AN ACT

relating to the continuation and functions of the Texas Higher Education Coordinating Board.

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

SECTION 1. Section 61.0211, Education Code, is amended to read as follows:

Sec. 61.0211. SUNSET PROVISION. The Texas Higher Education Coordinating Board is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the board is abolished and this chapter expires September 1, 2015 [2003].

SECTION 2. Section 61.022, Education Code, is amended to read as follows:

Sec. 61.022. MEMBERS OF BOARD; APPOINTMENT; TERMS OF OFFICE. (a) The board shall consist of nine [10] members appointed by the governor so as to provide representation from all areas of the state with the advice and consent of the senate, and as the constitution provides. Members of the board serve staggered six-year terms. The terms of one-third of the members expire August 31 of each odd-numbered year [Of the initial appointments to the board six shall be for terms which shall expire August 31, 1967, six for terms which shall expire August 31, 1969, and six for terms which shall expire on August 31, 1971, or at such time as their successors are appointed and have qualified. Thereafter, the
governor shall appoint members for terms of six years. Members of
the Texas Commission on Higher Education are eligible for
appointment to the board].

(b) A board member may not be employed professionally
for remuneration in the field of education during the member's
[his] term of office.

SECTION 3. Subsections (b) through (e), Section 61.0222,
Education Code, are amended to read as follows:

(b) A person may not be a member of the board and may not be a
board employee 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 higher
education; or

(2) the person's spouse is an officer, manager, or paid
consultant of a Texas trade association in the field of higher
education [An officer, employee, or paid consultant of a Texas
trade association in the field of higher education may not be a
member or employee of the board if the person is compensated at or
above the amount prescribed by the General Appropriations Act for
step 1, salary group 17, of the position classification salary
schedule].

(c) [A person who is the spouse of an officer, manager, or
paid consultant of a Texas trade association in the field of higher
education may not be a board member and may not be a board employee
who is compensated at or above the amount prescribed by the General
Appropriations Act for step 1, salary group 17, of the position
classification salary schedule.

(d) A person may not be [serve as] a member of the board or
act as the general counsel to the board 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 board.

(e) For the purposes of this section, "Texas trade association" means a Texas trade association is a
nonprofit 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.

SECTION 4. Subsections (a) and (c), Section 61.0223,
Education Code, are amended to read as follows:

(a) It is a ground for removal from the board that [if] a
member:

(1) does not have at the time of taking office
[appointment] the qualifications required by Section 61.0222(a)
[of this code];

(2) does not maintain during service on the board the
qualifications required by Section 61.0222(a) [of this code];

(3) is ineligible for membership under [violates a
prohibition established by] Section 61.022 or 61.0222 [Section

3
61.0222(b), (c), or (d) of this code;

(4) cannot, because of illness or disability, discharge the member's duties for a substantial part of the member's term [for which the member is appointed because of illness or disability]; or

(5) is absent from more than half of the regularly scheduled board meetings that the member is eligible to attend during a calendar year without an excuse approved [unless the absence is excused] by a majority vote of the board.

(c) If the commissioner of higher education has knowledge that a potential ground for removal exists, the commissioner shall notify the presiding officer [chairman] of the board of the potential ground. The presiding officer [chairman] shall then notify the governor and the attorney general that a potential ground for removal exists. If the potential ground for removal involves the presiding officer, the commissioner shall notify the next highest ranking officer of the board, who shall then notify the governor and the attorney general that a potential ground for removal exists.

SECTION 5. Subchapter B, Chapter 61, Education Code, is amended by adding Section 61.0224 to read as follows:

Sec. 61.0224. TRAINING OF BOARD MEMBERS. (a) A person who is appointed to and qualifies for office as a member of the board may not vote, deliberate, or be counted as a member in attendance at a meeting of the board 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 board;
(2) the programs operated by the board;
(3) the role and functions of the board;
(4) the rules of the board, with an emphasis on the rules that relate to disciplinary and investigatory authority;
(5) the current budget for the board;
(6) the results of the most recent formal audit of the board;
(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; and
(8) any applicable ethics policies adopted by the board or the Texas Ethics Commission.

(c) A person appointed to the board 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 6. Subsections (f) and (g), Section 61.028, Education Code, are amended to read as follows:
(f) The commissioner or the commissioner's designee shall prepare and maintain a written policy statement that implements [to assure 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 [handicap], sex, religion, age, or national origin. 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 board to avoid the unlawful employment practices described by Chapter 21, Labor Code; and

(2) an [a comprehensive] analysis of the extent to which the composition of the board's personnel is in accordance with state and federal law and a description of reasonable methods to achieve compliance with state and federal law [work force that meets federal and state guidelines].

[(3) procedures by which a determination can be made of significant underuse in the board's work force of all persons for whom federal or state guidelines encourage a more equitable balance, and

[(4) reasonable methods to appropriately address these areas of significant underuse].

(g) The [A] policy statement [prepared under Subsection (f) of this section] must:

(1) [cover an annual period] be updated [at least] annually.
(2) be reviewed by the state Commission on Human
Rights for compliance with Subsection (f)(1);[7] and

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

SECTION 7. Subchapter B, Chapter 61, Education Code, is
amended by adding Section 61.0281 to read as follows:

Sec. 61.0281. STATE EMPLOYEE INCENTIVE PROGRAM. The
commissioner of higher education or the commissioner's designee
shall provide to board employees information and training on the
benefits and methods of participation in the state employee
incentive program.

SECTION 8. Section 61.029, Education Code, is amended to
read as follows:

Sec. 61.029. INTERNAL AUDITOR. (a) The board
[commissioner of higher education] shall appoint an internal
auditor for the board. [The appointment of an internal auditor must
be approved by the board.]

(b) The internal auditor shall report directly to the board
on all matters, other than administrative matters, that require the
decision of the commissioner of higher education. [The board by
rule may require the internal auditor to submit certain reports
directly to the board.]

(c) The commissioner of higher education shall advise the
board regarding:

(1) the termination or discipline of the internal
auditor; and

(2) the transfer or reclassification of, or other
changes in, the powers or duties of the internal auditor. [A
committee of the board whose primary function is to oversee the administration of the board shall meet with the internal auditor at least as frequently as quarterly."

(d) The internal auditor shall develop an annual audit plan, conduct audits as specified in the audit plan, and fulfill the other duties required by Chapter 2102, Government Code [auditor's duties include:

(1) the review and appraisal of the accounting, financial, and operating activities of the board, including its internal information management; and

(2) appraisal of the board's effectiveness in meeting its statutory duties].

(e) The internal auditor shall review all audit reports with the board and the commissioner of higher education.

SECTION 9. Section 61.031, Education Code, is amended to read as follows:

Sec. 61.031. PUBLIC INTEREST INFORMATION AND COMPLAINTS. (a) The board shall maintain a file on each written complaint filed with the board. The file must include:

(1) the name of the person who filed the complaint;

(2) the date the complaint is received by the board;

(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 board closed the file without taking action other than to
investigate the complaint [prepare information of public interest
describing the functions of the board and the board's procedures by
which complaints are filed with and resolved by the board. The
board shall make the information available to the public and
appropriate state agencies].

(b) The board shall provide to the person filing the
complaint and to each person who is a subject of the complaint a
copy of the board's policies and procedures relating to complaint
investigation and resolution [keep an information file about each
complaint filed with the board that the board has authority to
resolve].

(c) The [if a written complaint is filed with the board that
the board has authority to resolve, the] board, at least quarterly
[and] until final disposition of the complaint, shall notify the
person filing [parties to] the complaint and each person who is a
subject of the complaint of the status of the investigation
[complaint] unless the notice would jeopardize an undercover
investigation.

