

# The Multiplying Movement

## THE STATE OF THE CHILDREN'S SAVINGS FIELD 2022

The history of the **Children's Savings Account (CSA)** field has been one of steady, sustained growth. That remained true for over a decade as new programs launched in communities across the country. However, in 2022, the number of children with assets for their future tripled in one year with the launch of a statewide program in California. The CSA field now reaches almost five million children. While CSA programs differ, they all 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. Investing in the next generation so young adults can thrive drives all child wealth-building programs. Based on Prosperity Now's annual CSA Program Survey, this brief offers a snapshot of the field in 2022 and illustrates trends in the ever-evolving CSA field.<sup>1</sup>



### CSAs BY THE NUMBERS



**128** ACTIVE PROGRAMS IN

**38** STATES AND DC

As of the end of 2022

**4,910,000+**

CHILDREN & YOUTH WITH CSAs

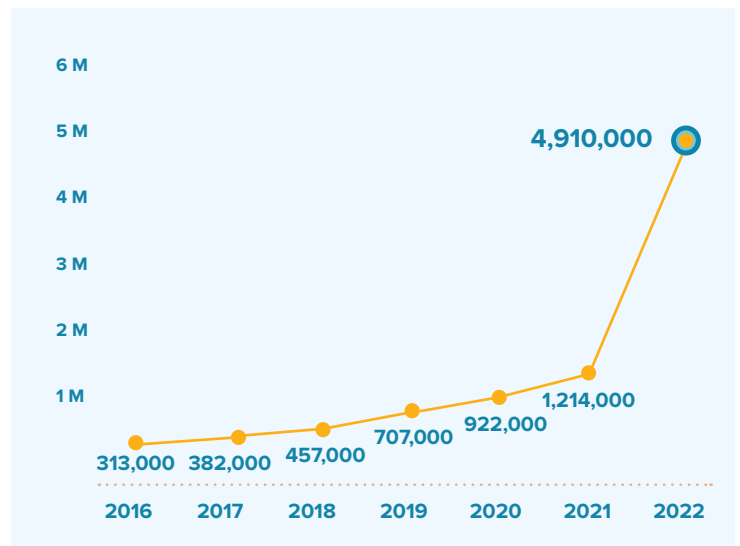
This report, as in previous years, includes a dual analysis for some program features, showing the breakdown by the number of participants and by the number of programs. This side-by-side analysis gives a more accurate representation of the field, since the largest programs account for the majority of CSA participants. With the continued enrollment of large statewide programs, understanding this distinction is even more pertinent.

## Participating Children and Youth

More than 4.9 million children had CSAs at the close of 2022—a 300% increase from 2021.

In 2022, the most significant expansion in CSA programs occurred since Prosperity Now began tracking the data in 2016. The total number of children with CSAs soared 300% (from 1,214,000 to 4,910,000) between 2021 and 2022. The field has significantly grown year over year—as shown in Figure 1. Automatic enrollment in large programs at the state level (e.g., CalKIDS in California) and citywide programs (e.g., Boston Saves) continued to drive growth in the total number of children and youth with CSAs in 2022 – as shown in Figure 2. As the field reached this new threshold of children and youth served, the largest handful of programs will drive the field forward.

