

REFERENCES FOR THE THREE-PART BLOG SERIES

TWO PATHS TO THE AMERICAN DREAM: CSAS, AN ON RAMP TO ASSET EMPOWERMENT PATH

ASSET EMPOWERED PATH

- **Education reproduces inequality:** 3 in 5 family heads achieve a college degree when a parent has done so; if neither parent has a degree, it drops to 1 in 4
 - <https://www.stlouisfed.org/publications/in-the-balance/2019/children-of-college-graduates>
- **Wealthy families pass forward advantage:** young adults from families in the top wealth quartile received 11X more money for school from their family than those below the median
 - <https://www.rsjournal.org/content/rsfjss/2/6/172.full.pdf>
- **Scholarship distribution reinforces wealth advantages:** 13% of Americans with the highest incomes get private scholarships, compared with 9% of those with the lowest incomes
 - <https://hechingerreport.org/wealthier-students-more-likely-than-poor-to-get-private-scholarships/>
- **Assets and scholarships for the wealthy, student debt for the poor:** Only 46% of students not eligible for Pell Grants have student loans compared to 84% of low-income students who qualify
 - <https://money.com/student-loan-debt-inequality/#:~:text=At%20public%20schools%2C%2084%25%20of%20students%20who%20receive.order%20to%20graduate%20from%20a%20private%20school%29.%203>
- **It is not all about who works harder:** Parental assistance explains 1/3 of racial gap in college and advanced degrees
 - Nam, Y. (2020). Parents' financial assistance for college and black-white disparities in post-secondary educational attainment. *Children and Youth Services Review* 110(March 2020) pp. 1-8. <https://doi.org/10.1016/j.chilyouth.2020.104828>
- **Saving for college has been something wealthy families do for their kids:** Income of families who save for their child's education using a State 529 account is about 3X the median income of families that don't save using a State 529 account
 - <https://www.gao.gov/products/gao-13-64>
- **Educational inequality matters when it comes to income and wealth:** the income of a typical college graduate with a parent who also had a college degree was 25% larger than that of a typical first-generation student; wealth was 39% larger
 - <https://www.stlouisfed.org/publications/in-the-balance/2019/children-of-college-graduates>

DEBT DEPENDENT PATH

- **Holding a bachelor's degree is an exclusive club:** By age 24, high-income children are 8X more likely to get a bachelor's degree than low-income children
 - <https://www.forbes.com/sites/eriksherman/2015/02/05/wealthy-college-kids-8-times-more-likely-to-graduate-than-poor/?sh=1c535323dfbd>
- **Parents education level increases chances of child being poor:** 86% of children with parents who have less than a HS degree are low-income, 67% of children with parents with a HS degree only, and 31% of children with at least one parent with some college or additional education
 - https://www.nccp.org/wp-content/uploads/2015/01/text_1100.pdf

- **Poor schools place barriers in the path of poor kids reaching college:** High-poverty schools are less likely to offer math and science courses that most public 4-year colleges expect students to take in high
 - <https://www.gao.gov/assets/gao-19-8.pdf>
- **Assets and scholarships for the wealthy, student debt for the poor:** 53% of high-income college graduates have outstanding student loans vs. 76% of low-income college graduates
 - <https://aedi.ssw.umich.edu/sites/default/files/publications/publication-cd-reports-r3.pdf>
- **Educational returns on a degree are not equal:** Even the small amount of \$10,000 in student loans is associated with a 16% decrease in the rate of achieving median net worth
 - <https://www.scirp.org/journal/PaperInformation.aspx?PaperID=84330>
- Bachelor's degree holders from low-income families start their careers earning about 1/3 less than those from higher income families
 - https://www.brookings.edu/blog/social-mobility-memos/2016/02/19/a-college-degree-is-worth-less-if-you-are-raised-poor/#.Vsm3dDm_unw.twitter
- Black heads of households with a college degree have about 33% less wealth than white families whose heads dropped out of high school
 - https://insightcced.org/wp-content/uploads/2015/08/Umbrellas_Dont_Make_It_Rain_Final.pdf#:~:text=For%20black%20families%20and%20other%20families%20of%20color%2C,parity%20by%20dint%20of%20their%20own%20savings%20activity.6
- **Student debt has long term impacts on the return of a degree:** About 21% of borrowers avoid delinquency by using deferment or forbearance
 - <https://files.eric.ed.gov/fulltext/ED517424.pdf>
- Average time to repay student loans is between 20 and 30 years
 - <https://research.com/education/average-time-to-repay-student-loans>
- Almost 9 million Americans 50 and older have student debt of their own or from their kids' education
 - <https://www.marketplace.org/2021/06/21/nearly-9-million-older-americans-still-have-student-loan-debt/>

