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AGENDA

Louisiana Tuition Trust Authority
Wednesday, March 21, 2018 at 9:00 a.m.
Claiborne Building
Louisiana Purchase Room
1201 North Third Street, First Floor
Baton Rouge, Louisiana

- I. Call to Order**
- II. Roll Call**
- III. Remarks from the Louisiana Department of the Treasury**
- IV. Announcement of Appointees to LATTA Executive Committee**
- V. Approval of Minutes**
- VI. Consent Agenda**
 - A. START and LA ABLE Rulemaking**
- VII. Other Business**
- VIII. Adjournment**

Agenda Item IV.

Announcement of Appointees to LATTA Executive Committee

In accordance of the bylaws of the Louisiana Tuition Trust Authority membership on the Executive Committee is appointed by the chairman, Dr. Joseph Rallo.

Current membership is:

Commissioner Joseph Rallo

Marty Chabert

Robert Levy

Aisha Mirza

John R. Williams

Benson Kinney (Term has expired and a new appointment must be made)

Collis Temple, III

BACKGROUND:

Executive Committee of LATTA

1. The chairman and vice-chairman of the authority shall serve in those capacities on the executive committee.
2. The remaining members, for a total of seven members, shall be appointed by the chairman of the authority from the other members of the authority.
3. The executive committee shall:
 - a. Meet for and conduct the business of the authority in all instances that the public has been given notice of a meeting of the authority and the authority does not have a quorum at that meeting. In such cases, the actions of the authority shall have the same force and effect as if a quorum of the authority had taken the action;
 - b. Consider such matters as shall be referred to it by the authority and shall execute such orders and resolutions as shall be assigned to it at any meeting of the authority;
 - c. In the event that an emergency requiring immediate authority action shall arise between authority meetings, meet in emergency session to take such action as may be necessary and appropriate. The executive committee shall report the actions it takes in emergency session to the authority for ratification at the authority's next meeting.
4. All official actions of the executive committee shall require a majority vote of the quorum present at the meeting.
5. The executive committee may enter into an executive session only upon two-thirds majority vote of the quorum present and only for one of the reasons specified in the Louisiana Open Meetings Law.

Consent Agenda

Agenda Item VI.A.

The Louisiana Tuition Trust Authority approve the rulemaking to amend the START Saving Program administrative rules and the Louisiana ABLE Program administrative rules to implement the Tax Cuts and Jobs Act of 2017; to add interest rates to be applied to deposits and Earnings Enhancements in eligible START Saving Program accounts for the year ending December 31, 2017; and to amend the Louisiana ABLE Program Rules to allow juridical entities to open a Louisiana ABLE account on behalf of an eligible individual and authorize the Executive Director of LOSFA to publish a notice of emergency rules, and a notice of intent to make these rules permanent.

BACKGROUND:

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 was signed into law. Among other changes to the federal tax code, it allows for rollovers from a Section 529 college savings plan to a Section 529a ABLE plan and amends the definition of higher education expenses in Section 529 to allow for the payment of

expenses related for kindergarten through twelfth grade (K-12) education up to a maximum of \$10,000 per calendar year. Note that the ability to use START Saving Plan funds for K-12 education must be determined by the Louisiana Legislature. As a result, this rulemaking does not address this change to the federal tax code.

The proposed rulemaking provides that funds from Louisiana's Section 529 college savings plan, the START Saving Program, may be rolled over into Louisiana's Section 529a plan, the Louisiana ABLE Account Program. Note that LA R.S. 47:293 provides that any deposit plus interest withdrawn from an education savings account for purposes other than paying qualified higher education expenses, as defined in R.S. 17:3092(10) shall be included in tax table income. Due to this state law, the proposed rulemaking provides that pursuant to state law, any funds rolled over from a START Saving Account will be subject to tax table income.

In addition to amending the administrative rules to allow for rollovers from START to ABLE, the proposed rulemaking adds the interest rates to be applied to deposits in the START Saving Plan's principal protection option and to be applied for eligible Earnings Enhancements for the tax year ending December 31, 2017.

LSA-R.S. 17:3095E(2) requires the State Treasurer to determine and report to the Louisiana Tuition Trust Authority the total earnings and the rate of return achieved on deposits in the Louisiana Education Tuition and Savings Fund (the "Fund") and, based upon that report, the Authority, with the approval of the State Treasurer, shall establish the rate of interest to be applied to the accumulated funds in the START accounts of record and to credit the appropriate amount of interest earnings to each such account. LSA-R.S. 17:3093D(1)(f) requires the Authority to adopt rules that include the interest rates approved by the state treasurer to be paid on START Accounts of record at the close of each calendar year.

