



December 2020

# HIGHER EDUCATION

## Children's Savings Account Programs Can Help Families Build Savings and Envision College

## Why GAO Did This Study

Rising college costs have outpaced federal grant aid and placed more of the financial burden on students and their families. CSA programs help families, especially lower-income families, save for college—and other postsecondary education—by providing financial contributions and possibly other supports. A Senate Appropriations Committee report included provisions for GAO to examine various aspects of college savings account programs and their effectiveness.

This report examines (1) the number of CSA programs and how they use strategies to help families, especially lower-income families, save and prepare for college; and (2) what is known about the effects of these strategies on families, including lower-income families. GAO reviewed 2016–2019 annual CSA program survey data collected by the nonprofit Prosperity Now. GAO also analyzed CFPB documents and the findings of 33 peer-reviewed studies from 2010 through 2019—and one working paper from 2017—that met GAO’s criteria for inclusion, for example, used data from the United States. In addition, GAO interviewed officials from CFPB, the Department of Education, and four organizations that have expertise on these programs.

View [GAO-21-10](#). For more information, contact Melissa Emrey-Arras at (617) 788-0534 or [emreyarrasm@gao.gov](mailto:emreyarrasm@gao.gov).

## HIGHER EDUCATION




### Children’s Savings Account Programs Can Help Families Build Savings and Envision College

## What GAO Found

Eighty-two Children’s Savings Account (CSA) programs operated and had collectively enrolled about 700,000 children in 2019, according to survey data from the nonprofit organization Prosperity Now. These programs—operated by states, cities, and other organizations—use a variety of strategies to enroll families, especially those with lower incomes, and help them save and prepare for college. For example, CSA programs enroll families by partnering with trusted organizations (e.g., schools) or through automatic enrollment, according to the Consumer Financial Protection Bureau (CFPB) and CSA experts. In addition, these programs help families build savings once children are enrolled by, for example, providing initial deposits or financial education. While experts GAO interviewed said savings may be modest given lower-income families’ and programs’ limited resources, CSA programs also aim to help lower-income families prepare for college, such as by increasing financial knowledge.

There is evidence that CSA program strategies have positive short-term effects on families, including those with lower incomes. These effects include increased CSA program enrollment and participation, amounts saved, and educational expectations, based on research GAO reviewed (see figure). For example, strategies such as automatically enrolling families and providing financial contributions (e.g., initial deposits) may help CSA programs reach more families and encourage saving. Several studies of a CSA program that used both these strategies found increases in the number of children enrolled and the amount saved by enrolled families. One study found that families who were enrolled for 7 years saved over four times more of their own money, on average, than families who were not enrolled—\$261 compared to \$59. When including financial contributions from the CSA program, enrolled families had about six times more total savings (\$1,851) compared to other families (\$323). Enrollment and participation in CSA programs may also increase families’ educational expectations for their children. For example, a study found that parents with children enrolled in one CSA program were nearly twice as likely to expect their children to attend college. However, information on college enrollment and other long-term effects on families participating in CSA programs is limited because most of the children have not yet reached college age.

#### Effects of CSA Program Strategies in Three Commonly Assessed Areas

 <b>Program enrollment or participation</b>	 <b>Savings accumulation</b>	 <b>Educational expectations</b>
Enrollment assistance, automatic enrollment, or initial deposits may increase enrollment and participation.	Enrollment in a CSA program may increase total savings and motivate families to slightly increase their personal contributions.	Enrollment and participation in a CSA program may increase educational expectations.

Source: GAO analysis of 33 peer-reviewed studies and one working paper of Children’s Savings Account (CSA) program strategies, published from 2010 through 2019. | [GAO-21-10](#)

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## Abbreviations

CFPB	Consumer Financial Protection Bureau
COVID-19	Coronavirus Disease 2019
CSA	Children's Savings Account
CSPN	College Savings Plans Network
SEED	Saving for Education, Entrepreneurship, and Downpayment
SEED OK	SEED for Oklahoma Kids

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December 10, 2020

The Honorable Roy Blunt  
Chairman  
The Honorable Patty Murray  
Ranking Member  
Subcommittee on Labor, Health  
and Human Services, Education,  
and Related Agencies  
Committee on Appropriations  
United States Senate

The Honorable Rosa DeLauro  
Chairwoman  
The Honorable Tom Cole  
Ranking Member  
Subcommittee on Labor, Health  
and Human Services, Education,  
and Related Agencies  
Committee on Appropriations  
House of Representatives

Rising college costs have outpaced federal grant aid and led to an increasing share of the cost being borne by students and their families, according to a 2019 report by the non-profit College Board.<sup>1</sup> To encourage families to save, 529 plans were authorized in 1996.<sup>2</sup> These

<sup>1</sup>Baum, Sandy, Jennifer Ma, Matea Pender, and CJ Libassi, *Trends in College Pricing 2019* (New York: College Board, November 2019). The College Board reported that the average cost of tuition, fees, room, and board for a full-time, in-state undergraduate student at a public 2-year college after all financial aid and education tax benefits are taken into account was about \$8,600 for the 2019-2020 school year. The average cost at public 4-year colleges was about \$15,400. These costs do not include the price of books, supplies, and other living expenses. According to the report, the College Board supports college students through programs such as the SAT and Advanced Placement Program, conducts research and advocacy, and has a membership association of over 6,000 educational institutions.

<sup>2</sup>See Pub. L. No. 104 -188, § 1806, 110 Stat. 1755, 1895, codified at 26 U.S.C. § 529. 529 plans are maintained by states, state agencies, or certain educational institutions, and may be used to cover tuition, room, board, books, computers, and other qualified expenses at qualified schools.

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tax-advantaged accounts can be used to pay for college expenses.<sup>3</sup> We previously found that a small percentage of families saved for college through 529 plans or Coverdell Education Savings Accounts, and those families tended to be wealthier.<sup>4</sup>

To help families, especially lower-income families, save for college, some states, cities, nonprofits, and other organizations established savings or investment programs, often referred to as Children's Savings Account (CSA) programs.<sup>5</sup> These programs make financial contributions to families' savings or investment accounts under the program. Some programs may use additional strategies, such as offering financial education or other supports, to enrolled families.<sup>6</sup>

A Senate Appropriations Committee report on a fiscal year 2019 appropriations bill for the Departments of Labor, Health and Human Services, and Education (among others) included provisions for GAO to examine various aspects of college savings account programs and their effectiveness.<sup>7</sup> This report examines (1) the number of CSA programs and how they use strategies to help families, especially lower-income families, save and prepare for college; and (2) what is known about the effects of CSA program strategies on families, including lower-income families.

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<sup>3</sup>For purposes of this report, "college" includes colleges, universities, vocational schools, or other postsecondary institutions eligible to participate in a federal student aid program authorized by Title IV of the Higher Education Act of 1965, as amended. We previously reported that this includes virtually all accredited, public, nonprofit, and for-profit postsecondary institutions in the U.S. See GAO, *Higher Education: A Small Percentage of Families Save in 529 Plans*, [GAO-13-64](#) (Washington D.C.: Dec. 12, 2012).

<sup>4</sup>See [GAO-13-64](#). A Coverdell Education Savings Account is a tax-advantaged trust account authorized under the Internal Revenue Code that assists families in saving for K-12 or college education expenses. These accounts are only available to families below a specified income level and have annual contribution limits.

<sup>5</sup>See appendix II for more information about the types of organizations that manage CSA programs.

<sup>6</sup>We use the term "financial education" to describe instruction on finances.

<sup>7</sup>S. Rep. No. 115-289, at 211 (2018).

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To review the number of CSA programs and how they use strategies to help families, especially lower-income families,<sup>8</sup> save and prepare for college, we reviewed 2019 survey data on CSA programs in the United States collected by the nonprofit organization Prosperity Now and used this information to describe the number of programs, number of enrolled children, program strategies used, and the year programs began operating.<sup>9</sup> We also reviewed documents and interviewed officials from (1) the Consumer Financial Protection Bureau (CFPB) on its work related to CSA programs, (2) the Department of Education, and (3) representatives of four organizations that research CSA programs and are experts in the CSA field. In addition, we reviewed data, collected by the College Savings Plans Network, on the steps some CSA programs are taking to engage lower-income families in saving for college.<sup>10</sup> To assess the reliability of Prosperity Now and College Savings Plans Network data, we reviewed documentation and interviewed CSA experts. We determined the data were sufficiently reliable for the purposes of this report. We also observed two CSA events in July 2020: (1) a CFPB convening of CSA program administrators and experts to discuss common ways of measuring the effects of CSA programs, and (2) a conference hosted by the Center for Social Development where CSA administrators and experts presented information on the state of the field.<sup>11</sup> We also observed an April 2020 listening session with CSA program administrators facilitated by Prosperity Now and interviewed

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<sup>8</sup>We did not define “lower-income” for the purposes of this report because CSA programs may not have access to data on enrolled families’ income levels, and CFPB officials, experts, and researchers may not define “lower-income” when describing or studying programs. For more information, see appendix I.

<sup>9</sup>According to Prosperity Now experts we interviewed, Prosperity Now is a 501(c)(3) that helps make it possible for people of limited income to build wealth. It annually surveys all CSA programs and, according to 2019 survey data, the first CSA program began operations in 2007. Since 2016, Prosperity Now has published an annual snapshot of the CSA field based on its survey. For Prosperity Now’s most recent report, see Markoff, Shira, and Oliver Robinson, *The Movement Reaches New Heights: The State of the Children’s Savings Field 2019* (Washington, D.C.: 2020).

<sup>10</sup>The College Savings Plans Network is an affiliate of the National Association of State Treasurers and serves as a clearinghouse for information on state 529 plans. Some CSA programs use 529 plans as an investment vehicle, according to Prosperity Now 2019 survey data.

<sup>11</sup>According to its website, the Center for Social Development at Washington University in St. Louis, Missouri, conducts social science research on innovative practices and contributes to policy development.



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CSA experts to determine how CSA programs were responding to the Coronavirus Disease 2019 (COVID-19) pandemic.

To examine what is known about the effects of CSA program strategies for families, including lower-income families, we conducted a review of CSA-related literature and analyzed the findings of 34 studies that met our inclusion criteria.<sup>12</sup> Our criteria were that studies: (1) included original research on the effects of strategies used by CSA programs to help families, including lower-income families, save for college; (2) used data from the United States; and (3) were either published, peer-reviewed studies from the last 10 years (2010 through 2019) or unpublished working papers from the last 4 years (2016 through 2019). See appendix I for additional details on our scope and methodology.

We conducted this performance audit from September 2019 to December 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

The origins of CSA programs date to the early 1990s, when it was argued that building assets, in addition to growing income, was an important way to relieve poverty.<sup>13</sup> A precursor to CSA programs, known as Individual Development Accounts, used incentives to help lower-income families save for college costs as well as home and business ownership, according to CFPB.

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<sup>12</sup>We did not conduct independent assessments of CSA programs as part of this review or a legal review of state laws related to CSA programs. For the purposes of this report, CSA programs are described in the way that researchers described them in the reviewed studies and program administrators described them in program documents and on individual CSA program websites, accessed from June through October 2020. We did not independently verify this information and do not endorse any particular CSA program or strategy.

<sup>13</sup>CFPB reported that a 1991 book, titled *Assets and the Poor: A New American Welfare Policy*, by Dr. Michael Sherraden, introduced this idea and is considered to be a foundational text in the CSA field. For more information on the history of the CSA field, see the CFPB report, *Child Savings Accounts: Advancing the Field to Better Serve Traditionally Underserved Consumers: A Report on the Bureau of Consumer Financial Protection 2018 Child Savings Account Forum* (Washington, D.C.: 2018).

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In the early 2000s, two CSA demonstrations tested strategies designed to help families, especially lower-income families, save for college.<sup>14</sup> The demonstrations were: (1) Saving for Education, Entrepreneurship, and Downpayment (SEED) initiative, which funded demonstrations in 11 states and one territory and enrolled children from 2003 through 2006; and (2) SEED for Oklahoma Kids (SEED OK) experiment, which enrolled children in 2007 to test the effects of CSA program strategies in Oklahoma.<sup>15</sup> In addition to these demonstrations, in 2007 various types of entities started opening CSA programs using a variety of funding sources, according to Prosperity Now's 2019 CSA program survey data.<sup>16</sup>

Today's CSA programs have several defining characteristics. They use long-term savings or investment accounts and provide financial contributions to help children (ages birth to 18) and their families, especially lower-income families, save for college.<sup>17</sup> These programs generally restrict families' use of program funds to pay for college expenses, and some may offer other supports in addition to financial contributions, such as financial education (see fig. 1).<sup>18</sup>

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<sup>14</sup>We use the term "CSA demonstration" to describe CSAs with limited enrollment periods that were designed primarily for the purpose of testing the effectiveness of CSA strategies.

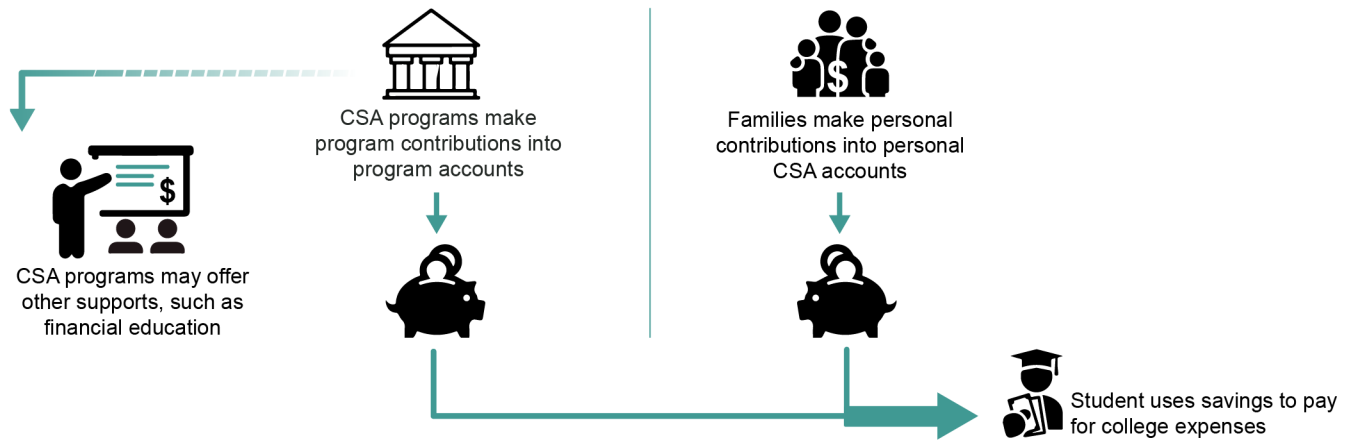
<sup>15</sup>The SEED and SEED OK demonstrations were primarily funded by private foundations.

<sup>16</sup>The types of organizations that manage CSA programs include non-profit organizations, state or local government agencies, or others. See appendix II for more information. The types of organizations funding CSA programs may include one or more of the following: community, family, or national foundations; individual donors; corporations or businesses; city, county, state, or federal agencies; or 529 plan managers.

<sup>17</sup>While agency officials and experts we interviewed said there is no single definition of CSA programs, CFPB officials and Prosperity Now experts agreed these defining characteristics accurately describe CSA programs. Some other experts we interviewed used a different term for these types of programs. Namely, experts with the Center for Social Development said they use the term "Child Development Accounts" because it encompasses programs' broader goals beyond savings accumulation. They define Child Development Accounts as savings or investment accounts, beginning as early as birth, that deposit funds to supplement families' savings and work to promote savings and asset building for lifelong development. These accounts may build savings for college during account holders' youth and savings for homeownership or entrepreneurship in adulthood. Center for Social Development experts said most large statewide CSA programs use the term Child Development Accounts, although some program administrators use the term Child Development Accounts interchangeably with Children's Savings Accounts. See appendix I for additional information about our methodology for developing the CSA program definition used in this report.

<sup>18</sup>Some CSA programs allow additional uses of program funds, such as for homeownership or entrepreneurship, according to experts.

**Figure 1: Example of a Children’s Savings Account (CSA) Program**



Source: GAO analysis of information from Consumer Financial Protection Bureau and expert interviews and documents. | GAO-21-10

Note: CSA programs use long-term savings or investment accounts and provide financial contributions to help children (ages birth to 18) and their families, especially lower-income families, save for college. These programs generally restrict families' use of program funds to pay for college expenses and some programs may offer other supports, such as financial education. For purposes of this report, "college" includes colleges, universities, vocational schools, or other postsecondary institutions eligible to participate in a federal student aid program authorized by Title IV of the Higher Education Act of 1965, as amended. This figure depicts a hypothetical CSA program using a dual account structure, with a main program account containing program contributions and an optional personal account containing personal contributions. For the purposes of this report, we use the term "personal accounts" to refer to the account that receives personal contributions from the family. Experts said account ownership and structure may vary across programs, and personal accounts may be controlled or managed by the program or the family.

CFPB and the Department of Education have collected and shared information about CSA programs. CFPB works to identify and advance promising and proven strategies to increase savings opportunities for lower-income families through its Child Savings Account initiative.<sup>19</sup> As part of this initiative, CFPB convened researchers, CSA program administrators, funders, and policymakers for a May 2018 forum.<sup>20</sup> CFPB has also funded research and published four briefs, drawing from

<sup>19</sup>See <https://www.consumerfinance.gov/about-us/blog/child-savings-accounts-help-families-build-assets/>, accessed on June 25, 2020.

<sup>20</sup>CFPB published a report summarizing key takeaways from this forum. CFPB's report is titled, *Child Savings Accounts: Advancing the Field to Better Serve Traditionally Underserved Consumers: A Report on the Bureau of Consumer Financial Protection 2018 Child Savings Account Forum*.

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interviews with CSA program administrators, on how various program design decisions can help CSA programs reach their goals of increasing college enrollment and completion.<sup>21</sup> CFPB organized a virtual convening of CSA program administrators and experts in July 2020 to discuss common ways of measuring the effects of CSA programs and published reports on CSA program design and performance metrics in October 2020.<sup>22</sup> The Department of Education in 2009 funded an evaluation of practices to promote college savings in Boston, Massachusetts, through a grant to the National Bureau of Economic Research.<sup>23</sup>

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<sup>21</sup>CFPB, *Child Savings Accounts: Using incentives to encourage participation* (Washington, D.C.: May 2019); CFPB, *Child savings accounts: Using technology to engage participants and administer programs* (Washington, D.C.: May 2019); CFPB, *Child savings accounts: Engagement strategies to increase inclusion* (Washington, D.C.: May 2019); and CFPB, *Integrating financial education into children’s savings account programs* (Washington, D.C.: May 2019).

