**STAFFING**

* To administer the student empowerment fund, the State Treasurer’s Office would need to establish a new division. This would require the hiring of:
	+ A full-time Program Director with an estimated annual gross employer cost of $78,000
	+ Two full-time administrative support staff with an estimated annual gross employer cost of $104,000.
	+ A full-time General Counsel with an estimated annual gross employer cost of $114,750
	+ A full-time Auditor with an estimated annual gross employer cost of $78,000.
	+ **Total estimated cost of 5 FTE positions: $374,750**
* Staff would need to be added in order to efficiently handle applications from schools and students, file reports with various state agencies, review school invoices, apply deposits, monitor accounts, and field numerous customer inquiries each day. Auditing staff would also need to be added to make sure tax dollars are used as expected.
* The addition of five staff to the office would require additional computer equipment and software licensing for a total estimated cost of **$17,560 per year**.
	+ This breaks out to include an estimated $1,500 per new associate for new equipment, $500 per associate per year for software licenses, $912 per associate per year for phone and jack fees, and finally about $3,000 per year for a new printer lease for the new division.
* The addition of five staff to the office would also require the STO to explore additional office space for the agency. Estimated cost not available at this time.

**ACCOUNT MANAGEMENT**

* These accounts would be low-balance, highly transactional accounts, much like a checking account.
	+ Initial research indicated that it costs $200 - $400 a year for banks or credit unions to manage checking accounts.
	+ Further research has shown a Kansas program of transactional accounts with higher balances handling 25,000 accounts currently costs $95.26 per account per year to administer.
	+ Inquiries with companies managing similar accounts have indicated that these types of accounts would be estimated at $120 or more per account per year.
* For estimating purposes, if we estimate $120 per account and we have 20,000 students participate, that’s $2.4 million just for the accounts.

**ARIZONA PROGRAM**

* Arizona enacted a very similar educations savings program in 2011, and we can take their experiences as a lesson into how the program could work in Kansas.
* Under their program, approximately 300,000 students are eligible to participate. Currently 9,800 students are on the program.
* Arizona appropriated $1.2 million for a staff of 26 full-time employees, and have found that it's not enough to keep up with what is required of the program.
* The Arizona State Treasurer’s Office only does the financial and custodial work for the program, whereas the Department of Education does everything else.
* The Arizona program had to change outside vendors due to serious fraud.

**OTHER NOTEWORTHY ITEMS**

* 5% of BSAPP is dedicated to cover costs for the first two years. This is approximately $220 per student, per account. It then drops to 2.5% for every year thereafter. This is $220 not going towards actual education expenses.
* The program would also require an increase in postage and printing at an estimated rate of $15,000 to provide hard copies of documents as outlined in 4(b) as well as the applications for participation.
* Costs outlined above do not not account for the administrative expenses for any other agency involved in the implementation of this program, nor does it address the increased estimates of nearly $40 million for BASE aid for students currently enrolled in private schools.
* State Treasurer’s Office would need to use outside firm to handle individual accounts. An RFP would be required to determine who has the capacity to handle large number of accounts.
* Accounts would pay interest (Net of PMIB rate – currently 8%) Earnings would be less than $1-2 a year.
* The bill sets a deadline for this program to be up and running by July 1, 2022. This would be a costly, complex endeavor to accomplish by this deadline without diminishing the confidence of the overall performance of the program or ultimately wasting taxpayer dollars.
	+ A similar program (ABLE) administered by the State Treasurer’s Office with significantly fewer accounts took nearly two years to fully implement.