

AN ACT

relating to institutions of higher education, including the administration, operation, governance, and financing of those institutions, and to certain security services provided to such institutions and certain other educational institutions.

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

ARTICLE 1. FINANCIAL MATTERS

SECTION 1.01. Subsection (e), Section 11.11, Tax Code, is amended to read as follows:

(e) Property [~~It is provided, however, that property~~] that is held or dedicated for the support, maintenance, or benefit of an institution of higher education as defined by Section 61.003 [~~in Chapter 61~~], [~~Texas~~] Education Code, but is not rented or leased for compensation to a private business enterprise to be used by it for a purpose not related to the performance of the duties and functions of the state or institution or is not rented or leased to provide private residential housing to members of the public other than students and employees of the state or institution is not taxable. If a portion of property of an institution of higher education is used for public purposes and a portion is not used for those purposes, the portion of the property used for public purposes is exempt under this subsection. All oil, gas, and other mineral interests owned by an institution of higher education are exempt from all ad valorem taxes. Property bequeathed to an institution is exempt from the assessment of ad valorem taxes from the date of the

1 decedent's death, unless:

2 (1) the property is leased for compensation to a
3 private business enterprise as provided in this subsection; or

4 (2) the transfer of the property to an institution is
5 contested in a probate court, in which~~[. In this]~~ case~~[7]~~ ad
6 valorem taxes shall be assessed to the estate of the decedent until
7 the final determination of the disposition of the property is made.
8 The property is exempt from the assessment of ad valorem taxes upon
9 vesting of the property in the institution.

10 SECTION 1.02. Subdivision (2), Section 2254.021,
11 Government Code, is amended to read as follows:

12 (2) "Major consulting services contract" means a
13 consulting services contract for which it is reasonably foreseeable
14 that the value of the contract will exceed \$15,000, or \$25,000 for
15 an institution of higher education other than a public junior
16 college.

17 SECTION 1.03. Section 2254.028, Government Code, is amended
18 by adding Subsection (c) to read as follows:

19 (c) Subsection (a)(3) does not apply to a major consulting
20 services contract to be entered into by an institution of higher
21 education other than a public junior college if the institution
22 includes in the invitation published under Section 2254.029 a
23 finding by the chief executive officer of the institution that the
24 consulting services are necessary and an explanation of that
25 finding.

26 SECTION 1.04. Subsections (b) and (d), Section 2254.031,
27 Government Code, are amended to read as follows:

1 (b) A state agency that intends to renew a contract that is
2 not a major consulting services contract shall comply with Sections
3 2254.028 and 2254.029 if the original contract and the renewal
4 contract have a reasonably foreseeable value totaling more than
5 \$15,000, or \$25,000 for an institution of higher education other
6 than a public junior college.

7 (d) A state agency that intends to amend or extend a
8 contract that is not a major consulting services contract shall
9 comply with Sections 2254.028 and 2254.029 if the original contract
10 and the amendment or extension have a reasonably foreseeable value
11 totaling more than \$15,000, or \$25,000 for an institution of higher
12 education other than a public junior college.

13 SECTION 1.05. Section 53.02, Education Code, is amended by
14 adding Subdivision (14) to read as follows:

15 (14) "Borrower" means any of the following entities
16 that is the recipient of a loan made under Section 53.34:

17 (A) an institution of higher education;

18 (B) a nonprofit corporation:

19 (i) incorporated by and under the exclusive
20 control of an institution of higher education; or

21 (ii) incorporated and operating for the
22 exclusive benefit of an institution of higher education and
23 authorized by the governing board of the institution to enter into a
24 transaction as a borrower under this chapter;

25 (C) an accredited primary or secondary school; or

26 (D) an authorized charter school.

27 SECTION 1.06. Section 53.33, Education Code, is amended to

1 read as follows:

2 Sec. 53.33. LIMITED POWER TO ACQUIRE, OWN, AND OPERATE
3 EDUCATIONAL AND HOUSING FACILITIES [~~CONSTRUCTION, ACQUISITION,~~
4 ~~ETC~~]. (a) An [The] authority or a nonprofit instrumentality
5 created under Section 53.35(b) may acquire, own, hold title to,
6 lease, or operate an educational facility or housing facility or
7 any facility incidental, subordinate, or related to or appropriate
8 in connection with an educational facility or housing facility, but
9 only if:

10 (1) the facility is or will be located within the
11 corporate limits of the city that created the authority or
12 nonprofit instrumentality;

13 (2) the governing body of an institution of higher
14 education officially requests the authority or nonprofit
15 instrumentality to acquire and own the facility for the benefit of
16 the institution of higher education;

17 (3) the institution of higher education officially
18 agrees to accept, and has authority to receive legal title to, the
19 facility not later than the date on which any bonds or other
20 obligations issued to acquire the facility are paid in full; and

21 (4) the ownership of the facility by the authority or
22 the nonprofit instrumentality is approved by official action of the
23 governing body of:

24 (A) the city that created the authority or
25 nonprofit instrumentality;

26 (B) the school district in which the facility is
27 or will be located; and

1 (C) the county in which the facility is or will be
2 located.

3 (b) An authority or instrumentality that exercises the
4 powers granted by Subsection (a) may contract for the operation of
5 the facility by public or private entities or persons on the terms
6 and conditions set forth in a contract relating to the operation of
7 the facility.

8 (c) The changes in law made by the amendment of this section
9 by the 78th Legislature, Regular Session, 2003, do not affect the
10 acquisition, ownership, construction, or improvement of a
11 facility, or the acquisition and ownership of land that were
12 approved by official action of the authority or nonprofit corporate
13 instrumentality before March 15, 2003, and the law in effect
14 immediately before the effective date of the amendment of this
15 section by the 78th Legislature, Regular Session, 2003, is
16 continued in effect for that purpose ~~[by purchase, purchase~~
17 ~~contract, or lease, may construct, or may enlarge, extend, repair,~~
18 ~~renovate, or otherwise improve educational facilities or housing~~
19 ~~facilities. It may acquire land for those purposes, furnish and~~
20 ~~equip the facilities, and provide by contract, lease, or otherwise~~
21 ~~for the operation and maintenance of the facilities. The~~
22 ~~facilities need not be located within the city limits of the city or~~
23 ~~cities].~~

24 SECTION 1.07. Section 53.34, Education Code, is amended to
25 read as follows:

26 Sec. 53.34. REVENUE BONDS. (a) An [The] authority or a
27 nonprofit instrumentality created under Section 53.35(b),

1 including an authority or nonprofit instrumentality authorized to
2 own facilities under Section 53.33(a), may issue and execute
3 revenue bonds or other obligations to loan or otherwise provide
4 funds to a borrower if:

5 (1) the governing body of the borrower by official
6 action requests the issuer of the bonds or other obligations to loan
7 the proceeds under this subsection;

8 (2) the purpose of the loan is to enable the borrower
9 to acquire, construct, enlarge, extend, repair, renovate, or
10 otherwise improve an educational facility or housing facility or
11 any facility incidental, subordinate, or related to or appropriate
12 in connection with an educational facility or housing facility, or
13 for acquiring land to be used for those purposes, or to create
14 operating and debt service reserves for and to pay issuance costs
15 related to the bonds or other obligations; and

16 (3) under the terms of the loan, and unless a mortgage
17 lien granted to secure the loan is in default, the ownership of the
18 facility is required to be at all times under the exclusive control,
19 and held for the exclusive benefit, of the borrower [~~for any of its~~
20 purposes].

