

**CONFIDENTIAL**  
**LEGISLATIVE BILL REVIEW FORM: 2014**

**Bill Number:** H 880      **Name of Bill:** An Act Relating to Universal College Savings Account

**Agency/ Dept:** AHS/DCF/OEO      **Author of Bill Review:** Paul Dragon

**Date of Bill Review:** 3/24/14      **Status of Bill: (check one):**

☐ Upon Introduction      ☒ As passed by 1<sup>st</sup> body      ☐ As passed by both bodies

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**Recommended Position:**

☒ Support      ☐ Oppose      ☐ Remain Neutral      ☐ Support with modifications identified in #8 below

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**Analysis of Bill**

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**1. Summary of bill and issue it addresses.** *Describe what the bill is intended to accomplish and why.*

The bill is intended to create a committee to study the feasibility of funding a universal college savings account and asset building program in Vermont for children entering kindergarten. The study based on projected kindergarten enrollment in 2016 will address the anticipated investment per student, guidelines on account maintenance, application procedures and administrative costs.

**2. Is there a need for this bill?** *Please explain why or why not.*

Yes, Children's Savings Accounts (CSA) can help lift economically disadvantaged children out of poverty and help break the cycle of generational poverty. There is a strong and proven link between poverty and the lack of higher education (Vermont Department of Education, 2013). The CSA program will also expand economic and educational opportunities and bolster the state's workforce development aspirations. In addition, CSAs reach the "middle skills gap," which is essentially a "mismatch" between the skills employers need and those a workforce has — especially skills stemming from a college education. CSAs are timely as policymakers in Vermont are pushing for new workforce training programs that help workers improve their skills. CSAs will help Vermont in the high-tech and knowledge-based enterprises of the future.

**3. What are likely to be the fiscal and programmatic implications of this bill for this Department?**

The Department could never fund such an initiative as it will take a wide range of public and private partners to implement CSAs on a broad level. However, AHS / DCF could see long term benefits if government benefits gradually declined as people increase their income and savings and become self-sufficient. CSAs are a practical, long term tool for self-sufficiency as they will help bridge the benefits cliff.

**What might be the fiscal and programmatic implications of this bill for other departments in state government, and what is likely to be their perspective on it?**

The funding will need to come from new revenue, perhaps taxes and/or from private foundations. The CSA program in Maine is funded solely by a private foundation. There will most likely be little to no resistance as this program will be seen as a long term solution to mitigating poverty and promoting self-sufficiency.

**4. What might be the fiscal and programmatic implications of this bill for others, and what is likely to be their perspective on it?** *(for example, public, municipalities, organizations, business, regulated entities, etc)*  
There will most likely be little to no resistance as employers; higher education, financial institutions and politicians from both sides are likely to support this program as an economic “driver.”

**5. Other Stakeholders:**

**6.1 Who else is likely to support the proposal and why?**

The Federal Reserve Bank has been promoting CSAs as a long-term solution to poverty. Higher education, financial institutions and state programs will likely benefit from this investment.

**6.2 Who else is likely to oppose the proposal and why?**

This bill may be opposed by a variety of groups if the study is seen as a potential vehicle for raising revenue through taxation.

**6. Rationale for recommendation:** *Justify recommendation stated above.*

This study may lead to the establishment of CSAs in Vermont. CSAs are seen at the federal level as a strong tool for strengthening the economy and lifting people out of poverty. There is a strong connection between poverty and access to higher education (see attached chart).

**7. Specific modifications that would be needed to recommend support of this bill:** *Not meant to rewrite bill, but rather, an opportunity to identify simple modifications that would change recommended position.*  
None

**Secretary/Commissioner has reviewed this document:** \_\_\_\_\_ **Date:** \_\_\_\_\_