

# 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) in March released the report *Unleashing the Power of Children's Savings Accounts (CSAs): Doorway to Multiple Streams of Assets*. This is the fifth of five case studies being released as companion pieces to this report. It is recommended that you also read the other case studies listed below, the full report, and watch the webinar that took place on March 29, 2023, to gain a fuller understanding of the potential of CSAs. The four other programs featured were:

- Keystone Scholars (Pennsylvania)
- Early Award Scholarship Program (Wabash County, IN)
- Oakland Promise (Oakland, CA)
- CollegeBound (St. Paul, MN)

The focus of the case studies was on providing examples of different ways that CSA programs have leveraged these accounts to provide families with multiple asset building streams. We use the term “imagine” here purposefully. We invite the reader to look for more than just ideas to replicate in their own programs, but to also find 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 accounts that families can save in and begin to see what they can become as a doorway to multiple streams of assets.

The Full Report and the Five Case Studies can be accessed at <https://aedi.ssw.umich.edu/unleashing-the-power-of-children-savings-accounts>.

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<sup>1</sup> Links to the report, other case studies, and the webinar can be found here <https://aedi.ssw.umich.edu/>.

## NYC KIDS RISE PROGRAM DESCRIPTION

Case study #5 provides an example of how multiple asset streams can be captured to flow into a Children's Savings Account (CSA). Below is a description of New York City's Kids RISE CSA program.

### CSA PROGRAM MODEL/DESCRIPTIONS

- **Program Elements**

- **Platform design:** The NYC Kids RISE Save for College program is a public-private-community partnership that expands access to mainstream financial products, builds real financial assets with and for low-income families and communities of color, regardless of their immigration status, provides financial education for families and students, and brings schools and communities together to support all of their children's futures. The core of the program is a universal, community-driven wealth-building platform that is embedded in homes, schools, neighborhoods, and systems across NYC. The platform is designed for various stakeholders and systems that impact students' lives to work together to build assets and support expectations for every NYC public school student's educational future. NYC Kids RISE manages the Save for College Program in partnership with the NYC Department of Education, the NYC Mayor's Office of Equity, and the City of New York, and, with catalytic funding and ongoing support from the Gray Foundation.
- **Enrollment and eligibility:** Through the Save for College Program, every student enrolled in a participating New York City public (district or participating charter) elementary school, starting in kindergarten, automatically receives an "NYC Scholarship Account" invested in the NY 529 *Direct Plan*. The account comes with a \$100 initial investment and up to \$200 in early rewards tied to engagement and savings. Families can open and connect their own college and career savings account (separate from the scholarship account) and start saving their own money in the ways and amounts that make sense for them, building financial capability and stability. At the same time, communities can contribute to groups of these NYC Scholarship Accounts as both a targeted and universal platform for community-driven asset-building in every neighborhood. By combining seed scholarships, family savings, community investments, and funding streams from every level, the platform can build significant assets for public school students, especially low-income students and students of color
- **Rewards structure:**
  - Initial investment: \$100 into a NY 529 *Direct Plan* account ("NYC Scholarship Account")
  - Families complete "3 Building Blocks" (aka foundational steps) with associated rewards that encourage understanding and engagement with accounts:
    - Building Block 1: Families activate their child's NYC Scholarship Account by registering on "Saving Tracker", the online portal. Reward = \$25 invested in the NYC Scholarship Account

