

Children's Savings Account

Why Assets Matter & the Role of CSAs

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Why assets matter?

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- A mounting evidence base supports CSAs as a tool with which to strengthen families' expectations, bridge access to a range of postsecondary options, and build lifelong habits of saving.
- Yadama & Sherraden (1996) find evidence of what they call a “virtuous circle,” where assets increase the chance of having more positive attitudes and behavior, and attitudes and behavior, in turn, increase the chance of having assets.
- Zhan and Sherraden (2011) find that financial assets are positively related to parents' and children's educational expectations (i.e., financial assets are associated with college expectations).

Why are funders investing in asset development?

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- An increasing body of evidence for the power/influence of assets on individuals & families
- An understanding that past efforts have fallen short of expectations.
- More is being asked of funders as Federal & State resources continue to decline.

Public sector's interests in asset development is increasing

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- National League of Cities, Institute for Youth, Education & Families
 - ▣ Preparing for Postsecondary Education through Children's Savings Accounts Learning Collaborative
 - Deepen city leaders' understanding of the challenges and opportunities associated with the use of universal, automatic, and matched Children's Savings Accounts (CSAs).
- National Conference of State Legislatures
 - ▣ A Degree of Savings
- New England Journal of Higher Education
 - ▣ Baby Talk: Children's Savings Accounts Mark New Frontier in Paying for College

What types of asset building tools are at play today?

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- Savings/Lending Circles
- EARN's Starter Savings & Triple Boost Accounts
- D2D's Prize-Linked Savings
- GPR Cards with Savings Pockets
- Individual Development Accounts (IDAs)
- Children's Savings Accounts (CSAs)
 - Two models (Simple Savings Accounts/529s)
 - Potential for scale & impact

CSAs as an asset development tool

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- The cost of post-secondary education and student loan debt is having a impact on the daily lives and long-term financial health of many young adults.
- CSAs have the potential to expand economic and educational opportunities for low- and moderate-income families and children.
- CSAs support the interest of states in increasing the percentage of their populations with college degrees, certificates and credentials (Lumina Foundation Goal 2025).
 - HB 2036 (2013) - At least 60% of Texas workers hold a postsecondary credential, certificate, or degree of value in the workplace by 2036 (Texas bicentennial)

CSAs as an asset development tool (Cont'd)

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- Initiating early savings may lead to higher levels of asset accumulations as well as cultivate educational expectations and engagement that can catalyze superior achievement.
- CSAs encourage and leverage family, public and private capital resources.

What does early research say?

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College Readiness

- Higher student and parental college expectations.
- Some positive effects on reading & math.
- Higher high school GPA
- *College Bound Identity*

College Access

- College savings of less than \$500 increase college entry for low-and moderate-income students.
- 3Xs more likely to enroll in college than with no savings account.
- *College Savers Identity*

What does early research say? (Cont'd)

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College Completion

- College savings of less than \$500 increase college completion for low and moderate income students.
- 4Xs more likely to graduate college than with no savings account

Young adult graduates who had savings as adolescents:

- 2Xs more likely to own savings accounts (banked/unbanked)
- 2xs more likely to own credit cards
- 4xs more likely to own stocks

CSA program buckets to consider:

Enrollment

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① **Enroll**

- Who is eligible for the program and what do they receive?
 - ▣ Eligibility options
 - Universal eligibility vs target (SES, geography, other)
 - Eligible at birth? At kindergarten? At middle school? Other?
 - ▣ The grant
 - Seed deposit (Amount? From whom?)
 - Savings account vs 529 vs other
 - Mechanism for making grant deposit
- How do you identify eligible children and how do you get their contact information?
- How will you communicate with them over time?

CSA program buckets to consider: Enrollment (Cont'd)

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① Enroll

- How will you track them after enrollment (especially with changes in contact information)?
 - ▣ How dynamic is your student population (ie what % move and do they move in/out of eligible area)
- What parameters do you want to set for eligibility?
 - ▣ Live in district on a certain date vs whenever move into district
 - ▣ Continued eligibility if they move out of district
 - ▣ Age, immigration status, adoption status, etc.

