

Title 7. Banking and Securities
Part 1. Finance Commission of Texas
Chapter 7. Texas Financial Education Endowment Fund

The Finance Commission of Texas (commission) proposes new 7 TAC, Part 1, Chapter 7, §§7.101 - 7.105, concerning the Texas Financial Education Endowment Fund.

In general, the purpose of the proposed new rules is to provide rules for the administration of the Texas Financial Education Endowment (TFEE) fund created by Texas Finance Code, §393.628. The proposed rules place into regulation existing commission policy, including the TFEE Grant Administration and Advisory Policy Manual, and commission approval of award amounts and grantees for each grant cycle. Additionally, certain proposed rules provide clarification and guidance regarding gifts, donations, and fund management.

The TFEE was enacted by the 82nd Texas Legislature in 2011 to support statewide financial capability and consumer credit building activities and programs. The Office of Consumer Credit Commissioner (OCCC) and grant coordinator, assisted by the Grant Advisory Committee (GAC), have developed policies and procedures approved by the commission to administer the TFEE fund. These policies have been continually updated and refined to provide more efficiency in the TFEE grant program and in fund management. This action proposes to codify the core policies into regulation, while maintaining the commission's flexibility to approve particular award amounts, grantees, and policy improvements for each grant cycle.

The individual purposes of each proposed new rule are outlined in the following paragraphs.

Section 7.101 specifies the applicability and purpose of Chapter 7 to govern the administration of the TFEE fund, and also outlines the components of the fund. The TFEE fund consists of assessments paid by credit access business applicants and licensees, as well as gifts and donations contributed for financial education or consumer credit educational purposes.

Section 7.102 explains the responsibilities of the parties that administer and manage the TFEE fund, including the commission, the OCCC and its commissioner, the GAC, and the grant coordinator.

Section 7.103 outlines the TFEE grant program, with provisions regarding grant cycle timing, eligible grant applicants, the grant application, commission approval of award amounts and grantees, the grant agreement, and grantee compliance. Additional subsections describe reporting and monitoring requirements, as well as reimbursement procedure. Proposed new §7.103 maintains the TFEE Grant Administration and Advisory Policy Manual, while providing further clarity for applicants and grantees.

Section 7.104 details the gifts and donations that may be made to the TFEE fund, as currently authorized by statute. TFEE gifts and donations must be either for a purpose provided by Texas Finance Code, §393.628(c) ("TFEE purpose"), or for a

consumer credit education purpose under Texas Finance Code, §14.105(b). Gifts and donations may come from state agencies or other parties as approved by the commission.

Section 7.105 provides guiding principles for the management of the TFEE fund. Proposed new §7.105 references the statutory location and manner of investment for the TFEE fund.

Leslie L. Pettijohn, Consumer Credit Commissioner, has determined that for the first five-year period the new rules are in effect, there will be no fiscal implications for state or local government as a result of administering the rules.

For each year of the first five years the new rule chapter is in effect, Commissioner Pettijohn has also determined that the public benefit anticipated as a result of the proposed new rules will be that the commission's rules will provide clarity and consistency for TFEE grant applicants and grantees. Additionally, the proposed new rules will enhance the OCCC's and commission's administration of the TFEE fund.

The proposed new rules merely place into regulation existing policy and practice regarding the commission's administration of the TFEE fund. The proposal does not impose new requirements on grantees, donors, or other parties. Any costs that may be incurred would be imposed by the statute and are not a result of the proposed rules. Thus, aside from any costs required by the existing statutory provisions, the agency does not anticipate any additional costs to persons who are required to comply with the proposed rules. There will be no adverse economic effect on small or micro-

businesses. There will be no effect on individuals required to comply with the new rules as proposed.

Comments on the proposed new rules may be submitted in writing to Laurie Hobbs, Assistant General Counsel, Office of Consumer Credit Commissioner, 2601 North Lamar Boulevard, Austin, Texas 78705-4207 or by email to laurie.hobbs@occc.texas.gov. To be considered, a written comment must be received on or before 5:00 p.m. central time on the 31st day after the date the proposal is published in the *Texas Register*. At the conclusion of the 31st day after the proposed new rules are published in the *Texas Register*, no further written comments will be considered or accepted by the commission.

