

COLLEGE INVESTMENT PLAN SCHOLARSHIP PROGRAM

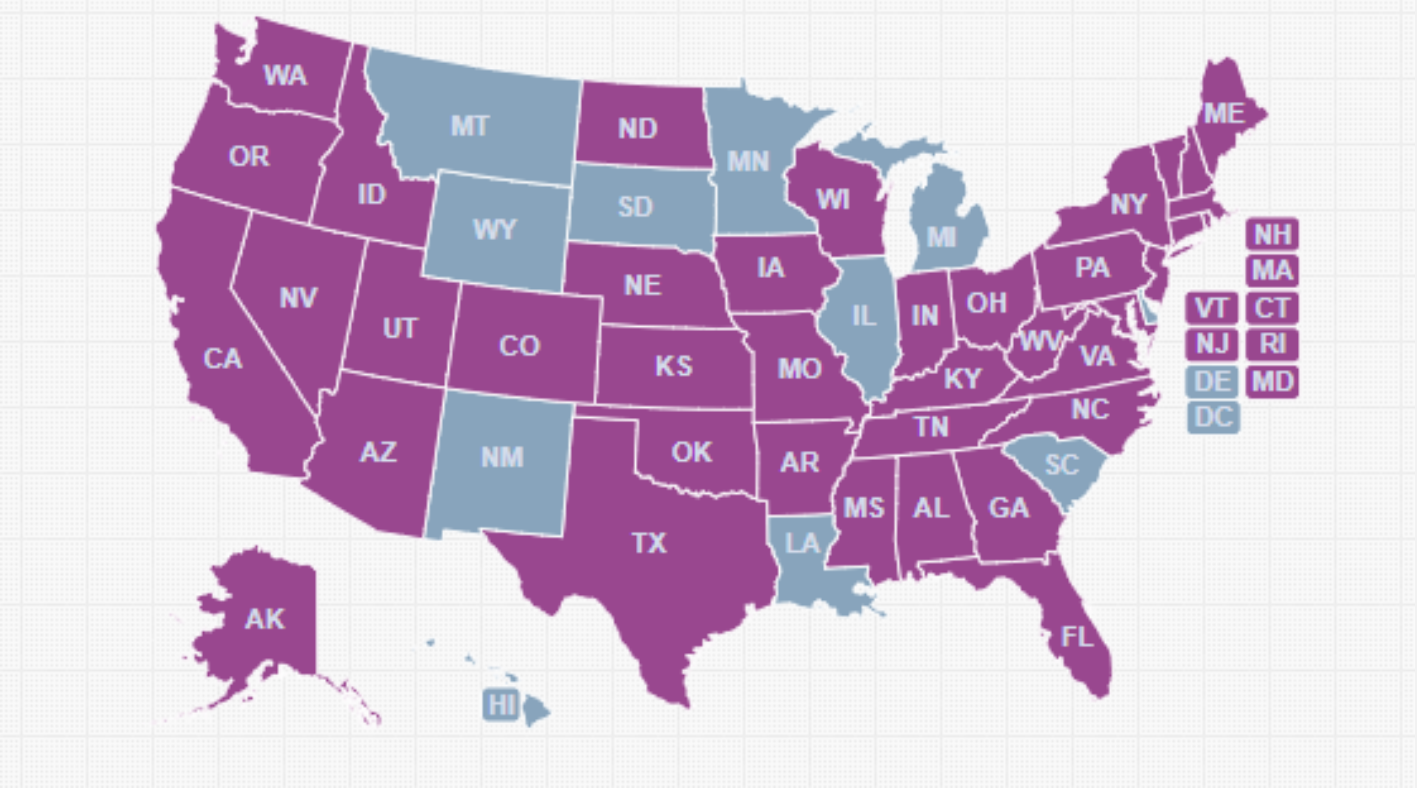
May 14, 2019

Audit & Governance Committee



Colleen C. Davis
State Treasurer

State 529 Plans Offering Promotional Incentive Programs



■ State 529 Plans that currently offer a scholarship, matching or sweepstakes program

