

**COMMITTEE ON
INNOVATION, DATA, AND
EDUCATIONAL ANALYTICS**

A G E N D A

9 a.m., Wednesday, April 26, 2023

Live broadcast available at: highered.texas.gov

**Barbara Jordan Building (Room 2.035)
1601 N. Congress Ave
Austin, TX**

This meeting is conducted in person or via video conference, pursuant to Texas Government Code, Section 551.127. A quorum of the Board may be present in the board room, which is open to the public.

Chair: S. Javaid Anwar

Vice Chair: Welcome W. Wilson, Jr.

Members: Richard L. Clemmer; Robert P. Gauntt; Fred Farias III, O.D.; R. Sam Torn; Daniel O. Wong

Student Representative: Georgia Hejny (Ex-Officio)

COMMITTEE ON INNOVATION, DATA, AND EDUCATIONAL ANALYTICS

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 higher.ed.texas.gov/public-testimony.*

- I. Welcome and committee chair's meeting overview
- II. Consideration and possible action to approve the minutes from the January 25, 2023, meeting of the Committee on Innovation, Data, and Educational Analytics
- III. Public testimony on agenda items relating to the Committee on Innovation, Data, and Educational Analytics
- IV. Consideration and possible action to approve the consent calendar
- V. Matters relating to the Committee on Innovation, Data, and Educational Analytics
 - A. Update on Data Modernization Initiative
 - B. Consideration and possible action to approve amending the technology service contract pursuant to Government Code, Chapter 2155, with Deloitte Consulting LLC from March 31, 2023, to August 31, 2023, at a cost not to exceed \$1,500,000
 - C. Consideration and possible action to adopt the recommendation relating to the certification of gifts that are fundable through the Texas Research Incentive Program (TRIP) for emerging research universities
 - D. Consideration and possible action to approve the certification required by Texas Education Code, Section 62.146, for the National Research University Fund for Fiscal Year 2022
 - E. **Report on Restricted Research Expenditures**
 - F. Consideration and possible action to adopt the commissioner's recommendation relating to the annual report about the financial condition of the state's community college districts (SB 1, 87th Texas Legislature, Regular Session, Section 12, III-226)

- G. Consideration and possible action to approve the Energy Savings Performance Contract for Texas A&M University Health Science Center

H. Proposed Rules

- (1) Consideration and possible action to adopt proposed amendments to Board Rules 13.101-13.104 and 13.109, concerning limitations on hours eligible to be reported for formula funding to the Coordinating Board
- (2) Consideration and possible action to amend Board Rule 22.1, concerning Definitions
- (3) Consideration and possible action to amend Board Rules 22.22–22.24 and 22.28–22.30, concerning the Tuition Equalization Grant Program
- (4) Consideration and possible action to amend Board Rule 22.49, concerning the Hinson-Hazlewood College Student Loan Program

VI. Adjournment

Executive Session: *The Texas Higher Education Coordinating Board Agency Operations Committee may convene in Executive Session at any point in this meeting, concerning any item listed in the agenda or to seek or to receive its attorney’s advice on legal matters related thereto, pursuant to Texas Government Code, Section 551.071.*

Note: *Because the Board members who attend the committee meeting may create a quorum of the full Board, the meeting of the Agency Operations Committee is also being posted as a meeting of the full Board. Only assigned committee members act upon any item before the Agency Operations Committee at this 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.

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM I

Welcome and committee chair's meeting overview

Mr. S. Javaid Anwar, chair of the Committee on Innovation, Data, and Educational Analytics, will provide the committee an overview of the items on the agenda.

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM II

Consideration and possible action to approve the minutes from the January 25, 2023, meeting of the Committee on Innovation, Data, and Educational Analytics

RECOMMENDATION: Approval

TEXAS HIGHER EDUCATION COORDINATING BOARD

MINUTES

Committee on Innovation, Data, and Educational Analytics

Via Live Broadcast

January 25, 2023, 9:00 a.m.

DRAFT Minutes

The Texas Higher Education Coordinating Board Committee on Innovation, Data, and Educational Analytics convened via Zoom at 9 a.m. on January 25, 2023, with the following members, present: S. Javaid Anwar, Chair; Welcome W. Wilson, Jr., Vice Chair; Richard L. Clemmer; Robert P. Gauntt; Fred Farias, III, O.D.; R. Sam Torn; Daniel O. Wong; and Georgia Hejny, Student Representative, Ex-Officio.

Other Board members present: Donna N. Williams and Emma Schwartz

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

AGENDA ITEM	ACTION
I. Welcome and committee chair's meeting overview	Mr. S. Javaid Anwar, chair, called the meeting of the Committee on Innovation, Data, and Educational Analytics to order at 9 a.m. and announced the meeting was being held via live broadcast. Mr. Anwar established that a quorum was met.
II. Consideration of approval of the minutes from the October 26, 2022, meeting of the Committee on Innovation, Data, and Educational Analytics	On motion by Mr. Welcome Wilson, seconded by Mr. Sam Torn, the committee approved this item with all members voting in favor.
III. Public testimony on agenda items relating to the Committee on Innovation, Data, and Educational Analytics	Mr. Anwar stated there was no public testimony.
IV. Consideration of approval of the consent calendar	On motion by Mr. Sam Torn, seconded by Mr. Richard Clemmer, the committee approved the non-rule agenda item V-C with all members voting in favor.
V. Matters relating to the Committee on Innovation, Data, and Educational Analytics A. <i>Building a Talent Strong Texas</i> Data Insight: Student Outcomes and Financial Aid Data	Dr. Kara Larkan-Skinner, Assistant Commissioner for Data Management and Research, and Dr. Charles Contero-Puls provided a presentation and were available to answer questions.

AGENDA ITEM	ACTION
<p>B. Update on Data Modernization Initiative</p> <p>C. Consideration and possible action to delegate to the commissioner authority to approve the data report required by Texas Education Code, Section 51.4033 and Section 51.4034, related to nontransferable credit and transfer courses</p> <p>D. Report on Financial Aid Advisory Committee activities</p>	<p>This item was for information only.</p> <p>Ms. Lori Fey, Deputy Commissioner for Data Analytics and Innovation, provided a presentation and was available for questions.</p> <p>This item was for information only.</p> <p>This item was approved on the consent calendar.</p> <p>Ms. Rachelè Garrett, chair, and Ms. Denise Welch, past chair, of the Financial Aid Advisory Committee, provided a presentation and were available for questions.</p> <p>This item was for information only.</p>
<p>VII Adjournment</p>	<p>On motion by Dr. Daniel Wong, seconded by Mr. Sam Torn, this item was approved. Meeting adjourned at 10:01 a.m.</p>

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM III

Public testimony on agenda items relating to the Committee on Innovation, Data, and Educational Analytics

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 at any other time as determined by the presiding chair.

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM IV

Consideration and possible action to approve the consent calendar

RECOMMENDATION: Approval

Background Information:

To save institutions time and travel costs to attend the Committee on Innovation, Data, and Educational Analytics meetings in Austin, the committee has a consent calendar for items that are noncontroversial. Any item can be removed from the consent calendar by a committee member.

Consent Calendar

V. Matters relating to the Committee on Innovation, Data, and Educational Analytics

- E. Report on Restricted Research Expenditures
- G. Consideration and possible action to approve the Energy Savings Performance Contract for Texas A&M University Health Science Center
- H. Proposed Rules
 - (1) Consideration and possible action to adopt proposed amendments to Board Rules, 13.101-13.104, and 13.109, concerning limitations on hours eligible to be reported for formula funding to the Coordinating Board

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM V-A

Update on Data Modernization Initiative

RECOMMENDATION: No action required

Background Information:

At the January 2023 board meeting, Texas Higher Education Coordinating Board (THECB) staff reviewed the status of the Data Modernization Initiative, an effort to implement a modern data infrastructure for the agency to deliver improved insight and actionable data for THECB stakeholders.

