

# Sustaining the Movement

## THE STATE OF THE CHILDREN'S SAVINGS FIELD 2020

In 2020, the United States experienced profound challenges: a global pandemic, an economic downturn and a national reckoning with race. In the face of these challenges, the Children's Savings Account (CSA) field stood strong. CSA programs provide long-term savings or investment accounts and make contributions into the accounts to help children build savings for the future, typically for postsecondary education. Programs across the country adapted to an all-virtual environment to continue engaging with participants, and they developed new ways to support participants and their families. Based on Prosperity Now's annual CSA Program Survey, this brief offers a snapshot of the field in 2020 and illustrates trends across the country.

As in 2019, this report includes an alternate analysis for some features, showing the breakdown by the number of participants in addition to the number of programs. This dual analysis gives a more accurate representation of the field, since the largest programs account for most children with CSAs.



### CSAs BY THE NUMBERS

109

ACTIVE PROGRAMS IN

36

STATES AND DC

922,000+

CHILDREN & YOUTH WITH CSAs

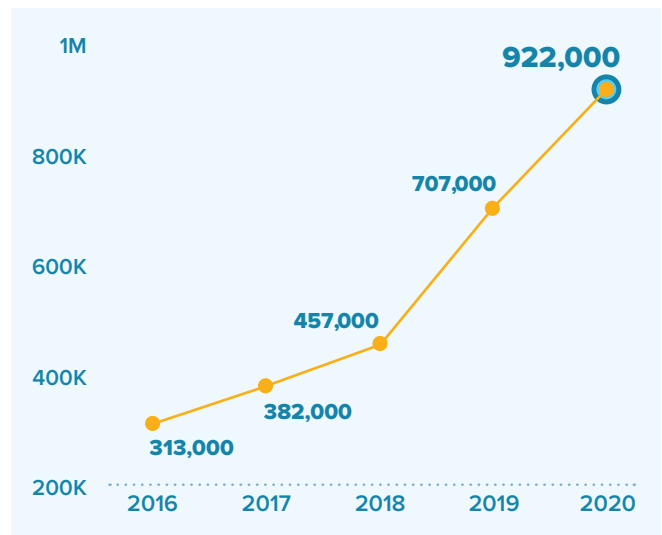
As of the end of 2020

## Participating Children and Youth

More than 922,000 children had CSAs at the close of 2020—a 30% increase from 2019.

The total number of children with CSAs jumped 30% (from 707,000 to 922,000) between 2019 and 2020, ahead of the steady annual growth of approximately 20% between 2016 and 2018, but not as large of an increase as in 2019—as shown in Figure 1. Growth in the overall number of children with CSAs in 2020 was driven in large part by consistent enrollment in statewide programs (e.g., MyAlfond Grant in Maine) and citywide programs (e.g., Kindergarten to College in San Francisco) with automatic enrollment. The six new programs that launched in 2020 also collectively added nearly 9,000 children to the total.

FIGURE 1  
TOTAL NUMBER OF CHILDREN & YOUTH WITH CSAs, 2016-2020

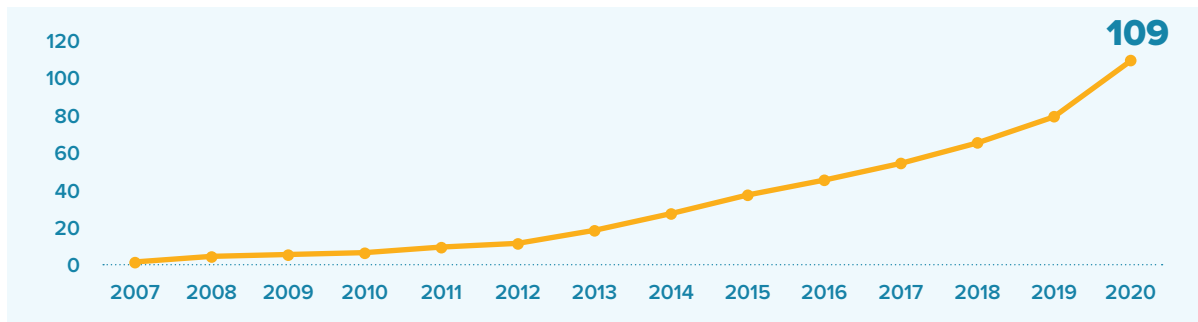


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# Programs

Six new CSA programs launched in 2020.