Wyoming terminated 529 plan and partnered with Colorado



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College Administrative Fund

- Account balance as of Dec 31st 2018 - \$1.7 million
- Collects revenue from administrative fee 5bps (approx. \$25k a month)
- 2019 Plan budget is \$400k or \$100k deficit


College Plan Promotion Strategies

1. Engage marketing firm to deploy a local promotional campaign to complement Fidelity's marketing efforts (in process)
2. Create an endowment account to fund a scholarship program to assist Delaware residents



College Plan Administrative Fund

Administrative Fund Balance (12/31/18)	\$	1,780,000		
		2019	2020	2021
529 Plan Estimated Plan Revenues	\$	300,000	\$ 300,000	\$ 300,000
529 Plan Budget -Estimated Expenses	\$	406,000	\$ 396,000	\$ 380,000
Additional Marketing by ABC	\$	150,000	\$ 75,000	\$ 75,000
Endowment For Scholarship	\$	500,000		
Total Expenditures	\$	1,056,000	\$ 471,000	\$ 455,000
Variance	\$	(756,000)	\$ (171,000)	\$ (155,000)
Projected Administrative Fund Balance	\$	724,000	\$ 553,000	\$ 398,000



Note: Maintain one year budget reserve in the administrative fund



College Investment Scholarship Program –Action Steps

1. Discuss with Committee and Board
2. Draft and submit Epilogue language
3. Consult with Department of Education on application process
4. Determine endowment manager and platform
5. Work with Fidelity if scholarship amount is contributed to a 529 account
6. Goal to launch prior to December 2019



Epilogue Language

Section 93. The Plans Management Board (the “PMB”) established under § 2722 of Title 29 is authorized to develop, implement and administer a needs-based scholarship program in connection with the College Investment Plan established pursuant to Subchapter XII, Chapter 34 of Title 14 (the “College Plan”). The PMB and the Office of the State Treasurer shall develop the scholarship program. Scholarships shall be awarded only to Delaware residents. Scholarship awards shall be disbursed and deposited into a College Plan account to be established for the benefit of each recipient. The College Plan trust shall own each such account and shall disburse funds only when the beneficiary provides proof of enrollment at an eligible educational institution and otherwise complies with program requirements approved by the PMB.

Section 94. The PMB is authorized to establish an endowment fund within the College Plan trust to administer the scholarship program. The PMB shall establish investment guidelines and select investment options or managers for the endowment fund. The PMB need not comply with Subchapter VI, Chapter 69 of Title 29 in making such selection if the firm offering the investment option or management services is currently is under contract to provide investment management services to the State. The endowment fund shall receive an initial contribution from the administrative fund within the College Plan trust in an amount approved by the PMB. The principal of the endowment fund shall be preserved. Dividends, interest or other earnings of the endowment fund may be used to make scholarship awards and offset marketing and other administrative expenses of the scholarship program.



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APPENDIX



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College Investment Plan Mission

- Provide State of Delaware residents with a tax advantaged voluntary savings program that promotes college readiness

College Investment Plan Goals

1. Provide effective and efficient administration and oversight for the Delaware College Investment Plan
2. Build awareness in Delaware for the need to develop a personal financial strategy on how to fund a college education
3. Educate Delaware residents on the benefits of 529s and the Delaware College Investment Plan