21 (b) In issuing revenue bonds or other obligations under this
22 chapter, the issuer of the bonds or other obligations [authority]
23 is considered to be acting on behalf of the [any] city by which it
24 was created.

25 (c) Bonds or other obligations issued under Subsection (a)
26 [~~(b) The bonds~~] shall be payable from and secured by a pledge of
27 the revenue, income, [~~all or any part of the gross or net revenue to~~

1 ~~be derived from the operation of the facility or facilities and any~~
2 ~~other revenue]~~ or assets pledged for the purpose by the borrower.
3 The bonds or other obligations may be additionally secured by a
4 mortgage, ~~[or]~~ deed of trust, ~~[on real property of the authority]~~ or
5 ~~[by a]~~ chattel mortgage on real or [its] personal property, or on
6 ~~[by]~~ both real and personal property, if granted by the borrower.

7 (d) A facility financed with the proceeds of a loan or loans
8 made to a borrower under Subsection (a) is not required to be
9 located within the corporate limits of the city that created the
10 issuer of the bonds or other obligations.

11 (e) An authority or a nonprofit instrumentality that is
12 authorized to acquire and own educational facilities and housing
13 facilities under Section 53.33(a) may issue and execute revenue
14 bonds and other obligations for the purpose of acquiring, owning,
15 and operating the educational and housing facilities, to create
16 operating reserves for the facilities, and to create debt service
17 reserves for and to pay issuance costs related to the bonds or other
18 obligations.

19 (f) Bonds or other obligations issued under Subsection (e)
20 shall be payable from and secured by a pledge of all or any part of
21 the gross or net revenues to be derived from the operation of the
22 educational facilities and housing facilities being acquired and
23 any other revenue, income, or assets, including the revenue and
24 income of the educational facilities or housing facilities
25 previously acquired or subsequently to be acquired. The bonds or
26 other obligations may be additionally secured by a mortgage, deed
27 of trust, or chattel mortgage on real or personal property, or on

1 both real and personal property, if granted by the authority or
2 nonprofit instrumentality issuing the bonds or other obligations.

3 (g) The changes in law made by the amendment of this section
4 by the 78th Legislature, Regular Session, 2003, affect and apply
5 only to transactions involving bonds or other obligations that are
6 issued or executed under this chapter on or after March 15, 2003.
7 Bonds or other obligations that are issued or executed under this
8 chapter before March 15, 2003, are governed by the law in effect
9 immediately before the amendment of this section by the 78th
10 Legislature, Regular Session, 2003, and that former law is
11 continued in effect for that purpose.

12 SECTION 1.08. Subsection (b), Section 53.35, Education
13 Code, is amended to read as follows:

14 (b) In addition to or in lieu of establishing an authority
15 under the provisions of this chapter, the governing body of a city
16 or cities may request or order created one or more nonprofit
17 corporations to act on its behalf and as its duly constituted
18 authority and instrumentality to exercise the powers granted to an
19 authority under the provisions of Sections [~~Section~~] 53.33 and
20 53.34 [~~, Texas Education Code~~]. If a nonprofit corporation is
21 created for such purposes or agrees to such request, the directors
22 thereof shall thereafter be appointed and be subject to removal by
23 the governing body of the city or cities. In addition to the powers
24 [~~of lease or acquisition of facilities~~] granted under, and subject
25 to the limitations provided by, Sections [~~Section~~] 53.33 and 53.34,
26 the corporation shall have all powers granted under the Texas
27 Non-Profit Corporation Act for the purpose of aiding institutions

1 of higher education in providing educational facilities and housing
2 facilities and facilities incidental, subordinate, or related
3 thereto or appropriate in connection therewith. In addition to
4 Sections [the provisions of Section] 53.33 and 53.34 and the Texas
5 Non-Profit Corporation Act, as amended (Article 1396-1.01,
6 Vernon's Texas Civil Statutes), Sections 53.131, 53.14, 53.15,
7 53.31, 53.32, 53.331, 53.34, 53.35, 53.38, and 53.41 of this code~~[~~
8 ~~Texas Education Code, shall]~~ apply to and govern such corporation
9 and its procedures, [and] bonds, and other obligations.

10 SECTION 1.09. Section 53.48, Education Code, is amended to
11 read as follows:

12 Sec. 53.48. BONDS FOR ACCREDITED PRIMARY OR SECONDARY
13 SCHOOLS. In the same manner that a corporation may issue and
14 execute bonds or other obligations under this chapter for an
15 institution of higher education, a corporation created under
16 Section 53.35(b) may issue and execute bonds or other obligations
17 to finance or refinance educational facilities or housing
18 facilities to be used by an accredited primary or secondary school
19 or by an authorized charter school.

20 SECTION 1.10. Subchapter D, Chapter 54, Education Code, is
21 amended by adding Section 54.2111 to read as follows:

22 Sec. 54.2111. EXEMPTIONS FOR ADOPTED STUDENTS FORMERLY IN
23 FOSTER OR OTHER RESIDENTIAL CARE. A student is exempt from the
24 payment of tuition and fees authorized by this chapter if the
25 student:

26 (1) was adopted; and

27 (2) was the subject of an adoption assistance

1 agreement under Subchapter D, Chapter 162, Family Code.

2 SECTION 1.11. Section 54.5011, Education Code, is amended
3 to read as follows:

4 Sec. 54.5011. CHARGES AND [CREDIT CARD] FEES FOR CERTAIN
5 PAYMENTS. (a) This section applies to a payment of tuition, a fee,
6 or another charge to an institution of higher education that is made
7 or authorized in person, by mail, by telephone call, or through the
8 Internet by means of:

9 (1) an electronic funds transfer; or

10 (2) a credit card.

11 (b) An institution of higher education may charge a fee or
12 other amount in connection with a payment to which this section
13 applies, in addition to the amount of the tuition, fee, or other
14 charge being paid, including:

15 (1) a discount, convenience, or service charge for the
16 transaction; or

17 (2) a service charge in connection with a payment
18 transaction that is dishonored or refused for lack of funds or
19 insufficient funds [that accepts payment of tuition, a fee, or
20 other charge by credit card may charge the credit card user a fee
21 for processing the payment].

22 (c) [~~(b)~~] A fee or other charge [charged] under this section
23 must be in an amount reasonably related to the expense incurred by
24 the institution in processing and handling [may not exceed the
25 amount charged the institution by the issuer of the credit card in
26 connection with] the payment or payment transaction.

27 (d) [~~(c)~~] Before accepting a payment by credit card, the

1 institution shall notify the student of any fee to be charged under
2 this section.

