CHILD & FAMILY
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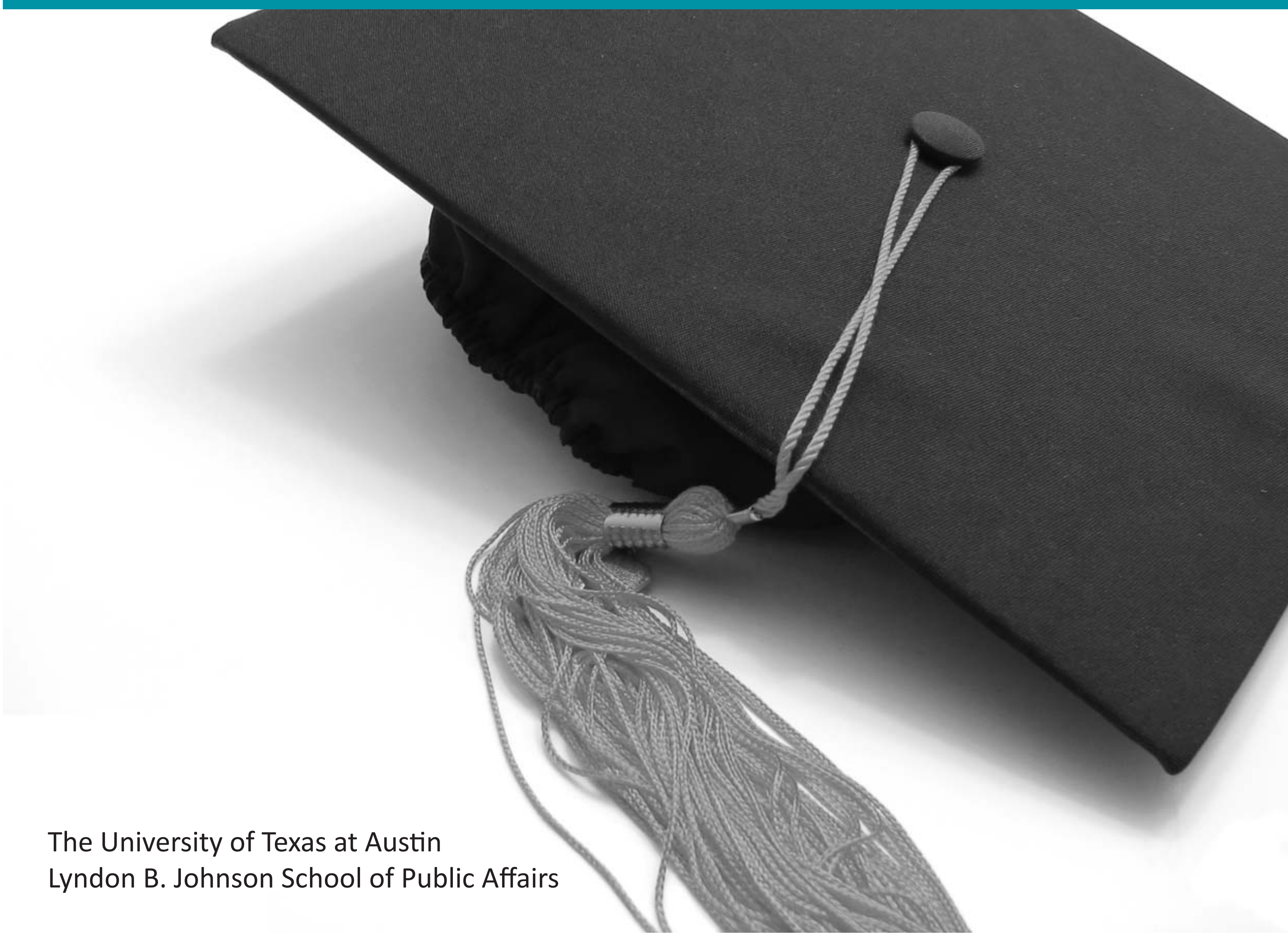
Summary of the Results from the Child Support for College (CS4C) Asset-Building Initiative

October 2013



The University of Texas at Austin
Lyndon B. Johnson School of Public Affairs

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The Child and Family Research Partnership (CFRP) is an independent, nonpartisan research group at the LBJ School of Public Affairs at The University of Texas at Austin, specializing in issues related to young children, teens, and their parents. We engage in rigorous research and evaluation work aimed at strengthening families and enhancing public policy. http://childandfamilyresearch.org.

Introduction

In recent decades, college has become increasingly important to earnings potential, upward mobility, and a host of positive life outcomes. At the same time, college has also become increasingly expensive, fueling a rapid escalation in student loan debt and borrower default rates. In an effort to combat these trends, a group of Texas stakeholders convened to consider alternative methods of encouraging college savings among a broad population of Texans, especially those with a limited capacity to save.

These discussions gave rise to the Child Support for College (CS4C) pilot program, an innovative collaboration between state-level partners, local nonprofits, private entities, and the Texas Office of the Attorney General, Child Support Division (OAG). The CS4C program applies the incentives of asset-building to lump sum transfers within the child support population, a largely untapped intersection that helps marry the twin goals of boosting college savings and promoting educational advancement and self-sufficiency among a traditionally lower-income population. Because the program has little precedent, program partners contracted with the Texas Child and Family Research Partnership (CFRP) to evaluate the impact of the program. This brief provides an overview of research findings from the 18-month pilot of CS4C.

BRIEF SUMMARY OF FINDINGS

Overall, the CS4C program was successful in many respects. Over one-third of individuals who inquired about the program received at least one financial coaching session, and two-thirds of these individuals opened college savings accounts. Moreover, this program marked the beginning of college savings for most account openers. Although the dollar amount that many families deposited was relatively low, the mere act of opening an account provided psychological benefits for the account openers, who now *believe* their child will go to college – a vital element to college success.

The pilot CS4C program also revealed several programmatic lessons learned that will advance the field of asset-building as a strategy for college savings. For example, through this program, the partners learned the limits to the guidance that financial coaches can provide clients, and this knowledge has led to a push for new policies for financial coaches. Moreover, the pilot program revealed the importance of carefully aligning the asset-building program with the core principles of the savings strategy. Although the CS4C program aligned well in many respects, over the course of the pilot program the partners recognized barriers that they inadvertently placed on potential participants that made it more difficult to open an account. As these barriers were removed, more accounts were opened.