- Building Block 2: Families open their own college and career savings account - either their own NY 529 *Direct Plan* account or an Amalgamated Save for College Bank Account - and connect it to their child's NYC Scholarship Account. Reward = \$25 invested in the NYC Scholarship Account
  - Building Block 3: Families deposit at least \$5 into their connected college and career savings account. Reward = \$25 invested in the NYC Scholarship Account
    - Savings Match: Starting on the first day of first grade, and once the Three Building Blocks are complete, families can earn a dollar-for-dollar match on the next \$100 they save in their own college and career savings account.
    - Community Scholarships: An additional funding mechanism for accounts through contributions from local organizations, philanthropy, businesses, community groups, and other private and public systems (further explained below)
- **By the numbers:**<sup>2</sup>
- **146,363** enrolled participants in the Save for College Program, each with a NYC Scholarship Account, as of September 2023.
  - **43,143** families activated their NYC Scholarship Account (completed “Building Block 1”) as of September 2023.
  - **98.9%** of eligible families did not opt out of the Save for College Program during the school year 2022-2023
  - **905,000** projected Save for College Program participants by the 2033-2034 school year.<sup>3</sup>
- **Community Scholarships by the numbers:**
- **\$3,885,554** funded through **39 discrete** Community Scholarships as of September 2023
  - **13,965** individual students received at least one Community Scholarship
- **Savings Vehicle (529s, bank, etc.)**
    - The foundation of the Save for College Program is a dual account infrastructure: the NYC Scholarship Account and a separate college and career savings account. This structure creates a platform that enables parents or guardians, family, friends, schools, communities, and other institutions to work together to build financial assets for students. This structure also allows students to participate regardless of immigration status and without impact to their family's public benefits.

<sup>2</sup> Unless otherwise noted, all data are as of September 2023.

<sup>3</sup> At the 2033-2034 school year, the inaugural class of Save for College Program participants will be in 12th grade and graduating high school. At that time, the program will have reached full scale. The estimated participation is based on the assumption of a consistent enrollment rate of 69,000 Kindergarten students per school year. Actual enrollment will vary based on city demographic trends, system-wide fluctuations in enrollment, cancellation and re-enrollment requests.

- Automatic enrollment of students into the NY 529 Direct Plan account owned by NYCKR (“NYC Scholarship Account”)
- Opportunity for parents/guardians, family members, or trusted friends to open their own NY 529 *Direct Plan* or a savings account with the participating student as the beneficiary through Amalgamated Bank (“Amalgamated Save for College Bank Account”)
- **Funding (how is the CSA program funded)**
  - Local and state government, philanthropy, businesses, community and civic organizations, individuals
- **Administration of Accounts (who and how administered):** The universal NYC Scholarship Accounts are administered by NYC Kids RISE

## CSAS SHOULD BE THOUGHT OF AS COMMUNITY ACCOUNTS, NOT INDIVIDUAL ACCOUNTS

CSAs are asset building accounts that provide a type of financial scaffolding for facilitating transfers of wealth from multiple sources of assets to a child for the purpose of giving them an equal opportunity to reach their full potential. However, lack of discussion about the capacity for multiple streams of assets, along with an overemphasis on individual saving within CSA programs and policies, can make it feel as though they are not a big enough idea when it comes to tackling wealth inequality. What this discussion has failed to give enough weight to, is that CSAs provide an institutional structure that allows for third party (e.g., family members, employers, philanthropists, communities, and other entities) contributions as well as government contributions (i.e., federal, state, county, or city). Given this, CSAs are not all or even mostly dependent on what low-income families can save on their own.

CSAs expand the notion of wealth building for the poor from being exclusively an individual or even a government only responsibility to a community responsibility. From this perspective, despite being assigned to individual children which is important for producing some of the social and psychological effects research indicates CSAs can produce,<sup>4</sup> CSAs should really be understood as community accounts opened by the community (particularly in the case of opt-out programs) on behalf of a child. When understood as a community account, it can be suggested that they can far exceed many other asset building policies for children (e.g., Baby Bonds or even Free College) when it comes to building wealth. NYC’s Kids RISE community scholarships provide an example of how CSAs provide a structure for communities to participate in building wealth in individual children’s CSAs.

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<sup>4</sup> See, Elliott, W. & Harrington, K. (2015). Identifying short term outcome metrics for evaluating whether children’s savings accounts programs are on track. Retrieved from <https://www.bostonfed.org/commdev/issue-briefs/2016/cdbrief12016.htm>.

## COMMUNITY SCHOLARSHIPS AS A TYPE OF ASSET STREAM

[Community Scholarships](#) provide an innovative mechanism to drive additional capital into accounts. Functionally, Community Scholarships are contributions to groups of NYC Scholarship Accounts through a donation to NYC Kids RISE. NYC Kids RISE deposits 100% of the donations received for Community Scholarships into the NYC Scholarship Accounts of the designated group of students. They enable local organizations, businesses, neighbors, and other public and private systems to direct funds to students' educational savings, leveraging local assets to build financial wealth in and with communities that have faced systemic barriers to wealth-building. In this way, CSAs provide donors with an institutional structure for making donations to children in their communities.

