

SENATE AMENDMENTS

2nd Printing

By: Hochberg

H.B. No. 3708

A BILL TO BE ENTITLED

AN ACT

relating to the Early High School Graduation Scholarship program and to the funding of certain exemptions from tuition and fees at public institutions of higher education from savings attributable to the program.

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

SECTION 1. Section 54.213(b), Education Code, is amended to read as follows:

(b) ~~[Savings to the foundation school fund that occur as a result of the Early High School Graduation Scholarship program created in Subchapter K, Chapter 56, and that are not required for the funding of state credits for tuition and mandatory fees under Section 56.204 or school district credits under Section 56.2075 shall be used first to provide tuition exemptions under Section 54.212. Any of those savings remaining after providing tuition exemptions under Section 54.212 shall be used to provide tuition exemptions under Section 54.214.]~~ The Texas Education Agency shall ~~[also]~~ accept and make available to provide tuition exemptions under Section 54.214 gifts, grants, and donations made to the agency for that purpose. The commissioner of education shall transfer those funds to the Texas Higher Education Coordinating Board to distribute to institutions of higher education that provide exemptions under that section. ~~[Payment of funds under this subsection shall be made in the manner provided by Section~~

~~56.207 for state credits under Subchapter K, Chapter 56.]~~

SECTION 2. Section 56.204, Education Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a) In a total amount not to exceed the amount of funds appropriated for the current state fiscal year to pay for ~~[An eligible person under the Early High School Graduation Scholarship program is entitled to]~~ a state credit to apply toward tuition or tuition and mandatory fees, as applicable, at a public or private institution of higher education in this state, the commissioner of education shall award to eligible persons credits in the following amounts:

(1) \$2,000 to apply toward tuition and mandatory fees if the person successfully completed the recommended or advanced high school program established under Section 28.025 and graduated from high school on or after September 1, 2005, in 36 consecutive months or less and an additional \$1,000 to apply toward tuition and mandatory fees if the person graduated with at least 15 hours of college credit;

(2) \$500 to apply toward tuition and mandatory fees if the person successfully completed the recommended or advanced high school program established under Section 28.025 and graduated from high school on or after September 1, 2005, in more than 36 consecutive months but not more than 41 consecutive months and an additional \$1,000 to apply toward tuition and mandatory fees if the person graduated with at least 30 hours of college credit;

(3) \$1,000 to apply toward tuition and mandatory fees

1 if the person successfully completed the recommended or advanced
2 high school program established under Section 28.025 and graduated
3 from high school on or after September 1, 2005, in more than 41
4 consecutive months but not more than 45 consecutive months with at
5 least 30 hours of college credit; or

6 (4) \$1,000 to apply only toward tuition if the person
7 graduated before September 1, 2005, after successfully completing
8 the requirements for a high school diploma in not more than 36
9 consecutive months.

10 (a-1) The commissioner of education by rule shall establish
11 the procedure to allocate awards under this section in the event
12 that the amount of funds appropriated in a state fiscal year for the
13 Early High School Graduation Scholarship program is insufficient to
14 allow the commissioner to award credits to all students eligible to
15 be awarded a state credit in that fiscal year.

16 SECTION 3. Section 56.207(b), Education Code, is amended to
17 read as follows:

18 (b) On receipt of a report from the coordinating board under
19 Subsection (a), the commissioner of education shall transfer to the
20 coordinating board, from funds appropriated for the purpose of the
21 Early High [Foundation] School Graduation Scholarship program
22 [Program], an amount sufficient to pay each eligible institution of
23 higher education the amount of state credit for tuition or tuition
24 and mandatory fees, as applicable, that is applied by the
25 institution during the period covered by the report.

26 SECTION 4. Sections 56.202(b) and 56.208, Education Code,
27 are repealed.


1 SECTION 5. As soon as practicable after this Act takes
2 effect, the Texas Higher Education Coordinating Board shall revise
3 rules adopted under Section 56.209(a), Education Code, as necessary
4 to conform to changes made by this Act to Subchapter K, Chapter 56,
5 Education Code. For that purpose, the coordinating board may adopt
6 the revisions to those rules in the manner provided by law for
7 emergency rules. This section expires September 1, 2012.

8 SECTION 6. The changes in law made by this Act apply
9 beginning with the 2011-2012 academic year, but do not affect any
10 state credit awarded under Subchapter K, Chapter 56, Education
11 Code, before the effective date of this Act.

12 SECTION 7. This Act takes effect immediately if it receives
13 a vote of two-thirds of all the members elected to each house, as
14 provided by Section 39, Article III, Texas Constitution. If this
15 Act does not receive the vote necessary for immediate effect, this
16 Act takes effect September 1, 2011.

