

BILL ANALYSIS

Senate Research Center
88R30764 KJE-F

C.S.H.B. 8
By: VanDeaver et al. (Creighton)
Education
5/16/2023
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Commission on Community College Finance (TxCCCF), which was created by the 87th Legislature, was tasked with making recommendations for consideration by the legislature for establishing a state funding formula and funding levels that support public junior college education and workforce training. Given that 60 percent of jobs in Texas over the next decade are projected to require an associate degree, certificate, or other credential, TxCCCF recommends, among other things, changing the funding structure for public junior colleges to focus on student outcomes and enhancing the role of public junior colleges in workforce training and preparation. The recommendations provide for funding small colleges and students who are economically or academically disadvantaged, as well as Texans who have earned some college credit hours. TxCCCF also recommends that the state support credential programs for high-demand fields that meet regional and state workforce needs. H.B. 8 seeks to implement the recommendations of TxCCCF by establishing a public junior college state finance program that ensures community colleges across Texas can access foundational levels of funding for instruction and operations and by providing for the establishment of a program to provide financial aid to certain high school students enrolled in dual credit courses.

The committee substitute adds several provisions designed to further expand community college capacity and provide the Texas Higher Education Coordinating Board (THECB) with the resources to assist them. Two of these provisions relate to information acquired and published by THECB that will help students make the best decision for their future and simultaneously ensure their data is protected. Another provision aims to improve efficiencies for students transferring between community colleges and four-year universities. The remaining provisions deal with piloting, expanding, and streamlining various grant programs. These grant programs address more efficient use of financial aid, expanding workforce partnerships, and other components of postsecondary success.

C.S.H.B. 8 amends current law relating to public higher education, including the public junior college state finance program.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of education in SECTION 3 (Section 28.0095, Education Code) of this bill.

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 3 (Section 28.0095, Education Code), SECTION 25 (Section 61.09022, Education Code), SECTION 27 (Section 61.822, Education Code), SECTION 28 (Section 61.823, Education Code), SECTION 35 (Section 130.0031, Education Code), SECTION 45 (Section 130.458, Education Code), SECTION 46 (Sections 130A.005, 130A.006, and 130A.054, Education Code), and SECTION 50 (Section 136.007, Education Code) of this bill.

Rulemaking authority previously granted to the Texas Higher Education Coordinating Board is modified in SECTION 30 (Section 61.827, Education Code) and SECTION 44 (Section 130.355, Education Code) of this bill.

Rulemaking authority previously granted to the Texas Higher Education Coordinating Board is rescinded in SECTION 52 (Section 61.0593, Education Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 7.040(a), Education Code, as follows:

(a) Requires that information prepared under Section 7.040 (Postsecondary Education and Career Opportunities) be made publicly available in a manner that is accessible to any public or private school student seeking the information, rather than be given to a public school student who requests the information. Requires that the information:

(1) makes no changes to this subdivision;

(2) assist prospective postsecondary students in assessing the value of a certificate program, associate or baccalaureate degree program, or other credential program offered by an institution of higher education by comparing each institution with other institutions using information included in the electronic tools or platforms developed by the Texas Higher Education Coordinating Board (THECB) under Section 61.09022(a), rather than compare each institution of higher education with other institutions regarding certain factors

(3) makes a nonsubstantive change to this subdivision;

(4) include annual starting wage information and educational requirements for the top 25, rather than the top 10, highest demand jobs in this state, as identified by the Texas Workforce Commission;

(5) identify the 40 baccalaureate degree programs with the highest average annual wages following graduation; and

(6) identify the 20 associate degree or certificate programs with the highest average annual wages following graduation.

SECTION 2. Amends Section 28.009(b-2), Education Code, as follows:

(b-2) Requires that any agreement, including a memorandum of understanding or articulation agreement, between a school district and public institution of higher education to provide a dual credit program described by Subsection (b-1) (relating to requiring the Texas Education Agency (TEA) and THECB to jointly develop statewide goals for certain programs) meet certain criteria, including ensuring the accurate and timely exchange of information necessary for an eligible student to enroll at no cost to the student in a dual credit course as provided by Section 28.0095. Makes nonsubstantive changes.

SECTION 3. Amends Subchapter A, Chapter 28, Education Code, by adding Section 28.0095, as follows:

Sec. 28.0095. FINANCIAL AID FOR SWIFT TRANSFER (FAST) PROGRAM. (a) Defines "charter school," "coordinating board," "dual credit course," and "institution of higher education."

(b) Requires TEA and THECB to jointly establish the Financial Aid for Swift Transfer (FAST) program to allow eligible students to enroll at no cost to the student in dual credit courses at participating institutions of higher education.

(c) Provides that a student is eligible to enroll at no cost in a dual credit course under the FAST program if the student:

(1) is enrolled:

(A) in high school in a school district or charter school; and

(B) in a dual credit course at a participating institution of higher education; and

(2) was educationally disadvantaged at any time during the four school years preceding the student's enrollment in the dual credit course described by Subdivision (1)(B).

(d) Provides that an institution of higher education is eligible to participate in the FAST program only if the institution charges for each dual credit course offered by the institution an amount of tuition that does not exceed the amount prescribed by THECB rule.

(e) Requires each school district or charter school to:

(1) on a high school student's enrollment in a dual credit course, determine whether the student meets the criteria for the FAST program under Subsection (c)(2); and

(2) notify the institution of higher education that offers the dual credit course in which the student is enrolled of the district's or school's determination under Subdivision (1).

(f) Authorizes a school district or charter school to make the determination under Subsection (e)(1) based on the district's or school's records, TEA's records, or any other method authorized by commissioner of education (commissioner) or THECB rule. Requires the district or school, if the district or school bases the determination on a method other than TEA's records, to report the method used and the data on which the method is based to TEA for purposes of verification.

(g) Requires a participating institution of higher education, at least once each year, to certify to TEA and THECB the student's eligibility for the FAST program. Prohibits a participating institution of higher education, notwithstanding Section 54.051 (Tuition Rates), from charging tuition or fees for the enrollment in a dual credit course at the institution of a student for whom the institution receives notice under Subsection (e)(2).

