

II

SNAPSHOT OF CSAs IN NEW ENGLAND

● Policy and program development efforts go through life cycles, changing as they grow from the germ of an idea to full implementation, and then continuing to evolve as they grow into maturity. Today, CSAs in New England span every stage of development, including full statewide adoption, targeted private programs, pilot programs, and legislation that has passed but not yet been implemented or funded. Three states – Maine, Rhode Island, and Connecticut – have active statewide CSAs in place. Plans for statewide dissemination are in various stages of development in the other three New England states – Massachusetts, New Hampshire, and Vermont.

As the region's earliest adopter, Maine's story demonstrates how programs continue innovating and expanding over the years. 529 plans are tax-preferred investment accounts for the exclusive purpose of funding postsecondary education, which are offered in all 50 states and Washington, D.C. In 2002, Maine's 529 plan became one of the first in the nation to offer a matching grant—the plan administrator “matches” every dollar families deposit with a proportional deposit—to encourage families to save for postsecondary education (Clancy, Han, Mason, & Sherraden, 2006). Over the years, the CSA offerings in Maine have expanded to include two additional programs, both privately funded. The first is the statewide Harold Alfond College Challenge (HACC), which launched in 2009 and became opt-out in 2013 (Lewis & Elliott, 2015). A CSA program for foster youth aged 14-17 launched in 2016 (Markoff, 2016).

Maine's CSA inception is unique in that HACC, implemented by a non-profit, was catalyzed by businessman and philanthropist Harold Alfond and relies on philanthropic and non-profit structures more heavily than governmental policy processes. Maine's program is also unique for offering a generous \$500 seed deposit to all newborns automatically, unless parents opt out. This idea came directly from Mr. Alfond towards the end of his life, based on what he had done for his own family members. “Every time Mr. Alfond had a grandchild born in his family, he wrote a check for \$500 for that

grandchild's future education... and he decided to do that for every Maine baby” (Interview 2). Mr. Alfond's legacy gift – a foundation with an endowment of \$800 million - provides \$6.5 to \$7 million annually to ensure that each of the 12,000 babies born in Maine has access to a seeded CSA. HACC works closely with the Finance Authority of Maine to encourage families to open individual 529 accounts in order to make their own deposits and qualify for matching grants.

Rhode Island's CSA has also innovated over time. In 2003, just one year after Maine's program began, Rhode Island's 529 plan began offering a matching grant. After seven years, this match was replaced by a \$100 seed deposit known as CollegeBound Baby, which is funded by the state's 529 vendor. However, upon evaluating the program, the problem of low uptake was identified. To address this issue, in 2015, Rhode Island introduced the innovative checkbox opt-in procedure, which allows families to sign up to receive \$100 toward their child's education simply by checking a box on the birth certificate application. This change led to a fourfold increase in enrollment in CollegeBound Baby.

