

TEXAS HIGHER EDUCATION COORDINATING BOARD

COMMITTEE ON AFFORDABILITY, ACCOUNTABILITY AND PLANNING

1200 EAST ANDERSON LANE, ROOM 1.170
AUSTIN, TEXAS
March 30, 2016
9 a.m.

CHAIR
David D. Teuscher, M.D.
VICE CHAIR
Janelle Shepard
Fred Farias, III, O.D.
S. Javaid Anwar
Christina Delgado
Student Representative, Ex-Officio
Robert "Bobby" Jenkins, Jr.,
Ex-Officio

AGENDA

PUBLIC TESTIMONY: The presiding chair shall designate whether public testimony will be taken at the beginning of the meeting, at the time the related item is taken up by the Board after staff has presented the item, or any other time as determined by the presiding chair. For procedures on testifying, please go to <http://www.theccb.state.tx.us/public-testimony>.

- I. Welcome and Committee Chair's meeting overview
- II. Consideration of approval of the minutes from the December 16, 2015, Committee meeting
- III. Consideration of approval of the Consent Calendar
- IV. Public Testimony on Agenda Items Relating to the Committee on Affordability, Accountability and Planning
- V. Matters relating to the Committee on Affordability, Accountability and Planning
 - A. Consideration of adopting the Commissioner's recommendation to the Committee relating to funding formulas for use by the Governor and the Legislative Budget Board in making appropriations recommendations to the appropriate Legislative Committees
 - B. Consideration of adopting the Commissioner's recommendation to the Committee relating to the annual report about the financial condition of the state's community college districts (*S.B. 1, 83rd Texas Legislature, Regular Session, Rider 13, III-203*)
 - C. Consideration of adopting the staff recommendations relating to the Coordinating Board's Legislative Agenda for the 85th Texas Legislature
 - D. Consideration of adopting the staff recommendation to the Committee relating to approval of the appointment of student representatives to the Financial Aid Advisory Committee
 - E. Presentation by Texas Guaranteed Student Loan Corporation (TG) on the Financial Coaching aspect of the Pilot Project on Default Prevention and Financial Aid Literacy (*S.B. 680, 83rd Texas Legislature, Regular Session*)
 - F. Report on data highlight: Completion
 - G. Report on facilities projects that were submitted to the Coordinating Board

H. Proposed Rules:

- (1) Consideration of adopting the Commissioner's recommendation to the Committee relating to amendments to Chapter 1, Subchapter A, Section 1.18 (c) (1) concerning Education Research Center Advisory Board status as a governmental body (*S.B. 685, 84th Texas Legislature, Regular Session*)
- (2) Consideration of adopting the Commissioner's recommendation to the Committee relating to amendments to Chapter 1, Subchapter K, Sections 1.156, 1.158, and 1.161 concerning the Formula Advisory Committee – Community and Technical Colleges
- (3) Consideration of adopting the Commissioner's recommendation to the Committee relating to amendments to Chapter 1, Subchapter L, Sections 1.164 and 1.169 concerning the Formula Advisory Committee – General Academic Institutions
- (4) Consideration of adopting the Commissioner's recommendation to the Committee relating to an amendment to Chapter 1, Subchapter M, Section 1.176 concerning the Formula Advisory Committee – Health-Related Institutions
- (5) Consideration of adopting the Commissioner's recommendation to the Committee relating to proposed new rules under Chapter 1, Subchapter CC, concerning the creation of the Financial Literacy Advisory Committee
- (6) Consideration of adopting the Commissioner's recommendation to the Committee relating to amendments to Chapter 13, Subchapter A, Section 13.1 concerning Definitions section of the financial planning rules
- (7) Consideration of adopting the Commissioner's recommendation to the Committee relating to amendments to Chapter 13, Subchapter C, Sections 13.42, 13.43, and 13.47 concerning clarification of terms in the rules on budgets
- (8) Consideration of adopting the Commissioner's recommendation to the Committee relating to amendments to Chapter 21, Subchapter A, Section 21.1; the repeal of Section 21.9 – 21.11, and new proposed Sections 21.9 – 21.10 of the Board rules, concerning the General Provisions of Student Services (*H.B. 700, 84th Texas Legislature*)
- (9) Consideration of adopting the Commissioner's recommendation to the Committee relating to the repeal of Chapter 21, Subchapter D, Section 21.100 of Board rules, concerning the Hinson-Hazlewood College Student Loan Program
- (10) Consideration of adopting the Commissioner's recommendations to the Committee relating to the repeal of Chapter 21, Subchapter G, Sections 21.171 – 21.176, and proposed new Sections 21.171 – 21.176, concerning the Teach for Texas Loan Repayment Assistance Program

- (11) Consideration of adopting the Commissioner's recommendation to the Committee relating to the repeal of Chapter 21, Subchapter H, Sections 21.191 – 21.207 of Board rules, concerning the Teacher Education Loan Program (*S.B. 457, 71st Texas Legislature*)
- (12) Consideration of adopting the Commissioner's recommendation to the Committee relating to the repeal of Chapter 21, Subchapter I, Sections 21.221 – 21.241 of Board rules, concerning the Future Teacher Loan Program (*S.B. 457, 71st Texas Legislature*)
- (13) Consideration of adopting the Commissioner's recommendation to the Committee relating to the repeal of Chapter 21, Subchapter L, Sections 21.301 – 21.325 of Board rules, concerning the Paul Douglas Teacher Scholarship Program (*H.R. 1944, 104th Congress, 1995*)
- (14) Consideration of adopting the Commissioner's recommendation to the Committee relating to the repeals of Chapter 21, Subchapter O, Sections 21.465 – 21.477 and Subchapter LL, Sections 21.2050 – 21.2056 of Board rules, concerning the Early Childhood Care Provider Student Loan Repayment Program
- (15) Consideration of adopting the Commissioner's recommendation to the Committee relating to proposed amendments to Chapter 21, Subchapter S, Sections 21.590 – 21.596, concerning the Border County Doctoral Faculty Education Loan Repayment Program
- (16) Consideration of adopting the Commissioner's recommendation to the Committee relating to the repeal of Chapter 21, Subchapter DD, Sections 21.970 – 21.980 of Board rules, concerning the Minority Doctoral Incentive Program of Texas

I. Adjournment

NOTE: The Board will not consider or act upon any item before the Committee on Affordability, Accountability and Planning at this meeting. This meeting is not a regular meeting of the full Board. Because the Board members who attend the committee meeting may create a quorum of the full Board, the meeting of the Committee on Affordability, Accountability and Planning is also being posted as a meeting of the full Board.

Committee on Affordability, Accountability and Planning

AGENDA ITEM I

Welcome and Committee Chair's meeting overview

Dr. David Teuscher, Chair of the Committee on Affordability, Accountability and Planning, will provide the Committee an overview of the items on the agenda.

Committee on Affordability, Accountability and Planning

AGENDA ITEM II

Consideration of approval of the minutes from the December 16, 2015, Committee meeting

RECOMMENDATION: Approval

TEXAS HIGHER EDUCATION COORDINATING BOARD
MINUTES
Committee on Affordability, Accountability and Planning
1200 East Anderson Lane, Room 1.170
Austin, Texas
December 16, 2015, 9:00 a.m.
DRAFT Minutes

The Texas Higher Education Coordinating Board ***Committee on Affordability, Accountability and Planning*** convened at 9:00 a.m. on ***December 16, 2015***, with the following members present: David Teuscher, Chair, presiding; Janelle Shepard; Dora Alcalá; Javaid Anwar; Fred Farias; David Teuscher; and Christina Delgado, Student Representative, Ex-Officio.

The meeting is available at the following link: <http://www.theccb.state.tx.us/apps/Events/>

AGENDA ITEM	ACTION
I. Welcome and Committee Chair's meeting overview	Dr. David Teuscher called the meeting to order and advised that the meeting was being broadcast.
II. Consideration of approval of the minutes from the September 23, 2015, Committee	On motion by Mr. Javaid Anwar, seconded by Ms. Janelle Shepard, the Committee approved this item.
III. Consideration of approval of the Consent Calendar	Dr. David Teuscher stated that there are no items on the Consent Calendar for consideration.
IV. Public Testimony on Items Relating to the Committee on Affordability, Accountability and Planning meeting	Dr. David Teuscher stated that there is no public testimony.

<p>V. Matters relating to the Committee on Affordability, Accountability and Planning</p> <p>A. Consideration of adopting the Commissioner’s recommendation to the approval of the Facilities Audit Report</p> <p>B. Consideration of adopting the Commissioner’s recommendation to the Committee relating to the appointment of a student representative to the Financial Aid Advisory Committee</p> <p>C. Consideration of adopting the staff recommendation to the Committee to authorize the Commissioner of Higher Education to forward a report on the TEXAS Grant Program to the Governor and Members of the Legislature (<i>S.B. 28, 82nd Texas Legislature, Regular Session</i>)</p> <p>D. Report on Financial Aid Advisory Committee activities</p> <p>E. Report on Data Highlight: student debt data</p>	<p>Mr. Tom Keaton, Director for Funding, Strategic Planning and Funding, provided a brief presentation and answered members’ question.</p> <p>On motion by Ms. Janelle Shepard, seconded by Mr. Fred Farias, the Committee approved the recommendation to adopt the report.</p> <p>Dr. David Teuscher announced that staff had informed him that the item needed to be removed from the agenda.</p> <p>Ms. Linda Battles, Deputy Commissioner for Agency Operations and Communications/Chief Operating Officer, explained why the item is postponed until a later date.</p> <p>On motion by Dr. Fred Farias, seconded by Ms. Janelle Shepard, the Committee approved the removal of the item from the agenda.</p> <p>Dr. Charles Puls, Deputy Assistant Commissioner for Student Financial Aid Programs, was available to answer questions.</p> <p>On motion by Dr. Fred Farias, seconded by Mr. Javaid Anwar, the Committee approved the recommendation.</p> <p>Dr. Lisa Blazer, Associate Vice President for Student Affairs, The University of Texas at San Antonio, and Past Chair of the Financial Aid Advisory Committee (FAAC), presented a summary of FAAC’s recent activities and was available for questions.</p> <p>Mr. Bobby Jenkins commended the committee on the presentation.</p> <p>This item was for information only.</p> <p>Dr. Teuscher congratulated Dr. Julie Eklund on her recent promotion as Assistant Commissioner for Strategic Planning and Funding, effective on December 1st.</p>
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F. Report on the history and current state of postsecondary correctional education in Texas

Dr. Julie Eklund, Assistant Commissioner for Strategic Planning and Funding, presented highlights from a staff analysis of student debt data.

This item was for information only.

Dr. Ginger Gossman, Senior Director of Innovation and Policy Development, provided a brief presentation and was available for questions.

Dr. David Teuscher stated that the Coordinating Board should promote the history and current state of postsecondary correctional education in Texas.

This item was for information only.

G. Report on facilities projects that were submitted to the Coordinating Board

Dr. Julie Eklund, Assistant Commissioner for Strategic Planning and Funding, was available for questions.

This item was for information only.

H. Discussion of draft legislative recommendations for the 85th Texas Legislature

Mr. John Wyatt, Director for External Relations, provided an overview of the draft legislative recommendations for discussion by the Board.

This item was for information only.

I. Proposed Rules:

(1) Consideration of adopting the Commissioner's recommendation to the Committee relating to Chapter 5, Subchapter A, General Provisions, Section 5.10, concerning tracking career information for graduates of Texas medical schools and persons completing medical residency programs in Texas (*S.B. 295, 84th Texas Legislature*)

Dr. Julie Eklund, Assistant Commissioner for Strategic Planning and Funding, and Dr. Stacey Silverman, Deputy Assistant Commissioner for Academic Quality and Workforce, were available for questions.

On motion by Mr. Javaid Anwar, seconded by Ms. Janelle Shepard, the Committee approved the recommendation.

(2) Consideration of adopting the Commissioner's recommendation to the Committee relating to amendments to Chapter 21, Subchapter J, Sections 21.254, 21.258, 21.260, repeal of Sections 21.255 – 21.257, and new proposed Sections 21.255 – 21.257, of the Board rules, concerning the Physical Education Loan Repayment Program (PELRP)

Dr. Charles Puls, Deputy Assistant Commissioner for Student Financial Aid Programs, was available for questions.

On motion by Ms. Janelle Shepard, seconded by Dr. Fred Farias, the Committee approved the recommendation.

- (3) Consideration of adopting the Commissioner's recommendation to the Committee relating to amendments to Chapter 21, Subchapter M, Sections 21.403 and 21.405, and new Section 21.410 concerning the Texas College Work-Study Program (*S.B. 1750, 84th Texas Legislature*)
- (4) Consideration of adopting the Commissioner's recommendation to the Committee relating to amendments to Chapter 22, Subchapter K, Sections 22.197, and new Section 22.203, concerning the Provisions for Scholarships for Students Graduating in the Top 10 Percent of their High School Class
- (5) Consideration of adopting the Commissioner's recommendation to the Committee relating to amendments to Chapter 22, Subchapter L, Section 22.235, of Board rules, concerning the Towards Excellence Access & Success (TEXAS) Grant Program
- (6) Consideration of adopting the Commissioner's recommendation to the Committee relating to amendments to Chapter 22, Subchapter M, Section 22.261, of Board rules, concerning the Texas Educational Opportunity Grant Program (TEOG)

J. Adjournment

Dr. Charles Puls, Deputy Assistant Commissioner for Student Financial Aid Programs, was available for questions.

On motion by Dr. Fred Farias, seconded by Mr. Javaid Anwar, the Committee approved the recommendation.

Dr. Charles Puls, Deputy Assistant Commissioner for Student Financial Aid Programs, was available for questions.

On motion by Mr. Javaid Anwar, seconded by Ms. Janelle Shepard, the Committee approved the recommendation.

Dr. Charles Puls, Deputy Assistant Commissioner for Student Financial Aid Programs, was available for questions.

On motion by Dr. Fred Farias, seconded by Ms. Janelle Shepard, the Committee approved the recommendation.

Dr. Charles Puls, Deputy Assistant Commissioner for Student Financial Aid Programs, was available for questions.

On motion by Ms. Janelle Shepard, seconded by Mr. Javaid Anwar, the Committee approved the recommendation.

On motion by Ms. Janelle Shepard, seconded by Dr. Fred Farias, the Committee approved adjourning at 10:57 a.m.

Committee on Affordability, Accountability and Planning

AGENDA ITEM III

Consideration of approval of the Consent Calendar

RECOMMENDATION: Approval

Background Information:

In order to save institutions time and travel costs to attend the Committee on Affordability, Accountability and Planning meetings in Austin, the Committee made the decision to establish a Consent Calendar for items that are noncontroversial. Any item can be removed from the Consent Calendar by a Board member.

Consent Calendar

III. Matters relating to the Committee on Affordability, Accountability and Planning

H. Proposed Rules:

- (8) Consideration of adopting the Commissioner's recommendation to the Committee relating to amendments to Chapter 21, Subchapter A, Section 21.1; the repeal of Section 21.9 – 21.11, and new proposed Sections 21.9 – 21.10 of the Board rules, concerning the General Provisions (*H.B. 700, 84th Texas Legislature*)
- (9) Consideration of adopting the Commissioner's recommendation to the Committee relating to the repeal of Chapter 21, Subchapter D, Section 21.100 of Board rules, concerning the Hinson-Hazlewood College Student Loan Program
- (10) Consideration of adopting the Commissioner's recommendations to the Committee relating to the repeal of Chapter 21, Subchapter G, Sections 21.171 – 21.176, and proposed new Sections 21.171 – 21.176, concerning the Teach for Texas Loan Repayment Assistance Program
- (11) Consideration of adopting the Commissioner's recommendation to the Committee relating to the repeal of Chapter 21, Subchapter H, Sections 21.191 – 21.207 of Board rules, concerning the Teacher Education Loan Program (*S.B. 457, 71st Texas Legislature*)
- (12) Consideration of adopting the Commissioner's recommendation to the Committee relating to the repeal of Chapter 21, Subchapter I, Sections 21.221 – 21.241 of Board rules, concerning the Future Teacher Loan Program (*S.B. 457, 71st Texas Legislature*)
- (13) Consideration of adopting the Commissioner's recommendation to the Committee relating to the repeal of Chapter 21, Subchapter L, Sections 21.301 – 21.325 of Board rules, concerning the Paul Douglas Teacher Scholarship Program (*H.R. 1944, 104th Congress, 1995*)
- (14) Consideration of adopting the Commissioner's recommendation to the Committee relating to the repeals of Chapter 21, Subchapter O, Sections 21.465 – 21.477 and Subchapter LL, Sections 21.2050 – 21.2056 of Board rules, concerning the Early Childhood Care Provider Student Loan Repayment Program

- (15) Consideration of adopting the Commissioner's recommendation to the Committee relating to proposed amendments to Chapter 21, Subchapter S, Sections 21.590 – 21.596, concerning the Border County Doctoral Faculty Education Loan Repayment Program.
- (16) Consideration of adopting the Commissioner's recommendation to the Committee relating to the repeal of Chapter 21, Subchapter DD, Sections 21.970 – 21.980 of Board rules, concerning the Minority Doctoral Incentive Program of Texas

Committee on Affordability, Accountability and Planning

AGENDA ITEM IV

Public Testimony on Agenda Items Relating to the Committee on Affordability, Accountability and Planning

RECOMMENDATION: No action required

Background Information:

PUBLIC TESTIMONY: The presiding chair shall designate whether public testimony will be taken at the beginning of the meeting, at the time the related item is taken up by the Board after staff has presented the item, or at any other time as determined by the presiding chair.

Committee on Affordability, Accountability and Planning

AGENDA ITEM V-A

Consideration of adopting the Commissioner's recommendation to the Committee relating to funding formulas for use by the Governor and the Legislative Budget Board in making appropriations recommendations to the appropriate Legislative Committees

RECOMMENDATION: Approval

Background Information:

Every two years the Coordinating Board is required to make recommendations to the Governor and Legislative Budget Board regarding formula funding appropriations for public higher education institutions in Texas. These recommendations must be provided by June 1, 2016. Staff will present an overview of each funding methodology.

1. Consideration of funding formulas for two-year community colleges, and state colleges
 - Commissioner Recommendations
 - Differences between Commissioner and Committee Recommendations
2. Consideration of funding formulas for health-related institutions
 - Commissioner Recommendations
 - Differences between Commissioner and Committee Recommendations
3. Consideration of funding formulas for general academic institutions
 - Commissioner Recommendations
 - Differences between Commissioner and Committee Recommendations
4. Consideration of funding formulas for Texas State Technical Colleges
 - Commissioner Recommendations
 - Differences between Commissioner and Committee Recommendations

Formula Advisory Committee members will present their recommendations to the Committee.

Dr. Julie Eklund, Assistant Commissioner for Strategic Planning and Funding, and Mr. David Young, Director of Special Projects, Strategic Planning and Funding, will present the Commissioner's recommendations.

Committee on Affordability, Accountability and Planning

AGENDA ITEM V-B

Consideration of adopting the Commissioner's recommendation to the Committee relating to the annual report about the financial condition of the state's community college districts (S.B. 1, 83rd Texas Legislature, Regular Session, Rider 13, III-203)

RECOMMENDATION: Approval

Background Information:

An annual report about the financial condition of the state's community colleges is required as referenced in the General Appropriations Act, Senate Bill 1, 83rd Texas Legislature, Rider 13 (page III-203). The rider states:

"Each community college shall provide to the Texas Higher Education Coordinating Board financial data related to the operation of each community college using the specific content and format prescribed by the Coordinating Board. Each community college shall provide the report no later than January 1st of each year. The Coordinating Board shall provide an annual report due on May 1 to the Legislative Budget Board and Governor's Office about the financial condition of the state's community college districts."

The objective of this report is to provide an assessment of the overall financial health of public community colleges and to identify institutions in which the potential for financial stress exists. The analysis included is intended to be a broad financial evaluation. Other key performance indicators must be taken into account to gain a more robust and complete understanding of institutional strength. This analysis is not intended for peer group comparisons or for benchmarking purposes.

A draft report was provided to the community colleges, with a response due by February 24, 2016. No comments were received from community colleges.

A draft report will be sent under separate cover.

Mr. David Young, Director of Special Projects, Strategic Planning and Funding, is available for questions.

Committee on Affordability, Accountability and Planning

AGENDA ITEM V-C

Consideration of adopting the staff recommendations relating to the Coordinating Board's Legislative Agenda for the 85th Texas Legislature

RECOMMENDATION: Approval

Background Information:

The 85th Texas Legislature will convene on January 10, 2017. This will be the first Texas legislative session held during the timeframe of *60x30TX*, and the actions taken by this Legislature will be crucial for setting the groundwork for how the state will achieve its long-range goals.

Based on the Board's initial direction, the External Relations staff has been working with stakeholders to develop and refine higher education policy recommendations for consideration by the next Legislature. The Board will consider these final recommendations, which if adopted, will be pursued with legislative and statewide officeholders in advance of the 85th Legislature.

John Wyatt, Director for External Relations, will provide an overview of the staff legislative recommendations and be available to answer any questions.

Committee on Affordability, Accountability and Planning

AGENDA ITEM V-D

Consideration of adopting the staff recommendation to the Committee relating to approval of the appointment of student representatives to the Financial Aid Advisory Committee

RECOMMENDATION: Appointment student representatives

Background Information:

Texas Education Code, Section 61.071 directs the Coordinating Board to appoint student representatives to various advisory committees each year. This agenda item relates to the appointment of a student representative to the Financial Aid Advisory Committee.

