

By: Nelson

S.B. No. 280

Substitute the following for S.B. No. 280:

By: Keffer of Eastland

C.S.S.B. No. 280

A BILL TO BE ENTITLED

AN ACT

relating to the continuation and functions of the Texas Workforce Commission.

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

ARTICLE 1. CONTINUATION OF COMMISSION; GUIDELINES REGARDING
FUNCTIONS OF COMMISSION AND STAFF

SECTION 1.01. Subchapter A, Chapter 301, Labor Code, is amended by adding Section 301.0015 and amending Section 301.008 to read as follows:

Sec. 301.0015. GUIDELINES REGARDING FUNCTIONS OF COMMISSION AND STAFF. (a) In administering its functions under this title or another law, the commission shall limit its activities to:

(1) setting commission policies, including policies that clearly separate the policymaking responsibilities of the commission and the management responsibilities of the executive director and commission staff;

(2) giving general direction to the executive director regarding the implementation of the commission's policies, and holding the executive director accountable for implementing the policies;

(3) approving the commission's budget recommendation to the legislature;

(4) reviewing under Subchapter D, Chapter 212, the

1 decision of an appeal tribunal regarding unemployment
2 compensation;

3 (5) adopting rules necessary to administer the
4 commission's policies, including rules necessary for the
5 administration of this title and rules governing required reports,
6 procedures, and orders;

7 (6) responding to questions and comments that are
8 directed to the commission by the executive director and that
9 relate to setting or clarifying commission policies or relate to
10 other matters of general interest to the commission; and

11 (7) requesting information from commission staff.

12 (b) Except as provided by Subsection (c), the commission may
13 conduct the activities listed in Subsection (a) only when acting as
14 a governmental body.

15 (c) The commission, acting as a governmental body, or an
16 individual member of the commission may conduct the activities
17 listed in Subsections (a)(6) and (7).

18 (d) In administering its functions under this title or
19 another law, the commission, acting as a governmental body, or an
20 individual member of the commission may not:

21 (1) direct the day-to-day operations of the executive
22 director or other commission staff; or

23 (2) establish the details for the implementation of
24 commission policies or direct the executive director or other
25 commission staff about those details.

26 Sec. 301.008. APPLICATION OF SUNSET ACT. The Texas
27 Workforce Commission is subject to Chapter 325, Government Code

1 (Texas Sunset Act). Unless continued in existence as provided by
2 that chapter, the commission is abolished September 1, 2009 [2003].

3 ARTICLE 2. MEMBERSHIP ON GOVERNING BODY OF COMMISSION

4 SECTION 2.01. Section 301.002(a), Labor Code, is amended to
5 read as follows:

6 (a) The commission is composed of three members:

7 (1) one member who is [~~of whom shall be~~] a
8 representative of labor;

9 (2) one member who is [~~of whom shall be~~] a
10 representative of employers; and

11 (3) one member who is a representative of [~~whom shall~~
12 ~~represent~~] the public.

13 SECTION 2.02. Section 301.003, Labor Code, is amended to
14 read as follows:

15 Sec. 301.003. MEMBER RESTRICTIONS. (a) In this section,
16 "Texas trade association" means a cooperative and voluntarily
17 joined statewide association of business or professional
18 competitors in this state designed to assist its members and its
19 industry or profession in dealing with mutual business or
20 professional problems and in promoting their common interest.

21 (b) A member of the commission may not engage in any other
22 business, vocation, or employment during the member's term on the
23 commission.

24 (c) A person may not be a member of the commission or an
25 employee of the commission employed in a "bona fide executive,
26 administrative, or professional capacity," as that phrase is used
27 for purposes of establishing an exemption to the overtime

1 provisions of the federal Fair Labor Standards Act of 1938 (29
2 U.S.C. Section 201 et seq.), and its subsequent amendments, if:

3 (1) the person is an officer, employee, or paid
4 consultant of a Texas trade association in the field of labor,
5 business, workforce development, child care, or career schools and
6 colleges; or

7 (2) the person's spouse is an officer, manager, or paid
8 consultant of a Texas trade association in the field of labor,
9 business, workforce development, child care, or career schools and
10 colleges.

11 (d) A person may not serve as a member of the commission if
12 the person or the person's spouse:

13 (1) is employed by or participates in the management
14 of a career school or college or a business entity or other
15 organization receiving money from the commission;

16 (2) owns or controls, directly or indirectly, more
17 than a 10 percent interest in a career school or college or a
18 business entity or other organization receiving money from the
19 commission; or

20 (3) is registered, certified, licensed, permitted, or
21 otherwise authorized by the commission.

22 ~~[(b) The public member of the commission may not be an~~
23 ~~officer, employee, or paid consultant of a labor-oriented or~~
24 ~~employer-oriented trade association while the member serves on the~~
25 ~~commission.]~~

26 SECTION 2.03. Section 301.004, Labor Code, is amended to
27 read as follows:

1 Sec. 301.004. EFFECT OF LOBBYING ACTIVITY. A person [~~who is~~
2 ~~required to register as a lobbyist under Chapter 305, Government~~
3 ~~Code,~~] may not be [~~serve as~~] a member of the commission or act as the
4 general counsel to the commission if the person is required to
5 register as a lobbyist under Chapter 305, Government Code, because
6 of the person's activities for compensation on behalf of a
7 profession related to the operation of the commission [~~while so~~
8 ~~registered~~]. If the person ceases to engage in lobbying activity
9 and files a notice of termination as prescribed by Section 305.008,
10 Government Code, the person may serve as a member of the commission
11 or act as the general counsel to the commission.

12 SECTION 2.04. Section 301.006(a), Labor Code, as renumbered
13 from Section 202.005, Labor Code, by Section 11.02, Chapter 655,
14 Acts of the 74th Legislature, Regular Session, 1995, is amended to
15 read as follows:

16 (a) The governor shall designate the chair of the commission
17 from among the members of the commission. The chair shall serve in
18 that capacity at the pleasure of the governor for a two-year term.
19 The governor may redesignate the same member to serve consecutive
20 terms.

21 SECTION 2.05. Section 301.007, Labor Code, is amended by
22 amending Subsection (a) and adding Subsection (c) to read as
23 follows:

24 (a) It is a ground for removal from the commission [~~by~~
25 ~~impeachment~~] that a member:

26 (1) during any 60-day period, is absent from each
27 commission meeting for which the member received at least 48 hours'

1 notice;

2 (2) does not have at the time of taking office the
3 qualifications required by Section 301.002 [~~is unable to discharge~~
4 ~~the member's duties for the remainder of the term for which the~~
5 ~~member was appointed because of illness or other disability~~]; [~~or~~]

6 (3) does not maintain during service as a member of the
7 commission the qualifications required by Section 301.002;

8 (4) is ineligible for membership on the commission
9 under Section 301.003 or 301.004;

10 (5) cannot, because of illness or disability,
11 discharge the member's duties for a substantial part of the member's
12 term; or

13 (6) is absent from more than half of the regularly
14 scheduled meetings of the members that the member is eligible to
15 attend during a calendar year without an excuse approved by a
16 majority vote of the members [~~violates a prohibition established by~~
17 ~~Section 301.003 or 301.004~~].

18 (c) If the executive director has knowledge that a potential
19 ground for removal exists, the executive director shall notify the
20 chair of the potential ground. The chair shall then notify the
21 governor and the attorney general that a potential ground for
22 removal exists. If the potential ground for removal involves the
23 chair, the executive director shall notify the next highest ranking
24 member, who shall then notify the governor and the attorney general
25 that a potential ground for removal exists.

26 SECTION 2.06. Subchapter A, Chapter 301, Labor Code, is
27 amended by adding Section 301.0075 to read as follows:

1 Sec. 301.0075. MEMBER TRAINING. (a) A person who is
2 appointed to and qualifies for office as a member of the commission
3 may not vote, deliberate, or be counted as a member in attendance at
4 a meeting of the members until the person completes a training
5 program that complies with this section.

6 (b) The training program must provide the person with
7 information regarding:

8 (1) the legislation that created the commission;

9 (2) the programs operated by the commission;

10 (3) the role and functions of the commission;

11 (4) the rules of the commission, with an emphasis on
12 the rules that relate to disciplinary and investigatory authority;

13 (5) the current budget for the commission;

14 (6) the results of the most recent formal audit of the
15 commission;

16 (7) the requirements of:

17 (A) the open meetings law, Chapter 551,
18 Government Code;

19 (B) the public information law, Chapter 552,
20 Government Code;

21 (C) the administrative procedure law, Chapter
22 2001, Government Code; and

23 (D) other laws relating to public officials,
24 including conflict-of-interest laws;

25 (8) civil rights laws relevant to employment programs
26 offered by the commission; and

27 (9) any applicable ethics policies adopted by the

1 commission or the Texas Ethics Commission.

2 (c) A person appointed as a member of the commission is
3 entitled to reimbursement, as provided by the General
4 Appropriations Act, for the travel expenses incurred in attending
5 the training program regardless of whether the attendance at the
6 program occurs before or after the person qualifies for office.

7 SECTION 2.07. The changes in law made by this article in the
8 prohibitions or qualifications applying to members of the Texas
9 Workforce Commission do not affect the entitlement of a member
10 serving immediately before September 1, 2003, to continue to serve
11 and function as a member for the remainder of the member's term.
12 Those changes in law apply only to a member appointed on or after
13 September 1, 2003.

14 ARTICLE 3. POWERS AND DUTIES

15 SECTION 3.01. Section 301.023, Labor Code, is amended to
16 read as follows:

17 Sec. 301.023. COMPLAINTS AGAINST COMMISSION. (a) The
18 commission shall maintain a file on each written complaint filed
19 with the commission. The file must include:

20 (1) the name of the person who filed the complaint;

21 (2) the date the complaint is received by the
22 commission;

23 (3) the subject matter of the complaint;

24 (4) the name of each person contacted in relation to
25 the complaint;

26 (5) a summary of the results of the review or
27 investigation of the complaint; and

1 (6) an explanation of the reason the file was closed,
2 if the commission closed the file without taking action other than
3 to investigate the complaint [~~keep an information file about each~~
4 ~~complaint filed with the commission that relates to a service~~
5 ~~provided by the commission)].~~

6 (b) The commission shall provide to the person filing the
7 complaint and to each person who is a subject of the complaint a
8 copy of the commission's policies and procedures relating to
9 complaint investigation and resolution.

10 (c) The commission, at least quarterly until final
11 disposition of the complaint, shall notify the person filing the
12 complaint and each person who is a subject of the complaint of the
13 status of the investigation unless the notice would jeopardize an
14 undercover investigation [~~If a written complaint is filed with the~~
15 ~~commission that relates to a service provided by the commission,~~
16 ~~the commission, at least quarterly and until final disposition of~~
17 ~~the complaint, shall notify the parties to the complaint of the~~
18 ~~status of the complaint)].~~

19 SECTION 3.02. Section 301.043, Labor Code, is amended to
20 read as follows:

21 Sec. 301.043. STANDARDS OF CONDUCT INFORMATION. The
22 executive director or the executive director's designee shall
23 provide to the members of the commission and employees of the
24 commission, as often as necessary, information regarding the
25 requirements for office or employment under this chapter, including
26 information regarding a person's [~~their~~] responsibilities under
27 applicable laws relating to standards of conduct for state officers

1 or employees.

2 SECTION 3.03. Section 301.045, Labor Code, is amended by
3 amending Subsections (a) and (b) and adding Subsection (a-1) to
4 read as follows:

5 (a) The executive director or the executive director's
6 designee shall prepare and maintain a written policy statement that
7 implements [~~to ensure implementation of~~] a program of equal
8 employment opportunity to ensure that [~~under which~~] all personnel
9 decisions [~~transactions~~] are made without regard to race, color,
10 disability, sex, religion, age, or national origin.

11 (a-1) The policy statement must include:

12 (1) personnel policies, including policies relating
13 to recruitment, evaluation, selection, [~~appointment,~~] training,
14 and promotion of personnel, that show the intent of the commission
15 to avoid the unlawful employment practices described by [~~are in~~
16 ~~compliance with~~] Chapter 21; and

17 (2) an [~~a comprehensive~~] analysis of the extent to
18 which the composition of the commission's personnel is in
19 accordance with state and [~~workforce that meets~~] federal law and a
20 description of [~~and state guidelines,~~

21 [~~(3) procedures by which a determination can be made~~
22 ~~of significant underuse in the commission's workforce of all~~
23 ~~persons for whom federal or state guidelines encourage a more~~
24 ~~equitable balance, and~~

25 [~~(4)~~] reasonable methods to achieve compliance with
26 state and federal law [~~to appropriately address those areas of~~
27 ~~underuse~~].

1 (b) The [A] policy statement [under Subsection (a)] must:

2 (1) [cover an annual period, be updated annually;

3 (2) [be reviewed by the Commission on Human Rights
4 for compliance with Subsection (a-1)(1); [~~(a)~~] and

5 (3) be filed with the governor's office.

6 SECTION 3.04. Subchapter C, Chapter 301, Labor Code, is
7 amended by adding Sections 301.046 and 301.047 to read as follows:

8 Sec. 301.046. STATE EMPLOYEE INCENTIVE PROGRAM INFORMATION
9 AND TRAINING. The executive director or the executive director's
10 designee shall provide to commission employees information and
11 training on the benefits and methods of participation in the state
12 employee incentive program.

13 Sec. 301.047. COMMISSION EMPLOYEES ACCOUNTABLE TO
14 EXECUTIVE DIRECTOR. In performing functions required or authorized
15 by law, employees of the commission are directly accountable to the
16 executive director.

17 SECTION 3.05. The heading to Section 301.061, Labor Code,
18 is amended to read as follows:

19 Sec. 301.061. GENERAL POWERS AND DUTIES OF COMMISSION AND
20 EXECUTIVE DIRECTOR.

21 SECTION 3.06. Sections 301.061(a) and (b), Labor Code, are
22 amended to read as follows:

23 (a) The commission shall provide the public with a
24 reasonable opportunity to appear before the commission and speak on
25 any issue under the jurisdiction of the commission [~~adopt rules as~~
26 ~~necessary for the administration of this title~~].

27 (b) The executive director shall:

1 (1) administer this title as provided by rules adopted
2 by the commission;

3 (2) oversee and manage:

4 (A) the daily operation and administrative
5 affairs of the commission; and

6 (B) the implementation of commission policies
7 set by the commission;

8 (3) coordinate the activities of the commission staff
9 and hold commission staff accountable for the staff's performance
10 of its duties;

11 (4) determine the organization of the agency and
12 methods of procedure of the agency in accordance with this title;
13 and

14 (5) [~~3~~] make expenditures necessary for the
15 operation of this title.

16 SECTION 3.07. Subchapter D, Chapter 301, Labor Code, is
17 amended by adding Sections 301.0681, 301.0682, and 301.069 to read
18 as follows:

19 Sec. 301.0681. POLICY ON TECHNOLOGICAL SOLUTIONS. The
20 commission shall develop and implement a policy requiring the
21 executive director and commission employees to research and propose
22 appropriate technological solutions to improve the commission's
23 ability to perform its functions. The technological solutions
24 must:

25 (1) ensure that:

26 (A) the public is able to easily find information
27 about the commission on the Internet; and

1 (B) persons who want to use the commission's
2 services are able to:

3 (i) interact with the commission through
4 the Internet; and

5 (ii) access any service that can be
6 provided effectively through the Internet;

7 (2) be cost-effective; and

8 (3) be developed through the commission's planning
9 processes.

