

RESOLUTION ARB2015-0004

Approval of College Savings Account Program Description

Whereas, County entities may adopt, amend, rescind, and administer rules on matters within their respective jurisdictions, as established by the County Charter, the County Code, or general law; and

Whereas, Section 205.09(A) of the Cuyahoga County Code establishes the Cuyahoga County Administrative Rules Board; and

Whereas, per Section 113.02(A) of the Cuyahoga County Code, a county entity seeking to adopt, amend, or rescind a rule shall submit a request for approval, including the specific language of the rule, to the Clerk of the Administrative Rules Board in accordance with the procedures and deadlines established by the Board for such submissions; and

Whereas, per Section 113.02(G) of the Cuyahoga County Code, the Administrative Rules Board is given approval authority over rules promulgated by County entities based on a determination of: (1) whether the requesting entity has the authority to adopt, amend, or rescind the rule and (2) whether the proposed rule conflicts with the County Code; and

Whereas, the Executive Office administers a College Savings Account Program;

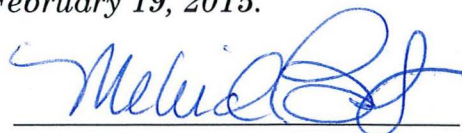
NOW, THEREFORE, BE IT RESOLVED BY THE ADMINISTRATIVE RULES BOARD OF CUYAHOGA COUNTY, OHIO:

Section 1. The *College Savings Account Program Description*, as attached, is hereby enacted as part of the Cuyahoga County Administrative Code.

Section 2. This Resolution shall go into immediate effect and remain in full force and effect until November 18, 2015.

Section 3. It is found and determined that all formal actions of this Board concerning and relating to the passage of this Resolution were passed in an open meeting of this Board and that all deliberations of this Board that resulted in such formal actions were in meetings open to the public and in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

The foregoing resolution was duly adopted on February 19, 2015.



Clerk of the Board

College Savings Account¹

Program Description



Executive Office

¹ Established under Cuyahoga County Council Ordinance No. 02012-0036

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General Information

Cuyahoga County is charged with providing financial assistance for residents of the County in order to enable them to participate in post-secondary education, including vocational education and job training. In 2013, to fulfill this charter mandate the County established the Cuyahoga County College Savings Account Program (Program). The purpose of the Program is to provide all Cuyahoga County children with a savings account for post-secondary education, thereby increasing the accessibility of post-secondary education for our citizens as well as provide access to banking resources for unbanked and underbanked citizens.

All matters relating to the Program will be under the general supervision of Cuyahoga County. This Program Description and all supplements provide important information about the Program. The Program rules are subject to change at any time. Notification will be provided of any changes to the Program Rules. For updated information about the College Savings Account Program please visit the Program website at <http://collegesavings.cuyahogacounty.us>.

Cuyahoga County College Savings Account Program Committee

As part of the College Savings Account Plan, a 12 member Committee was created in order to provide fundraising support as well as advice on banking, education, and financial literacy.

The Committee consists of the following members:

- I. The CEO of the banking partner (or designee)
- II. The CEO of the Educational Services Center of Cuyahoga County (or designee)
- III. The CEO of the Cleveland Metropolitan School District (or designee)
- IV. The President of the Greater Cleveland School Superintendents' Association (or designee)
- V. Superintendent of the Catholic Diocese of Cleveland (or designee)
- VI. The CEO of the Greater Cleveland Partnership (or designee)
- VII. A representative of a higher education institution location within Cleveland (selected by the Administration)
- VIII. A member of the foundation and non-profit community (selected by the Administration)
- IX. Two Council appointees and two Administration appointees. One appointee from each body must be the parent of a student residing in Cuyahoga County. These four appointees shall serve a four year term commencing on June 1st, and shall not serve beyond their term unless reappointed.

Vacancies in the Committee shall be filled in the same manner they were originally filled.

Cuyahoga County College Savings Account Program

Overview

- I. A deposit-only savings account, held at KeyBank, is automatically established the year in which each eligible student enters kindergarten to be used for qualifying post-secondary expenses.
- II. The County shall be the custodial owner of the accounts, and the students shall be designated as beneficiaries.
- III. An initial one-time deposit of \$100 shall be made by the County into each college savings account as it is opened.
- IV. Accounts shall grow through deposits from family, student, and outside private or public contributions.
- V. The Program will be reviewed annually by the Administration and no later than five years after its inception the Program will be evaluated by Council to measure its success in achieving its intended outcomes and for the purpose of making any modifications, amendments, or changes to the Program, including but not limited to, its expansion or termination.