The new rules are proposed under Texas Finance Code, §393.628(f), which authorizes the commission to adopt rules to administer the Texas Financial Education Endowment.

The statutory provisions affected by the proposal are contained in Texas Finance Code, Chapters 14 and 393.

§7.101. Applicability and Purpose.

(a) Applicability. This chapter governs the administration of the Texas Financial Education Endowment (TFEE) fund as provided by Texas Finance Code, §393.628.

(b) Purpose. The purpose of this chapter is to provide guidelines regarding the administration of the TFEE fund, which serves to support statewide financial education and consumer credit building activities and programs in Texas.

(c) TFEE fund. The TFEE fund consists of assessments paid by credit access business applicants and license holders, as well as gifts and donations contributed to the fund to fulfill TFEE or consumer credit educational purposes as provided in §7.104 of this title (relating to TFEE Gifts and Donations).

§7.102. TFEE Responsibilities.

(a) Finance commission and Office of Consumer Credit Commissioner (OCCC). The finance commission administers all aspects of TFEE, including the grant program, gifts, donations, funding and policy decisions. The OCCC is responsible for collection of assessment fees, disbursement and tracking of TFEE funds, and maintaining financial records of revenue, expenditures, and reconciliation of funds. The Consumer Credit Commissioner (commissioner) or the commissioner's designee serves as the investment officer appointed by the finance commission to execute grant agreements, accept gifts and donations, and invest TFEE funds.

(b) Grant Advisory Committee (GAC) and grant coordinator. The GAC serves in an advisory role and makes program recommendations to the grant coordinator and finance commission audit committee regarding TFEE administration. The grant coordinator serves under the direction of the commissioner, provides information regarding grant activity to the GAC and finance commission, and serves as the liaison between grantees and the GAC.

§7.103. TFEE Grant Program.

(a) Grant cycle. The TFEE fund may have one competitive grant cycle every two years.

(1) Funding determination. The grant funding determination is made by December 31 of each odd-numbered year.

(2) Programming cycle. A new TFEE grant programming cycle may open on January 1 of every even-numbered year. An applicant may choose to apply for a one-year grant programming cycle, or a two-year grant programming cycle. The grant programming cycle for a one-year grantee begins on January 1 and ends on December 31 of the even-numbered year for the applicable cycle. The grant programming cycle for a two-year grantee begins on January 1 of the even-numbered year and ends on December 31 of the following odd-numbered year for the applicable cycle.

(b) Eligible grant applicants. Nonprofit organizations, schools, and for-profit entities are eligible to apply for TFEE grant funding. TFEE grant funding is not available to financial service providers and entities regulated by the finance commission.

(c) Grant application. To be considered for the TFEE grant program, an applicant must complete and submit the grant application by the deadline and in accordance with the instructions for the applicable grant cycle. Late or incomplete grant applications will not be accepted. Meeting the eligibility criteria and submission of a grant application does not guarantee award of a grant in any amount.

(d) Finance commission approval. The finance commission will approve the items listed in this subsection during a meeting open to the public.

(1) Award amounts. Before the start of the competitive grant process for each grant cycle, the finance commission

will determine the total TFEE fund amount to be awarded for the applicable grant cycle.

(2) Grantees. The audit committee, upon receipt of advice from the GAC and grant coordinator, will present recommendations to the finance commission of parties selected to receive TFEE awards for the applicable grant cycle. The finance commission has complete discretion to approve or deny, all or in part, the recommendations presented by the audit committee. Only grantees approved by the finance commission will be awarded TFEE funds upon fulfillment of grant requirements.

(e) Grant agreement. To participate in the TFEE grant program, a grantee approved by the finance commission must execute the grant agreement for the applicable grant cycle.