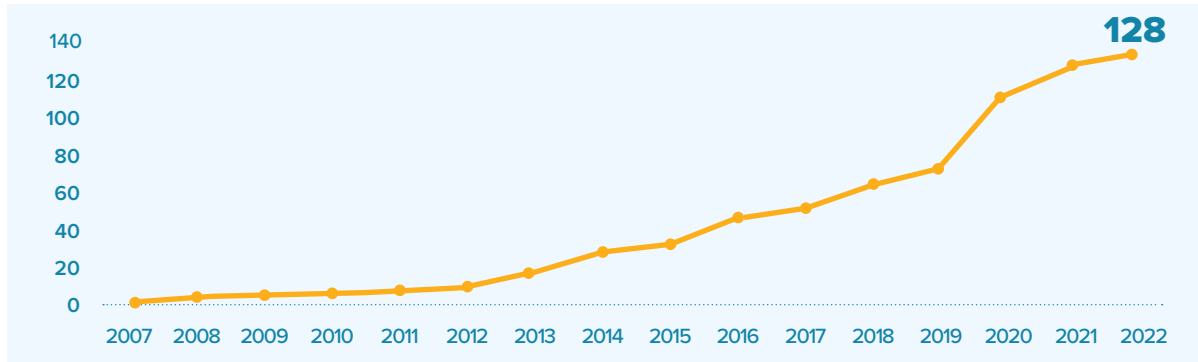
FIGURE 1  
TOTAL NUMBER OF CHILDREN & YOUTH WITH CSAs, 2016-2022



# Programs

## Five new CSA programs launched in 2022.

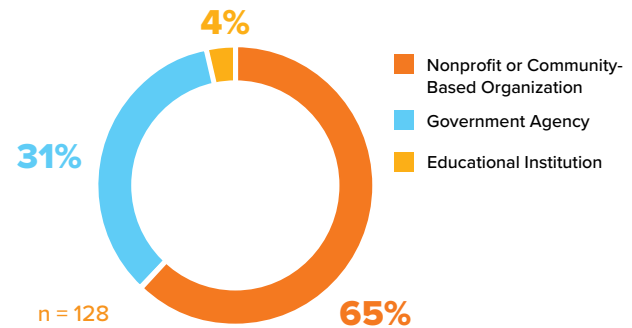
FIGURE 2 | TOTAL NUMBER OF CSA PROGRAMS IN OPERATION, 2007-2022



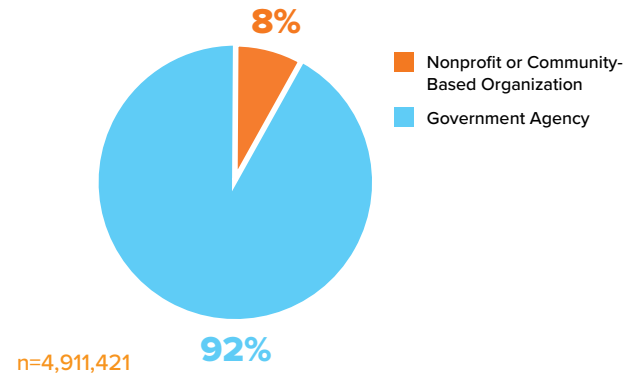
With the addition of five programs, 128 programs were in operation by the end of 2022.<sup>2</sup> The largest program – CalKIDS – underscores how critical state funding is to ensure enrollment at scale. Though California and Michigan continue to launch new programs (including in Modoc County, CA), we have seen new programs in the South and East with HOPE Child Savings Account Program in Atlanta, GA, and Our Future Fund in Greenbrier Valley, WV. This demonstrates a continued appetite for child wealth-building programs across geographic regions.

Nonprofit organizations administer the majority (65%) of programs, though those programs tend to be smaller and only account for eight percent (8%) of children and youth with a CSA. Government agencies at the state, county and municipal levels manage about 31% of programs, and the remainder are managed by educational institutions (4%). Due to the enrollment of CalKIDS and other statewide programs, 92% of CSA participants are now enrolled in a program run by a government agency. As you will see throughout this report, the statewide programs will have an outsize impact on the CSA field data.

FIGURE 3  
TYPE OF ORGANIZATION MANAGING PROGRAMS



% OF PARTICIPANTS



## CSAs Reach New Communities

2022 saw CSA programs reach new communities across the country.

