A Regional Approach to Children's Savings Account Development: The Case of New England

June 2015

Report 04-2015

Summary

This paper chronicles the development of Children's Savings Account (CSA) policy in the states that comprise the New England region: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. This paper does not seek to compare CSA programs within the New England states directly but does detail the origins, aims, delivery systems, incentives, financing, enrollment mechanisms, and engagement approaches employed in each state, as well as challenges encountered, potential research contributions, and opportunities for expansion and/or integration into other policy venues. As described in this overview, this policy development can be best understood not as individual efforts but a regional strategy, facilitated by the New England CSA Consortium. This regional approach may hold considerable promise for advancing children's savings nationally. As defined here, CSAs are progressive asset investments capable of cultivating improved educational attainment and, then, catalyzing greater upward mobility, particularly for disadvantaged children. Part of New England's CSA activity has included progress toward agreed-upon metrics for gauging the effects of CSAs on indicators important to the state actors championing them, and future years will provide important insights into the potential for this intervention to support critical educational and economic development objectives.

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Acknowledgments

AEDI owes a great debt to the New England CSA Consortium members and others working closely on the region's CSA policy development, who invested their time to not only shepherd innovation through their respective systems but also to answer our questions. All errors are, of course, our own. Particular thanks to Colleen Quint, Heather Hudson, Gail Mance-Rios, Andrew Roos, Emily Bjornberg, Representative Mary Gile, Dr. Edward MacKay, Sarah Phillips, Constance Martin, Brinda Budhraja, and Emily McLaughlin. Thanks also to the team at the Federal Reserve Bank, for their insights, assistance, and leadership, particularly Anthony Poore, Anna Steiger, Ana Patricia Munoz, Jeff Fuhrer, Brian Clarke, and Al Barnor.

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INTRODUCTION

Children's Savings Accounts (CSAs) are policy interventions designed to facilitate economic mobility, particularly for disadvantaged children, by delivering transformative assets and connecting households to the financial mainstream (Elliott & Lewis, 2014). In their current form, CSAs are savings vehicles, most commonly designed for higher education savings that often incorporate specific incentives and explicit structures to encourage savings by those who otherwise may not have equitable access to financial institutions. While they have specifically-designed features for encouraging saving among disadvantaged youth and families, they are meant to be universal programs that serve all young people. CSAs usually allow deposits from children, their parents and other relatives, as well as third parties, such as scholarship programs. Ideally these investments are leveraged with an initial deposit and/or matching funds adding public or philanthropic funds to families' savings, in order to extend meaningful incentives for saving by low-income savers, similar to those already available to higher-income households through tax benefits, while building balances for all accountholders.

The New England region provides a unique opportunity to investigate the potential for a regional approach to CSA expansion. It is the only region in the country where a cluster of states have attempted to adopt the kind of progressive, universal, asset building children's account ownership that constitutes a 'CSA'. This concentration speaks to the region's centrality in the CSA universe, the value added by regional catalysts and connective linkages that foster cross-fertilization of ideas, and the significance of key regional players within the entire CSA field. But it is not only the number of states pursuing CSAs in this relatively small geography that makes New England noteworthy. As well, New England states are innovating new approaches that may add significantly to the knowledge about promising CSA practices. These include Rhode Island's implementation of 'checkbox' enrollment on the birth form, the first such practice in the United States, and Maine's shift from opt-in to opt-out enrollment, which may suggest that moving away from reliance on family uptake may strengthen CSA enrollment. There is also the potential for important learning in places such as New Hampshire, where pilot initiation in rural and more densely-populated urban areas of the state may illuminate ways in which CSAs interact with community conditions to affect children's outcomes, and in Massachusetts, which may be one of the first tests of how simultaneous policy development at the local and state levels may intersect. Still, if these states were pursuing these efforts in isolation, New England's CSA experiences would seem more geographic coincidence than real regional convergence. Here, then, it is the organization of the New England CSA consortium, the deliberate effort to coalesce regarding metrics for CSA success, and the information-sharing across jurisdictions that may offer the greatest contributions. This synergy, facilitated through the medium of leadership by the Federal Reserve Bank of Boston, is paving the way for a distinctly regional approach, not yet seen in the CSA arena.

Federal Reserve Bank of Boston's Leadership

The Federal Reserve Bank of Boston is playing a pivotal backbone role in advancing Children's Savings Accounts in New England, not only accomplishing key tasks but also increasing the capacity of each respective player, as well as the potential for often-elusive collective impact. Backbone organizations are fundamentally important, particularly as a new field is coalescing and actors seek to tackle challenges greater than any one of their footprints. Literature identifies the following as key attributes of backbone leaders: visionary, results-oriented, collaborative and relationship-building, focused but adaptive, charismatic and influential communicators, politic, and humble (Turner, Merchant, Kania, & Martin, 2012). Seen through this lens, the Boston Fed's contributions are apparent. While interest in Children's Savings Accounts and the impact they could have on the region's children did not originate with the Federal Reserve Bank of Boston, the vision of a regional CSA movement was largely the Boston Fed's creation. Today, the collaborations the Boston Fed fostered are evident in the sharing among members of the New England CSA Consortium and in states' apparent willingness to learn from and alongside each other.

New England Consortium

Following the April 2014 Children's Savings Policy Conference, convened by CFED, Anthony Poore and Colleen Quint of Maine's Alfond College Challenge brought together key stakeholders in New England to consider how a collaborative could strengthen the CSA initiatives already underway and leverage momentum for policy movement throughout the region (Poore and Quint, 2014). To build interest in and understanding of CSAs and their potential, Poore and Quint then traveled to each New England state, meeting with policymakers, educators, advocates, and community leaders. In each state, these experts facilitated sessions that focused on practical and policy considerations in CSA program design, rooted in each state's particular context (Poore & Quint, 2014). These conversations resulted in the formation of the New England CSA Consortium, which now meets quarterly, under the leadership of the Federal Reserve Bank of Boston. While membership continues to grow and representation may change from quarter to quarter, recent Consortium meetings have included representatives from Maine's Alfond Scholarship Foundation, New Hampshire's Legislature (specifically, the state's Education Committee chair), New Hampshire's Affordable Housing Education & Development (AHEAD) Program, Rhode Island's State Treasurer's Office, Rhode Island Higher Education Assistance Authority, Connecticut's State Treasurer's and Governor's offices, Vermont's Office of Economic Opportunity, Vermont's Capstone Community Action, Boston's Office of Financial Empowerment, Massachusetts' State Treasurer's Office, and FUEL Education (of Massachusetts). Together, Consortium members are tackling such issues as design, identification of relevant metrics, outreach and communications, and stakeholder development, first for their unique political and economic contexts and, then, with an eye toward where a regional approach could reveal new opportunities, leverage economies of scale, and/or elevate CSAs' profile. The Consortium is the first of its kind, attempting to build on policy progress to realize CSA momentum across the entire region. This approach is facilitated by New England's cultural, political, and demographic characteristics, which help to align aims and increase states' ability to learn from each other. Its impact is seen in the region's coalescence around particular elements of CSA design and delivery, even while each state retains some unique manifestations, in response to its specific needs and interests.

Different Models with Common Elements

At this point, a 'CSA' in New England mostly means a children's savings intervention delivered through the mechanism of a state-supported 529 college savings plan, although some localities are building CSA programs in partnership with deposit institutions. Maine's Harold Alfond College Challenge is built on the state's NextGen College Investment Plan; Rhode Island's CollegeBound*Baby* relies on the CollegeBound*fund*—and the investment provider, AllianceBernstein—for account structure and financing; Connecticut's CHET Baby Scholars is part of the Connecticut Higher Education Trust; and proposals for CSAs in Massachusetts, New Hampshire, and Vermont propose to work through the 529 system as well, although the city of Boston plans to use a bank-based model, and New Hampshire has a community-based pilot partnering with a deposit institution. New England's state CSA models share characteristics beyond the delivery system. At this point, all emphasize birth, rather than kindergarten enrollment or another developmental milestone as the impetus for CSA opening. Maine, Connecticut, and Rhode Island include initial deposits that do not require family contributions, as does Vermont's recently-approved legislation and proposals in New Hampshire and Massachusetts. Most of the New England CSAs strive for universal account provision, rather than high-touch interactions, while including progressive features specifically designed for lower-income children. The CSAs are more than just the account, however; most are experimenting with different outreach and engagement mechanisms, as well. More even than these common features, New England's CSA models share a theoretical approach to children's savings and a common rationale for why investing in early educational assets makes sense for families, educators, and the government. There is considerable stock placed in assets' potential educational effects; none of the region's CSA programs are proposing to measure CSA 'success' exclusively or even primarily by a metric of size of account balances or extent of family deposits. This is not accidental, of course, but may speak to the potential of this regional strategy as seed for the CSA movement. Unlike in some parts of the country, where definitions of what CSAs are, can do, and should be, may vary dramatically, many New England CSA stakeholders use similar language, in conversations and in official communications, to talk about the potential outcomes of their efforts, largely centering on improved educational attainment, through the medium of children's and parents' educational expectations and engagement. This is the frame through which policymakers and others in New England have been exposed to CSAs. Significantly, this also raises the prospect of 'spillover' effects within the region, as states work independently but toward the same goal of creating college-saving cultures that reshape norms about who goes to higher education and how they pay for it.

Small Populations May Facilitate 'Scale' in Manageable Quantities

In New England, the CSA field is reconsidering what it means to take Children's Savings Accounts 'to scale'. The relatively small populations in most of these states allows for 'scaling', even to universal, automatic account opening, while still limiting programs to fairly manageable sizes, in terms of data tracking, account management, and overall fiscal outlay. For example, there are fewer than 12,000 births annually in Rhode Island (Rhode Island Department of Health, undated), and slightly fewer than 13,000 per year in Maine (Russell, 2013). As a region, New England has the lowest birth rates in the country (Friedman, 2014). This means that taking CSAs to universal implementation can be done with a number of accounts that, in some other jurisdictions, might only be considered a large pilot. This is the case in Maine, where the relative intimacy of the state's key actors has catalyzed promising growth in employer withholding offerings, for example (Quint, 2015), and in Rhode Island, where the state has been able to focus its training and outreach efforts on the one hospital that sees the vast majority of the state's births (Hudson, 2015). These states' sizes reduce the need for large infusions of money for seed and match deposits and also allow jurisdictions to iron out technical issues related to information-sharing, data management, and account hosting before systems are overloaded with huge cohorts.

Policy Adoption Attracts and Cultivates Political Champions

At times, CSAs have been victims of their own popularity. With elements that appeal to both conservatives and liberals, they may be among the least objectionable policy options for increasing economic mobility and combating poverty, but that sometimes means that they do not attract the passionate partisans that more polarizing approaches may. New England's CSA successes may suggest that efforts to more explicitly link children's assets to the nation's most troublesome problems—including rising student indebtedness, an insufficiently-equipped future workforce, persistent achievement gaps, and stalled social mobility—are penetrating policy discourse, and also that policy adoption may help to cultivate CSA champions, in a reverse of the commonly-held political calculus. This suggests that there are lessons to be learned in moving from individual state action to regional momentum. New England may offer insights into how jurisdictions can build on each other and new opportunities to think about realizing economies of scale and capturing positive externalities. This is permitting the CSA field to think about a 'basecamp' approach to scaling CSAs,[1] with regional hubs potentially serving as an interim step between local/state development and the objective of a national CSA policy.

Related to this goal of pursuing regional CSA approaches on the path to national policy is the experimentation with crafting and framing CSAs so that the policy intervention aligns with a particular regional identity. Learning here is intensified by New England's relatively unique political and cultural character. This customization manifests itself in different ways. In New England, for example, this means that CSAs' potential to reduce the assumption of high-dollar student debt (Elliott, Lewis, Nam, and Grinstein-Weiss, 2014) may be more salient than elsewhere. Given high levels of student borrowing in the region and considerable political and public interest in debt reduction, CSA champions have assessed that this might be a valuable hook for garnering support. Similarly, some discussion of CSAs has highlighted their innovation and the expectation of some initiative on the part of children and families as consistent with New Englanders' ingenuity and self-reliance; Representative Mary Gile of New Hampshire capitalizes on this sentiment when she talks about CSAs as 'game-changing' (Gile, 2015).

