

1 **Policy Concept**
2 **Chapter 807, Career School and Colleges**
3 **Rule Project #2021-03-807 – HB 33 - CSC Chapter Revisions**
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5 **Introduction and Background**

6 Texas Education Code, Chapter 132, Career Schools and Colleges (the Act) charges the Texas
7 Workforce Commission (TWC) with oversight of career schools and colleges operating in Texas. By its
8 authority under the Act and TWC's Chapter 807 Career School and Colleges rules, TWC's Career
9 Schools and Colleges (CSC) Program licenses and regulates private postsecondary schools that offer
10 vocational training to Texas residents. In this capacity, TWC currently regulates more than 600 schools,
11 consisting of approximately 4,000 courses of instruction that provide vocational training to more than
12 146,000 students annually.
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14 **Purpose for the Proposed Rule**

15 The purpose for the proposed rule is to implement House Bill (HB) 33, passed by the 87th Texas
16 Legislature, Regular Session (2021), and to amend Chapter 807 based on a thorough review of existing
17 Chapter 807 rules, the Act, policy implementation, and application processing. TWC's CSC staff
18 identified the need for amendments to Chapter 807 to:

- 19 • provide clarity and remove unnecessary regulation for career schools and colleges;
- 20 • ensure that students seeking to further their education are provided clear information, receive timely
21 refunds, as appropriate, and have timely access to school outcome data; and
- 22 • streamline TWC processes.
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24 **Rule Revisions Required by Federal Regulation or State Statute**

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26 **Issue #1: Implementation of HB 33**

27 HB 33 amended Texas Education Code, Chapter 132, relating to measures facilitating the award of
28 postsecondary course credit leading to workforce credentialing based on military experience, education,
29 and training. Amendments to Chapter 807 will:

- 30 • address regulatory requirements, as necessary; and
- 31 • implement the Texas Education Code changes.
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33 **Other Rule Revisions**

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35 **Issue #2: Chapter Definitions**

36 CSC staff identified current Chapter 807 definitions that are obsolete, inaccurate, or contradictory.
37 Additionally, there are terms in statute that are given multiple definitions depending on context. This has
38 created some confusion in Chapter 807, and CSC staff identified clarifications that will lessen or
39 eliminate this confusion. Amendments to §807.2 will:

- 40 • modify current definitions;
- 41 • remove definitions that are obsolete; and
- 42 • add definitions, as necessary, to ensure regulatory clarity throughout Chapter 807.
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44 **Issue #3: General Provisions**

45 CSC staff identified portions of Chapter 807 that are obsolete, inaccurate, or incomplete, specifically
46 portions relating to waivers and exemptions. Portions of current Chapter 807 also identify program
47 processing times. These times are fluid and may be adjusted due to workload and staffing resources.

1 CSC's standard operating procedures and internal policies will continue to set benchmarks to ensure
2 customers are receiving quality assistance. Chapter 807 rule language concerning exemptions is
3 redundant and is defined in the Act. Amendments to Chapter 807 will:

- 4 • remove language that identifies internal processing controls; and
- 5 • clarify redundant language concerning exemptions.

6 7 **Issue #4: Certificates of Approval, Fees, and Notifications of Action**

8 Chapter 807, Subchapter B concerning original approvals and requests for renewal, contains language
9 that is unclear and redundant. Currently, it is unclear to a school that it must resubmit a full application,
10 including fees, prior to an additional CSC review if the school's original application is not approved
11 within 90 days of receipt. Subchapter B also contains language concerning internal distribution of fees,
12 which is not relevant to the way TWC manages revenue. Additionally, §807.151 requires any school or
13 registered representative to submit a \$15 fee for changing their name or address but making these types
14 of changes does not require the reissuance of notices. The amendment will remove this fee to reduce
15 schools' financial burden and staff time spent on processing the fee. Amendments to Chapter 807 will
16 also:

- 17 • clarify what is required from a prospective school that fails to complete the application process or
18 operates without a license;
- 19 • remove the \$15 fee required for a school or registered representative to change their name or
20 address; and
- 21 • remove language that directs TWC where to distribute fees collected from licensed schools.

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23 Currently, Chapter 807 rules do not clearly define the full array of actions TWC can take when a school
24 is operating without a license or when a licensed school fails to meet installment payment agreements.
25 Amendments to Chapter 807 will address these issues and ensure that schools understand what is
26 expected and the steps TWC can take to ensure compliance.

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28 Subchapter B currently requires schools to notify TWC when legal action is being taken against the
29 owner, representatives, or management. Amendments to §807.15 will require the owner to also notify
30 TWC when any lease or mortgage is in default or past due more than 30 days.

31 32 **Issue #5: Financial Requirements**

33 Chapter 807, Subchapter C identifies financial requirements a school must adhere to for compliance and
34 contains language that is incomplete, redundant, and confusing. The amendments to the subchapter will
35 ease the burden on schools as they prepare and submit annual financial statements and remove language
36 that has confused schools on the financial statement's requirements and format. Amendments will also
37 clarify language to assist schools and TWC with ensuring that:

- 38 • financial standards are understood; and
- 39 • required reports are submitted timely and accurately.

