ASSET DEVELOPMENT FOR YOUNG CHILDREN AND THEIR PARENTS

KEY FACTS

- In the U.S., 22% of children live in poverty.[56]
- Of families with children, 52% are asset-poor.[57]
- Low income and asset levels make it difficult for families to afford quality child care.
- Poverty and economic hardship have negative effects on children's health, cognitive development and school readiness.[13]

THE ROLE OF ASSETS

- **Reduce Poverty** The Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC) raised 5.3 million children above the poverty line in 2012.[58]
- **Raise Expectations** Low- and moderate-income children who build modest amounts of college savings — even up to $500 — are more than three times more likely to attend college and four times more likely to graduate from college than those without savings, because the asset-building activity builds hope and possibility.[59]
- **Help Individuals Thrive** The EITC is associated with improved infant health, higher test scores and graduation rates, and increased rates of college attendance.[58]

IDEAS FOR HUMAN SERVICES

- Early childhood education (ECE) centers can incorporate financial education for parents, children and staff.
- Early childhood educators can take the two-generation approach by connecting parents with educational and career opportunities.
- Child care and education providers can connect children and their parents with savings opportunities such as children's savings accounts (CSAs).

SUCCESS STORY

Read about how Misty White achieved her lifelong goal of attaining a nursing degree with the help of Career-Advance, a two-generation education program offered by the Community Action Project of Tulsa (page 39).

Early Childhood Education

What is the challenge?

More than one in five U.S. children (22%) live in families with incomes below the federal poverty line of $18,530 for a family of three.[56] And more than half of all families with children (52%) are asset-poor, meaning they do not have enough resources to live at the federal poverty level for three months without an income.[57] Many asset-poor families are middle class by income standards, but their lack of assets means that a single emergency, such as an unanticipated medical expense, could easily push them into poverty. Financial uncertainty and economic hardship have negative effects on children's development and future prospects in many ways, including poor health, impaired cognitive development and lower school readiness.[13] Low income and asset levels also make it difficult for families to afford quality child care.

How can assets help?

Asset ownership, such as having savings or owning a home, is associated with improved financial stability for families and numerous positive outcomes for children. Children whose parents have savings experience more upward mobility, higher aspirations, improved cognitive development, and a greater likelihood of attending and completing college. Homeownership is also beneficial to children, as it enhances residential stability.[57] And parents with savings tend to have higher educational aspirations for their children.

Research shows that given the opportunity and proper support, low- and moderate-income families with young children can successfully save and accumulate assets. When Children's Savings Accounts (CSAs) were offered at Head Start sites in Pontiac, Mich., families were able to put between $7 and $10 per month into savings despite significant economic and social barriers.[60] Having even modest savings in a CSA is associated with better performance in school as well as higher rates of college enrollment and completion.[61,62] Other asset-building policies also have clear benefits for children. For instance, the Earned Income Tax Credit (EITC) is associated with enhanced children's educational achievements throughout their lives and is linked to improved infant health, higher test scores and graduation rates, and increased rates of college attendance.[58] Since early childhood education (ECE) providers already offer essential services to millions of low-income children and families, ECE agencies are well situated to connect parents and children with opportunities to save and build assets; they can be involved in referring families to existing asset-building resources, partnering with asset-building agencies in the community, or integrating asset-building goals into their own services.

KEY RESOURCE

The Region VI Administration for Children and Families Office of Child Care created a guide for how child care providers can work with VITA sites. "Working With Volunteer Income Tax Assistance (VITA) Sites: Guide for Child Care Centers and Family Care Homes" is available at:
www.acf.hhs.gov/sites/default/files/region6/2012childcarevitaguide.pdf

Which asset-building strategies can child care providers offer to build financial stability for children and their families?

FINANCIAL LITERACY EDUCATION (FLE)

Early childhood services can incorporate financial education for parents, children and staff in several ways. First, programs can use key teaching moments to assist families with budgeting for events like holidays or planning for tax returns. Age-appropriate materials concerned with budgeting can be incorporated into the classroom, while related information and referrals are provided to parents. Second, early childhood service agencies can refer parents and staff to off-site financial education classes (or online resources). Third, agencies that wish to become more directly involved can bring in a trainer to offer financial education or family budgeting training on-site. Financial education curricula tailored for all ages, literacy levels and many cultural contexts are available at no cost, including programs designed for parents and children together. To learn about the Federal Deposit Insurance Corporation's (FDIC) free curricula for youth, adults, older adults and small businesses (available in print, CD and online), visit www.fdic.gov/consumers/consumer/moneysmart/index.html

Action for Boston Community Development/Montachusett Opportunity Council

In Massachusetts, several community action agencies, including Action for Boston Community Development (ABCD) and the Montachusett Opportunity Council, are running a pilot project to incorporate financial education into three Head Start programs in the state. They are using a three-pronged strategy, through: 1) incorporating conversations about financial security into home visits; 2) offering age-appropriate financial education for children in the classroom; and 3) providing classroom-based financial education for parents conveniently scheduled to coincide with morning or evening dropoff or pickup times. Collaborating agencies and the Head Start Support Office provide curriculum, classroom supplies and other support to Head Start staff so they can implement the strategies. Early outcomes from the project appear positive; teachers and parents have observed participating children using their newly acquired financial concepts in the classroom and expressing an interest in budgeting at home. Head Start programs in Oregon and Pennsylvania are running similar pilot programs.[60]

