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**Gov. Guinn Millennium Scholarship
Frequently Asked Questions
(Updated May 4, 2010)**

In response to questions the Treasurer's Office has received regarding the current and future status of the Gov. Guinn Millennium Scholarship (GGMS), we have put together answers to those most frequently asked. The list of questions and responses will be updated as necessary. We have also established a Facebook page, Nevada Millennium Scholarship, devoted to answering your questions and to providing the latest information available.

You may also wish to read a letter sent to the Legislature by the Treasurer's Office on May 3, 2010 which outlines the problem and offers possible solutions. You may read the letter in its entirety at <https://nevadatreasurer.gov>.

What is the current status of the GGMS?

Due to funding decisions made the Legislature to withdraw almost \$33 million from the GGMS as a result of the financial crisis facing the state, the GGMS only has enough funding to make it through the 2010 fall semester. This means that currently enrolled Millennium scholars and 2010 graduating high school seniors presently can count on the GGMS only being available for the first semester of the 2010-2011 school year.

What solutions are being explored?

The Treasurer's Office is the administrator of the GGMS; Program funding and the criteria for acceptance is determined by the Nevada State Legislature. In a May 3, 2010 letter addressed to the Legislature, the Treasurer's Office has offered three funding solutions which would allow the GGMS to move forward through Fiscal Year 2011 (September 2010 through June 30, 2011), thus providing the 2011 Legislature the opportunity to thoughtfully review the future of the Program:

- The Legislature could make the determination to not transfer \$5 million from the GGMS Fund in Fiscal Year 2011, thus providing adequate funding to ensure high school seniors graduating this year could rely upon the GGMS being available at least through the September 2010 through May 2011 NSHE school year, as well as to those students already enrolled in the Program.

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Nevada Prepaid Tuition Program
Unclaimed Property
Upromise College Fund 529 Plan

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- The Legislature has been informed that the Unclaimed Property Division will transfer to the General Fund an additional \$10 million more than previously projected by June 30, 2010. The Treasurer's Office intends to present a Work Program to the Interim Finance Committee at its June 2010 meeting requesting that the Legislature allow this additional transfer from the Unclaimed Property Fund to be placed in the GGMS Trust Fund, thus providing enough funding at this time to prolong the GGMS Program through Fiscal Year 2011.
- The Legislature could also make the determination to again change the criteria for GGMS Program eligibility, which would impact the number of students enrolled. As you know, the Treasurer's Office role is simply to administer funds provided by the Legislature to the Program: the Legislature establishes the criteria and NSHE ensures that students meet the established criteria.

What happened to the funding for the GGMS?

The GGMS Program relies primarily on funding from the Tobacco Master Settlement Agreement (MSA) and a yearly transfer from the state's Unclaimed Property Fund.

When the Legislature was faced with very tough budget decisions during the 75th Session in 2009 and during the 2010 Special Session, decisions were made by that body to eliminate the yearly \$7.6 million transfer from Unclaimed Property Fund to the GGMS Trust Fund in fiscal years 2009, 2010, and 2011. Further, due to budget constrictions felt by the Legislature, that body made the decision to make a \$5 million cash withdrawal from the GGMS Fund in Fiscal Year 2009 and another \$5 million in Fiscal year 2011.

These decisions, along with the unanticipated reduction in tobacco revenue, will leave the GGMS Fund with an estimated balance of \$10.2 million at the conclusion of Fiscal Year 2010, and an estimated shortfall of \$4.2 million by the end of Fiscal Year 2011.

Is money being diverted from the Nevada Prepaid Tuition Program to help the GGMS?

No. The money invested by Nevada Prepaid Tuition Program contract holders to pay for future college tuition costs for their children **MUST** be held in a separate account called the Higher Education Trust Fund. It is **NOT** state revenue and cannot be used to pay for any other expenses other than its intended purpose.

What about Nevada College Savings Plans money paid by account holders?

The Nevada College Savings Plans Program is a separate and distinct Program where individuals save for future college expenses through investment accounts set up with one of four investment managers chosen to partner with the College Savings Board, a public body consisting of three Governor appointees—Director of the Dept. of Administration and two private citizens—a representative from Chancellor of the Nevada System of Higher Education, and the State Treasurer. The Board is charged by the State to administer only two programs: the Nevada Prepaid Tuition Program and the College Savings Plans. The Board was asked to consider a grant to the GGMS. The Board determined that their primary fiduciary responsibility was limited to the Programs in their care, and therefore agreed to grant only \$200,000 to assist the GGMS in making through Fiscal Year 2011. That money would not have come from contract holder's accounts, but rather from fees paid to the State by the various private companies who administer the Nevada College Savings Plans Program.

Why was there no advance warning about the GGMS Program being in jeopardy?

The Treasurer's Office informed the Legislature in separate letters dated February 18, 2010 and March 22, 2010 about the consequences of the financial decisions made by the Legislature to remove \$32.8 million in GGMS funding. The Treasurer's Office posted letters on our website on March 3 and an updated letter on March 22 for the purpose of informing students and parents about the status of the GGMS.

GGMS letter to qualified students are not delivered until late July each year. The Treasurer's Office is hopeful the Legislature will accept one of the funding solutions offered by this office (see previous question relating to funding solutions), thereby allowing the Treasurer's Office the ability to extend the GGMS benefits to qualified students in the regularly scheduled July letter.

Why was the Tobacco Master Settlement Agreement (MSA) so much lower than projected, and when did the State know of the shortage?

The State received its spring Tobacco MSA payment on April 15 and April 18, which was approximately \$8 million less than projected by Global Insight, and about \$5 million less than the State Treasurer's Office projected amount. State treasurer's offices around the nation do not receive advance payment information relating to the MSA; when the check shows up it is their first and only notice. According to the National Association of Attorneys General, the main factor for the precipitous drop for this particular payment was that national tobacco sales were down about 9 percent. However, there is no present information that would clearly indicate that the lower-than-projected amount was an anomaly or a pattern for future payment amounts.

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