Background

COLLEGE IS IMPORTANT

A college degree is increasingly essential to success. In 2011, individuals with a bachelor's degree earned an average of 84 percent more than those with a high school diploma over the course their lifetimes. This discrepancy amounts to a full $1 million difference in lifetime earnings.[1] Other studies suggest this growing gap in earnings is accompanied by a host of other benefits, including lower levels of unemployment, improved access to health insurance and pension benefits, higher job satisfaction, healthier lifestyles, and increased civic participation.[2]

COLLEGE IS EXPENSIVE

At the same time that a college degree has become more integral to future life outcomes, it has also become increasingly expensive to obtain. Since 1978, college tuition and fees have increased by 1,120 percent, more than four times the rate of the consumer price index.[3] Though tuition costs in Texas are still relatively affordable by national standards, they too have been on the rise. The average published tuition and fees at Texas four-year public institutions increased by 18 percent between and 2007-2008 and 2012-2013.[4]

PARENTS WANT TO SAVE BUT MANY DO NOT

Despite the rising costs, most parents still believe in the importance of college. Overall, more than 8 in 10 parents agree that college is an investment in their child's future, that college is part of the American dream, and that a college degree is more important now than it used to be.[5] These attitudes are especially common among low-income parents, who cite saving for college as their number one savings priority.[6]

In spite of these goals, only 37 percent of low-income families have started saving for their child's education.[7] Middle-income families are not much different; only 52 percent of families with incomes between $35,000 and $100,000 report saving for their child's education.[8] Projections show that even among families currently saving for college, the amount of savings is not likely to be enough. Though parents' savings and income pay for only a portion of total college costs, both low- and middle-income parents are projected to save only one-third of the amount needed to meet this share of total costs based on current savings habits.[9]

Among low-income parents not saving for college, a majority cite not having enough money as a major reason. Half of these parents also report an expectation that their child will qualify for enough in scholarships and financial aid to cover the costs.[10] Unfortunately, scholarship and aid receipt may not bridge this savings gap for many parents. Though roughly 6 in 10 students received some type of scholarship or grant in academic year 2011-12, those grants covered an average of just 29 percent of total college costs.[11]

TRENDS IN STUDENT LOAN DEBT AND BORROWER DEFAULT RATES

For students who have not amassed enough in savings and grants, loans often make up the difference. Nationally, 67 percent of bachelor's degree recipients used student loans to pay for their education.[12] In 2005, the average U.S. student loan debt totaled $17,233. By 2012, that number had climbed to $27,253; a 58 percent increase in just seven years.[13] Unfortunately, the increase in debt has been paralleled by a rise in the delinquency rate on student loans, which rose almost 22 percent between 2007 and 2012.[14] Today, nearly 1 in 7 borrowers defaults on his or her student loans.[15]

Trends in Texas have followed a similar pattern. Today, roughly 56 percent of Texas college graduates carry student loan debt, with the average liability totaling $22,140.[16] Though these numbers hover below national averages, Texas does not stack up as well with regards to student loan defaults. With a 16.1 percent borrower default rate, Texas ranks 45th in the U.S. on student loan defaults.[17]

ASSET-BUILDING AS ANOTHER COLLEGE FINANCING OPTION

In the face of rapidly escalating tuition costs and extensive student debt holdings, some policymakers have begun to seek additional levers for facilitating college attendance beyond the traditional reliance on grants and financial aid. One such policy lever being explored in the research community is an asset-building approach to college savings. Asset-building programs work to encourage savings by providing matched contributions and other financial incentives to save.

A number of states and organizations have begun to explore the use of college savings incentives as a means of boosting families' financial capacity to send their children to college. In 2013, Texas was one of fifteen states offering financial incentives to save in a college savings plan, such as a 529 college savings plan. Though some of these states offer tax credits based on a percentage of 529 contributions, the vast majority operate a matching grant or scholarship program.[18]

In Texas, matching grants are administered through the Texas Save and Match program, a program designed to incentivize college savings through matched purchases of prepaid college tuition units.[19] These grants are awarded to a limited number of students saving in Texas Tuition Promise Fund (TTPF) accounts through a competitive application process each year.

The Child Support for College (CS4C) Program

MOTIVATION TO DEVELOP CS4C

As researchers and policymakers continue to explore the impact of asset-building initiatives on college savings and the potential for long-term gains in the domain of higher education, one intersection that has remained largely untapped is that between college savings and the child support system. The CS4C program seeks to leverage existing infrastructure in the child support system to boost college savings among a large and typically lower-income population.

The scale and reach of the Texas child support system is extensive. In Texas, nearly $4 billion dollars are transferred from noncustodial to custodial parents each year.[20] This far-reaching system includes nearly 1.4 million cases, and supports 1.6 million—or almost 1 in 4—Texas children.[21][a]

Moreover, parents in the child support system show a keen interest in saving for college. In a 2012 study conducted by the Texas OAG, 81.5 percent of custodial parents and 61.5 percent of noncustodial parents indicated an interest in saving for their children's education through a shared education savings account. Custodial parents also rated saving for their children's future education expenses as their most important financial goal.[22]

Despite the potential for collaboration between the child support system and asset-building initiatives, the two areas have little history of partnership. Child Support for College represents

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[a] According to OAG Administrative Records, there are 1,376,368 child support cases in Texas. These cases include 1,598,032 children under the age of 18. In 2012, 26.8% of Texas's population of 26.06 million was under the age of 18. Of the nearly 7 million Texans under the age of 18, 1.6 million—or 23%—is in the child support system.

one of the first programs to marry these ideas with the purpose of cultivating college savings among the child support population.

CS4C PROGRAM DESIGN

Program Partners

The CS4C program is an innovative collaboration between private, public, nonprofit, and academic institutions. *RAISE Texas*, a statewide network of nonprofit organizations, for-profit corporations, and public institutions, promotes policies and programs to advance the financial success and economic stability of low- and moderate-income Texans. RAISE Texas acted as the fiscal agent for CS4C, disbursing program funds to the implementing nonprofits and incentive payments to participants. The *Office of the Attorney General* (OAG) helped design the program and conducted outreach activities. *Citi Community Development*, which encourages innovation in the asset-building field across the United States, provided funding for CS4C.

Three local nonprofits implemented the pilot program. *The Brazos Valley Affordable Housing Corporation* provides first time homebuyer seminars, credit counseling, and other housing assistance to families in the Brazos Valley, including Bryan-College Station and surrounding counties. *United Way of San Antonio and Bexar County* focuses on improving early care and education for children and provides a free tax preparation program for low- to moderate-income families. In Austin, *Foundation Communities* provides support services to low-income families, including affordable housing, adult education, financial coaching, and tax services.

Program Structure

The CS4C program provides matched contributions and financial coaching services to encourage college savings among eligible parents in the child support system. Many of the program's core elements are modeled on the basic principles of asset-building, including the provision of a savings match, which has been linked to increased participation rates—especially among low-income individuals;[23] financial coaching services, which research shows are a valuable tool in helping people to save;[24] a focus on leveraging lump sum income, which has been linked to increased odds of saving;[25] and the use of statewide college savings vehicles, a common feature of other college savings programs due to their institutional structure and restrictions on access and use of funds.[26]

In an effort to generate college savings among a broad-based, low-income population, CS4C leveraged a unique element of the child support system as its core innovation. Instead of tapping into savers' existing income streams, the CS4C program attempted to capitalize on an existing structural component of the child support system—lump sum payments—to promote the accumulation of assets among child support customers. Lump sum payments occur when a noncustodial parent makes a large arrears, or "catch-up," payment to the child support system which is passed through to the custodial parent.

