

By: Birdwell, et al.
(Anchia)

S.B. No. 215

Substitute the following for S.B. No. 215:

By: Alonzo

C.S.S.B. No. 215

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the continuation and functions of the Texas Higher
3 Education Coordinating Board, including related changes to the
4 status and functions of the Texas Guaranteed Student Loan
5 Corporation.

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

7 SECTION 1. Section 61.0511, Education Code, is transferred
8 to Subchapter G, Chapter 51, Education Code, and redesignated as
9 Section 51.359, Education Code, to read as follows:

10 Sec. 51.359 [~~61.0511~~]. ROLE AND MISSION STATEMENT. Each
11 institution of higher education shall develop a statement regarding
12 the role and mission of the institution reflecting the three
13 missions of higher education: teaching, research, and public
14 service.

15 SECTION 2. Section 51.406, Education Code, is amended by
16 adding Subsection (d) to read as follows:

17 (d) At least every five years, the Texas Higher Education
18 Coordinating Board shall reevaluate its rules and policies to
19 ensure the continuing need for the data requests the coordinating
20 board imposes on university systems, institutions of higher
21 education, or private or independent institutions of higher
22 education. The coordinating board shall consult with those
23 entities to identify unnecessary data requests and shall eliminate
24 data requests identified as unnecessary from its rules and

1 policies. In this subsection, "private or independent institution
2 of higher education" has the meaning assigned by Section 61.003.

3 SECTION 3. Subdivisions (2) and (3), Section 56.451,
4 Education Code, are amended to read as follows:

5 (2) "Eligible institution" means:

6 (A) a general academic teaching institution,
7 other than a public state college [~~an institution of higher~~
8 ~~education~~]; [~~or~~]

9 (B) a medical and dental unit that offers
10 baccalaureate degrees; or

11 (C) a private or independent institution of
12 higher education that offers baccalaureate degree programs.

13 (3) "General academic teaching institution," "medical
14 and dental unit," "private or independent institution of higher
15 education," and "public state [~~junior~~] college," [~~and "public~~
16 ~~technical institute"~~] have the meanings assigned by Section 61.003.

17 SECTION 4. Subsection (b), Section 56.452, Education Code,
18 is amended to read as follows:

19 (b) The purpose of this subchapter is to provide no-interest
20 loans to eligible students to enable those students to earn
21 baccalaureate degrees at [~~attend all~~] public and private or
22 independent institutions of higher education in this state.

23 SECTION 5. Section 56.455, Education Code, is amended to
24 read as follows:

25 Sec. 56.455. INITIAL ELIGIBILITY FOR LOAN. To be eligible
26 initially for a Texas B-On-time loan, a person must:

27 (1) be a resident of this state under Section 54.052 or

1 be entitled, as a child of a member of the armed forces of the United
2 States, to pay tuition at the rate provided for residents of this
3 state under Section 54.241;

4 (2) meet one of the following academic requirements:

5 (A) be a graduate of a public or private high
6 school in this state who graduated not earlier than the 2002-2003
7 school year under the recommended or advanced high school program
8 established under Section 28.025(a) or its equivalent;

9 (B) be a graduate of a high school operated by the
10 United States Department of Defense who:

11 (i) graduated from that school not earlier
12 than the 2002-2003 school year; and

13 (ii) at the time of graduation from that
14 school was a dependent child of a member of the armed forces of the
15 United States; or

16 (C) have received an associate degree from an
17 ~~[eligible]~~ institution of higher education or private or
18 independent institution of higher education not earlier than May 1,
19 2005;

20 (3) be enrolled for a full course load for an
21 undergraduate student, as determined by the coordinating board, in
22 a baccalaureate ~~[an undergraduate]~~ degree ~~[or certificate]~~ program
23 at an eligible institution;

24 (4) be eligible for federal financial aid, except that
25 a person is not required to meet any financial need requirement
26 applicable to a particular federal financial aid program; and

27 (5) comply with any additional nonacademic

1 requirement adopted by the coordinating board under this
2 subchapter.

3 SECTION 6. Subsection (a), Section 56.456, Education Code,
4 is amended to read as follows:

5 (a) After initially qualifying for a Texas B-On-time loan, a
6 person may continue to receive a Texas B-On-time loan for each
7 semester or term in which the person is enrolled at an eligible
8 institution only if the person:

9 (1) is enrolled for a full course load for an
10 undergraduate student, as determined by the coordinating board, in
11 a baccalaureate [~~an undergraduate~~] degree [~~or certificate~~] program
12 at an eligible institution;

13 (2) is eligible for federal financial aid, except that
14 a person is not required to meet any financial need requirement
15 applicable to a particular federal financial aid program;

16 (3) makes satisfactory academic progress toward a
17 degree [~~or certificate~~] as determined by the institution at which
18 the person is enrolled, if the person is enrolled in the person's
19 first academic year at the institution;

20 (4) completed at least 75 percent of the semester
21 credit hours attempted by the person in the most recent academic
22 year and has a cumulative grade point average of at least 2.5 on a
23 four-point scale or the equivalent on all coursework previously
24 attempted at institutions of higher education or private or
25 independent institutions of higher education, if the person is
26 enrolled in any academic year after the person's first academic
27 year; and

1 (5) complies with any additional nonacademic
2 requirement adopted by the coordinating board.

3 SECTION 7. Subsections (a) and (b), Section 56.459,
4 Education Code, are amended to read as follows:

5 (a) The amount of a Texas B-On-time loan for a semester or
6 term for a student enrolled full-time at an eligible institution
7 other than an institution covered by Subsection (b) [~~, (c), or (d)~~]
8 is an amount determined by the coordinating board as the average
9 statewide amount of tuition and required fees that a resident
10 student enrolled full-time in a baccalaureate [~~an undergraduate~~]
11 degree program would be charged for that semester or term at general
12 academic teaching institutions.

13 (b) The amount of a Texas B-On-time loan for a student
14 enrolled full-time at a private or independent institution of
15 higher education is an amount determined by the coordinating board
16 as the average statewide amount of tuition and required fees that a
17 resident student enrolled full-time in a baccalaureate [~~an~~
18 ~~undergraduate~~] degree program would be charged for that semester or
19 term at general academic teaching institutions.

