

ADOPTED RULES

Adopted rules include new rules, amendments to existing rules, and repeals of existing rules. A rule adopted by a state agency takes effect 20 days after the date on which it is filed with the Secretary of State unless a later date is required by statute or specified in the rule (Government Code, §2001.036). If a rule is adopted without change to the text of the proposed rule, then the *Texas Register* does not republish the rule text here. If a rule is adopted with change to the text of the proposed rule, then the final rule text is included here. The final rule text will appear in the Texas Administrative Code on the effective date.

TITLE 13. CULTURAL RESOURCES

PART 2. TEXAS HISTORICAL COMMISSION

CHAPTER 16. HISTORIC SITES

13 TAC §16.3

The Texas Historical Commission (hereinafter referred to as the "commission") adopts amendments to the Texas Administrative Code, Title 13, Part 2, Chapter 16, §16.3 related to Addition of Historic Sites to the Texas Historical Commission Historic Sites Program. This rule is adopted without changes to the text as published in the May 9, 2025, issue of the *Texas Register* (50 TexReg 2747) and will not be republished.

The agency did not receive any public comments on this amended rule.

The commission adopts these amendments pursuant to Texas Government Code § 442.0053, which authorize the commission to adopt rules for the acquisition and inclusion of real property in the historic sites system. The commission hereby certifies that the proposed amendments have been reviewed by legal counsel and found to be a valid exercise of the agency's authority.

No other statutes, articles, or codes are affected by the amendments.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 7, 2025.

TRD-202502799

Joseph Bell

Executive Director

Texas Historical Commission

Effective date: August 27, 2025

Proposal publication date: May 9, 2025

For further information, please call: (512) 463-6100



TITLE 19. EDUCATION

PART 1. TEXAS HIGHER EDUCATION COORDINATING BOARD

CHAPTER 13. FINANCIAL PLANNING SUBCHAPTER Q. FINANCIAL AID FOR SWIFT TRANSFER (FAST) PROGRAM

19 TAC §13.501, §13.503

The Texas Higher Education Coordinating Board (Coordinating Board) adopts amendments to Title 19, Part 1, Chapter 13, Subchapter Q, §13.501 and §13.503, Financial Aid for Swift Transfer (FAST) Program, without changes to the proposed text as published in the June 13, 2025, issue of the *Texas Register* (50 TexReg 3533). The rules will not be republished.

This amendment expands eligibility for the program to include current educationally disadvantaged students who were not educationally disadvantaged in the prior four years, students enrolled in Windham School District high schools, and students who graduated high school but remain enrolled in Pathways in Technology Early College High School (P-TECH) and Rural Pathway Excellence Partnership (R-PEP) programs. The adopted amendments implement the provisions of House Bill 120 and Senate Bill 1786, 89th Texas Legislature. The Coordinating Board is authorized by Texas Education Code, §28.0095, to adopt rules as necessary to administer the FAST program.

Rule 13.501, Definitions, is amended by clarifying that for the purposes of the subchapter, the term "school district" includes the Windham School District. This conforms to statutory changes made in Senate Bill 1786, 89th Texas Legislature.

Rule 13.503, Eligible Students, is amended to reflect changes in FAST eligibility during the 89th Texas Legislature, as well as to improve administration of the program. Subsection (a)(1) is amended to change the reference from Texas Education Agency rules to state law, because Windham School District students are funded by the Foundation School Program (FSP) pursuant to Texas Education Code, §19.005. Subsection (a)(3), is amended to allow for a student to establish eligibility for FAST based on educationally disadvantaged status in the current year of enrollment, even if the student was not educationally disadvantaged in the prior four years. This conforms to statutory changes made in Senate Bill 1786, 89th Texas Legislature, amending Texas Education Code, §28.0095(c)(1).

Subsections (b) and (c) are amended to provide greater clarity regarding school districts' and institutions' responsibilities for confirming eligibility of students who were not educationally disadvantaged in the four years preceding enrollment in a dual credit course but are educationally disadvantaged in the current year. Subsection (b)(2) provides for direct notice by school districts to participating institutions, accounting for the fact that neither the Coordinating Board nor the Texas Education Agency would have available data to confirm the eligibility of these students. Subsection (c)(2) is added to note that a school district's notice to participating institutions regarding these students does not need to be confirmed by the Coordinating Board through the current verification process.

Subsection (d) is added to allow for more consistent administration of the program. The inclusion of students who are, but were not previously, educationally disadvantaged adds a layer of administrative complexity to the program. By aligning the eligibility determination process with the institution's census date, the new subsection allows participating institutions to have a predictable timeline for understanding their financial commitments relating to FAST.

Subsection (e) is added to clarify the meaning of high school enrollment in the context of FAST. Subsection (e)(1) codifies current practice and aligns with statute by defining high school as grade levels 9 through 12. Subsection (e)(2), based on House Bill 120, defines two enrollment situations in which a student who has already graduated from high school may still be eligible for the FAST program.

The following comments were received regarding the adoption of the new rule.

Comment: Educate Texas and Texas 2036 commented to register their support for the rule amendments made in alignment with legislative changes to the FAST program in Senate Bill 1786.

Response: The Coordinating Board appreciates the comments.

The amendments are adopted under Texas Education Code, Section 28.0095, which provides the Coordinating Board with the authority to adopt rules as necessary to administer the FAST program.

The adopted amendments affect Texas Administrative Code, Chapter 13 and Chapter 4; and Texas Education Code, Chapter 19; Chapter 29, Subchapter N; and Sections 28.009, 28.0095, and 130.008.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 8, 2025.

TRD-202502809

Nichole Bunker-Henderson

General Counsel

Texas Higher Education Coordinating Board

Effective date: September 1, 2025

Proposal publication date: June 13, 2025

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SUBCHAPTER R. STATE PUBLIC JUNIOR COLLEGE FINANCE PROGRAM REPORTING, AUDIT, AND OVERALLOCATION

19 TAC §§13.522, 13.524, 13.525, 13.527 - 13.529

The Texas Higher Education Coordinating Board (Coordinating Board) adopts amendments to Title 19, Part 1, Chapter 13, Subchapter R, §13.524, State Public Junior College Finance Program Reporting, Audit, and Overallocation, with changes to the proposed text as published in the June 13, 2025, issue of the *Texas Register* (50 TexReg 3535). The rule will be republished. Sections 13.522, 13.525, and 13.527 - 13.529 are adopted without changes and will not be republished.

Specifically, these amendments clarify the bounds on corrections to data that are used in calculating community college for-

mula funding. These time limits improve the administrability of the community college funding program and limit ongoing, unpredictable liabilities on state funds by restricting how far back in time data error corrections may occur while maintaining an appropriate process for recovery of funding overallocations. These amendments also change reporting deadlines for the Report of Fundable Operating Expenses (RFOE) and the Annual Financial Reporting data in Community College Reporting Analysis Tool (CARAT) to ensure that data are submitted in time to meet federal reporting requirements. These amendments also remove references to Chapter 13, Subchapter P, which has been repealed as Subchapter P only applied to fiscal year 2024, and adopt certain reporting manuals by reference, as authorized by Senate Bill 1786, 89th Texas Legislature, Regular Session, in order to formalize data reporting standards necessary for proper financial administration.

Rule 13.522, Definitions, is amended to remove references to Subchapter P across multiple definitions. This reference is no longer valid, as Subchapter P was in place to govern the community college finance program for fiscal year 2024. Subchapter P was repealed at the April 2025 Board meeting. New references to manuals adopted by reference are added.

Rule 13.524, Required Reporting, is amended to change the reporting deadline for the Report of Fundable Operating Expenses and the data reported in the Community College Reporting Analysis Tool from January 31 to December 31. This will ensure that data is submitted in a timely manner in order to meet federal reporting deadlines. New references to manuals adopted by reference are added.

Subsection (g) is added to specify that the Coordinating Board has adoption by reference authority to formalize data reporting standards and manuals that are necessary for the administration of the community college finance program.

Rule 13.525, Commissioner Review of Required Reporting; Data Reporting Errors, is amended to prevent corrections to data not used for funding from requiring the same level of process and review as is necessary when data corrections have financial consequences. It is also amended to enable the review and correction and data reporting errors that may have affected formula funding calculations for a payment occurring up to seven years ago.

Rule 13.527, Records Retention, is amended to specify the record retention policy. This will ensure that records are retained for a period of seven years beginning the last time the records are a direct input to formula funding calculations.

Rule 13.528, Recovery of Overallocated Funds, is amended to specify that the Coordinating Board shall recover overallocations of funding for up to seven years after an erroneous payment was made.

Rule 13.529, Payment of Under-allocated Funds, is amended to limit the period during which correction of an institution's data reporting error can result in additional funding for the institution to one year after the data's certification date. It is also amended to limit the payment of additional funding to an institution as a result of any error to the close-out process for the affected funding year(s).

Subsequent to the posting of the rules in the *Texas Register*, the following changes are incorporated into the adopted rule.

Subsections §13.524(b)(2) and (c)(1) are amended to return the reporting deadlines for the Report of Fundable Operating Ex-

penses and the Community College Reporting Analysis Tool to the originally adopted date of January 31.

The following comments were received regarding the adoption of the amendments.

Comment: Navarro College submitted a comment expressing concern regarding the proposed amendment to change the reporting deadline from January 31 to December 31, citing internal audit deadlines that will not allow for the college to be able to submit by December 31.

Response: The Coordinating Board thanks Navarro College for its comments and agrees with the sentiment expressed. In response to this and other comments to same effect, the Coordinating Board revised Section 13.524 effectively returning the deadlines for the Report of Fundable Operating Expenses and the Community College Reporting Analysis Tool to the originally published date of January 31.

Comment: Weatherford College submitted a comment expressing concern regarding the proposed amendment to change the reporting deadline from January 31 to December 31, citing internal audit deadlines that will not allow for the college to be able to submit by December 31.

Response: The Coordinating Board thanks Weatherford College for its comments and agrees with the sentiment expressed. In response to this and other comments to same effect, the Coordinating Board revised Section 13.524 effectively returning the deadlines for the Report of Fundable Operating Expenses and the Community College Reporting Analysis Tool to the originally published date of January 31.

Comment: Victoria College submitted a comment expressing concern regarding the proposed amendment to change the reporting deadline from January 31 to December 31, and notes that time constraints to submit both the Report of Fundable Operating Expenditure (RFOE) and the Community College Reporting Analysis Tool (CARAT) by December 31 will affect the accuracy of each report.

