AN ACT

relating to the continuation and functions of the Texas Workforce Commission.

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

ARTICLE 1. CONTINUATION OF COMMISSION; GUIDELINES REGARDING FUNCTIONS OF COMMISSION AND STAFF

SECTION 1.01. Subchapter A, Chapter 301, Labor Code, is amended by adding Section 301.0015 and amending Section 301.008 to read as follows:

Sec. 301.0015. GUIDELINES REGARDING FUNCTIONS OF COMMISSION AND STAFF. (a) In administering its functions under this title or another law, the commission shall limit its activities to:

(1) setting commission policies, including policies that clearly separate the policymaking responsibilities of the commission and the management responsibilities of the executive director and commission staff;

(2) giving general direction to the executive director regarding the implementation of the commission's policies, and holding the executive director accountable for implementing the policies;

(3) approving the commission's budget recommendation to the legislature;

(4) reviewing under Subchapter D, Chapter 212, the
decision of an appeal tribunal regarding unemployment compensation;

(5) adopting rules necessary to administer the commission's policies, including rules necessary for the administration of this title and rules governing required reports, procedures, and orders;

(6) responding to questions and comments that are directed to the commission by the executive director and that relate to setting or clarifying commission policies or relate to other matters of general interest to the commission; and

(7) requesting information from commission staff.

(b) Except as provided by Subsection (c), the commission may conduct the activities listed in Subsection (a) only when acting as a governmental body.

(c) The commission, acting as a governmental body, or an individual member of the commission may conduct the activities listed in Subsections (a)(6) and (7).

(d) In administering its functions under this title or another law, the commission, acting as a governmental body, or an individual member of the commission may not:

(1) direct the day-to-day operations of the executive director or other commission staff; or

(2) establish the details for the implementation of commission policies or direct the executive director or other commission staff about those details.

Sec. 301.008. APPLICATION OF SUNSET ACT. The Texas Workforce Commission is subject to Chapter 325, Government Code
(Texas Sunset Act). Unless continued in existence as provided by
that chapter, the commission is abolished September 1, 2009 [2003].

ARTICLE 2. MEMBERSHIP ON GOVERNING BODY OF COMMISSION

SECTION 2.01. Subsection (a), Section 301.002, Labor Code,
is amended to read as follows:

(a) The commission is composed of three members:

(1) one member who is [of whom shall be] a
representative of labor;

(2) one member who is [of whom shall be] a
representative of employers; and

(3) one member who is a representative of [whom shall
represent] the public.

SECTION 2.02. Section 301.003, Labor Code, is amended to
read as follows:

Sec. 301.003. MEMBER RESTRICTIONS. (a) In this section,
"Texas trade association" means a cooperative and voluntarily
joined statewide association of business or professional
competitors in this state designed to assist its members and its
industry or profession in dealing with mutual business or
professional problems and in promoting their common interest.

(b) A member of the commission may not engage in any other
business, vocation, or employment during the member's term on the
commission.

(c) A person may not be a member of the commission or an
employee of the commission employed in a "bona fide executive,
administrative, or professional capacity," as that phrase is used
for purposes of establishing an exemption to the overtime
provisions of the federal Fair Labor Standards Act of 1938 (29
U.S.C. Section 201 et seq.), and its subsequent amendments, if:

(1) the person is an officer, employee, or paid
consultant of a Texas trade association in the field of labor,
business, workforce development, child care, or career schools and
colleges; or

(2) the person's spouse is an officer, manager, or paid
consultant of a Texas trade association in the field of labor,
business, workforce development, child care, or career schools and
colleges.

(d) A person may not serve as a member of the commission if
the person or the person's spouse:

(1) is employed by or participates in the management
of a career school or college or a business entity or other
organization receiving money from the commission;

(2) owns or controls, directly or indirectly, more
than a 10 percent interest in a career school or college or a
business entity or other organization receiving money from the
commission; or

(3) is registered, certified, licensed, permitted, or
otherwise authorized by the commission

[(b) The public member of the commission may not be an
officer, employee, or paid consultant of a labor-oriented or
employer-oriented trade association while the member serves on the
commission].

SECTION 2.03. Section 301.004, Labor Code, is amended to
read as follows:
Sec. 301.004. EFFECT OF LOBBYING ACTIVITY. A person who is required to register as a lobbyist under Chapter 305, Government Code, may not be a member of the commission or act as the general counsel to the commission if the person is required to register as a lobbyist under Chapter 305, Government Code, because of the person's activities for compensation on behalf of a profession related to the operation of the commission [while so registered]. If the person ceases to engage in lobbying activity and files a notice of termination as prescribed by Section 305.008, Government Code, the person may serve as a member of the commission or act as the general counsel to the commission.

SECTION 2.04. Subsection (a), Section 301.006, Labor Code, as renumbered from Section 202.005, Labor Code, by Section 11.02, Chapter 655, Acts of the 74th Legislature, Regular Session, 1995, is amended to read as follows:

(a) The governor shall designate the chair of the commission from among the members of the commission. The chair shall serve in that capacity at the pleasure of the governor for a two-year term. The governor may redesignate the same member to serve consecutive terms.

SECTION 2.05. Section 301.007, Labor Code, is amended by amending Subsection (a) and adding Subsection (c) to read as follows:

(a) It is a ground for removal from the commission [by impeachment] that a member:

(1) during any 60-day period, is absent from each commission meeting for which the member received at least 48 hours'
notice;

(2) does not have at the time of taking office the qualifications required by Section 301.002 [is unable to discharge the member's duties for the remainder of the term for which the member was appointed because of illness or other disability]; [or]

(3) does not maintain during service as a member of the commission the qualifications required by Section 301.002;

(4) is ineligible for membership on the commission under Section 301.003 or 301.004;

(5) cannot, because of illness or disability, discharge the member's duties for a substantial part of the member's term; or

(6) is absent from more than half of the regularly scheduled meetings of the members that the member is eligible to attend during a calendar year without an excuse approved by a majority vote of the members [violates a prohibition established by Section 301.003 or 301.004].

(c) If the executive director has knowledge that a potential ground for removal exists, the executive director shall notify the chair of the potential ground. The chair shall then notify the governor and the attorney general that a potential ground for removal exists. If the potential ground for removal involves the chair, the executive director shall notify the next highest ranking member, who shall then notify the governor and the attorney general that a potential ground for removal exists.

SECTION 2.06. Subchapter A, Chapter 301, Labor Code, is amended by adding Section 301.0075 to read as follows:
Sec. 301.0075. MEMBER TRAINING. (a) A person who is appointed to and qualifies for office as a member of the commission may not vote, deliberate, or be counted as a member in attendance at a meeting of the members until the person completes a training program that complies with this section.

(b) The training program must provide the person with information regarding:

(1) the legislation that created the commission;
(2) the programs operated by the commission;
(3) the role and functions of the commission;
(4) the rules of the commission, with an emphasis on the rules that relate to disciplinary and investigatory authority;
(5) the current budget for the commission;
(6) the results of the most recent formal audit of the commission;
(7) the requirements of:
   (A) the open meetings law, Chapter 551, Government Code;
   (B) the public information law, Chapter 552, Government Code;
   (C) the administrative procedure law, Chapter 2001, Government Code; and
   (D) other laws relating to public officials, including conflict-of-interest laws;
(8) civil rights laws relevant to employment programs offered by the commission; and
(9) any applicable ethics policies adopted by the
commission or the Texas Ethics Commission.

(c) A person appointed as a member of the commission is entitled to reimbursement, as provided by the General Appropriations Act, for the travel expenses incurred in attending the training program regardless of whether the attendance at the program occurs before or after the person qualifies for office.

SECTION 2.07. The changes in law made by this article in the prohibitions or qualifications applying to members of the Texas Workforce Commission do not affect the entitlement of a member serving immediately before September 1, 2003, to continue to serve and function as a member for the remainder of the member's term. Those changes in law apply only to a member appointed on or after September 1, 2003.

ARTICLE 3. POWERS AND DUTIES

SECTION 3.01. Section 301.023, Labor Code, is amended to read as follows:

Sec. 301.023. COMPLAINTS AGAINST COMMISSION. (a) The commission shall maintain a file on each written complaint filed with the commission. The file must include:

(1) the name of the person who filed the complaint;
(2) the date the complaint is received by the commission;
(3) the subject matter of the complaint;
(4) the name of each person contacted in relation to the complaint;
(5) a summary of the results of the review or investigation of the complaint; and
(6) an explanation of the reason the file was closed, if the commission closed the file without taking action other than to investigate the complaint [keep an information file about each complaint filed with the commission that relates to a service provided by the commission].

(b) The commission shall provide to the person filing the complaint and to each person who is a subject of the complaint a copy of the commission's policies and procedures relating to complaint investigation and resolution.

(c) The commission, at least quarterly until final disposition of the complaint, shall notify the person filing the complaint and each person who is a subject of the complaint of the status of the investigation unless the notice would jeopardize an undercover investigation [If a written complaint is filed with the commission that relates to a service provided by the commission, the commission, at least quarterly and until final disposition of the complaint, shall notify the parties to the complaint of the status of the complaint].

SECTION 3.02. Section 301.043, Labor Code, is amended to read as follows:

Sec. 301.043. STANDARDS OF CONDUCT INFORMATION. The executive director or the executive director's designee shall provide to the members of the commission and employees of the commission, as often as necessary, information regarding the requirements for office or employment under this chapter, including information regarding a person's [their] responsibilities under applicable laws relating to standards of conduct for state officers
or employees.

SECTION 3.03. Section 301.045, Labor Code, is amended by amending Subsections (a) and (b) and adding Subsection (a-1) to read as follows:

(a) The executive director or the executive director's designee shall prepare and maintain a written policy statement that implements [to ensure implementation of] a program of equal employment opportunity to ensure that [under which] all personnel decisions [transactions] are made without regard to race, color, disability, sex, religion, age, or national origin.

(a-1) The policy statement must include:

(1) personnel policies, including policies relating to recruitment, evaluation, selection, [appointment,] training, and promotion of personnel that show the intent of the commission to avoid the unlawful employment practices described by [are in compliance with] Chapter 21; and

(2) an [a comprehensive] analysis of the extent to which the composition of the commission's personnel is in accordance with state and [workforce that meets] federal law and a description of [and state guidelines,

[4] procedures by which a determination can be made of significant underuse in the commission's workforce of all persons for whom federal or state guidelines encourage a more equitable balance; and

[4] reasonable methods to achieve compliance with state and federal law [to appropriately address those areas of underuse].
(b) The policy statement must:

(1) be updated annually;

(2) be reviewed by the Commission on Human Rights for compliance with Subsection (a-1)(1); and

(3) be filed with the governor's office.

SECTION 3.04. Subchapter C, Chapter 301, Labor Code, is amended by adding Sections 301.046 and 301.047 to read as follows:

Sec. 301.046. STATE EMPLOYEE INCENTIVE PROGRAM INFORMATION AND TRAINING. The executive director or the executive director's designee shall provide to commission employees information and training on the benefits and methods of participation in the state employee incentive program.

Sec. 301.047. COMMISSION EMPLOYEES ACCOUNTABLE TO EXECUTIVE DIRECTOR. In performing functions required or authorized by law, employees of the commission are directly accountable to the executive director.

SECTION 3.05. The heading to Section 301.061, Labor Code, is amended to read as follows:

Sec. 301.061. GENERAL POWERS AND DUTIES OF COMMISSION AND EXECUTIVE DIRECTOR.

SECTION 3.06. Subsections (a) and (b), Section 301.061, Labor Code, are amended to read as follows:

(a) The commission shall provide the public with a reasonable opportunity to appear before the commission and speak on any issue under the jurisdiction of the commission.

(b) The executive director shall:
(1) administer this title as provided by rules adopted by the commission;

(2) oversee and manage:

(A) the daily operation and administrative affairs of the commission; and

(B) the implementation of commission policies set by the commission;

(3) coordinate the activities of the commission staff and hold commission staff accountable for the staff's performance of its duties;

(4) determine the organization of the agency and methods of procedure of the agency in accordance with this title; and

(5) [§ 3.07] make expenditures necessary for the operation of this title.

SECTION 3.07. Subchapter D, Chapter 301, Labor Code, is amended by adding Sections 301.0681, 301.0682, and 301.069 to read as follows:

Sec. 301.0681. POLICY ON TECHNOLOGICAL SOLUTIONS. The commission shall develop and implement a policy requiring the executive director and commission employees to research and propose appropriate technological solutions to improve the commission's ability to perform its functions. The technological solutions must:

(1) ensure that:

(A) the public is able to easily find information about the commission on the Internet; and
(B) persons who want to use the commission's services are able to:

(i) interact with the commission through the Internet; and

(ii) access any service that can be provided effectively through the Internet;

(2) be cost-effective; and

(3) be developed through the commission's planning processes.

Sec. 301.0682. NEGOTIATED RULEMAKING AND ALTERNATIVE DISPUTE RESOLUTION POLICY. (a) The commission shall develop and implement a policy to encourage the use of:

(1) negotiated rulemaking procedures under Chapter 2008, Government Code, for the adoption of the commission's rules; and

(2) appropriate alternative dispute resolution procedures under Chapter 2009, Government Code, to assist in the resolution of internal and external disputes under the commission's jurisdiction, other than proceedings conducted by the commission under Title 2 and this title of this code that are not subject to Subchapters C-H, Chapter 2001, Government Code.

(b) The commission's procedures relating to alternative dispute resolution must conform, to the extent possible, to any model guidelines issued by the State Office of Administrative Hearings for the use of alternative dispute resolution by state agencies.

(c) The commission shall designate a trained person to:
(1) coordinate the implementation of the policy developed under Subsection (a);

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

(3) collect data concerning the effectiveness of those procedures, as implemented by the commission.

Sec. 301.069. PARTNERSHIP WITH BUSINESS COMMUNITY. To meet the needs of businesses in this state and to equip workers and job seekers with the skills required to compete for jobs in this state, the commission shall:

(1) partner with the business community to:

(A) identify:

(i) skills required by the business community;

(ii) key industry sectors in the business community that are likely to benefit from skill development services and programs offered by the commission; and

(iii) employment opportunities offered by the business community; and

(B) develop services and programs that are designed to equip workers and job seekers with the skills required by the business community; and

(2) support business and community economic development activities of local workforce development boards and the state.

SECTION 3.08. The changes in law made by this article to
Section 301.023, Labor Code, apply only to a written complaint filed with the Texas Workforce Commission on or after the effective date of this Act, regardless of whether the conduct or act that is the subject of the complaint occurred or was committed before, on, or after the effective date of this Act.

SECTION 3.09. The Texas Workforce Commission shall implement Sections 301.046, 301.0681, 301.0682, and 301.069, as added by this article, not later than February 1, 2004.

ARTICLE 3A. TAX REFUNDS FOR WAGES PAID TO CERTAIN EMPLOYEES RECEIVING FINANCIAL ASSISTANCE

SECTION 3A.01. Subsection (b), Section 1, Article 21.52K, Insurance Code, is amended to read as follows:

(b) The term "group health benefit plan" includes:

(1) a small employer health benefit plan written under Chapter 26 of this code; [and]

(2) a plan provided under Chapter 1551 or 1601 of this code [the Texas Employees Uniform Group Insurance Benefits Act (Article 3.50-2, Vernon's Texas Insurance Code), the Texas State College and University Employees Uniform Insurance Benefits Act (Article 3.50-3, Vernon's Texas Insurance Code)], the Texas Public School Employees Group Insurance Act (Article 3.50-4, Vernon's Texas Insurance Code), or a successor of any of those plans; and

(3) a medical savings account plan or other health reimbursement arrangement authorized by law.

