

By: Creighton

S.B. No. 1094

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the payment of apprenticeship education expenses using
3 the state's programs for paying, prepaying, or saving toward the
4 costs of attending an institution of higher education.

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

6 SECTION 1. Section 54.605(a), Education Code, is amended to
7 read as follows:

8 (a) A prepaid tuition contract remains in effect after the
9 program is terminated if, when the program is terminated, the
10 beneficiary:

11 (1) has been accepted by or is enrolled in an
12 institution of higher education, a private or independent
13 institution of higher education, ~~or~~ a career school or college,
14 or an apprenticeship program described by Section 54.619(i); or

15 (2) is projected to graduate from high school not
16 later than the third anniversary of the date the program is
17 terminated.

18 SECTION 2. Section 54.619, Education Code, is amended by
19 adding Subsection (i) to read as follows:

20 (i) Notwithstanding other provisions of this subchapter,
21 any contract benefits purchased under this subchapter may be
22 applied to the payment of apprenticeship program expenses for a
23 registered apprenticeship program as if the apprenticeship program
24 were an institution of higher education or private or independent

1 institution of higher education. On the purchaser's request, the
2 board shall apply, in accordance with Section 54.628, any existing
3 amount of prepaid tuition contract benefits to the payment of
4 apprenticeship program expenses. The board is not responsible for
5 the payment of apprenticeship program expenses in excess of that
6 amount. The board may adopt rules as necessary to implement this
7 subsection. In this subsection, "apprenticeship program expenses"
8 means expenses for fees, books, supplies, and equipment required
9 for a beneficiary to participate in an apprenticeship program that
10 is registered and certified with the United States Department of
11 Labor under the National Apprenticeship Act (29 U.S.C. Section 50
12 et seq.).

13 SECTION 3. Section 54.701(8), Education Code, is amended to
14 read as follows:

15 (8) "Qualified higher education expenses" has the
16 meaning assigned by Section 529, Internal Revenue Code of 1986, as
17 amended, and includes expenses for fees, books, supplies, and
18 equipment required for the beneficiary to participate in an
19 apprenticeship program that is registered and certified with the
20 United States Department of Labor under the National Apprenticeship
21 Act (29 U.S.C. Section 50 et seq.).

22 SECTION 4. Section 54.751, Education Code, is amended by
23 adding Subdivisions (1-a) and (9-a) and amending Subdivisions (2)
24 and (6) to read as follows:

25 (1-a) "Apprenticeship program expenses" means the
26 expenses for fees, books, supplies, and equipment required for a
27 beneficiary to participate in a registered apprenticeship program.

1 (2) "Beneficiary" means the person designated under a
2 prepaid tuition contract as the person entitled to apply one or more
3 tuition units purchased under the contract to the payment of the
4 person's:

5 (A) undergraduate tuition and required fees at a
6 general academic teaching institution, two-year institution of
7 higher education, private or independent institution of higher
8 education, medical and dental unit, career school, or accredited
9 out-of-state institution of higher education; and

10 (B) apprenticeship program expenses.

11 (6) "Prepaid tuition contract" means a contract under
12 which a person purchases from the board on behalf of a beneficiary
13 one or more tuition units that the beneficiary is entitled to apply
14 to the payment of the beneficiary's:

15 (A) undergraduate tuition and required fees at a
16 general academic teaching institution, two-year institution of
17 higher education, private or independent institution of higher
18 education, medical and dental unit, career school, or accredited
19 out-of-state institution of higher education; or

20 (B) apprenticeship program expenses.

21 (9-a) "Registered apprenticeship program" means an
22 apprenticeship program that is registered and certified with the
23 United States Department of Labor under the National Apprenticeship
24 Act (29 U.S.C. Section 50 et seq.).

25 SECTION 5. Section 54.753(a), Education Code, is amended to
26 read as follows:

27 (a) Under the program, a purchaser may prepay the costs of

1 all or a portion of a beneficiary's undergraduate tuition and
2 required fees at a general academic teaching institution, two-year
3 institution of higher education, private or independent
4 institution of higher education, medical and dental unit, career
5 school, or accredited out-of-state institution of higher education
6 or all or a portion of the beneficiary's apprenticeship program
7 expenses by entering into a prepaid tuition contract with the board
8 to purchase one or more tuition units of a type described by this
9 section at the applicable price established by the board for that
10 type of unit for the year in which the unit is purchased. The
11 portion of the beneficiary's undergraduate tuition and required
12 fees for which a tuition unit may be redeemed at a particular
13 general academic teaching institution or two-year institution of
14 higher education is assigned to the tuition unit at the time of
15 purchase, and the tuition unit may be redeemed to pay that portion
16 of the tuition and fees at the general academic teaching
17 institution or two-year institution of higher education in any
18 academic year in which the unit is redeemed in accordance with this
19 subchapter. The purchaser may purchase one type of unit or a
20 combination of two or three types of units.

