

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1941
By: Shapiro
Higher Education
4/9/2009
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Tuition Promise Fund (TTPF) allows a person to purchase tuition units for the future payment of undergraduate tuition and fees. The program consists of three types of units, each equal in value to one percent of the total needed, at the time the unit is redeemed, to cover one academic year at a Texas public university, public junior college, or technical college. A beneficiary or purchaser cannot redeem tuition units before the third anniversary of the date it was purchased and the tuition units expire on the 10th anniversary of the beneficiary's projected high school graduation date, not counting time spent by the beneficiary as an active duty member of the U.S. armed services.

Currently the Save and Match program does not receive state appropriations. Therefore, without a method to receive funding, the program will not be able to match participants' contributions.

C.S.S.B. 1941 amends current law relating to the administration and operation of the state's programs for prepaying or saving toward the costs of attending an institution of higher education.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 54.603, Education Code, to provide that unless continued in existence as provided by Chapter 325, Government Code (Texas Sunset Act), the Prepaid Higher Education Tuition Board (board) is abolished and the programs established under this subchapter and under Subchapters G (Higher Education Savings Plan) and H (Prepaid Tuition Unit Undergraduate Education Program: Texas Tomorrow Fund II), rather than Subchapter G, terminate September 1, 2019.

SECTION 2. Amends Section 54.751, Education Code, by amending Subdivisions (2) and (6) and adding Subdivision (3-a), to redefine "beneficiary" and "prepaid tuition contract" and to define "career school."

SECTION 3. Amends Section 54.7521, Education Code, as follows:

Sec. 54.7521. TEXAS SAVE AND MATCH PROGRAM. (a) Creates this subsection from existing text.

(b) Provides that, notwithstanding other law, for purposes of Subchapter I (Charitable Contributions), Chapter 659 (Compensation), Government Code, the Texas Save and Match program is considered an eligible charitable organization entitled to participate in a state employee charitable campaign under Subchapter I, Chapter 659, Government Code, and that a state employee is entitled to authorize a payroll deduction for contributions to the Texas Save and Match program as a charitable contribution under Section 659.132 (Deduction Authorized), Government Code.

SECTION 4. Amends Section 54.753(a), Education Code, to authorize a purchaser, under the program, to prepay the costs of all or a portion of a beneficiary's undergraduate tuition and

required fees at certain institutions including a career school by entering into a prepaid tuition contract with the board to purchase one or more tuition units of a type described by this section at the applicable price established by the board for that type of unit for the year in which the unit is purchased.

SECTION 5. Amends Section 54.754(d), Education Code, to provide that if a beneficiary redeems fewer tuition units of the type or combination of types necessary to pay the total cost of the beneficiary's tuition and required fees at the general academic teaching institution, two-year institution of higher education, career school, or accredited out-of-state institution of higher education at which the beneficiary enrolls, the beneficiary is responsible for paying the amount of the difference between the amount of tuition and required fees for which the beneficiary pays through the redemption of one or more tuition units and the total cost of the beneficiary's tuition and required fees at the institution.

SECTION 6. Amends Sections 54.765(a), (b), (c), (f), and (g), Education Code, as follows:

(a) Provides that except as provided by Subsection (h) (relating to authorizing the board to select one or more commercial banks, depository trust entities, or other entities to serve as custodian of all or part of the fund's assets), rather than (e) (relating to use of excess transferred funds), the comptroller of public accounts (comptroller) is the custodian of the assets of the fund.

(b) Requires the comptroller to pay money from the fund, rather than to pay money from the fund on a warrant drawn by the comptroller, supported only by, rather than on, a voucher signed by the comptroller or the comptroller's authorized representative. Authorizes the comptroller to designate the plan manager as the comptroller's authorized representative to pay expenditures or transfer funds under this section and Sections 54.766 (Investment of Fund Assets) and 54.767 (Use of Fund Assets).

(c) Requires the comptroller or the comptroller's authorized representative, when a beneficiary enrolls at a general academic teaching institution or two-year institution of higher education, on written authorization from the purchaser of the tuition unit or units for that beneficiary, to transfer to the institution an amount equal to the lesser of certain amounts.

(f) Requires the comptroller or the comptroller's authorized representative, when a beneficiary enrolls at certain institutions, including a career school, on written authorization from the purchaser of the tuition unit or units for that beneficiary, to transfer to the institution the lesser of an amount equal to the current cost of the tuition and required fees that would be covered by redemption of the number and type of tuition units the beneficiary is redeeming if the beneficiary were redeeming the unit or units at a general academic teaching institution or two-year institution of higher education for certain types of units, at certain institutions that had the highest tuition and required fee cost. Deletes existing text relating to the sales year in which the unit was purchased. Makes conforming changes.

(g) Requires the comptroller to annually provide to the board a sworn statement of the amount of the fund's assets in the comptroller's or plan manager's custody. Requires the plan manager to provide to the comptroller a quarterly report of all funds distributed during the previous quarter. Authorizes the comptroller to require more frequent reports or request that the plan manager provide any additional information at any time necessary to ensure that the fund's assets are adequately protected.

SECTION 7. Amends Section 54.767, Education Code, to make a conforming change.

SECTION 8. Amends Section 54.7671(b) (relating to an account value calculation at the time of transfer), Education Code, to make conforming changes.

SECTION 9. Amends Sections 54.769(b) (relating to the rights of a purchaser, beneficiary, or successor in interest of a purchaser or beneficiary in and under a prepaid tuition contract and

related fees) (c) (relating to certain entitlements against a purchaser, or successor in interest), to make conforming changes.

SECTION 10. Amends Section 54.774(a) (relating to a prepaid tuition contract remaining in effect after the program is terminated under certain conditions), Education Code, to make a conforming change.

SECTION 11. Amends Section 54.775(b) (relating to authorizing the board to release certain information, and certain information kept by academic institutions remaining confidential), Education Code, to make a conforming change.

SECTION 12. Provides that the Texas Save and Match program is entitled 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 is required to participate in the campaign.

SECTION 13. Effective date: upon passage or September 1, 2009.