Opportunity Investment Accounts: A Proposal for an Integrated Asset Building Mechanism for Youth in Foster Care

Brief

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Introduction

Although having access to assets offers low-income families the opportunity to invest in their children's future, youth in foster care can also benefit from asset-building opportunities and in some cases the youth who transition from foster care are themselves young parents who use asset building opportunities for their children. Research has documented the financial constraints of youth in foster care, especially when youth transition from the foster care system. By age 19 years, only 58% of youth in foster care have graduated from high school and, ultimately, only 2% to 3% of foster youth graduate from college. In the first 2 to 5 years after leaving foster care, the mean earnings of former foster youth are typically well below the federal poverty level (Dworsky & Courtney, 2000; George et al., 2002; Macomber et al., 2008) and within a year of leaving the foster care system, 13.8% of former foster youth experience homelessness (Courtney & Dworsky, 2006).

One approach to addressing the financial plight of youth who have experienced foster care involves various asset-building programs that seek to help these youth accumulate savings to serve as a financial cushion in times of economic shocks or to pay for education costs (e.g. lap top), a vehicle, health care, and housing rentals. Asset building also improves other outcomes including long-term social, behavioral and psychological benefits for youth.

Owning financial assets not only provides some level of financial stability for households but also offers long-term positive effects on children throughout their life course (see e.g., Elliott & Lewis, 2018). In addition to assets such as owning a home, other forms of assets such as savings and investments have been positively associated with child well-being and academic achievement, especially among low-income children (Aratani & Chau, 2010). Given the growing evidence on the long-term benefits of household assets for children, increasing numbers of researchers, policy makers, and community practitioners have called for increased access to asset-building opportunities for low-income children and families. In response to this call, federal, state, and community-based organizations have created asset development programs targeted to youth and adults. Examples of these programs include Individual Development Accounts (IDAs), Child Development Accounts (CDAs), and Children's Savings Accounts (CSAs) programs.

Without traditional familial systems to help jumpstart asset building, youth in foster care need help not only while they are in foster care but also as they transition to independent living. To meet this dual need, we posit that traditional asset-building programs must be tailored to fit the specific needs of these youth. As such, we posit that IDAs, CDAs, and CSAs are insufficient interventions given the unique needs and situations of youth in foster care. Further, we suggest the best vehicle for building assets with youth in foster care, or low-income youth in general, is the Opportunity Investment Account (OIA). OIAs are conceptualized as influencing child outcomes at four stages of what Elliott and Lewis (2018) called the ***opportunity pipeline***: (a) early childhood, (b) school years, (c) college years, and (d) post-college years.

OIAs recognize the importance of *developmental assets*, that is, assets that enable youth to invest in their ability to move up the economic ladder, not just meet basic needs. Further,

OIA programs recognize that their effects are cumulative, and therefore, focusing simply on the transition into adulthood is inadequate. The broader perspective of the opportunity pipeline is critical to addressing the needs of youth who have experienced foster care because even though these youth have a myriad of immediate needs their long-term well-being depends on meeting their developmental needs.

Individual Development Accounts (IDAs) as an Asset-Building Intervention for Youth in Foster Care.

As research began to shed light on the unique needs of youth in foster care, IDAs emerged as a strategy with the potential to help youth build assets for a brighter future. IDAs are part of an asset-based policy field that contends accumulating assets builds a cushion for emergencies and creates long-term social, behavior, and psychological benefits for families and children, enhancing the likelihood of emerging from poverty (Sherraden, 1991).

Primarily targeted to adults, IDAs are matched-savings accounts designed to assist low-income households build assets through homeownership, education, or entrepreneurship (Sherraden, 1991). IDAs include a matching component; every dollar saved is “matched” by additional funds from government or other sources. In addition, financial literacy education is offered to participants. The financial education covers economic literacy, budgeting, credit, and credit counseling. In practice, IDAs have typically been used as a short-term asset-building instrument rather than a lifelong development tool. The conceptualization of IDAs as short-term asset building instruments is a result of some of the programmatic features of IDAs; restrictions on withdrawals, period of participation, and asset goals. For example, assets accumulated through IDA mechanisms are generally “short-term” or “current” assets as they are proximal assets (car, laptop, rent, tuition) that materialize into more distal assets (college education, house, retirement) in the long-term.

Notably, IDAs have been the primary asset-building intervention used to address the needs of youth in foster care. As such, this report thoroughly reviews the ways in which IDAs have been used to build assets among youth who have experienced foster care (i.e., current or former foster youth). However, we posit that IDAs as a sole intervention only address some of the needs that youth in foster care have.[1]

The Regulatory Environment for Individual Development Accounts

Assets for Independence Act and State-Level IDA Legislation

State-level legislation creating IDA programs largely followed the guidelines stipulated in the federal Assets for Independence Act (AFI) of 1998. AFI appropriated $25 million to fund IDA demonstration projects that used a matched-savings incentive to encourage participation. Notably, the IDA demonstration projects were conducted by states and nonprofit organizations.

Figure 1 differentiates between states that have IDA programs, legislation, and

[1] Appendix A contains information on approved IDA purchases for youth.

demonstration projects.[2] The label *IDA state-sponsored programs* indicates the identified states that have implemented IDA programs. *IDA legislation* indicates states that have passed legislation to establish IDAs as a financial product but have not appropriated funds for the program. *IDA demonstration project* indicates states that created IDA demonstration projects but have not passed legislation to establish an IDA as an ongoing program or financial product. It is important to note that the Great Recession of 2008 forced many states to cut funding for IDA programs without repealing the legislation that created the programs. In addition, the 2017 federal budget did not appropriate funding for AFI, thus eliminating federal funds for IDA programs (which were often used for the matched funds). Consequently, IDA programs will rely more heavily on funding from the private sector moving forward.