The Data Modernization Initiative includes multiple project work streams and is supported by both Governor's Emergency Education Relief funds and philanthropic funds in partnership with the Texas Higher Education Foundation. Implementation of this effort is well underway across several related types of work, including:

- technical and data architecture and implementation;
- user-facing deliverables design;
- data governance, both internal to THECB and with Tri-Agency partner agencies, Texas Education Agency and Texas Workforce Commission; and
- website organization and upgrades.

Ms. Lori Fey, Deputy Commissioner for Data Analytics and Innovation, will provide a brief presentation and be available to answer questions.

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM V-B

Consideration and possible action to approve amending the technology service contract pursuant to Government Code, Chapter 2155, with Deloitte Consulting LLC from March 31, 2023, to August 31, 2023, at a cost not to exceed \$1,500,000

RECOMMENDATION: Approval

Total Project Cost: Up to \$4,000,000

Source of Funds: Federal funds allocated through the Governor's Emergency Education Relief (GEER) Funds

Background Information:

In October 2022, the Texas Higher Education Coordinating Board entered into a contract with Deloitte Consulting LLC to complete development of and launch two key components of the agency's data modernization initiative (DMI): the secure data portal with privileged reports and the secure data enclave. This work has continued to progress and the secure portal and privileged reports will launch for a group of pilot higher education institutional users in May 2023, including first-ever detailed reports on transfer students, persistence and graduation, and labor market outcomes. Detailed development work is underway on the secure data enclave and requires additional resources to complete.

The original contract for up to \$2,500,000 was approved by the Commissioner with Board notification pursuant to Rule 1.16. The requested extension of up to \$1,500,000, with an extension until August 31, 2023, will allow additional work to be completed to launch the secure data enclave and continue supporting the secure portal, including expanded security requirements, integration of additional data, extended post-launch support, and user experience enhancements. The extension requires Board consideration and action pursuant to Rule 1.16(e).

Staff recommends approving the extension of the contract to an end date of August 31, 2023, and the addition of \$1,500,000, to complete and launch these important DMI components.

Ms. Lori Fey, Deputy Commissioner for Data Analytics and Innovation, will present this item and be available for questions.

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM V-C

Consideration and possible action to adopt the recommendation relating to the certification of gifts that are fundable through the Texas Research Incentive Program (TRIP) for emerging research universities

RECOMMENDATION: Approval

Background Information:

The 81st Texas Legislature created the Texas Research Incentive Program (TRIP). TRIP provides matching funds for emerging research universities to assist the institutions in leveraging private gifts for the enhancement of research productivity and faculty recruitment.

The emerging research universities that are currently eligible to receive funding are: Texas Tech University, The University of Texas at Arlington, The University of Texas at Dallas, The University of Texas at El Paso, The University of Texas at San Antonio, University of Houston, University of North Texas, and Texas State University.

Texas Education Code, Chapter 62, Subchapter F, requires the Board to certify that the gifts or endowments received by each emerging research university were donated for research enhancing purposes, such as endowed chairs, professorships, research facilities, research equipment, program costs, graduate research stipends or fellowships, or undergraduate research.

A certified eligible gift or endowment may receive state funding as a match. Statute provides a mandated match rate based on the amount of the gift or endowment. The timing of when an institution receives matching funds is dependent upon appropriations from the Texas Legislature. Per statute, matching funds are provided in the order of their certification date.

There are 64 submissions of gifts or endowments recommended for certification, for a total gift amount of \$49,847,847.53 and a match amount of \$42,340,329.72.

Ms. Emily Cormier, Assistant Commissioner for Funding, will present this item and be available to answer questions.

Texas Research Incentive Program Summary

The table below displays the gifts recommended for certification, as well as previously certified TRIP gifts available to receive state funding. State matches are subject to the availability of funds appropriated for this purpose by the Texas Legislature.

Institution	Gifts Recommended for Certification - Cycle 22-1	Gifts Available for State Funding and Previously Certified	Total Gifts Available for State Funding ¹
Certified Gifts			
The University of Texas at Arlington	\$1,240,889.00	\$13,280,028.59	\$14,520,917.59
The University of Texas at Dallas	5,950,000.00	83,049,698.50	88,999,698.50
The University of Texas at El Paso	4,121,047.50	6,501,805.50	10,622,853.00
The University of Texas at San Antonio	6,113,666.00	43,350,298.43	49,463,964.43
University of Houston	22,279,502.63	112,258,662.14	134,538,164.77
University of North Texas	6,883,751.40	40,764,004.04	47,647,755.44
Texas Tech University	2,480,650.00	57,151,992.06	59,632,642.06
Texas State University	778,341.00	18,293,021.69	19,071,362.69
Total Certified Gifts	\$49,847,847.53	\$374,649,510.95	\$424,497,358.48
State Match			
The University of Texas at Arlington	\$620,444.50	\$10,226,095.92	\$10,846,540.42
The University of Texas at Dallas	4,975,000.00	56,354,834.72	61,329,834.72
The University of Texas at El Paso	3,601,912.50	3,500,902.75	7,102,815.25
The University of Texas at San Antonio	5,556,833.00	33,847,486.72	39,404,319.72
University of Houston	20,164,751.32	90,837,167.78	111,001,919.10
University of North Texas	5,791,892.90	33,991,975.81	39,783,868.71
Texas Tech University	1,240,325.00	40,397,317.05	41,637,642.05
Texas State University	389,170.50	12,751,510.86	13,140,681.36
Totals	\$42,340,329.72	\$281,907,291.61	\$324,247,621.33

Footnotes

- Total Gifts Available for State Funding does not include gifts that have been submitted by the eligible institutions since the end of Cycle 22-1. As of 3/14/2023, the total amount of gifts received but not yet reviewed since that time is \$23.0 million with a potential state match of \$17.6 million. Assuming all gifts that have been submitted since are certified, the total state match eligible for funding would be \$341.8 million.

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM V-D

Consideration and possible action to approve of the certification required by Texas Education Code, Section 62.146 for the National Research University Fund for Fiscal Year 2022

RECOMMENDATION: Approval

Background Information:

Texas Education Code, Section 62.146(b), requires the Texas Higher Education Coordinating Board (THECB) to certify to the Texas Legislature that information relating to the criteria used to determine eligibility for distributions of money from the National Research University Fund (NRUF) has been verified. The statute requires the certification report be submitted to the Comptroller of Public Accounts and Texas Legislature “as soon as practicable in each state fiscal year.”

The Texas Legislature established NRUF in 2009 “to provide a dedicated, independent, and equitable source of funding to enable emerging research universities in this state to achieve national prominence as major research universities.” An emerging research university must meet legislatively specified benchmarks to be eligible for funds and must have expended more than \$45 million on restricted research for two consecutive years.

The NRUF is funded from an endowment managed by the Texas Treasury Safekeeping Trust Company, a subsidiary of the Comptroller of Public Accounts. Up to 4.5% of the NRUF investment, calculated at the average market value of the fund for the last 12 fiscal quarters, may be appropriated from the fund for distribution to the eligible NRUF institutions.

Eight universities are currently designated as emerging research universities in the THECB Accountability System. Institutions currently eligible to receive distributions from the NRUF are shown below, along with the year in which they were found eligible:

- Texas Tech University (2012)
- University of Houston (2012)
- The University of Texas at Dallas (2018)
- The University of Texas at Arlington (2021)

The institutions that have met NRUF eligibility received annual funding that has ranged from \$6.3 to \$9.5 million per year. The four other emerging research institutions that are potentially eligible to receive NRUF funding in the future include Texas State University,

The University of Texas at El Paso, The University of Texas at San Antonio (UTSA), and the University of North Texas.

