A Landmark Moment For the Movement

THE STATE OF THE CHILDREN'S SAVINGS FIELD 2023

The Children's Savings Account (CSA) field celebrated a monumental milestone in 2023 — the high school graduation of the first cohort of participants from San Francisco's Kindergarten to College, the original citywide, universal CSA program that helped propel the movement. The field watched and learned as the first of the large CSA programs navigated disbursing funds to participants at scale. The reach of the field continued to expand in 2023, with more than 5.8 million children and youth having CSAs by the end of the year—a 19% increase from 2022 and over 17 times higher than in the first State of the Field report in 2016.

Based on Prosperity Now's annual CSA Program Survey, this brief offers a snapshot of the field in 2023 and illustrates trends in the ever-evolving CSA field.[1] This report, as in previous years, includes a dual analysis for some program features, showing the breakdown by the number of participants and by the number of programs. This side-by-side analysis gives a more accurate representation of the field, since the largest programs account for the majority of CSA participants.

CSAs BY THE NUMBERS

As of the end of 2023

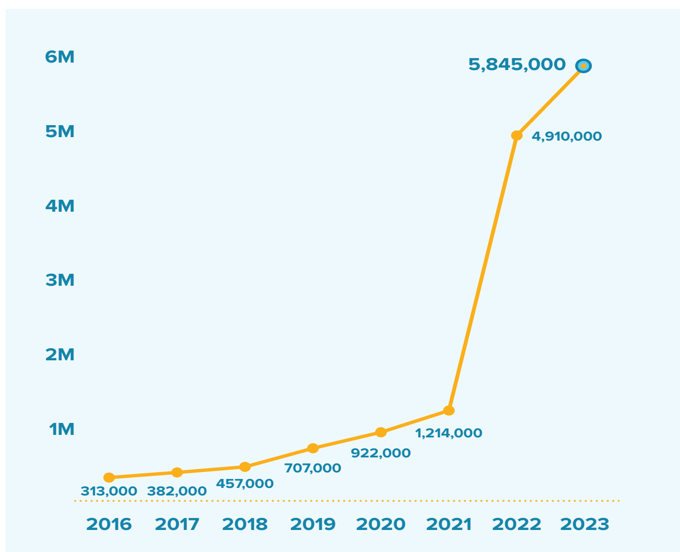
121 ACTIVE PROGRAMS IN **39** STATES AND DC **5,845,000+** CHILDREN & YOUTH WITH CSAs

Participating Children and Youth

More than 5.8 million children had CSAs at the close of 2023—a 19% increase from 2022.

After a threefold increase in the number of children and youth with CSAs from 2021 to 2022 due to the launch of **CalKIDS** and its first **mega cohort of 3.4 million kids**, the field continued to grow significantly in 2023, albeit at a steadier pace. The total number of children and youth with CSAs increased 19% between 2022 and 2023 from 4,910,000 to 5,845,000, as illustrated in Figure 1. The majority of CSA participants continue to be in CalKIDS, which now has over 4 million children enrolled in it. Automatic enrollment in other large programs at the state level (e.g., **Keystone Scholars** in Pennsylvania) and citywide programs (e.g., **NYC KidsRISE**) also drove growth in the total number of children and youth with CSAs in 2023.