3 SECTION 1.12. Section 153.006, Education Code, is amended
4 to read as follows:

5 Sec. 153.006. SUPPORT OF CENTERS. (a) In order to carry
6 out the purposes of this chapter and to support the activities of
7 centers described in this chapter, to the extent authorized by its
8 governing board, an institution of higher education may:

9 (1) enter into agreements establishing royalties,
10 fees, and other consideration for technology developed in whole or
11 part by it;

12 (2) accept equity interests in organizations that
13 license, manage, or otherwise administer rights to technology
14 belonging to it or under its control in exchange for such rights, in
15 whole or in part;

16 (3) accept equity interests in organizations that
17 license or otherwise have rights in its technology as consideration
18 for its providing monetary, business, scientific, or engineering
19 services or technical assistance;

20 (4) use income from the commercialization of
21 technology to fund the activities of the center;

22 (5) solicit, accept, and administer gifts, grants, and
23 donations; ~~and~~

24 (6) enter into contracts for legal services with a
25 competent lawyer or law firm to:

26 (A) prepare, file, pursue, and maintain patent
27 applications in the United States or foreign jurisdictions;

1 (B) secure copyright protection for computer
2 software;

3 (C) prepare, file, and pursue trademark and
4 service mark applications;

5 (D) pursue litigation to prevent or stop
6 infringement of any intellectual property rights of the
7 institution; or

8 (E) handle any other legal matter related to the
9 operation and activities of the center; and

10 (7) enter into such other business arrangements as may
11 be appropriate for achieving the purposes of this chapter.

12 (b) The fees or other compensation paid in connection with a
13 legal services contract authorized by Subsection (a) may be paid on
14 a contingency fee basis, at an hourly rate, or on another basis the
15 governing board of the institution considers appropriate.

16 SECTION 1.13. Section 2254.102, Government Code, is amended
17 by adding Subsection (c) to read as follows:

18 (c) This subchapter does not apply to a contract for legal
19 services entered into by an institution of higher education under
20 Section 153.006, Education Code.

21 SECTION 1.14. Subsection (d), Section 404.097, Government
22 Code, is amended to read as follows:

23 (d) Legal fees and expenses may be paid from the recovered
24 funds under a contingent fee contract for legal services only:

25 (1) after the funds are deposited in accordance with
26 this section; and

27 (2) in accordance with Subchapter C, Chapter 2254, if

1 that subchapter applies to the contract.

2 SECTION 1.15. Section 21.042, Property Code, is amended by
3 adding Subsection (f) to read as follows:

4 (f) In awarding compensation or assessing damages for a
5 condemnation by an institution of higher education, as defined by
6 Section 61.003, Education Code, the special commissioners may not
7 include in the compensation or damages any amount that compensates
8 for, or is based on the present value of, an exemption from ad
9 valorem taxation applicable to the property before its
10 condemnation.

11 SECTION 1.16. Section 55.004, Property Code, is amended by
12 adding Subsection (f) to read as follows:

13 (f) If the physician is employed in that capacity by an
14 institution of higher education, as defined by Section 61.003,
15 Education Code, and the lien does not include the amount of the
16 physician's reasonable and necessary charges described by
17 Subsection (c), the physician has a lien on the cause of action in
18 the same manner as a hospital under this chapter. The lien is
19 subject to provisions of this chapter applicable to a hospital
20 lien, and the physician or the physician's employing institution
21 may secure and enforce the lien in the manner provided by this
22 chapter.

23 SECTION 1.17. Subchapter A, Chapter 56, Education Code, is
24 amended by adding Section 56.004 to read as follows:

25 Sec. 56.004. FILING FEES IN SUITS TO COLLECT DELINQUENT
26 STUDENT LOANS. Notwithstanding any other law, if an institution of
27 higher education brings suit to collect or enforce the repayment of

1 a delinquent student loan, the institution is required to pay in
2 advance one-half of the applicable filing fee and other costs
3 payable in advance to the clerk of the court. If the defaulting
4 borrower prevails in the suit, the institution shall pay the
5 remaining one-half of the filing fee and costs on the date of the
6 final disposition of the suit. If the institution prevails in the
7 suit:

8 (1) the judgment shall include a finding that the
9 defaulting borrower is liable to the institution for the full
10 amount of the filing fee and costs; and

11 (2) the institution shall pay the remaining one-half
12 of the filing fee and costs not later than the seventh day after the
13 date on which the defaulting borrower pays to the institution the
14 full amount, including the amount of the filing fee and costs, for
15 which the borrower is liable to the institution.

16 SECTION 1.18. Section 403.072, Government Code, is amended
17 by adding Subsection (d) to read as follows:

18 (d) In its rules adopted under this section, the comptroller
19 may not require an institution of higher education, as defined by
20 Section 61.003, Education Code, that processes its own payroll to
21 submit payroll information to the comptroller relating to
22 individual employees of the institution that is not required by the
23 comptroller to make any distribution of state money to the
24 institution to cover the institution's payroll.

25 SECTION 1.19. Section 54.2111, Education Code, as added by
26 this Act, applies beginning with tuition and fees charged for the
27 2003 fall semester. Tuition and fees charged for a semester or

1 session before the 2003 fall semester are governed by the
2 applicable law in effect before the effective date of this Act, and
3 that law is continued in effect for that purpose.

4 SECTION 1.20. Section 56.004, Education Code, as added by
5 this article, applies only to a suit filed by an institution to
6 collect or enforce the repayment of a delinquent student loan on or
7 after the effective date of this Act. A suit filed before the
8 effective date is covered by the law in effect when the suit was
9 filed, and the former law is continued in effect for that purpose.

10 ARTICLE 2. HUMAN RESOURCES

11 SECTION 2.01. Section 609.001, Government Code, is amended
12 by adding Subdivision (2-a) and amending Subdivision (8) to read as
13 follows:

14 (2-a) "Institution of higher education" means an
15 institution of higher education as defined by Section 61.003,
16 Education Code, other than a public junior college.

17 (8) "State agency" means a board, commission, office,
18 department, or other agency in the executive, judicial, or
19 legislative branch of state government, including an institution of
20 higher education [~~as defined by Section 61.003, Education Code, but~~
21 ~~does not include a public junior college].~~

22 SECTION 2.02. Section 609.002, Government Code, is amended
23 to read as follows:

24 Sec. 609.002. QUALIFICATIONS FOR QUALIFIED VENDOR. A
25 vendor may be a qualified vendor for a 457 plan or a 401(k) plan
26 created by a political subdivision, [or] group of political
27 subdivisions, an institution of higher education, or a group of

1 institutions of higher education only if the vendor satisfies the
2 requirements for participation in the deferred compensation plan
3 provided by:

- 4 (1) this chapter; and
- 5 (2) the plan administrator.

6 SECTION 2.03. Subsection (b), Section 609.003, Government
7 Code, is amended to read as follows:

8 (b) The approval of an investment product for a 401(k) plan
9 of a political subdivision, ~~or~~ group of political subdivisions,
10 an institution of higher education, or a group of institutions of
11 higher education, or for a 457 plan of an institution of higher
12 education or group of institutions of higher education, must be in
13 accordance with a contract between the plan administrator and a
14 qualified vendor.

15 SECTION 2.04. Section 609.007, Government Code, is amended
16 by adding Subsection (e) to read as follows:

17 (e) An institution of higher education may contract with an
18 employee of the institution of higher education for the deferment
19 of any part of the employee's compensation.

20 SECTION 2.05. Chapter 609, Government Code, is amended by
21 adding Subchapter D to read as follows:

22 SUBCHAPTER D. DEFERRED COMPENSATION PLANS FOR EMPLOYEES OF
23 INSTITUTIONS OF HIGHER EDUCATION

24 Sec. 609.701. DEFINITIONS. In this subchapter:

25 (1) "Deferred compensation plan" means a plan
26 established under this subchapter.

27 (2) "Deferred compensation trust fund" means the fund

1 in which deferred amounts and investment income of participating
2 employees are temporarily held.

3 (3) "Investment product" includes a fixed or variable
4 rate annuity, mutual fund, certificate of deposit, money market
5 account, passbook savings account, stock, bond, obligation, and any
6 other investment product not prohibited under Section 457, Internal
7 Revenue Code of 1986, as amended.

