

COMMITTEE ON INNOVATION, DATA, AND EDUCATIONAL ANALYTICS

A G E N D A

George H. W. Bush Building (Board Room)
1801 N. Congress Avenue
Austin, Texas

9:00 A.M., Wednesday, April 24, 2024

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; Fred Farias III, O.D.; Stacy Hock; Ashlie Thomas; Daniel O. Wong

Student Representative: Cage Sawyers (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 24, 2024, 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. Consideration and possible action to approve the data report required by Texas Education Code, Section 51.4033 and Section 51.4034, related to nontransferable credit and transfer courses
 - B. Report on Financial Aid Advisory Committee activities
 - C. Consideration and possible action to appoint a student representative to the Financial Aid Advisory Committee
 - D. Consideration and possible action to approve the recommendations of the commissioner and formula advisory committees relating to funding formulas for use by the governor and the Legislative Budget Board in making appropriations recommendations to the appropriate legislative committees
 - E. Consideration and possible action to appoint members to the Standing Advisory Committee for Public Junior Colleges

F. Proposed Rules:

- (1) Consideration and possible action to adopt proposed amendments to Board Rules, Chapter 13, Subchapter S, Sections 13.550-13.558 and 13.560-13.564, concerning the Community College Finance Program
- (2) Consideration and possible action to adopt proposed amendments to Board Rules, Chapter 13, Subchapter T, Sections 13.590-13.597, concerning the Community College Finance Program: High-Demand Fields
- (3) Consideration and possible action to adopt amendments to Board Rules, Chapter 22, Subchapter D, Section 22.64, concerning the Texas Public Educational Grants and Emergency Tuition, Fees, and Textbook Loan Programs
- (4) Consideration and possible action to adopt amendments to Board Rules, Chapter 22, Subchapter I, Sections 22.165-22.168 and 22.170-22.173, concerning the Texas Armed Services Scholarship Program
- (5) Consideration and possible action to adopt amendments to Board Rules, Chapter 23, Subchapter J, Sections 23.286-23.293, concerning the Math and Science Scholars Loan Repayment Program

VI. Adjournment

Executive Session: *The Texas Higher Education Coordinating Board Committee on Innovation, Data, and Educational Analytics 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 Committee on Innovation, Data, and Educational Analytics is also being posted as a meeting of the full Board. Only assigned committee members act upon any item before the Committee on Innovation, Data, and Educational Analytics 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 24, 2024, meeting of the Committee on Innovation, Data, and Educational Analytics

RECOMMENDATION: Approval

TEXAS HIGHER EDUCATION COORDINATING BOARD

DRAFT MINUTES

Committee on Innovation, Data, and Educational Analytics

George HW Bush Building (room 4.300)

1801 N. Congress Ave., Austin

January 24, 2024, 9:05 a.m.

The Texas Higher Education Coordinating Board Committee on Innovation, Data, and Educational Analytics convened at 9:12 a.m. on January 24, 2024, with the following members, present: S. Javaid Anwar, Chair; Welcome W. Wilson, Jr. Vice Chair; Richard L. Clemmer; Fred Farias, III, O.D.; Stacy A. Hock; Ashlie A. Thomas; and Daniel O. Wong

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

Members absent: Cage Sawyers, Student Representative, Ex-Officio

The meeting is available at the following link: highered.texas.gov

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 9:05 a.m. and announced the meeting was being held via live broadcast. Mr. Anwar established that a quorum was met. Ms. Williams joined the meeting at 9.20am
II. Consideration of approval of the minutes from the October 25, 2023, meeting of the Committee on Innovation, Data, and Educational Analytics	On motion by Ms. Stacy Hock, seconded by Mr. Welcome Wilson, 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 Dr. Daniel Wong, seconded by Dr. Fred Farias, the committee approved the non-rule agenda item V-C, with all members voting in favor. On motion by Mr. Wilson, seconded by Dr. Farias, the committee approved the rule agenda items as amended V-D (1-7, 10-11, 14, 16 & 19) with all members voting in favor.

<p>V. Matters relating to the Committee on Innovation, Data, and Educational Analytics</p> <p>A. <i>Building a Talent Strong Texas</i> Data Insight: Texas Talent Trajectories Dashboard</p> <p>B. Report on Financial Aid Advisory Committee activities.</p> <p>C. Consideration and possible action to approve the replacement of a member on the Standing Advisory Committee for Public Junior Colleges for the 2026-2027 biennium</p> <p>D. Proposed Rules</p> <p>(1) Consideration and possible action to repeal and adopt Board Rules, Chapter 1, Subchapter K, Sections 1.156-1.162, concerning replacement of the Community and Technical Colleges Formula Advisory Committee with the Standing Advisory Committee for Public Junior Colleges</p> <p>(2) Consideration and possible action to adopt proposed amendments to Board Rules, Chapter 1, Subchapter L, Sections 1.164-1.167, concerning changes to the membership of the General Academic Institutions Formula Advisory Committee</p> <p>(3) Consideration and possible action to repeal Board Rules, Chapter 9, Subchapter B, Sections 9.28 and 9.29, concerning the certification of public community colleges as eligible to receive state appropriations</p> <p>(4) Consideration and possible action to adopt proposed amendments to Board Rules, Chapter 13, Subchapter A, Section 13.1, concerning finance-related definitions</p> <p>(5) Consideration and possible action to repeal Board Rules, Chapter 13, Subchapter D,</p>	<p>Dr. David Troutman, Deputy Commissioner, and Dr. Melissa Humphries, Assistant Commissioner for Data Management and Research, presented this item and were available to answer questions.</p> <p>This item was for information only.</p> <p>This item was postponed to later in the meeting due to technical difficulties with the Zoom call.</p> <p>This item was approved on consent.</p> <p>This item was approved on consent.</p> <p>This item was approved on consent.</p> <p>This item was approved on consent.</p> <p>This item was approved on consent.</p>
---	---

Section 13.62, concerning updates to a manual for community college annual financial reports

(6) Consideration and possible action to adopt proposed amendments to Board Rules, Chapter 13, Subchapter D, Section 13.63, concerning requirements for community college financial reporting

(7) Consideration and possible action to adopt proposed amendments to Board Rules, Chapter 13, Subchapter F, Sections 13.101, 13.102, and 13.104, concerning limitations on the reporting of hours to the Coordinating Board for funding purposes

(8) Consideration and possible action to adopt new Board Rules, Chapter 13, Subchapter P, Sections 13.470-13.477, concerning the new community college finance system

(9) Consideration and possible action to adopt new Board Rules, Chapter 13, Subchapter Q, Sections 13.500-13.506, concerning the Financial Aid for Swift Transfer (FAST) Program

(10) Consideration and possible action to adopt new Board Rules in Chapter 13, Subchapter R, 13.520 through 13.529, relating to reporting, audit, and overallocation for community colleges

(11) Consideration and possible action to adopt the repeal of Board Rules, Chapter 13, Subchapter G, Sections 13.120-13.127, concerning Restricted Research Expenditures

(12) Consideration and possible action to adopt proposed amendments to Board Rules,

This item was approved on consent.

This item was approved on consent.

On motion by Ms. Stacy Hock, seconded by Ms. Ashlie Thomas, the committee adopted new Board Rules, Chapter 13, Subchapter P, Sections 13.470-13.477, concerning the new community college finance system, with all members voting in favor.

Ms. Emily Cormier, Assistant Commissioner for Funding, presented this item and was available to answer questions.

On motion by Ms. Thomas, seconded by Ms. Hock, the committee adopted new Board Rules, Chapter 13, Subchapter Q, Sections 13.500-13.506, concerning the Financial Aid for Swift Transfer (FAST) Program, with all members voting in favor.

Dr. Charles Contéro-Puls, Assistant Commissioner for Student Financial Aid Programs, presented this item and was available to answer questions.

This item was approved on consent.

This item was approved on consent.

On motion by Dr. Farias, seconded by Ms. Thomas, the committee adopted proposed amendments to Board Rules, Chapter 13, Subchapter

Chapter 13, Subchapter M, Sections 13.300-13.304, and new Section 13.305, concerning Total Research Expenditures

- (13) Consideration and possible action to adopt new Board Rules, Chapter 15, Subchapter B, Sections 15.20-15.30, concerning the Texas University Fund

- (14) Consideration and possible action to adopt the repeal of Board Rules, Chapter 15, Subchapter C, Sections 15.40-15.44, concerning the National Research University Fund

- (15) Consideration and possible action to adopt new Board Rules, Chapter 22, Subchapter K, Sections 22.200-22.210, concerning the Texas Transfer Grant Program

- (16) Consideration and possible action to adopt amendments to Board Rules, Chapter 22, Subchapter L, Section 22.226, concerning the Texas EXcellence, Access, and Success (TEXAS) Grant

- (17) Consideration and possible action to adopt amendments to Board Rules, Chapter 22, Subchapter A, Section 22.1, concerning the General Provisions for Student Financial Aid Programs

M, Sections 13.300-13.304, and new Section 13.305, concerning Total Research Expenditures, with all members voting in favor.

Ms. Emily Cormier, Assistant Commissioner for Funding, presented this item and was available to answer questions.

On motion by Dr. Wong, seconded by Mr. Wilson, the committee adopted adopt new Board Rules, Chapter 15, Subchapter B, Sections 15.20-15.30, concerning the Texas University Fund, with all members voting in favor.

Ms. Emily Cormier, Assistant Commissioner for Funding, presented this item and was available to answer questions.

This item was approved on consent.

On motion by Mr. Wilson, seconded by Dr. Wong, the committee adopted new Board Rules, Chapter 22, Subchapter K, Sections 22.200-22.210, concerning the Texas Transfer Grant Program, with all members voting in favor.

Dr. Charles Contéro-Puls, Assistant Commissioner for Student Financial Aid Programs, presented this item and was available to answer questions.

This item was approved on consent.

On motion by Ms. Thomas, seconded by Mr. Wilson, the committee adopted amendments to Board Rules, Chapter 22, Subchapter A, Section 22.1, concerning the General Provisions for Student Financial Aid Programs, with all members voting in favor.

Dr. Charles Contéro-Puls, Assistant Commissioner for Student Financial Aid Programs, presented this item and was available to answer questions.

<p>(18) Consideration and possible action to adopt new Board Rules, Chapter 22, Subchapter M, Section 22.265, and amendments to Board Rules, Chapter 22, Subchapter M, Sections 22.254, 22.256-22.259, 22.261, 22.262, and 22.264, concerning the Texas Educational Opportunity Grant Program</p> <p>(19) Consideration and possible action to adopt amendments to Board Rules, Chapter 23, Subchapter D, Sections 23.93-23.101, concerning Loan Repayment Program for Mental Health Professionals</p> <p>V-B. Report on Financial Aid Advisory Committee activities.</p>	<p>On motion by Mr. Wilson, seconded by Dr. Wong, the committee adopted new Board Rules, Chapter 22, Subchapter M, Section 22.265, and amendments to Board Rules, Chapter 22, Subchapter M, Sections 22.254, 22.256-22.259, 22.261, 22.262, and 22.264, concerning the Texas Educational Opportunity Grant Program, with all members voting in favor.</p> <p>Dr. Charles Contéro-Puls, Assistant Commissioner for Student Financial Aid Programs, presented this item and was available to answer questions.</p> <p>This item was approved on consent.</p> <p>On motion by Dr. Farias, seconded by Mr. Anwar, the committee approved postponing the Financial Aid Advisory Committee update until the April meeting, with all members voting in favor.</p>
<p>VII Adjournment</p>	<p>On motion by Ms. Hock, seconded by Ms. Thomas, this item was approved. Meeting adjourned at approximately 10:18 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

- C. Consideration and possible action to appoint a student representative to the Financial Aid Advisory Committee
- E. Consideration and possible action to appoint members to the Standing Advisory Committee for Public Junior Colleges
- F. Proposed Rules:
 - (3) Consideration and possible action to adopt amendments to Board Rules, Chapter 22, Subchapter D, Section 22.64, concerning the Texas Public Educational Grants and Emergency Tuition, Fees, and Textbook Loan Programs

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM V-A

Consideration and possible action to approve the data report required by Texas Education Code, Section 51.4033 and Section 51.4034, related to nontransferable credit and transfer courses

RECOMMENDATION: Approval

Background Information:

Texas Education Code, Sections 51.4033 and 51.4034, require the Texas Higher Education Coordinating Board (THECB) to provide the Legislature with two transfer-related data reports by May 1 of each year, beginning in 2021. Institutions are required to report the necessary data to the THECB to facilitate the preparation of these reports. The report requirements were part of several outlined in Senate Bill (SB) 25, passed in the 86th Legislative Session, relating to measures to facilitate the transfer, academic progress, and timely graduation of students in public higher education. Because the reports both relate to transfer, the information will be combined into one report for the Legislature.

This report describes: (1) courses in the *Lower-Division Academic Course Guide Manual* that are not granted credit at a receiving general academic teaching institution, and (2) the number of courses taken by students at public two-year colleges (referred to as “junior colleges” in statute) who either transferred to general academic teaching institutions or earned associate degrees at the two-year colleges.

The SB 25 “Report on Non-Transferable Credit and Courses Taken at Public Two-Year Colleges” provides an initial snapshot of the transfer landscape in Texas from the perspective of courses attempted, completed, and transferred by students who took courses at two-year public institutions, either while in high school as dual credit or after high school. Unlike transfer data tracked in the past, this data dives more deeply into student course selection and its relationship to transfer and, ultimately, timely and efficient graduation results.

Dr. Melissa Humphries, Assistant Commissioner for Data Management and Research and Dr. Christina Zavala, Director of Student Success and Research, will provide a brief presentation and be available to answer questions.

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM V-B

Report on Financial Aid Advisory Committee activities

RECOMMENDATION: No action required

Background Information:

Texas Higher Education Coordinating Board (THECB) rules require advisory committees to report on committee activities on an annual basis. This allows the board of the THECB to properly evaluate the committee's work, usefulness, and the costs related to the committee's existence. The current report covers the period from September 2022 through June 2023.

The Financial Aid Advisory Committee (FAAC) is authorized under Texas Education Code, Section 61.0776, and Texas Government Code, Section 2110.0012. The FAAC provides the board of the THECB with advice and recommendations regarding the development, implementation, and evaluation of state financial aid programs for college students. The FAAC also assists staff in the development of training materials for use by the Center for Financial Aid Information and others in informing students, parents, secondary education counselors, college personnel, members of appropriate community-based organizations, and others about financial aid opportunities for Texas students, including eligibility requirements and procedures for applying for financial aid.

Ms. Melet Leafgreen, chair of the FAAC, will present a summary of the FAAC's recent activities and will be available to answer questions.

2022-2023 FINANCIAL AID ADVISORY COMMITTEE

ANNUAL REPORT

COMMITTEE ABOLISHMENT DATE: 10/31/2025

Committee Purpose: The Financial Aid Advisory Committee was created to provide the board of the Texas Higher Education Coordinating Board (Board) advice and recommendations regarding the development, implementation, and evaluation of state financial aid programs for college students. It also assists staff in the development of training materials for use by the Center for Financial Aid Information and others in informing students, parents, secondary education counselors, college personnel, members of appropriate community-based organizations, and others about financial aid opportunities for Texas students, including eligibility requirements and procedures for applying for financial aid (Texas Education Code, [Sec. 61.0776](#)). In addition, the committee shall provide insight on state financial aid program policies and procedures (e.g. eligibility, allocations, disbursement processes, etc.); review the collection, use, and reporting of data; and identify areas of research for consideration (Texas Administrative Rules governing this committee can be found by visiting [FAAC Administrative Rules](#) and [Advisory Committee Administrative Rules](#)).

Report Period: September 2022 – August 2023

Chair: Rachelè Garrett – Stephen F. Austin University

Vice Chair: Melet Leafgreen, University of Texas-Southwestern

Past Chair: Denise Welch, Panola College

Committee Member Name	Position and Institution	Term Dates
DeChá Reid	THECB Representative	Sept. 2020-Sept. 2023
Rachele Garrett	Chair-Stephen F. Austin	Nov 2019-June 2024
Denise Welch	Past Chair- Panola College	Nov. 2018-June 2023
Melet Leafgreen	Vice Chair, UT Southwestern	Nov. 2021-June 2024
Jackie Adler	Member, Texas Technical State College	Nov. 2021-June 2024
Gabriela “Gabby” Leon	Member, Alvin Community College	Sept. 2022- June 2025
Victoria Chen	Member, Texas Christian Univ	Nov. 2020- June 2023
Dede Gonzales	Member, Texas State University	Nov. 2020- June 2023
Bridgette Ingram	Member, Texas A & M Univ	Nov. 2020- June 2023
Cecelia Jones	Member, Jarvis Christian Univ	Nov. 2021- June 2023
Rachel Joseph	Student Member, UT Austin	Sept 2022-May 2023
Dede Gonzales	TASFAA Representative	Nov. 2022- Sept. 2023
Scott Lapinski	Member, Blinn UT-Permian Basin	Sept. 2022- June 2023
Holly Nolan	Member, UH-Clear Lake	Nov. 2020-June 2023
Shonna Norton	Member- Wichita Falls ISD	Nov. 2020- June 2023
Sal Ramirez	Member- El Paso ISD	Nov. 2021- June 2024
Thomas Ratliff	Member- Abilene Christina Univ.	Sept. 2022- June 2023
Joseph Ruiz	Member- Del Mar College	Nov. 2021- June 2024
Lynda McKendree	Member- University of St. Thomas	Sept. 2022- June 2025
Tevian Sides	Member- Western Texas College	Nov. 2021- June 2024
Lisa Schoenbrun	Member- El Paso ISD	Sept. 2022- June 2025
Gilbert Zavala	Member- Austin Chamber of Com	Nov. 2021- June 2024

Committee Meeting Dates: Meetings were held virtually and in-person at the Barbara B. Jordan Building.

- 12-08-2022 (Virtually)
- 03-02-2023 (Virtually)
- 06-01-2023 (In-person)

A key item that changed was the start term for new committee members. The FAAC agreed to amend the rules for the nomination cycle to allow new members to start in September. The reporting period reflects the amended rules to better align committee members' start term with the state fiscal year (Sept. 1). September 2022 was previously reported during the 2021-22 FAAC Annual report.

Annual Costs Expended: Meetings were held virtually and in-person, which led to annual expenses.

Travel: \$0

Other: N/A

Time Commitments: 437 hours

Current Recommendations to the Board:

1. Continue to work with the Financial Aid Advisory Committee (FAAC) in providing feedback and recommendations on new initiatives when there would be an implied or real impact on state financial aid program policies and procedures. This is critical to the strengthening of student participation by removing barriers and providing access to higher education.
2. Continue to work with FAAC in seeking feedback on how the state financial aid program rules and policies could better align with federal policies.
3. Continue the work of the Data Collection Subcommittee to review procedures that impact institutions, along with the collection and use of data through institutional reporting.
4. Continue work with TASFA Subcommittee to review and streamline the electronic and paper state application (TASFA).
5. Continue to create and utilize FAAC subcommittees with subject experts to identify areas of research for consideration of topics of interest.
6. Continue to provide information regarding proposed legislative recommendations so FAAC can provide feedback on potential impact to students in high school and postsecondary education.

