Savings Patterns and Asset Accumulation in the Promise Indiana Children's Savings Account (CSA) Program: 2017 Update

By Megan O'Brien, Melinda Lewis, Eui Jin Jung, and William Elliott

January 31, 2018

SOCIAL WORK

CENTER ON ASSETS, EDUCATION & INCLUSION

aedi.ssw.umich.edu

AEDI

Acknowledgment

AEDI is indebted to the staff of Promise Indiana for their invaluable guidance in pulling together this report. Particular acknowledgement is owed to: Clint Kugler, Amanda Jones-Layman, and Phil Maurizi.

Further, this report could not have been done without the generous support of Lilly Endowment Inc. and the Charles Stewart Mott Foundation.

These individuals and organizations are not responsible for the quality or accuracy of the report, which is the sole responsibility of AEDI, nor do they necessarily agree with any or all of the report's findings and recommendations.

Introduction

This study examines patterns in qualified tuition savings plans – also known as "529 college savings plans" – including accounts opened, family contributions, and asset accumulation by participants in the Promise Indiana Children's Savings Account (CSA) program who are enrolled from Wabash County, Indiana.[1] While this report uses administrative data to focus on saving, savings outcomes represent only one metric of CSA "success." Importantly, rigorous research suggests that the positive effects of CSAs on such outcomes as educational expectations (Kim, Sherraden, Huang, & Clancy, 2015) and children's well-being (Huang, Sherraden, Kim, & Clancy, 2014) can be realized even if families are not contributing to the account (Sherraden et al., 2015). Indeed, the Promise Indiana program is designed based on evidence that simply having a CSA can catalyze other positive outcomes for children and families, by reinforcing children's sense of a college-saver identity, for instance (Elliott, 2013a). Many aspects of the Promise Indiana CSA initiative are designed to cultivate these effects and, as described below, are provided to all children within a participating school, whether or not their families have opened a 529 account or, certainly, begun to contribute. Therefore, the potential value of a CSA—including those offered through Promise Indiana—should not be viewed only in terms of the dollars in the account. Saving should not be considered the only worthwhile interaction with the CSA.

At the same time, families' contributions to a CSA may be one way that expectations of college are communicated to children. Additionally, saving is a potentially significant source of asset accumulation and can help to provide a sound financial foundation for a child's future. As such, analysis such as that included in this report adds to the growing body of evidence of CSAs' effects on children and families. While direct comparisons to these measures in other CSA programs are complicated by acute differences in target populations, program design, and the savings context, a review of account opening, saving, and asset accumulation findings from the CSA field may be useful in providing context; such information can be found in earlier reports from the Center on Assets, Education, and Inclusion (AEDI) (e.g., Lewis et al., 2016; Lewis, O'Brien, & Elliott, 2017).

What are Children's Savings Accounts?

Children's Savings Accounts (CSAs) are interventions that build assets for children to use as long-term investments (Elliott, Choi, Destin, & Kim, 2011), particularly, as in Promise Indiana, for postsecondary education (Elliott & Lewis, 2014). Provided through financial institutions including state 529 college saving plans such as Indiana's CollegeChoice, as well as banks and credit unions, CSAs generally include progressive features, such as initial deposits, savings matches, and/or other incentives (Goldberg, 2005; Sherraden, 1991). In addition to the

[1] While the CSA began as the Wabash County Promise, for much of the period of analysis included here, all participating counties were deemed part of Promise Indiana. However, to clarify that only Wabash County participants are included in this analysis, the program will be referred to as "the Promise", throughout.

provision of the account and the use of levers to make saving more rewarding, particularly for disadvantaged families, many CSAs incorporate outreach activities that seek to activate families as 'college savers', earlier in a child's life than might otherwise occur. Distinct among financial aid approaches for their cultivation of improved outcomes throughout children's lives, CSAs aim to equip children with assets that research has found may be associated with improved academic achievement (Elliott et al., 2016) and educational attainment (Elliott, 2013b; Elliott & Beverly, 2011). CSAs also connect households to mainstream financial institutions, activating families to save for their children's futures and their later financial well-being (Friedline, 2014).

What is Promise Indiana?

Promise Indiana is a state-supported and community-driven CSA intervention designed to equip young children and their families with the financial resources, college-bound identities, community support, and savings behaviors associated with positive educational outcomes. Promise Indiana began as the Wabash County Promise in 2013, the vision of the Wabash County YMCA and local school leaders. Concerned about persistent disparities in educational attainment and frustrated by low participation in the state's 529 college savings plan (CollegeChoice), Wabash County YMCA CEO Clint Kugler and his team created a community-based CSA program. The model has since been implemented in 17 other Indiana communities.

Building on the YMCA's experience helping individuals to change behaviors, and buoyed by strong interest from allies including K–12 and postsecondary education institutions, what is now Promise Indiana endeavors to activate families and communities for the task of preparing children for college. The three principal components of the Promise Indiana CSA are (1) facilitated enrollment in Indiana's 529 plan (CollegeChoice); (2) financial incentives for family saving, including initial seed deposits, savings matches, and champion contributions; and (3) college and career planning activities, integrated into participating schools. Specifically, families opening a CollegeChoice 529 college savings plan through Promise Indiana complete a streamlined application process and receive a $25 account-opening incentive. Families are also eligible for matches to encourage contributions from their own resources or those that they secure from community "champions." In addition to the account itself, children participate in college visit days as elementary school students and are exposed to early college planning and financial education content (see Elliott & Lewis, 2015, for a more detailed discussion of the origins and implementation of Promise Indiana).

