

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 1470

By: Ellis

Finance

4-28-97

Committee Report (Substituted)

### **DIGEST**

Currently, Texas law does not provide for a supplemental prepaid tuition plan for postgraduate studies. This bill would create such a plan and would make the plan available only to Texas Tomorrow Fund purchasers who wish to invest an additional amount not to exceed 25 percent of the value of their prepaid tuition. The beneficiary would have the flexibility to apply the value to tuition and fees for postgraduate studies.

### **PURPOSE**

As proposed, C.S.S.B. 1470 creates the graduate tuition assistance plan to fund postgraduate studies, which would be made available only to Texas Tomorrow Fund purchasers who wish to invest an additional amount.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 54.622, Education Code, to require the Prepaid Higher Education Board (board) to make prepaid tuition contracts available for the graduate tuition assistance plan. Makes conforming changes.

SECTION 2. Amends Chapter 54F, Education Code, by adding Section 54.6252, as follows:

Sec. 54.6252. GRADUATE TUITION ASSISTANCE PLAN. Requires the board to permit the purchaser of a plan other than a plan authorized by this section to enter into a supplemental contract to provide the beneficiary with a source of funds to apply toward the payment of tuition for graduate studies. Requires a contract for a graduate tuition assistance plan to permit the purchaser to deposit an amount into the plan not to exceed 25 percent of each amount paid by the purchaser under the principal contract. Requires the board to maintain a separate account for each contract. Provides that Section 54.620(b) and Sections 54.620(d)(5) through (8) do not apply to a contract for a graduate tuition assistance plan. Requires the board to credit each account established under this section at least monthly according to certain provisions. Authorizes the beneficiary of the plan to apply any portion of the current balance in the account to pay tuition and required fees when the beneficiary is enrolled in a postgraduate degree program at any accredited public or private institution of higher education in or outside of this state at which the beneficiary is enrolled. Requires the board to pay to the institution the applicable amount of the beneficiary's tuition and required fees.

SECTION 3. Amends Section 54.631(b), Education Code, to provide that a prepaid tuition contract for a plan other than a graduate tuition assistance plan terminates on a certain date. Provides that a prepaid tuition contract for a graduate tuition assistance plan terminates on the 10th anniversary of the date the first payment of tuition or fees from the account is made, not counting time spent by the beneficiary as an active duty member of the United States armed services.

SECTION 4. (a) Effective date: January 1, 1998

(b) Requires the board to begin offering contracts for graduate tuition assistance plans not later than the first prepaid tuition contract enrollment period after the effective date of this Act.

SECTION 5. Emergency clause.

### **SUMMARY OF COMMITTEE CHANGES**

SECTION 1.

Amends proposed Section 54.6252, Education Code, to require the board to pay to the institution the applicable amount of the beneficiary's tuition and required fees, rather than establish payment procedures to ensure that the money is applied to tuition and fees as required by this subsection. Deletes proposed Subsection (f).

SECTION 4.

Amends the proposed effective date to January 1, 1998.

Amends Section (b) to require the board to begin offering contracts for graduate tuition assistance plans not later than the first prepaid tuition contract enrollment period after the effective date of this Act, rather than not later than January 1, 1998.