Response: The Coordinating Board thanks Victoria College for its comment and agrees with the sentiment expressed. In response to this and other comments to same effect, the Coordinating Board revised Section 13.524 effectively returning the deadlines for the Report of Fundable Operating Expenses and the Community College Reporting Analysis Tool to the originally published date of January 31.

Comment: Trinity Valley Community College submitted a comment expressing concern regarding the proposed amendment to change the RFOE reporting deadline from January 31 to December 31, as well as the submission deadline for the Annual Financial Report from January 31 to January 1.

Response: The Coordinating Board thanks Trinity Valley Community College for its comments and agrees with the sentiment expressed. In response to this and other comments to same effect, the Coordinating Board revised Section 13.524 effectively returning the deadlines for the Report of Fundable Operating Expenses and the Community College Reporting Analysis Tool to the originally published date of January 31.

Comment: Central Texas College submitted a comment expressing concern regarding the proposed amendment to change the reporting deadline from January 31 to December 31, noting there is not enough time to complete the reports by December 31.

Response: The Coordinating Board thanks Central Texas College for its comments and agrees with the sentiment expressed. In response to this and other comments to same effect, the Coordinating Board revised Section 13.524 effectively returning the deadlines for the Report of Fundable Operating Expenses and the Community College Reporting Analysis Tool to the originally published date of January 31.

Comment: San Jacinto College submitted a comment recommending the proposed amendment to change the reporting deadline for the Report of Fundable Operating Expenses and the Community College Reporting Analysis Tool remain as January 31, citing that the proposed December 31 deadline does not accommodate or properly consider financial schedules and statements that are common to most if not all institutions.

Response: The Coordinating Board thanks San Jacinto College for its comments and agrees with the sentiment expressed. In response to this and other comments to same effect, the Coordinating Board revised Section 13.524 effectively returning the deadlines for the Report of Fundable Operating Expenses and the Community College Reporting Analysis Tool to the originally published date of January 31.

Comment: San Jacinto College submitted a comment recommending that the timeline for Recovery of Overallocated Funds and the timeline for the Payment of Under-allocated Funds be more aligned. Currently, the state may recover over-allocations within seven years, but institutions may only make corrections for under-allocations within one year. From an equity of operations perspective, we believe it would be appropriate for the two timelines to be closer in length.

Response: The Coordinating Board thanks San Jacinto College for its comment and respectfully disagrees. The rule limiting payment of additional funding for an under-allocation resulting from a data reporting error to one year is designed to encourage accurate, on-time reporting. The overall restriction on under-allocation payments beyond the two-year close-out for a funding year prevents the creation of ongoing obligations that cross biennia, which would require the use of state appropriations that were not originally appropriated for that purpose. However, the Board has been advised by counsel that proper stewardship of taxpayer funds requires that overallocations be recoverable for a longer period.

The amendment is adopted under Texas Education Code, Section 130A.005, which provides the Coordinating Board with the authority to adopt rules and require reporting to implement the Public Junior College State Finance Program.

The adopted amendment affects Texas Education Code, Section 130A.006.

§13.524. Required Reporting.

(a) Required Reporting. A public junior college must submit data through required reporting mechanisms established by the Coordinating Board. The Coordinating Board may use information obtained through required reporting for:

- (1) calculating funding disbursed under this chapter;
- (2) providing timely data and analyses to inform management decisions by the governing body of each public junior college;
- (3) administering or evaluating the effectiveness of programs; or
- (4) auditing the program.

(b) Financial Reporting: The Community College Annual Reporting and Analysis Tool (CARAT) and Annual Financial Report (AFR) Reporting.

(1) Standards. Each public junior college must submit their Annual Financial Report (AFR) for the preceding fiscal year by January 1. The public junior college must submit the AFR following the requirements provided in the manual adopted pursuant to subsection (g)(7) of this section.

(2) Format. Each public junior college must report AFR data for each completed fiscal year as prescribed in the Community College Reporting and Analysis Tool (CARAT) manuals adopted pursuant to subsection (g)(7) and (g)(8) of this section by January 31 of the following fiscal year.

(3) Review Process. The Commissioner of Higher Education will update the AFR Manual, as required by Texas Education Code, §61.065. The AFR Manual will conform to Governmental Accounting Standards Board (GASB) statements and guidance.

(c) Financial Reporting: Report of Fundable Operating Expenses (RFOE).

(1) Standards. Each public junior college must report all instructional expenses from each completed fiscal year for each institutional discipline and unallocated administrative expenses as defined in the RFOE manual adopted pursuant to subsection (g)(7) of this section by January 31 of the following fiscal year.

(2) Coordinating Board staff shall use the data provided on expenses at public junior colleges to produce a study of costs for each instructional discipline each year. This study will review all expenses made by institutions for instruction and administration from all unrestricted sources of funds, including appropriated general revenue, tuition and fees, contract instruction, other educational and general revenue, and local tax revenue.

(d) Financial Reporting: Integrated Fiscal Reporting System (IFRS).

(1) Standards. Each public junior college shall report comprehensive tuition and fee financial data each fiscal year through IFRS as defined in the IFRS manual adopted pursuant to subsection (g)(6) of this section.

(2) The Coordinating Board may use data reported through IFRS to establish average annual tuition and fee charges as necessary to implement this chapter.

(e) Academic Reporting: Education Data System reporting.

(1) Standards. Each public junior college must use data standards established by the Commissioner of Higher Education to submit required information relating to the delivery of educational programs. The Commissioner of Higher Education shall adopt and publish annually data standards in official Coordinating Board publications, including through the Coordinating Board Management (CBM) Reporting and Procedures Manual for Texas Community, Technical, and State Colleges as adopted pursuant to subsection (g)(2) of this section. The Coordinating Board will widely disseminate this publication, which will include:

(A) descriptions of the data collections and submission requirements;

(B) descriptions of data elements and the codes used to report them, including data used to calculate Full-Time Student Equivalent enrollments, Texas Success Initiative eligibility of students, student transfer, dual credit or dual enrollment, the number and type of credentials conferred, and other relevant student characteristics;

(C) detailed responsibilities of public junior colleges in connection to the data submission process, including each deadline for submission and resubmission; and

(D) descriptions of data submission requirements, including submission record layout specifications and data edit specifications.

(2) A public junior college may report a student in attendance on the approved course census date for the purpose of funding under this subchapter, in accordance with Texas Education Code, §130A.008.

(3) Review Process. The Commissioner of Higher Education shall review the CBM Reporting and Procedures Manuals annually. The Commissioner of Higher Education may approve changes to the data and reporting standards outside of the annual review process to expedite implementation of data collections and reporting.

(4) Certification. The reporting official for each public junior college must certify the accuracy of the report by a certification statement submitted to the Coordinating Board's Educational Data Center in accordance with the template and instructions provided in the CBM Reporting and Procedures Manual.

(5) Credential Reporting. Each institution shall report all credentials conferred to a student in the manner prescribed in §13.643(10) and (14) of this chapter (relating to Definitions) and in accordance with the CBM Reporting and Procedures Manual for Texas Community, Technical, and State Colleges as adopted pursuant to subsection (g)(2) of this section.

(f) Academic Reporting: Ad Hoc Reporting Requests. As necessary to implement this chapter, the Commissioner of Higher Education may determine the need for additional, limited, supplemental requests for data and information from public junior colleges. To the extent Ad Hoc Reporting Requests may determine or influence funding disbursements under this subchapter, the Coordinating Board shall require the reporting official or another Coordinating Board designated official for each public junior college to certify the accuracy of the information contained in the report.

(g) Adoption by Reference. The Coordinating Board adopts the following manuals, including their appendices, by reference, in accordance with Texas Education Code, §61.0275:

(1) Coordinating Board Management Reporting and Procedures Manual for Career Schools and Colleges and Private and Out-of-State Public Postsecondary Institutions, version "Effective Fall 2025;"

(2) Coordinating Board Management Reporting and Procedures Manual for Texas Community, Technical, and State Colleges, version "Effective Fall 2025;"

(3) Coordinating Board Management Reporting and Procedures Manual for Texas Health-Related Institutions, version "Effective Fall 2025;"

(4) Coordinating Board Management Reporting and Procedures Manual for Texas Independent Colleges and Universities, version "Effective Fall 2025;"

(5) Coordinating Board Management Reporting and Procedures Manual for Texas Public Universities, version "Effective Fall 2025;"

(6) User Manual for Report of Fundable Operating Expenses (RFOE), version "November 2020;"

(7) Budget Requirements and Annual Financial Reporting Requirements for Texas Public Community Colleges, version "Fiscal Year 2025;"

(8) Community College Annual Reporting and Analysis Tool (CARAT) User's Guide, version "November 2020;"

(9) Integrated Fiscal Reporting System (IFRS) Handbook for Reporting Officials, version "October 2025;" and

(10) Financial Aid Database (FAD) Report Manual 2024-2025 (FY 2025).

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 8, 2025.

TRD-202502810

Nichole Bunker-Henderson

General Counsel

Texas Higher Education Coordinating Board

Effective date: September 1, 2025

Proposal publication date: June 13, 2025

For further information, please call: (512) 427-6495



SUBCHAPTER S. COMMUNITY COLLEGE FINANCE PROGRAM: BASE AND PERFORMANCE TIER METHODOLOGY FOR FISCAL YEAR 2025

19 TAC §13.564

The Texas Higher Education Coordinating Board (Coordinating Board) adopts amendments to Title 19, Part 1, Chapter 13, Subchapter S, §13.564, Community College Finance Program: Base and Performance Tier Methodology for Fiscal Year 2025, without changes to the proposed text as published in the June 13, 2025, issue of the *Texas Register* (50 TexReg 3539). The rule will not be republished.

Specifically, this amendment clarifies that Chapter 13, Subchapter S, rules apply to the calculation of foundation payments made in fiscal year 2025, and prior and future adjustments of those payments under the dynamic funding model. New Chapter 13, Subchapter V, rules adopted in separate rulemaking will govern new foundation payments beginning in fiscal year 2026, and incorporates the policies set forth by legislation passed by the 89th Texas Legislature.

This subchapter is retitled to specify that Chapter 13, Subchapter S, rules apply only to fiscal year 2025.

