Why Community Foundations Make Perfect Partners for Children’s Savings Account Programs:

Lessons from the Family Economic Security Action Alliance
Acknowledgements

The lessons accumulated for this document came from three community foundation teams that participated in the CFLeads Family Economic Security Action Alliance (Alliance) in 2017. These three teams, listed below, worked to strengthen their Children’s Savings Accounts (CSA) programs throughout this year-long learning cohort. We are grateful for their willingness to share what they learned with the broader community foundation field.

Barry Community Foundation
Community Foundation of Wabash County
Whatcom Community Foundation

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CFLeads is a national network of community foundations working together to build strong communities. It builds the organizational capacity and practice of community foundations to exercise community leadership, shares knowledge about community foundation best practices, and galvanizes community foundations to take action on the critical issues of our time.

Previously known as Corporation for Enterprise Development, Prosperity Now’s mission is to ensure everyone in our country has a clear path to financial stability, wealth and prosperity. It does this by opening the door to opportunity, helping people build wealth and enabling meaningful mobility together.

Contents

Introduction ......................................................... 2
Background .......................................................... 3
Making the Case: Why Community Foundations Can Be an Ideal Partner for CSA Programs 4
Possible Roles for Community Foundations in Supporting CSA Initiatives 5
Key Challenges for Community Foundations in Supporting CSA Programs 7
Lessons Learned and Implications 8
Conclusion ............................................................. 9
Introduction

Spurred by an expanding field of practice, increasing support from state and local governments, and a strong body of research, children's savings accounts (CSAs) have emerged in the past fifteen years as a promising strategy for building assets and educational expectations for children and youth. To be effective, all CSA programs need local partners to support various aspects of program execution, including building community connections, helping with advocacy and outreach, and assisting program delivery. Moreover, they need enough resources to fund both savings incentives for participants and core operating costs. Partnerships with community foundations can add value in all these areas. In recent years, community foundations from Maine to California have become engaged in a variety of ways—as conveners, funders, policy champions and direct service providers—to support CSA programs.

In this brief, we articulate why collaboration between community foundations and CSA programs is in their mutual interest. We describe the variety of roles that community foundations can play in promoting the growth and success of CSA programs, and then identify the primary challenges encountered by community foundations in supporting CSAs. The brief concludes with key lessons learned about collaboration between community foundations and CSA programs.

This brief was designed primarily to educate CSA practitioners and community foundation staff about the benefits of collaboration. It may also be of interest to a wider audience in the fields of asset building and philanthropy. The ideas and findings in this brief are based primarily on in-depth interviews and in-person meetings with board members, executives and senior staff from three community foundations. All three are deeply engaged in local CSA initiatives and are part of a learning cohort that is exploring ways to strengthen and deepen the involvement of these community foundations with CSA programs (see box). We supplement the specific insights from this community foundation learning group with additional observations from our respective experiences of working with community foundations and CSA programs.

The Family Economic Security Action Alliance

Led by CFLeads—a national network of community foundations working together to build strong communities—the Family Economic Security Action Alliance (Alliance) brought together six community foundation teams to further an agenda that helps low-income families increase their financial self-sufficiency and stability. Developed with support from with the W.K. Kellogg and Charles Stewart Mott Foundations, the Alliance met three times in 2017 and helped community foundation participants drive local, regional and state action on behalf of low-income families. It aimed to advance policies and programs that: 1) increase family financial assets through CSAs, and 2) create and improve access to jobs and opportunities by influencing anchor institutions to buy and hire locally. Three community foundations in the Alliance focused on CSAs throughout this year-long learning opportunity. All three organizations, listed below, have since joined the 2018 Asset Development Action Alliance, a cohort comprised of six community foundations that are focusing exclusively on advancing the adoption and expansion of CSAs.

