S-5537.1

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**SENATE BILL 6577**

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**State of Washington 66th Legislature 2020 Regular Session**

**By** Senators Liias, Nguyen, Das, Darneille, Saldaña, and Wilson, C.

AN ACT Relating to creating a statewide child savings account program; adding a new section to chapter 28B.77 RCW; creating a new section; and providing an expiration date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  (1) Research shows that low-income and moderate-income students who are the beneficiaries of children's educational savings accounts are three times more likely to enroll in college and four times more likely to graduate college. Research further indicates that children without educational savings accounts experience the greatest erosion between the high school student's aspiration to attend college and his or her subsequent rate of college enrollment by age twenty-two. Academic gains in students' math and reading performances, as well as social and emotional health benefits, have been conclusively tied to ownership of children's educational savings accounts.

(2) The legislature recognizes that in order to have a skilled and educated workforce it is vitally important for the state to encourage young people to pursue their dreams of attending and completing postsecondary educational programs of their choice, whether that may be a college degree or a postsecondary certificate. The legislature finds that promoting children's educational savings accounts is a promising strategy for helping young Washingtonians identify as college bound, while at the same time stimulating the continued growth and dynamism of the state's economy and helping to end the cycle of intergenerational poverty.

(3) The legislature recognizes that there are over ninety-five child savings account programs across the country, seventeen of which are state-level children's educational savings account programs that were created either statutorily or administratively. Each program models different approaches and strategies that can be taken to expand educational opportunity and financial capability to all families. Many of the state and local governments have leveraged their community of private donors to strengthen and reinforce their programs and foster community engagement. Cultivating community support creates a larger higher education and career-readiness environment where community leaders become champions for kids and local philanthropic organizations recognize the value in investing in their community's youth.

NEW SECTION. **Sec.**  A new section is added to chapter 28B.77 RCW to read as follows:

(1) The council shall complete a study examining design options for a statewide child savings account program in Washington that includes an implementation plan. Child savings accounts are long-term savings or investment accounts to help children, especially low-income children and children of color, build dedicated savings for postsecondary education. The child savings account program's goals are to foster a higher education and career-readiness culture and boost college savings among Washington state residents, particularly low-income families; promote the financial security, financial literacy, and economic stability of Washington state families; and increase their ability to save for college. The program's purpose is to establish college savings accounts at birth for every child born in Washington state.

(2) At a minimum, the study examining design options and creating an implementation plan for a child savings account program must include the following elements:

(a) Program account options and mechanisms for automatic enrollment in the child savings account program at birth unless parents opt out;

(b) The program structure and the initial seed deposit as well as progressive incentives to help reduce inequities in account accumulation between children from lower-income families and higher-income families;

(c) Incentive structures so that families that participate and contribute, regardless of amount, can receive bonus deposits;

(d) Plans for how relevant state agencies and programs would conduct outreach and provide information for families and children about their child savings accounts, opportunities to interact and/or save in the account, and other resources for families to build their financial capabilities in order to save for their future;

(e) Options for potential state funding sources to create and sustain the program and the feasibility of making the program self-sustaining or partially off-setting seed deposits through administrative fees charged in the Washington college savings program established in RCW 28B.95.032 or other college savings programs;

(f) Possible ways for the state to collaborate with the philanthropic and private sectors; and

(g) Possible ways for the accounts of foster children and youth to grow.

(3) In developing the implementation plan, the council may consult with the following entities:

(a) The economic services administration;

(b) The department of health;

(c) The department of children, youth, and families;

(d) The department of financial institutions;

(e) The office of the state treasurer;

(f) The office of the superintendent of public instruction;

(g) Nonprofit and community-based organizations or coalitions focused on strategies to help families build financial assets or support families with children to thrive;

(h) Institutions of higher education or research or policy organizations with expertise in asset building and child savings accounts;

(i) Not-for-profit foundations, organizations, or agencies in Washington who are already operating child savings account programs in their communities;

(j) Philanthropic organizations and foundations with an interest in providing philanthropic support for child savings accounts in Washington state; and

(k) Organizations and state commissions and offices representing communities of color and economically disadvantaged communities that would be most impacted by the creation of a child savings account program.

(4) The council shall convene stakeholders to review preliminary recommendations by November 30, 2020. The council shall submit preliminary findings and recommendations to the appropriate committees of the legislature by December 30, 2020, and a final report by June 30, 2021.

(5) This section expires December 1, 2021.

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