During the last review, UTSA was found to be eligible for NRUF, pending the outcome of a statutorily required audit conducted by the State Auditor's Office (SAO) in Fiscal Year (FY) 2022. However, the SAO determined that UTSA did not meet the eligibility requirements because it did not expend at least \$45 million in restricted research funds in FY 2020.

During the current review, UTSA has been determined as eligible for NRUF again, pending the outcome of a similar SAO audit in FY 2023.

Ms. Melitta Berger, Senior Director, Funding and Resource Planning, will present this item and be available to answer questions.

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM V-E

Report on Restricted Research Expenditures

RECOMMENDATION: No action required

Background Information:

This is an informational item. Restricted research expenditures are reported to the Texas Higher Education Coordinating Board according to the requirements of Texas Administrative Code, Chapter 13, Subchapter G, Section. 13.126. An expenditure is defined as restricted if an external entity, such as an agency, a business entity, individual, or organization has placed limitations on the uses for which the funds may be spent. Restricted research expenditures are currently used by the Legislature in allocating funding through the Texas Comprehensive Research Fund and Core Research Support Fund and are used as part of the eligibility requirements for the National Research University Fund.

Ms. Melitta Berger, Senior Director, Funding and Resource Planning, is available to answer questions.

Restricted Research Expenditures

University	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2022 \$ change	FY 2022 % change
The University of Texas Rio Grande Valley	\$9,734,584	\$7,833,911	\$8,617,328	\$8,831,907	\$11,364,763	\$2,532,856	29%
The University of Texas Permian Basin	\$659,770	\$878,973	\$1,479,959	\$2,331,165	\$2,547,420	\$216,255	9%
The University of Texas at Tyler	\$1,356,370	\$1,337,569	\$1,263,754	\$1,342,215	\$2,392,326	\$1,050,111	78%
Texas A&M University at Galveston	\$5,913,666	\$5,122,970	\$4,127,524	\$3,967,565	\$5,997,020	\$2,029,455	51%
Prairie View A&M University	\$7,698,973	\$8,357,313	\$8,446,028	\$8,790,103	\$11,008,515	\$2,218,412	25%
Tarleton State University	\$5,624,211	\$5,263,566	\$5,102,233	\$6,441,713	\$7,354,658	\$912,945	14%
Texas A&M University-Central Texas	\$0	\$0	\$0	\$674,692	\$570,902	-\$103,790	-15%
Texas A&M University-Corpus Christi	\$18,395,676	\$17,812,099	\$17,615,912	\$17,309,982	\$20,989,656	\$3,679,674	21%
Texas A&M University-Kingsville	\$12,855,614	\$14,017,317	\$15,128,090	\$16,291,192	\$16,035,522	-\$255,670	-2%
Texas A&M University-San Antonio	\$117,546	\$59,966	\$98,913	\$186,333	\$430,005	\$243,672	131%
Texas A&M International University	\$3,171,886	\$3,239,897	\$1,283,114	\$1,879,170	\$2,252,405	\$373,235	20%
West Texas A&M University	\$1,629,613	\$2,257,814	\$2,440,827	\$2,932,424	\$2,961,398	\$28,974	1%
Texas A&M University-Commerce	\$1,414,362	\$1,184,036	\$1,511,205	\$1,293,896	\$2,013,862	\$719,966	56%
Texas A&M University-Texarkana	\$0	\$0	\$0	\$28,497	\$25,491	-\$3,006	-11%
University of Houston-Clear Lake	\$1,131,269	\$1,066,242	\$917,725	\$1,347,739	\$1,579,331	\$231,592	17%
University of Houston-Downtown	\$1,954,616	\$1,556,858	\$1,857,248	\$1,332,202	\$1,088,341	-\$243,861	-18%
University of Houston-Victoria	\$163,560	\$42,523	\$29,433	\$77,675	\$181,280	\$103,605	133%
Midwestern State University	\$451,956	\$990,552	\$542,823	\$581,719	\$596,337	\$14,618	3%
University of North Texas at Dallas	\$26,186	\$49,535	\$37,358	\$166,462	\$377,564	\$211,102	127%
Stephen F. Austin State University	\$1,690,890	\$1,739,260	\$1,841,134	\$1,758,382	\$1,848,219	\$89,837	5%
Texas Southern University	\$3,234,795	\$5,127,632	\$3,808,055	\$4,677,662	\$5,952,433	\$1,274,771	27%
Angelo State University	\$266,741	\$281,854	\$267,003	\$352,431	\$194,620	-\$157,811	-45%
Texas Woman's University	\$2,244,224	\$3,554,493	\$3,062,906	\$2,943,320	\$3,203,401	\$260,081	9%

University	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2022 \$ change	FY 2022 % change
Lamar University	\$1,711,827	\$2,287,130	\$2,149,772	\$2,421,450	\$1,514,826	-\$906,624	-37%
Sam Houston State University	\$2,746,401	\$3,843,589	\$4,546,841	\$5,432,170	\$5,176,585	-\$255,585	-5%
Sul Ross State University	\$1,417,711	\$1,366,257	\$1,530,353	\$1,248,949	\$1,800,235	\$551,286	44%
Emerging Research Universities							
The University of Texas at Arlington	\$45,381,710	\$46,008,457	\$52,086,621	\$45,865,947	\$54,421,892	\$8,555,945	19%
The University of Texas at Dallas	\$53,822,907	\$64,142,138	\$68,413,866	\$66,627,406	\$66,036,906	-\$590,500	-1%
The University of Texas at El Paso	\$50,568,017	\$51,439,709	\$49,420,984	\$50,630,010	\$62,702,393	\$12,072,383	24%
The University of Texas at San Antonio*	\$36,820,014	\$44,128,961	\$43,351,063	\$48,545,003	\$50,278,572	\$1,733,569	4%
University of Houston	\$85,796,355	\$91,334,021	\$91,551,332	\$90,089,154	\$121,675,892	\$31,586,738	35%
University of North Texas	\$17,683,569	\$18,182,377	\$16,346,249	\$20,407,729	\$24,671,082	\$4,263,353	21%
Texas Tech University	\$57,600,944	\$59,275,406	\$56,116,447	\$55,443,464	\$66,849,475	\$11,406,011	21%
Texas State University	\$35,593,930	\$34,914,947	\$30,913,314	\$33,945,434	\$41,811,801	\$7,866,367	23%
Totals	\$468,879,893	\$498,697,372	\$495,905,414	\$506,195,162	\$597,905,128	\$91,709,966	18%

Source: Restricted research expenditures are reported in Research Expenditure Surveys in accordance with the Standards and Accounting Methods required by Texas Administrative Code, Chapter 13, Subchapter G, Restricted Research Expenditures, Section 13.126.

*The University of Texas at San Antonio includes updated figures from those reported in the Research Expenditure Survey in Fiscal Years 2020 and 2021.

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM V-F

Consideration and possible action to adopt the commissioner’s recommendation relating to the annual report about the financial condition of the state’s community college districts (SB 1, 87th Texas Legislature, Regular Session, Rider 12, III-226)

RECOMMENDATION: Approval

Background Information:

An annual report from the Texas Higher Education Coordinating Board (THECB) about the financial condition of the state’s community colleges is required by the General Appropriations Act, Senate Bill 1, 87th Texas Legislature, Regular Session, Rider 12 (page III-226). The rider states:

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

The objective of this report is to provide an assessment of the overall financial health of the state’s 50 public community colleges and to identify institutions under financial stress using common financial ratios. This analysis is intended to be a broad financial evaluation. Other key performance indicators must be considered to gain a complete understanding of an institution's financial strength. This analysis is not intended for peer group comparisons or for benchmarking purposes.

