Key Considerations When Developing Statewide CSA Policies

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Welcome

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Prosperity Now
Pronouns: she, her
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, 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.
Campaign for Every Kid’s Future

Join today to help achieve our vision of expanding CSAs to more children across the US!
Objectives of Today’s Webinar

• Introduce policy principles and features to promote an inclusive and effective statewide program
• Highlight challenges and successes of advocating for CSA policy at the state level
Today’s Agenda

• Overview of CSAs
• Share recent statewide policy activity
• Highlight two statewide CSA policies
  • Pennsylvania
  • Illinois
• Discussion of key strategies and lessons learned
• Audience Q & A
Today’s Speakers

Shira Markoff
Director, Children’s Savings
Prosperity Now
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Jody Chong
Financial Justice Project Manager
Heartland Alliance
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Julie Peachey
Deputy State Treasurer for Consumer Programs
Pennsylvania Treasury
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www.savingsforkids.org
Children's Savings Accounts

- **Long-term** savings or investment accounts for children (0-18)
- Used for asset building purpose (usually **postsecondary education**)
- Provide **incentives** to build savings (e.g., seed deposit and matches)
- Generally **restrict account withdrawals**

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**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.
State CSA Programs (in operation)

Programs with Universal Eligibility:

* Connecticut – CHET Baby Scholars
* Maine – My Alfond Grant (Harold Alfond College Challenge)**
* North Dakota – New Baby Match
* Nevada – College Kick Start**
* Pennsylvania – Keystone Scholars**
* Rhode Island – Collegeboundbaby
* West Virginia – Bright Babies

* Maryland’s statewide program is not included here, since it’s limited by income
** Automatic (opt-out) enrollment
Features of Strong CSA State Policies

• Universal eligibility
• Targeted support for children from low-income families (targeted universalism); e.g., progressive incentives
• Automatic (opt-out) enrollment
• Long-term, sustainable public funding
• Ability to make deposits into accounts, including cash deposits
• Integration with other programs and services for children and families
  • Collaboration with local CSA programs
2019 State CSA Policy Activity

• CSA-related legislation introduced in 11 states in 2019
• Statewide CSA programs passed in:
  • California – starting 2021
  • Colorado – starting 2020
  • Illinois – starting 2021
  • Nebraska – starting 2020
# Features of New State CSA Programs

<table>
<thead>
<tr>
<th>State</th>
<th>Universal Eligibility</th>
<th>Automatic Enrollment</th>
<th>Initial Deposit</th>
<th>Progressive Incentives</th>
<th>Public Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>CA</td>
<td>✓ (born in state)</td>
<td>✓</td>
<td>✓ ($25)</td>
<td>X^2</td>
<td>✓ (state general funds)</td>
</tr>
<tr>
<td>CO</td>
<td>✓ (born/adopted in state)</td>
<td>X^1</td>
<td>✓ ($100, adjusted annually for inflation)</td>
<td>X^2</td>
<td>X (all privately raised)</td>
</tr>
<tr>
<td>IL</td>
<td>✓ (born/adopted in state)</td>
<td>X^1</td>
<td>✓ ($50)</td>
<td>X</td>
<td>✓ (state covers seed; incentives privately-funded)</td>
</tr>
<tr>
<td>NE</td>
<td>✓ (born in state)</td>
<td>✓</td>
<td>✓ (amount based on fund earnings)</td>
<td>X^3</td>
<td>✓ (state general funds &amp; private funding)</td>
</tr>
</tbody>
</table>

1 Although initial enrollment is automatic, claiming requirement makes program function like an opt-in program
2 Existing income-restricted matching grant program may continue but funding is very limited
3 Legislation also created an income-restricted matching grant program, though funding is limited
Keystone Scholars

Julie Peachey
Deputy State Treasurer for Consumer Programs
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Pronouns: she, her
Keystone Scholars

Would You Like $100 Invested For Your Baby's Future Dreams?

