuition grant is available only to a person who receives a Texas Hope scholarship, applies for a grant and is enrolled as a junior or senior in a baccalaureate degree program meeting certain requirements or the person agrees to teach in certain public schools. Requires a person, in order to receive a Teach for Texas tuition grant, to teach full-time for five years at the preschool, primary, or secondary level in a public school in this state in the person's chosen critical field or in a community experiencing a critical teacher shortage, as applicable. Provides that the amount of a grant under this section is equal to double the amount of a scholarship authorized under Section 56.307(b) for the same semester or term. Authorizes a person to receive both a Texas Hope scholarship and a grant under this section for the same semester or term. Requires the person to begin fulfilling the teaching obligation of this section not later than the 18th month after the person completes the degree program and any related courses required for teacher certification, unless THECB grants the person additional time to begin fulfilling the teaching obligation. Provides that the period within which the person must complete the teaching obligation is six years after the date of beginning to fulfill the teaching obligation. Requires THECB to grant a person additional time to complete the teaching obligation for good cause. Requires THECB to cancel a person's teaching obligation if THECB determines the person has become permanently disabled so that the person is not able to teach or has died. Requires THECB to require a person who receives a grant under this section to sign a promissory note acknowledging the conditional nature of the grant and promising to repay the amount of the grant plus applicable interest and reasonable collection costs if the person does not satisfy the applicable conditions. Requires THECB to determine the terms of the promissory note. Requires the amount required to be repaid by a person who fails to complete the teaching obligation of the person's grant to be determined in proportion to the portion of the teaching obligation that the person has satisfied. Provides that a person receiving a Teach for Texas tuition grant is considered to have failed to satisfy the conditions of the grant, and the grant automatically becomes a loan, if the person fails to remain enrolled in or make steady progress in the degree program for which the grant was made without good cause as determined by THECB or the person fails to become certified as a teacher within 18 months of receiving a degree.

Sec. 56.310. **FUNDING.** Authorizes THECB to accept gifts and grants from any public or private source. Authorizes the Texas Legislature to appropriate funds for the purposes of this subchapter. Redesignates Section 56.311 as Section 56.310.

**SECTION 2.** Amends Section 54.064(a), Education Code, to provide that a student who holds a competitive academic scholarship of at least \$1,000 for the academic year or summer for which the student is enrolled and who is either a nonresident or a citizen of a country other than the United States of America is entitled to pay the fees and charges required of Texas residents without regard to the length of time the student has resided in Texas. Makes conforming changes.

**SECTION 3.** Amends Section 54.203(a), Education Code, to delete text exempting certain persons from the payment of all dues, fees, and charges at a higher education institution who were honorably discharged from the armed forces after serving on active military duty for a certain time during the Cold War. Makes conforming changes.

**SECTION 4.** Amends Section 54.5021(c), Education Code, to authorize the amount allocated under this subsection to be used only for making scholarship and grant awards under Chapter 56M, rather than to needy and deserving students under this section.

**SECTION 5.** Amends Section 56.033(a), Education Code, to require the governing boards of higher education institutions and the Texas State Technical College System to set aside five percent out of each student's tuition charge under Section 54.051, except as provided by Subdivision (2), 15 percent out of each resident's student's tuition charge at a medical or dental unit under Section 54.051, three percent out of each nonresident student's tuition charge under Section 54.051, three percent out of each resident student's hourly tuition charge, for academic courses at public community and junior colleges, and three percent of hourly tuition charges for vocational-technical courses at public community and junior colleges. Deletes text requiring different set asides from the above student groups.

**SECTION 6.** Amends Chapter 56C, Education Code, by adding Section 56.0331, as follows:

Sec. 56.0331. **INTERIM SET-ASIDE RATES.** Provides that for the academic years listed in

Subsections (b) and (c), the amounts of tuition set aside under Sections 56.033(a)(1), (4), and (5) are as provided by this section instead of as provided by Sections 56.033(a)(1), (3), and (4). Sets forth the amounts set aside under Section 56.033(a)(1) for certain academic years. Sets forth the amounts set aside under Sections 56.033(a)(4) and (5) for certain academic years. Provides that Subsection (c) does not affect the amount set aside out of each nonresident student's hourly tuition charge under Section 56.033(a)(4). Provides that this section expires September 1, 2003.

