
INTERIM CHARGE FIVE

In 2003, following the 78th Regular Legislative Session, the Joint Interim Committee on Higher Education was charged with identifying opportunities for legislative and administrative action relating to:

Changes in the organization and operations of institutions of higher education that will improve opportunities for residents of all areas to enroll in and complete programs of higher education.

Background:

The TEXAS Grant¹⁴² and B-On-Time Student Loan Programs¹⁴³ are designed to reward students who graduate from high school with the Recommended Curriculum.

The TEXAS Grant Program's commitment to continuing students encourages retention while the forgiveness option of the B-On-Time Loan Program encourages students to be efficient in completing their studies. Several facts support this approach:

- Grants are more effective than other types of aid in encouraging students to enroll in college;
- Since most students who drop out of college do so during their first two years of college and before they acquire educational credentials that could help them repay loans, they would be served best by avoiding loans;
- Students with two years of college experience are more confident about their futures and more comfortable borrowing money.

Recommendation 1:

The legislature should promote high school preparation and college success by awarding TEXAS Grants to eligible students during their first two years of college (first three years if they have acquired an associate's degree) and use the B-On-Time Student Loan Program to provide assistance in the upper-division undergraduate years.

Background:

Under the tuition rebate program, a student can receive a \$1,000 rebate only if he or she completes a degree having attempted no more than three semester credit hours beyond the requirements of that degree (excluding up to nine hours of credit by examination).¹⁴⁴ Since the rebate program measures hours, not years, a student can attend over several years and meet his or her criteria. The rebate program was established to reward students for timely completion of graduation requirements.

Recommendation 2:

The legislature should modify the tuition rebate program to include awards to students graduating on time as measured by years, not just hours.

Background:

There is \$3 billion available every year to help Texas students attend institutions of higher education.¹⁴⁵ Senate Bill 573, 77th Texas Legislature (2001) created the College for Texans Campaign to promote the value and availability of higher education. The College for Texans Campaign's focus is to ensure that all students and their parents understand the benefits of higher education and the steps necessary to prepare academically and financially for college.

Recommendation 3:

The legislature should continue state support for the College for Texans Campaign.

Background:

Unlike the TEXAS Grant Program¹⁴⁶, The Texas Grant II Program¹⁴⁷ doesn't require recipients to have completed the Recommended High School Curriculum. Therefore, students who receive TEXAS Grant II awards are typically less prepared for college than TEXAS Grant recipients. However, the continuation award requirements for TEXAS Grant II¹⁴⁸ are more stringent than those for TEXAS Grant¹⁴⁹ and B-On-Time Loan Programs.

Recommendation 4:

The legislature should align state academic progress requirements for the TEXAS Grant II Program to conform with the requirements of the TEXAS Grant Program and Texas B-On-Time Loan Program¹⁵⁰.

Background:

The Educational Aide Exemption Program is designed to increase the state's supply of teachers by encouraging previous educational aides to enroll and acquire teaching certificates.

Current statute requires an individual to have been employed as an educational aide one of five years previous to receiving the exemption.¹⁵¹

As a result, an otherwise eligible student who was an aide two years before entering the program, but who is now employed in some other capacity, either has to pay full tuition or drop out of the exemption program after two years' of progress toward a teaching certificate because he or she can no longer claim to have been employed as an aide one of the previous five years. The student must then work for a year as an educational aide to regain eligibility for the exemption in the future.

Recommendation 5:

The legislature should adjust the statute for the Educational Aide Exemption Program to indicate that a year of work as an educational aide is only a requirement for receiving a recipient's initial award in the program.¹⁵²

Background:

To optimize the use of state funds and simplify operations for students and institutions, the consolidation and transfer of funds for certain programs into other programs is essential.

Student eligibility criteria for the Student Deposit Scholarship¹⁵³ and the Texas Public Educational Grant¹⁵⁴ are the same. This change would eliminate one program, simplifying program operations and reporting at the institutional level.

Recommendation 6:

The legislature should allow for institutions to issue funds generated through the Student Deposit Scholarship Program¹⁵⁵ to students through the Texas Public Educational Grant Program.¹⁵⁶

Background:

To optimize the use of state funds and simplify operations for students and institutions, the consolidation and transfer of funds for certain programs into other programs is essential.

Recommendation 7:

The legislature should allow institutions to issue their License Plate Insignia Scholarship Program¹⁵⁷ funds to students through the Texas Public Educational Grant Program (Texas Education Code, Section 56.033).¹⁵⁸

Background:

The Public Student Incentive Grant exists only as a line item in the Coordinating Board's section of the General Appropriations Act and was added to provide state matching funds for federal grants for students' institutions. Now that TEXAS Grants¹⁵⁹ can provide state matching funds for federal grants, the \$1,433,000 appropriated for the Public School Incentive Grant could be used more effectively.