(h) Requires THECB to distribute money transferred to THECB under Section 48.308 to the participating institutions of higher education in proportion to the number of dual credit courses in which eligible students are enrolled at the institution.

(i) Requires the commissioner and the commissioner of higher education to coordinate as necessary to:

(1) confirm an eligible student's enrollment in a participating institution of higher education; and

(2) obtain or share data necessary to verify a student's eligibility under Subsection (c)(2).

(j) Requires the commissioner and THECB to adopt rules as necessary to implement this section. Provides that THECB, notwithstanding Section 61.033 (Negotiated Rulemaking; Alternative Dispute Resolution), is not required to use negotiated rulemaking procedures under Chapter 2008 (Negotiated Rulemaking), Government Code, for the adoption of rules under this section.

SECTION 4. Amends Section 28.010(a), Education Code, as follows:

(a) Requires a school district, each school year, to notify the parent of each district student enrolled in grade nine or above of:

(1) the availability of:

(A) makes no changes to this paragraph;

(B) makes a nonsubstantive change to this paragraph;

(C) makes no changes to this paragraph;

(D) funding for enrollment in dual credit courses under Section 28.0095; and

(2) certain qualifications, including for funding described by Subdivision (1)(D).

SECTION 5. Amends Section 28.0253(a)(2), Education Code, to redefine "eligible institution."

SECTION 6. Amends Section 28.0253(e), Education Code, as follows:

(e) Requires a school district or open-enrollment charter school to allow a student to graduate and receive a high school diploma under the Texas First Early High School Completion Program (Texas First program), rather than authorizes a school district or open-enrollment charter school to issue a high school diploma to a student under the Texas First program, if certain criteria are met.

SECTION 7. Amends Section 29.908(b), Education Code, as follows:

(b) Requires that the early college education program:

(1) makes no changes to this subdivision;

(2) allow a participating student to complete high school and enroll in a program at an institution of higher education that will enable the student to, on or before the fifth anniversary of the date of the student's first day of high school, receive a high school diploma and either:

(A) an applied associate degree, as defined by THECB rule; or

(B) an academic associate degree, as defined by THECB rule, with a completed field of study curriculum developed under Section 61.823 (Field of Study Curriculum) that is transferable toward a baccalaureate degree at one or more general academic teaching institutions, as defined by Section 61.003 (Definitions), rather than at least 60 semester credit hours toward a baccalaureate degree; and

(3)-(4) makes no changes to these subdivisions.

SECTION 8. Amends Subchapter G, Chapter 48, Education Code, by adding Section 48.308, as follows:

Sec. 48.308. ALLOTMENT FOR FINANCIAL AID FOR SWIFT TRANSFER (FAST) PROGRAM. (a) Defines "coordinating board" and "FAST program."

(b) Entitles an institution of higher education participating in the FAST program to an allotment in an amount equal to the amount of tuition set by THECB rule under Section 28.0095(d) for each dual credit course in which a student eligible to participate in the FAST program is enrolled at the institution.

(c) Requires TEA to transfer the total amount of allotments under this section to THECB for distribution in accordance with Section 28.0095(h).

(d) Requires TEA and THECB to coordinate as necessary to implement this section.

(e) Requires the legislature to include in amounts appropriated for the Foundation School Program an amount of state aid sufficient for TEA to make the transfer required under Subsection (c).

SECTION 9. Amends Section 51.4033, Education Code, as follows:

Sec. 51.4033. REPORT OF NONTRANSFERABLE CREDIT. (a) Requires each general academic teaching institution, not later than May 1 of each year, rather than March 1 of each year, and in the form prescribed by THECB, to provide to THECB and the legislature a report meeting certain criteria.

(b) Requires that a report required by this section indicate certain information, including the reason why the receiving institution did not grant academic credit for the course as described by Subsection (a), including whether the institution complied with the dispute resolution process under Section 61.826 (Dispute Resolution).

SECTION 10. Amends Section 51.4034(a), Education Code, as follows:

(a) Requires each public junior college, not later than May 1 of each year, rather than March 1 of each year, and in the form prescribed by THECB, to provide to THECB and the legislature a meeting certain criteria.

SECTION 11. Amends Section 51.762(b-1), Education Code, as follows:

(b-1) Requires that an electronic common admission application form adopted under Section 51.762 (Common Admission Application Forms) include a prominent link to the electronic tools or platforms developed by THECB under Section 61.09022, rather than a prominent link to comparative gainful employment data regarding institutions of higher education, including certain information.

SECTION 12. Amends Section 51.763(b), Education Code, as follows:

(b) Requires that the form meet certain criteria, including a prominent link to the electronic tools or platforms developed by THECB under Section 61.09022, rather than a prominent link to comparative gainful employment data regarding institutions of higher education, including certain information.

SECTION 13. Amends Section 51.907, Education Code, by adding Subsections (c-1) and (c-2), as follows:

(c-1) Prohibits an institution of higher education from counting toward the number of courses permitted to be dropped under Subsection (c) (relating to prohibiting an institution of higher education from permitting a student to drop more than six courses under certain circumstances) or a policy adopted under Subsection (d) (relating to authorizing the governing board of an institution of higher education to adopt a policy under which the maximum number of courses a student is permitted to drop under certain circumstances is less than a certain amount) a course that a student dropped while enrolled in a baccalaureate degree program previously earned by the student.

(c-2) Prohibits an institution of higher education from counting toward the number of courses permitted to be dropped under Subsection (c) or a policy adopted under Subsection (d) a dual credit course that a student dropped before graduating from high school.

SECTION 14. Amends Section 54.3531(b), Education Code, as follows:

(b) Prohibits a student, notwithstanding Subsection (a) (relating to requiring the governing board of an institution of higher education to exempt from the payment of tuition and laboratory fees charged by the institution for certain courses for an undergraduate student who meets certain criteria), from receiving an exemption under Section 54.3531 (Peace Officers Enrolled in Certain Courses) for any course if the student has previously attempted a number of semester credit hours for courses taken at any institution of higher education while classified as a resident student for tuition purposes in excess of a certain number of hours as eligible for funding under the formulas established under certain statutes, including Chapter 130A.

SECTION 15. Amends Section 56.221(2), Education Code, to redefine "eligible institution."