<sup>22</sup>CFPB, *Design and Evaluation Principles for Children’s Savings Account Programs* (Washington, D.C.: October 2020), and CFPB, *Common Metrics for Children’s Savings Account Programs* (Washington, D.C.: October 2020). See <https://www.consumerfinance.gov/data-research/research-reports/childrens-savings-account-programs-measuring-program-performance-and-outcomes/>, accessed on October 13, 2020.

<sup>23</sup>The National Bureau of Economic Research is a nonprofit, non-partisan organization dedicated to conducting economic research and to disseminating research findings among academics, public policy makers, and business professionals. See <https://www.nber.org/info.html>, accessed on June 25, 2020. This research has yet to be published in a journal and currently exists as a working paper. The working paper met the inclusion criteria for our review of studies and we describe its findings in this report. Long, Bridget Terry, and Eric Bettinger, “Simplification, Assistance, and Incentives: A Randomized Experiment to Increase College Savings,” Draft working paper (National Bureau of Economic Research, 2017). See [https://scholar.harvard.edu/files/btl/files/long\\_bettinger\\_-\\_rct\\_to\\_increase\\_college\\_savings\\_2017-4-26.pdf](https://scholar.harvard.edu/files/btl/files/long_bettinger_-_rct_to_increase_college_savings_2017-4-26.pdf), accessed on November 18, 2020.

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## CSA Programs Have Increased in Number and Tailor Strategies to Help Families, Especially Lower-Income Families, Save and Prepare for College

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### Eighty-two CSA Programs Enrolled about 700,000 Children in 2019

Eighty-two CSA programs operated in 2019, according to Prosperity Now's 2019 CSA program survey data.<sup>24</sup> The first of these programs opened accounts in 2007, but most have opened since 2013 (see fig. 2).<sup>25</sup> The number of children enrolled in CSA programs more than doubled from 2016 through 2019, the years for which Prosperity Now collected enrollment data, and totaled about 700,000 in 2019.<sup>26</sup>

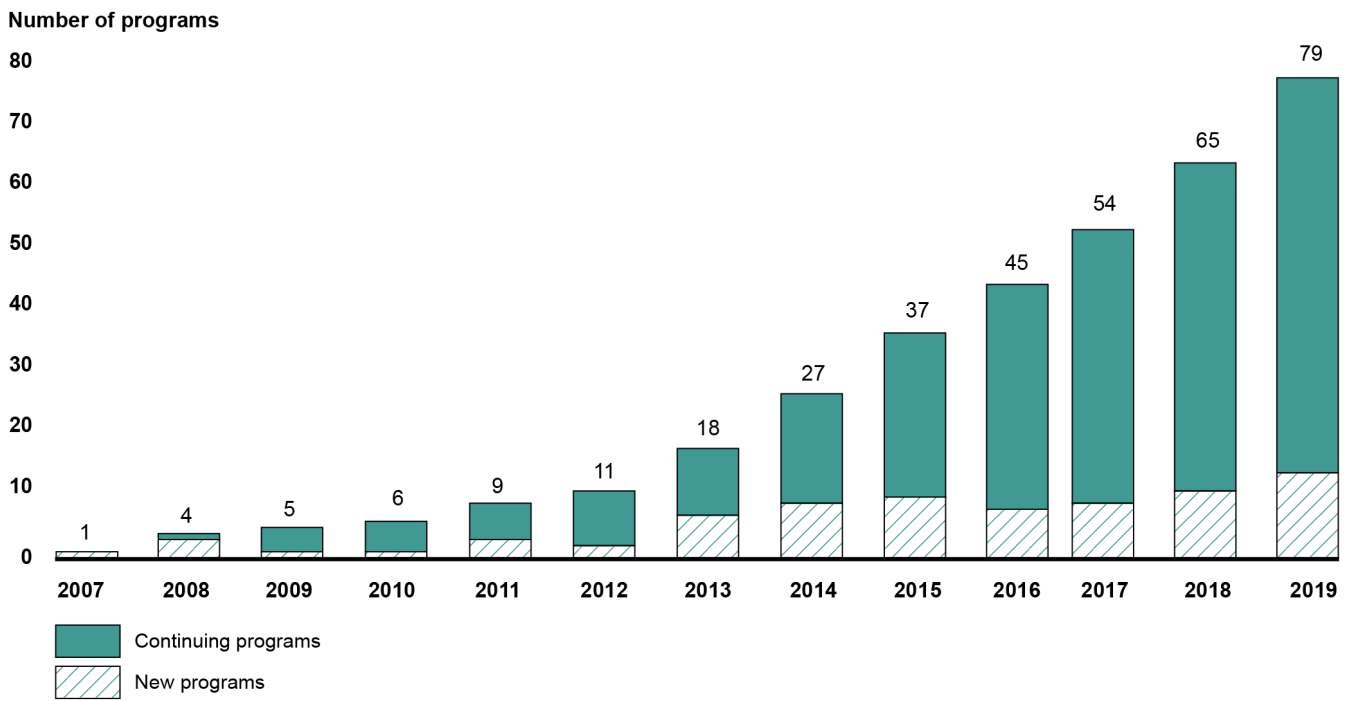
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<sup>24</sup>See appendix II for a list of the 82 CSA programs Prosperity Now determined to be operating (i.e., providing services to enrolled families) as of 2019. The CSA demonstrations described in this report are not among these 82 programs, because they were not operating as of 2019. At the time of our report, additional CSA programs—for example, in California, Colorado, Illinois, Massachusetts, Minnesota, and Nebraska—were in various stages of development, according to experts we interviewed.

<sup>25</sup>Prosperity Now's 2019 survey asked CSA programs to report the year they started opening accounts. According to survey data, the first CSA program opened accounts in 2007.

<sup>26</sup>Enrollment estimates reflect 82 CSA programs with open accounts in 2019, including three programs that were no longer operating but had open accounts. See appendix I for additional details on the number of programs with enrollment data available for 2016 through 2018. According to Prosperity Now experts, a child may be enrolled in multiple CSA programs, but this is rare.

**Figure 2: Growth in Number of Children’s Savings Account (CSA) Programs Operating, 2007–2019**



Source: GAO analysis of Prosperity Now 2019 CSA program survey data. | GAO-21-10

Note: This figure shows data for the 79 CSA programs that were operating (i.e., providing services to account holders) as of December 31, 2019, and for which data were available. Data were not available for three programs operating in 2019. Prosperity Now’s 2019 survey asked CSA programs to report the year they started opening accounts. According to survey data, the first CSA program opened accounts in 2007. Prosperity Now experts estimated that fewer than 10 CSA programs had started but stopped operating prior to 2019.

### CSA Programs Use Automatic Enrollment, Partnerships, and Other Strategies to Help Enroll More Families, Especially Lower-Income Families

CSA programs may automatically enroll families, partner with trusted local organizations, conduct targeted outreach, and use other strategies to reach more families, especially lower-income families. Eligibility for enrollment varies across CSA programs, according to experts we interviewed, with some CSA programs serving all families regardless of income, and others focusing on lower-income families. Experts said CSA programs may ensure they enroll lower-income families by using automatic enrollment, as described below. Those programs that require families to take proactive steps to enroll (or opt in) may establish income eligibility requirements to limit enrollment to lower-income families, but experts said this is rare. More frequently, opt-in CSA programs try to enroll more lower-income families by targeting certain geographic areas,

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## Automatic (or Opt-Out) Enrollment

schools, or community partners, according to one expert.<sup>27</sup> While lower-income families may be in greatest need of assistance to build savings for college, they are less likely to enroll in CSA programs, because they may be unaware or distrustful of the program or unfamiliar with complex financial information, according to CFPB officials and experts we interviewed.

To reach more lower-income families, some CSA programs enroll all eligible families automatically and require them to opt out if they do not want to be enrolled in the program. According to Prosperity Now's 2019 survey data, roughly one-third of the current 82 CSA programs used automatic enrollment in 2019.<sup>28</sup> While programs with automatic enrollment do not represent a majority of the programs in operation, almost 90 percent of all enrolled children are in these programs,<sup>29</sup> signifying that they tend to be larger (see fig. 3). CFPB officials and experts we interviewed said this strategy can remove barriers to enrollment and has been highly successful in enrolling more lower-income families.<sup>30</sup> CFPB reported, for example, that statewide CSA programs in Maine and Rhode Island initially required all families to take proactive steps to enroll in their programs (or opt in), but later changed to automatic enrollment to reach more families.<sup>31</sup>

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<sup>27</sup>These CSA programs may use an opt-in enrollment strategy (i.e., require families to take action to enroll) as a strategic choice, due to data limitations, or for other reasons. For example, CFPB reported that some CSA programs may choose to use opt-in enrollment as a strategy to focus their efforts and resources on families who are very engaged with the program or to increase families' buy-in and sense of ownership over their accounts. Although CSA programs that automatically enroll families do not face the same enrollment challenges, these programs may partner with trusted organizations to help strengthen relationships with enrolled families and encourage them to participate in the program. See CFPB, *Child savings accounts: Engagement strategies to increase inclusion*.

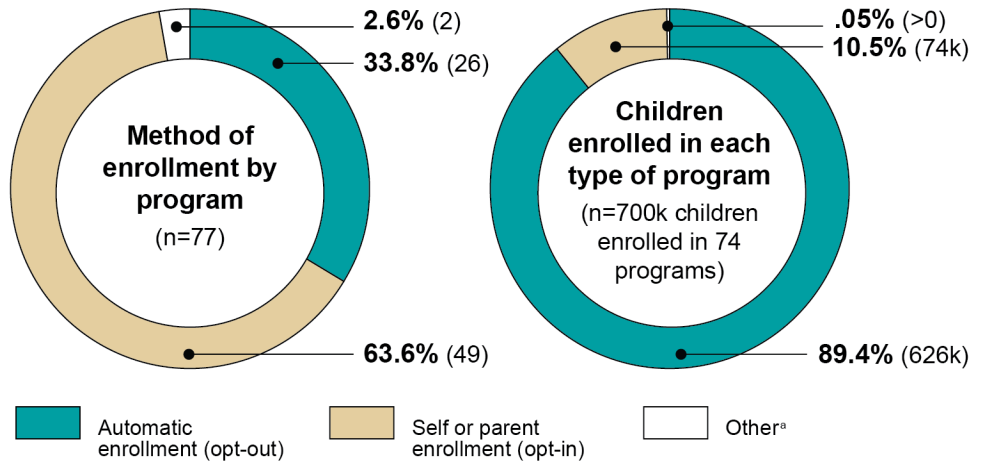
<sup>28</sup>Specifically, 26 out of 77 CSA programs used automatic enrollment. Although there were 82 CSA programs operating in 2019, data on the method of enrollment were available for 77 programs and unavailable for five programs.

<sup>29</sup>This percentage reflects enrollment in 74 CSA programs. Of the 77 CSA programs with data available on the method of enrollment, data on the number of children enrolled in each program were available for 74 programs and unavailable for three programs.

<sup>30</sup>We previously reported that automatic enrollment helps to increase participation rates in retirement plans. These findings were not specific to income level. GAO, *The Nation's Retirement System: A Comprehensive Re-evaluation Is Needed to Better Promote Future Retirement Security*, [GAO-18-111SP](#) (Washington, D.C.: October 2017).

<sup>31</sup>CFPB, *Child savings accounts: Engagement strategies to increase inclusion*.

**Figure 3: Methods of Enrollment Used by Children’s Savings Account (CSA) Programs in 2019, and Number of Children Enrolled**



Source: GAO analysis of Prosperity Now 2019 CSA program survey data. | GAO-21-10

Note: There were 82 CSA programs operating as of December 31, 2019, but, for five programs, data on the method of enrollment were not available. Therefore, this figure shows the method of enrollment for 77 programs and includes only programs that were operating (i.e., providing services to account holders) as of 2019. Because Prosperity Now does not have the number of enrolled children for three of these 77 programs, this figure shows enrollment data for 74 programs with about 700,000 children. The numbers of enrolled children are estimates rounded to the nearest thousand. For the purposes of this report, “k”=1,000. Percentages in this graphic do not total 100 due to rounding.

<sup>a</sup>“Other” methods of enrollment refers to CSA programs using automatic enrollment with a claiming provision. According to Prosperity Now experts, when programs use automatic enrollment and a claiming provision, they automatically open accounts for all eligible families, who must take action to claim the program account by a certain deadline or lose the program contribution. For programs with automatic enrollment with a claiming provision, this figure shows the number of children whose families have claimed their accounts, rather than the total number of children enrolled.

To automatically enroll all eligible families, CSA programs must obtain certain personal data. Programs may form partnerships with state agencies, schools, or other organizations that collect personal data, according to reports we reviewed.<sup>32</sup> For example, the Center for Social Development reported that Maine’s CSA program partnered with the state’s Bureau of Vital Records and treasurer’s office to obtain data about

<sup>32</sup>CFPB, *Child savings accounts: Engagement strategies to increase inclusion*; Clancy, Margaret M., and Sondra G. Beverly, *Statewide Child Development Account Policies: Key Design Elements* (Washington University in St. Louis: Center for Social Development, 2017). A program’s target population and goals determine the type of partnership it pursues. Statewide CSA programs may partner with state agencies, while smaller programs may partner with local organizations.



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Partnerships with Trusted Organizations

babies born in Maine.<sup>33</sup> This partnership enabled Maine's CSA program to automatically enroll all newborns in the state. CFPB reported that the local Kindergarten to College (K2C) program in San Francisco, CA, partners with the San Francisco Unified School District and automatically enrolls all children who enter kindergarten at a public school in San Francisco.<sup>34</sup>

CSA programs that require all families to opt in may form strategic partnerships to demonstrate their trustworthiness to lower-income families. These opt-in programs may face challenges because lower-income families, who could benefit most from a CSA, may be reluctant to enroll due to a lack of trust in banks and government institutions, according to a CFPB report we reviewed.<sup>35</sup> Partnering with trusted local organizations, such as Boys' and Girls' Clubs and schools, can help a CSA program build credibility with its target population.<sup>36</sup> For example, CFPB reported that an administrator of the El Monte Promise Foundation's Scholar Savings Program in El Monte, California, said the program frequently partners with local schools to meet with lower-income families at open houses, back to school nights, and other events because repeated engagement helps build families' trust in the program and provides multiple opportunities for them to enroll.<sup>37</sup>

Targeted Outreach

CSA programs that require all families to opt-in may take additional steps, such as conducting targeted outreach, to encourage lower-income

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<sup>33</sup>Clancy, Margaret M., and Sondra G. Beverly, *Statewide Child Development Account Policies: Key Design Elements*.

<sup>34</sup>CFPB, *Child savings accounts: Engagement strategies to increase inclusion*.

<sup>35</sup>Ibid.

<sup>36</sup>Ibid. In addition to building credibility with targeted populations, CSA programs form partnerships for other reasons. For example, one administrator from Pennsylvania's statewide CSA program said they partner with over 20 types of organizations to assist with enrollment, data access, funding, account operation, investment management, and research. For additional information about various types of partnerships CSA programs form to pursue program goals, see CFPB, *Child savings accounts: Engagement strategies to increase inclusion*.

<sup>37</sup>CFPB, *Child savings accounts: Engagement strategies to increase inclusion*.

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families to enroll.<sup>38</sup> According to CFPB, CSA programs that do not have data to identify hard-to-reach families may target their outreach to neighborhoods or schools serving higher proportions of lower-income, immigrant, or other marginalized groups. For example, Connecticut’s statewide CSA program reaches underserved Hispanic families by employing a bilingual field consultant, translating marketing and enrollment materials into Spanish, and partnering with organizations that support these communities, according to 2019 data collected by the College Savings Plans Network.<sup>39</sup>

## Other Strategies

**Simplified financial information.** Experts said some CSA programs simplify complex financial information to avoid discouraging lower-income families—who may have limited financial knowledge, according to CFPB—from enrolling.<sup>40</sup> CSA programs that simplify enrollment forms for all families may facilitate lower-income families’ participation in opt-in programs, according to experts.<sup>41</sup>

**Dual account structure.** Some CSA programs may use a dual account structure to help encourage enrollment among lower-income families who fear losing means-tested benefits, such as Supplemental Nutrition Assistance Program benefits, if they build savings, according to reports

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<sup>38</sup>CFPB, *Child savings accounts: Engagement strategies to increase inclusion*. Some CSA program administrators convened by Prosperity Now for an April 2020 listening session said their programs had temporarily suspended outreach to new families due to challenges associated with the COVID-19 pandemic. See Prosperity Now, *Shifting Communication and Engagement Strategies in Response to COVID-19* (Prosperity Now, 2020).

<sup>39</sup>CSA programs self-reported these data to the College Savings Plans Network. We did not define the terms “Hispanic” or “Latino” for the purposes of this report. We use the term contained in each source as we discuss that source.

<sup>40</sup>CFPB, *Child Savings Accounts: Advancing the Field to Better Serve Traditionally Underserved Consumers: A Report on the Bureau of Consumer Financial Protection 2018 Child Savings Account Forum*.

<sup>41</sup>Some CSA programs approach this challenge by holding bank or credit union savings accounts instead of investment accounts because lower-income families may feel more familiar and comfortable with savings accounts, according to CFPB officials we interviewed.

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we reviewed.<sup>42</sup> CSA programs that use a dual account structure—a main program account containing program contributions and an optional personal account containing personal contributions—partly address this concern because funds held in the program’s main account do not affect a family’s eligibility for public assistance, according to these reports.<sup>43</sup>

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### CSA Programs Provide Contributions and Use Other Strategies to Help Enrolled Families, Especially Lower-Income Families, Build Savings and Prepare for College

After enrolling in a CSA program, lower-income families face challenges in growing savings due to a lack of financial resources, according to

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<sup>42</sup>Markoff, Shira, and Dominique Derbigny, *Investing in Dreams: A Blueprint for Designing Children’s Savings Account Programs* (Prosperity Now, n.d.); Beverly, Sondra G., and Margaret Clancy, *Asset Limits for Means-Tested Public Assistance: Considerations for Child Development Account Proponents, CSD Policy Brief 17-24* (Center for Social Development, April 2017). Benefits programs that require potential participants to meet a test of financial need in order to be eligible for benefits are commonly referred to as means-tested programs (e.g., the Earned Income Tax Credit; the Supplemental Nutrition Assistance Program, previously known as food stamps; and Medicaid). GAO, *Federal Low-Income Programs: Eligibility and Benefits Differ for Selected Programs Due to Complex and Varied Rules, GAO-17-558* (Washington D.C.: June 29, 2017).

