

SENATE No. 664

The Commonwealth of Massachusetts

PRESENTED BY:

James B. Eldridge

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to create a college savings program for every child born in Massachusetts.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>
<i>Peter V. Kocot</i>	<i>1st Hampshire</i>
<i>Sean Garballey</i>	<i>23rd Middlesex</i>
<i>Benjamin Swan</i>	<i>11th Hampden</i>
<i>David M. Rogers</i>	<i>24th Middlesex</i>
<i>Sal N. DiDomenico</i>	<i>Middlesex and Suffolk</i>

SENATE No. 664

By Mr. Eldridge, a petition (accompanied by bill, Senate, No. 664) of James B. Eldridge, Peter V. Kocot, Sean Garballey, Benjamin Swan and other members of the General Court for legislation to create a college savings program for every child born in Massachusetts. Higher Education.

The Commonwealth of Massachusetts

In the One Hundred and Eighty-Ninth General Court
(2015-2016)

An Act to create a college savings program for every child born in Massachusetts.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Notwithstanding any general or special law to the contrary, it is the policy
2 of the commonwealth to expand educational opportunity for all children. Consistent with this
3 policy, the Massachusetts Education Financing Authority shall establish a children’s savings
4 program to expand educational opportunity and financial capability for every child born in the
5 commonwealth.

6 SECTION 2. The Massachusetts Education Financing Authority shall establish a college
7 savings program (“Program”) with the following features:

8 (a) with the issuance of each birth certificate for a child born in the commonwealth, the
9 Massachusetts Education Financing Authority shall establish a college savings account
10 (“Account”) through the Program. Families shall be allowed to opt out of the Program.

(b) upon establishment of an Account, the commonwealth shall deposit \$250 (“SEED”) into the Account.

(c) for low-income accountholders with income less than 250% of the federal poverty line, the commonwealth shall provide an annual match (“Match”) of up to \$250 per year per accountholder on a one-dollar to one-dollar basis.

(d) deposits into the account may be made by the accountholder, family, and other outside private and public entities.

(e) withdrawals from the Account shall not be permitted until the accountholder is 18 years of age or has enrolled full-time in post-secondary education, including a college, university, vocational school, and any two or four-year degree program from an accredited educational institution.

(f) distributions from an Account shall only be permitted for qualifying post-secondary education expenses. These expenses include but are not limited to tuition, mandatory fees, books, supplies, and equipment required for enrollment or attendance, or for any other necessary cost of attending school, including travel to and from school.

(g) withdrawals from an Account must be made prior to the accountholder attaining the age of twenty-nine. For students who serve in a national service program (such as the United States Military or Peace Corps), each year of service shall increase the maturity date by one year.

(h) if a student does not use all funds in a student account for a qualified expense, any funds contributed to the Account will be returned to their source. Any Seed or Match funds

contributed by the commonwealth or donated to the commonwealth for the benefit of the
Program will remain in the sole possession of the commonwealth.

(i) persons otherwise eligible for the program of emergency aid to elders, disabled and
children under chapter 117A shall not be subject to a resource limit based on savings held in the
Account.

SECTION 3. The Massachusetts Education Financing Authority, in coordination with the
state treasurer, shall identify a public or private manager of the Accounts. The manager of the
Accounts shall have fiduciary responsibility for the Account, and may establish a default
investment program under which, in a manner similar to a lifecycle investment program, sums in
each Account are allocated to investment funds in the USAccount Fund based on the amount of
time before the account holder attains the age of 18.

SECTION 4. State agencies including, but not limited to, the department of elementary
and secondary education, the treasurer and receiver general, the executive office of health and
human services shall develop and support programs to support financial literacy of children in
the program and their legal guardians throughout the length of the program via mail, mass media,
and/or in-person delivery methods, in collaboration with existing statewide non-profit partners
that specialize in financial education delivery and have developed an available infrastructure to
support financial education across multiple sectors.

SECTION 5. The Massachusetts Education Financing Authority shall annually release a
written report with detailed description of the of the status and operation of the Program and
management of the Accounts.