

Texas Higher Education Coordinating Board

S.B. 215 Birdwell (Anchia)

Staff Contact: Sarah Kirkle

The primary result of the Sunset review of the Texas Higher Education Coordinating Board was to refocus the agency on coordination, and not regulation, of public higher education. Specifically, the Coordinating Board's Sunset legislation, Senate Bill 215, removed the agency's authority to consolidate or eliminate low-producing degree or certificate programs and to approve capital projects at institutions of higher education. Senate Bill 215 also provided that powers not expressly delegated to the Coordinating Board by law are reserved to higher education institutions and their governing boards.

Other changes made through the Coordinating Board's Sunset review aim to improve the effectiveness of the agency's coordination efforts through more meaningful consideration of input from stakeholders. The Sunset bill renews the importance of stakeholder input by ensuring that valuable feedback from the public, stakeholders, and advisory committees is provided directly to the Board, and not filtered through agency staff. The legislation also includes requirements for the agency to engage in negotiated rulemaking.

The Sunset Commission also adopted a series of directives to focus the agency's leadership on more strategically managing the agency's operations. Most significantly, appointment of a single executive manager and revamping the agency's strategic plan will help the agency's management, stakeholders, and the Legislature narrow the agency's priorities and understand how well the agency is performing. Senate Bill 215 also clarified the Board's major functions and removed outdated and unnecessary statutory provisions, programs, and reporting requirements that divert the agency's focus from its core functions.

Several of the State's largest financial aid programs experienced changes through the Sunset review. For both TEXAS Grants and B-On-Time Loans, the Sunset bill removed students at two-year institutions from eligibility in the programs because these students often do not meet program requirements. Instead, the Legislature increased funding for these students through the Texas Educational Opportunity Grant program, which is specific to the needs of students at two-year institutions. The Sunset bill also enacted measures to address the B-On-Time Loan Program's three largest problems: low student participation rates, low loan forgiveness rates, and high loan default rates.

Senate Bill 215 also resulted in significant changes to the Texas Guaranteed Student Loan Corporation. The bill changes the Corporation from a public nonprofit corporation within state government to a private nonprofit corporation. In addition, the bill makes the Coordinating Board the state entity responsible for providing financial aid services, including awareness efforts relating to available grant and loan programs and prevention of student loan default.

The following material summarizes results of the Sunset review of the Coordinating Board, including management actions directed to the Board that do not require statutory change. For additional information see the *Texas Higher Education Coordinating Board Sunset Final Report with Legislative Action* available on the Sunset Commission website at www.sunset.state.tx.us.

Powers and Duties

- Limits the Coordinating Board's authority to expressly granted powers and reserves other powers to higher education institutions and their governing boards.
- Removes the Board's authority to approve capital projects for public higher education institutions.
- Redefines the Coordinating Board's powers and duties in statute to reflect the major functions of a modern higher education coordinating entity.
- Combines and simplifies long-range planning requirements for higher education in statute.
- Eliminates 20 unfunded and unnecessary programs from statute and four unnecessary reporting requirements.
- Requires the Coordinating Board to periodically re-evaluate the ongoing need for all existing data requests it imposes on higher education institutions through rule or policy.
- Provides for the Coordinating Board to administer pilot projects to identify best practices only in circumstances where other entities cannot or will not administer the programs.

Academic Program Oversight

- Updates the Coordinating Board's statute to clearly define its academic program approval authority in one section of law.
- Prohibits the Board from ordering the consolidation or elimination of a degree or certificate program.
- Caps the number of hours required for an associate's degree.
- Prohibits the Board from issuing a certificate of authority to a foreign post-secondary institution.
- Places conditions on the Board's review and approval of certain degree programs.
- Requires institutions to secure preliminary approval from the Board when an institution proposes to implement, instead of when it begins to plan for, a new degree program. Provides that a new degree or certificate program is automatically approved if the Board doesn't act within one year and prohibits the Board from disapproving a program without completing its review.

