

# AMERICAN DREAM ACCOUNTS ACT

U.S. SENATOR CHRIS COONS

**P**arents worry so much and work so hard for their children — for their health, their safety, and their future. Everyone wants the best for our kids and our families.

This long, tough recession has forced the unemployment rate among high school dropouts to 12 percent. Among high school graduates it is 7 percent, but among those with a college degree, it was just 4 percent. In the new global economy, Americans who, after high school, do not go on to some form of higher education — whether professional training, community college or a four-year degree — will earn more than a million dollars less in their lifetimes, and we know that American employers right now have thousands of unfilled jobs available for those with higher degrees, especially in science and technology.

As the son and grandson of classroom teachers, and as a parent of three young children, U.S. Senator Chris Coons has seen first-hand the transformative power of education. He believes higher education can unleash our children's potential for success and is increasingly integral to accessing the American dream. Yet devastatingly, a lack of basic knowledge about how to afford and apply to college has proven to be a barrier for too many students. Filling that gap with steady encouragement and easily accessible information is critical to educating a new generation of achievers that will keep our country competitive well into the future.

The *American Dream Accounts Act* encourages partnerships among schools, colleges, local non-profits and businesses to develop secure, Web-based student accounts that contain information about academic preparedness, financial literacy and high-impact mentoring and would be tied to a college savings account. Instead of approaching these threads independently, this bill connects students, parents and teachers across silos in existing education programs. It represents a small but significant step toward helping more students of all income levels access, afford and complete a college education.

The *American Dream Accounts Act* is a bipartisan new approach designed to integrate the most efficient and effective existing ideas, including:

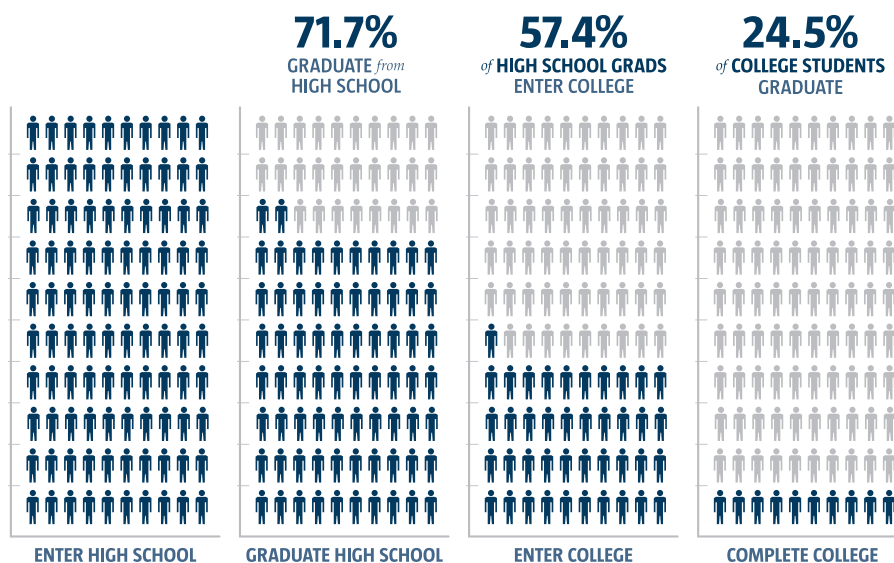
**It has never been harder for a child from a low-income family to go to college than it is today. Nor more important.**



U.S. SENATOR CHRIS COONS of DELAWARE

[WWW.COONS.SENATE.GOV/DREAMACCOUNTS](http://WWW.COONS.SENATE.GOV/DREAMACCOUNTS)

**Only 1 of 10  
high school  
freshmen from  
low-income  
families  
will graduate  
college by  
age 24**



## CONNECTIVITY

The journey from elementary school to a high school diploma and higher education is a long one, and students who disengage and even drop out along the way often do so because they are not connected, because no one knows them in large and anonymous schools, and because their parents are stretched too thin juggling jobs and housing and keeping their heads above water in a tough economy. An amazing new generation of social networking technology makes it possible for us to solve that problem. American Dream Accounts are Facebook-inspired secure, personalized hubs of information that would connect students, parents, teachers and mentors in a powerful new way.