The term of membership for student members of this committee starts June 1, 2016, and ends May 31, 2018.

In September 2015, the Coordinating Board requested nominations for non-voting student representatives to serve on the Texas Higher Education Coordinating Board's advisory committees. After the December 1 deadline to submit applications, staff received only one nomination for the Financial Aid Advisory Committee (FAC). Upon further review, staff discovered that original correspondence erroneously noted that the FAAC did not have any vacancies at this time and therefore was not seeking nominations.

In order to give all students who are interested in serving on this committee an opportunity to apply, the nomination process was re-opened with a deadline to submit all applications to the Coordinating Board by **March 1, 2016**.

The recommended student representatives will be sent under separate cover prior to the March 30 meeting of the Committee on Affordability, Accountability and Planning.

Linda Battles, Deputy Commissioner for Agency Operations and Communications/COO, will be available to answer any questions.

Committee on Affordability, Accounting and Planning

AGENDA ITEM V-E

Presentation by Texas Guaranteed Student Loan Corporation (TG) on the Financial Coaching aspect of the Pilot Project on Default Prevention and Financial Aid Literacy (S.B. 680, 83rd Texas Legislature, Regular Session)

RECOMMENDATION: No action required

Background Information:

As part of the 60x30TX long-range plan, the Coordinating Board is working with stakeholders like the Texas Guaranteed Student Loan Corporation (TG) to build the financial literacy of Texans to promote a better understanding of how and why to pay for higher education through the implementation of personal financial literacy programs to support students going to college.

Ms. Cynthia Marrs, Financial Education Consultant; Ms. Bridget Price, Customer Relationship Specialist; and Mr. Chris Scott, Program Director with TG will present on the financial coaching aspect of the Default Prevention and Financial Literacy pilot project.

Committee on Affordability, Accountability and Planning

AGENDA ITEM V-F

Report on data highlight: Completion

RECOMMENDATION: No action required

Background Information:

The second goal of the *60x30TX* higher education strategic plan states: At least 550,000 students in 2030 will complete a certificate, associate, bachelor's, or master's from an institution of higher education in Texas. Public, private, and career higher education institutions will all have an important role in helping the state meet this goal, which allows flexibility for institutions to develop individualized approaches. What is common for all stakeholders is the need to effectively use data to understand completion patterns across different student characteristics and to track institutional, regional, and statewide results. This presentation will look at several elements of completion, including master's degree completion, a level not included in the *Closing the Gaps* Success Goal but one that is important for helping Texas compete in a global marketplace.

Dr. Julie Eklund, Assistant Commissioner for Strategic Planning and Funding, will provide a presentation.

Committee on Affordability, Accountability and Planning

AGENDA ITEM V-G

Report on facilities projects that were submitted to the Coordinating Board

RECOMMENDATION: No action required

Background Information:

Senate Bill 215, 83rd Texas Legislature, Regular Session, shifted the authority to approve capital projects from the Texas Higher Education Coordinating Board (THECB) to the Boards of Regents. However, it requires that institutions continue to report projects to the Board and that THECB staff continue to review facilities projects. The Board must submit a report to the governor, lieutenant governor, speaker of the house, and Legislative Budget Board on all projects that do not meet standards.

Dr. Julie Eklund, Assistant Commissioner for Strategic Planning and Funding, will be available to answer questions.

Reviewed Projects

Institution Project Name	Project Cost	Space Usage	Space Need	Cost	Building Efficiency
University of Texas Southwestern Medical Center <i>Construct West Campus Phase 1</i>	\$232,000,000	Yes	Yes	Yes	Yes
Texas A&M University at Galveston <i>Construct Academic Building Complex Phase 1</i>	\$46,600,000	Yes	Yes	Yes	Yes
Texas Tech University <i>Renovate Engineering and Materials Research Center</i>	\$29,207,030	Yes	Yes	Yes	Yes
Texas Tech University <i>Construct Rawls College of Business Administration Addition</i>	\$15,000,000	Yes	Yes	Yes	No
Texas Tech University <i>Construct the Plant and Soil Sciences Building</i>	\$14,340,000	Yes	Yes	Yes	No
Texas Tech University <i>Renovate Petroleum Engineering Phase 1 (IE Relocation)</i>	\$5,000,000	Yes	Yes	Yes	Yes
Texas State University <i>Construct Library Repository</i>	\$15,415,900	Yes	Yes	Yes	Yes
Texas State University <i>Purchase of 1921 Old RR12</i>	\$1,250,000	NA ¹	Yes	Yes	NA ²
University of Houston <i>Resubmit Renovate Energy Research Park Building 5</i>	\$13,000,000	Yes	Yes	Yes	Yes

¹ The Space Usage standard is Not Applicable (NA) to property purchases.

² The Building Efficiency standard is Not Applicable (NA) to property purchases.

Committee on Affordability, Accountability and Planning

AGENDA ITEM V-H (1)

Consideration of adopting the Commissioner's recommendation to the Committee relating to amendments to Chapter 1, Subchapter A, Section 1.18 (c) (1) concerning Education Research Center Advisory Board status as a governmental body (S.B. 685, 84th Texas Legislature, Regular Session)

RECOMMENDATION: Approval

Background Information:

During its four-year review of the Texas Administrative Code, Coordinating Board staff found that the rule concerning Education Research Centers (ERC) had not been updated to reflect a legislative change adopted during the 84th Regular Legislative Session as per Senate Bill 685 by Senator Kel Seliger.

The amendment to Chapter 1, Subchapter A, Section 1.18 (c) (1) concerning status as a governmental body changes the Education Research Center Advisory Board status from "is not" to "is considered to be" a governmental body for the purposes of Chapters 551 and 552 of the Texas Government Code, as provided in Texas Education Code, Section 1.006(b). These chapters (551 and 552) concern open meetings and public information. The ERC rules currently state that ERC meetings are open to the public; that language will remain with the additional provisions noted above.

Dr. Julie A. Eklund, Assistant Commissioner for Strategic Planning and Funding, is available to answer questions.

Date approved by the Commissioner for publication in the *Texas Register*: January 25, 2016.

Date posted in the *Texas Register*: January 25, 2016.

Date Published in the *Texas Register*: February 5, 2016.

The 30-day comment period with the *Texas Register* ends on: March 5, 2016.

No comments were received.

Chapter 1 Agency Administration

Subchapter A General Provisions

Section

- 1.1 Dates for Regular Quarterly Meetings of the Board
- 1.2 Authority of the Commissioner to Interpret Rules
- 1.3 Educational Data
- 1.4 Rules of Order
- 1.5 Coordinating Board Committees
- 1.6 Advisory Committees
- 1.7 Petition for the Adoption of Rules
- 1.8 Historically Underutilized Business (HUBs) Program
- 1.9 Training for Members of Governing Boards and Board Trustees
- 1.10 Administration of the Open Records Act
- 1.11 Protest Procedures for Resolving Vendor Protests Relating to Purchasing Issues
- 1.12 Foreign Travel
- 1.13 Internal Auditor and Compliance Monitoring
- 1.14 Negotiated Rulemaking
- 1.15 Authority of the Commissioner to Propose Board Rules
- 1.16 Contracts, Including Grants, for Materials and/or Services
- 1.17 Authority of the Commissioner to Provide Direct Supervision of the Education Research Centers
- 1.18 Operation of Education Research Centers
- 1.19 Education and Training of Board Administrators and Employees

1.1 – 1.17 No Changes

1.18 Operation of Education Research Centers

(a) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.

(1) FERPA means the Family Educational Rights and Privacy Act, 42 U.S.C. §1232g, including regulations and informal written guidance issued by the United States Department of Education and any amendments or supplementation thereof.

(2) Cooperating Agencies means the Texas Education Agency (TEA), the Texas Higher Education Coordinating Board (CB), and the Texas Workforce Commission (TWC).

(3) P-20/Workforce Data Repository refers to the collection of data from each Cooperating Agency. The cooperating agencies shall execute agreements for the sharing of data for the purpose of facilitating the studies or evaluations at Education Research Centers (ERCs). In accordance with the agreements, each cooperating

agency shall make available all appropriate data, including to the extent possible data collected by the cooperating agency for the preceding 20 years. A cooperating agency shall periodically update the data as additional data is collected, but not less than once each year. The repository shall be operated by the CB.

(4) The CB may enter into data agreements for data required for approved studies or evaluations with the state education agency of another state, giving priority to the agencies of those states that send the highest number of postsecondary education students to this state or that receive the highest number of postsecondary education students from this state. An agreement under this paragraph must be reviewed by the United States Department of Education and must require the agency of another state to comply with all data security measures required of a center. The CB may also enter into data agreements with local agencies or organizations that provide education services to students in this state or that collect data that is relevant to current or former students of public schools in this state and is useful to the conduct of research that may benefit education in this state.

(5) Confidential information as applied to data in the P-20/Workforce Data Repository provided to an ERC includes all individual-level data, including any data cells small enough to allow identification of an individual. All data cells containing between one and four individuals, inclusive, are confidential.

(A) Small data cells will be considered any cell containing between one and four individuals inclusive. Information may not be disclosed where small data cells can be determined through subtraction or other simple mathematical manipulations or subsequent cross-tabulation of the same data with other variables. Institutions may use any of the common methods for masking including:

- (i) hiding the small cell and the next larger cell on the row and column so the size of the small cell cannot be determined; or
- (ii) hiding the small cell and displaying the total for both the row and column as a range of at least ten; or
- (iii) any methodology approved by the cooperating agencies.

(B) References to the CB shall also be deemed to include the Commissioner of Higher Education. References to the TEA shall also be deemed to include the Commissioner of Education. References to the TWC shall also be deemed to include the Workforce Commissioners.

(b) Purpose.

(1) ERCs shall be established by the CB. An ERC may only be established at a sponsoring public institution of higher education in Texas but may be awarded to a consortium of such institutions. An ERC must be physically located within Texas and

must retain all data at that location except for secure off-site data back-up in accordance with written procedures approved by the Advisory Board. Individual level data may not be provided to a researcher at a location other than a Research Center or the CB or a public institution of higher education located in Texas that is an acknowledged consortium member of the ERC.

(2) The CB is responsible for general oversight and technical assistance of ERCs, except as otherwise provided in this chapter. All policy decisions shall be approved by the CB.

(3) Sponsoring institutions of higher education are responsible for all equipment, salaries and other operating costs of an ERC, including documented staff time and equipment at TEA and the CB necessary to prepare and maintain data for the ERCs, as well as reasonable reimbursable expenses of the Advisory Board. Costs will include actual documented expenses up to two full-time equivalent employees at TEA and CB along with associated data storage costs as set by DIR for the data center consolidation rates unless otherwise agreed to by the CB and the ERCs.

(4) The ERCs may provide researchers access to shared data only through secure methods and require each researcher to execute an agreement regarding compliance with the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. §1232g) and rules and regulations adopted under that Act. Each ERC shall adopt rules or policies to protect the confidentiality of information used or stored at the center in accordance with applicable state and federal law, including rules or policies establishing procedures to ensure that confidential information is not duplicated or removed from a center in an unauthorized manner.

(c) Advisory Board.

(1) The Commissioner of Higher Education shall create and maintain an advisory board to review and approve, as it deems appropriate, research involving access to confidential information and to adopt policies and rules governing the protection of such information in ERC operations. The Advisory Board is considered to be ~~[not]~~ a governmental body for purposes of Chapters 551 and 552 of the Texas Government Code.

(2) Membership of the Advisory Board shall include, at a minimum:

- (A) the Commissioner of Higher Education, as Chair;
- (B) a representative of TEA, designated by the Commissioner of Education;
- (C) a representative of the CB, designated by the Commissioner of Higher Education;
- (D) a representative of the TWC, designated by the Commission;

- (E) the Director or Director's designee of each ERC; and
- (F) a representative of preschool, elementary, or secondary education, designated by the Commissioner of Higher Education.
- (G) Additional member(s) may be appointed within the discretion of and as determined by the Commissioner of Higher Education.

(3) The Advisory Board will review each study or evaluation proposal. A study or evaluation proposal must be approved in advance by majority vote of the Advisory Board before it can be conducted at an ERC. The Advisory Board's review of a proposal must include the following factors:

- (A) the potential to benefit education in Texas;
- (B) require each ERC Director or designee to approve of the research design and methods to be used; and
- (C) the extent to which the required data is not readily available from another source.

(4) The Advisory Board will decide if a submitted proposal falls under the "studies" exception or the "audit/evaluation" exception described in FERPA and its implementing regulations. Should a proposed study or evaluation not be permitted by FERPA or its implementing regulations, the proposal will be denied.

(5) Each ERC will enter into a written agreement with each researcher mandating the researcher's compliance with FERPA.

(6) The Advisory Board shall meet at the call of the Chair at least quarterly each year and such meetings will be open to the public.

(7) Meetings may be conducted by electronic means, including telephonic, video conference call, Internet, or any combination of those means.

(8) The Advisory Board may create committees and subcommittees as it deems necessary or appropriate.

(d) Operation.

(1) An ERC may operate only under written authorization by the CB. Status as an ERC may not be assigned, delegated or transferred to any other entity.

(2) An ERC shall be led by a managing Director who is a professional employee of the sponsoring institution of higher education (IHE). The managing Director shall report

directly to the chief operating officer of the sponsoring IHE unless a different reporting structure is approved by the CB.

(3) All research at an ERC involving access to confidential information shall be conducted with the approval of the Advisory Board or by request of the Texas Workforce Commission, Commissioner of Higher Education or the Commissioner of Education if the requesting agency provides sufficient funds to the ERC to finance the project.

(4) Confidential information provided to an ERC shall be protected by procedures to ensure that any unique identifying number is not traceable to any individual. Such procedures must be maintained as confidential by TEA and the CB and may not be shared with an ERC, or used for any other purpose. Under no circumstances may social security numbers, names, or birthdates be accessed for the purpose of research at an ERC.

(5) ERCs shall adopt written procedures for research conducted using confidential information, subject to FERPA and its implementing regulations and approval by the Advisory Board. An ERC may not access confidential information until all such procedures are approved. Such procedures shall include:

- (A) measures to ensure against unauthorized disclosure of confidential information;
- (B) independent review of all research products/results by a designated ERC staff person not involved in that specific project to ensure against unauthorized disclosure of confidential information in accordance with guidelines adopted under FERPA;
- (C) measures to ensure that confidential information is not copied or removed from the ERC;
- (D) annual certification of full compliance with all requirements of state and federal laws and regulations regarding the use of confidential information for research purposes by the internal auditor of each participating IHE;
- (E) before final approval of a research proposal by the Advisory Board, the researcher must certify that the research proposal complies with the IHE's institutional review board or similar research review board with oversight over research design, including any applicable requirements for research involving human subjects the ERC shall provide evidence of approval from the IRB or justification for exclusion from the IRB process before a researcher has access to any data; and
- (F) criteria for allocating research access capacity for researchers not affiliated with the sponsoring IHEs.

(6) All final research reports or analysis produced at an ERC shall:

(A) be made available upon request to the cooperating agencies;

(B) a single copy shall be made available to the cooperating agencies for any copyright publications at no cost to the cooperating agencies; institutionally produced or non-copyright publications shall be available for public distribution, copying or reproduction at no cost to the cooperating agencies;

(C) contain a disclaimer in a form acceptable to the cooperating agencies stating that the conclusions of the research do not necessarily reflect the opinion or official position of those entities or of the State of Texas;

(7) An ERC shall comply with the requirements of the Texas Public Information Act, including requirements relating to data manipulation. Charges for processing Public Information Act requests shall be based on guidelines developed by the Texas Attorney General's Office.

(8) A sponsoring IHE shall cooperate fully with all audit requests made by the CB or the Advisory Board. Each ERC shall annually request and undergo a security audit performed by the Texas Department of Information Resources, or a contractor approved by that Department, which shall include a penetration test of computer equipment and access, and provide the results thereof to the CB.

(9) Research projects that require access to data not then included in the database maintained by the CB for research will be provided by the cooperating agencies if available. An ERC will be charged the cost to process or manipulate such data.

(e) Sanctions and Termination.

(1) Upon a determination that confidential information has been released or has been copied to another location, or that appropriate security measures are not in place to protect confidential information, the CB may, in addition to other remedies set forth in this section, require an ERC to obtain appropriate services or equipment or to remove confidential information from such other location in order to remedy a security deficit. Such services or equipment shall be purchased by the ERC from vendors subject to approval of the CB.

(2) The ERC under review shall be required to pay all reasonable costs to the CB for time necessary to re-audit and ensure appropriate security measures are in place after a possible breach occurs.

(3) An ERC may be terminated by the CB for failure to meet the requirements of state or federal law, of this subchapter, or of the terms of a contract establishing the ERC. An ERC shall be entitled to an informal review of a determination to terminate its

status by a designee of the Commissioner of Higher Education prior to the effective date of the termination. An ERC shall return all confidential data to the CB within five (5) days

of its receipt of a notice of termination and shall not retain a copy, replica, or duplicate thereof, whether in whole or in part. The Commissioner of Higher Education may suspend an ERC while determining whether the ERC's failure to meet the requirements of state or federal law, of this subchapter, or of the terms of a contract establishing the ERC are of such significance to warrant termination. An ERC may not operate during any period of time it is suspended.

(4) Notice of termination under paragraphs (1) and (2) of this subsection shall be provided to the ERC's designated representative and shall contain information regarding the reasons for the termination.

(5) A termination made pursuant to this section shall become final and binding unless, within 30 days of its receipt of the notice of termination, the ERC invokes the administrative remedies contained in Subchapter B of this chapter (relating to Dispute Resolution). If this chapter is so invoked, any ultimate recommendations regarding termination shall be made to the CB which, in turn, shall render its decision in due course. The ERC shall be suspended during the pendency of any such proceedings.

(f) Security.

(1) An ERC must comply with all requirements of FERPA in accessing confidential information to conduct research. Notwithstanding any other provision in this subchapter, failure to maintain adequate security to avoid the unauthorized disclosure of confidential information provided to the ERC shall be grounds for immediate termination of the authorization to access such data.

(2) The CB may suspend access to confidential information provided to an ERC based on a significant risk of unauthorized disclosure of confidential information.

1.19 No Change

Committee on Affordability, Accountability and Planning

AGENDA ITEM V-H (2)

Consideration of adopting the Commissioner's recommendation to the Committee relating to amendments to Chapter 1, Subchapter K, Sections 1.156, 1.158, and 1.161 concerning the Formula Advisory Committee – Community and Technical Colleges

RECOMMENDATION: Approval

Background Information:

During its four-year review of the Texas Administrative Code, Coordinating Board staff found citations that needed to be corrected and a provision that needed to be revised so it would be consistent with other provisions.

Section 1.156 provides the statutory authority for this subchapter. It is amended to include Texas Education Code, Section 61.059 (b-1), which is the authority for the requirement in Section 1.158 that membership on the formula advisory committee include representatives of each accountability group.

Section 1.158 currently specifies that the formula advisory committee may appoint subcommittees. The amendment adds "or workgroups as necessary to complete the work," which is consistent with the rules for the formula advisory committees for the general academic institutions and the health-related institutions.

The amendment in Section 1.161 corrects the citation regarding the state's higher education master plan from Section 61.051 (a-2) to 61.051 (a-1).

Dr. Julie Eklund, Assistant Commissioner for Strategic Planning and Funding, is available to answer questions.

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No comments were received.

Chapter 1. Agency Administration

Subchapter K. Formula Advisory Committee – Community and Technical Colleges

Section

1.156 Authority and Specific Purposes of the Community and Technical Colleges Formula Advisory Committee

1.157 Definitions

1.158 Committee Membership and Officers

1.159 Duration

1.160 Meetings

1.161 Tasks Assigned to the Committee

1.162 Report of Fundable Operating Expenses

1.163 Report to the Board; Evaluation of Committee Costs and Effectiveness

1.156 Authority and Specific Purposes of the Community and Technical Colleges Formula Advisory Committee

(a) Authority. Statutory authority for this subchapter is provided in the Texas Education Code, §61.059 (b) and (b-1).

(b) Purposes. The Community and Technical Colleges Formula Advisory Committee is created to provide the Board with advice and recommendation(s) regarding a set of formulas that provide appropriate funding levels and financial incentives necessary to best achieve the goals of the state's higher education plan. The committee also performs other duties related to formula funding that the Board finds to be appropriate.

1.157 No changes.

1.158 Committee Membership and Officers

(a) Membership shall consist of senior administrators at Texas public community or technical colleges with knowledge of the current funding formulas and the educational goals of the state.

(b) Membership on the committee should include:

(1) Representatives of each accountability group;

(2) Faculty;

- (3) Presidents and/or Chancellors; and
- (4) Chief Financial and/or Academic Officers.
- (c) Interested persons, such as legislative and governmental relations staff, shall be regularly advised of committee meetings.
- (d) The number of committee members shall not exceed twenty-four (24).
- (e) The committee may appoint subcommittees or workgroups as necessary to complete the work. The subcommittees or workgroups may include members from the formula advisory committee and other institutional representatives as appropriate.
- (f) Members of the committee shall select the presiding officer, who will be responsible for conducting meetings and conveying committee recommendations to the Board.
- (g) Members shall serve for a term of six years.