Summary of Tasks Completed: Over the course of the 2022-23 year, Coordinating Board staff worked with FAAC members to discuss topics and host presentations related to state financial aid and best practices within higher education. Highlights included:

Discussion Topics:

- NASFAA's Student Aid Index (SAI) Modeling
- 2024-25 FAFSA Delay
- State Priority Deadline for Texas
- Proposed Rules in Texas Administrative Code, Chapter 22 Impacting State Financial Aid Programs
- Overview of the Financial Aid for Swift Transfer (FAST) Program

Presentations:

- TXWORKS and Recruiting - Vanessa Malo, Director, THECB
- State of Student Aid and Higher Education in Texas (SOSA) - Jeff Webster, Director of Research and Carla Fletcher, Senior Research Analyst, Trellis
- More FAFSA Completions, with better reporting—all for free - Charlie Maynard, General Manager, Going Merry
- Top 10 Issues Impacting Financial Aid Offices - Karen McCarthy, Vice President of Public Policy, and Federal Regulations, NASFAA
- Fall 2021 Student Financial Wellness Survey - Jeff Webster, VP, Trellis
- Diversity 101—How to address professional judgement - Danchess Ingram, Diversity Awareness Chair, Southwestern Association of Student Financial Aid Administrators

In addition, FAAC's subcommittees actively engaged with THECB staff on several key agency initiatives and policies to help support the advancement of the agency goals and missions. Below are some highlights from the subcommittees:

TASFA Subcommittee: The TASFA Subcommittee continued to work on the online and paper TASFA to improve the student and institutional experience in delivering information on state aid. A non-inclusive list of activities included:

- Working with financial aid and high school representatives on recommended changes for the paper and online TASFA structure
- Launching the 2023-24 Online TASFA in August 2023
- Held multiple webcast trainings to provide a preview of the online TASFA process.
- Identifying key items on the 2024-25 paper TASFA to modify, eliminate, or add to align with the 2024-25 FAFSA questions.

Data Collection Subcommittee: Data Collection Subcommittee continued to work with THECB staff on the agency initiative to improve the importing of institutional data through the Financial Aid Database (FAD) data modernization project, along with being beta testers to the new payment system called Grant and Aid Processing Payment. In addition, the committee provided guidance on the following topics:

- Financial Aid for Swift Transfer (FAST)
- 2023-24 State Program Guidelines
- THECB Secure Systems: MOVEit
- Grant and Aid Processing Platform
- New administrative changes to the Texas College Work-study program

The members of FAAC are appreciative of the Board's approval for the continuation of the committee and offer the following examples of why the FAAC is important:

- The opportunity to share information helps both the agency and the institutions make informative decisions related to financial aid concerns and challenges in higher education.
- Provides a platform to identify key services and ways to successfully administer programs supporting Texas residents in the pursuit of higher education.
- Allows members representing all sectors to provide a perspective on ways to advance the state's mission and goals in Building a Talent Strong Texas.
- Provides opportunities to influence research and reporting that will provide relevant data to assist THECB and legislators when considering future proposals relevant to the support of higher education.

Committee Meeting Minutes

December 8, 2022, FAAC Meeting Minutes

Committee Members in Attendance Via <u>Virtual</u> Meeting Connection		Committee Members Absent
Rachelè Garrett, Chair Denise Welch, Past Chair DeChá Reid, THECB Rep Jackie Adler Reginald Brazzle Dede Gonzales-TASFAA Rep Bridgette Ingram Cecelia Jones Rachel Joseph-Student Rep Melet Leafgreen Lynda McKendree	Gaby Leon Lynda McKendree Holly Nolan Shonna Norton Sal Ramirez Thomas Ratliff Joseph Ruiz Joseph Sanchez Tevian Sides Arnold Trejo	Victoria Chen Scott Lipinski Gilbert Zavala
Agenda Item 1. Welcome, Introductions and Overview of Meeting		Rachelè Garrett, Chair
Handout Provided: Yes		Formal Decision/Action Required No
Summary:		

**See handout for agenda item 1 for more information

Agenda Item 2. Consideration of Approval of Minutes from the meeting held on September 8, 2022

Rachelè Garrett, Chair

Handout Provided: Yes

Formal Decision/Action Required
Yes – minutes approved

Summary:

- No corrections were identified.
- **See handout for agenda item 2 for more information.

Agenda Item 3. Presentation: TXWORKS

Vanessa Malo, Assistant Director, Workforce Education, THECB

Handout Provided: Yes

Formal Decision/Action Required
No

Presentation Summary:

**See handout for agenda item 3 for more information.

Agenda Item 4. Presentation: State of Student Aid and Higher Education in Texas (SOSA)

Jeff Webster, Director of Research, and Carla Fletcher, Sr. Research Analyst, Trellis

Handout Provided: Yes

Formal Decision/Action Required
No

Presentation Summary:

**See handout for agenda item 4 for more information.

Agenda Item 5. Presentation: More FAFSA Completions, with better reporting – all for free

Charlie Maynard, General Manager, Going Merry

Handout Provided: Yes

Formal Decision/Action Required
No

Presentation Summary:

**See handout for agenda item 5 for more information.

Agenda Item 6. Presentation: Top 10 Issues Impacting Financial Aid Offices

Karen McCarthy, Vice President of Public Policy, and Federal Regulations, NASFAA

Handout Provided: Yes

Formal Decision/Action Required
No

Presentation Summary:

**See handout for agenda item 6 for more information.

Agenda Item 7. Update: Prior FAAC Business

DeChà Reid, Senior Director, THECB

Handout Provided: No

Formal Decision/Action Required
No

Standing Item

Update Summary:

- Provide an update on TXWORKS being counted as EPA for other federal programs given that it is using a needed component for eligibility.

Agenda Item 8: Update: External Relations

John Wyatt, Sr. Director, External Relations, THECB

Handout Provided: Yes

Formal Decision/Action Required
No

Standing Item

Update Summary:

- 88th Legislature will convene in a little over a month.
- Governor Abbott and Dan Patrick won their re-election.
- Dave Fleming to return as Speaker.
- TX Legislature will have some familiar faces because of the election.
- New Chairman of House Committee
- Will not have a Senate of Higher Education Committee, Higher Education will be a subcommittee.
- Texas is in good financial health. There is a surplus of funds; there is not an exact dollar amount until the Comptroller releases their budget. There is a constitutional limitation on the amount that can be spent from surplus and a lot of good recommendations on how best to spend it (infrastructure, retirement system, property tax...)
- THECB submitted LAR and 153 million to support grant recipients and support the innovative federally-funded grants (Transfer Grants and Texas Scholar)
- Enact the Community College Commission – need the report to send out – increase in funding for TEOG to serve 70% of eligible students to align it with TEXAS Grant population; greater flexibility of serving students; new program for dual credit students and partnerships with work-based learning.

- In the pre-filing stage on bills
- The volume of higher ed bills is low at this stage.

**See handout for agenda item 8 for more information.

Agenda Item 9. Update: THECB Financial Aid Strategic Priority

Charles Contero-Puls, Assistant Commissioner, THECB

Handout Provided: Yes

Formal Decision/Action Required
No

Standing Item

Update Summary:

**See handout for agenda item 9 for more information.

Agenda Item 10. Update: TASFA Subcommittee: House Bill 3 (FAFSA/TASFA Graduation Requirement) and House Bill 2140 (Online TASFA)

Bridgette Ingram, Subcommittee Chair; Claudette Jenks, Director, Strategic Advising; and Leah Smalley, Assistant Director, THECB

Handout Provided: No

Formal Decision/Action Required
No

Standing Item

Update Summary:

- The projected completion of the online TASFA development is currently the end of January.
 - We are in the process of setting up institutions of higher education with access to download the TASFA files and the daily report from MOVEit, which will be tested with institutions in January – March.
 - The internal team is currently testing both the application submission process and file batch process to both IHEs and the ISDs.
 - We will send an updated file layout to institutions in January to prepare for file transmission testing.
 - We are working with our Marketing and Communications team to develop outreach to all institutions regarding these updates.
 - A dedicated TASFA webpage is being built on the agency's new website.
 - As we identify the question updates for the 2024-2025 FAFSA, we will be revisiting the online TASFA to include all elements institutions will need to calculate the Student Aid Index (replacing the EFC).
 - We will convene the TASFA subcommittee in the early part of February to discuss revisions to the 2024-2025 application for both paper and the online version
- Committee address concerns with communication of a mid-semester launch, alignment with the new FAFSA Simplification

Agenda Item 11. Update: Data Collection Subcommittee

Dede Gonzales, Subcommittee Chair

Handout Provided: Yes

Formal Decision/Action Required
No

Standing Item

Update Summary:

- The committee recommended staggering the FAD deadline dates for sector or volunteer for early submission.

Agenda Item 12. Update: Legislative Subcommittee

Arnold Trejo, Subcommittee Chair

Handout Provided: No

Formal Decision/Action Required
No

Standing Item

Update Summary:

- Working with TASFAA Committee Chair – Dr. Murr – on recommendations
- Communication to legislators on the priorities on the association and committee
 - Bring the state SAP policy in alignment with federal.
 - Advocate TEOG policy in alignment with TEXAS grant (i.e., Pell Grant)
 - Eliminate the Selective Service Requirement to align with federal.

Agenda Item 13. Update: Texas Association for State Financial Aid Administrators (TASFAA)

Dede Gonzales, TASFAA President

Handout Provided: No

Formal Decision/Action Required
No

Standing Item

Update Summary:

- Spring Regional Training has been sited: Houston, El Paso, Lubbock and Rio Grande
- Host joint SWASFAA with TASFAA
- Board meeting next week
- Will ask GoingMerry to present at February Board Meeting
- Requesting ways that TASFAA can best assist institutions

Agenda Item 14. Update: High School District

Lisa Schoenbrun, El Paso ISD; Shonna Norton, Wichita Falls ISD

Handout Provided: No

Formal Decision/Action Required
No

*Standing Item***Update Summary**

- None to report

Agenda Item 15. Update: Office of Student Financial Aid Programs**DeChà Reid, Senior Director, THECB****Handout Provided: No****Formal Decision/Action Required**
No*Standing Item*

Topics of Discussion:

1. THECB Redesigned Website
2. FORWARD Loan Program
3. Released and Upcoming Announcements
4. New Staff Hires

Update:

1. THECB is in the process of performing a soft launch of a newly redesigned website. The color scheme and the navigation from page to page is very different. We are still working on a few areas before we have a full launch. Home - Texas Higher Education Coordinating Board
2. FORWARD Loan Program is a new loan program that is scheduled to launch on January 15, 2023. The Future Occupations & Reskilling Workforce Advancement to Reach Demand (FORWARD) Program provides alternative educational loans to Texas students who are unable to meet an institution's cost of attendance (COA).
 - a. Eligibility Requirements
The student must:
 - Be classified by the institution as a Texas resident.
 - Be registered with Selective Service or be exempt.
 - Meet the satisfactory academic progress requirements set by the institution.
 - Receive a favorable credit evaluation or provide a cosigner who has good credit standing and meets other requirements
 - Be pursuing a High-Demand Credential
 - Eligibility for the program ends two years from the start of the semester in which the student received the first loan through the Program.
 - b. Additional enrollment requirements:
 - If enrolled in a degree program, must have completed at least 50% of the required coursework prior to receiving a loan through the Program.
 - If enrolled in a non-degree program, the program's duration must be less than two years.
 - If enrolled in master's degree coursework, the master's degree must be part of a combined baccalaureate-master's program approved by the institution of higher education.
 - c. Loan Amounts:
 - Annual: Cost of attendance less other financial aid and family resources
 - Aggregate: Cannot exceed manageable student loan debt as determined by the Texas Higher Education Coordinating Board
 - An origination fee will not be assessed for all approved FORWARD borrowers.
 - d. Interest Rate:
 - Interest begins to accrue on the outstanding principal from the date of disbursement using simple interest.
 - Loans are not eligible for interest subsidy, but the interest is not capitalized.
 - Interest is currently at a fixed annual rate of 2.00%.
 - e. Additional Information:
 - *Where can they learn more about this program?* Rules have been written for the FORWARD loan program and are in public comment period. Once Rules are finalized and approved, they will be available to schools. Also, information such as Fact Sheet, Program Comparison Chart, and Program Guidelines will be program resources for schools. More information can be found after rules are adopted: Coordinating Board Rules, Chapter 22, Subchapter C and the Texas Education Code, Chapter 52.
 - *What are the eligible high-demand credentials for the launch?* Nursing/Patient Care, Teaching, Transportation/Logistics, Energy (223 separate CIP codes under these four disciplines)
 - *Are CIP codes specific to certain schools? How will schools know if they exist at their school?* The CIP codes are not specific to certain schools.
 - *Who at the institution is responsible for confirming eligibility?* Whoever currently certifies CAL loans would more than likely be responsible for confirming eligibility. However, we don't think we would stipulate who is responsible for confirming eligibility at the school. That should be a school decision.
 - *How will they be notified when a certification is ready?* A CSV file will be uploaded to their folder in MoveIT.
 - *How do schools certify?* School certification will occur in HelmNet.
 - *When will training be provided?* TBD
 - *Will there be resources available to help navigate through the program (i.e., eligibility, loan management, returning funds, FADs, etc.) and when will those be released?* Fact Sheet and Program Comparison Chart are currently in development. It is our understanding that FAS will be creating Program Guidelines for FORWARD. In addition, information will be on the various Agency

websites. A soft launch of the program is scheduled for the Spring semester, a more robust launch later in the Spring for the Fall semester start.

- *When will additional credentials be added?* No set timeframe but assume new credentials will be added prior to the Fall 2023 semester. We would not anticipate new credentials mid-semester but it could happen.

3. Recent Memos:

- a. 12/06/22 Bilingual Education Program 2022-2023 Biennium Report Memo [PDF]
- b. 11/28/22 Texas Transfer Grant Pilot Program FY 2023 Available Spring 2023 Memo [PDF]
- c. 11/18/22: Institutional Financial Aid Calendar Spring 2023 [PDF]

4. Alert

- a. *It has been reported that the State Net Price Calculator is not working. We are looking into the issue and will report when the portal is functioning again.*

5. Upcoming Memos

- a. FY2023 FAD Manual

6. Upcoming deadlines:

- a. FY2023 TASSP Nominations from Legislators-12/31/2022
- b. FY2022 Bilingual Education Biennium report-1/1/2023

7. Past Deadlines

- a. FY 2022 State Campus Based report and TPEG Guidelines-10/28
 - i. Missing 8 reports
 - ii. Missing 31 TPEG Guidelines
- b. Certification Deadline date for FY22 FAD Cycle Three-12/5/2022
 - i. 65 schools have not certified by the deadline.

9 schools have not submitted a file at all-we are here to assist

Agenda Item 16. Discussion Topic: 2022 FAAC Annual Report	DeChà Reid, Senior Director, THECB
Handout Provided: Yes	Formal Decision/Action Required No
Discussion Summary: **See handout for agenda item 16 for more information. <i>This report will be presented at our January Committee on Innovation, Data, and Educational Analytics.</i>	
Agenda Item 17. Discussion Topic: NASFAA's SAI Modeling	Rachelè Garrett, Chair
Handout Provided: No	Formal Decision/Action Required No
Discussion Topic Tabled until March 2023 meeting	
Agenda Item 18. Discussion Topic: 2023 FAAC Meeting Dates and Location	Rachelè Garrett, Chair
Handout Provided: No	Formal Decision/Action Required Yes, motion approved
This meeting needs to present the 2023 meeting dates and locations. <ul style="list-style-type: none"> • Motion: Denise Welch • Second: Dede Gonzales • Committee members passed the proposed dates for 2023. Proposed dates. <ul style="list-style-type: none"> • March 2 – Virtual • June 1 – In-person (committee members departing) • September 7 – In-person (new committee members' first meeting) • December 7 - Virtual 	
Agenda Item 19. Discussion Topic: Feedback for Future Meetings	Rachelè Garrett, Chair
Handout Provided: No	Formal Decision/Action Required No
<ul style="list-style-type: none"> • Apply Texas 	
Agenda Item 20. Adjournment	Rachelè Garrett, Chair
Handout Provided: No	Formal Decision/Action Required No
Motion to Adjourn: Melet Leafgreen Second: Cecelia Jones Adjourned at 2:42 p.m.	
Reminder. Announcement: Expense Reports	Rachelè Garrett, Chair

March 2, 2023, FAAC Meeting Minutes

Committee Members in Attendance Via <u>Virtual</u> Meeting Connection		Committee Members Absent
Rachelè Garrett, Chair Denise Welch, Past Chair DeChà Reid, THECB Rep Victoria Chen Dede Gonzales (TASFAA Rep.) Bridgette Ingram Cecelia Jones Melet Leafgreen Gaby Leon Scott Lapinski	Lynda McKendree Holly Nolan Shonna Norton Sal Ramirez Joseph Ruiz Joseph Sanchez Lisa Schoenbrun Tevian Sides Gilbert Zavala	Jackie Adler Rachel Joseph (Student Rep.) Thomas Ratliff
Agenda Item 1. Welcome, Introductions and Overview of Meeting		Rachelè Garrett, Chair
Handout Provided: No		Formal Decision/Action Required No
Agenda Item 2. Consideration of Approval of Minutes from the meeting held on December 8, 2022		Rachelè Garrett, Chair
Handout Provided: Yes		Formal Decision/Action Required Yes – <i>minutes approved</i>
Summary: <ul style="list-style-type: none"> No corrections were identified. **See handout for agenda item 2 for more information.		
Agenda Item 3. Presentation: Diversity 101		D. Ingram, Diversity Awareness Chair, Southwestern Association of Student Financial Aid Administrators
Handout Provided: No		Formal Decision/Action Required No
Presentation Summary:		
Agenda Item 4. Presentation: Fall 2021 Student Financial Wellness Survey		Jeff Webster, Director of Research, and Carla Fletcher, Sr. Research Analyst, Trellis
Handout Provided: Yes		Formal Decision/Action Required No
Presentation Summary: **See handout for agenda item 4 for more information.		
Agenda Item 5. Update: Prior FAAC Business		DeChà Reid, Senior Director, THECB
Handout Provided: No		Formal Decision/Action Required No
Standing Item Update Summary: <ul style="list-style-type: none"> Regarding EFA for TXWORKS Internship Program, TXWORKS does not count as EFA. For more information about the TXWORKS Program, you can email Vanessa Malo at vanessa.malo@highered.texas.gov 		
Agenda Item 6. Update: External Relations		John Wyatt, External Relations, THECB
Handout Provided: No		Formal Decision/Action Required No
Standing Item Update Summary: <ul style="list-style-type: none"> The Legislature has been in session for two months. Committees have been appointed in both chambers. Higher Education will function as a subcommittee in the Senate with Senator Brandon Creighton as the chair. Representative John Kuempel is the chair for the House Higher Education Committee Major funding and policy items: <ul style="list-style-type: none"> Both chambers have introduced their first draft appropriation bills; introduced bills keep financial aid programs funding levels even with previous biennium. 		

