

Approved: 3/18/99
Date

MINUTES OF THE SENATE EDUCATION COMMITTEE.

The meeting was called to order by Chairperson Senator Barbara Lawrence at 9:00 a.m. on March 8, 1999 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Avis Swartzman, Revisor
 Carolyn Rampey, Legislative Research
 Jackie Breymeyer, Committee Secretary

Conferees appearing before the committee: State Treasurer Tim Shallenburger
 Matthew Goddard, Vice President, Heartland Community
 Bankers Association

Others attending: See Attached List

Chairman Lawrence called the meeting to order and called on Carolyn Rampey, Legislative Research, to give the staff briefing on:

HB 2357 - Kansas postsecondary education savings program

Ms. Rampey gave background on the legislation, stating that the legislature passed a bill last year directing the state treasurer to appoint a task force to look into a college savings plan. The state treasurer at that time, Clyde Graeber, appointed a task force which was chaired by Peggy Hannah, assistant treasurer, and consisted of representatives of the public and private education community, as well as the private sector and state agencies. The task force came up with several principles that should be followed. The plan should be broad, apply to a large number of postsecondary institutions, and be administered by the state treasurer. These principles were acted on by the House Education Committee's subcommittee, which also included Senators Lee and Oleen. They built on the task force recommendations and came up with the bill that is before the Senate today.

Under **HB 2357**, there would be the Kansas postsecondary education savings program. It is a program whereby people can put money into an account for someone's education. It would be invested by the state with tax advantages. The treasurer would administer the program. The treasurer's duties would include making sure that the program complies with federal law. There would be tax advantages under both state and federal law. The interest earned on the account would not be taxed until it is withdrawn to pay the educational expenses of the beneficiary. The subcommittee and education committee wanted the requirement that either the contributor to the account or the beneficiary of the account be a resident of the state at the time the account is open. More than one person can contribute to an account. It is not limited to members of a family, anyone can open an account. A person can open an account for himself or herself. It would be possible to change beneficiaries. Federal law steps in at this point and says an account can only be transferred to another member of the beneficiary's family. Qualified withdrawals are made only for educational purposes. Eligible institutions are defined in the federal law to be accredited post secondary institutions who offer credit toward an undergraduate or graduate degree or other post secondary credentials. The institution has to be eligible to participate in federal student aid programs. In Kansas this includes regents institutions, community colleges, Washburn University, private colleges and universities, technical schools area vocational schools and licensed proprietary schools. It is as broad a definition of post secondary as one could find. Allowable expenses that would qualify are tuition, fees, books, and supplies and equipment. Part-time students can also count room and board as do full-time students. Under federal law, an individual can pick the allowable cost at the most expensive institution times five years; this is the upper limit.

A concern of the House committee was that people would use this account as a tax shelter so the limit in this bill is the allowable cost at an institution in the Midwest. That would be determined by the state treasurer in rules and regulations. In discussion it was assumed the regents would have a role in this because they are the ones who handle the financial aid and are knowledgeable in this area. If for some reason there is a withdrawal that is not a qualified withdrawal, there is a penalty. If the withdrawal is not

for educational purposes, a 15% penalty would be imposed on the amount withdrawn plus the interest on

CONTINUATION SHEET

MINUTES OF THE SENATE EDUCATION COMMITTEE, Room 123-S Statehouse, at 9:00 a.m. on March 8, 1999.

the withdrawn amount would be forfeited. This is to encourage people to put the money in for education and not just to shelter it. It must be used for educational purposes for the named beneficiary. Exceptions to this would be death, disablement or acquisition of a scholarship. Another limit placed by the House committee is a two-year waiting period before withdrawal. This is another encouragement to save and also a safeguard against putting a lot of money in the account in one year and pulling it out after they got a tax break. The House committee also put in the requirement that an education savings plan has to be open before a beneficiary reaches the age of 25. Discussion on this included input by Senator Lee that people go to school their whole lives. Once the withdrawals start, they must be completed within 10 years or by the time the beneficiary is 30. There may be exceptions to this that the treasurer will identify by rules and regulations such as military service. The plan will become operational January 1, 2000. There is no official fiscal note, but it has been estimated that the impact on the general fund would be under a million dollars, assuming a fairly low participation rate.

Numerous questions and clarifications on several aspects of the bill were discussed. Senator Oleen stated that the bill came from two years of study by the LEPC. The working group that followed through this summer brought forth a good bill for consideration. While she differs on some of the policy decisions made and thinks that some parts of the bill go too far, the overall concept has merit.

State Treasurer Tim Shallenburger appeared on the bill and provided the committee with a handout (Attachment 1). As he understands it, the original bill was drafted based on New York law. Over 20 states today have some version of a college savings or guaranteed tuition plan. In 1996, the federal government started working on incentives for investment. **HB 2357** tries to piggyback on things the federal government allows. He mentioned he had told Senator Langworthy twice that the federal government gives tax incentives for investment and twice he was wrong. The federal government exempts from taxes the interest and not the contribution. The state plan gives a tax exemption for the contribution and the income.

Treasurer Shallenburger continued by stating what the House tried to do was to reach some kind of balance so that it would not be purely a tax incentive. The penalty is extremely high. Some states have no penalty. In Kansas, a person would lose all of the interest plus 15% of the principle. This is a relatively high penalty. It could, to some extent, deter people from putting in that last amount of money that it may take. The first full year of operating cost is anticipated to be approximately \$500,000. He summed up his testimony by stating that the cost of education is one thing that most average working Kansas to not prepare well enough for. There has been no mechanism for people to go out and explain the concept to the people because the universities are too busy. It is something the state could do to make Kansas a better place. A college education takes one from the working class middle income doldrums to a better prospect for the future. The plan will be vigorously promoted. The office plans to go out to all the elementary and high schools to explain that today is the day to start saving for the future.

Treasurer Shallenburger responded to a question on cost by stating the regents have figured the average cost of higher education in Midwest schools at five years of schooling is approximately \$100,000.

More questions were forthcoming on contents of the bill. Senator Oleen stated that the State of Colorado is coming on line, as well as the State of Kentucky.

Matthew Goddard, Vice President, Heartland Community Bankers Association, appeared on the bill with an amendment he presented to the committee (Attachment 2). The Chairperson told Mr. Goddard that when the committee worked on the bill, the amendment would be considered.

The meeting was adjourned.

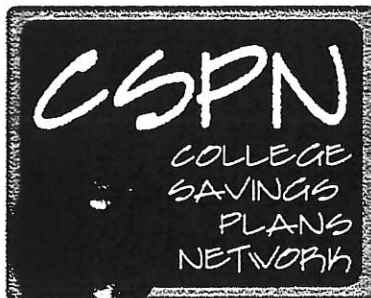
About CSPN

In 1991, the College Savings Plans Network (CSPN) formed as an affiliate to the National Association of State Treasurers. Intended to make higher education more attainable, the Network serves as a clearinghouse for information among existing college savings programs. Additionally, CSPN monitors federal activities and promotes legislation that will positively affect state programs.

CSPN is a networking conduit for professional staff from across the nation to share innovations and experiences. Membership in the Network is open to all officials and senior staff in the executive, legislative and administrative branches of state government with responsibilities in the college savings area. Private sector membership is available, as well. Members of the Network meet annually to network with counterparts from other states, review technical aspects of the different program types, and examine federal activities relating to college savings plans. In addition, a Management Training Institute is available annually for program staff to provide training for program operations.

The phenomenal expansion in the number of programs and the interest in college savings plans has brought incredible growth to the College Savings Plans Network. Participation in Network events and forums has continued to develop as the Network works to enrich the communication between its members and the public.

For more info, visit the web page at www.collegesavings.org or call 1-877-CSPN4YOU.



About NAST

The National Association of State Treasurers (NAST), founded in 1976, is a professional, nonpartisan organization that provides a forum for the exchange of information and significant developments in state finance. Membership is composed of all state treasurers, or state finance officials with comparable responsibilities, from the United States, its commonwealths, territories, and the District of Columbia. The private sector is represented through the Corporate Affiliate program, started in 1986.

The National Association of State Treasurers, an organization of state financial leaders, encourages the highest ethical standards, promotes education and the exchange of ideas, builds professional relationships, develops standards of excellence and influences public policy for the benefit of the citizens of the states.

For more info, visit the web page at www.nast.net or call 606-244-8175.



*Senate Education
Attachment 1
3-8-99*

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During the Summer of 1998, data was collected from mailed questionnaires, previous publications, and telephone interviews conducted by NAST/CSPN staff.

The greatest financial worry of most American families used to be “*Will I have enough to live on after retirement?*” Some public opinion polls now indicate that this has changed. The new greatest area of financial concern is “*How will I be able to afford a college education for my children?*”

Many middle-income parents relied on the traditional forms of student financial aid – scholarships, grants, work-study, and subsidized loans – to pay for their own higher education. Now they wonder if those options will be enough (or even be available) for their children in the future. Middle-class assistance programs are clearly on the endangered list, as the past over-dependence on financial aid has caused the total annual costs of federal financial aid programs (originally designed and targeted to assist low-income families) to spiral upward at rates that cannot be indefinitely sustained. Major changes in financial aid programs will occur: it is just a matter of how soon.

The most logical answer to these questions and concerns is to encourage family savings for the costs of college education. In response to this problem, many state governments have created innovative college savings programs designed to meet the savings needs of their citizens. Across the nation, college savings trusts, prepaid tuition plans and

college savings bond programs are effectively and efficiently run by state governments. These programs seek to make the savings option easier for the average family. They represent positive, productive and affordable options that can ensure the education of our most precious resources: the children of America. State sponsored savings plans promote:

-  Planning for education expenses instead of wishful thinking about financial aid;
-  Saving for education expenses instead of relying on debt;
-  Reliance on family resources instead of total reliance on government aid programs; and
-  State-level planning designed to meet the differing needs in each state instead of a “one size fits all” national approach.

Some may ask if this is an appropriate role for state governments. The simple answer to that question is that encouraging savings for college costs promotes the legitimate public policy goal of increasing access to higher education. This ensures an educated citizenry and, it increases economic growth opportunities for all.

Organized in 1991 as a state-sponsored affiliate to the National Association of State Treasurers,

the College Savings Plans Network (CSPN) works to champion ways to encourage families to save ahead for college. CSPN promotes the sharing of information among existing state programs, provides information to states interested in starting new college savings programs, and monitors federal activities and legislation affecting the state programs. We are proud of the 1996 and 1997 recognition our efforts received as the benefits of state savings plans were recognized by federal law.

CSPN believes that more and more responsibility will fall on the families of our nation to pay for college costs. The American people want the opportunity to replace debt with savings and the states are stepping up to that challenge.

The document in your hands is CSPN’s third annual “Special Report on State College Savings Plan.” This report is designed to document the phenomenal growth in state college savings plans, and to provide information about the association serving the state college savings plans. We invite your careful attention the savings options presented herein. Feel free to contact your home state’s plan or the network office for more information on these savings opportunities.

Marshall Bennett
Chairman
College Savings Plans Network
State Treasurer of Mississippi

Programs represent . . . positive, productive and affordable options that can ensure the education of our most precious resources: the children of America.

state of the Programs

The new education IRA has gotten all the press. But state by state, a better savings opportunity is quietly emerging for parents or grandparents saving for a youngster's future college expenses.

"A Winning Way to Save for College," Kiplinger's Personal Finance Magazine. Stephanie Gallagher. May, 1998

Over 75% of parents with children who currently or recently attended college would advise a friend with a newborn to start a college savings program immediately.

The Reality of College Financing, 1998. Mosaic Mutual Funds

Last year, great-grandfather and Denver attorney Leonard Campbell and his wife Dot Jo decided to purchase a contract in the Colorado Prepaid Tuition Fund for their great-granddaughter, Kelsi Jo Nusbaum, who was 11 months old. Believing that "a little now means a lot later," Leonard Campbell became the first purchaser of a contract in the fund.

What motivated the Campbells?

"I was attracted to the Fund because we can invest for her no matter where she lives, and she can use the investment to attend a private or public college anywhere in the country," said Campbell. "The investment can be used toward payment of tuition, fees, books and supplies, and room and board."

"I was also attracted to the Fund because of the tax benefits," he said. "The fact that taxes are deferred until Kelsi Jo uses the investment for college, and then paid at the student's rate, is definitely a plus."

"Being able to offer our great-granddaughter this opportunity gives us a great deal of pleasure," said Campbell. "By investing in the Fund, we can be certain that Kelsi Jo will have a better chance of affording college."

Why do states have an interest in providing greater access to higher education? It is in the state's best interest to have a well educated population because education translates into better jobs. According to the National Bureau of Economic Research, economists estimate that, all things remaining

constant, each year of schooling produces an annual increase in earnings by 5 to 11 percent. Higher skilled jobs bring better wages and increased tax revenues. In short, the people of a state are its greatest resource. Educating and planning for the future increases the value of that resource.

The cost of college tuition rose nationally by 234 percent during the period from 1980-1995; at the same time, median household income rose by 82 percent while the cost of consumer goods rose by 74 percent, according to U.S. General Accounting Office. States entered the college savings arena to help families overcome the obstacles of tuition increases and decreasing federal aid. Mosaic Mutual Funds reported almost half of American families go into debt to cover college costs. More than 72 percent of families using student loans show some level of concern over this incurred debt. This, compounded by the fact that parents do not ordinarily have sufficient savings to help students attend college, resulted in a massive rise in debt-ridden graduates.

Non-profit state college savings programs encourage families to consider future costs of providing a college education. They are secure and affordable ways to budget early for future college expenses. These plans provide an attractive investment vehicle with significant tax advantages for parents looking to get an early start on their children's future.

States involvement in these types of programs began in late 1980s with Alabama, Florida, Michigan, Ohio, and Wyoming establishing prepaid tuition programs and,

State of the Programs

Kentucky implementing a savings plan trust. Each plan varies by state because each state's citizens have different needs and expectations. In a federal system, states have the self-determination to make choices that best fit the needs of its constituents.

Prepaid tuition plans guarantee an account's future ability to cover the cost of college tuition. Savings plan trusts, however, act more like traditional and popular savings vehicles. They have a broad range of earning potential that can be used to pay for future college expenses like tuition, room and board, and other fees. Predating either of these types of programs, however, is the college savings bond program. These programs issue bonds that can be purchased and redeemed to pay for college expenses.

When the Michigan Education Trust's (MET) prepaid tuition program debuted, the plan assumed program operations would be entitled to both federal and state tax-exemption. In 1988, however, the Internal Revenue

Service ruled that MET's program was not deemed to be an essential function of state government, consequently the program was not given tax-exempt status. MET contested the IRS's ruling in court for many years, and in November 1994, the Sixth Circuit Court of Appeals reversed the ruling of the IRS.

With this reversal, the IRS changed its stance regarding prepaid tuition programs. The agency proposed classifying prepaid contracts as a form of contingent debt instruments and proposed that participants pay annual taxes on the "phantom" income earned by the prepaid accounts. States operating college savings plans were very concerned by this proposed change, because participants would then have to file annual tax reports for beneficiaries. Although taxes would probably not be owed, mandated paperwork would have been a disincentive for savings.

Working closely with the College Savings Plans Network and the National Association of State

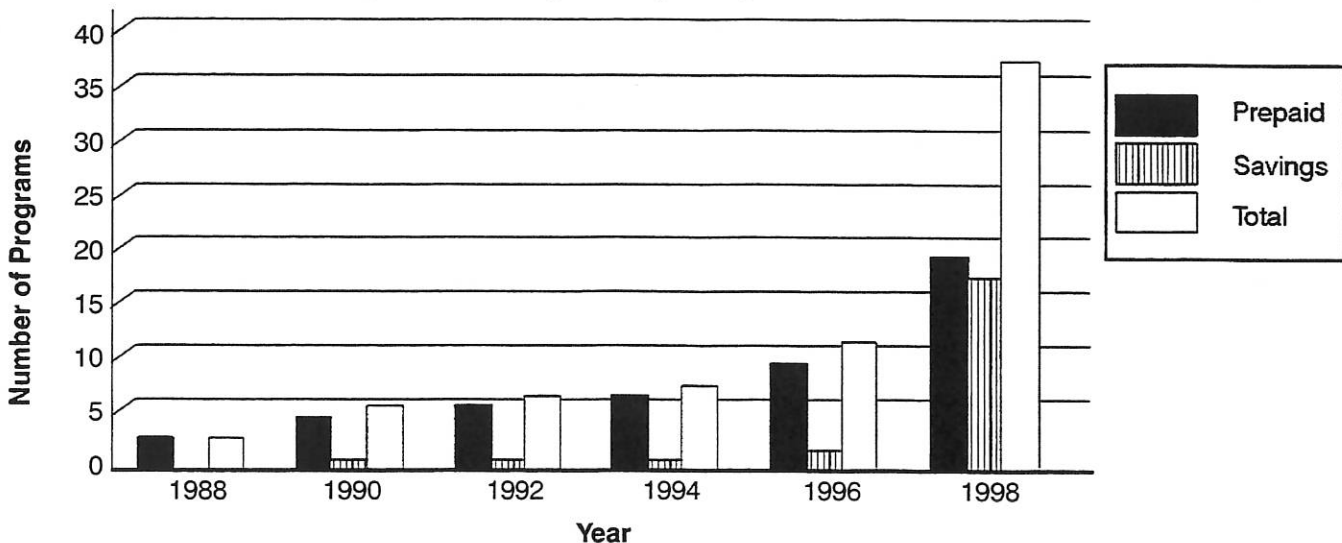
"It is unrealistic to assume that the government can afford to provide federal assistance for everyone. However, at a modest cost, we can help families help themselves by rewarding savings. This reduces the cost of education and will not unnecessarily burden future generations with thousands of dollars in loans."

Honorable Mitch McConnell, U.S. Senator, Kentucky,
Introduction of the College Savings Act of 1997,
April 16, 1997

"Prepaid tuition programs nationwide are giving hundreds of thousands of young people a chance at a college education... We need to give families permanent assurance that educational security is not going to be derailed by the Internal Revenue Service."

Honorable Bob Graham, U.S. Senator, Florida,
Introduction of the College Savings Act of 1997,
April 16, 1997

Growth of College Savings Program: 1988-1998



1-5

State of the Programs

"The best potential deals for parents or grandparents are prepaid tuition plans."

"State savings plans are unglamorous-but attractive."

"...with the Dow stumbling ... these unsexy accounts look pretty comforting right now."

"Grandparents should look into the plans' generous treatment of gift and estate taxes."

"Give it the New College Try," *Newsweek*,
September 7, 1998

Treasurers, the 104th Congress of the United States stopped the IRS proposal by passing the Small Business Job Protection Act of 1996. The bill, signed into law (P.L. 104-188) on August 20, 1996, included a section that defined the federal tax treatment of qualified state tuition programs. It outlines qualifications required to establish tax-exempt status of the agency which administers the programs, the tax-deferred status of the earnings until the time of distribution, and the policies and procedures related to the refund of the account if the beneficiary dies before distribution of the funds. Under the Act, earnings from the plans will not be included in the gross income of either the beneficiary or the contributor until disbursement; at that time, disbursed funds were decided to be taxed at the beneficiary's rate.

Spurred by favorable federal tax treatment contained within the Small Business Job Protection Act of 1996, more states entered into the arena to provide their citizens with innovative college savings programs. In 1997, Congress further clarified the federal

language and expanded qualified expenses to include room and board, and additional fees. Changes in the treatment of state college savings plans opened the door for more states to provide increased access to higher education.

This legislation removed some federal roadblocks by allowing more average Americans to save for their children's education and begin to reduce the growing debt burden from student loans.

In 1998, the effort to achieve full tax-exemption for these valuable programs continues. It is essential that all levels of government recognize the negative message sent by penalizing families that earnestly save for their children's education. Similarly, work continues on changes in financial aid calculators that punish diligence rather providing assistance to all families who dream of sending their children on to higher education. The College Savings Plans Network actively works to make such changes a reality. ☺



Prepaid tuition features vary from state to state. Essentially, parents, grandparents, and other interested parties may lock in today's tuition rates and guarantee that the beneficiary will receive a college education in the future. The program guarantees college tuition at any of the state's participating colleges or universities (or an equal payment minus fees to private and out-of-state institutions), in exchange for early tuition purchase of either full tuition coverage or units of future tuition costs. Units may be purchased through a one-time lump sum purchase or monthly installment payments. The prepayment of tuition creates a state trust that pools the money and makes long range investments so that the earnings meet or exceed the inflationary rise of college tuition. A child's future choices may not include a college education, but the money saved in these accounts may often be transferred to other family members for their qualified higher education expenses.

