

# STATE OF NEW YORK

2485

2017-2018 Regular Sessions

## IN SENATE

January 13, 2017

Introduced by Sens. LAVALLE, AKSHAR, FUNKE, GALLIVAN, LITTLE, RANZENHOFER, RITCHIE -- read twice and ordered printed, and when printed to be committed to the Committee on Higher Education

AN ACT to amend the education law and the state finance law, in relation to establishing the New York state family tuition investment program

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Legislative findings. The legislature hereby finds and  
2 declares that it is an essential function of state government to foster  
3 higher education in order to provide for a well-educated and financially  
4 secure population. The legislature further finds that the cost of higher  
5 education is becoming less affordable and predictable, adversely affect-  
6 ing the ability of individuals and families to plan for future educa-  
7 tional expenses. The legislature further finds that it is in the best  
8 interests of the state to provide its citizens with financing assistance  
9 for higher education and protection against rising costs, and to encour-  
10 age savings to enhance the ability of residents of New York to obtain  
11 financial access to institutions of higher education. Accordingly, the  
12 legislature finds and declares that the creation of the New York state  
13 family tuition investment program for the advance purchase of tuition  
14 will help to make higher education affordable and accessible to all New  
15 York's students, to the ultimate benefit of all citizens of the state.

16 § 2. The education law is amended by adding a new article 14-B to read  
17 as follows:

18 ARTICLE 14-B

19 NEW YORK STATE FAMILY TUITION

20 INVESTMENT PROGRAM ACT

21 Section 696. Short title.

22 696-a. Definitions.

23 696-b. New York state family tuition investment program;

24 purpose.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.

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1 696-c. Powers and duties of the higher education services corpo-  
2 ration.

3 696-d. Prepayment agreements; pricing; redemption.

4 696-e. Disclosure to purchasers.

5 696-f. Termination of prepayment agreements; refunds.

6 696-g. State financial aid.

7 696-h. Scholarship program.

8 696-i. Annual accounting and actuarial study.

9 696-j. Exemption from security laws.

10 696-k. Relief from attachment.

11 § 696. Short title. This article shall be known and may be cited as  
12 the "New York state family tuition investment program act".

13 § 696-a. Definitions. For the purposes of this article, the following  
14 terms shall have the following meanings:

15 1. "Beneficiary" means an individual designated in a prepayment agree-  
16 ment as the individual entitled to apply tuition units purchased under  
17 such agreement to the payment of that individual's tuition.

18 2. "Comptroller" means the state comptroller.

19 3. "Corporation" means the New York state higher education services  
20 corporation.

21 4. "Owner" means the purchaser or beneficiary of a prepayment agree-  
22 ment designated by the purchaser pursuant to paragraph a of subdivision  
23 one of section six hundred ninety-six-d of this article.

24 5. "Prepayment agreement" means an agreement entered into by the  
25 corporation and a purchaser providing for the prepayment of tuition  
26 units by the purchaser, at a price determined by the corporation for the  
27 year in which the units are purchased, and the redemption of such units  
28 at the time of the beneficiary's college matriculation, at a value  
29 determined in accordance with section six hundred ninety-six-d of this  
30 article.

31 6. "Program" means the New York state family tuition investment  
32 program established by section six hundred ninety-six-b of this article.

33 7. "Purchaser" means a person, including a natural person, limited  
34 liability company, corporation, association, foundation, partnership or  
35 other legal entity, who enters into a prepayment agreement with the  
36 corporation for the prepayment of tuition.

37 8. "Trust fund" means the New York state family tuition investment  
38 program trust fund established pursuant to section seventy-eight-c of  
39 the state finance law.

40 9. "Tuition" means the charges imposed by colleges for attendance for  
41 an academic year as an undergraduate and all fees required as a condi-  
42 tion of enrollment as determined by the corporation. Such term shall not  
43 include tuition charged to out-of-state residents, laboratory fees, room  
44 and board, or other similar fees and charges.

45 10. "Unit" or "tuition unit" means one percent of the annual weighted  
46 average tuition for a group of colleges, as described in and determined  
47 pursuant to section six hundred ninety-six-d of this article.

48 § 696-b. New York state family tuition investment program; purpose.  
49 There is hereby established within the corporation the New York state  
50 family tuition investment program for the purpose of improving the high-  
51 er educational opportunities of beneficiaries through the advance  
52 purchase of tuition at public institutions of higher education in this  
53 state, which shall be an official state function.