- Barry Community Foundation, Hastings, Michigan
- Community Foundation of Wabash County, North Manchester, Indiana
- Whatcom Community Foundation, Bellingham, Washington
Why Community Foundations Make Perfect Partners for Children’s Savings Account Programs

Background

About CSAs

Children’s Savings Accounts (CSAs) are long-term savings or investment accounts that help children and their families—especially those from low-income families—build savings for the future. To help accounts grow, accountholders receive incentives such as initial deposits and savings matches from third parties (e.g. government entities or nonprofits). Family, friends and the children themselves also make contributions.

Account funds are restricted until children reach adulthood, and savings are usually used to pay for postsecondary education, though some programs allow other asset purchases, such as a home or a small business. The goal of most CSA programs is to build a college-going identity in children, provide some of the financial means to pursue postsecondary education, and increase enrollment in and completion of postsecondary education.

Based on the most recent survey of CSA programs, over 382,000 children in 32 states and the District of Columbia have a CSA.1 CSA programs range in size from small, community-based programs to universal programs that enroll all children at the city or state levels. Studies show the positive impacts of CSAs. A randomized control trial in Oklahoma finds that having a CSA with an initial deposit of $1,000 results in improved early social-emotional development among disadvantaged children, improved parents’ expectations for their children’s education and lower maternal depression rates.2 Research by Willie Elliott from the University of Michigan concludes that low-income children with $500 or less in a college savings account are three times more likely to attend college and four times more likely to graduate than their peers without dedicated savings.3

About Community Foundations

As community-minded, permanent and independent institutions, community foundations are civic institutions that bring together resources and relationships to address the community’s most pressing problems. A growing number of community foundations are using an expanded set of tools to achieve their mission. They connect with residents, collect and share data about the community and partner with government and other sectors to bring about positive change. Community foundations also leverage the financial resources of individuals, private foundations, businesses and government at all levels to support the community. Through their own grantmaking, community foundations distributed an estimated $4.3 billion in 2011 to support a variety of nonprofit activities in fields that included the arts and education, health and human services, the environment, and disaster relief, according to the Council on Foundations.

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Making the Case: Why Community Foundations Can Be an Ideal Partner for CSA Programs

There are a number of reasons why community foundations—because of their unique history, mission and structure—are particularly well-suited to supporting CSA programs:

- **Community Foundations are Collectors and Aggregators of Resources.** Community foundations are most commonly recognized for their philanthropic activities, which fund a wide range of charitable ventures in their communities. In fact, foundations (both larger charitable foundations and community foundations) are the most common source of funds for CSA programs. According to Prosperity Now’s State of the Children’s Savings Field survey, 69% of CSA programs receive support from philanthropic sources. Community foundations are adept at leveraging myriad local funders and engaging these funders in their work. Moreover, with responsibility for working with multiple donors, community foundations are proficient at holding and managing funds, a capacity that may prove particularly useful to CSA programs.

- **Community Foundations Have a Broad Community Betterment Mission.** All community foundations are committed to addressing important community needs. As they often work on issues that have broad community implications, many community foundations have adopted a specific focus on improving household economic security in their communities. Through a widely distributed survey in late 2014 and early 2015, CFLeads collected data on U.S. community foundations to capture the extent to which they worked to increase family economic security and to determine the specific types of activities they were conducting. Nearly 90% of respondents reported working in one or more broad areas of improving family economic security. The types of activities being supported by community foundations that were most frequently cited included job training (69%), financial literacy services (69%), transportation access (69%) and regional/local development (64%). Moreover, most community foundations that responded indicated working in more than one of these areas. While the survey did not specifically ask about engagement with CSAs, the overall category of “asset development,” including programs and policies that help low-income people increase their income and financial security (such as financial literacy and debt-reduction services), was one of the four main categories that the survey explored.