SECTION 16. Amends Section 56.407(g), Education Code, as follows:

(g) Deletes existing text authorizing an institution to use other available sources of financial aid, other than a Pell grant, to cover any difference in the amount of a certain grant and the actual amount of tuition and required fees at the institution.

SECTION 17. Amends Sections 61.003(2), (11), and (12), Education Code, to redefine "public junior college," "degree program," and "certificate program."

SECTION 18. Amends the heading to Section 61.031, Education Code, to read as follows:

Sec. 61.031. PUBLIC INFORMATION AND COMPLAINTS.

SECTION 19. Amends Section 61.031, Education Code, by adding Subsection (d), as follows:

(d) Provides that information that relates to a current, former, or prospective applicant or student of an educational institution and that is obtained, received, or held by THECB for the purpose of providing assistance with access to postsecondary education, notwithstanding any other provision of law, is required to be considered confidential and excepted from disclosure under Chapter 552 (Public Information), Government Code, and is authorized only to be released in conformity with the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g). Authorizes THECB to withhold information prohibited from being disclosed under this subsection without requesting a decision from the attorney general under Subchapter G (Attorney General Decisions), Chapter 552, Government Code.

SECTION 20. Amends Section 61.051, Education Code, by adding Subsection (b) to authorize THECB to participate in the establishment and operation of an affiliated nonprofit organization whose purpose is to raise money for or provide services or other benefits to THECB.

SECTION 21. Amends Section 61.0571, Education Code, by adding Subsections (c), (d), (e), and (f), as follows:

(c) Authorizes THECB to provide administrative support and services to institutions of higher education as necessary to implement Chapter 61 (Texas Higher Education Coordinating Board), Chapter 130 (Junior College Districts), or Chapter 130A.

(d) Authorizes THECB to establish an institutional collaboration center within THECB to support the implementation of Chapter 130A and the efficient and effective operations of institutions of higher education.

(e) Authorizes THECB, from money appropriated or otherwise available for the purpose, to procure goods and services for the direct benefit of an institution of higher education and enter into an interagency contract under Chapter 771 (Interagency Cooperation Act),

Government Code, with the institution to reimburse THECB for the cost of the goods and services.

(f) Authorizes an affiliated nonprofit organization described by Section 61.051(b) to accept gifts, grants, or donations from any public or private source to pay for goods or services procured for the direct benefit of an institution of higher education under Subsection (e).

SECTION 22. Amends Section 61.059, Education Code, by amending Subsections (b), (b-1), and (r) and adding Subsection (s), as follows:

(b) Requires THECB to devise, establish, and periodically review and revise formulas for the use of the governor and the Legislative Budget Board (LBB) in making appropriations recommendations to the legislature for institutions of higher education other than public junior colleges funded under Chapter 130A, rather than for all institutions of higher education including the funding of postsecondary vocational-technical programs. Makes a nonsubstantive change.

(b-1) Authorizes, rather than requires, the chancellor of a university system to recommend to the commissioner of higher education at least one institutional representative for each institutional grouping to which a component of the university system is assigned. Authorizes, rather than requires, the president of an institution of higher education that is not a component of a university system to recommend to the commissioner of higher education at least one institutional representative for the institutional grouping to which the institution is assigned. Makes a conforming change.

(r) Requires THECB to exclude contact hours or semester credit hours related to a course for which a student is generating formula funding for the third time from the contact hours or semester credit hours reported for formula funding purposes.

(s) Creates this subsection from existing text. Prohibits THECB, notwithstanding any other law, from excluding from the number of semester credit hours reported for formula funding under Section 61.059 (Appropriations) or Chapter 130A, rather than reported to LBB for formula funding under this section, semester credit hours for any course taken up to three times by a student who meets certain criteria.

SECTION 23. Amends Sections 61.0595(a), (d), and (f), Education Code, as follows:

(a) Prohibits THECB, in the formulas established under Section 61.059 or Chapter 130A, from including funding for certain semester credit hours earned by a student meeting certain criteria.

(d) Provides that certain hours are not counted for purposes of determining whether the student has previously earned the number of semester credit hours specified by Subsection (a), including semester credit hours earned by the student before receiving an associate degree that has been previously awarded to the student. Makes nonsubstantive changes.

(f) Makes a conforming change to this subsection.

SECTION 24. Amends Section 61.063, Education Code, as follows:

Sec. 61.063. New heading: LISTING OF PUBLIC JUNIOR COLLEGES; ELIGIBILITY FOR STATE APPROPRIATIONS. (a) Creates this subsection from existing text. Requires the commissioner of higher education to file with the Comptroller of Public Accounts of the State of Texas (comptroller) and the state auditor on or before September 1, rather than October 1, of each year a list of each public junior college in this state that has certified to THECB under Section 130.003 (State Appropriation for Public Junior Colleges) that the college is in compliance with the requirements of Subsection (b) (relating to requiring a public junior college, to be eligible for and to receive a

proportionate share of the appropriation, to meet certain criteria) of that section, rather than a list of the public junior colleges in this state.

(b) Creates this subsection from existing text. Provides that only a public junior college included on the list under Subsection (a) is eligible for and is authorized to receive money appropriated by the legislature to public junior colleges, rather than provides that only those colleges which are so certified are required to be eligible for and authorized to receive any appropriation made by the legislature to public junior colleges.

Deletes existing text requiring the commissioner of higher education to certify the names of those colleges that have complied with the standards, rules, and regulations prescribed by THECB.