54 § 696-c. Powers and duties of the higher education services corpo-  
55 ration. 1. The corporation shall:

1 a. promulgate necessary rules and regulations, within ninety days  
2 after the effective date of this article, for the implementation of the  
3 program, including but not limited to reasonable time limits for use of  
4 tuition units, reasonable limits on the number of program participants,  
5 reasonable restrictions on the substitution of beneficiaries, residency  
6 requirements for beneficiaries which shall be consistent with residency  
7 requirements established by qualified institutions, and reasonable  
8 administrative fees and charges in connection with any transaction under  
9 this article;

10 b. employ and fix the compensations of personnel, who shall be in the  
11 classified service, but shall not be in the competitive class, as neces-  
12 sary to carry out its responsibilities under this article;

13 c. engage, on a contract basis, the services of financial consultants,  
14 actuaries, auditors and other consultants as necessary to carry out its  
15 responsibilities under this article;

16 d. contract for other services, or for goods, needed by the corpo-  
17 ration in the conduct of its business;

18 e. make, execute and deliver contracts, conveyances and other instru-  
19 ments necessary to the management and operation of the program;

20 f. purchase insurance from insurers licensed to do business in this  
21 state providing coverage against any loss in connection with the corpo-  
22 ration's property, assets or activities, or to further ensure the value  
23 of units;

24 g. promote, advertise and publicize the program through, at a minimum,  
25 wide dissemination of informational materials to the public explaining  
26 the provisions of the program and specifically, a clear statement in  
27 plain language summarizing the provisions of sections six hundred nine-  
28 ty-six-e and six hundred ninety-six-f of this article, regarding disclo-  
29 sure and termination;

30 h. enter into agreements with any agency of the state, the comp-  
31 troller, political subdivisions of the state and with private employers  
32 under which an employee may agree to have a designated amount deducted  
33 in each payroll period from the wages or salary due such employee for  
34 the purpose of purchasing tuition units pursuant to a prepayment agree-  
35 ment;

36 i. enter into an agreement with the comptroller under which the comp-  
37 troller will receive and credit to the trust fund, from any banking  
38 institution authorized to do business in this state, amounts that a  
39 depositor of the banking institution authorizes such institution to  
40 withdraw periodically from his or her account for the purpose of  
41 purchasing units pursuant to a prepayment agreement;

42 j. solicit and accept gifts, grants or loans from any person, associ-  
43 ation, board, foundation or governmental agency; and

44 k. perform all acts necessary and proper to carry out the duties and  
45 responsibilities of the corporation pursuant to this article.

46 2. The comptroller shall act as the sole trustee of the trust fund.  
47 The comptroller will have authority to make all investment decisions  
48 regarding the trust fund.

49 3. The corporation shall submit a request to the division of the budg-  
50 et for funds sufficient, as determined by such corporation, to cover the  
51 expenses of initial planning, organization and administration of the  
52 program. Any appropriations to the corporation shall be repaid to the  
53 state from the fees, charges and investment earnings of the trust fund  
54 within a five-year period, commencing two years after units have been  
55 offered for sale to the public. Commencing one year after units have  
56 been offered for sale to the public, expenses incurred by the corpo-

1 ration shall be paid from the fees, charges and investment earnings of  
2 the fund or any other available funds.

3 4. The program is backed by the full faith and credit of the state.  
4 The state pledges to benefactors and designated beneficiaries of the  
5 program that the state will not limit or alter the rights which are  
6 vested in the program until such obligations are met and discharged.  
7 However, this subdivision shall not be deemed to preclude such limita-  
8 tion if adequate provision is made by law for the protection of the  
9 benefactors and designated beneficiaries pursuant to the obligations of  
10 the corporation.