Program partners hypothesized that the sudden windfall provided by a lump sum payment might present an opportunity to encourage college savings among child support customers—a notion supported by prior literature which suggests that the marginal propensity to save from a lump sum payment is greater than that of regular income.[27] Other research shows that when low-income people receive a sudden windfall of cash, they benefit from a brief mental reprieve or "reset" moment during which their attention may shift from the routine management of day-to-day life toward taking advantage of opportunities to make investments for the future.[28]

Child support customers in the three Texas regions of the program who were due to receive a lump sum payment were actively contacted through outreach activities from the OAG and program partners. The primary channel of recruitment was through email and direct mail, though additional outreach materials were displayed in child support offices and at child support court. Though CS4C was originally targeted at custodial parents receiving lump sum arrears payments, any child support customer residing within the service area of one of the participating nonprofits was eligible to participate in the program.

Child support customers who expressed an interest in the program first contacted one of the three local nonprofits to inquire about CS4C. Staff at the local nonprofits collected basic contact and demographic information from each of these inquirers, and offered to set up an initial meeting to discuss the program further. A portion of these inquirers then attended an initial meeting to learn more about CS4C, and were asked to complete an intake form. This form acted as the baseline survey instrument, and collected detailed information on demographic and financial characteristics, as well as financial and educational goals. In addition, these participants received an initial financial coaching session.

Over the course of several additional coaching sessions, participants discussed their financial status and decided whether to open a college savings account through CS4C. Participants who chose to open a college savings account through CS4C selected from two different savings vehicles—a typical 529 college savings plan and the Texas Tuition Promise Fund. After opening a college savings account through the CS4C program, program partners monitored participant deposits and distributed incentive payments according to a specified match structure.

Evolution of Program Design: Outreach, Incentives, and Financial Coaching

Given the innovative nature of the CS4C program, program administrators had little in the way of a road map for optimal program design. Though the original program structure was designed with the core principles of asset-building in mind, CS4C also inadvertently incorporated adverse incentive structures and a number of barriers to participation. As the program went into effect, program partners learned what was most effective and modified the program accordingly. This section provides an overview of changes in the outreach, financial coaching, and incentive structures of the CS4C pilot program.

At the outset of the program in February 2012, direct outreach focused on families who were receiving lump sum payments under the presumption that the unexpected windfall of cash would provide an opportunity to save for college. Lump sum recipients who enrolled in the program received a 20 percent match on an initial deposit after six months and three financial coaching sessions. Participants would receive an additional 10 percent match on subsequent deposits following a fourth financial coaching session.

In May of 2012, the match rate was changed to a constant 20 percent, and participants were required to attend four financial coaching sessions in total before receiving matching incentives. This modification was made in response to the tendency of participants to delay their initial deposits in order to save more and maximize the initial match. This delay was believed to decrease the number of people opening accounts. By standardizing the match, program partners hoped to eliminate the incentive to delay and increase the number of accounts. During this time, program partners also began to discuss expanding outreach beyond lump sum recipients.

In November 2012, an additional incentive was added to encourage account opening among prospective participants. Participants opening an account with a $25 deposit were provided with an initial seed incentive of $100. All deposits were also matched at the existing 20 percent match rate once participants had completed four financial coaching sessions. In January 2013, program partners revised the marketing materials and designed an additional postcard in an effort to boost enrollment.

February 2013 saw the greatest modifications to the CS4C program. Two companion changes were made, one intended to boost incentives and the other intended to reduce barriers. The match rate was raised to 100 percent on all deposits, and financial coaching requirements were waived.

Finally, in April of 2013 the CS4C program altered its outreach. The new marketing strategy targeted a different population of child support recipients; those who were identified as low-income families steadily receiving child support. The program concluded at the end of August 2013.

EVALUATION OF THE CS4C PROGRAM

To evaluate CS4C, CFRP collected data from a variety of sources. Program forms completed by the local nonprofits made up one of the largest sources of information. These forms include an inquiry form, which program partners completed on every inquiry made about CS4C; a financial coaching form, which financial coaches completed following every coaching session; and several forms related to the incentive claim process. Additionally, CFRP received account statements from account openers as part of the incentive claim process.

To collect more detailed information about inquirers, non-openers, and account openers, CFRP fielded two larger surveys for CS4C. First, CFRP asked program participants to complete intake surveys during their first financial coaching session. Second, CFRP conducted an online exit survey of all CS4C inquirers, non-openers, and account openers in June 2013, to which 110 individuals responded.

To supplement survey results, CFRP also conducted two focus groups in Austin and San Antonio during March 2013. Individuals who had contacted local nonprofits about CS4C were invited to participate: eight parents participated in the Austin focus group, and five parents participated in the San Antonio focus group. Focus group results were transcribed and coded.

CFRP also used information collected by program partners and on surveys to match inquirers and participants with administrative data from the OAG. CFRP was able to match 215 (out of 298) inquirers and participants to active child support cases. The OAG additionally provided CFRP with marketing records on all individuals contacted throughout the course of the program.

CS4C Program Findings

CS4C PROGRAM OUTPUTS

From February 2012 through August 2013, CS4C attracted 298 individuals to inquire about the program, provided 99 individuals with at least one financial coaching session, and assisted 63 individuals with opening 116 college savings accounts (Table 1). Participants deposited at least $50,888 into accounts, and CS4C program partners contributed $38,785 in incentive payments.

Table 1: CS4C Program Outputs

Category	Number
Total Inquirers	298 individuals
Total Participants	99 individuals
Total Participants Opening Accounts	63 individuals
Total Accounts Opened	116 accounts
Total Financial Coaching Sessions	214 sessions
Total Participant Deposits	$50,888
Total CS4C Incentive Payments	$38,785

DEMOGRAPHIC CHARACTERISTICS

Table 2: Selected Demographic Characteristics

	Inquirers N=45	Non-Openers N=30	Account Openers N=57	Total N=132
Gender				
Male	6.7%	10.0%	10.5%	9.1%
Female	93.3%	90.0%	89.5%	90.9%
Race				
Hispanic	66.7%	70.0%	57.9%	63.6%
Black	13.3%	10.0%	17.5%	14.4%
Other	0.0%	3.3%	3.5%	2.3%
White	20.0%	16.7%	21.1%	19.7%
Education Level				
Less than High School	11.1%	10.0%	0.0%	6.1%
High School Diploma/GED	17.8%	16.7%	8.8%	13.6%
Some College	37.8%	46.7%	36.8%	39.4%
2-Year Degree	13.3%	6.7%	14.0%	12.1%
4-Year Degree or More	20.0%	20.0%	40.4%	28.8%
Completed Your Own Education Goals				
No	82.2%	80.0%	56.1%	70.5%
Yes	17.8%	20.0%	43.9%	29.5%

