

116TH CONGRESS
2D SESSION

S. 3477

To establish a matched savings program for low-income students.

IN THE SENATE OF THE UNITED STATES

MARCH 12, 2020

Ms. SINEMA (for herself and Mr. ROMNEY) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To establish a matched savings program for low-income students.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Earn to Learn Act”.

5 **SEC. 2. FINDINGS.**

6 Congress finds the following:

7 (1) Skyrocketing costs of higher education are
8 outpacing available financial aid. Individuals in the
9 United States owe more than \$1,500,000,000,000 in
10 student loan debt, and more than 3,000 student loan

1 borrowers default on a student loan every day, many
2 of whom left college before finishing a degree.

3 (2) The cost of paying for public higher edu-
4 cation and workforce training programs continues to
5 rise while the purchasing power of Federal Pell
6 Grant aid has significantly diminished.

7 (3) The confluence of these issues forces pro-
8 spective students to make the tough choice between
9 foregoing postsecondary education and borrowing
10 enough money to pay for college, an amount that is
11 often many times their annual salary and can re-
12 main a financial burden for decades after these stu-
13 dents graduate.

14 (4) The higher rates of loan delinquencies and
15 default among low- and moderate-income popu-
16 lations often lead to increased financial hardship,
17 fewer assets, and lower net worth.

18 (5) In 2013, the Brookings Institute found that
19 the increasing debt burden represents a drag on re-
20 cent graduates and also serves as a deterrent to
21 would-be students who may question the trade-off
22 between the debt burden and the payoff of a college
23 degree.

24 (6) During the academic year 2015–2016 the
25 Department of Education found that nearly 3 in 4

1 students experience unmet need, and that unmet
2 need among college students has risen by 23 percent
3 since academic year 2011–2012.

4 (7) The Federal Reserve System has deter-
5 mined student loan payments are displacing retire-
6 ment savings, home ownership, small business devel-
7 opment, and other forms of building wealth.

8 (8) The Economic Well-Being of U.S. House-
9 holds in 2018 report by the Federal Reserve found
10 that two-thirds of graduates with a bachelor’s degree
11 or higher feel that their educational investment paid
12 off financially, but only 3 in 10 students who started
13 higher education programs but did not complete a
14 degree share this view.

15 (9) The United States urgently needs a new na-
16 tional, innovative approach to financial aid to help
17 low-income students achieve their educational goals,
18 graduate with affordable amounts of student loan
19 debt, and improve their financial capability.

20 **SEC. 3. PURPOSES.**

21 It is the purpose of this Act to—

22 (1) establish a proven and innovative matched
23 savings program for low-income students that pro-
24 vides the financial resources and support those stu-
25 dents need to attain their educational goals;

1 (2) provide a much-needed supplement to tradi-
2 tional financial aid options through matched savings;

3 (3) give students the tools to succeed by giving
4 students the opportunity to invest in their education
5 and to improve their financial capability through fi-
6 nancial empowerment training and success coaching;
7 and

8 (4) help students—

9 (A) develop healthy financial habits and
10 life skills;

11 (B) prepare to embark on a lifetime of
12 healthy financial practices after graduation; and

13 (C) minimize or eliminate student loan
14 debt.

15 **SEC. 4. DEFINITIONS.**

16 In this Act:

17 (1) 529 ACCOUNT.—The term “529 account”
18 means a qualified tuition program as defined in sec-
19 tion 529(b) of the Internal Revenue Code of 1986.

20 (2) COST OF ATTENDANCE.—The term “cost of
21 attendance” has the meaning given that term in sec-
22 tion 472 of the Higher Education Act of 1965 (20
23 U.S.C. 1087ll).

24 (3) CUSTODIAL ACCOUNT.—The term “custo-
25 dial account” means a financial account established

1 for the benefit of an eligible student, which shall be
 2 treated as a trust if the assets of the custodial ac-
 3 count are held by a bank (as defined in section
 4 408(n) of the Internal Revenue Code of 1986 (26
 5 U.S.C. 408 (n))) or another person who dem-
 6 onstrates, to the satisfaction of the Secretary, that
 7 the manner in which such person will administer the
 8 custodial account will be consistent with the require-
 9 ments of this Act.

10 (4) EDUCATIONAL SAVINGS ACCOUNT.—The
 11 term “educational savings account” means an ac-
 12 count that is—

13 (A) a custodial account; or

14 (B) a 529 account.