20 SECTION 8. Sections 56.461 and 56.462, Education Code, are
21 amended to read as follows:

22 Sec. 56.461. LOAN PAYMENT DEFERRED. The repayment of a
23 Texas B-On-time loan received by a student under this subchapter is
24 deferred as long as the student remains continuously enrolled in a
25 baccalaureate [~~an undergraduate~~] degree [~~or certificate~~] program
26 at an eligible institution.

27 Sec. 56.462. LOAN FORGIVENESS. A student who receives a

1 Texas B-On-time loan shall be forgiven the amount of the student's
2 loan if the student is awarded a baccalaureate [~~an undergraduate~~
3 ~~certificate or~~] degree at an eligible institution with a cumulative
4 grade point average of at least 3.0 on a four-point scale or the
5 equivalent:

6 (1) within:

7 (A) four calendar years after the date the
8 student initially enrolled in an [~~the~~] institution of higher
9 education or private or independent institution of higher education
10 [~~or another eligible institution~~] if [+

11 [~~(i) the institution is a four-year~~
12 ~~institution; and~~

13 [~~(ii)]~~ the student is awarded a degree
14 other than a degree in engineering, architecture, or any other
15 program determined by the coordinating board to require more than
16 four years to complete; or

17 (B) five calendar years after the date the
18 student initially enrolled in an [~~the~~] institution of higher
19 education or private or independent institution of higher education
20 [~~or another eligible institution~~] if [+

21 [~~(i) the institution is a four-year~~
22 ~~institution; and~~

23 [~~(ii)]~~ the student is awarded a degree in
24 engineering, architecture, or any other program determined by the
25 coordinating board to require more than four years to complete; [~~or~~

26 [~~(C) two years after the date the student~~
27 ~~initially enrolled in the institution or another eligible~~

1 ~~institution if the institution is a public junior college or public~~
2 ~~technical institute,] or~~

3 (2) with a total number of semester credit hours,
4 including transfer credit hours and excluding hours earned
5 exclusively by examination, hours earned for a course for which the
6 student received credit toward the student's high school academic
7 requirements, and hours earned for developmental coursework that an
8 institution of higher education required the student to take under
9 Section 51.3062 or under the former provisions of Section 51.306,
10 that is not more than six hours more than the minimum number of
11 semester credit hours required to complete the [~~certificate or~~]
12 degree.

13 SECTION 9. Subchapter A, Chapter 57, Education Code, is
14 amended by adding Section 57.011 to read as follows:

15 Sec. 57.011. STATUS OF TEXAS GUARANTEED STUDENT LOAN
16 CORPORATION. (a) The Texas Guaranteed Student Loan Corporation is
17 converted as provided by this section from a public nonprofit
18 corporation created by general law to a nonprofit corporation under
19 Chapter 22, Business Organizations Code.

20 (b) On or immediately after September 1, 2013, to effectuate
21 the conversion under Subsection (a), the corporation shall file a
22 certificate of formation with the secretary of state or, if the
23 secretary of state determines it appropriate, the corporation shall
24 file a certificate of conversion under Chapter 10, Business
25 Organizations Code.

26 (c) The corporation as converted under this section
27 continues in existence uninterrupted from the date of its creation,

1 September 1, 1979. The secretary of state shall recognize the
2 continuous existence of the corporation from that date in the
3 certificate of formation or certificate of conversion, as
4 applicable.

5 (d) The corporation continues to serve as the designated
6 guaranty agency for the State of Texas under the Higher Education
7 Act of 1965 (20 U.S.C. Section 1001 et seq.).

8 (e) Student loan borrower information collected, assembled,
9 or maintained by the corporation is confidential and is not subject
10 to public disclosure.

11 SECTION 10. Section 57.01, Education Code, is transferred
12 to Section 61.002, Education Code, redesignated as Subsection (c),
13 Section 61.002, Education Code, and amended to read as follows:

14 (c) Postsecondary [~~Sec. 57.01. DECLARATION OF POLICY. The~~
15 ~~legislature, giving due consideration to the historical and~~
16 ~~continuing interest of the people of the State of Texas in~~
17 ~~encouraging deserving and qualified persons to realize their~~
18 ~~aspirations for education beyond high school, finds and declares~~
19 ~~that postsecondary] education for qualified Texans [~~those~~] who
20 desire to pursue such [~~an~~] education [~~and are properly qualified~~
21 ~~therefor~~] is important to the welfare and security of this state and
22 the nation and, consequently, is an important public purpose. The
23 legislature finds and declares that the state can achieve its full
24 economic and social potential only if every individual has the
25 opportunity to contribute to the full extent of the individual's
26 [~~his or her~~] capabilities and only when financial barriers to the
27 individual's [~~his or her~~] economic, social, and educational goals~~

1 are removed. In order to facilitate the removal of those barriers,
2 the board, in consultation with one or more nonprofit entities with
3 experience providing the services on a statewide basis, may [~~It is,~~
4 ~~therefore, the purpose of this chapter to establish the Texas~~
5 ~~Guaranteed Student Loan Corporation to:~~

6 [~~(1) administer a guaranteed student loan program to~~
7 ~~assist qualified Texas students in receiving a postsecondary~~
8 ~~education in this state or elsewhere in the nation; and~~

9 [~~(2)~~] provide necessary and desirable services
10 related to financial aid services [~~the loan program~~], including
11 cooperative awareness efforts with appropriate educational and
12 civic associations designed to disseminate postsecondary education
13 awareness information, including information regarding available
14 grant and loan programs and [~~student financial aid and the Federal~~
15 ~~Family Education Loan Program, and other relevant topics including~~]
16 the prevention of student loan default.

17 SECTION 11. Section 61.0211, Education Code, is amended to
18 read as follows:

19 Sec. 61.0211. SUNSET PROVISION. The Texas Higher Education
20 Coordinating Board is subject to Chapter 325, Government Code
21 (Texas Sunset Act). Unless continued in existence as provided by
22 that chapter, the board is abolished and this chapter expires
23 September 1, 2025 [~~2013~~].

