Growing Evidence: An Overview of CSA Research & Implications for the Field

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Welcome

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www.savingsforkids.org
Housekeeping

- This webinar is being recorded and will be available online and emailed to those who registered
- All attendees are muted to ensure sound quality
- **Ask a question any time** by typing the question into the text box of the GoToWebinar Control Panel
- If you experience any technical issues, email gotomeeting@prosperitynow.org

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Just listen through your computer with speakers or headphones!
Our mission is to ensure everyone in our country has a clear path to financial stability, wealth and prosperity.

(formerly CFED)
Campaign for Every Kid’s Future

Join today to help achieve our vision of 1.4 million Children’s Savings Accounts by 2020!

www.savingsforkids.org
Today’s Agenda

• Background & Introductions
• What We Know from Research on CSAs
• Research in Practice: Oakland Promise Brilliant Baby
• Discussion: Implications of CSA Research
• Q&A
• Resources & Close
What Are CSAs?

• **Long-term** savings or investment accounts for children (0-18)
• Usually used for **postsecondary education**
• Provide **incentives** to build savings (e.g., seed deposit and matches)
• Account withdrawals are **restricted**

**OPEN ACCOUNT**
Accounts—opened as early as birth or kindergarten—are seeded with initial deposits.

**GROW SAVINGS**
Accounts grow through family contributions and incentives, such as savings matches.

**ATTEND COLLEGE/TRAINING**
Savings help pay for postsecondary education.

**GRADUATE**
Children with a college account with $500 or less are 4x more likely to graduate.
What We Know from Research on CSAs

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Becca Loya
Senior Research Associate, Institute on Assets & Social Policy Brandeis University

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Quick Guide to CSA Research

PART 1: Effects of CSAs on Education, Health and Wellbeing, Equity, and Economic Mobility

CSA programs have been associated with positive outcomes for children and parents across a range of domains, including access to and success in postsecondary education; improved health and wellbeing; economic and racial equity; and improved economic mobility and financial capability. This section summarizes the research on the interim and long-term effects in each of these domains. Table 1 offers a visual summary of this section, including the strength of evidence in each domain. The strongest evidence comes from randomized controlled trials, which minimize the risk of bias. Other kinds of evidence include findings from quasi-experimental, qualitative, and survey research; program evaluations; and studies of secondary data, such as national data sets that are not specifically about CSAs.

Table 1. Overview of Effects of CSAs on Education, Health, Equity, and Economic Mobility

<table>
<thead>
<tr>
<th>Domain</th>
<th>Interim Effects</th>
<th>Long-term Impact</th>
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| Postsecondary Education       | * Savings for postsecondary education  
                                 | * Parents’ educational expectations  
                                 | * Children’s educational expectations  
                                 | * Academic achievement                   | * Postsecondary enrollment and completion |
| Health and Wellbeing          | * Mothers’ psychological wellbeing  
                                 | * Positive parenting behaviors  
                                 | * Youth psychological wellbeing  
                                 | * Child development and social-emotional functioning | * Long-term health outcomes               |
| Equity                        | * Inclusion of low- and moderate-income (LMI) families  
                                 | * Universal, automatic CSAs reduce disparities in account holding and savings  
                                 | * Progressive incentives reduce inequities in college savings  
                                 | * Reduce the college savings gap between poor and non-poor families | * Potential to reduce racial wealth gap   |
| Economic Mobility and Financial Capability | * Reduced student loan debt  
                                 | * Workforce development  
                                 | * Increased financial capability  
                                 | * Connections to mainstream financial institutions | * Economic mobility  
                                 | * Workforce development  
                                 | * Higher savings and account ownership in young adulthood |                                                             |

Strength of Evidence:

- Strong Positive Evidence
- Strong Negative Evidence
- Some Positive Evidence
- Some Negative Evidence
- Inconclusive/Not Yet Tested
Postsecondary Education

College Savings

- ↑ likelihood of having college savings & higher balances with universal, automatic CSAs (Beverly, Clancy & Sherraden, 2016)

Parental Educational Expectations

- ↑ expectations; parents place more importance on college education (Kim, Sherraden, et al., 2015; Hashmi, 2014; Marks, Rhodes, et al., 2009)

Children’s Educational Expectations

- More likely to plan to attend college (Long, 2016)

Academic Achievement

- Higher attendance rates; grades & standardized test scores ↑ (Long, 2016; Elliott, 2018; Elliott, Jung & Friedline, 2010)
Health and Wellbeing