ADOPTED

MAY 25 2011


Secretary of the Senate

By: Hochberg/Zaffirini

H.B. No. 3708

Substitute the following for H.B. No. 3708:

By: Zaffirini

C.S.H.B. No. 3708

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~~[Payment of funds under this subsection shall be made in the~~

1 ~~manner provided by Section 56.207 for state credits under~~
2 ~~Subchapter K, Chapter 56.]~~

3 SECTION 2. Section 56.204(a), Education Code, is amended
4 to read as follows:

5 (a) In a total amount not to exceed the amount of funds
6 appropriated for the current state fiscal year to pay for [An
7 eligible person under the Early High School Graduation
8 Scholarship program is entitled to] a state credit to apply
9 toward tuition or tuition and mandatory fees, as applicable, at
10 a public or private institution of higher education in this
11 state, the commissioner of education shall award to eligible
12 persons credits in the following amounts:

13 (1) \$2,000 to apply toward tuition and mandatory fees
14 if the person successfully completed the recommended or advanced
15 high school program established under Section 28.025 and
16 graduated from high school on or after September 1, 2005, in 36
17 consecutive months or less and an additional \$1,000 to apply
18 toward tuition and mandatory fees if the person graduated with
19 at least 15 hours of college credit;

20 (2) \$500 to apply toward tuition and mandatory fees
21 if the person successfully completed the recommended or advanced
22 high school program established under Section 28.025 and
23 graduated from high school on or after September 1, 2005, in
24 more than 36 consecutive months but not more than 41 consecutive
25 months and an additional \$1,000 to apply toward tuition and
26 mandatory fees if the person graduated with at least 30 hours of
27 college credit;

1 (3) \$1,000 to apply toward tuition and mandatory fees
2 if the person successfully completed the recommended or advanced
3 high school program established under Section 28.025 and
4 graduated from high school on or after September 1, 2005, in
5 more than 41 consecutive months but not more than 45 consecutive
6 months with at least 30 hours of college credit; or

7 (4) \$1,000 to apply only toward tuition if the person
8 graduated before September 1, 2005, after successfully
9 completing the requirements for a high school diploma in not
10 more than 36 consecutive months.

11 SECTION 3. Section 56.207(b), Education Code, is amended
12 to read as follows:

13 (b) On receipt of a report from the coordinating board
14 under Subsection (a), the commissioner of education shall
15 transfer to the coordinating board, from funds appropriated for
16 the purpose of the Early High ~~Foundation~~ School Graduation
17 Scholarship program ~~Program~~, an amount commensurate with the
18 amount of funds appropriated ~~sufficient~~ to pay each eligible
19 institution of higher education the amount of state credit for
20 tuition or tuition and mandatory fees, as applicable, that is
21 applied by the institution during the period covered by the
22 report.

23 SECTION 4. Sections 56.202(b) and 56.208, Education Code,
24 are repealed.

25 SECTION 5. As soon as practicable after this Act takes
26 effect, the Texas Higher Education Coordinating Board shall
27 revise rules adopted under Section 56.209(a), Education Code, as

1 necessary to conform to changes made by this Act to Subchapter
2 K, Chapter 56, Education Code. For that purpose, the
3 coordinating board may adopt the revisions to those rules in the
4 manner provided by law for emergency rules. This section
5 expires September 1, 2012.

6 SECTION 6. The changes in law made by this Act apply
7 beginning with the 2011-2012 academic year, but do not affect
8 any state credit awarded under Subchapter K, Chapter 56,
9 Education Code, before the effective date of this Act.

10 SECTION 7. This Act takes effect immediately if it
11 receives a vote of two-thirds of all the members elected to each
12 house, as provided by Section 39, Article III, Texas
13 Constitution. If this Act does not receive the vote necessary
14 for immediate effect, this Act takes effect September 1, 2011.

ADOPTED

MAY 25 2011

Atty. Gen.
Secretary of the Senate

J. J. Ariz-

FLOOR AMENDMENT NO. 1

BY: _____

1 Amend H.B. No. 3708 by adding the following appropriately
2 numbered SECTION to the bill and renumbering subsequent SECTIONS of
3 the bill accordingly:

4 SECTION ____ Chapter 29, Education Code, is amended by
5 adding Subchapter K to read as follows:

6 SUBCHAPTER K. PUBLIC JUNIOR COLLEGE AND SCHOOL DISTRICT

7 PARTNERSHIP PROGRAM TO PROVIDE DROPOUT RECOVERY

8 Sec. 29.401. APPLICABILITY. (a) This subchapter applies
9 only to a public junior college, as defined by Section 61.003,
10 located in a county:

11 (1) with a population of 750,000 or more; and

12 (2) with less than 65 percent of the population 25
13 years and older having graduated from high school, according to the
14 most recent American Community Survey five-year estimates compiled
15 by the United States Census Bureau.

