

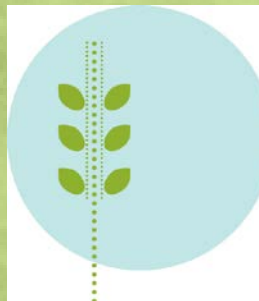
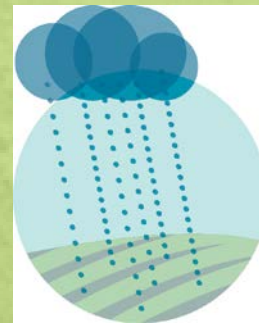
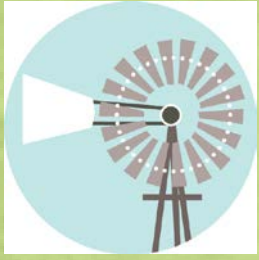
Cultivating CSAs:

The Growth and Spread of
Children's Savings Accounts
in New England



July 2017

Rebecca Loya & Jessica Santos



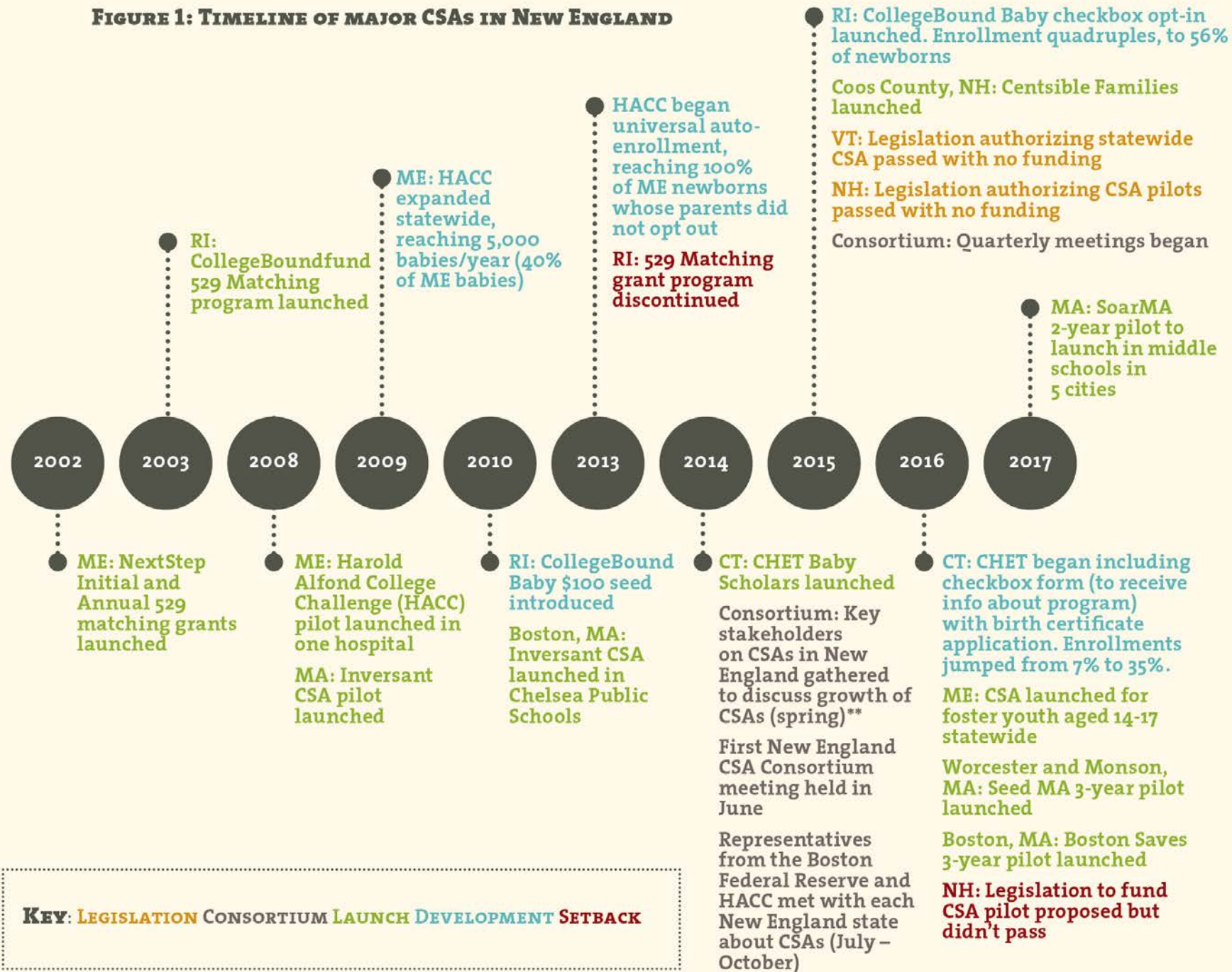
Why this study? New England is Unique!