SECTION 3A.02. Subchapter H, Chapter 301, Labor Code, is amended by amending Sections 301.104 and 301.105 and adding Section 301.108 to read as follows:
Sec. 301.104. ELIGIBILITY. A person is eligible for the refund for wages paid or incurred by the person, during each calendar year for which the refund is claimed, only if:

(1) the wages paid or incurred by the person are for services of an employee who is:

(A) a resident of this state; and

(B) a recipient of:

(i) financial assistance and services in accordance with Chapter 31, Human Resources Code; or

(ii) medical assistance in accordance with Chapter 32, Human Resources Code;

(2) the person satisfies the certification requirements under Section 301.105; and

(3) the person, under an arrangement under Section 32.0422, Human Resources Code, provides and pays for the benefit of the employee a part of the cost of coverage under:

(A) a health plan provided by a health maintenance organization established under the Texas Health Maintenance Organization Act (Chapter 20A, Vernon's Texas Insurance Code);

(B) a health benefit plan approved by the commissioner of insurance;

(C) a self-funded or self-insured employee welfare benefit plan that provides health benefits and is established in accordance with the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.); or

(D) a medical savings account or other health
reimbursement arrangement authorized by law [under the Health Insurance Portability and Accountability Act of 1996 (26 U.S.C. Section 220)].

Sec. 301.105. CERTIFICATION. A person is not eligible for the refund for wages paid or incurred by the person unless the person has received a written certification from the commission that the employee is a recipient of medical assistance or financial assistance and services on or before the day the employee begins employment with the person.

Sec. 301.108. LIMITATION ON CONVEYANCE, ASSIGNMENT, OR TRANSFER OF REFUND. A person may convey, assign, or transfer a refund under this subchapter to another person only if:

(1) the employing unit is sold, conveyed, assigned, or transferred, in the same transaction or in a related transaction, to the person to whom the refund is conveyed, assigned, or transferred; or

(2) the person to whom the refund is conveyed, assigned, or transferred:

(A) is subject to a tax administered by the comptroller and deposited to the credit of the general revenue fund without dedication; and

(B) directly or indirectly owns, controls, or otherwise directs, in whole or in part, an interest in the person from whom the refund is conveyed, assigned, or transferred.

SECTION 3A.03. The changes in law made by this article to Sections 301.104 and 301.105, Labor Code, apply only to a claim for a refund under Section 301.104 for wages that were paid or incurred
on or after the effective date of this Act.

ARTICLE 4. WORKFORCE DEVELOPMENT

SECTION 4.01. Section 2308.264, Government Code, is amended by amending Subsections (a), (b), and (d) and adding Subsections (e) and (f) to read as follows:

(a) Except as otherwise provided by this section, a [A] board may not directly provide workforce training or one-stop workforce [and] services.

(b) A board may request from the Texas Workforce Commission [council] a waiver of Subsection (a).

(d) If a board receives a waiver to provide workforce training and one-stop workforce services, the evaluation of results and outcomes is provided by the Texas Workforce Commission [council].

(e) In consultation with local workforce development boards, the Texas Workforce Commission by rule shall establish contracting guidelines for boards under this section, including guidelines designed to:

(1) ensure that each independent contractor that contracts to provide one-stop workforce services under this section has sufficient insurance, bonding, and liability coverage for the overall financial security of one-stop workforce services funds and operations;

(2) prevent potential conflicts of interest between boards and entities that contract with boards under this section; and

(3) ensure that if a board acts as a fiscal agent for
an entity that contracts with the board to provide one-stop workforce services, the board does not deliver the services or determine eligibility for the services.

(f) The Texas Workforce Commission shall ensure that each board complies with this section and may approve a local plan under Section 2308.304 only if the plan complies with this section.

SECTION 4.02. Subsections (b) and (c), Section 2308.267, Government Code, are amended to read as follows:

(b) A board's staff shall be separate from and independent of any organization providing workforce education or workforce training and services in the workforce development area. A board's staff may not direct or control the staffing of any entity providing one-stop workforce services.

(c) The requirement for separate staffing does not preclude a board from designating a qualified organization to provide staff services to the board if the board:

(1) arranges for independent evaluation of any other workforce services provided by the staffing organization; and

(2) requests and obtains from the Texas Workforce Commission [council] a waiver of the separate staffing requirement and of the requirement under Section 2308.264(a).

SECTION 4.03. Subchapter G, Chapter 2308, Government Code, is amended by adding Section 2308.319 to read as follows:

Sec. 2308.319. COLLABORATIVE READING INITIATIVES. The commission shall encourage each local workforce development board to raise an amount of local funds in excess of the amount required to meet performance measures to be used to support collaborative
reading initiatives.

SECTION 4.04. Subchapter A, Chapter 31, Human Resources Code, is amended by adding Section 31.0121 to read as follows:

Sec. 31.0121. SKILLS ASSESSMENT AND DEVELOPMENT FOR CERTAIN RECIPIENTS. (a) The Texas Workforce Commission shall ensure that each local workforce development board assesses the skills development needs of recipients referred to the CHOICES program administered by the board.

(b) If, after assessing a recipient's skills development needs, a local workforce development board determines that the recipient requires job-specific training for placement in a job paying wages that equal or exceed the self-sufficiency wage developed for the board under the Workforce Investment Act of 1998 (29 U.S.C. Section 2801 et seq.), as amended, the board shall:

(1) to the extent allowed by federal law, place the recipient in training activities designed to improve employment and wage outcomes and job retention rates; and

(2) ensure that the training activities under Subdivision (1) target occupations that are in demand by local employers.

(c) A local workforce development board may use a single list of targeted occupations that is developed for other training programs for purposes of meeting the requirements of Subsection (b)(2).

(d) A recipient participating in the CHOICES program who is placed in training activities under Subsection (b) may concurrently engage in those training activities and in work activities.
(e) To meet the requirements of this section, the Texas Workforce Commission shall use CHOICES program funds and, to the extent possible, existing funds from other training programs for which a recipient participating in the CHOICES program may qualify, including funds from:

(1) other training programs provided under the Workforce Investment Act of 1998 (29 U.S.C. Section 2801 et seq.), as amended, or their successor programs;

(2) the skills development fund created under Chapter 303, Labor Code; or

(3) the self-sufficiency fund created under Section 309.002, Labor Code.

SECTION 4.05. Subsection (a), Section 302.006, Labor Code, is amended to read as follows:

(a) The commission may develop and administer a program under which the commission awards scholarships in the amount of $1,000 each for professional child-care training to eligible recipients.

SECTION 4.06. Subchapter A, Chapter 302, Labor Code, is amended by adding Sections 302.0042, 302.0043, 302.0044, 302.0046, and 302.013 to read as follows:

Sec. 302.0042. EVALUATION OF ALLOCATION FORMULAS FOR CHILD CARE DEVELOPMENT FUNDS. (a) The commission shall annually evaluate the formulas used by the commission to distribute federal child care development funds to local workforce development boards in order to ensure that the formulas address the child care needs of each local workforce development board.
(b) The commission's evaluation must assess:

(1) the use of current federal child care funds by each local workforce development board;

(2) the ability of each local workforce development board to meet child care performance measures;

(3) the average cost of child care in each local workforce development area;

(4) the poverty rate of each local workforce development area compared to the state's poverty rate;

(5) the number of children on waiting lists for child care in each local workforce development area; and

(6) the number of vacant slots available for child care placement in each local workforce development area.

Sec. 302.0043. EVALUATION OF EFFECTIVENESS OF SUBSIDIZED CHILD CARE PROGRAM. (a) To evaluate the effectiveness of the commission's child care program in helping parents who receive subsidized child care to maintain employment, the commission shall compile, regarding each parent receiving subsidized child care from the commission's child care program, the following information regarding the wage and employment status of the parent:

(1) if the parent receives both financial assistance under Chapter 31, Human Resources Code, and subsidized child care, whether the parent:

   (A) finds employment; and

   (B) maintains the parent's employment after one year;

(2) if the parent receives only subsidized child care,
whether the parent:

(A) maintains the parent's employment; and
(B) experiences a change in the parent's earnings after one year of employment; and

(3) if the parent leaves the child care program:
(A) the parent's reason for leaving the program;
and
(B) whether the parent returns to financial assistance under Chapter 31, Human Resources Code, or becomes a recipient of financial assistance under that chapter for the first time.

(b) The commission may use the wage and employment records of the parents to determine the employment outcome of the parents.

(c) The commission shall also measure and evaluate the effectiveness of the commission's child care program in:
(1) improving the training of child care professionals; and
(2) facilitating collaboration with Head Start, the Texas Education Agency, the Department of Protective and Regulatory Services, and the Health and Human Services Commission.

(d) The commission shall periodically analyze the information collected by the commission under this section and shall compile its findings regarding the effectiveness of the commission's child care program.

(e) The commission shall make the information collected by the commission and the commission's findings available to local workforce development boards.
(f) Not later than January 15 of each odd-numbered year, the commission shall report to the legislature regarding the commission's findings regarding the effectiveness of the commission's child care program.

Sec. 302.0044. WAGE TRACKING OF TANF CHOICES PROGRAM RECIPIENTS. (a) The commission, in consultation with local workforce development boards, shall compile the following information with regard to each recipient of employment services under the Temporary Assistance for Needy Families (TANF) CHOICES program:

(1) whether the recipient is placed in employment paying wages equal to or exceeding 200 percent of the federal poverty level for a family that is the size of the recipient's family; and

(2) if the recipient is placed in employment earning wages equal to or exceeding the amount described by Subdivision (1), whether the recipient has earned that amount before the first anniversary of the date of the recipient's initial date of employment.

(b) Not later than December 15 of each year, the commission shall report to the legislature the percentage of recipients of employment services under the Temporary Assistance for Needy Families (TANF) CHOICES program who meet the wage criteria described by Subsections (a)(1) and (2).

Sec. 302.0046. NOTICE REGARDING TERMINATION OF CERTAIN CHILD-CARE SERVICES. (a) The commission shall direct each local workforce development board to notify a working poor subsidy
recipient who resides in that board's local workforce development area and who receives child-care services from a child-care services program financed through state or federal funds of any termination of the subsidy for any reason other than involuntary termination resulting from the recipient's actions or failure to act.

(b) Except as otherwise provided by this subsection, the local workforce development board shall provide the notice in writing to the recipient not later than the 30th day before the scheduled date of termination of the affected child-care services subsidy. The notice must include information regarding other child-care services programs under which the recipient may be eligible for services. If providing notice on or before the deadline specified by this subsection would interfere with the ability of the local workforce development board to comply with its duties regarding the number of children to be served or would require the expenditure of funds in excess of the amount appropriated to the board, the board may provide the notice on the earliest date on which it is practicable for the board to provide notice.

Sec. 302.013. LOCAL WORKFORCE DEVELOPMENT BOARD ADVISORY COMMITTEE. (a) In this section, "advisory committee" means the local workforce development board advisory committee created under this section.

(b) The organization composed of a member of and the staff director of each local workforce development board in this state shall establish a local workforce development board advisory
committee composed of nine members appointed by the executive
officers of that organization.

(c) The advisory committee shall be composed of:

(1) six members of local workforce development boards
who serve as members of the organization described by Subsection
(b); and

(2) three staff directors of local workforce
development boards who serve as members of the organization
described by Subsection (b).

(d) The members of the advisory committee must represent
different geographic areas of the state.

(e) The advisory committee shall:

(1) meet at least quarterly;

(2) report to the commission at least annually; and

(3) advise the commission and commission staff
regarding the programs, policies, and rules of the commission that
affect the operations of local workforce development boards and the
local workforce delivery system.

SECTION 4.07. Subchapter C, Chapter 302, Labor Code, is
amended by adding Section 302.048 to read as follows:

Sec. 302.048. ASSESSMENT OF LOCAL WORKFORCE DEVELOPMENT
BOARD'S CAPACITY TO OVERSEE AND MANAGE LOCAL FUNDS AND DELIVERY OF
SERVICES. (a) In consultation with local workforce development
boards, the commission by rule shall establish criteria to be used
by the commission to evaluate each local workforce development
board's overall capacity to oversee and manage local funds and the
delivery of local workforce services.

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(b) The criteria established under Subsection (a) must address a local workforce development board's ability to:

(1) develop, maintain, and upgrade comprehensive fiscal management systems;

(2) hire, train, and retain qualified staff to carry out the board's oversight activities;

(3) select and oversee local contractors to improve the delivery of workforce services;

(4) oversee and improve the operations of local career development centers in the area served by the board;

(5) manage the contractors' performance across multiple board programs; and

(6) identify and resolve long-standing oversight problems of the board and performance problems of contract providers.

(c) Based on the criteria prescribed under this section, the commission shall develop performance measures to be used by the commission to evaluate each local workforce development board.

(d) The commission shall post the results of the commission's evaluation of each local workforce development board on the commission's Internet website in a format that is readily accessible to and understandable by a member of the public.

(e) The commission annually shall compile information provided to the commission by local workforce development boards that aggregates existing performance measure data on each local career development center in a consistent format demonstrating overall performance across multiple programs.
(f) The commission shall post the information compiled by the commission under Subsection (e) on the commission's Internet website in a format that is readily accessible to and understandable by a member of the public.

SECTION 4.08. Subchapter D, Chapter 302, Labor Code, is amended by adding Section 302.065 to read as follows:

Sec. 302.065. INTEGRATION OF BLOCK GRANT PROGRAMS AND WORKFORCE SERVICES. (a) To streamline the delivery of services provided in local career development centers, the commission and local workforce boards shall integrate the administration of the following federal block grant programs and the caseworker functions associated with those programs as provided by this section:

(1) Temporary Assistance for Needy Families (TANF) CHOICES training and employment programs under Chapters 31 and 34, Human Resources Code;

(2) child care programs under Chapter 44, Human Resources Code;

(3) employment and training programs under Title I of the Workforce Investment Act of 1998 (29 U.S.C. Section 2801 et seq.) or any subsequent applicable federal legislation; and

(4) the food stamp employment and training program authorized under 7 U.S.C. Section 2015(d).

(b) The commission, in consultation with local workforce development boards, shall ensure that state-level performance measures, rules, policies, procedures, and organizational structures support the integration of the federal block grant programs described by Subsection (a) and the caseworker functions...
associated with those programs at the local level.

(c) Each local career development center that provides services through the federal block grant programs described by Subsection (a) shall provide:

(1) integrated services across the programs;

(2) an integrated determination through a single point of contact of a customer's eligibility for services under more than one program; and

(3) integrated case management through a single point of contact for a customer receiving services under more than one program.

SECTION 4.09. (a) The Texas Workforce Commission shall adopt rules as required by Subsection (e), Section 2308.264, Government Code, as added by this article, not later than March 1, 2004. The commission shall consider using negotiated rulemaking procedures under Chapter 2008, Government Code, to adopt those rules. Except as provided by Subsection (b) of this section, until the commission has adopted rules as required by that section, the commission may not approve a new local plan or contract:

(1) that uses a managing director or a professional employment organization for the delivery of one-stop workforce services; or

(2) under which an independent contractor provides one-stop workforce services, unless the plan or contract requires the independent contractor to:

(A) directly employ staff to provide one-stop workforce services; and
(B) have direction and control over the staff providing the one-stop workforce services, including the right to hire, fire, discipline, and reassign the staff.

(b) Rules adopted by the Texas Workforce Commission under Subsection (e), Section 2308.264, Government Code, as added by this article, apply to any existing local plan adopted by a local workforce development board and any existing contract for one-stop workforce services. If an existing commission-approved local plan that uses a managing director or a professional employment organization for the delivery of one-stop workforce services or a local plan under which a request for proposal was issued before July 1, 2003, for a managing director or a professional employment organization to deliver one-stop workforce services does not comply with the rules adopted under Subsection (e), Section 2308.264, Government Code, as added by this article, the board that is operating under the plan or that is in the process of adopting the plan shall comply with the rules not later than September 1, 2004, and may operate under the plan until that date.