11 § 696-d. Prepayment agreements; pricing; redemption. 1. Election of  
12 options. The corporation may enter into prepayment agreements with any  
13 person or entity for the purchase of any number of tuition units. A  
14 purchaser shall elect one of the following options at the time of enter-  
15 ing into a prepayment agreement under this section:

16 a. One or more specific individuals shall be designated as the benefi-  
17 ciaries of the units. A purchaser selecting this option shall also elect  
18 whether to retain ownership of the units or to allocate ownership of the  
19 units in the account to one or more of the designated beneficiaries. A  
20 purchaser who retains ownership may allocate units among the specified  
21 beneficiaries at the time of enrollment in a college. If the purchaser  
22 assigns ownership of the units to the beneficiaries, each beneficiary is  
23 entitled to use those units. In accordance with rules of the corpo-  
24 ration, beneficiaries may be deleted, added or substituted for those  
25 originally named in the prepayment agreement and ownership of the assets  
26 may be changed during the life of the agreement, provided that no more  
27 than five unrelated individuals shall be included under one prepayment  
28 agreement at any one time; or

29 b. A unit account may be established for no more than five unrelated  
30 beneficiaries. From time to time, the purchaser may transfer units from  
31 such account to one or more specified beneficiaries in accordance with  
32 paragraph a of this subdivision, or to a scholarship program established  
33 pursuant to this section. The purchaser shall be the owner of the units  
34 until they are transferred; or

35 c. Any number of units of any group may be purchased and donated  
36 directly to a scholarship program established pursuant to this section.  
37 The person or organization that establishes such scholarship program  
38 shall be the owner of units purchased pursuant to this paragraph, and  
39 the purchaser shall have no right to the units.

40 2. Unit pricing. a. In accordance with sound actuarial practices, the  
41 corporation shall establish, and re-establish annually, prices for  
42 tuition units which shall be redeemable in specific years or periods of  
43 years. Tuition unit prices shall be based on in-state tuition, and shall  
44 be established for a twelve month period to be determined by the corpo-  
45 ration. Annually, the corporation shall have the actuarial soundness of  
46 the trust fund evaluated by a nationally recognized actuary and shall  
47 determine whether additional assets are necessary to meet the current  
48 and projected future obligations of the corporation.

49 b. Separate tuition unit prices shall be established for each of the  
50 following college groups:

51 (i) colleges for which annual tuition does not exceed five thousand  
52 dollars;

53 (ii) colleges for which annual tuition is greater than five thousand  
54 dollars but not more than ten thousand dollars;

55 (iii) colleges for which annual tuition is greater than ten thousand  
56 dollars but not more than fifteen thousand dollars;

1 (iv) colleges for which annual tuition is greater than fifteen thou-  
2 sand dollars but not more than twenty thousand dollars; and

3 (v) colleges for which annual tuition exceeds twenty thousand dollars.  
4 The corporation may, by regulation, adjust the dollar parameters of  
5 the groups set forth in this paragraph, and any such adjustment shall  
6 operate only prospectively.

7 c. Tuition unit prices shall be based on an amount which approximates  
8 one percent of the weighted average tuition for each group of colleges.  
9 The term "weighted average tuition," as used in this section, means the  
10 tuition cost resulting from the following calculation:

11 (i) add the products of the annual tuition for each college within a  
12 group, multiplied by total undergraduate fiscal year enrollment at each  
13 college; and

14 (ii) divide the gross total of the products from subparagraph (i) of  
15 this paragraph by the total undergraduate academic year enrollment for  
16 each group of colleges.

17 d. On an annual basis, the corporation shall compile information  
18 sufficient to calculate the price of units at each group of colleges. On  
19 or before July thirty-first of each year, each college shall certify to  
20 the corporation the tuition to be charged by such college for the  
21 academic year beginning on or after August first of that year and ending  
22 on or before July thirty-first of the following year. At such time as  
23 the corporation shall determine, each college shall certify to the  
24 corporation the tuition charged by the college for the current or any  
25 previous academic year.

26 e. Each tuition unit price shall include an amount deemed necessary by  
27 the corporation to defray the costs of administering the program.

28 f. To promote the purchase of units and in accordance with actuarially  
29 sound principles, the corporation, in consultation with the comptroller  
30 may adjust the sales price as part of incentive programs, such as  
31 discounting for lump sum purchases and multi-year installment plans at a  
32 fixed rate of purchase.

33 3. Redemption of units. In accordance with such terms and conditions  
34 as set forth in this section, in the prepayment agreement or by rules of  
35 the corporation, the beneficiary may redeem the value of tuition units,  
36 as follows:

37 a. One percent of the weighted average tuition for the academic year  
38 in which units are redeemed, charged by the college group selected by  
39 the purchaser under the prepayment agreement, multiplied by the number  
40 of tuition units to be redeemed in the academic term in which the bene-  
41 ficiary matriculates at a college.

