

**SUBJECT:** Establishing school-based savings programs for student savings accounts

**COMMITTEE:** Public Education — committee substitute recommended

**VOTE:** 11 ayes — Aycock, Allen, Bohac, Deshotel, Dutton, Farney, Galindo, González, Huberty, K. King, VanDeaver

0 nays

**WITNESSES:** For — Laura Rosen, Center for Public Policy Priorities; Stephen Scurlock, Independent Bankers Association of Texas; Woody Widrow, RAISE Texas; Stephanie Mace, United Way of Metropolitan Dallas; (*Registered, but did not testify*: Drew Scheberle, Greater Austin Chamber of Commerce; Carol Fletcher, Pflugerville ISD; Lauren Dimitry, Texans Care for Children; Ted Melina Raab, Texas American Federation of Teachers; Ann Baddour, Texas Appleseed; Nelson Salinas, Texas Association of Business; Jeff Huffman, Texas Credit Union Association; Grover Campbell, Texas Association of School Boards; Casey Smith, United Ways of Texas)

Against — None

On — (*Registered, but did not testify*: Gina Perez, Health and Human Services Commission; Monica Martinez, Texas Education Agency)

**BACKGROUND:** Education Code, sec. 28.0021 requires schools to administer a course on personal financial literacy, including instruction in methods of paying for college and other postsecondary education and training.

According to the comptroller's office, student loan debt has increased at a rate far outpacing inflation. Some studies have shown that when young people maintain savings accounts, they are more likely to save in the future, which may help students save for college to reduce the trend of increasing loan debt and encourage postsecondary education attainment.

**DIGEST:** CSHB 3987 would allow school districts and open-enrollment charter

schools to establish school-based savings programs to offer in conjunction with the required personal finance literacy courses.

The bill would require school districts or schools that elected to implement a savings program to partner with appropriate institutions able to offer certain savings accounts or instruments, as well as institutions such as public sector entities, private businesses, nonprofit organizations, or philanthropic organizations in the community. These partners would be able to provide a structure for the management of these programs or provide incentives to encourage students and their families to contribute to the accounts, including matching funds or seed funding.

Through these partnerships, the programs offered could promote:

- general savings, through a partner institution offering savings accounts or certificates of deposit; or
- savings dedicated for higher education, through a partner institution offering certain savings accounts or instruments, such as a Section 529 account, a Coverdell education savings account, or a Series I savings bond.

For students who elected to have a savings account or bond dedicated to higher education through a school-based savings program, the bill would exempt the funds set aside from counting as assets when determining a student's state-funded financial aid eligibility or a student's eligibility for certain state financial, medical, or nutritional assistance programs. The amount of funds exempted from counting toward program eligibility would be capped at the cost of one year of undergraduate education earning 30 semester credit hours at the general academic institution charging the highest tuition in the most recent academic year.

If a state agency determined that a waiver or authorization from a federal agency was required to implement a certain provision of the bill, the agency affected would be required to request the waiver or authorization and could delay implementation of that provision until the waiver or authorization was granted.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2015.