(c) This section is not intended to require the Texas Workforce Commission to adopt rules prohibiting local workforce development boards from using any particular contracting model when contracting for the delivery of one-stop workforce services and may not be interpreted to imply the illegality of any existing contracting model.

SECTION 4.10. The Texas Workforce Commission shall adopt rules to establish criteria to be used to evaluate each local workforce development board as required by Section 302.048, Labor
Code, as added by this article, not later than May 1, 2004.

SECTION 4.11. The Texas Workforce Commission shall implement Section 302.048, Labor Code, as added by this article, not later than September 1, 2004.

SECTION 4.12. The Texas Workforce Commission shall implement Section 31.0121, Human Resources Code, and Sections 302.0042, 302.0043, and 302.0044, Labor Code, as added by this article, as soon as possible after the effective date of this Act.

SECTION 4.13. The Texas Workforce Commission shall implement Subsection (c), Section 302.065, Labor Code, as added by this article, not later than September 1, 2007.

SECTION 4.14. (a) Not later than September 1, 2004, the Texas Workforce Commission shall:

(1) implement Subsections (a) and (b), Section 302.065, Labor Code, as added by this article;

(2) conduct a review of the commission's programs, rules, policies, procedures, and organizational structure to identify specific barriers to the integration by the commission of federal block grant programs and the caseworker functions associated with those programs;

(3) conduct at least three and not more than five pilot projects in different local workforce development board areas to identify the best methods to integrate federal block grant programs and the caseworker functions associated with those programs; and

(4) modify and develop the commission's programs, rules, policies, procedures, and organizational structure to support the integration by the commission of federal block grant

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programs and the caseworker functions associated with those programs.

(b) The commission may request a waiver of any federal requirement from a federal agency if the commission determines that the waiver is necessary for the implementation of this section.

(c) Not later than January 15, 2005, the Texas Workforce Commission shall submit to the 79th Legislature a report regarding the results of the review and pilot projects conducted by the commission under Subsection (a) of this section. The report must include the commission's recommendations for any statutory changes required to facilitate the integration by the commission of federal block grant programs and the caseworker functions associated with those programs.

ARTICLE 5. ADULT EDUCATION AND LITERACY ISSUES

SECTION 5.01. Chapter 301, Labor Code, is amended by adding Subchapter I to read as follows:

SUBCHAPTER I. ADULT EDUCATION AND LITERACY

Sec. 301.151. COOPERATION WITH TEXAS EDUCATION AGENCY TO IMPROVE ADULT EDUCATION AND LITERACY SERVICES. The commission shall collaborate with the Texas Education Agency to improve the coordination and implementation of adult education and literacy services in this state.

Sec. 301.152. DEVELOPMENT OF WORKPLACE LITERACY AND BASIC SKILLS CURRICULUM. (a) Under contract with the Texas Education Agency, the commission shall develop a demand-driven workplace literacy and basic skills curriculum aimed at assisting local workforce development boards to equip workers and job seekers with
the skills necessary to compete for current and emerging jobs in this state.

(b) In developing the general curriculum required by Subsection (a), the commission shall:

(1) evaluate existing efforts and potential cost savings resulting from designing specific curricula that address the needs of various industry sectors in the business community;

(2) contract for field work to solicit the assistance of workers, employers, providers, and local workforce development boards in developing industry sector curricula;

(3) target up to five industry sectors in the business community that are likely to benefit from the development of specific curricula; and

(4) pilot test the curricula within the targeted industry sectors and adjust the curricula based on feedback received from workers and employers in those sectors.

(c) Based on the curriculum developed under this section, the commission shall develop workforce basic skills credentials to be used to define, measure, and certify the mastery of the basic skills required by the curricula developed under this section.

(c-1) In addition to the curriculum developed under this section, the commission shall develop and implement a plan to encourage participants who successfully complete the curriculum to pursue postsecondary education opportunities leading to certificates and degrees.

(d) This section expires September 1, 2005.

SECTION 5.02. Subsection (a), Section 302.021, Labor Code,
is amended to read as follows:

(a) The following job-training, employment, and employment-related educational programs and functions are consolidated under the authority of the division:

(1) career [adult-education programs under Subchapter H, Chapter 39, Education Code;]

[(2) proprietary] school and college programs under Chapter 132, Education Code;

(2) [§§] apprenticeship programs under Chapter 133, Education Code;

(3) [§§] postsecondary vocational and technical job-training programs that are not a part of approved courses or programs that lead to licensing, certification, or an associate degree under Chapters 61, 130, and 135, Education Code, Subchapter E, Chapter 88, Education Code, and Subchapter E, Chapter 96, Education Code;

(4) [§§] employment programs under Chapter 31, Human Resources Code;

(5) [§§] the senior citizens employment program under Chapter 101, Human Resources Code;

(6) [§§] the work and family policies program under Chapter 81;


(8) [§§] the job counseling program for displaced
homemakers under Chapter 304;

(9) [410+] the reintegration of offenders program under Chapter 306;

(10) [411+] the inmate employment counseling program under Section 499.051(f), Government Code;

(11) [412+] the continuity of care program under Section 501.095, Government Code;

(12) [413+] a literacy program from state, local, federal, and private funds available to the state for that purpose;

(13) [414+] the employment service;

(14) [415+] the community service program under the National and Community Service Act of 1990 (42 U.S.C. Section 12501 et seq.);

(15) [416+] the trade adjustment assistance program under Part 2, Subchapter II, Trade Act of 1974 (19 U.S.C. Section 2271 et seq.);

(16) [417+] education, employment, employment support, training services, activities and programs funded under Temporary Assistance for Needy Families (42 U.S.C. Section 601 et seq.);

(17) [418+] the food stamp employment and training program authorized under 7 U.S.C. Section 2015(d); and

(18) [419+] the functions of the State Occupational Information Coordinating Committee.

SECTION 5.03. Section 29.252, Education Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:
(a) The agency shall:

(1) provide adequate staffing to develop, administer, and support a comprehensive statewide adult education program and coordinate related federal and state programs for education and training of adults;

(2) develop, implement, and regulate a comprehensive statewide program for community level education services to meet the special needs of adults;

(3) develop the mechanism and guidelines for coordination of comprehensive adult education and related skill training services for adults with other agencies, both public and private, in planning, developing, and implementing related programs, including community education programs;

(4) administer all state and federal funds for adult education and related skill training in this state, except in programs for which another entity is specifically authorized to do so under other law;

(5) prescribe and administer standards and accrediting policies for adult education;

(6) prescribe and administer rules for teacher certification for adult education;

(7) accept and administer grants, gifts, services, and funds from available sources for use in adult education; [and]

(8) adopt or develop and administer a standardized assessment mechanism for assessing all adult education program participants who need literacy instruction, adult basic education, or secondary education leading to an adult high school diploma or
the equivalent;

(9) collaborate with the Texas Workforce Commission to improve the coordination and implementation of adult education and literacy services in this state; and

(10) monitor and evaluate educational and employment outcomes of students who participate in the agency's adult education and literacy programs.

(a-1) The agency shall use existing funds to contract with the Texas Workforce Commission for the development of a demand-driven workplace literacy and basic skills curriculum that complies with the requirements adopted under Section 301.152, Labor Code. This subsection expires September 1, 2005.

SECTION 5.04. Subchapter C, Chapter 2308, Government Code, is amended by adding Section 2308.1016 to read as follows:

Sec. 2308.1016. DUTY TO FACILITATE DELIVERY OF INTEGRATED ADULT EDUCATION AND LITERACY SERVICES. (a) In addition to any duty imposed under this subchapter, to facilitate the efficient delivery of integrated adult education and literacy services in this state, the council shall:

(1) evaluate adult education and literacy programs administered by the Texas Education Agency and the Texas Workforce Commission to identify:

(A) any duplication of planning by those agencies at the state and local level;

(B) any lack of adequate client information sharing between those agencies; and

(C) any other problems that adversely affect the
delivery of those programs by the agencies;
  (2) develop and implement immediate and long-range strategies to address problems identified by the council under Subdivision (1); and
  (3) develop a system to monitor and evaluate the wage and employment outcomes of students who participate in the adult education and literacy programs administered by the Texas Education Agency, including students referred to the programs by the Texas Workforce Commission or local workforce development boards, to ensure the effectiveness of the programs in improving the employment-related outcomes of the students.
(b) The council shall include in the council's annual report to the governor and to the legislature:
  (1) a list of specific problems identified by the council under Subsection (a) to be addressed by the council in the following year; and
  (2) the results of any measures taken by the council to address problems identified by the council under Subsection (a).
(c) The long-range strategies developed by the council under Subsection (a) must:
  (1) identify the agency responsible for implementing each strategy; and
  (2) include a schedule for the implementation of each strategy.
SECTION 5.05. Section 2308.104, Government Code, is amended by adding Subsection (i) to read as follows:
(i) The council shall include in the strategic plan the
long-range strategies developed by the council under Section 2308.1016 to facilitate the efficient delivery of integrated adult education and literacy services in this state.

SECTION 5.06. The Texas Workforce Commission shall implement Section 301.151, Labor Code, as added by this article, as soon as possible after the effective date of this Act.

SECTION 5.07. The Texas Workforce Commission shall implement Section 301.152, Labor Code, as added by this article, not later than September 1, 2005.

SECTION 5.08. The Texas Education Agency shall implement Subsection (a), Section 29.252, Education Code, as amended by this article, and Subsection (a-1), Section 29.252, Education Code, as added by this article, as soon as possible after the effective date of this Act.

SECTION 5.09. The Council on Workforce and Economic Competitiveness shall implement Section 2308.1016 and Subsection (i), Section 2308.104, Government Code, as added by this article, not later than December 31, 2003.

ARTICLE 6. ISSUANCE OF OBLIGATIONS AND IMPOSITION OF ASSESSMENTS FOR UNEMPLOYMENT COMPENSATION SYSTEM

SECTION 6.01. The heading to Subchapter C, Chapter 203, Labor Code, is amended to read as follows:

SUBCHAPTER C. ADVANCES FROM FEDERAL TRUST FUND AND OBLIGATION ASSESSMENT

SECTION 6.02. Section 203.102, Labor Code, is amended to read as follows:

Sec. 203.102. OBLIGATION [ADVANCE—INTEREST] TRUST FUND.
(a) The obligation [advance interest] trust fund is a dedicated trust fund outside of the state treasury in the custody of the comptroller.

(b) The commission and governor may use money in the obligation [advance interest] trust fund without legislative appropriation to pay:

1. bond obligations and bond administrative expenses; and
2. principal and interest incurred on advances from the federal trust fund. And
3. repay temporary transfers of surplus cash that may be made between the advance interest trust fund and other funds.

(c) Subject to legislative appropriation, the commission may use money in the advance interest trust fund, including any interest earnings scheduled to be transferred under Section 203.103, for the administration of Chapters 51, 61, and 62.

SECTION 6.03. Section 203.104, Labor Code, is amended to read as follows:

Sec. 203.104. LIMITATION ON TRANSFER FROM OBLIGATION [ADVANCE INTEREST] TRUST FUND TO COMPENSATION FUND. An amount that is attributable to the portion of the unemployment obligation assessment authorized by Section 203.105(a)(2) may not be transferred [The governor may authorize the commission to transfer money from the advance interest trust fund] to the compensation fund unless all bond obligations, including bond administrative expenses, have been fully paid and satisfied. After the
obligations have been fully satisfied, the commission shall transfer the balance of the obligation trust fund to the compensation fund [if the governor

[(1)] on the advice of the commission, determines that funds in the compensation fund will be depleted at the time payment on an advance from the federal trust fund is due and that depletion of the funds will cause the loss of some portion of the credit received by employers against their federal unemployment tax rate;

or

[(2)] determines that payment of interest on a federal loan may be avoided by keeping the balance of the compensation fund positive].

SECTION 6.04. Section 203.105, Labor Code, is amended to read as follows:

Sec. 203.105. UNEMPLOYMENT OBLIGATION ASSESSMENT [ADDITIONAL TAX]. (a) An unemployment obligation assessment shall be imposed as provided by this section [in addition to other taxes, a separate tax is imposed on each employer eligible for an experience tax rate] if after January 1 of a year:

(1) an interest payment on an advance from the federal trust fund will be due[+ and

[(2)] the estimated amount necessary to make the interest payment is not available in the obligation trust fund or [will not be] available otherwise, or

(2) bond obligations are due and the amount necessary to pay in full those obligations, including bond administrative expenses, is not available in the obligation trust fund or
available otherwise.

(b) The unemployment obligation assessment rate is the total of the amounts required to make the payments necessary under Subsections (a)(1) and (2). The commission shall set the unemployment obligation assessment rate [of an additional tax under this section] in an amount sufficient to ensure timely payment of interest under Subsection (a)(1), but not exceeding two-tenths of one percent. The commission shall set the unemployment obligation assessment rate in an amount sufficient to ensure timely payment of the bond obligations, including administrative expenses, and to provide an amount necessary in the commission's judgment to enhance investor acceptance of the bonds. The rate shall be based on a formula prescribed by commission rule, using the employer's experience rating from the previous year. The unemployment obligation assessment rate applies to the same wage base to which the employer's unemployment tax applies for the [that] year.

(c) The unemployment obligation assessment [An additional tax under this section] is due at the same time, collected in the same manner, and [on the date set by the commission and is] subject to the same penalties and interest as other contributions assessed under this subtitle [penalty for late payment as the unemployment tax].

(d) Revenue from the unemployment obligation assessment [an additional tax] under this section shall be deposited to the credit of the obligation [advance interest] trust fund under Section 203.102.

SECTION 6.05. Chapter 203, Labor Code, is amended by adding
Subchapter F to read as follows:

SUBCHAPTER F. ISSUANCE OF FINANCIAL OBLIGATIONS
FOR UNEMPLOYMENT COMPENSATION FUND

Sec. 203.251. FINDINGS AND PURPOSE. (a) The legislature finds that:

(1) it is an essential governmental function to maintain funds in an amount sufficient to pay unemployment benefits when due;

(2) at the time of the enactment of this subchapter, borrowing from the federal government was the only option available to obtain sufficient funds to pay benefits when the balance in the compensation fund is depleted;

(3) alternative methods of replenishing the unemployment compensation fund may reduce the costs of providing unemployment benefits and employers' cost of doing business in the state; and

(4) funds representing revenues received from the unemployment obligation assessment authorized under this subchapter and any income from the investment of those funds are not state property.

(b) The purpose of this subchapter is to provide appropriate methods through which the state may continue the unemployment compensation program at the lowest possible cost to the state and employers in the state.

Sec. 203.252. DEFINITIONS; GENERAL PROVISION. (a) In this subchapter:

(1) "Authority" means the Texas Public Finance
Authority.

(2) "Bond" means any type of revenue obligation, including a bond, note, certificate, or other instrument, payable from and secured by a pledge of revenues received from the unemployment obligation assessment and amounts on deposit in the obligation trust fund to the extent provided in the proceedings authorizing the obligation.

(3) "Bond administrative expenses" means expenses incurred to administer bonds issued under this subchapter, including fees for paying agents, trustees, and attorneys, and for other professional services necessary to ensure compliance with applicable state or federal law.

(4) "Bond obligations" means the principal of a bond and any premium and interest on a bond issued under this subchapter, together with any amount owed under a related credit agreement.

