

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

MAY 24 2013

Date

Honorable David Dewhurst
President of the Senate

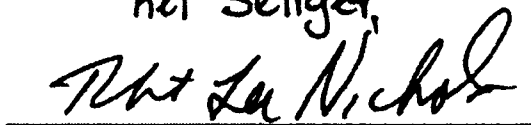
Honorable Joe Straus
Speaker of the House of Representatives

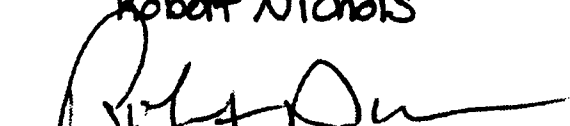
Sirs:

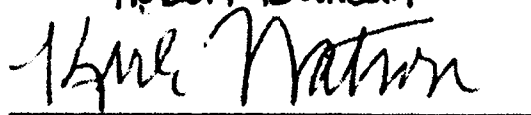
We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on Senate Bill 215 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

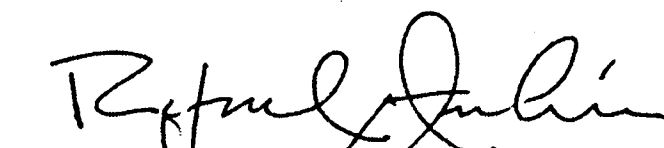

Brian Bradwell, Chair

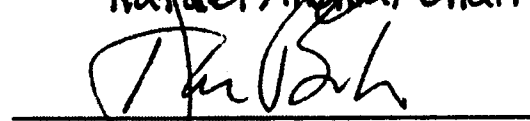

Kel Seliger

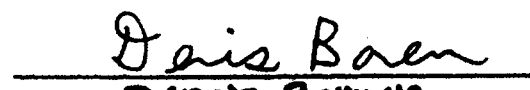

Robert Nichols

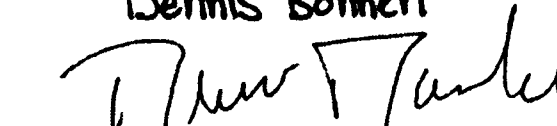

Robert Duncan

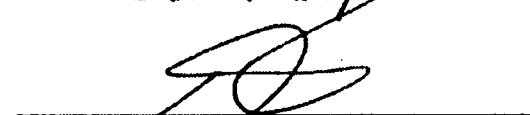

On the part of the Senate
Kirk Watson


Rafael Anguila, Chair


Dan Branch


Dennis Boren


Drew Darby


On the part of the House
Travis Clardy

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

S.B. No. 215

A BILL TO BE ENTITLED

AN ACT

relating to the continuation and functions of the Texas Higher Education Coordinating Board, including related changes to the status and functions of the Texas Guaranteed Student Loan Corporation.

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

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

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

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

(d) At least every five years, the Texas Higher Education Coordinating Board shall reevaluate its rules and policies to ensure the continuing need for the data requests the coordinating board imposes on university systems, institutions of higher education, or private or independent institutions of higher education. The coordinating board shall consult with those entities to identify unnecessary data requests and shall eliminate 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. Section 52.39, Education Code, is amended to
4 read as follows:

5 Sec. 52.39. DEFAULT; SUIT. When any person who has
6 received or cosigned as a guarantor for a loan authorized by this
7 chapter has failed or refused to make as many as six monthly
8 payments due in accordance with an executed note, then the full
9 amount of the remaining principal and interest becomes due and
10 payable immediately, and the amount due, the person's name and
11 ~~[his]~~ last known address, and other necessary information shall be
12 reported by the board to the attorney general. Suit for the
13 remaining sum shall be instituted by the attorney general, ~~[or any~~
14 ~~county or district attorney acting for him, in the county of the~~
15 ~~person's residence, the county in which is located the institution~~
16 ~~at which the person was last enrolled, or in Travis County,]~~ unless
17 the attorney general finds reasonable justification for delaying
18 suit and so advises the board in writing. Venue for a suit arising
19 under this section is exclusively conferred on a court of competent
20 jurisdiction in Travis County.

21 SECTION 4. Subchapter A, Chapter 56, Education Code, is
22 amended by adding Section 56.009 to read as follows:

23 Sec. 56.009. FINANCIAL ASSISTANCE FOR STUDENTS ENROLLED AT
24 WGU TEXAS OR SIMILAR ONLINE COLLEGES OR UNIVERSITIES. (a) In this
25 section, "general academic teaching institution" and "private or
26 independent institution of higher education" have the meanings
27 assigned by Section 61.003.

1 (b) The Texas Higher Education Coordinating Board shall, in
2 consultation with representatives of the coordinating board's
3 financial aid advisory committee, representatives of financial aid
4 offices of WGU Texas and any similar nonprofit, tax-exempt,
5 regionally accredited college or university operating in
6 accordance with a memorandum of understanding with this state
7 pursuant to an executive order issued by the governor and offering
8 competency-based, exclusively online or other distance education,
9 and representatives of financial aid offices of institutions of
10 higher education and private or independent institutions of higher
11 education offering online or other distance education courses and
12 programs similar to those offered by WGU Texas or any similar
13 nonprofit colleges or universities:

14 (1) conduct a study regarding, and prepare proposed
15 draft legislation for, the creation of a state-funded student
16 financial assistance program:

17 (A) that is available only to students of
18 nonprofit, tax-exempt, regionally accredited colleges or
19 universities domiciled in this state that offer competency-based,
20 exclusively online or other distance education; and

21 (B) under which the highest priority is given to
22 awarding grants to those eligible students who demonstrate the
23 greatest financial need; and

24 (2) not later than October 1, 2014, submit to each
25 standing committee of the legislature with primary jurisdiction
26 over higher education a report of the results of the study conducted
27 under Subdivision (1), together with the proposed draft legislation

1 prepared under that subdivision.

2 (c) This section expires January 1, 2016.

3 SECTION 5. Subdivisions (2) and (3), Section 56.301,
4 Education Code, are amended to read as follows:

5 (2) "Eligible institution" means a general academic
6 teaching ~~[an]~~ institution or a medical and dental unit ~~[of higher~~
7 ~~education]~~ that offers one or more undergraduate degree or
8 certification programs. The term does not include a public state
9 college.

10 (3) "General academic teaching institution,"
11 "institution of higher education," "medical and dental unit,"
12 "public ~~["Public]~~ junior college," "public state college," and
13 "public technical institute" have the meanings assigned by Section
14 61.003.

15 SECTION 6. Subsection (b), Section 56.302, Education Code,
16 is amended to read as follows:

17 (b) The purpose of this subchapter is to provide a grant of
18 money to enable eligible students to attend eligible ~~[public]~~
19 institutions ~~[of higher education]~~ in this state.

20 SECTION 7. Subsections (d-1), (e), and (f), Section 56.303,
21 Education Code, are amended to read as follows:

22 (d-1) In allocating among eligible ~~[general academic~~
23 ~~teaching]~~ institutions money available for initial TEXAS grants for
24 an academic year, the coordinating board shall ensure that each of
25 those institutions' proportional ~~[percentage]~~ share of the total
26 amount of money for initial grants that is allocated to eligible
27 ~~[general academic teaching]~~ institutions under this section

1 ~~[subsection]~~ for that year does not, as a result of the number of
2 students who establish eligibility at the institution for an
3 initial grant under Section 56.3041(2)(A), change from the
4 institution's proportional ~~[percentage]~~ share of the total amount
5 of money for initial grants that is allocated to those institutions
6 under this section ~~[subsection]~~ for the preceding academic year.

7 (e) In determining who should receive a TEXAS grant, the
8 coordinating board and the eligible institutions shall give
9 priority to awarding TEXAS grants to students who demonstrate the
10 greatest financial need and whose expected family contribution, as
11 determined according to the methodology used for federal student
12 financial aid, does not exceed 60 percent of the average statewide
13 amount of tuition and required fees described by Section
14 56.307(a). In giving priority based on financial need as required
15 by this subsection to students who meet the requirements for the
16 highest priority as provided by Subsection (f), an eligible ~~[a~~
17 ~~general academic teaching]~~ institution shall determine financial
18 need according to the relative expected family contribution of
19 those students, beginning with students who have the lowest
20 expected family contribution.

21 (f) Beginning with TEXAS grants awarded for the 2013-2014
22 academic year, in determining who should receive an initial TEXAS
23 grant, each eligible ~~[general academic teaching]~~ institution, in
24 addition to giving priority as provided by Subsection (e), shall
25 give highest priority to students who meet the eligibility criteria
26 described by Section 56.3041(2)(A). If there is money available in
27 excess of the amount required to award an initial TEXAS grant to all

1 students meeting those criteria, an eligible [~~a general academic~~
2 ~~teaching~~] institution shall make awards to other students who meet
3 the eligibility criteria described by Section 56.304(a)(2)(A),
4 provided that the institution continues to give priority to
5 students as provided by Subsection (c).

6 SECTION 8. Subsections (a) and (c-1), Section 56.304,
7 Education Code, are amended to read as follows:

8 (a) To be eligible initially for a TEXAS grant, a person who
9 graduated from high school before May 1, 2013, must:

10 (1) be a resident of this state as determined by
11 coordinating board rules;

12 (2) meet either of the following academic
13 requirements:

14 (A) be a graduate of a public or accredited
15 private high school in this state who graduated not earlier than the
16 1998-1999 school year and who completed the recommended or advanced
17 high school curriculum established under Section 28.002 or 28.025
18 or its equivalent; or

19 (B) have received an associate degree from a
20 public or private institution of higher education not earlier than
21 May 1, 2001;

22 (3) meet financial need requirements as defined by the
23 coordinating board;

24 (4) be enrolled in a baccalaureate [~~an undergraduate~~]
25 degree [~~or certificate~~] program at an eligible institution;

26 (5) be enrolled as:

27 (A) an entering undergraduate student for at

1 least three-fourths of a full course load for an entering
2 undergraduate student, as determined by the coordinating board, not
3 later than the 16th month after the date of the person's graduation
4 from high school; or

5 (B) an entering student for at least
6 three-fourths of a full course load for an undergraduate student as
7 determined by the coordinating board, not later than the 12th month
8 after the month the person receives an associate degree from a
9 public or private institution of higher education;

10 (6) have applied for any available financial aid or
11 assistance; and

12 (7) comply with any additional nonacademic
13 requirement adopted by the coordinating board under this
14 subchapter.

15 (e-1) If a person is initially awarded a TEXAS grant during
16 or after the 2005 fall semester, unless the person is provided
17 additional time during which the person may receive a TEXAS grant
18 under Subsection (e-2), the person's eligibility for a TEXAS grant
19 ends on:

20 (1) the fifth anniversary of the initial award of a
21 TEXAS grant to the person, if the person is enrolled in a degree [~~or~~
22 ~~certificate~~] program of four years [~~or less~~]; or

23 (2) the sixth anniversary of the initial award of a
24 TEXAS grant to the person, if the person is enrolled in a degree
25 program of more than four years.

26 SECTION 9. Section 56.3041, Education Code, is amended to
27 read as follows:

1 Sec. 56.3041. INITIAL ELIGIBILITY OF PERSON GRADUATING FROM
2 HIGH SCHOOL ON OR AFTER MAY 1, 2013[, ~~AND ENROLLING IN A GENERAL~~
3 ~~ACADEMIC TEACHING INSTITUTION~~]. To [~~Notwithstanding Section~~
4 ~~56.304(a), he~~] be eligible initially for a TEXAS grant, a person
5 graduating from high school on or after May 1, 2013, and enrolling
6 in an eligible [~~a general academic teaching~~] institution must:

7 (1) be a resident of this state as determined by
8 coordinating board rules;

9 (2) meet the academic requirements prescribed by
10 Paragraph (A), (B), [~~or~~] (C), or (D) as follows:

11 (A) be a graduate of a public or accredited
12 private high school in this state who completed the recommended
13 high school program established under Section 28.025 or its
14 equivalent and have accomplished any two or more of the following:

15 (i) graduation under the advanced high
16 school program established under Section 28.025 or its equivalent,
17 successful completion of the course requirements of the
18 international baccalaureate diploma program, or earning of the
19 equivalent of at least 12 semester credit hours of college credit in
20 high school through courses described in Sections 28.009(a)(1),
21 (2), and (3);

22 (ii) satisfaction of the Texas Success
23 Initiative (TSI) college readiness benchmarks prescribed by the
24 coordinating board under Section 51.3062(f) on any assessment
25 instrument designated by the coordinating board under Section
26 51.3062(c) [~~or (e)~~] or qualification for an exemption as described
27 by Section 51.3062(p), (q), or (q-1);

(iii) graduation in the top one-third of the person's high school graduating class or graduation from high school with a grade point average of at least 3.0 on a four-point scale or the equivalent; or

(iv) completion for high school credit of at least one advanced mathematics course following the successful completion of an Algebra II course, as permitted by Section 28.025(b-3), or at least one advanced career and technical course, as permitted by Section 28.025(b-2);

(B) have received an associate degree from a public or private institution of higher education; ~~or~~

(C) be an undergraduate student who has:

(i) previously attended another institution of higher education;

(ii) received an initial Texas Educational Opportunity Grant under Subchapter P for the 2014 fall semester or a subsequent academic term;

(iii) completed at least 24 semester credit hours at any institution or institutions of higher education; and

(iv) earned an overall grade point average of at least 2.5 on a four-point scale or the equivalent on all course work previously attempted; or

(D) if sufficient money is available, meet the eligibility criteria described by Section 56.304(a)(2)(A);

(3) meet financial need requirements established by the coordinating board;

(4) be enrolled in an undergraduate degree or

1 certificate program at an eligible [~~the general academic teaching~~]
2 institution;

3 (5) except as provided under rules adopted under
4 Section 56.304(h), be enrolled as:

5 (A) an entering undergraduate student for at
6 least three-fourths of a full course load, as determined by the
7 coordinating board, not later than the 16th month after the
8 calendar month in which the person graduated from high school;

9 (B) an entering undergraduate student who
10 entered military service not later than the first anniversary of
11 the date the person graduated from high school and who enrolled for
12 at least three-fourths of a full course load, as determined by the
13 coordinating board, at the eligible [~~general academic teaching~~]
14 institution not later than 12 months after being honorably
15 discharged from military service; [~~or~~]

16 (C) a continuing undergraduate student for at
17 least three-fourths of a full course load, as determined by the
18 coordinating board, not later than the 12th month after the
19 calendar month in which the person received an associate degree
20 from a public or private institution of higher education; or

21 (D) an undergraduate student described by
22 Subdivision (2)(C) who has never previously received a TEXAS grant;

23 (6) have applied for any available financial aid or
24 assistance; and

25 (7) comply with any additional nonacademic
26 requirements adopted by the coordinating board under this
27 subchapter.

SECTION 10. Subsections (b) and (d), Section 56.3042, Education Code, are amended to read as follows:

(b) The coordinating board or the eligible institution may require the student to forgo or repay the amount of an initial TEXAS grant awarded to the student as described by Subsection (a) or (a-1) if the student fails to meet the eligibility requirements described by Subsection (a) or (a-1) ~~[of Section 56.304(a)(2)(A), 56.3041(2)(A), 56.304(a)(2)(B), or 56.3041(2)(B)]~~, as applicable to the student, after the issuance of the available high school or college transcript.

(d) A person who receives an initial TEXAS grant under Subsection (a) or (a-1) but does not satisfy the applicable eligibility requirement that the person was considered to have satisfied under the applicable subsection and who is not required to forgo or repay the amount of the grant under Subsection (b) may become eligible to receive a subsequent TEXAS grant under Section 56.305 only by satisfying the associate degree requirement prescribed by Section 56.304(a)(2)(B) or 56.3041(2)(B), as applicable to the person, in addition to the requirements of Section 56.305 at the time the person applies for the subsequent grant.

SECTION 11. Subsection (a), Section 56.305, Education Code, is amended to read as follows:

(a) After initially qualifying for a TEXAS grant, a person may continue to receive a TEXAS grant during each semester or term in which the person is enrolled at an eligible institution only if the person:

(1) meets financial need requirements as defined by the coordinating board;

(2) is enrolled in a baccalaureate ~~[an undergraduate]~~ degree ~~[or certificate]~~ program at an eligible institution;

(3) is enrolled for at least three-fourths of a full course load for an undergraduate student, as determined by the coordinating board;

(4) makes satisfactory academic progress toward a baccalaureate ~~[an undergraduate]~~ degree ~~[or certificate]~~; and

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

SECTION 12. Section 56.306, Education Code, is amended to read as follows:

Sec. 56.306. GRANT USE. A person receiving a TEXAS grant may use the money to pay any usual and customary cost of attendance at an eligible institution ~~[of higher education]~~ incurred by the student. The institution may disburse all or part of the proceeds of a TEXAS grant directly to an eligible person only if the tuition and required fees incurred by the person at the institution have been paid.

SECTION 13. Subsections (a), (d-1), (i-1), and (j), Section 56.307, Education Code, are amended to read as follows:

(a) The amount of a TEXAS grant for a semester or term for a person enrolled full-time at an eligible institution ~~[other than an institution covered by Subsection (c) or (d)]~~ is an ~~[the]~~ amount determined by the coordinating board as the average statewide amount of tuition and required fees that a resident student

1 enrolled full-time in a baccalaureate degree program would be
2 charged for that semester or term at general academic teaching
3 institutions.

4 (d-1) The coordinating board shall determine the average
5 statewide tuition and fee amounts for a semester or term of the next
6 academic year for purposes of this section by using the amounts of
7 tuition and required fees that will be charged by the ~~[applicable]~~
8 eligible institutions for that semester or term in that academic
9 year. The board may estimate the amount of the charges for a
10 semester or term in the next academic year by an institution if the
11 relevant information is not yet available to the board.

12 (i-1) A public institution of higher education may elect to
13 award a TEXAS grant to any student in an amount that is less than the
14 applicable amount established under Subsection (a) ~~[(e), (d),]~~ or
15 (e).

16 (j) A public institution of higher education shall use other
17 available sources of financial aid, other than a loan, to cover any
18 difference in the amount of a TEXAS grant awarded to the student and
19 the actual amount of tuition and required fees at the institution if
20 the difference results from:

21 (1) a reduction in the amount of a TEXAS grant under
22 Subsection (i-1); or

23 (2) a deficiency in the amount of the grant as
24 established under Subsection (a) ~~[(e), (d),]~~ or (e), as
25 applicable, to cover the full amount of tuition and required fees
26 charged to the student by the institution.

27 SECTION 14. Subdivisions (2) and (3), Section 56.451,

1 Education Code, are amended to read as follows:

2 (2) "Eligible institution" means:

3 (A) a general academic teaching institution,
4 other than a public state college [~~an institution of higher~~
5 ~~education~~]; [~~or~~]

6 (B) a medical and dental unit that offers
7 baccalaureate degrees; or

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

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

14 SECTION 15. Subsection (b), Section 56.452, Education Code,
15 is amended to read as follows:

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

20 SECTION 16. Section 56.453, Education Code, is amended by
21 adding Subsections (d), (e), and (f) to read as follows:

22 (d) The coordinating board, in collaboration with eligible
23 institutions and other appropriate entities, shall adopt and
24 implement measures to:

25 (1) improve student participation in the Texas
26 B-On-time loan program, including strategies to better inform
27 students and prospective students about the program; and

1 (2) improve the rate of student satisfaction of the
2 requirements for obtaining Texas B-On-time loan forgiveness.

3 (e) The coordinating board, in collaboration with eligible
4 institutions and appropriate nonprofit or college access
5 organizations, shall:

6 (1) educate students regarding the eligibility
7 requirements for forgiveness of Texas B-On-time loans;

8 (2) ensure that students applying for or receiving a
9 Texas B-On-time loan understand their responsibility to repay any
10 portion of the loan that is not forgiven;

11 (3) ensure that students who are required to repay
12 Texas B-On-time loans receive and understand information regarding
13 loan default prevention strategies; and

14 (4) through an in-person or online loan counseling
15 module, provide loan repayment and default prevention counseling to
16 students receiving Texas B-On-time loans.

17 (f) Notwithstanding Subsection (e)(4), the following
18 eligible institutions shall provide the loan repayment and default
19 prevention counseling described by that subdivision to all Texas
20 B-On-time loan recipients enrolled at those institutions:

21 (1) each institution with a Texas B-On-time loan
22 default rate that exceeds the statewide average default rate for
23 such loans; and

24 (2) each institution with a Texas B-On-time loan
25 forgiveness rate that is less than 50 percent of the statewide
26 average forgiveness rate for such loans.

27 SECTION 17. Section 56.455, Education Code, is amended to

1 read as follows:

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

4 (1) be a resident of this state under Section 54.052 or
5 be entitled, as a child of a member of the armed forces of the United
6 States, to pay tuition at the rate provided for residents of this
7 state under Section 54.241;

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

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

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

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

17 (ii) at the time of graduation from that
18 school was a dependent child of a member of the armed forces of the
19 United States; or

20 (C) have received an associate degree from an
21 ~~[eligible]~~ institution of higher education or private or
22 independent institution of higher education not earlier than May 1,
23 2005;

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

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

4 (5) comply with any additional nonacademic
5 requirement adopted by the coordinating board under this
6 subchapter.