- **CalKIDS enrolls 3.4 million children across California.**

California Kids Investment and Development Savings Program (CalKIDS) launched in 2022 with a mega-cohort of babies born after July 1, 2022, and California public school students who were enrolled during the 2021-2022 academic year as first through 12th graders. Newborns are eligible for a \$25 deposit in California’s 529, ScholarShare, and school-age students are eligible for up to \$1,500. This program can

credit dedicated advocacy efforts from key child wealth-building champions, including Gov. Gavin Newsom, who was mayor during the launch of San Francisco’s Kindergarten to College program, the California Treasury, and the California CSA Coalition, which is comprised of more than a dozen CSA programs serving California residents. With ongoing, automatic enrollment in the most populous state, CalKIDS is poised to be the biggest CSA program for quite some time.

- CSAs bring child wealth-building to one urban and two rural communities – Atlanta, GA; Modoc, CA; and Greenbrier, WV.

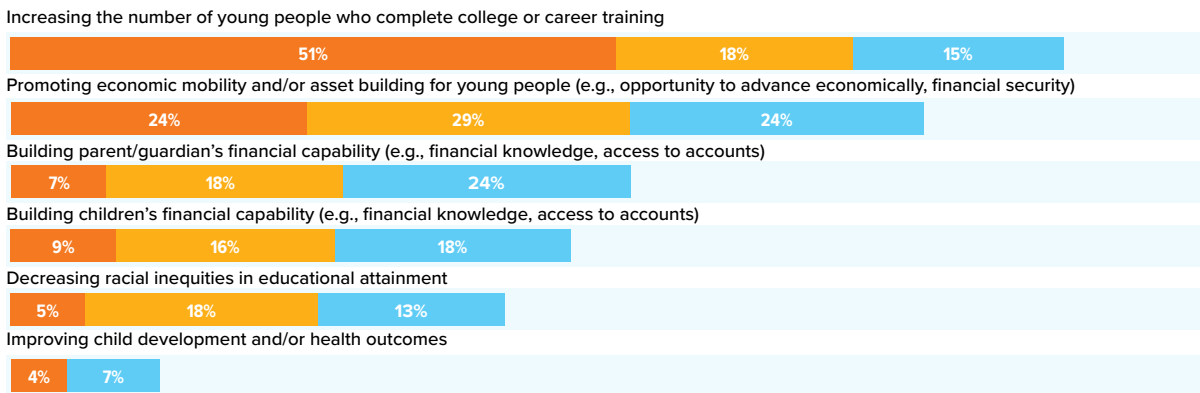
Operation HOPE launched its CSA program in 2022, bringing CSAs to all Title I Schools – schools in which children from low-income families make up at least 40% of student enrollment – in Atlanta Public Schools. The majority of the school district is comprised of Black students (72%). Atlanta joins other majority communities of color with a city-wide CSA, including St. Louis, MO, and Oakland, CA. The program represents a targeted approach to child savings based on its eligibility criteria. Advancing Modoc Youth launched Modoc Child Savings Account Program in 2022 using funding from the Child Savings Account Grant Program enacted in the 2019-2020 California State Budget to support the development of local CSA programs. The program partners with local education-focused partners, including Modoc County First 5 and Pacific Crest Credit Union. Finally, Our Future Fund, a CSA program run by the Greenbrier Valley Community Foundation, brings CSAs to West Virginia. Though small (with just 24 participants to date), the CSA program represents a sustainable funding model for a CSA program – transforming traditional scholarship provision in community foundations to “early award scholarships” in the form of child savings accounts. We expect community foundations to continue to play a strong role in both the funding and management of local CSA programs.

## Program Goals

### CSA programs are united in aiming to increase the number of young people who complete college or career training as one of their top goals.