Participation and Eligibility

- I. An eligible student is a resident of Cuyahoga County who is a first-time enrolled kindergarten student as of October 31st of each year, regardless of the location or type(public, charter, independent, parochial or homeschool) of the school of attendance.
- II. Families who do not wish to participate in the Program have to option to submit an **Opt-out Form** to the Program Administrator no later than **October 31**.
- III. Appeals of program eligibility may be made by written correspondence to the Program Committee within 90 days of the account opening date for that particular year.
- IV. Any eligible student who is not automatically enrolled in the Program can apply to be included by filling out a **Program Enrollment Form** and submitting verification of residency within Cuyahoga County and enrollment in kindergarten or proof of homeschooling a kindergarten aged child no later than **January 31** of the eligible school year.
- V. If a participant moves out of Cuyahoga County, they have the option to keep the account open or close the account. Either way, funds contributed by the County, including the initial deposit or any match and incentives are forfeited. Should a student who moved out of the County subsequently return to the County, they would not be eligible for another County contribution.

College Savings Account

County Deposits

- I. A deposit-only savings account, held at KeyBank, is established the year in which each eligible student enters kindergarten. An initial one-time deposit of \$100 shall be made by the County into each college savings account as it is opened.
- II. In addition to the initial deposit, Cuyahoga County may, in its sole discretion, make additional deposits, such as earned incentives, and other adjustment deposits as may be

necessary for overall Program management. Incentives, such as savings matches and other donor-directed deposits, shall be provided only if money is raised and available.

Participant Deposits

- I. Parents/Guardians and others are able to make deposits to an account at any KeyBank branch, by mail or by Electronic Funds Transfer (EFT). The EFT can be a one-time payment or a recurring payment. The KeyBank branch and bank by mail options require a pre-encoded deposit ticket. Fifty (50) pre-encoded deposit tickets will be provided to each student, and additional deposit tickets may be ordered directly from the printer.
- II. Checks and money orders should be made out to "Cuyahoga County CSA" with the participant's name and account number noted in the memo section.
- III. The maximum amount of non-program funds that can be deposited annually (those by depositors other than Cuyahoga County) is **\$2,500**. The maximum allowable amount of non-program fund deposits over the life of the account is **\$50,000**. Participants will be notified once they meet either threshold.
- IV. The Program does not accept deposits that place conditions on account beneficiaries or the Program that are in addition to the terms and conditions of the Program as outlined in the Program Description.
- V. All contributions to an account must be cash-equivalent contributions in U.S. dollars. All contributions made in bank branches of our banking partner, will be subject to their rules and regulations regarding acceptable forms of deposits.
- VI. Anyone can contribute to a beneficiary's account regardless of their relationship to the beneficiary; however, if a contribution is made by someone who does not hold legal guardian status for the beneficiary, they (1) cannot control how their contribution is managed, (2) will have no future control over the use of their contribution, and (3) will have no recourse through the Program to withdraw or redirect their contribution.

Withdrawals

- I. With the exception of unforeseen financial emergencies, withdrawals may only be made for qualifying post-secondary education expenses by completing a ***Qualified Expense Withdrawal Form***. The Program Administrator will make the decision of whether an expense is qualified. Decisions may be appealed with written correspondence to the Program Committee within 90 days of the Program Administrator's decision.
- II. In the event of a financial emergency or unforeseen circumstance, the student and/or parent/guardian may submit a non-qualified use withdrawal request using the ***Non-Qualified Use Withdrawal Form*** to the County administration team for review. If approved, only non-Program funds may be withdrawn.
- III. If a student completes their post-secondary education and does not use all funds in their account, any non-Program funds contributed to the account can be withdrawn. However, any funds donated by or to the County for the purpose of the Program will not be disbursed and will remain the sole property of the County.

- IV. Withdrawals from the account must be made prior to the student reaching the age of twenty five (25), with extensions for students who serve in national service programs (such as the United States Military or the Peace Corps).

Account Transfers to Other College Savings Vehicles

An account beneficiary's parent or legal guardian may make a one-time transfer of the account balance, including deposits made by Cuyahoga County, incentive deposits, deposit adjustments, deposits made by other individuals, and earned growth match to another privately held college savings vehicle once the account balance has reached \$500 or more. Important restrictions apply to this account feature and include the following requirements.