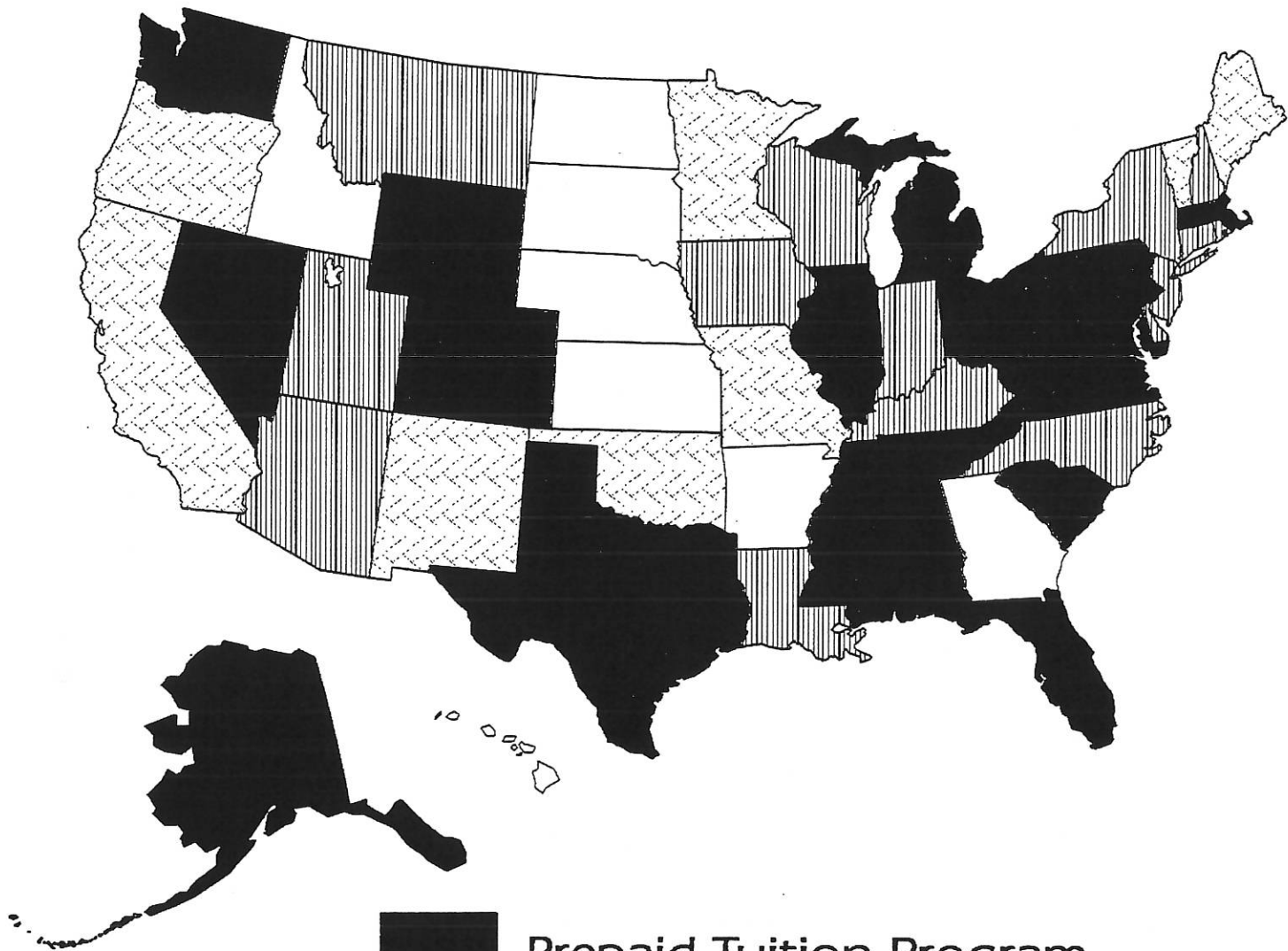


Savings plan trusts allow participants to save money in a special college savings account. People can save as much or as little as they like on behalf of a designated beneficiary's qualified higher education expenses. A parent or other contributor may vary the participation in the program depending on their individual savings goals, and deposits may be as low as \$25. The programs generally guarantee a minimum rate of return. Also, favorable tax treatment is available in the form of some exemptions at the state level and deferment at the national level. Savings plans are portable. They allow a participant to use the funds at any qualified institution of higher learning throughout the United States. Savings trusts have differing degrees of transferability; but, many allow monies saved in accounts to be transferred to other family members for qualified higher education expenses.



State college savings bond programs sell general obligation, zero-coupon and municipal bonds to participants who wish to save for their children's college education. Bonds are often sold at a discount and use compounded interest over the life of the bond to help offset the rising cost of college. Although bonds do not guarantee to keep pace with tuition increases, proceeds may be used to pay any expense a student incurs during college. They represent the building blocks for today's prepaid and savings trust programs.

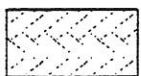
State College Savings Programs



Prepaid Tuition Program



Savings Plan Trust



Program Startup in 1998 & 1999

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Alabama

Prepaid Affordable College Tuition

PACT, Alabama's Prepaid Affordable College Tuition plan was created by the Alabama Legislature in 1989 and began operation on March 21, 1990. Over 60,000 contracts have been purchased, and the Trust Fund now exceeds \$470 million. Currently, 6,274 students are eligible to receive benefits. Payment of benefits began in 1994, with approximately \$11 million paid out in benefits to date. The plan, which allows parents, grandparents, or others to prepay college tuition, is administered by the Office of the State Treasurer of Alabama, with the guidance of a 10-member board. Contract purchasers are offered three payment options: lump sum, monthly payments over five years, or monthly payments until the beneficiary graduates from high school. Contracts provide payment of 135 semester hours and mandatory fees for eight semester registrations or the equivalent at any public Alabama institution. The plan also provides for payment of the weighted-average tuition and mandatory fees of the four-year Alabama public schools to out-of-state or private institutions.

Alaska

University of Alaska Advance College Tuition (ACT) Payment Plan

This prepaid tuition program is administered by the University of Alaska (UA), Alaska's only state university. The legislation that

started the program was passed in 1991. Participants purchase ACT credits (units equal to one credit hour of tuition) at the current UA rate for future use. If the credits are redeemed at UA, each ACT Credit is equal to one credit of undergraduate tuition even if the initial purchase price plus earnings does not equal the increase in tuition. If the student attends an institution other than UA or redeems credits for educational purposes other than tuition, ACT Credits are redeemed for the initial purchase price plus earnings. A contract may be canceled at any time. There are currently 9,126 children represented by tuition contracts.

Arizona

Arizona Family College Savings Program

In 1997, Arizona established the Arizona Family College Savings Program (AFCSP), administered by the Arizona Commission for Postsecondary Education, to offer Arizona citizens and appealing process to begin saving for post-high school education and training opportunities. The AFCSP offers no limit on who qualifies, and the flexibility to use the money at any accredited college/university or vocational school in the nation. Earnings are free from state tax and, any relative of a prospective student is allowed to contribute. Arizona partners with multiple private investment firms who offer multiple investment options. The launch date for full implementation of AFCSP is August/September 1998.

California

Golden State Scholarshare Trust College Savings Program

The Golden State Scholarshare Trust Act was passed by California's legislature in 1997 and became effective on January 1, 1998. Through Scholarshare, families will be able to invest in their children's college education at modest levels over a number of years from birth until the time of college enrollment. Contributions to the trust will be pooled together in the California savings plan and invested by experienced professionals selecting diversified investments in order to maximize earnings while reducing long term risk. Allowable investments are determined by an investment board which is chaired by the State Treasurer. Interest earnings disbursed from the fund will be added to the beneficiary's gross income during college and will be taxed at the beneficiary's, rather than the contributor's income level. It is anticipated that the program will be open for contributions beginning in the last quarter of 1998.

Colorado

Colorado Prepaid Tuition Fund

The Colorado Prepaid Tuition Fund was established by the Colorado General Assembly in its 1996 legislative session to provide families with a new opportunity to invest toward future college education expenses. The Fund is administered by the Colorado Student Obligation Bond Authority. The Fund may be used throughout the U.S at public and private colleges and universities, as well as vocational schools.

Contract prices and payout are based on average resident undergraduate tuition at Colorado's four-year public colleges and universities and state community colleges. Contracts may be purchased in a lump sum, in monthly installments or in a combination. During the 1997 enrollment period, over \$60 million was committed to the Fund through more than 7,000 contracts. The 1998 enrollment period is from October 5 to December 8; however, newborns can enroll at any time of the year.

Connecticut

CHET: Connecticut Higher Education Trust

CHET is a state-sponsored savings program unanimously passed by the General Assembly and signed into law in July 1997. CHET is a trust, available for families to save and invest for higher education expenses, that is privately managed under the supervision of the State Treasurer. Participants' contributions are invested in stocks and bonds using asset allocation models designed to maximize returns while minimizing risk. While money is invested in CHET, earnings are tax deferred. When the child is ready to attend college or graduate school, amounts can be withdrawn to pay for any qualified higher education expense at either in-state or out-of-state, public or private institutions of higher education. Upon distribution, earnings are federally taxed at the beneficiary's rate and free from Connecticut state taxes. There are no income limits and the contribution limit is \$150,000 over the life of the account. The enrollment period is

continuous. Contributions and earnings may continue to be used for the payment of higher education expenses until they are either fully exhausted, transferred to another beneficiary, or refunded to the participant (with penalty). Within the first six months, more than 2,300 beneficiaries enrolled. The program now has over \$9 million in assets.

Delaware

Delaware College Investment Plan Legislation establishing the Plan was passed in 1997, and the program was launched July 13, 1998. This savings plan, open to residents of any state, is designed to remove barriers to saving with flexible rules, low fees, and a \$50/month minimum investment. Benefits may be used at any accredited college or school in the U.S. The program contracts with a private partner for investment management and records administration. Neither the State of Delaware nor its private partner guarantees a specific rate of return or guarantees against loss of principal.

Florida

Florida Prepaid College Program For 10 years now, the Florida Prepaid College Program has provided an affordable way for Florida families to plan and save for college. The program locks in the costs of tuition and dormitory housing at today's rates with a guarantee to cover the cost when the child is ready to enroll in college. The benefits can be used at any Florida university or community college, and the value

of benefits transfers to most out-of-state and private in-state colleges. Payments can be made in a lump sum, monthly or over five years. It allows customers to request a refund at any time. Florida's program is the oldest continuously operating prepaid plan in the country and the largest - having sold more contracts than all other states combined. To date, the Florida program has sold 468,000 contracts serving 375,000 children. Assets now exceed \$2 billion. In fall 1998, the Florida Prepaid College Program hopes to introduce a new prepaid plan covering other college fees known as "local fees."

Georgia

Helping Outstanding Pupils Educationally (HOPE) Scholarship Program

Governor Zell Miller founded Georgia's HOPE Scholarship Program in September 1993. The Governor, a former college professor, created the program to increase academic achievement, keep Georgia's best and brightest students in Georgia, and expand educational opportunities beyond high school to all Georgians. HOPE is Georgia's unique scholarship program that rewards students' hard work with financial assistance in degree, diploma, and certificate programs at any eligible Georgia public or private college, university, or public technical institute. Awards are based on attaining a qualifying grade point average while attending high school. Funded by the Georgia Lottery for Education, the program has, since its inception in 1993, contributed to over 315,000 Georgians who have received over \$570,000,000 in benefits.

Illinois

Illinois Prepaid Tuition Plan

The Illinois General Assembly, in November 1997, established the Illinois Prepaid Tuition Plan (College Illinois!) to be administered by the Illinois Student Assistance Commission, a state agency responsible for student financial aid. College Illinois! enables citizens to prepay tuition and mandatory fees for their family members by locking-in tomorrow's tuition and fees at today's prices through a lump sum payment, five-year installments, or, in the case of a four-year contract, ten year installments. College Illinois! offers a Public University Plan and a Community College Plan with contracts for as little as one semester or as much as nine semesters. Plans are transferable to other members of the immediate family, and may be used for private or out-of-state institutions with the exception that full tuition and fees are not guaranteed. There are no age limits for beneficiaries, and they may enroll at any semester or quarter. The first contract purchase period is planned for October 15, 1998 through January 31, 1999.

Indiana

Indiana Family College Savings Plan and Save Indiana

The 1996 Indiana General Assembly created the Indiana Education Saving Authority. It established the Indiana Family College Savings Plan to assist those families who wanted to save money for a child's post-high school education. Administered by the state treasurer's office, contributions are invested by the

Indiana Education Savings Authority in Class A shares of a privately managed assets balanced fund. With over 2,000 current accounts, more than \$5.2 million has been saved. The Indiana Education Savings Authority directs both the Indiana Family College Savings Plan and the Save Indiana Program. Save Indiana is an in-school program that combines curriculum and high technology, hands-on experience to instill in elementary age children the value and mechanics of saving money, while at the same time providing an incentive for post-secondary education. After graduation from high school, students are eligible for a flat grant which may be applied toward their tuition if they have mastered the savings ethic by participating in the Save Indiana curriculum for a required number of years; and, they must have saved a predetermined amount.

Iowa

College Savings Iowa

College Savings Iowa has been designed to help Iowa families meet the escalating costs of higher education. The program, administered by the State Treasurer, provides families with a flexible, user-friendly, affordable plan that includes valuable tax relief for participants. Parents, grandparents, and others may save for one or more child regardless of the child's state of residence. And, the beneficiary may attend any qualified institution of higher education in the United States. Joining the plan requires minimal work and no cost to enroll. Earnings follow age-based asset allocations that maximize an account's return based on a child's anticipated disbursement date.

Kansas

The 1998 Kansas Legislature passed Senate Bill No. 402 that provides for the State Treasurer to conduct a feasibility study to develop criteria for a post secondary education savings program and to evaluate the financial soundness of such programs based on such criteria, including a study of the use of private service providers for investment, marketing and records administration of such programs. A College Savings Plan Task Force has been established and consists of representatives from Kansas Association of Community Colleges, Kansas Universities, Kansas National Education Association, Kansas Bankers Association, Department of Revenue, the Governor's Office and the State Treasurer's Office. The State Treasurer will present the finding regarding feasibility of a post secondary education savings program at a joint meeting of the education committees of the house of representatives and the senate no later than January 15, 1999.

Kentucky

Kentucky Educational Savings Plan Trust

The Kentucky Educational Savings Plan Trust, created by the Kentucky General Assembly in 1988 and administered by the Kentucky Higher Education Assistance Authority, provides families with an easy, safe, and affordable way to save for college. Earnings are free from Kentucky taxes and a four percent rate of return is guaranteed. Deposits can be as small as \$25. Savings can be

used for qualified higher education expenses at any eligible institution in the United States, and savings are excluded from the calculation of state student aid eligibility. With over 2,800 beneficiaries, over \$7 million has been saved.

Louisiana

"START" Saving Program

The Student Tuition Assistance and Revenue Trust Program, administered by the Louisiana Office of Student Financial Assistance, is a savings program which is intended to encourage families to save for their children's post-secondary education. Families may save at rates within their means and still have their investment professionally managed through the Office of the State Treasurer. There are no fees to reduce deposits nor state taxes on earnings and a competitive rate of interest is paid quarterly. As an additional incentive to save, state tuition assistance grants are annually credited to qualifying accounts based upon the income of the account owner and the amount deposited during the calendar year. These grants range from 4% to 14% of annual deposits and are capped at incomes of \$100,000 or more. The program was implemented in July 1997.

Savings may be used to pay the qualified higher education expenses at any accredited college or university in our out-of-state, or at a Louisiana technical institute or licensed proprietary school. Qualified expenses include tuition and fees, room, board, books and supplies. Interest paid on deposits and grants has exceeded 6% since inception.

Maryland

Maryland Prepaid College Trust

In 1997, the Maryland General Assembly established the Maryland Higher Education Investment Program. The prepaid tuition program allows citizens to buy a contract that is intended to pay for a college education in the future. The programs' three tuition plans are the University, Two-Plus-Two and Community College; prices are based in part on public in-state colleges but, the benefits can be used at any accredited college in the country that offers an undergraduate degree. Although Maryland public college tuition and mandatory fee costs vary in price, the Program intends to pay the tuition and mandatory fees of an in-state, public college, regardless of the cost. If the beneficiary attends an out-of-state and/or private college, the Program will pay the weighted average tuition of the Maryland public colleges. Either the beneficiary or the purchaser must be a current resident of the State and the beneficiary cannot be currently enrolled in the tenth grade or beyond. The Program held its first enrollment period in 1998.

Massachusetts

The U-Plan: The Massachusetts College Saving Program

The U-Plan, which began operation in 1995, is administered by the Massachusetts Educational Financing Authority, a not-for-profit state authority created by the State Legislature. Participants purchase general obligation bonds issued and guaranteed by the

Commonwealth. The variable-rate bonds are tied to the consumer price index (CPI) with principal plus interest payable at maturity. With a minimum purchase of \$300 per maturity year, investors specify the maturity year of the bonds based on the years of anticipated college attendance of the child. Eighty-three public and private universities in Massachusetts guarantee investors a percentage of tuition and mandatory fees at maturity based on the purchase amount invested, divided by that same years tuition and fees at each college. If the bond is not used for college tuition, the investor receives the original investment plus interest compounded annually at CPI. After four years of enrollment over 42,000 accounts were opened and \$82 million in bonds purchased.

Michigan

Michigan Education Trust

The Michigan Education Trust (MET) is a tuition savings program that is administered by a board on which the Treasurer of Michigan sits as the chairperson. It allows the pre-purchase of undergraduate tuition for a child residing in Michigan, at any Michigan public university or college. MET also provides benefits, if a student chooses to attend a Michigan independent college or university, though it does not cover full tuition. Three savings choices are offered: a full benefits plan, a limited benefits plan and a community college plan. The MET program held its first enrollment period in 1988. Approximately 58,020 contracts have been accepted. About 400 students are currently using their

MET benefits in Michigan and out-of-state universities. MET contract purchasers can deduct the total contract price from their gross income on their Michigan incomes taxes in the year the contract is purchased. Purchasers are not currently subject to any state or federal income tax on MET's interest earnings, however, purchasers who receive refunds will be required to pay taxes on the increase in value of the contract in the year of receipt. MET is planning a 1998 enrollment period for Winter 1998.

Mississippi

Mississippi Prepaid Affordable College Tuition Program

The Mississippi Legislature established the Mississippi Prepaid Affordable College Tuition Plan (MPACT), administered by the Office of the State Treasurer, in 1996. This legislation established a plan for citizens to prepay college tuition costs for their children and grandchildren. Purchasers lock in a price today for tomorrow's tuition costs and pay either through one lump-sum payment, monthly payments over a variety of terms or a down payment followed by monthly payments. MPACT offers plans for senior college/university, junior/community college and junior college plus senior college, up to a maximum of four years of tuition and mandatory fees at any public institution in Mississippi. If a beneficiary attends private college or goes out-of-state, MPACT pays that school an amount up to what would have been paid to a public school in Mississippi. MPACT benefits are transferable to other children in the

immediate family. The MPACT Program is backed by the full faith and credit of the state.

Nevada

Nevada Prepaid Tuition Program

The Nevada Legislature established the Nevada Prepaid College Tuition Savings Program, to be administered by the State Treasurer's Office, in 1997. This legislation established a plan for citizens to prepay their children's college tuition costs without worrying about future tuition inflation. Purchasers lock in a price today for tomorrow's tuition costs and pay either one lump sum payment, extended monthly payments or on a five year plan. The Program offers plans for four years of tuition at a Nevada public university, two years at a Nevada Community College or a combination plan of two years of community college and two years of tuition at a public university. If a beneficiary chooses to attend an out of state or a private institution, the program will pay that school an amount up to what would have been paid to a public school in Nevada. The enabling statute states that the board will develop this program for the prepayment of tuition at a guaranteed rate which is established based on annual actuarial studies.

New Hampshire

New Hampshire Education Savings Plan: Unique College Investing Plan

The New Hampshire General Court established the New Hampshire Higher Education Savings Plan, administered by the

Office of the State Treasurer, in 1997. Known as The Unique College Investing Plan, the plan began accepting contributions on July 1, 1998. Participants and beneficiaries need not be New Hampshire residents, nor must the proceeds be used only at a New Hampshire institution. Benefits may be transferred to any eligible beneficiary and used at any qualified institution. Earnings in the plan are exempt from the New Hampshire Interest and Dividends tax. Contributions are invested in a portfolio of mutual funds managed by a private partner; the asset allocation of the portfolios changes to a less aggressive composition as the beneficiary approaches college age. Contributions made electronically may be made in amounts as small as \$50 per month. There are no maximum age or income limits for either participants or beneficiaries. The maximum amount which may be contributed will be adjusted yearly based on an average of the cost of Dartmouth College and the University of New Hampshire. For 1998, the maximum is \$100,311. The Unique Plan is not guaranteed by the State of New Hampshire.

