

By: Menéndez

S.B. No. 108

A BILL TO BE ENTITLED

AN ACT

relating to measures to increase participation in state programs relating to saving money or prepaying for college.

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

SECTION 1. Section 54.801(2), Education Code, is amended to read as follows:

(2) "Beneficiary" means a beneficiary on whose behalf a purchaser enters into a prepaid tuition contract with the board under Subchapter H, ~~or~~ for whom a savings trust account is opened under Subchapter G, or for whom a matching account is opened under Section 54.802(a-1).

SECTION 2. Section 54.802, Education Code, is amended by amending Subsection (a) and adding Subsections (a-1) and (d) to read as follows:

(a) The board, in cooperation with the program entity, shall administer the Texas Save and Match Program, under which money contributed to a savings trust account by an account owner under a higher education savings plan established under Subchapter G, ~~or~~ paid by a purchaser under a prepaid tuition contract under Subchapter H on behalf of an eligible beneficiary, or contributed to a matching account established under Subsection (a-1) may be matched with:

(1) contributions made by any person to the program entity for use in making additional savings trust account

1 contributions under Subchapter G or in purchasing additional
2 tuition units under prepaid tuition contracts under Subchapter H;
3 or

4 (2) money appropriated by the legislature for the
5 program to be used by the board to make additional savings trust
6 account contributions under Subchapter G or to purchase additional
7 tuition units under Subchapter H.

8 (a-1) The board by rule shall establish an automatic
9 enrollment plan within the program through which a public or
10 private entity may request a matching account to be established
11 automatically, based on factors determined by the board in
12 consultation with the public or private entity, by the board or
13 program entity under this subchapter for a child who is not already
14 a beneficiary of a savings trust account established under
15 Subchapter G or of a prepaid tuition contract entered into under
16 Subchapter H.

17 (d) For purposes of this subchapter, contributions to a
18 matching account established by the board or program entity on
19 behalf of a beneficiary under this subchapter may include,
20 regardless of whether any corresponding funds are contributed to a
21 savings trust account established under Subchapter G or paid under
22 a prepaid tuition contract entered into under Subchapter H:

23 (1) initial deposits to the matching account;
24 (2) funds for the payment of application fees; and
25 (3) matching grants based on the beneficiary's income
26 level or achievement of specified academic goals.

27 SECTION 3. Sections 54.803 and 54.804, Education Code, are

1 amended to read as follows:

2 Sec. 54.803. INITIAL ELIGIBILITY FOR PARTICIPATION IN
3 PROGRAM. (a) To be initially eligible to participate in the
4 program, a beneficiary, at the time a prepaid tuition contract is
5 entered into on the beneficiary's behalf under Subchapter H, ~~[or]~~ a
6 savings trust account is opened on the beneficiary's behalf under
7 Subchapter G, or a matching account is requested on the
8 beneficiary's behalf under a plan established under Section
9 54.802(a-1), as applicable, must be:

- 10 (1) a resident of this state; or
11 (2) a dependent for purposes of Section 152, Internal
12 Revenue Code of 1986, of a resident of this state.

13 (b) The board shall give preference to awarding ~~[To be~~
14 ~~initially eligible to receive]~~ matching funds described by Section
15 54.802(a)(2) under the program to ~~[r]~~ a beneficiary who, at the time
16 a prepaid tuition contract is entered into on the beneficiary's
17 behalf under Subchapter H, ~~[or]~~ a savings trust account is opened on
18 the beneficiary's behalf under Subchapter G, or a matching account
19 is requested on the beneficiary's behalf under a plan established
20 under Section 54.802(a-1), as applicable, is ~~[must be]~~ eligible for
21 free or reduced-price meals under the national free or
22 reduced-price breakfast and lunch program.