- THECB has requested additional financial aid assistance through Texas Grant, TEOG and TEG to keep those grants at the same service level as the last biennium so the same percentage of students can be served through those programs.
 - Senate Finance Committee & House Appropriations Committee meeting to discuss the budget proposals.
- HB8- Legislation to enact the recommendations made by the Community College Finance Commission.
 - Looking at how to fund community colleges & keep them affordable.
 - Recommendation: an increase in TEOG funding so that the TEOG program could serve 70% of eligible students (currently only serves approx.. 25-28% of eligible students).
 - Funding for this was included and will only happen if legislation is passed.
- Other bills to note:
 - SB34 and SB35- Texas Promise Grant bills (Sen. Zaffirini).
 - SB902- codify in statute Texas Leadership Scholar Programs (Sen. West)
 - THECB included \$25 mil in funding for the program in its legislative appropriations request.
 - HB 1192 & SB371 – TASSP – bills intended to provide flexibility around the number of required participation years in the ROTC program (Rep. Turner & Sens. Eckhardt & Campbell)

Agenda Item 7. Update: THECB Financial Aid Strategic Priority	Charles Contero-Puls, Assistant Commissioner, THECB (presented by DeChà Reid)
Handout Provided: No	Formal Decision/Action Required No
<i>Standing Item</i> Update Summary: The work is in the final stages of review & more updates are to come.	
Agenda Item 8. Update: TASFA Subcommittee House Bill 3 (FAFSA/TASFA Graduation Requirement) and House Bill 2140 (Online TASFA)	Bridgette Ingram, Subcommittee Chair; Claudette Jenks, Director, Strategic Advising and Leah Smalley, Assistant Director, THECB
Handout Provided: No	Formal Decision/Action Required No
<i>Standing Item</i> Update Summary: <ul style="list-style-type: none"> • TASFA Subcommittee will meet on 3/3/23. 	
Agenda Item 9. Update: Data Collection Subcommittee	Dede Gonzales, Subcommittee Chair
Handout Provided: Yes	Formal Decision/Action Required No
<i>Standing Item</i> Update Summary: **See handout for agenda item 9 for more information	
Agenda Item 10. Update: Legislative Subcommittee	Subcommittee Chair
Handout Provided: N/A	Formal Decision/Action Required N/A
<i>Standing Item</i> Update Summary: <ul style="list-style-type: none"> • No updates to provide. 	
Agenda Item 11. Update: Texas Association for State Financial Aid Administrators (TASFAA)	Dede Gonzales, TASFAA President
Handout Provided: No	Formal Decision/Action Required No
<i>Standing Item</i> Update Summary: <ul style="list-style-type: none"> • Board meeting to discuss strategic plan for the next three years. • Legislative Issues Committee drafted a letter (found on TASFAA website) to outline association's legislative goals, sent to the Commissioner, the Senate Higher Education Subcommittee, the House Higher Education Committee, and several legislators who have filed financial aid-related bills. <ul style="list-style-type: none"> ○ Four Goals, three align state policies with federal policies. <ul style="list-style-type: none"> ▪ Satisfactory Academic Progress ▪ Selective Service ▪ Drug Offenses 	

<ul style="list-style-type: none"> TEOG Matching Regional Trainings are ongoing. 	
Agenda Item 12. Update: High School District	Lisa Schoenbrun, El Paso ISD; Shonna Norton, Wichita Falls ISD
Handout Provided: No	Formal Decision/Action Required No
<i>Standing Item</i> Update Summary: <ul style="list-style-type: none"> Concerned about the delay of the 2024-25 FAFSA. 	
Agenda Item 13. Update: Office of Student Financial Aid Programs	DeChà Reid, Senior Director, THECB
Handout Provided: No	Formal Decision/Action Required No
<i>Standing Item</i> Topics of Discussion: <ol style="list-style-type: none"> Grant Application and Payment Portal (GAPP) New Staff Hires Released and Upcoming Announcements Upcoming and Past Deadline Dates Grant Application and Payment Portal (GAPP) <ul style="list-style-type: none"> GAPP is a modernized platform that will integrate 14 out of 20 of the financial aid programs which consist of grants, work-study, loan repayment, exemption, and scholarships. The system will allow institutions to approve user access, upload documents (e.g., program participation), request payments, monitor program spending, send communication directly to THECB staff, and submit authority to transfer requests. The goal is to go live with a few programs in Fall 2023. The proposed programs are: Work-study programs, Educational Aide, and Bilingual Education. More information and training will be released introducing the improved payment platform. Financial Aid Personnel Activity <ul style="list-style-type: none"> THECB has been busy with hiring and promoting internal staff. To date, we had: <ul style="list-style-type: none"> New Hires: 4 <ul style="list-style-type: none"> 1 Manager II for our Workforce Aid (Loan Repayment) team 1 Program Specialist III for our Institutional Aid (Operational) team 2 Customer Service Reps for our Student Aid (Loan Origination) team Vacancies: 2 <ul style="list-style-type: none"> 1 Programs Specialist III for our Institutional Aid (Operations) team 1 Customer Services Rep III for our Workforce (Loan Repayment) team Released Memos <ul style="list-style-type: none"> March 1, 2023 – Tuition Equalization Grant (TEG) FY2024 Award Amounts Memo [PDF] February 24, 2023 – 2022-23 (FY 2023) FORWARD Loan Program Guidelines Memo [PDF] February 22, 2023 – NEW LOAN PROGRAM: FORWARD Loan Program Memo [PDF] February 21, 2023 – Financial Aid Database (FAD) FY 2023 Update Memo [PDF] February 16, 2023 – Texas State Financial Aid FY 2024 OPT-IN/OPT-OUT Form Memo [PDF] February 2, 2023 – Texas Transfer Grant Program Spring 2023 Reimbursement Request Memo [PDF] January 26, 2023 – Financial Aid Database (FAD) Manual - FY 2023 (2022-23) Memo [PDF] January 25, 2023 – Good Neighbor Program FY 2024 (2023-24) Memo [PDF] January 19, 2023 – Toward EXcellence, Access, and Success (TEXAS) Grant and Texas Educational Opportunity Grant FY 2024 Award Amounts Memo [PDF] Upcoming Memos <ul style="list-style-type: none"> March 6, 2023 – FY 2023 Authority to Transfer [PDF] Upcoming deadlines <ul style="list-style-type: none"> March 3, 2023 – 2023-24 Texas State Financial Aid OPT-IN/OPT-OUT Form March 15, 2023 – FY2023 Good Neighbor Program Nominations [PDF] Past Deadlines <ul style="list-style-type: none"> February 28, 2023 – Spring 2023 Texas Transfer Grant Reimbursement Request <ul style="list-style-type: none"> As a reminder, the purpose of submitting your reimbursement data sooner is so the agency can assess the amount of spring funds available for reallocation to other schools that may need additional funding. 	

Agenda Item 14. Discussion Topic: Proposed Rules that Impact Financial Aid Programs		DeChà Reid, Senior Director, THECB
Handout Provided:		Formal Decision/Action Required
These proposed rules will be adopted at our April Board Meeting.		
Proposed Rule(s)	Proposed Amendments	
19 TAC §22.1	In 22.1, the definition of "expected family contribution" is amended to reflect that the phrase refers to the applicable federal methodology.	
19 TAC §§22.22 - 22.24, 22.28, 22.29	In §22.22, two redundant definitions are repealed since the items are explained elsewhere in the subchapter. In §22.23, the timing of data submissions is clarified to ensure that allocation activities can occur in a timely manner. In §22.24(8), eligibility criteria are provided for exceptional TEG need. In §22.28, a clarifying reference to §22.4 is added. In §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 §22.30.	
19 TAC §22.30	In 22.30, this new section will establish language currently in §22.29 as a separate rule for greater clarity.	
19 TAC §22.49	In 22.49 will implement new standards regarding the aggregate and annual loan limits.	
<p>Another proposed rule change that we are interested in getting feedback on would impact community colleges.</p> <p>Before we submit a request for a proposed rule change, we were hoping to get your input on whether you think the Coordinating Board should consider calculating two maximum TEOG amounts: an in-district amount and an out-of-district amount.</p> <p>The statute does not distinguish between in-district vs. out-district: TEC 56.407(a) indicates, “the amount of a grant under this subchapter for a student enrolled full-time at an eligible institution is the amount determined by the coordinating board as the average statewide amount of tuition and required fees that a resident student enrolled full-time in an associate degree or certificate program would be charged for that semester or term at eligible institutions.” This can be interpreted as both in-district and out-of-district students are residents.</p> <p>However, our rule for calculating the maximum grant is based on in-district resident tuition and fees. (19 TAC §22.261(b)(2)). We understand that this can lead to some funding challenges at some community colleges, since out-of-district resident tuition and fees are usually several thousand dollars more than in-district resident tuition and fees. TEOG requires institutions to ensure that any TEOG recipient is receiving grant funds to cover tuition and fees. Many community colleges do not have significant institutional funds to draw from to cover the difference between the maximum TEOG and a student's out-of-district resident tuition and fees, and thus they may avoid offering TEOG to out-of-district students.</p> <p>We are proposing to re-write our rule to calculate both an in-district maximum and an out-of-district maximum to provide institutions with greater flexibility in the utilization of their funding to support the goals of the TEOG program. What are your thoughts on this proposal?</p> <p><i>If the TEOG appropriation increases that have been proposed by the Community College Finance Commission are approved, having an out-of-district maximum may be essential to ensuring institutions can execute the increased funding level.</i></p>		
Agenda Item 15. Discussion Topic: 2024-25 FAFSA Delay		Rachelè Garrett, Chair
Handout Provided: No		Formal Decision/Action Required No
Discussion Summary: <ul style="list-style-type: none">Discussion on how institutions are approaching marketing & high school outreach related to the delay.		
Agenda Item 16. Feedback for Future Meetings		Rachelè Garrett, Chair
Handout Provided: No		Formal Decision/Action Required No
Feedback Summary: <ul style="list-style-type: none">Legislative recap on various Financial Aid changes that may be occurring during the legislative session.		

- Further 2024-25 FAFSA discussion to see if DoE has provided any guidance by June 1.

Agenda Item 17. Adjournment**Rachelè Garrett, Chair****Handout Provided: No****Formal Decision/Action Required**
No**Summary:**

- Motion to adjourn made by Denise Welch
- Motion to adjourn seconded

Meeting adjourned at 12:35 p.m.**Reminder. Announcement: Expense Reports****Rachelè Garrett, Chair**

June 1, 2023, FAAC Meeting Minutes

Committee Members in Attendance (In-Person)	Committee Members in Attendance (Virtual)	Committee Members Absent
Rachelè Garrett, Chair Denise Welch, Past Chair DeChà Reid, THECB Rep Victoria Chen Dede Gonzales Bridgette Ingram Gaby Leon Scott Lapinski Lynda McKendree Joseph Ruiz Joseph Sanchez Tevian Sides	Jackie Adler Cecelia Jones Shonna Norton Thomas Ratliff Lisa Schoenbrun Gilbert Zavala	Rachel Joseph Melet Leafgreen Holly Nolan Sal Ramirez
Agenda Item 1. Welcome, Introductions and Overview of Meeting		Rachelè Garrett, Chair
Handout Provided: No		Formal Decision/Action Required No
Agenda Item 2. Consideration of Approval of Minutes from the meeting held on December 8, 2022		Rachelè Garrett, Chair
Handout Provided: Yes		Formal Decision/Action Required Yes – <i>minutes approved</i>
Summary: <ul style="list-style-type: none"> No corrections were identified. **See handout for agenda item 2 for more information.		
Agenda Item 3. Update: Prior FAAC Business		DeChà Reid, Senior Director, THECB
Handout Provided: No		Formal Decision/Action Required No
Standing Item Update Summary: <ul style="list-style-type: none"> No prior business 		
Agenda Item 4. Update: External Relations		John Wyatt, External Relations, THECB
Handout Provided: No		Formal Decision/Action Required No
Standing Item Update Summary: <ul style="list-style-type: none"> The Legislative Session concluded on May 29 Most productive session based on the number of bills that were passed that supported higher education. Substantial investments in higher education: <ul style="list-style-type: none"> Appropriated over 1.4 billion in three grant programs Community colleges – funded TEOG at the same service level at TEXAS Grant <ul style="list-style-type: none"> HB8 enacted the Community College Finance Creates a new program for dual credit students called FAST; will have an emergency rules which is good for 90 days (will come out in August 2023); FAST has three components: <ul style="list-style-type: none"> Eligible Institution-Must agree to the terms of the program (this is an optional program-not mandatory); institution must treat the student based on the program; the institution will receive funding if the student enrolls and receives Eligible Student-No cost be enrolled and educationally disadvantage (tuition, fees, and books) Eligible Course-Has to be applicable towards an AA or Credential of Value (field of study, Foreign Language, Core,) Eliminates the Pell requirement from TEOG HB8 added new programs HB 4434 expanded the Texas First to all public schools A new bill that creates a new program for competency-based programs HB4363 for Teachers First is a new program to help support teachers Authorized THECB that TEXAS Grant will fund top 10% high school graduates Transfer Grant and Texas Leadership will be supported in legislation; Texas Leaders is within statute and it has a research a research program for graduates 		

- \$25 million in loan repayment programs to support healthcare workforce
- Numerous programs in financial aid programs
- Still in the Governors veto period which ends on June 29; can veto a line item on the budget
- There are still contingencies that remain to determine which specific programs that were funded
- Will produce a summary of legislation for higher education by July
- There will be special sessions on specific items: property taxes and border and there will be more based on what the Governor decides is important.
- Educationally disadvantaged means a student that can receive free lunch four years prior to receiving FAST (Financial Aid Swift Transfer)

Agenda Item 5. Update: THECB Financial Aid Strategic Priority**Charles Contero-Puls, Assistant Commissioner, THECB****Handout Provided: Yes****Formal Decision/Action Required**
No*Standing Item***Update Summary:**

**See handout for agenda item 5 for more information.

Agenda Item 6. Update: TASFA Subcommittee House Bill 3 (FAFSA/TASFA Graduation Requirement) and House Bill 2140 (Online TASFA)**Bridgette Ingram, Subcommittee Chair; Claudette Jenks, Director, Strategic Advising and Leah Smalley, Director, THECB****Handout Provided: No****Formal Decision/Action Required**
No*Standing Item***Update Summary:**

- 2023-24 TASFA was delayed until summer; in regression testing for the application
- Developed an Admin portal for internal staff to help support students, parents, and schools,
- Over the past few months have done test files with the committee; confirmed that the test files can be released to all schools; will send out a notice in June; each school can do what they want to do with the test file and it is a good foundation for what 2024-25 will look like
- Looking at training and demo for June 2023 for schools and SFTP process
- Moved away from collecting a signature to an acknowledgment box similar to ApplyTX; this will change the file layout but will not change the position but will send out a new file layout
- Still a lot of work to be done for 2024-25; doing a massive comparison of what changes will impact TASFA
- The goal is to announce changes of the TASFA during the Sept FAAC meeting

Agenda Item 7. Update: Data Collection Subcommittee**Dede Gonzales, Subcommittee Chair****Handout Provided: Yes****Formal Decision/Action Required**
No*Standing Item***Update Summary:**

**See handout for agenda item 7 for more information

Agenda Item 8. Update: Legislative Subcommittee**Denise Welch, Past Chair****Handout Provided: No****Formal Decision/Action Required**
No*Standing Item***Update Summary:**

- The TASFAA and FAAC Legislative combined the two groups
- Chris Murr, the chair has sent out an update about the bills that are awaiting for signatures

Agenda Item 9. Update: Texas Association for State Financial Aid Administrators (TASFAA)**Dede Gonzales, TASFAA President****Handout Provided: No****Formal Decision/Action Required**
No*Standing Item***Update Summary:**

- Completed the spring regional trainings which had about 85 participants; about a 40% pass rate with the NASFAA Credential
- Will have a joint SWASFAA and TASFAA conference in October; registration to open in June-Theme is Uncharted

- Denise Welch is President-Elect
- Elections are coming up this summer for new TASFAA Board members and a President

Agenda Item 10. Update: High School District

Lisa Schoenbrun, El Paso ISD; Shonna Norton, Wichita Falls ISD

Handout Provided: No

Formal Decision/Action Required
No

Standing Item

Agenda Item 11. Update: Office of Student Financial Aid Programs

DeChà Reid, Senior Director, THECB

Handout Provided: No

Formal Decision/Action Required
No

Standing Item

Topics of Discussion:

5. Grant Application and Payment Portal (GAPP)
6. New Staff Hires
7. Released and Upcoming Announcements
8. Upcoming and Past Deadline Dates

Grant Application and Payment Portal (GAPP)

- GAPP is a modernized platform that will integrate 14 out of 20 of the financial aid programs which consist of grants, work-study, loan repayment, exemption, and scholarships.
- The system will allow institutions to approve user access, upload documents (e.g., program participation), request payments, monitor program spending, send communication directly to THECB staff, and submit authority to transfer requests.
- The goal is to go live with a few programs in Fall 2023. The proposed programs are: Work-study programs, Educational Aide, and Bilingual Education.
- More information and training will be released introducing the improved payment platform.

Financial Aid Personnel Activity

- THECB has been busy with hiring and promoting internal staff. Charles mentioned our recent reorganization; we are continuing to look at how best to structure our area to fit the needs of our customers and the agency.
 - New Hires: 2
 - 1 Customer Service Representative for our Loan Repayment team
 - 1 Program Specialist III for our Institutional Aid (Operational) team

Released Announcements

- May 15, 2023 – Memo: 10-Day Review Data Review (Preliminary Allocations)
- May 15, 2023 – Memo: TEXAS Grant 10-Day Allocation Data Review
- May 15, 2023 – Memo: TEOG 10-Day Allocation Data Review
- May 15, 2023 – Memo: Texas College Work-Study Program 10-Day Allocation Data Review
- May 15, 2023 – Memo: EAE 10-Day Allocation Data Review
- May 15, 2023 – Memo: 2024-2025 – TEG OPT-IN/OPT-OUT Form
- May 18, 2023 – [Memo: State Net Price Calculator \(2021-22\)](#)
- May 18, 2023 – Dear Colleagues: Institutional Calendar – Summer 2023
- May 22, 2023 – [Memo: Good Neighbor Program FY 2024 \(2023-24\) – Selected Students](#)

Upcoming Memos

- June 7, 2023 – [Memo: 2023 FAD Cycle 2 Opens](#)
- June 16, 2023 – [Memo: 2024-25 Program Participation Agreement Announcement](#)
- June 22, 2023 – Memo: TEG 10-Day Allocation Data Review
- Launching GAPP

Upcoming deadlines

- All private/independent institutions eligible to participate in the Tuition Equalization Grant (TEG) Program are **required** to complete the 2024-2025 Biennium (FY 2023-24 and FY 2024-25) Opt-In/Opt-Out form. Notifications were sent to financial aid directors at each institution. The deadline to submit the form is today, **June 1, 2023**.
- All public institutions that enroll full-time entering first year students are required to submit the most recent version (2021-22) of the U.S. Department of Education's (ED) Net Price Calculator template to the THECB by **June 23, 2023**. See [memo from May 18, 2023](#).
- Institutions requesting to transfer funds between state grant and work-study programs must submit a request by **July 1, 2023** using the [Authority to Transfer form](#). Please see the [memo from Mar. 6, 2023](#).