## SAVINGS

Connecting students to the information they need is the first step, but the *American Dream Accounts Act* recognizes that combining an online account with college savings is one of the most powerful ways to keep kids, parents and teachers focused on the long term goal of completing high school and going on to higher education. Studies show that students with a dedicated savings account in their own name are seven times more likely to go to college than their peers without one, so this legislation would help open a savings account for each child, harnessing the power of early seed money and compound interest.

## EARLY INFORMATION

The fact is, state and federal governments already spend an enormous amount of money on grants, loans and other programs to help students afford college. But the tragic part is, kids don't know that money is available until they are almost ready to graduate from high school, often years after most students make school and life choices that knock them out of contention for higher education. American Dream Accounts focus students on the idea that financial support and opportunities are there for them if they make the grades. By letting children know these opportunities exist from a young age, we can change outcomes in a way that's good for students, schools and our country.

## PORTABILITY

Senator Coons launched and ran a chapter of the national "I Have a Dream" Foundation, a nonprofit dedicated to college access, in East Wilmington, Delaware. The experience taught him that lower-income students who frequently move or change schools can often get lost in the system. Teachers



### "I HAVE A DREAM" FOUNDATION:

"This legislation would provide critical support for students who lack the resources and access to information they need to earn a college degree."





**CORPORATION FOR ENTERPRISE  
DEVELOPMENT (CFED):**

“Research shows that even a small amount of savings can increase both students’ aspirations and the likelihood of college success.”

and guidance counselors have to start from scratch, with no information on the student’s skills, priorities and goals. That’s why portability and persistence is an essential feature of American Dream Accounts. No matter what disruptions students experience in their life, their American Dream Account would travel with them. Supportive adults -- whether teachers, mentors or guidance counselors -- would be able to access a reliable, steady stream of information and each child would get a consistent understanding of what it takes to get to college — financially, academically and socially — and grow to see higher education as a goal within their reach.

In order to meet these objectives, the *American Dream Accounts Act* utilizes existing Department of Education funds, meaning it comes at no new cost to taxpayers.

The fact is, our nation’s long-term economic competitiveness requires a highly trained, well-educated workforce. We can meet that challenge by connecting students with a broad array of higher education options.

Whether it is vocational school, job training, community college or a four-year university, this legislation will help students identify the type of higher education they need for the career they want, and give them the tools to get there.

## ACCEPTING THE CHALLENGE

The barriers preventing low-income students from accessing, affording and completing college are substantial, and Senator Coons views the *American Dream Accounts Act* as a small but significant step toward breaking down those barriers.

Statistics on college access paint a grim picture. A study by the Brookings Institution found that among the wealthiest Americans, 79 percent go to college and 53 percent graduate, while among the lowest-income Americans, only 34 percent go to college and a mere 11 percent graduate. Shrinking that enormous income gap in college access is critical to our country’s future and one of the reasons Senator Coons introduced the *American Dream Accounts Act*.

This legislation tries to help kids understand what it takes to get to college, financially, academically and socially, and see that higher education is a goal within their reach. Guidance counselors are overwhelmed, with each counselor in American high schools responsible for an average of 470 kids – nearly double the optimal level of 250 – so the *American Dream Accounts Act* attempts to make it easier for parents, teachers, mentors, coaches and more to step in and make a difference.

Affordability is perhaps the most intimidating barrier to reaching and completing college. The cost of a college education is exploding, with the average bill for one year at a public university reaching nearly \$17,000 last year. That’s up from just \$12,000 ten years ago. The cost of attending a private non-profit college or university is even more astronomical, reaching nearly \$30,000 per year. Over four years, students at private colleges are looking at a bill approaching \$120,000. The key to mitigating these overwhelming costs is starting to save — or prepare — early in life. Senator Coons’ legislation harnesses early seed money and the power of compound interest to give students personal college savings accounts that will stay with them from childhood to college graduation.

