

2003 DRAFTING REQUEST

Bill

Received: **10/04/2002**

Received By: **gmalaise**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget 7-0371**

By/Representing: **Uecker**

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

Drafter: **gmalaise**

May Contact:

Addl. Drafters:

Subject: **Higher Education - miscellaneous**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Uecker - BB0074,

Topic:

EDVEST college savings program

Instructions:

See Attached

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>
/?	gmalaise 10/22/2002	kgilfoy 10/23/2002		_____			State
/1			pgreensl 10/24/2002	_____	lemery 10/24/2002		State
/2	gmalaise	kgilfoy	pgreensl	_____	lemery		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	01/10/2003 gmalaise 01/10/2003	01/10/2003 kgilfoy 01/10/2003	01/10/2003 _____ _____ _____		01/10/2003		
/3			pgreensl 01/13/2003 _____ _____		sbasford 01/13/2003		

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<END>

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/?	gmalaise 10/22/2002	kgilfoy 10/23/2002					State
/1			pgreensl 10/24/2002	<u>1/13</u>	lemery 10/24/2002		State
/2	gmalaise	kgilfoy 1/3 - 1/10 kmg	pgreensl 1/13 ps8	<u>1/13</u>	lemery		

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/1		12-1/10/03 KMG	pgreensl 10/24/2002 1/10/03 PS	1/10/03 PS	lemery 10/24/2002		

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kmg

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10/24
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p8/gk

2003-05 Budget Bill Statutory Language Drafting Request

- Topic – EdVest College Savings Program
- Tracking Code – BB0074
- SBO team - OPS
- SBO analyst – Deborah Uecker
267-0371 deborah.uecker@doa.state.wi.us
- Agency acronym – TREAS
- Agency number – 585 (Treasurer)



DW

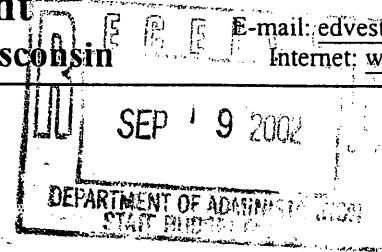
EDVEST
COLLEGE SAVINGS PROGRAM

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Internet: www.EdVest.com



DATE: September 17, 2002

TO: State Budget Office Staff / Legislative Reference Bureau Staff

FROM: Marty Olle
EDVEST Program Manager

RE: Drafting Request regarding the "EdVEST College Savings Program"

We would like to strengthen the link between the College Tuition and Expenses Program [s.14.63], which is administered by the State Treasurer's Office, and the College Savings Program [s.14.64], administered by the College Savings Program Board and attached to the State Treasurer's Office. Both programs are marketed under the name EDVEST College Savings Program. The statutory changes we would like to see in the bill, including clean-up of language that is out of date is as follows:

1. Grant the College Savings Program Board authority over the College Tuition and Expenses Program. *14.63*
2. Combine the administrative expenses appropriations for the two programs into one appropriation to accomplish the following:
 - Allow payment of administrative expenses for the college tuition and expenses program and the college savings program.
 - Revenues may come from the tuition trust fund and the college savings program trust fund.
 - Delete s.20.585 (2)(s)] and modify s.20.585 (2)(tm) for this?

CLEAN UP OTHER LANGUAGE

3. Delete two appropriations that are no longer needed: s.20.585 (2)(a) and (am).
4. See attached mark-ups. Three items are labeled on the sheets and described as follows:
 - A. Conditions under which a person can terminate a contract have expanded greatly since the language was originally drafted. They are described in the program description & participation agreement signed by each participant.
 - B. IRS rules originally required the program to withhold a penalty under certain refund conditions. Recent IRS rules eliminate the requirement, and participants



now work directly with the IRS if a penalty is applicable. Consequently, this language is no longer necessary.

- C. There is a federal website that carries current information on eligible schools in each state and internationally as well. The program is no longer restricted to Wisconsin schools and this language is no longer needed.

I can be reached at 264-7886 if you have any questions or would like to discuss this request. Thanks!

discharge of their duties. The cost of the bonds shall be charged to the appropriations under s. 20.585.

History: 1983 a. 192, 538.

14.63 College tuition and expenses program. (1) DEFINITIONS. In this section:

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

(b) "Institution of higher education" means an eligible educational institution, as defined under 26 USC 529.

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

(a) The weighted average tuition of bachelor's degree-granting institutions within the University of Wisconsin System for the academic year that begins on or after the first day of August of the current year. The amount shall be calculated as follows:

1. For each such institution, multiply the tuition charged a full-time undergraduate who is a resident of this state by the number of full-time equivalent resident undergraduates attending the institution.

2. Add the products under subd. 1.

3. Divide the sum under subd. 2. by the total number of full-time equivalent resident undergraduates attending such institutions.

(b) The price of a tuition unit, which shall be valid for a period determined jointly by the state treasurer and the board. The price shall be sufficient to ensure the ability of the state treasurer to meet his or her 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 attributable to the unit.

(3) COLLEGE TUITION AND EXPENSES CONTRACTS. (a) An individual, trust, legal guardian, or entity described under 26 USC 529 (e) (1) (C) may enter into a contract with the state treasurer for the sale of tuition units on behalf of a beneficiary.

(b) The contract shall specify the anticipated academic year of the beneficiary's initial enrollment in an institution of higher education.

(c) The state treasurer may charge a purchaser an enrollment fee.

(d) The state treasurer shall promulgate rules authorizing a person who has entered into a contract under this subsection to change the beneficiary named in the contract.

(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 cover tuition, fees and the costs of room and board, books, supplies and equipment required for enrollment or attendance of the beneficiary at an institution of higher education.

(5) PAYMENT OF TUITION. (a) Except as provided in sub. (7m), if an individual named as beneficiary in a contract under sub. (3) attends an institution of higher education in the United States, each tuition unit purchased on his or her behalf entitles that beneficiary to apply toward the payment of tuition, fees and the costs of room and board, books, supplies and equipment required for enrollment or attendance at the institution an amount equal to 1% of the anticipated weighted average tuition of bachelor's degree-granting institutions within the University of Wisconsin System for the year of attendance, as estimated under sub. (2) in the year in which the tuition unit was purchased.

(b) Upon request by the beneficiary, the state treasurer shall pay to the institution or beneficiary, whichever is appropriate, in each semester of attendance the lesser of the following:

1. An amount equal to the value of each tuition unit, as determined under par. (a), multiplied by the number of tuition units purchased on behalf of the beneficiary and not used.

2. An amount equal to the sum of the institution's tuition, fees and the costs described in par. (a) for that semester.

(6) TERMINATION OF CONTRACT. (a) A contract under sub. (3) may be terminated by the person entering into the contract if any of the following occurs: *93 allowed under the contract provision*

1. The beneficiary dies or is permanently disabled.

2. The beneficiary graduates from high school but is unable to gain admission to an institution of higher education after a good faith effort.

3. The beneficiary attended an institution of higher education but involuntarily failed to complete the program in which he or she was enrolled.