New Jersey

New Jersey Better Educational Savings Trust (NJBEST)

NJBEST was enacted in September 1997 to help New Jersey families save for the future costs of higher education. The Program is administered by the New Jersey Higher Education Assistance Authority. Earnings are state tax-exempt when savings are used for higher education. These savings can be used at higher education institutions in

New Jersey or outside the state, although a beneficiary is eligible for a \$500 NJBEST scholarship if the child attends an institution of higher education in New Jersey and meets other criteria. \$25,000 in savings is excluded from state need-based financial aid consideration.

New York

New York State College Choice Tuition Savings Program
The New York Legislature enacted the New York State College Choice Tuition Savings Program in 1997. The Office of the State Comptroller and the Higher Education Services Corporation (a New York State agency) were assigned joint responsibility for implementing the College Savings Program. The Comptroller has sole responsibility for oversight of the investment of program funds by the program manager. The Program was designed to provide flexibility to participants: funds can be used for qualified higher education expenses (including room and board) at any accredited higher education institution in the world and there are no residence, income or age limits for participation. The Program provides a \$5,000 annual exclusion from New York taxable income for deposits and exempts qualified withdrawals (including investment earnings) from State income taxes. There is a lifetime limit of \$100,000 in contributions for each beneficiary. Account contributions will not be considered in the calculation of aid under New York State financial programs.

North Carolina

College Vision Fund

The 1996 North Carolina General Assembly authorized the creation of a parental savings trust fund for higher education expenses for citizens of North Carolina concerned with financing college. The College Vision Fund (CVF) is a combination savings and loan vehicle through which parents and grandparents can make contributions by monthly drafts, payroll deduction, or lump sums. Earnings accumulate free of state tax and are federally taxable to the beneficiary at the time of withdrawal. CVF is designed to enable parents to pay for college over a long period of time, first by saving, the obtaining loan funds, if needed. CVF payments occur over a minimum of eight years and a maximum of approximately 40 years, depending on the age of the child when contributions begin, making the monthly payments affordable for many families. The College Vision Fund is administered by College Foundation Inc. on behalf of the North Carolina State Education Assistance Authority, and funds are invested by the State Treasurer's Office.

Ohio

Ohio Prepaid Tuition Program

The Ohio General Assembly created the Ohio Prepaid Tuition Program, administered by the Ohio Tuition Trust Authority, in 1989. To enroll, either the purchaser or the designated beneficiary must be an Ohio resident. The program sells affordable "tuition units." Each tuition unit represents 1 percent of one year of future

tuition and fees at an average-priced Ohio public four-year university. It takes 400 tuition units to prepay all four years of tuition at an average-priced four-year Ohio public university; 1,400 are needed for four years of tuition at an average-priced Ohio private university. Pricing and payout values are based on the weighted average tuition of the 134 Ohio public universities, but tuition units can be used at any accredited college in the country. The program is backed by the full faith and credit of the state of Ohio, and units can be used to pay for any qualified higher education expense, including room and board costs. Participants can choose to purchase tuition units three ways: at any time at the full tuition unit price (\$43 in 1998); monthly through an autopayment plan (\$41/unit in 1998); or in volume at substantially discounted prices during special promotion periods. The Ohio Prepaid Tuition Program currently has over 69,000 children enrolled, with assets of \$345 million.

Oklahoma

Oklahoma College Savings Plan

The Oklahoma Legislature established the Oklahoma College Savings Plan, administered by the Oklahoma College Savings Plan Board of Trustees and chaired by the State Treasurer, in 1998. This legislation established a plan for tax-deferred savings for post-secondary educational expenses of designated beneficiaries. State and federal taxes on earnings are deferred until used and are then assessed at the rate of the beneficiary. Plan parameters have yet to be established by the Board of Trustees.

Pennsylvania

Pennsylvania Tuition Account Program

In 1992, the Legislature established the Pennsylvania Tuition Account Program (TAP), administered by the Office of the State Treasurer, to provide a mechanism to assure wide and affordable access to institutions of higher education. The program provides for the advanced purchase of college tuition credits by families of all income levels who want to save for educational expenses. Individuals can purchase tuition credits in any amount, and as often as they wish. A TAP Tuition Credit is equal to 1/24th of the annual tuition for undergraduate students. To date, 22,000 children are enrolled in the program and \$85 million has been purchased in TAP Tuition Credits.

Rhode Island

Rhode Island Higher Education Savings Trust

Enacted into law in 1997, the Rhode Island Higher Education Savings Trust is administered by the Rhode Island Higher Education Assistance Authority (RIHEAA). A \$500 initial installment, \$50 automatic monthly investment plan, or \$25 bi-weekly payroll deduction is required to open an account. The program allows savings up to the full cost of four years of college attendance on behalf of any named beneficiary. While the program is intended to focus on Rhode Islanders, neither the beneficiary nor the investor have to live in Rhode Island to participate in the program and proceeds can be used

to attend any accredited two or four-year institution or vocational school in the United States. Investments are overseen by the State Investment Commission, subject to the approval of RIHEAA. Savings are exempt from Rhode Island state student aid calculations and investment earnings are Rhode Island state and federal tax deferred until withdrawn. The program is expected to begin accepting participants in September, 1998.

South Carolina

South Carolina Tuition Prepayment Program

Effective July 1, 1997, the General Assembly of the State of South Carolina passed legislation creating the South Carolina Tuition Prepayment Program to assist families with the rising costs of attending college. The program is administered by the State Budget & Control Board and allows contributors to purchase contracts that lock-in the cost of tuition for two or four years at a South Carolina public college or university. The cost of the contracts is based on the current weighted average tuition at senior public institutions in the State, the age of the child for whom the contract is purchased, and the type of payment plan selected. Payment options include a one-time lump-sum payment, a four-year payment plan, or an extended monthly payment plan. The contracts provide full payment of in-state tuition and fees to any public college or university in South Carolina. Earnings currently are exempt from state taxes and deferred from Federal taxes until distribution. Contract

benefits may also be applied to assist with tuition expenses at accredited private schools in South Carolina or an out-of-state school.

South Dakota

Veterinary Student Grants Program

The legislature, in 1991, authorized a competitive grant program to assist South Dakota residents going on to higher education in veterinary medicine. It is designed to ensure and retain qualified veterinarians for years to come. Because South Dakota has no graduate school for veterinary medicine, the grant program covers the additional tuition charged to the South Dakota resident as a nonresident student. The South Dakota Treasurer oversees the recipient student's obligation to become a state resident and practice veterinary medicine in South Dakota after graduating or the obligation to repay the tuition assistance.

Advanced Payment of Higher Education Costs

Although there has yet been no implementation, in 1994 the South Dakota State Legislature authorized the state board of regents to implement a program for the advance payment for tuition, room and board, or tuition only costs on behalf of a beneficiary for attendance at one, or a combination of institutions of higher education subject to determination of residency status by the appropriate post-secondary school or university. The statute specifies the regents are to jointly promulgate rules for such a program with the State Treasurer.

Tennessee

Baccalaureate Education System Trust

The Baccalaureate Education System Trust (BEST), administered by the State Treasurer, was created by the General Assembly in 1996 to make higher education more affordable for citizens. Its enabling legislation allows any person to pay for college tuition, mandatory fees, and room and board in advance on behalf of a beneficiary through the purchase of affordable tuition units. Units are fully portable at any accredited two- or four-year college or university in the country, as well as any accredited graduate or professional school. One tuition unit represents a value of 1 percent of the weighted average undergraduate tuition at Tennessee's four-year public universities; 100 units cover one year of tuition and fees. The current cost of a unit is \$26.75.

Texas

Texas Tomorrow Fund

The Texas Tomorrow Fund, administered by the Texas Prepaid Higher Education Tuition Board, was created by the Legislature in 1995 to allow families to lock in the price of tuition and required fees for up to five years of credit hours at any state-supported junior or senior college or, get a good jump on the tuition and fees at any private college in Texas. Payments are pooled and invested so steady growth will keep up with the rising cost of college tuition and required fees. Beneficiaries must not have graduated from high school and be a resident of Texas

at the time of purchase or the child of a resident if that parent is the purchaser. Four plans are available: junior college, senior college, junior-senior college, and private college. Seven payment options are available: lump sum, monthly or annual installments of five years, ten years or until graduation from high school. As of June 1998, about 78,000 contracts have been sold worth an approximate total value of \$750 million.

Utah

Utah Educational Savings Plan Trust

The Utah Educational Savings Plan Trust (UESP) has been operating in Utah since November of 1996. Its purpose is to encourage Utahns to save for the future college expenses of their children and grandchildren. A series of financial incentives make savings through UESP attractive. These incentives include; 1) an exemption from state income tax for money invested and earnings received through UESP, 2) professional no-fee investment services, and 3) interest in an endowment fund also administered by UESP. UESP savings plans may be established on behalf of young persons under the age of 17. Deposits as small as \$25 per month are accepted and savings are excluded from calculation of state student aid eligibility.

Vermont

Vermont Higher Education Savings Plan

In 1998, Vermont Governor Howard Dean signed into law the Vermont Higher Education

Savings Plan, which is to be administered by the Vermont Student Assistance Corporation (VSAC). VSAC is a comprehensive student financial aid agency that guarantees and makes student loans available under the FFELP program, administers Vermont's need-based grant program and conducts various outreach and college information activities. The legislature has authorized VSAC to offer two or more investment options. Small deposits are encouraged, and earnings are exempt from the state's income tax. Earnings are fully portable and can be applied to educational costs at any qualified postsecondary institution. VSAC intends to inaugurate the program in January, 1999.

Virginia

Virginia Higher Education Tuition Trust Fund

The Virginia Prepaid Education Program (VPEP) is administered by the Virginia Higher Education Tuition Trust Fund, an independent state agency created unanimously by the Virginia General Assembly in 1994. VPEP allows purchasers to prepay tuition and mandatory fees at community colleges, four-year universities, or a combination of both. The program is open to children in the ninth grade or younger as long as either the child or the purchaser is a resident of Virginia. VPEP guarantees to pay full undergraduate in-state tuition and mandatory fees at any public community college or four-year university in Virginia. Benefits from this program may also be applied toward tuition and mandatory fees at Virginia private

colleges and at institutions of higher learning in other states. There is a state tax deduction, for the purchase price of a contract, as well as a state tax exemption for contract earnings in most cases. The Virginia Higher Education Tuition Trust Fund is studying the possibility of proposing legislation that would create a savings trust alternative in Virginia.

Washington

Guaranteed Education Tuition

The Washington State Legislature established the Guaranteed Education Tuition Program (GET) - Tomorrow's college tuition at today's prices in 1997. The program is governed by a committee which includes the State Treasurer, the Executive Director of the Higher Education Coordinating Board, and the Director of the Office of Financial Management. By purchasing the units at today's prices, it will not only guarantee that the beneficiary has the necessary funds, but the purchaser will be saving money against the rising cost of higher education. The program allows the purchaser to customize the program to reach individual goals. Friends and family may contribute to the program and setup payment plans to purchase units at any time. Those units may be redeemed at public or private institution, community colleges, and technical or trade schools both in or out-of-state. Monies not used may be refunded or transferred to another family member. Private organizations may establish scholarship funds. Additionally, the program is guaranteed by the State of Washington.

West Virginia

West Virginia Prepaid College Plan

Administered by the Treasurer's Office, the plan offers a new and convenient way for families to save for college costs. Grandparents, parents or any other person can purchase a contract based on the average cost of in-state tuition at West Virginia public institutions. Either the purchaser or the beneficiary must be a West Virginia resident. Purchasers lock in today's prices for tomorrow's tuition on behalf of a child, newborn to ninth grade, by paying a lump sum payment or monthly installments. The plan combines the tuition contract payments into a trust fund and invests the money with the goal of earning a good enough rate of return to meet increasing tuition costs. The Prepaid College Plan offers increased investment power, peace of mind, security and state tax exemption. The expected initial enrollment period is set to begin in October of 1998.

Wisconsin

EDVEST WISCONSIN - Wisconsin Higher Education Investment Program

The Wisconsin legislature established the EDVEST Wisconsin College Savings Program, administered by the Wisconsin Department of Administration, in 1996. EDVEST Wisconsin is a flexible, innovative way for families to prepare for future college tuition expenses. "Tuition units" purchased on behalf of a child beneficiary may be applied in the

future toward undergraduate tuition and fees. The price and maturity value of tuition units are based on estimates of future tuition at University of Wisconsin campuses, although the program can be used at public and private educational institutions nationwide. Flexible purchase options are available. Investment earnings are exempt from state income tax; federal income tax is deferred until college enrollment. 1998 legislation expanded eligibility to include parents, grandparents, aunts, uncles, guardians, and trusts. Individuals may also open accounts for their own use.

Wyoming

Advance Payment of Higher Education Costs Program

Wyoming's Advance Payment of Higher Education Costs Program, now suspended, was signed into law in February 1987. It was a guaranteed tuition plan which was administered by the state university. Contracts were purchased that covered tuition, room and board in one comprehensive package. Participants could not utilize this program until they had contributed for a minimum of 10 years. The program was suspended in 1995 due to lack of participation. All contracts sold during the program's operational lifetime, however, are honored by the state of Wyoming.

Program Operations

The following tables detail the operations of state college savings program.

Table 1 State Interest in State College Savings Plans

State	State Has Program	State Has Interest	Mandated Study Done	Legislation Status	Legislation Authorizes	Federal Qualified Program	Actual/ Anticipated Startup Date	Agency to Administer	Program Name
Alabama	Yes	...	...	Passed 1989	Prepaid Tuition Program	Yes	March-90	State Treasurer	Alabama Prepaid Affordable College Tuition
Alaska	Yes	...	...	Passed 1990	Prepaid/Savings	Yes	Nov.-91	University of Alaska	University of Alaska Advance College Tuition Payment Plan
Arizona	Yes	...	...	Passed 4/97	Savings Plan Trust	Yes	Aug.-98	Commission for Postsecondary Education	Arizona Family College Savings Program
Arkansas	No (a)	Yes	...	Passed	Prepaid Tuition Program	No	July-99	...	...
California	Yes *	Yes	...	Passed 9/97	Savings Plan Trust	Yes	Fall 98	California Student Aid Commission	Golden State Scholarshare Trust College Savings Program
Colorado	Yes	...	...	Passed 4/96	Prepaid Tuition Program	Yes	Sept.-97	Colorado Student Obligation Bond Authority	Colorado Prepaid Tuition Fund
Connecticut	Yes	...	...	Passed 7/97	Savings Plan Trust	Yes	Jan.-98	Office of the Treasurer	Connecticut Higher Education Trust
Delaware	Yes	...	...	Passed 4/97	Savings Plan Trust	Yes	July-98	Delaware Higher Education Commission	Delaware College Investment Plan
Florida	Yes	...	...	Passed 6/87	Prepaid Tuition Program	Yes	July-87	Florida Prepaid College Board	Florida Prepaid College Program
Georgia	No	...	...	...	...	...	...	...	...
Hawaii	No	No	No	None introduced	...	...	...	...	...
Idaho	No	Yes	No	...	...	...	...	...	...
Illinois	Yes	...	...	Passed 11/97	Prepaid Tuition Program	Yes	Nov.-97	Illinois Student Assistance Commission	Illinois Prepaid Tuition Program
Indiana	Yes	...	...	Passed 3/96	Trust Fund and Educational Savings Program	Yes	Sept.-97	Indiana Education Savings Authority	Indiana Family College Savings Program
Iowa	Yes	...	...	Passed 5/98	Savings Plan Trust	Yes	Sept.-98	State Treasurer	College Savings Iowa
Kansas	No	...	(b)	...	...	...	1999-2000	...	...
Kentucky	Yes	...	...	Passed 3/88	Savings Plan Trust (c)	Yes	Jan.-90	Kentucky Higher Education Assistance Authority	Kentucky Educational Savings Plan Trust
Louisiana	Yes	...	...	Passed 1995	Savings Plan Trust	Yes	July-97	Louisiana Office of Student Financial Assistance	START Saving Program
Maine	No	Yes	No	...	Savings Plan Trust	...	1998	Education Loan Authority/Finance Authority	Maine College Savings Program
Maryland	Yes	...	...	Passed	Prepaid Tuition Program	Yes	Sept.-97	Maryland Higher Education Investment Program	Maryland Prepaid College Trust
Massachusetts	Yes	...	...	Passed	Prepaid/Savings	Yes	Feb.-95	Massachusetts Educational Financing Authority	U.Plan- The Massachusetts College Savings Program
Michigan	Yes	...	...	Passed 12/86	Prepaid Tuition Program	Yes	1988	Department of Treasury	Michigan Education Trust
Minnesota	Pending	Yes	...	Passed 1997	Savings Plan Trust, GO bonds	(d)	1999	Minnesota Higher Education Services Office	TBD
Mississippi	Yes	...	...	Passed 3/96	Prepaid Tuition Program	Yes	Feb.-97	State Treasury Department	Mississippi Prepaid Affordable College Tuition Program
Missouri	No	Yes	...	Passed 5/98	Savings Plan Trust	Yes	May-99	State Treasurer	Missouri Family Higher Education Savings Plan

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State	State Has Program	State Has Interest	Mandated Study Done	Legislation Status	Legislation Authorizes	Federal Qualified Program	Actual/ Anticipated Startup Date	Agency to Administer	Program Name
Montana	Yes	...	...	Passed 4/97	Savings Plan Trust	...	Fall 1998	Board of Regents	Family Education Savings Program
Nebraska	No	No	...	(e)	...	...	...	...	...
Nevada	Yes	...	...	Passed 7/97	Prepaid Tuition Program	Yes	Oct.-98	State Treasurer	Nevada Prepaid Tuition Program
New Hampshire	Yes	...	...	Passed 1997	Savings Plan Trust	Yes	July-98	State Treasurer	Unique College Investing Plan
New Jersey	Yes	...	...	Passed 9/97	Savings Plan Trust	Yes	Aug.-98	Office of Student Assistance	New Jersey Better Educational Savings Trust
New Mexico	Yes	...	...	Passed	Savings Plan Trust	...	Spring 1999	Commission on Higher Education	TBD
New York	Yes	...	...	Passed	Savings Plan Trust	...	Sept.-98	State Comptroller and Higher Education Services Corporation	New York State College Choice Tuition Savings Program
North Carolina	Yes	...	...	Passed 1997	Savings Plan Trust (f)	Yes	June-98	North Carolina State Education Assistance Authority	College Vision Fund
North Dakota	No	No	Requested (g)	Failed to Pass	...	...	...	State Treasurer	...
Ohio	Yes	...	...	Passed 6/89	Prepaid Tuition Program	Yes	Oct.-89	Ohio Tuition Trust Authority	Ohio Prepaid Tuition Program
Oklahoma	No	Yes	...	Passed 6/98	Savings Plan Trust	...	Jan.-99	Regents for Higher Education	Oklahoma College Savings Plan
Oregon	No (h)	...	...	Passed 5/97	Prepaid Tuition Program	Yes	Nov.-98	State Treasurer & Board	Oregon Prepaid College Tuition Program
Pennsylvania	Yes	...	...	Passed 4/92	Prepaid Tuition Program	Yes	Sept.-93	State Treasurer	Tuition Account Program
Rhode Island	Yes	...	...	Passed 7/97	Savings Plan Trust	Yes	July-98	Rhode Island Higher Education Assistance Authority	TBD
South Carolina	Yes	...	...	Passed 7/97	Prepaid Tuition Program	Yes	Sept.-98	State Budget and Control Board	South Carolina Tuition Prepayment Program
South Dakota	*No	No	Requested (i)	...	...	...	Unknown	State Treasurer & Board of Regents	...
Tennessee	Yes	...	...	Passed 5/96	Prepaid Tuition Program	Yes	June-97	State Treasurer	Baccalaureate Education System Trust
Texas	Yes	...	...	Passed 6/95	Prepaid Tuition Program	Yes	Jan.-96	Texas Prepaid Higher Education Tuition Board	Texas Tomorrow Fund
Utah	Yes	...	...	Passed 3/96	Savings Plan Trust	Yes	Nov.-96	Utah System of Higher Education	Utah Educational Savings Plan Trust
Vermont	Yes	...	...	Passed 4/98	Savings Plan Trust	...	Jan.-99	Vermont Student Assistance Corporation	Vermont Higher Education Savings Plan
Virginia	Yes	...	...	Passed 7/94	Prepaid Tuition Program	Yes	Dec.-96	Virginia Higher Education Tuition Trust Fund	Virginia Prepaid Education Program
Washington	Yes	...	...	Passed 3/98	Prepaid/Savings (j)	Yes	June-98	Committee on Advanced College Tuition	Guaranteed Education Tuition
West Virginia	Yes	...	...	Passed 1997	Prepaid/Savings	Yes	Oct.-98	State Treasurer	West Virginia Prepaid College Plan
Wisconsin	Yes	...	...	Passed 6/96	Savings Plan Trust	Yes	June-97	Department of Administration	EdVest Wisconsin
Wyoming	Yes (k)	...	...	Passed 1987	Prepaid Tuition	...	Inactive	Oversight Board	Advanced Payment for Higher Educational Costs
Dist.of Columbia	Pending	...	...	Pending	Savings Plan Trust	Yes	Fall 98	TBD	National Capital College Savings Trust

