AN ACT Relating to establishing the Washington children's educational savings account program; reenacting and amending RCW 43.79A.040; adding a new chapter to Title 28B 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. (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 than those without 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 more than forty other states and local communities across the country have created children's educational savings account programs either statutorily or administratively. Each program models an example of 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 embraced their community of private donors to leverage their programs, thereby ensuring a funding source when government budgets are constrained, but also fostering community engagement. Cultivating community support creates a larger college bound environment where community leaders become champions for kids and local philanthropic organizations recognize the value in investing in their community's youth.

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

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

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

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

(3) "Eligible beneficiary" means a Washington state resident who is a kindergartner enrolled in a public school in Washington who is eligible for the free or reduced-price lunch program.

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

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

NEW SECTION. Sec. 3. (1) The council shall establish the Washington children's educational savings account program. The
program's goals are to increase college attendance and boost college savings among Washington state residents, particularly low-income families; foster a college bound identity in young Washingtonians; and 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 for low-income kindergartners in Washington public schools. The council shall administer the Washington children's educational savings account program and has the following duties:

(a) Automatically enroll all eligible beneficiaries in the program;
(b) Maintain and administer an omnibus master account within the Washington college savings program that contains the state-funded grants for each eligible beneficiary;
(c) Make an initial seed grant of one hundred dollars per eligible beneficiary;
(d) Deposit incentive grants for eligible beneficiaries who qualify;
(e) Coordinate with the committee on advanced tuition payment and college savings as the council determines necessary;
(f) Coordinate with the office of the superintendent of public instruction to identify eligible beneficiaries;
(g) Develop partnerships within local communities, schools, school districts, or private organizations to promote and market the program;
(h) Coordinate with the financial education public-private partnership and the office of the superintendent of public instruction to provide financial education training and make financial literacy information available to parents, guardians, and eligible beneficiaries in the program, including integrating discussion of the program into the financial education K-12 learning standards;
(i) Provide parents and guardians of eligible beneficiaries with the option to opt out of the program;
(j) Accept donations for the program from philanthropic entities and individuals; and
(k) Adopt rules necessary to implement the program.

(2) The council shall provide one-time incentive grants of fifty dollars each when either:
An individual college savings program account is opened for an eligible beneficiary and matching funds of fifty dollars are invested in the account;

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

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

NEW SECTION. Sec. 4. (1) The council shall establish a method for a parent or guardian of an eligible beneficiary to claim the state grant money deposited on behalf of an eligible beneficiary within fifteen years from the date the eligible beneficiary was enrolled in the Washington children's educational savings account program. By claiming the grant money, the parent or guardian is notifying the council that they are aware of the money and intend for the eligible beneficiary to use the money for a higher education purpose in the future. If the grant money is not claimed before fifteen years elapse, any initial and incentive grant dollars and interest earned must be returned to the Washington children's educational savings account program.

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

(3)(a) If an eligible beneficiary does not use the initial and incentive grant dollars deposited by the council for the purposes specified under subsection (2) of this section before the eligible beneficiary turns twenty-nine years of age, or in the event the eligible beneficiary dies, the unused initial and incentive grant dollars and any interest earned on those dollars must be returned to the Washington children's educational savings account program.

(b) If the eligible beneficiary serves in a national service program, including the United States armed forces, national guard, AmeriCorps, or the peace corps, the eligible beneficiary has an additional month for each month of service to use the initial and incentive grant dollars after the age of twenty-nine years.
NEW SECTION. Sec. 5. All eligible beneficiary and parent or guardian information obtained for use in the Washington children's educational savings account program shall only be used by the council and is confidential. Under no circumstances shall the information be sold or used for any other purpose.