As policymakers have a chance to see CSAs in action, learn more about the theories that underlie their operation and explain their outcomes, and try out messages used to talk about CSAs and why they matter, some are converting from intrigued observers to more vocal allies. And as policymakers from different contexts and different perspectives fit CSAs into their platforms, new rationales for advancing CSAs emerge. These dynamics should give CSA practitioners and advocates reason to hope that their desired outcome—that state and local CSA adoption will lead to national CSA policy—may, indeed, come to fruition. However, this is certainly not inevitable. Indeed, identification with a particular CSA model may inhibit progress towards a national policy, as key allies are reluctant to relinquish their particular 'brand' (Elliott, Lewis, Poore, & Clarke, 2015). However, at least in New England's example, it seems that many of those moving forward with their own, idiosyncratic, approaches to CSAs are also supporters of national investment in what they increasingly see as essential parts of their educational and economic systems. And, led by the momentum in New England, state and local CSA development may ease the path of national policy adoption, by revealing especially promising approaches, highlighting pitfalls to avoid, cultivating constituencies, and creating the systems that will underlie an eventual children's savings system in the United States.

[1] Credit for the initial articulation of the 'basecamp' metaphor goes to Benita Melton of the Charles Stewart Mott Foundation, who used this language in discussions at the CSA delivery system convening in Boston in December 2014.

Case Studies: New England, State by State

Tracing the arc of CSA policy development in each New England state may provide insights into the process—useful for jurisdictions contemplating their own paths—and also may reveal points of similarity and divergence in the stories of each CSA. Most of these narratives are culled from publicly-available documents, with generous assistance from stakeholders[2] close to the policy process, including representatives from each state to the New England CSA Consortium, as well as leaders at the Federal Reserve Bank of Boston. However, there are inevitably elements that are perceived differently by those positioned at different places, and there are undoubtedly some actors with views that have not been adequately incorporated here. Additionally, in a field changing as rapidly as this one, there is the risk that capturing a cross-section will preclude discussion of those policy developments that are, today, just over the horizon. These case studies, then, should not be considered 'definitive' treatments of these CSAs, but hopefully useful descriptions of their origins, key features, core challenges, particular merits, and intersections. These examinations are presented in parallel for side-by-side examination to advance the larger conversation about CSA policy and how it can be manipulated to achieve particular objectives. This is not designed to facilitate 'rating' their respective attributes, since each CSA responds to opportunities and imperatives in its own context. Each is poised to make significant contributions to the CSA field and, more importantly, to the lives of children in those communities.

[2] See appendix for a complete listing of acknowledgements.

Maine: A National Leader

Harold Alfond was an entrepreneur who founded the Dexter Shoe Company and then became a prominent philanthropist. His was the first private foundation in Maine, established in 1950 with an emphasis on education, youth development, and health care. When he died in 2007, Alfond bequeathed $500 million to build the Harold Alfond Foundation's asset base, a reserve that had grown to more than $727 million in 2014 (Powell, 2014). In 2008, the Foundation charged the Alfond Scholarship Foundation with initiating the Harold Alfond College Challenge, initially as a pilot program in two hospitals (Huang, et al., 2013) and, then, in 2009, with statewide expansion. It is important to reflect that the Harold Alfond Foundation could have chosen a different route to its aims—scholarships, a 'promise' program, an expansion of the NextGen matching grants offered through the 529, or another mechanism (see Reilly & Troestel, 2004, for a discussion of some of these options). Instead, in an effort to signal to children what their futures could hold, demonstrate to families that external entities were willing to invest in their children's educations, and, critically, leverage the power of financial markets to build asset reservoirs (Quint, 2015), the Harold Alfond Foundation trustees banked on the 'practical and aspirational benefits' of CSAs (Quint, 2015).

At its inception, the Harold Alfond College Challenge (HACC) offered a $500 grant to every Maine resident infant whose family opened a NextGen 529 College Investing Plan account by the baby's first birthday. The intervention also provided family engagement materials, including age-based tips for parents regarding educational support, financial preparation, and child development. In terms of understanding how CSAs may work, these efforts may serve to increase account ownership effects, particularly related to educational expectations, and to foster Identity-Based Motivation, to the extent to which they make preparing for higher education salient in the lives of children and parents. Initially, the HACC, in partnership with the Finance Authority of Maine (FAME), targeted parents in hospitals and birth classes, to encourage college savings and orient families to preparation for higher education (Harold Alfond Foundation, 2012; 2013). Indeed, HACC estimates that they spent approximately 85% of their total non-grant investment, during the first six years, on outreach and engagement (Quint, 2015), with promotion in hospitals, pediatricians' offices, educational institutions, businesses, and nonprofit organizations (Clancy & Sherraden, 2014). Despite this considerable investment in recruitment, under this opt-in design, 23,000 Maine babies enrolled, for an uptake rate of approximately 40%. This compared favorably to the 4% of Maine families with a NextGen account prior to the HACC (Harold Alfond Foundation, 2013) but still fell short of the widespread participation desired. Still, fueled by the large initial deposit, the infusion of assets into these accounts was significant. The Harold Alfond Foundation invested $11.5 million in Challenge accounts during this period, an amount that had grown to $15.6 million by 2014, with market gain (Powell, 2014). Of families receiving the HACC, 30% made their own

NextGen contributions, depositing $16.4 million of their own funds, although later research (Huang, et al., 2013) revealed that these saving families tended to skew even more than all participating households to those more economically and educationally-advantaged. Furthermore, while the incentive was attractive to Maine parents, gaps in awareness persisted, and the rather cumbersome enrollment process prevented some of the most disadvantaged families from participating (Huang, et al., 2013). Maine's CSA champions—particularly those leaders charged with fulfilling Mr. Alfond's vision of a college-prepared generation—were faced with a quandary: evidence suggested that CSAs could catalyze the educational outcomes they sought, but those children most in need of these transformative assets were least likely to get them, at least without in-person supports that threatened to drive the initiative's costs beyond sustainability.

To resolve this tension between broad reach and high touch, include more Maine households in the HACC, increase efficiency by reducing expenditures for outreach and marketing (Powell, 2014), and overcome enrollment patterns that disproportionately benefited relatively advantaged households, on March 6, 2014, the Foundation announced a shift to universal, opt-out enrollment, wherein all Maine resident babies are automatically awarded the $500 seed (Powell, 2014). As a demonstration of the important role that Maine has subsequently played in the CSA field nationally and in New England, this move has been critical in spurring other jurisdictions to leap to automatic enrollment—or as close as they can get to it. Informed by Maine's experiences and, perhaps, emboldened by their example, other CSA programs do not have to walk the same program design path. In Maine, this shift, from "offering" the grants to giving them automatically, ensures that every child can benefit from the experiencing of owning a CSA, an objective furthered by Maine's design, which sends one unified account statement to all Maine families, whether or not the family is saving themselves (Clancy & Sherraden, 2014).

Under this opt-out design, FAME uses state birth records to trigger automatic establishment of HACC grants for all babies born in Maine. These funds are deposited into an omnibus account and belong to the Alfond Scholarship Foundation, not the child or family, until the point of disbursement to a postsecondary educational institution (Clancy & Sherraden, 2014). This ensures that the $500 seed does not imperil families' eligibility for income supports, while avoiding the Social Security Number and risk disclosure requirements that could otherwise prevent automatic account opening (Elliott, Lewis, Poore, & Clarke, 2015). However, this also means that families must still complete the NextGen enrollment process in order to have a 529 account in which they can save for their children's education, and it is unclear at this point how many will take up this option under the opt-out design. In the short time since the shift to automatic account opening, approximately 13% of families receiving the $500 seed have opened their own NextGen account to begin their own college savings. This is more than three times the rate of NextGen ownership in Maine prior to the initiation of the Harold Alfond College

Challenge and, significantly, is expected to rise as children in these cohorts age and as the Harold Alfond Foundation's outreach and engagement strategies come online. Savings patterns are currently changing almost daily, suggesting that it will take a while for Maine to see the full effect of the automatic account opening process on family behaviors. Additionally, the Alfond Scholarship Foundation is actively layering on additional components—such as the availability of employer withholding—designed to increase uptake. Importantly, the engagement processes employed by the Alfond Scholarship Foundation are designed to both facilitate identification with the seed deposit *and* trigger account opening and savings behavior. Today, Maine families receive notice of the College Challenge award at the hospital and again at around one month and three months after their child's birth, with information on opening their own NextGen account coming closer to their child's first birthday (Clancy & Sherraden, 2014). In total, there are nine communications with families regarding the Alfond Grant during the child's first year. The quarterly account summaries–-which the program begins sending to families at nine months after the child's birth—detail market growth and any family contributions and include age-appropriate information about child development, educational support, and financial management, as well as coupons with which to submit deposits or, if families have not started to save, reminders about the enrollment process.[3] Now that the oldest children to receive the HACC are in the first grade, the Harold Alfond Foundation is actively exploring ways to integrate college preparation and financial literacy content into the school system, as well. The HACC is also poised to benefit from the maturity of the program, which, having developed efficient processes for information-sharing, account opening, and operation of the omnibus fund (Quint, 2015), can now shift its attention—and resources—to the establishment of partnerships, experimentation with outreach approaches, and investigation of other incentives.

While the money for the $500 seed deposits comes entirely from the Harold Alfond Foundation, Maine's CSA effort does hinge considerably on state apparatuses, including the delivery system of the state-supported 529, a matching grant called the NextStep Matching Grant (FAME, 2011), and data-sharing agreements with FAME. NextStep matches are available for accounts opened on or after January 1, 2011 that have received at least $50 in contributions in the calendar year. The match rate and caps were increased on January 1, 2015; now, Maine families can get a 50% match on their contributions to their children's college savings, up to a maximum annual match of $300 in incentives (on, then, up to $600 of family contributions), with no lifetime limit (FAME, 2015). Accounts that have automatic deposits are eligible for an additional $100 match. These incentives, which are funded with fee income charged to national account owners, are not progressively scaled, which means that higher-income Maine households likely benefit disproportionately, although uptake by income is not available. Other NextGen policies are more sensitive to the needs of low- and moderate-income savers, including the elimination, in 2015, of the $50 account maintenance fee for certain types of investments and the reduction, in

[3] See Clancy & Sherraden, 2014, for a sample statement.

July 2013, of the required minimum deposit, from $250 (among the highest in the country (Reilly & Troestel, 2004)) to $25 (Clancy & Sherraden, 2014).

In addition to these complementary incentives and some helpful elements within the regulatory framework, FAME, a quasi-governmental agency, has taken on responsibilities for working with the Alfond Scholarship Foundation on marketing and outreach activity (Clancy & Sherraden, 2014), including hosting workshops throughout the state to assist families in opening a NextGen account, partnering with TRiO programs to encourage first-generation students to save for college, and working with local community foundations that offer their own financial incentives through the NextGen structure (College Savings Plan Network, 2013). To date, however, the Maine Legislature has mostly been silent on policy related to children's asset building. For example, legislation that would have required the Department of Health and Human Services to require a parent applying for assistance to also apply for the HACC grant on behalf of her infant (prior to the 2014 shift to opt-out enrollment) died in both chambers in 2013.[4] As Maine's CSA activity continues to garner attention and momentum, legislators' political calculus about the relative urgency to engage on children's savings may change. For example, the Alfond Scholarship Foundation has successfully recruited a number of employers—collectively employing tens of thousands of Mainers—to offer automatic payroll deduction for contributions to a 529 account and, in some cases, to provide matching incentives as well, even without an outreach strategy beyond asking Alfond Scholarship Foundation Board members to approach their peers about making these changes within their companies (Quint, 2015). Today, an insurance company in the state provides payroll deductions for college savings and a $500 contribution for Maine resident employees' children's accounts when opened by the child's first birthday (Quint, 2015). Several of the state's largest employers offer payroll deductions, as well, and, within the next year, it is likely that several more institutions will take this step to offer children's savings opportunities as part of the standard employee benefit package. Illustrating one of the potential ways that state and local CSA development may lead to greater national momentum, some of these employers are now taxed with trying to figure out how to offer differential CSA benefits to their Maine employees, as employees in other states may not have access to a children's savings infrastructure. Certainly, to the extent to which companies' efforts may be forestalled by the lack of a national account platform, these missed opportunities should provide further fuel to CSA advocates' calls for federal policy.