- **Community Foundations are Permanent.** By virtue of their fiduciary responsibility to manage philanthropic capital for the long-term good of the community, community foundations are permanent institutions. This is another reason why community foundations may be particularly well-suited to supporting CSA programs. CSAs are a unique intervention designed to produce long-term change for kids and families and represent an investment whose duration may last almost 20 years (i.e., birth to 18). This can create some challenges for CSA programs as they seek to document long-term impacts and find partners for the long-haul. As partners, community foundations can be counted on—in whatever role they may take on—to be there when today’s young savers become teenagers and adults.

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4 CFLeads, “Family Economic Security: 2015 Survey Findings,” 2015. The survey was widely promoted and conducted in December 2014 through January 2015. In all, 117 community foundations responded to the survey — including 59% of the 100 largest community foundations. The overall response rate was 17%.
Possible Roles for Community Foundations in Supporting CSA Initiatives

In our work with the three community foundations that are part of the Family Economic Security Action Alliance, all of which are either deeply engaged with local CSA programs or are far along in planning to implement CSAs, we identified a variety of roles that community foundations can play in supporting CSAs. These roles are in no particular order, and in some cases may overlap, but we share them to demonstrate the range of ways community foundations can support CSA programs.

- **Cross-Sector Convener.** Among the community foundation sector’s greatest strengths is the respect and value it receives for its community betterment mission. In this regard, community foundations are well-positioned to convene and facilitate community-wide conversations or planning processes that engage public, private and nonprofit partners in discussions regarding important innovations, such as CSAs. From a logistics standpoint, community foundations also often have the physical meeting space and staff capacity to support this role. Whatcom Community Foundation in Bellingham, WA, which is leading a CSA planning process in its community, is a good example of a community foundation that sees this as its greatest strength. Whatcom Community Foundation is leading a community conversation about CSAs and getting community buy-in about implementing a local program.

- **Grantmaker.** As philanthropic organizations, community foundations can play a key role in funding CSA programs. Though the level and kinds of funding resources vary among community foundations, one key way that community foundations can support CSA programs is as a grantmaker. This includes making discretionary grants to fund core operating costs or savings incentives for CSA savers. The San Francisco Foundation is a good example of a community foundation that made use of discretionary grants to provide early and generous support to the San Francisco Kindergarten to College (K2C) program, the first city-wide CSA program in the country. Community foundations can also mobilize resources from individual donors by working with individual donors to provide funding to CSAs. Many community foundations have donor relations functions and provide regular ongoing donor engagement that has the potential to lead to funding support for CSAs.

- **Community Fundraiser.** Another way that community foundations can help provide funding for CSA programs is by mobilizing public and private funding sources. A good example of this is the Barry Community Foundation (BCF) that manages the Kickstart to Career program, which opens CSAs for all incoming kindergarten students in Barry County, MI. BCF is one of seventeen CSA programs that are partners with the 1:1 Fund, an online funding platform established by Prosperity Now that makes it easy for CSA programs to raise savings incentives from individual donors, large and small. Since joining the 1:1 Fund, BCF has been one of the 1:1 Fund’s most successful partners and has raised more than $70,000 from over 250 local individuals and businesses to match the savings of participants in Kickstart to Career.

- **Service Provider.** Essential in some CSA programs, the local community foundation occasionally plays a direct service role as part of a CSA program. Since all community foundations have expertise in funds management, managing funds for a CSA program is one possible direct service role. Both the Barry Community Foundation and the Community Foundation of Wabash County (CFWC), which manages an Early Award Scholarship Program for 4th to 8th graders, play such roles. In both cases, the community foundation aggregates contributions from public and private sources to fund savings matches and other incentives awarded to the student’s accounts, and is responsible for managing account information and reporting. CFWC also manages account matches for families making deposits under the Wabash County Promise CSA program for students in kindergarten through 3rd grade. In addition, both

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5 For more information on the 1:1 Fund, see https://www.1to1fund.org/.
foundations are responsible for enrolling students and families, marketing the program, and recruiting and managing partners.