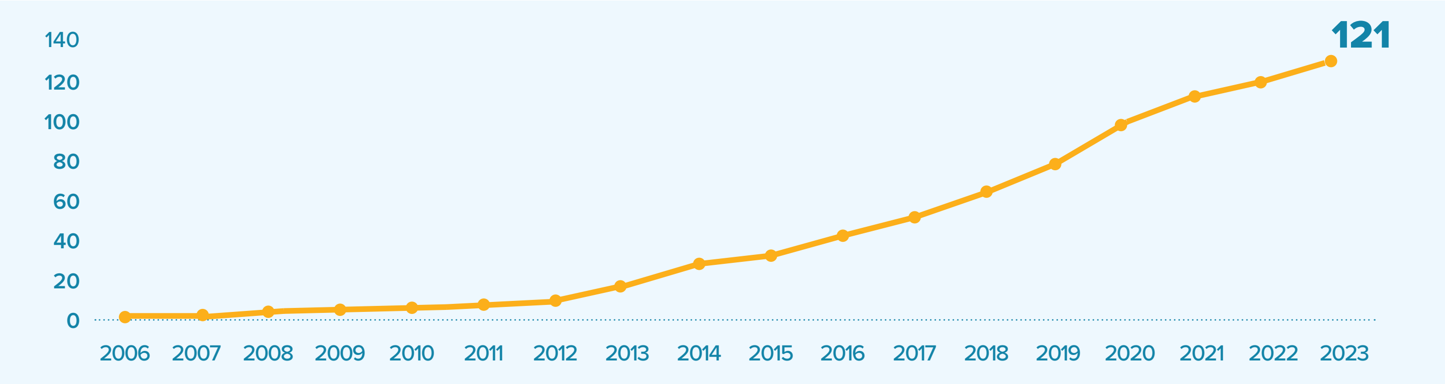
FIGURE 1
TOTAL NUMBER OF CHILDREN & YOUTH WITH CSAs, 2016-2023



Programs

Five new CSA programs launched in 2023.

FIGURE 2 | TOTAL NUMBER OF CSA PROGRAMS IN OPERATION, 2006-2023



With the addition of five new programs, 121 programs were in operation by the end of 2023. New programs include two statewide programs, **Illinois First Steps** and **Dash to Save** in Alaska (marking the first program in Alaska). Michigan continues to lead the way as a hub of CSA activity with the launch of two programs in 2023—**My Future Fund** in Washtenaw County and a program run by the Battle Creek Community Foundation funded through a **state grant**.

Nonprofit organizations administer the majority (69%) of programs (as shown in Figure 3), though those programs tend to be smaller and only account for nine percent (9%) of children and youth with a CSA, as shown in Figure 4. Government agencies—including states, counties, and municipalities—manage about 26% of programs, and the remainder are managed by educational institutions (3%) or credit unions (1%). Due to the large number of participants in CalKIDS and other statewide programs, 91% of CSA participants are now enrolled in a program run by a government agency, as shown in Figure 4.

FIGURE 3
TYPE OF ORGANIZATION MANAGING PROGRAMS

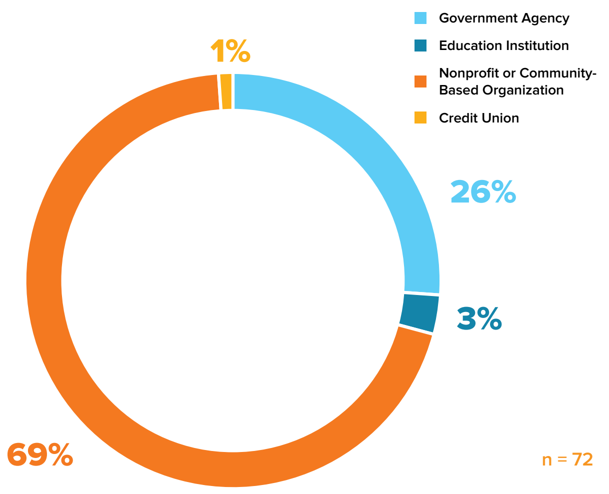
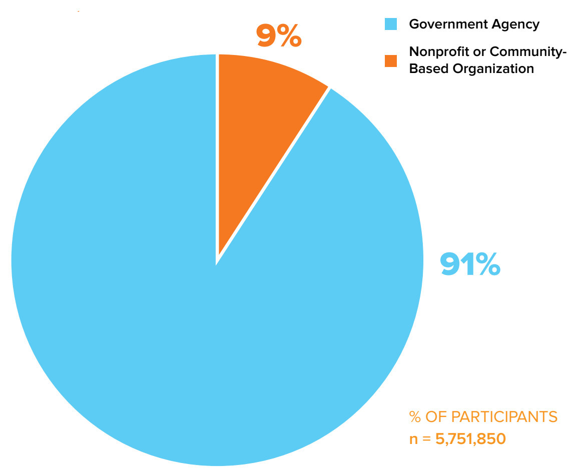


FIGURE 4
TYPE OF ORGANIZATION MANAGING PROGRAMS, BY PARTICIPANT



Educational institutions and credit unions do not appear on this graph because they are .1% and .02% respectively of the total.