Not surprisingly, participation in the HACC has picked up considerably since the shift to opt-out enrollment in May 2014. Average annual enrollment from 2008 to 2013 was approximately 5,000 children, while, beginning in 2014, estimated annual enrollment is approximately 12,500 children, with 100% of children receiving the $500

[4] See bill text, "An Act to Increase Access to Postsecondary Education for Maine's Children", http://www.mainelegislature.org/legis/bills/bills_126th/billtexts/HP100301.asp.

initial deposit (Clancy & Sherraden, 2014). While FAME and the Alfond Scholarship Foundation continue many of their outreach and engagement activities[5], they no longer need to convince families to open NextGen accounts or help parents navigate the application (Sharp, 2014). The efficiencies gained with automatic account opening are also facilitating innovations. To amplify the HACC's effects for low-income and otherwise disadvantaged students, particularly in vulnerable counties within the state, the Alfond Scholarship Foundation is experimenting with progressive approaches to outreach, engagement, and balance-building, in partnership with other foundations and community entities. The Foundation has partnerships with HeadStart programs in four counties to encourage college savings and cultivate college-bound identities, as well as a partnership with a foundation that provides an additional $100 in seed deposits to kindergarteners in rural Washington County (Quint, 2015). These efforts can be layered relatively easily onto the infrastructure of the existing 529-based CSA, realizing economies of scale and inviting new partners to consider CSAs as vehicles with which to advance their objectives. The Foundation is furthermore exploring ways to leverage technology for CSA engagement, including innovation of online account interaction tools, as well as platforms for learning about and preparing for college—at an early age—within the facilitative institution of a family or school (Quint, 2015).

Harold Alfond's legacy included a recognition of the importance of an educated citizenry to the overall economy of Maine. As in New England generally, a majority of Maine's future jobs will require postsecondary education (Coelen & Berger, 2006), but more than 60% of Maine residents lack these credentials (Powell, 2014). This education deficit, along with declines in the numbers of working-age adults and concerns about the exodus of Maine's most educated young people (Coelen & Berger, 2006), contributed to the move to opt-out enrollment for the HACC, as the Foundation sought to "raise aspirations for and improve access to higher education for Maine's young people" (Powell, 2014, p. 4). With this shift, the Foundation signaled its intent to "show Harold and the nation that every child deserves a chance in life" (Powell, 2014, p. 8). This reflects a significant orientation to the account ownership effects of CSAs (Elliott, 2014), particularly the potential to cultivate children's and parents' expectations for higher educational success. Maine has historically enjoyed high rates of high school graduation, but is below the national average when it comes to college-going. While Maine ranks high in rate and amount of student indebtedness (Project on Student Debt, 2014), the prospect of improving Maine's long-term economy by equipping a youth labor force with the educational attainment and skill set to fuel growth (Harold Alfond Foundation, 2013) figured more heavily into the Harold Alfond Foundation's vision for its CSA investment than more immediate aims of bridging affordability. Today, Maine's consideration of evaluation metrics and approaches is rooted in this origin. The Harold Alfond Foundation articulates three concrete objectives for the College Challenge (Powell, 2014), which the Foundation refers to as the three pillars of enrollment, family savings and education messaging:

[5] See sample resources at: http://www.500forbaby.org/Files/Pages/parent_resources.aspx.

1. To offer all Maine babies a $500 investment grant to grow and be used for their higher education (asset accumulation)
2. To use quarterly summaries for the accounts as a means of communication, informing, and motivating families to prepare their children for success (account ownership)
3. To encourage college savings by families themselves early in their children's lives (asset accumulation, with long-term saving, as well as account ownership effects, through engagement in saving)

Maine's high profile in the CSA field, particularly as the first example of a state using its 529 platform to automatically open CSAs for all children, makes it a particularly compelling research venue. There are questions about the HACC's outcomes that could not only inform continual reexamination of Maine's model but also the development and design of other CSAs. These include process questions, some of which the Alfond Scholarship Foundation is actively exploring, in research discussions with FAME and other partners:

- How did the administrative cost per enrollee change with the move to opt-out enrollment?
- How well does the 529 account structure support the aims of the HACC?
- How do partnerships support engagement? Are some approaches outperforming others? How effective are communications efforts in driving engagement?
- Does the use of the omnibus account for the seed deposit in any way interfere with account ownership effects? Do unified statements or other program features mitigate this risk?
- How do account opening and family saving vary by region and demographic? What might this suggest about the importance of design for achieving equity?

There are also significant ways in which research in Maine could advance the larger body of CSA evidence. Notably, the Alfond Scholarship Foundation is likely to frame CSA outcomes in ways appealing to philanthropic colleagues, potentially important as this sector expands its engagement in transformative children's asset building (Quint, 2015). With support from the Federal Reserve Bank of Boston and the Center on Assets, Education, and Inclusion, the Alfond Scholarship Foundation is developing a roadmap of interim and long-term measures, including not only savings behaviors but also college-saver identity formation, primary and secondary educational achievement, college access and completion, and, ultimately, post-college financial well-being (Elliott, 2015). While these research interests will necessarily be balanced against cost and time constraints, Maine is well-poised to answer critical questions about the utility a state can derive from this particular approach to encouraging financial capability and educational attainment. For example, Maine could test educational outcomes for those who are saving versus those who have only received the $500 seed. Certainly, over the long term, Maine's progress in realizing its goals of increasing the percentage of the population attaining higher education and making inroads in population decline, could be huge for CSAs, although it would take years and considerable analytical effort to track and attempt to isolate CSAs' effects.

While Maine's CSA frame has largely emphasized the potential for positive financial and educational outcomes, as a result of experiencing the CSA intervention, actual asset accumulation may be considerable. Analysts at the Federal Reserve Bank of Boston used historical data from 1997 through 2014 to calculate potential account balances over the course of 18 years for a child in a program similar the Harold Alfond College Challenge; these models found potential asset accumulation of approximately $26,000 to $33,000, depending on families' precise contributions and the obviously unpredictable market returns (see Elliott, Lewis, Poore, & Clarke, 2015). See Table 1 for an overview of Maine's CSA program.

Table 1. Maine's CSA At-A-Glance

Program Elements	Funding	Administration
• Automatic provision of $500 in NextGen 529 college savings plan, for all babies born as Maine residents • NextStep matching grants, worth up to $300/year, matching family contributions at a 50% rate • Funds can be used for any qualified higher education expenses, by the child's 28th birthday (must be paid in one disbursement) • Educational materials, provided by mail and online, for parents • Payroll deductions for college savings available through a growing number of employers • Partnerships enhance reach of program, especially to low and moderate income families	• $500 seed deposits made from the Harold Alfond Foundation's $727 million in assets • NextStep matching grants funded with fee income generated by national plan participants • Outreach and educational materials facilitated through partnership with FAME • Additional charitable incentives available in some geographies	• Alfond Scholarship Foundation (ASF) is a non-profit organization funded by the Harold Alfond Foundation • ASF manages the Harold Alfond College Challenge program, and administration of the accounts is handled by the Finance Authority of Maine • Bank of America's Merrill Lynch is the broker-dealer for Maine's NextGen 529 accounts through which the Harold Alfond College Challenge is delivered • ASF and FAME work together to develop and disseminate communications to families regarding the Harold Alfond College Challenge

Rhode Island: ‘Checking the box’ for Children’s Futures

Rhode Island’s Children’s Savings Account program uses an innovative application procedure (Wogan, 2014) that streamlines, rather than automates, enrollment. This innovation was developed in response to lower-than-hoped uptake of the $100 CollegeBound*Baby* Grant, which is offered through a ‘cross-subsidy’ agreement with current 529 plan provider AllianceBernstein. Beginning January 1, 2015, parents of children born or adopted in Rhode Island can simply check a box on the form used to request a state birth certificate, an action which will authorize the Rhode Island Office of Vital Records to release information to the Rhode Island Higher Education Assistance Authority (RIHEAA), for the purpose of depositing the $100 in a CollegeBound*fund* master account for the child (RIHEAA, 2015)[6]. Consistent with many other 529-based CSA incentives, these funds are not transferable to other children and can only be used for approved higher education expenses by the child’s 25th birthday (RIHEAA, 2015). While the seed deposits are financed entirely by the 529 provider, AllianceBernstein, state government actors—including, prominently, former State Treasurer and now-Governor, Gina Raimondo, have been instrumental in bringing the policy to fruition. As such, Rhode Island is a rather unique example of public officials successfully partnering with private institutions, which shoulder the responsibility for financing progressive savings opportunities for disadvantaged children. The story of how Rhode Island achieved this partnership—as well as the details of the compromise struck—may hold significant lessons for other states, as they look to encourage authentic alliances with financial institutions and seek sustainable funding sources for their CSAs. The next several months could prove even more instructive, as Rhode Island takes its 529 provider contract to public bid and potentially weathers a transition in the administration of the CollegeBound*fund*, as well, from RIHEAA to the State Treasurer, as proposed in Governor Raimondo’s budget (Raimondo, 2015), all while implementing the next phase of its CollegeBound*Baby* CSA, to include more aggressive outreach and promotion, identification of metrics, and pursuit of funding for additional benchmark incentives (Hudson, 2015).

Gina Raimondo championed the CollegeBound*Baby* program as State Treasurer and gubernatorial candidate, when it was an opt-in program with relatively limited participation. As she prepared her gubernatorial agenda, Raimondo—influenced by staff whose attention was captured by findings relating to the educational outcome effects associated with children’s savings—made expansion of college savings opportunities part of her higher education platform (see Angers, 2014). While other policy initiatives, including student loan forgiveness and the creation of a new scholarship program, were more prominent in her messaging (Raimondo, undated), Raimondo’s Treasury worked with AllianceBernstein to fund the expansion of CollegeBound*Baby* as part of Raimondo’s broader economic development and higher education aims. From the beginning, Raimondo’s framing of the CSA

[6] This document was attributed to AllianceBernstein in an earlier draft of this paper. It can be found on the AllianceBernstein website, but attribution belongs to the Rhode Island Higher Education Assistance Authority, in consultation with the Rhode Island Treasurer’s office.

initiative included both account ownership and asset accumulation dimensions. She touted college savings as a way to make college more affordable—an asset accumulation objective—and also articulated a belief that linking children with CSAs would change behavior. Indeed, the Governor advances a sophisticated understanding of the mechanisms through which college-saver identities may influence educational attainment (Elliott, 2013), as in her statement on the day that Rhode Island announced the changes to the enrollment process, "The system now requires parents to take the initiative to open an account. With this program [the change to the checkbox process on the birth form], before the parents leave the hospital, all they have to do is put an X in the right box and boom, the account will be set up…From the research, we know that kids who have a college savings account, regardless of the amount, are much more likely to get an education beyond high school and graduate. *Some think it is because they have the money. The real reason is they know they are college material. It changes the way they think about themselves*" (Borg, 2014, emphasis added).

Rhode Island's CSA enrollment process is not seamless, but changes enacted in January 2015 have greatly reduced the burden on families to seek and subsequently receive the financial incentive. Between the inception of CollegeBound*Baby* in 2010 and the establishment of the checkbox option, only 400 Rhode Island families claimed the $100 seed (Borg, 2014). Believing that administrative and logistical hurdles were responsible for the lackluster uptake, rather than lack of interest in college savings, policymakers and representatives of AllianceBernstein pursued ways to simplify the process. As in most 529 plans, Rhode Island's accounts were relatively complex, and enrollment required completion of multiple forms and perusal of a complicated prospectus. Particularly because the registration process had to be completed by the child's first birthday in order to claim this early enrollment incentive, these demands could prove too taxing for overwhelmed parents. Today, in contrast, Rhode Island parents can complete the 'application,' which just requires checking a box indicating willingness to release their child's personal data, from the hospital room. And they are: three months after adopting the check box approach, more than 1,500 families had initiated this process[7], for a 56% take-up rate (Hudson, 2015). This rapid and dramatic increase suggests that Rhode Island's assumptions about the greatest barriers preventing utilization were, in fact, correct, and that tremendous growth in children's savings engagement is possible, without necessarily relying either on full automation or high-touch support. Significantly, early data suggest that the checkbox approach is penetrating communities with disadvantaged households that might not otherwise have equitable access to college saving opportunities. In the first three months of implementation, almost 64% of accounts were opened for families living in zip codes with adjusted gross incomes below the

[7] Because new enrollments are occurring almost daily in Rhode Island's CollegeBound*Baby*, it is difficult to provide accurate information on uptake. The figures reported here were accurate as of April 2015 and are expected to continue to evolve, particularly over the next several months.