15 (5) ELIGIBLE EDUCATIONAL INSTITUTION.—
 16 The term “eligible educational institution” means
 17 the following:

18 (A) INSTITUTION OF HIGHER EDU-
 19 CATION.—An institution of higher education, as
 20 defined in section 101 or 102 of the Higher
 21 Education Act of 1965 (20 U.S.C. 1001, 1002).

22 (B) AREA CAREER AND TECHNICAL EDU-
 23 CATION SCHOOL.—An area career and technical
 24 education school, as defined in section 3(3) of

1 the Carl D. Perkins Career and Technical Edu-
2 cation Act of 2006 (20 U.S.C. 2302(3)).

3 (6) ELIGIBLE ENTITY.—The term “eligible enti-
4 ty” means a State or a nonprofit organization.

5 (7) ELIGIBLE STUDENT.—

6 (A) IN GENERAL.—The term “eligible stu-
7 dent” means an individual who—

8 (i) is selected to participate in a col-
9 lege match savings program;

10 (ii) has been admitted to an institu-
11 tion of higher education;

12 (iii) is a student from a low-income
13 family, as determined by the eligible entity;

14 (iv) successfully completes a required
15 prerequisite personal finance training pro-
16 gram;

17 (v) agrees to contribute savings to the
18 educational savings account administered
19 by the eligible entity under this section;

20 (vi) has submitted a Free Application
21 for Federal Student Aid (FAFSA); and

22 (vii) meets any other eligibility criteria
23 as defined by the eligible entity.

24 (B) PRELIMINARY ELIGIBILITY.—Notwith-
25 standing subparagraph (A), a student may be

selected to participate in the college match savings program on a preliminary basis and given an educational savings account if the student is from a low-income family, as determined by the eligible entity, who plans to attend an institution of higher education.

(8) FINANCIAL CAPABILITY TRAINING PLATFORM.—The term “Financial Capability Training Platform” means a program for use by a college match savings program carried out with a grant under this section that—

(A) delivers financial capability training to participating students that is designed to help students improve their financial capability and overall financial well-being;

(B) includes an initial assessment to identify individual learning goals and objectives;

(C) creates a personal and dynamic learning experience for each individual participant, including ongoing assessments as well as interim milestones related to learning objectives and longer-term goals; and

(D) includes modules on student loans, financial aid, budgeting and credit, consumer debt, housing costs, retirement, the importance

of emergency savings, banking (including checking and savings accounts), credit use and interest rates, predatory lending practices, privacy, and security, which shall be conducted by or at the direction of the eligible entity.

(9) PROGRAM GUIDE.—The term “Program Guide” means a guide that includes program policies and procedures, a savings plan agreement template, withdrawal form template, recommended timelines, other key forms, and the structure for implementing and reporting program results for a college match savings program carried out with a grant under this section.

(10) REPORTING DASHBOARD.—The term “Reporting Dashboard” means a robust online data portal for college match savings programs carried out with a grant under this section that—

(A) allows eligible entities to monitor student progress, track achievement, and measure relevant behavioral change;

(B) standardizes and facilitates student evaluation across participating institutions; and

(C) is in compliance with the requirements of section 444 of the General Education Provi-

1 sions Act (commonly known as the ‘Family
2 Educational Rights and Privacy Act of 1974’).

3 (11) SUCCESS COACHING MODEL.—The term
4 “Success Coaching Model” includes—

5 (A) financial capability training to address
6 budgeting, managing student debt, savings,
7 debit management, credit cards, retirement
8 readiness, and credit reports;

9 (B) college readiness training that provides
10 mentoring to help students be better prepared
11 for the challenges of postsecondary education;
12 and

13 (C) workforce readiness training to learn
14 interviewing, resume skills, and career explo-
15 ration.

16 (12) SECRETARY.—The term “Secretary”
17 means the Secretary of Education.

18 **SEC. 5. COLLEGE SAVINGS DEMONSTRATION GRANT PRO-**
19 **GRAM.**

20 (a) GRANT ESTABLISHED.—

21 (1) IN GENERAL.—Not later than 9 months
22 after the date of enactment of this Act, the Sec-
23 retary shall establish a college matched savings dem-
24 onstration grant program described in this section,
25 through which the Secretary shall award grants, on

1 a competitive basis, to eligible entities to enable
2 those eligible entities to carry out the activities de-
3 scribed in subsection (e).

4 (2) TOOLS FOR GRANTEES.—The Secretary
5 shall develop the Reporting Dashboard, Financial
6 Capability Training Platform, Program Guide, and
7 Success Coaching Model and make those tools avail-
8 able to grantees.

