



Texas Comptroller Glenn Hegar, Chair

Annual Report

TEXAS PREPAID HIGHER EDUCATION TUITION PROGRAM



*“Build their future
right beside them,
all along the way.”*

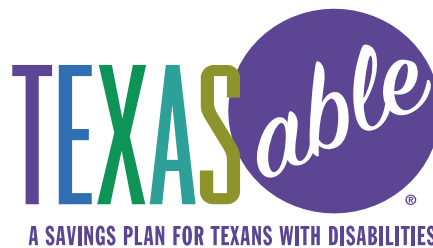
2023



2023

ANNUAL REPORT

Texas Prepaid Higher Education Tuition Program
Texas Comptroller Glenn Hegar, Chair



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PROGRAM SUMMARY



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CUMULATIVE ENROLLMENT DATA FOR THE TEXAS GUARANTEED TUITION PLAN, 1996-2003

The *Texas Guaranteed Tuition Plan* opened for enrollment in 1996. It was closed to new enrollment in June 2003. A total of 19,874 of the 158,442 contracts sold were active at August 31, 2023.

CONTRACT SUMMARY

Type of College Plan Purchased

The senior college plan is the most popular tuition plan purchased, consisting of more than 84 percent of the contracts.

Senior College Plan	133,704	84%
Junior-Senior College Plan	14,935	10%
Junior College Plan	6,721	4%
Private College Plan	3,082	2%
Total	158,442	100%

Payment Option Selected

The payment option chosen most often is monthly until matriculation at 34 percent, followed by lump sum at 28 percent.

Monthly Until Matriculation	54,485	34%
Lump Sum	44,806	28%
Monthly for Ten Years	22,332	14%
Monthly for Five Years	20,338	13%
Annual Payments	16,481	11%
Total	158,442	100%

Monthly Payment Method Selected

The most popular monthly payment method selected is the coupon booklet at 54 percent, followed by lump sum payments at 28 percent.

Coupon Booklet	84,864	54%
Lump Sum Payments	44,806	28%
Automatic Bank Draft	12,291	8%
Annual Payments	16,481	10%
Total	158,442	100%

Age or Grade Level of Beneficiary

Newborns and children under one year of age represent the largest groups for whom contracts have been purchased at nearly 18 percent.

Newborn	13,903	9%
0 Year	14,488	9%
1 Year	9,846	6%
2 Years	8,651	6%
3 Years	8,215	5%
4 Years	8,494	5%
Kindergarten	10,056	6%
First Grade	9,762	6%
Second Grade	10,318	7%
Third Grade	9,656	6%
Fourth Grade	9,692	6%
Fifth Grade	9,787	6%
Sixth Grade	9,293	6%
Seventh Grade	8,497	5%
Eighth Grade	7,003	5%
Ninth Grade	5,035	3%
Tenth Grade	3,011	2%
Eleventh Grade	1,720	1%
Twelfth Grade	1,015	1%
Total	158,442	100%

Beneficiary's Relationship to Purchaser

78 percent of contracts are purchased by the parents of the child, followed by grandparents at 10 percent.

Child	124,219	78%
Grandchild	16,075	10%
Other	2,910	2%
Great Grandchild	399	1%
Not Reported by Purchaser	14,839	9%
Total	158,442	100%

Counties with Largest Volume of Contracts

The largest number of contracts (15 percent) is purchased in Harris County.

Harris	23,327	15%
Dallas	14,252	9%
Travis	11,509	7%
Tarrant	10,543	7%
Bexar	10,149	6%
Collin	8,037	5%
Denton	4,924	3%
All Other	75,701	48%
Total	158,442	100%

OPTIONAL INFORMATION AS PROVIDED BY THE PURCHASER

At the time the applications were submitted between 1996 and 2003, the following information was requested on a voluntary basis. “Not Reported by Purchaser” indicates that the Purchaser chose not to report the information.

Annual Family Household Income

Families with incomes from \$50,000 to \$75,000 purchased the largest single volume of contracts by income group at 18 percent. Families with incomes from less than \$20,000 up to \$50,000 purchased nearly 17 percent of the contracts. Some 38 percent of respondents did not elect to report family income.

Less than \$20,000	2,068	1%
\$20,000 to \$29,999	5,003	3%
\$30,000 to \$39,999	8,141	5%
\$40,000 to \$49,999	10,958	7%
\$50,000 to \$74,999	28,478	18%
\$75,000 to \$100,000	25,423	16%
Over \$100,000	18,765	12%
Not Reported by Purchaser	59,606	38%
Total	158,442	100%

Beneficiary's Ethnicity

A total of 81,766 (52 percent) of the beneficiaries are Anglo.

Anglo	81,766	52%
Hispanic	16,036	10%
African-American	5,100	3%
Asian-American	4,248	3%
Other	3,589	2%
Native-American	1,035	1%
Not Reported by Purchaser	46,668	29%
Total	158,442	100%

Education Level of Purchaser

Nearly 29 percent of those that reported information related to education levels had a bachelor's degree, 13 percent had a master's degree and 13 percent had a high school diploma.

Bachelor's Degree	44,848	28%
Master's Degree	20,569	13%
High School Graduate	19,834	12%
Associate Degree	10,375	7%
Other	3,596	2%
Doctorate Degree	9,191	6%
Not Reported by Purchaser	50,029	32%
Total	158,442	100%

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CUMULATIVE ENROLLMENT DATA FOR THE TEXAS TUITION PROMISE FUND®

The Texas Tuition Promise Fund®, the state's newest prepaid tuition plan, opened for enrollment in 2008. The plan is open for enrollment annually between September 1 and February 28/29. There were a total of 40,473 active contracts as of August 31, 2023.

CONTRACT SUMMARY

Type of College Plan Purchased

Type I units are the most popular type plan. Type I units pay tuition and required fees at up to the most expensive Texas public 4-year college or university. Type II units pay the weighted average tuition and required fees at Texas public 4-year colleges and universities. Type III units pay the weighted average tuition and required fees at Texas public 2-year colleges.

Type I Units	24,643	61%
Type II Units	13,233	33%
Type III Units	2,597	6%
Total	40,473	100%

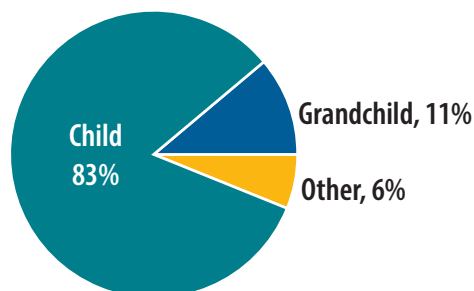
Payment Option Selected

The Pay-As-You-Go payment option is chosen most often. The Pay-As-You-Go payment option allows individuals to pay as much as they like, whenever they like after establishing an account with a minimum of one unit and subsequent payment amounts of at least \$15 each.

Lump Sum	10,879	27%
Installment	11,201	28%
Pay-As-You-Go	18,393	45%
Total	40,473	100%

Beneficiary's Relationship to Purchaser

The majority of the contracts are bought for the purchaser's child.



Age of Beneficiary

Newborns, children less than 1 year of age, are the largest age group of beneficiaries.

Less than 1 Year	8,531	21%
1	2,775	7%
2	2,498	6%
3	2,477	6%
4	2,476	6%
5	2,484	6%
6	2,353	6%
7	2,353	6%
8	2,304	6%
9	2,304	6%
10	2,041	5%
11	2,126	5%
12	1,822	4%
13	1,463	4%
14	1,138	3%
15	597	1%
16	233	1%
17	64	0%
18	10	0%
Over 18	6	0%
Not Specified	418	1%
TOTAL	40,473	100%

Counties with Largest Volume of Contracts

The top ten counties purchasing contracts are listed below. Sales of contracts in those counties represents 61% of the contracts sold.

Harris	6,384	16%
Travis	3,515	9%
Collin	3,166	8%
Dallas	2,535	6%
Tarrant	2,127	5%
Fort Bend	2,089	5%
Bexar	1,637	4%
Williamson	1,609	4%
Denton	1,375	3%
Montgomery	811	2%
All Other	15,225	38%
TOTAL	40,473	100%

OPTIONAL INFORMATION AS PROVIDED BY THE PURCHASER

At the time the applications are submitted, purchasers are asked to provide the following information on a voluntary basis. Not Reported by Purchaser indicates that the purchaser did not report the information.

Annual Family Household Income

Under \$50,000	4%
\$50,001-\$75,000	9%
\$75,001-\$100,000	16%
Over \$100,000	55%
Not Reported by Purchaser	16%
Total	100%

Beneficiary's Ethnicity

African-American	3%
Asian	14%
Anglo	52%
Hispanic	13%
Native-American	0%
Other	4%
Not Reported by Purchaser	14%
Total	100%

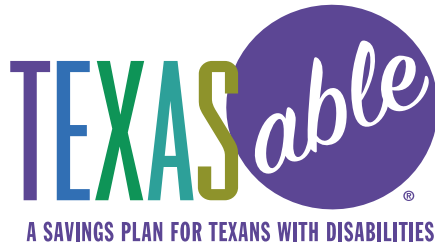
Education Level of Purchaser

High School Graduate	2%
Some College	6%
Associate Degree	4%
Bachelor's Degree	36%
Master's Degree	28%
Doctorate	11%
Not Reported by Purchaser	13%
Total	100.0%

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2023

ANNUAL REPORT



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**Texas Prepaid Higher Education
Tuition Board (315)**

Annual Report

For the Fiscal Year Ended August 31, 2023

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Texas Prepaid Higher Education Tuition Board (315)

Annual Report

For the Fiscal Year Ended August 31, 2023

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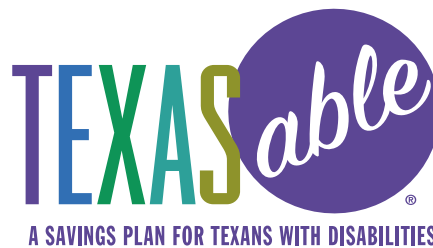
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INDEPENDENT AUDITOR'S REPORT



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RSM US LLP

Independent Auditor's Report

To the Board of Directors
of the Texas Prepaid Higher Education Tuition Board (315)

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Texas Prepaid Higher Education Tuition Board (the Board), an Agency of the State of Texas, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the Board, an Agency of the State of Texas, as of August 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Texas Tuition Promise Fund[®], which is both a major fund and 77.4%, 97.8% and 31.2%, respectively, of the assets, net position and revenues of the business-type activities and the financial statements of the Texas ABLE[®] Program, which represent 2.3%, 2.3% and 2.8%, respectively, of the assets, net position and revenues of the aggregate remaining fund information of the Board as of and for the year ended August 31, 2023. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Texas Tuition Promise Fund and the Texas ABLE Program are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Texas Tuition Promise Fund[®], the Texas College Savings Plans, and the Texas ABLE[®] Program were not audited in accordance with *Government Auditing Standards*.

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Emphasis of Matter

As discussed in Note 1, the financial statements of the Board are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities, the aggregate discretely presented component units and the aggregate remaining fund information of the State that is attributable to the Board. They do not purport to, and do not, present fairly the financial position of the State of Texas, as of August 31, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The combining financial statements for the Fiduciary Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining financial statements for the Fiduciary Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The Program Summary, the Texas Guaranteed Tuition Plan, Actuary's Report on Program Soundness; the Texas Tuition Promise Fund®, Actuary's Report on Program Soundness; and the Texas Guaranteed Tuition Plan Fund Investment Information are presented for purposes of additional analysis and are not a required part of the financial statements.

The Program Summary, the Texas Guaranteed Tuition Plan, Actuary's Report on Program Soundness; the Texas Tuition Promise Fund®, Actuary's Report on Program Soundness; and the Texas Guaranteed Tuition Plan Fund Investment Information have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

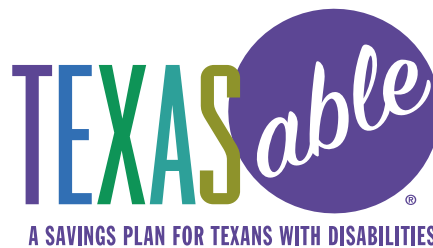
RSM US LLP

Austin, Texas
December 15, 2023

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2023

MANAGEMENT'S DISCUSSION AND ANALYSIS



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Texas Prepaid Higher Education Tuition Board (315)

Management’s Discussion and Analysis (Unaudited)

For the Fiscal Year Ended August 31, 2023

This section of the Texas Prepaid Higher Education Tuition Board’s (agency # 315) (the “Board” or “Agency”) annual financial report presents a discussion and analysis of the Agency’s financial performance during the fiscal year ended August 31, 2023. Please read it in conjunction with the Agency’s financial statements. The Board administers the Texas Guaranteed Tuition Plan (“TGTP”), the Texas Tuition Promise Fund® (“TTPF”), the Texas College Savings Plan®, the LoneStar 529 Plan®, and the Texas Achieving a Better Life Experience Program (“Texas ABLE® Program”). The Board also administers the Texas Save and Match Program in cooperation with the Texas Match the Promise FoundationSM.

Financial Highlights of the Texas Guaranteed Tuition Plan

Net Position of the *Texas Guaranteed Tuition Plan* increased by over \$246.1 million in fiscal 2023.

Financial highlights include:

- Payment of participants’ benefits to colleges and universities of \$90,445,078.38
- Net investment income of \$7,735,445.65
- Contract receipts of \$542,602.83
- Refunds of Contract Principal of \$21,868,539.65
- Earnings paid on refunds of \$28,851,280.87
- Operating expenses of \$1,689,916.80
- Net positive change in actuarial assumptions of contract collections and future contract benefits of \$136,622,586.00
- \$243,800,000 was transferred from the State to eliminate the unfunded liability of the Plan.

The *Texas Guaranteed Tuition Plan* opened for enrollment in 1996 and plan benefits are guaranteed by the full faith and credit of the State of Texas (the “State”). The plan closed for new enrollment in 2003; however, there were 19,874 active contracts as of August 31, 2023. The fund’s surplus at August 31, 2023, was \$6,768,350.76 compared to an unfunded liability of (\$239,359,749.16) at August 31, 2022, a decrease in the unfunded liability of \$246,128,099.92. This was a favorable variance when compared to the expected unfunded liability at August 31, 2023 of (\$244,865,023.00), due to a change in the investment return assumptions for future years, lower than expected withdrawals and matriculations levels, and a \$243.8 million transfer from the State to eliminate the unfunded liability of the Plan.

The Plan’s funded ratio, which is the difference between the sum of the market value of the assets and the present value of the expected future contract payments and the sum of the present value of expected future tuition and schoolwide required fees, refunds and other expenses, increased to 102%. The Plan’s actuary projects that the Plan will have cash and investments available to pay contract benefits beyond Fiscal Year 2039. Since the plan is closed to new enrollment, the number of plan beneficiaries using the plan will continue to decrease after peaking in 2009-2010.

Financial Highlights of the Texas Tuition Promise Fund®

The State’s prepaid tuition plan, the *Texas Tuition Promise Fund* opened for enrollment in 2008. Plan benefits are not guaranteed by the State of Texas. Through August 31, 2023, the *Texas Tuition Promise Fund* had 40,473 active contracts at a value of over \$817.5 million. Receipts from purchasers in fiscal 2023 totaled over \$43.7 million. Because contracts are subject to a three-year holding period before any contract benefits can be paid to schools, the 2022-2023 academic year marked the eleventh-year benefits were paid from the plan. The Plan’s funded ratio, which is the difference between the sum of the market value of the assets and the present value of the expected future contract payments and the sum of the present value of expected future tuition and schoolwide required fees, refunds and other expenses, is 134.0%.

Texas Prepaid Higher Education Tuition Board (315)

Management’s Discussion and Analysis (Unaudited)

For the Fiscal Year Ended August 31, 2023

Financial Highlights of the College Savings Plans

Net position of the Board’s 529 college saving plans, the direct-sold *Texas College Savings Plan*[®] and the advisor-sold *LoneStar 529 Plan*[®], increased from \$911,582,325.02 at August 31, 2022, to \$975,580,251.58 at August 31, 2023, an increase of nearly \$64 million. The increase in net position was due to a net investment gain of \$60.8 million for the year ended August 31, 2023. This increase was supplemented by an increase from participant transactions of nearly \$3.2 million; with the number of account owners increasing from 48,931 as of August 31, 2022, to 50,054 as of August 31, 2023. Financial highlights include:

- Contributions from investors of \$354,961,729.64
- Distributions from investor accounts of \$351,789,718.85
- Net gain from investing activities of \$60,860,863.97

Financial Highlights of the ABLE Program

Net position of the Board’s *Texas ABLE Program*[®], increased from \$16,062,541.89 at August 31, 2022, to \$23,207,834.84 at August 31, 2023, an increase of over \$7.1 million. The increase was due to an increase in the number of account owners from 2,490 at August 31, 2022, to 3,008 at August 31, 2023, which resulted in increased net contributions to savings accounts. Financial highlights include:

- Contributions from investors of \$11,110,986.05
- Distributions from investor accounts of \$5,101,485.50
- Net gain from investing activities of \$1,209,736.02

Financial Highlights of Discretely Presented Component Units

Texas Prepaid Tuition Scholarship Foundation

The *Texas Prepaid Tuition Scholarship Foundation* recognizes as an asset and liability the value of contracts owned by the foundation in the *Texas Guaranteed Tuition Plan* that were awarded as scholarships. As of August 31, 2023, the value of the remaining contracts totaled \$46,636.80. One scholarship contract remains active with total hours available for distribution of 128.

Per statute, *Texas Guaranteed Tuition Plan* accounts terminate on the tenth anniversary of the date the account beneficiary is projected to graduate from high school, not counting time spent by the beneficiary as an active-duty member of the United States armed services. Any refund for terminated hours is returned to the foundation as the owner of the scholarship accounts. Of the eight scholarship accounts awarded by the foundation, each for 128 hours, a total of 309.754 hours have been cancelled for accounts that reached the tenth anniversary deadline. A total of \$27,194.12 has been returned to the foundation for terminated contracts.

In May of 2018, the 86th Legislature passed Senate Bill 1734 that authorized the Comptroller to dissolve the Texas Prepaid Tuition Scholarship Foundation if the Comptroller determines that the foundation has substantially completed its purpose. In dissolving the foundation, the Comptroller will transfer title to all funds and properties then owned by the foundation to the Texas Match the Promise Foundation.

Texas Match the Promise FoundationSM

The *Texas Match the Promise Foundation*, a 501(c)(3) federal tax-exempt public charity eligible to receive tax deductible donations, was established in fiscal 2009. Individuals and companies can make donations to the foundation to be used to encourage families to save for college by providing matching scholarships and tuition grants for participants in the *Texas Tuition Promise Fund*. Donations provide matching scholarships to students with demonstrated needs. During fiscal 2023, the foundation received over \$96,000 in donations from donors contributing a portion of their unclaimed property receipts to the foundation to be used for scholarships. The

Texas Prepaid Higher Education Tuition Board (315)

Management’s Discussion and Analysis (Unaudited)

For the Fiscal Year Ended August 31, 2023

foundation purchased an additional 1,065 Type I tuition units in the *Texas Tuition Promise Fund* in fiscal 2023 totaling \$174,787.80. As of August 31, 2023, the foundation owned 13,280 *Texas Tuition Promise Fund* Type I tuition units at a cost of \$1,854,756.14. These units are recognized as assets in the foundation’s Statement of Net Position. In March 2023, the foundation awarded its eleventh round of scholarships. A total of 35 Texas schoolchildren received matching *Texas Tuition Promise Fund* tuition units worth up to \$2,000 and 13 of the top-ranking applicants were recognized with an additional scholarship grant of tuition units worth \$3,000 at 2022-2023 *Texas Tuition Promise Fund* enrollment prices. To date, 605 scholarships have been awarded totaling \$956,286.

Overview of the Financial Statements

The annual report consists of four parts – *management’s discussion and analysis*, the *basic financial statements*, *required supplementary information*, and *statements* for major enterprise funds. The basic financial statements include *government-wide* financial statements, *fund* financial statements, and *notes* to the financial statements.

Government-Wide Financial Statements

Government-wide financial statements (i.e., the Statement of Net Position and Statement of Activities) present an overall picture of the financial position of the Agency. These statements provide both long-term and short-term information about the Agency using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Agency’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. The two government-wide statements report the Agency’s net position and how the net position increased or decreased during the fiscal year. Net position is the difference between the Agency’s assets and liabilities and represents one way to measure the Agency’s financial health or position.

The government-wide financial statements of the Agency are divided into two categories:

- *Business-Type Activities* – This includes activities for which a fee is charged to customers to pay most or all of the cost of services. Financial activity for the *Texas Guaranteed Tuition Plan* (TGTP) and the *Texas Tuition Promise Fund* (TTPF) is reported as an enterprise fund.
- *Component Units* – This includes activities of legally separate entities for which the Agency is either financially accountable or the nature and significance of their relationship with the Agency is such that exclusion would cause the Agency’s financial statements to be misleading or incomplete. The Agency has two discretely presented component units. Financial information for these entities is presented separately in the supplemental statements and in the notes.

Fund Financial Statements

Fund financial statements provide more detailed information on the Agency’s most significant funds. They use a format that is more familiar to experienced users of governmental financial statements. A fund is a separate accounting entity with a self-balancing set of accounts. Governmental entities use funds to keep track of sources of funding and spending related to separate activities.

The Agency has two kinds of funds:

Proprietary Funds – When a government charges for services it provides to customers, these activities are generally reported in proprietary funds. Services provided to outside (non-governmental) customers are reported in enterprise funds, which are a type of proprietary fund. Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The financial activity of the TGTP and TTPF is reported as a proprietary fund, as the State is holding funds that will later be used to support the State’s own programs to pay future tuition and schoolwide required fees in return for the contracts that are purchased.

Texas Prepaid Higher Education Tuition Board (315)

Management’s Discussion and Analysis (Unaudited)

For the Fiscal Year Ended August 31, 2023

A constitutional amendment passed by Texas voters in November 1997 guarantees TGTP benefits as follows:

If in any fiscal year there is not enough money in the Texas Tomorrow Fund to pay the tuition and required fees of an institution of higher education in which a beneficiary enrolls or the appropriate portion of the tuition and required fees of a private or independent institution of higher education in which a beneficiary enrolls as provided by a prepaid tuition contract, there is appropriated out of the first money coming into the state treasury in each fiscal year not otherwise appropriated by the constitution the amount that is sufficient to pay the applicable amount of tuition and required fees of the institution.

Benefits of the TTPF are not guaranteed by the State; however, Texas public colleges and universities are required to accept the plan as payment of tuition and schoolwide required fees in full for plan beneficiaries for the applicable number of hours covered. The Transfer Value of the plan is paid to Texas private colleges and universities, career schools, medical and dental institutions, and out-of-state schools and apprenticeship programs registered and certified with the Secretary of Labor under Section 1 of the National Apprenticeship Act. The Transfer Value can also be transferred to a qualified 529 college savings plan to be used to pay for tuition in connection with enrollment or attendance at an elementary or secondary public, private or religious school as determined under applicable state law and to pay up to \$10,000 in amounts paid as principal or interest on qualified student loans of the beneficiary and/or their sibling. Transfer Value is the lesser of (1) the costs the unit would cover at a public in-state college or university, or (2) the original purchase price of the unit plus or minus the plan’s net investment earnings or losses on that amount. While federal law allows 529 plans to be used for certain elementary or secondary education expenses, state tax consequences vary and may include penalties as well as the recapture of state tax deductions for non-Texas participants.

Fiduciary Funds – The Agency is the trustee, or fiduciary, for the direct-sold *Texas College Savings Plan* and the advisor-sold *LoneStar 529 Plan*, the State’s 529 college savings plans and the *Texas ABLE Program*, the State’s 529A savings plan for individuals with disabilities. The college savings plan was first offered by the Board in September 2002 and the *Texas ABLE Program* opened to new enrollment in May 2018. All these funds are reported as private purpose trust funds because these are fiduciary funds. The State does not guarantee the programs. All governmental fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. The fiduciary activities are excluded from government-wide financial statements because a government cannot use these assets to finance its operations.

Financial Analysis of the Agency as a Whole

Net Position

Total assets of the Agency on August 31, 2023, were over \$1.51 billion, while total liabilities were nearly \$1.21 billion, resulting in a net position surplus of nearly \$304.2 million.

Texas Prepaid Higher Education Tuition Board (315)

Management’s Discussion and Analysis (Unaudited)

For the Fiscal Year Ended August 31, 2023

A summary of net position is shown below:

Statement of Net Position Information

	Business-Type Activities		
	Fiscal Year		
	2023	2022	% of Change
Current and Other Assets	\$ 1,512,688,711.02	\$ 1,417,656,592.68	6.70%
Capital Assets (Net of Depreciation)	-	-	0.00%
Total Assets	1,512,688,711.02	1,417,656,592.68	6.70%
Current and Other Liabilities	1,208,533,779.82	1,442,233,688.94	-16.20%
Total Liabilities	1,208,533,779.82	1,442,233,688.94	-16.20%
Net Position:			
Unrestricted Surplus (Deficit)	304,154,931.20	(24,577,096.26)	-1137.55%
Total Net Position (Deficit)	\$ 304,154,931.20	\$ (24,577,096.26)	-1137.55%

Changes in Net Position

The Agency recorded program revenues totaling over \$321.2 million, which includes over \$44 million in contract receipts, net of over \$42 million in refunds of contract principal, an increase in the actuarial value of future contract principal of over \$19 million, other capital gains and contributions of \$54 million and a \$243.8 million transfer from the State to fund the unfunded liability of the *Texas Guaranteed Tuition Plan*; had an increase in the fair value of investments of nearly \$43 million, and expenses of over \$35 million, which includes a \$136.6 million positive actuarial change in future contract benefits. The excess of expenses over revenues caused the Agency’s total net position to increase by over \$328 million.

This compares with a decrease in net assets in the previous fiscal year of over \$89 million. Revenues and expenses of the Agency’s business-type activities are detailed below:

Statement of Activities Information

	Business-Type Activities		
	Fiscal Year		
	2023	2022	% of Change
Revenues			
Education Program Revenues:			
Charges for Services	\$ 22,734,884.52	\$ 42,054,413.15	-45.94%
Capital Gains and Contributions	54,701,452.85	54,053,678.25	1.20%
Other Contributions	243,806,003.50	(200,000.00)	100.08%
Total Revenues and Contributions	321,242,340.87	95,908,091.40	234.95%
Net Increase (Decrease) in Fair Value of Investments	42,989,899.29	(178,601,333.51)	-124.07%
Expenses	(35,500,212.70)	(7,136,950.64)	397.41%
Increase (Decrease) in Net Position	\$ 328,732,027.46	\$ (89,830,192.75)	265.95%

Texas Prepaid Higher Education Tuition Board (315)

Management’s Discussion and Analysis (Unaudited)

For the Fiscal Year Ended August 31, 2023

Analysis of the Agency’s Funds

Proprietary Funds

The increase of over \$328 million in the Agency’s net position was due to a decrease in the unfunded liability of the *Texas Guaranteed Tuition Plan* of over \$246 million and an increase in the funded liability of the *Texas Tuition Promise Fund* of over \$82 million.

The increase of over \$246 million in the unfunded liability of the *Texas Guaranteed Tuition Plan* is attributable to a \$243.8 million transfer from the State to fund the unfunded liability, a change in the investment return assumptions for future years and lower-than-expected withdrawals and matriculation levels, which resulted in a positive actuarial change in future contract benefits that surpassed the plan’s expenses.

The increase of over \$82 million in the funded liability of the *Texas Tuition Promise Fund* was a direct result of an increase in fair market value of the plan’s investments of over \$42 million, coupled with better-than-expected returns on investments resulting in gains of over \$46 million, and operating expenses outpacing operating revenues/contributions by over \$11 million.

Fiduciary Funds

The financial activity of the Board’s college saving plans, the direct-sold *Texas College Savings Plan* and the advisor-sold *LoneStar 529 Plan*, and the Board’s 529A savings plan, the *Texas ABLE Program*, is reported as private purpose trust funds.

Budgetary Highlights

The Board adopts an annual operating budget. The fiscal 2023 expenditure budget included all administrative costs paid directly by the Agency for the prepaid tuition and college savings plans and the *Texas ABLE Program*. The budget totaled over \$3.1 million for the fiscal year ended August 31, 2023.

- The largest component of the fiscal 2023 budget was Salaries and Payroll Related Costs at over \$1.7 million or 56.3% of the total budget.
- The fiscal 2023 budget decreased when compared to the fiscal 2022 budget. The decreases in Professional Fees and Services of 13.8% and the net increase in Other Operating Expense categories of 1.65% resulted in a net decrease year over year of 3.44%.