For more information: www.bostonabcd.org and www.mocinc.org

KEY RESOURCE

Head Start and Early Head Start are long-standing programs that provide care and early education to children in low-income families through both classroom programs and home visiting, and generally have strong community connections. Head Start also requires parent involvement, which makes financial literacy education (FLE) for parents feasible. The Corporation for Enterprise Development (CFED) has created a report on strategies to incorporate asset building into Head Start, including descriptions of several pilot programs such as the Boston collaboration described above. The report "Getting a Head Start on Financial Security"[60] is available at: http://cfed.org/assets/head_start-final.pdf

Early childhood educators who work with children from low-income families often encounter parents who wish to improve their earnings and savings potential by accessing postsecondary education; in fact, educational and occupational opportunities for parents are closely linked to outcomes for children. Higher educational attainment among parents is associated with greater reading and math proficiency and increased high-school graduation rates for their children.[63] Parents' educational attainment is also a strong predictor of their children's earnings and economic mobility as adults.[64] For this reason, many agencies have embraced two-generation programs, which provide services and opportunities for both children and their parents. To achieve the benefits of this approach, programs can combine early childhood education with services to facilitate families' access to public benefits and promote parents' education and employment. A two-generation approach has the "potential to multiply the return on investment in early childhood education for children and in postsecondary education for young parents."[65]

Community Action Project of Tulsa

The Community Action Project of Tulsa, Okla. (CAP Tulsa) offers an innovative two-generation program called CareerAdvance. CareerAdvance is a work-readiness program for parents using CAP Tulsa early childhood education services, Educare or Temporary Assistance for Needy Families (TANF), with a focus on recipients with young children. The objective of the program is for all participants to secure jobs with family-supporting wages. CAP Tulsa offers a range of services that allow participants to work toward a certificate or degree in the healthcare sector, including career and educational coaching, adult education for participants who lack a high school diploma, college readiness classes, and scholarships for postsecondary education. Funded by the federal Health Profession Opportunity Grant (HPOG), the program provides financial assistance with tuition, books, medical supplies, child care and transportation. Participants also benefit from peer-to-peer support and close guidance from career coaches. Researchers are in the early stages of evaluating the program's effectiveness.
For more information: http://captulsa.org/families/family-advancement/careeradvance

KEY RESOURCES

The Aspen Institute is a leader in designing, supporting and promoting two-generation programs. The Aspen Institute's Ascend program is a hub for innovative ideas and collaborations that create opportunities for both parents and children to succeed.
For more information: http://ascend.aspeninstitute.org

The Health Profession Opportunity Grant supports education and training to help TANF recipients and other low-income individuals pursue careers in growing healthcare fields that pay well. Authorized under the Affordable Care Act, HPOG funds are made available on a competitive basis to community-based organizations, institutions of higher education, workforce investment boards and state agencies.
For more information: www.acf.hhs.gov/programs/ofa/programs/hpog

SUCCESS STORY

Misty White was one of the first two participants in CAP Tulsa's CareerAdvance program to graduate from Tulsa Community College's Registered Nurse program. A married mother of five, White always dreamed of being a nurse in a neonatal intensive care unit. But in order to raise her children and because of financial constraints, she put her education on hold for years. Thanks to CareerAdvance, White had the opportunity to realize that dream and help put her family in a much better financial situation. CAP Tulsa covered all her school costs – even shoes, stethoscopes, and money for gas – to enable her to get to class. White says she's much more prepared for the future; adding a second income will transform her family's financial standing. In fact, the family plans to buy their first home and a reliable vehicle next year.
Adapted from: http://captulsa.org/careeradvance-graduates-first-two-registered-nurses/

CHILDREN'S SAVINGS ACCOUNTS (CSAs)

Low- and moderate-income children who have modest amounts of college savings ($1 to $499) are more than three times more likely to attend college and four times more likely to graduate from college than those without savings.[59] CSAs are a valuable mechanism for facilitating savings among low- and moderate-income children. CSAs are long-term accounts that are established for children as early as birth and grow until children reach adulthood. Accounts are started with an initial deposit, and family, friends and the children themselves can contribute to the fund. In many cases, public or private partners provide savings matches or other incentives. When the children reach age 18, they may withdraw the money for an asset-building purpose, such as higher education. Early childhood education providers can help to facilitate children's access to savings opportunities in several ways: by referring their clients to their states' 529 college savings accounts; by drawing attention to any savings incentives that are available; and by partnering with local banks or credit unions to open basic savings accounts for children and providing a small initial deposit. ECE providers that wish to make a deeper commitment can partner with city or state government and private funders to create their own CSA programs.[60]
For information about CSAs: http://cfed.org/programs/csa

Mississippi College Savings Account Program

The Mississippi College Savings Account Program is a collaborative effort that links low-income children with savings accounts and incentives to save. The Mississippi Community Financial Access Coalition, a nonprofit organization, partnered with Head Start programs, municipal early childhood development centers and a public school to open savings accounts for nearly 700 preschoolers and early elementary students. Private funders provide an initial $50 deposit plus additional matching and incentive funds. The program also offers financial education for parents. Early assessments show promising results: One location that requires participants to "opt in" has achieved a 100% uptake rate, and more than 50% of families made deposits into their children's CSAs in 2012.[66]
For more information: http://1to1fund.org/match/partners/mississippi_college_savings_account_program

"Child care providers and educators actively participate by promoting the program to parents, and by assisting and coordinating school and field trip activities. Most of all, this program has allowed both parent and child to understand the importance of saving for future goals."

Ernestine Bilbrew, Manager, Mississippi College Savings Account Program