

114TH CONGRESS
1ST SESSION

H. R. 4222

To direct the Secretary of Education to carry out a pilot program under which higher education savings accounts are established for the benefit of eligible secondary school students.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 10, 2015

Mr. CARNEY introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To direct the Secretary of Education to carry out a pilot program under which higher education savings accounts are established for the benefit of eligible secondary school 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 “Higher Education Sav-
5 ings Accounts Act of 2015”.

1 **SEC. 2. HIGHER EDUCATION PLEDGE ACCOUNTS PILOT**
2 **PROGRAM.**

3 (a) IN GENERAL.—The Secretary shall carry out a
4 pilot program under which savings accounts (to be known
5 as “higher education pledge accounts”) are established for
6 the benefit of eligible students in accordance with this sec-
7 tion.

8 (b) ELIGIBILITY AND SELECTION OF PARTICI-
9 PANTS.—

10 (1) ELIGIBLE STUDENTS.—To be eligible to
11 participate in the pilot program, a student must
12 be—

13 (A) enrolled in the 9th or 10th grade at a
14 secondary school; and

15 (B) eligible to receive free or reduced price
16 lunches under the Richard B. Russell National
17 School Lunch Act (42 U.S.C. 1751 et seq.).

18 (2) SELECTION OF ELIGIBLE STUDENTS.—The
19 Secretary shall select eligible students for participa-
20 tion in the pilot program based on such criteria as
21 the Secretary determines to be appropriate.

22 (c) DEPOSITS.—

23 (1) INITIAL DEPOSIT.—

24 (A) IN GENERAL.—The Secretary shall de-
25 posit an initial amount into each higher edu-
26 cation pledge account.

1 (B) AMOUNT OF INITIAL DEPOSIT.—The
2 amount of the initial deposit described in sub-
3 paragraph (A) shall be equal to the amount of
4 the maximum Federal Pell Grant under section
5 401(b) of the Higher Education Act of 1965, as
6 specified in the last enacted appropriation Act
7 applicable to that award year.

8 (2) SUBSEQUENT DEPOSITS.—

9 (A) IN GENERAL.—The Secretary may
10 make additional deposits into a higher edu-
11 cation pledge account based on an evaluation of
12 the academic progress of the student in accord-
13 ance with subsection (g).

14 (B) AMOUNT OF SUBSEQUENT DEPOS-
15 ITS.—The amount of an additional deposit
16 made under subparagraph (A) for an award
17 year beginning after the date of the initial de-
18 posit under paragraph (1) shall be not less than
19 the amount of the maximum Federal Pell Grant
20 under section 401(b) of the Higher Education
21 Act of 1965, as specified in the last enacted ap-
22 propriation Act applicable to that award year.

23 (d) DISTRIBUTIONS.—A student may use funds from
24 the student's higher education pledge account only to pay
25 the cost of attendance at a qualified institution.

1 (e) TAX TREATMENT OF ACCOUNTS.—

2 (1) IN GENERAL.—A higher education pledge
3 account is exempt from taxation under subtitle A of
4 the Internal Revenue Code of 1986.

5 (2) CONTRIBUTIONS AND DISTRIBUTIONS.—For
6 purposes of such subtitle—

7 (A) any contribution to a higher education
8 pledge account by the Secretary under this Act
9 shall not be includible in gross income; and

10 (B) any distribution from a higher edu-
11 cation pledge account which is permitted under
12 this Act shall not be includible in the gross in-
13 come of the individual for whose benefit such
14 account is maintained.

15 (f) OFFSET OF FEDERAL PELL GRANT AMOUNTS.—

16 The amount of any Federal Pell Grant awarded to a stu-
17 dent attending a qualified institution shall be reduced by
18 the amount in such student's higher education pledge ac-
19 count.

20 (g) MONITORING OF ACADEMIC PROGRESS.—The
21 Secretary shall monitor the academic progress of each stu-
22 dent for whose benefit a higher education pledge account
23 is maintained.

24 (h) FINANCIAL COUNSELING.—The Secretary shall
25 ensure that each student for whose benefit a higher edu-

1 cation pledge account is maintained receives not less than
2 12 hours of financial counseling with respect to—

3 (1) the rules pertaining to deposits, distribu-
4 tions, and the tax treatment of funds in the higher
5 education pledge account; and

6 (2) sources of Federal financial assistance for
7 higher education.

8 **SEC. 3. DEFINITIONS.**

9 In this Act:

10 (1) **COST OF ATTENDANCE.**—The term “cost of
11 attendance” has the meaning given the term in sec-
12 tion 472 of the Higher Education Act of 1965 (20
13 U.S.C. 1087ll).

14 (2) **FEDERAL FINANCIAL ASSISTANCE.**—The
15 term “Federal financial assistance” means any
16 grant, loan, or other financial assistance that may
17 be provided to an individual student under the High-
18 er Education Act of 1965.

19 (3) **INSTITUTION OF HIGHER EDUCATION.**—The
20 term “institution of higher education” has the
21 meaning given the term in section 102(a) of the
22 Higher Education Act of 1965 (20 U.S.C. 1002(a))
23 except that such term does not include proprietary
24 institutions of higher education (as defined in sec-
25 tion 102(b) of such Act (20 U.S.C. 1002(b))).

1 (4) QUALIFIED INSTITUTION.—The term
2 “qualified institution” means an institution of high-
3 er education that—

4 (A) has in effect a program participation
5 agreement under section 487 of the Higher
6 Education Act of 1965 (20 U.S.C. 1094); and

7 (B) is eligible to participate in programs
8 under title IV of such Act (20 U.S.C. 1070 et
9 seq.).

10 (5) SECONDARY SCHOOL.—The term “sec-
11 ondary school” has the meaning given the term in
12 section 9101 of the Elementary and Secondary Edu-
13 cation Act of 1965 (20 U.S.C. 7801).

14 (6) SECRETARY.—The term “Secretary” means
15 the Secretary of Education.

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