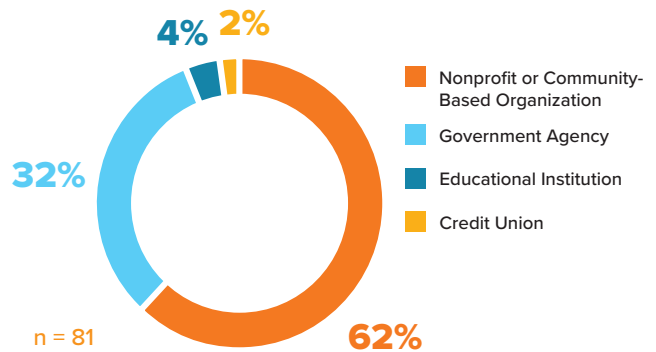
FIGURE 2 | TOTAL NUMBER OF CSA PROGRAMS IN OPERATION, 2007-2020



With the addition of six programs, 109 programs were in operation by the end of 2020. The number of CSA programs has been climbing steadily over the past decade, particularly beginning in 2013, as shown in Figure 2. Fewer programs launched in 2020 than in 2019, with several programs delaying their launches or planned expansions because of the impact of COVID-19.

Most CSA programs (62%) are administered by nonprofit organizations. Government agencies administer only about one-third of programs; however, those include the largest CSA programs, such as College Kick Start (Nevada) and Keystone Scholars (Pennsylvania).

FIGURE 3  
TYPE OF ORGANIZATION MANAGING PROGRAMS



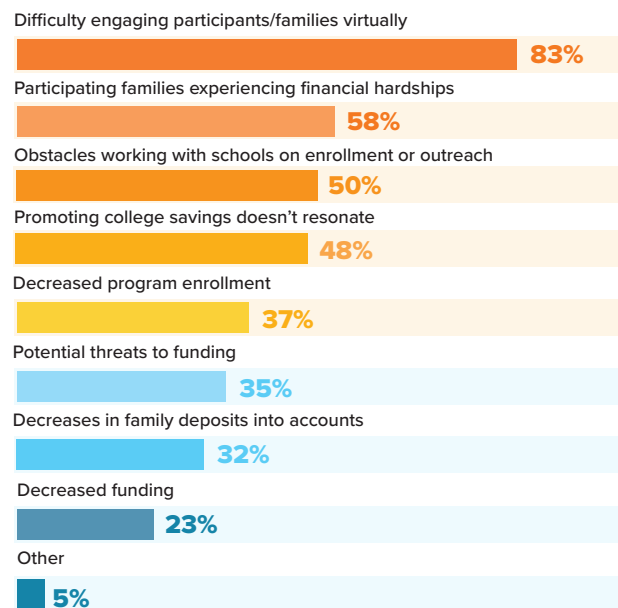
## Impact of COVID-19

Most programs had difficulty engaging with families virtually during the pandemic.

The pandemic has presented many new challenges for the CSA field. Since many programs typically conduct outreach and engagement activities through schools and in-person events, 83% of programs reported difficulty reaching out to or engaging with enrolled participants and families through virtual channels. Additionally, more than half of programs (58%) shared that their participating families are experiencing significant financial hardship, showing that the pandemic has exacerbated the financial insecurity many CSA participating families were already experiencing.

