
MEMORANDUM

Legislative Fiscal Office
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To: General Government Subcommittee of the Joint Committee on Ways and Means

From: Kim To, Legislative Fiscal Office, 503-986-1830

Date: June 11, 2013

Subject: HB 2299 Relating to Oregon 529 College Savings Network accounts
Work Session Recommendation

HB 2299 requires the State Registrar of the Center for Health Statistics, Oregon Health Authority (OHA) to provide to the Oregon 529 College Savings Board, on a quarterly basis, data containing information about the birth of each child born in Oregon to residents of the state. The Oregon 529 College Savings Board is directed to use this information to notify each child's parents of the opportunity to open an Oregon 529 College Savings Network account. In addition, the bill establishes the Oregon College Savings Matching Fund in the State Treasury. If there is sufficient funds in the Oregon College Savings Matching account, the Oregon 529 College Savings Board may use moneys in the fund to make matching deposits of at least \$100 or such other amount as the board may specify by rule.

The measure previously had hearings in the House Committee on Higher Education and Workforce Development on 2/8/2013, 3/1/2013, 3/4/2013, 4/23/2013, and 4/26/2013. A public hearing was held for the bill in this Subcommittee on 5/29/2013.

The measure, the original staff measure summary, and the fiscal impact statement are attached to this memo, and available on the Oregon Legislative Information System (OLIS).

Fiscal impact

The Oregon Health Authority estimates a one-time system modification cost of roughly \$8,204 to enable the collection and transfer of the required data. This cost is anticipated to be covered by the Oregon 529 College Savings Board. The Board will also absorb the cost of notifying each child's parents of the opportunity to open an Oregon 529 College Savings Network account within its existing marketing budget.

Recommendation

LFO recommends the measure be moved to the Full Committee.

Motion

Motion: Senator/Representative_____: Imove HB 2299 to the Full Committee with a “do pass” recommendation.

Assignment of Carriers

Full: _____

Senate: _____

House: _____

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2299 - A

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Kim To
Reviewed by: Linda Ames, John Borden
Date: 3/1/2013

Measure Description:

Directs State Registrar of Center for Health Statistics to send data file containing parents' names and mother's address to State Treasurer for each child born in Oregon to residents of this state.

Government Unit(s) Affected:

Oregon Health Authority (OHA), Oregon State Treasurer

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

House Bill 2299 – A Engrossed requires the State Registrar of the Center for Health Statistics, Oregon Health Authority (OHA) to provide to the Oregon 529 College Savings Board, on a quarterly basis, data containing information about the birth of each child born in Oregon to residents of the state. The bill directs the State Registrar and the Oregon 529 College Savings Board to enter into an agreement to implement this data transfer.

Within 30 days after receiving information from the State Registrar, the Oregon 529 College Savings Board is directed to use this information to notify each child's parents of the opportunity to open an Oregon 529 College Savings Network account. In addition, the bill establishes the Oregon College Savings Matching Fund in the State Treasury. If there is sufficient funds in the Oregon College Savings Matching account, the Oregon 529 College Savings Board may use moneys in the fund to make matching deposits of at least \$100 or such other amount as the board may specify by rule.

Oregon Health Authority (OHA)

The Oregon Health Authority estimates the cost of collecting, storing and transferring the data required by this bill to be a one-time data transfer setup cost of approximately \$8,204. This cost is anticipated to be covered by the Oregon 529 College Savings Board.

Oregon State Treasurer

According to the Oregon State Treasury, the Oregon 529 College Savings Board expects to be able to absorb the \$8,204 one-time data transfer setup cost to implement the data delivery portion of this bill within its 2013-15 biennial budget. The Oregon State Treasury also reports that the Oregon 529 College Savings Board will absorb the cost of notifying each child's parents of the opportunity to open an Oregon 529 College Savings Network account within its existing marketing budget. The Legislative Fiscal Office notes, however, that the Treasurer has requested as part of the 2013-15 budget an additional \$1.2 million for a public education and awareness campaign for its 529 College Savings Network program.

House Bill 2299 establishes the Oregon College Savings Matching Fund in the State Treasury. The Oregon 529 College Savings Board may accept grants, donations, contributions or gifts from any source for deposit to the Oregon College Savings Matching Fund. The Legislative Fiscal Office believes that this language does not authorize any state agency to transfer moneys to the Fund without specific legislative direction. The bill specifically states that if there are sufficient funds in the Oregon College

Savings Matching account, the board may use moneys in the fund to make matching deposits of at least \$100 or such other amount as the board may specified by rule. At this time, a specific revenue source is not identifiable, and the measure does not specify how the board shall determine whether sufficient funds are available to make matching deposits.

