



# SFAC Workgroup on 529

October 15, 2024

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# Commonwealth Savers Board

# Statutory Guiding Principles & Authority



§ 23.1-701(A) & (C)

## Plan established; moneys; governing board

*(A) To enhance the accessibility and affordability of higher education for all citizens of the Commonwealth... the Commonwealth Savers Plan is established as a body politic and corporate and an independent agency of the Commonwealth.*

*(C) All other moneys of the Plan... shall be first deposited in the state treasury in a special nonreverting fund (the Fund)... Any moneys remaining in the Fund at the end of a biennium shall not revert to the general fund but shall remain in the Fund. Interest and income earned from the investment of such funds shall remain in the Fund and be credited to it.*

§ 23.1-704(8)

## Powers and duties of the board

*Develop and implement scholarship or matching grant programs, or both, as the board may deem appropriate, to further its goal of making higher education more affordable and accessible to all citizens of the Commonwealth.*


§ 23.1-706(B)

## Standard of care; investment and administration of the Plan

*The assets of the Plan shall be preserved, invested, and expended solely pursuant to and for the purposes of this chapter and shall not be loaned or otherwise transferred or used by the Commonwealth for any other purpose.*



# Board – 7 citizen, 4 ex-officio members



**Dante Jackson – Board Chair**  
*Vice President, Atlantic Union Private Bank*  
• Gubernatorial Appointee 7/10/20



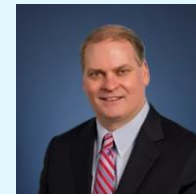
**Lisa N. Jennings – Vice Chair**  
*First Senior Executive Vice President, PenFed Credit Union (ret)*  
• Gubernatorial Appointee 7/12/22



**Scott Fleming**  
*Director, State Council of Higher Education*  
• Ex-Officio Member`



**Dr. David Doré**  
*Chancellor, Virginia Community College System*  
• Ex-Officio Member  
• Craig Herndon, Vice-Chancellor serves as designee



**Scott Adams**  
*State Comptroller*  
• Ex-Officio Member



**David L. Richardson**  
*Treasurer of Virginia*  
• Ex-Officio Member



**Kristin Carleton**  
*CEO, All Needs Planning*  
• Senate Rules Appointee 7/1/24



**Dr. Elliott J. Dubin**  
*Policy Research Director (ret), Multi-State Tax Commission*  
• Speaker Appointee 8/4/21



**Susan Q. Ferguson, CPA**  
*Senior Lecturer, James Madison University*  
• Gubernatorial Appointee 7/1/23



**Ricardo Chamorro**  
*Executive Vice President, PenFed Credit Union*  
• Gubernatorial Appointee 7/1/23



**Dan Banister**  
*Owner, Banister Automotive*  
• Speaker Appointee 7/1/24

# Access Advisory Committee



**Craig Herndon**  
*Senior Vice Chancellor for Administration, Finance and Technology, Virginia Community College System*  
 • Chair, Access Committee



**Erin McGrath**  
*Assistant Director College Access & K12 Outreach, State Council of Higher Education for Virginia*  
 • Vice-Chair, Access Committee



**Dante Jackson**  
*Vice President, Atlantic Union Bank*  
 • Commonwealth Savers Board Chair



**A. Scott Fleming**  
*Director, State Council of Higher Education*



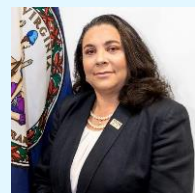
**Kirk Cox**  
*President, Virginia Business Higher Education Council*



**Melissa Goodrich**  
*Senior Vice President, Chief People Officer, Sentara Health Systems*



**Dr. Megan Healey**  
*Special Advisor, Chief of Staff to President, George Mason University*



**Regina Barnett-Tyler**  
*Associate Vice President, Virginia State University*



**Aaron Montgomery**  
*Entrepreneur, Local Business Owner*



**Jessica Costa**  
*Director of Multilingual Learner Support, Instruction Partners*



**Lyons Sanchezconcha**  
*Assistant Principal, Huguenot High School*  
 • Virginia College Access Network Board Member



**Elizabeth Creamer**  
*Vice President, Workforce Development & Credential Attainment, Community College Workforce Alignment*