Past Deadlines

<ul style="list-style-type: none"> None. 	
Agenda Item 12. Discussion Topic: Recognition of Members Stepping Down	Rachelè Garrett, Chair
Handout Provided: No	Formal Decision/Action Required No
Discussion Summary: <ul style="list-style-type: none"> This topic will discuss the FAAC members whose term ends on 6/30/2023. <p>Denise Welch – Panola College Victoria Chen – Texas Christian University Bridgette Ingram – Texas A&M University Holly Nolan – University of Houston Clear Lake Shonna Norton – Wichita Falls Independent School District Thomas Ratliff – Abilene Christian University Joseph Ruiz – Del Mar College Joseph Sanchez – UNT Health Science Center</p>	
Agenda Item 13. Discussion Topic: Recommendation on Proposed Nominees for 2023 FAAC	DeChà Reid, Senior Director, THECB
Handout Provided: Yes	Formal Decision/Action Required No
Discussion Summary: <ul style="list-style-type: none"> This topic will discuss the proposed 2023 FAAC member recommendations. <p>**See handout for agenda item 13 for more information.</p>	
Agenda Item 14. Discussion Topic: State Priority Deadline	Charles Contero-Puls, Assistant Commissioner, THECB
Handout Provided: No	Formal Decision/Action Required No
Discussion Summary: <ul style="list-style-type: none"> This topic will discuss the impact of the 2024-25 FAFSA not being available until December and to gather FAAC recommendation on whether an alternate financial aid application deadline is necessary for 2024-2025 academic year. The Jan. 15 State Priority Deadline is in administrative rule Proposed a new rule that will provide the Commissioner the flexibility to delay the rule if there is an extenuating circumstance (i.e., natural disaster); this is an annual review based on the circumstances; this will go back to 1/15 for 2025-26. The rule will go to the July Board meeting for approval and will not be official until August 2023; want to get the feedback early. Received a couple of comments back for approval of the new rule Input from FAAC on the delay of 2024-25: Agree about 3/15 is a reasonable date ASAP, check with your school (recommended submission date) 	
Agenda Item 15. Transition of Leadership	Rachelè Garrett, Chair
Handout Provided: No	Formal Decision/Action Required No
Agenda Item 16. Feedback for Future Meetings	Melet Leafgreen, Chair
Handout Provided: No	Formal Decision/Action Required No
Agenda Item 17. Adjournment	Melet Leafgreen, Chair
Handout Provided: No	Formal Decision/Action Required No
Summary: Meeting adjourned at 12:35 p.m.	
Reminder. Announcement: Expense Reports	Rachelè Garrett, Chair

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM V-C

Consideration and possible action to appoint a student representative to the Financial Aid Advisory Committee

RECOMMENDATION: Approval

Background Information:

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

The term of membership for student members of this committee starts June 1, 2024, and ends May 31, 2026.

THECB staff received applications from four-year public institutions of higher education. Applicants were reviewed to ensure they first met the minimum criteria, and then were further evaluated based on the following criteria:

- Academic achievement
- Community and school service
- Work or internship experience
- General commitment to higher education issues

A review committee, composed of staff who directly support the advisory committee, identified a finalist.

The recommended student representative is listed on the following page.

Leah Smalley, Senior Policy Director for Student Financial Aid Programs, will be available to answer questions.

The Financial Aid Advisory Committee consists of financial aid practitioners, public school counselors, and other persons employed in the non-profit sector in roles with responsibility for advising students regarding financial aid. The committee meets at the offices of the Texas Higher Education Coordinating Board approximately four times a year. The committee provides the board of the THECB with advice and recommendations regarding the development, implementation, and evaluation of state financial aid programs for college students.

Finalist: Farzaneh Fouladi

Ms. Fouladi is a student at The University of Texas at Rio Grande Valley pursuing her Ph.D. in Business Administration with a concentration in Management.

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM V-D

Consideration and possible action to approve the recommendations of the commissioner and formula advisory committees relating to funding formulas for use by the governor and the Legislative Budget Board in making appropriations recommendations to the appropriate legislative committees

RECOMMENDATION: Approval

Background Information:

Every two years, the Texas Higher Education Coordinating Board (THECB) is required to make recommendations to the governor and Legislative Budget Board regarding formula funding appropriations for public higher education institutions, other than community colleges. These recommendations must be provided by June 1, 2024.

As part of this review, the THECB is required to employ an ongoing process of committee review and expert testimony and analysis. To assist in this process, advisory committees are established to prepare recommendations to the commissioner and board of the THECB. In each summer of odd-numbered years, two committees are convened:

1. General Academic Institutions, Technical Colleges, and Lamar State Colleges Formula Advisory Committee
2. Health-Related Institutions Formula Advisory Committee

Emily Cormier, Assistant Commissioner for Funding and Resource Planning, will provide a brief overview of the funding formulas and the committee chairs for each of these sectors will present their recommendations. There will also be a presentation on the commissioner's recommendations.

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM V-E

Consideration and possible action to appoint members to the Standing Advisory Committee for Public Junior Colleges

RECOMMENDATION: Approval

Background Information:

The 88th Texas Legislature, Regular Session, passed House Bill 8 (HB 8), which requires a “standing advisory committee composed of representatives of public junior colleges to provide advice and counsel to the coordinating board with respect to the funding of public junior colleges” under Texas Education Code 130.001(b). The Texas Higher Coordinating Education Board (THECB) appoints members on the recommendation of the commissioner.

The Standing Advisory Committee (SAC) includes up to 12 representatives and senior administrators of community colleges, including representatives of each accountability group and of college chief executive officers, chief financial officers, chief academic officers (provosts), and institutional researchers or other experts. The SAC will study and provide counsel and recommendations regarding the formulas, administration, and other components of the Public Junior College Finance Program. The 12 members of the SAC serve under a staggered three-year term limit.

Commissioner Harrison Keller recommends the individuals shown in the following table to replace the four members whose terms end in June 2024. The terms for these individuals are through June 1, 2027.

- Tiska Thomas, Chief Financial Officer, Dallas College
- Sarah Van Cleef, Vice President for Financial and Administrative Affairs/Chief Financial Officer, Tyler Junior College
- Jeff Engbrock, Comptroller/Chief Financial Officer, Galveston College
- Dr. Ron Clinton, President, Northeast Texas Community College

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

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM V-F (1)

Consideration and possible action to adopt proposed amendments to Board Rules, Chapter 13, Subchapter S, Sections 13.550-13.558 and 13.560-13.564, concerning the Community College Finance Program

RECOMMENDATION: Approval

Background Information:

The Texas Higher Education Coordinating Board (Coordinating Board or THECB) proposes new rules in Texas Administrative Code (TAC), Title 19, Part 1, Chapter 13, Subchapter S, Sections 13.550-13.558 and 13.560-13.564, Community College Finance Program. The proposed subchapter will replace TAC, Title 19, Part 1, Chapter 13, Subchapter P as the primary community college finance subchapter starting in Fiscal Year 2025. Sections 13.553 and 13.556-13.558 are proposed with changes to the text as published in the January 26, 2024, issue of the *Texas Register* (49 TexReg 354) and will be republished. Sections 13.550-13.552, 13.555, and 13.560-13.564 are proposed without changes and will not be republished.

The Coordinating Board initially adopted rules relating to the new community college finance system on an emergency basis in August 2023, including Chapter 13, Subchapter P, allowing for the implementation of House Bill (HB) 8 by the start of Fiscal Year 2024. Subchapter S, which becomes effective on September 1, 2024, contains the following substantive changes to the rules previously adopted by the Coordinating Board in Subchapter P, which are no longer in effect after August 31, 2024:

- Guidance on permissible expenditures of state-appropriated funds, aligned with restrictions contained in the 2024-2025 General Appropriations Act and Texas Education Code 130.003(c) (see proposed Rule 13.562)
- Requirements for schools receiving a scale adjustment under the Base Tier allocation to submit a report on participation in shared services, implementing Texas Education Code 130A.054(e) (see proposed Rule 13.563)
- Clarification of the Structured Co-Enrollment Fundable Outcome definition, including that these outcomes do not also include courses fundable under the Dual Credit or Dual Enrollment Fundable Outcome (see proposed Rule 13.553(30))
- Modification of the methodology used to calculate the tuition and fees used in the Base Tier Allotment, designed by the Coordinating Board to improve the accuracy, timeliness, and transparency of this value (see proposed Rule 13.554(d))
- Clarification of the Transfer Fundable Outcome to ensure that neither hours reported by an institution nor individual student transfers count towards more than one fundable outcome (see proposed Rules 13.533(32) and 13.556(e))

AGENDA ITEM V-F (1)

Page 2

- Refinement of the methodology for calculating Adult Learners, intended to reinforce institutions' incentives to encourage timely completion and to apply the added weight for Adult Learners to a broader range of outcomes (see proposed Rule 13.557)
- Addition of Third-Party Credentials as a new fundable outcome, in recognition of institutions enabling students to earn credentials of value conferred by third-party providers (see proposed Rule 13.556)
- Clarification and addition of greater detail of the Credential of Value Baseline filter, the minimum benchmark credentials must meet for fundability, which is met by producing a positive return on investment relative to a high school diploma within 10 years (see proposed Rule 13.556)
- Addition of a new Credential of Value Premium as a fundable outcome that rewards an institution when a student earns a credential of value at sufficiently low cost that they are projected to achieve a positive return on investment on or before the year in which the majority of graduates are projected to reach that threshold (see proposed Rule 13.556)
- Recognition of completion of an Opportunity High School Diploma – a new program established by HB 8 (88th Texas Legislature, Regular Session) – as a fundable outcome under the Performance Tier (see proposed Rule 13.556)
- Revision of the Dual Credit and Dual Enrollment Fundable Outcome to ensure that the hours reported by institutions do not count towards multiple fundable outcomes and to include completion of the Texas First program, established by Senate Bill 1888 (87th Texas Legislature, Regular Session) (see proposed Rule 13.556)
- Revisions to certain workforce credential definitions, including Occupational Skills Awards (OSAs), Continuing Education Certificates, and Institutional Credentials Leading to Licensure or Certification (ICLCs), to align more closely with industry practices; this includes redefining ICLCs to fund only the conferring of a credential (see proposed Rule 13.553)
- Specification that the Coordinating Board will apply the rules in effect for the fiscal year in which the funding was delivered, clarifying for institutions which rules will apply as the Coordinating Board continues to refine the community college finance system (see proposed Rule 13.552)
- Exclusion of credentials awarded to non-resident students located outside of Texas and enrolled in 100% online programs from eligibility for funding, in alignment with restrictions on contact hour funding beginning with awards in Fiscal Year 2025 (see proposed Rule 13.556(b)).

The adoption of Subchapter S maintains continuity with existing rules in Subchapter P while adopting the changes listed above and ensuring the applicability of the rules beyond Fiscal Year 2024.

Rule 13.550, Purpose, establishes the purpose of Subchapter S to implement the new community college finance system established by HB 8 (88th Texas Legislature, Regular Session).

Rule 13.551, Authority, establishes the portions of the Texas Education Code (TEC) that authorize the Coordinating Board to adopt rules pertaining to community college finance.

Rule 13.552, Applicability, states the Coordinating Board will apply the rules in effect for the fiscal year in which the funding was delivered, unless otherwise provided. This provision provides guidance to institutions on which rules will apply as the Coordinating Board iterates and refines the community college finance framework.

Rule 13.553, Definitions, lists definitions pertinent to the community college finance system. Whereas the current Subchapter P uses the Definitions section to elaborate on policy details, this revised section provides only general meanings of terms and reserves substantive policy detail for the sections described below.

Rule 13.554, Base Tier Allotment, establishes the calculations used to determine Base Tier funding that the legislature entitled community colleges to receive under TEC, Sections 130A.051-056. To summarize, Base Tier funding is calculated as Instruction and Operations (I&O) minus Local Share. If Local Share is greater than Instructions and Operations, then Base Tier funding is zero.

Specifically, Rule 13.554(b) establishes the I&O funding amount, corresponding to TEC, Section 130A.052, as Contact Hour Funding plus the product of the Weighted Full-Time Student Equivalents (Weighted FTSE) multiplied by Basic Allotment. The rule explicitly defines the calculations used to derive Full-Time Student Equivalents based on contact hours and semester credit hours reported to the Coordinating Board by community college districts. Hours reported are weighted by student characteristics as instructed by TEC, Section 130A.054, at levels based on the higher cost of educating students with certain characteristics (e.g., adult learners are weighted the highest due to the higher cost of educating the student). In accordance with TEC, Section 130A.055, the rule defines Contact Hour Funding as the institution's reported base-year contact hours, weighted by the average cost to provide each contact hour in each discipline as defined in the Report of Fundable Operating Expenses. The Basic Allotment rate and contact hour funding rate are set by the commissioner from funding amounts derived from the General Appropriations Act, in accordance with TEC, Sections 130A.053 and 130.055.

Rule 13.554(d) establishes Local Share as the amount of maintenance and operations ad valorem tax revenue generated by \$0.05 per \$100 of taxable property value in a college's taxing district plus the amount of tuition and fee revenue that would be generated by charging the average amount of tuition and fees charged by community college districts in the state of Texas to each in-district FTSE, in accordance with TEC, Section 130A.056. Specifically, the Coordinating Board will calculate estimated tax revenue for each district as the actual amount of current tax revenue collected in Fiscal Year 2022 multiplied by the ratio of the maintenance and operations tax rate to the total tax rate, divided by the product of the maintenance and operations tax rate and 100 and multiplied by five. This estimation takes into account that not all property taxes owed are able to be collected by institutions due to delinquent or late collections over which the institutions have no control.

The Coordinating Board will estimate tuition and fee revenue for Local Share by summing 1) the average of tuition and fees charged by community colleges to in-district students two fiscal years prior multiplied by non-dual credit or dual enrollment FTSEs during

the fiscal year two years prior and 2) the amount of tuition set per semester credit hour (SCH) for the Financial Aid for Swift Transfer (FAST) program, multiplied by dual credit or dual enrollment SCHs for the fiscal year two years prior. THECB will source tuition and fee data from the Integrated Fiscal Reporting System, which captures the most recent actual tuition and fees charged by Texas community colleges. Using the average tuition and fee rate specific to in-district students avoids unduly penalizing colleges that have above-average percentages of in-district students and/or that provide substantial discounts to their in-district students. Using the two different tuition rates, depending on the type of student, provides further equity in the method of estimating tuition and fee revenue across the community college districts by avoiding an undue penalty on colleges participating in the FAST program and those with higher percentages of dual credit or dual enrollment students, regardless of their participation in FAST.

Rule 13.555, Performance Tier Funding, establishes the basic components of the Performance Tier portion of community college funding, codified under TEC, Chapter 130A, Subchapter C. Performance Tier funding consists of the number of fundable outcomes each community college produces, weighted according to certain fundable outcome weights. The subsequent sections describe each of these components in greater detail.

Rule 13.556, Performance Tier: Fundable Outcomes, describes the outcomes that are eligible to receive Performance Tier funding. Outcomes consist of the categories of 1) fundable credentials; 2) credential of value premium; 3) dual credit fundable outcomes; 4) transfer fundable outcomes; 5) structured co-enrollment fundable outcomes; and 6) Opportunity High School Diploma fundable outcomes.

Specifically, Rule 13.556(b) defines the credentials eligible for funding under the community college finance system, which include associate degrees, bachelor's degrees, Level 1 and 2 certificates, Advanced Technical Certificates, Continuing Education Certificates, Occupational Skills Awards, Institutional Credentials Leading to Licensure or Certification, and Third-Party Credentials. Restrictions are applied on OSAs and ICLCs that share the same contact hours. Pursuant to HB 8 and Texas Education Code, Section 130A.101(c)(1), this section also establishes the manner by which THECB will determine whether a credential qualifies as a credential of value and is thereby fundable. Most otherwise fundable credentials are credentials of value when the majority of graduates are projected to achieve a positive return on investment relative to a high school graduate with no additional credentials within 10 years, whereas OSAs, ICLCs, and Third-Party Credentials are credentials of value through Fiscal Year 2025 when they require a minimum amount of instruction and meet other programmatic requirements.

Rule 13.556(c) establishes the credential of value premium as a fundable outcome that rewards an institution when a student earns certain credentials of value quickly enough that they are projected to achieve a positive return on investment at least on or before the year in which the majority of graduates are projected to reach that threshold. It also requires that THECB annually publish the "target year" by which a student in a given program must graduate for the institution to earn the credential of value premium. This provides an added incentive for colleges to invest in improving the speed and efficiency with which their students are able to complete programs of study.

Rule 13.556(d) describes the Dual Credit Fundable Outcome, as required by Texas Education Code, Section 130A.101(c)(3). An institution earns a Dual Credit Fundable Outcome for students who complete 15 SCHs or the equivalent and transfer to a general academic teaching institution in the state. The Coordinating Board intends to adopt forthcoming rules with greater specificity on qualifying dual credit coursework.

Rule 13.556(e) describes the Transfer Fundable Outcome, as required by Texas Education Code, Section 130A.101(2)(A). The Coordinating Board proposes to refine the methodology used to calculate this outcome to clarify that hours earned by a student will count towards a single fundable outcome for a single institution. As such, the section establishes rules that exclude hours counting towards the Dual Credit Fundable Outcome and require both that a single transfer funds only one institution and that one institution can receive funding for a given student's transfer only once, except under very specific circumstances laid out in rule. These provisions will direct funding to the institution that plays a more substantial role in achieving the transfer outcome and prevent an institution from receiving funding if a transfer student repeatedly re-enrolls at the institution and transfers elsewhere.

Rule 13.556(f) describes the Structured Co-Enrollment Fundable Outcome, as required by Texas Education Code, Section 130A.101(2)(B).

Rule 13.556(g) describes the Opportunity High School Diploma fundable outcome, which is another category of fundable credentials authorized by Texas Education Code, Section 130A.101(c)(1). HB 8 established the Opportunity High School Diploma program under Texas Education Code, Chapter 130, Subchapter O. The Coordinating Board intends to adopt more detailed rules implementing this new program in a forthcoming rulemaking.

Rule 13.557, Performance Tier: Fundable Outcome Weights, establishes the weights applied to the fundable outcomes achieved by students in the categories of Economically Disadvantaged, Academically Disadvantaged, and Adult Learner, for the purposes of Performance Tier funding. Institutions earn an additional weight of 25 of the funding amount for a fundable outcome when that outcome is achieved by an Economically Disadvantaged or Academically Disadvantaged student and an additional weight of 50% when the outcome is achieved by an Adult Learner.

Rule 13.558, Performance Tier: High-Demand Fields, establishes that an institution will receive additional weight for awarding credentials delivered in disciplines listed as high-demand fields. This is described in more detail in Subchapter T of this chapter (a forthcoming rule).