16 (b) The application of this subchapter to a public junior
17 college is not affected if, after the public junior college enters
18 into a partnership and begins providing a dropout recovery program
19 as provided by this subchapter, the county's demographics under
20 Subsection (a)(2) change and the county no longer meets the
21 requirements under Subsection (a)(2).

22 (c) This subchapter applies only to a school district with a
23 dropout rate that is higher than 15 percent based on four-year high
24 school completion rates. The application of this subchapter to a
25 district is not affected if, after the district enters into a
26 partnership as provided by this subchapter, the district's dropout
27 rate changes and the district no longer meets the requirements
28 under this subsection.

29 (d) This section expires September 1, 2013.

1 Sec. 29.402. PARTNERSHIP. (a) Beginning September 1,
2 2012, a public junior college may enter into an articulation
3 agreement to partner with one or more school districts located in
4 the public junior college district to provide on the campus of the
5 public junior college a dropout recovery program for students
6 described by Subsection (b) to successfully complete and receive a
7 diploma from a high school of the appropriate partnering school
8 district.

9 (b) A person who is under 26 years of age is eligible to
10 enroll in a dropout recovery program under this subchapter if the
11 person:

12 (1) must complete not more than three course credits
13 to complete the curriculum requirements for the minimum,
14 recommended, or advanced high school program, as appropriate, for
15 high school graduation; or

16 (2) has failed to perform satisfactorily on an
17 end-of-course assessment instrument administered under Section
18 39.023(c) or an assessment instrument administered under Section
19 39.023(c) as that section existed before amendment by Chapter 1312
20 (S.B. 1031), Acts of the 80th Legislature, Regular Session, 2007.

21 (c) A public junior college under this section shall:

22 (1) design a dropout recovery curriculum that includes
23 career and technology education courses that lead to industry or
24 career certification;

25 (2) integrate into the dropout recovery curriculum
26 research-based strategies to assist students in becoming able
27 academically to pursue postsecondary education, including:

28 (A) high quality, college readiness instruction
29 with strong academic and social supports;

30 (B) secondary to postsecondary bridging that
31 builds college readiness skills, provides a plan for college

1 completion, and ensures transition counseling; and

2 (C) information concerning appropriate supports
3 available in the first year of postsecondary enrollment to ensure
4 postsecondary persistence and success, to the extent funds are
5 available for the purpose;

6 (3) offer advanced academic and transition
7 opportunities, including dual credit courses and college
8 preparatory courses, such as advanced placement courses; and

9 (4) coordinate with each partnering school district to
10 provide in the articulation agreement that the district retains
11 accountability for student attendance, student completion of high
12 school course requirements, and student performance on assessment
13 instruments as necessary for the student to receive a diploma from a
14 high school of the partnering school district.

15 (d) A dropout recovery program provided under this
16 subchapter must comply with the requirements of Sections 29.081(e)
17 and (f).

18 Sec. 29.403. FINANCING. (a) A public junior college
19 district may receive from each partnering school district for each
20 student from that district enrolled in a dropout recovery program
21 under this subchapter an amount negotiated between the junior
22 college district and that partnering district not to exceed the
23 total average per student funding amount in that district during
24 the preceding school year for maintenance and operations, including
25 state and local funding, but excluding money from the available
26 school fund.

27 (b) A student who is enrolled in a program under this
28 subchapter is included in determining the average daily attendance
29 under Section 42.005 of the partnering school district.

30 Sec. 29.404. OTHER FUNDING. (a) To the extent consistent
31 with the General Appropriations Act, a public junior college under

1 this subchapter is eligible to receive dropout prevention and
2 intervention program funds appropriated to the agency.

3 (b) A public junior college under this subchapter may
4 receive gifts, grants, and donations to use for the purposes of this
5 subchapter.

ADOPTED

FLOOR AMENDMENT NO. 2

MAY 25 2011

BY: Nation

Atty Gen
Secretary of the Senate

1 Amend H.B. No. 3708 by adding an appropriately numbered
2 SECTION of the bill to read as follows and renumbering the
3 existing SECTIONs of the bill accordingly:

4 SECTION ____ Chapter 54, Education Code, is amended by
5 adding Subchapter I to read as follows:

6 SUBCHAPTER I. TEXAS SAVE AND MATCH PROGRAM

7 Sec. 54.801. DEFINITIONS. In this subchapter:

8 (1) "Accredited out-of-state institution of higher
9 education," "career school," "general academic teaching
10 institution," "private or independent institution of higher
11 education," and "two-year institution of higher education" have
12 the meanings assigned by Section 54.751.