# JLARC Report Recommendations

## Summary of Actions Taken:



**Completed**

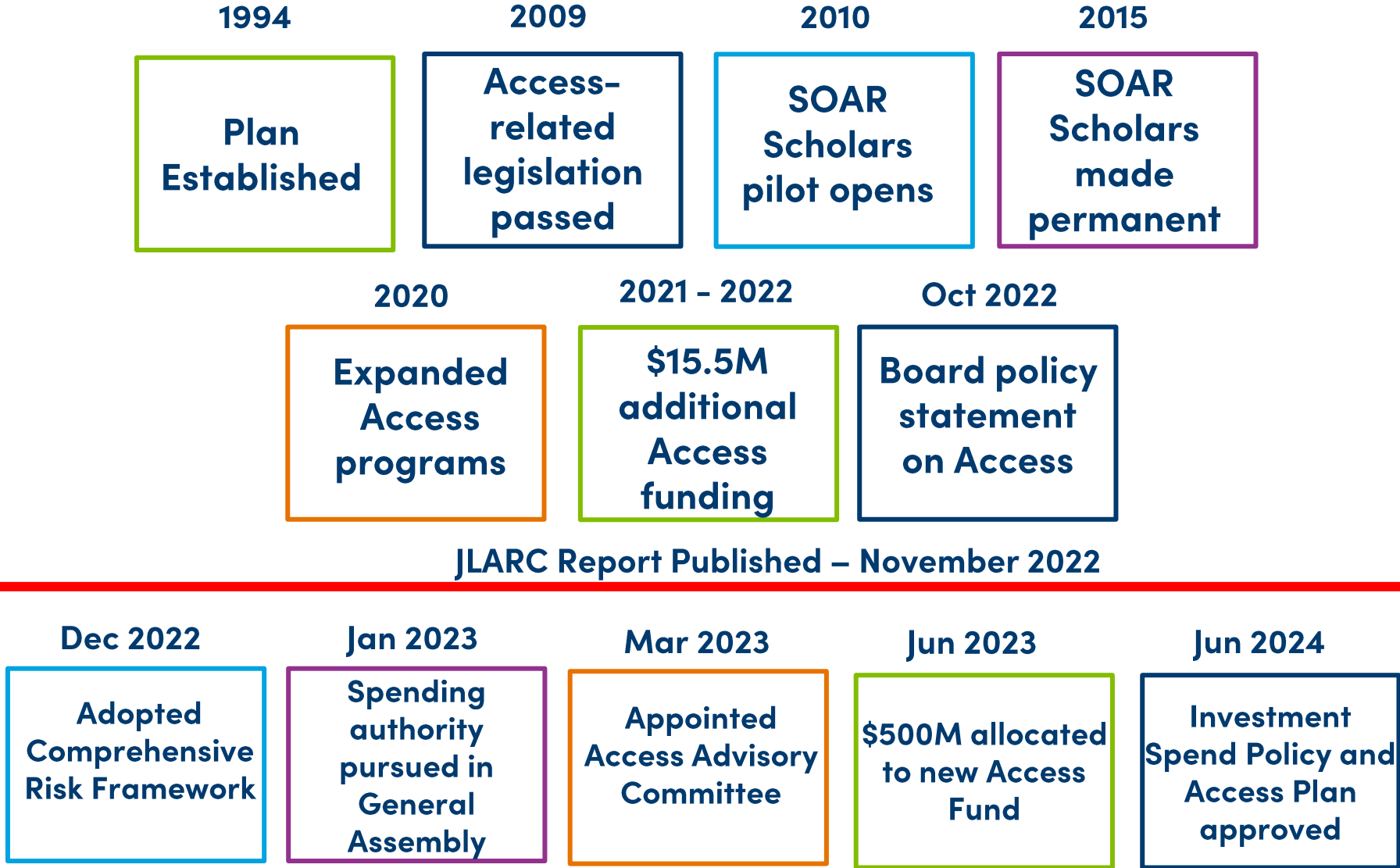
- Allocate funds from DB529 Fund in annual increments to reduce actuarial surplus
- Create separate fund for access and affordability initiatives
- Direct VA529 to manage investment of Access Fund assets with DB529 Fund
- Collaborate with SCHEV to identify access and affordability programs as participant in Board access activities