A summary comparison of the fiscal 2023 budget to actual expenditures paid directly by the Board is shown below:

FY 2023 EXPENSE TO BUDGET COMPARISON						
FY 2023 Budget	FY 2023 Actual Expenses			\$ Variance Comparing Actual to Budget	% Variance Comparing Actual to Budget	
	Enterprise Funds	Private Purpose Trust Funds	Total Actual Expenses			
Salaries and Payroll Related Costs	\$ 1,786,113.15	\$ 1,535,925.89	\$ 291,895.13	\$ 1,827,821.02	\$ 41,707.87	2.34%
Professional Fees and Services	932,200.00	589,046.60	208,915.30	797,961.90	(134,238.10)	-14.40%
Repairs and Maintenance	40,000.00	39,482.39	-	39,482.39	(517.61)	-1.29%
Materials and Supplies	52,115.00	35,791.34	131.80	35,923.14	(16,191.86)	-31.07%
Other Operating Expenses	362,037.00	129,456.03	86,729.93	216,185.96	(145,851.04)	-40.29%
	\$ 3,172,465.15	\$ 2,329,702.25	\$ 587,672.16	\$ 2,917,374.41	\$ (255,090.74)	-8.04%

Texas Prepaid Higher Education Tuition Board (315)

Management’s Discussion and Analysis (Unaudited)

For the Fiscal Year Ended August 31, 2023

Overall expenses were under budget by \$255,090.74 primarily due to lower-than-expected Professional Fees and Services and Other Operating Expenses. The fiscal 2023 Operating Budget included \$200,000 for marketing expenses that were reduced to \$80,000 as part of the annual marketing plan. The State contribution of \$243,800,000 in FY 2023 to fully fund the unfunded liability in the *Texas Guaranteed Tuition Plan* was invested with the State Treasury, resulting in lower-than-expected investment management fees.

Capital Assets and Debt Administration

Capital Assets

As of August 31, 2023, the Agency’s capital assets were fully depreciated. All capital assets were verified for existence and impairment.

Debt Administration

The Agency has no debt issued.

Economic Factors and Next Year’s Budget and Rates

The two main economic indicators that affected the financial position of the Agency’s proprietary funds during fiscal year 2023 were:

- The change in the actuarial assumptions to reflect the actual 2022-2023 academic year tuition inflation assumption and updated assumptions for future return on investments for the prepaid plans;
- Market fluctuations that positively impacted the fair market value of investments; and
- A \$243,800,000 contribution from the State to fully fund the unfunded liability of the *Texas Guaranteed Tuition Plan*.

In August 2023, the Board adopted an operating budget of over \$3.3 million for fiscal 2024.

Contacting the Agency’s Financial Management

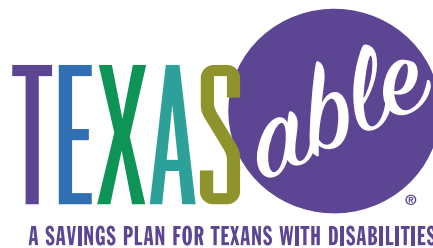
This report is designed to provide our citizens, taxpayers, customers, account owners, investors, and creditors with a general overview of the Agency’s finances and to demonstrate the Agency’s accountability for the money it receives. If you have questions about this report or need additional financial information, you can contact the Comptroller’s Educational Opportunities and Investments Division by sending a letter to P.O. Box 13407, Austin, Texas 78711-3407, by calling 800-531-5441, ext. 3-2072, or sending an email to benito.navarro@cpa.texas.gov.

Comments or complaints may be submitted in writing to the Texas Prepaid Higher Education Tuition Board, Office of the Comptroller of Public Accounts, P.O. Box 13407, Austin, Texas 78711-3407, or by calling 512-936-2064.

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2023

GOVERNMENT-WIDE FINANCIAL STATEMENTS



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Texas Prepaid Higher Education Tuition Board (315)

Statement of Net Position

August 31, 2023

	Business-Type Activities	Aggregate Discretely Presented Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 3):		
Cash in State Treasury	\$ 339,701,951.10	\$ 106,573.49
Short Term Investments	-	8,490.14
Receivables From:		
Tuition Contracts Receivable	5,764,028.00	-
Interest and Dividends	1,420,219.14	434.14
Other Assets	59,323.10	1,901,392.94
Total Current Assets	346,945,521.34	2,016,890.71
Non-Current Assets:		
Restricted:		
Tuition Contracts Receivable	23,186,719.00	-
Investments (Note 3)	1,142,556,470.68	-
Capital Assets (Note 2):		
Depreciable:		
Computer Software-Intangible	2,199,883.46	-
Less Accumulated Depreciation	(2,199,883.46)	-
Furniture and Equipment	26,906.91	-
Less Accumulated Depreciation	(26,906.91)	-
Total Non-Current Assets	1,165,743,189.68	-
Total Assets	\$ 1,512,688,711.02	\$ 2,016,890.71
LIABILITIES		
Current Liabilities:		
Payables From:		
Accounts	672,319.83	-
Contract Benefits and Expenses (Note 5)	245,323,838.00	-
Employees' Compensable Leave (Note 5)	109,401.23	-
Other Liabilities	2,481,228.29	807,875.48
Total Current Liabilities	248,586,787.35	807,875.48
Non-Current Liabilities:		
Contract Benefits and Expenses (Note 5)	959,845,547.00	-
Employees' Compensable Leave (Note 5)	101,445.47	-
Total Non-Current Liabilities	959,946,992.47	-
Total Liabilities	1,208,533,779.82	807,875.48
NET POSITION		
Unrestricted	304,154,931.20	1,209,015.23
Total Net Position	\$ 304,154,931.20	\$ 1,209,015.23

The accompanying notes to the financial statements are an integral part of this financial statement.

Texas Prepaid Higher Education Tuition Board (315)

Statement of Activities

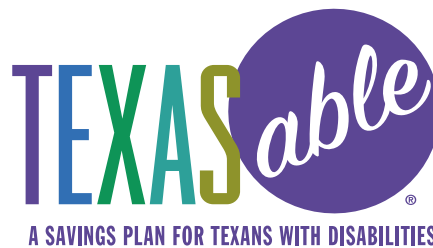
For the Fiscal Year Ended August 31, 2023

	Business-Type Activities	Aggregate Discretely Presented Component Units
PROGRAM REVENUES		
Charges for Services:		
Tuition Contracts	\$ 44,205,213.94	\$ -
Tuition Contracts – Refund of Contract Principal	(42,074,676.04)	-
Changes in Actuarial Future Contract Collections	19,768,995.00	-
Licenses, Fees, and Permits	835,351.62	-
Other Revenues	<u>394,231.04</u>	<u>100,000.00</u>
Total Program Revenues	<u>23,129,115.56</u>	<u>100,000.00</u>
PROGRAM EXPENSES		
Tuition Contract Benefits and Expenses	134,556,471.97	-
Changes in Future Contract Benefits	(136,621,072.00)	-
Salaries and Wages	1,219,834.69	-
Payroll Related Costs	316,091.20	-
Professional Fees and Services	6,348,075.78	-
Travel	8,089.38	-
Materials and Supplies	35,791.34	-
Communication and Utilities	18,909.14	-
Repairs and Maintenance	39,482.39	-
Rentals and Leases	17,966.23	-
Printing and Reproduction	16,005.28	-
Interest	(2.58)	-
Other Operating Expenses (Includes Earnings Paid on Refunds of \$28,851,280.87)	<u>28,919,769.45</u>	<u>56,984.43</u>
Total Program Expenses	<u>34,875,412.27</u>	<u>56,984.43</u>
Operating Income (Loss)	<u>(11,746,296.71)</u>	<u>43,015.57</u>
GENERAL REVENUES		
Gifts, Pledges, and Donations	-	96,714.67
Interest and Dividend Income	54,307,221.81	-
Investing Activities Income (Expenses)	(624,800.43)	4,458.85
Net Increase (Decrease) in Fair Value of Investments	<u>42,989,899.29</u>	<u>-</u>
Total General Revenues	<u>96,672,320.67</u>	<u>101,173.52</u>
Income Before Other Revenues, Expenses, Gains/Losses, and Contributions	84,926,023.96	144,189.09
OTHER REVENUES, EXPENSES, GAINS/LOSSES, AND CONTRIBUTIONS		
Other Contributions	<u>243,806,003.50</u>	<u>-</u>
Total Other Revenues, Expenses, Gains/Losses, and Contributions	<u>243,806,003.50</u>	<u>-</u>
Change in Net Position	328,732,027.46	144,189.09
Total Net Position, September 1, 2022	<u>(24,577,096.26)</u>	<u>1,064,826.14</u>
Net Position, August 31, 2023	<u>\$ 304,154,931.20</u>	<u>\$ 1,209,015.23</u>

The accompanying notes to the financial statements are an integral part of this financial statement.

2023

PROPRIETARY FUND FINANCIAL STATEMENTS



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Texas Prepaid Higher Education Tuition Board (315)

Exhibit F-1 – Statement of Net Position – Major Enterprise Funds

August 31, 2023

	Texas Tomorrow Constitutional Trust Fund/Texas Guaranteed Tuition Plan (Fund 0892) U/F (0892)	Prepaid Tuition Unit Undergraduate Education Program/Texas Tuition Promise Fund (Fund 0842) U/F (0842/4892)	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents:			
Cash in State Treasury	\$ 337,217,312.99	\$ 2,484,638.11	\$ 339,701,951.10
Receivables From:			
Tuition Contracts Receivable	1,496.00	5,762,532.00	5,764,028.00
Interest and Dividends	1,410,011.82	10,207.32	1,420,219.14
Other Assets	3,932.77	55,390.33	59,323.10
Total Current Assets	<u>338,632,753.58</u>	<u>8,312,767.76</u>	<u>346,945,521.34</u>
Non-Current Assets:			
Restricted:			
Tuition Contracts Receivable	-	23,186,719.00	23,186,719.00
Investments	21.75	1,142,556,448.93	1,142,556,470.68
Capital Assets:			
Depreciable:			
Computer Software-Intangible	2,199,883.46	-	2,199,883.46
Less Accumulated Depreciation	(2,199,883.46)	-	(2,199,883.46)
Furniture and Equipment	26,906.91	-	26,906.91
Less Accumulated Depreciation	(26,906.91)	-	(26,906.91)
Total Non-Current Assets	<u>21.75</u>	<u>1,165,743,167.93</u>	<u>1,165,743,189.68</u>
Total Assets	<u>\$ 338,632,775.33</u>	<u>\$ 1,174,055,935.69</u>	<u>\$ 1,512,688,711.02</u>

The accompanying notes to the financial statements are an integral part of this financial statement.

Texas Prepaid Higher Education Tuition Board (315)

Exhibit F-1 – Statement of Net Position – Major Enterprise Funds (Continued)

August 31, 2023

	Texas Tomorrow Constitutional Trust Fund/Texas Guaranteed Tuition Plan (Fund 0892) U/F (0892)	Prepaid Tuition Unit Undergraduate Education Program/Texas Tuition Promise Fund (Fund 0842) U/F (0842/4892)	Totals
LIABILITIES			
Current Liabilities:			
Payables From:			
Accounts	\$ 79,644.70	\$ 592,675.13	\$ 672,319.83
Contract Benefits and Expenses (Note 5)	129,998,723.00	115,325,115.00	245,323,838.00
Employees' Compensable Leave	89,192.89	20,208.34	109,401.23
Other Liabilities	-	2,481,228.29	2,481,228.29
Total Current Liabilities	<u>130,167,560.59</u>	<u>118,419,226.76</u>	<u>248,586,787.35</u>
Non-Current Liabilities:			
Contract Benefits and Expenses (Note 5)	201,617,487.00	758,228,060.00	959,845,547.00
Employees' Compensable Leave	79,376.98	22,068.49	101,445.47
Total Non-Current Liabilities	<u>201,696,863.98</u>	<u>758,250,128.49</u>	<u>959,946,992.47</u>
Total Liabilities	<u>331,864,424.57</u>	<u>876,669,355.25</u>	<u>1,208,533,779.82</u>
NET POSITION			
Unrestricted	<u>6,768,350.76</u>	<u>297,386,580.44</u>	<u>304,154,931.20</u>
Total Net Position	<u>\$ 6,768,350.76</u>	<u>\$ 297,386,580.44</u>	<u>\$ 304,154,931.20</u>

The accompanying notes to the financial statements are an integral part of this financial statement.

Texas Prepaid Higher Education Tuition Board (315)

Exhibit F-2 – Statement of Revenues, Expenses and Changes in Net Position – Major Enterprise Funds

For the Fiscal Year Ended August 31, 2023

	Texas Tomorrow Constitutional Trust Fund/Texas Guaranteed Tuition Plan (Fund 0892) U/F (0892)	Prepaid Tuition Unit Undergraduate Education Program/Texas Tuition Promise Fund (Fund 0842) U/F (0842/4892)	Totals
OPERATING REVENUES			
Sales of Goods and Services:			
Tuition Contracts	\$ 542,602.83	\$ 43,662,611.11	\$ 44,205,213.94
Tuition Contracts – Refund of Contract Principal	(21,868,539.65)	(20,206,136.39)	(42,074,676.04)
Changes in Actuarial Future Contract Collections	1,496.00	19,767,499.00	19,768,995.00
Licenses, Fees, and Permits	1,021.34	834,330.28	835,351.62
Other Revenues	275,274.30	118,956.74	394,231.04
Total Operating Revenues	<u>(21,048,145.18)</u>	<u>44,177,260.74</u>	<u>23,129,115.56</u>
OPERATING EXPENSES			
Tuition Contract Benefits and Expenses	90,445,078.38	44,111,393.59	134,556,471.97
Changes in Future Contract Benefits	(136,621,072.00)	-	(136,621,072.00)
Salaries and Wages	877,267.60	342,567.09	1,219,834.69
Payroll Related Costs	240,512.31	75,578.89	316,091.20
Professional Fees and Services	434,493.30	5,913,582.48	6,348,075.78
Travel	3,900.07	4,189.31	8,089.38
Materials and Supplies	35,080.45	710.89	35,791.34
Communication and Utilities	18,157.18	751.96	18,909.14
Repairs and Maintenance	39,482.39	-	39,482.39
Rentals and Leases	9,491.14	8,475.09	17,966.23
Printing and Reproduction	13,136.01	2,869.27	16,005.28
Interest	6.44	(9.02)	(2.58)
Other Operating Expenses (Includes Earnings on Refunds of \$28,851,280.876)	28,869,670.78	50,098.67	28,919,769.45
Total Operating Expenses	<u>(15,634,795.95)</u>	<u>50,510,208.22</u>	<u>34,875,412.27</u>
Operating Income (Loss)	<u>\$ (5,413,349.23)</u>	<u>\$ (6,332,947.48)</u>	<u>\$ (11,746,296.71)</u>

The accompanying notes to the financial statements are an integral part of this financial statement.

Texas Prepaid Higher Education Tuition Board (315)

Exhibit F-2 – Statement of Revenues, Expenses and Changes in Net Position – Major Enterprise Funds (Continued)

For the Fiscal Year Ended August 31, 2023

	Texas Tomorrow Constitutional Trust Fund/Texas Guaranteed Tuition Plan (Fund 0892) U/F (0892)	Prepaid Tuition Unit Undergraduate Education Program/Texas Tuition Promise Fund (Fund 0842) U/F (0842/4892)	Totals
NONOPERATING REVENUE (EXPENSES)			
Interest and Dividend Income	\$ 7,735,445.65	\$ 46,571,776.16	\$ 54,307,221.81
Investing Activities Income (Expenses)	-	(624,800.43)	(624,800.43)
Net Increase (Decrease) in Fair Value of Investments	-	42,989,899.29	42,989,899.29
Total Nonoperating Revenues (Expenses)	<u>7,735,445.65</u>	<u>88,936,875.02</u>	<u>96,672,320.67</u>
Income Before Other Revenues, Expenses, Gains/Losses, and Contributions	2,322,096.42	82,603,927.54	84,926,023.96
OTHER REVENUES, EXPENSES, GAINS/LOSSES, AND CONTRIBUTIONS			
Other Contributions	243,806,003.50	-	243,806,003.50
Total Other Revenues, Expenses, Gains/Losses, and Contributions	<u>243,806,003.50</u>	<u>-</u>	<u>243,806,003.50</u>
Change in Net Position	246,128,099.92	82,603,927.54	328,732,027.46
Net Position (Deficit), September 1, 2022	<u>(239,359,749.16)</u>	<u>214,782,652.90</u>	<u>(24,577,096.26)</u>
Net Position (Deficit), August 31, 2023	<u>\$ 6,768,350.76</u>	<u>\$ 297,386,580.44</u>	<u>\$ 304,154,931.20</u>

The accompanying notes to the financial statements are an integral part of this financial statement.

Texas Prepaid Higher Education Tuition Board (315)

Exhibit F-3 – Statement of Cash Flows – Major Enterprise Funds

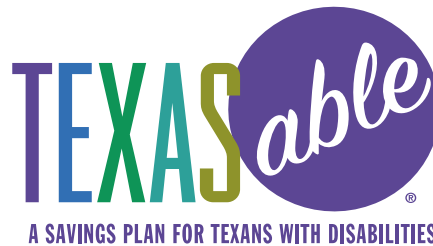
For the Fiscal Year Ended August 31, 2023

	Texas Tomorrow Constitutional Trust Fund/Texas Guaranteed Tuition Plan (Fund 0892) U/F (0892)	Prepaid Tuition Unit Undergraduate Education Program/Texas Tuition Promise Fund (Fund 0842) U/F (0842/4892)	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds Received From Customers (Net of Refunds)	\$ (21,319,915.00)	\$23,456,474.72	\$ 2,136,559.72
Earnings Paid on Refunds	(28,851,280.87)	-	(28,851,280.87)
Proceeds from Other Revenues	274,279.84	1,255,269.93	1,529,549.77
Payments to Suppliers for Goods and Services	(588,032.74)	(5,968,847.90)	(6,556,880.64)
Payments to Employees for Salaries	(932,495.08)	(360,227.39)	(1,292,722.47)
Payments to Employees for Benefits	(260,833.26)	(82,280.85)	(343,114.11)
Payments for Other Expenses (Includes Benefit Payments)	(90,464,811.83)	(44,160,434.27)	(134,625,246.10)
Net Cash Used in Operating Activities	<u>(142,143,088.94)</u>	<u>(25,860,045.76)</u>	<u>(168,003,134.70)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from Other Financing (State transfer)	243,806,003.50	-	243,806,003.50
Net Cash Provided by Noncapital Financing Activities	<u>243,806,003.50</u>	<u>-</u>	<u>243,806,003.50</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sales of Investments	-	165,846,922.15	165,846,922.15
Proceeds from Interest Income	6,698,116.22	46,565,166.37	53,263,282.59
Proceeds from Investment Income	4.77	-	4.77
Payments to Acquire Investments	-	(186,294,949.97)	(186,294,949.97)
Net Cash Provided by Investing Activities	<u>6,698,120.99</u>	<u>26,117,138.55</u>	<u>32,815,259.54</u>
Net Increase in Cash and Cash Equivalents	108,361,035.55	257,092.79	108,618,128.34
Cash and Cash Equivalents, September 1, 2022	<u>228,856,277.44</u>	<u>2,227,545.32</u>	<u>231,083,822.76</u>
Cash and Cash Equivalents, August 31, 2023	<u>\$ 337,217,312.99</u>	<u>\$ 2,484,638.11</u>	<u>\$ 339,701,951.10</u>

The accompanying notes to the financial statements are an integral part of this financial statement.

2023

FIDUCIARY FUND FINANCIAL STATEMENTS



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Texas Prepaid Higher Education Tuition Board (315)

Statement of Fiduciary Net Position

August 31, 2023

	Private-Purpose Trust Funds
ASSETS	
Cash and Cash Equivalents	
Cash in Bank	\$ 10,677,548.48
Cash in State Treasury	1,772,634.91
Investments	
Other Investments	988,652,780.25
Receivables from:	
Contributions Receivable	1,045,664.06
Interest and Dividends	819,422.91
Other	738,095.24
Total Assets	1,003,706,145.85
LIABILITIES	
Payables from:	
Accounts	335,039.51
Withdrawals	1,265,217.79
Employees' Compensable Leave (Note 5)	8,768.03
Unearned Revenues	1,800,076.08
Other Liabilities	1,508,958.02
Total Liabilities	4,918,059.43
NET POSITION	
Restricted and Held in Trust For:	
College Savings Plan Contributors, Individuals, Organizations, and Others	\$ 998,788,086.42

The accompanying notes to the financial statements are an integral part of this financial statement.

Texas Prepaid Higher Education Tuition Board (315)

Statement of Changes in Fiduciary Net Position

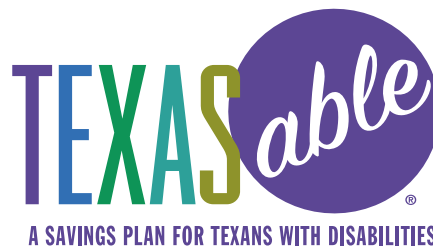
For the Fiscal Year Ended August 31, 2023

	<u>Private-Purpose Trust Funds</u>
ADDITIONS	
Investment Income:	
From Investing Activities:	
Net Increase in Fair Value of Investments	\$ 34,574,704.27
Interest and Investment Income	30,968,049.06
Total Investing Gains	65,542,753.33
Less Investing Activities Expense	3,472,153.34
Net Income from Investing Activities	<u>62,070,599.99</u>
 Total Net Investment Gain	 <u>62,070,599.99</u>
Contributions:	
Account Holder Contributions	366,072,715.69
Total Contributions	<u>366,072,715.69</u>
Other Additions:	
Fees - Administrative Services	435,941.78
Reimbursements-Third Party	90,704.95
Total Other Additions	<u>526,646.73</u>
Total Additions	<u>428,669,962.41</u>
 DEDUCTIONS	
Distributions Made from Accounts	356,891,204.35
Salaries and Wages	231,624.93
Payroll Related Costs	60,270.20
Professional Fees and Services	256,781.69
Travel	9,372.19
Materials and Supplies	131.80
Communications and Utilities	1,088.78
Rental and Leases	8,435.27
Interest Expense	2.88
Other Expense	67,830.81
Total Deductions	<u>357,526,742.90</u>
 INCREASE IN NET POSITION	 71,143,219.51
 NET POSITION	
Net Position Held in Trust for College Savings Plan Contributors, September 1, 2022	<u>927,644,866.91</u>
Net Position Held in Trust for College Savings Plan Contributors, August 31, 2023	<u>\$ 998,788,086.42</u>

The accompanying notes to the financial statements are an integral part of this financial statement.

2023

DISCRETELY PRESENTED COMPONENT UNITS FINANCIAL STATEMENTS



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Texas Prepaid Higher Education Tuition Board (315)

Combining Statement of Net Position

Discretely Presented Component Units

August 31, 2023

	Texas Prepaid Tuition Scholarship Foundation (Fund 0892) U/F (1892)	Texas Save and Match Program/ Match the Promise Foundation (Fund 0878) U/F (6892)	Aggregate Discretely Presented Component Units
ASSETS			
Current Assets:			
Cash and Cash Equivalents			
Cash In State Treasury	\$ 30,052.81	\$ 76,520.68	\$ 106,573.49
Short Term Investments	-	8,490.14	8,490.14
Receivables From:			
Interest and Dividends	117.43	316.71	434.14
Other Current Assets	46,636.80	1,854,756.14	1,901,392.94
Total Current Assets	76,807.04	1,940,083.67	2,016,890.71
Total Assets	76,807.04	1,940,083.67	2,016,890.71
LIABILITIES			
Current Liabilities:			
Other Liabilities	46,636.80	761,238.68	807,875.48
Total Current Liabilities	46,636.80	761,238.68	807,875.48
Total Liabilities	46,636.80	761,238.68	807,875.48
NET POSITION			
Unrestricted	30,170.24	1,178,844.99	1,209,015.23
Total Net Position	\$ 30,170.24	\$ 1,178,844.99	\$ 1,209,015.23

The accompanying notes to the financial statements are an integral part of this financial statement.

Texas Prepaid Higher Education Tuition Board (315)

Combining Statement of Activities

Discretely Presented Component Units

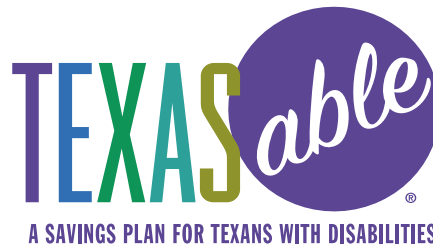
For the Fiscal Year Ended August 31, 2023

	Texas Prepaid Tuition Scholarship Foundation (Fund 0892) U/F (1892)	Texas Save and Match Program/ Match the Promise (Fund 0878) U/F (6892)	Aggregate Discretely Presented Component Units
OPERATING REVENUE			
Other Operating Revenue	\$ -	\$ 100,000.00	\$ 100,000.00
Total Operating Revenues	<u>-</u>	<u>100,000.00</u>	<u>100,000.00</u>
OPERATING EXPENSES			
Other Operating Expenses	\$ -	\$ 56,984.43	56,984.43
Total Operating Expenses	<u>-</u>	<u>56,984.43</u>	<u>56,984.43</u>
Operating (Loss)	<u>-</u>	<u>43,015.57</u>	<u>43,015.57</u>
NONOPERATING REVENUE			
Gifts, Pledges and Donations	-	96,714.67	96,714.67
Investment Income	1,089.55	3,369.30	4,458.85
Total Nonoperating Revenues	<u>1,089.55</u>	<u>100,083.97</u>	<u>101,173.52</u>
Income Before Other Revenues, Expenses, Gains/Losses, and Contributions	<u>1,089.55</u>	<u>143,099.54</u>	<u>144,189.09</u>
OTHER REVENUES, EXPENSES, GAINS/LOSSES, AND CONTRIBUTIONS			
Total Other Revenues, Expenses, Gains/Losses, and Contributions	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	1,089.55	143,099.54	144,189.09
Net Position, September 1, 2022	<u>29,080.69</u>	<u>1,035,745.45</u>	<u>1,064,826.14</u>
Net Position, August 31, 2023	<u>\$ 30,170.24</u>	<u>\$ 1,178,844.99</u>	<u>\$ 1,209,015.23</u>

The accompanying notes to the financial statements are an integral part of this financial statement.

2023

NOTES TO THE FINANCIAL STATEMENTS



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Texas Prepaid Higher Education Tuition Board (315)

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

NOTE 1: Reporting Entity and Summary of Significant Accounting Policies

ENTITY

The Texas Prepaid Higher Education Tuition Board (the “Board”) is an agency of the State of Texas (the “State”) and its financial records comply with state statutes and regulations. This includes compliance with the Texas State Comptroller of Public Accounts’ Reporting Requirements of State Agencies. The Board’s financial statements are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities, the aggregate discretely presented component units and the aggregate remaining fund information of the State that is attributable to the transactions of the Board. They do not purport to, and do not, present fairly the financial position of the State as of August 31, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

By Texas law, the Board is comprised of seven members. The Comptroller is the Board’s presiding officer. The Governor appoints two Board members, and the Lieutenant Governor appoints four, two of which come from persons recommended by the Speaker of the Texas House of Representatives. Board members must possess knowledge, skill, and experience in higher education, business, or finance. The Board is in the office of the Comptroller, and Comptroller employees serve as Board staff. The Board meets at least quarterly in Austin, Texas. The Board’s mission is to assist Texas families by providing a means to save sufficient funds for education and qualified disability expenses. The Board administers the *Texas Guaranteed Tuition Plan*, the *Texas College Savings Plan*[®], the *LoneStar 529 Plan*[®], the *Texas Tuition Promise Fund*[®], the *Texas Achieving a Better Life Experience Program* (“*Texas ABLE*[®] Program”) and the *Texas Save and Match Program*. Generally, earnings on the State’s prepaid tuition and college savings plans are tax free to participants if used for qualified education expenses. Earnings on contributions to the *Texas ABLE Program* are tax free if used for qualified disability expenses.

House Bill 1214 enacted by the Legislature in May 1995 and signed by the Governor in June 1995 established a prepaid higher education tuition program that allowed purchasers to enter into a prepaid tuition contract with the Board to prepay tuition and schoolwide required fees for a beneficiary to attend an institution of higher education or private or independent institution of higher education. **In November 1997, Texas voters passed Proposition 13, a constitutional amendment that put the State’s official backing behind the plan, thereby guaranteeing the Texas Tomorrow constitutional trust fund with the full faith and credit of the State of Texas** and the name of the plan was changed from the *Texas Tomorrow Fund*[®] to the *Texas Guaranteed Tuition Plan*. Assets of the plan totaled approximately \$338.6 million at August 31, 2023. Approximately 158,400 prepaid tuition contracts were sold; 19,874 of those accounts were active at August 31, 2023. Participants purchased plans for junior colleges, senior colleges and universities, and/or private colleges and universities. The prepaid tuition program pays tuition and schoolwide required fees only and can be used at eligible Texas public or private colleges and universities, out-of-state colleges and universities, career schools, and registered apprenticeship programs and for K-12 tuition expenses. Benefits are paid based on an hourly reimbursement rate for the plan type purchased. The plan was closed to new enrollment in 2003. By rule, the Board considers re-opening plan enrollment on an annual basis based on evaluation of the fund’s actuarial soundness.