Promise Indiana leaders have pioneered a model that incorporates cultivation of college-bound identities into children's school experiences, starting in kindergarten, and enlists key champions in children's lives as partners. In the process, these leaders have contributed substantially to efforts to transform the 529 college savings plan account from a financial

instrument into a platform for powerful and progressive CSAs.

Methods

Data Sources and Variable Definitions

Building on previous analysis of quantitative and qualitative data regarding saving and asset accumulation in the Promise Indiana (Lewis et al., 2016), this report uses administrative savings data from 1,663 Promise Indiana account holders to examine account opening, contributions, and asset accumulation from the initiation of the CSA program in 2013 through June 29, 2017. All data were provided from Ascensus College Savings, the provider of Indiana's CollegeChoice 529 Direct-Sold plan. Due to differences in Promise Indiana program design and origination date in different counties, as well as limitations in the data agreement that provides the AEDI with administrative account and school data for children within Promise Indiana jurisdictions, this analysis is limited only to those families in the Wabash County iteration of Promise Indiana.

- *Has CSA*. Dichotomous variable used to indicate whether or not a student has a CSA (0 = No CSA, 1 = Has CSA).
- *CSA Saver*. Dichotomous variable used to indicate whether or not a student has a CSA and has contributed money towards the account above and beyond the initial seed deposit or match. For this variable, those with no account are included as non-savers (0 = No CSA/not a saver, 1 = Has CSA and a saver).
- *Incentive.* Start-up incentives of $25 were provided by Promise Indiana community sponsors at account opening for eligible students in grades K–3.
- *Match.* Accounts were eligible to receive a 3:1 savings match of up to $75 each year if the family/champion deposits totaled $25 by October 31st.
- *Family/Champion Contribution.* A continuous variable that measured the amount of family or champion contributions made into the CSA. This does not include incentive or match provided by the Promise Indiana CSA program.
- *Free/Reduced Lunch Status.* Socioeconomic status was operationalized by whether or not a student was eligible to receive a free or reduced-price lunch at school during the 2016-2017 school year. This resulted in a dichotomous variable (0 = Free/Reduced Lunch, 1 = Paid Lunch). Students who pay full price for lunch have a higher socioeconomic status than their peers that receive lunch for free or at a reduced price.

Analysis Plan

Savings data and characteristics of account holders were summarized with frequencies (counts and percent) and descriptive statistics (mean, median, mode, and range) using SPSS software version 23.0, first for the overall sample, then by sub-groups of savers and

non-savers (families that opened an account but made no contributions), and then separately for those students eligible for free or reduced-price lunch. Findings presented here are preliminary and descriptive in nature and should not be used to draw firm conclusions about the reach or impact of Promise Indiana. Future analyses will examine the distribution of each variable and address issues such as outliers, normality, and missing data in preparation for inferential testing (e.g., means comparison, regression).

Results

Account Opening

Table 1 displays 529 account opening rates through Promise Indiana for the four public schools in Wabash County by grade and year. Only overall take-up rates are reported for the two private schools, due to their small student bodies. The percentage of students opening accounts was based on the total number who signed up for an account, divided by the total enrollment values from the Indiana Department of Education (for the four public schools) or from school administrative data (for the two private schools). During the first year of Promise Indiana, nearly 60% of eligible students signed up for accounts, with take-up rates equally distributed across grades eligible for participation. In subsequent years, there was a decline in the percent of students in grades 1–3 who had not signed up for accounts before (i.e., newly-eligible students) who then signed up for an account (33% in 2014, and 18% in 2015). However, looking at enrollment trends by grade, new enrollments among kindergarten students remained higher than enrollments in any other grade, regardless of year.

Table 1. Promise Indiana Enrollment in Public Schools by Year and Grade.

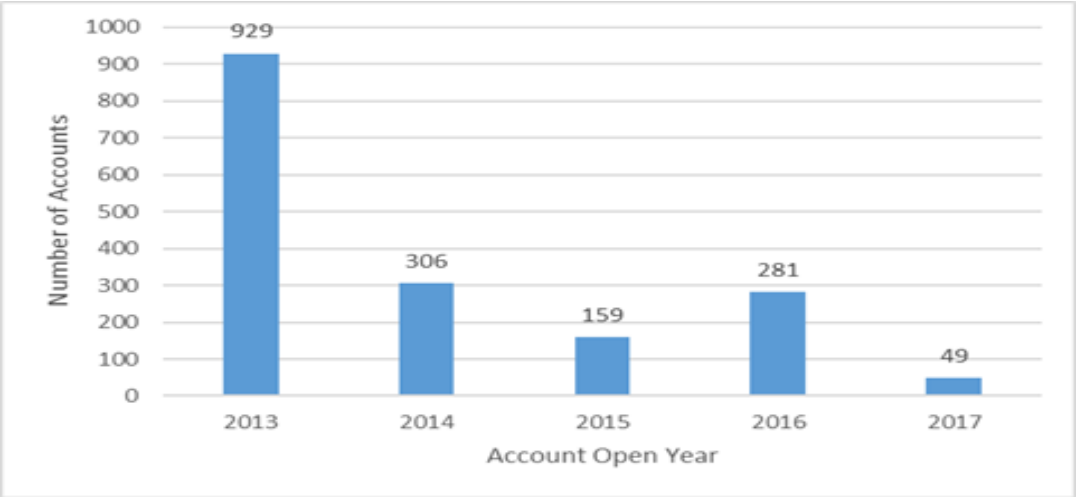
	Year			
	2013	**2014**	**2015**	**Total**
	Percent Newly Enrolled			
K	62.9%	44.2%	27.8%	45.0%
1st	53.1%	31.6%	12.7%	38.4%
2nd	62.8%	17.9%	7.7%	40.5%
3rd	56.3%	32.8%	5.7%	38.3%
Total	58.6%	33.0%	17.6%	41.2%
Private Schools	38.3%	13.5%	6.5%	23.4%

Figure 1 provides descriptive data on CollegeChoice 529 account openings from 2013 through June 2017 in Wabash County, as part of Promise Indiana. As described above, there is a drop in enrollment from the first year of the Promise to the second year (2013 vs. 2014). Specifically, in 2013, 929 children enrolled (about 59% of eligible students). In 2014, this dropped to 306 (about 33% of eligible students). Account opening dropped again in 2015 to 159 (about 18% of eligible students). However, the Promise saw an uptick in

account opening in 2016, when 281 accounts were opened (about 21% of eligible students).

