

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. § 2889 is added to read:

8 § 2889. VERMONT UNIVERSAL CHILDREN’S HIGHER EDUCATION

9 SAVINGS ACCOUNT PROGRAM

10 (a) It is the policy of the State to expand educational opportunity for all
11 children. Consistent with this policy, the Vermont Student Assistance
12 Corporation (Corporation) shall partner with one or more foundations or other
13 philanthropies to establish and fund the Vermont Universal Children’s Higher
14 Education Savings Account Program (Program) to expand educational
15 opportunity and financial capability for every child born as a Vermont resident.

16 (b) The Corporation shall establish the Program, which shall include the
17 following features:

18 (1) The Vermont Universal Children’s Higher Education Savings
19 Account Program Fund. The Vermont Universal Children’s Higher Education
20 Savings Account Program Fund (Program Fund) is established as a fund to be
21 held, directed, and administered by the Corporation within the Vermont Higher

1 Education Investment Plan (VHEIP) created pursuant to chapter 87,
2 subchapter 7 of this title. The Corporation shall invest and reinvest, or cause to
3 be invested and reinvested, the Program Fund for the benefit of the Program.

4 (2) Sources of funds. The following sources of funds shall be deposited
5 into the Program Fund:

6 (A) all amounts that may be appropriated by the General Assembly to
7 the Program Fund;

8 (B) all interest, dividends, and other pecuniary gains from investment
9 of amounts in the Program Fund; and

10 (C) any grants, gifts, and other funds from the State, from any unit of
11 federal, State, or local government, and from any person, firm, partnership,
12 foundation, or corporation for deposit to the Program Fund, provided that
13 contributions may be limited in application to specified age cohorts of
14 beneficiaries.

15 (3) Application of Program Fund. Money in the Program Fund may be
16 applied to carry out any power of the Corporation under or in connection with
17 this section. Program Fund assets may not be transferred or used by the
18 Corporation or the State for any purposes other than the purposes of the
19 Program. Program Fund assets may be used by the Corporation to pay the
20 administrative costs of the Program and Program Fund as well as costs

1 associated with providing financial education for the benefit of Program
2 beneficiaries and their families and legal guardians.

3 (4) Deposits to the Program Fund and matching distributions.

4 (A) The Corporation shall deposit an amount up to \$250.00 into the
5 Program Fund with the issuance of each birth certificate for a child who is
6 reported by the Vermont Department of Health as a Vermont resident birth, or
7 who, if not reported by the Department as a Vermont resident birth, can prove
8 Vermont residency at birth to the satisfaction of the Corporation.

9 (B) If the family of a child who is eligible under subdivision (4)(A)
10 of this subsection (b) has income less than 250 percent of the federal poverty
11 level, the Corporation shall provide:

12 (i) an initial deposit into the Program Fund of up to \$500.00; and

13 (ii) an annual matching distribution of up to \$250.00 per year per
14 eligible child on a one-dollar to one-dollar basis for contributions to a single
15 VHEIP account established for the child pursuant to subdivision (5)(B) of this
16 subsection (b).

17 (5) VHEIP accounts.

18 (A) With the issuance of each birth certificate for a child who is
19 reported by the Vermont Department of Health as a Vermont resident birth, the
20 Corporation shall invite the child's parents or legal guardians to open a VHEIP
21 account on the child's behalf through VHEIP pursuant to chapter 87.

1 subchapter 7 of this title. The Corporation shall additionally make efforts to
2 extend this invitation to the parents or legal guardians of children born as
3 Vermont residents outside the State.

4 (B) Additional deposits into a child's VHEIP account may be made
5 by the child, the child's family and legal guardians, and other outside private
6 and public entities.

7 (6) The Vermont Departments of Health and of Taxes and the Vermont
8 Agency of Education shall enter into an agreement or agreements with the
9 Corporation to enable the exchange of such information as may be necessary
10 for the efficient administration of the Program.

11 (7) Withdrawal of Program funds.

12 (A) Subject to VHEIP requirements, a withdrawal of funds in the
13 Program Fund:

14 (i) Shall not be permitted until the beneficiary of the VHEIP
15 account:

16 (I) is 18 years of age or has enrolled full-time in an approved
17 postsecondary education institution as defined in subdivision 2822(6) of this
18 title; and

19 (II) if not reported by the Department of Health as a Vermont
20 resident birth, proves Vermont residency at birth to the satisfaction of the
21 Corporation.

1 (ii) Shall only be permitted for qualifying postsecondary education
2 expenses of the beneficiary of the VHEIP account, including tuition,
3 mandatory fees, books, supplies, and equipment required for enrollment or
4 attendance.

5 (iii) Shall be made prior to the beneficiary's attaining 29 years of
6 age, provided that for a student who serves in a national service program,
7 including in the U.S. Military, AmeriCorps, or the Peace Corps, each month of
8 service shall increase the maturity date by one month.

9 (B) If a beneficiary does not use all of the Program funds in a VHEIP
10 account prior to 29 years of age for a qualified expense, the beneficiary shall
11 no longer be eligible to use these funds and Corporation shall return unused
12 funds to the Program Fund.

13 (C) This subdivision shall not apply to withdrawal of funds contributed
14 to a VHEIP account opened for the benefit of the beneficiary of the account
15 pursuant to subdivision (5) of this subsection (b).

16 (c) Rights of beneficiaries' families.

17 (A) Families shall be allowed to opt out of the Program.

18 (B) A person otherwise eligible for any program of aid to elders,
19 disabled, or children shall not be subject to a resource limit based on savings
20 held in a VHEIP account.

1 (d) Limitation on the Corporation's obligations. The Corporation's
2 obligations under subsection (b) of this section are limited to funds deposited
3 in the Program Fund specifically for the purpose of the Program.

4 (e) Financial literacy programs. State agencies and offices, including the
5 Agency of Education, the Office of the State Treasurer, and the Agency of
6 Human Services, in collaboration with existing statewide community partners
7 and nonprofit partners that specialize in financial education delivery and have
8 developed an available infrastructure to support financial education across
9 multiple sectors, shall develop and support programs to support financial
10 literacy of children in the Program and their families and legal guardians
11 throughout the length of the Program via mail, mass media, and in-person
12 delivery methods.

13 (f) Annual report. The Corporation shall annually release a written report
14 with a detailed description of the status and operation of the Program and
15 management of the accounts.

16 (g)(1) Program Fund Advisory Committee. There is created a Vermont
17 Universal Children's Higher Education Savings Account Program Fund
18 Advisory Committee to identify and solicit public and private funds for the
19 Program.

20 (2) The Committee shall be composed of the following 11 members:

21 (A) the Governor or designee, ex officio;

- 1 (B) the President of the Corporation or designee, ex officio;
2 (C) two representatives of the Vermont philanthropy community,
3 appointed by the Governor;
4 (D) two representatives of the Vermont business community,
5 appointed by the Governor;
6 (E) two members from Vermont advocacy organizations representing
7 individuals and families with low income, appointed by the Governor; and
8 (F) three members selected by the Committee.
9 (3) Non-ex-officio members shall serve four-year terms, appointed and
10 selected in such a manner that no more than three terms shall expire annually.
11 (4) The President of the Corporation or designee shall be the Chair and
12 shall call the first meeting of the Committee to occur on or before August 1,
13 2015. The Committee shall select the three members under subdivision (2)(F)
14 of this subsection (g) at the first meeting or as soon as possible thereafter.

15 Sec. 2. EFFECTIVE DATE

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

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

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1 (Committee vote: _____)

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Representative _____

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FOR THE COMMITTEE