Despite these challenges, programs quickly made adjustments to connect with families virtually. Most programs (82%) moved outreach and engagement activities to virtual platforms and/or increased electronic communications (e.g.,

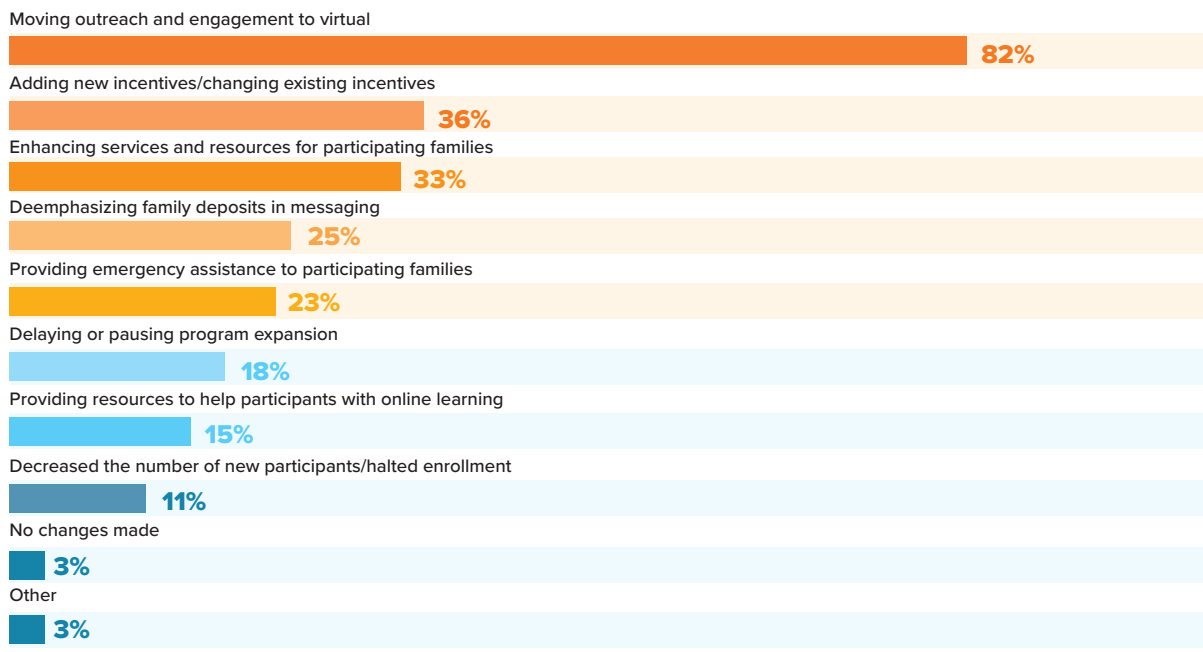
FIGURE 4  
COVID-19 CHALLENGES EXPERIENCED BY PROGRAMS



n = 60

text messages and email). More than one-third (36%) of programs added new incentives or bonus deposits or changed existing incentives to activities families could complete at home, such as a coloring activity. Nearly a quarter (23%) provided emergency assistance to participating families, often in the form of grocery store gift cards or direct cash assistance.

