

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas


May 30, 2009
Date

Honorable David Dewhurst
President of the Senate

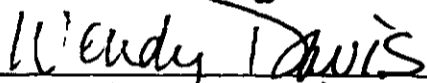
Honorable Joe Straus
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on H. B. 3452 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.



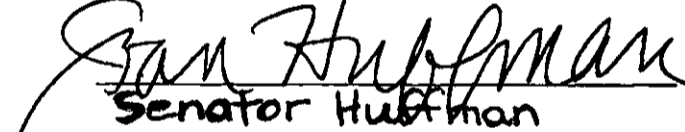
Senator Ogden, Chair



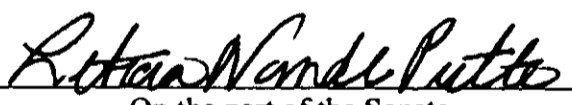
Senator Davis



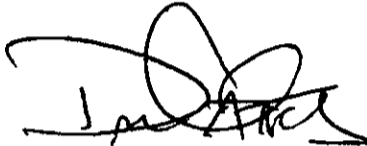
Senator Estes



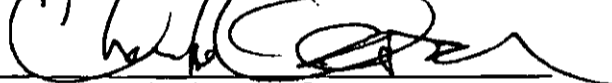
Senator Huffman



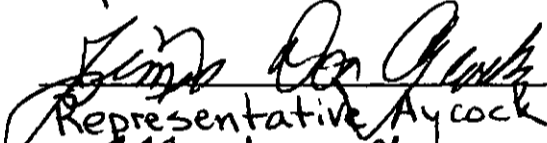
On the part of the Senate
Senator VandePutte



Representative Gattis, Chair



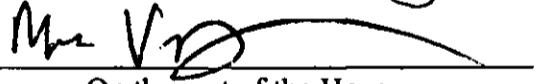
Representative Geren



Representative Aycock



Representative Vaught



On the part of the House
Representative Veasey

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

H.B. No. 3452

A BILL TO BE ENTITLED

1

AN ACT

2 relating to the establishment of the Texas Armed Services
3 Scholarship.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Chapter 61, Education Code, is amended by adding
6 Subchapter FF to read as follows:

7 SUBCHAPTER FF. TEXAS ARMED SERVICES SCHOLARSHIP PROGRAM

8 Sec. 61.9771. SCHOLARSHIP PROGRAM; SCHOLARSHIP AMOUNT. (a)

9 The board shall establish and administer, in accordance with this
10 subchapter and board rules, the Texas Armed Services Scholarship
11 Program under which the board provides an annual conditional
12 scholarship to a student who meets the eligibility criteria
13 prescribed by Section 61.9772 and is appointed to receive a
14 scholarship.

15 (b) The amount of a scholarship under this subchapter in an
16 academic year is the lesser of:

17 (1) \$15,000; or

18 (2) the amount available for each scholarship from
19 appropriations that may be used for scholarships under this
20 subchapter for that academic year.

21 Sec. 61.9772. ELIGIBILITY; NOMINATION AND SELECTION. (a)

22 To receive an initial scholarship under this subchapter, a student
23 must:

24 (1) be enrolled as a freshman in a public or private

1 institution of higher education in this state;

2 (2) enroll in and be a member in good standing of a
3 Reserve Officers' Training Corps (ROTC) program while enrolled in a
4 public or private institution of higher education in this state;

5 (3) be appointed to receive a scholarship by the
6 governor, the lieutenant governor, a state senator, or a state
7 representative; and

8 (4) enter into an agreement with the board under
9 Section 61.9773.

10 (b) In each year, the governor and the lieutenant governor
11 may each appoint two students and each state senator and each state
12 representative may appoint one student to receive an initial
13 scholarship under this subchapter.

14 (c) For a student to continue to receive a scholarship
15 awarded under this subchapter, the student must maintain
16 satisfactory academic progress as determined by the institution in
17 which the student is enrolled.

18 Sec. 61.9773. AGREEMENT REQUIREMENTS. (a) To receive a
19 scholarship under this subchapter, a student must enter into an
20 agreement with the board as provided by this section. The agreement
21 must require the student to:

22 (1) complete four years of ROTC training;

23 (2) graduate not later than five years after the date
24 the student first enrolls in a public or private institution of
25 higher education in this state;

26 (3) after graduation, enter into:

27 (A) a four-year commitment to be a member of the

1 Texas Army or Air Force National Guard; or

2 (B) a contract to serve as a commissioned officer
3 in any branch of the armed services of the United States;

4 (4) meet the physical examination requirements and all
5 other prescreening requirements of the Texas Army or Air Force
6 National Guard or the branch of the armed services with which the
7 student enters into a contract; and

8 (5) agree to repay the scholarship if the student:

9 (A) fails to maintain satisfactory academic
10 progress;

11 (B) withdraws from the scholarship program; or

12 (C) fails to fulfill a commitment or contract
13 described by Subdivision (3).