The THECB provided a draft report to the state's community colleges and any comments are included in the final report.

Ms. Emily Cormier, Assistant Commissioner for Funding, will be available to answer questions.

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM V-G

Consideration and possible action to approve the Energy Savings Performance Contract for Texas A&M University Health Science Center

RECOMMENDATION: Approval

Background Information:

Texas A&M University Health Science Center requests approval for an Energy Savings Performance Contract with a total project cost of \$14,745,526 and a contract term of 20 years. This project meets all standards pertaining to Energy Savings Performance Contracts.

The Texas Higher Education Coordinating Board is responsible for approving Energy Savings Performance Contracts. Board rules delegate the approval authority for these contracts to either the Assistant Commissioner for Funding; the Committee on Innovation, Data, and Educational Analytics; or the full Board, based on the parameters specified in Chapter 17, Subchapter D, Section 17.41 of Board rules. Given the cost and the term of this project, the Committee on Innovation, Data, and Educational Analytics is the approval authority.

Ms. Emily Cormier, Assistant Commissioner for Funding, is available to answer questions regarding the review process.

PROJECT BRIEFING SHEET

Institution: Texas A&M University Health Science Center
 Project: Texas A&M Health 2023 Energy Savings Performance Contract
 8441 Riverside Pkwy, Clinical Building 1, Suite 3100, Bryan, TX 77807
 Project Number: 000089-23-001
 Project Cost: \$14,745,526
 Source of Funds: Bonds: Permanent University Fund (PUF), Available University Funds (AUF)

Project Description:

Texas A&M University Health Science Center has engaged Ameresco, Inc. as its energy savings performance contractor to improve operating efficiencies and the environment through lighting improvements, building automation system upgrades, HVAC equipment upgrades, water fixtures, and laboratory control upgrades. Energy and water conservation measures are included for 10 buildings on campus. The contract has a 20-year payback.

The implementation of this project is projected to result in a savings of electric consumption by 2,960,480 kWh per year, a reduction in district chilled water consumption by 18,541,804 ton-hours each year, a reduction in district chilled water demand assessments by 23,615 ton-hours/day each year, a reduction in district steam demand assessments by 59,657 pounds/day each year, and a reduction in water consumption of 711,000 gallons each year. According to the Investment Grade Audit (IGA), utility consumption reduction opportunities of approximately 13.8% for electricity consumption, 4.9% for district chilled water demand assessments, 7.7% for district steam demand, and 2.3% of water and wastewater, is projected to yield more than \$672,000 in average annual utility cost savings.

Standards	Standard	Project Detail	Meets, Doesn't Meet, or NA
Space Need	Deficit	(1,097,571)	Meets
Cost: Repair & Renovation, Infrastructure ¹	See Footnote 1 regarding costs and savings requirements		Meets

¹ Per Texas Education Code 51.927, the amount spent on energy and water conservation measures cannot exceed the amount to be saved in energy, water, wastewater, and operating costs. This project meets that standard and has been verified by the institution's Chief Financial Officer and an independent third-party certified engineer. The institution's general counsel has verified contractual protections are in place to guarantee performance.

**Delegation Matrix for Energy Savings Performance Contracts
(as outlined in Board Rule 17.41)**

		Payback Period		
		10 years or less	Greater than 10 to 15 years	Greater than 15 to 20 years ¹
Cost	\$10 million or less	Authorized Assistant Commissioner	Authorized Assistant Commissioner	Committee on Innovation, Data, and Educational Analytics
	Greater than \$10 million to \$20 million	Asst. Commissioner for Strategic Planning and Funding	Committee on Innovation, Data, and Educational Analytics	Committee on Innovation, Data, and Educational Analytics
	Greater than \$20 million	Committee on Innovation, Data, and Educational Analytics	Committee on Innovation, Data, and Educational Analytics	Board of the THECB

Note 1 - ESPC may not exceed 20 years from the date of installation (TEC 51.927).

Note 2 - Highlighted area indicates approval authority relevant to the reviewed contract.

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM V-H (1)

Consideration and possible action to adopt proposed amendments to Board Rules 13.101-13.104 and 13.109, concerning limitations on hours eligible to be reported for formula funding to the Coordinating Board

RECOMMENDATION: Approval

Background Information:

The Texas Higher Education Coordinating Board (THECB) proposes amendments to Texas Administrative Code, Title 19, Part 1, Chapter 13, Subchapter F, Sections 13.101-13.104, and 13.109, concerning limitations on hours eligible to be reported for formula funding to the THECB. Specifically, this amendment will implement Senate Bill 1531 from the 87th Regular Session of the Texas Legislature that establishes a specific limit on hours that can be reported for formula funding that are in excess of those required for an associate degree. The amendment would also revise a provision regarding notification of students on their progress toward the hours limit to make the responsibilities of institutions specific and actionable.

Emily Cormier, Assistant Commissioner for Funding, will be available to answer questions.

Date Published in the *Texas Register*: February 3, 2023.

The 30-day comment period with the *Texas Register* ended on: March 4, 2023.

No comments were received regarding this rule.

CHAPTER 13 FINANCIAL PLANNING

SUBCHAPTER F FORMULA FUNDING AND TUITION CHARGES FOR REPEATED AND EXCESS HOURS OF UNDERGRADUATE STUDENTS

§13.101. Authority

Texas Education Code, §54.014, provides that each institution[s] may charge a higher rate of tuition to students with repeated or excess hours. Texas Education Code, §61.0595, limits formula funding for excess hours. The General Appropriations Act, SB 1, Article III, §13, 87th Legislature, Regular Session, limits formula funding for a course for which a student would generate formula funding for the third time. Texas Education Code, §61.059(b), grants the Coordinating Board the authority to devise, establish, and periodically review and revise formula recommendations for institutions of higher education. ~~[The General Appropriations Act, SB 1, Article III, §40, 85th Legislature, Regular Session, limits formula funding for a course for which a student would generate formula funding for the third time.]~~ Texas Education Code, §51.340[~~(a)~~] limits the number of remedial or developmental education semester credit hours for which formula funding may be received.

§13.102. Definitions

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

- (1) Degree Plan--Academic program of courses and their related hours culminating in a degree or certificate, including minors, double majors, and completion of any other special program in which the student is also enrolled, such as a program with a study abroad component.
- (2) Excess Hours-- Hours attempted by a student that are in excess of the limits and therefore ineligible for formula funding as described in §13.103. ~~[Effective with students initially enrolling in the fall 1999 semester and subsequent terms, hours attempted by a resident undergraduate student that exceed more than 45 hours of the number of hours required for completion of the degree plan in which the student is enrolled. Effective with students initially enrolling in the fall 2006 semester and subsequent terms, hours attempted by a resident undergraduate student that exceed more than 30 hours of the number of hours required for completion of the degree program in which the student is enrolled. Effective fall 2009, hours earned by a student before graduating from high school and used to satisfy high school graduation requirements are not included in the calculation of excess hours. For purposes of excess hours, resident undergraduate student includes a nonresident student who is permitted to pay resident tuition.]~~
- (3) Hours--Semester credit hours.

(4) International Study Abroad Student--A student who is a citizen or permanent resident of a nation other than the United States who resides in the nation of which he or she is a citizen or permanent resident and who is in the United States and enrolled at a Texas public institution of higher education for a limited time as part of an exchange program or other study abroad program and who is not seeking a certificate or degree from a Texas Public institution of higher education.

(5) Non-Course-Based Developmental Education Interventions (also known as Non-Semester-Length Interventions and also referred to as interventions)-- Interventions that use learning approaches designed to address a student's identified weaknesses and effectively and efficiently prepare the student for college-level work. These interventions must be overseen by an instructor of record, must not fit traditional course frameworks, and cannot include advising or learning support activities already connected to a traditional course; interventions may include, but are not limited to, tutoring, supplemental instruction, or labs.