**FIGURE 5 | PROGRAM ADAPTATIONS TO COVID-19**



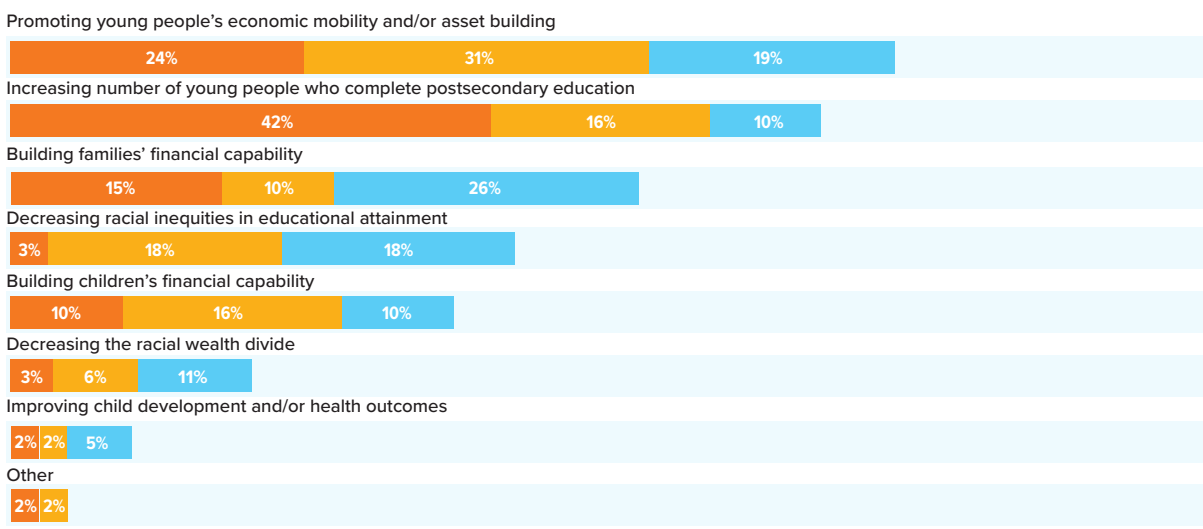
n = 61

## Program Goals

Nearly 40% of programs are focused on reducing racial inequities in educational attainment.

Survey participants were asked to rank their top three long-term program goals. Forty-two percent of programs selected increasing the number of young people who complete college or career training as their top goal, and 68% chose it as one of their top three goals. While only 24% of programs chose promoting economic mobility and/or asset building for young people as their top goal, nearly three-quarters (74%) selected it as one of their top three goals. For the first time, the response options included program goals related to addressing racial inequities, and 39% and 21% of programs respectively identified decreasing racial inequities in educational attainment and decreasing the racial wealth divide as one of their top three goals.

**FIGURE 6 | TOP THREE GOALS OF CSA PROGRAMS**



1st-Ranked Goal 2nd-Ranked Goal 3rd-Ranked Goal n = 62

## Enrollment

More than 8 in 10 CSA participants are automatically enrolled.

Automatic enrollment (also known as “opt-out”)—in which children are enrolled and their accounts opened without any action from them or their parents/caregivers—is a [best practice](#) that ensures that all eligible children are included in CSA programs. One-third (33%) of programs use automatic enrollment, as shown in Figure 7. Looking at enrollment by participants rather than programs, most participants (82%) are enrolled in opt-out programs, as seen in Figure 8. The use of automatic enrollment in most large statewide and citywide programs demonstrates that achieving scale and increasing the number of children with assets for their future is most efficiently achieved with automatic enrollment.

FIGURE 7 | ENROLLMENT TYPE BY PROGRAM

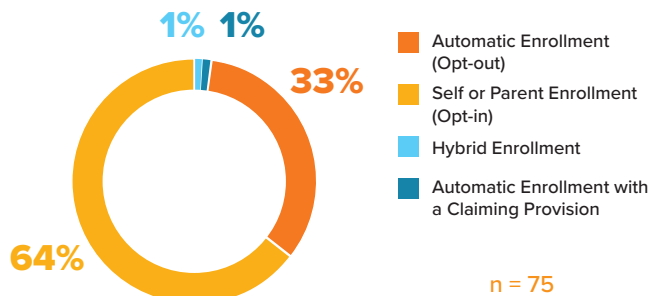
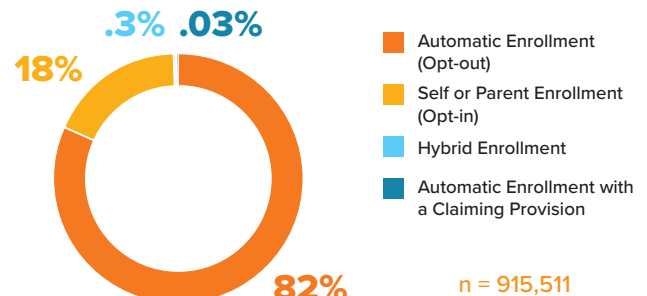