Get a Head Start on Education Savings with $100 from Keystone Scholars!

Keystone Scholars is available for every baby born to or adopted by a PA family after December 31, 2018!

A child with education savings is three times more likely to enroll in a two- or four-year college and four times more likely to graduate.1

That’s why PA Treasury is investing $100 for every baby born to or adopted by a PA family after December 31, 2018 to be used for the baby’s future higher education expenses.

www.savingsforkids.org
Keystone Scholars

PA Treasury piloted an opt-in Keystone Scholars program in 6 counties in 2018.

Preliminary results have shown that:
• More than **18%** of eligible families claimed their grant, exceeding that of other states in similar project stages.

• Families in pilot counties were **twice as likely to open a PA 529 account within the first year of their newborn’s life** than those in non-pilot counties.

• The **socioeconomic diversity** of PA 529 account holders increased.

• The increase in the total proportion of PA 529 accounts opened in the first 12 months of a child’s life was observed in **every single pilot county**.

www.savingsforkids.org
Keystone Scholars

Taking Child Development Accounts to Scale: Ten Key Policy Design Elements
By Michael Sherraden, Margaret M. Clancy, and Sondra G. Beverly

Child Development Accounts at Scale: Sample State Legislation
By Margaret M. Clancy, Michael Sherraden, and Sondra G. Beverly

- Universal Eligibility
- At-Birth Start
- Automatic Progressive Subsidy
- Investment Growth Potential
- Restricted Withdrawals
- Automatic Enrollment
- Centralized Savings Plan
- Targeted Investment Options
- Means-Tested Public Benefit Exclusions
Keystone Scholars

January 2017
Treasurer Torsella promotes CSA plan at swearing-in

January 2018
Pilot launches for 6 counties

Spring 2018
Treasurer meets w/ legislators

January 2019
Statutory Keystone Scholars program launches statewide

2016
Treasurer Torsella promotes CSAs during his campaign

2017
Ongoing research into CSA best practices and other existing programs; Pilot planning & fundraising

Early 2018
Treasurer approached by Senate sponsor; Treasury approaches House Finance Committee and gains sponsor. PAT drafts legislation

June 2018
Public hearing held; Keystone Scholars becomes law
Heartland Alliance

Jody Chong (Blaylock)
Financial Justice Project Manager
Heartland Alliance
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www.savingsforkids.org
Heartland Alliance
Overview of Illinois Advocacy

2009
CSA Taskforce Legislation

2010
CSA Taskforce Report

2011-2016
Building Community-Driven Campaign

2017
First CSA Legislation Introduced & Almost Passes

2019
Second CSA Legislation Passes

2021
CSA Program Launch
Heartland Alliance  Illinois CSA Legislation

- Universal $50 seed deposit into omnibus 529 account
- Families must claim the $50 by the child’s 10th birthday
- Progressive incentives need to be developed
Heartland Alliance  Illinois CSA Legislation

Keys for Success

• Robust coalition
• Community-driven campaign....and compromise
• Developing champions
• Persistence & preparation for when the window of opportunity opens
• Strong advocacy presence in the Capitol

Challenges

• State budget deficit
• Navigating the political environment: lining up champions and partisanship
• Competing priorities – for public officials and the community
• Skepticism or lack of understanding about the goals of the program
Discussion

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Audience Q&A

What questions do you have?

Share them in the Questions box!
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CSA Resources

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

CSA Starter Kit & Investing in Dreams (Step-by-step CSA design guide)
www.prosperitynow.org/csa-starter-kit

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 Kids Future — Children’s Savings Accounts
- Adult Matched Savings Network
- Racial Wealth Equity Network
- Financial Coaching Network
- Taxpayer Opportunity Network
- Medical Financial Partnership 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.
Stay in Touch!

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Thank You!

Please take our survey following the webinar and stay tuned for our 2020 webinars.