(5) "Credit agreement" means a loan agreement, a revolving credit agreement, an agreement establishing a line of credit, a letter of credit, an interest rate swap agreement, an interest rate lock agreement, a currency swap agreement, a forward payment conversion agreement, an agreement to provide payments based on levels of or changes in interest rates or currency exchange rates, an agreement to exchange cash flows or a series of payments, an option, put, or call to hedge payment, currency, interest rate, or other exposure, or another agreement that enhances the marketability, security, or creditworthiness of a bond issued under this subchapter.

(b) An amount owed by the authority under a credit agreement
shall be payable from and secured by a pledge of revenues received from the unemployment obligation assessment and amounts on deposit in the obligation trust fund to the extent provided in the proceedings authorizing the credit agreement.

Sec. 203.253. REQUEST FOR BOND ISSUANCE. (a) If the commission determines that the issuance of bonds is necessary to reduce or avoid the need to borrow or obtain a federal advance under Section 1201, Social Security Act (42 U.S.C. Section 1321), as amended, or any similar federal law, or to refinance a previous loan or advance received by the commission and that bond financing is the most cost-effective method of funding the payment of benefits, the commission may request the authority to issue bonds on its behalf. Before making a request of the authority under this subsection, the commission must by resolution determine that the issuance of bonds for the purposes established by this section will result in a savings to the state and to employers in this state as compared to the cost of borrowing or obtaining an advance under Section 1201, Social Security Act (42 U.S.C. Section 1321), as amended, or any similar federal law.

(b) The commission shall specify in the commission's request to the authority the maximum principal amount of the bonds, not to exceed $2 billion for any separate bond issue, and the maximum term of the bonds, not to exceed 10 years.

(c) The principal amount determined by the commission under Subsection (b) may be increased to include an amount sufficient to:

(1) pay the costs of issuance of the authority;

(2) provide a bond reserve fund; and
(3) capitalize interest for the period determined necessary by the commission, not to exceed two years.

Sec. 203.254. ISSUANCE OF BONDS BY AUTHORITY. (a) The authority shall issue bonds on request by the commission, in accordance with the requirements of Chapter 1232, Government Code, and other provisions of Title 9, Government Code, that apply to bond issuance by a state agency.

(b) The authority shall determine the method of sale, type of bond, bond form, maximum interest rates, and other terms of the bonds that, in the authority's judgment, best achieve the economic goals of the commission and effect the borrowing at the lowest practicable cost.

(c) The authority may enter into a credit agreement in connection with the bonds.

Sec. 203.255. BOND PROCEEDS. (a) The proceeds of bonds issued by the authority under this subchapter may be deposited with a trustee selected by the authority and the commission or held by the comptroller in a dedicated trust fund outside the state treasury in the custody of the comptroller.

(b) Bond proceeds, including investment income, shall be held in trust for the exclusive use and benefit of the commission. The commission may use the proceeds to:

(1) repay the principal and interest of previous advances from the federal trust fund;

(2) pay unemployment benefits by depositing the proceeds in the unemployment compensation fund, as defined in Subchapter B;
(3) pay the costs of issuing the bonds;
(4) provide a bond reserve; and
(5) pay capitalized interest on the bonds for the period determined necessary by the commission, not to exceed two years.

(c) Any excess money remaining after the purposes for which the bonds were issued is satisfied may be used to purchase or redeem outstanding bonds.

(d) If there are no outstanding bonds or bond interest to be paid, the remaining proceeds shall be transferred to the unemployment compensation fund.

Sec. 203.256. REPAYMENT OF COMMISSION'S FINANCIAL OBLIGATIONS. (a) The commission shall assess an unemployment obligation assessment annually on each employer entitled to an experience rating under Chapter 204 if any bonds issued under this subchapter are outstanding.

(b) With regard to outstanding bonds issued by the authority under this subchapter, the authority shall notify the commission of the amount of the bond obligations and the estimated amount of bond administrative expenses each year in sufficient time, as determined by the commission, to permit the commission to assess the annual rate of the unemployment obligation assessment, subject to verification by a financial advisor of the commission or as otherwise specified in the proceedings authorizing the bonds.

(c) The commission shall deposit all revenue collected from the unemployment obligation assessment into the obligation trust fund. Money deposited in the fund may be invested as permitted by
general law. Money in the obligation trust fund required to be used
to pay bond obligations and bond administrative expenses shall be
transferred to the authority or used by the commission in the manner
and at the time specified in the resolution adopted in connection
with the bond issue to ensure timely payment of obligations and
expenses, or as otherwise provided by the bond documents.

(d) For bonds issued by the authority for the commission,
the commission shall provide for the payment of the bond
obligations and the bond administrative expenses by irrevocably
pledging revenues received from the unemployment obligation
assessment and amounts on deposit in the obligation trust fund,
together with any bond reserve fund, as provided in the proceedings
authorizing the bonds and related credit agreements.

Sec. 203.257. BOND PAYMENTS. (a) Revenues received from
the unemployment obligation assessment may be applied only as
provided by this subchapter.

(b) The commission may pay bond obligations with other
legally available funds.

(c) Bond obligations are payable only from sources provided
for payment in this subchapter.

Sec. 203.258. EXCESS REVENUE COLLECTIONS AND INVESTMENT
EARNINGS. Revenue collected from the unemployment obligation
assessment in any year that exceeds the amount of the bond
obligations and bond administrative expenses payable in that year
and interest earned on the obligation trust fund may, in the
discretion of the commission, be:

(1) used to pay bond obligations payable in the
subsequent year, offsetting the amount of the assessment that would
otherwise have to be levied for the year under this subchapter;

(2) used to redeem or purchase outstanding bonds;

(3) deposited in the unemployment compensation fund;

or

(4) used to pay principal and interest on advances
from the federal trust fund.

Sec. 203.259. STATE DEBT NOT CREATED. (a) A bond issued
under this subchapter, and any related credit agreement, is not a
debt of the state or any state agency or political subdivision of
the state and is not a pledge of the faith and credit of any of them.
A bond or credit agreement is payable solely from revenue as
provided by this subchapter.

(b) A bond, and any related credit agreement, issued under
this chapter must contain on its face a statement to the effect
that:

(1) neither the state nor a state agency, political
corporation, or political subdivision of the state is obligated to
pay the principal of or interest on the bond except as provided by
this subchapter; and

(2) neither the faith and credit nor the taxing power
of the state or any state agency, political corporation, or
political subdivision of the state is pledged to the payment of the
principal of or interest on the bond.

Sec. 203.260. STATE NOT TO IMPAIR BOND OBLIGATIONS. If
bonds under this subchapter are outstanding, the state may not:

(1) take action to limit or restrict the rights of the
commission to fulfill its responsibility to pay bond obligations;
or

(2) in any way impair the rights and remedies of the bond owners until the bonds are fully discharged.

Sec. 203.261. EXEMPTION FROM TAXATION. A bond issued under this subchapter, any transaction relating to the bond, and profits made from the sale of the bond are exempt from taxation by this state or by a municipality or other political subdivision of this state.

Sec. 203.262. NO PERSONAL LIABILITY. The members of the commission, commission employees, the board of directors of the authority, and the employees of the authority are not personally liable as a result of exercising the rights and responsibilities granted under this subchapter.

SECTION 6.06. The heading to Section 204.063, Labor Code, is amended to read as follows:

Sec. 204.063. DEFICIT ASSESSMENT [TAX].

SECTION 6.07. Subsection (b), Section 204.064, Labor Code, is amended to read as follows:

(b) The numerator is computed by subtracting the balance of the compensation fund, considering any federal advance [ex—other liability of the fund], from the floor of the compensation fund.

SECTION 6.08. Section 203.103, Labor Code, is repealed.

SECTION 6.09. The advance interest trust fund established under Section 203.102, Labor Code, as that section existed before the effective date of this article, is abolished on the effective date of this article. All money in that fund on that date is
transferred to the obligation trust fund established by Section
203.102, Labor Code, as amended by this article.

ARTICLE 7. PARTIAL TRANSFERS OF UNEMPLOYMENT
COMPENSATION EXPERIENCE RATES

SECTION 7.01. Section 204.084, Labor Code, is amended by
amending Subsection (c) and adding Subsection (d) to read as
follows:

(c) Except as provided by Subsection (d), the [The] commission shall approve an application if:

(1) immediately after the acquisition the successor
employing unit continues operation of substantially the same part
of the organization, trade, or business acquired;

(2) the predecessor employer waives in writing all
rights to an experience rating computed on the compensation
experience attributable to the part of the organization, trade, or
business acquired by the successor employing unit, unless the
acquisition results from the death of the predecessor employer;

(3) a definitely identifiable and segregable part of
the predecessor employer's compensation experience is attributable
to the part of the organization, trade, or business acquired; [and]

(4) for a successor employing unit that is not an
employer at the time of the acquisition, the successor employing
unit elects to become an employer on the date of the acquisition or
otherwise becomes an employer during the year in which the
acquisition occurs;

(5) the application was filed with the commission not
later than the first anniversary of the effective date of the
acquisition; and

(6) the applicants have shown that:

(A) the acquired part of the organization, trade, or business is capable of operating independently and separately from the predecessor employer; and

(B) the wages attributable to the acquired part of the organization, trade, or business are solely attributable to services provided on behalf of the acquired part of the organization, trade, or business.

(d) The commission may deny a transfer of compensation experience under this section if the commission determines based on credible evidence that the acquisition was done primarily to qualify for a reduced unemployment insurance tax rate by:

(1) circumventing the experience rating system; or

(2) manipulating the experience rating system by minimizing the impact of chargebacks to the predecessor employer's tax account.

SECTION 7.02. The changes in law made by this article to Section 204.084, Labor Code, apply only to an acquisition of an organization, trade, or business that occurs on or after the effective date of this Act. An acquisition of an organization, trade, or business that occurs before the effective date of this Act is governed by the law in effect on the date the acquisition occurred, and that law is continued in effect for that purpose.

ARTICLE 7A. OTHER UNEMPLOYMENT COMPENSATION ISSUES

SECTION 7A.01. Section 204.022, Labor Code, is amended by amending Subsection (a) and adding Subsections (c), (d), and (e) to
read as follows:

(a) Benefits computed on benefit wage credits of an employee or former employee may not be charged to the account of an employer if the employee's last separation from the employer's employment before the employee's benefit year:

(1) was required by a federal statute;

(2) was required by a statute of this state or an ordinance of a municipality of this state;

(3) would have disqualified the employee under Section 207.044, 207.045, 207.051, or 207.053 if the employment had been the employee's last work;

(4) imposes a disqualification under Section 207.044, 207.045, 207.051, or 207.053;

(5) was caused by a medically verifiable illness of the employee or the employee's minor child;

(6) was based on a natural disaster that results in a disaster declaration by the president of the United States under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. Section 5121 et seq.), if the employee would have been entitled to unemployment assistance benefits under Section 410 of that act (42 U.S.C. Section 5177) had the employee not received state unemployment compensation benefits;

(7) was caused by a natural disaster, fire, flood, or explosion that causes employees to be separated from one employer's employment; [ex]

(8) resulted from the employee's resigning from partial employment to accept other employment that the employee
reasonably believed would increase the employee's weekly wage; or

(9) resulted from the employee leaving the employee's workplace to protect the employee from family violence or stalking as evidenced by:

(A) an active or recently issued protective order documenting family violence against, or the stalking of, the employee or the potential for family violence against, or the stalking of, the employee;

(B) a police record documenting family violence against, or the stalking of, the employee; and

(C) a physician's statement or other medical documentation of family violence against the employee.

(c) Except as provided by law, evidence regarding an employee described by Subsection (a)(9) may not be disclosed to any person without the consent of the employee.

(d) For purposes of Subsection (a)(9):

(1) "Family violence" has the meaning assigned by Section 71.004, Family Code.

(2) "Stalking" means conduct described by Section 42.072, Penal Code.

(e) Benefits may not be charged to the account of an employer, regardless of whether the liability for the chargeback arises in the employee's current benefit year or in a subsequent benefit year, if the employee's last separation from the employer's employment before the employee's benefit year was or would have been excepted from disqualification under Section 207.052(b).

SECTION 7A.02. Subchapter C, Chapter 212, Labor Code, is

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amended by adding Section 212.106 to read as follows:

Sec. 212.106. RULES REGARDING HEARINGS CONDUCTED BY
TELEPHONE CONFERENCE. The commission by rule shall develop
procedures to ensure that an appeal tribunal makes every effort in a
hearing conducted by telephone conference under this subchapter to
obtain all relevant facts and evidence from the parties to the
appeal.

SECTION 7A.03. Subsection (d), Section 207.045, Labor Code,
is amended to read as follows:

(d) Notwithstanding any other provision of this section, an
individual who is available to work may not be disqualified for
benefits because the individual left work because of:

(1) a medically verified illness of the individual or
the individual's minor child;
(2) injury;
(3) disability; [ex]
(4) pregnancy; or
(5) an involuntary separation as described by Section
207.046.

SECTION 7A.04. Section 207.046, Labor Code, is amended to
read as follows:

Sec. 207.046. INVOLUNTARY SEPARATION. (a) An individual
is not disqualified for benefits under this subchapter if:

(1) the work-related reason for the individual's
separation from employment was urgent, compelling, and necessary so
as to make the separation involuntary; or

(2) the individual leaves the workplace to protect the
individual from family violence or stalking as evidenced by:

(A) an active or recently issued protective order documenting family violence against, or the stalking of, the employee or the potential for family violence against, or the stalking of, the employee;

(B) a police record documenting family violence against, or the stalking of, the employee; and

(C) a physician's statement or other medical documentation of family violence against the employee.

(b) Except as provided by law, evidence regarding an employee described by Subsection (a)(2) may not be disclosed to any person without the consent of the employee.

(c) In this section:

(1) "Family violence" has the meaning assigned by Section 71.004, Family Code.

(2) "Stalking" means conduct described by Section 42.072, Penal Code.

SECTION 7A.05. The changes in law made by this Act to Section 204.022, Subsection (d), Section 207.045, and Section 207.046, Labor Code, apply only to eligibility for unemployment compensation benefits based on an unemployment compensation claim that is filed with the Texas Workforce Commission on or after the effective date of this Act. A claim filed before the effective date of this Act is governed by the law in effect on the date the claim was filed, and the former law is continued in effect for that purpose.
ARTICLE 8. CAREER SCHOOLS AND COLLEGES

PART 1. SUBSTANTIVE CHANGES REGARDING CAREER SCHOOLS AND COLLEGES

SECTION 8.01. Section 132.001, Education Code, is amended by amending Subdivisions (1) through (8), (10), and (12) and adding Subdivision (13) to read as follows:

(1) "Career school or college" ["Proprietary school"] means any business enterprise operated for a profit or on a nonprofit basis that maintains a place of business within this state or solicits business within this state, and that is not specifically exempted by this chapter, and:

(A) that offers or maintains a course or courses of instruction or study; or

(B) at which place of business such a course or courses of instruction or study are available through classroom instruction or by distance education, or both, to a person for the purpose of training or preparing the person for a field of endeavor in a business, trade, technical, or industrial occupation, or for avocational or personal improvement.

(2) "Owner" of a career school or college [Proprietary school] means:

(A) in the case of a career school or college owned by an individual, that individual;

(B) in the case of a career school or college owned by a partnership, all full, silent, and limited partners;

(C) in the case of a career school or college owned by a corporation, the corporation, its directors, officers,
and each shareholder owning shares of issued and outstanding stock
aggregating at least 10 percent of the total of the issued and
outstanding shares;

(D) in the case of a career school or college in
which the ownership interest is held in trust, the beneficiary of
that trust; or

(E) in the case of a career school or college
owned by another legal entity, a person who owns at least 10 percent
ownership interest in the entity.

(3) "School employee" means any person, other than an
owner, who directly or indirectly receives compensation from a
career [proprietary] school or college for services rendered.