(6) Remedial and Developmental Courses--Courses designed to correct academic deficiencies and bring students' skills to an appropriate level for entry into college. The term includes English for speakers of other languages (ESOL) courses in which a student is placed as a result of failing the reading or writing portion of a test required by §4.56 of this title (relating to Assessment Instruments).

(7) Repeated Hours for Attempted Course--Hours for a course that is the same or substantially similar to a course that the student previously attempted for two or more times at the same institution. Previously attempted courses from which the student withdraws before the official census date shall not count as an attempted course.

(8) Repeated Hours for Completed Course--Hours for a course in which a student enrolls for two or more times that is the same as or substantially similar to a course that the student previously completed and received a grade of A, B, C, D, F, or Pass/Fail at the same institution.

(9) Student--For the purposes of this subchapter students are defined as undergraduate students who have not yet received a baccalaureate degree or equivalent. [~~a student who has not been awarded a bachelor's degree or the equivalent.~~]

(10) Workforce Education Courses-- Courses offered by two-year institutions for the primary purpose of preparing students to enter the workforce that are included in the Workforce Education Course Manual (WECM) or a college's technical local need course inventory. [~~rather than academic transfer~~] The term includes both technical courses and continuing education courses.

§13.103. Limitation on Formula Funding for Excess Hours

- (a) An institution[s] shall not submit excess hours to the Board for the purposes of formula funding, unless those hours are exempt under the provisions of §13.104 of this title (relating to Exemptions for Excessive Hours [~~Excessive Hour Exemptions~~]).
- (b) For the purposes of determining the number of hours required for a degree plan, each institution[s] shall utilize the degree plan designated by the student as of the official census day of the term.
- (1) For a student who was initially enrolled in fall of 2023 and in an associate degree program the excess hours limit is the required semester credit hours for the degree, plus 15; [If a student at a four-year institution is not enrolled in a degree program, institutions shall consider the student to be enrolled in a degree program requiring a minimum of 120 hours.]
- (2) A student initially enrolled in fall of 2023 but not enrolled in any program is treated as enrolled in a baccalaureate degree program and the excess hours limit is 150;
- (3) For an undergraduate resident student initially enrolled in the fall of 2006 or later and in a baccalaureate degree program the excess hours limit is the hours required for their degree, plus 30;
- (4) For an undergraduate resident student initially enrolled in the fall of 1999 through summer 2006, the excess hours limit is the hours required for their degree, plus 45; and
- (5) For an undergraduate resident student initially enrolled before fall 1999 there is no excess hours limit.
- (c) [2] If a student is enrolled on a temporary basis in a university or health-related institution and is also enrolled in a private or independent institution of higher education or an out-of-state institution of higher education, a Texas institution shall consider the student to be enrolled in a degree program requiring a minimum of 120 hours.
- (d) [e] An institution shall not consider any hours for which a student has enrolled as part of a master's or professional degree program without first completing a baccalaureate [~~bachelor's~~] degree in the calculation of the number of hours required for a baccalaureate [~~bachelor's~~] degree or the equivalent until the student has completed a minimum of 120 hours required for the baccalaureate [~~bachelor's~~] degree or equivalent.

§13.104. Exemptions for Excess Hours

The following types of hours are exempt and are not subject to the limitation on formula funding set out in §13.103 of this title (relating to Limitation on Formula Funding for Excess Hours):

- (1) hours earned by the student before receiving a baccalaureate [~~bachelor's~~] degree that has been previously awarded to the student;
- (2) hours earned through examination or similar method without registering for a course;
- (3) hours from remedial and developmental courses and/or interventions, workforce education courses, or other courses that would not generate [academic] credit that could be applied to an academic degree at the institution if the course work is within limitations specified in §13.107 of this title (relating to Limitation on Formula Funding for Remedial and Developmental Courses and Interventions);
- (4) hours earned by the student at a private institution or an out-of-state institution;
- (5) hours not eligible for formula funding;
- (6) semester credit hours earned by the student before graduating from high school and used to satisfy high school graduation requirements; [~~and~~]
- (7) hours abandoned through enrollment under the Academic Fresh Start Program under Tex. Educ. Code Section 51.931; and
- (8)[7] 15 semester credit hours not otherwise exempt earned toward a degree program by a student who:
 - (A) has reenrolled at the institution following a break in enrollment from the institution or another institution of higher education covering at least the 24-month period preceding the first class day of the initial semester or other academic term of the student's reenrollment; and
 - (B) successfully completed at least 50 semester credit hours of course work at an institution of higher education that are not exempt in paragraphs (1) - (7)[6] of this section before that break in enrollment.

§13.109. Additional Responsibilities of Institutions

- (a) Each institution[~~s~~] shall report to the Board all information required to comply with the provisions of this subchapter. Based upon this information, the Coordinating Board shall maintain a database containing information regarding the number of hours a student has accumulated.

(b) Each institution shall publish information in the catalog about the limitations on hours set out in this subchapter and the tuition rate that will be charged to an affected student. Until this material is included in its catalog, the institution shall inform each new undergraduate student enrolling at the institution in writing of the limitations on formula funding and the tuition rate that will be charged to an affected student.

(c) Each institution[s] of higher education shall track the progress of each student in relation to the excess hours limit, notify the student of their progress toward the limit, and disclose the institution's tuition policy for a student who exceeds the limit. Notification shall occur no later than when a student seeking an associate degree has accumulated 60 hours and when a student seeking a baccalaureate degree has accumulated 120 hours. ~~[students and shall identify and assist those students who are approaching the limitations on formula funding.~~

~~(d) Community and technical colleges and the Lamar State Colleges shall inform each student of the individual's progress toward the limitations on formula funding and shall disclose the institution's tuition policy for students who exceed the limitations when the student has accumulated 70 or more hours.~~

~~(e) Universities and health-related institutions shall inform each student of the individual's progress toward the limitations on formula funding and shall disclose the institution's tuition policy for students who exceed the limitations when the student has accumulated 120 or more hours toward the limit.]~~

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM V-H (2)

Consideration and possible action to amend Board Rule 22.1, concerning Definitions

RECOMMENDATION: Approval

Background Information:

The proposed rules will clarify the definition of "expected family contribution" (EFC) to reflect that the phrase refers to the applicable federal methodology. The phrase "expected family contribution" is referenced in multiple chapters relating to financial aid programs in both the Texas Education Code and Texas Administrative Code. The Coordinating Board proposes amending Texas Administrative Code, Title 19, Part 1, Chapter 22, Subchapter A, Rule 22.1, so that the administration of state financial aid programs is not adversely impacted by changes in the federal government's terminology regarding the federal methodology for financial aid.

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*: January 27, 2023.

The 30-day comment period with the *Texas Register* ended on: February 26, 2023.

There were three comments received regarding this rule:

Comment: The three comments received represented 11 institutions that all suggested the following language for the definition of EFC to better align the language with similar language in Chapter 22: "A measure utilized to calculate a student's financial need as regulated and defined by the methodology used for federal student financial aid."

Response: The Coordinating Board agrees that the suggested language achieves the same goal as the proposed language, while doing so in a manner that is more easily understood. The suggested language is incorporated into the adopted rule.

CHAPTER 22 STUDENT FINANCIAL AID PROGRAMS

SUBCHAPTER G GENERAL PROVISIONS

§22.1. Definitions.

