

Looking to the Future: The Children's Savings Field Reacts to COVID and Racial Equity

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In recent years, state and local policy makers and service providers have adopted children's savings accounts (CSAs) as a strategy to help more children and parents see postsecondary education as an attainable goal early in life. CSAs are programs that provide children (starting in elementary school or younger) with savings or investment accounts and financial incentives for the purpose of education after high school. Beyond their dollar value, these programs are associated with a range of positive outcomes for children and parents, including improvements in early child development,^{1,2} positive parenting,³ educational performance,^{4,5,6} and educational expectations.^{7,8,9} The COVID-19 pandemic has changed the operational and financial realities for many CSA programs and has raised questions about funding and future directions of the field. In addition, recent organizing around racial justice has led many programs to examine how well their CSAs are serving families of color. Based on the results of a national survey, this report focuses on the perceived impacts of COVID-19 and racial equity movements on the CSA field and what resources programs will require to address communities' new and evolving needs. Although the CSA field has been actively engaging in discussions about the challenges brought by the pandemic and how to enhance racial equity, this is the first field-wide empirical research on the effects of these challenges for CSAs.

Methodology

IASP and AFN identified 100 CSA programs in the U.S. that were either actively operating or being planned in 2019 and that enrolled children between birth and elementary school. From July through September of 2020, program staff from all 100 programs were invited to participate in an online survey about their 2019 funding, as well as the following questions:

- Anticipated changes to future funding due to the pandemic;
- How they would like to respond to communities' pandemic-related needs;
- How they would like to enhance the racial equity of their programs; and
- What resources they would need to do this work.

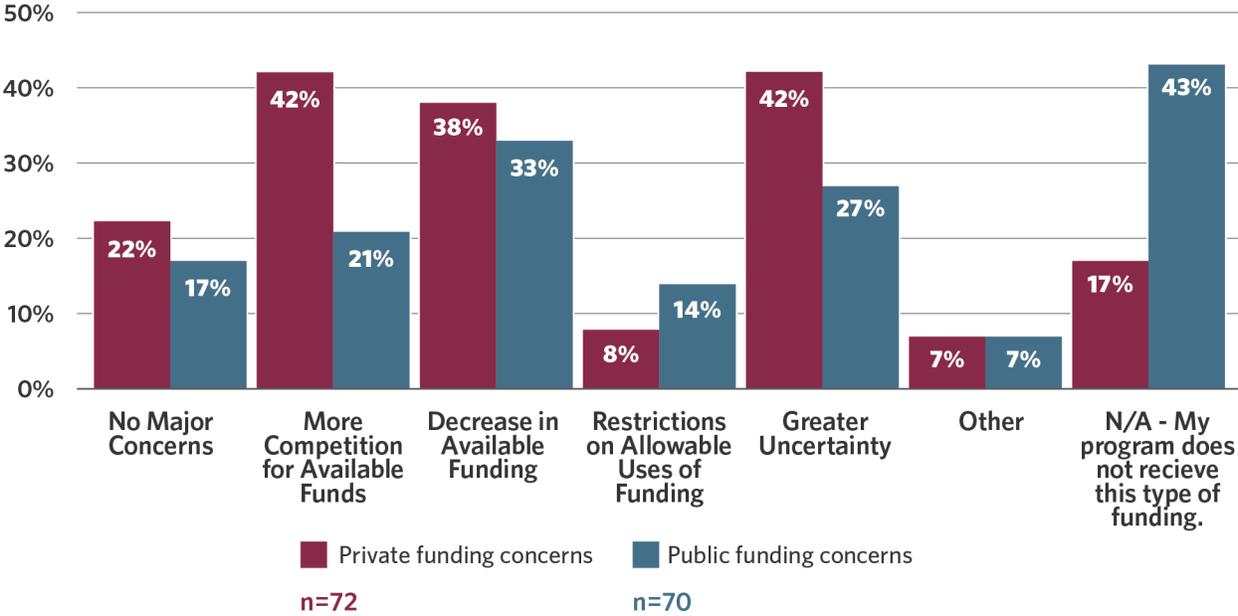
Of the 100 CSAs invited to participate, 72 programs responded to the COVID and racial equity questions. Their responses are summarized in this report. For all questions, respondents could select more than one response, so percentages may exceed 100%. AFN will release other findings from the 2019 CSA Funding Survey separately in early 2021.