No comments were received regarding the adoption of the amendments.

The amendment is adopted 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 House Bill 8, 88th Texas Legislature, Regular Session.

The adopted amendment affects Texas Education Code, Sections 28.0295, 61.003, 61.059, 130.003, 130.0031, 130.0034, 130.008, 130.085, 130.310, 130.352, and Chapter 130A.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 8, 2025.

TRD-202502811

Nichole Bunker-Henderson

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Texas Higher Education Coordinating Board

Effective date: September 1, 2025

Proposal publication date: June 13, 2025

For further information, please call: (512) 427-6495



SUBCHAPTER T. COMMUNITY COLLEGE FINANCE PROGRAM: HIGH-DEMAND FIELDS

19 TAC §13.594

The Texas Higher Education Coordinating Board (Coordinating Board) adopts amendments to Title 19, Part 1, Chapter 13, Subchapter T, §13.594, High-Demand Fields Methodology, without changes to the proposed text as published in the June 13, 2025, issue of the *Texas Register* (50 TexReg 3540). The rule will not be republished.

Specifically, this amendment creates administrative flexibility to determine the academic fields that are linked to occupations identified as being in high demand when no corresponding academic fields are listed in the crosswalk developed by the Bureau of Labor Statistics and National Center for Education Statistics, which is currently the only allowable means of making such linkages.

This amendment is necessary to more effectively discharge the requirement that the Coordinating Board provide additional performance funding to community colleges when a credential is earned "in a high-demand occupation, as defined by coordinating board rule, or an appropriate proxy determined by the coordinating board based on available data", pursuant to Texas Education Code Section 130A.101(c)(1).

The following comment was received regarding the adoption of the amendments.

Comment: The Texas Healthcare and Bioscience Institute (THBI) submitted a comment expressing their support for the amendment to create flexibility to identify academic programs that align with high-demand occupations. THBI noted that this change is both practical and essential, and will ensure that funding mechanisms for community colleges will more accurately reflect labor market needs across high-growth industries like biotechnology, medical device manufacturing, bioinformatics, and healthcare innovation.

Response: The Coordinating Board thanks THBI for the comment, and agrees with the sentiment expressed.

The amendment is adopted under Texas Education Code, Section 130A.101(c)(1), which provides the Coordinating Board with the authority to make rules defining when a college is entitled to additional performance tier funding for awarding a credential in a high-demand occupation or appropriate proxy.

The adopted amendment affects Texas Education Code, Section 130A.101.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 8, 2025.

TRD-202502812

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Texas Higher Education Coordinating Board

Effective date: September 1, 2025

Proposal publication date: June 13, 2025

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SUBCHAPTER U. COMMUNITY COLLEGE FINANCE PROGRAM: FORECASTING METHODOLOGY AND FINANCE POLICY

19 TAC §13.623, §13.624

The Texas Higher Education Coordinating Board (Coordinating Board) adopts amendments to Title 19, Part 1, Chapter 13, Subchapter U, §13.623, Community College Finance Program: Forecasting Methodology and Finance Policy, with changes to the proposed text as published in the June 13, 2025, issue of the *Texas Register* (50 TexReg 3541). The rule will be republished. Section 13.624 is adopted without changes and will not be republished.

Specifically, this amendment increases the rigor and precision of the forecasting methodology used to forecast student fundable outcomes for public junior colleges.

The Coordinating Board initially adopted rules relating to the new community college finance system for fiscal year 2025 in April 2024, including Chapter 13, Subchapter U. The adopted amendments contain the following substantive changes to the rules previously adopted by the Coordinating Board:

Section 13.623(6) is amended to limit the definition of fundable certified data to data used to calculate funding to appropriately limit the use of the most burdensome data correction process.

Section 13.624(a) is amended to remove references to Chapter 13, Subchapter S (concerning the Community College Finance Program: Base and Performance Tier Methodology). Pending Board approval, Subchapter S will apply only to fiscal year 2025, and separate subchapters will define the base and performance tier methodologies for each subsequent fiscal year. The forecasting rules must reference definitions that apply to the year in question.

Section 13.624(b) is amended to limit its applicability to fiscal year 2025 adjustments and the fiscal year 2026 foundation payment to keep the current methodology in place for the known payment amounts to be disbursed in fiscal year 2026, which have been the basis for appropriations deliberations.

Rule 13.624 is further amended with the addition of a new subsection (c), which includes multiple forecasting models as possibilities for forecasting each student fundable outcome starting with adjustments to fiscal year 2026 funding. The models will use time series cross validation as a statistical method for determining the model with the lowest values of two standards, commonly used statistical model thresholds: corrected Akaike information criterion (AICc) and root mean square error (RMSE). The

amendment provides for the selection of the optimal model out of three model options for forecasting student fundable outcomes to increase forecasting accuracy relative to the current one-option system.

Section 13.624(c), previously subsection (b), is amended to clarify what data will be used to conduct the time series cross validation, the length of which was determined to ensure that colleges can conduct this data analysis themselves prior to each funding year to determine which model(s) will be used to forecast their student fundable outcomes. This clarification ensures no post-hoc model selection will occur.

Section 13.624(e) and (f), previously subsections (d) and (e), are amended to remove references to Chapter 13, Subchapter S (see above relating to §13.624(a)) and to add clarity.

Subsequent to the posting of the rules in the *Texas Register*, a grammatical error in §13.623(5) is corrected and incorporated into the adopted rules.

The following comments were received regarding the adoption of the amendments.

Comment: San Jacinto College submitted a comment recommending that the new projection methodology not be applied/implemented until the FY27 foundation payment. San Jacinto College states that the projection methodology for the FY26 dynamic adjustment will be different than the projection methodology used for the FY26 foundation payment, and that this potentially adds unnecessary variability to the funding model in the middle of a fiscal year that will greatly complicate financial planning and create instability for institutions.

Response: The Coordinating Board thanks San Jacinto College for the comment and respectfully disagrees with the recommendation. The proposed rule amendments are designed to optimize the forecasting methodology and produce forecasts that are as accurate as possible. Creating forecasts that are as near actual outcomes as possible should reduce fluctuations in funding once forecasts are replaced by certified, actual data, thereby reducing model variability and simplifying financial planning. Because the dynamic adjustment only causes positive payment adjustments, the three-payment system will also continue to promote financial stability during mid-year model updates.

Comment: San Jacinto College submitted a comment requesting that the Coordinating Board describe as explicitly as possible the criteria to determine which projection model will be used for each fundable outcome. San Jacinto College asks if, based on prior presentations and the rules, a different projection model will potentially be used.

Response: The Coordinating Board thanks San Jacinto College for the comment and will continue to engage with community college stakeholders, particularly community college financial officers and data officials, to determine the most effective process to share the model criteria used for forecasting. A different projection model could be used for different fundable outcomes at the same college. The criteria used to determine model selection will include the corrected Akaike information criterion (AICc) and root mean square error (RMSE). Model selection will occur as a result of conducting time series cross-validation (TSCV) in which the three possible forecasting models for each fundable student outcome (ARIMA, ETS, RWD) will be trained and tested on the historical data up to two years prior to the current fiscal year. First, when training each forecasting model on a subset of the historical data, each model's parameter specifications will

be selected according to the set of parameters that produces the lowest model AICc. This will result in a set of best-fitting parameters for each possible forecasting model (ARIMA, ETS, RWD). Second, when testing each forecasting model on the remainder of the historical data, each model's performance will be assessed according to its RMSE value. The model that produces the lowest RMSE will be the model that is selected and used to forecast future data. TSCV will be conducted for each student fundable outcome, resulting in the best-fitting model selection tailored to the data for each student fundable outcome. Because the amended rules propose a selection of the best-fitting model across three model types (ARIMA, ETS, RWD), this means a different projection model is possible than prior rules and presentations, which were limited to only using ETS for forecasting all student fundable outcomes.

Comment: San Jacinto College submitted a comment recommending that Coordinating Board publish for each institution and for each fundable outcome, at the same time a funding calculation is published, an audit log that indicates which projection model was used, the respective parameters of the model, and the projection output.

Response: The Coordinating Board thanks San Jacinto College for the comment and agrees that the model selection information will be shared with colleges upon publication of the funding calculation. We will continue to engage with community college stakeholders, particularly community college financial officers and data officials, to determine the most effective process to share the model criteria related to forecasting for the foundation payments and adjustment over the course of the fiscal year.

The amendments are adopted 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 House Bill 8, 88th Texas Legislature, Regular Session. In addition, Texas Education Code, Section 130.355, permits the Coordinating Board to establish rules for funding workforce continuing education.

The adopted amendments affects Texas Education Code, Chapter 130A, and Sections 61.059 and 130.0031.

§13.623. Definitions.

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

(1) **Certified Outcomes**--Data reported by each institution for the number of fundable outcomes, or used to calculate the number of fundable outcomes, as defined by this chapter, generated in a prior fiscal year as required by a Coordinating Board rule, reporting manual, or other data submission instructions.

(2) **Close-Out Adjustment**--The amount added to or subtracted from the first formula funding payment made to a public junior college in a fiscal year to account for variance between the sum of all foundation payments and adjustments for a prior fiscal year and the recalculation of the performance tier portion of the foundation payment for the fiscal year based exclusively on fundable certified outcomes data. The first application of the close out adjustment will be to FY 2027 funding based on variance in FY 2025 funding.

(3) **Dynamic Adjustment**--The amount added to the second formula funding payment made to a public junior college in a fiscal year in the amount by which the foundation payment for that fiscal year as initially calculated is less than the recalculation of the foundation payment using data, including preliminary outcomes data, that have

become available since the initial calculation. Dynamic adjustments may not be a negative amount.

(4) **Error Adjustment**--An ad hoc funding adjustment made by the Coordinating Board after the close-out adjustment to account for data or processing errors discovered after the close-out adjustment, as authorized by subchapter R of this chapter (relating to State Public Junior College Finance Program: Reporting, Audit, and Overallocation).

(5) **Foundation Payment**--The total of the base and performance tier payments to which a public junior college may be entitled for a given fiscal year, calculated by application of methodologies prescribed in this chapter relating to the base and performance tier methodologies of the community college finance program for the fiscal year in question. The Commissioner of Higher Education shall calculate the foundation payment for a fiscal year at the level calculated as of June 1 prior to the start of the fiscal year unless the Commissioner of Higher Education determines that calculation on that date could result in inaccurate funding to one or more institutions.

