

BILL ANALYSIS

C.S.H.B. 3987
By: Farney
Public Education
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties note the success of a pilot program in Amarillo, Texas, that allowed schools to develop partnerships with local financial institutions and other organizations to open and manage savings accounts for students and to include this as part of the financial education curriculum. The results of the pilot program showed that the financial education curriculum and savings accounts improved students' attitudes towards saving money and toward financial institutions in general. C.S.H.B. 3987 seeks to educate Texas students on the importance of saving money and enhance their understanding of finance.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3987 amends the Education Code to authorize a school district or open-enrollment charter school to establish a school-based savings program to facilitate increased awareness of the importance of saving for higher education and to facilitate personal financial literacy instruction. The bill authorizes a district or school to offer the program in conjunction with an elective personal financial literacy course that meets the requirements for a one-half elective credit. The bill authorizes a school-based savings program, through partnerships with appropriate institutions, to promote general savings by offering savings accounts or certificates of deposit through partner financial institutions or to promote savings dedicated for higher education by offering through partner institutions certain specified types of accounts or bonds, the primary purpose of which must be to pay expenses associated with higher education. The bill requires a district or school establishing a school-based savings program to seek to establish partnerships with appropriate institutions that are able to offer such a specified account or bond and authorizes such a district or school to seek to establish partnerships with public sector partners, private businesses, nonprofit organizations, and philanthropic organizations in the community. The bill authorizes a partnership between a district or school and an appropriate institution to allow a student in the program or the student and an adult in the student's family jointly to have an opportunity to establish an account or purchase a bond specified under the bill's provisions. The bill authorizes a partnership between a district or school and an appropriate institution, public sector partner, private business, or nonprofit or philanthropic organization to provide a structure for the management of the program and incentives that encourage contribution to a school-based account or purchase of a bond, including incentives that provide matching funds or seed funding.

C.S.H.B. 3987 prohibits the consideration of a person's right to assets held in or right to receive payments or benefits under a school-based account or bond dedicated to savings for higher education as an asset of the person and prohibits such a right from being 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. The bill limits the amount of this exclusion of assets held in or the right to receive payments or benefits under a school-based account or bond, except certain other funds or plans established as school-based accounts, 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.

C.S.H.B. 3987 amends the Human Resources Code, including provisions amended by S.B. 219, Acts of the 84th Legislature, Regular Session, 2015, to prohibit the Health and Human Services Commission from considering the right to assets held in or the right to receive payments or benefits under a school-based account or bond dedicated to savings for higher education, for purposes of determining the following: the amount of financial assistance granted to an individual for the support of dependent children or whether a family meets household income and resource requirements for such financial assistance; eligibility and need for Medicaid, except for certain applicants; and whether a person meets family income and resource requirements for eligibility for the supplemental nutrition assistance program. The bill limits the amount of these exclusions of assets held in or the right to receive payments or benefits under a school-based account or bond that is a certificate of deposit, savings account, or Series I savings bond 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 coordinating board.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3987 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill and does not indicate differences relating to changes made by S.B. 219, Acts of the 84th Legislature, Regular Session, 2015, which became effective April 2, 2015.

INTRODUCED

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

HOUSE COMMITTEE SUBSTITUTE

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 financial institutions, as defined by Section 201.101, Finance Code, 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 accounts through partner financial institutions that are dedicated exclusively to paying expenses associated with higher education, including:

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

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

(C) a certificate of deposit;

(D) a savings account; and

(E) a Roth IRA.

(c) A district or school establishing a program under this section shall seek to establish partnerships with financial institutions, public sector partners, private businesses, nonprofit organizations, or philanthropic organizations in the community.

A partnership between a district or school and:

(1) a financial institution may allow a student in the program or another adult in the student's family to have an opportunity to establish an account described under Subsection (b); and

(2) a financial institution, public sector partner, private business, or nonprofit or philanthropic organization may provide:

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

(B) incentives that encourage contribution to a school-based account under Subsection (b), 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

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;

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

(C) a certificate of deposit;

(D) a savings account; and

(E) a Series I savings bond.

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

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

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

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

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

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

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

(B) incentives that encourage contribution to a school-based account or purchase of a bond under Subsection (b), 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. Notwithstanding any other law, the right of a person to assets held in or the right to receive payments or benefits under any fund, school-based account, or plan established under Section 28.0024(b)(2) up to the amount of the highest cost of undergraduate resident tuition and required fees for a 30-semester hour academic year at a Texas public college or university or Subchapter G, H, or I, Chapter 54, including an interest in a savings trust account, prepaid tuition account, or related matching account, 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.

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, is amended to read as follows:

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

SECTION 3. Section 31.0039, Human Resources Code, as amended by S.B. No. 219, Acts of the 84th Legislature, Regular Session, 2015, is amended to read as follows:

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

(1) any fund, school-based account, or plan established under Section 28.0024(b)(2), Education Code, up to the amount of the highest cost of undergraduate resident tuition and required fees for a 30-semester hour academic year at a Texas public college or university. or Subchapter G, H, or I, Chapter 54, Education Code, including an interest in a savings trust account, prepaid tuition contract, or related matching account; or

(2) any qualified tuition program of any state that meets the requirements of Section 529, Internal Revenue Code of 1986.

No equivalent provision.

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

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

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

(b) The amount of exclusion under Subsection (a)(3) 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)(C), (D), or (E), Education Code, 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, Education Code.

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

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

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

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

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

(a-1) The amount of exclusion under Subsection (a)(3) 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)(C), (D), or (E), Education Code, 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, Education Code.

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

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

SECTION 4. Subchapter A, Chapter 33, Human Resources Code, is amended by adding Section 33.0291 to read as follows:

Sec. 33.0291. EXCLUSION OF SCHOOL-BASED ACCOUNTS.

For purposes of determining whether a person meets family income and resource requirements for eligibility for the supplemental nutrition assistance program, the commission may not consider as income or resources a right to assets held in or a right to receive payments or benefits under a school-based account established under Section 28.0024(b)(2), Education Code up to the amount of the highest cost of

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

Sec. 33.0291. EXCLUSION OF SCHOOL-BASED ACCOUNTS AND CERTAIN BONDS. (a) For purposes of determining whether a person meets family income and resource requirements for eligibility for the supplemental nutrition assistance program, the commission may not consider as income or resources a right to assets held in or a right to receive payments or benefits under a school-based account or bond described by Section 28.0024(b)(2), Education Code.

(b) The amount of exclusion under

undergraduate resident tuition and required fees for a 30-semester hour academic year at a Texas public college or university.

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)(C), (D), or (E), Education Code, 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, Education Code.

SECTION 5. If before implementing any provision of this Act a state agency determines that a waiver or authorization from a federal agency is necessary for implementation of that provision, the agency affected by the provision shall request the waiver or authorization and may delay implementing that provision until the waiver or authorization is granted.

SECTION 6. Same as introduced version.

SECTION 6. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2015.

SECTION 7. Same as introduced version.