10 Sec. 301.0682. NEGOTIATED RULEMAKING AND ALTERNATIVE
11 DISPUTE RESOLUTION POLICY. (a) The commission shall develop and
12 implement a policy to encourage the use of:

13 (1) negotiated rulemaking procedures under Chapter
14 2008, Government Code, for the adoption of the commission's rules;
15 and

16 (2) appropriate alternative dispute resolution
17 procedures under Chapter 2009, Government Code, to assist in the
18 resolution of internal and external disputes under the commission's
19 jurisdiction, other than proceedings conducted by the commission
20 under Title 2 and this title of this code that are not subject to
21 Subchapters C-H, Chapter 2001, Government Code.

22 (b) The commission's procedures relating to alternative
23 dispute resolution must conform, to the extent possible, to any
24 model guidelines issued by the State Office of Administrative
25 Hearings for the use of alternative dispute resolution by state
26 agencies.

27 (c) The commission shall designate a trained person to:

1 (1) coordinate the implementation of the policy
2 developed under Subsection (a);

3 (2) serve as a resource for any training needed to
4 implement the procedures for negotiated rulemaking or alternative
5 dispute resolution; and

6 (3) collect data concerning the effectiveness of those
7 procedures, as implemented by the commission.

8 Sec. 301.069. PARTNERSHIP WITH BUSINESS COMMUNITY. To meet
9 the needs of businesses in this state and to equip workers and job
10 seekers with the skills required to compete for jobs in this state,
11 the commission shall:

12 (1) partner with the business community to:

13 (A) identify:

14 (i) skills required by the business
15 community;

16 (ii) key industry sectors in the business
17 community that are likely to benefit from skill development
18 services and programs offered by the commission; and

19 (iii) employment opportunities offered by
20 the business community; and

21 (B) develop services and programs that are
22 designed to equip workers and job seekers with the skills required
23 by the business community; and

24 (2) support business and community economic
25 development activities of local workforce development boards and
26 the state.

27 SECTION 3.08. The changes in law made by this article to

1 Section 301.023, Labor Code, apply only to a written complaint
2 filed with the Texas Workforce Commission on or after the effective
3 date of this Act, regardless of whether the conduct or act that is
4 the subject of the complaint occurred or was committed before, on,
5 or after the effective date of this Act.

6 SECTION 3.09. The Texas Workforce Commission shall
7 implement Sections 301.046, 301.0681, 301.0682, and 301.069, as
8 added by this article, not later than February 1, 2004.

9 ARTICLE 4. WORKFORCE DEVELOPMENT

10 SECTION 4.01. Subchapter A, Chapter 31, Human Resources
11 Code, is amended by adding Section 31.0121 to read as follows:

12 Sec. 31.0121. SKILLS ASSESSMENT AND DEVELOPMENT FOR CERTAIN
13 RECIPIENTS. (a) The Texas Workforce Commission shall ensure that
14 each local workforce development board assesses the skills
15 development needs of recipients referred to the CHOICES program
16 administered by the board.

17 (b) If, after assessing a recipient's skills development
18 needs, a local workforce development board determines that the
19 recipient requires job-specific training for placement in a job
20 paying wages that equal or exceed the self-sufficiency wage
21 developed for the board under the Workforce Investment Act of 1998
22 (29 U.S.C. Section 2801 et seq.), as amended, the board shall:

23 (1) to the extent allowed by federal law, place the
24 recipient in training activities designed to improve employment and
25 wage outcomes and job retention rates; and

26 (2) ensure that the training activities under
27 Subdivision (1) target occupations that are in demand by local

1 employers.

2 (c) A local workforce development board may use a single
3 list of targeted occupations that is developed for other training
4 programs for purposes of meeting the requirements of Subsection
5 (b)(2).

6 (d) A recipient participating in the CHOICES program who is
7 placed in training activities under Subsection (b) may concurrently
8 engage in those training activities and in work activities.

9 (e) To meet the requirements of this section, the Texas
10 Workforce Commission shall use CHOICES program funds and, to the
11 extent possible, existing funds from other training programs for
12 which a recipient participating in the CHOICES program may qualify,
13 including funds from:

14 (1) other training programs provided under the
15 Workforce Investment Act of 1998 (29 U.S.C. Section 2801 et seq.),
16 as amended, or their successor programs;

17 (2) the skills development fund created under Chapter
18 303, Labor Code; or

19 (3) the self-sufficiency fund created under Section
20 309.002, Labor Code.

21 SECTION 4.02. Section 302.006(a), Labor Code, is amended to
22 read as follows:

23 (a) The commission may [~~shall~~] develop and administer a
24 program under which the commission awards scholarships in the
25 amount of \$1,000 each for professional child-care training to
26 eligible recipients.

27 SECTION 4.03. Subchapter A, Chapter 302, Labor Code, is

1 amended by adding Sections 302.0042, 302.0043, 302.0044, and
2 302.013 to read as follows:

3 Sec. 302.0042. EVALUATION OF ALLOCATION FORMULAS FOR CHILD
4 CARE DEVELOPMENT FUNDS. (a) The commission shall annually
5 evaluate the formulas used by the commission to distribute federal
6 child care development funds to local workforce development boards
7 in order to ensure that the formulas address the child care needs of
8 each local workforce development board.

9 (b) The commission's evaluation must assess:

10 (1) the use of current federal child care funds by each
11 local workforce development board;

12 (2) the ability of each local workforce development
13 board to meet child care performance measures;

14 (3) the average cost of child care in each local
15 workforce development area;

16 (4) the poverty rate of each local workforce
17 development area compared to the state's poverty rate;

18 (5) the number of children on waiting lists for child
19 care in each local workforce development area; and

20 (6) the number of vacant slots available for child
21 care placement in each local workforce development area.

22 Sec. 302.0043. EVALUATION OF EFFECTIVENESS OF SUBSIDIZED
23 CHILD CARE PROGRAM. (a) To evaluate the effectiveness of the
24 commission's child care program in helping parents who receive
25 subsidized child care to maintain employment, the commission shall
26 compile, regarding each parent receiving subsidized child care from
27 the commission's child care program, the following information

1 regarding the wage and employment status of the parent:

2 (1) if the parent receives both financial assistance
3 under Chapter 31, Human Resources Code, and subsidized child care,
4 whether the parent:

5 (A) finds employment; and

6 (B) maintains the parent's employment after one
7 year;

8 (2) if the parent receives only subsidized child care,
9 whether the parent:

10 (A) maintains the parent's employment; and

11 (B) experiences a change in the parent's earnings
12 after one year of employment; and

13 (3) if the parent leaves the child care program:

14 (A) the parent's reason for leaving the program;
15 and

16 (B) whether the parent returns to financial
17 assistance under Chapter 31, Human Resources Code, or becomes a
18 recipient of financial assistance under that chapter for the first
19 time.

20 (b) The commission may use the wage and employment records
21 of the parents to determine the employment outcome of the parents.

22 (c) The commission shall also measure and evaluate the
23 effectiveness of the commission's child care program in:

24 (1) improving the training of child care
25 professionals; and

26 (2) facilitating collaboration with Head Start, the
27 Texas Education Agency, the Department of Protective and Regulatory

1 Services, and the Health and Human Services Commission.

2 (d) The commission shall periodically analyze the
3 information collected by the commission under this section and
4 shall compile its findings regarding the effectiveness of the
5 commission's child care program.

6 (e) The commission shall make the information collected by
7 the commission and the commission's findings available to local
8 workforce development boards.

9 (f) Not later than January 15 of each odd-numbered year, the
10 commission shall report to the legislature regarding the
11 commission's findings regarding the effectiveness of the
12 commission's child care program.

13 Sec. 302.0044. WAGE TRACKING OF TANF CHOICES PROGRAM
14 RECIPIENTS. (a) The commission, in consultation with local
15 workforce development boards, shall compile the following
16 information with regard to each recipient of employment services
17 under the Temporary Assistance for Needy Families (TANF) CHOICES
18 program:

19 (1) whether the recipient is placed in employment
20 paying wages equal to or exceeding 200 percent of the federal
21 poverty level for a family that is the size of the recipient's
22 family; and

23 (2) if the recipient is placed in employment earning
24 wages equal to or exceeding the amount described by Subdivision
25 (1), whether the recipient has earned that amount before the first
26 anniversary of the date of the recipient's initial date of
27 employment.

1 (b) Not later than December 15 of each year, the commission
2 shall report to the legislature the percentage of recipients of
3 employment services under the Temporary Assistance for Needy
4 Families (TANF) CHOICES program who meet the wage criteria
5 described by Subsections (a)(1) and (2).

6 Sec. 302.013. LOCAL WORKFORCE DEVELOPMENT BOARD ADVISORY
7 COMMITTEE. (a) In this section, "advisory committee" means the
8 local workforce development board advisory committee created under
9 this section.

10 (b) The organization composed of a member of and the staff
11 director of each local workforce development board in this state
12 shall establish a local workforce development board advisory
13 committee composed of nine members appointed by the executive
14 officers of that organization.

15 (c) The advisory committee shall be composed of:

16 (1) six members of local workforce development boards
17 who serve as members of the organization described by Subsection
18 (b); and

19 (2) three staff directors of local workforce
20 development boards who serve as members of the organization
21 described by Subsection (b).

22 (d) The members of the advisory committee must represent
23 different geographic areas of the state.

24 (e) The advisory committee shall:

25 (1) meet at least quarterly;

26 (2) report to the commission at least annually; and

27 (3) advise the commission and commission staff

1 regarding the programs, policies, and rules of the commission that
2 affect the operations of local workforce development boards and the
3 local workforce delivery system.

4 SECTION 4.04. Subchapter C, Chapter 302, Labor Code, is
5 amended by adding Section 302.048 to read as follows:

6 Sec. 302.048. ASSESSMENT OF LOCAL WORKFORCE DEVELOPMENT
7 BOARD'S CAPACITY TO OVERSEE AND MANAGE LOCAL FUNDS AND DELIVERY OF
8 SERVICES. (a) In consultation with local workforce development
9 boards, the commission by rule shall establish criteria to be used
10 by the commission to evaluate each local workforce development
11 board's overall capacity to oversee and manage local funds and the
12 delivery of local workforce services.

13 (b) The criteria established under Subsection (a) must
14 address a local workforce development board's ability to:

15 (1) develop, maintain, and upgrade comprehensive
16 fiscal management systems;

17 (2) hire, train, and retain qualified staff to carry
18 out the board's oversight activities;

19 (3) select and oversee local contractors to improve
20 the delivery of workforce services;

21 (4) oversee and improve the operations of local career
22 development centers in the area served by the board;

23 (5) manage the contractors' performance across
24 multiple board programs; and

25 (6) identify and resolve long-standing oversight
26 problems of the board and performance problems of contract
27 providers.

1 (c) Based on the criteria prescribed under this section, the
2 commission shall develop performance measures to be used by the
3 commission to evaluate each local workforce development board.

4 (d) The commission shall post the results of the
5 commission's evaluation of each local workforce development board
6 on the commission's Internet website in a format that is readily
7 accessible to and understandable by a member of the public.

8 (e) The commission annually shall compile information
9 provided to the commission by local workforce development boards
10 that aggregates existing performance measure data on each local
11 career development center in a consistent format demonstrating
12 overall performance across multiple programs.

13 (f) The commission shall post the information compiled by
14 the commission under Subsection (e) on the commission's Internet
15 website in a format that is readily accessible to and
16 understandable by a member of the public.

17 SECTION 4.05. Subchapter D, Chapter 302, Labor Code, is
18 amended by adding Section 302.065 to read as follows:

19 Sec. 302.065. INTEGRATION OF BLOCK GRANT PROGRAMS AND
20 WORKFORCE SERVICES. (a) To streamline the delivery of services
21 provided in local career development centers, the commission and
22 local workforce boards shall integrate the administration of the
23 following federal block grant programs and the caseworker functions
24 associated with those programs as provided by this section:

25 (1) Temporary Assistance for Needy Families (TANF)
26 CHOICES training and employment programs under Chapters 31 and 34,
27 Human Resources Code;

1 (2) child care programs under Chapter 44, Human
2 Resources Code;

3 (3) employment and training programs under Title I of
4 the Workforce Investment Act of 1998 (29 U.S.C. Section 2801 et
5 seq.) or any subsequent applicable federal legislation; and

6 (4) the food stamp employment and training program
7 authorized under 7 U.S.C. Section 2015(d).

8 (b) The commission, in consultation with local workforce
9 development boards, shall ensure that state-level performance
10 measures, rules, policies, procedures, and organizational
11 structures support the integration of the federal block grant
12 programs described by Subsection (a) and the caseworker functions
13 associated with those programs at the local level.

14 (c) Each local career development center that provides
15 services through the federal block grant programs described by
16 Subsection (a) shall provide:

17 (1) integrated services across the programs;

18 (2) an integrated determination through a single point
19 of contact of a customer's eligibility for services under more than
20 one program; and

21 (3) integrated case management through a single point
22 of contact for a customer receiving services under more than one
23 program.

24 SECTION 4.06. The Texas Workforce Commission shall adopt
25 rules to establish criteria to be used to evaluate each local
26 workforce development board as required by Section 302.048, Labor
27 Code, as added by this article, not later than May 1, 2004.

1 SECTION 4.07. The Texas Workforce Commission shall
2 implement Section 302.048, Labor Code, as added by this article,
3 not later than September 1, 2004.

4 SECTION 4.08. The Texas Workforce Commission shall
5 implement Section 31.0121, Human Resources Code, and Sections
6 302.0042, 302.0043, and 302.0044, Labor Code, as added by this
7 article, as soon as possible after the effective date of this Act.

8 SECTION 4.09. The Texas Workforce Commission shall
9 implement Section 302.065(c), Labor Code, as added by this article,
10 not later than September 1, 2007.

11 SECTION 4.10. (a) Not later than September 1, 2004, the
12 Texas Workforce Commission shall:

13 (1) implement Sections 302.065(a) and (b), Labor Code,
14 as added by this article;

15 (2) conduct a review of the commission's programs,
16 rules, policies, procedures, and organizational structure to
17 identify specific barriers to the integration by the commission of
18 federal block grant programs and the caseworker functions
19 associated with those programs;

20 (3) conduct at least three and not more than five pilot
21 projects in different local workforce development board areas to
22 identify the best methods to integrate federal block grant programs
23 and the caseworker functions associated with those programs; and

24 (4) modify and develop the commission's programs,
25 rules, policies, procedures, and organizational structure to
26 support the integration by the commission of federal block grant
27 programs and the caseworker functions associated with those

1 programs.

2 (b) The commission may request a waiver of any federal
3 requirement from a federal agency if the commission determines that
4 the waiver is necessary for the implementation of this section.

5 (c) Not later than January 15, 2005, the Texas Workforce
6 Commission shall submit to the 79th Legislature a report regarding
7 the results of the review and pilot projects conducted by the
8 commission under Subsection (a) of this section. The report must
9 include the commission's recommendations for any statutory changes
10 required to facilitate the integration by the commission of federal
11 block grant programs and the caseworker functions associated with
12 those programs.

13 ARTICLE 5. ADULT EDUCATION AND LITERACY ISSUES

14 SECTION 5.01. Chapter 301, Labor Code, is amended by adding
15 Subchapter I to read as follows:

16 SUBCHAPTER I. ADULT EDUCATION AND LITERACY

17 Sec. 301.151. COOPERATION WITH TEXAS EDUCATION AGENCY TO
18 IMPROVE ADULT EDUCATION AND LITERACY SERVICES. The commission
19 shall collaborate with the Texas Education Agency to improve the
20 coordination and implementation of adult education and literacy
21 services in this state.

22 Sec. 301.152. DEVELOPMENT OF WORKPLACE LITERACY AND BASIC
23 SKILLS CURRICULUM. (a) The commission shall use existing funds to
24 develop a demand-driven workplace literacy and basic skills
25 curriculum aimed at assisting local workforce development boards to
26 equip workers and job seekers with the skills necessary to compete
27 for current and emerging jobs in this state.

