

The Movement Takes Off

THE STATE OF THE CHILDREN'S SAVINGS FIELD 2017

The Children's Savings Account (CSA) movement continued to spread across the country in 2017. CSA programs provide long-term savings or investment accounts with incentives to help children build savings for the future, typically for postsecondary education. Last year, CSA programs launched in places as diverse as Queens, New York, and Poinsett County, Arkansas, showing that CSAs resonate with people from different areas of the country. Based on Prosperity Now's annual CSA Program Survey, this document offers a snapshot of this expanding field, illustrating the similarities and differences in CSA program models.¹



CSAs BY THE NUMBERS



As of the end of 2017

54 PROGRAMS SERVED

382,000 CHILDREN IN

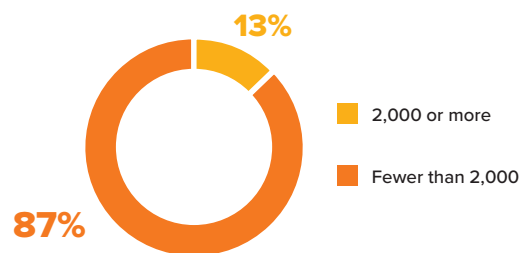
32 STATES AND DC

Participating Children

More than 382,000² children have a CSA as of the end of 2017—a 22% increase from 2016.

CSA programs range in size from small community programs to universal statewide programs like the Harold Alfond College Challenge, which enrolls every baby born in Maine. As shown in Figure 1, 87% of CSA programs have fewer than 2,000 children enrolled. Thirteen percent of programs have enrolled more than 2,000 children, but these large programs account for 86% of the total children enrolled.

FIGURE 1 | ANNUAL ENROLLMENT BY CSA PROGRAMS

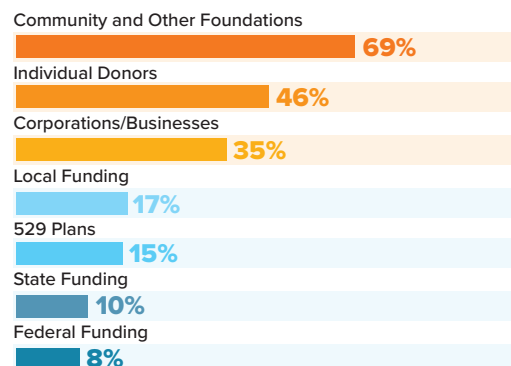


Funding

Programs are funded through a mix of sources, but foundations are the most common type.³

Half of CSA programs (50%) rely on multiple types of funding to pay for their incentives and operating expenses. Foundations provide a crucial bedrock of support for CSA programs—69% of programs receive support from the philanthropic community (including community and other foundations). Forty-six percent of programs receive individual donations, and 35% receive corporate funding. Public funding is limited—around one-third, or 33%, of programs receive at least one type of government support.⁴

FIGURE 2 | FUNDING TYPES FOR CSA PROGRAMS

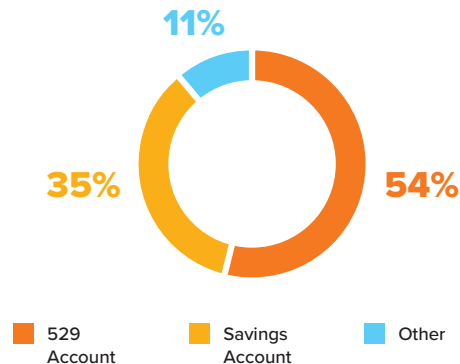


Account Type

Programs primarily use 529 college savings accounts and custodial savings accounts, but most large programs use 529s.

Programs primarily use 529 college savings accounts (54%) and third-party custodial savings accounts through banks or credit unions (35%). However, among large programs—those that enroll at least 2,000 children per year—71% of programs use 529 accounts. Additionally, a greater share of programs are turning to alternatives, such as technology platforms which allow parents to use multiple account types, increasing from 5% in 2016 to 11% in 2017.

FIGURE 3 | TYPE OF ACCOUNTS USED BY PROGRAMS

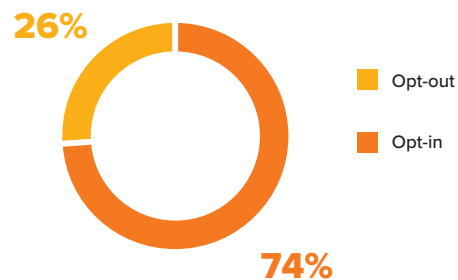


Enrollment

Large programs are primarily opt-out, but most CSA programs have opt-in enrollment.

Seventy-four percent of all CSA programs have children or their parents opt into the CSA program, while 26% of programs automatically enroll participants and open accounts without any action from the children or their parents. However, among large-scale programs (ones that enroll at least 2,000 new children per year) the percentages are reversed; 71% are opt-out and 29% are opt-in. An opt-out model ensures that all children—especially those with limited English proficiency or less financial knowledge—benefit from the program. Additionally, it is more feasible to automatically enroll children at a larger scale rather than expend resources encouraging all parents to sign their children up for the program.

FIGURE 4 | METHOD OF ENROLLMENT IN CSA PROGRAMS

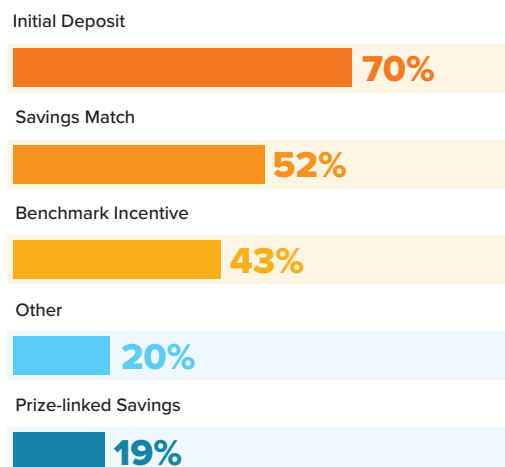


Incentives

Most CSA programs offer multiple types of incentives to grow savings.

All CSA programs offer incentives to help students build savings for postsecondary education. Two-thirds (67%) of programs offer at least two types of incentives. Initial deposits are the most common type of incentive and are offered by 70% of programs. Among programs offering initial deposits, \$50 is the most common amount. Last year, savings matches were the most common incentive type, at 71% of programs offering a match. This year's respondents showed a drop to slightly more than half of programs (52%) offering savings matches. Programs offering benchmark incentives saw a slight uptick, jumping from 41% of programs in 2016 to 43% in 2017. Benchmark incentives reward a range of achievements and behaviors, such as good attendance and completing college readiness milestones.

FIGURE 5 | TYPES OF INCENTIVES USED BY PROGRAMS



¹ This document is based on Prosperity Now's CSA Program Survey, which was fielded August-September 2017, and publicly available information. Only data from programs currently in operation or planning to start by the end of 2017 were included in the analysis.
² This total includes three closed CSA programs that still have open accounts. These programs were not included in the data for other topics in this document.
³ We only received responses from 48 programs on funding sources.
⁴ The survey asked respondents for the types of funding received but not the amounts or percentages of their total funding provided by each type. For more information on private funding, see [this new report](#) from the Asset Funders Network.