SECTION 10. Subchapter B, Chapter 61, Education Code, is
amended by adding Section 61.033 to read as follows:

Sec. 61.033. NEGOTIATED RULEMAKING; ALTERNATIVE DISPUTE
RESOLUTION. (a) The board shall develop and implement a policy to
encourage the use of:

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

(2) appropriate alternative dispute resolution
procedures under Chapter 2009, Government Code, to assist in the
resolution of internal and external disputes under the board's
jurisdiction.
(b) The board's procedures relating to alternative dispute
resolution must conform, to the extent possible, to any model
guidelines issued by the State Office of Administrative Hearings
for the use of alternative dispute resolution by state agencies.
(c) The board shall designate a trained person to:
(1) coordinate the implementation of the policy
adopted under Subsection (a);
(2) serve as a resource for any training needed to
implement the procedures for negotiated rulemaking or alternative
dispute resolution; and
(3) collect data concerning the effectiveness of those
procedures, as implemented by the board.
SECTION 11. Subchapter B, Chapter 61, Education Code, is
amended by adding Section 61.034 to read as follows:
Sec. 61.034. EFFECTIVE USE OF TECHNOLOGY. The board shall
develop and implement a policy that requires the commissioner of
higher education and the staff of the board to research and propose
appropriate technological solutions to improve the ability of the
agency to perform its mission. The technological solutions must
include measures to ensure that the public is able to easily find
information about the board through the Internet and that persons
who have a reason to use the board's services are able to use the
Internet to interact with the board and to access any services that
can be provided effectively through the Internet. The policy shall
also ensure that proposed technological solutions are
cost-effective and developed through the board's planning
processes.

SECTION 12. Section 61.051, Education Code, is amended by
amending Subsections (a), (j), and (m) and adding Subsections
(a-1), (a-2), and (a-3) to read as follows:

(a) The board shall represent the highest authority in the
state in matters of public higher education and is charged with the
duty to take an active part in promoting quality education in the
various regions of the state. The board shall be responsible for
assuring that there is no discrimination in the distribution of
programs and resources throughout the state on the basis of race,
national origin, or sex.

(a-1) The board shall develop a five-year master plan for
higher education in this state [and update the plan annually]. The
five-year plan shall take into account the resources of private
institutions of higher education in this state.

(a-2) The board shall periodically review and revise the
five-year master plan developed under Subsection (a-1). As a
specific element of its review, the board shall identify and
analyze the degree to which the plan reflects the continuing higher
education needs of this state, as well as any policy changes
necessary to improve overall implementation of the plan and the
fiscal impact of those changes. The board shall establish
procedures for monitoring the board's implementation of the plan,
including an analysis of the degree to which its current activities
support implementation of the plan and any change in board rules or
practices necessary to improve implementation of the plan. The board shall identify additional strategies necessary to achieve the goals of the plan, emphasizing implementation by institutions of higher education and specific recommendations for the different regions of the state. The board shall notify each institution of higher education of all strategies for implementing the plan.

(a-3) The board shall[+]

[+1+] inform the legislature on matters pertaining to higher education, including the state's activities in the Board of Control for Southern Regional Education[+] and shall

[+2+] report to the legislature not later than [+3+] January 1 of each odd-numbered year on the state of higher education in Texas. In the biennial report, the board shall assess the state's progress in meeting the goals stated in the plan developed under Subsection (a-1) and shall recommend legislative action to assist the state in meeting those goals. The report must include the analyses performed in connection with the board's periodic review under Subsection (a-2).

(j) No off-campus courses for credit may be offered by any public technical institute, public community college, or public college or university without specific prior approval of the board. However, any of those institutions may offer a distance learning course approved by the board with no in-state geographic restrictions if the course is within the approved curriculum of the institution. To facilitate the delivery of courses by distance learning and to improve access to those courses, the board shall encourage collaborative efforts to make the benefits of computer
access to educational opportunities widely available. The board shall maintain a central informational resource accessible to the general public that provides[, to be called the Texas Colleges On-Line, on which institutions can place] information relating to [all computer-accessible] distance learning courses and programs offered for credit by institutions of higher education and information including computer links, addresses, or other directions to assist an interested person to obtain additional information directly from the appropriate institution. The board may not prohibit a public junior college district from offering a course for credit outside the boundaries of the junior college district when such course has met the requirements for approval as adopted by the board. The board shall establish regulations for the coordination of credit activities of adult and continuing education by public technical institutes, public community colleges, or public colleges and universities.

(m) The board shall publish and distribute materials on admission policies, transferable courses among institutions, financial assistance programs, and other matters of interest to persons choosing an institution in which to enroll. It is the intent of the legislature that materials distributed under this subsection be designed to promote and encourage students to complete high school coursework and aspire to their highest potential by obtaining a degree or certificate from an institution of higher education.

SECTION 13. Section 61.059, Education Code, is amended by amending Subsections (a) and (i) and adding Subsection (i-1) to
read as follows:

(a) To finance a system of higher education and to secure an equitable distribution of state funds deemed to be available for higher education, the board shall perform the functions described in this section. Funding policies shall:

(1) allocate resources efficiently and provide incentives for programs of superior quality and for institutional diversity;

(2) provide incentives for supporting the five-year master plan developed and revised under Section 61.051; and

(3) discourage unnecessary duplication of course offerings between institutions and unnecessary construction on any campus.

(i) The board shall make continuing studies on its own initiative, on the request of the governor or the Legislative Budget Board, and as otherwise provided by Subsection (i-1) of the financial needs of public higher education and all services and activities of the institutions of higher education and issue reports to the governor and the Legislative Budget Board that result from its studies.

(i-1) Not later than January 1 of each odd-numbered year, the board shall make and submit to the legislature findings and recommendations regarding the degree to which the current higher education funding system, including formula funding and any other transfers of legislative appropriations to institutions of higher education, supports the implementation of the five-year master plan developed and revised under Section 61.051. The board may include
its findings and recommendations in the biennial report submitted
to the legislature under Section 61.051. In its findings, the board
must:

(1) identify funding incentives that would encourage
implementation of the five-year master plan by institutions of
higher education; and

(2) assess the accountability of institutions of
higher education with respect to legislative appropriations to
evaluate institutional allocation of financial resources in
accordance with the five-year master plan.

SECTION 14. Subsection (a), Section 61.065, Education Code,
is amended to read as follows:

(a) The comptroller of public accounts and the board jointly
shall prescribe and periodically update a uniform system of
financial accounting and reporting for institutions of higher
education, including definitions of the elements of cost on the
basis of which appropriations shall be made and financial records
shall be maintained. The board may require institutions to report
additional financial information as the board considers necessary.
In order that the uniform system of financial accounting and
reporting shall provide for maximum consistency with the national
reporting system for higher education, the uniform system shall
incorporate insofar as possible the provisions of the financial
accounting and reporting manual published by the National
Association of College and University Business Officers. The
accounts of the institutions shall be maintained and audited in
accordance with the approved reporting system.
SECTION 15. Section 61.066, Education Code, is amended by
adding Subsection (c) to read as follows:

(c) The board shall conduct a study and make findings and
recommendations regarding methods for reducing administrative
burdens and increasing participation in student financial aid
programs to maximize the value of those programs to the state. In
conducting the study, the board shall seek input from financial aid
officers and student groups at institutions of higher education.
Not later than November 1, 2004, the board shall report to the
standing committee of each house of the legislature with primary
jurisdiction over higher education the board's findings and
recommendations for legislative action necessary to consolidate,
expand, or otherwise modify existing student financial aid
programs. This subsection expires January 1, 2005.

SECTION 16. Section 61.076, Education Code, is amended to
read as follows:

Sec. 61.076. COOPERATION BETWEEN STATE AGENCIES OF
EDUCATION. (a) It is the policy of the State of Texas that the
entire system of education supported with public funds be
coordinated to provide the citizens with efficient, effective, and
high quality educational services and activities. The board and
the State Board of Education, in conjunction with such other
agencies as may be appropriate, shall ensure that long-range plans
and educational programs established by the boards complement the
functioning of the entire system of public education, extending
from early childhood education through postgraduate study. In
assuring that plans and programs are coordinated, the boards shall
use the P-16 Council [Joint Advisory Committee] established under Section 61.077 [of this code].

(b) The P-16 Council [Joint Advisory Committee] shall coordinate plans and programs of the two boards, including curricula, instructional programs, research, and other functions as appropriate. This coordination shall include the following areas:

(1) equal educational opportunity for all Texans;

(2) college recruitment, with special emphasis on the recruitment of minority students;

(3) preparation of high school students for further study at colleges and universities;

(4) reduction of the dropout rate and dropout prevention;

(5) teacher education, recruitment, and retention; [and]

(6) testing and assessment; and

(7) adult education programs.

