

**1999 DRAFTING REQUEST**

**Assembly Amendment (AA-AB(LRBx4017/4))**

Received: 01/10/2000

Received By: mlief

Wanted: Today

Identical to LRB:

For: Rob Kreibich (608) 266-0660

By/Representing: andy

This file may be shown to any legislator: NO

Drafter: mlief

May Contact:

Alt. Drafters:

Subject: Higher Education - miscellaneous

Extra Copies: PG,JTK  
Mary Mathias, Leg. Council

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Technical changes to EdVest and college savings programs

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**Instructions:**

See Attached

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	mlief 01/10/2000	chanaman 01/10/2000	martykr 01/11/2000	_____	lrb_docadmin 01/11/2000	lrb_docadmin 01/11/2000	

FE Sent For:

<END>

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1/?	mlief	cmh /4	km /11	JF dm /11			

FE Sent For: 1/10

<END>

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**Lief, Madelon**

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**From:** Cook, Andrew  
**Sent:** Monday, January 10, 2000 2:14 PM  
**To:** Lief, Madelon

Lonnie,

I talked to the Wisconsin Association of Independent Colleges and Universities about the language on Page 2, line 8 and 9. Here is what they propose:

The president of the Wisconsin Association of Independent Colleges and Universities or his or her designee.

Plus, I am making the call to NOT change item number 7.

If this is a problem, please give me a call.

I can't thank you enough for your help Lonnie. It is appreciated!!!

Thanks,

Andy

Testimony Regarding AB \_\_\_\_\_  
Assembly Committee on Colleges and Universities  
January 12, 2000

**DRAFT**

Good morning Chairman Kreibich and members of the committee. My name is Marty Olle and I'm the program manager for the EDVEST WISCONSIN College Savings Program. Families of future college students should take great comfort today, because this bill will enable our program to offer a wider range of opportunities to meet future college costs.

The EDVEST program has just reached a financial milestone. Participants have now invested \$5 million which will result in future payments of \$8.6 million toward the costs of tuition and fees for 1300 college students. But while this is a good start, the program needs to make significant changes to remain competitive.

EDVEST began operations in July 1997. We were one of the early states to offer a college savings program and our legislation authorized a conservative, low risk investment consistent with the regulatory environment at that time. Shortly thereafter, key federal legislation and IRS rules clarified the tax benefits and operating parameters for "Qualified State Tuition Programs". States quickly responded by initiating flexible, full-range college savings programs covering tuition, room and board, books and other qualified educational expenses. They also ventured into the stock market to maximize potential yields for investors. Most of the newer programs have no residency requirement and vendors have begun aggressively marketing other state programs in Wisconsin. Literally every day we lose potential participants to other states because of

our program's restrictions and conservative approach. It's time for us to level the playing field and take advantage of all of the benefits and flexibility allowed under federal law.

AB \_\_\_ will do just that for Wisconsin's program. It contains many provisions that will greatly improve the program. I'd like to suggest some refinements to make it even better:

1. Name change -- Please change the name of our program from "college tuition prepayment program" to "EDVEST WISCONSIN College Savings Program." The older title is outdated, misleading and inaccurate. We are not, and have never been, a prepaid tuition program.  
*WTF necessary*
2. One comprehensive program -- I ask that the language, to the extent possible, be modified to treat this as an expansion of the EDVEST WISCONSIN College Savings Program rather than the creation of a new, separate program. From an operational standpoint, the program would simply be offering additional investment options to participants through services provided by a vendor under contract with the program.  
*U*
3. Coordination -- There needs to be a mechanism to ensure coordination between the original EDVEST program and the vendor. For example, there should be a single toll-free number to call and one set of program materials available describing all services offered through the EDVEST program. These items should be jointly developed between EDVEST and the vendor. Marketing should be a joint venture between EDVEST and the vendor. A single program should be marketed, offering both fixed  
*U*

and variable investment options. Both the Treasurer's office and the vendor could market the program, but it should be coordinated with a similar theme and message.

OK

4. Program Manager -- The vendor should be referred to as "vendor" or "contractor", not the "program manager". In other states where the entire program is contracted out, the program manager term is appropriate.

\*

X ←

OK

5. Parity between both sides of the program -- In two areas the original program is treated differently than the program expansion. First, participants in the original program can save enough to cover the cost of attendance at the most expensive UW institution, but participants in the program expansion may save enough for any public or private school in the country. This is a major difference. Second, the provision concerning eligibility for financial aid applies only to the program expansion. The language should be changed so that both sides of the program are treated equally.

\* \* change def under 14-B3 (1)(b) = eligible institution - Amend Sub. (4)

~~Individual~~  
individual responsibility

6. Multiple accounts allowed -- The program expansion allows an individual to be the beneficiary of more than one college savings account. If you allow this, keep in mind that the IRS requires states to monitor and ensure that a beneficiary not accrue more than the amount needed to cover the cost of attendance.

OK

7. Contribution flexibility -- In section 9, the bill states "the board shall ensure that any plan permit the adjustment of scheduled deposits because of a change in the account owner's economic circumstances or a beneficiary's educational plans." I suggest

Do not change.

will sub back to me.

changes →

Wisconsin Assn of Independent Colleges & Universities

presented a list of her designs

ending the sentence after the word "deposits." There is no need to be restrictive about the reasons for allowing participants to change their contributions.

