



 Hurricane Ike Information

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Texas Comptroller Susan Combs Introduces the Texas Tuition Promise Fund For Texas Families to Achieve College Savings Goals

(AUSTIN) — Texas families trying to save enough money for their children’s college education no longer have to worry how high tuition will rise. Texas Comptroller Susan Combs says Texas’ all new prepaid college tuition plan, the **Texas Tuition Promise Fund**, lets families lock in tuition and required fees at current prices of public colleges in Texas and offers many flexible options to prepay those expenses before a child is ready for college.

“The Texas Tuition Promise Fund gives families an exciting, flexible way to save for college that makes sense for their financial situation and higher education goals,” Combs said. “You can prepay for a four-year degree, or you can prepay in small bites — for just a few classes or a few semesters. And, best of all, you don’t have to worry about future tuition increases, because you lock in current prices.”

The Texas Tuition Promise Fund offers three levels of pricing to prepay undergraduate tuition at schools ranging from public community colleges to four-year state universities. The money also may be used at out-of-state or private universities, with students and their families making up for the difference in cost.

Texas Tuition Promise Fund prices will change as state colleges and universities adopt new tuition rates. Families have several payment options, including lump sum or installments with an annual interest. For the current enrollment period running from now until Feb. 28, 2009, parents of a newborn can pay as little as \$15.16 per month until high school graduation to prepay a year of tuition at a community college. Parents of a 7-year-old who want to prepay the average cost of one year’s tuition at a four-year Texas public university could spread the payments over 10 years for \$81.53 a month. (A more detailed explanation of Texas Tuition Promise Fund pricing is attached.)

Prepaid tuition accounts must be paid in full and open for at least three years before tuition benefits can be paid, a feature that encourages parents to begin saving early.

“Starting early makes saving for college more affordable, and it also has another very important benefit,” Combs said. “Studies show that regardless of a family’s income level, the children of parents who start saving early are more likely to have higher academic achievement throughout their school years. It increases the children’s expectations of going to college and achieving their dreams.”

Today, the well-paying, high value jobs that are boosting the economic engine of Texas require more than a high school diploma. Texas’ top 25 occupations adding the most jobs requiring an associate/postsecondary education offer an average salary of nearly \$42,000 per year. As Texas grows, nurses and other health-related professionals will be in demand. There will also be a great need for pre-school teachers, mechanics, computer support specialists, legal assistants and real estate agents.

“It is critical for the state to offer encouragement to help put higher education within reach for all families, Combs said. “The Texas Tuition Promise Fund can allow any Texas family from any economic background to achieve the education and skills necessary for the work force of Texas’ future economy.”

The Texas Tuition Promise Fund may only be used to pay college undergraduate tuition and required fees. The program does not cover room and board, books and other college expenses.

“The good news is, Texas offers two college savings plans, the Texas College Savings Plan and the LoneStar 529 Plan, to help families save for expenses not covered by the Texas Tuition Promise Fund,” Combs said. “These plans let college savers invest in a variety of funds geared toward families’ different financial situations and savings timelines.”

To help families sort out the many options to pay for college, Combs today debuted a new Web site: *Every Chance, Every Texan*. The Web site is a portal to everything parents need to know about paying for college, including the Texas Tuition Promise Fund, Texas’ state-sponsored college savings plans and other sources of funding such as scholarships and student loans. The site is a one-stop resource for Texas college and technical school admissions requirements and financial aid contacts. It also includes tools to help families calculate college costs and determine whether they are saving enough money to meet their goals. A section on tomorrow’s careers shows the careers that will be in demand in the future and the education requirements for various fields.

“Being ready for college when your children are takes time and careful planning,” Combs said. “*Every Chance, Every Texan* offers clear, easy-to-understand information to help families stop feeling overwhelmed and get moving toward their goals.”

Visit *Every Chance, Every Texan* at www.EveryChanceEveryTexan.org or go directly to the Texas Tuition Promise Fund Web site at www.TexasTuitionPromiseFund.com for detailed information about the new prepaid tuition program.

The 80th Texas Legislature created the Texas Tuition Promise Fund by approving House Bill 3900, authored by Rep. Geanie Morrison and sponsored by Sen. Florence Shapiro.

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Find details on all the services of the Comptroller’s office at www.window.state.tx.us, including a transparent look at state spending at www.window.state.tx.us/wherethemoneygoes.

Summary of Texas Tuition Promise Fund

A family can buy “units” to prepay a student’s undergraduate tuition and required fees. There are three types of units (Type I, Type II and Type III).

What units represent

- 100 units = One year of tuition and required fees (30 credit hours).
- 1 unit = 1% of a year’s tuition and required fees;
2 units = 2% of a year’s tuition and required fees...
10 units = 10% of a year’s tuition and required fees, etc.
- Families can buy any number of units, up to six years of undergraduate tuition and required fees.

Cost of units

Type I units – Priced at tuition and required fees at the most expensive Texas public four-year school at time of purchase. Current price = \$98.50 per unit.

Type II units – Priced at weighted average cost of tuition and required fees across all Texas public four-year schools at time of purchase. Current price = \$67.65 per unit.

Type III units – Priced at weighted average cost of tuition and required fees across all Texas public two-year schools at time of purchase. Current price = \$16.99 per unit.

Redemption of units when student enters college

100 Type I units – Will cover one year’s tuition and required fees (30 credit hours) at any Texas public four-year school.

100 Type II units – Will cover the weighted average cost at the time of college enrollment of one year’s tuition and required fees at any Texas public four-year school. If a school’s tuition and required fees are above the weighted average cost, the family has to either pay the difference or redeem additional units to make up the difference.

100 Type III units – Will cover the weighted average cost at the time of college enrollment of one year’s tuition and required fees at any Texas public two-year school. If a school’s tuition and required fees are above the weighted average cost, the family has to either pay the difference or redeem additional units to make up the difference.

Contracts could have unused Type I, II or III units if a student attends lower cost schools. The value of unused units can be refunded or transferred to a 529 college savings plan or another beneficiary.