

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 13, 2011

TO: Honorable Judith Zaffirini, Chair, Senate Committee on Higher Education

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: SB1325 by Watson (Relating to the administration of the Texas Save and Match Program to assist qualifying beneficiaries under the state's prepaid tuition plans and college savings plans and to the treatment of a beneficiary's assets under prepaid tuition plans and college savings plans in determining eligibility for student financial assistance and other assistance programs.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Chapter 54 of the Education Code to repeal the Texas Save and Match Program under current law and create a new Texas Save and Match Program (program). The program would match money contributed to a higher education savings account under Subchapter G or a prepaid tuition contract under Subchapter F or Subchapter H with funds generated from individual contributions to the program or appropriated funds. The bill would authorize the program to be considered an eligible charitable organization under the state employee charitable campaign.

The bill would specify initial eligibility requirements; require the Prepaid Higher Education Tuition Board (Board) to prescribe certain program limitations; and authorize matching ratios to be based on a beneficiary's household adjusted gross income. The bill would exempt the balance of a beneficiary's matching account from determination of eligibility for TEXAS grants or any other state-funded student financial assistance. The bill would authorize the Board to solicit and accept gifts, grants, and donations for the program. The bill would authorize the Board to establish pilot projects to incentivize participation in higher education savings or prepaid tuition programs and would require the Board to coordinate with community members to promote the program.

The bill would amend Chapter 62 of the Health and Safety Code, and Chapters 31 and 32 of the Human Resources Code, to exclude assets in a higher education savings plans, prepaid tuition programs, or related matching accounts from the determination of eligibility for the child health plan, financial assistance programs, and medical assistance programs.

The exemption of funds in a beneficiary's matching account from financial aid calculations for state financial aid will require institutions of higher education to develop separate calculations for the award of TEXAS Grants and other state financial aid programs for holders of these Save and Match funds. It is anticipated that any additional costs associated with implementation of the legislation could be absorbed within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

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