

STATE OF OKLAHOMA

1st Session of the 46th Legislature (1997)

HOUSE BILL NO. 1349

By: Matlock

AS INTRODUCED

An Act relating to schools; creating the Oklahoma Tuition Prepayment Program Act; providing definitions; authorizing the Oklahoma State Regents for Higher Education to make certain determinations; providing calculation of weighted average tuition; providing for price of a tuition unit; authorizing Regents to enter into contracts for sale of tuition units; providing conditions for contract; stating terms of the contract; authorizing Regents to establish certain criteria; stating limits on the number of tuition units that may be purchased; providing for application of tuition units toward payment of tuition by a beneficiary; stating amount to be applied toward payment of tuition; providing for termination of contract in certain circumstances; stating circumstances; providing for automatic termination of contract in certain circumstance; providing for refund of the value of unused tuition units; providing for calculation of value of unused tuition units; providing for refund when beneficiary is awarded certain subsidiary; requiring Regents to establish refund method and schedule; providing that right to payment shall not

be subject to certain process of law; providing for annual evaluation of the Prepaid Tuition Trust Fund; creating the Oklahoma Tuition Prepayment Trust; authorizing the Regents to exercise certain functions related to the Trust; stating that admission is not guaranteed; stating refunds are subject to sufficient assets; requiring Regents to prepare annual report of the Program; stating powers and duties of the Regents; authorizing Regents to discontinue Program in certain circumstances; creating the Prepaid Tuition Trust Fund; stating source of funds; requiring Regents to prepare an accounting of the fund; providing for annual audits; providing for codification; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6020 of Title 70, unless there is created a duplication in numbering, reads as follows:

Sections 1 through 15 of this act shall be known and may be cited as the "Oklahoma Tuition Prepayment Program Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6021 of Title 70, unless there is created a duplication in numbering, reads as follows:

As used in the Oklahoma Tuition Prepayment Program Act:

1. "Tuition unit" means the contracted amount purchased by the purchaser as calculated in Section 3 of this act;

2. "Regents" means the Oklahoma State Regents for Higher Education;

3. "Beneficiary" means an individual who is a resident of the state and for whose benefit tuition units are purchased;

4. "Purchaser" mean an individual who purchases tuition units for a beneficiary;

5. "Prepaid tuition contract" means a contract entered into by a purchaser with the Regents to purchase tuition units;

6. "Institution of higher education" means a public or private institution of higher education that is accredited by an accrediting association recognized by the Regents or a private school licensed by the Oklahoma Board of Private Vocational Schools as provided for in Section 21-103 of Title 70 of the Oklahoma Statutes;

7. "Trust" means the Prepaid Tuition Trust; and

8. "Tuition" means general and special enrollment fees charged for attending an institution of higher education in the state as provided for in Section 3218.8 of Title 70 of the Oklahoma Statutes.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6022 of Title 70, unless there is created a duplication in numbering, reads as follows:

By September 1, 1998, and for each year thereafter, the Oklahoma State Regents for Higher Education shall determine the following:

1. The weighted average tuition of bachelor degree-granting institutions within the Oklahoma State System of Higher Education for the academic year that begins on or after the first day of August of the current year. The weighted average tuition amount shall be calculated as follows:

a. for each institution, multiply the annual average tuition charged a full-time undergraduate who is a resident of the state by the number of full-time equivalent resident undergraduates attending the institution,

- b. add together the product of each institution as calculated in subparagraph a of this paragraph, and
- c. divide the sum of subparagraph b of this paragraph by the total number of full-time-equivalent resident undergraduates attending every institution; and

2. The price of a tuition unit. The price of a tuition unit shall be valid for a period determined by the Regents. The price shall be sufficient to ensure the ability of the Regents to meet its obligations under this act. To the extent possible, the price shall be set so that the value of the tuition unit in the anticipated academic year of its use will be equal to one percent (1%) of the weighted average tuition for that academic year plus the proportionate cost of administering the program attributable to the tuition unit.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6023 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. Beginning January 1, 1998, the Regents may begin entering into contracts on behalf of the Oklahoma Tuition Prepayment Trust with purchasers for the sale of tuition units. Except as provided for in subsection C of this section, the Regents shall contract with a purchaser for the sale of tuition units to that purchaser if all of the following apply:

1. The purchaser pays a fifty-dollar nonrefundable enrollment fee;
2. The purchaser is purchasing the tuition units on behalf of a beneficiary named in the contract;
3. The purchaser or the beneficiary is a resident of the state at the time the contract is executed; and
4. The beneficiary is the child or grandchild of the purchaser.

