
Docket Item:

SB 1554 (2018) Report on 529 College Savings Accounts

Summary:

SB 1554 (2018) directs the HECC to study the effects of excluding funds in 529 accounts on asset tests for state financial aid programs, without having those assets counted against a family for financial aid purposes.

A student's financial need is determined from information the student provides on the Free Application for Federal Student Aid (FAFSA) or the Oregon Student Aid Application (ORSAA). The federal government determines a family's share of higher education expenses in the form of an Expected Family contribution (EFC) that uses income, assets, household size, and other factors, to see how much a family can contribute to the cost of higher education.

This report explains the EFC calculation; analyzes income levels of Oregonians; describes current practices to help low-income families; identifies barriers; and reviews policies from other states.

The report also provides policy recommendations to encourage low-income families to use 529 accounts at a higher rate in Oregon including: upgrading the Financial Aid Management Information System (FAMIS), excluding 529 accounts for specific income levels, studying the effects of SB 1554 (2018) on other assistance programs, and continuing to explore what other states are doing.

Staff Recommendation:

Staff recommends approval of the report.