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

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

(b) The council shall report to the appropriate committees of the legislature and in accordance with the reporting requirements in RCW 43.01.036 regarding the pilot projects under this subsection by December 1, 2025. The report must include the following information:

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

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

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

(iv) How many parents and guardians of eligible beneficiaries were engaged in marketing or participated in education programs under the pilot projects;
Whether the pilot projects increased the number of individual college savings program accounts opened by parents and guardians of eligible beneficiaries; and

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

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

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

NEW SECTION. Sec. 9. (1) The council shall submit a report on the Washington children's educational savings account program to the appropriate committees of the legislature by December 1, 2025. The council's report must review how the Washington children's educational savings account program is working towards the program's goals outlined in section 3 of this act. The report must include data and information regarding the program, such as the number of eligible beneficiaries in the program, the number and amount of incentive grants earned, the types of financial education training available to

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parents and guardians of the eligible beneficiaries, and the coordination with the office of the superintendent of public instruction to identify eligible beneficiaries. In addition, the report must include information on the individual college savings program accounts opened for eligible beneficiaries, such as the number of accounts opened under the Washington children's educational savings account program and the average balances of the accounts, including data on the dollar amounts contributed to the accounts by the eligible beneficiary's family.

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

(a) Fostering a college bound identity and increasing college attendance and college savings among eligible beneficiaries; and
(b) Promoting financial security, financial literacy, and economic stability of the families of eligible beneficiaries.

(3) This section expires December 1, 2037.

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

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

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

(3) The investment income account may be utilized for the payment of purchased banking services on behalf of treasurer's trust funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasurer or affected state agencies. The investment income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments must occur prior to distribution of earnings set forth in subsection (4) of this section.
(4)(a) Monthly, the state treasurer must distribute the earnings credited to the investment income account to the state general fund except under (b), (c), and (d) of this subsection.

(b) The following accounts and funds must receive their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The 24/7 sobriety account, the Washington promise scholarship account, the Gina Grant Bull memorial legislative page scholarship account, the Washington advanced college tuition payment program account, the Washington college savings program account, the Washington children's educational savings account program account, the accessible communities account, the Washington achieving a better life experience program account, the community and technical college innovation account, the agricultural local fund, the American Indian scholarship endowment fund, the foster care scholarship endowment fund, the foster care endowed scholarship trust fund, the contract harvesting revolving account, the Washington state combined fund drive account, the commemorative works account, the county enhanced 911 excise tax account, the toll collection account, the developmental disabilities endowment trust fund, the energy account, the fair fund, the family and medical leave insurance account, the fish and wildlife federal lands revolving account, the natural resources federal lands revolving account, the food animal veterinarian conditional scholarship account, the forest health revolving account, the fruit and vegetable inspection account, the future teachers conditional scholarship account, the game farm alternative account, the GET ready for math and science scholarship account, the Washington global health technologies and product development account, the grain inspection revolving fund, the Washington history day account, the industrial insurance rainy day fund, the juvenile accountability incentive account, the law enforcement officers' and firefighters' plan 2 expense fund, the local tourism promotion account, the low-income home rehabilitation revolving loan program account, the multiagency permitting team account, the northeast Washington wolf-livestock management account, the pilotage account, the produce railcar pool account, the regional transportation investment district account, the rural rehabilitation account, the Washington sexual assault kit account, the stadium and exhibition center account, the youth athletic facility account, the self-insurance revolving fund, the children's trust fund, the Washington horse racing commission Washington bred owners' bonus fund
and breeder awards account, the Washington horse racing commission
class C purse fund account, the individual development account
program account, the Washington horse racing commission operating
account, the life sciences discovery fund, the Washington state
heritage center account, the reduced cigarette ignition propensity
account, the center for childhood deafness and hearing loss account,
the school for the blind account, the Millersylvania park trust fund,
the public employees' and retirees' insurance reserve fund, the
school employees' benefits board insurance reserve fund, the
school employees' benefits board insurance reserve fund, ((the))
the public employees' and retirees' insurance account, ((the)) the
school employees' insurance account, and the radiation perpetual
maintenance fund.

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

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

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

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

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