1.159 – 1.160 No changes.

1.161 Tasks Assigned to the Committee

Tasks assigned to the committee include:

- (1) Study and make recommendations for the appropriate funding levels for each formula;
- (2) Study and make recommendations for modification to the formulas that will increase effectiveness and efficiencies of the programs delivered;
- (3) Identify funding incentives that would support the achievement of the state's goals outlined in the long-term master plan for higher education authorized in the Texas Education Code, §61.051 (a-1) [~~(a-2)~~]; and
- (4) Any other charges issued by the Commissioner of Higher Education.

1.162 – 1.163 No changes.

Committee on Affordability, Accountability and Planning

AGENDA ITEM V-H (3)

Consideration of adopting the Commissioner's recommendation to the Committee relating to amendments to Chapter 1, Subchapter L, Sections 1.164 and 1.169 concerning the Formula Advisory Committee – General Academic Institutions

RECOMMENDATION: Approval

Background Information:

During its four-year review of the Texas Administrative Code, Coordinating Board staff found citations that needed to be corrected.

Section 1.164 provides the statutory authority for this subchapter. It is amended to include Texas Education Code, Section 61.059 (b-1), which is the authority for the requirement in Section 1.166 that membership on the formula advisory committee include representatives of each accountability group.

The amendment in Section 1.169 corrects the citation regarding the state's higher education master plan from Section 61.051 (a-2) to 61.051 (a-1).

Dr. Julie Eklund, Assistant Commissioner for Strategic Planning and Funding, is available to answer questions.

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The 30-day comment period with the *Texas Register* ends on: March 5, 2016.

No comments were received.

Chapter 1. Agency Administration

Subchapter L. Formula Advisory Committee – General Academic Institutions

Section

- 1.164 Authority and Specific Purposes of the General Academic Institutions Formula Advisory Committee
- 1.165 Definitions
- 1.166 Committee Membership and Officers
- 1.167 Duration
- 1.168 Meetings
- 1.169 Tasks Assigned the Committee
- 1.170 Report to the Board; Evaluation of Committee Costs and Effectiveness

- 1.164 Authority and Specific Purposes of the General Academic Institutions Formula Advisory Committee

(a) Authority. Statutory authority for this subchapter is provided in the Texas Education Code, §61.059 (b) and (b-1).

(b) Purposes. The General Academic Institutions Formula Advisory Committee is created to provide the Board with advice and recommendation(s) regarding a set of formulas that provide appropriate funding levels and financial incentives necessary to best achieve the goals of the state's higher education plan. The committee also performs other duties related to formula funding that the Board finds to be appropriate.

1.165 – 1.168 No changes.

- 1.169 Tasks Assigned to the Committee

Tasks assigned to the committee include:

(1) Study and make recommendations for the appropriate funding levels for each formula;

(2) Study and make recommendations for modification to the formulas that will increase effectiveness and efficiencies of the programs delivered;

(3) Identify funding incentives that would support the achievement of the state's goals outlined in the long-term master plan for higher education authorized in the Texas Education Code, §61.051 (a-1) ~~[(a-2)]~~; and

(4) Any other charges issued by the Commissioner of Higher Education.

1.170 No changes.

Committee on Affordability, Accountability and Planning

AGENDA ITEM V-H (4)

Consideration of adopting the Commissioner's recommendation to the Committee relating to an amendment to Chapter 1, Subchapter M, Section 1.176 concerning the Formula Advisory Committee – Health-Related Institutions

RECOMMENDATION: Approval

Background Information:

During its four-year review of the Texas Administrative Code, Coordinating Board staff found a citation that needed to be corrected.

The amendment in Section 1.176 corrects the citation regarding the state's higher education master plan from Section 61.051 (a-2) to 61.051 (a-1).

Dr. Julie Eklund, Assistant Commissioner for Strategic Planning and Funding, is available to answer questions.

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Date Published in the *Texas Register*: February 5, 2016.

The 30-day comment period with the *Texas Register* ends on: March 5, 2016.

No comments were received.

Chapter 1. Agency Administration

Subchapter M. Formula Advisory Committee – Health-Related Institutions

Section

- 1.171 Authority and Specific Purposes of the Health-Related Institutions Formula Advisory Committee
- 1.172 Definitions
- 1.173 Committee Membership and Officers
- 1.174 Duration
- 1.175 Meetings
- 1.176 Tasks Assigned the Committee
- 1.177 Report to the Board; Evaluation of Committee Costs and Effectiveness

1.171 – 1.175 No changes.

1.176 Tasks Assigned the Committee

Tasks assigned the committee include:

- (1) Study and make recommendations for the appropriate funding levels for each formula;
- (2) Study and make recommendations for modification to the formulas that will increase effectiveness and efficiencies of the programs delivered;
- (3) Identify funding incentives that would support the achievement of the state's goals outlined in the long-term master plan for higher education authorized in the Texas Education Code, §61.051 (a-1) [(a-2)]; and
- (4) Any other charges issued by the Commissioner of Higher Education.

1.177 No changes.

Committee on Affordability, Accountability and Planning

AGENDA ITEM V-H (5)

Consideration of adopting the Commissioner's recommendation to the Committee relating to proposed new rules under Chapter 1, Subchapter CC, concerning the creation of the Financial Literacy Advisory Committee

RECOMMENDATION: Approval

Background Information:

Specifically, these new rules govern the purpose, membership, meeting requirements, tasks, reporting requirements, and abolishment date of the Financial Literacy Advisory Committee.

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

Date approved by the Commissioner for publication in the *Texas Register*: February 8, 2016.

Date published in the *Texas Register*: February 19, 2016.

The 30-day comment period with the *Texas Register* ended on March 19, 2016.

No comments were received regarding the amendments or repeal.

CHAPTER 1. AGENCY ADMINISTRATIONSUBCHAPTER CC. FINANCIAL LITERACY ADVISORY COMMITTEESection

- 1.9521 Authority and Specific Purposes of the Financial Literacy Advisory Committee.
- 1.9522 Definitions.
- 1.9523 Committee Membership and Officers.
- 1.9524 Duration.
- 1.9525 Meetings.
- 1.9526 Tasks Assigned the Committee.
- 1.9527 Report to the Board; Evaluation of Committee Costs and Effectiveness.

1.9521. Authority and Specific Purposes of the Financial Literacy Advisory Committee.

(a) Authority. Statutory authority for this subchapter is provided in the Texas Government Code, Chapter 2110, Section 2110.0012.

(b) Purposes. The Financial Literacy Advisory Committee is created to provide the Board with advice and recommendations regarding ways to better advise students and parents on financial aid options and the impact of those options on students' finances before, during, and after their college careers.

1.9522. Definitions.

The following words and terms, when used in this subchapter, shall have the following meanings:

(1) Board – The Texas Higher Education Coordinating Board.

(2) Interested persons – persons who attend committee meetings as representatives of stakeholder entities and any other persons who have made their interest in the work of the committee known to its presiding officer. Such interested persons may participate in committee discussions, as invited by the presiding officer to do so, but do not have the authority to cast votes.

1.9523. Committee Membership and Officers.

(a) Membership on the committee shall include leaders from:

(1) Student financial aid

(2) Higher education

(3) K-12 education

(4) Community-based organizations

(5) Business

(b) Interested persons, such as institutional representatives, and legislative and governmental relations staff shall be regularly advised of committee meetings.

(c) The number of committee members shall not exceed 24.

(d) Members of the committee shall select the presiding officer, who will be responsible for conducting meetings. A co-chair shall also be elected by the committee to serve in the presiding officer's stead as needed.

(e) Members shall serve staggered 2-year terms and may serve multiple terms.

1.9524. Duration.

The committee shall be abolished no later than January 1, 2020 in accordance with Texas Government Code, Chapter 2110. It may be reestablished by the Board.

1.9525. Meetings.

The committee shall meet on a monthly basis, as required by workload and tasks. Special meetings may be called as deemed appropriate by the presiding officer. Meetings shall be open to the public and broadcast via the web, unless prevented by technical difficulties. Minutes shall be available to the public after they have been prepared by the Board staff and reviewed by members of the committee.

1.9526. Tasks Assigned the Committee.

Tasks assigned the committee include:

(1) recommendations for statewide strategies to better advise students and parents on financial aid options, choice of major and future career. As well as the impact of those options on students' finances before, during, and after their college careers; and

(2) solicit input from stakeholders across the state.

1.9527. Report to the Board; Evaluation of Committee Costs and Effectiveness.

The committee shall report any recommendations to the Board on no less than an annual basis. The committee shall also report committee activities to the Board to allow the Board to properly evaluate the committee's work, usefulness, and the costs related to the committee's existence. The Board shall report its evaluation to the Legislative Budget Board in its biennial Legislative Appropriations Request.

Committee on Affordability, Accountability and Planning

AGENDA ITEM V-H (6)

Consideration of adopting the Commissioner's recommendation to the Committee relating to amendments to Chapter 13, Subchapter A, Section 13.1 concerning the Definitions section of the financial planning rules

RECOMMENDATION: Approval

Background Information:

During its four-year review of the Texas Administrative Code, Coordinating Board staff found definitions in Section 13.1 that needed to be updated.

The definition of functional categories is expanded to include scholarships and fellowships, depreciation, and auxiliary enterprises.

The citation for the definition of General Academic Institutions is corrected from Section 61 to 61.003 (3).

The term "Higher Education Assistance Fund (HEAF)" is changed to "Higher Education Fund (HEF)" to conform to the General Appropriations Act.

The definition of independent institutions of higher education is expanded to include the citation Texas Education Code, Section 61.003 (15), which lists the criteria for being an independent institution of higher education, and the citation regarding exemption from taxation is corrected from Article V of the Texas Constitution to Article VIII.

The definition of Institution of Higher Education or Institution is expanded to include public state colleges to conform to Texas Education Code, Section 61.003 (8).

In the definition of Local Funds, "educational general" is changed to "educational and general" to conform to the Texas Education Code.

The definition of Non-Degree-Credit Developmental Courses is deleted because this term is not used in Chapter 13. In Section 13.1, definition numbers 22, 23, and 24 are renumbered to 21, 22, and 23, respectively, because definition number 21, Non-Degree-Credit Developmental Courses, is deleted.

Dr. Julie Eklund, Assistant Commissioner for Strategic Planning and Funding, is available to answer questions.

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The 30-day comment period with the *Texas Register* ends on: March 5, 2016.

No comments were received.

Chapter 13. Financial Planning

Subchapter A. Definitions

Section

13.1 Definitions

13.1 Definitions

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Auxiliary Enterprise--Activities providing a service to students, faculty, or staff for a fee directly related to, although not necessarily equal to, the cost of the service.

(2) Available University Fund (AUF)--A fund established in Article 7, §18, of the Texas Constitution to receive all interest and earnings of the Permanent University Fund and used to pay the debt service on PUF-backed bonds.

(3) Base Year--The semesters comprising the year of contact hours used for applying the formula funding distribution to the colleges and universities (usually the summer and fall of even years and the spring of odd years).

(4) Board or Coordinating Board--The Texas Higher Education Coordinating Board.

(5) Contact Hour--A time unit of instruction used by community, technical, and state colleges consisting of 60 minutes, of which 50 minutes must be direct instruction.

(6) Current Operating Funds--Unrestricted (appropriated) funds, designated funds, restricted funds, and auxiliary enterprise funds.

(7) Developmental Coursework--Non-degree-credit courses designed to address a student's deficiencies.

(8) Developmental Education--Courses, tutorials, laboratories, or other efforts to bring student skills in reading, writing, and mathematics to entering college level. English as a Second Language (ESL) courses may be considered developmental education, but only when they are used to bring student skill levels in reading or writing to entering college level. The term as used in this chapter does not include courses in study skills or thinking skills.

(9) Formula Funding--The method used to allocate appropriated sources of funds among institutions of higher education.

(10) Functional categories (as defined by National Association of College and University Business Officers)--Instruction, research, public service, academic support,

student service, institutional support, operation and maintenance of plant, scholarships and fellowships, depreciation, auxiliary enterprises, and hospital [as defined by NACUBO].

(11) General Academic Teaching Institution--Any college, university, or institution so classified in Texas Education Code, Section 61.003 (3), [~~Chapter 61, Texas Education Code,~~] or created and so classified by law.

(12) General Revenue (GR)--State tax revenue

(13) Governmental Accounting Standards Board (GASB)--An entity created by the Financial Accounting Foundation to set accounting standards for governmental entities including public institutions of higher education.

(14) Higher Education [~~Assistance~~] Fund (HEF) [~~(HEAF)~~]-A fund established in Article 7, §17, of the Texas Constitution to fund capital improvements and capital equipment for institutions not included in the Permanent University Fund.

(15) Independent institution of higher education--A private or independent college or university as defined in Texas Education Code, §61.003(15), that is:

(A) organized under the Texas Non-Profit Corporation Act;

(B) exempt from taxation under Article VIII [~~V~~], §2, of the Texas Constitution and §501(c)(3) of the Internal Revenue Code; and

(C) accredited by the Commission on Colleges of the Southern Association of Colleges and Schools.

(16) Institution of Higher Education or Institution--Any public technical institute, public junior college, public senior college or university, medical or dental unit, public state college, or other agency of higher education as defined in Texas Education Code, §61.003.

(17) Institutional Expenditures--All costs of activities separately organized and operated in connection with instructional departments primarily for the purpose of giving professional training to students as a necessary part of the educational work of the related departments.

(18) Institutional Funds--Fees, gifts, grants, contracts, and patient revenue, not appropriated by the legislature.

(19) Local Funds--Tuition, certain fees, and other educational and general revenue appropriated by the legislature.

(20) National Association of College and University Business Officers (NACUBO)--Provides guidance in business operations of higher education institutions.

~~[(21) Non-Degree Credit Developmental Courses--Courses intended for remedial or compensatory education that bear only institutional credit and are not counted toward the total for a degree or certificate program.]~~

~~(21)~~[(22)] Permanent University Fund (PUF)--A fund established in Article 7, §11, of the Texas Constitution to fund capital improvements and capital equipment at certain institutions of higher education.

~~(22)~~[(23)] Public Junior College, Public Technical Institute, Public State College, or Public Two-Year College--Any public junior college, public community college, public technical college, or public state college as defined in Texas Education Code, §61.003.

~~(23)~~[(24)] Semester Credit Hour--A unit of measure of instruction consisting of 60 minutes, of which 50 minutes must be direct instruction, over a 15-week period in a semester system or a 10-week period in a quarter system.

Committee on Affordability, Accountability and Planning

AGENDA ITEM V-H (7)

Consideration of adopting the Commissioner's recommendation to the Committee relating to amendments to Chapter 13, Subchapter C, Sections 13.42, 13.43, and 13.47 concerning clarification of terms in the rules on budgets

RECOMMENDATION: Approval

Background Information:

During its four-year review of the Texas Administrative Code, Coordinating Board staff found terms that needed to be updated.

Amendments in Section 13.42 change "HEAF" to "HEF" to conform to the General Appropriations Act.

The amendment in Section 13.43 changes "HEAF" to "HEF" to conform to the General Appropriations Act.

Amendments in Section 13.47 change "Higher Education Assistance Fund (HEAF)" to "Higher Education Fund (HEF)", "HEAF" to "HEF", and "HEAF-backed" to "HEF-backed" to conform to the General Appropriations Act.

Dr. Julie Eklund, Assistant Commissioner for Strategic Planning and Funding, is available to answer questions.

Date approved by the Commissioner for publication in the *Texas Register*: January 25, 2016.

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The 30-day comment period with the *Texas Register* ends on: March 5, 2016.

No comments were received.

Chapter 13. Financial Planning

Subchapter C. Budgets

Section

- 13.40 Purpose
- 13.41 Authority
- 13.42 Budget Approval
- 13.43 Distribution of Budgets
- 13.45 Format of Current Operating Funds Budgets
- 13.46 Format for Permanent University Fund/Available University Fund (PUF/AUF) Budget
- 13.47 Format for Higher Education [~~Assistance~~] Fund ~~(HEF)~~ [(HEAF)] Budget

13.40 – 13.41 No changes.

13.42 Budget Approval

- (a) The governing board of each institution shall approve an itemized current operating budget on or before September 1 of each year.
- (b) The governing boards of The University of Texas System and the Texas A&M University System shall approve Permanent University Fund (PUF) and Available University (AUF) budgets on or before September 1 of each year.
- (c) The governing board of each institution eligible to receive ~~HEF~~ [HEAF] appropriations shall approve a ~~HEF~~ [HEAF] budget on or before September 1 of each year.

13.43 Distribution of Budgets

Copies of the current operating funds, PUF/AUF, and ~~HEF~~ [HEAF] budget shall be furnished to the Board and Legislative Budget Board electronically and bound paper copies to the Governor's Budget and Planning Office and Legislative Reference Library by December 1 of each fiscal year. Copies shall be maintained in the institution's library.

13.44 – 13.46 No changes.

13.47 Format for Higher Education [~~Assistance~~] Fund ~~(HEF)~~ [(HEAF)] Budget

The ~~HEF~~ [HEAF] budget shall:

- (1) include all projects approved for funding with ~~HEF~~ [HEAF] bonds by component institution,

(2) include all debt service payments on HEF-backed [~~HEAF-backed~~] bonds by component institution, and

(3) include all capital equipment and library books to be purchased during the fiscal year with HEF [~~HEAF~~] funds.

Committee on Affordability, Accountability and Planning

AGENDA ITEM V-H (8)

Consideration of adopting the Commissioner's recommendation to the Committee relating to amendments to Chapter 21, Subchapter A, Section 21.1; the repeal of Section 21.9 – 21.11, and new proposed Sections 21.9 – 21.10 of the Board rules, concerning the General Provisions of Student Services (H.B. 700, 84th Texas Legislature)

RECOMMENDATION: Approval

Background Information:

Section 21.1 regarding the interest and sinking fund was identified for adjustment during the agency's four-year rule review process and is amended to reflect current student loan bond covenants, statute, and industry standards. Outdated language has been removed. Language has been provided regarding the deposits into the interest and sinking fund to ensure coverage of the ensuing fiscal year's bond obligations (interest and principal). Language has also been provided regarding the Board's ability to transfer excess funds out of the interest and sinking fund and into the Texas Opportunity Plan Fund or the Student Loan Auxiliary Fund.

Due to the elimination of tuition set asides to fund the B-On-Time Loan Program (*House Bill 700, 84th Texas Legislature*), Section 21.9 is repealed and is no longer relevant.

Sections 21.10 and 21.11 are repealed and readopted to reflect renumbering. New Section 21.10 as identified for adjustment during the agency's four-year rule review process and is amended to eliminate reference to the first academic year (2013-2014, or later) to which the financial aid priority application deadline was applicable.

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

Date approved by the Commissioner for publication in the *Texas Register*: February 1, 2016.

Date published in the *Texas Register*: February 12, 2016.

The 30-day comment period with the *Texas Register* ended on March 12, 2016.

No comments were received regarding the amendments or repeal.

CHAPTER 21. STUDENT SERVICES

SUBCHAPTER A. GENERAL PROVISIONS

Section

- 21.1 Fund Requirements for Student Loan Bonds Interest and Sinking Fund.
- 21.2 Determination of Tuition Rate for Nonresident and Foreign Students.
- 21.3 Loan Repayment Deferral for Emergency Loans for Tuition, Mandatory Fees and Textbooks Made Under Texas Education Code, §56.051 for Students Who Enroll in Graduate or Professional Degree Programs.
- 21.4 Collection of Tuition.
- 21.5 Refund of Tuition and Fees at Public Community/Junior and Technical Colleges.
- 21.6 Student Compliance with Selective Service Registration.
- 21.7 Tuition and Fee Definitions.
- 21.8 Definition of Student Financial Need.
- ~~21.9 Collection of Tuition Set Aside for Texas B-On-Time Loan Program.]~~
- ~~21.9[10]~~ Exclusion of Certain Resources in Determining Need for State Aid.
- ~~21.10[11]~~ Priority Deadline for Applying for State Aid.

- 21.1 Fund Requirements for Student Loan Bonds Interest and Sinking Fund.

(a) There shall be deposited into the interest and sinking fund the following.

(1) Money received in each Fiscal Year as repayment of student loans granted under the General Provisions of the Student Financial Assistance Act of 1975. The accumulated amount for all outstanding bonds at each fiscal year end shall be sufficient to pay the interest on and principal due in the ensuing fiscal year.

(2) Money transferred by the Board from the Student Loan Auxiliary Fund to the extent permitted by law, including Subchapter F of the General Provisions of the Student Financial Assistance Act of 1975, the Interest and Sinking Fund in the event funds on deposit in the Interest and Sinking Fund are insufficient to pay principal of and interest on any of previously issued bonds and additional bonds; and to the extent permitted by law, including Subchapter F of the General Provisions of the Student Financial Assistance Act of 1975, to transfer to other funds and accounts established by the Board to comply with covenants related to maintaining the tax-exempt status of the bonds.

(3) Accrued interest earned by the interest and sinking account, if any.

(4) In the event funds on deposit in the Interest and Sinking Fund are insufficient to pay principal of and interest on any of all outstanding bonds at year end, money required by the Constitutional Provision and the General Provisions of the Student Financial Assistance Act of 1975 is to be transferred into the Interest and Sinking Fund by the Comptroller out of first moneys coming into the State Treasury in each Fiscal Year not otherwise appropriated by the State Constitution.

