

AN ACT

relating to the payment of certain education expenses using the state's programs for paying, prepaying, or saving toward the costs of attending an institution of higher education.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 54.605(a), Education Code, is amended to read as follows:

(a) A prepaid tuition contract remains in effect after the program is terminated if, when the program is terminated, the beneficiary:

(1) has been accepted by or is enrolled in an institution of higher education, a private or independent institution of higher education, ~~or~~ a career school or college, or a registered apprenticeship program described by Section 54.619(i); or

(2) is projected to graduate from high school not later than the third anniversary of the date the program is terminated.

SECTION 2. Section 54.619, Education Code, is amended by adding Subsection (i) to read as follows:

(i) Notwithstanding other provisions of this subchapter, any contract benefits purchased under this subchapter may be applied to the payment of tuition and required fees for a registered apprenticeship program as if the apprenticeship program were an

1 institution of higher education or private or independent
2 institution of higher education. On the purchaser's request, the
3 board shall apply, in accordance with Section 54.628, any existing
4 amount of prepaid tuition contract benefits to the payment of
5 registered apprenticeship program tuition and required fees. The
6 board is not responsible for the payment of registered
7 apprenticeship program tuition and required fees in excess of that
8 amount. The board may adopt rules as necessary to implement this
9 subsection. In this subsection, "registered apprenticeship
10 program" means an apprenticeship program that is registered and
11 certified with the United States Department of Labor under Section
12 1 of the National Apprenticeship Act (29 U.S.C. Section 50 et seq.).

13 SECTION 3. Section 54.751, Education Code, is amended by
14 amending Subdivisions (2) and (6) and adding Subdivision (9-a) to
15 read as follows:

16 (2) "Beneficiary" means the person designated under a
17 prepaid tuition contract as the person entitled to apply one or more
18 tuition units purchased under the contract to the payment of the
19 person's:

20 (A) undergraduate tuition and required fees at a
21 general academic teaching institution, two-year institution of
22 higher education, private or independent institution of higher
23 education, medical and dental unit, career school, or accredited
24 out-of-state institution of higher education; and

25 (B) registered apprenticeship program tuition
26 and required fees.

27 (6) "Prepaid tuition contract" means a contract under

1 which a person purchases from the board on behalf of a beneficiary
2 one or more tuition units that the beneficiary is entitled to apply
3 to the payment of the beneficiary's:

4 (A) undergraduate tuition and required fees at a
5 general academic teaching institution, two-year institution of
6 higher education, private or independent institution of higher
7 education, medical and dental unit, career school, or accredited
8 out-of-state institution of higher education; or

9 (B) registered apprenticeship program tuition
10 and required fees.

11 (9-a) "Registered apprenticeship program" means an
12 apprenticeship program that is registered and certified with the
13 United States Department of Labor under Section 1 of the National
14 Apprenticeship Act (29 U.S.C. Section 50 et seq.).

15 SECTION 4. Section 54.753(a), Education Code, is amended to
16 read as follows:

17 (a) Under the program, a purchaser may prepay the costs of
18 all or a portion of a beneficiary's undergraduate tuition and
19 required fees at a general academic teaching institution, two-year
20 institution of higher education, private or independent
21 institution of higher education, medical and dental unit, career
22 school, ~~or~~ accredited out-of-state institution of higher
23 education, or registered apprenticeship program by entering into a
24 prepaid tuition contract with the board to purchase one or more
25 tuition units of a type described by this section at the applicable
26 price established by the board for that type of unit for the year in
27 which the unit is purchased. The portion of the beneficiary's

1 undergraduate tuition and required fees for which a tuition unit
2 may be redeemed at a particular general academic teaching
3 institution or two-year institution of higher education is assigned
4 to the tuition unit at the time of purchase, and the tuition unit
5 may be redeemed to pay that portion of the tuition and fees at the
6 general academic teaching institution or two-year institution of
7 higher education in any academic year in which the unit is redeemed
8 in accordance with this subchapter. The purchaser may purchase one
9 type of unit or a combination of two or three types of units.