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 51% of programs choosing it as their top goal, and 84% as one of their top three. This marks a three-percent (3%) increase as a top goal compared to 2021. Decreasing racial inequities in educational attainment dropped to 36% as one of their top three goals, which is a drop from 45% in 2021 and even below 2020 levels (39%). Only five percent (5%) of programs selected it as their top goal, down from 13% in 2021. This is a significant drop in interest in racial equity, and mirrors a drop in attention around racial equity in the years following the murder of George Floyd. CSA programs who are interested in advancing racial equity, which Prosperity Now recommends, can check out our resources to [design a CSA program with a racial equity lens](#). Promoting economic mobility and/or asset-building for young people (e.g., opportunity to advance economically, financial security) climbed in the rankings as a top three goal with an eight percent (8%) increase from 2021 to 76% of programs selecting that as a top three goal. However, only about one in four programs chose it as the primary goal. This likely reflects that most CSA programs currently offer small dollar contributions, though there are notable exceptions.

**FIGURE 4 | TOP THREE GOALS OF CSA PROGRAMS**

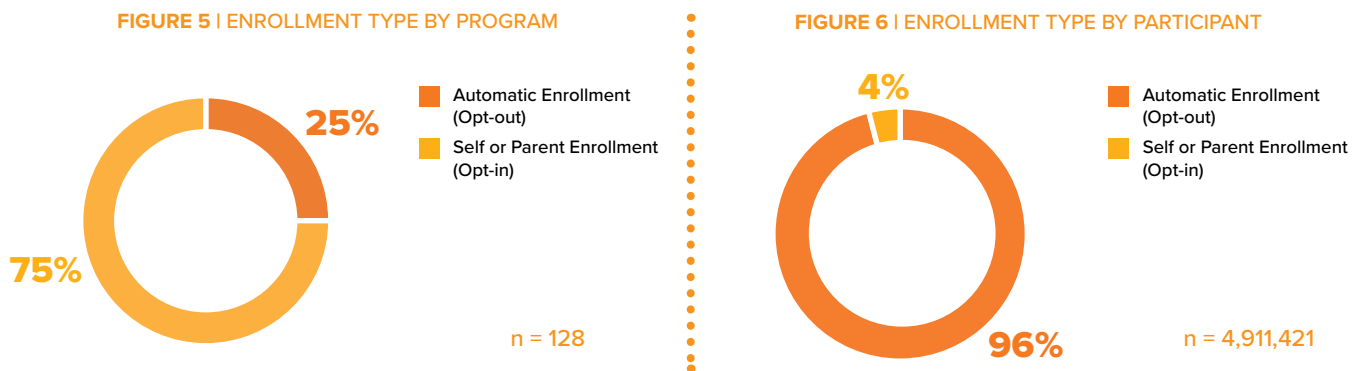


■ 1st-Ranked Goal
 ■ 2nd-Ranked Goal
 ■ 3rd-Ranked Goal
 n = 55

## Enrollment

### Nearly all children and youth with a CSA are automatically enrolled.

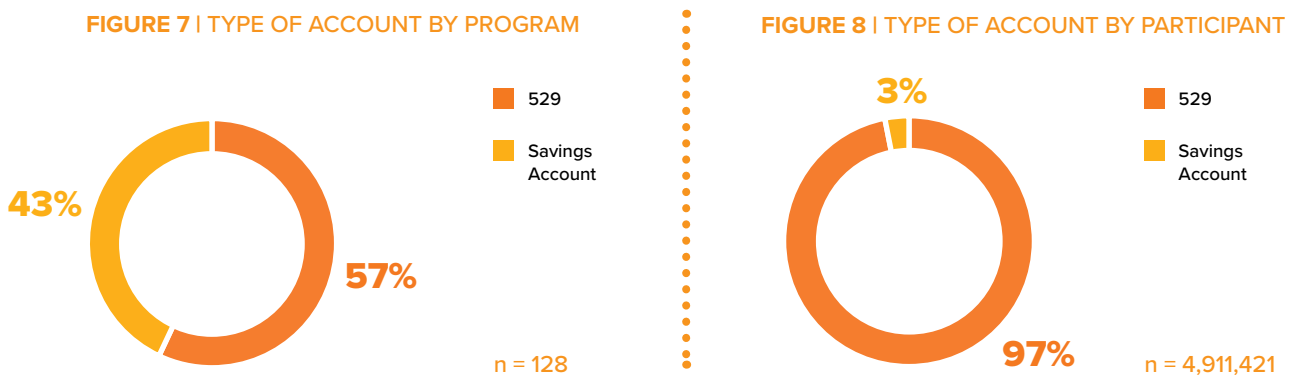
CSA programs enroll participants in one of two ways – automatic enrollment (also known as “opt-out”) or self-enrollment (also known as “opt-in”). Automatic enrollment, which does not require an action on the part of parents/caregivers or participants themselves to sign up for the program, reduces barriers to participation and leads to greater inclusivity. There has been an decrease from 30% in 2021 to 25% of programs that use automatic enrollment, as shown in Figure 5. Programs utilizing automatic enrollment enroll far more participants (96%) than opt-in programs (4%), as shown in Figure 6. The largest CSA programs, often citywide, county-wide and statewide programs, are able to scale quickly through automatic enrollment.