4. The beneficiary is at least 18 years old and one of the following applies:

a. The beneficiary has not graduated from high school.

b. The beneficiary has decided not to attend an institution of higher education.

c. The beneficiary attended an institution of higher education but voluntarily withdrew without completing the program in which he or she was enrolled.

5. Other circumstances determined by the state treasurer to be grounds for termination.

(b) The state treasurer may terminate a contract under sub. (3) if any of the tuition units 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.

(7) REFUNDS. (a) Except as provided in sub. (7m), the state treasurer shall do all of the following:

1. When a beneficiary completes the program in which he or she is enrolled, if the beneficiary has not used all of the tuition units purchased on his or her behalf, refund to the person who entered into the contract an amount equal to 1% of the anticipated weighted average tuition in the academic year in which the beneficiary completed the program, as estimated under sub. (2) in the year in which the tuition units were purchased, multiplied by the number of tuition units purchased by the person and not used by the beneficiary.

2. If a contract is terminated under sub. (6) (a) 1., 2. or 3., refund to the person who entered into the contract an amount equal to 1% of the anticipated weighted average tuition in the academic year in which the contract is terminated, as estimated under sub. (2) in the year in which the tuition units were purchased, multiplied by the number of tuition units purchased by the person and not used by the beneficiary.

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.

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 state treasurer.

5. If the beneficiary is awarded a scholarship, tuition waiver or similar subsidy that 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 state treasurer on behalf of the beneficiary during the semester in which the beneficiary is enrolled.

(b) The state treasurer shall determine the method and schedule for the payment of refunds under this subsection.

(7m) TUITION UNIT VALUE ADJUSTMENT; REFUND ADJUSTMENT.

(a) The state treasurer 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:

1. The individual named as the beneficiary in a contract under sub. (3) wishes to use the tuition unit for the payment of tuition in a year other than the anticipated academic year of attendance, as specified in the contract.

2. The individual named as the beneficiary in a contract under sub. (3), or the person who entered into the contract, wishes to receive a refund under sub. (7) in a year other than the anticipated academic year of the beneficiary's attendance, as specified in the contract.

(b) The state treasurer 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.

(c) The state treasurer may promulgate rules imposing or increasing penalties for refunds under sub. (7) (a) if the state treasurer 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).

(8) EXEMPTION FROM GARNISHMENT, ATTACHMENT AND EXECUTION. Moneys deposited in the tuition trust fund and a beneficiary's right to the payment of tuition, fees and the costs described in sub. (5) (a) under this section are not subject to garnishment, attachment, execution or any other process of law.

(9) CONTRACT WITH ACTUARY. The state treasurer shall contract with an actuary or actuarial firm to evaluate annually whether the assets in the tuition trust fund are sufficient to meet the obligations of the state treasurer under this section and to advise the state treasurer on setting the price of a tuition unit under sub. (2) (b).

(10) REPORTS. (a) Annually, the state treasurer 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 state treasurer determines are necessary to ensure the sufficiency of the tuition trust fund to meet the state treasurer's obligations under this section.

(b) The state treasurer 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 state treasurer in his or her quarterly reports. All income derived from such investments shall be credited to the fund.

(11) CONSTRUCTION. (a) Nothing in this section guarantees an individual's admission to, retention by or graduation from any institution of higher education.

(b) The requirements to pay tuition, fees and the costs of room and board, books, supplies and equipment under sub. (5) and to make refunds under sub. (7) are subject to the availability of sufficient assets in the tuition trust fund.

(11m) FINANCIAL AID CALCULATIONS. The value of tuition units shall not be included in the calculation of a beneficiary's eligibility for state financial aid for higher education if the beneficiary notifies the higher educational aids board and the institution of higher education that the beneficiary is planning to attend that he or she is a beneficiary of a contract under this section and the contract owner agrees to release to the higher educational aids board and the institution of higher education information necessary for the calculation under this subsection.

(12) ADDITIONAL DUTIES AND POWERS OF THE STATE TREASURER. (a) The state treasurer shall do all of the following:

1. Annually publish a list of the institutions of higher education located in this state and the number of tuition units necessary to pay for one year of full-time attendance as a resident undergraduate at each institution.

2. Actively promote the program under this section.
3. Promulgate rules to implement and administer this section.

(b) The state treasurer may do any of the following:

1. Contract with any person for the management and operation of the program or any part of the program under this section.

2. Keep personal and financial information pertaining to a purchaser of tuition units or a beneficiary of tuition units closed to the public.

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

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

14.64 College savings program. (1) DEFINITIONS. In this section:

(a) "Account owner" means a person who establishes a college savings account under this section.

(b) "Board" means the college savings program board.

(2) DUTIES OF THE BOARD. The board shall do all of the following:

(a) Except as provided in s. 16.255, establish and administer a college savings program that allows an individual, trust, legal guardian, or entity described under 26 USC 529 (e) (1) (C) to establish a college savings account to cover tuition, fees, and the costs of room and board, books, supplies, and equipment required for the enrollment or attendance of a beneficiary at an eligible educational institution, as defined under 26 USC 529.

(b) Ensure that the college savings program meets the requirements of a qualified state tuition plan under 26 USC 529.

(c) Establish investment guidelines for contributions to college savings accounts and pay distributions to beneficiaries and eligible educational institutions.

(d) Provide to each account owner, and to persons who are interested in establishing a college savings account, information about current and estimated future higher education costs, levels of participation in the college savings program that will help achieve educational funding objectives and availability of and access to financial aid.

(e) Promulgate rules to implement and administer this section, including rules that determine whether a withdrawal from a college savings account is a qualified or nonqualified withdrawal, as defined under 26 USC 529, and that impose more than a de minimis penalty, as defined under 26 USC 529, for nonqualified withdrawals.

(f) Seek rulings and guidance from the U.S. department of the treasury, the internal revenue service and the securities and exchange commission to ensure the proper implementation and administration of the college savings program.

(g) Ensure that if the department of administration changes vendors, the balances of college savings accounts are promptly transferred into investment instruments as similar to the original investment instruments as possible.

(h) Keep personal and financial information pertaining to an account owner or a beneficiary closed to the public, except that the board may release to the appropriate state agency information necessary in determining a beneficiary's eligibility for state financial aid for higher education.

(3) ACCOUNT OWNERS; BENEFICIARIES; CONTRIBUTIONS; TERMINATION OF SAVINGS ACCOUNTS. (a) An account owner may do all of the following:

1. Contribute to a college savings account

2. Select a beneficiary of a college savings account.

3. Change the beneficiary of a college savings account to a family member, as defined under 26 USC 529, of the previous beneficiary.

4. Transfer all or a portion of a college savings account to another college savings account whose beneficiary is a member of the family.

5. Designate a person other than the beneficiary as a person to whom funds may be paid from a college savings account.

6. Receive distributions from a college savings account if no other person is designated.

(b) An individual may be the beneficiary of more than one college savings account, and an account owner may be the beneficiary of a college savings account that the account owner has established.