1 (b) In developing the general curriculum required by
2 Subsection (a), the commission shall:

3 (1) evaluate existing efforts and potential cost
4 savings resulting from designing specific curricula that address
5 the needs of various industry sectors in the business community;

6 (2) contract for field work to solicit the assistance
7 of workers, employers, providers, and local workforce development
8 boards in developing industry sector curricula;

9 (3) target up to five industry sectors in the business
10 community that are likely to benefit from the development of
11 specific curricula; and

12 (4) pilot test the curricula within the targeted
13 industry sectors and adjust the curricula based on feedback
14 received from workers and employers in those sectors.

15 (c) Based on the curriculum developed under this section,
16 the commission shall develop workforce basic skills credentials to
17 be used to define, measure, and certify the mastery of the basic
18 skills required by the curricula developed under this section.

19 (d) This section expires September 1, 2005.

20 SECTION 5.02. Section 302.021(a), Labor Code, is amended to
21 read as follows:

22 (a) The following job-training, employment, and
23 employment-related educational programs and functions are
24 consolidated under the authority of the division:

25 (1) career [~~adult education programs under Subchapter~~
26 ~~H, Chapter 29, Education Code,~~

27 [~~(2) proprietary~~] school and college programs under

1 Chapter 132, Education Code;

2 (2) [~~(3)~~] apprenticeship programs under Chapter 133,
3 Education Code;

4 (3) [~~(4)~~] postsecondary vocational and technical
5 job-training programs that are not a part of approved courses or
6 programs that lead to licensing, certification, or an associate
7 degree under Chapters 61, 130, and 135, Education Code, Subchapter
8 E, Chapter 88, Education Code, and Subchapter E, Chapter 96,
9 Education Code;

10 (4) [~~(5)~~] employment programs under Chapter 31, Human
11 Resources Code;

12 (5) [~~(6)~~] the senior citizens employment program
13 under Chapter 101, Human Resources Code;

14 (6) [~~(7)~~] the work and family policies program under
15 Chapter 81;

16 (7) [~~(8)~~] job-training programs funded under [~~the Job~~
17 ~~Training Partnership Act (29 U.S.C. Section 1501 et seq.) and~~
18 ~~under~~] the Workforce Investment Act of 1998 (29 U.S.C. Section 2801
19 et seq.);

20 (8) [~~(9)~~] the job counseling program for displaced
21 homemakers under Chapter 304;

22 (9) [~~(10)~~] the reintegration of offenders program
23 under Chapter 306;

24 (10) [~~(11)~~] the inmate employment counseling program
25 [~~under Section 499.051(f), Government Code~~];

26 (11) [~~(12)~~] the continuity of care program under
27 Section 501.095, Government Code;

1 (12) [~~(13)~~] a literacy program from state, local,
2 federal, and private funds available to the state for that purpose;

3 (13) [~~(14)~~] the employment service;

4 (14) [~~(15)~~] the community service program under the
5 National and Community Service Act of 1990 (42 U.S.C. Section 12501
6 et seq.);

7 (15) [~~(16)~~] the trade adjustment assistance program
8 under Part 2, Subchapter II, Trade Act of 1974 (19 U.S.C. Section
9 2271 et seq.);

10 (16) [~~(17)~~] education, employment, employment
11 support, training services, activities and programs funded under
12 Temporary Assistance for Needy Families (42 U.S.C. Section 601 et
13 seq.);

14 (17) [~~(18)~~] the food stamp employment and training
15 program authorized under 7 U.S.C. Section 2015(d); and

16 (18) [~~(19)~~] the functions of the State Occupational
17 Information Coordinating Committee.

18 SECTION 5.03. Section 29.252(a), Education Code, is amended
19 to read as follows:

20 (a) The agency shall:

21 (1) provide adequate staffing to develop, administer,
22 and support a comprehensive statewide adult education program and
23 coordinate related federal and state programs for education and
24 training of adults;

25 (2) develop, implement, and regulate a comprehensive
26 statewide program for community level education services to meet
27 the special needs of adults;

1 (3) develop the mechanism and guidelines for
2 coordination of comprehensive adult education and related skill
3 training services for adults with other agencies, both public and
4 private, in planning, developing, and implementing related
5 programs, including community education programs;

6 (4) administer all state and federal funds for adult
7 education and related skill training in this state, except in
8 programs for which another entity is specifically authorized to do
9 so under other law;

10 (5) prescribe and administer standards and
11 accrediting policies for adult education;

12 (6) prescribe and administer rules for teacher
13 certification for adult education;

14 (7) accept and administer grants, gifts, services, and
15 funds from available sources for use in adult education; ~~and~~

16 (8) adopt or develop and administer a standardized
17 assessment mechanism for assessing all adult education program
18 participants who need literacy instruction, adult basic education,
19 or secondary education leading to an adult high school diploma or
20 the equivalent;

21 (9) collaborate with the Texas Workforce Commission to
22 improve the coordination and implementation of adult education and
23 literacy services in this state; and

24 (10) monitor and evaluate educational and employment
25 outcomes of students who participate in the agency's adult
26 education and literacy programs.

27 SECTION 5.04. Subchapter C, Chapter 2308, Government Code,

1 is amended by adding Section 2308.1016 to read as follows:

2 Sec. 2308.1016. DUTY TO FACILITATE DELIVERY OF INTEGRATED
3 ADULT EDUCATION AND LITERACY SERVICES. (a) In addition to any duty
4 imposed under this subchapter, to facilitate the efficient delivery
5 of integrated adult education and literacy services in this state,
6 the council shall:

7 (1) evaluate adult education and literacy programs
8 administered by the Texas Education Agency and the Texas Workforce
9 Commission to identify:

10 (A) any duplication of planning by those agencies
11 at the state and local level;

12 (B) any lack of adequate client information
13 sharing between those agencies; and

14 (C) any other problems that adversely affect the
15 delivery of those programs by the agencies;

16 (2) develop and implement immediate and long-range
17 strategies to address problems identified by the council under
18 Subdivision (1); and

19 (3) develop a system to monitor and evaluate the wage
20 and employment outcomes of students who participate in the adult
21 education and literacy programs administered by the Texas Education
22 Agency, including students referred to the programs by the Texas
23 Workforce Commission or local workforce development boards, to
24 ensure the effectiveness of the programs in improving the
25 employment-related outcomes of the students.

26 (b) The council shall include in the council's annual report
27 to the governor and to the legislature:

1 (1) a list of specific problems identified by the
2 council under Subsection (a) to be addressed by the council in the
3 following year; and

4 (2) the results of any measures taken by the council to
5 address problems identified by the council under Subsection (a).

6 (c) The long-range strategies developed by the council
7 under Subsection (a) must:

8 (1) identify the agency responsible for implementing
9 each strategy; and

10 (2) include a schedule for the implementation of each
11 strategy.

12 SECTION 5.05. Section 2308.104, Government Code, is amended
13 by adding Subsection (i) to read as follows:

14 (i) The council shall include in the strategic plan the
15 long-range strategies developed by the council under Section
16 2308.1016 to facilitate the efficient delivery of integrated adult
17 education and literacy services in this state.

18 SECTION 5.06. The Texas Workforce Commission shall
19 implement Section 301.151, Labor Code, as added by this article, as
20 soon as possible after the effective date of this Act.

21 SECTION 5.07. The Texas Workforce Commission shall
22 implement Section 301.152, Labor Code, as added by this article,
23 not later than September 1, 2005.

24 SECTION 5.08. The Texas Education Agency shall implement
25 Section 29.252(a), Education Code, as amended by this article, as
26 soon as possible after the effective date of this Act.

27 SECTION 5.09. The Council on Workforce and Economic

1 Competitiveness shall implement Sections 2308.1016 and
2 2308.104(i), Government Code, as added by this article, not later
3 than December 31, 2003.

4 ARTICLE 6. ISSUANCE OF OBLIGATIONS
5 AND IMPOSITION OF ASSESSMENTS FOR
6 UNEMPLOYMENT COMPENSATION SYSTEM

7 SECTION 6.01. The heading to Subchapter C, Chapter 203,
8 Labor Code, is amended to read as follows:

9 SUBCHAPTER C. ADVANCES FROM FEDERAL TRUST FUND AND
10 OBLIGATION ASSESSMENT

11 SECTION 6.02. Section 203.102, Labor Code, is amended to
12 read as follows:

13 Sec. 203.102. OBLIGATION [~~ADVANCE INTEREST~~] TRUST FUND.

14 (a) The obligation [~~advance interest~~] trust fund is a dedicated
15 trust fund outside of the state treasury in the custody of the
16 comptroller.

17 (b) The commission and governor may use money in the
18 obligation [~~advance interest~~] trust fund without legislative
19 appropriation to pay:

20 (1) bond obligations and bond administrative
21 expenses; and

22 (2) principal and [pay] interest incurred on advances
23 from the federal trust fund[~~, and~~

24 [~~(2) repay temporary transfers of surplus cash that~~
25 ~~may be made between the advance interest trust fund and other~~
26 ~~funds]~~.

27 [~~(c) Subject to legislative appropriation, the commission~~

1 ~~may use money in the advance interest trust fund, including any~~
2 ~~interest earnings scheduled to be transferred under Section~~
3 ~~203.103, for the administration of Chapters 51, 61, and 62.]~~

4 SECTION 6.03. Section 203.104, Labor Code, is amended to
5 read as follows:

6 Sec. 203.104. LIMITATION ON TRANSFER FROM OBLIGATION
7 ~~[ADVANCE INTEREST]~~ TRUST FUND TO COMPENSATION FUND. An amount that
8 is attributable to the portion of the unemployment obligation
9 assessment authorized by Section 203.105(a)(2) may not be
10 transferred [The governor may authorize the commission to transfer
11 money from the advance interest trust fund] to the compensation
12 fund unless all bond obligations, including bond administrative
13 expenses, have been fully paid and satisfied. After the
14 obligations have been fully satisfied, the commission shall
15 transfer the balance of the obligation trust fund to the
16 compensation fund [if the governor:

17 ~~[(1) on the advice of the commission, determines that~~
18 ~~funds in the compensation fund will be depleted at the time payment~~
19 ~~on an advance from the federal trust fund is due and that depletion~~
20 ~~of the funds will cause the loss of some portion of the credit~~
21 ~~received by employers against their federal unemployment tax rate,~~
22 ~~or~~

23 ~~[(2) determines that payment of interest on a federal~~
24 ~~loan may be avoided by keeping the balance of the compensation fund~~
25 ~~positive].~~

26 SECTION 6.04. Section 203.105, Labor Code, is amended to
27 read as follows:

1 Sec. 203.105. UNEMPLOYMENT OBLIGATION ASSESSMENT

2 ~~[ADDITIONAL TAX]~~. (a) An unemployment obligation assessment shall
3 be imposed as provided by this section ~~[In addition to other taxes,~~
4 ~~a separate tax is imposed on each employer eligible for an~~
5 ~~experience tax rate]~~ if after January 1 of a year:

6 (1) an interest payment on an advance from the federal
7 trust fund will be due~~[+]~~ and

8 ~~[(2)]~~ the estimated amount necessary to make the
9 interest payment is not available in the obligation trust fund or
10 ~~[will not be]~~ available otherwise; and

11 (2) bond obligations are due and the amount necessary
12 to pay in full those obligations, including bond administrative
13 expenses, is not available in the obligation trust fund or
14 available otherwise.

15 (b) The unemployment obligation assessment rate is the
16 total of the amounts required to make the payments necessary under
17 Subsections (a)(1) and (2). The commission shall set the
18 unemployment obligation assessment rate ~~[of an additional tax under~~
19 ~~this section]~~ in an amount sufficient to ensure timely payment of
20 interest under Subsection (a)(1), but not exceeding two-tenths of
21 one percent. The commission shall set the unemployment obligation
22 assessment rate in an amount sufficient to ensure timely payment of
23 the bond obligations, including administrative expenses, and to
24 provide an amount necessary in the commission's judgment to enhance
25 investor acceptance of the bonds. The rate shall be based on a
26 formula prescribed by commission rule, using the employer's
27 experience rating from the previous year. The unemployment

1 obligation assessment rate applies to the same wage base to which
2 the employer's unemployment tax applies for the [~~that~~] year.

3 (c) The unemployment obligation assessment [~~An additional~~
4 ~~tax under this section~~] is due at the same time, collected in the
5 same manner, and [~~on the date set by the commission and is~~] subject
6 to the same penalties and interest as other contributions assessed
7 under this subtitle [~~penalty for late payment as the unemployment~~
8 ~~tax~~].

9 (d) Revenue from the unemployment obligation assessment [~~an~~
10 ~~additional tax~~] under this section shall be deposited to the credit
11 of the obligation [~~advance interest~~] trust fund under Section
12 203.102.

13 SECTION 6.05. Chapter 203, Labor Code, is amended by adding
14 Subchapter F to read as follows:

15 SUBCHAPTER F. ISSUANCE OF FINANCIAL OBLIGATIONS
16 FOR UNEMPLOYMENT COMPENSATION FUND

17 Sec. 203.251. FINDINGS AND PURPOSE. (a) The legislature
18 finds that:

19 (1) it is an essential governmental function to
20 maintain funds in an amount sufficient to pay unemployment benefits
21 when due;

22 (2) at the time of the enactment of this subchapter,
23 borrowing from the federal government was the only option available
24 to obtain sufficient funds to pay benefits when the balance in the
25 compensation fund is depleted;

26 (3) alternative methods of replenishing the
27 unemployment compensation fund may reduce the costs of providing

1 unemployment benefits and employers' cost of doing business in the
2 state; and

3 (4) funds representing revenues received from the
4 unemployment obligation assessment authorized under this
5 subchapter and any income from the investment of those funds are not
6 state property.

7 (b) The purpose of this subchapter is to provide appropriate
8 methods through which the state may continue the unemployment
9 compensation program at the lowest possible cost to the state and
10 employers in the state.

11 Sec. 203.252. DEFINITIONS; GENERAL PROVISION. (a) In this
12 subchapter:

13 (1) "Authority" means the Texas Public Finance
14 Authority.

15 (2) "Bond" means any type of revenue obligation,
16 including a bond, note, certificate, or other instrument, payable
17 from and secured by a pledge of revenues received from the
18 unemployment obligation assessment and amounts on deposit in the
19 obligation trust fund to the extent provided in the proceedings
20 authorizing the obligation.

21 (3) "Bond administrative expenses" means expenses
22 incurred to administer bonds issued under this subchapter,
23 including fees for paying agents, trustees, and attorneys, and for
24 other professional services necessary to ensure compliance with
25 applicable state or federal law.

26 (4) "Bond obligations" means the principal of a bond
27 and any premium and interest on a bond issued under this subchapter,

1 together with any amount owed under a related credit agreement.

2 (5) "Credit agreement" means a loan agreement, a
3 revolving credit agreement, an agreement establishing a line of
4 credit, a letter of credit, an interest rate swap agreement, an
5 interest rate lock agreement, a currency swap agreement, a forward
6 payment conversion agreement, an agreement to provide payments
7 based on levels of or changes in interest rates or currency exchange
8 rates, an agreement to exchange cash flows or a series of payments,
9 an option, put, or call to hedge payment, currency, interest rate,
10 or other exposure, or another agreement that enhances the
11 marketability, security, or creditworthiness of a bond issued under
12 this subchapter.

13 (b) An amount owed by the authority under a credit agreement
14 shall be payable from and secured by a pledge of revenues received
15 from the unemployment obligation assessment and amounts on deposit
16 in the obligation trust fund to the extent provided in the
17 proceedings authorizing the credit agreement.