Rhode Island median in 2012.[8] This contrasts sharply with 529 account ownership nationally (Sallie Mae, 2014) absent an intentional CSA outreach effort like this.

Importantly, however, the checkbox process does not enroll families in a 529 account into which they can deposit their own savings; that still requires the parent to apply separately for a CollegeBound*fund* account. When families do open their own CollegeBoundf*und* account, it is managed by AllianceBernstein, with the $100 seed then moved over to this 'nested' account (Hudson, 2015). At that point, all communication about the one account comes from AllianceBernstein, integration that promises to minimize administrative costs but nonetheless raises questions about how Rhode Island will track account performance and ongoing savings behavior triggered by the $100 seed. This process is further complicated by the expected timing, which will likely lag between when families 'check the box' (at birth) and open their own account (at some point later) (Hudson, 2015). Another key question, then, is how many parents will complete *that* application process and begin saving. Here, understanding account ownership effects (Elliott, 2014) and precisely what interactions are required to trigger them will be essential. If children do not identify with 'their' CollegeBound*Baby* accounts unless their parents are saving, Rhode Island may not see the educational outcomes they desire. If, however, these outcomes compare favorably to CSAs where families are saving, Rhode Island's compromise approach, which allows the state to use the 529 account in spite of disclosure and identification demands, may hold considerable promise for scaling CSAs through this delivery system.

These $100 seed deposits are not the only feature of Rhode Island's investment in college savings. Those receiving the CollegeBound*Baby* seed are exempt from the opening deposit requirement within the CollegeBoundf*und* (RIHEAA, 2015). AllianceBernstein has also championed its online gifting tool as a way to encourage third-party contributions into the accounts of Rhode Island children, a functionality that has resulted in more than $1 million in additional deposits (Borg, 2014a) and has potential to further leverage children's social capital for increased asset accumulation. Furthermore, now that the checkbox approach is institutionalized in Rhode Island and Raimondo's transition to the Governor's Office is complete, the state's CSA champions are shifting their focus to the 'Check the Box' campaign, which will feature significant increases in outreach and promotion, with an aim of nudging take-up rates to closer to 70% and increasing the extent to which the state's children develop a college-bound identity. This outreach will include welcome packets, media campaigns, and alliances throughout the educational system (Hudson, 2015). Eventually, Rhode Island envisions a next phase of its CSA effort, to include additional incentives for completion of benchmarks related to household saving and/or educational progress (Hudson, 2015).

[8] Author calculations, based on data provided by Rhode Island Governor Gina Raimondo's office.

While changing the birth certificate form to include the checkbox required lengthy deliberations, including with actors with whom the State Treasurer's Office would not normally work closely (health care providers, the Office of Vital Records), Rhode Island did not face the decision contemplated by other jurisdictions, regarding whether to use the state 529 plan or a bank-based model for CSA delivery. Because the funding for the CSA was offered by the 529 plan administrator that account architecture was clearly the vehicle through which to realize the state's aim of a universal CSA. In some ways, this 'cross-subsidy' approach is quite sustainable. In a year where a strained state budget (Gregg, 2015) would have made finding state general funds for universal seed deposits difficult, Rhode Island's leverage of AllianceBernstein's assets (Borg, 2014b) facilitated statewide rollout without the wrangling that often accompanies appropriations battles. However, this financing is predicated on two unpredictable variables. First, it is uncertain whether AllianceBernstein will retain the contract to provide the 529 plan, particularly in light of past concerns about the CollegeBound*fund*'s performance (RISBJ, 2013). The current contract, which includes the requirement to fund the initial $100 seed deposits (Borg, 2014), expires in June 2016[9]. Indeed, new Treasurer Seth Magaziner raised the possibility of a shift to a different firm the day before the new CSA enrollment process was unveiled, telling the *Providence Journal*, "Every vendor deserves a fair shot for the 529 [college savings plan] contract. Alliance can apply and be given due consideration" (Borg, 2014). Importantly, this assessment of the precarious nature of AllianceBernstein's hold on the Rhode Island plan business may have figured into the firm's agreement to invest in CollegeBound*Baby*, as a way to distinguish itself in the 529 marketplace. This underscores a particular conundrum in CSA accounting, not unique to Rhode Island or even to 529s: the financial institutions best positioned to sustainably provide progressive CSA incentives may be those least likely to 'need' the business CSAs represent. Unless children's savings become a stronger value proposition for financial institution providers (Elliott, 2013), this calculus could pose scaling problems. Second, and related, is the fact that, even if AllianceBernstein retains the contract, the firm may not agree to continue funding the $100 initial deposits in perpetuity. Existing language in program documents allows AllianceBernstein to sever that responsibility (RIHEAA, 2015). So far, the firm has enjoyed positive press from this investment but, certainly, leadership could decide that the associated costs are not worth the perceived return, which could raise new challenges for an Administration committed to the long-term intervention that is CollegeBound*Baby*. In the future, Rhode Island may need to consider other paths to CSA funding and administration, as complements or alternatives to this public/private partnership.

Turning to Rhode Island's research agenda, again, one of the critical questions relates to the distinctions between families' experiences with their *own* accounts and the omnibus accounts into which $100 are deposited for their children. When receiving the initial $100 required parents to apply for a CollegeBound*fund* account, almost all participating families added their own funds (Angers, 2014), but this is not likely to be sustained within a larger

[9] An earlier draft of this paper incorrectly stated the contract expiration date as July 2015.

and, perhaps, somewhat less financially-sophisticated population. Rhode Island's evaluation objectives include examination of metrics within the 'buckets' of parental engagement, take up of the $100 seed (checking the box), account activity (family savings) and associated educational effects (academic performance and school engagement). Additionally, the state's approach tests the limits of the workability of the 529 account structure for CSAs. It is unclear whether an enrollment process that requires application online or with a financial advisor—both likely unwieldy for the lowest-income and least financially-sophisticated parents—completion of a multiple-page application form[10], and selection of an investment option (Wogan, 2014) will prove too daunting even for families that have been 'hooked' with the receipt of their $100 seed. See Table 2 for an overview of Rhode Island's CSA program.

Table 2. Rhode Island's CSA At-A-Glance

Program Elements	**Funding**	**Administration**
• $100 seed deposit for accounts opened by a child's first birthday, for children born or adopted in Rhode Island (claimed by completing a checkbox on the birth certificate form)	• $100 seed deposits financed by the 529 plan administrator, AllianceBernstein	• 529 account structure overseen by State Treasurer, sponsored by RIHEAA[11], and offered by private firm AllianceBernstein • Delivery of the $100 seed managed through communication between CollegeBound*Baby* and Rhode Island Office of Vital Records

[10] To review this application form, see: https://www.abglobal.com/abcom/Product_Center/3_Vehicle/MF/Instrumentation/Applications/529-2649-Application.pdf

[11] As discussed, Governor Raimondo proposed in her 2016 budget to move the CollegeBound*fund* to the Office of the State Treasurer.

Connecticut: CSAs as a Middle-Class Agenda

In some cases, Children's Savings Account momentum comes from outside the political structure. New Mexico's forays into CSAs are largely the initiative of Prosperity Works, a community-based organization, and Indiana's YMCA of Wabash County has been the catalyst for robust investment in children's asset building there. However, sometimes, a high-profile champion is responsible for pushing CSAs onto the agenda. In Maine, this was fueled by the legacy of Harold Alfond and the leadership of decision makers in the Foundation that bears his name. In Connecticut, it was a Governor's move to make CSAs part of his vision for the state that, overnight, made it a player in the CSA field. In his February 6, 2014, State of the State Address, Connecticut Governor Malloy proposed college savings accounts for every child born or adopted in the state.[12] The original outline, described then and in policy clarifications in the days to follow, was for universal provision of a $100 seed in a Connecticut Higher Education Trust (CHET) account. CHET was chosen as the account delivery system in reflection of its positive reputation and institutionalization within the relatively small state. Implementation of the CSA approach within CHET was also facilitated by the state's experience in delivering scholarships through that account mechanism, which meant that the architecture for infusing accounts with additional deposits already existed there (Bjornberg, 2015). Additionally, CHET has fairly high visibility and a strong tradition of outreach under the leadership of Treasurer Denise Nappier. As is the case in many states that use a 529 plan for their CSAs, however, this account platform is not without its complications. For example, even though research suggests that account features which increase children's identification with their savings may enhance account ownership effects (see Friedline, 2014), 529-based CSAs, as in Connecticut, seldom deliver account statements directly to children. Still, fueled by Treasurer Nappier's significant interests in making 529s more progressive, Connecticut officials may yet make significant inroads in policy design, to improve the vehicle's suitability as a CSA instrument. Today, the state is in ongoing conversation with TIAA-CREF, the account provider, regarding ways to simplify enrollment, change outreach materials, and streamline investment options (Bjornberg, 2015). As in Maine, some of this momentum may come through the mechanism of employer pressures, as Connecticut works to bring more online with provision of automatic withdrawals, which then feed demand for consumer-friendly interfaces.

In contrast to some states' CSA objectives, the expressed aim of CHET Baby Scholars was to make college more affordable, with an emphasis on the potential for asset accumulation (Malloy, 2014). Malloy said, "Is that investment [the $100 seed] going to pay for a full college education 18 years later? Of course not. But it can give new parents a boost right when they need it most, and it can help encourage college saving right from the start" (February 6, 2014). CHET Baby Scholars has been framed, from the beginning, as an incentive for families' saving, rather than a mechanism by which to transfer significant public assets or a tool with which to cultivate

[12] For the text of Governor Malloy's address, see: http://www.governor.ct.gov/malloy/cwp/view.asp?A=11&Q=539440.

educational expectations.[13] This vision became the CHET Baby Scholars[14], enacted by the Connecticut Legislature in short order, although fiscal constraints resulted in some significant compromises. CHET Baby Scholars provides a $100 seed deposit and up to $150 in savings matches—at a 1:1 rate—for households that open a Connecticut 529 account on behalf of a baby born or adopted in Connecticut on or after January 1, 2014 (CHET Advisors, 2014). This potential for $250 in public contributions compares favorably with incentives in many CSA programs around the country, although the requirement that families seek out and sign up for the CHET Baby Scholars awards will likely result in regressive patterns of participation. To encourage account opening, including among those with limited financial resources, CHET Baby Scholars assets are excluded from consideration in financial aid determinations at state colleges and universities and within means-tested state programs (Nappier, 2015), the minimum initial deposit was changed from $50 to $25, and families are allowed to use the $100 seed to cover that amount. Since becoming eligible for the CHET Baby Scholars benefit, Connecticut families have opened 1500 Baby Scholars accounts. This relatively limited take up suggests considerable room for increased outreach and reflects some of the challenges that many asset-building initiatives have faced, at least initially, absent an automatic account opening 'opt-out' structure (see discussion in Clancy & Sherraden, 2014). However, the program is still too new to accurately assess its full effect. In Connecticut, achieving penetration may be facilitated by the plan's location within a popular 529 system administered by a State Treasurer with a commitment to progressivity and inclusion (Bjornberg, 2015), manifest in account options with low fees and minimum initial and continuing contribution requirements, and in scholarships that deposit directly into students' accounts, with a particular emphasis on disadvantaged communities (College Savings Plan Network, 2013). As of yet, there is little information regarding the distribution of uptake; with the state's continual experimentation with partnerships and different outreach approaches, it will likely be some time before the true measure of utilization can be taken.