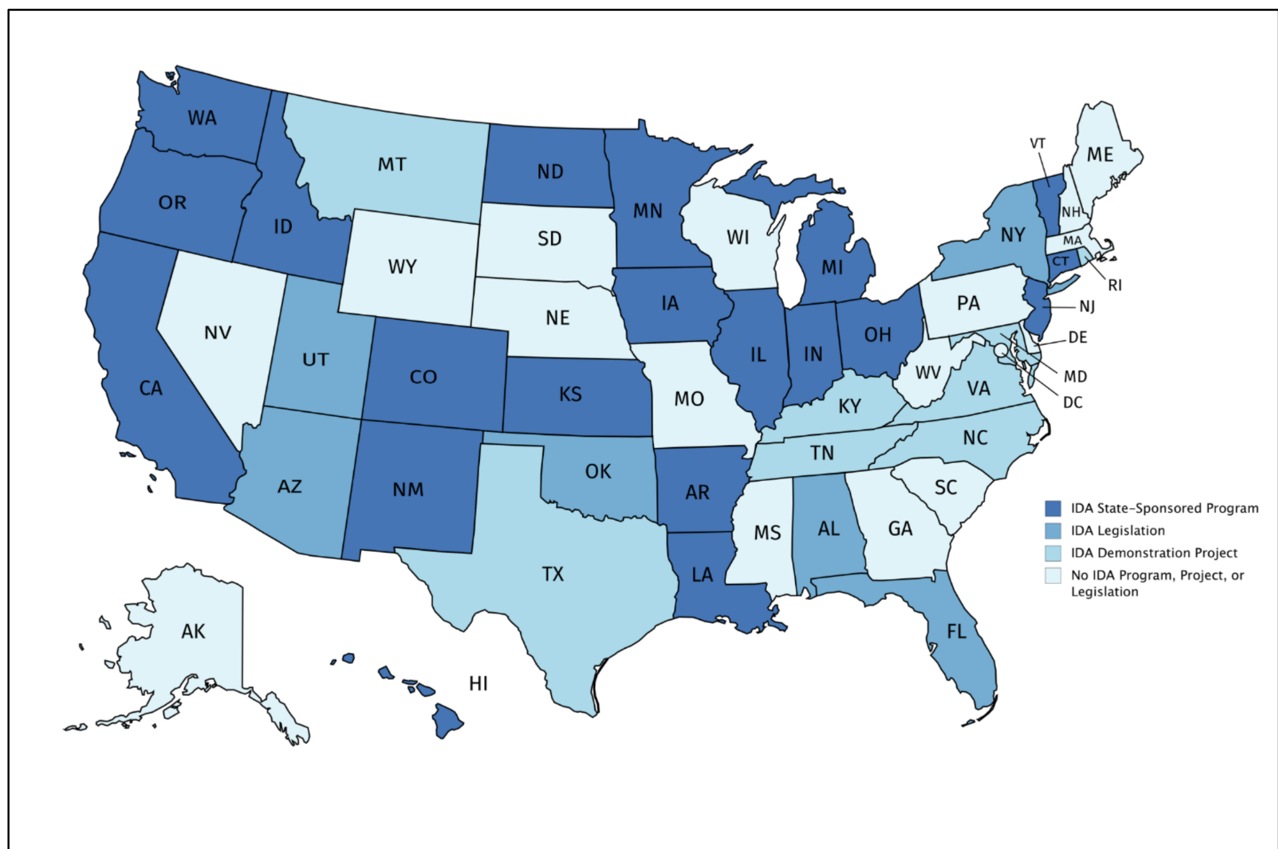

Figure 1. Distribution of IDA programs, legislation, and demonstration projects by state. This map was developed by the authors based on their research on IDAs in the United States.

AFI established eligibility criteria for IDA participation, including that a household's adjusted gross income could not exceed 200% of the federal poverty line (FPL) or the household net worth could not exceed $10,000. Most state-level IDA legislation has used the federal income eligibility criteria, whereas three states (Arkansas, Oregon, and

[2] In this report, state-level IDA programs are recognized when the legislation explicitly identifies a program as a state administered IDA program.

Vermont) opted to use net worth to determine eligibility.[3] Although AFI does not stipulate eligibility of youth in foster care for IDA programs, two states (New Mexico and Washington) have opted to make all youth in foster care eligible to participate in the state IDA programs.

The match ratio used in IDA programs varies considerably across programs. The AFI stipulated that the matching contribution could range from $0.50 to $4 for every $1 deposited to the IDA,[4] and capped the annual match amount at $2,000 for individuals and $4,000 for a household.[5] Most state-level IDA programs use the same annual match caps, but some have set a lifetime cap on the amount of money that can be deposited in an IDA (i.e., Idaho, Louisiana, Oklahoma, Oregon, Vermont).

AFI also established qualified uses for IDAs, including (1) postsecondary educational expenses,[6] such as tuition, fees, books, and supplies; (2) the purchase of a home for the primary residence of a first-time homebuyer; and (3) business capitalization expenses. All state-level IDA legislation permits these three qualified uses of IDA balances, but some states have added other qualified uses such as the purchase of assistive technology (Iowa, Utah, Washington), major repairs to a primary residence (Iowa, Indiana, Michigan, New Mexico, Vermont, Washington), and the purchase of a vehicle (Connecticut, Indiana, New Mexico, Washington). It is important to note that the terminology used in IDA legislation, such as *postsecondary educational expenses* (rather than "paying for college") allows IDAs to be used for brief job skill training courses, emphasizing the role of IDAs for short-term asset-building goals.