(c) The board shall establish a minimum initial contribution to a college savings account that may be waived if the account owner agrees to contribute to a college savings account through a payroll deduction or automatic deposit plan. The board shall ensure that any such plan permits the adjustment of scheduled deposits because of a change in the account owner's economic circumstances or a beneficiary's educational plans.

(d) An account owner under this section may terminate his or her college savings account if any of the following occurs:

- ds
allowed
under
contract
provisions
1. The beneficiary dies or is permanently disabled.
 2. The beneficiary graduates from high school but is unable to gain admission to an institution of higher education after a good faith effort.
 3. The beneficiary attended an institution of higher education but involuntarily failed to complete the program in which he or she was enrolled.
 4. The beneficiary is at least 18 years old and one of the following applies:
 - a. The beneficiary has not graduated from high school.
 - b. The beneficiary has decided not to attend an institution of higher education.
 - c. The beneficiary attended an institution of higher education but voluntarily withdrew without completing the program in which he or she was enrolled.
 5. Other circumstances determined by the board to be grounds for termination.
- "A"

(e) The board may terminate a college savings account if any portion of the college savings account balance remains unused 10 years after the anticipated academic year of the beneficiary's initial enrollment in an eligible educational institution.

(4) **CONTRACTS WITH PROFESSIONALS.** The board may enter into a contract for the services of accountants, attorneys, consultants and other professionals to assist in the administration and evaluation of the college savings program.

(5) **REPORT.** Annually, the board shall submit a report to the governor, and to the appropriate standing committees of the legislature under s. 13.172 (3), on the performance of the college savings program, including any recommended changes to the program.

(6) **CONSTRUCTION.** Nothing in this section guarantees an individual's admission to, retention by or graduation from any institution of higher education; a rate of interest or return on a college savings account; or the payment of principal, interest or return on a college savings account.

(7) **EXEMPTION FROM GARNISHMENT, ATTACHMENT AND EXECUTION; SECURITY FOR LOAN.** (a) A beneficiary's right to qualified withdrawals under this section is not subject to garnishment, attachment, execution or other process of law.

(b) No interest in a college savings account may be pledged as security for a loan.

(8) **FINANCIAL AID CALCULATIONS.** The balance of a college savings account shall not be included in the calculation of a beneficiary's eligibility for state financial aid for higher education if the beneficiary notifies the higher educational aids board and the eligible educational institution that the beneficiary is planning to attend that he or she is a beneficiary of a college savings account

and if the account owner agrees to release to the higher educational aids board and the eligible educational institution information necessary for the calculation under this subsection.

History: 1999 a. 44; 2001 a. 7, 38.

14.65 Repayment to the general fund. (1) The secretary of administration shall transfer from the tuition trust fund or the college savings program trust fund to the general fund an amount equal to the amount expended from the appropriations under s. 20.505 (9) (a), 1995 stats., and s. 20.585 (2) (a) and (am) when the secretary of administration determines that funds in the tuition trust fund or the college savings program trust fund are sufficient to make the transfer. The secretary of administration may make the transfer in installments.

(2) Annually, by June 1, the state treasurer shall submit a report to the secretary of administration and the joint committee on finance on the amount available for repayment under sub. (1), the amount repaid under sub. (1), and the outstanding balance under sub. (1).

History: 2001 a. 16.

SUBCHAPTER V

INTERSTATE BODIES AND AGREEMENTS

14.76 Interstate compacts. (1) This section shall apply to the establishment of agreements not affecting the sovereignty of the United States.

(2) Any state agency may agree by compact with other states to apply existing standards for residents to nonresidents if the laws or regulations of the states with which such compacts are made are similarly applied to Wisconsin residents. The compact shall be effective when approved by joint resolution adopted by the legislature.

(3) Any state agency may negotiate compacts with similar agencies in other states relating to the treatment of nonresidents on subjects within its delegated powers but on which no legislation providing standards has been enacted. Such compacts shall be submitted to the legislature and shall be effective when approved as are bills.

(4) Each compact shall as nearly as possible set forth:

(a) The statutory authority for the delegated power under which the agency is proceeding.

(b) The legal effect of the compact as shown by the amendments to statutes and rules in the applicable states required to accomplish the objectives of the compact.

(c) The objectives of the compact.

(d) The precise reasons for the compact.

(e) The standards established by the compact.

(f) The procedures contemplated by the compact.

(g) The effective date of the compact.

(h) The effect of the compact upon:

1. Public finances.

2. Public policy.

History: 1971 c. 62; 1983 a. 308.

14.78 Great Lakes compact commission. (1) **MEMBERS; TERMS.** There is created a Great Lakes compact commission consisting of 3 commissioners appointed by the governor. The commissioners shall be persons having knowledge of and interest in problems of the Great Lakes basin. One commissioner, appointed for an indefinite term, shall be a state officer or employee and shall serve as secretary of the Great Lakes compact commission. The other commissioners shall be appointed for terms of 4 years. The commissioners shall receive no salaries but shall be reimbursed for actual and necessary expenses.

(2) **DUTIES.** It is the duty of the Wisconsin Great Lakes compact commission:



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-0356/T1
GMM... King

DOA:.....Uecker - BB0074, EDVEST college savings program

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

Print w/line #'s

AN ACT ^{Don't} GEN. CAT. relating to: the budget.

LPS: check auto. refs.

Analysis by the Legislative Reference Bureau

EDUCATION

HIGHER EDUCATION

Under current law, the state treasurer administers the College Tuition and Expenses Program, which allows a person to purchase "tuition units" that can later be used to pay college tuition, room, board, and related expenses on behalf of a beneficiary, and the college savings program board administers the College Savings Program, which allows a person to make contributions to a college savings account to pay the college expenses of a beneficiary. This bill transfers administration of the College Tuition and Expenses Program from the state treasurer to the college savings program board.

Under current law, a person who enters into a contract for the sale of tuition units or for the establishment of a college savings account may terminate the contract if the beneficiary dies or becomes permanently disabled, is unable to gain admission to an institution of higher education after a good faith effort, voluntarily or involuntarily fails to complete the higher education program in which he or she is enrolled, does not graduate from high school, or decides not to attend an institution of higher education or under other circumstances determined by the state treasurer to be grounds for termination. This bill eliminates those enumerated conditions under which a person may terminate such a contract and instead provides that a person may terminate such a contract as permitted under the terms of the contract.

Under current law, if a contract for the sale of tuition units is terminated because the beneficiary dies or becomes permanently disabled, is unable to gain admission to an institution of higher education after a good faith effort, or involuntarily fails to complete the higher education program in which he or she is enrolled, the state treasurer must refund 100% of the value of the tuition units purchased but not used. If, however, the contract is terminated because the beneficiary does not graduate from high school, decides not to attend an institution of higher education, or voluntarily fails to complete the higher education program in which he or she is enrolled, the state treasurer must refund only 99% of the value of the tuition units purchased but not used. This bill requires the college savings program board to refund 100% of the value of the tuition units purchased but not used if the contract is terminated, regardless of the reason for termination.