<sup>43</sup>Ibid. For the purposes of this report, we use the term “personal accounts” to refer to the account that receives personal contributions from the family. Experts said account ownership and structure may vary across programs, and personal accounts may be controlled or managed by the program or the family. The Center for Social Development reported in 2017 that funds held in personal accounts are typically owned by families and may affect their eligibility for some public assistance programs. This varies by program and state. Specifically, the Center for Social Development reported that families’ eligibility for (1) Medicaid and the Children’s Health Insurance Program (CHIP) is not affected by assets held in personal CSAs; (2) Supplemental Nutrition Assistance Program is not affected if the personal contributions are held in 529 plans, but may be affected in some states if personal contributions are held in bank or credit union savings accounts; and (3) Low-Income Home Energy Assistance Program (LIHEAP) and Temporary Assistance for Needy Families (TANF) may be affected in some states, for personal funds held in both account types. Beverly, Sondra G., and Margaret Clancy, *Asset Limits for Means-Tested Public Assistance: Considerations for Child Development Account Proponents, CSD Policy Brief 17-24*.

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CFPB officials and experts we interviewed.<sup>44</sup> Families struggling to pay daily expenses, such as diapers or gas, often must prioritize short-term spending above dedicated savings for college, experts said. The economic impacts of the COVID-19 pandemic may further strain some lower-income families' limited financial resources, according to CSA experts and program administrators.<sup>45</sup> CSA programs use a variety of strategies to help lower-income families reduce these financial barriers to save and prepare for college. These strategies include providing initial deposits and other types of program contributions and choosing the investment or savings vehicle that aligns with program goals. In addition to strategies designed to increase savings, which experts said may be modest given lower-income families' and programs' limited resources,<sup>46</sup> CSA programs use other strategies, including financial education and partnering with social service organizations, to pursue goals such as

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<sup>44</sup>Reports we reviewed also identified a lack of financial resources as an obstacle to saving. CFPB, *Child Savings Accounts: Using incentives to encourage participation*; Elliott, William, Nicholas Sorensen, Megan O'Brien, Zibei Chen, Briana Starks, and Haotian Zhen, *The Impact of Grocery Store Rewards Cards on Savings and Asset Accumulation In Children's Savings Account Program (Work paper)* (University of Michigan: Center on Assets, Education and Inclusion, n.d.).

<sup>45</sup>Financial strain related to the COVID-19 pandemic has led some families to stop making deposits, according to CSA experts, and administrators of one CSA program said they had received requests for emergency withdrawals. All families may be allowed to withdraw their personal CSA contributions for emergency expenses, but they may incur a penalty and the process can be lengthy, according to experts. Experts said CSA programs have adopted various approaches to address this concern, such as offering emergency savings accounts. For example, Prosperity Kids in New Mexico offers all enrolled families the opportunity to open a separate emergency savings account with a credit card and receive program contributions in that account to meet more immediate expenses, according to Prosperity Now's 2019 survey. We previously reported that building emergency savings features into retirement plans, among other strategies, may help individuals balance the need to build long-term savings with pressing financial needs that necessitate early withdrawals, such as out-of-pocket medical costs. GAO, *Retirement Savings: Additional Data and Analysis Could Provide Insight into Early Withdrawals*, [GAO-19-179](#) (Washington D.C.: Mar. 28, 2019).

<sup>46</sup>Experts we interviewed said that the amount of contributions a CSA program is able to make to all families' program accounts depends on the number of enrolled families and available program funding. Experts said that increased program contributions have great potential to improve lower-income families' college savings, but the amount CSA programs currently contribute is generally insufficient to make college affordable for these families without additional financial assistance. According to an article published by the Federal Reserve Bank of Boston, college costs and student debt have risen steeply, and CSA programs complement—rather than replace—other financial supports. Poore, Anthony, "Making the Case for Children's Savings Accounts (CSAs)." *Communities & Banking* (Winter 2017): pp. 24–25.

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increasing financial capability.<sup>47</sup> Further, CFPB officials and one expert said CSA programs have important goals that are associated with the overall program rather than individual strategies, such as helping members of lower-income families view themselves as individuals who save, invest, and attend college.<sup>48</sup>

## Program Contributions

All CSA programs provide at least one type of financial contribution to enrolled families, according to Prosperity Now.<sup>49</sup> Prosperity Now and CFPB describe four major types of contributions: (1) initial, or seed, deposits, made when an account is opened; (2) savings matches, which fully or partly match amounts deposited by families into their personal accounts; (3) benchmark incentives, made after families complete program activities or reach certain milestones; and (4) prize-linked savings, deposited when families win a raffle.<sup>50</sup> CSA programs most frequently provide initial deposits, and by the end of 2019, about 96 percent of all children enrolled in a CSA program (about 672,000 children) had received an initial deposit from the program, according to Prosperity Now's survey data (see fig. 4).<sup>51</sup>

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<sup>47</sup>Financial capability encompasses the knowledge, skills, and access needed to manage financial resources effectively. See CFPB, *Child savings accounts: Engagement strategies to increase inclusion*.

<sup>48</sup>According to Prosperity Now's 2019 survey data, CSA programs' highest priority goals in 2019 were to (1) increase expectations of attending college, and (2) increase the number of young people who complete college or career training. Programs also espoused goals to promote economic mobility or asset building by young people, build the financial capability of families and children, and, less frequently, to improve child development or health outcomes.

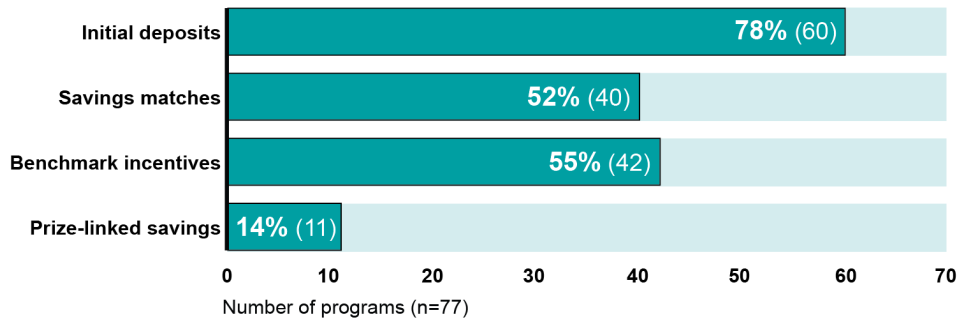
<sup>49</sup>Markoff, Shira, and Oliver Robinson, *The Movement Reaches New Heights: The State of the Children's Savings Field 2019*.

<sup>50</sup>Ibid. See also CFPB, *Child Savings Accounts: Using incentives to encourage participation*. Markoff, Shira, and Dominique Derbigny, *Investing in Dreams: A Blueprint for Designing Children's Savings Account Programs*. Prosperity Now collects data on these four types of financial contributions as part of their annual CSA program survey. According to Prosperity Now experts, prize-linked savings incentivize all families to make personal contributions to their accounts by rewarding these contributions with raffle entries. CSA programs may also hold raffles that reward families who participate in program activities, but Prosperity Now experts said these raffles do not meet their definition of prize-linked savings.

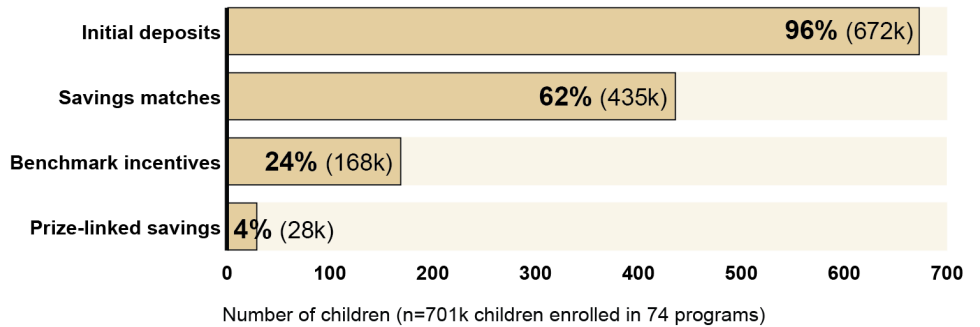
<sup>51</sup>This percentage reflects enrollment in 74 CSA programs. Of the 77 CSA programs with data available on the types of financial contributions provided, data on the number of children enrolled in each program were available for 74 programs and unavailable for three programs.

**Figure 4: Financial Contributions Provided by Children’s Savings Account (CSA) Programs in 2019, and Number of Children Enrolled**

**Financial contributions provided by program**



**Children enrolled in programs providing financial contributions**



Source: GAO analysis of Prosperity Now 2019 CSA program survey data. | GAO-21-10

Notes: There were 82 CSA programs operating as of December 31, 2019, but, for five programs, data on programs’ financial contributions were not available. This figure shows data for 77 programs and includes only programs that were operating (i.e., providing services to account holders) as of 2019. Because Prosperity Now does not have enrollment data for three of these programs, the enrollment figure shows enrollment data for 74 programs and about 701,000 children. The numbers of enrolled children are estimates rounded to the nearest thousand. For the purposes of this report, “k”=1,000. The primary types of program contributions described by the Consumer Financial Protection Bureau and Prosperity Now are (1) initial deposits, made when an account is opened; (2) savings matches, which fully or partly match amounts deposited by families; (3) benchmark incentives, made after families complete program activities or reach certain milestones; and (4) prize-linked savings, deposited when families win a raffle. All programs provide one or more types of financial contributions.

**Initial deposits.** CSA programs may design the initial deposits they provide to all families to be progressive so lower-income families receive larger contribution amounts. Progressive contributions can target assistance to lower-income families, according to CFPB officials and experts we interviewed. However, CFPB reported that data on families’

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income can be difficult to obtain from the organizations that collect them.<sup>52</sup> Further, according to experts, requiring all families to submit information on their income may greatly reduce participation, particularly by families with less financial knowledge.<sup>53</sup> For example, experts said that San Francisco's CSA program provided an additional \$50 initial deposit to enrolled families when they could show they qualified for free or reduced price school meals, but few families participated and the CSA program discontinued the effort. Rather than requiring families to provide this information, other CSA programs are pursuing data sharing agreements with schools so the programs can provide progressive initial deposits based on families' eligibility for free or reduced price meals, according to experts. Experts said one CSA program has identified lower-income families by verifying enrollment in a nutrition assistance program.<sup>54</sup>

CFPB officials and experts said initial deposits are an important strategy for assisting lower-income families regardless of whether the amounts are progressive. This is because, unlike other types of financial contributions, the programs that use initial deposits provide them to all the families they enroll, including lower-income families. CSA programs that cannot obtain family income data may provide all enrolled families with initial deposits of the same amount. Although these programs provide less progressive assistance, they ensure lower-income families receive funds regardless of their ability to make personal contributions or provide data proving their income. Given lower-income families' limited funds for saving, the Center for Social Development recommends CSA programs deposit at least \$500 to \$1,000 in each account.<sup>55</sup> Prosperity Now's 2019 survey found that, of the 60 CSAs providing initial deposits, the most common amount

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<sup>52</sup>CFPB, *Child Savings Accounts: Using incentives to encourage participation*.

<sup>53</sup>Clancy, Margaret M., and Sondra G. Beverly, *Statewide Child Development Account Policies: Key Design Elements*. Similarly, experts we interviewed said some opt-in CSA programs simplify complex investment information to avoid discouraging lower-income families from enrolling in the program. According to CFPB, these families may have limited experience with complicated savings and investment products.

<sup>54</sup>Specifically, experts said the CSA program verified enrollment in the Special Supplemental Nutrition Program for Women, Infants, and Children, which is a means-tested program providing nutritional assistance and other services for low-income pregnant and postpartum women, and children up to age five who are found to be at nutritional risk.

<sup>55</sup>Sherraden, Michael, Margaret M. Clancy, and Sondra G. Beverly, *Taking Child Development Accounts to Scale: Ten Key Policy Design Elements, CSD Policy Brief 18-08* (Center for Social Development, February 2018).

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was \$50 (provided by 22 programs), followed by \$25 and \$100 (provided by 14 programs each).<sup>56</sup> While CSA programs may base decisions about the amount of the initial deposit on factors such as the number of families enrolled, some programs are able to provide larger amounts to enrolled families. Maine's statewide CSA program, for example, is funded by a foundation and automatically enrolls all Maine resident babies and provides a \$500 initial deposit, according to a CFPB report.<sup>57</sup>

**Savings matches.** Experts we interviewed said savings matches are another type of program contribution, but they differed on the benefit of these matches in helping lower-income families. Some experts said savings matches can help lower-income families when they are designed to be progressive, so that lower-income families receive higher percentage matches based on their income.<sup>58</sup> For example, a lower-income family who deposits \$25 would receive a greater match amount than a wealthier family making the same deposit. Other experts, however, said progressive savings matches are not as helpful to lower-income families as initial deposits because progressive savings deposits require the families to make personal contributions.<sup>59</sup> Therefore, savings matches should not be the only type of contribution provided by the program, according to these experts.

CSA programs with access to certain personal data may offer progressive savings matches, according to the Center for Social Development.<sup>60</sup> For

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<sup>56</sup>Eight CSA programs provided initial deposits of other amounts varying from \$5 to \$500, and the remaining two programs reported that the amount of their initial deposit varies, according to Prosperity Now survey data.

<sup>57</sup>Maine's CSA program is funded by the Alford Scholarship Foundation. CFPB, *Child savings accounts: Engagement strategies to increase inclusion*.

<sup>58</sup>CFPB officials said that savings matches are most helpful for lower-income families when the matches are designed to be progressive. Officials added that they believe all savings matches—whether or not they are designed to be progressive—benefit lower-income families because they provide program funds to families who make personal contributions.

<sup>59</sup>The Center for Social Development reported that, while progressive, automatic savings matches have some potential to incentivize and subsidize lower-income families' savings, substantial and automatic initial deposits and targeted benchmark incentives have a much larger impact on these families' savings accumulation. Clancy, Margaret M., and Sondra G. Beverly, *Statewide Child Development Account Policies: Key Design Elements*.

<sup>60</sup>Clancy, Margaret M., and Sondra G. Beverly, *Statewide Child Development Account Policies: Key Design Elements*.



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example, the Center for Social Development reported that when all families who enroll in Louisiana’s statewide CSA program complete the enrollment form, they authorize the program to access the family’s state and federal income tax returns.<sup>61</sup> The program automatically deposits funds matching from 2 to 14 percent of deposits made by all families, with lower-income families receiving higher percentages than wealthier families.

**Benchmark incentives.** Similar to savings matches, benchmark incentives may help lower-income families increase their savings, but experts we interviewed had mixed views on the effect of these program contributions. One expert did not identify them as one of the most important strategies to help lower-income families.<sup>62</sup> Other experts said benchmark incentives tied to some types of non-financial milestones, such as deposits awarded for having birthdays and completing homework or program activities, can help lower-income families.

**Prize-linked savings.** Experts did not identify prize-linked savings as an important strategy for helping lower-income families save.<sup>63</sup> Prize-linked savings are offered by fewer CSA programs than other types of program contributions, according to Prosperity Now’s 2019 survey data. Prosperity Now reported that the Fund My Future CSA program in Pittsburgh, PA, offered raffle entries to all families who made personal contributions.<sup>64</sup> According to the program website, winners of the biggest prizes received

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<sup>61</sup>Ibid. The Center for Social Development reported that Louisiana’s CSA program is only available to state residents. Sherraden, Michael, Margaret M. Clancy, and Sondra G. Beverly, *Taking Child Development Accounts to Scale: Ten Key Policy Design Elements*, CSD Policy Brief 18-08.

<sup>62</sup>CFPB officials also said the benefits of benchmark incentives for lower-income families are unclear, based on information officials have received from CSA program administrators.

<sup>63</sup>Further, one expert said a program that only offers prize-linked savings without other types of financial contributions should not be considered a CSA program, because these programs focus on incentivizing a family’s personal contributions over providing program contributions.

<sup>64</sup>Markoff, Shira, and Dominique Derbigny, *Investing in Dreams: A Blueprint for Designing Children’s Savings Account Programs*.

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## Investment or Savings Vehicles

program contributions to their accounts.<sup>65</sup> In recognition of difficulties all families may face saving money during the COVID-19 pandemic, however, Prosperity Now reported that Fund My Future began awarding raffle entries to families who sent in photographs of program materials they had at home, according to CSA program administrators.<sup>66</sup>

**529 plans.** Another strategy CSA programs may use to help lower-income families grow savings is to use a 529 plan, which may accrue earnings. Just over half of CSA programs in Prosperity Now's 2019 survey used state 529 plans for holding program contributions,<sup>67</sup> because these accounts potentially earn more than bank or credit union savings accounts, according to a Prosperity Now report.<sup>68</sup> Most of the largest programs use 529 plans,<sup>69</sup> and an estimated 85 percent of enrolled children had funds in these plans (see fig. 5).<sup>70</sup> Because statewide CSA programs tend to use automatic enrollment, the proportion of enrolled children with 529 plans will likely continue to grow, according to one expert we interviewed.

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<sup>65</sup>See <https://fundmyfuturepa.org/about-fmf/prizes/>, accessed on September 28, 2020. The program contribution consists of a \$500 scholarship held in the child's CSA, according to the Fund My Future website. The program also awards cash and gift card prizes.

<sup>66</sup>Prosperity Now, *Shifting Communication and Engagement Strategies in Response to COVID-19* (2020). Accessed on June 29, 2020.