While AFI did not stipulate financial education requirements, all states with IDA programs require participants to receive some form of financial education. In most cases, individuals must certify that they have completed financial literacy training (often a minimum of 6 months) before matching funds can be dispersed. During the 6 months of financial training, states also require participants to make minimum monthly contributions to their IDAs; this requirement is intended to help participants develop a habit of saving. Additionally, some states impose maximum durations that require participants to terminate their IDA after 5 years (Indiana, Vermont). Notably, the 5-year limit is an explicit example of the perception of IDAs as a short-term asset-building tool. To help participants navigate IDA program requirements, state law often requires participants to enter into a contract with the organization implementing the IDA program, specifying the savings goals, minimum contributions, and duration of participation in the IDA program. Such IDA contracts align with the perception of IDAs as short-term asset-building tools.

Examples of an Individual Development Account as an Intervention for Youth in Foster Care

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[3] For example, Arkansas sets its income eligibility threshold at 185% of the federal poverty line, while Connecticut uses 80 percent of the area median household income.
[4] Some states have allowed higher match rates. Idaho, for example, allows matching of up to $5 for every $1 deposited in the IDA.
[5] Colorado, for example, places a $10,000 limit on the amount of money that can be matched in an IDA.
[6] Includes expenses for occupational and vocational schools.

1. *Washington's IDA Program for Youth in Foster Care*

The State of Washington offers an important example of a statewide IDA program that recognized youth in foster care as categorically eligible to participate. The decision to expand eligibility for the Washington IDA program to include youth in foster care was made in 2005, when the State's original IDA demonstration project was set to expire. Interest groups that wanted to make the IDA program permanent adopted the legislative strategy of scaling the program to include all individuals who face barriers to asset-building. At the same time, organizations serving foster youth were recognizing the value of asset-building for the populations they served. The convergence of interests made it natural to include foster youth in the vision of an expanded IDA program. The legislation also recognized that youth in foster care face challenges distinct from those of adults, and expanded the eligible expenditure category to include rent, security deposits, utility costs, and health insurance premiums.

2. *Opportunity Passport®*

The Opportunity Passport® is an asset building intervention, developed by the Jim Casey Youth Opportunities Initiative®, to help young people in foster care develop financial capability skills that are critical to achieving economic security. Opportunity Passport was developed in 2001 to respond to insights from young people who had experienced foster care and shared that they lacked opportunities to learn about finances and practice financial decision-making in their transition to adulthood. To respond to this gap, the program was designed to offer three primary components: financial literacy classes, access to an account at a financial institution, and the opportunity to purchase a developmentally appropriate asset to support young people's goals in their transition from adolescence to adulthood. This program operates across the country in 17 jurisdictions through the Annie E. Casey Foundation's Jim Casey Youth Opportunities Initiative sites.

Over the course of the program's 16-year existence, approximately 4,406 young people have saved close to $7 million and purchased 10,439 assets through the Opportunity Passport. The most commonly purchased asset is a vehicle, followed by education and housing assets. Young people report that the combination of financial literacy classes, the opportunity to practice financial capability skills with adult support, and the decision making skills that go into purchasing an asset, provided them with a strong foundation and access to financial resources that otherwise would have been missing as they navigated adult responsibilities upon exiting foster care.

Analysis of data collected through a twice-annual survey finds that asset purchases make a difference for this population. For instance, young people who purchase a vehicle have 2.7 times higher odds of reporting adequate transportation for school and work. Those who purchase a housing asset have 1.7 times greater odds of reporting stable housing. Data also confirms that the program reaches young people with some of the greatest challenges as they transition from foster care, such as being a young parent, experiencing homelessness, living in multiple group care facilities, or having no adult to turn to for support. These more vulnerable young people continue to save and purchase assets at rates that are comparable or better than those of their peers without these characteristics.

The evolution of the Opportunity Passport offers important lessons for asset building interventions for vulnerable young people. First, asset categories should be broad and flexible to meet the diversity of young people's needs and circumstances. Over time, the Jim Casey Initiative has added asset categories, such as credit building, as they have learned about the financial barriers young people face. Second, programs may need to integrate additional financial capability interventions into their work with young people, such as financial coaching, credit repair or debt reduction, to help young people on their path to financial security. And third, Opportunity Passport interventions must be integrated with other strategies to help young people build wealth, including college and career readiness and attainment.

The Opportunity Passport has offered the network of Jim Casey Initiative sites an innovative strategy to fill a critical gap by helping young people build skills to manage their finances and build assets. As they continue to expand this intervention outside of the Jim Casey Initiative network of sites, the Initiative continues to seek ways to help young people access additional wealth building strategies that ensure they have an equitable chance to success, similar to their peers. Child Savings Accounts and Child Development Accounts are additional strategies that should be explored to increase college enrollment and completion. These mechanisms can not only help young people with their own educational goals but are also mechanisms to save for their children's education.

Other Asset-building Intervention for low-income Families and Children.

Child Development Accounts (CDAs)

CDAs were conceptualized as an intervention to promote saving and asset-building for lifelong development (Sherraden, 1991), using matched savings or accounts established with seed deposits. The intent of CDA policy is to create a savings mechanism that will facilitate economic mobility, particularly for children in low income families, by delivering transformative assets and connecting households to the financial mainstream (Sherraden, 1991). Similar to IDAs, Sherraden (1991) posited using CDA balances for postsecondary education, homeownership, business development, and even retirement. The key idea underlying CDAs is the fundamental intention as an intervention for lifelong development. Whereas IDAs have been operationalized as a tool for short-term asset goals, CDAs are conceptualized as an instrument for long-term saving goals across the life course. To date, asset-building programs for youth in foster care have primarily been thought of as a tool to overcome insufficient income, not as a development tool.

