

1-1 By: Creighton, West, Zaffirini S.B. No. 1094
 1-2 (In the Senate - Filed March 5, 2021; March 18, 2021, read
 1-3 first time and referred to Committee on Higher Education;
 1-4 April 6, 2021, reported favorably by the following vote: Yeas 9,
 1-5 Nays 0; April 14, 2021, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to the payment of apprenticeship education expenses using
 1-20 the state's programs for paying, prepaying, or saving toward the
 1-21 costs of attending an institution of higher education.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Section 54.605(a), Education Code, is amended to
 1-24 read as follows:

1-25 (a) A prepaid tuition contract remains in effect after the
 1-26 program is terminated if, when the program is terminated, the
 1-27 beneficiary:

1-28 (1) has been accepted by or is enrolled in an
 1-29 institution of higher education, a private or independent
 1-30 institution of higher education, ~~or~~ a career school or college,
 1-31 or an apprenticeship program described by Section 54.619(i); or

1-32 (2) is projected to graduate from high school not
 1-33 later than the third anniversary of the date the program is
 1-34 terminated.

1-35 SECTION 2. Section 54.619, Education Code, is amended by
 1-36 adding Subsection (i) to read as follows:

1-37 (i) Notwithstanding other provisions of this subchapter,
 1-38 any contract benefits purchased under this subchapter may be
 1-39 applied to the payment of apprenticeship program expenses for a
 1-40 registered apprenticeship program as if the apprenticeship program
 1-41 were an institution of higher education or private or independent
 1-42 institution of higher education. On the purchaser's request, the
 1-43 board shall apply, in accordance with Section 54.628, any existing
 1-44 amount of prepaid tuition contract benefits to the payment of
 1-45 apprenticeship program expenses. The board is not responsible for
 1-46 the payment of apprenticeship program expenses in excess of that
 1-47 amount. The board may adopt rules as necessary to implement this
 1-48 subsection. In this subsection, "apprenticeship program expenses"
 1-49 means expenses for fees, books, supplies, and equipment required
 1-50 for a beneficiary to participate in an apprenticeship program that
 1-51 is registered and certified with the United States Department of
 1-52 Labor under the National Apprenticeship Act (29 U.S.C. Section 50
 1-53 et seq.).

1-54 SECTION 3. Section 54.701(8), Education Code, is amended to
 1-55 read as follows:

1-56 (8) "Qualified higher education expenses" has the
 1-57 meaning assigned by Section 529, Internal Revenue Code of 1986, as
 1-58 amended, and includes expenses for fees, books, supplies, and
 1-59 equipment required for the beneficiary to participate in an
 1-60 apprenticeship program that is registered and certified with the
 1-61 United States Department of Labor under the National Apprenticeship

2-1 Act (29 U.S.C. Section 50 et seq.).

2-2 SECTION 4. Section 54.751, Education Code, is amended by
2-3 adding Subdivisions (1-a) and (9-a) and amending Subdivisions (2)
2-4 and (6) to read as follows:

2-5 (1-a) "Apprenticeship program expenses" means the
2-6 expenses for fees, books, supplies, and equipment required for a
2-7 beneficiary to participate in a registered apprenticeship program.

2-8 (2) "Beneficiary" means the person designated under a
2-9 prepaid tuition contract as the person entitled to apply one or more
2-10 tuition units purchased under the contract to the payment of the
2-11 person's:

2-12 (A) undergraduate tuition and required fees at a
2-13 general academic teaching institution, two-year institution of
2-14 higher education, private or independent institution of higher
2-15 education, medical and dental unit, career school, or accredited
2-16 out-of-state institution of higher education; and

2-17 (B) apprenticeship program expenses.

2-18 (6) "Prepaid tuition contract" means a contract under
2-19 which a person purchases from the board on behalf of a beneficiary
2-20 one or more tuition units that the beneficiary is entitled to apply
2-21 to the payment of the beneficiary's:

2-22 (A) undergraduate tuition and required fees at a
2-23 general academic teaching institution, two-year institution of
2-24 higher education, private or independent institution of higher
2-25 education, medical and dental unit, career school, or accredited
2-26 out-of-state institution of higher education; or

2-27 (B) apprenticeship program expenses.

2-28 (9-a) "Registered apprenticeship program" means an
2-29 apprenticeship program that is registered and certified with the
2-30 United States Department of Labor under the National Apprenticeship
2-31 Act (29 U.S.C. Section 50 et seq.).

2-32 SECTION 5. Section 54.753(a), Education Code, is amended to
2-33 read as follows:

2-34 (a) Under the program, a purchaser may prepay the costs of
2-35 all or a portion of a beneficiary's undergraduate tuition and
2-36 required fees at a general academic teaching institution, two-year
2-37 institution of higher education, private or independent
2-38 institution of higher education, medical and dental unit, career
2-39 school, or accredited out-of-state institution of higher education
2-40 or all or a portion of the beneficiary's apprenticeship program
2-41 expenses by entering into a prepaid tuition contract with the board
2-42 to purchase one or more tuition units of a type described by this
2-43 section at the applicable price established by the board for that
2-44 type of unit for the year in which the unit is purchased. The
2-45 portion of the beneficiary's undergraduate tuition and required
2-46 fees for which a tuition unit may be redeemed at a particular
2-47 general academic teaching institution or two-year institution of
2-48 higher education is assigned to the tuition unit at the time of
2-49 purchase, and the tuition unit may be redeemed to pay that portion
2-50 of the tuition and fees at the general academic teaching
2-51 institution or two-year institution of higher education in any
2-52 academic year in which the unit is redeemed in accordance with this
2-53 subchapter. The purchaser may purchase one type of unit or a
2-54 combination of two or three types of units.

