

FISCAL NOTE
Requested by Legislative Council
01/30/2015

Amendment to: SB 2165

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Engrossed SB2165 provides that legislative management shall consider studying, during the 2015-16 interim, the desirability and feasibility of allocating a specific dollar amount per resident child at the time of the child's birth. There is no fiscal impact to the Bank of North Dakota.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

There is no fiscal impact to the Bank of North Dakota in Engrossed Senate Bill 2165.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

There is no revenue impact to the Bank of North Dakota in Engrossed Senate Bill 2165.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

There is no expenditure impact to the Bank of North Dakota in Engrossed Senate Bill 2165.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Engrossed SB2165 does not specify an appropriation.

Name: Wally Erhardt

Agency: Bank of North Dakota

Telephone: 701.328.5654

Date Prepared: 02/02/2015

FISCAL NOTE
Requested by Legislative Council
01/09/2015

Bill/Resolution No.: SB 2165

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$156,000
Expenditures	\$0	\$0	\$0	\$0	\$0	\$101,275,000
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB2165 relates to an allocation of \$5,000 at time of child's birth with July 1, 2017 effective date. BND at time of birth allocates and administers the amounts minus admin. fees until an individual chooses to enroll in an institution of higher education or for other requests as denoted in Section 1.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Estimated revenue of \$156,000 is based on an administrative fee of .10 basis points. The legislation does not include a legislative appropriation and is estimated to have expenditures of \$101,275,000 based on the following: \$100 million for an estimated 10,000 newborns for each year of the 2017-19 biennium X \$5,000 in allocated funds. The remaining \$1,275,000 are estimated expenses for BND to hire a professional brokerage firm to assist BND with record keeping and investment services.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Estimated revenue of \$156,000 is based on an administrative fee of .10 basis points on net assets the Bank currently receives for managing its 529 College SAVE plan - this same fee and asset management structure is anticipated with proposed SB2165.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Estimated expenditures of \$101,275,000 is based on the following: \$100 million is calculated by taking an estimated number of 10,000 ND newborns in each year of the biennium (newborn estimates based on discussions with ND Health Department) X \$5,000 in allocated funds. The remaining \$1,275,000 are estimated expenses for BND to hire a professional brokerage firm to assist BND with record keeping and investment services. BND estimates the

brokerage firm to charge .85 basis points on total net assets which includes the .10 basis points the Bank anticipates receiving denoted in Section 3A. This fee and asset management structure is anticipated with SB2165 and is based on current costs within BND's 529 College SAVE plan and assumes a 3 percent rate of investment return.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

SB2165 does not specify an appropriation but is assumed to be \$100 million in the 2017-19 biennium as further described in Section 2B.

Name: Wally Erhardt

Agency: Bank of North Dakota

Telephone: 701.328.5654

Date Prepared: 01/14/2015

2015 SENATE GOVERNMENT AND VETERANS AFFAIRS

SB 2165

2015 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Missouri River Room, State Capitol

SB 2165
1/22/2015
Job # 22369

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new section to chapter 6-09 of the North Dakota Century Code, relating to the allocation of resources at the time of a child's birth; to provide legislative intent; and to provide an effective date.

Minutes:

Attachments 1-2

Chairman Dever: Opened the hearing on SB 2165.

Senator Larson, District 3: Testified as sponsor of the bill. See Attachments #1 and #2.

(14:10)Chairman Dever: Is it your intention that this apply only to babies born after the effective date?

Senator Larson: When the legacy fund becomes available, that is when the program will start.

Chairman Dever: Will it apply only to babies born after that, or will it apply to all living ND citizens who were residents when they were born?

Senator Larson: No. This is just a new program. For the new babies in 2017, that is when it takes place. Other discussion that I had through things is that people want to know what we are going to do with the legacy fund. We voted to save this money and now we need to try to figure out what to do with it.

Chairman Dever: And you brought forward an idea and I am sure there will be a whole host of ideas.

Senator Nelson: In regards to your definition of an eligible individual, how many of the people at Minot AFB would you say are residents of this state?

Senator Larson: I have no research on that.

Chairman Dever: I believe that when someone is in the military they can declare their residency where they want.