Children's Savings Accounts (CSAs)

In the early 2000s, CSAs emerged out of CDAs as a movement to help finance education, taking root as an intervention designed to help children pay for college. However, in recent years, CSAs have shifted from a sole focus on paying for college (especially given that CSAs tend to be small-dollar accounts with initial deposits of $5 to $1,000), to focusing on the potential of CSAs to produce indirect effects such as improved social-emotional development (Huang, Sherraden, Kim, & Clancy, 2017). In addition, CSAs have been shown to have positive, indirect effects on the expectations of children (Elliott, 2009) and

parents' expectations for their children (Kim, Sherraden, Huang, & Clancy, 2015).

The Performance of IDAs as an Asset-Building Intervention for Youth in Foster Care

Over the last 30 years, IDA programs have demonstrated success in helping low-income individuals build assets for purchasing a home, paying for education, or funding a business startup. However, rolling out an IDA model for youth in foster care required program and policy development focused on the unique needs of these youth. Although potentially impactful for the future of youth in foster care, an asset-building program for youth in and transitioning out of foster care should continue to be expanded to explicitly address the complex challenges these youth face in their transition to independent living.

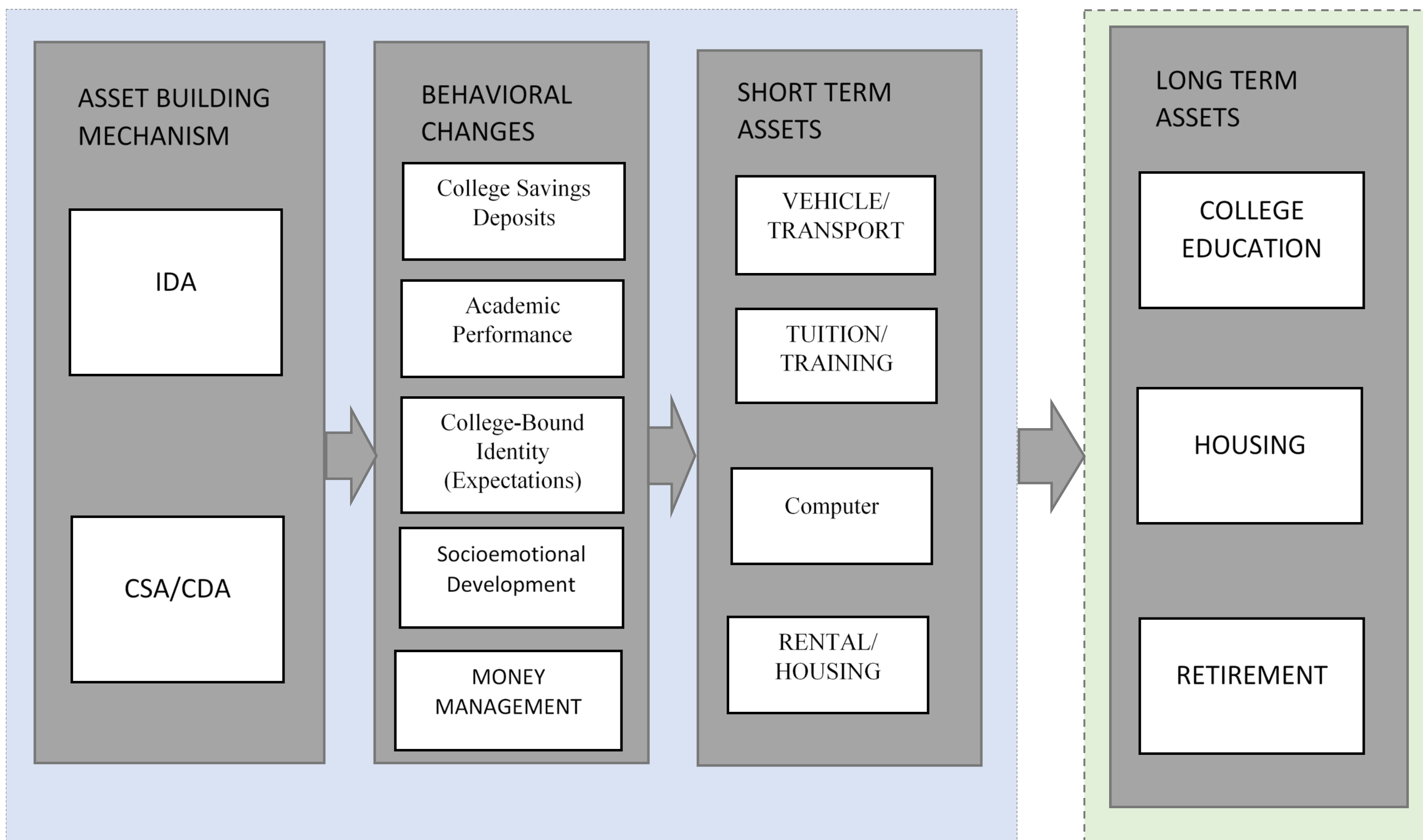
For youth who have experienced foster care (ages 14–24 years), research suggests common experiences of youth transitioning out of care include poverty, housing instability, unemployment, mental health issues, and a lack of a personal network the youth can rely on for support or connection (e.g., Curry & Abrams, 2015). Moreover, African American and Latinx children are disproportionately represented in foster care, and their experiences of the aforementioned negative outcomes are compounded by experiences of discrimination, prejudice, and marginalization (Child Welfare Information Gateway, 2016). Given this level of immediate needs, many former foster care youth are ill-equipped to focus on long-range planning for their future. This future orientation can be considered a "developmental need" in that individuals must plan for each life phase, setting goals and determining the action steps needed to achieve those goals. However, when youth lack support in their struggle to become self-sufficient when they leave foster care, they have to focus on survival and meeting immediate needs of food and shelter. As a result, youth formerly in foster care are placed at a permanent disadvantage relative to more advantaged youth who are able to focus on their developmental needs such as college and career planning.