24 SECTION 12. Subsection (a), Section 61.022, Education Code,
25 is amended to read as follows:

26 (a) The board shall consist of nine members appointed by the
27 governor so as to provide representation from all areas of the state

1 with the advice and consent of the senate, and as the constitution
2 provides. One-third of the members must possess experience in the
3 field of higher education governance or administration so that the
4 board includes experience from both general academic teaching
5 institutions and public junior colleges or public technical
6 institutes. In making an appointment under this section, the
7 governor may consider appointing a person with experience in higher
8 education governance or administration from a private or
9 independent institution of higher education. Members of the board
10 serve staggered six-year terms. The terms of one-third of the
11 members expire August 31 of each odd-numbered year.

12 SECTION 13. Subsection (d), Section 61.025, Education Code,
13 is amended to read as follows:

14 (d) The board shall develop and implement policies that
15 provide the public with a reasonable opportunity to appear before
16 the board and to speak on any issue under the jurisdiction of the
17 board, including a policy to specifically provide, as an item on the
18 board's agenda at each meeting, an opportunity for public comment
19 before the board makes a decision on any agenda item.

20 SECTION 14. Section 61.026, Education Code, is amended to
21 read as follows:

22 Sec. 61.026. COMMITTEES AND ADVISORY COMMITTEES. (a) The
23 chair [~~chairman~~] may appoint committees from the board's membership
24 as the chair [~~he~~] or the board considers [~~may find~~] necessary [~~from~~
25 ~~time to time~~].

26 (b) The board may appoint advisory committees from outside
27 its membership as the board considers [~~it may deem~~] necessary.

1 Chapter 2110, Government Code, applies to an advisory committee
2 appointed by the chair or the board. The board shall adopt rules,
3 in compliance with Chapter 2110, Government Code, regarding an
4 advisory committee that primarily functions to advise the board,
5 including rules governing an advisory committee's purpose, tasks,
6 reporting requirements, and abolishment date. A board member may
7 not serve on a board advisory committee.

8 (c) The board may adopt rules under this section regarding
9 an advisory committee's:

- 10 (1) size and quorum requirements;
11 (2) qualifications for membership, including
12 experience requirements and geographic representation;
13 (3) appointment procedures;
14 (4) terms of service; and
15 (5) compliance with the requirements for open meetings
16 under Chapter 551, Government Code.

17 (d) Each advisory committee must report its recommendations
18 directly to the board.

19 SECTION 15. Subchapter B, Chapter 61, Education Code, is
20 amended by adding Section 61.0331 to read as follows:

21 Sec. 61.0331. NEGOTIATED RULEMAKING REQUIRED. (a) The
22 board shall engage affected institutions of higher education in a
23 negotiated rulemaking process as described by Chapter 2008,
24 Government Code, if:

- 25 (1) at any time the board determines that the
26 development of a policy, procedure, or rule is likely to be
27 controversial; or

1 (2) not later than the 15th day after the date notice
2 of a potential policy, procedure, or rule is provided to the
3 affected institutions, in the Texas Register or otherwise, at least
4 one-half of the affected institutions request negotiated
5 rulemaking and agree to share the costs of the process, including
6 those of the facilitator.

7 (b) The board shall determine the sharing of costs under
8 this section by rule.

9 (c) This section expires September 1, 2017.

10 SECTION 16. Subchapter B, Chapter 61, Education Code, is
11 amended by adding Section 61.035 to read as follows:

12 Sec. 61.035. COMPLIANCE MONITORING. (a) The board, in
13 consultation with affected stakeholders, shall adopt rules to
14 establish an agency-wide, risk-based compliance monitoring
15 function for:

16 (1) funds allocated by the board to institutions of
17 higher education, private or independent institutions of higher
18 education, and other entities, including student financial
19 assistance funds, academic support grants, and any other grants, to
20 ensure that those funds are distributed in accordance with
21 applicable law and board rule; and

22 (2) data reported by institutions of higher education
23 to the board and used by the board for funding or policymaking
24 decisions, including data used for formula funding allocations, to
25 ensure the data is reported accurately.

26 (b) For purposes of this section, student financial
27 assistance includes grants, scholarships, loans, and work-study.

1 (c) After considering potential risks and the board's
2 resources, the board shall review a reasonable portion of the total
3 funds allocated by the board and of data reported to the board. The
4 board shall use various levels of monitoring, according to risk,
5 ranging from checking reported data for errors and inconsistencies
6 to conducting comprehensive audits, including site visits.

7 (d) In developing the board's risk-based approach to
8 compliance monitoring under this section, the board shall consider
9 the following factors relating to an institution of higher
10 education or private or independent institution of higher
11 education:

12 (1) the amount of student financial assistance or
13 grant funds allocated to the institution by the board;

14 (2) whether the institution is required to obtain and
15 submit an independent audit;

16 (3) the institution's internal controls;

17 (4) the length of time since the institution's last
18 desk review or site visit;

19 (5) past misuse of funds or misreported data by the
20 institution;

21 (6) in regard to data verification, whether the data
22 reported to the board by the institution is used for determining
23 funding allocations; and

24 (7) other factors as considered appropriate by the
25 board.

26 (e) The board shall train compliance monitoring staff to
27 ensure that the staff has the ability to monitor both funds

1 compliance and data reporting accuracy. Program staff in other
2 board divisions who conduct limited monitoring and contract
3 administration shall coordinate with the compliance monitoring
4 function to identify risks and avoid duplication.

5 (f) If the board determines through its compliance
6 monitoring function that funds awarded by the board to an
7 institution of higher education or private or independent
8 institution of higher education have been misused or misallocated
9 by the institution, the board shall present its determination to
10 the institution's governing board, or to the institution's chief
11 executive officer if the institution is a private or independent
12 institution of higher education, and provide an opportunity for a
13 response from the institution. Following the opportunity for
14 response, the board shall report its determination and the
15 institution's response, together with any recommendations, to the
16 institution's governing board or chief executive officer, as
17 applicable, the governor, and the Legislative Budget Board.