42 b. The corporation will pay directly to the college in which a benefi-  
43 ciary is enrolled during an academic term the amount represented by the  
44 units being redeemed that term. The beneficiary shall be responsible for  
45 the payment of all charges required by such college in which the benefi-  
46 ciary is enrolled in excess of the value of units which are redeemed.

47 c. If, at any time after units are purchased on behalf of a benefi-  
48 ciary or awarded to a beneficiary pursuant to a scholarship program, the  
49 beneficiary chooses to attend a college within a group other than the  
50 one for which units were purchased, the value of units purchased or  
51 awarded to the beneficiary may be redeemed by the beneficiary and  
52 applied toward the payment of any tuition, fees or charges of the  
53 college the beneficiary attends. The corporation shall pay directly to  
54 the college the value of units which are redeemed.

55 d. A minimum period of four years must elapse between the time a  
56 prepayment agreement is entered into and the time that units may be

1 redeemed. The corporation may prescribe an alternative period of time,  
2 but no shorter than four years, which must elapse between the time a  
3 prepayment agreement is entered into and the time that tuition units may  
4 be redeemed.

5 e. The corporation shall permit the redemption of units for master's  
6 degree and other post baccalaureate programs. The corporation may also  
7 permit units remaining in an account after tuition is fully paid to be  
8 applied for other educational expenses and fees directly charged to the  
9 beneficiary by the college.

10 4. No guarantee. Nothing in this article or in any prepayment agree-  
11 ment entered into pursuant to this article shall be construed as a guar-  
12 antee by the state, the corporation or any college, that a beneficiary  
13 will be admitted to a college, or, upon admission to a college will be  
14 permitted to continue to attend or will receive a degree from a college.

15 § 696-e. Disclosure to purchasers. 1. The following information shall  
16 be disclosed by the corporation in writing to each purchaser and  
17 prospective purchaser of tuition units and to each school district,  
18 public high school, nonpublic high school, or other person or organiza-  
19 tion maintaining a scholarship program:

20 a. the terms and conditions for purchasing tuition units;

21 b. any restrictions on the substitution of beneficiaries and any  
22 restrictions on the transfer of ownership of tuition units in the  
23 payment account;

24 c. the person or entity entitled to terminate the prepayment agree-  
25 ment;

26 d. the terms and conditions under which the prepayment agreement may  
27 be terminated and the amount of the refund and penalty, if any, to which  
28 the person or entity terminating the agreement, or that person's or  
29 entity's designee, is entitled or responsible for, upon termination;

30 e. the obligation of the corporation to make payments to a college on  
31 behalf of a beneficiary, based upon the number of units purchased on  
32 behalf of the beneficiary or awarded to the beneficiary pursuant to a  
33 scholarship program and reciting in any promotional materials and in the  
34 prepayment agreement, in at least sixteen point, bold type: "The benefi-  
35 ciary shall be responsible for the payment of all charges required by  
36 such college in which the beneficiary is enrolled in excess of the value  
37 of units which are redeemed";

38 f. the method by which tuition units shall be applied toward payment  
39 of tuition if in any academic term the beneficiary is a part-time  
40 student;

41 g. the method by which tuition units shall be applied toward payment  
42 of tuition if during any academic term a tuition change occurs;

43 h. the period of time during which a beneficiary may receive benefits  
44 under the prepayment agreement;

45 i. the terms and conditions under which money may be wholly or  
46 partially withdrawn from the program, including, but not limited to, any  
47 reasonable charges and fees that may be imposed for withdrawal;

48 j. the probable state and federal tax consequences associated with  
49 purchasing and redeeming units; and

50 k. all other rights and obligations of the purchaser and the corpo-  
51 ration and any other terms, conditions, and provisions the corporation  
52 considers necessary and appropriate.

53 2. Prepayment agreements shall be subject to section fourteen-c of the  
54 banking law and the "truth-in-savings" regulations promulgated there-  
55 under.

1 § 696-f. Termination of prepayment agreements; refunds. 1. A prepay-  
2 ment agreement may be terminated by the purchaser, the beneficiary, or  
3 by any person or combination of persons, as provided in the prepayment  
4 agreement, and the corporation shall issue a refund as provided in this  
5 subdivision.