Promise Indiana's program design and operations offer some explanations for these trends. First, and importantly, enrollment during the first year (2013) focused on children in grades K–3, the target population for this CSA intervention. That year, nearly 60% of eligible students opened accounts (Lewis et al., 2016). After this initial enrollment push, future

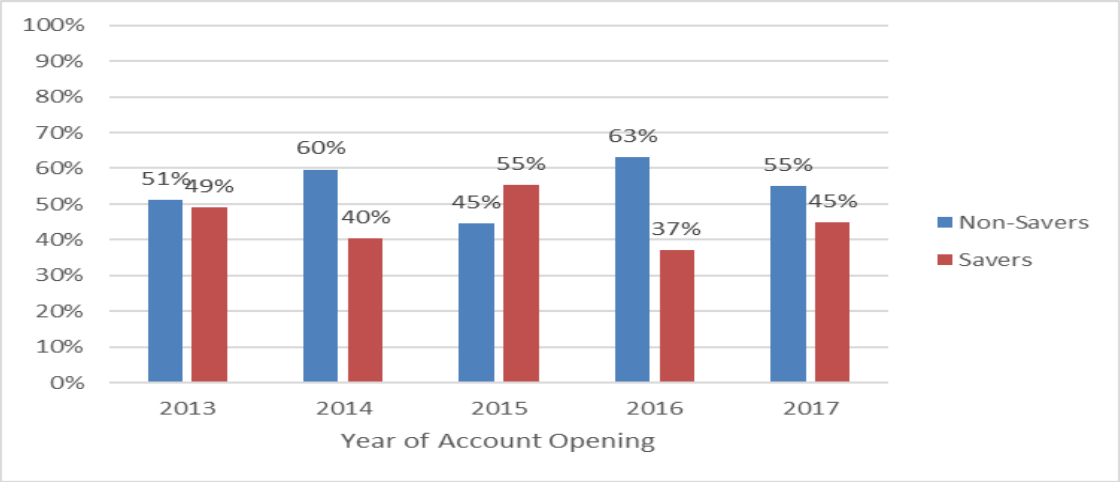
Figure 1. Account Opening by Year



outreach efforts focused specifically on new kindergartners, particularly since a fairly high percentage of students in grades 1–3 had already opened Promise accounts. Additionally, Promise Indiana administrators attribute at least some of the decline in enrollment in 2015 to the fact that the program was focusing its efforts that year on supporting communities elsewhere in the state who were developing and launching their Promise Indiana programs. With resources for program operation limited, these additional investments necessarily reduced some of the attention that could be devoted to Wabash County. Finally, some schools switched to online school registration during these years, removing the opportunity for in-person enrollment assistance. Promise Indiana experienced some challenges adjusting their outreach and enrollment processes to accommodate these changes.

In Figure 2, we examine the percentage of account holders who are savers, by year of account opening. An account is classified as belonging to a saver if it has seen at least one contribution, whether or not the $25 account opening incentive was applied. Comparing these cohorts of Promise Indiana participants, we find that the greatest percentage of saver accounts were opened in 2015 (55%), and the lowest percentage were opened the following year, in 2016 (37%). While it might be expected that account holders who opened their Promise accounts in earlier years would be more likely to be savers, because they have had a longer period over which to make a contribution, saving has been relatively robust, rebounding to 45% for accounts opened in 2017. On average, across the five-year period, 46% of accounts opened are classified as belonging to savers.

Figure 2. Percent Savers by Year of Account Opening, N = 1,663



Account Contributions

Next, in Figure 3, we examine contributions to the Promise account. While, in many CSA programs, it can be assumed that all or nearly all of the contributions made to a child's CSA account come either directly from parents or indirectly from parents' activation of their own networks (e.g., asking relatives to give contributions as gifts), this may not be as true here, given Promise Indiana's efforts to (1) encourage children to contribute to their accounts themselves, even by accepting deposits at school in some cases, and (2) assist families in soliciting contributions from community champions (such as coaches, neighbors, and teachers). Figure 3, nonetheless, illustrates that total contributions vary according to the length of account tenure, in a pattern more linear than the trends in account opening, shown in the figure above.