NO  
8. Potential bidders – Only nongovernmental persons may submit vendor proposals in the bill. There is merit to receiving a broad range of proposals and I suggest allowing other submittals as well. This would, for example, allow a private vendor to work through a governmental unit if it elected to.

NO  
9. Contract – The bill specifies that a contract will be established between the department [DOA] and the vendor. I suggest that the board initiate and administer the contract.

yes  
10. Audit – The bill specifies that the vendor select a CPA firm to annually audit the program. I suggest that the board select the auditor. 

ASH  
CAB  
11. Reimbursement to the State – Section 13 of the bill limits the time period during which the state may be reimbursed for administrative costs incurred for the college savings program to 2 years. Although it's not clear at this time what costs would fall into this category, I suggest that it is in the state's best interest to allow reimbursement at any time through a contract period. 

12. Effective date – The act takes effect 10 months following publication. It's unclear why we wouldn't want to begin sooner if details can be worked out earlier.  will get back to me

↓  
-3 months for edvest

Thank you for this opportunity to comment on the bill. I sincerely appreciate all of the work completed to date in preparing it and I believe the EDVEST program will be significantly enhanced through this effort. I can answer any questions you may have at this time.



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRBa1144/1  
MJL:.....

cm H

ASSEMBLY AMENDMENT,  
TO 1999 ASSEMBLY BILL (LRB-4017/4)

Due Tuesday, 11/11/00  
by 9 AM

1 At the locations indicated, amend the bill as follows:

2 1. Page 2, line 8: delete lines 8 and 9 and substitute "The president of the  
3 Wisconsin Association of Independent Colleges and Universities or his or her  
4 designee."

5 2. Page 3, line 3: after that line insert:

6 "SECTION 1m. 14.63 (1) (b) of the statutes, as affected by 1999 Wisconsin Act  
7 9, is amended to read:

8 14.63 (1) (b) "Institution of higher education" means a ~~public or private~~  
9 ~~institution of higher education that is accredited by an accrediting association~~  
10 ~~recognized by the state treasurer, and a proprietary school approved by the~~  
11 ~~educational approval board under s. 45.54~~ an eligible educational institution, as  
12 defined under 26 USC 529."

13 History: 1999 a. 9.  
3. Page 3, line 10: delete lines 10 to 17 and substitute:

text  
treat



1           “SECTION 4m. 14.63 (4) of the statutes, as affected by 1999 Wisconsin Act 9, is  
2 amended to read:

3           14.63 (4) NUMBER OF TUITION UNITS PURCHASED. A person who enters into a  
4 contract under sub. (3) may purchase tuition units at any time and in any number,  
5 except that the total number of tuition units purchased on behalf of a single  
6 beneficiary may not exceed the number necessary to pay for 4 years of full-time  
7 attendance, including mandatory student fees, as a resident undergraduate at the  
8 institution within the University of Wisconsin System that has the highest resident  
9 undergraduate tuition, as determined by the state treasurer, in the anticipated  
10 academic years of their use cover tuition, fees and the costs of room and board, books,  
11 supplies and equipment required for enrollment or attendance of the beneficiary at  
12 an institution of higher education.”

History: 1999 a. 9.

13           4. Page 4, line 22: after that line insert:

14           “SECTION 8m. 14.63 (11m) of the statutes is created to read:

15           14.63 (11m) FINANCIAL AID CALCULATIONS. No state agency, University of  
16 Wisconsin System institution or college campus or technical college may include the  
17 value of tuition units in the calculation of a beneficiary’s eligibility for state financial  
18 aid for higher education.”

19           5. Page 6, line 4: delete “managers” and substitute “vendors”.

20           6. Page 8, line 21: delete “manager” and substitute “vendor”.

21           7. Page 8, line 22: delete “a person to serve as manager” and substitute  
22 “vendor”.

23           8. Page 9, lines 9, 10, 12, 14 and 16: delete “manager” and substitute “vendor”.

on lines 9

change colon to comma

1            9. Page 10, line 6: delete "manager" and substitute "vendor".

2            10. Page 10, line 7: delete the material beginning with "No" and ending with

3            on line 9.

"[revisor inserts date]."

4            11. Page 11, line 14: after that line insert:

5            "(2) The treatment of sections 14.63 (3) (a) 1. and 3. and (c), (4), (5) (a) and (b)  
6            (intro.) and 2., (8) and (11) (b) of the statutes ~~and the creation of section 14.63 (11m)~~  
7            of the statutes take effect on the first day of the 4th month following publication."

8            (END)

Effective  
Date

Item #. Page 11, line 5: delete lines 5 to  
T10 and substitute:

nonstatute

"(2) Notwithstanding the length of the terms  
specified in section 14.57(6) of the  
statutes, as created by this act, the  
initial terms of 3 of the members  
appointed under section 14.57(6) of  
the statutes, as created by this  
act, expire on May 1, 2003, and  
the initial terms of 3 of the members  
expire on May 1, 2005."