The effect of Community Scholarships is to expand the streams of assets flowing into a child's account beyond family savings and the initial seed deposits and rewards provided by NYC Kids RISE. At the same time, by visibly and tangibly demonstrating community-wide support for every child's future, Community Scholarships can also reinforce expectations of success throughout a neighborhood. Through Community Scholarships, the Save for College Program is both a universal and a targeted platform, enabling targeted asset-building on top of universal eligibility.

Further, the decentralized structure of the NYC Save for College Program enables significant creativity and flexibility in designing Community Scholarships. Funding amount, the targeting of students by district, grade, zip code and other student characteristics, associated public announcements or events, and other aspects of each Community Scholarship are highly customizable based on the funding source and opportunity to drive broad community involvement. In addition to raising real money for children's college funds and strengthening social capital within neighborhoods, Community Scholarships also serve as a catalyst for families to engage with and maximize the benefits of their own scholarship and savings accounts through the platform, starting with the three Building Blocks (activating their NYC Scholarship Account, opening, and connecting their own college savings account, and making their first deposit).

## EXAMPLES OF COMMUNITY SCHOLARSHIPS

Below are illustrative prototypes that demonstrate the core aspects of Community Scholarships: flexibility to tailor for community specific conditions, the ability to drive different sources of financial capital into accounts, and the momentum they create for harnessing social capital and visibly and tangibly demonstrating community wide support for children's futures. NYC Kids RISE anticipates new and increasingly creative forms of Community Scholarships, including partnerships to drive larger, sustained institutional funding streams into accounts, such as through portions of fines or fees, community benefits agreements in development deals, and partnerships with financial institutions.

### Example 1

#### **Leveraging faith-based organizations and local ecosystems within a neighborhood to raise money and drive action: *The Concert for College***

On Monday, February 11, 2019, under the leadership of Bishop Mitchell G. Taylor and Pastor Corwin Mason, the Center of Hope International and Community Church of Astoria hosted their first annual

“Concert for College.” The churches repurposed their Black History Month celebration into an opportunity to support the NYC Scholarship Accounts of students in eight schools located in the neighborhoods of Long Island City and Astoria. On that evening, nearly 1,000 community members gathered in the auditorium at Long Island City High School to celebrate the work that institutions and individuals within their community do every day to invest in their children’s success. This [video](#) captures the New York City Housing Authority Tenant Association Presidents of Queensbridge, April Simpson, Ravenswood, Carol Wilkins, and Woodside Houses, Annie Cotton Morris, talking about the power of the Save for College Program platform and the impact on their public housing communities.

Through ticket sales among the members of the church and the surrounding neighborhood, the concert raised more than \$20,000 toward the accounts of more than 1,000 students at P.S. 17, P.S. 76, P.S. 171, P.S. 112, P.S. 111, Growing Up Green Charter School, Our World Neighborhood Charter School, and VOICE Charter School. As a result, each student received another deposit of nearly \$19 in their account. While this amount may seem small in the context of college costs, research suggests that even relatively small dollars in a dedicated college savings account promote college- and career-going expectations. Moreover, in this case, the impact of this event planned and supported by local faith institutions and community members visibly showcased to students, their families, local schools and the community at large their commitment to each other.

The Concert for College demonstrates how Community Scholarships allow money to flow from various places within a neighborhood directly into students’ accounts by enabling any person or group within a community to translate these assets into financial wealth for the neighborhood’s children. The Concert for College also demonstrates how Community Scholarships provide a platform for leaders to bring communities together to celebrate college-going expectations and the social and cultural assets of a community.

## **Example 2**

### **Business Partnership enabling New Yorkers citywide to support accounts in a targeted school district: *Seamless “Donate the Change” Community Scholarship 2019***

Also in February 2019, the food delivery app Seamless enabled its diners to round up their order totals and “Donate the Change” to NYC Kids RISE as part of Seamless’s 20th anniversary celebrations in NYC. NYC Kids RISE then deposited the donated money--more than \$300,000--into the NYC Scholarship Accounts of all current students in the Save for College Program. This was the first citywide example of how New Yorkers--and the businesses who serve them--can directly support other New Yorkers’ college funds using Community Scholarships as a platform.