(b) The board may transfer funds, in excess of the ensuing fiscal year requirement above, to the Texas Opportunity Plan Fund or the Student Loan Auxiliary Fund at the beginning of each ensuing fiscal year.

~~{(1) From the proceeds of the bonds, an amount of money sufficient to pay the interest on the bonds for a period of 24 months from the date of the bonds. Such funds so deposited should remain in the interest and sinking fund until used for the original purpose for which they were deposited. Bond resolutions provide that on the direction of the board, such money may be transferred to the Texas opportunity plan fund to the extent that it will not be needed because of money received as repayment of student loans and interest thereon, and such transfers should be made only when loan demand has exceeded expectations and no other source of funds for loans is available. It is the intent of this procedure to reduce transfers between funds to a minimum.~~

~~(2) From the proceeds of the bonds, an amount which, when added to the amount now to the credit of the reserve portion, will be equal to the average annual principal and interest requirements on the bonds and the outstanding bonds. Such funds so deposited in the reserve portion of the interest and sinking fund should remain in the reserve portion and be used only in cases of emergency when no other source of funds is available other than first monies coming into the state treasury, or to make final payments of principal and interest to become due on the bonds. The amount of average annual principal and interest requirements shall be recomputed only at such times as immediately after each sale of additional bonds; or, in the event no bond sales occur during a fiscal year, only at the close of a fiscal year.~~

~~(3) Money received in each fiscal year as repayment of student loans granted under the Act and interest thereon, including interest payments received from the federal government on behalf of student borrowers, sufficient to pay the interest on and principal of bonds to become due during the ensuing fiscal year and sufficient to maintain the reserve portion equal to the average annual principal and interest requirements on all bonds, outstanding bonds, and additional bonds at the time unpaid.~~

~~(4) Money required by the constitutional provision and the Act to be transferred into the interest and sinking fund by the state treasurer out of first monies coming into the treasury of the State of Texas in each fiscal year not otherwise appropriated by the constitution.~~

~~(5) Money in the interest and sinking fund, including the reserve portion, shall be used only for the purpose of paying interest on and principal of the bonds.]~~

21.2 - 21.8. No change.

~~[21.9. Collection of Tuition Set Aside for Texas B-On-Time Loan Program.~~

~~(a) By August 31 of each year the Coordinating Board shall disseminate to institutions of higher education guidelines for calculating the tuition to be set aside during the~~

~~upcoming academic year for the Texas B-On-Time Loan Program as established in Texas Education Code §56.465.~~

~~(b) — By September 30 of each year the Coordinating Board shall:~~

~~(1) review data reported to it by institutions of higher education for the prior fiscal year regarding collected resident undergraduate designated tuition charged in excess of \$46 per semester credit hour;~~

~~(2) — compare the amount collected by institutions with the amount deposited in the fund established by Texas Education Code §56.463; and~~

~~(3) require institutions to reconcile, by December 31st of the same calendar year, any amounts deposited in the fund that are greater than or less than 5 percent of the amount reported in paragraph (1) of this section.]~~

21. ~~9~~[10] Exclusion of Certain Resources in Determining Need for State Aid

The right of a person to receive payments or benefits from the Higher Education Savings Plan, Prepaid Tuition Unit Undergraduate Education Program: Texas Tomorrow Fund II, or the Texas Save and Match Program, authorized in the Texas Education Code, Chapter 54, Subchapters G, H, or I, is not to be considered an asset of the person or otherwise included in the person's household income or other financial resources for purposes of determining the person's eligibility for a TEXAS grant or other state-funded financial assistance.

21. ~~10~~[11] Priority Deadline for Applying for State Aid

(a) All general academic teaching institutions ~~[, in awarding financial assistance for the 2013-2014 academic year or later,]~~ shall use March 15 as their priority application deadline for application for state financial assistance for the following year.

(b) The priority deadline is not to serve as a determination of eligibility for state financial assistance, but otherwise eligible students who apply on or before the deadline shall be given priority consideration for available state financial assistance before other applicants.

Committee on Affordability, Accounting and Planning

AGENDA ITEM V-H (9)

Consideration of adopting the Commissioner's recommendation to the Committee relating to the repeal of Chapter 21, Subchapter D, Section 21.100 of Board rules, concerning the Hinson-Hazlewood College Student Loan Program

RECOMMENDATION: Approval

Background Information:

Senate Bill 215, passed by the 83rd Texas Legislature, repealed Texas Education Code, Section 52.56, which required the Coordinating Board to provide an annual report on the operations of the Texas Opportunity Plan Fund. Since Section 52.56 has been repealed, it is appropriate to delete Section 21.100 from the rules.

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

Date approved by the Commissioner for publication in the *Texas Register*: February 1, 2016.

Date published in the *Texas Register*: February 12, 2016.

The 30-day comment period with the *Texas Register* ended on March 12, 2016.

No comments were received regarding the repeal.

CHAPTER 21. STUDENT SERVICES

SUBCHAPTER D HINSON-HAZLEWOOD COLLEGE STUDENT LOAN PROGRAM: ALL
LOANS MADE BEFORE FALL SEMESTER, 1971, NOT SUBJECT TO THE
FEDERALLY INSURED STUDENT LOAN PROGRAM

Section

- 21.81 Administration
- 21.82 Delegation of Powers and Duties
- 21.83 Definitions
- 21.84 Investment of Funds
- 21.85 Participating Institutions
- 21.86 Qualifications for Loans
- 21.87 Amount of Loan
- 21.88 Payments to Student
- 21.89 Term of Loans
- 21.90 Loan Interest
- 21.91 Insurance
- 21.92 Repayment of Loans
- 21.93 Enforcement of Collection
- 21.94 Institutional Refunds to Student Borrowers
- 21.95 Cancellation of Loans
- 21.96 Advisory Committees
- 21.97 Contracts
- 21.98 Gifts and Grants
- 21.99 Audit
- ~~[21.100 Annual Report]~~

21.81- 21.99. No change.

~~[21.100. Annual Report~~

~~The board shall make a report of the operation of the Texas opportunity plan to the governor annually and to the legislature not later than December 1 prior to the regular session of the legislature, which report shall include, for the state as a whole and for each participating institution:~~

~~(1) the number of loans;~~

~~(2) the maximum loan;~~

~~(3) the minimum loan;~~

~~(4) total loans;~~

~~(5) a list of persons who have failed or refused to make as many as six monthly payments on any note, showing the amount due and the person's last known address; and~~

~~(6) such other information as will describe the effectiveness of the loan program.]~~

Committee on Affordability, Accountability and Planning

AGENDA ITEM V-H (10)

Consideration of adopting the Commissioner's recommendations to the Committee relating to the repeal of Chapter 21, Subchapter G, Sections 21.171 – 21.176, and proposed new Sections 21.171 – 21.176, concerning the Teach for Texas Loan Repayment Assistance Program

RECOMMENDATION: Approval

Background Information:

Section 21.171 – 21.176 is repealed.

New Section 21.172 introduces new definitions for certified educator, shortage communities, shortage teaching fields, and teaching full time.

New Section 21.173 (formerly Section 21.174) regarding teacher eligibility requirements excludes language that is provided in proposed new definitions, making the section more concise.

New Section 21.174 (formerly Section 21.173), regarding priorities of application acceptance and ranking of applications, provides more details on the criteria for ranking applications. The financial need component, the final criterion considered in the ranking process if funds remain available after applying other ranking criteria, is proposed to be based on the applicant's adjusted gross income reported on the most recent federal income tax return, rather than being based on the amount of student loan indebtedness. To date, the financial need criterion has not been a factor because funds have not been available after the preceding four ranking criteria have been applied. However, should financial need become a factor in the ranking process, adjusted gross income is a more appropriate reflection of general financial need than the amount of student loan debt.

New Section 21.175 regarding eligible lender and eligible education loan adds language stating that credit card debt, equity loans, and other similar personal loan products are not considered educational loans eligible for repayment.

New Section 21.176 regarding repayment of education loans does not include any changes.

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

Date approved by the Commissioner for publication in the *Texas Register*: December 18, 2015.

Date published in the *Texas Register*: January 1, 2016.

The 30-day comment period with the *Texas Register* ended on January 31, 2016.

No comments were received regarding the amendments or repeal.

Chapter 21. Student ServicesSUBCHAPTER G. TEACH FOR TEXAS LOAN REPAYMENT ASSISTANCE PROGRAMSection

- 21.171. Authority and Purpose.
- 21.172. Definitions.
- 21.173. Eligible Teacher.
- 21.174. Priorities of Application Acceptance and Ranking of Applications.
- 21.175. Eligible Education Loan.
- 21.176. Repayment of Education Loans.

21.171. Authority and Purpose.

(a) Authority. Authority for this subchapter is provided in the Chapter 56 of the Texas Education Code, Subchapter O, Teach for Texas Loan Repayment Assistance Program. These rules establish procedures to administer the subchapter as prescribed in the Texas Education Code, Section 56.352.

(b) Purpose. The purpose of the Teach for Texas Loan Repayment Assistance Program is to recruit and retain classroom teachers in communities and subjects for which there is an acute shortage of teachers in Texas.

21.172. Definitions.

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

(1) Board--The Texas Higher Education Coordinating Board.

(2) Certified Educator -- A person who has completed all requirements for a standard teaching certificate in the State of Texas. A person holding a probationary certificate, temporary classroom assignment permit, emergency permit, or a nonrenewable permit is not considered a certified educator. The term does not include a teacher's aide or a full-time administrator.

(3) Default--For purposes of this subchapter, a loan is considered in default if it is reduced to judgment.

(4) Service Period--A period of service of at least 9 months of a 12-month academic year.

(5) Shortage Communities – Texas public schools identified annually by the Texas Commissioner of Education, or his/her designee, whose percentage of economically disadvantaged students is higher than the statewide average percentage of students receiving free or reduced cost lunches.

(6) Shortage Teaching Fields -- Subjects identified annually by the Texas Commissioner of Education, or his/her designee, as having a critical shortage of

teachers.

(7) Teaching full-time – Teaching at least four hours each day performing instructional duties as a full-time employee of a Texas public school district.

21.273. Eligible Teacher.

To be eligible for loan repayment an individual must:

(1) be certified in a shortage teaching field, be currently teaching full time in that field at the time of application, and have taught in that field full time for at least one year at the preschool, primary, or secondary level in a Texas public school; or

(2) be a certified educator currently teaching in a shortage community full time at the time of application at the preschool, primary, or secondary level and have taught in that community full time for at least one year; and

(3) submit a completed application to the Board by the stated deadline.

21.174. Priorities of Application Acceptance and Ranking of Applications.

Renewal applications shall be given priority over first-time applications unless a break in service periods has occurred. Acceptance of initial applications will depend upon the availability of funds. An application deadline will be established each year and published on the Board's website. Applications will be ranked according to the following criteria, in order of priority:

(1) Teaching in a shortage field while also teaching in a shortage community that has the most severe teacher shortages.

(2) Teaching any subject in a shortage community that has the most severe teacher shortages.

(3) Teaching in a shortage field while also teaching in a shortage community.

(4) Financial need based on the applicant's adjusted gross income as reported on the most recently filed federal income tax return.

21.175. Eligible Lender and Eligible Education Loan.

(a) The Board shall retain the right to determine the eligibility of lenders and holders of education loans to which payments may be made. An eligible lender or holder shall, in general, make or hold education loans made to individuals for purposes of undergraduate, or graduate education of the teacher and shall not be any private individual. An eligible lender or holder may be, but is not limited to, a bank, savings and loan association, credit union, institution of higher education, secondary market, governmental agency, or private foundation. Credit card, equity loans and other similar personal loan products are not considered educational loans eligible for repayment.

(b) To be eligible for repayment, an education loan must:

(1) be evidenced by a promissory note for loans to pay for the cost of attendance for the undergraduate or graduate education of the individual applying for repayment assistance;

(2) not be in default at the time of the teacher's application;

(3) not have an existing obligation to provide service for loan forgiveness through another program; and

(4) if the loan was consolidated with other loans, the applicant must provide documentation of the portion of the consolidated debt that was originated to pay for the cost of attendance for his or her undergraduate or graduate education.

21.176. Repayment of Education Loans.

Eligible education loans shall be repaid under the following conditions:

(1) the annual repayment(s) shall be in one disbursement made payable to the holder(s) of the loan(s) or co-payable to the teacher and the holder(s) of the loan(s);

(2) the Commissioner of Higher Education shall determine the annual repayment amount, taking into consideration the amount of available funding; and

(3) the teacher shall not receive loan repayment assistance for more than five years.

Chapter 21. ~~Student Services~~SUBCHAPTER G. ~~TEACH FOR TEXAS LOAN REPAYMENT ASSISTANCE PROGRAM~~

Section

- 21.171. ~~Authority and Purpose.~~
 21.172. ~~Definitions.~~
 21.173. ~~Priorities of Application Acceptance.~~
 21.174. ~~Eligible Teacher.~~
 21.175. ~~Eligible Education Loan.~~
 21.176. ~~Repayment of Education Loans.~~

21.171. ~~Authority and Purpose.~~

(a) ~~Authority.~~ Authority for this subchapter is provided in the Texas Education Code, Subchapter O, Teach for Texas Loan Repayment Assistance Program. These rules establish procedures to administer the subchapter as prescribed in the Texas Education Code, Section 56.352.

(b) ~~Purpose.~~ The purpose of the Teach for Texas Loan Repayment Assistance Program is to recruit and retain classroom teachers in communities and subjects for which there is an acute shortage of teachers in Texas.

21.172. ~~Definitions.~~

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

(1) ~~Board.~~ The Texas Higher Education Coordinating Board.

(2) ~~Classroom Teacher.~~ A person who is employed full-time by a public school district and in that capacity teaches at least four hours each day. The term does not include a teacher's aide or a full-time administrator.

(3) ~~Program.~~ Teach for Texas Loan Repayment Assistance Program.

(4) ~~Service Period.~~ A period of service of at least 9 months of a 12-month academic year.

(5) ~~Default.~~ For purposes of this subchapter, a loan is considered in default if it is reduced to judgment.

21.173. ~~Priorities of Application Acceptance.~~

Acceptance of applications will depend upon the availability of funds. An application deadline will be established each year and published on the Board's web site. Applications will be ranked according to the following criteria:

(1) ~~Renewal applicants shall be given priority over first-time applicants unless~~

~~a break in service periods has occurred.~~

~~(2) — Severity of shortage of teachers in the community and/or teaching field as described in Section 21.174 of this title (relating to Eligible Teacher).~~

~~(3) — Financial need as evidenced by the total amount of student loan indebtedness.~~

~~21.174. — Eligible Teacher.~~

~~To be eligible for loan repayment an individual must:~~

~~(1) — be certified in a teaching field identified by the Texas Education Agency as experiencing a critical shortage of teachers in this state during the service period for which the individual receives the assistance, and have for at least one year taught full-time, and be currently teaching full-time at the preschool, primary, or secondary level in a public school in this state in that teaching field; or~~

~~(2) — be a certified educator in the year in which the individual receives the assistance, and have for at least one year taught full-time, and be currently teaching full-time at the preschool, primary, or secondary level in a public school in this state in a community identified by the Texas Education Agency as having an acute shortage of teachers during the service period for which the individual receives the assistance; and~~

~~(3) — submit a completed application to the Board by the stated deadline.~~

~~21.175. — Eligible Education Loan.~~

~~An eligible education loan is one that:~~

~~(1) — is evidenced by a promissory note or other writing which explicitly requires the loan proceeds to be used to pay for costs incurred for attendance at public or private institution of higher education; and~~

~~(2) — is not in default at the time of the application.~~

~~21.176. — Repayment of Education Loans.~~

~~Eligible education loans shall be repaid under the following conditions:~~

~~(1) — the annual repayment(s) shall be in one disbursement made payable to the holder(s) of the loan(s) or co-payable to the teacher and the holder(s) of the loan(s);~~

~~(2) — the Commissioner of Higher Education shall determine the annual repayment amount, taking into consideration the amount of available funding; and~~

~~(3) — the teacher shall not receive loan repayment assistance for more than five years.~~

Committee on Affordability, Accounting and Planning

AGENDA ITEM V-H (11)

Consideration of adopting the Commissioner's recommendation to the Committee relating to the repeal of Chapter 21, Subchapter H, Sections 21.191 - 21.207 of Board rules, concerning the Teacher Education Loan Program (S.B. 457, 71st Texas Legislature)

RECOMMENDATION: Approval

Background Information:

The 71st Texas Legislature repealed the Teacher Education Loan Program in 1989. Since this is no longer an active program, it is appropriate to delete the rules.

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

Date approved by the Commissioner for publication in the *Texas Register*: February 1, 2016.

Date published in the *Texas Register*: February 12, 2016.

The 30-day comment period with the *Texas Register* ended on March 12, 2016.

No comments were received regarding the repeal.

~~CHAPTER 21 STUDENT SERVICES~~
~~SUBCHAPTER H TEACHER EDUCATION LOAN PROGRAM~~

Section

- ~~21.191 — Purpose~~
- ~~21.192 — Administration~~
- ~~21.193 — Delegation of Powers and Duties~~
- ~~21.194 — Designation of Institutional Representative~~
- ~~21.195 — Definitions~~
- ~~21.196 — Qualifications for Loans~~
- ~~21.197 — Allocation of Funds~~
- ~~21.198 — Amount of Loan~~
- ~~21.199 — Notification of Availability of Teacher Education Loans~~
- ~~21.200 — Payments to Students~~
- ~~21.201 — Student Status~~
- ~~21.202 — Period of Loans~~
- ~~21.203 — Loan Interest~~
- ~~21.204 — Repayment of Loans~~
- ~~21.205 — Loan Cancellation~~
- ~~21.206 — Postponements~~
- ~~21.207 — Enforcement of Collection~~

~~21.191. — Purpose:~~

~~The purpose of the Teacher Education Loan Program is to provide loans to persons who are regularly employed as teachers in public schools in the state and who are enrolled in a course that will lead to a certificate or endorsement to teach a primary or secondary grade subject in which a teacher shortage exists as determined by the State Board of Education. The program also will provide loans to qualified undergraduate and graduate students who are enrolled in a program leading to certification as a classroom teacher or leading to a master's degree in a field for which the person is seeking certification or already holds certification.~~

~~21.192. — Administration:~~

~~The Coordinating Board, Texas College and University System, or its successor or successors, shall administer the teacher education loan fund and the Teacher Education Loan Program.~~

~~21.193. — Delegation of Powers and Duties:~~

~~The board delegates to the commissioner the powers, duties, and functions authorized by the Texas Education Code, Chapter 54, Subchapter C.~~

~~21.194. — Designation of Institutional Representative:~~

~~Unless otherwise specified by the chief executive officer of the institution, the Hinson-Hazlewood College Student Loan Program officer shall serve as the Teacher Education Loan Program officer and shall be the board's on-campus agent with respect to the fund, and shall be responsible for all records and reports reflecting the transactions with respect to the fund.~~

~~21.195. Definitions.~~

~~The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.~~

~~(1) Accredited public school--Any public school in the state that is accredited by the State Board of Education.~~

~~(2) Approved teacher education program--A teacher education program whose graduates are eligible for certification as teachers by the State Board of Education.~~

~~(3) Board--The Coordinating Board, Texas College and University System.~~

~~(4) Certification--A credential from the State Board of Education to teach in Texas.~~

~~(5) Commissioner--The commissioner of higher education, the chief executive officer of the board.~~

~~(6) Consecutive semesters--Semesters which immediately follow one another, excluding summer.~~

~~(7) Cosigner--A cosigner of a note executed under the authority of the Teacher Education Loan Program shall be such a person signing a note, other than the loan recipient, who is over 21 years of age and who is gainfully employed full time or otherwise demonstrates financial responsibility. Such a person may be a relative, except a spouse, and may not be a student. A cosigner is jointly and severally responsible for all promissory notes issued through the program and signed by the maker and him/herself.~~

~~(8) Eligible institution--An eligible institution shall be any institution of higher education within the State of Texas that:~~

~~(A) admits as regular students only those persons having a certificate of graduation from a school providing secondary education or the recognized equivalent of such a certificate;~~

~~(B) is legally authorized within the state to provide a program of education beyond secondary level;~~

~~(C) provides an educational program for which it awards a bachelor's degree;~~

~~(D) — is a public or other nonprofit institution;~~

~~(E) — is accredited by the Southern Association of Colleges and Schools;~~

~~(F) — is an institution having its parent campus in Texas; and~~

~~(G) — offers courses which will lead to teacher certification or endorsement by the State Board of Education.~~

~~(9) — Endorsement—Completion of specific course work approved by the State Board of Education which enables a teacher to teach in a field other than that for which certification was obtained.~~

~~(10) — Fund—Teacher Education Loan Program fund.~~

~~(11) — Graduate student—Any student who is pursuing a program, or has a bachelor's degree and is enrolled in courses which are normally part of a program, leading to a graduate or professional degree or certificate at an institution of higher education and has successfully completed the equivalent of at least three years of full-time study at an institution of higher education either prior to entrance into the program or as part of the program itself.~~

~~(12) — Enrolled for at least one-half of a full course load—Formal admission to a program and enrollment in an eligible institution leading to teacher certification or a master's degree in a field in which the person holds teacher certification or is seeking certification. Enrollment as an undergraduate must be for six or more semester or quarter credit hours. Enrollment as a graduate must be for four and one-half or more semester or quarter credit hours. Enrollment as an undergraduate or graduate in a summer semester must be for six or more semester or quarter credit hours.~~