FIGURE 8 | ENROLLMENT TYPE BY PARTICIPANT



Self- or parent-enrollment (also known as “opt-in”) requires participating families to take an action to enroll in a CSA program, such as completing an enrollment form or opening an account. While 64% of programs use opt-in enrollment, they are generally small and represent only 18% of the total participants with CSAs. A third enrollment type, automatic enrollment with a claiming provision, is used by one percent of programs. Under this method, children are automatically enrolled in the program, but if they or their parents do not take action to claim their account within a certain number of years after enrollment (usually five or 10), they lose the initial deposit and are no longer able to participate in the program. With these claiming requirements, programs become, in essence, opt-in, [leading to less inclusivity](#), particularly for children from low-income households.

## Account Type

Most CSA program funds are held in 529 accounts.

Similar to 2019, nearly half of CSA programs (49%) use [529 college savings accounts](#) to hold program-provided funds (such as initial deposits and match), including all of the large statewide CSA programs. Another 48% of programs use savings accounts, and 52% of those savings accounts are held at banks, 39% at credit unions and 9% at a combination of banks and credit unions. The difference between account types is more pronounced when looking by participants. As shown in Figure 10, 84% of participants have their funds held in 529s compared with only 16% in savings accounts.

FIGURE 9 | TYPE OF ACCOUNT BY PROGRAM

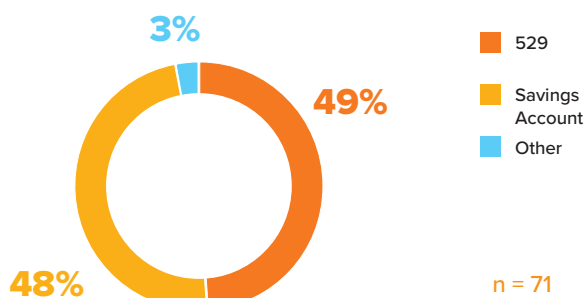
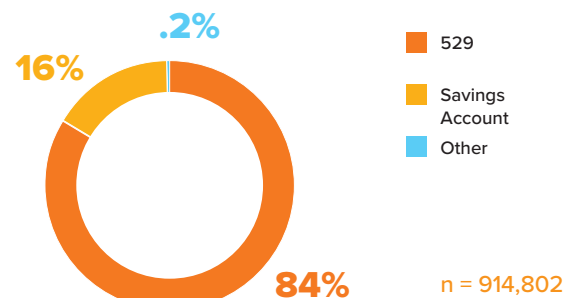


FIGURE 10 | TYPE OF ACCOUNT BY PARTICIPANT



## Funding

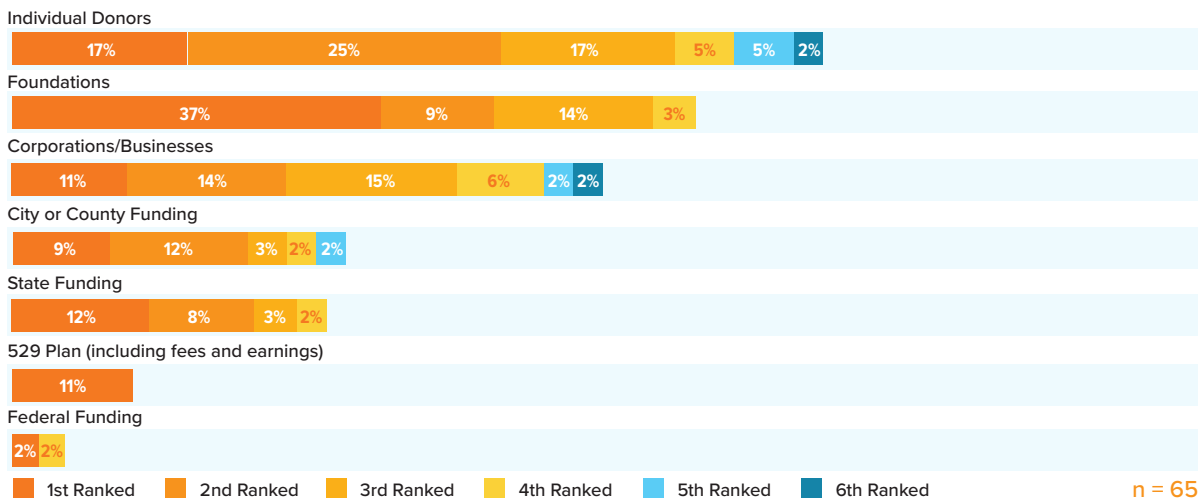
Foundations are the top funding source for more than one-third of programs.

