



SB 996, with -1 amendments and -2 amendments

All children in Oregon should be encouraged to dream big and plan for their future. The Oregon Bright Futures Plan is a Children's Savings Account platform that encourages families to start planning for post-high school opportunities as soon as their children are born. The Oregon Bright Futures Plan will open a long-term, incentivized savings account for each child at birth to be used for qualified educational expenses. The plan will provide local communities the opportunity to develop incentive and scholarship programs that support all Oregon children to dream big and plan for post-secondary education, and it will encourage the savings efforts of families.

SB 996, with the -1 and -2 amendments will authorize the Department of Consumer and Business Services (DCBS) to develop the Oregon Bright Futures Plan -- a Children's Savings Account platform -- to launch as soon as January 1, 2018.

The bill:

Creates the Oregon Bright Futures Fund. DCBS will be authorized to accept grants or contributions, or may receive state appropriations, to support the programmatic, technology, and administrative costs of the Oregon Bright Futures Plan (*section 2 - 3*).

Require that on a quarterly basis, the Center for Health Statistics will provide DCBS with information about each child born in the state of Oregon including the child's name, mother's name, mother's home address, and demographic information including sex, race and ethnicity of the child (*section 4*).

Once money is available, either from state appropriation or grants or contributions received;

- DCBS will, by rule, design an account structure for Oregon Bright Futures accounts to be held at Oregon banks and credit unions which voluntarily elect to participate (*section 6*).
- The accounts will be owned by DCBS "for the benefit of" a specific child. It will be possible for family and children to make deposits into the designated beneficiary account (*section 3-2*).

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- Withdrawals will be limited to purposes related to pursuit of post-high school educational opportunities, including test prep, early college classes, and college readiness (*section 1 – 7(a)*).
- DCBS will manage a Request for Proposals process to identify financial institution partners who would like to hold Oregon Bright Futures accounts, and to select participating financial institutions (*section 6*).
- DCBS will determine the need for a technology platform provider (*section 10*), and if needed, conduct an RFP process to select one. The technology platform – expected to be an off the shelf product -- will link Oregon Bright Future accounts and community-based incentive programs.

HB 3367 with the -1 amendments will prompt a discussion of possible General Fund contributions to DCBS to allow a \$__ seed payment into each child’s Bright Futures account. The -1 amendment replaces all of the original 3367 with just a possible General Fund appropriation.

Our Goals

- **Participation** – Participation refers to the percentage of eligible families that enroll in the program. The Oregon Bright Futures Plan will use universal enrollment and automatically open an account on behalf of each child at birth. Universal enrollment is associated with very high participation rates, particularly among families with low and moderate incomes. Some families will choose to opt out of the program although we hope for 100% participation.
- **Engagement** – Engagement refers to participants’ interactions with the accounts, particularly depositing money, as well as completing activities that meet eligibility requirements for incentive and scholarship programs. We will test alternative strategies to engage families, including incentives, choice of financial institution, and marketing strategies.
- **Expectations** – Studies show that Children’s Savings Accounts improve parental and child expectations related to completing high school and pursuing postsecondary education. We will evaluate our impacts on expectations.
- **Build experience with the financial marketplace** – The Oregon Bright Futures Plan will open an account for every child born and allow families to choose which participating financial institution will hold their account. We will test the impact of partnering with local financial institutions on engagement with accounts, and will seek input from financial institution partners on impacts they see.
- **Facilitate community partner engagement** – The Oregon Bright Futures Plan will allow local community-based organizations, funders and others to develop incentive and scholarship programs to target resources where they are most needed.
- **Evaluation** – DCBS will work with partners to design evaluation mechanisms to be used over the course of the pilot in evaluating impacts and outcomes. Metrics will include participation, engagement, savings, incentive earnings, attitudinal change, and others. Analysis will include impacts in communities with

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low high school graduation rates and will look at differences by community income level, race, and ethnicity.

Implementation Timeline

Between the Governor's signature and January 1, 2018:

- DCBS will be authorized to accept grants or contributions to support the programmatic, technologic, and administrative costs of the Oregon Bright Futures Plan (*section 2 - 3*).
- DCBS will, by rule, design an account structure for Oregon Bright Futures accounts to be held at Oregon banks and credit unions which voluntarily elect to participate (*section 6*).
- DCBS will manage a Request for Proposals process to identify financial institution partners who would like to hold Oregon Bright Futures accounts, and to select participating financial institutions.
- DCBS will determine the need for a Children's Savings Account technology platform provider (*section 10*). The technology platform will link Oregon Bright Future accounts and community-based incentive programs and will be funded through private sources. If a platform is needed, DCBS will manage an RFP process for the platform provider.
- DCBS will provide opportunities for community-based organizations, funders, healthcare organizations and others to develop incentive and scholarship programs for participating children. DCBS will work with Financial Institutions who wish to contribute to the Financial Institution Community Education Subaccount (*section 2 – 4*).
- DCBS and OHA will finalize protocols for data transfer (*section 10-2*).