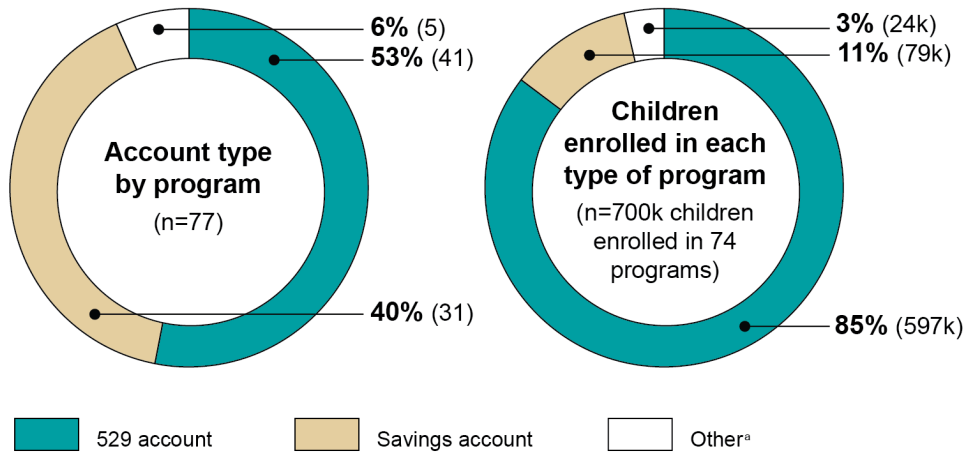
<sup>67</sup>Specifically, 41 out of 77 CSA programs used state 529 plans. Although there were 82 CSA programs operating in 2019, data on the type of savings or investment vehicle were available for 77 programs and unavailable for five programs. 529 plans are tax-advantaged accounts that can be used to pay for college expenses. These plans may offer a number of investment options, which often include stock mutual funds, bond mutual funds, and money market funds. [GAO-13-64](#).

<sup>68</sup>Markoff, Shira, and Dominique Derbigny, *Investing in Dreams: A Blueprint for Designing Children's Savings Account Programs*. According to documents provided by the College Savings Plans Network, CSA programs may partner with their home state's 529 plan, or they may use other states' plans, according to experts we interviewed. Utah's state 529 plan serves as a platform for 35 CSAs with over 3,800 accounts, according to data CSA programs reported to the College Savings Plans Network in 2019.

<sup>69</sup>Markoff, Shira, and Oliver Robinson, *The Movement Reaches New Heights: The State of the Children's Savings Field 2019*.

<sup>70</sup>This percentage reflects enrollment in 74 CSA programs. Of the 77 CSA programs with data available on the type of savings or investment vehicle, data on the number of children enrolled in each program were available for 74 programs and unavailable for three programs.

**Figure 5: Types of Savings or Investment Vehicles Used by Children’s Savings Account (CSA) Programs in 2019, and Number of Children Enrolled**



Source: GAO analysis of Prosperity Now 2019 CSA program survey data. | GAO-21-10

Note: There were 82 CSA programs operating as of December 31, 2019, but, for five programs, data on the account type were not available. Therefore, this figure shows data for 77 programs and includes only programs that were operating (i.e., providing services to account holders) as of 2019. Because Prosperity Now does not have enrollment data for three of the 77 programs, this figure shows enrollment data for 74 programs and about 700,000 children. The numbers of enrolled children are estimates rounded to the nearest thousand. For the purposes of this report, “k”=1,000. Percentages in this graphic do not total 100 due to rounding.

<sup>a</sup>According to Prosperity Now officials, other accounts include checking accounts, account types chosen by families, and programs in which the account type was unclear.

Making cash deposits to 529 plans is generally difficult,<sup>71</sup> but some CSA programs have developed processes that enable all families to do so. For example, according to CFPB, Promise Indiana formed a partnership with a bank that allows participating families to deposit cash, after which Promise Indiana staff transfer the money to the family’s 529 account.<sup>72</sup> Additionally, Nevada’s statewide CSA program is piloting a program to allow all families to deposit cash to their 529 accounts, according to one expert we interviewed. Parent volunteers collect cash deposits from enrolled children at school and deposit the cash in an account at a local bank. The CSA program uses specialized software to allocate deposits to all families’ accounts. All families may also make cash deposits to some

<sup>71</sup>CFPB, *Child savings accounts: Using technology to engage participants and administer programs*. Additionally, experts we interviewed either said that making cash deposits to 529 plans is difficult, or they were unaware of opportunities to make cash deposits.

<sup>72</sup>CFPB, *Child Savings Accounts: Using incentives to encourage participation*.

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529 plans by purchasing Gift of College cards, according to experts. However, families must take a series of steps to do so, according to the Gift of College website: they must create an online Gift of College profile, link their profile to their CSA, visit a participating retail store, purchase a minimum denomination of \$25, pay a fee, and deposit the money through their online Gift of College account.<sup>73</sup>

**Savings accounts.** Some CSA program administrators choose to use bank or credit union savings accounts because they are more familiar to lower-income families, according to experts we interviewed, and permit cash deposits, which helps lower-income families save even if they do not have other bank accounts, according to experts and a CFPB report.<sup>74</sup> Additionally, CFPB reported that children may learn more about saving when their financial education activities involve handling cash, rather than digital activities.<sup>75</sup>

## Other Strategies

**Financial education.** Some CSA programs offer financial education to help all families prepare for college and to meet the program's broader financial capability goals, according to a CFPB report we reviewed.<sup>76</sup> Such education ranges from including financial tips on account statements to holding monthly workshops with parents, according to CFPB.<sup>77</sup> For example, CFPB reported that Wabash County Promise in Indiana provides a college cost estimator tool for families of 8th grade students to calculate how much they need to save during their child's high school years and guidance on how to develop a savings plan.<sup>78</sup> The program deposits \$10 in accounts when families complete the estimator and \$20 when they attend a workshop to review the results. San Francisco's Kindergarten to College (K2C) program sponsors field trips to

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<sup>73</sup>More information is available on the Gift of College website at <https://www.giftofcollege.com/>, accessed on June 25, 2020.

<sup>74</sup>CFPB, *Child savings accounts: Using technology to engage participants and administer programs*.

<sup>75</sup>Ibid.

<sup>76</sup>CFPB, *Integrating financial education into children's savings account programs*.

<sup>77</sup>Ibid. Experts we interviewed said CSA programs suspended in-person program activities due to challenges associated with the COVID-19 pandemic.

<sup>78</sup>CFPB, *Integrating financial education into children's savings account programs*.

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banks for children and parents designed to increase familiarity with the banking system, according to another CFPB report.<sup>79</sup>

**Partnering to provide more support.** Prosperity Now reported that CSAs can provide greater support to all families by partnering with social service organizations and college promise programs, which award college tuition scholarships to students based on where they live or their school district, among other factors.<sup>80</sup> These partnerships may help families save more or prepare for college by aligning CSA supports with other services. For example, Oregon’s statewide CSA program partners with a division of the Oregon Department of Education called Healthy Families, which supports families that have experienced abuse.<sup>81</sup> Healthy Families helps these families enroll in the CSA program. The CSA program contributes \$5 to a family’s program account for each Healthy Families home visit and \$50 when a family completes the Healthy Families program. Prosperity Now reported that the Oakland Promise program in California was designed as a cradle-to-college effort that integrates four programs: two CSA programs; a program providing college scholarships and student supports, including mentoring and counseling services through college; and a program to help students apply for college, financial aid, and internships.<sup>82</sup>

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<sup>79</sup>CFPB, *Child savings accounts: Engagement strategies to increase inclusion*.

<sup>80</sup>Beer, Allison, Julie Ajinkya, Ph.D., and Carl Rist, *Better Together: Policies that Link Children’s Savings Accounts with Access Initiatives to Pave the Way to College* (Washington, D.C.: The Institute for Higher Education Policy and Corporation for Enterprise Development, 2017). Note that Prosperity Now was previously called the Corporation for Enterprise Development. Also, William Elliott and Andrea Levere reported that college promise programs are diverse, but they generally promise primary or secondary students will receive college grants or scholarships, which are often privately funded. These grants and scholarships generally cover all or part of tuition costs and may be restricted to attendance at particular colleges. For example, the Kalamazoo Promise program guarantees that students who live in the Kalamazoo, Michigan, school district and attend public schools from elementary through high school will receive a grant equivalent to the cost of tuition and fees at in-state public colleges. Elliott, William, and Andrea Levere, *College Promise Models and College Savings Accounts: How College Savings Can Bolster the Early Financial Aid Commitment*, in *Designing Sustainable Funding for College Promise Initiatives (Research Report No. RR-17-39)*, edited by Catherine Millet (Princeton, NJ: Educational Testing Service, 2017) 4–12.

<sup>81</sup>Oregon’s statewide CSA program reported data about its partnership with Healthy Families to the College Savings Plans Network in 2019.

<sup>82</sup>Beer, Allison, Julie Ajinkya, Ph.D., and Carl Rist, *Better Together: Policies that Link Children’s Savings Accounts with Access Initiatives to Pave the Way to College*.

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**Tailored communications.** To meet program goals, CSA programs tailor the content and delivery of their information to communicate more effectively with enrolled lower-income families, according to experts we interviewed and a CFPB report we reviewed.<sup>83</sup> Lower-income families may have limited access to the internet or computers, according to CSA program administrators, and programs may opt to communicate via phone calls, cell phone text messages, mail, websites, social media, and email.<sup>84</sup> According to data collected by the College Savings Plans Network, Rhode Island’s statewide CSA program reaches lower-income families by partnering with “mom influencers” who use their social media accounts to share the program’s college saving tips. Some CSA programs also work to make their financial information accessible for enrolled families by using easy-to-understand language—according to one program administrator—and game apps,<sup>85</sup> as well as translating information to families’ preferred languages.<sup>86</sup> Additionally, CFPB reported that sending reminders and setting deadlines are potentially as effective as program contributions in motivating enrolled families to save.<sup>87</sup>

Some CSA programs also work to communicate with enrolled families in person, although in response to the COVID-19 pandemic, many communications have moved online. In order to provide information in person, some CSA programs partner with schools, non-profits, and other organizations working with enrolled families and schedule meetings around families’ work schedules, according to a CFPB report we reviewed.<sup>88</sup> In response to nationwide distancing measures to prevent the spread of COVID-19, CSA programs have designed more of their communications to be online, program administrators said. For example, administrators of one CSA program said they usually conduct an annual

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<sup>83</sup>CFPB, *Child savings accounts: Engagement strategies to increase inclusion*.

<sup>84</sup>Ibid.

<sup>85</sup>According to one expert we interviewed, some CSA programs recently started using game apps to provide financial education to lower-income families; deposit game winnings into their CSA; and teach them how to invest in the stock market affordably, using a few dollars or cents to buy fractional shares.

<sup>86</sup>CFPB, *Child savings accounts: Engagement strategies to increase inclusion*. An administrator of Maine’s statewide CSA program said the program is in the process of having program materials translated from English to eight or 10 other languages.

<sup>87</sup>CFPB, *Child Savings Accounts: Using incentives to encourage participation*.

<sup>88</sup>CFPB, *Child savings accounts: Engagement strategies to increase inclusion*.

tour of a nearby university to help enrolled children become more familiar with campus life. Because of COVID-19, however, the administrators created a virtual campus tour with videos of university students who introduce themselves in English and Spanish and welcome the students to participate in interactive online activities. Additionally, CSA programs use email, program websites, and social media to provide program information, contacts for social services, and positive messaging for families experiencing financial strain or other challenges as a result of the pandemic (see fig. 6).

**Figure 6: Example of a Children’s Savings Account (CSA) Program Communication on Social Media**



Source: Oakland Promise and Twitter. | GAO-21-10

Note: Oakland Promise, a CSA program in Oakland, California, publicly posted this communication via Twitter, an online social media platform. This figure is a screenshot and does not display the CSA program’s letter.

**Reward cards.** CSA programs may partner with businesses to offer reward cards that help lower-income families grow their CSA savings, according to reports we reviewed.<sup>89</sup> For example, the St. Louis College

<sup>89</sup>Elliott, William, “Saving through spending: Lessons learned from children’s savings account programs and the future of asset development,” *Children and Youth Services Review*, no. 94 (2018): 410-420. See also Elliott, William, Nicholas Sorensen, Megan O’Brien, Zibei Chen, Briana Starks, and Haotian Zhen, *The Impact of Grocery Store Rewards Cards on Savings and Asset Accumulation in Children’s Savings Account Program (Work paper)*.

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Kids program partners with a grocery store to allow all families enrolled in the CSA program to purchase groceries at a discount of up to 3 percent, according to one document.<sup>90</sup> The rebate is deposited to the family's program account at the end of each quarter.

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## Research Suggests Children's Savings Account Program Strategies Have Positive Short-Term Effects, Including for Lower-Income Families

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### Studies Generally Assessed Short-Term Effects of CSA Program Strategies on Participation, Savings Accumulation, and Educational Expectations

We identified and reviewed 34 studies that assessed the effects of strategies used by CSA programs.<sup>91</sup> These studies primarily examined short-term effects, such as program enrollment or participation, savings accumulation, and expectations about going to college (see fig. 7). Studies also examined CSA program strategies' short-term effects on family members' well-being, children's social-emotional development, and academic achievement. The majority of CSA programs were created in the last 8 years and typically enroll young children, so researchers have

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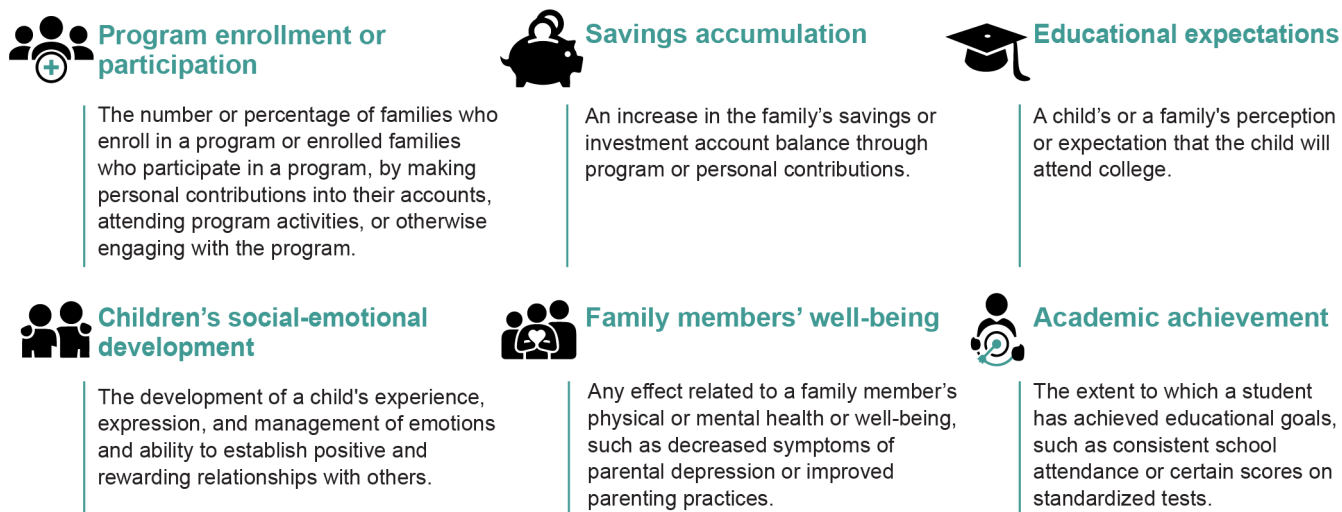
<sup>90</sup>Elliott, William, Nicholas Sorensen, Megan O'Brien, Zibei Chen, Briana Starks, and Haotian Zhen, *The Impact of Grocery Store Rewards Cards on Savings and Asset Accumulation in Children's Savings Account Program (Work Paper)*.

<sup>91</sup>There is a body of research that examines the effects of having any dedicated savings for postsecondary education, such as William Elliott's *Small-Dollar Children's Savings Account* paper series that analyzes correlations between savings and college enrollment and graduation. However, this research does not specifically study CSA program strategies or savings held in CSAs. These studies were not included as they were outside the scope of our review. Of the studies included in our review, some had findings related to associations between families' demographic characteristics—such as education level, race, or household proximity to certain types of financial institutions—and effects of CSA programs. We excluded these findings, however, because they were not specifically related to the strategies used by CSA programs and, therefore, were outside the scope of our review. The exception was household income. Because our review identified lower-income families as a population of interest, findings related to how household income may be related to the effects of CSA program strategies were included. See appendix I for additional details on our scope and methodology.



likely focused on short-term effects because most children with accounts have not reached college age. As a result, we found that research on long-term effects of CSA program strategies, such as the effects on college enrollment, retention, and graduation, is limited.<sup>92</sup> We found only one study that analyzed college enrollment and met our inclusion criteria.<sup>93</sup>

**Figure 7: Most Commonly Assessed Effects of CSA Program Strategies in Reviewed Studies**



Source: GAO analysis of 33 peer-reviewed studies and one working paper of Children's Savings Account (CSA) program strategies, published from 2010 through 2019. | GAO-21-10

Note: For purposes of this report, "college" includes colleges, universities, vocational schools, or other postsecondary institutions eligible to participate in a federal student aid program authorized by Title IV of the Higher Education Act of 1965, as amended.

<sup>92</sup>CFPB officials identified a set of common short- and long-term performance metrics to help CSA programs monitor and improve operations, share information about effective strategies, and inform policy by providing standards for comparison across programs. Short-term metrics include effects on educational expectations or savings accumulation and long-term metrics include effects on college enrollment and financial capability. CFPB officials said they incorporated input from CSA program administrators, researchers, and other stakeholders to identify metrics that CSA programs can choose based on their program goals and accessible data. Officials provided information about these metrics at a July 2020 convening of CSA program administrators and experts. CFPB published the metrics in October 2020. CFPB, *Common Metrics for Children's Savings Account Programs*.

<sup>93</sup>This study is a working paper examining the Early College Planning Initiative in Boston, Massachusetts. Long, Bridget Terry, and Eric Bettinger, "Simplification, Assistance, and Incentives: A Randomized Experiment to Increase College Savings," Draft working paper (National Bureau of Economic Research, 2017).

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While some studies were able to isolate specific effects on lower-income families, not all studies did so.<sup>94</sup> Not all CSA programs and researchers had access to data necessary to determine the income of enrolled families, according to experts we interviewed and documents we reviewed. However, CSA programs are primarily designed to help lower-income families, so any overall effects identified in the studies are likely to include these families.

While the studies we reviewed identified effects of CSA program strategies on families, most studies did not indicate whether specific strategies, or some combination of them, contributed to these effects. Because CSA programs typically integrate multiple strategies—such as automatic enrollment, savings matches, and financial education—into a single program, studies were generally unable to isolate the effects of any single strategy.