SECTION 17. Section 61.077, Education Code, is amended to read as follows:

Sec. 61.077. P-16 COUNCIL [JOINT ADVISORY COMMITTEE].

(a) The P-16 Council [Joint advisory committee] shall advise the Texas Higher Education Coordinating Board and the State Board of Education in coordinating postsecondary career and technology activities, career and technology teacher education programs offered or proposed to be offered in the colleges and universities of this state, and other relevant matters, including those listed
in Section 61.076 [of this code].

(b) The council is [committee shall be] composed of the commissioner of education, the commissioner of higher education, the executive director of the Texas Workforce Commission, and the executive director of the State Board for Educator Certification [three members from the State Board of Education, appointed by the chairman of the board and three members from the Texas Higher Education Coordinating Board, appointed by the chairman of the board, one member designated by the presiding officer of the Council on Workforce and Economic Competitiveness, and one member representing business designated by the chair of the Texas Partnership for Economic Development]. Existing members of the council may appoint additional members as the members consider necessary. The position of presiding officer rotates among the members of the council in the order the members are listed in this subsection, with each member serving as the presiding officer for one two-year term [A member of the board shall be designated as chairman of the joint advisory committee by the chairman of the board].

(c) The council shall meet at least once each calendar quarter and may hold other meetings as necessary at the call of the presiding officer [committee shall hold regular annual meetings as called by the chairman]. Each member of the council or the member's designee shall make a report of the council's activities at least twice annually to the governing body of the member's agency or, in the case of the commissioner of education, to the State Board of Education.
(d) [Added] The purposes of this council [committee] shall include the following:

(1) to advise the two boards on the coordination of postsecondary career and technology education and the articulation between postsecondary career and technology education and secondary career and technology education;

(2) to facilitate the transfer of responsibilities for the administration of postsecondary career and technology education from the State Board of Education to the board in accordance with Section 111(a)(I) of the Carl D. Perkins Vocational Education Act, Public Law 98-524;

(3) to advise the State Board of Education, when it acts as the State Board for Career and Technology Education, on the following:

(A) the transfer of federal funds to the board for allotment to eligible public postsecondary institutions of higher education;

(B) the career and technology education funding for projects and institutions as determined by the board when the State Board for Career and Technology Education is required by federal law to endorse such determinations;

(C) the development and updating of the state plan for career and technology education and the evaluation of programs, services, and activities of postsecondary career and technology education and such amendments to the state plan for career and technology education as may relate to postsecondary education;
(D) other matters related to postsecondary career and technology education; and

(E) the coordination of curricula, instructional programs, research, and other functions as appropriate, including areas listed in Section 61.076 [of this code], school-to-work and school-to-college transition programs, and professional development activities; [and]

(4) to advise the Council on Workforce and Economic Competitiveness on educational policy issues related to workforce preparation; and

(5) to examine and make recommendations regarding the alignment of secondary and postsecondary education:

(A) curricula; and

(B) testing and assessment.

(e) Subsection (d)(5) does not require the council to establish curriculum or testing or assessment standards.

SECTION 18. Subsection (a), Section 61.0771, Education Code, is amended to read as follows:

(a) The board, in cooperation with institutions of higher education, shall develop a master plan for the development of distance learning and other applications of instructional electronic technology by institutions of higher education and as necessary may revise the plan. The plan shall include recommendations for:

(1) the coordination and integration of distance learning and related telecommunications activities among institutions of higher education and other public or private
entities to achieve optimum efficiency and effectiveness in
providing necessary services, including identification of the
costs and any cost savings to be achieved by the use of distance
learning and related activities such as teleconferencing or sharing
resources by telecommunications;

(2) the development and acquisition of distance
learning infrastructure and equipment, including its functions and
capabilities, within and among institutions of higher education
consistent with the missions of those institutions and the
recipients of their services;

(3) the establishment of uniform or compatible
standards and technologies for distance learning;

(4) the training of faculty and staff in the use and
operation of distance learning facilities;

(5) appropriate applications of distance learning,
including the identification of the needs of the student
populations to be served;

(6) policies relating to the funding for
implementation and administering of distance learning, including
interinstitutional funds transfers among institutions providing
and receiving distance learning services and formula funding
allocations, and recommendations for the appropriate fees for
services offered through distance learning;

(7) revising regulatory policy relating to public
utilities to facilitate distance learning; and

(8) any statutory or regulatory changes desirable to
promote distance learning or to implement the master plan.
SECTION 19. Subchapter C, Chapter 61, Education Code, is amended by adding Section 61.0816 to read as follows:

Sec. 61.0816. INFORMATION REGARDING HIGHER EDUCATION AUTHORITIES. (a) The board shall collect and make available to the public on request information regarding higher education authorities operating under Chapter 53 and nonprofit corporations carrying out the functions of higher education authorities under Chapter 53. For each authority or corporation, the information must include:

(1) the total amount and type of outstanding bonds issued by the authority or corporation;

(2) a description of the programs and activities administered by the authority or corporation; and

(3) with respect to any real property owned by the authority or corporation:

(A) the location and description of the property;

(B) the current or proposed use of the property, including whether the property is under construction or renovation;

(C) the method by which the authority or corporation financed the acquisition, construction, or renovation of the property;

(D) the school, public or private institution of higher education, or other educational institution for which the property is being used or proposed to be used;

(E) whether the property is exempt from ad valorem taxes; and

(F) the appraised value of the property.
(b) A higher education authority or nonprofit corporation described by this section shall provide the board the relevant information the board requests at the time and in the manner the board prescribes.

SECTION 20. Subchapter C, Chapter 61, Education Code, is amended by adding Section 61.0902 to read as follows:

Sec. 61.0902. PUBLICATION OF PERFORMANCE DATA OF GENERAL ACADEMIC TEACHING INSTITUTIONS. (a) The board shall administer a program to publish performance data provided to the board by general academic teaching institutions under this section.

(b) Not later than the next November 1 following the completion of an academic year, each general academic teaching institution shall provide to the board one or more reports containing data related to:

1. the qualifications of the entering freshman class for the academic year covered by the report, including:
   A. the average Texas Academic Skills Program Test scores of the class;
   B. the average scores of the class on each generally recognized test or assessment used in college and university undergraduate admissions, including the Scholastic Assessment Test and the American College Test;
   C. the range of scores of the class from the 25th to the 75th percentile on each generally recognized test or assessment used in college and university undergraduate admissions, including the Scholastic Assessment Test and the American College Test;
(D) the overall grade point average of the class
for the academic year covered by the report;

(E) the number of students in the class who
graduated in the top 10 percent of the student's high school
graduating class; and

(F) enrollment percentages by ethnicity; and

(2) student performance and institution efficiency,
including:

(A) the retention rate of full-time students
after the completion of one academic year at the institution;

(B) the percentage of full-time degree-seeking
undergraduate students who earn a baccalaureate degree before the
sixth anniversary of the date of the student's first enrollment at
the institution;

(C) the percentage of lower-division semester
credit hours taught by tenured or tenure-track faculty;

(D) the percentage of undergraduate classes with
fewer than 20 students;

(E) the percentage of undergraduate classes with
more than 50 students;

(F) the student-to-faculty ratio for
undergraduate students;

(G) the percentage of students receiving
financial aid;

(H) the average cost of tuition and fees for an
undergraduate student enrolled for 12 semester credit hours;

(I) the average cost of on-campus room and board
for an academic year, excluding summer sessions;

(J) the number of disciplines in which master's
degrees are offered;

(K) the number of disciplines in which doctoral
degrees are offered;

(L) a description of any departments, schools, or
certificate or degree programs of the institution that have a
statewide or national reputation for excellence; and

(M) statistics regarding job placement rates for
students awarded certificates or degrees by the institution.

(c) Each year the board shall publish and post in a grid
format on the board's Internet site the names of the general
academic teaching institutions, the performance data required by
Subsection (b) for the most recent academic year for which the data
is available, and any other information considered appropriate by
the board. The board shall use the classification system developed
by the Carnegie Foundation in publishing and posting the data and
other information.

(d) Each general academic teaching institution shall
provide a link on the institution's Internet home page to the
board's Internet site described by Subsection (c).

(e) A general academic teaching institution is not required
to report to the board the data required by Subsection (b) if the
data is available to the board from another source.

