

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Education to which was referred House Bill No. 448
3 entitled “An act relating to creating the Vermont Universal Children’s Savings
4 Account Program” respectfully reports that it has considered the same and
5 recommends that the bill be amended by striking out all after the enacting
6 clause and inserting in lieu thereof the following:

7 Sec. 1. 16 V.S.A. chapter 87, subchapter 8 is added to read:

8 Subchapter 8. Vermont Universal Children’s Higher Education Savings

9 Account Program

10 § 2880. DEFINITIONS

11 As used in this subchapter:

12 (1) “Approved postsecondary education institution” means any
13 institution of postsecondary education that is:

14 (A) certified by the State Board of Education as provided in section
15 176 or 176a of this title;

16 (B) accredited by an accrediting agency approved by the U.S.
17 Secretary of Education pursuant to the Higher Education Act;

18 (C) a non-U.S. institution approved by the U.S. Secretary of
19 Education as eligible for use of education loans made under Title IV of the
20 Higher Education Act; or

1 (D) a non-U.S. institution designated by the Corporation as eligible
2 for use of its grant awards.

3 (2) “Committee” means the Vermont Universal Children’s Higher
4 Education Savings Account Program Fund Advisory Committee.

5 (3) “Corporation” means Vermont Student Assistance Corporation.

6 (4) “Eligible child” means a minor who is Vermont resident at the time
7 the Corporation deposits or allocates funds pursuant to this subchapter for his
8 or her benefit.

9 (5) “Postsecondary education costs” means the qualified costs of tuition,
10 fees, and other expenses for attendance at an institution of postsecondary
11 education, as defined in the Internal Revenue Code of 1986, as amended,
12 together with the regulations promulgated thereunder.

13 (6) “Program” means the Vermont Universal Children’s Higher
14 Education Savings Account Program.

15 (7) “Program beneficiary” means an individual who is or who was at
16 one time an eligible child for whom the Corporation deposited or allocated
17 funds pursuant to this subchapter and who has not yet attained the age of 29 or,
18 for national service program participants, the extended maturity date.

19 (8) “Program Fund” means the Vermont Universal Children’s Higher
20 Education Savings Account Program Fund.

1 (9) “Vermont Higher Education Investment Plan” or “Investment Plan”
2 means the plan created pursuant to subchapter 7 of this chapter.

3 (10) “Vermont resident” means an individual who is domiciled in
4 Vermont as evidenced by the individual’s intent to maintain a principal
5 dwelling place in Vermont indefinitely and to return there if temporarily
6 absent, coupled with an act or acts consistent with that intent. A minor is a
7 Vermont resident if his or her parent or legal guardian is a Vermont resident,
8 unless a parent or legal guardian with sole legal and physical parental rights
9 and responsibilities lives outside the State of Vermont.

10 § 2880a. VERMONT UNIVERSAL CHILDREN’S HIGHER EDUCATION
11 SAVINGS ACCOUNT PROGRAM ESTABLISHED; POWERS
12 AND DUTIES OF THE VERMONT STUDENT ASSISTANCE
13 CORPORATION

14 (a) It is the policy of the State to expand educational opportunity for all
15 children. Consistent with this policy, the Vermont Student Assistance
16 Corporation shall partner with one or more foundations or other philanthropies
17 to establish and fund the Vermont Universal Children’s Higher Education
18 Savings Account Program to expand educational opportunity and financial
19 capability for Vermont children and their families.

20 (b) Pursuant to this subchapter, the Corporation shall establish and
21 administer the Program, which shall include the Vermont Universal Children’s

1 Higher Education Savings Account Program Fund and financial education for
2 Program beneficiaries and their families and legal guardians. The Corporation,
3 in addition to its other powers and authority, shall have the power and
4 authority to adopt rules, policies, and procedures, including those pertaining to
5 residency in the State, to implement this subchapter in conformance with
6 federal and State law.

7 (c) The Vermont Departments of Health and of Taxes and the Vermont
8 Agencies of Education and of Human Services shall enter into agreements with
9 the Corporation to enable the exchange of such information as may be
10 necessary for the efficient administration of the Program.

11 (d) The Corporation's obligations under this subchapter are limited to funds
12 deposited in the Program Fund specifically for the purpose of the Program.

13 (e) The Corporation shall annually on or before January 15 release a
14 written report with a detailed description of the status and operation of the
15 Program and management of accounts.

16 § 2880b. VERMONT UNIVERSAL CHILDREN'S HIGHER EDUCATION
17 SAVINGS ACCOUNT PROGRAM FUND

18 (a) The Vermont Universal Children's Higher Education Savings Account
19 Program Fund is established as a fund to be held, directed, and administered by
20 the Corporation. The Corporation shall invest and reinvest, or cause to be

1 invested and reinvested, funds in the Program Fund for the benefit of the
2 Program.

3 (b) The following sources of funds shall be deposited into the Program
4 Fund:

5 (1) any grants, gifts, and other funds intended for deposit into the
6 Program Fund from any individual, private entity, or unit of federal, State, or
7 local government, provided that contributions may be limited in application to
8 specified age cohorts of beneficiaries; and

9 (2) all interest, dividends, and other pecuniary gains from investment of
10 funds in the Program Fund.

11 (c) Funds in the Program Fund shall be used solely to carry out the
12 purposes and provisions of this subchapter, including payment by the
13 Corporation of the administrative costs of the Program and the Program Fund
14 and of the costs associated with providing financial education to benefit
15 Program beneficiaries and their parents and legal guardians. Funds in the
16 Program Fund may not be transferred or used by the Corporation or the State
17 for any purposes other than the purposes of the Program.