(4) "Representative" means a person employed by a
career [proprietary] school or college, whether the school or
college is located within or without this state, to act as an agent,
solicitor, broker, or independent contractor to directly procure
students for the school or college by solicitation within or
without this state at any place.

(5) "Agency administrator" means the agency
administrator of the Texas Workforce Commission or a person,
knowledgeable in the administration of regulating career
[proprietary] schools and colleges, designated by the agency
administrator to administer this chapter.

(6) "Notice to the career school or college"
[proprietary school"] means written correspondence sent to the
address of record for legal service contained in the application
for a certificate of approval. "Date of Notice" means the date the
notice is mailed by the commission.

(7) "Support" or "supported" means the primary source and means by which a career [proprietary] school or college derives revenue to perpetuate its operation.

(8) "Person" means any individual, firm, partnership, association, corporation, or other private entity or combination thereof.

(10) "Small career school or college" [proprietary school] means a career [proprietary] school or college that does not receive any payment from federal funds under 20 U.S.C. Section 1070 et seq. and its subsequent amendments or a prepaid federal or state source as compensation in whole or in part for any student tuition and fees or other charges and either:

(A) has an annual gross income from student tuition and fees that is less than or equal to $100,000 for programs regulated by the agency;

(B) exclusively offers programs to assist students to prepare for an undergraduate or graduate course of study at a college or university; or

(C) exclusively offers programs to assist students, who have obtained, or who are in the process of obtaining, degrees after completing an undergraduate or graduate course of study at a college or university, to prepare for an examination.

(12) "Division" means the division of education of [in] the commission.

(13) "Distance education" means a formal education process in which:
(A) the student and instructor are separated by physical distance; and

(B) a variety of communication technologies may be used to deliver synchronous or asynchronous instruction to the student.

SECTION 8.02. Subchapter A, Chapter 132, Education Code, is amended by adding Section 132.0015 to read as follows:

Sec. 132.0015. REFERENCE TO PROPRIETARY SCHOOL. A reference in this code or another law to a proprietary school means a career school or college.

SECTION 8.03. Section 132.002, Education Code, is amended by amending Subsections (a) and (d) and adding Subsections (e) and (f) to read as follows:

(a) The following schools or educational institutions may be exempted [are specifically exempt] from this chapter by the commission under Subsection (d) [and are not within the definition of "proprietary school"):

(1) a school or educational institution supported by taxation from either a local or state source;

(2) a nonprofit school [schools] owned, controlled, operated, and conducted by a bona fide religious, denominational, eleemosynary, or similar public institution [institutions] exempt from property taxation under the laws of this state[; but such schools may choose to apply for a certificate of approval hereunder, and upon approval and issuance, are subject to this chapter as determined by the commission];

(3) a school or training program that offers
instruction of purely avocational or recreational subjects as determined by the commission;

(4) a course or courses of instruction or study sponsored by an employer for the training and preparation of its own employees, and for which no tuition fee is charged to the student;

(5) a course or courses of study or instruction sponsored by a recognized trade, business, or professional organization for the instruction of the members of the organization with a closed membership;

(6) a private college or university that awards a recognized baccalaureate, or higher degree, and that maintains and operates educational programs for which a majority of the credits given are transferable to a college, junior college, or university supported entirely or partly by taxation from either a local or state source;

(7) a school or course that is otherwise regulated and approved under and pursuant to any other law or rulemaking process of this state or approved for continuing education credit by an organization that accredits courses for the maintenance of a license, except as provided by Subsection (c);

(8) an aviation school or instructor approved by and under the supervision of the Federal Aviation Administration;

(9) a school that offers intensive review of a student's acquired education, training, or experience to prepare the student for an examination, other than a high school equivalency examination, that the student by law may not take
unless the student has completed or substantially completed a particular degree program, or that the student is required to take as a precondition for enrollment in or admission to a particular degree program;

(10) a private school offering primary or secondary education, which may include a kindergarten or prekindergarten program, and that satisfies the compulsory attendance requirements of Section 25.085 pursuant to Section 25.086(a)(1);

(11) a course or courses of instruction by bona fide electrical trade associations for the purpose of preparing students for electrical tests required for licensing and for the purpose of providing continuing education to students for the renewal of electrical licenses;

(12) a nonprofit arts organization that has as its primary purpose the provision of instruction in the dramatic arts and the communications media to persons younger than 19 years of age;

(13) a course or training program conducted by a nonprofit association of air conditioning and refrigeration contractors approved by the Air Conditioning and Refrigeration Contractors Advisory Board to provide instruction for technical, business, or license examination preparation programs relating to air conditioning and refrigeration contracting, as that term is defined by Chapter 1302, Occupations Code [the Air Conditioning and Refrigeration Contractor License Law (Article 8861, Vernon's Texas Civil Statutes)];

(14) a course of instruction by a plumbing trade
association to prepare students for a plumbing test or program
required for licensing, certification, or endorsement or to provide
continuing education approved by the Texas State Board of Plumbing
Examiners; and

(15) a course of instruction in the use of
technological hardware or software if the course is offered to a
purchaser of the hardware or software or to the purchaser's
employee by a person who manufactures and sells, or develops and
sells, the hardware or software, and if the seller is not primarily
in the business of providing courses of instruction in the use of
the hardware or software, as determined by the commission.

(d) A school or educational institution is exempt from
regulation under this chapter only if:

(1) the owner of the school or educational
institution:

(A) applies to the commission for an exemption
under this section; and

(B) provides to the commission any information
considered necessary by the commission to support the owner's
application for an exemption; and

(2) the commission declares that the school or
educational institution is exempt after finding that the school or
institution is a school or institution listed in Subsection (a).

(e) After a school or educational institution is declared
exempt by the commission under this section, the commission may
inspect the school or institution or require the owner of the school
or institution to provide any information the commission considers
necessary for the commission to ensure the school or institution's
continued compliance with the requirements of the exemption.

(f) A school or educational institution listed in
Subsection (a) may seek a certificate of approval under
[Notwithstanding the exemptions listed in Subsection (a), a dispute
resolution organization, as defined by Section 154.001, Civil
Practice and Remedies Code, may seek a certificate of approval
pursuant to] Subchapter C.

SECTION 8.04. Section 132.051, Education Code, is amended
to read as follows:

Sec. 132.051. CERTIFICATE OF APPROVAL. (a) A career
[proprietary] school or college may not maintain, advertise,
solicit for, or conduct any course of instruction in this state
before the later of:

(1) the 30th day after the date the school or college
applies for a certificate of approval under this chapter; or

(2) the date the school or college receives a
certificate of approval from the commission.

(b) Any contract entered into with any person for a course
of instruction by or on behalf of any person operating any career
[proprietary] school or college to which a certificate of approval
has not been issued pursuant to this chapter is unenforceable in any
action brought thereon. Any note, other instrument of
indebtedness, or contract relating to payment for educational
services obtained from a career school or college that does not hold
a certificate of approval issued under this chapter is
unenforceable in any action brought on the note, instrument, or
contract.

SECTION 8.05. Section 132.055, Education Code, is amended to read as follows:

Sec. 132.055. CRITERIA. The commission may approve the application of such career [proprietary] school or college when the school or college is found, upon investigation at the premises of the school or college, to have met the following criteria:

(a) The courses, curriculum, and instruction are of such quality, content, and length as may reasonably and adequately achieve the stated objective for which the courses, curriculum, or instruction are offered. Before a school or college conducts a course of instruction in court reporting, the school or college must produce evidence that the school or college has obtained approval for the curriculum from the Court Reporters Certification Board.

(b) There is in the school or college adequate space, equipment, instructional material, and instructor personnel to provide training of good quality.

(c) Educational and experience qualifications of directors, administrators, and instructors are adequate.

(d) The school or college maintains a written record of the previous education and training of the applicant student and clearly indicates that appropriate credit has been given by the school or college for previous education and training, with the new training period shortened where warranted through use of appropriate skills or achievement tests and the student so notified.
(e) A copy of the course outline; schedule of tuition, fees, refund policy, and other charges; regulations pertaining to absence, grading policy, and rules of operation and conduct; regulations pertaining to incomplete grades; the name, mailing address, and telephone number of the commission for the purpose of directing complaints to the agency; the current rates of job placement and employment of students issued a certificate of completion; and notification of the availability of the cost comparison information prepared under Section 132.021(b) through the commission will be furnished the student prior to enrollment.

(f) Except as provided by Section 132.062, on completion of training, the student is given a certificate by the school or college indicating the course and that training was satisfactorily completed.

(g) Adequate records as prescribed by the commission are kept to show attendance and progress or grades, and satisfactory standards relating to attendance, progress, and conduct are enforced.

(h) The school or college complies with all local, city, county, municipal, state, and federal regulations, such as fire, building, and sanitation codes. The commission may require such evidence of compliance as is deemed necessary.

(i) The school or college is financially sound and capable of fulfilling its commitments for training.

(j) The school's or college's administrators, directors, owners, and instructors are of good reputation and character.
(k) The school or college has, maintains, and publishes in its catalogue and enrollment contract the proper policy for the refund of the unused portion of tuition, fees, and other charges in the event the student enrolled by the school or college fails to take the course or withdraws or is discontinued therefrom at any time prior to completion.

(l) The school or college does not utilize erroneous or misleading advertising, either by actual statement, omission, or intimation as determined by the commission.

(m) Such additional criteria as may be required by the commission.

(n) The school or college does not use a name like or similar to an existing [tax-supported] school or college unless the commission approves the school's or college's use of the name [in the same area].

(o) The school or college furnishes to the commission the current rates of students who receive a certificate of completion and of job placement and employment of students issued a certificate of completion.

(p) The school or college furnishes to the commission for approval or disapproval student admission requirements for each course or program offered by the school or college.

(q) The school or college furnishes to the commission for approval or disapproval the course hour lengths and curriculum content for each course offered by the school or college.

(r) The school or college does not owe a penalty under Section 132.152, 132.155, or 132.157.
SECTION 8.06. Section 132.061, Education Code, is amended to read as follows:

Sec. 132.061. REFUND POLICY. (a) Except as provided by Subsection (g), as a condition for granting certification each career [proprietary] school or college must maintain a cancellation and settlement policy that must provide a full refund of all monies paid by a student if:

(1) the student cancels the enrollment agreement or contract within 72 hours (until midnight of the third day excluding Saturdays, Sundays, and legal holidays) after the enrollment contract is signed by the prospective student; or

(2) the enrollment of the student was procured as the result of any misrepresentation in advertising, promotional materials of the school or college, or representations by the owner or representatives of the school or college.

(b) Except as provided by Subsection (g), as a condition for granting certification each career [proprietary] school or college must maintain a policy for the refund of the unused portion of tuition, fees, and other charges in the event the student, after expiration of the 72-hour cancellation privilege, fails to enter the course, withdraws, or is discontinued therefrom at any time prior to completion, and such policy must provide:

(1) refunds for resident courses and synchronous distance education courses will be based on the period of enrollment computed on the basis of course time expressed in clock hours;

(2) the effective date of the termination for refund
purposes in residence schools or colleges will be the earliest of the following:

(A) the last date of attendance, if the student is terminated by the school or college;

(B) the date of receipt of written notice from the student; or

(C) 10 school days following the last date of attendance;

(3) if tuition and fees are collected in advance of entrance, and if, after expiration of the 72-hour cancellation privilege, the student does not enter the residence school or college, not more than $100 shall be retained by the school or college;

(4) for the student who enters a residence or a synchronous distance education course of not more than 12 months in length, terminates, or withdraws, the school or college may retain $100 of tuition and fees and the minimum refund of the remaining tuition and fees will be:

(A) during the first week or one-tenth of the course, whichever is less, 90 percent of the remaining tuition and fees;

(B) after the first week or one-tenth of the course, whichever is less, but within the first three weeks or one-fifth of the course, whichever is less, 80 percent of the remaining tuition and fees;

(C) after the first three weeks or one-fifth of the course, whichever is less, but within the first quarter of the
course, 75 percent of the remaining tuition and fees;

(D) during the second quarter of the course, 50 percent of the remaining tuition and fees;

(E) during the third quarter of the course, 10 percent of the remaining tuition and fees; or

(F) during the last quarter of the course, the student may be considered obligated for the full tuition and fees;

(5) for residence or synchronous distance education courses more than 12 months in length, the refund shall be applied to each 12-month period paid, or part thereof separately, and the student is entitled to a refund as provided by Subdivision (4);

(6) refunds of items of extra expense to the student, such as instructional supplies, books, student activities, laboratory fees, service charges, rentals, deposits, and all other such ancillary miscellaneous charges, where these items are separately stated and shown in the data furnished the student before enrollment, will be made in a reasonable manner acceptable to the commission;

(7) refunds based on enrollment in residence and synchronous distance education schools or colleges will be totally consummated within 60 days after the effective date of termination;

(8) refunds for asynchronous distance education [correspondence] courses will be computed on the basis of the number of lessons in the course;

(9) the effective date of the termination for refund purposes in asynchronous distance education [correspondence] courses will be the earliest of the following:
(A) the date of notification to the student if
the student is terminated;

(B) the date of receipt of written notice from
the student; or

(C) the end of the third calendar month following
the month in which the student's last lesson assignment was
received unless notification has been received from the student
that the student wishes to remain enrolled;

(10) if tuition and fees are collected before any
lessons have been completed, and if, after expiration of the
72-hour cancellation privilege, the student fails to begin the
course, not more than $50 shall be retained by the school or
college;

(11) in cases of termination or withdrawal after the
student has begun the asynchronous distance education
[correspondence] course, the school or college may retain $50 of
tuition and fees, and the minimum refund policy must provide that
the student will be refunded the pro rata portion of the remaining
tuition, fees, and other charges that the number of lessons
completed and serviced by the school or college bears to the total
number of lessons in the course; and

(12) refunds based on enrollment in asynchronous
distance education [correspondence] schools or colleges will be
totally consummated within 60 days after the effective date of
termination.

(c) In lieu of the refund policy herein set forth, for
programs of instruction not regularly offered to the public, the
commission may, for good cause shown, amend, modify, or substitute the terms of a career school's or college's [proprietary school's] policy due to the specialized nature and objective of the school's or college's [school's] course of instruction.

(d) If a course of instruction is discontinued by the career [proprietary] school or college and this prevents the student from completing the course, all tuition and fees paid are then due and refundable.

(e) If a refund is not made within the period required by this section, the career [proprietary] school or college shall pay a penalty. If the refund is made to a lending institution, the penalty shall also be paid to that institution and applied against the student's loan. The commission annually shall establish the level of the penalty at a level sufficient to provide a deterrent to the retention of student funds. The commission may exempt a school or college from the payment of the penalty if the school or college makes a good faith effort to refund the tuition, fees, and other charges but is unable to locate the student. The school or college shall provide to the commission on request documentation of the effort to locate the student.

(f) A career [proprietary] school or college shall record a grade of "incomplete" for a student who withdraws but is not entitled to a refund under Subsection (b)(4)(F) if the student requests the grade at the time the student withdraws and the student withdraws for an appropriate reason unrelated to the student's academic status. A student who receives a grade of incomplete may re-enroll in the program during the 12-month period following the
date the student withdraws and complete those incomplete subjects without payment of additional tuition.

(g) A program that is 40 hours or less of class time, or a seminar or workshop, is exempt from the 72-hour rule provided by Subsection (a). The career [proprietary] school or college shall maintain a policy for the refund of the unused portion of tuition, fees, and other charges in the event the student fails to enter the course, withdraws from the course, or is discontinued from the class at any time before completion of the course as provided by this section. The policy must provide that:

(1) refunds are based on the period of enrollment computed on the basis of course time expressed in clock hours;

(2) the effective date of the termination for refund purposes is the earlier of:

(A) the last date of attendance; or

(B) the date the school or college receives written notice from the student that the student is withdrawing from the class; and

(3) the student will be refunded the pro rata portion of tuition, fees, and other charges that the number of class hours remaining in the course after the effective date of the termination bears to the total number of class hours in the course.