- Rapid growth, collaboration, and shared learning
- Research Questions:

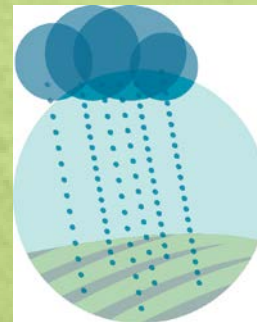
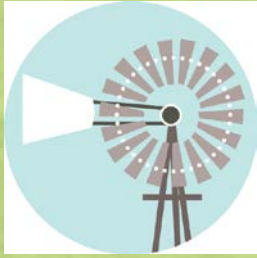
What factors facilitated the regional diffusion of CSA policy in New England?

- How did the Federal Reserve Bank of Boston contribute to the spread of CSA policy?
- How can the New England experience inform other regions of the U.S. seeking to develop CSA policy?
- Survey (n=23)
- Interviews (n=25) (6 states, Boston Fed, and national org)

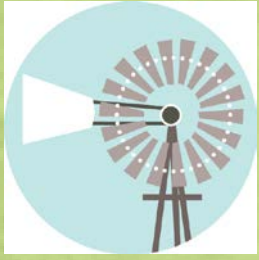
FIGURE 1: TIMELINE OF MAJOR CSAs IN NEW ENGLAND



Shared Process, Diverse Program Models

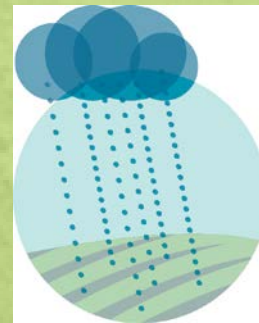
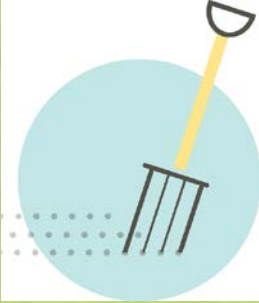


State	Program	Status	Funding†	Enrollment	Account type	Target	Incentives
CT	CHET Baby Scholars	Active	State: Existing scholarship fund	Application	Individual 529	Children in CT	• Seed • Match
ME	Harold Alfond College Challenge	Active	Private: Philanthropy	Opt-out	Omnibus 529	Babies born or adopted in ME	• Seed
	NextStep Matching Grant	Active	Quasi-public: Finance Authority of ME	Application	Individual 529	Children or account holders in ME	• Match • Benchmark incentives
	Maine Youth Transition Collaborative CSA	Active	Private: Philanthropy	Opt-out	Individual 529	Youth aged 14-17 in foster care	• Seed • Match
MA	Boston Saves (Boston)	Active pilot	Private: Philanthropy	Opt in (link an account to web platform)	Individual account of family's choice	Kindergartners in 5 public schools	• Seed • Match • Benchmark incentives
	SeedMA	Active pilot	Private: Philanthropy	Application	Individual 529	Kindergartners in Worcester & Monson	• Seed
	SoarMA	Planned pilot	Public-private: State appropriation & Inversant	Application	Individual 529	7th-12th graders in 5 schools	• Match
	Inversant CSA	Active	Private: Philanthropy	Application	Individual savings account	LMI families in Greater Boston	• Match • Benchmark incentives
NH	Centsible Families (Coos County)	Active	Private: Philanthropy	Application	Custodial savings account	1st-3rd graders at 4 schools in Coos County	• Seed • Benchmark incentives
	Pilots in Coos County and Manchester; goal of statewide expansion	Legislation passed	No funding secured	Opt-out**	Custodial savings account	Kindergartners in public school in Coos County & Manchester	• Seed**
RI	CollegeBound Baby	Active	Private: Financial partner	Checkbox opt-in	Custodial 529	Babies born or adopted in RI	• Seed
VT	Universal CSA	Legislation passed	No funding secured	Opt-out**	To be determined	Babies born or adopted in VT	• Seed** • Match**