Key: * - Legislation has passed, but the program has not been implemented • TBD - to be determined

Notes:

- (a) Arkansas has a bond program, but prepaid tuition legislation has passed
- (b) 1998 Senate Bill 402 provides the State Treasurer to conduct a feasibility study effective July 1, 1998
- (c) State manages account records, but all investments are privately managed
- (d) Will meet Internal Revenue Code 529 provisions for a savings trust
- (e) Bill introduced, but no action was taken; bill removed from agenda in 1997

- (f) Will have a loan option
- (g) Legislature declined study
- (h) Subject to voter referendum
- (i) Legislature's Executive Board requested a December report from the Board of Regents
- (j) Prepaid hybrid: unit sales/contract sales
- (k) Program suspended

Table 2 ▶ Enrollment Information

State	Date of Initial Offering	Total # of Contracts Sold	Number of				
			Families Represented	Children Represented	Accounts Fully Paid	Accounts Cancelled	Accounts Used for Tuition
Alabama	Mar-90	50,886	31,053	50,886	33,100	5,690	4,035
Alaska	Apr-91	14,517	6,784	9,126	525	2,484	1,250
Arizona	...	...	...	...	...	...	...
Arkansas	...	...	...	...	...	...	...
California	...	...	...	...	...	...	...
Colorado	Sep-97	7,000	5,000	7,000	...	40	...
Connecticut	Jan-98	1,343	...	1,343	...	...	...
Delaware	Jul-98	...	...	...	...	...	...
Florida	Oct-88	468,000	...	378,364	11,134	91,846	36,445
Georgia	...	...	...	...	...	...	...
Hawaii	...	...	...	...	...	...	...
Idaho	...	...	...	...	...	...	...
Illinois	Oct-98	...	...	...	...	...	...
Indiana	Sep-97	2,028	...	2,028	...	1	2
Iowa	...	...	...	...	...	...	...
Kansas	...	...	...	...	...	...	...
Kentucky	Jan-90	3,553	...	3,528	155	592	...
Louisiana	Jul-97	1,800	1,150	1,800	...	53	...
Maine	...	...	...	...	...	...	...
Maryland	Apr-98	...	...	...	...	...	...
Massachusetts	Feb-95	42,216	26,995	42,216	201	...	...
Michigan	1988	56,315	35,000	...	5,071	355	7,749
Minnesota	...	...	...	...	...	...	...
Mississippi	Feb-97	8,300	...	8,300	...	763	12
Missouri	...	...	...	...	...	...	...
Montana	...	...	...	...	...	...	...
Nebraska	...	...	...	...	...	...	...
Nevada	Oct-98	...	...	...	...	...	...
New Hampshire	...	...	...	...	...	...	...
New Jersey	Aug-98	...	...	...	...	...	...
New Mexico	...	...	...	...	...	...	...
New York	...	...	...	...	...	...	...
North Carolina	Jun-98	...	...	...	...	...	...
North Dakota	...	...	...	...	...	...	...
Ohio	Nov-89	69,000	42,500	68,310	1,125	3,494	4,080
Oklahoma	...	...	...	...	...	...	...
Oregon	...	...	...	...	...	...	...
Pennsylvania	Sep-93	22,029	14,046	22,029	...	956	150
Rhode Island	Jul-98	...	...	...	...	...	...
South Carolina	...	...	...	...	...	...	...
South Dakota	...	...	...	...	...	...	...
Tennessee	Jun-97	2,900	1,965	2,900	...	...	...
Texas	Jan-96	78,000	51,000	75,000	18,000	8,700	500
Utah	Nov-96	440	...	440	...	3	...
Vermont	Jan-99	...	...	...	...	...	...
Virginia	Dec-96	22,698	16,957	22,486	...	1,037	...
Washington	...	...	...	...	...	...	...
West Virginia	Oct-98	...	...	...	...	...	...
Wisconsin	Jul-97	664	403	660	53	...	...
Wyoming	...	...	...	...	...	...	...
District of Columbia	...	...	...	...	...	...	...

Table 3 ▶ Contract Information

States	Percentage of contracts paid to						Enrollment Period for 1997-98	Enrollment Schedule
	In-state Public	In-State Private	Out-of-State Public	Out-of-State Private	Trade Schools	Other		
Alabama	65%(a)	65%(a)	15%(a)	15%(a)	...	20%(b)	Sept. 1 to Sept. 30	Offered each Sept.
Alaska	64%	...	36%(a)	36%(a)	...	...	...	Annually
Arizona
Arkansas
California
Colorado	Oct. 5 to Dec. 8	Determined annually
Connecticut	Annually
Delaware	Open enrollment	Continuous
Florida	61%	1%	2% (a)	2%(a)	...	35%(c)	Oct. 20 to Jan. 9	Annually
Georgia
Hawaii
Idaho
Illinois	Oct. 98 to Jan. 99	Annually
Indiana	100%	...	...	...	...	...	Sept. 97 to April 98	Annually
Iowa
Kansas
Kentucky	59%	13%	6%	12%	1%	9%(d)	Open enrollment	Continuous
Louisiana	July 98 to Nov. 98	Annually (e)
Maine
Maryland	April 98 to Jun. 98	Annually
Massachusetts	April 16 to May 30	6-8 weeks in Spring
Michigan	79.61%	6.47%	12.31%(a)	12.31%(a)	...	1.61%(f)	Dec. 8 to Feb. 7	Annually (g)
Minnesota	No specific enrollment period	No specific period
Mississippi	100%	...	...	...	...	...	Sept. 1 to Nov. 30	Annually
Missouri
Montana
Nebraska
Nevada	Oct. 1 to Nov.	...
New Hampshire	Continuous
New Jersey
New Mexico
New York	Annually
North Carolina	Continuous
North Dakot
Ohio	69%	16%	2.70%	12%	0.30%	...	Oct. 1 to Jan. 12	Continuous (h)
Oklahoma
Oregon
Pennsylvania	80%	7%	11%	1%	1%	Annually	...	...
Rhode Island	Annually
South Carolina
South Dakota
Tennessee	Annually
Texas	90%	5%	3%	2%	...	...	Oct. 14 to April 1	Annually
Utah	Jan. 1 to Dec. 31	Annually
Vermont	Sept. 8 to Dec. 15, 1997	...
Virginia	Annually
Washington
West Virginia
Wisconsin	Open enrollment	Continuous (i)
Wyoming	Enrollment suspended	Suspended
District of Columbia

Table 3 ▶ Contract Information - continued

▶ **Notes:**

- (a) Categories are accounted for identically
- (b) Community, junior and technical colleges
- (c) In-state community colleges
- (d) Disbursement to beneficiary for off-campus room and board
- (e) Beneficiaries price to their last birthday
- (f) Full scholarship
- (g) Upon board approval
- (h) Newborn contracts are year-round; testing 30 day corporate enrollment period in Spring 1998
- (i) May implement two enrollment periods annually

Table 4 Restrictions, Requirements, and Benefits

State	Age Restrictions	Residency Requirements	Types of Schools Eligible to Participate	Additional Benefits Eligible for Savings or Purchase	Restrictions on Room and Board	Rollovers Allowed to Other State Plans
Alabama	Infant through 9th grade	Beneficiary must be resident at time of application	Federally qualified	N/A	N/A	No
Alaska	None	Beneficiary or participant must be resident (a)	Qualified non-profit school	All federally qualified expenses	...	Yes*
Arizona	None	Beneficiary must be resident (a)	Federally qualified	Books, fees, equipment	...	No
Arkansas	...	...	...	...	...	...
California	TBD	None	Federally qualified	All federally qualified expenses	Federal qualification limits	TBD
Colorado	Must maintain contract for 3yrs prior to disbursement	None	Federally qualified	All federally qualified expenses	Federal qualification limits	No
Connecticut	None	None	Federally qualified	All federally qualified expenses	Federal qualification limits	...
Delaware	None	None	Federally qualified	All federally qualified expenses	Federal qualification limits	Yes, penalty imposed
Florida	Under age 21, not completed 11th grade	Beneficiary must be resident for 1yr (b)	(c, d)	Room only	...	No
Georgia	...	...	...	...	...	...
Hawaii	...	...	...	...	...	...
Idaho	...	...	...	...	...	...
Illinois	None	Beneficiary or participant must be resident (e)	Federally qualified (f)	N/A	N/A	No
Indiana	None	None	Federally qualified	All federally qualified expenses	Federal qualification limits	No
Iowa	...	...	Federally qualified	...	...	...
Kansas	...	...	...	...	...	...
Kentucky	Under age 15	Beneficiary can move and still receive in-state benefits (g)	Federally qualified	Room, board, books, fees, direct education expenses	Can be off-campus up to the cost of living on-campus as school-certified	No
Louisiana	12 months before disbursement	Beneficiary or participant must be resident (h)	Federally qualified (i)	Room, board, books, direct education fees	...	No
Maine	...	...	...	...	...	No
Maryland	Beneficiary cannot be in 10th grade	Beneficiary or participant must be resident	2/4yr undergraduate degree schools in-state	Mandatory fees	...	No
Massachusetts	None	None	(j)	No	...	...
Michigan	Beneficiary at or below 10th grade	Beneficiary must be resident (a)	In-state public schools (k)	No	N/A	No
Minnesota	...	Considering requirements	Federally qualified	All federally qualified expenses	Federal qualification limits	No
Mississippi	Under age 18	Beneficiary or participant must be resident (a)	Federally qualified	...	No	...
Missouri	None	Beneficiary must be resident	Federally qualified	Room and board, books, school fees	TBD	No

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Table 4 ▸ Restrictions, Requirements, and Benefits - continued

State	Age Restrictions	Residency Requirements	Types of Schools Eligible to Participate	Additional Benefits Eligible for Savings or Purchase	Restrictions on Room and Board	Rollovers Allowed to Other State Plans
Montana	...	...	...	...	...	...
Nebraska	...	...	...	...	...	...
Nevada	9th grade cutoff **	Beneficiary or participant must be resident**	...	...	...	No
New Hampshire	None	None	Federally qualified	All federally qualified expenses	Federal qualification limits	No
New Jersey	None	Beneficiary or participant must be resident (h)	Federally qualified	All federally qualified expenses	No	...
New Mexico	...	...	...	...	...	...
New York	None	None	Accredited post-secondary school	All federally qualified expenses	Federal qualification limits	Yes, penalty imposed
North Carolina	Enrolled by age 16; finish by age 30	Beneficiary or participant must be resident	Federally qualified	All federally qualified expenses	None	No
North Dakota	...	...	...	...	...	...
Ohio	None (l)	Beneficiary or participant must be resident	Federally qualified	Room and board (m)	Payable only to university billing	No
Oklahoma	...	...	...	...	...	...
Oregon	...	...	...	...	...	...
Pennsylvania	Yes (n)	Beneficiary or participant must be resident (a)	Federally qualified	Excess credit may be applied to room, board, and fees	Room and board contracts not sold	No
Rhode Island	None	None	Federally qualified	All federally qualified expenses	...	No
South Carolina	Under 22, 10th grade or below (a)	Beneficiary must be a resident	In-state public schools (p)	No	...	No
South Dakota	...	...	...	...	...	...
Tennessee	None (q)	Beneficiary or participant must be resident	Federally qualified	Room, board, and fees	Must be on campus	No
Texas	Beneficiary must be 18 (r)	Beneficiary must be resident for 12 months (a)	Federally qualified	Fees	...	No
Utah	Beneficiary under age 17	None (a,s)	Federally qualified (t)	Room, board, books, school fees, equipment	None	No
Vermont	None	Beneficiary or participant must be resident	Federally qualified	Room and board	...	No
Virginia	9th grade cutoff	Beneficiary or participant must be resident	Federally qualified	...	...	No
Washington	Must hold units for 2yrs	Participant must be resident to setup account	Federally qualified	Fees	...	No
West Virginia	Newborn through 9th grade	Beneficiary or participant must be resident	Federally qualified	Room, board, books, and supplies	...	No
Wisconsin	Must hold account for 4yrs	Beneficiary or participant must be resident	Federally qualified	Fees	...	No (v)
Wyoming	...	...	...	...	...	...
District of Columbia	...	...	...	...	...	...

TBD - to be determined

N/A - not applicable

* Authorized but not operational

** Under consideration

See next page for footnotes:

Table 4 ♦ Restrictions, Requirements, and Benefits - continued

♦ Notes:

- (a) Beneficiary can move to another state and still receive in-state benefits
- (b) Can be child of non-custodial parent who is a Florida resident
- (c) In-state public community colleges, state universities, private not-for-profit degree granting institutions
- (d) Out-of state public and private not-for-profit regionally accredited baccalaureate granting institutions
- (e) Or person less than 1yr old who is a relative of an Illinois resident
- (f) Institutions eligible for ISAC Monetary Award Program
- (g) Beneficiary must have been a resident for 8yrs while agreement is in full effect
participant or beneficiary must current or former resident, have a family member who is a current or former resident, or be currently or formerly employed in Kentucky
- (h) Once account is established, residency need not be maintained
- (i) Proprietary and technical institutions within state
- (j) Prepaid plan redeemable at 83 public and private Massachusetts schools; savings plan redeemable at any degree granting institution
- (k) Refunds are payable to out-of-state 4yr colleges or in-state private institutions
- (l) Except newborns under 12months of age, enrolled year-round
- (m) All mandatory fees included in tuition calculation
- (n) Until 4/98 bonds were held for 4yrs; after 4/98 the holding period changed to 1yr
- (o) Beneficiary must be 21 or younger and may be in but not have completed the 10th grade
- (p) Also, in-state SACSS accredited private school, and out-of-state federally qualified schools
- (q) No age requirements, but funds must be on account for 2yrs prior to use
- (r) Beneficiary must be 18 or not yet graduated from high school; investment available up to 10yrs past high school graduation
- (s) Must be US citizen; for tuition purpose, beneficiary is a Utah resident after 8 consecutive years of residence in Utah
- (t) Any 2/4yr public or private accredited institution; any Utah applied technology center
- (u) Can move to another state and receive benefits
- (v) Not prohibited, but not specifically allowed

1-25

Table 5 ▶ Portability

State	Portability Allowed In-State Private Institution	Adjusted Value of Benefits	Allowed Out-of State Private or Public Institution	Adjusted Value of Benefits	Policy Regarding Portability
Alabama	Yes	Weighted average of Ala 4yr public schools	Yes	Weighted average tuition	...
Alaska	Yes	No guarantee	Yes	No guarantee	Savings value of units paid, no guarantee
Arizona	Yes	...	Yes	...	Beneficiary may use at any 2/4/technical, public or private school in U.S.
Arkansas	...	...	...	...	...
California	Yes	...	Yes	...	Monies can be used to pay expenses at any federally qualified institution of higher education
Colorado	Yes	Same dollar amount	Yes	Same dollar amount	For every 100 units, distribution is equal to average Colorado public tuition for the year the distribution is taken
Connecticut	...	...	...	...	Completely portable
Delaware	Yes	N/A	Yes	N/A	Completely portable
Florida	Yes	...	Yes	...	Redemption value or principal plus 5 percent compounded annually
Georgia	...	...	...	...	...
Hawaii	...	...	...	...	...
Idaho	...	...	...	...	...
Illinois	Yes	...	Yes	...	Conversion referenced to current average mean weighted credit/hr value of registration fees purchased
Indiana	Yes	...	Yes	...	Savings can be used at any accredited/eligible institution
Iowa	Yes	...	Yes	...	...
Kansas	...	...	...	...	...
Kentucky	Yes	N/A	Yes	N/A	Savings can be used at any accredited institution
Louisiana	Yes	...	Yes	Grants are not portable	Contributions by investor into incentive grants are not portable
Maine	...	...	...	...	...
Maryland	Yes	Weighted average of contract institution	Yes	Weighted average of contract institution	Benefits are paid at weighted average directly to the private or out-of-state institution
Massachusetts	Yes	...	Yes	...	Savings completely portable (a)
Michigan	Yes	Weighted average tuition	Yes	Average tuition	In-state payouts as necessary up to total refund amount (b)
Minnesota	...	...	...	...	Contributions and earnings can be used under IRC 529
Mississippi	Yes	...	Yes	...	Benefits are paid at weighted average directly to the private or out-of-state institution
Missouri	Yes	...	Yes	...	Savings are property of plan participants
Montana	...	...	...	...	...
Nebraska	...	...	...	...	...
Nevada	Yes	Weighted average tuition of Nevada schools	Yes	...	...
New Hampshire	Yes	...	Yes	...	Completely portable
New Jersey	Yes	...	Yes	...	Completely portable
New Mexico	...	...	...	...	...
New York	Yes	...	Yes	...	Any accredited post-secondary school
North Carolina	Yes	100%	Yes	100%	Completely portable
North Dakota	...	...	...	...	...
Ohio	Yes	...	Yes	...	All tuition units have the same payout value
Oklahoma	...	...	...	...	...

Table 5 ▶ Portability - continued

State	Portability Allowed In-State Private Institution	Adjusted Value of Benefits	Allowed Out-of State Private or Public Institution	Adjusted Value of Benefits	Policy Regarding Portability
Oregon	Yes	...	Yes	...	...
Pennsylvania	Yes	...	Yes	...	Beneficiary receives value of designated Pennsylvania tuition schedule (c)
Rhode Island	Yes	...	Yes	...	Value of savings in the plan
South Carolina	Yes	Weighted average tuition, in-state public school	Yes	Weighted average tuition (d)	Portability allowed with \$25 transfer of benefits fee
South Dakota	...	...	...	...	...
Tennessee	Yes	...	Yes	...	...
Texas	Yes	Texas public college average	Yes	Texas public college average	Fund pays out-of-plan and out-of-state the Texas average
Utah	Yes	...	Yes	...	Any national or regionally accredited post-secondary school (e)
Vermont	Yes	...	Yes	...	Fully portable following federal law
Virginia	Yes	(f)	Yes	(f)	(f)
Washington	Yes	Average weighted tuition at 4yr college	Yes	Average weighted tuition at 4yr college	...
West Virginia	Yes	Weighted average tuition, in-state public school	Yes	Weighted average tuition, in-state public school	Benefit transfer fee applies to out-of-state colleges
Wisconsin	Yes	...	Yes	...	Maturity value of account usable at any eligible school
Wyoming	...	...	...	...	...
District of Columbia	...	...	...	...	...

N/A- Not Applicable

▶ Notes:

- (a) Prepaid U. Plan honored at all participating schools; non-participants receive principal plus compounded Consumer Price Index
- (b) Out-of-state payments are in four annual installments up to total refund amount
- (c) Values paid to a beneficiary cannot exceed actual tuition or other approved expenses
- (d) In-state public schools, less \$25 administrative fee
- (e) Proprietary schools must be decided by the Board of Regents
- (f) In-state private schools receive highest in-state public tuition and mandatory fees in the same academic year; out-of-state schools receive payments made plus a reasonable rate of return, capped at the average in-state public tuition and mandatory fees

Table 6 Transferability of Benefits

State	Benefits can be transferred to			
	Immediate Family	Sibling	Step/ Half Sibling	Other
Alabama	Yes	Yes	Yes	---
Alaska	Yes	Yes	Yes	All family
Arizona	Yes	---	---	---
Arkansas	---	---	---	---
California	Yes	Yes	Yes	(a)
Colorado	Yes	Yes	Yes	(a)
Connecticut	Yes	Yes	Yes	Spouses
Delaware	Yes	Yes	Yes	(a)
Florida	---	Yes	Yes	---
Georgia	---	---	---	---
Hawaii	---	---	---	---
Idaho	---	---	---	---
Illinois	Yes	Yes	Yes	Spouses
Indiana	Yes	Yes	Yes	(a)
Iowa	---	---	---	---
Kansas	---	---	---	---
Kentucky	Yes	Yes	Yes	(b)
Louisiana	Yes	Yes	Yes	All family (a)
Maine	---	---	---	---
Maryland	Yes	Yes	Yes	All family (a)
Massachusetts	Yes	Yes	Yes	---
Michigan	Yes	---	---	---
Minnesota	Yes	Yes	Yes	(a)
Mississippi	---	Yes	Yes	---
Missouri	---	Yes	---	---
Montana	---	---	---	---
Nebraska	---	---	---	---
Nevada	---	Yes	Yes	TBD
New Hampshire	---	---	---	(a)
New Jersey	---	---	---	(a)
New Mexico	---	---	---	---
New York	Yes	Yes	Yes	(a)
North Carolina	Yes	Yes	Yes	---
North Dakota	---	---	---	---
Ohio	Yes	Yes	Yes	(a)
Oklahoma	---	---	---	---
Oregon	Yes	Yes	Yes	---
Pennsylvania	---	---	---	All family (c)
Rhode Island	Yes	Yes	Yes	(a)
South Carolina	(d)	Yes (d)	Yes (d)	---
South Dakota	---	---	---	---
Tennessee	Yes	Yes	Yes	---
Texas	---	Yes	Yes	---
Utah	Yes	Yes	Yes	---
Vermont	Yes	Yes	Yes	(a)
Virginia	---	Yes	Yes	(a)
Washington	Yes	Yes	---	---
West Virginia	Yes	Yes	Yes	(a)
Wisconsin	Yes	Yes	Yes	---
Wyoming	---	---	---	---
District of Columbia	---	---	---	---

TBD- To be determined

Table 6 ▶ Transferability of Benefits - continued**▶ Notes**

- (a) Follows Internal Revenue Code 529
- (b) Any beneficiary under 15 with Kentucky ties, or any beneficiary named on a different KESPT account
- (c) Family member of purchaser or beneficiary
- (d) As long as new beneficiary is same age or younger than original beneficiary

Internal Revenue Code, Section 529

Under section 529 of the Internal Revenue Code, contributions to a tuition account may be transferred to another beneficiary without tax or other penalty, as long as the rollover to the new beneficiary is made within 60 days of the distribution from the former account. The new beneficiary must be a member of the prior beneficiary's family. In addition, contributors may change the designated beneficiary without tax or penalty, as long as the new beneficiary is also a family member.

