
SUBSTITUTE HOUSE BILL 1592

State of Washington

66th Legislature

2019 Regular Session

By House College & Workforce Development (originally sponsored by Representatives Kilduff, Leavitt, Doglio, Frame, Bergquist, Goodman, Ortiz-Self, Thai, Valdez, Pollet, Callan, Stonier, Appleton, Lovick, Shewmake, Jinkins, Lekanoff, and Slatter)

READ FIRST TIME 02/19/19.

1 AN ACT Relating to establishing the Washington children's
2 educational savings account program; reenacting and amending RCW
3 43.79A.040; adding a new chapter to Title 28B RCW; creating a new
4 section; and providing an expiration date.

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

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

17 (2) The legislature recognizes that in order to have a skilled
18 and educated workforce it is vitally important for the state to
19 encourage young people to pursue their dreams of attending and
20 completing postsecondary educational programs of their choice,
21 whether that may be a college degree or a postsecondary certificate.

1 The legislature finds that promoting children's educational savings
2 accounts is a promising strategy for helping young Washingtonians
3 identify as college bound, while at the same time stimulating the
4 continued growth and dynamism of the state's economy and helping to
5 end the cycle of intergenerational poverty.

6 (3) The legislature recognizes that more than forty other states
7 and local communities across the country have created children's
8 educational savings account programs either statutorily or
9 administratively. Each program models an example of different
10 approaches and strategies that can be taken to expand educational
11 opportunity and financial capability to all families. Many of the
12 state and local governments have embraced their community of private
13 donors to leverage their programs, thereby ensuring a funding source
14 when government budgets are constrained, but also fostering community
15 engagement. Cultivating community support creates a larger college
16 bound environment where community leaders become champions for kids
17 and local philanthropic organizations recognize the value in
18 investing in their community's youth.

19 (4) The legislature intends to foster a college bound culture by
20 creating the Washington children's educational savings account
21 program and encouraging both public and private funding of the
22 program.

23 NEW SECTION. **Sec. 2.** The definitions in this section apply
24 throughout this chapter unless the context clearly requires
25 otherwise.

26 (1) "Committee on advanced tuition payment and college savings"
27 has the same meaning as in RCW 28B.95.020.

28 (2) "Council" means the student achievement council under chapter
29 28B.77 RCW.

30 (3) "Eligible beneficiary" means a Washington state resident who
31 is a kindergartner enrolled in a public school in Washington who is
32 either:

33 (a) Eligible for the free or reduced-price lunch program; or

34 (b) Has a family income that does not exceed one hundred thirty
35 percent of the state median family income, adjusted for family size,
36 and the parent or guardian of the eligible beneficiary opts in to the
37 program by opening an individual college savings program account.

38 (4) "Individual college savings program account" has the same
39 meaning as in RCW 28B.95.020.

1 (5) "Washington college savings program" means the program
2 created under RCW 28B.95.032.

3 NEW SECTION. **Sec. 3.** (1) The council shall establish the
4 Washington children's educational savings account program. The
5 program's goals are to increase college attendance and boost college
6 savings among Washington state residents, particularly low-income
7 families; foster a college bound identity in young Washingtonians;
8 and promote the financial security, financial literacy, and economic
9 stability of Washington state families and increase their ability to
10 save for college. The program's purpose is to establish college
11 savings accounts for low-income and middle-income kindergartners in
12 Washington public schools. The council shall administer the
13 Washington children's educational savings account program and has the
14 following duties:

15 (a) Automatically enroll eligible beneficiaries under section
16 2(3)(a) of this act in the program;

17 (b) Maintain and administer an omnibus master account within the
18 Washington college savings program that contains the state-funded
19 grants for each eligible beneficiary under section 2(3)(a) of this
20 act;

21 (c) Make an initial seed grant of one hundred dollars per
22 eligible beneficiary;

23 (d) Deposit incentive grants for eligible beneficiaries who
24 qualify;

25 (e) Coordinate with the committee on advanced tuition payment and
26 college savings as the council determines necessary;

27 (f) Coordinate with the office of the superintendent of public
28 instruction to identify eligible beneficiaries under section 2(3)(a)
29 of this act;

30 (g) Develop partnerships within local communities, schools,
31 school districts, or private organizations to promote and market the
32 program;