Under current law, if the beneficiary of a contract for the sale of tuition units is awarded a scholarship, tuition waiver, or other similar subsidy that cannot be converted into cash, the state treasurer must refund the value of the tuition units that are not needed because of the scholarship, waiver, or subsidy. This bill eliminates that requirement.

Finally, current law requires the state treasurer annually to publish a list of the institutions of higher education in this state and the number of tuition units necessary to pay for one year of full-time attendance as a resident undergraduate at each institution. This bill eliminates that requirement.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 14.63 (1) (a) of the statutes is amended to read:

14.63 (1) (a) "Board" means the college savings program board of regents of the University of Wisconsin System.

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

SECTION 2. 14.63 (2) (intro.) of the statutes is amended to read:

14.63 (2) WEIGHTED AVERAGE TUITION; TUITION UNIT COST. (intro.) Annually, the state treasurer board and the board of regents of the University of Wisconsin System jointly shall determine all of the following:

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

SECTION 3. 14.63 (2) (b) (intro.) of the statutes is amended to read:

14.63 (2) (b) (intro.) The price of a tuition unit, which shall be valid for a period determined jointly by the ~~state treasurer~~ [✓] board and the ~~board of regents of the University of Wisconsin System~~ [✓] board of regents of the University of Wisconsin System. The price shall be sufficient to ensure the ability of the ~~state treasurer~~ board to meet ~~his or her~~ its 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 attributable to the unit. college savings program

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

SECTION 4. 14.63 (3) (a) of the statutes is amended to read:

14.63 (3) (a) An individual, trust, legal guardian, or entity described under 26 USC 529 (e) (1) (C) may enter into a contract with the ~~state treasurer~~ board for the sale of tuition units on behalf of a beneficiary.

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

SECTION 5. 14.63 (3) (c) of the statutes is amended to read:

14.63 (3) (c) The ~~state treasurer~~ board may charge a purchaser an enrollment fee.

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

SECTION 6. 14.63 (3) (d) of the statutes is amended to read:

14.63 (3) (d) The ~~state treasurer~~ board shall promulgate rules authorizing a person who has entered into a contract under this subsection to change the beneficiary named in the contract.

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

SECTION 7. 14.63 (5) (b) (intro.) of the statutes is amended to read:

14.63 (5) (b) (intro.) Upon request by the beneficiary, the ~~state treasurer~~ board shall pay to the institution or beneficiary, whichever is appropriate, in each semester of attendance the lesser of the following:

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

SECTION 8. 14.63 (6) (a) (intro.) of the statutes is renumbered 14.63 (6) (a) and amended to read:

14.63 (6) (a) A contract under sub. (3) may be terminated by the person entering into the contract ~~if any of the following occurs:~~ as permitted under the terms of the contract.

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

SECTION 9. 14.63 (6) (a) 1. of the statutes is repealed.

SECTION 10. 14.63 (6) (a) 2. of the statutes is repealed.

SECTION 11. 14.63 (6) (a) 3. of the statutes is repealed.

SECTION 12. 14.63 (6) (a) 4. of the statutes is repealed.

SECTION 13. 14.63 (6) (a) 5. of the statutes is repealed.

SECTION 14. 14.63 (7) (a) (intro.) of the statutes is amended to read:

14.63 (7) (a) (intro.) Except as provided in sub. (7m), the ~~state treasurer~~ board shall do all of the following:

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

SECTION 15. 14.63 (7) (a) 2. of the statutes is amended to read:

14.63 (7) (a) 2. If a contract is terminated under sub. (6) (a) ~~1., 2. or 3.,~~ [✓] refund to the person who entered into the contract an amount equal to 1% of the anticipated weighted average tuition in the academic year in which the contract is terminated, as estimated under sub. (2) in the year in which the tuition units were purchased, multiplied by the number of tuition units purchased by the person and not used by the beneficiary.

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

SECTION 16. 14.63 (7) (a) 3. of the statutes is repealed.

SECTION 17. 14.63 (7) (a) 4. of the statutes is repealed.

SECTION 18. 14.63 (7) (a) 5. of the statutes is repealed.

SECTION 19. 14.63 (7) (b) of the statutes is amended to read:

Insert
6-5

14.63 (7) (b) The ~~state treasurer~~ board shall determine the method and schedule for the payment of refunds under this subsection.

SECTION 20. 14.63 (7m) (a) (intro.) of the statutes is amended to read:

14.63 (7m) (a) (intro.) The ~~state treasurer~~ board 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:

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

SECTION 21. 14.63 (7m) (b) of the statutes is amended to read:

14.63 (7m) (b) The ~~state treasurer~~ board 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.

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

SECTION 22. 14.63 (7m) (c) of the statutes is amended to read:

14.63 (7m) (c) The ~~state treasurer~~ board may promulgate rules imposing or increasing penalties for refunds under sub. (7) (a) if the ~~state treasurer~~ board 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).

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

SECTION 23. 14.63 (9) of the statutes is amended to read:

14.63 (9) CONTRACT WITH ACTUARY. The ~~state treasurer~~ board shall contract with an actuary or actuarial firm to evaluate annually whether the assets in the tuition trust fund are sufficient to meet the obligations of the ~~state treasurer~~ board under

this section and to advise the ~~state treasurer~~ board on setting the price of a tuition unit under sub. (2) (b).

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

SECTION 24. 14.63 (10) (a) of the statutes is amended to read:

14.63 (10) (a) Annually, the ~~state treasurer~~ board 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 ~~state treasurer~~ board determines are necessary to ensure the sufficiency of the tuition trust fund to meet the ~~state treasurer's~~ board's obligations under this section.

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

SECTION 25. 14.63 (10) (b) of the statutes is amended to read:

14.63 (10) (b) The ~~state treasurer~~ board 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 ~~state treasurer~~ board ^{board in} ~~in his or her~~ its quarterly reports. All income derived from such investments shall be credited to the fund.

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

SECTION 26. 14.63 (12) (title) of the statutes is amended to read:

14.63 (12) (title) ADDITIONAL DUTIES AND POWERS OF THE ~~STATE TREASURER~~ BOARD.

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

SECTION 27. 14.63 (12) (a) (intro.) of the statutes is amended to read:

14.63 (12) (a) (intro.) The ~~state treasurer~~ board shall do all of the following:

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

SECTION 28. 14.63 (12) (a) 1. of the statutes is repealed.

SECTION 29. 14.63 (12) (b) (intro.) of the statutes is amended to read:

14.63 (12) (b) (intro.) The ~~state treasurer board~~ may do any of the following:

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

SECTION 30. 14.63 (13) of the statutes is amended to read:

14.63 (13) PROGRAM TERMINATION. If the ~~state treasurer board~~ determines that the program under this section is financially infeasible, the ~~state treasurer board~~ shall discontinue entering into contracts under sub. (3) and discontinue selling tuition units under sub. (4).

