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H.B. No. 3987

A BILL TO BE ENTITLED

AN ACT

relating to programs in public schools designed to facilitate planning and saving for higher education and facilitate personal financial literacy instruction.

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

SECTION 1. Subchapter A, Chapter 28, Education Code, is amended by adding Section 28.0024 to read as follows:

Sec. 28.0024. SCHOOL-BASED SAVINGS PROGRAM. (a) A school district or open-enrollment charter school may establish a school-based savings program to facilitate increased awareness of the importance of saving for higher education and facilitate personal financial literacy instruction. A district or school may offer the program in conjunction with a personal financial literacy course under Section 28.0021.

(b) A school-based savings program may, through partnerships with appropriate institutions, promote:

(1) general savings, by offering savings accounts or certificates of deposit through partner financial institutions; or

(2) savings dedicated for higher education, by offering through partner institutions the following accounts or bonds the primary purpose of which must be to pay expenses associated with higher education:

(A) an account authorized under Section 529, Internal Revenue Code of 1986;

1 (B) a Coverdell education savings account
2 established under 26 U.S.C. Section 530;

3 (C) a certificate of deposit;

4 (D) a savings account; and

5 (E) a Series I savings bond.

6 (c) A district or school establishing a program under this
7 section:

8 (1) shall seek to establish partnerships with
9 appropriate institutions that are able to offer an account or bond
10 under Subsection (b); and

11 (2) may seek to establish partnerships with public
12 sector partners, private businesses, nonprofit organizations, and
13 philanthropic organizations in the community.

14 (d) A partnership established under Subsection (c) between
15 a district or school and:

16 (1) an appropriate institution may allow a student in
17 the program or the student and an adult in the student's family
18 jointly to have an opportunity to establish an account or purchase a
19 bond under Subsection (b); and

20 (2) an appropriate institution, public sector
21 partner, private business, or nonprofit or philanthropic
22 organization may provide:

23 (A) a structure for the management of the
24 program; and

25 (B) incentives that encourage contribution to a
26 school-based account or purchase of a bond under Subsection (b),
27 including incentives that provide matching funds or seed funding.

SECTION 2. Section 56.007, Education Code, is amended to read as follows:

Sec. 56.007. EXCLUSION OF ASSETS IN PREPAID TUITION PROGRAMS AND HIGHER EDUCATION SAVINGS PLANS. (a) Notwithstanding any other law, the right of a person to assets held in or the right to receive payments or benefits under any fund or plan established under Subchapter G, H, or I, Chapter 54, including an interest in a savings trust account, prepaid tuition account, or related matching account, or any school-based account or bond described by Section 28.0024(b)(2), may not be considered an asset of the person, or otherwise included in the person's household income or other financial resources, for purposes of determining the person's eligibility for a TEXAS grant or any other state-funded student financial assistance.

(b) The amount of exclusion under Subsection (a) of assets held in or the right to receive payments or benefits under a school-based account or bond described by Section 28.0024(b)(2), except a fund or plan established under Subchapter G, H, or I, Chapter 54, as a school-based account, is limited to the amount of the cost of undergraduate resident tuition and required fees for one academic year consisting of 30 semester credit hours charged by the general academic teaching institution with the highest such tuition and fee costs for the most recent academic year, as determined by the Texas Higher Education Coordinating Board under Section 54.753.

SECTION 3. Section 31.0039, Human Resources Code, as amended by S.B. No. 219, Acts of the 84th Legislature, Regular

1 Session, 2015, is amended to read as follows:

2 Sec. 31.0039. EXCLUSION OF ASSETS IN PREPAID TUITION
3 PROGRAMS AND HIGHER EDUCATION SAVINGS PLANS. (a) For purposes of
4 determining the amount of financial assistance granted to an
5 individual under this chapter for the support of dependent children
6 or determining whether the family meets household income and
7 resource requirements for financial assistance under this chapter,
8 the commission may not consider the right to assets held in or the
9 right to receive payments or benefits under:

10 (1) any fund or plan established under Subchapter G,
11 H, or I, Chapter 54, Education Code, including an interest in a
12 savings trust account, prepaid tuition contract, or related
13 matching account; ~~[or]~~

14 (2) any qualified tuition program of any state that
15 meets the requirements of Section 529, Internal Revenue Code of
16 1986; or

17 (3) any school-based account or bond described by
18 Section 28.0024(b)(2), Education Code.