Literature: Policy Frameworks to understand the spread of CSAs

- Policy Diffusion
 - Economic competition
 - Social learning
- Collective Impact
 - Community aspiration
 - Strategic learning
 - High-leverage activities
 - Inclusive community engagement
 - Container for change



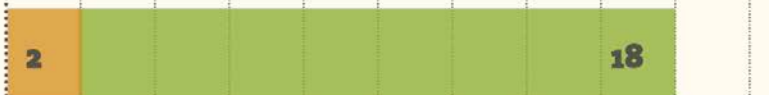
Findings: Advancing CSA policy in your state

Importance of factors in advancing CSA policy in your state

Regional CSA Consortium led by the BostonFed



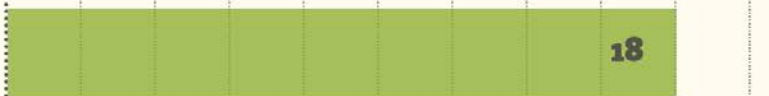
Individual leaders' skill and dedication



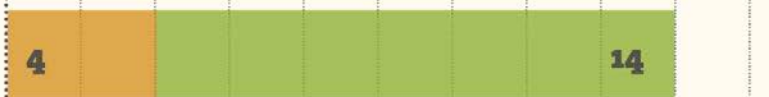
Political landscape



Learning about specific CSA programs' bestpractices



Results of research or evaluation



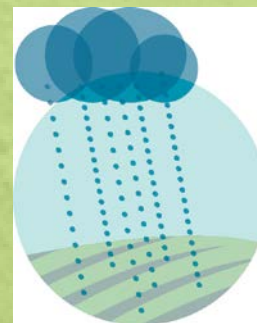
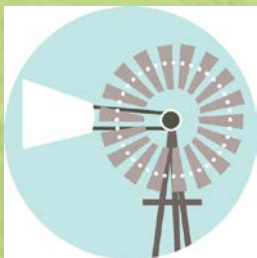
Ability to replicate specific features of legislation from neighboring state

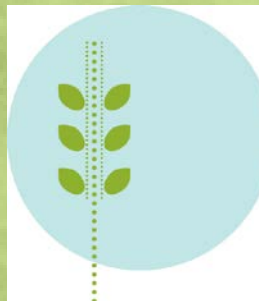
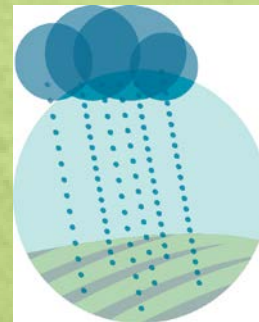
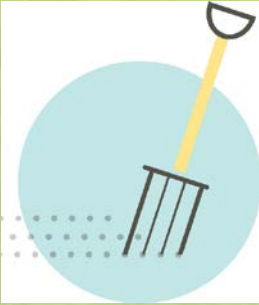
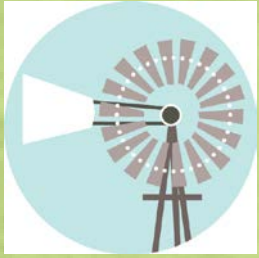


Low (1-2)
Medium (3)
High (4-5)

Count*
n= 23

*Respondents were asked to rate each factor on a scale of 1 to 5



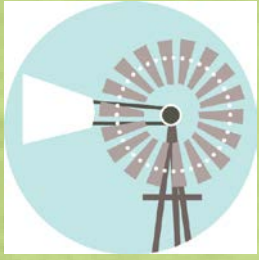


The New England CSA Consortium

- A “container for change” and social learning
 - Sharing research, information, and best practices
 - Facilitates communication and problem-solving
- The results
 - Faster, more successful start-up process
 - Culture of innovation
 - Shared regional vision

I really can't underplay the role the Fed has had for us in helping to launch our program. They helped, you know, raise the questions that we didn't necessarily know needed answering... I had a couple states come up to me and go, 'Oh my God, I can't believe you've just launched and you've already done x, y, and z.' And I said, you know, 'It's because we came to these meetings and we learned from all of you.'

