

SUPPLEMENTAL MATERIALS

AGENDA ITEM VIII-E (7)

Consideration and possible action to adopt proposed amendments of Board Rules, Chapter 22, Subchapter B, Sections 22.22-22.30, concerning the Texas Equalization Grant Program

RECOMMENDATION: Adoption

Background Information:

This amendment aligns rule language and terminology with usage throughout Chapter 22, clarifies potential ambiguities in rules, and improves the overall readability of the subchapter.

The subchapter is retitled to conform with naming conventions throughout Chapter 22.

Included throughout the subchapter are a number of nonsubstantive updates to rule language. References to the Texas Higher Education Coordinating Board (Coordinating Board) as an agency, for example, previously written as “Board” or “Board staff” are revised to “Coordinating Board” to ensure the distinction is clear between the agency and its governing board. Similarly, the word “award” is changed to the more precise “grant” as a noun and “offer” as a verb, to avoid potential confusion.

References to theological seminaries and religious degree programs have been removed, in alignment with legal determinations stemming from recent federal court decisions.

Rule 22.22, Definitions, is amended to eliminate definitions that either are duplicative or unnecessary. The terms “forecast” and “private or independent institution of higher education” have been moved to the chapter’s General Provisions and, therefore, are redundant in this subchapter. “Program maximum” is unchanged conceptually but moved to Rule 22.28(a) to align with the rule structure and flow of other programs in this chapter.

Rule 22.23, Eligible Institutions, is amended to enhance readability through more specific citations to other rules and to clarify potential ambiguities. Paragraph (a)(5) is amended to clarify that the Commissioner of Higher Education makes determinations regarding temporary approvals for alternatively accredited institutions and that renewals of that approval may be renewed twice for two years each time, for maximum of six years of temporary approval possible. This does not reflect a change in Coordinating Board practices.

Rule 22.24, Eligible Students, is amended to align eligibility criteria more closely with defined terms and the rules of other programs in this chapter. Paragraph (a)(8) is added to align the rule with current practice regarding the Selective Service requirement for program eligibility. Paragraph (b)(2) is amended to specify which year's Pell Grant eligibility cap is used to establish eligibility for exceptional TEG need and to eliminate a potentially confusing reference to the Financial Aid Database. None of the amendments to this section reflect a change in the eligibility for the Tuition Equalization Grant (TEG).

Rule 22.25, Satisfactory Academic Progress, is amended to make clarifying changes to the rule language and citations. Subparagraph (b)(1)(A) is simplified by eliminating confusing and unnecessary language regarding satisfactory academic progress requirements following the student's second year in the TEG program.

Rule 22.26, Discontinuation of Eligibility or Non-Eligibility, is amended by making clarifying changes to the time-based discontinuation of eligibility provisions. The current rule language is ambiguous as to what constitutes the "anniversary" from which the five/six-year eligibility is measured. This language is amended to align both with Coordinating Board practice and with rule language in other programs in this chapter. There is no change in policy as a result of this amendment.

Rule 22.27, Hardship Provisions, is amended to conform the hardship provisions with the rule language throughout the chapter.

Rule 22.28, Grant Amounts, is amended by adding the "program maximum" concept that previously was contained in the term's definition in Rule 22.22. There is no change in Coordinating Board policy or practice as a result of this amendment. The section is retitled to more closely align with naming conventions throughout the chapter, as well as the fact that no provisions in the section currently relate to grant adjustments.

Rule 22.29, Allocation of Funds, is amended to make nonsubstantive language improvements only. Allocation "base" is changed to "share" in paragraph (a)(2) to reflect that no alterations are made to the figure. There is no change to the allocation methodology as a result of these amendments.

Rule 22.30, Disbursement of Funds, is amended by making nonsubstantive language improvements and by adding a citation to relevant rules in the chapter's General Provisions.

Subsequent to the posting of the rules in the *Texas Register*, the following changes were incorporated into the proposed rule.

A reference to degree plans that are intended to lead to religious ministry in §22.24(a)(5), which should have been proposed for repeal in the *Register* along with other such references in the subchapter, was inadvertently left in place. It is now proposed for repeal.

Dr. Charles W. Contéro-Puls, Assistant Commissioner for Student Financial Aid Programs, will present this item and be available to answer questions.

Date Published in the *Texas Register*: February 7, 2025

The 30-day comment period with the *Texas Register* ended on: March 9, 2025.

No comments were received regarding this rule.

CHAPTER 22 STUDENT FINANCIAL AID PROGRAMS

SUBCHAPTER B PROVISIONS FOR THE TUITION EQUALIZATION GRANT PROGRAM

22.22. Definitions.

In addition to the words and terms defined in §22.1 of this chapter (relating to Definitions) ~~[Texas Administrative Code 22.1]~~ the following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

(1) Adjusted Gross Need ~~[gross need]~~--An amount equal to a student's financial need less the amount of his or her Federal Pell Grant and any categorical aid the student might have brought to the institution.

(2) First Grant ~~[award]~~--The first Tuition Equalization Grant ever offered ~~[awarded]~~ to and received by a specific student.

~~[(3) Forecast--The FORECAST function in Microsoft Excel.]~~

~~[(4) Private or independent institution--Any college or university defined as a private or independent institution of higher education by Texas Education Code, §61.003.]~~

~~[(5) Program maximum--The TEG Program award maximum determined by the Board in accordance with Texas Education Code, §61.227 (relating to Payment of Grant; Amount).]~~

(3) ~~[(6)]~~ Program or TEG--The Tuition Equalization Grant Program.

~~[(7) Religious ministry--Roles serving as clergy, religious leaders, or similar positions within any sect or religious society, as demonstrated through ordination, licensure to preach, or other mechanisms particular to a given sect or society that are used to identify clergy, religious leaders, or such similar positions.]~~

(4) ~~[(8)]~~ Subsequent Grant ~~[award]~~--A TEG grant received in any academic year other than the year in which an individual received his or her first TEG grant ~~[award]~~.

(5) ~~[(9)]~~ Tuition Differential ~~[differential]~~--The difference between the tuition paid at the private or independent institution attended and the tuition the student would have paid to attend a comparable public institution.

22.23. Eligible Institutions.

(a) Eligibility.

(1) Any private or independent institution of higher education, as defined in §22.1 of this chapter (relating to Definitions), or a branch campus of a private or independent institution of higher education located in Texas and accredited on its own or with its main campus institution by the Commission on Colleges of the Southern Association of Colleges and Schools, ~~[other than theological or religious seminaries,]~~ is eligible to participate in the TEG Program.

(2) No participating institution may, on the grounds of race, color, national origin, gender, religion, age, or disability exclude an individual from participation in, or deny the benefits of, the program described in this subchapter.

(3) Each participating institution must follow the Civil Rights Act of 1964, Title VI (Public Law 88-352) in avoiding discrimination in admissions or employment.

(4) A private or independent institution of higher education that previously qualified under paragraph (1) of this subsection but no longer holds the same accreditation as public institutions of higher education may temporarily participate in the TEG Program if it is:

(A) accredited by an accreditor recognized by the Board;

(B) actively working toward the same accreditation as public institutions of higher education;

(C) participating in the federal financial aid program under 20 United States Code (U.S.C.) §1070a; and

(D) a "part B institution" as defined by 20 U.S.C. §1061(2) and listed in 34 Code of Federal Regulations §608.2.

(5) The Commissioner ~~[Board]~~ may grant temporary approval to participate in the TEG program to an institution described under paragraph (4) of this subsection for a period of two years. The Commissioner ~~[Board]~~ may renew that approval for a given institution twice, each for a period of two additional years.

(6) A private or independent institution of higher education that previously qualified under paragraph (1) of this subsection but no longer holds the same accreditation as public institutions of higher education is eligible to ~~[may]~~ participate in the TEG Program if it is:

(A) accredited by an accreditor recognized by the Board in accordance with ~~[Texas Administrative Code,]~~ §7.6 of this title (relating to Recognition of Accrediting Agencies);

(B) a work college, as that term is defined by 20 U.S.C. Section 1087-58; and

(C) participating in the federal financial aid program under 20 U.S.C. §1070(a).

(b) Participation Requirements ~~[Approval]~~.

(1) Agreement. Each eligible ~~[approved]~~ institution must enter into an agreement with the Coordinating Board, prior to participating ~~[being approved to participate]~~ in the program, the terms of which shall be prescribed by the Commissioner ~~[or his/her designee]~~.