(6) **Fundable Certified Data**--Data reported by a public junior college and used to calculate funding amounts disbursed under this subchapter for which both the certification date specified in the applicable rule or reporting manual or other data submission instructions and the date of May 1 of the current fiscal year have passed. The Coordinating Board shall use Fundable Certified Data as of May 1 of the current fiscal year to calculate the foundation payment amount for the next fiscal year.

(7) **Institution**--In this subchapter, means a public junior college, public junior college district, or community college as defined in Texas Education Code, chapters 130 or 130A, unless expressly provided otherwise.

(8) **Preliminary Outcomes**--The Coordinating Board shall calculate the preliminary outcomes based on data on the number of fundable outcomes reported by public junior colleges generated in the prior year for the purpose of calculating the dynamic adjustment and settle-up adjustment.

(9) **Public Junior College**--In this subchapter, means a public junior college, public junior college district, or community college as defined in Texas Education Code, chapters 130 or 130A, unless expressly provided otherwise.

(10) **Settle-Up Adjustment**--The amount added or subtracted to a college's current-year funding to account for variance between the prior-year foundation payment plus dynamic adjustment and the recalculation of the prior-year foundation payment based on preliminary data from the prior year itself. The Settle-Up Adjustment first applies to FY 2026 when the FY 2025 forecast is compared to FY 2025 preliminary outcomes.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 8, 2025.

TRD-202502813

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Texas Higher Education Coordinating Board

Effective date: September 1, 2025

Proposal publication date: June 13, 2025

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SUBCHAPTER V. COMMUNITY COLLEGE FINANCE PROGRAM: BASE AND PERFORMANCE TIER METHODOLOGY FOR FISCAL YEAR 2026

19 TAC §§13.640 - 13.651

The Texas Higher Education Coordinating Board (Coordinating Board) adopts new rules in Title 19, Part 1, Chapter 13, Subchapter V, §§13.643 and §13.646, Community College Finance Program: Base and Performance Tier Methodology for Fiscal Year 2026, with changes to the proposed text as published in the June 13, 2025, issue of the *Texas Register* (50 TexReg 3544). The rules will be republished. Sections 13.640 - 13.642, 13.644, 13.645, and 13.647 - 13.651 are adopted without changes and will not be republished.

The new rules, concern the administration of the community college finance system established by House Bill 8, 88th Texas Legislature, Regular Session, and further refined by Senate Bill 1786, 89th Texas Legislature, Regular Session, in Texas Education Code, chapter 130A. Specifically, this new section clarifies that Chapter 13, Subchapter V, rules apply to the Coordinating Board's calculation of foundation payments made in Fiscal Year (FY) 2026 and future adjustments of those payments under the dynamic funding model, and it also contains a number of modifications relating to specific issue areas, as detailed below. Subsequently, Subchapter S has continued authority for FY 2025 only.

The Coordinating Board initially adopted the regular rules relating to the community college finance system in April 2024 for FY 2025, including Chapter 13, Subchapter S. The adopted Subchapter V rules perform the same functions as Chapter 13, Subchapter S, which establishes all definitions, methods, weights and rates for the base and performance tiers, but apply to funding year FY 2026. The adopted rules make the following substantive changes for FY 2026 to the rules previously adopted by the Coordinating Board for FY 2025:

1. Modification of the Transfer Fundable Outcome to include transfers to a private or independent university as eligible to receive the transfer fundable outcome (see proposed §13.646(e));
2. Clarification of the Transfer Fundable Outcome and Co-Enrollment Fundable Outcome to ensure there is not duplicative funding for a student who earned the co-enrollment outcome by excluding from funding students for which any institution already earned the transfer outcome and to require an institution to submit the written agreement establishing their structured co-enrollment program with a general academic institution to be eligible for funding of the co-enrollment outcome (see proposed §§13.643(34), 13.646(e), and 13.646(f));
3. Removal of the expiration dates on the contact hour and semester credit hour minima for Institutional Credentials Leading to Licensure (ICLCs) and Third-Party Credentials (see proposed §13.646(b)(1)(C)) to ensure that the credentials are of value, as required by Texas Education Code, chapter 130A.101; and
4. Limitations on fundability of credentials conferred to the same student in the same year (see proposed §13.646(h)).

The adopted Subchapter V maintains continuity with existing rules in Subchapter S while proposing the changes listed above and ensuring the applicability of the rules beyond the 2025 fiscal year.

Rule 13.640, Purpose, establishes that the purpose of Subchapter V is to continue to refine the community college finance system established by H.B. 8 (88R).

Rule 13.641, Authority, establishes the portions of the Texas Education Code (TEC) that authorize the Coordinating Board to adopt rules pertaining to community college finance.

Rule 13.642, Applicability, states that 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. This also clarifies that this subchapter is applicable to fiscal year 2026 base tier and performance tier calculations for funding purposes.

Rule 13.643, Definitions, lists definitions pertinent to the community college finance system. This section provides only general meanings of terms and reserves substantive policy detail for the sections described below.

Rule 13.644, Base Tier Allotment, establishes the calculations used to determine Base Tier funding that the legislature entitled community colleges to receive under TEC, §§130A.051-130A.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.

Rule 13.645, Performance Tier Funding, establishes the 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 and multiplied by relevant rates. The Coordinating Board determines institutions' weighted fundable outcome completions based on the better of the average of three fiscal years or the current fiscal year.

Rule 13.646, 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. The paragraphs concerning §13.646 below focus on the specific ways in which this rule differs substantively from the analogous current rule governing fundable outcomes for fiscal year 2025.

Subsection (b)(2) adds the definition for Credential of Value added in new TEC, §130A.102, applicable to associate degrees awarded beginning in the 2025 - 2026 school year. This definition implements the statute, as amended by the 89th Texas Legislature, to set out the methodology and data sources used by the coordinating board to determine whether each associate degree meets the credential of value threshold to be eligible for funding.

Subsection (b)(2)(D) adds the definition of "individual self-sufficient wage" as required by new Section 130A.102. This definition includes a calculation that is a component of the definition of "credential of value" methodology. The calculation aligns with Government Code 2308A, as required by law, and established a minimum salary component to ensure a credential is of value to a student against an objective metric.

Subsection (h) limits performance tier funding to the first credential of each type that an institution confers to the same student in the same year, unless a subsequent credential is conferred in a high-demand field, in which case the high-demand field credential will be funded. It also requires that a student have completed a credential no earlier than June 1, 2025 (or May 1, 2025, if the credential was granted through reverse transfer) for the credential to be eligible for funding if a college reports it as having been conferred in fiscal year 2026. This provision promotes efficient conferral and reporting of credentials after they are earned and ensures that performance funding reflects outcomes actually achieved in the year in question to incentivize institutions to educate and confer credentials to additional students as part of the finance system

Rule 13.647, Performance Tier: Fundable Outcome Weights, establishes the weights that the Coordinating Board applies to the fundable outcomes achieved by students in the categories of economically disadvantaged, academically disadvantaged, and adult learners, for the purposes of performance tier funding, as required by TEC, §130A.101. Institutions earn an additional weight of 25% 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 13.648, Performance Tier: High-Demand Fields, establishes that an institution will receive additional weight for awarding credentials delivered in disciplines listed as a High-Demand Field. This is described in more detail in Subchapter T of this chapter.

Rule 13.649, Performance Tier: Rates, sets the monetary rates for each type of fundable outcome achieved by an institution. These fundable outcomes include the conferring of fundable credentials (including associate degrees, bachelor's degrees, and many types of workforce credentials), the credential of value premium, student completion of 15 dual credit hours, and successful student transfer to a public four-year institution. Rates are generally maintained for consistency with those set for fiscal year 2025 formula funding.

Rule 13.650, 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, §130A.054(e).

Rule 13.651, Effective Date of Rules, states that the proposed rules will take effect on September 1, 2025, which is the start of the 2026 fiscal year, and apply only to the calculation of fiscal year 2026 funding amounts and the calculation of fiscal year 2026 funding adjustments pursuant to Subchapter U of this chapter.

Subsequent to the posting of the rules in the *Texas Register*, the following changes are incorporated into the adopted rules.

Section 13.643 is amended to add a new definition for the term "net cost of attendance," which was previously undefined for purposes of the credential of value methodology, though it is defined elsewhere in Coordinating Board rules. These definitions will align.

Section 13.646(b)(2)(D) is amended to correct a typographical error to reference the correct definition number. The new section on Credential of Value baseline for associates degrees refer-

ences individual self-sufficient wage as definition (26) but should reference definition (25).

The following comments were received regarding the adoption of the new rule.

Comment: San Jacinto College submitted a comment recommending in §13.643, Definitions (1) Academically Disadvantaged, (2) Adult Learner, and (18) Economically Disadvantaged, that the methodology for identifying the respective student population be added with the greatest specificity possible, e.g., including specific references to CBM reports. That methodology is known and should be documented explicitly.

Response: The Coordinating Board thanks San Jacinto College for the comment and agrees with the sentiment expressed but does not believe that Coordinating Board rules are the most expedient venue for fully documenting all technical points of data methodology. We will continue to work with community college stakeholders to determine the most effective process to share the methodology and documentation for identifying these student groups.

Comment: San Jacinto College submitted a comment recommending in (2) Credential of Value Baseline - Associate Degree that additional instructional programs be added to Figure: 19 TAC §13.646(b)(2). Specifically, instructional programs for which a baccalaureate or master's degree is required for entry into careers of value should be added, such as - 42, Psychology; - 45, Social Sciences; and - 50, Visual and Performance Arts. Achieving a return on investment (ROI) after completing an associate degree in these disciplines requires 7 years: 2 years to complete the bachelor's degree required for the careers that correspond to the programs followed by up to 5 years of earnings. Realistically however, it is more valid to apply a 10 year ROI timeframe for an associate degree in these disciplines given that (a) 2 years to complete the bachelor's degree requires full-time attendance which the current average time to completion for a bachelor's degree in Texas indicates is not the experience of many students and (b) many of the careers correspond to instructional programs in the noted CIP codes require a master's degree which adds another 2 years to attain ROI. Thus, we do not believe applying a 5-year ROI requirement to associate degrees in these disciplines is valid. Funding associate degrees in these disciplines as baseline credentials of value is critically important. These instructional programs at community colleges provide annually a lower cost pathway for thousands of Texas students into careers such as clinical psychology, counseling psychology, psychopharmacology, criminology, economics, international relations and national security studies, sociology, graphic design, film/video production, intermedia/multimedia, music, and music management. We believe this recommended change is in the best interest of students, the State, and our institutions.