• **Influencer.** Another role that community foundations are well-suited to play is helping to connect or build relationships between CSA programs and individuals, organizations and/or networks in the community that have the resources, skills, expertise and capacity to support a CSA program. Whatcom Community Foundation provides a good example. WCF is generally interested in the health and well-being of local residents. Given increasing interest nationally and locally in the social determinants of health, WCF has helped build relationships with the local hospital and health department as part of the process of planning and developing a CSA program for Whatcom County. As part of this process, WCF is also working to promote connections to important college-going resources that are closely related to CSAs, such as the College Bound Scholars program in Washington State, which provides generous financial aid to low-income students who apply in middle school and meet several College Bound pledge requirements while in high school.

• **Policy Champion.** Finally, community foundations can also play an important role to shape and influence public policy or change institutional structures and systems. The Community Foundation of Wabash County, through its Early Award Scholarship Program, is engaging donors and stakeholders in re-thinking the delivery of financial aid and pursuing strategies to convert traditional scholarships for use as an “early award” to fund CSAs and better reach low-income students. By introducing the Early Award Scholarship model to donors and other funders interested in supporting scholarships for low-income families, CFWC is creating a new system of delivering financial aid for higher education. CFWC brings a systems-change lens to its work in support of CSAs in Wabash County.

CFWC has also been working to change public perceptions about education and create a vision for the community’s future as one that is education-dependent. For leaders at CFWC, the challenge is not just to help the community understand the mechanics of CSAs, but rather to build a larger conversation around CSAs that engages the community in thinking about how educational attainment helps attract and retain talent locally.
Key Challenges for Community Foundations in Supporting CSA Programs

As is the case with most other programmatic tools or interventions, there are many important details associated with delivering CSAs. Most CSA programs face a common set of challenges, such as engaging children and families, defining appropriate evaluation and monitoring metrics, and managing accounts—all of which are described elsewhere. What we describe below are several key challenges that are common to community foundations that support CSA programs:

• **Finding the Proper Role for Your Community Foundation.** As noted above, there are a number of possible roles that community foundations can play in supporting CSA programs and examples of community foundations that play all of these roles. In each role, a community foundation can add value and contribute to the overall goals of the CSA program. Yet, a key challenge we’ve noted in working with community foundations is that each community foundation needs to identify the proper role to play in supporting its community’s CSA program. In some cases, this may involve playing an important day-to-day role, as BCF does in administering Kick Start to Career. In other cases, this may involve a more supportive role as facilitator and funder. In all cases, community foundation leaders must think strategically about their relative strengths and weaknesses and the role that other partners in the community already play or could play. Most importantly, community foundations don’t always have to “do it all” to make CSAs a success in their communities.

• **Managing Staff Capacity.** Most community foundations are active on a range of community issues and play multiple key community leadership roles. All of these require resources and staff. Yet, according to the Community Foundation Atlas, two-thirds of community foundations have five or fewer employees. Community foundations eager to support CSAs must strategically assess their proper role (see first bullet), and then consider their available staff resources and their particular skills.

• **Forming and Maintaining Strong Partnerships.** CSA programs rely on collaboration with key partners to achieve their programmatic goals. In addition to supporting the design of CSAs, local partners are almost always critical sources of support in delivering specific CSA program elements (e.g. outreach and public awareness, financial capability training and—when accounts are housed at a bank—accounts management). Adept at working in and across sectors, community foundations troubleshoot issues and barriers, fill service gaps or recruit partners to do so, and when appropriate, enlist local institutions to help. At the same time, when the community foundation assumes the lead role as a program manager, it may be important to enlist additional local partners to strengthen and sustain the CSA effort over time.