Impact of COVID-19 on Funding and Programming

Programs Anticipate Challenges to Funding

The COVID-19 pandemic has triggered unprecedented disruptions to work, school, health, and family wellbeing. Philanthropic and government funders have been responding to families’ and communities’ new needs, which may affect the CSA funding landscape in the immediate future. We asked CSA program staff to reflect on the challenges they anticipate to public and private funding for the next one to two years due to the COVID-19 pandemic. In the private funding space, the greatest concerns were about more competition for funding and greater uncertainty (42% each). While many respondents indicated they do not receive public funding (43%), the greatest concern in this domain was a decrease in available funding (33%). See **Figure 1** for details. About a fifth of respondents reported no major concerns about funding: 22% for private funding and 17% for public funding.

Figure 1: CSA Programs Anticipate Funding Challenges Due to COVID

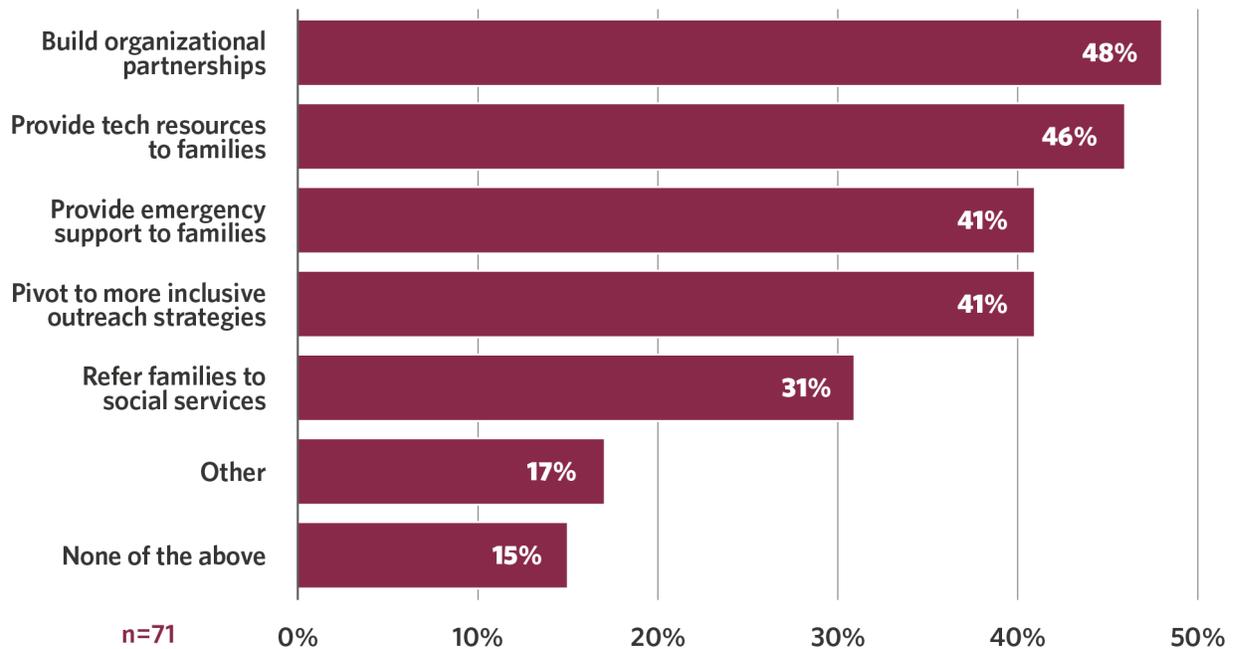


CSAs Want to Meet Communities’ COVID-related Needs

Across the U.S., many CSA programs have adjusted their outreach and messaging to continue building children’s hope for their future even during this challenging time,¹⁰ and some have pivoted to meet families’ immediate needs.¹¹ On our survey, nearly half of the CSA programs (48%) reported that if they had the resources, they would build additional organizational partnerships to meet community members’ pandemic-related needs. In addition, 46% of respondents would provide resources to families affected by the digital divide, such as hotspots and laptop computers. (See **Figure 2**). “Other” responses included: adding new financial incentives for families; offering financial capability classes and coaching; and connecting families with low-cost or free financial accounts.

46% of respondents would provide resources to families affected by the digital divide, such as hotspots and laptop computers.

