HB 609-FN-A - AS AMENDED BY THE HOUSE

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2017 SESSION

17-0003
04/01

HOUSE BILL ***609-FN-A***

AN ACT establishing a student career and college investment program and making an appropriation therefor.

SPONSORS: Rep. Gile, Merr. 27; Rep. Lovejoy, Rock. 36; Rep. Gargasz, Hills. 27; Rep. Wallner, Merr. 10; Rep. Ladd, Graf. 4; Sen. Feltes, Dist 15; Sen. Woodburn, Dist 1

COMMITTEE: Education

AMENDED ANALYSIS

This bill establishes a student career and college investment program which will be available to any student enrolled in a public school or chartered public school and who completes a financial literacy program in the second grade or later and makes an appropriation for the biennium ending June 30, 2019 to fund student accounts.

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Explanation: Matter added to current law appears in ***bold italics.***
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Seventeen

AN ACT establishing a student career and college investment program and making an appropriation therefor.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 Findings. The general court finds that New Hampshire has a critical workforce shortage and supports the attainment of a postsecondary degree or high quality credential by 65 percent of the state's working age population by the year 2025. The projections of New Hampshire's demographic future are clear; declining numbers of high school graduates and a rapidly increasing proportion of that population are eligible for the free and reduced price lunch program. Students from families where no one has earned a college degree and/or low income have lower college attendance rates and lower college graduation rates. Moreover, such families have much higher reliance on government assistance programs. Purposeful intervention is required to break these cycles and create a culture of savings and investment, and attainment of postsecondary credentials. Student's savings accounts are a proven vehicle for achieving these goals.

2 New Sections; Student Career and College Investment Program. Amend RSA 195-J by inserting after section 6 the following new sections:

195-J:7 Definitions. In this chapter:

I. "Account provider" means an entity that has been procured by the state treasurer and approved by the governor and council to hold student accounts, based upon a finding that the entity is subject to sufficient governmental or regulatory oversight, and possesses suitable internal controls to ensure the safety and soundness of amounts held in student accounts.

II. "Commission" means the student career and college investment commission established in RSA 195-J:2.

III. "Department" means department of education.

IV. "Eligible student" means a student who is a resident of this state, who is enrolled in a public school or chartered public school in this state, and who complies with the requirements of RSA 195-J:8.

V. "Responsible individual" means a parent or legal guardian of an eligible student.

VI. "Student account" means an account established with an account provider on behalf of an eligible student in accordance with this chapter.

195-J:8 Eligibility.

I. Beginning in the 2019-2020 academic year, a student shall be eligible to participate in the student career and college investment program upon completion of a financial literacy program, approved by the department of education, and offered at the student's school of attendance, in the

second grade or later. If a financial literacy program is not offered at a student's school of attendance, the department shall provide alternate access to an approved program. School districts shall maintain a record of each student who has completed a financial literacy program and shall provide that information to the department. The responsible individual shall grant permission for the department to transmit information and documentation evidencing completion of the financial literacy program to the account provider.

II. The responsible individual shall also grant permission to the department of education to collect educational, savings, and demographic data to evaluate the effectiveness of the program and disseminate the results in the form of aggregated data. No personally identifiable information shall be disseminated, collected, or retained in accordance with RSA 189:65-68.

III. Participation in the student career and college investment program pursuant to this chapter shall not result in the loss or suspension of any federally-funded state-administered income-sensitive benefits, assistance, or subsidies received by a family participating in the program or for which such family may qualify.

195-J:9 Establishment of Student Accounts.

I. Beginning with the 2018-2019 academic year, a responsible individual, on behalf of an eligible student, may establish a student account in the New Hampshire college tuition savings plan pursuant to RSA 195-H, that complies with the requirements of section 529 of the Internal Revenue Code of 1986, as amended, and any related federal law applicable to the savings plan with the eligible student listed as the beneficiary. The student account shall be established in the responsible individual's name and through the account provider. No funds shall be required to establish the student account. The department shall furnish the information necessary to establish the student account to the account provider.

II. Upon establishment of the student account and verification of eligibility of each student by the account provider, the state treasurer shall transfer $250 from the student career and college investment program trust fund, established in RSA 195-J:5, to the account provider for deposit into the student account. The commission shall ensure the proper recordkeeping and reporting procedures regarding the status of student accounts, including records of beginning balances, contributions, earnings, bonuses, and matches earned by each program participant during the fiscal year.