Significantly, key state actors are monitoring these trends closely. Connecticut's considerable disparities and small geography make policymakers particularly attuned to inequity (Bjornberg, 2015). To ensure that lower-income households are proportionately included in the CSA, the state is currently embarking on a more robust outreach strategy. These efforts include banner and radio ads, back-to-school promotions, tax-time appeals (Nappier, 2015), and campaigns aimed at state government employees. The state is actively encouraging employers to provide automatic deduction for employees' 529 plan contributions, while also working with community-based organizations that interact with new parents and other grassroots partners (Bjornberg, 2015). Unfortunately, in light of compelling constraints on education savings among these disadvantaged households,

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[13] See language in the fiscal note for the legislation: http://www.cga.ct.gov/2014/JFR/H/2014HB-05048-R00FIN-JFR.htm.
[14] For the text of HB 5048, enacting the CHET Baby Scholars, see: http://www.cga.ct.gov/2014/BA/2014HB-05048-R000657-BA.htm.

even this aggressive marketing push[15] is unlikely to achieve the penetration of universal enrollment. Experiences in other CSA programs around the country—including in Maine, as described above—and in other national contexts speak to the difficulties in overcoming the propensity of the most advantaged households to disproportionately benefit from these 'universal' benefits, without automatic enrollment and overtly progressive elements (see Huang, et al., 2013; Lewis & Elliott, 2014). As in most states, Connecticut's 529 enrollment process is not intuitive, requiring more than one step and potentially putting off those with relatively less financial sophistication. For example, households can download enrollment materials,[16] but those without access to such technology have to request that an enrollment packet be mailed to their homes. The materials include a 101-page disclosure booklet,[17] which could be overwhelming to households with little exposure to complex financial products.

As is often the case, fiscal and political limitations figure prominently in Connecticut's CSA journey. To fund this initiative in the face of state budget challenges, Governor Malloy proposed using $12 million in funds in a now-defunct student loan program (Rabe Thomas & Phaneuf, 2014). Fiscal realities intervened, however, and forced the Administration to scale back its plans to a more modest $4.4 million. In addition to the seed deposits, these funds also cover administrative expenses associated with managing assets in the CHET Baby Scholars account (Office of Fiscal Analysis, 2014). At this point, there are no projections for the date at which these funds are expected to be extinguished, but the Connecticut State Treasurer's office is actively seeking additional funding to ensure sustainability, particularly since upcoming elections could usher in new political players with less familiarity with or commitment to CSAs. These funding constraints also influenced the decision to require families to self-select into the CHET Baby Scholars program, since truly 'universal' saturation would have more quickly exhausted the funds. A statutory provision allows Connecticut taxpayers to direct a portion of their tax refund to CHET Baby Scholars to support additional incentives. Still, additional funds will clearly be required if investments are to be sustained, particularly if outreach efforts increase take up. Speaking to the importance of constituency development and the ongoing task of the CSA field to cultivate broad appreciation for CSAs' effects, Governor Malloy's struggle to translate his obvious interest in early education savings into a truly universal initiative to equip all Connecticut children with an asset foundation is likely owed in large part to some legislators' unfamiliarity with CSAs and their effects. For example, some questioned why the Governor would not just provide direct relief to student borrowers or decrease college costs (Rabe Thomas and Phaneuf, 2014), suggesting lack of understanding of the educational outcomes associated with early childhood assets.
Connecticut's CHET Baby Scholars initiative was not designed with research in mind. However, to the extent to which it was framed with an explicit intention to increase the affordability of higher education by increasing

[15] See description in College Savings Plan Network (2013).
[16] To review these materials, see: https://www.aboutchet.com/forms/materials.shtml.
[17] To review these disclosures, see: https://www.aboutchet.com/documents/ct_disclosure.pdf.

family savings, there may be some value in tracking savings performance in the state, as part of tests to determine how Americans' savings behavior can protect them from rising student debt. Certainly, if early account initiation and some level of incentivized saving can prove decisive in stemming the rise in incidence and extent of student debt, these outcomes could provide a significant boost to the CSA case. Additionally, Connecticut's CSA may help to test the limits of the 'inclusive 529', as contrasted with a design more explicitly universal. As more states and localities experiment with the 'bottom line' needed to realize CSA-related effects, these questions could help to shape policymaking. While not part of a 'research' effort, per se, Malloy's identification with CHET Baby Scholars, as a prominent part of his State of the State address, political platform, and reelection bid, will provide some potentially useful context for evaluation of CSAs as a cornerstone of a middle-class agenda, viable political centerpiece, and vision for restoring the viability of the American Dream. See Table 3 for an overview of Connecticut's CSA program.

Table 3. Connecticut's CSA At-A-Glance

Program Elements	**Funding**	**Administration**
• $100 seed deposit for accounts opened by a child's first birthday, for children born or adopted in Connecticut • $150 in 1:1 match, if families save at least $150 in the first four years of a child's life	• $12 million fund capitalized with a portion of funds from the now-defunct Connecticut Student Loan Foundation • Provision to allow Connecticut taxpayers to direct a portion of their refunds to the CHET Baby Scholars fund; pursuit of additional corporate and/or philanthropic contributions	• CHET Baby Scholars administered by the State Treasurer, Denise Nappier • Based on state's 529 infrastructure, managed by TIAA-CREF

New Hampshire: Piloting CSAs

In an encounter that speaks to the potential for one CSA effort to spark replication, Representative Mary Gile was inspired to pursue CSAs in New Hampshire after she read an article in *Governing* magazine that highlighted San Francisco Treasurer Jose Cisneros' work on the Kindergarten-to-College initiative (Gile, 2015). This introduced her to the idea that policy could facilitate saving among low- and moderate-income families, and she began conversations with legislative colleagues about how to bring a program similar to K2C to her state. Representative Gile's previous service had exposed her to the low utilization rates of 529 college savings programs, in New Hampshire and around the country, and she believed that an effort to encourage saving, change behavior, and build balances could, ultimately, translate to and then transform the 529 platform. Representative Gile had considerable questions about how such a savings program would work and what it would take, so she began with a bill to create a study committee, an effort that had simultaneous aims of raising awareness of CSAs, engaging necessary stakeholders, and fleshing out the details of New Hampshire's unique effort. New Hampshire's legislature passed HB 1146 in 2014, establishing a committee to study the feasibility of creating, structuring, managing, marketing, and funding a Kindergarten to College/Career (K2C/C) program which would include universal provision of Children's Savings Accounts (Poore, 2014).[18] While many of the early stakeholders interested in CSAs in New Hampshire were those connected to the higher education establishment—indeed, the study committee intentionally drew them in, to root CSAs as part of the state's education system—the K2C/C study committee bill cited individual financial literacy as a major primary purpose for New Hampshire's pursuit of a potential CSA initiative. As the committee's investigation unfolded, however, conversation centered on the evidence linking children's assets to higher educational attainment.[19] The K2C/C committee was charged with developing a proposal for a CSA in New Hampshire, based on projected kindergarten enrollment in 2016. Again speaking to the importance of cultivating learning across jurisdictions, among the legislature's questions were those that have been faced by other CSA efforts: anticipated cost per student, guidelines for account maintenance, application procedures, and expected outcomes. While time-consuming, this deliberative process allowed for the engagement of key decision makers, including representatives of higher educational institutions and the state's 529 plan administrator, Fidelity. Significantly, the committee began not with a detailed examination of CSAs as an intervention but, instead, with discussion about the economic forecast for the state and various strategies that could be employed to address the state's needs (MacKay, 2015). Located, then, within this context of 'demographic headwinds', growth in the low-income population, the shrinking K-12 education pipeline, and other concerns, CSAs were seen as a tool for confronting the challenges New Hampshire faces (MacKay, 2015), rather than a mere policy innovation or imported fad. These conversations intrigued higher education officials in the

[18] For the text of this legislation, see: http://www.gencourt.state.nh.us/legislation/2014/HB1146.html.
[19] See, for example, statements of Dr. Ed MacKay, at the November 24, 2014 meeting of the Advisory Commission: http://www.nh.gov/treasury/Divisions/UAB/Minutes/DraftMeetingMinutes.pdf?ver=h.

state, including Dr. Ed MacKay, retired Chancellor of the University System of New Hampshire, and led to CSA engagement not matched in other states. While political structure in the state has facilitated this, as well, including the existence of a statewide public and private college and university council where administrators come together regularly to think about long-term trends in the sector and how institutions can collectively meet the state's workforce and economic development imperatives (MacKay, 2015), there may be lessons for other places, regarding the importance of first establishing the 'why' of CSAs, before diving into discussions of technical features.

In November 2014, less than six months after the establishment of the study committee, the K2C/C legislative study committee recommended legislation to create a Children's Savings Account program (College Savings Plan Advisory Commission, 2014). Underscoring the importance of models in catalyzing replication, Maine's CSA was specifically cited as an influence, while outcomes from K2C continued to motivate interest. As outlined, New Hampshire's CSA would open accounts within the 529 plan, although a community-based CSA would be allowed to begin accounts in a bank or credit union and then transition them to the 529. Fidelity expressed early reservations about compliance concerns related to an opt-out CSA design, given 529 requirements for investor disclosures (College Savings Plan Advisory Commission, 2014), but, here, the deliberations of the study committee seem to have helped to assuage some of these concerns. The design recommended by the committee would administer a pilot program for students from rural Coos County and the City of Manchester. These jurisdictions were chosen for their relatively high rates of student eligibility for free and reduced lunch benefits as well as their differences in demographics and social and economic contexts, comparisons of particular significance given legislators' research interests. The selection of these particular communities also aligns with New Hampshire's prevailing frame of workforce development and stemming rising poverty rates (MacKay, 2015). Administratively, the CSA would be housed in the Treasurer's Office, with very specific governance policies and functions determined by the New Hampshire CSA Program Commission, in an effort to continue to cultivate broad and deep investment among key stakeholders. Given that the Commission would be an all-volunteer body, actual management of the program would fall to the State Treasurer's Office with operational responsibilities outsourced, possibly to the New Hampshire Higher Education Assistance Foundation (NHHEAF, a non-profit student loan entity).

In the 2015 legislative session, HB577 was introduced, in alignment with the recommendations of the K2C/C study committee.[20] This bill would create the Children's Savings Account Program, including a commission charged with examining effects on utilization of the 529 system, construction of the pilot, and fundraising for incentives aimed at families with children attending public kindergarten. The pilot programs would begin no later

[20] For the text of this proposal, see: http://www.gencourt.state.nh.us/legislation/2015/HB0577.html.

than September 2016 and provide each eligible child with a minimum initial deposit of $50. As outlined in HB577, New Hampshire's proposed CSA does not include matches for family contributions or benchmark deposits for other milestones, beyond the $50 seed. The legislation originally called for a fund to be capitalized with $100,000 in state general fund appropriations in fiscal year 2016, with other financing from private sources and an aspiration for some benchmark incentives for completion of financial literacy activities. State budget challenges quickly threatened to derail the legislation, however, resulting in a decision by Representative Gile to pull the $100,000 appropriation in order to win House Education Committee support for the CSA concept. She then sought, with assistance from the Boston Fed, $50,000 in funding from the New Hampshire Charitable Foundation, with an additional $50,000 to come from two other foundations. This private funding is predicated on some investment from the state, however, a prospect still in doubt as of this writing.

Funding is a particular hurdle in New Hampshire, due to the distinctive and acclaimed use of the state's 529 fees. Long term, some of New Hampshire's CSA architects hope to use the Rhode Island 'cross-subsidy' model to direct a percentage of the state's 529 plan administrator's profits to provide $50 in seed deposits and $50 in additional seed for low-income families. However, the financing used in places like Nevada, which diverts 529 administrator fees to fund the CSA, is unpalatable in New Hampshire, where 97% of state fees are used to support grants to low income residents attending public and private colleges and to fund restricted endowments, where the payouts can only be used for grants to residents who select their schools (MacKay, 2015). This approach creates a mechanism where colleges and universities can support New Hampshire students in attending New Hampshire schools (public and private) in perpetuity, and it has also created a constituency of institutions and students invested in preserving the current uses. Highlighting the importance of carefully selecting the delivery system for Children's Savings Account opportunities (Elliott, Lewis, Poore, & Clarke, 2015), there are considerable differences in the suitability of New Hampshire's distinct 529 plans, to serve a CSA purpose. Specifically, while New Hampshire's retail 529 plan (titled "UNIQUE") has many of the features consistent with CSA specifications, including low minimum initial deposit requirements ($50 or $15 a month with automatic contributions) and no annual fee, the corresponding New Hampshire 529 plan sold through financial advisors carries fees that could erode balances and serve as deterrents to financially-marginal households.

