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ACR-57 529 College Savings Day. (2017-2018)

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Assembly Concurrent Resolution No. 57

CHAPTER 80

Relative to 529 College Savings Day.

[Filed with Secretary of State June 07, 2017.]

LEGISLATIVE COUNSEL'S DIGEST

ACR 57, McCarty. 529 College Savings Day.

This measure would designate May 29, 2017, 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

WHEREAS, 529 college savings plans are important tools for California families that want to save for their children's college education, offering a diverse range of investment options, tax-deferred growth, and withdrawals free of state and federal taxes when those withdrawals are used for qualified higher education expenses such as tuition, fees, books, certain room and board costs, computer equipment, and required supplies; and

WHEREAS, While the first college savings plans were developed by states in 1988 as innovative programs designed to help families and students save for higher education expenses, it was not until the enactment of Section 529 of the Internal Revenue Code by Congress in 1996 that college savings plans began to rapidly gain popularity across the country; and

WHEREAS, Today, 49 states and the District of Columbia offer 529 college savings plans, 12.7 million 529 accounts have been opened, more than \$266 billion have been saved for future higher education expenses, and more than one million students nationwide have withdrawn funds from 529 accounts to help pay higher education expenses; and

WHEREAS, The ScholarShare College Savings Plan, which has served as California's official state-sponsored 529 college savings plan since its launch in 1999, has grown to more than \$7.03 billion in total plan assets held in over 282,500 ScholarShare accounts; and

WHEREAS, The ScholarShare College Savings Plan has helped students meet their higher education goals with over \$379 million withdrawn in 2016 for qualified higher education expenses at over 946 colleges and universities; and

WHEREAS, In California, from 2006–07 through 2016–17, tuition rates at the University of California, the California State University, and the California Community Colleges increased 100 percent, 117 percent, and 130 percent, respectively, and over the past 40 years, tuition rates have consistently increased at two to three times the rate of inflation every year; and

WHEREAS, Federal financial aid awards have shifted away from student grants to providing access to guaranteed student loans so that, today, nearly 63 percent of all federal financial aid is in the form of loans, substantially increasing the number of college

graduates who will face the burden of repaying significant student loan debt upon entering the workforce; and
WHEREAS, According to the Federal Reserve Bank of New York, student loan debt has now reached \$1.4 trillion nationally, which rose from \$548 billion in 2007; and

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

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

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

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

Resolved by the Assembly of the State of California, the Senate thereof concurring, That the Legislature of the State of California hereby proclaims May 29, 2017, as 529 College Savings Day; and be it further

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