

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: SB 332

51st Legislature, 1st Session, 2013

Tracking Number: .191798.1SA

Short Title: Education Trust Board Membership

Sponsor(s): Senator George K. Munoz

Analyst: James Ball

Date: February 14, 2013

Bill Summary:

SB 332 amends the *Education Trust Act* by increasing the membership on the Education Trust Board (ETB) by one additional member appointed by the Governor.

Fiscal Impact:

SB 332 does not contain an appropriation.

Substantive Issues:

The ETB, as currently constituted, operates with an even number of representatives. One additional member would provide a total of five members. By adding a member appointed by the Governor:

- the administration would have three representatives;
- the higher education institutions would have one representative; and
- the students at higher education institutions would have one representative.

Background:

According to the Higher Education Department (HED), the ETB was created in 1997 under the *Education Trust Act*. The ETB administers the Education Trust Fund, which includes all revenues received pursuant to qualified college investment agreements. The ETB:

- authorizes rules and regulations governing college savings plans;
- protects the integrity of the trust; and
- ensures proper use of tax benefits.

The ETB is currently governed by a four-person board that includes:

- the secretary of HED or the secretary's designee;
- one member appointed by the Governor;
- one member representing the institutions of higher education, appointed by the Speaker of the House of Representatives; and
- one member representing students at the institutions of higher education, appointed by the President Pro Tempore of the Senate.

HED notes that the ETB had five members until 2011 when the State Investment Council position was eliminated by the Legislature.

HED further states that, as of December 31, 2012, the ETB manages over \$2.0 billion in gross assets in two college savings plans:

- the Education Plan; and
- the Scholar's Edge.

Each year, the ETB also provides \$500,000 for the ETB Pathways Scholarship program that is administered by HED. These scholarship funds assist students who have financial need and demonstrate academic success.

Committee Referrals:

SRC/SEC

Related Bills:

SB 119 *Education Trust Act Administration*