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**AGENDA**

**Louisiana Tuition Trust Authority**  
**Wednesday, June 20, 2018 at 10:15 a.m.**  
Claiborne Building  
Thomas Jefferson Room  
1201 North Third Street, First Floor  
Baton Rouge, Louisiana

- I. Call to Order
- II. Roll Call
- III. Approval of Minutes
- IV. Consent Agenda
  - A. START and START K12 Rulemaking
- V. Other Business
- VI. Adjournment

**Consent Agenda  
Agenda Item IV.A.**

The Louisiana Tuition Trust Authority approves the rulemaking to implement Act 53 and Act 687, which creates START K12, of the 2018 Regular Session of the Louisiana Legislature and authorizes the Executive Director of LOSFA to publish a notice of emergency rules, and a notice of intent to make these rules permanent.

**BACKGROUND:**

Act 53 of the 2018 Regular Session of the Louisiana Legislature allows START Saving Program account owners to utilize their accounts to pay the qualified higher education expenses for a beneficiary attending an out of state proprietary school. The funds may be used at such a school if the school is licensed by an out-of-state public postsecondary education board, accredited by a recognized national or regional accrediting body, and eligible to participate in a program under Title IV of the Higher Education Act of 1965, as amended. To implement this Act, the definition of eligible educational institution in Section 107 of the administrative rules has been changed to add out of state proprietary schools.

Internal Revenue Code (IRC) Section 529 was amended as part of the Tax Cuts and Jobs Act of 2017 to allow up to \$10,000 annually to be used for K12 expenses. It also limits expenses that may be paid to tuition. Act 687 of the 2018 Regular Session of the Louisiana Legislature creates the START K12 Program, which will allow individuals to save for the qualified education expenses of a student in kindergarten through twelfth grade. Because START K12 does not provide earnings enhancements or a state tax credit, and because the state Treasurer has notified staff that the investments for this program will be different than those for START due to the shorter-term investments necessary, START K12 must be a separate program.

In addition to creating START K12, Act 687 includes a transition provision wherein individuals who had a START Saving account prior to December 31, 2017, may withdraw up to \$10,000 during calendar year 2018 in order to take advantage of the amendments to IRC Section 529, provided that any withdrawal may not exceed the value of the account as of December 31, 2017.

Amendments to Section 311 and the addition of Chapter 7 implement the provisions of Act 657.

Staff recommends the above-described changes be implemented.

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 will not be able to utilize the transition provision in Act 687 which allows the withdrawal of up to \$10,000 to pay the kindergarten through twelfth grade tuition expenses of the beneficiaries until the administrative rules are effective.
- The rulemaking sets forth the framework from which specifications for the software programming necessary to implement the START K12 Program will be drawn.
- If emergency rulemaking is not utilized, parents will not be able to use START funds at out of state proprietary schools until late October 2018 because the administrative rules would not be effective until October 20, 2018, at the earliest.