

HOUSE No. 1329

The Commonwealth of Massachusetts

PRESENTED BY:

Sean Garballey

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 creating a child savings program.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Sean Garballey</i>	<i>23rd Middlesex</i>	<i>2/12/2021</i>

HOUSE No. 1329

By Mr. Garballey of Arlington, a petition (accompanied by bill, House, No. 1329) of Sean Garballey for legislation to direct the Massachusetts Educational Financing Authority to establish a college savings program for each eligible child born and issued a birth certificate in the Commonwealth. Higher Education.

The Commonwealth of Massachusetts

In the One Hundred and Ninety-Second General Court
(2021-2022)

An Act creating a child savings program.

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. Chapter 15C of the General Laws, as appearing in the 2018 Official
2 Edition, is hereby amended by inserting after section 14B the following new section:-

3 Section 14C. Massachusetts Child Savings Account Program

4 (a) The Massachusetts Educational Financing Authority shall establish a college savings
5 program known as the Massachusetts Child Savings Account Program.

6 (1) The Massachusetts Education Financing Authority shall create a college savings
7 account for each eligible child born and issued a birth certificate in the commonwealth.

8 (2) Upon establishment of a college savings account, the commonwealth shall deposit
9 \$250 into the account.

(3) For accounts where a child's parent or guardian is eligible for the Earned Income Tax Credit, the commonwealth shall match the amount deposited in the account by a child's parent or guardian on a dollar-to-dollar basis; provided, however, that the commonwealth shall deposit no more than \$250 in matching funds per account per year.

(4) Deposits to an account may be made by the accountholder, a family member of the accountholder, and a private or public entity.

(5) No withdrawals shall be made from an account until the accountholder is 18 years of age or has enrolled full-time in post-secondary education program, including a college, university, vocational school, or a two or four-year degree program from an accredited educational institution.

(6) A withdrawal from an account shall only be permitted for qualifying post-secondary education expenses, including, but not limited to, tuition, mandatory fees, books, supplies or equipment required for enrollment or attendance, or any other necessary cost of attending school, including living expenses and travel to and from the post-secondary education program.

(7) A withdrawal from an account must be made prior to the accountholder attaining the age of 29; provided, however, that the age limitation shall be increased by each year an accountholder serves in a national service program, including the United States Military or Peace Corps.

(8) Undisbursed funds in an account when an accountholder reaches the age of 29 or receives a certificate of completion from a post-secondary educational institution shall be returned to their source; provided, further, that any funds contributed by the commonwealth will revert to General Fund.

(9) The manager of the accounts shall distribute financial education information and contact information for local service providers that can assist with financial education coaching, where available, to children participating in the program.

(10) Funds in a college savings account under this act shall not be counted as income or assets under chapter 117A.

(b) The Massachusetts Educational Financing Authority, in coordination with the state treasurer, shall identify a public or private manager of the accounts. Any private manager of the accounts shall be a statewide not-for-profit 501(c)(3) organization, approved by the Internal Revenue Service, with demonstrated success in managing state and federal funding of similar products in a network configuration with community-based nonprofit organizations, community development corporations, faith-based organizations, state housing authorities, and similar organizations. The manager shall have fiduciary responsibility for the accounts.

(c) The Massachusetts Education Financing Authority shall file an annual report detailing the status and operation of the program and management of the accounts with the chairs of the joint committee on higher education and the clerks of the senate and house of representatives not later than October 1.