

AGENDA ITEM VII-E

Consideration of adopting the Negotiated Rulemaking Committee's recommendation to the Board relating to Chapter 22, Subchapter M, new Section 22.264 of Board rules regarding the allocation and disbursement of funds concerning the Texas Educational Opportunity Grant (TEOG) Program – Public Technical and State Colleges

RECOMMENDATION: Adopt

Background Information:

The Texas Higher Education Coordinating Board (Coordinating Board) proposes new rule 22.264 (Allocation and Disbursement of Funds – Public Technical and State Colleges) to Texas Administrative Code Subchapter M, concerning the Texas Educational Opportunity Grant Program. To provide institutions greater flexibility in administering their state financial aid funds, the Coordinating Board proposes modifying the TEOG allocation methodology by eliminating reallocations and implementing a biennial approach to the annual allocation process. Changes to these sections are made in accordance with Senate Bill 215, passed by the 83rd Texas Legislature, Regular Session, which called for the Coordinating Board to engage institutions of higher education in a negotiated rulemaking process as described by Chapter 2008, Government Code. The intent of the amendments is to incorporate into existing rule the changes and provisions developed by the Negotiated Rule-Making Committee.

Specifically, new Section 22.264 establishes the rules pertaining to the new TEOG allocation methodology and disbursement of funds for public technical and state colleges. Language is added that specifies the data source and criteria to be used in calculating the allocation base for each institution, allows for allocations to be calculated for both years of the biennium simultaneously (rather than annually), and will allow Board staff to forecast data for use in allocating funds for the second year of the biennium. This section also describes the procedures for disbursing funds to the institutions under the new methodology.

Subsection 22.264(c) adds guidelines for how the Coordinating Board will handle the reduction of funds after the start of a fiscal year or prior to the start of a fiscal year.

Dr. Charles W. Puls, Deputy Assistant Commissioner for Student Financial Aid Programs, will be available to answer questions.

Date approved by the Commissioner for publication in the *Texas Register*: May 7, 2018.

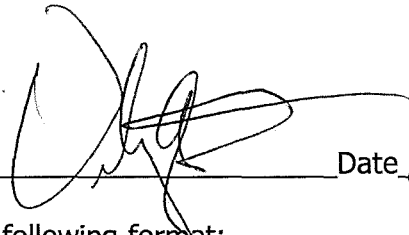
Date published in the *Texas Register*: May 18, 2018

The 30-day comment period with the *Texas Register* ended June 18, 2018.

No comments were received.

Legal Review:

Approval by the Office of General Counsel

 Date 6/26/18

The amendments have been prepared in the following format:

- New language is in lowercase, underlined, and shaded.
- Deleted language is bracketed and struck through.
- When new language replaces deleted language, the new language precedes the deleted language.

CHAPTER 22 STUDENT FINANCIAL AID PROGRAMS
SUBCHAPTER M TEXAS EDUCATIONAL OPPORTUNITY GRANT PROGRAM

Rules

22.253 Authority and Purpose
22.254 Definitions
22.255 Institutions
22.256 Eligible Students
22.257 Hardship Provisions
22.258 Priorities in Funding
22.259 Priority in Awards to Students
22.260 Award Amounts and Adjustments
22.261 Late Disbursements
22.262 Allocation and Reallocation of Funds
22.263 Dissemination of Information and Rules
22.264 Allocation and Disbursement of Funds – Public Technical and State Colleges

22.253-22.263. No Changes.

22.264. Allocation and Disbursement of Funds – Public Technical and State Colleges.

(a) Allocations for public technical colleges and public state colleges for Fiscal Year 2016 and Later. Allocations are to be determined on an annual basis as follows:

(1) The allocation base for each eligible institution will be the number of students it reported in the most recent certified Financial Aid Database submission who met the following criteria:

(A) were classified as Texas residents,

(B) were enrolled as undergraduates half-time, three-quarter time or full-time, and

(C) have a 9-month Expected Family Contribution, calculated using federal methodology, less than or equal to the Federal Pell Grant eligibility cap for the year reported in the Financial Aid Database submission.

(2) Each institution's percent of the available funds will equal its percent of the state-wide need as determined by multiplying each institution's enrollments by the respective award maximums of students who meet the criteria in subsection (a)(1) of this section.

(3) Beginning with allocations for Fiscal Year 2020, allocations for both years of the state appropriations' biennium will be completed at the same time. The three most recent certified Financial Aid Database submissions will be utilized to forecast the data utilized in the calculation of the allocation for the second year of the biennium.

Institutions will receive notification of their allocations for both years of the biennium at the same time.

(4) Verification of Data. Allocation calculations will be shared with all participating institutions for comment and verification prior to final posting, and the institutions will be given 10 working days, beginning the day of the notice's distribution and excluding State holidays, to confirm that the allocation report accurately reflects the data they submitted or to advise Board staff of any inaccuracies.

(b) Disbursement of Funds to Institutions. As requested by institutions throughout the academic year, the Board shall forward to each participating institution a portion of its allocation of funds for timely disbursement to students. Institutions will have until the close of business on August 1, or the first working day thereafter if it falls on a weekend or holiday, to encumber program funds from their allocation. After that date, institutions lose claim to any funds in the current fiscal year not yet drawn down from the Board for timely disbursement to students. Funds released in this manner in the first year of the biennium become available to the institution for use in the second year of the biennium. Funds released in this manner in the second year of the biennium become available to the Board for utilization in grant processing. Should these unspent funds result in additional funding available for the next biennium's program, revised allocations, calculated according to the allocation methodology outlined in this rule, will be issued to participating institutions during the fall semester.

(c) Reductions in Funding.

(1) If annual funding for the program is reduced after the start of a fiscal year, the Board may take steps to help distribute the impact of reduced funding across all participating institutions by an across-the-board percentage decrease in all institutions' allocations.

(2) If annual funding is reduced prior to the start of a fiscal year, the Board may recalculate the allocations according to the allocation methodology outlined in this rule for the affected fiscal year based on available dollars.