Psychological wellbeing of parents and youth

- ↓ symptoms of maternal depression (Huang, Sherraden, & Purnell, 2014)
- Having an account ↑ sense of security “able to worry less” (Gray, et al., 2012; Scanlon & Adams, 2008)
- Youth who saved: ↑ self perception “proud, confident, happy” (Scanlon & Adams, 2008)
- ↓ frequency that parents scream at their children (Nam, Wikoff, & Sherraden, 2014)

Child development and social-emotional functioning

- ↑ social-emotional functioning, with similar effect size to Early Head Start (Huang, Sherraden, & Purnell, 2014)
- Lessens negative effects of material hardship on child development (Huang, Kim, & Sherraden, 2017)
Equity

College savings gaps

• Low income families participate in CSAs (opt-in and opt-out) at higher rates than traditional 529s (Elliot, 2018)

• Racial disparities in deposits and account accumulation occur in CSAs: Latinos, Native Americans, and African Americans fall behind White and Asian participants (Mason et al., 2009)

Racial wealth gap

• A universal, progressive national CSA could close the Black/White gap by 23% and the Latino/White gaps by 28% (Sullivan et al., 2016)

• Program design matters: modeling the effect of universal, progressive CSAs with matched savings for Illinois predicts Black and Latino families would see greater wealth gains (Buitrago & Mullany, 2017)
Economic Mobility & Financial Capability

Economic Mobility and Workforce Development

- Parental savings ↓ student loan debt (Elliott, Lewis, et al., 2014)

Financial Capability

- CSA + FLE ↑ financial capability among elementary school students (MS Sherraden, Johnson, et al., 2011)
- ↑ connections to mainstream financial institutions (Elliott & Lewis, 2015; Huang, Nam, et al., 2013)

Interim

- Parents’ & kids’ account ownership in childhood: ↑ savings account ownership in young adulthood (Friedline, 2014)
- Kids’ account ownership in childhood: ↑ savings as young adults (Friedline, 2014)
## CSA Design Features & Outcomes

<table>
<thead>
<tr>
<th>Design Features</th>
<th>Participation</th>
<th>Engagement</th>
<th>Account Accumulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universal, automatic enrollment</td>
<td>↑</td>
<td>↓</td>
<td>?</td>
</tr>
<tr>
<td><em>(compared to opt-in)</em></td>
<td></td>
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<tr>
<td>Account type: 529</td>
<td>?</td>
<td>?</td>
<td>↑</td>
</tr>
<tr>
<td><em>(compared to savings account)</em></td>
<td></td>
<td></td>
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<tr>
<td>Initial deposit/seed</td>
<td>↑</td>
<td>↑</td>
<td>↑</td>
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<tr>
<td>Savings match</td>
<td>↑</td>
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<td>?</td>
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<tr>
<td>Benchmark incentives</td>
<td>?</td>
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Takeaways on Program Features

• **Universal automatic enrollment**: Key to reaching everyone
  ▪ But not always politically or practically feasible

• **Account type**: There is no one answer
  ▪ New hybrid accounts may be needed to meet all of our needs

• **Financial incentives**
  ▪ Incentives matter, particularly for LMI families
    o In many cases, effects of individual incentives on specific outcomes have not tested
    o Particular set of incentives that “works” may vary with location and context
Poll Question

Which of these CSA research topics are you most interested in learning more about?

• Postsecondary education
• Family well-being and health
• Racial equity
• Economic mobility
• CSA design features
Research in Practice

Amanda Feinstein
Program Director,
Oakland Promise Brilliant Baby

www.savingsforkids.org
Our Vision: We as a community will ensure that every child in Oakland graduates high school with the expectations, resources and skills to complete college and be successful in the career of his or her choice.

Oakland Promise Initiatives

- Brilliant Baby
- K2College
- Future Centers
- College Scholarships & Completion
Brilliant Baby helps parents raise healthy, thriving children by:

- Cultivating parents’ optimism and focus on their new babies’ bright academic future. Setting an expectation of college success from birth.
  - $500 in CSA with My529; Age-Based Moderate Risk Investment fund (entity-owned; baby is beneficiary)

- Reducing financial stressors through Financial Coaching and monetary supports
  - 1:1 work with a Financial Coach; Workshops; Savings Incentives up to $200; Participation Stipend up to $300

- Reduce isolation and build community anchored in expectations of academic and financial success.
  - Family Leadership Group; Communications; Family Day at Fairyland
Implementation Highlights

➢ 320 babies from low-income backgrounds have a college savings account seeded with $500 at my529.

