Integrating Rewards Cards into Children’s Savings Account Programs

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Welcome

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www.savingsforkids.org
Housekeeping

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• 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, send us an email at gotomeeting@prosperitynow.org

Trouble dialing in?
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 expanding CSAs to more children across the US!

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Today’s Agenda

• Overview of CSAs and Rewards Cards
• Findings from Rewards Cards Pilot Programs
• Practitioner Perspective
• Audience Q&A
• Wrap-up and Next Steps
Today’s Speakers

Nicholas Sorensen
Executive Director
Summitlab

Phil Maurizi
Promise Indiana Director
Indiana Youth Institute

Oliver Robinson
Program Associate,
Children's Savings
Prosperity Now
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**
Challenges to Saving

- Low-income families have too few resources to save for college
- 65% of low-income families report inadequate income as a barrier to saving for college
- Little discretionary income after paying for basic needs
- Middle-income families also struggle to save
Rewards Cards & CSAs

• Rewards cards provide families in a CSA program the opportunity to save each time they make a purchase at a participating vendor, even when paying with SNAP benefits

• Vendor offers a percentage of their sales from rewards users to CSA programs, with the expectation of increasing sales

• No additional cost to user
Research Findings

Nicholas Sorensen
Executive Director
Summitlab

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The Impact of Grocery Store Rewards Cards on Saving and Asset Accumulation in Children’s Savings Account Programs

William Elliott¹, Nicholas Sorensen², Megan O’Brien¹, Elizabeth Burland¹, Briana Starks¹

¹University of Michigan
²Summitlab Corporation
Two Randomized Trials

- Study 1—Kroger provides up to 5% in rewards in the Promise Indiana, Wabash County CSA Program
  - Rural area
  - Nearly entirely White (97%)
  - Most residents have completed at least a high school degree and nearly one in five have a bachelor’s degree or higher
  - Only 13% live below the federal poverty line but the rate doubles for those who fail to complete high school, and drops to 3% for those who complete a bachelor’s degree
Two Randomized Trials

• Study 2—Schnucks provides up to 3% in rewards in College Kids, City of St. Louis CSA Program
  • Urban area
  • Half Black (48%), half White (46%)
  • Only one in three residents have a bachelor’s degree or higher but degree completion rates are much higher for White residents (37%) than Black residents (19%)
  • Poverty is higher in St. Louis than in Wabash County—more than one in four families (27%) live below the poverty line
  • Black families nearly four times more likely to be living in poverty (33%) than white families (9%)
Research Questions

• What is the impact of providing grocery store rewards cards to households of students with CSAs on the following:
  • Whether or not households are engaged in saving (by contributing to their CSA or by using their rewards card)?
  • Household contributions (i.e. whether or not households contributed to the CSA, total number of contributions, total value of contributions)?
  • Total dollars saved (by contribution or rewards)?
Study 1

• Cluster-randomized trial
  • 1,390 households randomly assigned to receive rewards card (treatment) or to a delayed-treatment (control) condition

• 46% of households had previously made one contribution to one or more CSAs

• 46% of households had at least one child who qualified for free/reduced lunch that had received a CSA

• N=1,817 CSAs nested within 1,390 households
  • 75% of households with 1 CSA
  • 21% of households with 2 CSAs
  • 4% of households with 3 or more CSAs
Study 1: Results

- Access to the rewards card increased the percentage of families engaged in saving (by making a contribution or by using the rewards card) by approximately 20 percentage points after 10 months.
- Impact do not differ by free/reduced lunch status.
- No significant impacts on individual contributions after 10 months including:
  - Whether or not households made a contribution to a CSA
  - Number of contributions to CSAs
  - Total dollars contributed
**Study 1: Results**

- 1 in 2 (50%) CSAs within households that received access to the rewards cards earned rewards after 9 months of implementation
- Projected (1-5%) rewards after one year

<table>
<thead>
<tr>
<th>Outcome</th>
<th>All CSAs in treatment households (population CSA average)</th>
<th>CSAs in treatment households using the rewards card</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>N</td>
</tr>
<tr>
<td>Total dollars saved with 1% rewards on Kroger spend</td>
<td>$2.82</td>
<td>909</td>
</tr>
<tr>
<td>Total dollars saved with 2% rewards on Kroger spend</td>
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<tr>
<td>Total dollars saved with 3% rewards on Kroger spend</td>
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<tr>
<td>Total dollars saved with 4% rewards on Kroger spend</td>
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<tr>
<td>Total dollars saved with 5% rewards on Kroger spend</td>
<td>$14.08</td>
<td>909</td>
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</tbody>
</table>
Study 1: Results

