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SENATE BILL NO. 1368

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Appropriations
on February 6, 2019)

(Patron Prior to Substitute—Senator Norment)

A BILL to amend the Code of Virginia by adding a section numbered 23.1-707.1, relating to the Virginia College Savings Plan; prepaid tuition contracts; pricing reserves.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 23.1-707.1 as follows:

§ 23.1-707.1. Prepaid tuition contracts; pricing reserves; limitations.

A. As used in this section:

"Funded status" means the ratio of the assets of the Plan to the obligations of the Plan, expressed as a percentage.

"Pricing reserve" means the percentage by which the sum of advanced payments to be made pursuant to each prepaid tuition contract exceeds the amount estimated to be required to provide tuition at the fixed, guaranteed level that is specified in such prepaid tuition contract.

B. In the event that the funded status of the Plan meets or exceeds 105 percent, the pricing reserve shall not exceed five percent.

C. In the event that the funded status of the Plan does not meet or exceed 105 percent, the pricing reserve may exceed five percent but shall not exceed 10 percent.

D. The board shall provide to the House Committee on Appropriations, the Senate Committee on Finance, and the Joint Legislative Audit and Review Commission written notification and a detailed explanation of any change to the pricing reserve within 30 days of such change.