Transfer of Credit

- Requires an institution to annually update its list of courses in the common course numbering system and prohibits discrimination of transfer credits based on accreditation of the sending institution.
- Limits articulation agreement requirements for junior colleges offering a baccalaureate degree in applied science or applied technology.

Stakeholder Input

- Requires the Coordinating Board to provide opportunities for public comment as an agenda item for each board meeting.
- Requires negotiated rulemaking for certain policy areas, such as admissions and transfer policies.

- Requires the Coordinating Board to strengthen its internal controls for allocating financial aid and other trusteed funds and ensure stakeholder input by adopting allocation methodologies in rule.
- Requires the Coordinating Board to adopt rules for its use of advisory committees, ensuring the committees meet standard structure and operating criteria, and report recommendations directly to the Board.
- Directs the Coordinating Board to restructure and reduce its number of advisory committees. (management action – nonstatutory)

Strategic Agency Management

- Directs the Commissioner of Higher Education to ensure that a single high-level executive manages and coordinates the agency’s day-to-day operations. (management action – nonstatutory)
- Directs the Coordinating Board to revamp its statutorily required strategic plan to be specific to the agency’s goals and functions. (management action – nonstatutory)
- Directs the Coordinating Board to redesign its websites to better meet the needs of its stakeholders and ensure centralized control over the sites’ content and organization. (management action – nonstatutory)
- Directs the Coordinating Board to work toward revamping its budget pattern and performance measures to better reflect the agency’s functions. (management action – nonstatutory)

Compliance Monitoring

- Requires the Coordinating Board to establish a risk-based, agency-wide compliance monitoring function to help ensure the proper use of its funding and the accuracy of its data.
- The Coordinating Board’s Office of Internal Auditor should prioritize its core functions over other duties that divert its focus or impair its ability to independently evaluate the agency’s operations. (management action – nonstatutory)

B-On-Time Loan Program

- Removes all two-year institutions from participation in the B-On-Time Loan Program and increases the funding for public two-year institutions in a program better suited to those institutions’ needs.
- Changes the basis for the program’s funding allocation from an institution’s enrollment to the proportion of dedicated tuition set-asides paid by the institution.
- Grants higher education institutions discretion to determine the amount of an individual B-On-Time loan.
- Requires the Board to develop measures to address low participation and forgiveness rates for the program, and requires the Board to provide loan counseling to address high loan default rates.
- Requires an institution with a default rate that exceeds, or a forgiveness rate that is below, the program’s state average to provide loan repayment and default prevention counseling.

- Directs the Coordinating Board to seek a revision to federal regulations for alternative loans to exclude restrictions on state-sponsored loan programs. (management action – nonstatutory)
- Requires the Coordinating Board to include information about the B-On-Time Loan Program's progress in its annual financial aid report. (management action – nonstatutory)

Financial Aid and Research

- Removes two-year institutions from eligibility in the TEXAS Grant Program and expands the eligibility for transfer students to receive a TEXAS Grant.
- Requires the Board to study the creation of a state financial assistance program for competency-based online colleges and universities.
- Makes cosigners of a student loan liable for a defaulted loan and designates Travis County as the venue for suits.
- Creates the Student Loan Default Prevention and Financial Aid Literacy Pilot Program.
- Creates the Texas Competitive Knowledge Fund in statute.

Texas Guaranteed Student Loan Corporation

- Changes the Texas Guaranteed Student Loan Corporation from a public nonprofit corporation within state government to a private nonprofit corporation.
- Makes the Coordinating Board the state entity responsible for providing financial aid services, including awareness efforts relating to available grant and loan programs and prevention of student loan default.

Continuation

- Continues the Texas Higher Education Coordinating Board for 12 years.

Fiscal Implication

Fiscal implications of the Sunset review result only from provisions of the Sunset bill. The bill will have an estimated fiscal impact to the State of \$665,734 over the biennium to fund four additional staff for the agency's compliance monitoring function.