8 Sec. 609.702. CREATION OF PLAN. (a) An institution of
9 higher education may create and administer for its employees a 457
10 plan under this subchapter.

11 (b) An institution of higher education may contract with
12 other institutions of higher education to create a single deferred
13 compensation plan for their employees under Subsection (a).

14 Sec. 609.703. DESIGNATION OF PLAN ADMINISTRATOR. (a) An
15 institution of higher education that creates a deferred
16 compensation plan shall designate a plan administrator for the
17 plan.

18 (b) Institutions of higher education that create a single
19 plan shall designate jointly a plan administrator for the plan.

20 (c) A plan administrator may be an employee, a nonprofit
21 corporation, an individual, a trustee, a private entity, another
22 institution of higher education, or an association of institutions
23 of higher education.

24 Sec. 609.704. REMOVAL OF PLAN ADMINISTRATOR. An
25 institution of higher education or group of institutions of higher
26 education that designates a plan administrator may remove the plan
27 administrator at any time unless specifically provided otherwise by

1 contract.

2 Sec. 609.705. OVERSIGHT COMMITTEE. (a) An institution of
3 higher education or group of institutions of higher education that
4 creates a deferred compensation plan may direct and supervise the
5 activities of the plan administrator through an oversight
6 committee.

7 (b) The institution of higher education or group shall
8 determine the authority, activities, and composition of an
9 oversight committee created under this section.

10 Sec. 609.706. AUTHORITY OF PLAN ADMINISTRATOR. (a) A plan
11 administrator shall execute necessary contracts for the
12 administration of the deferred compensation plan, subject to any
13 prior approval required by the institution of higher education or
14 group of institutions of higher education that created the plan.

15 (b) A plan administrator shall develop and implement
16 criteria and procedures for any matter not covered by this
17 subchapter that the plan administrator considers appropriate for
18 the operation of the deferred compensation plan.

19 Sec. 609.707. INVESTMENT AND TRANSFER OF DEFERRED AMOUNTS
20 AND INCOME. The plan administrator shall:

21 (1) invest the deferred amounts and investment income
22 of a participating employee in the qualified investment products
23 designated by the employee; and

24 (2) transfer the deferred amounts and investment
25 income of a participating employee from one qualified investment
26 product to another on the employee's request.

27 Sec. 609.708. PARTICIPATION OF INDEPENDENT CONTRACTORS.

1 (a) The plan administrator shall determine whether a person who
2 provides services as an independent contractor to an institution of
3 higher education that created the plan may participate in the
4 deferred compensation plan.

5 (b) For the purposes of Subchapter A and this subchapter, an
6 independent contractor that is authorized to participate in a
7 deferred compensation plan is treated as an employee of the
8 institution of higher education creating the plan.

9 Sec. 609.709. CHANGING AMOUNT DEFERRED. An employee may
10 change the amount to be deferred by notifying the plan
11 administrator of the change in accordance with the requirements of
12 the administrator.

13 Sec. 609.710. DISTRIBUTION. A plan administrator shall
14 develop and implement procedures for:

15 (1) the designation by a participating employee of a
16 beneficiary to receive the employee's deferred amounts and
17 investment income after the employee's death; and

18 (2) the distribution of a participating employee's
19 deferred amounts and investment income to the employee or the
20 employee's beneficiary, as appropriate, because of the employee's
21 death or termination of employment, a financial hardship, or
22 another reason permissible under federal law.

23 Sec. 609.711. FEE. (a) An institution of higher education
24 or group of institutions of higher education that creates a
25 deferred compensation plan may assess a fee for the administration
26 of the plan against each participating employee.

27 (b) The institution of higher education or group of

1 institutions of higher education shall determine the method for
2 computing and assessing the fee.

3 Sec. 609.712. EVALUATION AND APPROVAL OF QUALIFIED VENDOR.

4 (a) A plan administrator shall develop and implement criteria and
5 procedures for evaluating a vendor's application to become a
6 qualified vendor.

7 (b) A plan administrator may not approve a vendor's
8 application if the vendor is:

9 (1) a state or national bank or savings and loan
10 association, the deposits of which are not insured by the Federal
11 Deposit Insurance Corporation;

12 (2) a credit union, the deposits of which are not
13 insured by the National Credit Union Administration Board; or

14 (3) an insurance company that:

15 (A) is not a member of the Texas Life, Accident,
16 Health, and Hospital Service Insurance Guaranty Association; or

17 (B) is an impaired or insolvent insurer under
18 Article 21.28-D, Insurance Code.

19 (c) On written request, the Texas Department of Insurance
20 shall certify in writing to a plan administrator whether an
21 insurance company is prohibited from being approved as a qualified
22 vendor under Subsection (b)(3). The plan administrator may rely on
23 the certification.

24 Sec. 609.713. NUMBER OF VENDORS UNDER 457 PLAN. The plan
25 administrator of a 457 plan shall determine the minimum and maximum
26 number of vendors that may be qualified vendors for the plan at any
27 given time.

1 Sec. 609.714. CONTRACT WITH QUALIFIED VENDOR. (a) After a
2 plan administrator approves an application of a vendor to become a
3 qualified vendor, the plan administrator shall execute a written
4 contract with the vendor to participate in the deferred
5 compensation plan.

6 (b) A plan administrator shall develop and implement
7 criteria and procedures for evaluating a qualified vendor's
8 investment products to determine whether those products are
9 acceptable as qualified investment products.

10 (c) A qualified vendor may offer to employees participating
11 in a 457 plan only qualified investment products.

12 Sec. 609.715. REGULATION OF QUALIFIED VENDORS. A plan
13 administrator shall develop and implement requirements for
14 qualified vendors and their employees concerning disclosure,
15 reporting, standards of conduct, solicitation, advertising,
16 relationships with participating employees, the nature and quality
17 of services provided to those employees, and other matters.

18 Sec. 609.716. TRANSFER ON VENDOR'S FAILURE. An institution
19 of higher education or group of institutions of higher education
20 that creates a deferred compensation plan may authorize or require
21 as a part of the plan that the plan administrator immediately
22 transfer to the deferred compensation trust fund all deferred
23 amounts and investment income from a vendor who fails to satisfy the
24 requirements of this subchapter or the plan administrator.

25 SECTION 2.06. Subsection (a), Section 51.964, Education
26 Code, is amended to read as follows:

27 (a) An institution of higher education as defined by Section

1 61.003 may employ a person who has retired under the Teacher
2 Retirement System (Subtitle C, Title 8, Government Code) or the
3 optional retirement program (Chapter 830, Government Code) if:

4 (1) the governing board of the institution determines
5 that the employment is in the best interests of the institution; and

6 (2) the person has been retired for at least 30 days
7 [~~one calendar year~~] before the effective date of the employment,
8 except that a person retired under the optional retirement program
9 may be rehired after retirement without a break in service.

10 SECTION 2.07. Subchapter A, Chapter 51, Education Code, is
11 amended by adding Section 51.0065 to read as follows:

12 Sec. 51.0065. APPLICABILITY OF ACROSS-THE-BOARD SALARY
13 INCREASE. An institution of higher education that has adopted a
14 pay-for-performance program that is in effect when an
15 across-the-board salary increase for state employees made by an
16 appropriation act of the legislature takes effect is entitled to
17 receive any appropriation made for purposes of the across-the-board
18 salary increase, and may use the amount appropriated for an
19 across-the-board salary increase or for increases in compensation
20 under the institution's pay-for-performance program.