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Lessons Learned and Implications

We have identified key lessons from studying collaboration between community foundations and CSA programs, and working with community foundation leaders that are involved in these collaborations. We share these lessons below, along with some implications for others considering this kind of collaboration:

- **Community Foundations Are Motivated to Become Engaged in CSAs for a Variety of Reasons.** One of the strengths of CSAs is that they are a flexible wealth-building tool that can meet a variety of objectives. In fact, some even refer to CSAs as a “Swiss army knife” because CSA programs have been established to achieve a range of goals, including building assets, developing regular saving habits, building future expectations, promoting higher education access and learning important financial skills. This flexibility has been critical to the growth of the CSA field, as various communities have tailored CSAs to fit their own particular community context. Accordingly, community foundations that support CSA programs report becoming engaged for a variety of reasons including alleviating poverty, improving the social determinants of health, improving early childhood outcomes, promoting higher education attainment, developing workforce skills and promoting equity. Clearly, there is no single reason why community foundations collaborate with CSA programs. For CSA programs seeking to partner with a local community foundation, it’s not necessary to attempt to achieve all of the possible goals of CSAs. Rather, just make sure you’re focused on at least one key objective that matters to your community foundation.

- **The Engagement of Community Foundations in CSA Initiatives Is Not Limited by a Community Foundation’s Asset Size.** Community foundations come in all shapes and sizes, and their engagement with CSA programs reflects the broad diversity of the field. Some of the largest community foundations, such as The San Francisco Foundation (with total assets more than $1 billion), have played important roles in catalyzing CSAs in their communities. At the same time, some relatively modest-sized community foundations, such as the Barry Community Foundation (with total assets less than $35 million) have not only helped to catalyze CSAs, but also play an important role in delivering CSAs. No matter their size, community foundations can play an important role in launching and sustaining CSA programs if they fit their core mission.

- **There Is No One-Size-Fits-All Model for How Community Foundations Can Support CSA Programs.** As we noted earlier, community foundations can succeed in a range of roles to support CSA programs, including serving as conveners, influencers, policy champions, funders and service providers. A distinct quality of community foundations is that each is unique to its own community, and each can be flexible about what work it takes on. When the situation calls for it, community foundations may choose to take a more involved role in supporting CSAs. At the same time, community foundations should not feel they must act alone for CSAs to succeed. In many cases, simply identifying the right partner(s) is the key to generating the desired impact and systems change.
Community Foundations Can Be a Key Source of Innovation in CSA Programs. The CSA field is relatively new, and there continues to be a tremendous amount of innovation in program design and delivery. As a source of funds, but also as influencers and policy champions, community foundations are well-placed to help drive innovation in CSA programs. One good example is the role that community foundations are playing in transforming the use of traditional, donor-driven scholarship funds. As key higher education funders, a number of community foundations—such as the Community Foundation of Wabash County—are among a vanguard of funders that are re-thinking the impact of their investments in college scholarships, believing that children from low-income families are underrepresented in the traditional scholarship applicant pool. Students of color and first-generation college-goers are often underrepresented here as well. As referenced earlier, one emerging approach is to re-program some scholarship dollars (typically awarded to high school graduates) into incentives rewarding early school success for CSA participants, reaching students who might otherwise decide that post-secondary education was not an option for them. This can be thought of as one type of “early award” scholarship strategy that involves different timing in committing funds than traditional scholarships, but that ultimately meets the same goal of higher education access and success. This kind of innovation can create a win-win scenario on both sides—with potentially greater returns for community foundations interested in more impact from their investments while creating a new source of incentives for CSA programs eager for strategies to grow and sustain their funding over the long haul.

Conclusion

CSAs are a flexible wealth-building tool that can meet a variety of objectives. These include building assets, developing regular saving habits, building future expectations, promoting higher education access and learning important financial skills. Community foundations can be an ideal partner in the planning, design and execution of CSA programs. Community foundations are permanent institutions that have resources and are also able to manage resources for the long term. They are adept at leveraging and engaging myriad local funders, and, in many cases, are committed to advancing improved household economic security as part of their mission. As one community foundation leader affirmed to us, “CSAs are in the ‘wheelhouse’ of community foundations.”