

ONE HUNDRED FIRST LEGISLATURE - FIRST SESSION - 2009
COMMITTEE STATEMENT
LB197

Hearing Date: Monday January 26, 2009
Committee On: Education
Introducer: Fulton
One Liner: Change provisions relating to the Nebraska educational savings plan

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:
Aye: 7 Senators Adams, Avery, Cornett, Giese, Haar, Howard, Sullivan
Nay:
Absent: 1 Senator Ashford
Present Not Voting:

Proponents: Senator Tony Fulton Jason Hayes	Representing: Introducer Nebraska State Treasurer
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Opponents:	Representing:
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Neutral:	Representing:
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Summary of purpose and/or changes:

Legislative Bill 197 would make changes with regard to funds used for operation and administration of the Nebraska educational savings plan trust.

The bill would amend section 85-1803 to allow the State Treasurer to transfer funds from the trust's administrative fund to its endowment fund. Per statute, interest earned annually on the endowment fund is distributed to plan participants on a pro rata basis.

The bill also proposes changes to address the difficulty in determining appropriations for trust operating costs due to unpredictability of expenses for investment management of trust assets by the Nebraska Investment Council. Section 85-1807 would be amended to create the Nebraska Educational Savings Plan Operations Cash Fund. The fund would be used to pay operational costs of the trust. Money not to exceed an amount appropriated by the Legislature could be transferred from the administrative fund to the operations cash fund within five days after the start of each fiscal year. In addition, the State Treasurer would be authorized to transfer money from the administrative fund to the State Investment Officer's Cash Fund to cover expenses for investment management on behalf of the trust. The State Treasurer would be required to report annually to the budget division of the Department of Administrative Services and the Legislative Fiscal Analyst regarding amounts transferred in the previous fiscal year. Money in the operations cash fund that is available for investment would be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Explanation of amendments:

The committee amendment strikes the original sections and becomes the bill. The amendment accomplishes the

purposes of the original bill, but adds and restructures language to clarify the source and use of money in the various funds within the Nebraska educational savings plan trust.

The amendment modifies the definitions in section 85-1802 to reflect changes in the names of the funds within the trust.

The amendment adds and restructures language in section 85-1807 to carry out the purposes of the original bill and clarify the source and use of money in the funds within the trust. The trust would contain four separate funds: the Nebraska College Savings Plan Program Fund, the College Savings Plan Expense Fund, the College Savings Plan Endowment Fund, and the College Savings Plan Administrative Fund. The amendment consolidates provisions related to the three funds that exist in current statute - the program, endowment, and administrative funds. The College Savings Plan Expense Fund would be created, and would contain fees assessed to the program fund. Money in the expense fund would be used to pay costs associated with the trust. The State Treasurer would transfer from the expense fund to the State Investment Officer's Cash Fund the amount necessary to cover expenses for investment management of the trust assets by the Nebraska Investment Council. Money appropriated by the Legislature from the expense fund to the administrative fund would be used to pay costs of administering, operating, and maintaining the trust. The State Treasurer would have the authority to transfer money from the expense fund to the endowment fund, to the extent that any such transfer does not result in a balance in the expense fund that is less than 150% of the most recent annual appropriation provided by the Legislature for administration of the trust.

Section 85-1803 would be outright repealed.

Greg Adams, Chairperson