

UNLEASHING THE POWER OF CHILDREN'S SAVINGS ACCOUNTS (CSAS): DOORWAY TO MULTIPLE STREAMS OF ASSETS

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The Center on Assets, Education, and Inclusion (AEDI) recently released the report *Unleashing the Power of Children's Savings Accounts (CSAs): Doorway to Multiple Streams of Assets*. A set of five case studies are being released as companion pieces to this report and as part of a leadup to a webinar on the report and the programs in these case studies that will take place on March 29, 2023, at 2:00 p.m. (EST). The four other programs that will be featured are:

- Kids Rise (New York City, NY)
- Oakland Promise (Oakland, CA)
- Community Foundation Early Award Scholarship Program (Wabash, IN)
- CollegeBound (St. Paul, MN)

The focus of these case studies is for imagining different ways that Children's Savings Account (CSA) programs can leverage these accounts and connect families to multiple asset building streams for the purpose of helping all children reach their full potential. We use the term "imagine" here purposefully. What we are suggesting is that the reader should not read these case studies and only come away with ideas about how to replicate what is being done at these different programs. Instead, we seek to provide the reader with grounds for dreaming of new and innovative ways to build on what these programs are doing. The full potential of CSAs has yet to be reached. It can only begin to be reached if policy makers and practitioners can see beyond what they are today and begin to see what they can become.

The Full Report and the Five Case Studies can be accessed at <https://aedi.ssw.umich.edu/unleashing-the-power-of-children-savings-accounts>. To register for the webinar on March 29, 2023, please go to <https://ssw.umich.edu/assets/rsvp-request/index.php?page=register&id=W539>.

KEYSTONE SCHOLARS' PROGRAM DESCRIPTION

Case study #1 provides an example of asset streams flowing into Keystone Scholars accounts from both state legislated sources of funding¹ as well as donations from philanthropic partners and foundations. In 2018, Pennsylvania (PA) became the first state to pass into law a statewide Children's Development Account (CDA) program, called Keystone Scholars.²

• Program Elements

- **Eligibility Criteria:** Universal, at-birth, all children born on or after January 1, 2019, to Pennsylvania residents, including children born as of that date who are adopted by a Pennsylvania resident.
- **Type of Enrollment:** Automatic, universal, with some additional targeted deposits
- **Initial Deposit Amount:** \$100
- **Rate of Return:** The ten-year rolling average of the Pennsylvania State System of Higher Education tuition increase, currently about 2%
 - **Match:** N/A
 - **Incentives:** N/A

• **Savings Vehicle:** PA 529

• **Funding:** Surplus earnings on the PA 529 Guaranteed Savings Plan

• **Administration of Accounts:** Pennsylvania Treasury Department

The accounts for the first statewide cohort were opened in 2019 and each year about 135,000 newborn children are automatically enrolled into Keystone Scholars. At the end of 2022 there were 483,815 accounts opened. Each of these accounts received an initial deposit of \$100 from surplus earnings on the PA 529 Guaranteed Savings Plan.

BRIGHT FUTURE BOOSTER – ASSET STREAM INNOVATION #1

The first asset stream that will be discussed here is Keystone Scholars' Bright Future Booster.

- **Description of Innovation:** Bright Future Booster is the first statewide targeted deposit at scale in a CSA program
- **Eligibility:** All babies born between Jan 1-June 30, 2021, to mothers enrolled in WIC.
- **Type of Enrollment:** Automatic
- **Type of Deposits:** \$50 targeted deposits made into the Keystone Scholars accounts of eligible children. The Bright Future Booster deposits were made in addition to the universal starter deposit.
- **Funding:** It was funded entirely through donations from philanthropic partners
- **Administration:** Pennsylvania Treasury

The Bright Future Booster provided an additional, one-time \$50 deposit to accounts for babies born between January 1 and June 30, 2021, to mothers enrolled in the Special Supplemental Nutrition

Program for Women, Infants, and Children (WIC) at the time of their baby's birth. It was the first "automatic targeted deposit at scale" in a statewide CSA program.³ As DeCecco and colleagues (2021) state, "Fifty dollars is just a start toward larger goals". One of the things that is important about the Bright Future Booster, is that it demonstrates the power of CSAs for delivering additional assets to low-income families. However, it provides grounds to the reader for them to be able to imagine a much larger amount being delivered to low-income families through a CSA. That is, it has the potential to make dreaming of delivering large, targeted deposits through a CSA tangible not merely wishful thinking.⁴

Maybe equally hard to imagine prior to the Bright Future Booster initiative is how a CSA program could augment the efforts of WIC programs. The Bright Future Booster signals to the parents of low-income children that college⁵ (and all forms of postsecondary education) is something they need to begin to prepare for now (as early as birth), not later. And that, they have a strategy in place to help them pay for college (Keystone Scholars) making it feel more realistic, more tangible. Hungry kids are less likely to perform well in school⁶, and children who are educated are more likely to leave poverty as adults⁷ creating a type of virtuous circle between education and poverty held together by the CSA scaffolding. How this might augment the efforts of the WIC program to reduce poverty is by connecting efforts to educate poor children with efforts to reduce hunger. Without the CSA scaffolding in place, these different domains have operated very independently of one another with families as well as people working within these domains straining to see the connection between the two.