Rule 13.560, Formula Transition Funding, establishes that after calculating the Base Tier and Performance Tier funding for each community college, the Coordinating Board shall ensure that a community college district does not receive less in formula funding for the year in question than it received in 2023 appropriations for formula funding (contact hours, success points, core operations, and bachelor of applied technology funding) and need-based supplements. The Coordinating Board judges this provision to be necessary to smooth the

AGENDA ITEM V-F (1)

Page 6

transition from the prior system of formula funding predominantly based on contact hour generation to the new system of performance-based funding. Including this provision ensures that no institution will experience a significant detrimental impact on its operations as the new system adjusts funding and moves to outcome-driven performance. Because this provision was only intended to facilitate the transition to a new finance system, it will expire at the end of Fiscal Year 2025.

Rule 13.561, Payment Schedule, sets out both the payment schedule for non-formula support items and the payment schedule (three times per year) at which the Coordinating Board will make formula funding payments to each institution as authorized by TEC, Section 130.0031. The Coordinating Board shall pay all non-formula support item amounts to the institution by September 25 of a fiscal year, in accordance with the requirements in the 2024-25 General Appropriations Act. The first payment is 50% of the total formula funding entitlement and the second and final payments are each 25%. Institutional stakeholders suggested that the Coordinating Board should make the first payment 50% in recognition that a college district's expenses are weighted toward the start of the fiscal year and to smooth the transition from the prior payment schedule, which had historically provided 48% of funding to a community college district by October 25.

Rule 13.562, Limitations on Spending, describes the restrictions on how community college districts may expend state-appropriated funds, in alignment with state statute (TEC, Section 130.003(c); General Appropriations Act, 88th Texas Legislature, Regular Session, HB 1, Article III-231, Chapter 1170, Rider 14). The Coordinating Board proposes this provision in response to requests from stakeholders for greater clarification of permissible expenditures.

Rule 13.563, Shared Services Report, stipulates that smaller community college districts receiving a Base Tier scale adjustment must submit a report on their participation in shared services and describes the content of this shared report. This provision carries out a statutory requirement for small schools to submit this report, codified in TEC, Section 130A.054(e).

Rule 13.564, Effective Date of Rules, states that the proposed rules will take effect on September 1, 2024, which is the start of Fiscal Year (FY) 2025. The Coordinating Board intends to supplant current rules contained in Subchapter P of this chapter with proposed rules in Subchapter S, phasing the former out by the end of FY 2024 and the latter in by the start of FY 2025.

Subsequent to the posting of the rules in the *Texas Register*, THECB staff recommend the following amendments:

Section 13.553(13) amends the Credentialing Examination definition for clarity and to include the definition of an Authorized Professional Organization. This provides clarity regarding qualified sources of eligible credentialing examinations.

Section 13.553(14) amends the definition of Dual Credit or Dual Enrollment Fundable Outcome to ensure that dual credit/enrollment hours reported for fundable outcomes beginning in FY 2025 and later are applicable to an academic or technical education program

AGENDA ITEM V-F (1)

Page 7

or are completed by a student who graduates with a Texas First Diploma. It also notes that dual credit or dual enrollment courses must be fundable to apply towards the fundable outcome.

Sections 13.556(b)(1)(C) and 13.556(b)(1)(D) are amended to remove the contact hour thresholds for Institutional Credentials Leading to Licensure or Certification and Third-Party Credentials, respectively. Minimum program lengths of 144 contact hours (9 semester credit hours) for standard ICLCs and third-party credentials and 80 contact hours (5 semester credit hours) for high-demand field ICLCs and third-party credentials will no longer be required for funding eligibility beginning in FY 2026.

Section 13.556(b)(2) clarifies that the Credential of Value Baseline refers to the majority of students statewide within a program area, as opposed to an institutional majority, and that the Credential of Value Baseline criteria for fundability will apply to all potentially fundable credentials beginning in FY 2026.

Section 13.556(b)(3) includes clarifying language to ensure that when a community college awards multiple OSAs and/or ICLCs that share contact hours to the same student in the same fiscal year, the college reports only one such credential for funding. If an OSA shares contact hours with an ICLC, the college reports only the OSA credential for funding. Section 13.556(b)(1) is amended with a conforming removal.

Section 13.556(b)(3) also includes clarifying language to ensure that a credential awarded to non-resident student located out-of-state and enrolled in a 100% online program is not eligible for funding, in alignment with contact hour funding restrictions, and beginning in Fiscal Year 2025. Original language would have inadvertently excluded hybrid programs. Section 13.556(b)(1) is amended with a conforming removal.

Section 13.556(c) clarifies that the Credential of Value Premium only applies to the credentials listed in Section 13.556(b)(1)(A): associate degrees, baccalaureate degrees, Level 1 or Level 2 certificates, advanced technical certificates, and continuing education certificates.

Section 13.556(e) includes additional language to update the methodology for assigning a Transfer Fundable Outcome when more than one community college meets all requirements for a Transfer Fundable Outcome. The methodology now includes an option to grant the Transfer Fundable Outcome to multiple institutions only when a tie remains unbroken after applying three tiebreaker conditions.

Section 13.557(d) includes clarifying language for the calculation of age for Adult Learners. The data collection methodology will now allow for the capture of those students who were not enrolled in a community college in the two fiscal years prior to transfer and will allow for the Coordinating Board to calculate age in the earliest fiscal year of enrollment during the prior four fiscal years.

The Coordinating Board has also made amendments throughout Chapter 13, Subchapter S, to correct for typographical and grammatical errors.

AGENDA ITEM V-F (1)

Page 8

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

Date Published in the *Texas Register*: January 12, 2024.

The 30-day comment period with the *Texas Register* ended on: February 24, 2024.

Summary of comments received:

Comment: South Texas College submitted a comment seeking clarification on whether transfer degrees such as Associate of Arts, Associate of Science, and Associate of Arts in Teaching degrees will qualify as a credential of value. South Texas College is concerned that since these degrees are not designed as terminal degrees they won't fare well on their own if the return on investment in 10 years is the sole criterion for being a recognized credential of value.

Response: The Texas Higher Education Coordinating Board appreciates the clarifying comment. The degrees listed above currently qualify under the same credential of value methodology. For some students, this will be a terminal degree. If the student earned a higher-level credential, then the Credential of Value methodology is applied to the highest-level degree earned.

Comment: South Texas College submitted a comment seeking clarification on whether semester credit hours or contact hours is the defining metric for ICLCs and Third-Party Credentials to be counted as a fundable outcome.

Response: The Coordinating Board thanks the institution for the submitted comment. The definitions for Occupational Skills Awards, Institutional Credentials Leading to Licensure or Certification, and Third-Party Credentials each contain criteria for consideration as a fundable credential. Each definition includes requirements expressed as either semester credit hours (SCH) or contact hours for continuing education units (CEU) for funding in the performance tiers. In the definition for each of these three credentials, these two criteria are meant as either SCH or CEU.

Comment: San Jacinto College and Texas2036 submitted a comment inquiring if there is consideration to lowering the contact hour threshold for non-credit programs, so as to include some that are less than 80 and 144 hours. Both comments acknowledged that while certain credentials are very critical trainings and fields, they will not likely rise to the level of high demand based on volume, and would remain subject to the 144 hour threshold.

Response: The Texas Higher Education Coordinating Board thanks both San Jacinto College and Texas2036 for the question and agrees with the change in methodology. The agency has revised Section 13.557(b)(1)(C) and (D) effectively removing the contact hour threshold for ICLCs and third party credentials beginning in FY26 and making corresponding revisions in Section 13.557(b)(2) to provide that these credentials will be subject to the credential of value baseline methodology at that time.

AGENDA ITEM V-F (1)

Page 9

Comment: Texas Business Leadership Council (TBLC) submitted a comment supporting the creation of a Credential of Value Premium, acknowledging that it will incentivize colleges' focus on guided pathways strategies to support students in timely completion of credentials. Timely completion will allow students to enjoy a faster return on their investment and will in turn bolster the talent pipeline to help address hiring challenges that many employers are currently facing.

Response: The Texas Higher Education Coordinating Board thanks TBLC for the comment, and agrees with the sentiment expressed.

Comment: Texas Business Leadership Council (TBLC) submitted a comment supporting the addition of Third-Party Credentials as fundable outcomes, acknowledging this will further support reskilling and upskilling needs within the workforce that are becoming increasingly important due to emerging technologies. TBLC also encourages the agency to transition to utilizing job and wage data to determine fundability in lieu of contact hour requirements for Third-Party Credentials.

Response: The Texas Higher Education Coordinating Board thanks TBLC for the comment, and agrees with the sentiment expressed. See the revised Section 13.557(b)(1)(D).

Comment: Texas Business Leadership Council (TBLC) submitted a comment requesting that the weights and rates used in the funding formula be relatively consistent from year to year, utilizing a stepped-down approach if significant adjustments need to be made. This will allow the colleges to more confidently conduct long-term planning and investments in program offerings.

Response: The Texas Higher Education Coordinating Board thanks TBLC for the comment. This will be addressed in the July rules that will be posted for public comment at the end of April.

Comment: Texas2036 submitted a comment recommending adjusting funding levels to ensure dual credit is not disproportionately disincentivized relative to transfer outcomes, or vice-versa. Texas2036 is asking that funding levels account for the relative values of dual credit and transfer milestones in relation to the ultimate goal of credential of value attainment.

Response: The Texas Higher Education Coordinating Board thanks Texas2036 for the comment. This will be addressed in the July rules that will be posted for public comment at the end of April.

Comment: Texas2036 submitted a comment requesting that the Credential of Value Premium is significant enough to meet the intent of incentivizing college support of timely credential completion. This premium will incentivize colleges to focus on student pathways that lead to timely credential attainment to ensure the positive return on investment is realized for students.

AGENDA ITEM V-F (1)

Page 10

Response: The Texas Higher Education Coordinating Board thanks Texas2036 for the comment. This will be addressed in the July rules that will be posted for public comment at the end of April.

Comment: Texas2036 submitted a comment requesting that when the determination for a self-sufficient wage becomes available, the Texas Higher Education Coordinating Board should ensure that the credential of value baseline leads to a self-sufficient wage.

Response: The Texas Higher Education Coordinating Board thanks Texas2036 for the comment and will continue to consider the latest data and frameworks available—including self-sufficient wage data—in any future changes to our methodology.

Comment: Texas2036 submitted a comment requesting the Texas Higher Education Coordinating Board adjust its definition of credential of value to rely on data for each credential program so that the value of each individual credential is determined. As higher education institutions increasingly adopt stackable credentials, multiple credentials can be embedded within a single program which may lead to program-level analyses that conflate workforce value among different credentials.

Response: The Texas Higher Education Coordinating Board thanks Texas2036 for the comment and respectfully disagrees with adjusting the definition. The current methodology is by credential, and not by program. The Coordinating Board recognizes that stackability is a complex issue and will continue to explore opportunities to refine our methodology.

Comment: Texas2036 submitted a comment requesting the Texas Higher Education Coordinating Board to evaluate Third-Party Credentials utilizing a methodology aligned to how Credentials of Value are determined once adequate data is available to ensure that these fundable outcomes are equipping Texas students in the labor market.

Response: The Texas Higher Education Coordinating Board thanks Texas2036 for the comment and agrees that the Credentials of Value methodology should apply to third-party credentials in the future, contingent on the agency having sufficient data to do so. See revisions made to Section 13.557(b)(2) requiring this in fiscal year 2026.

Comment: Texas2036 submitted a comment asking that the Texas Higher Education Coordinating Board consider additional criteria beyond Pell-recipient in determining funding weights based on student type for performance and base tiers to ensure the full economically disadvantaged student population is captured as intended. This adjustment will ensure that college receive the appropriate funding needed to support all of their economically disadvantaged students.

Response: The Texas Higher Education Coordinating Board thanks Texas2036 for the comment, and respectfully disagrees with changing the criteria for determining the economically disadvantaged student type funding weight. As currently drafted, the look-back window checks for Pell receipt in the year in which an outcome was achieved and the four fiscal years prior for all outcomes except structured co-enrollment. The student must have received Pell within that window at the institution where the outcome was earned. For

AGENDA ITEM V-F (1)

Page 11

structured co-enrollment, the student must have received Pell in their initial semester of enrollment in the co-enrollment program (13.557(b)).

As stated, Pell receipt is the best available measure of economic disadvantage at this time. Pell eligibility is calculated using a standardized, rigorous needs assessment methodology that is applied uniformly across institutions. Award determinations are made formulaically, avoiding a possible incentive to alter financial aid practices in ways that could be detrimental to students (e.g., by awarding smaller amounts to a larger number of students who would then qualify). However, we will continue to explore other options.

The new sections are proposed under Texas Education Code, Section 130A.005, which provides the Coordinating Board with the authority to adopt rules and take other actions consistent with Texas Education Code, Chapter 61, Chapter 130, and Chapter 130A to implement Tex. H.B. 8, 88th Leg., R.S. (2023). In addition, Texas Education Code, Section 130.355, permits the Coordinating Board to establish rules for funding workforce continuing education.

CHAPTER 13 FINANCIAL PLANNING

SUBCHAPTER S COMMUNITY COLLEGE FINANCE PROGRAM

§13.550. Purpose.

The purpose of this subchapter is to implement the Community College Finance Program authorized by Texas Education Code, Chapters 61, 130, and 130A.

§13.551. Authority.

The Coordinating Board adopts this subchapter pursuant to Texas Education Code, §130A.005, requiring the Coordinating Board to adopt rules to implement the Community College Finance Program created in Texas Education Code, Chapters 61, 130, and 130A.

§13.552. Applicability.

Unless otherwise provided, the Coordinating Board shall apply the rules in effect for the fiscal year in which the funding was delivered.

§13.553. Definitions.

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

- (1) Academically Disadvantaged--A designation that applies to postsecondary students who have not met the college-readiness standard in one or more Texas Success Initiative (TSI) assessments as provided by §4.57 of this title (relating to Texas Success Initiative Assessment College Readiness Standards), and who were not classified as either waived or exempt pursuant to §4.54 of this title (relating to Exemption).
- (2) Adult Learner--A student aged 25 or older on September 1 of the fiscal year for which the applicable data are reported, in accordance with Coordinating Board data reporting requirements.
- (3) Advanced Technical Certificate (ATC)--A certificate that has a specific associate or baccalaureate degree or junior level standing in a baccalaureate degree program as a prerequisite for admission. An ATC consists of at least 16 semester credit hours (SCH) and no more than 45 SCH and must be focused, clearly related to the prerequisite degree, and justifiable to meet industry or external agency requirements.
- (4) Associate Degree--An academic associate degree as defined under Texas Education Code, §61.003(11), or an applied associate degree as defined under Texas Education Code, §61.003(12)(B).
- (5) Baccalaureate Degree--A degree program that includes any grouping of subject matter courses consisting of at least 120 SCH which, when satisfactorily completed by a student, will entitle that student to an undergraduate degree from a public junior college.
- (6) Base Tier Funding--The amount of state and local funding determined by the Board for each public junior college that ensures the college has access to a defined level of funding for instruction and operations.

(7) Base Year--The time period comprising the year of contact hours used for calculating the contact hour funding to public junior colleges. The Base Year for a funded fiscal year consists of the reported Summer I and II academic term from the fiscal year two years prior to the funded fiscal year; the Fall academic term one fiscal year prior to the funded fiscal year; and the Spring academic term one fiscal year prior to the funded fiscal year.

(8) Basic Allotment--A calculation of the dollar value per Weighted FTSE, based on appropriations made in that biennium's General Appropriations Act.

(9) Census Date--The date upon which a college may report a student in attendance for the purposes of formula funding, as specified in the Coordinating Board Management (CBM) manual for the year in which the funding is reported.

(10) Continuing Education Certificate--A credential awarded for completion of a program of instruction that meets or exceeds 360 contact hours and earns continuing education units. The certificate program is intended to prepare the student to qualify for employment; to qualify for employment advancement; or to bring the student's knowledge or skills up to date in a particular field or profession; and is listed in an institution's approved program inventory.

(11) Credential of Value Baseline--A credential earned by a student that would be expected to provide a positive return on investment. Credential of Value Baseline methodology is described in §13.556 of this subchapter (relating to Performance Tier: Fundable Outcomes).

(12) Credential of Value Premium Fundable Outcome--A fundable outcome earned by an institution for a credential earned by a student that would be expected to provide a wage premium. Credential of Value Premium methodology is described in §13.556 of this subchapter.

(13) Credentialing examination--A licensure ~~[-certification,]~~ or registration exam ~~[provided]~~ required by a state or national regulatory entity or a certification exam required by an authorized professional organization. An authorized professional organization is a national, industry-recognized organization that sets occupational proficiency standards, conducts examinations to determine candidate proficiency, and confers an industry-based certification.

(14) Dual Credit or Dual Enrollment Fundable Outcome--An outcome achieved when a student earns at least 15 SCH or the equivalent of fundable dual credit or dual enrollment courses, defined as follows:

(A) Courses that qualify as dual credit courses as defined in §4.83(10) of this title (relating to Definitions); and:

(i) In fiscal year 2025 or later, apply toward an academic or career and technical education program requirement at the postsecondary level; or

(ii) In fiscal Year 2025 or later are completed by a student who graduates with a Texas First Diploma, as codified in chapter 21, subchapter D of this title (relating to Texas First early high school completion program).

(B) All dual credit courses taken by a student enrolled in an approved Early College High School program, as provided by Texas Education Code, §28.009, except a physical education course taken by a high school student for high school physical education credit.

(15) Economically Disadvantaged--A designation that applies to postsecondary students who received the federal Pell Grant under 20 U.S.C. §1070a.

(16) Equivalent of a Semester Credit Hour--A unit of measurement for a continuing education course, determined as a ratio of one continuing education unit to 10 contact hours of instruction, which may be expressed as a decimal. One semester credit hour of instruction equals 1.6 continuing education units of instruction~~[-equals one semester credit hour of~~

instruction]. In a continuing education course, not fewer than 16 contact hours are equivalent to one semester credit hour.

(17) Formula Funding--The funding allocated by the Coordinating Board among all public junior colleges by applying provisions of the Texas Education Code, agency rule, and the General Appropriations Act to a sector-wide appropriation from the General Appropriations Act.

(18) Full-Time Student Equivalent (FTSE)--A synthetic measure of enrollment based on the number of instructional hours delivered by an institution of higher education divided by the number of hours associated with full-time enrollment for the time period in question.

(19) Fundable Credential--As defined in §13.556(b) of this subchapter.

(20) Fundable Outcome Weights--A multiplier applied to eligible fundable outcomes to generate a Weighted Outcome Completion for use in determining the Performance Tier allocation. The methodology for each Fundable Outcome Weight is defined in §13.557 of this subchapter (relating to Performance Tier: Fundable Outcome Weights).

(21) High-Demand Fields--A field in which an institution awards a credential that provides a graduate with specific skills and knowledge required for the graduate to be successful in a high-demand occupation, based on the list of high-demand fields as defined in subchapter T of this chapter (relating to Community College Finance Program: High-Demand Fields).