In addition to leveraging money from within a neighborhood, Community Scholarships are an opportunity for individuals and institutions across NYC to support students and families outside their own neighborhoods, for example, directing resources towards the college savings of students in lower income and lower-resourced neighborhoods. Through the Seamless Community Scholarship, to which thousands of diners across NYC contributed, New Yorkers were able to target their resources toward the students of the pilot schools, of which at the time in 2019 about 71% qualified for free or

reduced-price lunch or received benefits from the City's Human Resources Administration, and 85% were students of color, including a significant immigrant population.<sup>5</sup>

### **Example 3**

#### **Local Business Partnership supporting schools in their neighborhood: *Koeppel Kares Community Scholarship***

In June 2023 the Koeppel Auto Group launched the first recurring Community Scholarship in the NYC Kids RISE Save for College Program. Through a commercial co-venture agreement with NYC Kids RISE, the Koeppel Auto Group donates \$20 for each vehicle sold at any of its five Queens locations over the next year (through April 2024) to the NYC Scholarship Accounts of nearly 600 students at P.S. 148Q participating in the Save for College Program. Each monthly Community Scholarship will build on the initial first investment of \$15,200, providing a steady additional stream of assets into the accounts. Leadership at the school located in East Elmhurst, Queens, a predominantly Spanish speaking neighborhood, are provided language-accessible materials and resources to encourage families to build on the momentum of the Community Scholarship by activating their NYC Scholarship Account. Families then see how the recurring investment is building a tangible asset, and are encouraged to save their own money in the ways and amounts that make sense for them.

Koeppel Auto Group's first-of-its-kind investment is a model for other local businesses by demonstrating how they can tangibly contribute to and support the college and career futures of local NYC public school students. The regular contribution from a local business demonstrates that students and families are not alone on their journey toward their college and career goals. As of September 2023, the Koeppel Kares Community Scholarship has already raised over \$56,000 for the NYC Scholarship Accounts of students at P.S. 148. This investment will continue to grow monthly.

### **Example 4**

#### **A community campaign led by the resident association of a large NYCHA public housing development: *Astoria Houses Community Scholarship***

In 2020, the Astoria Houses Resident Association, representing leadership from New York City Housing Authority Astoria Houses, a large public housing development in Queens, [organized a campaign](#) to support and further build savings for children living in Astoria Houses. Spearheaded by the organization's President and long-standing community leader Claudia Coger and supported by local parents, schools, businesses, and elected officials, the campaign launched with an initial goal to raise \$134,000 to provide a \$1,000 scholarship for each of 134 first, second, and third graders in the community. By February 2021, the campaign surpassed that goal and reached \$184,000, allowing the new class of kindergarteners living in Astoria Houses and participating in the pilot program to be included as well. An online community [celebration announced the Community Scholarship including a read-along by the Resident Association Board, a panel of parents, educators, and community leaders, a musical performance, and recorded well wishes from local elected officials, educators and community and faith leaders.](#)

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<sup>5</sup> Data source: NYC Department of Education, as reported in a [brief documenting the pilot phase of the program](#) ("PILLAR 3, PART 1: Integration with the Social Infrastructure).

This Community Scholarship demonstrates the targeting flexibility of the platform as well as the platform as an organizing tool for a community and a way to share financial and social capital within and across neighborhoods. The recipient group were participating students from a specific public housing development, rather than students attending a particular school. The process of organizing and raising financial resources and planning and producing the online celebration worked to further enhance connectivity among the resident association, made up of mostly elders, and families with participating children in the Program, as well as other local institutions and neighbors who contributed in various ways. As a result, the Community Scholarship is functionally a neighborhood-based investment into low-wealth communities, organized through the shared social, political, and financial capital within the neighborhood and across the community.