9 (3) PELL ELIGIBILITY NOT AFFECTED.—The
10 Secretary shall ensure that, notwithstanding any
11 other provision of law—

12 (A) participation in the grant program
13 shall not affect a student’s eligibility for a Fed-
14 eral Pell Grant; and

15 (B) funds deposited in an educational sav-
16 ings account by a participating student, as well
17 as any matching funds under this section, shall
18 not be considered when a determination is made
19 about that student’s eligibility for Federal stu-
20 dent aid under title IV of the Higher Education
21 Act of 1965 (20 U.S.C. 1070 et seq.), including
22 for a Federal Pell Grant.

23 (b) APPLICATION.—An eligible entity that desires to
24 participate in the grant program shall submit an applica-
25 tion to the Secretary at such time, in such manner, and

1 containing such information as the Secretary may deter-
2 mine, including, at a minimum—

3 (1) a demonstration of—

4 (A) a commitment of non-Federal match-
5 ing funds at a ratio of 1:1 (which non-Federal
6 funds may be provided by an entity other than
7 the eligible entity);

8 (B) the ability to launch and implement
9 the program; and

10 (C) a plan for compliance with evaluation
11 and program monitoring; and

12 (2) an assurance that the applicant will utilize
13 the Reporting Dashboard, Financial Capability
14 Training Platform, and Success Coaching Model de-
15 veloped by the Secretary under subsection (a)(2).

16 (c) SELECTION.—

17 (1) PRIORITY.—In selecting eligible entities to
18 participate in the grant program, the Secretary shall
19 give priority to eligible entities that—

20 (A) target individuals at a statewide level
21 with networks of participating eligible edu-
22 cational institutions; and

23 (B) commit to supporting selected eligible
24 students through the student's graduation from
25 an institution of higher education.

1 (2) DIVERSITY OF PROJECTS.—The Secretary
 2 shall ensure, to the maximum extent practical, that
 3 the grants awarded under this section include eligi-
 4 ble entities that represent a range of communities
 5 (both rural and urban) and diverse populations.

6 (d) AMOUNT.—A grant awarded under this section
 7 shall be in an amount not to exceed the lesser of—

8 (1) the aggregate amount of funds committed
 9 as matching contributions from non-Federal public
 10 or private sector sources; or

11 (2) \$10,000,000.

12 (e) USES OF FUNDS.—

13 (1) IN GENERAL.—An eligible entity receiving a
 14 grant under this section shall use the grant funds
 15 to—

16 (A) select eligible students, or students
 17 who may have preliminary eligibility, in the
 18 State in which the eligible entity is located to
 19 participate in the grant program;

20 (B) provide selected students with financial
 21 literacy education using the Success Coaching
 22 Model;

23 (C) after ensuring that a selected eligible
 24 student or selected student with preliminary eli-
 25 gibility has completed an agreement regarding

1 the terms and conditions of the educational sav-
2 ings account, establish an educational savings
3 account for each participating eligible student
4 or student who has preliminary eligibility and
5 allow students and their families to deposit
6 funds in that account to save for attendance at
7 an eligible educational institution; and

8 (D) reserve matching funds for partici-
9 pating students in accordance with paragraph
10 (2).

11 (2) MATCHING FUNDS.—

12 (A) IN GENERAL.—For each \$1 that a stu-
13 dent or student's family contributes to the stu-
14 dent's educational savings account for an aca-
15 demic year, up to a maximum of \$500 in con-
16 tributions, the eligible entity shall pay \$8 to the
17 student's individual account at the student's eli-
18 gible educational institution once that student
19 meets the requirements of section 4(7)(A).

20 (B) CARRY OVER.—Any amounts that a
21 student or student's family contributes to such
22 account that are above \$500 for that year may
23 be carried over and considered as contributions
24 that are eligible to be matched in accordance
25 with subparagraph (A) for the following year.

1 (C) WITHDRAWAL FROM SCHOOL.—If a
 2 participating student withdraws from an eligible
 3 institution during the drop-add period at that
 4 eligible institution, the student shall be respon-
 5 sible for any amounts owed for that academic
 6 period and will not receive matching funds for
 7 that academic period.

8 (D) DELAY OF ATTENDANCE; EXTENU-
 9 ATING CIRCUMSTANCES.—Subject to paragraph
 10 (3), each eligible entity shall describe in the
 11 agreement under paragraph (1)(C) the eligible
 12 entity's policy regarding the availability of
 13 matching funds in the event a student decides
 14 to delay attendance at an eligible institution or
 15 in the case of extenuating circumstances, such
 16 as illness of a student.

