Selecting Incentives for Your CSA Program

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This document is part of a series of resources on CSA program design that are intended to supplement Prosperity Now’s CSA design guide, *Investing in Dreams*, which provides step-by-step guidance for developing a CSA program. Additional design resources can be found in the Starter Kit.

This document provides guidance on selecting incentives to organizations that are developing a Children’s Savings Account (CSA) program. It describes the common types of incentives CSA programs use, outlines key considerations and questions program designers should weigh when considering incentives options, and includes a table with examples of the specific incentives that a broad range of CSA programs use.

This document summarizes key information about incentives from chapter six of Prosperity Now’s CSA design guide, *Investing in Dreams: A Blueprint for Designing Children’s Savings Account Programs*. More detailed information, along with a worksheet for deciding on incentives, is available in the guide.

**Purpose of Incentives**

Children’s Savings Accounts (CSAs) are long-term savings or investment accounts that help children build savings for an asset-building purchase, most often postsecondary education. CSA programs differ, but they all have incentive structures to grow savings. The primary purpose of incentives in CSA programs is to build the balances in participants’ accounts. Incentives can also encourage families to save their own money into the account or promote behaviors associated with achieving financial capability or meeting college milestones.

**Types of Incentives**

**Initial Deposits** — These are “seed” deposits provided by the program upon account opening. Initial deposits ensure that all participants have at least some funding in their accounts, regardless of their ability to make contributions. This is the most popular type of incentive; nearly three-quarters of CSA programs offer an initial deposit.

**Savings Match** — These incentives match deposits that participating families make into their accounts. Matches are often made on a dollar-for-dollar basis, though programs can choose to provide other amounts, such as $.50 or $2 in match for every dollar saved. Sixty-four percent of CSA programs provide a savings match for their participants.

**Benchmark Incentives** — Participating children and their families earn these incentives for completing activities, reaching milestones or achieving goals such as completion of financial education, graduating...
from eighth grade and attainment of certain grades. Slightly less than half (46%) of CSA programs offer benchmark incentives.

**Prize-Linked Savings** — Participants earn an entry into a raffle or other prize contest based on their savings behaviors. Twenty-eight percent of CSA programs offer prize-linked savings incentives.¹

**Key Considerations for Selecting Incentives**

Deciding on incentives for a CSA program involves a set of considerations that can sometimes conflict. For instance, a program may want to promote equity by directing more incentives towards children from low-income families. On the other hand, verifying family incomes may add a significant administrative burden. Below are several key considerations program managers should weigh.

Evidence on the effectiveness of different incentives types is generally limited, but you can find a summary of the evidence in the *Quick Guide to CSA Research* (Part 2). Several CSA programs are currently conducting studies to add to the body of research.

**Program Goals**

To start, consider which types and amounts of incentives would best advance the program's goals. For example, if one of the program's goals is to increase the financial capability of parents, the program could offer a benchmark incentive for parents who meet with a financial coach.

**Administrative Burden**

The administrative burden of providing incentives varies significantly between different types. Benchmark incentives are the most complex to administer because they require collecting extra data or documentation on activities or milestones, often from a third party (e.g., a school or financial education provider).

Programs should carefully consider the number and complexity of benchmark incentives, the accessibility of the data or documentation needed to verify the incentive, and whether the amount of the incentive provided to the participant exceeds the cost of processing the incentive.

**Equity**

A key consideration is whether the incentives promote equity across race and income. Savings matches may lead to inequitable distributions of incentives because families with higher incomes can save more and earn more matches. Similarly, it is important to make sure that benchmark incentives are accessible

¹ More information on prize-linked savings is available on the Commonwealth website.
to families with low-incomes, limited English proficiency, “non-standard” work hours or other barriers to participation.

One option for promoting equity is to offer additional or higher incentives to children from low-income households. For example, children from low-income households could receive a higher initial deposit or additional benchmark incentives.

**Participant Feedback**

CSA programs should seek input on incentives from community members representative of potential program participants, rather than making assumptions about which incentives will meet the needs of participants and be most effective. For example, the Saint Paul CSA Task Force held focus group sessions with community members, soliciting feedback on potential incentive types and incorporating that feedback into a recommendations report for the Mayor’s Office.