The following words and terms, when used in Chapter 22, shall have the following meanings, unless otherwise defined in a particular subchapter:

- (1) Academic Year--The combination of semesters defined by a public or private institution of higher education to fulfill the federal "academic year" requirement as defined by 34 CFR 668.3.
- (2) Attempted Semester Credit Hours--Every course in every semester for which a student has been registered as of the official Census Date, including but not limited to, repeated courses and courses the student drops and from which the student withdraws. For transfer students, transfer hours and hours for optional internship and cooperative education courses are included if they are accepted by the receiving institution towards the student's current program of study.
- (3) Awarded--Offered to a student.
- (4) Board or Coordinating Board--The Texas Higher Education Coordinating Board.
- (5) Board Staff--The staff of the Texas Higher Education Coordinating Board.
- (6) Categorical Aid--Gift aid that the institution does not award to the student, but that the student brings to the school from a non-governmental third party.
- (7) Commissioner--The Commissioner of Higher Education, the Chief Executive Officer of the Board.
- (8) Cost of Attendance/Total Cost of Attendance--An institution's estimate of the expenses incurred by a typical financial aid recipient in attending a particular institution of higher education. It includes direct educational costs (tuition and fees) as well as indirect costs (room and board, books and supplies, transportation, personal expenses, and other allowable costs for financial aid purposes).
- (9) Degree or certificate program of four years or less--A baccalaureate degree or certificate program other than a program determined by the Board to require four years or less to complete.
- (10) Degree or certificate program of more than four years--A baccalaureate degree or certificate program determined by the Board to require more than four years to complete.
- (11) Encumber--Program funds that have been officially requested by an institution through procedures developed by the Coordinating Board.
- (12) Entering undergraduate--A student enrolled in the first 30 semester credit hours or their equivalent, excluding hours taken during dual enrollment in high school and courses for which the student received credit through examination.
- (13) Expected Family Contribution (EFC)-- A measure utilized to calculate a student's financial need as regulated and defined by the methodology used for federal student financial aid ~~[of how much the student and his or her family can be expected to contribute to the cost of the student's education for the year as determined following the federal methodology].~~
- (14) Financial Need--The Cost of Attendance at a particular public or private institution of higher education less the Expected Family Contribution. The Cost of Attendance and Expected Family Contribution are to be determined in accordance with Board guidelines.
- (15) Full-Time--For undergraduate students, enrollment or expected enrollment for the equivalent of twelve or more semester credit hours per semester. For graduate students,

enrollment or expected enrollment for the normal full-time course load of the student's program of study as defined by the institution.

(16) Gift Aid--Grants, scholarships, exemptions, waivers, and other financial aid provided to a student without a requirement to repay the funding or earn the funding through work.

(17) Graduate student--A student who has been awarded a baccalaureate degree and is enrolled in coursework leading to a graduate or professional degree.

(18) Half-Time--For undergraduates, enrollment or expected enrollment for the equivalent of at least six but fewer than nine semester credit hours per regular semester. For graduate students, enrollment or expected enrollment for the equivalent of 50 percent of the normal full-time course load of the student's program of study as defined by the institution.

(19) Period of enrollment--The semester or semesters within the current state fiscal year (September 1 - August 31) for which the student was enrolled in an approved institution and met all eligibility requirements for an award through this program.

(20) Program Officer--The individual named by each participating institution's chief executive officer to serve as agent for the Board. The Program Officer has primary responsibility for all ministerial acts required by the program, including the determination of student eligibility, selection of recipients, maintenance of all records, and preparation and submission of reports reflecting program transactions. Unless otherwise indicated by the institution's chief executive officer, the director of student financial aid shall serve as Program Officer.

(21) Residency Core Questions--A set of questions developed by the Coordinating Board to be used to determine a student's eligibility for classification as a resident of Texas, available for downloading from the Coordinating Board's website, and incorporated into the ApplyTexas application for admission.

(22) Resident of Texas--A resident of the State of Texas as determined in accordance with Chapter 21, Subchapter B of this title (relating to Determination of Resident Status). Nonresident students who are eligible to pay resident tuition rates are not residents of Texas.

(23) Semester--A payment period, as defined by 34 CFR 668.4(a) or 34 CFR 668.4(b)(1).

(24) Three-Quarter-Time--For undergraduate students, enrollment or expected enrollment for the equivalent of at least nine but fewer than 12 semester credit hours per semester. For graduate students, enrollment or expected enrollment for the equivalent of 75 percent of the normal full-time course load of the student's program of study as defined by the institution.

(25) Timely Distribution of Funds--Activities completed by institutions of higher education related to the receipt and distribution of state financial aid funding from the Board and subsequent distribution to recipients or return to the Board.

(26) Undergraduate student--An individual who has not yet received a baccalaureate degree.

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM V-H (3)

Consideration and possible action to amend Board Rules 22.22 – 22.24 and 22.28-22.30, concerning the Tuition Equalization Grant Program

RECOMMENDATION: Approval

Background Information:

Based on feedback from the financial aid community, the Coordinating Board initiated a review of how exceptional Tuition Equalization Grant (TEG) need is defined. Since exceptional TEG need has a direct impact on the allocation methodology for the TEG program, the Coordinating Board convened negotiated rulemaking activities, as required by Texas Education Code 61.0331 in matters relating to the allocation of funds, including financial aid. The proposed amendments and new rule were reached by consensus during negotiated rulemaking activities, which occurred on November 7, 2022.

The amendments provide private and independent institutions with greater flexibility in supporting economically disadvantaged students through funds from the TEG program. The amendments also provide clarity for the allocation process and remove unnecessary language.

In Rule 22.22, two redundant definitions are repealed since the items are explained elsewhere in the subchapter. In Rule 22.23, the timing of data submissions is clarified to ensure that allocation activities can occur in a timely manner. In Rule 22.24(8), eligibility criteria are provided for exceptional TEG need. In Rule 22.28, a clarifying reference to Rule 22.4 is added. In Rule 22.29, outdated language is removed, with appropriate clarifying language. Section 22.29(c) is also removed since the language is being proposed separately as a new Rule 22.30.

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*: January 27, 2023.

The 30-day comment period with the *Texas Register* ended on: February 26, 2023.

There were no comments received regarding these rules.

CHAPTER 22 STUDENT FINANCIAL AID PROGRAMS

SUBCHAPTER B TUITION EQUALIZATION GRANT PROGRAM

§22.22. Definitions.

In addition to the words and terms defined in Texas Administrative Code 22.1 the following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

(1) Adjusted gross need--An amount equal to a student's financial need less the amount of his or her Federal Pell Grant and any categorical aid the student might have brought to the institution.

~~[(2) Exceptional TEG need--An additional amount of TEG funds for which an undergraduate student may qualify on the basis of having an expected family contribution generated through the use of the federal methodology, less than or equal to \$1,000.]~~

(2) ~~[(3)]~~ First award--The first Tuition Equalization Grant ever awarded to and received by a specific student.

(3) ~~[(4)]~~ Forecast--The FORECAST function in Microsoft Excel.

(4) ~~[(5)]~~ Private or independent institution--Any college or university defined as a private or independent institution of higher education by Texas Education Code, §61.003.

(5) ~~[(6)]~~ Program_maximum--The TEG Program award maximum determined by the Board in accordance with Texas Education Code, §61.227 (relating to Payment of Grant; Amount).

(6) ~~[(7)]~~ Program or TEG--The Tuition Equalization Grant Program.

(7) ~~[(8)]~~ Religious ministry--Roles serving as clergy, religious leaders, or similar positions within any sect or religious society, as demonstrated through ordination, licensure to preach, or other mechanisms particular to a given sect or society that are used to identify clergy, religious leaders, or such similar positions.

(8) ~~[(9)]~~ Subsequent award--A TEG grant received in any academic year other than the year in which an individual received his or her first TEG award.

~~[(10) TEG need--The basic amount of TEG funds that an eligible student could receive, subject to the limit in Texas Education Code §61.227(c).]~~

(9) ~~[(11)]~~ Tuition differential--The difference between the tuition paid at the private or independent institution attended and the tuition the student would have paid to attend a comparable public institution.