6 a. Unless otherwise provided for in the prepayment agreement, a  
7 prepayment agreement may be terminated by the owner under any of the  
8 following circumstances:

9 (i) upon the death or permanent disability of the beneficiary;

10 (ii) upon certification by the owner of units under a prepayment  
11 agreement, not more than four years prior to the earliest redemption  
12 date provided by the prepayment agreement, that the principal and  
13 accrued interest in such owner's account will be transferred to another  
14 prepaid tuition program offered by a college or another state;

15 (iii) upon notification to the board in writing that the beneficiary  
16 is age eighteen or older, and has decided not to attend a college;

17 (iv) upon completion of the degree requirements at a college;

18 (v) upon a decision by the beneficiary to attend a college or univer-  
19 sity located outside of the state; and

20 (vi) upon the occurrence of other circumstances determined by the  
21 corporation to be grounds for termination.

22 b. In the case of a termination under subparagraph (i) of paragraph a  
23 of this subdivision, the owner shall be entitled to and receive the full  
24 value of units, without penalty, for the year in which such termination  
25 occurs or shall be entitled to substitute a new beneficiary under the  
26 existing prepayment agreement.

27 c. For each category of terminations under paragraph a of this subdivi-  
28 sion, other than under subparagraph (i) of such paragraph, the corpo-  
29 ration shall prescribe, by rule, the percentage of value of units, the  
30 method and the schedule for payment of refunds upon termination of a  
31 prepayment agreement.

32 d. If a beneficiary is awarded a scholarship other than under a schol-  
33 arship program established under this article, a tuition waiver, grant,  
34 or the like, that the corporation determines cannot be converted into  
35 money by the beneficiary, the corporation shall, during each academic  
36 term that the beneficiary furnishes the corporation such information  
37 about such scholarship, waiver, or grant, as the corporation requires,  
38 refund to the beneficiary, without penalty, an amount equal to the value  
39 of the tuition units that would have been directly paid to a college if  
40 the scholarship, waiver, or grant had not been available to the benefi-  
41 ciary for that purpose.

42 2. If a prepayment agreement has not been terminated or a beneficiary  
43 designated in the prepayment agreement has not used tuition units within  
44 the time specified in such agreement, the rights and procedures  
45 prescribed by the abandoned property law shall apply.

46 3. If, in any academic term for which units have been used to pay all  
47 or part of a beneficiary's tuition, the beneficiary withdraws from a  
48 college prior to the end of the academic term, any refund of tuition as  
49 a result of the withdrawal which is attributable to the redemption of  
50 units for such term shall be made to the corporation, unless the corpo-  
51 ration designates a different procedure. The corporation shall credit  
52 any refund received, less any reasonable charges and fees provided for  
53 by the corporation, to the beneficiary's account.

54 § 696-g. State financial aid. Ownership of credits shall not penalize  
55 purchasers or beneficiaries in any determination of eligibility for

1 state funded general awards, academic performance awards or fellowships,  
2 including tuition assistance program awards.

3 § 696-h. Scholarship program. 1. The board of education of any school  
4 district, or the governing board of any nonprofit educational, religious  
5 or charitable organization may establish a scholarship program to award  
6 scholarships consisting of units purchased pursuant to prepayment agree-  
7 ments. Any scholarship program established under this section shall be  
8 registered with the corporation. The corporation shall be notified of  
9 the name and address of each scholarship beneficiary under the scholar-  
10 ship program, the number of tuition units awarded, and the college in  
11 which the beneficiary shall be enrolled. Scholarship beneficiaries shall  
12 be selected by the governing body of the organization that established  
13 the scholarship program in accordance with criteria established by such  
14 governing body. In the case of a scholarship program established by a  
15 board of education, scholarships shall be awarded only to students  
16 enrolled in the school district. No beneficiary may receive more than  
17 the minimum number of units necessary to fund four academic years at the  
18 selected college.

19 2. Any person or entity may purchase units on behalf of a scholarship  
20 program established under this section and registered with the corpo-  
21 ration at the same price as charged for the purchase of units for named  
22 beneficiaries pursuant to this article, as provided in subdivision three  
23 of this section. Such units shall have the same value to the beneficiary  
24 of a scholarship awarded pursuant to this section as they would have to  
25 any other beneficiary.

26 3. If a scholarship beneficiary does not use units awarded within a  
27 length of time specified under the scholarship program, the governing  
28 board of the scholarship program may award the units to another benefi-  
29 ciary.