2-55 SECTION 6. Sections 54.754(a), (d), and (e), Education
2-56 Code, are amended to read as follows:

2-57 (a) In accordance with this subchapter, when a beneficiary
2-58 under a prepaid tuition contract redeems one or more tuition units
2-59 to pay costs of tuition and required fees or apprenticeship program
2-60 expenses, the board shall apply money in the fund, in the amount
2-61 provided by Section 54.765 to pay all or the applicable portion of
2-62 the costs of the beneficiary's tuition and required fees at the
2-63 general academic teaching institution, two-year institution of
2-64 higher education, private or independent institution of higher
2-65 education, medical and dental unit, or accredited out-of-state
2-66 institution of higher education in which the beneficiary enrolls or
2-67 the beneficiary's apprenticeship program expenses. Subject to
2-68 Subsection (b)(2) and the other provisions of this section, a
2-69 beneficiary may redeem any type of tuition unit for attendance at an

3-1 institution, ~~or~~ unit, or program described by this section. A
 3-2 general academic teaching institution or two-year institution of
 3-3 higher education shall accept the amount transferred to the
 3-4 institution under Section 54.765(c) when the unit or units are
 3-5 redeemed as payment for all or the applicable portion of the
 3-6 beneficiary's tuition and required fees.

3-7 (d) If a beneficiary redeems fewer tuition units of the type
 3-8 or combination of types necessary to pay the total cost of the
 3-9 beneficiary's tuition and required fees at the general academic
 3-10 teaching institution, two-year institution of higher education,
 3-11 private or independent institution of higher education, medical and
 3-12 dental unit, career school, or accredited out-of-state institution
 3-13 of higher education at which the beneficiary enrolls or
 3-14 apprenticeship program expenses, the beneficiary is responsible
 3-15 for paying the amount of the difference between the amount of
 3-16 tuition and required fees or expenses for which the beneficiary
 3-17 pays through the redemption of one or more tuition units and the
 3-18 total cost of the beneficiary's tuition and required fees at the
 3-19 institution or unit or the beneficiary's apprenticeship program
 3-20 expenses.

3-21 (e) If the beneficiary redeems fewer tuition units to pay
 3-22 the cost of tuition and required fees or apprenticeship program
 3-23 expenses than the number of units purchased on behalf of the
 3-24 beneficiary under a prepaid tuition contract, other than to defer
 3-25 redemption as permitted in accordance with Section 54.758, the
 3-26 purchaser may:

3-27 (1) redeem for cash the amount of the purchase price of
 3-28 the excess units, plus annual interest earned on that money,
 3-29 accrued at a rate set by the board not to exceed five percent
 3-30 annually; or

3-31 (2) transfer the remaining units to another
 3-32 beneficiary in accordance with this subchapter.

3-33 SECTION 7. Section 54.758(a), Education Code, is amended to
 3-34 read as follows:

3-35 (a) A prepaid tuition contract must permit the beneficiary
 3-36 to elect to pay from a source other than tuition units purchased
 3-37 under the contract the beneficiary's tuition and required fees or
 3-38 apprenticeship program expenses for some or all of the tuition and
 3-39 required fees or apprenticeship program expenses to which the
 3-40 beneficiary is entitled to payment under the contract, and to defer
 3-41 to a subsequent semester or other academic term the right to payment
 3-42 of the beneficiary's tuition and required fees or apprenticeship
 3-43 program expenses by using tuition units remaining under the
 3-44 contract.

3-45 SECTION 8. Section 54.765(f), Education Code, is amended to
 3-46 read as follows:

3-47 (f) When a beneficiary enrolls at a private or independent
 3-48 institution of higher education, medical and dental unit, career
 3-49 school, ~~or~~ accredited out-of-state institution of higher
 3-50 education, or registered apprenticeship program, on written
 3-51 authorization from the purchaser of the tuition unit or units for
 3-52 that beneficiary, the comptroller or the comptroller's authorized
 3-53 representative shall transfer to the institution the lesser of:

3-54 (1) an amount equal to the current cost of the tuition
 3-55 and required fees or apprenticeship program expenses that would be
 3-56 covered by redemption of the number and type of tuition units the
 3-57 beneficiary is redeeming if the beneficiary were redeeming the unit
 3-58 or units at a general academic teaching institution or two-year
 3-59 institution of higher education as follows:

3-60 (A) for a Type I unit, at the general academic
 3-61 teaching institution that had the highest tuition and required fee
 3-62 cost;

3-63 (B) for a Type II unit, at a general academic
 3-64 teaching institution that had tuition and required fee cost at the
 3-65 weighted average; and

3-66 (C) for a Type III unit, at a two-year
 3-67 institution of higher education that had tuition and required fee
 3-68 cost at the weighted average; or

3-69 (2) an amount equal to the total purchase price of the

4-1 tuition unit or units the beneficiary redeems for the semester or
4-2 other academic term plus the portion of the total return on assets
4-3 of the fund attributable to that amount.