Senator Nelson: I look at the birth announcements in the paper and many are from other states. Not everyone that has a child in North Dakota is a residence or US citizens even.

Senator Larson: If they are not a resident of North Dakota they would not qualify.

Senator Davison: I was approached over the weekend about this bill and it has been creating a lot of discussion. How did you arrive at the \$5000 amount?

Senator Larson: Really, the \$5000 originated from what we are already giving North Dakota citizens. If they jump through the hoop and take their ACT test and decide to go to college and do those measures they would get the \$5000. It is not more than what we are already providing. What we are giving more is the opportunity to start a business or buy a home if they don't want to do that. I have a lot of students that did not go to college and they just felt left out.

Senator Cook: It is a unique idea. This past interim the Government and Finance Committee had a study resolution on what we should possibly do with the legacy fund and it would have been nice to have this idea there. When you talk about the legacy fund, do you mean that the interest earned from the fund would have to be sufficient to cover this idea? I am looking at \$100 million and the fund would have to get to that point.

Senator Larson: That is exactly it. It is the funding source that would be used - that the legacy fund is going to use for any project. Another part of the idea stemmed from is a ballot measure where we were going to spend \$150 million on fur and feathers and if that would have passed, we would have had to pay for that.

Senator Cook: That point in time will be a few years down the road

Vice Chairman Poolman: When this goes into effect, I would assume that no student is eligible for the academic scholarship. I would like to clarify that the academic scholarship is merit based. It is not just taking an ACT. You have to get a minimum score on the ACT, you have to have the minimum GPA, and you have to take certain college preparatory courses. The premise of the bill is that you want to reward hard work but the merit based scholarship, as a teacher I can tell you, has encouraged kids to work harder in school. I do not understand how the philosophy of giving someone \$5000 encourages them to work when now you are removing the piece that has motivated my students to work hard.

Senator Larson: I too have been an educator for 18 years and that is not the intent of the bill. In order for them to use that money to go to college they still have to meet those same parameters. We are not lowering standards at all. If they are going to use the \$5000, which will accrue interest by the time they are 18, and they decide to go to college, they cannot just go to college unless they meet the same parameters that are outlined in the scholarship. If it is not listed in the bill, it has to be. That is the intention of the bill.

Vice Chairman Poolman: (Quotes line 19 of the bill) So if a student's account, at the age of 18, is \$20,000 - what student is going to say that they will work harder and go for the \$6000?

Senator Larson: But you cannot access that \$20,000 unless you meet the guidelines that are already there. The same parameters should be met and if it is not in the bill than it should be.

Vice Chairman Poolman: So we are putting this money away, and the only way they will access it is to meet the merit scholarship requirements? Therefore we are not talking about every child being able to go to college on this money?

Senator Larson: That is correct. I am confused. If they decide to go to college and access those funds then the same requirements should be there. There is no lowering of the standards.

Senator Flakoll: As I read the bill, you can only have one or the other, is that your intent?

Senator Larson: Correct. If I am a college student I would much rather access the \$5000 at birth because it will have increased to be over the merit scholarship amount.

Senator Flakoll: Do you think at the end of 18 years \$5000 will buy just as much as it does today?

Senator Larson: It is not a flat \$5000. This is a mutual fund that should be able to grow. I don't know what it would be 18 years from now but is sure going to be a lot more than we are offering North Dakota students now.

Senator Flakoll: I appreciate the thought in putting this together. On Page 2, subsection 7 regarding being convicted of felony section. How will that work in a couple of different areas because if there is something on their record from age 14 which are sealed records, how does that work for higher ed getting ahold of those records or if they were elsewhere when a felony committed?

Senator Larson: It is a good question. I know nowadays there are a lot of background checks. That is something that has to be worked out in the bill. But I do not believe that someone who gets a felony should be able to access it.