Table 7 ▶ Payment Information

State	Pricing Varies by Age of Beneficiary	Percentage of Contracts Paid By			Average Cost of 4 year Lump Sum Payment (Newborn)	Monthly Payment Options
		Lump Sum	Installment	Partial Lump Sum and Installment		
Alabama	Yes	42%	58%		\$7,949	(a,b,c)
Alaska	No	(d)	(d)	(d)	\$9,720	(d)
Arizona	No	...	...	...	...	(b,c)
Arkansas	...	...	...	...	...	...
California	No	...	...	...	TBD	...
Colorado	Yes	27%	62%	11%	...	(b,c) monthly statement
Connecticut	Yes	60%	30%	10%	...	(b,c)
Delaware	Yes	...	...	...	...	(b,c)
Florida	Yes	28%	72%		\$6,020	(a,b,c)
Georgia	...	...	...	...	...	...
Hawaii	...	...	...	...	...	...
Idaho	...	...	...	...	...	...
Illinois	...	...	...	...	...	(a,b,c)
Indiana	No	...	...	...	...	(a,b,c)
Iowa	...	...	...	...	...	...
Kansas	...	...	...	...	...	...
Kentucky	...	...	...	...	\$8,130	(a,b,c)
Louisiana	Yes	...	...	...	\$46,038	(b,c) lump sum
Maine	...	...	...	...	...	...
Maryland	Yes	...	...	...	\$15,712	(a,c)
Massachusetts	No	42%	58%	...	\$47,448	(a,b,c)
Michigan	No	76%	3%	21%	(e)	(a,c)
Minnesota	No	...	...	...	...	...
Mississippi	Yes	32%	56%	12%	\$9,141	(a,b)
Missouri	No	...	...	...	...	(a,b)
Montana	...	...	...	...	...	...
Nebraska	...	...	...	...	...	...
Nevada	Yes	...	...	...	...	TBD
New Hampshire	No	...	...	...	...	(c)
New Jersey	No	...	...	...	...	...
New Mexico	...	...	...	...	...	...
New York	...	...	...	...	...	...
North Carolina	No	...	...	...	...	...
North Dakota	...	...	...	...	...	...
Ohio	Yes (f)	6%	38%	56%	\$14,200	(a,b,c)
Oklahoma	...	...	...	...	...	...
Oregon	...	...	...	...	...	...
Pennsylvania	No	...	...	...	\$13,920	(b,c)
Rhode Island	No	...	...	...	...	(a,b,c)
South Carolina	Yes	...	...	...	...	(a,b,c)
South Dakota	...	...	...	...	...	...
Tennessee	No	5%	95%	...	\$9,500	(a,b,c)
Texas	Yes	15%	85%	...	\$10,900	(a,b,c)
Utah	No	...	...	...	...	(a,c)
Vermont	...	...	...	...	...	...

Table 7 ▶ Payment Information - continued

State	Pricing Varies by Age of Beneficiary	Percentage of Contracts Paid By			Average Cost of 4 year Lump Sum Payment (Newborn)	Monthly Payment Options
		Lump Sum	Installment	Partial Lump Sum and Installment		
Virginia	Yes	37%	43%	20%	\$15,452	(a,b,c)
Washington	No	...	...	...	...	(b,c) monthly statement
West Virginia	Proposed	...	...	...	...	...
Wisconsin	Yes	6%	45%	49%	\$14,370	(a,b,c)
Wyoming	...	...	...	...	...	...
District of Columbia	...	...	...	...	...	...

TBD - to be determined

▶ Notes:

- (a) Coupon Books
- (b) Payroll Deduction
- (c) Electronic Payment
- (d) 100% unit-based-partial; pay as you go
- (e) \$20,512 full benefits; \$15,442 limited benefits
- (f) Volume discount pricing of 5 units or more

Table 8 Account Information

State	Price per Unit or Tuition Credit	Actual Qualified Expenses	Minimum Account Sustaining Purchases		Maximum Account Purchases	
			Dollar Amount Purchased	Qualified Expense Purchased	Dollar Amount Purchased	Qualified Expenses Purchased
Alabama	...	(1997) \$2,418	1 contract per beneficiary	135 semester hrs	1 contract per beneficiary	135 semester hours
Alaska	\$81/unit	\$81/unit	None	...	\$19,440 (a)	...
Arizona	...	...	...	...	...	...
Arkansas	...	...	...	...	...	...
California	...	...	TBD	TBD	TBD	TBD
Colorado	(b)	...	\$1,000 lump, or (c)	1/2 of one year at avg. Colorado public tuition	\$75,000-\$100,000	5yrs highest cost at private college tuition in Colorado
Connecticut	N/A	N/A	\$50/month	...	None	...
Delaware	N/A	N/A	\$50/month	...	\$112,950	...
Florida	N/A	N/A	\$12	60 community college hrs	\$6,020	120 state university hours
Georgia	...	...	...	...	...	...
Hawaii	...	...	...	...	...	...
Idaho	...	...	...	...	...	...
Illinois	...	...	...	1 semester	...	9 semesters
Indiana	N/A	N/A	\$25	N/A	N/A	N/A
Iowa	...	...	\$25/month	...	\$2,000/yr	...
Kansas	...	...	...	...	...	...
Kentucky	N/A	N/A	...	...	...	...
Louisiana	N/A	N/A	N/A	N/A	...	Once balance attained, deposits are no longer accepted
Maine	...	...	...	...	...	...
Maryland	N/A	N/A	\$34/month	1 year university plan for infant, or 2 year community college	\$17,289	4yrs university plan for 9th grader
Massachusetts	...	...	\$300/yr	...	...	4yrs at highest participating institution
Michigan	(d)	\$4,228 weighted avg.	\$1,643/yr; \$27/month	30 community college hrs	\$20,512/4yrs \$504/month	120 credits at 4yr public university
Minnesota	...	...	...	...	Considering \$100,000	...
Mississippi	...	...	\$10/month (newborn)	1yr at junior college	\$10,715 (12th grade)	4yrs at a public university
Missouri	...	...	...	...	...	...
Montana	...	...	...	...	...	...
Nebraska	...	...	...	...	...	...
Nevada
New Hampshire	\$100,311 for 1998	...
New Jersey	\$300/yr until \$1,200	...	\$100,000 max	...

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Table 8 Account Information - continued

State	Price per Unit or Tuition Credit	Actual Qualified Expenses	Minimum Account Sustaining Purchases		Maximum Account Purchases	
			Dollar Amount Purchased	Qualified Expense Purchased	Dollar Amount Purchased	Qualified Expenses Purchased
New Mexico
New York
North Carolina
North Dakota
Ohio	\$43 (d)	\$4,044 weighted average tuition	\$15/month	.37/unit	1,400 units	4yrs Ohio weighted average tuition
Oklahoma
Oregon
Pennsylvania	varies by designated tuition level	...	None	\$5 minimum purchase	None	...
Rhode Island	\$50/month or \$500	...	Full cost of college	...
South Carolina
South Dakota
Tennessee	(e)	...	None	...	1,500 units	...
Texas	\$14/month	1yr community college	\$40,294 lump sum	4yr private college
Utah	\$300/yr or \$25/month	...	1998 \$1,270	...
Vermont
Virginia	...	\$4,086/year university (f)	\$12/month newborn	1yr community college	\$23,203 newborn lump sum	5yrs plus 3yrs community college (8yrs total)
Washington
West Virginia
Wisconsin	\$29.40-\$36.80 (g)	\$2,507/100 units /1yr	\$25/month (h)	...	520 units/4yrs tuition	...
Wyoming
District of Columbia

TBD - to be determined

N/A - not applicable

Notes:

(a) Per beneficiary based on lifetime contribution limit

(b) All contracts are priced at or below actual average tuition at Colorado public colleges and universities

(c) \$25 per month for five years

(d) \$43/unit random cost; \$41/unit on monthly purchase plan (1.4% premium); actual unit cost varies by age

(e) \$23.75/month payroll deduction; \$24.50/mo check

(f) \$1,429/year community college

(g) Varies by age of child

(h) \$25 minimum purchase amount; no regular purchase requirement

Table 9 ▶ Matriculation Requirements

State	Mandatory Benefits Use Date	Disposition of Funds Not Claimed or Redeemed
Alabama	10yrs past projected enrollment	Reverts to the trust
Alaska	15yrs	Forfeited
Arizona	None	No deadline
Arkansas	---	---
California	TBD	TBD
Colorado	10yrs (a)	Refunded at market value minus penalty to purchaser
Connecticut	None	---
Delaware	None	---
Florida	10yrs	Escheat to trust
Georgia	---	---
Hawaii	---	---
Idaho	---	---
Illinois	10yrs	---
Indiana	25yrs	Refunded to participant minus penalty
Iowa	---	---
Kansas	---	---
Kentucky	Can delay no more than 8 semesters (b)	Refunded to participant minus penalty
Louisiana	None	No deadline (c)
Maine	---	---
Maryland	5yrs + military service	Refund to purchaser minus penalty
Massachusetts	6yrs	No deadline
Michigan	9yrs after anticipated college enrollment date	Balance refunded to purchaser without interest
Minnesota	Upon receipt of expenditures	---
Mississippi	10yrs past projected enrollment	Purchaser can request refunds (d)
Missouri	10yrs	Refund minus penalties and taxes
Montana	---	---
Nebraska	---	---
Nevada	10yrs *	TBD
New Hampshire	Indefinite	Determined by IRC 529
New Jersey	None	---
New Mexico	---	---
New York	None	TBD
North Carolina	Until age 30	Refunded to participant, less penalty
North Dakota	---	---
Ohio	Indefinite (e)	Trust retains forfeited accounts
Oklahoma	---	---
Oregon	---	---
Pennsylvania	Begin in 5yrs (f)	At-will refund
Rhode Island	(o)	Returned to beneficiary, less penalty (o)
South Carolina	Until age 30 (g)	Purchaser may request funds (h)
South Dakota	---	---
Tennessee	Indefinite (l)	Transferred to unclaimed property (j)
Texas	10yrs	Without refund request, funds are forfeited
Utah	22yrs and 4 months (k)	Refunded to participant (l)
Vermont	(o)	(o)
Virginia	10yrs (m)	Follow state unclaimed property statutes
Washington	10yrs (n)	Returned to program
West Virginia	10yrs or over age 30	Reverts to state control
Wisconsin	10 yrs	Refund earnings to purchase less penalty
Wyoming	---	---
District of Columbia	---	---

* Under consideration

TBD - to be determined

Table 9 ▶ Matriculation Requirements - continued**▶ Notes:**

- (a) Extensions may be requested
- (b) Benefits may be used until depleted
- (c) After a significant amount of time, abandoned property laws may apply
- (d) Funds not refunded are retained by the program
- (e) After 10yrs of inactivity or written notice of use, Trust may terminate accounts; owner forfeits monies
- (f) Begin within 5yrs of projected enrollment and complete within 10yrs
- (g) 4yr extension for military service
- (h) Unclaimed monies are refunded to the program fund
- (i) 10yrs of inactivity after age 18
- (j) In the event there has been no contact with purchaser or beneficiary
- (k) May be extended to age 27
- (l) Penalty of half the interest or \$50.00, whichever is less
- (m) Extension for military service; board may waive
- (n) Can be extended with a letter
- (o) Follows Internal Revenue Code 529

Table 10 Fees

State	Variable Enrollment Fee	Additional Fees								
		Application or Enrollment Fee	Late Payment	Voluntary Program Withdrawal	Involuntary Program Withdrawal	Beneficiary Substitutions	Transfer Contract Ownership	Rollover to to Alternate Plan	Late Tuition Payment Request	Other
Alabama	No	\$75	\$15	\$150	\$150	\$55	\$20	\$20	...	(a)
Alaska	No	\$40	...	...	...	\$20	\$20	...	...	...
Arizona	No	\$10	...	...	...	...	...	...	...	...
Arkansas	...	...	...	...	...	...	...	...	...	...
California	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Colorado	No	\$50	(b)	\$50	...	\$25	...	...	\$25	(c)
Connecticut	N/A	...	...	...	...	...	...	...	...	...
Delaware	No	None	None	...	...	None	N/A	...	None	...
Florida	No	\$42	\$10	\$50 (d)	\$50; \$250 fraud	\$5	...	...	...	(e)
Georgia	...	...	...	...	...	...	...	...	...	...
Hawaii	...	...	...	...	...	...	...	...	...	...
Idaho	...	...	...	...	...	...	...	...	...	...
Illinois	No	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	...
Indiana	No	\$10	N/A	N/A	N/A	\$25 (h)	\$25 (h)	N/A	N/A	(f)
Iowa	...	...	...	...	...	...	...	...	...	...
Kansas	...	...	...	...	...	...	...	...	...	...
Kentucky	No	...	...	\$25 (g)	\$25 (g)	\$25 (h)	...	...	...	...
Louisiana	None	None	None	None	None	None	None	None	None	None
Maine	...	...	...	...	...	...	...	...	...	...
Maryland	No	\$75	\$10/month	...	\$500 (i)	\$25(j)	\$10	\$25	...	...
Massachusetts	No	\$25	...	\$15	...	\$5	\$75	...	...	(k)
Michigan	No	(L)	\$10	\$200	\$50	\$25	\$25	...	...	(m)
Minnesota	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Mississippi	No	\$60	\$15	\$150	\$150 (n)	\$20	\$20	\$20	\$45	(o)
Missouri	No	\$50*	...	...	...	...	...	...	...	...
Montana	...	...	...	...	...	...	...	...	...	...
Nebraska	...	...	...	...	...	...	...	...	...	...
Nevada	No	\$60 *	\$15 *	(p)	(p)	\$10	\$20	\$20	...	...
New Hampshire	No	\$10 (q)	15% of earnings
New Jersey	No	(r)
New Mexico
New York	Yes	...	Non-qualified withdrawals

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Table 10 Fees - continued

State	Variable Enrollment Fee	Additional Fees								
		Application or Enrollment Fee	Late Payment	Voluntary Program Withdrawal	Involuntary Program Withdrawal	Beneficiary Substitutions	Transfer Contract Ownership	Rollover to to Alternate Plan	Late Tuition Payment Request	Other
North Carolina	No	\$75	...	...	...	...	...	...	...	...
North Dakota	...	...	...	...	...	...	...	...	...	...
Ohio	Yes (s)	\$50 (t)	\$25/check	...	\$25	...	...	...	...	...
Oklahoma	...	...	...	...	...	...	...	...	\$25	(u)
Oregon	...	...	...	...	...	...	...	...	...	...
Pennsylvania	No	\$50 (v)	...	\$10	...	...	...	...	...	...
Rhode Island	No	...	...	...	...	\$10	\$10	...	...	NSF \$20
South Carolina	No	\$65	\$15	\$75	\$100; \$500 fraud	...	...	...	...	...
South Dakota	...	...	...	...	...	\$20	\$20	N/A	\$45	...
Tennessee	No	\$50	...	\$25 (w)	...	...	...	...	...	...
Texas	No	\$50	\$10	\$25	\$250	...	\$25	...	\$25	NSF \$20
Utah	...	...	...	\$50 (x)	...	\$50	\$20	\$50	\$25	...
Vermont	None	...	...	...	...	\$25 (y)	...	...	...	...
Virginia	No (z)	\$85	\$15 (aa)	\$100 (bb)	...	...	...	...	...	...
Washington	...	...	...	...	Yes	\$10	\$10	...	...	...
West Virginia	...	...	...	...	...	...	...	...	...	(cc)
Wisconsin	No	\$50	...	...	...	...	...	...	...	...
Wyoming	...	...	...	...	1% penalty	\$50	...	...	...	...
District of Columbia	...	...	...	...	...	...	...	...	...	...

* Under consideration • TBD - to be determined • N/A - not applicable • NSF - non-sufficient funds

◆ Notes:

- (a) Non-sufficient funds \$15; reproductions \$7; account maintenance \$3/month; \$20 lump private, or \$25/semester private/out-of-state
- (b) 1% of payment, not less than \$5
- (c) Dishonored payment \$25; reinstatement \$25
- (d) Waived for contracts two or more years old
- (e) Non-sufficient funds \$10; add-dormitory contract \$10; out-of-state transfer \$25
- (f) Annual administration fee 0.5%; investment expertise annual fee 1.25%
- (g) Proposed regulatory amendment would change fees to 10% of earnings refunded
- (h) After two substitutions
- (i) Or payments to date, whichever is less
- (j) Waived in the event of death or disability of beneficiary
- (k) 1% processing fee each time a bond is purchased
- (l) \$25 application fee; \$60 enrollment fee
- (m) \$10 non-sufficient funds fee

- (n) \$500 penalty for fraud
- (o) \$25 fee for enrollment in a private or out-of-state school
- (p) 50% of total paid or total fee of \$100
- (q) Part of .15% yearly asset fee
- (r) \$15/yr account maintenance fee, first 1% of investment yield to trust, and a bounced check fee
- (s) Variable dependent on newborn/other; phase of campaign period
- (t) May be discounted as low as \$0
- (u) \$25 non-sufficient funds; \$25 replacement payout check fee
- (v) \$50 to open accounts; amount is discounted \$25
- (w) After beneficiary reaches age 18
- (x) Or half the interest, whichever is less
- (y) Fee charged for the third and subsequent substitutions
- (z) Unless same participant is adding years for same beneficiary, fee changes to \$25
- (aa) Or, 5% of monthly payment
- (bb) Or, 50% of payments made, whichever is less
- (cc) Penalty for not using funds for higher education is a 2% reduction in rate of return

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Table 10- Fees

Table 11 Tax Treatment

State	Private IRS Ruling Requested	State Tax Advantages		Other
		Deduction for Contributions	Exemption for Earnings	
Alabama	Request withdrawn	...	Yes	...
Alaska	Request withdrawn	No	No	None
Arizona	Expected in 7/98	...	Yes	...
Arkansas	...	...	...	...
California	Will seek ruling	No (a)	No (a)	None (a)
Colorado	No	...	Yes	...
Connecticut	No	...	Yes	...
Delaware	No	No (a)	Yes	...
Florida	Filing fee returned; no letter issued	No	...	...
Georgia	...	...	...	...
Hawaii	...	...	...	...
Idaho	...	...	...	...
Illinois	No, expect to seek ruling	...	\$2,000/yr	...
Indiana	Request withdrawn	...	Yes	Tax deferred until distribution at beneficiary rate
Iowa	...	Yes, \$2,000	yes	...
Kansas	...	...	...	...
Kentucky	Yes, as of 5/93, KESPT was not an exempt organization under IRC 501c3	...	Yes	...
Louisiana	No	...	Yes	Grant funds are treated as scholarships
Maine	...	...	...	...
Maryland	No	Yes, \$2,500	Yes	...
Massachusetts	No	...	Yes	...
Michigan	Yes, favorable ruling confirms MET is a qualified tuition program	Yes	No	...
Minnesota	Will seek ruling	No	No	State GO bonds offer traditional tax advantages
Mississippi	Yes, qualified plan under IRC 529	Yes	Yes	...
Missouri	...	Yes, \$8,000	Yes	...
Montana	...	...	...	...
Nebraska	...	...	...	...
Nevada	No	...	...	...
New Hampshire	Will seek ruling	...	Yes	...
New Jersey	No	...	Yes	...
New Mexico	...	...	...	...
New York	Will seek ruling	Yes	Yes	...
North Carolina	Will seek ruling
North Dakota

Table 11 Tax Treatment - continued

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State	Private IRS Ruling Requested	State Tax Advantages		Other
		Deduction for Contributions	Exemption for Earnings	
Ohio	Request returned in 1996	...	Yes (b)	...
Oklahoma	...	...	...	...
Oregon	...	...	...	...
Pennsylvania	No	...	...	...
Rhode Island	No	...	Yes	...
South Carolina	Will seek ruling	...	...	Taxation at beneficiary's rate at withdrawal
South Dakota	...	...	Yes	Earnings are exempt
Tennessee	No	...	...	...
Texas	Received tax exempt status	...	Yes	...
Utah	No	No	No	...
Vermont	...	Yes, \$1,270/yr	Yes	...
Virginia	No	...	Yes	...
Washington	No	Yes, \$2000/yr	Yes	...
West Virginia	No	...	...	Washington has no state income tax
Wisconsin	No	Yes	...	...
Wyoming	...	...	Yes	...
District of Columbia	...	...	...	...