SECTION 31. 14.64 (3) (d) (intro.) of the statutes is renumbered 14.64 (3) (d) and amended to read:

14.64 (3) (d) An account owner under this section may terminate his or her college savings account ~~if any of the following occurs:~~ as permitted under the terms of the contract establishing the account.

History: 1999 a. 44; 2001 a. 7, 38.

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

SECTION 32. ~~14.63~~ (3) (d) 1. of the statutes is repealed.

SECTION 33. ~~14.63~~ (3) (d) 2. of the statutes is repealed.

SECTION 34. ~~14.63~~ (3) (d) 3. of the statutes is repealed.

SECTION 35. ~~14.63~~ (3) (d) 4. of the statutes is repealed.

SECTION 36. ~~14.63~~ (3) (d) 5. of the statutes is repealed.

SECTION 37. 14.65 (1) of the statutes is amended to read:

14.65 (1) The secretary of administration shall transfer from the tuition trust fund or the college savings program trust fund to the general fund an amount equal to the amount expended from the appropriations under s. 20.505 (9) (a), 1995 stats., ~~and~~ s. 20.585 (2) (a) and (am), 2001 stats., when the secretary of administration determines that funds in the tuition trust fund or the college savings program trust

2001 stats.

fund are sufficient to make the transfer. The secretary of administration may make the transfer in installments.

History: 2001 a. 16.

SECTION 38. 20.585 (2) (a) of the statutes is repealed.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 39. 20.585 (2) (am) of the statutes is repealed.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 40. 20.585 (2) (s) of the statutes is repealed.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 41. 20.585 (2) (tm) of the statutes is amended to read:

20.585 (2) (tm) *Administrative expenses; college savings program.* From the tuition trust fund and the college savings program trust fund, all moneys received from the vendor of the college savings program under s. 16.255 (3) (a) the amounts in the schedule for the administrative expenses of the college tuition and expenses program under s. 14.63 and the college savings program under s. 14.64, including the expense of promoting those programs. All moneys received from the vendor of the college savings program under s. 16.255 (3) (a) shall be credited to this appropriation account.

History: 1971 c. 125; 1973 c. 334; 1975 c. 270; 1977 c. 29; 1977 c. 418 ss. 160, 192; 1979 c. 221, 328; 1981 c. 20; 1983 a. 408; 1985 a. 29; 1989 a. 31; 1991 a. 39; 1993 a. 16; 1995 a. 27 ss. 1074m, 1079m, 1080m, 1126g to 1139r; 1995 a. 201; 1997 a. 27; 1999 a. 9 ss. 587, 597m; 1999 a. 44; 2001 a. 7, 16.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 42. 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. 14.63, except that the subtraction under this subdivision may not be claimed by any individual who received a refund under s. 14.63 (7) (a) 2., 3. or 4.

History: 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; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109.

SECTION 9154. Nonstatutory provisions; treasurer.**(1) TRANSFER OF COLLEGE TUITION PREPAYMENT PROGRAM.**

(a) *Assets and liabilities.* On the effective date of this paragraph, the assets and liabilities of the state treasurer 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 college savings program board.

(b) *Employe transfers.* All incumbent employes holding positions in the office of the state treasurer 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 college savings program board.

(c) *Employe status.* Employes transferred under paragraph (b) have all ^{a.v.} the rights and the same status under subchapter V of chapter 111 and chapter 230 of the statutes in the college savings program board that they enjoyed in the office of the state treasurer 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 state treasurer that is primarily related to the administration of the college tuition prepayment program, as determined by the secretary of administration, is transferred to the college savings program board.

(e) *Contracts.* All contracts entered into by the state treasurer 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 college savings program board. The college savings program board shall carry out any such contractual obligations until modified or rescinded by the college savings program board to the extent allowed under contract.

(f) *Rules and orders.* All rules promulgated by the state treasurer 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 the college savings program board. All orders issued by the state treasurer 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 college savings program board.

(g) *Pending matters.* Any matters pending with the state treasurer on the effective date of this paragraph that are primarily related to the administration of the college tuition prepayment program, as determined by the secretary of administration, are transferred to the college savings program board and all materials submitted to or actions taken by the state treasurer with respect to the pending matters are considered as having been submitted or taken by the college savings program board.

(END)

Insert 6-10 ✓

Section #. 14.63 (6) (b) of the statutes is amended to read:

board

14.63 (6) (b) The ~~state treasurer~~ may terminate a contract under sub. (3) if any of the tuition units 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.

History: 1995 a. 403; 1997 a. 27, 158; 1999 a. 9 ss. 52 to 62; Stats. 1999 s. 14.63; 1999 a. 44; 2001 a. 7, 16.

(End of insert)

Malaise, Gordon

From: Schaeffer, Carole
Sent: Friday, January 10, 2003 11:28 AM
To: Malaise, Gordon
Subject: LRB Draft 0356

Gordan -

We would like to modify this draft. Our intent is to only include the sections that consolidate the EdVest administrative appropriations into one SEG appropriation in 20.585 (2)(tm) by repealing the three separate appropriation sections and amending the Administrative expenses section. The rest of the draft can be eliminated, unless there is another section that is relevant to the consolidation of these appropriations. Please give me a call if you have any questions.

Thanks,

Carole S.

- RP 20.585 (2) (a)
(am)
(s)
AM (tm)



03-0356/1



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-0356/1(2)
GMM:kmg:pg (RMR)

DOA:.....Uecker - BB0074, EDVEST college savings program

~~FOR 2003-05 BUDGET - NOT READY FOR INTRODUCTION~~

This bill eliminates GPR funding for the administrative expenses of those programs. The bill also consolidates two separate appropriations to the state treasurer ^{of} SEG revenues, one for the administrative expenses of the College Tuition and Expenses Program and one for the administrative expenses of the College Savings Program, into a single appropriation and segregated revenues (SEG)

for the administrative expenses of both programs.

general purpose revenues (GPR) are appropriated to

1

~~AN ACT~~ ^{DON'T GEN. CAP.} relating to: the budget.

for the administrative expenses of

Analysis by the Legislative Reference Bureau

EDUCATION

HIGHER EDUCATION

Under current law, the state treasurer ~~administers~~ the College Tuition and Expenses Program, which allows a person to purchase "tuition units" that can later be used to pay college tuition, room, board, and related expenses on behalf of a beneficiary, and the ~~College Savings Program Board administers the~~ College Savings Program, which allows a person to make contributions to a college savings account to pay the college expenses of a beneficiary. ~~This bill transfers administration of the College Tuition and Expenses Program from the state treasurer to the College Savings Program Board.~~

~~Under current law, a person who enters into a contract for the sale of tuition units or for the establishment of a college savings account may terminate the contract if the beneficiary dies or becomes permanently disabled, is unable to gain admission to an institution of higher education after a good faith effort, voluntarily or involuntarily fails to complete the higher education program in which he or she is enrolled, does not graduate from high school, or decides not to attend an institution of higher education or under other circumstances determined by the state treasurer to be grounds for termination. This bill eliminates those enumerated conditions under which a person may terminate such a contract and instead provides that a person may terminate such a contract as permitted under the terms of the contract.~~