21 SECTION 6. Sections 54.754(a), (d), and (e), Education
22 Code, are amended to read as follows:

23 (a) In accordance with this subchapter, when a beneficiary
24 under a prepaid tuition contract redeems one or more tuition units
25 to pay costs of tuition and required fees or apprenticeship program
26 expenses, the board shall apply money in the fund, in the amount
27 provided by Section 54.765 to pay all or the applicable portion of

1 the costs of the beneficiary's tuition and required fees at the
2 general academic teaching institution, two-year institution of
3 higher education, private or independent institution of higher
4 education, medical and dental unit, or accredited out-of-state
5 institution of higher education in which the beneficiary enrolls or
6 the beneficiary's apprenticeship program expenses. Subject to
7 Subsection (b)(2) and the other provisions of this section, a
8 beneficiary may redeem any type of tuition unit for attendance at an
9 institution, ~~or~~ unit, or program described by this section. A
10 general academic teaching institution or two-year institution of
11 higher education shall accept the amount transferred to the
12 institution under Section 54.765(c) when the unit or units are
13 redeemed as payment for all or the applicable portion of the
14 beneficiary's tuition and required fees.

15 (d) If a beneficiary redeems fewer tuition units of the type
16 or combination of types necessary to pay the total cost of the
17 beneficiary's tuition and required fees at the general academic
18 teaching institution, two-year institution of higher education,
19 private or independent institution of higher education, medical and
20 dental unit, career school, or accredited out-of-state institution
21 of higher education at which the beneficiary enrolls or
22 apprenticeship program expenses, the beneficiary is responsible
23 for paying the amount of the difference between the amount of
24 tuition and required fees or expenses for which the beneficiary
25 pays through the redemption of one or more tuition units and the
26 total cost of the beneficiary's tuition and required fees at the
27 institution or unit or the beneficiary's apprenticeship program

1 expenses.

2 (e) If the beneficiary redeems fewer tuition units to pay
3 the cost of tuition and required fees or apprenticeship program
4 expenses than the number of units purchased on behalf of the
5 beneficiary under a prepaid tuition contract, other than to defer
6 redemption as permitted in accordance with Section 54.758, the
7 purchaser may:

8 (1) redeem for cash the amount of the purchase price of
9 the excess units, plus annual interest earned on that money,
10 accrued at a rate set by the board not to exceed five percent
11 annually; or

12 (2) transfer the remaining units to another
13 beneficiary in accordance with this subchapter.

14 SECTION 7. Section 54.758(a), Education Code, is amended to
15 read as follows:

16 (a) A prepaid tuition contract must permit the beneficiary
17 to elect to pay from a source other than tuition units purchased
18 under the contract the beneficiary's tuition and required fees or
19 apprenticeship program expenses for some or all of the tuition and
20 required fees or apprenticeship program expenses to which the
21 beneficiary is entitled to payment under the contract, and to defer
22 to a subsequent semester or other academic term the right to payment
23 of the beneficiary's tuition and required fees or apprenticeship
24 program expenses by using tuition units remaining under the
25 contract.

26 SECTION 8. Section 54.765(f), Education Code, is amended to
27 read as follows:

1 (f) When a beneficiary enrolls at a private or independent
2 institution of higher education, medical and dental unit, career
3 school, [~~or~~] accredited out-of-state institution of higher
4 education, or registered apprenticeship program, on written
5 authorization from the purchaser of the tuition unit or units for
6 that beneficiary, the comptroller or the comptroller's authorized
7 representative shall transfer to the institution the lesser of:

8 (1) an amount equal to the current cost of the tuition
9 and required fees or apprenticeship program expenses that would be
10 covered by redemption of the number and type of tuition units the
11 beneficiary is redeeming if the beneficiary were redeeming the unit
12 or units at a general academic teaching institution or two-year
13 institution of higher education as follows:

14 (A) for a Type I unit, at the general academic
15 teaching institution that had the highest tuition and required fee
16 cost;

17 (B) for a Type II unit, at a general academic
18 teaching institution that had tuition and required fee cost at the
19 weighted average; and

20 (C) for a Type III unit, at a two-year
21 institution of higher education that had tuition and required fee
22 cost at the weighted average; or

23 (2) an amount equal to the total purchase price of the
24 tuition unit or units the beneficiary redeems for the semester or
25 other academic term plus the portion of the total return on assets
26 of the fund attributable to that amount.