(29:15) Kenneth Pulty (Not sure on the name and they did not sign the registration sheet for testimony), Former student of Senator Larson: My dream has always been to go to NDSU for mechanical engineering, and I am currently doing that. This bill would help prospective students to carry out those dreams. Many students get discouraged in high school about the financial burden that college plays in everyone's life. I know a lot of brilliant minds that don't take that opportunity that give up and work. This bill would help them go to college and make it less stressful. When I was 16 I had no idea what I wanted to do and it might take it to your senior year to get things together. You might not have the grades that you need to get into college and you may not have credit. I am not sure that how the bill could be adjusted for the requirements. Because of financial reasons when I graduated high school, I joined the United States Marine Corps. After deployment, I decided to use my GI bill and go to NDSU. I see freshmen struggling to pay for school. They are working and trying to go to school and they don't have assistance from aid or parents. I am fortunate to have my GI bill. If this bill was not used for college, then it would be good to be able to have it for other routes. Maybe to have a medical savings account. I have \$4000 of medical expenses to pay for my daughters

congenital heart defect; also for startup money for a business or reliable transportation. Transitioning veterans could use that money to assist in re-acclimating to civilian society, etc.

(37:20) Dominique DeJournette, former student of Senator Larson: Testified in support of the bill. I think if I had of had this opportunity my life would have gone down a different path than what it has now. Not saying that it is terrible, but I dropped out of college. I had to get loans and am still trying to pay for them. I think it would be a good opportunity for our future children and give them a better life than what our generation has gone through.

Chairman Dever: Closed the hearing on SB 2165.

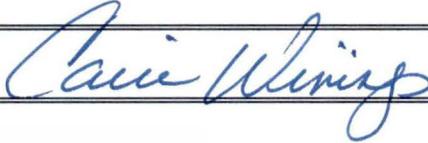
2015 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Missouri River Room, State Capitol

SB 2165
1/22/2015
Job # 22408

- Subcommittee
 Conference Committee

Committee Clerk Signature



Minutes:

No Attachments

Chairman Dever: Opened SB 2165 for committee discussion.

Senator Cook: I think that this is a Do Not Pass or a study resolution.

Senator Poolman: I agree.

Chairman Dever: I would agree.

Committee: A discussion followed on the possibility of turning the bill into a study on what the future uses of the legacy fund would be and what exactly the study would entail. The committee decided to talk with the sponsor of the bill, Senator Larson and give him the opportunity to do that. It was mentioned that if the bill was turned into a study there would no longer be a fiscal note.

Chairman Dever: Closed the discussion on SB 2165.

2015 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Missouri River Room, State Capitol

SB 2165
1/29/2015
Job # 22829

- Subcommittee
 Conference Committee

Committee Clerk Signature



Minutes:

Attachments 1

Chairman Dever: Opened SB 2165 for committee discussion.

Senator Flakoll: Moved to adopt amendment 15.0427.02001. (See Attachment #1)

Senator Poolman: Seconded.

A Roll Call Vote Was Taken: 7 yeas, 0 nays, 0 absent.

Motion Carried.

Senator Flakoll: Moved a Do Pass As Amended.

Senator Poolman: Seconded.

A Roll Call Vote Was Taken: 7 yeas, 0 nays, 0 absent.

Motion Carried.

Senator Flakoll will carry the bill.

January 27, 2015

Handwritten initials and date:
JAL
1/27/15

PROPOSED AMENDMENTS TO SENATE BILL NO. 2165

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study regarding the allocation and investment of specific dollars per child at the time of the child's birth."

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - ALLOCATION AND INVESTMENT OF DOLLARS PER CHILD. The legislative management shall consider studying, during the 2015-16 interim, the desirability and feasibility of allocating a specific dollar amount to each resident child at the time of the child's birth and investing that sum so that the child, upon entering an institution of higher education, could have access to substantial resources for scholarships or in the alternative, could have access to resources for the initiation of a business, for the purchase of a home, or for the purchase of farm or ranchland. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Renumber accordingly

Date: 1/29
 Roll Call Vote #: 1

**2015 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2165**

Senate Government and Veterans Affairs Committee

Subcommittee

Amendment LC# or Description: 15.0427.02001

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Flakoll Seconded By Poolman

Senators	Yes	No	Senators	Yes	No
Chairman Dever	✓		Senator Marcellais	✓	
Vice Chairman Poolman	✓		Senator Nelson	✓	
Senator Cook	✓				
Senator Davison	✓				
Senator Flakoll	✓				

