

- SUBJECT:** Prepaid tuition for graduate and professional degree programs
- COMMITTEE:** Higher Education — favorable, without amendment
- VOTE:** 7 ayes — Rangel, Cuellar, F. Brown, Farabee, Goolsby, Morrison, E. Reyna  
1 nay — Wohlgemuth  
1 absent — J. Jones
- WITNESSES:** For — None  
Against — None  
On — Aaron Demerson, Texas Tomorrow Fund
- BACKGROUND:** Since the inception of the Texas Prepaid Higher Education Tuition Program in 1995, more than 77,000 contracts have been sold that will allow Texas students to prepay tuition and fees for their future college educations at today's rates. According to the Comptroller's Office, 1,424 students are now eligible to use the program, popularly known as the Texas Tomorrow Fund. This self-sustaining program has assets of more than \$583 million.
- In 1997, the Legislature allowed beneficiaries of the fund to defer the use of undergraduate prepaid tuition benefits until graduate or professional school. Students must make up the difference between the cost of undergraduate education and the cost of graduate school at the time they actually attend.
- In 1997, the Legislature directed the comptroller to study the feasibility of a prepaid tuition and fee program for graduate and professional school.
- DIGEST:** HB 2555 would permit the Prepaid Higher Education Tuition Board to establish one or more plans for prepaid tuition and fees programs for graduate or professional schools. The plans would have to be feasible, and there would have to be sufficient demand among students to justify administering the plan.

The board could limit a plan to specific fields of study, types of degrees, and number of hours. Any plan implemented would not have to meet any other statutory requirement of the Prepaid Higher Education Tuition Program (Subchapter F, Chapter 54, Education Code) than those imposed by HB 2555.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house.

**SUPPORTERS  
SAY:**

HB 2555 would permit the tuition board to create a viable new plan for prepaid tuition contracts for graduate and professional degrees, providing students and their families the opportunity for major savings in the cost of law school, medical school, and other advanced education programs. The bill would demonstrate Texas' commitment to developing the kind of highly educated work force needed to attract quality and cutting-edge jobs.

HB 2555 would encourage Texas students to stay in Texas for graduate school or professional school. About 85 percent of the students who attend professional schools end up staying within 200 miles of the school attended after graduation.

In an earlier study, the Comptroller's Office found such a program to be feasible. Texas students already are choosing to delay using prepayments they made under the Texas Tomorrow Fund for undergraduate education, opting instead to apply the money to graduate school. But graduate school can be much more expensive than undergraduate education, which is why it is important to allow them to prepay law or medical school tuition at today's rates.

Graduate school costs have increased more sharply than undergraduate costs, which is all the more reason to establish a program of this nature. Experts at the tuition board should be able to develop plans that can establish average graduate school costs. More and more students see professional degrees as the key to a sound financial future, and more and more families are planning well in advance for higher education costs. There should be little problem in finding enough participants for the program if it is properly publicized, just as the Texas Tomorrow Fund program.

OPPONENTS  
SAY:

The Comptroller's Office noted there would be significant challenges to implementing a program for prepaid graduate and professional school tuition. Tuition and fees charged for graduate and professional study vary widely. Increases in the cost of graduate and professional education far exceed the increases in tuition and fees for undergraduate programs. This could make structuring a program to prepay future graduate and professional school tuition and fees very difficult.

The demand for graduate and professional school prepaid tuition is too limited. Current law allows purchasers to buy additional undergraduate credit hours under the senior college plan and beneficiaries may use these credits for graduate or professional school. But only 62 contracts for additional benefits have been purchased.