SECTION 25. Amends Subchapter C, Chapter 61, Education Code, by adding Section 61.09022, as follows:

Sec. 61.09022. INFORMATION TO ASSIST STUDENTS IN ASSESSING VALUE OF POSTSECONDARY CREDENTIALS. (a) Requires THECB, from money appropriated or otherwise available for the purpose, to develop one or more electronic tools or platforms to provide information to assist prospective postsecondary students in assessing the value of a certificate program, associate or baccalaureate degree program, or other credential program offered by an institution of higher education or private or independent institution of higher education by comparing each institution with other institutions regarding:

(1) the relative cost of obtaining the certificate, degree, or other credential, based on the most recent data available to THECB from TWC, institutions of higher education, the federal government, or any other source from which THECB is authorized to obtain reliable data, including:

(A) the cost for each of the following at the 25th percentile, the median, and the 75th percentile:

(i) total cost of attendance;

(ii) tuition and fees;

(iii) room and board;

(iv) books and supplies;

(v) transportation; and

(vi) other costs; and

(B) the estimated net cost remaining after subtracting from the amount described by Paragraph (A) the average amount of scholarship and grant aid awarded to the typical student for the program;

(2) the value of the certificate, degree, or other credential as measured by comparing:

(A) the median wage earned by students who graduated with the certificate, degree, or other credential from the institution; and

(B) the median student debt of students who graduated with the certificate, degree, or other credential from the institution as compared to the median student debt of all students who graduated

with the certificate, degree, or other credential, based on the most recent data available to THECB from TWC, institutions of higher education, the federal government, or any other source from which THECB may obtain reliable data;

(3) the average student debt-to-income ratio of students who graduated with the certificate, degree, or other credential from the institution and have student debt, including the estimated monthly student loan payment, computed using the standard 10-year repayment plan;

(4) progress on repaying student loans by students who graduated with the certificate, degree, or other credential from the institution; and

(5) educational outcomes for students seeking the certificate, degree, or other credential, including:

(A) for a program designed to be completed in more than one year, the percentage of students who continue in the program after the first year of study;

(B) the completion rate;

(C) the percentage of students who withdraw or transfer from the institution and subsequently graduate with the certificate, degree, or other credential from another institution of higher education or private or independent institution of higher education;

(D) the percentage of students who withdraw from the institution and do not enroll in the program at another institution of higher education or private or independent institution of higher education within three years of the withdrawal; and

(E) the percentage of graduates employed in the top five industries in this state, as identified by TWC, by certificate program, degree program, or other credential program within one year of graduation.

(c) Authorizes THECB to solicit and accept gifts, grants, and donations from any public or private source to implement this section.

(d) Requires THECB to adopt rules as necessary to implement this section.

SECTION 26. Transfers Section 7.040(c), Education Code, to Section 61.09022, Education Code, as added by this Act, redesignates it as Section 61.09022(b), Education Code, and amends it, as follows:

(b) Requires each institution of higher education to include on its Internet website, in a prominent location that is not more than three hyperlinks from the website's home page, a link to the electronic tools or platforms developed by THECB, rather than a link to information on TEA's Internet website, under Subsection (a) (relating to requiring TEA to prepare information comparing institutions of higher education in this state and post the information on TEA's Internet website).

SECTION 27. Amends Sections 61.822(b) and (c), Education Code, as follows:

(b) Authorizes THECB by rule to approve a core curriculum of fewer than 42 semester credit hours for an associate degree program if THECB determines that the approval would facilitate the award of a degree or transfer of credit consistent with Subchapter S (Transfer of Credit).

(c) Provides that the core curriculum, rather than the 42-hour core-curriculum, if a student successfully completes that block of courses, is authorized to be transferred to any other institution of higher education and is required to be substituted for the receiving institution's core curriculum.

SECTION 28. Amends Section 61.823, Education Code, by adding Subsection (a-1) and amending Subsection (b), as follows:

(a-1) Authorizes THECB by rule to authorize a general academic teaching institution to adopt, for each field of study curriculum developed by THECB for which the institution offers a degree program, a set of courses specific to that field of study, for a total of at least six semester credit hours or the equivalent, that is required to be completed as part of the field of study curriculum for that institution. Requires each general academic teaching institution that adopts a set of courses for a field of study curriculum under this subsection to post on the institution's Internet website in a manner easily accessible to students the set of courses with the associated course numbers under the common course numbering system.

(b) Provides that a field of study curriculum developed by THECB, if a student successfully completes that block of courses, is authorized to be transferred to a general academic teaching institution and, subject to completion of the set of courses adopted by the institution for that field of study under Subsection (a-1), is required to be substituted for that institution's lower division requirements for the degree program for the field of study into which the student transfers, and the student is required to receive full academic credit toward the degree program for the block of courses transferred.

SECTION 29. Amends Sections 61.826(c), (d), and (e), Education Code, as follows:

(c) Requires an institution of higher education, if that institution proposes to deny the application toward the institution's core curriculum or a field of study curriculum developed by THECB under Section 61.823 of course credit, rather than if that institution does not accept court credit, earned by a student at another institution of higher education in the other institution's core curriculum or in a field of study curriculum, to:

- (1) give written notice to the student and the other institution of that institution's intent to deny the application of the course credit to the institution's core curriculum or field of study curriculum and the reasons for the proposed denial;
- (2) attempt to resolve the application of the course credit to the institution's core curriculum or field of study curriculum with the other institution and the student in accordance with Section 61.826 (Dispute Resolution) and THECB rules;
- (3) resolve the dispute not later than the 45th day after the date on which the student enrolls in that institution; and
- (4) if the dispute is not resolved to the satisfaction of the student or the institution at which the credit was earned, notify the commissioner of higher education of its denial to apply the course credit to the institution's core curriculum or field of study curriculum and the reasons for the denial.

Deletes existing text requiring the institution to give written notice to the student and the other institution that the transfer of the course credit is denied. Deletes existing text requiring the two institutions and the student to attempt to resolve the transfer of the course credit in accordance with THECB rules. Deletes existing text requiring the institution that denies the transfer of the course credit, if the transfer dispute is not resolved to the satisfaction of the student or the institution at which the credit was earned within 45 days after the date the student received written notice of the denial, to notify the commissioner of higher education of its denial and the reasons for the denial.

(d) Requires the commissioner of higher education or the commissioner of higher education's designee, not later than the 20th business day after the date the commissioner of higher education receives notice of a dispute concerning the application of course credit to an institution of higher education's core curriculum or field of study curriculum under Subsection (c)(4), to make the final determination about the dispute and give written notice of the determination to the involved student and institutions. Requires the institution, if the commissioner of higher education or the commissioner of higher education's designee determines that the institution is prohibited from denying the application of course credit described by Subsection (c) to the institution's core curriculum or field of study curriculum, to apply that course credit toward the institution's core curriculum or field of study curriculum, as applicable. Provides that a determination by the commissioner of higher education or the commissioner of higher education's designee under this subsection is final and is prohibited from being appealed. Makes nonsubstantive changes.