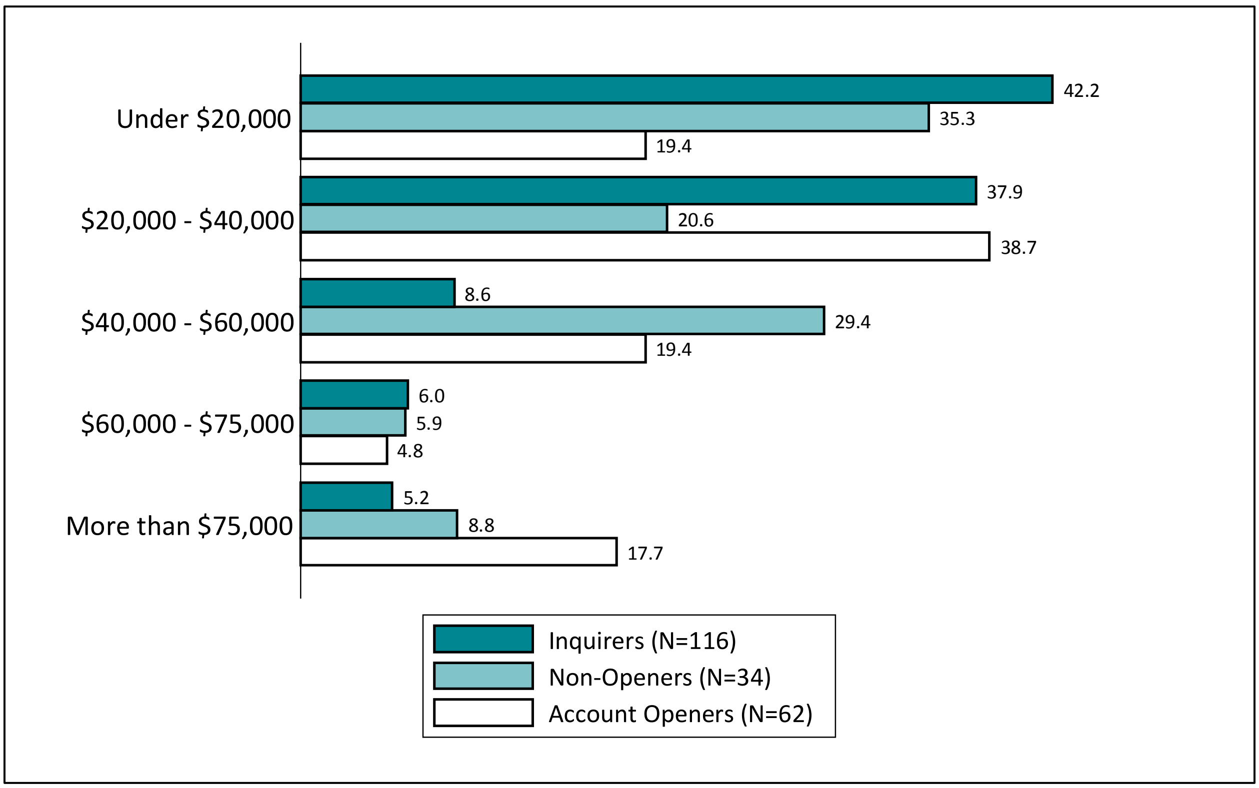
Source: CS4C intake and exit survey results

Table 2 (above) presents demographic characteristics on individuals who inquired about CS4C (inquirers), individuals who met with a representative from the local nonprofit but did not open an account (non-openers), and individuals who opened an account with CS4C (account openers). These three groups are markedly similar on some demographic characteristics, but differ substantially on other characteristics. Members of all three groups are likely to be female and Hispanic: approximately nine out of ten are female, and nearly two-thirds are Hispanic.

Account openers differ greatly from both inquirers and non-openers on other characteristics, however. Account openers are twice as likely as inquirers or non-openers to hold four-year college degrees. Similarly, account openers are twice as likely as inquirers or non-openers to have completed their own educational goals.

As shown in Figure 1, account openers are also more likely to have higher incomes than inquirers or non-openers: 42 percent of inquirers and 35 percent of non-openers report total household incomes under $20,000, whereas only 19 percent of account openers report incomes in this range. Similarly, twice as many account openers report incomes above $75,000 as inquirers or non-openers.

Figure 1: Total Yearly Household Income



Source: Inquiry form, intake survey, and exit survey results

Although the results from Table 2 and Figure 1 suggest that account openers overall are better off educationally and financially than inquirers or non-openers, results also indicate that the majority of account openers have not earned four-year degrees and earn relatively low incomes, with nearly 60 percent reporting household incomes under $40,000 per year.

PARTICIPATION

CFRP evaluated CS4C's program design to determine what aspects of the program are successful in achieving the program goal of opening college savings accounts and what aspects might be reconsidered for future programs. CFRP identified four primary findings relevant to participation:

1. CS4C had low inquiry rates, but inquirers were likely to participate and open accounts;
2. Revising the incentive structure and lowering barriers led to increased account opening;
3. Lump sum payments were not a salient motivator for account opening; and
4. Inconsistent receipt of child support and insufficient funds were the largest barriers to account opening.

These findings are discussed in greater detail throughout this section.

CS4C had low inquiry rates, but inquirers were likely to participate and open accounts

The main barrier to program success appears to be motivating individuals to inquire about the program with the local nonprofits. Despite extensive CS4C marketing provided by the OAG, inquiry numbers were consistently low over the program period. As shown in Table 3, fewer than 1 percent of individuals to whom the program sent marketing materials contacted one of the local nonprofits to inquire further about CS4C. Attempting to improve inquiry rates, program partners redesigned marketing materials in January 2013 and began varying them in type and by source. Unfortunately, despite several adjustments, CS4C program partners were not able to greatly improve inquiry rates throughout the course of the pilot.

Once individuals took the first step and inquired about CS4C, however, take-up rates were high: about one-third of inquirers became program participants, and nearly two-thirds of participants opened college savings accounts through CS4C.

