

Special Called
Board Meeting

**Texas Higher
Education
COORDINATING BOARD**

SPECIAL CALLED BOARD MEETING

A G E N D A

Texas Higher Education Coordinating Board
George H. W. Bush Building
1801 N. Congress Ave.
Austin, Texas

Live broadcast available at: highered.texas.gov

1:00 P.M., Monday, December 12, 2022

Chair: Fred Farias III, O.D.

Vice Chair: Donna N. Williams

Secretary: S. Javaid Anwar

Members: Richard L. Clemmer; Robert P. Gauntt; Emma W. Schwartz; R. Sam Torn;

Welcome Wilson, Jr.; Daniel O. Wong

Student Representative: Georgia A. Hejny (Ex-Officio)

*SCHEDULE OF QUARTERLY
COORDINATING BOARD MEETINGS*

January 26, 2023

April 27, 2023

July 27, 2023

October 26, 2023

TEXAS HIGHER EDUCATION COORDINATING BOARD

PREFERRED MAILING ADDRESS LIST

EMAIL: boardmember@highered.texas.gov

BOARD MEMBER	ADDRESS/PHONE/EMAIL	TERM ENDS
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Donna N. Williams <i>Vice-Chair</i> ARLINGTON	c/o Texas Higher Education Coordinating Board P. O. Box 12788, Austin, TX 78711 Phone: (512) 427-6101	08/31/23
S. Javaid Anwar <i>Secretary of the Board</i> MIDLAND	c/o Texas Higher Education Coordinating Board P. O. Box 12788, Austin, TX 78711 Phone: (512) 427-6101	08/31/21*
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Georgia A. Hejny <i>Student Representative</i> Venus	c/o Texas Higher Education Coordinating Board P. O. Box 12788, Austin, TX 78711 Phone: (512) 427-6101	05/31/23

Dated 12/10/2022

*Members continue serving on the Board until the governor appoints their replacement

Standing Committee Membership
Effective June 13, 2022

Committee on Academic and Workforce Success

Donna N. Williams, Chair
R. Sam Torn, Vice Chair
Richard L. Clemmer
Fred Farias III
Emma W. Schwartz
Daniel O. Wong
Georgia A. Hejny (Student Representative), Ex-Officio

Committee on Innovation, Data, and Educational Analytics

S. Javaid Anwar, Chair
Welcome W. Wilson, Jr., Vice Chair
Richard L. Clemmer
Fred Farias III
Robert P. Gauntt
R. Sam Torn
Daniel O. Wong
Georgia A. Hejny (Student Representative), Ex-Officio

Agency Operations Committee

Emma W. Schwartz, Chair
Welcome W. Wilson, Jr., Vice Chair
S. Javaid Anwar
Fred Farias III
Robert P. Gauntt
Donna N. Williams
Georgia A. Hejny (Student Representative), Ex-Officio

SPECIAL CALLED BOARD MEETING

A G E N D A

Public Testimony: The chair shall designate whether public testimony will be taken at the beginning of the meeting, at the time the related item is taken up by the board of the Texas Higher Education Coordinating Board (Board) after staff has presented the item, or any other time as determined by the chair. For procedures on testifying, please go to highered.texas.gov/public-testimony.

I. Opening remarks

II. Public testimony

III. Matters relating to the full Board

A. Consideration and possible action to approve a report to the legislature on a tri-agency work-based learning strategic framework by the Texas Workforce Commission, the Texas Education Agency, and the Texas Higher Education Coordinating Board

B. Proposed Rules:

- (1) Consideration and possible action to adopt new Board Rules, Texas Administrative Code, Chapter 22, Subchapter J, Sections 22.175 – 22.189, concerning the Future Occupations & Reskilling Workforce Advancement to Reach Demand (FORWARD) Loan Program.