College Investment Plan Strategic Planning Accomplishments

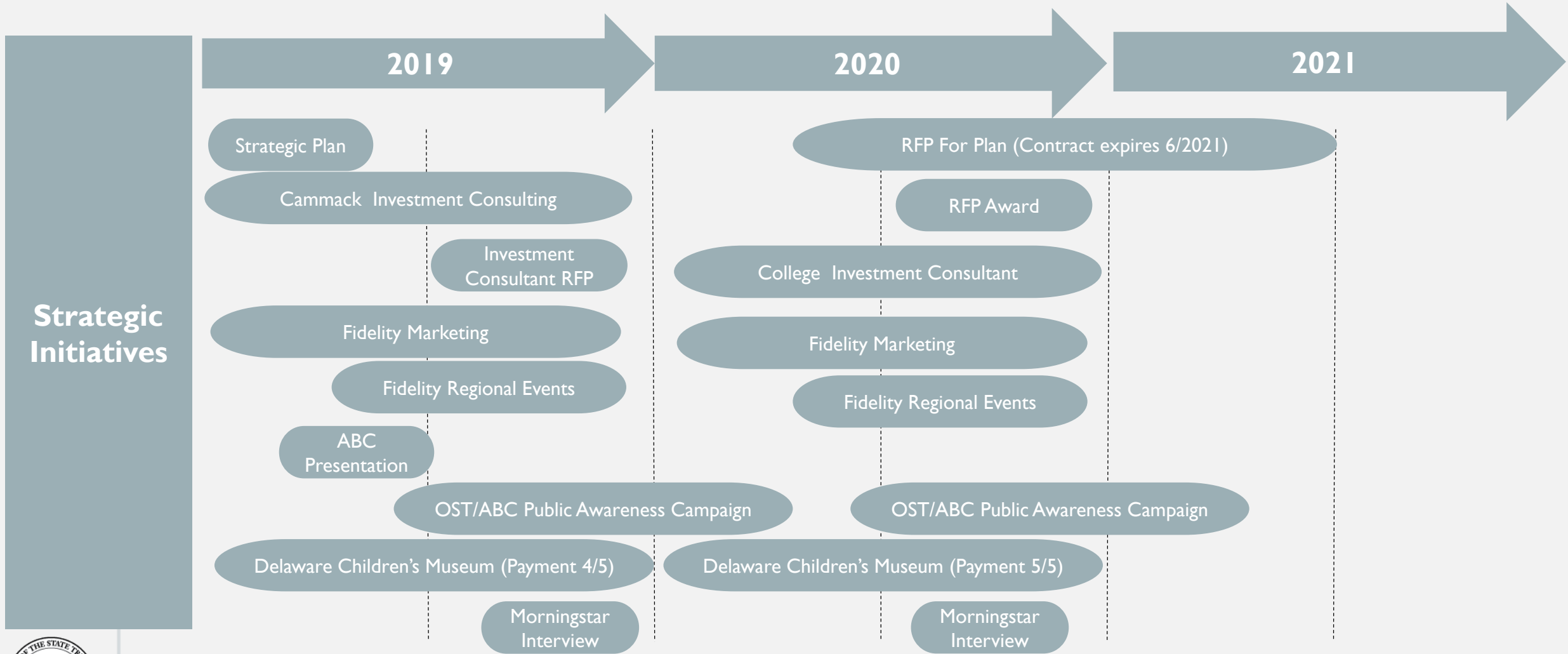
Key Milestones

- Plans Management Board Created / College Plan Transitions to OST (July 2016)
- Morningstar upgraded plan to “Bronze” (October 2016)
- Delaware Children’s Museum Legacy Agreement (July 2017)
- Modification to Fidelity Agreement October 2017 (extends term from 2018 to June 2021)
- Redeploy Fidelity marketing budget to support regional events (2018)
- Eligible expenses now include up to \$10,000 per year in K-12 tuition expenses (January 2017)
- Investment Committee Reporting Package Revisions (March 2018)
- Amendment of 529 Plan Trust - Administrative Fund (March 2018)
- Fidelity strategic planning proposal (March 2018)
- Board approval of mission statement (June 2018)
- Fidelity survey introduction and Aloysius Butler & Clark discussion (September 2018)
- Fidelity and Sallie Mae Survey Review and College Readiness Discussion (December 2018)
- Cammack Agreement as Investment Consultant for 529 Plan (December 2018)

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College Investment Plan Milestones



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