The compilation of quarterly reports received from the State Treasurer for the year ending December 31, 2017, indicate that on an average daily balance of deposits of \$232,737,724.35, the Fund earned \$3,908,256.05. Further, the compilation of quarterly reports of the State Treasurer indicate that the Savings Enhancement Fund, which contains the Earnings Enhancements annually appropriated by the state legislature, earned \$296,344.27 on an average daily balance of \$19,518,137.67. The State Treasurer has notified the Authority by letter dated February 9, 2018, that the approved, calculated interest rate for deposits was 1.68% and for Earnings Enhancements was 1.52%.

Finally, the proposed rulemaking amends the Louisiana ABLE Program Rules to allow juridical entities to open a Louisiana ABLE account on behalf of an eligible individual. LOSFA has received questions from juridical entities that assist individuals with disabilities with their finances whether it would be possible for these entities to open LA ABLE accounts as administrators for those they assist. Staff has researched this issue and has found no impediment to allowing these entities to open a LA ABLE on behalf of someone to whom they are providing services. To ensure that the juridical entity has the authority to act on behalf of the individual with a disability, staff proposes to require that the juridical entity provide documentation evidencing that the eligible individual, or a person authorized to act on his behalf, has designated the juridical entity to act on his behalf for purposes of a LA ABLE Account Program account. For example, a juridical entity could open an account as an administrator for a child under the age of 18 if a parent has provided formal authorization to the entity to do so. The documentation required will be evaluated on a case by case basis, but generally, a power of attorney to act on behalf of the individual with a disability will be accepted.

The use of emergency rules is justified due to the following:

- Implementation of federal law which was signed in December 2017 – individuals who have START accounts for students with disabilities would be able to rollover these funds to a LA ABLE account to be used for qualified disability expenses that the child has now. Without this ability, funds in a START account that are withdrawn for purposes other than qualified higher education expenses may be subject to federal taxes, and the earnings on any funds deposited are subject to a 10% federal tax penalty.
- START law requires that the interest rates be published in administrative rules. These amounts have already been allocated to START accounts as we are required to send out annual statements notifying account owners of prior year activity, including the interest earned on each account.

- The rulemaking allows juridical entities to open ABLE Accounts for individuals for whom they have power of attorney or equivalent legal right to manage their affairs. Implementing this rule immediately will allow an individual with a disability who does not have legal capacity to act on his own behalf to save funds without losing access to public benefit programs such as SSI to which he may be entitled.



*Student Tuition Assistance and Revenue Trust Program
Louisiana's 529 College Savings Program
A Program of the Board of Regents
602 North Fifth Street
Baton Rouge, LA 70802
(800) 259-5626 (225) 219-1012
www.startsaving.la.gov*

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Minutes

**Louisiana Tuition Trust Authority (LATTA)
August 23, 2017**

The Louisiana Tuition Trust Authority met on Wednesday, August 23, 2017, at 10:54 a.m. in the Claiborne Building, Louisiana Purchase Room, 1201 North Third Street, First Floor, Baton Rouge, Louisiana. Chairman Rallo called the meeting to order and the roll was called.

LATTA Members Present

Dr. Joseph Rallo, Chairman
Regent Claudia Adley
Regent Marty Chabert
Sen. Dan Claitor
Regent Blake David
Regent Thomas Henning
Regent Benson Kinney
Regent Richard Lipsey
Regent Edward Markle
Regent Roy Martin
Regent Charles McDonald
Regent Darren Mire
Regent Wilbert Pryor
Regent T. Jay Seale
Regent William Stream
Regent Adarian Williams

LATTA Members Absent

Regent Robert Levy
Ms. Aisha Mirza
Regent Jacqueline Wyatt
Mr. John Williams

Staff Members Present

Dr. Sujuan Boutté
Rhonda Bridevaux
Carol Fulco
Robyn Lively

Sixteen members were present, which did represent a quorum.

On motion of Regent Chabert, seconded by Regent Henning, LATTA approved the minutes from the March 20, 2017 meeting.

Under the Consent Agenda, it was proposed that the LATTA consider publication of final rule to amend Section 315 to add interest rates to be applied to deposits and Earnings Enhancements for eligible accounts for the year ending December 31, 2016.

On a motion of Regent Chabert, seconded by Regent Markle, the LATTA unanimously recommends publication of the final rule.

There being no further business, Chairman Rallo adjourned the meeting at 10:56 a.m.