We posit that asset-building approaches to help the youth should steer clear from focusing on the shortcomings of the foster care system but aim at allowing youth in foster care to thrive over the course of their adult lives (Figure 2, provides a theory of action). In the following section, we present a platform that builds on IDAs, CDAs and CSAs which can provide youth in foster care with real opportunities to move from a posture of survival to a posture of thriving.

Opportunity Investment Accounts (OIAs): An Integrated Proposal for an Asset-Building Mechanism for Youth in Foster Care

Coming out of the Great Depression and the New Deal, President Franklin D. Roosevelt told his fellow Democrats in 1936, "Liberty requires opportunity to make a living—a living decent according to the standard of the time, a living that gives man not only enough to live by, but something to live for." Without opportunity, Roosevelt continued, "life was no longer free; liberty no longer real; men could no longer follow the pursuit of happiness" (Roosevelt, 1936).

Figure 2. Theory of Action



Although to thrive, a person certainly must have the essentials needed to survive, thriving provides people with the intangible element of "something to live for." Foster care youth need a policy that provides them with opportunity and something to live for. Importantly, the short-term nature of IDAs has made the primary function of IDAs a mechanism for providing people with assets they need to survive rather than to thrive. In part, IDAs have evolved this way because IDA programs serve low-income families who are capable of saving only small amounts of money. Even with liberal matches, foster care youth are unlikely to amass transformational assets over a 3–5-year period.

We are proposing a new platform that has the potential to help former foster youth to build assets that will enable them to thrive in young adulthood.

Opportunity Investment Accounts

What makes CSAs the ideal vehicle for wealth transfer is not their ability to help children pay for college: It is their ability to complement efforts to reduce inequality in early education, facilitate college completion, and improve post-college financial health. Research has consistently shown CSAs produce a range of long-term benefits:

- **CSAs equip children with the skills associated with a strong start in life**. An experimental test of CSAs found that by age 4 years, children who had been randomly assigned as an infant to receive a CSA demonstrated significantly higher social-emotional skills than their counterparts without a CSA (Huang, Sherraden, Kim, & Clancy, 2014). These effects were strongest among low-income families. CSAs give parents new hope for their children's futures and may change how parents interact with their children (Kim et al., 2015). Children with improved social and emotional skills display attitudes and behavior that position them for academic achievement (Durlak et al., 2011).

- **CSAs help children get to and through college**. Every year, despite having the ability for post-secondary education, many minority and low-income students do not transition to college, a phenomenon some refer to as academic wilt. Often, wilt occurs because college seemed out of reach for these students, and thus, was not on their aspirational radar. CSAs are associated with reducing wilt by cultivating college-saver identities (Elliott, 2013; Elliott & Beverly, 2011). When students expect to go to college and have identified savings as a strategy to pay for their education, they have a tangible plan to overcome the inevitable obstacles they encounter, and they are not only more likely to attend college but also more likely to complete college (Elliott, 2013).

- **CSAs help students realize the "payoff" college promises**. Evidence suggests that CSAs may be a gateway not only to higher earnings as a college graduate, but also to a more diversified asset portfolio and more wealth accumulation (Friedline & Elliott, 2013; Friedline, Johnson, & Hughes, 2014). Wealth accumulation is one of the outcomes that ultimately motivates most Americans to pursue college degrees. However, it is in this post-college period that CSAs most differentiate themselves from other forms of financial aid.

Notably, a key distinction between CDAs and CSAs is how they are perceived. Conceptually, CDAs are supposed to be lifelong asset-building interventions whereas CSAs have been defined as asset-building tools for boosting college enrollment and completion. As demonstrated in the Education Success Program, college is an important goal for youth transitioning out of foster care. However, in practice, there is no difference between CDAs and CSAs. Both CDAs and CSAs are small-dollar accounts ($5 to $1,000) valued more for their indirect effects (as previously discussed) than their asset-building capabilities. Further, while CDAs are conceptualized as being a lifelong asset-building instrument, in practice, the goal of CDAs has been to help finance education expenses and increase college enrollment and graduation.

