



**Testimony of Brooklyn Borough President Eric L. Adams
City Council Committee on Education
January 19, 2016**

My name is Eric L. Adams, and I am the Brooklyn borough president, representing the 2.6 million residents who call Brooklyn home.

I would like to thank Chair Dromm and members of the City Council Committee on Education for the opportunity to testify in support of *Intro. 1254, A Local Law to amend the Administrative Code of the City of New York, in relation to expanding college savings plan materials in schools to include pre-kindergarten and distributing college savings plan materials to parents or guardians with a child's certificate of registration of birth.*

I thank Council Member Mark Treyger for introducing this legislation on my behalf, as well as the bipartisan group of council members who are co-sponsoring this bill.

Since taking office as Brooklyn borough president in 2014, I have championed financial literacy and education for Brooklynites. In 2015, I released "Countering Consumer Debt in Brooklyn: Strengthening Communities by Raising Financial Literacy," which outlined the causes of Brooklyn's consumer debt challenges as well as identified specific recommendations for government, individuals, and the private sector to enact my "Four in Four" goal, which strove to reduce consumer debt by four percent in four years.

A key component of achieving that goal is ensuring that economic opportunity is available to all.

Research has repeatedly indicated that economic earning power and other benefits grow with increased education. According to a 2012 report from the United States Department of the Treasury¹:

- People with more education typically earn more and have a lower likelihood of being unemployed
- Education significantly increases the ability of children to move up the economic ladder
- Students are bearing a greater share of the college costs than a generation ago

¹ "The Economics of Higher Education," December 2012, United States Department of the Treasury, treasury.gov/connect/blog/Pages/economics-of-higher-education.aspx

And those cost burdens continue to rise.

According to College Board's "Trends in Higher Education,"² the cost of tuition and fees at a four-year public school grew by more than 40 percent from 2006-2007 to 2016-2017, highlighting the need for a comprehensive approach to reducing college costs for families through ambitious plans such as making City University of New York (CUNY) and State University of New York (SUNY) tuition-free and empowering families to improve their ability to pay for remaining education costs. In 2015, I commissioned a study from New York City's Independent Budget Office (IBO) on the impacts of making CUNY community colleges tuition-free, but tuition is only one part of the overall college expense. We need to make sure families have funds they need when they need them.

This legislation will serve as a building block for families, empowering them to begin saving for their children's college education by providing financial and college savings information at the earliest opportunity for parents.

529 college savings plans were added to the Internal Revenue Code 20 years ago with the intent of assisting families to save funds for higher education. NY Saves, New York State's version of the 529 plan, allows up to \$10,000 per year to be deducted tax-free for married couples filing jointly or \$5,000 for those who file as single. According to NYSaves.org³, the funds can be used for:

tuition; books; supplies; equipment; expenses for the purchase of certain computer equipment, software, and computer-related services; and certain room and board fees — really anything that's considered a qualified higher-education expense.

Unfortunately, according to the College Savings Plan Network's (CSPN) "529 Report: An Exclusive Mid-Year Review of 529 Plan Activity" from September 2016⁴, while contributions to 529 plans nationwide approached nearly \$13 billion, more than half of those accounts did not receive contributions in the first half of 2016.

Many factors need to be addressed to ensure that a college education is accessible to all that choose to pursue one. New York City must do more to make certain that all who choose to save for college have access to the information necessary to benefit from existing programs.

Identifying entry points such as birth certificate distribution, pre-k enrollment, and other times students make transitions, at which to distribute this information, is integral to building an educated populace that is in more control of their educational and financial destinies.

² "Trends in Higher Education: Tuition and Fees and Room and Board Over Time, 2006-2007 to 2016-2017," College Board, trends.collegeboard.org/college-pricing/figures-tables/tuition-and-fees-and-room-and-board-over-time-2006-07_2016-17

³ "NY's 529 Basics," nysaves.org/home/basics-of-529s/529-basics.html

⁴ "529 Report: An Exclusive Mid-Year Review of 529 Plan Activity, September 2016, College Savings Plan Network, collegesavings.org/wp-content/uploads/2015/09/0926_CSPNReport-FINAL.pdf

Long-term investments make their greatest gains in the later years, meaning that early investment, even a difference of one or two years, can have a meaningful impact on family budgets. Let's make sure we are fulfilling the intent of these plans and ensure that families know all of their options as early as possible so they can take advantage of those few extra years.

I urge the passage of this bill from the Committee on Education for full consideration by the City Council, and I thank Chair Dromm and all the members of the Committee on Education for their time and consideration.