13 (2) "Beneficiary" means a beneficiary on whose behalf
14 a purchaser enters into a prepaid tuition contract with the
15 board under Subchapter H or for whom a savings trust account is
16 opened under Subchapter G.

17 (3) "Board" means the Prepaid Higher Education
18 Tuition Board.

19 (4) "Fund" means the Texas save and match trust fund
20 established under Section 54.808.

21 (5) "Program" means the Texas Save and Match Program
22 established under this subchapter.

23 (6) "Program entity" means the Texas Match the
24 Promise Foundation, a Texas nonprofit corporation, or any other
25 tax-exempt charitable organization established by law to
26 implement the program.

27 Sec. 54.802. TEXAS SAVE AND MATCH PROGRAM. (a) The
28 board, in cooperation with the program entity, shall administer
29 the Texas Save and Match Program, under which money contributed

1 to a savings trust account by an account owner under a higher
2 education savings plan established under Subchapter G or paid by
3 a purchaser under a prepaid tuition contract under Subchapter H
4 on behalf of an eligible beneficiary may be matched with:

5 (1) contributions made by any person to the program
6 entity for use in making additional savings trust account
7 contributions under Subchapter G or in purchasing additional
8 tuition units under prepaid tuition contracts under Subchapter
9 H; or

10 (2) money appropriated by the legislature for the
11 program to be used by the board to make additional savings trust
12 account contributions under Subchapter G or to purchase
13 additional tuition units under Subchapter H.

14 (b) In addition to the board's powers assigned under
15 Subchapters F, G, and H, the board has the powers necessary or
16 proper to carry out its duties under this subchapter, including
17 the power to:

18 (1) sue and be sued;

19 (2) enter into contracts and other necessary
20 instruments;

21 (3) enter into agreements or other transactions with
22 the United States, state agencies, general academic teaching
23 institutions, two-year institutions of higher education, and
24 local governments;

25 (4) appear on its own behalf before governmental
26 agencies;

27 (5) contract for necessary goods and services,
28 including specifying in the contract duties to be performed by
29 the provider of a good or service that are a part of or are in
30 addition to the person's primary duties under the contract;

31 (6) engage the services of private consultants,

1 actuaries, trustees, records administrators, managers, legal
2 counsel, and auditors for administrative or technical
3 assistance;

4 (7) solicit and accept gifts, grants, donations,
5 loans, and other aid from any source or participate in any other
6 manner in any government program to carry out this subchapter;

7 (8) impose administrative fees;

8 (9) contract with a person to market the program;

9 (10) purchase liability insurance covering the board
10 and employees and agents of the board; and

11 (11) establish other policies, procedures, and
12 eligibility criteria to implement this subchapter.

13 (c) Notwithstanding other law, for purposes of Subchapter
14 I, Chapter 659, Government Code:

15 (1) the program entity is considered an eligible
16 charitable organization entitled to participate in a state
17 employee charitable campaign under Subchapter I, Chapter 659,
18 Government Code; and

19 (2) a state employee is entitled to authorize a
20 payroll deduction for contributions to the program entity as a
21 charitable contribution under Section 659.132, Government Code.

22 Sec. 54.803. INITIAL ELIGIBILITY FOR PARTICIPATION IN
23 PROGRAM. (a) To be initially eligible to participate in the
24 program, a beneficiary, at the time a prepaid tuition contract
25 is entered into on the beneficiary's behalf under Subchapter H
26 or a savings trust account is opened on the beneficiary's behalf
27 under Subchapter G, as applicable, must be:

28 (1) a resident of this state; or

29 (2) a dependent for purposes of Section 152, Internal
30 Revenue Code of 1986, of a resident of this state.

31 (b) To be initially eligible to receive matching funds

1 described by Section 54.802(a)(2) under the program, a
2 beneficiary, at the time a prepaid tuition contract is entered
3 into on the beneficiary's behalf under Subchapter H, or a
4 savings trust account is opened on the beneficiary's behalf
5 under Subchapter G, as applicable, must be eligible for free
6 meals under the national free or reduced-price breakfast and
7 lunch program.