First Large-scale Cohort of CSA

2023 saw the first large-scale CSA program to disburse funds to graduating high school seniors.

- **K2C San Francisco has enrolled a total 57,000 children in the San Francisco area since 2011.**

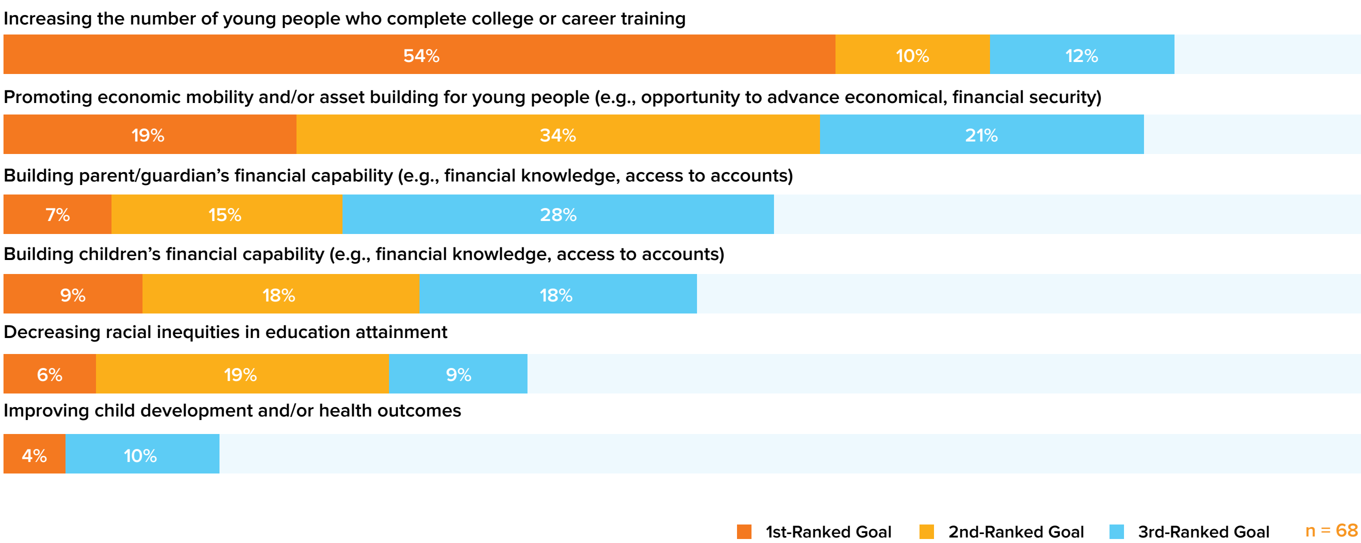
San Francisco launched **Kindergarten to College** (K2C) in 2011—then the first and only municipal, universal CSA program. The program started with around 600 San Francisco Unified School District (SFUSD) kindergartners and has since grown to 57,000 students in grades K-12, of which about 60% are from households with low incomes. In 2023, the **first cohort of K2C participants** graduated high school and began requesting their funds, marking the first time a large program has disbursed funds to graduates. As it did early in the CSA movement, **K2C once again led the way** for the field, including developing a process for disbursements at a large scale and testing out the best ways to reach participants to ensure they use their funds. With several large-scale programs having their first cohorts of graduates over the next few years, the field will continue to innovate around disbursing funds and supporting graduates.