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### Most Studies Analyzed Two Large-Scale CSA Demonstrations and Found Positive Short-Term Effects, Including for Lower-Income Families

Research findings from the 34 studies we reviewed suggest positive short-term effects in each of the areas most frequently assessed: program enrollment or participation, savings accumulation, expectations of attending college, family members' well-being, children's social-emotional development, and academic achievement.<sup>95</sup> The majority of CSA program research included in our review examined two large-scale CSA demonstrations designed to assess the effectiveness of CSA program strategies.<sup>96</sup>

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<sup>94</sup>Throughout this report, we note where the study findings isolated effects on lower-income families. For studies that did not isolate findings for lower-income families, we either refer to all families included in the study sample or specifically describe the population of families to which we are referring.

<sup>95</sup>For the purposes of this report, families “participate” in CSA programs by making personal contributions to their accounts, attending program activities, or otherwise engaging with the program. All findings discussed in this report are statistically significant, unless specified otherwise.

<sup>96</sup>We use the term “CSA demonstration” to describe CSA programs designed primarily for the purpose of testing the effectiveness of CSA program strategies. Compared to other CSA programs, these demonstrations have limited enrollment periods and are more likely to divide participating families into a control or comparison group and a “CSA group” in order to test the effects of various CSA program strategies. The three CSA demonstrations included in the studies we reviewed—SEED, SEED OK, and the Early College Planning Initiative—used control or comparison groups and CSA groups.

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Of the 34 studies we reviewed, 26 analyzed two large-scale CSA demonstrations:

- Saving for Education, Entrepreneurship, and Downpayment (SEED) initiative: SEED enrolled children from 2003 through 2006 as part of CSA demonstrations in 11 states and one territory. These demonstrations used various combinations of enrollment assistance, initial deposits, savings matches, benchmark incentives, financial education, and targeted outreach or communication efforts. Michigan SEED, the largest demonstration, assigned families to a CSA group or a control group and offered the CSA group enrollment assistance, initial deposits of \$800, savings matches, and financial education.<sup>97</sup>
- SEED for Oklahoma Kids (SEED OK) experiment: SEED OK was a statewide demonstration that enrolled children in 2007 and randomly assigned them to a CSA group or a control group. SEED OK offered the CSA group the following strategies: automatic enrollment; initial deposits of \$1,000 and an additional initial deposit of \$100 if the family opened a separate, personal account; savings matches; benchmark incentives; and financial education through targeted communication efforts.

The remaining eight studies included in our review analyzed several CSA programs and CSA demonstrations that used multiple strategies. These included:

- My Alford Grant: a statewide CSA program in Maine beginning in 2008 using automatic enrollment and initial deposits of \$500.<sup>98</sup>
- Promise Indiana: a state-supported CSA program in Indiana that began in 2013 using enrollment assistance, initial deposits of \$25, savings matches, financial education, and college and career planning activities at participating schools.
- Early College Planning Initiative: a CSA demonstration based in Boston Public Schools in Massachusetts that enrolled children in 2012 and 2013 to examine the effects of enrollment assistance and initial deposits of \$50. Families were randomly assigned to a CSA group

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<sup>97</sup>Families who were enrolled in selected Michigan Head Start programs were assigned to the CSA and control groups. Head Start is a federal early childhood program that promotes school readiness of children from low-income families. Families enrolled in Michigan SEED are considered lower-income for the purpose of this report.

<sup>98</sup>The My Alford Grant was formerly known as the Harold Alford College Challenge.

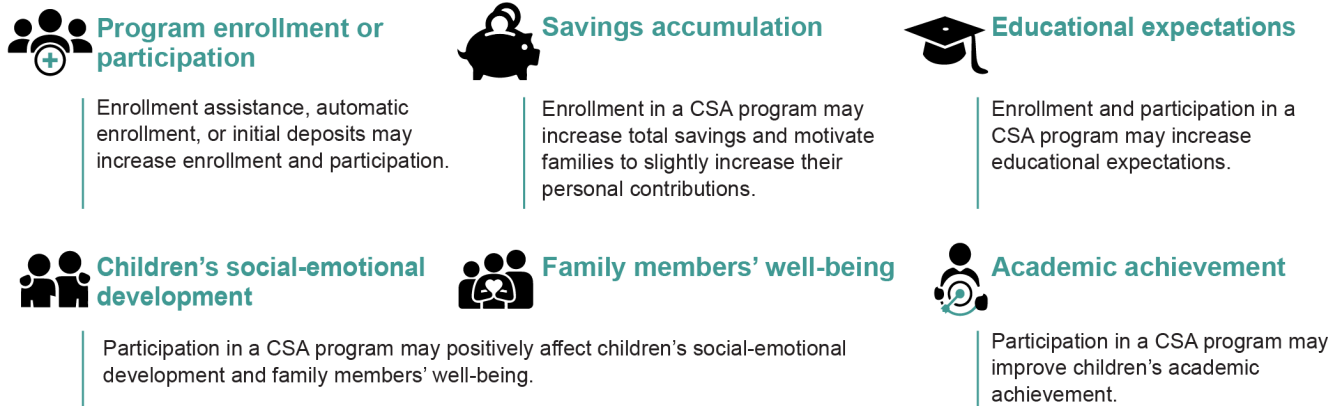
that was offered both enrollment assistance and initial deposits, a comparison group that was offered only enrollment assistance, and a control group that was offered neither.

- Prosperity Kids: a CSA program started in 2014 and tailored to lower-income Latino families in Albuquerque, New Mexico, that uses enrollment assistance, financial education, initial deposits of \$100, savings matches, and benchmark incentives.

For more detailed information about each of these programs, see appendix III.

Key findings on the effects of CSA program strategies found in the 34 studies we reviewed are shown in figure 8.

**Figure 8: Summary of the Effects of CSA Program Strategies in Reviewed Studies**



Source: GAO analysis of 33 peer-reviewed studies and one working paper of Children's Savings Account (CSA) program strategies, published from 2010 through 2019. | GAO-21-10



**Enrollment assistance, automatic enrollment, or initial deposits may increase enrollment and participation.** One SEED study found that lower-income families who attended some form of program orientation that facilitated their enrollment, either in a group or one-on-one with program staff, were more likely to enroll than families who did not.<sup>99</sup>

Source: GAO. | GAO-21-10

<sup>99</sup>Okech, David, "Enrollment Decisions in a Child Development Accounts Program for Low-Income Families," *Journal of Family and Economic Issues*, vol. 32, no. 3 (2011): 400–410.

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Lower-income families who attended a one-on-one orientation were 16 times more likely to enroll than those who did not attend any orientation.

Several of the SEED OK studies found that automatic enrollment eliminated barriers for families in the CSA group and ensured that all children were enrolled.<sup>100</sup> Studies also found that families in the CSA group were more likely to open and continue holding personal accounts compared to the control group. Two studies found that about 17 percent of families in the CSA group opened personal accounts, compared to 1 percent of families in the control group.<sup>101</sup>

To increase enrollment and inclusivity, in 2013 the My Alford Grant CSA program in Maine switched from an opt-in enrollment process to automatic enrollment. In a study conducted prior to the shift to automatic enrollment, survey data showed that the opt-in process deterred some families. According to researchers, aspects of the opt-in process, such as the enrollment form, could be simplified, especially to be inclusive of lower-income families.<sup>102</sup>

In a 2017 working paper on the Early College Planning Initiative in Boston, researchers found that families in the CSA group, who received initial deposits, were more likely to open personal accounts and deposit money compared to the comparison and control groups.<sup>103</sup> Specifically, about 23 percent of families in the CSA group opened an account, while only 2 percent of the comparison group and 1 percent of the control group opened accounts. Families in the CSA group were also more likely to actively participate in their accounts. For example, among those who

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<sup>100</sup>Families enrolled in the CSA group received a variety of services, including automatic enrollment and a \$1,000 initial deposit. Families in the control group did not receive these services.

<sup>101</sup>Clancy, Margaret M., Sondra G. Beverly, Michael Sherraden, and Jin Huang, "Testing Universal Child Development Accounts: Financial Effects in a Large Social Experiment," *Social Service Review*, vol. 90, no. 4 (2016): 683–708. Huang, Jin, Yunju Nam, and Margaret S. Sherraden, "Financial Knowledge and Child Development Account Policy: A Test of Financial Capability," *The Journal of Consumer Affairs*, vol. 47, no. 1 (2013): 1–26.

<sup>102</sup>Huang, Jin, Sondra Beverly, Margaret Clancy, Terry Lassar, and Michael Sherraden, "Early Program Enrollment in a Statewide Child Development Account Program," *Journal of Policy Practice*, vol. 12, no. 1 (2013): 62–81.

<sup>103</sup>The CSA group was offered enrollment assistance and an initial deposit of \$50, the comparison group was offered only enrollment assistance, and the control group was offered neither. Long and Bettinger, "Simplification, Assistance, and Incentives," Draft working paper.



## Savings Accumulation

Source: GAO. | GAO-21-10

opened personal accounts, about one-third set up monthly direct deposits, which researchers considered important to accumulate savings. According to the researchers, these findings suggest that information and enrollment assistance alone may not be enough to encourage families to start saving in a CSA, but the offer of program contributions could be.

### **Enrollment in a CSA program may increase total savings and motivate families to slightly increase their personal contributions.**<sup>104</sup>

One SEED study found lower-income families' personal contributions increased slightly when the CSA program offered savings matches.<sup>105</sup> Savings matches helped motivate lower-income families to increase the amount they personally contributed to SEED accounts by about \$2 quarterly for every \$100 savings match. According to the study's researchers, these modest personal contributions reflect the difficulty lower-income families face in saving. SEED's initial deposits and benchmark incentives—deposits made when enrolled families complete program activities or reach certain milestones—were associated with increases in total savings accumulation because the program deposited those funds directly into families' accounts without requiring them to contribute their own money.

Researchers studied a subset of Albuquerque's Prosperity Kids accounts for 298 children and found that the longer a family was enrolled in the CSA, the more likely they were to make a personal contribution.<sup>106</sup> Using data for all 493 children enrolled in Prosperity Kids, researchers found that 29 percent of enrolled children's families made personal contributions

<sup>104</sup>According to these studies, total savings increased primarily as a result of program contributions.

<sup>105</sup>Mason, Lisa Reyes, Yunju Nam, Margaret Clancy, Youngmi Kim, and Vernon Loke, "Child Development Accounts and Saving for Children's Future: Do Financial Incentives Matter?" *Children and Youth Services Review*, vol. 32, no. 11 (2010): 1570–1576.

<sup>106</sup>This subset of families had 298 children enrolled in the Prosperity Kids CSA program and the Albuquerque Public School district, which provided researchers with additional personal data, such as whether a child was receiving free or reduced price meals. Between May 2014 and December 31, 2015, when researchers conducted this study, a total of 495 children were enrolled in Prosperity Kids. Two erroneous cases were removed, so the study is based on a total population of 493 children. Lewis, Melinda, Megan O'Brien, and William Elliott, "Immigrant Latino Families Saving Against Great Odds: The Case of CSAs and the Prosperity Kids Program," *Race and Social Problems*, vol. 9, no. 3 (2017): 192–206.

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to their accounts.<sup>107</sup> Over about a year, these families saved an average of \$155.

According to the same Prosperity Kids researchers, their findings, based on qualitative data from interviews with 28 parents of 50 enrolled children, suggest CSA program strategies such as initial deposits, savings matches, and restrictions on withdrawals can help influence lower-income families to save for college despite low incomes, irregular employment, or unanticipated expenses.<sup>108</sup> Parents also credited their enrollment to the sense of support and shared commitment to saving created by Prosperity Kids.

Studies on SEED OK found that children enrolled in the CSA group accumulated more savings than children in the control group, largely because of the automatic enrollment and \$1,000 initial deposit, but also because their families contributed more to their personal accounts. For example, 7 years after SEED OK began, one study found that children in the CSA group had over four times more savings in their personal accounts on average (\$261) than children in the control group (\$59).<sup>109</sup> When this study looked at savings in both program and personal accounts, it found that children in the CSA group had about \$1,851 in total savings compared to about \$323 for children in the control group, who received no initial deposit or savings matches. Additional studies found that lower-income families in the CSA group had more savings—both from personal and program contributions—than their counterparts in the control group.

The researchers of these studies reported that increases in families' personal contributions were modest, noting that many lower-income families have difficulty saving for college—even when offered savings matches as an incentive—due to constrained budgets to pay for basic expenses, like groceries and rent. For example, one study found that, despite being eligible for savings matches, lower-income families did not save as much as wealthier families, who were not eligible for the

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<sup>107</sup>Ibid.

<sup>108</sup>Ibid.

<sup>109</sup>Clancy *et al.*, "Testing Universal Child Development Accounts," 683–708.



Source: GAO. | GAO-21-10

matches.<sup>110</sup> According to researchers, lower-income families' challenges to save underscores the value of automatic CSA program contributions, such as initial deposits, because these investments grow over time regardless of whether enrolled families can contribute their own money to the CSA. Although total CSA savings likely will not cover all college costs, researchers also emphasized that CSA programs have non-financial benefits for lower-income families beyond savings accumulation, such as raising educational expectations.

**Enrollment and participation in a CSA program may increase educational expectations.** Multiple studies found that enrollment and participation in a CSA program increased either parents' educational expectations for their children, students' educational expectations, or both. Two SEED studies found increases in students' educational expectations when they were enrolled in a CSA program. Specifically, one of the studies found that when a sample of lower-income parents enrolled in SEED communicated with their children about the accounts, children's expectations of themselves increased compared to children whose parents who did not discuss the accounts with them.<sup>111</sup>

Further, studies on SEED OK found that families in the CSA group had increased educational expectations for their children.<sup>112</sup> For example, one study found that families in both the CSA and control groups had similar expectations when SEED OK began, but after 4 years, families in the CSA group were significantly more likely to report that their educational expectations remained the same or increased.<sup>113</sup> When looking at only

<sup>110</sup>Beverly, Sondra G., Youngmi Kim, Michael Sherraden, Yunju Nam, and Margaret Clancy, "Can Child Development Accounts be inclusive? Early evidence from a statewide experiment," *Children and Youth Services Review*, vol. 53 (2015): 92–104.

<sup>111</sup>Blumenthal, Anne, and Trina R. Shanks, "Communication matters: A long-term follow-up study of child savings account program participation," *Children and Youth Services Review*, vol. 100 (2019): 136–146.

<sup>112</sup>Families enrolled in the CSA group received a variety of services, including automatic enrollment and a \$1,000 initial deposit. Families in the control group did not receive these services.

<sup>113</sup>Families in the control group were more likely to report a decrease in their educational expectations. Kim, Youngmi, Michael Sherraden, Jin Huang, and Margaret Clancy, "Child Development Accounts and Parental Educational Expectations for Young Children: Early Evidence from a Statewide Social Experiment," *Social Service Review*, vol. 89, no. 1 (2015): 99–137.



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lower-income families, another study found that families in the CSA group reported slightly higher educational expectations for their children.<sup>114</sup>

A 2019 study on Maine's My Alford Grant program found that for parents whose children had program-owned accounts, regardless of whether they opted in or were automatically enrolled, the odds of expecting their children to attend college was nearly two times greater than for parents whose children did not have an account.<sup>115</sup>

In a 2017 working paper, researchers studying long-term effects of the Early College Planning Initiative in Boston found that students who were in the CSA group and had enrolled in college were 8 percent more likely to enroll in a 4-year college and 11 percent less likely to enroll in a 2-year college than college students in the comparison and control groups.<sup>116</sup> The researchers suggested their early analysis may indicate that families with greater financial resources through savings might be willing to make more expensive investments when choosing a college, such as choosing a 4-year college over a 2-year college. However, the study did not identify statistically significant differences in college enrollment in general across the CSA, comparison, and control groups, and collection of data will be ongoing as more students in the sample complete high school.<sup>117</sup>

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<sup>114</sup>Huang, Jin, Sondra G. Beverly, Youngmi Kim, Margaret M. Clancy, and Michael Sherraden, "Exploring a Model for Integrating Child Development Accounts with Social Services for Vulnerable Families," *The Journal of Consumer Affairs*, vol. 53, no. 3 (2019): 770–795.

<sup>115</sup>Chen, Zibei, William Elliott, Kaipeng Wang, Anao Zhang, and Haotian Zheng, "Examining parental educational expectations in one of the oldest children's savings account programs in the country: The Harold Alford College Challenge," *Children and Youth Services Review*, vol. 108 (2019).

<sup>116</sup>This early analysis is based on 286 out of 974 students in the study sample who had completed high school and enrolled in college by 2016. College enrollment was based on whether students had ever enrolled in college by fall 2016. The CSA group was offered enrollment assistance and an initial deposit of \$50, the comparison group was offered only enrollment assistance, and the control group was offered neither. Long and Bettinger, "Simplification, Assistance, and Incentives," Draft working paper.

<sup>117</sup>This early analysis is based on 406 out of 974 students in the study sample who had completed high school at the time of analysis. The working paper's researchers reported this finding may not be statistically significant due to the small sample size. Long and Bettinger, "Simplification, Assistance, and Incentives," Draft working paper.



### Children's Social-Emotional Development



### Family Members' Well-Being

Source: GAO. | GAO-21-10

### Participation in a CSA program may positively affect children's social-emotional development and family members' well-being.

Several SEED OK studies found that families in the CSA group reported better effects on the social-emotional development of their children than families in the control group.<sup>118</sup> These effects were strongest for families with low income and education levels.<sup>119</sup> Other studies found that CSA participation was associated with improvement in family members' well-being. For example, two studies found that participation in SEED OK reduced depressive symptoms in mothers, particularly lower-income mothers, regardless of whether they opened personal accounts.<sup>120</sup> Other studies found modest reductions in punitive parenting practices, such as screaming or severe punishments, among families in the CSA group.<sup>121</sup>



### Academic Achievement

Source: GAO. | GAO-21-10

**Participation in a CSA program may improve children's academic achievement.** Studies on Promise Indiana found positive associations between enrollment and participation in the CSA program and academic achievement for children from lower-income families. One study found that lower-income children whose families participated in the program by making personal contributions to their Promise Indiana account, compared to those who did not participate, had increased reading

<sup>118</sup>Families enrolled in the CSA group received a variety of services, including automatic enrollment and a \$1,000 initial deposit. Families in the control group did not receive these services. Researchers used a set of survey questions designed to assess children's social-emotional development—a measure of a child's ability to manage emotions and behaviors, cooperate, and build relationships.