7 SECTION 18. Subsection (a), Section 56.456, Education Code,
8 is amended to read as follows:

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

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

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

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

24 (4) completed at least 75 percent of the semester
25 credit hours attempted by the person in the most recent academic
26 year and has a cumulative grade point average of at least 2.5 on a
27 four-point scale or the equivalent on all coursework previously

1 attempted at institutions of higher education or private or
 2 independent institutions of higher education, if the person is
 3 enrolled in any academic year after the person's first academic
 4 year; and

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

7 SECTION 19. Subsections (a), (b), and (f), Section 56.459,
 8 Education Code, are amended to read as follows:

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

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

24 (f) If in any academic year the amount of money in the Texas
 25 B-On-time student loan account, other than money appropriated to
 26 the account exclusively for loans at eligible institutions that are
 27 private or independent institutions of higher education, is

1 insufficient to provide the loans in the amount determined under
2 Subsection (a) to all eligible persons at eligible institutions
3 that are institutions of higher education [~~in amounts specified by~~
4 ~~this section~~], the coordinating board shall determine the amount of
5 that available money and shall allocate that amount to those
6 eligible institutions in proportion to the amount of tuition set
7 aside by [~~number of full-time equivalent undergraduate students~~
8 ~~enrolled at~~] each of those institutions under Section 56.465 for
9 the preceding academic year, and each of those institutions shall
10 determine the amount of each loan awarded at that institution, not
11 to exceed the amount determined under Subsection (a). In the manner
12 prescribed by the coordinating board for purposes of this
13 subsection, each eligible institution that is a private or
14 independent institution of higher education is entitled to receive
15 an allocation only from the general revenue appropriations made for
16 that academic year to eligible private or independent institutions
17 of higher education for the purposes of this subchapter. Each
18 institution shall use the money allocated to award Texas B-On-time
19 loans to eligible students enrolled at the institution selected
20 according to financial need.

21 SECTION 20. Subsection (a), Section 56.460, Education Code,
22 is amended to read as follows:

23 (a) The coordinating board, in consultation with all
24 eligible institutions, shall prepare materials designed to inform
25 prospective students, their parents, and high school counselors
26 about the program and eligibility for a Texas B-On-time loan. The
27 coordinating board shall distribute to each eligible institution

1 and to each school district a copy of the materials prepared ~~[rules~~
2 ~~adopted]~~ under this subchapter.

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

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

10 Sec. 56.462. LOAN FORGIVENESS. A student who receives a
11 Texas B-On-time loan shall be forgiven the amount of the student's
12 loan if the student is awarded a baccalaureate ~~[an undergraduate~~
13 ~~certificate or]~~ degree at an eligible institution with a cumulative
14 grade point average of at least 3.0 on a four-point scale or the
15 equivalent:

16 (1) within:

17 (A) four 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
24 other than a degree in engineering, architecture, or any other
25 program determined by the coordinating board to require more than
26 four years to complete; or

27 (B) five calendar years after the date the

student initially enrolled in an ~~[the]~~ institution of higher education or private or independent institution of higher education ~~[or another eligible institution]~~ if [+

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

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

~~[(C) two years after the date the student initially enrolled in the institution or another eligible institution if the institution is a public junior college or public technical institute;]~~ or

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

SECTION 22. Subchapter A, Chapter 57, Education Code, is amended by adding Section 57.011 to read as follows:

Sec. 57.011. STATUS OF TEXAS GUARANTEED STUDENT LOAN CORPORATION. (a) The Texas Guaranteed Student Loan Corporation is converted as provided by this section from a public nonprofit

1 corporation to a nonprofit corporation under Chapter 22, Business
2 Organizations Code.

3 (b) On or immediately after September 1, 2013, to effectuate
4 the conversion under Subsection (a), the corporation shall file a
5 certificate of formation with the secretary of state or, if the
6 secretary of state determines it appropriate, the corporation shall
7 file a certificate of conversion under Chapter 10, Business
8 Organizations Code.

9 (c) The corporation as converted under this section
10 continues in existence uninterrupted from the date of its creation,
11 August 27, 1979. The secretary of state shall recognize the
12 continuous existence of the corporation from that date in the
13 certificate of formation or certificate of conversion, as
14 applicable.

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

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

21 SECTION 23. Section 57.01, Education Code, is transferred
22 to Section 61.002, Education Code, redesignated as Subsection (c),
23 Section 61.002, Education Code, and amended to read as follows:

24 (c) Postsecondary [~~Sec. 57.01. DECLARATION OF POLICY. The~~
25 legislature, giving due consideration to the historical and
26 continuing interest of the people of the State of Texas in
27 encouraging deserving and qualified persons to realize their

1 ~~aspirations for education beyond high school, finds and declares~~
2 ~~that postsecondary~~ education for qualified Texans [~~these~~] who
3 desire to pursue such [~~an~~] education [~~and are properly qualified~~
4 ~~therefor~~] is important to the welfare and security of this state and
5 the nation and, consequently, is an important public purpose. The
6 legislature finds and declares that the state can achieve its full
7 economic and social potential only if every individual has the
8 opportunity to contribute to the full extent of the individual's
9 [~~his or her~~] capabilities and only when financial barriers to the
10 individual's [~~his or her~~] economic, social, and educational goals
11 are removed. In order to facilitate the removal of those barriers,
12 the board, in consultation with one or more nonprofit entities with
13 experience providing the services on a statewide basis, may [~~It is,~~
14 ~~therefore, the purpose of this chapter to establish the Texas~~
15 ~~Guaranteed Student Loan Corporation to:~~

16 [~~(1)~~ ~~administer a guaranteed student loan program to~~
17 ~~assist qualified Texas students in receiving a postsecondary~~
18 ~~education in this state or elsewhere in the nation, and~~

19 [~~(2)~~] provide necessary and desirable services
20 related to financial aid services [~~the loan program~~], including
21 cooperative awareness efforts with appropriate educational and
22 civic associations designed to disseminate postsecondary education
23 awareness information, including information regarding available
24 grant and loan programs and [~~student financial aid and the Federal~~
25 ~~Family Education Loan Program, and other relevant topics including~~]
26 the prevention of student loan default.

27 SECTION 24. Subsection (a), Section 58.002, Education Code,

1 is amended to read as follows:

2 (a) In this chapter:

3 (1) "Resident physician" means a person who is
4 appointed a resident physician by a school of medicine in The
5 University of Texas System, the Texas Tech University System, The
6 Texas A&M University System, or the University of North Texas
7 System or by the Baylor College of Medicine ~~[one of the schools of~~
8 ~~medicine listed in Section 58.001 of this code]~~ and who:

9 (A) has received a Doctor of Medicine or a Doctor
10 of Osteopathic Medicine degree from the Baylor College of Medicine
11 or from an approved school of medicine ~~[one of the schools listed in~~
12 ~~Section 58.001 of this code]~~; or

13 (B) is a citizen of Texas and has received a
14 Doctor of Medicine or a Doctor of Osteopathic Medicine degree from
15 some other school of medicine that is accredited by the Liaison
16 Committee on Medical Education or by the Bureau of Professional
17 Education of the American Osteopathic Association.

18 (2) ~~["Primary teaching hospital" means a hospital at~~
19 ~~which one of the schools listed in Section 58.001 of this code~~
20 ~~educates and trains both resident physicians and undergraduate~~
21 ~~medical students.~~

22 ~~[(3)]~~ "Compensation" includes:

23 (A) stipends;
24 (B) payments, if any, for services rendered; and
25 (C) fringe benefits when applied to payments to
26 or for the benefit of resident physicians.

27 SECTION 25. Section 61.002, Education Code, is amended by

1 adding Subsection (d) to read as follows:

2 (d) The Texas Higher Education Coordinating Board has only
3 the powers expressly provided by law or necessarily implied from an
4 express grant of power. Any function or power not expressly granted
5 to the board by this code or other law in regard to the
6 administration, organization, control, management, jurisdiction,
7 or governance of an institution of higher education is reserved to
8 and shall be performed by the governing board of the institution,
9 the applicable system administration, or the institution of higher
10 education.

11 SECTION 26. Section 61.0211, Education Code, is amended to
12 read as follows:

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

18 SECTION 27. Subsection (d), Section 61.025, Education Code,
19 is amended to read as follows:

20 (d) The board shall develop and implement policies that
21 provide the public with a reasonable opportunity to appear before
22 the board and to speak on any issue under the jurisdiction of the
23 board, including a policy to specifically provide, as an item on the
24 board's agenda at each meeting, an opportunity for public comment
25 before the board makes a decision on any agenda item.

26 SECTION 28. Section 61.026, Education Code, is amended to
27 read as follows:

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

5 (b) The board may appoint advisory committees from outside
6 its membership as the board considers [~~it may deem~~] necessary.
7 Chapter 2110, Government Code, applies to an advisory committee
8 appointed by the chair or the board. The board shall adopt rules,
9 in compliance with Chapter 2110, Government Code, regarding an
10 advisory committee that primarily functions to advise the board,
11 including rules governing an advisory committee's purpose, tasks,
12 reporting requirements, and abolishment date. A board member may
13 not serve on a board advisory committee.

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

- 16 (1) size and quorum requirements;
17 (2) qualifications for membership, including
18 experience requirements and geographic representation;
19 (3) appointment procedures;
20 (4) terms of service; and
21 (5) compliance with the requirements for open meetings
22 under Chapter 551, Government Code.

23 (d) Each advisory committee must report its recommendations
24 directly to the board.

25 SECTION 29. Subchapter B, Chapter 61, Education Code, is
26 amended by adding Section 61.0331 to read as follows:

27 Sec. 61.0331. NEGOTIATED RULEMAKING REQUIRED. The board

1 shall engage institutions of higher education in a negotiated
2 rulemaking process as described by Chapter 2008, Government Code,
3 when adopting a policy, procedure, or rule relating to:

4 (1) an admission policy regarding the common admission
5 application under Section 51.762, a uniform admission policy under
6 Section 51.807, graduate and professional admissions under Section
7 51.843, or the transfer of credit under Section 61.827;

8 (2) the allocation or distribution of funds, including
9 financial aid or other trusteed funds under Section 61.07761;

10 (3) the reevaluation of data requests under
11 Section 51.406; or

12 (4) compliance monitoring under Section 61.035.

13 SECTION 30. Subchapter B, Chapter 61, Education Code, is
14 amended by adding Section 61.035 to read as follows:

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

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

25 (2) data reported by institutions of higher education
26 to the board and used by the board for funding or policymaking
27 decisions, including data used for formula funding allocations, to

1 ensure the data is reported accurately.

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

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

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

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

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

19 (3) the institution's internal controls;

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

22 (5) past misuse of funds or misreported data by the
23 institution;

24 (6) in regard to data verification, whether the data
25 reported to the board by the institution is used for determining
26 funding allocations; and

27 (7) other factors as considered appropriate by the

1 board.

2 (e) The board shall train compliance monitoring staff to
3 ensure that the staff has the ability to monitor both funds
4 compliance and data reporting accuracy. Program staff in other
5 board divisions who conduct limited monitoring and contract
6 administration shall coordinate with the compliance monitoring
7 function to identify risks and avoid duplication.

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

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

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

1 (2) for a general academic teaching institution, a
2 medical and dental unit, or a public technical institute, shall
3 calculate a revised appropriation amount for the applicable fiscal
4 year based on the corrected data and report that revised amount to
5 the governor and Legislative Budget Board for consideration as the
6 basis for budget execution or other appropriate action, and to the
7 comptroller.

8 (h) In conducting the compliance monitoring function under
9 this section, the board may partner with internal audit offices at
10 institutions of higher education and private or independent
11 institutions of higher education, as institutional resources
12 allow, to examine the institutions' use of funds allocated by, and
13 data reported to, the board. To avoid duplication of effort and
14 assist the board in identifying risk, an internal auditor at an
15 institution shall notify the board of any audits conducted by the
16 auditor involving funds administered by the board or data reported
17 to the board. The board by rule may prescribe the timing and format
18 of the notification required by this subsection. The board by rule
19 shall require a private or independent institution of higher
20 education to provide to the board the institution's external audit
21 involving funds administered by the board. The private or
22 independent institution of higher education's external audit must
23 comply with the board's rules for auditing those funds.

24 (i) The board may seek technical assistance from the state
25 auditor in establishing the compliance monitoring function under
26 this section. The state auditor may periodically audit the board's
27 compliance monitoring function as the state auditor considers

1 appropriate.

2 (j) In this section:

3 (1) "Desk review" means an administrative review by
4 the board that is based on information reported by an institution of
5 higher education or private or independent institution of higher
6 education, including supplemental information required by the
7 board for the purposes of compliance monitoring, except that the
8 term does not include information or accompanying notes gathered by
9 the board during a site visit.

10 (2) "Site visit" means an announced or unannounced
11 in-person visit by a representative of the board to an institution
12 of higher education or private or independent institution of higher
13 education for the purposes of compliance monitoring.

14 SECTION 31. Section 61.051, Education Code, is amended by
15 amending Subsections (a), (a-1), (a-2), and (a-3) and adding
16 Subsection (a-5) to read as follows:

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

21 (1) providing a statewide perspective to ensure the
22 efficient and effective use of higher education resources and to
23 eliminate unnecessary duplication;

24 (2) developing and evaluating progress toward a
25 long-range master plan for higher education and providing analysis
26 and recommendations to link state spending for higher education
27 with the goals of the long-range master plan;

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

4 (4) making recommendations to improve the efficiency
5 and effectiveness of transitions, including between high school and
6 postsecondary education, between institutions of higher education
7 for transfer purposes, and between postsecondary education and the
8 workforce; and

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

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

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

20 (2) assess the higher education needs of each region
21 of the state;

22 (3) provide for regular evaluation and revision of the
23 plan, as the board considers necessary, to ensure the relevance of
24 goals and strategies; and

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

27 (a-2) The board shall establish methods for obtaining input

1 from stakeholders and the general public when developing or
2 revising ~~[periodically review and revise]~~ the long-range
3 ~~[five-year]~~ master plan developed under Subsection (a-1). ~~[As a~~
4 ~~specific element of its review, the board shall identify and~~
5 ~~analyze the degree to which the plan reflects the continuing higher~~
6 ~~education needs of this state, as well as any policy changes~~
7 ~~necessary to improve overall implementation of the plan and the~~
8 ~~fiscal impact of those changes. The board shall establish~~
9 ~~procedures for monitoring the board's implementation of the plan,~~
10 ~~including an analysis of the degree to which its current activities~~
11 ~~support implementation of the plan and any change in board rules or~~
12 ~~practices necessary to improve implementation of the plan. The~~
13 ~~board shall identify additional strategies necessary to achieve the~~
14 ~~goals of the plan, emphasizing implementation by institutions of~~
15 ~~higher education and specific recommendations for the different~~
16 ~~regions of the state. The board shall notify each institution of~~
17 ~~higher education of all strategies for implementing the plan.]~~

18 (a-3) Not later than December 1 of each even-numbered year,
19 the board shall prepare and deliver a report to the governor, the
20 lieutenant governor, the speaker of the house of representatives,
21 and the standing committees of the senate and house of
22 representatives with primary jurisdiction over higher education
23 ~~[The board shall inform the legislature on matters pertaining to~~
24 ~~higher education, including the state's activities in the Board of~~
25 ~~Control for Southern Regional Education, and shall report to the~~
26 ~~legislature not later than January 1 of each odd-numbered year on~~
27 ~~the state of higher education in Texas]. In the [biennial] report,~~

1 the board shall assess the state's progress in meeting the goals
 2 established ~~[etated]~~ in the long-range master plan developed under
 3 Subsection (a-1) and ~~[shall]~~ recommend legislative action,
 4 including statutory or funding changes, to assist the state in
 5 meeting those goals. The report must include updates on
 6 implementation strategies provided for in the long-range master
 7 plan ~~[the analyses performed in connection with the board's~~
 8 ~~periodic review]~~ under Subsection (a-1) ~~[(a-2)]~~.

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

15 SECTION 32. Section 61.0512, Education Code, is amended to
 16 read as follows:

17 Sec. 61.0512. BOARD APPROVAL OF ACADEMIC ~~[NEW DEGREE]~~
 18 PROGRAMS ~~[, NOTIFICATION TO BOARD]~~. (a) A new degree or
 19 certificate program may be added at an institution of higher
 20 education only with specific prior approval of the board. A new
 21 degree or certificate program is considered approved if the board
 22 has not completed a review under this section and acted to approve
 23 or disapprove the proposed program before the first anniversary of
 24 the date on which an institution of higher education submits a
 25 completed application for approval to the board. The board may not
 26 summarily disapprove a program without completing the review
 27 required by this section. The board shall specify by rule the

1 elements that constitute a completed application and shall make an
2 administrative determination of the completeness of the
3 application not later than the fifth business day after receiving
4 the application. A request for additional information in support
5 of an application that has been determined administratively
6 complete does not toll the period within which the application is
7 considered approved under this section.

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

15 (c) The board shall review each degree or certificate
16 program offered by an institution of higher education at the time
17 the institution requests to implement a new program to ensure that
18 the program:

19 (1) is needed by the state and the local community and
20 does not unnecessarily duplicate programs offered by other
21 institutions of higher education or private or independent
22 institutions of higher education;

23 (2) has adequate financing from legislative
24 appropriation, funds allocated by the board, or funds from other
25 sources;

26 (3) has necessary faculty and other resources to
27 ensure student success; and

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

5 (d) The board may review the number of degrees or
6 certificates awarded through a degree or certificate program every
7 four years or more frequently, at the board's discretion.

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

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

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

1 by the board.

2 (h) In approving a degree or certificate program under this
3 section, the board:

4 (1) for a doctoral program, may not consider
5 undergraduate graduation or persistence rates; and

6 (2) for a baccalaureate degree program proposed to be
7 offered by a public junior college previously authorized by the
8 board to offer baccalaureate degree programs under Section
9 130.0012:

10 (A) shall approve the degree program within 60
11 days after the date the board receives notice of the degree program
12 if the degree program:

13 (i) is approved by the governing board of
14 the junior college district; and

15 (ii) is not an engineering program; and

16 (B) is considered to have approved the degree
17 program after the date described by Paragraph (A) if the conditions
18 of that paragraph are satisfied.

19 SECTION 33. Subchapter C, Chapter 61, Education Code, is
20 amended by adding Section 61.05151 to read as follows:

21 Sec. 61.05151. SEMESTER CREDIT HOURS REQUIRED FOR ASSOCIATE
22 DEGREE. (a) To earn an associate degree, a student may not be
23 required by an institution of higher education to complete more
24 than the minimum number of semester credit hours required for the
25 degree by the Southern Association of Colleges and Schools or its
26 successor unless the institution determines that there is a
27 compelling academic reason for requiring the completion of

1 additional semester credit hours for the degree.

2 (b) The board may review one or more of an institution's
3 associate degree programs to ensure compliance with this section.

4 (c) Subsection (a) does not apply to an associate degree
5 awarded by an institution to a student enrolled in the institution
6 before the 2015 fall semester. This subsection does not prohibit
7 the institution from reducing the number of semester credit hours
8 the student must complete to receive the degree.

9 SECTION 34. Section 61.052, Education Code, is amended by
10 amending Subsections (a) and (b) and adding Subsection (b-1) to
11 read as follows:

12 (a) Each governing board shall submit to the board once each
13 year on dates designated by the board a comprehensive list by
14 department, division, and school of all courses, together with a
15 description of content, scope, and prerequisites of all these
16 courses, that will be offered by each institution under the
17 supervision of that governing board during the following academic
18 year. The list for each institution must also specifically
19 identify any course included in the common course numbering system
20 under Section 61.832 that has been added to or removed from the
21 institution's list for the current academic year, and the board
22 shall distribute that information as necessary to accomplish the
23 purposes of Section 61.832.

24 (b) After the comprehensive list of courses is submitted by
25 a governing board under Subsection (a) [~~of this section~~], the
26 governing board shall submit on dates designated by the board any
27 changes in the comprehensive list of courses to be offered,

1 including any changes relating to offering a course included in the
2 common course numbering system.

3 (b-1) Each governing board must certify at the time of
4 submission under Subsection (a) that the institution does not:

5 (1) prohibit the acceptance of transfer credit based
6 solely on the accreditation of the sending institution; or

7 (2) include language in any materials published by the
8 institution, whether in printed or electronic form, suggesting that
9 such a prohibition exists.

10 SECTION 35. The heading to Section 61.055, Education Code,
11 is amended to read as follows:

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

14 SECTION 36. Subsection (a), Section 61.055, Education Code,
15 is amended to read as follows:

16 (a) The board shall encourage cooperative programs and
17 agreements among institutions of higher education, including
18 programs and agreements relating to degree offerings, research
19 activities, and library and computer sharing. [~~Except as otherwise~~
20 ~~provided by law, a new department, school, or degree or certificate~~
21 ~~program approved by the board or its predecessor, the Texas~~
22 ~~Commission on Higher Education, may not be initiated by any~~
23 ~~institution of higher education until the board has made a written~~
24 ~~finding that the department, school, or degree or certificate~~
25 ~~program is adequately financed by legislative appropriation, by~~
26 ~~funds allocated by the board, or by funds from other sources.]~~

27 SECTION 37. Subsection (1), Section 61.051, Education Code,

1 is transferred to Subchapter C, Chapter 61, Education Code,
2 redesignated as Section 61.0571, Education Code, and amended to
3 read as follows:

4 Sec. 61.0571. BOARD ASSISTANCE TO INSTITUTIONS.

5 (a) ~~[(1)]~~ The board shall advise and offer technical assistance on
6 the request of any institution of higher education or system
7 administration.