Program Goals

Most CSA programs remain focused on increasing the number of young people who complete college or career training as their primary goal.

As in previous years, survey participants were asked to rank their top three long-term program goals. The most common goal remains increasing the number of young people who complete college or career training, with 54% of programs choosing it as their top goal, and 76% as one of their top three. As in the previous year, promoting economic mobility and/or asset building for young people (e.g., opportunity to advance economically and build financial security) was the second-ranked goal overall, with 74% of programs selecting it as a top three goal, although only less than one in five programs chose it as the primary goal. Thirty-four percent of programs selected decreasing racial inequities in educational attainment as one of their top three goals, similar to the 36% of programs selecting it as a top three goal in 2022, though down significantly from 45% in 2021. This decline mirrors the lack of sustained national focus on increasing racial equity across the country and broader political and legal challenges to pursuing racial equity after an uptick in focus in 2020 and 2021.

FIGURE 5 | TOP THREE GOALS OF CSA PROGRAMS



Enrollment

Almost all children and youth with a CSA are automatically enrolled.

CSA programs enroll participants in one of two ways—automatic enrollment (also known as "opt-out") or self-enrollment (also known as "opt-in). Automatic enrollment, which does not require an action by parents/caregivers or participants to sign up for the program, reduces participation barriers and leads to greater inclusivity. Thirty-nine percent of programs responding to the survey use automatic enrollment, as shown in Figure 6. Programs utilizing automatic enrollment are larger and enroll far more participants (96% of total participants) than opt-in programs (4% of total participants), as shown in Figure 7. The largest CSA programs—often citywide, countywide, and statewide—can scale rapidly through automatic enrollment.

FIGURE 6 | ENROLLMENT TYPE BY PROGRAM

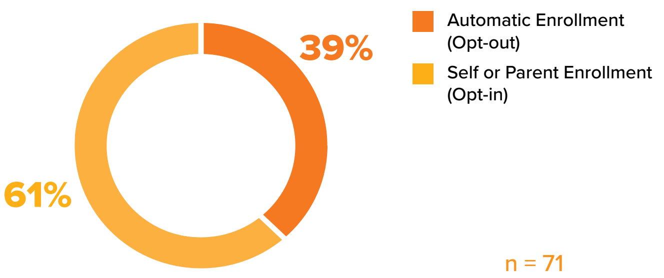
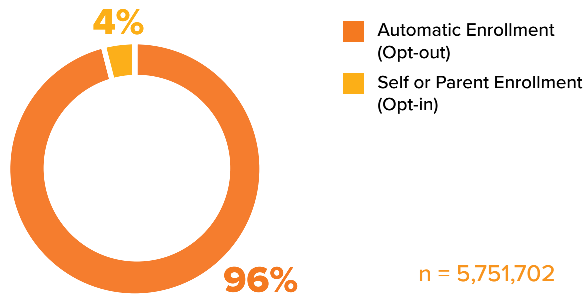


FIGURE 7 | ENROLLMENT TYPE BY PARTICIPANT



Self-enrollment usually involves completing an enrollment form and/or opening a savings or investment account. Sixty-one percent of programs use opt-in enrollment (as shown in Figure 6), but they represent only four percent (4%) of the total participants with CSAs (as shown in Figure 7). Opt-in programs—even those with large service areas or broad enrollment criteria—scale up more slowly, because it is more difficult for families to sign up and more resources are required for recruiting families and supporting them in taking the actions needed to enroll in the program. While the percentage of programs using opt-in enrollment has remained high since the start of this survey several years ago, the percentage of children in programs using opt-in enrollment has steadily decreased as more large programs using automatic enrollment have come online.

Account Type

Most CSA funds are held in 529 college savings accounts.