<sup>119</sup>Huang, Jin, Michael Sherraden, Youngmi Kim, and Margaret Clancy, "Effects of Child Development Accounts on Early Social-Emotional Development: An Experimental Test," *JAMA Pediatrics*, vol. 168, no. 3 (2014): 265–271.

<sup>120</sup>The researchers found that CSA programs' positive effects on children's social-emotional development contributed—in small part—to the reduction of maternal depressive symptoms. However, the researchers noted they were not able to study all factors of CSA programs that may affect children's social-emotional development, maternal depressive symptoms, or other aspects of family members' well-being. Huang, Jin, Michael Sherraden, and Jason Q. Purnell, "Impacts of Child Development Accounts on maternal depressive symptoms: Evidence from a randomized statewide policy experiment," *Social Science & Medicine*, vol. 112 (2014): 30–38. Huang *et al.*, "Exploring a Model for Integrating Child Development Accounts," 770–795.

<sup>121</sup>Nam, Yunju, Nora Wikoff, and Michael Sherraden, "Economic Intervention and Parenting: A Randomized Experiment of Statewide Child Development Accounts," *Research on Social Work Practice*, vol. 26, no. 4 (2016): 339-349. Huang, Jin, Yunju Nam, Michael Sherraden, and Margaret Clancy, "Impacts of child development accounts on parenting practices: evidence from a randomised statewide experiment," *Asia Pacific Journal of Social Work and Development*, vol. 29, no. 1 (2019): 34–47.

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scores.<sup>122</sup> Similarly, another study found that pairing Promise Indiana with a scholarship program was associated with higher math and reading scores among children enrolled in the CSA program, with lower-income students benefitting more than higher-income students.<sup>123</sup>

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## Agency Comments

We provided a draft of this product to CFPB and the Department of Education for their review and comment. We also provided relevant report sections to Prosperity Now for technical comments. CFPB, the Department of Education, and Prosperity Now provided technical comments, which we incorporated as appropriate.

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We are sending copies of this report to the appropriate congressional committees, the Director of CFPB, the Secretary of Education, and other interested parties. In addition, the report will be available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (617) 788-0534 or [emreyarrasm@gao.gov](mailto:emreyarrasm@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix IV.

*Melissa Emrey-Arras*

Melissa Emrey-Arras, Director  
Education, Workforce, and Income Security Issues

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<sup>122</sup>Elliott, William, Benjamin Kite, Megan O'Brien, Melinda Lewis, and Ashley Palmer, "Initial elementary education findings from Promise Indiana's Children's savings account program," *Children and Youth Services Review*, vol. 85 (2018): 295–306.

<sup>123</sup>Elliott, William, Gina Chowa, James Ellis, Zibei Chen, and Megan O'Brien, "Combining children's savings account programs with scholarship programs: Effects on math and reading scores," *Children and Youth Services Review*, vol. 102 (2019): 7–17.

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# Appendix I: Objectives, Scope, and Methodology

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## Overview

This report examines (1) the number of Children’s Savings Account (CSA) programs and how they use strategies to help families, especially lower-income families, save and prepare for college; and (2) what is known about the effects of CSA program strategies on families, including lower-income families.

To review the number of CSA programs and how they use strategies to help families, especially lower-income families, save and prepare for college, we used multiple methodologies. We analyzed summary-level 2019 survey data—the most recent available—on CSA programs collected by the nonprofit organization Prosperity Now and used this information to describe the number of programs operating and their strategies.<sup>1</sup> We also reviewed summary-level survey data on the number of children enrolled in CSA programs for 2016–2019. We reviewed documents and interviewed officials from the Consumer Financial Protection Bureau (CFPB), the Department of Education, and four organizations that research CSA programs and have expertise on these programs. We also observed three virtual events convening CSA researchers and program administrators. These were (1) a July 2020 CFPB convening to discuss common ways of measuring the effects of CSA programs, (2) a July 2020 CSA conference hosted by the Center for Social Development, and (3) an April 2020 listening session facilitated by Prosperity Now to learn how CSA programs were responding to the Coronavirus Disease 2019 (COVID-19) pandemic.<sup>2</sup> Additionally, we reviewed College Savings Plans Network (CSPN) data, reports from CFPB and CSA experts, and CSA program websites to provide illustrative examples.<sup>3</sup>

To examine what is known about the effects of CSA program strategies for families, including lower-income families, we conducted a review of peer-reviewed studies containing original research on these strategies. We developed inclusion criteria for identifying studies most relevant to our scope and assessed the quality of these studies by evaluating their

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<sup>1</sup>According to Prosperity Now experts we interviewed, Prosperity Now is a 501(c)(3) that helps make it possible for people of limited income to build wealth.

<sup>2</sup>According to its website, the Center for Social Development at Washington University in St. Louis, Missouri, conducts social science research on innovative practices and contributes to policy development.

<sup>3</sup>CSPN is an affiliate of the National Association of State Treasurers and serves as a clearinghouse for information on state 529 plans.

research methods, as described below. We determined that 34 studies met our criteria and were sufficiently reliable for our use.

We did not define “lower-income” for the purposes of this report because CSA programs either do not define “lower-income” or do not use the same definition, according to experts we interviewed. Prosperity Now does not publish survey data on the percentage of enrolled families who are lower-income because these inconsistencies can result in unreliable data, according to Prosperity Now experts. Other experts said that, while CSA programs are designed to help lower-income families, programs may be unable to define “lower-income” because they may not have access to data on families’ income and may use different proxy measures to identify families likely to be lower income. Additionally, key CFPB reports about CSA programs did not define “lower-income.”

## Development of a CSA Program Definition

Agency officials and experts we interviewed said there is no single definition of a CSA program; therefore, to define “Children’s Savings Account programs,” we used an iterative process to synthesize feedback from CFPB officials and CSA experts. According to CFPB officials, Prosperity Now collects the most comprehensive data available on CSA programs. We planned to report these data, so we began with Prosperity Now’s definition.<sup>4</sup> We modified Prosperity Now’s definition slightly to reflect information we collected from CFPB officials and experts we interviewed and documents we reviewed. Specifically, we replaced the term “incentives” with “financial contributions” to indicate that programs may provide contributions such as initial deposits to help lower-income families accumulate assets rather than incentivize them to deposit their own funds. Therefore, for the purposes of this report, we used the following definition:

CSA programs use long-term savings or investment accounts and provide financial contributions to help children (ages birth to 18) and their families, especially lower-income families, save for college.

A Prosperity Now expert confirmed that our definition accurately conveys the same meaning as their definition and can be used to describe their

<sup>4</sup>Prosperity Now defines CSAs as long-term savings or investment accounts that help children (ages 0-18) and their families, especially those from low-income families, build savings for the future. CSAs provide incentives to grow savings, such as initial deposits, savings matches, or prize-linked savings; and are usually used for postsecondary education (e.g. college, vocational/technical schools), though other possible uses include homeownership and financing a small business. See <https://prosperitynow.org/issues/childrens-savings>, accessed on October 28, 2019.

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survey data. CFPB officials also confirmed that our definition accurately characterizes their understanding of CSA programs.

Other experts we interviewed said their definitions highlight additional aspects of CSA programs and they offered differing perspectives on which strategies programs must include to meet their definition of a CSA program. For example, experts with the Center for Social Development said they use the term “Child Development Accounts” because they believe it better encompasses programs’ broader goals beyond saving accumulation. They said most large statewide CSA programs use the term Child Development Accounts, although some program administrators use the term Child Development Accounts interchangeably with Children’s Savings Accounts. Similarly, experts we interviewed emphasized the importance of other supports (such as financial education) that many CSA programs offer, in addition to financial contributions, to help families save and meet other program goals. We incorporated these experts’ input into our definition to the extent possible while continuing to accurately describe the programs represented in Prosperity Now’s survey data.

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## Data Analysis

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### Prosperity Now

Prosperity Now has annually surveyed CSA program administrators to collect information about program characteristics since 2016. According to Prosperity Now experts, the organization maintains a database with contact information for CSA programs nationwide and staff add new programs as they learn of them through their direct and ongoing work with CSA programs or other collaborators in the field. They also inquire about new CSA programs through their mass email communications and work with organizations that are exploring starting a new program.

To develop its annual survey of CSA programs, Prosperity Now, in collaboration with researchers at the Institute on Assets and Social Policy at Brandeis University, bases current survey questions on previous years’ surveys and emails them directly to CSA program contacts. With assistance from researchers at Brandeis University, Prosperity Now reviews returned surveys and contacts programs with missing or inconsistent responses, according to experts at both organizations.

According to Prosperity Now experts, they collected information for their 2019 survey from November through December 2019 and 20 of the 85 CSA programs they surveyed did not respond to the survey or to follow-

up attempts. For these 20 programs, Prosperity Now confirmed as much information as possible using previous correspondence with CSA programs, programs' individual websites, or the 2018 survey results, if available. For example, Prosperity Now obtained enrollment data for 82 of the 85 programs, which reflects data from the 2019 survey and 2018 data when necessary. Although the responses to many questions are unlikely to have changed from 2018 to 2019, according to Prosperity Now experts, the number of children enrolled in CSA programs in 2019 is likely to be undercounted due to survey nonrespondents. Because of this, we did not report exact enrollment totals for 2019.

Likewise, when Prosperity Now provided aggregate data on the number of children enrolled in CSA programs from 2016 through 2018, it used enrollment data from the previous year's survey when it was unable to obtain a program's enrollment numbers for the current year. The percentage of enrolled children carried over from previous years ranged from approximately 3 to 8 percent depending on the year, according to Prosperity Now experts; therefore, we did not report exact enrollment totals for 2016 through 2018. Total enrollment estimates reflect 44, 57, and 69 programs for 2016, 2017, and 2018, respectively.

Using the 2019 survey data, we analyzed aggregate data for the following: number of programs, number of enrolled children, program goals, method of enrollment, account type, allowable uses of funds, program contributions, type of lead organization, and year of opening.<sup>5</sup> Prosperity Now surveyed 85 CSA programs, including three programs that were not operating (i.e., the programs were suspended or closed) but still had open accounts. Prosperity Now experts said they included the children enrolled in these three programs in total enrollment figures because the children still had open accounts. Prosperity Now did not include data on the strategies used by these three programs, as they were no longer actively using strategies to provide services to account holders. The 82 CSA programs that were operating with open accounts at the end of 2019 are listed in appendix II.

In addition, the number of programs and enrolled children represented in each survey question varied because not all programs responded to the CSA program survey or answered every survey question, according to Prosperity Now experts. As described above, Prosperity Now was not

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<sup>5</sup>Prosperity Now's 2019 survey results included the year CSA programs began operating, which was as early as 2007.

always able to find the missing information on individual program websites. Therefore, for each survey question where we reported data, we included the number of CSA programs with data available and the number of children enrolled in those programs, when available.

We assessed the reliability of these data by (1) reviewing Prosperity Now's 2019 survey instrument and reports that published these data; (2) interviewing experts at Prosperity Now and Brandeis University about their methodology for collecting, verifying, and analyzing the data; (3) interviewing CFPB officials, who use Prosperity Now data in their reports, about the data's reliability; (4) comparing 2016 through 2019 survey data we obtained with Prosperity Now's publications that report these data, and asking Prosperity Now experts to explain any discrepancies; and (5) analyzing 2016 through 2019 published data and asking Prosperity Now experts to explain any unusual trends. We determined that the data were sufficiently reliable for the purposes of reporting CSA program characteristics.

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## CSPN

To provide illustrative examples of CSA program strategies, we reviewed self-reported information collected by the College Savings Plans Network (CSPN) on steps the 529 plans that Prosperity Now identified as CSA programs are taking to engage lower-income families in saving for college. In 2019, CSPN surveyed state 529 plan administrators and the fund managers and investment consultants with whom they partner, according to officials. CSPN sent the survey to all 49 states that have 529 plans (Wyoming does not have a 529 plan, according to officials) and the District of Columbia, as well as the administrators of a plan belonging to the consortium of private colleges that offers a pre-paid 529 plan.

As part of this survey, CSPN asked respondents one open-ended question about 529 plan strategies to engage lower- and moderate-income families in saving for college. We reviewed the responses to this question for those 529 plans that Prosperity Now identified as a CSA program in its 2019 survey (see app. II). In some cases, the CSA program may have a different name than the state 529 plan due to varied organizational structures. In these cases, we considered statewide CSA programs that used their state's 529 plan as the investment vehicle to be the same program as the state 529 plan for the purposes of our review.

We assessed the reliability of these data by (1) interviewing knowledgeable CSPN staff who led the survey data collection and compiled qualitative responses, (2) reviewing documentation, and (3) comparing survey responses that we use as examples in the report with



publicly available information on CSA programs' websites to check for contradictory information. We determined that the data were sufficiently reliable for the purposes of providing illustrative examples of CSA program strategies to help lower-income families save and prepare for college.

## Interviews

To examine how CSA programs use strategies to help families, especially lower-income families, save and prepare for college, we interviewed CFPB and Department of Education officials. We also interviewed representatives of four organizations we determined to be nationally recognized experts in the CSA field. We selected experts based on their ability to provide relevant data and describe what strategies CSA programs are using to help lower-income families. We initially selected experts by reviewing federal agency reports and interviewing CFPB and Department of Education officials, and then requested those experts identify additional organizations for our consideration. We did not select organizations that study related programs, such as 529 plans, without a focus on CSA programs and lower-income families, as these were outside our scope. Using these methods, we identified CSA experts at four organizations: one nonprofit (Prosperity Now) and three university research centers (the Center for Assets, Education, and Inclusion at the University of Michigan; the Center for Social Development at Washington University in St Louis; and the Institute on Assets and Social Policy at Brandeis University).<sup>6</sup>

To interview experts, we used a semi-structured interview protocol that included open-ended questions about which CSA program strategies, in their opinion, are most important for helping lower-income families save and prepare for college, how these strategies address challenges faced by lower-income families, and how CSA programs were responding to the COVID-19 pandemic. Not every expert responded to each question. Because we conducted semi-structured interviews with a small group of

<sup>6</sup>For additional information about CSA program strategies published by CFPB and these experts, see, for example, CFPB, *Child Savings Accounts: Advancing the Field to Better Serve Traditionally Underserved Consumers: A Report on the Bureau of Consumer Financial Protection 2018 Child Savings Account Forum*; Clancy, Margaret M., and Sondra G. Beverly, *Statewide Child Development Account Policies: Key Design Elements*; Elliott, William, *Lessons Learned from Children's Savings Account Programs: Tools to Leverage Spending to Facilitate Saving among Low-Income Families* (University of Michigan: Center on Assets, Education, and Inclusion, 2018); Loya, Rebecca, Judith Garber, and Jessica Santos, *Levers for Success: Key Features and Outcomes of Children's Savings Account Programs: A Literature Review* (Brandeis University: Institute on Assets and Social Policy, 2017); and Markoff, Shira, and Dominique Derbigny, *Investing in Dreams: A Blueprint for Designing Children's Savings Account Programs*.

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experts, our attributions do not provide the number of experts responding to a particular question. When experts provided opposing responses to a question, we reported both responses to avoid inaccurately implying consensus.

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## Review of Studies

To understand what is known about the effects of strategies used by CSA programs to help families, including lower-income families, we conducted an in-depth review of studies. We began by searching for peer-reviewed studies related to CSA program strategies' effects on families. To identify existing studies from peer-reviewed journals, we conducted searches of various databases, such as ProQuest, Education Resources Information Center (ERIC), EBSCO, EconLit, and Social Science Research Network (SSRN), using search terms such as "children's savings account," "child development account," and "college saving."<sup>7</sup> We performed these searches in October 2019 and January 2020.

We included studies in our review if they met the following criteria: they (1) included original research focused on the effects of CSA program strategies to help families, including lower-income families, save and prepare for college; (2) used data from the United States; and (3) were either published, peer-reviewed studies from the last 10 years (2010 through 2019) or unpublished working papers from the last 4 years (2016 through 2019). Because our scope was focused on the strategies used by CSA programs, we did not include studies that assessed the effects of families' having dedicated college savings if the savings were not held in CSAs, or findings on associations between family demographic characteristics and CSA program effects. The exception was household income. Because our review identified lower-income families as a key population of interest, findings related to how household income may be related to the effects of CSA program strategies were included.

We identified 37 studies that met our criteria and conducted a detailed review to determine if the studies provided information on the effects of CSA program strategies. This review entailed an evaluation of each study's research methodology, limitations, and analytic techniques, as

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<sup>7</sup>EBSCO and EconLit are the full names of these databases and are not acronyms.

well as a summary of its major findings.<sup>8</sup> We eliminated three studies that we determined did not have relevant findings or methods that were appropriate or rigorous enough for our purposes. Table 1 lists the 34 studies—33 peer-reviewed studies and one working paper—we determined to be sufficiently reliable for our purposes.

**Table 1: Studies Included in GAO’s Review Analyzing the Effects of Children’s Savings Account (CSA) Program Strategies to Help Families Save and Prepare for College**

Year of publication	Title	Authors	Source	CSA program studied
2010	Child Development Accounts and saving for children’s future: Do financial incentives matter?	Mason, Lisa Reyes, Yunju Nam, Margaret Clancy, Youngmi Kim, and Vernon Loke	Children and Youth Services Review	Saving for Education, Entrepreneurship, and Downpayment (SEED) initiative
2011	Enrollment Decisions in a Child Development Accounts Program for Low-Income Families	Okech, David	Journal of Family and Economic Issues	SEED
2011	Parental Self-Efficacy and Joining a Savings Program for Children’s Education	Okech, David, Todd D. Little, Trina R. Williams Shanks, and Deborah Adams	Research on Social Work Practice	SEED
2012	The Academic and Behavioral Effects of a Child Savings Account Program on At-Risk High School Students	Kim, Johnny S., and Toni K. Johnson	School Social Work Journal	SEED
2012	Evaluating the Effects of Child Savings Accounts Program Participation on Parental Well-Being	Okech, David	Research on Social Work Practice	SEED
2013	Early Program Enrollment in a Statewide Child Development Account Program	Huang, Jin, Sondra Beverly, Margaret Clancy, Terry Lassar, and Michael Sherraden	Journal of Policy Practice	My Alford Grant <sup>a</sup>
2013	Financial Knowledge and Child Development Account Policy: A Test of Financial Capability	Huang, Jin, Yunju Nam, and Margaret S. Sherraden	The Journal of Consumer Affairs	Saving for Education, Entrepreneurship, and Downpayment for Oklahoma Kids (SEED OK)

<sup>8</sup>We did not conduct independent assessments of CSA programs as part of this review or a legal review of state laws related to CSA programs. For the purposes of this report, we describe CSA programs in the way that researchers described them in the reviewed studies and program administrators described them in program documents and on individual CSA program websites, accessed from June through October 2020. We did not independently verify this information and do not endorse any particular CSA program or strategy.

