

Senator Lincoln Fillmore proposes the following substitute bill:

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

2017 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

House Sponsor: Rebecca P. Edwards

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:



26 This bill appropriates in fiscal year 2018:

27 ▶ 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 AMENDS:

34 **63J-1-602.2**, as last amended by Laws of Utah 2015, Chapters 86, 93, and 189

35 ENACTS:

36 **35A-3-901**, Utah Code Annotated 1953

37 **35A-3-902**, Utah Code Annotated 1953

38 **35A-3-903**, Utah Code Annotated 1953

39 **35A-3-904**, Utah Code Annotated 1953

40 **53A-3-433**, Utah Code Annotated 1953



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

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

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

45 **35A-3-901. Title.**

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

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

48 **35A-3-902. Definitions.**

49 As used in this part:

50 (1) "529 savings account" means a tax-advantaged method of saving for higher
51 education costs on behalf of a particular individual that:

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

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

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

55 (a) experiencing intergenerational poverty;

56 (b) receiving SNAP benefits; or

57 (c) receiving Medicaid benefits.

58 (3) "Intergenerational poverty" means the same as that term is defined in Section
59 35A-9-102.

60 (4) "Parent applicant" means an applicant for the program who is a parent, legal
61 custodian, or legal guardian of a qualified child and who is living with the qualified child.

62 (5) "Parental coaching" means the training described in Subsection 35A-3-903(4).

63 (6) "Program" means the Parental Coaching to Encourage Student Savings Program
64 created in Section 35A-3-903.

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

66 (a) five or six years old; and

67 (b) economically disadvantaged.

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

69 **35A-3-903. Program creation and description.**

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

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

72 (3) The program shall provide:

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

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

77 (c) an additional one-time matching contribution of \$50 made by the department to a
78 529 savings account on behalf of a qualified child if:

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

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

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

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

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

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

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

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

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

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

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

101 (b) a for-profit entity;

102 (c) an educational institution; or

103 (d) any state or local entity.

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

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

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

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

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

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

117 (9) (a) Subject to Subsection (9)(b), if within 60 days of a parent applicant completing
118 the parental coaching portion of the program, the parent applicant or the Utah Educational

119 Savings Plan provides evidence to the department of having contributed \$50 to the 529 savings
120 account opened under Subsection (8), the department will contribute a matching contribution
121 of \$50 to the 529 savings account within 30 days of receiving evidence of the parent applicant
122 contribution.

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

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

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

131 **35A-3-904. Reporting.**

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

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

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

144 **53A-3-433. Parental Coaching to Encourage Student Savings Program**
145 **notification requirements.**

- 146 (1) As used in this section:
147 (a) "Local education agency" or "LEA" means:
148 (i) a school district;
149 (ii) a charter school; or

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

151 (2) On or before October 1 of each school year, each LEA that offers kindergarten shall
152 provide to a parent, legal custodian, or legal guardian of each incoming kindergarten student
153 who is eligible for free lunch, written notification regarding the Parental Coaching to
154 Encourage Student Savings Program created in Section [35A-3-903](#).

155 Section 6. Section **63J-1-602.2** is amended to read:

156 **63J-1-602.2. List of nonlapsing funds and accounts -- Title 31 through Title 45.**

157 (1) Appropriations from the Technology Development Restricted Account created in
158 Section [31A-3-104](#).

159 (2) Appropriations from the Criminal Background Check Restricted Account created in
160 Section [31A-3-105](#).

161 (3) Appropriations from the Captive Insurance Restricted Account created in Section
162 [31A-3-304](#), except to the extent that Section [31A-3-304](#) makes the money received under that
163 section free revenue.

164 (4) Appropriations from the Title Licensee Enforcement Restricted Account created in
165 Section [31A-23a-415](#).

166 (5) Appropriations from the Health Insurance Actuarial Review Restricted Account
167 created in Section [31A-30-115](#).

168 (6) Appropriations from the Insurance Fraud Investigation Restricted Account created
169 in Section [31A-31-108](#).

170 (7) Appropriations from the Underage Drinking Prevention Media and Education
171 Campaign Restricted Account created in Section [32B-2-306](#).

172 (8) Funding for the General Assistance program administered by the Department of
173 Workforce Services, as provided in Section [35A-3-401](#).

174 (9) The Youth Development Organization Restricted Account created in Section
175 [35A-8-1903](#).

176 (10) The Youth Character Organization Restricted Account created in Section
177 [35A-8-2003](#).

178 (11) Appropriations to the Parental Coaching to Encourage Student Savings Program
179 created in Section [35A-3-903](#).

180 [(H)] (12) Funding for a new program or agency that is designated as nonlapsing under

181 Section [36-24-101](#).

182 ~~[(12)]~~ (13) Appropriations to the Utah National Guard, created in Title 39, Militia and
183 Armories.

184 ~~[(13)]~~ (14) Appropriations from the Oil and Gas Conservation Account created in
185 Section [40-6-14.5](#).

186 ~~[(14)]~~ (15) Appropriations from the Electronic Payment Fee Restricted Account
187 created by Section [41-1a-121](#) to the Motor Vehicle Division.

188 ~~[(15)]~~ (16) Funds available to the Tax Commission under Section [41-1a-1201](#) for the:

189 (a) purchase and distribution of license plates and decals; and

190 (b) administration and enforcement of motor vehicle registration requirements.

191 ~~[(16)]~~ (17) Appropriations from the Motor Vehicle Enforcement Division Temporary
192 Permit Restricted Account created by Section [41-3-110](#) to the Tax Commission.

193 Section 7. **Appropriation.**

194 The following sums of money are appropriated for the fiscal year beginning July 1,
195 2017, and ending June 30, 2018. These are additions to amounts previously appropriated for
196 fiscal year 2018. Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures
197 Act, the Legislature appropriates the following sums of money from the funds or accounts
198 indicated for the use and support of the government of the state of Utah.

199 To the Department of Workforce Services -- Administration

200 From General Fund \$500,000

201 Schedule of Programs:

202 Administration \$500,000

203 The Legislature intends that in accordance with Subsection [63J-1-602\(2\)](#), the
204 appropriation provided in this section be nonlapsing and that the Department of Workforce
205 Services use the appropriation under this section to carry out the program described in Sections
206 [35A-3-901](#) through [35A-3-904](#).