

Amend **HB 3851** on third reading (Senate committee printing) by inserting the following sections and renumbering subsequent sections accordingly.

SECTION ____ Subchapter G, Chapter 51, Education Code, is amended by adding Sections 51.358 and 51.359 to read as follows:

Sec. 51.358. INTERIM ADMINISTRATION OF CERTAIN INSTITUTIONS ON FINDING OF FINANCIAL OR ADMINISTRATIVE EXIGENCY.

(a) In this section, "university" means a general academic teaching institution as defined by Section 61.003.

(b) This section applies only to a university or university system.

(c) The governor may make an independent finding that a condition of financial or administrative exigency exists within a university or university system that:

(1) creates continuing and pervasive instability in the operation and management of the university or system; or

(2) results in the university or system consistently failing to properly perform all or part of the primary functions or duties of the university or system.

(d) The governor shall notify each member of the legislative audit committee of the governor's finding under Subsection (c). The legislative audit committee shall meet to act on the governor's finding, at the call of either chair of the committee, not later than the 10th business day after the latest date a member of the committee receives notice from the governor under this subsection.

(e) The governor may abolish the governing body of the university or university system if the legislative audit committee concurs with the governor's finding under Subsection (c).

(f) If the governing body is abolished under this section, an interim governing board for the university or university system is reconstituted composed of five members appointed by the governor with the advice and consent of the senate. Each member appointed under this subsection holds office for a term expiring on the second anniversary of the date of the first appointment of a member of the interim governing board. In consultation with the governor, the interim governing board may appoint an interim president or chancellor to the university or system with the duties determined

by the interim governing board to serve during the term of the interim governing board.

(g) Following the expiration of the terms of the interim governing board members under Subsection (f), the governing body of the university or university system is reconstituted under the law providing for the governance of the university or system. The initial members of the reconstituted governing body shall be appointed for terms that expire on the dates necessary to conform to the permanent law establishing those terms.

(h) During the period in which an interim governing board is in effect, the law establishing the governing body of the university or university system and the terms of office of the members of the governing body are suspended.

(i) The interim governing board, with the assistance of the interim president or chancellor, if any, shall develop and implement a comprehensive administration improvement plan for the university or university system and submit the plan to the governor and to each of the joint chairs of the legislative audit committee.

The plan must address:

- (1) finance and accounting;
- (2) human resources;
- (3) management information systems;
- (4) planning and communications;
- (5) student financial aid;
- (6) contract and grant management; and
- (7) other elements determined appropriate by the

governor with the approval of the legislative audit committee.

(j) The administration improvement plan must:

(1) include timelines, benchmarks, and projected outcomes for improvements in the areas described by Subsection (i);

(2) provide a procedure for the investigation and reporting of any possible criminal activity to the appropriate district or county attorney and, unless prohibited by law, to the governor, the lieutenant governor, the speaker of the house of representatives, and the attorney general, if the activity:

(A) is committed by a university or university system employee; and

(B) contributes to the condition of financial or administrative exigency; and

(3) be prepared in a format specified by the governor with the approval of the legislative audit committee.

(k) The interim governing board may consult with appropriate experts as the interim governing board considers necessary in developing and implementing the administration improvement plan.

(l) The interim governing board may contract with another university system's administration office to provide financial and accounting services, including consulting services, to assist the university or university system under interim administration in:

(1) reviewing policies and procedures relating to:

(A) revenue and expenditure controls;

(B) fixed assets;

(C) treasury matters;

(D) payroll; and

(E) information technology;

(2) reviewing and approving grants and contracts;

(3) determining and recommending best business practices;

(4) segregating duties affecting internal controls to ensure that no one individual has control over multiple areas of operations or financial transactions;

(5) establishing a monthly financial report that includes receipts, bank statements, and monthly reconciliations;

(6) providing accurate and timely recording of assets in the state property accounting system; and

(7) providing other management and financial operations.