At this point in the state's CSA policy trajectory, the calculus is that initiating the pilot—even with compromises around design and funding—is an essential step toward the ultimate vision. The legislation moving through the New Hampshire statehouse[21] is for a pilot that would include approximately 1300 students each year, for a total seed deposit investment of $65,000, plus costs for accompanying financial literacy instruction and an estimated $30,000 in contracted expenses for savings matches and administrative functions the Treasury Department does

[21] In March 2015, New Hampshire's CSA legislation passed the House unanimously, on its way to Senate consideration.

not have resources, currently, to perform.[22] Its passage would establish accounts, provide tangible resources and the promise of account ownership effects to a small but strategically positioned target population, and, potentially, validate prior research results. Even its consideration is stimulating important conversations, shifting how legislators and others talk about low-income children and families, educational opportunity, and return on investment (Gile, 2015). In light of the considerable energy around CSAs in New Hampshire—including among the higher education experts that have, in other places, been more difficult to engage—New Hampshire's CSA journey perhaps illustrates the challenges of policy scaling without a national CSA commitment or, even, a 'blueprint' that states and localities can follow. New Hampshire's considerable expenses and time to study, design, and then administer a unique, localized, CSA may represent a 'leakage' in the CSA field, as momentum is lost and resources are expended in start-up that could, perhaps, have otherwise been put to work more quickly in pursuit of replication and scaling. Conversely, New Hampshire's short CSA history may be a lesson in the importance of retail politics and careful deliberation, on the path to policy adoption; it could be that the state would have struggled to get any traction for a CSA initiative that was perceived as 'imposed' by external actors, rather than indigenously developed.

As a pilot program, New Hampshire offers some promise to contribute to the body of CSA evidence. Among the questions that New Hampshire's CSA initiative may be poised to help answer:

- How does CSA ownership affect financial literacy and financial inclusion? In other words, to what extent do these CSAs serve as 'gateway' accounts, for parents as well as children?
- To what extent does the existence of an initial CSA contribution lead families to open their own 529 accounts? What level of initial 'seed' is required, to engage families in saving? Are savings matches important, to encourage savings behavior, or can initial seeds catalyze this financial activity (see Lewis & Elliott, 2014 re: Canada's Learning Bond)?
- How are CSAs experienced differently in rural v. urban areas? How do they need to be designed, in order to realize stated objectives in each of these contexts?
- What approaches work for partnering effectively with 529 plan administrators? What incentives win their enthusiastic participation? What accommodations do they most resist?
- What is the minimum operational infrastructure required to establish a CSA program, and how can the transfer of information between the state 529 plan administrator and entity managing the account balance and communication details be most efficiently organized? How do these considerations affect scaling, as CSAs continue to spread around the country?

[22] See fiscal note calculations: http://www.gencourt.state.nh.us/legislation/2015/HB0577.html.

- How can pilot programs translate to more institutionalized support for CSA investments? What role might third-party funding play in galvanizing greater public commitment?

At this point in the development of the CSA field, with more jurisdictions moving to universal account provision with opt-out enrollment and substantial initial deposits, the time for relatively modest pilot projects may appear to have passed. But if New Hampshire can structure its CSA pilot and associated metrics as carefully as it has approached the deliberative process of the study committee, its efforts may provide some key insights and cultivate critical champions—including within the higher education establishment, where CSA acolytes are sorely needed—relevant on the national stage. See Table 4 for an overview of New Hampshire's proposed CSA program.

Table 4. New Hampshire's Proposed CSA At-A-Glance

Program Elements	**Funding**	**Administration**
• $50 initial deposit for children in pilot in Coos County and City of Manchester • Potential for savings matches (to be funded with philanthropic dollars and determined by the Commission)	• $100,000 in state general fund appropriations, to be supplemented with third-party contributions received into the CSA fund	• Located within the State Treasurer's office, with policy oversight performed by the CSA Program Commission, and day-to-day operational duties outsourced

Vermont: Tackling Child Poverty with CSAs

Vermont's forays into Children's Savings Account policy have been rooted to a greater degree than in many other jurisdictions in the state's anti-poverty agenda. State Representative Jill Krowinski, sponsor of Vermont's CSA legislation and the legislator primarily responsible for shepherding it to passage, is Chair of the state's Child Poverty Council, an entity formed in 2007 "to examine child poverty in Vermont and to make recommendations to the Governor and General Assembly on methods of improving the financial stability and well-being of children" (Vermont Child Poverty Council, 2015), and also serves on the House Human Services Committee, which has considered initiatives related to asset-building and children's savings. Informed by this exposure to asset-based anti-poverty approaches, Rep. Krowinski introduced a CSA study bill in 2014.[23] This legislation would have created a committee charged with reviewing other CSA programs, reaching out to banks and credit unions to explore possible partnerships, looking at marketing efforts to encourage participation, and developing a proposal for a Vermont CSA initiative.[24] Reflecting the anti-poverty origins, economic development entities and anti-poverty organizations were among the members proposed for the committee. While this proposal did not emerge from the legislature in 2014, the CSA cause was taken up by another entity, the Vermont Financial Literacy Task Force, which included a CSA pilot among its recommendations to improve financial inclusion and well-being in the state (Vermont Financial Literacy Task Force, 2015) and counted among its members the Vermont Student Assistance Council (VSAC)—the entity later tasked with administering the next CSA proposal. These policy streams came together throughout 2014. With guidance from the Administration, which sits on the Council as a non-voting member, and enthusiastic support from Rep. Krowinski, the Child Poverty Council considered Children's Savings Accounts, inviting Anthony Poore of the Boston Fed and Colleen Quint of the Harold Alfond College Challenge to speak and, then including recommendations for a CSA in the Council's annual report to the legislature and Governor (Vermont Child Poverty Council, 2015). The incorporation of additional political actors into the conversation created new CSA momentum, as did developments in Vermont's education system, where prominent political players aim to create a 'cradle-to-college' initiative. Vermont's CSA architects have intentionally outlined a universal approach, in the conviction that the long-term nature of CSAs' effects does not lend itself well to a pilot, and that broad availability of the intervention is the most likely path to constituency building and the avoidance of the stigma associated with means-tested social assistance. However, reflecting its origins and explicitly anti-poverty objectives, the bulk of the incentives built into Vermont's proposed CSA legislation are aimed at lower-income households.

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[23] For legislative history, see: http://legislature.vermont.gov/bill/status/2014/H.880.

[24] To read the bill language, see: http://legislature.vermont.gov/assets/Documents/2014/Docs/BILLS/H-0880/H-0880%20As%20Passed%20by%20the%20House.pdf.

This child poverty frame—relatively unique among state CSA efforts—is likely owed at least in part to the Vermont Office of Economic Opportunity's dual roles as the state administrator for Individual Development Account appropriation and participant in the Child Poverty Council (Phillips, 2015). In Vermont, then, IDAs and CSAs are not only linked theoretically, but also in the political process, where familiarity with asset approaches from the IDA world may have opened doors to consideration of CSAs, as well. The extent to which asset approaches to combating poverty are understood by different components of the state's executive branch made the initial process of familiarization and 'level-setting' somewhat easier in Vermont than elsewhere, while also clearly tying CSAs to other efforts to build individual, family, and community economic well-being. The imprint of these anti-poverty origins is clearly seen today in the public championing of CSAs by high-profile actors. At the press conference on March 26, 2015 where Governor Shumlin, Representative Krowinski, and other political leaders in Vermont announced their support for the CSA proposal in the legislature, Representative Krowinski specifically cited CSAs' potential to "end generation poverty"[25]. Connecting CSAs' educational outcomes and the state's anti-poverty objectives, Secretary Cohen of the Vermont Agency of Human Services called the educational expectations that children's savings can cultivate a "ticket out of poverty" (Burbank, 2015). Significantly, Secretary Cohen came to his post recently from a role as Executive Director at Capstone Community Action, the organization that leads Vermont's IDA program, a position that showed him the powerful potential of asset-building strategies.

As in other parts of the region—and the country—the identification of nongovernmental sources of funding for CSAs has been instrumental in advancing the policy in Vermont. Legislation to create a CSA[26] (H.448) was introduced in Vermont in 2015 and won fairly quick approval in the legislature, with the Senate agreeing to the House legislation on May 11th, following off-session work by Representative Krowinski and others, as part of the New England CSA Consortium and in consultation with CSA experts around the field. This proposal leverages private foundation contributions to make $250 seed deposits into a children's savings accounts for every child. In essence, the state's responsibility is to create the infrastructure into which other entities will then contribute capital, with only a potential future appropriation of state money. The source of this capital is yet unspecified, but state actors have been in talks with the Vermont Community Foundation and other potential donors. Reflecting the cross-fertilization of CSA ideas in New England, Colleen Quint of Maine's Harold Alfond College Challenge spoke to Vermont philanthropists about the value of a CSA approach for realizing improved educational outcomes. Apart from a very different approach to funding, the architecture of the Vermont proposal is remarkably similar to Massachusetts Senator Eldridge's idea, described below. H.448 outlines an opt-out structure to establish savings accounts in Vermont's Higher Education Investment Plan for each child, with the issuance of

[25] See press release from Governor Shumlin's office: http://governor.vermont.gov/node/2272.
[26] To read the bill language, see: http://legislature.vermont.gov/assets/Documents/2016/Docs/BILLS/H-0448/H-0448%20As%20Introduced.pdf.

a birth certificate. For those households earning below 250% of the Federal Poverty Line, this $250 seed would be doubled, to a $500 initial deposit, and these households would also be eligible for an annual match of $250. As in most CSA proposals, the funds are restricted to qualifying educational expenses, held until the child turns 18 or enrolls full-time in a postsecondary degree program. All funds will need to be spent by the time the child turns 29, unless military or other public service forestall the youth's degree pursuit.

The emphasis on poverty reduction notwithstanding, H.448 is decidedly still 'education' policy. It was heard in the House Education Committee, framed as policy to expand educational opportunities for all children, and will be administered by the Vermont Student Assistance Corporation, which provides information and financial aid support to prospective college students. Administration by VSAC also facilitates the prospective partnership with philanthropy, since foundations can make contributions to this nonprofit. Still, in detail as in rhetoric, Vermont's CSA attends explicitly to poverty and disadvantage, including by exempting all funds held in the CSAs from consideration for means-tested public benefit programs. Finally, Vermont's bill also incorporates some financial literacy content, although the scope and precise purpose of this component of the intervention is, as yet, undefined.

While Vermont's CSA champions have not yet articulated a research agenda to drive examination of their nascent effort, it may be that the state is particularly well-situated to consider the role of higher education and the way in which it is financed, in charting children's chances to leave poverty and achieve financial security. This suggests a need not only for interim measures that look at financial capability, academic achievement, and subjective well-being, but also for a longer-term focus on post-college financial health and intergenerational transmission of financial standing. If Children's Savings Accounts are believed capable of helping to revitalize the American Dream (Elliott, 2014), then Vermont's approach, which seeks to pin some of its hopes for its disadvantaged children's life chances on these transformative assets, may offer an important test of this critical function. See Table 5 for an overview of Vermont's proposed CSA program.

Table 5. Vermont's Proposed CSA At-A-Glance

Program Elements	**Funding**	**Administration**
• $250 seed deposit in every child's account • For households earning below 250% of federal poverty line, additional $250 seed and annual match up to $250	• To be provided by private foundations	• Overseen by the Vermont Student Assistance Corporation

Massachusetts: CSA Momentum on Multiple Levels

Perhaps more than any state in the country, Massachusetts is associated with educational excellence. It claims the oldest institution of higher education in the United States, was the first colony to provide public education (Massachusetts Foundation for the Humanities, undated), and was an 'early adopter' in the college savings arena, as well, launching a prepaid tuition plan in 1995 and quickly adding a 529 plan when federal legislation allowed these vehicles (MEFA, undated). Today, with simultaneous exploration of Children's Savings Account initiatives at the state and local government levels and multiple proposals, demonstration projects, and community-based programs, Massachusetts is again charting new territory. As the CSA field seeks to coalesce disparate city, county, state, and nonprofit children's asset-building programs into a force for national policy, Massachusetts' efforts to align initiatives while experimenting with different approaches may prove, yet again, trailblazing. Boston Mayor Martin J. Walsh announced a plan for a Children's Savings Account for College pilot program in his State of the City Address on January 13, 2015, calling it part of his plan for Boston's future.[27] Mayor Walsh is the son of immigrants and shaped by his experiences growing up in one of the poorer parts of the city (Martin, 2015). He created an Office of Financial Empowerment to alleviate disparities in the population and has prioritized a CSA proposal as part of these efforts. At this point in the development of the still-evolving pilot, the plans are to bring together the City of Boston's Offices of the Treasury and Financial Empowerment (account custodian), the private Eos Foundation (pilot funder), and the Boston Public Schools (data linkage) to provide CSAs for approximately 500 children per year (over three years) in the public school system (City of Boston, 2015). As in other CSA initiatives in New England, Boston's efforts are explicitly linked to workforce development. In making the case for the CSA initiative, Mayor Walsh has stressed the urgent need to increase the percentage of children in the Boston Public Schools who complete high school and, then, postsecondary education, particularly given increases in the number of jobs demanding college graduate-level skills and cited research linking children's assets to improved educational outcomes, including through the mechanism of increased educational expectations (City of Boston, 2015). In his public remarks upon taking office, Walsh stated that "the opportunity gap begins outside the classroom" and referred to research showing that children's savings are "building block(s) of opportunity" (Walsh, 2015). This reflects a strong orientation to the account ownership effects associated with CSAs and laid the foundation for integration into the City's educational infrastructure, even while the new Office of Financial Empowerment took responsibility for designing and executing the initiative.