8 Sec. 54.804. LIMITATIONS. A matching account established
9 by the board or program entity on behalf of a beneficiary under
10 this subchapter is forfeited and reverts to the board or program
11 entity on the occurrence of any of the following:

12 (1) the 10th anniversary of the date the beneficiary
13 is projected to graduate from high school, as indicated by the
14 purchaser in the enrollment contract, except that time spent by
15 the beneficiary as an active duty member of the United States
16 armed services tolls the period described by this subdivision;

17 (2) a change of beneficiary by the account owner or
18 purchaser of the matched account;

19 (3) a contract cancellation of the matched account
20 and refund request;

21 (4) the successful completion by the beneficiary of
22 an associate or bachelor's degree program;

23 (5) transfer of the matched account to another
24 qualified tuition program of any state that meets the
25 requirements of Section 529, Internal Revenue Code of 1986; or

26 (6) any other event the board or program entity
27 determines would be inconsistent with the program's purposes.

28 Sec. 54.805. MATCHING ACCOUNT ADMINISTRATION. (a) A
29 matching account established by the board or program entity on
30 behalf of a beneficiary under this subchapter must be accounted
31 for separately from the beneficiary's prepaid tuition contract

1 balance or savings trust account balance.

2 (b) To the extent possible, money or tuition units in a
3 beneficiary's matching account shall be used or redeemed after
4 money is used from the beneficiary's savings trust account under
5 Subchapter G or tuition units are redeemed from the prepaid
6 tuition contract for the beneficiary under Subchapter H.

7 (c) To the extent possible, the board shall include
8 information about a matching account in the periodic statement
9 provided to applicable account owners and purchasers under
10 Subchapters G and H.

11 Sec. 54.806. CONFIDENTIALITY. (a) Records in the custody
12 of the board or program entity relating to the participation of
13 specific purchasers, beneficiaries, applicants, scholarship
14 recipients, or donors under the program are confidential.

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

24 (c) Notwithstanding any other provision of this
25 subchapter, the board or program entity may release information
26 to the Internal Revenue Service or to any state tax agency as
27 required by applicable tax law.

28 (d) Notwithstanding any other provision of this
29 subchapter, the board or program entity may release information
30 relating to donors who authorize release of that information.

31 Sec. 54.807. PILOT PROJECTS UNDER PROGRAM. To fulfill the

1 intent of the program, the board may use funds described by
2 Section 54.802(a)(2) to establish pilot projects under the
3 program in an effort to incentivize participation in the higher
4 education savings program under Subchapter G and the prepaid
5 tuition unit undergraduate education program under Subchapter H,
6 including projects that incentivize participation by:

7 (1) awarding additional matching grants based on a
8 beneficiary's achievement of specified academic goals;

9 (2) providing initial matching grants and paying
10 application fees;

11 (3) providing incentives for employers to contribute
12 matching funds to the program; and

13 (4) creating a program information portal designed to
14 increase program awareness and accessibility among school
15 districts, parents, and students.

16 Sec. 54.808. TEXAS SAVE AND MATCH TRUST FUND; AGREEMENTS
17 BETWEEN BOARD AND PROGRAM ENTITY REGARDING PROGRAM ENTITY FUNDS.

18 (a) The Texas save and match trust fund is established as a
19 trust fund to be held with the comptroller.

20 (b) Money in the fund may be spent without appropriation
21 and only to establish matching accounts, make deposits, purchase
22 tuition units, and award matching grants and scholarships under
23 the program and to pay the costs of program administration and
24 operations.

25 (c) The board may invest, reinvest, and direct the
26 investment of any available money in the fund.

27 (d) Interest and income from the assets of the fund shall
28 be credited to and deposited in the fund.

29 (e) The board and the program entity may enter into an
30 agreement under which the board may hold and manage funds of the
31 program entity and provide services to the program entity.

1 Sec. 54.809. RULES. The board shall adopt rules for the
2 administration of this subchapter.

3 SECTION 2. Subchapter A, Chapter 56, Education Code, is
4 amended by adding Section 56.007 to read as follows:

5 Sec. 56.007. EXCLUSION OF ASSETS IN PREPAID TUITION
6 PROGRAMS AND HIGHER EDUCATION SAVINGS PLANS. Notwithstanding
7 any other law, the right of a person to assets held in or the
8 right to receive payments or benefits under any fund or plan
9 established under Subchapter G, H, or I, Chapter 54, including
10 an interest in a savings trust account, prepaid tuition account,
11 or related matching account, may not be considered an asset of
12 the person, or otherwise included in the person's household
13 income or other financial resources, for purposes of determining
14 the person's eligibility for a TEXAS grant or any other state-
15 funded student financial assistance.