(m) The interim governing board shall prepare an annual financial statement for the university or university system. An audit of the financial statement must be prepared by the state auditor or, if the authority to contract for audit services is delegated by the state auditor in accordance with Section 321.020, Government Code, by an independent private auditor. The audit required by this subsection must include a review of a contract

entered into by the university or university system that:

(1) is active; or

(2) the university or university system entered into during the two-year period immediately preceding the date the interim administration took effect.

(n) The interim governing board shall report to the governor, the legislative audit committee, and the legislative oversight committee appointed under Subsection (r) on the progress of the administration improvement plan and on the progress of the outcomes for each area described by Subsection (i), including specific information regarding that progress:

(1) not later than the 60th day after the date the interim governing board is appointed;

(2) at least once each quarter; and

(3) at other times as directed by the governor with the approval of the legislative audit committee.

(o) An interim governing board appointed for a university or university system under Subsection (f) and an interim president or chancellor appointed by that governing board shall consult with the accreditation agencies by which the university or system is accredited and take appropriate action to the extent necessary to ensure that the university or system maintains accreditation during the period in which the interim governing board is in effect.

(p) A person appointed to act as the interim president or chancellor of a university or university system under this section is entitled to receive a salary for performing those duties that is equal to the salary of the chief administrative officer of the university or system under interim administration. The university or system under interim administration shall pay the salary of the interim president or chancellor from money appropriated or otherwise available to the university or system, except to the extent that money to pay the salary is specifically appropriated or made available through the budget execution process for that purpose.

(q) A member of an interim governing board or an interim president or chancellor is entitled to reimbursement for the reasonable and necessary expenses incurred by the person in the

course of performing the person's duties under this section. Reimbursement shall be paid from funds appropriated or otherwise available to the university or university system under interim administration, except to the extent that money to pay those expenses is specifically appropriated or made available through the budget execution process for that purpose.

(r) As soon as practicable after appointing an interim governing board under Subsection (f), the lieutenant governor and the speaker of the house shall appoint a legislative oversight committee composed of three members of the senate and three members of the house of representatives to review the activities of the interim governing board and the reconstituted governing body that succeeds the interim governing board. A legislative oversight committee appointed under this subsection expires on the third anniversary of the date of the first appointment of a member of the interim governing board.

(s) After the termination of an interim administration under this section, the university or university system placed under the interim administration must continue to report to the governor and the legislative audit committee at least once each quarter. The report must include the information required by Subsection (i).

Sec. 51.359. DENIAL OF EMPLOYMENT FOR CONTRIBUTION TO FINANCIAL OR ADMINISTRATIVE EXIGENCY. The interim governing board of a university or university system subject to an interim administration under Section 51.358 may make a determination that an individual's act or omission was a material cause of the condition of financial or administrative exigency at the university or university system that resulted in the interim administration. If the interim governing board makes a determination under this section, the individual shall be denied employment in an administrative capacity with the university or university system and any employment contract provision concerning administrative employment of that individual is void by the university or system.

SECTION ____ . Chapter 321, Government Code, is amended by adding Section 321.024 to read as follows:

Sec. 321.024. MEETING BY TELECOMMUNICATION DEVICE. (a) As

an exception to Chapter 551 and other law, if a meeting is located in Austin and the joint chairs of the committee are physically present at the meeting, then any number of the other members of the committee may attend the meeting by use of telephone conference call, video conference call, or other similar telecommunication device.

(b) This section applies for purposes of constituting a quorum, for purposes of voting, and for any other purpose allowing a member of the committee to otherwise fully participate in any meeting of the committee, and applies only to a meeting held pursuant to Chapter 2104 or 2116 of this code, or Section 51.358, Education Code.

(c) A meeting held by use of telephone conference call, video conference call, or other similar telecommunication device:

(1) is subject to the notice requirements applicable to other meetings of the committee;

(2) must specify in the notice of the meeting the location in Austin of the meeting at which the joint chairs will be physically present;

(3) must be open to the public and shall be audible to the public at the location in Austin specified in the notice of the meeting as the location of the meeting at which the joint chairs will be physically present; and

(4) must provide two-way audio communication between all members of the committee attending the meeting during the entire meeting, and if the two-way audio communication link with any member attending the meeting is disrupted at any time, the meeting may not continue until the two-way audio communication link is reestablished.