Beginning January 1, 2018

- On a quarterly basis, the Center for Health Statistics will provide DCBS with information about each child born in the state - including the child's name, mother's name, mother's home address, and demographic information including sex, race and ethnicity of the child (*section 4*).
- DCBS will communicate with mothers allowing them to choose which financial institution will hold their Oregon Bright Futures account and explaining how they can start to save in their accounts (*section 5-4*).
- DCBS will open a Bright Futures account for each child within the pilot areas or groups.
- DCBS will launch pilots to test the impact of program design features on participation, engagement, and behavior.
- DCBS will evaluate administrative and structural alternatives in order to determine the best way to scale the program statewide while minimizing costs for the state, for participating financial institutions, and for community partners.
- DCBS will work to engage additional community institutions and partners to provide grants or incentives to children or support family engagement.

Reports – dates

- By September 15, 2020, DCBS will report back to interim legislative committees findings and recommendations on the Oregon Bright Futures Plan (*section 14*).
- By April 1, 2021, DCBS will report findings and recommendations to the Legislature, and may include recommendations for legislation.

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After 2021

When fully funded, the Oregon Bright Futures Plan will open accounts for each Oregon child at birth. (Between 2010 and 2015, an average of 45,357 children were born each year in Oregon).

DCBS will continue to engage families and children in saving through their Bright Future accounts, to evaluate the impacts and success of the program, and to minimize administrative costs.

Costs – Implementation Phase

	Total	General Fund costs	
		Low	High
DCBS operations	Not yet known	\$0 Contributed by philanthropic and community institutions	Not yet known
Seed funds into account		\$0 Contributed by philanthropic and community institutions	\$250,000 (10,000 accounts at \$25 each)
Technology Platform	Estimated at \$150,000	\$0 Contributed by philanthropic and community institutions	\$150,000 one time

Costs – At Scale

	Total	General Fund costs	
		Low	High
DCBS operations	Not yet known	\$0 Contributed by philanthropic and community institutions	Not yet known
Seed funds into account	At 46,000 births per year, \$25 per account, total would be \$2,300,000 a biennium	\$0 Contributed by philanthropic and community institutions	\$2,300,000 per biennium
Technology Platform	Annual user fees	Not yet known	Not yet known

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Every Oregon Child Deserves a Bright Future!

The Oregon Bright Futures Plan SB 996, HB 3314 (HB 3367)

Oregon's future will be brighter when all of our children graduate from high school with a plan to take their next step.

Today, too many children in Oregon struggle to complete high school and fail to enroll or succeed in postsecondary education. We can capture Oregon's full potential and make sure that every child moves forward driven by their talents and interest. Whether their goal is to be a teacher, web developer, automotive engineer, or anything else, Oregon can help pave their path forward.

The Oregon Bright Futures Plan will create a Children's Savings Account for every child born in Oregon. Our plan design will leverage the investments of the state, community institutions and partners, and the efforts of children and families to build savings toward post-high school education or training.

A Powerful, Proven Tool

Children's Savings Accounts like **The Oregon Bright Futures Plan** are a proven tool to improve the educational outcomes and financial well-being of children and families. Research summaries are available at www.oregoncsa.org. Oregon needs this plan to ensure that all children have a pathway to prosperous futures.

Children's Savings Accounts are long-term, incentivized savings accounts that are opened for children at birth and continue to grow through contributions from their community and their families. By encouraging families to start planning for the future now, Children's Savings Accounts help children and families develop skills related to financial well-being and improved educational outcomes.

Children's Savings Accounts:

- Improve children's social-emotional development
- Improve math and reading scores in grade school
- Increase the likelihood that children will graduate from high school



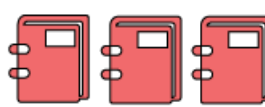
Children from families with moderate to low incomes

+



Less than \$500 in college savings

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Three times as likely to go to college

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Four times as likely to graduate from college

Three Steps to a Bright Future for Every Oregon Child



1. When children are born, the state of Oregon Department of Consumer and Business Services automatically enrolls them in the Oregon Bright Futures plan, and makes a modest investment for every child in an account held at a partner financial institution.
2. Community partners, local foundations, or others like coordinated care organizations or local nonprofits can invest in children, and can target investments based on their own goals.
3. Children and their families save in an account they choose at any bank or credit union. Accounts with the Oregon College Savings Plan can be linked to Bright Futures.