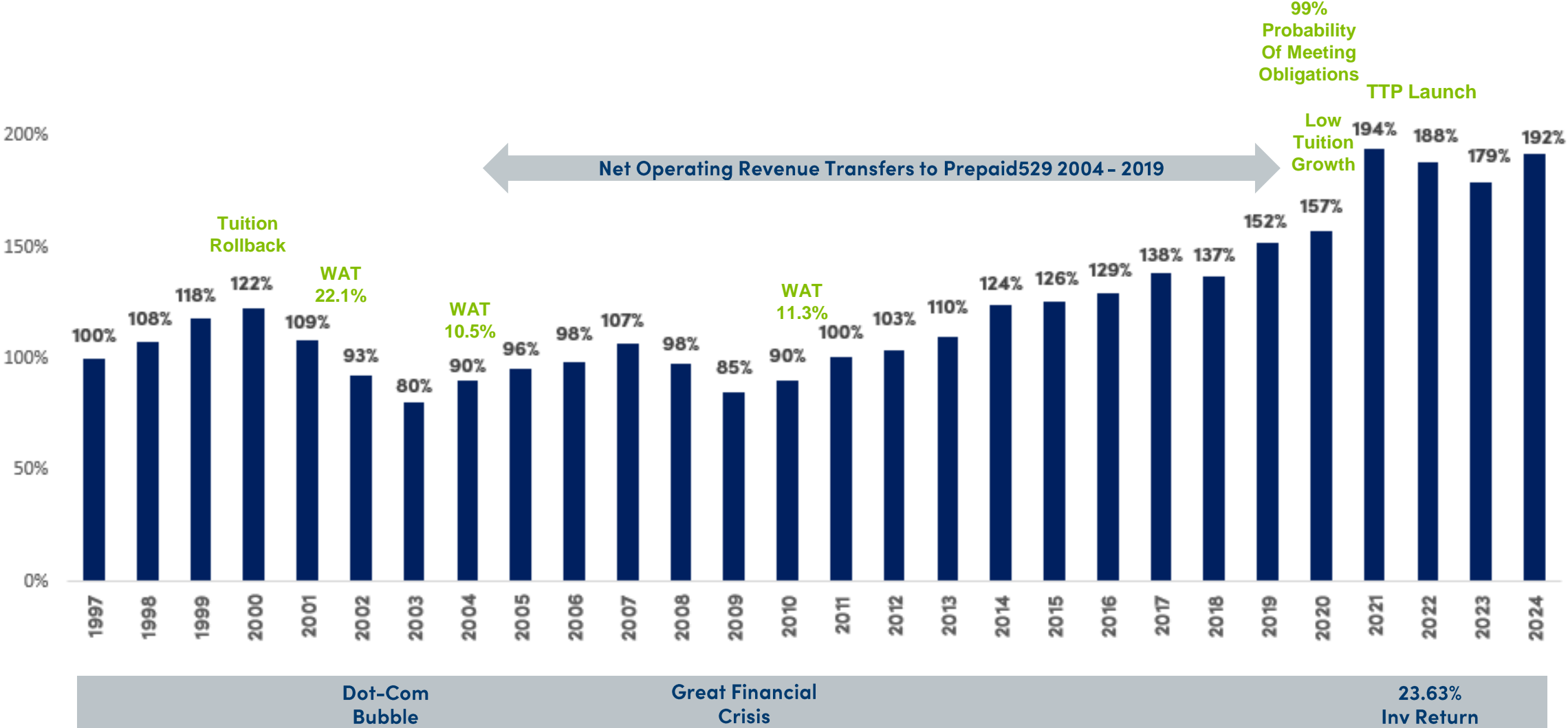
**Requires Legislative Action**

- Adjust benefits of certain Legacy Prepaid 529 accounts
- Spending authority for Access Fund allocated to education access and affordability

# Access Timeline



# DB529 Historical Actuarial Funded Status by Fiscal Year

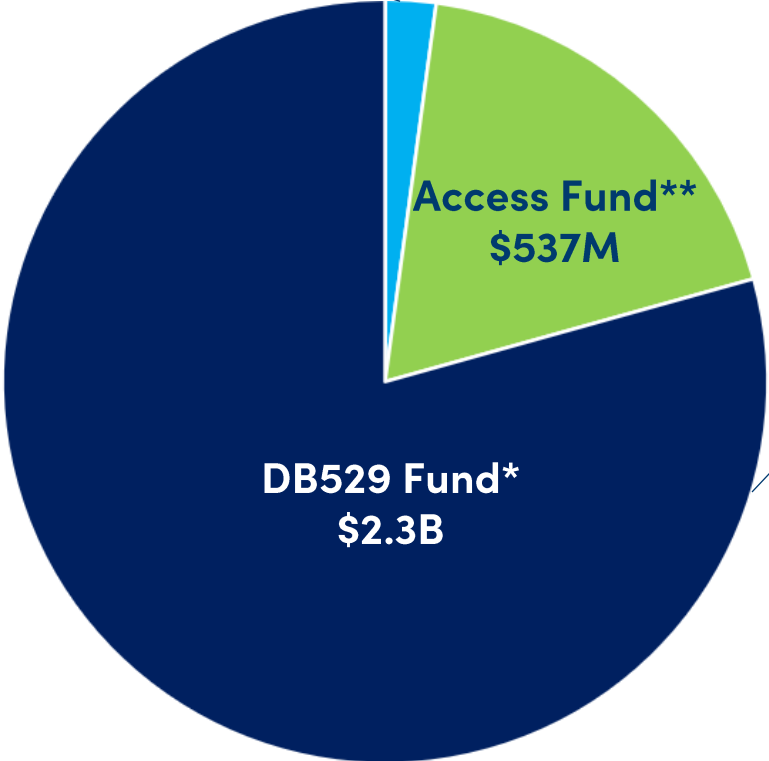




# Statutory Special Non-Reverting Fund (as of June 30, 2024)

## Enterprise Trust Fund

Admin & Operating Fund  
\$62M



**48,000 Active Defined Benefit Customers with long-term contractual obligations**

**Fiduciary obligation to ensure solvency and long-term viability of trust fund**

**100% Non-General Funds**

\*Prepaid529 and Tuition Track Portfolio assets only  
\*\*Require spending authority to implement plan