### **Example 5**

#### **Parents leveraging their privilege to broaden the next generation's college opportunities: *The P.S. 92 Parent-to-Parent Community Scholarship***

On the evening of Thursday, October 10, 2019, P.S. 92Q in Corona hosted a special event to announce the P.S. 92 Parent-to-Parent Community Scholarship. Thanks to this \$15,000 Community Scholarship contribution from a group of New York City parents, each of the 248 first and second graders participating in the Save for College Program at P.S. 92 received \$60 in their NYC Scholarship Accounts. The funds were raised by parents primarily living in Brooklyn and organized by Lisa Cowan, who committed to contribute each year toward the College Opportunity Fund, a donor-advised fund held at the Brooklyn Community Foundation, during the years that their children are in college. They encouraged anyone else who is also concerned about inequity in access to higher education to [join them](#).

This Community Scholarship served as a reminder to families of these P.S. 92 children that parents and the broader community are behind them and their children's futures. It also demonstrates how a local community foundation can engage with Community Scholarships. The Brooklyn Community Foundation's donor-advised fund facilitated moving capital from one set of parents towards the accounts of children attending a school in a different neighborhood.

### **Example 6**

#### **Catalytic support from a collaboration between a national and a community foundation: *Bloomberg Philanthropies' Greenwood Initiative and the Brooklyn Community Foundation***

In late 2022, 1,200 first graders living in the Canarsie and East Flatbush neighborhoods of Brooklyn each received \$1,000 in their NYC Scholarship Account as part of the Canarsie and East Flatbush Community Scholarship funded by the Bloomberg Philanthropies' Greenwood Initiative and the Brooklyn Community Foundation's Donor-Advised Funds. This effort was strategically deployed to help combat the racial wealth gap in these two New York City neighborhoods where 86% of students are Black—the largest proportion of any geographic school district in New York City. In addition to every first grader who attends the neighborhoods' public elementary schools, every first grader with an NYC Scholarship Account who resides in the New York City Housing Authority's Bayview Houses and Breukelen Houses, both in Canarsie, also received the \$1,000 Community Scholarship.