21 SECTION 2.08. Section 1601.102, Insurance Code, is amended
22 by amending Subsection (b) and adding Subsections (f) and (g) to
23 read as follows:

24 (b) An individual is eligible to participate in the uniform
25 program as provided by Subsection (a) if:

26 (1) the individual has at least 10 [~~three~~] years of
27 service with a system for which the individual was eligible to

1 participate in the uniform program under Section 1601.101;

2 (2) the individual's last state employment before
3 retirement was with that system; and

4 (3) the individual retires under the jurisdiction of:

5 (A) the Teacher [~~Teachers~~] Retirement System of
6 Texas under Subtitle C, Title 8, Government Code;

7 (B) the Employees Retirement System of Texas; or

8 (C) subject to Subsection (c):

9 (i) the optional retirement program
10 established by Chapter 830, Government Code; or

11 (ii) any other federal or state statutory
12 retirement program to which the system has made employer
13 contributions.

14 (f) Notwithstanding Subsection (b), an individual to whom
15 this subsection applies is eligible to participate in the uniform
16 program as provided by Subsection (a) if:

17 (1) the individual has at least three years of service
18 with a system for which the individual was eligible to participate
19 in the uniform program under Section 1601.101;

20 (2) the individual's last state employment before
21 retirement was with that system; and

22 (3) the individual retires under the jurisdiction of:

23 (A) the Teacher Retirement System of Texas under
24 Subtitle C, Title 8, Government Code;

25 (B) the Employees Retirement System of Texas; or

26 (C) subject to Subsection (c):

27 (i) the optional retirement program

1 established by Chapter 830, Government Code; or

2 (ii) any other federal or state statutory
3 retirement program to which the system has made employer
4 contributions.

5 (g) Subsection (f) applies only to a person who, on August
6 31, 2003:

7 (1) was eligible to participate in the uniform program
8 as an employee under Section 1601.101; or

9 (2) was eligible to participate in the uniform program
10 as a retired employee under this section as this section existed on
11 January 1, 2003.

12 SECTION 2.09. The heading to Section 51.961, Education
13 Code, as added by Chapter 118, Acts of the 77th Legislature, Regular
14 Session, 2001, is amended to read as follows:

15 Sec. 51.961. LEAVE PROVISIONS FOR [~~CERTAIN~~] EMPLOYEES OF
16 UNIVERSITY SYSTEM OR COMPONENT INSTITUTION OF SYSTEM.

17 SECTION 2.10. Subsections (a) and (b), Section 51.961,
18 Education Code, as added by Chapter 118, Acts of the 77th
19 Legislature, Regular Session, 2001, are amended to read as follows:

20 (a) In this section:

21 (1) "Governing board[~~7~~]" [~~"medical and dental unit,"~~]
22 and "university system" have the meanings assigned by Section
23 61.003.

24 (2) "Leave" includes vacation leave, sick leave, and
25 holidays.

26 (b) The governing board of a university system may adopt a
27 comprehensive leave policy that applies to employees [~~working in a~~

1 ~~hospital or clinic of a medical and dental unit]~~ of the university
2 system or any component institution of the system.

3 SECTION 2.11. Section 1601.101, Insurance Code, as
4 effective June 1, 2003, is amended by adding Subsection (d) to read
5 as follows:

6 (d) An individual is eligible to participate in the uniform
7 program as provided by Subsection (a) if the individual is serving a
8 postdoctoral fellowship with an institution in a system.

9 SECTION 2.12. The changes in law made by this article to
10 Sections 609.001, 609.002, 609.003, and 609.007, Government Code,
11 and Subchapter D, Chapter 609, Government Code, as added by this
12 article, take effect January 1, 2004.

13 SECTION 2.13. Subsection (d), Section 1601.101, Insurance
14 Code, as added by this article, takes effect September 1, 2003.

15 ARTICLE 3. INFORMATION TECHNOLOGY

16 SECTION 3.01. Section 2054.100, Government Code, is amended
17 by adding Subsection (d) to read as follows:

18 (d) The biennial operating plan of an institution of higher
19 education is required to include only operational projects and
20 infrastructure projects. The instructions provided under Section
21 2054.101 may not require an institution of higher education to
22 include other projects in the plan.

23 SECTION 3.02. Section 2054.121, Government Code, is amended
24 to read as follows:

25 Sec. 2054.121. COORDINATION WITH [~~AMONG~~] INSTITUTIONS OF
26 HIGHER EDUCATION. (a) An institution of higher education shall
27 coordinate its use of information technologies with other such

1 institutions to more effectively provide education, research, and
2 community service.

3 (b) The Information Technology Council for Higher Education
4 consists of the chief information officer or equivalent employee
5 of:

6 (1) The Texas A&M University System;

7 (2) The University of Texas System;

8 (3) The Texas State University System;

9 (4) The University of North Texas System;

10 (5) The University of Houston System;

11 (6) The Texas Tech University System; and

12 (7) one institution of higher education, other than a
13 public junior college, not included in a university system listed
14 in this subsection who is selected by a majority of the chief
15 executive officers of all the institutions of higher education,
16 other than public junior colleges, not included in a listed
17 university system.

18 (c) Before adopting a proposed rule that applies to
19 institutions of higher education, the department shall prepare, in
20 consultation with the council established by Subsection (b), an
21 analysis of the impact of the rule on institutions of higher
22 education that includes consideration of:

23 (1) the impact of the rule on the mission of higher
24 education, student populations, and federal grant requirements;

25 (2) alternate methods of implementation to achieve the
26 purpose of the rule; and

27 (3) exempting institutions of higher education from

1 all or part of the requirements of the rule.

2 (d) The department shall include its analysis as part of the
3 notice of the proposed rule that the agency files with the secretary
4 of state for publication in the Texas Register and shall provide
5 copies to the governor, the lieutenant governor, and the speaker of
6 the house of representatives.

7 (e) Each department rule that applies to institutions of
8 higher education and that is in effect on September 1, 2003, ceases
9 to apply to institutions of higher education on September 1, 2004,
10 unless readopted by the department on or after September 1, 2003, in
11 a form that expressly applies to institutions of higher education.

12 ARTICLE 4. REGULATORY AND ADMINISTRATIVE MATTERS

13 SECTION 4.01. Subsection (i), Section 51.782, Education
14 Code, is amended to read as follows:

15 (i) A construction manager-at-risk shall publicly
16 advertise, in the manner prescribed by the institution, and receive
17 bids or proposals from trade contractors or subcontractors for the
18 performance of all major elements of the work other than [~~the minor~~
19 ~~work that may be included in the~~] general conditions work. A
20 construction manager-at-risk may seek to perform major elements
21 [~~portions~~] of the work itself if the construction manager-at-risk
22 submits its bid or proposal for that [~~those portions of the~~] work in
23 the same manner as all other trade contractors or subcontractors
24 and if the board determines that the construction manager-at-risk's
25 bid or proposal provides the best value for the institution. If no
26 satisfactory bid or proposal for a major element of the work is
27 received in the time allowed, the board may negotiate directly with

1 the construction manager-at-risk for performance of that work. The
2 board may negotiate directly with the manager-at-risk for the
3 performance of minor elements of the work that are not included in
4 major work packages.