Total (Yes) 7 No 0

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 1/29
 Roll Call Vote #: 2

**2015 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2165**

Senate Government and Veterans Affairs Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Flakoll Seconded By Poolman

Senators	Yes	No	Senators	Yes	No
Chairman Dever	✓		Senator Marcellais	✓	
Vice Chairman Poolman	✓		Senator Nelson	✓	
Senator Cook	✓				
Senator Davison	✓				
Senator Flakoll	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Flakoll

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2165: Government and Veterans Affairs Committee (Sen. Dever, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2165 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study regarding the allocation and investment of specific dollars per child at the time of the child's birth.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - ALLOCATION AND INVESTMENT OF DOLLARS PER CHILD. The legislative management shall consider studying, during the 2015-16 interim, the desirability and feasibility of allocating a specific dollar amount to each resident child at the time of the child's birth and investing that sum so that the child, upon entering an institution of higher education, could have access to substantial resources for scholarships or in the alternative, could have access to resources for the initiation of a business, for the purchase of a home, or for the purchase of farm or rangeland. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Renumber accordingly

2015 HOUSE FINANCE AND TAXATION

SB 2165

2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee

Fort Totten Room, State Capitol

SB 2165

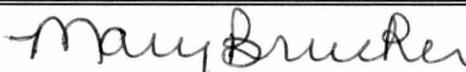
3/4/2015

24317

Subcommittee

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A bill for an act to provide for a legislative management study regarding the allocation and investment of specific dollars per child at the time of the child's birth.

Minutes:

Attachment #1

Chairman Headland: Opened hearing.

Senator Larsen: Introduced bill. Distributed testimony. See attachment #1.

Chairman Headland: Doesn't free money just increase the cost to everyone?

Senator Larsen: I don't think it's free money. In Alaska it is free money because there are no strings attached to it. The individual that gets this mutual fund account from North Dakota has to work to get their GED, work to get their high school diploma, and work to get their ACT scores to enter college. We're not giving the North Dakota scholarship as free money; those kids are working hard for that money. I don't think it's free at all.

Representative Steiner: Do you think it's wise to put in text seven percent annual return? I would rather not have any promise in this program at all. Once you set that expectation and they come to the end of that rope they are going to say it was going to be \$20,000. I have a concern about putting that number down in black and white.

Senator Larsen: Those are just ideas to bring this study forward. The Bank of North Dakota can put in this set up how they are going to do this for these individuals. Legislative Management thinks the best thing to do is to allow it as the bill but let the Bank of North Dakota work out the peculiarities with it because they are the ones that administer the loan. You can't be a criminal and get this money; you have to be an upstanding citizen.

Chairman Headland: Is there any support for SB 2165? Is there any opposition? Seeing none we will close the hearing.

2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2165
3/4/2015
24329

- Subcommittee
 Conference Committee

Committee Clerk Signature

Mary Brucher

Explanation or reason for introduction of bill/resolution:

A bill for an act to provide for a legislative management study regarding the allocation and investment of specific dollars per child at the time of the child's birth.

Minutes:

No attachments

Representative Haak: Made a motion for a do not pass.

Representative Dockter: Seconded.

Representative Schneider: I think a study on this issue might produce some other interesting outcomes as well. Just as a courtesy it says shall consider studying and it couldn't hurt anything to put it in a study. I'm going to vote against it.

Roll call vote: 9 yes 3 no 2 absent
Motion carries for a do not pass.

Representative Haak will carry this bill.

Date: 3-4-15
 Roll Call Vote #: 1

**2015 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2165**

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Rep. Haak Seconded By Rep. Dockter

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN HEADLAND	✓		REP HAAK	✓	
VICE CHAIRMAN OWENS	AB		REP STRINDEN	AB	
REP DOCKTER	✓		REP MITSKOG		✓
REP TOMAN	✓		REP SCHNEIDER		✓
REP FROSETH	✓				
REP STEINER	✓				
REP HATLESTAD	✓				
REP KLEIN		✓			
REP KADING	✓				
REP TROTTIER	✓				

Total (Yes) 9 No 3

Absent 2

Floor Assignment Rep. Haak

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2165, as engrossed: Finance and Taxation Committee (Rep. Headland, Chairman)
recommends **DO NOT PASS** (9 YEAS, 3 NAYS, 2 ABSENT AND NOT VOTING).
Engrossed SB 2165 was placed on the Fourteenth order on the calendar.