Figure 3. Average Total Contributions by Number of Months Account Open (Savers Only), n = 762

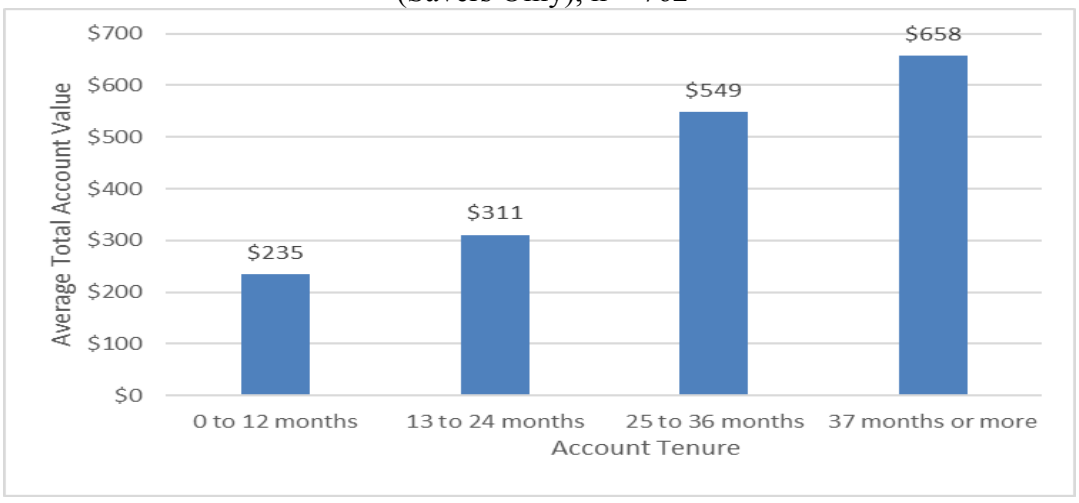


Table 2 provides a more detailed overview of savings patterns in Promise Indiana. It also

illustrates how family contributions play into trends in asset accumulation through the Promise Indiana intervention. Specifically, the table provides data broken out by total value of account, which includes Promise Indiana account-opening incentives and savings match. The rightmost column in Table 2 looks specifically at the contributions made by those accountholders who are Promise Indiana "savers." Among savers, the median account value is $168, with $60 of this amount coming from family/champion contributions. The averages for this population are $524 in asset accumulation and $412 in family/champion contributions. However, these figures include some outliers with contributions greater than $25,000, which makes the median, unaffected by outliers, a better indicator of the typical experience with saving and asset accumulation among these Wabash County CSA participants.

Table 2. Savings Summary for Promise Indiana Accountholders. N = 1,633

	Total Sample N = 1,663	**Non-Savers N = 901**	**Savers n = 762**
Total Value of Account including Incentives and Match	Mean $254; Median $27; Range $0–25,100; Mode $25; Sum $422,033	Mean $25; Median $25; Mode $25; Range $0–125; Sum $22,525	Mean $524; Median $168; Mode $125; Range $10–25,100; Sum $399,509
Total Lifetime Match*	Mean $44; Median $0; Range $0–590; Sum $72,880	Mean $3; Median $0; Mode $0; Range $0–75; Sum $2,575	Mean $92; Median $75; Mode $0; Range $0-$590; Sum $70,305
Total Family/Champion Contribution (no incentive or match)			Mean $412; Median $60; Mode $25; Range $0.98–25,000; Sum $313,729

* **Note**. As part of The Promise program, students earn community match which is deposited into a protected match account tied to their primary account, or by accumulating $25 in family or champion (friends, neighbors, coaches, extended family) deposits into the child's primary account during a specific time period. So, only savers will receive this community match. But, Table 2 includes 80 students who received a deposit in their protected match account despite not being savers because a local community champion donated funds to all the students in a given classroom. These funds were deposited into match accounts to protect the intentions of the community champion donor.

If you combine match and incentive, on average they make up 89% of the account values

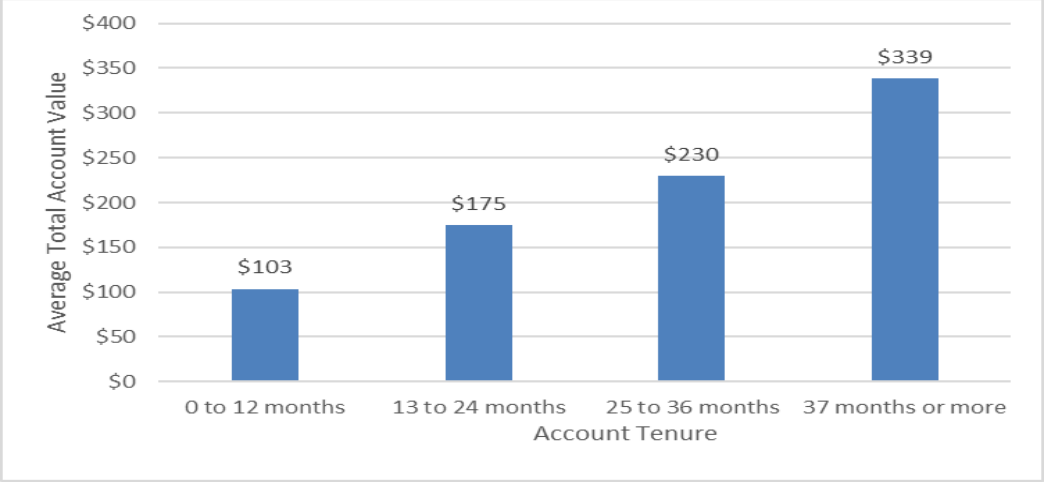
for non-savers, compared to 50% of savers' account values. Among savers, on average, the $25 incentive accounted for 17% of the total account balance, and match accounted for 33% of the total account balance.

Asset Accumulation

The asset value of a Children's Savings Account is not limited to the family's contributions. Instead, CSAs are designed to include features that make long-term saving a less daunting and more rewarding proposition, particularly for households that face substantial savings barriers. In Promise Indiana, these features include the $25 initial account-opening incentive, as well as matches for family and/or champion contributions. Figure 4 shows average total account value by account tenure. As would be expected, the longer the account is open, the larger the average total value.

