
SENATE BILL 5704

State of Washington

66th Legislature

2019 Regular Session

By Senators Liias, Mullet, Darneille, Hasegawa, Wilson, C., Das, Hunt, Wellman, Walsh, Billig, Nguyen, Van De Wege, Conway, Keiser, and Kuderer

Read first time 01/28/19. Referred to Committee on Higher Education & Workforce Development.

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 eligible for the free or reduced-price lunch program.

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

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

37 NEW SECTION. **Sec. 3.** (1) The council shall establish the
38 Washington children's educational savings account program. The

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

10 (a) Automatically enroll all eligible beneficiaries in the
11 program;

12 (b) Maintain and administer an omnibus master account within the
13 Washington college savings program that contains the state-funded
14 grants for each eligible beneficiary;

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

17 (d) Deposit incentive grants for eligible beneficiaries who
18 qualify;

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

21 (f) Coordinate with the office of the superintendent of public
22 instruction to identify eligible beneficiaries;

23 (g) Develop partnerships within local communities, schools,
24 school districts, or private organizations to promote and market the
25 program;

26 (h) Coordinate with the financial education public-private
27 partnership and the office of the superintendent of public
28 instruction to provide financial education training and make
29 financial literacy information available to parents, guardians, and
30 eligible beneficiaries in the program, including integrating
31 discussion of the program into the financial education K-12 learning
32 standards;

33 (i) Provide parents and guardians of eligible beneficiaries with
34 the option to opt out of the program;

35 (j) Accept donations for the program from philanthropic entities
36 and individuals; and

37 (k) Adopt rules necessary to implement the program.

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

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

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

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

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

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

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

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

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

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

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

28 (b) The council shall report to the appropriate committees of the
29 legislature and in accordance with the reporting requirements in RCW
30 43.01.036 regarding the pilot projects under this subsection by
31 December 1, 2025. The report must include the following information:

- 32 (i) What and how many pilot projects were funded;
33 (ii) What populations were served by the pilot projects;
34 (iii) How the pilot projects have educated and engaged parents
35 and guardians in innovative ways;
36 (iv) How many parents and guardians of eligible beneficiaries
37 were engaged in marketing or participated in education programs under
38 the pilot projects;

1 (v) Whether the pilot projects increased the number of individual
2 college savings program accounts opened by parents and guardians of
3 eligible beneficiaries; and

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

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

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

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

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

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

15 (a) Fostering a college bound identity and increasing college
16 attendance and college savings among eligible beneficiaries; and

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

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

20 **Sec. 10.** RCW 43.79A.040 and 2018 c 260 s 28, 2018 c 258 s 4, and
21 2018 c 127 s 6 are each reenacted and amended to read as follows:

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

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

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

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

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

1 and breeder awards account, the Washington horse racing commission
2 class C purse fund account, the individual development account
3 program account, the Washington horse racing commission operating
4 account, the life sciences discovery fund, the Washington state
5 heritage center account, the reduced cigarette ignition propensity
6 account, the center for childhood deafness and hearing loss account,
7 the school for the blind account, the Millersylvania park trust fund,
8 the public employees' and retirees' insurance reserve fund, the
9 school employees' benefits board insurance reserve fund, (~~{the}~~)
10 the public employees' and retirees' insurance account, (~~{the}~~) the
11 school employees' insurance account, and the radiation perpetual
12 maintenance fund.

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

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

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

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

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

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