18 Sec. 203.253. REQUEST FOR BOND ISSUANCE. (a) If the
19 commission determines that the issuance of bonds is necessary to
20 reduce or avoid the need to borrow or obtain a federal advance under
21 Section 1201, Social Security Act (42 U.S.C. Section 1321), as
22 amended, or any similar federal law, or to refinance a previous loan
23 or advance received by the commission and that bond financing is the
24 most cost-effective method of funding the payment of benefits, the
25 commission may request the authority to issue bonds on its behalf.
26 Before making a request of the authority under this subsection, the
27 commission must by resolution determine that the issuance of bonds

1 for the purposes established by this section will result in a
2 savings to the state and to employers in this state as compared to
3 the cost of borrowing or obtaining an advance under Section 1201,
4 Social Security Act (42 U.S.C. Section 1321), as amended, or any
5 similar federal law.

6 (b) The commission shall specify in the commission's
7 request to the authority the maximum principal amount of the bonds,
8 not to exceed \$2 billion for any separate bond issue, and the
9 maximum term of the bonds, not to exceed 10 years.

10 (c) The principal amount determined by the commission under
11 Subsection (b) may be increased to include an amount sufficient to:

12 (1) pay the costs of issuance of the authority;

13 (2) provide a bond reserve fund; and

14 (3) capitalize interest for the period determined
15 necessary by the commission, not to exceed two years.

16 Sec. 203.254. ISSUANCE OF BONDS BY AUTHORITY. (a) The
17 authority shall issue bonds on request by the commission, in
18 accordance with the requirements of Chapter 1232, Government Code,
19 and other provisions of Title 9, Government Code, that apply to bond
20 issuance by a state agency.

21 (b) The authority shall determine the method of sale, type
22 of bond, bond form, maximum interest rates, and other terms of the
23 bonds that, in the authority's judgment, best achieve the economic
24 goals of the commission and effect the borrowing at the lowest
25 practicable cost.

26 (c) The authority may enter into a credit agreement in
27 connection with the bonds.

1 Sec. 203.255. BOND PROCEEDS. (a) The proceeds of bonds
2 issued by the authority under this subchapter may be deposited with
3 a trustee selected by the authority and the commission or held by
4 the comptroller in a dedicated trust fund outside the state
5 treasury in the custody of the comptroller.

6 (b) Bond proceeds, including investment income, shall be
7 held in trust for the exclusive use and benefit of the commission.
8 The commission may use the proceeds to:

9 (1) repay the principal and interest of previous
10 advances from the federal trust fund;

11 (2) pay unemployment benefits by depositing the
12 proceeds in the unemployment compensation fund, as defined in
13 Subchapter B;

14 (3) pay the costs of issuing the bonds;

15 (4) provide a bond reserve; and

16 (5) pay capitalized interest on the bonds for the
17 period determined necessary by the commission, not to exceed two
18 years.

19 (c) Any excess money remaining after the purposes for which
20 the bonds were issued is satisfied may be used to purchase or redeem
21 outstanding bonds.

22 (d) If there are no outstanding bonds or bond interest to be
23 paid, the remaining proceeds shall be transferred to the
24 unemployment compensation fund.

25 Sec. 203.256. REPAYMENT OF COMMISSION'S FINANCIAL
26 OBLIGATIONS. (a) The commission shall assess an unemployment
27 obligation assessment annually on each employer entitled to an

1 experience rating under Chapter 204 if any bonds issued under this
2 subchapter are outstanding.

3 (b) With regard to outstanding bonds issued by the authority
4 under this subchapter, the authority shall notify the commission of
5 the amount of the bond obligations and the estimated amount of bond
6 administrative expenses each year in sufficient time, as determined
7 by the commission, to permit the commission to assess the annual
8 rate of the unemployment obligation assessment, subject to
9 verification by a financial advisor of the commission or as
10 otherwise specified in the proceedings authorizing the bonds.

11 (c) The commission shall deposit all revenue collected from
12 the unemployment obligation assessment into the obligation trust
13 fund. Money deposited in the fund may be invested as permitted by
14 general law. Money in the obligation trust fund required to be used
15 to pay bond obligations and bond administrative expenses shall be
16 transferred to the authority or used by the commission in the manner
17 and at the time specified in the resolution adopted in connection
18 with the bond issue to ensure timely payment of obligations and
19 expenses, or as otherwise provided by the bond documents.

20 (d) For bonds issued by the authority for the commission,
21 the commission shall provide for the payment of the bond
22 obligations and the bond administrative expenses by irrevocably
23 pledging revenues received from the unemployment obligation
24 assessment and amounts on deposit in the obligation trust fund,
25 together with any bond reserve fund, as provided in the proceedings
26 authorizing the bonds and related credit agreements.

27 Sec. 203.257. BOND PAYMENTS. (a) Revenues received from

1 the unemployment obligation assessment may be applied only as
2 provided by this subchapter.

3 (b) The commission may pay bond obligations with other
4 legally available funds.

5 (c) Bond obligations are payable only from sources provided
6 for payment in this subchapter.

7 Sec. 203.258. EXCESS REVENUE COLLECTIONS AND INVESTMENT
8 EARNINGS. Revenue collected from the unemployment obligation
9 assessment in any year that exceeds the amount of the bond
10 obligations and bond administrative expenses payable in that year
11 and interest earned on the obligation trust fund may, in the
12 discretion of the commission, be:

13 (1) used to pay bond obligations payable in the
14 subsequent year, offsetting the amount of the assessment that would
15 otherwise have to be levied for the year under this subchapter;

16 (2) used to redeem or purchase outstanding bonds;

17 (3) deposited in the unemployment compensation fund;

18 or

19 (4) used to pay principal and interest on advances
20 from the federal trust fund.

21 Sec. 203.259. STATE DEBT NOT CREATED. (a) A bond issued
22 under this subchapter, and any related credit agreement, is not a
23 debt of the state or any state agency or political subdivision of
24 the state and is not a pledge of the faith and credit of any of them.
25 A bond or credit agreement is payable solely from revenue as
26 provided by this subchapter.

27 (b) A bond, and any related credit agreement, issued under

1 this chapter must contain on its face a statement to the effect
2 that:

3 (1) neither the state nor a state agency, political
4 corporation, or political subdivision of the state is obligated to
5 pay the principal of or interest on the bond except as provided by
6 this subchapter; and

7 (2) neither the faith and credit nor the taxing power
8 of the state or any state agency, political corporation, or
9 political subdivision of the state is pledged to the payment of the
10 principal of or interest on the bond.

11 Sec. 203.260. STATE NOT TO IMPAIR BOND OBLIGATIONS. If
12 bonds under this subchapter are outstanding, the state may not:

13 (1) take action to limit or restrict the rights of the
14 commission to fulfill its responsibility to pay bond obligations;
15 or

16 (2) in any way impair the rights and remedies of the
17 bond owners until the bonds are fully discharged.

18 Sec. 203.261. EXEMPTION FROM TAXATION. A bond issued under
19 this subchapter, any transaction relating to the bond, and profits
20 made from the sale of the bond are exempt from taxation by this
21 state or by a municipality or other political subdivision of this
22 state.

23 Sec. 203.262. NO PERSONAL LIABILITY. The members of the
24 commission, commission employees, the board of directors of the
25 authority, and the employees of the authority are not personally
26 liable as a result of exercising the rights and responsibilities
27 granted under this subchapter.

1 SECTION 6.06. The heading to Section 204.063, Labor Code,
2 is amended to read as follows:

3 Sec. 204.063. DEFICIT ASSESSMENT [~~TAX~~].

4 SECTION 6.07. Section 204.064(b), Labor Code, is amended to
5 read as follows:

6 (b) The numerator is computed by subtracting the balance of
7 the compensation fund, considering any federal advance [~~or other~~
8 ~~liability of the fund~~], from the floor of the compensation fund.

9 SECTION 6.08. The advance interest trust fund established
10 under Section 203.102, Labor Code, as that section existed before
11 the effective date of this article, is abolished on the effective
12 date of this Act. All money in that fund on that date is transferred
13 to the obligation trust fund established by Section 203.102, Labor
14 Code, as amended by this article.

15 ARTICLE 7. PARTIAL TRANSFERS OF UNEMPLOYMENT

16 COMPENSATION EXPERIENCE RATES

17 SECTION 7.01. Section 204.084, Labor Code, is amended by
18 amending Subsection (c) and adding Subsection (d) to read as
19 follows:

20 (c) Except as provided by Subsection (d), the [~~The~~]
21 commission shall approve an application if:

22 (1) immediately after the acquisition the successor
23 employing unit continues operation of substantially the same part
24 of the organization, trade, or business acquired;

25 (2) the predecessor employer waives in writing all
26 rights to an experience rating computed on the compensation
27 experience attributable to the part of the organization, trade, or

1 business acquired by the successor employing unit, unless the
2 acquisition results from the death of the predecessor employer;

3 (3) a definitely identifiable and segregable part of
4 the predecessor employer's compensation experience is attributable
5 to the part of the organization, trade, or business acquired; ~~and~~

6 (4) for a successor employing unit that is not an
7 employer at the time of the acquisition, the successor employing
8 unit elects to become an employer on the date of the acquisition or
9 otherwise becomes an employer during the year in which the
10 acquisition occurs;

11 (5) the application was filed with the commission not
12 later than the first anniversary of the effective date of the
13 acquisition; and

14 (6) the applicants have shown that:

15 (A) the acquired part of the organization, trade,
16 or business is capable of operating independently and separately
17 from the predecessor employer; and

18 (B) the wages attributable to the acquired part
19 of the organization, trade, or business are solely attributable to
20 services provided on behalf of the acquired part of the
21 organization, trade, or business.

22 (d) The commission may deny a transfer of compensation
23 experience under this section if the commission determines based on
24 credible evidence that the acquisition was done primarily to
25 qualify for a reduced unemployment insurance tax rate by:

26 (1) circumventing the experience rating system; or

27 (2) manipulating the experience rating system by

1 minimizing the impact of chargebacks to the predecessor employer's
2 tax account.

3 SECTION 7.02. The changes in law made by this article to
4 Section 204.084, Labor Code, apply only to an acquisition of an
5 organization, trade, or business that occurs on or after the
6 effective date of this Act. An acquisition of an organization,
7 trade, or business that occurs before the effective date of this Act
8 is governed by the law in effect on the date the acquisition
9 occurred, and that law is continued in effect for that purpose.

10 ARTICLE 8. CAREER SCHOOLS AND COLLEGES

11 PART 1. SUBSTANTIVE CHANGES REGARDING CAREER SCHOOLS AND COLLEGES

12 SECTION 8.01. Subchapter A, Chapter 132, Education Code, is
13 amended by adding Section 132.0015 to read as follows:

14 Sec. 132.0015. REFERENCE TO PROPRIETARY SCHOOL. A
15 reference in this code or another law to a proprietary school means
16 a career school or college.

17 SECTION 8.02. Section 132.061, Education Code, is amended
18 to read as follows:

19 Sec. 132.061. REFUND POLICY. (a) Except as provided by
20 Subsection (g), as a condition for granting certification each
21 career [~~proprietary~~] school or college must maintain a cancellation
22 and settlement policy that must provide a full refund of all monies
23 paid by a student if:

24 (1) the student cancels the enrollment agreement or
25 contract within 72 hours (until midnight of the third day excluding
26 Saturdays, Sundays, and legal holidays) after the enrollment
27 contract is signed by the prospective student; or

1 (2) the enrollment of the student was procured as the
2 result of any misrepresentation in advertising, promotional
3 materials of the school or college, or representations by the owner
4 or representatives of the school or college.

5 (b) Except as provided by Subsection (g), as a condition for
6 granting certification each career [~~proprietary~~] school or college
7 must maintain a policy for the refund of the unused portion of
8 tuition, fees, and other charges in the event the student, after
9 expiration of the 72-hour cancellation privilege, fails to enter
10 the course, withdraws, or is discontinued therefrom at any time
11 prior to completion, and such policy must provide:

12 (1) refunds for resident courses will be based on the
13 period of enrollment computed on the basis of course time expressed
14 in clock hours;

15 (2) the effective date of the termination for refund
16 purposes in residence schools or colleges will be the earliest of
17 the following:

18 (A) the last date of attendance, if the student
19 is terminated by the school or college;

20 (B) the date of receipt of written notice from
21 the student; or

22 (C) 10 school days following the last date of
23 attendance;

24 (3) if tuition and fees are collected in advance of
25 entrance, and if, after expiration of the 72-hour cancellation
26 privilege, the student does not enter the residence school or
27 college, not more than \$100 shall be retained by the school or

1 college;

2 (4) for the student who enters a residence course of
3 not more than 12 months in length, terminates, or withdraws, the
4 school or college may retain \$100 of tuition and fees and the
5 minimum refund of the remaining tuition and fees will be:

6 (A) during the first week or one-tenth of the
7 course, whichever is less, 90 percent of the remaining tuition and
8 fees;

9 (B) after the first week or one-tenth of the
10 course, whichever is less, but within the first three weeks or
11 one-fifth of the course, whichever is less, 80 percent of the
12 remaining tuition and fees;

13 (C) after the first three weeks or one-fifth of
14 the course, whichever is less, but within the first quarter of the
15 course, 75 percent of the remaining tuition and fees;

16 (D) during the second quarter of the course, 50
17 percent of the remaining tuition and fees;

18 (E) during the third quarter of the course, 10
19 percent of the remaining tuition and fees; or

20 (F) during the last quarter of the course, the
21 student may be considered obligated for the full tuition and fees;

22 (5) for residence courses more than 12 months in
23 length, the refund shall be applied to each 12-month period paid, or
24 part thereof separately, and the student is entitled to a refund as
25 provided by Subdivision (4);

26 (6) refunds of items of extra expense to the student,
27 such as instructional supplies, books, student activities,

1 laboratory fees, service charges, rentals, deposits, and all other
2 such ancillary miscellaneous charges, where these items are
3 separately stated and shown in the data furnished the student
4 before enrollment, will be made in a reasonable manner acceptable
5 to the commission;

6 (7) refunds based on enrollment in residence schools
7 or colleges will be totally consummated within 60 days after the
8 effective date of termination;

9 (8) refunds for correspondence courses will be
10 computed on the basis of the number of lessons in the course;

11 (9) the effective date of the termination for refund
12 purposes in correspondence courses will be the earliest of the
13 following:

14 (A) the date of notification to the student if
15 the student is terminated;

16 (B) the date of receipt of written notice from
17 the student; or

18 (C) the end of the third calendar month following
19 the month in which the student's last lesson assignment was
20 received unless notification has been received from the student
21 that the student wishes to remain enrolled;

22 (10) if tuition and fees are collected before any
23 lessons have been completed, and if, after expiration of the
24 72-hour cancellation privilege, the student fails to begin the
25 course, not more than \$50 shall be retained by the school or
26 college;

27 (11) in cases of termination or withdrawal after the

1 student has begun the correspondence course, the school or college
2 may retain \$50 of tuition and fees, and the minimum refund policy
3 must provide that the student will be refunded the pro rata portion
4 of the remaining tuition, fees, and other charges that the number of
5 lessons completed and serviced by the school or college bears to the
6 total number of lessons in the course; and

7 (12) refunds based on enrollment in correspondence
8 schools or colleges will be totally consummated within 60 days
9 after the effective date of termination.

10 (c) In lieu of the refund policy herein set forth, for
11 programs of instruction not regularly offered to the public, the
12 commission may, for good cause shown, amend, modify, or substitute
13 the terms of a career school's or college's [~~proprietary school's~~]
14 policy due to the specialized nature and objective of the school's
15 or college's [~~school's~~] course of instruction.

16 (d) If a course of instruction is discontinued by the career
17 [~~proprietary~~] school or college and this prevents the student from
18 completing the course, all tuition and fees paid are then due and
19 refundable.