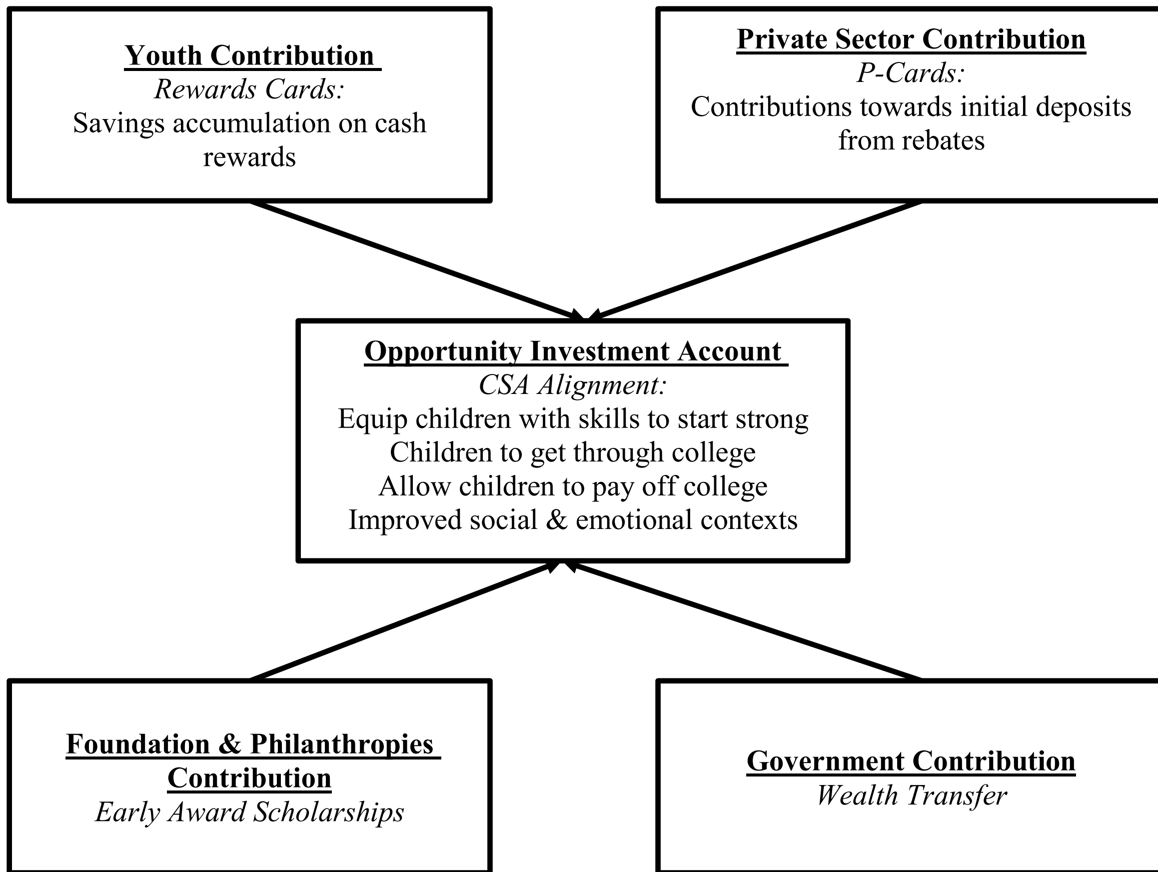
Nevertheless, the growing economic inequality of today's world means that neither small-dollar CDAs/CSAs nor a college degree is enough to transform lives and allow people to thrive. For example, Hershbein (2016) found that college graduates from low-income families start their careers earning about one-third less than college graduates from higher income households. Given this inequity, we propose Opportunity Investment Accounts (OIAs) for foster care youth. In addition to their potential for indirect effects, OIAs build on CDAs and CSAs by prioritizing the importance of building substantial assets in these accounts to create an environment in which the opportunity for thriving is real. Further, instead of being restricted to paying for college expenses, OIAs are intended to provide youth with assets needed to successfully navigate the different transitions in their lives, only one of which is postsecondary education. Other transitions include leaving home and living independently, moving into the workforce, and retirement.

Financing a Welfare Transfer into Opportunity Investment Accounts

As proposed here, OIAs are large-dollar CDAs/CSAs. As such, similar to CDAs/CSAs, OIAs also attempt to change the youths' social and emotional contexts; that is, how they think and how others think about them. However, OIAs are the explicit recognition that changing these social-emotional contexts alone, is not enough. Thriving requires more than changing how people perceive their worlds and how their worlds perceive them; it also requires providing people with assets to augment their efforts. America has adopted capitalism because, in theory, the capitalist system provides the opportunity to produce the most wealth for the most people. However, where capitalism runs amuck within the American system is when a small group of people gain control over the means of wealth production and are able to use that power to prevent others from fairly benefiting from their efforts. When this inequity comes about, effort is no longer determinative of success and failure, and the American dream ceases to exist. Therefore, in a capitalist society, achieving a fair distribution of assets is fundamental to providing youth with the genuine opportunity to use their effort to determine their success. To boost youth's perceptions about what they can do, but not provide them with the assets needed to accomplish what they have been made to believe is possible through CDAs/CSAs, could be seen as treating the symptoms of capitalism run amuck while leaving the root cause untouched. Similarly, to confine some people to a life of survival through asset deprivation, living one day to the next without tangible hope of ever being able to thrive, while positioning others to thrive through asset advantage, can clearly be seen as the destruction of the American ideal.

The framework we posit for transforming small-dollar CDAs/CSAs into OIAs is outlined in this section (See Figure 3). We build on the OIA infrastructure with a *rewards-card proposal, a p-card proposal, an early awards scholarship, and a federal government wealth transfer proposal*. Importantly, we see these proposed elements as part of a whole concept of our OIA program. And while these elements can be implemented separately, they need to be thought of as parts of a whole to create large-dollar OIAs. As a whole, our OIA model can serve as the infrastructure for an asset building agenda designed to provide low-income youth, and specifically foster care youth, the opportunity to thrive through hard work. Some aspects of the overall agenda require funding to implement (rewards cards and p-cards), and others require funding to create and support a policy agenda that will shift ideology (early award scholarships and federal wealth transfer).

Figure 3. Framework for Transforming Small-Dollar CSA into OIAs



Rewards Cards

Given the low-savings rates of low-income families in CSA programs, the CSA field has been attempting to find alternatives to saving from wages. We suggest these policies should be built into an OIA policy for foster care youth. One such idea that shows promise is rewards cards. In reward card programs, every time someone makes a purchase using their card, they receive a rebate (1% to 5%) that goes directly into their CSA; this rebate is given regardless of the payment form. For example, a purchase paid for with Food Stamps

would still receive a rewards card rebate. Unlike other asset-building programs for the poor (e.g., EITC tax-time saving) that rely on the limited resources of lower income households, the rewards card program transforms spending into saving.