~~Under current law, if a contract for the sale of tuition units is terminated because the beneficiary dies or becomes permanently disabled, is unable to gain admission to an institution of higher education after a good faith effort, or involuntarily fails to complete the higher education program in which he or she is enrolled, the state treasurer must refund 100% of the value of the tuition units purchased but not used. If, however, the contract is terminated because the beneficiary does not graduate from high school, decides not to attend an institution of higher education, or voluntarily fails to complete the higher education program in which he or she is enrolled, the state treasurer must refund only 99% of the value of the tuition units purchased but not used. This bill requires the College Savings Program Board to refund 100% of the value of the tuition units purchased but not used if the contract is terminated, regardless of the reason for termination.~~

~~Under current law, if the beneficiary of a contract for the sale of tuition units is awarded a scholarship, tuition waiver, or other similar subsidy that cannot be converted into cash, the state treasurer must refund the value of the tuition units that are not needed because of the scholarship, waiver, or subsidy. This bill eliminates that requirement.~~

~~Finally, current law requires the state treasurer annually to publish a list of the institutions of higher education in this state and the number of tuition units necessary to pay for one year of full-time attendance as a resident undergraduate at each institution. This bill eliminates that requirement.~~

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 ~~SECTION 1. 14.63 (1) (a) of the statutes is amended to read:~~

2 14.63 (1) (a) "Board" means the college savings program board of regents of the
3 University of Wisconsin System.

4 ~~SECTION 2. 14.63 (2) (intro.) of the statutes is amended to read:~~

5 14.63 (2) WEIGHTED AVERAGE TUITION; TUITION UNIT COST. (intro.) Annually, the
6 state treasurer board and the board of regents of the University of Wisconsin System
7 jointly shall determine all of the following:

8 ~~SECTION 3. 14.63 (2) (b) (intro.) of the statutes is amended to read:~~

9 14.63 (2) (b) (intro.) The price of a tuition unit, which shall be valid for a period
10 determined jointly by the state treasurer board and the board of regents of the

1 University of Wisconsin System. The price shall be sufficient to ensure the ability
2 of the ~~state treasurer~~ college savings program board to meet ~~his or her~~ its obligations
3 under this section. To the extent possible, the price shall be set so that the value of
4 the tuition unit in the anticipated academic year of its use will be equal to 1% of the
5 weighted average tuition for that academic year plus the costs of administering the
6 program under this section attributable to the unit.

7 **SECTION 4.** 14.63 (3) (a) of the statutes is amended to read:

8 14.63 (3) (a) An individual, trust, legal guardian, or entity described under 26
9 USC 529 (e) (1) (C) may enter into a contract with the ~~state treasurer~~ board for the
10 sale of tuition units on behalf of a beneficiary.

11 **SECTION 5.** 14.63 (3) (c) of the statutes is amended to read:

12 14.63 (3) (c) The ~~state treasurer~~ board may charge a purchaser an enrollment
13 fee.

14 **SECTION 6.** 14.63 (3) (d) of the statutes is amended to read:

15 14.63 (3) (d) The ~~state treasurer~~ board shall promulgate rules authorizing a
16 person who has entered into a contract under this subsection to change the
17 beneficiary named in the contract.

18 **SECTION 7.** 14.63 (5) (b) (intro.) of the statutes is amended to read:

19 14.63 (5) (b) (intro.) Upon request by the beneficiary, the ~~state treasurer~~ board
20 shall pay to the institution or beneficiary, whichever is appropriate, in each semester
21 of attendance the lesser of the following:

22 **SECTION 8.** 14.63 (6) (a) (intro.) of the statutes is renumbered 14.63 (6) (a) and
23 amended to read:

1 14.63 (6) (a) A contract under sub. (3) may be terminated by the person entering
2 into the contract if any of the following occurs: as permitted under the terms of the
3 contract.

4 **SECTION 9.** 14.63 (6) (a) 1. of the statutes is repealed.

5 **SECTION 10.** 14.63 (6) (a) 2. of the statutes is repealed.

6 **SECTION 11.** 14.63 (6) (a) 3. of the statutes is repealed.

7 **SECTION 12.** 14.63 (6) (a) 4. of the statutes is repealed.

8 **SECTION 13.** 14.63 (6) (a) 5. of the statutes is repealed.

9 **SECTION 14.** 14.63 (6) (b) of the statutes is amended to read:

10 14.63 (6) (b) The ~~state treasurer~~ board may terminate a contract under sub. (3)
11 if any of the tuition units purchased under the contract remain unused 10 years after
12 the anticipated academic year of the beneficiary's initial enrollment in an institution
13 of higher education, as specified in the contract.

14 **SECTION 15.** 14.63 (7) (a) (intro.) of the statutes is amended to read:

15 14.63 (7) (a) (intro.) Except as provided in sub. (7m), the ~~state treasurer~~ board
16 shall do all of the following:

17 **SECTION 16.** 14.63 (7) (a) 2. of the statutes is amended to read:

18 14.63 (7) (a) 2. If a contract is terminated under sub. (6) ~~(a) 1., 2. or 3.~~, refund
19 to the person who entered into the contract an amount equal to 1% of the anticipated
20 weighted average tuition in the academic year in which the contract is terminated,
21 as estimated under sub. (2) in the year in which the tuition units were purchased,
22 multiplied by the number of tuition units purchased by the person and not used by
23 the beneficiary.

24 **SECTION 17.** 14.63 (7) (a) 3. of the statutes is repealed.

25 **SECTION 18.** 14.63 (7) (a) 4. of the statutes is repealed.

1 **SECTION 19.** 14.63 (7) (a) 5. of the statutes is repealed.

2 **SECTION 20.** 14.63 (7) (b) of the statutes is amended to read:

3 14.63 (7) (b) The ~~state treasurer~~ board shall determine the method and
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5 **SECTION 21.** 14.63 (7m) (a) (intro.) of the statutes is amended to read:

6 14.63 (7m) (a) (intro.) The ~~state treasurer~~ board may adjust the value of a
7 tuition unit based on the actual earnings attributable to the tuition unit less the costs
8 of administering the program under this section that are attributable to the tuition
9 unit if any of the following applies:

10 **SECTION 22.** 14.63 (7m) (b) of the statutes is amended to read:

11 14.63 (7m) (b) The ~~state treasurer~~ board may not increase the value of a tuition
12 unit under par. (a) to an amount that exceeds the value of a tuition unit that was
13 purchased at a similar time, held for a similar period and used or refunded in the
14 anticipated academic year of the beneficiary's attendance, as specified in the
15 contract.

16 **SECTION 23.** 14.63 (7m) (c) of the statutes is amended to read:

17 14.63 (7m) (c) The ~~state treasurer~~ board may promulgate rules imposing or
18 increasing penalties for refunds under sub. (7) (a) if the ~~state treasurer~~ board
19 determines that such rules are necessary to maintain the status of the program
20 under this section as a qualified state tuition program under section 529 of the
21 Internal Revenue Code, as defined in s. 71.01 (6).