# Board Actions to Fulfill Fiduciary Obligations

## Capital Adequacy Framework (Risk Management)

Enhanced Risk Policy and Measures

Validation of Policy by ALM First

External Consultant Review of Policy by AON\*

## Investment Management

DB529 Fund/Access Fund

Statements of Investment Policy and Guidelines

Access Fund Spend Policy

## Access & Affordability Proposal

Prepaid529 Enhanced Benefits

SOAR Virginia Expansion

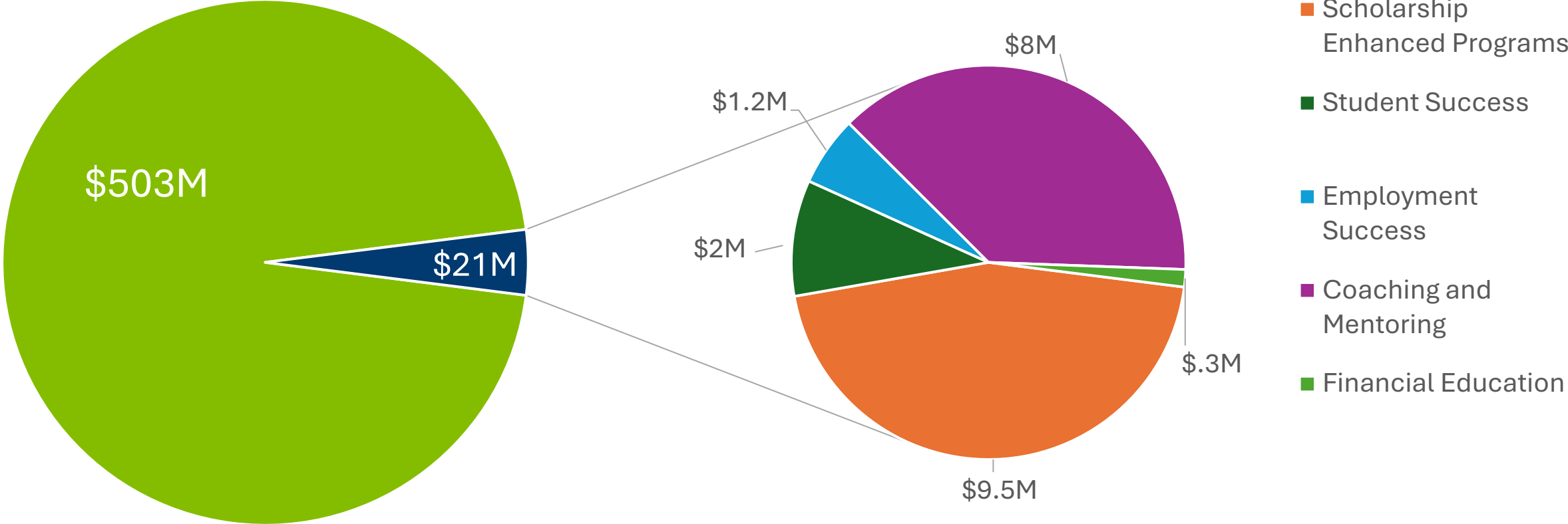
Scholarships, Mentoring, Career & Technical Training

Implementation pending ongoing collaboration with legislative work groups

\* Engaged by JLARC

# Access Program Investment Model Example (as of June 2024)

Actual annual program investment totals will vary – estimate based on Board Spending Policy\* and Access Fund Value of \$524M as of 4/30/24



\*Spending Policy approved by Board is 4% of rolling 36-month average of portfolio market value as of 12/31 annually