8 SECTION 38. Subsection (n), Section 61.051, Education Code,
9 is transferred to Section 61.0571, Education Code, as added by this
10 Act, and redesignated as Subsection (b), Section 61.0571, Education
11 Code, to read as follows:

12 (b) ~~[(1)]~~ The board shall develop guidelines for
13 institutional reporting of student performance.

14 SECTION 39. Subsections (b), (d), and (e), Section 61.0572,
15 Education Code, are amended to read as follows:

16 (b) The board shall:

17 (1) determine formulas for space utilization in all
18 educational and general buildings and facilities at institutions of
19 higher education;

20 (2) devise and promulgate methods to assure maximum
21 daily and year-round use of educational and general buildings and
22 facilities, including but not limited to maximum scheduling of day
23 and night classes and maximum summer school enrollment;

24 (3) consider plans for selective standards of
25 admission when institutions of higher education approach capacity
26 enrollment;

27 (4) require, and assist the public technical

1 institutes, public senior colleges and universities, medical and
2 dental units, and other agencies of higher education in developing
3 long-range campus master plans for campus development;

4 (5) by rule adopt ~~[endorse, or delay until the next~~
5 ~~succeeding session of the legislature has the opportunity to~~
6 ~~approve or disapprove, the proposed purchase of any real property~~
7 ~~by an institution of higher education, except a public junior~~
8 ~~college,~~

9 ~~[(6) develop and publish]~~ standards~~[, rules, and~~
10 ~~regulations]~~ to guide the board's review ~~[institutions and agencies~~
11 ~~of higher education in making application for the approval]~~ of new
12 construction and the ~~[major]~~ repair and rehabilitation of all
13 buildings and facilities regardless of proposed use; and

14 (6) ~~[(7)]~~ ascertain that the board's standards and
15 specifications for new construction, repair, and rehabilitation of
16 all buildings and facilities are in accordance with Chapter 469,
17 Government Code ~~[Article 9102, Revised Statutes].~~

18 (d) ~~[(1)]~~ The board~~[, for purposes of state funding,~~ may
19 review purchases of ~~[and approve as an addition to an institution's~~
20 ~~educational and general buildings and facilities inventory any]~~
21 improved real property added to an institution's educational and
22 general buildings and facilities inventory ~~[acquired by gifts or~~
23 ~~lease-purchase only if,~~

24 ~~[(A) the institution requests to place the~~
25 ~~improved real property on its educational and general buildings and~~
26 ~~facilities inventory; and~~

27 ~~[(B) the value of the improved real property is~~

1 ~~more than \$300,000 at the time the institution requests the~~
 2 ~~property to be added to the educational and general buildings and~~
 3 ~~facilities inventory.~~

4 ~~[(2) This subsection does not apply to gifts, grants,~~
 5 ~~or lease-purchase arrangements intended for clinical or research~~
 6 ~~facilities.~~

7 ~~[(c) Approval of the board is not required to acquire real~~
 8 ~~property that is financed by bonds issued under Section 55.17(c)(3)~~
 9 ~~or (4), 55.1713-55.1718, 55.1721-55.1728, 55.1735(a)(1), 55.174,~~
 10 ~~55.1742, 55.1743, 55.1744, 55.1751-55.17592, 55.1768, 55.1771, or~~
 11 ~~55.17721, except that the board shall review all real property to be~~
 12 ~~financed by bonds issued under those sections] to determine whether~~
 13 ~~the property meets the standards adopted by the board for cost,~~
 14 ~~efficiency, space need, and space use, but the purchase of the~~
 15 ~~improved real property is not contingent on board review.~~
 16 ~~Standards must be adopted by the board using the negotiated~~
 17 ~~rulemaking procedures under Chapter 2008, Government Code. If the~~
 18 ~~property does not meet those standards, the board shall notify the~~
 19 ~~governor, the lieutenant governor, the speaker of the house of~~
 20 ~~representatives, the governing board of the applicable~~
 21 ~~institution, and the Legislative Budget Board. This subsection~~
 22 ~~does not impair the board's authority to collect data relating to~~
 23 ~~the improved real property that is added each year to the~~
 24 ~~educational and general buildings and facilities inventory of~~
 25 ~~institutions of higher education.~~

26 SECTION 40. Subsections (a) and (b), Section 61.058,
 27 Education Code, are amended to read as follows:

(a) This section does not apply to ~~[Except as provided by Subsection (b) of this section, the board shall approve or disapprove all new construction and repair and rehabilitation of all buildings and facilities at institutions of higher education financed from any source provided that:~~

~~[(A) the board's consideration and determination shall be limited to the purpose for which the new or remodeled buildings are to be used to assure conformity with approved space utilization standards and the institution's approved programs and role and mission if the cost of the project is not more than \$4,000,000, but the board may consider cost factors and the financial implications of the project to the state if the total cost is in excess of \$4,000,000,~~

~~[(B) the requirement of approval for new construction applies only to projects the total cost of which is in excess of \$4,000,000,~~

~~[(C) the requirement of approval for major repair and rehabilitation of buildings and facilities applies only to a project the total cost of which is more than \$4,000,000,~~

~~[(D) the requirement of approval or disapproval by the board does not apply to any new construction or major repair and rehabilitation project that is specifically approved by the legislature,~~

~~[(E) the requirement of approval by the board does not apply to a junior college's construction, repair, or rehabilitation financed entirely with funds from a source other than the state, including funds from ad valorem tax receipts of the~~

~~college, gifts, grants, and donations to the college, and student fees, and~~

~~[(F) the requirement of approval by the board does not apply to construction, repair, or rehabilitation of privately owned buildings and facilities located on land leased from an institution of higher education if the construction, repair, or rehabilitation is financed entirely from funds not under the control of the institution, and provided further that:~~

~~[(i) the] buildings and facilities that are to be used exclusively for auxiliary enterprises[+] and~~

~~[(ii) the buildings and facilities] will not require appropriations from the legislature for operation, maintenance, or repair [unless approval by the board has been obtained].~~

(b) The ~~[This section does not apply to construction, repair, or rehabilitation financed by bonds issued under Section 55.17(e)(3) or (4), 55.1713-55.1718, 55.1721-55.1728, 55.174, 55.1742, 55.1743, 55.1744, 55.1751-55.17592, 55.1768, 55.1771, or 55.17721, except that the]~~ board may ~~[shall]~~ review all construction, repair, or rehabilitation of buildings and facilities at institutions of higher education ~~[to be financed by bonds issued under those sections]~~ to determine whether the construction, rehabilitation, or repair meets the standards adopted by board rule for cost, efficiency, space need, and space use, but the construction, rehabilitation, or repair is not contingent on board review. Standards must be adopted by the board using the negotiated rulemaking procedures under Chapter 2008,

1 Government Code. If the construction, rehabilitation, or repair
 2 does not meet those standards, the board shall notify the governor,
 3 the lieutenant governor, the speaker of the house of
 4 representatives, the governing boards of the applicable
 5 institutions, and the Legislative Budget Board. This subsection
 6 does not impair the board's authority to collect data relating to
 7 the construction, repair, or rehabilitation of buildings and
 8 facilities occurring each year at institutions of higher education.

9 SECTION 41. Subchapter C, Chapter 61, Education Code, is
 10 amended by adding Section 61.05821 to read as follows:

11 Sec. 61.05821. CONDITION OF BUILDINGS AND FACILITIES;
 12 ANNUAL REPORT REQUIRED. Each institution of higher education,
 13 excluding each public junior college and excluding other agencies
 14 of higher education, annually shall report to the governing board
 15 of the institution information regarding the condition of the
 16 buildings and facilities of the institution, including information
 17 concerning deferred maintenance with respect to those buildings and
 18 facilities as defined by the board.

19 SECTION 42. Subsection (a-4), Section 61.051, Education
 20 Code, is transferred to Subchapter C, Chapter 61, Education Code,
 21 redesignated as Section 61.0661, Education Code, and amended to
 22 read as follows:

23 Sec. 61.0661. OPPORTUNITIES FOR GRADUATE MEDICAL
 24 EDUCATION. (a) ~~[(a-4)]~~ The board shall conduct ~~[include in the~~
 25 ~~five-year master plan developed under Subsection (a-1)]~~ an
 26 assessment of the adequacy of opportunities for graduates of
 27 medical schools in this state to enter graduate medical education

1 in this state. The assessment must:

2 (1) compare the number of first-year graduate medical
3 education positions available annually with the number of medical
4 school graduates;

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

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

12 (4) evaluate current and projected physician
13 workforce needs of this state, by total number and by specialty, in
14 the development of additional first-year graduate medical
15 education positions; and

16 (5) examine whether this state should ensure that a
17 first-year graduate medical education position is created in this
18 state for each new medical student position established by a
19 medical and dental unit.

20 (b) Not later than December 1 of each even-numbered year,
21 the board shall report the results of the assessment to the
22 governor, the lieutenant governor, the speaker of the house of
23 representatives, and the standing committees of the senate and
24 house of representatives with primary jurisdiction over higher
25 education.

26 SECTION 43. Subsection (h), Section 61.051, Education Code,
27 is transferred to Subchapter C, Chapter 61, Education Code,

1 redesignated as Section 61.0662, Education Code, and amended to
2 read as follows:

3 Sec. 61.0662. INFORMATION ON RESEARCH CONDUCTED BY
4 INSTITUTIONS. (a) ~~[(h) The board shall make continuing studies of~~
5 ~~the needs of the state for research and designate the institutions~~
6 ~~of higher education to perform research as needed.]~~ The board
7 shall ~~[also]~~ maintain an inventory of all institutional and
8 programmatic research activities being conducted by the various
9 institutions of higher education, whether state-financed or not.

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

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

17 SECTION 44. Subchapter C, Chapter 61, Education Code, is
18 amended by adding Section 61.069 to read as follows:

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

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

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

27 (c) The board may use its position as a statewide

1 coordinator to assist with matching nonprofit organizations or
2 grant-funding entities with institutions of higher education and
3 private or independent institutions of higher education to
4 implement proven programs and best practices.

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

9 SECTION 45. Subchapter C, Chapter 61, Education Code, is
10 amended by adding Section 61.0763 to read as follows:

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

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

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

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

23 (3) strategies for avoiding student loan delinquency
24 and default.

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

- 1 (1) general academic teaching institutions;
- 2 (2) public junior colleges;
- 3 (3) private or independent institutions of higher
- 4 education; and
- 5 (4) career schools or colleges.

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

- 10 (1) of more than 20 percent; or
- 11 (2) that has above average growth as compared to the
- 12 rates of other postsecondary educational institutions in this
- 13 state.

14 (e) The board, in consultation with postsecondary
15 educational institutions, shall adopt rules for the administration
16 of the pilot program, including rules governing the selection of
17 postsecondary educational institutions to participate in the pilot
18 program consistent with the requirements of Subsection (d).

19 (f) The board may contract with one or more entities to
20 administer the pilot program according to criteria established by
21 board rule.

22 (g) Not later than January 1 of each year, beginning in
23 2016:

- 24 (1) the board shall submit a report to the governor,
- 25 the lieutenant governor, and the speaker of the house of
- 26 representatives regarding the outcomes of the pilot program, as
- 27 reflected in the federal student loan default rates reported for

1 the participating institutions; and

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

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

8 SECTION 46. Subchapter C, Chapter 61, Education Code, is
9 amended by adding Section 61.07761 to read as follows:

10 Sec. 61.07761. FINANCIAL AID AND OTHER TRUSTEED FUNDS
11 ALLOCATION. (a) For any funds trustee to the board for allocation
12 to institutions of higher education and private or independent
13 institutions of higher education, including financial aid program
14 funds, the board by rule shall:

15 (1) establish and publish the allocation
16 methodologies; and

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

19 (b) The board shall consult with affected stakeholders
20 before adopting rules under this section.

21 SECTION 47. Section 61.306, Education Code, is amended by
22 adding Subsection (c) to read as follows:

23 (c) The board may not issue a certificate of authority for a
24 private postsecondary institution to grant a professional degree or
25 to represent that credits earned in this state are applicable
26 toward a degree if the institution is chartered in a foreign country
27 or has its principal office or primary educational program in a

1 foreign country. In this subsection, "professional degree"
2 includes a Doctor of Medicine (M.D.), Doctor of Osteopathy (D.O.),
3 Doctor of Dental Surgery (D.D.S.), Doctor of Veterinary Medicine
4 (D.V.M.), Juris Doctor (J.D.), and Bachelor of Laws (LL.B.).

5 SECTION 48. The heading to Section 61.822, Education Code,
6 is amended to read as follows:

7 Sec. 61.822. TRANSFER OF CREDITS; CORE CURRICULUM.

8 SECTION 49. Section 61.822, Education Code, is amended by
9 amending Subsection (a) and adding Subsection (a-1) to read as
10 follows:

11 (a) The board shall encourage the transferability of lower
12 division course credit among institutions of higher education.

13 (a-1) The board, with the assistance of advisory committees
14 composed of representatives of institutions of higher education,
15 shall develop a recommended core curriculum of at least 42 semester
16 credit hours, including a statement of the content, component
17 areas, and objectives of the core curriculum. At least a majority
18 of the members of any advisory committee named under this section
19 shall be faculty members of an institution of higher education. An
20 institution shall consult with the faculty of the institution
21 before nominating or recommending a person to the board as the
22 institution's representative on an advisory committee.

23 SECTION 50. Subchapter C, Chapter 62, Education Code, is
24 amended to read as follows:

25 SUBCHAPTER C. TEXAS COMPETITIVE KNOWLEDGE [~~RESEARCH UNIVERSITY~~
26 ~~DEVELOPMENT~~] FUND

27 Sec. 62.051. DEFINITIONS. In this subchapter:

(1) "Eligible institution" means an institution of higher education that:

(A) is designated as a research university [or emerging research university] under the coordinating board's accountability system and, for any three consecutive state fiscal years beginning on or after September 1, 2010, made total annual research expenditures in an average annual amount of not less than \$450 million; or

(B) is designated as an emerging research university under the coordinating board's accountability system and, for any three consecutive state fiscal years beginning on or after September 1, 2010, made total annual research expenditures in an average annual amount of not less than \$50 million.

(2) "Fund" means the Texas competitive knowledge fund.

(3) "Institution of higher education" has the meaning assigned by Section 61.003.

Sec. 62.052. PURPOSE. The purpose of this subchapter is to provide funding to eligible research universities and emerging research universities to support faculty to ensure excellence in instruction and research [~~for the recruitment and retention of highly qualified faculty and the enhancement of research productivity at these universities~~].

Sec. 62.053. FUND [~~FUNDING~~]. (a) The Texas competitive knowledge fund consists of money [~~For each state fiscal year, the coordinating board shall distribute any funds~~] appropriated by the legislature for the purposes of this subchapter[, ~~and any other funds made available for the purposes of this subchapter,~~] to

1 eligible institutions [~~based on the average amount of total~~
2 ~~research funds expended by each institution annually during the~~
3 ~~three most recent state fiscal years, according to the following~~
4 ~~rates:~~

5 [~~(1) at least \$1 million for every \$10 million of the~~
6 ~~average annual amount of those research funds expended by the~~
7 ~~institution, if that average amount for the institution is \$50~~
8 ~~million or more; and~~

9 [~~(2) at least \$500,000 for every \$10 million of the~~
10 ~~average annual amount of those research funds expended by the~~
11 ~~institution, if that average amount for the institution is less~~
12 ~~than \$50 million].~~

13 (b) For purposes of this section [~~Subsection (a)~~], the
14 amount of total research funds expended by an eligible institution
15 in a state fiscal year is the amount of those funds as reported to
16 the coordinating board by the institution for that fiscal year,
17 subject to any adjustment by the coordinating board in accordance
18 with the standards and accounting methods the coordinating board
19 prescribes for purposes of this section. [~~If the funds available~~
20 ~~for distribution for a state fiscal year under Subsection (a) are~~
21 ~~not sufficient to provide the amount specified by Subsection (a)~~
22 ~~for each eligible institution or exceed the amount sufficient for~~
23 ~~that purpose, the available amount shall be distributed in~~
24 ~~proportion to the total amount to which each institution is~~
25 ~~otherwise entitled under Subsection (a).~~]

26 Sec. 62.0535. INITIAL CONTRIBUTION. For the first state
27 fiscal biennium in which an eligible institution receives an

1 appropriation under this subchapter, the institution's other
 2 general revenue appropriations shall be reduced by \$5 million for
 3 the biennium or the amount of the institution's appropriation under
 4 this subchapter for the biennium. The bill making the
 5 appropriation must expressly identify the purpose for which the
 6 appropriations were reduced in accordance with this section.

7 ~~[Sec. 62.054. RULES. The coordinating board shall adopt~~
 8 ~~rules for the administration of this subchapter, including any~~
 9 ~~rules the coordinating board considers necessary regarding the~~
 10 ~~submission to the coordinating board by eligible institutions of~~
 11 ~~any student data required for the coordinating board to carry out~~
 12 ~~its duties under this subchapter.]~~

13 SECTION 51. The heading to Chapter 142, Education Code, is
 14 amended to read as follows:

15 CHAPTER 142. NORMAN HACKERMAN ADVANCED RESEARCH PROGRAM;
 16 ADVANCED TECHNOLOGY PROGRAM

17 SECTION 52. Section 142.001, Education Code, is amended by
 18 amending Subdivisions (1) and (4) and adding Subdivisions (1-a) and
 19 (6) to read as follows:

20 (1) "Applied research" means research directed at
 21 gaining the knowledge or understanding necessary to meet a specific
 22 and recognized need, including the discovery of new scientific
 23 knowledge that has specific objectives relating to products or
 24 processes.

25 (1-a) "Basic research" means research the primary
 26 object of which is to gain a fuller fundamental knowledge of the
 27 subject under study.

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

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

SECTION 53. The heading to Section 142.002, Education Code, is amended to read as follows:

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

SECTION 54. Section 143.002, Education Code, is transferred to Chapter 142, Education Code, redesignated as Section 142.0025, Education Code, and amended to read as follows:

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

(b) Providing appropriated funds to faculty members of institutions of higher education [~~public~~] and private or independent institutions of higher education to conduct applied research is important to the state's welfare and, consequently, is an important public purpose for the expenditure of public funds because the applied research will enhance the state's economic growth by:

- (1) educating the state's scientists and engineers;
- (2) creating new products and production processes;

1 and

2 (3) contributing to the application of science and
3 technology to state businesses.

4 SECTION 55. Section 142.003, Education Code, is amended to
5 read as follows:

6 Sec. 142.003. ADMINISTRATION; GUIDELINES AND PROCEDURES.

7 (a) The coordinating board shall administer the technology program
8 and the research program.

9 (b) The coordinating board shall appoint an advisory
10 committee that consists of experts in the specified research areas
11 of both programs to advise the coordinating board regarding the
12 coordinating board's development of research priorities,
13 guidelines, and procedures for the selection of specific projects
14 at eligible institutions.

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

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

19 (2) require that, as a condition of receiving an
20 award, an eligible institution must use a portion of the award to
21 support, in connection with the project for which the award is made,
22 basic research conducted by:

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

25 (B) undergraduate students, if the eligible
26 institution is any other eligible institution [~~of higher~~
27 ~~education~~].

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

3 (1) provide for determining whether an institution of
4 higher education or private or independent institution of higher
5 education qualifies as an eligible institution for the purposes of
6 the technology program by demonstrating exceptional capability to
7 attract federal, state, and private funding for scientific and
8 technical research and having an exceptionally strong research
9 staff and the necessary equipment and facilities; and

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

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

15 (1) across academic disciplines;

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

17 (3) between an eligible institution or institutions
18 and private industry.

19 SECTION 56. Section 143.003, Education Code, is transferred
20 to Chapter 142, Education Code, redesignated as Section 142.0035,
21 Education Code, and amended to read as follows:

22 Sec. 142.0035 [~~143.003~~]. TECHNOLOGY PROGRAM: PRIORITY
23 RESEARCH AREAS. The technology program may provide support for
24 faculty members to conduct research in areas determined by an
25 advisory panel appointed by the coordinating board. Initial
26 research areas shall include: agriculture, biotechnology,
27 biomedicine, energy, environment, materials science,

microelectronics, aerospace, marine science, aquaculture, telecommunications, manufacturing science, environmental issues affecting the Texas-Mexico border region, the reduction of industrial, agricultural, and domestic water use, recycling, and related disciplines. The advisory committee appointed under Section 142.003(b) ~~[panel]~~ may add or delete priority research areas as the advisory committee ~~[panel]~~ considers warranted.

SECTION 57. Section 142.004, Education Code, is amended by amending Subsections (a) and (c) and adding Subsections (c-1) and (f) to read as follows:

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

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

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

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

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

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

SECTION 58. Sections 142.006 and 142.007, Education Code, are amended to read as follows:

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

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

Sec. 142.007. CONFIDENTIALITY. Information submitted as part of a pre-proposal or proposal or related to the evaluation and selection of research projects to be funded by the research program or technology program is confidential unless made public by coordinating board rule.