10 SECTION 5. Sections 54.754(a) and (d), Education Code, are
11 amended to read as follows:

12 (a) In accordance with this subchapter, when a beneficiary
13 under a prepaid tuition contract redeems one or more tuition units
14 to pay costs of tuition and required fees, the board shall apply
15 money in the fund, in the amount provided by Section 54.765 to pay
16 all or the applicable portion of the costs of the beneficiary's
17 tuition and required fees at the general academic teaching
18 institution, two-year institution of higher education, private or
19 independent institution of higher education, medical and dental
20 unit, career school, [~~or~~] accredited out-of-state institution of
21 higher education, or registered apprenticeship program in which the
22 beneficiary enrolls. Subject to Subsection (b)(2) and the other
23 provisions of this section, a beneficiary may redeem any type of
24 tuition unit for attendance at an institution, [~~or~~] unit, school,
25 or program described by this section. A general academic teaching
26 institution or two-year institution of higher education shall
27 accept the amount transferred to the institution under Section

1 54.765(c) when the unit or units are redeemed as payment for all or
2 the applicable portion of the beneficiary's tuition and required
3 fees.

4 (d) If a beneficiary redeems fewer tuition units of the type
5 or combination of types necessary to pay the total cost of the
6 beneficiary's tuition and required fees at the general academic
7 teaching institution, two-year institution of higher education,
8 private or independent institution of higher education, medical and
9 dental unit, career school, [~~or~~] accredited out-of-state
10 institution of higher education, or registered apprenticeship
11 program at which the beneficiary enrolls, the beneficiary is
12 responsible for paying the amount of the difference between the
13 amount of tuition and required fees for which the beneficiary pays
14 through the redemption of one or more tuition units and the total
15 cost of the beneficiary's tuition and required fees at the
16 institution, [~~or~~] unit, school, or program.

17 SECTION 6. Section 54.765(f), Education Code, is amended to
18 read as follows:

19 (f) When a beneficiary enrolls at a private or independent
20 institution of higher education, medical and dental unit, career
21 school, [~~or~~] accredited out-of-state institution of higher
22 education, or registered apprenticeship program, on written
23 authorization from the purchaser of the tuition unit or units for
24 that beneficiary, the comptroller or the comptroller's authorized
25 representative shall transfer to the institution the lesser of:

26 (1) an amount equal to the current cost of the tuition
27 and required fees that would be covered by redemption of the number

1 and type of tuition units the beneficiary is redeeming if the
2 beneficiary were redeeming the unit or units at a general academic
3 teaching institution or two-year institution of higher education as
4 follows:

5 (A) for a Type I unit, at the general academic
6 teaching institution that had the highest tuition and required fee
7 cost;

8 (B) for a Type II unit, at a general academic
9 teaching institution that had tuition and required fee cost at the
10 weighted average; and

11 (C) for a Type III unit, at a two-year
12 institution of higher education that had tuition and required fee
13 cost at the weighted average; or

14 (2) an amount equal to the total purchase price of the
15 tuition unit or units the beneficiary redeems for the semester or
16 other academic term plus the portion of the total return on assets
17 of the fund attributable to that amount.

18 SECTION 7. Section 54.767, Education Code, is amended to
19 read as follows:

20 Sec. 54.767. USE OF FUND ASSETS. The assets of the fund may
21 be used only to:

22 (1) pay the costs of program administration and
23 operations;

24 (2) make payments to general academic teaching
25 institutions, two-year institutions of higher education, private
26 or independent institutions of higher education, medical and dental
27 units, career schools, ~~and~~ accredited out-of-state institutions

1 of higher education, and registered apprenticeship programs on
2 behalf of beneficiaries; and

3 (3) make refunds under prepaid tuition contracts.