17 (3) RETURN OF DEPOSITED FUNDS.—

18 (A) IN GENERAL.—Each eligible entity
 19 shall ensure that a participating student, in-
 20 cluding a student with preliminary eligibility,
 21 who does not meet or maintain the require-
 22 ments of section 4(7)(A) shall be entitled to
 23 withdraw funds that the student or the stu-
 24 dent's family contributed to the educational
 25 savings account in accordance with the terms

1 and conditions that are contained in the agree-
2 ment for that educational savings account, as
3 described in paragraph (1)(C).

4 (B) EXPIRATION.—On the date that is 6
5 years after the date on which a participating el-
6 igible student first enrolled in an eligible edu-
7 cational institution, that student’s participation
8 in the college matched savings demonstration
9 grant program shall terminate. The eligible en-
10 tity shall cease reserving matching funds on be-
11 half of that student as described in paragraph
12 (1)(D). Any remaining funds that the student
13 or the student’s family deposited in an edu-
14 cational savings account shall be made available
15 for withdrawal in accordance with subpara-
16 graph (A).

17 (4) MANAGEMENT COSTS.—An eligible entity
18 receiving a grant under this section may use not
19 more than 5 percent of grant funds for management
20 costs, which may include nonadministrative and ad-
21 ministrative functions, including program manage-
22 ment, reporting requirements, recruitment and en-
23 rollment of individuals, and monitoring.

24 (f) DATA SHARING.—An eligible entity receiving a
25 grant under this Act shall enter into a data sharing agree-

1 ment with eligible institutions in order to exchange data
 2 necessary to carry out the activities described in this sec-
 3 tion. Such data sharing shall be carried out in a manner
 4 that complies with the requirements of section 444 of the
 5 General Education Provisions Act (commonly known as
 6 the ‘Family Educational Rights and Privacy Act of 1974’).

7 (g) ANNUAL PROGRESS REPORTS.—Each eligible en-
 8 tity receiving a grant under this section shall prepare and
 9 submit to the Secretary an annual progress report con-
 10 taining the following information, in the aggregate and in
 11 a manner that protects personally identifiable information
 12 in accordance with Federal privacy laws:

13 (1) The number and characteristics of partici-
 14 pating eligible students making a deposit into an
 15 educational savings account.

16 (2) Data on program goals and achievements
 17 including enrollment rates, first-year retention rates,
 18 program completion, average Federal student loan
 19 debt, and share of students borrowing Federal stu-
 20 dent loans.

21 (3) The amount that the eligible entity has re-
 22 served in accordance with subsection (e)(1)(D).

23 (4) The aggregate amounts deposited in edu-
 24 cational savings accounts by students and their fam-

1 ilies, without including any personally identifiable in-
2 formation.

3 (5) What service configurations of the eligible
4 entity (such as configurations relating to peer sup-
5 port, structured planning exercises, mentoring, and
6 case management) increased the rate and consist-
7 ency of participation in the demonstration project
8 and how such configurations varied among different
9 populations or communities.

10 (6) Such other information as the Secretary
11 may require to evaluate the demonstration project.

12 (h) REPORT TO CONGRESS.—Not later than 12
13 months after the establishment of this demonstration
14 project, the Secretary of Education shall prepare and sub-
15 mit to Congress a report containing the following informa-
16 tion:

17 (1) The effects of incentives and organizational
18 or institutional support on college retention in the
19 demonstration project.

20 (2) The savings rates of individuals in the dem-
21 onstration project, in the aggregate and disaggre-
22 gated by demographic characteristics including gen-
23 der, age, family size, race or ethnic background, and
24 income.

1 (3) The effects of educational savings accounts
 2 on savings rates, college retention and completion,
 3 and how such effects vary among different popu-
 4 lations or communities.

5 (4) The lessons to be learned from the dem-
 6 onstration projects conducted under this Act and
 7 whether a permanent college savings grant program
 8 should be established.

9 (5) The characteristics of educational savings
 10 accounts (such as threshold amounts and match
 11 rates) required to stimulate participation in the
 12 demonstration project, and how such characteristics
 13 vary among different populations or communities.

14 (6) Such other factors as may be prescribed by
 15 the Secretary.

16 (i) TECHNICAL ASSISTANCE.—The Secretary of Edu-
 17 cation may reserve not more than 10 percent of the
 18 amounts appropriated under this section to provide tech-
 19 nical assistance to eligible entities receiving grants under
 20 this Act.

21 **SEC. 6. AUTHORIZATION OF APPROPRIATIONS.**

22 There are authorized to be appropriated to carry out
 23 this Act \$100,000,000 for fiscal year 2020 and each of
 24 the succeeding 4 years.

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