The same income gap seen in statistics on college accessibility also applies to affordability, as less than a third of parents making under \$35,000 a year are saving for their child’s education. Direct income and savings comprise just 40 percent of how the average American family pays for college, putting a premium on scholarships and financing and putting low-income students at an enormous disadvantage. Although scholarships and federal loan programs like Pell Grants are available, they are not discussed with young students early or often enough to make clear that higher education is an option truly open to them.

As Senator Coons says, part of the goal of the *American Dream Accounts Act* is to “make the promise of a college scholarship opportunity credible and real to students and their parents — not when they’re 16 or 18 and have already been driven out of reliable engagement with the education process, but right up front. Then tell them, tell them again, and tell them again.”

Even if the accessibility and affordability barriers are overcome, it’s not enough just to get to college. Students must complete college to earn its full benefits. Too many kids enter college without a frame of reference

**DELAWARE PTA**

“This legislation incorporates the school, the parent and the student to ensure that each child will be closely monitored with resources and support that is needed to access a post- secondary education and promotes success in college.”



to handle the complex challenges and responsibilities unique to higher education, causing them to drop out before they've earned the four-year degree, associate's degree, or professional certificate that is so essential to their future success. The American Dream Accounts Act is designed to help students overcome this final hurdle, because Senator Coons believes that once students have been accepted to college and find a way to afford it, we can't walk away. We have to make sure they cross the finish line and earn their degree.

Today, with the power of the Internet and the wide availability of college savings accounts, we may have a vehicle for greatly increasing the number of low-income and first-generation students who attend and complete college. Through a focused model based on tuition support, academic and personal enrichment activities and consistent mentorship, a handful of organizations are piloting programs to help students embark on the path to college. By building partnerships with and among these organizations, Senator Coons believes the *American Dream Accounts Act* — and the engagement models on which it is based — can help these programs grow and improve.

## ACCESSING THE AMERICAN DREAM

The *American Dream Accounts Act* authorizes the Department of Education to award three-year competitive grants to innovative partnerships that leverage college savings accounts and the power of the Internet to provide comprehensive support, guidance, and direction for low-income students as they plan for their college education. Organizations such as local education agencies, charter schools, or entities with experience in educational savings are eligible to apply for funds to establish and administer American Dream Accounts.

Specifically, grant recipients would be required to:

- Establish American Dream Accounts (ADAs), personal online accounts for low-income students that monitor higher education readiness and include a college savings account. ADAs would follow students from school to school and through college. Parents would grant vested stakeholders (including counselors, teachers, coaches, mentors, and others) access to the account to update student information, monitor progress, and provide college preparatory support.
- Open college savings accounts for students. Every ADA would include a college savings account for each student. Grantees that can provide these accounts with seed money would be prioritized.
- Support college readiness by securely monitoring students' progress online. Academic and behavioral information, including grades and course selections, progress reports, and attendance and disciplinary records would be available for review in an ADA, which would also provide opportunities to gain financial literacy, prepare for college enrollment, and identify skills and career interests.
- Collect data about effective ways to assist high-risk students in planning for college through a comprehensive monitoring and evaluation system.

Senator Coons' legislation has earned strong support and is endorsed by Opportunity Nation, the "I Have a Dream" Foundation, the Corporation for Enterprise Development, the First Focus Campaign for Children, the Rodel Foundation of Delaware and the Parent-Teacher Association, which, in endorsing the bill, said it, "incorporates the school, the parent and the student to ensure that each child will be closely monitored with resources and support that is needed to access a post- secondary education."

As Senator Coons consulted with parents, teachers and students to craft the *American Dream Accounts Act*, Senator Coons visited schools across Delaware. What he saw was clear. When you ask a roomful of high-energy, optimistic elementary school students what they want to be when they grow up, their answer is the same no matter where they live or how much money their parents make. Our kids all start out with big dreams. The American Dream Accounts Act is a modest but powerful bill with the potential to have a big impact by empowering students and parents of all backgrounds to achieve those dreams from an early age.



### RODEL FOUNDATION:

"Not only does Senator Coons' *American Dream Accounts Act* give students access to college where they wouldn't otherwise, but it leverages technology in smart ways to attract and incentivize children and creates a cost-effective network of support, giving students every chance to be successful."