33 (h) Coordinate with the financial education public-private
34 partnership and the office of the superintendent of public
35 instruction to provide financial education training and make
36 financial literacy information available to parents, guardians, and
37 eligible beneficiaries in the program, including integrating
38 discussion of the program into the financial education K-12 learning
39 standards;

1 (i) Provide parents and guardians of eligible beneficiaries under
2 section 2(3)(a) of this act with the option to opt out of the
3 program;

4 (j) Establish a process to verify income eligibility for eligible
5 beneficiaries under section 2(3)(b) of this act;

6 (k) Accept donations for the program from philanthropic entities
7 and individuals; and

8 (l) Adopt rules necessary to implement the program.

9 (2) The council shall provide one-time incentive grants of fifty
10 dollars each when either:

11 (a) An individual college savings program account is opened for
12 an eligible beneficiary and matching funds of fifty dollars are
13 invested in the account;

14 (b) A parent or guardian of an eligible beneficiary participates
15 in a financial education training approved by the council; or

16 (c) A parent or guardian of an eligible beneficiary participates
17 in an engagement and education activity as a part of a pilot project
18 created under section 6(2)(a) of this act.

19 NEW SECTION. **Sec. 4.** (1) The council shall establish a method
20 for a parent or guardian of an eligible beneficiary under section
21 2(3)(a) of this act to claim the state grant money deposited on
22 behalf of an eligible beneficiary within fifteen years from the date
23 the eligible beneficiary was enrolled in the Washington children's
24 educational savings account program. By claiming the grant money, the
25 parent or guardian is notifying the council that they are aware of
26 the money and intend for the eligible beneficiary to use the money
27 for a higher education purpose in the future. If the grant money is
28 not claimed before fifteen years elapse, any initial and incentive
29 grant dollars and interest earned must be returned to the Washington
30 children's educational savings account program. This subsection only
31 applies for eligible beneficiaries under section 2(3)(a) of this act.

32 (2) Any initial and incentive grant dollars received by an
33 eligible beneficiary through the Washington children's educational
34 savings account program may only be used to attend an eligible
35 educational institution for qualifying higher education expenses, as
36 defined under section 529 of the internal revenue code.

37 (3)(a) If an eligible beneficiary does not use the initial and
38 incentive grant dollars deposited by the council for the purposes
39 specified under subsection (2) of this section before the eligible

1 beneficiary turns twenty-nine years of age, or in the event the
2 eligible beneficiary dies, the unused initial and incentive grant
3 dollars and any interest earned on those dollars must be returned to
4 the Washington children's educational savings account program.

5 (b) If the eligible beneficiary serves in a national service
6 program, including the United States armed forces, national guard,
7 AmeriCorps, or the peace corps, the eligible beneficiary has an
8 additional month for each month of service to use the initial and
9 incentive grant dollars after the age of twenty-nine years.

10 NEW SECTION. **Sec. 5.** All eligible beneficiary and parent or
11 guardian information obtained for use in the Washington children's
12 educational savings account program shall only be used by the council
13 and is confidential. Under no circumstances shall the information be
14 sold or used for any other purpose.

15 NEW SECTION. **Sec. 6.** (1) The council shall encourage families
16 to open individual college savings program accounts for eligible
17 beneficiaries by including information about how to do so in the
18 Washington children's educational savings account program materials
19 and when marketing the program. In addition, if it is able to do so,
20 the council may provide families with a streamlined process and
21 simplified application form for opening an individual college savings
22 program account.

23 (2)(a) Subject to availability of amounts appropriated for this
24 specific purpose, the council shall coordinate with the office of the
25 superintendent of public instruction and the financial education
26 public-private partnership to engage schools, school districts, and
27 community organizations to develop pilot projects to innovatively
28 market the Washington children's educational savings account program.
29 The pilot projects must be designed to educate and engage parents and
30 guardians of eligible beneficiaries about the Washington children's
31 educational savings account program, the Washington college savings
32 program, and other college savings options. The council shall
33 prioritize pilot projects for populations with the greatest barriers
34 to college savings, including, but not limited to, rural communities,
35 immigrant and refugee communities, and racial and ethnic minority
36 communities.