WIC-KEYSTONE SCHOLARS MILESTONE PROGRAM – ASSET STREAM INNOVATION #2

The second asset stream that will be discussed here is Keystone Scholars' WIC-Keystone Scholars Milestone Program (Milestone Program for short).

- **Description of Innovation:** WIC-Keystone Scholars Milestone Program
- **Eligibility:** All Keystone Scholars babies born between Jan 1-December 31, 2021, to mothers enrolled in WIC through Adagio Health. Adagio Health is the local WIC provider for Armstrong, Beaver, Butler, Indiana, and Lawrence counties in Pennsylvania.
- **Type of Enrollment:** Participants must sign a release form each year agreeing to participation and permitting Adagio Health to share their information with Treasury.
- **Type of Deposits:** These deposits are made in addition to the universal starter deposit.
- **Funding:** Funded entirely through donations from the Henry L. Hillman Foundation.
- **Administration:** Pennsylvania Treasury

The Milestone Program provides an additional \$50 deposit into the Keystone Scholars accounts of children born throughout 2021 to mothers participating in WIC and served by Adagio Health. Adagio Health is the WIC provider in five Pennsylvania counties, which together account for about 5% of the state's population.⁸ For each year the child remains enrolled in WIC until their 5th birthday, Pennsylvania Treasury will provide additional, increasing deposits into their Keystone Scholars accounts (See Table 1, following page).

Table 1. WIC-Keystone Scholars Milestone Deposits by Year

MILESTONE	SUBSIDY DEPOSIT
Birth	\$50
1 Year	\$50
2 Years	\$50
3 Years	\$75
4 Years	\$100
5 Years	\$100
Subtotal	\$425+ Universal KS \$100 Starter Deposit = \$525

The Milestone Program is an example of how the CSA scaffolding can bring together community partners across different domains to join in the common fight of helping children in their community reach their full potential. In this case we see a local foundation (i.e., the Henry L. Hillman Foundation), a non-profit organization (i.e., Adagio Health – WIC), federal program (WIC), and the state of PA (Treasurer’s office) join to bring resources to low-income mothers and their children. The resources are not just the deposits over the course of the five years but also the services mothers receive from Adagio Health WIC and other available Adagio Health services as well as the initial deposit families receive from the state. In doing so, it combines income and asset approaches together. It also gives people in each one of these institutions a sense of a common purpose, we are in this together, your fight is my fight.

It is also an example of how the CSA scaffolding can help carry resources to where they are needed. The USDA estimates that only 60% of WIC-eligible families across the U.S. are participating in the program, and only about one-third of eligible four-year-old children participate.⁸ This suggests as children in WIC age, retention proves more difficult. The Milestone Program provides WIC families with annual deposits following their recertification with WIC. The deposits serve as an additional incentive for families to maintain their WIC participation throughout their children’s five years of eligibility. This also provides an opportunity to connect the conversation to their children’s educational futures within the WIC environment.

The Milestone Program also illustrates how CSAs allow, for example, a local foundation located in the Pittsburgh area to direct funds to build assets for college. However, it does it in such a way that it also might impact WIC retention. All during one of the most important times for impacting children’s educational outcomes, their early childhood years. The different flows of assets into Keystone Scholars from different sources within the community help shed light on why CSAs are better understood as a community account, rather than an individual account when it comes to building wealth.

Finally, it shows how CSAs can assist foundations and individual donors to be able to get funds most directly to the populations they want to help in their local communities. The Milestone Program example might provide other communities with the grounds to dream of how they might also come together to help the children in their community build wealth and reach their full potential.

NOTES

- ¹ Keystone Scholars uses no taxpayer funds.
- ² Sometimes also called a Children's Savings Account (CSAs)
- ³ DeCecco, A., Peachey, J., & Clancy, M. M. (2021, November). Targeted deposits in Pennsylvania's Keystone Scholars Child Development Account program (CSD Policy Brief No. 21-36) (see p. 1). Washington University, Center for Social Development. <https://doi.org/10.7936/5qg9-4191>
- ⁴ Elliott, W. (2023). Unleashing the power of Children's Savings Accounts (CSAs): Doorway to multiple streams of assets. University of Michigan, Center on Assets, Education & Inclusion (AEDI). <https://aedi.ssw.umich.edu/sites/default/files/documents/Reports/csa-doorway/csa-doorway-full-report.pdf?v=1.0>
- ⁵ The term college as used in this case study should be construed as referring to all types of postsecondary education including community college, vocational and trade schools, and apprenticeships.
- ⁶ Johnson, A. D. and Markowitz, A. J. (2018). Associations between household food insecurity in early childhood and children's kindergarten skills. *Child Development* 89(2) pp. e1-e17.
- ⁷ Pew Charitable Trust. (2013). Moving on up: Why do some Americans leave the bottom of the economic ladder, but not others? Washington, DC.
- ⁸ DeCecco, A., Peachey, J., & Clancy, M. M. (2021, November). Targeted deposits in Pennsylvania's Keystone Scholars Child Development Account program (CSD Policy Brief No. 21-36). Washington University, Center for Social Development. <https://doi.org/10.7936/5qg9-4191>

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