Response: The Coordinating Board thanks San Jacinto College for the comment but disagrees that it would be appropriate to apply the ten-year credential of value (COV) methodology to associate degrees in the fields listed in the comment. The COV methodology is designed to fund a credential only when it provides a reliable return on investment and, in the case of most associate degrees, an individual self-sufficient wage even if the recipient does not pursue additional education; that is why students who earn additional credentials are excluded from the COV analysis cohort. To implement Senate Bill 1786, the Coordinating Board is requiring that most associate degrees, which require additional time and investment, achieve this threshold in

five years; but, in recognition that some associate degrees that do not meet the COV threshold may provide a reasonable value when paired with a bachelor's degree, the Coordinating Board will continue to fund transfer at a rate equal to the performance funding rate for associate degrees.

Comment: San Jacinto College submitted a comment recommending in (2) Credential of Value Baseline - Associate Degree that a statement be added to Figure: 19 TAC §13.646(b)(2): "Any instructional programs that are included on the current state or at least one current regional high-demand list are granted this exception." We believe there are currently instances in which instructional programs are both on the high demand list and among the degrees that do not meet the five-year return on investment standard. These two criteria appear to be in conflict with each other.

Response: The Coordinating Board thanks San Jacinto College for the comment but disagrees that it is permissible to exempt all associate degrees in an instructional program included on a high-demand fields list from the five-year return on investment threshold. The two criteria—high demand list and the five-year return on investment standard—are not in conflict. They are two independent factors within the formula. The high-demand fields lists identify program areas with the greatest likelihood of preparing students for occupations projected to experience the most growth statewide and regionally. The credential of value test assesses whether a credential meets a minimum standard of providing value to recipients.

Comment: Educate Texas submitted a comment supporting the addition of P-TECH as an eligible dual credit fundable outcome, acknowledging the essential role P-TECH plays in equipping students with credentials aligned to workforce demands. These code revisions will support the growth and expansion of P-TECH programs in the coming years.

Response: The Coordinating Board thanks Educate Texas for the comment and agrees with the comment. The Coordinating Board confirms that P-Tech offered as a dual credit course is a fundable outcome when offered by a public junior college. P-TECH programs are already able to generate performance funding across all outcomes, including the dual credit outcome, for community colleges that serve as P-TECH partners and dual credit course providers. If this understanding is incomplete or does not reflect the intent of the comment, the Coordinating Board encourages Educate Texas to be in further communication with staff.

Comment: Educate Texas submitted a comment regarding the expansion of performance tier funding to include the matriculation of community college credit earners to private or independent universities. This provision acknowledges the full range of successful transfer pathways and rightly values student mobility. Through initiatives like the Texas Transfer Alliance and the Texas Student Success Council (TSSC), Educate Texas brings together leaders from public and private universities, as well as community colleges, to improve credit mobility and student outcomes. We firmly champion all efforts to ensure credits earned at community colleges effectively transfer across the broader higher education landscape.

Response: The Coordinating Board thanks Educate Texas for the comment and agrees with the sentiment expressed.

Comment: Texas 2036 submitted a comment proposing an alternative methodology for calculating the earnings threshold that would better align with the economic realities most Texans

face. The current proposed rule would set a self-sufficiency wage threshold of \$30,000 annually, yet approximately 27 million Texans, 89% of the population, live in counties where this amount falls below their local self-sufficiency standard, as determined by the Texas Workforce Commission (TWC). We believe a population-weighted median could more effectively serve the policy's core objective of ensuring credentials lead to meaningful economic independence, while bridging the transition to a county-by-county calculation that would more accurately reflect regional differences in wages and cost of living.

Response: The Coordinating Board thanks Texas 2036 for the comment but disagrees that weighting the wage calculation by county population would be appropriate. While population weighting might better reflect the circumstances of more Texans, it would be a less accurate standard for more communities. The Coordinating Board finds that taking the median of county thresholds without weighting strikes the correct balance between these considerations at this time.

Comment: Texas 2036 submitted a comment recommending that the rules include a clear commitment to transitioning to a regionally based standard as soon as feasible, ideally with a proposed timeline and sunset of the current rules proposal. Incorporating regional variation over time will allow the COV framework to more accurately reflect localized return on investment, ensure institutions in lower-wage areas are not unfairly disadvantaged, and ensure that students across the state are assessed according to standards rooted in the cost-of-living conditions of their communities. Texas 2036 comments that they recognize that Texas's significant geographic and economic diversity ultimately requires a more sophisticated approach. SB 1786 addresses this need directly through a clear statutory directive in Section 14, which tasks the Coordinating Board with evaluating the feasibility of transitioning to a county-by-county definition of individual self-sufficient wage, once more robust data becomes available. Additionally, SB 1786 mandates improvements to TWC's data infrastructure and workforce data collection, specifically to support more granular analyses of employment and earnings. These improvements are intended to enable regionally tailored wage thresholds that can better account for local labor markets and cost-of-living conditions.

Response: The Coordinating Board thanks Texas 2036 for the comment and agrees with the sentiment expressed; however, the Coordinating Board disagrees that Coordinating Board rules would be an appropriate venue for the complex planning, interagency coordination, and policy development necessary achieve the letter and intent of SB 1786. The Coordinating Board will continue to ensure progress toward a more complex and regionally sensitive credential of value framework.

Comment: Texas 2036 submitted a comment encouraging the Coordinating Board to provide further clarity on how total cost of attendance is defined and calculated. The definition of a COV rightly focuses on return on investment, requiring that the majority of students in a given program earn more than the cumulative median earnings of Texas high school graduates, and recoup the net cost of attendance within five years. However, a detailed definition of what metrics are included in the calculation of students' net cost of attendance is not provided in statute or rule.

Response: The Coordinating Board thanks Texas 2036 for the comment and agrees that net cost of attendance requires additional detail in this context. The Coordinating Board amends at adoption §13.643 to define the net cost of attendance.

The new sections are adopted under Texas Education Code (TEC), Section 130A.005, which provides the Coordinating Board with the authority to adopt rules and take other actions consistent with TEC, Chapter 61, Chapter 130, and Chapter 130A, to implement House Bill 8, 88th Texas Legislature, Regular Session. In addition, TEC, Section 130.355, permits the Coordinating Board to establish rules for funding workforce continuing education.

The adopted new sections affect Texas Education Code, Sections 28.0295, 61.003, 61.059, 130.003, 130.0031, 130.0034, 130.008, 130.085, 130.310, 130.352 and Chapter 130A.

§13.643. 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 pursuant to §13.644(c) of this subchapter (relating to Base Tier Allotment).
- (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) **Confer**--An institution of higher education confers a credential when it determines that a student has met all requirements to earn the credential, as defined in paragraph (17) of this section, and updates the student's transcript to reflect completion of the credential program. Confer and award may be used synonymously.
- (11) **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.
- (12) **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 §13.646 of this subchapter (relating to Performance Tier: Fundable Outcomes).
- (13) **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 §13.646 of this subchapter.
- (14) **Credential Reporting**--An institution of higher education reports a credential when it includes it in data submitted to the Coordinating Board pursuant to §13.524 of this chapter (relating to Required Reporting). An institution shall report a credential as having been conferred in the year or other applicable reporting period in which it was conferred pursuant to paragraph (10) of this section.
- (15) **Credentialing Examination**--A licensure or registration exam 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.
- (16) **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) Apply toward an academic or career and technical education program requirement at the postsecondary level; or
 - (ii) 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, or a student enrolled in the Windham School District, pursuant to Education Code, chapter 19, or a P-TECH program pursuant to Education Code, chapter 29, Subchapter N, except a physical education course taken by a high school student for high school physical education credit.
- (17) **Earned**--A student earns a credential when the student successfully completes the final semester credit hour or equivalent of a semester credit hour, as defined in paragraph (33) of this section, for the credential and has satisfied all other academic program requirements.

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

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

(20) 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.

(21) 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.

(22) Fundable Credential--As defined in §13.646(b) of this subchapter.

(23) 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 §13.647 of this subchapter (relating to Performance Tier: Fundable Outcome Weights).

(24) 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).

(25) Individual Self-Sufficient Wage--The Coordinating Board calculates the Individual Self-Sufficient Wage for the purpose of this subchapter as the statewide median of county-level median self-sufficient wages as determined by the Texas Workforce Commission under Government Code, §2308A.012, rounded up to the nearest thousand dollars.

(26) 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.

(27) 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.

(28) 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 col-

lege readiness standards set forth in §4.57 of this title and other eligibility requirements determined by the institution.

(29) 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.

(30) Net Cost of Attendance--Expenses incurred by a student in attending a particular college, including tuition, fees, books and supplies, room and board, transportation, and other personal expenses, less the student's estimated merit- and need-based grant aid.

(31) 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.

(32) 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.

(33) 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.

(34) 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.

(35) 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 submitted and certified to the Coordinating Board pursuant to §13.524 of this chapter (related to Required Reporting). 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.

(36) 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 §13.646 of this subchapter is fundable in accordance with that section.

(37) Transfer Fundable Outcome--An institution earns a fundable outcome in the Performance Tier under §13.645 of this subchapter (relating to Performance Tier Funding) when a student enrolls in a general academic teaching institution or a private or independent institution of higher education, 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 §13.646(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.

(38) 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.

(39) 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.

§13.646. 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 §13.647 of this subchapter (relating to Performance Tier: Fundable Outcome Weights) as applicable, multiplied by the monetary rates identified in this subchapter. A credential's eligibility for funding as a fundable credential is subject to the limitations set out in subsection (h) of this section. 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:

(A) Any of the following credentials awarded by an institution that meets the criteria of a credential of value as defined in paragraph (2) or (3) of this subsection using the most recent data available prior to the year in which the credential that is otherwise eligible

for funding is conferred and that 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 reported pursuant to subparagraph (B) of this paragraph and that the institution reported and certified to the Coordinating Board. The credential shall meet 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) The third-party credential includes no fewer than the equivalent of nine (9) semester credit hours or 144 contact hours; or

(II) 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

(2) Credential of Value Baseline - Associate Degree. A credential identified in paragraph (1)(A)(i) of this subsection must meet the Credential of Value Baseline criteria as provided by this paragraph to be eligible as a Fundable Outcome, except when that credential is conferred under the fields appearing in Figure 1, according to the Classification of Instructional Programs promulgated by the U.S. Department of Education. When a credential identified in paragraph (1)(A)(i) of this subsection is conferred under fields appearing in Figure 1, it must meet the Credential of Value Baseline criteria as provided by paragraph (3) of this subsection to be eligible as a Fundable Outcome. Excluding the credentials identified in Figure 1, the baseline is met when a credential earned by a student would be expected to provide a positive return on investment and an individual self-sufficient wage within a period of five years.