Reward cards are not the only mechanism that can be used to transform spending into saving. The root idea is to discover whether there are ways that the effort of low-income individuals can be rewarded and harnessed as saving. Doing so makes sense when we understand that the underlying cause of low-income individuals' low rates of saving is that they have little money to save. Therefore, while small gains can be made by changing behaviors, building financial knowledge, or even providing low-income individuals with access to financial institutions and services (e.g., savings accounts) none of these efforts is enough if we do not address the fact that they have little money. We cannot escape this fact. As such, we posit that it is better to see behavioral approaches, financial knowledge building approaches, and even institutional approaches as primarily ways of empowering people to leverage an existing base of assets and build new assets.

Rewards cards are currently being tested in randomized control trials in Wabash County, Indiana and St. Louis, Missouri. Both locations have existing CSA programs. To test the impact on savings activity and asset accumulation in both locations, cluster randomized trials were conducted using household-level random assignment to compare households of students with and without grocery store rewards cards (Elliott, Sorensen, O'Brien, Zibei, Starks, & Zhen, 2019). Findings show the treatment group in Indiana had a greater than three-fold increase in savings activity in CSAs, and in St Louis had a greater than seven-fold increase in savings activity in CSAs. These findings suggest that rewards cards can be an effective strategy for engaging families of different backgrounds in saving activities.

Rewards card programs also have limitations, particularly for foster care youth. Importantly, rewards cards might not be as effective for youth in foster care who are living in group homes or institutions. However, reward cards are likely to benefit youth in foster care who are placed in families, those transitioning out of the system, and those who have already exited the foster care system. Fortunately, when attached to an existing CSA program, a rewards card program does not require startup funds, therefore it is possible to implement reward cards immediately. In fact, rewards cards are a way to help fund existing programs. For example, the Indiana CSA program negotiated with the provider of the rewards cards to receive a percentage of the reward rebates earned by families to help offset costs associated with offering the program. However, although providing foster care youth with a CSA account and a rewards card is a start, these supports alone cannot build a substantial enough amount of assets to create an environment in which thriving is possible for youth in foster care.

Purchasing Cards (P-Cards)

P-cards, short for *purchasing cards*, offer another potential method for building significant assets for CSAs/OIAs for youth in foster care that does not rely on government cash transfers or assistance. P-cards are commercial credit cards issued to organizations, governments, or businesses that allow the card holder to use the existing credit card infrastructure to make purchases of goods or services and pay the accrued balance each

month. The P-card program also provides cardholders the opportunity to receive a rebate on purchases made with their P-card. For example, the City of Long Beach negotiated rebates with its vendors so that every time the city makes a purchase using its P-card, a 1.51% rebate goes into a general fund for establishing CSAs. This fund is estimated to gross up to $15 million annually. Potentially, similar types of arrangements could be made with businesses and other P-Card holders, thus increasing the amounts directed to CSA/OIA accounts. P-cards provide a way to fund a substantial initial deposit for the account of each youth in foster care.

Early Award Scholarships

Schwartz (2008) stated, "The children of high-income parents have a strong, early commitment in that they can usually assume, from an early age, that their parents will pay their college expenses" (p. 118). The question becomes how to provide an equivalent strong, early commitment for low-income youth generally and specifically youth in foster care. Importantly, this early commitment not only has the potential to provide hope, changing the way youth think about their futures, but also has the potential to give youth bargaining power.

We posit that a way to help transform asset-building for youth in foster care into a strategy for creating an environment that enables these youth to thrive is by awarding scholarships early in a youth's academic career. These early award scholarships would repurpose monies already being spent or earmarked for scholarships. By implementing early award scholarships, youth in foster care and other recipients would benefit from the "strong, early commitment" that Schwartz (2008) underscored. The Wabash County Foundation in Indiana is trying to bring the idea of early award scholarships to fruition. The Foundation is currently offering small scholarships to middle-school age youth. These scholarships are deposited directly into the youth's CSA account. Putting these scholarship funds into youth's accounts at an early age (rather than when students are graduating from high school) increases the final balance by accruing compounded interest, and changes the youths' outlook about their future, as well as giving youth bargaining power that was once reserved for wealthy children only.

However, before the idea of early award scholarships can be expanded, we first need a knowledge-building campaign to inform and educate policy makers, organizations, and the public about the benefits of awarding scholarships early and placing the money into youths' CSA/OIA accounts. Such knowledge building is key to widen the acceptance of early award scholarships as a better strategy than waiting until youth reach college age. With evidence to support this strategy, it seems that foundations could support this activity well. The knowledge- building program would be designed to make scholarship providers more aware of why an early awards program could be better use of their money.

Policy Effort for a Federal Wealth Transfer

Whereas most asset-building strategies start and end with the federal government, we have instead posited a strategy that relies on individuals, through individual saving and rewards cards; cities, states, and businesses, via their P-card purchases; foundations and

governments, through establishing early award scholarships; and the federal government. Despite the variety and number of strategies, implementing these innovative strategies should include the American government.

Though branded as un-American, the idea of a wealth transfer is completely consistent with American history and with the country's collective narrative of individual effort. Wealth transfer is about equipping all children with tools that complement their own contributions, which is as "American" as the plow, the automobile, or the iPhone. We are no strangers to wealth transfers; the Homestead Act of 1862 put vast amounts of government land into the hands of private citizens, and the G.I. Bill (i.e., Servicemen's Readjustment Act of 1944) provided veterans with a range of tax-free educational and other benefits. Both required considerable individual effort yet offered real promise to change the distributional consequences of existing systems—property ownership, on the one hand, and higher education, on the other—in ways that helped to transform power and pathways to prosperity for generations.

The G.I. Bill made higher education and housing, especially homeownership, possible for millions of World War II veterans. Although the expense might have seemed unthinkable to many in a country recovering from war spending, the G.I. Bill was a fiscal success. According to a Congressional cost-benefit analysis, the G.I. Bill not only improved millions of lives, but within 8 years of the Bill's signing, every dollar invested in education had been returned nearly seven-fold through economic output and federal tax revenue (Joint Economic Committee, 1988). The G.I. Bill was revolutionary because it helped a generation understand that a timely wealth transfer that aligns with the American belief in rewarding effort and ability can spur economic growth and strengthen the American way of life.