22 **SECTION 24.** 14.63 (9) of the statutes is amended to read:

23 14.63 (9) CONTRACT WITH ACTUARY. The ~~state treasurer~~ board shall contract with
24 an actuary or actuarial firm to evaluate annually whether the assets in the tuition
25 trust fund are sufficient to meet the obligations of the ~~state treasurer~~ board under

1 this section and to advise the ~~state treasurer~~ board on setting the price of a tuition
2 unit under sub. (2) (b).

3 **SECTION 25.** 14.63 (10) (a) of the statutes is amended to read:

4 14.63 ~~(10)~~ (a) Annually, the ~~state treasurer~~ board shall submit a report to the
5 governor, and to the appropriate standing committees of the legislature under s.
6 13.172 (3), on the program under this section. The report shall include any
7 recommendations for changes to the program that the ~~state treasurer~~ board
8 determines are necessary to ensure the sufficiency of the tuition trust fund to meet
9 the ~~state treasurer's~~ board's obligations under this section.

10 **SECTION 26.** 14.63 (10) (b) of the statutes is amended to read:

11 14.63 ~~(10)~~ (b) The ~~state treasurer~~ board shall submit a quarterly report to the
12 state investment board projecting the future cash flow needs of the tuition trust fund.
13 The state investment board shall invest moneys held in the tuition trust fund in
14 investments with maturities and liquidity that are appropriate for the needs of the
15 fund as reported by the ~~state treasurer~~ in his or her board in its quarterly reports.
16 All income derived from such investments shall be credited to the fund.

17 **SECTION 27.** 14.63 (12) (title) of the statutes is amended to read:

18 14.63 ~~(12)~~ (title) ADDITIONAL DUTIES AND POWERS OF THE STATE TREASURER BOARD.

19 **SECTION 28.** 14.63 (12) (a) (intro.) of the statutes is amended to read:

20 14.63 ~~(12)~~ (a) (intro.) The ~~state treasurer~~ board shall do all of the following:

21 **SECTION 29.** 14.63 (12) (a) 1. of the statutes is repealed.

22 **SECTION 30.** 14.63 (12) (b) (intro.) of the statutes is amended to read:

23 14.63 ~~(12)~~ (b) (intro.) The ~~state treasurer~~ board may do any of the following:

24 **SECTION 31.** 14.63 (13) of the statutes is amended to read:

1 ~~14.63 (13) PROGRAM TERMINATION. If the state treasurer board determines that~~
2 ~~the program under this section is financially infeasible, the state treasurer board~~
3 ~~shall discontinue entering into contracts under sub. (3) and discontinue selling~~
4 ~~tuition units under sub. (4).~~

5 **SECTION 32.** 14.64 (3) (d) (intro.) of the statutes is renumbered 14.64 (3) (d) and
6 amended to read:

7 14.64 (3) (d) An account owner under this section may terminate his or her
8 college savings account if ~~any of the following occurs:~~ as permitted under the terms
9 of the contract establishing the account.

10 **SECTION 33.** 14.64 (3) (d) 1. of the statutes is repealed.

11 **SECTION 34.** 14.64 (3) (d) 2. of the statutes is repealed.

12 **SECTION 35.** 14.64 (3) (d) 3. of the statutes is repealed.

13 **SECTION 36.** 14.64 (3) (d) 4. of the statutes is repealed.

14 ~~**SECTION 37.** 14.64 (3) (d) 5. of the statutes is repealed.~~

15 **SECTION 38.** 14.65 (1) of the statutes is amended to read:

16 14.65 (1) The secretary of administration shall transfer from the tuition trust
17 fund or the college savings program trust fund to the general fund an amount equal
18 to the amount expended from the appropriations under s. 20.505 (9) (a), 1995 stats.,
19 and s. 20.585 (2) (a), 2001 stats., and s. 20.585 (2) (am), 2001 stats., when the
20 secretary of administration determines that funds in the tuition trust fund or the
21 college savings program trust fund are sufficient to make the transfer. The secretary
22 of administration may make the transfer in installments.

23 **SECTION 39.** 20.585 (2) (a) of the statutes is repealed.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

1 **SECTION 40.** 20.585 (2) (am) of the statutes is repealed.

 ****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

2 **SECTION 41.** 20.585 (2) (s) of the statutes is repealed.

 ****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

3 **SECTION 42.** 20.585 (2) (tm) of the statutes is amended to read:

4 20.585 (2) (tm) ~~Administrative expenses; college savings program.~~ From the
5 tuition trust fund and the college savings program trust fund, all moneys received
6 from the vendor of the college savings program under s. 16.255 (3) (a) the amounts
7 in the schedule for the administrative expenses of the college tuition and expenses
8 program under s. 14.63 and the college savings program under s. 14.64, including the
9 expense of promoting those programs. All moneys received from the vendor of the
10 college savings program under s. 16.255 (3) (a) shall be credited to this appropriation
11 account.

 ****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

12 **SECTION 43.** 71.05 (6) (b) 23. of the statutes is amended to read:

13 71.05 (6) (b) 23. Any increase in value of a tuition unit that is purchased under
14 a tuition contract under s. 14.63, except that the subtraction under this subdivision
15 may not be claimed by any individual who received a refund under s. 14.63 (7) (a) 2.,
16 ~~3. or 4.~~

17 **SECTION 9154. Nonstatutory provisions; treasurer.**

18 (1) TRANSFER OF COLLEGE TUITION PREPAYMENT PROGRAM.

19 (a) ~~Assets and liabilities.~~ On the effective date of this paragraph, the assets and
20 liabilities of the state treasurer primarily related to the administration of the college

1 tuition prepayment program, as determined by the secretary of administration, shall
2 become the assets and liabilities of the college savings program board.

3 (b) *Employe transfers.* All incumbent employes holding positions in the office
4 of the state treasurer performing duties primarily related to the administration of
5 the college tuition prepayment program, as determined by the secretary of
6 administration, are transferred on the effective date of this paragraph to the college
7 savings program board.

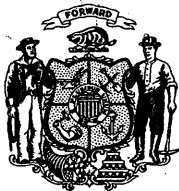
8 (c) *Employe status.* Employes transferred under paragraph (b) have all of the
9 rights and the same status under subchapter V of chapter 111 and chapter 230 of the
10 statutes in the college savings program board that they enjoyed in the office of the
11 state treasurer immediately before the transfer. Notwithstanding section 230.28 (4)
12 of the statutes, no employe so transferred who has attained permanent status in
13 class is required to serve a probationary period.

14 (d) *Tangible personal property.* On the effective date of this paragraph, all
15 tangible personal property, including records, of the state treasurer that is primarily
16 related to the administration of the college tuition prepayment program, as
17 determined by the secretary of administration, is transferred to the college savings
18 program board.

