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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. VERMONT UNIVERSAL CHILDREN’S HIGHER EDUCATION

11 SAVINGS ACCOUNT PROGRAM

12 (a)(1) It is the policy of the State to expand educational opportunity for all  
13 children. Consistent with this policy, the Vermont Student Assistance  
14 Corporation (Corporation) shall partner with one or more foundations or other  
15 philanthropies to establish and fund the Vermont Universal Children’s Higher  
16 Education Savings Account Program (Program) to expand educational  
17 opportunity and financial capability for every child who is born to a Vermont  
18 resident or adopted by a Vermont resident within a year of the child’s birth.

19 (2) In this section, “Vermont resident” shall mean an individual who is  
20 domiciled in this State as evidenced by the person’s intent to maintain a

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1 principal dwelling place in the State indefinitely and to return there if  
2 temporarily absent, coupled with an act or acts consistent with that intent. A  
3 married person may have a domicile independent of the domicile of his or her  
4 spouse.

5 (b) The Corporation shall establish the Program, which shall include the  
6 following features:

7 (1) The Vermont Universal Children’s Higher Education Savings  
8 Account Program Fund. The Vermont Universal Children’s Higher Education  
9 Savings Account Program Fund (Program Fund) is established as a fund to be  
10 held, directed, and administered by the Corporation within the Vermont Higher  
11 Education Investment Plan (VHEIP) created pursuant to chapter 87,  
12 subchapter 7 of this title. The Corporation shall invest and reinvest, or cause to  
13 be invested and reinvested, the Program Fund for the benefit of the Program.

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

16 (A) any grants, gifts, and other funds for deposit to the Program Fund  
17 from any person, firm, partnership, foundation, or corporation, or from any  
18 unit of federal, State, or local government, provided that contributions may be  
19 limited in application to specified age cohorts of beneficiaries; and

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1           (B) all interest, dividends, and other pecuniary gains from investment  
2           of amounts in the Program Fund.

3           (3) Application of Program Fund. Money in the Program Fund may be  
4           applied to carry out any power of the Corporation under or in connection with  
5           this section. Program Fund assets may not be transferred or used by the  
6           Corporation or the State for any purposes other than the purposes of the  
7           Program. Program Fund assets may be used by the Corporation to pay the  
8           administrative costs of the Program and Program Fund as well as costs  
9           associated with providing financial education for the benefit of Program  
10           beneficiaries and their families and legal guardians.

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

12           (A) The Corporation shall deposit an amount up to \$250.00 into the  
13           Program Fund with the issuance of each birth certificate for a child who is  
14           reported by the Vermont Department of Health as born to a Vermont resident  
15           or adopted by a Vermont resident within a year of the child's birth, or who, if  
16           not reported by the Department, can demonstrate that he or she was born to a  
17           Vermont resident or adopted by a Vermont resident within a year of the child's  
18           birth to the satisfaction of the Corporation, provided that this deposit amount  
19           shall be the same for each beneficiary born or adopted in the same calendar  
20           year.

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

4                   (i) an initial deposit that is equal to, and in addition to, the amount  
5                   deposited under subdivision (A) of this subdivision (4), provided that the total  
6                   of these deposits shall not exceed \$500.00; and

7                   (ii) an annual matching contribution of up to \$250.00 per year per  
8                   eligible child on a one-dollar to one-dollar basis for contributions to a single  
9                   VHEIP account established for the child pursuant to subdivision (5)(B) of this  
10                  subsection (b), provided that a parent with full or partial custody or the legal  
11                  guardian of the child is a Vermont resident at the time of contribution.

12           (5) VHEIP accounts.

13           (A) With the issuance of each birth certificate for a child who is  
14           reported by the Vermont Department of Health as born to a Vermont resident  
15           or adopted by a Vermont resident within a year of the child's birth, the  
16           Corporation shall invite the child's parents or legal guardians to open a VHEIP  
17           account on the child's behalf through VHEIP pursuant to chapter 87,  
18           subchapter 7 of this title. The Corporation shall additionally make efforts to  
19           extend this invitation to the parents or legal guardians of children born outside  
20           the State to a Vermont resident.

