



Virginia College Savings Plan

(originally Virginia Higher Education Tuition Trust Fund)

Cindy Comer
General Counsel





Legislation

- **1993:** Legislation authorizing a prepaid tuition program was introduced and sent to a study commission
- **1994:** Legislation authorizing a prepaid tuition program was passed unanimously by the Virginia General Assembly. Delayed effective date of July 1, 1996 to allow for resolution of uncertainty over federal tax and securities law issues



Next Steps

- Early **1995**, Working Group was formed including stakeholder state agencies, including Treasury, State Council of Higher Education for Virginia, Department of Accounts, the Virginia Education Loan Authority and State Education Assistance Authority
- November **1995**, Governor appointed Board and first meeting was held
- Consultant hired by the Board to assist in start up (Coopers & Lybrand)



Start-up Funding

- Treasury funded initial start-up costs prior to **July 1, 1996** effective date (meeting costs, initial payments for consultant, Board meeting costs, Executive Director's salary from April through June 30th and office space)
- Effective **July 1, 1996**, the new agency had a sum sufficient non-general fund appropriation and a working capital advance under Section 3-2.01 of the Appropriation Act.



Start-up Funding (continued)

- Initial Working Capital Advance was estimated at \$2 million but reduced to \$1,975,000 in **1998**
- Scheduled to be repaid by **June 30, 1998**, but was repaid in 1997
- Approximately \$1.6 million was drawn down, of which \$1 million was used for marketing. Remaining funds used for salaries, rent, benefits, printing, and other start-up costs



Sources of Repayment

- Application fee of \$85 (since reduced to \$25)
- Percentage of earnings on prepaid fund investments intended to be used to cover administrative costs in addition to payment of contract benefits
- No general fund appropriation or other state funding after initial Working Capital Advance



Initial Staffing

- Executive Director hired in April of **1996**
- Finance director, administrative assistant, deputy finance director, receptionist and public information officer all hired between July 1, **1996** and November 1996
- Initial structure contemplated small staff and outsourcing of most services
- **December 1, 1996:** Virginia Prepaid Education Program (VPEP) opens its first enrollment period



Structure of Entity

- Initial legislation created a “Fund”
- **1997** legislation clarified that the entity was an independent state agency
- **1999** legislation changed the agency name to encompass additional programs being offered



Questions?

Virginia College Savings Plan

9001 Arboretum Parkway

Richmond, Virginia 23236

Toll free 1-888-567-0540

Virginia529.com