**Cost**

The higher the number and amounts of incentives offered, the higher the annual costs of operating the program will be. The cost of the selected incentives needs to be aligned with the program’s available or anticipated funding, and the cost also needs to be sustainable in the long term.

Budgeting for savings matches or benchmark incentives can be difficult, because the amount of incentives that participants will “draw down” can be difficult to predict, especially for a brand-new program. The program will need to allow for some uncertainty in budgeting but ensure that it will have enough money to cover all incentives.

**Other Considerations**

Other factors to consider in selecting incentives include:

- **Incentives timeframe** — How many years will participants be eligible for the incentives? Will they only be offered in the first year of participation, for five years or until participants turn 18?
- **Incentives cap** — Will the amount of available incentives for participants be capped? If yes, will it be an annual or a lifetime cap?
- **Changing incentives** — Will the program offer different incentives for participants as the children get older? How will the program manage offering different incentives to participants in different age cohorts simultaneously?
Key Questions for Choosing the Right Incentives

The following are questions that program managers should consider when designing their programs. For additional reference, this fillable PDF file from *Investing in Dreams* may be used to record ideas and/or decisions.

**Program Goals**

- What are your program’s goals, and which type(s) of incentives are best suited to help you achieve those goals?

**Administrative Burden**

- Given the program’s administrative capacity, what is a reasonable number of incentives to offer at program launch?
- What resources are needed to administer the incentives you would like to offer (i.e. staff time, database system, partnerships with other agencies and organizations)?
- For benchmark incentives, where would the data needed to verify incentives come from?
  - Would data be tracked automatically, or would the verification have to be done manually?
  - If the latter, is that feasible given the expected scale of the program at full rollout?

**Equity**

- How can incentives be designed to help promote equity across race and class?
- Should the program offer the same incentives to all participants, or offer progressive incentives, in which lower-income participants receive higher/additional incentives?
- What barriers might families—particularly families of color and families with low incomes—face in taking up the incentives? How can those barriers be eliminated?

**Cost**

- How much will it cost per year to provide the incentives?
- How will the program handle the budgeting uncertainty involved in offering benchmark incentives or savings matches?

**Other Questions**

- Will there be time limits or caps on earning incentives?
- Will incentives change as children get older?
- What will the process be for periodically assessing the effectiveness of incentives and making changes, if necessary?
A Closer Look: Incentives Offered by College Kids and Promise Indiana

College Kids (St. Louis, MO)

Started in 2015 by St. Louis Treasurer Tishaura Jones, the College Kids program encourages children to think about postsecondary education from a young age. The program automatically opens a CSA at a local credit union for every kindergartener in St. Louis public and charter schools and seeds the account with $50. College Kids provides other incentives, including matching parents’ savings and an additional deposit for parents or caregivers completing financial education classes.

More than 90% of children in St. Louis public schools are on free or reduced lunch, so the College Kids program sought incentives that enabled families with limited incomes to grow their CSAs, such as the financial education incentive. The program also offers an incentive for meeting with the Office of Financial Empowerment’s financial well-being coach. For each session a parent or caregiver has with the coach, the child receives a $5 deposit.

Promise Indiana

Promise Indiana is a CSA program consisting of comprehensive activities for youth and families in 25 Indiana counties designed to build hope for their future and create a college-going culture. The program provides a $25 initial deposit, a three-to-one match of up to $75 if families save $25 of their own money, and several benchmark incentives.

To design the benchmark incentives, Promise Indiana staff asked teachers to identify behaviors and metrics that predict students will be successful. Staff then used the CSA program to incentivize those behaviors. For example, children can earn benchmark incentives for turning in 90% of homework or achieving a reading goal in fourth grade.
# Examples of Incentives Offered by CSA Programs