SECTION 21. Subsection (c), Section 61.093, Education Code,
is amended to read as follows:

(c) Money appropriated for payment of contracts under the
authority of Section 61.092 [and 61.094 of this code] shall be paid to the Baylor College of Medicine [and the Baylor College of Dentistry] as follows:

(1) 40 [24] percent of the yearly entitlement [of each college] shall be paid in two equal installments to be made on or before the 25th day of September and October; and

(2) 60 [76] percent of the yearly entitlement [of each college] shall be paid in six [eight] equal installments to be made on or before the 25th day of November, December, January, February, March, and April[, May, June, July, and August].

SECTION 22. Section 61.313, Education Code, is amended by amending Subsection (e) and adding Subsections (f) and (g) to read as follows:

(e) This section does not apply to a person who on September 1, 1997, used the term "college" or "university" in the official name or title of a private postsecondary educational institution that was established before September 1, 1975. A person covered by this subsection is not required to remove the term "college" or "university" from the name or title of the institution established before September 1, 1975.

(f) A person covered by Subsection (e) may use the term "college" in the official name or title of another private postsecondary educational institution in this state if:

(1) the person's business name on September 1, 1995, included the term "college"; and

(2) the other institution offers the same or similar educational programs and is located in the same county as the
institution established before September 1, 1975.

(g) A person covered by Subsection (e) may use the term "college" in the official name or title of another private postsecondary educational institution in this state if:

(1) the person operated at least four private postsecondary educational institutions in this state on September 1, 1985, for which the person was permitted to use the term "college" in the official name or title; and

(2) the other institution offers the same or similar educational programs as the institutions described by Subdivision (1) and has enrolled students in educational programs continuously since before September 1, 1995.

SECTION 23. Subsection (a), Section 61.532, Education Code, is amended to read as follows:

(a) To be eligible to receive repayment assistance, a physician must apply to the coordinating board and have completed at least one year of medical practice:

(1) in private practice in an economically depressed or rural medically underserved area of the state;

(2) for one of the following state agencies:

(A) Texas Department of Health;

(B) Texas Department of Mental Health and Mental Retardation;

(C) Texas Department of Corrections; or

(D) Texas Youth Commission; or

(3) for an approved family practice residency training program established under Subchapter I [of this chapter] as a[+}
[clinical faculty member and have completed training in an approved family practice residency training program on or after July 1, 1994[—...]

[(E) resident].

SECTION 24. Subchapter J, Chapter 61, Education Code, is amended by adding Section 61.540 to read as follows:

Sec. 61.540. SERVICE AGREEMENTS ENTERED INTO UNDER FORMER LAW; SAVING PROVISION. (a) This section applies only to a person who entered into a written agreement to perform service as a physician in exchange for loan repayment assistance under this subchapter before September 1, 2003.

(b) The agreement continues in effect and this subchapter, as it existed when the person entered into the agreement, is continued in effect for purposes of that agreement until the person satisfies all the conditions of the agreement or repays all amounts due under the agreement if the person does not satisfy the conditions of the agreement.

SECTION 25. Subsection (b), Section 61.822, Education Code, is amended to read as follows:

(b) Each institution of higher education shall adopt a core curriculum of no less than 42 semester credit hours, including specific courses comprising the curriculum. The core curriculum shall be consistent with the common course numbering [system] approved by the board and with the statement, recommendations, and rules issued by the board. An institution may have a core curriculum of other than 42 semester credit hours only if approved by the board.
SECTION 26. Section 61.830, Education Code, is amended to read as follows:

Sec. 61.830. PUBLICATION OF GUIDELINES ADDRESSING TRANSFER PRACTICES. In its course catalogs and on its website, each institution of higher education shall publish guidelines addressing the practices of the institution regarding the transfer of course credit. In the guidelines, the institution must identify a course by using the [any] common course numbering system approved [adopted] by the board.

SECTION 27. Subchapter S, Chapter 61, Education Code, is amended by adding Section 61.832 to read as follows:

Sec. 61.832. COMMON COURSE NUMBERING SYSTEM. (a) The board shall approve a common course numbering system for lower-division courses to facilitate the transfer of those courses among institutions of higher education by promoting consistency in course designation and identification.

(b) The board may approve only a common course numbering system already in common use in this state by institutions of higher education.

(c) The board shall cooperate with institutions of higher education in any additional development or alteration of the common course numbering system, including the taxonomy to be used, and in the development of rules for the administration and applicability of the system.

(d) An institution of higher education shall include in its course listings the applicable course numbers from the common course numbering system approved by the board under this section.
For good cause, the board may grant to an institution of higher education an exemption from the requirements of this subsection.

SECTION 28. Sections 61.873 and 61.876, Education Code, as added by Chapter 833, Acts of the 76th Legislature, Regular Session, 1999, are amended to read as follows:

Sec. 61.873. ELIGIBILITY FOR ASSISTANCE. To be eligible to receive loan repayment assistance under this subchapter, a person must:

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

(2) have served for at least one year [enter into an agreement to serve] as, and be currently serving as, an early childhood child-care worker [as provided by Section 61.875].

Sec. 61.876. AMOUNT OF REPAYMENT ASSISTANCE; LIMITATIONS.

(a) For each year that a qualified person serves as an early childhood child-care worker in this state [under an agreement under Section 61.875], the person may receive loan repayment assistance in an amount not to exceed 15 percent of the total amount of the person's outstanding student loans, including scheduled interest payments that would become due if the loan is not prepaid, as of the date [when] the person begins to receive repayment assistance under this subchapter [enters into the agreement].

(b) The amount of repayment assistance paid for a year may not exceed the lesser of:

(1) the actual amount of the loan payments the person...
receiving the assistance is required to make for that year; or

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

(c) [ (b) The board may enter into an agreement to provide
loan-repayment assistance under Section 61.875 only to the extent
money in the trust fund established by Section 61.878 or money
appropriated to the trust fund for future deposit to the trust fund
will be sufficient to provide the repayment assistance as it
becomes payable. ] If [that] money will not be sufficient to provide
repayment assistance to each eligible applicant, the board shall
select persons to receive repayment assistance from the eligible
applicants according to financial need or on another basis the
board considers reasonable to further the purposes of this
subchapter.

(d) [ (c) ] The board may determine the manner in which the
loan repayment assistance is to be paid [and shall include
provisions governing the manner of repayment in the agreement].
The board may provide for the payment of a portion of the repayment
assistance in one or more installments before the person completes
a full year of service as an early childhood child-care worker and
for the payment of the remainder of the repayment assistance for
that year after the completion of the full year of service.

SECTION 29. Subchapter T, Chapter 61, Education Code, as
added by Chapter 833, Acts of the 76th Legislature, Regular
Session, 1999, is amended by adding Section 61.879 to read as follows:

Sec. 61.879. SERVICE AGREEMENTS ENTERED INTO UNDER FORMER LAW; SAVING PROVISION. (a) This section applies only to a person who was awarded loan repayment assistance under this subchapter and entered into a written agreement to perform service as an early childhood child-care worker in exchange for that assistance under this subchapter before September 1, 2003.

(b) The agreement continues in effect and this subchapter, as it existed when the person entered into the agreement, is continued in effect for purposes of that agreement until the person satisfies all the conditions of the agreement or repays all amounts due under the agreement if the person does not satisfy the conditions of the agreement.

SECTION 30. Sections 61.952 and 61.954, Education Code, as added by Chapter 1403, Acts of the 77th Legislature, Regular Session, 2001, are amended to read as follows:

Sec. 61.952. ELIGIBILITY. To be eligible to receive repayment assistance, an attorney must:

(1) apply to the board; and

(2) have been [be] employed for at least one year by, and be currently employed by, [or have been offered employment with] the office of the attorney general at the time the attorney applies for the assistance[; and

[(3) enter into an agreement to serve as an attorney with the office of the attorney general as provided by Section 61.953].
Sec. 61.954. MAXIMUM AMOUNT OF REPAYMENT ASSISTANCE [LIMITATIONS]. (a) For each year that an attorney serves as an attorney with the office of the attorney general [under an agreement under Section 61.953], the attorney may receive repayment assistance under this subchapter in an amount not to exceed $6,000.