~~(13) — Junior—A student who has accumulated at least 60 hours of course credit at an institution of higher education and has declared his or her intentions to pursue teacher certification.~~

~~(14) — Pro rata—A proportionate basis upon which amounts of loans will be scaled, depending upon the share of a full-time course load being carried.~~

~~(15) — Regularly employed as a teacher by a public school—A teacher who teaches more than 20 hours a week, who provides at least 175 days of instruction per year (not including substitute teaching), and who participates in at least eight days of inservice training and preparation per year.~~

~~(16) — Resident of Texas—A bona fide resident of Texas as defined in the Texas Education Code, §§54.052, 54.054, and 54.055. Nonresidents classified as Texas residents for purposes of paying Texas resident tuition and fees are excluded.~~

~~(17) — Shortage area—As defined by the State Board of Education.~~

~~(18) — Summer semester. The equivalent of 12 weeks of study regardless of the number of sessions.~~

~~21.196. — Qualifications for Loans.~~

~~(a) — Loans to teachers. The commissioner may authorize loans to teachers, provided such applicant:~~

~~(1) — is regularly employed as a teacher by a public school in Texas;~~

~~(2) — is enrolled in a course required by rule of the State Board of Education as a qualification for a certificate or an endorsement to teach a primary or secondary grade subject for which the State Board of Education has officially recognized there to be a teacher shortage; and~~

~~(3) — as received a favorable evaluation of credit reports by the board.~~

~~(b) — Loans to students. The commissioner may authorize loans to qualified students provided such applicant:~~

~~(1) — is a Texas resident as defined in regulations adopted by the board;~~

~~(2) — is enrolled for at least one-half of a full course load as a junior, senior, or graduate student in an approved teacher education program leading to certification as a classroom teacher or to a master's degree in a field for which the person is seeking teacher certification or already holds teacher certification;~~

~~(3) — has a grade point average equal to at least 3.0 on a 4.0 scale in courses taken while enrolled at least half time at an institution of higher education and completed before the semester in which the loan is awarded;~~

~~(4) — enters into an agreement with the board to maintain a grade point average of at least 3.0 on a 4.0 scale in courses taken after receiving a teacher education loan, to become certified as a classroom teacher, and to teach in an elementary or secondary school in Texas or to repay the teacher education loan on terms adopted by the board;~~

~~(5) — has not defaulted on other student loans; and~~

~~(6) — meets other requirements the board may set.~~

~~(c) — General criteria. The commissioner may authorize loans to students or teachers, provided such applicant:~~

~~(1) — has been counseled by the Teacher Education Loan Program officer regarding obligations and responsibilities to the loan program;~~

~~(2) — has provided the board the names and addresses of three references, one of which may be a credit reference -- a credit reference must be provided by qualified teachers; other references must have known the applicant at least two years and may not be relatives or students;~~

~~(3) — has provided the board with the name and address of the person who will cosign the borrower's promissory note;~~

~~(4) — has not received a teacher education loan for more than four regular or summer semesters;~~

~~(5) — has provided evidence of knowledge of the institution's accreditation status as a condition to receiving the loan if the institution is placed on public probation by the appropriate accrediting agency; and~~

~~(6) — has complied with other provisions of these rules as required to become an eligible recipient.~~

~~(d) — Authorization of loans. The commissioner may authorize, or cause to be authorized, loans to qualified students at any eligible institution provided there is on file with the commissioner:~~

~~(1) — a certification by the eligible institution that each applicant meets the qualifications for a teacher education loan and a recommendation by the Teacher Education Loan Program officer that a loan be made;~~

~~(2) — any supplemental information that may be required;~~

~~(3) — an institutional certification that, in the best opinion of the Teacher Education Loan Program officer, the student can reasonably be expected to repay the loan in a timely manner, along with other amounts that he or she may owe, in a maximum period of five years after entering repayment status.~~

~~(e) — Duplication of aid prohibited. Under no circumstances is a person to be considered for a teacher education loan if he or she receives a future teacher loan during the same registration period.~~

~~21.197. — Allocation of Funds.~~

~~The commissioner shall allocate and/or reallocate funds annually or at other times to be determined by the commissioner, based upon the number of full-time Texas resident students of appropriate classification enrolled in approved teacher education programs in eligible institutions in Texas.~~

~~21.198. Amount of Loan.~~

~~(a) Students enrolled in an approved teacher education program. Students meeting the qualifications stated in §21.196 of this title (relating to Qualifications for Loans) may receive up to \$1,000 in loans for each of four regular semesters or summer sessions of study.~~

~~(b) Regularly employed teachers. Teachers who meet the qualifications stated in §21.196 of this title (relating to Qualifications for Loans) may receive up to \$1,000 in loans for each of four regular semesters or summer sessions of study on a pro rata basis, depending upon the number of courses in which enrolled.~~

~~(c) Aggregate maximum of loans. The total of loans to any eligible person may not exceed \$4,000 or a lesser amount equal to the total borrowed during four regular semesters or summer sessions of study.~~

~~21.199. Notification of Availability of Teacher Education Loans.~~

~~The financial aid director at each participating institution must notify the dean of the school of education at that institution annually prior to the beginning of the fall semester of the availability of the teacher education loan.~~

~~21.200. Payments to Students.~~

~~(a) No payment shall be made to any student until he or she has executed a promissory note payable to the teacher education loan fund for the full amount of any authorized loan plus interest and other fees, has obtained the signature of a cosigner, and has entered into an agreement with the board to teach in an elementary or secondary school in Texas or to repay the teacher education loan on terms specified in these sections. The original of such executed promissory note shall be forwarded immediately to the commissioner.~~

~~(b) For purpose of any contract executed by the borrower, the defense that he or she was a minor at the time he or she executed a promissory note shall not be available to him or her in any action arising on said note.~~

~~21.201. Student Status.~~

~~(a) If, during a borrower's enrollment, the borrower ceases to pursue teacher certification in a shortage area or withdraws from an approved teacher education program, the program officer must notify the board promptly. Further, the program officer must notify the board when a borrower ceases to be enrolled at least half time and provide the board with information on how to locate the borrower.~~

~~(b) A roster of student borrowers will be forwarded to each eligible institution by the board prior to the end of each enrollment period. Information on each student borrower shall be obtained in a form prescribed by the commissioner.~~

~~21.202. Period of Loans.~~

~~The principal amounts of all authorized loans shall be repaid in installments over a period of not more than five years unless sooner repaid. Repayments shall begin in accordance with the following:~~

~~(1) — Loan periods for regularly employed teachers. Teachers who return to school to attain a new endorsement or recertification to teach in a subject area determined to have a teacher shortage shall begin repayment not earlier than the beginning of the third consecutive semester spent as other than a teacher in an accredited public elementary or secondary school in Texas.~~

~~(2) — Loan periods for students. Students who are enrolled for at least one half of a full course load as a junior, senior, or graduate student in an approved teacher education program leading to certification as a classroom teacher or to a master's degree in a field for which the person is seeking certification or already holds certification shall begin repayment not earlier than 18 months after certification or completing their master's degree.~~

~~(3) — Loan periods for teachers not maintaining loan program requirements. Repayment shall begin not earlier than the beginning of the third consecutive semester spent as other than a teacher in an accredited public elementary or secondary school in Texas.~~

~~(4) — Loan periods for students not maintaining loan program requirements. Repayment shall begin not earlier than nine months after a student ceases to be enrolled for at least one half of a full course load or changes to a degree plan other than for teacher certification or master's degree work in his or her field of previous certification.~~

~~21.203. — Loan Interest.~~

~~The interest on teacher education loans shall be simple interest and the interest rate to be charged shall be a fixed rate set from time to time by the commissioner and ratified by the board. Interest shall accrue from the date of disbursement until the loans are either totally repaid or cancelled.~~

~~21.204. — Repayment of Loans.~~

~~(a) — Although loans may be prepaid at any time without penalty, repayment shall begin as provided in §21.202 of this title (relating to Period of Loans) and shall extend over such period authorized therein.~~

~~(b) — The board will provide a repayment schedule calling for the minimum payment amount sufficient to repay all loans made under this subchapter over the maximum authorized period. In no case will the minimum annual repayment be less than \$600 on all such loans.~~

~~(c) — The commissioner may postpone required periodic installments of principal and any accrued interest during any authorized period. Any such periods shall not be included in determining the five-year repayment period.~~

~~(d) — A charge of 5.0% of the monthly payment or \$5.00, whichever is less, shall be assessed on any payment received later than 10 days from the due date of such payment. Such charges shall be collected out of the first payments made in excess of the interest then due.~~

~~(e) — The cosigner may not be held responsible for the repayment of the loan, accrued interest, and other charges if the borrower dies or becomes totally and permanently disabled.~~

~~21.205. — Loan Cancellation.~~

~~The commissioner may authorize cancellation of loans to students seeking teacher certification and to regularly employed teachers who return to school for endorsement or recertification to teach in the following circumstances:~~

~~(1) — Any regularly employed teacher who resumes regular employment as a classroom teacher not later than the beginning of the third consecutive semester after returning to school for recertification or endorsement as a teacher is entitled to have loans canceled by semester, beginning with the loan of highest amount, with one semester's loan canceled for each semester of regular employment as a teacher in an accredited public elementary or secondary school in Texas.~~

~~(2) — Any student borrower who begins regular employment as a classroom teacher within 18 months of certification is entitled to have loans canceled by semester with one semester's loan canceled for each semester of regular employment as a teacher in an accredited public elementary or secondary school in Texas.~~

~~21.206. — Postponements.~~

~~The commissioner may delay the repayment requirement for recipients enrolled on at least a half-time basis at an eligible institution. These deferment periods are not included when calculating the maximum repayment period. The commissioner may also waive or delay repayment for recipients who give evidence of extreme financial hardship, in which case the period of postponement will be included in determining the maximum repayment periods. The board may require payments on the interest being accrued during the time of a postponement.~~

~~21.207. — Enforcement of Collection.~~

~~(a) — When any person who has received a loan authorized by this law shall have failed or refused to make as many as six monthly payments due in accordance with a promissory note(s), then the full amount of remaining principal, interest, and/or late charges shall immediately become due and payable. The person's name and last known address and other information as requested by the commissioner shall be reported 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 or in Travis County, unless the attorney general shall find reasonable justification for delaying suit and shall so advise the commissioner in writing.~~

~~(b) — Upon notification by the commissioner of default on a teacher education loan, the educational institution shall cause the records, including transcripts of the loan recipient, to become unavailable to her or him or any other person outside the institution until the participating institution has been notified by the commissioner that such default has been corrected. Should the default continue beyond at least 60 days from the date suit service was obtained, the commissioner will cause a judgment to be entered which may be filed in the county records where service was obtained and will release such judgment once the borrower has completed the repayment of the debt as stipulated in the judgment.~~

~~(c) — In all cases of default, the loan recipient will be responsible for the payment of principal and other accrued charges, including interest, late charge, skiptracing fees, court costs, and attorney fees.~~

Committee on Affordability, Accounting and Planning

AGENDA ITEM V-H (12)

Consideration of adopting the Commissioner's recommendation to the Committee relating to the repeal of Chapter 21, Subchapter I Sections 21.221 — 21.241 of Board rules, concerning the Future Teacher Loan Program (S.B. 457, 71st Texas Legislature)

RECOMMENDATION: Approval

Background Information:

The 71st Texas Legislature repealed the Future Teacher Loan Program in 1989. Since this is no longer an active program, it is appropriate to delete the rules.

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

Date approved by the Commissioner for publication in the *Texas Register*: February 1, 2016.

Date published in the *Texas Register*: February 12, 2016.

The 30-day comment period with the *Texas Register* ended on March 12, 2016.

No comments were received regarding the repeal.

CHAPTER 21 STUDENT SERVICES
SUBCHAPTER I FUTURE TEACHER LOAN PROGRAM

Section

- ~~§21.221 — Purpose~~
- ~~§21.222 — Administration~~
- ~~§21.223 — Delegation of Powers and Duties~~
- ~~§21.224 — Definitions~~
- ~~§21.225 — Loans~~
- ~~§21.226 — Eligible Institutions~~
- ~~§21.227 — Qualifications for Loans~~
- ~~§21.228 — Allocation of Funds~~
- ~~§21.229 — Amount of Loan~~
- ~~§21.230 — Reasonable Expenses for a Student~~
- ~~§21.231 — Notification of Availability of Future Teacher Loans~~
- ~~§21.232 — Identification of Student Records~~
- ~~§21.233 — Preloan Interview~~
- ~~§21.234 — Payments to Student~~
- ~~§21.235 — Student Status~~
- ~~§21.236 — Period of Loans~~
- ~~§21.237 — Loan Interest~~
- ~~§21.238 — Repayment under Provisions of Public Law 89-329, the Higher Education Act of 1965, as Amended, of Loans of Deceased or Disabled Borrowers~~
- ~~§21.239 — Repayment of Loans~~
- ~~§21.240 — Cancellation of Certain Loan Repayments~~
- ~~§21.241 — Enforcement of Collections~~

~~21.221. — Purpose:~~

~~The purpose of the Future Teacher Loan Program is to provide loans to students preparing to teach subjects for which teachers are critically needed.~~

~~21.222. — Administration:~~

~~The Coordinating Board, Texas College and University System, or its successor or successors, shall administer the Future Teacher Loan Program.~~

~~21.223. — Delegation of Powers and Duties:~~

~~The board delegates to the commissioner of higher education the powers, duties and functions, except those relating to the letting of contracts for insurance.~~

~~21.224. — Definitions:~~

~~The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.~~

~~(1) — Approved teacher education program--A teacher education program whose graduates are eligible for certification by the State Board of Education.~~

~~(2) — Board--The Coordinating Board, Texas College and University System.~~

~~(3) — Commissioner—The commissioner of higher education, the chief executive officer of the board.~~

~~(4) — Cosigner—A cosigner of a note executed under the authority of the Future Teacher Loan Program shall be such a person signing a note, other than the loan recipient, who is over 21 years of age and who is gainfully employed or otherwise demonstrates financial responsibility. Such person may be a relative, except a spouse, and may not be a student. A cosigner is jointly and severally responsible for all promissory notes issued through the program and signed by the maker and him or herself.~~

~~(5) — Fund—The future teacher loan fund.~~

~~(6) — Graduate student—Any student who is pursuing a program, or has a bachelor's degree and is enrolled in courses which are normally part of a program, leading to a graduate or professional degree or certificate at an institution of higher education and has successfully completed the equivalent of at least three years of full-time study at an institution of higher education either prior to entrance into the program or as part of the program itself.~~

~~(7) — Resident of Texas—A bona fide resident of Texas as defined in the Texas Education Code, §§54.052, 54.054, and 54.055. Nonresidents classified as Texas residents for purposes of paying Texas resident tuition and fees are excluded.~~

~~21.225. — Loans.~~

~~All loans through the Future Teacher Loan Program may be subject to the provisions of the Higher Education Act of 1965, Title IV, Part B, as amended, and the regulations thereof (45 Code of Federal Regulations Part 177). Copies of these federal rules and statutes are on file in the offices of the board.~~

~~21.226. — Eligible Institutions.~~

~~(a) — Criteria. An eligible institution shall be any Texas institution of higher education within the State of Texas which:~~

~~(1) — admits as regular students only those persons having a certificate of graduation from a school providing secondary education or the recognized equivalent of such certificate;~~

~~(2) — is legally authorized within the state to provide a program of education beyond secondary level;~~

~~(3) — provides an educational program for which it awards a bachelor's degree;~~

~~(4) — is a public or other nonprofit institution;~~

~~(5) — is an eligible institution under the provisions of the Higher Education Act of 1965, Title IV, Part B, as amended, if the loan is subject to those provisions;~~

~~(6) — is accredited by the Southern Association of Colleges and Schools; and~~

~~(7) — is an institution which has its parent campus within the State of Texas.~~

~~(b) — Evidence of institution's accreditation status. If the institution is placed on public probation by the appropriate accrediting agency, students applying for loans shall provide evidence of knowledge of the school's accreditation status as a condition to receiving the loan.~~

~~(c) — Students attending other institutions. Any students attending an institution other than an eligible institution as set forth in subsection (a) of this section shall not be eligible for a loan from the future teacher loan fund.~~

~~(d) — Compliance by student. If, at any time, after notice and opportunity for hearing, it is determined that any monies in the fund or to be deposited therein have been disbursed to a student for purposes for which the fund is legally unavailable and such diversions have not been restored, no further disbursements of monies to such students shall be permitted to be made from the fund until there is no longer any failure of compliance by the student. Monies disbursed to the student for purposes for which the fund is legally unavailable become due and payable to the fund immediately.~~

~~(e) — Designation of institutional representative. Unless otherwise specified by the chief executive officer of the institution, the Hinson-Hazlewood College Student Loan Program officer shall serve as the Future Teacher Loan Program officer and shall be the board's on-campus agent to certify all institutional transactions and activities with respect to the fund, and shall be responsible for all records and reports reflecting the transactions with respect to the fund.~~

~~(f) — Discrimination by eligible institution prohibited. The Civil Rights Act of 1964, Title VI, states: "No person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving federal assistance." Therefore, all transactions with respect to the fund shall be made in compliance with the Civil Rights Act of 1964; and all students transferring from any other institution shall be considered for loans the same as students attending the eligible institution.~~

~~(g) — Default rate. Whenever the default rate on loans made through an eligible institution exceeds 10% of all such loans on which repayments are due, the volume of loans to be available to students at that institution may be reduced in accordance with a formula to be established by the board.~~

~~21.227. — Qualifications for Loans:~~

~~(a) — Criteria. The commissioner may authorize, or cause to be authorized, loans to qualified students at any eligible institution, provided the applicant:~~

- ~~(1) — is a resident of Texas as defined in these regulations;~~
- ~~(2) — has a grade point average of at least 3.0 on a 4.0 scale in courses taken while enrolled at least half time at an institution of higher education and completed not later than the semester before the semester in which the loan is awarded;~~
- ~~(3) — has been accepted for admission into an approved teacher education program;~~
- ~~(4) — has established, under criteria adopted by the State Board of Education, that he or she is preparing to teach a primary or secondary grade subject considered to be in critical need of teachers;~~
- ~~(5) — has established financial need;~~
- ~~(6) — is carrying at least one-half of the normal full-time workload as determined by said institution;~~
- ~~(7) — has provided the fund with a statement of the institution which sets forth a schedule of the tuition and fees applicable to that student and its estimate of the cost of room and board for such a student;~~
- ~~(8) — has been recommended by two adults in his or her home community who have known him or her for at least two years and who are not relatives or students;~~
- ~~(9) — has provided the board with the name and address of the person who will cosign the borrower's promissory note;~~

~~(10) — has been counseled by the Future Teacher Loan Program officer regarding obligations and responsibilities to the loan program and has signed a statement acknowledging such;~~

~~(11) — has complied with such other provisions of these rules as are required;~~
and

~~(12) — has not defaulted on other student loans.~~

~~(b) — Authorization of loans. The commissioner may authorize, or cause to be authorized, loans from the fund to qualified students at any eligible institution, provided there is on file with the commissioner:~~

~~(1) — a certification by the eligible institution that each applicant meets the qualifications for a loan as provided in subsection (a) of this section and a recommendation by the Future Teacher Loan Program officer that a loan from the fund be made;~~

~~(2) — any supplemental information that may be required;~~

~~(3) — an institutional certification that, in the best opinion of the Future Teacher Loan Program officer, the student can reasonably be expected to repay the loan in a timely manner, along with other amounts that he or she may owe, in a maximum period of 10 years after entering repayment status.~~

~~(c) — Duplication of aid prohibited. Under no circumstances is a person to be considered for a future teacher loan if he or she receives a teacher education loan during the same registration period.~~

~~21.228. — Allocation of Funds.~~

~~The commissioner shall allocate and/or reallocate funds annually and at other times to be determined by the commissioner, based upon the number of full-time Texas resident students of appropriate classification enrolled in approved teacher education programs in eligible institutions in Texas.~~

~~21.229. — Amount of Loan.~~

~~The maximum amount of loan to any qualified applicant in a fiscal year is \$2,500. The total of loans to any eligible person through the Future Teacher Loan Program may not exceed \$5,000. A change in either financial resources or reasonable expenses of the student shall make the student responsible for the immediate repayment of any overcommitment of loan funds. Prior to recommending the loan, the institutional loan program officer shall make certain that the student is properly utilizing all other appropriate forms of student financial assistance.~~

~~21.230. — Reasonable Expenses for a Student.~~

~~Reasonable expenses for a student at an eligible institution shall be determined by the commissioner after consultation with representatives of the eligible institution. Lists of reasonable expenses for typical students shall be submitted to the commissioner by the eligible institution prior to April 1 of each year for use in the following summer session and in the following academic year. The lists shall follow the formats prescribed by the commissioner. Each eligible institution may submit as many lists of reasonable expenses as are required to properly reflect the different typical expense categories of students attending the institution. When more than one list is submitted, each list should be labeled so as to identify the category of student~~

~~to be served by that list. On individual loan applications, the amounts listed for typical students must be adjusted downward when necessary to reflect the circumstances of the applicant. If a listed amount must be increased to properly reflect the reasonable expenses of an individual applicant, then justification for the increased amount must accompany the individual application with such increased amount subject to approval or disapproval by the commissioner.~~