CSAs, ON RAMP TO ASSET EMPOWERMENT

- Although the expense may have seemed unthinkable to many in a country recovering from war spending, it not only improved millions of lives, but within eight years of the bill's signing, it had returned every dollar invested in education nearly seven-fold in economic output and federal tax revenue, according to a congressional cost-benefit analysis.
 - <https://www.jec.senate.gov/reports/100th%20Congress/Improving%20Access%20to%20Preschool%20and%20Postsecondary%20Education%20%281480%29.pdf>
- **Education as equalizer requires assets not student loans:** Eliminating student debt among those making \$50,000 or below reduces the Black-white wealth disparity by nearly 37% among low-wealth households, and a policy that eliminates debt among those making \$25,000 or less reduces the Black-white wealth gap by over 50%
 - https://www.demos.org/sites/default/files/publications/Less%20Debt_More%20Equity.pdf
- **Assets are important for mobility:** Americans who move from the bottom of the income ladder had 6X higher median liquid savings, 8X higher median wealth, and 21X higher median home equity than those who remained at the bottom
 - <https://search.issuelab.org/resource/moving-on-up-why-do-some-americans-leave-the-bottom-of-the-economic-ladder-but-not-others.html>
- **Where you start matters:** A \$1 increase in income translates to a \$5 increase in wealth for White families but only a 70¢ in wealth for Black families

- <https://heller.brandeis.edu/iere/pdfs/racial-wealth-equity/racial-wealth-gap/roots-widening-racial-wealth-gap.pdf>
- However, when Black families start off with similar levels of assets, they have a return of \$4.03
 - <https://heller.brandeis.edu/iere/pdfs/racial-wealth-equity/racial-wealth-gap/roots-widening-racial-wealth-gap.pdf>
- **CSAs are a policy vehicle for reducing wealth gaps, level the playing field:** Policy simulations show that if a universal CSA program had been established in 1979 with a progressive initial deposit of \$7,500 for low-wealth households (less than \$5,000 net worth) with incremental declines to \$1,250 for the highest-wealth households (\$25,000 net worth or more), the Black/White wealth gap would be decreased by 23%
 - https://prosperitynow.org/sites/default/files/resources/IASP_CFED_Equitable_Investments_in_the_Next_Generation-FINAL.pdf
- **CSAs produce tangible hope:** Low- to moderate-income children (\$50,000 or less) with tangible hope (i.e., wish to attend college while in high school and have college savings of \$1 to \$500) are 3X more likely to graduate college than low- to moderate-income children who are just wishful
 - Elliott, W., Song, H-a, & Nam, I. (2013). Small-dollar accounts, children's college outcomes, and wilt. *Children and Youth Services Review*, 35(3), 535-547. <https://doi.org/10.1016/j.childyouth.2012.12.001>
- **CSAs teach children to fish (i.e., build assets of their own):** Children between ages 15 to 19 who have savings are more likely to have a savings account, credit card, stocks, bonds, vehicle, and a home at age 22 to 25 than if they did not have savings of their own between ages 15 to 19
 - Friedline, T., and Elliott, W. (2013). Connections with banking institutions and diverse asset portfolios in young adulthood: Children as potential future investors. *Children and Youth Services Review*, 35(6), 994-1006. <https://doi.org/10.1016/j.childyouth.2013.03.008>