[Interview 14]



New England's shared vision / community aspiration

- Spark children's college expectations

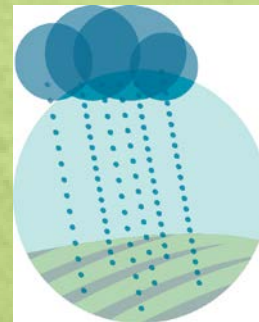
CSAs are "a really powerful tool to shift mindsets in kids and teachers throughout a kid's education, that can make a really big difference in how kids conceptualize their chances and ability to go to college." [Interview 19]

- Reach families

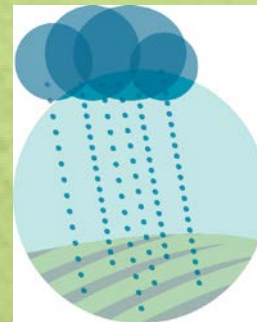
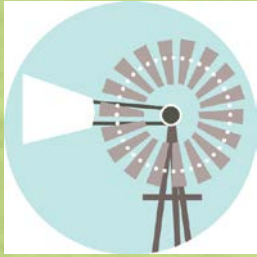
"We know and have witnessed that families who have some form of savings for college put a greater emphasis and value of education in their family decision making." [Interview 9]

- Improve the state economy

"In every state, the more educated your citizens are, the more financially sound the whole state is." [Interview 5]



Tailoring your message: the case for CSAs



Audience	Lessons
Funders	<ul style="list-style-type: none"> • CSAs are a cost-effective investment. CSAs are “a very high-return, relatively low-cost investment if what you want to get to is the kind of workforce you need, the kind of family financial stability that you want...” (Interview 25)
Legislators	<ul style="list-style-type: none"> • Focus on outcomes with a shorter time horizon than graduation rates. More immediate outcomes like decreased rates of maternal depression and boosting toddlers’ social-emotional skills can “tug at heartstrings a little more effectively” (Interview 7). • Connect to related efforts already underway. For instance, CSA advocates in New Hampshire have begun making connections with the 65/25 Initiative, whose goal is to have 65% of the workforce earning a postsecondary credential by 2025 (Interview 11).
Conservative-leaning stakeholders	<ul style="list-style-type: none"> • Highlight improved quality of life. Rather than focusing on asset-building, talk about CSAs’ potential to “significantly alter the economic future of the state and therefore impact the quality of life in our state” (Interview 11). • Note culture of saving. Highlight CSAs’ potential to “build a culture of saving and investment,” which “will be associated with lower levels of need for government assistance” (Interview 11).
Financial institutions	<ul style="list-style-type: none"> • Share statistics on account uptake. Financial institution partners stand to gain new clients, boost the number of active accounts, and attract new investments (Interviews 5, 8). • Focus on shared interest. Financial institutions may primarily have a profit motive, while public partners may have more focus on LMI families (Interview 7). Focus on the overlap between the two: An inclusive program helps both goals. • Invite them to a meeting. Staff from Connecticut’s CSA invited their 529 fund manager to a CSA consortium meeting to help make the case (Interview 7).
Families	<ul style="list-style-type: none"> • Financial support. Be clear that families can receive seed deposits, matching funds, and other incentives simply by having an account, making deposits, or reaching milestones (Interview 12).
Less college-focused areas	<ul style="list-style-type: none"> • Focus on training to attain higher wages In areas where going to college is not in the “ethos,” it can be helpful to emphasize earning a credential that enables people to earn a living wage (Interview 22).

