

LEGISLATURE OF NEBRASKA
ONE HUNDRED SIXTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 544

Introduced by Linehan, 39.

Read first time January 22, 2019

Committee: Education

- 1 A BILL FOR AN ACT relating to education; to amend section 85-1807,
- 2 Reissue Revised Statutes of Nebraska; to adopt the Meadowlark
- 3 Scholarship Act; to change provisions relating to the College
- 4 Savings Plan Expense Fund; and to repeal the original section.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 8 of this act shall be known and may be
2 cited as the Meadowlark Scholarship Act.

3 Sec. 2. For purposes of the Meadowlark Scholarship Act:

4 (1) Eligible educational institution has the same meaning as in
5 section 85-1802;

6 (2) Qualified higher education expenses has the same meaning as in
7 section 85-1802; and

8 (3) Qualified individual means an individual born on or after
9 January 1, 2020, who is a resident of this state at the time of birth.

10 Sec. 3. (1) The Meadowlark Scholarship Program is created. The
11 program shall be administered by the State Treasurer. The purpose of the
12 program is to promote access to postsecondary educational opportunities
13 by providing scholarships to qualified individuals to help pay the
14 qualified higher education expenses associated with attendance at an
15 eligible educational institution.

16 (2) Any qualified individual shall be eligible to participate in the
17 Meadowlark Scholarship Program. No later than ninety days after the birth
18 of a child in this state, the Department of Health and Human Services
19 shall transmit information to the State Treasurer as necessary to
20 administer the program and to establish whether the child is a qualified
21 individual. Such information shall include, but not be limited to, the
22 full name and residential address of the child's parent or legal guardian
23 and the birth date of the child.

24 (3) Following receipt of the information described in subsection (2)
25 of this section, the State Treasurer shall send a notification explaining
26 the Meadowlark Scholarship Program to the parent or legal guardian of
27 each qualified individual. The State Treasurer shall provide such parent
28 or legal guardian with the opportunity to exclude his or her child from
29 the program. Any child who is not excluded shall be deemed to be enrolled
30 in the program.

31 (4) The State Treasurer shall take measures to ensure the security

1 and confidentiality of the information received under subsection (2) of
2 this section.

3 Sec. 4. (1) The Meadowlark Scholarship Cash Fund is created. The
4 fund shall be administered by the State Treasurer and shall consist of
5 appropriations from the Legislature and any other private money
6 designated for the fund by the State Treasurer. Any money in the fund
7 available for investment shall be invested by the state investment
8 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
9 State Funds Investment Act.

10 (2) It is the intent of the Legislature to appropriate to the
11 Meadowlark Scholarship Cash Fund, for each fiscal year beginning in
12 fiscal year 2020-21, an amount equal to one hundred dollars multiplied by
13 the total number of children who began enrollment in the Meadowlark
14 Scholarship Program under section 3 of this act during the prior fiscal
15 year.

16 (3) The State Treasurer shall use the Meadowlark Scholarship Cash
17 Fund to provide scholarships to qualified individuals for the purpose of
18 paying their qualified higher education expenses and to pay the costs
19 associated with the Meadowlark Scholarship Act.

20 (4) In order to receive a scholarship under the Meadowlark
21 Scholarship Program, a qualified individual must apply for the
22 scholarship to the State Treasurer on a form prescribed by the State
23 Treasurer. A qualified individual shall be eligible to receive a
24 scholarship if he or she:

25 (a) Is a resident of this state at the time of application;

26 (b) Is no more than twenty-nine years of age at the time of
27 application; and

28 (c) Has enrolled as a student at an eligible educational
29 institution.

30 (5) Upon receipt of the application and the documentation necessary
31 to establish eligibility under subsection (4) of this section, the State

1 Treasurer shall provide the qualified individual with a scholarship in
2 the amount of one hundred dollars, plus the investment earnings
3 attributed to such one-hundred-dollar amount since the birth date of such
4 qualified individual as calculated by the State Treasurer.

5 Sec. 5. The State Treasurer shall make account balances within the
6 Meadowlark Scholarship Cash Fund available to each parent or legal
7 guardian of a qualified individual enrolled in the Meadowlark Scholarship
8 Program through a secured Internet account.