Figure 2: Desired Responses to COVID-Related Needs



To provide the additional services noted above, most respondents indicated they would need additional resources, including funding, in-kind support, and additional partnerships. Most respondents (65%) would need additional financial resources, and 49% reported they would need additional organizational partnerships in order to meet their community’s pandemic-related needs.

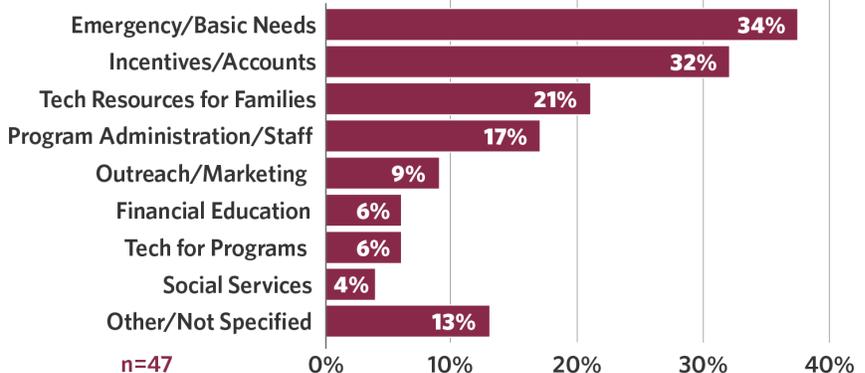
How would programs make use of additional resources to meet their communities’ needs? Of those who reported needing additional funding (47 respondents), their most frequent use (34%) would be to meet families’ emergency or basic needs. About a third (32%) of those who reported requiring financial support would use it to provide additional financial incentives or accounts to families. Of those programs that reported needing additional in-kind supports (25 respondents), the most common uses were providing resources to families, such as hotspots, laptops, and Wi-Fi connectivity (40%) and improving outreach and marketing to reach families (28%). Among the 35 respondents who reported needing additional organizational partnerships in order to address their communities’ pandemic-related needs, the most frequently sought partners were community-based organizations (23%), followed by school systems and social service agencies (20% each). Notably, 9% of those interested in additional partnerships indicated that they’d like to build partnerships with funders or organizations that can help with fundraising. See **Figure 3** for details.

CSA Programs Require Additional Resources to Meet COVID-Related Community Needs (Figure 3)

Funding

65% of CSA programs said they needed additional funding.

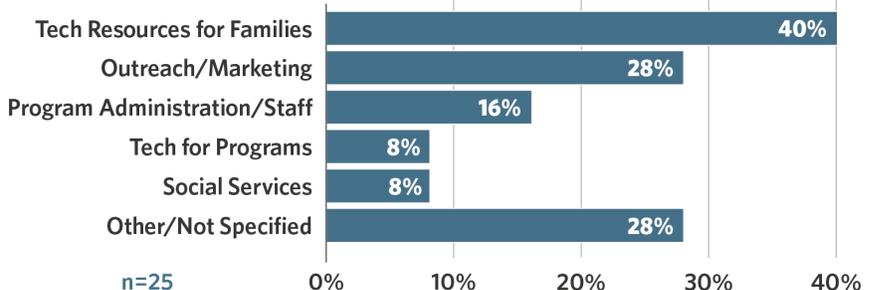
They would use it for:



In-Kind Support

35% of CSA programs said they needed in-kind support.