(f) Grantee compliance. A grantee must comply with applicable financial, administrative, and programmatic terms and conditions, and exercise proper stewardship over awarded TFEE funds. A grantee must use awarded TFEE funds in compliance with the following in effect for the applicable grant cycle:

(1) all applicable state laws and regulations;

(2) all applicable federal laws and regulations;

(3) the TFEE Grant Administration and Advisory Policy Manual;

(4) the grant application, including all application guidelines and instructions at the time of application;

(5) the grant agreement signed by the commissioner or commissioner's designee and the grantee; and

(6) all reporting and monitoring requirements, as outlined in the grant agreement and subsection (g) of this section; and

(7) any other guidance documents posted on the TFEE website for the applicable grant cycle.

(g) Reporting and monitoring.

(1) General reporting requirements. To receive reimbursement of TFEE grant expenses, a grantee must:

(A) submit grant reports in a timely manner;

(B) maintain satisfactory compliance with the grant agreement and proposed grant activities;

(C) report performance measures; and

(D) track and report participant demographic information.

(2) Semi-annual reports. A grantee must submit semi-annual reports that demonstrate performance outcomes and financial information over the term of the grant in accordance with and by the deadlines set forth in the grant agreement.

(3) Six-month longitudinal report. A grantee must submit a six-month longitudinal report after program completion to demonstrate program objectives.

(4) Monitoring. The grant coordinator or GAC may use the following methods to monitor a grantee's performance and expenditures:

(A) Desk review. The grant coordinator or GAC may conduct a desk review of a grantee to review and compare individual source documentation and materials to summary data provided during the reporting process.

(B) Site visits and inspection reviews. The grant coordinator or GAC may conduct a scheduled site visit to a grantee's place of business to review compliance and performance issues. Site visits may be comprehensive or limited in scope.

(h) Reimbursement.

(1) Eligibility. To be eligible for reimbursement, a grantee must comply with all terms of the grant agreement, as well as all other items provided in subsection (f) of this section. Grant funds will be awarded on a cost reimbursement basis for all actual, allowable, and allocable costs incurred by a grantee pursuant to the grant agreement. Expenses that were incurred before the beginning or after the termination of the grant agreement are not eligible for reimbursement.

(2) Procedure. To request reimbursement for work performed on TFEE grant activities, a grantee must submit a grant reimbursement report in accordance with and by the deadlines set forth in the grant agreement. A grantee must submit a detailed expense report with supporting documentation to justify the reimbursement request. The OCCC will review and approve requests for reimbursement that satisfy the

requirements and promptly disburse funds in response to approved requests.

§7.104. TFEE Gifts and Donations.

(a) Authorized gifts and donations.

(1) TFEE purpose. Under Texas Finance Code, §393.628(d), the finance commission may solicit gifts, grants, and donations that fulfill the purpose of TFEE to support statewide financial education and consumer credit building activities and programs in this state, including the specific purposes provided by Texas Finance Code, §393.628(c).

(2) Consumer credit educational purpose. Under Texas Finance Code, §14.105(a), the commissioner may accept gifts, grants, and donations on behalf of the state for a purpose related to a consumer credit educational opportunity, unless prohibited by Texas Finance Code, §14.105(b) or other law. A consumer credit educational opportunity is also considered to be a consumer credit building activity under TFEE.

(3) From state agencies. Under Texas Finance Code, §393.628(e), the finance commission may partner with other state agencies to administer the TFEE fund, including the acceptance of gifts and donations from other state agencies, for the purposes outlined in paragraphs (1) and (2) of this subsection.

(4) From other parties. Gifts and donations from parties other than state agencies must meet the same criteria required for grantees eligible under §7.103(b) of this title (relating to TFEE Grant Program).

(b) Finance commission approval. The finance commission will approve any gift or donation to the TFEE fund.

§7.105. TFEE Fund Management.

In accordance with Texas Finance Code, §393.628(b), TFEE funds will be remitted to the comptroller for deposit in the Texas Treasury Safekeeping Trust Company. TFEE funds may be invested and reinvested in the same manner as funds of the Employees Retirement System of Texas under Texas Government Code, Chapter 815, Subchapter D.

Certification

This agency hereby certifies that the proposal has been reviewed by legal counsel and found to be within the agency's legal authority to adopt.

Issued in Austin, Texas on June 16, 2017.

Laurie B. Hobbs
Assistant General Counsel
Office of Consumer Credit Commissioner