(e) Requires THECB to take certain actions, including posting on THECB's Internet website a list of each case that is considered by the commissioner of higher education or the commissioner of higher education's designee under this section, including the disposition of the case.

SECTION 30. Amends Section 61.827(b), Education Code, as follows:

(b) Requires THECB, in adopting certain rules, to appoint a committee to advise THECB under Section 2001.031 (Informal Conferences and Advisory Committees), Government Code, rather than to use the negotiated rulemaking procedures under Chapter 2008, Government Code.

SECTION 31. Amends Subchapter S, Chapter 61, Education Code, by adding Section 61.834, as follows:

Sec. 61.834. TEXAS DIRECT ASSOCIATE DEGREE. Requires a public junior college, public state college, or public technical institute to award a student a "Texas Direct" associate degree and include an appropriate notation on the student's transcript if the student completes a field of study curriculum developed by THECB under Section 61.823 and:

- (1) the college's core curriculum; or
- (2) an abbreviated core curriculum related to a specific approved field of study curriculum transferable to one or more general academic teaching institutions.

SECTION 32. Amends Section 61.882(d), Education Code, as follows:

(d) Authorizes THECB, in awarding grants under Subchapter T-2 (Texas Reskilling and Upskilling Through Education (TRUE) Program), to give preference to applicants that take certain actions, including partnering with employers to analyze job postings and identify employers hiring roles with the skills developed by the training programs.

SECTION 33. Amends Section 130.001(b), Education Code, as follows:

(b) Requires THECB to have the responsibility for adopting policies, enacting regulations, and establishing general rules necessary for carrying out the duties with respect to public junior colleges as prescribed by the legislature, and with the advice and assistance of the commissioner of higher education, to have authority to:

- (1)-(4) makes no changes to these subdivisions; and
- (5) establish a standing advisory committee composed of representatives of public junior colleges, rather than including establishing advisory commissions composed of representatives of public junior colleges and other citizens of the

state, to provide advice and counsel to THECB with respect to the funding of public junior colleges necessary to carry out this chapter and Chapter 130A.

SECTION 34. Amends Sections 130.003(a), (b), (e), and (f), Education Code, as follows:

(a) Requires that the sum of the money appropriated from the state treasury be allocated in accordance with Chapter 130A, rather allocated on the basis of contact hours within categories developed, reviewed, and updated by THECB.

(b) Requires a public junior college, to be eligible for and to receive money appropriated under Subsection (a), to certify to THECB, in the manner prescribed by THECB rule, that the college:

(1) redesignates existing Subdivision (2) as Subdivision (1) and makes nonsubstantive changes;

(2) collects from each full-time and part-time student enrolled, tuition and other fees, rather than matriculation and other session fees, in certain amounts;

(3)-(4) makes nonsubstantive changes to these subdivisions; and

(5) has complied with all laws and THECB rules for the establishment and operation of a public junior college.

Deletes existing text requiring a public junior college, to be eligible for and to receive a proportionate share of the appropriation, to be certified as a public junior college as prescribed in Section 61.063 and to have complied with all existing laws, rules, and regulations governing the establishment and maintenance of public junior colleges. Makes nonsubstantive changes.

(e) Requires that the primary purpose of each public junior college, rather than the purpose of each public community college, be to provide certain programs and courses, including courses in the core curriculum or a field of study curriculum, as those terms are defined by Section 61.821 (Definitions), rather than freshman and sophomore courses in arts and sciences. Makes nonsubstantive changes.

(f) Provides that this section does not affect the application of Section 54.231 (Resident of Bordering State or Nation or Participant in Student Exchange Program: Tuition), rather than provides that this section does not alter, amend, or repeal Section 54.060 (Resident of Bordering State or Nation or Participant in Student Exchange Program: Tuition) of this code.

SECTION 35. Amends Section 130.0031, Education Code, as follows:

Sec. 130.0031. TRANSFERS: WHEN MADE. (a) Requires THECB, in consultation with the advisory committee established under Section 130.001(b)(5), by rule to adopt a payment schedule by which money appropriated to junior college districts under this chapter and Chapter 130A is distributed to those districts. Deletes existing text defining "category 1 junior college" and "category 2 junior college."

(b) Authorizes THECB to modify the amount of any installment required under the payment schedule adopted under Subsection (a) to, in accordance with this chapter, Chapter 130A, the General Appropriations Act, or THECB rule, take certain actions. Makes nonsubstantive changes.

Deletes existing text requiring that money appropriated for payment to junior colleges under the authority of Section 130.003 of this code be paid to each eligible category 1 junior college out of the public junior college reimbursement fund in a certain manner.

(c) Authorizes the amount of the other installment, if the amount of an installment under the payment schedule adopted under Subsection (a) is required to be equal to the amount of another installment, rather than if an installment under this section is required to be equal to other installments, to be adjusted to provide for that equality. Makes nonsubstantive changes.

SECTION 36. Amends Section 130.0033(c), Education Code, as follows:

(c) Provides that charging tuition at a reduced rate under Section 130.0033 (Pilot Project: Reduced Tuition for Certain Courses) does not affect the right of the public junior college to an allocation of state appropriations under this chapter and Chapter 130A, rather than to a proportionate share of state appropriations under Section 130.003, for the contact hours attributable to students paying tuition at the reduced rate.

SECTION 37. Amends Section 130.0034(a), Education Code, to make conforming and nonsubstantive changes.

SECTION 38. Amends Section 130.0051(a), Education Code, as follows:

(a) Deletes existing text authorizing the board of trustees of a junior college district by resolution to change the name of the district or a college within the district by eliminating the words "community" or "junior" from the name of the district or college, unless certain criteria are met.

SECTION 39. Amends Section 130.008(c), Education Code, to make conforming changes.

SECTION 40. Amends Section 130.085(b), Education Code, to make conforming and nonsubstantive changes.

SECTION 41. Amends Section 130.090(c), Education Code, to make conforming changes.

SECTION 42. Amends Sections 130.310(a), Education Code, as follows:

(a) Deletes existing text providing that this subsection does not require the legislature to appropriate state funds to support a degree program created under Subchapter L (Baccalaureate Degree Programs). Makes conforming and nonsubstantive changes.