~~21.231. ——— Notification of Availability of Future Teacher Loans.~~

~~The financial aid director at each participating institution must notify the dean of the school of education at that institution annually prior to the beginning of the fall semester of the availability of the future teacher loan.~~

~~21.232. ——— Identification of Student Records.~~

~~All records of each student who is a borrower under the future teacher loan fund shall be so identified in the office of the registrar at each eligible institution. An official certified copy of such records may be released, and/or the student may reregister in the eligible institutional only upon certification by the designated institutional representative that the borrower's account is in good condition. Exceptions to this rule must be approved by the commissioner in advance of release of an official certified copy of the records or reregistration.~~

~~21.233. ——— Preloan Interview.~~

~~Each applicant shall be interviewed by the designated loan program officer or his or her representative prior to recommending of an initial loan. The loan program officer or his or her designated representative shall inform the applicant of his or her responsibilities as a borrower and shall certify that such preloan counseling session has been conducted by a qualified financial aid counselor. If necessary for the convenience of the applicant, the preloan interview may be conducted by or under the supervision of the loan program officer at a participating institution nearer to the applicant's home than is the institution to be attended.~~

~~21.234. ——— Payments to Student.~~

~~No payment shall be made to any student until he or she has executed a promissory note payable to the future teacher loan fund for the full amount of any authorized loan plus interest, applicable insurance charges, and other fees and has obtained the signature of a cosigner. The loan amount, interest, applicable insurance charges, and other fees shall be in accordance with provisions set forth in the Higher Education Act of 1965, Title IV, Part B, as amended, and the regulations thereof (45 Code of Federal Regulations Part 177) if the loan is made subject to those provisions. The original of such executed promissory note shall be forwarded to the commissioner immediately, and a copy shall be retained by the eligible institution. For the purposes of any contract executed by him or her, the defense that he or she was a minor at the time he or she executed a note shall not be available to him or her in any action arising on said note. No funds shall be distributed to an eligible institution except to make payments to a student under a loan authorized by the Act.~~

~~21.235. ——— Student Status.~~

~~(a) — If, during a borrower's enrollment, the borrower ceases to pursue teacher certification in a shortage area or withdraws from an approved teacher education program, the program officer must notify the board promptly. Further, the program officer must notify the board when a borrower ceases to be enrolled at least half-time and provide the board with information on how to locate the borrower.~~

~~(b) — A roster of student borrowers shall be forwarded to each eligible institution by the board prior to the end of each enrollment period. Information on each student borrower shall be obtained in a form prescribed by the commissioner.~~

~~21.236. — Period of Loans.~~

~~Except as provided in §21.238 of this title (relating to Repayment under Provisions of Public Law 89-239, the Higher Education Act of 1965, of Loans of Deceased or Disabled Borrowers), the principal amounts of all authorized loans shall be repaid in installments over a period of not less than five years (unless sooner repaid) nor more than 10 years, beginning not earlier than six months nor later than nine months after the date on which the student ceases to carry at an eligible institution at least one half the normal full-time academic workload as determined by the institution.~~

~~21.237. — Loan Interest.~~

~~The interest on future teacher loans shall be simple interest and the interest rate to be charged shall be a fixed rate set from time to time by the commissioner and ratified by the board. Interest shall accrue from the date of disbursement until the loans are either totally repaid or canceled. Loans made pursuant to these rules may be eligible for interest subsidy to be paid in accordance with Public Law 89-239, the Higher Education Act of 1965, and 45 Code of Federal Regulations Part 177.~~

~~21.238. — Repayment under Provisions of Public Law 89-239, the Higher Education Act of 1965, as Amended, of Loans of Deceased or Disabled Borrowers.~~

~~If a student borrower has received a loan through the Future Teacher Loan Program with respect to which a portion of the interest is payable by the U.S. Secretary of Education under the Higher Education Act of 1965, Title IV, Part B, §428(a), or would be payable but for the adjusted family income of the borrower, dies or becomes permanently and totally disabled (as determined in accordance with the regulations of the United States secretary of education), then the commissioner shall seek to have the borrower's liability on the loan discharged under provisions of Public Law 89-329.~~

~~21.239. — Repayment of Loans.~~

~~(a) — Although a loan may be prepaid at any time without penalty, repayment of the loan shall begin as provided in §21.236 of this title (relating to Period of Loans) and shall extend over such period as authorized therein. The board will provide a repayment schedule calling for the minimum payment amount sufficient to repay all loans over the maximum authorized period. In no case will the minimum annual repayment be less than \$600.~~

~~(b) — The commissioner may delay the repayment requirement for recipients enrolled on at least a half-time basis at an eligible institution. These deferment periods are not included~~

~~when calculating the maximum repayment period. The commissioner may also waive or delay repayment for recipients who give evidence of extreme financial hardship, in which case the period of postponement will be included in determining the maximum repayment period. The commissioner may require payments on the interest being accrued during the time of a postponement.~~

~~(c) — For loans made under provisions of the federal Guaranteed Student Loan Program, the commissioner shall postpone required periodic installments of principal during any period authorized by applicable federal law. For loans guaranteed through the federal Guaranteed Student Loan Program, postponement periods are those described in the Higher Education Act of 1965, Title IV, Part B, and the regulations thereof (45 Code of Federal Regulations Part 177). Any such period shall not be included in determining the 10-year repayment period provided in §21.236 of this title (relating to Period of Loans). Interest on loans guaranteed through the Guaranteed Student Loan Program shall accrue during periods of postponement and be paid by the Federal Interest Subsidy Program.~~

~~(d) — A charge of 5.0% of the monthly payment or \$5.00, whichever is less, shall be assessed on any payment received later than 10 days from the due date of such payment. Such charges shall be collected out of the first payments made in excess on interest charges then due.~~

~~(e) — The cosigner may not be held responsible for the repayment of the loan, accrued interest, and other charges if the borrower dies or becomes totally and permanently disabled.~~

~~21.240. — Cancellation of Certain Loan Repayments.~~

~~(a) — The board may cancel the repayment of a loan received by a student who is regularly employed by a school district in the state and is teaching a subject considered to be in critical need of teachers under rules adopted by the State Board of Education.~~

~~(b) — A person who wishes to apply for a loan cancellation must enter into a contract with the board at the time the loan is requested that provides the following:~~

~~(1) — a payment is not due from the person as long as he or she is employed by a school district in this state and is teaching a subject considered to be in critical need of teachers under rules adopted by the State Board of Education;~~

~~(2) — half of the total amount of the loan plus interest due is to be canceled after the person has taught a subject considered to be in critical need of teachers for two school years, and the remainder is to be canceled after the person has taught a subject considered to be in critical need of teachers for two additional school years;~~

~~(3) — repayment of the loan and interest is to begin immediately if the person leaves employment with a school district in this state or discontinues teaching a subject considered to be in critical need of teachers before the end of two school years after the date the person began teaching;~~

~~(4) — repayment of one-half of the loan and interest is to begin immediately if the person ceases to teach in a school district in this state or discontinues teaching a subject considered to be in critical need of teachers before the end of four school years after the date the person began teaching;~~

~~(5) — on completion of four years of teaching, the loan, principal, and interest, shall be fully canceled; and~~

~~(6) — interest continues to accrue until the loan is canceled or repaid.~~

~~(c) — The board shall publicize the availability of the loan cancellation procedures provided by this section at institutions of higher education that offer approved teacher education programs~~

~~21.241. — Enforcement of Collections.~~

~~When any person who has received a loan through the Future Teacher Loan Program shall have failed or refused to make as many as five monthly payments due in accordance with an executed note, the full amount of remaining principal and accrued interest shall become due and payable immediately. When as many as six payments have been missed, the attorney general, at the request of the commissioner, shall file suit for the outstanding balance.~~

Committee on Affordability, Accounting and Planning

AGENDA ITEM V-H (13)

Consideration of adopting the Commissioner's recommendation to the Committee relating to the repeal of Chapter 21, Subchapter L, Sections 21.301 – 21.325 of Board rules, concerning the Paul Douglas Teacher Scholarship Program (H.R. 1944, 104th Congress, 1995)

RECOMMENDATION: Approval

Background Information:

Federal legislation rescinded funding for this program in 1995. Since this is no longer an active program, it is appropriate to delete the rules.

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

Date approved by the Commissioner for publication in the *Texas Register*: February 1, 2016.

Date published in the *Texas Register*: February 12, 2016.

The 30-day comment period with the *Texas Register* ended on March 12, 2016.

No comments were received regarding the repeal.

CHAPTER 21 STUDENT SERVICES

SUBCHAPTER L PAUL DOUGLAS TEACHER SCHOLARSHIP PROGRAM

Section

- ~~§21.301 — Purpose~~
- ~~§21.302 — Administration~~
- ~~§21.303 — Delegation of Powers and Duties~~
- ~~§21.304 — Definitions~~
- ~~§21.305 — Scholarship~~
- ~~§21.306 — Eligible Institutions of Higher Education~~
- ~~§21.307 — Qualifications for Scholarships~~
- ~~§21.308 — Criteria for Selecting Scholars~~
- ~~§21.309 — Special Consideration~~
- ~~§21.310 — Award Amounts~~
- ~~§21.311 — Criteria for Subsequent Scholarships~~
- ~~§21.312 — Application Priority Deadlines~~
- ~~§21.313 — Notification of Availability of Paul Douglas Teacher Scholarship~~
- ~~§21.314 — Expenditure of Funds~~
- ~~§21.315 — Payments to Students~~
- ~~§21.316 — Student Status~~
- ~~§21.317 — Scholarship Conditions~~
- ~~§21.318 — Noncompliance with the Scholarship Conditions~~
- ~~§21.319 — Period of Loan~~
- ~~§21.320 — Loan Interest~~
- ~~§21.321 — Repayment of Loans~~
- ~~§21.322 — Minimum Repayment Amounts~~
- ~~§21.323 — Deferments~~
- ~~§21.324 — Enforcement of Collection~~
- ~~§21.325 — Provisions for Disability and Death~~

~~21.301. — Purpose:~~

~~The purpose of the Paul Douglas Teacher Scholarship Program is to provide scholarships to enable and encourage outstanding high school graduates and recent GED certificate recipients who demonstrate an interest in teaching to pursue teaching careers at the preschool, elementary, or secondary level.~~

~~21.302. — Administration:~~

~~The Texas Higher Education Coordinating Board, or its successor or successors, shall administer the Paul Douglas Teacher Scholarship Program.~~

~~21.303. — Delegation of Powers and Duties:~~

~~The board delegates to the commissioner of higher education the powers, duties, and functions of the Act, as provided in this subchapter.~~

~~21.304. Definitions.~~

~~The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.~~

- ~~(1) Academic year--The period of time during which a full-time student is expected to complete the equivalent of one of the following:

 - ~~(A) two semesters;~~
 - ~~(B) two trimesters;~~
 - ~~(C) three quarters.~~~~
- ~~(2) Act--The Higher Education Act of 1965, as amended.~~
- ~~(3) Approved teacher education program--A course of study leading to certification as a teacher at the preschool, elementary school, or secondary school level, as determined by the Texas Higher Education Coordinating Board.~~
- ~~(4) Award year--The period of time from July 1 of one year through June 30 of the following year.~~
- ~~(5) Board--The Texas Higher Education Coordinating Board.~~
- ~~(6) Capitalized interest--Unpaid accrued interest added to the principal amount.~~
- ~~(7) Commissioner--The commissioner of higher education, the chief executive officer of the board.~~
- ~~(8) Full-time student--A student enrolled in an institution of higher education, other than a correspondence school, who is carrying a full-time academic workload as determined by the institution under standards applicable to all students enrolled in that student's program.~~
- ~~(9) Fund--The Paul Douglas Teacher Scholarship fund.~~
- ~~(10) The governor's committee--A seven-member statewide panel appointed by the governor for the purpose of selecting scholarship recipients.~~
- ~~(11) Resident of Texas--A legal resident of Texas as defined in the Texas Education Code, §§54.052, 54.054, and 54.055. Nonresidents classified as Texas residents for purposes of paying Texas resident tuition and fees are excluded.~~
- ~~(12) Scholar--A scholarship recipient.~~
- ~~(13) Scholarship--An award made to an individual under this subchapter for one academic year.~~
- ~~(14) Scholarship period--The period of time for which the scholarship is intended.~~
- ~~(15) Teacher shortage area--As defined by the United States Secretary of Education.~~

~~21.305. Scholarship.~~

~~All scholarships awarded through the Paul Douglas Teacher Scholarship Program are subject to the provisions of the Higher Education Act of 1965, Title V, Part C, as amended, and the regulations thereof (34 Code of Federal Regulations Part 653). Copies of these federal rules and statutes are on file in the offices of the board.~~

~~21.306. Eligible Institutions of Higher Education.~~

- ~~(a) — Criteria. An eligible institution shall be any institution of higher education which:~~
- ~~(1) — admits as regular students only those persons having a certificate of graduation from a school providing secondary education or the recognized equivalent of such certificate;~~
 - ~~(2) — is legally authorized to provide a program of education beyond secondary level;~~
 - ~~(3) — provides an educational program for which it awards at least an associate degree;~~
 - ~~(4) — is a public or other nonprofit institution;~~
 - ~~(5) — is accredited by the Southern Association of Colleges and Schools if the institution is within the state of Texas; or~~
 - ~~(6) — is currently accredited by a nationally recognized accrediting agency or association that the secretary determines to be a reliable authority as to the quality of training offered in accordance with the Act, §1201(A), if the institution is outside the state of Texas.~~
- ~~(b) — Evidence of institution's accreditation status. If the institution is placed on public probation by the appropriate accrediting agency, scholars applying for scholarships shall provide evidence of knowledge of the school's accreditation status as a condition to receiving the scholarship.~~
- ~~(c) — Students attending other institutions. Any student attending an institution other than an eligible institution, as set forth in subsection (a) of this section (relating to criteria for eligible institutions), shall not be eligible for a scholarship from the fund. Scholars who continue to seek certification through an ineligible institution are responsible for repaying the scholarship.~~
- ~~(d) — Designation of institutional representative. Unless otherwise specified by the chief executive officer of the institution, the Hinson-Hazlewood College Student Loan Program officer shall serve as the Paul Douglas Teacher Scholarship Program officer for Texas institutions, shall be the board's on-campus agent to certify all institutional transactions and activities with respect to the fund, and shall be responsible for all records and reports reflecting the transactions with respect to the fund.~~

~~21.307. — Qualifications for Scholarships.~~

~~The commissioner may authorize, or cause to be authorized, scholarships to qualified students at any eligible institution, provided the applicant:~~

- ~~(1) — is a United States citizen, national, or permanent resident as defined in 34 Code of Federal Regulations §653.41;~~
- ~~(2) — is a legal resident of the State of Texas as defined in these regulations;~~
- ~~(3) — has graduated from high school or is scheduled to graduate by the end of the secondary school year; or has received a certificate of high school equivalency for successfully completing the Test of General Educational Development (GED);~~
- ~~(4) — ranks in the top 10% of his or her graduating class; or has GED test scores recognized by the state as being equivalent to ranking in the top 10% of high school graduates in Texas, or nationally, in the academic year for which the eligibility determination is being made;~~
- ~~(5) — maintains satisfactory progress as determined by the institution of higher education the student is attending, in accordance with the criteria established in 34~~

~~Code of Federal Regulations §668.16(c) of the student assistance general provisions regulations;~~

~~(6) — is enrolled full-time in an eligible institution and is pursuing a course of study leading to certification as a classroom teacher; graduate study that is not required for initial certification is not included;~~

~~(7) — is not ineligible to receive assistance as a result of default on a federal student loan or otherwise, as provided under 34 Code of Federal Regulations §§75.60-75.62; and~~

~~(8) — has been counseled by the program officer regarding responsibilities to the scholarship program and has signed a statement acknowledging such.~~

~~21.308. — Criteria for Selecting Scholars.~~

~~From among the qualified applicants, the scholars will be selected using the following criteria:~~

~~(1) — high school and/or college grade point average (GPA) or GED score as applicable;~~

~~(2) — pursuit of a field of study in a teacher shortage area as determined by the United States Secretary of Education;~~

~~(3) — financial need as determined by the financial aid administrator at the institution of higher education to be attended by the scholar;~~

~~(4) — grade level; priority given to juniors and seniors in college; and~~

~~(5) — rank given by the governor's committee based on an essay, extracurricular activities, and a teacher recommendation.~~

~~21.309. — Special Consideration.~~

~~(a) — As required under the Higher Education Amendments of 1992, §523(d), at least 75% of the scholars will be selected on the basis of selection criteria that include criteria to give special consideration to individuals who:~~

~~(1) — intend to teach or provide related services to students with disabilities;~~

~~(2) — intend to teach limited English-proficient students;~~

~~(3) — intend to teach preschool-age children;~~

~~(4) — intend to teach in schools serving inner city, rural, or geographically isolated areas;~~

~~(5) — intend to teach in curricular areas or geographic areas where there are demonstrated shortages of qualified teachers;~~

~~(6) — are from disadvantaged backgrounds, including low income, racial and ethnic minorities and the disabled, and from groups historically underrepresented in the teaching profession or in the curricular areas in which they are preparing to teach.~~

~~(b) — The board may waive the requirements of subsection (a) of this section for not more than 25% of all individuals receiving a scholarship under this subchapter.~~

~~21.310. — Award Amounts.~~

~~The maximum award to each scholar may be \$5,000 for each academic year not to exceed four years. The amount of the award, when combined with any other Title IV student financial assistance funds awarded to the scholar, may not exceed the scholar's cost of~~

~~attendance. If a scholarship, when added to the amount the scholar is to receive for the same academic year under Title IV of the Act, would otherwise exceed the scholar's cost of attendance, as defined for the National Direct Student Loan Program in 34 Code of Federal Regulations §674.11, the scholarship shall not be reduced by the amount in which the combined awards would be in excess of the scholar's cost of attendance, but shall be taken into account in determining eligibility for other forms of financial assistance. Subsequent scholarships will also require certification of the award amount by the financial aid office.~~

~~21.311. — Criteria for Subsequent Scholarships.~~

~~In order to be considered for subsequent scholarships qualified applicants must be:~~

~~(1) — enrolled as a full-time student in a postsecondary institution that is currently accredited by a nationally recognized accrediting agency or association that the Secretary determines to be a reliable authority as to the quality of training offered, in accordance with the Act, §1202(a);~~

~~(2) — pursuing a course of study leading to certification as a teacher at the preschool, elementary, or secondary level, as recognized by the Texas Higher Education Coordinating Board, but not including graduate study that is not required for initial teacher certification; and~~

~~(3) — maintaining satisfactory progress toward a degree, or if the student already has a degree, toward teacher certification, as determined by the postsecondary institution the student is attending, in accordance with the criteria established in 34 Code of Federal Regulations §668.16(e) of the Student Assistance General Provisions regulations.~~

~~21.312. — Application Priority Deadlines.~~

~~A system of priority deadlines will be administered by the board to process applications.~~

~~(1) — Initial applications arriving at the board on or before June 30 of each year will be given equal priority. Applications received after that date will be processed on a first come first served basis until funds are depleted.~~

~~(2) — Subsequent scholarship applications must be received by the board on or before June 30 to ensure the qualified applicant of receiving the full scholarship for which he or she is eligible, provided funds are available.~~

~~(3) — Eligible applications received after June 30 will be honored as long as funds are available and applications for subsequent scholarships will receive priority. If available funds are insufficient to honor all applications for subsequent scholarships, the Board will prorate reductions in order to fulfill its obligation to subsequent scholars.~~

~~21.313. — Notification of Availability of Paul Douglas Teacher Scholarship.~~

~~The financial aid director at each participating institution shall annually inform the dean of the school of education at that institution of the availability of the Paul Douglas Teacher Scholarship funds.~~

~~21.314. — Expenditure of Funds.~~

~~In each award year, the board, if possible, will expend all program funds received from the federal government for that award year and all funds received prior to that award year from principal or interest payments, except that the board may reserve for expenditures in the following award year an amount less than \$5,000 as well as any funds awarded but returned or not expended.~~

~~21.315. ——— Payments to Students.~~

~~(a) — No payment shall be made to any scholar until he or she has executed a promissory note payable to the fund for the full amount of any authorized scholarship plus interest and other fees. The scholar must execute a commitment to teach full-time in a public or private nonprofit preschool, elementary, or secondary school in any state or teach children with disabilities or with limited English proficiency on a full-time basis in a private nonprofit institution. The original of such executed promissory note and commitment to teach shall be forwarded immediately to the commissioner.~~

~~(b) — For the purpose of any contract executed by the scholar, the defense that he or she was a minor at the time he or she executed a promissory note shall not be available to him or her in any action arising on said note.~~

~~21.316. ——— Student Status.~~

~~(a) — If, during a scholar's enrollment, the scholar ceases to pursue teacher certification, the program officer must notify the board promptly. Further, the program officer must notify the board when a scholar ceases to be enrolled and provide the board with information on how to locate the borrower.~~

~~(b) — A roster of scholars will be forwarded to each eligible institution by the board prior to the end of each enrollment period. Information on each scholar shall be obtained in a form prescribed by the commissioner.~~

~~21.317. ——— Scholarship Conditions.~~

~~To receive a scholarship, a scholar shall enter into an agreement with the board under which he or she agrees to the following:~~