Again underscoring the importance of family contributions in fueling total asset accumulation, total account value is higher when we separate out savers from non-savers. For example, as shown in Figure 4, at 37 months or more, when examining savers and non-savers together, total average account value is $339; when examining savers only for the same timeframe, it is $658 (data not shown in Figure).

Figure 4. Average Total Account Value by Number of Months Account Open, N = 1,663



Results by Family Income

Increasingly, CSA programs are enrolling children universally in order to reach all who could potentially benefit. In addition, most CSAs have at least some progressive elements that are designed to particularly benefit those who face the greatest challenges in preparing for college, financially and otherwise. Importantly, some CSA evidence has suggested that the interventions may have greater effects on low-income or otherwise disadvantaged children (Beverly, Clancy, & Sherraden, 2015; Elliott et al., 2016) than on children overall.

In this study, we use free and reduced lunch status as a proxy for family income, because actual family income data were not available to us. Families must earn at or below 185% of the federal poverty level to be eligible for reduced-price lunch and no more than 130% of the federal poverty level to be eligible for free lunch. While this income threshold changes each year, for the 2016-2017 school year, a family of four could not have earned more than $44,955 to be eligible for reduced-price lunch (Government Publishing Office, 2016).

Table 3 provides a detailed overview of savings patterns in the Promise, by family income and saver status. With regard to contributions, among poor families who save, the median account value is $150, with $50 of this amount coming from family/champion contributions. It is noteworthy that while the mean total value for non-poor families is 60% higher than the mean for poor families ($242 for poor vs. $658 for non-poor), the median values are only 25% higher ($150 for poor vs. $200 for non-poor) and the mode is the same ($125). Given these values, we can conclude that, with the exception of a few extreme outliers among the non-poor, the total value of accounts is similar, although not equal, for the poor and non-poor families. The same trends hold true with regard to lifetime match and family/champion contribution.

Table 3. Savings Summary for Promise Indiana Accountholders by Saver Status and Free and Reduced Lunch Eligibility. N = 1,631*

	Non-Savers n = 879		**Savers n = 752**	
	Poor n = 557	Non-Poor n = 322	Poor n = 236	Non-Poor n = 516
Total Value of Account, including Incentive and Match	Mean $25; Median $25; Mode $25; Range $0–100; Sum $14,170	Mean $24; Median $25; Mode$25; Range $0–125; Sum $7,755	Mean $242; Median $150; Mode $125; Range $10–5,200; Sum $57,162	Mean $658; Median $200; Mode $125; Range $10–25,100; Sum $339,757
Total Lifetime Match	Mean $3; Median $0; Mode $0; Range $0–75 Sum $1,795	Mean $2; Median $0; Mode $0; Range $0–75; Sum $680	Mean $87; Median $75; Mode $0; Range $0–590; Sum $20,592	Mean $96; Median $75; Mode $0; Range $0–575; Sum $49,343
Total Family/Champion Contribution (no incentive or match)			Mean $136; Median $50; Mode $25; Range $1–5,200; Sum $32,020	Mean $542; Median $73; Mode $25; Range $10–25,000; Sum $279,715

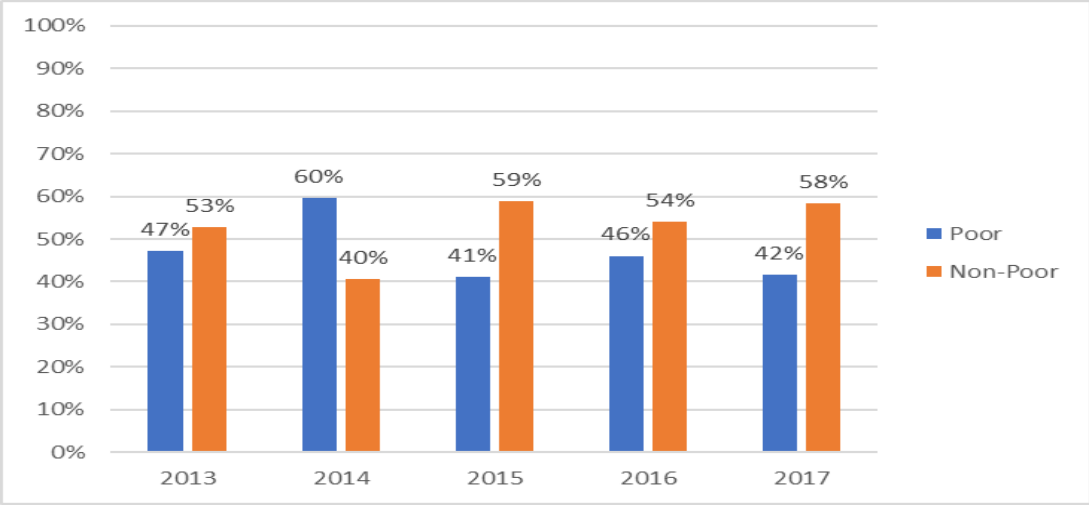
*n = 32 cases missing data on Free and Reduced Lunch Status

Account Opening by Family Income

Figure 5 presents the percentage of Promise accounts that were opened by families whose children receive reduced-price or free lunches (poor families) and by families who pay for their child's lunch in full (non-poor families).

It is clear from Figure 5 that non-poor families make up a higher percentage of Promise Indiana account openings than poor families for every year except 2014. Still, in any given year, non-poor children make up at least 40% to nearly one-half of accountholders in the Promise Indiana CSA. As highlighted in the following discussion, these account opening figures are starkly different than national patterns of 529 ownership, which skew heavily toward the most financially-advantaged households (Government Accountability Office, 2012).