- Transfers can only be made to college savings account products that are officially recognized as such in federal or state tax code. In most cases, rollovers will be to a privately held "529 Plan" or similarly tax advantaged college savings vehicle. The rollover amount must meet the target account's minimum deposit rules.
- Transfers can only be made to college savings vehicles that have as the named beneficiary the same child that was named as the beneficiary of the account.
- Once this transaction is complete, the account created by Cuyahoga County will be closed and the participant will no longer be eligible for future County deposits or other matching or incentive deposits.

Account Balances

- I. There is no minimum account balance. Accounts automatically opened by Cuyahoga County at the start of the Program are funded with a one-time initial \$100 deposit.
- II. Account balances will be available as current as the previous business day through the Outcome Tracker on-line account portal.
- III. A quarterly paper version of your account statement can be requested with written correspondence to the Administration using the ***Account Statement Request Form***.
- IV. Funds held in accounts cannot be assigned or pledged as security for a loan. Any pledge of interest in an account will be of no force and effect.
- V. Each account is insured by the Federal Deposit Insurance Corporation (FDIC). FDIC insurance is provided for the individual beneficiary accounts held in trust by Cuyahoga County. FDIC insurance limits and limitations are governed by FDIC regulations.
- VI. Deposits into the account are not insured nor guaranteed by Cuyahoga County, other state agencies, federal government agencies (except to the extent noted above regarding FDIC insurance), or any employees or directors of any such entities.

Contributions to the Program

- I. The Program welcomes donors to create incentives for families to prepare their children for post-secondary education. These private funds will serve as incentives for families to make contributions into the accounts. Incentives may be earned by meeting certain financial benchmarks with the accounts or by meeting certain academic benchmarks – both defined by the Program Committee.

- II. All checks must be clear, in good order, and not dated more than 180 days old. The Program will not accept cash, credit cards, debit cards, post-dated checks, starter checks, counter checks, traveler's checks, checks drawn on non-domestic banks, or any other check deemed unacceptable by the Program. The Program only accepts a third-party check if it is properly endorsed to the Program.

Dormant Accounts

An account may be considered dormant if there has been no account activity after five (5) years. If no parent or legal guardian of the named beneficiary has logged into the on-line account portal, and there have been no deposits or other activity the account may be closed without notification to the beneficiary, and any funds contributed by the County and its accumulated growth match will be retained by the Program. Subsequent to a deposit being made, the account will be considered active.

Expenses and Fees

There no user fees associated with deposits, withdrawals, account management or any other transactions.

Contact Information

In order to communicate important news and updates regarding the Program it is important that Parents/Guardians update their contact information when changes occur using the on-line account portal.

Other Legal and Administrative Information

Tax Considerations

Account beneficiaries/agents are encouraged to seek professional tax help to best understand their own personal circumstances as the Program is not authorized to provide legal, financial, or tax advice.

Post-Secondary Education – No Guarantee

The Program does not offer any guarantees regarding the future costs of post-secondary education or the ability of the account to cover these expenses for any beneficiary. The total amount of qualified higher education expenses incurred by a beneficiary may exceed the funds in their account.

There is no guarantee that a beneficiary will be accepted to a post-secondary institution or that a beneficiary will be able to maintain attendance at or receive a degree from an eligible educational institution. The Program does not provide advice or assistance in applying to post-secondary institutions or calculating the costs of that attendance.

Transaction Timing

The Program makes all reasonable attempts to complete transactions and requests regarding accounts in a timely manner. Most requests received in good order during the Program's hours of operation (8:30 AM – 4:30 PM Monday through Friday) will usually be completed within three business days. However, the Program offers no guarantee regarding the timing of account setup,

changes, withdrawals, confirmations, or other transactions. The Program does not guarantee that a transaction received on the last day the Program conducts business for that year will be complete on that day. Deposits will generally be recognized in the year in which the deposit is recognized by the Program's banking partner.