4-4 SECTION 9. Section 54.767, Education Code, is amended to
4-5 read as follows:

4-6 Sec. 54.767. USE OF FUND ASSETS. The assets of the fund may
4-7 be used only to:

4-8 (1) pay the costs of program administration and
4-9 operations;

4-10 (2) make payments to general academic teaching
4-11 institutions, two-year institutions of higher education, private
4-12 or independent institutions of higher education, medical and dental
4-13 units, career schools, ~~and~~ accredited out-of-state institutions
4-14 of higher education, and registered apprenticeship programs on
4-15 behalf of beneficiaries; and

4-16 (3) make refunds under prepaid tuition contracts.

4-17 SECTION 10. Sections 54.769(b) and (c), Education Code, are
4-18 amended to read as follows:

4-19 (b) The rights of a purchaser, beneficiary, or successor in
4-20 interest of a purchaser or beneficiary in and under a prepaid
4-21 tuition contract and the payment of tuition and required fees for a
4-22 beneficiary under a prepaid tuition contract to a general academic
4-23 teaching institution, two-year institution of higher education,
4-24 private or independent institution of higher education, medical and
4-25 dental unit, career school, or accredited out-of-state institution
4-26 of higher education or apprenticeship program expenses under this
4-27 chapter are exempt from attachment, levy, garnishment, execution,
4-28 and seizure for the satisfaction of any debt, judgment, or claim
4-29 against a purchaser, beneficiary, or successor in interest of a
4-30 purchaser or beneficiary.

4-31 (c) A claim or judgment against a purchaser, beneficiary, or
4-32 successor in interest of a purchaser or beneficiary does not impair
4-33 or entitle the claim or judgment holder to assert or enforce a lien
4-34 against:

4-35 (1) the rights of a purchaser, beneficiary, or
4-36 successor in interest of a purchaser or beneficiary in and under a
4-37 prepaid tuition contract; or

4-38 (2) the right of a beneficiary to the payment of
4-39 tuition and required fees to a general academic teaching
4-40 institution, two-year institution of higher education, private or
4-41 independent institution of higher education, medical and dental
4-42 unit, career school, or accredited out-of-state institution of
4-43 higher education or apprenticeship program expenses under a prepaid
4-44 tuition contract.

4-45 SECTION 11. Section 54.774(a), Education Code, is amended
4-46 to read as follows:

4-47 (a) A prepaid tuition contract remains in effect after the
4-48 program is terminated if, when the program is terminated, the
4-49 beneficiary:

4-50 (1) has been accepted by or is enrolled at a general
4-51 academic teaching institution, two-year institution of higher
4-52 education, private or independent institution of higher education,
4-53 medical and dental unit, career school, ~~or~~ accredited
4-54 out-of-state institution of higher education, or registered
4-55 apprenticeship program; or

4-56 (2) is projected to graduate from high school not
4-57 later than the third anniversary of the date the program is
4-58 terminated.

4-59 SECTION 12. Section 54.775(b), Education Code, is amended
4-60 to read as follows:

4-61 (b) Notwithstanding Subsection (a), the board may release
4-62 information described by that subsection to a general academic
4-63 teaching institution, two-year institution of higher education,
4-64 private or independent institution of higher education, medical and
4-65 dental unit, career school, ~~or~~ accredited out-of-state
4-66 institution of higher education, or registered apprenticeship
4-67 program at which a beneficiary may enroll or is enrolled. The
4-68 institution, ~~or~~ unit, or program shall keep the information
4-69 confidential.

5-1 SECTION 13. Section 54.806(b), Education Code, is amended
5-2 to read as follows:

5-3 (b) Notwithstanding Subsection (a), the board or program
5-4 entity may release information described by Subsection (a) to the
5-5 extent required by a general academic teaching institution,
5-6 two-year institution of higher education, private or independent
5-7 institution of higher education, career school, ~~or~~ accredited
5-8 out-of-state institution of higher education, or registered
5-9 apprenticeship program at which a beneficiary may enroll or is
5-10 enrolled. The institution, ~~or~~ school, or program receiving
5-11 information described by Subsection (a) shall keep the information
5-12 confidential.

5-13 SECTION 14. The change in law made by this Act regarding the
5-14 application of prepaid tuition contract benefits to the payment of
5-15 apprenticeship program expenses for a registered apprenticeship
5-16 program applies to contract benefits purchased under Subchapters F
5-17 and H, Chapter 54, Education Code, as amended by this Act, before,
5-18 on, or after the effective date of this Act.

5-19 SECTION 15. This Act takes effect September 1, 2021.

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