23 Sec. 54.804. LIMITATIONS. A matching account established
24 by the board or program entity on behalf of a beneficiary under this
25 subchapter is forfeited and reverts to the board or program entity
26 on the occurrence of any of the following, as applicable:

- 27 (1) the 10th anniversary of the date the beneficiary

1 is projected to graduate from high school, as indicated by the
2 purchaser in the enrollment contract, except that time spent by the
3 beneficiary as an active duty member of the United States armed
4 services tolls the period described by this subdivision;

5 (2) a change of beneficiary by the account owner or
6 purchaser of the matched account;

7 (3) a contract cancellation of the matched account and
8 refund request;

9 (4) the successful completion by the beneficiary of a
10 ~~[an associate or]~~ bachelor's degree program;

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

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

16 SECTION 4. Section 54.805(c), Education Code, is amended to
17 read as follows:

18 (c) The ~~[To the extent possible, the]~~ board shall include
19 information about a matching account in the periodic statement
20 provided to applicable account owners and purchasers under
21 Subchapters G and H.

22 SECTION 5. Sections 54.807 and 54.809, Education Code, are
23 amended to read as follows:

24 Sec. 54.807. PILOT PROJECTS UNDER PROGRAM. (a) To fulfill
25 the intent of the program, the board, in collaboration with
26 relevant stakeholders, shall ~~[may use funds described by Section~~
27 ~~54.802(a)(2) to]~~ establish one or more pilot projects under the

1 program in an effort to incentivize participation in the higher
2 education savings program under Subchapter G and the prepaid
3 tuition unit undergraduate education program under Subchapter H,
4 including projects that incentivize participation by:

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

7 (2) providing initial matching grants and paying
8 application fees;

9 (3) providing incentives for employers to contribute
10 matching funds to the program; and

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

14 (b) At least one pilot project established under this
15 section must be an automatic enrollment plan described by Section
16 54.802(a-1). Under the pilot project, the board shall award
17 matching grants based on a beneficiary's achievement of specified
18 academic goals and may award other matching grants or provide other
19 incentives for participation.

20 (c) The board shall use funds described by Section
21 54.802(a)(2) and may use funds described by Section 54.802(a)(1) to
22 establish pilot projects under this section.

23 Sec. 54.809. RULES. The board shall adopt rules for the
24 administration of this subchapter, including rules to:

25 (1) implement an automatic enrollment plan under
26 Section 54.802(a-1); and

27 (2) establish a process for distributing funds

1 described by Section 54.802(a)(2) among programs and plans under
2 this subchapter.

3 SECTION 6. Chapter 54, Education Code, is amended by adding
4 Subchapter I-1 to read as follows:

5 SUBCHAPTER I-1. COLLEGE SAVINGS PLANS TASK FORCE AND STUDY

6 Sec. 54.851. DEFINITIONS. In this subchapter:

7 (1) "Coordinating board" means the Texas Higher
8 Education Coordinating Board.

9 (2) "Task force" means the college savings plans task
10 force established under this subchapter.

11 Sec. 54.852. COLLEGE SAVINGS PLANS TASK FORCE. (a) The
12 task force is established to:

13 (1) review and make recommendations for improvements
14 to the higher education savings plan established under Subchapter G
15 and the Texas Save and Match Program established under Subchapter
16 I; and

17 (2) evaluate strategies to increase participation in
18 the higher education savings plan established under Subchapter G,
19 particularly among economically disadvantaged students, minority
20 students, and students in geographical areas of the state with
21 lower rates of participation in the plan.

22 (b) The task force is composed of 11 members, consisting of:

23 (1) one member appointed by the chair of the house of
24 representatives committee with primary jurisdiction over higher
25 education;

26 (2) one member appointed by the chair of the senate
27 committee with primary jurisdiction over higher education;

1 (3) a representative of the coordinating board
2 designated by the commissioner of higher education;

3 (4) a representative of the office of the comptroller
4 designated by the comptroller;

5 (5) one member from the Texas Match the Promise
6 Foundation;

7 (6) the director of the Texas GEAR UP program; and

8 (7) five members appointed by the commissioner of
9 higher education as follows:

10 (A) one member with an interest in college
11 savings accounts representing an organization providing financial
12 stability services in the state;

13 (B) a representative of the Texas Parent Teacher
14 Association;

15 (C) a representative of an institution of higher
16 education;

17 (D) a representative of the philanthropic
18 community; and

19 (E) a representative of a regional education
20 service center.