According to the Oregon Health Authority population data, the number of live births in Oregon averages approximately 44,000 per year. The percentage of parents who would participate in this program is indeterminate at this time. As a point of reference, assuming that 50% of all eligible parents participated in the program, and the board chooses to make matching deposits into the accounts established, the total cost of matching deposits, if these deposits were at the \$100 minimum level, would equal approximately \$2.2 million per year.

This bill requires budgetary action for the establishment of an Other Funds expenditure limitation for the Oregon College Savings Matching Fund.

REVENUE: No revenue impact
FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	8 - 0 - 1
Yeas:	Gallegos, Gilliam, Gorsek, Harker, Huffman, Johnson, Whisnant, Dembrow
Nays:	0
Exc.:	Greenlick
Prepared By:	Victoria Cox, Administrator
Meeting Dates:	2/8, 3/1

WHAT THE MEASURE DOES: Requires State Registrar of Center for Health Statistics to send data file containing parents' names and mother's address to Oregon 529 College Savings Board (Board) for each child born to Oregon residents and Board to send notice to parents of opportunity to open college savings account. Directs Board to establish account at request of parent. Establishes Oregon College Savings Matching Fund. Continuously appropriates moneys in fund to Board for matching deposits to college savings accounts.

ISSUES DISCUSSED:

- Increased likelihood of post-secondary education for plan participants
- Results of earlier investment in college savings plans

EFFECT OF COMMITTEE AMENDMENT: Substitutes Oregon 529 College Savings Board for State Treasurer as entity designated to receive data from State Registrar of Center for Health Statistics and contact parents regarding college savings accounts.

BACKGROUND: The Oregon 529 College Savings Network is an investment tool that provides state and federal tax advantages for investing in college savings plans. Oregon currently offers two 529 plans administered by the Office of the State Treasurer and overseen by the Oregon 529 College Savings Board. House Bill 2299-A creates a vehicle to inform parents of their eligibility to open such an account, by requiring the State Registrar of the Center for Health Statistics to provide quarterly reports to the Board containing the parents' names and mother's mailing address for each child born in Oregon to parents who reside here. The Board will provide information to the parents regarding college savings accounts and establish accounts for those parents who choose to participate. Additionally, the measure establishes the Oregon College Savings Matching Fund to allow deposits in college savings accounts to be matched by the Board as determined by rule.

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass the A-Engrossed Measure and Be Referred to the Committee on Ways and Means by Prior Reference
Vote:	4 - 0 - 1
Yeas:	Knopp, Kruse, Roblan, Hass
Nays:	0
Exc.:	Beyer
Prepared By:	Richard Donovan, Administrator
Meeting Dates:	4/23

WHAT THE MEASURE DOES: Directs State Registrar of Center for Health Statistics to send data file containing parents' names and mother's address to Oregon 529 College Savings Board for each child born in Oregon to residents of this state. Requires Oregon 529 College Savings Board to send notice to parents of child of opportunity to open college savings account. Directs Oregon 529 College Savings Board to establish college savings account at request of parent. Establishes Oregon College Savings Matching Fund. Continuously appropriates moneys in fund to board. Authorizes board to use moneys in fund, if board finds amount in fund sufficient, to make matching deposits into college savings accounts.

ISSUES DISCUSSED:

- Existing 529 investment programs
- Cost of measure
- Focus of measure on information and awareness
- Privacy procedures and practices for management of personal information of recipients of notification

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The Oregon 529 College Savings Network is an investment tool that provides state and federal tax advantages for investing in college savings plans. Oregon currently offers two 529 plans administered by the Office of the State Treasurer and overseen by the Oregon 529 College Savings Board. House Bill 2299-A creates a vehicle to inform parents of their eligibility to open such an account. House Bill 2299-A requires the State Registrar of the Center for Health Statistics to provide quarterly reports to the Board containing the parents' names and mother's mailing address for each child born in Oregon to parents who reside here. The Board will provide information to the parents regarding college savings accounts and establish accounts for those parents who choose to participate. Additionally, the measure establishes the Oregon College Savings Matching Fund to allow deposits in college savings accounts to be matched by the Board, as determined by rule.

4/26/2013 2:40:00 PM

This summary has not been adopted or officially endorsed by action of the committee.