Role of the Federal Reserve Bank of Boston

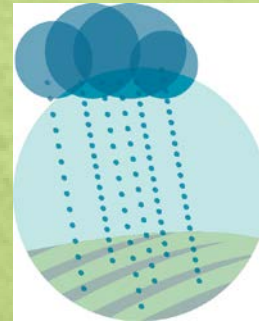
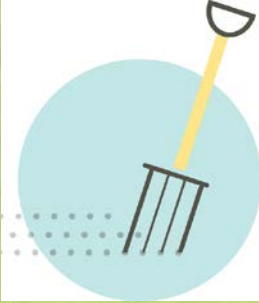
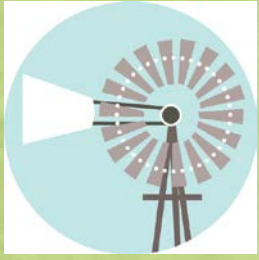
- Backbone organization
- Convener
- Technical assistance provider
- “Wind at the back” of existing efforts

Extent to which Federal Reserve Bank of Boston has furthered your CSA policy work



Count*
n = 23

*Respondents could select more than one option



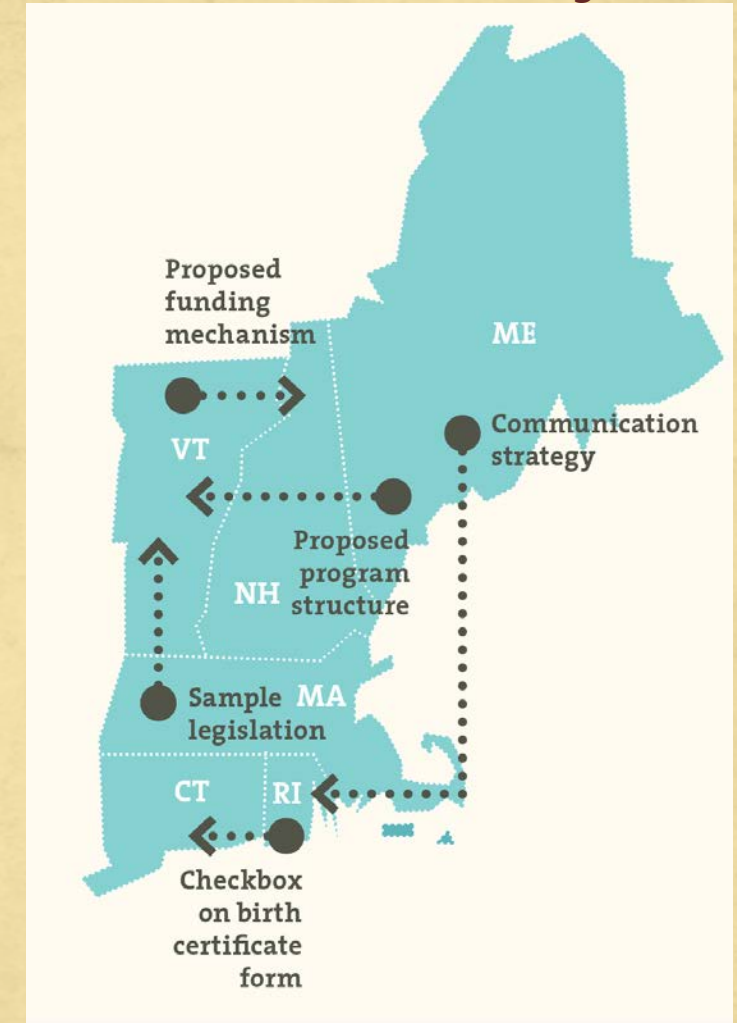
Cultivating CSAs: Share Seeds

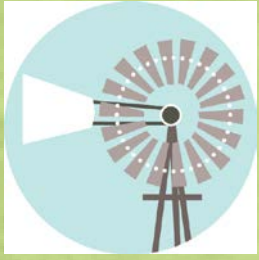
- Seeds: concrete ideas, tidbits of knowledge, promising practices, decisions and trade-offs

"I'm on a learning curve where my knuckles are white every day, which is exactly where I want to be, and I think it's where the program deserves to be."