SECTION 43. Amends Section 130.352, Education Code, as follows:

Sec. 130.352. FORMULA FUNDING FOR WORKFORCE CONTINUING EDUCATION COURSES. Makes conforming changes to this section.

SECTION 44. Amends Section 130.355, Education Code, as follows:

Sec. 130.355. RULES. Deletes existing text requiring THECB, in adopting those rules, to use the negotiated rulemaking procedures under Chapter 2008, Government Code.

SECTION 45. Amends Chapter 130, Education Code, by adding Subchapter O, as follows:

SUBCHAPTER O. OPPORTUNITY HIGH SCHOOL DIPLOMA PROGRAM

Sec. 130.451. DEFINITIONS. Defines "coordinating board," "general academic teaching institution," and "program."

Sec. 130.452. PURPOSE. Provides that the purpose of the Opportunity High School Diploma program (diploma program) is to provide an alternative means by which adult students enrolled in a workforce education program at a public junior college are authorized to earn a high school diploma at the college through concurrent enrollment in a competency-based education program that enables students to demonstrate knowledge

substantially equivalent to the knowledge required to earn a high school diploma in this state.

Sec. 130.453. ADMINISTRATION. Requires THECB to administer the diploma program in consultation with TEA and TWC.

Sec. 130.454. APPROVAL OF ALTERNATIVE HIGH SCHOOL DIPLOMA PROGRAM. (a) Authorizes a public junior college to submit to THECB an application to participate in the diploma program. Requires that the application propose an alternative competency-based high school diploma program to be offered for concurrent enrollment to adult students without a high school diploma who are enrolled in a workforce education program at the college. Authorizes the proposed diploma program to include any combination of instruction, curriculum, achievement, internships, or other means by which a student may attain knowledge sufficient to adequately prepare the student for postsecondary education or additional workforce education.

(b) Authorizes a public junior college to submit an application under Subsection (a) together with one or more public junior colleges, general academic teaching institutions, public school districts, or nonprofit organizations with whom the proposed program described by that subsection will be offered as provided by Subsection (e).

(c) Authorizes THECB to approve not more than five public junior colleges to participate in the diploma program.

(d) Requires THECB, subject to Subsection (c), to review and approve a public junior college's application to participate in the diploma program if THECB determines that the college's proposed program described by Subsection (a) will provide instruction and assessments appropriate to ensure that a student who successfully completes the proposed program demonstrates levels of knowledge sufficient to adequately prepare the student for postsecondary education or additional workforce education. Authorizes THECB to coordinate with TEA as necessary to make a determination under this subsection.

(e) Authorizes a public junior college approved to participate in the diploma program to:

(1) enter into an agreement with one or more public junior colleges, general academic teaching institutions, public school districts, or nonprofit organizations to offer the diploma program described by Subsection (a); and

(2) offer the diploma program described by Subsection (a) at any campus of the college or an entity with which the college has entered into an agreement under Subdivision (1).

Sec. 130.455. AWARD OF HIGH SCHOOL DIPLOMA. (a) Authorizes a public junior college participating in the diploma program to award a high school diploma to a student enrolled in the alternative competency-based high school diploma program offered by the college under the program if the student performs satisfactorily on assessment instruments prescribed by THECB rule.

(b) Provides that a high school diploma awarded under the diploma program is equivalent to a high school diploma awarded under Section 28.025 (High School Diploma and Certificate; Academic Achievement Record).

Sec. 130.456. FUNDING. (a) Requires THECB and TWC to coordinate to jointly identify funding mechanisms, including grants, interagency contracts, financial aid, or subsidies, available to public junior colleges and students to encourage and facilitate participation in the diploma program.

(b) Entitles a public junior college participating in the diploma program to receive funding under Section 130.003 for the program in the manner provided by THECB rule.

Sec. 130.457. REPORT. Requires THECB, not later than December 1, 2026, to submit to the legislature a progress report on the effectiveness of the diploma program and any recommendations for legislative or other action. Provides that this section expires September 1, 2027.

Sec. 130.458. RULES. Authorizes THECB to adopt rules as necessary to implement this subchapter.

SECTION 46. Amends Subtitle G, Title 3, Education Code, by adding Chapter 130A, as follows:

CHAPTER 130A. PUBLIC JUNIOR COLLEGE STATE FINANCE PROGRAM

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 130A.001. LEGISLATIVE INTENT. Provides that it is the intent of the legislature that, as public junior colleges are locally governed institutions, providing foundational funding for instruction and operations of public junior colleges should be primarily a local responsibility, supported through a combination of tuition, fees, and local property taxes, with state funding focused primarily on rewarding outcomes aligned with regional and state education and workforce needs.

Sec. 130A.002. PURPOSE. Provides that the purpose of the public junior college state finance program established under this chapter is to provide a modern and dynamic finance system that ensures that each public junior college has access to adequate state appropriations and local resources to support the education and training of the workforce of the future.

Sec. 130A.003. DEFINITIONS. Defines "commissioner," "coordinating board," "program," and "public junior college."

Sec. 130A.004. PROGRAM COMPONENTS. Provides that the finance program consists of:

(1) a base tier of state and local funding determined in accordance with Subchapter B that ensures each public junior college has access to a defined level of base funding for instruction and operations; and

(2) a performance tier of state funding determined in accordance with Subchapter C that constitutes the majority of state funding and is distributed based on measurable outcomes aligned with:

(A) regional and state workforce needs; and

(B) state goals aligned to the state's long-range master plan for higher education developed under Section 61.051 (Coordination of Institutions of Public Higher Education).

Sec. 130A.005. ADMINISTRATION OF PROGRAM. (a) Authorizes THECB to adopt rules, require reporting, and take other actions consistent with Chapter 61, Chapter 130, and this chapter as necessary to implement and administer the finance program.

(b) Authorizes THECB, in adopting rules under this section, to consult with the advisory committee established under Section 130.001(b)(5).

(c) Provides that THECB, notwithstanding Section 61.033, is not required to use negotiated rulemaking procedures under Chapter 2008, Government Code, for the adoption of rules under this section.