Self-enrollment usually involves completing an enrollment form and/or opening a savings or investment account. Fifty-six percent of programs use opt-in enrollment, but they represent only four percent (4%) of the total participants with CSAs, down from 18% the year before. 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. We expect to see continued decline of opt-in programs as more and more programs adopt the best practice of automatic enrollment.

## Account Type

The type of account programs use has remained relatively consistent over the last six years, and we expect the pattern to continue. Programs must choose between two significant tradeoffs when selecting a financial institution type: a 529 or a traditional savings account. While 529s offer the opportunity for higher account growth through investments over time (though all investments carry risk), it is harder to make contributions to them for unbanked and under-banked families. The reverse is true for traditional savings accounts – in-person deposits at a bank or credit union (especially with cash) are easier, but the account growth is significantly smaller. More than half of CSA programs (57% in 2022 and 2021) use 529 college savings accounts to hold program-provided funds (such as initial deposits and match), including all the large statewide CSA programs. Another 43% of programs use savings accounts, which include using custodial savings accounts, pooled money market accounts and certificates of deposit. The difference between account types is more pronounced when looking at participants. As shown in Figure 8, 97% of participants have their funds held in 529s compared with only three percent (3%) in savings accounts.



## Program Contributions

More than 850,000 children and youth have started their savings journeys with an initial deposit of \$100 or greater.

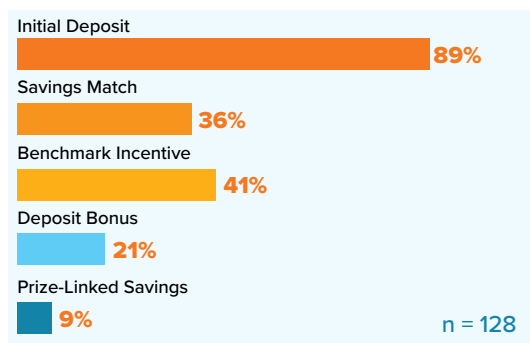
To qualify as a CSA program, a program must provide some type of contribution (sometimes called incentives) to help participants boost account balances. The most common type of program contribution is an initial deposit (also called seed deposit). All but 10 of our respondents offer a seed deposit of at least \$20. Among the 89% of programs that offer a seed deposit, a \$50 seed was the most common in 2022 (30%). This seed deposit amount has remained the most popular across six years of data collection. For the second year in a row, a \$100 seed (26%) is the second most common amount and a \$25 seed (19%) is the third most common amount; three programs offer an initial deposit of \$500.

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 35% in 2021 to 41% in 2022. This reflects an increased interest in ways to grow account balances without relying on families, particularly low-income families, to make deposits.