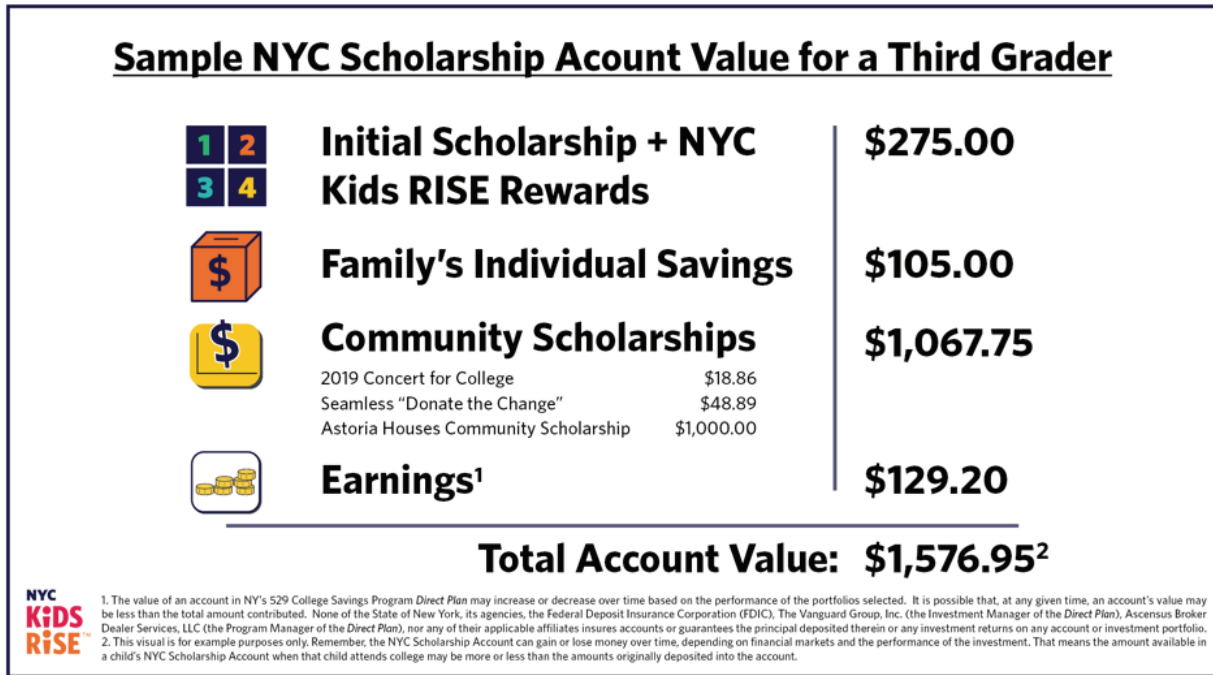


This Community Scholarship demonstrates how large, targeted investments from well-resourced institutions can drive significant direct wealth transfers. The total \$1.2 million from Bloomberg Philanthropies' Greenwood Initiative and Brooklyn Community Foundation's Donor-Advised Funds, as of this writing, is the largest Community Scholarship in the Save for College Program's history and provides a blueprint for future efforts. This investment also demonstrates how the Save for College Program provides a platform for a robust partnership and collaboration between organizations with complementary missions. Alongside local neighbors, schools, and service providers, the two philanthropies combined their efforts to meet a shared objective of addressing systemic underinvestment in Black communities, sparking long-term community change, and accelerating the pace of wealth accumulation for Black individuals and families.

Further, like in the case of the Astoria Houses Community Scholarship, this Community Scholarship provided an organizing vehicle to bring community stakeholders together -- advancing long-term collaboration and connections among community institutions around the shared goal of supporting children's future. A tangible example is how the Community Scholarship catalyzed further action towards from community and school leaders towards continuing to plan and save for higher education. With support from the superintendent, Celeste Douglas, who leads the school district of the Canarsie and East Flatbush neighborhoods and principals and parent coordinators at each school as of September 2023, the first grade families in the school district are engaging with the Save for College Program at almost twice the rate of the city at large: 43% vs. 28% have already activated and viewed their NYC Scholarship Accounts. Similarly, as of September 2023, 45% of families with first grade students with NYC Scholarship Accounts who live in the NYCHA developments of Bayview and Breukelen Houses have activated and viewed their NYC Scholarship Accounts -- more than double the rate (22%) of first grade families living in NYCHA developments citywide.

## **UNDERSTANDING THE ACCUMULATED EFFECTS OF COMMUNITY SCHOLARSHIPS – SAMPLE CAPITAL STACK AND ACCOUNT STATEMENT**

As students continue to receive Community Scholarships, the "capital stack" in their NYC Scholarship account expands. Figure 1 below shows an account example for a student involved in the pilot phase of the program during which they received multiple Community Scholarships. By the time this student who resides in Astoria Houses, a large public housing development in Queens, has reached third grade they have a total account value of \$1,576. On top of the initial seed deposit, rewards from the Three Building Blocks, and the family's own savings, over \$1,000 in account value is from three community scholarships, providing tangible demonstration of community wide support and belief in this student's future. Families receive the "account statement" shown in Figure 1 on the following page) detailing how Community Scholarships have impacted their overall account balance.



## IN CLOSING

Understanding CSAs as an institutional structure that facilitates different streams of assets to be able to flow freely into an account for a child from a variety of sources (e.g., federal, state, and local government, donors, and extended family members) is to understand the true power of CSAs. While in practice they are often described as individual accounts that focus on enhancing the ability of families to save, CSAs are better understood as community accounts. These accounts are increasingly automatically opened by different organizations (e.g., states, counties, cities, etc.) on behalf of each child in a community. From this perspective, the focus is not on the power of CSAs to increase savings among individual families to build assets; instead, it is on facilitating wealth building by the community for children in their community (this should include a significant federal government investment as well as individual savings if possible). Community Scholarships are an example of a stream of assets. In this series of case studies, however, we have discussed other examples of how, for example, state funds and scholarships can also be different sources of asset streams that flow into a child's CSA. While most policies (e.g., Baby Bonds) have focused on a singular source, typically the federal government, for solving wealth inequality, CSAs provide a mechanism for government and families to do their part, but also the community and its diverse array of individuals and organizations. To tackle wealth inequality, it will require thinking and a structure that goes beyond looking exclusively at funding from the government or individual families, one that also recognizes that the scope of the problem will require efforts from the whole community to solve.

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