The Oregon Bright Futures Plan connects all of these efforts. Children and their families use the "My Bright Future" software application on their phone or with a computer to watch their savings grow and to receive reminders to save.

Oregon has the opportunity to ensure that all children begin on a path to prosperity at birth. Let's make sure the future looks bright for Oregon children and families!

About Us

The Oregon Asset Building Coalition

The Oregon Asset Building Coalition is comprised of organizations with deep connections in our many Oregon communities. We are focused on state level policy change that will promote financial resilience and the inclusion of under-served communities, communities of color, and rural communities in Oregon's prosperity.

Neighborhood Partnerships

NP is a statewide nonprofit organization with a 27 year history of achieving impacts throughout Oregon's communities. We manage the Oregon Individual Development Account (IDA) Initiative, convene the Oregon Asset Building Coalition, and convene the Oregon Housing Alliance.

For more information about the Oregon Bright Futures Plan, please contact:

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Every Oregon Child Deserves a Bright Future!

The Power of College-Saver Identity

College-Saver Identity = The encouragement, resources and planning that allow a child to believe that they are meant to pursue postsecondary education + Combined with the strategy of setting aside savings to actualize this belief.

Oregon's future will be brighter when all of our children are able to graduate from high school prepared to take their next step. **The Oregon Bright Futures Plan** will help ensure that all children in Oregon have the motivation and support they need to move toward a brighter future.

Oregon's abysmal high school graduation rate – the third worst in the nation¹ - represents a lost opportunity. The potential held within our children is stunted when they are unable to complete high school and fail to take advantage of post-high school opportunities.

The Oregon Bright Futures Plan is a Children's Savings Account designed specifically for Oregon. The research on Children's Savings Accounts is remarkable. Children who have a savings account dedicated to postsecondary education*

- have higher math and reading scores during grade school,^{2,3}
- are 3x more likely to graduate from high school,⁴
- are 4x more likely to graduate from college.⁵

These outcomes have been tied to the phenomenon of college-saver identity – the idea that when a child expects to go to college and has identified savings as a strategy to pay for it, that child is motivated to act in ways that allow them to succeed on their educational path. Taking action for the future by starting to save at a very young age makes post high-school opportunities more tangible and relevant to children and families.



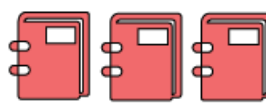
Children from families with moderate to low incomes

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As little as \$500 in college savings

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Three times as likely to go to college

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Four times as likely to graduate from college

¹ Hammond, B. (January 26, 2017). Oregon's graduation rate, among worst in the nation, inches up 1 percent. The Oregonian.

*As compared to their counterparts without savings accounts.

² Assets and Education Initiative. (2013). Building expectations, delivering results: Asset-based financial aid and the future of higher education (Biannual report on the assets and education field).

³ Zhan, M. (2006). Assets, parental expectations and involvement, and children's educational performance. Children and Youth Services Review, 28(8), 961-975.

⁴ Elliott, W., Song, H-a, and Nam, I. (2013). Small-dollar children's saving accounts and children's college outcomes by income level. Children and Youth Services Review, 35 (3), p. 560-571.

⁵ See foot note 4

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The Oregon Bright Futures Plan Is an Early Childhood Intervention

We know that early investments through adequate nutrition, access to healthcare, quality childcare and quality educational experiences ensure that our children are able to thrive. Children's Savings Accounts, such as **The Oregon Bright Futures Plan**, are designed as an early investment in our children's educational futures.

The Oregon Bright Futures Plan will be a savings account opened for each child at birth and allowed to grow with:

- A small seed from the state of Oregon,
- Community designed incentives and scholarships,
- And deposits from friends, family members and the children themselves.

This savings platform will demonstrate to Oregon's children that their state, local community and family all expect big things from them.

Improving Oregon's abysmal educational outcomes will require early intervention. Setting the early expectation that our children should pursue post-high school opportunities is an essential step in their pathway toward high school completion and participation in postsecondary education. Dedicating savings toward this expectation allows children to believe that postsecondary education is a viable option for their future¹.