Recommendation 8:

The Legislature should allocate the funds as follows:

- The legislature should appropriate \$683,000 to the Texas College Work-Study Program, where state funds leverage employer contributions to generate approximately \$911,000 in student earnings.¹⁶⁰
- The legislature should appropriate \$250,000 to the Professional Nursing Loan Repayment Program, where it will attract federal matching funds and produce \$500,000 for awards for nurse practitioners.¹⁶¹
- The legislature should appropriate \$500,000 to supplement existing State Nursing Scholarship programs for professional nurses, to encourage nurses to pursue a faculty track.¹⁶²

Background:

Students in middle school and even the first year or two of high school can successfully prepare for college if appropriately supported, advised and instructed.

Recommendation 9:

The legislature should require the P-16 Council to develop a college-readiness program for eighth through twelfth-graders in all public schools by 2008.

Background:

Under current state law, students register and pay for tuition, fees and books in August. Students cannot receive their state aid until the middle of September because of the September 1st start of the state fiscal year.

Recommendation 10:

The legislature should allow the Coordinating Board to draw down a portion of financial aid funds in August when most students are registering for fall enrollment and must pay for tuition, fees, and books.

Background:

Currently, students who qualify for financial aid, but who cannot receive financial aid by the time they register, have to acquire alternate funding. This can create severe hardships for those students who do not have access to alternative funding arrangements.

Recommendation 11:

The legislature should require institutions of higher education to allow students to enroll on an accounts-receivable basis for tuition and fees if they are unable to pay due to a timing delay of the release of federal or state financial aid funds.

Background:

The state's installment plan currently offers only two options - full payment prior to the beginning of the term or payment of half of the required amount prior to the beginning of the term, followed by two payments equal to a quarter of the required payment.¹⁶³

Recommendation 12:

The legislature should allow students who have been approved for financial aid to enroll under the installment plan even if financial aid funds are delayed beyond the initial installment payment date.¹⁶⁴

Background:

The state has a shortage of teachers and is meeting some of that need through the use of alternative teacher certification programs offered through Regional Education Service Centers and other public and private entities. These entities are not defined in the current Hinson-Hazlewood College Student Loan Program statutes as “eligible institutions.”¹⁶⁵ As a consequence, financial aid for individuals seeking certification through these programs is not available.

Recommendation 13:

The legislature should expand the Hinson-Hazelwood College Student Loan Program to allow eligibility for students enrolled in alternative certification programs approved by the State Board for Educator Certification.¹⁶⁶

Background:

Current statutes allow the state to use the federal Lender’s Special Allowance to pay for the administration of loan and grant programs.¹⁶⁷ These funds have in the past been used to provide for administration by the Texas Higher Education Coordinating Board. However, the cost for administration can be covered under other appropriated funds. As a consequence, these funds could be used more effectively in *Closing the Gaps by 2015* as financial aid rather than as administrative costs.

Recommendation 14:

The legislature should amend the statute that allows the state to use the federal Lender's Special Allowance¹⁶⁸ to pay for the administration of loan and grant programs and extend the authority to allow such funds to be awarded to students through the TEXAS Grant or other state financial aid programs.

Background:

While the TEXAS Grant Program¹⁶⁹ applies to four-year institutions, the TEXAS Grant II¹⁷⁰ targets students at two-year institutions. The similar name proves to be confusing for parents and students causing them to miss out on financial aid opportunities. This confusion would be reduced if the TEXAS Grant II Program were easier to distinguish from the much larger TEXAS Grant Program.

Recommendation 15:

To eliminate confusion with the TEXAS Grant program, the legislature should change the name of the TEXAS Grant II program.

Background:

Students in the TEXAS Grant program may be granted an extension of eligibility in the case of hardship.¹⁷¹ This can occur if the financial aid officer concludes that a student fell below program academic progress requirements as a result of a personal or family emergency. Financial aid officers should have the same professional judgment options in the TEXAS Grant II program¹⁷² as in the TEXAS Grant program.¹⁷³

Recommendation 16:

The legislature should provide the same hardship provisions for the students receiving awards through the TEXAS Grant II program¹⁷⁴ as are available for students in the TEXAS Grant Program.¹⁷⁵

Background:

The National Guard Tuition Assistance Program provides free tuition to certain members of the Texas National Guard or Texas State Guard. Currently, statutes require the National Guard to write program rules and select recipients for the program, and the Coordinating Board to certify the adequacy of funding, notify institutions, and issue funds.¹⁷⁶ Although the two agencies cooperate well together, splitting these responsibilities delays the delivery of funds to students and creates confusion about whom to contact to resolve problems. The National Guard already administers a similar program funded by the federal government and is fully capable of handling full administration of the entire program.