Figure 5. Account Opening by Family Income and Program Year



Note. As a point of reference, 48% of children attending Wabash County Public Schools are eligible for the Free or Reduced-Priced lunch program (see http://www.doe.in.gov/accountability/find-school-and-corporation-data-reports).

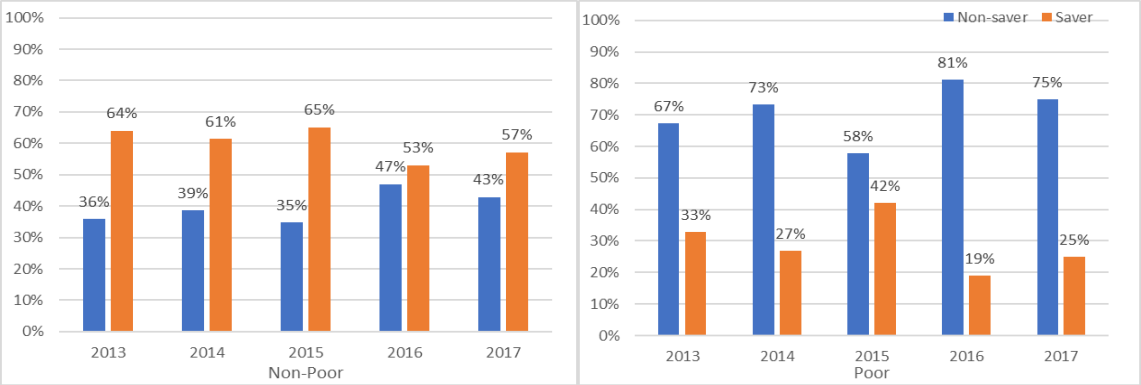
Percent of Savers by Family Income, Saver Status, and Program Year

Figure 6 illustrates the percentage of accounts that have seen a family or champion contribution apart from an initial $25 account-opening incentive (what we are defining as savers), compared to the percentage of accounts that received no additional contribution (non-savers), by income level and year.

These figures illustrate that non-poor account holders are more likely to be savers than poor account holders. However, there are parallels in the saving patterns of these two groups of families that suggest at least somewhat equivalent experiences with the Promise Indiana CSA. For example, 2015 was the peak year for making contributions for both non-poor

(65%) and poor (42%) accountholders. Similarly, the following year (2016) is the low year for both groups, with only 53% of the non-poor and 19% of poor families making a contribution that year.

Figure 6. Percentage Non-Poor and Poor Families by Saver Status and Program Year



Account Value

Table 4 provides descriptive data on the average total account value by the amount of time participants have an account, separated by free or reduced-price lunch status. Rather predictably, account holders who are not eligible for free or reduced lunch have a higher total account value than eligible accountholders. As shown above, non-poor families are more likely to be savers, which drives up account value, and they have more household income that could at least theoretically be devoted to asset accumulation. Also predictably, the average total account value rises with account tenure. This holds true for both poor and non-poor households, although for poor accounts, the asset value does not increase noticeably until the account has been open at least three years. This means that the average total account value of account holders eligible for free or reduced-price lunch is approximately equivalent whether their account is open 0–12 months ($74.11), 13–24 months ($72.92), or 25–36 months ($76.70). It is not until the account has been open for 37 months or more that a marked increase (of nearly $30) occurs in total average account value for account holders eligible for free or reduced-price lunch.

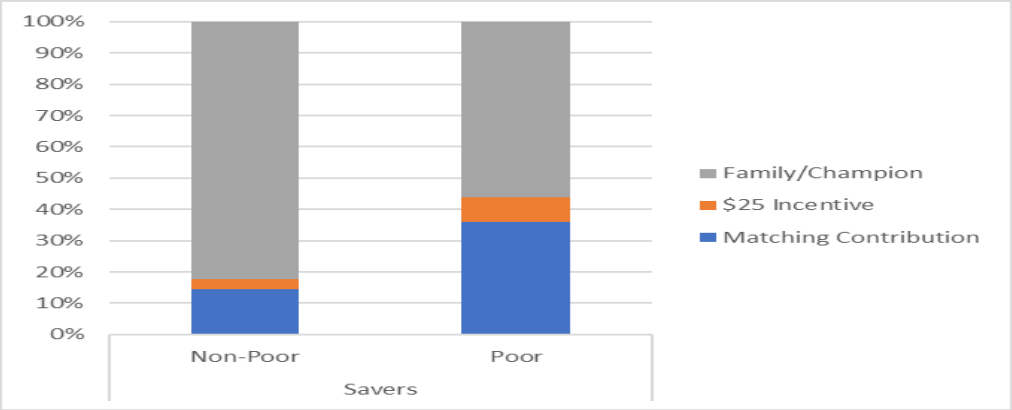
Table 4. Average Account Value by Family Income and Months Account Open

Account Tenure	Poor	Non-Poor
0–12 months	$74.11	$129.98
13–24 months	$72.92	$249.92
25–36 months	$76.70	$468.72
37 months or more	$106.39	$554.79

Figure 7 illustrates the proportion of the total account value made up of account-opening incentives, match, and family/champion contributions. We see that the incentive (i.e.,

initial deposit from the Promise Indiana CSA program) makes up a larger proportion of the total account value for the poor than it does the non-poor. Among poor savers, on average, the $25 incentive accounted for about 8% of the total account balance, and match accounted for about 36%. Among non-poor savers, on average, the $25 initial deposit accounted for about 3% of the total account balance; match accounted for about 14%. However, the relative size of the incentive is diminished somewhat by outliers in the non-poor sample, whose large contributions distort average account value for this group.

