

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

2017 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Lincoln Fillmore**

House Sponsor: \_\_\_\_\_

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**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



28 appropriation:

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

30 **Other Special Clauses:**

31 None

32 **Utah Code Sections Affected:**

33 ENACTS:

34 [35A-3-901](#), Utah Code Annotated 1953

35 [35A-3-902](#), Utah Code Annotated 1953

36 [35A-3-903](#), Utah Code Annotated 1953

37 [35A-3-904](#), Utah Code Annotated 1953

38 [53A-3-433](#), Utah Code Annotated 1953



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

41 Section 1. Section [35A-3-901](#) is enacted to read:

42 **Part 9. Parental Coaching to Encourage Student Savings Program**

43 **35A-3-901. Title.**

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

45 Section 2. Section [35A-3-902](#) is enacted to read:

46 **35A-3-902. Definitions.**

47 As used in this part:

48 (1) "529 savings account" means a tax-advantaged method of saving for higher

49 education costs on behalf of a particular individual that:

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

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

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

53 (a) experiencing intergenerational poverty;

54 (b) receiving SNAP benefits; or

55 (c) receiving Medicaid benefits.

56 (3) "Intergenerational poverty" means the same as that term is defined in Section

57 [35A-9-102](#).

58 (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;

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

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

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

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

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

99 (b) a for-profit entity;

100 (c) an educational institution; or

101 (d) any state or local entity.

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

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

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

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

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

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

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

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

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

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

129 **35A-3-904. Reporting.**

130 As part of the annual written report described in Section [35A-1-109](#), the department  
131 shall:

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

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

142 **53A-3-433. Parental Coaching to Encourage Student Savings Program**  
143 **notification requirements.**

144 (1) As used in this section:

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

146 (i) a school district;

147 (ii) a charter school; or

148 (iii) the Utah Schools for the Deaf and the Blind.

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

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

153 **Section 6. Appropriation.**

154 The following sums of money are appropriated for the fiscal year beginning July 1,  
155 2017, and ending June 30, 2018. These are additions to amounts previously appropriated for  
156 fiscal year 2018. Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures  
157 Act, the Legislature appropriates the following sums of money from the funds or accounts  
158 indicated for the use and support of the government of the state of Utah.

159 To the Department of Workforce Services -- Administration

160 From General Fund \$500,000

161 Schedule of Programs:

162 Administration \$500,000

163 The Legislature intends that the Department of Workforce Services use the  
164 appropriation under this section to carry out the program described in Sections [35A-3-901](#)  
165 through [35A-3-904](#).

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**Legislative Review Note**  
**Office of Legislative Research and General Counsel**