18 (g) If the board determines through its compliance
19 monitoring function that an institution of higher education has
20 included errors in the institution's data reported for formula
21 funding, the board:

22 (1) for a public junior college, may adjust the
23 appropriations made to the college for a fiscal year as necessary to
24 account for the corrected data; and

25 (2) for a general academic teaching institution, a
26 medical and dental unit, or a public technical institute, shall
27 calculate a revised appropriation amount for the applicable fiscal

1 year based on the corrected data and report that revised amount to
2 the governor and Legislative Budget Board for consideration as the
3 basis for budget execution or other appropriate action, and to the
4 comptroller.

5 (h) In conducting the compliance monitoring function under
6 this section, the board may partner with internal audit offices at
7 institutions of higher education and private or independent
8 institutions of higher education, as institutional resources
9 allow, to examine the institutions' use of funds allocated by, and
10 data reported to, the board. To avoid duplication of effort and
11 assist the board in identifying risk, an internal auditor at an
12 institution shall notify the board of any audits conducted by the
13 auditor involving funds administered by the board or data reported
14 to the board. A private or independent institution of higher
15 education shall notify the board of any external audits involving
16 funds administered by the board. The board by rule may determine
17 the timing and format of the notification required by this
18 subsection.

19 (i) The board may seek technical assistance from the state
20 auditor in establishing the compliance monitoring function under
21 this section. The state auditor may periodically audit the board's
22 compliance monitoring function as the state auditor considers
23 appropriate.

24 (j) In this section:

25 (1) "Desk review" means an administrative review by
26 the board that is based on information reported by an institution of
27 higher education or private or independent institution of higher

1 education, including supplemental information required by the
2 board for the purposes of compliance monitoring, except that the
3 term does not include information or accompanying notes gathered by
4 the board during a site visit.

5 (2) "Site visit" means an announced or unannounced
6 in-person visit by a representative of the board to an institution
7 of higher education or private or independent institution of higher
8 education for the purposes of compliance monitoring.

9 SECTION 17. Section 61.051, Education Code, is amended by
10 amending Subsections (a), (a-1), (a-2), and (a-3) and adding
11 Subsection (a-5) to read as follows:

12 (a) The board represents [~~shall represent~~] the highest
13 authority in the state in matters of public higher education and is
14 charged with the duty to take an active part in promoting quality
15 education throughout [~~in the various regions of~~] the state by:

16 (1) providing a statewide perspective to ensure the
17 efficient and effective use of higher education resources and to
18 eliminate unnecessary duplication;

19 (2) developing and evaluating progress toward a
20 long-range master plan for higher education and providing analysis
21 and recommendations to link state spending for higher education
22 with the goals of the long-range master plan;

23 (3) collecting and making accessible data on higher
24 education in the state and aggregating and analyzing that data to
25 support policy recommendations;

26 (4) making recommendations to improve the efficiency
27 and effectiveness of transitions, including between high school and

1 postsecondary education, between institutions of higher education
2 for transfer purposes, and between postsecondary education and the
3 workforce; and

4 (5) administering programs and trusteed funds for
5 financial aid and other grants as necessary to achieve the state's
6 long-range goals and as directed by the legislature. [The board
7 shall be responsible for assuring that there is no discrimination
8 in the distribution of programs and resources throughout the state
9 on the basis of race, national origin, or sex.]

10 (a-1) The board shall develop a long-range [~~five-year~~]
11 master plan for higher education in this state. The [~~five-year~~]
12 plan shall:

13 (1) establish long-term, measurable goals and provide
14 strategies for implementing those goals;

15 (2) assess the higher education needs of each region
16 of the state;

17 (3) provide for regular evaluation and revision of the
18 plan, as the board considers necessary, to ensure the relevance of
19 goals and strategies; and

20 (4) take into account the resources of private or
21 independent institutions of higher education [in this state].

22 (a-2) The board shall establish methods for obtaining input
23 from stakeholders and the general public when developing or
24 revising [~~periodically review and revise~~] the long-range
25 [~~five-year~~] master plan developed under Subsection (a-1). [~~As a~~
26 ~~specific element of its review, the board shall identify and~~
27 ~~analyze the degree to which the plan reflects the continuing higher~~

1 ~~education needs of this state, as well as any policy changes~~
 2 ~~necessary to improve overall implementation of the plan and the~~
 3 ~~fiscal impact of those changes. The board shall establish~~
 4 ~~procedures for monitoring the board's implementation of the plan,~~
 5 ~~including an analysis of the degree to which its current activities~~
 6 ~~support implementation of the plan and any change in board rules or~~
 7 ~~practices necessary to improve implementation of the plan. The~~
 8 ~~board shall identify additional strategies necessary to achieve the~~
 9 ~~goals of the plan, emphasizing implementation by institutions of~~
 10 ~~higher education and specific recommendations for the different~~
 11 ~~regions of the state. The board shall notify each institution of~~
 12 ~~higher education of all strategies for implementing the plan.]~~

13 (a-3) Not later than December 1 of each even-numbered year,
 14 the board shall prepare and deliver a report to the governor, the
 15 lieutenant governor, the speaker of the house of representatives,
 16 and the standing committees of the senate and house of
 17 representatives with primary jurisdiction over higher education
 18 ~~[The board shall inform the legislature on matters pertaining to~~
 19 ~~higher education, including the state's activities in the Board of~~
 20 ~~Control for Southern Regional Education, and shall report to the~~
 21 ~~legislature not later than January 1 of each odd-numbered year on~~
 22 ~~the state of higher education in Texas].~~ In the [biennial] report,
 23 the board shall assess the state's progress in meeting the goals
 24 established [stated] in the long-range master plan developed under
 25 Subsection (a-1) and [shall] recommend legislative action,
 26 including statutory or funding changes, to assist the state in
 27 meeting those goals. The report must include updates on

1 implementation strategies provided for in the long-range master
2 plan [~~the analyses performed in connection with the board's~~
3 ~~periodic review~~] under Subsection (a-1) [~~(a-2)~~].

4 (a-5) In conjunction with development of the long-range
5 master plan under Subsection (a-1), the board shall evaluate the
6 role and mission of each general academic teaching institution,
7 other than a public state college, to ensure that the roles and
8 missions of the institutions collectively contribute to the state's
9 goals identified in the master plan.