19 (b) The amount of exclusion under Subsection (a)(3) of
20 assets held in or the right to receive payments or benefits under a
21 school-based account or bond described by Section
22 28.0024(b)(2)(C), (D), or (E), Education Code, is limited to the
23 amount of the cost of undergraduate resident tuition and required
24 fees for one academic year consisting of 30 semester credit hours
25 charged by the general academic teaching institution with the
26 highest such tuition and fee costs for the most recent academic
27 year, as determined by the Texas Higher Education Coordinating

1 Board under Section 54.753, Education Code.

2 SECTION 4. Section 32.02611, Human Resources Code, as
3 amended by S.B. No. 219, Acts of the 84th Legislature, Regular
4 Session, 2015, is amended to read as follows:

5 Sec. 32.02611. EXCLUSION OF ASSETS IN PREPAID TUITION
6 PROGRAMS AND HIGHER EDUCATION SAVINGS PLANS. (a) Except as
7 provided by Subsection (b), in determining eligibility and need for
8 medical assistance, the commission may not consider as assets or
9 resources, to the extent applicable under federal law, a right to
10 assets held in or a right to receive payments or benefits under:

11 (1) any fund or plan established under Subchapter G,
12 H, or I, Chapter 54, Education Code, including an interest in a
13 savings trust account, prepaid tuition contract, or related
14 matching account; ~~or~~

15 (2) any qualified tuition program of any state that
16 meets the requirements of Section 529, Internal Revenue Code of
17 1986; or

18 (3) any school-based account or bond described by
19 Section 28.0024(b)(2), Education Code.

20 (a-1) The amount of exclusion under Subsection (a)(3) of
21 assets held in or the right to receive payments or benefits under a
22 school-based account or bond described by Section
23 28.0024(b)(2)(C), (D), or (E), Education Code, is limited to the
24 amount of the cost of undergraduate resident tuition and required
25 fees for one academic year consisting of 30 semester credit hours
26 charged by the general academic teaching institution with the
27 highest such tuition and fee costs for the most recent academic

1 year, as determined by the Texas Higher Education Coordinating
2 Board under Section 54.753, Education Code.

3 (b) In determining eligibility and need for medical
4 assistance for an applicant who may be eligible on the basis of the
5 applicant's eligibility for medical assistance for the aged, blind,
6 or disabled under 42 U.S.C. Section 1396a(a)(10), the commission
7 may consider as assets or resources, to the extent applicable under
8 federal law, a right to assets held in or a right to receive
9 payments or benefits under any fund, account, bond, plan, or
10 tuition program described by Subsection (a).

11 (c) Notwithstanding Subsection (b), the commission shall
12 seek a federal waiver authorizing the commission to exclude, for
13 purposes of determining the eligibility of an applicant described
14 by that subsection and to the extent included under federal law, the
15 right to assets held in or a right to receive payments or benefits
16 under any fund, account, bond, plan, or tuition program described
17 by Subsection (a) if the fund, account, bond, plan, or tuition
18 program was established before the 21st birthday of the beneficiary
19 of the fund, account, bond, plan, or tuition program.

20 SECTION 5. Subchapter A, Chapter 33, Human Resources Code,
21 is amended by adding Section 33.0291 to read as follows:

22 Sec. 33.0291. EXCLUSION OF SCHOOL-BASED ACCOUNTS AND
23 CERTAIN BONDS. (a) For purposes of determining whether a person
24 meets family income and resource requirements for eligibility for
25 the supplemental nutrition assistance program, the commission may
26 not consider as income or resources a right to assets held in or a
27 right to receive payments or benefits under a school-based account

1 or bond described by Section 28.0024(b)(2), Education Code.

2 (b) The amount of exclusion under Subsection (a) of assets
3 held in or the right to receive payments or benefits under a
4 school-based account or bond described by Section
5 28.0024(b)(2)(C), (D), or (E), Education Code, is limited to the
6 amount of the cost of undergraduate resident tuition and required
7 fees for one academic year consisting of 30 semester credit hours
8 charged by the general academic teaching institution with the
9 highest such tuition and fee costs for the most recent academic
10 year, as determined by the Texas Higher Education Coordinating
11 Board under Section 54.753, Education Code.

12 SECTION 6. If before implementing any provision of this Act
13 a state agency determines that a waiver or authorization from a
14 federal agency is necessary for implementation of that provision,
15 the agency affected by the provision shall request the waiver or
16 authorization and may delay implementing that provision until the
17 waiver or authorization is granted.

18 SECTION 7. This Act takes effect immediately if it receives
19 a vote of two-thirds of all the members elected to each house, as
20 provided by Section 39, Article III, Texas Constitution. If this
21 Act does not receive the vote necessary for immediate effect, this
22 Act takes effect September 1, 2015.