

HB 116 Intergenerational Poverty Solution (Thurston)

Background - Intergenerational Poverty

- Intergenerational poverty (IGP): Adults who were raised in poverty (G2) are also raising their children (G3) in poverty - about 26,000 Utah families.
- The goal: Break the cycle so that G3 children do not end up in poverty as adults.
- The Intergenerational Poverty Welfare Commission met from 2012 through 2021 and identified recommendations that were research-based and data-driven
- What works? Motivating changes in behavior that are **known** to end poverty:
 - Improve job skills for G2 adults and G3 children
 - Prioritize education and job training
 - Work
 - Asset accumulation

The approach in HB116

- **Provide a limited amount of matching funds for qualifying families that save up for their children's education through a my529 Education Saving Plan**
- Motivate and encourage *behaviors that matter* in a cost-effective manner
 - Encourage G3 children to complete high school and receive post-secondary career training and education
 - Encourage asset development
 - Encourage work by G2 parents
- Match is targeted at \$1 to \$1 and capped at \$300 per year
- To qualify IGP families must:
 - Work: Qualify for and receive a federal Earned Income Tax Credit
 - Prioritize Education: Open a my529 saving plan
 - Develop Assets: Make contributions to the my529 plan (can use EITC)
- Expected outcomes (based on research and data)
 - Increase in families planning for post-secondary education
 - Increase asset development
 - Increase percentage of eligible adults claiming EITC
 - Increase participation in career training or education by G3 children
- Integrates with other recent assistance efforts
 - Corporate donations to 529 plans (Student Prosperity Savings Program)
 - Scholarship and advising/recruitment funding for 2-year career training
 - Utah's child tax credit (motivates filing of state tax return)
 - VITA assistance for tax filing and claiming federal EITC
 - Work Opportunity Tax Credit (WOTC) for employers