**Appendix I: Objectives, Scope, and Methodology**

<b>Year of publication</b>	<b>Title</b>	<b>Authors</b>	<b>Source</b>	<b>CSA program studied</b>
2013	Do Child Development Accounts Promote Account Holding, Saving, and Asset Accumulation for Children's Future? Evidence from a Statewide Randomized Experiment	Nam, Yunju, Youngmi Kim, Margaret Clancy, Robert Zager, and Michael Sherraden	Journal of Policy Analysis and Management	SEED OK
2013	The independent effects of socio-demographic and programmatic factors on economic strain among parents in a Child Savings Accounts program	Okech, David	Children and Youth Services Review	SEED
2014	Impacts of Child Development Accounts on maternal depressive symptoms: Evidence from a randomized statewide policy experiment	Huang, Jin, Michael Sherraden, and Jason Q. Purnell	Social Science & Medicine	SEED OK
2014	Effects of Child Development Accounts on Early Social-Emotional Development: An Experimental Test	Huang, Jin, Michael Sherraden, Youngmi Kim, and Margaret Clancy	JAMA Pediatrics	SEED OK
2014	Assets and African Americans: Attempting to Capitalize on Hopes for Children Through College Savings Accounts	Shanks, Trina R. Williams, Kerri Leyda Nicoll, and Toni Johnson	Review of Black Political Economy	SEED
2015	Can Child Development Accounts be inclusive? Early evidence from a statewide experiment	Beverly, Sondra G., Youngmi Kim, Michael Sherraden, Yunju Nam, and Margaret Clancy	Children and Youth Services Review	SEED OK
2015	Financial Capability and Asset Accumulation for Children's Education: Evidence from an Experiment of Child Development Accounts	Huang, Jin, Yunju Nam, Michael Sherraden, and Margaret Clancy	The Journal of Consumer Affairs	SEED OK
2015	Child Development Accounts and Parental Educational Expectations for Young Children: Early Evidence from a Statewide Social Experiment	Kim, Youngmi, Michael Sherraden, Jin Huang, and Margaret Clancy	Social Service Review	SEED OK
2015	Material hardship and 529 college savings plan participation: The mitigating effects of Child Development Accounts	Wikoff, Nora, Jin Huang, Youngmi Kim, and Michael Sherraden	Social Science Research	SEED OK
2016	Testing Universal Child Development Accounts: Financial Effects in a Large Social Experiment	Clancy, Margaret M., Sondra G. Beverly, Michael Sherraden, and Jin Huang	Social Service Review	SEED OK
2016	Economic Intervention and Parenting: A Randomized Experiment of Statewide Child Development Accounts	Nam, Yunju, Nora Wikoff, and Michael Sherraden	Research on Social Work Practice	SEED OK

**Appendix I: Objectives, Scope, and Methodology**

<b>Year of publication</b>	<b>Title</b>	<b>Authors</b>	<b>Source</b>	<b>CSA program studied</b>
2017	Material hardship and children's social-emotional development: Testing mitigating effects of Child Development Accounts in a randomized experiment	Huang, Jin, Youngmi Kim, and Michael Sherraden	Child: Care, Health and Development	SEED OK
2017	Heterogeneous Effects of Child Development Accounts on Savings for Children's Education	Huang, Jin, Youngmi Kim, Michael Sherraden, and Margaret Clancy	Journal of Policy Practice	SEED OK
2017	Unmarried Mothers and Children's Social-Emotional Development: The Role of Child Development Accounts	Huang, Jin, Youngmi Kim, Michael Sherraden, and Margaret Clancy	Journal of Child and Family Studies	SEED OK
2017	Child Development Accounts, parental savings, and parental educational expectations: A path model	Kim, Youngmi, Jin Huang, Michael Sherraden, and Margaret Clancy	Children and Youth Services Review	SEED OK
2017	Saving and Educational Asset Building Within a Community-Driven CSA Program: The Case of Promise Indiana	Lewis, Melinda, Megan O'Brien, Amanda Jones-Layman, Elizabeth A. O'Neill, and William Elliott	Poverty and Public Policy	Promise Indiana
2017	Immigrant Latino Families Saving Against Great Odds: The Case of CSAs and the Prosperity Kids Program	Lewis, Melinda, Megan O'Brien, and William Elliott	Race and Social Problems	Prosperity Kids
2017 <sup>b</sup>	Simplification, Assistance, and Incentives: A Randomized Experiment to Increase College Savings	Long, Bridget Terry, and Eric Bettinger	Draft working paper (National Bureau of Economic Research)	Early College Planning Initiative
2017	Examining the relationship between parental educational expectations and a community-based children's savings account program	Rauscher, Emily, William Elliott, Megan O'Brien, Jason Callahan, and Joe Steensma	Children and Youth Services Review	Promise Indiana
2018	Initial elementary education findings from Promise Indiana's Children's savings account program	Elliott, William, Benjamin Kite, Megan O'Brien, Melinda Lewis, and Ashley Palmer	Children and Youth Services Review	Promise Indiana
2018	Child Development Accounts and Saving for College: Mediated by Parental Educational Expectations?	Kim, Youngmi, Jin Huang, Michael Sherraden, and Margaret Clancy	Social Science Quarterly	SEED OK
2018	Program Knowledge and Racial Disparities in Savings Outcomes in a Child Development Account Experiment	Nam, Yunju, Elizabeth Hole, Michael Sherraden, and Margaret M. Clancy	Journal of Family and Economic Issues	SEED OK
2019	Communication matters: A long-term follow-up study of child savings account program participation	Blumenthal, Anne, and Trina R. Shanks	Children and Youth Services Review	SEED

**Appendix I: Objectives, Scope, and Methodology**

<b>Year of publication</b>	<b>Title</b>	<b>Authors</b>	<b>Source</b>	<b>CSA program studied</b>
2019	Examining parental educational expectations in one of the oldest children’s savings account programs in the country: The Harold Alfond College Challenge	Chen, Zibei, William Elliott, Kaipeng Wang, Anao Zhang, and Haotian Zheng	Children and Youth Services Review	My Alfond Grant <sup>a</sup>
2019	Combining children’s savings account programs with scholarship programs: Effects on math and reading scores	Elliott, William, Gina Chowa, James Ellis, Zibei Chen, and Megan O’Brien	Children and Youth Services Review	Promise Indiana
2019	Exploring a Model for Integrating Child Development Accounts with Social Services for Vulnerable Families	Huang, Jin, Sondra G. Beverly, Youngmi Kim, Margaret M. Clancy, and Michael Sherraden	The Journal of Consumer Affairs	SEED OK
2019	Impacts of child development accounts on parenting practices: evidence from a randomised statewide experiment	Huang, Jin, Yunju Nam, Michael Sherraden, and Margaret Clancy	Asia Pacific Journal of Social Work and Development	SEED OK

Source: Studies included in GAO review of literature. | GAO-21-10

Notes: Each of these studies met GAO’s criteria for inclusion in the review: they (1) included original research focused on the effects of CSA program strategies to help families, including lower-income families, save and prepare for college; (2) used data from the United States; and (3) were either published, peer-reviewed studies from the last 10 years (2010 through 2019) or unpublished working papers from the last 4 years (2016 through 2019). GAO determined these 34 studies were of sufficient quality for the purposes of the review.

<sup>a</sup>Formerly known as Harold Alfond College Challenge.

<sup>b</sup>This draft working paper is dated 2017 and had not been published at the time we selected studies for our review.

We conducted this performance audit from September 2019 to December 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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# Appendix II: Additional Prosperity Now Data on Children’s Savings Account (CSA) Programs

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Prosperity Now is a 501(c)(3) that helps make it possible for people of limited income to build wealth, according to Prosperity Now experts. It conducts an annual survey of CSA programs.<sup>1</sup> Figure 9 shows the types of lead organizations that manage CSA programs, according to Prosperity Now’s 2019 survey data. Prosperity Now reported that lead organizations, which are also known as program coordinators, manage the overall implementation and operations of the CSA program, ensuring the program meets key responsibilities.<sup>2</sup> These responsibilities include facilitating enrollment, developing policies and procedures, conducting outreach, managing program contributions, tracking account activity, and coordinating the distribution of savings, according to Prosperity Now. Lead organizations may carry out these activities themselves, or they may partner with organizations that implement some activities.

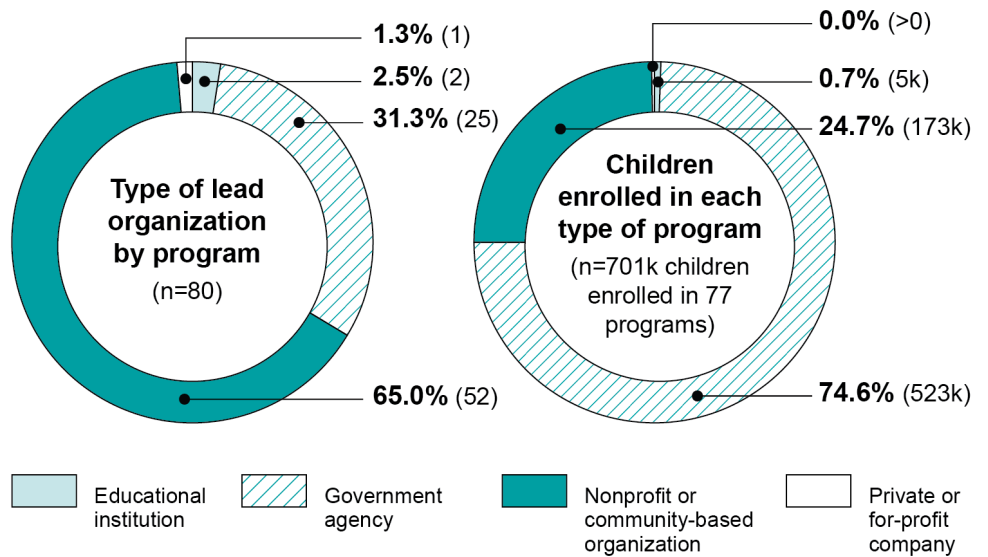
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<sup>1</sup>For additional information about Prosperity Now’s survey methodology, see appendix I. Since 2016, Prosperity Now has published an annual snapshot of the CSA field based on its CSA program surveys. For Prosperity Now’s most recent report, see Markoff, Shira, and Oliver Robinson, *The Movement Reaches New Heights: The State of the Children’s Savings Field 2019* (Washington, D.C.: 2020).

<sup>2</sup>Markoff, Shira, and Dominique Derbigny, *Investing in Dreams: A Blueprint for Designing Children’s Savings Account Programs*.

Appendix II: Additional Prosperity Now Data on Children's Savings Account (CSA) Programs

Figure 9: Types of Lead Organizations Managing Children's Savings Account (CSA) Programs in 2019, and Number of Children Enrolled



Source: GAO analysis of Prosperity Now 2019 CSA program survey data. | GAO-21-10

Note: Lead organizations manage the overall implementation and operations of CSA programs, according to Prosperity Now. There were 82 CSA programs operating as of December 31, 2019, but for two programs, data on the type of lead organization were not available. Therefore, this figure shows data for 80 programs and includes only programs that were operating (i.e., providing services to account holders) as of 2019. Because Prosperity Now does not have enrollment data for three of the 80 programs, this figure shows enrollment data for 77 programs and about 701,000 children. The numbers of enrolled children are estimates rounded to the nearest thousand. For the purposes of this report, "k"=1,000. Percentages in this graphic do not total 100 due to rounding.

Table 2 lists the 82 CSA programs that Prosperity Now determined to be operating (i.e., providing services to enrolled families) at the end of 2019.

Table 2: Children's Savings Account (CSA) Programs Operating in 2019, According to Prosperity Now

Name of the CSA program	Name of the organization running the CSA program	Geographic area the program covers	CSA program website
Acorn Fund College Savings Accounts	Forman S. Acton Educational Foundation	Salem City, NJ	<a href="http://www.formanscholars.org">www.formanscholars.org</a>
Amy Anthony Savings Accounts	Preservation of Affordable Housing	Independence, MO	Not available
Baby Grad	Oregon Savings Network	Oregon	<a href="https://www.oregoncollegesavings.com/newbaby">https://www.oregoncollegesavings.com/newbaby</a>



**Appendix II: Additional Prosperity Now Data on  
Children's Savings Account (CSA) Programs**

<b>Name of the CSA program</b>	<b>Name of the organization running the CSA program</b>	<b>Geographic area the program covers</b>	<b>CSA program website</b>
Beyond Housing Promise Accounts	Beyond Housing	Normandy Schools Collaborative School District, St. Louis County, MO	Not available
Boone Saves	SEED Success	Boone County, MO	<a href="http://www.seedsuccessnow.org">www.seedsuccessnow.org</a>
Boston Saves	City of Boston, Mayor's Office of Financial Empowerment	Boston, MA	<a href="http://www.bostonsavescsa.org">www.bostonsavescsa.org</a>
Bright Babies	Not available	West Virginia	<a href="http://www.smart529.com">www.smart529.com</a>
By Degrees 529 Savings Program	By Degrees Foundation	Des Moines, IA	<a href="http://www.bydegreesfoundation.org">www.bydegreesfoundation.org</a>
Caldwell Saves 1st	City of Caldwell	City of Caldwell, ID	<a href="https://www.cityofcaldwell.org/i-want-to-/advanced-components/search?q=caldwell%20saves">https://www.cityofcaldwell.org/i-want-to-/advanced-components/search?q=caldwell%20saves</a>
Cambridge Housing Authority Youth Workforce Program	Cambridge Housing Authority and The Midas Collaborative	Cambridge, MA	Not available
CAS College Savers	Children's Aid Society	New York City, NY	Not available
Cass Kickstart to Careers	Cass Kickstart to Careers	Cassopolis, MI	<a href="https://mgcf.org/cass-kickstart-to-careers/">https://mgcf.org/cass-kickstart-to-careers/</a>
Centsible Families	AHEAD	Northern NH	<a href="http://www.homesahead.org/centsible_families.php">www.homesahead.org/centsible_families.php</a>
CHET Baby Scholars	Connecticut Office of the State Treasurer	Connecticut	<a href="http://www.aboutchet.com">www.aboutchet.com</a>
Children Savings Account (CSA) Program (CAASNМ)	Community Action Agency of Southern New Mexico	Five counties in Southern New Mexico	<a href="http://www.CAASNМ.org">www.CAASNМ.org</a>
Children's Savings Account Program (Tacoma Housing)	Tacoma Housing Authority	Eastside Tacoma (Salishan neighborhood), WA	<a href="http://www.childreissavingsaccount.org">www.childreissavingsaccount.org</a>
College Dreams Individual Development Account Program	College Dreams and Neighborhood Partnership	Southern Oregon, primarily Josephine and Jackson counties	<a href="http://www.collegedreams.org">www.collegedreams.org</a> <sup>a</sup> and <a href="http://www.oregonidainitiative.org">www.oregonidainitiative.org</a>
College Kids	Office of Financial Empowerment	St. Louis City, MO	<a href="https://www.stlofe.org/college-kids/">https://www.stlofe.org/college-kids/</a>
CollegeBoundbaby	Office of the General Treasury	Rhode Island	<a href="http://www.collegeboundbaby.com">www.collegeboundbaby.com</a>
Colorado CollegeInvest Matching Grant Program	CollegeInvest	Colorado	<a href="https://www.collegeinvest.org/matching-grant-program">https://www.collegeinvest.org/matching-grant-program</a>
Dollars for College	United Way of Metropolitan Dallas	Dallas County, TX	<a href="https://www.mymoneydfw.com/dfc">https://www.mymoneydfw.com/dfc</a>
Dream Accounts	"I Have A Dream" Foundation	Boulder, CO; New York City, NY; Tennessee; Newark, NJ	<a href="https://www.ihaveadreamfoundation.org/college-savings-account/">https://www.ihaveadreamfoundation.org/college-savings-account/</a>
Durham Kids Save/Tiger Saves	East Durham Children's Initiative	One school in East Durham, NC	<a href="http://www.edci.org">www.edci.org</a>

**Appendix II: Additional Prosperity Now Data on  
Children's Savings Account (CSA) Programs**

<b>Name of the CSA program</b>	<b>Name of the organization running the CSA program</b>	<b>Geographic area the program covers</b>	<b>CSA program website</b>
Educare Future Scholars	Future Scholars Fund	Population at Educare DC, located in Washington, D.C.	Not available
EduSaveDC (11th Street Bridge Park program)	Capital Area Asset Builders	Washington, D.C. - Ward 8	<a href="http://www.caab.org/en/programs/matched-savings-programs/childrens-savings-accounts-programs/edusavedc">http://www.caab.org/en/programs/matched-savings-programs/childrens-savings-accounts-programs/edusavedc</a>
Fort Worth Future Fund	Not available	Select schools in Fort Worth, TX	Not available
Fund My Future (Propel)	Propel Schools Foundation	Allegheny County, PA	<a href="http://www.Fundmyfuturepg.org">www.Fundmyfuturepg.org</a>
Fund My Future Milwaukee	City of Milwaukee	Milwaukee County, WI	<a href="http://www.fundmyfuturemke.org">www.fundmyfuturemke.org</a>
Future Bound Miami	Catalyst Miami	Miami-Dade County, FL	<a href="http://www.futureboundmiami.org">www.futureboundmiami.org</a>
Future Forward	The Scholarship Foundation of St. Louis	Select schools in St. Louis, MO	Not available
Healdsburg Kinder2College Fund	Corazón Healdsburg	Northern Sonoma County, CA	<a href="http://www.Corazonhealdsburg.org">www.Corazonhealdsburg.org</a>
I CAN SAVE	Junior Achievement of Mahoning Valley, Inc.	Youngstown, OH	<a href="http://warren-youngstown.ja.org">http://warren-youngstown.ja.org</a>
Inversant college savings program	Inversant	Massachusetts	<a href="http://www.inversant.org">www.inversant.org</a>
Jim Myers K2C (Madison School District CSA)	MDPS Educational Foundation	Madison District Public Schools - Madison Heights, MI	<a href="http://www.madisondistrict.org/K2C">http://www.madisondistrict.org/K2C</a>
Kansas Child Support Savings Initiative	Kansas Department of Children and Families	Kansas	<a href="http://www.dcf.ks.gov/services/CSS/Pages/529.aspx">http://www.dcf.ks.gov/services/CSS/Pages/529.aspx</a>
Kansas Investments Developing Scholars (K.I.D.S.) Matching Grants Program	Kansas Treasurer's Office	Kansas	<a href="https://kansascash.ks.gov/kids.html">https://kansascash.ks.gov/kids.html</a>
KC Scholars	KC Scholars	Kansas City Region - Six counties: Johnson and Wyandotte, KS; and Cass, Clay, Jackson, and Platte, MO	<a href="http://www.kcscholars.org">www.kcscholars.org</a>
Keystone Scholars	Pennsylvania Treasury	Pennsylvania	<a href="https://www.pa529.com/keystone/">https://www.pa529.com/keystone/</a>
KickStart to Career - Barry County	Barry Community Foundation	Barry County, MI	<a href="http://www.barrycf.org">www.barrycf.org</a>
KickStart to Career - Muskegon County	Community Foundation for Muskegon County	Muskegon County, MI	<a href="https://ktcmuskegon.org/">https://ktcmuskegon.org/</a>
Kickstart to Career - Buchanan	Michigan Gateway Community Foundation	Buchanan, MI	<a href="http://www.buchananpromise.com">www.buchananpromise.com</a>
KickStart to Career - Les Cheneaux	Les Cheneaux Community Foundation	Clark Township, Mackinac County, Upper Peninsula, MI	Not available
KickStart to Career - Mason County	Community Foundation for Mason County	Mason County, MI	<a href="https://mason-foundation.org/">https://mason-foundation.org/</a>