<table>
<thead>
<tr>
<th>Program Name</th>
<th>Location</th>
<th>Number of Participating Children (as of 2018)</th>
<th>Initial Deposit Amount</th>
<th>Savings Match</th>
<th>Benchmark Incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boston Saves</td>
<td>Boston, MA</td>
<td>1,750</td>
<td>$50</td>
<td>$5 for every $25 deposited per quarter</td>
<td>$25 for linking account in program portal; additional $25 for linking within first 90 days</td>
</tr>
<tr>
<td>CHET Baby Scholars</td>
<td>Connecticut</td>
<td>10,000</td>
<td>$100</td>
<td>1:1 match of deposits up to $150 if $150 deposited by child’s fourth birthday</td>
<td>Up to $30/year based on annual attendance; $50 for parents meeting with financial coach</td>
</tr>
<tr>
<td>College Kids</td>
<td>St. Louis, MO</td>
<td>13,000</td>
<td>$50</td>
<td>1:1 match of deposits up to $100 per school year</td>
<td>Up to $30/year based on annual attendance; $50 for parents meeting with financial coach</td>
</tr>
<tr>
<td>Harold Alfond College Challenge</td>
<td>Maine</td>
<td>93,000</td>
<td>$500</td>
<td>50 cents on the dollar matched, up to $300 (through NextGen matching grant)</td>
<td>Up to $30/year based on annual attendance; $50 for parents meeting with financial coach</td>
</tr>
<tr>
<td>Keystone Scholars</td>
<td>Pennsylvania</td>
<td>950²</td>
<td>$100</td>
<td></td>
<td>$5 for completing summer reading program; $5 for Positive Behavioral Intervention &amp; Support; $5 for first five deposits during calendar year of account opening</td>
</tr>
<tr>
<td>KickStart to Career</td>
<td>Barry County, MI</td>
<td>2,181</td>
<td>$50</td>
<td></td>
<td>$10 for depositing within 1st two months; $10 a month (up to six times) for monthly deposits in 1st year; $20 for logging into account</td>
</tr>
<tr>
<td>Kindergarten to College</td>
<td>San Francisco, CA</td>
<td>35,000</td>
<td>$50</td>
<td></td>
<td>$10 for depositing within 1st two months; $10 a month (up to six times) for monthly deposits in 1st year; $20 for logging into account</td>
</tr>
</tbody>
</table>

² This enrollment number is from the pilot year of Keystone Scholars in 2018, when it operated in only six counties. The program expanded statewide in 2019.
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</tr>
</thead>
<tbody>
<tr>
<td>NYC Kids RISE Save for College</td>
<td>New York City, NY</td>
<td>6,000</td>
<td>$100</td>
<td>1:1 match of deposits up to $100 from first to third grade.</td>
<td>Registering to view Scholarship Account; linking an account in portal; depositing the first $5 into account</td>
</tr>
<tr>
<td>Oklahoma Native Assets Coalition CSA Program</td>
<td>Oklahoma City, OK</td>
<td>600</td>
<td>$100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promise Indiana</td>
<td>25 counties in Indiana</td>
<td>14,300</td>
<td>$25</td>
<td>$75 for a $25 deposit, participants eligible for each year in K-3rd grade</td>
<td>Reading goals, community service, completing college cost calculator</td>
</tr>
<tr>
<td>Springboard to Opportunities CSA Program</td>
<td>Jackson, MS</td>
<td>200</td>
<td>$50</td>
<td>$2 for each A or B on report card; $10 for missing fewer than five school days per year; $5 for attending a financial education workshop</td>
<td></td>
</tr>
<tr>
<td>Tacoma Housing Authority CSA Program</td>
<td>Tacoma, WA</td>
<td>180</td>
<td>$50</td>
<td>1:1 match of deposits up to $400 annually until participant completes elementary school</td>
<td>Attendance; GPA; College Bound Scholarship completion; meeting grade standards on reading and math</td>
</tr>
</tbody>
</table>
Additional Resources

- **Investing in Dreams: A Blueprint for Designing Children’s Savings Account Programs** – An interactive guide to help organizations, cities, counties and states design successful CSA programs.
- **Designing a Children’s Savings Account Program—Key Considerations** – A brief overview of the key considerations for designing a CSA program.
- **Quick Guide to CSA Research: An Overview of Evidence on Children’s Savings Accounts** – A guide summarizing current research on CSAs’ effects and outcomes, offering a quick reference to the types of research backing each finding.
- **CSA Budget Calculator** – An interactive tool that helps users put together an overall budget for their CSA program, including estimating the cost of different types of incentives.

*If you have questions on this document or need additional support in designing your CSA program, contact* savingsforkids@prosperitynow.org.