CSA program buckets to consider:

Savings

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② Save

- ❑ What kind of access do you want families to have to the account (to view it, to make contributions, etc)?
- ❑ Does the family need to open a separate account to contribute?
- ❑ How can they make deposits (on-line, in person, cash, etc)?
- ❑ Are matching grants available when families save a particular goal amount (e.g. \$100) – and, if so, what is the match rate and who provides the match?
- ❑ How 3rd party contributions are handled (e.g. grandparents, community partners)?
- ❑ Who can access accounts for withdrawals, and what parts of the account do they have access to?

CSA program buckets to consider:

Education

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③ Educate

- What kind of messaging are you considering?
 - ▣ General messaging (aspirations, value of education, role/definition of “college”)
 - ▣ \$\$ messaging (financial literacy/financial education)
 - ▣ Specific messaging (your account/your \$\$)
- How are parents and students involved?
 - ▣ Who gets what messages, what are they encouraged to do
 - ▣ Are there incentives/rewards (monetary or otherwise) to encourage certain behaviors, whether savings-related or readiness-related

The importance of Interim Measures

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- When thinking about Children's Savings Accounts (CSAs), researchers, practitioners, and policymakers tend to focus on their ability to help children pay for college. That is too narrow a frame.
- The emerging research suggests that CSAs may be a valuable tool for addressing long-term barriers to closing the college attainment gap—including inadequate achievement along the way—as well as insufficient financial resources.
- As programs are being implemented across the Nation, it's important to measure the effectiveness of the program across multiple indicators (cognitive & non-cognitive).
- Political realities & economic concerns by States and Municipal governments require the proper stewardship of public dollars and monitoring and evaluation is a pre-requisite.

Interim Measure Savings Behaviors

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Predictor	Measure
Take Rate (Opt-In Programs ONLY)	Program Savings Data
Percent of Accounts With At Least One Contribution	Program Savings Data
Direct Deposit into CSA	Program Savings Data
Net Savings as a Percentage of Family Income	Program Savings Data
Savings Frequency	Program Savings Data

Interim Measure

Socio-Emotional Development

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- Research from SEED OK indicates that infants randomly assigned to receive CSAs demonstrated significantly higher social-emotional skills at age four than their counterparts who did not receive a CSA (Huang, Sherraden, Kim, & Clancy, 2014).

Interim Measure

Socio-Emotional Development

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Predictor	Measure
Parental Stress	Parenting Stress Index
Child Abuse Potential	Child Abuse Potential Inventory
Quality of Home Environment	Home Observation
Maternal Depression and/or Anxiety	Center for Epidemiological Studies Depression Scale

Interim Measure

Math & Reading Scores

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- The strong correlation of reading and math proficiency with enrollment in college may make them ideal outcomes to measure for CSA programs that explicitly focus on college access and completion, particularly if the CSA programs are located within educational institutions, with easier access to student's academic data/measures.

Interim Measure

Math & Reading Scores

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Predictor	Measure
Academic Records	State Assessments
Academic Records	Grade Level Test Scores
Academic Records	End of School Year Grades
Teacher's Expectations	Teacher Questionnaire/Survey
Achievement Goal Orientation of Children	Achievement Goal Orientation Scale
Teacher's Evaluations of Children's Effort	Teacher Questionnaire/Survey

Interim Measure

Parents' & Children's Educational Outcomes

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- One of the driving forces behind interest in CSAs is the potential they have shown for changing the way people think about their futures.
- Evidence to date suggests that CSA programs might have important impacts on children's noncognitive functioning (e.g., children's socioemotional wellbeing and identity formation).
- Effects on noncognitive skills might be particularly important because while noncognitive skills promote the development of cognitive skills, there is little evidence to suggest that cognitive skills promote the development of noncognitive skills (Cunha & Heckman, 2008).

Interim Measure

Parents' & Children's Educational Outcomes

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Predictor	Measure
Attendance	Attendance Records
Help Seeking Behaviors	High School Planning
Parental Involvement	Survey
Child Post-Secondary Expectations	Survey
Teacher's Post-Secondary Expectations	Teacher Questionnaire/Survey

Trade Offs CSA program administrators must consider

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- Evaluations that are factored into the design of the program have the potential of being much more rigorous than those that start after.
- Due to the cost of evaluations programs have to decide on whether to invest their limited resources into the evaluation or to provide larger initial deposits, matches, or incentives.
- Evaluation increases the cost of programs and also may delay their implementation because evaluators need time to put together a defensible research design.
- There are also tradeoffs when trying to determine which interim measures programs should be evaluated.

Thank you

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