20 (e) If a refund is not made within the period required by
21 this section, the career [~~proprietary~~] school or college shall pay
22 a penalty. If the refund is made to a lending institution, the
23 penalty shall also be paid to that institution and applied against
24 the student's loan. The commission annually shall establish the
25 level of the penalty at a level sufficient to provide a deterrent to
26 the retention of student funds. The commission may exempt a school
27 or college from the payment of the penalty if the school or college

1 makes a good faith effort to refund the tuition, fees, and other
2 charges but is unable to locate the student. The school or college
3 shall provide to the commission on request documentation of the
4 effort to locate the student.

5 (f) A career [~~proprietary~~] school or college shall record a
6 grade of "incomplete" for a student who withdraws but is not
7 entitled to a refund under Subsection (b)(4)(F) if the student
8 requests the grade at the time the student withdraws and the student
9 withdraws for an appropriate reason unrelated to the student's
10 academic status. A student who receives a grade of incomplete may
11 re-enroll in the program during the 12-month period following the
12 date the student withdraws and complete those incomplete subjects
13 without payment of additional tuition.

14 (g) A program that is 40 hours or less of class time, or a
15 seminar or workshop, is exempt from the 72-hour rule provided by
16 Subsection (a). The career [~~proprietary~~] school or college shall
17 maintain a policy for the refund of the unused portion of tuition,
18 fees, and other charges in the event the student fails to enter the
19 course, withdraws from the course, or is discontinued from the
20 class at any time before completion of the course as provided by
21 this section. The policy must provide that:

22 (1) refunds are based on the period of enrollment
23 computed on the basis of course time expressed in clock hours;

24 (2) the effective date of the termination for refund
25 purposes is the earlier of:

26 (A) the last date of attendance; or

27 (B) the date the school or college receives

1 written notice from the student that the student is withdrawing
2 from the class; and

3 (3) the student will be refunded the pro rata portion
4 of tuition, fees, and other charges that the number of class hours
5 remaining in the course after the effective date of the termination
6 bears to the total number of class hours in the course.

7 (h) A closing career school or college shall make a full
8 refund to each student of the school or college who is owed a refund
9 under this section.

10 (i) Each owner of a closing career school or college to
11 which a certificate of approval has not been issued under this
12 chapter is personally liable for the amount of any refund owed to a
13 student under Subsection (h).

14 SECTION 8.03. Chapter 132, Education Code, is amended by
15 adding Subchapter J to read as follows:

16 SUBCHAPTER J. CEASE AND DESIST ORDERS

17 Sec. 132.301. HEARING; NOTICE. (a) The commission may set
18 a hearing on whether to issue a cease and desist order against a
19 person under Section 132.303 if:

20 (1) the commission has reason to believe that the
21 person is operating a career school or college without a
22 certificate issued by the commission in violation of Section
23 132.151; and

24 (2) the person has not responded to more than one
25 written notice from the commission regarding the person's
26 noncompliance with Section 132.151.

27 (b) The commission shall serve on the person a statement of

1 charges and a notice of hearing, including a copy of the applicable
2 rules of the commission.

3 Sec. 132.302. HEARING. Except as agreed by the parties with
4 prior written approval of the commission, a hearing under this
5 subchapter must be held not earlier than the fifth day or later than
6 the 30th day after the date of service of the statement and notice
7 required under Section 132.301.

8 Sec. 132.303. CEASE AND DESIST ORDER. After a hearing held
9 under this subchapter, the commission may issue against the person
10 charged with operating a career school or college without a
11 certificate issued by the commission an order that requires that
12 the person immediately cease and desist from violating this
13 chapter.

14 Sec. 132.304. ENFORCEMENT; REFERRAL TO THE ATTORNEY
15 GENERAL. The commission may refer the matter to the consumer
16 protection division of the attorney general's office for
17 enforcement if the commission has reason to believe that a person
18 has violated or failed to respond to a cease and desist order issued
19 under this subchapter.

20 Sec. 132.305. EFFECT OF PRIOR PROCEEDINGS. The commission
21 may proceed under this chapter or any other applicable law without
22 regard to prior proceedings.

23 Sec. 132.306. RULES. The commission shall adopt rules as
24 necessary to implement this subchapter.

25 SECTION 8.04. Section 132.241, Education Code, is amended
26 by amending Subsections (a), (b), (d), and (e) and adding
27 Subsections (f) and (g) to read as follows:

1 (a) Except as provided by Subsection (d), at the time that
2 each career [~~proprietary~~] school or college pays its annual renewal
3 fee, in the years provided by Subsection (b), the commission shall
4 also collect a fee from the school or college for deposit to the
5 credit of the career [~~proprietary~~] school or college tuition
6 protection fund.

7 (b) If on January 1 of any year the amount in the fund is
8 less than \$400,000 [~~\$200,000~~], the commission shall collect a fee
9 during that year by applying a percentage to each career school's or
10 college's [~~proprietary school's~~] annual renewal fee at a rate that
11 will bring the balance of the fund to \$500,000 [~~\$250,000~~].

12 (d) A career [~~proprietary~~] school or college is not required
13 to pay the fee for the tuition protection fund under Subsection (a)
14 if, at the time the school or college pays the annual renewal fee,
15 the bond provided by the school or college under Section 132.060 is
16 greater than the unearned tuition of the school or college.

17 (e) If at the end of a fiscal year the commission determines
18 that it has collected fees under this chapter in excess of the
19 amount necessary to defray the cost and expense of administering
20 this chapter, the commission may transfer any portion of the excess
21 amount to the tuition protection fund. The balance of the fund may
22 not exceed an amount greater than \$500,000 [~~\$250,000~~].

23 (f) From money in the tuition protection fund, the
24 commission shall attempt to provide a full refund to each student of
25 a closed career school or college of the amount of the refund owed
26 to the student under Section 132.061. The commission may provide a
27 partial refund to a student only if the commission determines that

1 the amount of money in the tuition protection fund is not sufficient
2 to provide a full refund to the student. The commission shall
3 consider the following factors in determining the amount of a
4 partial refund to be paid to a student:

5 (1) the amount of money in the fund;

6 (2) the cost and number of claims against the fund
7 resulting from closure of the school or college;

8 (3) the average cost of a claim paid from the fund in
9 the past; and

10 (4) the availability of other licensed career schools
11 or colleges at which the student may complete the student's
12 training.

13 (g) Notwithstanding Subsections (b) and (e), in the state
14 fiscal year ending August 31, 2004:

15 (1) the commission shall collect a fee under
16 Subsection (b) only if on January 1 of that year the amount in the
17 fund is less than \$300,000; and

18 (2) the balance of the tuition protection fund may not
19 exceed \$375,000. This subsection expires September 1, 2005.

20 SECTION 8.05. Section 132.242, Education Code, is amended
21 to read as follows:

22 Sec. 132.242. CLOSED SCHOOL OR COLLEGE. (a) If a career
23 [proprietary] school or college closes, the commission shall
24 attempt to arrange for students of the closed school or college to
25 attend another career [proprietary] school or college.

26 (b) The expense incurred by a career [proprietary] school or
27 college in providing a teachout that is directly related to

1 educating a student placed in the school or college under this
2 section, including the applicable tuition for the period for which
3 the student has paid tuition, shall be paid from the career
4 [~~proprietary~~] school or college tuition protection fund.

5 (c) If the student cannot be placed in another career
6 [~~proprietary~~] school or college, the student's tuition and fees
7 shall be refunded under Section 132.061(d).

8 (d) If a student does not accept a place that is available
9 and reasonable in another career [~~proprietary~~] school or college,
10 the student's tuition and fees shall be refunded under the refund
11 policy maintained by the closing career [~~proprietary~~] school or
12 college under Section 132.061(b).

13 (e) If the amount of the closed career school's or college's
14 [~~proprietary school's~~] bond under Section 132.060 is less than the
15 amount required for student refunds under Subsections (c) and (d),
16 the refunds shall be paid from the career [~~proprietary~~] school or
17 college tuition protection fund in an amount not to exceed \$150,000
18 [~~\$50,000~~].

19 (f) If another career [~~proprietary~~] school or college
20 assumes responsibility for the closed career school's or college's
21 [~~proprietary school's~~] students with no significant changes in the
22 quality of training, the student is not entitled to a refund under
23 Subsection (c) or (d).

24 (g) Attorney's fees, court costs, or damages may not be paid
25 from the career [~~proprietary~~] school or college tuition protection
26 fund.

27 PART 2. CONFORMING AMENDMENTS REGARDING

CAREER SCHOOLS AND COLLEGES

SECTION 8.06. Section 52.32(b), Education Code, is amended to read as follows:

(b) If a loan applicant is enrolled at a career [~~proprietary~~] school or college in a degree program that is approved by the board, the applicant is not required to provide evidence that he is unable to obtain a guaranteed student loan from a commercial lender under Subsection (a)(2) of this section.

SECTION 8.07. Section 53.02(5), Education Code, is amended to read as follows:

(5) "Institution of higher education" means (i) any institution of higher education as defined by Subdivision (8) of Section 61.003 of this code, or (ii) a degree-granting college or university corporation accredited by the Texas Education Agency or by a recognized accrediting agency, as defined by Subdivision (13) of Section 61.003 of this code, or (iii) a postsecondary career [~~proprietary~~] school or college accredited by the Association of Independent Colleges and Schools, the National Association of Trade and Technical Schools, or the National Accrediting Commission of Cosmetology Arts and Sciences.

SECTION 8.08. Section 54.6001, Education Code, is amended to read as follows:

Sec. 54.6001. PUBLIC PURPOSE. An educated population being necessary to the social development and economic health of this state, the legislature finds and declares it to be an urgent public necessity to assist young Texans in obtaining a higher education. Because the state's population is rapidly growing and is diverse,

1 the state is required to use all of the higher education facilities
2 and resources within the state, both public and private, to provide
3 a wide variety of educational environments and instructional
4 options and to preserve the partnership between the state and
5 private or independent institutions of higher education and between
6 the state and career [~~proprietary~~] schools and colleges, as defined
7 by Section 132.001, that offer a two-year associate degree as
8 approved by the Texas Higher Education Coordinating Board.
9 Therefore, the prepaid higher education tuition program is
10 established to help Texas students attend the institution that best
11 meets their individual needs.

12 SECTION 8.09. Section 54.601(9), Education Code, is amended
13 to read as follows:

14 (9) "Career school or college" [~~"Proprietary school"~~]
15 means a career [~~proprietary~~] school or college, as defined by
16 Section 132.001, that offers a two-year associate degree as
17 approved by the Texas Higher Education Coordinating Board.

18 SECTION 8.10. Section 54.605(a), Education Code, is amended
19 to read as follows:

20 (a) A prepaid tuition contract remains in effect after the
21 program is terminated if, when the program is terminated, the
22 beneficiary:

23 (1) has been accepted by or is enrolled in an
24 institution of higher education, a private or independent
25 institution of higher education, or a career [~~proprietary~~] school
26 or college; or

27 (2) is projected to graduate from high school not

1 later than the third anniversary of the date the program is
2 terminated.

3 SECTION 8.11. Section 54.618(b), Education Code, is amended
4 to read as follows:

5 (b) The board may:

6 (1) adopt an official seal;

7 (2) adopt rules to implement this subchapter;

8 (3) sue and be sued;

9 (4) enter into contracts and other necessary
10 instruments;

11 (5) enter into agreements or other transactions with
12 the United States, state agencies, including institutions of higher
13 education, private or independent institutions of higher
14 education, career [~~proprietary~~] schools and colleges, and local
15 governments;

16 (6) appear in its own behalf before governmental
17 agencies;

18 (7) contract for necessary goods and services and
19 engage the services of private consultants, actuaries, trustees,
20 records administrators, managers, legal counsel, and auditors for
21 administrative or technical assistance;

22 (8) solicit and accept gifts, grants, loans, and other
23 aid from any source or participate in any other way in any
24 government program to carry out this subchapter;

25 (9) impose administrative fees;

26 (10) contract with a person to market the program;

27 (11) purchase liability insurance covering the board

1 and employees and agents of the board; and

2 (12) establish other policies, procedures, and
3 eligibility criteria to implement this subchapter.

4 SECTION 8.12. Section 54.619(h), Education Code, is amended
5 to read as follows:

6 (h) Notwithstanding other provisions of this subchapter,
7 any contract benefits purchased under this subchapter may be
8 applied to the payment of tuition and required fees at a career
9 ~~[proprietary]~~ school or college as if the ~~[proprietary]~~ school or
10 college were an institution of higher education or private or
11 independent institution of higher education. On the purchaser's
12 request, the board shall apply, in accordance with Section 54.628,
13 any existing amount of prepaid tuition contract benefits to the
14 payment of tuition and required fees at a career ~~[proprietary]~~
15 school or college. The board is not responsible for the payment of
16 tuition and required fees at the career ~~[proprietary]~~ school or
17 college in excess of that amount. The board may adopt rules as
18 necessary to implement this subsection.

19 SECTION 8.13. The heading of Chapter 132, Education Code,
20 is amended to read as follows:

21 CHAPTER 132. CAREER ~~[PROPRIETARY]~~ SCHOOLS AND COLLEGES

22 SECTION 8.14. Sections 132.001(1)-(8), (10), and (12),
23 Education Code, are amended to read as follows:

24 (1) "Career school or college" ~~["Proprietary school"]~~
25 means any business enterprise operated for a profit, or on a
26 nonprofit basis, that maintains a place of business within this
27 state, or solicits business within this state, and that is not

1 specifically exempted by this chapter and:

2 (A) that offers or maintains a course or courses
3 of instruction or study; or

4 (B) at which place of business such a course or
5 courses of instruction or study is available through classroom
6 instruction or by correspondence, or both, to a person for the
7 purpose of training or preparing the person for a field of endeavor
8 in a business, trade, technical, or industrial occupation, or for
9 avocational or personal improvement.

10 (2) "Owner" of a career school or college [~~proprietary~~
11 ~~school~~] means:

12 (A) in the case of a career school or college
13 owned by an individual, that individual;

14 (B) in the case of a career school or college
15 owned by a partnership, all full, silent, and limited partners;

16 (C) in the case of a career school or college
17 owned by a corporation, the corporation, its directors, officers,
18 and each shareholder owning shares of issued and outstanding stock
19 aggregating at least 10 percent of the total of the issued and
20 outstanding shares;

21 (D) in the case of a career school or college in
22 which the ownership interest is held in trust, the beneficiary of
23 that trust; or

24 (E) in the case of a career school or college
25 owned by another legal entity, a person who owns at least 10 percent
26 ownership interest in the entity.

27 (3) "School employee" means any person, other than an

1 owner, who directly or indirectly receives compensation from a
2 career [~~proprietary~~] school or college for services rendered.

3 (4) "Representative" means a person employed by a
4 career [~~proprietary~~] school or college, whether the school or
5 college is located within or without this state, to act as an agent,
6 solicitor, broker, or independent contractor to directly procure
7 students for the school or college by solicitation within or
8 without this state at any place.

9 (5) "Agency administrator" means the agency
10 administrator of the Texas Workforce Commission or a person,
11 knowledgeable in the administration of regulating career
12 [~~proprietary~~] schools and colleges, designated by the agency
13 administrator to administer this chapter.

14 (6) "Notice to the career school or college"
15 [~~proprietary school~~] means written correspondence sent to the
16 address of record for legal service contained in the application
17 for a certificate of approval. "Date of Notice" means the date the
18 notice is mailed by the commission.

19 (7) "Support" or "supported" means the primary source
20 and means by which a career [~~proprietary~~] school or college derives
21 revenue to perpetuate its operation.

22 (8) "Person" means any individual, firm, partnership,
23 association, corporation, or other private entity or combination
24 [~~thereof~~].