10 SECTION 18. Section 61.0512, Education Code, is amended to
11 read as follows:

12 Sec. 61.0512. BOARD APPROVAL OF ACADEMIC [~~NEW DEGREE~~]
13 PROGRAMS [~~, NOTIFICATION TO BOARD~~]. (a) A new degree or
14 certificate program may be added at an institution of higher
15 education only with specific prior approval of the board. A new
16 degree or certificate program is considered approved if the board
17 has not completed a review under this section and acted to approve
18 or disapprove the proposed program before the first anniversary of
19 the date on which an institution of higher education submits a
20 completed application for approval to the board. The board may not
21 summarily disapprove a program without completing the review
22 required by this section. The board shall specify by rule the
23 elements that constitute a completed application and shall make an
24 administrative determination of the completeness of the
25 application not later than the fifth business day after receiving
26 the application. A request for additional information in support
27 of an application that has been determined administratively

1 complete does not toll the period within which the application is
2 considered approved under this section.

3 (b) At the time an institution of higher education [~~a public~~
4 ~~senior college or university~~] begins preliminary planning for a new
5 degree program [~~or a new organizational unit to administer a new~~
6 ~~degree program~~], the institution must [~~college or university shall~~]
7 notify the board before the institution may carry out that
8 planning[. ~~In the implementation of this subsection, the board may~~
9 ~~not require additional reports from the institutions~~].

10 (c) The board shall review each degree or certificate
11 program offered by an institution of higher education at the time
12 the institution requests to implement a new program to ensure that
13 the program:

14 (1) is needed by the state and the local community and
15 does not unnecessarily duplicate programs offered by other
16 institutions of higher education or private or independent
17 institutions of higher education;

18 (2) has adequate financing from legislative
19 appropriation, funds allocated by the board, or funds from other
20 sources;

21 (3) has necessary faculty and other resources to
22 ensure student success; and

23 (4) meets academic standards specified by law or
24 prescribed by board rule, including rules adopted by the board for
25 purposes of this section, or workforce standards established by the
26 Texas Workforce Investment Council.

27 (d) The board may review the number of degrees or

1 certificates awarded through a degree or certificate program every
2 four years or more frequently, at the board's discretion.

3 (e) The board shall review each degree or certificate
4 program offered by an institution of higher education at least
5 every 10 years after a new program is established using the criteria
6 prescribed by Subsection (c).

7 (f) The board may not order the consolidation or elimination
8 of any degree or certificate program offered by an institution of
9 higher education but may, based on the board's review under
10 Subsections (d) and (e), recommend such action to an institution's
11 governing board. If an institution's governing board does not
12 accept recommendations to consolidate or eliminate a degree or
13 certificate program, the university system or, where a system does
14 not exist, the institution, must identify the programs recommended
15 for consolidation or elimination on the next legislative
16 appropriations request submitted by the system or institution.

17 (g) An institution of higher education may offer off-campus
18 courses for credit within the state or distance learning courses
19 only with specific prior approval of the board. An institution must
20 certify to the board that a course offered for credit outside the
21 state meets the board's academic criteria. An institution shall
22 include the certification in submitting any other reports required
23 by the board.

24 SECTION 19. The heading to Section 61.055, Education Code,
25 is amended to read as follows:

26 Sec. 61.055. [~~INITIATION OF NEW DEPARTMENTS, SCHOOLS, AND~~
27 ~~PROGRAMS,~~] PARTNERSHIPS OR AFFILIATIONS.

1 SECTION 20. Subsection (a), Section 61.055, Education Code,
2 is amended to read as follows:

3 (a) The board shall encourage cooperative programs and
4 agreements among institutions of higher education, including
5 programs and agreements relating to degree offerings, research
6 activities, and library and computer sharing. [~~Except as otherwise~~
7 ~~provided by law, a new department, school, or degree or certificate~~
8 ~~program approved by the board or its predecessor, the Texas~~
9 ~~Commission on Higher Education, may not be initiated by any~~
10 ~~institution of higher education until the board has made a written~~
11 ~~finding that the department, school, or degree or certificate~~
12 ~~program is adequately financed by legislative appropriation, by~~
13 ~~funds allocated by the board, or by funds from other sources.]~~

14 SECTION 21. Subsection (l), Section 61.051, Education Code,
15 is transferred to Subchapter C, Chapter 61, Education Code,
16 redesignated as Section 61.0571, Education Code, and amended to
17 read as follows:

18 Sec. 61.0571. BOARD ASSISTANCE TO INSTITUTIONS.
19 (a) [~~(1)~~] The board shall advise and offer technical assistance on
20 the request of any institution of higher education or system
21 administration.

22 SECTION 22. Subsection (n), Section 61.051, Education Code,
23 is transferred to Section 61.0571, Education Code, as added by this
24 Act, and redesignated as Subsection (b), Section 61.0571, Education
25 Code, to read as follows:

26 (b) [~~(n)~~] The board shall develop guidelines for
27 institutional reporting of student performance.

1 SECTION 23. Subsection (a-4), Section 61.051, Education
2 Code, is transferred to Subchapter C, Chapter 61, Education Code,
3 redesignated as Section 61.0661, Education Code, and amended to
4 read as follows:

5 Sec. 61.0661. OPPORTUNITIES FOR GRADUATE MEDICAL
6 EDUCATION. (a) [~~(a-4)~~] The board shall conduct [~~include in the~~
7 ~~five-year master plan developed under Subsection (a-1)~~] an
8 assessment of the adequacy of opportunities for graduates of
9 medical schools in this state to enter graduate medical education
10 in this state. The assessment must:

11 (1) compare the number of first-year graduate medical
12 education positions available annually with the number of medical
13 school graduates;

14 (2) include a statistical analysis of recent trends in
15 and projections of the number of medical school graduates and
16 first-year graduate medical education positions in this state;

17 (3) develop methods and strategies for achieving a
18 ratio for the number of first-year graduate medical education
19 positions to the number of medical school graduates in this state of
20 at least 1.1 to 1;

21 (4) evaluate current and projected physician
22 workforce needs of this state, by total number and by specialty, in
23 the development of additional first-year graduate medical
24 education positions; and

25 (5) examine whether this state should ensure that a
26 first-year graduate medical education position is created in this
27 state for each new medical student position established by a

1 medical and dental unit.