One recent proposal for the next wealth transfer has been offered by Senator Cory Booker (Kliff, 2018). Senator Booker has proposed a universal program of American Opportunity Accounts that would automatically create an account at birth for every child born in the United States and provide an initial $1,000 deposit. However, starting in Year 2 and every year after, every child at or above 500% of the federal poverty line would receive $0 deposit and children at less than 100% of the federal poverty line would receive a $2,000 deposit. Booker estimates that by age 18 years, the poorest children would have about $46,000 in their account. We argue that this proposal would be greatly enhanced if the account infrastructure was an OIA. Nevertheless, Booker's proposal provides philanthropic foundations such as The Annie E. Casey Foundation with reasons to believe that supporting efforts to shift the narrative around the possibility of a wealth transfer in America is not money wasted.

Wealth inequality due to birthplace does not have to be a reality in America; a federal wealth transfer implemented in conjunction with the whole complement of the programs we have proposed in this brief can go a long way to drastically reducing wealth inequality. This type of comprehensive response to wealthy inequality can restore the American dream and make personal success and failure about the effort youth in foster care put forward and not the circumstances they were born into.

Conclusion

Most of the time people are complacent to work within existing paradigms. By embracing a new perspective, their minds are freed to think about the issues they face in ways that were not previously possible. Researchers and policy makers continue to posit solutions that fit within the current structure, and foundations continue to finance the same types of efforts, which by-and-large produce the same results.

We should not lose sight of moments in our collective history when we, as a country, have dared to dream and, as a result, were able to leap forward. The race to the moon was just such a moment, when we were "pushed" by the Soviet Union's early advantage in the "space race" to unshackle ourselves from our limited imagination and as a result developed new technology to explore space. The U.S. foster care system needs a similar push to move away from an exclusive focus on survival policies for foster care youth and move toward including an asset-empowered agenda that can provide youth in foster care with the opportunity to thrive.

Congress has already demonstrated broad support for policies that help youth transition from foster care. For instance, they established and recently expanded the scope of the John Chafee Education and Training Voucher, which provides youth up to five years of financial aid for post-secondary related expenses. The vouchers can total as much as $5,000 per year, which equates to approximately $40M nationally. What if Congress were to consider the potential of a more powerful and equitable approach to dispersing these resources, such as an early award scholarship through an OIA when children and youth first enter foster care?

We can imagine and develop OIAs that provide youth in foster care with hope, but not just any old hope, but a tangible hope built on a plan that consists of rewards cards, p-cards, early-commitment scholarships, and a federal wealth transfer. This wealth agenda for youth in foster care has the potential to provide these youth with the hope, future orientation, and resources they need to overcome their from-behind start in life.

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Appendix: Approved IDA Program Purchases for Youth

Table 1. Approved Asset Purchases in IDA Programs for Current and Former Foster Youth

State	Lead Organization	Program	Education Needs	Housing	Transportation	Debt Reduction Credit Repair/Building	Micro Enterprise	Health care	Other
CA -Santa Clara County	Social Services Agency County of Santa Clara	Financial Literacy and IDA Program	✓	✓	✓	✓	N/A	✓	N/A
CA -Amador County	Amador Tuolumne Community Action Agency	IDA Program	✓	N/A	N/A	N/A	N/A	N/A	Career oriented activities
CA -Oakland	First Place for Youth	First Place for Youth-Support-ive Housing	✓	✓	✓	N/A	N/A	N/A	Other approved uses
CA - San Diego County*	Casa de Amparo*	New Directions-Transitional Housing *	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CA -San Diego County	Just in Time for Foster Youth	Financial Fitness	✓	N/A	✓	N/A	N/A	N/A	living expenses, CD investment, retirement plans, and more
KS	You Thrive	My Path-Matched Savings	✓	✓	✓	✓	✓	N/A	N/A
MD	Maryland DHR	Foster Youth Savings Program	✓	✓	N/A	N/A	N/A	N/A	career investments
ND	Community Action Partnership of North Dakota	Youth Individual Development Accounts	✓		✓	N/A	N/A	✓	N/A
Washington D.C.	DC Child & Family Services Agency	Making Money Grow Program	✓	✓	✓	N/A	✓	✓	N/A

Note: * indicates no information available on program website

Table 2. Approved Asset Purchases for Low-Income Youth IDA Programs

State	Lead Organization	Program	Educational Needs	Housing	Transportation	Debt Reduction/ Credit Repair and Building	Micro Enterprise	Healthcare	Other
CA	Juma	Opportunity Youth-IDA for College Savings	✓	N/A	N/A	N/A	N/A	N/A	N/A
GA	Juma	Opportunity Youth-IDA for College Savings	✓	N/A	N/A	N/A	N/A	N/A	N/A
MT	Montana's Credit Unions	MESA	✓	N/A	N/A	N/A	N/A	N/A	N/A
NH	New Hampshire Community Loan Fund	New Hampshire IDA Account	✓	✓	✓	N/A	✓	N/A	Home repair
OR	Montana's Credit Unions	MESA	✓	N/A	N/A	N/A	N/A	N/A	N/A
OR -three counties	College Dreams	College Dreams IDA Program	✓	N/A	N/A	N/A	N/A	N/A	N/A
WA	Montana's Credit Unions	MESA	✓	N/A	N/A	N/A	N/A	N/A	N/A
WA - Seattle	Juma	Opportunity Youth-IDA for College Savings	✓	N/A	N/A	N/A	N/A	N/A	N/A