Table 3: CS4C Rates of Inquiry, Participation, and Account Opening

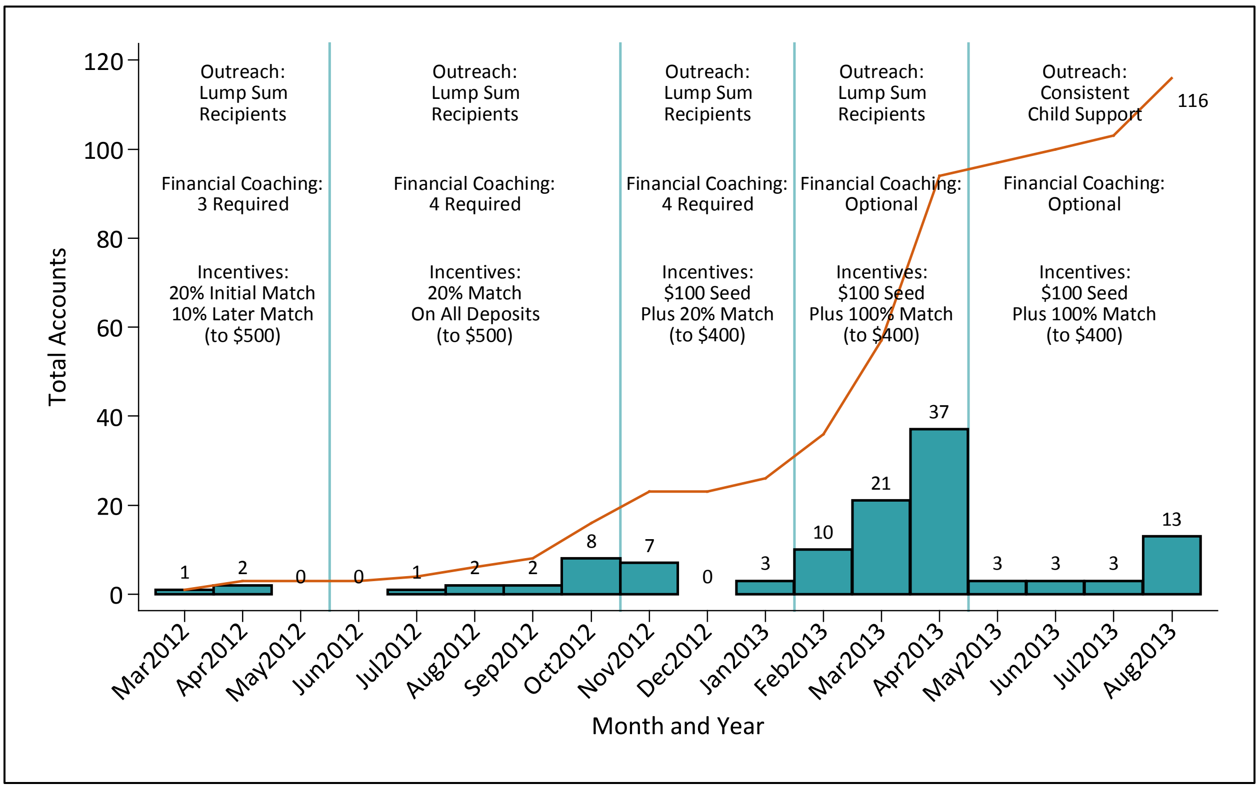
Construct	Equation	Rate
Inquiry Rate	$\frac{298\ inquiries}{38{,}408\ letters,\ emails,\ and\ postcards\ sent}$	0.78%
Participation Rate	$\frac{99\ participants}{298\ inquiries}$	33.22%
Account Opening Rate	$\frac{63\ account\ openers}{99\ participants}$	63.64%

Source: Marketing records, inquiry forms, program records, and account statements

Revising the incentive structure and lowering barriers led to increased account opening

The participation and account opening rates, unlike the inquiry rate, varied over the course of the pilot. As the program structure changed, the number of accounts opened increased, as shown in Figure 2. The period of largest increase, from February 2013 through April 2013, was marked by a number of changes to the program structure. Program partners revised marketing materials and generally increased the amount of marketing; made financial coaching an optional program feature rather than mandatory; and increased the match rate from 20 percent to 100 percent of all contributions, in combination with the $100 seed incentive.

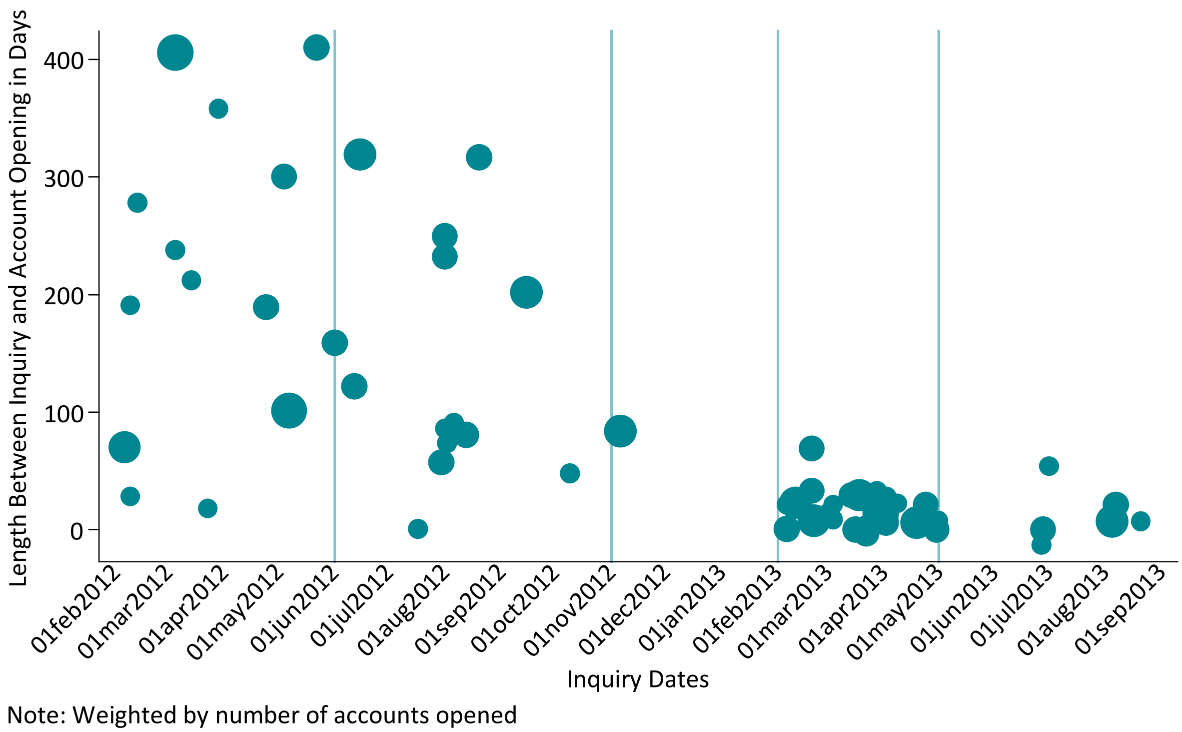
Figure 2: CS4C Accounts Opened by Month



Source: Account statements

Because program partners made considerable and varied changes to program design and execution over this period, the exact cause of the increase in accounts opened cannot be isolated. Results in Figure 3 on the length of time between inquiry and account opening suggest that this increase resulted from changes to the incentive structure and financial coaching requirements rather than changes to marketing. Although a few account openers who inquired about CS4C before February 1, 2013 opened accounts immediately, the majority waited a month or more before opening an account. The majority of account openers who inquired about the program after February 1, 2013 opened an account within a few days of inquiry. These results suggest that account opening became more attractive after February 1, 2013.