Recommendation 17:

The legislature should end the inefficiency and confusion created by dual administration and assign full administration of the Tuition Assistance Program for Members of State Military Forces, i.e., National Guard,¹⁷⁷ to the Texas National Guard.¹⁷⁸

Background:

During the 78th Legislative Session, two conflicting bills regarding the Early High School Graduation Scholarship Program were enrolled on the same day.¹⁷⁹

- House Bill 1882 is effective for students graduating from high school on or after September 1, 2003.
- Senate Bill 1366 has conflicting language that appears to apply to students who enter ninth grade in the fall 2003 or later. Therefore, this bill would not affect awards to students until they graduate in spring

2006. Retaining this conflicting language in statute could needlessly interfere with students' eligibility for this scholarship program.

Recommendation 18:

The legislature should retain the eligibility dates established by House Bill 1882, and repeal the delayed eligibility dates codified by Senate Bill 1366.¹⁸⁰

Background:

From a legal perspective, community colleges are a hybrid creature in the statutes. They are sometimes referred to as institutions of higher education, school districts, or agencies of local government. Because of this odd construction, some courts have had difficulty assigning explicit legislative intent on questions of whether sovereign immunity and the power of eminent domain are granted to community colleges.

Recommendation 19:

The legislature should clarify sovereign immunity and eminent domain statutes so they clearly apply to community colleges.

Background:

Community colleges are expected to enroll the majority of new students necessary to the state's *Closing the Gaps by 2015* goals. This will place a financial strain on most community college districts as they struggle to provide the resources necessary to meet this increased demand. Many community college districts might not have a large enough tax base to adequately support large enrollment growth.

Recommendation 20:

The legislature should review the recommendation made by the Texas Higher Education Coordinating Board in January 2003 that endorses the incorporation of territory within the community colleges' legislatively designated service areas into the taxing districts.

Background:

At the request of the Joint Interim Committee on Higher Education in March 2004, the Coordinating Board collected information from each of the general academic institutions of higher education in Texas of major sources of revenue and expenditures, sources of financial aid, and the cost of education. This

information provided valuable insight to financial aspects of the general academic institutions. The Coordinating Board did not collect this data for community colleges.

Recommendation 21:

The legislature should direct the Coordinating Board to provide a biennial analysis of major sources of revenue and expenditures for each community college district, beginning with the 2003-04 biennium. The format used by the Coordinating Board for reporting data on higher education universities in March 2004 should be used as a template.

Background:

At the request of the Joint Interim Committee on Higher Education in March 2004, the Texas Higher Education Coordinating Board collected data from each institution comparing the cost of attendance versus major sources of financial aid available.

Recommendation 22:

The legislature should direct the Coordinating Board to provide a biennial analysis of the cost of attendance and major sources of financial aid, including grants, loans, scholarships, gifts, federal and state work study, and private sources for each community college district, beginning with the 2003-04 biennium. The format used by the Coordinating Board for reporting data on higher education universities in March 2004 should be used as a template.

Background:

Currently, there is a disconnect between public schools and community colleges and universities. K-16 must become a seamless system for Texas to progress to the levels of educational quality and achievement expected. Therefore, a seamless transfer system is vital to meeting the participation and success goals of *Closing the Gaps by 2015*.

Recommendation 23:

The legislature should direct the Coordinating Board to continue development of field-of-study curricula to allow students to seamlessly transfer course credit from one institution of higher education to another.

Background:

The State of Texas is responsible for providing group health insurance benefits to all employees involved with the educational program at colleges and universities. However, some of the employee group insurance benefits are paid out of General Revenue appropriations, some out of non-General Revenue funds, and others are not funded from state appropriations. During the 78th Legislative session(2003), a proposal was discussed to make the insurance appropriation proportionate to the state share of the educational institution's budget. The legislature also removed physical plant employees from the State's obligation. Additional confusion is added when considering appropriations for retirement benefits.

Recommendation 24:

The legislature should clarify the state's definition of employee for qualification of health insurance benefits in higher education.

Background:

Community colleges in Texas are experiencing unprecedented growth in meeting the goals of *Closing the Gaps*. Appropriations for employee group insurance benefits are based on historical numbers for a biennial period. For institutions that are experiencing the most rapid growth, many of which are community colleges, new teachers and staff are not counted in the historical census until the following biennium. These institutions must pay the cost of salaries and benefits during the interim period, compounding the effect of reductions in state appropriations.

Recommendation 25:

The legislature should review the establishment of a group insurance set aside for community colleges that experience dramatic enrollment growth during the biennium and must therefore fund significant increases in faculty and staff.