37 (b) The council shall report to the appropriate committees of the
38 legislature and in accordance with the reporting requirements in RCW

1 43.01.036 regarding the pilot projects under this subsection by
2 December 1, 2025. The report must include the following information:

3 (i) What and how many pilot projects were funded;

4 (ii) What populations were served by the pilot projects;

5 (iii) How the pilot projects have educated and engaged parents
6 and guardians in innovative ways;

7 (iv) How many parents and guardians of eligible beneficiaries
8 were engaged in marketing or participated in education programs under
9 the pilot projects;

10 (v) Whether the pilot projects increased the number of individual
11 college savings program accounts opened by parents and guardians of
12 eligible beneficiaries; and

13 (vi) How the pilot projects could be expanded statewide.

14 NEW SECTION. **Sec. 7.** Unless expressly prohibited by federal
15 law, any amounts deposited in an individual college savings program
16 account established for an eligible beneficiary of the Washington
17 children's educational savings account program may not be considered
18 when determining an individual's eligibility for any federally or
19 state-funded assistance or benefits, including the amount the
20 individual might be eligible to receive. Federally or state-funded
21 assistance or benefits include, but are not limited to, temporary
22 assistance for needy families, supplemental nutrition assistance
23 program aid, medicaid, the early childhood education and assistance
24 program, working connections child care, head start and early head
25 start, or state financial aid.

26 NEW SECTION. **Sec. 8.** The Washington children's educational
27 savings account program account is created in the custody of the
28 state treasurer. All receipts from any appropriation made by the
29 legislature for the purposes of section 3 of this act, gifts or
30 grants from the private sector or foundations, and other sources must
31 be deposited into the account. Expenditures from the account may be
32 used only for the purposes of the Washington children's educational
33 savings account program established in section 3 of this act. Only
34 the executive director of the council or the executive director's
35 designee may authorize expenditures from the account. The account is
36 subject to allotment procedures under chapter 43.88 RCW, but an
37 appropriation is not required for expenditures.

1 NEW SECTION. **Sec. 9.** (1) The council shall submit a report on
2 the Washington children's educational savings account program to the
3 appropriate committees of the legislature by December 1, 2025. The
4 council's report must review how the Washington children's
5 educational savings account program is working towards the program's
6 goals outlined in section 3 of this act. The report must include data
7 and information regarding the program, such as the number of eligible
8 beneficiaries in the program, the number and amount of incentive
9 grants earned, the types of financial education training available to
10 parents and guardians of the eligible beneficiaries, and the
11 coordination with the office of the superintendent of public
12 instruction to identify eligible beneficiaries. In addition, the
13 report must include information on the individual college savings
14 program accounts opened for eligible beneficiaries, such as the
15 number of accounts opened under the Washington children's educational
16 savings account program and the average balances of the accounts,
17 including data on the dollar amounts contributed to the accounts by
18 the eligible beneficiary's family.

19 (2) The Washington state institute for public policy shall
20 complete an evaluation of the Washington children's educational
21 savings account program and submit a report to the appropriate
22 committees of the legislature by December 1, 2035. The evaluation
23 must address whether the program is:

24 (a) Fostering a college bound identity and increasing college
25 attendance and college savings among eligible beneficiaries; and

26 (b) Promoting financial security, financial literacy, and
27 economic stability of the families of eligible beneficiaries.

28 (3) This section expires December 1, 2037.

29 **Sec. 10.** RCW 43.79A.040 and 2018 c 260 s 28, 2018 c 258 s 4, and
30 2018 c 127 s 6 are each reenacted and amended to read as follows:

31 (1) Money in the treasurer's trust fund may be deposited,
32 invested, and reinvested by the state treasurer in accordance with
33 RCW 43.84.080 in the same manner and to the same extent as if the
34 money were in the state treasury, and may be commingled with moneys
35 in the state treasury for cash management and cash balance purposes.

36 (2) All income received from investment of the treasurer's trust
37 fund must be set aside in an account in the treasury trust fund to be
38 known as the investment income account.

1 (3) The investment income account may be utilized for the payment
2 of purchased banking services on behalf of treasurer's trust funds
3 including, but not limited to, depository, safekeeping, and
4 disbursement functions for the state treasurer or affected state
5 agencies. The investment income account is subject in all respects to
6 chapter 43.88 RCW, but no appropriation is required for payments to
7 financial institutions. Payments must occur prior to distribution of
8 earnings set forth in subsection (4) of this section.