2015 TESTIMONY

SB 2165

422

1
pg 1

SB2165

Relating to the allocation of resources at the time of a child's birth: to provide legislative intent and to provide an effective date.

Good morning chairperson and members of the committee my name is Senator Oley Larsen representing district three. I am here today to ask for your support of SB2165

I would like to begin by stating that if power corrupts, dependency corrupts absolutely: everyone should have to provide for themselves. However everyone should also be given a fair start- not to mention a fair middle passage.

This bill originates from discussions when I was an automotive technology instructor at Minot High. I have students here today that have gone on to be good friends and productive citizens of North Dakota. These folks did not use the ND scholarship. Those many years ago it has continued to resonate in me their words saying "why are we not good enough to get any money". All of our citizens deserve a hand up from our state in helping them out. Just because they decided to take a different path instead of going to college. Discussion has also led to what to do with the legacy fund when it comes available in 2017. This bill gives every North Dakota born citizen an interest in a sort of government created mutual fund. It addresses prosperity, economic growth, alternatives to incarceration, education and retirement.

I believe it is equally important that everyone has access to financial means- when they reach 18- to choose the kind of work they want to do. Everyone should have enough money to attend an in state college/university or take career and technical training. They should have the opportunity to launch a small business or put money down for a start-up home.

There was a sociological study conducted from 1968 to 1978 by the US department of health, education and welfare that became known as the "negative income tax experiment." This is thought to have originated with economist Milton Friedman, who advocated it in his 1962 book *Capitalism and Freedom*.

<http://www.econlib.org/library/Enc1/NegativeIncomeTax.html>

In this experiment, groups of low-income people in cities across the United States were told that, for a number of years, they would have a floor put under their income. Other similar groups were "control groups" and received no guaranteed incomes. Many economists expected that the people receiving guaranteed incomes would fare better than the control groups. But just the opposite happened. The guaranteed income encouraged people to stop working, not just at first, but by increasing percentages as the years went by. The guaranteed income somehow encouraged poor people to have more children and instead of stabilizing families it triggered more separations and divorces.

I do not believe in giving money for free without working for it. It's the implicit contempt for work that some have gotten a lot of mileage out of, stressing alienation and meaninglessness of most work. But work has largely positive dimensions that we neglect at our peril. Work is truly a blessing.

Work is an important way of giving structure and meaning to our lives. It gives us a sense of belonging to our community and of contributing to our country. It serves as a source of upward mobility, and it's what we do to produce much of what we value.

This proposal will ensure every ND citizen a decent working life to provide a "nest egg" of capital at birth so every ND citizen can freely decide what they want to do when they reach adulthood.

This Stakeholder account will give everyone an opportunity to prepare themselves for the jobs or futures they'd most like to pursue. It is not enough simply to instill the right attitude. Money is also important. Some of our most prominent proponents of "taking charge of your life," "personal empowerment" and the "psychology of getting ahead" just happen to be recipients of six- or seven figure trust funds.

Every single one of us can start off with some kind of nest egg. Not a huge trust fund of course- but enough to ensure a decent college education or if you are forgoing collage, enough to start a small business, or if you are intent on starting a family enough to put a down payment on a small home. For obvious reasons this bill gives the holder a stake in the larger society.

Michael Sherraden in the early 1990's was head of the center for social development at Washington University in St Louis. His thesis is that if you want to encourage people to do well in life, you'll emphasize savings rather than income. I think of the scene in *Mary Poppins* when the small boy was to take his schilling to the bank and invest it.

It's common sense. "When people are accumulating assets, they think and behave differently and the world responds to them differently as well. Assets improve household stability and psychologically connect people with a viable, hopeful future"

Because everyone would have this stakeholder account accumulating from childhood, everyone would grow up feeling like they had a stake in society. Young people can be given specific information about their stakeholder account. From a very early age, citizens could begin planning for use of the accounts in the years ahead. Schools could teach kids about how to invest their money wisely- a great way to introduce them to subjects like economics and financial planning.