~~(1) — teach on a full-time basis in any state as determined by the institution or agency for which the scholar is teaching, for a period of not less than two years for each year in which scholarship assistance was received or in an area designated by the United States Secretary of Education as provided by the Higher Education Act, §428(b)(4), as amended, one year for each year of scholarship assistance was received in one of the following:~~

~~(A) — a public or private nonprofit preschool, elementary, or secondary school in any state;~~

~~(B) — in a private nonprofit institution, teach children with disabilities or with limited English proficiency;~~

~~(2) — fulfill the teaching obligation described in paragraph (1) of this section within 10 years after completing the postsecondary education degree program for which the scholarship was awarded;~~

~~(3) — pursue a course of study leading to certification at the preschool, elementary, or secondary level as recognized by the Texas Higher Education~~

~~Coordinating Board but not including graduate study that is not required for initial teacher certification;~~

~~(4) — provide the board evidence of compliance with paragraphs (1)–(3) of this section;~~

~~(5) — repay the amount of the scholarship received, prorated according to the fraction of the teaching obligation not completed, as determined by the board, and pay interest and reasonable collection fees if the condition of paragraphs (1)–(4) of this section are not met; and~~

~~(6) — maintain eligibility for this scholarship through the following:~~

~~(A) — enroll as a full-time student in an eligible institution;~~

~~(B) — pursue a course of study leading to certification at the preschool, elementary, or secondary level as recognized by the Texas Higher Education Coordinating Board but not including graduate study that is not required for initial teacher certification; and~~

~~(C) — maintain satisfactory progress as determined by the institution of higher education that the scholar is attending and comply with §21.311 of this title (relating to Criteria for Subsequent Scholarships).~~

~~21.318. — Noncompliance with the Scholarship Conditions.~~

~~If the board determines that the scholar is not complying with the scholarship conditions in §21.317 of this title (relating to Scholarship Conditions) then the board will treat the scholarship as a loan as stated in the signed promissory note.~~

~~21.319. — Period of Loan.~~

~~The principal amounts of loans shall be repaid in installments over a period of not more than 10 years. (See §21.321 of this title (relating to Repayment of Loans).)~~

~~21.320. — Loan Interest.~~

~~(a) — Capitalized Interest. Interest accrues from the date of each initial scholarship payment if the board has determined that the scholar is no longer pursuing a course of study leading to certification as a teacher at the preschool, elementary, or secondary level, or the day after that portion of the scholarship period for which the teaching obligation has been fulfilled. From the time capitalized interest begins to accrue to the time the repayment period begins (as described in §21.321 of this title (relating to Repayment of Loans)), the interest charge is adjusted annually and is set by the United States Secretary of Education by regulation at the rate that in no event is higher than the greater of the rate applicable to loans under Part B of Title IV, HEA, or §428(A) and §428(B) of the HEA during the same 12-month period. The board shall capitalize any accrued unpaid interest the time it establishes the scholar's repayment schedule.~~

~~(b) — Interest Rate. The interest rate is adjusted annually and is set by the United States Secretary of Education by regulation at the rate that in no event is higher than the greater of the rate applicable to loans under Part B of Title IV, HEA, or §428(A) and §428(B) of the HEA during the same 12-month period.~~

~~(c) — Interest Rate Applicable During the Repayment Period. The interest rate applicable during the repayment period is the interest rate prescribed by the United States~~

~~Secretary of Education by regulation that is in effect as of the beginning date of the repayment period.~~

~~21.321. ——— Repayment of Loans.~~

~~A scholar shall begin repayment on the first day of the first calendar month after:~~

~~(1) — the board determines that the scholar has ceased to pursue a course of study leading to certification as a teacher at the preschool, elementary, or secondary level, but not before six months have elapsed after the cessation of the scholar's full-time enrollment in such a course of study;~~

~~(2) — the date the scholar informs the board that he or she does not plan to fulfill the teaching obligation;~~

~~(3) — the latest date, as determined by the board, on which the scholar must begin teaching in order to have completed the teaching obligation within 10 years after completing the postsecondary education for which the scholarship was awarded.~~

~~21.322. ——— Minimum Repayment Amounts.~~

~~(a) — Although loans may be prepaid at any time without penalty, except for capitalized interest, repayment shall begin as provided in §21.321 of this title (relating to Repayment of Loans) and shall extend over such period authorized in §21.319 of this title (relating to Period of Loan).~~

~~(b) — The board will provide a repayment schedule calling for the minimum payment amount sufficient to repay all loans made under this subchapter over the maximum authorized period. Annual repayments will amount to no less than \$1,200 or the unpaid balance, whichever is less, unless the scholar's inability to pay this amount because of his or her financial condition has been established to the satisfaction of the board. The board shall not require repayments amounting to more than \$1,200 annually unless higher payments are needed to complete the entire repayment within the 10-year period referred to in §21.319 of this title (relating to Period of Loan).~~

~~21.323. ——— Deferments.~~

~~(a) — To qualify for any deferments, the scholar must notify the board of his or her claim to a deferment and submit written proof acceptable to the board that he or she is:~~

~~(1) — engaged in a full-time course of study at an institution of higher education, as defined in §1201(a) of the HEA;~~

~~(2) — serving, not in excess of three years, on active duty as a member of Vista, the Peace Corps, or a member of the armed services of the United States;~~

~~(3) — temporarily totally disabled, for a period not to exceed three years, as established by a sworn affidavit of a qualified physician;~~

~~(4) — unable to secure employment for a period not to exceed 12 months by reason of the care required by a disabled child, spouse, or parent;~~

~~(5) — seeking and unable to find full-time employment for a single period not to exceed 12 months;~~

~~(6) — seeking and unable to find full-time employment as a teacher in a public or private nonprofit preschool, elementary, or secondary school and unable to satisfy the~~

~~terms of the repayment schedule. This deferment is limited to a single period not to exceed 27 months.~~

~~(b) — The board shall extend the 10-year loan repayment period by a period equal to the length of any deferment granted by the board. If the scholar proves his or her financial hardship to the board's satisfaction, then the board may extend the 10-year loan repayment period for a period as determined by the board.~~

~~(c) — During the time a scholar qualifies for any of the deferments in subsection (a) of this section, he or she need not make scholarship payments.~~

~~21.324. — Enforcement of Collection.~~

~~(a) — When a scholar who has received a loan authorized by this law shall have failed or refused to make as many as six monthly payments due in accordance with a promissory note(s), then the full amount of remaining principal, interest, and/or late charges shall immediately become due and payable. The scholar's name and last known address and other information as requested by the commissioner shall be reported 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 scholar's residence or in Travis County, unless the attorney general shall find reasonable justification for delaying suit and shall so advise the commissioner in writing.~~

~~(b) — Upon notification by the commissioner of default on this loan, the educational institution shall cause the records, including transcripts of the scholar, to become unavailable to him or her or any other person outside the institution until the participating institution has been notified by the commissioner that such default has been corrected. Should the default continue beyond at least 60 days from the date suit service was obtained, the commissioner will cause a judgment to be entered which may be filed in the county records where the service was obtained and will release such judgment once the scholar has completed the repayment of the debt as stipulated in the judgment.~~

~~(c) — In all cases of default, the scholar will be responsible for the payment of principal and all accrued charges, including interest, late charges, skiptracing fees, court costs, and attorney fees.~~

~~21.325. — Provisions for Disability and Death.~~

~~The board shall cancel a scholar's repayment obligations if it determines:~~

~~(1) — on the basis of a sworn affidavit of a qualified physician, that the scholar is unable to teach on a full-time basis because the scholar is permanently, totally disabled; or~~

~~(2) — on the basis of a death certificate, or other evidence of death that is conclusive under state law, that the scholar has died.~~

Committee on Affordability, Accounting and Planning

AGENDA ITEM V-H (14)

Consideration of adopting the Commissioner's recommendation to the Committee relating to the repeals of Chapter 21, Subchapter O, Sections 21.465 – 21.477 and Subchapter LL, Sections 21.2050 – 21.2056 of Board rules, concerning the Early Childhood Care Provider Student Loan Repayment Program

RECOMMENDATION: Approval

Background Information:

No funds have been appropriated for this program since FY2005. Since this is no longer an active program, it is appropriate to delete the rules.

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

Date approved by the Commissioner for publication in the *Texas Register*: February 1, 2016.

Date published in the *Texas Register*: February 12, 2016.

The 30-day comment period with the *Texas Register* ended on March 12, 2016.

No comments were received regarding the repeal

~~CHAPTER 21. STUDENT SERVICES~~

~~SUBCHAPTER O. EARLY CHILDHOOD CARE PROVIDER STUDENT LOAN REPAYMENT PROGRAM~~

~~Section~~

- ~~21.465. Purpose.~~
- ~~21.466. Definitions.~~
- ~~21.467. Priorities of Application Acceptance and Selection Criteria.~~
- ~~21.468. Eligible Education Loan.~~
- ~~21.469. Qualifications for Participation.~~
- ~~21.470. Participation Agreement.~~
- ~~21.471. Amount of Repayments and Limitations.~~
- ~~21.472. Repayments During the Required Two-Year Service Period.~~
- ~~21.473. Repayments Beyond the Required Two-Year Service Period.~~
- ~~21.474. Terms of Early Childhood Care Provider Loans.~~
- ~~21.475. Enforcement of Collection.~~
- ~~21.476. Provisions for Disability and Death.~~
- ~~21.477. Dissemination of Information.~~

~~21.465. Purpose.~~

~~— The purpose of the Early Childhood Care Provider Student Loan Repayment Program is to recruit and retain qualified child-care providers who serve in licensed Texas child-care facilities and whose duties consist primarily of providing child care or education to children less than four years old.~~

~~21.466. Definitions.~~

~~The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:~~

~~(1) Child-care facility -- A child-care facility licensed through the Division of Child Care Licensing of the Department of Protective and Regulatory Services.~~

~~(2) Default -- A loan is considered in default if it is reduced to judgment.~~

~~(3) Early childhood care provider -- A person who works 31 hours or more a week in a child-care facility, whether as an employee, owner, or volunteer, and whose duties consist primarily of providing child care or education to children less than four years of age.~~

~~(4) Early childhood degree or equivalent -- An associate, baccalaureate, or graduate degree in early childhood development or the equivalent of early childhood development.~~

~~(5) Education loan -- A loan made to an individual for the purpose of attending a public or independent institution of higher education.~~

~~(6) — General academic teaching institution — As defined in the Texas Education Code, Section 61.003.~~

~~(7) — Institution of higher education — A public or private and independent institution of higher education as defined in the Texas Education Code, Section 61.003, and an out-of-state institution that is accredited by a recognized accrediting agency.~~

~~(8) — Recognized accrediting agency — The Southern Association of Colleges and Schools and any other association or organization so designated by the board.~~

~~(9) — Repayment(s) — Financial assistance for repaying education loans.~~

~~(10) — Service obligation — A period of specified service in return for repayment assistance.~~

~~21.467. — Priorities of Application Acceptance and Selection Criteria.~~

~~(a) — Acceptance of applicants shall depend on the availability of appropriated and other funds designated to support the program. Selection of applicants to participate in the program shall be based upon criteria approved by the commissioner in order to use limited funds effectively. The selection criteria may include, among other things, an assessment of an applicant's financial need.~~

~~(b) — Renewal applicants shall be given priority over first-time applicants.~~

~~(c) — In any year in which funds are insufficient for the number of eligible applicants, the board may encumber Early Childhood Care Provider Student Loan Repayment Funds.~~

~~21.468. — Eligible Education Loan.~~

~~An education loan eligible for repayment is one that:~~

~~(1) — was obtained for purposes of attending any public or independent institution of higher education;~~

~~(2) — is evidenced by a promissory note:~~

~~(A) — for funds through a federal or state loan program for higher education;~~

~~(B) — with language that clearly indicates that loan proceeds must be used for direct and indirect expenses at an eligible institution; or~~

~~(C) — for consolidating education loans;~~

~~(3) — does not entail a service obligation as a child care provider;~~

~~(4) — shall not be repaid through a similar program administered by the state or federal government, another state or territory of the United States, or by a foreign country; and~~

~~(5) — is not in default at the time of the early childhood care provider's application.~~

~~21.469. — Qualifications for Participation.~~

~~A person qualified for participation in the program must:~~

~~(1) — be a United States citizen, national, or permanent resident of the United States;~~

~~(2) — hold an associate, baccalaureate, or graduate degree in early childhood development or the equivalent of early childhood development from a public or independent institution of higher education accredited by a recognized accrediting agency;~~

~~(3) — be employed as an early childhood care provider in a Texas child-care facility;~~

~~(4) — apply for participation in the program and enter into an agreement with the board as an early childhood care provider; and~~

~~(5) — sign a promissory note.~~

~~21.470. — Participation Agreement.~~

~~The participation agreement signed by the early childhood care provider shall specify the contractual conditions of any repayments provided to the early childhood care provider including, but not limited to, the following:~~

~~(1) — the two-year service requirement must be completed to avoid repayment of funds to the board;~~

~~(2) — the number of additional years of service for which an early childhood care provider may receive repayment assistance beyond the two-year service requirement;~~

~~(3) — the difference in conditions between repayments made to the early childhood care provider during the required two-year service period and repayments made during any subsequent years of service;~~

~~(4) — the beginning of the two-year service requirement effective the date of the agreement;~~

~~(5) — the cancellation of the service obligation due to death or total and permanent disability;~~

~~(6) — the early childhood care provider's promise to repay all funds paid to him or her by the board for service should he or she cease to provide child-care in a child-care facility any time during the required two-year service period;~~

~~(7) — the effect of appropriations and availability of funds on repayment assistance;~~

~~(8) — the manner in which loan repayments are made; and~~

~~(9) — any other conditions necessary to fulfill the intent of the statute or to maintain the integrity of the program.~~

~~21.471. — Amount of Repayments and Limitations.~~

~~(a) — The amount of repayments and the timeliness of repayments of education loans of a child care provider are dependent upon appropriations and availability of funds. The board may delay repayments in times of insufficient funds.~~

~~(b) — The total annual loan repayments may not exceed the lesser of the following:~~

~~(1) — 15 percent of the total of all remaining scheduled payments of all education loans based upon a leveled payment schedule on the date of the participation agreement;~~

~~(2) — the actual annual amount of the loan payments required by the note and holder of the education loans; or~~

~~(3) — an amount set by the board equal to the maximum amount of resident tuition and required fees paid by a person enrolled as a full-time student at a general academic teaching institution in Texas for the most recent academic year, excluding summer school.~~

~~21.472. — Repayments During the Required Two-Year Service Period.~~

~~(a) — The board may encumber repayment assistance funds for each qualified early childhood care provider for the required two-year service obligation.~~

~~(b) — The board shall disburse repayments at the end of each year of service.~~

~~(c) — The board shall issue a disclosure statement with each disbursement.~~

~~(d) — Repayments shall be made copayable to the child care provider and the holder of the education loan notes.~~

~~(e) — The board shall provide the early childhood care provider a completed IRS 1099 form annually for repayments disbursed during the required two-year period.~~

~~21.473. — Repayments Beyond the Required Two-Year Service Period.~~

~~(a) — To the extent funding is available, an early childhood care provider may qualify to receive repayments for three additional years of service in an eligible facility after completing the required two years of service.~~

~~(b) — The eligible early childhood care provider must apply annually at the beginning of the twelve-month service period.~~

~~(c) — To remain eligible, the early childhood care provider must provide twelve consecutive full months of eligible service.~~

~~(d) — Repayments shall be made for services rendered in the preceding twelve months.~~

~~(e) — Repayments are for services rendered and do not have to be repaid; consequently, no promissory note is required for repayments beyond the required two-year period of service.~~

~~(f) — Repayments shall be made copayable to the early childhood care provider and the holder of the education loan notes.~~

~~(g) — The board shall provide the early childhood care provider a completed IRS 1099 form annually.~~

~~21.474. — Terms of Early Childhood Care Provider Student Loans.~~

~~(a) — Early childhood care providers receiving repayments during the required two-year service period who fail to complete service within the two years specified in the participation agreement must repay all repayments received according to the stipulations in the promissory note signed with the participation agreement.~~

~~(b) — Early childhood care provider student loans may be reported to credit reporting agencies.~~

~~(c) — Early childhood care provider student loan recipients are responsible for repaying not only the board but also holders of any outstanding education loan notes.~~

~~(d) — The board may require a creditworthy payment guarantor or cosigner designated on the promissory note.~~

~~(e) — The principal amount of all early childhood care provider student loans shall be repaid in installments in a period not to exceed five years.~~

~~(f) — The interest on early childhood care provider student loans shall be simple interest, and the interest rate shall be a fixed rate set by the commissioner. Interest shall accrue from the date of the disbursement of the first repayment.~~

~~(g) — The first payment shall be due at least 60 days after the date the early childhood care provider ceases to provide eligible services.~~

~~(h) — The board shall provide a payment schedule calling for a minimum payment amount sufficient to repay all amounts included in the promissory note(s). The minimum annual amount required shall be \$600 or the amount required to repay the remaining balance within five years, whichever is greater.~~

~~(i) — A charge of five percent (5%) of the monthly payment or five dollars (\$5.00), whichever is less, shall be assessed for any payment received later than twenty days from the due date of such payment. Such charges shall be collected out of the first payments made in excess of the interest due with these payments.~~

~~(j) — Periods of forbearance may be granted to recipients of the early childhood care provider student loans under certain documented circumstances as determined by the board. Periods of forbearance shall extend the five-year repayment period.~~

~~21.475. — Enforcement of Collection.~~

~~(a) — When a recipient or payment guarantor/cosigner of a loan shall have failed to make as many as six monthly payments due in accordance with the promissory note(s), then the full amount of remaining principal, interest, and/or late charges shall immediately become due and payable. The recipient's and payment guarantor/cosigner's names and last known addresses and other information as requested by the commissioner shall be reported to the attorney general or any county or district attorney acting for him or her in the county of the recipient's residence or in Travis County, unless the attorney general shall find reasonable justification for delaying suit and shall advise the commissioner in writing.~~

~~(b) — In all cases of default, the recipient and payment guarantor/cosigner shall be responsible for the payment of principal and all accrued charges, including interest, late charges, any collections costs incurred, court costs, and attorney fees.~~

~~21.476. — Provisions for Disability and Death.~~

~~The board may cancel a recipient's payment or service obligation if it determines:~~

~~(1) — on the basis of a sworn affidavit of a qualified physician, that the recipient is unable to work because the recipient is permanently, totally disabled; or~~

~~(2) — on the basis of a death certificate, that the recipient has died; in the case of death, the board may pursue collection from the recipient's estate if the debt has been reduced to judgment before the death of the recipient.~~

~~21.477. — Dissemination of Information.~~

~~The Board shall distribute rules and pertinent information about the Early Childhood Care Provider Student Loan Repayment Program to Texas institutions of higher education offering a degree program in early childhood development and equivalent degrees and to appropriate associations, facilities, and other entities.~~

CHAPTER 21 STUDENT SERVICES

SUBCHAPTER LL ~~EARLY CHILDHOOD CARE PROVIDER STUDENT LOAN REPAYMENT PROGRAM~~

Section

- ~~§21.2050 — Authority and Purpose~~
- ~~§21.2051 — Definitions~~
- ~~§21.2052 — Priorities of Application Acceptance and Selection Criteria~~
- ~~§21.2053 — Eligible Education Loan~~
- ~~§21.2054 — Qualifications for Participation~~
- ~~§21.2055 — Amount of Repayments and Limitations~~
- ~~§21.2056 — Dissemination of Information~~

~~21.2050. — Authority and Purpose.~~

~~(a) — Authority. The authority for this subchapter is provided in the Texas Education Code, Subchapter T, Early Childhood Child-Care Worker Student Loan Repayment Program. These rules establish procedures to administer the subchapter as prescribed in the Texas Education Code, §§61.871 through 61.878, as amended effective September 1, 2003. For participants who were awarded loan repayment assistance under the law that was in effect before September 1, 2003 the agreement entered into with the Board continues in effect until the participant satisfies all the conditions of the agreement.~~

~~(b) — Purpose. The purpose of the Early Childhood Care Provider Student Loan Repayment Program is to recruit and retain qualified child-care providers who work in licensed Texas child-care facilities and whose duties consist primarily of providing child care or education to children less than four years old.~~

~~21.2051. — Definitions.~~

~~The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:~~

- ~~(1) — Child-care facility--A child-care facility licensed through the Division of Child Care Licensing of the Texas Department of Protective and Regulatory Services.~~
- ~~(2) — Default--for purposes of this subchapter a loan is considered in default if it is reduced to judgment.~~
- ~~(3) — Early childhood care provider--A person who works 31 hours or more a week in a child-care facility, whether as an employee, owner, or volunteer, and whose duties consist primarily of providing child care or education to children less than four years of age.~~
- ~~(4) — Early childhood degree--An associate, baccalaureate, or graduate degree in early childhood development or a degree that is equivalent to a degree in early childhood development.~~
- ~~(5) — Education loan--A loan made to an individual for the purpose of attending a qualifying institution.~~
- ~~(6) — General academic teaching institution--As defined in the Texas Education Code, §61.003.~~
- ~~(7) — Qualifying Institution--a general academic teaching institution, as defined in Texas Education Code §61.003(8), or a private or independent institution of higher~~

education, as defined in Texas Education Code §61.003(15), or an out-of-state institution that is accredited by a recognized accrediting agency, as defined within.