25 (10) "Small career school or college" [~~proprietary~~
26 ~~school~~] means a career [~~proprietary~~] school or college that does
27 not receive any payment from federal funds under 20 U.S.C. Section

1 1070 et seq. and its subsequent amendments or a prepaid federal or
2 state source as compensation in whole or in part for any student
3 tuition and fees or other charges and either:

4 (A) has an annual gross income from student
5 tuition and fees that is less than or equal to \$100,000 for programs
6 regulated by the agency;

7 (B) exclusively offers programs to assist
8 students to prepare for an undergraduate or graduate course of
9 study at a college or university; or

10 (C) exclusively offers programs to assist
11 students, who have obtained, or who are in the process of obtaining,
12 degrees after completing an undergraduate or graduate course of
13 study at a college or university, to prepare for an examination.

14 (12) "Division" means the division of education of
15 [~~in~~] the commission.

16 SECTION 8.15. Section 132.002(a), Education Code, is
17 amended to read as follows:

18 (a) The following schools or educational institutions are
19 specifically exempt from this chapter and are not within the
20 definition of "career school or college" [~~"proprietary school"~~]:

21 (1) a school or educational institution supported by
22 taxation from either a local or state source;

23 (2) nonprofit schools owned, controlled, operated,
24 and conducted by bona fide religious, denominational,
25 eleemosynary, or similar public institutions exempt from property
26 taxation under the laws of this state, but such schools may choose
27 to apply for a certificate of approval hereunder, and upon approval

1 and issuance, are subject to this chapter as determined by the
2 commission;

3 (3) a school or training program that offers
4 instruction of purely avocational or recreational subjects as
5 determined by the commission;

6 (4) a course or courses of instruction or study
7 sponsored by an employer for the training and preparation of its own
8 employees, and for which no tuition fee is charged to the student;

9 (5) a course or courses of study or instruction
10 sponsored by a recognized trade, business, or professional
11 organization for the instruction of the members of the organization
12 with a closed membership;

13 (6) private colleges or universities that award a
14 recognized baccalaureate, or higher degree, and that maintain and
15 operate educational programs for which a majority of the credits
16 given are transferable to a college, junior college, or university
17 supported entirely or partly by taxation from either a local or
18 state source;

19 (7) a school or course that is otherwise regulated and
20 approved under and pursuant to any other law or rulemaking process
21 of this state or approved for continuing education credit by an
22 organization that accredits courses for the maintenance of a
23 license, except as provided by Subsection (c);

24 (8) aviation schools or instructors approved by and
25 under the supervision of the Federal Aviation Administration;

26 (9) a school that offers intensive review of a
27 student's acquired education, training, or experience to prepare

1 the student for an examination, other than a high school
2 equivalency examination, that the student by law may not take
3 unless the student has completed or substantially completed a
4 particular degree program, or that the student is required to take
5 as a precondition for enrollment in or admission to a particular
6 degree program;

7 (10) a private school offering primary or secondary
8 education, which may include a kindergarten or prekindergarten
9 program, and that satisfies the compulsory attendance requirements
10 of Section 25.085 pursuant to Section 25.086(a)(1);

11 (11) a course or courses of instruction by bona fide
12 electrical trade associations for the purpose of preparing students
13 for electrical tests required for licensing and for the purpose of
14 providing continuing education to students for the renewal of
15 electrical licenses;

16 (12) a nonprofit arts organization that has as its
17 primary purpose the provision of instruction in the dramatic arts
18 and the communications media to persons younger than 19 years of
19 age;

20 (13) a course or training program conducted by a
21 nonprofit association of air conditioning and refrigeration
22 contractors approved by the Air Conditioning and Refrigeration
23 Contractors Advisory Board to provide instruction for technical,
24 business, or license examination preparation programs relating to
25 air conditioning and refrigeration contracting, as that term is
26 defined by Chapter 1302, Occupations Code [~~the Air Conditioning and~~
27 ~~Refrigeration Contractor License Law (Article 8861, Vernon's Texas~~

1 ~~Civil Statutes~~];

2 (14) a course of instruction by a plumbing trade
3 association to prepare students for a plumbing test or program
4 required for licensing, certification, or endorsement or to provide
5 continuing education approved by the Texas State Board of Plumbing
6 Examiners; and

7 (15) a course of instruction in the use of
8 technological hardware or software if the course is offered to a
9 purchaser of the hardware or software or to the purchaser's
10 employee by a person who manufactures and sells, or develops and
11 sells, the hardware or software, and if the seller is not primarily
12 in the business of providing courses of instruction in the use of
13 the hardware or software, as determined by the commission.

14 SECTION 8.16. Sections 132.021(a) and (b), Education Code,
15 are amended to read as follows:

16 (a) The commission shall exercise jurisdiction and control
17 of the system of career [~~proprietary~~] schools and colleges, and the
18 commission shall carry out supervision of the provisions of this
19 chapter, and enforce minimum standards for approval of career
20 [~~proprietary~~] schools and colleges under the operating regulations
21 and policies hereinafter set forth and as may be adopted pursuant to
22 this chapter.

23 (b) The commission shall prepare a comparison of the cost to
24 a student of courses of instruction or training programs at career
25 [~~proprietary~~] schools and colleges to the cost to a student of
26 similar courses or programs at schools that are exempt from this
27 chapter under Section 132.002.

1 SECTION 8.17. Section 132.022, Education Code, is amended
2 to read as follows:

3 Sec. 132.022. DUTIES OF COMMISSION. The commission shall
4 carry out the policies of this chapter and enforce the rules adopted
5 under this chapter. The commission shall also certify the names of
6 those career [~~proprietary~~] schools and colleges meeting the
7 requirements for a certificate of approval.

8 SECTION 8.18. Section 132.023, Education Code, is amended
9 to read as follows:

10 Sec. 132.023. MEMORANDUM OF UNDERSTANDING FOR REGULATION OF
11 CAREER [~~PROPRIETARY~~] SCHOOLS AND COLLEGES. (a) The commission
12 shall develop, in consultation with the Texas Guaranteed Student
13 Loan Corporation and each state agency that regulates career
14 [~~proprietary~~] schools and colleges in this state, a comprehensive
15 strategy to reduce default rates at the regulated career
16 [~~proprietary~~] schools and colleges and to improve the overall
17 quality of the programs operated by these schools and colleges.

18 (b) The commission shall execute a memorandum of
19 understanding outlining the strategy with the corporation and each
20 state agency regulating career [~~proprietary~~] schools and colleges
21 and shall adopt rules to carry out the commission's [~~its~~] duties
22 under this section. The Texas Guaranteed Student Loan Corporation
23 shall adopt the memorandum of understanding as procedures of the
24 corporation, and each agency by rule shall adopt the memorandum of
25 understanding.

26 (c) The memorandum of understanding shall:

27 (1) require the development and monitoring of

1 indicators that identify career [~~proprietary~~] schools and colleges
2 that have excessive loan default rates, poor program performance,
3 or both;

4 (2) require the sharing of specific information
5 relating to the indicators between the commission and the Texas
6 Guaranteed Student Loan Corporation or other agency; and

7 (3) require the application of specific sanctions by
8 the commission or by the Texas Guaranteed Student Loan Corporation
9 or other agency, as appropriate, to lower the default rates,
10 improve program performance, or both.

11 (d) If the commission enters a memorandum of understanding
12 with the Texas Guaranteed Student Loan Corporation related to the
13 regulation of career [~~proprietary~~] schools and colleges, the
14 commission may require each career [~~proprietary~~] school or college
15 governed by this chapter to provide information to the commission
16 that is necessary for the purposes of the memorandum of
17 understanding.

18 SECTION 8.19. Section 132.051, Education Code, is amended
19 to read as follows:

20 Sec. 132.051. CERTIFICATE OF APPROVAL. (a) A career
21 [~~proprietary~~] school or college may not maintain, advertise,
22 solicit for, or conduct any course of instruction in this state
23 before the later of:

24 (1) the 30th day after the date the school or college
25 applies for a certificate of approval under this chapter; or

26 (2) the date the school or college receives a
27 certificate of approval from the commission.

1 (b) Any contract entered into with any person for a course
2 of instruction by or on behalf of any person operating any career
3 [~~proprietary~~] school or college to which a certificate of approval
4 has not been issued pursuant to this chapter is unenforceable in any
5 action brought thereon.

6 SECTION 8.20. Section 132.052, Education Code, is amended
7 to read as follows:

8 Sec. 132.052. APPLICATION FOR CERTIFICATE OF APPROVAL.
9 Every career [~~proprietary~~] school or college desiring to operate in
10 this state or do business in this state shall make written
11 application to the commission for a certificate of approval. Such
12 application shall be verified, be in such form as may be prescribed
13 by the commission, and shall furnish the commission such
14 information as the commission may require.

15 SECTION 8.21. Section 132.053, Education Code, is amended
16 to read as follows:

17 Sec. 132.053. STATUTORY WAIVER AUTHORITY. (a) The
18 commission may establish rules that waive, alter, suspend, or
19 replace any of the following provisions governing small career
20 [~~proprietary~~] schools and colleges:

21 (1) the fee schedule authorized under Section 132.201,
22 provided that fees under a fee schedule established by rule may not
23 be less than the reasonable administrative cost for regulation or
24 more than the amount that a small career [~~proprietary~~] school or
25 college would otherwise pay if it were not classified as a small
26 career [~~proprietary~~] school or college;

27 (2) participation in the career [~~proprietary~~] school

1 or college tuition protection fund required by Section 132.241;

2 (3) the refund policy provisions of Section 132.061;

3 (4) the bonding requirements of Section 132.060;

4 (5) the examination of a school or college for
5 compliance under Section 132.056(f);

6 (6) the reporting requirements of Section 132.055(o);
7 and

8 (7) the term for which a certificate of approval is
9 issued under Section 132.056(b), provided that a rule adopted under
10 this section may not provide for a term that exceeds three years or
11 is less than one year.

12 (b) A rule proposed under this section may be adopted only
13 if it will reduce the regulatory burden for small career
14 [~~proprietary~~] schools and colleges and will adequately safeguard
15 the interests of the students of small career [~~proprietary~~] schools
16 and colleges to receive either the education for which they have
17 contracted or an appropriate refund.

18 SECTION 8.22. Section 132.054, Education Code, is amended
19 to read as follows:

20 Sec. 132.054. SMALL SCHOOL OR COLLEGE EXEMPTION. The
21 commission may exempt small career [~~proprietary~~] schools and
22 colleges from any requirement of this chapter to reduce the cost to
23 small schools and colleges of receiving a certificate of approval.

24 SECTION 8.23. Section 132.055, Education Code, is amended
25 to read as follows:

26 Sec. 132.055. CRITERIA. The commission may approve the
27 application of such career [~~proprietary~~] school or college when the

1 school or college is found, upon investigation at the premises of
2 the school or college, to have met the following criteria:

3 (a) The courses, curriculum, and instruction are of such
4 quality, content, and length as may reasonably and adequately
5 achieve the stated objective for which the courses, curriculum, or
6 instruction are offered. Before a school or college conducts a
7 course of instruction in court reporting, the school or college
8 must produce evidence that the school or college has obtained
9 approval for the curriculum from the Court Reporters Certification
10 Board.

11 (b) There is in the school or college adequate space,
12 equipment, instructional material, and instructor personnel to
13 provide training of good quality.

14 (c) Educational and experience qualifications of directors,
15 administrators, and instructors are adequate.

16 (d) The school or college maintains a written record of the
17 previous education and training of the applicant student and
18 clearly indicates that appropriate credit has been given by the
19 school or college for previous education and training, with the new
20 training period shortened where warranted through use of
21 appropriate skills or achievement tests and the student so
22 notified.

23 (e) A copy of the course outline; schedule of tuition, fees,
24 refund policy, and other charges; regulations pertaining to
25 absence, grading policy, and rules of operation and conduct;
26 regulations pertaining to incomplete grades; the name, mailing
27 address, and telephone number of the commission for the purpose of

1 directing complaints to the agency; the current rates of job
2 placement and employment of students issued a certificate of
3 completion; and notification of the availability of the cost
4 comparison information prepared under Section 132.021(b) through
5 the commission will be furnished the student prior to enrollment.

6 (f) Except as provided by Section 132.062, on completion of
7 training, the student is given a certificate by the school or
8 college indicating the course and that training was satisfactorily
9 completed.

10 (g) Adequate records as prescribed by the commission are
11 kept to show attendance and progress or grades, and satisfactory
12 standards relating to attendance, progress, and conduct are
13 enforced.

14 (h) The school or college complies with all local, city,
15 county, municipal, state, and federal regulations, such as fire,
16 building, and sanitation codes. The commission may require such
17 evidence of compliance as is deemed necessary.

18 (i) The school or college is financially sound and capable
19 of fulfilling its commitments for training.

20 (j) The school's or college's [~~school's~~] administrators,
21 directors, owners, and instructors are of good reputation and
22 character.

23 (k) The school or college has, maintains, and publishes in
24 its catalogue and enrollment contract the proper policy for the
25 refund of the unused portion of tuition, fees, and other charges in
26 the event the student enrolled by the school or college fails to
27 take the course or withdraws or is discontinued therefrom at any

1 time prior to completion.

2 (l) The school or college does not utilize erroneous or
3 misleading advertising, either by actual statement, omission, or
4 intimation as determined by the commission.

5 (m) Such additional criteria as may be required by the
6 commission.

7 (n) The school or college does not use a name like or similar
8 to an existing tax supported school or college in the same area.

9 (o) The school or college furnishes to the commission the
10 current rates of students who receive a certificate of completion
11 and of job placement and employment of students issued a
12 certificate of completion.

13 (p) The school or college furnishes to the commission for
14 approval or disapproval student admission requirements for each
15 course or program offered by the school or college.

16 (q) The school or college furnishes to the commission for
17 approval or disapproval the course hour lengths and curriculum
18 content for each course offered by the school or college.

19 (r) The school or college does not owe a penalty under
20 Section 132.152, 132.155, or 132.157.

21 SECTION 8.24. Section 132.056, Education Code, is amended
22 to read as follows:

23 Sec. 132.056. ISSUANCE OF CERTIFICATE OF APPROVAL; RENEWAL.

24 (a) The commission, upon review of an application for a certificate
25 of approval duly submitted in accordance with Section 132.052 and
26 meeting the requirements of Section 132.055, shall issue a
27 certificate of approval to the applicant career [~~proprietary~~]

1 school or college. The certificate of approval shall be in a form
2 prescribed by the commission and shall state in a clear and
3 conspicuous manner at least the following information:

4 (1) date of issuance, effective date, and term of
5 approval;

6 (2) correct name and address of the school or college;

7 (3) authority for approval and conditions of approval,
8 if any, referring specifically to the approved catalogue or
9 bulletin published by the school or college;

10 (4) signature of the agency administrator; and

11 (5) any other fair and reasonable representations that
12 are consistent with this chapter and deemed necessary by the
13 commission.

14 (b) The term for which a certificate of approval shall be
15 issued may not exceed one year.

16 (c) The certificate of approval shall be issued to the owner
17 of the applicant career [~~proprietary~~] school or college and is
18 nontransferable. In the event of a change in ownership of the
19 school or college, a new owner must, at least 30 days prior to the
20 change in ownership, apply for a new certificate of approval.

21 (d) At least 30 days prior to expiration of a certificate of
22 approval, the career [~~proprietary~~] school or college shall forward
23 to the commission an application for renewal. The commission shall
24 reexamine the premises of the school or college as frequently as the
25 commission considers necessary and renew, revoke, or deny renewal
26 of the school's or college's [~~school's~~] certificate of approval. If
27 a school or college fails to file a complete application for renewal

1 at least 30 days before the expiration date of the certificate of
2 approval, the school or college, as a condition of renewal, must
3 pay, in addition to the annual renewal fee, a late renewal fee in an
4 amount established by commission rule of at least \$100.

5 (e) A career [~~proprietary~~] school or college not yet in
6 operation when its application for certificate of approval is filed
7 may not begin operation until receipt of certificate of approval.

8 (f) The commission shall visit a career [~~proprietary~~]
9 school or college to reexamine the school or college for compliance
10 with the criteria provided by Section 132.055 not later than three
11 months after the date the [~~a~~] school or college begins operation or
12 after a change in ownership of the [~~a~~] school or college.

