

By: González of El Paso

H.B. No. 4220

Substitute the following for H.B. No. 4220:

By: Lozano

C.S.H.B. No. 4220

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of certain degree-granting postsecondary educational institutions by the Texas Higher Education Coordinating Board.

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

SECTION 1. Section 61.303, Education Code, is amended to read as follows:

Sec. 61.303. EXEMPTIONS; REVOCATION OF OR CONDITIONS ON EXEMPTION STATUS OR CERTIFICATE OF AUTHORIZATION. (a) Unless specifically provided otherwise, the ~~[The]~~ provisions of this subchapter do not ~~[in any way]~~ apply to an institution that ~~[which]~~ is fully accredited by and in good standing with a recognized accrediting agency, or an institution or degree program that has received approval by a state agency authorizing the institution's graduates to take a professional or vocational state licensing examination administered by that agency. The granting of permission by a state agency to a graduate of an institution to take a licensing examination does not by itself constitute approval of the institution or degree program required for an exemption under this subsection.

(b) The exemptions provided by Subsection (a) apply only to the degree level for which an institution is accredited, and if an institution offers to award a degree at a level for which it is not accredited, the exemption does not apply.

1 (c) The board may issue to an [An] exempt institution or
2 person [may be issued] a certificate of authorization to grant
3 degrees. The board may adopt rules regarding a process to allow an
4 exempt institution or person to apply for and receive a certificate
5 of authorization under this section.

6 (d) The board by rule may require an exempt institution or
7 person to ensure that the financial resources and financial
8 stability of the institution or person are adequate to provide
9 education of a good quality and to fulfill the institution's or
10 person's commitments to its enrolled students and may require the
11 institution or person to provide to the board documentation of the
12 institution's or person's compliance with those requirements.
13 Rules adopted under this subsection must:

14 (1) require the institution or person to maintain
15 reserves, lines of credit, or surety instruments that, when
16 combined with tuition and fee receipts, are sufficient to allow the
17 institution or person to fulfill its educational obligations to its
18 enrolled students if the institution or person is unable to admit
19 new students in an academic year for any reason; and

20 (2) require that the financial resources maintained
21 under Subdivision (1) be conditioned to allow only the board to
22 withdraw funds for the benefit of the institution's or person's
23 enrolled students under the circumstance described by Subdivision
24 (1).

25 (e) To enable the board to verify the conditions under which
26 a certificate of authorization issued under this section is held,
27 the board by rule may require an exempt institution or person to

report to the board on a continuing basis other appropriate information in addition to the documentation required under Subsection (d).

(f) An exempt institution or person continues ~~[would continue]~~ in that status only if the institution or person maintains ~~[so long as it maintained]~~ accreditation by, and remains in good standing with, a recognized accrediting agency or otherwise meets ~~[met]~~ the provisions of Subsection (a).

(g) [(e)] The board by rule shall provide for due process and shall provide procedures for revoking or placing conditions on the exemption status of an institution or person or for revoking or placing conditions on a previously issued certificate of authorization.

(h) Under the rules described by Subsection (g), the board may revoke or place conditions on an institution's or person's exemption status or certificate of authorization only if the board has reasonable cause to believe that the institution or person has violated this subchapter or any rule adopted under this subchapter.

(i) Before revoking or placing conditions on an institution's or person's exemption status or certificate of authorization under Subsection (h), the board must provide to the institution or person written notice of the board's impending action and include the grounds for that action.

(j) If the board places conditions on an institution's or person's exemption status or certificate of authorization under Subsection (h), until the board removes the conditions, the board may reexamine the applicable institution or person at least twice

1 annually following the date the board provided notice under
2 Subsection (i).

3 (k) ~~[(f)]~~ A private postsecondary educational institution
4 may not establish or operate a branch campus, extension center, or
5 other off-campus unit in Texas except as provided by this
6 subsection or the rules of the board. This subsection does not
7 apply to a private or independent institution of higher education
8 as defined by Section 61.003.

9 SECTION 2. Subchapter G, Chapter 61, Education Code, is
10 amended by adding Section 61.3075 to read as follows:

11 Sec. 61.3075. REQUIRED FINANCIAL RESOURCES. The board by
12 rule may require an institution operating under a certificate of
13 authority, or seeking to operate under a certificate of authority,
14 to ensure that the financial resources and financial stability of
15 the institution are adequate to provide education of a good quality
16 and to fulfill the institution's commitments to its enrolled
17 students and may require the institution to provide to the board
18 documentation of the institution's compliance with those
19 requirements. Rules adopted under this subsection must:

20 (1) require the institution to maintain reserves,
21 lines of credit, or surety instruments that, when combined with
22 tuition and fee receipts, are sufficient to allow the institution
23 to fulfill its educational obligations to its enrolled students if
24 the institution is unable to admit new students in an academic year
25 for any reason; and

26 (2) require that the financial resources maintained
27 under Subdivision (1) be conditioned to allow only the board to

1 withdraw funds for the benefit of the institution's enrolled
2 students under the circumstance described by Subdivision (1).

3 SECTION 3. The Texas Higher Education Coordinating Board
4 shall adopt the rules required by Subchapter G, Chapter 61,
5 Education Code, as amended by this Act, as soon as practicable after
6 the effective date of this Act.

7 SECTION 4. This Act takes effect September 1, 2017.