4 SECTION 8. Sections 54.769(b) and (c), Education Code, are
5 amended to read as follows:

6 (b) The rights of a purchaser, beneficiary, or successor in
7 interest of a purchaser or beneficiary in and under a prepaid
8 tuition contract and the payment of tuition and required fees for a
9 beneficiary under a prepaid tuition contract to a general academic
10 teaching institution, two-year institution of higher education,
11 private or independent institution of higher education, medical and
12 dental unit, career school, [~~or~~] accredited out-of-state
13 institution of higher education, or registered apprenticeship
14 program under this chapter are exempt from attachment, levy,
15 garnishment, execution, and seizure for the satisfaction of any
16 debt, judgment, or claim against a purchaser, beneficiary, or
17 successor in interest of a purchaser or beneficiary.

18 (c) A claim or judgment against a purchaser, beneficiary, or
19 successor in interest of a purchaser or beneficiary does not impair
20 or entitle the claim or judgment holder to assert or enforce a lien
21 against:

22 (1) the rights of a purchaser, beneficiary, or
23 successor in interest of a purchaser or beneficiary in and under a
24 prepaid tuition contract; or

25 (2) the right of a beneficiary to the payment of
26 tuition and required fees to a general academic teaching
27 institution, two-year institution of higher education, private or

1 independent institution of higher education, medical and dental
2 unit, career school, [~~or~~] accredited out-of-state institution of
3 higher education, or registered apprenticeship program under a
4 prepaid tuition contract.

5 SECTION 9. Section 54.774(a), Education Code, is amended to
6 read as follows:

7 (a) A prepaid tuition contract remains in effect after the
8 program is terminated if, when the program is terminated, the
9 beneficiary:

10 (1) has been accepted by or is enrolled at a general
11 academic teaching institution, two-year institution of higher
12 education, private or independent institution of higher education,
13 medical and dental unit, career school, [~~or~~] accredited
14 out-of-state institution of higher education, or registered
15 apprenticeship program; or

16 (2) is projected to graduate from high school not
17 later than the third anniversary of the date the program is
18 terminated.

19 SECTION 10. Section 54.775(b), Education Code, is amended
20 to read as follows:

21 (b) Notwithstanding Subsection (a), the board may release
22 information described by that subsection to a general academic
23 teaching institution, two-year institution of higher education,
24 private or independent institution of higher education, medical and
25 dental unit, career school, [~~or~~] accredited out-of-state
26 institution of higher education, or registered apprenticeship
27 program at which a beneficiary may enroll or is enrolled. The

1 institution, ~~[or]~~ unit, school, or program shall keep the
2 information confidential.

3 SECTION 11. Section 54.801(1), Education Code, is amended
4 to read as follows:

5 (1) "Accredited out-of-state institution of higher
6 education," "career school," "general academic teaching
7 institution," "medical and dental unit," "private or independent
8 institution of higher education," "registered apprenticeship
9 program," and "two-year institution of higher education" have the
10 meanings assigned by Section 54.751.

11 SECTION 12. Section 54.806(b), Education Code, is amended
12 to read as follows:

13 (b) Notwithstanding Subsection (a), the board or program
14 entity may release information described by Subsection (a) to the
15 extent required by a general academic teaching institution,
16 two-year institution of higher education, private or independent
17 institution of higher education, medical and dental unit, career
18 school, ~~[or]~~ accredited out-of-state institution of higher
19 education, or registered apprenticeship program at which a
20 beneficiary may enroll or is enrolled. The institution, unit, ~~[or]~~
21 school, or program receiving information described by Subsection
22 (a) shall keep the information confidential.

23 SECTION 13. The change in law made by this Act regarding the
24 application of prepaid tuition contract benefits to the payment of
25 tuition and required fees for a registered apprenticeship program
26 applies to contract benefits purchased under Subchapters F and H,
27 Chapter 54, Education Code, as amended by this Act, before, on, or

1 after the effective date of this Act.

2 SECTION 14. This Act takes effect September 1, 2021.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1094 passed the Senate on April 23, 2021, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 28, 2021, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1094 passed the House, with amendment, on May 25, 2021, by the following vote: Yeas 138, Nays 1, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor