

BILL ANALYSIS

C.S.H.B. 2000
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Economic & Small Business Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The federal government has certain standards colleges must meet for their students to be eligible for federal student loans and recently updated these requirements for career schools and colleges. The changes in federal law will require changes in state laws so that students of career schools and colleges can continue to be eligible to receive federal loans. C.S.H.B. 2000 seeks to make the changes necessary for students of nonprofit career schools and colleges to be eligible for federal student loans.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2000 amends the Education Code to authorize a school or educational institution exempted from statutory provisions governing career schools and colleges to offer training in Texas allowed by the exemption. The bill conditions the Texas Workforce Commission's (TWC) exemption of a school or educational institution that participates or intends to participate in a federal student financial aid program from regulation as a career school or college, if the school's or institution's eligibility for such exemption is based on the school's or institution's organization as a nonprofit school owned and operated by a bona fide religious, denominational, eleemosynary, or similar public institution exempt from property taxes, on the school or institution demonstrating to TWC either of the following circumstances:

- that either the school or institution is accredited by a regional or national accrediting organization recognized by the U.S. secretary of education or the school or institution, or the school's or institution's primary campus, has been operating continuously in Texas for at least 20 years in compliance with state career school regulatory requirements, regardless of how long the current owner has owned that school or institution; or
- that the school or institution is owned, controlled, operated, and maintained by a religious organization lawfully operating as a nonprofit religious corporation and awards only degrees or certificates relating to religion, including a certificate of Talmudic studies, an associate of biblical studies degree, a master of divinity degree, or a doctor of divinity degree.

C.S.H.B. 2000 authorizes a school or educational institution to make the required demonstration through the exemption application process or, if the school or institution has previously been exempted from regulation as a career school or college and the most recent exemption was granted before June 30, 2013, by an affidavit submitted to TWC by the owner of the school or institution.

C.S.H.B. 2000 requires the Texas Higher Education Coordinating Board to take appropriate action, including by making appropriate referrals to an accrediting agency or to the attorney

general, to address any complaint received by the coordinating board from a student or prospective student of a school or institution that participates or intends to participate in the applicable federal student financial aid programs and that is both exempted from regulation as a career school or college on the basis of its nonprofit status and ownership and operation by a property tax exempt public institution and subject to regulation by the coordinating board.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2000 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 132.001, Education Code, is amended by adding subsection (16) to read as follows:

(16) "Primary campus" means, for educational institutions that are owned and operated by the same person, the school or institution designated by the owner as the main or principal campus for other such schools or institutions.

SECTION 2. Section 132.002, Education Code, is amended by amending subsection (g) and adding subsections (h), (i), and (j) to read as follows:

(g) Except as provided in subsection (h), an [An] institution of higher education or a private or independent institution of higher education, as defined by Section 61.003, that was exempt from regulation under this chapter before September 1, 2003, remains exempt from regulation under this chapter and is not required to comply with this section.

(h) A school or educational institution that currently participates or intends to participate in the Title IV financial aid programs authorized by the federal Higher Education Act of 1965, as amended, may not be exempted by this chapter by the commission under subsection (a)(2) unless the school or institution demonstrates to the commission

HOUSE COMMITTEE SUBSTITUTE

(From added Section 132.002, Education Code below)

(i) For purposes of Subsection (h)(1)(B), "primary campus" means, for two or more schools or educational institutions that are owned and operated by the same owner, the school or educational institution designated by the owner as the main or principal campus.

SECTION 1. Section 132.002, Education Code, is amended by adding Subsections (d-1), (h), (i), (j), and (k) to read as follows:

(d-1) A school or educational institution exempted from this chapter may offer training in this state allowed by the exemption.

(h) A school or educational institution that participates or intends to participate in student financial aid programs under Title IV, Higher Education Act of 1965 (20 U.S.C. Section 1070 et seq.), may not be exempted from this chapter by the commission on the basis of Subsection (a)(2) unless the school or institution

that:

(1) either:

(i) the school or institution is accredited by one or more accrediting agencies recognized by the U.S. Secretary of Education; or

(ii) the school or institution, or the primary campus for the school or institution, has been continuously in operation for at least 20 years, notwithstanding the amount of time the current owner has owned that school or institution; or

(2) the school or institution is owned, controlled, operated, and maintained by a religious organization lawfully operating as a nonprofit religious corporation and awards only religious degrees or certificates including, but not limited to, a certificate of Talmudic studies, an associate of Biblical studies, a master of divinity, or a doctor of divinity.

(See SECTION 1 of introduced version above.)

(i) A school or educational institution may demonstrate to the commission its compliance with subsection (h) by the application process under subsection (d) or, if the most recent declaration by the commission that the school or institution is exempt from regulation under this chapter occurred prior to June 30, 2013, by submission of an affidavit from the owner.

(j) For any school or educational institution that is both exempt from regulation under subsection (a)(2) and in compliance with subsection (h)(1), the consumer protection division of the attorney general's office shall have a process to review and act on complaints by students of the school or institution relating to consumer protection against fraudulent or abusive practices by the school or institution.

demonstrates to the commission that:

(1) either:

(A) the school or institution is accredited by a regional or national accrediting organization recognized by the United States secretary of education; or

(B) the school or institution, or the primary campus of the school or institution, has been operating continuously in this state for at least 20 years in compliance with state career school regulatory requirements, regardless of the amount of time the current owner has owned the school or institution;

or

(2) the school or institution:

(A) is owned, controlled, operated, and maintained by a religious organization lawfully operating as a nonprofit religious corporation; and

(B) awards only degrees or certificates relating to religion, including a certificate of Talmudic studies, an associate of biblical studies degree, a master of divinity degree, or a doctor of divinity degree.

(i) For purposes of Subsection (h)(1)(B), "primary campus" means, for two or more schools or educational institutions that are owned and operated by the same owner, the school or educational institution designated by the owner as the main or principal campus.

(j) A school or educational institution may demonstrate compliance with Subsection (h):

(1) through the application process under Subsection (d); or

(2) if the school or institution has previously been granted an exemption from this chapter and the most recent exemption was granted before June 30, 2013, by an affidavit submitted to the commission by the owner of the school or institution.

(k) The Texas Higher Education Coordinating Board shall take appropriate action, including by making appropriate referrals to an accrediting agency or to the attorney general, to address any complaint received by the coordinating board from a student or prospective student of a school or institution to which Subsection (h) applies that is:

- (1) exempted from this chapter on the basis of Subsection (a)(2); and
- (2) subject to regulation by the coordinating board.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

SECTION 2. Same as introduced version.