SECTION 7. Amends Section 56.039, Education Code, to require THECB to use funds transferred under this section to award scholarships and grants under Subchapter M, rather than awarding scholarships as provided by law to students at institutions other than the institution that transferred the funds.

SECTION 8. Amends Section 151.423, Tax Code, to authorize the card for the reimbursement to the taxpayer for certain tax collections to be inserted by the taxpayer with the tax payment to provide for contribution of all or part of the reimbursement provided by this section for use as scholarships or grants, rather than student financial assistance grants offered, under Chapter 56M, Education Code. Makes conforming changes.

SECTION 9. Repealers: Section 54.207, Education Code (Students from Other Nations of the American Hemisphere); Section 54.208, Education Code (Firemen Enrolled in Fire Science Courses); and Section 54.216, Education Code (Texas New Horizons Scholarships).

SECTION 10. Repealers, effective June 1, 1999: Subchapter F, Chapter 56, Education Code (Texas Educational Opportunity Grant Program); Subchapter G, Chapter 56, Education Code (Texas Tuition Assistance Grant Program); and Subchapter J, Chapter 56, Education Code (Minority Doctoral Incentive Program).

SECTION 11. Provides that any money appropriated to or collected for a program abolished under SECTION 9, 10, or 11 of this Act or that exists in any account to support a program abolished under SECTION 9 or 10 of this Act is transferred to THECB for use in the Texas Hope Scholarship Program and the Teach for Texas Grant Program.

SECTION 12. Provides that the change made by this Act to Section 54.203, Education Code, is prospective, except as provided by Subsection (b) of this section. Provides that a person enrolled in a higher education institution who received an exemption under Section 54.203, Education Code, before the effective date of this Act is covered by the law in effect January 1, 1999, and that former law is continued in effect for that purpose until the fourth anniversary of the effective date of this Act. Provides that after the fourth anniversary, the person is subject to Section 54.203, Education Code.

SECTION 13. Authorizes a person receiving financial aid under Subchapter G or J, Chapter 56, Education Code, as those subchapters exist on January 1, 1999, on the effective date of this Act, to continue to receive the financial aid under those statutes until the person is no longer eligible to receive financial aid under those subchapters. Requires funding for an exemption or financial aid under this section to come from funding for the Texas Hope Scholarship Program and the Teach for Texas Grant Program.

SECTION 14. Requires THECB to award scholarships and grants under the Texas Hope Scholarship Program and the Teach for Texas Grant Program beginning with the 1999 fall semester. Requires THECB to adopt the rules for awarding scholarships and grants under the Texas Hope Scholarship Program and the Teach for Texas Grant Program not later than July 31, 1999. Authorizes THECB to award a grant under the Teach for Texas Grant Program to a person who has not received a Texas Hope Scholarship if the person meets all the other qualifications for the award of a Teach for Texas tuition grant under Section 56.309, Education Code, and the requirements for a Texas Hope Scholarship under Section 56.305, Education Code. Provides that this subsection expires September 1, 2001.

SECTION 15. Provides that Section 56.304(a)(2), Education Code, does not apply to a person if the person meets certain criteria. Provides that this section expires September 1, 2001.

SECTION 16. Emergency clause.  
Effective date: upon passage.

## **SUMMARY OF COMMITTEE CHANGES**

Relating clause.

Amends the relating clause to state the bill relates to student financial aid, including the consolidation or repeal of student aid, grant, and scholarship programs and the creation of scholarship or grant programs to provide financial assistance to certain students.

### **SECTION 1.**

Amends Chapter 56, Education Code, by adding Subchapter M, regarding the Texas Hope Scholarship Program and the Teach for Texas Grant Program. Deletes text setting forth certain eligibility requirements for a person initially applying for a Texas Hope scholarship.

### **SECTION 2.**

Amends Section 54.064(a), Education Code, to provide that a student who holds a competitive academic scholarship of at least \$1,000 for the academic year or summer for which the student is enrolled and who is either a nonresident or a citizen of a country other than the United States of America is entitled to pay the fees and charges required of Texas residents without regard to the length of time the student has resided in Texas. Deletes the effective date of September 1, 1999. Deletes text requiring THECB to make grants under the Texas Hope Tuition Scholarship Program beginning with the 2000 fall semester. Makes conforming changes.

### **SECTION 3.**

Amends Section 54.203(a), Education Code, to delete text exempting certain persons from the payment of all dues, fees, and charges at a higher education institution that were honorably discharged from the armed forces after serving on active military duty for a certain time during the Cold War. Makes conforming changes.