IV. Adjournment

Executive Session: The Board may convene in Executive Session at any point in this meeting, concerning any item listed in the agenda as authorized by the Open Meetings Act, Texas Government Code, including the following:

- Section 551.071, Consultation with Attorney, and 551.129, if such attorney consultation is via conference call
- Section 551.073, Deliberation regarding Prospective Gift
- Section 551.074, Personnel Matters
- Section 551.0821, Confidential Student Information

All final votes, actions, or decisions will be taken in open meeting.

Weapons Prohibited: Pursuant to Texas Penal Code, Section 46.03(a)(14), a person commits an offense if the person intentionally, knowingly, or recklessly possesses or goes with a firearm, location-restricted knife, club, or prohibited weapon listed in Texas Penal Code, Section 46.05 in the room or rooms where a meeting of a governmental entity is held, if the meeting is an open meeting subject to Texas Government Code, Chapter 551, and if the entity provided notice as required by that chapter.

AGENDA ITEM I

Opening remarks

RECOMMENDATION: No action required

Dr. Fred Farias will provide the opening remarks.

AGENDA ITEM II

Public testimony

RECOMMENDATION: No action required

Background Information:

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

AGENDA ITEM III-A

Consideration and possible action to approve a report to the legislature on a tri-agency work-based learning strategic framework by the Texas Workforce Commission, the Texas Education Agency, and the Texas Higher Education Coordinating Board

RECOMMENDATION: Approval

Background Information:

Texas Labor Code Section 318.001(b), enacted in 2021 as House Bill 1247, requires the Texas Workforce Commission, the Texas Education Agency, and the Texas Higher Education Coordinating Board to jointly submit to the legislature a report on the strategic framework developed to encourage work-based learning in this state.

In addition to the strategic framework, the report must include common definitions and standards related to work-based learning as well as strategies and opportunities to improve work-based learning across the state. These strategies and opportunities should address ways to improve partnerships and regional coordination between primary and secondary schools, institutions of higher education, and workforce boards, and alignment between the agencies on funding, data collection, and planning related to work-based learning.

Ms. Amy Peterson, Assistant Commissioner for External Relations, will present this item and be available to answer questions.

AGENDA ITEM III-B (1)

Consideration and possible action to adopt new Board Rules, Texas Administrative Code, Chapter 22, Subchapter J, Sections 22.175 – 22.189, concerning the Future Occupations & Reskilling Workforce Advancement to Reach Demand (FORWARD) Loan Program

RECOMMENDATION: Approval

Background Information:

The proposed rules create the Future Occupations & Reskilling Workforce Advancement to Reach Demand (FORWARD) Loan Program. The program provides access to low-interest loans to cover educational expenses, with the goal of accelerating the ability of employers throughout the state of Texas to fill high-demand jobs while providing students with high-value credentials.

Beginning in January 2023, the Texas Higher Education Coordinating Board (THECB) will dedicate up to \$50 million annually over the course of four years to provide targeted financial aid to students who are completing high-value/high-demand credentials. Annual expenditures will be based on actual demand for the program.

The subchapter creates a revolving fund in the state treasury funded by bond-financed loan repayments, for which the Board authorizes the agency to provide student loans. Repayment of funds under this program shall be deposited in the same account from which these loans originate. The program aligns with the state's objectives in its newly revised strategic plan for higher education, *Building a Talent Strong Texas*, by increasing the number of students who obtain high-value credentials in high-demand occupations without increasing student debt beyond the relative value of the credential.

The program has several distinctive characteristics:

- **High-Value/High-Demand Credentials:** The program is limited to degrees, certificates, and short-term credentials identified by the THECB, in consultation with the Texas Workforce Commission, Texas Workforce Investment Council, and Governor's Office of Economic Development and Tourism, as filling critical workforce needs in the state while providing a high-value credential to students upon completion.

- **Manageable Debt:** Guidelines regarding manageable debt levels for the student's degree, certificate, or short-term credential program are integrated into the loan application process to help prevent excessive borrowing, consistent with measures established in the state's strategic plan for higher education, *Building a Talent Strong Texas*.
- **Repayments Influenced by Income:** Upon entering repayment, a monthly payment amount is calculated to acknowledge the student's annual income, while ensuring the student's loan may be paid off within a reasonable period.