(h) A closing career school or college shall make a full refund to each student of the school or college who is owed a refund under this section.

(i) Each owner of a closing career school or college to which a certificate of approval has not been issued under this
chapter is personally liable for the amount of any refund owed to a
student under Subsection (h).

SECTION 8.07. Subsections (c) through (i), Section 132.152,
Education Code, are amended to read as follows:

(c) If, after examination of a possible violation and the
facts relating to that possible violation, the commission concludes
that a violation has occurred, the commission shall issue a
preliminary report that states the facts on which the conclusion is
based, the fact that an administrative penalty is to be imposed
[recommended], and the amount of the penalty to be assessed
[recommended]. Not later than the 10th day after the date on which
the commission issues the preliminary report, the commission shall
send a copy of the report [by certified mail] to the person charged
with the violation, together with a statement of the right of the
person to a hearing relating to the alleged violation and the amount
of the penalty.

(d) Not later than the 20th day after the date on which the
person receives the report is sent, the person charged must
either make a written request for a hearing or remit the amount of
the administrative penalty to the commission. Failure either to
request a hearing or to remit the amount of the administrative
penalty within the time provided by this subsection results in a
waiver of a right to a hearing under this section. If the person
charged requests a hearing, the hearing shall be conducted in the
same manner as a hearing on the denial of certificate of approval
under Section 132.101. If the hearing results in a finding that a
violation has occurred, the commission shall:
(1) provide to the person written notice of:

(A) the findings established at the hearing; and

(B) the amount of the penalty; and

(2) enter an order requiring the person to pay the amount of the penalty [by an administrative law judge of the State Office of Administrative Hearings. The administrative law judge shall make findings of fact and conclusions of law and promptly issue to the commission a proposal for a decision about the occurrence of the violation and the amount of the proposed penalty. Based on the findings of fact, conclusions of law, and proposal for decision, the commission by order may:

[(1) find that a violation has occurred and impose a penalty, or

[(2) find that a violation has not occurred].

(e) [The notice of the commission's order given to the person under Chapter 2001, Government Code, must include a statement of the person's right to judicial review of the order.

[(e)] Not later than the 30th day after the date the person receives the order entered by the commission under Subsection (d) [commission's order is final under Section 2001.144, Government Code], the person shall:

(1) pay the amount of the penalty;

(2) remit [pay] the amount of the penalty to the commission for deposit in an escrow account and file a petition for judicial review contesting the occurrence of the violation, the amount of the penalty, or both the occurrence of the violation and the amount of the penalty; or
(3) without paying the amount of the penalty, file a petition for judicial review contesting the occurrence of the violation, the amount of the penalty, or both the occurrence of the violation and the amount of the penalty and file with the court a sworn affidavit stating that the person is financially unable to pay the amount of the penalty.

(f) The commission's order is subject to judicial review in the same manner as an appeal of a decision to deny a certificate of approval under Section 132.102.

(g) If on review the court does not sustain the occurrence of the violation or finds that the amount of the penalty should be reduced, the commission shall remit the appropriate amount to the person charged with the violation not later than the 30th day after the date the court's judgment becomes final [Within the period prescribed by Subsection (f), a person who acts under Subsection (f)(3) may:

[(1) stay enforcement of the penalty by:

[(A) paying the amount of the penalty to the court for placement in an escrow account; or

[(B) giving to the court a supersedeas bond approved by the court that is in the amount of the penalty and that is effective until all judicial review of the commission's order is final; or

[(2) request the court to stay enforcement of the penalty by:

[(A) filing with the court a sworn affidavit of the person stating that the person is financially unable to pay the
amount of the penalty and is financially unable to give the supercedeas bond; and

[(B) giving a copy of the affidavit to the commission by certified mail].

(h) If the court sustains the occurrence of the violation:

(1) the court:

(A) shall order the person to pay the amount of the penalty; and

(B) may award to the commission the attorney's fees and court costs incurred by the commission in defending the action; and

(2) the commission shall remit the amount of the penalty to the comptroller for deposit in the general revenue fund [The commission may file with the court a contest to an affidavit received under Subsection (g)(2) not later than the fifth day after the date the commission receives the copy. The court shall hold a hearing on the facts alleged in the affidavit as soon as practicable and shall stay the enforcement of the penalty on finding that the alleged facts are true. The person who files an affidavit has the burden of proving that the person is financially unable to pay the amount of the penalty and to give a supercedeas bond].

(i) If the person does not pay the amount of the penalty after the commission's order becomes final for all purposes [and the enforcement of the penalty is not stayed], the commission may refer the matter to the attorney general for collection of the amount of the penalty.

SECTION 8.08. Chapter 132, Education Code, is amended by

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addition Subchapter J to read as follows:

**SUBCHAPTER J. CEASE AND DESIST ORDERS**

Sec. 132.301. HEARING; NOTICE. (a) The commission may set
a hearing on whether to issue a cease and desist order against a
person under Section 132.303 if:

(1) the commission has reason to believe that the
person is operating a career school or college without a
certificate issued by the commission in violation of Section
132.151; and

(2) the person has not responded to more than one
written notice from the commission regarding the person's
noncompliance with Section 132.151.

(b) The commission shall serve on the person a statement of
charges and a notice of hearing, including a copy of the applicable
rules of the commission.

Sec. 132.302. HEARING. Except as agreed by the parties with
prior written approval of the commission, a hearing under this
subchapter must be held not earlier than the fifth day or later than
the 30th day after the date of service of the statement and notice
required under Section 132.301.

Sec. 132.303. CEASE AND DESIST ORDER. After a hearing held
under this subchapter, the commission may issue against the person
charged with operating a career school or college without a
certificate issued by the commission an order that requires that
the person immediately cease and desist from violating this
chapter.

Sec. 132.304. ENFORCEMENT; REFERRAL TO THE ATTORNEY
GENERAL. The commission may refer the matter to the consumer protection division of the attorney general's office for enforcement if the commission has reason to believe that a person has violated or failed to respond to a cease and desist order issued under this subchapter.

Sec. 132.305. EFFECT OF PRIOR PROCEEDINGS. The commission may proceed under this chapter or any other applicable law without regard to prior proceedings.

Sec. 132.306. RULES. The commission shall adopt rules as necessary to implement this subchapter.

SECTION 8.09. Subchapter I, Chapter 132, Education Code, is amended by adding Section 132.2415 to read as follows:

Sec. 132.2415. TUITION TRUST ACCOUNT. (a) The Texas Workforce Commission depository bonds guaranty trust account is renamed the career school or college tuition trust account. The career school or college tuition trust account is the account designated to receive all amounts related to the protection of career school or college tuition. The balance of the trust account may not exceed $1 million.

(b) The commission may collect annually a fee from each career school or college to be deposited to the credit of the career school or college tuition trust account. The total amount of the fees collected in a year shall be set by the commission in the amount estimated as necessary to pay the liabilities of the trust account during that year, not to exceed 0.2 percent of the gross amount of tuition and fees charged by career schools and colleges in that year, excluding amounts refunded under Section 132.061.
(c) If, at the end of a fiscal year, the commission determines that the commission has collected fees under this chapter in excess of the amount necessary to defray the expense of administering this chapter, the commission may transfer any portion of the excess amount to the career school or college tuition trust account.

(d) From money in the career school or college tuition trust account, the commission shall attempt to provide a full refund to each student of a closed career school or college of the amount owed to the student as determined under Section 132.061. The commission may provide a partial refund to a student only if the commission determines that the amount in the trust account is insufficient to provide a full refund to the student. The commission shall consider the following factors in determining the amount of a partial refund to be paid to a student:

(1) the amount of money in the trust account;
(2) the cost and number of claims against the trust account resulting from closure of the school or college;
(3) the average cost of a claim paid from the trust account in the past; and
(4) the availability of other licensed career schools or colleges at which the student may complete the student's training.

(e) Notwithstanding Subsection (b), in the state fiscal year ending August 31, 2004, the commission may collect a fee under Subsection (b) only if on January 1 of that year the amount in the career school or college tuition trust account is less than

80
$300,000. This subsection expires September 1, 2005.

SECTION 8.10. Section 132.242, Education Code, is amended to read as follows:

Sec. 132.242. CLOSED SCHOOL OR COLLEGE. (a) If a career [proprietary] school or college closes, the commission shall attempt to arrange for students of the closed school or college to attend another career [proprietary] school or college.

(b) The expense incurred by a career [proprietary] school or college in providing a teachout that is directly related to educating a student placed in the school or college under this section, including the applicable tuition for the period for which the student has paid tuition, shall be paid from the career [proprietary] school or college tuition trust account [protection fund].

(c) If the student cannot be placed in another career [proprietary] school or college, the student's tuition and fees shall be refunded under Section 132.061(d).

(d) If a student does not accept a place that is available and reasonable in another career [proprietary] school or college, the student's tuition and fees shall be refunded under the refund policy maintained by the closing career [proprietary] school or college under Section 132.061[4(b)].

(e) For each closed career school or college, refunds shall be paid from the career school or college [If the amount of the closed proprietary school's bond under Section 132.060 is less than the amount required for student refunds under Subsections (c) and (d), the refunds shall be paid from the proprietary school] tuition
trust account [protection fund] in an amount not to exceed $150,000
[$50,000].

(f) If another career [proprietary] school or college
assumes responsibility for the closed career school's or college's
[proprietary school's] students with no significant changes in the
quality of training, the student is not entitled to a refund under
Subsection (c) or (d).

(g) Attorney's fees, court costs, or damages may not be paid
from the career [proprietary] school or college tuition trust
account [protection fund].

SECTION 8.11. The change in law made by this part to
Subsection (b), Section 132.051, Education Code, applies only to a
note or other instrument issued, or a contract entered into, on or
after the effective date of this Act. A note or other instrument
issued, or a contract entered into, before the effective date of
this Act is governed by the law in effect on the date the note or
other instrument was issued or the contract was entered into, and
the former law is continued in effect for that purpose.

SECTION 8.12. The change in law made by this part to Section
132.055, Education Code, applies only to an application for a
certificate of approval filed with the Texas Workforce Commission
on or after the effective date of this Act. An application for a
certificate of approval filed before the effective date of this Act
is governed by the law in effect on the date the application was
filed, and the former law is continued in effect for that purpose.

SECTION 8.13. The changes in law made by this part to
Subsection (b), Section 132.061, Education Code, apply only to the
refund policy of a career school or college to which a certificate
of approval is granted or renewed by the Texas Workforce Commission
on or after the effective date of this Act.

SECTION 8.14. The changes in law made by this part to
Section 132.152, Education Code, apply only to an alleged violation
of Section 132.151, Education Code, that occurs on or after the
effective date of this Act. An alleged violation that occurs before
the effective date of this Act is governed by the law in effect on
the date the alleged violation occurred, and the former law is
continued in effect for that purpose.

SECTION 8.15. On or after the effective date of this part,
any amount remaining in or payable to the credit of the tuition
protection fund under Section 132.241, Education Code, as that
section existed before repeal by this Act, shall be transferred to
the credit of the career school or college tuition trust account
established under Section 132.2415, Education Code, as added by
this part.

PART 2. CONFORMING AMENDMENTS REGARDING
CAREER SCHOOLS AND COLLEGES

SECTION 8.16. Subsection (b), Section 52.32, Education
Code, is amended to read as follows:

(b) If a loan applicant is enrolled at a career
[proprietary] school or college in a degree program that is
approved by the board, the applicant is not required to provide
evidence that he is unable to obtain a guaranteed student loan from
a commercial lender under Subsection (a)(2) of this section.

SECTION 8.17. Subdivision (5), Section 53.02, Education
Code, is amended to read as follows:

(5) "Institution of higher education" means (i) any institution of higher education as defined by Subdivision (8) of Section 61.003 of this code, or (ii) a degree-granting college or university corporation accredited by the Texas Education Agency or by a recognized accrediting agency, as defined by Subdivision (13) of Section 61.003 of this code, or (iii) a postsecondary career proprietary school or college accredited by the Association of Independent Colleges and Schools, the National Association of Trade and Technical Schools, or the National Accrediting Commission of Cosmetology Arts and Sciences.

SECTION 8.18. Section 54.6001, Education Code, is amended to read as follows:

Sec. 54.6001. PUBLIC PURPOSE. An educated population being necessary to the social development and economic health of this state, the legislature finds and declares it to be an urgent public necessity to assist young Texans in obtaining a higher education. Because the state's population is rapidly growing and is diverse, the state is required to use all of the higher education facilities and resources within the state, both public and private, to provide a wide variety of educational environments and instructional options and to preserve the partnership between the state and private or independent institutions of higher education and between the state and career proprietary schools and colleges, as defined by Section 132.001, that offer a two-year associate degree as approved by the Texas Higher Education Coordinating Board. Therefore, the prepaid higher education tuition program is
established to help Texas students attend the institution that best meets their individual needs.

SECTION 8.19. Subdivision (9), Section 54.601, Education Code, is amended to read as follows:

(9) "Career school or college" ["Proprietary school"] means a career [proprietary] school or college, as defined by Section 132.001, that offers a two-year associate degree as approved by the Texas Higher Education Coordinating Board.

SECTION 8.20. Subsection (a), Section 54.605, Education Code, is amended to read as follows:

(a) A prepaid tuition contract remains in effect after the program is terminated if, when the program is terminated, the beneficiary:

(1) has been accepted by or is enrolled in an institution of higher education, a private or independent institution of higher education, or a career [proprietary] school or college; or

(2) is projected to graduate from high school not later than the third anniversary of the date the program is terminated.

SECTION 8.21. Subsection (b), Section 54.618, Education Code, is amended to read as follows:

(b) The board may:

(1) adopt an official seal;

(2) adopt rules to implement this subchapter;

(3) sue and be sued;

(4) enter into contracts and other necessary
instruments;

(5) enter into agreements or other transactions with
the United States, state agencies, including institutions of higher
education, private or independent institutions of higher
education, career [proprietary] schools and colleges, and local
governments;

(6) appear in its own behalf before governmental
agencies;

(7) contract for necessary goods and services and
engage the services of private consultants, actuaries, trustees,
records administrators, managers, legal counsel, and auditors for
administrative or technical assistance;

(8) solicit and accept gifts, grants, loans, and other
aid from any source or participate in any other way in any
government program to carry out this subchapter;

(9) impose administrative fees;

(10) contract with a person to market the program;

(11) purchase liability insurance covering the board
and employees and agents of the board; and

(12) establish other policies, procedures, and
eligibility criteria to implement this subchapter.

SECTION 8.22. Subsection (h), Section 54.619, Education
Code, is amended to read as follows:

(h) Notwithstanding other provisions of this subchapter,
any contract benefits purchased under this subchapter may be
applied to the payment of tuition and required fees at a career
[proprietary] school or college as if the [proprietary] school or
college were an institution of higher education or private or independent institution of higher education. On the purchaser's request, the board shall apply, in accordance with Section 54.628, any existing amount of prepaid tuition contract benefits to the payment of tuition and required fees at a career [proprietary] school or college. The board is not responsible for the payment of tuition and required fees at the career [proprietary] school or college in excess of that amount. The board may adopt rules as necessary to implement this subsection.