As outlined, the pilot would solicit proposals from elementary schools and select three to five schools, while building a structure that will accommodate future growth and broader scaling (Martin, 2015). Research, design,

[27] To read press release of the State of the City, see: http://www.cityofboston.gov/news/Default.aspx?id=18938.

and outreach are expected to begin in earnest in summer 2015, with account opening to commence in 2016. Boston's CSA will open accounts for children entering kindergarten and plans to seed the accounts with $100 initial deposits. Families who make subsequent contributions would also be eligible for matches and other incentives. The pilot phase would be funded by the Eos Foundation, with an aim of making the case for dedicated public appropriations and/or identifying additional resources that could be leveraged for long-term sustainability (City of Boston, 2015). Illustrating both potential options for future funding of a Boston CSA and the interconnection between efforts at the state and local government levels, 2015 also saw legislation introduced in the Massachusetts Senate to establish a commission to study the feasibility of creating and funding a universal children's savings account in Boston.[28] In an ambitious timeline, this pilot would test the intervention that would then become a universal CSA program for all Boston public school children by 2018 (City of Boston, 2015). Currently, the Eos Foundation has committed up to $500,000 in funding for the CSA pilot, including outreach and marketing. An opt-out design was selected based on outcomes in Maine and San Francisco. Boston CSA architects cited a desire to avoid expending resources on enrollment and outreach activities as well as a conviction that account ownership could trigger positive educational outcomes (City of Boston, 2015), even if families are not immediately activated as savers. The selection of a deposit institution, rather than a 529 platform, was also influenced by these beliefs in account ownership effects; the Office of Financial Empowerment explicitly wants to ensure that families can make deposits into these automatically-opened accounts, a feature not permitted in the 529 model (Elliott, Lewis, Poore, & Clarke, 2015). Indeed, as articulated by the Mayor's Office, the CSA pilot's three primary goals tilt heavily toward the account ownership effects, although planners acknowledge the importance of asset accumulation as well, stating that the expected increase in educational attainment will result from "both the change in expectations for all kids and the extra financial resources" (City of Boston, 2015). Specific objectives include:

(1) Create a college going culture in Boston and expectation that every child in Boston will enroll in and complete some form of post-secondary education.
(2) Increase the percentage of Boston's children who graduate from high school, enroll in and complete some form of post-secondary education.
(3) Increase children's and families' financial capability to help create lifelong savings and investment habits, thereby increasing financial inclusion among many of the city's disadvantaged residents (City of Boston, 2015).

Boston's proposed CSA would use a custodial account structure, with the City serving as custodian of all account funds, in a structure that mimics San Francisco's Kindergarten-to-College design and allows accountholders to

[28] SD1313, by Senator Sonia Chang-Diaz (D-Boston)

avoid asset limits. Each child's CSA would be a 'subaccount' under the umbrella of the master account held in custody by the City's Treasury Department. Families would receive one statement with all deposits, including those contributed by the City and their own contributions. In addition to the imperative of allowing family deposits, this delivery system was selected over the alternative 529 architecture because of preferences for FDIC-insured deposits, perceived flexibility in incentive design and designation of allowable disbursements, and ease of interaction for families (City of Boston, 2015). Boston has just initiated discussions to secure a financial institution partner. As details about the account provision and administration will be determined in conjunction with the institutional ally, the design could certainly change somewhat.

In addition to the provision of accounts and financial incentives, Boston's design also includes financial literacy and related supports, offered by the Office of Financial Empowerment in partnership with community-based organizations in the region. The aim is to achieve engagement through a relatively 'light touch', by targeting key developmental moments in a child's life and that of his/her family, beginning with kindergarten registration and enrollment. Toward this end, Boston intends to approach local businesses, other foundations, and individual donors, in an effort to create a community culture around college-going and to generate additional dollars with which to finance incentives, potentially to include benchmark deposits upon completion of financial literacy requirements or other milestones (City of Boston, 2015), as well as to ensure fiscal sustainability beyond the financial commitment from the Eos Foundation.

The City of Boston is planning for some evaluation of the CSA from the very beginning. Early drafts of the proposal included plans for a process evaluation, to assess effectiveness, identify best practices, and gauge the most effective and sustainable incentives (City of Boston, 2015). This may be particularly important as the City works to replicate the model across different schools in different contexts, where there could be some trade-offs between strictly adhering to fidelity markers, on the one hand, and allowing schools to tailor the CSA to meet their own needs, on the other. As is the case for all CSAs, Boston will need to identify clear objectives, in order to control the definition of 'success' and, then, determine the correct metrics by which to assess its initiative. At this point, the City's CSA vision states that long-term impact will be seen in increased college enrollment and graduation rates, while, in the interim, shorter-term outcomes to be tracked include:

- Interim Outcome: increasing family savings for postsecondary education
    - Metrics Observed: amount saved, frequency of deposits, response to specific savings incentives
- Interim Outcome: supporting healthy financial literacy
    - Metrics Observed: financial knowledge, ownership of diversified financial products, healthy use of debt

- Interim Outcome: increasing educational aspirations and planning
    - Metrics Observed: parent and child expectations for higher education; children's educational performance in preparation for college; family knowledge about and preparation for future college options, including costs; children's completion of college-preparatory actions

Concurrent to Boston's movement toward city-supported children's savings, the state of Massachusetts outlined a proposal for an opt-out, statewide, universal CSA. SD1132 was filed in 2015 by Senator James Eldridge, a former Legal Aid attorney. Eldridge's proposal would establish a statewide CSA, to be seeded with a $250 deposit for every child born in the Commonwealth. In addition, accountholders with incomes less than 250% of the federal poverty line would receive a 1:1 match of up to $250 per year. Identical legislation was filed in the Massachusetts House, as well, by Representative Tom Sannicandro.[29] This state legislation, which would also provide financial education throughout the child's development, has a considerable potential fiscal footprint, which may complicate political traction. While the initial seed deposit is relatively generous compared to other CSAs around the country—only Maine's would be higher—the more significant driver of costs is the potential for $250 in matching funds every year until a child turns 18. This could mean as much as $4,750 in third-party contributions over the life of a child's account, if opened near birth. According to calculations by the Federal Reserve Bank of Boston, the legislation could cost more than $18 million per year, given the more than 70,000 Massachusetts births annually. While it is unclear how many households would be eligible for the match contributions, and, while even this annual expenditure is modest compared to the potential benefits to be realized from increased educational attainment, it is larger than the $10 million expended annually for the MASS Grant. Other CSA legislation in Massachusetts includes H.1068, which would provide $1.5 million to pilot CSA programs in five communities.[30] While the fiscal note on the CSA portion of this bill is obviously more modest than SD1132, the total legislation still carries a multi-million dollar footprint, as it includes loan forgiveness and other measures to increase college affordability. CSA champions in Massachusetts concede that the state budget deficit (Khalid, 2015) could make it exceedingly difficult for policymakers to support new appropriations, even with the potential for long-term benefits.

State legislators are not the only policymakers on Beacon Hill advancing Children's Savings Account policy, however; new Massachusetts Treasurer Deborah Goldberg included a Nevada Kickstart-style CSA in her campaign platform (Goldberg, undated), specifically citing research linking children's assets and improved educational outcomes and identifying public/private partnerships as the likely funding source. The Treasurer is working to leverage the existence of the nonprofit Financial Literacy Trust Fund to channel potential

[29] For the text of HD2198 (H1067), see: https://malegislature.gov/Bills/189/House/H1067.
[30] To read the text of this legislation, H.1068, see: https://malegislature.gov/Bills/BillHtml/140271?generalCourtId=12.

philanthropic contributions, considering options for deposit institution partnerships, and exploring a possible local pilot that could then grow into a statewide effort to provide every kindergartener with a savings account (McLaughlin, 2015).

Massachusetts begins its journey to CSA legislation ahead of much of the country. There are community-based organizations engaged in the children's savings concept, including FUEL Education, which has opened hundreds of accounts and is now actively pushing for state CSA legislation (Lewis, 2015), a recently-concluded multiyear CSA pilot conducted by researchers at Harvard, and a fairly significant track record of using the 529 account infrastructure for progressive asset-building purposes (College Savings Plan Network, 2013). CSA champions in different parts of the state policy apparatus indicate considerable willingness to collaborate on children's savings, as well, even if this does not extend to actually coordinating CSA programs, particularly because entities closer to implementation will adhere to their own schedules, rather than wait for state funding to materialize (Martin, 2015). There is a rich research agenda to be pursued in Massachusetts related to the interaction between state and local CSA efforts. Much of this analysis would be qualitative, probing the extent to which the concurrent presence of a local and state CSA results in synergy or, conversely, whether multiple initiatives stall momentum by diluting messages, taxing funders, and/or confusing supporters. However, there could also be some differential analysis to examine the marginal contributions of each program to participants' aggregate outcomes, along both account ownership and asset accumulation dimensions. Given the likelihood that the City of Boston's CSA will come online before the state's, this dynamic could also provide some insights into how achieving a national CSA might affect the trajectory of state programs, currently a somewhat open question for the field. See Tables 6 & 7 for overviews of the City of Boston's and Massachusetts's proposed CSA programs.

Table 6. City of Boston's Proposed CSA At-A-Glance

Program Elements	Funding	Administration
• Pilot in 3-5 Boston Public Schools elementary schools, to be awarded by RFP • $100 seed deposits for kindergarteners, in accounts automatically opened at a bank, in the target schools • Financial education and additional match incentives, yet unspecified	• $500,000 funding from Eos Foundation (for the pilot) • Proposal to study funding and operational support introduced in the Massachusetts legislature	• Accounts would be held in custody by the City of Boston • Families would receive joint statements showing family deposits and third-party contributions

Table 7. Massachusetts Proposed CSA At-A-Glance

Massachusetts Universal CSA At-A-Glance (Proposed)		
Program Elements	**Funding**	**Administration**
• Automatic account opening • Universal $250 initial seed deposit • Up to $250/year match for households with incomes below 250% of poverty level	• Presumably, state general funds, although specific revenue sources not yet identified	• Would be operated through the state's 529 plan, offered by Fidelity Investments and overseen by the State Treasurer

CHALLENGES WITHIN NEW ENGLAND'S CSA JOURNEY

Nothing here should be construed as painting a picture of unmitigated success in New England's Children's Savings Account efforts. To gloss over the obstacles overcome and still encountered in pursuit of universal and progressive CSAs—indeed, even to pretend that the region monolithically supports such an aim—would be to minimize the ingenuity and political capital required to bring policy to its current state. To talk about CSAs without acknowledging the very real challenges facing students, families, institutions, and advocates—including low levels of public funding for higher education (Svyerud, 2015) and concerns about zero-sum calculations in financial aid—would be intellectually dishonest and potentially alienating. Here, then, cataloging some of the challenges provides a more complete accounting of the lengths to which CSA champions must be prepared to go, if a CSA policy vision is to be enacted, as well as the imperative for rigorous evaluation and precise framing that increase understanding of CSAs' effects, limitations, and aims. While each jurisdiction's political, social, and economic landscape is unique, communities seeking similar traction could be expected to confront similar dynamics and may learn from New England's journey.

