

SENATE BILL NO. 82—COMMITTEE ON EDUCATION

(ON BEHALF OF THE STATE TREASURER)

PREFILED NOVEMBER 20, 2018

Referred to Committee on Education

SUMMARY—Revises provisions relating to education.
(BDR 31-479)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to education; revising the membership of the Board of Trustees of the College Savings Plans of Nevada; revising provisions relating to the administration of the Nevada Higher Education Prepaid Tuition Trust Fund; revising provisions governing the Nevada College Kick Start Program; revising provisions relating to the Endowment Account in the State General Fund; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

The Board of Trustees of the College Savings Plans of Nevada was created under existing law to oversee the Nevada Higher Education Prepaid Tuition Program and the Nevada College Savings Program. (NRS 353B.005, 353B.090, 353B.310) Existing law provides that the State Treasurer or his or her designee serves as an ex officio nonvoting member of the Board. (NRS 353B.005) **Section 1** of this bill revises the membership of the Board to: (1) provide that the State Treasurer serves as a voting member of the Board; and (2) reduce the number of voting members appointed by the Governor from three to two.

Existing law: (1) creates the Nevada Higher Education Prepaid Tuition Trust Fund; and (2) requires the State Treasurer to administer the Trust Fund. Existing law also requires that any employees hired by the State Treasurer to administer the Nevada Higher Education Prepaid Tuition Program be paid out of the assets of the Trust Fund. (NRS 353B.140, 353B.150) **Section 2** of this bill eliminates the requirement to pay such employees out of the assets of the Trust Fund.

Under existing law, the Board is required to establish the Nevada College Kick Start Program to create college savings accounts for pupils who are enrolled in kindergarten in public schools in Nevada and are residents of Nevada.



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(NRS 353B.335) **Section 3** of this bill requires the Board to determine the appropriate method for accounting for the money in such an account.

Existing law requires the State Treasurer to establish an Endowment Account in the State General Fund to carry out the State Treasurer's duties with respect to the Nevada College Savings Program. The Endowment Account is required to be used for the deposit of any money received by the Nevada College Savings Program that is not received pursuant to a savings trust agreement and which the State Treasurer determines is not necessary for certain administration and marketing activities. The State Treasurer is authorized to expend money in the Endowment Account for purposes related to the funding of college savings accounts under the Nevada College Kick Start Program, the Governor Guinn Millennium Scholarship Program, administrative and marketing costs related to the Nevada Higher Education Prepaid Tuition Program and the Nevada College Savings Program and programs for the financial education of residents of this State. (NRS 353B.350) **Section 4** of this bill: (1) increases the amount of money the State Treasurer is authorized to expend from the Endowment Account for marketing costs related to the Nevada Higher Education Prepaid Tuition Program and the Nevada College Savings Program; and (2) authorizes the State Treasurer to expend money in the Endowment Account for any other costs that assist residents of Nevada to attain postsecondary education which have been approved by the Board.

Existing law authorizes the Board to accept and expend on behalf of the Nevada College Savings Trust Fund money provided by a private entity for administrative costs and marketing, but specifies that such money is not part of the Trust Fund. (NRS 353B.360) **Section 5** of this bill expands such authority to allow the Board to apply for and accept grants and to accept any gift, bequest, devise or other donation provided by a public entity for administrative costs or costs of marketing the Nevada College Savings Program, including the Nevada College Kick Start Program. **Section 5** requires all such money accepted by the Board from public and private sources be deposited in the Endowment Account and **section 4** provides that the money does not count against the limitation in existing law on expenditures from the Endowment Account for the costs of marketing.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 353B.005 is hereby amended to read as follows:

353B.005 1. There is hereby created a Board of Trustees of the College Savings Plans of Nevada.

2. The Board consists of ~~1~~
~~—(a) Five voting~~ **five** members composed of:
~~1~~ **(a) The State Treasurer, who may name a designee to serve on the Board on his or her behalf.**

(b) The Director of the Office of Finance, who may name a designee to serve on the Board on his or her behalf.

~~2~~ **(c) The Chancellor of the System, who may name a designee to serve on the Board on his or her behalf.**

~~3) Three~~



(d) *Two* members appointed by the Governor. A member who is appointed by the Governor must possess knowledge, skill and experience in the field of:

- ~~[(I)]~~ (1) Accounting;
- ~~[(II)]~~ (2) Finance;
- ~~[(III)]~~ (3) Investment management; or
- ~~[(IV)]~~ (4) Marketing.