2 (b) Not later than December 1 of each even-numbered year,
3 the board shall report the results of the assessment to the
4 governor, the lieutenant governor, the speaker of the house of
5 representatives, and the standing committees of the senate and
6 house of representatives with primary jurisdiction over higher
7 education.

8 SECTION 24. Subsection (h), Section 61.051, Education Code,
9 is transferred to Subchapter C, Chapter 61, Education Code,
10 redesignated as Section 61.0662, Education Code, and amended to
11 read as follows:

12 Sec. 61.0662. INFORMATION ON RESEARCH CONDUCTED BY
13 INSTITUTIONS. (a) [~~(h) The board shall make continuing studies of~~
14 ~~the needs of the state for research and designate the institutions~~
15 ~~of higher education to perform research as needed.]~~ The board
16 shall [~~also~~] maintain an inventory of all institutional and
17 programmatic research activities being conducted by the various
18 institutions of higher education, whether state-financed or not.

19 (b) Once a year, on dates prescribed by the board, each
20 institution of higher education shall report to the board all
21 research conducted at that institution during the [~~last~~] preceding
22 year.

23 (c) All reports required by this section [~~subsection~~] shall
24 be made subject to the limitations imposed by security regulations
25 governing defense contracts for research.

26 SECTION 25. Subchapter C, Chapter 61, Education Code, is
27 amended by adding Section 61.069 to read as follows:

1 Sec. 61.069. BOARD ROLE IN ESTABLISHING BEST PRACTICES.

2 (a) The board may administer or oversee a program to identify best
3 practices only in cases where funding or other restrictions prevent
4 entities other than the board from administering the program.

5 (b) The board may initiate a new pilot project only if other
6 entities, including nonprofit organizations and institutions of
7 higher education, are not engaging in similar projects or if the
8 initiative cannot be performed by another entity.

9 (c) The board may use its position as a statewide
10 coordinator to assist with matching nonprofit organizations or
11 grant-funding entities with institutions of higher education and
12 private or independent institutions of higher education to
13 implement proven programs and best practices.

14 (d) The board may compile best practices and strategies
15 resulting from its review of external studies for use in providing
16 technical assistance to institutions of higher education and as the
17 basis for the board's statewide policy recommendations.

18 SECTION 26. Subchapter C, Chapter 61, Education Code, is
19 amended by adding Section 61.0763 to read as follows:

20 Sec. 61.0763. STUDENT LOAN DEFAULT PREVENTION AND FINANCIAL
21 AID LITERACY PILOT PROGRAM. (a) In this section, "career school
22 or college" has the meaning assigned by Section 132.001.

23 (b) Not later than January 1, 2014, the board shall
24 establish and administer a pilot program at selected postsecondary
25 educational institutions to ensure that students of those
26 institutions are informed consumers with regard to all aspects of
27 student financial aid, including:

1 (1) the consequences of borrowing to finance a
2 student's postsecondary education;

3 (2) the financial consequences of a student's academic
4 and career choices; and

5 (3) strategies for avoiding student loan delinquency
6 and default.

7 (c) The board shall select at least one institution from
8 each of the following categories of postsecondary educational
9 institutions to participate in the program:

10 (1) general academic teaching institutions;

11 (2) public junior colleges;

12 (3) private or independent institutions of higher
13 education; and

14 (4) career schools or colleges.

15 (d) In selecting postsecondary educational institutions to
16 participate in the pilot program, the board shall give priority to
17 institutions that have a three-year cohort student loan default
18 rate, as reported by the United States Department of Education:

19 (1) of more than 20 percent; or

20 (2) that has above average growth as compared to the
21 rates of other postsecondary educational institutions in this
22 state.

23 (e) The board, in consultation with postsecondary
24 educational institutions, shall adopt rules for the administration
25 of the pilot program, including rules governing the selection of
26 postsecondary educational institutions to participate in the pilot
27 program consistent with the requirements of Subsection (d).

1 (f) The board may contract with one or more entities to
2 administer the pilot program according to criteria established by
3 board rule.

4 (g) Not later than January 1 of each year, beginning in
5 2016:

6 (1) the board shall submit a report to the governor,
7 the lieutenant governor, and the speaker of the house of
8 representatives regarding the outcomes of the pilot program, as
9 reflected in the federal student loan default rates reported for
10 the participating institutions; and

11 (2) each participating institution shall submit a
12 report to the governor, the lieutenant governor, and the speaker of
13 the house of representatives regarding the outcomes of the pilot
14 program at the institution, as reflected in the federal student
15 loan default rate reported for the institution.

16 (h) This section expires December 31, 2020.

17 SECTION 27. Subchapter C, Chapter 61, Education Code, is
18 amended by adding Section 61.07761 to read as follows:

19 Sec. 61.07761. FINANCIAL AID AND OTHER TRUSTEED FUNDS
20 ALLOCATION. (a) For any funds trusteeed to the board for allocation
21 to institutions of higher education and private or independent
22 institutions of higher education, including financial aid program
23 funds, the board by rule shall:

24 (1) establish and publish the allocation
25 methodologies; and

26 (2) develop procedures to verify the accuracy of the
27 application of those allocation methodologies by board staff.

1 (1) "Applied research" means research directed at
2 gaining the knowledge or understanding necessary to meet a specific
3 and recognized need, including the discovery of new scientific
4 knowledge that has specific objectives relating to products or
5 processes.

6 (1-a) "Basic research" means research the primary
7 object of which is to gain a fuller fundamental knowledge of the
8 subject under study.

9 (4) "Research program [Program]" means the Norman
10 Hackerman advanced research program established under this
11 chapter.

12 (6) "Technology program" means the advanced
13 technology program established under this chapter.

14 SECTION 32. The heading to Section 142.002, Education Code,
15 is amended to read as follows:

16 Sec. 142.002. NORMAN HACKERMAN ADVANCED RESEARCH PROGRAM;
17 PURPOSE.

18 SECTION 33. Section 143.002, Education Code, is transferred
19 to Chapter 142, Education Code, redesignated as Section 142.0025,
20 Education Code, and amended to read as follows:

21 Sec. 142.0025 [~~143.002~~]. ADVANCED TECHNOLOGY PROGRAM
22 [~~ESTABLISHMENT~~]; PURPOSE. (a) It is essential to the state's
23 economic growth that the state [~~it~~] exploit the potential of
24 technology to advance the development and growth of technology and
25 that industry be promoted and expanded. The advanced technology
26 program is established as a means to accomplish this purpose.

