

## **BILL ANALYSIS**

Senate Research Center  
85R11273 MM-F

S.B. 1467  
By: West  
Higher Education  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

As identified in the November 2016 Tri-Agency Report to the Office of the Governor, creating more paid internships is critical to the state's future success. Paid internships provide the opportunity to engage students and provide them with the skills they need to succeed, and also a way for employers to gain skilled employees who can help businesses grow. Paid internships are especially critical for those students who cannot afford to take on unpaid experiential learning opportunities.

However, the decentralized nature of the current off-campus work-study program results in limitations on the opportunities available to students, when institutions and employers are unable to execute all of the required elements of a successful off-campus work-study program. While the current Texas college work-study program provides for off-campus work opportunities, utilization of this option has been lackluster. Contracting with off-campus employers is a complicated process and lacks economies of scale due to the decentralized nature of the program. Contracting with off-campus entities is a labor intensive process for the institutions, and off-campus sites must contract with every institution from which they may potentially hire a student.

The bill capitalizes on the strengths of the pre-existing state work-study program, while providing an incentive for undergraduate students to take part in internship opportunities at off-campus sites, earning funds to help with educational costs, gaining career-related experience, and positioning themselves for post-graduate employment. Utilizing a portion of the current state appropriations (Sections 56.071-56.080), undergraduate students would be eligible to earn wages while enrolled in a degree-granting program at an eligible institution and working in an approved off-campus internship. Off-campus employers would receive reimbursement for a portion of the qualified wages they pay to eligible students.

As proposed, S.B. 1467 amends current law relating to the Texas college work-study program and to establishing a program for the off-campus employment of certain students at public or private institutions of higher education.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 4 (Section 56.0858, Education Code) of this bill.

Rulemaking authority is expressly granted to the commissioner of higher education in SECTION 6 of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 56.076(a), Education Code, as follows:

(a) Authorizes an eligible institution to employ eligible students, rather than enter into agreements with employers that participate, in the work-study program. Provides that to be eligible to participate in the work-study program, an eligible institution, rather than an employer, is required to:

(1) to (3) makes no changes to these subdivisions;

(4) makes a conforming change; and

(5) makes no changes to this subdivision.

SECTION 2. Amends Section 56.078, Education Code, to provide that funding to cover the state's contribution toward the funding of the work-study program under this subchapter (Texas College Work-Study Program) and the Texas WORKS internship program (program) under Subchapter E-1, rather than the work-study program under this subchapter, is payable from funds appropriated for that purpose.

SECTION 3. Amends Section 56.082(a), Education Code, as follows:

(a) Requires the Texas Higher Education Coordinating Board (THECB), not later than January 1 of each odd-numbered year, to submit to the standing legislative committees with primary jurisdiction over higher education and post on THECB's Internet website a report on the Texas college work-study program (work-study program) and the program, rather than the work-study program. Makes a nonsubstantive change.

SECTION 4. Amends Chapter 56, Education Code, by adding Subchapter E-1, as follows:

**SUBCHAPTER E-1. TEXAS WORKING OFF-CAMPUS: REINFORCING KNOWLEDGE  
AND SKILLS (WORKS) INTERNSHIP PROGRAM**

Sec. 56.0851. DEFINITIONS. Defines "coordinating board," "eligible wages," "program," and "Texas WORKS internship program."

Sec. 56.0852. PROGRAM NAME. Requires that the student financial assistance program authorized by this subchapter be known as the Texas Working Off-Campus: Reinforcing Knowledge and Skills (WORKS) Internship Program.

Sec. 56.0853. Provides that the purpose of this subchapter is to provide jobs funded in part by the State of Texas to eligible students with financial need to enable those students to attend eligible public or private institutions of higher education in Texas.

Sec. 56.0854. ADMINISTRATIVE AUTHORITY. (a) Requires THECB to administer the program and collaborate with eligible institutions and employers to provide eligible students with part-time employment funded in part by the state.

(b) Prohibits state support for the program from exceeding the amount specified by appropriation.

(c) Requires THECB to establish criteria to ensure that each eligible employer has demonstrated the administrative and financial capacity to carry out the employer's responsibilities under the program, including the ability to pay full wages and benefits to a student employed through the program and that a participating employer is reimbursed under the program at the rate established by THECB only for fully paid eligible wages.