# The Need for Post-Secondary Education is Great



**SCHEV Strategic Plan: 70% working-age Virginians will earn a degree or credential by 2030**



**85% of jobs today require skills beyond high school**



**60% require more than high school but less than 4-year degree**

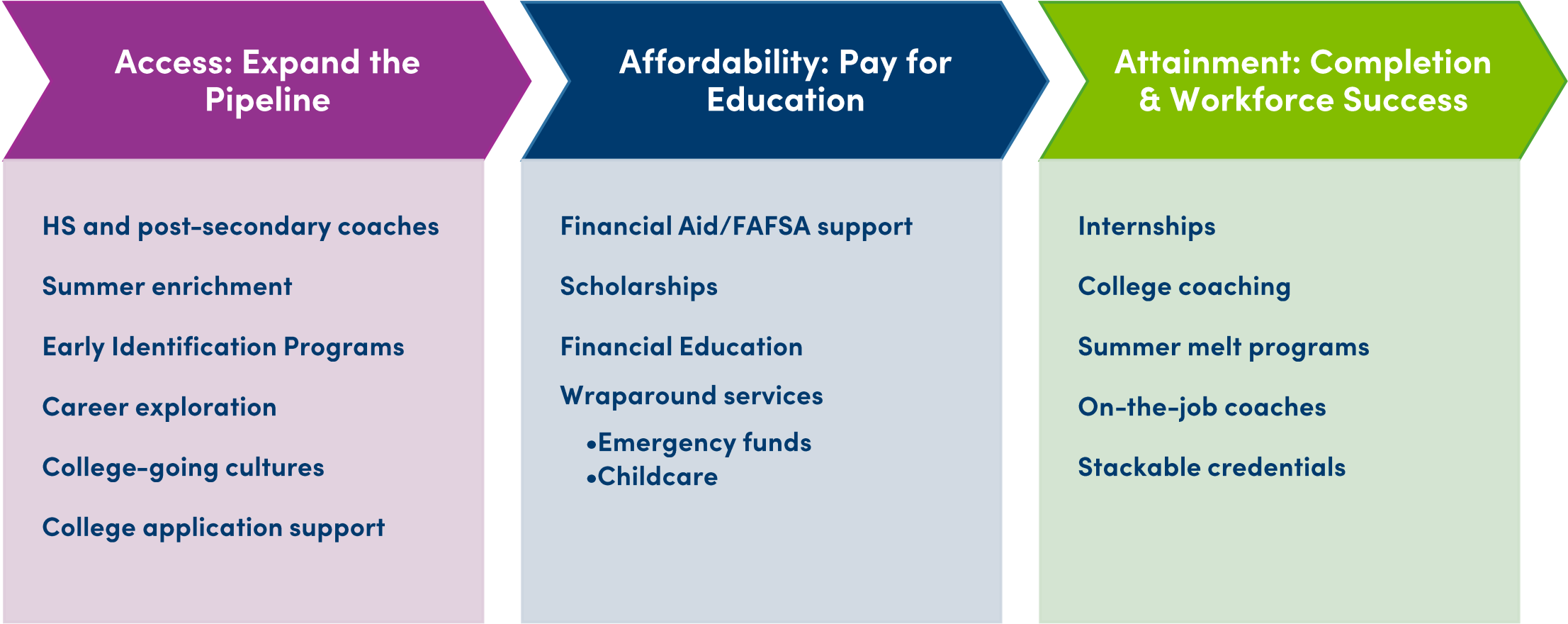


**Declining K-12 population**



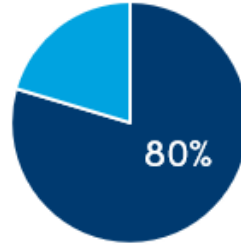
**Attainment growth opportunity is low-income, first-generation and returning adults**

# SOAR Virginia Access Program: A Common Ground Solution

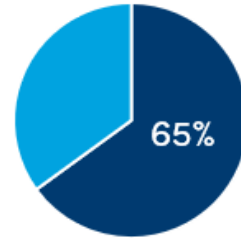


# Advising + Scholarships Work

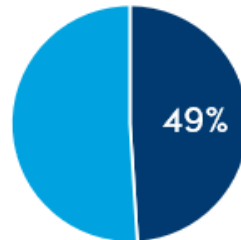
✓ SOAR Scholars Post High-School Enrollment, 2010-Present



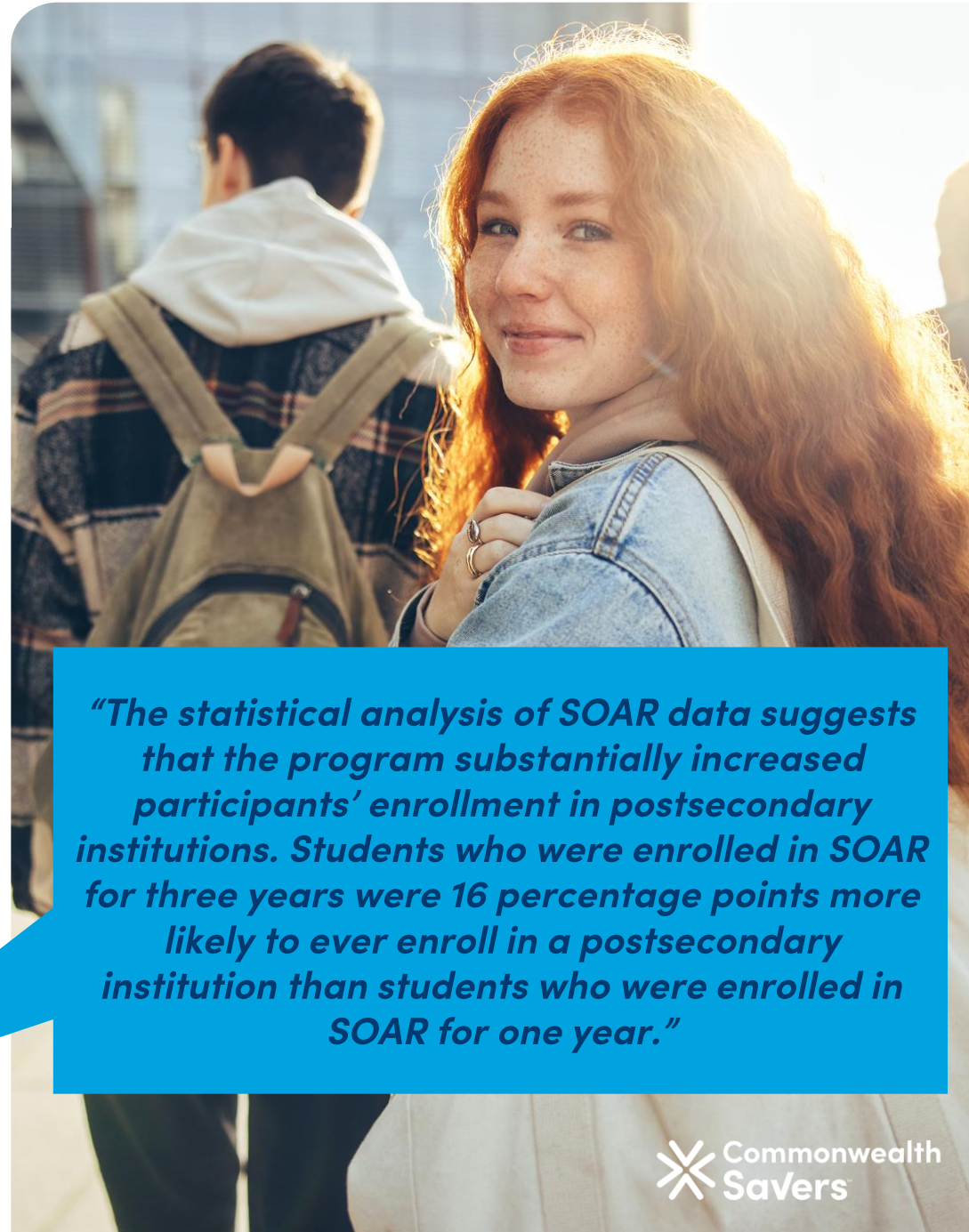
✓ Virginia Statewide Post-Secondary Enrollment



