

RESOLUTION

EXPAND USE OF SECTION 529 COLLEGE SAVINGS ACCOUNTS TO INCLUDE STUDENT LOAN PAYMENTS

- WHEREAS,** Initiatives to produce better-prepared students, a stronger workforce and healthier economy are to be encouraged and supported and a trained, highly skilled workforce is an investment that will benefit all of America through innovation and business development; and
- WHEREAS,** “Opportunity employment” – defined as employment accessible to workers with sub-baccalaureate education and which pay above the national annual median wage – accounts for approximately 20% of total employment in major metro areas; and
- WHEREAS,** A wide variety of postsecondary professional, technical, vocational, trade and apprentice programs (Postsecondary Programs) exist to address the increasing skills gap in America and start to fill the 7 million unfilled jobs (as of January 2019);
- WHEREAS,** Many of these Postsecondary Programs currently are not covered within the definitions of Section 529, either as “eligible educational institutions” providing the programs or as “qualified higher education expenses.”
- WHEREAS,** In 2017, the definition of Qualified Higher Education Expense was expanded to include payment in connection with enrollment or attendance at an elementary or secondary public, private, or religious school for elementary and secondary tuition (up to \$10,000 per year and per student); and
- WHEREAS,** The 2017 expansion to elementary and secondary education leaves a coverage gap with respect to the Postsecondary Programs which should be addressed by Congress; and
- WHEREAS,** Even with increasing participation in 529 Plans, student loan debt continues to grow and more Americans are burdened with student loans than ever before – Americans owed over \$1.56 trillion at the beginning of 2019 with almost 70% of students taking out loans, and the Class of 2018 graduating with an average debt of \$29,800;
- WHEREAS,** Allowing individuals and families to coordinate their planning and use their 529 accounts in certain circumstances to reduce student loans – understanding that some families time the use of their 529 accounts to maximize their benefits, some children will require more or fewer resources because of the schools they attend, scholarships, graduate school and many other variables and additional flexibility in the use of a 529 account is to be encouraged with the overall goal of increasing access to postsecondary education in an affordable way.

NOW, THEREFORE BE IT RESOLVED, that the National Association of State Treasurers and its affiliate, the College Savings Plans Network, (1) support legislation which would improve access to a broad range of Postsecondary Programs through use of 529 accounts and (2) allow use of 529 accounts for student loan payments. Either or both 529 enhancements would increase the appeal and flexibility of 529 plans and encourage more families across a broader spectrum of household incomes to save for higher education in a Section 529 Qualified Tuition Program to benefit themselves or their families.

Approved in 2019.