Credentials in the fields of energy, nursing/patient care, teaching, and transportation/logistics will be eligible for the program when it initially launches in January 2023. Eligible credentials will continue to be assessed to determine what opportunities exist for expanding the program for the 2023-2024 academic year.

Dr. Charles W. Contéro-Puls, Assistant Commissioner for Student Financial Aid Programs, will present this item and be available to answer questions.

Date Published in the *Texas Register*: October 7, 2022.

The 30-day comment period with the *Texas Register* ended on: November 4, 2022.

There were two comments received regarding this rule.

Comment: Two professional associations submitted comments recommending specific fields (nursing, medicine, emergency medical technician, and paramedic) be included in the high-demand credentials that are eligible for the FORWARD Loan program.

Response: The high-demand credentials that are eligible for the FORWARD Loan program are assessed at least annually, in consultation with the Texas Workforce Commission, Texas Workforce Investment Council, and Governor's Office of Economic Development and Tourism or their delegates. Eligible credentials are not codified in rule, so no change to the rule is necessary. It should be noted that nursing/patient care is included among the fields of eligible credentials for the initial launch of the FORWARD Loan program in January 2023, and that the agency will continue to assess current and projected workforce demands to determine future changes to the eligible credentials.

CHAPTER 22 STUDENT FINANCIAL AID PROGRAMS

SUBCHAPTER G FUTURE OCCUPATIONS & RESKILLING WORKFORCE ADVANCEMENT
TO REACH DEMAND (FORWARD) LOAN PROGRAM§22.175. Authority and Purpose.

(a) Unless otherwise noted in a section, the authority for these provisions is provided by Texas Education Code, §§52.17, 52.32-52.39, and 52.54.

(b) This subchapter establishes rules relating to the administration of the Future Occupations & Reskilling Workforce Advancement to Reach Demand (FORWARD) Loan Program. The program provides access to low interest loans to cover educational expenses, with the goal of accelerating the ability of employers throughout the State of Texas to fill high-demand jobs while providing students with high-value credentials.

§22.176. Definitions.

In addition to the words and terms defined in Texas Administrative Code, §22.1 of this title (relating to Definitions) the following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Cosigner--one who signs a student loan promissory note and thereby assumes liability for the debt and all fees and expenses associated with the note and who is not a direct beneficiary of the proceeds of the loan.

(2) Default--the failure of a borrower and cosigner, if any, to make loan installment payments when due for a total of 180 days.

(3) Forbearance--permission from Board staff, granted through documented loan program policies and procedures, that allows a borrower to cease payments temporarily, or allows an extension of time for making payments, or temporarily reduces the payment amount from the amount that was previously scheduled.

(4) Fund--the Texas Opportunity Plan Fund as created by the Constitution of the State of Texas, Article III, 50b.

(5) High-demand credential--undergraduate degrees, certificates, or short-term credentials identified by the Board in consultation with the Texas Workforce Commission, Texas Workforce Investment Council, and the Governor's Office of Economic Development and Tourism as filling critical workforce needs in the State while providing a high-value credential to students upon completion.

(6) Program--the Future Occupations & Reskilling Workforce Advancement to Reach Demand (FORWARD) Loan Program.

§22.177. Eligible High-Demand Credentials.

The Higher Education Coordinating Board shall determine which high-demand credentials shall be eligible for loans under the Program, in consultation with the Texas Workforce Commission, Texas Workforce Investment Council, and the Governor's Office of Economic Development and Tourism or their delegates.

(1) Eligible credentials shall be selected based on current and projected workforce demands and the ability of students to graduate from identified programs with

manageable debt as defined by the Board's long-term strategic plan for Texas higher education.

(2) Selected credentials must meet measures for credentials of value to students and employers as defined by the Board's long-term strategic plan for Texas higher education.

(3) Eligible credentials shall be reassessed at least annually.

§22.178. Eligibility of Institutions.