Fiscal Limitations

Budget constraints are, of course, a ubiquitous theme in social policy. Particularly given the relative political vulnerability of the constituencies most directly affected by CSAs—children, especially those who are low- and moderate-income—there is often a chasm between the actual level of funding needed to deliver the 'ideal' CSA and the resources that can be mustered through the appropriations process. This gap is exacerbated at the state and local levels, where the imperatives of balanced budgets and relatively more limited fiscal capacity raise the stakes on every dollar expended. This tension was clearly evident in Connecticut, where the CSA as implemented has a smaller fiscal footprint than the original proposal. It is also part of the CSA conversation in Massachusetts, where a relatively large price tag has made passage of the CSA proposal more difficult. Fiscal realities are even part of the CSA narrative in places like Rhode Island, where, even though third-party funding makes the state budget less immediately salient; to the extent to which initiatives are touted, in part, as boons to the state because they do *not* rely on public appropriations (see Borg, 2014), messaging could hamstring future efforts to win public funding for expanded or more institutionalized CSAs.

Uncertainty about Sustainability of Current Partnerships

Children's Savings Accounts may be uniquely capable of delivering positive outcomes on a range of critical issues, including the persistent educational achievement gap, rising student indebtedness, and stalled economic mobility, but they are not immune from the shifting whims of policy fashion that have felled other promising initiatives. It is nearly inevitable that at least some of those currently committed to championing CSAs will, at some point, move onto other issues and/or policy responses. As they do, the CSA field will need to continually cultivate new constituencies and increase the power of its core supporters. These dangers are certainly not unique to CSAs or to New England, but there are some elements of the region's current landscape that prompt concern about sustainability, chief among them the potential that some of the policy's major backers may decide to shift strategies. For example, it is not a foregone conclusion that the Harold Alfond Foundation will continue its commitment to the Harold Alfond College Challenge indefinitely, or, certainly, that the state of Maine would step in to finance the initial deposits and automatic account opening in the absence of the Foundation's leadership. Similarly, AllianceBernstein's financial support is essential to CollegeBound*Baby*. If this relationship is severed, Rhode Island could certainly make funding of the $100 initial deposit a cornerstone of a new agreement with a different provider, but that, again, is in the realm of conjecture. Given the long period over which CSAs' effects unfold, any uncertainty about sustainability may compromise their efficacy. Still, these New England states would not likely have reached their current state of CSA development without these instrumental partnerships. This accounting suggests, then, that other regions will face similar trade-offs between immediately actionable arrangements with uncertain futures and more institutionalized supports that nonetheless prove more elusive. It is worth pointing out that this is a challenge not only for CSA programs but most early education programs, given the long trajectory over which results are seen.

Territoriality and Contention

As with many issues, CSAs that are designed and framed to be consistent with a particular jurisdiction's self-image may have a political advantage over solutions seen as having been imposed externally. However, this same process of parochial identification with a particular CSA approach may work against scaling the intervention, for reasons both political and technical. Actors steeped in different approaches to children's asset building may not come to consensus about the metrics that should be used to assess CSAs' efficacy. They may be unable or unwilling to leverage the positive externalities possible from shared marketing or other collaboration, if they are wedded to their particular 'brand'. They may not even use the same language to describe their efforts; CSA architects in New Hampshire, for example, encountered significant resistance to the idea of "asset building" (MacKay, 2015), while others have made that a foundational principle. Children and families may encounter overlapping or even contradictory opportunities, if, for example, a local community and the state in which it is located both develop CSAs with different eligibility rules, delivery systems, and incentives. The same attributes that make for compelling and, ultimately, successful champions—passionate commitment, strong social capital, moving personal narratives—can also make it difficult for policymakers to cede control over ‘their’ approach, a level of territoriality that may prevent scaling.

From New England, Forward: Questions for the Field

Of course, the significance of New England's CSA journey should not be overstated. There is still considerable distance to cover between the critical mass of CSA policy development in the region and a national CSA infrastructure with robust funding, and there is, as of yet, no clear roadmap for getting from where the field stands today to this vision. Additionally, New England has some built-in advantages that may mean that progress realized here is less instructive for national efforts. Population trends figure prominently into this calculus, as declining populations have led to an emphasis on retaining young people and increasing their educational attainment (Coelen & Berger, 2006), both imperatives that align well with the potential outcomes from an investment in children's assets. There is a strong regional identity that makes the *idea*, at least, of coming together as a region to tackle tough challenges and explore innovative solutions not a foreign one. In the arena of higher education, there is a body—the New England Board of Higher Education—that takes a collective approach to scholarship and leadership (NEBHE, undated). And, of course, there are more idiosyncratic developments that, nonetheless, have proved instrumental in carrying New England to its current state, including the arrival or ascendance of prominent CSA champions (Rhode Island Governor Gina Raimondo, Alfond Scholarship Foundation President/CEO Colleen Quint, Boston Mayor Martin Walsh, and New Hampshire Director of Higher Education Ed MacKay, among others). Certainly it is difficult to imagine New England's CSA story playing out as it has without the convening of the Federal Reserve Bank of Boston and its efforts to see CSA policy implemented, advance a thorough understanding of how and why CSAs matter, and spark conversation about their role in the region's future.

Reflection on these particular characteristics and what they might mean for the transferability of New England's CSA experiences to the broader national context raises several questions for consideration, first by regional stakeholders and then by the larger CSA field. While not an exhaustive list, these questions might be part of taking stock of where CSAs stand and what the future might hold, as well as the lessons and limits of New England's journey.

- How well do New England's experiences translate to other regions?

As described above, there are key ways in which New England may be too different from other areas to make its policy lessons transferable. There are significant differences in demographics, labor conditions, and population educational attainment, in particular, which may prove determinant. Certainly, politically, some CSA field leaders have questioned whether having so much energy concentrated in one part of the country is really beneficial, or whether attracting the attention and support of leaders in Congress will require establishing CSA programs in their own backyards, so to speak, a calculus that would suggest that the field's time may be best spent in places like Alabama, Iowa, and Texas. In the research domain, the CSA field has greater assurances that at least some of the outcomes associated with CSAs can be generalized to other contexts, since the evidence base on which these findings rest relies on multiple studies using multiple methods. Still, if New England begins to outpace other regions in the production of CSA evidence, new questions may arise as to the limits of these findings' applicability to other parts of the country.

- How can the CSA field support a regional approach to CSAs?

If the assessment is that some of the inputs that contributed to New England's coalescence as a region around a common approach to CSAs were rooted in its unique identity and particular set of resources, there may be relatively few lessons for the CSA field to draw, in pursuit of a 'base camp' strategy toward national CSA policy. However, there may be elements of New England's story that can be extrapolated, including:

(1) The importance of a central convener or 'backbone', perceived as relatively neutral in terms of territory but firmly committed to children's assets
(2) An influential early adopter, who can stamp CSAs with a uniquely regional seal of approval
(3) Availability of technical assistance to ease the burden of replication and scale-up
(4) Space to come together around metrics, messaging, and champion development, in order to leverage economy of scale and operate under a regional 'umbrella', even while pursuing local or state CSAs

Research should attempt to ascertain which components of New England's CSA approach were most influential in supporting states' pursuits, and the CSA field must take honest stock of its ability to provide these investments where they are most needed but not, at least for now, indigenously available.

- What is the theory of change about how a regional CSA approach will lead to national policy?

As discussed above, it is not immediately clear whether or how regional CSA hubs will lead to national policy. The CSA field needs clarity on how it presumes this will work. Is it that a critical mass of CSAs will attract the attention of federal policymakers? Is it that a CSA constituency will rise up and demand that Congress invest in the programs making a difference in their children's lives? Is it that local and state CSA champions will catapult themselves to national prominence and carry their passion for children's assets with them? Is it that states and localities will find themselves in a fiscal bind but politically unable to walk away from their CSA commitments and insist that federal policymakers rescue their programs? Is it some other model of policy change? Or is it mostly wishful thinking, urgently in need of stronger analysis? Regions taking bold steps toward asset-empowered futures deserve to have some sense of what those might hold. The field cannot afford to squander the promise represented by this regional activity. There must be, then, an effort to explicitly connect the dots.

- How does the CSA field move from pilots to institutionalized policy systems?

It isn't only beyond New England's borders that questions of transitioning to greater scale become salient. Even within some states, there are obstacles to institutionalizing CSA policies. In some cases, this might be a question of political will and sufficient force; until enough well-positioned actors want to see CSAs entrenched in the policy apparatus, they will be relegated to rather peripheral complements to more 'traditional' debt-dependent financial aid and consumption-based anti-poverty programs. Overcoming this obstacle, then, may not be distinct from the larger policy push that awaits the CSA field. In other ways, though, there are technical challenges that may prevent this scaling, including those related to the selection and reform of account delivery systems (see Elliott, Lewis, Poore, & Clarke, 2015, for a discussion). How these questions are resolved within a given area—in New Hampshire, for example, which proposes to begin with a CSA pilot but with some ambition of a statewide effort; or in Boston, where pilots are similarly outlined as the first step toward a more universal approach—will have implications for the next leap forward in CSA policy. There are political hurdles here, sure, but the technical questions surrounding information-sharing, account portability, alignment of incentives, and delivery of related, supportive services, should not be discounted as mere smokescreens. If the United States is to see national CSA policy, those in the trenches will need guidance and tools with which to overcome inevitable snags.

- Which elements are essential if savings efforts are to work as 'CSAs'? Do all children's savings efforts in New England really meet criteria to be considered a 'CSA'?

A key piece of the research agenda for CSAs in New England may be the identification of the core elements of the CSA intervention that seem to correlate most strongly with the effects that theory suggests are possible from children's savings. Related to this reckoning is a communications and policy design challenge, to more clearly define what the field means by a 'Children's Savings Account', such that there is greater regarding what a given initiative must consist of in order to be, truly, a 'CSA'. This will not be an easy conversation. Certainly, distinguishing between CSAs and other children's savings efforts does not mean that the latter are not valuable—even notably so—but it would bring greater rigor to the CSA conversation, bringing the country closer to a common language for talking about what empowering a generation with assets would look like and how it could make a difference.

CONCLUSION

When the Children's Savings Account field takes stock of its current standing, the conversations tend to center on two poles: on the one hand, the absence of a national policy and the extent to which that reality constrains scaling and falls short of our ultimate vision, and, on the other, the proliferation of children's savings opportunities in communities around the country. Often overlooked is the extent to which constituencies are beginning to cluster around CSAs—within sectors, as in growing interest in asset-based approaches to financial aid, and geographically, nowhere more notable than in New England. In New England, an accounting of recent developments suggests that something more than just a collection of state efforts may be at work; these are CSA initiatives not only occurring alongside each other, but building from each other's lessons, contributing to the collective body of knowledge, and shaping the region's future identity and prospects. New England's considerable CSA momentum is not an accident, but, instead, deliberately catalyzed by the backbone leadership of the Federal Reserve Bank of Boston and the earnest collaboration of the New England CSA Consortium. It is also not monolithic, however; individual states and even localities are innovating different models, thereby not only fitting their CSA approaches to their particular imperatives, but also potentially yielding greater insights as evaluation examines their effects. And there are significant lessons to be learned from New England's CSA example, including the fiscal obstacles to overcome, as well as the challenges in leveraging parochial programs into universal institutions. Some of these lessons may not translate perfectly to a political, social, and economic context far different than New England's. Certainly, the CSA field should not assume that New England is necessarily the path to success in Washington, DC, although would be difficult to argue that progress in places like Maine and Rhode Island and Boston will not hasten the day that CSA opportunities expand across the country. And that, of course, is the most important part. CSA policy development today tests the supposition that children's savings can engage families in preparing for a promising future for their children, build meaningful asset stores from which to finance those aims, and create the context in which high expectations drive improved academic achievement. Those outcomes are the reason why CSAs matter and the measures by which they must be judged. In a way that may, ultimately, prove decisive for the future of children's savings policy in the nation, New England is a laboratory in which these effects can be tested, the mechanisms manipulated, and the story told. And for the children whose lives may be forever altered by the opportunities and identities that their Harold Alfond College Challenge or CollegeBound*Baby* or CHET Baby Scholar account unlocks, what is happening with CSAs in New England could make all the difference in the world.

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