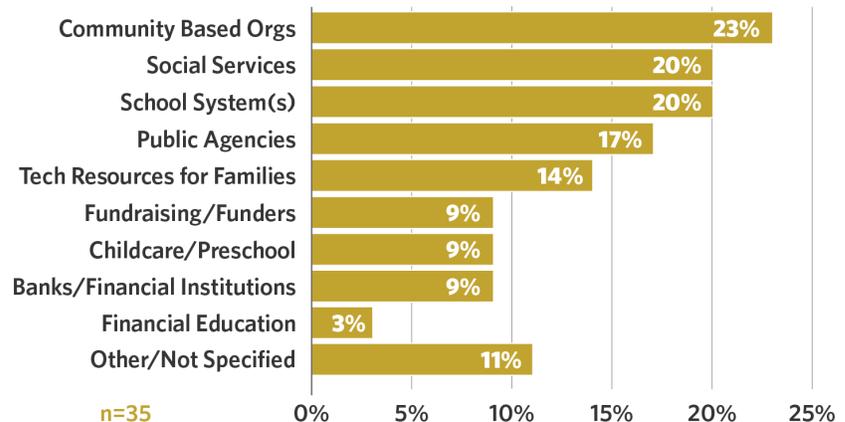
They would use it for:



Organizational Partnerships

49% of CSA programs said they needed to build new partnerships.

They would partner with the following groups:



Enhancing Racial Equity of CSA Programs

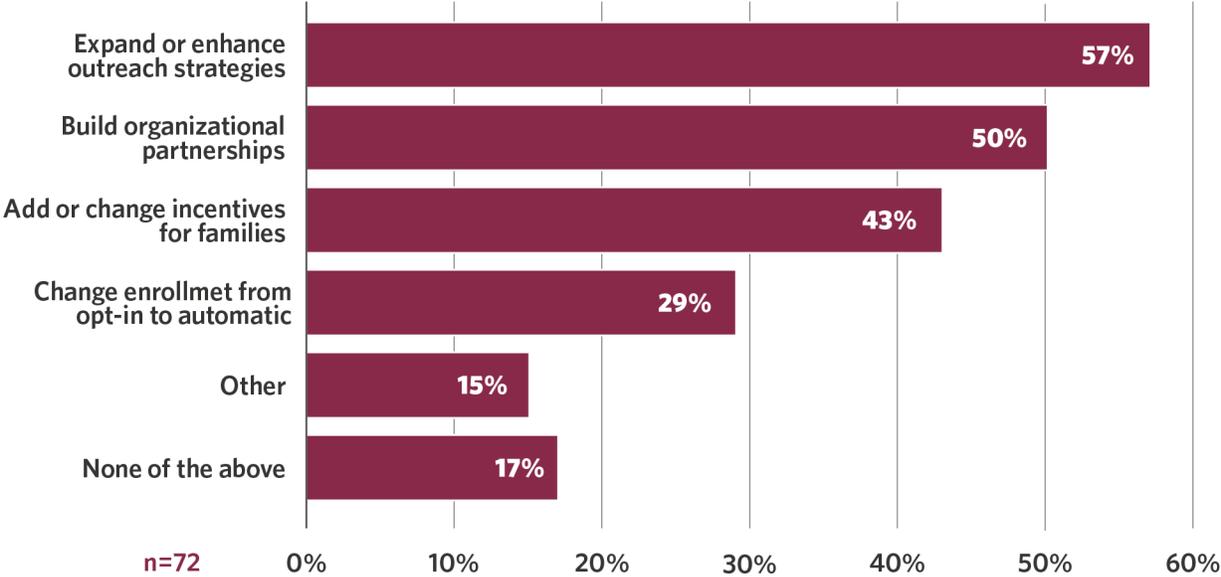
CSAs Programs Aim to Enhance Racial Equity