### **SECTION 4.**

Amends Section 54.5021(c), Education Code, to authorize the amount allocated under this subsection to be used only for making scholarship and grant awards under Chapter 56M, rather than to needy and deserving students under this section.

### **SECTION 5.**

Amends Section 56.033(a), Education Code, to require the governing boards of higher education institutions and the Texas State Technical College System to set aside five percent out of each student's tuition charge under Section 54.051, except as provided by subdivision (2), fifteen percent out of each resident's student's tuition charge at a medical or dental unit under Section 54.051, three percent out of each nonresident students' tuition charge under Section 54.051, three percent out of each resident student's hourly tuition charge, for academic courses at public community and junior colleges, and three percent of hourly tuition charges for vocational-technical courses at public community and junior colleges. Deletes text requiring different set asides from the above student groups.

### **SECTION 6.**

Amends Chapter 56C, Education Code, by adding Section 56.0331, regarding interim set-aside rates.

### **SECTION 7.**

Amends Section 56.039, Education Code, to require THECB to use funds transferred under this section to award scholarships and grants under Subchapter M, rather than awarding scholarships as provided by law to students at institutions other than the institution that transferred the funds.

### **SECTION 8.**

Amends Section 151.423, Tax Code, to authorize the card for the reimbursement to the taxpayer for certain tax collections to be inserted by the taxpayer with the tax payment to provide for contribution of all or part of the reimbursement provided by this section for use as scholarships or grants, rather than student financial assistance grants offered, under Chapter 56M, Education Code. Makes conforming changes.

#### SECTION 9.

Repealers: Section 54.207, Education Code (Students from Other Nations of the American Hemisphere); Section 54.208, Education Code (Firemen Enrolled in Fire Science Courses); and Section 54.216, Education Code (Texas New Horizons Scholarships).

#### SECTION 10.

Repealers, effective June 1, 1999: Subchapter F, Chapter 56, Education Code (Texas Educational Opportunity Grant Program); Subchapter G, Chapter 56, Education Code (Texas Tuition Assistance Grant Program); and Subchapter J, Chapter 56, Education Code (Minority Doctoral Incentive Program).

#### SECTION 11.

Provides that any money appropriated to or collected for a program abolished under SECTION 9, 10, or 11 of this Act or that exists in any account to support a program abolished under SECTION 9 or 10 of this Act is transferred to THECB for use in the Texas Hope Scholarship Program and the Teach for Texas Grant Program.

#### SECTION 12.

Provides that the change made by this Act to Section 54.203, Education Code, is prospective, except as provided by Subsection (b) of this section. Provides that a person enrolled in a higher education institution who received an exemption under Section 54.203, Education Code, before the effective date of this Act is covered by the law in effect January 1, 1999, and that former law is continued in effect for that purpose until the fourth anniversary of the effective date of this Act. Provides that after the fourth anniversary, the person is subject to Section 54.203, Education Code.

#### SECTION 13.

Authorizes a person receiving financial aid under Subchapter G or J, Chapter 56, Education Code, as those subchapters exist on January 1, 1999, on the effective date of this Act, to continue to receive the financial aid under those statutes until the person is no longer eligible to receive financial aid under those subchapters. Requires funding for an exemption or financial aid under this section to come from funding for the Texas Hope Scholarship Program and the Teach for Texas Grant Program.

#### SECTION 14.

Requires THECB to award scholarships and grants under the Texas Hope Scholarship Program and the Teach for Texas Grant Program beginning with the 1999 fall semester. Requires THECB to adopt the rules for awarding scholarships and grants under the Texas Hope Scholarship Program and the Teach for Texas Grant Program not later than July 31, 1999. Authorizes THECB to award a grant under the Teach for Texas Grant Program to a person who has not received a Texas Hope Scholarship if the person meets all the other qualifications for the award of a Teach for Texas tuition grant under Section 56.309, Education Code, and the requirements for a Texas Hope Scholarship under Section 56.305, Education Code. Provides that this subsection expires September 1, 2001.

#### SECTION 15.

Provides that Section 56.304(a)(2), Education Code, does not apply to a person if the person meets certain criteria. Provides that this section expires September 1, 2001.

SECTION 16.

Emergency clause.

Effective date: upon passage.