◆ **Notes:**

- (a) No tax advantages beyond federal and state tax deferral
- (b) If earnings are used to pay qualified higher education expenses, up to 4yrs of average undergraduate education

Table 12 State Guarantees

State	State Guarantees	Benefits Honored if the Program is Cancelled
Alabama	No	Yes
Alaska	Organization; implied rate of return	Yes
Arizona	No	No
Arkansas	---	---
California	No	TBD
Colorado	No	No legal requirement
Connecticut	No	Yes
Delaware	No	No
Florida	Yes, statutory	Yes
Georgia	---	---
Hawaii	---	---
Idaho	---	---
Illinois	Yes, statutory	Yes
Indiana	No	Yes, accounts are account owner property
Iowa	---	---
Kansas	---	---
Kentucky	Yes, implied minimum rate of return	Yes
Louisiana	Yes, account redemption value	No (a)
Maine	---	---
Maryland	No	Yes
Massachusetts	Yes, constitutional full faith & credit	---
Michigan	No, secured by assets of the trust	No, contracts refunded
Minnesota	No	Yes
Mississippi	Yes, statutory	Yes
Missouri	No	---
Montana	---	---
Nebraska	---	---
Nevada	Yes, statutory	Yes, moral obligation
New Hampshire	No	No
New Jersey	No, moral obligation	Yes, moral obligation
New Mexico	---	---
New York	No	No
North Carolina	No	Yes
North Dakota	---	---
Ohio	Yes, constitutional full faith & credit	Yes
Oklahoma	---	---
Oregon	Yes, constitutional full faith & credit	Yes
Pennsylvania	Yes, statutory (b)	Unspecified (c)
Rhode Island	No	---
South Carolina	No	Yes
South Dakota	---	---
Tennessee	No	No
Texas	Yes, constitutional full faith & credit	Yes
Utah	No	Yes
Vermont	No	N/A (d)
Virginia	Yes, statutory	Yes
Washington	Yes, statutory	Yes
West Virginia	No	---
Wisconsin	No (e)	Yes
Wyoming	---	Yes
District of Columbia	---	---

Table 12 ▶ **State Guarantees - continued**

N/A - not applicable

TBD - to be determined

▶ **Notes**

- (a) Accounts are account owner property
- (b) If the beneficiary uses one of three types of participating schools
- (c) Assumed yes
- (d) VSAC will guarantee savings deposits and earnings
- (e) EdVest conducts an annual actuarial review of assets and liabilities and discloses fixed maturity values at purchase

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Table 13 Contribution Restrictions and Account Refunds

State	Safeguards Against Excess Contributions	Restrictions for Refunding Accounts	Refunds During Program Life
Alabama	One contract per child that only covers 135 semester hours	Only purchaser may cancel	5,690
Alaska	Beneficiary lifetime limit \$19,440; 240 credits	---	2,484
Arizona	---	---	---
Arkansas	---	---	---
California	TBD	TBD	---
Colorado	Cannot save more than 5 yrs of highest Colorado private tuition	10 years after first payout	None
Connecticut	Average national cost to attend 4 yr private college	None	None
Delaware	Maximum contribution limit	---	---
Florida	Contracts limited to projected cost of fees	Unused escheat after 10 yrs (a)	91,846
Georgia	---	---	---
Hawaii	---	---	---
Idaho	---	---	---
Illinois	Maximum of 9 semesters	None	---
Indiana	Quarterly statements and notices; maximum contribution of \$100,000	See Table 14	1
Iowa	---	---	---
Kansas	---	---	---
Kentucky	Cost projections; refunds penalized and excess earnings taxed	---	592
Louisiana	Maximum balance is set on individual beneficiary information	End of fiscal quarter	53
Maine	---	---	---
Maryland	Maximum purchase of 4 yrs university plan	Contract must be in existence for 3 yrs (b)	---
Massachusetts	Investment limits	Bonds refunded at maturity (c)	201
Michigan	Computer monitors years purchased by beneficiary's social security number	Beneficiary must be 18 yrs old or a high school graduate	1,592
Minnesota	Any IRS restrictions	Any IRS restrictions	---
Mississippi	Maximum purchase of 4 yrs of tuition	None	171
Missouri	\$8,000 maximum	---	---
Montana	---	---	---
Nebraska	---	---	---
Nevada	---	---	---
New Hampshire	Established maximum contribution limits	---	---
New Jersey	---	None	---
New Mexico	---	---	---
New York	---	---	---
North Carolina	Project account against allowable costs of education in future	---	---
North Dakota	---	---	---
Ohio	Limit number of units per child	(d)	151
Oklahoma	---	---	---
Oregon	---	---	---
Pennsylvania	---	None	956
Rhode Island	---	---	---
South Carolina	Maximum purchase of 4 yrs of undergraduate tuition	Request by 3 yrs of expiration of eligibility (e)	---
South Dakota	---	---	---
Tennessee	1,500 unit limit with penalty rate	None (f)	---
Texas	Statute requires "de minimis" penalty (g)	None	8,700
Utah	Maximum annual contribution established	---	2
Vermont	---	---	---
Virginia	Cannot exceed 3 yr community college or 5 yr university	---	1,037

Table 13 Contribution Restrictions and Account Refunds - continued

State	Safeguards Against Excess Contributions	Restrictions for Refunding Accounts	Refunds During Program Life
Washington	---	TBD	---
West Virginia	Prepaid tuition capped at tuition cost	Only purchaser may cancel	---
Wisconsin	4 yr tuition/fees of public institution statutory limit	Beneficiary must be age 18 (h)	---
Wyoming	---	---	---
District of Columbia	---	---	---

* Under consideration
 TBD - to be determined

Notes:

- (a) Unclaimed refunds escheat after 7 yrs
- (b) Board can delay refund for up to 5 yrs
- (c) Exceptions made for demonstrated financial hardship or death of beneficiary
- (d) No refund prior to beneficiary reaching age 18 except death, disability, or economic hardship
- (e) Penalty applies to refunds not used for qualified educational expenses
- (f) No refunds prior to beneficiary reaching age 18 except death, disability, or scholarship
- (g) Any refunds are taxed to the purchaser
- (h) Refunds may be paid over a 4 yr period

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1
Refund

Table 14 Refund

Refunds With/ Without Penalty Are Available for the Following Reasons

State	"De Minimis" Penalty	Voluntary Withdrawal	Involuntary Withdrawal	Death/ Disability	Economic Hardship	Failure to Gain Admission	Dismissed From School	Scholarship	Decision Not to Attend	Other
Alabama	(a)	Yes (a)	Yes (a)	Cancellation fee waived (a)	Yes (a)	Yes (a)	Yes (a)	...	Yes (a)	...
Alaska	7.5% of market value	Yes, 12.5% MV penalty	No	Yes	No	Yes, 7.5% MV penalty	Yes, 7.5% MV penalty	Yes	Yes, 7.5% MV	Failure to qualify, 12.5% MV
Arizona	20%	No	No	Yes	No	No	No	No	No	...
Arkansas	...	...	...	...	...	...	...	...	...	...
California	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Colorado	10% of increased earnings	No	No	Yes	Yes, \$50 fee (b)	Yes, \$50 fee (b)	Yes, \$50 fee (b)	Yes	Yes, \$50 fee (b)	...
Connecticut	15%	Yes, 15% fee	...	Yes	...	...	...	Yes	...	TBD
Delaware	15%	Yes (f)	Yes (f)	Yes, no penalty	Yes (f)	...	...	...	...	...
Florida	Yes, no interest returned	Yes, no interest	Yes, no interest	Yes, 5%	Yes, no interest	Yes, no interest	Yes, no interest	Yes, 5%	Yes, no interest	...
Georgia	...	...	...	...	...	...	...	...	...	...
Hawaii	...	...	...	...	...	...	...	...	...	...
Idaho	...	...	...	...	...	...	...	...	...	...
Illinois	Refund contract payment only (c)	...	...	Yes, no penalty	...	...	...	Yes, purchase + 2%	...	...
Indiana	10% of earnings	Yes, 10% of earnings	Yes, 10% of earnings	Yes	Yes, 10% of earnings	Yes, 10% of earnings	Yes, 10% of earnings	Yes	Yes, 10% of earnings	...
Iowa	...	...	...	...	...	...	...	...	...	...
Kansas	...	...	...	...	...	...	...	...	...	...
Kentucky	\$25 (d)	Yes, \$25 fee	Yes, \$25	Yes	Yes, \$25	Yes, \$25	Yes, \$25	Yes	Yes, \$25	Yes, \$25
Louisiana	10%	Yes, 10% fee	Yes, 10%	Yes	Yes, 10%	Yes, 10%	Yes, 10%	Yes	Yes, 10%	...
Maine	...	...	...	...	...	...	...	...	...	...
Maryland	contribution+1/2 earnings without compounding (e)	Yes, penalty refund	Yes, penalty refund	Yes, no penalty	Yes, penalty refund	...	Yes, penalty refund	Yes	Yes, penalty refund	Tuition remission, non penalty refund
Massachusetts	15%	Yes, \$15 fee	...	Yes	Yes	Yes	Yes	...	...	...
Michigan	Lowest tuition	No	No	Yes	No	No	No	Yes	Yes	Military enlistment
Minnesota	TBD	...	...	...	...	...	...	...	...	...
Mississippi	\$150	Yes, \$150 fee	Yes, \$150 fee	Yes	Yes, \$150	Yes, \$150	Yes, \$150	Yes, \$150	Yes, \$150	...
Missouri	10%*	Yes, penalty & taxes	Yes, penalty & taxes	Yes	Yes, penalty & taxes	Yes, penalty & taxes	Yes, penalty & taxes	Yes, taxes	Yes, penalty & taxes	...
Montana	...	...	...	...	...	...	...	Yes, no penalty	...	...
Nebraska	...	...	...	...	...	...	...	...	...	...
Nevada	...	...	...	...	...	...	...	...	...	...
New Hampshire	15% on earnings	Yes (f)	Yes (f)	Yes, no penalty	...	...	...	Yes	...	...
New Jersey	10% on earnings	Yes	Yes	Yes, no penalty	Yes	Yes	Yes	Yes, no penalty	Yes	Yes (g)
New Mexico
New York	15%*

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Table 14 ♦ Refund - continued

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State	Refunds With/ Without Penalty Are Available for the Following Reasons									
	"De Minimis" Penalty	Voluntary Withdrawal	Involuntary Withdrawal	Death/ Disability	Economic Hardship	Failure to Gain Admission	Dismissed From School	Scholarship	Decision Not to Attend	Other
North Carolina	15% fee	Yes, 15% fee	Yes, 15% fee	Yes, no penalty	Yes, 15% fee	Yes, 15% fee	Yes, 15% fee	Yes, no penalty	Yes, 15% fee	...
North Dakota	...	...	...	...	...	...	...	...	...	...
Ohio	1% of weighted average tuition (h)	...	Yes, forfeit all earnings and fees	Yes, no penalty	Yes, OTA discretion	Yes (i)	Yes (i)	Payout not considered a refund	Yes (i)	Completion of degree, 1% of unit value + \$25 check fee
Oklahoma	...	...	...	...	...	...	...	...	...	...
Oregon	...	...	...	...	...	...	...	...	...	...
Pennsylvania	At-will refunds receive amount paid	Yes, forfeit earnings	...	Yes, no penalty	Yes, forfeit earnings	Yes, no penalty	Yes, forfeit earnings	Yes, (j)	Yes, (k)	...
Rhode Island	...	Yes (l)	Yes, no penalty	Yes, no penalty	Yes (l)	Yes (l)	Yes (l)	Yes, no penalty	Yes (l)	...
South Carolina	50% of payments (m) up to \$75 penalty	Yes, no earnings and up to \$500 penalty	Yes, no earnings and up to \$75 cancellation fee	Yes, no penalty	Yes, "de minimis"	Yes, no earnings and up to \$75 cancellation fee	Yes, no earnings and up to \$75 cancellation fee	Yes, no penalty	Yes, no earnings and up to \$75 cancellation fee	...
South Dakota	...	...	...	...	...	...	...	...	...	...
Tennessee	50% of increase in value	Yes, 50% earnings	...	Yes, no penalty	No	...	...	Yes, no penalty	Yes, penalty	...
Texas	10% penalty	Yes, \$25 fee	Yes, \$25 fee plus late fee	Yes, no penalty	Yes, \$25 fee	Yes, no penalty	Yes, no penalty	Yes, no penalty	Yes, no penalty	...
Utah	Loss of interest during first 2yrs (n)	Yes (n)	...	Yes, no penalty	...	...	...	...	Yes, (m)	...
Vermont	Maximum allowed by IRS*	...	...	...	...	...	...	...	...	...
Virginia	2% reduction in rate of return (o)	Yes (p)	Yes (p)	Yes, no penalty	Yes (p)	Yes (o)	Yes (o)	Yes, no penalty	Yes (o)	...
Washington	...	...	...	...	...	...	...	...	...	...
West Virginia	TBD	Yes*, termination fee	Yes*, less fee	Yes*, no penalty	Yes*, less fee	Yes*, less fee	None for that semester	Yes*, no penalty	Yes*, less fee	...
Wisconsin	1% of account value	Yes, "de minimis"	Yes, forfeit earnings	Yes, no penalty	Yes, less 1% acct value	Yes, "de minimis"	Yes, "de minimis"	Yes, no penalty	Yes, "de minimis"	...
Wyoming	...	...	...	...	...	...	...	...	...	...
Dist. of Columbia	...	...	...	...	...	...	...	...	...	...

* - proposed • MV - market value • TBD - to be determined

♦ **Notes:**

- (a) \$150 cancellation fee; no interest refunded; \$20 account maintenance fee; \$3/mo. maintenance fee
- (b) Additional 10% of earnings
- (c) In some cases, contribution plus 2% interest compounded annually
- (d) Proposed regulatory amendment of 10% of earnings
- (e) Or lowest tuition benefit, whichever is lower
- (f) Funds can be withdrawn at any time for any reason with a 15% penalty on earnings except where noted
- (g) Except as noted, withdrawals are subject to penalties not allowed under IRC 529

- (h) Plus 99% refund locked at same rate. Minimum 1yr delay with 25% payment/yr; no growth added
- (i) 1% of value; delay in payment; \$25 fee per check
- (j) Beneficiary receiving scholarships is refunded the value of tuition
- (k) 10% of value of credits
- (l) Administrative penalty/ more than "de minimis"
- (m) Or, \$75 voluntary withdrawal, \$100 involuntary withdrawal, \$500 fraud or misrepresentation
- (n) After 2yrs, lesser of half the interest or \$50
- (o) Participant not eligible for interest refund unless they maintain a contract for 3yrs or more
- (p) Cancellation fee plus 2% reduction in reasonable rate of return

Table 15 Payout Information

State	Payouts Are Made To				
	Institutions on Contract Date	Institutions on Established Distribution Date	Participants on Contract Date	Beneficiaries on Contract Date	Other
Alabama	---	Upon invoice receipt	---	---	---
Alaska	---	---	---	Semester enrollment	---
Arizona	---	---	---	---	---
Arkansas	---	---	---	---	---
California	TBD	TBD	TBD	TBD	TBD
Colorado	---	---	---	---	TBD
Connecticut	---	---	---	---	Institutions/ beneficiary upon notification
Delaware	---	---	---	---	---
Florida	---	---	---	---	Institutions upon submission of invoices
Georgia	---	---	---	---	---
Hawaii	---	---	---	---	---
Idaho	---	---	---	---	---
Illinois	TBD	---	---	---	---
Indiana	Yes	---	---	---	---
Iowa	---	---	---	---	---
Kansas	---	---	---	---	---
Kentucky	---	Yes	---	---	---
Louisiana	---	---	---	---	---
Maine	---	---	---	---	---
Maryland	---	Yes	---	---	---
Massachusetts	---	Yes	---	---	---
Michigan	---	Upon invoice receipt	Upon termination	Upon termination if named refund designee	---
Minnesota	---	---	---	---	---
Mississippi	---	Upon invoice receipt	---	---	Payments made directly to institution upon billing
Missouri	---	---	---	---	---
Montana	---	---	---	---	---
Nebraska	---	---	---	---	---
Nevada	---	---	---	---	---
New Hampshire	---	---	---	---	---
New Jersey	---	---	---	---	---
New Mexico	---	---	---	---	---
New York	---	---	---	---	---
North Carolina	---	---	---	---	---
North Dakota	---	---	---	---	---
Ohio	---	Yes (a)	---	---	Co-payable check through beneficiary 10 days before due to an institution
Oklahoma	---	---	---	---	---
Oregon	---	---	---	---	---
Pennsylvania	---	As requested by purchaser	---	---	---
Rhode Island	---	Upon enrollment	---	---	---
South Carolina	---	Yes	---	---	---
South Dakota	---	---	---	---	---
Tennessee	---	---	---	---	Institutions at beneficiary request
Texas	---	After add/drop each semester	---	---	---

Table 15 ▶ Payout Information - continued

State	Payouts Are Made To				Other
	Institutions on Contract Date	Institutions on Established Distribution Date	Participants on Contract Date	Beneficiaries on Contract Date	
Utah	---	Yes	---	---	Unapplied funds returned to beneficiary (b)
Vermont	---	---	---	---	
Virginia	---	---	---	---	---
Washington	---	---	---	---	---
West Virginia	---	Yes	---	---	---
Wisconsin	---	---	---	---	Payable to beneficiary or institution on scheduled date
Wyoming	---	---	---	---	
District of Columbia	---	---	---	---	---

TBD - to be determined

▶ Notes

- (a) Electronic wire to institution on first day after last day to withdraw with a refund
 (b) Beneficiary uses refund for payment of qualifying average costs of attendance

Table 16 Investment Policies

State	Program Investment Allocations				Investment Guidelines Stipulated By	Investment Management
	Fixed Percentage	Equity Percentage	Cash Percentage	Other		
Alabama	20%	80%	...	...	Statutory, Governing Board	Investment consultant and external money manager
Alaska	63%	37%	...	...	Prudent Person Rule	State Treasury Division
Arizona	...	...	...	...	...	...
Arkansas	...	...	...	...	...	...
California	TBD	TBD	TBD	TBD	Governing Board	Investment consultant and external money manager
Colorado	51%	49%	...	...	Statutory, Governing Board (a)	Investment consultant
Connecticut	...	...	...	Age based	Prudent Person Rule	...
Delaware	...	...	...	Varies	Governing Board	External Money Manager
Florida	92%	8%	...	...	Governing Board (safety, liquidity, yield)	Investment consultant and external money manager
Georgia	...	...	...	...	Governing Board	...
Hawaii	...	...	...	...	...	...
Idaho	...	...	...	...	...	...
Illinois	...	...	...	...	Governing Board	TBD
Indiana	40%	60%	...	...	Statutory, Governing Board	External money manager
Iowa	...	...	...	Age based	...	External money manager
Kansas	...	...	...	...	...	...
Kentucky	97%	...	3%	...	Governing Board	External money manager
Louisiana	...	...	...	...	Statutory, Governing Board	...
Maine	...	...	...	Age based	...	External money manager
Maryland	...	...	...	...	Governing Board	Investment consultant and external money manager
Massachusetts	(b)	(b)	(b)	(b)	Governing Board	External money manager, (c)
Michigan	75%	25%	...	...	Statutory, Governing Board (d)	...
Minnesota	...	...	...	...	Statutory	Will use request for proposal for a single contractor
Mississippi	30%	50%	...	20% (e)	Statutory, Administrative Rule, Governing Board (f)	Investment consultant and external money manager
Missouri	...	...	...	...	...	...
Montana	...	...	...	...	...	...
Nebraska	...	...	...	...	...	...
Nevada	...	...	...	...	Statutory	...
New Hampshire	...	...	...	Variable (g)	Governing Board	External money manager
New Jersey	...	...	...	...	State Investment Board	None
New Mexico	...	...	...	...	...	...
New York	Variable (g)	Statutory, same as NY state retirement systems	Private manager for all functions
North Carolina	Statutory	...