18 § 2880c. INITIAL DEPOSITS TO THE PROGRAM FUND

19 (a) Each year, the Corporation shall deposit \$250.00 into the Program Fund
20 for each eligible child born that year, beginning on or after January 1, 2016.

1 (b) In addition, if the eligible child has a family income of less than 250
2 percent of the federal poverty level at the time the deposit under subsection (a)
3 of this section is made, the Corporation shall make an additional deposit into
4 the Program Fund for the child that is equal to the deposit made under
5 subsection (a).

6 (c) Notwithstanding subsections (a) and (b) of this section, if the available
7 funds in a given calendar year are insufficient to provide for the maximum
8 deposits under this section, the Corporation shall prorate the deposits
9 accordingly.

10 § 2880d. VERMONT HIGHER EDUCATION INVESTMENT PLAN

11 ACCOUNTS; MATCHING ALLOCATIONS FOR FAMILIES

12 WITH LIMITED INCOME

13 (a) The Corporation shall invite the parents or legal guardians of each
14 Program beneficiary to open a Vermont Higher Education Investment Plan
15 account on the beneficiary's behalf.

16 (b) The beneficiary, his or her parents or legal guardians, other individuals,
17 and private and public entities may make additional deposits into a
18 beneficiary's Investment Plan account.

19 (c) Annually, the Corporation shall deposit into the Program Fund a
20 matching allocation of up to \$250.00 per eligible child on a dollar-to-dollar
21 basis for contributions made that year to a single Investment Plan account

1 established for the child under this section, provided that at the time of deposit,
2 the eligible child has a family income of less than 250 percent of the federal
3 poverty level.

4 (d) Notwithstanding subsection (c) of this section, if the available funds in
5 a given calendar year are insufficient to provide for the maximum allocation
6 amounts under this subsection, the Corporation shall prorate the allocations
7 accordingly.

8 § 2880e. WITHDRAWAL OF PROGRAM FUNDS

9 (a) Subject to the provisions of this section, the Investment Plan
10 requirements under subchapter 7 of this chapter, and the rules, policies, and
11 procedures adopted by the Corporation, a Program beneficiary shall be entitled
12 to Program funds deposited or allocated by the Corporation for his or her
13 benefit if:

14 (1) the beneficiary has attained 18 years of age or has enrolled full-time
15 in an approved postsecondary education institution;

16 (2) the Corporation has sufficient proof that the beneficiary was an
17 eligible child at the time the deposit or allocation was made;

18 (3) the funds are used for postsecondary education costs and made
19 payable to an approved postsecondary education institution on behalf of the
20 beneficiary; and

1 (4) the withdrawal is made prior to the beneficiary's attaining 29 years
2 of age, provided that for a beneficiary who serves in a national service
3 program, including in the U.S. Armed Forces, AmeriCorps, or the Peace
4 Corps, each month of service shall increase the maturity date by one month.

5 (b) If a Program beneficiary does not use all of the Program funds
6 deposited or allocated by the Corporation for his or her use prior to the
7 maturity date, the beneficiary shall no longer be permitted to use these funds
8 and Corporation shall unallocate the unused funds from the beneficiary within
9 the Program Fund.

10 (c) This section shall not apply to withdrawal of funds that are contributed
11 to an Investment Plan account opened for the benefit of the account's
12 beneficiary under subsection 2880d(a) and (b) of this title and that are not
13 Program funds.

14 § 2880f. RIGHTS OF BENEFICIARIES AND THEIR FAMILIES

15 (a) A parent or legal guardian shall be allowed to opt out of the Program on
16 behalf of his or her child.

17 (b) An individual otherwise eligible for any benefit program for elders,
18 persons who are disabled, families, or children shall not be subject to a
19 resource limit based on Program funds deposited or allocated on behalf of an
20 eligible child.

21 § 2880g. FINANCIAL LITERACY PROGRAMS

1 State agencies and offices, including the Agencies of Education and of
2 Human Services and the Office of the State Treasurer, in collaboration with
3 existing statewide community partners and nonprofit partners that specialize in
4 financial education delivery and have developed an available infrastructure to
5 support financial education across multiple sectors, shall develop and support
6 programs to encourage the financial literacy of Program beneficiaries and their
7 families and legal guardians throughout the duration of the Program via mail,
8 mass media, and in-person delivery methods.

9 § 2880h. PROGRAM FUND ADVISORY COMMITTEE

10 (a) There is created a Vermont Universal Children’s Higher Education
11 Savings Account Program Fund Advisory Committee to identify and solicit
12 public and private funds for the Program and to advise the Corporation on
13 disbursement of funds.

14 (b) The Committee shall be composed of the following 11 members:

15 (1) the Governor or designee, ex officio;

16 (2) the President of the Corporation or designee, ex officio;

17 (3) two representatives of the Vermont philanthropy community,
18 appointed by the Governor;

19 (4) two representatives of the Vermont business community, appointed
20 by the Governor;

1 (2) whether the Corporation has encountered, or expects to encounter,
2 any difficulties in administering the Program on account of State residency
3 issues;

4 (3) whether the Program could partner with children’s savings account
5 programs in other New England states to develop a system or systems of
6 program reciprocity; and

7 (4) any other recommendations for legislative action.

8 (b) The reporting requirement of this section may be satisfied by providing
9 testimony to the Committees.

10 Sec. 4. EFFECTIVE DATE

11 This act shall take effect on July 1, 2015.

12 and that after passage the title of the bill be amended to read: “An act relating
13 to creating the Vermont Universal Children’s Higher Education Savings
14 Account Program”

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17 (Committee vote: _____)

18

19

Representative _____

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FOR THE COMMITTEE