

**FINANCIAL EDUCATION AND SAVINGS PLAN TO
BENEFIT AT-RISK CHILDREN**

2017 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

House Sponsor: _____

LONG TITLE

General Description:

This bill modifies provisions related to the Utah Workforce Services Code.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ creates the Parental Coaching to Encourage Student Savings Program within the Department of Workforce Services;
- ▶ describes the program, which provides:
 - financial training to parents of economically disadvantaged children attending kindergarten to encourage the parents to start saving money for their child's eventual higher education expenses; and
 - a financial contribution to the 529 savings accounts of economically disadvantaged children attending kindergarten, if their parents successfully meet the requirements of the program; and
- ▶ describes the reporting and other requirements of the Department of Workforce Services related to the program.

Money Appropriated in this Bill:

This bill appropriates in fiscal year 2018:

- ▶ to the Department of Workforce Services -- Administration, as an ongoing



appropriation:

- from the General Fund, \$500,000.

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

35A-3-901, Utah Code Annotated 1953

35A-3-902, Utah Code Annotated 1953

35A-3-903, Utah Code Annotated 1953

35A-3-904, Utah Code Annotated 1953

53A-3-433, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **35A-3-901** is enacted to read:

Part 9. Parental Coaching to Encourage Student Savings Program

35A-3-901. Title.

This part is known as the "Parental Coaching to Encourage Student Savings Program."

Section 2. Section **35A-3-902** is enacted to read:

35A-3-902. Definitions.

As used in this part:

(1) "529 savings account" means a tax-advantaged method of saving for higher education costs on behalf of a particular individual that:

(a) meets the requirements of Section 529, Internal Revenue Code; and

(b) is managed by the Utah Educational Savings Plan created in Section [53B-8a-103](#).

(2) "Economically disadvantaged" means that a qualified child is:

(a) experiencing intergenerational poverty;

(b) receiving SNAP benefits; or

(c) receiving Medicaid benefits.

(3) "Intergenerational poverty" means the same as that term is defined in Section [35A-9-102](#).

(4) "Parent applicant" means an applicant for the program who is a parent, legal

59 custodian, or legal guardian of a qualified child and who is living with the qualified child.

60 (5) "Parental coaching" means the training described in Subsection [35A-3-903\(4\)](#).

61 (6) "Program" means the Parental Coaching to Encourage Student Savings Program
62 created in Section [35A-3-903](#).

63 (7) "Qualified child" means a child who is:

64 (a) five or six years old; and

65 (b) economically disadvantaged.

66 Section 3. Section **35A-3-903** is enacted to read:

67 **35A-3-903. Program creation and description.**

68 (1) There is created the Parental Coaching to Encourage Student Savings Program.

69 (2) The program shall be administered by the department.

70 (3) The program shall provide:

71 (a) parental coaching of a parent applicant as described in Subsection (4);

72 (b) a one-time contribution of \$50 made by the department to a 529 savings account on
73 behalf of a qualified child, if one or more parent applicants successfully complete the parental
74 coaching described in Subsection (4); and

75 (c) an additional one-time matching contribution of \$50 made by the department to a
76 529 savings account on behalf of a qualified child if:

77 (i) one or more parent applicants provide evidence to the department of having
78 contributed at least \$50 to the 529 savings account on behalf of the qualified child; or

79 (ii) the Utah Educational Savings Plan informs the department that one or more parent
80 applicants have contributed at least \$50 to the 529 savings account on behalf of the qualified
81 child.

82 (4) The department shall ensure that parental coaching:

83 (a) is a program of financial coaching designed to teach a parent applicant the
84 advantages of beginning a savings program for future higher education expenses of the parent
85 applicant's child while the child is still young;

86 (b) demonstrates to a parent applicant how compound interest works in increasing
87 savings over time;

88 (c) describes to a parent applicant the general financial and other advantages of
89 individuals who obtain education beyond the high school level;

(d) provides information to a parent applicant on opening a 529 savings account on behalf of the parent applicant's child;

(e) encourages a parent applicant to be actively involved in the education of the parent applicant's child; and

(f) is provided at no cost to a parent applicant.

