

# Research Evidence of Positive Impacts of Children's Savings Accounts

HB 3314: Oregon Bright Futures

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# CSAs improve children's development and raise educational expectations

## CSAs act early

- Low-income infants with CSAs have **higher social-emotional skills** at age 4<sup>1</sup>
- Mothers of kids with CSAs have **lower rates of depressive symptoms**<sup>2</sup>
  - Largest effects for low-income families

## CSAs raise educational expectations

- **Parents** have **higher educational expectations** for their children starting in infancy<sup>3</sup>
- **Children** have **higher educational expectations** for themselves<sup>4-7</sup>

**Expectations predict later academic achievement**<sup>8</sup>

# CSAs improve academic performance, college access & completion

## CSAs boost students' success

- Higher **reading & math scores**<sup>5, 9-10</sup>
- **College progress**<sup>11</sup>

## Even modest college savings (up to \$500) have large impacts

- **Children overall:** More than **2.5x** more likely to **enroll in and complete college**<sup>12</sup>
- **Low-income students:** **3x** more likely to **attend college**, **4x** more likely to **graduate**<sup>13-14</sup>

# Designed properly, CSAs contribute to equity and inclusion

- Current college savings vehicles (529s, Coverdells) **primarily benefit wealthy families**<sup>16-17</sup>
  - Median income of families with 529s or Coverdells is **3x** the income of those without accounts<sup>16</sup>
- Lower-income families face numerous barriers to opening accounts:<sup>19-21</sup>
  - Complex application processes
  - Initial deposit requirements
  - Minimum monthly deposits
  - Fees

# Universal opt-out approach eliminates inequalities in account ownership

Case: Maine's Harold Alfond College Challenge (HACC)<sup>26-27</sup>

- 2009-2012:  
\$500 available to parents of all newborns; NOT automatic
  - 40% of babies were enrolled
  - Parents with higher income, higher education, and other investments more likely to enroll
- 2013:  
HACC switched to automatic enrollment for all children
  - **~100% of babies were enrolled**
  - **Eliminated inequalities in account ownership**

# CSAs must intentionally create access for lower-income families

## Strategies:

- **Universal automatic enrollment**<sup>23-25</sup>
- **Matching grants and other incentives**<sup>34</sup>
- **Partner** with community organizations for outreach<sup>24, 30</sup>
- Utilize **low-barrier account structures** at familiar financial institutions<sup>29</sup>
- Option to **deposit in person and in cash**<sup>29</sup>

## Other benefits of CSAs:

- **Financial literacy education** for parents and children<sup>31</sup>
- Improve parents' **access to regulated financial institutions and credit**<sup>32-33</sup>

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