[Interview 7]

"Seeds" shared in New England



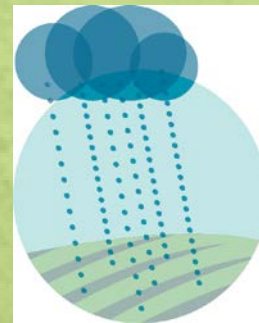


Cultivating CSAs: “Climate”



- Open communication and relationship-building

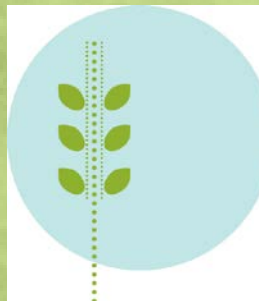
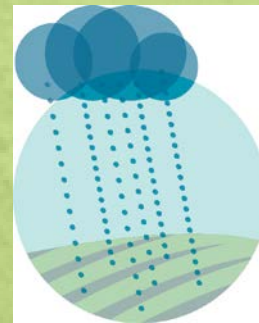
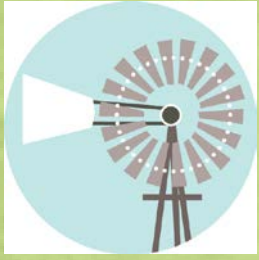
“...Being able to bounce ideas off of other people and have them say to me, you know, ‘Don’t try that. That’s stupid. We already tried it, and it fell flat on its face,’ or, ‘Yes, try this, it’s a much better way.’ That is totally invaluable to me.” [Interview 7]



- Shared regional aspirations and identity

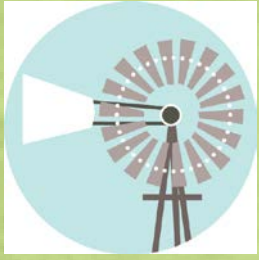
“Without the ability to look at that from a regional perspective...the worldview would be too small. We really benefit from being able to think of things from a much broader perspective and to learn from people who are dealing with the unique challenges of each of their states or their areas.” [Interview 9]





Cultivating CSAs: Cultivators

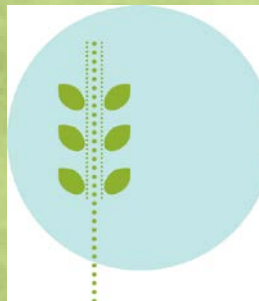
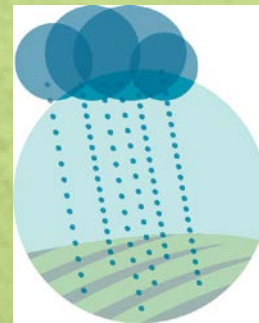
- Key legislators, funders, program experts, and advocates across the region supporting growth of CSAs in their own state and beyond
 - “Joint program” of Governor and Treasurer in CT – Governor highlighted CSAs in State of the State address
 - 529 Servicer in RI – idea for CollegeBound Baby
 - Harold Alfond in ME - \$500 to each grandchild
 - Anthony Poore of Boston Fed – the “driving force”



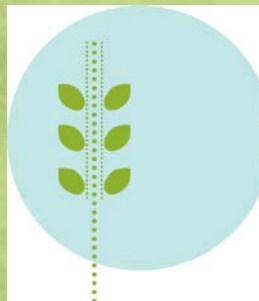
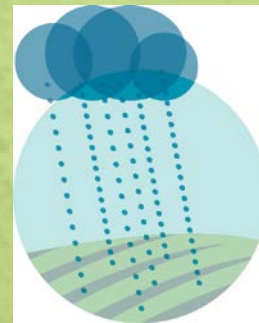
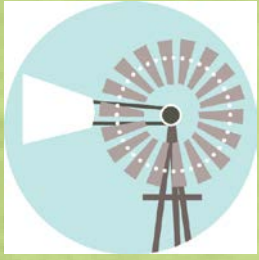
Cultivating CSAs: the Perfect Storm



- Synergy of support from multiple stakeholders in a specific timeframe that allows policy to advance
 - Rhode Island: RI Higher Education Assistance Authority, Health Department (working to update birth certificate form), and Secretary of Health
 - 2015 checkbox opt-in procedure
 - Led to fourfold increase in enrollment in CollegeBound Baby
 - Connecticut: Treasurer's office, 529 Provider, and Department of Public Health
 - CHET Baby Scholars staff member "happened to be sitting across the table" from Governor's staffers → Immediate change to birth certificate made to include opt-in procedure
 - Enrollment increased from approx 8 – 35% "overnight"



Lessons for Growing CSAs



LESSON 1:

**TAILOR
TO LOCAL
NEEDS AND
RESOURCES**

LESSON 2:

**CREATE A
REGIONAL CSA
CONSORTIUM**

LESSON 3:

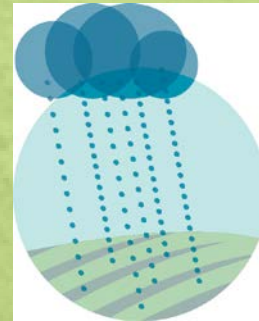
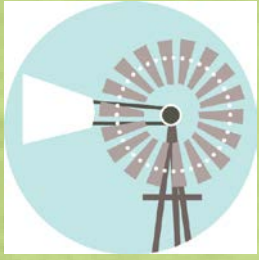
**BUILD STRONG
PARTNERSHIPS**

LESSON 4:

**MAKE THE CASE
STRATEGICALLY**

LESSON 5:

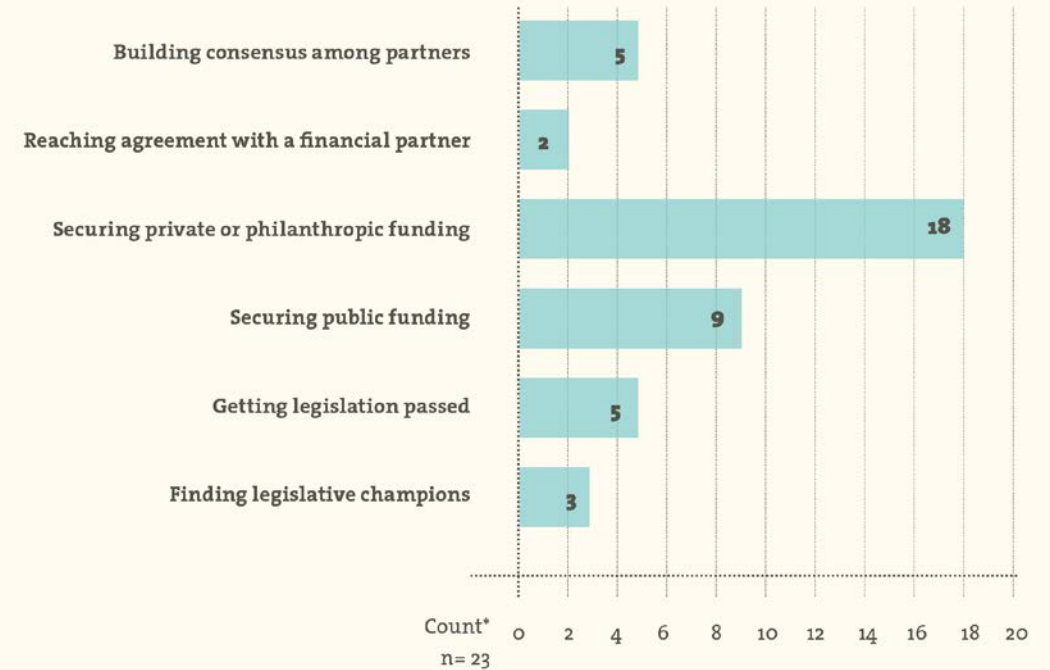
**GETTING TO
SCALE: PICK
YOUR PATH
WISELY**



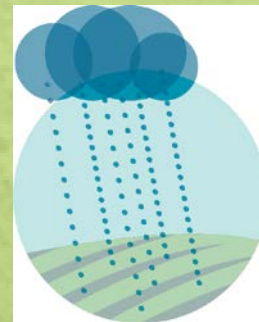
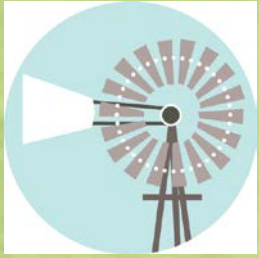
The Next Phase of Regional Work

- Support states and cities at early stages and continue to innovate/refine existing CSAs
- Identify metrics to demonstrate impact
- Secure public-private funding

Issues to address in next phase



*Respondents could select more than one option



Thank you!

- NE Consortium members for participating in the survey and interviews
- Anthony Poore and Ana Patricia Muñoz, Federal Reserve Bank of Boston
- Reviewers:
 - Joe Antolín, Asset Funders Network
 - Lucy Mullany, Financial Empowerment Consultant
 - Colleen Quint, Alfond Scholarship Foundation
- Charles Stewart Mott Foundation

Questions? Reflections?