**Appendix II: Additional Prosperity Now Data on  
Children's Savings Account (CSA) Programs**

<b>Name of the CSA program</b>	<b>Name of the organization running the CSA program</b>	<b>Geographic area the program covers</b>	<b>CSA program website</b>
KickStart to Career - Newaygo County	Fremont Area Foundation	Newaygo County, MI	<a href="https://www.kickstarttocareer.org/">https://www.kickstarttocareer.org/</a>
Kinder Grad	Oregon Savings Network	Oregon	<a href="https://www.oregoncollegesavings.com/kindergrad">https://www.oregoncollegesavings.com/kindergrad</a>
Kindergarten to College - Sacramento	United Way California Capital Region	Sacramento County, CA	<a href="http://www.yourlocalunitedway.org/k2c">www.yourlocalunitedway.org/k2c</a>
Kindergarten to College - San Francisco	Office of the Treasurer & Tax Collector, City & County of San Francisco	City & County of San Francisco, CA	<a href="http://www.k2csf.org">www.k2csf.org</a>
Lansing SAVE (Student Accounts Valuing Education)	City of Lansing	Lansing / Lansing School District only, MI	<a href="http://www.lansingmi.gov/Lansingsave">www.lansingmi.gov/Lansingsave</a>
LEAF (Lapeer County Education Attainment Fund)	Lapeer County Community Foundation, Lapeer County ISD, ELGA Credit Union	Lapeer County, MI	<a href="http://www.LapeerCountyCF.org/LEAF">www.LapeerCountyCF.org/LEAF</a>
Lincoln Goes to College	City of Rancho Cordova, CA	City of Rancho Cordova, CA	Not available
LOU Saves	The Mclean Institute-The University of Mississippi	Lafayette, MS	<a href="http://mclean.olemiss.edu">http://mclean.olemiss.edu</a>
Louisville Children's Savings Program	Louisville Metro Office of Resilience and Community Services	Russell neighborhood, Louisville, KY	<a href="https://louisvilleky.gov/government/resilience-and-community-services/seeds-and-dreams">https://louisvilleky.gov/government/resilience-and-community-services/seeds-and-dreams</a>
Louisville Goes to College	Louisville Goes to College	Portland Elementary, Louisville KY	<a href="http://www.louisvillegoestocollege.com">www.louisvillegoestocollege.com</a>
Marshallese CSA Program	Arkansas Coalition of Marshallese	Northwest Arkansas	Not available
Maryland Save4College State Contribution Program	Maryland 529	Maryland	<a href="https://maryland529.com/Save4College">https://maryland529.com/Save4College</a>
Money Matters	Student U	Durham, NC	<a href="http://www.studentdurham.org">www.studentdurham.org</a>
My Alfond Grant (formerly Harold Alfond College Challenge)	Alfond Scholarship Foundation	Maine	<a href="http://www.myalfondgrant.org">www.myalfondgrant.org</a>
Nevada College Kick Start Program	Nevada State Treasurer's Office	Nevada	<a href="http://www.collegekickstart.nv.gov">www.collegekickstart.nv.gov</a>
New Baby Match (formerly Children FIRST)	College SAVE Plan at Bank of North Dakota	North Dakota	<a href="https://www.collegesave4u.com/home/more-ways-to-save/newbabymatch.html">https://www.collegesave4u.com/home/more-ways-to-save/newbabymatch.html</a>
NYC Kids RISE Save for College Program	NYC Kids RISE	Western Queens (School District 30), New York City, NY	<a href="http://www.nyckidsrise.org">www.nyckidsrise.org</a>
Oakland Promise Brilliant Baby	Oakland Promise	Oakland, CA	<a href="http://www.oaklandpromise.org">www.oaklandpromise.org</a>
Oakland Promise Kindergarten to College	Oakland Promise	Oakland, CA	<a href="https://oaklandpromise.org/programs/k2c/">https://oaklandpromise.org/programs/k2c/</a>
Oklahoma Native Assets Coalition, Inc. CSA Program (ONAC)	Oklahoma Native Assets Coalition, Inc.	Nationwide	<a href="http://www.oknativeassets.org">www.oknativeassets.org</a>

**Appendix II: Additional Prosperity Now Data on Children's Savings Account (CSA) Programs**

<b>Name of the CSA program</b>	<b>Name of the organization running the CSA program</b>	<b>Geographic area the program covers</b>	<b>CSA program website</b>
Promise Early Award Scholarship Program	Community Foundation of Wabash County	Wabash County, IN	<a href="http://www.cfwabash.org/promise">www.cfwabash.org/promise</a>
Promise Indiana	Indiana Youth Institute	28 Program Sites in Indiana	<a href="http://www.promiseindiana.org">www.promiseindiana.org</a>
Prosperity Kids	Prosperity Works	Various areas in New Mexico	<a href="http://www.prosperityworks.net">www.prosperityworks.net</a>
Providence Promise	Providence Promise	Providence, RI	<a href="http://www.pvdpromise.org">www.pvdpromise.org</a>
PYO Youth Asset Building Program (also known as SAVE for School or Saving for the Future)	Partners for Youth Opportunity	Durham County, NC	<a href="http://www.pyopportunity.org">www.pyopportunity.org</a>
Sanilac Promise Fund	Sanilac County Community Foundation	Sanilac County, MI	<a href="http://www.sanilacfoundation.org/promisefund">www.sanilacfoundation.org/promisefund</a>
Santa Cruz SEEDS	Santa Cruz Community Ventures	Santa Cruz County, CA	<a href="http://www.santacruzseeds.org">www.santacruzseeds.org</a>
Savings for Success	Not available	Not available	Not available
Scholars Savings Program	El Monte Promise Foundation, A Project of Community Partners	El Monte, South El Monte, Rosemead City, Temple City, CA	<a href="http://www.promisenow.org/">www.promisenow.org/</a>
ScholarShare Matching Grant Program	State of California Treasurer	California	<a href="http://mgp.scholarshare.com/">http://mgp.scholarshare.com/</a> <sup>b</sup>
SeedMA	Massachusetts State Treasurer's Office	Worcester and Monson, MA	Not available <sup>c</sup>
Seeds for Hope: Community Promise	Fargo Public Schools Development Foundation	Fargo, ND; West Fargo, ND; Moorhead, MN	<a href="http://www.fargoschoolsfoundation.org/">http://www.fargoschoolsfoundation.org/</a>
SOAR Virginia	Virginia529	Virginia	<a href="https://www.virginia529.com/in-the-community/soar-virginia/">https://www.virginia529.com/in-the-community/soar-virginia/</a>
Springboard To Opportunities	Springboard To Opportunities	Mississippi	<a href="http://www.springboardto.org">www.springboardto.org</a>
Start Saving Louisiana Earnings Enhancements	Louisiana Office of Student Financial Assistance	Louisiana	<a href="http://www.startsaving.la.gov/savings/index.jsp">http://www.startsaving.la.gov/savings/index.jsp</a>
Tennessee Investments Preparing Scholars (TIPS)	Tennessee Department of Treasury	Tennessee	<a href="http://www.treasury.tn.gov/TIPS">www.treasury.tn.gov/TIPS</a>
Viking Advantage	Beyond Housing	St. Louis County (24-1 municipality service area), MO	<a href="http://www.beyondhousing.org">www.beyondhousing.org</a>
WesGold Fellows	West Philadelphia Financial Services Institution	Philadelphia, PA	Not available
West Sacramento Home Run College Savings Account	City of West Sacramento	City of West Sacramento, CA	<a href="https://wshomerun.com/run-the-bases/1st-base-preschool-college-savings-account/">https://wshomerun.com/run-the-bases/1st-base-preschool-college-savings-account/</a>

Source: Prosperity Now 2019 CSA program survey data. | GAO-21-10

Notes: The information in this table was reproduced from Prosperity Now's 2019 CSA program survey and GAO did not independently verify all of the information. "Not available" signifies that the information was unavailable in the 2019 survey results. The websites were accessed on October 14,

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**Appendix II: Additional Prosperity Now Data on  
Children's Savings Account (CSA) Programs**

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2020. Prosperity Now provides short descriptions of these programs in an interactive map on its website: <https://prosperitynow.org/map/childrens-savings>, accessed on June 29, 2020.

<sup>a</sup>According to this website, College Dreams changed its name to Project Youth+. Accessed on October 14, 2020.

<sup>b</sup>This website displays a message that the website is under development. Accessed on October 14, 2020.

<sup>c</sup>Although Prosperity Now's 2019 CSA survey results included a website for SeedMA, Prosperity Now experts said the program no longer has a website as it was a pilot program. SeedMA still has open accounts but is not actively engaging families, according to experts.

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# Appendix III: Descriptions of Children’s Savings Account Programs and Demonstrations Studied by Researchers

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We identified and reviewed 34 studies that assessed the effects of strategies used by Children’s Savings Account (CSA) programs and demonstrations.<sup>1</sup> This appendix describes CSA programs in the way that researchers described them in the reviewed studies and program administrators described them in program documents and on individual CSA program websites, accessed from June through October 2020.<sup>2</sup>

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## SEED

The Saving for Education, Entrepreneurship, and Downpayment (SEED) initiative enrolled children from 2003 through 2006, and was designed to (1) test the efficacy of CSA program strategies and (2) inform policy for a national system of savings and asset-building accounts for children and youth through CSA programs. SEED piloted CSA demonstrations in 11 states and one territory, and each demonstration used a variety of strategies.<sup>3</sup> These included various combinations of enrollment assistance, initial deposits, savings matches, benchmark incentives, financial education, and targeted outreach or communication efforts.

SEED enrolled 1,324 children in its demonstrations. Eleven of the demonstration sites each had about 75 children, while the largest demonstration site was in Michigan with nearly 500 children. Given the number of families that participated in the Michigan program and its quasi-experimental design, the majority of SEED research included in our review focused on Michigan’s efforts.

Michigan SEED targeted lower-income families with a child enrolled in selected Michigan Head Start programs.<sup>4</sup> It assigned families to one of two groups: one group was encouraged to open SEED accounts while the

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<sup>1</sup>We use the term “CSA demonstration” to describe CSA programs designed primarily for the purpose of testing the effectiveness of CSA program strategies. Compared to other CSA programs, these demonstrations have limited enrollment periods and are more likely to divide participating families into a control or comparison group and a “CSA group” in order to test the effects of various CSA program strategies. The three CSA demonstrations included in the studies we reviewed—SEED, SEED OK, and the Early College Planning Initiative—used control or comparison groups and CSA groups.

<sup>2</sup>We do not endorse any particular CSA program or strategy.

<sup>3</sup>SEED demonstrations were located in Arkansas, California, Colorado, Delaware, Illinois, Michigan, Missouri, New York, Oklahoma, Pennsylvania, Puerto Rico, and Texas.

<sup>4</sup>Families who were enrolled in selected Michigan Head Start programs were assigned to either the CSA or control groups. Head Start is a federal early childhood program that promotes school readiness of children from low-income families. Families enrolled in Michigan SEED are considered lower-income for the purpose of this report.

other group was not. Michigan SEED offered enrollment assistance, initial deposits of \$800, savings matches, and financial education.

## SEED OK

The SEED for Oklahoma Kids (SEED OK) demonstration enrolled children in 2007. SEED OK built on the lessons learned from SEED and was a randomized, statewide experiment designed to study the short- and long-term effects of CSA program strategies. To encourage families to accumulate assets for their children's future, SEED OK used the following strategies: automatic enrollment, initial deposits, savings matches, benchmark incentives, and financial education through targeted communication efforts.

SEED OK accounts are part of Oklahoma's state 529 plan. SEED OK randomly selected a sample of children from the birth records of all children born in Oklahoma during certain periods of 2007. Out of a sample of more than 7,000 children, the families of about 2,700 children agreed to participate in the experiment.<sup>5</sup> Those in the CSA group were automatically enrolled in a program-owned 529 account and received an initial deposit of \$1,000. The program also offered families in the CSA group a \$100 initial deposit if they opened a separate, personally-owned 529 account. Lower-income families received savings matches on deposits they made into their personal accounts. Finally, the program provided families in the CSA group educational materials related to saving for college. Families in the control group did not receive a program account, initial deposits, or educational materials. According to researchers, families in the control group—like all eligible U.S. citizens—were free to open personal accounts under Oklahoma's state 529 plan, but SEED OK did not conduct outreach to help or encourage them to do so.

## My Alford Grant (formerly Harold Alford College Challenge)

My Alford Grant is a statewide CSA program available to all infants born in Maine. When it began in 2008, families had to enroll in the CSA program by their child's first birthday. Beginning in 2013, the program transitioned to automatic enrollment, aiming to increase enrollment and inclusivity, and, as of August 2019, 100,000 children had been enrolled. The CSA program currently offers automatic enrollment for every child

<sup>5</sup>SEED OK randomly selected 7,328 children, of which 213 children were excluded because they were ineligible. The families of 2,704 children agreed to participate in the CSA experiment. SEED OK families took a baseline survey between fall 2007 and spring 2008 and were then randomly assigned into the CSA group (n=1,358) or control group (n=1,346). Of those in the CSA group who were offered a program account and initial deposit, 99.9% accepted with one family opting out for religious reasons.

born in Maine and opens a program-owned account in Maine's state 529 plan. It also provides a \$500 initial deposit. Families who want to make personal contributions are encouraged to open a personal 529 account, as they are unable to contribute deposits into the program-owned accounts.

## Promise Indiana

Promise Indiana is a state-supported and community-driven CSA program that began in select schools in 2013, targeting children in kindergarten through third grade.<sup>6</sup> Promise Indiana incorporated the option for families to enroll in the CSA program during the school registration process. After opening an account in Indiana's state 529 plan, children receive a \$25 initial deposit. Promise Indiana selects new counties each year to participate through a competitive application process. As of the 2018-2019 school year, there were 25 counties enrolling children in the CSA program. Promise Indiana strategies include enrollment assistance, initial deposits, savings matches, financial education, and college and career planning activities at participating schools.

## Early College Planning Initiative

The Early College Planning Initiative was a demonstration designed to assess the effects of different CSA program strategies to help families understand and prepare for college expenses. The demonstration invited families of students in grades 7 through 10 in Boston Public Schools to attend an informational workshop in 2012 or 2013 on how to financially prepare for college through Massachusetts's state 529 plan. Researchers randomly assigned families who attended the workshops into a control group, a comparison group, and a CSA group.<sup>7</sup> In addition to the workshop, the Early College Planning Initiative provided the comparison group with enrollment assistance and the CSA group with enrollment assistance and a \$50 initial deposit.

## Prosperity Kids

Prosperity Kids is a CSA program that started in 2014 in Albuquerque, New Mexico, tailored to lower-income Latino families with children up to age 11. Partnering with a local credit union to provide access to CSAs,

<sup>6</sup>Promise Indiana brings together community stakeholders, including schools, nonprofit organizations, businesses, and individual donors, to help families plan and pay for college based on the needs of each community. Rauscher, Emily, William Elliott, Megan O'Brien, Jason Callahan, and Joe Steensma, "Examining the relationship between parental educational expectations and a community-based children's savings account program," *Children and Youth Services Review*, vol. 74 (2017).

<sup>7</sup>The Early College Planning Initiative included a sample of 974 students. Some families had more than one child enrolled in the CSA demonstration.



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Prosperity Kids is focused on engaging parents and helping families develop a relationship with financial institutions, especially those families who do not use banks. Before they can enroll in Prosperity Kids, parents are required to participate in a financial education workshop that is explicitly built on Latino cultural values. The CSA then helps parents complete the paperwork to open an account with a \$100 initial deposit and encourages them to also open a personal emergency savings account by offering a \$10 initial deposit. Prosperity Kids also encourages parents to support other parents and to recruit those in their social network to open accounts. Prosperity Kids strategies include enrollment assistance, financial education, initial deposits, savings matches, and benchmark incentives.

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# Appendix IV: GAO Contact and Staff Acknowledgments

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## GAO Contact

Melissa Emrey-Arras, (617) 788-0534 or [emreyarrasm@gao.gov](mailto:emreyarrasm@gao.gov).

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## Staff Acknowledgments

In addition to the contact named above, Amy Anderson (Assistant Director), Karissa Robie (Analyst-in-Charge), Linda Collins (Analyst-in-Charge), and Jessica Ard made key contributions to this report. Also contributing to this report were Susan Aschoff, Jason Bromberg, Alicia Puente Cackley, Caitlin Croake, Alex Galuten, Gina Hoover, John Karikari, Sheila R. McCoy, Christopher Morehouse, Michelle Sager, Marylynn Sergent, Almeta Spencer, Curtia Taylor, and Eve Weisberg.

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