§22.23. Eligible Institutions.

(a) Eligibility.

(1) Any private or independent institution of higher education, or a branch campus of a private or independent institution of higher education located in Texas and accredited on its own or with its main campus institution by the Commission on Colleges of the Southern Association of Colleges and Schools, other than theological or religious seminaries, is eligible to participate in the TEG Program.

(2) No participating institution may, on the grounds of race, color, national origin, gender, religion, age, or disability exclude an individual from participation in, or deny the benefits of, the program described in this subchapter.

(3) Each participating institution must follow the Civil Rights Act of 1964, Title VI (Public Law 88-352) in avoiding discrimination in admissions or employment.

(4) A private or independent institution of higher education that previously qualified under paragraph (1) of this subsection but no longer holds the same accreditation as public institutions of higher education may temporarily participate in the TEG Program if it is:

- (A) accredited by an accreditor recognized by the Board;
- (B) actively working toward the same accreditation as public institutions of higher education;
- (C) participating in the federal financial aid program under 20 United States Code (U.S.C.) §1070a; and
- (D) a "part B institution" as defined by 20 U.S.C. §1061(2) and listed in 34 Code of Federal Regulations §608.2.

(5) The Board may grant temporary approval to participate in the TEG program to an institution described under paragraph (4) of this subsection for a period of two years. The Board may renew that approval for a given institution twice for a period of two years.

(6) A private or independent institution of higher education that previously qualified under paragraph (1) of this subsection but no longer holds the same accreditation as public institutions of higher education may participate in the TEG Program if it is:

- (A) accredited by an accreditor recognized by the Board in accordance with Texas Administrative Code, §7.6;
- (B) a work college, as that term is defined by 20 U.S.C. Section 1087-58; and
- (C) participating in the federal financial aid program under 20 U.S.C. §1070(a).

(b) Approval.

(1) Agreement. Each approved institution must enter into an agreement with the Board, prior to being approved to participate in the program, the terms of which shall be prescribed by the Commissioner or his/her designee.

(2) Intent to Participate. An eligible institution interested in participating in the Program must indicate this intent by June 1 of each odd-numbered year in order for qualified students enrolled in that institution to be eligible to receive grants in the following fiscal biennium. An eligible institution's data submissions, as required in Section 22.29 (relating to Allocation of Funds), must occur on or before the institution's indication of its intent to participate.

(c) Responsibilities. Participating institutions are required to abide by the General Provisions outlined in Chapter 22, Subchapter A of this title (relating to General Provisions).

§22.24. Eligible Students.

(a) To receive an award through the TEG Program, a student must:

- (1) be enrolled on at least a three-fourths of full-time enrollment;
- (2) show financial need;
- (3) maintain satisfactory academic progress in his or her program of study as determined by the institution at which the person is enrolled and as required by §22.25 of this title (relating to Satisfactory Academic Progress);
- (4) be a resident of Texas as determined based on data collected using the Residency Core Questions and in keeping with Chapter 21, Subchapter B of this title (relating to Determination of Resident Status);
- (5) be enrolled in an approved institution in an individual degree plan leading to a first associate degree, first baccalaureate degree, first master's degree, first professional degree, or first doctoral degree, but not in a degree plan that is intended to lead to religious ministry;

(6) be required to pay more tuition than is required at a comparable public college or university and be charged no less than the tuition required of all similarly situated students at the institution;

(7) not be a recipient of any form of athletic scholarship during the semester or semesters he or she receives a TEG.

(b) To demonstrate eligibility for exceptional TEG need, a student must:

(1) be an undergraduate student; and

(2) have an expected family contribution less than or equal to fifty percent of the Federal Pell Grant eligibility cap for the year reported in the institution's Financial Aid Database submission.

§22.28. Award Amounts and Adjustments.

(a) Award Amount. Each academic year, no TEG award shall exceed the least of:

(1) the student's financial need;

(2) the student's tuition differential; or

(3) the maximum award allowed based on the student's EFC, which is:

(A) 150 percent of the program maximum for undergraduate students demonstrating exceptional TEG need, as outlined in §22.24 of this Subchapter (relating to Eligible Students);

or

(B) the program maximum for all other eligible students.

(b) Term or Semester Disbursement Limit. The amount of any disbursement in a single term or semester may not exceed the student's financial need or tuition differential for that term or semester or the program maximum for the academic year, whichever is the least.

(c) Award calculations and disbursements are to be completed in accordance with Chapter 22, Subchapter A of this title (relating to General Provisions).

§22.29. Allocation [~~and Disbursement~~] of Funds.

~~[(a) Allocations for Fiscal Year 2019 and prior. Allocations for the TEG Program are to be determined on an annual basis as follows:]~~

~~[(1) All eligible institutions will be invited to participate; those choosing not to participate will be left out of the calculations for the relevant year.]~~

~~[(2) The allocation base for each institution choosing to participate will be its three-year average share of the total statewide amount of TEG that could be awarded, subject to the limits in Texas Education Code, §61.227(c) and (e).]~~

~~[(3) The source of data used for the allocation calculations are the three most recently completed TEG Need Survey Reports submitted to the Board by the institutions. The reports include data for each student identified by the school as eligible to receive a first or subsequent TEG award as described in §22.24 or §22.25 of this title in the fall term in which the report is submitted. The data from the Need Survey used to calculate the amount of TEG an individual could receive includes:]~~

~~[(A) Each reported student's TEG need, as defined in §22.22 of this title (relating to Definitions); and]~~

~~[(B) The student's exceptional TEG need, as defined in §22.22 of this title.]~~

~~[(4) A student's TEG need may not exceed the least of his or her adjusted gross need, tuition differential, or the TEG maximum award as set in accordance with Texas Education Code, §61.227(c).]~~

~~[(5) A student's exceptional TEG need plus TEG need may not exceed the least of the student's adjusted gross need, tuition differential, or 150 percent of the current year's statutory TEG maximum award as set in accordance with Texas Education Code, §61.227(c).]~~

~~[(6) The maximum amount of need that may be recorded for any single student in the TEG Need Survey may not exceed the sum of his or her TEG need plus his or her exceptional TEG need.]~~

~~[(7) The total amount allocated for an institution may not exceed the sum of the individual maximum need for all students included in the most recent TEG Need Survey.]~~

~~[(8) Verification of Data:~~

~~(A) To provide data needed to confirm a reported need amount does not exceed one of the award limits listed in paragraphs (4) and (5) of this subsection, the Need Survey collects the following data for each student:]~~

~~[(i) Cost of attendance;]~~

~~[(ii) Expected family contribution;]~~

~~[(iii) Pell Grant amount;]~~

~~[(iv) Categorical aid amount;]~~

~~[(v) Classification (graduate or undergraduate); and]~~

~~[(vi) An indication of whether the student's need was limited by his or her tuition differential.]~~

~~[(B) The statewide TEG Need Survey summary will be provided to the institutions for review and the institutions will be given 10 working days, beginning the day of the notice's distribution and excluding State holidays, to confirm that the Survey accurately reflects the data they submitted or to advise Board staff of any inaccuracies.]~~

~~(a) [(b)] [Allocations for Fiscal Year 2020 and later.] Allocations for the TEG Program are to be determined on an annual basis as follows:~~

~~(1) All eligible institutions will be invited to participate; those choosing not to participate will be left out of the calculations for the relevant year.~~

~~(2) The allocation base for each institution choosing to participate will be its three-year average share of the total statewide amount of the total amount of TEG funds that eligible students at an approved institution could receive if the program were fully funded, subject to the limits in Texas Education Code, §61.227(c) and (e), based on the students who met the following criteria:~~