5 SECTION 4.02. Subchapter B, Chapter 502, Labor Code, is
6 amended by adding Section 502.025 to read as follows:

7 Sec. 502.025. COVERAGE FOR OUT-OF-STATE EMPLOYEES. (a) An
8 employee who performs services outside this state is entitled to
9 benefits under this chapter even if the person:

- 10 (1) is hired or not hired in this state;
- 11 (2) does not work in this state;
- 12 (3) works both in this state and out of state;
- 13 (4) is injured outside this state; or
- 14 (5) has been outside this state for more than one year.

15 (b) An employee who elects to pursue remedies provided by
16 this state where the injury occurred is not entitled to benefits
17 under this chapter.

18 SECTION 4.03. Subchapter B, Chapter 503, Labor Code, is
19 amended by adding Section 503.025 to read as follows:

20 Sec. 503.025. COVERAGE FOR OUT-OF-STATE EMPLOYEES. (a) An
21 employee who performs services outside this state is entitled to
22 benefits under this chapter even if the person:

- 23 (1) is hired or not hired in this state;
- 24 (2) does not work in this state;
- 25 (3) works both in this state and out of state;
- 26 (4) is injured outside this state; or
- 27 (5) has been outside this state for more than one year.

1 (b) An employee who elects to pursue remedies provided by
2 this state where the injury occurred is not entitled to benefits
3 under this chapter.

4 SECTION 4.04. Section 65.45, Education Code, is amended to
5 read as follows:

6 Sec. 65.45. SCIENCE AND ~~[CENTER FOR]~~ TECHNOLOGY
7 DEVELOPMENT, MANAGEMENT, AND TRANSFER. (a) The legislature finds
8 that it is essential to the economic growth of the state that the
9 potential for the development and growth of high technology
10 industry be promoted and expanded. As a means of accomplishing this
11 purpose, the board ~~[is authorized to establish, maintain, and~~
12 ~~support a Center for Technology Development and Transfer at The~~
13 ~~University of Texas at Austin and may accept and administer, upon~~
14 ~~terms and conditions acceptable to the board, gifts, grants, and~~
15 ~~donations to aid in the establishment, maintenance, and operation~~
16 ~~of the center.~~

17 ~~[(b) Subject to the rules and regulations of the board, the~~
18 ~~center]~~ may enter into ~~[solicit and submit for approval of the~~
19 ~~board]~~ agreements with individuals, corporations, partnerships,
20 associations, and local, state, or federal agencies for funding the
21 discovery, development, and commercialization of new products,
22 technology, and scientific information, including an agreement to
23 manage a national laboratory engaged in any of those endeavors. At
24 the discretion of the board, research facilities, funding, and
25 personnel at the various component institutions of The University
26 of Texas System may be utilized to achieve the purposes of this
27 section.

1 **(b)** [~~(c)~~] As a means of carrying out the purposes of [~~the~~
2 ~~center under~~] this section, the board may, [~~either through the~~
3 ~~center or~~] through one or more corporations incorporated by the
4 board or under any other cooperative arrangement:

5 (1) own and license rights to products, technology,
6 and scientific information;

7 (2) own shares in corporations engaged in the
8 discovery, development, manufacture, management, or marketing of
9 products, technology, or scientific information in this state or
10 outside this state [~~under a license from the board, the center, or a~~
11 ~~corporation owned or controlled by the board~~];

12 (3) participate [~~as the general partner or as a~~
13 ~~limited partner~~], either directly or through a subsidiary
14 corporation or other legal entity formed for that purpose, [~~in~~
15 ~~limited partnerships, general partnerships, or joint ventures~~
16 ~~engaged~~] in the discovery, development, manufacture, management,
17 or marketing of products, technology, or scientific information on
18 behalf of the United States or a state or local governmental entity
19 [~~under a license from the board, the center, or a corporation owned~~
20 ~~or controlled by the board~~]; and

21 (4) carry on and support such other activities as the
22 board may deem appropriate for achieving the purposes of this
23 section.

24 **(c)** [~~(d) The Center for Technology Development and Transfer~~
25 ~~established by this section shall not receive general revenue funds~~
26 ~~through special item appropriation in the biennial General~~
27 ~~Appropriations Act.~~

1 [~~(e)~~] The board may [~~Center for Technology Development and~~
2 ~~Transfer established by this section shall~~] cooperate in any manner
3 the board considers appropriate [~~fully~~] with similar programs
4 operated by other state-supported institutions of higher education
5 in this state or in other states.

6 SECTION 4.05. The heading to Section 551.121, Government
7 Code, is amended to read as follows:

8 Sec. 551.121. GOVERNING BOARD OF INSTITUTION OF HIGHER
9 EDUCATION; BOARD FOR LEASE OF UNIVERSITY LANDS.

10 SECTION 4.06. Subsections (b), (c), and (e), Section
11 551.121, Government Code, are amended to read as follows:

12 (b) This chapter does not prohibit the governing board of an
13 institution of higher education or the Board for Lease of
14 University Lands from holding an open or closed meeting by
15 telephone conference call.

16 (c) A meeting held by telephone conference call may be held
17 only if:

18 (1) the meeting is a special called meeting and
19 immediate action is required; and

20 (2) the convening at one location of a quorum of the
21 governing board or Board for Lease of University Lands is difficult
22 or impossible.

23 (e) The notice of a a [~~the~~] telephone conference call meeting
24 of a governing board must specify as the location of the meeting the
25 location where meetings of the governing board are usually held.
26 For a meeting of the governing board of a university system, the
27 notice must specify as the location of the meeting the board's

1 conference room at the university system office. For a meeting of
2 the Board for Lease of University Lands, the notice must specify as
3 the location of the meeting a suitable conference or meeting room at
4 The University of Texas System office.

5 SECTION 4.07. Subchapter C, Chapter 552, Government Code,
6 is amended by adding Section 552.1235 to read as follows:

7 Sec. 552.1235. EXCEPTION: IDENTITY OF PRIVATE DONOR TO
8 INSTITUTION OF HIGHER EDUCATION. (a) The name or other
9 information that would tend to disclose the identity of a person,
10 other than a governmental body, who makes a gift, grant, or donation
11 of money or property to an institution of higher education or to
12 another person with the intent that the money or property be
13 transferred to an institution of higher education is excepted from
14 the requirements of Section 552.021.

15 (b) Subsection (a) does not except from required disclosure
16 other information relating to gifts, grants, and donations
17 described by Subsection (a), including the amount or value of an
18 individual gift, grant, or donation.

19 (c) In this section, "institution of higher education" has
20 the meaning assigned by Section 61.003, Education Code.

21 SECTION 4.08. Subsection (a), Section 2161.123, Government
22 Code, is amended to read as follows:

23 (a) Each state agency, including the commission, that is
24 required to have a [~~shall prepare as part of its~~] strategic plan
25 under Chapter 2056 shall include in its strategic plan a written
26 plan for increasing the agency's use of historically underutilized
27 businesses in purchasing and public works contracting. The

1 governing board of each university system or institution of higher
2 education not included in a university system, other than a public
3 junior college, shall prepare a written plan for increasing the use
4 of historically underutilized businesses in purchasing and public
5 works contracting by the system or institution.