21 (c) The task force shall meet at the call of the
22 coordinating board or the comptroller.

23 (c-1) The task force must hold at least two public meetings
24 not later than March 31, 2021. This subsection expires September 1,
25 2021.

26 (d) The task force shall:

27 (1) develop a selection process for participation in

1 pilot projects established under Section 54.807 and provide
2 guidance on those pilot projects; and

3 (2) provide guidance on the study conducted by the
4 coordinating board under Section 54.853.

5 Sec. 54.853. STUDY AND REPORT ON COLLEGE SAVINGS PLANS. (a)
6 The coordinating board shall conduct an ongoing study on the higher
7 education savings plan established under Subchapter G and the Texas
8 Save and Match Program established under Subchapter I.

9 (b) The study must:

10 (1) analyze potential strategies for increasing
11 participation in the higher education savings plan, particularly
12 among economically disadvantaged students, minority students, and
13 students in geographical areas of the state with lower rates of
14 participation in the plan, including methods to:

15 (A) enhance the competitiveness of the plan;

16 (B) reduce plan fees; and

17 (C) improve access to savings trust accounts
18 established through the plan for low-income families;

19 (2) evaluate potential improvements to the Texas Save
20 and Match Program to increase participation in the program,
21 including changes recommended as a result of a pilot project
22 established under Section 54.807; and

23 (3) identify potential sources of funding for the
24 Texas Save and Match Program.

25 (c) Not later than June 1 of each even-numbered year, the
26 coordinating board shall submit to the governor, the lieutenant
27 governor, the speaker of the house of representatives, the

1 comptroller, the standing legislative committees with primary
2 jurisdiction over higher education, and the task force a report on
3 the results of the study and any recommendations for legislative or
4 other action.

5 (d) Not later than December 1 of each even-numbered year,
6 the Prepaid Higher Education Tuition Board shall adopt rules to
7 implement one or more of the recommendations in the report
8 submitted under Subsection (c).

9 SECTION 7. Section 74.603, Property Code, is amended to
10 read as follows:

11 Sec. 74.603. AUDIT; APPROPRIATION. (a) The unclaimed
12 money received under this chapter or any other statute requiring
13 the delivery of unclaimed property to the comptroller is subject to
14 audit by the State Auditor and to appropriation by the legislature
15 for enforcing and administering this title.

16 (b) Unclaimed money received under this chapter in an amount
17 equal to or less than \$5 and held by the comptroller for at least 20
18 years may be appropriated for the support of the Texas Save and
19 Match Program under Subchapter I, Chapter 54, Education Code, and,
20 in accordance with the General Appropriations Act, transferred to
21 the Prepaid Higher Education Tuition Board for that purpose.

22 SECTION 8. Not later than 60 days after the effective date
23 of this Act, the initial appointments or designations, as
24 applicable, of the members of the task force established under
25 Section 54.852, Education Code, as added by this Act, must be made.

26 SECTION 9. Not later than June 1, 2020, the Texas Higher
27 Education Coordinating Board shall submit its initial report

1 required under Section 54.853, Education Code, as added by this
2 Act.

3 SECTION 10. Not later than September 30, 2021, the Prepaid
4 Higher Education Tuition Board shall establish the pilot project
5 required under Section 54.807(b), Education Code, as added by this
6 Act.

7 SECTION 11. This Act takes effect immediately if it
8 receives a vote of two-thirds of all the members elected to each
9 house, as provided by Section 39, Article III, Texas Constitution.
10 If this Act does not receive the vote necessary for immediate
11 effect, this Act takes effect September 1, 2019.