9 (4)(a) Monthly, the state treasurer must distribute the earnings
10 credited to the investment income account to the state general fund
11 except under (b), (c), and (d) of this subsection.

12 (b) The following accounts and funds must receive their
13 proportionate share of earnings based upon each account's or fund's
14 average daily balance for the period: The 24/7 sobriety account, the
15 Washington promise scholarship account, the Gina Grant Bull memorial
16 legislative page scholarship account, the Washington advanced college
17 tuition payment program account, the Washington college savings
18 program account, the Washington children's educational savings
19 account program account, the accessible communities account, the
20 Washington achieving a better life experience program account, the
21 community and technical college innovation account, the agricultural
22 local fund, the American Indian scholarship endowment fund, the
23 foster care scholarship endowment fund, the foster care endowed
24 scholarship trust fund, the contract harvesting revolving account,
25 the Washington state combined fund drive account, the commemorative
26 works account, the county enhanced 911 excise tax account, the toll
27 collection account, the developmental disabilities endowment trust
28 fund, the energy account, the fair fund, the family and medical leave
29 insurance account, the fish and wildlife federal lands revolving
30 account, the natural resources federal lands revolving account, the
31 food animal veterinarian conditional scholarship account, the forest
32 health revolving account, the fruit and vegetable inspection account,
33 the future teachers conditional scholarship account, the game farm
34 alternative account, the GET ready for math and science scholarship
35 account, the Washington global health technologies and product
36 development account, the grain inspection revolving fund, the
37 Washington history day account, the industrial insurance rainy day
38 fund, the juvenile accountability incentive account, the law
39 enforcement officers' and firefighters' plan 2 expense fund, the
40 local tourism promotion account, the low-income home rehabilitation

1 revolving loan program account, the multiagency permitting team
2 account, the northeast Washington wolf-livestock management account,
3 the pilotage account, the produce railcar pool account, the regional
4 transportation investment district account, the rural rehabilitation
5 account, the Washington sexual assault kit account, the stadium and
6 exhibition center account, the youth athletic facility account, the
7 self-insurance revolving fund, the children's trust fund, the
8 Washington horse racing commission Washington bred owners' bonus fund
9 and breeder awards account, the Washington horse racing commission
10 class C purse fund account, the individual development account
11 program account, the Washington horse racing commission operating
12 account, the life sciences discovery fund, the Washington state
13 heritage center account, the reduced cigarette ignition propensity
14 account, the center for childhood deafness and hearing loss account,
15 the school for the blind account, the Millersylvania park trust fund,
16 the public employees' and retirees' insurance reserve fund, the
17 school employees' benefits board insurance reserve fund, (~~{the}~~)
18 the public employees' and retirees' insurance account, (~~{the}~~) the
19 school employees' insurance account, and the radiation perpetual
20 maintenance fund.

21 (c) The following accounts and funds must receive eighty percent
22 of their proportionate share of earnings based upon each account's or
23 fund's average daily balance for the period: The advanced right-of-
24 way revolving fund, the advanced environmental mitigation revolving
25 account, the federal narcotics asset forfeitures account, the high
26 occupancy vehicle account, the local rail service assistance account,
27 and the miscellaneous transportation programs account.

28 (d) Any state agency that has independent authority over accounts
29 or funds not statutorily required to be held in the custody of the
30 state treasurer that deposits funds into a fund or account in the
31 custody of the state treasurer pursuant to an agreement with the
32 office of the state treasurer shall receive its proportionate share
33 of earnings based upon each account's or fund's average daily balance
34 for the period.

35 (5) In conformance with Article II, section 37 of the state
36 Constitution, no trust accounts or funds shall be allocated earnings
37 without the specific affirmative directive of this section.

38 NEW SECTION. **Sec. 11.** Sections 1 through 9 of this act
39 constitute a new chapter in Title 28B RCW.

1 NEW SECTION. **Sec. 12.** If specific funding for the purposes of
2 this act, referencing this act by bill or chapter number, is not
3 provided by June 30, 2019, in the omnibus appropriations act, this
4 act is null and void.

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