CSAs are celebrated as a model intervention to enhance access to education and long-term economic well-being for young people who have been traditionally left out of higher education. Recent organizing for racial justice across the U.S. has led many CSA programs to examine how well their programs are reaching families of color in their communities and to put a greater emphasis on racial equity in their work. We asked respondents how they would enhance the racial equity of their programs, if they had the resources to do so. Most programs (57%) would like to expand or improve their outreach strategies in order to better reach families of color. Half of respondents were interested in building organizational partnerships to improve racial equity, and

43% wanted to add or change financial incentives for families. Seventeen percent of respondents indicated they did not want to take any of these steps; several of these respondents commented that racial equity is not an issue for their programs (See Figure 4). “Other” responses included: hiring more staff; investing in translation services; and creating more diversity in organizational leadership.

Most programs (57%) would like to expand or improve their outreach strategies in order to better reach families of color.

Figure 4: Activities to Enhance Racial Equity



Most programs indicated they would need additional resources in order to expand their services in the ways noted above. More than half indicated they would need financial support (58%) or organizational partnerships (51%) to do this work. Nineteen percent of programs indicated they would need additional in-kind support.

Among those who reported needing additional funding (40 respondents), most (60%) wanted to provide additional financial incentives or accounts to families to enhance the racial equity of their programming. This was by far the most frequent response, followed by 20% of respondents who needed additional funding for outreach and marketing. Among respondents who reported needing additional in-kind supports to address racial equity (13 respondents), the most frequent application was outreach and marketing services (46%). Of the 35 respondents who indicated they needed additional organizational partnerships to improve racial equity, the most frequently sought partners were community-based organizations (29%). In their comments, some respondents described a need for community-based organizations that provide services to low-income families, particularly those with young children and organizations focused on college access. A quarter of respondents (26%) wanted to partner with school systems, and 20% sought partnerships with organizations trusted and led by communities of color and/or focused on racial equity. See **Figure 5** for details.

Funder Perspective

This report focuses on the views of CSA program staff. One funder who also works closely with a CSA program provided a different viewpoint:

“We have not yet seen a decline in giving as a result of the pandemic, in fact depending upon the next 5 weeks, we believe giving will prove more robust than ever. At the same time with the impact of the pandemic on income and tax revenue, local governments and agencies will look to us, public and also private foundations to support the programs and services they had been funding. Private giving and its support of children’s savings accounts has become all the more important through the pandemic.”

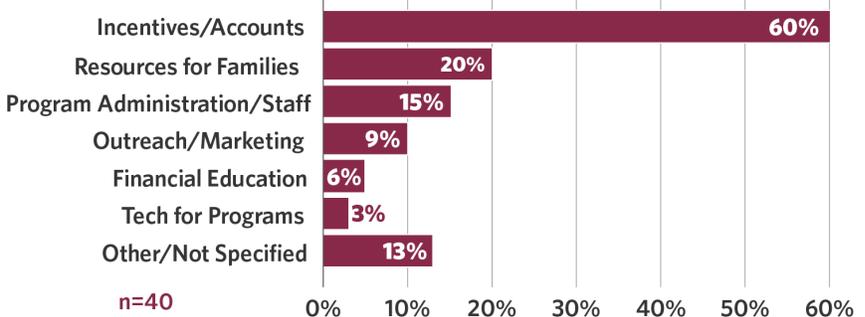
- Patty Grant, Executive Director, Community Foundation of Wabash County

CSAs Need Additional Resources to Address Racial Equity (Figure 5)

Funding

58% of CSA programs said they needed additional funding to address racial equity.