Figure 7. Average Total Account Value by Account Holder Family Income



Note. The bars represent proportions, not actual dollar amounts.

Discussion

CSA programs can change the landscape of account ownership in 529 college savings plans: When the Promise CSA began in Wabash County, 529 account ownership patterns mostly resembled national trends, with relatively low overall utilization and particularly limited uptake by economically disadvantaged families. This is still the case in much of the United States; for example, only an estimated 2.5% of all U.S. families had 529 accounts in 2013 (Hannon et al., 2016), and ownership diverged starkly by economic status. In 2013, only 0.3% of households in the bottom half of the wealth distribution had 529 accounts, compared to more than 11% of those in the top 5% of wealth (Hannon et al., 2016).

In the communities that have implemented the Promise Indiana CSA model, such as Wabash County, 529 ownership is becoming a much more common part of preparing for children's futures. The CSA model conceived in Indiana employs facilitated account opening, including a simplified 529 application, on-site information and assistance from Promise Indiana staff and community leaders, and financial incentives to encourage account ownership and household saving. These efforts are countering some of the obstacles that separate American families from 529 account ownership, including lack of awareness of the financial instrument (Sallie Mae, 2015). As a result, more than 21% of families eligible to open Promise Indiana accounts did so in 2016.

Additionally, lower-income households whose children are eligible for free or reduced-price lunch are substantially more represented among these accountholders than in state 529 college savings plans nationwide. In each year included in this analysis, at least 40% of Promise Indiana accountholders in Wabash County have children who are eligible for free or reduced-price lunch compared to 17% of low-income families nationwide (Sallie Mae (2015). This finding illustrates that CSAs are demonstrating that sophisticated, wealth-building financial institutions do not have to be tools exclusively for financially advantaged households, but can instead facilitate inclusive prosperity.

Promise Indiana is helping to reduce college savings inequality: Enrollment and savings engagement by lower-income families (here, defined as those eligible for free or reduced-price lunch) are notable in the Wabash County iteration of Promise Indiana. It is difficult to imagine that as many financially disadvantaged Hoosiers would have opened 529 college savings plan accounts, or begun to contribute, without the CSA intervention.

Furthermore, while equalizing behaviors does not mean equalizing outcomes, the Promise does seem to be making an impact on college savings equality. While the mean total account value of non-poor households was substantially higher than the mean value of poor families' accounts, this was largely due to a few non-poor families making substantially higher contributions. The median is not moved as much by outliers as the average, making it a better indicator of the total value of accounts for both the poor and non-poor. When we observe the median total account values between the poor and non-poor ($150 for poor vs. $200 for non-poor), they are much closer. Further, the mode (most frequently occurring) total value amount is the same for both groups ($125). Therefore, with the exception of a few extreme outliers among the non-poor, the total value of accounts is similar for the poor and non-poor. This suggests that while non-poor families with Promise Indiana CSAs still hold some advantages over poor families, as shown in higher rates of account opening, greater likelihood of being a "saver," and somewhat higher median accumulation totals, Promise Indiana may be helping to equalize college saving, at least with regard to what families are saving in their Promise Indiana CSA.

Additionally, while non-poor families may save in multiple vehicles, the attractiveness of the tax incentives and potential returns from the 529 state college savings plan makes it more likely that the 529 state college savings plan is these families' primary college savings avenue. What we cannot know at this point is whether poor families in Promise Indiana who open a CSA are doing comparatively better than poor families who do not get a CSA—either as a result of the CSA intervention, or because of unobserved advantages that are not reflected in their household incomes, or both. Considering the broader CSA landscape, there is some evidence from the Saving for Education, Entrepreneurship, and Downpayment (SEED) for Oklahoma Kids Children's Savings Account intervention that would lead us to believe that the CSA intervention does result in quantifiable differences in account holding and asset ownership, among low-income families. Specifically, provision

of the SEED OK intervention (automatically-opened Oklahoma 529 college savings plan account with $1,000 initial seed) increases the likelihood that economically-disadvantaged children have 529 accounts opened by their mothers and have individual savings (from family contributions) in those accounts, compared to households in the control group (Clancy, Beverly, & Sherraden, 2016).

Time works in families' favor, but substantial asset accumulation requires additional supports: Promise Indiana participants' accounts grow in value over time, with average asset balances increasing from $103 for accounts open a year or less to $339 for those open more than three years. This is an important feature of initiatives that engage families in early asset building, and it marks a distinct departure from savings outcomes observed outside interventions such as CSAs. However, with the average cost of college at even the most affordable type of four-year institution (public, in-state) calculated at $9,650/year for the 2016–2017 school year (College Board, 2016), the Promise Indiana accounts studied here may not be on track to place college truly within families' financial reach.

However, analysis suggests that CSA programs are capable of facilitating substantial asset accumulation. For example, analysis conducted by the Federal Reserve Bank of Boston found that a family opening a CSA account at birth through Maine's Harold Alfond College Challenge (HACC) could accumulate up to $31,483 by the time the child turns 18 (Elliott, Lewis, Poore, & Clarke, 2015). However, this potential accumulation hinges on delivery of a relatively larger initial seed deposit than what Promise Indiana delivers ($500 in Maine's HACC, versus $25 in Promise Indiana) and assumes annual family savings of $600, which is more than what has been observed among most families in all existing CSA programs (here, average total family contributions were $412, with a median of only $60). Certainly, CSAs do not have to solely finance children's postsecondary educations, in order to be valuable supports to families. Indiana has policies that complement the asset accumulation realized through the Promise, including Twenty-First Century Scholars, which will pay four years of tuition for qualifying low-income students (Indiana Commission for Higher Education, 2017). However, because students may not be able to "count" on a scholarship in the same way as money in an account that belongs to them, even this potentially valuable aid may be an imperfect substitute for greater asset accumulation. Therefore, CSAs may need to integrate other mechanisms, including more progressive features, if they are to result in wealth building on par with what pursuit of higher education in the U.S. demands, today.

