

A GAME CHANGER FOR POOR KIDS

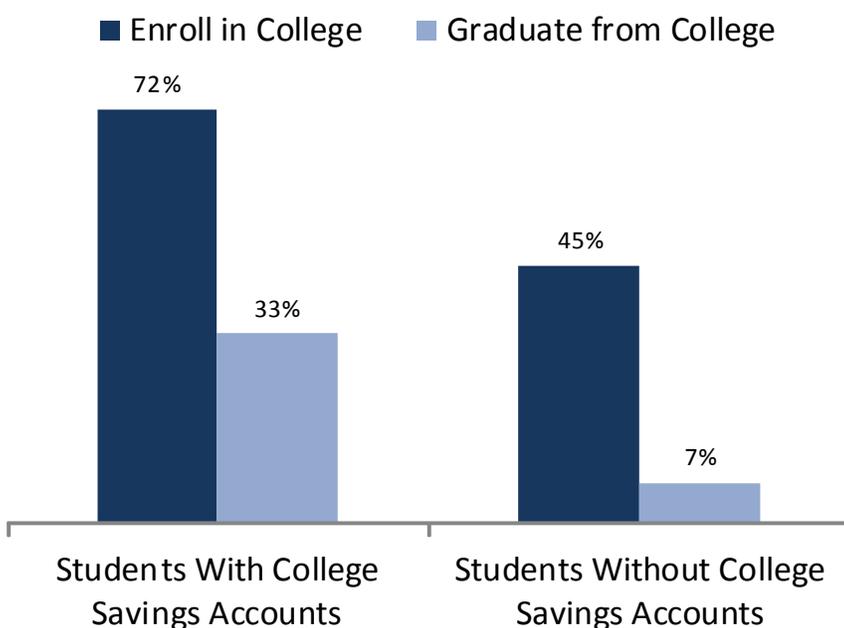


In 2013, nearly 30% of Connecticut children were low-income or in poverty.¹ Fewer than half of low-income kids attend college, and less than 10% graduate.² College savings accounts (CSAs) can greatly increase the likelihood a lower-income child will attend and graduate from college. Lower-income students with just \$500 or less in college savings are three times more likely to enroll in college and four times more likely to graduate.³ Connecticut has a program, Connecticut Higher Education Trust's (CHET) Baby Scholars, that will seed a CSA, encourage children and their families to begin saving money for college early in life, and create a mindset that they will attend college. In 2014, its first year, CHET Baby Scholars enrolled 6% of babies, better than some states with comparable programs, and showing potential for tremendous growth with planned enrollment changes.⁴



Change Is Coming!

Currently, parents must open an account for their child before they turn one year old or before a year after a child's adoption. CHET Baby Scholars then contributes \$100 to the account. If parents contribute an additional \$150 to the account before the child turns four, the program will match an additional \$150.⁵ Beginning January 1, 2016, parents will be able to check a box on the state birth certificate request form to enroll in the program. In Rhode Island, this change immediately boosted enrollment from 1% to 56%, and most enrollees are from low-income zip codes.⁶



What Happens Next?

CHET Baby Scholars was funded with a one-time \$4.4 million appropriation in the 2014 state budget. That funding could be exhausted in less than two years if enrollment increases as in Rhode Island.⁷

With large state deficits forecast, major new public funding is unlikely. A public-private partnership, as exists in some other states and cities, could be a viable model for Connecticut.



Children with a savings account in their own name are 6 times more likely to go to college than children who do not.¹¹

Adults with college degrees earn approximately twice as much money over their life times than adults with a high school diploma or less.⁸

A Model from Maine

In Maine, the Harold Alfond College Challenge invests \$500 in a CSA on behalf of every baby born in Maine.⁹ The Alfond Scholarship Foundation administers the College Challenge, which was endowed by the founder of Dexter Shoes, who died in 2007.¹⁰

Philanthropic support, as in Maine, could ensure the viability and growth of CHET Baby Scholars, especially for lower-income children.

Sources:

¹ <http://datacenter.kidscount.org/data/tables/7679-children-living-in-poverty?loc=8&loct=2#detailed/2/any/false/1074,876,11/1447,1448/14834,14835>

² <http://www.pewresearch.org/fact-tank/2014/01/15/college-enrollment-among-low-income-students-still-trails-richer-groups/>

³ http://cfed.org/assets/pdfs/FactFile_-_Scholarly_Research_On_Childrens_Savings_Accounts.pdf

⁴ Interview with Emily Bjornberg, Office of the State Treasurer, November 4, 2015

⁵ <https://www.aboutchet.com/news/entryform.shtml>

⁶ <https://aedi.ku.edu/sites/aedi.ku.edu/files/docs/publication/CSA/reports/New-England.pdf>, 18.

⁷ Ibid.

⁸ <http://1to1fund.org/>

⁹ <http://cfed.org/programs/csa/directory/HACC>

¹⁰ http://www.slate.com/articles/life/the_slate60/2009/01/slate_60_donor_bios.html

¹¹ http://1to1fund.org/assets/1to1_Fund_Impact_Report_2014_Interactive.pdf