✓ Post-Secondary Enrollment, Low Income Students



<https://www.schev.edu/Home/Components/News/News/260/200>

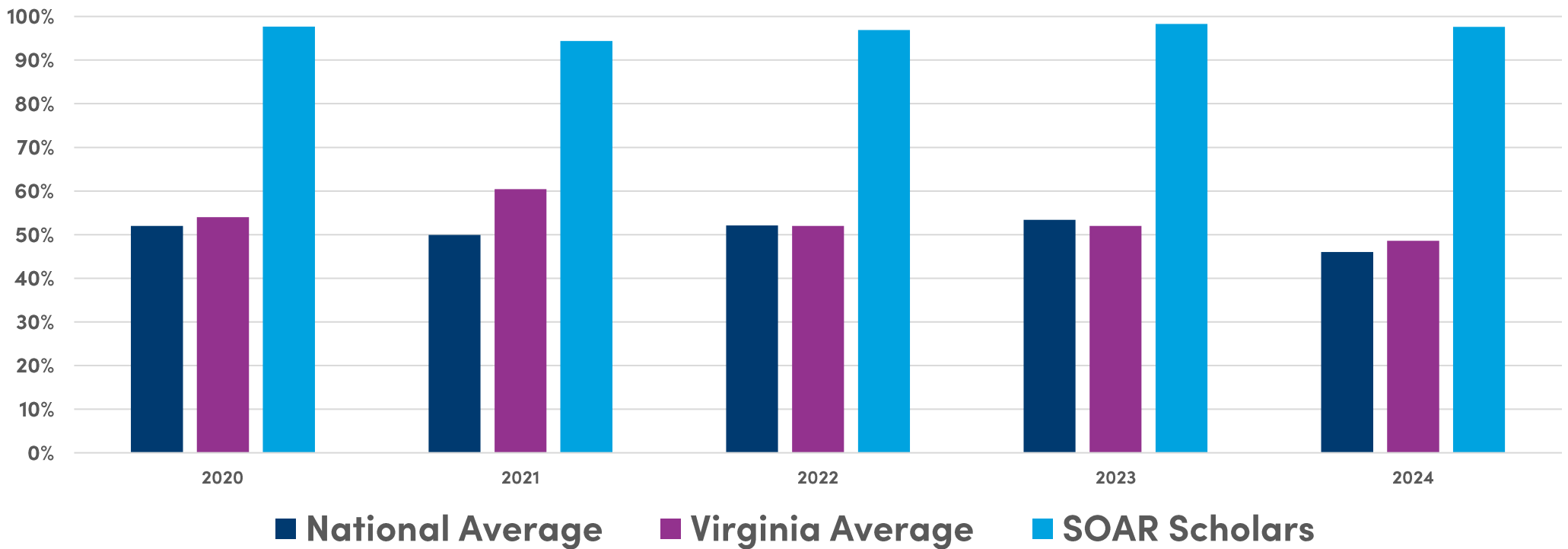


*“The statistical analysis of SOAR data suggests that the program substantially increased participants’ enrollment in postsecondary institutions. Students who were enrolled in SOAR for three years were 16 percentage points more likely to ever enroll in a postsecondary institution than students who were enrolled in SOAR for one year.”*



