

## **BILL ANALYSIS**

S.B. 1941  
By: Shapiro  
Higher Education  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Under current law, the Texas Save and Match program is not considered an eligible charitable organization as it relates to the charitable contributions of state officers and employees.

S.B. 1941 establishes that the Texas Save and Match program is considered an eligible charitable organization entitled to participate in a state employee charitable campaign, entitles a state employee to authorize a payroll deduction for charitable contributions to the program, and includes career schools among the educational entities participating in the prepaid tuition unit undergraduate education program. The bill also authorizes the comptroller of public accounts to designate the higher education savings plan manager as the comptroller's authorized representative to pay expenditures or transfer funds under the program.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

S.B. 1941 amends the Education Code to include the prepaid tuition unit undergraduate education program (Texas Tomorrow Fund II) among the programs under the Prepaid Higher Education Tuition Board that terminate with the board's abolition September 1, 2019, unless the board and the programs are continued in existence as provided by the Texas Sunset Act.

S.B. 1941 expands the definitions of "beneficiary" and "prepaid tuition contract" to add a career school to the educational entities at which a person designated under a prepaid tuition contract is entitled to apply purchased tuition units toward payment of the person's undergraduate tuition and required fees. The bill defines "career school" as a career school or college as defined by existing law that offers a two-year associate degree as approved by the Texas Higher Education Coordinating Board and makes conforming changes relating to the addition of a career school to the entities included under provisions relating to the prepaid tuition unit undergraduate education program.

S.B. 1941 establishes that the Texas Save and Match program is considered an eligible charitable organization entitled to participate in a state employee charitable campaign under state law and entitles a state employee to authorize a payroll deduction for contributions to the Texas Save and Match program as a charitable contribution. The bill removes a provision specifying that the comptroller of public accounts is required to pay money from the Texas Tomorrow Fund II on a warrant drawn by the comptroller. The bill authorizes the comptroller to designate the plan manager, the financial institution under contract with the coordinating board to serve as administrator of the higher education savings plan, as the comptroller's authorized representative to pay expenditures or transfer funds under certain provisions of the Texas Tomorrow Fund II program. The bill makes conforming changes relating to the designated representative's authority to transfer funds as necessary when a contract beneficiary enrolls at an institution of higher

education.

S.B. 1941 removes provisions specifying that the amount of a transfer to a private or independent institution of higher education or an accredited out-of-state institution of higher education on the redemption of prepaid tuition units be based, in part and depending on the type of unit, on the tuition and required fees at certain public institutions in the sales year in which the unit was purchased. The bill removes similar sales year provisions relating to the value of an account, for purposes of transfers among 529 plans authorized by the federal Internal Revenue Code of 1986.

S.B. 1941 requires the comptroller annually to provide to the coordinating board a sworn statement of the amount of the fund's assets in the custody of either the comptroller or the plan manager and requires the plan manager to provide to the comptroller a quarterly report of all funds distributed during the previous quarter. The bill authorizes the comptroller to require more frequent reports or to request that the plan manager provide any additional information at any time necessary to ensure that the fund's assets are adequately protected.

S.B. 1941 entitles the Texas Save and Match program to participate in the state employee charitable campaign conducted during the autumn of 2009 without regard to any limitation on the time during which an organization must apply to participate in the campaign.

**EFFECTIVE DATE**

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.