14 (b) The board shall adopt rules to exempt a student from the
15 repayment of a scholarship under an agreement entered into under
16 this section if the student is unable to meet the obligations of the
17 agreement solely as a result of physical inability.

18 Sec. 61.9774. RULES. (a) The board shall adopt rules as
19 necessary for the administration of this subchapter, including
20 rules regarding the eligibility criteria and the selection of
21 scholarship recipients.

22 (b) The board by rule shall provide that any amount paid to a
23 student by a branch of the armed services of the United States
24 during an academic year for which the student receives a
25 scholarship under this subchapter because the student is under a
26 contract with that branch shall be deducted from the amount of the
27 scholarship awarded to the student for that academic year.

1 Sec. 61.9775. LIMITATION ON SCHOLARSHIP. A person may not
2 receive a scholarship under this subchapter after earning a
3 cumulative total of 150 credit hours or after being awarded a
4 baccalaureate degree, whichever occurs first.

5 Sec. 61.9776. FUNDING. The board shall administer this
6 subchapter using available appropriations and gifts, grants, and
7 donations made for the purposes of this subchapter.

8 SECTION 2. The Texas Higher Education Coordinating Board
9 shall award scholarships under Subchapter FF, Chapter 61, Education
10 Code, as added by this Act, beginning with the 2010-2011 academic
11 year. The coordinating board shall adopt the rules required by that
12 subchapter as soon as practicable after this Act takes effect.

13 SECTION 3. This Act does not make an appropriation. A
14 provision in this Act that creates a new governmental program,
15 creates a new entitlement, or imposes a new duty on a governmental
16 entity is not mandatory during a fiscal period for which the
17 legislature has not made a specific appropriation to implement the
18 provision.

19 SECTION 4. This Act takes effect September 1, 2009.

House Bill 3452
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SECTION 1. Amends Chapter 56, Education Code, by adding Subchapter R, TEXAS ARMED SERVICES SCHOLARSHIP PROGRAM, as follows:

Sec. 56.501. PROGRAM NAME.

Sec. 56.502. ARMED SERVICES SCHOLARSHIPS.
(a) Establishes the scholarships as annual conditional scholarship grants of **\$15,000** available for use at any public or private institution of higher education located in Texas having a Reserve Officer Training Corps (ROTC) program, under certain conditions.

(b) Requires any amount paid to a student for being under contract with one of the branches of the armed services of the United States to be deducted from the scholarship.

Sec. 56.503. POWERS OF APPOINTMENT. Provides that the governor, lieutenant governor, and members of the Texas Senate and House of Representatives shall each individually have the power annually to appoint two recipients of armed services scholarships who possess the requisite qualifications.

Sec. 56.504. QUALIFICATIONS. Requires a student to

SENATE VERSION

SECTION 1. Similar to House version, except amends Chapter 61, Education Code by adding Subchapter FF, TEXAS ARMED SERVICES SCHOLARSHIP PROGRAM, as follows:

No equivalent provision.

Sec. 61.9771. SCHOLARSHIP PROGRAM;
SCHOLARSHIP AMOUNT. Requires the Texas Higher Education Coordinating Board to establish and administer the Texas Armed Services Scholarship Program under which the board provides an annual conditional scholarship of **\$5,000** to an eligible student.

Sec. 61.9774(b) Substantially the same as House version.
(See below.)

Sec. 61.9772(b) Same as House version, except each state senator and state representative are authorized to appoint one student rather than two. (See below.)

Sec. 61.9772. ELIGIBILITY; NOMINATION AND

CONFERENCE

SECTION 1. Same as Senate version, except as follows:

Same as Senate version.

Sec. 61.9771. SCHOLARSHIP PROGRAM;
SCHOLARSHIP AMOUNT. Substantially the same as Senate version, except adds (b) to limit the amount of an annual conditional scholarship in an academic year to the lesser of \$15,000 or the amount available for each scholarship from appropriations that may be used for scholarships under this subchapter for that academic year.

Same as Senate version.

Same as Senate version.

Same as Senate version.

House Bill 3452
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

meet minimum college entrance requirements at a public or private institution of higher education located in Texas, and attend, meet, and maintain the satisfactory academic progress requirements of the institution.

(See Sec. 56.503 above.)

Sec. 56.505. **COMMITMENTS.** Requires a student to: (1) complete four years ROTC training and graduate within five years; (2) on graduation enter into either a four-year commitment to be a member of the Texas State Guard or the Texas Army or Air Force National Guard, or a contract to serve as a commissioned officer with a branch of the armed services; and (3) meet certain physical examination and prescreening requirements.

Sec. 56.506. **CONSEQUENCES OF FAILURE TO MEET COMMITMENTS.** Requires all funds advanced to a scholarship recipient to become a debt due and owed to the state if at any time a recipient either fails to maintain satisfactory academic progress, withdraws from the scholarship program, or fails to fulfill his or her commitment to the Texas State Guard or the Texas Army or Air Force National Guard or his or her contract with a branch of the armed services of the United States, for any reason other than a physical inability to meet any of these commitments.

SENATE VERSION

SELECTION. Subsections (a) and (c) are substantially the same as House version, except (a) adds and modifies the eligibility requirements to conform to the nomination process and agreement requirements.

(b) Same as Sec. 56.503, House version, except each state senator and representative are authorized to appoint one student, rather than two annually.

Sec. 61.9773. [part] **AGREEMENT REQUIREMENTS.** (a) Substantially the same as House version, except requires the student to enter into an agreement with the board relating to the commitments.

Sec. 61.9773. [part]. (a) Substantially the same as House version, except includes the consequences as part of the agreement, and removes the exception for the physical inability to meet any of the commitments exception.

CONFERENCE

Same as Senate version.

Same as Senate version.

Same as Senate version.

House Bill 3452
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION	CONFERENCE
No equivalent provision.	Sec. 61.9773. [part]. (b) Requires the board to adopt rules to exempt a student from the repayment of a scholarship under an agreement entered into under this section if the student is unable to meet the obligations of the agreement solely as a result of physical inability.	Same as Senate version.
Sec. 56.507. FUNDING. (a) Authorizes the board to solicit and accept gifts, grants, and donations from any public or private source for the purposes of the scholarship program. (b) Provides that the legislature may appropriate money for the purpose of the scholarship program.	Sec. 61.9776. FUNDING. Substantially the same as House version.	Same as Senate version.
Sec. 56.508. RULEMAKING AUTHORITY. Provides that the board shall have the authority to make rules to implement the purposes of this subchapter.	Sec. 61.9774. RULES. (a) Requires the board to adopt rules as necessary for the administration of this subchapter, including rules regarding the eligibility criteria and the selection of scholarship recipients.	Same as Senate version.
<i>(See Sec. 56.502(b) above.)</i>	(b) Substantially the same as House version.	Same as Senate version.
No equivalent provision.	Sec. 61.9775. LIMITATION ON SCHOLARSHIP. Prohibits a person from receiving a scholarship under this subchapter after earning a cumulative total of 150 credit hours or after being awarded a baccalaureate degree, whichever occurs first.	Same as Senate version.
No equivalent provision.	SECTION 2. The Texas Higher Education Coordinating Board shall award scholarships under Subchapter FF, Chapter 61, Education Code, as added by this Act,	SECTION 2. Same as Senate version.

House Bill 3452
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION

CONFERENCE

beginning with the 2010-2011 academic year. The coordinating board shall adopt the rules required by that subchapter as soon as practicable after this Act takes effect.

No equivalent provision.

SECTION 3. Specifies that this Act does not make an appropriation and that certain provisions are not mandatory during a fiscal period for which the legislature has not made a specific appropriation to implement the provision.

SECTION 3. Same as Senate version.

SECTION 2. Effective date.

SECTION 4. Same as House version.

SECTION 4. Same as Senate version.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 30, 2009

TO: Honorable David Dewhurst , Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB3452 by Gattis (relating to the establishment of the Texas Armed Services Scholarship.),
Conference Committee Report

Estimated Two-year Net Impact to General Revenue Related Funds for HB3452, Conference Committee Report: a negative impact of (\$2,185,918) through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$101,292)
2011	(\$2,084,626)
2012	(\$1,063,523)
2013	(\$1,064,272)
2014	(\$1,072,052)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1
2010	(\$101,292)
2011	(\$2,084,626)
2012	(\$1,063,523)
2013	(\$1,064,272)
2014	(\$1,072,052)

Fiscal Year	Change in Number of State Employees from FY 2009
2010	1.0
2011	1.0
2012	1.0
2013	1.0
2014	1.0

Fiscal Analysis

The bill establishes the Texas Armed Service Scholarship Program. The new program would be administered by the Higher Education Coordinating Board. Under provisions of the bill, a qualified student could receive an annual conditional scholarship grants available for use at any Texas public or

private institution of higher education having a Reserve Officer Training Corps (R.O.T.C.) program, conditioned on certain obligations. The amount of scholarship in each academic year would be the lesser of \$15,000 or the amount available for each scholarship from appropriations that may be used for the scholarships.