(22) Institutional Credentials Leading to Licensure or Certification (ICLC)--A credential awarded by an institution upon a student's completion of a course or series of courses that represent the achievement of identifiable skill proficiency and leading to licensure or certification. This definition includes a credential that meets the definition of an Occupational Skills Award in all respects except that the program may provide training for an occupation that is not included in the Local Workforce Development Board's Target Occupations list.

(23) Level 1 Certificate--A certificate designed to provide the necessary academic skills and the workforce skills, knowledge, and abilities necessary to attain entry-level employment or progression toward a Level 2 Certificate or an Applied Associate Degree, with at least 50% of course credits drawn from a single technical specialty. A Level 1 Certificate must be designed for a student to complete in one calendar year or less time and consists of at least 15 semester credit hours and no more than 42 semester credit hours.

(24) Level 2 Certificate--A certificate consisting of at least 30 semester credit hours and no more than 51 semester credit hours. Students enrolled in Level 2 Certificates must demonstrate meeting college readiness standards set forth in §4.57 of this title and other eligibility requirements determined by the institution.

(25) Local Share--The amount determined to be the institution's contribution of local funds to the Instruction and Operations (I&O) amount for each public junior college. The amount consists of estimated ad valorem maintenance and operations tax revenue and tuition and fees revenue, as determined by the Board.

(26) Non-Formula Support Item--An amount appropriated by line item in the General Appropriations Act to a single public junior college or limited group of colleges for a specific, named purpose.

(27) Occupational Skills Award (OSA)--A sequence of courses that meet the minimum standard for program length specified by the Texas Workforce Commission for the federal Workforce Innovation and Opportunity Act (WIOA) program (9-14 SCH for credit courses or 144-359 contact hours for workforce continuing education courses). An OSA must possess the following characteristics:

- (A) The content of the credential must be recommended by an external workforce advisory committee, or the program must provide training for an occupation that is included on the Local Workforce Development Board's Target Occupations list;
- (B) In most cases, the credential should be composed of Workforce Education Course Manual (WECM) courses only. However, non-stratified academic courses may be used if recommended by the external committee and if appropriate for the content of the credential;
- (C) The credential complies with the Single Course Delivery guidelines for WECM courses; and
- (D) The credential prepares students for employment in accordance with guidelines established for the Workforce Innovation and Opportunity Act.
- (28) Opportunity High School Diploma Fundable Outcome--An alternative means by which adult students enrolled in a workforce program at a public junior college may earn a high school diploma at a college through concurrent enrollment in a competency-based program, as codified in Texas Education Code, chapter 130, subchapter O, and Texas Administrative Code, Title 19, Part 1, Chapter 12.
- (29) Semester Credit Hour (SCH)--A unit of measure of instruction, represented in intended learning outcomes and verified by evidence of student achievement, that reasonably approximates one hour of classroom instruction or direct faculty instruction and a minimum of two hours out of class student work for each week over a 15-week period in a semester system or the equivalent amount of work over a different amount of time. An institution is responsible for determining the appropriate number of semester credit hours awarded for its programs in accordance with Federal definitions, requirements of the institution's accreditor, and commonly accepted practices in higher education.
- (30) Structured Co-Enrollment Fundable Outcome--A student who earns at least 15 semester credit hours at the junior college district in a program structured through a binding written agreement between a general academic teaching institution and a community college. Under such a program, students will be admitted to both institutions and recognized as having matriculated to both institutions concurrently. The Structured Co-enrollment Fundable Outcome does not include courses fundable under the Dual Credit or Dual Enrollment Fundable Outcome.
- (31) Third-Party Credential--A certificate as defined in Texas Education Code, §61.003(12)(C), that is conferred by a third-party provider. The third-party provider of the certificate develops the instructional program content, develops assessments to evaluate student mastery of the instructional content, and confers the third-party credential. A third-party credential that meets the requirements of §13.556 of this subchapter is fundable in accordance with that section.
- (32) Transfer Fundable Outcome--An institution earns a fundable outcome in the Performance Tier under §13.555 of this subchapter (relating to Performance Tier Funding) when a student enrolls in a general academic teaching institution, as defined in Texas Education Code, §61.003, after earning at least 15 semester credit hours from a single public junior college district as established under §13.556(e) of this subchapter. For the purpose of this definition, semester credit hours (SCH) shall refer to semester credit hours or the equivalent of semester credit hours.
- (33) Weighted Full-Time Student Equivalent (Weighted FTSE or WFTSE)--A synthetic measure of enrollment equal to the number of instructional hours delivered by an institution of higher education divided by the number of hours associated with full-time enrollment for the fiscal

year two years prior to the one for which formula funding is being calculated, where the hours delivered to students with certain characteristics carry a value other than one.

(34) Weighted Outcomes Completion--A synthetic count of completions of designated student success outcomes where outcomes achieved by students with certain characteristics carry a value other than one. The synthetic count may also represent a calculation, such as an average or maximizing function, other than a simple sum.

§13.554. Base Tier Allotment.

(a) Coordinating Board staff will calculate Base Tier funding for each public junior college district (district) as the greater of the Instruction and Operations (I&O) amount minus Local Share and zero.

(b) A district's I&O amount is the sum of the number of Weighted Full-Time Student Equivalents (Weighted FTSE) enrolled at the district multiplied by the Basic Allotment amount calculated by the Commissioner of Higher Education as provided in subsection (c) of this section and the district's total Contact Hour Funding as determined by the Coordinating Board.

(1) Weighted FTSE for each district is the sum of the district's full-time student equivalents weighted for the student characteristics under subparagraph (B) of this paragraph and the scale adjustment as provided in Texas Education Code, §130A.054.

(A) For purposes of determining annual Weighted FTSE as a component of formula funding for the fiscal year under this section, a district's full-time student equivalents (FTSE) is equal to the sum of:

(i) the total semester credit hours in which for-credit students were enrolled at the district as of the census dates of all academic semesters or other academic terms that were reported for the fiscal year two years prior, divided by 30; and

(ii) the total contact hours in which continuing education students were enrolled at the district as of the census dates of all academic semesters or other academic terms that were reported for the fiscal year two years prior, divided by 900.

(B) The Coordinating Board shall apply a weight to the calculation of Weighted FTSE as follows:

(i) if a student is classified as economically disadvantaged during the fiscal year two years prior, FTSE generated by that student shall have an additional value of 25%;

(ii) if a student is classified as academically disadvantaged during the fiscal year two years prior, FTSE generated by that student shall have an additional value of 25%; and

(iii) if a student is classified as an adult learner on September 1 of the fiscal year two years prior, FTSE generated by that student shall have an additional value of 50%.

(C) The Coordinating Board calculates a district's scale adjustment weight as the greater of the difference between 5,000 and the number of FTSE as defined in subparagraph (A) of this paragraph multiplied by .40, and zero.

(2) For the purpose of calculating formula funding amounts for the fiscal year, Coordinating Board staff will calculate Contact Hour Funding for a public junior college district by first multiplying the number of reported certified fundable contact hours generated by the district in each discipline during the Base Year of the fiscal year by the average cost of delivery per contact hour for each discipline respectively as described in the Report of Fundable Operating Expenses in accordance with §13.524(c) of this chapter (relating to Required Reporting) and summing across all disciplines. Contact hours attributable to students enrolled in a junior-level or senior-level course are weighed in the same manner as a lower division course in a

corresponding field. That sum will then be multiplied by a rate calculated by the Commissioner of Higher Education as provided in subsection (c) of this section in accordance with the General Appropriations Act to calculate the district's Contact Hour Funding.

(c) For purposes of determining the rate to be used for the Basic Allotment and the rate to be used for calculating districts' Contact Hour Funding, the Commissioner shall calculate the rates necessary to maintain an equal split between Contact Hour Funding and Basic Allotment Funding for the fiscal year.

(d) For the purpose of calculating formula funding amounts for the fiscal year, the Local Share for each public junior college district equals the sum of:

(1) the estimated amount of revenue that would have been generated by the district if it had assessed a \$0.05 maintenance and operations ad valorem tax on each \$100 of taxable property value in its taxing district, as reported under §13.524 of this chapter, which the Coordinating Board will calculate as the district's current tax collection for fiscal year two years prior multiplied by the ratio of the maintenance and operations tax rate to the total tax rate, divided by the product of the maintenance and operations tax rate and 100 and multiplied by five; and

(2) the amount of tuition and fee revenue calculated as the sum of:

(A) the district's FTSE two fiscal years prior as defined in subsection (b)(1)(A) of this section, except for semester credit hours derived from students enrolled in dual credit or dual enrollment courses, multiplied by a rate calculated by the Commissioner of Higher Education, which is the enrollment-weighted statewide average of tuition and fees charges to full-time equivalent students residing within the district of the public junior college they attend, as reported by the public junior colleges in the Integrated Fiscal Reporting System for the fiscal year two fiscal years prior; and

(B) the total semester credit hours of dual credit courses in which students were enrolled as of the census dates of all academic semesters or other academic terms that were reported in the fiscal year two years prior, multiplied by the Financial Aid for Swift Transfer (FAST) tuition rate as codified in §13.504 of this chapter (relating to Financial Aid for Swift Transfer (FAST) Tuition Rate) in the fiscal year two years prior. For fiscal year 2023, the FAST tuition rate is equal to the rate for fiscal year 2024.

§13.555. Performance Tier Funding.

(a) Each public junior college district shall receive Performance Tier funding under Texas Education Code, chapter 130A, subchapter C. A district increases its Performance Tier funding amount by producing Fundable Outcomes, with Fundable Outcomes achieved in certain categories eligible for an additional multiplier (Fundable Outcome Weights), as calculated by the Coordinating Board. A Fundable Outcome multiplied by the Fundable Outcome Weight constitutes a Weighted Outcome Completion. A district's Performance Tier funding amount equals the total of each Weighted Outcome Completion multiplied by the funding rates for that completion, as identified in this subchapter. Funding rates include an additional weight for fundable credentials delivered in a high-demand field.

(b) Fundable Outcomes. Section 13.556 of this subchapter (relating to Performance Tier: Fundable Outcomes) defines each Fundable Outcome type, including the methodology used to calculate each outcome.

(c) Fundable Outcome Weight. Section 13.557 of this subchapter (relating to Performance Tier: Fundable Outcome Weights) and subchapter T of this chapter (relating to Community College Finance Program: High-Demand Fields) define each Fundable Outcome Weight type, including the methodology used to calculate each outcome. Fundable Outcome Weights consist of the following categories:

- (1) Fundable Outcomes achieved by economically disadvantaged students;
- (2) Fundable Outcomes achieved by academically disadvantaged students; and
- (3) Fundable Outcomes achieved by adult learners.

§13.556. Performance Tier: Fundable Outcomes.

(a) This section contains definitions of Fundable Outcomes eligible for receiving funding through the Performance Tier. An institution's Performance Tier funding will consist of the count of Fundable Outcomes, multiplied by weights identified in §13.557 of this subchapter (relating to Performance Tier: Fundable Outcome Weights) as applicable, multiplied by the monetary rates identified in this subchapter. Fundable Outcomes consist of the following categories:

- (1) Fundable Credentials;
- (2) Credential of Value Premium;
- (3) Dual Credit Fundable Outcomes;
- (4) Transfer Fundable Outcomes;
- (5) Structured Co-Enrollment Fundable Outcomes; and
- (6) Opportunity High School Diploma Fundable Outcomes.

(b) Fundable Credentials.

(1) A fundable credential is defined as any of the following ~~[, except that, for a credential under subparagraphs (B), (C), or (D) of this paragraph, if more than one credential that the institution awarded to a student includes the same contact hours, the institution may only submit one credential for funding under subparagraphs (B), (C), or (D) of this paragraph. Fundable credential excludes a degree or certificate awarded to a non-resident student enrolled in a distance education program as defined in §2.202(4) of this title (relating to Definitions) for a student who is located out of state.]~~

(A) Any of the following credentials awarded by an institution that meets the criteria of a credential of value as defined in paragraph (2) of this subsection using the data for the year in which the credential is reported that is otherwise eligible for funding, and the institution reported and certified to the Coordinating Board:

- (i) An associate degree;
- (ii) A baccalaureate degree;
- (iii) A Level 1 or Level 2 Certificate;
- (iv) An Advanced Technical Certificate; and
- (v) A Continuing Education Certificate.

(B) An Occupational Skills Award awarded by an institution that the institution reported and certified to the Coordinating Board;

(C) An Institutional Credential Leading to Licensure or Certification (ICLC) not ~~[included in]~~ reported pursuant to subparagraph (B) of this paragraph and that the institution reported and certified to the Coordinating Board ~~[;].~~ For fiscal year 2025 or prior only, the credential shall ~~[that]~~ meet[s] one of the following criteria:

- (i) The credential includes no fewer than 144 contact hours or nine (9) semester credit hours; or
- (ii) The credential is awarded in a high demand field, as defined in Coordinating Board rule, and includes no fewer than 80 contact hours or five (5) semester credit hours; or
- (D) A Third-Party Credential that meets the following requirements:
 - (i) The third-party credential is listed in the American Council on Education's ACE National Guide with recommended semester credit hours;
 - (ii) The third-party credential program content is either embedded in a course, embedded in a program, or is a stand-alone program;
 - (iii) The third-party credential is conferred for successful completion of the third-party instructional program in which a student is enrolled;
 - (iv) The third-party credential is included on the workforce education, continuing education, or academic transcript from the college; and
- (I) For fiscal year 2025 only, the [The] third-party credential includes no fewer than the equivalent of nine (9) semester credit hours or 144 contact hours; or
- (II) For fiscal year 2025 only, the [The] third-party credential is awarded in a high-demand field[.] as defined in Coordinating Board rule, and includes no fewer than the equivalent of five (5) semester credit hours or 80 contact hours; and
- (v) The student earned the third-party credential on or after September 1, 2024.
- (2) Credential of Value Baseline. For fiscal year 2025 or prior only, a credential [Credentials] identified in subparagraph (b)(1)(A) of this subsection must meet the Credential of Value Baseline criteria for eligibility as a Fundable Outcome. Beginning in fiscal year 2026, any credential identified in paragraph (b)(1) must meet the Credential of Value Baseline criteria for eligibility as a Fundable Outcome. This baseline is met when a credential earned by a student would be expected to provide a positive return on investment within a period of ten years.
 - (A) A program demonstrates a positive return on investment when the majority of students statewide completing the credential, within a program area, are expected to accrue earnings greater than the cumulative median earnings of Texas high school graduates who do not hold additional credentials, plus recouping the net cost of attendance within ten years after earning the credential.
 - (B) This calculation of return on investment shall include students' opportunity cost, calculated as the difference between median earnings for Texas high school graduates and estimated median earnings for students while enrolled:
 - (i) Four years for baccalaureate degree holders;
 - (ii) Two years for associate degree holders; or
 - (iii) One year for holders of a Level 1 certificate, Level 2 certificate, Advanced Technical Certificate, or Continuing Education Certificate.
 - (C) The Coordinating Board shall calculate the expected return on investment for each program based on the most current data available to the agency for the funding year for each program or a comparable program.
 - (D) In applying the methodology under this section to a program offering a credential in an emerging or essential high-demand field pursuant to §13.595(a) and (b) of this chapter (relating to Emerging and Essential Fields), the Commissioner of Higher Education shall utilize recent, relevant data, including:
 - (i) employer certifications provided under §13.595(b);

(ii) information on program design, including at minimum the cost and length of the program; and

(iii) any other information necessary for the Coordinating Board to apply the methodology under this section to the program proposed in an emerging or essential high-demand field.

(3) The following limitations apply to a fundable credential:

(A) For a credential under subparagraph (b)(1)(B) or (b)(1)(C) of this subsection, if more than one credential that the institution awarded to a student includes the same contact hours, the institution may only submit one credential for funding;

(B) If an institution awarded to a student a credential eligible for funding under subparagraphs (b)(1)(B) and (b)(1)(C) and those credentials share the same contact hours, the institution shall submit for funding only the credential awarded under subparagraph (b)(1)(B); and

(C) For a degree or certificate awarded on or after September 1, 2024, a fundable credential excludes a degree or certificate awarded to a non-resident student enrolled in a 100-percent online degree or certificate program as defined in §2.202(4)(A) of this title (relating to Definitions) for a student who resides out-of-state.

(c) Credential of Value Premium. An institution earns a Credential of Value Premium for each student who completes a Fundable Credential under ~~[subsection (b) of this section]~~ subparagraph (b)(1)(A) of this subsection as follows:

(1) The student completes the credential of value on or before the target year for completion that, for the majority of students who complete comparable programs, would enable the student to achieve a positive return on investment within the timeframe specified for the program as described in paragraph (2) of this subsection.

(2) For each program, the Coordinating Board shall calculate the year in which the majority of comparable programs would be projected to have the majority of their students achieve a positive return on investment.

(3) Each year, the Coordinating Board shall publish a list of the target years for completion for each program.

(d) Dual Credit Fundable Outcome. An institution achieves a Dual Credit Fundable Outcome when a student has earned a minimum number of eligible dual credit semester credit hours, as defined in §13.553(14) of this subchapter (relating to Definitions).

(e) Transfer Fundable Outcome.

(1) An institution earns a transfer fundable outcome when a student enrolls in a general academic teaching institution (GAI), as defined in Texas Education Code, §61.003(3), after earning at least 15 semester credit hours (SCH) from a single public junior college district, subject to the following:

(A) The student is enrolled at the GAI for the first time in the fiscal year for which the public junior college is eligible for a performance tier allocation, as established in this subchapter;

(B) The student earned a minimum of 15 SCHs from the public junior community college district seeking the transfer fundable outcome during the period including the fiscal year in which they enroll at the GAI and the four fiscal years prior; and

(C) The attainment of the 15 SCHs satisfies the following restrictions:

(i) The transfer fundable outcome shall exclude the 15 SCHs that previously counted toward attainment of a dual credit fundable outcome for the student under subsection (d) of this section.

(ii) The transfer fundable outcome may include any SCHs earned by the student not previously counted toward a dual credit fundable outcome under subsection (d) of this section.

(2) Only one institution may earn a transfer fundable outcome for any individual student, except as provided by subsection (2)(C). An institution may earn the transfer fundable outcome only once per student. The Coordinating Board shall award the transfer fundable outcome in accordance with this subsection.

(A) If a student has earned 15 SCH at more than one institution prior to transfer to any GAI, the Coordinating Board shall award the transfer fundable outcome to the last public junior college at which the student earned the 15 SCH eligible for funding under this section.

(B) If the student earned the 15 SCH at more than one institution during the same academic term, the Coordinating Board shall award the transfer fundable outcome to the public junior college:

(i) from which the student earned the greater number of the SCH that count toward the transfer fundable outcome during the academic term in which they earned the 15 SCH; or
(ii) if the student earned an equal number of SCH that count toward the transfer fundable outcome in the academic term in which the student earned the 15 SCH, to the institution from which the student earned a greater number of SCH that count toward the transfer fundable outcome in total.

(C) If a student has met the SCH requirements of both (B)(i) and (B)(ii) at more than one public junior college, each public junior college may receive a transfer fundable outcome.