To gain a more nuanced picture of both funding sources and relative amounts, for the first time, the 2020 survey asked programs to both list all their funding sources and rank them in order from largest to smallest, as shown in Figure 11. While 69% of programs selected individual donors as one of their sources of funding compared with 63% for foundations, more programs put foundations as their top source of funding than individual donors (37% versus 17%). Looking back, the percentage of programs receiving some funding from individual donors has increased significantly from 46% in 2018 to 69% in 2020, while it has decreased for foundations from 69% in 2018 to 63% in 2020.

Forty-two percent of programs received at least one type of government funding (city/county, state or federal), up slightly from nearly 41% in 2019. Businesses or corporations provided funding support to almost half (49%) of programs, and 11% of programs received funding from a 529 plan manager or from 529 fees or earnings.

Programs indicating that they receive at least two types of funding remained the same as 2019 at 69%. Diversity in funding sources will be critical in the coming years as programs dependent on one source of funding could be at risk, especially given the ongoing impact of the pandemic and economic downturn on city and state budgets.

**FIGURE 11 | SOURCES OF CSA PROGRAM FUNDING**



## Program Contributions

Nearly all CSA participants receive initial deposits to jumpstart their accounts.

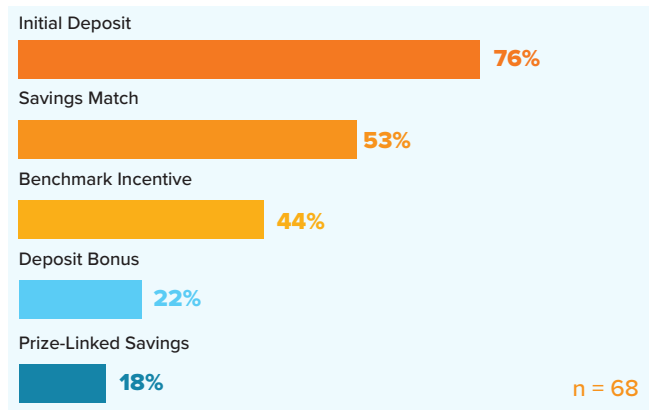
All CSA programs provide program contributions (also called incentives) to help participants boost account balances. Initial deposits are the most common type of program contributions, offered by 76% of programs covering 93% of CSA participants. Among programs with initial deposits, \$50 is the most common amount (40% of programs), followed by \$25 (25% of programs) and \$100 (21% of programs).