SECTION 59. Section 143.0051, Education Code, is transferred to Chapter 142, Education Code, and redesignated as Section 142.009, Education Code, to read as follows:

Sec. 142.009 [~~143.0051~~]. APPLIED RESEARCH FOR CLEAN COAL

1 PROJECT AND OTHER PROJECTS FOR ELECTRICITY GENERATION. The
2 coordinating board shall use money available for the purpose from
3 legislative appropriations, including gifts, grants, and
4 donations, to support at one or more eligible institutions applied
5 research related to:

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

9 (2) electricity generation using lignite coal
10 deposits in this state or integrated gasification combined cycle
11 technology.

12 SECTION 60. Subsection (f), Section 130.0012, Education
13 Code, is amended to read as follows:

14 (f) Each public junior college that offers a baccalaureate
15 degree program under this section must enter into an articulation
16 agreement for the first five years of the program with one or more
17 general academic teaching institutions to ensure that students
18 enrolled in the degree program have an opportunity to complete the
19 degree if the public junior college ceases to offer the degree
20 program. The coordinating board may require a general academic
21 teaching institution that offers a comparable degree program to
22 enter into an articulation agreement with the public junior college
23 as provided by this subsection.

24 SECTION 61. Subsection (f), Section 42.0421, Human
25 Resources Code, as added by Chapter 82 (S.B. 265), Acts of the 82nd
26 Legislature, Regular Session, 2011, is amended to read as follows:

27 (f) The training required by this section must be

1 appropriately targeted and relevant to the age of the children who
2 will receive care from the individual receiving training and must
3 be provided by a person who:

4 (1) is a training provider registered with the Texas
5 Early Care and Education Career Development System's Texas Trainer
6 Registry that is maintained by the Texas Head Start State
7 Collaboration Office;

8 (2) is an instructor at a public or private secondary
9 school, an ~~[or at a public or private]~~ institution of higher
10 education, as defined by Section 61.003 ~~[61.801]~~, Education Code,
11 or a private college or university accredited by a recognized
12 accrediting agency who teaches early childhood development or
13 another relevant course, as determined by rules adopted by the
14 commissioner of education and the commissioner of higher education;

15 (3) is an employee of a state agency with relevant
16 expertise;

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

19 (5) holds a generally recognized credential or
20 possesses documented knowledge relevant to the training the person
21 will provide;

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

25 (A) has demonstrated core knowledge in child
26 development and caregiving; and

27 (B) is only providing training at the home or

1 center in which the provider or director and the person receiving
2 training are employed; or

3 (7) has at least two years of experience working in
4 child development, a child development program, early childhood
5 education, a childhood education program, or a Head Start or Early
6 Head Start program and:

7 (A) has been awarded a Child Development
8 Associate (CDA) credential; or

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

11 SECTION 62. The following provisions of the Education Code
12 are repealed:

13 (1) Chapters 144, 147, 148, and 152;
14 (2) Subchapters J, M, Q, and X, Chapter 51;
15 (3) Subchapters B and D, Chapter 57;
16 (4) Subchapters K, P, Q, U, and W, Chapter 61;
17 (5) Section 51.916; Subsection (f), Section 52.17;
18 Section 52.56; Subsections (c) and (d), Section 56.307; Subsection
19 (d), Section 56.456; Subsections (c) and (d), Section 56.459;
20 Subsection (e), Section 56.407; Subsections (b), (c), (d), and (e),
21 Section 58.002; Section 61.0573; and Subsection (c), Section
22 61.058;

23 (6) Subdivisions (1) and (3), Section 57.02;

24 (7) Sections 57.41, 57.42, 57.43, 57.44, 57.45, 57.46,
25 57.461, 57.47, 57.471, 57.481, 57.50, 58.001, 58.003, 58.004, and
26 58.005;

27 (8) Subsections (b), (c), (d), (e), (f), (g), (i),

1 (j), (k), (m), (o), (p), and (q), Section 61.051;

2 (9) Subsections (i) and (i-1), Section 61.059;
3 Sections 61.0591, 61.0631, and 61.066; Subsection (d), Section
4 61.0761; Sections 61.078, 61.088, and 61.660; and Subsection (c),
5 Section 62.096; and

6 (10) Sections 143.001, 143.004, 143.005, 143.007, and
7 143.008.

8 SECTION 63. The changes in law made by this Act to Section
9 52.39, Education Code, apply only to a suit filed under that section
10 on or after the effective date of this Act. A suit filed under
11 Section 52.39, Education Code, before the effective date of this
12 Act is governed by the law in effect on the date the suit is filed,
13 and the former law is continued in effect for that purpose.

14 SECTION 64. (a) The change in law made by this Act to
15 Subchapter M, Chapter 56, Education Code, applies beginning with
16 TEXAS grants awarded for the 2014 fall semester. Grants awarded for
17 a semester or term before the 2014 fall semester are governed by the
18 applicable law in effect immediately before the effective date of
19 this Act, and the former law is continued in effect for that
20 purpose.

21 (b) Notwithstanding Subsection (a) of this section, a
22 student who first receives a TEXAS grant for attendance at a public
23 junior college, public state college, or public technical institute
24 for a semester or other academic term before the 2014 fall semester
25 may continue to receive a TEXAS grant under Subchapter M, Chapter
26 56, Education Code, as that subchapter existed immediately before
27 the effective date of this Act, as long as the student remains

1 eligible for a TEXAS grant under the former law, and, if eligible,
 2 may continue to receive a TEXAS grant if the student enrolls at an
 3 eligible institution under Subchapter M, Chapter 56, Education
 4 Code, as amended by this Act. The Texas Higher Education
 5 Coordinating Board shall adopt rules to administer this subsection
 6 and shall notify each student who receives a TEXAS grant in the
 7 2013-2014 academic year of the provisions of this subsection.

8 SECTION 65. (a) The change in law made by this Act in
 9 amending Subchapter Q, Chapter 56, Education Code, applies
 10 beginning with Texas B-On-time loans awarded for the 2014-2015
 11 academic year.

12 (b) Notwithstanding Subsection (a) of this section, a
 13 student who first receives a Texas B-On-time loan for a semester or
 14 other academic term before the 2014 fall semester may continue to
 15 receive Texas B-On-time loans under Subchapter Q, Chapter 56,
 16 Education Code, as that subchapter existed immediately before the
 17 effective date of this Act, as long as the student remains eligible
 18 for a Texas B-On-time loan under the former law, and is entitled to
 19 obtain forgiveness of the loans as permitted by Section 56.462,
 20 Education Code, as that section existed immediately before the
 21 effective date of this Act. The Texas Higher Education
 22 Coordinating Board shall adopt rules to administer this subsection
 23 and shall notify each student who receives a Texas B-On-time loan in
 24 the 2013-2014 academic year of the provisions of this subsection.

25 SECTION 66. The changes in law made by this Act to Section
 26 61.052, Education Code, apply to the comprehensive lists of courses
 27 offered by public institutions of higher education beginning with

1 lists required to be submitted for the 2014-2015 academic year.
2 Course lists for an academic year before that academic year are
3 covered by the law in effect before the effective date of this Act,
4 and that law is continued in effect for that purpose.

5 SECTION 67. The Texas Higher Education Coordinating Board
6 shall adopt rules for the administration of Section 61.0763,
7 Education Code, as added by this Act, as soon as practicable after
8 this Act takes effect. For that purpose, the coordinating board may
9 adopt the initial rules in the manner provided by law for emergency
10 rules.

11 SECTION 68. The Texas Higher Education Coordinating Board
12 shall adopt rules as required by Section 61.07761, Education Code,
13 as added by this Act, as soon as practicable after this Act takes
14 effect. For that purpose, the coordinating board may adopt the
15 initial rules in the manner provided by the law for emergency rules.

16 SECTION 69. This Act takes effect September 1, 2013.

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No equivalent provision.

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SECTION __. Section 28.009(d)(2), Education Code, is amended to read as follows:
(2) "Sequence of courses" means career and technical education courses approved by the State Board of Education or [;] innovative courses approved by the State Board of Education that are provided for local credit~~[-or-a-tech-prep program-of-study-under Section 61.852].~~ [FA3 by Anchia]

Same as Senate version.

No equivalent provision.

SECTION __. Section 39.301(c), Education Code, is amended to read as follows:
(c) Indicators for reporting purposes must include:
(1) the percentage of graduating students who meet the course requirements established by State Board of Education rule for the minimum high school program, the recommended high school program, and the advanced high school program;
(2) ~~the results of the SAT, ACT, [articulated postsecondary degree programs described by Section 61.852,]~~ and certified workforce training programs described by Chapter 311, Labor Code;
(3) for students who have failed to perform satisfactorily, under each performance standard under Section 39.0241, on an assessment instrument required under Section 39.023(a) or (c), the performance of those students on subsequent assessment instruments required under those sections, aggregated by grade level and subject area;
(4) for each campus, the number of students, disaggregated by major student subpopulations, that agree under Section 28.025(b) to take courses under the minimum high school program;
(5) the percentage of students, aggregated by grade level, provided accelerated instruction under Section 28.0211(c), the results of assessment instruments administered under that

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section, the percentage of students promoted through the grade placement committee process under Section 28.0211, the subject of the assessment instrument on which each student failed to perform satisfactorily under each performance standard under Section 39.0241, and the performance of those students in the school year following that promotion on the assessment instruments required under Section 39.023;

(6) the percentage of students of limited English proficiency exempted from the administration of an assessment instrument under Sections 39.027(a)(1) and (2);

(7) the percentage of students in a special education program under Subchapter A, Chapter 29, assessed through assessment instruments developed or adopted under Section 39.023(b);

(8) the percentage of students who satisfy the college readiness measure;

(9) the measure of progress toward dual language proficiency under Section 39.034(b), for students of limited English proficiency, as defined by Section 29.052;

(10) the percentage of students who are not educationally disadvantaged;

(11) the percentage of students who enroll and begin instruction at an institution of higher education in the school year following high school graduation; and

(12) the percentage of students who successfully complete the first year of instruction at an institution of higher education without needing a developmental education course. [FA3 by Anchia]

No equivalent provision.

SECTION ____ Section 42.154(a), Education Code, is amended to read as follows:

(a) For each full-time equivalent student in average daily

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attendance in an approved career and technology education program in grades nine through 12 or in career and technology education programs for students with disabilities in grades seven through 12, a district is entitled to:

(1) an annual allotment equal to the adjusted basic allotment multiplied by a weight of 1.35; and

(2) \$50, if the student is enrolled in[=

[+A)] two or more advanced career and technology education classes for a total of three or more credits[=or

[+B)] an advanced course as part of a tech prep program under Subchapter T, Chapter 61]. [FA3 by Anchia]

SECTION 1. Section 61.0511, Education Code, is transferred to Subchapter G, Chapter 51, Education Code, and redesignated as Section 51.359, Education Code.

SECTION 1. Same as Senate version.

Same as Senate version.

No equivalent provision.

SECTION __. Subchapter G, Chapter 51, Education Code, is amended by adding Section 51.360 to read as follows:

Same as Senate version.

Sec. 51.360 DUTY OF TEXAS HIGHER EDUCATION COORDINATING BOARD TO PROTECT DIVERSITY OF THOUGHT AND FREEDOM OF SPEECH (a) It is the policy of this state, and the duty of the Texas Higher Education Coordinating Board, working in conjunction with governing boards, system administrations, and institutions, to promote diversity of thought and the marketplace of ideas on the campuses of institutions of higher education in this state, including by:

(1) protecting the rights of freedom of speech and freedom of association guaranteed by the constitutions of the United States and of this state so that all students of those institutions may assemble peaceably for a specific stated purpose and goal; and

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(2) ensuring that those rights are not unnecessarily restricted or impeded by rules or policies adopted by those institutions.

(b) The Texas Higher Education Coordinating Board, working in conjunction with governing boards, system administrations, and institutions, shall ensure that each institution does not implement a policy or otherwise engage in a practice that requires a student organization, including a religious student organization, to accept for membership in the organization a student:

(1) who demonstrates opposition to the organization's stated beliefs and purposes; or

(2) whose membership in the organization:

(A) would affect in a significant way the organization's ability to advocate public or private viewpoints; or

(B) is designed for the subversive intent of undermining the organization's ability to assemble for its stated purposes.

[FA31 by Krause]

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

(d) At least every five years, the Texas Higher Education Coordinating Board shall reevaluate its rules and policies to ensure the continuing need for the data requests the coordinating board imposes on university systems, institutions of higher education, or private or independent institutions of higher education. The coordinating board shall consult with those entities to identify unnecessary data requests and shall eliminate data requests identified as unnecessary from its rules and policies. In this subsection, "private or independent institution of higher education" has the meaning assigned by Section 61.003.

Same as House version.

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

(d) At least every five years, the Texas Higher Education Coordinating Board shall reevaluate its rules and policies to ensure the continuing need for the data requests the coordinating board imposes on university systems, institutions of higher education, or private or independent institutions of higher education. The coordinating board shall engage in negotiated rulemaking under Chapter 2008, Government Code, with those entities in identifying unnecessary requests or ways to streamline those requests. The coordinating board shall eliminate data requests identified as unnecessary from its rules and policies. In this subsection, "private or independent institution of higher education" has the meaning assigned by

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Section 61.003.

No equivalent provision.

SECTION _____. The heading to Section 51.968, Education Code, is amended to read as follows:
Sec. 51.968. ALTERNATE METHODS FOR EARNING UNDERGRADUATE COURSE CREDIT [FOR—HIGH SCHOOL—STUDENTS—COMPLETING POSTSECONDARY-LEVEL PROGRAM]. [FA9,3rd by Branch]

Same as Senate version.

No equivalent provision.

SECTION _____. Section 51.968(a)(4), Education Code, is amended to read as follows:
(4) "Institution of higher education" has the meaning assigned [means an institution of higher education as defined] by Section 61.003[—that offers freshman-level courses]. [FA9,3rd by Branch]

Same as Senate version.

No equivalent provision.

SECTION _____. Section 51.968, Education Code, is amended by adding Subsections (a-1), (a-2), (a-3), (d-1), and (f-1) and amending Subsections (b), (c), and (e) to read as follows:
(a-1) This section applies only to an institution of higher education that offers freshman-level and sophomore-level courses.
(a-2) To maximize opportunities for students to earn undergraduate course credit at the institution, each institution of higher education may develop and administer one or more institution-specific examinations or assessments by which entering or current undergraduate students may earn freshman-level or sophomore-level course credit in the same manner as an entering freshman student may earn course credit through a CLEP examination or Advanced Placement examination. The institution may charge students a

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reasonable fee for taking an examination or assessment described by this subsection. The institution may develop and administer examinations or assessments for course credit for as many freshman-level and sophomore-level courses as practicable and may develop those examinations or assessments using source material from other institutions of higher education.

(a-3) Each institution of higher education that ceases to offer credit through the College-Level Examination Program or the Advanced Placement Program for a specific course shall offer credit for the course through an institution-specific examination or assessment administered under Subsection (a-2).

(b) Each institution of higher education ~~[that offers freshman-level courses]~~ shall adopt and implement a policy to grant ~~[undergraduate]~~ course credit for freshman-level and sophomore-level courses to undergraduate ~~[entering freshman]~~ students who have:

(1) successfully completed the International Baccalaureate Diploma Program;

(2) ~~[- who have]~~ achieved required scores on one or more examinations in the Advanced Placement Program or the College-Level Examination Program;

(3) ~~[- or who have]~~ successfully completed one or more courses offered through concurrent enrollment in high school and at an institution of higher education; or

(4) achieved required scores on one or more institution-specific examinations or assessments administered by the institution under Subsection (a-2).

(c) In the policy, the institution shall:

(1) establish the institution's conditions for granting course credit, including the minimum required scores on CLEP

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examinations, Advanced Placement examinations, [and] examinations for courses constituting the International Baccalaureate Diploma Program, and institution-specific examinations or assessments administered by the institution under Subsection (a-2); and

(2) based on the correlations identified under Subsections ~~[Subsection] (f) and (f-1)~~, identify the specific freshman-level or sophomore-level course credit or other academic requirements of the institution, including the number of semester credit hours or other course credit, that the institution will grant to a student who successfully completes a course or program or achieves a required score on an examination or assessment as described by Subsection (b) ~~[the diploma program, who successfully completes a course through concurrent enrollment, or who achieves required scores on CLEP examinations or Advanced Placement examinations]~~.

(d-1) Each institution of higher education shall:

(1) report to the coordinating board:

(A) a list of courses for which the institution offers undergraduate students the opportunity to earn course credit through an institution-specific examination or assessment;

(B) the institution's policy adopted under this section; and

(C) any fee charged for an examination or assessment administered under Subsection (a-2); and

(2) include a copy of the list, policy, and applicable fee schedule with the institution's undergraduate student application materials, including application materials available on the institution's Internet website.

(c) On request of an applicant for admission as an entering undergraduate student ~~[freshman]~~, an institution of higher education, based on information provided by the applicant, shall determine and notify the applicant regarding:

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- (1) the amount and type of any course credit that would or could be granted to the applicant under the policy; and
- (2) any other academic requirement that the applicant would satisfy under the policy.

(f-1) An institution of higher education shall:

- (1) identify correlations between the subject matter and content of courses offered by the institution and the subject matter and content of institution-specific examinations or assessments administered by the institution under Subsection (a-2); and
- (2) make that information available to the public on the institution's Internet website in a manner that conforms to the requirements of Section 51.974. [FA9,3rd by Branch]

No equivalent provision.

SECTION ____ Subchapter Z, Chapter 51, Education Code, is amended by adding Section 51.96852 to read as follows:

Sec. 51.96852. TRANSFER OF CREDIT FROM LOWER-DIVISION INSTITUTIONS; ARTICULATION AGREEMENTS. (a) In this section:

- (1) "Articulation agreement" means a formal written agreement between a public junior college and a general academic teaching institution identifying courses offered by the public junior college that must be accepted for credit toward specific course requirements at the general academic teaching institution.
- (2) "Lower-division institution of higher education" means a public junior college, public state college, or public technical institute.
- (3) "Public junior college" and "general academic teaching institution" have the meanings assigned by Section 61.003.
- (b) Each general academic teaching institution shall:
 - (1) publish on the institution's Internet website for use by

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prospective undergraduate students a detailed description developed by the institution's faculty of the learning objectives, content, and prior knowledge requirements for at least 12 courses offered by the institution for which credit is frequently transferred to the institution from lower-division institutions of higher education;

(2) identify the public junior colleges from which the general academic teaching institution regularly receives transfer students; and

(3) establish, for at least five degree plans for which credit is frequently transferred to the institution from lower-division institutions of higher education, articulation agreements with each public junior college from which the general academic teaching institution has received an average of at least five percent of the institution's transfer students in the three preceding academic years.

(c) A general academic teaching institution's participation in an articulation agreement under this section does not affect the institution's admissions policies.

(d) In consultation with general academic teaching institutions and public junior colleges, the Texas Higher Education Coordinating Board shall adopt any rules the coordinating board considers necessary for the administration of this section. [FA9,3rd by Branch]

No equivalent provision.

SECTION __. Section 52.39, Education Code, is amended to read as follows:

Sec. 52.39. DEFAULT; SUIT. When any person who has received or cosigned as a guarantor for a loan authorized by this chapter has failed or refused to make as many as six monthly payments due in accordance with an executed note, then the full amount of the remaining principal and interest

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becomes due and payable immediately, and the amount due, the person's name and [his] last known address, and other necessary information shall be reported by the board to the attorney general. Suit for the remaining sum shall be instituted by the attorney general, ~~[or any county or district attorney acting for him, in the county of the person's residence, the county in which is located the institution at which the person was last enrolled, or in Travis County.]~~ unless the attorney general finds reasonable justification for delaying suit and so advises the board in writing. Venue for a suit arising under this section is exclusively conferred on a court of competent jurisdiction in Travis County. [FA18 and FA19 by Gonzales, Larry]

No equivalent provision.

SECTION __. Subchapter A, Chapter 54, Education Code, is amended by adding Section 54.017 to read as follows:

Same as Senate version.

Sec. 54.017. STUDY ON TUITION RATES AND FEE AMOUNTS.

(a) In this section:

(1) "Coordinating board" means the Texas Higher Education Coordinating Board.

(2) "General academic teaching institution" has the meaning assigned by Section 61.003.

(b) The coordinating board shall conduct an annual study regarding the affordability of tuition rates and fee amounts at general academic teaching institutions, including a comparison of rates at similar institutions in and outside of this state, the return on investment based on expected salaries of graduates of the institution, the employment rate of graduates of the institution, and other appropriate economic factors as determined by the coordinating board. The

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coordinating board shall submit the results of the study to general academic teaching institutions, the governor, and the legislative standing committees with primary jurisdiction over higher education. [FA20 and FA22 by Capriglione; FA7,3rd by Branch]

No equivalent provision.

SECTION __. Subchapter A, Chapter 56, Education Code, is amended by adding Section 56.009 to read as follows:

Same as House version.

Sec. 56.009. FINANCIAL ASSISTANCE FOR STUDENTS ENROLLED AT WGU TEXAS OR SIMILAR ONLINE COLLEGES OR UNIVERSITIES. (a) In this section, "general academic teaching institution" and "private or independent institution of higher education" have the meanings assigned by Section 61.003.