(f) Structured Co-Enrollment Fundable Outcome. An institution achieves a Structured Co-Enrollment Fundable Outcome when a student has earned a minimum number of eligible semester credit hours in a structured co-enrollment program, as defined in §13.553(30) of this subchapter.

(g) Opportunity High School Diploma Fundable Outcome.

An institution achieves an Opportunity High School Diploma Fundable Outcome when a student has completed the program and attained the credential, as defined in §13.553(28) of this subchapter. A student must earn the Opportunity High School Diploma on or after September 1, 2024 to qualify as a Fundable Outcome.

§13.557. Performance Tier: Fundable Outcome Weights.

(a) This section contains definitions of Fundable Outcome Weights that are applied to the Fundable Outcomes specified in §13.556 of this subchapter (relating to Performance Tier: Fundable Outcomes) to generate a Weighted Outcome Completion. A Fundable Outcome that does not qualify for one of the following Fundable Outcome Weight categories receives a weight of 1. The Coordinating Board will apply the following weights to Fundable Outcomes to the extent permitted by data availability. Fundable Outcome Weights consist of the following categories:

- (1) Outcomes achieved by economically disadvantaged students;
- (2) Outcomes achieved by academically disadvantaged students; and
- (3) Outcomes achieved by adult learners.

(b) Economically Disadvantaged Students.

(1) An institution will receive an additional weight of 25% for fundable credentials, transfer fundable outcomes, and structured co-enrollment fundable outcomes as referenced in §13.556 of this subchapter achieved by an economically disadvantaged student, as defined in §13.553(15) of this subchapter (relating to Definitions).

(2) For purposes of calculating economically disadvantaged for the Transfer Fundable Outcome and Fundable Credentials, the student must be classified as economically disadvantaged at any point during the fiscal year in which the outcome was achieved or the four fiscal years prior at the institution in which the outcome was achieved.

(3) For purposes of calculating economically disadvantaged for Structured Co-Enrollment Fundable Outcome, the student must be classified as economically disadvantaged in the initial semester of enrollment in the Structured Co-Enrollment Program at either the community college or general academic institution.

(c) Academically Disadvantaged Students.

(1) An institution will receive an additional weight of 25% for any fundable credentials, transfer fundable outcomes, and structured co-enrollment fundable outcomes in §13.556 of this subchapter achieved by an academically disadvantaged student, as defined in §13.553(1) of this subchapter.

(2) For purposes of calculating academically disadvantaged for Transfer Fundable Outcome and Fundable Credentials, the student must be classified as academically disadvantaged at any point during the fiscal year in which the outcome was achieved or the four fiscal years prior at the institution in which the outcome was achieved.

(3) For purposes of calculating academically disadvantaged for Structured Co-Enrollment Fundable Outcome, the student must be classified as academically disadvantaged in the initial semester of enrollment in the Structured Co-Enrollment Program at the institution in which the outcome was achieved.

(d) Adult Learners.

(1) An institution will receive an additional weight of 50% for a fundable credential[s], transfer fundable outcomes, and structured co-enrollment fundable outcomes in §13.556 of this subchapter achieved by an adult learner, as defined in §13.553(2) of this subchapter.

(2) For purposes of calculating an Adult Learner for a transfer fundable outcome, the Coordinating Board shall calculate age in accordance with this subsection.

(A) The student shall be 25 years of age or older in the earliest fiscal year in which they were enrolled at the public junior college during the current fiscal year or the two fiscal years prior to first enrollment in a general academic institution; or

(B) If the student was not enrolled at the public junior college during the current fiscal year or the two fiscal years prior to the first enrollment in a general academic institution, the student must be 25 years of age or older in the earliest fiscal year of enrollment at the public junior college during the prior four fiscal years.

~~[the student must be 25 years of age or older in the earliest fiscal year in which they were enrolled at the public junior college during the two fiscal years prior to first enrollment in a general academic institution.]~~

(3) For purposes of calculating an Adult Learner for a fundable credential, the student's eligibility will be determined as follows:

(A) For a student who completes an Occupational Skills Award, Institutional Credential leading to Licensure or Certification, Third Party Credential, Level I Certificate, Level II Certificate, Continuing Education Certificate, or Advanced Technical Certificate, as defined in §13.556(b) of this subchapter, 25 years of age or older on September 1 of the fiscal year in which the student earned the credential ~~[was earned]~~;

(B) For a student who completes an associate degree as defined in §13.556(b) of this subchapter, 25 years of age or older on September 1 of the earliest fiscal year in which the

student was enrolled during the period including the year in which the student earned the credential [was earned] and the prior fiscal year; and

(C) For a student who completes a bachelor's degree as defined in §13.556(b) of this subchapter, 25 years of age or older on September 1 of the earliest fiscal year in which the student was enrolled during the period including the year in which the student earned the credential [was earned] and the three fiscal years prior.

(4) For purposes of calculating an Adult Learner for Structured Co-Enrollment Fundable Outcome, the student must be classified as an Adult Learner in the initial semester of enrollment in the Structured Co-Enrollment Program at the institution in which the outcome was achieved.

(e) Applicability of Weights. For purposes of transitioning to the new formula model, an institution will receive fundable outcome weights for Occupational Skills Awards, Institutional Credentials Leading to Licensure or Certification, and Third-Party Credentials achieved by economically disadvantaged students, academically disadvantaged students, or adult learners beginning with these awards reported in Fiscal Year 2025. This subsection expires on August 31, 2026.

§13.558. Performance Tier: High-Demand Fields.

An institution will receive an additional weight, as calculated by an increased funding rate for awarding a Fundable Credential described in §13.556 of this subchapter (relating to Performance Tier: Fundable Outcomes) for credentials delivered in disciplines designated as a High-Demand Field for that institution, as described in subchapter T of this chapter (relating to Community College Finance Program: High-Demand Fields).

§13.560. Formula Transition Funding.

In FY 2025, for purposes of transitioning to the new formula model, if the sum of a public junior college district's Base and Performance Tier funding as calculated in §13.554 and §13.555 of this subchapter (relating to Base Tier Allotment and Performance Tier Funding, respectively) would result in the district receiving less in General Revenue formula funding than the district received through the sum of appropriations made in the core operations strategy, student success strategy, contact hour funding strategy, and, if applicable, the need-based supplement and bachelor of applied technology strategies, as provided for FY 2023 in the 2022-23 General Appropriations Act, then the Coordinating Board will add transitional funding in the amount of the difference to the district's formula funding for FY 2025. This rule expires on August 31, 2025.

§13.561. Payment Schedule.

(a) Non-Formula Support Items. For the purpose of distributing state appropriations to a public junior college district in a fiscal year, the Coordinating Board shall distribute the full amounts of all fiscal year non-formula support items to the district to which they are appropriated in accordance with the provisions of the General Appropriations Act in effect for the biennium by September 25th of the fiscal year. The Coordinating Board shall recover any overallocation or

adjust any installment required to comply with state law or chapter 13 of this title (relating to Financial Planning).

(b) Formula Funding Amounts: Fall. For the purpose of distributing state appropriations to a public junior college district in a fiscal year, the Coordinating Board shall distribute to each district by October 15th one-half of the formula funding amount it determines the district may be entitled to receive in a fiscal year based on the total forecasted by the Coordinating Board.

(c) Formula Funding Amounts: Spring. For the purpose of distributing state appropriations to a public junior college district in a fiscal year, the Coordinating Board shall distribute to each district by February 15th one-quarter of the formula funding amount it determines the district may be entitled to receive in a fiscal year based on the total forecasted by the Coordinating Board, pursuant to the provisions of the General Appropriations Act, Texas Education Code, and all other pertinent statutes and rules.

(d) Formula Funding Amounts: Summer. For the purpose of distributing state appropriations to a public junior college district in a fiscal year, the Coordinating Board shall distribute to each district by June 15th, one-quarter of the formula funding amount it determines the college may be entitled to receive in a fiscal year based on the total forecasted by the Coordinating Board, pursuant to the provisions of the General Appropriations Act, Texas Education Code, and all other pertinent statutes and rules, and in odd-numbered years shall distribute the formula funding amount likewise determined as soon as is practicable after June 15 in accordance with the appropriations process.

(e) The Coordinating Board may modify any installment under this schedule as necessary to provide an institution with the amounts to which the institution is entitled under Texas Education Code, chapters 130 and 130A, the General Appropriations Act, or chapter 13 of this title.

§13.562. Limitations on Spending

(a) Texas Education Code Section 130.003(c) establishes that state funds provided under Texas Education Code Chapter 130 and 130A may be used exclusively for the purpose of paying salaries of the instructional and administrative forces, purchase of supplies and materials for instructional purposes, and paying the cost of audits.

(b) The General Appropriations Act limits funding for instructional and administrative forces as follows:

(1) Formula funding, including base tier, performance tier, and formula transition funds, may be used for the following elements of cost: instruction, academic support, student services, institutional support, organized activities, and staff benefits associated with salaries paid from general revenue.

(2) Non-formula support item funds may be expended for salaries, wages, travel, capital outlay and other necessary operating expenses, in addition to the elements of cost listed under paragraph (b)(1) of this section.

(3) Formula and non-formula support item funding may not be used for the operation of intercollegiate athletics.

(c) The elements of cost in subsection (b) of this section are defined in the Coordinating Board's Budget Requirements and Annual Financial Reporting Requirements for Texas Public Community Colleges, also known as the AFR Manual, as published under §13.524 of this chapter (relating to Required Reporting).

(d) Institutions may expend funds as otherwise permitted by statute.

§13.563. Shared Services Report.

(a) This rule applies to each public junior college district of fewer than 5,000 full-time equivalent students which receives a scale adjustment under §13.554(b)(1)(C) of this subchapter (relating to Base Tier Allotment).

(b) Public junior colleges subject to this rule must submit a report on their participation in shared services to the Coordinating Board by November 1st of each even numbered year.

(c) The report will include information for each fiscal year in the previous two fiscal years in which a college received a scale adjustment.

§13.564. Effective Date of Rules.

This subchapter takes effect September 1, 2024.

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM V-F (2)

Consideration and possible action to adopt proposed amendments to Board Rules, Chapter 13, Subchapter T, Sections 13.590-13.597, concerning the Community College Finance Program: High-Demand Fields

RECOMMENDATION: Approval

Background Information:

Supplemental materials will be forthcoming.

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

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM V-F (3)

Consideration and possible action to adopt amendments to Board Rules Chapter 22, Subchapter D, Section 22.64 concerning the Texas Public Educational Grants and Emergency Tuition, Fees, and Textbook Loan Programs

RECOMMENDATION: Approval

Background Information:

This amendment removes the requirement for the Texas Higher Education Coordinating Board to collect and maintain copies of guidelines submitted by public institutions for the administration of the Texas Public Educational Grant and program on their campuses.

Rule 22.64 is amended to remove the reporting requirement for respective governing boards to file adopted copies of rules and regulations to the Coordinating Board and Texas Comptroller of Public Accounts before disbursing any funds. This update is a result of Article III, Special Provisions, Section 11(2), being removed from the General Appropriations Act under House Bill 1 during the 88th legislative session. Removing this requirement in the Texas Administrative Code aligns the program requirements and responsibilities of both the institutions and the Coordinating Board with the changes made to the Special Provisions rider.

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 26, 2024

The 30-day comment period with the *Texas Register* ended on: February 25, 2024.

No comments were received regarding this rule.

CHAPTER 22 STUDENT FINANCIAL AID PROGRAMS

SUBCHAPTER D TEXAS PUBLIC EDUCATIONAL GRANT AND EMERGENCY TUITION,
FEES, AND TEXTBOOK LOAN PROGRAMS

§22.64. Coordinating Board Responsibilities

The ~~[Texas Higher Education]~~ Coordinating Board shall perform the following services with regard to the Program:

~~[(1) Collect and maintain copies of guidelines submitted by institutions for the administration of the Program on their campuses.]~~

(1) ~~[(2)]~~ Accept funds transferred to the Coordinating Board by institutions for use in matching federal or state grant funds, assure such matching funds are used to assist institutions and students with the greatest financial need, and return any funds on deposit from institutions if matching funds are not available.

(2) ~~[(3)]~~ Monitor institutional use of program funds and accept funds transferred to the Coordinating Board by institutions which fail to fully utilize the grant funds set aside in accordance with Program requirements. If an institution's year-end Program balance, including funds on deposit with the Coordinating Board, exceeds 150 percent of the amount set aside from tuition, the excess funds shall be sent to the Coordinating Board which shall use the funds for the Toward EXcellence, Access and Success Grant Program.

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM V-F (4)

Consideration and possible action to adopt amendments to Board Rules, Chapter 22, Subchapter I, Sections 22.165-22.168 and 22.170-22.173, concerning the Texas Armed Services Scholarship Program

RECOMMENDATION: Approval

Background Information:

These amendments redefine Texas Higher Education Coordinating Board terminology used throughout the subchapter, update promissory note obligations based on legislative changes, and provide greater clarity of operational procedures.

Rule 22.165 is amended to update scholarship time limitations in which a recipient can receive an award to remove unnecessary language.

Rules 22.166, 22.167, and 22.170-22.173 are amended to update the definition of "Coordinating Board" to clarify that references throughout the subchapter are for the agency and its staff members and not the governing body of the agency. This update aligns terminology throughout subchapter I with the overarching definitions found in General Provisions under Subchapter A, Section 22.1.

Rule 22.168 is amended to update the promissory note requirements a recipient must agree to when applying for a scholarship and removes duplicative language in the section. This rule change aligns with Senate Bill 371, 88th Legislative Session, that amended Texas Education Code, Chapter 61, Subchapter FF, which updated the requirement for a recipient to complete one year of ROTC training for each year that the student receives a scholarship instead of four years.

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 26, 2024.

The 30-day comment period with the *Texas Register* ended on: February 25, 2024.

No comments were received regarding this rule.

CHAPTER 22 STUDENT FINANCIAL AID PROGRAMS

SUBCHAPTER I TEXAS ARMED SERVICES SCHOLARSHIP PROGRAM

§22.165. Award Amount and Limitations.

- (a) The amount of a scholarship in an academic year shall not exceed \$15,000.
- (b) A scholarship awarded to a student under this subchapter shall be reduced for an academic year by the amount by which the full amount of the scholarship plus the total amount to be paid to the student for being under contract with one of the branches of the armed services of the United States exceeds the student's total cost of attendance for that academic year at the institution of higher education in which the student is enrolled.
- (c) A student may receive a scholarship for four ~~[of the six]~~ years ~~[allowed for graduation]~~, if the student is enrolled in a degree program of four years or less, or for five ~~[of the six]~~ years ~~[allowed for graduation]~~, if enrolled in a degree program of more than four years.
- (d) A student may not receive a scholarship after having earned a baccalaureate degree or a cumulative total of 150 credit hours, including transferred hours, as verified by the student's institution of higher education.

§22.166. Requirements for Appointment by Elected Officials.

- (a) Each year the governor and the lieutenant governor may each appoint two students and two alternates, and each state senator and each state representative may appoint one student and one alternate to receive an initial scholarship.
- (b) Appointments must be reported to the Coordinating Board by the deadline established by the Commissioner.
- (c) A selected student must meet two of the following four academic criteria at the time of application:
 - (1) Is on track to graduate high school or graduated with the Distinguished Achievement Program (DAP), the distinguished level of achievement under the Foundation High School program, or the International Baccalaureate Program (IB);
 - (2) Has a current high school GPA of 3.0 or higher or graduated with a high school GPA of 3.0 or higher;
 - (3) Achieved a college readiness score on the SAT or ACT;
 - (4) Is currently ranked in the top one-third of the prospective high school graduating class or graduated in the top one-third of the high school graduating class.
- (d) If a student appointed to receive a scholarship fails to initially meet eligibility or fails to meet the requirements to initially receive the scholarship, the Coordinating Board must notify the alternate on file of his or her nomination.
- (e) If a recipient's scholarship converts to a loan prior to graduation, beginning with the academic year following the determination, the appointing official may appoint another eligible student to receive any available funds designated for the recipient who no longer meets the requirements for the scholarship.

§22.167. Award Eligibility.

To receive a scholarship, a selected student must:

- (1) Be enrolled in an institution of higher education, as certified by that institution;
- (2) Enroll in and be a member in good standing of a Reserve Officers' Training Corps (ROTC) program or another undergraduate officer commissioning program while enrolled in the institution of higher education, as certified by that institution;
- (3) Enter into a written agreement with the Coordinating Board, set forth in §22.168 of this subchapter (relating to Promissory Note);
- (4) Be appointed to receive a scholarship by the governor, lieutenant governor, a state senator, or a state representative; and
- (5) Maintain the satisfactory academic progress requirements as indicated by the financial aid office at the recipient's institution of higher education.

§22.168. Promissory Note.

(a) The Coordinating Board shall require a recipient to sign a promissory note acknowledging the conditional nature of the scholarship and promising to repay the amount of the scholarship plus applicable interest, late charges, and any collection costs, including attorneys' fees, if the recipient fails to meet certain conditions of the scholarship, set forth in §22.170 of this subchapter (Conversion of the Scholarship to a Loan).

(b) Recipients agree to:

- (1) Complete one year ~~[four years]~~ of ROTC training for each year that the student receives a scholarship, or the equivalent of one year ~~[four years]~~ of ROTC training if the institution of higher education awards ROTC credit for prior service in any branch of the U.S. Armed Services or the Texas Army National Guard, Texas Air National Guard, Texas State Guard, United States Coast Guard, or United States Merchant Marine, or another undergraduate officer commissioning program;
- (2) Graduate no later than six years after the date the student first enrolls in an institution of higher education after having received a high school diploma or a General Educational Diploma or its equivalent;
- (3) After graduation, enter into and provide the Coordinating Board with verification of:
 - (A) A four-year commitment to be a member of the Texas Army National Guard, Texas Air National Guard, Texas State Guard, United States Coast Guard, or United States Merchant Marine; or
 - (B) A contract to serve as a commissioned officer in any branch of the armed services of the United States;
- (4) Meet the physical examination requirements and all other prescreening requirements of the Texas Army National Guard, Texas Air National Guard, Texas State Guard, United States Coast Guard, or United States Merchant Marine, or the branch of the armed services with which the student enters into a contract. ~~and~~
- ~~[(5) Repay the scholarship according to the terms of the promissory note if the student fails to meet the requirements described in §22.170 of this subchapter (relating to Conversion of the Scholarship to a Loan).]~~

§22.170. Conversion of the Scholarship to a Loan.