(b) An attorney may not receive repayment assistance under this subchapter for more than three years.

SECTION 31. Subchapter X, Chapter 61, Education Code, as added by Chapter 148, Acts of the 77th Legislature, Regular Session, 2001, is amended by adding Section 61.955 to read as follows:

Sec. 61.955. SALE OF PROMOTIONAL ITEMS AND MEDIA AND TRAINING MATERIALS. (a) The board may sell or contract for the sale of promotional items, including clothing, posters, and banners, designed to promote the public awareness campaign. The board may use its Internet website to advertise and sell the items.

(b) The board may sell, contract for the sale of, or otherwise transfer the board's rights in media and training materials developed for the public awareness campaign.

(c) Money received under this section shall be deposited to the credit of the general revenue fund and used only by the board to further the purposes of the campaign.

SECTION 32. Sections 142.005 and 142.006, Education Code, are amended to read as follows:

Sec. 142.005. PROGRESS REPORTS. An institution receiving funds under this chapter shall report on the progress of the funded research to the coordinating board not later than the date
specified by the coordinating board [September 1 of] each year.

Sec. 142.006. MERIT REVIEW. The coordinating board shall appoint a committee that consists of experts in the specified research areas to evaluate the program's effectiveness and report its findings to the coordinating board not later than January 31 [September 1] of each odd-numbered [the second] year [of each biennium].

SECTION 33. Chapter 142, Education Code, is amended by adding Section 142.007 to read as follows:

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

SECTION 34. Sections 143.006 and 143.007, Education Code, are amended to read as follows:

Sec. 143.006. PROGRESS REPORTS. An institution receiving funds under this chapter shall report on the progress of the funded research to the coordinating board not later than the date specified by the coordinating board [September 1 of] each year.

Sec. 143.007. MERIT REVIEW. The coordinating board shall appoint a committee consisting of representatives of higher education and private enterprise advanced technology research organizations to evaluate the technology program's effectiveness and report its findings to the coordinating board not later than January 31 [September 1] of each odd-numbered [the second] year [of each biennium].

SECTION 35. Chapter 143, Education Code, is amended by
adding Section 143.008 to read as follows:

Sec. 143.008. CONFIDENTIALITY. Information submitted as part of a pre-proposal or proposal or related to the evaluation and selection of research projects to be funded by the technology program is confidential unless made public by coordinating board rule.

SECTION 36. Section 7.005, Education Code, is amended to read as follows:

Sec. 7.005. COOPERATION BETWEEN STATE AGENCIES OF EDUCATION. The State Board of Education and the Texas Higher Education Coordinating Board, in conjunction with other appropriate agencies, shall ensure that long-range plans and educational programs established by each board provide a comprehensive education for the students of this state under the jurisdiction of that board, extending from early childhood education through postgraduate study. In assuring that programs are coordinated, the boards shall use the P-16 Council [joint advisory committee] established under Section 61.077.

SECTION 37. (a) The purpose of this section is to provide for assessment of the readiness of entering college students to:

(1) enroll in freshman-level academic coursework; and

(2) by providing advising and educational support necessary for success in college, assist students who are not yet ready to enroll in that coursework.

(b) Subchapter F, Chapter 51, Education Code, is amended by adding Section 51.3062 to read as follows:

Sec. 51.3062. SUCCESS INITIATIVE. (a) The definitions
provided by Section 61.003 apply to this section.

(b) An institution of higher education shall assess the academic skills of each entering undergraduate student to determine the student's readiness to enroll in freshman-level academic coursework. An institution may not use the assessment or the results of the assessment as a condition of admission to the institution.

(c) The board shall designate one or more instruments for use by institutions of higher education in assessing students under this section.

(d) If practical and feasible, not later than September 1, 2005, the board shall designate the exit-level assessment instrument required under Section 39.023 as the primary assessment instrument under this section. This subsection expires September 1, 2006.

(e) The board shall designate additional assessment instruments for use by institutions of higher education under this section, including assessment instruments currently approved by the board to measure college readiness.

(f) Each assessment instrument designated by the board for use under this section must be diagnostic in nature and designed to assess a student's readiness to perform freshman-level academic coursework. The board shall prescribe standards for the assessment instrument or instruments that reflect that student readiness. An institution of higher education may adopt more stringent assessment standards with respect to student readiness.

(g) Each institution of higher education shall establish a
program to advise students regarding coursework and other means by which students can develop the academic skills required to successfully complete college-level work.

(h) If a student fails to meet the assessment standards described by Subsection (f), the institution of higher education shall work with the student to develop a plan to assist the student in becoming ready to perform freshman-level academic coursework. The plan must be designed on an individual basis to provide the best opportunity for each student to attain that readiness.

(i) The institution of higher education may refer a student to developmental coursework as considered necessary by the institution to address a student's deficiencies in the student's readiness to perform freshman-level academic coursework, except that the institution may not require enrollment in developmental coursework with respect to a student previously determined by any institution of higher education to have met college-readiness standards.

(j) A student may retake an assessment instrument at any time to determine readiness to perform freshman-level academic coursework.

(k) An institution of higher education shall determine when a student is ready to perform freshman-level academic coursework. The institution must make its determination on an individual basis according to the needs of the student. The determination shall include:

(1) requiring a student to retake a board-approved assessment instrument, if the student did not initially perform
within a deviation established by the board; or

(2) other board-approved means of evaluating student readiness, if the student did not initially pass the assessment instrument but performed within a deviation established by the board.

(1) The legislature shall appropriate money for approved non-degree-credit developmental courses, except that legislative appropriations may not be used for developmental coursework taken by a student in excess of:

(1) 18 semester credit hours, for a general academic teaching institution; and

(2) 27 semester credit hours, for a public junior college, public technical institute, or public state college.

(m) The board may develop formulas to supplement the funding of developmental academic programs by institutions of higher education, including formulas for supplementing the funding of non-course-based programs. The board may develop a performance funding formula by which institutions may receive additional funding for each student who completes the Success Initiative established under this section and then successfully completes college coursework. The legislature may appropriate the money required to provide the additional funding under those formulas.

(n) Each institution of higher education shall report annually to the board on the success of its students and the effectiveness of its Success Initiative.

(o) The board shall evaluate the effectiveness of the Success Initiative on a statewide basis and with respect to each
(p) A student who has achieved a score set by the board on the Scholastic Assessment Test (SAT) or the American College Test (ACT) is exempt from the requirements of this section. An exemption under this subsection is effective for the five-year period following the date a student takes the test and achieves the standard set by the board.

(q) A student who has achieved a score set by the board on an exit-level assessment instrument required under Section 39.023 is exempt from the requirements of this section. The exemption is effective for the three-year period following the date a student takes the assessment instrument and achieves the standard set by the board. This subsection does not apply during any period for which the board designates the exit-level assessment instrument required under Section 39.023 as the primary assessment instrument under this section, except that the three-year period described by this subsection remains in effect for students who qualify for an exemption under this section before that period.

(r) This section does not apply to:

(1) a student who has graduated with an associate or baccalaureate degree from an institution of higher education;

(2) a student who transfers to an institution of higher education from a private or independent institution of higher education or an accredited out-of-state institution of higher education and who has satisfactorily completed college-level coursework;

(3) a student who is enrolled in a certificate program
of one year or less at a public junior college, a public technical
institute, or a public state college;

(4) a student who is serving on active duty as a member
of:

(A) the armed forces of the United States; or
(B) the Texas National Guard;

(5) a student who is currently serving as and, for at
least the three-year period preceding enrollment, has served as a
member of a reserve component of the armed forces of the United
States; or

(6) a student who on or after August 1, 1990, was
honorably discharged, retired, or released from:

(A) active duty as a member of the armed forces of
the United States or the Texas National Guard; or
(B) service as a member of a reserve component of
the armed forces of the United States.

(s) An institution of higher education may exempt a
non-degree-seeking or non-certificate-seeking student from the
requirements of this section.

