



**STATE OF OREGON**  
**OFFICE OF THE STATE TREASURER**

900 COURT STREET NE, ROOM 159  
SALEM, OREGON 97301

May 9, 2017

Chair Lively and Members of the House Committee on Early Childhood and Family Supports:

My name is Chelsea Brossard, and I'm the Policy Director at the Oregon State Treasury. Thank you for giving me the opportunity to talk about the Oregon College Savings Plan with you today.

The Oregon 529 Savings Network began in 2001. After the first year, there were 10,000 accounts with \$33 million in assets under management. A little over fifteen years later, at the end of 2016, the program has \$2.7 billion in assets under management with 174,000 accounts.

In 2016 alone, the program saw more than \$312 million in new contributions, and nearly \$230 million was distributed from the program to pay for college.

This is important because we know that children with college savings accounts do better academically and are more likely to attend college. Middle and high school students with a college savings account have higher math scores, and those with \$500 or less are three times more likely to enroll in college and four times more likely to graduate.

We're proud of the program's success, but we also recognize the need to expand this program to more low-income Oregonians, and the Treasurer has given the 529 Network direction to do so. With resources from marketing dollars through our relationship with TIAA, and with a Treasurer that wants to expand the program, we can use that extra leverage in order to target low-income Oregonians that traditionally have not been a part of the program.

One specific program we've had a lot of success with so far is the Baby Grad Program. In 2015 and 2016, during the months of January through March, the 529 Savings Network provided a \$25 match to anyone who opened an account during that three-month period for a baby born in the prior 12 months. 1,500 new accounts were opened over the two campaigns, with \$2.2 million invested. 96% of accounts had additional contributions totaling \$6 million. When we look at the numbers, we leveraged a \$38,000 investment into \$8.2 million in college savings assets.

As we look to expand the program, we have a lot of room to work with different stakeholders and we're looking forward to developing more of those relationships. We can work with community-based organizations to encourage student success by creating incentives around grade completion, we can work with hospitals during birth or healthy check-ups, and we can work with financial institutions to

reach people when they open new accounts or make deposits. All of these examples are the types of things we'll be looking at over the coming months.

Over the next few months, we're excited to work on some of those partnerships and initiatives that will help us significantly expand the program and begin this work.

First, we're in the process of working on an interagency agreement with the Oregon Health Authority to share data on new kids born in Oregon. The transfer would occur quarterly and among basic information about the child and the parents, it could also include whether they checked the Medicaid box on the birth certificate form.

In the past, we haven't had the ability to target our outreach and our program based on specific information about a family's financial status. With this information, we'll have the opportunity to target our outreach and marketing towards more low-income Oregonians, and specifically those on Medicaid. Second, we've had a lot of success with the Be College Ready program and are getting ready to expand that program statewide this fall.

In 2015, Be College Ready was introduced into the elementary schools of five districts to reach out to young families directly. As part of the program, homework folders were given out to every student, network staff gave presentations on the benefits of saving for college early on and school staff promoted the Oregon College Savings Plan through social media, newsletters and distributing materials. From October 2014 to 2015, Be College Ready communities saw account increases of 42% on average. The pilot included Grants Pass, McMinnville, Seaside, Hermiston and North Clackamas School districts. Total college savings contributions increased by nearly \$2 million in those communities.

During the 2016-17 school year, the program expanded to cover an additional 10 neighboring districts including Astoria, Gladstone, Oregon City, Three Rivers, Phoenix-Talent, Umatilla, Pendleton, Jewell, Stanfield and Warrenton-Hammond. This iteration of the program included the free school supplies, presentations and promotional materials as well as a \$529 sweepstakes per school and a \$25 kindergarten seed program. So far, there's been a nearly 4% increase in new accounts being opened in the original five counties compared to year before, an increase of more than 8% in the amount of contributions made to all accounts in those counties and a 4.5% increase in the average contribution made to accounts. Next school year, the program will extend statewide offering all students and families the school supplies.

As we move forward, we want to work with the stakeholders of the Child Savings Account bill, with community organizations, hospitals, and financial institutions to expand the program. If a Child Savings Account bill doesn't pass, we'll be particularly interested in incorporating the elements that expand college savings and that bring in low-income Oregonians.