(a) A scholarship will become a loan if the recipient:

- (1) Fails to maintain satisfactory academic progress as described in §22.167 of this subchapter (relating to Award Eligibility);
- (2) Withdraws from the scholarship program, as indicated through withdrawal or removal from the institution of higher education or that institution's ROTC program or other undergraduate officer commissioning program, without subsequent enrollment in another institution of higher education and that subsequent institution's ROTC program or other undergraduate officer commissioning program; or
- (3) Fails to fulfill one of the following:
 - (A) a four-year commitment to be a member of the Texas Army National Guard, Texas Air National Guard, Texas State Guard, United States Coast Guard, or United States Merchant Marine; or
 - (B) the minimum active service requirement included in a contract to serve as a commissioned officer in any branch of the armed services of the United States; honorable discharge is considered demonstration of fulfilling the minimum active service requirement.
- (b) A scholarship converts to a loan if documentation of the contract or commitment outlined in subsection (a)(3) of this section is not submitted to the Coordinating Board within twelve months of graduation with a baccalaureate degree. Subsequent filing of this documentation will revert the loan back to a scholarship.
- (c) If a recipient's scholarship converts to a loan, the recipient:
 - (1) cannot regain award eligibility in a subsequent academic year; and
 - (2) loses eligibility to receive any future awards.
- (d) If a recipient requires a temporary leave of absence from the institution of higher education and/or the ROTC program or another undergraduate officer commissioning program for personal reasons or to provide service for the Texas Army National Guard, Texas Air National Guard, Texas State Guard, United States Coast Guard, or United States Merchant Marine for fewer than twelve months, the Coordinating Board may agree to not convert the scholarship to a loan during that time.
- (e) If a recipient is required to provide more than twelve months of service in the Texas Army National Guard, Texas Air National Guard, Texas State Guard, United States Coast Guard, or United States Merchant Marine as a result of a national emergency, the Coordinating Board shall grant that recipient additional time to meet the graduation and service requirements specified in the scholarship agreement.

§22.171. Repayment of Loans.

- (a) A scholarship is considered a loan on the date the recipient fails to meet the conditions of the scholarship as described in §22.170 of this subchapter (relating to Conversion of the Scholarship to a Loan); the loan amount must be repaid, plus interest accrued.
- (b) Loan interest. The interest rate charged on the loans shall be the same rate charged for a College Access Loan at the time the funds were disbursed. Interest shall begin to accrue on the date the scholarship is converted to a loan.
- (c) Period of loan repayment. The total amount of principal, interest, late charges, and any costs of collection that accrue over the life of the loans are to be repaid in installments over a period of not more than 15 years after the date the scholarship becomes a loan.

(d) Grace period. A recipient shall begin making payments six months after the date the scholarship becomes a loan.

(e) Minimum repayment amount. The minimum monthly payment amount required by any repayment plan is \$100, or an amount required to repay the loan within 15 years, whichever is greater.

(f) Late charges. A charge of 5 percent of the scheduled monthly payment amount or five dollars (\$5), whichever is less, shall be assessed if the past due amount is not received within 20 days of the scheduled due date. These charges shall be collected for late payment of all sums due and payable and shall be taken out of the next payment received by the Coordinating Board.

(g) Collection charges. In the case of delinquent accounts, the Commissioner may authorize the assessment of charges to cover costs necessary to collect the loan.

(h) Deferments. An education deferment is available to any recipient whose loan is not in a default status and who provides the Coordinating Board documentation of enrollment as at least a half-time student.

(i) Forbearance. The Coordinating Board [~~staff~~] may grant periods of forbearance in the form of postponed or reduced payments for unusual financial hardship if the Coordinating Board receives a written or verbal request stating the circumstances that merit such consideration.

(j) Prepayment. Any loans made through the program may be prepaid without penalty.

(k) Application of payments. In accordance with the terms of the promissory note, the Coordinating Board [~~staff~~] shall determine the priority order in which payments shall be applied to interest, late charges, principal, collections costs and any other charges.

§22.172. Enforcement of Collection.

(a) When a scholarship recipient fails to make as many as five monthly payments due in accordance with the established repayment schedule for a scholarship which has become a loan, the entire unpaid balance shall become due and payable immediately.

(b) When as many as six payments have been missed, the loan(s) will be considered to be in default, and the Office of the Attorney General, at the request of the Commissioner, may file suit for the unpaid balance plus court costs and attorneys' fees.

(c) The Coordinating Board [~~staff~~] shall notify the Comptroller of Public Accounts when a recipient's loan has become 90 days or more past due, resulting in the non-issuance of certain state warrants.

§22.173. Exemption and Cancellation.

(a) The recipient shall be exempt from the requirement to repay the scholarship if the person is unable to meet the obligations of the agreement solely as a result of physical inability and provides a physician's certification and/or other appropriate documentation to the satisfaction of the Coordinating Board.

(b) The Coordinating Board [~~staff~~] shall cancel a recipient's loan upon the death of the recipient unless the debt was reduced to judgment before the death occurred.

(c) The Coordinating Board [~~staff~~] may cancel a recipient's service and/or repayment obligation if funding for the Texas Armed Services Scholarship Program is discontinued while the recipient continues to meet eligibility requirements.

Committee on Innovation, Data, and Educational Analytics

AGENDA ITEM V-F (5)

Consideration and possible action to adopt amendments to Board Rules, Chapter 23, Subchapter J, Sections 23.286-23.293, concerning the Math and Science Scholars Loan Repayment Program

RECOMMENDATION: Approval

Background Information:

These amendments redefine Texas Higher Education Coordinating Board terminology used throughout Subchapter J, expand program eligibility to math and science teachers working in any Texas public school, remove award amount limitations based on service location, and clarify which loans can be considered when determining repayment eligibility.

Rule 23.286, Authority and Purpose, is amended to remove language from the program's purpose statement that requires a teacher to work at a Title I school during the first four years of participation in the program. Senate Bill 532, 88th Legislative Session, amended Texas Education Code (TEC), Chapter 61, Subchapter KK, to remove the requirement for a teacher to work at a Title I school during the first four years of service beginning with applicants on or after September 1, 2023.

Rule 23.287, Definitions, is amended to update the definition of "Coordinating Board" to clarify that references throughout the subchapter are for the agency and its staff members and not the governing body of the agency. It would also revise the term "Commissioner" from chief executive officer of the board to the Commissioner of Higher Education. These amendments also impact Sections 23.288-23.290 and 23.292. These non-substantive changes are being implemented to align terminology across all subchapters in Chapter 23.

Rule 23.288, Eligibility for Enrollment in the Program, is amended to delineate program eligibility requirements between applicants who first establish eligibility for the program before September 1, 2023, and applicants who first establish eligibility for the program on or after September 1, 2023, as required by Section 6 of House Bill 532, 88th Legislative Session. Revisions to TEC, Chapter 61, Subchapter KK, no longer require applicants to work at a Title I school to be eligible for participation on or after September 1, 2023. An update to the rule also clarifies which loans can be considered when determining repayment eligibility.

Rule 23.289, Application Ranking Priorities, is amended to make a non-substantive change that aligns with a similar change in Section 23.287 (relating to Definitions).

Rule 23.290, Exceptions to Consecutive Years of Employment Requirement, is amended to delineate exceptions for the consecutive years of employment requirement between applicants who first establish eligibility for the program before September 1, 2023, and applicants who first establish eligibility for the program on or after September 1, 2023, as required by Section 6 of House Bill 532, 88th Legislative Session. Revisions to TEC, Chapter 61, Subchapter KK, no longer require applicants to work at a Title I school on or after September 1, 2023.

Rule 23.291, Eligibility for Disbursement of Award, is amended to delineate disbursement criteria to an eligible teacher between applicants who first establish eligibility for the program before September 1, 2023, and applicants who first establish eligibility for the program on or after September 1, 2023, as required by Section 6 of House Bill 532, 88th Legislative Session. Revisions to TEC, Chapter 61, Subchapter KK, no longer require applicants to work at a Title I school on or after September 1, 2023. The rules for applicants on or after September 1, 2023, no longer require a teacher to provide verification of working at a Title I school during the first four years to align with statutory updates.

Rule 23.292, Eligible Lender and Eligible Education Loan, is amended to make a non-substantive change that aligns with a similar change in Section 23.287 (relating to Definitions).

Rule 22.293, Disbursement of Repayment Assistance and Award Amount, is amended to clarify that a math or science teacher that applies for the program on or after September 1, 2023, may continue to receive the same amount of loan repayment assistance received during the first four consecutive years of teaching service required. This rule change aligns with Senate Bill 532, 88th Legislative Session, that amended TEC, Chapter 61, Subchapter KK. Teachers participating in the program before September 1, 2023, are subject to the law and rules in effect at the time.

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 26, 2024.

The 30-day comment period with the *Texas Register* ended on: February 25, 2024.

No comments were received regarding this rule.

CHAPTER 23 EDUCATION LOAN REPAYMENT PROGRAMS

SUBCHAPTER J MATH AND SCIENCE SCHOLARS LOAN REPAYMENT PROGRAM

§23.286. Authority and Purpose.

(a) Authority. Authority for this subchapter is provided in the Texas Education Code, subchapter ~~[Subchapter]~~ KK, Math and Science Scholars Loan Repayment Program. These rules establish procedures to administer the subchapter as prescribed in the Texas Education Code, §§61.9831 - 61.9841.

(b) Purpose. The purpose of the Math and Science Scholars Loan Repayment Program is to encourage teachers, who demonstrated high academic achievement as math or science majors, to teach math or science in Texas public schools for eight years, the first four of which are required ~~[at Title I schools]~~.

§23.287. Definitions.

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

~~[(1) Board--The Texas Higher Education Coordinating Board.]~~

(1) [(2)] Commissioner--~~[The] Commissioner of Higher Education[, the chief executive officer of the Board].~~

(2) Coordinating Board--The agency known as the Texas Higher Education Coordinating Board and its staff.

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

(4) Program--The Math and Science Scholars Loan Repayment Program.

(5) Title I school--Texas public schools that receive federal funding under Title I, Elementary and Secondary Education Act of 1965 (20 U.S.C. §6301 et seq.)

§23.288. Eligibility for Enrollment in the Program.

(a) To be eligible for the Coordinating Board to conditionally approve an application and encumber loan repayment funds, a teacher who first applies for the Program prior to September 1, 2023, must:

- (1) ensure that the Coordinating Board has received the completed enrollment application and transcripts of the applicant's postsecondary coursework, and any other requested documents by the established deadline posted on the Program web page;
- (2) be a U.S. citizen;
- (3) have completed an undergraduate or graduate program in mathematics or science;
- (4) have earned a cumulative GPA of at least 3.0 on a four-point scale, or the equivalent, at the institution from which the teacher graduated;
- (5) be certified under the Texas Education Code, Subchapter B, Chapter 21, or under a probationary teaching certificate, to teach mathematics or science in a Texas public school;
- (6) have secured an employment contract as a full-time classroom teacher to teach mathematics or science in a Title I school at the time of application for enrollment in the Program;

(7) not receive any other state or federal loan repayment assistance, including a Teacher Education Assistance for College and Higher Education (TEACH) Grant or teacher loan forgiveness for the loan(s) that the applicant is seeking to be repaid;

(8) not be in default on any education loan; and

(9) enter into an agreement with the Coordinating Board that includes the provisions stated in subsection (b) of this section.

(b) The agreement with the Coordinating Board made prior to September 1, 2023, must include the following provisions:

(1) the applicant will accept an offer of continued employment to teach mathematics or science, as applicable based on the teacher's certification, for an average of at least four hours each school day in a Title I school, for four consecutive years, beginning with the school year that has recently begun or the upcoming school year at the time of the application for enrollment in the Program;

2) the applicant may complete up to four additional consecutive school years teaching mathematics or science, as applicable based on the teacher's certification, for an average of at least four hours each school day in any Texas public school, beginning with the school year immediately following the last of the four consecutive school years described by paragraph (1) of this subsection; and

(3) the applicant understands that loan repayment awards are contingent on available funding received, the Coordinating Board may make a financial commitment only based on funds that have been appropriated for each two-year state budget period, and the teacher will be released from the teaching obligation for any year of employment for which funds are not available.

(c) To be eligible for the Coordinating Board to conditionally approve an application and encumber loan repayment funds, a teacher who first applies for the Program on or after September 1, 2023, must:

(1) ensure that the Coordinating Board has received the completed enrollment application and transcripts of the applicant's postsecondary coursework, and any other requested documents by the established deadline posted on the Program web page;

(2) be a U.S. citizen;

(3) have completed an undergraduate or graduate program in mathematics or science;

(4) have earned a cumulative GPA of at least 3.0 on a four-point scale, or the equivalent, at the institution from which the teacher graduated;

(5) be certified under the Texas Education Code, chapter 21, subchapter B, or under a probationary teaching certificate, to teach mathematics or science in a Texas public school;

(6) have secured an employment contract as a full-time classroom teacher to teach mathematics or science in a public school at the time of application for enrollment in the Program;

(7) not receive any other state or federal loan repayment assistance, including a Teacher Education Assistance for College and Higher Education (TEACH) Grant or teacher loan forgiveness for the loan(s) that the applicant is seeking to be repaid;

(8) not be in default on any education loan; and

(9) enter into an agreement with the Coordinating Board that includes the provisions stated in subsection (d) of this section.

(d) The agreement with the Coordinating Board made on or after September 1, 2023, must include the following provisions:

(1) the applicant will accept an offer of continued employment to teach mathematics or science, as applicable based on the teacher's certification, for an average of at least four hours each school day in a any public school, for four consecutive years, beginning with the school year that has recently begun or the upcoming school year at the time of the application for enrollment in the Program;

(2) the applicant may complete up to four additional consecutive school years teaching mathematics or science, as applicable based on the teacher's certification, for an average of at least four hours each school day in any Texas public school, beginning with the school year immediately following the last of the four consecutive school years described by paragraph (1) of this subsection; and

(3) the applicant understands that loan repayment awards are contingent on available funding received, the Coordinating Board may make a financial commitment only based on funds that have been appropriated for each two-year state budget period, and the teacher will be released from the teaching obligation for any year of employment for which funds are not available.

§23.289. Application Ranking Priorities.

(a) Renewal applicants shall be given priority over first-time applicants unless a break in Employment Service Periods has occurred as a result of the circumstances described in §21.2025 of this title (relating to Exceptions to Consecutive Years of Employment Requirement).

(b) If there are not sufficient funds to encumber awards for all eligible applicants for enrollment in the Program, applications shall be ranked according to a cumulative ranking system developed by the Coordinating Board based on:

- (1) the number of mathematics and science courses completed by the applicants;
- (2) the grade received by each applicant for each of those courses; and
- (3) employment at schools having the highest percentages of students who are eligible for free or reduced cost lunches.

§23.290. Exceptions to Consecutive Years of Employment Requirement.

(a) Although funding limitations may require the Coordinating Board to exercise the ranking priorities established in §23.289 of this title (relating to Application Ranking Priorities) a teacher who has enrolled in the Program prior to September 1, 2023, shall not lose Program eligibility due to failure to meet the consecutive years of qualifying employment requirement if the break in employment service is a result of the person's:

- (1) full-time enrollment in a course of study related to the field of teaching that is approved by the State Board for Educator Certification and provided by a Texas institution of higher education, as defined in Texas Education Code §61.003;
- (2) service on active duty as a member of the armed forces of the United States, including as a member of a reserve or National Guard unit called for active duty;
- (3) temporary total disability for a period of not more than 36 months as established by the affidavit of a qualified physician;
- (4) inability to secure employment as required in a Title I school for a period not to exceed 12 months, because of care required by a disabled spouse or child; or

(5) inability, despite reasonable efforts, to secure, for a single period not to exceed 12 months, employment in a Title I school.

(b) A teacher who has enrolled in the Program on or after September 1, 2023, shall not lose Program eligibility due to failure to meet the consecutive years of qualifying employment requirement if the break in employment service is a result of the person's:

(1) full-time enrollment in a course of study related to the field of teaching that is approved by the State Board for Educator Certification and provided by a Texas institution of higher education, as defined in Texas Education Code §61.003;

(2) service on active duty as a member of the armed forces of the United States, including as a member of a reserve or National Guard unit called for active duty;

(3) temporary total disability for a period of not more than 36 months as established by the affidavit of a qualified physician;

(4) inability to secure employment for a period not to exceed 12 months, because of care required by a disabled spouse or child; or

(5) inability, despite reasonable efforts, to secure, for a single period not to exceed 12 months, employment in a public school.

§23.291. Eligibility for Disbursement of Award.

(a) To be eligible for disbursement of a loan repayment award, a teacher who applies for the Program prior to September 1, 2023, must:

(1) for teachers having a probationary teaching certificate during the initial year in the Program, have received a standard teaching certificate by the beginning of the second year of employment, to qualify for a second-year award;

(2) for the first four years of employment, submit all required end-of-year forms verifying completion of one, two, three, or four consecutive years of employment as a full-time classroom teacher in a Title I school; and

(3) following the first four years of employment, submit all required end-of-service period forms verifying completion of five, six, seven, or eight consecutive years of employment as a full-time classroom teacher in any Texas public school.

(b) To be eligible for disbursement of a loan repayment award, a teacher who applies for the Program on or after September 1, 2023, must:

(1) for teachers having a probationary teaching certificate during the initial year in the Program, have received a standard teaching certificate by the beginning of the second year of employment, to qualify for a second-year award;

(2) for the first four years of employment, submit all required end-of-year forms verifying completion of one, two, three, or four consecutive years of employment as a full-time classroom teacher in a public school; and

(3) following the first four years of employment, submit all required end-of-service period forms verifying completion of any subsequent year of employment, not to exceed eight consecutive years, as a full-time classroom teacher in any public school.

§23.292. Eligible Lender and Eligible Education Loan.

(a) The Coordinating Board shall retain the right to determine the eligibility of lenders and holders of education loans to which payments may be made. An eligible lender or holder shall, in general, make or hold education loans made to individuals for purposes of undergraduate, medical and graduate medical education and shall not be any private

individual. An eligible lender or holder may be, but is not limited to, a bank, savings and loan association, credit union, institution of higher education, student loans secondary market, governmental agency, or private foundation.

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

- (1) be evidenced by a promissory note for loans to pay for the cost of attendance for undergraduate or graduate education;
 - (2) not be in default at the time of the teacher's application;
 - (3) not have an existing obligation to provide service for loan forgiveness through another program;
 - (4) not be subject to repayment through another student loan repayment or loan forgiveness program;
 - (5) if the loan was consolidated with other loans, the teacher must provide documentation of the portion of the consolidated debt that was originated to pay for the cost of attendance for the teacher's undergraduate or graduate education; and
 - (6) not be an education loan made to oneself from one's own insurance policy or pension plan or from the insurance policy or pension plan of a spouse or other relative.
- §23.293. Disbursement of Repayment Assistance and Award Amount.

(a) The annual repayment(s) shall be in one disbursement made payable to the servicer(s) or holder(s) of the loan upon the teacher's completion of each year of qualifying employment.

(b) The Commissioner or his or her designee shall determine the maximum annual repayment amount in each state fiscal year, taking into consideration the amount of available funding and the number of eligible applicants.

(c) A teacher who transfers to a Texas public school that is not a Title I school after completing four consecutive years of employment at a Title I school may qualify for no more than 75% of the annual award amount established for the fiscal year. This award limitation is applicable only to a teacher who applies for the Program prior to September 1, 2023.

(d) A teacher who applies for the Program on or after September 1, 2023, may continue to receive the same amount of loan repayment assistance provided during the first four years of teaching service in subsequent years, not to exceed eight years in the Program.