References

Beverly, S., Clancy, M., and Sherraden, M. (2015). *The early positive impacts of child development accounts*. St. Louis, MO: Washington University.

Clancy, M. M., Beverly, S. G., Sherraden, M. (2016). *Financial outcomes in SEED for Oklahoma kids*. St. Louis, MO: Center for Social Development. Retrieved from: https://csd.wustl.edu/Publications/Documents/FS16-23.pdf

College Board. (2016). *Trends in college pricing: 2016*. Washington, DC: Author. Retrieved from: https://trends.collegeboard.org/sites/default/files/2016-trends-college-pricing-web_0.pdf

Elliott, W. (2013a). *Can a college-saver identity help resolve the college expectation-attainment paradox* (CSD Fact Sheet No. 13-30)? St. Louis, MO: Center for Social Development, Washington University. Retrieved from: https://csd.wustl.edu/Publications/Documents/FS13-30.pdf

Elliott, W. (2013b). Small-dollar children's savings accounts and children's college outcomes. *Children and Youth Services Review, 35*(3), 572–585.

Elliott, W., III, & Beverly, S. (2011). The role of savings and wealth in reducing "wilt" between expectations and college attendance. *Journal of Children and Poverty, 17*(2), 165–185.

Elliott, W., III, Choi, E. H., Destin, M., & Kim, K. H. (2011). The age old question, which comes first? A simultaneous test of children's savings and children's college-bound identity. *Children and Youth Services Review, 33*(7), 1101–1111.

Elliott, W., Kite, B., O'Brien, M., Lewis, M., & Palmer, A. (2016). *Initial elementary education finding from Promise Indiana's Children's Savings Account program*. (AEDI Working Paper 04-16). Lawrence, KS: University of Kansas, Center on Assets, Education, and Inclusion (AEDI).

Elliott, W. and Lewis, M. (2015). *Transforming 529s into Children's Savings Accounts (CSAs): The Promise Indiana Model.* Lawrence, KS: Center on Assets, Education, and Inclusion.

Elliott, W., III, & Lewis, M. (2014). Child development accounts (CSAs). In *The Encyclopedia of Social Work*. Retrieved from: http://socialwork.oxfordre.com/view/10.1093/acrefore/9780199975839.001.0001/acrefore-9780199975839-e-871

Friedline, T. (2014). The independent effects of savings accounts in children's names on their savings outcomes in young adulthood. *Journal of Financial Counseling and Planning, 25*(1), 69–89.

Goldberg, F. (2005). The universal piggy bank: Designing and implementing a system of savings accounts for children. In M. Sherraden (Ed.), *Inclusion in the American dream: Assets, poverty, and public policy* (pp. 303–322). New York, NY: Oxford University Press.

Government Accountability Office. (2012). *A small percentage of families save in 529 Plans.* Washington, DC: Author. Retrieved from: http://www.gao.gov/products/GAO-13-64

Government Publishing Office. (2016). *Child Nutrition Programs: Eligibility Guidelines.* Washington, DC: Food and Nutrition Service, U.S. Department of Agriculture. Retrieved from: https://www.gpo.gov/fdsys/pkg/FR-2016-03-23/pdf/2016-06463.pdf

Hannon, S., Moore, K., Schmeiser, M., and Stefanescu, I. (2016). *Saving for College and Section 529 Plans.* Washington, DC: Board of Governors of the Federal Reserve System. Retrieved from: https://www.federalreserve.gov/econresdata/notes/feds-notes/2016/saving-for-college-and-section-529-plans-20160203.html

Huang, J., Sherraden, M., Kim, Y., & Clancy, M. (2014). Effects of Child Development Accounts on early social-emotional development: An experimental test. *JAMA Pediatrics, 168*(3), 265–271. doi:10.1001/jamapediatrics.2013.4643

Indiana Commission for Higher Education. (2017). *Twenty-first century scholarship.* Indianapolis, IN: Author. Retrieved from: http://scholars.in.gov/

Kim, Y., Sherraden, M., Huang, J., & Clancy, M. (2015). Child Development Accounts and parental educational expectations for young children: Early evidence from a statewide social experiment. *Social Service Review, 89*(1), 99–137. doi:10.1086/680014

Lewis, M., O'Brien, M., & Elliott, W. (2017). Immigrant Latina families saving in children's savings account program against great odds: The case of Prosperity Kids. *Race and Social Problems, 9*(3), 192–206.

Lewis, M., Elliott, W., O'Brien, M., Jung, E., Harrington, K., & Jones-Layman, A. (2016). *Saving and educational asset-building within a community-driven CSA program: The case of promise Indiana*. Lawrence, KS: University of Kansas, Center on Assets, Education, and Inclusion.

Sallie Mae. (2015). *How America saves for college.* Washington, DC: Author. Retrieved from: https://www.salliemae.com/plan-for-college/how-america-saves-for-college/.

Sherraden, M. (1991). *Assets and the poor: A new American welfare policy.* Armonk, NY: M.E. Sharpe.

Sherraden, M., Clancy, M. M., Nam, Y., Huang, J., Kim, Y., Beverly, S. G., Purnell, J. Q. (2015). Universal accounts at birth: Building knowledge to inform policy. *Journal of the Society for Social Work and Research, 6,* 541–564.