Figure: 19 TAC §13.646(b)(2)

(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 five 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 for a period of two years.

(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) The Coordinating Board shall determine whether a credential is expected to provide an individual self-sufficient wage within a period of five years by comparing the median real wage, as adjusted based on the Consumer Price Index calculated by the U.S. Bureau of Labor Statistics, earned by all recipients of the credential in their fifth year after receiving the credential according to all available data to the individual self-sufficient wage defined in accordance with §13.643(25) of this subchapter (relating to Definitions).

(E) 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 Coordinating Board may utilize other 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) Credential of Value Baseline - Other Credentials. A credential identified in paragraph (1)(A)(ii), (1)(A)(iii), (1)(A)(iv), or (1)(A)(v) of this subsection and not subject to paragraph (2) of this subsection must meet the Credential of Value Baseline criteria as provided by this paragraph 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 Coordinating Board may 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.

(4) Notwithstanding subsection (h) of this section, the following limitations apply to a fundable credential:

(A) For a credential under paragraph (1)(B) or (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 paragraph (1)(B) and (C) of this subsection and those credentials share the same contact hours, the institution shall submit for funding only the credential awarded under paragraph (1)(B) of this subsection; and

(C) 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)(1)(A) of this section 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 §13.643(16) 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), or a private or independent institution of higher education as defined in Texas Education Code, §61.003(15) after earning at least 15 semester credit hours or semester credit hour equivalents (SCH) from a single public junior college district, subject to the following:

(A) The student is enrolled at a GAI or private or independent institution 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) No institution, including the institution that may be awarded a transfer fundable outcome, has achieved a structured co-enrollment fundable outcome or would otherwise achieve a structured co-enrollment fundable outcome in the same year on the basis of the student's participation in a structured co-enrollment program under subsection (f) of this section;

(C) 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

(D) 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 subparagraph (C) of this paragraph. 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 subparagraph (B)(i) and (ii) of this paragraph 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 that has been submitted and certified to the Coordinating Board as defined in §13.643(35) of this subchapter, and no institution, including the institution that may be awarded a structured co-enrollment fundable outcome, has been funded for transfer fundable outcome on the basis of the student's enrollment in a GAI under subsection (e) of this section.

(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 §13.643(33) of this subchapter. A student must earn the Opportunity High School Diploma on or after September 1, 2024, to qualify as a Fundable Outcome.

(h) Fundable Outcome Parameters. The Commissioner of Higher Education retains sole discretion for determining compliance with the requirements of this subsection. An institution shall only be funded for credentials reported in compliance with this section.

(1) For a credential conferred in fiscal year 2026 to be eligible for funding, an institution must have conferred the credential in and reported the credential for fiscal year 2026, and the recipient must have earned the credential no earlier than June 1, 2025.

(A) An associate degree that the institution conferred in and reported for fiscal year 2026 shall also be eligible for funding if the student earned the last semester credit hour of the associate degree through the successful completion of coursework at an institution other than the institution conferring and reporting the credential no earlier than May 1, 2025.

(B) A credential earned prior to September 1, 2025, but reported for fiscal year 2026 and satisfying all other requirements of this paragraph must be conferred no later than December 31, 2025, to be eligible for funding.

(2) The coordinating board shall fund the following credentials, provided they meet all other criteria of fundable credentials of value:

(A) An Occupational Skills Award, an Institutional Credential Leading to Licensure or Certification, or Third-Party credential;

(B) Level I Certificate or Continuing Education Certificate;

(C) Level II Certificate;

(D) an associate degree;

(E) an advanced technical certificate;

(F) a baccalaureate degree; and

(G) Opportunity High School Diploma.

(3) An institution may not receive funding for more than one credential of each type listed in paragraph (2)(A) - (F) of this subsection, where each subparagraph corresponds to a type, conferred to an individual student in a single reporting year.

(4) Subject to the limitations specified in this subsection, if an institution reports having conferred more than one credential of any single type listed in paragraph (2)(A) - (F) of this subsection to an individual student in a single reporting year and conferred at least one such credential in a discipline 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), the coordinating board shall fund a credential in the high-demand field.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 8, 2025.
TRD-202502814



CHAPTER 20. APPLICATIONS AND ADMISSION FOR INSTITUTIONS OF HIGHER EDUCATION

SUBCHAPTER B. FREE COLLEGE APPLICATION WEEK

19 TAC §§20.30 - 20.34

The Texas Higher Education Coordinating Board (Coordinating Board) adopts new rules Title 19, Part 1, Chapter 20, Subchapter B, §§20.30 - 20.34, Free College Application Week, without changes to the proposed text as published in the June 13, 2025, issue of the *Texas Register* (50 TexReg 3553). The rules will not be republished.

Specifically, this new section establishes the requirements for Texas public institutions of higher education to waive undergraduate admission application fees during Free College Application Week, as required by Texas Education Code, §61.0731.

The Coordinating Board has the authority to make rules to implement Free College Application week in October that will waive undergraduate admission application fees for students using ApplyTexas to apply to any public institution, as defined in Texas Education Code, §61.003, starting with the 2025 - 2026 school year under Texas Education Code, §61.0731.

The following comments were received regarding the adoption of the new rule.

Comments from Texas A & M University:

1. Thank you for the opportunity to provide written comments on the proposed new rules in Texas Administrative Code, Title 19, Part 1, Chapter 20, Subchapter B, §§20.30 - 20.34, concerning Free College Application Week as published in the June 13, 2025, issue of the *Texas Register*.

2. As Texas continues to grow both in population and workforce demand, it is imperative to grow interest in higher education and remove potential barriers to getting the best and brightest students into Texas public institutions. Texas A&M University (TAMU) already offers undergraduate admission application fee waivers to all students who have financial need, and the university is supportive of the proposed rule expanding this waiver to students using the common application form found in ApplyTexas.org during the second week of October.

3. TAMU can receive over 20,000 applications during current peak application weeks. The university currently uses the funds from application fees to hire staff to read and evaluate all applications through a holistic review as well as staff to process applications, transcripts and course credit. While the university hopes additional Texas students will take advantage of this opportunity, Texas A&M does want to highlight a potential delay in processing time as the university will not be able to hire additional staff to accommodate any increase in applications.

4. Additionally, while Texas A&M University is the largest public institution in Texas, the university recently made the decision to pause undergraduate growth (15,000 new students per year) at the main campus in College Station in an effort to bring the campus infrastructure in line with the current student population. With this waiver and the potential increase in applications, TAMU anticipates that this might result in more students receiving denials as the university keeps enrollment numbers steady. We are, however, excited about the students who will fill the limited seats and become part of the Aggie family and eventually the Texas economy.

5. Thank you again for the opportunity to provide feedback and we look forward to working with you on implementing these rules and expanding the interest and opportunity of Texas students in higher education.

Responses:

1. Thank you for your thoughtful and constructive comments on the proposed new rules in the Texas Administrative Code, Title 19, Part 1, Chapter 20, Subchapter B, §§20.30-20.34, concerning Free College Application Week.

2. We appreciate Texas A&M University's continued commitment to expanding access to higher education and support of the proposed rule to offer application fee waivers during the designated week in October through ApplyTexas. Your existing efforts to provide need-based fee waivers demonstrate a strong institutional commitment to remove financial barriers for students.

3. We understand and acknowledge the operational concerns you raised, including the potential increase in application volume and processing timelines. These rules provide guidance for public institutions of higher education as a result of the passage of SB2231 from the 89th Texas Legislative Session.

4. We are committed to ongoing collaboration with institutions across the state to ensure the successful implementation of Free College Application Week. We look forward to continued dialogue with Texas A&M University and other institutions to evaluate impact, address capacity and challenges, and support shared goals of improving college access and student success across Texas. Thank you again for your engagement and commitment to serving Texas students.

5. The Coordinating Board thanks Texas A&M University for this comment. There are no changes to the rule at this time.

The new section is adopted under Texas Education Code, Section 61.0731, which provides the Coordinating Board with the authority to implement rules for Free College Application week in October that waive application fees for undergraduate admission to apply to any institution of higher education as defined in Texas Education Code, Section 61.003, via ApplyTexas, each year starting in the 2025 - 2026 school year. Authority for the requirement that institutions link to MyTexasFuture.Org on their admissions websites is found in proposed Texas Education Code, Section 51.763.

The adopted new section affects rules in Texas Administrative Code, Title 19, Part 1, Chapter 20, Subchapter B.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 8, 2025.
TRD-202502815



PART 2. TEXAS EDUCATION AGENCY

CHAPTER 67. STATE REVIEW AND APPROVAL OF INSTRUCTIONAL MATERIALS SUBCHAPTER DD. COMMISSIONER'S RULES CONCERNING LOCAL DISTRICT OPERATIONS

19 TAC §67.1501, §67.1502

The Texas Education Agency (TEA) adopts new §67.1501 and §67.1502, concerning local district operations related to instructional materials. The new rules are adopted without changes to the proposed text as published in the June 6, 2025 issue of the *Texas Register* (50 TexReg 3339) and will not be republished. The adopted new sections outline the process for school districts and open-enrollment charter schools to submit requests for reviews of local classroom instructional materials and establish eligibility for reviewers.

REASONED JUSTIFICATION: House Bill 1605, 88th Texas Legislature, Regular Session, 2023, significantly revised Texas Education Code (TEC), Chapter 31, Instructional Materials and Technology, including adding a provision for local reviews of classroom instructional materials.