(8) — ~~Recognized accrediting agency—The Southern Association of Colleges and Schools and any other association or organization so designated by the Board, which are listed in the Board's rules at 19 TAC §7.3.~~

(9) — ~~Repayment(s)—Financial assistance for repaying education loans.~~

21.2052. — ~~Priorities of Application Acceptance and Selection Criteria.~~

(a) — ~~Acceptance of applications shall depend on the availability of funds. If funds are available an application deadline will be established each year and will be published on the Board's web site at www.collegefortexans.com. Selection of applicants to participate in the program shall be based upon an assessment of an applicant's financial need.~~

(b) — ~~Renewal applicants shall be given priority over first-time applicants.~~

21.2053. — ~~Eligible Education Loan.~~

An education loan eligible for repayment is one that:

(1) — ~~was obtained for purposes of attending any qualifying institution;~~

(2) — ~~is evidenced by a promissory note:~~

(A) — ~~promising repayment of funds received through any student loan program;~~

(B) — ~~with language that clearly indicates that loan proceeds must be used for direct and indirect expenses at an eligible institution, or~~

(C) — ~~for consolidating education loans;~~

(3) — ~~is not in default at the time of the early childhood care provider's application.~~

21.2054. — ~~Qualifications for Participation.~~

To be eligible for loan repayment a participant must:

(1) — ~~hold an early childhood degree from a qualifying institution; and~~

(2) — ~~be currently employed as an early childhood care provider in a Texas child-care facility; and~~

(3) — ~~have completed at least one year of employment as an early childhood care provider in a Texas child-care facility by the application deadline.~~

21.2055. — ~~Amount of Repayments and Limitations.~~

(a) — ~~Participation in the program may not exceed a total of five years.~~

(b) — ~~The total annual loan repayments may not exceed the lesser of the following:~~

(1) — ~~15 percent of the total of all remaining scheduled payments of all education loans based upon a leveled payment schedule on the date of the annual application deadline;~~

(2) — ~~the actual annual amount of the loan payments required by the note and holder of the education loans; or~~

(3) — ~~an amount published on the Board's web site, at www.collegefortexans.com, as the average amount of resident tuition and required fees~~

~~paid by a person enrolled full time at a qualifying institution for the most recent academic year, excluding summer school.~~

~~(c) — Repayments shall be made copayable to the child-care provider and the holder of the education loan notes.~~

~~21.2056. — Dissemination of Information.~~

~~If funds are available the Board shall distribute rules and pertinent information about the Early Childhood Care Provider Student Loan Repayment Program to qualifying institutions offering an early childhood degree and to appropriate associations, facilities, and other entities.~~

Committee on Affordability, Accounting and Planning

AGENDA ITEM V-H (15)

Consideration of adopting the Commissioner's recommendation to the Committee relating to proposed amendments to Chapter 21, Subchapter S, Sections 21.590 – 21.596, concerning the Border County Doctoral Faculty Education Loan Repayment Program

RECOMMENDATION: Approval

Background Information:

The intent of these amendments is to clarify the definition of eligible institution, align the description of eligible lender and eligible loans with the description used for other loan repayment program rules, and provide more information on the application process.

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

Date approved by the Commissioner for publication in the *Texas Register*: February 1, 2016.

Date published in the *Texas Register*: February 12, 2016.

The 30-day comment period with the *Texas Register* ended on March 12, 2016.

No comments were received regarding the repeal.

CHAPTER 21. STUDENT SERVICES

SUBCHAPTER S. BORDER COUNTY DOCTORAL FACULTY EDUCATION
LOAN REPAYMENT PROGRAM

Section

- 21.590. Authority, Scope, and Purpose.
- 21.591. Definitions.
- 21.592. Dissemination of Information.
- 21.593. Priorities of Application Acceptance and Selection Criteria.
- 21.594. Eligible Education Loan.
- 21.595. Eligible Faculty.
- 21.596. Repayment of Education Loans.

21.590. Authority, Scope, and Purpose.

(a) Authority. Authority for this subchapter is provided in the Texas Education Code, Sections 61.701 through 61.708.

~~(b)] [Scope. The rules define applicable terms and provide the conditions for eligibility and repayment of education loans for persons who have received a doctoral degree on or after September 1, 1994, from an institution of higher education and are employed as a full-time faculty member with instructional duties in an eligible institution of higher education [that is located in a county that borders Mexico.]~~

~~(b)~~[(e)] Purpose. The purpose of these rules is to implement the Border County Doctoral Faculty Education Loan Repayment Program in order to recruit and retain persons holding a doctoral degree to become and/or remain full-time faculty with instructional duties in eligible [Texas] institutions of higher education located in Texas counties that border Mexico.

21.591. Definitions.

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

(1) Eligible Institution of Higher Education -- A public institution as defined in the Texas Education Code, Section 61.003, except for medical and dental units, [and an out-of-state institution of higher education] located in a Texas county that borders Mexico accredited by a recognized accrediting agency and, if it is not the main campus of the institution, whose main campus is located in a Texas county that borders Mexico.

(2) Recognized Accrediting Agency -- The Southern Association of Colleges and Schools and any other association or organization so designated by the board.

(3) Student Loan in Default -- Student loan debt that has been reduced to a judgment.

(4) Service Period -- A period of service equal to a minimum of nine months of a 12-month academic year that qualifies an eligible doctoral faculty member for an annual education loan repayment.

(5) Program – The Border County Doctoral Faculty Education Loan Repayment Program.

(6) Board – The Texas higher Education Coordinating Board.

21.592. Application Process ~~[Dissemination of Information]~~.

(a) The Board shall distribute rules and application ~~[pertinent]~~ information regarding ~~[about]~~ the Border County Doctoral Faculty Education Loan Repayment Program to the presidents and/or their designees and to the personnel office at each eligible institution of higher education ~~[located in a Texas county that borders Mexico]~~, appropriate professional associations, and other entities.

(b) Institutional presidents and/or their designees shall establish objective criteria for ranking applications, invite eligible faculty to submit applications to them or their designees, and rank the applications in priority order according to instructions from the Board.

(c) By the deadline established by the Board, institutional presidents and/or their designees shall submit faculty applications to the Board, ranked in priority order, and accompanied by a written description of the ranking criteria.

21.593. Priority Applications and Ranking Criteria ~~[Priorities of Application Acceptance]~~.

(a) Acceptance of applicants will depend upon the availability of appropriated funds. Renewal applicants will be given priority over first-time applicants.

(b) The ranking criteria established for eligible faculty who are first-time applicants may include, but are not limited to the following: length of service to the institution, ratio of income to student loan debt, total amount of student loan debt, institutional need in terms of academic disciplines, and documented excellence in job performance. ~~[Prior conditional approval shall be communicated to eligible faculty, contingent upon availability of funds and the applicant's having met all program requirements at the end of the service period.]~~

21.594. Eligible Lender and Eligible Education Loan.

(a) The Board shall retain the right to determine the eligibility of lenders and holders of education loans to which payments may be made. An eligible lender or holder shall, in general, make or hold education loans made to individuals for purposes of undergraduate and graduate education and shall not be any private individual. An eligible lender or holder may be, but is not limited to, a bank, savings and loan association, credit union, institution of higher education, secondary market, governmental agency, or private foundation.

(b) To be ~~An education loan that is eligible for repayment,~~ an education loan must ~~[is one that]:~~

(1) be evidenced by a promissory note for loans to pay for the cost of attendance for undergraduate or graduate education ~~[was obtained through a lender for~~

the purpose of attending an ~~[eligible]~~ institution of higher education];

(2) ~~evidenced by a promissory note:~~

~~[(A) for funds obtained through a federal or state loan program for higher education;~~

~~(B) with language that clearly indicates that loan proceeds must be used for direct and indirect expenses at an eligible institution; or~~

~~(C) for consolidating education loan;~~

(2) ~~[(3)]~~ [is] not be in default at the time the application is received by the board;
[and]

(3) ~~[(4)]~~ ~~[does]~~ not entail an [a-service] obligation to provide service for loan forgiveness through another program. [-]

(4) not be subject to repayment through another student loan repayment program or loan forgiveness program or repayment assistance provided by the faculty member's employer at the time of application;

(5) be evident from documentation of the portion of the consolidated debt that was originated to pay for the cost of attendance for the faculty member's undergraduate or graduate education, if the loan was consolidated with other loans; and

(6) not be an education loan from an insurance policy or pension plan.

21.595. Eligible Faculty.

To be eligible for participation in the program, an applicant must:

(1) have received a doctoral degree on or after September 1, 1994, from an institution of higher education that is accredited by a recognized accrediting agency;

(2) be employed as a full-time faculty member with instructional duties in an eligible institution ~~[of higher education that is located in a county that borders Mexico];~~
and

(3) submit a completed application to the institutional president or his/her designee. ~~[board, agreeing to meet the conditions of loan repayment through the program.]~~

21.596. Repayment of Education Loans.

Eligible education loans of qualified faculty members shall be repaid under the following

conditions:

(1) the annual repayment(s) shall be made ~~[to]~~ payable to ~~[the faculty member and]~~ the servicer(s) or holder(s) of the loan(s);

(2) the annual repayment(s) shall be made upon the faculty member's completion of the service period; and

(3) the maximum annual loan repayment amount shall be \$5,000 for a period of up to 10 years.

Committee on Affordability, Accounting and Planning

AGENDA ITEM V-H (16)

Consideration of adopting the Commissioner's recommendation to the Committee relating to the repeal of Chapter 21, Subchapter DD, Sections 21.970 – 21.980 of Board rules, concerning the Minority Doctoral Incentive Program of Texas

RECOMMENDATION: Approval

Background Information:

No funds have been appropriated for this program since the 2004 -2005 biennium. Since this is no longer an active program, it is appropriate to delete the rules.

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

Date approved by the Commissioner for publication in the *Texas Register*: February 1, 2016.

Date published in the *Texas Register*: February 12, 2016.

The 30-day comment period with the *Texas Register* ended on March 12, 2016.

No comments were received regarding the repeal.

~~CHAPTER 21 STUDENT SERVICES~~

~~SUBCHAPTER DD. MINORITY DOCTORAL INCENTIVE PROGRAM OF TEXAS~~

Section

- ~~21.970. Authority and Purpose~~
- ~~21.971. Definitions~~
- ~~21.972. Eligible Lender or Holder~~
- ~~21.973. Eligible Education Loan~~
- ~~21.974. Responsibilities of Institutional Personnel~~
- ~~21.975. Qualifications for Participation in the Program~~
- ~~21.976. Priority of Application Acceptance~~
- ~~21.977. Responsibilities and Liabilities of the Eligible Doctoral Student~~
- ~~21.978. Guarantee of Payment of Education Loans~~
- ~~21.979. Repayment of Education Loans~~
- ~~21.980. Appeals for Exceptions~~

~~21.970. Authority and Purpose.~~

~~(a) Authority. Authority for this subchapter is provided in the Texas Education Code, Chapter 56, Subchapter J, Minority Doctoral Incentive Program. These rules establish procedures to administer the subchapter as prescribed in the Texas Education Code, §§56.161–56.171.~~

~~(b) The purpose of the Minority Doctoral Incentive Program of Texas is to increase the number of minority students pursuing doctoral degrees and to increase minority representation among the faculty and academic administrators in public and independent institutions of higher education in Texas.~~

~~21.971. Definitions.~~

~~The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:~~

~~(1) Academic administrator – a person employed in an educational department of an institution of higher education in a supervisory position that is not classified under the state position classification plan.~~

~~(2) Board – the Texas Higher Education Coordinating Board.~~

~~(3) Board-approved program – For purposes of this Minority Doctoral Incentive Program of Texas only, a Board-approved graduate or professional degree program shall include appropriately accredited programs offered through both public and independent institutions of higher education, as defined in section 61.003 of the Texas Education Code.~~

~~(4) Commissioner – the commissioner of higher education, the chief executive~~

~~officer of the Board.~~

~~(5) — Faculty member — as defined in Section 51.101 of the Education Code.~~

~~(6) — Full-time enrollment — as defined by the eligible institution of higher education.~~

~~(7) — Fund — the Minority Doctoral Incentive Program of Texas fund~~

~~(8) — Institution of higher education — any public institution of higher education as defined by Section 61.003 of the Texas Education Code, or an independent institution of higher education that is located in Texas and is accredited by a recognized accrediting agency as defined by Section 61.003 of the Texas Education Code.~~

~~(9) — Mentor — a designated faculty member at the institution of higher education in which an eligible doctoral student is enrolled.~~

~~(10) — Minority — a member of an ethnic group which is significantly underrepresented in an academic discipline, as determined by the Commissioner.~~

~~(11) — Program — the Minority Doctoral Incentive Program of Texas.~~

~~(12) — Resident of Texas — a *bona fide* Texas resident as defined in Chapter 54, Subchapter B, Sections 54.052, 54.054, and 54.055 of the Texas Education Code. In general, independent individuals 18 years of age or over who move into the state and who are gainfully employed within the state for a period of 12 months prior to enrolling in an institution of higher education are entitled to classification as residents. If such 12 months residence, however, can be shown not to have been for the purpose of establishing residence in the state but to have been for some other purpose, the individuals are not entitled to be classified as residents. Students enrolling in an institution of higher education prior to having resided in the state for 12 months immediately preceding time of enrollment shall be classified as nonresidents for tuition purposes. Persons who resided in Texas for at least five years prior to moving from the state, and who have returned to the state for residence purposes before having resided out of the state for a year, shall be classified as residents.~~

~~21.972. — Eligible Lender or Holder.~~

~~The board shall retain the right of determining eligibility of lenders and holders of education loans to which payments may be made under provisions of this program. An eligible lender or holder shall, in general, make or hold education loans made to individuals for purposes of attending postsecondary institutions and shall not be any private individual. An eligible lender or holder may be, but is not limited to, the board, a bank, savings and loan association, credit union, institution of higher education, secondary student loan market, governmental agency, pension fund, private foundation, or insurance company provided the education loan conforms to the definition of an eligible education loan described in this subchapter. A lender or holder must be willing to abide by the provisions of the law and rules of this program to be considered eligible.~~

~~21.973. — Eligible Education Loan.~~

~~An eligible loan is any loan made to an eligible student for educational purposes at the graduate or professional level that~~

~~(1) — is not made to oneself from one's own insurance policy, pension plan or from the private funds, insurance policy, or pension plan of a spouse or other relative;~~

~~(2) — is obtained in pursuit of a doctoral degree or a master's degree with a demonstrated commitment to pursue a doctoral degree;~~

~~(3) — is made to cover reasonable expenses related to attendance in the program;~~

~~(4) — is made during one year of an academic course of study that does not exceed four consecutive years or is among other eligible education loans made for an academic course of study that does not exceed four consecutive years;~~

~~(5) — does not exceed \$14,000 during a twelve month period;~~

~~(6) — does not entail a service obligation;~~

~~(7) — will not be repaid through a similar program administered by the federal government, another state or territory of the United States, or by a foreign country;~~

~~(8) — is made at simple interest;~~

~~(9) — is evidenced by a promissory note providing for repayment of principal, interest, and any collections charges;~~

~~(10) — is made for the fall semester 1994 or after;~~

~~(11) — is made by an eligible lender; and~~

~~(12) — is an education loan for which payments are not more than 90 days past due at the time the program begins making payments on behalf of a qualified borrower~~

~~(13) — is a loan covered by terms of the guarantee of payment described in Section 21.980, Guarantee of Payment of Education Loans.~~

~~21.974. — Responsibilities of Institutional Personnel.~~

~~(a) — The chief executive officer of the institution shall~~

~~(1) — nominate eligible doctoral students for participation in the program based upon academic achievement, career interest, and other relevant factors the institution considers important and~~

~~(2) — name a mentor for each nominated student.~~

~~(b) — The chief executive officer or his designee shall complete a portion of the doctoral student's application for the program.~~

~~(c) — A mentor named by the chief executive officer of the institution shall~~

~~(1) — inform the eligible doctoral student in writing of his role as mentor,~~

~~(2) — sponsor the eligible doctoral student, and~~

~~(3) — assist the student in pursuing a master's or doctoral degree.~~

~~(d) — The chief executive officer of the institution shall designate the student financial aid director of the institution as the officer of the Minority Doctoral Incentive Program of Texas who shall~~

~~(1) — complete the financial portion of the doctoral student's application for the program,~~

~~(2) — be the Board's on-campus agent to certify all institutional transactions and activities with respect to the program funds, and~~

~~(3) — be responsible for all records and reports reflecting the transactions with respect to the program funds.~~

~~21.975. — Qualifications for Participation in the Program.~~

~~An eligible doctoral student must be a minority as defined in Section 21.973 of these rules and~~

~~(1) — be a *bona fide* resident of Texas or a resident of a state having a program similar to this program. Eligible nonresidents shall qualify to pay the same tuition as do Texas residents.~~

~~(2) — indicate an intent to earn a doctoral degree,~~

~~(3) — be nominated to participate in this program by the chief executive officer of the institution,~~

~~(4) — have a mentor in the doctoral program or in the masters program leading to the doctoral degree,~~

~~(5) — be accepted for full-time enrollment or be enrolled full time in a Board approved graduate or professional degree program leading to a doctoral degree or be accepted for full-time enrollment or enrolled full time in a Board-approved master's degree program leading to a doctoral degree,~~

~~(6) — not have defaulted on any education loan, and~~

~~(7) — have submitted to the Board a properly completed application~~

~~(A) — for participation in the program and~~

~~(B) — for a conditional guarantee of loan repayment.~~

~~21.976. — Priority of Application Acceptance.~~

~~Acceptance of applicants by the Board will depend upon the availability of funds. Residents of Texas will receive priority. The Commissioner will provide for the review, evaluation, and approval of applications for the program based on degree of under-representation in an academic field.~~

~~21.977. — Responsibilities and Liabilities of the Eligible Doctoral Student.~~

~~(a) — A conditional guarantee of repayment from the fund does not release an eligible doctoral student at any time from the responsibilities and liabilities as a borrower under terms of the promissory notes of any eligible education loans received.~~

~~(b) — If at any time and for any reason an otherwise eligible doctoral student ceases to be enrolled full time in a master's degree program leading to the doctorate or in a doctoral program at an eligible institution of higher education before earning the doctorate, a conditional guarantee of repayment from the fund becomes null and void.~~

~~(c) — The borrower is responsible for any late fees assessed at any time on any eligible loans.~~

~~(d) — The borrower is responsible for reporting to the Board any status change affecting eligibility for participation in this program.~~

~~21.978. — Guarantee of Payment of Education Loans.~~

~~(a) — If a borrower earns a doctoral degree and serves as a full-time academic administrator or a faculty member at an institution of higher education in Texas, the program will repay from the fund eligible education loans through eligible lenders or holders of those loans at the rate of one-fifth of the outstanding principal balance and interest for each year of service, not to exceed five years.~~

~~(b) — The guarantee of payment may not be issued to a participant in the Minority Doctoral Incentive Program of Texas to cover education loans made before the doctoral student is admitted to the program.~~

~~(c) — If the borrower enters a postdoctoral fellowship no later than the first day of the seventh month after the borrower ceases to be enrolled full-time, the lender or holder, as agreed upon, shall provide an in-school deferment of payments or forbearance until the borrower completes the postdoctoral fellowship and begins serving as a full-time academic~~

~~administrator or faculty member at an institution of higher education in Texas. The period of deferment or forbearance may not exceed two years.~~

~~(d) — A conditional guarantee of repayment of an eligible education loan shall be provided to an eligible doctoral student and to any eligible lender stating that~~

~~(1) — the board will repay from the fund any eligible education loan incurred by the eligible doctoral student at the rate of one-fifth of the outstanding principal and interest for each full year of service as an academic administrator or faculty member at an institution of higher education in Texas and~~

~~(2) — an eligible education loan becomes due and payable by the borrower to the eligible lender on the first day of the seventh month after the borrower ceases to be enrolled full time at an institution of higher education and is not serving as an academic administrator or faculty member at an institution of higher education in Texas or on the day after the borrower ceases to serve as an academic administrator or faculty member at an institution of higher education in Texas and has outstanding principal and interest on eligible education loans.~~

~~21.979. — Repayment of Education Loans.~~

~~(a) — If a borrower has not earned a doctoral degree and is not serving as a full-time academic administrator or a faculty member at an institution of higher education in Texas before the first day of the seventh month after dropping below full-time study, the borrower must begin repaying eligible education loans to the holders of the loan notes unless the loan notes provide for longer grace periods.~~

~~(b) — With the exception that any outstanding principal and interest remaining on eligible loans becomes due and payable by the borrower to the eligible lender on the day after the borrower ceases to serve as an academic administrator or faculty member at an institution of higher education in Texas, the beginning of repayment, the minimum repayment amount, and the period of the eligible education loans are determined by the notes signed by the borrower.~~

~~(c) — Authorized deferments and periods of forbearance depend upon the provisions of the education loan notes and the discretion of the lenders or holders of the loan notes.~~

~~21.980. — Appeals for Exceptions.~~

~~In order to fulfill the intent of Chapter 56, Subchapter J, of the Texas Education Code, the Assistant Commissioner of Student Services and the General Counsel and Director of Access and Equity may grant appeals for exceptions if they are in unanimous agreement.~~