

# ISSUE 3

## PROPOSED CONSTITUTIONAL AMENDMENT

**3** (Proposed by Resolution of the General Assembly of Ohio)  
To amend Article VI of the Ohio Constitution by the addition of Section 6.

TO INCREASE OPPORTUNITIES TO THE RESIDENTS OF THE STATE OF OHIO FOR HIGHER EDUCATION AND TO ENCOURAGE OHIO FAMILIES TO SAVE AHEAD TO BETTER AFFORD HIGHER EDUCATION, THIS AMENDMENT WILL:

1. ALLOW THE STATE TO MAINTAIN A PROGRAM FOR THE SALE OF TUITION CREDITS WHEREBY THE PROCEEDS OF SUCH CREDITS PURCHASED FOR THE BENEFIT OF STATE RESIDENTS ARE GUARANTEED BY THE STATE TO COVER A SPECIFIED AMOUNT WHEN APPLIED TO THE COST OF TUITION AT ANY STATE INSTITUTION OF HIGHER EDUCATION AND THE SAME OR A DIFFERENT AMOUNT WHEN APPLIED TO THE COST OF TUITION AT ANY OTHER HIGHER EDUCATION INSTITUTION AS MAY BE PROVIDED BY LAW.

2. TO REQUIRE THAT TUITION CREDITS PAID FROM THE TUITION CREDITS PROGRAM AND THE OHIO TUITION TRUST FUND BE SUPPORTED BY THE FULL FAITH AND CREDIT OF THE STATE OF OHIO AND REQUIRE THE PASSAGE OF LAWS FOR THE CONDUCT OF THE TUITION CREDITS PROGRAM CONSISTENT WITH THIS AMENDMENT.

3. REQUIRE THE GENERAL ASSEMBLY TO APPROPRIATE MONEY TO OFFSET ANY DEFICIENCY IN THE OHIO TUITION TRUST FUND TO GUARANTEE THE PAYMENT OF THE FULL AMOUNT OF ANY TUITION PAYMENT OR REFUND REQUIRED BY A TUITION PAYMENT CONTRACT, AND ALLOW A MAJORITY OF THE MEMBERS OF EACH HOUSE OF THE GENERAL ASSEMBLY TO APPROPRIATE FUNDS FOR THE PAYMENT OF ANY TUITION PAYMENT CONTRACT PREVIOUSLY ENTERED INTO.

4. REQUIRE THAT ALL OHIO TUITION TRUST FUND ASSETS BE USED FOR THE PURPOSE OF THE FUND AND, IF THE FUND IS LIQUIDATED, REQUIRE THAT ANY REMAINING ASSETS BE TRANSFERRED TO THE GENERAL REVENUE FUND OF THE STATE.

IF ADOPTED, THIS AMENDMENT WILL BE EFFECTIVE IMMEDIATELY.

A majority yes vote is necessary for passage.

	YES	SHALL THE PROPOSED AMENDMENT BE ADOPTED?
	NO	

**EXPLANATION FOR STATE ISSUE 3**  
**(as prepared by the Ohio Ballot Board)**

The amendment would require that tuition credits paid from the tuition credits program and the Ohio Tuition Trust Fund be supported by the full faith and credit of the State of Ohio. The amendment would also require the passage of laws to provide that future conduct of the tuition credits program be consistent with the amendment.

The amendment would allow the State of Ohio to maintain a program for the sale of tuition credits and to guarantee the proceeds of the credits sold. The guarantee would cover a specified amount of the cost of tuition at any state institution of higher education and the same or a different amount of the cost of tuition at any other higher education institution as may be provided by law.

The amendment would also require the General Assembly to appropriate money to offset any deficiency in the Ohio Tuition Trust Fund to guarantee the payment of the full amount of any tuition payment or refund required by a tuition payment contract, and allow a majority of the members of each house of the General Assembly to appropriate funds for the payment of any tuition payment contract previously entered into.

Finally, the amendment would require that all assets maintained in the Ohio Tuition Trust Fund be used solely for the purposes of the fund. If the fund is liquidated, any remaining assets would be transferred to the general revenue fund of the state.

### **ARGUMENT FOR STATE ISSUE 3**

Passage of Issue 3 will not raise taxes or cost Ohio taxpayers more. It is needed to demonstrate to the Internal Revenue Service that the Prepaid Tuition Program qualifies for federal tax exemption. This "stamp of approval" will enable the program to continue providing an affordable means for families to prepay future higher education at competitive prices.

As a state agency, the Authority has many checks and balances to safeguard a fiscally-sound program for its participants. The funds are sufficient to meet future obligations. Passage of Issue 3 will officially back the Authority with the State's endorsement, satisfying federal guidelines.

The Ohio Tuition Trust Authority was created in 1989 as a state agency to provide Ohio families with a safe, simple and affordable way to prepay the cost of higher education in small increments. Also, scholarships can now be created by corporations or other organizations to prepay tuition for children from families who cannot afford advanced savings.

Since inception, the agency's Prepaid Tuition Program has more than 31,500 children enrolled, has been safely and prudently invested by Public Employees Retirement System money managers and has more than \$113 million in assets.

Recent legislation passed by the General Assembly has improved the program's value, equity and affordability. To ensure its continued affordability and enable more Ohio children to access higher education, the State's formal, constitutionally-mandated "full faith and credit" is needed.

The proposed amendment has broad-based, bi-partisan support: state leadership supports its passage. Financial aid administrators endorse Issue 3 because advance family savings decreases reliance on scarce financial aid and burdensome student loans, opening greater access to education.

### **COMMITTEE TO PREPARE ARGUMENT FOR ISSUE 3**

Senator Richard H. Finan  
Senator Robert R. Cupp  
Representative Michael G. Verich  
Representative Barbara H. Boyd  
Representative Doug White

### **ARGUMENT AGAINST STATE ISSUE 3**

**THE OHIO CONSTITUTION SHOULD NOT BE AMENDED TO PLEDGE STATE TAXES TO GUARANTEE PERSONAL COLLEGE TUITION SAVINGS!**

#### **REASONS TO VOTE NO:**

—**INSURES PERSONAL SAVINGS PLANS:** the investor would be assured of a fixed return when college tuition credits are purchased regardless of earnings on Trust Fund investments.

—**COMMITTS STATE TAXING POWER:** should the investment of college tuition funds be insufficient to cover future tuition, tax-payers will have to pay the difference. In a time of difficult budget choices, where raising taxes or reducing spending are options, guaranteeing personal savings is wrong.

—**GUARANTEES PAYMENT:** an absolute constitutional guarantee is made only for long-term debt for state buildings. Guaranteeing payment for personal college savings accounts is **BAD PUBLIC POLICY!**

—**IRS QUESTIONS:** Internal Revenue Service will tax Trust Fund earnings unless the program is state backed. In reality these are private savings and should remain so.

—**TRUST FUND NOT SELF-SUPPORTING:** when this legislation was passed six years ago, it was to be independent of state government and investors had no claim on the General Revenue Fund. Now they will have first claim on the GRF!

—**STATE COMPETES WITH PRIVATE INVESTMENTS:** people who can afford to prepay tuition can do so without state help.

—**REMOVES PRESSURE TO KEEP TUITION LOW:** the leverage which the Trust Fund might have used to control tuition costs is eliminated.

—**DISCRIMINATES:** low income families cannot afford to contribute to a college savings account.

#### **VOTE NO ON ISSUE 3!**

#### **COMMITTEE TO PREPARE ARGUMENT AGAINST ISSUE 3**

State Representative Edward F. Kasputis  
State Representative Joan W. Lawrence  
State Senator Charles F. Horn