SECTION 8.23. The heading of Chapter 132, Education Code, is amended to read as follows:

CHAPTER 132. CAREER [PROPRIETARY] SCHOOLS AND COLLEGES

SECTION 8.24. Subsections (a) and (b), Section 132.021, Education Code, are amended to read as follows:

(a) The commission shall exercise jurisdiction and control of the system of career [proprietary] schools and colleges, and the commission shall carry out supervision of the provisions of this chapter, and enforce minimum standards for approval of career [proprietary] schools and colleges under the operating regulations and policies hereinafter set forth and as may be adopted pursuant to this chapter.

(b) The commission shall prepare a comparison of the cost to a student of courses of instruction or training programs at career [proprietary] schools and colleges to the cost to a student of similar courses or programs at schools that are exempt from this chapter under Section 132.002.

SECTION 8.25. Section 132.022, Education Code, is amended
to read as follows:

Sec. 132.022. DUTIES OF COMMISSION. The commission shall carry out the policies of this chapter and enforce the rules adopted under this chapter. The commission shall also certify the names of those career [proprietary] schools and colleges meeting the requirements for a certificate of approval.

SECTION 8.26. Section 132.023, Education Code, is amended to read as follows:

Sec. 132.023. MEMORANDUM OF UNDERSTANDING FOR REGULATION OF CAREER [proprietary] SCHOOLS AND COLLEGES. (a) The commission shall develop, in consultation with the Texas Guaranteed Student Loan Corporation and each state agency that regulates career [proprietary] schools and colleges in this state, a comprehensive strategy to reduce default rates at the regulated career [proprietary] schools and colleges and to improve the overall quality of the programs operated by these schools and colleges.

(b) The commission shall execute a memorandum of understanding outlining the strategy with the corporation and each state agency regulating career [proprietary] schools and colleges and shall adopt rules to carry out the commission's [its] duties under this section. The Texas Guaranteed Student Loan Corporation shall adopt the memorandum of understanding as procedures of the corporation, and each agency by rule shall adopt the memorandum of understanding.

(c) The memorandum of understanding shall:

(1) require the development and monitoring of indicators that identify career [proprietary] schools and colleges
that have excessive loan default rates, poor program performance, or both;

(2) require the sharing of specific information relating to the indicators between the commission and the Texas Guaranteed Student Loan Corporation or other agency; and

(3) require the application of specific sanctions by the commission or by the Texas Guaranteed Student Loan Corporation or other agency, as appropriate, to lower the default rates, improve program performance, or both.

(d) If the commission enters a memorandum of understanding with the Texas Guaranteed Student Loan Corporation related to the regulation of career [proprietary] schools and colleges, the commission may require each career [proprietary] school or college governed by this chapter to provide information to the commission that is necessary for the purposes of the memorandum of understanding.

SECTION 8.27. Section 132.052, Education Code, is amended to read as follows:

Sec. 132.052. APPLICATION FOR CERTIFICATE OF APPROVAL. Every career [proprietary] school or college desiring to operate in this state or do business in this state shall make written application to the commission for a certificate of approval. Such application shall be verified, be in such form as may be prescribed by the commission, and shall furnish the commission such information as the commission may require.

SECTION 8.28. Section 132.053, Education Code, is amended to read as follows:
Sec. 132.053. STATUTORY WAIVER AUTHORITY. (a) The commission may establish rules that waive, alter, suspend, or replace any of the following provisions governing small career [proprietary] schools and colleges:

(1) the fee schedule authorized under Section 132.201, provided that fees under a fee schedule established by rule may not be less than the reasonable administrative cost for regulation or more than the amount that a small career [proprietary] school or college would otherwise pay if it were not classified as a small career [proprietary] school or college;

(2) participation in the career [proprietary] school or college tuition trust account [protection fund] required by Section 132.2415 [132.241];

(3) the refund policy provisions of Section 132.061;

(4) [the bonding requirements of Section 132.060];

(5) [the examination of a school or college for compliance under Section 132.056(f)];

(6) [the reporting requirements of Section 132.055(o)]; and

(b) A rule proposed under this section may be adopted only if it will reduce the regulatory burden for small career [proprietary] schools and colleges and will adequately safeguard the interests of the students of small career [proprietary] schools
and colleges to receive either the education for which they have
contracted or an appropriate refund.

SECTION 8.29. Section 132.054, Education Code, is amended
to read as follows:

Sec. 132.054. SMALL SCHOOL OR COLLEGE EXEMPTION. The
commission may exempt small career [proprietary] schools and
colleges from any requirement of this chapter to reduce the cost to
small schools and colleges of receiving a certificate of approval.

SECTION 8.30. Section 132.056, Education Code, is amended
to read as follows:

Sec. 132.056. ISSUANCE OF CERTIFICATE OF APPROVAL; RENEWAL.
(a) The commission, upon review of an application for a
certificate of approval duly submitted in accordance with Section
132.052 and meeting the requirements of Section 132.055, shall
issue a certificate of approval to the applicant career
[proprietary] school or college. The certificate of approval shall
be in a form prescribed by the commission and shall state in a clear
and conspicuous manner at least the following information:

(1) date of issuance, effective date, and term of
approval;

(2) correct name and address of the school or college;

(3) authority for approval and conditions of approval,
if any, referring specifically to the approved catalogue or
bulletin published by the school or college;

(4) signature of the agency administrator; and

(5) any other fair and reasonable representations that
are consistent with this chapter and deemed necessary by the
commission.

(b) The term for which a certificate of approval shall be issued may not exceed one year.

(c) The certificate of approval shall be issued to the owner of the applicant career [proprietary] school or college and is nontransferable. In the event of a change in ownership of the school or college, a new owner must, at least 30 days prior to the change in ownership, apply for a new certificate of approval.

(d) At least 30 days prior to expiration of a certificate of approval, the career [proprietary] school or college shall forward to the commission an application for renewal. The commission shall reexamine the premises of the school or college as frequently as the commission considers necessary and renew, revoke, or deny renewal of the school's or college's certificate of approval. If a school or college fails to file a complete application for renewal at least 30 days before the expiration date of the certificate of approval, the school or college, as a condition of renewal, must pay, in addition to the annual renewal fee, a late renewal fee in an amount established by commission rule of at least $100.

(e) A career [proprietary] school or college not yet in operation when its application for certificate of approval is filed may not begin operation until receipt of certificate of approval.

(f) The commission shall visit a career [proprietary] school or college to reexamine the school or college for compliance with the criteria provided by Section 132.055 not later than three months after the date the [a] school or college begins operation or after a change in ownership of the [a] school or college.
SECTION 8.31. Section 132.058, Education Code, is amended to read as follows:

Sec. 132.058. REVOCATION OF CERTIFICATE OF APPROVAL.
(a) The commission may revoke an issued certificate of approval or place reasonable conditions upon the continued approval represented by the certificate. Prior to revocation or imposition of conditions upon a certificate of approval, the commission shall notify the holder of the certificate, in writing, of the impending action and set forth the grounds for the action. The commission may reexamine a career [proprietary] school or college two or more times during each year in which a notice relating to the school or college has been issued or conditions have been imposed on the school or college under this subsection.

(b) A certificate of approval may be revoked or made conditional if the commission has reasonable cause to believe that the career [proprietary] school or college is guilty of a violation of this chapter or of any rules adopted under this chapter.

SECTION 8.32. Subsections (a), (b), and (d), Section 132.059, Education Code, are amended to read as follows:
(a) All representatives employed by a career [proprietary] school or college shall register with the commission. Application for registration may be made at any time and shall be based on information submitted in accordance with the provisions of Section 132.052.

(b) Registration of a representative is effective upon receipt of notice from the commission and remains in effect for a period not in excess of 12 calendar months. Renewal of
representative registration shall be in accordance with the renewal application form forwarded to the career [proprietary] school or college by the commission.

(d) Career [proprietary] schools and colleges domiciled or having their principal place of business outside of this state that engage representatives to canvass, solicit, or contract with any person within this state, are subject to the requirements for registration of representatives.

SECTION 8.33. Section 132.062, Education Code, is amended to read as follows:

Sec. 132.062. WITHHOLDING RECORDS. A career [proprietary] school or college may withhold a student's transcript or certificate of completion of training until the student has fulfilled the student's financial obligation to the school or college.

SECTION 8.34. Section 132.063, Education Code, is amended to read as follows:

Sec. 132.063. APPROVED DEGREES. A career [proprietary] school or college may offer a degree approved by the Texas Higher Education Coordinating Board.

SECTION 8.35. Section 132.064, Education Code, is amended to read as follows:

Sec. 132.064. NONQUALIFICATION AS SMALL CAREER [PROPRIETARY] SCHOOL AND COLLEGE. (a) A career [proprietary] school or college operating as a small career [proprietary] school or college but that has an annual gross income from tuition and fees that exceeds $100,000 (other than a test preparation school
described by Section 132.001(10)(B) or (C) that intends to receive a payment from federal funds under 20 U.S.C. Section 1070 et seq. or intends to receive prepayment of tuition, fees, or other charges from federal or state funds shall send written notice to the commission. The notice must be sent not later than the following date, as applicable:

(1) the 60th day after the date on which annual gross income is determined to exceed the maximum;

(2) the day before receiving a payment of federal funds under 20 U.S.C. Section 1070 et seq.; or

(3) the day before enrolling a student who will prepay tuition, a fee, or another charge in whole or in part from federal or state funds.

(b) A career [proprietary] school or college that no longer qualifies as a small career [proprietary] school or college shall apply for an initial certificate of approval as a career [proprietary] school or college within 30 days after the date the school has notified the commission that it no longer qualifies as a small career [proprietary] school or college. The commission may apply or prorate any fees paid by the school or college as a small career [proprietary] school or college.

(c) A career [proprietary] school or college that no longer qualifies as a small career [proprietary] school or college shall submit to the commission an amount of money equal to the difference between the fee for the small career [proprietary] school or college certificate of approval submitted by the school or college and the fee that the school or college would be required to submit.
after its qualifications as a small career [proprietary] school or college cease.

(d) The authority of a career [proprietary] school or college to operate under a small career [proprietary] school or college certificate of approval terminates on the final determination of issuance or denial of an initial certificate of approval. If a school or college fails to file a complete application within the period required by Subsection (b), the school or college, as a condition of issuance, must pay a late fee in an amount established by commission rule of at least $100.

SECTION 8.36. Section 132.151, Education Code, is amended to read as follows:

Sec. 132.151. PROHIBITIONS. A person may not:

(1) operate a career [proprietary] school or college without a certificate of approval issued by the commission;

(2) solicit prospective students for or on behalf of a career [proprietary] school or college without being registered as a representative of the career [proprietary] school or college as required by this chapter;

(3) accept contracts or enrollment applications from a representative who is not bonded as required by this chapter;

(4) utilize advertising designed to mislead or deceive prospective students;

(5) fail to notify the commission of the discontinuance of the operation of any career [proprietary] school or college within 72 hours of cessation of classes and make available accurate records as required by this chapter;
(6) fail to secure and file within 30 days an increased bond as required by this chapter;

(7) negotiate any promissory instrument received as payment of tuition or other charge prior to completion of 75 percent of the course, provided that prior to such time, the instrument may be transferred by assignment to a purchaser who shall be subject to all the defenses available against the career [proprietary] school or college named as payee; or

(8) violate any provision of this chapter.

SECTION 8.37. Section 132.153, Education Code, is amended to read as follows:

Sec. 132.153. COMPETITIVE BIDDING; ADVERTISING. The commission may not adopt rules to restrict competitive bidding or advertising by a career [proprietary] school or college except to prohibit false, misleading, or deceptive competitive bidding or advertising practices. Those rules may not restrict:

(1) the use of an advertising medium;

(2) the size or duration of an advertisement; or

(3) advertisement under a trade name.

SECTION 8.38. Subsection (a), Section 132.154, Education Code, is amended to read as follows:

(a) Whenever the commission has probable cause to believe that any career [proprietary] school or college has committed any acts that would be in violation of this chapter, the commission shall apply for an injunction restraining the commission of such acts.

SECTION 8.39. Section 132.156, Education Code, is amended
to read as follows:

Sec. 132.156. SANCTIONS. (a) If the commission has reasonable cause to believe that a career [proprietary] school or college has violated this chapter or a rule adopted under this chapter, the commission may:

(1) order a peer review of the school or college; or

(2) suspend the admission of students to the school or college.

(b) A peer review ordered under this section shall be conducted by a peer review team composed of knowledgeable persons selected by the commission. The commission shall attempt to provide a balance on each team between members assigned to the team who are from this state and those who are from other states. The team shall provide the commission with an objective assessment of the content of the career school's or college's [proprietary school's] curriculum and its application. The costs of providing a peer review team shall be paid by the school or college.

SECTION 8.40. Subsections (a) through (d), Section 132.157, Education Code, are amended to read as follows:

(a) If a career [proprietary] school or college fails to timely comply with the requirements of Section 132.064, in addition to any other penalties authorized by law, the commission may assess a penalty in an amount not greater than two times the amount that the school or college would have paid in fees and other charges if the school or college had complied with the requirements of Section 132.064 or may assess a penalty in the amount of the tuition or fee charge to any students whose tuition or fees were contracted to be
funded by a prepaid federal or state source.

(b) If the commission finds that the [career] [proprietary] school or college acted intentionally, the commission may, in addition to any other remedy available under law, assess a penalty against the owner in an amount not greater than four times the amount of the fees and charges that the school or college should have paid or four times the amount of the student tuition that was contracted to be funded from a prepaid federal or state source.

(c) The failure to notify the commission within four months after the career school's or college's [proprietary school's] earnings exceed that of a small career [proprietary] school or college gives rise to a rebuttable presumption of intent for purposes of assessment of a penalty.

(d) The failure to notify the commission within 10 days after a career [proprietary] school or college has enrolled a student whose tuition or fees are paid in whole or in part from a prepaid federal or state source gives rise to a rebuttable presumption of intent for purposes of assessment of a penalty.

SECTION 8.41. Subsections (a), (c) through (f), (h), and (i), Section 132.201, Education Code, are amended to read as follows:

(a) Certificate and registration fees, except those charged pursuant to Subsection (d), shall be collected by the commission. Each fee shall be in an amount set by the commission in an amount not to exceed 150 percent of each fee in the following schedule:

(1) the initial fee for a career [proprietary] school or college:
(A) for a certificate of approval is $2,000; or
(B) for a small [career [proprietary] school or college] certificate of approval is $1,000;

(2) the first renewal fee and each subsequent renewal fee for a [career [proprietary] school or college] is the greater of:
   (A) an amount that is determined by applying a percentage, not to exceed 0.3 percent, to the gross tuition and fees, excluding refunds as provided by Section 132.061, of the school or college; or
   (B) $500;

(3) the initial registration fee for a representative is $60;

(4) the annual renewal fee for a representative is $30;

(5) the fee for a change of a name of a [career [proprietary] school or college] or owner is $100;

(6) the fee for a change of an address of a [career [proprietary] school or college] is $180;

(7) the fee for a change in the name or address of a representative or a change in the name or address of a [career [proprietary] school or college] that causes the reissuance of a representative permit is $10;

(8) the application fee for an additional course is $150, except for seminar and workshop courses, for which the fee is $25;

(9) the application fee for a director, administrative staff member, or instructor is $15;
(10) the application fee for the authority to grant
degrees is $2,000;
(11) the application fee for an additional degree
course is $250; and
(12) the fee for an inspection required by commission
rule of classroom facilities that are separate from the main campus
is $250.
(c) For purposes of this section, the gross amount of annual
student fees and tuition for a career [proprietary] school or
college is the amount determined by the commission based on any
report submitted by the school or college to the commission or other
information obtained by the commission.
(d) In connection with the regulation of any career
[proprietary] school or college or course through a memorandum of
understanding pursuant to Section 132.002(c), the commission shall
set an application and annual renewal fee, not to exceed $2,000.
The fee shall be an amount reasonably calculated to cover the
administrative costs associated with assuming the additional
regulation.
(e) The fee for an investigation at a career [proprietary]
school or college to resolve a complaint filed against the school or
college is $600. The fee may be charged only if:
(1) the complaint could not have been resolved by
telephone or written correspondence only;
(2) a representative of the commission visits the
school or college as a part of the complaint resolution process; and
(3) the school or college is found to be at fault.
(f) The commission may allow payment of any fee authorized under this section or under Section 132.2415 [132.241] that exceeds $1,000 to be paid by installment. The commission shall provide for appropriate interest charges and late penalties in addition to any other remedy that is provided for by law for the late payment of a fee installment authorized under this section. The commission may assess a reasonable service charge or interest to be paid by a career [proprietary] school or college that pays a fee by installment in an amount not to exceed 10 percent annually of the fee that is to be paid by installment.

