

*Title 7, Texas Administrative Code
Part 1. Finance Commission of Texas
Chapter 7. Texas Financial Education Endowment Fund*

The Finance Commission of Texas (commission) adopts amendments to §7.101 (relating to Applicability and Purpose), §7.103 (relating to TFEE Grant Program), §7.104 (relating to TFEE Gifts and Donations), and §7.105 (relating to TFEE Fund Management) in 7 TAC Chapter 7, concerning Texas Financial Education Endowment Fund.

The commission adopts the amendments to §7.101, §7.103, §7.104, and §7.105 without changes to the proposed text as published in the November 8, 2024, issue of the *Texas Register* (49 TexReg 8812). The amended rules will not be republished.

The commission received no official comments on the proposed amendments.

The rules in 7 TAC Chapter 7 govern the Texas Financial Education Endowment (TFEE). The Texas Legislature established TFEE in 2011, in order to support statewide financial education and consumer credit building activities and programs. The commission and the OCCC have established a grant program to promote the purposes of TFEE.

In general, the purpose of the rule changes to 7 TAC Chapter 7 is to implement changes resulting from the commission's review of the chapter under Texas Government Code, §2001.039. Notice of the review of 7 TAC Chapter 7 was published in the *Texas Register* on August 2, 2024 (49 TexReg 5783). The commission received no comments in response to that notice.

The OCCC distributed an early precomment draft of proposed changes to interested stakeholders for review. The OCCC received no informal precomments on the rule text draft.

The Texas Legislature passed SB 1371 in the 2023 regular legislative session. SB 1371 modernized, clarified, and corrected provisions of the Texas Finance Code administered by the OCCC. In particular, SB 1371 relocated and amended the statutory provision that establishes TFEE. SB 1371 relocated this section from previous Texas Finance Code, §393.628 to current Texas Finance Code, §14.113. SB 1371 also amended Texas Finance Code, §14.113(b) to specify that funds in TFEE will be invested under the prudent business person standard described by the Texas Constitution, replacing previous language that referred to investing funds in the same manner as funds of the Employees Retirement System of Texas (ERS).

An amendment to §7.101(a) replaces a reference to Texas Finance Code, §393.628 with an updated reference to Texas Finance Code, §14.113. This amendment corrects the statutory reference and implements SB 1371's relocation of the section, as described earlier in this preamble.

Amendments to §7.103(g) specify requirements for the longitudinal report that grantees file after the end of a two-year grant cycle. The amendments specify that the longitudinal report is comprehensive, that the report must describe activity performed under the grant agreement, and that the report is due on June 30 following the end of the

grant cycle. The amendments are intended to clarify requirements for grantees and to provide a more specific deadline for the report.

Amendments throughout §7.104(a) replace references to Texas Finance Code, §393.628 with updated references to Texas Finance Code, §14.113. These amendments correct statutory references and implement SB 1371's relocation of the section, as described earlier in this preamble.

An amendment to §7.105 replaces a reference to Texas Finance Code, §393.628(b) with an updated reference to Texas Finance Code, §14.113(b). Another amendment to §7.105 replaces the current reference to the ERS investment standard with a reference to the prudent person standard described by the Texas Constitution. These amendments implement the changes contained in SB 1371, as described earlier in this preamble.

The rule changes are adopted under Texas Finance Code, §14.113, which authorizes the commission to adopt rules to administer the Texas Financial Education Endowment. In addition, Texas Finance Code, §11.304 authorizes the commission to adopt rules necessary to supervise the OCCC and ensure compliance with Texas Finance Code, Chapter 14 and Title 4.

The statutory provisions affected by the adoption are contained in Texas Finance Code, Chapter 14.

§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, §14.113. [§393.628.]

(b) - (c) (No change.)

§7.103. TFEE Grant Program

(a) - (f) (No change.)

(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 comprehensive six-month longitudinal report after program completion to demonstrate program objectives and describe activity performed under the grant agreement. The longitudinal report is due on June 30 following the end of the grant programming cycle.

(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) (No change.)

§7.104. TFEE Gifts and Donations

(a) Authorized gifts and donations.

(1) TFEE purpose. Under Texas Finance Code, §14.113(d), [~~§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, §14.113(c), [~~§393.628(e)~~].

(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, §14.113(e), [~~§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) (No change.)

§7.105. TFEE Fund Management

In accordance with Texas Finance Code, §14.113(b), [~~§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 under the prudent person standard described by Texas Constitution, Article VII, Section 11b [~~in the same manner as funds of the Employees Retirement System of Texas under Texas Government Code, Chapter 815, Subchapter D~~].

Certification

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

Issued in Austin, Texas on December 18,
2024.

Matthew J. Nance
General Counsel
Office of Consumer Credit Commissioner