Figure 3: Time Between Inquiry and Account Opening



Source: Inquiry forms and account statements

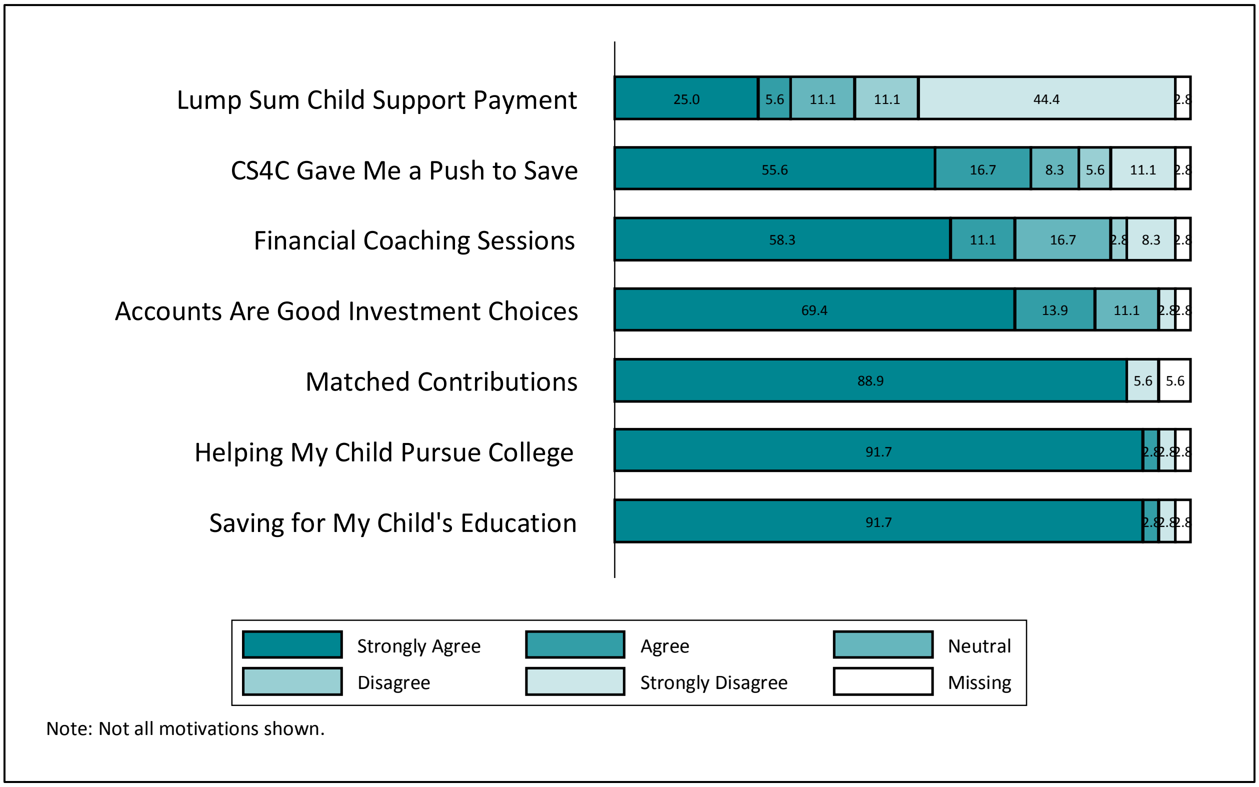
Lump sum payments were not a salient motivator for account opening

In both focus groups and on the exit survey, individuals report that the primary reasons they inquired about CS4C and opened accounts were their desires for their children to pursue higher education and the belief that they should be saving to help their children achieve this goal. Account openers report that the largest program-specific factor motivating them to open accounts was the matched contributions or incentives, as shown in Figure 4.

Echoing results showing that participants opened more accounts as the incentive structure changed, focus group participants particularly noted the final incentive structure as a motivating factor in account opening. In the words of one focus group participant in San Antonio,

> *"[My financial coach] told me about the program – but it was too much money at the beginning. It was $1000 at the beginning – I was like, I don't have that. So we just did the financial coaching. Then [my financial coach] told me last month that they [the program partners] had decided to play with the money now….I just opened my first one."*

Figure 4: Motivations to Open Accounts



Source: Exit survey responses from account openers (N = 36)

The receipt of a lump sum child support payment did not resonate with participants as a motivator for opening a college savings account. Although administrative records from the OAG indicate that most account openers had received a lump sum child support payment during the program period, Figure 4 illustrates that the majority of account openers disagreed that a lump sum child support payment motivated them to open an account.

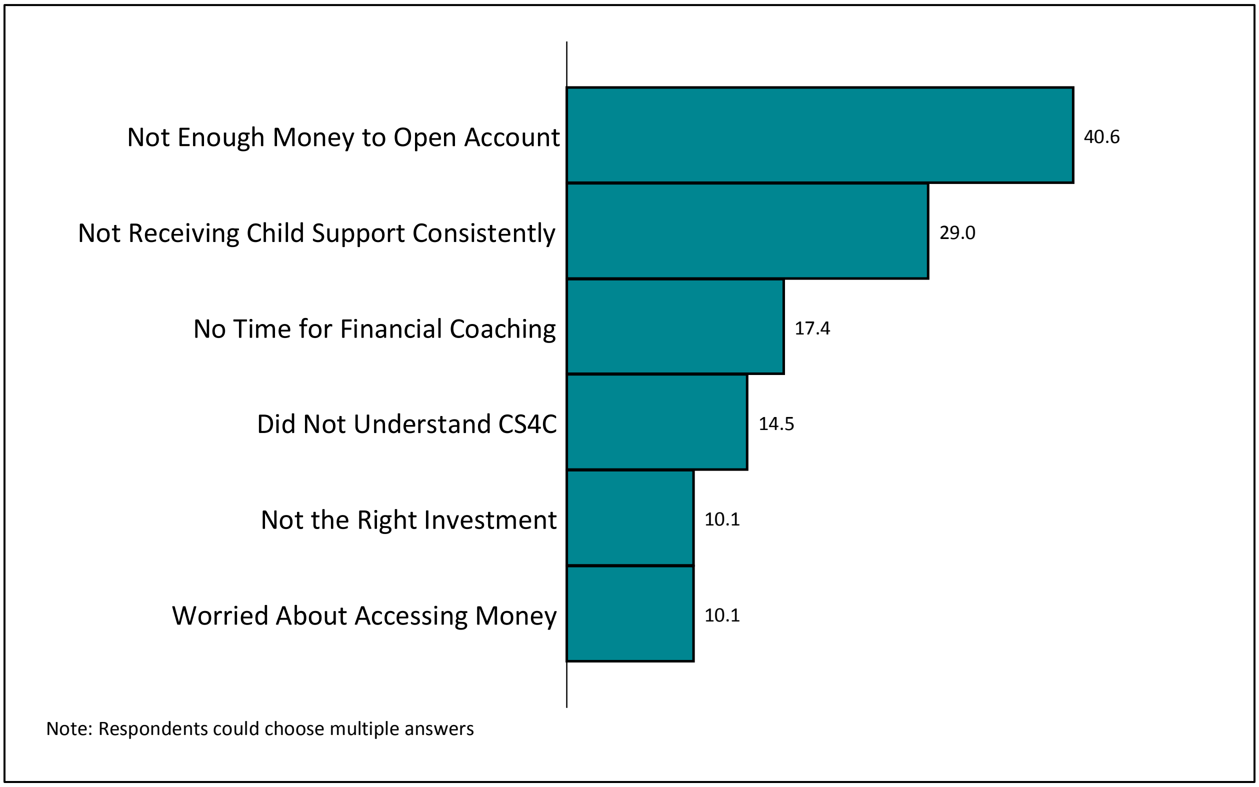
Lump sum child support payments may not have represented "windfalls" to most participants because they are not receiving child support consistently and are owed large amounts of money from the noncustodial parent. In the words of one focus group participant,

