

# Higher Education Savings Accounts Act

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## **Background:**

Each year the Federal Government spends tens of billions of dollars on programs to help support low income students attend college. This includes over \$32 billion annually that goes to nearly 9 million undergraduates through the federal Pell Grant program. Students awarded the maximum Pell Grant for the 2015-2016 school year will receive \$5,775 towards their higher education. This significant investment in their education, often goes unnoticed by high school students who are unaware of the resources available to them.

Currently, notification for much of the aid to low income students occurs at the end of their high school career, when it is too late to make decisions that affect their higher education. The Higher Education Savings Account program would show students the investment that they government is willing to make in them, earlier in their high school careers. This legislation would create a pilot program to give students a tangible sense of the investment the government is willing to make in them. The program would also provide additional support and information to those students facing the greatest challenges in accessing higher education.

## **Bill Overview:**

- 9<sup>th</sup> and 10<sup>th</sup> grade students, who qualify for the free lunch program under the Richard B. Russell School Lunch Act, and meet academic standards set out by the Secretary of Education, would be eligible for the program.
- The Department of Education will set up a Higher Education Savings Account for each eligible student with the maximum eligible Pell Grant amounts. For Academic year 15-16 this would be \$69,300 – \$5,775 per semester, for 12 semesters. With increases in Pell matched in the accounts.
- Based on academic performance and success students would be eligible for subsequent contributions to their account by the Department of Education. Additionally, as the Pell Award amount increased accounts would be compensated to ensure students are not receiving fewer funds than they may otherwise be eligible for.
- Eligible recipients would also participate in additional college and career counseling throughout their time in high school.