(a) Eligible higher educational institution means an institution of higher education or a private or independent institution of higher education, as defined by Texas Education Code §61.003, that:

(1) is located in this state; and

(2) complies with the rules of the board promulgated in accordance with this subchapter and guidance issued under this authority.

(b) Each eligible institution shall designate a full-time administrative official of the institution who will act as the Board's on-campus agent. This officer shall certify all institutional transactions and activities with respect to the Program and shall be responsible for all records and reports reflecting the transactions with respect to the Program. The Program Officer may authorize other student financial aid officials at the institution to certify applications through this Program.

(c) Each eligible institution shall promptly report student borrower changes in enrollment status to Board Staff directly or to the National Student Clearinghouse.

§22.179. Eligibility of Students.

(a) Subject to the requirements in §22.183 of this subchapter (relating to Amount of Loan), Board Staff may authorize, or cause to be authorized, loans through the Program to students at any eligible institution which certifies that the student meets program qualifications, if the student:

(1) is a resident of Texas as defined in Texas Education Code Chapter 54 and Chapter 21, Subchapter B of this title;

(2) is enrolled in an eligible high-demand credential program so that the student will be able to complete the credential program in two years or less;

(3) is in good standing and is making satisfactory academic progress toward the eligible high-demand credential as determined by the institution;

(4) has insufficient resources to finance his or her education;

(5) has provided information on two references who live at separate addresses and are expected to know the student's current address at all times throughout the life of the loan;

(6) has signed a promissory note acknowledging his or her obligations and responsibilities to the fund; and

(7) has received a favorable evaluation of his/her credit report or has obtained the signature of a qualified cosigner who has received a favorable evaluation of his/her credit report.

(b) For students enrolled in degree programs, the student must have completed at least 50% of the required coursework prior to receiving a loan through the Program.

(c) For students enrolled in non-degree programs, the program's duration must be less than two years.

(d) Students enrolled in master's degree coursework are eligible for this Program if the master's degree is part of a combined baccalaureate-master's program approved by the institution of higher education.

§22.180. Discontinuation of Eligibility.

(a) A student's eligibility for the program ends two years from the start of the semester in which the student received the first loan through the Program unless the student is granted a hardship extension in accordance with §22.181 of this subchapter (relating to Hardship Provisions).

(b) In circumstances when a prior recipient of a loan through this Program is no longer eligible solely due to not meeting the requirement of being enrolled in an eligible high-demand credential program per §22.179(2) of this subchapter (relating to Eligibility of Students), the student may continue to receive loans through the Program if:

(1) The student continues to be enrolled in the credential program that was used to demonstrate initial eligibility for the Program; and

(2) The student continues to meet all other eligibility criteria outlined in §22.179 of this subchapter (relating to Eligibility of Students).

§22.181. Hardship Provisions.

(a) In the event of a hardship or for other good cause, the Program Officer at a participating institution may allow an otherwise eligible student to receive a loan through this Program:

(1) while not meeting the satisfactory academic progress requirements, as defined in §22.179(3) of this subchapter (relating to Eligibility of Students); or

(2) while enrolled beyond the time limit restrictions defined in §22.180(a) of this subchapter (relating to Discontinuation of Eligibility).

(b) Hardship conditions may include, but are not limited to:

(1) a showing of a severe illness or other debilitating condition that may affect the student's academic performance; or

(2) an indication that the student is responsible for the care of a sick, injured, or needy person and that the student's provision of care may affect his or her academic performance.

(c) Documentation of the hardship circumstances approved for a student to receive a loan must be kept in the student's files, and the institution must identify students approved for a loan based on a hardship to the Coordinating Board upon request.

(d) Each institution shall adopt a hardship policy under this section and have the policy available in writing in the financial aid office for public review upon request.

§22.182. Requirements of Cosigner.

(a) A cosigner shall:

(1) be at least 21 years of age or older;

(2) have a regular source of income;

(3) have received a favorable evaluation of his/her credit report; and

(4) reside in the United States or a U.S. territory and be a U.S. citizen or permanent resident of the United States.

