

ONE HUNDRED SIXTH LEGISLATURE - FIRST SESSION - 2019
COMMITTEE STATEMENT
LB544

Hearing Date: Tuesday February 05, 2019
Committee On: Education
Introducer: Linehan
One Liner: Adopt the Meadowlark Scholarship Act

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

Vote Results:

Aye:	5	Senators Brewer, Groene, Linehan, Murman, Walz
Nay:		
Absent:	2	Senators Kolowski, Morfeld
Present Not Voting:	1	Senator Pansing Brooks

Oral Testimony:

Proponents:

SENATOR LOU ANN LINEHAN
JOHN MURANTE
MARGARET CLANCY
DEBORAH GOODKIN
JERRY STILMOCK
PAUL TURMAN
AUBREY MANCUSO

Representing:

INTRODUCER
NEBRASKA STATE TREASURER
WASHINGTON UNIVERSITY-SAINT LOUIS
FIRST NATIONAL BANK
NEBRASKA BANKING ASSOCIATION
NEBRASKA STATE COLLEGE SYSTEM
VOICES FOR CHILDREN IN NEBRASKA

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

Legislative bill 544 creates the Meadowlark Scholarship Program (Program). The following is a summary of the key provisions in the bill.

LB544 directs the Department of Health and Human Services to transmit information to the State Treasurer related to every child born in the state within 90 days of birth, to determine their eligibility for the Program including full name and residential address of the child's parent or legal guardian and the birth date of the child. The Treasurer shall take measures to ensure the security and confidentiality of such information.

The Treasurer shall notify parents of the Program and give them the opportunity to exclude their child. Any child not excluded shall be deemed to be enrolled. The intent is for the Legislature, beginning in FY 2020/21, to appropriate \$100/child enrolled during the prior fiscal year into the Meadowlark Scholarship Cash Fund created by this bill. Private funds may also be designated for this fund by the Treasurer.

LB544 directs the Treasurer to use the Meadowlark Scholarship Cash Fund to provide scholarships to qualified individuals to pay for qualified higher education expenses (as defined in Neb. Rev. Stat. 85-1802) and to pay for the costs associated with this act.

To become qualified to receive a scholarship, an individual must:

- Have been born after January 1, 2020,
- Been a resident of Nebraska at the time of birth,
- Be a resident of Nebraska at the time of scholarship application,
- Be under the age of 30 at the time of application, and
- Have enrolled as a student at an eligible educational institution as defined in Neb. Rev. Stat. 85-1802.

The Treasurer shall provide the qualified individual with a scholarship of \$100 plus the investment earnings attributed to the \$100 since his or her birth.

LB544 also allows contributions from any person to the Meadowlark Scholarship Cash Fund on behalf of qualified individuals. A financial contribution shall not be required from a qualified individual or his/her parent or legal guardian as a condition to receive a scholarship. The Treasurer shall make account balances available to each parent or legal guardian of a qualified individual through a secured internet account.

LB544 allows the College Savings Plan Expense Fund to pay costs associated with this Act.

Explanation of amendments:

The committee considered and adopted an amendment that substitutes for the bill and makes the following changes:

Amendment 1450 renames the program the Meadowlark Act and removes all references to a scholarship in the bill. It restructures the Meadowlark Program (Program) by creating an endowment fund that shall consist of qualified private contributions, defined as coming from "an individual or private entity which is made for ... an ongoing source of funding for the Meadowlark Program." All private contributions made to the endowment fund shall be matched by State Treasurer transfers to the endowment fund from either the College Savings Plan Expense Fund or the Unclaimed Property Escheat Trust Fund. Additionally, the Legislature may appropriate or transfer funds to the endowment fund provided they are not from the General Fund. Money in the endowment fund available for investment shall be invested pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act. The principal of the fund shall not be expended except for investment purposes.

AM1450 changes the reporting requirements of children born in the state from monthly to annually, by March 1, from the Department of Health and Human Services to the State Treasurer. It specifies that costs associated with the transfer of this information shall be paid from the College Savings Plan Expense Fund. Neb. Rev. Stat. 85-1807(4) is amended to specify that the College Savings Plan Expense Fund shall pay expenses related to the Meadowlark Act, in addition to the Nebraska educational savings plan trust.

A qualified individual is an individual born on or after January 1, 2020, who is a resident of this state at the time of birth. The Treasurer shall notify parents of the Program and give them the opportunity to exclude their child.

The Program no longer allocates \$100 per child. Instead, annually by April 1, the State Treasurer shall deposit a pro rata share of the interest earned from the endowment fund the previous calendar year into the account of each child enrolled in the program during the same calendar year.

Per the amendment, accounts opened under the Meadowlark Program are owned by the Nebraska educational savings plan trust. AM1450 specifies that disbursements from accounts opened under the Program shall only be used to pay the qualified higher education expenses associated with attending an eligible institution located in the state of Nebraska. Disbursements from the account shall be made before the qualified individual reaches thirty years of age; any unused funds in an account after this point shall be transferred back to the endowment fund.

Mike Groene, Chairperson