16 SECTION 3. Subchapter C, Chapter 62, Health and Safety
17 Code, is amended by adding Section 62.1012 to read as follows:

18 Sec. 62.1012. EXCLUSION OF ASSETS IN PREPAID TUITION
19 PROGRAMS AND HIGHER EDUCATION SAVINGS PLANS. For purposes of
20 determining whether a child meets family income and resource
21 requirements for eligibility for the child health plan, the
22 commission may not consider as income or resources a right to
23 assets held in or a right to receive payments or benefits under:

24 (1) any fund or plan established under Subchapter G,
25 H, or I, Chapter 54, Education Code, including an interest in a
26 savings trust account, prepaid tuition contract, or related
27 matching account; or

28 (2) any qualified tuition program of any state that
29 meets the requirements of Section 529, Internal Revenue Code of
30 1986.

31 SECTION 4. Subchapter A, Chapter 31, Human Resources Code,

1 is amended by adding Section 31.0039 to read as follows:

2 Sec. 31.0039. EXCLUSION OF ASSETS IN PREPAID TUITION
3 PROGRAMS AND HIGHER EDUCATION SAVINGS PLANS. For purposes of
4 determining the amount of financial assistance granted to an
5 individual under this chapter for the support of dependent
6 children or determining whether the family meets household
7 income and resource requirements for financial assistance under
8 this chapter, the department may not consider the right to
9 assets held in or the right to receive payments or benefits
10 under:

11 (1) any fund or plan established under Subchapter G,
12 H, or I, Chapter 54, Education Code, including an interest in a
13 savings trust account, prepaid tuition contract, or related
14 matching account; or

15 (2) any qualified tuition program of any state that
16 meets the requirements of Section 529, Internal Revenue Code of
17 1986.

18 SECTION 5. Subchapter B, Chapter 32, Human Resources Code,
19 is amended by adding Section 32.02611 to read as follows:

20 Sec. 32.02611. EXCLUSION OF ASSETS IN PREPAID TUITION
21 PROGRAMS AND HIGHER EDUCATION SAVINGS PLANS. (a) Except as
22 provided by Subsection (b), in determining eligibility and need
23 for medical assistance, the department may not consider as
24 assets or resources a right to assets held in or a right to
25 receive payments or benefits under:

26 (1) any fund or plan established under Subchapter G,
27 H, or I, Chapter 54, Education Code, including an interest in a
28 savings trust account, prepaid tuition contract, or related
29 matching account; or

30 (2) any qualified tuition program of any state that
31 meets the requirements of Section 529, Internal Revenue Code of

1 1986.

2 (b) In determining eligibility and need for medical
3 assistance for an applicant who may be eligible on the basis of
4 the applicant's eligibility for medical assistance for the aged,
5 blind, or disabled under 42 U.S.C. Section 1396a(a)(10), the
6 department may consider as assets or resources a right to assets
7 held in or a right to receive payments or benefits under any
8 fund, plan, or tuition program described by Subsection (a).

9 (c) Notwithstanding Subsection (b), the department shall
10 seek a federal waiver authorizing the department to exclude, for
11 purposes of determining the eligibility of an applicant
12 described by that subsection, the right to assets held in or a
13 right to receive payments or benefits under any fund, plan, or
14 tuition program described by Subsection (a) if the fund, plan,
15 or tuition program was established before the 21st birthday of
16 the beneficiary of the fund, plan, or tuition program.

17 SECTION 6. Section 54.7521, Education Code, is repealed.

18 SECTION 7. The Prepaid Higher Education Tuition Board
19 shall adopt the initial rules required by Subchapter I, Chapter
20 54, Education Code, as added by this Act, not later than May 31,
21 2012.

22 SECTION 8. The Texas Save and Match Program established by
23 this Act is an expansion of the Texas Save and Match program
24 created under Section 54.7521, Education Code. On and after the
25 effective date of the repeal of Section 54.7521, Education Code,
26 by this Act, the tax-exempt charitable organization created
27 under that section to provide matching funds under that program
28 may continue to accept tax-deductible donations for the purpose
29 of providing matching funds under the program established by
30 this Act.

31 SECTION 9. Subchapter I, Chapter 54, Education Code, as

1 added by this Act, applies to a prepaid tuition contract
2 purchased for a beneficiary under Subchapter H, Chapter 54,
3 Education Code, regardless of whether the prepaid tuition
4 contract was purchased before, on, or after the effective date
5 of this Act. Subchapter I, Chapter 54, Education Code, as added
6 by this Act, applies only to a savings trust account opened for
7 a beneficiary under Subchapter G, Chapter 54, Education Code, on
8 or after January 1, 2012.