The Governor, the Lieutenant Governor, the members of the Texas Senate, and the members of the Texas House of Representative each individually have the power annually to appoint one recipient of Armed Service scholarships who possess the requisite qualifications for the scholarship. In order to qualify for an Armed Services Scholarship, a student must meet minimum college entrance requirements at a Texas public university; and attend, meet and maintain the satisfactory academic progress requirements of the student's Texas public university. In order to fulfill the student's commitments to the Armed Services Scholarship program, the student must: (1) complete four years of ROTC training, and graduate within five years; (2) upon graduation, enter into either a four year commitment to be a member of the Texas Army or Air Force National Guard, or a contract to serve as a commissioned officer with any branch of the armed services of the United States; and (3) meet the physical examination requirements and all other pre-screening requirements off the Texas Army or Air Force Nation Guard, or of the branch of the armed services with which the student enters into a contract. Under provisions of the bill, a recipient of the scholarship who either fails to maintain satisfactory academic progress, withdraws from the scholarship program, or fails to fulfill the student's commitment, for any reason other than a physical inability to meet any of these commitments, all funds advanced to the recipient to that point would become a debt due to the state. The Higher Education Coordinating Board would begin awarding scholarships beginning with the 2010-11 academic year (fiscal year 2011).

Methodology

The 2010-11 General Appropriations Act funds the scholarship program at \$1,000,000 per fiscal year in the upcoming biennium (Article IX, Sec. 17.68). Since the scholarships cannot be awarded until fiscal year 2011, it is assumed that the fiscal year 2010 appropriations will be used in 2011, for a total of \$2,000,000 in fiscal year 2011. For the purpose of this fiscal note it is assumed the total amount appropriated will be used for the scholarships and that the legislature will continue to appropriate \$1,000,000 per year for the scholarships in subsequent fiscal years.

There would be a one-time technology cost for customized programming of \$101,292 in fiscal year 2010 to set up the new program. The remaining costs include an account representative, court filing fees, and loan servicing costs. The Higher Education Coordinating Board indicated that although the industry standard for estimating costs of servicing for student loans is 2% of the loan principal, their estimate is based on a lower servicing percentage, 1% because of the large amount of each award, which is not normally the case for a student's annual student loans. For standard student loans, the majority of borrowers fulfill their agreements by repaying their loans on time and the servicing costs are mostly for producing and mailing monthly billing statements, processing payments, and maintaining the data base. However, additional servicing costs are incurred (1) for the borrowers who need assistance in the form of special payment or deferment arrangements, (2) for loans that are delinquent, and (3) for loans that are in default. Based on these assumptions the servicing costs associated with the program would be \$20,000 in fiscal year 2010 and \$10,000 in subsequent fiscal years.

Local Government Impact

No fiscal implication to units of local government is anticipated.

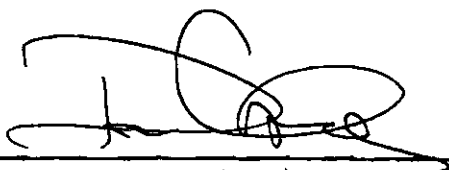
Source Agencies: 720 The University of Texas System Administration, 758 Texas State University System, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board

LBB Staff: JOB, KK, RT, GO

Certification of Compliance with Rule 13, Section 6(b), House Rules of Procedure

Rule 13, Section 6(b), House Rules of Procedure, requires that a copy of a conference committee report signed by a majority of each committee of the conference must be furnished to each member of the committee in person or if unable to deliver in person by placing a copy in the member's newspaper mailbox at least one hour before the report is furnished to each member of the house under Section 10(a) of this rule. The paper copies of the report submitted to the chief clerk under Section 10(b) of this rule must contain a certificate that the requirement of this subsection has been satisfied, and that certificate must be attached to the printed copy of the report furnished to each member under Section 10(d) of this rule. Failure to comply with this subsection is not a sustainable point of order under this rule.

I certify that a copy of the conference committee report on H. B. 3452 was furnished to each member of the conference committee in compliance with Rule 13, Section 6(b), House Rules of Procedure, before submission of the paper copies of the report to the chief clerk under Section 10(b), Rule 13, House Rules of Procedure.



(name)

May 30, 2009
(date)