9 Sec. 6. The State Treasurer may receive contributions from any
10 person to the Meadowlark Scholarship Cash Fund on behalf of qualified
11 individuals to pay the qualified higher education expenses associated
12 with attendance at an eligible educational institution.

13 Sec. 7. A financial contribution shall not be required from a
14 qualified individual or from a qualified individual's parent or legal
15 guardian as a condition to receive a scholarship under the Meadowlark
16 Scholarship Act.

17 Sec. 8. The State Treasurer may adopt and promulgate rules and
18 regulations to carry out the Meadowlark Scholarship Act.

19 Sec. 9. Section 85-1807, Reissue Revised Statutes of Nebraska, is
20 amended to read:

21 85-1807 (1) The State Treasurer shall deposit money received by the
22 Nebraska educational savings plan trust into three funds: The College
23 Savings Plan Program Fund, the College Savings Plan Expense Fund, and the
24 College Savings Plan Administrative Fund. The State Treasurer shall
25 deposit money received by the trust into the appropriate fund. The State
26 Treasurer and Accounting Administrator of the Department of
27 Administrative Services shall determine the state fund types necessary to
28 comply with section 529 of the Internal Revenue Code and state policy.
29 The money in the funds shall be invested by the state investment officer
30 pursuant to policies established by the Nebraska Investment Council. The
31 program fund, the expense fund, and the administrative fund shall be

1 separately administered. The Nebraska educational savings plan trust
2 shall be operated with no General Fund appropriations.

3 (2) The College Savings Plan Program Fund is created. All money paid
4 by participants in connection with participation agreements and all
5 investment income earned on such money shall be deposited as received
6 into separate accounts within the program fund. Contributions to the
7 trust made by participants may only be made in the form of cash. All
8 funds generated in connection with participation agreements shall be
9 deposited into the appropriate accounts within the program fund. A
10 participant or beneficiary shall not provide investment direction
11 regarding program contributions or earnings held by the trust. Money
12 accrued by participants in the program fund may be used for payments to
13 any eligible educational institution. Any money in the program fund
14 available for investment shall be invested by the state investment
15 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
16 State Funds Investment Act.

17 (3) The College Savings Plan Administrative Fund is created. Money
18 from the trust transferred from the expense fund to the administrative
19 fund in an amount authorized by an appropriation from the Legislature
20 shall be utilized to pay for the costs of administering, operating, and
21 maintaining the trust, to the extent permitted by section 529 of the
22 Internal Revenue Code. The administrative fund shall not be credited with
23 any money other than money transferred from the expense fund in an amount
24 authorized by an appropriation by the Legislature or any interest income
25 earned on the balances held in the administrative fund. Any money in the
26 administrative fund available for investment shall be invested by the
27 state investment officer pursuant to the Nebraska Capital Expansion Act
28 and the Nebraska State Funds Investment Act.

29 ~~(4)(a) (4)~~ The College Savings Plan Expense Fund is created. The
30 expense fund shall be used to pay costs associated with the Nebraska
31 educational savings plan trust and shall be funded with fees assessed to

1 the program fund. The State Treasurer shall use the expense fund to:

2 (i) Pay costs associated with the Nebraska educational savings plan
3 trust;

4 (ii) Pay costs associated with the Meadowlark Scholarship Act; and

5 (iii) Transfer ~~transfer~~ from the expense fund to the State
6 Investment Officer's Cash Fund an amount equal to the pro rata share of
7 the budget appropriated to the Nebraska Investment Council as permitted
8 in section 72-1249.02, to cover reasonable expenses incurred for
9 investment management of the Nebraska educational savings plan trust.
10 Annually and prior to such transfer to the State Investment Officer's
11 Cash Fund, the State Treasurer shall report to the budget division of the
12 Department of Administrative Services and to the Legislative Fiscal
13 Analyst the amounts transferred during the previous fiscal year. The
14 report submitted to the Legislative Fiscal Analyst shall be submitted
15 electronically.

16 (b) Transfers may be made from the expense fund to the General Fund
17 at the direction of the Legislature. Any money in the expense fund
18 available for investment shall be invested by the state investment
19 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
20 State Funds Investment Act.

21 Sec. 10. Original section 85-1807, Reissue Revised Statutes of
22 Nebraska, is repealed.