Sec. 130A.006. **REQUIRED REPORTING.** Requires THECB by rule to require each junior college district to report to THECB through the Education Data System, Community College Annual Reporting and Analysis Tool, Report of Fundable Operating Expenses, or any successor program, data necessary to:

- (1) calculate funding under this chapter;
- (2) provide timely data and analyses to inform management decisions by the governing body of each junior college district;
- (3) administer or evaluate the effectiveness of the finance program; or
- (4) audit the finance program.

Sec. 130A.007. **COMMISSIONER AUTHORITY TO RESOLVE DATA REPORTING ERRORS AND UNINTENDED CONSEQUENCES FROM FUNDING FORMULAS.**

(a) Authorizes the commissioner of higher education to review the accuracy of data reported to THECB by junior college districts.

(b) Authorizes the commissioner of higher education to adjust:

(1) the distribution of funding under this chapter for a state fiscal year as necessary to correct errors in data reporting identified through the commissioner of higher education's review under Subsection (a); and

(2) a junior college district's funding under this chapter if the funding formulas used to determine the district's entitlement would result in an unanticipated loss or gain for the district that would have a substantial negative impact on the district's operations.

(c) Requires the commissioner of higher education, before making an adjustment under this section, to request and receive written approval from the LBB and the Office of the Governor. Provides that a request to make an adjustment is considered approved unless the LBB or the Office of the Governor issues a written disapproval within 60 business days after the date on which the request is received.

(d) Requires the commissioner of higher education, if the commissioner of higher education makes an adjustment under Subsection (b), to provide to the legislature an explanation regarding the changes necessary to resolve the data reporting errors or the unintended consequences, as applicable.

Sec. 130A.008. **CENSUS DATE ELIGIBILITY.** Authorizes a junior college district to report a student in attendance on the district's approved course census date for the purpose of funding under this chapter.

Sec. 130A.009. **RECOVERY OF OVERALLOCATED FUNDS.** (a) Requires THECB, if a junior college district has received an overallocation of state funds, to recover from the district an amount equal to the overallocation by withholding from subsequent allocations of state funds for the current or subsequent academic year or by requesting and obtaining a refund from the district.

(b) Authorizes THECB, notwithstanding Subsection (a), to recover an overallocation of state funds over a period not to exceed the subsequent five academic years if the commissioner of higher education determines that the overallocation was the result of exceptional circumstances reasonably caused by

statutory changes to Chapter 130 or this chapter and related reporting requirements.

(c) Requires THECB, if a junior college district fails to comply with a request for a refund under Subsection (a), to report to the comptroller that the amount constitutes a debt for purposes of Section 403.055 (Payments to Debtors or Delinquents Prohibited), Government Code. Requires THECB to provide to the comptroller the amount of the overallocation and any other information required by the comptroller. Authorizes the comptroller to certify the amount of the debt to the attorney general for collection. Provides that the junior college district's governmental immunity is waived to the extent necessary to collect the debt owed under this section.

(d) Authorizes THECB, subject to Subsection (e), to review a junior college district as necessary to determine if the district qualifies for each amount received by the district under this chapter. Authorizes THECB, if THECB determines that a junior college district received an amount to which the district was not entitled, to establish a corrective action plan or withhold the applicable amount of funding from the district.

(e) Prohibits THECB from reviewing junior college district expenditures that occurred seven or more years before the review.

Sec. 130A.010. GIFTS, GRANTS, AND DONATIONS. Authorizes an affiliated nonprofit organization described by Section 61.051(b), except as provided by other law, to solicit and accept gifts, grants, or donations of personal property from any public or private source to implement or administer this chapter.

SUBCHAPTER B. STATE FUNDING: BASE TIER

Sec. 130A.051. BASE TIER FORMULA. Provides that the amount of base tier state funding to which a junior college district is entitled for instruction and operations under this subchapter for a state fiscal year is an amount equal to the amount, if any, by which the district's guaranteed instruction and operations funding, as determined under Section 130A.052, exceeds the district's local share of base tier funding, as determined under Section 130A.056.

Sec. 130A.052. GUARANTEED INSTRUCTION AND OPERATIONS FUNDING FORMULA. Provides that the amount of a junior college district's guaranteed instruction and operations funding for a state fiscal year is equal to the sum of:

(1) the product of:

(A) the district's basic allotment under Section 130A.053; and

(B) the number of weighted full-time equivalent students enrolled at the district determined in accordance with Section 130A.054; and

(2) the district's contact hour funding under Section 130A.055.

Sec. 130A.053. BASIC ALLOTMENT. Provides that the basic allotment for a junior college district for a state fiscal year is an amount per weighted full-time equivalent student set by the General Appropriations Act or other legislative appropriation.

Sec. 130A.054. WEIGHTED FULL-TIME EQUIVALENT STUDENT; SCALE ADJUSTMENT. (a) Requires THECB by rule to establish student weights for purposes of this chapter that reflect the higher cost of educating certain students.

(b) Requires that the student weights be established in a manner that results in appropriate funding to a junior college district for the education of a student enrolled in an eligible credit or non-credit program who is:

- (1) 25 years of age or older;
- (2) economically disadvantaged, as defined by THECB rule; or
- (3) academically disadvantaged, as defined by THECB rule.

(c) Provides that the number of weighted full-time equivalent students enrolled at a junior college district, subject to Subsection (d), for purposes of this subchapter, is equal to the sum of the number of full-time equivalent students enrolled in the district and the sum of the weights assigned to students enrolled in the district.

(d) Requires THECB by rule to establish an equitable adjustment to the number of weighted full-time equivalent students determined under this section for each junior college district with a total enrollment of fewer than 5,000 full-time equivalent students.

(e) Requires a junior college district that receives an adjustment under Subsection (d), not later than November 1 of each even-numbered year, to submit to the commissioner of higher education a report on the district's participation in institutional partnerships and shared services available under Section 61.0571 (Board Assistance to Institutions) or other partnerships to reduce costs and improve operational efficiency.

Sec. 130A.055. CONTACT HOUR FUNDING. (a) Requires the legislature to set by appropriation the amount of funding to be provided to a junior college district under this subchapter per contact hour.

(b) Requires that the amount of funding per contact hour be weighted by discipline to reflect the cost of providing the applicable course.

(c) Requires THECB to determine the total amount of contact hour funding to which each junior college district is entitled under this section.