• Rewards at 5% result in significant increases in total dollars saved after 10 months across the population of CSAs

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Effect of rewards card (y)</th>
<th>Standard error</th>
<th>p-value</th>
<th>Effect size (d)</th>
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</thead>
<tbody>
<tr>
<td>Total dollars saved with 1% rewards on Kroger spend(^a)</td>
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<td>7.26</td>
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<td>Total dollars saved with 2% rewards on Kroger spend(^a)</td>
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<td>Total dollars saved with 3% rewards on Kroger spend(^a)</td>
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<td>Total dollars saved with 4% rewards on Kroger spend(^a)</td>
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<td>0.08</td>
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<td>Total dollars saved with 5% rewards on Kroger spend(^a)</td>
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<td>7.42</td>
<td>.037</td>
<td>0.10</td>
</tr>
</tbody>
</table>
Study 2

• Cluster-randomized trial
  • 8,351 households randomly assigned to receive rewards card (treatment) or to a delayed-treatment (control) condition

• 22% of households had at least one CSA that received an incentive (e.g., for good attendance)

• 3% of households were “savers” (had previously made at least one contribution)

• N=9,586 CSAs nested within N=8,351 households
  • 87% of households with 1 CSA
  • 11% of households with 2 CSAs
  • 3% of households with 3 or more CSAs
Study 2: Results (5 months)

• Access to the rewards card increased the percentage of families engaged in saving (by contribution or rewards) by 11 percentage points—a more than six-fold increase

• Access to the rewards card increased the percentage of families engaged in saving or participating in incentives by 8 percentage points

• No significant impacts on individual contributions
Study 2: Results

• No significant impacts on individual contributions after 5 months including:
  • Whether or not households made a contribution to a CSA
  • Whether or not households earned incentives
  • Number of contributions to CSAs
  • Total dollars contributed

• 11% of CSAs within households assigned to the treatment group earned rewards

• Rewards averaged $5 after 5 months for card users ($10 when match is applied), estimated $12 after one year ($24 when match applied)

• Rewards result in marginally significant increase in total dollars saved after 5 months across the population of CSAs when match is applied to rewards
  • $11.03 for CSAs in treatment vs. $9.54 for CSAs in control
Conclusions and Next Steps

• Rewards cards provide a valuable vehicle for turning spending into saving and engage households that otherwise would not make individual contributions or participate in incentivized activities

• Need to examine non-financial outcomes (e.g., parental expectations, academic outcomes for students)

• Need to better understand how to increase and maintain usage of the rewards cards
Practitioner Insights

Phil Maurizi
Promise Indiana Director
Indiana Youth Institute

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Program Design Considerations

- Participant data and waivers
- Enrollment and linking existing rewards
- Physical rewards card or phone number
- Best avenue to distribute rewards cards
- Multiple children in family
- Equity—how will rewards % be determined?
Program Design Considerations

• Program costs
• Do rewards count towards savings match?
• When, how, and how often will you communicate with families about rewards?
• How will they see rewards deposits?
• Who should answer questions?
• Setting deposit timeline expectations
Pros / Cons
Q&A Facilitator

Oliver Robinson
Program Associate,
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www.savingsforkids.org
Audience Q&A

What questions do you have?

Share them in the Questions box!
Speakers

Nicholas Sorensen
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Wrap-up

Monica Copeland
Senior Program Manager,
Children's Savings
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Next Steps

• Explore our many CSA resources

• Join the Campaign for Every Kid’s Future or other Prosperity Now networks

• Stay in touch or ask questions

• Share your feedback and suggestions in our survey
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
Upcoming Webinars

- **October 24**: Designing CSA Programs with an Equity Lens
- **December 17**: Key Considerations When Developing Statewide CSA Policies
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 Kids Future — Children’s Savings Accounts
- Adult Matched Savings Network
- Racial Wealth Equity Network
- Financial Coaching Network
- Taxpayer Opportunity Network
- Health and Wealth Network
- Affordable Housing Network
- 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.

**FINANCIAL SECURITY**

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.

www.savingsforkids.org
Stay in Touch!

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Stay in Touch!

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Thank You!

Please take our survey following the webinar