13 SECTION 8.25. Section 132.058, Education Code, is amended
14 to read as follows:

15 Sec. 132.058. REVOCATION OF CERTIFICATE OF APPROVAL. (a)
16 The commission may revoke an issued certificate of approval or
17 place reasonable conditions upon the continued approval
18 represented by the certificate. Prior to revocation or imposition
19 of conditions upon a certificate of approval, the commission shall
20 notify the holder of the certificate, in writing, of the impending
21 action and set forth the grounds for the action. The commission may
22 reexamine a career [~~proprietary~~] school or college two or more
23 times during each year in which a notice relating to the school or
24 college has been issued or conditions have been imposed on the
25 school or college under this subsection.

26 (b) A certificate of approval may be revoked or made
27 conditional if the commission has reasonable cause to believe that

1 the career [~~proprietary~~] school or college is guilty of a violation
2 of this chapter or of any rules adopted under this chapter.

3 SECTION 8.26. Sections 132.059(a), (b), and (d), Education
4 Code, are amended to read as follows:

5 (a) All representatives employed by a career [~~proprietary~~]
6 school or college shall register with the commission. Application
7 for registration may be made at any time and shall be based on
8 information submitted in accordance with the provisions of Section
9 132.052.

10 (b) Registration of a representative is effective upon
11 receipt of notice from the commission and remains in effect for a
12 period not in excess of 12 calendar months. Renewal of
13 representative registration shall be in accordance with the renewal
14 application form forwarded to the career [~~proprietary~~] school or
15 college by the commission.

16 (d) Career [~~Proprietary~~] schools and colleges domiciled or
17 having their principal place of business outside of this state that
18 engage representatives to canvass, solicit, or contract with any
19 person within this state, are subject to the requirements for
20 registration of representatives.

21 SECTION 8.27. Section 132.060, Education Code, is amended
22 to read as follows:

23 Sec. 132.060. BOND REQUIREMENTS. (a) Before a certificate
24 of approval is issued under this chapter, a bond shall be provided
25 by the career [~~proprietary~~] school or college for the period during
26 which the certificate of approval is issued, and the obligation of
27 the bond shall be that neither this chapter nor any rule adopted

1 pursuant thereto shall be violated by the school or college or any
2 of its officers, agents, or employees. The bond shall be in the
3 penal sum of \$5,000 or a multiple of \$5,000 that is not greater than
4 \$35,000 for a certificate of approval issued for a period that
5 begins in the fiscal year ending August 31, 2002, and \$50,000 for a
6 certificate of approval issued for a period that begins on or after
7 September 1, 2002. The commission shall determine the amount based
8 on the evidence the school or college submits of its projected
9 maximum total unearned tuition during the period of the certificate
10 of approval. The bond shall be a corporate surety bond issued by a
11 company authorized to do business in this state, conditioned that
12 the parties thereto shall pay all damages or expenses that the state
13 or any governmental subdivision thereof or any student or potential
14 student may sustain resulting from a violation. The bond shall be
15 to the state to be used only for payment of a tuition refund due to a
16 student or potential student. The bond shall be filed with the
17 commission and shall be in such form as shall be approved by the
18 commission.

19 (b) In lieu of the corporate surety bond required in
20 Subsection (a), the career [~~proprietary~~] school or college may
21 provide any other similar certificate or evidence of indebtedness
22 as may be acceptable to the commission, provided that the
23 certificate or evidence of indebtedness meets all the requirements
24 applicable to the corporate surety bond.

25 (c) Career [~~Proprietary~~] schools and colleges domiciled or
26 having their principal place of business outside of this state that
27 engage representatives to canvass, solicit, or contract with any

1 person within this state are subject to the bond requirements of
2 Subsection (a).

3 (d) The commission, for good cause shown, may waive and
4 suspend the requirements set forth in Subsections (a) and (b) with
5 respect to career [~~proprietary~~] schools and colleges operating
6 wholly or in part under a federal grant where no tuition fee is
7 charged to the student.

8 SECTION 8.28. Section 132.062, Education Code, is amended
9 to read as follows:

10 Sec. 132.062. WITHHOLDING RECORDS. A career [~~proprietary~~]
11 school or college may withhold a student's transcript or
12 certificate of completion of training until the student has
13 fulfilled the student's financial obligation to the school or
14 college.

15 SECTION 8.29. Section 132.063, Education Code, is amended
16 to read as follows:

17 Sec. 132.063. APPROVED DEGREES. A career [~~proprietary~~]
18 school or college may offer a degree approved by the Texas Higher
19 Education Coordinating Board.

20 SECTION 8.30. Section 132.064, Education Code, is amended
21 to read as follows:

22 Sec. 132.064. NONQUALIFICATION AS SMALL CAREER
23 [~~PROPRIETARY~~] SCHOOL AND COLLEGE. (a) A career [~~proprietary~~]
24 school or college operating as a small career [~~proprietary~~] school
25 or college but that has an annual gross income from tuition and fees
26 that exceeds \$100,000 (other than a test preparation school
27 described by Section 132.001(10)(B) or (C)) that intends to receive

1 a payment from federal funds under 20 U.S.C. Section 1070 et seq. or
2 intends to receive prepayment of tuition, fees, or other charges
3 from federal or state funds shall send written notice to the
4 commission. The notice must be sent not later than the following
5 date, as applicable:

6 (1) the 60th day after the date on which annual gross
7 income is determined to exceed the maximum;

8 (2) the day before receiving a payment of federal
9 funds under 20 U.S.C. Section 1070 et seq.; or

10 (3) the day before enrolling a student who will prepay
11 tuition, a fee, or another charge in whole or in part from federal
12 or state funds.

13 (b) A career [~~proprietary~~] school or college that no longer
14 qualifies as a small career [~~proprietary~~] school or college shall
15 apply for an initial certificate of approval as a career
16 [~~proprietary~~] school or college within 30 days after the date the
17 school has notified the commission that it no longer qualifies as a
18 small career [~~proprietary~~] school or college. The commission may
19 apply or prorate any fees paid by the school or college as a small
20 career [~~proprietary~~] school or college.

21 (c) A career [~~proprietary~~] school or college that no longer
22 qualifies as a small career [~~proprietary~~] school or college shall
23 submit to the commission an amount of money equal to the difference
24 between the fee for the small career [~~proprietary~~] school or
25 college certificate of approval submitted by the school or college
26 and the fee that the school or college would be required to submit
27 after its qualifications as a small career [~~proprietary~~] school or

1 college cease.

2 (d) The authority of a career [~~proprietary~~] school or
3 college to operate under a small career [~~proprietary~~] school or
4 college certificate of approval terminates on the final
5 determination of issuance or denial of an initial certificate of
6 approval. If a school or college fails to file a complete
7 application within the period required by Subsection (b), the
8 school or college, as a condition of issuance, must pay a late fee
9 in an amount established by commission rule of at least \$100.

10 SECTION 8.31. Section 132.151, Education Code, is amended
11 to read as follows:

12 Sec. 132.151. PROHIBITIONS. A person may not:

13 (1) operate a career [~~proprietary~~] school or college
14 without a certificate of approval issued by the commission;

15 (2) solicit prospective students for or on behalf of a
16 career [~~proprietary~~] school or college without being registered as
17 a representative of the career [~~proprietary~~] school or college as
18 required by this chapter;

19 (3) accept contracts or enrollment applications from a
20 representative who is not bonded as required by this chapter;

21 (4) utilize advertising designed to mislead or deceive
22 prospective students;

23 (5) fail to notify the commission of the
24 discontinuance of the operation of any career [~~proprietary~~] school
25 or college within 72 hours of cessation of classes and make
26 available accurate records as required by this chapter;

27 (6) fail to secure and file within 30 days an increased

1 bond as required by this chapter;

2 (7) negotiate any promissory instrument received as
3 payment of tuition or other charge prior to completion of 75 percent
4 of the course, provided that prior to such time, the instrument may
5 be transferred by assignment to a purchaser who shall be subject to
6 all the defenses available against the career [~~proprietary~~] school
7 or college named as payee; or

8 (8) violate any provision of this chapter.

9 SECTION 8.32. Section 132.153, Education Code, is amended
10 to read as follows:

11 Sec. 132.153. COMPETITIVE BIDDING; ADVERTISING. The
12 commission may not adopt rules to restrict competitive bidding or
13 advertising by a career [~~proprietary~~] school or college except to
14 prohibit false, misleading, or deceptive competitive bidding or
15 advertising practices. Those rules may not restrict:

- 16 (1) the use of an advertising medium;
17 (2) the size or duration of an advertisement; or
18 (3) advertisement under a trade name.

19 SECTION 8.33. Section 132.154(a), Education Code, is
20 amended to read as follows:

21 (a) Whenever the commission has probable cause to believe
22 that any career [~~proprietary~~] school or college has committed any
23 acts that would be in violation of this chapter, the commission
24 shall apply for an injunction restraining the commission of such
25 acts.

26 SECTION 8.34. Section 132.156, Education Code, is amended
27 to read as follows:

1 Sec. 132.156. SANCTIONS. (a) If the commission has
2 reasonable cause to believe that a career [~~proprietary~~] school or
3 college has violated this chapter or a rule adopted under this
4 chapter, the commission may:

- 5 (1) order a peer review of the school or college; or
6 (2) suspend the admission of students to the school or
7 college.

8 (b) A peer review ordered under this section shall be
9 conducted by a peer review team composed of knowledgeable persons
10 selected by the commission. The commission shall attempt to
11 provide a balance on each team between members assigned to the team
12 who are from this state and those who are from other states. The
13 team shall provide the commission with an objective assessment of
14 the content of the career school's or college's [~~proprietary~~
15 ~~school's~~] curriculum and its application. The costs of providing a
16 peer review team shall be paid by the school or college.

17 SECTION 8.35. Sections 132.157(a), (b), (c), and (d),
18 Education Code, are amended to read as follows:

19 (a) If a career [~~proprietary~~] school or college fails to
20 timely comply with the requirements of Section 132.064, in addition
21 to any other penalties authorized by law, the commission may assess
22 a penalty in an amount not greater than two times the amount that
23 the school or college would have paid in fees and other charges if
24 the school or college had complied with the requirements of Section
25 132.064 or may assess a penalty in the amount of the tuition or fee
26 charge to any students whose tuition or fees were contracted to be
27 funded by a prepaid federal or state source.

1 (b) If the commission finds that the career [~~proprietary~~
2 school or college acted intentionally, the commission may, in
3 addition to any other remedy available under law, assess a penalty
4 against the owner in an amount not greater than four times the
5 amount of the fees and charges that the school or college should
6 have paid or four times the amount of the student tuition that was
7 contracted to be funded from a prepaid federal or state source.

8 (c) The failure to notify the commission within four months
9 after the career school's or college's [~~proprietary school's~~
10 earnings exceed that of a small career [~~proprietary~~ school or
11 college gives rise to a rebuttable presumption of intent for
12 purposes of assessment of a penalty.

13 (d) The failure to notify the commission within 10 days
14 after a career [~~proprietary~~ school or college has enrolled a
15 student whose tuition or fees are paid in whole or in part from a
16 prepaid federal or state source gives rise to a rebuttable
17 presumption of intent for purposes of assessment of a penalty.

18 SECTION 8.36. Sections 132.201(a), (c), (d), (e), (f), (h),
19 and (i), Education Code, are amended to read as follows:

20 (a) Certificate and registration fees, except those charged
21 pursuant to Subsection (d), shall be collected by the commission.
22 Each fee shall be in an amount set by the commission in an amount not
23 to exceed 150 percent of each fee in the following schedule:

24 (1) the initial fee for a career [~~proprietary~~ school
25 or college:

26 (A) for a certificate of approval is \$2,000; or

27 (B) for a small career [~~proprietary~~ school or

1 college certificate of approval is \$1,000;

2 (2) the first renewal fee and each subsequent renewal
3 fee for a career [~~proprietary~~] school or college is the greater of:

4 (A) an amount that is determined by applying a
5 percentage, not to exceed 0.3 percent, to the gross tuition and
6 fees, excluding refunds as provided by Section 132.061, of the
7 school or college; or

8 (B) \$500;

9 (3) the initial registration fee for a representative
10 is \$60;

11 (4) the annual renewal fee for a representative is
12 \$30;

13 (5) the fee for a change of a name of a career
14 [~~proprietary~~] school or college or owner is \$100;

15 (6) the fee for a change of an address of a career
16 [~~proprietary~~] school or college is \$180;

17 (7) the fee for a change in the name or address of a
18 representative or a change in the name or address of a career
19 [~~proprietary~~] school or college that causes the reissuance of a
20 representative permit is \$10;

21 (8) the application fee for an additional course is
22 \$150, except for seminar and workshop courses, for which the fee is
23 \$25;

24 (9) the application fee for a director, administrative
25 staff member, or instructor is \$15;

26 (10) the application fee for the authority to grant
27 degrees is \$2,000;

1 (11) the application fee for an additional degree
2 course is \$250; and

3 (12) the fee for an inspection required by commission
4 rule of classroom facilities that are separate from the main campus
5 is \$250.

6 (c) For purposes of this section, the gross amount of annual
7 student fees and tuition for a career [~~proprietary~~] school or
8 college is the amount determined by the commission based on any
9 report submitted by the school or college to the commission or other
10 information obtained by the commission.

11 (d) In connection with the regulation of any career
12 [~~proprietary~~] school or college or course through a memorandum of
13 understanding pursuant to Section 132.002(c), the commission shall
14 set an application and annual renewal fee, not to exceed \$2,000.
15 The fee shall be an amount reasonably calculated to cover the
16 administrative costs associated with assuming the additional
17 regulation.

18 (e) The fee for an investigation at a career [~~proprietary~~]
19 school or college to resolve a complaint filed against the school or
20 college is \$600. The fee may be charged only if:

21 (1) the complaint could not have been resolved by
22 telephone or written correspondence only;

23 (2) a representative of the commission visits the
24 school or college as a part of the complaint resolution process; and

25 (3) the school or college is found to be at fault.

26 (f) The commission may allow payment of any fee authorized
27 under this section or under Section 132.241 that exceeds \$1,000 to

1 be paid by installment. The commission shall provide for
2 appropriate interest charges and late penalties in addition to any
3 other remedy that is provided for by law for the late payment of a
4 fee installment authorized under this section. The commission may
5 assess a reasonable service charge or interest to be paid by a
6 career [~~proprietary~~] school or college that pays a fee by
7 installment in an amount not to exceed 10 percent annually of the
8 fee that is to be paid by installment.

9 (h) The commission may apply or prorate a fee paid by a small
10 career [~~proprietary~~] school or college that has complied with the
11 notification requirements of Section 132.064 toward an initial
12 certificate as a career [~~proprietary~~] school or college in the
13 event that a career [~~proprietary~~] school or college has ceased to
14 qualify as a small career [~~proprietary~~] school or college during a
15 certification period.

16 (i) The commission may charge each career [~~proprietary~~]
17 school or college a fee for the cost of a service that collects,
18 analyzes, and reports student-level data in order to assess the
19 outcome of students who attend career [~~proprietary~~] schools and
20 colleges. The total amount of the fees charged under this
21 subsection must not exceed the cost of the service to the
22 commission.

23 SECTION 8.37. Section 52.013(b), Government Code, is
24 amended to read as follows:

25 (b) The board may:

- 26 (1) appoint any necessary or proper subcommittee;
- 27 (2) hire necessary employees;

1 (3) pay all reasonable expenses from available funds;

2 (4) approve curriculum for court reporter career
3 ~~[proprietary]~~ schools and colleges as provided by Section 132.055,
4 Education Code;

5 (5) approve court reporter programs in technical
6 institutes and public community colleges for purposes of
7 certification under Section 61.051, Education Code; and

8 (6) approve continuing professional education courses
9 for persons certified as court reporters.