Sec. 130A.056. LOCAL SHARE. Provides that a junior college district's local share of base tier funding is an amount equal to the sum of the amounts of revenue estimated to be generated by:

- (1) imposing a maintenance and operations ad valorem tax in the district at a rate of \$0.05; and
- (2) assessing an amount of tuition and fees to each full-time equivalent student enrolled in the district equal to the statewide average amount of tuition and fees assessed by junior college districts to a full-time equivalent student, determined as provided by THECB rule.

SUBCHAPTER C. STATE FUNDING: PERFORMANCE TIER

Sec. 130A.101. PERFORMANCE TIER. (a) Entitles a junior college district to performance tier funding for a state fiscal biennium in an amount equal to the sum of the amounts determined under Subsection (b) for each measurable outcome described by Subsection (c).

(b) Provides that the amount of performance tier funding for each measurable outcome described by Subsection (c) is equal to the product of:

- (1) the sum of:

(A) the number of times that outcome was achieved by the junior college district, determined as provided by THECB rule; and

(B) for an outcome described by Subsection (c)(1) or (2), the sum of the applicable student weights established by THECB rule for the students who achieved the outcome at the junior college district as determined under Paragraph (A) of this subdivision; and

(2) the amount set by the General Appropriations Act or other legislative appropriation for the outcome.

(c) Provides that the measurable outcomes considered for purposes of performance tier funding are:

(1) the number of credentials of value awarded, as determined by THECB based on analyses of wages and costs associated with the credential, including degrees, certificates, and other credentials from credit and non-credit programs that equip students for continued learning and greater earnings in the state economy, with an additional weight for placement of students who earn that credential in a high-demand occupation, as defined by THECB rule, or an appropriate proxy determined by THECB based on available data;

(2) the number of students who earn at least 15 semester credit hours or the equivalent at the junior college district and:

(A) subsequently transfer to a general academic teaching institution, as that term is defined by Section 61.003; or

(B) are enrolled in a structured co-enrollment program, as defined by THECB rule; and

(3) the number of students who complete a sequence of at least 15 semester credit hours or the equivalent for dual credit courses that apply toward academic or workforce program requirements at the postsecondary level.

SECTION 47. Amends Section 136.001, Education Code, by amending Subdivision (1) and adding Subdivision (1-a) to define "coordinating board" and make a nonsubstantive change.

SECTION 48. Amends Section 136.005(a), Education Code, to refer to THECB, rather than the grant administrator.

SECTION 49. Amends Section 136.006, Education Code, as follows:

Sec. 136.006. ELIGIBLE ORGANIZATIONS. (a) Requires a nonprofit workforce intermediary and job training organization, to be eligible for a grant under the Texas Innovative Adult Career Education Grant program (grant program), to:

(1) makes conforming changes to these subdivisions;

(2)-(3) makes no change to these subdivisions;

(4) demonstrate to the satisfaction of THECB, rather than the program advisory board, that the organization's grant program has achieved or will achieve certain measures of success among certain grant program participants; and

(5) makes no change to this subdivision.

(a-1)-(b) Makes conforming changes.

SECTION 50. Amends Section 136.007, Education Code, as follows:

Sec. 136.007. RULES. Requires THECB to adopt rules as necessary for the administration of Chapter 136 (Texas Innovative Adult Career Education Grant Program), including rules regarding eligibility, program tuition and fees, administrative costs, matching funds, and case management and other supports for the grant program. Deletes existing text requiring the grant administrator to adopt rules as necessary for the administration of this chapter in the manner provided by Chapter 2001 (Administrative Procedure), Government Code, for a state agency. Deletes existing text requiring the grant administrator, with recommendations of the program advisory board, to adopt rules regarding eligibility, program tuition and fees, administrative costs, matching funds, and case management and other supports for the grant program.

SECTION 51. Amends Section 2308A.007, Government Code, by adding Subsection (a-1) to require a credential library established under Section 2308A.007 (Credential Library) to include the information included in the electronic tools or platforms developed by THECB under Section 61.09022(a), Education Code.

SECTION 52. Repealers: Sections 61.0593 (Student Success-Based Funding Recommendations) and 61.884(d) (relating to requiring THECB, in devising its funding formulas and making its recommendations to the legislature relating to institutional appropriations of funds for lower-division institutions of higher education, to incorporate certain considerations), Education Code.

Repealers: Sections 130.003(d) (relating to providing that only those colleges which have been certified as prescribed are required to be eligible for and are authorized to receive any appropriation made by the legislature to public junior colleges) and 130.310(b) (relating to requiring THECB to recommend that a public junior college authorized to offer baccalaureate degree program receive substantially the same support for certain courses as that provided to a general academic teaching institution for substantially similar courses), Education Code.

Repealers: Sections 136.002 (Grant Administrator) and 136.004 (Program Advisory Board), Education Code.

Repealer: 136.005(a-1) (relating to requiring the grant administrator to take into consideration the recommendations of the program advisory board), Education Code.

SECTION 53. Provides that Sections 28.009(b-2), 28.010(a), and 29.908(b), Education Code, as amended by this Act, and Section 28.0095, Education Code, as added by this Act, apply beginning with the 2023–2024 school year.

SECTION 54. Provides that Sections 51.4033, 51.4034(a), 61.822(b) and (c), 61.823, 61.826(c), (d), and (e), and 61.827(b), Education Code, as amended by this Act, and Section 61.834, Education Code, as added by this Act, apply beginning with the 2023–2024 academic year.

SECTION 55. Makes application of the change in law made by this Act to Section 56.407(g), Education Code, prospective to the 2024 fall semester.

SECTION 56. Authorizes TEA and THECB to identify rules required by the passage of this Act that are required to be adopted on an emergency basis for purposes of the state fiscal year beginning September 1, 2023, and are authorized to use the procedures established under Section 2001.034, Government Code, for adopting those rules. Provides that TEA and THECB are not required to make the finding described by Section 2001.034(a), Government Code, to adopt emergency rules under this section.

SECTION 57. (a) Provides that this Act takes effect September 1, 2023, except as provided by Subsection (b) of this section, and applies to the allocation of state funding to junior college districts beginning with the state fiscal biennium beginning September 1, 2023.

(b) Effective date: upon passage or September 1, 2023.