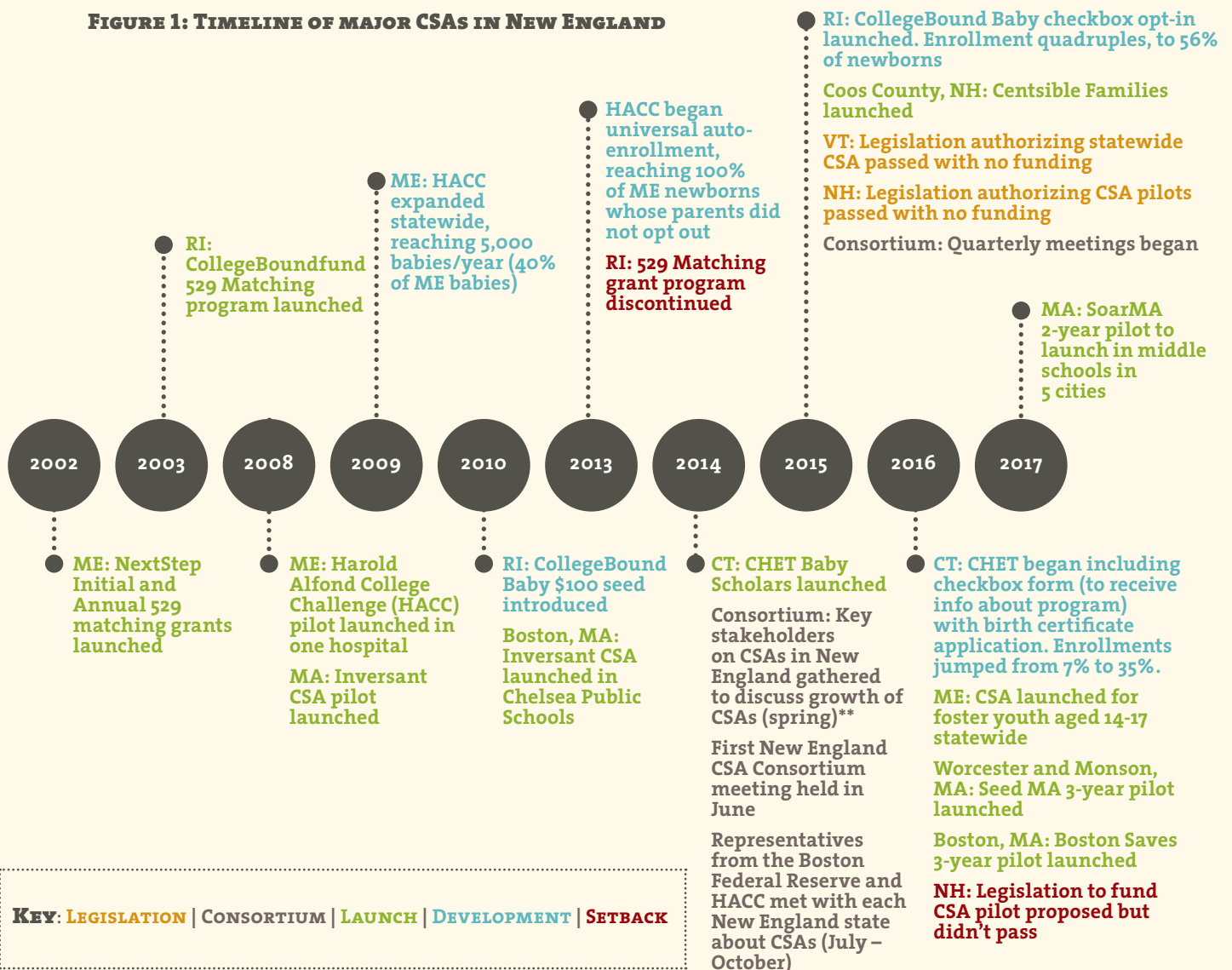
The third active statewide CSA in New England, Connecticut's CHET Baby Scholars (CBS) program, launched in 2014. It shares elements with both Maine's and Rhode Island's programs, offering a matching grant and \$100 seed to any family that opens a 529 account in their

child's first year. CBS also includes a form with the state's birth certificate application, which allows families to "opt in" to receive information about creating an account.

Massachusetts, New Hampshire, and Vermont are in various phases of developing their statewide programs. In Massachusetts, two pilots are active, and both have plans to scale to city- and statewide levels, respectively, within a few years (Boston Office of Financial Empowerment, 2016; Office of the Treasurer and Receiver General of Massachusetts, 2016). A third CSA

pilot for middle schoolers, funded by a public-private partnership, will launch in the 2017-18 school year (Massachusetts Office of Economic Empowerment, 2017). Massachusetts is also home to a privately-run CSA, the Inversant program, which has been active since 2008. There are two other small-scale CSA programs in Massachusetts as well, one run by a housing authority and one by a collective of community colleges. However, this report focuses on CSAs that have been active in the New England CSA Consortium; other programs are not profiled in detail.

FIGURE 1: TIMELINE OF MAJOR CSAs IN NEW ENGLAND



NOTE: This list of CSAs in New England is not exhaustive but reflects a snapshot of the programs that have been actively involved in the New England CSA Consortium. As the field is constantly evolving, CSAs and Consortium members may change.

**For more about Consortium see Section V

New Hampshire passed legislation in 2015 authorizing CSA pilots in two sites with a goal of statewide expansion, but it has been unable to secure funding. However, a privately funded CSA was successfully launched in Coos County, New Hampshire, in 2015. Vermont passed legislation for a statewide CSA in 2015 but has not yet secured the funding to move to implementation. Figure 1 illustrates how CSAs have grown in the region since 2002, as well as the role of the New England CSA Consortium, which is discussed in detail in Section V below. For details on the structure and funding of each major CSA program, see Table 1.