9 SECTION 10. If before implementing any provision of this
10 Act a state agency determines that a waiver or authorization
11 from a federal agency is necessary for implementation of that
12 provision, the agency affected by the provision shall request
13 the waiver or authorization and may delay implementing that
14 provision until the waiver or authorization is granted.

15 SECTION 11. The changes in law made by this Act apply to a
16 person who receives health benefits coverage under Chapter 62,
17 Health and Safety Code, financial assistance under Chapter 31,
18 Human Resources Code, or medical assistance under Chapter 32,
19 Human Resources Code, on or after the effective date of this
20 Act, regardless of the date on which eligibility for coverage or
21 assistance was initially determined.

22 SECTION 12. (a) Except as provided by Subsection (b) of
23 this section, this Act takes effect September 1, 2011.

24 (b) Section 6 of this Act takes effect January 1, 2012.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 26, 2011

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

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

IN RE: HB3708 by Hochberg (Relating to the Early High School Graduation Scholarship program and to the funding of certain exemptions from tuition and fees at public institutions of higher education from savings attributable to the program.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3708, As Passed 2nd House: an impact of \$0 through the biennium ending August 31, 2013.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	\$0
2013	\$0
2014	(\$27,826,694)
2015	(\$28,327,574)
2016	(\$28,837,471)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from Foundation School Fund 193
2012	\$0
2013	\$0
2014	(\$27,826,694)
2015	(\$28,327,574)
2016	(\$28,837,471)

Fiscal Analysis

The bill would specify that awards under the Early High School Graduation Scholarship program be paid from funds appropriated for that purpose and amends statutory language to eliminate required funding transfers from the Foundation School Program (FSP) to fund the program.

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.

Beginning in fiscal year 2013, the bill would allow a public junior college located in a county with a population of 750,000 or more in which less than 65 percent of the population aged 25 years or older has graduated from high school to partner with school districts in the junior college district with dropout rates greater than 15 percent to provide a dropout recovery program for people aged less than 26 years who must complete three or fewer credits to obtain a high school diploma or who has failed to perform satisfactorily on a state assessment instrument. Beginning in fiscal year 2014, the bill would allow such partnerships statewide.

An eligible public junior college providing a dropout recovery program that meets the requirements of the bill would be permitted to enter into agreements with partner school districts under which the public junior college could receive funding from partner school districts in amount up to the total average Foundation School Program (FSP) funding per student for operations for which the school district in which the student would otherwise have attended school in the preceding school year would have been entitled, excluding funding from the Available School Fund.

The bill would allow the school district in which a student enrolled in a dropout recovery program authorized by the bill to include that student in attendance counts for purposes of determining Foundation School Program funding entitlement.

Methodology

With regards to the section of the bill relating to the Early High School Graduation Scholarship Program, for purposes of this estimate, it is assumed that current law expenditures, estimated at \$14.2 million for the 2010-11 biennium, would continue and would be paid from funds appropriated for that purpose. To the extent that less funding may be appropriated to support the program, the provisions of the bill would result in a savings in comparison to current law.

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 following analysis is for the section of the bill relating to the dropout recovery program. Based on data from the U.S. Census Bureau, Hidalgo County is the only county that would meet the eligibility requirements for the first year of the program related to population size and educational attainment specified by the bill.

The bill indicates that in the first year of the program, participation would be limited to school districts with a dropout rate greater than 15 percent. The term "dropout rate" is not defined by the bill, and employing two common interpretations of this term, annual dropout rates and four-year completion rates, produces different cost estimates.

Using annual dropout rates, the only school district eligible to participate is the Vanguard Academy charter school. Vanguard Academy produced 543 dropouts over the past seven years who could be

eligible to participate in the program. Assuming that 5 percent of these students would participate yields a participating population assumption of 27 students. Based on the stipulation in the bill that participating students must be within 3 course credits of graduation, it is assumed each of these students equates to one-half of a student in average daily attendance (ADA) for purposes of generating the funding entitlement under the FSP stipulated by the bill. Cost to the FSP is not estimated to be significant and is estimated at less than \$150,000 in fiscal year 2013.