30 § 696-i. Annual accounting and actuarial study. 1. The corporation  
31 shall prepare, in consultation with the comptroller, and cause to have  
32 audited an annual financial report on all financial activity of the  
33 trust fund, within ninety days of the end of the fiscal year. Biennial-  
34 ly, the corporation shall contract with a nationally recognized firm to  
35 perform a management audit of the program, which shall include a compli-  
36 ance audit of the program's compliance with the "truth-in-savings" regu-  
37 lations, as required by section six hundred ninety-six-e of this arti-  
38 cle. The corporation and the comptroller shall transmit the audited  
39 financial report and the management audit, within thirty days of  
40 completion, to the governor and to the chairperson and ranking minority  
41 member of the assembly ways and means committee, the chairperson and  
42 ranking minority member of the senate finance committee, and the chair-  
43 persons and ranking minority members of the assembly and senate higher  
44 education committees. Copies of the audited financial report and the  
45 management audit also shall be made available, upon request, to the  
46 public.

47 2. The comptroller or his or her legally authorized representative,  
48 from time to time may examine the books and accounts of the corporation  
49 including its receipts, disbursements, contracts, administrative  
50 expenses and any other matters relating to the financial standing of the  
51 trust fund.

52 § 696-j. Exemption from security laws. Prepayment agreements and units  
53 are exempt from any state statute regulating securities, including arti-  
54 cle twenty-three of the general business law.

55 § 696-k. Relief from attachment. The right of a person to a credit or  
56 a payment under this article pursuant to a prepayment agreement or scho-

1 larship program shall not be subject to execution, garnishment, attach-  
2 ment, the operation of bankruptcy or the insolvency laws, or other proc-  
3 ess of law.

4 § 3. The state finance law is amended by adding a new section 78-c to  
5 read as follows:

6 § 78-c. New York state family tuition investment program trust fund.

7 a. There is hereby established in the sole custody of the state comp-  
8 troller a special fund to be known as the "New York state family tuition  
9 investment program trust fund", which shall be outside the state treas-  
10 ury. Notwithstanding the provisions of subdivision one of section six  
11 hundred ninety-six-c of the education law, or any other law, moneys may  
12 be paid out of such fund without an appropriation by law. All payments  
13 of moneys from such fund shall be made only in accordance with the rules  
14 and regulations of the New York state higher education services corpo-  
15 ration and the comptroller.

16 b. The trust fund shall consist of a trust account and an operating  
17 account. The trust account shall consist of moneys received by the New  
18 York state higher education services corporation pursuant to prepayment  
19 agreements, all interest and investment income earned by the trust fund,  
20 administrative charges and fees received by the program and all receipts  
21 of the program from any other source. Upon certification of the chair-  
22 person of the New York state higher education services corporation, the  
23 comptroller shall, from time to time, transfer moneys from the trust  
24 account to the operating account to be used for the immediate payment of  
25 obligations of the New York state higher education services corporation  
26 under prepayment agreements, and the cost of administering the New York  
27 state family tuition investment program.

28 c. Moneys in the trust fund shall be kept separate and shall not be  
29 commingled with other funds. The comptroller shall invest the moneys in  
30 the trust fund, on behalf of the New York state higher education  
31 services corporation, pursuant to the standards set forth in paragraph  
32 (b) of subdivision nine of section one hundred seventy-seven of the  
33 retirement and social security law. The comptroller may enter into writ-  
34 ten agreements with one or more financial organizations for the invest-  
35 ment and custody of trust funds. All investment fees and other costs  
36 incurred in connection with the investment of the trust fund moneys and  
37 reasonable expenses of administering the trust fund shall be paid from  
38 the assets of the fund.

39 d. Moneys in the trust fund not required for the immediate payment of  
40 obligations of the New York state higher education services corporation  
41 under prepayment agreements and the cost of administering the New York  
42 state family tuition program may be contractually loaned to the state  
43 university of New York and the city university of New York to be  
44 utilized for educational purposes as detailed within said loans. Any  
45 contracts entered into by the comptroller under this section shall  
46 provide for a repayment schedule with interest which ensures the trust  
47 fund's ability to meet its obligations under the New York state family  
48 tuition investment program. The total of all amounts loaned to the state  
49 university of New York and the city university of New York shall be in  
50 the same proportion as the proportion of the average state funds  
51 provided to each system during the last five years.

52 § 4. This act shall take effect on the first of July next succeeding  
53 the date on which it shall have become a law.