27 (b) Providing appropriated funds to faculty members of

1 institutions of higher education [~~public~~] and private or
2 independent institutions of higher education to conduct applied
3 research is important to the state's welfare and, consequently, is
4 an important public purpose for the expenditure of public funds
5 because the applied research will enhance the state's economic
6 growth by:

- 7 (1) educating the state's scientists and engineers;
8 (2) creating new products and production processes;
9 and
10 (3) contributing to the application of science and
11 technology to state businesses.

12 SECTION 34. Section 142.003, Education Code, is amended to
13 read as follows:

14 Sec. 142.003. ADMINISTRATION; GUIDELINES AND PROCEDURES.

15 (a) The coordinating board shall administer the technology program
16 and the research program.

17 (b) The coordinating board shall appoint an advisory
18 committee that consists of experts in the specified research areas
19 of both programs to advise the coordinating board regarding the
20 coordinating board's development of research priorities,
21 guidelines, and procedures for the selection of specific projects
22 at eligible institutions.

23 (c) The guidelines and procedures developed for the
24 research program by the coordinating board must:

25 (1) provide for awards on a competitive, peer review
26 basis for specific projects at eligible institutions; and

27 (2) require that, as a condition of receiving an

1 award, an eligible institution must use a portion of the award to
2 support, in connection with the project for which the award is made,
3 basic research conducted by:

4 (A) graduate or undergraduate students, if the
5 eligible institution is a medical and dental unit; or

6 (B) undergraduate students, if the eligible
7 institution is any other eligible institution [~~of higher~~
8 ~~education~~].

9 (d) The guidelines and procedures developed for the
10 technology program by the coordinating board must:

11 (1) provide for determining whether an institution of
12 higher education or private or independent institution of higher
13 education qualifies as an eligible institution for the purposes of
14 the technology program by demonstrating exceptional capability to
15 attract federal, state, and private funding for scientific and
16 technical research and having an exceptionally strong research
17 staff and the necessary equipment and facilities; and

18 (2) provide for awards on a competitive, peer review
19 basis for specific projects at eligible institutions.

20 (e) The coordinating board shall encourage projects under
21 the technology program that leverage funds from other sources and
22 projects that propose innovative, collaborative efforts:

23 (1) across academic disciplines;

24 (2) among two or more eligible institutions; or

25 (3) between an eligible institution or institutions
26 and private industry.

27 SECTION 35. Section 143.003, Education Code, is transferred

1 to Chapter 142, Education Code, redesignated as Section 142.0035,
2 Education Code, and amended to read as follows:

3 Sec. 142.0035 [~~143.003~~]. TECHNOLOGY PROGRAM: PRIORITY
4 RESEARCH AREAS. The technology program may provide support for
5 faculty members to conduct research in areas determined by an
6 advisory panel appointed by the coordinating board. Initial
7 research areas shall include: agriculture, biotechnology,
8 biomedicine, energy, environment, materials science,
9 microelectronics, aerospace, marine science, aquaculture,
10 telecommunications, manufacturing science, environmental issues
11 affecting the Texas-Mexico border region, the reduction of
12 industrial, agricultural, and domestic water use, recycling, and
13 related disciplines. The advisory committee appointed under
14 Section 142.003(b) [~~panel~~] may add or delete priority research
15 areas as the advisory committee [~~panel~~] considers warranted.

16 SECTION 36. Section 142.004, Education Code, is amended by
17 amending Subsections (a) and (c) and adding Subsections (c-1) and
18 (f) to read as follows:

19 (a) The programs created under this chapter are [~~program is~~]
20 funded by appropriations and by gifts, grants, and donations made
21 for purposes of each [~~the~~] program.

22 (c) The funds allocated [~~appropriated~~] for the research
23 program may be expended to support the particular projects for
24 which an award is made and may not be expended for the general
25 support of ongoing research at an eligible institution or for the
26 construction or remodeling of a facility.

27 (c-1) The funds allocated for the technology program may be:

1 (1) expended to support particular research projects
2 for which an award is made, and may not be expended for the general
3 support of ongoing research and instruction at an eligible
4 institution or for the construction or remodeling of a facility;
5 and

6 (2) used to match a grant provided by private industry
7 for a particular collaborative research project with an eligible
8 institution.

9 (f) The advisory committee appointed under Section
10 142.003(b) shall determine when and to what extent funds
11 appropriated under this chapter will be allocated to each program
12 under this chapter unless the legislature specifies a division in
13 the General Appropriations Act.

14 SECTION 37. Sections 142.006 and 142.007, Education Code,
15 are amended to read as follows:

16 Sec. 142.006. MERIT REVIEW. (a) The coordinating board
17 shall appoint a committee that consists of experts in the specified
18 research areas to evaluate the research program's effectiveness and
19 report its findings to the coordinating board not later than
20 January 31 of each odd-numbered year.

21 (b) The coordinating board shall appoint a committee
22 consisting of representatives of higher education and private
23 enterprise advanced technology research organizations to evaluate
24 the technology program's effectiveness and report its findings to
25 the coordinating board not later than January 31 of each
26 odd-numbered year.

27 Sec. 142.007. CONFIDENTIALITY. Information submitted as

1 part of a pre-proposal or proposal or related to the evaluation and
2 selection of research projects to be funded by the research program
3 or technology program is confidential unless made public by
4 coordinating board rule.

5 SECTION 38. Section 143.0051, Education Code, is
6 transferred to Chapter 142, Education Code, and redesignated as
7 Section 142.009, Education Code, to read as follows:

8 Sec. 142.009 [~~143.0051~~]. APPLIED RESEARCH FOR CLEAN COAL
9 PROJECT AND OTHER PROJECTS FOR ELECTRICITY GENERATION. The
10 coordinating board shall use money available for the purpose from
11 legislative appropriations, including gifts, grants, and
12 donations, to support at one or more eligible institutions applied
13 research related to:

14 (1) the development, construction, and operation in
15 this state of a clean coal project, as defined by Section 5.001,
16 Water Code; or

17 (2) electricity generation using lignite coal
18 deposits in this state or integrated gasification combined cycle
19 technology.