(h) The commission may apply or prorate a fee paid by a small career [proprietary] school or college that has complied with the notification requirements of Section 132.064 toward an initial certificate as a career [proprietary] school or college in the event that a career [proprietary] school or college has ceased to qualify as a small career [proprietary] school or college during a certification period.

(i) The commission may charge each career [proprietary] school or college a fee for the cost of a service that collects, analyzes, and reports student-level data in order to assess the outcome of students who attend career [proprietary] schools and colleges. The total amount of the fees charged under this subsection must not exceed the cost of the service to the commission.

SECTION 8.42. Subsection (b), Section 52.013, Government Code, is amended to read as follows:

(b) The board may:
(1) appoint any necessary or proper subcommittee;
(2) hire necessary employees;
(3) pay all reasonable expenses from available funds;
(4) approve curriculum for court reporter career proprietary schools and colleges as provided by Section 132.055, Education Code;
(5) approve court reporter programs in technical institutes and public community colleges for purposes of certification under Section 61.051, Education Code; and
(6) approve continuing professional education courses for persons certified as court reporters.

SECTION 8.43. Subdivision (3), Section 305.002, Labor Code, is amended to read as follows:

(3) "Eligible institution" means a career proprietary school or college in this state that:

(A) holds a certificate of approval under Chapter 132, Education Code; and

(B) is approved by the commission under Section 305.023 for its students to participate in the grant program established under this chapter.

SECTION 8.44. Section 305.023, Labor Code, is amended to read as follows:

Sec. 305.023. APPROVAL OF INSTITUTIONS. The commission shall approve a career [proprietary] school or college for its students to participate in the grant program established under this chapter if the school or college:

(1) has been accredited for not less than five years by
an accrediting agency recognized by the United States Department of
Education and maintains that accreditation;

(2) has held a certificate of approval under Chapter
132, Education Code, for at least five years; and

(3) offers one or more qualified education programs.

SECTION 8.45. Section E, Article 2.23A, Texas Non-Profit
Corporation Act (Article 1396-2.23A, Vernon's Texas Civil
Statutes), is amended to read as follows:

E. This article does not apply to:

(1) a corporation that solicits funds only from its
members;

(2) a corporation which does not intend to solicit and
receive and does not actually raise or receive contributions from
sources other than its own membership in excess of $10,000 during a
fiscal year;

(3) a career [proprietary] school or college that has
received a certificate of approval from the Texas Workforce
Commission [State Commissioner of Education], a public institution
of higher education and foundations chartered for the benefit of
such institutions or any component part thereof, a private or
independent institution of higher education as defined by Section
61.003, Education Code, a postsecondary educational institution
with a certificate of authority to grant a degree issued by the
Texas Higher Education Coordinating Board, [Texas College and
University System], or an elementary or secondary school;

(4) religious institutions which shall be limited to
churches, ecclesiastical or denominational organizations, or other
established physical places for worship at which religious services are the primary activity and such activities are regularly conducted;

(5) a trade association or professional society whose income is principally derived from membership dues and assessments, sales, or services;

(6) any insurer licensed and regulated by the Texas Department of Insurance;

(7) an organization whose charitable activities relate to public concern in the conservation and protection of wildlife, fisheries, and allied natural resources;

(8) an alumni association of a public or private institution of higher education in this state, provided that such association is recognized and acknowledged by the institution as its official alumni association.

ARTICLE 9. REPEALER

SECTION 9.01. The following laws are repealed:

(1) Section 132.060, Education Code;

(2) Subsections (j) through (m), Section 132.152, Education Code;

(3) Section 132.241, Education Code;

(4) Section 201.002, Labor Code;

(5) Section 301.006, Labor Code, as added by Subsection (a), Section 5.82, Chapter 76, Acts of the 74th Legislature, Regular Session, 1995;

(6) Subsection (c), Section 301.061, Labor Code; and

(7) Subsection (k), Section 302.005, Labor Code.
ARTICLE 10. GENERAL CONFORMING AMENDMENTS

SECTION 10.01. Section 30.103, Education Code, is amended to read as follows:

Sec. 30.103. MEMORANDUM OF UNDERSTANDING. The Texas Youth Commission with the assistance of the Texas Workforce Commission and the Council on Workforce and Economic Competitiveness shall by rule adopt a memorandum of understanding that establishes the respective responsibility of those entities to provide through local workforce development boards job training and employment assistance programs to children committed or formerly sentenced to the Texas Youth Commission. The Texas Youth Commission shall coordinate the development of the memorandum of understanding and include in its annual report information describing the number of children in the preceding year receiving services under the memorandum.

SECTION 10.02. Subsection (d), Section 501.095, Government Code, is amended to read as follows:

(d) The Texas Workforce Commission shall coordinate the development of the memorandum of understanding.

SECTION 10.03. Subsection (b), Section 531.045, Government Code, is amended to read as follows:

(b) The task force is composed of:

(1) a representative of:

(A) the attorney general's office, appointed by the attorney general;

(B) the comptroller's office, appointed by the comptroller;
(C) the commission, appointed by the commissioner;

(D) the Texas Department of Health, appointed by the commissioner of public health;

(E) the Texas Department of Human Services, appointed by the commissioner of human services;

(F) the Texas Workforce Commission, appointed by the executive director [presiding officer] of that agency; and

(G) the Texas Rehabilitation Commission, appointed by the commissioner of that agency; and

(2) two representatives of each of the following groups, appointed by the comptroller:

(A) retailers who maintain electronic benefits transfer point-of-sale equipment;

(B) banks or owners of automatic teller machines;

and

(C) consumer or client advocacy organizations.

SECTION 10.04. Subsection (c), Section 572.003, Government Code, is amended to read as follows:

(c) The term means a member of:

(1) the Public Utility Commission of Texas;

(2) the Texas Department of Economic Development [Commission];

(3) the Texas [Natural Resource Conservation] Commission on Environmental Quality;

(4) the Texas Alcoholic Beverage Commission;

(5) The Finance Commission of Texas;
(6) the Texas Building and Procurement [General Services] Commission;

(7) the Texas Board of Criminal Justice;

(8) the board of trustees of the Employees Retirement System of Texas;

(9) the Texas Transportation Commission;

(10) the Texas Workers' Compensation Commission;

(11) the Texas Department [State Board] of Insurance;

(12) the Parks and Wildlife Commission;

(13) the Public Safety Commission;

(14) the Texas Ethics Commission;

(15) the State Securities Board;

(16) the Texas Water Development Board;

(17) the governing board of a public senior college or university as defined by Section 61.003, Education Code, or of The University of Texas Southwestern Medical Center at Dallas, The University of Texas Medical Branch at Galveston, The University of Texas Health Science Center at Houston, The University of Texas Health Science Center at San Antonio, The University of Texas System Cancer Center, The University of Texas Health Science Center at Tyler, University of North Texas Health Science Center at Forth Worth, Texas Tech University Health Sciences Center, Texas State Technical College--Harlingen, Texas State Technical College--Marshall, Texas State Technical College--Sweetwater, or Texas State Technical College--Waco;

(18) the Texas Higher Education Coordinating Board;

(19) the Texas Workforce [Employment] Commission;
(20) the State Banking Board;
(21) the board of trustees of the Teacher Retirement
System of Texas;
(22) the Credit Union Commission;
(23) the School Land Board;
(24) the board of the Texas Department of Housing and
Community Affairs;
(25) the Texas Racing Commission;
(26) the State Board of Dental Examiners;
(27) [the Texas Board of Licensure for Nursing Home
Administrators;
(28) [the Texas State Board of Medical Examiners;
(29) the Board of Pardons and Paroles;
(30) the Texas State Board of Pharmacy;
(31) the Department of Information Resources
governing board;
(32) the Motor Vehicle Board;
(33) the Texas Real Estate Commission;
(34) the board of directors of the State Bar of
Texas;
(35) the bond review board;
(36) the Texas Board of Health;
(37) the Texas Board of Mental Health and
Mental Retardation;
(38) the Texas Board on Aging;
(39) the Texas Board of Human Services;
(40) the Texas Funeral Service Commission;

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(40) [(41)] the board of directors of a river authority created under the Texas Constitution or a statute of this state; or

(41) [(42)] the Texas Lottery Commission.

SECTION 10.05. Section 656.001, Government Code, is amended to read as follows:

Sec. 656.001. STATE AGENCY EMPLOYMENT OPENINGS. Any agency, board, bureau, commission, committee, council, court, department, institution, or office in the executive or judicial branch of state government that has an employment opening for which persons from outside the agency will be considered shall list the opening with the Texas Workforce [Employment] Commission.

SECTION 10.06. Subdivision (1), Section 656.021, Government Code, is amended to read as follows:

(1) "Commission" means the Texas Workforce [Employment] Commission.

SECTION 10.07. Section 657.009, Government Code, is amended to read as follows:

Sec. 657.009. PUBLIC ENTITIES TO LIST POSITIONS WITH TEXAS WORKFORCE [EMPLOYMENT] COMMISSION. (a) A public entity shall provide to the Texas Workforce [Employment] Commission, under rules adopted under this section by the commission, information regarding an open position that is subject to the hiring preference required by this chapter.

(b) The Texas Workforce [Employment] Commission shall make available to the public the information provided by a public entity under Subsection (a).
(c) To promote the purposes of this chapter, the Texas Workforce Commission shall adopt rules under this section that facilitate the exchange of employment information between public entities and individuals entitled to a preference under this chapter.

(d) The Texas Workforce Commission shall adopt forms and procedures necessary to administer this section.

SECTION 10.08. Subsection (a), Section 772.0031, Government Code, is amended to read as follows:

(a) The Human Resource Task Force is composed of a representative of:

(1) the governor's office, appointed by the governor;
(2) the state auditor's office, appointed by the state auditor;
(3) the comptroller's office, appointed by the comptroller;
(4) the attorney general's office, appointed by the attorney general;
(5) the Commission on Human Rights, appointed by the presiding officer of that agency;
(6) the Employees Retirement System of Texas, appointed by the presiding officer of the board of trustees of that agency;
(7) the Texas Workforce Commission, appointed by the executive director [presiding officer] of that agency;
(8) the Texas Workers' Compensation Commission, appointed by the presiding officer of that agency;
(9) the Legislative Budget Board, appointed by the presiding officer of the board;
(10) the State Agency Coordinating Council, appointed by the presiding officer of that entity;
(11) the Texas Small State Agency Task Force, appointed by the presiding officer of that entity;
(12) the Texas State Personnel Administrators Association, appointed by the presiding officer of that entity; and
(13) each eligible state employee organization certified by the comptroller under Section 403.0165, who must be the chief elected representative of the organization.

SECTION 10.09. Subsection (a), Section 2162.051, Government Code, is amended to read as follows:
(a) The State Council on Competitive Government consists of the following individuals or the individuals they designate:
(1) the governor;
(2) the lieutenant governor;
(3) the comptroller;
(4) the speaker of the house of representatives;
(5) the commission's presiding officer; and
(6) the commissioner of the Texas Workforce Commission representing labor.

SECTION 10.10. Subsection (c), Section 115.002, Human Resources Code, is amended to read as follows:
(c) The ex officio members are:
(1) the executive director of the Texas Workforce Commission;
(2) the commissioner of the Texas Rehabilitation Commission;

(3) the executive director of the Texas Commission for the Blind;

(4) the executive director of the Texas Commission for the Deaf and Hard of Hearing; and

(5) other officials designated by the governor who serve with other state agencies that provide services to persons with disabilities.

SECTION 10.11. Subsection (a), Section 61.005, Labor Code, is amended to read as follows:

(a) In the case of contumacy or other refusal by a person to obey a subpoena issued by [a member of] the commission or an authorized representative of the commission to that person, any county or district court of this state in the jurisdiction of which the inquiry is carried on or in the jurisdiction of which the person guilty of contumacy or refusal to obey is found, resides, or transacts business has jurisdiction, on application by the commission or its representative, to issue to the person an order requiring the person to appear before [a commissioner] the commission[7] or its authorized representative to:

(1) produce evidence if so ordered; or

(2) testify regarding the matter under investigation or in question.

SECTION 10.12. Subsection (c), Section 62.107, Labor Code, is amended to read as follows:

(c) The commissioner shall furnish a copy of each order
establishing a piece rate to the Texas Workforce [Employment] Commission.

SECTION 10.13. Subdivision (8), Section 201.011, Labor Code, is amended to read as follows:


SECTION 10.14. Subsections (a) and (b), Section 306.007, Labor Code, are amended to read as follows:

(a) To assist in the reintegration into the labor force of persons formerly sentenced to the institutional division or the state jail division, the commission through Project RIO shall provide:

(1) to those persons:

(A) information from local workforce development boards on job training and employment referral services;

(B) information from the Texas Commission on Alcohol and Drug Abuse on substance abuse treatment services;

(C) information from the Texas Department of Housing and Community Affairs on housing services;

(D) information from the Texas Veterans Commission on services for veterans; and

(E) information [from the Texas Department of Human Services] on tax refund voucher programs under Subchapter H [D], Chapter 301 [31, Human Resources Code]; and

(2) to the employers and potential employers of those persons:

(A) information from the Texas Department of
Economic Development [Commerce] on the enterprise zone program [and smart-jobs-fund-program]; and

(B) information from local workforce development boards on services listed in Section 2308.304, Government Code.

(b) The commission shall adopt a memorandum of understanding with each of the following agencies that establishes the respective responsibilities of the commission and the agencies in providing information described by Subsection (a) to persons formerly sentenced to the institutional division or the state jail division of the Texas Department of Criminal Justice, to employers or potential employers of those persons, and to local workforce development boards:

(1) the Texas Commission on Alcohol and Drug Abuse;
(2) the Texas Department of Housing and Community Affairs;
(3) the Texas Veterans Commission;
(4) the Texas Department of Human Services;
(5) the Texas Department of Economic Development [Commerce]; and
(6) the Council on Workforce and Economic Competitiveness.

ARTICLE 11. EFFECTIVE DATE

SECTION 11.01. This Act takes effect September 1, 2003, except that Article 6 of this Act takes effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, Article 6 takes effect September 1, 2003.
I hereby certify that S.B. No. 280 passed the Senate on April 23, 2003, by a viva-voce vote; May 24, 2003, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 26, 2003, House granted request of the Senate; June 1, 2003, Senate adopted Conference Committee Report by the following vote: Yeas 31, Nays 0.

I hereby certify that S.B. No. 280 passed the House, with amendments, on May 21, 2003, by the following vote: Yeas 144, Nays 0, one present not voting; May 26, 2003, House granted request of the Senate for appointment of Conference Committee; June 1, 2003, House adopted Conference Committee Report by the following vote: Yeas 145, Nays 1, one present not voting.

Approved:

20 JUN '03

Rick Perry
Governor

FILED IN THE OFFICE OF THE SECRETARY OF STATE
1:00 O'Clock
JUN 2 0 2003

Secretary of State