19 (e) *Contracts.* All contracts entered into by the state treasurer that are in effect
20 on the effective date of this paragraph and that are primarily related to the
21 administration of the college tuition prepayment program, as determined by the
22 secretary of administration, remain in effect and are transferred to the college
23 savings program board. The college savings program board shall carry out any such
24 contractual obligations until modified or rescinded by the college savings program
25 board to the extent allowed under contract.

1 (f) *Rules and orders.* All rules promulgated by the state treasurer that are in
2 effect on the effective date of this paragraph and that are primarily related to the
3 administration of the college tuition prepayment program, as determined by the
4 secretary of administration, remain in effect until their specified expiration date or
5 until amended or repealed by the college savings program board. All orders issued
6 by the state treasurer that are in effect on the effective date of this paragraph and
7 that are primarily related to the administration of the college tuition prepayment
8 program, as determined by the secretary of administration, remain in effect until
9 their specified expiration date or until modified or rescinded by the college savings
10 program board.

11 (g) *Pending matters.* Any matters pending with the state treasurer on the
12 effective date of this paragraph that are primarily related to the administration of
13 the college tuition prepayment program, as determined by the secretary of
14 administration, are transferred to the college savings program board and all
15 materials submitted to or actions taken by the state treasurer with respect to the
16 pending matters are considered as having been submitted or taken by the college
17 savings program board.



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-0356/R 3
GMM:kmg:pg

NOTE

RM Not
Run

DOA:.....Uecker – BB0074, EDVEST college savings program

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT ^{DON'T GEN. CAT.} relating to: the budget.

Analysis by the Legislative Reference Bureau

EDUCATION

HIGHER EDUCATION

Under current law, general purpose revenues (GPR) and segregated revenues (SEG) are appropriated to the state treasurer for the administrative expenses of the College Tuition and Expenses Program, which allows a person to purchase "tuition units" that can later be used to pay college tuition, room, board, and related expenses on behalf of a beneficiary, and the College Savings Program, which allows a person to make contributions to a college savings account to pay the college expenses of a beneficiary. This bill eliminates GPR funding for the administrative expenses of those programs. ~~The bill also consolidates two separate appropriations to the state treasurer of SEG revenues, one for the administrative expenses of the College Tuition and Expenses Program and one for the administrative expenses of College Savings Program, into a single appropriation for the administrative expenses of both programs.~~ ^{stat}

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 14.65 (1) of the statutes is amended to read:

2 14.65 (1) The secretary of administration shall transfer from the tuition trust
3 fund or the college savings program trust fund to the general fund an amount equal
4 to the amount expended from the appropriations under s. 20.505 (9) (a), 1995 stats.,
5 and s. 20.585 (2) (a), 2001 stats., and s. 20.585 (2) (am), 2001 stats., when the
6 secretary of administration determines that funds in the tuition trust fund or the
7 college savings program trust fund are sufficient to make the transfer. The secretary
8 of administration may make the transfer in installments.

9 SECTION 2. 20.585 (2) (a) of the statutes is repealed.

***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

10 SECTION 3. 20.585 (2) (am) of the statutes is repealed.

***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

11 ~~SECTION 4. 20.585 (2) (s) of the statutes is repealed.~~

~~***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.~~

12 SECTION 5. 20.585 (2) (tm) of the statutes is amended to read: (am)

13 20.585 (2) (tm) ~~Administrative expenses; college savings program.~~ From the (am)
14 ~~tuition trust fund and the college savings program trust fund, all moneys received~~
15 ~~from the vendor of the college savings program under s. 16.255 (3) (a) the amounts~~
16 ~~in the schedule for the administrative expenses of the college tuition and expenses~~
17 ~~program under s. 14.63 and the college savings program under s. 14.64, including the~~
18 ~~expense of promoting those programs. All moneys received from the vendor of the~~
19 ~~college savings program under s. 16.255 (3) (a) shall be credited to this appropriation~~

20 ~~document.~~ ✓
the program ✓

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

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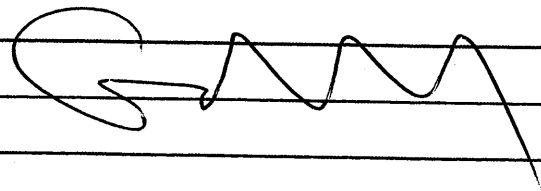
(END)

NOTE

: King

Carole:

I have been advised by Peter J. Dykman, General Counsel of the LRB, that moneys from two separate trust funds cannot be intermingled in one appropriation. Accordingly, this redraft eliminates the consolidation of 20.585 (2) (s) and 5. ~~for scholarship~~ (tm). In order to consolidate those appropriations, the entire tuition trust fund would have to be consolidated into the college savings program trust funds. If you would like to consolidate those trust funds, please advise and I will redraft accordingly.



**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0356/3dn
GMM:kmg:pg

January 13, 2003

Carole:

I have been advised by Peter J. Dykman, General Counsel of the LRB, that moneys from two separate funds cannot be intermingled in one appropriation. Accordingly, this redraft eliminates the consolidation of s. 20.585 (2) (s) and (tm). In order to consolidate those appropriations, the entire tuition trust fund would have to be consolidated into the college savings program trust fund. If you would like to consolidate those trust funds, please advise and I will redraft accordingly.

Gordon M. Malaise
Senior Legislative Attorney
Phone: (608) 266-9738
E-mail: gordon.malaise@legis.state.wi.us



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-0356/3
GMM:kmg:pg

DOA:.....Uecker – BB0074, EDVEST college savings program

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

EDUCATION

HIGHER EDUCATION

Under current law, general purpose revenues (GPR) and segregated revenues (SEG) are appropriated to the state treasurer for the administrative expenses of the College Tuition and Expenses Program, which allows a person to purchase “tuition units” that can later be used to pay college tuition, room, board, and related expenses on behalf of a beneficiary, and the College Savings Program, which allows a person to make contributions to a college savings account to pay the college expenses of a beneficiary. This bill eliminates GPR funding for the administrative expenses of those programs.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 SECTION 1. 14.65 (1) of the statutes is amended to read:

3 14.65 (1) The secretary of administration shall transfer from the tuition trust
4 fund or the college savings program trust fund to the general fund an amount equal

1 to the amount expended from the appropriations under s. 20.505 (9) (a), 1995 stats.,
2 ~~and s. 20.585 (2) (a), 2001 stats.,~~ and s. 20.585 (2) (am), 2001 stats., when the
3 secretary of administration determines that funds in the tuition trust fund or the
4 college savings program trust fund are sufficient to make the transfer. The secretary
5 of administration may make the transfer in installments.

6 **SECTION 2.** 20.585 (2) (a) of the statutes is repealed.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

7 **SECTION 3.** 20.585 (2) (am) of the statutes is repealed.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

8 **SECTION 4.** 20.585 (2) (tm) of the statutes is amended to read:

9 20.585 (2) (tm) *Administrative expenses; college savings program.* From the
10 college savings program trust fund, all moneys received from the vendor of the
11 college savings program under s. 16.255 (3) (a) for the administrative expenses of the
12 college savings program under s. 14.64, including the expense of promoting the
13 program.

14 (END)