Table 16 Investment Policies - continued

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State	Program Investment Allocations				Investment Guidelines Stipulated By	Investment Management
	Fixed Percentage	Equity Percentage	Cash Percentage	Other		
North Dakota	...	...	...	...	...	...
Ohio	45%	46% (h)	3%	6%	Statutory, Prudent Person Rule, Governing Board	Investment consultant
Oklahoma	...	...	...	...	...	...
Oregon	...	...	...	...	...	...
Pennsylvania	40%	60%	...	...	Statutory, administrative discretion	Investment consultant and external money manager
Rhode Island	...	...	...	...	Prudent Person Rule, State Investment Commission (i)	External money manager (j)
South Carolina	...	...	...	...	Governing Board	Investment consultant and external money manager
South Dakota	...	...	...	...	...	...
Tennessee	55-70%	25-40%	2-8%	...	Governing Board	Investment consultant (k)
Texas	48%	50%	2%	...	Statutory, Prudent Person Rule, Governing Board (l)	Investment consultant and external money manager
Utah	37%	2%	1%	60% (m)	Statutory (n)	State Treasurer approves all investments
Vermont	...	...	...	...	...	...
Virginia	60%	40%	...	...	Statutory, Prudent Person Rule, Governing Board	Investment consulting and external money manager
Washington	...	...	...	...	Statutory, Prudent Person Rule	...
West Virginia	...	...	...	...	Governing Board	...
Wisconsin	84%	...	16%	...	State investment board policy (o)	...
Wyoming	...	...	...	...	...	...
District of Columbia	...	...	...	...	...	...

TBD - to be determined

Notes

- (a) Can invest 60% in equity; certain ratings on investments are required
- (b) Asset allocation formula will be in place for new savings program starting in Fall of 1998
- (c) Volunteer investment committee for new savings program
- (d) 70% fixed, 30% equity for MET II; MET I was 60% fixed, 40% equity but is now 100% fixed
- (e) International equities
- (f) Statutory limits based on Mississippi Public Employees Retirement System investment restrictions

- (g) Depends on age of beneficiary
- (h) 40% domestic; 6% international
- (i) Series of "lifestyle" mutual funds with different asset allocations varying by age of participant
- (j) Private partner handles investment counseling
- (k) External equity index fund; all other investments are internal
- (l) Distribute funds investments based on risk/return analysis in compliance guidelines
- (m) State treasurer's investment pool
- (n) Program fund invested in treasurer investment pool; endowment fund 1/2 bonds & 1/2 pool; administration fund 1/4 pool, 1/4 bond funds, 1/2 equity
- (o) 100% fixed income US Treasuries, agencies, A corporate or better; no more than 10% in any one corporate name

Table 17 Financial Data

State	Total Fees Generated in Fiscal 1997	Market Value of Program Assets	Market Value of Program Liabilities	Market Value of Reserve Funds	Projected Market Value		Reserve Funds Goal Percentage
					Five years	Ten years	
Alabama	\$222,000	\$470,000,000	\$300,000,000	...	...	...	Not determined
Alaska	...	\$20,450,000	\$18,600,000	\$1,850,000	...	...	...
Arizona
Arkansas
California	TBD
Colorado
Connecticut	...	\$4,450,000	...	...	...	...	...
Delaware
Florida	\$3,037,096	\$1,778,500,000	\$1,775,000,000	\$258,000,000	...	...	...
Georgia
Hawaii
Idaho
Illinois
Indiana	\$19,740	\$5,261,872	...	...	\$50,000,000	Unknown	...
Iowa
Kansas
Kentucky	\$1,575	\$6,801,252	...	...	...	...	...
Louisiana	...	\$774,079	...	...	\$20,937,157	...	...
Maine
Maryland
Massachusetts	\$244,797	...	...	...	...	...	...
Michigan	Not available	\$720,439,050	\$646,024,316	\$74,414,734	...	...	...
Minnesota
Mississippi	...	\$33,296,062	\$11,341,493	...	...	...	...
Missouri
Montana
Nebraska
Nevada
New Hampshire
New Jersey
New Mexico
New York
North Carolina

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Jle 17 - Financial Data

Table 17 Financial Data - continued

State	Total Fees Generated in Fiscal 1997	Market Value of Program Assets	Market Value of Program Liabilities	Market Value of Reserve Funds	Projected Market Value		Reserve Funds Goal Percentage
					Five years	Ten years	
North Dakota	...	...	...	...	...	...	...
Ohio	\$491,000	\$331,300,000	\$245,500,000	\$85,500,000	\$600,000,000	\$1,000,000,000	30%
Oklahoma	...	...	...	...	...	...	...
Oregon	...	...	...	...	...	...	...
Pennsylvania	\$176,684	\$86,637,000	\$78,942,000	\$7,700,000	...	...	7-10%
Rhode Island	...	...	...	...	...	...	...
South Carolina	...	...	...	...	...	...	...
South Dakota	...	...	...	...	...	...	...
Tennessee	\$8,000	\$6,100,000	...	...	...	...	...
Texas	\$3,800,000	\$274,215,432	\$270,758,841	...	...	...	2%
Utah	...	\$1,266,940	\$1,395	\$1,265,545	...	...	...
Vermont	...	...	...	...	...	...	...
Virginia	\$650,000	\$161,010,683	...	...	...	...	...
Washington	...	...	...	...	...	...	...
West Virginia	...	...	...	...	...	...	15-20%
Wisconsin	\$30,000	\$1,856,100	\$1,990,400
Wyoming
District of Columbia

TBD - to be determined

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Table 18 Dollar Volume Participation by Year

State	Dollar Volume Participation in Each Year of Operation									
	Year 1	Amount	Year 2	Amount	Year 3	Amount	Year 4	Amount	Year 5	Amount
Alabama	1990	\$88,919,000	1991	\$46,538,000	1992	\$43,833,000	1993	\$38,088,000	1994	\$37,329,000
Alaska	1991	\$2,695,982	1992	\$3,782,612	1993	\$3,305,024	1994	\$3,262,641	1995	\$2,980,398
Arizona	...	...	...	...	...	...	...	...	...	...
Arkansas	...	...	...	...	...	...	...	...	...	...
California	...	...	...	...	...	...	...	...	...	...
Colorado	1998	\$60,000,000	...	...	...	...	...	...	...	...
Connecticut	1998	\$4,450,000	...	...	...	...	...	...	...	...
Delaware	1998	...	...	...	...	...	...	...	...	...
Florida	88-89	\$140,977,265	89-90	\$111,821,806	90-91	\$82,114,374	91-92	\$108,353,127	92-93	\$143,973,006
Georgia	...	...	...	...	...	...	...	...	...	...
Hawaii	...	...	...	...	...	...	...	...	...	...
Idaho	...	...	...	...	...	...	...	...	...	...
Illinois	...	...	...	...	...	...	...	...	...	...
Indiana	97-98	\$5,261,872	...	...	...	...	...	...	...	...
Iowa	...	...	...	...	...	...	...	...	...	...
Kansas	...	...	...	...	...	...	...	...	...	...
Kentucky	1990	\$191,413	1991	\$413,075	1992	\$541,639	1993	\$774,180	1994	\$801,737
Louisiana	97-98	\$761,309	...	...	...	...	...	...	...	...
Maine	...	...	...	...	...	...	...	...	...	...
Maryland	...	...	...	...	...	...	...	...	...	...
Massachusetts	1995	\$25,993,815	1996	\$18,963,496	1997	\$19,901,587	1998	\$17,502,243	...	...
Michigan	1988	\$265,796,415	1989	\$59,726,783	1990	\$19,343,101	1995	\$17,274,588	1997	Not yet available
Minnesota	...	...	...	...	...	...	...	...	...	...
Mississippi	1997	(a)	1998	\$30,220,254	...	...	...	...	...	...
Missouri	...	...	...	...	...	...	...	...	...	...
Montana	...	...	...	...	...	...	...	...	...	...
Nebraska	...	...	...	...	...	...	...	...	...	...
Nevada	...	...	...	...	...	...	...	...	...	...
New Hampshire
New Jersey
New Mexico
New York
North Carolina
North Dakota

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Table 18- Dollar Volume Participation by Year

Table 18 Dollar Volume Participation by Year - continued

State	Dollar Volume Participation in Each Year of Operation									
	Year 1	Amount	Year 2	Amount	Year 3	Amount	Year 4	Amount	Year 5	Amount
Ohio	1990	\$2,179,000	1991	\$21,419,000	1992	\$33,631,000	1993	\$37,962,000	1994	\$26,252,000
Oklahoma	...	...	...	...	...	...	...	...	...	...
Oregon	...	...	...	...	...	...	...	...	...	...
Pennsylvania	1994	\$10,219,000	1995	\$30,775,000	1996	\$51,716,000	1997	\$70,153,000	...	...
Rhode Island	...	...	...	...	...	...	...	...	...	...
South Carolina	...	...	...	...	...	...	...	...	...	...
South Dakota	...	...	...	...	...	...	...	...	...	...
Tennessee	96-97	\$200,000	97-98	\$6,000,000	...	...	...	...	...	...
Texas	1996	\$3,750,000	1997	\$2,500,000	1998	\$1,250,000	...	...	...	...
Utah	1997	\$265,547	1998	\$394,761	...	...	...	...	...	...
Vermont	...	...	...	...	...	...	...	...	...	...
Virginia	1996	...	1997	\$240,000,000	1998	\$110,000,000	...	...	...	...
Washington
West Virginia
Wisconsin	97-98	\$2,086,430
Wyoming
District of Columbia

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Table 18 Dollar Volume Participation by Year

State	Dollar Volume Participation in Each Year of Operation									
	Year 6	Amount	Year 7	Amount	Year 8	Amount	Year 9	Amount	Year 10	Amount
Alabama	1995	\$41,620,000	1996	\$41,834,000	1997	\$37,474,000	...	...	...	...
Alaska	1996	\$2,979,334	1997	\$2,936,229	...	...	...	...	...	...
Arizona
Arkansas
California
Colorado
Connecticut
Delaware
Florida	93-94	\$194,662,278	94-95	\$162,103,068	95-96	\$156,013,050	96-97	\$163,980,218	97-98	\$144,517,758
Georgia
Hawaii
Idaho
Illinois
Indiana
Iowa
Kansas
Kentucky	1995	\$953,740	1996	\$1,153,104	1997	\$1,512,746	...	...	...	...
Louisiana
Maine
Maryland
Massachusetts
Michigan
Minnesota
Mississippi
Missouri
Montana
Nebraska
Nevada
New Hampshire
New Jersey
New Mexico
New York
North Carolina
North Dakota

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 ble 18- Dollar Volume Participation by Year

Table 18 ♦ Dollar Volume Participation by Year - continued

State	Dollar Volume Participation in Each Year of Operation									
	Year 6	Amount	Year 7	Amount	Year 8	Amount	Year 9	Amount	Year 10	Amount
Ohio	1995	\$25,739,868	1996	\$27,213,871	1997	\$46,344,136	1998	\$36,558,666	...	...
Oklahoma
Oregon
Pennsylvania
Rhode Island
South Carolina
South Dakota
Tennessee
Texas
Utah
Vermont
Virginia
Washington
West Virginia
Wisconsin
Wyoming
District of Columbia

♦ **Notes**

(a) Payments on contracts sold in FY97 were not due until FY98

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Table 19 ▶ Rates of Return

State	Actuarially Assumed				Rate of Return (Minus Fees)	
	Rate of Return	Tuition Inflation	New Accounts Annually	Annual Sales/Savings	Fiscal Year 1997	Since Inception
Alabama	9%	...	...	...	26%	14%
Alaska	7%	7%	2,000	\$2,000,000	19.50%	...
Arizona	...	...	...	...	...	...
Arkansas	...	...	...	...	...	...
California	TBD	TBD	TBD	TBD	...	...
Colorado	...	...	...	...	...	...
Connecticut	...	...	...	...	...	...
Delaware	...	...	...	...	...	...
Florida	(a)	(b)	40,000	...	13.80%	12.80%
Georgia	...	...	...	...	...	...
Hawaii	...	...	...	...	...	...
Idaho	...	...	...	...	...	...
Illinois	TBD	TBD	TBD	TBD	N/A	N/A
Indiana	...	...	...	...	...	...
Iowa	...	...	...	...	...	...
Kansas	...	...	...	...	...	...
Kentucky	6%	6%	...	...	5.97%	6.25%
Louisiana	6%	6%	...	...	...	(c)
Maine	...	...	...	...	...	...
Maryland	7.50%	(d)	...	...	N/A	...
Massachusetts	...	...	...	...	N/A	N/A
Michigan	7.65%	(e)	...	...	10.30%	12.30%
Minnesota	...	...	...	...	...	...
Mississippi	8.10%	7%	...	...	...	...
Missouri	...	...	...	...	...	...
Montana	...	...	...	...	...	...
Nebraska	...	...	...	...	...	...
Nevada	...	...	...	...	...	...
New Hampshire	...	...	...	...	...	...
New Jersey	...	...	...	...	...	...
New Mexico	...	...	...	...	...	...
New York	...	...	...	...	...	...
North Carolina	...	...	...	...	...	...
North Dakota	...	...	...	...	...	...
Ohio	7.50%	6%	11,000	\$50,000,000	15.80%	10.80%
Oklahoma	...	...	...	...	...	...
Oregon	...	...	...	...	...	...
Pennsylvania	(f)	7-8.5%	...	...	18%	63% (g)
Rhode Island	...	...	...	...	...	...
South Carolina	...	...	...	...	...	...
South Dakota	...	...	...	...	...	...
Tennessee	...	...	...	...	...	...
Texas	8.50%	7.50%	...	...	5.95%	5.95%
Utah	...	...	...	...	5.70%	5.70%
Vermont	...	...	...	...	...	...
Virginia	8%	7%	...	...	...	7.90%

Table 19 ♦ Rates of Return - continued

State	Actuarially Assumed				Rate of Return (Minus Fees)	
	Rate of Return	Tuition Inflation	New Accounts Annually	Annual Sales/Savings	Fiscal Year 1997	Since Inception
Washington	---	---	---	---	---	---
West Virginia	---	---	---	---	---	---
Wisconsin	Varies	7%	---	---	6.50%	6.50%
Wyoming	---	---	---	---	---	---
District of Columbia	---	---	---	---	---	---

N/A - not applicable

TBD - to be determined

♦ Notes

- (a) Spot yield rates for U.S. Treasuries
- (b) State university tuition 7.5%; community college tuition 5%; state university dorms 6%
- (c) 6.13% contributions; 6.25% grant funds
- (d) 5.5% tuition; 10% fees
- (e) 7.45% for 5yrs then 7.3%
- (f) 7% for 3yrs then 9.17% thereafter
- (g) Cumulative interest rate received over 5yrs of operation

Table 20 ▶ Startup Costs

State	State Provided Startup Costs (excludes loans)	Other Startup Sources	Start-up Year One	Year Two	Year Three
Alabama	\$500,000	...	\$534,000	\$1,360,000	\$942,000
Alaska	...	Internal Resource Reallocation	\$150,000	\$150,000	\$150,000
Arizona	\$86,500	New account fees	\$86,500	TBD	TBD
Arkansas	...	...	...	...	...
California	\$965,000	...	\$385,000	\$580,000	...
Colorado	\$1,500,000	(a)	\$1,500,000 (b)	...	...
Connecticut	...	Private partner	...	...	...
Delaware	\$75,000	Private partner	\$3,000	...	...
Florida	...	\$500,000 loan	\$100,000	\$597,243	\$3,233,393
Georgia	...	...	...	...	...
Hawaii	...	...	...	...	...
Idaho	...	...	...	...	...
Illinois	...	\$1,200,000	...	...	...
Indiana	...	...	...	...	...
Iowa	\$200,000 (c)	...	...	...	...
Kansas	...	...	...	...	...
Kentucky	...	(d)	\$250,000	\$270,000	...
Louisiana	\$188,559	...	\$188,559	\$379,010	...
Maine	...	...	...	...	...
Maryland	\$1,959,000	...	\$1,359,000	\$1,850,000	...
Massachusetts	\$750,000	...	\$815,700	\$146,000	\$185,000
Michigan	...	Department of Treasury loan	\$2,278,000	\$2,047,000	...
Minnesota	...	...	...	...	...
Mississippi	...	Loans due '99-'00	\$618,025	\$950,000	\$1,607,000
Missouri	...	(e)	...	...	...
Montana	...	...	...	...	...
Nebraska	...	...	...	...	...
Nevada	...	\$1,200,000 loan	...	...	...
New Hampshire	...	Private partner	...	...	...
New Jersey	\$350,000	...	\$294,500	...	...
New Mexico	...	...	...	...	...
New York	\$450,000	Private partner	\$150,000	\$300,000	...
North Carolina	...	(f)	...	...	...
North Dakota	...	...	...	...	...
Ohio	...	(g)	\$1,300,000	\$1,600,000	\$1,300,000
Oklahoma	\$195,000	...	...	...	...
Oregon	...	...	...	...	...
Pennsylvania	...	\$750,000 (h)	\$952,915	\$768,801	\$795,955
Rhode Island	\$200,000 (i)	Private partner	Minimal	Minimal	Minimal
South Carolina	\$400,000	...	...	...	...
South Dakota	...	...	...	...	...
Tennessee	...	(j)	\$528,000	\$600,000	...
Texas	\$3,500,000	...	\$3,700,000	\$4,500,000	\$4,500,000
Utah	\$45,000	...	\$45,000	\$45,000	\$46,575
Vermont	...	(k)	...	...	...

Table 20 Startup Costs - continued

State	State Provided Startup Costs (excludes loans)	Other Startup Sources	Start-up Year One	Year Two	Year Three
Virginia	...	\$2,000,000 loan (l)	\$100,000	\$2,500,000	\$2,900,000
Washington	\$412,000	Loan	\$1,600,000	...	...
West Virginia	\$1,000,000	...	\$1,000,000	...	...
Wisconsin	\$721,900 loan	\$265,000	\$450,000	\$512,000	...
Wyoming	...	...	...	...	...
District of Columbia	...	...	...	...	...

Key

TBD - to be determined

Notes

- (a) Startup costs of \$1,500,000 plus \$1,000,000 for year one of operation
- (b) Zero interest loan from Colorado Student Obligation Bond Authority paid back over 20 years
- (c) Provided annually for administration
- (d) Kentucky Higher Education Assistance Authority loaned KESPT: '89- \$270,000; '90- \$250,000. Debt was forgiven in 1992
- (e) Staff costs handled by office appropriations; fund administration paid by basis points
- (f) Consortium of North Carolina banks; College Foundation Inc.
- (g) State Controlling Board made two emergency loans for \$150,000 each of which were repaid within 6 months
- (h) To be reimbursed over 10yrs starting 2yrs after program opening
- (i) Will likely be returned to the state
- (j) Loan to be paid back with interest
- (k) Covered by Vermont Student Assistance Corporation
- (l) Agency required to repay balance by FY98

Table 21 ▶ Program Administration

State	Basic Administration	Program Manager	Finance Manager	Marketing	Computer Services	Actuary Functions	Banking/Lockbox	Customer Services	Website Development/Management	Other
Alabama	In-house	In-house	Outsource	In-house	Combination	Outsource	Outsource	Combination	...	...
Alaska	In-house	In-house	In-house	In-house	In-house	Combination	In-house	In-house	In-house	...
Arizona	In-house	Outsource	Outsource	Combination	Outsource	Outsource	Outsource	Combination	Combination	...
Arkansas	...	...	...	...	...	...	...	...	...	...
California	Outsource	In-house	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	...
Colorado	In-house	In-house	Combination	Combination	In-house	Outsource	Outsource	Combination	In-house	...
Connecticut	Outsource	In-house	Outsource	Outsource	Outsource	N/A	Outsource	Outsource	Outsource	...
Delaware	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	...
Florida	Combination	In-house	In-house	Combination	Combination	Outsource	Outsource	Combination	In-house	In-house accounting
Georgia	...	...	...	...	...	...	...	...	...	...
Hawaii	...	...	...	...	...	...	...	...	...	...
Idaho	...	...	...	...	...	...	...	...	...	...
Illinois	In-house	In-house	In-house	Outsource	Outsource	Outsource	Outsource	Outsource	In-house	...
Indiana	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	...	...
Iowa	...	...	...	...	...	...	...	...	...	...
Kansas	...	...	...	...	...	...	...	...	...	...
Kentucky	In-house	In-house	Outsource	In-house	In-house	In-house	Outsource	In-house	In-house	...
Louisiana	In-house	In-house	Outsource	Combination	In-house	Combination	...	In-house	In-house	...
Maine	...	...	...	...	...	...	...	...	...	...
Maryland	In-house	In-house	Outsource	Combination	In-house	Outsource	Outsource	...	Combination	...
Massachusetts	In-house	In-house	(a)	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	...
Michigan	In-house	In-house	In-house	In-house	In-house	Outsource	Outsource	In-house	In-house	...
Minnesota	...	...	...	...	...	...	...	...	...	(b)
Mississippi	In-house	In-house	Outsource	Combination	Outsource	Outsource	Outsource	Outsource	In-house	...
Missouri	...	...	...	...	...	...	...	...	...	...
Montana	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	...
Nebraska	...	...	...	...	...	...	...	...	...	...
Nevada	In-house	In-house	...	Outsource	Outsource	Outsource	Outsource	Outsource	In-house	...
New Hampshire	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	...
New Jersey	In-house	In-house	In-house	Outsource	Outsource	Outsource	Outsource	Outsource	In-house	...
New Mexico	In-house	In-house	In-house	In-house	In-house	In-house	In-house	In-house	In-house	...
New York	...	...	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	...
North Carolina	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	...
North Dakota	...	...	...	...	...	...	...	...	...	...
Ohio	In-house	In-house	In-house	In-house	In-house	Outsource	Outsource	...	Outsource	...