This bill combines common sense with vision, and helps everyone get a fair start in life.

My sense is that, if you won't be getting a minimum of \$20,000 at the age of 18 you're not going to devote a good part of your youth to thinking constructively about how to use the money to launch your career.

Just some Amendment ideas to make the bill better:

- For low income children, the government would add \$1,000 each year.
- Middle income families would get a tax deduction for contributions up to \$1,000 per child per year.
- Half the accumulated money could be spent on college tuition. At age 30, two-thirds of the residue could be spent on home ownership or lifelong learning or job training, and at age 60 the remainder could be used for retirement.
- 401(k) type fund so the citizen can control the return of the \$5,000 invested in a relatively safe portfolio with 7% ANNUAL RETURN THE SUM COULD GROW TO more than \$20,000 by the time the child reaches 18 and \$45,000 by the time he or she reaches 30. The bank of North Dakota could give options of investments low risk, moderate, high risk?
- Family members and others could add money to it.
- You would not be able to receive the funds if you are getting funding from another entity that duplicates this: e.g., the Fort Berthold child per cap payment or Habitat for Humanity.
- ND residents adopting ND child
- Have to have address military or families moving in or out of the state the recipient has to meet a % of time in the state.
- change age to 21

Funding legacy fund

Fiscal note corrections.

13-15 biennium 10million next biennium 17.2mill ND scholarship

Department of human services on assisted living and nursing home care.

College saves:

1/22 #1
PG 4

Larsen, Oley L.

From: Thiel, LeeAnn G.
t: Tuesday, January 20, 2015 12:59 PM
to: Larsen, Oley L.
Cc: Anderson, Maggie D.; McDermott, Debra A.; Kramer, Paul R.; Schwab, Julie F.
Subject: expenditure informaiton

Senator Larsen,

The projected nursing facility expenditures for the 2013-15 biennium is \$479.8 million. The average monthly number of Medicaid recipients in nursing facilities for the biennium to date is 3,115. These figures include in-state and out-of-state facilities.

The projected basic care facility expenditures for the 2013-15 biennium is \$32.96 million. The average monthly number of Medicaid recipients in basic care facilities for the biennium to date is 618.

LeeAnn Thiel
Medicaid Payment and Reimbursement Services
Medical Services Division
ND Department of Human Services
701-328-4893

1/22 #1
1255



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Picture the future...
One day, they'll be changing the world

You never know where the simplest action may lead. A little girl picking up a flower may become a future botanist or park ranger; a young boy chasing frogs may be tomorrow's veterinarian or researcher.

You're smart to start saving for college now, the future's not that far away. Preparing for the cost of college is one of the most important investments you'll ever make. That's why you want a plan that can help you make the most of your education savings dollars, give you the flexibility to save at your own pace, and offer opportunities to make the savings process as easy as possible. North Dakota's College SAVE Plan offers all that and more.

Welcome to College SAVE!

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Children FIRST
Add to your College SAVE Account with UpromiseSM

Earn college savings on everyday purchases when you shop online, dine out, and much more.
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Larsen, Oley L.

From: Keller, Becky J.
To: Wednesday, January 21, 2015 11:52 AM
Subject: Larsen, Oley L.
Dolan, Tammy R.
College SAVE

Senator Larsen,

This email is in response to your question regarding use of the College SAVE program. The Bank of North Dakota provided the information below:

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- BND has averaged 3,841 account openings the past three years. In 2014, BND had 4,378 accounts opened, of which 3,865 were opened by North Dakota residents.
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- In 2014, BND funded 901 Children FIRST accounts at a total of \$90,100. As of December 31, 2014 there were 2,476 designated Children FIRST College SAVE accounts. Residents save \$14 in return for every \$1 in grant funds.

Supplemental information:

- As of December 31, 2014 there are 26,783 College SAVE accounts; 14,641 of which are linked to North Dakota residents.
- As of December 31, 2104 the average account size is \$14,699.

Please let me know if you have questions or need additional information.