This early intervention also results in early outcomes. Children with savings accounts dedicated to postsecondary education have been shown to have improved social emotional development² and higher math and reading scores^{3,4} during grade school. Better social-emotional development improves the learning environment for everyone in the classroom and, as noted by Oregon's Early Learning System, social-emotional development is an important predictor of school success⁵.



The Oregon Bright Futures Plan is a perfect complement to early childhood development efforts.

¹ Elliot, W., Harrington, K. (2016). Identifying Short Term Metrics for Evaluating Whether Children's Savings Accounts Programs Are on Track. Federal Reserve Bank of Boston. Retrieved from file:///Users/jillw/Downloads/cdbrief12016.pdf

² Huang, J., Sherraden, M., Kim, Y., & Clancy, M. (2014). Effects of Child Development Accounts on early socialemotional development: An experimental test. *JAMA Pediatrics*, 168(3), 265-271.

³ Assets and Education Initiative. (2013). Building expectations, delivering results: Asset-based financial aid and the future of higher education (Biannual report on the assets and education field).

⁴ Zhan, M. (2006). Assets, parental expectations and involvement, and children's educational performance. *Children and Youth Services Review*, 28(8), 961-975.

⁵ Oregon's Early Learning System. Retrieved from <http://oregonearlylearning.com/kindergarten-assessment/>

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Family Financial Well-Being

The Oregon Bright Futures Plan is a tool that will help families learn and make habits of the skills necessary to improve their financial well-being. All families have expectations for their children, hopes and dreams about who they will become and what they will accomplish. Providing families with the support to plan for their child's future education gives them a potent reason to start saving.

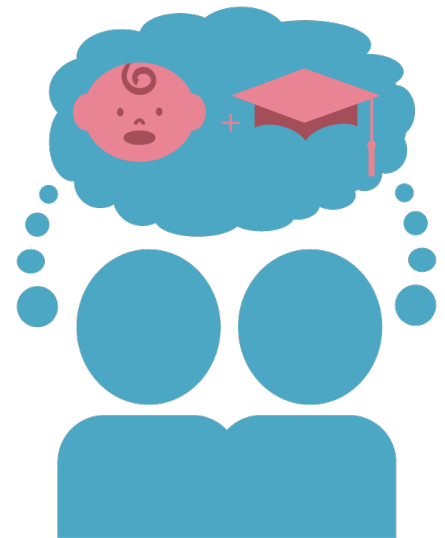
In spite of our state's economic recovery, we know that many families are still suffering:

- 15% of Oregonians experience income poverty¹
- 36% of Oregonians experience liquid asset poverty^{2*}
- 54% of U.S. households do not have the financial resources to cover a \$400 unexpected expense without borrowing money or selling something.³

Oregon families have limited capacity to absorb a financial shock much less to save for a future milestone such as postsecondary education.

Research into Children's Savings Account platforms similar to **The Oregon Bright Futures Plan** indicates that children with savings accounts are two times more likely to own savings accounts as young adults than children without savings accounts.⁴ Mothers in Oklahoma's Children's Savings Account program report reduced negative attitudes about financial institutions, increased knowledge of financial products and services, and increased motivation to save.⁵

As a two-generation savings platform, **The Oregon Bright Futures Plan** encourages both children and their families to develop a transformative savings habit, one that can support them to overcome unexpected bumps in the road and bring future opportunities within reach. Automatic enrollment in the plan provides an opportunity for families to jump-start savings and creates a future-oriented environment supportive of early preparation.



¹ Corporation for Enterprise Development. Assets & Opportunity Scorecard. Retrieved from: <http://scorecard.assetsandopportunity.org/latest/state/or>

^{2*} Liquid Asset Poverty means that if their source of income were disrupted, for example, through the loss of a job, 36% of Oregonians do not have three months of savings to survive at the poverty line. See footnote 1

³ Federal Reserve. (2016). Report on the Economic Well-Being of U.S. Households in 2015. Retrieved from: <https://www.federalreserve.gov/econresdata/2016-economic-well-being-of-us-households-in-2015-Economic-Preparedness-and-Emergency-Savings.htm>

⁴ Friedline, T., & Elliott, W. (2013). Connections with banking institutions and diverse asset portfolios in young adulthood: Children as potential future investors. *Children and Youth Services Review*, 35(6), 994-1006.

⁵ Gray, K., Clancy, M., Sherraden, M. S., Wagner, K. & Miller-Cribs, J. (2012). Interviews with mothers of young children in the SEED for Oklahoma Kids college savings experiment (CSD Research Report 12-53). St. Louis, MO: Washington University, Center for Social Development.

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