Programs must make significant tradeoffs when selecting between a 529 college savings account or a savings account through a bank or credit union for their investment vehicle. 529s offer the opportunity for higher account growth through investments over time (though all investments carry risk) but are less accessible for unbanked and under-banked families who want to make deposits. The reverse is true for savings accounts—a wider range of deposit options are available, including in-person deposits at a bank or credit union and cash deposits, but the account growth is significantly smaller. As shown in Figure 8, more than half of CSA programs (nearly 56%) use 529 accounts to hold program-provided funds (such as initial deposits and match), including all the large statewide CSA programs. Another 41% of programs use savings accounts. The difference between account types is more pronounced when looking by participants. As shown in Figure 9, 95% of participants have their funds held in 529s compared with only around five percent (5%) in savings accounts. Since 2021, the breakdown of account type by program has remained fairly consistent.

FIGURE 8 | TYPE OF ACCOUNT BY PROGRAM

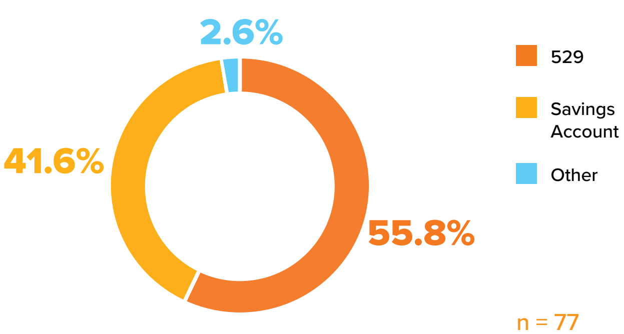
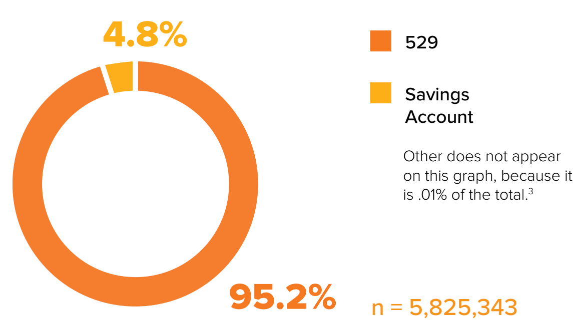


FIGURE 9 | TYPE OF ACCOUNT BY PARTICIPANT



Program Contributions

Program contributions to incentivize family deposits have declined in the past several years, while other types of contributions have increased.

To qualify as a CSA program, a program must provide some type of program contribution (sometimes called incentives) to help boost participants' account balances. The most common type of program contribution is an initial deposit (also called seed deposit), offered by 89% of programs. A $50 initial deposit was the most common amount in 2023 (30%) among the programs that offer a seed deposit. This seed deposit amount has remained the most popular across eight years of data collection. For the third year in a row, a $100 seed (21%) is the second most common amount, a $25 seed (13%) is third, and 14% of programs offer an initial deposit of $500 or more.

Benchmark incentives, in which participants receive program contributions when they reach milestones (e.g., a child's first birthday) or complete activities (e.g., completing a financial education workshop), continue to increase in popularity year over year with an increase from 41% in 2022 to 54% in 2023. This reflects an increased interest in ways to grow account balances without relying on families, particularly families with low incomes , to make deposits.

In addition to providing an initial deposit or offering benchmark incentives, some programs offer contributions to incentivize participants and their families to make deposits. This year, the contributions include:

- **31% offer a savings match** (36% in 2022), i.e., dollar-for-dollar match on participant deposits up to a certain amount. Savings matches used to be more popular in the early years of this survey but have steadily declined as more data show that savings matches benefit middle- and higher-income families more than those with lower incomes.
- **19% offer a deposit bonus** (21% in 2022), i.e., an extra program contribution given if families deposit a certain amount or a certain number of times. Deposit bonuses are less regressive than savings matches in that they offer a flat bonus for any deposit activity, regardless of the size of the deposit.
- **4% offer prize-linked savings** (9% in 2022), i.e., participants are entered into a drawing or raffle based on making a deposit. This type of incentive has decreased in popularity over the years of this survey.

Overall, program contributions intended to drive family deposits have trended downward in the past few years as many programs have decreased their focus on family savings.