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Table 21 Program Administration - continued

State	Basic Administration	Program Manager	Finance Manager	Marketing	Computer Services	Actuary Functions	Banking/Lockbox	Customer Services	Website Development/Management	Other
Oklahoma	...	...	...	...	...	...	...	...	...	...
Oregon	...	...	...	...	...	...	...	...	...	...
Pennsylvania	In-house	In-house	In-house	Combination	In-house	Outsource	In-house	In-house	Outsource	...
Rhode Island	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	...
South Carolina	In-house	In-house	In-house	Outsource	In-house	Outsource	Outsource	Outsource	In-house	...
South Dakota	...	...	...	...	...	...	...	...	...	...
Tennessee	In-house	In-house	...	In-house (c)	In-house	Outsource	In-house	In-house	In-house	In-house accounting
Texas	Combination	In-house	In-house	Combination	Combination	Outsource	Outsource	Combination	Outsource	...
Utah	In-house	In-house	In-house	In-house	In-house	...	...	In-house	In-house	...
Vermont	...	...	...	...	...	...	...	...	...	...
Virginia	In-house	In-house	In-house	Combination	In-house	Outsource	Outsource	Outsource	In-house	...
Washington	In-house	In-house	In-house	Outsource	Outsource	Outsource	Outsource	Outsource	Outsource	...
West Virginia	In-house	In-house	In-house	Combination	Combination	Outsource	In-house	Outsource	In-house	...
Wisconsin	In-house	In-house	In-house	Combination	In-house	Outsource	Outsource	In-house	In-house	Outside Investments
Wyoming	...	...	...	...	...	...	...	...	...	...
District of Columbia	...	...	...	...	...	...	...	...	...	...

N/A - not applicable

Notes:

- (a) Prepaid U. Plan uses an in-house finance manager; the new savings plan will use an outside manager
- (b) Minnesota intends to contract as many services as possible
- (c) Additional consultant

Table 22 ▶ Program Accounting

State	Program Accounting	Method Used for Reporting Distributions
Alabama	Outsource	IRS form 1099
Alaska	In-house	IRS form 1099
Arizona	Combination	IRS form 1099
Arkansas	---	---
California	---	IRS form 1099
Colorado	In-house	IRS form 1099
Connecticut	---	---
Delaware	Outsource	IRS form 1099
Florida	In-house	IRS form 1099
Georgia	---	---
Hawaii	---	---
Idaho	---	---
Illinois	Outsource	---
Indiana	Outsource	IRS form 1099
Iowa	---	---
Kansas	---	---
Kentucky	Combination	IRS form 1099
Louisiana	In-house	IRS form 1099 (a)
Maine	Outsource	---
Maryland	Outsource	---
Massachusetts	Outsource	Account statement
Michigan	In-house	IRS form 1099
Minnesota	---	IRS form 1099
Mississippi	Outsource	IRS form 1099, account statement
Missouri	---	---
Montana	---	---
Nebraska	---	---
Nevada	TBD	---
New Hampshire	Outsource	---
New Jersey	Combination	---
New Mexico	---	---
New York	---	IRS form 1099
North Carolina	---	---
North Dakota	---	---
Ohio	In-house	IRS form 1099
Oklahoma	---	---
Oregon	TBD	---
Pennsylvania	In-house	IRS form 1099
Rhode Island	Outsource	---
South Carolina	Outsource	IRS form 1099
South Dakota	---	---
Tennessee	In-house	IRS form 1099 (a)
Texas	Combination	IRS form 1099
Utah	---	State tax form (b)
Vermont	In-house (c)	---
Virginia	Outsource	IRS form 1099
Washington	Outsource	IRS form 1099
West Virginia	---	---
Wisconsin	In-house	IRS form 1099
Wyoming	---	---
District of Columbia	---	---

Table 22 ▶ Program Accounting - continued

TBD- to be determined

▶ NOTES

- (a) Anticipated in the future
- (b) TC675H-lists contributions and interest earned during the year
- (c) Mutual fund option would be completely outsourced pending IRS approval

Table 23 Program Staff

State	Full-time of Equivalent Staff	Program Administrator	Title
Alabama	7	Brenda F. Emfinger	Executive Director
Alaska	2	James F. Lynch	Associate Vice President, Finance
Arizona	7.5	Verna L. Allen	Executive Director
Arkansas	---	---	---
California	3	Tom Dithridge	Scholarshare Chief
Colorado	---	William A. Stolfus	President
Connecticut	1	Sharon J. Clarke	Director
Delaware	None	Marilyn Quinn	Executive Director
Florida	10	Tom Wallace	Executive Director
Georgia	---	---	---
Hawaii	---	---	---
Idaho	---	---	---
Illinois	(a)	Dr. Donald M. Prince	Director
Indiana	1	Treasurer Joyce Brinkman	State Treasurer and Chairman
Iowa	---	Treasurer Mike Fitzgerald	State Treasurer
Kansas	---	---	---
Kentucky	2	Londa L. Wolanin	Program Administrator
Louisiana	2	Jack Guinn	Executive Director
Maine	---	---	---
Maryland	6	Edwin S. Crawford	Acting Executive Director
Massachusetts	---	Peter Mazareas	Executive Director
Michigan	11	Robin Lott	Director
Minnesota	2 part-time	Jack Rayburn	---
Mississippi	5	Barry G. Simmons	Director
Missouri	---	---	---
Montana	---	---	---
Nebraska	---	---	---
Nevada	1 (b)	David Clapsaddle	Executive Director
New Hampshire	None	Treasurer Georgie Thomas	State Treasurer
New Jersey	1	Scott B. Freedman	Executive Director
New Mexico	---	---	---
New York	(c)	Nick Smirensky	Director of Budget and Financial Analysis
North Carolina	---	---	---
North Dakota	---	---	---
Ohio	26.5	Barbara Jennings	Executive Director
Oklahoma	---	---	---
Oregon	---	Mari Anne Gest	Director
Pennsylvania	13	Kathleen E. McGrath	Bureau Director
Rhode Island	Outsourced	William Hurray	Executive Director
South Carolina	2	Melody Lamm	Program Director
South Dakota	---	---	---
Tennessee	8 (d)	Jill Bachus	Director
Texas	11	Todd Morgan	Director
Utah	1.2	Gail Norris	Associate Commissioner for Financial Aid
Vermont	---	---	---
Virginia	10	Diana F. Cantor	Executive Director

Table 23 ▶ Program Staff - continued

State	Full-time of Equivalent Staff	Program Administrator	Title
Washington	4	Steve Smith	Director
West Virginia	3	Charles Bockway	Deputy Treasurer
Wisconsin	4	Marty Olle	Program Manager
Wyoming	...	...	...
District of Columbia	...	Tracy Harris	Administrator

▶ Notes:

- (a) Currently building staff
- (b) Will expand to 3
- (c) Plan to hire some staff for monitoring
- (d) 14 total in treasury

Table 24 ▶ Telephone and Electronic Communications

States	Web Site	Email Address	Toll Free Number
Alabama	www.asc.edu/archives/agencies.prepaid.html	PStevenson@alalinc.net	800/252-7228
Alaska	No	No	800/478-0003 in Alaska only
Arizona	www.acpe.asu.edu		
Arkansas	...	...	...
California	www.csac.ca.gov/scholar/scholar.htm	scholarshare@csac.ca.gov	...
Colorado	www.prepaidtuition.org	prepaid@csoba.org	800/478-5651
Connecticut	www.aboutchet.com	No	888/799-CHEAT (2438)
Delaware	...	mquinn@state.de.us	TBD
Florida	www.fsba.state.fl.us/prepaid	prepaid@fsba.state.fl.us	800/552-4723
Georgia	www.hope.gsfc.org	...	800/776-6878
Hawaii	...	...	...
Idaho	...	...	...
Illinois	www.ISAC-online.org	dprince@isac.org	TBD
Indiana	www.che.state.in.us/ifcsp	collegesave@em.fcmbd.com	888/814-6800
Iowa	www.treasurer.state.ia.us	CSI@max.state.ia.us	888/446-6696
Kansas	...	...	...
Kentucky	www.kheaa.com	jellis@kheaa.com	800/338-0318
Louisiana	www.osfa.state.la.us	jrrougeau@osta.state.la.us	800/259-5626 ext. 1023
Maine	...	...	...
Maryland	www.prepaid.usmd.edu	emarkowitz@mdbusiness.state.md.us	888/4MD-GRAD (463-4723)
Massachusetts	www.mefa.org	info@mefa.org	800/449-MEFA (6332)
Michigan	www.treas.state.mi.us/college/met/metindex.htm	lottr@state.mi.us	800/MET-4-KID (638-4543)
Minnesota	...	rayburn@heso.state.mn.us	800/657-3866 ext. 3377
Mississippi	www.treasury.state.ms.us	bsimmons@mpact.state.ms.us	800/987-4450
Missouri	...	...	...
Montana	...	...	800/888-2723
Nebraska	...	...	...
Nevada	www.state.nv.us/treasurer/index2.htm	college@treasurer.state.nv.us	888/477-2667
New Hampshire	www.state.nh.us/treasury	mistreas@nh.us/treasury	800/544-1722
New Jersey	www.state.nj.us/treasury/osa/njbest.htm	mbeardsley@osa.state.nj.us	800/792-8670
New Mexico	...	...	...
New York	www.nysaves.org	nsmirensky@usc.state.ny.us	877/NYSAVES (697-2837)
North Carolina	www.collegevisionfund.org	cvinfo@cf-nc.org	800/600-3453
North Dakota	...	...	...
Ohio	www.prepaid-tuition.state.oh.us	bjennings@otta.state.oh.us	800/AFFORDIT (233-6734)
Oklahoma	...	...	...
Oregon	www.ost.state.or.us	...	...
Pennsylvania	www.patap.org	tapmail@tre.state.pa.us	800/440-4000
Rhode Island	www.rihest.com	...	...
South Carolina	under development	mlamm@oed.state.sc.us	888/772-7SCGRAD (772-4723)
South Dakota	...	...	...
Tennessee	www.treasury.state.tn.us/best.htm	best@mail.state.tn.us	888/486-BEST (2378)
Texas	www.window.state.tx.us/comptrol/tff/tffmain.html	todmorgan@cpa.state.tx.us	800/445-4723
Utah	www.utah-student-assist.org/uesp.htm	gpetersen@utahsbr.edu	800/418-2551
Vermont	www.vsac.org	...	800/642-3177
Virginia	www.vpep.state.va.us	jfitton@vpep.state.va.us	888/567-0540
Washington	www.get.wa.gov	steves@hecb.gov	877/GET-TU-IT (438-8848)
West Virginia	www.wvtreasury.com	prepaid@wvtreasury.com	800/307-4701
Wisconsin	edvest.state.wi.us	edvest@mail.state.wi.us	888/EDVESTW (338-3789)
Wyoming	...	...	...
District of Columbia	...	...	...

TBD - to be determined

Table 25 ▶ Bond Issuers

State	Issuing Authority	Type of Bonds
Alabama	None	N/A
Alaska	None	N/A
Arizona	None	N/A
Arkansas	Act 1222 passed May 1993	General Obligation
California	None	N/A
Colorado	---	---
Connecticut	Treasurer's Office	---
Delaware	---	---
Florida	---	---
Georgia	---	---
Hawaii	Department of Budget and Finance	Zero Coupon
Idaho	---	---
Illinois	Illinois Bureau of Budget	Zero Coupon
Indiana	---	---
Iowa	---	---
Kansas	---	---
Kentucky	---	---
Louisiana	---	---
Maine	---	---
Maryland	---	---
Massachusetts	MEFA, Commonwealth of Mass., and the State Treasurer	General Obligation
Michigan	Department of Treasury; State Building Authority	General Obligation
Minnesota	Department of Finance	General Obligation
Mississippi	---	---
Missouri	---	---
Montana	---	---
Nebraska	---	---
Nevada	---	---
New Hampshire	Treasurer's Office	General Obligation, Zero Coupon
New Jersey	---	---
New Mexico	---	---
New York	---	---
North Carolina	---	---
North Dakota	---	---
Ohio	Any Ohio authority approved by OTA	General Obligation
Oklahoma	---	---
Oregon	---	---
Pennsylvania	Bond program exists; never implemented	---
Rhode Island	Treasurer's Office	---
South Carolina	---	---
South Dakota	---	---
Tennessee	Comptroller, Division of Bond Finance	Zero Coupon
Texas	---	---
Utah	---	---
Vermont	---	---
Virginia	Department of Treasury	---
Washington	State Treasurer	Zero Coupon
West Virginia	---	---
Wisconsin	---	---
Wyoming	---	---
District of Columbia	---	---

N/A- not applicable

Table 26 Future Bond Programs

State	Bond Issue in Next Three Years	Federal Qualified Status Dampened Interest in Future Offerings
Alabama	N/A	N/A
Alaska	No	No
Arizona	N/A	N/A
Arkansas	---	---
California	---	---
Colorado	No	No
Connecticut	No	N/A
Delaware	---	---
Florida	No	---
Georgia	---	---
Hawaiï	No	No
Idaho	---	---
Illinois	Yes	No
Indiana	---	---
Iowa	---	---
Kansas	---	---
Kentucky	---	---
Louisiana	---	---
Maine	---	---
Maryland	---	---
Massachusetts	Yes	No
Michigan	Yes	No
Minnesota	Uncertain	---
Mississippi	No	---
Missouri	---	---
Montana	---	---
Nebraska	---	---
Nevada	---	No
New Hampshire	Yes, zero coupon	Unknown
New Jersey	---	---
New Mexico	---	---
New York	---	---
North Carolina	---	---
North Dakota	---	---
Ohio	No	Yes
Oklahoma	---	---
Oregon	---	---
Pennsylvania	---	---
Rhode Island	No	Yes
South Carolina	No	No
South Dakota	---	---
Tennessee	No	Yes
Texas	---	---
Utah	No	---
Vermont	---	---
Virginia	---	---
Washington	No	---
West Virginia	---	---
Wisconsin	No	---
Wyoming	---	---
District of Columbia	---	---

N/A- not applicable

Table 27 Savings Bonds Issued and Amounts

	Date of Issue Close 1997	Total Sold	Date of Issue Close 1997	Total Sold	Date of Issue Close 1996	Total Sold	Date of Issue Close 1996	Total Sold	Date of Issue Close 1995	Total Sold	Date of Issue Close 1994	Total Sold
Connecticut	...	...	...	...	...	...	...	...	Discontinue	...	...	...
Illinois	Nov-97	\$168,000,000	...	...	...	...	...	...	...	...	...	...
Massachusetts	Aug-97	\$19,858,899	...	...	Aug-96	\$18,963,496	...	...	Aug-95	\$25,993,815	...	...
Michigan	1997	\$24,800,000	...	...	...	...	...	...	Jun-95	\$20,000,000	...	...
New Hampshire	Jun-97	20,200,000	...	...	...	...	...	...	Dec-95	\$25,000,000	...	...
Ohio	...	...	...	...	Jan-96	\$11,164,295	...	...	Jan-95	\$21,494,889	...	...

	Date of Issue Close 1994	Total Sold	Date of Issue Close 1993	Total Sold	Date of Issue Close 1993	Total Sold	Date of Issue Close 1992	Total Sold	Date of Issue Close 1992	Total Sold	Date of Issue Close 1994	Total Sold
Connecticut	May-94	\$81,444,392	Nov-94	\$70,082,49:	May-93	\$70,001,043	Nov-93	\$56,104,134	May-92	\$61,285,18:	Nov-92	\$59,095,844
Illinois	Oct-94	\$210,000,000	...	...	Oct-93	\$150,000,000	...	...	Oct-92	\$250,000,000	...	...
Massachusetts	...	...	...	...	...	...	...	...	...	...	...	...
Michigan	...	...	...	...	...	...	...	...	Jun-92	\$20,000,000	...	...
New Hampshire	Jul-94	\$25,500,000	...	...	Jun-93	\$20,500,000	...	...	...	...	...	...
Ohio	...	...	...	...	...	...	...	...	Dec-92	\$28,275,726	...	...

Table 28 ▶ Private Donations & Scholarships

State	Amount of Growth Attributable to Private Donation	Number of Accounts Holding Scholarship Funds
Alabama	---	25-30
Alaska	None	None
Arizona	---	---
Arkansas	---	---
California	---	---
Colorado	None	None
Connecticut	---	---
Delaware	---	---
Florida	Less than 1%	4,500
Georgia	---	---
Hawaii	---	---
Idaho	---	---
Illinois	---	---
Indiana	None	None
Iowa	---	---
Kansas	---	---
Kentucky	---	4
Louisiana	None	None
Maine	---	---
Maryland	---	---
Massachusetts	None	---
Michigan	None	None
Minnesota	None	None
Mississippi	None	None
Missouri	---	---
Montana	---	---
Nebraska	---	---
Nevada	---	---
New Hampshire	---	---
New Jersey	---	---
New Mexico	---	---
New York	---	---
North Carolina	---	---
North Dakota	---	---
Ohio	\$75,000	125
Oklahoma	---	---
Oregon	---	---
Pennsylvania	---	None
Rhode Island	---	---
South Carolina	---	---
South Dakota	---	---
Tennessee	---	---
Texas	Minimal	20
Utah	\$500,000 contributed by Utah Loan Purchase	---
Vermont	---	---
Virginia	Minimal, in the process of establishing a scholarship foundation	---
Washington	---	---
West Virginia	---	---
Wisconsin	---	None
Wyoming	---	---
District of Columbia	---	---

To: Senate Committee on Education

From: Matt Goddard

Date: March 8, 1999

Re: HB 2357

The Heartland Community Bankers Association appreciates the opportunity to bring the Senate Education Committee's attention to a minor drafting problem with **House Bill 2357**. While the language in question does not significantly change the bill, for the sake of clarity the Committee may wish to remove it.

In considering the postsecondary education savings program bill, the House Education Committee added a number of amendments. Among the balloon amendments was the addition of the phrase "or a bank" to the definition of a "financial organization" to line 14 on page 2.

The definition of a "financial organization" originally included an organization authorized to do business in Kansas that is an authorized fiduciary to act as a trustee under the Federal Employee Retirement Income Security Act of 1974, more commonly known as ERISA, or an insurance company. ERISA is the federal law that established individual retirement accounts. Thus, any financial institution such as a bank or savings and loan that offers IRAs meets the bill's definition of a "financial organization."

After making several inquiries, I believe the reason for the addition of "or a bank" was because the connection between ERISA and traditional financial institutions was not realized. According to the House committee's revisor, "or a bank" was added because the bill referenced the state bank commissioner, but did not otherwise include banks.

I also discussed this matter with Peggy Hanna, the assistant state treasurer who chaired last summer's education savings account task force. She agreed that the addition of "or a bank" is unnecessary and its removal would only be technical.

The fact that banks and savings associations are already included in the bill by the 1974 federal law would seem to make the specific mention of banks unnecessary. The Kansas Bankers Association agrees with this analysis.

We would respectfully suggest that the Education Committee consider removing the phrase "or a bank" from line 14 on page 2.

Thank you for your consideration of this matter.

enclosure

*Senate Education
Attachment 2
3-8-99*