Becky

Becky Keller, CPA
Management and Fiscal Analyst
ND Office of Management and Budget
701.328.2148
bjkeller@nd.gov

January 27, 2015

1/29 #1

PROPOSED AMENDMENTS TO SENATE BILL NO. 2165

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study regarding the allocation and investment of specific dollars per child at the time of the child's birth.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - ALLOCATION AND INVESTMENT OF DOLLARS PER CHILD. The legislative management shall consider studying, during the 2015-16 interim, the desirability and feasibility of allocating a specific dollar amount to each resident child at the time of the child's birth and investing that sum so that the child, upon entering an institution of higher education, could have access to substantial resources for scholarships or in the alternative, could have access to resources for the initiation of a business, for the purchase of a home, or for the purchase of farm or ranchland. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly. "

Renumber accordingly

SB 2165
3-4-15
#1 p.1

2165

Relating to the allocation of resources at the time of a child's birth: to provide legislative intent and to provide an effective date.

Good morning chairperson and members of the committee my name is Senator Oley Larsen representing district three. I am here today to ask for your support of sb2165

This bill gives every North Dakota born citizen an interest in a sort of government created mutual fund. It addresses prosperity, economic growth, alternatives to incarceration, education and retirement.

I would like to begin by stating that if power corrupts, dependency corrupts absolutely: everyone should have to provide for themselves. However everyone should also be given a fair start- not to mention a fair middle passage.

I believe it is equally important that everyone has access to the financial means- when they reach 18- to choose the kind of work they'll want to do. Everyone should have enough money to attend an in state college/university or take Career and technical training. They should have the opportunity to launch a small business or put money down for a start-up home.

In researching a sociological study conducted from 1968 to 1978 by the US department of health, education and welfare. Sometimes known as the "negative income tax experiment" which is commonly thought to have originated with economist Milton Friedman, who advocated it in his 1962 book, *Capitalism and Freedom performed this experiment*.

In cities across the United States some groups of low-income people were told that for a number of years they would have a floor put under their income. Other similar groups were "control Groups" and received no guaranteed incomes. Many economists expected that the people receiving guaranteed incomes would fare better than the control groups. But just the opposite happened, the guaranteed income encouraged people to stop working- not just at first but increasing percentages as the years went by. The guarantee income somehow encouraged poor people to have more children and instead of stabilizing families it triggered more separations and divorces.

I do not believe in giving money for free without working for it. It's the implicit contempt for work that some have gotten a lot of mileage out of stressing alienation and meaninglessness of most work. But work has largely positive dimensions that we neglect at our peril. Work is truly a blessing.

Work is an important way of giving structure and meaning to our lives. It gives us a sense of belonging to our community and of contributing to our country. It serves as a source of upward mobility, and it's what we do to produce much of what we value. Immigrants to the United States

tend to be astonished both at how hard we work and at how many different goods and services are available to ordinary people.

This proposal will ensure every ND citizen a decent working life to provide a "nest egg" of capital at birth so every ND citizen can freely decide what they want to do when they reach adulthood.

This Stakeholder account will give everyone an opportunity to prepare themselves for the jobs or futures they'd most like to pursue. It is not enough simply to instill the right attitude. Money is also important. Some of our most prominent proponents of "taking charge of your life", "personal empowerment" and the "psychology of getting ahead" just happen to be recipients of six- or seven figure trust funds.

Every single one of us can start off with some kind of nest egg. Not a huge trust fund of course- but enough to ensure a decent college education or if you are forgoing collage, enough to start a small business, or if you are intent on starting a family enough to put a down payment on a small home. For obvious reasons this bill gives the holder a stake in the larger society.

Michael Sherraden in the early 1990's was head of the center for social development at Washington University in St Loius. His thesis is that if you want to encourage people to do well in life, you'll emphasize savings rather than income. I think of the seen in Mary Poppins when the small boy was to take his schilling to the bank and invest it.

Its common sense, once you think about it. "When people are accumulating assets, they think and behave differently and the world responds to them differently as well. Assets improve household stability and psychologically connect people with a viable, hopeful future"

You don't get to draw on the account whenever you like. That's the real key. Withdrawals would be restricted to legitimate long-term goals- postsecondary education, home buying, and starting a new business or retirement.