TEC, §31.0252, Local Review of Classroom Instructional Materials, requires that TEA develop standards in consultation with stakeholders, including educators, by which a school district is authorized to conduct a review of instructional materials used by a classroom teacher in a foundation curriculum course under TEC, §28.002(a)(1), to determine the degree to which the material corresponds with the instructional materials adopted by the school district or campus and meets the level of rigor of the knowledge and skills adopted under TEC, §28.002, for the grade level in which it is being used.

Adopted new §67.1501, Review of Local Classroom Instructional Materials, clarifies the conditions under which TEA would conduct a review of local classroom instructional materials requested by a school district or open-enrollment charter school.

New subsection (a) specifies the rule's application to school districts and open-enrollment charter schools.

New subsection (b) establishes a request process and statewide submission window beginning September 1. Additionally, the subsection outlines how the review process is customized to evaluate the specific types of instructional materials chosen by the school district, specifies that the results will be shared in a written report, and establishes how grant funds will be prioritized.

New subsection (c) requires that reviews and rubric development for foundation curriculum courses be aligned with the instructional materials review and approval process rubric development schedule and review cycles.

New subsection (d) requires school districts and open-enrollment charter schools to establish data management processes and track certain information related to requests for review.

New subsection (e) requires school districts to publish review reports on their websites.

Adopted new §67.1502, Reviewer Eligibility, establishes that reviews are conducted by education service centers (ESCs) or a curriculum review service provider approved by TEA and that all reviewers must meet TEA eligibility criteria. The new section prohibits reviewers from having a financial interest in instructional materials adoption or accepting gifts or other items from certain individuals.

SUMMARY OF COMMENTS AND AGENCY RESPONSES: The public comment period on the proposal began June 6, 2025, and ended July 7, 2025. The following is a summary of public comments received and agency responses.

Comment: A commenter noted the proposed rule may increase workloads for educators and ESCs. Additionally, the commenter suggested exempting materials approved under the State Board of Education (SBOE) Instructional Materials Review and Approval process from review and requiring evidence for review of requests to ease the burden.

Response: The agency disagrees. TEC, §31.0252, establishes clear limitations on the frequency and duration of local classroom reviews conducted by school districts. Per TEC, §31.0252, a school district may not authorize the review of instructional materials used by a classroom teacher for a specific subject or grade level at a specific campus more than once per school year. Unless unavoidable, a teacher may not be required to spend over 30 minutes on a single review. The district must also minimize, to the extent possible, the time a teacher is required to spend complying with any review conducted under the statute. Approval from the school district is required before the local classroom review request can move forward. Additionally, a school district that adopts instructional materials from the SBOE approved list will receive a local classroom review to ensure alignment to district adopted materials only, as the grade-level rigor of the SBOE-approved materials has already been evaluated and validated. Local classroom reviews will be conducted by TEA-certified reviewers from ESCs or approved vendors, per TEC, §31.0252(d). TEA has established a statewide group of TEA-certified reviewers, ensuring full capacity to conduct local classroom reviews across Texas during the 2025-2026 school year.

STATUTORY AUTHORITY. The new sections are adopted under Texas Education Code (TEC), §26.0061, as added by House Bill (HB) 1605, 88th Texas Legislature, Regular Session, 2023, which requires the board of trustees of each school district to establish a process by which a parent may request an instructional material review under TEC, §31.0252, for a subject area in the grade level in which the parent's student is enrolled; TEC, §31.003(b), as added by HB 1605, 88th Texas Legislature, Regular Session, 2023, which allows the commissioner of education to adopt rules consistent with TEC, Chapter 31, as necessary to implement a provision of the chapter that the commissioner or agency is responsible for; TEC, §31.0205, which states that an open-enrollment charter school is subject to TEC, Chapter 31, as if the charter school were a school district; and TEC, §31.0252, as added by HB 1605, 88th Texas Legislature, Regular Session, 2023, which requires the Texas Education Agency to develop a rubric, approved by the State Board of Education, to determine

if reviewed instructional material complies with the rigor requirements described by TEC, §31.0252(a)(2).

CROSS REFERENCE TO STATUTE. The new sections implement Texas Education Code (TEC), §26.0061, as added by House Bill (HB) 1605, 88th Texas Legislature, Regular Session, 2023; §31.003(b), as added by HB 1605, 88th Texas Legislature, Regular Session, 2023; TEC, §31.0205; and TEC, §31.0252, as added by HB 1605, 88th Texas Legislature, Regular Session, 2023.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 11, 2025.

TRD-202502836

Cristina De La Fuente-Valadez

Director, Rulemaking

Texas Education Agency

Effective date: August 31, 2025

Proposal publication date: June 6, 2025

For further information, please call: (512) 463-9526



CHAPTER 151. COMMISSIONER'S RULES CONCERNING PASSING STANDARDS FOR EDUCATOR CERTIFICATION EXAMINATIONS

19 TAC §151.1001

The Texas Education Agency (TEA) adopts an amendment to §151.1001, concerning passing standards for educator certification examinations. The amendment is adopted without changes to the proposed text as published in the April 25, 2025 issue of the *Texas Register* (50 TexReg 2573) and will not be republished. The adopted amendment specifies the satisfactory scores for the examinations for Deafblind EC-12 and Special Education Specialist EC-12.

REASONED JUSTIFICATION: Texas Education Code, §21.048(a), requires the commissioner of education to establish the satisfactory levels of performance required on educator certification examinations and requires a satisfactory level of performance on each core subject covered by an examination. The adopted passing standards were established by subject-matter expert stakeholder committee groups.

Section 151.1001 specifies the passing standards for all pedagogical and content certification examinations as approved by the commissioner. The adopted amendment to Figure: 19 TAC §151.1001(b)(12) introduces passing standards for the Deafblind EC-12 and Special Education Specialist EC-12 Texas Examinations of Educator Standards examinations.

The average passing standard is expressed as an average raw cut score of all active forms of a test or the minimum proficiency level. It is critical to note that the actual raw cut scores may vary slightly from form to form to balance the overall difficulty of the test yet maintain consistency in scoring.

SUMMARY OF COMMENTS AND AGENCY RESPONSES: The public comment period on the proposal began April 25, 2025, and ended May 27, 2025. No public comments were received.

STATUTORY AUTHORITY. The amendment is adopted under Texas Education Code, §21.048(a), which requires the commissioner of education to determine the level of performance considered to be satisfactory on educator certification examinations and further authorizes the commissioner to require a satisfactory level of performance on each core subject covered by an examination.

CROSS REFERENCE TO STATUTE. The amendment implements Texas Education Code, §21.048(a).

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 11, 2025.

TRD-202502834

Cristina De La Fuente-Valadez

Director, Rulemaking

Texas Education Agency

Effective date: August 31, 2025

Proposal publication date: April 25, 2025

For further information, please call: (512) 463-9526



TITLE 22. EXAMINING BOARDS

PART 5. STATE BOARD OF DENTAL EXAMINERS

CHAPTER 101. DENTAL LICENSURE

22 TAC §101.1

The State Board of Dental Examiners (Board) adopts this amendment to 22 TAC §101.1, pertaining to general qualifications for dental licensure. The amendment is adopted without changes to the proposed text as published in the June 20, 2025, issue of the *Texas Register* (50 TexReg 3615) and will not be republished. The adopted amendment requires applicants to submit a National Practitioner Data Bank self-query report upon initial licensure. Initial applicants currently submit this report to the Board as part of the licensing application process. This amendment is adopted to reflect the Board's current process.

No comments were received regarding adoption of this rule.

This rule is adopted under Texas Occupations Code §254.001(a), which gives the Board authority to adopt rules necessary to perform its duties and ensure compliance with state laws relating to the practice of dentistry to protect the public health and safety.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 8, 2025.

TRD-202502818

Lauren Studdard

General Counsel

State Board of Dental Examiners

Effective date: August 28, 2025

Proposal publication date: June 20, 2025

For further information, please call: (737) 363-2333

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22 TAC §101.2

The State Board of Dental Examiners (Board) adopts this amendment to 22 TAC §101.2, pertaining to dental licensure by examination. The amendment is adopted without changes to the proposed text as published in the June 20, 2025, issue of the *Texas Register* (50 TexReg 3616) and will not be republished. The adopted amendment reflects the merger of Central Regional Dental Testing Service (CRDTS) with the States Resources for Testing and Assessments (SRTA). The adopted amendment also changes the remediation requirements by (1) allowing applicants to take a remediation course before or after passing an examination to give applicants flexibility on when to take the course, and (2) allowing Board staff to approve the remediation course.

The Texas Dental Association (TDA) submitted a written comment in support of adoption of the rule as proposed. TDA agrees that the amendment provides greater flexibility by allowing applicants to complete a remediation course either before or after passing the regional clinical examination. This added flexibility is further enhanced by allowing Board staff, rather than the Board itself, to approve an applicant's clinical remediation course, as long as it is offered through a CODA-accredited dental school. No changes to this rule were made as a result of the comment.

This rule is adopted under Texas Occupations Code §254.001(a), which gives the Board authority to adopt rules necessary to perform its duties and ensure compliance with state laws relating to the practice of dentistry to protect the public health and safety.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 8, 2025.

TRD-202502819
Lauren Studdard
General Counsel
State Board of Dental Examiners
Effective date: August 28, 2025
Proposal publication date: June 20, 2025
For further information, please call: (737) 363-2333

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CHAPTER 103. DENTAL HYGIENE LICENSURE

22 TAC §103.1

The State Board of Dental Examiners (Board) adopts this amendment to 22 TAC §103.1, pertaining to general qualifications for hygiene licensure. The amendment is adopted without changes to the proposed text as published in the June 20, 2025, issue of the *Texas Register* (50 TexReg 3617) and will not be republished. The adopted amendment requires applicants to submit a National Practitioner Data Bank self-query report upon initial licensure. Initial applicants currently submit this report to the Board as part of the licensing application process. This amendment is adopted to reflect the Board's current process.

No comments were received regarding adoption of this rule.

This rule is adopted under Texas Occupations Code §254.001(a), which gives the Board authority to adopt rules necessary to perform its duties and ensure compliance with state laws relating to the practice of dentistry to protect the public health and safety.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 8, 2025.

TRD-202502820
Lauren Studdard
General Counsel
State Board of Dental Examiners
Effective date: August 28, 2025
Proposal publication date: June 20, 2025
For further information, please call: (737) 363-2333

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22 TAC §103.2

The State Board of Dental Examiners (Board) adopts this amendment to 22 TAC §103.2, pertaining to dental hygiene licensure by examination. The amendment is adopted without changes to the proposed text as published in the June 20, 2025, issue of the *Texas Register* (50 TexReg 3618) and will not be republished. The adopted amendment reflects the merger of Central Regional Dental Testing Service (CRDTS) with the States Resources for Testing and Assessments (SRTA).