# FAFSA: Key to Post-Secondary Financial Aid

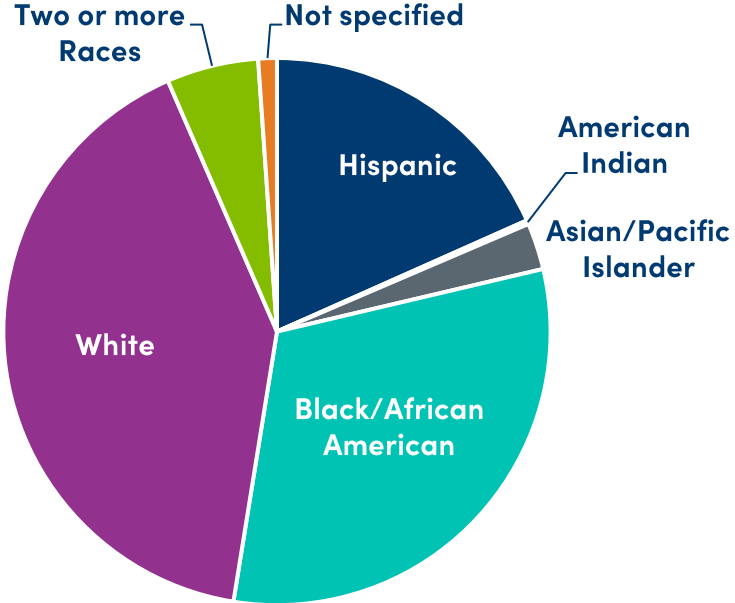
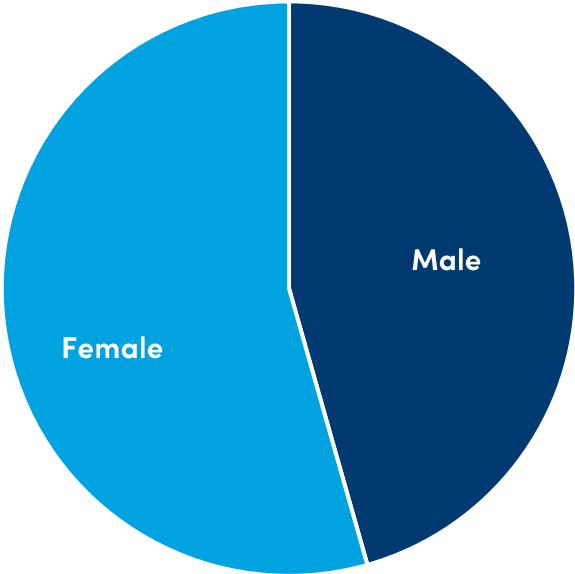
FAFSA Completion Rates  
as of June 30 each year



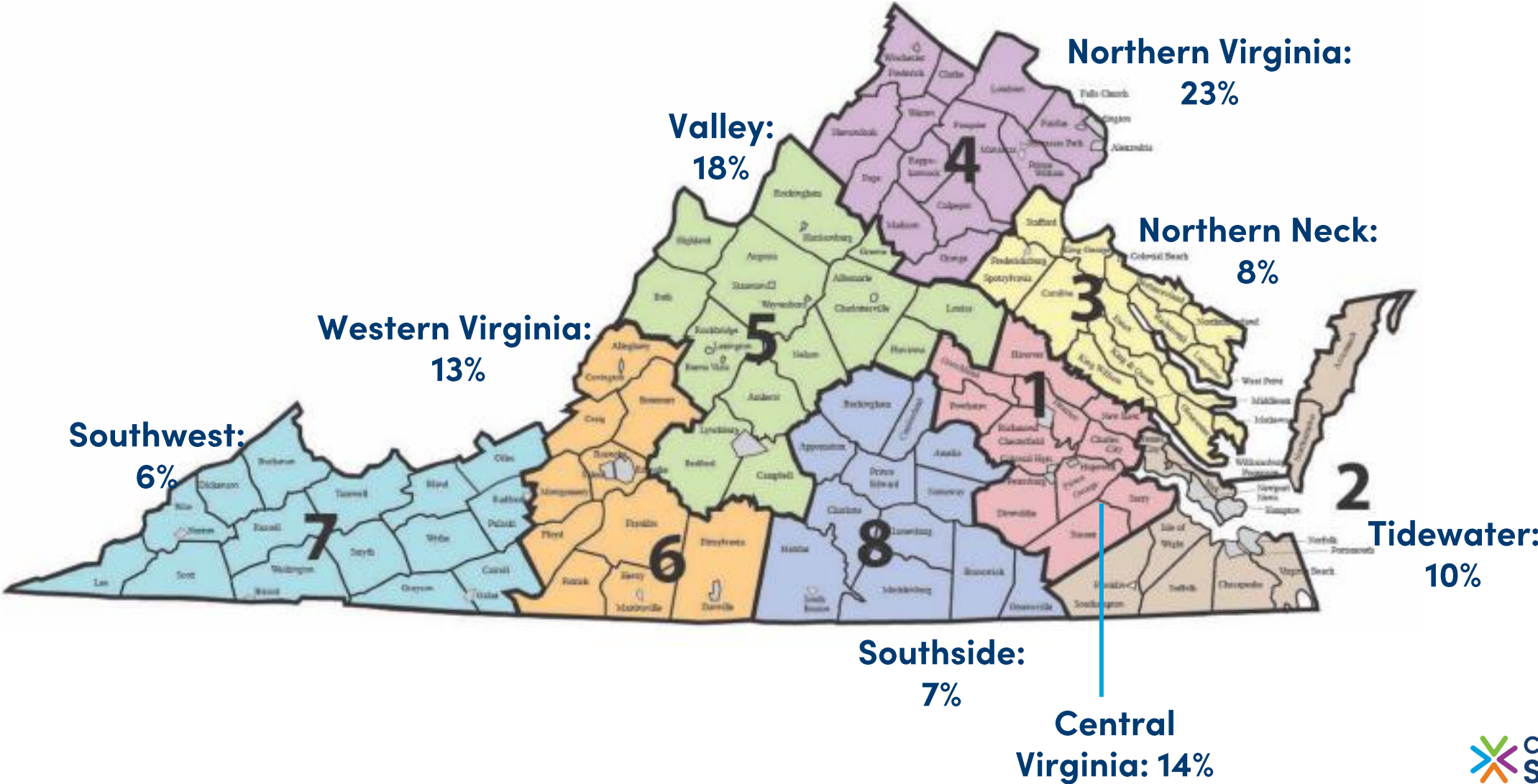
**Pell eligible is more than an income status – FAFSA is the last step**