In addition to an initial deposit to jumpstart savings, many programs offer additional deposits to boost account balances. Nearly three-quarters (72%) of programs incentivize participants and their families to make deposits in one or more of the following ways:

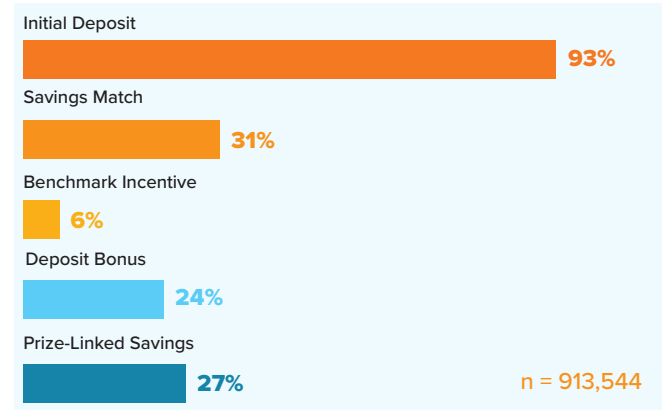
- **53%** offer a savings match, i.e., dollar-for-dollar match on participant deposits up to a certain amount.
- **22%** offer a deposit bonus, i.e., an extra program contribution is given if families deposit a certain amount or a certain number of times.
- **18%** offer prize-linked savings, i.e., participants are entered into a drawing or raffle based on making a deposit.

Another type of program contribution is benchmark incentives, in which programs provide deposits when participants reach milestones (e.g., a child’s first birthday) or complete activities (e.g., completing a financial education workshop). Although 44% of programs offer benchmark incentives, they only represent six percent of total CSA participants, as shown in Figure 13. Benchmark incentives tend to be offered in smaller-scale programs, since they can be administratively difficult to implement and fund for large cohorts of participants.

**FIGURE 12**  
TYPES OF INCENTIVES USED BY PROGRAMS



**FIGURE 13**  
TYPES OF INCENTIVES BY PARTICIPANTS



## Targeted Program Contributions

**39% of CSA programs offer targeted benefits to participants from low-income families.**

Given the increased interest in promoting equity among CSA programs, for the first time, this brief includes a measure of how many programs provide targeted contributions to participants from low-income families. Overall, 39% of programs have targeted benefits, which includes programs that:

- Only serve participants from low-income households **(63%)**.
- Offer a savings match restricted to participants from low-income households **(21%)**.
- Provide additional deposit(s) for participants who are from low-income households or attend a school with predominately low-income students **(17%)**.

In addition, one program stated that it offers an additional contribution for participants who are Black, Indigenous, Asian or Latinx. These findings align with discussions in the field throughout 2020 indicating that a number of programs are in the process of developing targeted contributions to address inequities by income and/or race within their program or service area.

## Acknowledgements

Prosperity Now would like to thank the [Institute for Economic and Racial Equity](#) at Brandeis University (formerly IASP) for advising on the development of the survey questions and for sharing additional program data.

## Endnotes

- 1 This document is based on Prosperity Now's 2020 CSA Program Survey, fielded October-December 2020. Programs had to meet Prosperity Now's CSA criteria to be included in the analysis. Sixty-five programs responded to the survey. Data for 22 other programs were incorporated from publicly-available information (e.g., program websites), responses to previous surveys and information provided by the Institute for Economic and Racial Equity. The "n" in each chart indicates the number of programs (and corresponding participants) for which we were able to obtain information for each data point. The total number of children with CSAs includes seven programs that are inactive but still have open accounts. However, these programs are not included in the analysis for any of the other program features.
- 2 Five programs included in the 2019 report are not included because we were unable to verify their current status. Two previously separate CSA programs in Durham, NC, merged into one program in 2020. In previous years, we counted Promise Indiana as one program; this year we are reporting it as 28 separate, county-level programs to more accurately represent how the programs operate. However, since we did not obtain county-level responses to the survey, Promise Indiana is only represented once in the analysis for other program features.
- 3 Nevada College Kick Start's proposed claiming requirement had not been implemented as of the end of 2020, so it is classified as having automatic enrollment. Keystone Scholars requires that participants open a 529 account prior to disbursement of program-provided funds. We determined that the program does not have a claiming requirement as part of its enrollment, because it only requires an account for distribution of funds rather than requiring parents to open an account by a certain date or else lose the program contributions. However, the account opening requirement does create an extra barrier for participants in using their funds.



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