

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 18, 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 unit program and college savings plans and to the treatment of a beneficiary's assets under a prepaid tuition program or a college savings plan in determining eligibility for student financial assistance and other assistance programs.), **Committee Report 1st House, Substituted**

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 H with funds generated from individual contributions to the program or appropriated funds. The bill would provide the Prepaid Higher Education Tuition Board (Board) with the powers necessary or proper to carry out its duties in administering the program. The bill would authorize a nonprofit organization established by law to implement the program (program entity) to be considered an eligible charitable organization under the state employee charitable campaign.

The bill would specify initial eligibility requirements and limitations; authorize the Board to solicit and accept gifts, grants, and donations; and authorize the Board to use legislative appropriations for pilot projects to incentivize participation in higher education savings or prepaid tuition programs. The bill would establish the Texas Save and Match Trust Fund (fund); provide for investment of money in the fund; authorize money in the fund to be spent without appropriation; and authorize the Board to hold and manage funds of a related program entity.

The bill would exempt a beneficiary's assets in a higher education savings plan under subchapter G, prepaid tuition contract under Subchapter H, or related matching account from determination of eligibility for TEXAS grants or any other state-funded student financial assistance. The bill would amend Chapter 62 of the Health and Safety Code, and Chapters 31 and 32 of the Human Resources Code, to also exclude these assets from the determination of eligibility for the child health plan, financial assistance programs, and medical assistance programs.

The exemption of assets in a beneficiary's higher education savings plan, prepaid tuition contract, and matching account from 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 these beneficiaries. It is anticipated that any additional costs associated with implementation of the legislation could be absorbed within existing resources.

The legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either within or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 720 The University of Texas System Administration, 758 Texas State University System, 783 University of Houston System Administration

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