(b) The Texas Higher Education Coordinating Board shall, in consultation with representatives of the coordinating board's financial aid advisory committee, representatives of financial aid offices of WGU Texas and any similar nonprofit, tax-exempt, regionally accredited college or university operating in accordance with a memorandum of understanding with this state pursuant to an executive order issued by the governor and offering competency-based, exclusively online or other distance education, and representatives of financial aid offices of institutions of higher education and private or independent institutions of higher education offering online or other distance education courses and programs similar to those offered by WGU Texas or any similar nonprofit colleges or universities:

(1) conduct a study regarding, and prepare proposed draft legislation for, the creation of a state-funded student financial assistance program;

(A) that is available only to students of nonprofit, tax-exempt,

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regionally accredited universities or colleges domiciled in this state that offer competency-based, exclusively online or other distance education; and

(B) under which the highest priority is given to awarding grants to those eligible students who demonstrate the greatest financial need; and

(2) not later than October 1, 2014, submit to each standing committee of the legislature with primary jurisdiction over higher education a report of the results of the study conducted under Subdivision (1), together with the proposed draft legislation prepared under that subdivision.

(c) This section expires January 1, 2016. [FA14 and FA15 by Branch]

No equivalent provision.

SECTION ____ . Sections 56.301(2) and (3). Education Code, are amended to read as follows:

(2) "Eligible institution" means a general academic teaching [an] institution or a medical and dental unit [of higher education] that offers one or more undergraduate degree or certification programs. The term does not include a public state college.

(3) "General academic teaching institution," "institution of higher education," "medical and dental unit," "public [Public] junior college," "public state college," and "public technical institute" have the meanings assigned by Section 61.003. [FA24 by Howard]

Same as House version.

No equivalent provision.

SECTION ____ . Section 56.302(b), Education Code, is amended to read as follows:

(b) The purpose of this subchapter is to provide a grant of money to enable eligible students to attend eligible [public] institutions [of higher education] in this state. [FA24 by

Same as House version.

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Howard]

No equivalent provision.

SECTION ____ Sections 56.303(d-1), (e), and (f), Education Code, are amended to read as follows:

(d-1) In allocating among eligible ~~[general-academic teaching]~~ institutions money available for initial TEXAS grants for an academic year, the coordinating board shall ensure that each of those institutions' proportional ~~[percentage]~~ share of the total amount of money for initial grants that is allocated to eligible ~~[general-academic teaching]~~ institutions under this section ~~[subsection]~~ for that year does not, as a result of the number of students who establish eligibility at the institution for an initial grant under Section 56.3041(2)(A), change from the institution's proportional ~~[percentage]~~ share of the total amount of money for initial grants that is allocated to those institutions under this section ~~[subsection]~~ for the preceding academic year.

(e) In determining who should receive a TEXAS grant, the ~~coordinating board and the eligible~~ institutions shall give priority to awarding TEXAS grants to students who demonstrate the greatest financial need and whose expected family contribution, as determined according to the methodology used for federal student financial aid, does not exceed 60 percent of the average statewide amount of tuition and required fees described by Section 56.307(a). In giving priority based on financial need as required by this subsection to students who meet the requirements for the highest priority as provided by Subsection (f), an eligible ~~[a general-academic teaching]~~ institution shall determine financial need according to the relative expected family contribution of those students, beginning with students who have the lowest expected family contribution.

Same as House version.

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(f) Beginning with TEXAS grants awarded for the 2013-2014 academic year, in determining who should receive an initial TEXAS grant, each eligible ~~[general academic teaching]~~ institution, in addition to giving priority as provided by Subsection (e), shall give highest priority to students who meet the eligibility criteria described by Section 56.3041(2)(A). If there is money available in excess of the amount required to award an initial TEXAS grant to all students meeting those criteria, an eligible ~~[a general academic teaching]~~ institution shall make awards to other students who meet the eligibility criteria described by Section 56.304(a)(2)(A), provided that the institution continues to give priority to students as provided by Subsection (e). [FA24 by Howard]

No equivalent provision.

SECTION ____ . Sections 56.304(a) and (e-1), Education Code, are amended to read as follows:

Same as House version.

(a) To be eligible initially for a TEXAS grant, a person who graduated from high school before May 1, 2013, must:

(1) be a resident of this state as determined by coordinating board rules;

(2) meet either of the following academic requirements:

(A) be a graduate of a public or accredited private high school in this state who graduated not earlier than the 1998-1999 school year and who completed the recommended or advanced high school curriculum established under Section 28.002 or 28.025 or its equivalent; or

(B) have received an associate degree from a public or private institution of higher education not earlier than May 1, 2001;

(3) meet financial need requirements as defined by the coordinating board;

(4) be enrolled in a baccalaureate ~~[an undergraduate]~~ degree

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~~[or certificate]~~ program at an eligible institution;

(5) be enrolled as:

(A) an entering undergraduate student for at least three-fourths of a full course load for an entering undergraduate student, as determined by the coordinating board, not later than the 16th month after the date of the person's graduation from high school; or

(B) an entering student for at least three-fourths of a full course load for an undergraduate student as determined by the coordinating board, not later than the 12th month after the month the person receives an associate degree from a public or private institution of higher education;

(6) have applied for any available financial aid or assistance; and

(7) comply with any additional nonacademic requirement adopted by the coordinating board under this subchapter.

(e-1) If a person is initially awarded a TEXAS grant during or after the 2005 fall semester, unless the person is provided additional time during which the person may receive a TEXAS grant under Subsection (e-2), the person's eligibility for a TEXAS grant ends on:

(1) the fifth anniversary of the initial award of a TEXAS grant to the person, if the person is enrolled in a degree ~~[or certificate]~~ program of four years ~~[or less]~~; or

(2) the sixth anniversary of the initial award of a TEXAS grant to the person, if the person is enrolled in a degree program of more than four years. [FA24 by Howard]

No equivalent provision.

SECTION ____ . Section 56.3041, Education Code, is amended to read as follows:

Sec. 56.3041. INITIAL ELIGIBILITY OF PERSON GRADUATING FROM HIGH SCHOOL ON OR AFTER

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MAY 1, 2013[; ~~AND ENROLLING IN A GENERAL ACADEMIC TEACHING INSTITUTION~~]. To [Notwithstanding Section 56.304(a), ~~to~~] be eligible initially for a TEXAS grant, a person graduating from high school on or after May 1, 2013, and enrolling in an eligible ~~[a general academic teaching]~~ institution must:

(1) be a resident of this state as determined by coordinating board rules;

(2) meet the academic requirements prescribed by Paragraph (A), (B), ~~[or] (C), or (D)~~ as follows:

(A) be a graduate of a public or accredited private high school in this state who completed the recommended high school program established under Section 28.025 or its equivalent and have accomplished any two or more of the following:

(i) graduation under the advanced high school program established under Section 28.025 or its equivalent, successful completion of the course requirements of the international baccalaureate diploma program, or earning of the equivalent of at least 12 semester credit hours of college credit in high school through courses described in Sections 28.009(a)(1), (2), and (3);

(ii) satisfaction of the Texas Success Initiative (TSI) college readiness benchmarks prescribed by the coordinating board under Section 51.3062(f) on any assessment instrument designated by the coordinating board under Section 51.3062(c) ~~[or (e)]~~ or qualification for an exemption as described by Section 51.3062(p), (q), or (q-1);

(iii) graduation in the top one-third of the person's high school graduating class or graduation from high school with a grade point average of at least 3.0 on a four-point scale or the equivalent; or

(iv) completion for high school credit of at least one

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advanced mathematics course following the successful completion of an Algebra II course, as permitted by Section 28.025(b-3), or at least one advanced career and technical course, as permitted by Section 28.025(b-2);

(B) have received an associate degree from a public or private institution of higher education; ~~or~~

(C) be an undergraduate student who has:

(i) previously attended another institution of higher education;

(ii) received an initial Texas Educational Opportunity Grant under Subchapter P for the 2014 fall semester or a subsequent academic term;

(iii) completed at least 24 semester credit hours at any institution or institutions of higher education; and

(iv) earned an overall grade point average of at least 2.5 on a four-point scale or the equivalent on all course work previously attempted; or

(D) if sufficient money is available, meet the eligibility criteria described by Section 56.304(a)(2)(A);

(3) meet financial need requirements established by the coordinating board;

(4) be enrolled in an undergraduate degree or certificate program at an eligible ~~[the general academic teaching]~~ institution;

(5) except as provided under rules adopted under Section 56.304(h), be enrolled as:

(A) an entering undergraduate student for at least three-fourths of a full course load, as determined by the coordinating board, not later than the 16th month after the calendar month in which the person graduated from high school;

(B) an entering undergraduate student who entered military

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service not later than the first anniversary of the date the person graduated from high school and who enrolled for at least three-fourths of a full course load, as determined by the coordinating board, at the eligible ~~[general academic teaching]~~ institution not later than 12 months after being honorably discharged from military service; ~~or~~

(C) a continuing undergraduate student for at least three-fourths of a full course load, as determined by the coordinating board, not later than the 12th month after the calendar month in which the person received an associate degree from a public or private institution of higher education;

or

(D) an undergraduate student described by Subdivision (2)(C) who has never previously received a TEXAS grant;

(6) have applied for any available financial aid or assistance; and

(7) comply with any additional nonacademic requirements adopted by the coordinating board under this subchapter. [FA24 by Howard]

No equivalent provision.

SECTION ____ Sections 56.3042(b) and (d), Education Code, are amended to read as follows:

(b) The coordinating board or the eligible institution may require the student to forgo or repay the amount of an initial TEXAS grant awarded to the student as described by Subsection (a) or (a-1) if the student fails to meet the eligibility requirements described by Subsection (a) or (a-1) ~~[of Section 56.304(a)(2)(A), 56.3041(2)(A), 56.304(a)(2)(B), or 56.3041(2)(B)]~~, as applicable to the student, after the issuance of the available high school or college transcript.

(d) A person who receives an initial TEXAS grant under Subsection (a) or (a-1) but does not satisfy the applicable

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eligibility requirement that the person was considered to have satisfied under the applicable subsection and who is not required to forgo or repay the amount of the grant under Subsection (b) may become eligible to receive a subsequent TEXAS grant under Section 56.305 only by satisfying the associate degree requirement prescribed by Section 56.304(a)(2)(B) or 56.3041(2)(B), as applicable to the person, in addition to the requirements of Section 56.305 at the time the person applies for the subsequent grant. [FA24 by Howard]

No equivalent provision.

SECTION ____ Section 56.305(a), Education Code, is amended to read as follows:

Same as House version.

(a) After initially qualifying for a TEXAS grant, a person may continue to receive a TEXAS grant during each semester **or term in which the person is enrolled at an eligible institution only if the person:**

- (1) meets financial need requirements as defined by the coordinating board;
- (2) is enrolled in a baccalaureate [an undergraduate] degree [or certificate] program at an eligible institution;
- (3) is enrolled for at least three-fourths of a full course load for an undergraduate student, as determined by the coordinating board;
- (4) makes satisfactory academic progress toward a baccalaureate [an undergraduate] degree [or certificate]; and
- (5) complies with any additional nonacademic requirement adopted by the coordinating board. [FA24 by Howard]

No equivalent provision.

SECTION ____ Section 56.306, Education Code, is amended to read as follows:

Same as House version.

Sec. 56.306. GRANT USE. A person receiving a TEXAS

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grant may use the money to pay any usual and customary cost of attendance at an eligible institution ~~[of higher education]~~ incurred by the student. The institution may disburse all or part of the proceeds of a TEXAS grant directly to an eligible person only if the tuition and required fees incurred by the person at the institution have been paid. [FA24 by Howard]

SECTION __. Section 56.307, Education Code, is amended by amending Subsections (a), (d-1), and (i) and adding Subsection (b) to read as follows:

(a) Except as provided by Subsection (b), the ~~[The]~~ amount of a TEXAS grant for a semester or term for a person enrolled full-time at an eligible institution ~~[other than an institution covered by Subsection (e) or (d)]~~ is an ~~[the]~~ amount determined by the coordinating board as the average statewide amount of tuition, ~~[and]~~ required fees, and allowance for course materials that a resident student enrolled full-time in a baccalaureate degree program would be charged for that semester or term at general academic teaching institutions.

(b) An eligible institution may award a TEXAS grant to an eligible student for a semester or term in an amount that is less than the amount determined by the coordinating board under Subsection (a).

(d-1) The coordinating board shall determine the average statewide tuition, ~~[and]~~ fee amounts, and allowance for course materials for a semester or term of the next academic year for purposes of this section by using the amounts of tuition and required fees that will be charged by the ~~[applicable]~~ eligible institutions for that semester or term in that academic year. The board may estimate the amount of the charges for a semester or term in the next academic year by an institution if the relevant information is not yet available to the board.

Same as House version, except in subsection (a), strike "Except as provided by Subsection (b),"; strike subsection (b); and unstrike subsection (i)(1).

Strike "and allowance for course materials" in subsections (a) and (d-1).

No equivalent provision.

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(i) A public institution of higher education may not:
~~[(1) unless the institution complies with Subsection (j),~~
~~charge a person attending the institution who also receives a~~
~~TEXAS grant an amount of tuition and required fees in excess~~
~~of the amount of the TEXAS grant received by the person; or~~
~~[(2)] deny admission to or enrollment in the institution based~~
on a person's eligibility to receive a TEXAS grant or a
person's receipt of a TEXAS grant. [FA24 by Howard]

SECTION 3. Subdivisions (2) and (3), Section 56.451,
Education Code, are amended.

SECTION 3. Same as Senate version.

Same as Senate version.

SECTION 4. Subsection (b), Section 56.452, Education
Code, is amended.

SECTION 4. Same as Senate version.

Same as Senate version.

No equivalent provision.

SECTION . Section 56.453, Education Code, is amended
by adding Subsection (d) to read as follows:
(d) The coordinating board, in collaboration with eligible
institutions and other appropriate entities, shall adopt and
implement measures to:
(1) improve student participation in the Texas B-On-time loan
program, including strategies to better inform students and
prospective students about the program; and
(2) improve the rate of student satisfaction of the requirements
for obtaining Texas B-On-time loan forgiveness. [FA17 and
FA8.3rd by Giddings]

Same as House version, except add the following text related
to loan counseling (#83R30007 KEL-F).

(d) The coordinating board, in collaboration with eligible
institutions and appropriate nonprofit or college access
organizations, shall:

- (1) educate students regarding the eligibility requirements
for forgiveness of Texas B-On-time loans;
- (2) ensure that students applying for or receiving a Texas
B-On-time loan understand their responsibility to repay any
portion of the loan that is not forgiven;
- (3) ensure that students who are required to repay Texas B-
On-time loans receive and understand information regarding
loan default prevention strategies; and
- (4) through an in-person or online loan counseling module,
provide loan repayment and default prevention counseling to

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SECTION 5. Section 56.455, Education Code, is amended.

SECTION 6. Subsection (a), Section 56.456, Education Code, is amended.

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

(a) The amount of a Texas B-On-time loan for a semester or term for a student enrolled full-time at an eligible institution other than an institution covered by Subsection (b) ~~[(e), or (d)]~~ is an amount determined by the coordinating board as the average statewide amount of tuition and required fees that a resident student enrolled full-time in a baccalaureate ~~[an undergraduate]~~ degree program would be charged for that

SECTION 5. Same as Senate version.

SECTION 6. Same as Senate version.

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

(a) Same as Senate version.

students receiving Texas B-On-time loans.

(c) Notwithstanding Subsection (d)(4), the following eligible institutions shall provide the loan repayment and default prevention counseling described by that subdivision to all Texas B-On-time loan recipients enrolled at those institutions:

(1) each institution with a Texas B-On-time loan default rate that exceeds the statewide average default rate for such loans; and

(2) each institution with a Texas B-On-time loan forgiveness rate that is less than 50 percent of the statewide average forgiveness rate for such loans.

(c) Notwithstanding Subsection (a) of this section, the change in law made by this Act in adding Sections 56.453(d) and (e), Education Code, applies beginning with the 2013-2014 academic year.

Same as Senate version.

Same as Senate version.

Same as House version, except change language in subsection (f) as described below.

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semester or term at general academic teaching institutions.

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

No equivalent provision.

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(b) Same as Senate version.

(f) If in any academic year the amount of money in the Texas B-On-time student loan account, other than money appropriated to the account exclusively for loans at eligible institutions that are private or independent institutions of higher education, is insufficient to provide the loans in the maximum amount specified by this section to all eligible persons at eligible institutions that are institutions of higher education ~~[in amounts specified by this section]~~, the coordinating board shall determine the amount of that available money and shall allocate that amount to those eligible institutions in proportion to the amount of tuition set aside by [number of full-time equivalent undergraduate students enrolled at] each of those institutions under Section 56.465 for the preceding academic year [institution]. In the manner prescribed by the coordinating board for purposes of this subsection, each eligible institution that is a private or independent institution of higher education is entitled to receive an allocation only from the general revenue appropriations made for that academic year to eligible private or independent institutions of higher education for the purposes of this subchapter. Each institution shall use the

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(f) If in any academic year the amount of money in the Texas B-On-time student loan account, other than money appropriated to the account exclusively for loans at eligible institutions that are private or independent institutions of higher education, is insufficient to provide the loans in the amount determined under Subsection (a) to all eligible persons at eligible institutions that are institutions of higher education ~~[in amounts specified by this section]~~, the coordinating board shall determine the amount of that available money and shall allocate that amount to those eligible institutions in proportion to the amount of tuition set aside by [number of full-time equivalent undergraduate students enrolled at] each of those institutions under Section 56.465 for the preceding academic year, and each of those institutions shall determine the amount of each loan awarded at that institution, not to exceed the amount determined under Subsection (a). (((rest of (f) same)))

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money allocated to award Texas B-On-time loans to eligible students enrolled at the institution selected according to financial need. [FA17 and FA8,3rd by Giddings]

No equivalent provision.

SECTION ____ Section 56.460(a), Education Code, is amended to read as follows:

Same as House version.

(a) The coordinating board, in consultation with all eligible institutions, shall prepare materials designed to inform prospective students, their parents, and high school counselors about the program and eligibility for a Texas B-On-time loan. The coordinating board shall distribute to each eligible institution and to each school district a copy of the materials prepared ~~[rules adopted]~~ under this subchapter. [FA17 by Giddings]

SECTION 8. Sections 56.461 and 56.462, Education Code, are amended.

SECTION 8. Same as Senate version.

Same as Senate version.

No equivalent provision.

SECTION ____ Section 56.465, Education Code, is amended by adding Subsections (c) and (d) to read as follows:

Same as Senate version.

(c) If the amount of tuition set aside by an eligible institution under Subsection (a) in any academic year exceeds the amount necessary to fund Texas B-On-time loans awarded to students enrolled at the institution in that academic year, the coordinating board shall determine the amount by which the tuition set aside by the institution exceeds the amount necessary to fund those loans. The coordinating board shall transfer that amount from the Texas B-On-time student loan account to the credit of an account established for the institution if:

(1) the coordinating board determines that the participation rate of students of the institution in the Texas B-On-time loan

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program has increased from the participation rate for the preceding academic year; or
(2) the measures adopted by the coordinating board under Section 56.453(d) have been fully implemented at the institution in the current academic year.
(d) Money transferred to the credit of the account established for an eligible institution under Subsection (c) is considered to be institutional funds of the institution and may be used only for a purpose for which tuition set aside under Subchapter B may be used. [FA17 and FA8,3rd by Giddings]

No equivalent provision.

SECTION 9. Subchapter A, Chapter 57, Education Code, is amended by adding Section 57.011 to read as follows:
Sec. 57.011. STATUS OF TEXAS GUARANTEED STUDENT LOAN CORPORATION. (a) The Texas Guaranteed Student Loan Corporation is converted as provided by this section from a public nonprofit corporation to a nonprofit corporation under Chapter 22, Business Organizations Code.
(b) On or immediately after September 1, 2013, to effectuate the conversion under Subsection (a), the corporation shall file a certificate of formation with the secretary of state or, if the secretary of state determines it appropriate, the corporation shall file a certificate of conversion under Chapter 10, Business Organizations Code.
(c) The corporation as converted under this section continues in existence uninterrupted from the date of its creation, August 27, 1979. The secretary of state shall recognize the continuous existence of the corporation from that date in the certificate of formation or certificate of conversion, as applicable.
(d) The corporation continues to serve as the designated

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guaranty agency for the State of Texas under the Higher Education Act of 1965 (20 U.S.C. Section 1001 et seq.).

(e) Student loan borrower information collected, assembled, or maintained by the corporation is confidential and is not subject to public disclosure. [FA1 by Anchia]

No equivalent provision.

SECTION ____ Section 58.002(a), Education Code, is amended to read as follows:

(a) In this chapter:

(1) "Resident physician" means a person who is appointed a resident physician by a school of medicine in The University of Texas System, the Texas Tech University System, The Texas A&M University System, or the University of North Texas System [one of the schools of medicine listed in Section 58.001 of this code] and who:

(A) has received a Doctor of Medicine or a Doctor of Osteopathic Medicine degree from the Baylor College of Medicine or from an approved school of medicine [one of the schools listed in Section 58.001 of this code]; or

(B) is a citizen of Texas and has received a Doctor of Medicine or a Doctor of Osteopathic Medicine degree from some other school of medicine that is accredited by the Liaison Committee on Medical Education or by the Bureau of Professional Education of the American Osteopathic Association.

(2) ~~["Primary teaching hospital" means a hospital at which one of the schools listed in Section 58.001 of this code educates and trains both resident physicians and undergraduate medical students.~~

~~[(3)] "Compensation" includes;~~

(A) stipends;

(B) payments, if any, for services rendered; and

Same as House version, except add Baylor College of Medicine to the list of institutions in (a)(1).