6 SECTION 4.09. Section 85.51, Education Code, is amended to
7 read as follows:

8 Sec. 85.51. AUTHORITY TO LEASE. (a) The board may lease
9 for oil, gas, sulphur, mineral ore, and other mineral developments
10 [~~to the highest bidder at public auction~~] all lands and mineral
11 interests [~~used for experimental stations and all other lands~~]
12 under its [~~exclusive~~] control, [~~or any part of those lands,~~] owned
13 or in the future acquired by the state for the use of the university
14 system.

15 (b) The board shall offer oil and gas leases at public
16 auction, by sealed bid, by negotiated agreement, or through any
17 other means that the board considers to be in the best interest of
18 the university system.

19 SECTION 4.10. Subchapter B, Chapter 85, Education Code, is
20 amended by adding Section 85.18 to read as follows:

21 Sec. 85.18. MANDATORY VENUE. (a) Venue for a suit filed
22 against the board or a member of the board in the member's official
23 capacity is in Brazos County.

24 (b) Venue for a suit filed against The Texas A&M University
25 System, any component of The Texas A&M University System, or any
26 officer or employee of The Texas A&M University System is in the
27 county in which the primary office of the chief executive officer of

1 the system or component, as applicable, is located.

2 (c) This section does not waive any defense to or immunity
3 from suit or liability that may be asserted by an entity or
4 individual described by this section.

5 (d) In case of a conflict between this section and any other
6 law, this section controls.

7 (e) The changes in law made by the adoption of this section
8 apply only to an action brought on or after September 1, 2003.

9 SECTION 4.11. Sections 502.025 and 503.025, Labor Code, as
10 added by this article, apply only to a claim for workers'
11 compensation benefits based on a compensable injury that occurs on
12 or after the effective date of this Act. A claim based on a
13 compensable injury that occurs before the effective date of this
14 Act is governed by the law in effect on the date the injury
15 occurred, and the former law is continued in effect for that
16 purpose.

17 SECTION 4.12. Section 552.1235, Government Code, as added
18 by this article, applies to a request for information made before,
19 on, or after the effective date of this Act.

20 ARTICLE 5. REPORTING

21 SECTION 5.01. Subsections (b) and (c), Section 51.680,
22 Education Code, are amended to read as follows:

23 (b) No later than January 31, 1988, the commissioner of
24 higher education shall inform institutions of higher education
25 whether their intellectual property policies meet the minimum
26 standards set out in Subsection (a) [~~of this section~~]. Thereafter,
27 an institution [~~institutions~~] of higher education may file or post

1 on the institution's website on the Internet in a manner available
2 to the public policies amended to overcome any failure to meet the
3 ~~[said]~~ standards. The commissioner shall within a reasonable time
4 after receiving an amended policy inform the submitting institution
5 whether it meets the ~~[said]~~ standards.

6 (c) It is a policy of the state that each institution of
7 higher education shall at all times after August 31, 1988, have ~~[on~~
8 ~~file with the Coordinating Board, Texas College and University~~
9 ~~System,]~~ a current copy of its intellectual property policies
10 that~~[, which policies shall at all times]~~ meet the minimum
11 standards set out in Subsection (a) on file with the Texas Higher
12 Education Coordinating Board or posted on the institution's website
13 on the Internet in a manner available to the public ~~[of this~~
14 ~~section]~~. The commissioner of higher education shall establish
15 procedures for the monitoring of this policy of the state.

16 SECTION 5.02. Section 2152.064, Government Code, is amended
17 by adding Subsection (f) to read as follows:

18 (f) This section does not apply to a university system or an
19 institution of higher education as those terms are defined by
20 Section 61.003, Education Code.

21 SECTION 5.03. Section 2155.448, Government Code, is amended
22 by adding Subsection (d) to read as follows:

23 (d) This section does not apply to a university system or an
24 institution of higher education as those terms are defined by
25 Section 61.003, Education Code.

26 SECTION 5.04. Subsection (a), Section 2166.101, Government
27 Code, is amended to read as follows:

1 (a) This section applies to a state-owned building,
2 including a building otherwise exempt from this chapter under
3 Section 2166.003, except that this section does not apply to a
4 building owned by an institution of higher education as defined by
5 Section 61.003, Education Code.

6 SECTION 5.05. Subsection (f), Section 2166.101, Government
7 Code, is repealed.

8 ARTICLE 6. INTERCOLLEGIATE ATHLETICS FEE AT PRAIRIE VIEW A&M
9 UNIVERSITY

10 SECTION 6.01. Subchapter E, Chapter 54, Education Code, is
11 amended by adding Section 54.5393 to read as follows:

12 Sec. 54.5393. INTERCOLLEGIATE ATHLETICS FEE: PRAIRIE VIEW
13 A&M UNIVERSITY. (a) The board of regents of The Texas A&M
14 University System may impose an intercollegiate athletics fee on
15 each student enrolled at Prairie View A&M University in an amount
16 not to exceed \$10 per semester credit hour.

17 (b) The amount of the fee imposed on a student in a semester
18 or session may not exceed the amount of the fee imposed on a student
19 enrolled in 15 semester credit hours during the same semester or
20 session.

21 (c) The fee may not be imposed unless approved by a majority
22 vote of the students of the university participating in a general
23 student election held for that purpose.

24 (d) A fee imposed under this section shall be used to
25 develop and maintain an intercollegiate athletics program at the
26 university.

27 (e) A fee imposed under this section is in addition to any

1 other fee authorized by law and may not be considered in determining
2 the maximum amount of student services fees that may be imposed
3 under Section 54.503.

4 (f) This section expires September 1, 2013.

5 SECTION 6.02. This article applies beginning with the 2003
6 fall semester.

7 ARTICLE 7. UNIVERSITY OF NORTH TEXAS AT DALLAS

8 SECTION 7.01. Subsection (d), Section 105.451, Education
9 Code, is amended to read as follows:

10 (d) Notwithstanding any other provision of this subchapter,
11 the University of North Texas at Dallas may operate as a general
12 academic teaching institution with its own chief executive officer,
13 administration, and faculty only after the Texas Higher Education
14 Coordinating Board certifies that enrollment at the University of
15 North Texas System Center at Dallas has reached an enrollment
16 equivalent to 1,000 [~~2,500~~] full-time students for one semester.
17 Until that enrollment level is reached, the board may operate a
18 system center of the University of North Texas in the city of
19 Dallas. Prior to reaching 2,500 full-time equivalent students, the
20 University of North Texas at Dallas may not receive general revenue
21 in excess of the 2003 expended amount with the exception of funding
22 provided through the General Academic Instruction and Operations
23 Formula for semester credit hour increases and the Tuition Revenue
24 Bond debt service for bonds approved in the 78th Legislature. The
25 institution will not be eligible to receive the small school
26 supplement in the General Academic Instruction and Operations
27 Formula until it reaches 2,500 full-time equivalent student

1 enrollment.

2 ARTICLE 8. STUDY OF ORGANIZATION, OPERATIONS,
3 AND FUNDING OF HIGHER EDUCATION

4 SECTION 8.01. The legislature finds that:

5 (1) it is vital to the economy of this state that all
6 areas of the state have access to quality higher education;

7 (2) it is in the interest of all residents of this
8 state that an efficient and sufficiently funded higher education
9 infrastructure exist that affords residents opportunities to
10 become educated and productive members of the state's economy; and

11 (3) the Texas Higher Education Coordinating Board's
12 report on closing the gaps provides an appropriate starting point
13 for constructing a plan for meeting the state's current and future
14 higher education needs.