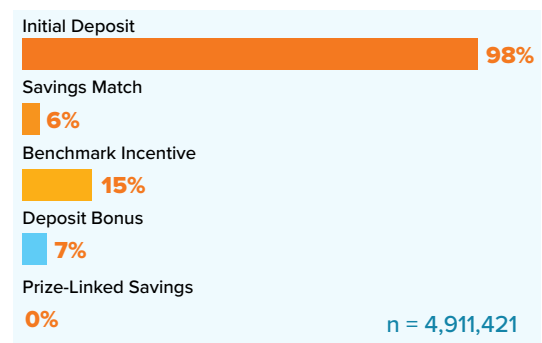
In addition to starting participants with an initial deposit or offering benchmark incentives, many programs still offer additional contributions based on deposit activity. Programs continue to incentivize participants and their families to make deposits of their own money, though these offering these incentives have dropped significantly, in one or more of the following ways:

- **36%** offer a savings match, i.e., dollar-for-dollar match on participant deposits up to a certain amount. This marks a 13% decrease from 49% in 2021. Savings matches used to be very popular in CSA programs, but there has been a steady decline as more data show that savings matches have a regressive effect and benefit middle- and higher-income families.
- **21%** offer a deposit bonus, i.e., an extra program contribution given if families deposit a certain amount or a certain number of times. This offering grew four percent (4%) in 2022, up from 17% the previous year. Deposit bonuses are less regressive in that they offer a flat bonus for any deposit activity, regardless of the size of the deposit.
- **9%** offer prize-linked savings, i.e., participants are entered into a drawing or raffle based on making a deposit. This type of incentive continues to decline in popularity, down from 16% the previous year.

**FIGURE 9**  
TYPES OF CONTRIBUTIONS BY PROGRAM



**FIGURE 10**  
TYPES OF CONTRIBUTIONS BY PARTICIPANTS



## Targeted Program Contributions

41% of CSA programs offer targeted benefits to participants from low-income families.

In 2020, we introduced additional survey questions to measure how many programs provide targeted contributions to participants from low-income families. The number of programs providing program contributions targeted toward children from low-income families remains stable at 41%. This number includes programs that:

- Only serve participants from low-income households (**42%**).<sup>3</sup>
- Offer a savings match restricted to participants from low-income households (**4%**).
- Provide additional deposit(s) for participants who are from low-income households or attend a school with predominately low-income students (**33%**).

## Participant Demographics

CSA programs are reaching more than 3.6 million children from low- to moderate income families.

Over the past three years, we have seen an increase in programs' ability to collect and share demographic information. We have used this data to measure how the field is reaching low- to moderate-income (LMI) households. Sixty-seven programs reported family income for participants or provided a proxy data source, such as information from a partner school district. Overall, more than 3.6 million children served by CSA programs are from low- to moderate-income families, or three out of every four participants. Fifty-five programs indicated that at least 50% of their participants are from LMI households, 15 of which indicated that they exclusively serve LMI households. This marks an increase from 12 programs with 100% LMI participants in 2021. As of this year, we do not have a representative sample to share any findings by race and ethnicity, but we have seen an increased response rate from CSA programs on demographic data.

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## 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. In addition, we would like to thank Ming Hung-Hung for his support of the data analysis.

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## 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. Gary Cunningham is our President and CEO. Visit us at [www.prosperitynow.org](http://www.prosperitynow.org)

## Endnotes

- 1 This document is based on Prosperity Now's 2022 CSA Program Survey, fielded October-December 2022. Programs had to meet Prosperity Now's CSA criteria to be included in the analysis. Fifty-eight programs responded to the survey. Data for 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 two 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 Prior to 2020, we counted Promise Indiana as one program. This year, as in the past two years, 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 Survey respondents were asked to define "low- to moderate-income" in their responses. The open responses included: at or below area median income (8), at or below federal poverty level (6), and free-or-reduced price lunch eligible (29). 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.
- 4 Responses to this question from 2021 were incorporated for programs that did not provide a response in 2022, where applicable.



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