B. The prepaid tuition contract shall specify the anticipated academic year in which the beneficiary will initially enroll in an institution of higher education.

C. The Regents shall not enter into more than one contract on behalf of one beneficiary.

D. The Regents are authorized to promulgate rules which will establish criteria allowing a purchaser who has entered into a prepaid tuition contract with the Regents to change the beneficiary named in the contract.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6024 of Title 70, unless there is created a duplication in numbering, reads as follows:

A purchaser who enters into a prepaid tuition contract with the Regents to purchase tuition units as provided for in Section 4 of this act may purchase tuition units at any time and in any number. The total number of tuition units purchased on behalf of a single beneficiary shall not exceed the number necessary to pay for four (4) years of full-time attendance as a resident undergraduate at the institution within the Oklahoma State System of Higher Education that has the highest resident undergraduate tuition, as determined by the Regents, in the anticipated academic years that the tuition units will be used.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6025 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. Upon enrollment in an institution of higher education in the United States, the individual named as beneficiary in a prepaid tuition contract may apply the tuition units accumulated under the contract towards payment of tuition at the institution. Each tuition unit purchased on behalf of the beneficiary entitles that beneficiary to apply an amount equal to one percent (1%) of the anticipated weighted average tuition as calculated in Section 3 of

this act for the year of attendance, as estimated in the year in which the tuition unit was purchased toward the payment of tuition.

B. Upon request of the beneficiary, the Regents shall pay to the institution in which the beneficiary is enrolled in each semester of attendance the lesser of the following:

1. An amount equal to the value of each tuition unit, as determined in Section 3 of this act, multiplied by the number of unused tuition units purchased on behalf of the beneficiary; or

2. An amount equal to the cost of tuition for the beneficiary for that semester.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6026 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. A prepaid tuition contract entered into as provided for in Section 4 of this act shall terminate if any of the following occur:

1. The beneficiary dies or is permanently disabled and is unable to attend an institution of higher education;

2. The beneficiary graduates from high school and after a good faith effort is unable to gain admission to an institution of higher education;

3. The beneficiary attended an institution of higher education but involuntarily failed to complete the program in which the beneficiary was enrolled;

4. The beneficiary is at least eighteen (18) years of age and any one of the following has occurred:

a. the beneficiary has not graduated from high school,

b. the beneficiary has decided not to attend an institution of higher education, or

c. the beneficiary attended an institution of higher education but voluntarily withdrew without completing the program in which the beneficiary was enrolled; or

5. Other circumstances occurred which the Regents have determined are grounds for termination of the contract.

B. A prepaid tuition contract shall automatically terminate if any of the tuition units purchased under the contract remain unused ten (10) years after the anticipated academic year of enrollment in an institution of higher education, as specified in the contract.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6027 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. If a beneficiary completes the program in which they are enrolled and has not used all of the tuition units purchased on behalf of the beneficiary, the Regents shall refund to the purchaser an amount equal to one percent (1%) of the anticipated weighted average tuition in the academic year in which the beneficiary was to have completed the program as estimated in the year in which the tuition units were purchased, multiplied by the number of unused tuition units.

B. If a contract is terminated for reasons listed under paragraphs 1, 2 or 3 of subsection A of Section 7 of this act, the Regents shall refund to the purchaser an amount equal to one percent (1%) of the anticipated weighted average tuition in the academic year in which the contract is terminated, as estimated in the year in which the tuition units were purchased, multiplied by the number of unused tuition units.

C. Except as otherwise provided in this subsection, if a contract is terminated for reasons listed under paragraph 4 of subsection A or subsection B of Section 7 of this act, the Regents shall refund to the purchaser an amount equal to ninety-nine percent (99%) of the amount determined under subsection B of this section. If a contract is terminated for reasons listed under paragraph 4 of subsection A of Section 7 of this act, the Regents shall not issue the refund for one (1) year following receipt of notice of the

termination and shall not issue a refund of more than one hundred tuition units in any year.

D. If a contract is terminated as provided for in paragraph 5 of subsection A of Section 7 of this act, the Regents shall refund to the purchaser the amount determined under subsection B of this section or the amount determined under subsection C of this section, as established by the Regents.