In May 2001, the 77th Legislature passed Senate Bill 555 that authorized the Board to offer a college savings plan in addition to its prepaid tuition program. The State offers two college savings plans, the direct-sold *Texas College Savings Plan* and the advisor-sold *LoneStar 529 Plan*. Orion Advisor Solutions, Inc., (Orion) served as the plan manager for the college savings plans for the fiscal year ended August 31, 2023. Orion provides administrative, record keeping, accounting, distribution, custodian, and customer services for the plans. The Board, with the assistance of an independent investment consultant, sets the asset allocations and selects the underlying investments of the plans. College savings accounts can be used for qualified education expenses including tuition and fees,

Texas Prepaid Higher Education Tuition Board (315)

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

certain room and board expenses, books and required supplies and equipment at any accredited post-secondary school that is eligible to participate in federal student financial aid programs. This includes most public or private universities, graduate schools, community colleges, certain vocational schools, registered apprenticeship programs, K-12 tuition at an elementary or secondary public, private or religious school and repayment of the beneficiary's and/or the beneficiary's sibling's student loan. **Assets in the plans are subject to investment risk and are not guaranteed by the State.** There were 50,054 accounts in the college savings plans at August 31, 2023; plan assets totaled approximately \$979.7 million.

In 2007, the 80th legislature passed House Bill 3900 that established the *Texas Tomorrow Fund II* ("TTF II") and authorized the *Texas Save and Match Program*. The *Texas Tuition Promise Fund*, created to fulfill the requirement to establish TTF II, opened for new enrollment in November 2008. The *Texas Tuition Promise Fund* allows participants to purchase tuition units at today's Texas public college prices that can be redeemed in the future for tuition and schoolwide required fees at Texas public colleges and universities (excluding medical and dental units) and the Transfer Value can be used for payment to Texas medical and dental institutions, private colleges in Texas, out-of-state colleges, career schools and for registered apprenticeship programs, and for K-12 tuition. Transfer Value is limited to the lesser of (1) the costs the tuition units would cover at a public in-state college or university or (2) the original purchase price of the tuition unit plus or minus the plan's net investment earnings or losses on that amount. Orion served as plan manager for the fiscal year ended August 31, 2023. As of fiscal year-end, the *Texas Tuition Promise Fund* had 40,473 active contracts and fund assets totaled approximately \$1.2 billion. **Texas public colleges and universities must accept the tuition units as payment in full for tuition and schoolwide required fees for the number of hours paid by the plan. Contracts used for Texas medical and dental institutions, private colleges in Texas, out-of-state colleges, registered apprenticeship programs, K-12 tuition, student loan repayment and career schools are subject to investment risk.**

The *Texas Prepaid Tuition Scholarship Foundation, Inc.* (the "Scholarship Foundation") was created to provide prepaid tuition scholarships to students meeting certain economic or academic requirements. The Scholarship Foundation is a 501(c)(3) direct-support organization of the *Texas Guaranteed Tuition Plan* and is authorized by Section 54.633 of the Texas Education Code. The Scholarship Foundation is governed by a board comprised of the Texas State Comptroller of Public Accounts (the "Comptroller"), a member appointed by the Governor with the advice and consent of the Senate, and three members appointed jointly by the Comptroller and the member appointed by the Governor.

The *Texas Match the Promise Foundation*SM (the "Promise Foundation"), a 501(c)(3) public charity, was established in 2009 to implement the requirements of the *Texas Save and Match Program* established by Section 54.7521 of the Texas Education Code. The 82nd Legislature repealed Section 54.7521 and created Education Code, Chapter 54, Subchapter I, that clarified the roles of the Promise Foundation and the Board in administering the program. The program encourages families to save for college by providing matching scholarships to beneficiaries enrolled in the *Texas Tuition Promise Fund* based on criteria established by statute and additional criteria established by the Promise Foundation or Board. The Promise Foundation is administered by the Comptroller and a board of directors appointed by the Comptroller.

The *Texas ABLE*[®] Program was created by Senate Bill 1664 in the 84th Legislative Session and signed by the Governor in June 2015 to encourage and assist individuals and families in saving funds for the purpose of supporting individuals with disabilities to maintain health, independence and quality of life; and to provide secure funding for qualified disability expenses on behalf of designated beneficiaries with disabilities that will supplement, but not supplant, benefits provided through private insurance, the Supplemental Security Income (SSI) program, the Social Security Disability Insurance (SSDI) program, the Medicaid program, the beneficiary's employment and other sources. The *Texas ABLE Program*, is established and maintained by the Texas Prepaid Higher Education Tuition Board, with assistance from the Comptroller's Office. The program was opened for enrollment in May 2018.

Texas Prepaid Higher Education Tuition Board (315)

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

Orion Advisor Solutions, Inc. (“Orion”) served as program manager for the fiscal year ended August 31, 2023. As of fiscal year end, the *Texas ABLE Program* had 3,008 accounts and fund assets totaled over \$24 million.

By contract, the plan manager of the *College Savings Plans*, the *Texas Tuition Promise Fund* and the *Texas ABLE Program* is required to provide audited financial statements to the Board annually. Those audited statements were used in preparing the Board’s financial statements.

FINANCIAL REPORTING ENTITY

In accordance with accounting principles generally accepted in the United States of America, the Board’s financial reporting entity consists of (a) the Board and (b) component units for which the nature and significance of their relationship with the Board is such that exclusion from the reporting entity’s financial statement would be misleading or incomplete.

Blended Component Units

Some component units, despite being legally separate from the primary government, are so intertwined with the primary government that they are, in substance, the same as the primary government and should be reported as part of the primary government. That is, the component unit’s balances and transactions should be reported in a manner similar to the balances and transactions of the primary government itself. This method of inclusion is known as blending. No blended component units are included in this report.

Discrete Component Units

These component units are legally separate from the State, but are financially accountable to the State, or have a relationship with the State such that exclusion would cause the financial statements to be misleading. The *Texas Match the Promise Foundation* and the *Texas Prepaid Tuition Scholarship Foundation* are included as discretely presented component units of the *Texas Save and Match Program* and the *Texas Guaranteed Tuition Plan*, respectively.

FUND STRUCTURE

Government-Wide and Fund Financial Statements

The basic financial statements, as required by the Governmental Accounting Standards Board, include three basic components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all non-fiduciary activities of the Board as a whole and its component units. The Management Discussion and Analysis section introduces the basic financial statements and provides an analytical overview of the Board’s financial activities.

The accounts of the Board are organized on the basis of funds, each of which is considered a separate accounting entity. The Board has two types of funds: (1) proprietary and (2) fiduciary. The fund financial statements provide more detailed information about the Board’s major funds only and not the Board as a whole. The Board reports the following major funds in its fund financial statements: The *Texas Guaranteed Tuition Plan* and the *Texas Tuition Promise Fund*.

PROPRIETARY FUND TYPES

Enterprise Funds

Enterprise Funds are used to account for any activity for which a fee is charged to external users for goods or services. Activities must be reported as enterprise funds if any one of the following criteria is met.

Texas Prepaid Higher Education Tuition Board (315)

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

1. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity.
2. Laws or regulations require that the activity's costs of providing services including capital costs (such as depreciation or debt service) be recovered with fees and charges.
3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

The financial activities of the *Texas Guaranteed Tuition Plan* (Fund 0892) and the *Texas Tuition Promise Fund* (Fund 0842/4892), are reported as enterprise fund activities.

FIDUCIARY FUND TYPES

Fiduciary Funds account for assets held by the Board in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or component units. When assets are controlled by the Board and its fiduciary component units or the assets held under the terms of a formal trust agreement either a pension trust fund, a custodial fund or a private purpose trust fund is used to account for such assets.

Private-Purpose Trust Funds

Private-Purpose Trust Funds are used to account for all other trust arrangements whose principal and interest benefit individuals, private organizations, or other governments. The financial activities of the *Texas College Savings Plan*, the *LoneStar 529 Plan* (Funds 2892 and 3892) and the *Texas ABLE Program* (Fund 0907) are reported as private purpose trust fund activities. For detailed fund activities see the supplementary information section of the report.

Component Units

Additional information about component units can be found in Note 19. *The Texas Prepaid Scholarship Foundation* (Fund 1892) and the *Texas Match the Promise Foundation* (Fund 6892) are presented in this report as Discrete Component Units.

BASIS OF ACCOUNTING

The basis of accounting determines when revenues and expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Government-wide financial statements are accounted for using the full accrual method of accounting. These include capital assets, accumulated depreciation and amortization, unpaid employee compensable leave, the unmatured debt service (principal and interest) on general long-term liabilities, long-term capital leases, long-term claims and judgments, and full accrual revenues and expenses.

Proprietary funds and private-purpose trust funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary funds principal ongoing operations. Operating expenses for the enterprise funds include the costs of services, administrative expenses, and depreciation on capital assets.

Tuition contract revenue is recognized in the year the contracts are entered into with a purchaser and are recorded at the future discounted contract payments adjusted for unearned interest and estimated cancellations. Application fees

Texas Prepaid Higher Education Tuition Board (315)

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

are recognized as revenue when the application is accepted. Refunds of contract principal, due to cancellations, are recorded as contra-revenue in the year the contract is canceled. The Board paid refunds of contract principal in the amount of \$21,868,539.65 and \$20,206,136.39, respectively, for *Texas Guaranteed Tuition Plan* and *Texas Tuition Promise Fund* for the year ended August 31, 2023.

BUDGETS AND BUDGETARY ACCOUNTING

The Board at the beginning of each fiscal year adopts an annual operating budget. This expenditure budget includes all administrative and marketing costs paid directly by the Board for the prepaid tuition and college savings plans and the Texas ABLE Program and totaled \$3,172,465.00 for the fiscal year ended August 31, 2023.

ASSETS, LIABILITIES AND NET POSITION

ASSETS

Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents. For purposes of reporting cash flows, the Board considers cash in Treasury, cash in bank and cash equivalents as money market accounts, certificates of deposit, and government obligations with original maturities of three months or less from the date of purchase. The carrying amounts of the Board's deposits held by the State Treasury on August 31, 2023, were \$337,217,312.99 for the *Texas Guaranteed Tuition Plan* and \$2,484,638.11 for the *Texas Tuition Promise Fund*, all of which were fully collateralized or insured.

Investments

Investments are stated at fair value in all funds in accordance with *GASB Statement No. 72 Fair Value Measurement and Application*. Fair value is the price that would be received to sell an asset in an ordinary transaction between market participants at the measurement date. The Board carries its investments in equities and debt securities at fair values using observable inputs including but not limited to quoted prices for similar securities and fixed income pricing models which uses available market data. The Board also holds investments in pooled funds which publish net asset values and carries its securities at net asset value per share.

Interest and Dividends Receivables

The account includes interest and dividends accrued on investments and the depository interest earned by the State Treasury at fiscal year end that will not be deposited with the Board until after the end of the fiscal year.

Tuition Contracts Receivable

The prepaid tuition plans record tuition contracts receivable at the actuarial present value (APV) of future discounted contract payments adjusted for unearned interest and estimated cancellations. Any portion due within the next 12 months will be classified as short-term; otherwise, classification as a long-term receivable is appropriate.

Other Receivables

From the fees assessed against participants' accounts, the *Texas College Savings Plan* and the *LoneStar 529 Plan (College Savings Plans)*, the *Texas Tuition Promise Fund*, and the *Texas ABLE Program*, on a monthly basis, collected an administrative fee at the annual rate of 0.06%, 0.0575%, and 0.10%, respectively, of the average daily net assets of the plans to offset the Board's costs of administering the plans.

The balances owed on the statement date are recognized as receivables. At August 31, 2023, the administrative fee receivable balance for each plan was \$49,636.83, \$55,390.33 and \$1,949.54, respectively.

Texas Prepaid Higher Education Tuition Board (315)

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

In the normal course of business, the *College Savings Plans* had other receivables resulting from securities sold and not collected and reimbursable expenses not collected from third parties. The balances at August 31, 2023, for these receivables were \$3,932.77 and \$686,508.87, respectively.

Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year should be capitalized. Proprietary fund purchases of fixed assets are reported in those funds at cost or estimated historical cost if actual historical cost is not available. Donated assets are reported at fair market value on the acquisition date. Depreciation or amortization is charged to operations over the estimated useful life of each asset, using the straight-line method. The accumulated depreciation and amortization account records the accumulation of periodic deductions from capital assets to account for the expiration of service life of the asset.

Other Assets

Other Assets consists of tuition units purchased and prepaid tuition contracts purchased by the Board's discretely presented component units, the *Texas Match the Promise Foundation* and the *Texas Prepaid Scholarship Foundation*, respectively. The tuition units are used by the *Texas Match the Promise Foundation* to offer competitive matching scholarships and tuition awards to Texas students who participate in the *Texas Tuition Promise Fund*. The *Texas Prepaid Scholarship Foundation* contracts were awarded as scholarships to the *Texas Guaranteed Tuition Plan* poster board contest winners.

LIABILITIES

Accounts Payable

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Contract Benefits and Expenses Payable

The prepaid tuition plans record contract benefits payable at the actuarial present value (APV) of future tuition obligations, which is adjusted for the effects of projected tuition and fee increases and termination of contracts. Any portion due within the next 12 months will be classified as current; otherwise, classification as a noncurrent liability is appropriate.

Employees' Compensable Leave

Employees' Compensable Leave balances represent the total liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and other uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statements of net position.

Unearned Revenue

Unearned revenue consists of administrative fees collected by the *Texas Tuition Promise Fund*, the *College Savings Plans* and the *Texas ABLE Program*, that have not been earned as of August 31, 2023.

Other Liabilities

Other Liabilities consists of the value of tuition units and contracts awarded as scholarships by the Board's discretely presented component units, the *Texas Match the Promise Foundation* and *Texas Prepaid Tuition Scholarship Foundation*. The *Texas Match the Promise Foundation* offers competitive matching scholarships and tuition awards to Texas students who participate in the *Texas Tuition Promise Fund*. The *Texas Prepaid Tuition Scholarship Foundation* awarded its scholarships in the *Texas Guaranteed Tuition Plan* to poster board contest winners.

Texas Prepaid Higher Education Tuition Board (315)

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

In the normal course of business, the *College Savings Plans* also had other liabilities resulting from securities purchased for which cash payment will be made after the fiscal year end and from a cash overdraft account. The balance at August 31, 2023, for these liabilities totaled \$1,508,958.02.

Significant Estimates

The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of income and expenses during the reported period. Actual results could differ from those estimates.

NET POSITION

Invested in Capital Assets, Net of Related Debt

Invested in Capital Assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets. There was no investment in capital assets, net of related debt at August 31, 2023.

Restricted Net Position

Restricted Net Position results when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

Unrestricted Net Position consists of net resources, which do not meet the definition of the two preceding categories. Unrestricted Net Position often has constraints on resources, which are imposed by management, but can be removed or modified.

INTERFUND ACTIVITIES AND BALANCES

The Board has the following transactions between and within State funds:

- (1) Reimbursements: Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures or expenses made by one fund for another are recorded as expenditures or expenses in the reimbursing fund and as a reduction of expenditures or expenses in the reimbursed fund. Reimbursements are not displayed in the financial statements.
- (2) Reciprocal Activities (interfund sales and purchases): Charges or collections of services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund.
- (3) Operating Transfers: Legally required transfers that are reported when incurred as ‘Operating Transfers In’ by the recipient fund and as ‘Operating Transfers Out’ by the disbursing fund.

The composition of the Agency’s interfund activities and balances is presented in Note 12.

Texas Prepaid Higher Education Tuition Board (315)

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

NOTE 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2023, is presented below:

	PRIMARY GOVERNMENT			Balance 8/31/2023
	Balance 8/31/2022	Additions	Deletions	
BUSINESS-TYPE ACTIVITIES				
Depreciable Assets:				
Furniture and Equipment	\$ 26,906.91	\$ -	\$ -	\$ 26,906.91
Computer Software – Intangible	2,199,883.46	-	-	2,199,883.46
Less Accumulated Depreciation for:				
Furniture and Equipment	(26,906.91)	-	-	(26,906.91)
Computer Software – Intangible	(2,199,883.46)	-	-	(2,199,883.46)
Depreciable Assets, Net	-	-	-	-
Business-type Activities				
Capital Assets, Net	\$ -	\$ -	\$ -	\$ -

NOTE 3: Deposits, Investments, and Repurchase Agreements

Authority for Investments

House Bill No. 9 amended Section 54.636 (e), Education Code, on May 7, 1997, to authorize the Board to make investments following the “prudent person rule”. There were no significant violations of legal provisions during the period.

Deposits of Cash in Treasury

The *Texas Guaranteed Tuition Plan’s* and *Texas Tuition Promise Fund’s* investment policies allow their investment managers to hold cash and cash equivalents for liquidity in the portfolio and to facilitate trading. As of August 31, 2023, carrying amounts of deposits for the *Texas Guaranteed Tuition Plan’s* and the *Texas Tuition Promise Fund* totaled \$337.2 million and \$2.5 million, respectively. Cash equivalents for the *Texas Guaranteed Tuition Plan* are invested in the Treasury Pool, where they are managed by the Texas Treasury Safekeeping Trust Co. in accordance with the Comptroller’s Investment Policy Statement.

The deposits are included as “Cash Equivalents” on the Statement of Net Position for the Proprietary Funds.

Deposits of Cash in Bank

The *College Savings Plans* and the *Texas ABLE Program* hold cash for liquidity purposes, as well. The funds are included in the Cash and Cash Equivalents section of the Statement of Fiduciary Net Position for the Private-Purpose Trust Funds.

	Proprietary Funds	Private Purpose Trust Funds	Total
Cash in Bank – Carrying Value	\$ -	\$ 10,677,548.48	\$ 10,677,548.48

Texas Prepaid Higher Education Tuition Board (315)

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the *College Savings Plans* and the *Texas ABLE Program* will not be able to recover deposits or collateral securities that are in the possession of an outside party. None of the *College Savings Plans*’ and *ABLE Program*’s cash deposits as of August 31, 2023, were exposed to custodial credit risk. The *Texas ABLE Program*’s cash deposits are FDIC insured up to \$250,000, per individual investor account.

<u>Fund Type</u>	<u>GAAP Fund</u>	<u>Uninsured and Uncollateralized</u>	<u>Uninsured and Collateralized With Securities Held by the Pledging Financial Institution</u>	<u>Uninsured and Collateralized With Securities Held by the Pledging Financial Institution’s Trust Department or Agent but Not in the State’s Name</u>
20	0892	\$ 575,030.15	\$ -	\$ -
20	0907	10,102,518.33	-	-
Totals		<u>\$ 10,677,548.48</u>	<u>\$ -</u>	<u>\$ -</u>

Foreign currency risk for deposit balances is the risk that changes in exchange rates will adversely affect the deposit. There is no formal deposit policy for managing foreign currency risk. The *Texas Guaranteed Tuition Plan*, the *Texas Tuition Promise Fund*, the *College Savings Plans* and the *Texas ABLE Program* do not hold any foreign currency deposits.

Investments

The carrying value and fair values of short-term and long-term investments as of August 31, 2023, are shown below:

	<u>Carrying Value</u>	<u>Fair Value</u>	<u>% of Total</u>
BUSINESS-TYPE ACTIVITIES – Texas Guaranteed Tuition Plan (TGTP) (Fund 0892)			
Equity	\$ 21.75	\$ 21.75	100.00%
Totals	<u>\$ 21.75</u>	<u>\$ 21.75</u>	<u>100.00%</u>
Business-Type Activities – Texas Guaranteed Tuition Plan consists of the following:			
Proprietary Funds Non-Current Restricted Investments		\$ 21.75	
Total, as above		<u>\$ 21.75</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>% of Total</u>
BUSINESS-TYPE ACTIVITIES – Texas Tuition Promise Fund* (Fund 0842)			
Domestic Equity Funds	\$ 134,517,215.81	\$ 202,475,439.21	17.72%
International Equity Funds	288,087,165.33	327,672,357.03	28.68%
Fixed Income Funds	402,399,830.05	361,935,583.76	31.68%
Asset Allocation Funds	83,189,485.36	75,977,464.24	6.65%
Commodity Funds	59,991,685.83	46,269,544.69	4.05%
Alternative Investment Funds	90,000,000.00	128,226,060.00	11.22%
Totals	<u>\$ 1,058,185,382.38</u>	<u>\$ 1,142,556,448.93</u>	<u>100.00%</u>

Texas Prepaid Higher Education Tuition Board (315)

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

	Cost	Fair Value	% of Total
FIDUCIARY FUNDS – College Savings Plans* (Fund 2892)			
Fixed Income Mutual Funds	\$ 440,565,495.04	\$ 389,493,549.23	39.93%
Equity Mutual Funds	533,529,974.49	520,463,285.73	53.35%
Money Market Funds	65,585,755.05	65,585,755.05	6.72%
Totals	\$ 1,039,681,224.58	\$ 975,542,590.01	100.00%
FIDUCIARY FUNDS – Texas ABLE Program* (Fund 0907)			
Domestic Equity Funds	\$ 3,823,969.14	\$ 4,316,117.42	32.92%
International Equity Funds	3,277,243.06	3,210,013.78	24.48%
Fixed Income Funds	6,126,839.21	5,584,059.04	42.59%
Totals	\$ 13,228,051.41	\$ 13,110,190.24	100.00%

* Investments of the *Texas Tuition Promise Fund*, the *College Savings Plans*, and the *Texas ABLE Program* are held by the plan manager in the name of the plans.

The *Texas Guaranteed Tuition Plan*, the *Texas Tuition Promise Fund*, the *College Savings Plans* and the *Texas ABLE Program* (the *Plans*) utilize various methods to measure the fair value of investments on a recurring basis. GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities that the plan has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates, and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the plan’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Investments measured at net asset value do not have significant terms, limitations, or conditions for the frequency of redemption or any commitments for additional funding.

Texas Prepaid Higher Education Tuition Board (315)

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following tables summarize the inputs used as of August 31, 2023, for the Plans' assets and liabilities measured at fair value:

	Fair Value	Level 1	Level 2	Level 3
BUSINESS-TYPE ACTIVITIES – Texas Guaranteed Tuition Plan (Fund 0892)				
Equity	\$ 21.75	\$ 21.75	\$ -	\$ -
	<u>\$ 21.75</u>	<u>\$ 21.75</u>	<u>\$ -</u>	<u>\$ -</u>
Totals	<u>\$ 21.75</u>			
BUSINESS-TYPE ACTIVITIES – Texas Tuition Promise Fund (Fund 0842)				
Domestic Equity Funds	\$ 202,475,439.21	\$ 202,475,439.21	\$ -	\$ -
International Equity Funds	327,672,357.03	327,672,357.03	-	-
Fixed Income Funds	361,935,583.76	361,935,583.76	-	-
Asset Allocation Funds	75,977,464.24	75,977,464.24	-	-
Exchange Traded Funds	46,269,544.69	46,269,544.69	-	-
Total	<u>\$ 1,014,330,388.93</u>	<u>\$ 1,014,330,388.93</u>	<u>\$ -</u>	<u>\$ -</u>
Investments Measured at Net Asset Value (NAV):				
Alternative Investment Funds	128,226,060.00			
	<u>\$ 1,142,556,448.93</u>			
FIDUCIARY FUNDS – College Savings Plans (Fund 2892)				
Fixed Income Mutual Funds	\$ 389,493,549.23	\$ 389,493,549.23	\$ -	\$ -
Equity Mutual Funds	520,463,285.73	520,463,285.73	-	-
Totals	<u>\$ 909,956,834.96</u>	<u>\$ 909,956,834.96</u>	<u>\$ -</u>	<u>\$ -</u>
Investments Measured at Amortized Cost:				
Money Market Funds	65,585,755.05			
Totals	<u>\$ 975,542,590.01</u>			
FIDUCIARY FUNDS – Texas ABLE Program (Fund 0907)				
Domestic Equity Funds	\$ 4,316,117.42	\$ 4,316,117.42	\$ -	\$ -
International Equity Funds	3,210,013.78	3,210,013.78	-	-
Fixed Income Funds	5,584,059.04	5,584,059.04	-	-
Totals	<u>\$ 13,110,190.24</u>	<u>\$ 13,110,190.24</u>	<u>\$ -</u>	<u>\$ -</u>

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The *Texas Tuition Promise Fund*, the *College Savings Plans* and the *Texas ABLE Program* do not have a formal policy for limiting exposure to custodial credit risk; however, because investments are generally in mutual funds, the risk is significantly mitigated. In addition, the FDIC insures cash deposits in the *Texas ABLE Program's* Bank Savings Account option up to \$250,000 per individual investor account.

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. The *Texas Tuition Promise Fund*, the *College Savings Plans*, and the *Texas ABLE Program* invest in various foreign currencies in pooled vehicles. The registered Underlying Investments prospectuses provide greater detail about the investment strategies and practices of the Underlying Investments, in compliance with federal regulations and specifically, the Form N-1A of the Investment Company Act of 1940.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Texas Prepaid Higher Education Tuition Board (315)

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

The *Texas Tuition Promise Fund's* investment pool had the following credit risk structure as of August 31, 2023, based on the Nationally Recognized Statistical Rating Organization (“NRSRO”):

Investment Rating	Eaton Vance Floating-Rate Fund	PIMCO Total Return Fund	Vanguard Total Bond Market Index Fund
AAA	\$ -	\$ 98,239,212.43	\$ 69,921,861.99
AA	-	8,158,677.00	3,204,421.31
A	-	8,785,146.83	12,450,615.32
BBB	7,502,061.00	20,717,211.93	13,651,033.21
BB	35,719,641.42	5,536,245.10	-
B	56,587,308.74	1,966,823.92	-
Below B	10,018,352.90	2,287,343.37	-
Not Rated	7,209,468.91	-	(19,841.62)
NRSRO Total	<u>\$ 117,036,832.97</u>	<u>\$ 145,690,660.58</u>	<u>\$ 99,208,090.21</u>

The *College Savings Plans'* investment pools had the following credit risk structure as of August 31, 2023, based on the NRSRO:

Investment Rating	DFA Inflation Protected Securities Portfolio	Eaton Vance Floating-Rate Fund	Federated Hermes Institutional High Yield Fund
AAA	\$ -	\$ -	\$ 553,583.65
AA	138,164,881.13	-	-
A	-	-	-
BBB	-	916,510.78	291,359.82
BBB	-	4,363,792.38	3,816,813.61
B	-	6,913,150.77	5,972,876.26
Below B	-	1,223,920.80	3,816,813.61
Not Rated	-	880,765.43	116,543.93
NRSRO Total	<u>\$ 138,164,881.13</u>	<u>\$ 14,298,140.16</u>	<u>\$ 14,567,990.88</u>

Investment Rating	PIMCO International Bond (USD-Hdg) Fund	PIMCO Total Return Fund	Vanguard Long-Term Treasury Fund
AAA	\$ 1,693.09	\$ 13,871,260.80	\$ 1,451.55
AA	532.43	1,151,995.56	-
A	512.57	1,240,452.36	-
BBB	362.64	2,925,245.86	-
BB	40.04	781,711.27	-
B	9.93	277,713.21	-
Below B	52.54	322,970.19	-
Not Rated	0.33	-	0.15
NRSRO Total	<u>\$ 3,203.57</u>	<u>\$ 20,571,349.25</u>	<u>\$ 1,451.70</u>

Texas Prepaid Higher Education Tuition Board (315)

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

	Vanguard Total Bond Market Index Fund
AAA	\$ 142,289,628.13
AA	6,520,935.00
A	25,336,759.83
BBB	27,779,586.89
BB	-
B	-
Below B	-
Not Rated	(40,377.31)
NRSRO	
Total	\$ 201,886,532.54

The *Texas ABLE Program's* investment pools had the following credit risk structure as of August 31, 2023, based on the Nationally Recognized Statistical Rating Organization (NRSRO):

Investment Rating	Eaton Vance Floating-Rate Fund	PIMCO Total Return Fund
AAA	\$ -	\$ 2,951,142.94
AA	-	245,089.73
A	-	263,909.12
BBB	77,397.98	-
BB	368,515.79	622,352.85
B	583,805.33	166,310.89
Below B	103,358.30	59,084.13
Not Rated	74,379.33	68,712.65
NRSRO Total	\$ 1,207,456.73	\$ 4,376,602.31

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2023, the investments held by the *Texas Tuition Promise Fund*, the *College Savings Plans* and the *Texas ABLE Program* were in pooled investments. Therefore, as of August 31, 2023, the Plans did not have any investments subject to the concentration of credit risk.

Interest rate risk refers to the value fluctuations of fixed-income securities resulting from the inverse relationship between price and yield. The market value fluctuations of fixed-income securities that the Plans already hold will not affect the interest payable on those securities. However, the fluctuations will affect the market value and in turn will affect the Plans' net positions.

In order to monitor interest rate risk for the *Texas Tuition Promise Fund*, the *College Savings Plans* and the *Texas ABLE Program* the Board utilizes an investment consultant to review and report, on a quarterly basis, to the Board detailed performance reporting and risk assessments on each of the underlying holdings of the Plans.

Texas Prepaid Higher Education Tuition Board (315)

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

The effective duration measures the sensitivity of the price to a change in interest rates, expressed in years. The *Texas Tuition Promise Fund's*, the *College Savings Plans'*, and the *Texas ABLE Program's* interest rate risks at August 31, 2023, are as follows:

Holdings	Fair Value	Effective Duration
Texas Tuition Promise Fund:		
Eaton Vance Floating-Rate Fund	\$ 117,036,832.97	0.49
PIMCO Total Return Fund	145,690,660.58	5.86
Vanguard Total Bond Market Index Fund	99,208,090.21	6.41
	<u>\$ 361,935,583.76</u>	

Holdings	Fair Value	Effective Duration
College Savings Plans		
DFA Inflation Protected Securities Portfolio	\$ 138,164,881.13	6.88
Eaton Vance Floating-Rate Fund	14,298,140.16	0.49
Federated Hermes Institutional High Yield Fund	14,567,990.88	3.80
PIMCO International Bond (USD-Hdg) Fund	3,203.57	6.10
PIMCO Total Return Fund	20,571,349.25	5.86
Vanguard Long-Term Treasury Index Fund	1,451.70	15.62
Vanguard Total Bond Market Index Fund	201,886,532.54	6.41
	<u>\$ 389,493,549.23</u>	

Holdings	Fair Value	Effective Duration
Texas ABLE Program		
Eaton Vance Floating-Rate Fund	\$ 833,844.12	0.36
PIMCO Total Return Fund	2,962,519.11	5.49
	<u>\$ 3,796,363.23</u>	

The effective duration is weighted by fair value of each security and is expressed in years.

General Geopolitical Unrest: General geopolitical unrest, including terrorist attacks, military conflicts, and related events, such as commodity shortages, supply-chain disruptions, and inflation, have led to increased short-term market volatility and may have long-term effects on U.S. and world economies and markets. The Board does not know the extent to which and how long the securities markets may be affected by such events and cannot predict the effects of such events on the economies of the U.S., or of other countries, or on investment options or underlying investment values.

NOTE 4: Short-Term Debt

The Board held no short-term debt during the fiscal year ended August 31, 2023.

Texas Prepaid Higher Education Tuition Board (315)

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

NOTE 5: Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2023, the following changes occurred in liabilities:

Business-Type Activities	Balance 8/31/2022	Additions	Reductions	Balance 8/31/2023	Amounts Due Within One Year
Texas Tomorrow Constitutional Trust Fund/Texas Guaranteed Tuition Plan (Fund 0892):					
Employees' Compensable					
Leave	\$ 154,286.05	\$ 114,292.28	\$ 100,008.46	\$ 168,569.87	\$ 89,192.89
Liabilities Payable From					
Restricted Assets –					
Contract Benefits and					
Expenses	468,237,282.00	-	136,621,072.00	331,616,210.00	129,998,723.00
Total Business-Type Activities	<u>\$ 468,391,568.05</u>	<u>\$ 114,292.28</u>	<u>\$ 136,721,080.46</u>	<u>\$ 331,784,779.87</u>	<u>\$ 130,087,915.89</u>
Prepaid Tuition Undergraduate Education Program/Texas Tuition Promise Fund (Fund 0842):					
Employees' Compensable					
Leave	\$ 31,674.91	\$ 22,744.32	\$ 12,142.40	\$ 42,276.83	\$ 20,208.34
Liabilities Payable From					
Restricted Assets –					
Contract Benefits and					
Expenses	970,762,341.00	-	97,209,166.00	873,553,175.00	115,325,115.00
Total Business-Type Activities	<u>\$ 970,794,015.91</u>	<u>\$ 22,744.32</u>	<u>\$ 97,221,308.40</u>	<u>\$ 873,595,451.83</u>	<u>\$ 115,345,323.34</u>

Employees' Compensable Leave

If a state employee has had continuous employment with the State for at least six months, the State employee is entitled to be paid for all unused vacation time accrued in the event of the employee's resignation, dismissal, or separation from State employment. Both an expense and a liability are recorded as the benefits accrue to employees. No liability is recorded for non-vesting accumulated rights to receive sick pay benefits. This obligation is usually paid from the same funding source(s) from which the employee's salary or wage compensation is paid.

Liabilities Payable from Restricted Assets/Contract Benefits and Expenses

The Board recognizes a liability for future benefits payable to the participants in the State's two prepaid tuition plans, the *Texas Guaranteed Tuition Plan* established in 1995 and the *Texas Tuition Promise Fund* established in 2007. The breakdown is on Exhibit F-1 – Statement of Net Position – Major Enterprise Funds. The prepaid tuition plans record the future benefit payable at the actuarial present value of future tuition obligations, adjusted for the effects of projected tuition and schoolwide required fee increases and termination of contracts.

NOTE 6: Bonded Indebtedness

The Board was obligated for no bonds during the fiscal year ended August 31, 2023.

NOTE 7: Derivatives

The Board does not have any derivatives to report for the fiscal year ended August 31, 2023.

NOTE 8: Leases

The Board does not have any leases to report for the fiscal year ended August 31, 2023.

Texas Prepaid Higher Education Tuition Board (315)

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

NOTE 9: Retirement Plans

The Board is not allocated any pension expense by the Employees Retirement System of Texas.

NOTE 10: Deferred Compensation

The Board does not have any deferred compensation to report for the fiscal year ended August 31, 2023.

NOTE 11: Post Employment Health Care and Life Insurance Benefits

The Board is not allocated any post-employment health care or life insurance benefit expense by the Employees Retirement System of Texas.

NOTE 12: Interfund Activity and Transactions

The Board had \$0.00 in Interfund Receivable/Payable; \$0.00 in Due from Other Agencies and experienced routine transfers with other agencies that were consistent with the activities of the fund making the transfer at August 31, 2023:

Current Portion	Non-Current Interfund Receivable	Non-Current Interfund Payable	Purpose
None	\$ -	\$ -	
Current Portion	Due From Other Agencies	Due to Other Agencies	Source
Total Due From/To Other Agencies	\$ -	\$ -	
Current Portion	Contributions (In)	Contributions (out)	Source
Enterprise Fund (05)			
Appd Fund 0892, D23 Fund 0892			
From Agy 902, D23 Fund 0001	\$ 243,800,000.00	\$ -	Other contributions from Comptroller to fund the unfunded liability
From Agy 304, D23 Fund 0001	6,003.50		Rebate Refund from DIR
Total Other Contributions	\$ 243,806,003.50	\$ -	

NOTE 13: Continuance Subject to Review

Under the Texas Sunset Act, the Agency will be abolished effective September 1, 2033, unless continued in existence by the Legislature as provided by the Act.

NOTE 14: Adjustments to Net Position

The Board does not have any adjustments to Net Position to report for the fiscal year ended August 31, 2023.

NOTE 15: Contingencies and Commitments

The Board has no contingencies or commitments to report for the fiscal year ended August 31, 2023.

Texas Prepaid Higher Education Tuition Board (315)

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

NOTE 16: Subsequent Events

Management evaluated the need for disclosures and/or adjustments resulting from subsequent events through December 15, 2023, the date the financial statements were available to be issued. As a result of this evaluation, management has determined that there are no subsequent events that necessitate disclosures and/or adjustments.

NOTE 17: Risk Management

The staff of the Texas Prepaid Higher Education Tuition Board are employees of the Texas Comptroller of Public Accounts. In accordance with Tex. Gov’t Code § 653.002, the agency no longer carries a fidelity surety bond on the Texas State Comptroller of Public Accounts and his employees.

In addition, the Texas Prepaid Higher Education Tuition Board has Public Official and Employment Practices Liability Insurance coverage for board members through Arthur J. Gallagher & Co. – Dallas. The coverage amount as of August 31, 2023, was \$2,000,000 per claim and in the aggregate with a \$100,000 deductible.

Presented below is the total tuition benefits obligation of the *Texas Guaranteed Tuition Plan* based upon the actuarial present value (“APV”) of the future tuition obligation. The *Texas Guaranteed Tuition Plan* is constitutionally guaranteed by the State. The valuation method reflects the present value of estimated tuition benefits that will be paid in future years and is adjusted for the effects of projected tuition and fee increases and termination of contracts. Net assets available represent assets in the plans at market value and the future discounted contract payments adjusted for estimated cancellation based upon the actuarial assumptions and evaluations.

	<u>August 31, 2023</u>
<i>APV of Future Benefits Payable</i>	
Future contract benefits and expenses.....	\$331,616,210.00
 <i>Total Net Assets Available</i>	 \$338,384,560.76
 Total Assets as a Percentage of Tuition	
Benefit Obligations	102%
 Surplus.....	 \$6,768,350.76

The following Board approved assumptions were used in the actuarial evaluation for the *Texas Guaranteed Tuition Plan*:

- * Investment Rates: The investment yield assumption ranges are as follows:
 - 4.2% for 2024
 - 3.8% for 2025
 - 3.5% for 2026
 - 3.3% for 2027 and after

- * Tuition/Required Fees The assumed tuition increases for future years were as follows:
 - 6.3% for Public Senior Colleges
 - 5.2% for Junior Colleges
 - 7.3% for Private Universities

- * Future New Entrants: It was assumed that no new contracts would be sold in the future.

Texas Prepaid Higher Education Tuition Board (315)

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

The *Texas Tuition Promise Fund* is not guaranteed by the State. Assumptions for tuition increases are the same as those for the *Texas Guaranteed Tuition Plan* above. The assumption for investment return used for the 2023 actuarial valuation, net of fees and expenses, is 5.8% (6.8% minus 1.00% fees and \$50,000 per year in expenses). Total assets as a percentage of tuition benefit obligations for the Plan as of August 31, 2023, are 134%.

NOTE 18: Management’s Discussion and Analysis

(See pages 4-11)

NOTE 19: The Financial Reporting Entity

Individual Component Unit Disclosures

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Component units can also be other organizations for which the nature and significance of their relationship with a primary government is such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. In addition, component units can be organizations that raise and hold economic resources for the direct benefit of a government unit. Because of the closeness of their relationships with the primary government, some component units are blended as though they are part of the primary government. Most component units, however, are discretely presented. None of the component units for the Board meet the criteria for major component unit presentation and those presented are for informational purposes of interested parties. The component units are reported for the year ended August 31, 2023, unless indicated otherwise.

Finally, based upon criteria established by GASB No. 14, as amended by GASB No. 61, the Board is not a component unit of the Texas State Comptroller of Public Accounts’ Office.

Blended Component Units

The Board does not have any blended component units to report.

Discretely Presented Component Units

The Board reports the following legally separate entities as component units because both entities support the Board’s programs; however, the component units do not provide services entirely or almost entirely to the Board. Therefore, the component units’ financial data is discretely presented in Combining Statement of Net Position-Discretely Presented Component Units and Combining Statement of Activities-Discretely Presented Component Units.

Texas Prepaid Tuition Scholarship Foundation (TPTSF) (FT 15, Fund 0892/1892) is a legally separate entity that was created to provide prepaid tuition scholarships to students meeting economic or academic requirements. TPTSF is a direct-support organization of the *Texas Guaranteed Tuition Plan* and is authorized by the Texas Education Code. TPTSF is governed by a board composed of the Comptroller, a member appointed by the Governor with the advice and consent of the Senate and three members appointed jointly by the Comptroller and the member who is appointed by the Governor. The Comptroller serves as the Executive Director of the Board and assigns and supervises employees responsible for the day-to-day operations of TPTSF. TPTSF does not issue separate financial statements. Information may be obtained by contacting the Texas Comptroller of Public Accounts, Texas Guaranteed Tuition Plan at 111 E. 17th Street, Austin, Texas 78774.

Texas Prepaid Higher Education Tuition Board (315)

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

Texas Match the Promise Foundation (TMPF) (FT 15, Fund 0892/6892) is a legally separate entity established to implement the *Texas Save and Match Program*, which helps families save for college by offering competitive matching scholarships and tuition grants to Texas students who participate in the *Texas Tuition Promise Fund*. The Comptroller appoints TMPF's governing board and can remove appointed board members at will. The Comptroller also assigns and supervises employees responsible for the day-to-day operations of TMPF. TMPF does not issue separate financial statements. Information may be obtained by contacting the Texas Comptroller of Public Accounts, Texas Guaranteed Tuition Plan at 111 E. 17th Street, Austin, Texas 78774.

Related Parties

The Texas State Comptroller of Public Accounts (“Comptroller”) serves as the Chair and Executive Director of the seven-member Texas Prepaid Higher Education Tuition Board that administers the *Texas Guaranteed Tuition Plan* and the *Texas Tuition Promise Fund*, the State's prepaid tuition plans, the *Texas College Savings Plan* and the *LoneStar 529 Plan*, the State's college savings plans, and the *Texas ABLE Program*, the State's savings plan for individuals with disabilities. The Comptroller's office provides financial and staff support to conduct and administer the day-to-day operations of the Agency and contract management. Daily operations of the *Texas Tuition Promise Fund*, the *Texas College Savings Plan*, the *LoneStar 529 Plan*, and the *Texas ABLE Program* are outsourced to a plan manager.

Salaries and related benefit expenses are reimbursed by the Board to the Comptroller's office. The Comptroller's Office also pays salaries and related benefit expenses for outreach staff that supports the plans. Funding for outreach staff is provided by the plan manager. Salaries and related benefits paid by the Board totaled \$1,827,821.02 for the fiscal year.

The Comptroller also serves as the Chair of the *Texas Match the Promise FoundationSM* and the *Texas Prepaid Tuition Scholarship Foundation*.

NOTE 20: Stewardship, Compliance, and Accountability

The Economic Growth and Tax Relief Reconciliation Act of 2001 made significant changes to Section 529 of the Internal Revenue Code. Distributions from qualified tuition programs that are used for qualified higher education expenses are currently exempt from federal income tax. This exemption was scheduled to expire on December 31, 2010. The Pension Protection Act (H. R. 4), which was signed by President Bush on August 17, 2006, made the exemption permanent.

At August 31, 2023, the *Texas Guaranteed Tuition Plan* had a projected surplus of \$6,768,350.76 compared to a deficit of (\$239,359,749.16) at August 31, 2022. The surplus (deficit) is determined by comparing estimated future contract collections and investment earnings to the projected value of future contract benefits to be paid. The elimination of the previous fiscal year's deficit is due to a transfer of \$243.8 million from the State.

At August 31, 2023, the *Texas Tuition Promise Fund* had a projected surplus of \$297,386,580.44 compared to a surplus of \$214,782,652.90 at August 31, 2022. The surplus is determined by comparing estimated future contract collections and investment earnings to the projected value of future contract benefits to be paid.

NOTE 21: Reserved

Reserved for statewide reporting purposes.

NOTE 22: Donor-Restricted Endowments

The Board has no donor-restricted endowments to report for the fiscal year ended August 31, 2023.

Texas Prepaid Higher Education Tuition Board (315)

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

NOTE 23: Extraordinary and Special Items

The Board has no extraordinary or special items to report for the fiscal year ended August 31, 2023.

NOTE 24: Disaggregation of Receivable and Payable Balances

The Board's receivable and payable balances are disaggregated on the Statement of Net Position.

NOTE 25: Termination Benefits

The Board has no termination benefits to report for the fiscal year ended August 31, 2023.

NOTE 26: Segment Information

The Board has no segment information to report for the fiscal year ended August 31, 2023.

NOTE 27: Service Concession Arrangements

The Board has no service concession agreements to report for the fiscal year ended August 31, 2023.

NOTE 28: Deferred Outflows of Resources and Deferred Inflows of Resources

The Board has no deferred outflows and deferred inflows of resources to report for the fiscal year ended August 31, 2023.

NOTE 29: Troubled Debt Restructuring

The Board has no troubled debt restructuring to report for the fiscal year ended August 31, 2023.

NOTE 30: Non-Exchange Financial Guarantees

The Board has no non-exchange financial guarantees to report for the fiscal year ended August 31, 2023.

NOTE 31: Tax Abatements

The Board has no tax abatements to report for the fiscal year ended August 31, 2023.

NOTE 32: Fund Balances-Classification

The Board's Net Position is reported as required within these financial statements.

Texas Prepaid Higher Education Tuition Board (315)

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

Schedule 1A – Schedule of Expenditures of Federal Awards and Accompanying Notes

The Board has no federal awards to report for the fiscal year ended August 31, 2023.

Schedule 1B – Schedule of State Grant Pass-Through From/To State Agencies/Universities

The Board has no state grant pass-through activity to report for the fiscal year ended August 31, 2023

Schedule 2A – Miscellaneous Bond Information

The Board has no bond information to report for the fiscal year ended August 31, 2023.

Schedule 2B – Changes in Bonded Indebtedness

The Board has no bond information to report for the fiscal year ended August 31, 2023.

Schedule 2C – Debt Service Requirements

The Board has no debt service information to report for the fiscal year ended August 31, 2023.

Schedule 2D – Analysis of Funds Available for Debt Service

The Board has no funds available for debt service information to report for the fiscal year ended August 31, 2023.

Schedule 2E – Defeased Bonds Outstanding

The Board has no defeased bonds outstanding to report for the fiscal year ended August 31, 2023.

Schedule 2F – Early Extinguishment and Refunding

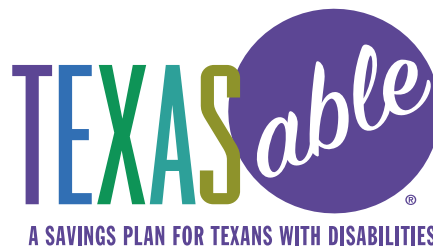
The Board has no extinguishment or refunding information to report for the fiscal year ended August 31, 2023.

Schedule 3 – Reconciliation of Cash in State Treasury and Schedule of Cash and Cash Equivalents

Cash in State Treasury, Cash in Bank and Cash Equivalents are reported as separate line items in these financial statements.

2023

OTHER SUPPLEMENTARY INFORMATION



Texas Prepaid Higher Education Tuition Board (315)

Combining Statement of Fiduciary Net Position

Fiscal Year Ended August 31, 2023

	College Savings Plans Private-Purpose Trust Funds (Fund 0892) <u>U/F (2892 & 3892)</u>	Texas ABLE Program Private-Purpose Trust Funds (Fund 0907) <u>U/F (0907)</u>	<u>Totals</u>
ASSETS			
Cash and Cash Equivalents:			
Cash in Bank	\$ 575,030.15	\$ 10,102,518.33	\$ 10,677,548.48
Cash in State Treasury	958,752.58	813,882.33	1,772,634.91
Investments:			
Other Investments	975,542,590.01	13,110,190.24	988,652,780.25
Receivables From:			
Contributions Receivable	1,045,664.06	-	1,045,664.06
Interest and Dividends	816,148.58	3,274.33	819,422.91
Other	736,145.70	1,949.54	738,095.24
Total Assets	<u>979,674,331.08</u>	<u>24,031,814.77</u>	<u>1,003,706,145.85</u>
LIABILITIES			
Payables From:			
Accounts	327,188.96	7,850.55	335,039.51
Withdrawals	1,265,217.79	-	1,265,217.79
Employees' Compensable Leave (Note 5)	-	8,768.03	8,768.03
Unearned Revenues	992,714.73	807,361.35	1,800,076.08
Other Liabilities	1,508,958.02	-	1,508,958.02
Total Liabilities	<u>4,094,079.50</u>	<u>823,979.93</u>	<u>4,918,059.43</u>
NET POSITION			
Restricted and Held in Trust For:			
College Savings Plan Contributors, Individuals, Organizations, and Others	<u>\$ 975,580,251.58</u>	<u>\$ 23,207,834.84</u>	<u>\$ 998,788,086.42</u>

Texas Prepaid Higher Education Tuition Board (315)

Combining Statement of Changes in Fiduciary Net Position

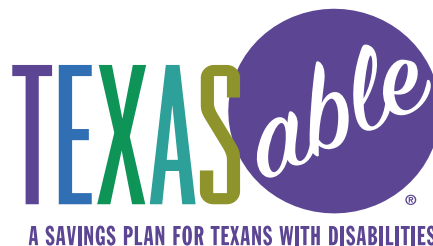
Fiscal Year Ended August 31, 2023

	College Savings Plans Private-Purpose Trust Funds (Fund 0892) U/F (2892 & 3892)	Texas ABLE Program Private-Purpose Trust Funds (Fund 0907) U/F (0907)	Totals
ADDITIONS			
Investment Income:			
From Investing Activities:			
Net Increase in Fair Value of Investments	\$ 34,034,943.61	\$ 539,760.66	\$ 34,574,704.27
Interest and Investment Income	30,275,980.22	692,068.84	30,968,049.06
Total Investing Gain	64,310,923.83	1,231,829.50	65,542,753.33
Less Investing Activities (Expense)	3,450,059.86	22,093.48	3,472,153.34
Net Income from Investing Activities	60,860,863.97	1,209,736.02	62,070,599.99
 Total Net Investment Gains	 60,860,863.97	 1,209,736.02	 62,070,599.99
Contributions:			
Account Holder Contributions	354,961,729.64	11,110,986.05	366,072,715.69
Total Contributions	354,961,729.64	11,110,986.05	366,072,715.69
Other Additions:			
Fees – Administrative Services	418,233.13	17,708.65	435,941.78
Reimbursements-Third Party	-	90,704.95	90,704.95
Total Other Additions	418,233.13	108,413.60	526,646.73
Total Additions	416,240,826.74	12,429,135.67	428,669,962.41
DEDUCTIONS			
Distributions Made from Accounts	351,789,718.85	5,101,485.50	356,891,204.35
Salaries and Wages	159,746.80	71,878.13	231,624.93
Payroll Related Costs	33,833.10	26,437.10	60,270.20
Professional Fees and Services	208,915.30	47,866.39	256,781.69
Travel	-	9,372.19	9,372.19
Materials and Supplies	-	131.80	131.80
Communications and Utilities	253.00	835.78	1,088.78
Rental and Leases	321.09	8,114.18	8,435.27
Interest Expense	2.88	-	2.88
Other Expense	50,109.16	17,721.65	67,830.81
Total Deductions	352,242,900.18	5,283,842.72	357,526,742.90
 INCREASE (DECREASE) IN NET POSITION	 63,997,926.56	 7,145,292.95	 71,143,219.51
NET POSITION			
Net Position Held in Trust for College Savings Plan Contributors, September 1, 2022	911,582,325.02	16,062,541.89	927,644,866.91
 Net Position Held in Trust for College Savings Plan Contributors, August 31, 2023	 \$ 975,580,251.58	 \$ 23,207,834.84	 \$ 998,788,086.42

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2023

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL
OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND
OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE
WITH GOVERNMENT
AUDITING STANDARDS**



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RSM US LLP

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditor’s Report

To the Texas Prepaid Higher Education Tuition Board (315)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities, the aggregate discretely presented component units, each major fund, and the fiduciary fund activities of the Texas Prepaid Higher Education Tuition Board (315) (the Board) as of and for the fiscal year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Board’s basic financial statements, and have issued our report thereon dated December 15, 2023. Our report included an emphasis of a matter paragraph regarding the presentation of the financial statements of the Prepaid Higher Education Tuition Board, an Agency of the State of Texas. Our report includes a reference to other auditors who audited the financial statements of the Texas Tuition Promise Fund® and the Texas ABLE® Program, as described in our report on the Board’s basic financial statements. The financial statements of the Texas Tuition Promise Fund®, Texas College Savings Plan®, LoneStar 529 Plan® and the Texas ABLE® Program were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these plans.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Board’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Austin, Texas
December 15, 2023

2023

**TEXAS GUARANTEED
TUITION PLAN
ACTUARY'S REPORT**



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TEXAS GUARANTEED TUITION PLAN

ACTUARY’S REPORT ON PROGRAM SOUNDNESS

AUGUST 31, 2023

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Texas Guaranteed Tuition Plan
Actuary's Report on Program Soundness
August 31, 2023

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Section I – Executive Summary

Adequacy of the Fund

As of August 31, 2023, the Plan had a surplus of \$6,768,351. The surplus represents the difference between the sum of the market value of the assets and the present value of the expected future contract payments and the sum of the present value of the expected future tuition and schoolwide required fees, refunds and expenses. The net change from last year's unfunded liability of \$239,359,749 to this year's surplus of \$6,768,351 is \$246,128,100. The change from the expected unfunded liability to a surplus is a difference of \$251,633,374. The expected unfunded liability was \$244,865,023. The five primary sources of change are:

- a) Investment asset performance of 2.97% was higher than the assumed investment return of 2.30%. The positive variance of 0.67% generated an asset gain of \$1.9 million. This estimate may vary from the actual asset performance as determined by the investment consultant.
- b) Increases in tuition were less than expected and resulted in a \$9.3 million decrease in the unfunded liability.
- c) Changing the investment return assumptions for future years resulted in a \$7.2 million decrease in the unfunded liability.
- d) Withdrawal and matriculations were significantly less than expected and created a loss of \$9.7 million as those hours are carried forward to future years and the associated benefit liability is increased by projected tuition inflation.
- e) State transfer of \$243,800,000 to fully fund the unfunded liability of the Plan.

The table below summarizes current balances:

Assets	
Investments	\$338,383,065
Future Contract Collections	<u>1,496</u>
Total Assets	338,384,561
Liabilities and Surplus	
Future Contract Benefits and Expenses	331,616,210
Surplus of Assets over Liabilities	<u>6,768,351</u>
Total Liabilities and Surplus	338,384,561

The program's funded ratio is 102.0%. This represents an increase of 53.1% from last year's ratio of 48.9%.

The assumptions used to measure the adequacy of the Plan, which were approved by the Board, are stated in Section IV. The most important assumptions are:

- The investment yield;
- The rate of increase in tuition and schoolwide required fees;
- Withdrawal rates;
- Future new entrants; and
- Expenses.

Investment Yield

The investment yield is the expected long-term net earnings rate of return on the assets.

The actuarial valuation of the Plan was determined using the schedule of interest rates found in Section IV. We also assumed the Plan is exempt from federal income tax. It is important to highlight the sensitivity of this analysis to this assumption. As pointed out subsequently, a 100-basis points shortfall in such a goal would place the Plan in a less favorable position. Additionally, the nature of this type of program involves payment of benefits at fixed future points in time, subjecting the Plan to greater than average investment risk due to short-term fluctuation and in matching investment maturities with expected outlays.

Rate of Increase in Tuition and Schoolwide Required Fees

Under statutory changes approved in 2003 by the Texas Legislature, the amount of tuition and schoolwide required fees paid for each beneficiary who uses a Senior College contract to attend a 4-year Texas Public College or University (Public Senior College) will be the lesser of: 1) actual tuition and schoolwide required fees or 2) the weighted average tuition and schoolwide required fees of all Texas public 4-year colleges and universities. Under this formula, Public Senior Colleges must accept this amount as payment in full for tuition and schoolwide required fees for a beneficiary who attends using plan benefits.

After careful analysis, the Texas Prepaid Higher Education Tuition Board (Board) selected tuition and schoolwide required fee increase assumptions above an expected rate of inflation. The assumed annual increases were 6.3% for Public Senior Colleges, 5.2% for Junior Colleges and 7.3% for Private Universities. These assumptions were unchanged from the prior valuation.

Future New Entrants

New contracts in future years would serve: a) to expand the base for spreading fixed expenses; b) to increase the likelihood that the Plan average tuition cost will not exceed Weighted Average Tuition (WAT) by a significant amount; and c) to ensure a large enough fund balance to invest profitably. However, adding new entrants could also expose the Plan to increased unfunded liabilities if either tuition inflation exceeds the assumption or investment returns are less than the assumption used to price the contracts.

In 2003 the Board suspended new enrollment in the Plan. For purpose of the actuarial analysis in this report, it is assumed that no future contracts will be sold.

In 2008, the Board opened a new prepaid tuition plan for enrollment, the Texas Tuition Promise Fund[®].

Expense

In our analysis we provide an expense provision for records administration charges and for general expenses. The provision for fiscal year 2023 is \$32 per contract that we assumed will increase 3.5% per year for inflation. This assumption was unchanged from the prior valuation.

Bias Against the Program by Purchasers and Beneficiaries

Bias is the result of rational decisions by purchasers and beneficiaries. Bias against the Plan is expected and is intrinsic to the purpose of a prepaid tuition program. A basic reason for establishing the Texas Guaranteed Tuition Plan is that the purchase of a contract will increase the commitment of the purchaser

to a belief the beneficiary will become qualified to enter college and that the ownership of a contract will cause the beneficiary to be comfortable with a commitment to academic achievement.

Bias against the Plan causes the amount the Plan pays to exceed the WAT. WAT is the average tuition and schoolwide required fees weighted by the number of full-time equivalent students. Bias refers to the degree to which the Texas Guaranteed Tuition Plan beneficiaries choose to attend the higher priced schools and so cause the Plan to pay out more tuition and schoolwide required fee benefits.

According to the amendments to state law, under statutory changes approved in 2003 by the Texas Legislature, the amount of tuition and schoolwide required fees paid for each beneficiary who uses a Senior College contract to attend a Texas public 4-year college or university will be the lesser of: 1) actual tuition and schoolwide required fees or 2) the weighted average tuition and schoolwide required fees of all Texas public 4-year colleges and universities. Under this formula, Texas public colleges and universities must accept this amount as payment in full for a beneficiary who attends a Public Senior College using Plan benefits.

The statutory change removes the bias against the Plan by the Plan beneficiaries choosing to attend the higher priced school, because the maximum tuition and schoolwide required fees payout is limited by the WAT.

However, these amendments do not apply to community colleges. The assumed bias load was 10.0% for community colleges. This assumption was unchanged from the prior valuation.

Use of Report

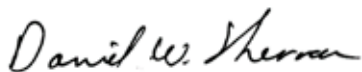
This report is prepared solely to assist the Board of the Texas Guaranteed Tuition Plan in evaluating the actuarial soundness of the Plan each year. The report is not intended and is not suitable for any other purpose. Accordingly, Sherman Actuarial Services does not intend this report or the data contained therein to be used as personal financial advice. Other readers of this report should consult with their own financial advisors regarding the application of this report to their particular circumstances.

Qualifications

Daniel Sherman is an Associate of the Society of Actuaries, and a Member of the American Academy of Actuaries. He is the actuary for the Texas prepaid tuition plans, and is the current actuary for three other state prepaid tuition plans. He meets the Qualification Standards of the Academy to render the actuarial opinions contained herein. This report has been prepared in accordance with all applicable Actuarial Standards of Practice, and we are available to answer questions concerning it.

All assumptions were approved by the Board and in my opinion are reasonable.

SHERMAN ACTUARIAL SERVICES, LLC



Daniel Sherman, ASA, MAAA
CEO and Consulting Actuary

SECTION II – Summary of Contract Data and Current Assets

Contract Data

A contract inventory report as of August 31, 2023 was extracted from Plan data. The contract inventory report presents the number of credit hours issued net of cancellations by contract type, number of years of tuition, grade or age of beneficiary and payment option.

The contracts issued in 1996 are for 30 credit hours per year. The contracts issued after 1996 are for 32 credit hours per year. The credit inventory (number of hours) as of August 31, 2023 is summarized in the following table.

<i>Plans</i>	<i>Lump Sum</i>	<i>Five-Year Monthly</i>	<i>Ten-Year Monthly</i>	<i>Payment Options</i>			<i>Extended Annually</i>
				<i>Extended Monthly</i>	<i>Five-Year Annually</i>	<i>Ten-Year Annually</i>	
1996 Enrollment							
<i>Sr. College</i>	6,193	5,381	6,581	7,656			
<i>Jr. College</i>	5	358	307	356			
<i>Jr. & Sr. College</i>	705	707	599	699			
<i>Private College</i>							
Total 1996	6,903	6,446	7,488	8,712			
1997 Enrollment							
<i>Sr. College</i>	10,436	7,891	8,558	6,447			
<i>Jr. College</i>	288	93	222	353			
<i>Jr. & Sr. College</i>	508	677	767	1,559			
<i>Private College</i>	520	11		148			
Total 1997	11,751	8,673	9,547	8,507			
1998 Enrollment							
<i>Sr. College</i>	13,478	4,923	12,007	8,521	5,664	1,392	915
<i>Jr. College</i>	44	141	108	66	5		
<i>Jr. & Sr. College</i>	514	254	420	590	147		51
<i>Private College</i>	374	133	115	210	89		
Total 1998	14,410	5,451	12,650	9,386	5,905	1,392	966
1999 Enrollment							
<i>Sr. College</i>	14,441	4,772	9,192	9,955	4,771	2,306	1,216
<i>Jr. College</i>	128	64	118	202			
<i>Jr. & Sr. College</i>	267	561	878	1,488	273	11	
<i>Private College</i>	261	32	114	279	203	78	11
Total 1999	15,096	5,429	10,302	11,923	5,248	2,394	1,227
2000 Enrollment							
<i>Sr. College</i>	26,284	8,876	20,603	19,316	9,035	3,796	1,968
<i>Jr. College</i>	66	95	338	352	32		64
<i>Jr. & Sr. College</i>	1,064	1,384	1,635	1,683	153	146	101
<i>Private College</i>	293			204	391	1	10
Total 2000	27,708	10,355	22,577	21,554	9,612	3,943	2,143

Sum of values may not match totals due to rounding.

Plans	Payment Options						
	Lump Sum	Five-Year Monthly	Ten-Year Monthly	Extended Monthly	Five-Year Annually	Ten-Year Annually	Extended Annually
2001 Enrollment							
<i>Sr. College</i>	26,327	14,144	23,691	36,598	14,196	7,364	4,442
<i>Jr. College</i>	617	321	369	597		295	32
<i>Jr. & Sr. College</i>	1,783	1,319	4,272	5,777	904	670	566
<i>Private College</i>	887	175	245	379	436	19	56
Total 2001	29,613	15,960	28,578	43,350	15,536	8,348	5,096
2002 Enrollment							
<i>Sr. College</i>	45,612	16,934	33,952	46,842	24,226	12,161	8,843
<i>Jr. College</i>	428	306	588	944	5	32	64
<i>Jr. & Sr. College</i>	2,801	971	4,209	4,953	964	1,644	1,093
<i>Private College</i>	1,157	178	550	731	771	294	18
Total 2002	49,998	18,389	39,299	53,470	25,966	14,131	10,018
2003 Enrollment							
<i>Sr. College</i>	141,848	26,258	60,578	111,063	59,440	36,396	25,831
<i>Jr. College</i>	2,109	590	982	1,339	114	213	37
<i>Jr. & Sr. College</i>	6,705	2,170	6,107	12,518	2,944	2,597	1,870
<i>Private College</i>	4,665	654	530	723	2,544	290	256
Total 2003	155,327	29,672	68,197	125,643	65,042	39,496	27,994
Total Enrollment							
<i>Sr. College</i>	284,619	89,179	175,163	246,398	117,334	63,414	43,215
<i>Jr. College</i>	3,685	1,968	3,032	4,209	156	540	197
<i>Jr. & Sr. College</i>	14,347	8,043	18,889	29,266	5,385	5,068	3,680
<i>Private College</i>	8,155	1,183	1,554	2,673	4,434	682	352
Total Enrollment	310,806	100,373	198,638	282,546	127,308	69,704	47,444

Sum of values may not match totals due to rounding.

The number of active contract counts (for all enrollment years combined) by plan type and projected year of matriculation is included in Appendix A.

Current Assets

The assets are administered by the Board and invested with the Texas State Treasury. The value of the assets as of August 31, 2023 is \$338,383,065. Asset totals shown below do not include tuition contracts receivable.

Assets held as of August 31, 2023:

Cash in State Treasury	\$ 337,217,313
Investments	22
Interest & Dividends Receivable	1,413,945
Due From Other Agencies	0
Less Accounts Payable	(248,215)
Total Assets	\$ 338,383,065

It is assumed that this mix will produce a net annual investment return of 4.2% in fiscal year 2024.

SECTION III – Plan Description

Overview

The Texas Guaranteed Tuition Plan (Plan) is an Internal Revenue Code Section 529 prepaid tuition plan. It allows the contract holder to lock in the cost of undergraduate college tuition and schoolwide required fees, thus providing protection against future tuition inflation.

At matriculation the Plan will pay, based on the contract type and number of credit hours purchased, either 1) the weighted average or actual cost of college tuition and schoolwide required fees at Texas public colleges and universities, whichever is less, or 2) the estimated average private tuition and schoolwide required fees at Texas private colleges and universities.

The contract holder buys credit hours representing a fixed amount of resident tuition and schoolwide required fees. When the beneficiary is ready for college, all or a portion of the tuition and schoolwide required fees will be covered at all four- or two-year public colleges and universities in Texas. The portion of the schoolwide required fees covered will vary based on the type of contract purchased. The contract can also be used to help pay for tuition at all private colleges in Texas, registered apprenticeship programs and out-of-state institutions. Texas public colleges and universities are required by statute to accept the benefit payments as payment in full for the tuition and schoolwide required fees for the hours purchased.

Eligibility

At the time of enrollment, the beneficiary must be a Texas resident or his/her parent must be both the purchaser and a Texas resident.

Contract Types

The fund will pay the maximum number of credit hours listed below for the type of plan purchased:

- **Junior College Plan**
Purchaser can prepay up to 64 credit hours of tuition and schoolwide required fees at any public junior or community college in the state.
- **Senior College Plan**
Purchaser can prepay up to 160 credit hours of tuition and schoolwide required fees at any public senior college or university in the state.
- **Junior-Senior College Plan**
Purchaser can prepay up to 64 credit hours of tuition and schoolwide required fees at any public, community or technical college in the state. In addition, the purchaser can prepay up to 64 credit hours of tuition and schoolwide required fees for any public senior college or university in the state. Thus, a total of 128 credit hours can be purchased.
- **Private College Plan**
Provides an estimated average private tuition and schoolwide required fees, as determined by the Board each year. This amount is applied toward any of Texas’ private or independent colleges for up to 160 credit hours. If tuition and schoolwide required fees at the private college chosen exceed the estimated average, the beneficiary is responsible for the remaining balance. If the college charges are less than the estimated average, the purchaser can request a refund of

the difference. Otherwise, only the hours necessary to pay the student's tuition and schoolwide required fee charges will be deducted from his or her plan.

Payment Plans

The Plan offers two types of payment plans: Lump Sum and Installment:

➤ **Lump Sum**

- Entire purchase made in one lump sum payment.

➤ **Installment Plan**

- Pay every month or once a year.
- Payment period of 5 years, 10 years, or the number of years until the beneficiary's projected high school graduation date.

Refunds

The purchaser may receive a refund on the unused portion of the contract.

SECTION IV – Actuarial Methods and Assumptions

Actuarial Methods

The actuarial method projects the expected future cash flows from contract payments, tuition and refund benefits and expense. These projected future cash flows are discounted to the present and compared to the market value of the assets to indicate the soundness of the Plan.

The development of the measurement of soundness has seven stages:

Develop base line average tuition and schoolwide required fees from data provided by the Plan;

Project average tuition and schoolwide required fees through the expected term of the contracts, based on assumptions as to future tuition increases;

Determine the nominal cost of expected future tuition and schoolwide required fees, based on the contract inventory and assumptions as to mortality, disability, voluntary surrender and utilization of benefits;

Determine the nominal cost of expected future administrative expenses, based on the contract inventory and the records administration fee schedule, as well as assumptions as to inflation and utilization of benefits;

Project future contract payments based on the contracts and assumptions as to mortality, disability and voluntary surrender;

Determine the present value of expected future benefits, expenses and contract payments, based on the discount rate assumption; and

As the indication of soundness, measure the surplus or deficit, which is the difference between the sum of the market value of the assets and the present value of the expected future contract payments and the sum of the present values of the expected future tuition and schoolwide required fees, refunds and expenses.

Actuarial Assumptions

Necessary adjustments to reflect new information were made to this year’s assumptions. The assumptions were approved by the Board. The revisions to the assumptions, if any, are noted herein.

Tuition and Schoolwide Required Fee Increase

Assumed annual increases in future tuition and schoolwide required fees remained unchanged from the prior valuation:

Public Senior College	Junior College	Private University
6.3%	5.2%	7.3%

Investment Yield

The assumed annual net investment yield is illustrated in the following table:

Plan Year Ending	Current Valuation	Prior Valuation
2024	4.20%	2.30%
2025	3.80%	
2026	3.50%	
2027+	3.30%	

Discount Rate

Through 2032, anticipated future benefit and contract payments are discounted to the valuation date to determine the present value based on the Investment Yield. After 2032, these future payments are discounted at 3.50%.

Expenses

In our analysis we provide an expense provision for records administration charges and for general expense. The provision for fiscal year 2023 is \$32 per contract, which we assume will increase 3.5% per year for inflation. This assumption remains unchanged from the prior valuation.

Future Participation in the Program

It is assumed that no new contracts will be issued in the future.

Mortality and Disability

Mortality rates for beneficiaries are assumed to follow the 1990 U.S. Life Tables.

Early Voluntary Surrender of Contract

We assumed the following percentages of the public senior college contracts in effect at the beginning of the year would be surrendered during the year. We use similar estimates for the other college types, based on empirical evidence. This assumption remains unchanged from the prior valuation.

Years From Purchase	Lump Sum	Five-Year Payments	Ten-Year Payments	Extended Payments
1 to 2	2.50%	6.30%	8.80%	13.70%
2 to 3	1.80%	3.60%	5.30%	6.00%
3 to 4	0.40%	1.50%	2.30%	3.00%
4 to 5	0.50%	1.00%	2.00%	3.00%
5 to 6	0.50%	0.50%	1.30%	2.00%
After 6 Years	0.80%	1.30%	0.70%	2.30%

Matriculation Percent

We assumed the beneficiary of a contract not voluntarily surrendered matriculates at the date specified in the contract. This assumption remains unchanged from the prior valuation.

Dropout Rate

We assumed beneficiaries use the number of credits specified in the contract.

Utilization of Credits

We assumed beneficiaries use the credits specified according to the following schedule. This assumption remains unchanged from the prior valuation.

Type of Contract	First Year	Second Year	Third Year	Fourth Year	Fifth Year	Sixth Year
Five – Year Contracts	20%	20%	20%	20%	15%	5%
Four – Year Contracts	25%	24%	23%	20%	8%	0%
Three – Year Contracts	30%	30%	30%	10%	0%	0%
Two – Year Contracts	50%	40%	10%	0%	0%	0%
One – Year Contracts	80%	20%	0%	0%	0%	0%

Frequency of Beneficiary Replacement

We assumed no replacement of beneficiaries.

Bias

We assumed no bias load for universities and a bias load of 10.0% for community colleges. This assumption remains unchanged from the prior valuation.

SECTION V – Soundness of the Plan as of August 31, 2023

As a measure of the soundness of the Plan as of August 31, 2023, we determined the difference between the value of the assets and the actuarial present value of the future contract payments and the actuarial present value of future benefits and expenses. This measurement of soundness is summarized on the following pages.

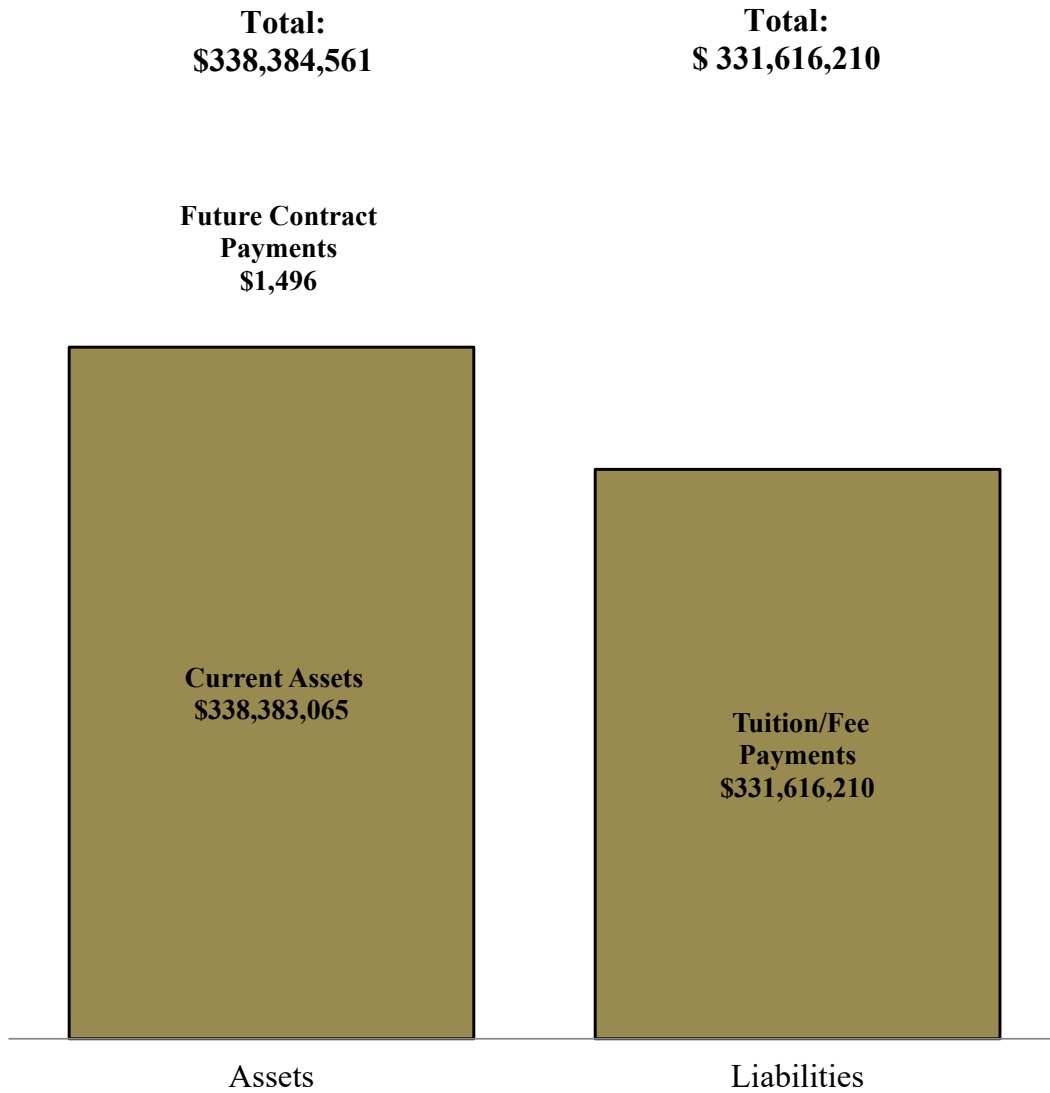
A projection of the status of the Plan at each future anniversary date through the life of these contracts is presented on page 14, labeled Present Value of Assets and Liabilities.

The projections of future benefits and expenses and contract payments are presented on page 15, labeled Expected Annual Cash Flows.

Our measurement of the present value and projections are based on asset and contract information provided and on the assumptions chosen by the Board.

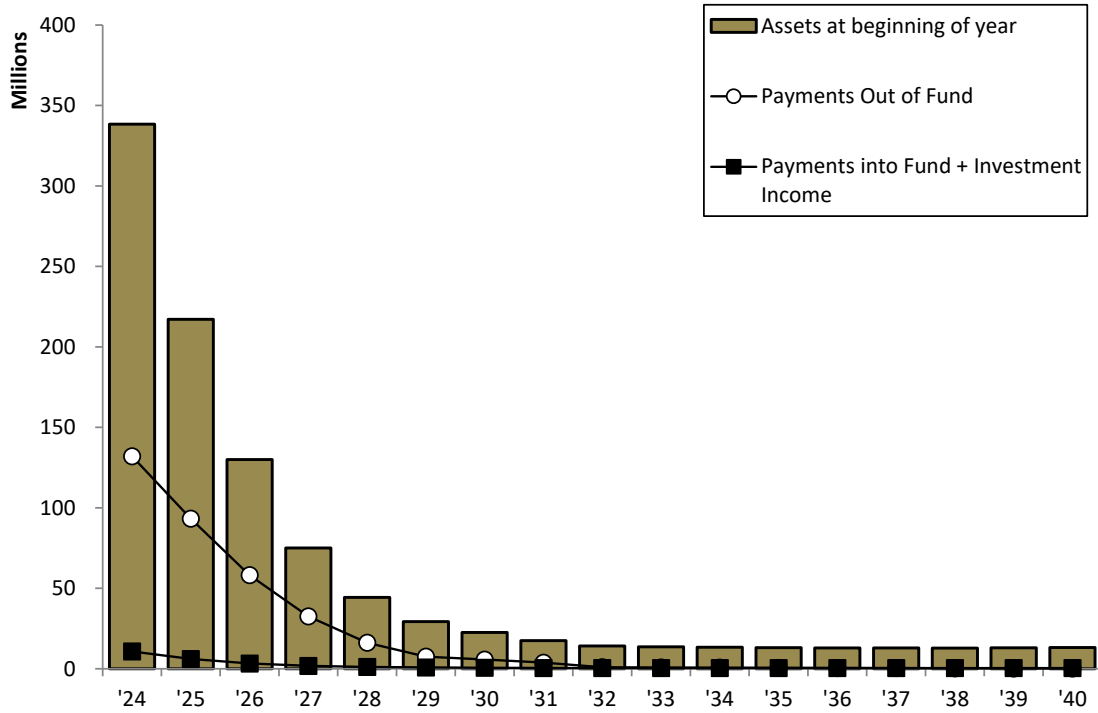
Funded Status

The value of assets of the trust fund exceeds the liabilities as of August 31, 2023 (including the value of future payments by contract purchasers) by \$6.8 million. The funded ratio, assets divided by liabilities, is equal to 102.0%. The assumptions used to perform the actuarial valuation of the fund were approved by the Board and are described in Section IV.



Cash Flow Projection

The expected income and disbursements of the trust fund, based on the assumptions used in the actuarial valuation, and the current group of contract beneficiaries, are shown below. These amounts are cash amounts, not present value amounts.



Present Value of Assets and Liabilities

8/31 of Year	Present Value of Future Benefit and Expenses	Value of Assets and Present Value of Future Collections	Surplus of Assets to Liabilities
2023	331,616,210	338,384,561	6,768,351
2024	210,085,421	217,138,042	7,052,621
2025	122,409,370	129,977,360	7,567,990
2026	67,019,965	75,116,697	8,096,731
2027	35,836,002	44,387,448	8,551,446
2028	20,439,360	29,369,090	8,929,730
2029	13,398,744	22,672,295	9,273,550
2030	7,987,492	17,605,615	9,618,122
2031	4,343,075	14,304,235	9,961,160
2032	3,477,864	13,773,309	10,295,444
2033	2,788,165	13,427,733	10,639,568
2034	2,146,794	13,141,453	10,994,659
2035	1,617,101	12,977,847	11,360,746
2036	1,169,739	12,908,109	11,738,370
2037	751,179	12,879,397	12,128,218
2038	458,225	12,988,400	12,530,174
2039	226,553	13,171,563	12,945,009

Sum of values may not match totals due to rounding.

Expected Annual Cash Flows

Fiscal Year Ending	Benefit Payments and Expenses	Contract Payment Receipts	Annual Cash Flow
2024	132,025,298	1,527	(132,023,771)
2025	93,260,560	0	(93,260,560)
2026	58,187,905	0	(58,187,905)
2027	32,567,211	0	(32,567,211)
2028	16,177,442	0	(16,177,442)
2029	7,542,165	0	(7,542,165)
2030	5,726,196	0	(5,726,196)
2031	3,822,770	0	(3,822,770)
2032	983,208	0	(983,208)
2033	784,060	0	(784,060)
2034	714,766	0	(714,766)
2035	585,294	0	(585,294)
2036	488,015	0	(488,015)
2037	445,551	0	(445,551)
2038	309,673	0	(309,673)
2039	240,525	0	(240,525)
2040	228,080	0	(228,080)

Sum of values may not match totals due to rounding.

Note: The amounts shown above are annual expected amounts for the year corresponding to the “Fiscal Year Ending” column. They are not cumulative amounts.

SECTION VI – Sensitivity Testing

The Program operates under conditions of risk and uncertainty. For example, while it is assumed the assets of the fund will earn the annual net rate found in Section IV, we also expect actual returns to vary from year to year. To accept the reasonableness of the basis for the measurement of the soundness, it is useful to know how the status of the fund may be affected by the vagaries of the markets and other factors. We have rerun the valuation under the following alternative scenarios, and the surplus as of August 31, 2023 under each of these scenarios is presented in the following table:

Scenarios	Surplus
Baseline	\$6,768,351
Tuition increases are 25 basis points higher in each future year than assumed	5,929,633
The investment return is .25% below expectation	5,856,910
Tuition increases are 25 basis points higher in each future year and the investment return is 25 basis points lower than assumed	5,011,775
Tuition increases are 25 basis points lower in each future year than assumed	7,602,378
Tuition increases are 25 basis points lower in each future year and the investment return is 25 basis points lower than assumed	6,697,278
The investment return is 50 basis points lower than assumed	4,936,524
The investment return is 75 basis points lower than assumed	4,007,036
The investment return is 100 basis points lower than assumed	3,068,286
Tuition increases are 50 basis points higher in each future year than assumed	5,086,170
Tuition increases are 75 basis points higher in each future year than assumed	4,237,903
Tuition increases are 100 basis points higher in each future year than assumed	3,384,774

SECTION VII – Changes in Surplus

Adequacy of the Fund

As of August 31, 2023, the Plan had a surplus of \$6,768,351. The surplus represents the difference between the sum of the market value of the assets and the present value of the expected future contract payments and the sum of the present value of the expected future tuition and schoolwide required fees, refunds and expenses. The net change from last year's unfunded liability of \$239,359,749 to this year's surplus of \$6,768,351 is \$246,128,100. The change from the expected unfunded liability to a surplus is a difference of \$251,633,374. The expected unfunded liability was \$244,865,023. The five primary sources of change are:

- a) Investment asset performance of 2.97% was higher than the assumed investment return of 2.30%. The positive variance of 0.67% generated an asset gain of \$1.9 million. This estimate may vary from the actual asset performance as determined by the investment consultant.
- b) Increases in tuition were less than expected and resulted in a \$9.3 million decrease in the unfunded liability.
- c) Changing the investment return assumptions for future years resulted in a \$7.2 million decrease in the unfunded liability.
- d) Withdrawal and matriculations were significantly less than expected and created a loss of \$9.7 million as those hours are carried forward to future years and the associated benefit liability is increased by projected tuition inflation.
- e) State transfer of \$243,800,000 to fully fund the unfunded liability of the Plan.

Following is a comparison of the assumed and the actual results for the year ended August 31, 2023.

Investment Return

The asset return was greater than expected during the 2023 fiscal year, returning 2.97% versus the prior year assumption of 2.30%. The positive variance of 0.67% generated an asset gain of \$1.9 million. The extent that investment experience exceeds the assumption will result in an actuarial gain.

Tuition and Schoolwide Required Fee Increase

The Weighted Average Tuition (WAT) for Senior College increased to \$11,740 from \$11,659, an increase of 0.70% compared to the assumed 6.30% increase. The Junior College WAT increased to \$4,015 from \$3,863, an increase of 3.94% compared to the assumed 5.20% increase. The Private College WAT increased to \$33,475 from \$32,088, an increase of 4.32% compared to the assumed 7.30% increase. The tuition experience resulted in an actuarial gain of approximately \$9.3 million.

Bias Against the Program by Purchasers and Beneficiaries

The design of the program removed the bias relating to beneficiaries of Texas Guaranteed Tuition Plan contracts attending relatively higher priced universities. However, there was still a 4.48% bias for community colleges as calculated by comparing the actual tuition and schoolwide required fee payment for the contract beneficiaries who attend community colleges to the expected payout based on program assumptions. Therefore, the bias was 5.52% less than the 10% expected by last year's valuation, resulting in an actuarial gain of \$140,001.

Expense

The assumption for records administration charges and general expenses remains at \$32 per contract for fiscal year 2023, with an increase of 3.5% per year in each future year for inflation. The actual expenses were greater resulting in a loss of \$1,031,527.

Voluntary Withdrawal and Contract Reductions and Matriculation

Beneficiaries delayed entry into schools or took fewer hours than expected. Since the tuition increases exceeded the assumed investment return, this created an actuarial loss.

Gain/Loss Summary

During the last year, the plan experienced a \$0.7 million actuarial gain. The sources of the (gain)/loss are as follows:

(Gain) / Loss	(millions)
Asset Gain (2.97% return)	\$(1.9)
Tuition Inflation Gain	(9.3)
Expense	1.0
Bias	(0.1)
Withdrawal and Matriculation	<u>9.6</u>
Total (Gain) / Loss	\$(0.7)

Assumption Change and State Appropriation

Changes to the investment return assumption resulted in a \$7.2 million decrease in the unfunded liability. A constitutional amendment passed by Texas voters in 1997 put the full faith and credit of the state behind Plan benefits. In fiscal 2023, the state transferred \$243.8 million to the Plan, bringing total state transfers to \$813.6 million. The transfers have fully funded the Plan's unfunded liability from previous years. When combined with the actuarial gain of \$0.7 million, and adjusted for rounding, results in the total unexpected decrease in unfunded liability of \$251.6 million.

TEXAS GUARANTEED TUITION PLAN

Appendix A

Active Contract Counts for All Enrollment Periods

As of August 31, 2023

Matriculation Year	Plan														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2001															
2002		1													
2003														1	
2004															
2005		1													
2006		1													
2007	1	1													
2008		1				1							2		
2009	1	3		1											
2010		8	1		1								1		
2011		7		2			1								
2012		6		2									2		
2013	24	242	8	28	10	7	1	2					56		
2014	114	1260	31	86	33	46	8	21					139	10	1
2015	118	1272	16	49	37	37	7	25		2	1		203	3	
2016	114	1347	35	73	37	31	4	20	2	8	1		270		
2017	130	1396	31	98	42	29	5	27		1	2		322		
2018	160	1672	49	115	47	37	7	21	1	4			358	2	
2019	169	1866	36	80	48	27	7	28		2	1		368	1	
2020	178	1754	62	125	72	26	2	30	2	2	2	3	317		
2021	205	2039	86	186	91	44	7	29	1	3	13		412		
2022	16	174	12	19	10	5	2	2					21		
2023	18	176	9	29	16	3	3	1	1				20		
2024	16	83	3	13	6	1	1	1					22		
2025	8	53	2	5	5		1	1					5	1	
2026	5	32	2	4	1		1						7	2	
2027	1	26	4	5		1		1					2	1	
2028	1	26	1	1	2	1							1		
2029	6	19	2		7	2							3	1	
2030	1	11			1								1		
2031	4	6		3	3	2				1			3		
2032	1	8		2	2								2		
2033	2	9		1		2							1		
2034		3			3	2							1	1	
2035	1	5	1	1		1								1	
2036	1	6			1	1									
2037		3													
2038	1	2			1										
2039	1	4			3										
2040				1											
Total	1,297	13,523	391	929	479	306	57	209	7	23	20	3	2,540	24	1
% of Total	6.53%	68.04%	1.97%	4.67%	2.41%	1.54%	0.29%	1.05%	0.04%	0.12%	0.10%	0.02%	12.78%	0.12%	0.01%

Key to Plan Type:

- 1. Jr/Sr - 2/2 4. Sr - 2 Yr 7. Jr - 1 Yr 10. Pr - 2 Yr 13. Sr - 5 Yr
- 2. Sr - 4 Yr 5. Sr - 1 Yr 8. Pr - 4 Yr 11. Pr - 1 Yr 14. Sr - 4 Yr + 8Hrs
- 3. Sr - 3 Yr 6. Jr - 2 Yr 9. Pr - 3 Yr 12. Jr/Sr - 2/2 + 4Hrs 15. Sr - 4 Yr + 6Hrs

Sum of values may not match totals due to rounding.

TEXAS GUARANTEED TUITION PLAN
Active Contract Counts for All Enrollment Periods
As of August 31, 2023

Appendix A

Matriculation Year	Plan									Total	% of Total
	16	18	21	23	24	31	34	35			
2001										0	0.00%
2002										1	0.01%
2003										1	0.01%
2004										0	0.00%
2005										1	0.01%
2006										1	0.01%
2007										2	0.01%
2008										4	0.02%
2009										5	0.03%
2010										11	0.06%
2011										10	0.05%
2012										10	0.05%
2013								2		380	1.91%
2014			1				5	1		1756	8.84%
2015	1						1	3		1775	8.93%
2016							2	4		1948	9.80%
2017								8		2091	10.52%
2018								8		2481	12.48%
2019			1					5		2639	13.28%
2020				1				10		2586	13.01%
2021								8		3124	15.72%
2022								1		262	1.32%
2023										276	1.39%
2024										146	0.73%
2025								1		82	0.41%
2026										54	0.27%
2027										41	0.21%
2028										33	0.17%
2029								1		41	0.21%
2030				1						15	0.08%
2031										22	0.11%
2032										15	0.08%
2033										15	0.08%
2034										10	0.05%
2035										10	0.05%
2036										9	0.05%
2037										3	0.02%
2038										4	0.02%
2039										9	0.05%
2040										1	0.01%
Total	1	0	2	2	0	0	10	50		19,874	100.00%
% of Total	0.01%	0.00%	0.01%	0.01%	0.00%	0.00%	0.05%	0.25%		100.00%	

Key to Plan Type:

- | | | |
|----------------------|----------------------|-------------------|
| 16. Sr - 4 Yr + 4Hrs | 23. Sr - 1 Yr + 2Hrs | 34. Sr Add'l Year |
| 18. Sr - 3 Yr + 6Hrs | 24. Pr - 4 Yr + 8Hrs | 35. Pr - 5 Yr |
| 21. Sr - 2 Yr + 4Hrs | 31. Pr - 2 Yr + 4Hrs | |

Sum of values may not match totals due to rounding.

**Texas Guaranteed Tuition Plan Contracts
Matriculation Information – FY 2023 Payments to Community Colleges**

Appendix B

	Number of Contracts	Semester Hours	Tuition and Fees Paid	Average Paid Per Semester Hour
Texas Community College				
Alamo Community College District	58	422	114,680	271.97
Alvin Community College	8	27	8,458	310.96
Amarillo College	4	26	9,534	364.31
Austin Community College	111	754	245,772	325.93
Blinn College	91	1,426	494,170	346.58
Brazosport College	6	49	10,978	223.80
Central Texas College	7	34	10,862	315.85
Cisco College	4	49	11,705	240.25
Clarendon College	3	53	20,276	383.43
Coastal Bend College	5	42	13,039	309.86
College of the Mainland	9	77	10,707	139.03
Collin College	69	473	104,008	220.06
Dallas College	67	380	112,932	296.81
Del Mar College	17	130	39,076	301.70
El Paso Community College	18	109	30,192	277.96
Frank Phillips College	0	13	4,557	361.99
Galveston College	1	20	7,222	363.82
Grayson College	6	35	11,245	318.28
Hill College	3	22	5,194	232.60
Houston Community College	23	190	49,799	262.13
Howard College	2	7	2,380	364.47
Lamar Institute of Technology	2	6	2,294	364.71
Lamar State College Orange	2	12	4,283	363.89
Lamar State College Port Arthur	3	19	6,844	364.24
Laredo College	6	28	7,900	279.15
Lee College	1	4	1,537	364.22
Lone Star College	101	701	180,934	257.99
McLennan Community College	13	137	34,248	249.91
Midland College	2	12	4,322	364.11
Navarro College	8	77	17,867	231.32
North Central Texas College	26	278	95,070	341.51
Northeast Texas Community College	2	26	4,964	192.78
Odessa College	4	53	15,675	293.21
Paris Junior College	5	83	18,263	219.40
Ranger College	1	30	14,275	473.62
San Jacinto College	53	382	114,669	300.47
South Plains College	15	176	55,452	315.80
South Texas College	14	88	29,002	330.54
Southwest Texas Junior College	2	13	4,819	363.42
Tarrant County College District	1	9	1,536	171.81
Tarrant County College Ft. Worth NorthWest	18	111	16,992	153.55
Tarrant County College NE Hurst	13	98	16,876	171.54
Tarrant County College SE Campus	0	76	9,674	127.27
Tarrant County College South Campus	14	18	7,000	394.14
Tarrant County College Trinity River Campus	4	28	4,026	141.96
Temple College	7	39	11,384	289.60
Texarkana College	1	2	743	364.22
Texas State Technical College	27	541	189,585	350.38
Trinity Valley Community College	3	20	4,664	233.78

Sum of values may not match totals due to rounding.

**Texas Guaranteed Tuition Plan Contracts
Matriculation Information – FY 2023 Payments to Community Colleges**

Appendix B

	Number of Contracts	Semester Hours	Tuition and Fees Paid	Average Paid Per Semester Hour
Texas Community College				
Tyler Valley Community College	51	868	241,095	277.72
Vernon College	4	33	12,010	369.54
Victoria College	13	97	30,559	315.56
Weatherford College	8	95	29,924	315.25
Wharton County Junior College	9	83	30,173	361.87
Total	945	8,581	2,535,445	295.46

Sum of values may not match totals due to rounding.

**Texas Guaranteed Tuition Plan Contracts
Matriculation Information – FY 2023 Payments to Proprietary Institutions**

Appendix B

	Number of Contracts	Semester Hours	Tuition and Fees Paid	Average Paid Per Semester Hour
Texas Proprietary Institutions				
Alvin Community College Online	0	3	1,042	364.34
Angelo State University Online and Extension Studies	15	65	24,618	378.73
Art Institute of Houston	2	49	17,686	363.53
Austin Community College Continuing Education	1	1	301	362.65
Blinn College TEEX Fire Academy	0	24	2,897	120.72
Brookhaven College Continuing Education	1	0	79	359.09
Central Texas College Distance Learning	3	22	3,801	169.00
College of Health Care Professions Austin	1	37	13,632	364.31
College of Health Care Professions Houston NW	2	82	19,074	232.44
College of Health Care Professions McAllen	1	23	8,355	364.39
Collin College Continuing Education	1	0	169	367.39
Concorde Career College - Arlington/Grand Prairie	1	34	12,325	364.20
Concorde Career College - Dallas	1	48	17,587	364.35
Culinary Institute Alain and Marie LeNôtre Houston	2	98	35,417	362.92
Dallas Institute of Funeral Service	2	20	11,260	576.25
Galen College - San Antonio	6	151	51,760	342.08
Hallmark University	1	46	16,692	364.38
Houston Community College Distant and Continuing Education	7	62	21,411	346.45
Lamar Institute of Technology Online Distance Learning	1	3	1,224	364.29
Lamar University Grad & Academic Partnership	10	141	51,289	364.06
Laredo College Online	0	1	1,060	1,000.00
Lincoln College of Technology Dallas-Fort Worth	1	63	22,819	364.35
Lone Star College Aviation Division	2	64	23,355	364.30
Lone Star College North Harris Continuing Education	1	11	4,040	362.33
Mediatech Institute Dallas	1	49	17,853	364.35
Midwestern State University Distance Learning	7	170	61,763	364.36
Midwestern State University Grad Studies	1	11	4,008	364.35
Paris Junior College Continuing Education	1	10	3,750	364.43
Parker University	1	36	13,117	364.35
Pima Medical Institute - Houston	3	115	41,796	364.33
Prairie View A&M University Online Studies	0	12	4,346	362.20
Ranger College Online, Dual and Continuing Education	2	18	6,725	364.30
Sam Houston State University Graduate Studies	3	94	34,249	364.35
Stephen F. Austin State University Grad	5	60	21,719	364.36
Stephen F. Austin University On Line Learning	4	43	15,667	364.35
Sul Ross State University Continuing Education	0	18	6,453	364.36
Sul Ross State University Online and Distance Learning	4	56	20,272	364.28
Tarleton State University Graduate Studies	9	110	40,071	364.35
Texas A&M Engineering Extension Service TEEX	1	15	5,400	364.37
Texas A&M International University Online Studies	6	68	25,407	374.52
Texas A&M University Central Texas Distance Learning	6	108	39,526	364.33
Texas A&M University Commerce Graduate Students	11	128	46,542	363.61
Texas A&M University Corpus Christi Graduate Studies	11	82	29,827	364.19
Texas A&M University Corpus Christi Studies Abroad	1	0	0	0.00
Texas A&M University Graduate Studies	79	1,697	621,624	366.37
Texas A&M University Health Science Center	50	1,354	504,160	372.26
Texas A&M University Kingsville RELLIS Campus	0	8	2,835	364.40
Texas A&M University Study Abroad Programs Ofc	11	181	73,608	406.68
Texas Southern University Graduate Students	1	18	2,173	120.72

Sum of values may not match totals due to rounding.

Texas Guaranteed Tuition Plan Contracts

Appendix B

Matriculation Information – FY 2023 Payments to Proprietary Institutions

	Number of Contracts	Semester Hours	Tuition and Fees Paid	Average Paid Per Semester Hour
Texas Proprietary Institutions				
Texas State University Extension Studies	10	100	36,455	363.79
Texas State University San Marcos Grad Students	1	6	2,180	363.28
Texas Tech Health Science Center El Paso	2	73	26,664	365.06
Texas Tech University Graduate Studies	37	593	230,548	389.06
Texas Tech University Health Sciences Center	50	1,325	488,040	368.42
Texas Tech University Studies Abroad	1	11	4,017	362.24
Texas Woman's University Graduate Studies	22	371	145,659	392.14
Universal Technical Institute Austin	2	162	59,050	363.65
Universal Technical Institute Houston	1	34	12,270	364.31
Universal Technical Institute Irving	1	60	21,700	364.34
University Extension UT Austin	7	149	54,124	364.20
University of Houston Clear Lake Graduate Studies	1	15	5,465	364.35
University of Houston Graduate Studies	29	615	242,711	394.57
University of Houston Victoria Graduate Studies	0	1	364	364.35
University of North Texas Graduate Students	37	446	162,243	363.98
University of North Texas Health Science Center	16	312	134,887	432.83
University of North Texas On Line Learning	207	2,997	1,090,848	363.98
University of St. Augustine for Health Sciences - Austin	5	181	66,021	364.35
University of Texas Arlington Division for Enterprise	2	41	9,500	231.54
University of Texas at Arlington Graduate Studies	2	39	14,038	364.34
University of Texas at Arlington On Line Courses	15	196	71,540	364.35
University of Texas at Austin Grad Students	37	777	283,162	364.35
University of Texas at Austin McCombs School of Business	2	31	11,265	363.38
University of Texas at Dallas Grad	30	457	166,620	364.32
University of Texas at El Paso Graduate Studies	1	12	4,372	364.35
University of Texas at San Antonio Graduate Studies	4	115	41,732	364.15
University of Texas at San Antonio Online Studies	7	218	92,250	423.05
University of Texas at Tyler Graduate Studies	7	96	34,805	362.25
University of Texas at Tyler Online	31	819	282,823	345.31
University of Texas Health Science Center at Houston	25	589	214,601	364.34
University of Texas Health Science San Antonio	27	673	251,336	373.42
University of Texas Permian Basin Online/Distance Education	9	64	23,204	362.22
University of Texas Rio Grande Valley Graduate Studies	9	167	60,743	363.80
UT Austin Center for Professional Education	1	46	16,894	364.33
UT in DC Archer Fellowship Program	3	40	14,700	364.31
Vet Tech Institute of Houston	2	128	46,799	364.82
West Coast University Dallas/Richardson	4	139	50,645	364.35
West Texas A&M University Education on Demand	1	7	2,569	363.88
Western Texas College Online and Extension Studies	8	38	14,540	381.33
Wharton County Junior College Vocational and Allied Health	1	11	3,983	364.41
Total	937	17,662	6,500,153	368.02

Sum of values may not match totals due to rounding.

Texas Guaranteed Tuition Plan Contracts

Appendix B

Matriculation Information – FY 2023 Payments to Texas Four-Year Public Universities

	Number of Contracts	Semester Hours	Tuition and Fees Paid	Average Paid Per Semester Hour
Texas Four-Year Public University				
Angelo State University	33	1,105	347,520	314.60
Lamar University	26	538	187,109	347.61
Midwestern State University	16	725	118,283	163.20
Prairie View A&M University	15	430	145,409	338.09
Sam Houston State University	167	4,028	1,515,322	376.19
Stephen F. Austin State University	97	2,487	898,581	361.25
Sul Ross State University	5	160	49,415	308.58
Tarleton State University	131	3,204	1,137,894	355.12
Texas A&M International University	10	232	86,135	371.21
Texas A&M University College Station	1,567	40,800	15,243,642	373.62
Texas A&M University Commerce	39	1,032	356,920	345.88
Texas A&M University Corpus Christi	64	1,389	496,236	357.26
Texas A&M University Galveston	36	946	377,205	398.74
Texas A&M University Kingsville	22	511	191,495	374.99
Texas A&M University San Antonio	24	485	151,353	311.89
Texas A&M University San Antonio Grad Studies	4	34	12,328	364.30
Texas A&M University Texarkana	7	200	49,155	245.62
Texas Southern University	4	99	31,021	313.34
Texas State University San Marcos	518	24,473	4,477,032	182.93
Texas Tech University	736	19,619	7,313,705	372.79
Texas Woman's University	50	1,238	419,747	338.92
University of Houston	282	6,641	2,464,780	371.16
University of Houston Clear Lake	39	846	284,413	336.09
University of Houston Downtown	29	548	166,616	304.04
University of Houston Victoria	13	234	80,901	345.60
University of North Texas	209	6,516	2,403,695	368.88
University of North Texas at Dallas	6	149	43,029	288.51
University of Texas at Arlington	138	3,117	1,170,798	375.64
University of Texas at Austin	866	22,260	8,252,404	370.73
University of Texas at Dallas	199	4,926	1,923,899	390.58
University of Texas at El Paso	40	954	301,642	316.10
University of Texas at San Antonio	274	5,885	2,136,787	363.07
University of Texas at Tyler	26	633	202,903	320.41
University of Texas Rio Grande Valley	60	1,256	429,764	342.22
West Texas A&M University	45	921	318,759	345.95
Total	5,797	158,624	53,785,897	339.08

Sum of values may not match totals due to rounding.

Texas Guaranteed Tuition Plan Contracts

Appendix B

Matriculation Information – FY 2023 Payments to Texas Private Institutions

	Number of Contracts	Semester Hours	Tuition and Fees Paid	Average Paid Per Semester Hour
Texas Private Institutions				
Abilene Christian University	37	837	316,358	378.00
Austin College	20	589	159,604	270.85
Baptist Health System	2	35	12,752	364.35
Baylor College of Medicine	8	268	97,969	365.54
Baylor University	170	4,668	1,908,523	408.86
Concordia University Austin	17	520	188,873	363.10
Criswell College	1	27	9,837	364.35
Dallas Baptist University	21	505	220,204	436.48
Dallas Christian College	2	58	21,132	364.35
Dallas Theological Seminary	5	49	27,371	559.39
East Texas Baptist University	12	270	91,066	337.28
Hardin-Simmons University	8	152	55,381	364.35
Houston Christian University	9	253	92,148	364.22
Howard Payne University	7	178	64,854	364.35
Huston-Tillotson University	1	19	6,923	364.35
LeTourneau University	5	165	83,739	507.51
Lubbock Christian University	10	229	83,380	364.34
McMurry University	4	126	45,908	364.35
North American University	1	20	7,214	364.35
Our Lady of the Lake University	1	19	6,910	363.67
Rice University	31	1,021	372,104	364.35
Schreiner University	13	330	120,173	364.34
South Texas College of Law	7	116	42,279	364.35
Southern Methodist University	79	2,252	984,282	437.06
Southwestern Baptist Theological Seminary	5	76	34,210	450.78
Southwestern University	24	661	230,219	348.29
St. Edwards University	31	798	303,387	380.10
St. Mary’s University	22	487	177,838	365.39
Texas Chiropractic College	0	44	16,031	364.35
Texas Christian University	90	2,471	1,061,767	429.74
Texas Lutheran University	15	431	157,086	364.35
Texas Wesleyan University	12	267	108,277	405.26
The King’s University	1	42	15,233	364.34
Trinity University	34	948	354,350	373.91
University of Dallas	10	260	94,607	364.35
University of Mary Hardin-Baylor	27	760	266,563	350.88
University of North Texas at Dallas Law & Grad Studies	1	6	2,186	364.35
University of St. Thomas	11	263	95,824	364.35
University of Texas Medical Branch at Galveston	19	329	155,212	471.86
University of Texas Southwestern Medical Center at Dallas	11	417	152,353	365.42
University of the Incarnate Word	28	806	335,333	416.26
Wayland Baptist University	6	360	120,707	335.31
Wiley College	1	15	5,465	364.35
Total	819	22,145	8,705,633	393.13

Sum of values may not match totals due to rounding.

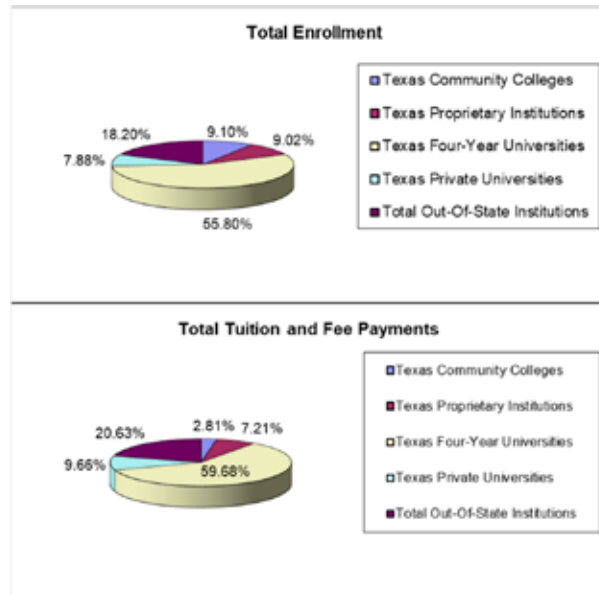
**Texas Guaranteed Tuition Plan Contracts
Matriculation Information**

Appendix B

	Number of Contracts	Semester Hours	Tuition and Fees Paid	Average Paid Per Semester Hour
Matriculation Information: Executive Summary				
Texas Universities and Colleges				
Texas Community Colleges	945	8,581	2,535,445	295.46
Texas Proprietary Institutions	937	17,662	6,500,153	368.02
Texas Four-Year Public Universities	5,797	158,624	53,785,897	339.08
Texas Private Institutions	819	22,145	8,705,633	393.13
Total Texas Institutions	8,498	207,012	71,527,128	345.52
Out-Of-State Institutions				
Out-of-State Community Colleges	53	639	227,872	356.56
Out-of-State Proprietary Institutions	13	425	168,263	395.77
Out-of-State Universities	1,252	31,243	11,695,893	374.35
Out-of-State Private Universities	573	16,312	6,505,023	398.80
Total Out-Of-State Institutions	1,891	48,619	18,597,050	382.51
Grand Total	10,389	255,631	90,124,178	352.56

* There are a total of 12,227 contracts in matriculation status on August 31, 2023. This is different than the total seen in the chart above due to students attending multiple schools in the same semester.

Sum of values may not match totals due to rounding.



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2023

**TEXAS TUITION
PROMISE FUND
ACTUARY'S REPORT**



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TEXAS TUITION PROMISE FUND®

ACTUARY’S REPORT ON PLAN SOUNDNESS

AUGUST 31, 2023



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Texas Tuition Promise Fund®

Actuary's Report on Plan Soundness August 31, 2023

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Section I – Executive Summary

Plan Description

The Texas Tuition Promise Fund® plan (Plan) is a Section 529 prepaid tuition plan. It allows the contract holder to lock in the cost of undergraduate college tuition and schoolwide required fees at Texas public colleges and universities (excluding medical and dental schools), thus providing protection against future tuition inflation. (Required fees are only those schoolwide required fees paid by all students as a condition of enrollment, regardless of year, major or course of study.)

The contract holder buys tuition units that represent a fixed amount of undergraduate resident tuition and schoolwide required fees. When the beneficiary is ready for college, all or a portion of the tuition and schoolwide required fees will be covered at four- or two-year public colleges and universities in Texas. The portion of the fees covered will vary based on the number and type of units purchased and the college or university attended.

The transfer value of tuition units can be used to help pay for tuition at Texas medical and dental institutions, private colleges in Texas, out-of-state colleges, registered apprenticeship programs and career schools. Transfer value is limited to the lesser of (1) the costs the unit would cover at a public in-state college or university or (2) the original purchase price of the unit plus or minus the Plan's net investment earnings or losses on that amount.

Orion Advisor Solutions, Inc. served as the Plan Manager in FY2023.

For a more complete Plan description, see Section III.

Adequacy of the Fund

As of August 31, 2023, the Texas Tuition Promise Fund (Plan) had a surplus of Assets over Liabilities of \$297,386,580. As of August 31, 2022, the surplus was \$214,782,653. The surplus represents the difference between the sum of the market value of the assets and the present value of the expected future contract payments and the sum of the present value of the expected future tuition and schoolwide required fees, refunds and expenses.

The table below summarizes current balances:

Assets	
Investments	\$ 1,141,990,504
Future Contract Collections	<u>28,949,251</u>
Total Assets	1,170,939,755
Liabilities and Surplus	
Future Contract Benefits and Expenses	\$ 873,553,175
Surplus (Deficit) of Assets over Liabilities	<u>297,386,580</u>
Total Liabilities and Surplus (Deficit)	1,170,939,755

The Plan's funded ratio is 134.0%, versus 122.1% for 2022.

The assumptions used to measure the adequacy of the Plan, which were approved by the Texas Prepaid Higher Education Tuition Board (Board), are stated in Section IV. The most important assumptions are:

The investment yield;
 The rate of increase in tuition/fees;
 Withdrawal rates; and
 Expense.

Reconciliation of Surplus

Shown below is a reconciliation of the funded status from last year to this year. The prior year surplus is moved forward with assumed investment return to determine the expected surplus. The tuition gain was created by tuition increases much less than expected. Based on the FYE23 rates and the assumed tuition increases, the hourly rates for FYE24 were expected to be \$174.46, \$121.00 and \$31.01 for Type I, II and III, respectively. The actual rates for FYE24 are \$164.12, \$114.60, and \$30.71.

The asset return was expected to be 5.30% versus an actual return of 8.39%. That created an actuarial gain. Other gains and losses include the effects of fewer cancellations than expected, new contract sales and administrative expenses different than expected. Finally, the assumed discount was modified, increasing the Surplus.

8/31/2022 Surplus		\$ 214,782,653
Expected Increase		<u>11,386,131</u>
8/31/2023 Expected Surplus		226,168,784
Tuition Gain and (Losses)	39,891,039	
Asset Gain and (Losses)	32,973,552	
Other Gains and (Losses)	(17,584,909)	
Total Gain and (Losses)		55,279,682
Change in Assumptions		<u>15,938,114</u>
8/31/2023 Surplus		297,386,580

Investment Yield

The investment yield is the expected long-term net earnings rate of return on the assets.

The actuarial valuation of the Plan was determined using the interest rate found in Section IV. We also assumed the Plan is exempt from federal income tax.

Because of its Plan design, the Plan is less sensitive to the investment yield assumption than typical prepaid tuition plans. If the return is higher than expected, the Plan will benefit and the schools will potentially receive up to 101% of the current tuition and schoolwide required fees at benefit redemption. But if the investment yield is unfavorable, the school will bear the risk if the beneficiary matriculates in a Texas public school, and the contract holder will bear the risk if the beneficiary matriculates in a Texas medical or dental institution, Texas private or out-of-state college, registered apprenticeship program or career school.

Effective January 1st of each year, if the funded ratio for the previous year end is 110% or more, the calculation of payments to Texas public colleges and universities should include consideration of a 5% assumed net return.

Rate of Increase in Tuition/Fees

The Board selected tuition and fee increase assumptions. The assumed annual increase is 6.3% for Public Senior Colleges and 5.2% for Junior Colleges.

Similar to the investment yield assumption, the Plan design drives the risk that the Plan will bear. If tuition increases are lower than expected, then the Texas public schools will have a greater likelihood of receiving the 1% tuition bonus. But if the tuition increases are greater than the investment return, the Texas public schools will bear the risk if the beneficiary matriculates to a Texas public school, and the contract holder will bear the risk if the beneficiary matriculates to a Texas medical or dental institution, Texas private or out-of-state college, registered apprenticeship program or career school.

Future New Entrants

New contracts in future years could serve: a) to expand the base for spreading fixed expenses; and b) to ensure a large enough fund balance to invest profitably.

Although new contracts are currently being sold, it is assumed that future contracts will not be sold since the purpose of the report is to value the Plan “as is” on the valuation date.

Expense

Expenses of 1.00% are netted against the investment return. In addition, \$50,000 per year, which we assume will increase 4% per year for inflation, is included for state administration costs related to investment consulting and monitoring.

Bias Against the Plan by Purchasers and Beneficiaries

Due to the design of the Plan, no bias against the Plan is assumed. Note that the bias does exist, but either the schools or the contract holders bear the risk instead of the Plan.

Bias is the result of rational decisions by purchasers and beneficiaries. This is both expected and intrinsic to the purpose of a prepaid tuition plan. A premise of 529 plans is that the purchase of a contract will increase the commitment of the purchaser to a belief the beneficiary will become qualified to enter college and that the ownership of a contract will cause the beneficiary to be comfortable with a commitment to academic achievement.

Bias against the Plan causes the beneficiaries to matriculate in a school with tuition and schoolwide required fees that exceed the Weighted Average Tuition (WAT). The WAT is the average tuition and schoolwide fees weighted by the number of full-time equivalent students.

For many prepaid tuition plan designs, this would result in the Plan paying higher benefits than would be expected without taking bias into consideration. But under the Texas Tuition Promise Fund, Texas public schools will receive the lesser of a) the greater of the amount paid for units, plus net earnings or minus net losses, or 5% annually subject to availability of funds, or b) 101% of current tuition at the time of redemption. Under this formula, Texas public schools must accept this amount as payment of tuition and schoolwide required fees in full for the hours paid by the Plan. Therefore, it is the Texas public schools that bear the bias risk, not the Plan.

Similarly, Texas medical or dental institutions, Texas private or out-of-state colleges, registered apprenticeship programs or career schools will receive the transfer value which is the lesser of a) redemption value of tuition units if redeemed at a Texas public college, or b) amount paid for the tuition units plus the Plan's actual net earnings or minus net losses. In this case, it is the contract holder that bears the bias risk, not the Plan.

Use of Report

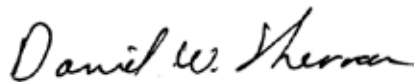
This report is prepared solely to assist the Board in evaluating the actuarial soundness of the Plan each year. The report is not intended and is not suitable for any other purpose. Accordingly, Sherman Actuarial Services does not intend this report or the data contained therein to be used as personal financial advice. Other readers of this report should consult with their own financial advisors regarding the application of this report to their particular circumstances.

Qualifications

Daniel Sherman is an Associate of the Society of Actuaries, and a Member of the American Academy of Actuaries. He has served as the actuary to the Texas prepaid tuition plans since 2008, and is the current actuary for the Alabama and West Virginia prepaid tuition plans. He meets the Qualification Standards of the Academy to render the actuarial opinions contained herein. This report has been prepared in accordance with all applicable Actuarial Standards of Practice, and we are available to answer questions concerning it.

All assumptions were chosen by the Board. In my opinion the actuarial assumptions selected by the Board are reasonable.

SHERMAN ACTUARIAL SERVICES, LLC



Daniel Sherman, ASA, MAAA
CEO and Consulting Actuary

SECTION II – Summary of Contract Data and Current Assets

Contract Data

A contract inventory report as of August 31, 2023 was extracted from Plan data. The contract inventory report presents the number of units purchased by contract type and payment option.

In general, one hundred units represents one academic year of undergraduate resident tuition and schoolwide required fees at a Texas public college or university whose tuition and required fee costs closely match the pricing base of the units. The unit inventory (number of units) as of August 31, 2023 is summarized in the following table.

Payment Options	Plans			Total Units
	Type I Units	Type II Units	Type III Units	
<u>2008-16 Enrollment Periods</u>				
Pay-as-you-go	1,506,944	629,337	100,350	2,236,632
Lump Sum	1,342,600	515,300	77,100	1,935,000
Extended Monthly	206,775	211,150	33,600	451,525
Extended Annual	288,350	321,000	65,000	674,350
Custom Monthly	24,400	13,800		38,200
Custom Annual	4,800	1,200		6,000
5 Year Monthly	148,225	106,500	30,950	285,675
5 Year Annual	178,900	91,423	3,500	273,823
10 Year Monthly	144,250	114,300	16,900	275,450
10 Year Annual	62,625	37,750	1,700	102,075
Total Enrollment	3,907,869	2,041,760	329,100	6,278,730
<u>2017 Enrollment Period</u>				
Pay-as-you-go	81,194	29,956	10,986	122,136
Lump Sum	92,875	28,300	2,400	123,575
Extended Monthly	9,425	5,450	900	15,775
Extended Annual	29,200	28,345	10,400	67,945
Custom Monthly				
Custom Annual				
5 Year Monthly	3,250	900		4,150
5 Year Annual	1,500	450		1,950
10 Year Monthly	1,000	900		1,900
10 Year Annual	400			400
Total Enrollment	218,844	94,301	24,686	337,831

Sum of values may not equal the total due to rounding.

<i>Payment Options</i>	<i>Plans</i>			<i>Total Units</i>
	<i>Type I Units</i>	<i>Type II Units</i>	<i>Type III Units</i>	
<u>2018 Enrollment Period</u>				
<i>Pay-as-you-go</i>	63,232	35,737	9,194	108,163
<i>Lump Sum</i>	96,100	33,300	5,700	135,100
<i>Extended Monthly</i>	10,025	8,700	750	19,475
<i>Extended Annual</i>	30,800	26,050	10,900	67,750
<i>Custom Monthly</i>				
<i>Custom Annual</i>				
<i>5 Year Monthly</i>	1,000	500		1,500
<i>5 Year Annual</i>	1,200	1,950		3,150
<i>10 Year Monthly</i>	1,750	800		2,550
<i>10 Year Annual</i>		100		100
<i>Total Enrollment</i>	204,107	107,137	26,544	337,788
<u>2019 Enrollment Period</u>				
<i>Pay-as-you-go</i>	46,430	20,079	4,065	70,575
<i>Lump Sum</i>	66,200	30,950	6,904	104,054
<i>Extended Monthly</i>	9,475	8,300	650	18,425
<i>Extended Annual</i>	24,075	26,500	9,800	60,375
<i>Custom Monthly</i>				
<i>Custom Annual</i>				
<i>5 Year Monthly</i>			400	400
<i>5 Year Annual</i>	1,800	500		2,300
<i>10 Year Monthly</i>	200			200
<i>10 Year Annual</i>	1,200			1,200
<i>Total Enrollment</i>	149,380	86,329	21,819	257,529
<u>2020 Enrollment Period</u>				
<i>Pay-as-you-go</i>	32,406	15,246	3,971	51,623
<i>Lump Sum</i>	65,400	21,350	2,350	89,100
<i>Extended Monthly</i>	23,725	25,050	3,300	52,075
<i>Extended Annual</i>	2,575	2,600		5,175
<i>Custom Monthly</i>				
<i>Custom Annual</i>				
<i>5 Year Monthly</i>	7,350	2,950	2,250	12,550
<i>5 Year Annual</i>	4,925	3,700	600	9,225
<i>10 Year Monthly</i>	13,750	9,300	1,450	24,500
<i>10 Year Annual</i>	3,225	4,000		7,225
<i>Total Enrollment</i>	153,356	84,196	13,921	251,473

Sum of values may not equal the total due to rounding.

<i>Payment Options</i>	<i>Plans</i>			<i>Total Units</i>
	<i>Type I Units</i>	<i>Type II Units</i>	<i>Type III Units</i>	
<u>2021 Enrollment Period</u>				
<i>Pay-as-you-go</i>	34,040	10,206	3,301	47,546
<i>Lump Sum</i>	69,200	34,400	3,800	107,400
<i>Extended Monthly</i>	20,900	25,000	4,350	50,250
<i>Extended Annual</i>	3,375	2,850		6,225
<i>Custom Monthly</i>				
<i>Custom Annual</i>				
<i>5 Year Monthly</i>	12,725	4,800	650	18,175
<i>5 Year Annual</i>	5,850	3,250	150	9,250
<i>10 Year Monthly</i>	11,350	10,200	3,300	24,850
<i>10 Year Annual</i>	3,150	2,250		5,400
<i>Total Enrollment</i>	160,590	92,956	15,551	269,096

<u>2022 Enrollment Period</u>				
<i>Pay-as-you-go</i>	16,362	7,001	932	24,295
<i>Lump Sum</i>	54,550	22,300	3,650	80,500
<i>Extended Monthly</i>	21,150	17,850	6,350	45,350
<i>Extended Annual</i>	2,025	2,150	500	4,675
<i>Custom Monthly</i>				
<i>Custom Annual</i>				
<i>5 Year Monthly</i>	9,450	5,250	1,800	16,500
<i>5 Year Annual</i>	10,200	3,250		13,450
<i>10 Year Monthly</i>	10,350	6,300	1,750	18,400
<i>10 Year Annual</i>	3,700	2,800		6,500
<i>Total Enrollment</i>	127,787	66,901	14,982	209,670

<u>Total Enrollment Inception to date</u>				
<i>Pay-as-you-go</i>	1,780,609	747,562	132,799	2,660,970
<i>Lump Sum</i>	1,786,925	685,900	101,904	2,574,729
<i>Extended Monthly</i>	301,475	301,500	49,900	652,875
<i>Extended Annual</i>	380,400	409,495	96,600	886,495
<i>Custom Monthly</i>	24,400	13,800		38,200
<i>Custom Annual</i>	4,800	1,200		6,000
<i>5 Year Monthly</i>	182,000	120,900	36,050	338,950
<i>5 Year Annual</i>	204,375	104,523	4,250	313,148
<i>10 Year Monthly</i>	182,650	141,800	23,400	347,850
<i>10 Year Annual</i>	74,300	46,900	1,700	122,900
<i>Total Enrollment</i>	4,921,934	2,573,580	446,603	7,942,117

Sum of values may not equal the total due to rounding.

The number of active contracts (for all enrollment years combined) by plan type and projected year of matriculation is included in Appendix A.

Current Assets

The value of the assets held by the Plan as of August 31, 2023 is \$1,141,990,504. The value of assets does not include investment transfers receivable, tuition contracts receivable or the related obligations for those assets.

Assets held as of August 31, 2023:

Investments	\$1,142,556,449
Cash and cash equivalents	0
Dividends receivable	0
Other Receivables	0
Administrative fees payable	(0)
Management fees payable	(565,945)
Other payables	(0)
Payable for securities purchased	<u>(0)</u>
Total Assets	\$1,141,990,504

It is assumed that this mix will produce a net annual investment return of 5.80% in fiscal year 2024, as developed below.

Investment Return Assumption	6.80%
Expenses	<u>-1.00%</u>
Net Annual Investment Return	5.80%

SECTION III – Plan Description

Overview

The Texas Tuition Promise Fund (Plan) is an Internal Revenue Code Section 529 prepaid tuition plan. It allows the contract holder to lock in the cost of undergraduate resident college tuition and schoolwide required fees at Texas public colleges and universities (excluding medical and dental schools), thus providing protection against future tuition inflation.

The contract holder buys tuition units that represent a fixed amount of undergraduate resident tuition and schoolwide required fees. When the beneficiary is ready for college, all or a portion of the tuition and schoolwide required fees will be covered at eligible four- or two-year public colleges and universities in Texas. The portion of the tuition and schoolwide fees covered will vary based on the number and type of units purchased, the college or university attended, and the hours enrolled. If the beneficiary attends a Texas medical or dental institution, an eligible career school, Texas private college, registered apprenticeship program or out-of-state college, the transfer value is paid. The transfer value is the lesser of 1) the costs the units would cover at a public in-state college, or 2) the price paid for the units plus or minus the Plan's net earnings or losses on that amount.

Eligibility

At the time of enrollment in the Plan, the beneficiary must be a Texas resident or his/her parent must be both the purchaser and a Texas resident.

Tuition Units

Tuition units represent a fixed portion of undergraduate resident tuition and schoolwide required fees charged by Texas public colleges and universities. The Plan offers three types of tuition units: Type I, Type II, and Type III.

➤ **Type I Tuition Units**

The value of Type I tuition units is based on undergraduate resident college tuition and schoolwide required fees at the Texas four-year public college or university (excluding Texas medical and dental institutions) with the highest tuition and schoolwide required fee costs in the year of redemption. 100 Type I units will pay for 30 semester hours assuming 15 hours per semester at the most expensive Texas public 4-year school (excluding Texas medical and dental institutions). If the units are redeemed at a less expensive school, more hours would be paid by 100 units.

➤ **Type II Tuition Units**

The value of Type II tuition units is based on the weighted average cost of undergraduate resident tuition and schoolwide required fees charged by Texas public 4-year colleges or universities (excluding Texas medical and dental institutions) in the year of redemption. Unlike the Type I units, this unit type does not cover the full tuition and schoolwide required fees at all Texas public four-year colleges or universities if the institution's costs are above the weighted average cost.

➤ **Type III Tuition Units**

The value of Type III tuition units is based on the weighted average cost of in-district resident tuition and schoolwide required fees charged by all eligible Texas public junior and community colleges and public technical institutes in the year of redemption. This unit type does not cover the full tuition and schoolwide required fees at all Texas junior and

community colleges and public technical institutes if the costs of the institution are above the weighted average.

Any combination of units (Type I, Type II or Type III) may be redeemed at any Texas public school (excluding medical and dental schools). However, the benefit paid will depend on the type of unit, the number of units, the school selected, and the hours enrolled.

Payment Plans

The Plan offers three types of payment plans: Lump Sum, Installment, and Pay-As-You-Go:

- **Lump Sum**
 - Can purchase up to the current dollar equivalent of 600 Type I tuition units in one lump sum payment.
- **Installment Plan**
 - Pay every month or once a year.
 - Payment period of 5 years, 10 years, or the number of years until the beneficiary's projected high school graduation date.
 - Minimum of 25 Type I tuition units or 50 Type II or Type III tuition units.
 - Maximum of the then-current dollar equivalent of 600 Type I tuition units.
 - No prepayment penalties.
 - Subject to an annual interest component charge.
- **Pay-As-You-Go**
 - Contract holder can buy tuition units after establishing a contract by paying the application fee and purchasing at least one unit of any type.
 - Additional increments as small as \$15 after a minimum purchase of one unit.
 - Pay the then-current unit price in effect at the time payment is received (unit prices are updated on September 1 of each year).
 - Maximum total purchase of up to the dollar equivalent of 600 Type I tuition units.

Redemption of Units

- Three year holding period – Tuition units cannot be used earlier than the third anniversary of the date the tuition unit was purchased.
- Units must be paid in full prior to use.
- Texas public colleges will receive lesser of
 - a) Amount paid for units, plus earnings, or
 - Earnings = greater of actual net return or net loss on the Plan's investments or 5% return on investments, subject to the availability of money in the fund for that purpose.
 - b) 101% of current tuition and schoolwide required fees at the time of redemption.
- Private or out-of-state colleges, registered apprenticeship programs or career schools will receive lesser of
 - a) Redemption value of tuition units if redeemed at a Texas public college, or
 - b) Amount paid for the tuition units plus or minus the Plan's actual net earnings or net losses.

Refund Scenarios

There are three types of refund calculations: Reduced Refund Value, Transfer Value, and Refund Value.

➤ **Reduced Refund Value**

This is the refund value for voluntary cancellations before the end of the three-year holding period, cancellations due to default, or automatic cancellations. The calculation is the lesser of:

- a) the purchase price of unused tuition units, or
- b) the purchase price plus or minus the Plan's net earnings or losses on that amount.

If the fund had a net negative return over the term that the contract was held, the "reduced refund value" would be less than the purchase price. No net earnings are paid.

➤ **Transfer Value**

This is the refund value for transfers to another qualified 529 or ABLE plan (Texas or otherwise) or the amount paid if the beneficiary attends a Texas medical or dental institution, an eligible career school, Texas private college, registered apprenticeship program or out-of-state college. The calculation is the lesser of:

- a) The current tuition unit redemption value of the units being transferred, or
- b) The price paid for the units plus or minus the Plan's net earnings or losses on that amount.

➤ **Refund Value**

This is the refund value for voluntary cancellations after the three-year holding period is met, cancellations due to death or disability of the beneficiary, or unused tuition units. The calculation is the purchase price of unused tuition units plus or minus net earnings or losses at a rate of return set by the Board. On August 31, 2023 this rate is capped at 2% less than the actual fund earnings or 5%, whichever is less. Earnings may be paid with a refund only if the Board determines that such payments will not adversely affect the actuarial soundness of the Plan.

➤ **Purchase Price** – The actual dollar amount (contributions) paid into the contract, excluding amounts applied to administrative fees (e.g. account setup fee, late fees, return payment fees).

➤ **Market Value** – The total purchase price paid for any unused tuition units, plus the portion of the total net earnings or losses on assets of the Plan attributable to that amount.

➤ **Redemption Value** – The current payout rate of the unit type being redeemed multiplied by the number of units.

For a complete description of the Plan, see the Plan Description and Master Agreement at www.texas tuition promise fund.com. In the event of differences between the Plan Description and any information presented in this report, the Plan Description would control.

SECTION IV – Actuarial Methods and Assumptions

Actuarial Methods

The actuarial method projects the expected future cash flows from contract payments, tuition and refund benefits and expense. These projected future cash flows are discounted to the present and compared to the market value of the assets to indicate the soundness of the Plan.

The development of the measurement of soundness has six stages:

Project unit costs through the expected term of the contracts, based on assumptions as to future tuition increases;

Determine the nominal cost of expected future tuition based on the contract inventory and assumptions as to voluntary surrender and utilization of benefits;

Determine the nominal cost of expected future administrative expenses, based on the contract inventory and the records administration fee schedule, as well as assumptions as to inflation and utilization of benefits;

Project future contract payments based on the contracts and voluntary surrender assumption;

Determine the present value of expected future benefits, expenses and contract payments, using a discount rate equal to the assumed rate of return on Plan assets;

As the indication of soundness, measure the surplus or deficit, which is the difference between the sum of the market value of the assets and the present value of the expected future contract payments and the sum of the present values of the expected future tuition and schoolwide required fees, refunds and expenses.

Actuarial Assumptions

The assumptions were approved by the Board.

Federal Income Tax

We assume the income of the Plan is exempt from Federal Income Tax.

Tuition/Fee Increase

Assumed annual increases in future tuition and schoolwide required fees are:

Public Senior College	Junior College
6.3%	5.2%

Tuition/Fee Levels for the 2023-2024 enrollment year:

Type I: \$164.12/unit

Type II: \$114.60/unit

Type III: \$30.71/unit

Investment Yield

Expenses of 1.00% are netted against the Investment Return Assumption of 6.80%, leaving a Net Annual Investment Return of 5.80% per year.

Expenses

Expenses of 1.00% are netted against the investment return. In addition, \$50,000 per year, which we assume will increase 4% per year for inflation, is included for state administrative costs for investment reporting and monitoring.

Future Participation in the Plan

Although new contracts are currently being sold, it is assumed that future contracts will not be sold since the purpose of the report is to value the Plan “as is” on the valuation date.

Mortality and Disability

Due to the transferability of the contract, there is no mortality or disability assumption.

Early Voluntary Surrender of Contract

We assumed the following percentages of the public senior college contracts in effect at the beginning of the year would be surrendered during the year. This is based on a 2016 Experience Study:

Years From Purchase	Lump Sum	Five-Year Payments	Ten-Year Payments	Extended Payments
1 to 2	0.00%	0.00%	0.00%	0.00%
2 to 3	1.75%	3.50%	2.50%	3.75%
3 to 4	1.00%	1.00%	1.75%	1.50%
4 to 5	1.00%	1.00%	1.00%	1.00%
5 to 6	1.00%	1.00%	1.00%	1.00%
After 6 Years	1.00%	1.00%	1.00%	1.00%

Matriculation Percent

We assumed the beneficiary of a contract, not voluntarily surrendered, matriculates in the year of high school graduation.

Utilization of Credits

We assumed beneficiaries will use all units necessary to cover the tuition cost of each year as it occurs. For example, if 300 Type II units are available for use at the beginning of year one, 100 will be used in each of the first three years.

Frequency of Beneficiary Replacement

We assumed no replacement of beneficiaries.

Bias Against the Plan by Purchasers and Beneficiaries

Due to the design of the Plan, no bias against the Plan is assumed.

SECTION V – Soundness of the Plan as of August 31, 2023

As a measure of the soundness of the Plan as of August 31, 2023, we determined the difference between the value of the assets and the actuarial present value of the future contract payments and the actuarial present value of future benefits and expenses. This measurement of soundness is summarized on the following pages.

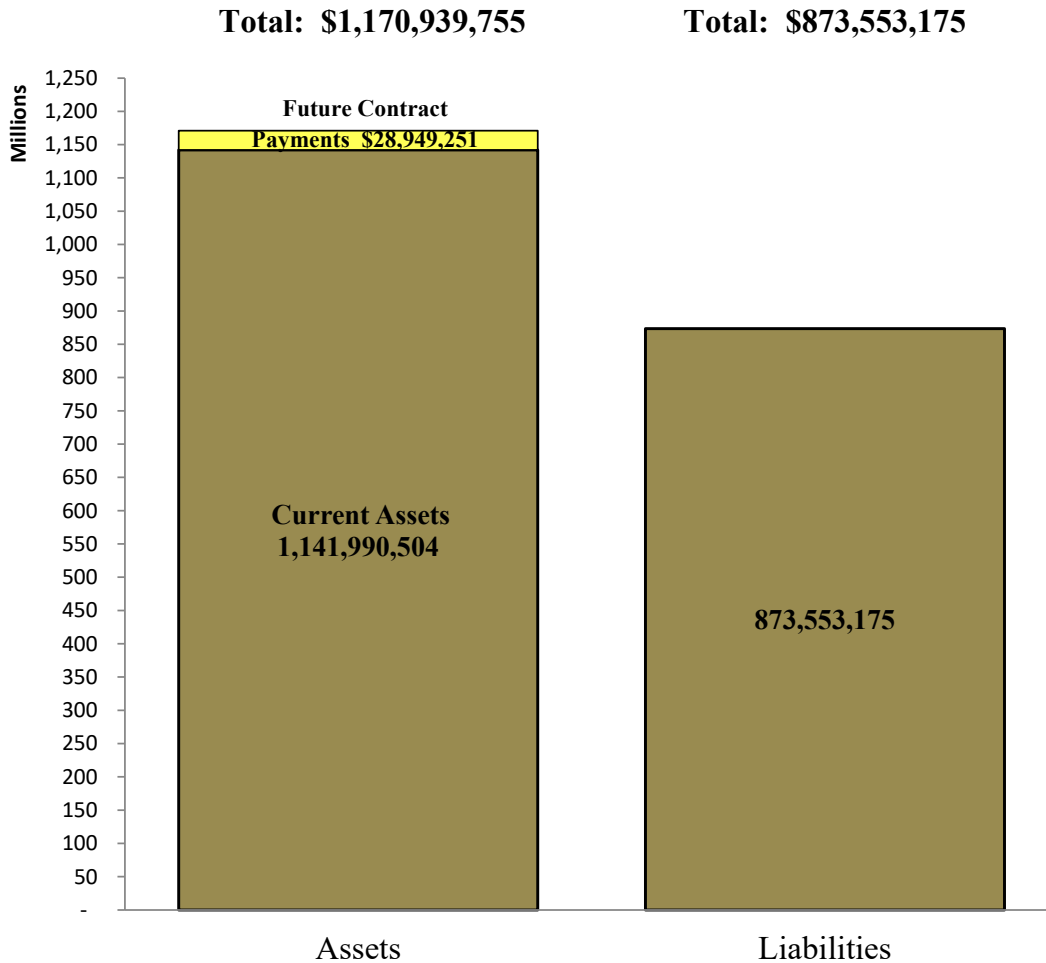
A projection of the status of the Plan at each future anniversary date through the life of these contracts is presented on page 17, labeled Present Value of Assets and Liabilities.

The projections of future benefits and expenses and contract payments are presented on page 18, labeled Expected Annual Cash Flows.

Our measurement of the present value and projection are based on asset and contract information provided by the Plan Manager and on the assumptions chosen by the Board.

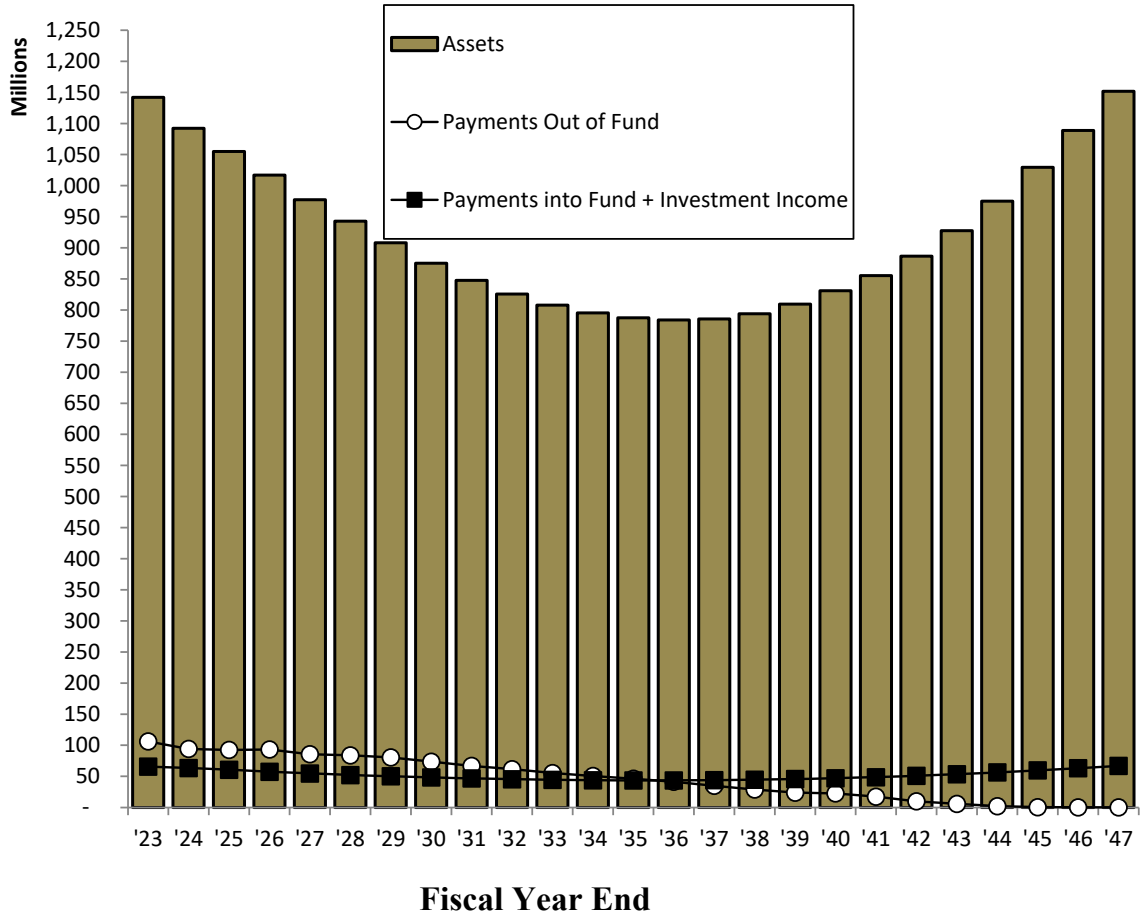
Funded Status

The value of the trust fund exceeds the value of liabilities as of August 31, 2023 (including the value of future payments by contract purchasers) by \$297,386,580. The funded ratio, assets divided by liabilities, is equal to 134.0%. Assets do not include investment transfers receivable or the related obligations for those assets. The assumptions used to perform the actuarial valuation of the fund were approved by the Board and are described in Section IV.



Cash Flow Projection

The expected income and disbursements of the trust fund, based on the assumptions used in the actuarial valuation, and the current group of contract beneficiaries, are shown below. These amounts are cash amounts, not present value amounts.



Present Value of Assets and Liabilities

8/31 of Year	Present Value of Future Benefits and Expenses	Value of Assets and Present Value of Future Collections	Assets over Liabilities
2023	873,553,175	1,170,939,756	297,386,580
2024	802,205,287	1,116,843,189	314,637,902
2025	741,930,956	1,074,820,873	332,889,916
2026	680,745,562	1,032,946,230	352,200,668
2027	617,387,826	990,019,395	372,631,569
2028	559,062,290	953,309,883	394,247,593
2029	499,583,913	916,701,394	417,117,481
2030	440,597,345	881,911,309	441,313,965
2031	385,797,275	852,711,266	466,913,991
2032	335,463,549	829,462,521	493,998,971
2033	288,013,330	810,668,369	522,655,039
2034	244,733,731	797,707,055	552,973,324
2035	204,237,662	789,287,903	585,050,241
2036	166,282,454	785,270,253	618,987,798
2037	131,490,264	786,384,183	654,893,919
2038	101,596,723	794,479,511	692,882,788
2039	76,511,669	809,586,882	733,075,213
2040	55,470,266	831,069,273	775,599,007
2041	34,654,622	855,244,020	820,589,398
2042	18,343,521	886,532,979	868,189,458
2043	8,946,529	927,497,086	918,550,557
2044	3,305,532	975,138,375	971,832,843
2045	1,292,632	1,029,498,389	1,028,205,756
2046	883,580	1,088,732,143	1,087,848,563
2047	709,261	1,151,660,189	1,150,950,927

Sum of values may not equal the total due to rounding.

Expected Annual Cash Flows

Fiscal Year Ending	Benefit Payments and Expenses	Contract Payment Receipts	Annual Cash Flow
2024	115,325,115	5,762,532	(109,562,583)
2025	100,947,294	5,666,341	(95,280,953)
2026	98,504,149	4,950,350	(93,553,799)
2027	97,203,193	3,903,419	(93,299,775)
2028	88,973,562	2,870,832	(86,102,730)
2029	86,865,775	2,370,381	(84,495,394)
2030	83,140,298	2,214,754	(80,925,544)
2031	75,949,637	1,934,643	(74,014,993)
2032	68,723,977	1,461,370	(67,262,606)
2033	63,239,230	997,800	(62,241,430)
2034	56,696,004	723,837	(55,972,167)
2035	51,692,462	620,516	(51,071,946)
2036	47,070,881	531,594	(46,539,287)
2037	42,000,541	459,449	(41,541,093)
2038	35,463,116	378,630	(35,084,486)
2039	29,279,455	280,621	(28,998,835)
2040	24,082,306	161,103	(23,921,204)
2041	22,715,425	61,376	(22,654,049)
2042	17,316,700	2,327	(17,314,373)
2043	9,887,444	-	(9,887,444)
2044	5,822,207	-	(5,822,207)
2045	2,083,763	-	(2,083,763)
2046	457,490	-	(457,490)
2047	213,201	-	(213,201)

Sum of values may not equal the total due to rounding.

Note: The amounts shown above are annual expected amounts for the year corresponding to the “Fiscal Year Ending” column. They are not cumulative amounts.

SECTION VI – Sensitivity Testing

The Plan operates under conditions of risk and uncertainty. For example, while it is assumed the assets of the fund will earn the annual net rate found in Section IV, we also expect actual returns to vary from year to year. To accept the reasonableness of the basis for the measurement of the soundness, it is useful to know how the status of the fund may be affected by the vagaries of the markets and other factors. We have rerun the valuation under the following alternative scenarios, and the assets over liabilities as of August 31, 2023 under each of these scenarios are presented in the following table:

Scenarios	Assets over Liabilities
Baseline assumptions used in valuation	297,386,580
Tuition increases are 25 basis points higher in each future year than assumed	289,548,837
The investment return is 25 basis points lower than assumed	289,173,834
Tuition increases are 25 basis points higher in each future year and the investment return is 25 basis points lower than assumed	281,845,480
Tuition increases are 25 basis points lower in each future year than assumed	305,820,940
Tuition increases are 25 basis points lower in each future year and the investment return is 25 basis points lower than assumed	297,076,009
The investment return is 50 basis points lower than assumed	281,448,466
The investment return is 75 basis points lower than assumed	274,290,602
The investment return is 100 basis points lower than assumed	263,692,928
Tuition increases are 50 basis points higher in each future year than assumed	282,244,586
Tuition increases are 75 basis points higher in each future year than assumed	275,518,955
Tuition increases are 100 basis points higher in each future year than assumed	269,328,290

TEXAS TUITION PROMISE FUND
Active Contract Counts for All Enrollment Periods – Appendix A
As of August 31, 2023

Matriculation Year	Plan			Total
	Type I	Type II	Type III	
2012	169	125	11	305
2013	225	158	29	412
2014	350	256	33	639
2015	471	352	48	871
2016	594	380	67	1,041
2017	639	419	92	1,150
2018	847	458	73	1,378
2019	895	540	107	1,542
2020	1,046	563	117	1,726
2021	1,205	660	115	1,980
2022	1,475	816	157	2,448
2023	1,589	859	141	2,589
2024	1,525	764	125	2,414
2025	1,593	862	179	2,634
2026	1,600	777	168	2,545
2027	1,478	727	153	2,358
2028	1,293	627	124	2,044
2029	1,182	584	114	1,880
2030	1,008	493	93	1,594
2031	899	438	125	1,462
2032	824	430	108	1,362
2033	709	405	88	1,202
2034	664	322	80	1,066
2035	568	252	59	879
2036	468	233	52	753
2037	385	192	62	639
2038	303	173	39	515
2039	243	140	46	429
2040	209	150	24	383
2041	161	61	11	233
Total	24,617	13,216	2,640	40,473

TEXAS TUITION PROMISE FUND
Active Contract Counts for All Enrollment Periods – Appendix A
As of August 31, 2023

Matriculation Year	Number of Type I Units													
	25	50	100	150	200	250	300	350	400	450	500	550	600	PAYG*
2012	5	21	6	30	5	16	4	17	2					63
2013	9	31	11	38	6	12	7	17					6	88
2014	14	41	13	49	13	26	7	35	4	1			12	135
2015	16	54	16	50	10	29	5	70	4	1		1	14	201
2016	25	83	13	81	14	21	13	74	2	2		9	12	245
2017	19	78	19	63	13	31	22	92	4	3		4	15	276
2018	24	97	34	82	16	42	22	126	3	2	1	4	12	382
2019	19	104	26	79	17	50	26	131	8	5		7	24	399
2020	29	116	17	102	11	69	23	183	8	6	1	5	20	456
2021	52	131	31	108	19	52	35	193	5	10		9	31	529
2022	45	122	42	127	31	69	37	260	20	11	1	10	28	672
2023	60	153	23	141	38	59	41	268	20	15	1	10	27	733
2024	58	164	38	126	23	66	32	214	17	14	1	13	38	721
2025	67	163	38	156	36	53	34	224	15	17	2	7	34	747
2026	67	163	38	113	28	59	43	212	15	12	3	6	52	789
2027	71	140	33	112	28	57	29	190	16	8	1	11	51	731
2028	49	125	28	94	20	55	29	151	11	12		7	37	675
2029	43	108	18	96	25	47	29	147	10	10		5	17	627
2030	47	92	21	68	11	38	24	130	8	6	1	5	27	530
2031	28	85	17	70	19	21	14	106	4	4		5	30	496
2032	36	83	16	55	11	28	14	97	5	7		6	23	443
2033	24	65	14	53	10	33	17	98	7	7		2	26	353
2034	37	62	14	36	8	24	18	96	8	7		1	20	333
2035	30	56	13	45	8	21	19	80	3	3		2	22	266
2036	27	43	10	24	8	21	15	70		3		3	15	229
2037	17	42	14	30	4	13	9	66	2			1	17	170
2038	14	20	13	26	5	12	11	54	1	1		1	8	137
2039	4	23	4	29	3	9	12	43		1		3	5	107
2040	4	26	5	23		6	5	51	3		1	3	6	76
2041	9	18	4	15	1	6	6	36	1	1			8	56
Total	949	2,509	589	2,121	441	1,045	602	3,531	206	169	13	140	637	11,665

* Pay-as-you-go contracts

TEXAS TUITION PROMISE FUND
Active Contract Counts for All Enrollment Periods – Appendix A
As of August 31, 2023

Matriculation Year	Number of Type II Units													
	50	100	150	200	250	300	350	400	450	500	550	600	MAX	PAYG*
2012	3	22	6	23	3	10	1	12	2	2				41
2013	8	22	11	20	4	11	6	27	1	1				47
2014	15	34	8	42	6	15	4	28	5	2				97
2015	21	40	8	56	9	13	8	48	2	1		1		145
2016	12	50	11	62	6	17	4	47	8	1				162
2017	24	47	16	51	11	19	5	60	4	2		1		179
2018	27	43	20	52	12	16	6	62	11	3				206
2019	20	58	18	70	7	27	6	71	11	3		1		248
2020	17	55	22	66	10	32	4	92	11	1			1	252
2021	31	59	12	76	13	44	8	93	4	4		1		315
2022	26	69	24	97	21	33	8	140	22	11	2			363
2023	38	85	26	102	19	45	11	151	20	6	1			355
2024	38	91	20	86	19	27	11	112	16	11	1			332
2025	37	128	22	119	15	24	9	128	20	7	2	3		348
2026	35	86	15	99	14	27	6	124	20	5		1	1	344
2027	42	93	23	81	21	25	4	92	19	12	2	2		311
2028	37	56	18	88	14	28	9	90	10	7				270
2029	37	62	12	63	18	17	7	71	14	7				276
2030	31	52	10	68	11	18	3	65	15	3				217
2031	32	53	12	58	13	18	1	59	4	3		1		184
2032	22	38	13	53	11	13	1	51	8	6	2			212
2033	17	49	8	46	10	11	4	58	6	5		1		190
2034	25	33	7	39	8	14	2	43	4	3				144
2035	13	35	3	20	7	14	3	38	4	1				114
2036	12	21	10	19	5	9		39	3	2				113
2037	11	28	10	17	3	6	2	40	4					71
2038	5	31	8	15	3	13	1	31	5	2				59
2039	4	18	2	12	10	6	1	34	1					52
2040	13	25	5	13	6	4	2	32	4	2				44
2041	2	10		8	2	6		14	1	1				17
Total	655	1,493	380	1,621	311	562	137	1,952	259	114	10	12	2	5,708

* Pay-as-you-go contracts

TEXAS TUITION PROMISE FUND
Active Contract Counts for All Enrollment Periods – Appendix A
As of August 31, 2023

Matriculation Year	Number of Type III Units													
	50	100	150	200	250	300	350	400	450	500	550	600	Max	PAYG*
2012		3		5										3
2013		5	1	16		1		1		1				4
2014		6	1	15	3									8
2015	2	4	1	24	2	1	1		1					12
2016	2	14	1	21	4			2						23
2017	2	16	2	34	1	1								36
2018	2	12		25			1	3						30
2019	2	18	3	37	1			2				1		43
2020	9	9	3	42	1	3	1	2	2			1		44
2021	5	8	4	48	3	1		1				2		43
2022	7	13	11	63	4	1	1	5				1		51
2023	4	16	3	49	2	2		3				1		61
2024	4	14	5	37	4	1		5						55
2025	9	20	10	51	2	2	2	6	1			1		75
2026	6	18	4	46	6	3	1	11				1		72
2027	4	23	8	44	3	2		7	1	1		2		58
2028	7	13	7	43	1	1		2	2	1				47
2029	5	6	7	35	3	2	2	4						50
2030	6	9	3	27	3			2	3		1			39
2031	4	15	7	36	3	1	1	5	1			3		49
2032	1	12	5	33	5	3		6		2		1		40
2033	7	7	5	25	1	3	2	2						36
2034	2	12	4	23	3	1	2	1						32
2035	6	3	2	19				1	1	1				26
2036	2	3		18	4	2		3	1					19
2037	4	9	5	15		2		1		3			1	22
2038		3	3	14	1	1		2						15
2039	1	6	3	13		3		1						19
2040	3	2	1	7		2		2	1	1				5
2041		1		4				3						3
Total	106	300	109	869	60	39	14	83	14	10	1	14	1	1,020

* Pay-as-you-go contracts

TEXAS TUITION PROMISE FUND
Tuition and Schoolwide Fee Payments – Appendix B
For year ending August 31, 2023

	<u>Units Paid</u>	<u>Total Payments</u>
Abilene Christian University	449.698	61,844
Alamo Community College Continuing Education	17.511	2,874
Allegheny College	87.750	14,402
Allen Community College	29.199	3,580
Alvin Community College	79.815	7,333
Amarillo College	114.925	3,865
American University	135.303	22,206
Angelo State University	923.774	97,623
Appalachian State University	81.276	13,339
Arapahoe Community College	44.578	7,316
Arizona State University	998.210	147,165
Asheville-Buncombe Technical Community College	10.524	1,198
Auburn University	490.913	71,447
Auguste Escoffier School of Culinary Art	124.744	20,473
Austin College	682.379	82,211
Austin Comm Coll	524.001	58,122
Austin Community College Continuing Education	50.523	5,751
Baldwin Beauty School	52.204	8,568
Barnard College	62.000	10,175
Baylor University	5,725.764	836,875
Belmont University	485.000	74,066
Berklee College of Music	415.589	55,885
Biola University	65.269	10,712
Blinn College	2,919.089	377,065
Boston College	250.000	41,030
Boston Conservatory	132.000	15,026
Boston University	54.904	9,011
Brazosport College	8.749	1,006
Brookhaven College Continuing Education	2.888	474
Brown University	1,297.517	193,687
Bryant University	140.000	15,936
California Baptist University	75.000	12,309
Capella University	68.170	7,760
Carleton College	33.134	5,438
Carnegie Mellon University	205.628	31,233
Case Western Reserve University	441.889	67,494
Centenary College of Louisiana	71.118	11,672
Central Oregon Community College	46.897	5,339
Central Texas College	15.434	2,559
Centre College	316.260	36,000
Chamberlain College of Nursing	69.137	7,870
Chapman University	279.605	45,889
Clarkson University	41.561	6,821
Clemson University	259.956	42,664
Cleveland Community College	20.350	3,340
Coastal Alabama Community College	66.229	7,539
Colby College	243.114	39,900

TEXAS TUITION PROMISE FUND
Tuition and Schoolwide Fee Payments – Appendix B
For year ending August 31, 2023

	<u>Units Paid</u>	<u>Total Payments</u>
College of Marin	15.068	2,473
College of the Atlantic	96.000	15,756
College of the Mainland	26.489	3,844
Collin College	793.526	75,589
Colorado College	396.222	65,028
Colorado School of Mines	309.372	40,944
Colorado State University	730.156	85,137
Colorado State University - Global Campus	18.448	2,100
Columbia University	455.763	74,800
Commonwealth Institute of Funeral Service	57.804	9,487
Community College of Denver	78.567	4,538
Concordia University Austin	450.016	51,225
Concordia University California	100.000	16,412
Cornell University	400.000	65,648
Creighton University	271.916	35,824
Criswell College	141.968	16,160
Dallas Baptist University	491.715	72,116
Dallas College	468.002	41,306
Dartmouth College	174.797	28,688
Del Mar College	73.694	5,638
DePaul University	87.009	14,280
Doane University	56.543	9,280
Drake University	47.367	7,774
Drexel University	496.385	71,741
Duke University	209.109	34,319
East Tennessee State University	43.614	5,555
East Texas Baptist University	280.523	38,764
El Paso Comm Coll	114.380	13,024
Embry-Riddle Aeronautical University - FL	95.465	10,867
Emory University	529.016	84,252
Fashion Institute of Technology	77.490	12,718
Florida Gulf Coast University	153.314	25,162
Florida International University	44.468	7,298
Fordham University	111.977	18,378
Fort Lewis College	28.316	4,647
Framingham State University	106.232	17,435
Franciscan University of Steubenville	90.852	10,342
Franklin & Marshall College	229.448	37,657
Fresno Pacific University	169.606	5,000
Galen Health Institutes	75.371	12,370
Georgia Institute of Technology	482.063	71,854
Gettysburg College	90.000	14,771
Grambling State University	52.450	5,970
Grayson County College	48.150	7,982
Hardin-Simmons University	305.178	35,536
Harvard University	362.588	59,508
Haverford College	535.984	80,423
Hendrix College	167.010	27,410

TEXAS TUITION PROMISE FUND
Tuition and Schoolwide Fee Payments – Appendix B
For year ending August 31, 2023

	Units Paid	Total Payments
High Point University	168.000	27,572
Hillsdale College	153.183	17,437
Hofstra University	208.292	34,185
Houston Baptist University	234.860	34,050
Houston Comm College	461.515	54,279
Howard College	45.391	6,581
Howard Payne University	52.668	8,644
Indiana University Bloomington	1,329.698	202,450
Indiana University of Pennsylvania	219.960	6,467
Iowa State University	56.000	9,191
Jacksonville State University	90.766	14,897
James Madison University	41.359	6,788
John Brown University	284.958	39,731
Johns Hopkins University	1.000	114
Johnson & Wales University	66.870	10,975
Kansas State University	235.155	38,594
Lamar State College Orange	15.804	2,620
Lamar State College Port Arthur	8.627	1,430
Lamar University	1,048.726	150,110
Lane Community College	33.071	5,428
Langston University	350.000	10,318
Laredo Comm College	26.001	2,990
Le Tourneau University	111.753	12,721
Lehigh University	152.327	25,000
Liberty University	67.000	7,627
Life University	56.630	9,294
Linfield University	40.000	6,565
Lone Star College System -CyFair	39.921	5,476
Lone Star College System District	765.265	81,316
Lone Star College System District Continuing	3.000	341
Lone Star College Tomball Continuing Education	39.077	1,152
Louisiana State University	1,307.319	205,107
Louisiana Tech University	234.996	29,244
Loyola Marymount University	100.000	16,412
Loyola University New Orleans	74.883	12,290
Lubbock Christian University	188.903	21,503
Massachusetts Institute of Technology	738.229	121,158
McLennan Comm College	274.944	10,104
McMurry University	289.954	47,588
McNeese State University	142.953	16,273
Miami University Ohio	105.000	11,952
Michigan Technological University	95.858	10,912
Midwestern State University	561.762	75,201
Mississippi State University	354.498	43,284
Missouri State University	130.024	6,366
Missouri University of Science & Technology	204.143	23,238
Moody College of Communication	23.763	3,900
Morehouse College	106.022	17,400

TEXAS TUITION PROMISE FUND
Tuition and Schoolwide Fee Payments – Appendix B
For year ending August 31, 2023

	<u>Units Paid</u>	<u>Total Payments</u>
New Mexico State University - Las Cruces	98.538	16,172
New York University	1,553.193	250,777
North Carolina State University	96.414	15,824
North Central Texas College	196.572	27,058
North Lake College	1.444	239
North Park University	184.237	23,486
Northeast Lakeview College	177.514	13,258
Northeast Texas Comm College	27.600	4,575
Northeastern University	161.182	25,560
Northern Arizona University	142.608	23,405
Northern Essex Community College	44.213	7,256
Northwest Vista College	353.090	14,195
Northwestern University	219.946	32,971
Nova Southeastern University	420.338	34,809
Occidental College	100.000	16,412
Odessa College	24.847	3,851
Ohio State University	191.680	31,459
Oklahoma Christian University	64.000	7,285
Oklahoma State University	2,345.867	326,023
Oklahoma Wesleyan College	88.000	14,443
Oregon State University	212.392	31,030
Our Lady of the Lake University	124.558	14,179
Pace University - Manhattan	78.674	12,912
Palm Beach Community College	25.778	2,934
Palo Alto College	24.134	1,487
Panola College	43.573	5,010
Paris Junior College	13.099	1,670
Parker University	80.995	13,293
Penn State	60.000	6,830
Penn State University	231.896	32,457
Pikes Peak Community College	15.934	2,615
Pima Medical Institute	502.925	50,267
Pittsburgh Institute of Aeronautics	87.557	14,370
Pitzer College	2.829	322
Prairie View A&M University	491.712	70,025
Princeton University	38.230	6,274
Purdue University	1,161.929	184,336
Ranger College	2.485	412
Redlands Community College	27.982	3,185
Reed College	104.000	11,838
Rensselaer Polytechnic Institute	144.022	23,637
Rhode Island School of Design	9.500	1,559
Rhodes College	458.806	75,299
Rice University	1,503.156	246,699
Ringling College of Art and Design	50.000	5,692
Rollins College	13.000	2,134
Rose State College	42.084	6,907
Rutgers The State University of New Jersey	103.538	16,993

TEXAS TUITION PROMISE FUND
Tuition and Schoolwide Fee Payments – Appendix B
For year ending August 31, 2023

	<u>Units Paid</u>	<u>Total Payments</u>
Rutgers University	207.073	33,985
Saint Anselm College	161.681	26,535
Saint Mary's College	93.163	15,290
Saint Peter's University	135.296	22,205
Sam Houston State University	4,913.102	637,778
San Antonio College	215.163	22,647
San Diego State University	209.775	29,973
San Jacinto College Central	191.140	29,050
San Jose State University	68.944	7,848
Santa Monica College	93.571	2,759
Savannah College of Art and Design	585.428	94,915
Schreiner University	226.243	37,131
Seton Hall University	123.117	20,206
Shawnee State University	183.052	20,837
Sinclair Community College	89.925	2,651
Smith College	6.030	686
South Plains College	456.515	43,672
South Texas College	42.639	5,946
Southeastern Louisiana University	59.318	9,000
Southeastern Oklahoma State University	45.429	7,456
Southern Methodist University	1,496.245	233,800
Southern Methodist University Continuing Studies	50.000	8,206
Southern Nazarene University	72.142	8,212
Southern New Hampshire University	91.188	5,839
Southern University and A&M College	114.187	12,998
Southwestern Adventist University	25.000	4,103
Southwestern Baptist Theological Seminary	10.704	1,218
Southwestern College Kansas	138.059	22,658
Southwestern University	1,852.871	287,306
Spelman College	50.000	5,692
St. Edwards University	1,314.521	171,783
St. Mary's University	309.752	37,774
St. Philips College	112.415	6,850
Stanford University	323.764	53,136
Stephen F. Austin State University	2,552.172	282,032
Sul Ross State University Alpine	96.820	11,131
Syracuse University	276.419	45,366
Tarleton State University	3,269.851	429,902
Tarleton State University - Waco	107.363	12,221
Tarrant County College Ft. Worth (NW)	52.180	3,087
Tarrant County College NE Hurst	34.954	5,624
Tarrant County College SE Campus	40.839	1,551
Tarrant County College South Campus	50.510	3,672
Tarrant County College Trinity River Campus	51.145	1,957
Temple College	245.345	12,227
Tennessee State University	60.330	6,867
Texarkana College	3.002	341
Texas A&M Engineering Extension	32.902	5,400

TEXAS TUITION PROMISE FUND
Tuition and Schoolwide Fee Payments – Appendix B
For year ending August 31, 2023

	<u>Units Paid</u>	<u>Total Payments</u>
Texas A&M International University	214.322	31,669
Texas A&M University College Station	65,094.029	9,623,118
Texas A&M University Commerce	297.640	39,635
Texas A&M University Corpus Christi	2,290.329	332,421
Texas A&M University Galveston	689.579	93,490
Texas A&M University Health Science Center	96.278	15,801
Texas A&M University Kingsville	257.997	36,360
Texas A&M University San Antonio	399.556	29,083
Texas A&M University Texarkana	153.137	24,539
Texas Christian University	1,711.496	251,898
Texas Lutheran University	200.219	25,306
Texas Southern University	154.803	23,853
Texas Southmost College	17.494	1,989
Texas State Technical College Waco	614.495	77,875
Texas State University San Marcos	14,998.982	2,022,945
Texas Tech Study Abroad	82.492	9,390
Texas Tech University	18,414.658	2,469,142
Texas Tech University Health Sciences Center	754.986	101,799
Texas Tech University-Rawls College of Busine	53.593	6,101
Texas Wesleyan University	70.467	8,930
Texas Woman's University	474.111	68,003
The George Washington University	37.687	4,290
The School of the Art Institute of Chicago	47.439	5,400
Toni&Guy Hairdressing Academy	166.917	19,000
Trinity University	982.108	145,102
Trinity Valley Comm Coll	44.856	7,436
Troy University	177.984	20,260
Tulane University	494.543	75,331
Tyler Junior College	344.703	34,562
Union College	70.722	11,607
Union University	100.678	2,968
University Extension UT Austin	146.355	21,185
University of Akron	24.963	4,097
University of Alabama	1,117.995	178,129
University of Alabama at Birmingham	200.000	5,896
University of Alabama in Huntsville	23.788	3,904
University of Alaska Anchorage	39.430	6,472
University of Arkansas at Fayetteville	5,207.078	709,052
University of Arkansas at Little Rock	24.000	2,732
University of California Berkeley	200.000	32,824
University of California Davis	208.582	30,047
University of California Los Angeles	733.469	120,378
University of California Los Angeles Extension	8.664	986
University of California San Diego	125.246	20,556
University of California Santa Barbara	165.587	27,176
University of Central Florida	74.390	2,193
University of Central Missouri	10.000	295
University of Central Oklahoma	100.000	11,383

TEXAS TUITION PROMISE FUND
Tuition and Schoolwide Fee Payments – Appendix B
For year ending August 31, 2023

	Units Paid	Total Payments
University of Chicago	404.422	64,888
University of Colorado at Boulder	626.726	97,829
University of Colorado at Colorado Springs	71.978	11,614
University of Connecticut	209.254	34,343
University of Dallas	110.400	18,119
University of Florida	175.429	27,526
University of Georgia	1,044.883	158,194
University of Hawaii at Manoa	37.257	4,241
University of Holy Cross	52.542	8,624
University of Houston	12,294.714	1,661,182
University of Houston Clear Lake	971.772	89,746
University of Houston Downtown	369.537	51,600
University of Houston Victoria	100.691	14,946
University of Illinois at Urbana	541.067	84,184
University of Illinois Springfield	75.000	12,309
University of Kansas	243.111	39,776
University of Louisiana at Lafayette	431.958	51,745
University of Louisiana at Monroe	16.504	2,709
University of Maine	134.165	22,019
University of Mary Hardin-Baylor	211.003	32,010
University of Maryland Baltimore County	50.000	5,692
University of Maryland College Park	374.374	61,442
University of Massachusetts Amherst	16.482	2,705
University of Miami	182.567	29,963
University of Michigan	150.000	24,618
University of Mississippi	598.733	93,657
University of Missouri Columbia Campus	26.589	3,027
University of Missouri Kansas City	64.053	10,512
University of Montana	88.910	14,592
University of New Mexico	266.099	34,876
University of North Carolina School of the Art	49.214	8,077
University of North Texas	9,958.142	1,408,030
University of Notre Dame	215.610	35,386
University of Oklahoma	4,589.374	662,292
University of Oregon	920.486	134,923
University of Pennsylvania	324.494	53,256
University of Pittsburgh, Pittsburgh Campus	158.602	26,030
University of Rochester	472.227	77,502
University of San Diego	123.171	20,215
University of South Carolina Columbia	15.805	2,594
University of Southern California	649.369	103,387
University of St. Thomas	578.268	92,237
University of Tampa	14.884	2,443
University of Tennessee	538.077	85,914
University of Tennessee Southern	56.776	6,463
University of Texas at Arlington	4,465.131	603,395
University of Texas at Austin	41,876.331	6,432,929
University of Texas at Austin McCombs School	152.935	25,100

TEXAS TUITION PROMISE FUND
Tuition and Schoolwide Fee Payments – Appendix B
For year ending August 31, 2023

	Units Paid	Total Payments
University of Texas at Austin Study Abroad /	101.364	16,636
University of Texas at Dallas	16,555.224	2,505,665
University of Texas at El Paso	643.104	68,536
University of Texas at San Antonio	6,905.004	963,218
University of Texas at Tyler	365.434	52,985
University of Texas Health Science Center at	70.210	9,401
University of Texas Health Science San Antoni	299.730	45,644
University of Texas Medical Branch at Galveston	282.870	44,634
University of Texas of the Permian Basin	91.212	10,465
University of Texas Rio Grande Valley	1,151.144	161,841
University of Texas Southwestern Medical Center	157.166	25,794
University of the Incarnate Word	1,035.635	131,959
University of the Ozarks	201.985	33,150
University of the South Sewanee	90.000	14,771
University of Tulsa	136.744	15,566
University of Utah	294.869	35,773
University of Virginia	100.000	16,412
University of Washington	452.151	74,208
University of Wisconsin - Stevens Point	103.440	16,977
University of Wisconsin Madison	55.006	9,028
Utah State University	100.000	16,412
Valparaiso University	43.230	7,095
Vanderbilt University	291.419	33,172
Vernon College	48.052	5,525
Victoria College	118.594	9,898
Virginia Polytechnic Institute and State University	120.000	13,660
Washington State University	88.542	14,532
Washington University in Saint Louis	615.825	101,069
Wayland Baptist University	19.902	2,265
Weatherford College	181.287	20,266
Wesleyan University	22.618	3,498
West Chester University of Pennsylvania	46.941	5,343
West Coast University	63.753	7,257
West Texas A&M University	1,299.973	174,858
West Virginia University	25.875	2,945
Western Governors University	103.881	11,825
Western Michigan University	140.068	22,988
Western Texas College	86.297	11,926
Wharton County Junior College	396.454	23,923
Whitman College	62.298	10,224
Wichita State University	58.113	9,538
Wiley College	38.081	6,250
William Peace University	48.513	7,962
Xavier University of Louisiana	293.247	16,409
Grand Total	310,198.710	44,189,307

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2023

FUND INVESTMENT INFORMATION



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Texas Guaranteed Tuition Plan Fund Investment Information

Market Value of Fund
Year Ending August 31, 2023
(Amounts in millions)

Total Fund	\$337
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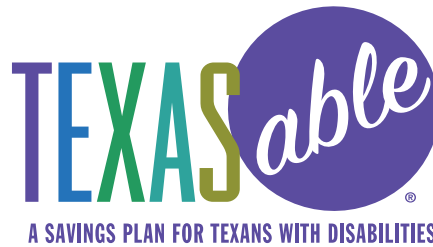
Fiscal Year 2023
Time Weighted
Gross Fund Return

Total Fund	2.9%
Total Fund Benchmark	3.3%

	Fiscal Year 2022	Fiscal Year 2023
Gross Return – Total Fund	0.6%	2.9%
Gross Return – Equity	-	-
Gross Return – Fixed Income	-	-
Gross Return – Cash and Short-term	0.6%	2.9%

Portfolio Diversification	Market Value of Fund Year Ending August 31, 2022 (Amounts in millions)		Market Value of Fund Year Ending August 31, 2023 (Amounts in millions)	
	Amount	Percentage	Amount	Percentage
Equity	\$0	0%	\$0	0%
Fixed Income	\$0	0%	\$0	0%
Cash and Short-term Securities	\$229	100%	\$337	100%
Other Investments	\$0	0%	\$0	0%
TOTAL, ALL INVESTMENTS	\$229	100%	\$337	100%

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Texas Tomorrow Funds

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