(2) Intent to Participate. An eligible institution interested in participating in the Program must indicate this intent by June 1 of each odd-numbered year in order for qualified students enrolled in that institution to be eligible to receive grants in the following fiscal biennium. An eligible institution's data submissions, as required in §22.29 of this subchapter ~~[Section 22.29]~~ (relating to Allocation of Funds), must occur on or before the institution's indication of its intent to participate.

(c) Responsibilities. Participating institutions are required to abide by the General Provisions outlined in subchapter A ~~[Chapter 22, Subchapter A]~~ of this chapter ~~[title]~~ (relating to General Provisions).

22.24. Eligible Students.

(a) To receive a grant ~~[an award]~~ through the TEG Program, a student must:

(1) be enrolled ~~[on]~~ at least three-quarter-time ~~[a three-fourths of full-time enrollment]~~;

(2) show financial need, as defined by §22.1 of this chapter (relating to Definitions);

(3) maintain satisfactory academic progress in his or her program of study as determined by the institution at which the person is enrolled and as required by §22.25 of this subchapter ~~[title]~~ (relating to Satisfactory Academic Progress);

(4) be a resident of Texas, as defined in §22.1 of this chapter ~~[determined based on data collected using the Residency Core Questions and in keeping with Chapter 21, Subchapter B of this title (relating to Determination of Resident Status)]~~;

(5) be enrolled in a participating ~~[an approved]~~ institution in an individual degree plan leading to the student's ~~[a]~~ first associate degree, first baccalaureate degree, first master's degree, first professional degree, or first doctoral degree~~[-, but not in a degree plan that is intended to lead to religious ministry]~~;

(6) be required to pay more tuition than is required at a comparable public college or university and be charged no less than the tuition required of all similarly situated students at the institution; ~~and~~

(7) not concurrently receive ~~[be a recipient of]~~ any form of athletic scholarship; and ~~[during the semester or semesters he or she receives a TEG.]~~

(8) meet applicable standards outlined in §22.3 of this chapter (relating to Student Compliance with Selective Service Registration).

(b) To demonstrate eligibility for exceptional TEG need, a student must:

(1) be an undergraduate student; and

(2) have a Student Aid Index ~~[an expected family contribution]~~ less than or equal to fifty percent of the Federal Pell Grant eligibility cap for the academic year in which the grant is offered ~~[reported in the institution's Financial Aid Database submission].~~

22.25. Satisfactory Academic Progress.

(a) Eligibility at End of First Grant ~~[Award]~~ Year. Students who complete their first year receiving a Tuition Equalization Grant in compliance with their institutions' financial aid satisfactory academic progress requirements[,] are eligible to receive subsequent awards in the following year if they meet the other requirements listed in §22.24 of this subchapter ~~[title]~~ (relating to Eligible Students).

(b) Eligibility at End of a Subsequent Grant ~~[Award]~~ Year. Students shall, unless granted a hardship provision in accordance with §22.27 of this subchapter ~~[title]~~ (relating to Hardship Provisions), as of the end of an academic year in which the student receives a subsequent grant ~~[award]~~:

(1) have completed at least:

(A) for undergraduate students, 24 semester credit hours in the most recent academic year[, ~~or if at the end of the academic year in which the student receives a first award and the student entered college at the beginning of the spring term in the year in which he or she received his or her first award, have completed at least 12 semester credit hours in the most recent academic year~~]; or

(B) for graduate students, 18 semester credit hours in the most recent academic year;

(2) have an overall cumulative grade-point average of at least 2.5 on a four-point scale or its equivalent; and

(3) have completed at least 75 percent of the semester credit hours attempted in the most recent academic year.

(c) The institution shall calculate ~~[calculation of]~~ a student's GPA ~~[is to be completed]~~ in accordance with §22.10 of this chapter (relating to Grade Point Average Calculations for Satisfactory Academic Progress) ~~[Chapter 22, Subchapter A of this title (relating to General Provisions)]~~.

(d) The completion rate calculations may be made in keeping with institutional policies.

22.26. Discontinuation of Eligibility or Non-Eligibility.

(a) Discontinuation of Eligibility.

(1) Unless granted a hardship provision in accordance with §22.27 of this subchapter ~~[title]~~ (relating to Hardship Provisions), an undergraduate student shall no longer be eligible for a TEG as of:

(A) five years from the start of the semester in which the student received his or her first grant ~~[the fifth anniversary of the first award of a TEG to the student]~~, if the student is enrolled in a degree or certificate program of four years or less; or

(B) six years from the start of the semester in which the student received his or her first grant ~~[the sixth anniversary of the first award of a TEG to student]~~, if the student is enrolled in a degree or certificate program of more than four years.