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(C) fringe benefits when applied to payments to or for the benefit of resident physicians. [FA3 and FA4 by Anchia]

No equivalent provision.

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

~~(c) Postsecondary [See 57.01. — DECLARATION OF POLICY. The legislature, giving due consideration to the historical and continuing interest of the people of the State of Texas in encouraging deserving and qualified persons to realize their aspirations for education beyond high school, finds and declares that postsecondary]~~ education for qualified Texans ~~[those]~~ who desire to pursue such ~~[an]~~ education ~~[and are properly qualified therefor]~~ is important to the welfare and security of this state and the nation and, consequently, is an important public purpose. The legislature finds and declares that the state can achieve its full economic and social potential only if every individual has the opportunity to contribute to the full extent of the individual's ~~[his or her]~~ capabilities and only when financial barriers to the individual's ~~[his or her]~~ economic, social, and educational goals are removed. In order to facilitate the removal of those barriers, the board, in consultation with one or more nonprofit entities with experience providing the services on a statewide basis, may ~~[it is, therefore, the purpose of this chapter to establish the Texas Guaranteed Student Loan Corporation to:~~

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

~~[(2)] provide necessary and desirable services related to financial aid services [the loan program], including~~

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cooperative awareness efforts with appropriate educational and civic associations designed to disseminate postsecondary education awareness information, including information regarding available grant and loan programs and ~~[student financial aid and the Federal Family Education Loan Program, and other relevant topics including]~~ the prevention of student loan default.

SECTION ____ Section 61.002, Education Code, is amended by adding Subsection (c) to read as follows:

(c) The Texas Higher Education Coordinating Board has only the powers expressly provided by this chapter or other law. A power not expressly granted to the board by law in regard to the administration, organization, control, management, jurisdiction, or governance of an institution of higher education is reserved to the governing board of the institution unless that power is expressly reposed by law in another officer or entity. [FA2,3rd by Aycock; FA3,3rd by Anchia]

Insert the following text:

(c) The Texas Higher Education Coordinating Board has only the powers expressly provided by law or necessarily implied from an express grant. Any function or power not expressly granted to the Texas Higher Education Coordinating Board by this code or other law in regard to the administration, organization, control, management, jurisdiction, or governance of an institution of higher education is reserved to and shall be performed by governing board, applicable system administration, or the institution of higher education.

No equivalent provision.

SECTION 9. Section 61.0211, Education Code, is amended.

SECTION 11. Same as Senate version.

Same as Senate version.

No equivalent provision.

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

(a) The board shall consist of nine members appointed by the governor so as to provide representation from all areas of the state with the advice and consent of the senate, and as the constitution provides. One-third of the members must possess experience in the field of higher education governance or administration so that the board includes experience from both general academic teaching institutions and public junior

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colleges or public technical institutes. In making an appointment under this section, the governor may consider appointing a person with experience in higher education governance or administration from a private or independent institution of higher education. Members of the board serve staggered six-year terms. The terms of one-third of the members expire August 31 of each odd-numbered year.

SECTION 10. Subsection (d), Section 61.025, Education Code, is amended.

SECTION 13. Same as Senate version.

Same as Senate version.

SECTION 11. Section 61.026, Education Code, is amended.

SECTION 14. Same as Senate version.

Same as Senate version.

SECTION 12. Section 61.033, Education Code, is amended to read as follows:

No equivalent provision.

Same as House version.

Sec. 61.033. ~~[NEGOTIATED RULEMAKING;]~~
ALTERNATIVE DISPUTE RESOLUTION. (a) The board shall develop and implement a policy to encourage the use of:
~~[(1) negotiated rulemaking procedures under Chapter 2008, Government Code, for the adoption of board rules; and~~
[(2)] appropriate alternative dispute resolution procedures under Chapter 2009, Government Code, to assist in the resolution of internal and external disputes under the board's jurisdiction.
(b) The board's procedures relating to alternative dispute resolution must conform, to the extent possible, to any model guidelines issued by the State Office of Administrative Hearings for the use of alternative dispute resolution by state agencies.
(c) The board shall designate a trained person to:
~~[(1) coordinate the implementation of the policy adopted~~

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under Subsection (a):

~~[(2)]~~ serve as a resource for any training needed to implement the procedures for negotiated rulemaking or alternative dispute resolution~~[-and~~

~~[(3)] collect data concerning the effectiveness of those procedures, as implemented by the board].~~

SECTION 13. Subchapter B, Chapter 61, Education Code, is amended by adding Section 61.0331 to read as follows:

Sec. 61.0331. NEGOTIATED RULEMAKING REQUIRED. If the board is required by this code or other law to consult or cooperate with institutions of higher education in the development of a policy, procedure, or rule, the board must engage the institutions in a negotiated rulemaking process as described by Chapter 2008, Government Code, before the policy, procedure, or rule may take effect.

SECTION 14. Subchapter B, Chapter 61, Education Code, is amended by adding Section 61.035 to read as follows:

Sec. 61.035. COMPLIANCE MONITORING. (a) The board by a negotiated rulemaking process in accordance with Chapter 2008, Government Code, shall establish an agency-wide, risk-based compliance monitoring function for:

(1) funds allocated by the board to institutions of higher education, private or independent institutions of higher

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

SEC. 61.0331. NEGOTIATED RULEMAKING REQUIRED. The board shall engage institutions in a negotiated rulemaking process as described by Chapter 2008, Government Code, when adopting a policy, procedure, or rule relating to:

(1) admission policy under Section 51.762 (common admission application), 51.807 (uniform admission policy), or 51.843 (graduate and professional admissions), or transfer of credit under Section 61.827;

(2) the allocation or distribution of funds, including financial aid or other trusteed funds under 61.07761;

(3) the revaluation of data requests under Section 51.406; or

(4) compliance monitoring under Section 61.035. [FA9 by Clardy]

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

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

(1) funds allocated by the board to institutions of higher education, private or independent institutions of higher

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education, and other entities, including student financial assistance funds, academic support grants, and any other grants, to ensure that those funds are distributed in accordance with applicable law and board rule; and

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

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

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

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

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

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

(3) the institution's internal controls;

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

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

(6) in regard to data verification, whether the data reported to

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education, and other entities, including student financial assistance funds, academic support grants, and any other grants, to ensure that those funds are distributed in accordance with applicable law and board rule; and

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

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

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

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

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

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

(3) the institution's internal controls;

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

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

(6) in regard to data verification, whether the data reported to

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the board by the institution is used for determining funding allocations; and

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

(e) The board shall train compliance monitoring staff to ensure that the staff has the ability to monitor both funds compliance and data reporting accuracy. Program staff in other board divisions who conduct limited monitoring and contract administration shall coordinate with the compliance monitoring function to identify risks and avoid duplication.

(f) If the board determines through its compliance monitoring function that funds awarded by the board to an institution of higher education or private or independent institution of higher education have been misused or misallocated by the institution, the board shall present its determination to the institution's governing board and provide an opportunity for a response from the institution. Following the opportunity for response, the board shall report its determination and the institution's response, together with any recommendations, to the institution's governing board, the governor, and the Legislative Budget Board.

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

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

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

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the board by the institution is used for determining funding allocations; and

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

(e) The board shall train compliance monitoring staff to ensure that the staff has the ability to monitor both funds compliance and data reporting accuracy. Program staff in other board divisions who conduct limited monitoring and contract administration shall coordinate with the compliance monitoring function to identify risks and avoid duplication.

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

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

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

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

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

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

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

(j) In this section:

(1) "Desk review" means an administrative review by the board that is based on information reported by an institution of higher education or private or independent institution of higher education, including supplemental information required by the board for the purposes of compliance monitoring.

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

(h) In conducting the compliance monitoring function under this section, the board may partner with internal audit offices at institutions of higher education and private or independent institutions of higher education, as institutional resources allow, to examine the institutions' use of funds allocated by, and data reported to, the board. To avoid duplication of effort and assist the board in identifying risk, an internal auditor at an institution shall notify the board of any audits conducted by the auditor involving funds administered by the board or data reported to the board. The board by rule may prescribe the timing and format of the notification required by this subsection. ~~The board by rule shall require a private or independent institution of higher education to provide to the board the institution's external audit involving funds administered by the board. The private or independent institution of higher education's external audit must comply with the board's rules for auditing those funds.~~

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

(j) In this section:

(1) "Desk review" means an administrative review by the board that is based on information reported by an institution of higher education or private or independent institution of higher education, including supplemental information required by the board for the purposes of compliance monitoring.

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except that the term does not include information or accompanying notes gathered by the board during a site visit.

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

SECTION 15. Section 61.051, Education Code, is amended.

SECTION 16. Section 61.0512, Education Code, is amended to read as follows:

Sec. 61.0512. BOARD APPROVAL OF ACADEMIC [NEW DEGREE] PROGRAMS[; NOTIFICATION TO BOARD].

(a) A new degree or certificate program may be added at an institution of higher education only with specific prior approval of the board. A new degree or certificate program is considered approved if the board has not completed a review under this section and acted to approve or disapprove the proposed program before the first anniversary of the date on which an institution of higher education submits a completed application to the board. The board may not summarily disapprove a program without completing the review required by this section. The board shall specify by rule the elements that constitute a completed application and shall make an administrative determination of the completeness of the application not later than the fifth business day after receiving the application. A request for additional information in support of an application that has been determined administratively complete does not toll the period within which the application is considered approved under this section. The board may not summarily disapprove a program

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except that the term does not include information or accompanying notes gathered by the board during a site visit.

(2) "Site visit" means an announced or unannounced in-person visit by a representative of the board to an institution of higher education or private or independent institution of higher education for the purposes of compliance monitoring.
[FA2 by Anchia]

SECTION 17. Same as Senate version.

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

Sec. 61.0512. BOARD APPROVAL OF ACADEMIC [NEW DEGREE] PROGRAMS[; NOTIFICATION TO BOARD].

(a) A new degree or certificate program may be added at an institution of higher education only with specific prior approval of the board. A new degree or certificate program is considered approved if the board has not completed a review under this section and acted to approve or disapprove the proposed program before the first anniversary of the date on which an institution of higher education submits a completed application for approval to the board. The board may not summarily disapprove a program without completing the review required by this section. The board shall specify by rule the elements that constitute a completed application and shall make an administrative determination of the completeness of the application not later than the fifth business day after receiving the application. A request for additional information in support of an application that has been determined administratively complete does not toll the period within which the application is considered approved under this section.

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Same as Senate version.

Same as House version, except change language in subsection (h) as described below.

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without completing the review required by this section.

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

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

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

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

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

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

(d) The board may review the number of degrees or certificates awarded through a degree or certificate program every four years or more frequently, at the board's discretion.

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

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

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

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

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

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

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

(d) The board may review the number of degrees or certificates awarded through a degree or certificate program every four years or more frequently, at the board's discretion.

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

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

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

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

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

~~(h) The board may not consider undergraduate graduation or persistence rates in the criteria for approval of doctoral programs.~~ [FA10 by Lewis]

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(h) In approving a degree or certificate program under this section, the board:

(1) for a doctoral program, may not consider undergraduate graduation or persistence rates; and

(2) for a baccalaureate degree program proposed to be offered by a public junior college previously authorized by the board to offer baccalaureate degree programs under Section 130.0012:

(A) shall approve the degree program within 60 days after the date the board receives notice of the degree program if the degree program:

(i) is approved by the governing board of the junior college district; and

(ii) is not an engineering program; and

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No equivalent provision.

SECTION __. Section 61.0515, Education Code, is amended by amending Subsection (a) and adding Subsection (d) to read as follows:

(a) To earn a baccalaureate degree, a student may not be required by a general academic teaching institution to complete more than the minimum number of semester credit hours required for the degree by the institution's board-recognized accrediting agency ~~[Southern Association of Colleges and Schools or its successor]~~ unless the institution determines that there is a compelling academic reason for requiring completion of additional semester credit hours for the degree.

(d) The board shall adopt any rules the board considers necessary for the administration of this section. [FA9.3rd by Branch]

No equivalent provision.

SECTION __. Subchapter C, Chapter 61, Education Code, is amended by adding Section 61.05151 to read as follows:

Sec. 61.05151. SEMESTER CREDIT HOURS REQUIRED FOR ASSOCIATE DEGREE. (a) To earn an associate degree, a student may not be required by an institution of higher education to complete more than the minimum number of semester credit hours required for the degree by the institution's board-recognized accrediting agency unless academic accreditation or professional licensure requirements require the completion of additional semester credit hours for the degree.

(b) The board may review one or more of an institution's

(B) is considered to have approved the degree program after the date described by Paragraph (A) if the conditions of that paragraph are satisfied.

Same as Senate version.

Insert the following text:

Sec. 61.05151. SEMESTER CREDIT HOURS REQUIRED FOR ASSOCIATE DEGREE. (a) To earn an associate degree, a student may not be required by an institution of higher education to complete more than the minimum number of semester credit hours required for the degree by the Southern Association of Colleges and Schools or its successor unless the institution determines that there is a compelling academic reason for requiring completion of additional semester credit hours for the degree.

(b) The board may review one or more of an institution's

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associate degree programs to ensure compliance with this section.

(c) Subsection (a) does not apply to an associate degree awarded by an institution to a student enrolled in the institution before the 2015 fall semester.

(d) The board shall adopt any rules the board considers necessary for the administration of this section. [FA9.3rd by Branch]

SECTION __. Section 61.052, Education Code, is amended by amending Subsections (a) and (b) and adding Subsection (b-1) to read as follows:

(a) Each governing board shall submit to the board once each year on dates designated by the board a comprehensive list by department, division, and school of all courses, together with a description of content, scope, and prerequisites of all these courses, that will be offered by each institution under the supervision of that governing board during the following academic year. The list for each institution must also specifically identify any course included in the single common course numbering system under Section 61.832 that has been added to or removed from the institution's list for the current academic year, and the board shall distribute that information as necessary to accomplish the purposes of Section 61.832.

(b) After the comprehensive list of courses is submitted by a governing board under Subsection (a) [~~of this section~~], the governing board shall submit on dates designated by the board any changes in the comprehensive list of courses to be offered, including any changes relating to offering a course included in the single common course numbering system.

(b-1) Each governing board must certify at the time of submission under Subsection (a) that the institution does not:

associate degree programs to ensure compliance with this section.

(c) Subsection (a) does not apply to an associate degree awarded by an institution to a student enrolled in the institution before the 2015 fall semester. This subsection does not prohibit the institution from reducing the number of semester credit hours the student must complete to receive the degree.

Same as House version, except remove "single" from subsection (a) and (b).

No equivalent provision.

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(1) prohibit the acceptance of transfer credit based solely on the accreditation of the sending institution; or
(2) include language in any materials published by the institution, whether in printed or electronic form, suggesting that such a prohibition exists. [FA9,3rd by Branch]

SECTION 17. The heading to Section 61.055, Education Code, is amended.

SECTION 19. Same as Senate version.

Same as Senate version.

SECTION 18. Subsection (a), Section 61.055, Education Code, is amended.

SECTION 20. Same as Senate version.

Same as Senate version.

SECTION 19. Subsection (l), Section 61.051, Education Code, is transferred to Subchapter C, Chapter 61, Education Code, redesignated as Section 61.0571, Education Code, and amended.

SECTION 21. Same as Senate version.

Same as Senate version.

SECTION 20. Subsection (n), Section 61.051, Education Code, is transferred to Section 61.0571, Education Code, as added by this Act, and redesignated as Subsection (b), Section 61.0571, Education Code.

SECTION 22. Same as Senate version.

Same as Senate version.

SECTION 21. Subsection (a-4), Section 61.051, Education Code, is transferred to Subchapter C, Chapter 61, Education Code, redesignated as Section 61.0661, Education Code, and amended.

SECTION 23. Same as Senate version.

Same as Senate version.

SECTION 22. Subsection (h), Section 61.051, Education Code, is transferred to Subchapter C, Chapter 61, Education Code, redesignated as Section 61.0662, Education Code, and amended.

SECTION 24. Same as Senate version.

Same as Senate version.

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No equivalent provision.

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SECTION ____ Subsections (b), (d), and (e). Section 61.0572, Education Code, are amended to read as follows:

(b) The board shall:

(1) determine formulas for space utilization in all educational and general buildings and facilities at institutions of higher education;

(2) devise and promulgate methods to assure maximum daily and year-round use of educational and general buildings and facilities, including but not limited to maximum scheduling of day and night classes and maximum summer school enrollment;

(3) consider plans for selective standards of admission when institutions of higher education approach capacity enrollment;

(4) require, and assist the public technical institutes, public senior colleges and universities, medical and dental units, and other agencies of higher education in developing long-range campus master plans for campus development;

(5) ~~by rule adopt [endorse, or delay until the next succeeding session of the legislature has the opportunity to approve or disapprove, the proposed purchase of any real property by an institution of higher education, except a public junior college;~~

~~[(6) develop and publish] standards[, rules, and regulations]~~ to guide the board's review ~~[institutions and agencies of higher education in making application for the approval]~~ of new construction and the ~~[major]~~ repair and rehabilitation of all buildings and facilities regardless of proposed use; and

(6) ~~[(7)]~~ ascertain that the board's standards and specifications for new construction, repair, and rehabilitation of all buildings and facilities are in accordance with Chapter 469, Government Code ~~[Article 9102, Revised Statutes].~~

(d) ~~[(+)]~~ The board~~[, for purposes of state funding.]~~ may review purchases of ~~[and approve as an addition to an~~

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Same as House version.

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~~institution's educational and general buildings and facilities inventory-any] improved real property added to an institution's educational and general buildings and facilities inventory [acquired by gifts or lease purchase only if:~~
~~[(A) the institution requests to place the improved real property on its educational and general buildings and facilities inventory; and~~
~~[(B) the value of the improved real property is more than \$300,000 at the time the institution requests the property to be added to the educational and general buildings and facilities inventory.~~
~~[(2) This subsection does not apply to gifts, grants, or lease-purchase arrangements intended for clinical or research facilities.~~
~~[(e) Approval of the board is not required to acquire real property that is financed by bonds issued under Section 55.17(e)(3) or (4), 55.1713-55.1718, 55.1721-55.1728, 55.1735(a)(1), 55.174, 55.1742, 55.1743, 55.1744, 55.1751-55.17502, 55.1768, 55.1771, or 55.17721, except that the board shall review all real property to be financed by bonds issued under those sections] to determine whether the property meets the standards adopted by the board for cost, efficiency, space need, and space use, but the purchase of the improved real property is not contingent on board review. Standards must be adopted by the board using the negotiated rulemaking procedures under Chapter 2008, Government Code. If the property does not meet those standards, the board shall notify the governor, the lieutenant governor, the speaker of the house of representatives, the governing board of the applicable institution, and the Legislative Budget Board. This subsection does not impair the board's authority to collect data relating to the improved real property that is added each year to the~~

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educational and general buildings and facilities inventory of institutions of higher education. [FA29 by Darby; FA1,3rd by Anchia]

No equivalent provision.

SECTION ____ Subsections (a) and (b), Section 61.058, Education Code, are amended to read as follows:

Same as House version.

~~(a) This section does not apply to [Except as provided by Subsection (b) of this section, the board shall approve or disapprove all new construction and repair and rehabilitation of all buildings and facilities at institutions of higher education financed from any source provided that:~~

~~[(A) the board's consideration and determination shall be limited to the purpose for which the new or remodeled buildings are to be used to assure conformity with approved space utilization standards and the institution's approved programs and role and mission if the cost of the project is not more than \$4,000,000, but the board may consider cost factors and the financial implications of the project to the state if the total cost is in excess of \$4,000,000;~~

~~[(B) the requirement of approval for new construction applies only to projects the total cost of which is in excess of \$4,000,000;~~

~~[(C) the requirement of approval for major repair and rehabilitation of buildings and facilities applies only to a project the total cost of which is more than \$4,000,000;~~

~~[(D) the requirement of approval or disapproval by the board does not apply to any new construction or major repair and rehabilitation project that is specifically approved by the legislature;~~

~~[(E) the requirement of approval by the board does not apply to a junior college's construction, repair, or rehabilitation financed entirely with funds from a source other than the state.~~

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~~including funds from ad valorem tax receipts of the college, gifts, grants, and donations to the college, and student fees; and~~

~~[(1) the requirement of approval by the board does not apply to construction, repair, or rehabilitation of privately owned buildings and facilities located on land leased from an institution of higher education if the construction, repair, or rehabilitation is financed entirely from funds not under the control of the institution, and provided further that:~~

~~[(i) the] buildings and facilities that are to be used exclusively for auxiliary enterprises[;] and~~

~~[(ii) the buildings and facilities] will not require appropriations from the legislature for operation, maintenance, or repair [unless approval by the board has been obtained].~~

(b) ~~The [This section does not apply to construction, repair, or rehabilitation financed by bonds issued under Section 55.17(c)(3) or (4), 55.1713-55.1718, 55.1721-55.1728, 55.174, 55.1742, 55.1743, 55.1744, 55.1751-55.17592, 55.1768, 55.1771, or 55.17721, except that the] board may [shall] review all construction, repair, or rehabilitation of buildings and facilities at institutions of higher education [to be financed by bonds issued under those sections] to determine whether the construction, rehabilitation, or repair meets the standards adopted by board rule for cost, efficiency, space need, and space use, but the construction, rehabilitation, or repair is not contingent on board review. Standards must be adopted by the board using the negotiated rulemaking procedures under Chapter 2008, Government Code. If the construction, rehabilitation, or repair does not meet those standards, the board shall notify the governor, the lieutenant governor, the speaker of the house of representatives, the governing boards of the applicable institutions, and the~~

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Legislative Budget Board. This subsection does not impair the board's authority to collect data relating to the construction, repair, or rehabilitation of buildings and facilities occurring each year at institutions of higher education. [FA29 by Darby; FA1,3rd by Anchia]

No equivalent provision.