Because everyone would have this stakeholder account accumulating from childhood, everyone would grow up feeling like they had a stake in society. Young people can be given specific information about their stakeholder account. From a very early age Citizens could begin planning for use of the accounts in the years ahead. Schools could teach kids about how to invest their money wisely- a great way to introduce them to subjects like economics and financial planning.

This bill combines common sense with vision, and helps everyone get a fair start in life.

My sense is that, if you won't be getting a minimum of 20,000 at the age of 18 you're not going to devote a good part of your youth to thinking constructively about how to use the money to launch your career.

Just some Amendment ideas to make the bill better:

- For low income children, the government would add 1000 each year.
- Middle income families would get a tax deduction for contributions up to 1000 per child per year.
- Half the accumulated money could be spent on college tuition. At age 30, two-thirds of the residue could be spent on home ownership or lifelong learning or job training, and at age 60 the remainder could be used for retirement.
- 401 k type fund so the citizen can control the return of the 5000 invested in a relatively safe portfolio with 7% ANNUAL RETURN THE SUM COULD GROW TO more than 20,000 by the time the child reaches 18 and 45,000 by the time he or she reaches 30. The bank of North Dakota could give options of investments low risk, moderate, high risk?
- Family members and others could add money to it.
- Cannot receive if getting funding from another entity that duplicates this: example the fort Berthold child per cap payment, Habitat for humanity.

Funding legacy fund

Fiscal note corrections.

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Department of human services on assisted living and nursing home care.

College saves:

#1 p. 4

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#1 p.5

¹ Upromise is an optional service offered by Upromise, Inc., is separate from the College SAVE Plan and is not affiliated with the State of North Dakota and the Bank of North Dakota. Terms and conditions apply to the Upromise service. Participating companies, contribution levels, and terms and conditions are subject to change at any time without notice. Transfers from Upromise to a College SAVE account are subject to a \$25 minimum.

For more information about North Dakota's College SAVE Plan (College SAVE), call 1-866-SAVE-529 (1-866-728-3529) or click here to obtain a Plan Disclosure Statement. Investment objectives, risks, charges, expenses, and other important information are included in the Plan Disclosure Statement; read and consider it carefully before investing. Ascensus Broker Dealer Services, Inc. (ABD) is Distributor of the College Save.

Before investing in any 529 plan, you should consider whether your or the designated beneficiary's home state offers a 529 plan that provides its taxpayers with state tax and other benefits that are only available through the home state's 529 plan. You also should consult your financial, tax, or other advisor to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances. You also may wish to contact directly your home state's 529 plan(s), or any other 529 college savings plan, to learn more about those plans' features, benefits and limitations. Keep in mind that state-based benefits should be one of many appropriately weighted factors to be considered when making an investment decision.

The College SAVE Plan (College SAVE) is a 529 plan established by the State of North Dakota. Bank of North Dakota (Bank) acts as trustee of College SAVE Trust, a North Dakota Trust, and is responsible for administering College SAVE Trust and College SAVE. ABD, the Plan Manager, and its affiliates, have overall responsibility for the day-to-day operations of the Plan, including recordkeeping and marketing. The Vanguard Group, Inc. (Vanguard) provides underlying investments for the Plan. The College SAVE's Portfolios, although they invest in mutual funds, are not mutual funds. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.

Investment returns are not guaranteed and you could lose money by investing in College SAVE. Participants assume all investment risks, including the potential for loss of principal, as well as responsibility for any federal and state consequences.

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#1 p. 6

Larsen, Oley L.

From: Keller, Becky J.
To: Wednesday, January 21, 2015 11:52 AM
Larsen, Oley L.
Cc: Dolan, Tammy R.
Subject: College SAVE

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Becky Keller, CPA
Management and Fiscal Analyst
ND Office of Management and Budget
701.328.2148
bjkeller@nd.gov

#1p7

Larsen, Oley L.

From: Thiel, LeeAnn G.
To: Tuesday, January 20, 2015 12:59 PM
Larsen, Oley L.
Cc: Anderson, Maggie D.; McDermott, Debra A.; Kramer, Paul R.; Schwab, Julie F.
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Medicaid Payment and Reimbursement Services
Medical Services Division
ND Department of Human Services
701-328-4893