

Assembly Concurrent Resolution

No. 168

Introduced by Assembly Member Medina

April 13, 2016

Assembly Concurrent Resolution No. 168—Relative to 529 College Savings Day.

LEGISLATIVE COUNSEL'S DIGEST

ACR 168, as introduced, Medina. 529 College Savings Day.

This measure would designate May 29, 2016, as 529 College Savings Day, to raise awareness about the importance of saving for college with the help of 529 college savings plans.

Fiscal committee: no.

- 1 WHEREAS, 529 college savings plans are important tools for
2 California families that want to save for their children's college
3 education, offering a diverse range of investment options,
4 tax-deferred growth, and withdrawals free of state and federal
5 taxes when those withdrawals are used for qualified higher
6 education expenses such as tuition, fees, books, certain room and
7 board costs, and required supplies; and
8 WHEREAS, While the first college savings plans were
9 developed by states in 1988 as innovative programs designed to
10 help families and students save for higher education expenses, it
11 was not until the enactment of Section 529 of the Internal Revenue
12 Code by Congress in 1996 that college savings plans began to
13 rapidly gain popularity across the country; and
14 WHEREAS, Today, 49 states and the District of Columbia offer
15 529 college savings plans, over 12.5 million 529 accounts have

1 been opened, more than \$253 billion have been saved for future
2 higher education expenses, and more than one million students
3 nationwide have withdrawn funds from 529 accounts to help pay
4 higher education expenses; and

5 WHEREAS, The ScholarShare College Savings Plan, which
6 has served as California's official state-sponsored 529 college
7 savings plan since its launch in 1999, has grown to more than \$6.37
8 billion in total plan assets held in over 270,000 ScholarShare
9 accounts; and

10 WHEREAS, The ScholarShare College Savings Plan has helped
11 students meet their higher education goals with over \$333 million
12 withdrawn annually for qualified higher education expenses at
13 over 958 colleges and universities; and

14 WHEREAS, In California, from 2005–06 to 2014–15, tuition
15 rates at the University of California, the California State University,
16 and the California Community Colleges increased 114 percent,
17 117 percent, and 130 percent, respectively, and over the past 40
18 years, tuition rates have consistently increased at two to three times
19 the rate of inflation every year; and

20 WHEREAS, Federal financial aid awards have shifted away
21 from student grants to providing access to guaranteed student loans
22 so that, today, nearly 60 percent of all federal financial aid is in
23 the form of loans, substantially increasing the number of college
24 graduates who will face the burden of repaying significant student
25 loan debt upon entering the workforce; and

26 WHEREAS, According to the Federal Reserve Bank of New
27 York, student loan debt has now reached \$1.3 trillion nationally,
28 which is more than triple the amount owed in 2005; and

29 WHEREAS, When Americans are burdened with student loan
30 debt, they are not able to buy homes, cars, and other products that
31 boost our economy; and

32 WHEREAS, College savings plans, such as the ScholarShare
33 College Savings Plan, help families to limit or eliminate future
34 student loan debt by helping them save for future higher education
35 expenses; and

36 WHEREAS, The contributions families make today pay off in
37 the form of an increased earning potential for their children in the
38 future, with a college graduate earning an average of \$1 million
39 more than a high school graduate during his or her career according
40 to the United States Census Bureau; and

1 WHEREAS, May 29th is recognized nationally as 529 College
2 Savings Day to help raise awareness across the country of the
3 importance of saving for college with the help of 529 college
4 savings plans; now, therefore, be it

5 *Resolved by the Assembly of the State of California, the Senate*
6 *thereof concurring*, That the Legislature of the State of California
7 hereby proclaims May 29, 2016, as 529 College Savings Day; and
8 be it further

9 *Resolved*, That the Chief Clerk of the Assembly transmit copies
10 of this resolution to the author for appropriate distribution.

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