10 SECTION 8.38. Section 305.002(3), Labor Code, is amended to
11 read as follows:

12 (3) "Eligible institution" means a career
13 ~~[proprietary]~~ school or college in this state that:

14 (A) holds a certificate of approval under Chapter
15 132, Education Code; and

16 (B) is approved by the commission under Section
17 305.023 for its students to participate in the grant program
18 established under this chapter.

19 SECTION 8.39. Section 305.023, Labor Code, is amended to
20 read as follows:

21 Sec. 305.023. APPROVAL OF INSTITUTIONS. The commission
22 shall approve a career ~~[proprietary]~~ school or college for its
23 students to participate in the grant program established under this
24 chapter if the school or college:

25 (1) has been accredited for not less than five years by
26 an accrediting agency recognized by the United States Department of
27 Education and maintains that accreditation;

1 (2) has held a certificate of approval under Chapter
2 132, Education Code, for at least five years; and

3 (3) offers one or more qualified education programs.

4 SECTION 8.40. Section E, Article 2.23A, Texas Non-Profit
5 Corporation Act (Article 1396-2.23A, Vernon's Texas Civil
6 Statutes), is amended to read as follows:

7 E. This article does not apply to:

8 (1) a corporation that solicits funds only from its
9 members;

10 (2) a corporation which does not intend to solicit and
11 receive and does not actually raise or receive contributions from
12 sources other than its own membership in excess of \$10,000 during a
13 fiscal year;

14 (3) a career [~~proprietary~~] school or college that has
15 received a certificate of approval from the Texas Workforce
16 Commission [~~State Commissioner of Education~~], a public institution
17 of higher education and foundations chartered for the benefit of
18 such institutions or any component part thereof, a private or
19 independent institution of higher education as defined by Section
20 61.003, Education Code, a postsecondary educational institution
21 with a certificate of authority to grant a degree issued by the
22 Texas Higher Education Coordinating Board, [~~Texas College and~~
23 ~~University System,~~] or an elementary or secondary school;

24 (4) religious institutions which shall be limited to
25 churches, ecclesiastical or denominational organizations, or other
26 established physical places for worship at which religious services
27 are the primary activity and such activities are regularly

1 conducted;

2 (5) a trade association or professional society whose
3 income is principally derived from membership dues and assessments,
4 sales, or services;

5 (6) any insurer licensed and regulated by the Texas
6 Department [~~State Board~~] of Insurance;

7 (7) an organization whose charitable activities
8 relate to public concern in the conservation and protection of
9 wildlife, fisheries, and allied natural resources;

10 (8) an alumni association of a public or private
11 institution of higher education in this state, provided that such
12 association is recognized and acknowledged by the institution as
13 its official alumni association.

14 ARTICLE 9. REPEALER

15 SECTION 9.01. The following laws are repealed:

16 (1) Section 201.002, Labor Code;

17 (2) Section 203.102, Labor Code;

18 (3) Section 301.006, Labor Code, as added by Section
19 5.82(a), Chapter 76, Acts of the 74th Legislature, Regular Session,
20 1995;

21 (4) Section 301.061(c), Labor Code; and

22 (5) Section 302.005(k), Labor Code.

23 ARTICLE 10. GENERAL CONFORMING AMENDMENTS

24 SECTION 10.01. Section 30.103, Education Code, is amended
25 to read as follows:

26 Sec. 30.103. MEMORANDUM OF UNDERSTANDING. The Texas Youth
27 Commission with the assistance of the Texas Workforce [~~Employment~~]

1 Commission and the Council on Workforce and Economic
2 Competitiveness shall by rule adopt a memorandum of understanding
3 that establishes the respective responsibility of those entities to
4 provide through local workforce development boards job training and
5 employment assistance programs to children committed or formerly
6 sentenced to the Texas Youth Commission. The Texas Youth
7 Commission shall coordinate the development of the memorandum of
8 understanding and include in its annual report information
9 describing the number of children in the preceding year receiving
10 services under the memorandum.

11 SECTION 10.02. Section 501.095(d), Government Code, is
12 amended to read as follows:

13 (d) The Texas Workforce [~~Employment~~] Commission shall
14 coordinate the development of the memorandum of understanding.

15 SECTION 10.03. Section 531.045(b), Government Code, is
16 amended to read as follows:

17 (b) The task force is composed of:

18 (1) a representative of:

19 (A) the attorney general's office, appointed by
20 the attorney general;

21 (B) the comptroller's office, appointed by the
22 comptroller;

23 (C) the commission, appointed by the
24 commissioner;

25 (D) the Texas Department of Health, appointed by
26 the commissioner of public health;

27 (E) the Texas Department of Human Services,

1 appointed by the commissioner of human services;

2 (F) the Texas Workforce Commission, appointed by
3 the executive director [~~presiding officer~~] of that agency; and

4 (G) the Texas Rehabilitation Commission,
5 appointed by the commissioner of that agency; and

6 (2) two representatives of each of the following
7 groups, appointed by the comptroller:

8 (A) retailers who maintain electronic benefits
9 transfer point-of-sale equipment;

10 (B) banks or owners of automatic teller machines;
11 and

12 (C) consumer or client advocacy organizations.

13 SECTION 10.04. Section 572.003(c), Government Code, is
14 amended to read as follows:

15 (c) The term means a member of:

16 (1) the Public Utility Commission of Texas;

17 (2) the Texas Department of Economic Development
18 [~~Commerce~~];

19 (3) the Texas [~~Natural Resource Conservation~~]
20 Commission on Environmental Quality;

21 (4) the Texas Alcoholic Beverage Commission;

22 (5) The Finance Commission of Texas;

23 (6) the Texas Building and Procurement [~~General~~
24 ~~Services~~] Commission;

25 (7) the Texas Board of Criminal Justice;

26 (8) the board of trustees of the Employees Retirement
27 System of Texas;

- 1 (9) the Texas Transportation Commission;
- 2 (10) the Texas Workers' Compensation Commission;
- 3 (11) the Texas Department [~~State Board~~] of Insurance;
- 4 (12) the Parks and Wildlife Commission;
- 5 (13) the Public Safety Commission;
- 6 (14) the Texas Ethics Commission;
- 7 (15) the State Securities Board;
- 8 (16) the Texas Water Development Board;
- 9 (17) the governing board of a public senior college or
10 university as defined by Section 61.003, Education Code, or of The
11 University of Texas Southwestern Medical Center at Dallas, The
12 University of Texas Medical Branch at Galveston, The University of
13 Texas Health Science Center at Houston, The University of Texas
14 Health Science Center at San Antonio, The University of Texas
15 System Cancer Center, The University of Texas Health Science Center
16 at Tyler, University of North Texas Health Science Center at Fort
17 Worth, Texas Tech University Health Sciences Center, Texas State
18 Technical College--Harlingen, Texas State Technical
19 College--Marshall, Texas State Technical College--Sweetwater, or
20 Texas State Technical College--Waco;
- 21 (18) the Texas Higher Education Coordinating Board;
- 22 (19) the Texas Workforce [~~Employment~~] Commission;
- 23 (20) the State Banking Board;
- 24 (21) the board of trustees of the Teacher Retirement
25 System of Texas;
- 26 (22) the Credit Union Commission;
- 27 (23) the School Land Board;

1 (24) the board of the Texas Department of Housing and
2 Community Affairs;

3 (25) the Texas Racing Commission;

4 (26) the State Board of Dental Examiners;

5 (27) [~~the Texas Board of Licensure for Nursing Home~~
6 ~~Administrators,~~

7 [~~(28)~~] the Texas State Board of Medical Examiners;

8 (28) [~~(29)~~] the Board of Pardons and Paroles;

9 (29) [~~(30)~~] the Texas State Board of Pharmacy;

10 (30) [~~(31)~~] the Department of Information Resources
11 governing board;

12 (31) [~~(32)~~] the Motor Vehicle Board;

13 (32) [~~(33)~~] the Texas Real Estate Commission;

14 (33) [~~(34)~~] the board of directors of the State Bar of
15 Texas;

16 (34) [~~(35)~~] the bond review board;

17 (35) [~~(36)~~] the Texas Board of Health;

18 (36) [~~(37)~~] the Texas Board of Mental Health and
19 Mental Retardation;

20 (37) [~~(38)~~] the Texas Board on Aging;

21 (38) [~~(39)~~] the Texas Board of Human Services;

22 (39) [~~(40)~~] the Texas Funeral Service Commission;

23 (40) [~~(41)~~] the board of directors of a river
24 authority created under the Texas Constitution or a statute of this
25 state; or

26 (41) [~~(42)~~] the Texas Lottery Commission.

27 SECTION 10.05. Section 656.001, Government Code, is amended

1 to read as follows:

2 Sec. 656.001. STATE AGENCY EMPLOYMENT OPENINGS. Any
3 agency, board, bureau, commission, committee, council, court,
4 department, institution, or office in the executive or judicial
5 branch of state government that has an employment opening for which
6 persons from outside the agency will be considered shall list the
7 opening with the Texas Workforce [~~Employment~~] Commission.

8 SECTION 10.06. Section 656.021(1), Government Code, is
9 amended to read as follows:

10 (1) "Commission" means the Texas Workforce
11 [~~Employment~~] Commission.

12 SECTION 10.07. Section 657.009, Government Code, is amended
13 to read as follows:

14 Sec. 657.009. PUBLIC ENTITIES TO LIST POSITIONS WITH TEXAS
15 WORKFORCE [~~EMPLOYMENT~~] COMMISSION. (a) A public entity shall
16 provide to the Texas Workforce [~~Employment~~] Commission, under rules
17 adopted under this section by the commission, information regarding
18 an open position that is subject to the hiring preference required
19 by this chapter.

20 (b) The Texas Workforce [~~Employment~~] Commission shall make
21 available to the public the information provided by a public entity
22 under Subsection (a).

23 (c) To promote the purposes of this chapter, the Texas
24 Workforce [~~Employment~~] Commission shall adopt rules under this
25 section that facilitate the exchange of employment information
26 between public entities and individuals entitled to a preference
27 under this chapter.

1 (d) The Texas Workforce [~~Employment~~] Commission shall adopt
2 forms and procedures necessary to administer this section.

3 SECTION 10.08. Section 772.0031(a), Government Code, is
4 amended to read as follows:

5 (a) The Human Resource Task Force is composed of a
6 representative of:

7 (1) the governor's office, appointed by the governor;

8 (2) the state auditor's office, appointed by the state
9 auditor;

10 (3) the comptroller's office, appointed by the
11 comptroller;

12 (4) the attorney general's office, appointed by the
13 attorney general;

14 (5) the Commission on Human Rights, appointed by the
15 presiding officer of that agency;

16 (6) the Employees Retirement System of Texas,
17 appointed by the presiding officer of the board of trustees of that
18 agency;

19 (7) the Texas Workforce Commission, appointed by the
20 executive director [~~presiding officer~~] of that agency;

21 (8) the Texas Workers' Compensation Commission,
22 appointed by the presiding officer of that agency;

23 (9) the Legislative Budget Board, appointed by the
24 presiding officer of the board;

25 (10) the State Agency Coordinating Council, appointed
26 by the presiding officer of that entity;

27 (11) the Texas Small State Agency Task Force,

1 appointed by the presiding officer of that entity;

2 (12) the Texas State Personnel Administrators
3 Association, appointed by the presiding officer of that entity; and

4 (13) each eligible state employee organization
5 certified by the comptroller under Section 403.0165, who must be
6 the chief elected representative of the organization.

7 SECTION 10.09. Section 2162.051(a), Government Code, is
8 amended to read as follows:

9 (a) The State Council on Competitive Government consists of
10 the following individuals or the individuals they designate:

11 (1) the governor;

12 (2) the lieutenant governor;

13 (3) the comptroller;

14 (4) the speaker of the house of representatives;

15 (5) the commission's presiding officer; and

16 (6) the commissioner of the Texas Workforce
17 [~~Employment~~] Commission representing labor.

18 SECTION 10.10. Section 115.002(c), Human Resources Code, is
19 amended to read as follows:

20 (c) The ex officio members are:

21 (1) the executive director [~~chair~~] of the Texas
22 Workforce [~~Employment~~] Commission;

23 (2) the commissioner of the Texas Rehabilitation
24 Commission;

25 (3) the executive director of the Texas Commission for
26 the Blind;

27 (4) the executive director of the Texas Commission for

1 the Deaf and Hard of Hearing; and

2 (5) other officials designated by the governor who
3 serve with other state agencies that provide services to persons
4 with disabilities.

5 SECTION 10.11. Section 61.005(a), Labor Code, is amended to
6 read as follows:

7 (a) In the case of contumacy or other refusal by a person to
8 obey a subpoena issued by [~~a member of~~] the commission or an
9 authorized representative of the commission to that person, any
10 county or district court of this state in the jurisdiction of which
11 the inquiry is carried on or in the jurisdiction of which the person
12 guilty of contumacy or refusal to obey is found, resides, or
13 transacts business has jurisdiction, on application by the
14 commission or its representative, to issue to the person an order
15 requiring the person to appear before [~~a commissioner,~~] the
16 commission[~~7~~] or its authorized representative to:

17 (1) produce evidence if so ordered; or

18 (2) testify regarding the matter under investigation
19 or in question.

20 SECTION 10.12. Section 62.107(c), Labor Code, is amended to
21 read as follows:

22 (c) The commissioner shall furnish a copy of each order
23 establishing a piece rate to the Texas Workforce [~~Employment~~]
24 Commission.

25 SECTION 10.13. Section 201.011(8), Labor Code, is amended
26 to read as follows:

27 (8) "Commission" means the Texas Workforce

1 ~~[Employment]~~ Commission.

2 SECTION 10.14. Sections 306.007(a) and (b), Labor Code, are
3 amended to read as follows:

4 (a) To assist in the reintegration into the labor force of
5 persons formerly sentenced to the institutional division or the
6 state jail division, the commission through Project RIO shall
7 provide:

8 (1) to those persons:

9 (A) information from local workforce development
10 boards on job training and employment referral services;

11 (B) information from the Texas Commission on
12 Alcohol and Drug Abuse on substance abuse treatment services;

13 (C) information from the Texas Department of
14 Housing and Community Affairs on housing services;

15 (D) information from the Texas Veterans
16 Commission on services for veterans; and

17 (E) information ~~[from the Texas Department of~~
18 ~~Human Services]~~ on tax refund voucher programs under Subchapter H
19 [D], Chapter 301 ~~[31, Human Resources Code]~~; and

20 (2) to the employers and potential employers of those
21 persons:

22 (A) information from the Texas Department of
23 Economic Development ~~[Commerce]~~ on the enterprise zone program ~~[and~~
24 ~~smart jobs fund program]~~; and

25 (B) information from local workforce development
26 boards on services listed in Section 2308.304, Government Code.

27 (b) The commission shall adopt a memorandum of

1 understanding with each of the following agencies that establishes
2 the respective responsibilities of the commission and the agencies
3 in providing information described by Subsection (a) to persons
4 formerly sentenced to the institutional division or the state jail
5 division of the Texas Department of Criminal Justice, to employers
6 or potential employers of those persons, and to local workforce
7 development boards:

8 (1) the Texas Commission on Alcohol and Drug Abuse;

9 (2) the Texas Department of Housing and Community
10 Affairs;

11 (3) the Texas Veterans Commission;

12 (4) the Texas Department of Human Services;

13 (5) the Texas Department of Economic Development
14 [~~Commerce~~]; and

15 (6) the Council on Workforce and Economic
16 Competitiveness.

17 ARTICLE 11. EFFECTIVE DATE

18 SECTION 11.01. Except as otherwise provided by this Act,
19 this Act takes effect September 1, 2003.