The Challenge

• Many students feel like higher education is financially out of reach
  • Children from low-income households have lower expectations of completing college than higher-income peers

• Paying for college is a struggle
  • 97% of college students from low-income families still have unmet financial needs after receiving financial aid
  • Nearly half of young people without a four-year degree report that they're not in school because they can't afford college

The Challenge

Too many young people miss out on a college education

- Less than 1 in 10 young adults from low-income households have a bachelor's degree by their mid-20s

CSAs Can Help By...

- Raising kids' educational expectations
- Enabling them to build college savings
What are CSAs?

- **Long-term** savings or investment accounts for children (0-18)
- Usually used for **postsecondary education** (or other asset purchase such as homeownership or entrepreneurship)
- Provide **incentives** to build savings (e.g., seed deposit and matches)
- Account withdrawals are **restricted**
How do CSAs Work?

**OPEN ACCOUNT**
Accounts—opened as early as birth or kindergarten—are seeded with initial deposits.

**GROW SAVINGS**
Accounts grow through family contributions and incentives, such as savings matches.

**ATTEND COLLEGE/TRAINING**
Savings help pay for postsecondary education.

**GRADUATE**
Children with a college account with $500 or less are 4x more likely to graduate.
As of the end of 2020:

- **922,000** children with CSAs
- **109** active programs in **36** states and DC
Where are CSA Programs?

- Statewide Programs
  - ME MyAlfondGrant
  - NV College Kick Start
  - PA Keystone Scholars

- Citywide Programs
  - San Francisco (CA) Kindergarten to College
  - St. Louis (MO) College Kids
  - Lansing (MI) SAVE

- Private Programs
  - Inversant (MA)
  - Kickstart to Career – Barry County (MI)
Examples – Oakland Promise Brilliant Baby

• Launched in 2017
• Two-generation strategy
• Target population – babies and their parents in low-income households participating in home visiting program
• $500 initial deposit for baby
• Parent account with matching incentives and rewards, plus financial capability services
Program Success Factors

- Automatic enrollment
- Universality
- Public sector support
- Multiple funding sources
- Incentives designed to benefit the lowest income families
- Multiple deposit options
- Family and child engagement strategies
- Reflects the needs of the community
CSA Resources

Investing in Dreams
https://prosperitynow.org/resources/investing-dreams-blueprint-designing-childrens-savings-account-programs

Campaign for Every Kid’s Future – Resource Page
http://savingsforkids.org/resources

CSA Information & Directory
https://prosperitynow.org/issues/childrens-savings
https://prosperitynow.org/map/childrens-savings
Join the Campaign for Every Kid’s Future!

Go to savingsforkids.org

Join today to help achieve our vision of 1.4 million Children’s Savings Accounts by 2020!
Children's Savings Accounts: Is Now the Time for Universal CSAs in Santa Clara County?

November 5, 2021
The *California Kids Investment and Development Savings Program (CalKIDS)* was created by the State of California to expand access to higher education through savings. CalKIDS, which is administered by the ScholarShare Investment Board, an agency of the State of California and chaired by the State Treasurer, will automatically provide newborns and eligible public school children with the tools to start saving for college, including an initial seed deposit and other possible financial incentives in a college savings account.

With approximately 450,000 babies born each year in California and 3.7 million low-income public school students currently enrolled in first through 12th grade, CalKIDS is expected to become the largest children’s savings account program in the nation.

To learn more or sign up to receive program updates, visit www.CalKIDS.com
**California Kids Investment and Development Savings Program**

CalKIDS was initially designed and approved in 2019 and then expanded through the 2021-22 State Budget. The program aims to launch later in 2022.

### 2019 Creation

- **Design:** All newborns regardless of income (universal). Opt-out children’s savings account (CSA) program.

- **Investment:** Provides every child born in California with a seed deposit of at least $25 in a CalKIDS account.

- **Other Incentives:** Authorizes progressive subsidies and additional financial incentives, if funding is available.

- **Funding:** One-time $25 million from state General Fund (GF).

### 2021 Expansion

- **Design:** Expands CalKIDS to include all first through 12th grade public school students who qualify for free or reduced lunch (low-income based on Local Control Funding Formula standards) from the start of the program. In year two and every year thereafter, all new incoming eligible first graders will be automatically enrolled.

- **Investment:** Eligible public school students receive $500 in an existing or new CalKIDS account. Foster youth and homeless students receive an additional $500, for a maximum contribution of $1,500.

- **Funding:** In current fiscal year, one-time appropriation of $1.9 billion of state and federal funds ($1.8 billion one-time federal American Rescue Plan Act of 2021 funds and $91.7 million one-time state GF) to support first through 12th grade accounts and $16 million GF ongoing to support deposits for newborns. In FY 2022-23, $170 million ongoing GF to support deposits for first graders.

To learn more or sign up to receive program updates, visit [www.CalKIDS.com](http://www.CalKIDS.com)
Thank you!

CONTACT

Julio Martinez
Executive Director
ScholarShare Investment Board
Julio.Martinez@treasurer.ca.gov
(213) 620-5882
Franklin-McKinley School District

• PK-8 District with 16 schools; 6,500 students
• Students are:
  – 71% free & reduced lunch
  – 96% Hispanic or Asian
  – 43% English learners
Mission: We will ensure all 8th grade student graduates have the skills and knowledge to be ready for a college preparatory curriculum in high school. They all will have the ability to pursue a program preparing them for university and/or careers and lifelong learning.
Pilot Partner Roles

• Franklin-McKinley School District – provides youth data, access to classrooms and parents
• Excite Foundation – program manager that “runs” the program and builds a replicable model; provides technology to support program and portal for families to view account balances
• Excite Credit Union – financial institution partner, holding funds in insured accounts; lead funding supporter of the pilot
• SVEF and ESEF – non-profits provide collective impact support and thought partnership on program design
CIMF Account Features

• Automatic enrollment of 620 first graders
• Opening “seed” deposit of $50
• Families can earn a deposit match of $25 each of the first two years
• Additional incentives for registering online to view the account and for participating in financial literacy training (e.g. Saving for College)
• Earnings bonus up to 5% the first two years
• Funds for post-secondary education only
Measures of Success

• Parent participation in program
  – 75% register online to view accounts
  – 30%+ begin making deposits to the accounts
  – 50%+ attend financial literacy courses

• School and Community participation
  – “Savings day” curriculum offered during the year
  – Potential service groups and clubs providing savings and match opportunities for children and families

• Program growth
  – Enroll additional first grade class in Fall 2022
Integration with Existing Work

• Aligns with Spartan East Side Promise: College admission to SJSU, Scholarships, Children’s Savings

• All in support of the broad overall goal of preparing East Side children for careers in the Silicon Valley economy

• As part of the East Side Alliance, FMSD hopes that a successful pilot will result in expansion of CIMF throughout the 7 elementary districts that feed East Side Union HSD