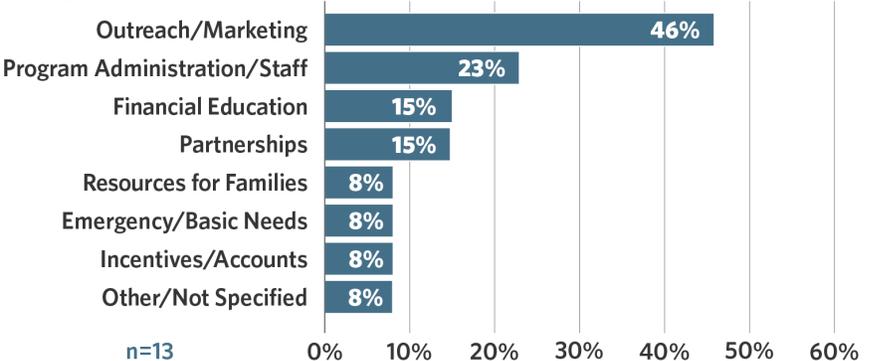
They would use it for:



In-Kind Support

19% of CSA programs said they needed in-kind support to address racial equity.

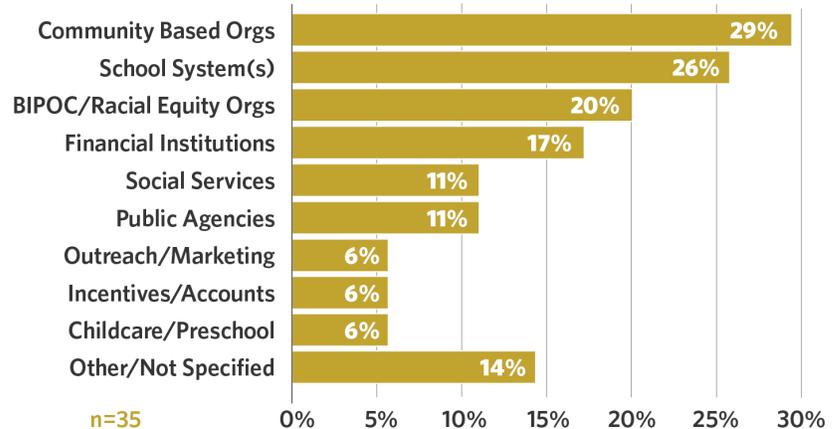
They would use it for:



Organizational Partnerships

51% of CSA programs said they needed to build new partnerships to address racial equity.

They would partner with the following groups:



Conclusion and Implications

This national survey of CSA programs indicates that the field expects to see some limitations to both private and public funding in the coming years as a result of the COVID pandemic and its ripple effects. At the same time, CSA programs are eager to meet their communities' emerging needs as the pandemic unfolds. There is a great deal of energy and interest in addressing families' basic needs and providing emergency support as a complement to continued and increased investments in children's postsecondary education. Such an approach would seek to address families' immediate material concerns while building the long-term hope and college-going mindset that CSAs seek to accomplish. CSA programs indicated that additional funding would be required to make these changes. CSA programs also expressed a strong interest in providing families with technology like hotspots, Wi-Fi, and laptop computers that would allow them to engage in online learning and other web-based content. CSA programs indicated that families' technology needs could be addressed with additional financial support, in-kind contributions, and/or partnerships.

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In terms of addressing racial equity, most respondents indicated the desire to enhance the inclusiveness of their programs through expanded outreach or marketing, new or more generous financial incentives to families, and building partnerships. This suggests that many CSAs are critically examining their programs and considering how to more effectively reach and serve diverse families in the future. Respondents indicated additional funding would be required in order to expand financial incentives to families, while additional in-kind support would be needed to expand outreach. Respondents also hoped to forge new partnerships with community-based organizations, school systems, and racial equity organizations.

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While the pandemic has created undeniable challenges for families, communities, and CSA programs, it is clear that CSAs are prepared to step up and address the evolving needs of the people they serve. Similarly, the nation's increased attention to racial justice has led many CSAs to look inward, assess their impact, and make plans to enhance the racial equity of their programs. This report captures a snapshot of the CSA field as it evolves to address the challenges of this moment.

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