40 41 **Issue #6: School Staffing**

42 Current Chapter 807 rules contain multiple provisions related to school staffing. The amendments will
43 remove redundant requirements and language that imposes unnecessary burdens on the schools. Under
44 the current language it is unclear how long a school can employ a temporary instructor or what actions
45 TWC can take against a school that is using an unapproved staff member. School staff members are also
46 required to complete a minimum number of continuing education (CE) hours each year; rule language

1 refers schools to an approved list of CE sources. CSC intends to assist schools in selecting CE providers.
2 Amendments to Chapter 807 will:

- 3 • reduce restrictive language;
- 4 • allow schools more freedom to operate;
- 5 • clarify regulatory requirements; and
- 6 • eliminate redundant language.

7 8 **Issue #7: Courses of Instruction**

9 Chapter 807, Subchapter H is detailed and extensive, but CSC staff identified that language needs to be
10 added to clarify the role that externships play in classifying a program type. Most of the information
11 located in §807.122, relating to General Information for Courses of Instruction, is better suited to be in
12 §807.121, relating to Definitions Relating to Courses of Instruction; and combining multiple sections
13 will compress the overall size of Chapter 807. Elements of Subchapter H discuss the stated occupation
14 for which a program is training students. The subchapter requires each school to provide proof of a need
15 in a specific occupational area but verifying this type of information is beyond the career schools and
16 college's staffing capability. Much of this language puts an undue burden on career schools and colleges
17 to provide information that is not verifiable. Career schools and colleges are held responsible for their
18 students' ability to gain employment through the annual employment reports. Amendments to Chapter
19 807, Subchapter H will assist schools by including language and structure that provide clarification of
20 requirements concerning courses of instruction.

21 22 **Issue #8: Advertising**

23 Section 807.171 addresses restrictions placed on schools and provides guidelines for advertisements.
24 Amendments to §807.171 will reduce restrictions on schools regarding how they can use student
25 information in their advertisements while continuing to safeguard privacy interests. Amendments to
26 §807.173 will provide direction on how TWC can assist schools in correcting advertisement violations
27 without moving directly to administrative penalties.

28 29 **Issue #9: Records Maintenance**

30 Chapter 807, Subchapters K - M currently have redundant and confusing language. The amendments
31 will change specific areas to clarify requirements to ensure schools understand how to remain in
32 compliance. Currently, §807.283 establishes criteria for maintaining attendance records, but these
33 requirements are missing critical information when TWC must confirm detailed attendance records.
34 Amendments will clarify the intent of the subchapters and grant TWC the ability to require more
35 detailed information on how attendance is recorded. Amendments will also remove redundant language
36 concerning the regulation of admission requirements, progress standards, and attendance standards.

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38 Amendments to §807.282, Student Records, will add language to address long-term retention of student
39 records and require schools to digitize any student records that are older than one year.

40 41 **Issue #10: Cancellation and Refund Policy**

42 Section 807.261 excludes hybrid and blended courses of instruction. The amendment will remove this
43 exclusion to ensure that students participating in blended or hybrid courses are afforded the same
44 protections as those attending more traditional styles of training. Also, an amendment to §807.263,
45 relating to Refund Requirements, will allow TWC to consider the specific facts associated with a
46 school's conduct in determining whether a full or partial refund is to be issued.

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Issue #11: Complaints and Hearings

Section 807.301 requires that students address concerns with the school before reaching out to TWC; this is redundant as it is already addressed in the section covering course catalogs and operations.

Section 807.387 provides direction that hearings are by default conducted in person. Amendments will:

- remove redundant language concerning the process that a student uses to file a complaint; and
- change the default type of hearing to telephonic with the option to conduct hearings in person.

Issue #12: Truck Driving Schools

Section 807.321 provides direction specifically for truck driving schools. The amendment to §807.321 will order that truck driving schools comply with 49 Code of Federal Regulations Part 380.

Issue #13: School Closures

Chapter 807, Subchapter R currently addresses when TWC can consider a school closed. Amendments will incorporate current program processes into administrative rule and list required actions all schools must take when closing.

Issue #14: Sanctions

Section 807.352 lists monetary and administrative sanctions that TWC can impose on schools for violation of rule. The amendment to §807.352 will remove the sanction concerning late renewal fees to align the rule with what statute requires.

Issue #15: Rule Language Concerning Commission vs. Agency

The Commission is the three-member body of governance appointed by the governor. The Agency is the unit of state government presided over by the Commission and administered by the executive director. TWC allows the executive director or assignees to perform stated functions, including approvals of career schools and colleges.

Current language in Chapter 807 uses the word "Commission" for functions that are administrative in nature and that should be delegated to the Agency. The amendment will change "Commission" to "Agency" throughout the chapter to clarify the role of Agency staff in implementing TWC rules.

PC Decision Point

Staff recommends amending Chapter 807 to implement HB 33 and to incorporate the changes identified by staff to provide clarity, remove unnecessary regulation for career schools and colleges, and streamline TWC processes.