

BILL ANALYSIS

Senate Research Center
84R25643 JSL-F

H.B. 3987
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Education
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

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. H.B. 3987 seeks to educate Texas students on the importance of saving money and enhance their understanding of finance.

H.B. 3987 amends current law relating to programs in public schools designed to facilitate planning and saving for higher education and facilitate personal financial literacy instruction.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 28, Education Code, by adding Section 28.0024, as follows:

Sec. 28.0024. SCHOOL-BASED SAVINGS PROGRAM. (a) Authorizes 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 facilitate personal financial literacy instruction. Authorizes a district or school to offer the program in conjunction with a personal financial literacy course under Section 28.0021 (Personal Financial Literacy).

(b) Authorizes a school-based savings program to, 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) Provides that a district or school establishing a program under this section:

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

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

(d) Provides that 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. Amends Section 56.007, Education Code, as follows:

Sec. 56.007. EXCLUSION OF ASSETS IN PREPAID TUITION PROGRAMS AND HIGHER EDUCATION SAVINGS PLANS. (a) Creates this subsection from existing text. Prohibits 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 (Higher Education Savings Plan), H (Prepaid Tuition Unit Undergraduate Education Program: Texas Tomorrow Fund II), or I (Texas Save and Match Program), 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), notwithstanding any other law, from being 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) Provides that 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 (THECB) under Section 54.753 (Prepaid Tuition Units: Purchase; Assigned Value; Types; Price).

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

Sec. 31.0039. EXCLUSION OF ASSETS IN PREPAID TUITION PROGRAMS AND HIGHER EDUCATION SAVINGS PLANS. (a) Creates this subsection from existing

text. Prohibits the Health and Human Services Commission (HHSC), 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, from considering the right to assets held in or the right to receive payments or benefits under:

- (1) Makes a nonsubstantive change;
- (2) Makes no change to this subdivision; or
- (3) any school-based account or bond described by Section 28.0024(b)(2), Education Code.

(b) Provides that 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 THECB under Section 54.753, Education Code.

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

Sec. 32.02611. EXCLUSION OF ASSETS IN PREPAID TUITION PROGRAMS AND HIGHER EDUCATION SAVINGS PLANS. (a) Prohibits HHSC, except as provided by Subsection (b), in determining eligibility and need for medical assistance, from considering 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) Makes a nonsubstantive change;
- (2) Makes no change to this subdivision; or
- (3) any school-based account or bond described by Section 28.0024(b)(2), Education Code.

(a-1) Provides that 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 THECB under Section 54.753, Education Code.

(b) Authorizes HHSC, 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), to 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) Requires HHSC, notwithstanding Subsection (b), to seek a federal waiver authorizing HHSC 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 5. Amends Subchapter A, Chapter 33, Human Resources Code, by adding Section 33.0291, as follows:

Sec. 33.0291. EXCLUSION OF SCHOOL-BASED ACCOUNTS AND CERTAIN BONDS. (a) Prohibits HHSC, for purposes of determining whether a person meets family income and resource requirements for eligibility for the supplemental nutrition assistance program, from considering 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) Provides that 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)(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 THECB under Section 54.753, Education Code.

SECTION 6. Requires a state agency, if necessary for implementation of a provision of this Act, to request a waiver or authorization from a federal agency, and authorizes delay of implementation until such a waiver or authorization is granted.

SECTION 7. Effective date: upon passage or September 1, 2015.