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1           (B) Additional deposits into a child’s VHEIP account may be made  
2 by the child, the child’s parents and legal guardians, other individuals, and  
3 outside private and public entities.

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

8           (7) Withdrawal of Program funds.

9           (A) Every withdrawal of funds in the Program Fund shall be subject  
10 to VHEIP requirements pursuant to chapter 87, subchapter 7 of this title.

11           (B) A withdrawal of funds in the Program Fund shall only be  
12 permitted for postsecondary education costs, as set forth in subdivision 2876(5)  
13 of this chapter, of the beneficiary of the VHEIP account.

14           (C) A withdrawal of funds in the Program Fund shall only be  
15 permitted after the beneficiary of the VHEIP account:

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

19           (ii) if not reported by the Department of Health as born to a  
20 Vermont resident, demonstrates that he or she was born to a Vermont resident

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1 or adopted by a Vermont resident within a year of the child's birth to the  
2 satisfaction of the Corporation.

3 (D)(i) A withdrawal of funds in the Program Fund shall be made  
4 prior to the beneficiary's attaining 29 years of age, provided that for a  
5 beneficiary who serves in a national service program, including in the U.S.  
6 Military, AmeriCorps, or the Peace Corps, each month of service shall increase  
7 the maturity date by one month.

8 (ii) If a beneficiary does not use all of the Program funds in a  
9 VHEIP account prior to 29 years of age or the maturity date pursuant to  
10 subdivision (7)(D)(i) of this subsection (b) for a qualified expense, the  
11 beneficiary shall no longer be eligible to use these funds and Corporation shall  
12 return unused funds to the Program Fund.

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

16 (8) In order to establish and administer the Program, the Corporation, in  
17 addition to its other powers and authority, shall have the power and authority  
18 to adopt rules and policies to implement this subchapter in conformance with  
19 federal and State law.

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1        (c) Rights of beneficiaries' families.

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

3                (B) A person otherwise eligible for any benefit program for elders,  
4 persons who are disabled, families, or children shall not be subject to a  
5 resource limit based on savings held in a VHEIP account.

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

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

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

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1           (g)(1) Program Fund Advisory Committee. There is created a Vermont  
2           Universal Children’s Higher Education Savings Account Program Fund  
3           Advisory Committee to identify and solicit public and private funds for the  
4           Program and to advise the Corporation on disbursement of funds.

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

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

7                   (B) the President of the Corporation or designee, ex officio;

8                   (C) two representatives of the Vermont philanthropy community,  
9           appointed by the Governor;

10                   (D) two representatives of the Vermont business community,  
11           appointed by the Governor;

12                   (E) two members from Vermont advocacy organizations representing  
13           individuals and families with low income, appointed by the Governor; and

14                   (F) three members selected by the Committee.

15           (3) Non-ex-officio members shall serve four-year terms, appointed and  
16           selected in such a manner that no more than three terms shall expire annually.

17           (4) The President of the Corporation or designee shall be the Chair.

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1 Sec. 2. VERMONT UNIVERSAL CHILDREN’S HIGHER EDUCATION

2 SAVINGS ACCOUNT PROGRAM; FIRST MEETING

3 The President of the Corporation or designee shall call the first meeting  
4 of the Committee to occur on or before August 1, 2015. The Committee shall  
5 select the three members under subdivision (2)(F) of this subsection (g) at the  
6 first meeting or as soon as possible thereafter.

7 Sec. 3. VERMONT RESIDENCY; REPORT

8 On or before January 15, 2016, the Vermont Student Assistance  
9 Corporation shall report to the House and Senate Committees on Education  
10 with its findings and any recommendations for legislative action on the  
11 following:

12 (1) the best manner of determining Program eligibility for children  
13 without Vermont birth certificates; and

14 (2) whether the term “born to a Vermont resident” or the definition of  
15 “Vermont resident” under 16 V.S.A. § 2880 should be revised to serve better  
16 the purposes of the Program.

17 Sec. 4. EFFECTIVE DATE

18 (a) This act shall take effect on July 1, 2015.