FIGURE 10
TYPES OF CONTRIBUTIONS BY PROGRAM

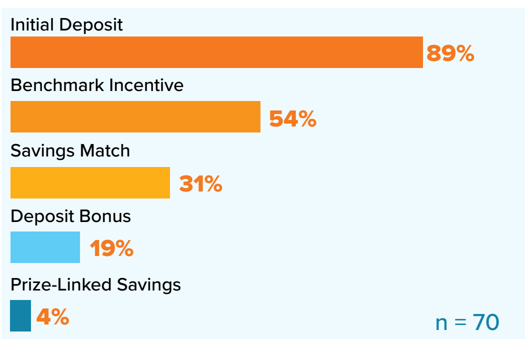
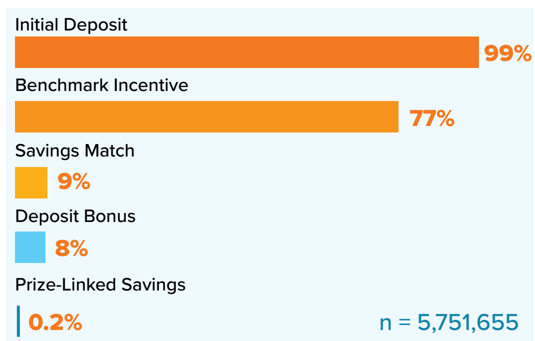


FIGURE 11
TYPES OF CONTRIBUTIONS BY PARTICIPANTS



Targeted Program Contributions

46% of programs offer targeted benefits to participants from families with low incomes.

Since we introduced survey questions in 2020 to measure how many programs provide targeted contributions to participants from families with low incomes, the percentage has ticked up each year. In 2023, the number of programs rose again from 41% in 2022 to 46% in 2023. This number includes programs that:

- Only serve participants from households with low incomes **(23%)**.[4]
- Provide additional deposit(s) for participants who are from households with low incomes or attend a school with predominately students from low-income households **(20%)**.
- Offer a savings match restricted to participants from households with low incomes **(3%)**.

Acknowledgments

Prosperity Now would like to thank all respondents to our annual CSA program survey. We would also 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.

About Prosperity Now

Since 1979, Prosperity Now (formerly CFED) has been a persistent voice championing economic opportunity, innovating outside of and beyond existing systems to build power for all communities. We advance racial and ethnic economic justice by investing in bold new ideas, and we work deeply at both the grassroots and national level to impact the entire ecosystem. By setting goals for our economy and following through with targeted approaches based on need, we are equipped to drive forward and cement big structural solutions. Join **Prosperity Now** in creating a new, transformed economy that works for all of us. Visit us at **www.prosperitynow.org**.

Endnotes

1 This document is based on Prosperity Now's 2023 CSA Program Survey, fielded October-December 2023. Programs had to meet Prosperity Now's CSA criteria to be included in the analysis. Fifty-seven programs responded to the survey. Data for other programs were incorporated from publicly available information (e.g., program websites), responses to the 2022 or 2021 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. All programs counted in this analysis are active as of December 31, 2023.

2 The total number of active programs listed in this report decreased from 128 in 2022 to 121 in 2023 due to two factors. First, to ensure the integrity of the data, Prosperity Now does not include programs if we have not been able to verify program status in more than two years, resulting in several programs included in the previous report being left off this year. Second, five of the Promise Indiana sites counted in the 2022 survey were no longer in operation in 2023. Note that, as in the past few years, we are reporting Promise Indiana as 23 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 Other does not appear on this graph, because it is .01% of the total.

4 Survey respondents were asked to define "low- to moderate- income" in their responses. The open responses included: at or below area median income, at or below federal poverty level, and free-or-reduced price lunch eligible. Several programs set household income thresholds (e.g., below $70,000 per year), or used eligibility for benefits, such as Special Supplemental Nutrition Program for Women and Infant Children (WIC), Medicaid, or Pell Grants.

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