20 SECTION 39. Subsection (f), Section 130.0012, Education
21 Code, is amended to read as follows:

22 (f) Each public junior college that offers a baccalaureate
23 degree program under this section must enter into an articulation
24 agreement for the first five years of the program with one or more
25 general academic teaching institutions to ensure that students
26 enrolled in the degree program have an opportunity to complete the
27 degree if the public junior college ceases to offer the degree

1 program. The coordinating board may require a general academic
2 teaching institution that offers a comparable degree program to
3 enter into an articulation agreement with the public junior college
4 as provided by this subsection.

5 SECTION 40. Subsection (f), Section 42.0421, Human
6 Resources Code, as added by Chapter 82 (S.B. 265), Acts of the 82nd
7 Legislature, Regular Session, 2011, is amended to read as follows:

8 (f) The training required by this section must be
9 appropriately targeted and relevant to the age of the children who
10 will receive care from the individual receiving training and must
11 be provided by a person who:

12 (1) is a training provider registered with the Texas
13 Early Care and Education Career Development System's Texas Trainer
14 Registry that is maintained by the Texas Head Start State
15 Collaboration Office;

16 (2) is an instructor at a public or private secondary
17 school, an [~~or at a public or private~~] institution of higher
18 education, as defined by Section 61.003 [~~61.801~~], Education Code,
19 or a private college or university accredited by a recognized
20 accrediting agency who teaches early childhood development or
21 another relevant course, as determined by rules adopted by the
22 commissioner of education and the commissioner of higher education;

23 (3) is an employee of a state agency with relevant
24 expertise;

25 (4) is a physician, psychologist, licensed
26 professional counselor, social worker, or registered nurse;

27 (5) holds a generally recognized credential or

1 possesses documented knowledge relevant to the training the person
2 will provide;

3 (6) is a registered family home care provider or
4 director of a day-care center or group day-care home in good
5 standing with the department, if applicable, and who:

6 (A) has demonstrated core knowledge in child
7 development and caregiving; and

8 (B) is only providing training at the home or
9 center in which the provider or director and the person receiving
10 training are employed; or

11 (7) has at least two years of experience working in
12 child development, a child development program, early childhood
13 education, a childhood education program, or a Head Start or Early
14 Head Start program and:

15 (A) has been awarded a Child Development
16 Associate (CDA) credential; or

17 (B) holds at least an associate's degree in child
18 development, early childhood education, or a related field.

19 SECTION 41. The following provisions of the Education Code
20 are repealed:

21 (1) Chapters 144, 147, 148, and 152;

22 (2) Subchapters J, M, Q, and X, Chapter 51;

23 (3) Subchapters B and D, Chapter 57;

24 (4) Subchapters K, P, Q, U, and W, Chapter 61;

25 (5) Section 51.916; Subsection (f), Section 52.17;

26 Section 52.56; Subsection (d), Section 56.456; and Subsections (c)

27 and (d), Section 56.459;

- 1 (6) Subdivisions (1) and (3), Section 57.02;
- 2 (7) Sections 57.41, 57.42, 57.43, 57.44, 57.45, 57.46,
3 57.461, 57.47, 57.471, 57.481, and 57.50;
- 4 (8) Subsections (b), (c), (d), (e), (f), (g), (i),
5 (j), (k), (m), (o), (p), and (q), Section 61.051;
- 6 (9) Subsections (i) and (i-1), Section 61.059;
7 Sections 61.0591, 61.0631, and 61.066; Subsection (d), Section
8 61.0761; Sections 61.078, 61.088, and 61.660; and Subsection (c),
9 Section 62.096; and
- 10 (10) Sections 143.001, 143.004, 143.005, 143.007, and
11 143.008.

12 SECTION 42. (a) The change in law made by this Act in
13 amending Subchapter Q, Chapter 56, Education Code, applies
14 beginning with Texas B-On-time loans awarded for the 2014-2015
15 academic year.

16 (b) Notwithstanding Subsection (a) of this section, a
17 student who first receives a Texas B-On-time loan for a semester or
18 other academic term before the 2014 fall semester may continue to
19 receive Texas B-On-time loans under Subchapter Q, Chapter 56,
20 Education Code, as that subchapter existed immediately before the
21 effective date of this Act, as long as the student remains eligible
22 for a Texas B-On-time loan under the former law, and is entitled to
23 obtain forgiveness of the loans as permitted by Section 56.462,
24 Education Code, as that section existed immediately before the
25 effective date of this Act. The Texas Higher Education
26 Coordinating Board shall adopt rules to administer this subsection
27 and shall notify each student who receives a Texas B-On-time loan in

1 the 2013-2014 academic year of the provisions of this subsection.

2 SECTION 43. The change in law made by Subsection (a),
3 Section 61.022, Education Code, as amended by this Act, regarding
4 the qualifications of members of the Texas Higher Education
5 Coordinating Board does not affect the entitlement of a member
6 serving on the coordinating board immediately before the effective
7 date of this Act to continue to serve as a member of the
8 coordinating board for the remainder of the member's term. As the
9 terms of coordinating board members expire, the governor shall
10 appoint or reappoint a member who has the required experience until
11 the composition of the coordinating board meets the requirements
12 under Subsection (a), Section 61.022, Education Code, as amended by
13 this Act.

14 SECTION 44. The Texas Higher Education Coordinating Board
15 shall adopt rules for the administration of Section 61.0763,
16 Education Code, as added by this Act, as soon as practicable after
17 this Act takes effect. For that purpose, the coordinating board may
18 adopt the initial rules in the manner provided by law for emergency
19 rules.

20 SECTION 45. The Texas Higher Education Coordinating Board
21 shall adopt rules as required by Section 61.07761, Education Code,
22 as added by this Act, as soon as practicable after this Act takes
23 effect. For that purpose, the coordinating board may adopt the
24 initial rules in the manner provided by the law for emergency rules.

25 SECTION 46. This Act takes effect September 1, 2013.