

SUBJECT: Regulating certain degree-granting postsecondary educational institutions

COMMITTEE: Higher Education — favorable, without amendment

VOTE: 6 ayes — Lozano, Raney, Alonzo, Alvarado, Button, Morrison

0 nays

3 absent — Clardy, Howard, Turner

SENATE VOTE: On final passage, April 25 — 29-2 (Huffines, V. Taylor)

WITNESSES: *On House companion bill, HB 4220:*

For — (*Registered, but did not testify:* Drew Scheberle, The Greater Austin Chamber of Commerce)

Against — None

On — (*Registered, but did not testify:* Raymund Paredes and Rex Peebles, Higher Education Coordinating Board)

BACKGROUND: Education Code, ch. 61, subch. G governs the regulation of private postsecondary educational institutions. Sec. 61.303 specifies that the provisions of the subchapter do not apply to an institution that is fully accredited by a recognized accrediting agency or other certain institutions or degree programs. An exempt institution or person may be issued a certificate of authorization to grant degrees. The Texas Higher Education Coordinating Board (THECB) provides for due process and procedures for revoking the exemption status of an institution or person.

Sec. 61.305 allows THECB to grant certain private postsecondary educational institutions a certificate of authority to grant a degree or degrees and to enroll students for courses which may be applicable toward a degree. Some have suggested that students would benefit from greater oversight by THECB over some degree-granting postsecondary educational institutions.

DIGEST: SB 1781 would amend the Texas Higher Education Coordinating Board's (THECB) regulation of certain postsecondary educational institutions.

Exemption status. The bill would specify that Education Code, ch. 61, subch. G would not apply to an institution that was in good standing with, in addition to being fully accredited by, a recognized accrediting agency, and an exempt entity would continue in that status only if it remained in good standing.

Certificate of authorization. The bill also would specify that THECB could issue to an exempt institution or person a certificate of authorization to grant degrees. The board may adopt rules regarding a process to allow an exempt institution or person to apply for and receive a certificate of authorization.

To enable THECB to verify the conditions under which a certificate of authorization was held, the board by rule could require an exempt institution or person to report to the board on a continuing basis appropriate information in addition to documentation relating to financial requirements.

Financial resources. THECB could adopt rules that met certain requirements listed in the bill to require an exempt institution or person, an institution operating under a certificate of authority, or an institution seeking to operate under a certificate of authority to ensure that the financial resources and financial stability of the institution or person were adequate to provide education of a good quality and to fulfill the institution's or person's commitments to its enrolled students. The institution or person could be required to provide to THECB documentation of compliance with those requirements.

Academic records repository. An authorized or certified institution could be required to maintain and provide to THECB on request the academic records of enrolled or former students. An institution that failed to maintain these records or failed to protect the personally identifiable

information of enrolled or former students would be assessed an administrative penalty of at least \$100 but no more than \$500 for each student whose record was not maintained or information was not protected.

THECB could maintain, as a last resort, a repository for academic records from closed institutions that were exempt or authorized to operate. If a closed institution was part of a larger educational system or corporation, that system or corporation would maintain the academic records. If students of the closed institution transferred to another institution, the transfer institution would be responsible for maintaining those academic records. THECB could discontinue its maintenance of the repository if adequate funding was not provided.

Academic record would mean any information that was directly related to a student's academic efforts, intended to support the student's progress toward completing a degree program, and maintained by an institution for the purpose of sharing among academic officials. The term would not include medical records, most alumni records, human resources records, or criminal history information or other law enforcement records.

Conditions on exemption status. THECB by rule would provide procedures for placing conditions on the exemption status of an institution or person or for revoking or placing conditions on a previously issued certificate of authorization. Under these rules, THECB could revoke or place conditions on an exemption status or certificate of authorization only if the board had reasonable cause to believe that the institution or person had violated applicable law or rule.

Before revoking or placing conditions on an exemption status or certificate of authorization, the board would have to provide to the institution or person written notice of the impending action and include the grounds for that action. If action was taken, the board could reexamine the applicable institution or person at least twice annually following the date the notice was provided, until the board removed the conditions.

Effective date. The bill would take effect September 1, 2017, only if a specific appropriation for its implementation was provided in the general appropriations act of the 85th Legislature. THECB would have to adopt the rules necessary to implement the bill as soon as practicable after the effective date.

NOTES:

According to the Legislative Budget Board, the bill would result in a negative impact to general revenue related funds of \$495,686 through fiscal 2019, with a similar impact in subsequent biennia, assuming the bill was implemented.