(2) A graduate student may continue to receive grants as long as he or she meets the relevant eligibility requirements of §22.24 and §22.25 of this subchapter ~~[title]~~ (relating to Eligible Students and Satisfactory Academic Progress respectively).

(b) Other than as described in §22.27 of this subchapter ~~[title]~~, if a person fails to meet any of the requirements for receiving a grant ~~[an award]~~ as outlined in §22.24 or §22.25 of this subchapter ~~[title]~~ after completion of any year, the person may not receive a TEG until he or she completes a semester of at least three-quarter-time enrollment while not receiving a TEG and meets all the requirements of §22.24 and ~~[or]~~ §22.25 of this subchapter ~~[title]~~ as of the end of that semester.

22.27. Hardship Provisions.

(a) In the event of a hardship or for other good cause, the Program Officer at an eligible institution may allow an otherwise eligible student to receive a TEG ~~[while]~~:

(1) while enrolled less than three-quarter-time ~~[three-quarter of full-time enrollment]~~;

(2) if the student's grade point average, number of hours completed, or percent of attempted hours completed falls below the satisfactory academic progress requirements as referred to in §22.25 of this subchapter ~~[title]~~ (relating to Satisfactory Academic Progress); or

(3) if the student has taken more time to complete his/her undergraduate certificate or degree than specified in §22.26 of this subchapter ~~[title]~~ (relating to Discontinuation of Eligibility or Non-Eligibility).

(b) Hardship conditions or other good cause may include, but are not limited to:

(1) documentation ~~[a showing]~~ of a severe illness or other debilitating condition that may affect the student's academic performance;

(2) documentation ~~[an indication]~~ that the student is responsible for the care of a sick, injured, or needy person and that the student's provision of care may affect his or her academic performance; ~~[-or]~~

(3) documentation of the birth of a child or placement of a child with the student for adoption or foster care, that may affect the student's academic performance; or

(4) ~~[(3)]~~ a student's need to complete fewer than the required minimum number of hours in a given term in order to complete a degree, in which case the grant ~~[award]~~ amount should be determined on a pro rata basis for a full-time grant ~~[award]~~.

(c) The institution shall retain documentation of the approved hardship circumstances in the student's files, and the institution must identify students approved for a grant based on a hardship to the Coordinating Board.

(d) ~~[(e)]~~ Each institution shall adopt a hardship policy under this section and make ~~[have]~~ the policy publicly available to students ~~[in writing in]~~ through the financial aid office ~~[for public review upon request]~~.

22.28. Grant ~~[Award]~~ Amounts ~~[and Adjustments]~~.

(a) The Coordinating Board will determine and announce the TEG program maximum in accordance with Texas Education Code, §61.227.

(b) ~~[(a)]~~ Grant ~~[Award]~~ Amount. Each academic year, no grant ~~[TEG award]~~ shall exceed the least of:

(1) the student's financial need;

(2) the student's tuition differential; or

(3) the maximum grant ~~[award]~~ allowed based on the student's EFC, which is:

(A) 150 percent of the program maximum for undergraduate students demonstrating exceptional TEG need, as outlined in §22.24(b) [~~§22.24~~] of this subchapter [~~Subchapter~~] (relating to Eligible Students); or

(B) the program maximum for all other eligible students.

(c) [~~(b)~~] Term or Semester Disbursement Limit. The amount of any disbursement in a single term or semester may not exceed the student's financial need or tuition differential for that term or semester or the program maximum for the academic year, whichever is the least.

(d) [~~(c)~~] Grant [~~Award~~] calculations and disbursements are to be completed in accordance with [~~Chapter 22, Subchapter A~~] subchapter A of this chapter [~~title~~] (relating to General Provisions).

22.29. Allocation of Funds.

(a) The Coordinating Board determines allocations [~~Allocations~~] for the TEG Program [~~are to be determined~~] on an annual basis as follows:

(1) The Coordinating Board will invite [~~All~~] eligible institutions [~~will be invited~~] to participate; those choosing not to participate will be left out of the calculations for the relevant year.