SECTION 38. The heading to Subchapter N, Chapter 51,
Education Code, is amended to read as follows:

SUBCHAPTER N. PARTNERSHIPS BETWEEN COMMUNITY/JUNIOR COLLEGES AND
OTHER INSTITUTIONS OF HIGHER EDUCATION [UPPER-LEVEL UNIVERSITIES
OR CENTERS]

SECTION 39. Section 51.661, Education Code, is amended to
read as follows:

Sec. 51.661. PURPOSE. The purpose of this subchapter is to
encourage partnerships between public community/junior colleges and other institutions of higher education that are located in the same state uniform service region as adopted by the Texas Higher Education Coordinating Board in order to improve the continuity, quality, and efficiency of educational programs and services.

SECTION 40. Subchapter N, Chapter 51, Education Code, is amended by adding Section 51.6615 to read as follows:

Sec. 51.6615. DEFINITION. In this subchapter, "institution of higher education" has the meaning assigned by Section 61.003.

SECTION 41. Section 51.662, Education Code, is amended to read as follows:

Sec. 51.662. PARTNERSHIP AGREEMENTS. With the approval of the Texas Higher Education Coordinating Board, the governing boards of a public community/junior college and another institution of higher education that are located in the same state uniform service region as adopted by the coordinating board may enter into a partnership agreement designed to coordinate the management and operations of the institutions. The agreements shall in no way abrogate the powers and duties of the boards with regard to the governance of their respective institutions.

SECTION 42. Section 51.666, Education Code, is amended to read as follows:

Sec. 51.666. FACILITIES. A participating institution of higher education may lease facilities from or to the community/junior college for
administrative and instructional purposes. Community/junior
college facilities may not be transferred to the other
participating institution of higher education [university or
center] and may not be included in the space inventory of the other
participating institution of higher education [university or
center] for formula funding purposes.

SECTION 43. Section 51.667, Education Code, is amended to
read as follows:

Sec. 51.667. STATE FUNDING. The community/junior college
shall receive state appropriations on the same formula basis as
other community/junior colleges, and the other participating
institution of higher education [university or center] shall
receive state appropriations on the same formula basis as other
similar institutions of higher education [upper-level senior
colleges and universities].

SECTION 44. Section 51.668, Education Code, is amended to
read as follows:

Sec. 51.668. CONTINUING RESPONSIBILITIES. A participating
community/junior college must continue to provide programs and
services enumerated in Section 130.003(e) [Subsection (e) of
Section 130.003 of this code]. The role [role] and scope of the
other participating institution of higher education [university or
center] are subject to approval by the coordinating board.

SECTION 45. Section 52.34, Education Code, is amended to
read as follows:

Sec. 52.34. PAYMENTS TO STUDENT. (a) No payment may be
made to any student until the student [he] has executed a note
payable to the Texas Opportunity Plan Fund for the full amount of
the authorized loan plus interest.

(b) For the purposes of this chapter, a student has the
capacity to contract and is bound by any contract executed by the
student [him], and the defense that the student [he] was a minor at
the time the student [he] executed the note is not available to the
student [him] in any action arising on the note.

(c) Payments to students executing notes may be made
annually, semiannually, quarterly, monthly, or for each semester as
the board may determine, depending on the demonstrated capacity of
the student to manage the student's [his] financial affairs.

(d) Disbursements may be made by the board or by the
participating institution pursuant to a contract between the board
and the institution executed in conformity with this chapter.

(e) Money [funds] may be distributed to a participating
institution only [except] to make payments to a student under a loan
authorized by this chapter.

(f) The board shall distribute money to a participating
institution through the electronic funds transfer system
maintained by the Texas Guaranteed Student Loan Corporation for
disbursing loan funds from commercial lenders participating in the
guaranteed student loan program under Chapter 57, except that at
the request of a participating institution the board may distribute
the money through other means. The board shall enter into a
contract with the corporation for the use of the system, and the
corporation shall make the system available to the board as
necessary to carry out this subsection.
SECTION 46. Subchapter C, Chapter 52, Education Code, is amended by adding Section 52.41 to read as follows:

Sec. 52.41. RESTRICTION ON ISSUANCE OF CERTAIN FEDERALLY INSURED STUDENT LOANS. (a) Except as provided by Subsection (c), the board may issue a student loan under the Federal Family Education Loan Program (20 U.S.C. Section 1071 et seq.), as amended, only to a borrower who has been or will be issued a student loan under another student loan program administered by the board.

(b) The board may service any outstanding student loans issued by the board under the Federal Family Education Loan Program.

(c) The board may issue student loans under the Federal Family Education Loan Program to borrowers other than borrowers described by Subsection (a) if the commissioner of higher education determines that market conditions warrant the issuance of those loans.

SECTION 47. Chapter 56, Education Code, is amended by adding Subchapter F to read as follows:

SUBCHAPTER F. DOCTORAL INCENTIVE LOAN REPAYMENT PROGRAM

Sec. 56.091. ESTABLISHMENT; ADMINISTRATION. (a) The Texas Higher Education Coordinating Board shall establish and administer the doctoral incentive loan repayment program as provided by this subchapter and shall adopt rules as necessary to administer the program.

(b) The purpose of the doctoral incentive loan repayment program is to provide education loan repayment assistance to individuals from groups that are underrepresented among the faculty
and administration of public and independent institutions of higher education in this state to increase the number of individuals from those underrepresented groups among the faculty and administration of public and independent institutions of higher education in this state.

(c) For purposes of this subchapter, an individual is from a group that is underrepresented among the faculty and administration of public and independent institutions of higher education in this state if:

(1) the individual was from a low socioeconomic background while pursuing the individual's undergraduate education; or

(2) when the individual graduated from high school the individual resided in an area from which a disproportionately low number of high school graduates enrolled in postsecondary educational institutions.

Sec. 56.092. ELIGIBILITY. To be eligible for loan repayment assistance under the doctoral incentive loan repayment program, an individual must:

(1) be employed as a full-time faculty or administration member in a public or independent institution of higher education in this state for at least one year;

(2) be a Texas resident;

(3) be from a group that is underrepresented among the faculty and administration of public and independent institutions of higher education in this state;

(4) have qualified for student financial aid based on
financial need while enrolled in a graduate-level degree program; and

(5) comply with any other requirements adopted by the coordinating board for the effective administration of the program.

Sec. 56.093. ELIGIBLE LOANS. The coordinating board may provide repayment assistance under the doctoral incentive loan repayment program for the repayment of any education loan received by an eligible individual through any lender.

Sec. 56.094. LOAN REPAYMENT ASSISTANCE. (a) The coordinating board may provide assistance in the repayment of an eligible loan to an eligible individual in the amounts and under the terms the coordinating board considers appropriate to further the purposes of the doctoral incentive loan repayment program and the best interests of this state.

(b) An individual may receive loan repayment assistance under the doctoral incentive loan repayment program in a total amount not to exceed $100,000.

Sec. 56.095. FUNDING; LIMITATION ON FUNDING. (a) The doctoral incentive loan repayment program may be funded only from a source provided by this section. The total amount of loan repayment assistance paid under the program may not exceed the amount of money available for the program under this section.

(b) Each institution of higher education shall set aside a portion of the tuition collected from each student enrolled in a doctoral degree program, other than a law or health professional degree program, equal to $2 for each semester credit hour for which the student is enrolled. The amount set aside shall be transferred
to the comptroller to be maintained in the state treasury for the
sole purpose of repayment of student loans of individuals employed
as faculty and administrators at institutions of higher education
in this state as provided by this subchapter. The money may be used
only to provide loan repayment under this subchapter and to cover
the costs of administering this subchapter.

(c) The coordinating board may solicit and accept gifts and
grants from any public or private source for the purposes of the
doctoral incentive loan repayment program.

Sec. 56.096. INITIAL IMPLEMENTATION. (a) The coordinating
board shall provide loan repayments under this subchapter beginning
with the 2004-2005 academic year.

(b) The coordinating board shall adopt the initial rules for
awarding loan repayments under this subchapter as soon as
practicable after this subchapter becomes law. The coordinating
board may adopt those initial rules in the manner provided by law
for emergency rules.

(c) This section expires January 1, 2006.