Assuming that four-year completion rates are used for purposes of establishing the limitation on participation in the first year of implementation, the Vanguard Academy charter school, One Stop Multiservice Charter, Donna ISD, Ed Couch-Elsa ISD, and McAllen ISD would be eligible to participate. These Local Education Agencies (LEAs) produced 5,213 dropouts over the past seven years who could be eligible to participate in the program. Assuming that 5 percent of these students would participate yields a participating population assumption of 260 students. Based on the stipulation in the bill that participating students must be within 3 course credits of graduation, it is assumed each of these students equates to one-half of an ADA for purposes of generating the funding entitlement under the FSP stipulated by the bill. Cost to the FSP under this scenario is not estimated to be significant and is estimated at less than \$1 million in fiscal year 2013.

Beginning in fiscal year 2014, the program would be open to public junior colleges and school districts statewide. Using the fiscal year 2010 population of dropouts as the base year and growing that population at the same rate as the overall elementary and secondary student population, assumed at 1.8 percent, and assuming 5 percent of the eligible population would participate, produces an eligible population of 7,322 in fiscal year 2014, 7,454 in fiscal year 2015, and 7,588 in fiscal year 2016. Based on the stipulation in the bill that participating students must be within 3 course credits of graduation, it is assumed each of these students equates to one-half of an ADA for purposes of generating the funding entitlement under the FSP stipulated by the bill. Based on an assumed statewide average FSP entitlement of \$7,600, the cost of additional entitlement associated with the program is estimated at \$27.8 million in fiscal year 2014, \$28.3 million in fiscal year 2015, and \$28.8 million in fiscal year 2016.

Local Government Impact

School districts in Hidalgo County could enter into partnerships with public junior colleges to provide dropout recovery programs and could earn state funding through the FSP for participating students.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, KK, LXH, JGM, JSc

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 23, 2011

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

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

IN RE: HB3708 by Hochberg (relating to the Early High School Graduation Scholarship program and to the funding of certain exemptions from tuition and fees at public institutions of higher education from savings attributable to the program.), **Committee Report 2nd House, Substituted**

No fiscal implication to the State is anticipated.

The bill would specify that awards under the Early High School Graduation Scholarship program be paid from funds appropriated for that purpose and amends statutory language to eliminate required funding transfers from the Foundation School Program (FSP) to fund the program.

For purposes of this estimate, it is assumed that current law expenditures, estimated at \$14.2 million for the 2010-11 biennium, would continue and would be paid from funds appropriated for that purpose. To the extent that less funding may be appropriated to support the program, the provisions of the bill would result in a savings in comparison to current law.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, KK, LXH, JGM, JSc

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 10, 2011

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

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

IN RE: HB3708 by Hochberg (Relating to the Early High School Graduation Scholarship program and to the funding of certain exemptions from tuition and fees at public institutions of higher education from savings attributable to the program.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would specify that awards under the Early High School Graduation Scholarship program be paid from funds appropriated for that purpose and amends statutory language to eliminate required funding transfers from the Foundation School Program (FSP) to fund the program.

For purposes of this estimate, it is assumed that current law expenditures, estimated at \$14.2 million for the 2010-11 biennium, would continue and would be paid from funds appropriated for that purpose. To the extent that less funding may be appropriated to support the program, the provisions of the bill would result in a savings in comparison to current law.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, KK, LXH, JGM, JSc

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 22, 2011

TO: Honorable Rob Eissler, Chair, House Committee on Public Education

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

IN RE: HB3708 by Hochberg (Relating to the Early High School Graduation Scholarship program and to the funding of certain exemptions from tuition and fees at public institutions of higher education from savings attributable to the program.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

The bill would specify that awards under the Early High School Graduation Scholarship program be paid from funds appropriated for that purpose and amends statutory language to eliminate required funding transfers from the Foundation School Program (FSP) to fund the program.

For purposes of this estimate, it is assumed that current law expenditures, estimated at \$14.2 million for the 2010-11 biennium, would continue and would be paid from funds appropriated for that purpose. To the extent that less funding may be appropriated to support the program, the provisions of the bill would result in a savings in comparison to current law.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, LXH, JGM, JSc

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 18, 2011

TO: Honorable Rob Eissler, Chair, House Committee on Public Education

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

IN RE: HB3708 by Hochberg (Relating to the Early High School Graduation Scholarship Program.),
As Introduced

No fiscal implication to the State is anticipated.

The bill would specify that awards under the Early High School Graduation Scholarship program be paid from funds appropriated for that purpose and repeals statutory language in Texas Education Code Sections 56.202 and 56.208 related to tuition credits and savings to the Foundation School Program (FSP).

The bill does not amend Texas Education Code Section 54.213(b) which authorizes funded from the FSP to fund the Early High School Graduation Scholarship program and tuition exemptions for eligible educational aides and certain students who are eligible to receive federal Temporary Assistance for Needy Families (TANF) funds.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, LXH, JGM, JSc