# SOAR Virginia – Serving Students since 2010

**~60,000 Students Served**



# SOAR Virginia Reach Since 2010





# Education is Key to Security and Success

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**ACCESS + AFFORDABILITY = ATTAINMENT**

**invest529<sup>®</sup>**



**Commonwealth  
Savers<sup>SM</sup>**

**retirepathVA<sup>SM</sup>**

**SOARVirginia<sup>SM</sup>**

**ABLEnow<sup>®</sup>**

# Appendix

**BOARD OF THE  
VIRGINIA COLLEGE SAVINGS PLAN**

***Resolution***

*October 7, 2022*

WHEREAS, the Virginia College Savings Plan (then named the Virginia Higher Education Tuition Trust Fund) (Virginia529) was created by an act of the General Assembly of Virginia in 1994 to “enhance the accessibility and affordability of higher education for all citizens of the Commonwealth;” and,

WHEREAS, in carrying out its duties and responsibilities, members of the Virginia529 Board “shall act as trustee and shall exercise the judgment of care under the circumstances then prevailing that persons of prudence, discretion and intelligence exercise in the management of their own affairs;” and,

WHEREAS, the assets of Virginia529 “shall be preserved, invested, and expended solely pursuant to and for the purposes of [its enabling legislation] and shall not be loaned or otherwise transferred or used by the Commonwealth for any other purpose;” and,

WHEREAS, in the twenty-eight years since its founding Virginia529 has developed and administered prepaid tuition and education savings programs that have assisted millions of individuals and families across Virginia and the country to plan and save for their education savings goals, becoming the largest 529 program in the country in the process; and,

WHEREAS, in FY2009/2010 the Board of Virginia529 determined that because of its growth and success in helping Virginia families save for higher education costs, an opportunity existed to expand efforts to meet its statutory mandate to enhance access and affordability of higher education for all citizens of the Commonwealth through an early commitment scholarship program, SOAR Virginia, to reach underserved, low income students across Virginia in the most under-resourced high schools in Virginia; and,

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WHEREAS, from 2018 to 2020, the Board of Virginia529 resolved to explore additional opportunities to advance access and affordability to higher education and allocate available operating revenues to a variety of programs focused on advising and mentoring of secondary students in Virginia, support for workforce development initiatives aimed at making Virginia the best educated state in the country and allocating scholarship funds in targeted initiatives, ultimately supporting seven programs in partnership with state and nonprofit partners including the State Council for Higher Education in Virginia (SCHEV), the Virginia Community College System and the Virginia Foundation for Community College Education; and,

WHEREAS, commencing in 2015 and continuing through 2019, the Board of Virginia529 evaluated the legacy prepaid tuition contract program (Prepaid529) that was the original foundation of the Plan and gathered legislative support for a revised defined benefit tuition program designed to be more affordable, flexible, and simple for families to save for higher education in a market risk free portfolio, known as the Tuition Track Portfolio within the Invest529 program (collectively, the Defined Benefit 529 Program or DB529); and,

NOW, THEREFORE, BE IT RESOLVED by the Board of Virginia529 that (i) we hereby affirm and acknowledge our fiduciary responsibilities as trustees of the assets and programs of Virginia529 to ensure that the Plan is sufficiently funded to meet all future contractual obligations; (ii) our fiduciary obligations demand that we consider an enhanced risk framework based on best practices to include the actuarial valuation of the DB529 Fund, an appropriate capital reserve for the Fund, and stress testing of the Fund after which the Virginia529 Board may consider the appropriateness of allocating resources from the DB529 Fund to further support the statutory mission of Virginia529 to enhance access and affordability of higher education for the citizens of Virginia.

BE IT FURTHER RESOLVED that as the Virginia529 Board completes its fiscal and risk review, it shall also continue its work to further educational access and affordability by working with state partners to identify opportunities to make access to education more equitable and more affordable for all Virginians and commit to seeking transformative change in educational access in Virginia.

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