SECTION 48. The heading to Subchapter O, Chapter 56,
Education Code, as added by Chapter 1261, Acts of the 77th
Legislature, Regular Session, 2001, is amended to read as follows:

SUBCHAPTER O. TEACH FOR TEXAS LOAN REPAYMENT [FINANCIAL]
ASSISTANCE PROGRAM

SECTION 49. Subchapter O, Chapter 56, Education Code, as
added by Chapter 1261, Acts of the 77th Legislature, Regular
Session, 2001, is amended by amending Sections 56.351 through
56.355 and adding Sections 56.3575 and 56.359 to read as follows:
Sec. 56.351. DEFINITION. In this subchapter:

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

(2) "Eligible institution of higher education" means:

(A) an institution of higher education, or

(B) a private or independent institution of higher education as defined by Section 61.002.

Sec. 56.352. PURPOSE OF PROGRAM; LOAN REPAYMENT AUTHORIZED.

(a) The purpose of this subchapter is to attract to the teaching profession persons who have expressed interest in teaching and to support the employment [certification] of those persons as classroom teachers by providing student loan repayment assistance for service [a grant on the condition that the recipient serve] as a classroom teacher in the public schools of this state [for a specified period].

(b) The coordinating board shall provide, in accordance with this subchapter and board rules, assistance in the repayment of eligible student loans for persons who apply and qualify for the assistance.

Sec. 56.353. ELIGIBILITY FOR GRANT; TEACHING AGREEMENT.

(a) A Teach for Texas repayment assistance [grant] is available only to a person who applies for the assistance [a grant] and who:

(1) is certified [seeking educator certification;]

(2) is enrolled in an eligible institution of higher education in this state.
(A) as a junior or senior in a baccalaureate degree program; or

(B) in the person's first academic year in an educator certification program after receiving a baccalaureate degree;

(C) makes satisfactory progress toward completion of the person's educator certification program; and

(D) satisfies one of the following:

(A) the person is seeking educator certification in a teaching field identified by the commissioner of education as experiencing a critical shortage of teachers in this state in the year in which the person receives the assistance and has for at least one year taught full-time at, and is currently teaching full-time [for five years] at the preschool, primary, or secondary level in a public school in this state in that teaching field; or

(2) is a certified educator who has for at least one year taught full-time at, and is currently teaching full-time [for five years] at the preschool, primary, or secondary level in a public school in this state in a community identified, which is not required to be specifically designated at the time the person receives the grant, certified] by the commissioner of education as experiencing a critical shortage of teachers in [any] year in which the person receives the assistance [a grant under this subchapter or in any subsequent year in which the person fulfills the teaching obligation].

(b) The coordinating board in awarding repayment assistance
(c) [If the money available for grants in a period for which grants are awarded exceeds the amount needed to provide grants to all eligible applicants described by Subsection (b), the coordinating board shall award grants from the remaining money to additional eligible applicants. The coordinating board shall prescribe by rule the eligibility requirements for these applicants based on the factors that the coordinating board considers appropriate to further the purposes of this subchapter.]

(4) If the money available for loan repayment assistance [grants] in a period for which assistance [grants] are awarded is insufficient to provide assistance [grants] to all eligible applicants described by Subsection (b), the coordinating board shall establish priorities for awarding repayment assistance to address the most critical teacher shortages described by Subsection (a) [give the highest priority to applicants who demonstrate the greatest financial need].

(d) [4(e)] A person may not receive loan repayment assistance [a Teach for Texas tuition grant] for more than five [three academic] years [or the equivalent].

(f) A person is not eligible to receive a Teach for Texas grant if the person has been convicted of a felony or an offense under Chapter 481, Health and Safety Code (Texas Controlled Substances Act), or under the law of another jurisdiction involving a controlled substance, as defined by Chapter 481, Health and Safety Code, unless the person has met the other applicable
eligibility requirements under this subchapter and has:

[(1) received a certificate of discharge by the Texas Department of Criminal Justice or a correctional facility or completed a period of probation ordered by a court, and at least two years have elapsed from the date of the receipt or completion, or

[(2) been pardoned, had the record of the offense expunged from the person's record, or otherwise has been released from the resulting ineligibility to receive a grant under this subchapter.

[(g) For the purpose of this section, a person makes satisfactory academic progress toward completion of an educator certification program if the person:

[(1) completes at least 75 percent of the semester credit hours attempted in the student's most recent academic year, and

[(2) earns an overall grade-point average of at least 2.5 on a four-point scale or the equivalent on coursework previously attempted at institutions of higher education.]

Sec. 56.354. ELIGIBLE LOANS. (a) A person may receive Teach for Texas loan repayment assistance under this subchapter for the repayment of any student loan for education at any public or private institution of higher education through any lender. If the loan is not a state or federal guaranteed student loan, the note or other writing governing the terms of the loan must require the loan proceeds to be used for expenses incurred by a person to attend a public or private institution of higher education.

(b) The coordinating board may not provide loan repayment
assistance for a student loan that is in default at the time of the
person's application. (a) The
amount of a Teach for Texas grant is equal to four times the current
amount of a TEXAS grant under Subchapter M for a student enrolled in
a general academic teaching institution.

[(b) The coordinating board shall pay the amount of a Teach
for Texas grant in installments, with a substantially equal amount
paid in each semester or term based on the number of semesters in
which a typical full-time student would complete the recipient's
educator certification program. The coordinating board may adjust
the amount of a grant for a semester or term, or award a
supplemental grant, to ensure that a grant recipient who completes
the educator certification program receives the total amount of the
recipient's grant].

Sec. 56.355. PAYMENT OF ASSISTANCE. (a) The coordinating
board may determine the manner in which Teach for Texas loan
repayment assistance is to be paid. The coordinating board may
provide for the payment of a portion of the repayment assistance in
one or more installments before the person completes a full year of
service as a teacher and for the payment of the remainder of the
repayment assistance for that year after the completion of the full
year of service.

(b) Loan repayment assistance received under this
subchapter may be applied to the principal amount of the loan and to
interest that accrues. [ELIGIBILITY FOR TEXAS GRANT NOT AFFECTED. A
person may receive both a TEXAS grant under Subchapter M and a Teach
for Texas grant under this subchapter for the same semester or
Sec. 56.3575. ADMINISTRATION; RULES. (a) The coordinating board shall adopt rules necessary for the administration of this subchapter.

(b) The coordinating board shall distribute a copy of the rules adopted under this section and pertinent information relating to this subchapter to each public or private institution of higher education in this state that offers an educator certification program, including an alternative educator certification program or another equivalent program.

Sec. 56.359. GRANTS AND SERVICE AGREEMENTS ENTERED INTO UNDER FORMER LAW; SAVING PROVISION. (a) This section applies only to a person who was awarded a Teach for Texas grant and entered into a written agreement to perform service as a public school teacher in this state in order to receive the grant under this subchapter before September 1, 2003.

(b) A person to whom this section applies may receive any unpaid installments of the grant as provided by the agreement and in accordance with this subchapter as it existed when the grant was awarded. The agreement continues in effect and this subchapter, as it existed when the person entered into the agreement, is continued in effect for purposes of that agreement until the person satisfies all the conditions of the agreement or repays all amounts due under the agreement if the person does not satisfy the conditions of the agreement.

SECTION 50. Subchapter A, Chapter 130, Education Code, is amended by adding Section 130.0012 to read as follows:
Sec. 130.0012. PILOT PROJECT: BACCALAUREATE DEGREE PROGRAMS. (a) The Texas Higher Education Coordinating Board shall establish a pilot project to examine the feasibility and effectiveness of authorizing public junior colleges to offer baccalaureate degree programs in the fields of applied science and applied technology. Participation in the pilot project does not otherwise alter the role and mission of a public junior college.

(b) The coordinating board shall operate the pilot project at three public junior colleges, as determined by the coordinating board.

(c) A public junior college participating in the pilot project must meet all applicable accreditation requirements of the Commission on Colleges of the Southern Association of Colleges and Schools.

(d) A public junior college participating in the pilot project may not offer more than five baccalaureate degree programs under the project at any time. The degree programs are subject to the continuing approval of the coordinating board. In determining what baccalaureate degree programs are to be offered, the junior college and the coordinating board shall consider:

(1) the need for the degree programs in the region served by the junior college;

(2) how those degree programs would complement the other programs and course offerings of the junior college;

(3) whether those degree programs would unnecessarily duplicate the degree programs offered by other institutions of higher education; and
(4) the ability of the junior college to support the
program and the adequacy of the junior college's facilities,
faculty, administration, libraries, and other resources.