> *"My payments aren't regular – if there is a payment, I may actually have to use that money."*

Inconsistent receipt of child support and insufficient funds were the largest barriers to account opening

These results also align with respondents' reports of barriers to CS4C participation and opening college savings accounts. When asked about what prevented them from participating in CS4C or opening a college savings account, inquirers and non-openers report the primary barriers as a lack of funds and not receiving child support consistently, as shown in Figure 5. Program partners reiterated this idea, noting that many prospective participants wanted to participate but did not have the money to do so.

Figure 5: Reasons Individuals Did Not Open Accounts



Source: Exit survey responses from inquirers and non-openers (N = 69)

Changes to program design and execution cannot address the top barriers to account opening, lack of funds and inconsistent receipt of child support. Inquirers and non-openers identified several smaller barriers to account opening, however, that can be addressed through changes to the program. These barriers, as shown in Figure 5, are mandatory financial coaching, confusion about program requirements, and concerns about the savings vehicle.

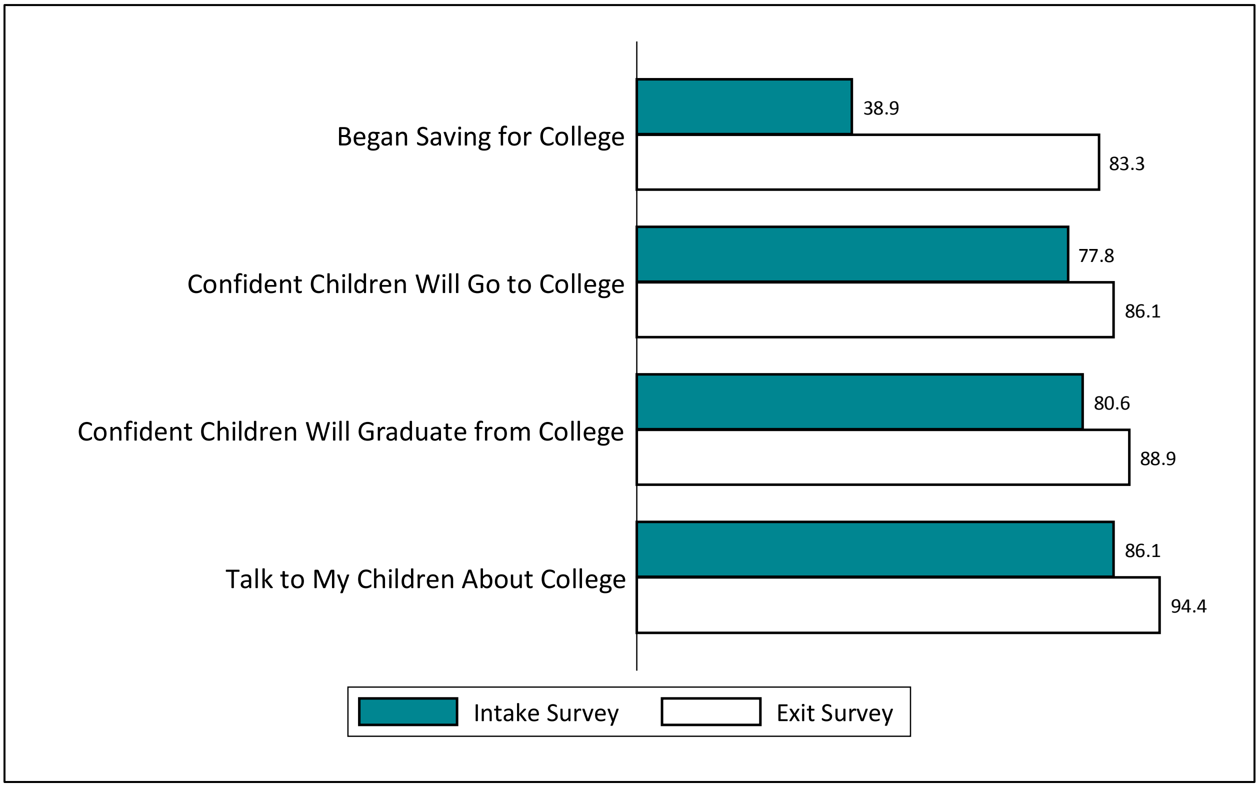
BENEFITS OF PARTICIPATION

CFRP identified two primary benefits of CS4C for account openers: the proportion of account openers who are saving for college increased, and account openers reported psychological benefits associated with saving for college.

Participants began saving for college

Comparisons between participant responses on the intake and exit surveys show that CS4C substantially increased the number of account openers who are actively saving for their children's college education. As shown in Figure 6, over twice as many account openers report saving for college after participating in CS4C.