~~[(b) The State Treasurer or his or her designee, who serves ex officio as a nonvoting member.]~~

3. A member of the Board who is appointed by the Governor pursuant to ~~[(subparagraph (3) of)]~~ paragraph ~~[(a)]~~ (d) of subsection 2:

(a) Serves for a term of 4 years ~~[(1)]~~ *or until his or her successor is appointed;*

(b) Except as otherwise provided in paragraph (c), may be reappointed by the Governor; and

(c) Except as otherwise provided in this paragraph, may serve for only two terms. A member who is appointed to fill a vacancy in an unexpired term that is not longer than 3 years may serve two terms in addition to the unexpired term.

4. The ~~[(voting)]~~ members of the Board shall elect a Chair of the Board from among their number. ~~[(The term of office of the Chair is 1 year.)]~~

5. Each member of the Board serves without compensation, except that each member is entitled to receive:

(a) The per diem allowance and travel expenses provided for state officers and employees generally; and

(b) Reimbursement for any other actual and reasonable expense incurred while performing his or her duties.

6. As used in this section, the term "College Savings Plans of Nevada" includes the Nevada Higher Education Prepaid Tuition Program set forth in NRS 353B.010 to 353B.190, inclusive, and the Nevada College Savings Program set forth in NRS 353B.300 to 353B.370, inclusive, including the Nevada College Kick Start Program.

Sec. 2. NRS 353B.150 is hereby amended to read as follows:

353B.150 1. The State Treasurer shall administer the Trust Fund.

2. As Administrator of the Trust Fund, the State Treasurer:

(a) Shall maintain the financial records of the Trust Fund;

(b) Shall invest the property in the Trust Fund pursuant to the policies for investment established by the Board pursuant to NRS 353B.160;

(c) Shall manage any account associated with the Trust Fund;



(d) Shall maintain any instruments that evidence investments made with property from the Trust Fund;

(e) May contract with vendors for any good or service that is necessary to carry out the provisions of NRS 353B.010 to 353B.190, inclusive;

(f) May hire such employees as are necessary to carry out the provisions of NRS 353B.010 to 353B.190, inclusive ; ~~[-, who must be paid out of the assets of the Trust Fund;]~~ and

(g) May perform any other duties necessary to administer the Trust Fund.

Sec. 3. NRS 353B.335 is hereby amended to read as follows:

353B.335 1. The Board shall establish the Nevada College Kick Start Program to provide for the creation of ~~[a college savings]~~ *an* account for each pupil who is a resident of this State upon commencement of his or her enrollment in kindergarten at a public school in this State. Within the limits of money available for this purpose, the Board shall ~~[deposit]~~ *make* money ~~[in]~~ *available to each* such ~~[an]~~ account to be used to pay a portion of the costs of higher education of the pupil. *The Board shall determine the appropriate method for accounting for the money in such an account.*

2. The Board shall adopt regulations for the implementation of the Program, including, without limitation, regulations regarding:

(a) Enrollment in the Program, including without limitation, opting in or opting out of the Program;

(b) Procedures for the parent or guardian of a pupil to access the account of the pupil created pursuant to subsection 1;

(c) The time within which the money in the account created pursuant to subsection 1 must be used; and

(d) Distributions from an account created pursuant to subsection 1.

3. The Board may apply for and accept any gift, donation, bequest, grant or other source of money to carry out the Program.

4. The Board ~~[shall]~~ *may* transfer to the Endowment Account established pursuant to NRS 353B.350 the balance in the account of a pupil created pursuant to subsection 1 that:

(a) Has not been accessed by a parent or guardian of the pupil in the manner prescribed in the regulations adopted pursuant to subsection 2 by the time the pupil is enrolled in grade 5.

(b) Is otherwise remaining after expiration of the time prescribed in the regulations adopted pursuant to subsection 2 within which the money in the account must be used.



Sec. 4. NRS 353B.350 is hereby amended to read as follows:

353B.350 1. The Trust Fund and any account established by the State Treasurer pursuant to this section must be administered by the State Treasurer.

2. The State Treasurer shall establish such accounts as he or she determines necessary to carry out his or her duties pursuant to NRS 353B.300 to 353B.370, inclusive, including, without limitation:

(a) A Program Account in the Trust Fund; and

(b) An Administrative Account and an Endowment Account in the State General Fund.