(5) Parental coaching may be offered by the department or any of the following if approved by the department:

(a) a civic organization, if the executive director follows the procedures for contracting with a civic organization for the provision of social capital as described in Section [35A-3-507](#);

(b) a for-profit entity;

(c) an educational institution; or

(d) any state or local entity.

(6) A parent applicant may apply to the department, in a form approved by the department, to participate in the program.

(7) The department shall verify that the parent applicant is eligible for the program, including that the parent applicant is the parent, legal custodian, or legal guardian of a qualified child and is living with the qualified child.

(8) Within 30 days of a parent applicant completing the parental coaching portion of the program, the department, in cooperation with the Utah Educational Savings Plan:

(a) shall open a 529 savings account in the name of the parent applicant with the qualified child as the beneficiary;

(b) subject to Subsection (8)(c), will deposit \$50 into the 529 savings account; and

(c) will ensure that the maximum total contribution for each qualified child under this Subsection (8) is no more than \$50, even if more than one parent applicant of a qualified child participates in the parental coaching described in this section.

(9) (a) Subject to Subsection (9)(b), if within 60 days of a parent applicant completing the parental coaching portion of the program, the parent applicant or the Utah Educational Savings Plan provides evidence to the department of having contributed \$50 to the 529 savings account opened under Subsection (8), the department will contribute a matching contribution of \$50 to the 529 savings account within 30 days of receiving evidence of the parent applicant contribution.

(b) The department shall ensure that the maximum total contribution for each qualified child under this Subsection (9) is no more than \$50, even if more than one parent applicant of a qualified child contributes to the 529 savings account.

(10) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the department shall make rules to administer this part, to coordinate with the Utah Educational Savings Plan, and to provide information to local education agencies so that local education agencies can notify potential participants about the program as described in Section 53A-3-433.

Section 4. Section 35A-3-904 is enacted to read:

35A-3-904. Reporting.

As part of the annual written report described in Section 35A-1-109, the department shall:

- (1) provide the number of parent applicants who have participated in the program;
- (2) provide the number of parent applicants who have completed parental coaching;
- (3) provide the number of qualified children who have received a contribution from the program to the 529 savings account opened on behalf of the qualified children;
- (4) describe any marketing efforts by the department to make the families of qualified children aware of the program;
- (5) describe efforts to fund the program through private charitable donations; and
- (6) make recommendations to the Legislature regarding the effectiveness of the program and any suggestions for improving the program.

Section 5. Section 53A-3-433 is enacted to read:

53A-3-433. Parental Coaching to Encourage Student Savings Program notification requirements.

(1) As used in this section:

(a) "Local education agency" or "LEA" means:

- (i) a school district;
- (ii) a charter school; or
- (iii) the Utah Schools for the Deaf and the Blind.

(2) On or before October 1 of each school year, each LEA that offers kindergarten shall provide to a parent, legal custodian, or legal guardian of each incoming kindergarten student who is eligible for free lunch, written notification regarding the Parental Coaching to

Encourage Student Savings Program created in Section [35A-3-903](#).

Section 6. **Appropriation.**

The following sums of money are appropriated for the fiscal year beginning July 1, 2017, and ending June 30, 2018. These are additions to amounts previously appropriated for fiscal year 2018. Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, the Legislature appropriates the following sums of money from the funds or accounts indicated for the use and support of the government of the state of Utah.

To the Department of Workforce Services -- Administration

From General Fund	\$500,000
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Schedule of Programs:

Administration	\$500,000
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The Legislature intends that the Department of Workforce Services use the appropriation under this section to carry out the program described in Sections [35A-3-901](#) through [35A-3-904](#).

Legislative Review Note
Office of Legislative Research and General Counsel