27 SECTION 9. Section [54.767](#), Education Code, is amended to

1 read as follows:

2 Sec. 54.767. USE OF FUND ASSETS. The assets of the fund may
3 be used only to:

4 (1) pay the costs of program administration and
5 operations;

6 (2) make payments to general academic teaching
7 institutions, two-year institutions of higher education, private
8 or independent institutions of higher education, medical and dental
9 units, career schools, ~~and~~ accredited out-of-state institutions
10 of higher education, and registered apprenticeship programs on
11 behalf of beneficiaries; and

12 (3) make refunds under prepaid tuition contracts.

13 SECTION 10. Sections 54.769(b) and (c), Education Code, are
14 amended to read as follows:

15 (b) The rights of a purchaser, beneficiary, or successor in
16 interest of a purchaser or beneficiary in and under a prepaid
17 tuition contract and the payment of tuition and required fees for a
18 beneficiary under a prepaid tuition contract to a general academic
19 teaching institution, two-year institution of higher education,
20 private or independent institution of higher education, medical and
21 dental unit, career school, or accredited out-of-state institution
22 of higher education or apprenticeship program expenses under this
23 chapter are exempt from attachment, levy, garnishment, execution,
24 and seizure for the satisfaction of any debt, judgment, or claim
25 against a purchaser, beneficiary, or successor in interest of a
26 purchaser or beneficiary.

27 (c) A claim or judgment against a purchaser, beneficiary, or

1 successor in interest of a purchaser or beneficiary does not impair
2 or entitle the claim or judgment holder to assert or enforce a lien
3 against:

4 (1) the rights of a purchaser, beneficiary, or
5 successor in interest of a purchaser or beneficiary in and under a
6 prepaid tuition contract; or

7 (2) the right of a beneficiary to the payment of
8 tuition and required fees to a general academic teaching
9 institution, two-year institution of higher education, private or
10 independent institution of higher education, medical and dental
11 unit, career school, or accredited out-of-state institution of
12 higher education or apprenticeship program expenses under a prepaid
13 tuition contract.

14 SECTION 11. Section 54.774(a), Education Code, is amended
15 to read as follows:

16 (a) A prepaid tuition contract remains in effect after the
17 program is terminated if, when the program is terminated, the
18 beneficiary:

19 (1) has been accepted by or is enrolled at a general
20 academic teaching institution, two-year institution of higher
21 education, private or independent institution of higher education,
22 medical and dental unit, career school, [~~or~~] accredited
23 out-of-state institution of higher education, or registered
24 apprenticeship program; or

25 (2) is projected to graduate from high school not
26 later than the third anniversary of the date the program is
27 terminated.

1 SECTION 12. Section 54.775(b), Education Code, is amended
2 to read as follows:

3 (b) Notwithstanding Subsection (a), the board may release
4 information described by that subsection to a general academic
5 teaching institution, two-year institution of higher education,
6 private or independent institution of higher education, medical and
7 dental unit, career school, ~~[or]~~ accredited out-of-state
8 institution of higher education, or registered apprenticeship
9 program at which a beneficiary may enroll or is enrolled. The
10 institution, ~~[or]~~ unit, or program shall keep the information
11 confidential.

12 SECTION 13. Section 54.806(b), Education Code, is amended
13 to read as follows:

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

24 SECTION 14. The change in law made by this Act regarding the
25 application of prepaid tuition contract benefits to the payment of
26 apprenticeship program expenses for a registered apprenticeship
27 program applies to contract benefits purchased under Subchapters F

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1 and H, Chapter 54, Education Code, as amended by this Act, before,
2 on, or after the effective date of this Act.

3 SECTION 15. This Act takes effect September 1, 2021.