E. If the beneficiary is awarded a scholarship, tuition waiver or similar subsidy that cannot be converted into cash by the beneficiary, the Regents shall, upon request of the purchaser, refund to the purchaser an amount equal to the value of the tuition units that are not needed because of the scholarship, waiver, or similar subsidy and that would otherwise have been paid by the Regents on behalf of the beneficiary during the semester in which the beneficiary is enrolled and receives the scholarship, tuition waiver or other subsidy.

F. Except as provided for in subsection C of this section, the Regents shall determine the method and schedule for payment of refunds allowed under this section.

G. Any moneys deposited in the Prepaid Tuition Trust Fund, created in Section 15 of this act and the right of the beneficiary to the payment of tuition under this act shall not be subject to garnishment, attachment, execution or any other process of law.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6028 of Title 70, unless there is created a duplication in numbering, reads as follows:

The Regents shall contract with an actuary or actuarial firm to annually evaluate whether the assets in the Prepaid Tuition Trust Fund created in Section 15 of this act are sufficient to meet the obligations of the Regents under this act and to advise the Regents on setting the price of a tuition unit based on the requirements set forth in Section 3 of this act.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6029 of Title 70, unless there is created a duplication in numbering, reads as follows:

There is hereby created the "Oklahoma Tuition Prepayment Trust". The purposes, powers and duties of the Oklahoma Tuition Prepayment Trust are vested in and shall be exercised by the Oklahoma State Regents for Higher Education. The Regents may delegate to their chairperson or any other person such functions and authority as the Regents consider necessary or appropriate. These functions may include, but are not limited to, oversight and supervision of employees of the Regents which implement the Oklahoma Tuition Prepayment Program Act.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6030 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. Nothing in the Oklahoma Tuition Prepayment Program Act shall guarantee to an individual the admission to, retention by, or graduation of the individual from any institution of higher education.

B. The requirements to pay tuition or make refunds under this act are subject to the availability of sufficient assets in the Prepaid Tuition Trust Fund created in Section 15 of this act.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6031 of Title 70, unless there is created a duplication in numbering, reads as follows:

The Regents shall annually prepare or cause to be prepared a report on the tuition prepayment program and submit a copy to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the Senate. The report shall include any recommendations for changes to the program that the Regents determine are necessary to ensure the sufficiency of the Prepaid

Tuition Trust Fund and to meet the obligations of the Regents under this act.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6032 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. For purposes of implementing and administering the Oklahoma Tuition Prepayment Program Act, the Regents shall have the power and duty to:

1. Impose reasonable residency requirements for participation in the program;

2. Make, execute, and deliver contracts, conveyances and other instruments necessary or convenient to the exercise of its power;

3. Actively promote the tuition prepayment program created under this act; and

4. Promulgate rules necessary to implement and administer the Oklahoma Tuition Prepayment Program Act.

B. The Regents shall make any arrangements that are necessary or appropriate with institutions of higher education in order to fulfill its obligations under prepaid tuition contracts.

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6033 of Title 70, unless there is created a duplication in numbering, reads as follows:

If the Regents determine that the program created under the Oklahoma Tuition Prepayment Program Act is financially infeasible, the Regents shall have the authority to discontinue entering into prepaid tuition contracts and to discontinue selling tuition units as provided for under the act.

SECTION 15. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6034 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created in the State Treasury the "Prepaid Tuition Trust Fund" into which shall be deposited all assets

accruing to the Trust including payment received by the Trust from purchasers on behalf of beneficiaries, and from which shall be paid all expenditures of the Trust. The Fund may be divided into separate accounts. Any unexpended balance in the Fund at the end of any fiscal year shall not be transferred into the General Revenue Fund. All interest or other increases earned from the investment of money in the Fund shall be credited to and deposited to the Fund. Monies in the Fund shall at no time become monies of the state and shall not become part of the general budget of the Regents or any other state agency or institution of higher education. Payments from the Fund shall not become or be construed to be an obligation of this state. No claims for payment from the Fund shall be paid with state monies.

B. The Regents shall annually prepare or cause to be prepared an accounting of the Fund and shall transmit a copy to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the Senate. The accounts of the Regents shall be subject to annual audits by the State Auditor and Inspector.

SECTION 16. This act shall become effective July 1, 1997.

SECTION 17. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

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