➢ More than $160,000 invested in these children’s futures!

➢ Families have an asset in the market, earmarked for their child’s college:
  ○ If 8% average annual growth = $2,000

➢ 62% of parents are engaged in coaching. More than half have completed four or more coaching sessions

➢ At enrollment:
  ○ 80% of parents say they expect their child to complete college
  ○ 68% of parents indicate concerns that the money that they have or will have won’t last
  ○ 58% feel like their finances control their lives.
Internal Metrix & Systems

- Salesforce Client Database
  - Baseline survey at point of enrollment/CSA sign up
  - BB Coaching Program client notes (what financial goals, how achieve, challenges, etc.)
  - Pre-Post Coaching survey
  - Annual BB Parent Survey (baseline plus qualitative about program)

- My529 CSA Suite
  - Status of accounts (both family-owned and program-owned)

- Yearly Goals - quarterly benchmarks
  - Quantity, Quality, Impact and Equity

- Parent & Community Engagement
  - Feedback from participants
Evaluation Questions:

*What impact will the combination of a CSA & Financial Coaching, accessed through the healthcare setting, have on:*

**Parent/Family Well-Being:**
- Financial Well-Being and Reduced Financial Stress
- College Expectations for Babies
- Sense of Control and Confidence
- Hope and Optimism about the Future
- Attitudes, Skills, and Behaviors related to parenting

**Early Childhood Development**
- Child Health
- Child Development
- Kindergarten Readiness
Brilliant Baby Evaluation: NORC at the University of Chicago, AEDI at the University of Michigan & UCSF Benioff Children’s Hospital Oakland

Why an RCT?
- Scale and sustainability require proof of effectiveness
- Understand relative impact of program components
- Only one RCT in College Savings field; replication and a more robust program model
- Unique opportunity to incorporate Brilliant Baby into holistic medical care - testing future model for provision

Qualitative Research by AEDI
- Locating BB and K2C in the CSA field – unique contribution
- Early assessment by partners and parents
Discussion: Implications of CSA Research

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Audience Q&A

What questions do you have?

Share them in the Questions box!
Next Steps

• Please complete our post-webinar survey!
• Explore our many resources
• Join our Community Networks to stay connected, including the Campaign for Every Kid’s Future
• Stay in touch!
CSA Resources

Quick Guide to CSA Research
https://prosperitynow.org/resources/quick-guide-csa-research-overview-evidence-childrens-savings-accounts

Current and Planned Research on CSAs
https://prosperitynow.org/resources/current-and-planned-research-childrens-savings-accounts-october-2018
CSA Resources

CSA Directory/Map
www.prosperitynow.org/map/childrens-savings

Investing in Dreams (Step-by-step CSA design guide)
www.prosperitynow.org/topics/savings

Campaign Website (FAQs, program info, policy, research)
www.savingsforkids.org
Plug in to the Prosperity Now Community

Sign up for listservs and working groups, volunteer to facilitate peer discussions, serve in a leadership role and more!

- Campaign for Every Kid’s Future — Children’s Savings Accounts
- Affordable Housing Network
- Savings Network
- Racial Wealth Equity Network
- Financial Coaching Network
- Taxpayer Opportunity Network (VITA/community tax prep)
- Medical Financial Partnerships (Health/Wealth)
- Innovations in Manufactured Housing (I’M HOME) Network

Visit any of the networks above at prosperitynow.org/get-involved to get started.
Take action with Prosperity Now Campaigns!

Sign up to stay informed about the latest developments and opportunities to take action by joining one of our four federal policy campaigns.

**HOMEOWNERSHIP**

Homeownership is key to building wealth. Together, we will advocate for products and policies that provide more affordable homes to more people.

**CONSUMER PROTECTIONS**

Consumer protections create fairer, more transparent financial markets. Together, we will ensure consumers keep the safeguards they deserve.

**SAFETY NET**

Safety net programs help protect vulnerable individuals and families from falling deep into poverty. Together, we will protect programs like SNAP, IDAs and more to help those in need when they need it most.

**TURN IT RIGHT-SIDE UP**

The vast majority of tax incentives go to those at the top, not to those who need it most. Together, we will turn our upside-down tax code right-side up.

Visit [https://prosperitynow.org/take-action](https://prosperitynow.org/take-action) to learn more and join.
Stay in Touch!

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Thank You!

Please take our survey following the webinar