(d) Requires THECB to develop a standard contract establishing the roles and responsibilities of eligible employers. Requires THECB to use the standard contract as a model for the memorandum of understanding that THECB will require for participation in the program.

(e) Requires THECB to reimburse an eligible employer at a rate established by THECB for the eligible wages paid by the employer to a student participating in the program.

(f) Requires THECB to establish the rate or rates at which employers are required to pay students participating in the program.

(g) Authorizes THECB to use funds appropriated for the work-study program and the program to establish and maintain an online portal for use by students and participating entities in fulfilling their responsibilities for participation in the program. Authorizes THECB to use funds appropriated for the work-study program and the program to cover the expenses and personnel costs of administering and assessing this program.

(h) Provides that, if funding for the program is insufficient to cover the cost of all eligible students, priority for funding is based on the order of application, as determined through THECB rules, as well as any additional priority eligibility criteria established by THECB rules.

Sec. 56.0855. ELIGIBLE INSTITUTION. Provides that, for purposes of this subchapter, an eligible institution is an institution of higher education, as defined by Section 61.003 (Definitions) or a private or independent institution of higher education, as defined by Section 61.003.

Sec. 56.0856. ELIGIBLE STUDENT. (a) Requires a person, to be eligible for employment in the program, to:

- (1) be a Texas resident as defined by THECB rules;
- (2) be enrolled full-time in an undergraduate degree or certificate program;
- (3) establish financial need in accordance with THECB procedures and rules established for the program;
- (4) meet eligibility criteria established by THECB; and
- (5) comply with other requirements adopted by THECB under this section.

(b) Provides that a person is not eligible to participate in the program if the person is receiving an athletic scholarship, is enrolled in a seminary or other program leading to ordination or licensure to perform religious duties for a religious sect or to be a member of a religious order, or has completed a baccalaureate degree.

(c) Provides that the amount of a student's gross wage eligibility under the program is an amount determined by THECB rule, and funds received by students as eligible wages under the program are not considered as financial aid for the academic year in which they are earned.

Sec. 56.0857. ELIGIBLE EMPLOYER. (a) Authorizes THECB to enter into agreements with employers that participate in the program.

(b) Requires an employer, to be eligible to enter into an agreement with THECB, to:

- (1) be a private nonprofit or for-profit entity or a governmental entity, other than an eligible institution or a career school or college as defined by Section 132.001 (Definitions);
- (2) enter into a memorandum of understanding with THECB;
- (3) provide part-time employment to an eligible student in nonpartisan and nonsectarian activities that relate to the student's long-term career interests;
- (4) use program positions only to supplement and not to supplant positions normally filled by persons not eligible to participate in the program;

- (5) provide the entirety of an employed student's wages and employee benefits;
- (6) submit only eligible wages to THECB for reimbursement;
- (7) use a wage rate established by THECB;
- (8) meet eligibility criteria established by THECB; and
- (9) comply with other requirements adopted by THECB under this section.

Sec. 56.0858. ADOPTION AND DISTRIBUTION OF RULES. (a) Authorizes THECB to adopt reasonable rules, consistent with the purposes and policies of this subchapter, to enforce the requirements, conditions, and limitations provided by this subchapter.

(b) Requires THECB to adopt rules necessary to ensure compliance with the Civil Rights Act of 1964, Title VI (Pub. L. No. 88-352), concerning nondiscrimination in admissions or employment.

(c) Requires THECB to distribute to each eligible institution copies of the rules adopted under this subchapter.

Sec. 56.0859. ONLINE LIST OF TEXAS WORKS EMPLOYMENT OPPORTUNITIES. Requires THECB to establish and maintain an online listing of program employment opportunities available to students, sortable by department, as appropriate, and ensure that the list is easily accessible to the public through a clearly identifiable link that appears in a prominent place on THECB's Internet website.

SECTION 5. Repealer: Section 56.076(b) (relating to requiring eligible institutions to maintain certain percentages of employment provided by off-campus employers), Education Code.

SECTION 6. (a) Requires the commissioner of THECB, as soon as practicable after the effective date of this Act, to develop the rules and procedures necessary for the implementation of Subchapter E-1, Chapter 56, Education Code, as added by this Act.

(b) Provides that the changes in law made by this Act apply beginning with the 2017 fall semester.

SECTION 7. Effective date: upon passage or September 1, 2017.