Special Considerations

In addition to rights expressly stated elsewhere in this Program Description, the Program reserves the right to:

- Reject a form that is:
 - Not complete, or that has been superseded by an updated version of the form
 - Dated with a signature more than 90 days old
 - Signed by a person who does not hold Legal Guardian status for the named account beneficiary
- Freeze an account, close an account, or refuse, change, discontinue, or temporarily suspend account services, including accepting contributions and/or processing withdrawal requests, for any reason, including, without limitation:
 - When the Program reasonably believes fraudulent, suspicious, or illegal activity may occur or has occurred
 - When the Program has received reasonable notice of a dispute regarding the money in an account
 - The Program's discovery that an account has been managed or accessed for purposes other than to save for the costs of post-secondary education
- Suspend the processing of withdrawal requests or postpone sending out the proceeds of a withdrawal request when banks are closed for any reason other than their usual weekend or holiday closings, when banking is restricted by the federal government, or under any emergency circumstances.

Death or Intellectual Incapacitation of an Account Beneficiary

In the event of the death or irreversible intellectual incapacitation of a named beneficiary, the beneficiary's estate or legal guardian will have the option to withdraw the account balance, less any deposits made by Cuyahoga County, including the initial deposit and any match or incentive payments.

Extraordinary Events

The program and the County of Cuyahoga are not liable for any loss to an account beneficiary caused directly or indirectly by changes in federal or state banking regulations; war; acts of terrorism; forces of nature; strikes; changes in federal law, state law, or tax law; or other conditions beyond their control.

Indemnification

Neither the Program, nor the County of Cuyahoga or its officers, employees, or associated persons will indemnify an account beneficiary, or contributor to accounts against any damages, losses or other claims arising from their official or unofficial acts, whether negligent or otherwise.

The Program uses reasonable procedures to confirm that transaction requests on accounts are genuine; however, the Program is not responsible for any losses arising from fraudulent or unauthorized instructions that it believes to be genuine. An account beneficiary/agent should keep information confidential and carefully monitor the account balance and overall status. If an account beneficiary/agent suspects fraudulent activity on their account, they should contact the Program Administrator immediately.

Privacy Policy

Cuyahoga County does not collect personally identifiable information about participants unless they choose to provide such information. Any personal information provided to Cuyahoga County is protected by security practices. Non-personal information related to visits to the Program's website may be automatically collected and temporarily stored. Cuyahoga County does not disclose, give, sell or transfer any personal information without prior authorization or as required by law.

Glossary

College Savings Account (Account): Savings account held at banking partner of the College Savings Account Program, opened on behalf of an eligible student.

College Savings Account Program (Program): Program created to provide all Cuyahoga County children with a savings account for post-secondary education.

Eligible student: a resident of Cuyahoga County who is a first-time enrolled kindergarten student as of a census occurring on October 31st of each year, regardless of school type (public, charter, independent, parochial or homeschool).

Growth match: Each account will earn an amount that approximates interest on funds in the account. The rate will match the banking partners current rate of interest for similar savings accounts.

Incentives: Private funds raised to serve as incentives for families to make contributions into the accounts. Incentives may be earned by meeting certain financial benchmarks with the accounts or by meeting certain academic benchmarks – both defined by the Program Committee.

Initial deposit: Eligible students receive a one-time deposit of \$100 from Cuyahoga County at the onset of the Program. This deposit is able to be used only for qualifying post-secondary education expenses.

Homeschooling: In Ohio, parents who want to educate a child at home may do so. The superintendent of the public school district where your family resides must be notified of your intention to homeschool your school-age child or children. Parents or guardians who homeschool decide how to teach their daughter or son. They select the curriculum and educational materials and take responsibility for educating their child.

Non-Program funds: Any funds deposited directly into a student account by a student, parent/guardian, or any other private source for the benefit of a particular student.

On-line Account Portal: Parents/Guardians of beneficiaries will have access to manage their account information and track balances using the Outcome Tracker on-line account portal. Parents/Guardians of beneficiaries are asked to register for the on-line account portal upon receiving account information.

Post-secondary education: Any college, university, vocational school, and any two or four-year degree program from an accredited educational institution.

Program Administrator: The County employee responsible for overall management of the Program.

Program Committee: As part of the College Savings Account Plan, a 12 member Committee shall be created in order to provide fundraising support as well as advice on banking, education, and financial literacy. Committee hears appeals of Program eligibility as well as qualified expenses.

Qualifying post-secondary education expenses: include, but are not limited to, tuition, mandatory fees, books, supplies, and equipment required for enrollment or attendance, or for any other necessary cost

of attending school, including travel to and from school. If a student has special needs, withdrawals can be used to pay for any accommodations that are required to make it possible for the student to attend school. Funds may be used for post-secondary school application fees and fees for the ACT, SAT, and AP college entrance and placement exams prior to high school graduation.