Figure 6: Changes in Behaviors and Attitudes about Preparations for Child's Higher Education



Source: Intake and exit survey responses from account openers (N = 36)

Participants reported psychological benefits to saving for college

Although Figure 6 indicates that most account openers began CS4C confident that their children would go to and graduate from college, results from exit surveys and focus groups also illustrate that parents believe their investment in college savings accounts, even if only a small dollar amount, will improve their children's opportunities for higher education. These themes first emerged in focus groups:

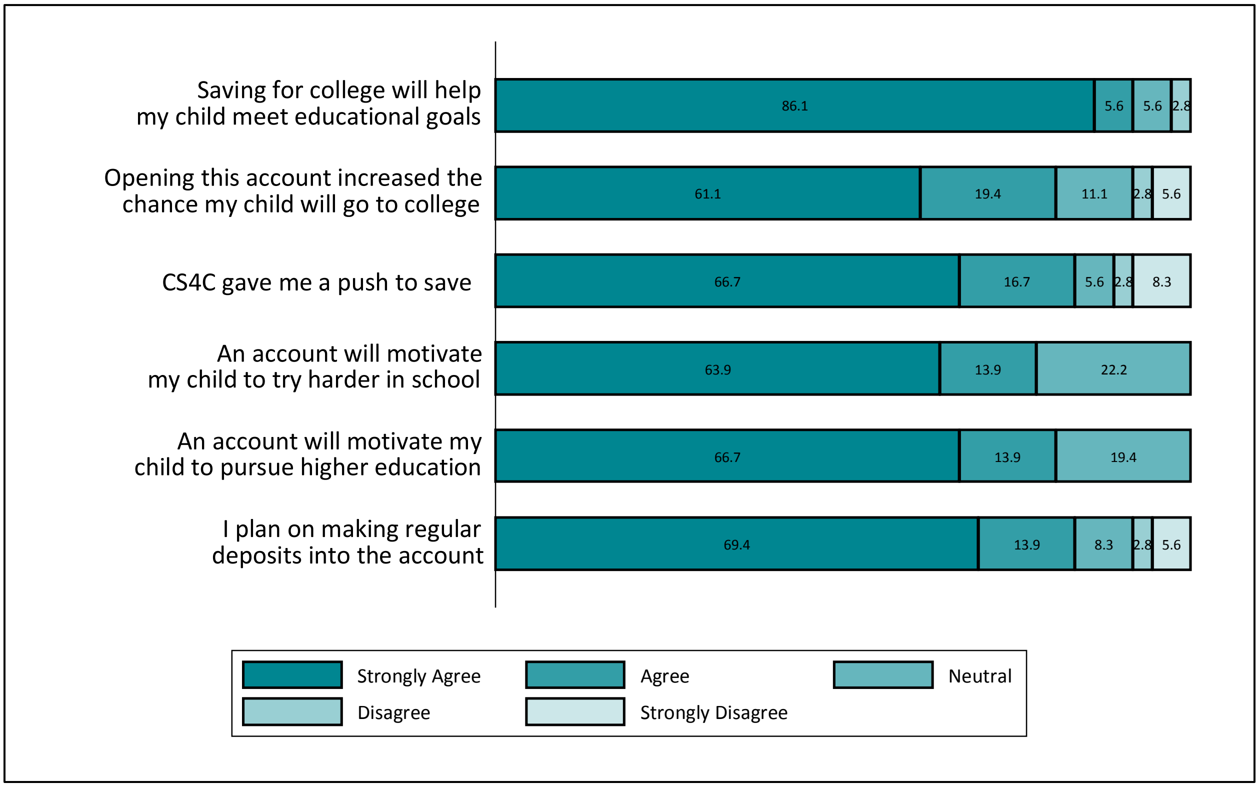
> *"The point is to make sure my son has some type of money for college. It feels great – especially when I go and log in and look at it. I want to say that – in the year we've been investing – we've looked two or three times."*
>
> – San Antonio focus group participant

> *"Even if it's starting out with $25. Helping [parents] understand the importance of putting money away for children's education."*
>
> – San Antonio focus group participant

> *"[CS4C] gives my son the opportunity to get his foot in the door."*
>
> – Austin focus group participant

> *"This will increase the likelihood my kids will go to college."*
>
> – Austin focus group participant

Figure 7: Perceptions of College Savings Accounts



Source: Exit survey responses from account openers (N = 36)

On the exit survey, account openers reported similar psychological benefits, as shown in Figure 7. Over 90 percent of account openers agreed that saving for college would help their children meet educational goals. Approximately 80 percent of account openers agreed that college savings accounts will motivate their children to try harder in school and to pursue higher education, as well as increase their chances of going to college. Finally, the vast majority of account openers plan to continue making deposits into their college savings accounts opened through CS4C.

These results are consistent with emerging research on the psychological benefits associated with saving for college, which finds that children with even small amounts of college savings are significantly more likely to enroll in and graduate from college. Children with less than $1 in college savings are 3 times more likely to enroll in college than children with no designated college savings, and children with $1-$499 in college savings are 2.4 times more likely to graduate from college than children with no designated college savings.[29] Researchers suggest the mechanics of this link may be largely psychological—that the simple act of having a designated college saving account changes how students *think* about college. Drawing on identity-based motivation theory, scholars contend that having designated college savings leads savers to adopt a "college-bound identity" in which the concept of college is seen not only as attainable, but as a presumed destination.[30]

KEY PROGRAMMATIC LESSONS

As the first pilot program to capitalize on the intersection of child support and asset-building, the CS4C program had little precedent to guide its efforts in program design and implementation. The 18-month pilot met with both successes and challenges, many of which derived from structural elements of the program itself. Below are several of the key lessons learned in the area of program design:

- **Set clear goals.** As a pilot program, CS4C aimed to learn broadly whether asset-building strategies to promote college savings among the child support population would "work." At the outset, program partners identified a range of program goals, from learning how to best deliver the program to helping families attend college. More precise goals are needed in a full-scale implementation: for example, does the program aim to have participants open college savings accounts, gain financial literacy, or save enough to make a dent in college expenses? Program design will differ, depending on the desired goal.

- **Understand constraints.** The CS4C program encountered a number of obstacles throughout the development of the program that hindered the optimal program design. Among the programmatic limitations were 1) marketing constraints born of the public-private partnership, 2) regulatory constraints on the ability for financial coaches to provide advice or steer participants toward certain savings vehicles, and 3) logistical constraints on the ability to integrate a direct deposit option into the program.

- **Align with best principles of asset-building.** Although the CS4C program was designed to incorporate the basic tenets of asset-building—including matched contributions and financial coaching services—the early program design overlooked arduous incentive structures and other barriers to participation that may have hindered account openings. Low match rates, protracted incentive payment schedules, heavy financial coaching requirements, cumbersome paperwork, and confusing or opaque financial products are among the design elements which may have negatively impacted take-up rates. As program partners enhanced the incentive structure and eliminated barriers, account openings increased. This finding reiterates the conclusion that asset-building programs are most effective when they are simple and facilitate ease of participation.

- **Integrate with goals of stakeholders.** A comprehensive review of asset-building initiatives across the U.S. notes that asset-building strategies which are unable to make specific contributions to the existing goals of a particular stakeholder or program will be unlikely to succeed at scale.[31] The CS4C program aligned well with the goals of RAISE Texas, Citi, and some of the local nonprofits' existing goals. However, the program did not align well with the performance measures of the child support division of the OAG; therefore long-term participation by this integral partner may prove to be difficult.

Endnotes

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