SECTION __. Subchapter C, Chapter 61, Education Code, is amended by adding Section 61.05821 to read as follows:
Sec. 61.05821. CONDITION OF BUILDINGS AND FACILITIES; ANNUAL REPORT REQUIRED. Each institution of higher education, excluding each public junior college and excluding other agencies of higher education, annually shall report to the governing board of the institution information regarding the condition of the buildings and facilities of the institution, including information concerning deferred maintenance with respect to those buildings and facilities as defined by the board. [FA29 by Darby; FA30 by Branch]

Same as House version.

SECTION 23. Subchapter C, Chapter 61, Education Code, is amended by adding Section 61.069. .

SECTION 25. Same as Senate version.

Same as Senate version.

SECTION 24. Subchapter C, Chapter 61, Education Code, is amended by adding Section 61.0763.

SECTION 26. Substantially the same as Senate version.

Same as House version.

SECTION 25. Subchapter C, Chapter 61, Education Code, is amended by adding Section 61.07761 to read as follows:
Sec. 61.07761. FINANCIAL AID AND OTHER TRUSTEED FUNDS ALLOCATION. (a) For any funds trusteeed to the board for allocation to institutions of higher education and private or independent institutions of higher education, including financial aid program funds, the board by

SECTION 27. Subchapter C, Chapter 61, Education Code, is amended by adding Section 61.07761 to read as follows:
Sec. 61.07761. FINANCIAL AID AND OTHER TRUSTEED FUNDS ALLOCATION. (a) For any funds trusteeed to the board for allocation to institutions of higher education and private or independent institutions of higher education, including financial aid program funds, the board by

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rule shall:

- (1) establish and publish the allocation methodologies; and
- (2) develop procedures to verify the accuracy of the application of those allocation methodologies by board staff.
- (b) The board shall **engage in negotiated rulemaking as described by Chapter 2008, Government Code.** in adopting rules under this section.

No equivalent provision.

SECTION 26. The heading to Section 61.822, Education Code, is amended.

SECTION 27. Section 61.822, Education Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

- (a) The board shall encourage the transferability of lower

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rule shall:

- (1) establish and publish the allocation methodologies; and
- (2) develop procedures to verify the accuracy of the application of those allocation methodologies by board staff.
- (b) The board shall **consult with affected stakeholders before** adopting rules under this section.

SECTION __. Section 61.306, Education Code, is amended by adding Subsection (c) to read as follows:

- (c) The board may not issue a certificate of authority for a private postsecondary institution to grant a professional degree or to represent that credits earned in this state are applicable towards a degree if the institution is chartered in a foreign country or has its principal office or primary educational program in a foreign country. In this section, "professional degree" includes a Doctor of Medicine (M.D.), Doctor of Osteopathy (D.O.), Doctor of Dental Surgery (D.D.S.), Doctor of Veterinary Medicine (D.V.M.), Juris Doctor (J.D.), and Bachelor of Laws (J.L.B.). [FA12 by Zerwas]

SECTION 28. Same as Senate version.

SECTION 29. Same as Senate version, except subsection (a-1) amended by FA9, 3rd by Branch; subsection (b) added by FA4,3rd by McClendon and FA9,3rd by Branch; and Subsection (f) added by FA9,3rd by Branch to read as follows:

- (a) Same as Senate version.

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Same as House version.

Same as Senate version.

Same as Senate version.

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division course credit among institutions of higher education.

(a-1) The board, with the assistance of advisory committees composed of representatives of institutions of higher education, shall develop a recommended core curriculum of at least 42 semester credit hours, including a statement of the content, component areas, and objectives of the core curriculum. At least a majority of the members of any advisory committee named under this section shall be faculty members of an institution of higher education. An institution shall consult with the faculty of the institution before nominating or recommending a person to the board as the institution's representative on an advisory committee.

No equivalent provision.

No equivalent provision.

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(a-1) The board, with the assistance of advisory committees composed of representatives of institutions of higher education, shall develop a recommended core curriculum of at least 42 semester credit hours, including a statement of the content, component areas, and objectives of the core curriculum. Administrators of an institution of higher education may serve as representatives of the institution on any advisory committee under this section. At least a majority of the members of any advisory committee named under this section shall be faculty members of an institution of higher education. An institution shall consult with the faculty of the institution before nominating or recommending a person to the board as the institution's representative on an advisory committee.

(b) Each institution of higher education shall adopt a core curriculum of ~~not~~ [no] less than 42 semester credit hours, including specific courses comprising the curriculum. The core curriculum shall be consistent with the single common course numbering system approved by the board under Section 61.832(a) and with the statement, recommendations, and rules issued by the board. An institution may have a core curriculum of other than 42 semester credit hours only if approved by the board.

(f) In an effort to facilitate the transfer of major-related coursework beyond the general education core curriculum, the board, with the assistance of the advisory committees described by Subsection (a), shall:

(1) develop a course-specific core curriculum for each broad

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academic discipline within the general core curriculum; and
(2) identify those degree programs offered at institutions of
higher education to which the course-specific core curriculum,
if successfully completed by a student at another institution of
higher education, is fully transferable.

No equivalent provision.

SECTION __. Section 61.830, Education Code, is amended to read as follows:

Same as Senate version.

Sec. 61.830. PUBLICATION OF GUIDELINES ADDRESSING TRANSFER PRACTICES. In its course catalogs and on its website, each institution of higher education shall publish guidelines addressing the practices of the institution regarding the transfer of course credit. In the guidelines, the institution must identify a course by using the single common course numbering system approved by the board under Section 61.832(a). [FA4,3rd by McClendon; FA9,3rd by Branch]

No equivalent provision.

SECTION __. Section 61.832, Education Code, is amended by FA 4, 3rd by McClendon to read as follows:

Same as Senate version.

Sec. 61.832. COMMON COURSE NUMBERING SYSTEM.

(a) The board shall approve a single common course numbering system for lower-division courses to facilitate the transfer of those courses among institutions of higher education by promoting consistency in course designation and identification.

(b) The board shall solicit input from institutions of higher education regarding the development of the single common course numbering system.

(c) Each institution of higher education other than The University of Texas at Austin and Texas A&M University shall:

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(1) use the approved common course numbering system for each course for which a common number designation and course description are included in that system; and

(2) include the applicable course numbers from that system in its course catalogs and other course listings.

(d) The board may approve only a common course numbering system already in common use in this state by one or more institutions of higher education.

(c) [(e)] The board shall cooperate with institutions of higher education in any additional development or alteration of the common course numbering system approved under Subsection (a), including the taxonomy to be used, and in the development of rules for the administration and applicability of the system.

(f) Not later than June 1, 2014, the board shall:

(1) approve a single common course numbering system as required by Subsection (a); and

(2) establish a timetable that requires the institutions of higher education to which Subsection (c) applies to phase in the inclusion of the applicable course numbers from the common course numbering system in their individual course listings and course numbering systems as required by this section so that each institution fully complies with this section for all courses offered for the 2018-2019 academic year and subsequent years.

(f-1) Subsection (f) and this subsection expire January 1, 2020.

~~[(d) An institution of higher education shall include in its course listings the applicable course numbers from the common course numbering system approved by the board under this section. For good cause, the board may grant to an institution of higher education an exemption from the~~

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requirements of this subsection.]

No equivalent provision.

SECTION _____. Section 61.832, Education Code, is amended by FA 9.3rd by Branch to read as follows:

Sec. 61.832. COMMON COURSE NUMBERING SYSTEM.

(a) The board shall approve a single common course numbering system for lower-division courses to facilitate the transfer of those courses among institutions of higher education by promoting consistency in course designation and identification.

(b) The board shall solicit input from institutions of higher education regarding the development of the single common course numbering system.

(c) Each institution of higher education other than The University of Texas at Austin and Texas A&M University shall:

(1) use the approved common course numbering system for each course for which a common number designation and course description are included in that system; and

(2) include the applicable course numbers from that system in its course catalogs and other course listings.

(d) The board may approve only a common course numbering system already in common use in this state by one or more institutions of higher education.

(c) [(e)] The board shall cooperate with institutions of higher education in any additional development or alteration of the common course numbering system approved under Subsection (a), including the taxonomy to be used, and in the development of rules for the administration and applicability of the system.

(f) A student who transfers from one institution of higher education to another shall receive academic credit from the

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receiving institution for each course that the student has successfully completed that serves as an equivalent course under the single common course numbering system at the institution from which the student transfers.

(g) Not later than June 1, 2014, the board shall:

(1) approve a single common course numbering system as required by Subsection (a); and

(2) establish a timetable that requires the institutions of higher education to which Subsection (c) applies to phase in the inclusion of the applicable course numbers from the single common course numbering system in their individual course listings and course numbering systems as required by this section so that each institution fully complies with this section for all courses offered for the 2018-2019 academic year and subsequent years.

(g-1) Subsection (g) and this subsection expire January 1, 2020. [(d) An institution of higher education shall include in its course listings the applicable course numbers from the common course numbering system approved by the board under this section. For good cause, the board may grant to an institution of higher education an exemption from the requirements of this subsection.]

No equivalent provision.

SECTION ____ . Subchapter C, Chapter 62, Education Code, is amended to read as follows:

SUBCHAPTER C. TEXAS COMPETITIVE KNOWLEDGE [RESEARCH UNIVERSITY DEVELOPMENT] FUND

Sec. 62.051. DEFINITIONS. In this subchapter:

(1) "Eligible institution" means an institution of higher education that:

(A) is designated as a research university [or emerging research university] under the coordinating board's

Same as House version, except remove Sec. 62.054 and remove "not to exceed the lesser" from 62.0535.

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accountability system and, for any three consecutive state fiscal years beginning on or after September 1, 2010, made total annual research expenditures in an average annual amount of not less than \$450 million; or

(B) is designated as an emerging research university under the coordinating board's accountability system and, for any three consecutive state fiscal years beginning on or after September 1, 2010, made total annual research expenditures in an average annual amount of not less than \$50 million.

(2) "Fund" means the Texas competitive knowledge fund.

(3) "Institution of higher education" has the meaning assigned by Section 61.003.

Sec. 62.052. PURPOSE. The purpose of this subchapter is to provide funding to eligible research universities and emerging research universities to support faculty to ensure excellence in instruction and research ~~[for the recruitment and retention of highly qualified faculty and the enhancement of research productivity at those universities].~~

Sec. 62.053. FUND ~~[FUNDING]~~. (a) ~~The Texas competitive knowledge fund consists of money [For each state fiscal year, the coordinating board shall distribute any funds] appropriated by the legislature for the purposes of this subchapter[, and any other funds made available for the purposes of this subchapter.]~~ to eligible institutions ~~[based on the average amount of total research funds expended by each institution annually during the three most recent state fiscal years, according to the following rates:~~

~~[(1) at least \$1 million for every \$10 million of the average annual amount of those research funds expended by the institution, if that average amount for the institution is \$50 million or more; and~~

~~[(2) at least \$500,000 for every \$10 million of the average~~

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~~annual amount of those research funds expended by the institution, if that average amount for the institution is less than \$50 million].~~

(b) For purposes of this section [Subsection (a)], the amount of total research funds expended by an eligible institution in a state fiscal year is the amount of those funds as reported to the coordinating board by the institution for that fiscal year, subject to any adjustment by the coordinating board in accordance with the standards and accounting methods the coordinating board prescribes for purposes of this section. ~~[If the funds available for distribution for a state fiscal year under Subsection (a) are not sufficient to provide the amount specified by Subsection (a) for each eligible institution or exceed the amount sufficient for that purpose, the available amount shall be distributed in proportion to the total amount to which each institution is otherwise entitled under Subsection (a).]~~

Sec. 62.0535. INITIAL CONTRIBUTION. For the first state fiscal biennium in which an eligible institution receives an appropriation under this subchapter, the institution's other general revenue appropriations shall be reduced by an amount not to exceed the lesser of \$5 million for the biennium or the amount of the institution's appropriation under this subchapter for the biennium. The bill making the appropriation must expressly identify the purpose for which the appropriations were reduced in accordance with this section.

Sec. 62.054. APPROPRIATION AMOUNTS [RULES]. (a) Of the total amount appropriated for purposes of this subchapter in a state fiscal year, an eligible institution is entitled to receive an appropriation in the amount determined in accordance with this section.

(b) Not less than 50 percent of the total amount appropriated

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for purposes of this subchapter shall be appropriated to eligible institutions described by Section 62.051(1)(A). Each institution is entitled to receive a share of that amount in proportion to the average amount of total research funds expended by each institution annually during the three fiscal years preceding the state fiscal biennium for which the money is appropriated.

(c) The remainder of the total amount appropriated for purposes of this subchapter shall be appropriated to eligible institutions described by Section 62.051(1)(B). Each institution is entitled to receive a share of that amount in proportion to the average amount of total research funds expended by each institution annually during the three fiscal years preceding the state fiscal biennium for which the money is appropriated. [The coordinating board shall adopt rules for the administration of this subchapter, including any rules the coordinating board considers necessary regarding the submission to the coordinating board by eligible institutions of any student data required for the coordinating board to carry out its duties under this subchapter.] [FA25 by Branch]

No equivalent provision.

SECTION 30. The heading to Chapter 142, Education Code, is amended to read as follows:
CHAPTER 142. NORMAN HACKERMAN ADVANCED RESEARCH PROGRAM; ADVANCED TECHNOLOGY PROGRAM

Same as House version.

No equivalent provision.

SECTION 31. Section 142.001, Education Code, is amended by amending Subdivisions (1) and (4) and adding Subdivisions (1-a) and (6) to read as follows:
(1) "Applied research" means research directed at gaining the knowledge or understanding necessary to meet a specific and

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recognized need, including the discovery of new scientific knowledge that has specific objectives relating to products or processes.

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

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

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

No equivalent provision.

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

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

Same as House version.

No equivalent provision.

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

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

(b) Providing appropriated funds to faculty members of institutions of higher education [public] and private or independent institutions of higher education to conduct applied research is important to the state's welfare and,

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consequently, is an important public purpose for the expenditure of public funds because the applied research will enhance the state's economic growth by:

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

No equivalent provision.

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

Sec. 142.003. ADMINISTRATION; GUIDELINES AND PROCEDURES. (a) The coordinating board shall administer the technology program and the research program.

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

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

- (1) provide for awards on a competitive, peer review basis for specific projects at eligible institutions; and
- (2) require that, as a condition of receiving an award, an eligible institution must use a portion of the award to support, in connection with the project for which the award is made, basic research conducted by:

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

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

(d) The guidelines and procedures developed for the

Same as House version.

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technology program by the coordinating board must:
(1) provide for determining whether an institution of higher education or private or independent institution of higher education qualifies as an eligible institution for the purposes of the technology program by demonstrating exceptional capability to attract federal, state, and private funding for scientific and technical research and having an exceptionally strong research staff and the necessary equipment and facilities; and
(2) provide for awards on a competitive, peer review basis for specific projects at eligible institutions.
(e) The coordinating board shall encourage projects under the technology program that leverage funds from other sources and projects that propose innovative, collaborative efforts:
(1) across academic disciplines;
(2) among two or more eligible institutions; or
(3) between an eligible institution or institutions and private industry.

No equivalent provision.

SECTION 35. Section 143.003, Education Code, is transferred to Chapter 142, Education Code, redesignated as Section 142.0035, Education Code, and amended to read as follows:
Sec. 142.0035 [143.003]. **TECHNOLOGY PROGRAM: PRIORITY RESEARCH AREAS.** The technology program may provide support for faculty members to conduct research in areas determined by an advisory panel appointed by the coordinating board. Initial research areas shall include: agriculture, biotechnology, biomedicine, energy, environment, materials science, microelectronics, aerospace, marine science, aquaculture, telecommunications, manufacturing science, environmental issues affecting the Texas-Mexico

Same as House version.

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border region, the reduction of industrial, agricultural, and domestic water use, recycling, and related disciplines. The advisory committee appointed under Section 142.003(b) ~~[panel]~~ may add or delete priority research areas as the advisory committee ~~[panel]~~ considers warranted.

No equivalent provision.

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

Same as House version.

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

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

(c-1) The funds allocated for the technology program may be:
(1) expended to support particular research projects for which an award is made, and may not be expended for the general support of ongoing research and instruction at an eligible institution or for the construction or remodeling of a facility;
and

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

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

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No equivalent provision.

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

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

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

Sec. 142.007. CONFIDENTIALITY. Information submitted as part of a pre-proposal or proposal or related to the evaluation and selection of research projects to be funded by the research program or technology program is confidential unless made public by coordinating board rule.

No equivalent provision.

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

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

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

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Same as House version.

Same as House version.

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

SECTION 28. Subsection (f), Section 130.0012, Education Code, is amended.

SECTION 39. Same as Senate version.

Same as Senate version.

No equivalent provision.

SECTION ____ Subtitle H, Title 3, Education Code, is amended by adding Chapter 156 to read as follows:

CHAPTER 156. ADULT STEM CELL RESEARCH PROGRAM

Sec. 156.001. DEFINITIONS. In this chapter:

(1) "Adult stem cell" means an undifferentiated cell that is:

(A) found in differentiated tissue; and

(B) able to renew itself and differentiate to yield all or nearly all of the specialized cell types of the tissue from which the cell originated.

(2) "Consortium" means the Texas Adult Stem Cell Research Consortium.

(3) "Institution of higher education" means an institution of higher education as defined by Section 61.003 or a private college or university that receives state funds.

(4) "Program" means the adult stem cell research program established under this chapter.

(5) "Research coordinating board" means the Texas Adult Stem Cell Research Coordinating Board.

Sec. 156.002. COMPOSITION OF RESEARCH COORDINATING BOARD. (a) The Texas Adult Stem Cell Research Coordinating Board is composed of:

(1) two members representing the Texas Higher Education Coordinating Board, each of whom is appointed by the commissioner of higher education;

(2) three members who are interested persons, including at

Same as Senate version.

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least one person who represents an institution of higher education, appointed by the governor;

(3) two members who are interested persons appointed by the lieutenant governor; and

(4) two members who are interested persons appointed by the speaker of the house of representatives.

(b) The governor shall designate as the presiding officer of the research coordinating board a board member appointed under Subsection (a)(1) who represents an institution of higher education. The presiding officer serves in that capacity at the will of the governor.

(c) The members of the research coordinating board serve staggered six-year terms. If a vacancy occurs on the board, the appropriate appointing authority shall appoint, in the same manner as the original appointment, another person to serve for the remainder of the unexpired term.

Sec. 156.003. CONFLICT OF INTEREST. (a) In this section, "Texas trade association" means a cooperative and voluntarily joined association of business or professional competitors in this state designed to assist its members and its industry or profession in dealing with mutual business or professional problems and in promoting their common interest.

(b) A person may not be a member of the research coordinating board if:

(1) the person is an officer, employee, or paid consultant of a Texas trade association in the field of medicine; or

(2) the person's spouse is an officer, manager, or paid consultant of a Texas trade association in the field of medicine;

(c) A person may not be a member of the research coordinating board if the person is required to register as a

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lobbyist under Chapter 305, Government Code, because of the person's activities for compensation on behalf of a profession related to the operation of the board.

Sec. 156.004. COMPOSITION OF CONSORTIUM. (a) The research coordinating board shall establish the Texas Adult Stem Cell Research Consortium.

(b) The consortium is composed of participating institutions of higher education and businesses that:

(1) accept public money for adult stem cell research; or

(2) otherwise agree to participate in the consortium.

Sec. 156.005. ADMINISTRATION OF PROGRAM: GUIDELINES AND PROCEDURES. (a) The research coordinating board shall administer the program to:

(1) make grants, investments, and loans to consortium members for:

(A) adult stem cell research activities and projects including but not limited to: pre-clinical trials and studies, treatment protocol development, state and/or regulatory submissions including FDA Investigational New Drug Applications and approvals, clinical trials including the use of Contract Research Organizations, Data Safety Monitoring Boards, intellectual property development; pathways and processes to commercialization as well as to address the collection; development; cGMP manufacturing; characterization and use of adult stem cells;

(B) the development of facilities to be used solely for adult stem cell research projects or for the cGMP manufacturing of adult stem cell and related projects; and

(C) the commercialization of products or technology involving adult stem cell research and treatments;

(2) support consortium members in all stages of the process of developing treatments and cures based on adult stem cell

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research, beginning with initial laboratory research through successful cGMP manufacturing and clinical trials;
(3) establish appropriate regulatory standards and oversight bodies for:
(A) adult stem cell research conducted by consortium members; and
(B) the development of facilities for consortium members conducting adult stem cell research and cGMP manufacturing;
and
(4) assist consortium members in applying for grants, investments, or loans under the program.
(b) The research coordinating board shall develop research priorities, guidelines, and procedures for providing grants, investments, and loans for specific research projects conducted by consortium members. The priorities, guidelines, and procedures must require the grants and loans to be made on a competitive, peer review basis.
Sec. 156.006. FUNDING. The program may only be funded by gifts, grants, investments, and donations described by Section 156.007.
Sec. 156.007. GIFTS, GRANTS, AND DONATIONS. The consortium shall solicit, and the research coordinating board may accept on behalf of the consortium, a gift, grant, or donation made from any public or private source for the purpose of promoting adult stem cell research or commercialization.
Sec. 156.008. BIENNIAL REPORT. Not later than September 1 of each even-numbered year, the research coordinating board shall submit a report of the board's activities and recommendations to the Texas Higher Education Coordinating Board and to the governor, the lieutenant governor, the speaker of the house of

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representatives, and the presiding officer of each legislative standing committee or subcommittee with jurisdiction over higher education.