(e) Each public junior college that offers a baccalaureate
degree program under the pilot project must enter into an
articulation agreement with one or more general academic teaching
institutions to ensure that students enrolled in the degree program
have an opportunity to complete the degree if the public junior
college ceases to offer the degree program. The coordinating board
may require a general academic teaching institution that offers a
comparable degree program to enter into an articulation agreement
with the public junior college as provided by this subsection.

(f) In its recommendations to the legislature relating to
state funding for public junior colleges, the coordinating board
shall recommend that a public junior college receive substantially
the same state support for junior-level and senior-level courses
offered under the pilot project as that provided to a general
academic teaching institution for substantially similar courses.
In determining the contact hours attributable to students enrolled
in a junior-level or senior-level course offered under the pilot
project used to determine a public junior college's proportionate
share of state appropriations under Section 130.003, the
coordinating board shall weigh those contact hours as necessary to
provide the junior college the appropriate level of state support
to the extent state funds for those courses are included in the
appropriations. This subsection does not prohibit the legislature
from directly appropriating state funds to support junior-level and
senior-level courses offered under the pilot project.

(g) Each public junior college participating in the pilot project shall prepare a biennial report on the operation and effectiveness of the junior college's baccalaureate degree programs offered under the project and shall deliver a copy of the report to the coordinating board in the form and at the time determined by the coordinating board.

(h) Not later than January 1, 2009, the coordinating board shall prepare a progress report on the pilot project. Not later than January 1, 2011, the coordinating board shall prepare a report on the effectiveness of the pilot project, including any recommendations for legislative action regarding the offering of baccalaureate degree programs by public junior colleges. The coordinating board shall deliver a copy of each report to the governor, the lieutenant governor, the speaker of the house of representatives, and the chair of the standing committee of each house of the legislature with primary jurisdiction over higher education.

(i) Unless the authority to continue offering the baccalaureate degree programs is continued by the legislature, a public junior college may not:

(1) enroll a new student in a baccalaureate degree program under the pilot project after the 2011 fall semester;

(2) offer junior-level or senior-level courses for those degree programs after the 2015 fall semester, unless the coordinating board authorizes the college to offer those courses; or
(3) award a baccalaureate degree under the pilot project after the 2015 fall semester, unless the coordinating board approves the awarding of the degree.

(j) The coordinating board shall prescribe procedures to ensure that each public junior college that offers a degree program under the pilot project informs each student who enrolls in the degree program of:

(1) the nature of the pilot project, including the limited duration of the project; and

(2) the articulation agreement entered into under Subsection (e) for the student's degree program.

(k) This section expires January 1, 2020.

SECTION 51. Subchapter A, Chapter 130, Education Code, is amended by adding Section 130.0102 to read as follows:

Sec. 130.0102. MEXICAN AMERICAN STUDIES PROGRAM OR COURSE WORK. The governing board of a public junior college district located in one or more counties with a substantial and growing Mexican American population shall evaluate the demand for and feasibility of establishing a Mexican American studies program or other course work in Mexican American studies at one or more junior colleges in the district. With approval of the Texas Higher Education Coordinating Board, the governing board may establish a Mexican American studies program or other course work in Mexican American studies at any of those colleges if the governing board determines that such a program or course work is desirable and feasible.

SECTION 52. Sections 61.0592, 61.0593, 61.070, and 61.071,
Education Code, are repealed.

SECTION 53. Subsection (e), Section 61.0771, Education Code, is repealed.

SECTION 54. Sections 61.094 and 61.096, Education Code, are repealed.

SECTION 55. Subchapter E, Chapter 61, Education Code, is repealed.

SECTION 56. Subchapter Q, Chapter 61, Education Code, is repealed.

SECTION 57. (a) Section 56.356, Education Code, as added by Chapter 1261, Acts of the 77th Legislature, Regular Session, 2001, is repealed.

(b) Section 61.875, Education Code, as added by Chapter 833, Acts of the 76th Legislature, Regular Session, 1999, is repealed.

(c) Section 61.953, Education Code, as added by Chapter 1403, Acts of the 77th Legislature, Regular Session, 2001, is repealed.

SECTION 58. Sections 51.306 and 51.3061, Education Code, are repealed.

SECTION 59. To achieve an orderly transition from 18 to 9 positions on the Texas Higher Education Coordinating Board, the governor on August 31, 2003, or September 1, 2003, shall appoint only three persons to the coordinating board for terms expiring on August 31, 2009. On, or as soon as possible after, August 31, 2005, the governor shall appoint only four members to the coordinating board for terms expiring on August 31, 2011. On, or as soon as possible after, August 31, 2007, the governor shall appoint only
two members to the coordinating board for terms expiring on August
31, 2013. As terms on the coordinating board expire on and after
August 31, 2009, the governor shall appoint three members to the
coordinating board in accordance with Section 61.022, Education
Code, as amended by this Act.

SECTION 60. The changes in law made by this Act in the
prohibitions or qualifications applying to members of the Texas
Higher Education Coordinating Board do not affect the entitlement
of a member serving on the board immediately before the effective
date of this Act to continue to serve and function as a member of the
board for the remainder of the member's term. Those changes in law
apply only to a member appointed on or after the effective date of
this Act.

SECTION 61. On the effective date of this Act:

(1) the P-16 Council replaces the joint advisory
committee as the advisory board for the Texas Higher Education
Coordinating Board and the State Board of Education;

(2) all functions and activities performed by the
joint advisory committee are transferred to the P-16 Council to the
extent consistent with the functions and duties of the P-16 Council
provided by law; and

(3) a reference in law to the joint advisory committee
that relates to providing advisory functions to the Texas Higher
Education Coordinating Board and the State Board of Education means
the P-16 Council.

SECTION 62. (a) Each general academic teaching
institution shall provide the performance data as required by
Section 61.0902, Education Code, as added by this Act, beginning with the data for the 2003-2004 academic year.

(b) Not later than March 1, 2005, the Texas Higher Education Coordinating Board shall publish and post on the board's Internet site the performance data provided by the general academic teaching institutions in this state as required by Section 61.0902, Education Code, as added by this Act.

SECTION 63. Not later than June 1, 2004, the Texas Higher Education Coordinating Board shall:

1. approve the common course numbering system required by Section 61.832, Education Code, as added by this Act; and

2. establish a timetable for each public institution of higher education to phase in the inclusion of the applicable course numbers from the common course numbering system in its individual course catalog system.

SECTION 64. (a) The Texas Higher Education Coordinating Board shall adopt rules for the administration of Section 51.3062, Education Code, as added by this Act, as soon as practicable after this Act takes effect. For that purpose, the board may adopt the initial rules in the manner provided by law for emergency rules.

(b) The Texas Higher Education Coordinating Board, by rule, shall provide for each institution to inform students about the Success Initiative, including the institution's responsibilities and the students' options and responsibilities.

SECTION 65. (a) The Texas Higher Education Coordinating Board shall enter into a contract with the Texas Guaranteed Student
1. Loan Corporation to use the corporation's electronic funds transfer system, as required by Section 52.34, Education Code, as amended by this Act, not later than January 1, 2004.

(b) Subsection (a); Section 52.41, Education Code, as added by this Act, applies only to a student loan issued under the Federal Family Education Loan Program (20 U.S.C. Section 1071 et seq.), as amended, on or after the effective date of this Act.

SECTION 66. This Act takes effect September 1, 2003.
David Dewhurst
President of the Senate

Jim Ashcraft
Speaker of the House

I hereby certify that S.B. No. 286 passed the Senate on April 22, 2003, by a viva-voce vote; May 30, 2003, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 30, 2003, House granted request of the Senate; June 1, 2003, Senate adopted Conference Committee Report by a viva-voce vote.

Larry Swann
Secretary of the Senate

I hereby certify that S.B. No. 286 passed the House, with amendments, on May 26, 2003, by a non-record vote; May 30, 2003, House granted request of the Senate for appointment of Conference Committee; June 1, 2003, House adopted Conference Committee Report by a non-record vote.

Robert Haney
Chief Clerk of the House

Approved:

20 JUN '03

Date

Rick Perry
Governor

Filed in the Office of the Secretary of State
9:30 A.M.  O'Clock

Jun 20 2003

Secretary of State