

Children's Savings Accounts

New England CDAC Regional Convening

September 23, 2014



Children's Savings Accounts (CSAs)

👉 Long-term asset-building accounts established for children, as early as birth, and allowed to grow over their lifetime.

👉 Two Product Models

👉 A deposit-only savings account offered by traditional lender. ([K2C Model, San Francisco](#))

👉 A 529 savings plan (named for the relevant section of the federal tax code) is a state-sponsored, tax-preferred savings plan for qualified post-secondary education expenses. ([Harold Alfond, Maine](#))

👉 Either model can provide **savings matches** or other **incentives** to encourage positive savings behaviors – particularly those of lower income – to save.

Why Children's Savings Accounts?

- ✓ CSAs have the potential to expand economic and educational opportunities for low- and moderate income families & children.
- ✓ CSAs support the interest of States in increasing the percentage of its population with college degrees, certificates and credentials ([Lumina Foundation Goal 2025](#)).
- ✓ CSAs represent a long term investment in your citizenry while helping support and achieve New Hampshire's middle skills gap by addressing secondary education affordability.
- ✓ CSA's encourage and leverage, family, public and private capital resources.

What Does Current Research Suggest: *Assets, Empowerment & Opportunity*

College Readiness

Knowledge of Savings =

- Higher student and parental college expectations.
- Weak but positive effects on reading & math.
- Higher high school GPA

College Access

- Even 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.

What Does Current Research Suggest: *Assets, Empowerment & Opportunity*

College Completion

- Even 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

Growing Support

Key CSA Initiatives (currently running and in planning)



- States that incentivize 529s
- ★ Major **statewide** initiative
- ★ Major **municipal/county** initiative
- ★ Major **private/philanthropic** initiative
- ★ Major **Native American** initiative

State Initiatives

- 15 states incentivize deposits into 529 plans for some children
- Statewide CSA initiatives in Colorado, Nevada, Hawaii
- Child Support System Initiatives in Texas and Kansas

Municipal/County Initiatives

- K2C in San Francisco, CA and Cuyahoga County, OH program
- Housing as CSA platform in Puget Sound, WA and Cambridge, MA

Private/Philanthropic Initiatives

- Jackson, MS and Grand Rapids, MI
- KIPP in DC, NYC, Houston, Chicago
- EARN's Triple Boost, FUEL, Propel Schools, CollegeSet, Children's Aid Society

Native American Initiatives

- First Nations (NM)
- Lakota Funds (SD)
- White Earth Investment (MN)

New England Leads the Nation

Maine

- The [Harold Alfond Foundation](#) made changes to its CSA program in March, making Maine the first state to make college savings for newborns universal and automatic.

Rhode Island

- State Treasurer Gina Raimondo, is actively pursuing a broad universal CSA agenda. Every baby born or adopted as a Rhode Island resident on or after July 1, 2010 is eligible to receive a one time \$100 contribution to a [CollegeBound Baby](#) fund account.

Connecticut

- Governor Malloy recently established the [CHET Baby Scholars Fund](#). CHET Baby Scholars will deposit \$100 into a CHET account for children born or adopted on or after January 1, 2014. A second deposit of \$150 will be made if family and friends add at least \$150 to the child's enrolled CHET account within four years.

Vermont

- State Rep. Jill Krowinski and Poverty Council Chair intends to introduce a CSA Bill next legislative session with support from VT Student Aid Corporation and the State of VT Office of Economic Opportunity. State wide convening scheduled for Monday, Oct. 27th.

New England's Children's Saving's Account Consortium (Regional Effort)

- The newly formed New England CSA Consortium convened its first meeting on June 9th. The group met with the City of San Francisco's treasurer, Jose Cisneros, to learn more about his city's [Kindergarten 2 College CSA Program](#), established in 2010.

New England Leads the Nation

New Hampshire

- State Representative & Education Chair, Mary Gile sponsors & passes [NH HB 1146](#).
 - Establishes a committee to **study the feasibility of creating, structuring, managing, marketing, and funding** a kindergarten to college/career ready program and a universal college savings account, the purpose of which shall be to promote individual financial literacy among low and moderate income families.
 - Develop a **proposal for New Hampshire by November 1**, based on projected kindergarten enrollment in 2016, that addresses the **anticipated investment per student, guidelines for account maintenance, application procedures, and administrative costs.**
 - Members of NH's CSA Legislative Study Committee
 - Mary Gile, Deanna Rollo, Emily Sandblade, Richard Barry, Patricia Lovejoy