15 SECTION 8.02. (a) An interim committee is established to
16 study the organization, operations, and funding of higher
17 education. The interim committee is composed of:

18 (1) six members of the house of representatives
19 appointed by the speaker of the house of representatives;

20 (2) six members of the senate appointed by the
21 lieutenant governor; and

22 (3) four public members appointed by the governor.

23 (b) The membership of the committee must be representative
24 of all geographic areas of the state.

25 (c) The committee shall be cochaired by the chairs of the
26 standing committee of each house of the legislature with primary
27 jurisdiction over higher education.

1 (d) The committee shall:

2 (1) study the structure and organization of higher
3 education in this state, including the administration and
4 operations of public and independent institutions of higher
5 education; and

6 (2) study the equity and adequacy of higher education
7 funding and its relationship to the purposes of higher education,
8 including providing opportunities to students to achieve their
9 educational goals, furthering knowledge through research, and
10 providing direct services as local, regional, and state engines of
11 economic development.

12 (e) In its review, the committee shall examine the effects
13 of student and community characteristics on the costs of higher
14 education, including the income and education levels of the
15 families of students, unemployment rates, population growth, and
16 other uncontrollable factors.

17 (f) In its review, the committee shall identify the number
18 and types of classified and unclassified positions in the
19 administration of each university system and examine each major
20 function, service, or activity performed by university system
21 offices, including:

- 22 (1) central administration;
23 (2) academic affairs coordination and support;
24 (3) general counsel and other legal services;
25 (4) budgeting, accounting, and data reporting;
26 (5) fiscal management;
27 (6) facilities planning and construction;

- 1 (7) governmental relations;
- 2 (8) audit services;
- 3 (9) real estate management;
- 4 (10) information technology services; and
- 5 (11) aircraft operation and usage.

6 (g) In its recommendations, the committee shall identify
7 opportunities for legislative and administrative action relating
8 to:

9 (1) changes in the organization and operations of
10 institutions of higher education that will improve opportunities
11 for residents of all areas of the state to enroll in and complete
12 programs of higher education;

13 (2) changes in the funding of institutions of higher
14 education and university systems to maximize the state's limited
15 resources to meet the higher education needs of the state,
16 including incentives for sharing arrangements to improve
17 productivity;

18 (3) accountability measures and performance
19 incentives for institutions of higher education and university
20 systems that are aligned with the purposes of higher education and
21 that are sensitive to mission differentiation among institutions of
22 higher education;

23 (4) the consolidation or reorganization of university
24 system office functions and services, including the consolidation
25 or reorganization of university systems to promote efficiency and
26 productivity; and

27 (5) potential reductions in personnel and other cost

1 savings associated with the committee's recommendations.

2 (h) The committee's recommendations under Subsection (g) of
3 this section must include a plan for deregulating seminaries and
4 similar institutions offering exclusively religious education or
5 training. The plan must permit those institutions to confer or
6 offer to confer religious degrees without accreditation and may
7 include disclosure requirements and other appropriate safeguards
8 to address potential fraud or deception. The requirements or
9 safeguards may not authorize the state or a political subdivision
10 of the state to assert regulatory authority over religious degree
11 programs offered by those institutions.

12 (i) Not later than November 1, 2004, the committee shall
13 prepare a report describing its findings and recommendations and
14 deliver the report to the governor, lieutenant governor, speaker of
15 the house of representatives, Legislative Budget Board, and members
16 of the standing committee of each house of the legislature with
17 primary jurisdiction over higher education.

18 (j) The committee is abolished and this section expires
19 September 1, 2005.

20 ARTICLE 9. SECURITY OFFICERS

21 SECTION 9.01. (a) Section 51.214, Education Code, is
22 amended to read as follows:

23 Sec. 51.214. SECURITY OFFICERS FOR MEDICAL CORPORATIONS IN
24 CERTAIN MUNICIPALITIES. (a) In any municipality with a population
25 of 1.18 million or more, the governing board of a private, nonprofit
26 medical corporation that provides security services for an
27 institution of higher education or a private postsecondary

1 educational institution and other entities located within the same
2 medical complex, or that provides security services for a branch of
3 that medical corporation [~~complex~~], may employ and commission
4 security personnel to enforce the law of this state within the
5 jurisdiction designated by Subsection (c) [~~at the medical complex~~
6 ~~and its branches~~].

7 (b) An officer commissioned under this section may make
8 arrests and has all the powers, privileges, and immunities of a
9 peace officer while [~~on the property under the control and~~
10 ~~jurisdiction of the medical corporation or while otherwise~~]
11 performing the officer's [~~his~~] assigned duties within the
12 jurisdiction designated by Subsection (c). An officer assigned to
13 duty and commissioned shall take and file the oath required of peace
14 officers and shall execute and file a good and sufficient bond in
15 the sum of \$1,000, payable to the governor, with two or more good
16 and sufficient sureties, conditioned that the officer [~~he~~] will
17 fairly, impartially, and faithfully perform the duties required of
18 the officer [~~him~~] by law. The bond may be sued on from time to time
19 in the name of the person injured until the whole amount is
20 recovered.

21 (c) The jurisdiction of an officer commissioned under this
22 section is limited to:

23 (1) property owned, leased, managed, or controlled by
24 the medical corporation; and

25 (2) a street or alley that abuts the property or an
26 easement in or a right-of-way over or through the property.

27 (d) An officer commissioned by a medical corporation under

1 this section is not entitled to compensation or benefits provided
2 by this state or a political subdivision of this state.

3 (e) The state or a political subdivision of this state is
4 not liable for an act or omission of an officer commissioned under
5 this section during the performance of the officer's assigned
6 duties.

7 (f) A medical corporation may not commission a person under
8 this section unless the person obtains a peace officer license
9 issued by the Commission on Law Enforcement Officer Standards and
10 Education. The medical corporation shall pay to the Commission on
11 Law Enforcement Officer Standards and Education on behalf of an
12 employee any fees that are necessary to obtain a required license.

13 (g) A person's commission and any authority to act as an
14 officer under this section are automatically revoked if the
15 person's employment with a medical corporation is terminated for
16 any reason.

17 (b) This section takes effect September 1, 2003.

18 (c) A person commissioned before the effective date of this
19 section by a private nonprofit medical corporation under Section
20 51.214, Education Code, must obtain a peace officer license issued
21 by the Commission on Law Enforcement Officer Standards and
22 Education not later than September 1, 2004. If that person does not
23 obtain the license by that date, the person's commission and any
24 authority to act as an officer under Section 51.214, Education
25 Code, as amended by this section, are automatically revoked.

26 ARTICLE 10. EFFECTIVE DATE

27 SECTION 10.01. Except as otherwise provided by this Act,

1 this Act takes effect immediately if it receives a vote of
2 two-thirds of all the members elected to each house, as provided by
3 Section 39, Article III, Texas Constitution. If this Act does not
4 receive the vote necessary for immediate effect, this Act takes
5 effect September 1, 2003.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1652 passed the Senate on May 12, 2003, by the following vote: Yeas 31, Nays 0; May 30, 2003, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 30, 2003, House granted request of the Senate; June 1, 2003, Senate adopted Conference Committee Report by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1652 passed the House, with amendments, on May 28, 2003, by the following vote: Yeas 137, Nays 0, two present not voting; May 30, 2003, House granted request of the Senate for appointment of Conference Committee; June 1, 2003, House adopted Conference Committee Report by the following vote: Yeas 147, Nays 0, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor