#### Bill

Received: 01/15/99 Received By: mlief

Wanted: As time permits Identical to LRB:

For: Administration-Budget 7-2734 By/Representing: Wolff

This file may be shown to any legislator: **NO**Drafter: **grantpr** 

May Contact: Alt. Drafters: mlief

Subject: **Higher Education - miscellaneous** Extra Copies:

**State Government - miscellaneous** 

### Topic:

DOA:.....Wolff - Transferring responsibility for the administration of the college tuition prepayment program from DOA to the office of the state treasurer

#### **Instructions:**

See Attached

Drafting History:							
Vers.	<u>Drafted</u>	Reviewed	Typed	Proofed	Submitted	<u>Jacketed</u>	Required
/?	grantpr 01/15/99	chanaman 01/19/99					State
/1	grantpr 01/25/99	chanaman 01/25/99	ismith 01/20/99		lrb_docadmin 01/20/99		State
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FE Sent For:

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Bill

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FE Sent For:

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Alt. Drafters:

mlief

Subject:

**Higher Education - miscellaneous State Government - miscellaneous**  Extra Copies:

Topic:

DOA:.....Wolff - Transferring responsibility for the administration of the college tuition prepayment program from DOA to the office of the state treasurer

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See Attached

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<END>

FE Sent For:

#### Grant, Peter

Wolff, Michael [michael.wolff@doa.state.wi.us] From: Friday, January 15, 1999 8:49 AM Sent: Grant, Peter To: RE: Drafting request Subject: Yes, please include the transfer of the staff also. Thanks. > -----Original Message-----> From: Grant, Peter [SMTP:Peter.Grant@legis.state.wi.us] > Sent: Friday, January 15, 1999 8:48 AM > To: 'Wolff, Michael' > Subject: RE: Drafting request > I received your e-mail. I assume you want to transfer "all employees who > are performing duties primarily related to the functions of the program, > determined by the secretary of administration," who will retain all their > rights? If not, let me know. If I have other questions, I'll let you > know. > Peter > ----Original Message-----> From: Wolff, Michael [mailto:michael.wolff@doa.state.wi.us] > Sent: Friday, January 15, 1999 8:03 AM > To: Grant, Peter > Subject: Drafting request > Peter -- Could you put together drafting for a proposal for the budget to > move the operations of the College tuition prepayment program (s. 16.24 > 20.505(9), a/k/a EdVest Wisconsin) to the office of the state Treasurer. > All program operational responsibilities currently vested in DOA should be > transferred except the determination that funds in the trust fund are > sufficient to transfer funds for repayment of the start up loan. That > responsibility should remain with the secretary of DOA. > Positions for the Treasurer's office should increase by 3.0 FTE, and a GPR > appropriation of \$85,000 per annum should be established. > Please keep discussion of this proposal limited to me and John Montgomery > for the time being. > Please also acknowledge receipt of this e-mail by return mail. . > I can be reached at 7-2734. > Thanks, > -- Michael Wolff

1/15 To w/ Michael Wolff -All ees are in claimful servie

1	9	9	9
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Date (time)



To editing 1/12

LRB - 1806 1 1

### DOA BUDGET DRAFT

PG traje: cm/:

Use the appropriate components and routines developed for bills.



### >>FOR 1999-01 BUDGET -- NOT READY FOR INTRODUCTION<<

An Act	[DO NOT gener	ate catalog]; <b>relating</b>	to: the budget	
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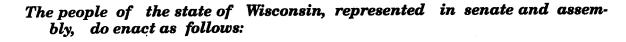
### Analysis by the Legislative Reference Bureau

For the 3 titles used in an analysis, in the component bar:

For the main heading [old =M], execute: ...... create  $\rightarrow$  anal:  $\rightarrow$  title:  $\rightarrow$  head For the subheading [old =S], execute: ..... create  $\rightarrow$  anal:  $\rightarrow$  title:  $\rightarrow$  sub

For the sub-subheading [old =P], execute: ..... create  $\rightarrow$  anal:  $\rightarrow$  title:  $\rightarrow$  sub-sub

Insert Analysis V



SECTION #.

[rev: 6/2/98 1999DF02DOA(fm)]

# STATE OF WISCONSIN – **LEGISLATIVE REFERENCE BUREAU** – LEGAL SECTION (608–266–3561)

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(0)/	(fite) and (1),0
SEC. # (RN.) 16-24	
	λ / / /
sacroded to read:	us renumbered. is
amended to read:	
•	

#### Section #. 16.21 (1) of the statutes

16.24 (1) DEFINITIONS. In this section:

state treasurer

(a) Board" means the board of regents of the University of Wisconsin System.

is accredited by an accrediting association recognized by the department, and a proprietary school approved by the educational approval board under s. 39.51.

History: 1995 a. 403; 1997 a. 27, 158.

SET. RP. 19-63 GHOT a sensing cred.

Section #. 16.24 (2) (Montre) norther statutes.

14.63 (2), and 14.63 (2)

Cintro) and (b) as renumbered, year

are arrivabled to read:

14.63

14.63

WEIGHTED AVERAGE TUITION; TUITION UNIT COST. (intro.) Annually, the department and the board jointly shall determine all of the following:

History: 1995 a. 403; 1997 a. 27, 158.

A

Section # (gan 2) by de hastaturos y a venumbra

state treasurer

the department and the board. The price shall be sufficient to ensure the ability of the department to meet the obligations under this section. To the extent possible, the price shall be set so that the value of the tuition unit in the anticipated academic year of its use will be equal to 1% of the weighted average tuition for that academic year plus the costs of administering the program under this section

History: 1995 a. 403; 1997 a. 27, 158.

attributable to the unit.

his or her

Section #. 16.24 (3) (a) (intro.) are (d)

Section #. 16.24 (3) (a) (intro.) are (d)

Veril:

14,63

16924 (3) (a) (intro.) The department shall contract with an individual, a trust or a legal guardian for the sale of tuition units to that individual, trust or legal guardian if all of the following apply:

Section# 14763
Section# 14763
(d) of the statutes as renambles

16.00 (b) (d) The department shall promulgate rules authorizing a person who has entered into

a contract under this subsection to change the beneficiary named in the contract.

- renumbered 14.63 (4) Gud Section #. 16.24 (4) of the statutes is amended to read:

14.63

1624 (4) NUMBER OF TUITION UNITS PURCHASED. A person who enters into a contract under sub. (3) may purchase tuition units at any time and in any number, except that the total number of tuition units purchased on behalf of a single beneficiary may not exceed the number necessary to pay for 4 years of full-time attendance, including mandatory student fees, as a resident undergraduate at the institution within the University of Wisconsin System that has the highest resident undergraduate tuition, as determined by the department, in the anticipated academic years of their use.

History: 1995 a. 403; 1997 a. 27, 158.

State treasurer

alain

Section #. 16.24 (5) (MACA) nof the statutes is amended to read:

Venumbers, is

14.63 / 16.24 (5) (b) (intro.) Upon request by the beneficiary, the department shall pay to the institution in each semester of attendance the lesser of the following:

Section #. 16.24 (6) (a) My of the statutes is amended to read:

14.63

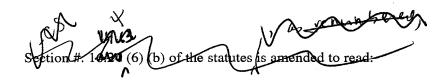
(6) (6) 5. and (4) 6. as

14.63

14.63

14.63

16.24 (6) (a) 5. Other circumstances determined by the department to be grounds for termination.



purchased under the contract remain unused 10 years after the anticipated academic year of the beneficiary's initial enrollment in an institution of higher education, as specified in the contract.

Section #. 16.24 (7) (a) (intro.) 3. 4. and 5.

Section #. 16.24 (7) (a) (intro.) 3. 4. and 5.

Venumbried are venumbried are

14.63 (1)(a) (intro.) 3. 4. and 5.

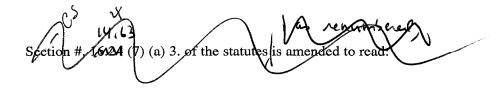
14.63 (1)(a) (intro.) 3. 4. and 5.

Venumbried are

14.63 (1)(a) (intro.) 4. and 5.

16.24 (7) (a) (intro.) Except as provided in sub. (7m), the department shall do all of the following:

History: 1995 a. 403; 1997 a. 27, 158.



16.44 (7) (4) 3. If a contract is terminated under sub. (6) (a) 4. or (b), refund to the person who entered into the contract an amount equal to 99% of the amount determined under subd. 2. If a contract is terminated under sub. (6) (a) 4., the department may not issue a refund for one year following receipt of the notice of termination and may not issue a refund of more than 100 tuition units in any year.

History: 1995 a. 403; 1997 a. 27, 158.

dained

Section #. 16.24 (7) (a) 4. of the statutes is amended to read:

16.14 (1) (4) 4. If a contract is terminated under sub. (6) (a) 5., refund to the person who entered

into the contract the amount under subd. 2. or under subd. 3., as determined by the department.

History: 1995 a. 403; 1997 a. 27, 158.

1



cannot be converted into cash by the beneficiary, refund to the person who entered into the contract, upon the person's request, an amount equal to the value of the tuition units that are not needed because of the scholarship, waiver or similar subsidy and that would otherwise have been paid by the department on behalf of the beneficiary during the semester in which the beneficiary is enrolled.

History: 1995 a. 403; 1997 a. 27, 158.

State treasurer

Section # 16124(7) (b) of the statutes is amended to read:

1 (1) (b) Except as provided under par. (a) 3., the department shall determine the method and schedule for the payment of refunds under this subsection.

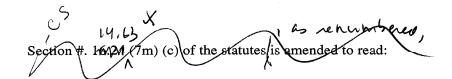
Section #. 16.24 (7m) Walkings of the statutes is amended to read:

(c), as renumbered, are

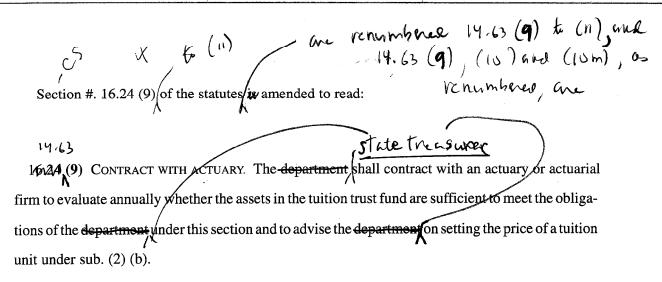
16024 (7m) (a) (intro.) The department may adjust the value of a tuition unit based on the actual earnings attributable to the tuition unit less the costs of administering the program under this section that are attributable to the tuition unit if any of the following applies:

Section #. 16024 (7m) (b) of the statutes is amended to read:

16724 (b) The department may not increase the value of a tuition unit under par. (a) to an amount that exceeds the value of a tuition unit that was purchased at a similar time, held for a similar period and used or refunded in the anticipated academic year of the beneficiary's attendance, as specified in the contract.



The department may promulgate rules imposing or increasing penalties for refunds under sub. (7) (a) if the department determines that such rules are necessary to maintain the status of the program under this section as a qualified state tuition program under section 529 of the Internal Revenue Code, as defined in s. 71.01 (6).



Section #. 10/10) of the statutes is amended to read:

16/24(10) REPORTS. (a) Annually, the department shall submit a report to the governor, and to the appropriate standing committees of the legislature under s. 13.172 (3), on the program under this section. The report shall include any recommendations for changes to the program that the depart-

ment determines are necessary to ensure the sufficiency of the tuition trust fund to meet the depart-

ment's obligations under this section.

state treasurer's

(b) The department shall submit a quarterly report to the state investment board projecting the future cash flow needs of the tuition trust fund. The state investment board shall invest moneys held in the tuition trust fund in investments with maturities and liquidity that are appropriate for the needs of the fund as reported by the department in its quarterly reports. All income derived from such investments shall be credited to the fund.

History:/1995 a. 403; 1997 a. 27, 158.

state treasurer

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16/24 (10m) REPAYMENT TO GENERAL FUND. The secretary shall transfer from the tuition trust fund

to the general fund an amount equal to the amount encumbered from the appropriation under s.

20 505 (9) (a) when the secretary determines that funds in the tuition trust fund are sufficient to make the transfer. The secretary may make the transfer in instalments.

History: 1995 a. 403; 1997 a. 27, 158.

of administration

20.585 (2)

renumbered 14.63 (12) Good (13) L 14.63(12) (6) (11/10.) and read: (b) (11/10.) and (13), as renumbered, and (13) Section #. 16.24 (12) (A) (12) of the statutes in amended to read: (a) (intro.) The department shall do all of the following: History: 1995 a. 403; 1997 a. 27, 158. 1463 A MAZA (12) (title) Additional DEPARTMENT DUTIES AND POWERS History: 1995 a. 403; 1997 a. 27, 158.

Section #. 19.63
Section #. 19.63 (12) (b) (intro.) of the statutes is amended to read:

state treasure.

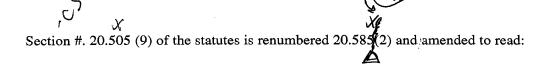
(b) (intro.) The department may do any of the following:

Section # 16,24 (13) of the statutes is amended to read.

PROGRAM TERMINATION. If the department determines that the program under this section is financially infeasible, the department shall discontinue entering into tuition prepayment contracts under sub. (3) and discontinue selling tuition units under sub. (4).

History: 1995 a. 403; 1997 a. 27, 158.

Jai La



20.585 (2) COLLEGE TUITION PREPAYMENT PROGRAM. (a) Administrative expenses; initial funds. As a continuing appropriation, the amounts in the schedule for the administrative expenses of the college tuition prepayment program under s. 16.24 including the expense of promoting the program.

- (q) Payment of tuition. From the tuition trust fund, a sum sufficient for the payment of tuition under s.  $\frac{16.24}{5}$ .
- (r) Payment of refunds. From the tuition trust fund, a sum sufficient for the payment of refunds under s. 16.24 (7).
- (s) Administrative expenses. From the tuition trust fund, the amounts in the schedule for the administrative expenses of the college tuition prepayment program under s. 16.24, including the expense of promoting the program.

History: 1971 c. 108, 125, 215; 1971 c. 270 s. 104; 1973 c. 90 and supp., 157, 305; 1975 c. 39 ss. 179 to 184f, 735 (5); 1975 Ex. Order No. 24; 1975 c. 224, 397; 1977 c. 29; 1977 c. 196 ss. 70, 131; 1977 c. 377 s. 30; 1977 c. 418 s. 929 (1), (55); 1979 c. 32 s. 92 (5); 1979 c. 34, 175, 221; 1979 c. 355 s. 241; 1979 c. 361; 1981 c. 20 ss. 400b to 421, 2202 (57) (b); 1981 c. 44 s. 3; 1981 c. 62, 121; 1981 c. 202 s. 23; 1981 c. 314, 374, 391; 1983 a. 27 ss. 439 to 456, 2202 (1); 1983 a. 36, 187, 282, 371, 393; 1985 a. 29, 31, 57, 120, 296, 297, 332; 1987 a. 27 ss. 296n, 296q, 297b, 297d, 299a to 299r, 300a, 301a, 418 to 432; 1987 a. 142, 147, 342, 399; 1989 a. 31, 56, 107, 122, 336, 339, 345, 366; 1991 a. 39 s. 469, 593q to 614; 1991 a. 105, 269, 315; 1993 a. 16 ss. 470g, 470m, 470r, 488 to 506m; 1993 a. 33, 75, 193, 349, 358, 374, 414, 437, 477, 491; 1995 a. 27, 56, 201, 216, 225, 227, 370, 403; 1997 a. 3; 1997 a. 27 ss. 199, 227 to 229m, 233, 666g to 692; 1997 a. 237, 283.

plain Space (c) X

Section #. 25.80 of the statutes is amended to read:

25.80 Tuition trust fund. There is established a separate nonlapsible trust fund designated as the tuition trust fund, consisting of all revenue from enrollment fees and the sale of tuition units under

History: 1995 a. 403.

Section #. 71.05 (6) (b) 23. of the statutes is amended to read:

71.05 (6) (b) 23. Any increase in value of a tuition unit that is purchased under a tuition contract under s. 16.24.

1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237. 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237.

Section #. 815.18 (3) (o) of the statutes is amended to read:

815.18 (3) (o) *Tuition units*. Tuition units purchased under s. 16.24.

History: 1971 c. 154, 172; 1971 c. 211 s. 126; 1971 c. 229 s. 14; Sup. Ct. Order, 67 W (2d) 585, 761 (1975); 1975 c. 94 s. 91 (3), (5); 1975 c. 199; 1975 c. 359 s. 51; Stats. 1975 s. 815.18; 1979 c. 110 s. 60 (4); 1979 c. 191, 265, 355; 1985 a. 37; 1989 a. 56, 278, 359; 1991 a. 39, 221; 1993 a. 112, 399, 491; 1995 a. 27, 403; 1997 a. 39.

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#### 1999–2000 Drafting Insert FROM THE LEGISLATIVE REFERENCE BUREAU

### **EDUCATION**

#### **HIGHER EDUCATION**

Inself 515
Analy 515 Under current law, the department of administration (department) administers the college tuition prepayment program, which allows an individual, a trust or a legal guardian to purchase tuition units from the department The tuition units, which are priced so that the value at maturity of 100 units will be equal to one year of estimated average tuition at a University of Wisconsin System campus, may be redeemed in the future to pay tuition at any accredited institution of higher education in the United States. This bill transfers administration of the college tuition prepayment program from the department to the state treasurer.

For further information see the state fiscal estimate, which will be printed as

an appendix to this bill.

SECTION 9101. Nonstatutory provisions; administration.

TRANSFER OF COLLEGE TUITION PREPAYMENT PROGRAM. (a) Assets and liabilities. On the effective date of this paragraph, the assets and liabilities of the department of administration primarily related to the administration of the college tuition prepayment program, as determined by the secretary of administration, shall become the assets and liabilities of the state treasurer.

(b) Employe transfers. All incumbent employes holding positions in the department of administration performing duties primarily related to the administration of the college tuition prepayment program, as determined by the secretary of administration, are transferred on the effective date of this paragraph to the state treasurer.

(c) Employe status. Employes transferred under paragraph (b) have all the rights and the same status under subchapter V of chapter 111 and chapter 230 of the statutes in the state treasurer's office that they enjoyed in the department of administration immediately before the transfer. Notwithstanding section 230.28(4)

of the statutes, no employe so transferred who has attained permanent status in class is required to serve a probationary period.

- (d) Tangible personal property. On the effective date of this paragraph, all tangible personal property, including records, of the department of administration that is primarily related to the administration of the college tuition prepayment program, as determined by the secretary of administration, is transferred to the state treasurer.
- (e) Contracts. All contracts entered into by the department of administration that are in effect on the effective date of this paragraph and that are primarily related to the administration of the college tuition prepayment program, as determined by the secretary of administration, remain in effect and are transferred to the state treasurer. The state treasurer shall carry out any such contractual obligations until modified or rescinded by the state treasurer to the extent allowed under contract.
- administration that are in effect on the effective date of this paragraph and that are primarily related to the administration of the college tuition prepayment program, as determined by the secretary of administration, remain in effect until their specified expiration date or until amended or repealed by state treasurer. All orders issued by the department of administration that are in effect on the effective date of this paragraph and that are primarily related to the administration of the college tuition prepayment program, as determined by the secretary of administration, remain in effect until their specified expiration date or until modified or rescinded by the state treasurer.
- (g) Pending matters. Any matter pending with the department of administration on the effective date of this paragraph that is primarily related to the

administration of the college tuition prepayment program, as determined by the secretary of administration, in transferred to the state treasurer and all materials submitted to or actions taken by the department of administration with respect to the pending matters are considered as having been submitted or taken by the state treasurer.

CEND OF INSERT)

#### **Grant, Peter**

From:

Wolff, Michael [michael.wolff@doa.state.wi.us]

Sent:

Thursday, January 21, 1999 2:06 PM

To:

Grant, Peter

Cc:

Koskinen, John; Holden, Kerry; LaBelle, Vicky

Subject:

1806/1 - Tuition Prepayment Program

A new request and a point of clarification on 1806/1:

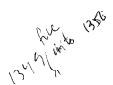
Please add language permitting the state treasurer to include promotion of the tuition prepayment program among permitted uses of administrative funds of the unclaimed property program under chapter 177. The appropriation for administration of the unclaimed property program is 20.505 (1)(j), and the eligible administrative expenses are delineated under 177.23 (2).

Section 11 - the appropriation under the new 20.585(2) (a) should no longer be titled "initial funds", and it should be an annual rather than a continuing appropriation.

-- Michael Wolff 7-2734







### **Grant, Peter**

From:

Wolff, Michael

Sent:

Monday, January 25, 1999 2:33 PM Grant, Peter

To:

Cc:

Holden, Kerry; LaBelle, Vicky

Subject:

LRB 1806/1

Peter -- per our discussion on Friday regarding the possible constitutional problem with using the unclaimed property proceeds for EdVest promotion I would ask that you ignore that part of the drafting request. Please make the changes to the appropriation as requested.

For clarification of those instructions or other appropriation questions please contact Kerry Holden (Tax and Local Gov't team) at 6-8593 or e-mail at kerry.holden@doa.state.wi.us

Thanks.