3. The Program Account must be used for the receipt, investment and disbursement of money pursuant to savings trust agreements.

4. The Administrative Account must be used for the deposit and disbursement of money to administer and market the Nevada College Savings Program and to supplement the administration and marketing of the Nevada Higher Education Prepaid Tuition Program set forth in NRS 353B.010 to 353B.190, inclusive.

5. In addition to the money transferred pursuant to NRS 353B.335 ~~and~~ *and deposited pursuant to NRS 353B.360*, the Endowment Account must be used for the deposit of any money received by the Nevada College Savings Program that is not received pursuant to a savings trust agreement and, in the determination of the State Treasurer, is not necessary for the use of the Administrative Account. ~~The~~ *Except as otherwise provided in NRS 353B.360, the* money in the Endowment Account may be expended for any purpose related to:

(a) The funding of ~~{college-savings}~~ accounts created under the Nevada College Kick Start Program established pursuant to NRS 353B.335;

(b) The Governor Guinn Millennium Scholarship Program created pursuant to NRS 396.926, including, without limitation, the costs of administering the Program, but such costs must not exceed an amount equal to 3 percent of the anticipated annual revenue to the State of Nevada from the settlement agreements with and civil actions against manufacturers of tobacco products anticipated for deposit in the Trust Fund;

(c) The administrative costs, as approved by the Legislature or the Interim Finance Committee, of activities related to the Nevada Higher Education Prepaid Tuition Program set forth in NRS 353B.010 to 353B.190, inclusive, and the Nevada College Savings Program set forth in NRS 353B.300 to 353B.370, inclusive, including the Nevada College Kick Start Program;



(d) The costs of marketing related to the Nevada Higher Education Prepaid Tuition Program set forth in NRS 353B.010 to 353B.190, inclusive, and the Nevada College Savings Program set forth in NRS 353B.300 to 353B.370, inclusive, including the Nevada College Kick Start Program, but such costs must not exceed an amount equal to ~~3~~ 10 percent of the money in the Endowment Account, *other than money deposited pursuant to NRS 353B.360*, that was received during the first fiscal year of the immediately preceding biennium by the Nevada College Savings Program, was not received pursuant to a savings trust agreement and, in the determination of the State Treasurer, was not necessary for the use of the Administrative Account; ~~for~~

(e) The costs of providing programs for the financial education of residents of this State, but such costs must not exceed an amount equal to 3 percent of the money in the Endowment Account that was received during the first fiscal year of the immediately preceding biennium by the Nevada College Savings Program, was not received pursuant to a savings trust agreement and, in the determination of the State Treasurer, was not necessary for the use of the Administrative Account ~~for~~; *or*

(f) Any other costs that assist the residents of this State to attain postsecondary education which have been approved by the Board.

Sec. 5. NRS 353B.360 is hereby amended to read as follows:

353B.360 The Board may *apply for and accept a grant and may* accept ~~and expend on behalf of the Trust Fund money~~ any *gift, bequest, devise or other donation* provided by a public or private ~~entities~~ source for ~~direct expenses~~ *administrative costs or costs of marketing the Nevada College Savings Program set forth in NRS 353B.300 to 353B.370, inclusive, including the Nevada College Kick Start Program*, in accordance with the provisions of NRS 353.150 to 353.245, inclusive. Such money ~~is not a part of~~ *must be deposited in the* ~~Trust Fund~~ *Endowment Account established pursuant to subsection 2 of NRS 353B.350.*

Sec. 6. 1. The terms of the members of the Board of Trustees of the College Savings Plans of Nevada created by NRS 353B.005 who were appointed pursuant to sub-paragraph (3) of paragraph (a) of subsection 2 of NRS 353B.005, as that section existed on June 30, 2019, and who are incumbent on June 30, 2019, expire on that date.

2. On or before July 1, 2019, the Governor shall appoint two members of the Board of Trustees of the College Savings Plans of Nevada created by NRS 353B.005 pursuant to paragraph (d) of subsection 2 of NRS 353B.005, as amended by section 1 of this act, to terms commencing on July 1, 2019.



- 1 **Sec. 7.** 1. This section and section 6 of this act become
2 effective upon passage and approval.
3 2. Sections 1 to 5, inclusive, of this act become effective on
4 July 1, 2019.