No equivalent provision.

SECTION __. Section 162.001, Health and Safety Code, is amended by adding Subdivision (4) to read as follows:

Same as Senate version.

(4) "Adult stem cell" means an undifferentiated cell that is:
(A) found in differentiated tissue; and
(B) able to renew itself and differentiate to yield all or nearly all of the specialized cell types of the tissue from which the cell originated.

No equivalent provision.

SECTION __. Chapter 162, Health and Safety Code, is amended by adding Section 162.020 to read as follows:
Sec. 162.020. ADULT STEM CELL COLLECTION. Blood obtained by a blood bank may be used for the collection of adult stem cells if the donor consents in writing to that use.

Same as Senate version.

No equivalent provision.

SECTION __. Section 241.003, Health and Safety Code, is amended by amending Subdivision (1) and adding Subdivision (1-a) to read as follows:
(1) "Adult stem cell" has the meaning assigned by Section 162.001.
(1-a) "Advanced practice nurse" means a registered nurse recognized as an advanced practice nurse by the Texas Board of Nursing.

Same as Senate version.

No equivalent provision.

SECTION __. Subchapter A, Chapter 241, Health and Safety Code, is amended by adding Section 241.009 to read as follows:
Sec. 241.009. USE OF ADULT STEM CELLS. A hospital may use adult stem cells in a procedure if a physician

Same as Senate version.

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providing services at the hospital determines that the use of adult stem cells in the procedure is appropriate and the patient consents in writing to the use.

SECTION 29. Subsection (f), Section 42.0421, Human Resources Code, as added by Chapter 82 (S.B. 265), Acts of the 82nd Legislature, Regular Session, 2011, is amended.

SECTION 40. Same as Senate version.

Same as Senate version.

SECTION 30. The following provisions of the Education Code are repealed:

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

(1) Chapters 143, 144, 147, 148, and 152;

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

Same as House version.

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

(2) Subchapters M, Q, and X, Chapter 51; [FA11 by Howard]

Same as Senate version.

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

Same as House version.

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

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

Same as Senate version.

(4) Section 51.916; Subsection (f), Section 52.17; Section 52.56; Subsection (d), Section 56.456; and Subsections (c) and (d), Section 56.459;

(5) Section 51.916; Subsection (f), Section 52.17; Section 52.56; Subsection (d), Section 56.456; and Subsections (c) and (d), Section 56.459;

Same as Senate version.

~~() Sections 56.307(c), (d), (e), (f), (i-1), (j), and (l); [FA24 by Howard]~~

() Sections 56.307(c) and (d). Make any conforming changes needed to subsections not repealed.

~~(6) Subdivisions (1) and (3), Section 57.02;~~

Same as House version.

(7) Sections 57.41, 57.42, 57.43, 57.44, 57.45, 57.46, 57.461, 57.47, 57.471, 57.481, 57.50, 58.001, 58.003, 58.004, and 58.005; [FA3 by Anchia]

Same as House version.

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(5) Subsections (b), (c), (d), (e), (f), (g), (i), (j), (k), (m), (o), (p), and (q), Section 61.051; and	(8) Subsections (b), (c), (d), (e), (f), (g), (i), (j), (k), (m), (o), (p), and (q), Section 61.051; <input type="checkbox"/> Section 61.0573; [FA29 by Darby] <input type="checkbox"/> Subsection (c), Section 61.058; [FA29 by Darby]	Same as Senate version. Same as House version. Same as House version.
(6) Subsections (i) and (i-1), Section 61.059; Sections 61.0591, 61.0631, and 61.066; Subsection (d), Section 61.0761; Sections 61.078, 61.088, and 61.660; and Subsection (c), Section 62.096.	(9) Subsection (c), Section 56.407; Subsections (i) and (i-1), Section 61.059; Sections 61.0591, 61.0631, and 61.066; Subsection (d), Section 61.0761; Sections 61.078, 61.088, and 61.660; and Subsection (c), Section 62.096; and [FA5 by Anchia]	Same as House version.
	(10) Sections 143.001, 143.004, 143.005, 143.007, and 143.008; <input type="checkbox"/> Subchapter T, Chapter 61; [FA3 by Anchia] <input type="checkbox"/> Section 29.185(b); [FA3 by Anchia] <input type="checkbox"/> Subsections (b), (c), (d), and (e), Section 58.002; [FA3 by Anchia]	Same as House version. Same as Senate version. Same as Senate version. Same as House version.
No equivalent provision.	SECTION ____ The change in law made by this Act to Section 51.968, Education Code, applies beginning with the 2014-2015 academic year. An academic year occurring before that academic year is covered by the law in effect immediately before the effective date of this Act, and that law is continued in effect for that purpose. [FA9,3rd by Branch]	Same as Senate version.
No equivalent provision.	SECTION ____ Not later than May 31, 2015, each general	Same as Senate version.

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academic teaching institution shall publish on the institution's Internet website the information required by Section 51.96852, Education Code, as added by this Act, and establish articulation agreements in accordance with that section. [FA9.3rd by Branch]

No equivalent provision.

SECTION __. The changes in law made by this Act to Section 52.39, Education Code, apply only to a suit filed under that section on or after the effective date of this Act. A suit filed under Section 52.39, Education Code, before the effective date of this Act is governed by the law in effect on the date the suit is filed, and the former law is continued in effect for that purpose. [FA18 by Gonzales, Larry]

Same as House version.

No equivalent provision.

SECTION __. The change in law made by this Act in adding Section 54.017, Education Code, applies beginning with tuition and fees charged for the 2014-2015 academic year. [FA20 and FA22 by Capriglione]

Same as Senate version.

No equivalent provision.

SECTION __. (a) The change in law made by this Act to Subchapter M, Chapter 56, Education Code, applies beginning with TEXAS grants awarded for the 2014 fall semester. Grants awarded for a semester or term before the 2014 fall semester are governed by the applicable law in effect immediately before the effective date of this Act, and the former law is continued in effect for that purpose.
(b) Notwithstanding Subsection (a) of this section, a student who first receives a TEXAS grant for attendance at a public junior college, public state college, or public technical institute for a semester or other academic term before the 2014 fall semester may continue to receive a TEXAS grant under Subchapter M, Chapter 56, Education Code, as that

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subchapter existed immediately before the effective date of this Act, as long as the student remains eligible for a TEXAS grant under the former law, and, if eligible, may continue to receive a TEXAS grant if the student enrolls at an eligible institution under Subchapter M, Chapter 56, Education Code, as amended by this Act. The Texas Higher Education Coordinating Board shall adopt rules to administer this subsection and shall notify each student who receives a TEXAS grant in the 2013-2014 academic year of the provisions of this subsection. [FA24 by Howard]

SECTION 31. (a) The change in law made by this Act in amending Subchapter Q, Chapter 56, Education Code, applies beginning with Texas B-On-time loans awarded for the 2014-2015 academic year.

(b) Notwithstanding Subsection (a) of this section, a student who first receives a Texas B-On-time loan for a semester or other academic term before the 2014 fall semester may continue to receive Texas B-On-time loans under Subchapter Q, Chapter 56, Education Code, as that subchapter existed immediately before the effective date of this Act, as long as the student remains eligible for a Texas B-On-time loan under the former law, and is entitled to obtain forgiveness of the loans as permitted by Section 56.462, Education Code, as that section existed immediately before the effective date of this Act. The Texas Higher Education Coordinating Board shall adopt rules to administer this subsection and shall notify each student who receives a Texas B-On-time loan in the 2013-2014 academic year of the provisions of this subsection.

No equivalent provision.

SECTION 42. Same as Senate version.

Same as Senate version.

SECTION 43. The change in law made by Subsection (a), Section 61.022, Education Code, as amended by this Act,

Same as Senate version.

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regarding the qualifications of members of the Texas Higher Education Coordinating Board does not affect the entitlement of a member serving on the coordinating board immediately before the effective date of this Act to continue to serve as a member of the coordinating board for the remainder of the member's term. As the terms of coordinating board members expire, the governor shall appoint or reappoint a member who has the required experience until the composition of the coordinating board meets the requirements under Subsection (a), Section 61.022, Education Code, as amended by this Act.

No equivalent provision.

SECTION __. The change in law made by this Act to Section 61.0515(a), Education Code, applies beginning with undergraduate students who initially enroll in a general academic teaching institution for the 2015 fall semester. An undergraduate student who initially enrolls in a general academic teaching institution before that semester is covered by the law in effect before the effective date of this Act, and that law is continued in effect for that purpose. [FA9,3rd by Branch]

Same as Senate version.

No equivalent provision.

SECTION __. The changes in law made by this Act to Section 61.052, Education Code, apply to the comprehensive lists of courses offered by public institutions of higher education beginning with lists required to be submitted for the 2014-2015 academic year. Course lists for an academic year before that academic year are covered by the law in effect before the effective date of this Act, and that law is continued in effect for that purpose. [FA9,3rd by Branch]

Same as House version.

SECTION 32. The Texas Higher Education Coordinating Board shall adopt rules for the administration of Section

SECTION 44. Same as Senate version.

Same as Senate version.

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61.0763, Education Code, as added by this Act, as soon as practicable after this Act takes effect. For that purpose, the coordinating board may adopt the initial rules in the manner provided by law for emergency rules.

SECTION 33. The Texas Higher Education Coordinating Board shall adopt rules as required by Section 61.07761, Education Code, as added by this Act, as soon as practicable after this Act takes effect. For that purpose, the coordinating board may adopt the initial rules in the manner provided by the law for emergency rules.

No equivalent provision.

SECTION 45. Same as Senate version.

Same as Senate version.

SECTION __. Not later than May 31, 2015, the Texas Higher Education Coordinating Board shall develop core curricula for broad academic disciplines included within the general core curriculum that conform to the requirements of Section 61.822, Education Code, as amended by this Act. [FA9,3rd by Branch]

Same as Senate version.

No equivalent provision.

SECTION __. Section 61.832(f), Education Code, as added by this Act, applies beginning with the 2013 fall semester. [FA9,3rd by Branch]

Same as Senate version.

No equivalent provision.

SECTION __. (a) As soon as practicable after the effective date of this Act, the governor, lieutenant governor, and speaker of the house of representatives shall appoint members to the Texas Adult Stem Cell Research Coordinating Board, as required by Section 156.002, Education Code, as added by this Act, as follows:
(1) the governor shall appoint one member to a term expiring February 1, 2015, one member to a term expiring February 1, 2017, and one member to a term expiring February 1, 2019;

Same as Senate version.

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(2) the lieutenant governor shall appoint one member to a term expiring February 1, 2017, and one member to a term expiring February 1, 2019; and

(3) the speaker of the house of representatives shall appoint one member to a term expiring February 1, 2017, and one member to a term expiring February 1, 2019.

(b) Not later than September 1, 2014, the Texas Adult Stem Cell Research Coordinating Board shall submit the first report of the board's activities and recommendations as required by Chapter 156, Education Code, as added by this Act. [FA6,3rd by Zedler]

SECTION 34. This Act takes effect September 1, 2013.

SECTION 46. Same as Senate version.

Same as Senate version.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 25, 2013

TO: Honorable David Dewhurst, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB215 by Birdwell (Relating to the continuation and functions of the Texas Higher Education Coordinating Board, including related changes to the status and functions of the Texas Guaranteed Student Loan Corporation.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for SB215, Conference Committee Report: a negative impact of (\$665,734) through the biennium ending August 31, 2015.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$352,867)
2015	(\$312,867)
2016	(\$312,867)
2017	(\$312,867)
2018	(\$312,867)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund
2014	(\$352,867)
2015	(\$312,867)
2016	(\$312,867)
2017	(\$312,867)
2018	(\$312,867)

Fiscal Year	Change in Number of State Employees from FY 2013
2014	4.0
2015	4.0
2016	4.0
2017	4.0
2018	4.0

Fiscal Analysis

The Texas Higher Education Coordinating Board (Coordinating Board) is subject to the Sunset Act and will be abolished on September 1, 2013 unless continued by the Legislature. The bill contains the following provisions.

Requires the Coordinating Board to provide opportunities for public comment at each board meeting.

Requires one-third of the members of the Coordinating Board to have experience in the field of higher education.

Requires the Coordinating Board to adopt rules for its use of advisory committees, ensuring the committees meet standard structure and operating criteria, and report recommendations directly to the board.

Requires the Coordinating Board to strengthen its internal controls for allocating financial aid funding and ensure stakeholder input by adopting allocation methodologies in rule.

Redefines the Coordinating Board's powers and duties in statute to reflect the major functions of a higher education coordinating entity, including repealing outdated subsections of the Education Code and moves other subsections to new sections of law.

Combines long-range planning requirements for higher education in statute.

Updates the Coordinating Board's statute to define its academic program approval authority in one section of law.

Eliminates unfunded programs from statute.

Eliminates certain reporting requirements.

Requires the Coordinating Board to periodically re-evaluate the ongoing need for all existing data requests it imposes on higher education institutions through rule or policy.

Provides for the Coordinating Board to administer pilot projects to identify best practices only in circumstances where other entities cannot or will not administer the programs.

Removes all two-year institutions from participation in the B-On-Time loan program and provides that the Coordinating Board establish a plan for improving participation in, and success in completing B-On-Time awards. The bill requires the Coordinating Board, in collaboration with institutions of higher education, to provide loan repayment and default prevention counseling to

all B-On-time recipients enrolled at those institutions.

Requires the Coordinating Board to engage affected institutions of higher education in negotiated rulemaking processes when adopting a policy, procedure or rule relating to admissions policies, the allocation or distribution of funds, including financial aid or other trusted programs, certain data requests and compliance monitoring.

Requires the Coordinating Board, in consultation with affected stakeholders, to establish a risk-based, agency-wide compliance monitoring function. In developing the risk-based approach, the Coordinating Board would be required to prioritize seven factors relating to an institution of higher education. Two factors include the amount of student financial assistance or grant funds allocated to the institution and whether the data reported by the institution is used for determining funding allocations. Under provisions of the bill, if the Coordinating Board determines through its compliance monitoring that an institution of higher education has included errors in the institution's data reported for formula funding, the Board, for a public junior college, may adjust the appropriations made to the college for a fiscal year as necessary to account for the corrected data. If the error is for a general academic teaching institution, a medical and dental unit, or a public technical institute, the Coordinating Board shall calculate a revised appropriation amount and report this information to the Legislative Budget Board and governor for consideration as the basis for budget execution or other appropriate action, and to the comptroller. The Coordinating Board would be required to train compliance monitoring staff to ensure the staff has the ability to monitor both funds compliance and data reporting accuracy.

Requires the Coordinating Board to establish and administer a pilot program at selected postsecondary educational institutions to improve student loan default rates and financial aid literacy among postsecondary students. The board would select at least one institution from several categories of postsecondary educational institutions to participate in the program. In selecting institutions, the board shall give priority to those that have a student loan default rate of more than 20 percent or a negative trend in the institution's three-year student loan default rate. The board shall adopt rules for the administration of the pilot program and may contract with one or more entities to administer the pilot program. Not later than January 1 of each year, beginning in 2016, the board shall submit a report to the governor, the lieutenant governor and the speaker of the house of representatives regarding the outcomes of the pilot program, as reflected in the federal student loan default rates reported for the participating institutions.

Requires the Board to establish and publish the allocation methodologies and develop procedures to verify the accuracy of the application of those allocation methodologies by board staff for any funds trusted to the board for allocation to institutions of higher education, including financial aid program funds.

Continues the Texas Higher Education Coordinating Board for 12 years.

The bill would amend various sections of the Education Code as it relates to the the Texas Guaranteed Student Loan Corporation, including converting the corporation from a public nonprofit corporation to a nonprofit corporation under Chapter 22, Business Organization Code. The bill would also transfer duties of the corporation to the Coordinating Board.

The bill would combine the Norman Hackerman Advanced Research Program and the Advanced Technology Program.

The bill would require the Coordinating Board to study the creation of a state financial assistance programs for students attending WGU Texas or similar on-line universities.

The bill amends various sections of the Education Code as it relates to the TEXAS Grant program. The bill changes TEXAS Grant eligibility from students seeking an undergraduate degree or certificate to students seeking a baccalaureate degree and removes 2-year colleges from eligibility for TEXAS grant funding. The bill would require the Higher Education Coordinating Board to allocate the TEXAS grant funding "proportionally" among the remaining eligible institutions. Under provisions of the bill, a community college student could still receive a TEXAS Grant in fiscal year 2014 and subsequent renewal recipients in fiscal year 2015 would also receive TEXAS Grants. Beginning in fiscal year 2015, new community college students would not be eligible for TEXAS Grants.

Methodology

Although the bill modifies eligibility requirements for the B-On-Time Program in regards to two year institutions participating in the program, based on information included in the Sunset Commission Report, B-On-Time amounts disbursed to students attending two year institutions was not significant compared to state appropriations for the program. Therefore any impact on general revenue funds tied to this provision is not considered significant to the state. The remaining provisions under the bill would be implemented within existing resources except for the new compliance function.

The Sunset Commission has estimated that the new compliance monitoring function would require the hiring of four additional FTEs. These FTEs include the hiring of one Auditor V at a cost for salaries and wages of \$69,552, one Auditor IV at a cost of \$60,750, one Auditor III at a cost of \$53,061 and one Auditor II at a cost of \$45,454 per year. Employee benefits associated with these four FTEs is estimated to be \$68,050. The Sunset Commission also estimated travel costs associated with conducting audits at institutions would be \$16,000 per year which would cover 10 audit trips per year, at a cost of \$400 per trip, or \$4,000 per auditor. The total cost of \$312,867 per year is reflected in the tables above.

General Revenue savings associated with changes to the TEXAS Grant program are indeterminate. Based on information provided by the Higher Education Coordinating Board, in fiscal year 2012 and fiscal year 2013, approximately \$30 million each year was awarded to students attending 2-year institutions. Included in this amount was funding for initial and renewal awards. Using the 2013 funding amount for initial awards as a basis, an estimated \$20.7 million in general revenue would be saved beginning in fiscal year 2015. Savings generated by the bill could be reduced if the appropriation level for the program is not modified and the agency employs its existing statutory discretion to increase the current award amount of \$5,000 at four year institutions, to transfer funding to the Texas Education Opportunity Grant program (which supports community college students), or to make grants at the existing level of funding available to more students at four-year institutions.

Technology

It is assumed that there will be a one time technology cost of \$10,000 per FTE in fiscal year 2014 only.

Local Government Impact

No fiscal implication to units of local government is anticipated.

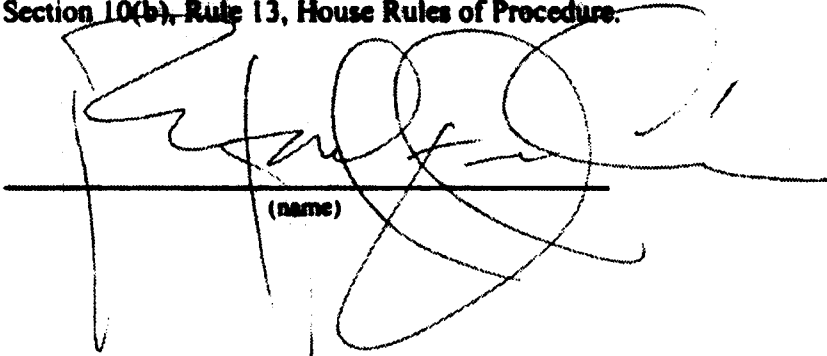
Source Agencies: 116 Sunset Advisory Commission, 360 State Office of Administrative Hearings, 701 Central Education Agency, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

LBB Staff: UP, KK, SK, GO, GP

Certification of Compliance with Rule 13, Section 6(b), House Rules of Procedure

Rule 13, Section 6(b), House Rules of Procedure, requires that a copy of a conference committee report signed by a majority of each committee of the conference must be furnished to each member of the committee in person or if unable to deliver in person by placing a copy in the member's newspaper mailbox at least one hour before the report is furnished to each member of the house under Section 10(a) of this rule. The paper copies of the report submitted to the chief clerk under Section 10(b) of this rule must contain a certificate that the requirement of this subsection has been satisfied, and that certificate must be attached to the printed copy of the report furnished to each member under Section 10(d) of this rule. Failure to comply with this subsection is not a sustainable point of order under this rule.

I certify that a copy of the conference committee report on S. B. 215 was furnished to each member of the conference committee in compliance with Rule 13, Section 6(b), House Rules of Procedure, before submission of the paper copies of the report to the chief clerk under Section 10(b), Rule 13, House Rules of Procedure.


(name)

5/24/13
(date)