III. When the principal balance of a student account reaches $500, the state treasurer shall transfer an amount, to be determined annually by the commission based on the availability of funds, from the student career and college investment program trust fund established in RSA 195-J:5 to the account provider for deposit into the student account.

195-J:10 Administration.

I. The commission shall administer the program, in cooperation with the department of education and the higher education commission.

II. The commission may adopt rules, pursuant to RSA 541-A, relative to the development of

financial literacy materials, promotion and marketing of the student career and college investment program, data collection and related research, privacy and reporting requirements related to the program.

3 Student Career and College Investment Program Trust Fund. RSA 195-J:5 is repealed and reenacted to read as follows:

195-J:5 Student Career and College Investment Program Trust Fund.

I. There is established in the office of the state treasurer the student career and college investment program trust fund which shall be kept separate and distinct from all other funds. The fund is established to meet the requirements of the student career and college investment program established in this chapter.

II. The treasurer shall deposit in the student career and college investment program trust fund all moneys appropriated to the fund, and all moneys received under state or federal law, and any gifts, grants, or donations to the state or to the commission established in RSA 195-J:2, by private parties, for the purpose of establishing and administering the student career and college investment program, and shall credit any interest or income earned on moneys on deposit to the fund.

III. The commission shall include requests for appropriations in the budget submitted pursuant to RSA 9:4.

IV. The commission may accept, budget, and expend moneys in the trust fund received from any party for the purposes established in RSA 195-J.

V. All moneys in the trust fund shall be continually appropriated to the commission and shall not lapse.

VI. The treasurer shall, upon request of the commission, establish separate student accounts within the trust fund in order to segregate funds according to funding source.

VII. The student career and college investment program shall include requests for appropriations in their budget submitted pursuant to RSA 9:4.

4 Appropriation. The sum of $2,500,000 for the fiscal year ending June 30, 2018 and the sum of $2,500,000 for the fiscal year ending June 30, 2019 are hereby appropriated to the student career and college investment program trust fund established in RSA 195-J:5. The governor is authorized to draw a warrant for said sums out of any money in the treasury not otherwise appropriated.

5 Effective Date. This act shall take effect January 1, 2019.

LBAO
17-0003
1/20/17

HB 609-FN-A- FISCAL NOTE
AS INTRODUCED

AN ACT establishing a children's savings account program and making an appropriation therefor.

FISCAL IMPACT: [X] State [ ] County [ ] Local [ ] None

	Estimated Increase / (Decrease)			
STATE:	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Appropriation	$2,500,000	$2,500,000	$0	$0
Revenue	$2,718,400	$2,778,500	$2,839,900	$2,902,700
Expenditures	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Funding Source:	[X] General Account Trust Fund	[ ] Education	[ ] Highway	[X] Children's Savings

METHODOLOGY:

This bill amends the Children's Savings Account Program under RSA 195-J by making the program eligible to children who participate in a financial literacy program approved by the Department of Education. This bill also makes a general fund appropriation of $2,500,000 in FY 2018 and $2,500,000 in FY 2019 to the Children's Savings Account Trust Fund, as well as increases the mutual fund registration fee under RSA 421-B:6 from $1,000 to $1,100, with the $100 increase credited to the fund. Additionally, the account of an eligible child would initially receive $250 from the Children's Savings Account Trust Fund and receive another fund deposit, at an amount to be determined by the Children's Savings Account Commission annually, once the principal amount in the account reaches $500.

The Bureau of Securities Regulation states there were approximately 26,000 mutual fund filings which would have been applicable to the proposed legislation in FY 2016. The Bureau estimates this number will increase 2.21 percent annually resulting in revenue of $2,718,400 (27,184 X $100) in FY 2018, $2,778,500 (27,785 X $100) in FY 2019, $2,839,900 (28,399 X $100) in FY 2020 $2,902,700 (29,027 X $100) in FY 2021 to the fund, which would be in addition to the general fund appropriation of $2,500,000 in each FY 2018 and FY 2019.

The Department of Education estimates start-up costs for the program would be $50,000 in FY 2018 to develop the initial literacy module ($30,000), communication materials ($5,000), and various forms and agreements to be used throughout the enrollment process ($15,000). The Department also estimates that 8,000 eligible students in FY 2019 resulting in $2,000,000 (8,000

X $250) of expenditures related to initial account deposits from the Children's Savings Account Trust Fund for that fiscal year. Ongoing costs of $100,000 for administrative expenses and one full-time position to handle technical data management and associated program coordination are anticipated in fiscal years thereafter.

AGENCIES CONTACTED:

Department of Education, Bureau of Securities Regulations, and Department of Treasury