No comments were received regarding adoption of this rule.

This rule is adopted under Texas Occupations Code §254.001(a), which gives the Board authority to adopt rules necessary to perform its duties and ensure compliance with state laws relating to the practice of dentistry to protect the public health and safety.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 8, 2025.

TRD-202502821
Lauren Studdard
General Counsel
State Board of Dental Examiners
Effective date: August 28, 2025
Proposal publication date: June 20, 2025
For further information, please call: (737) 363-2333

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CHAPTER 104. CONTINUING EDUCATION

22 TAC §104.1

The State Board of Dental Examiners (Board) adopts this amendment to 22 TAC §104.1, pertaining to continuing education requirements. The amendment is adopted without changes to the proposed text as published in the June 20, 2025, issue of the *Texas Register* (50 TexReg 3619) and will not be republished. The adopted amendment reflects the merger of Central Regional Dental Testing Service (CRDTS) with the States Resources for Testing and Assessments (SRTA).

No comments were received regarding adoption of this rule.

This rule is adopted under Texas Occupations Code §254.001(a), which gives the Board authority to adopt rules necessary to perform its duties and ensure compliance with state laws relating to the practice of dentistry to protect the public health and safety.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 8, 2025.

TRD-202502822

Lauren Studdard

General Counsel

State Board of Dental Examiners

Effective date: August 28, 2025

Proposal publication date: June 20, 2025

For further information, please call: (737) 363-2333



22 TAC §104.2

The State Board of Dental Examiners (Board) adopts this amendment to 22 TAC §104.2, pertaining to continuing education providers. The amendment is adopted without changes to the proposed text as published in the June 20, 2025, issue of the *Texas Register* (50 TexReg 3621) and will not be republished. The adopted amendment reflects the merger of Central Regional Dental Testing Service (CRDTS) with the States Resources for Testing and Assessments (SRTA).

No comments were received regarding adoption of this rule.

This rule is adopted under Texas Occupations Code §254.001(a), which gives the Board authority to adopt rules necessary to perform its duties and ensure compliance with state laws relating to the practice of dentistry to protect the public health and safety.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 8, 2025.

TRD-202502823

Lauren Studdard

General Counsel

State Board of Dental Examiners

Effective date: August 28, 2025

Proposal publication date: June 20, 2025

For further information, please call: (737) 363-2333



CHAPTER 114. EXTENSION OF DUTIES OF AUXILIARY PERSONNEL--DENTAL ASSISTANTS

22 TAC §114.6

The State Board of Dental Examiners (Board) adopts this amendment to 22 TAC §114.6, pertaining to general qualifications for registration or certification of dental assistants. The

amendment is adopted without changes to the proposed text as published in the June 20, 2025, issue of the *Texas Register* (50 TexReg 3622) and will not be republished. The adopted amendment requires applicants to submit a National Practitioner Data Bank self-query report upon initial registration. Initial applicants currently submit this report to the Board as part of the licensing application process. This amendment is adopted to reflect the Board's current process. The adopted amendment also specifies the name of 22 TAC §101.8.

No comments were received regarding adoption of this rule.

This rule is adopted under Texas Occupations Code §254.001(a), which gives the Board authority to adopt rules necessary to perform its duties and ensure compliance with state laws relating to the practice of dentistry to protect the public health and safety.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 8, 2025.

TRD-202502824

Lauren Studdard

General Counsel

State Board of Dental Examiners

Effective date: August 28, 2025

Proposal publication date: June 20, 2025

For further information, please call: (737) 363-2333



CHAPTER 117. FACULTY AND STUDENTS IN ACCREDITED DENTAL SCHOOLS

22 TAC §117.2

The State Board of Dental Examiners (Board) adopts these amendments to 22 TAC §117.2, pertaining to dental faculty licensure. The amendment is adopted without changes to the proposed text as published in the June 20, 2025, issue of the *Texas Register* (50 TexReg 3623) and will not be republished. The adopted amendments: (1) require that faculty license holders submit an employment affidavit form upon renewal to show that they are still currently employed by their employer school, and (2) correct a grammatical error.

No comments were received regarding adoption of this rule.

This rule is adopted under Texas Occupations Code §254.001(a), which gives the Board authority to adopt rules necessary to perform its duties and ensure compliance with state laws relating to the practice of dentistry to protect the public health and safety.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 8, 2025.

TRD-202502825

Lauren Studdard
General Counsel
State Board of Dental Examiners
Effective date: August 28, 2025
Proposal publication date: June 20, 2025
For further information, please call: (737) 363-2333



22 TAC §117.3

The State Board of Dental Examiners (Board) adopts these amendments to 22 TAC §117.3, pertaining to dental hygiene faculty licensure. The amendment is adopted without changes to the proposed text as published in the June 20, 2025, issue of the *Texas Register* (50 TexReg 3624) and will not be republished. The adopted amendments: (1) conform the rule to the statutory language in Texas Occupations Code §267.003, (2) require that faculty license holders submit an employment affidavit form upon renewal to show that they are still currently employed by their employer school, and (3) correct grammatical and punctuation errors.

No comments were received regarding adoption of this rule.

This rule is adopted under Texas Occupations Code §254.001(a), which gives the Board authority to adopt rules necessary to perform its duties and ensure compliance with state laws relating to the practice of dentistry to protect the public health and safety.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 8, 2025.

TRD-202502826
Lauren Studdard
General Counsel
State Board of Dental Examiners
Effective date: August 28, 2025
Proposal publication date: June 20, 2025
For further information, please call: (737) 363-2333



TITLE 34. PUBLIC FINANCE

PART 1. COMPTROLLER OF PUBLIC ACCOUNTS

CHAPTER 3. TAX ADMINISTRATION

SUBCHAPTER G. CIGARETTE TAX

34 TAC §3.102

The Comptroller of Public Accounts adopts amendment to §3.102, concerning applications, definitions, permits, and reports, without changes to the proposed text as published in the June 27, 2025, issue of the *Texas Register* (50 TexReg 3721). The rule will not be republished.

The comptroller amends this section to address age requirements for obtaining a cigarette permit.

The comptroller amends subsection (f), to add that the comptroller will not issue a permit to an applicant that is under the age of 21.

The comptroller did not receive any comments regarding adoption of the amendment.

The amendment is adopted under Tax Code, §111.002 (Comptroller's Rules; Compliance; Forfeiture) and §111.0022 (Application to Other Laws Administered by Comptroller) which provide the comptroller with authority to prescribe, adopt, and enforce rules relating to the administration and enforcement provisions of Tax Code, Title 2, and taxes, fees, or other charges which the comptroller administers under other law.

The amendment implements Tax Code, Chapter 154 (Cigarette Tax) and Health and Safety Code, Chapter 161 (Public Health Provisions).

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 4, 2025.

TRD-202502752
Jenny Burleson
Director, Tax Policy
Comptroller of Public Accounts
Effective date: August 24, 2025
Proposal publication date: June 27, 2025
For further information, please call: (512) 475-2220



SUBCHAPTER CC. SEXUALLY ORIENTED BUSINESS FEE

34 TAC §3.722

The Comptroller of Public Accounts adopts amendments to §3.722, concerning the sexually oriented business fee, without changes to the proposed text as published in the July 4, 2025, issue of the *Texas Register* (50 TexReg 3856). The rule will not be republished.

The comptroller amends this section to implement the decision in *Tex. Entm't Ass'n, Inc. v. Hegar*, 10 F.4th 495 (5th Cir. 2021) and to implement House Bill 3345, 88th Legislature, 2023.

The comptroller amends the definition of clothing in subsection (a)(1), to remove the provision that was deemed unconstitutional in the *Texas Entertainment Association, Inc.* case.

The comptroller amends subsection (d)(1) and (2), and increases the fee imposed on a sexually oriented business to \$10 for each entry by each customer admitted to the business, as provided in House Bill 3345.

The comptroller also replaces the term "return" with "report" for consistent usage throughout the section.

The comptroller did not receive any comments regarding adoption of the amendment.

The comptroller adopts the amendments under Tax Code, §111.002 (Comptroller's Rules; Compliance; Forfeiture) and §111.0022 (Application to Other Laws Administered by Comptroller) which provide the comptroller with authority to prescribe, adopt, and enforce rules relating to the administration and

enforcement provisions of Tax Code, Title 2, and taxes, fees, or other charges which the comptroller administers under other law.

The amendments to this section implement Business and Commerce Code, §102.051 (Definitions).

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 8, 2025.

TRD-202502827

Jenny Burleson

Director, Tax Policy Division

Comptroller of Public Accounts

Effective date: August 28, 2025

Proposal publication date: July 4, 2025

For further information, please call: (512) 475-2220



SUBCHAPTER JJ. CIGARETTE, E-CIGARETTE, AND TOBACCO PRODUCTS REGULATION

34 TAC §3.1207

The Comptroller of Public Accounts adopts amendment to §3.1207, concerning e-cigarette retailer permits, without changes to the proposed text as published in the June 27, 2025, issue of the *Texas Register* (50 TexReg 3727). The rule will not be republished.

The comptroller amends this section to address age requirements for obtaining an e-cigarette permit.

The comptroller amends subsection (f), to add that the comptroller will not issue a permit to an applicant that is under the age of 21.

The comptroller did not receive any comments regarding adoption of the amendment.

The amendment is adopted under Tax Code, §111.002 (Comptroller's Rules; Compliance; Forfeiture) and §111.0022 (Application to Other Laws Administered by Comptroller) which provide the comptroller with authority to prescribe, adopt, and enforce rules relating to the administration and enforcement provisions of Tax Code, Title 2, and taxes, fees, or other charges which the comptroller administers under other law.

The amendment implements Health and Safety Code, Chapter 147 (E-Cigarette Retailer Permit) and Health and Safety Code, Chapter 161 (Public Health Provisions).

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on August 4, 2025.

TRD-202502754

Jenny Burleson

Director, Tax Policy

Comptroller of Public Accounts

Effective date: August 24, 2025

Proposal publication date: June 27, 2025

For further information, please call: (512) 475-2220