~~(A) Enrollment on at least a three-fourths or three-quarters basis;~~

~~(B) An Expected Family Contribution, calculated using federal methodology, that results in demonstrated Adjusted Gross Need greater than zero;~~

~~(C) Maintain satisfactory academic progress in his or her program of study as required by §22.24(b) of this title (relating to Eligible Students);~~

~~(D) Classified as a Resident of Texas;~~

~~(E) Be enrolled in an approved institution in an individual degree plan leading to a first associates degree, first baccalaureate degree, first master's degree, first professional degree, or first doctoral degree;~~

~~(F) Not be enrolled in a degree plan that is intended to lead to religious ministry;~~

~~(G) Be required to pay more tuition than is required at a comparable public college or university and be charged no less than the tuition required of all similarly situated students at the institution; and~~

~~(H) Not be a recipient of any form of athletic scholarship.~~

~~(3) [Sources of data:]~~

~~[(A) For allocations for Fiscal Year 2020. The sources of data used for the allocations are the certified Fiscal Year 2018 Financial Aid Database (FADS) report and the fall 2015 and fall 2016 completed TEG Need Survey reports submitted to the Board by the institutions.]~~

~~[(B) For allocations for Fiscal Year 2021. The sources of data used for the allocations are the certified Fiscal Year 2018 and 2019 FADS reports and the fall 2016 completed TEG Need Survey report submitted to the Board by the institutions.]~~

~~[(C) [For allocations for Fiscal Year 2022 and Later.] The source of data used for the allocations are the three most recently certified Financial Aid Database (FADS) [FADS] reports submitted to the Board by the institutions.~~

(4) A student's TEG need may not exceed the least of his or her adjusted gross need, tuition differential, or the TEG maximum award as set in accordance with Texas Education Code, §61.227(c).

(5) A student's exceptional TEG need plus TEG need may not exceed the least of the student's adjusted gross need, tuition differential or 150 percent of the current year's statutory TEG maximum award as set in accordance with Texas Education Code, §61.227(c).

(6) The maximum amount of need that may be recorded for any single student in the allocation calculation may not exceed the sum of his or her TEG need plus his or her exceptional TEG need.

(7) The total amount allocated for an institution may not exceed the sum of the individual maximum amount of ~~[TEG]~~ need for all students calculated using the sources of data outlined in paragraph (3) of this subsection.

(8) Verification of Data. The TEG allocation spreadsheet will be provided to the institutions for review and the institutions will be given 10 working days, beginning the day of the notice's distribution and excluding State holidays, to confirm that the spreadsheet accurately reflects the data they submitted or to advise Board staff of any inaccuracies.

(9) Allocations for both years of the state appropriations' biennium will be completed at the same time. For the allocations process of the second year of the state appropriations' biennium, the sources of data outlined in paragraph (3) of this subsection will be utilized to forecast an additional year of data. This additional year of data, in combination with the two most recent years outlined in paragraph (3) of this subsection, will be utilized to calculate the three-year average share outlined in paragraph (2) of this subsection. Institutions will receive notification of their allocations for both years of the biennium at the same time.

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

(b) ~~[(d)]~~ Reductions in Funding.

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

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

§22.30. Disbursement of Funds.

As requested by institutions throughout the academic year, the Board shall forward to each participating institution a portion of its allocation of funds for timely disbursement to students. Institutions will have until the close of business on August 1, or the first working day thereafter if it falls on a weekend or holiday, to encumber program funds from their allocation. After that date, institutions lose claim to any funds in the current fiscal year not yet drawn down from the Board for timely disbursement to students. Funds released in this manner in the first year of the biennium become available to the institution for use in the second year of the biennium. Funds released in this manner in the second year of the biennium become available to the Board's program for utilization in grant processing. Should these unspent funds result in additional funding available for the next biennium's program, revised allocations, calculated according to the allocation methodology specified in §22.29 of this subchapter (relating to Allocation of Funds), will be issued to participating institutions during the fall semester.

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM V-H (4)

Consideration and possible action to amend Board Rule 22.49, concerning the Hinson-Hazlewood College Student Loan Program

RECOMMENDATION: Approval

Background Information:

The proposed amendments will implement new standards regarding the aggregate and annual loan limits for the College Access Loan program.

The amendments to Texas Administrative Code (TAC) 22.49 are proposed to provide a clearer indication of the alignment between the rule regarding the amount of a loan and the limitations on the loan amount as outlined in Texas Education Code (TEC) 52.33. The proposed language for Section 22.49(a) aligns the statutory intent regarding what a student may reasonably be expected to pay with the agency's strategic plan for higher education, *Building a Talent Strong Texas*, and the manageable debt guidelines therein. The proposed language for Section 22.49(b) captures the agency's interpretation of how federal student loan eligibility is considered when calculating the financial resources indicated in TEC 52.33.

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*: January 27, 2023.

The 30-day comment period with the *Texas Register* ended on: February 26, 2023.

No comments were received regarding this rule.

CHAPTER 22 STUDENT FINANCIAL AID PROGRAMS

SUBCHAPTER C HINSON-HAZLEWOOD COLLEGE STUDENT LOAN PROGRAM

§22.49. Amount of Loan.

(a) Amount of Loan. For loan applications received by the agency prior to September 1, 2023, the [The] amount of loan shall not exceed the amount that the student needs in order to meet reasonable expenses as a student.

(b) Annual and Aggregate Loan Limit. For loan applications received by the agency prior to September 1, 2023, the [The] maximum annual and aggregate loan amounts for any eligible student shall be determined from time to time by the Commissioner. In no case shall the maximum annual loan amount be greater than the annual cost of attendance for the student at the eligible institution.

(c) Aggregate Loan Limit. For loan applications received by the agency on or after September 1, 2023:

(1) The maximum aggregate loan amount for an eligible undergraduate student shall be limited to an amount of debt defined as "manageable debt" under the Board's Long-Range Master Plan for Higher Education. The maximum amount of student loan debt is based on a reasonable monthly student loan payment, taking into consideration the borrower's area of study, as outlined in Figure 1. The agency may not loan a borrower an amount of College Access Loans that would cause the borrower's aggregate educational loan debt, as reported on the borrower's credit report, to exceed the maximum amount outlined in Figure 1.

(2) The maximum aggregate loan amount for an eligible graduate or professional student is the sum of the student's annual limits.

(d) Annual Loan Limit. For loan applications received by the agency on or after September 1, 2023, in no case shall the maximum 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.

Figure 1

Area of Study	Average Annual Earnings (five years after graduation)	Reasonable Monthly Student Loan Payment (based on a 10-year repayment at an average 5% interest)	Reasonable Student Debt-to-Income Ratio	Maximum Amount of Student Loan Debt Used in College Access Loan Calculation
Agriculture and natural resources	\$53,000	\$442	10%	\$50,350
Architecture and engineering	\$83,228	\$694	10%	\$79,067
Arts	\$45,210	\$377	10%	\$42,950
Biological and life sciences	\$48,827	\$407	10%	\$46,386
Business	\$59,123	\$493	10%	\$56,167
Communications and journalism	\$49,098	\$409	10%	\$46,643
Computers, statistics, and mathematics	\$68,246	\$569	10%	\$64,833
Education	\$49,127	\$409	10%	\$46,671
Health	\$60,398	\$503	10%	\$57,378
Humanities and liberal arts	\$47,418	\$395	10%	\$45,047
Industrial arts, consumer services, and recreation	\$49,907	\$416	10%	\$47,412
Law, public policy, and social work	\$45,476	\$379	10%	\$43,202
Physical sciences	\$59,588	\$497	10%	\$56,609
Psychology or undeclared major	\$42,960	\$358	10%	\$40,812
Social sciences	\$50,274	\$419	10%	\$47,760