(b) A spouse may not act as the cosigner for the student.

(c) Cosigners are guarantors of payment and not of collection; it is not necessary for the Board Staff to demonstrate that the borrower is insolvent before it may pursue collection against the cosigner.

§22.183. Amount of Loan.

(a) Aggregate Loan Limit. The maximum aggregate loan amount for any eligible student shall take into account the definition of manageable debt under the Board's Long-Range Master Plan for Higher Education.

(b) Annual Loan Limit. In no case shall the annual loan amount exceed the difference between the cost of attendance and the financial resources available to the applicant, including the applicant's scholarships, gifts, grants, and other financial aid. The student's maximum eligibility for Federal Direct Loans, except for Federal Plus loans, must be considered by the institution as other financial aid, whether or not the student actually receives such assistance.

§22.184. Loan Interest.

The interest rate charged for loans through this program shall be set annually by the Commissioner, shall be simple interest, and shall begin to accrue on the outstanding principal from the date of disbursement. These loans are not eligible for interest subsidy.

§22.185. Disbursements to Students.

(a) No disbursement shall be made to any student until he or she has executed a promissory note payable to the program for the full amount of any loan plus interest and other authorized fees. In addition, a cosigner's signature may be also required in accordance with the provisions of §22.179(7) of this subchapter (relating to Eligibility of Students).

(b) The original of such executed promissory note shall be forwarded to the Board immediately.

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

§22.186. Repayment of Loans.

(a) Period of loan repayment. The repayment period shall be 10 years.

(b) The repayment period shall begin no earlier than six months after:

(1) the date on which the student ceases to be enrolled at least half-time at an eligible institution, for borrowers enrolled in credential programs measured in semester credit hours, or

(2) the anticipated graduation date certified by the institution of higher education on the loan application, for borrowers enrolled in programs that are not measured in semester credit hours.

(c) Monthly repayment amount. The method for calculating the monthly repayment amount for loans through this Program shall be determined annually by the Commissioner, and shall be calculated annually based on:
(1) the borrower's income, as demonstrated through federal income tax returns or other documentation determined to be acceptable by Board staff;
(2) the borrower's monthly accrued interest on loans through the Program; and
(3) the borrower's cumulative outstanding student loan principal balance.
(d) Income threshold. Borrowers may be automatically placed in forbearance when the demonstrated income is below a threshold established by Board staff in consultation with the Texas Workforce Commission.

§22.187. Deceased or Disabled Borrowers and Cosigners.

(a) Upon final verification of the death or determination of permanent and total disability of a borrower, all loans through the Program shall be discharged unless there is a judgment against the borrower and the Commissioner determines that a release of the borrower's liability is not in the best interest of the Program.
(b) Verification of death and determination of permanent and total disability of a borrower or cosigner through the Program shall be made in accordance with the governing provisions of the Federal Direct Loan Program.
(c) The final verification of death and determination of permanent and total disability of a borrower or cosigner shall be made by Board Staff.
(d) Upon final verification of the death or determination of permanent and total disability of a borrower, the liability of the cosigner for that borrower shall be discharged.
(e) Upon final verification of the death or determination of permanent and total disability of a cosigner, Board Staff shall determine if the release of the liability of the cosigner is in the best interest of the loan program and, if so, shall authorize a release of the cosigner's liability, whether or not there is a judgment against the cosigner.

§22.188. Enforcement of Collection.

When any borrower or cosigner fails or refuses to make as many as five monthly payments due in accordance with an executed note through the Program, the full amount of remaining principal, accrued interest, and other charges shall become due and payable immediately. When as many as six payments have been missed, the loan will be considered in default, and the Office of the Attorney General may file suit for the outstanding balance.

§22.189. Delegation.

The board delegates to the Commissioner the powers, duties, and functions authorized by the Act, necessary to carry out this subchapter, except those relating to the sale of bonds and the letting of contracts for insurance.