VARIATION IN PROGRAM STRUCTURES

The New England states share a vision of improving children's access to postsecondary education, and they have agreed on CSAs as a vehicle to pursue this dream. Despite this unified vision, the region's CSA program structures (and proposed structures) vary widely, from incentivizing privately held college savings accounts, to a universal, automatically enrolled approach. For instance, Connecticut's program offers a seed deposit and matching funds as incentives for families to open their own individual 529 accounts. Rhode Island's program does not require families to open their own accounts; parents can "opt in" to receive a \$100 deposit in their child's name by checking a box on the birth certificate application. Maine's HACC makes access even easier for families; all babies born in the state automatically receive a \$500 deposit in their name, unless their parents opt out. However, in both Maine and Rhode Island, families who wish to continue saving by making their own deposits must open their own 529 accounts, and additional incentives are available to Maine families who do so. These examples from three states illustrate the range of financial incentives and enrollment procedures among New England CSAs. Account structures and funding sources vary as well. Table 1 provides an overview of the major CSA programs in the region. (For detailed descriptions of each program, see Lewis and Elliott, 2015).

Why do CSA programs' structures vary so widely? CSA structures have evolved in response to the specific financial and political climate in each state, as well as several theories of change on how CSAs "work" to improve outcomes for children. One theory suggests that simply having an account is sufficient to trigger positive outcomes for families (Elliott, 2009; Elliott, et al., 2011; Elliott, Song, & Nam, 2013; Huang, Sherraden, & Purnell, 2014; Kim, et al., 2015; Schreiner et al., 2003). Another school of thought suggests that families' savings behaviors or the amount of money saved in the account are important determinants of children's and families' outcomes (Charles, et al., 2007; Friedline, 2014; Zhan & Sherraden, 2003). A third strand of thought focuses on the ways in which the programmatic components of some CSAs, such as coaching, financial education, and college planning, may influence children's outcomes (Imboden & Shuang, 2015; Lewis, Elliott, et al., 2016). There is preliminary evidence, largely based on interim metrics, to support each of these theories of change, and it is also possible that combinations of these components are important to children's outcomes. The CSA field is currently working to collect data on both long-term outcomes and interim metrics in order to better understand which program components are most important to children's and families' success.

Additionally, evidence suggests that specific program features, such as matching funds, seed deposits, or automatic enrollment, are associated with different outcomes for families, like increasing families' contributions or boosting participation (Loya, Garber, & Santos, 2017). As knowledge of these policy levers grows, program designs will continue to evolve. In the meantime, each CSA in New England has structured its program to address the needs, values, and resources of their particular location.

TABLE 1: OVERVIEW OF MAJOR CSAs IN NEW ENGLAND

State	Program	Status	Funding†	Enrollment	Account type	Target	Incentives
CT	CHET Baby Scholars	Active	State: Existing scholarship fund	Application	Individual 529	Children in CT	• Seed • Match
ME	Harold Alfond College Challenge	Active	Private: Philanthropy	Opt-out	Omnibus 529	Babies born or adopted in ME	• Seed
	NextStep Matching Grant	Active	Quasi-public: Finance Authority of ME	Application	Individual 529	Children or account holders in ME	• Match • Benchmark incentives
	Maine Youth Transition Collaborative CSA	Active	Private: Philanthropy	Opt-out	Individual 529	Youth aged 14-17 in foster care	• Seed • Match
MA	Boston Saves (Boston)	Active pilot	Private: Philanthropy	Opt in (link an account to web platform)	Individual account of family's choice	Kindergartners in 5 public schools	• Seed • Match • Benchmark incentives
	SeedMA	Active pilot	Private: Philanthropy	Application	Individual 529	Kindergartners in Worcester & Monson	• Seed
	SoarMA	Planned pilot	Public-private: State appropriation & Inversant	Application	Individual 529	7th-12th graders in 5 schools	• Match
	Inversant CSA	Active	Private: Philanthropy	Application	Individual savings account	LMI families in Greater Boston	• Match • Benchmark incentives
NH	Centsible Families (Coos County)	Active	Private: Philanthropy	Application	Custodial savings account	1st-3rd graders at 4 schools in Coos County	• Seed • Benchmark incentives
	Pilots in Coos County and Manchester; goal of statewide expansion	Legislation passed	No funding secured	Opt-out**	Custodial savings account	Kindergartners in public school in Coos County & Manchester	• Seed**
RI	CollegeBound Baby	Active	Private: Financial partner	Checkbox opt-in	Custodial 529	Babies born or adopted in RI	• Seed
VT	Universal CSA	Legislation passed	No funding secured	Opt-out**	To be determined	Babies born or adopted in VT	• Seed** • Match**

NOTE: This list of CSAs in New England is not exhaustive but reflects a snapshot of the programs that have been actively involved in the New England CSA consortium. As the field is constantly evolving, CSAs and Consortium members may change.

** Proposed program features: Enrollment and incentives may change when programs are implemented

† Funding for incentives; funds for promotion and administrative staff may not be included here