(2) The allocation share [~~base~~] for each institution choosing to participate will be its three-year average share of the total statewide amount of the total amount of TEG funds that eligible students at an approved institution could receive if the program were fully funded, subject to the limits in Texas Education Code, §61.227(c) and (e), based on the students who met the following criteria:

(A) Enrollment on at least a three-quarter-time [~~three-fourths or three-quarters~~] basis;

(B) A Student Aid Index [~~An Expected Family Contribution~~], calculated using federal methodology, that results in demonstrated Adjusted Gross Need greater than zero;

(C) Maintain satisfactory academic progress in his or her program of study as required by §22.24(a)(3) [~~§22.24(b)~~] of this subchapter [~~title~~] (relating to Eligible Students);

(D) Classified as a Resident of Texas;

(E) Be enrolled in an approved institution in an individual degree plan leading to a first associate [~~associates~~] degree, first baccalaureate degree, first master's degree, first professional degree, or first doctoral degree;

~~[(F) Not be enrolled in a degree plan that is intended to lead to religious ministry;]~~

(F) ~~[(G)]~~ Be required to pay more tuition than is required at a comparable public college or university and be charged no less than the tuition required of all similarly situated students at the institution; and

(G) ~~[(H)]~~ Not be a recipient of any form of athletic scholarship.

(3) The source of data used for the allocations are the three most recently certified Financial Aid Database (FADS) reports submitted to the Coordinating Board by the institutions.

(4) A student's TEG need may not exceed the least of his or her adjusted gross need, tuition differential, or the TEG maximum award as set in accordance with Texas Education Code, §61.227(c).

(5) A student's exceptional TEG need plus TEG need may not exceed the least of the student's adjusted gross need, tuition differential or 150 percent of the current year's statutory TEG maximum award as set in accordance with Texas Education Code, §61.227(c).

(6) The maximum amount of need that may be recorded for any single student in the allocation calculation may not exceed the sum of his or her TEG need plus his or her exceptional TEG need.

(7) The total amount allocated for an institution may not exceed the sum of the individual maximum amount of need for all students calculated using the sources of data outlined in paragraph (3) of this subsection.

(8) Verification of Data. The Coordinating Board will provide the TEG allocation spreadsheet ~~[will be provided]~~ to the institutions for review and the institutions will be given 10 business ~~[working]~~ days, beginning the day of the notice's distribution and excluding State holidays, to confirm that the spreadsheet accurately reflects the data they submitted or to advise the Coordinating Board ~~[staff]~~ of any inaccuracies.

(9) The Coordinating Board will complete allocations ~~[Allocations]~~ for both years of the state appropriations' biennium ~~[will be completed]~~ at the same time. For the allocations process of the second year of the state appropriations' biennium, the sources of data outlined in paragraph (3) of this subsection will be utilized to forecast an additional year of data. This additional year of data, in combination with the two most recent years outlined in paragraph (3) of this subsection, will be utilized to calculate the three-year average share outlined in paragraph (2) of this subsection. Institutions will receive notification of their allocations for both years of the biennium at the same time.

(b) Reductions in Funding.

(1) If annual funding for the program is reduced after the start of a fiscal year, the Coordinating Board may take steps to help distribute the impact of reduced funding across all participating institutions by an across-the-board percentage decrease in all institutions' allocations.

(2) If annual funding for the program is reduced prior to the start of a fiscal year, the Coordinating Board may recalculate the allocations according to the allocation methodology outlined in this rule for the affected fiscal year based on available dollars.

22.30. Disbursement of Funds.

As requested by institutions throughout the academic year, the Coordinating Board shall forward to each participating institution a portion of its allocation of funds for timely disbursement to students in accordance with §22.2 of this chapter (relating to Timely Distribution of Funds). Institutions will have until the close of business on August 1, or the first working day thereafter if it falls on a weekend or holiday, to encumber program funds from their allocation. After that date, institutions lose claim to any funds in the current fiscal year not yet drawn down from the Coordinating Board for timely disbursement to students. Funds released in this manner in the first year of the biennium become available to the institution for use in the second year of the biennium. Funds released in this manner in the second year of the biennium become available to the Board's program for utilization in grant processing. Should these unspent funds result in additional funding available for the next biennium's program, revised allocations, calculated according to the allocation methodology specified in §22.29 of this subchapter (relating to Allocation of Funds), will be issued to participating institutions during the fall semester.