

FROM 529s TO CSAs: THE PROMISE INDIANA MODEL¹

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WHAT IS PROMISE INDIANA?

Promise Indiana is a community-owned Children's Savings Account intervention designed to equip young children and their families with the financial resources, college-bound identities, community support, and savings behaviors associated with positive educational outcomes. Promise Indiana began as the Wabash County Promise, the vision of the Wabash County YMCA and local school leaders. Concerned about persistent disparities in educational attainment and frustrated by low participation in the state's 529 college savings plan, Wabash County YMCA CEO Clint Kugler and his team created a community-driven approach to children's savings. Building on the YMCA's experience helping individuals to change behaviors and buoyed by strong interest from allies, what is now Promise Indiana endeavored to activate families and communities for the task of preparing children for college. In the process, they pioneered a model for cultivating college-bound identities and transforming 529s into powerful and progressive Children's Savings Accounts (CSAs).

PROMISE INDIANA'S CORE GOALS

RAISE EXPECTATIONS

- Incorporate college and career discovery into the elementary school experience by helping teachers expose children to new possibilities
- Bridge access to higher education by giving children early, positive exposure to colleges and universities and by cultivating college-bound cultures
- Provide parents with information about how college saving can increase the likelihood that their children succeed in post-secondary education

PROVIDE RESOURCES

- Offer a \$25 seed deposit for all families opening 529 college savings accounts in the state's 529 plan, CollegeChoice
- Recruit community champions to make additional deposits
- Broker relationships with donors in order to provide matches for family and champion deposits

CHANGE BEHAVIOR

- Engage parents as college savers by 'shrinking the change', through simplifying the CollegeChoice enrollment process, offering 529 enrollment through elementary schools, and encouraging even small deposits
- Ease the process of saving by enlisting employers to offer withholding for CollegeChoice, including, in some cases, savings matches

¹ This is the second brief in a two part series exploring the rationale for utilizing the state system of 529 college savings accounts as platform for offering Children's Savings Accounts and examining Promise Indiana as one potential model for doing so. For a full discussion of these topics, please reference *Transforming 529s into Children's Savings Accounts (CSAs): The Promise Indiana Model*, which can be accessed at <https://aedi.ku.edu/publication/report/transforming-529s-childrens-savings-accounts-csas-promise-indiana-model>.

THE DETAILS

ROLE OF STAKEHOLDERS

- Promise Indiana works through existing community institutions to facilitate efficient scaling and responsive design.
 - *Schools* broker connections between families, CollegeChoice, and colleges and universities
 - *Colleges* take ownership for the visit days that expose children to career options and excite them about their futures
 - The state’s *529 plan* provides the account infrastructure and streamlined the enrollment process to reduce barriers
 - *Local philanthropies* invest in community development interests
 - *Employers* provide match funding and facilitate direct deposits
 - *Community leaders* become champions for individual children and help to create and sustain college-bound cultures

REPLICATION

- Promise Indiana’s expansion beyond Wabash County leverages the leadership of teams in each county, respectively charged with raising matching funds, recruiting partners, and overseeing implementation of the model with high fidelity.

MARKETING AND ENGAGEMENT

- The accounts established through Promise Indiana’s intervention are only part of the equation. Additionally, nearly every child in Promise communities has access to accurate, relevant information about higher education and future career options. With t-shirts, college visits, college-going pledges in class, online tools, and other innovations, schools and communities within Promise Indiana start to build the expectation of college early in a child’s life.

PROMISE INDIANA’S CSA AT-A-GLANCE		
PROGRAM ELEMENTS	FUNDING	ADMINISTRATION
<ul style="list-style-type: none"> • Streamlined enrollment in CollegeChoice 529 • College and career readiness activities, integrated into school day • Recruitment of community champions to support development of college-going culture • \$25 initial account seed • Additional match, if children secure at least \$25 in support from champions 	<ul style="list-style-type: none"> • \$25 initial seed deposit from Promise Indiana (mostly from philanthropic grants) • Up to \$100 in additional match (primarily contributed by economic development, local government, and community foundation interests), if children raise \$25 from champions • Administrative support mostly in-kind from sponsoring organizations in each host community 	<ul style="list-style-type: none"> • Implemented in each community by a local team, with program design support from Promise Indiana (spearheaded by the Wabash County YMCA) • Accounts held in CollegeChoice Direct 529, Indiana’s 529 plan (offered by Ascensus College Savings) • Operational support for Promise Indiana from fundraising and contributions to convening organizations, the Indiana Education Savings Authority, and private donors

THE OUTCOMES

- Today, more than 70% of K-3rd graders and 30% of all youth under 18 in Wabash County, where the Promise began in 2013, are saving in the state 529 plan. Of the more than 3,200 CollegeChoice Direct 529 plans established through Promise Indiana, more than 40% have seen family deposits and/or champion contributions. Families have saved more than \$417,200, with an additional \$165,000 in deposits from enrollment incentives and community matches.¹²
- The greatest gains have been made in low- and middle-income households; while they reported negligible use of 529s prior to Promise Indiana, today, almost one quarter of low-income families report saving for college.³
- Replication of the Promise Indiana model is completed or in progress in 8 total counties, with 15 more communities considering possible pilot in 2016, an expansion supported by a recent grant from the Lilly Endowment, Inc. Promise Indiana aims to engage 70% of families and induce saving among 40%, goals with the potential to reshape educational opportunity across the state.

HOW PROMISE INDIANA WORKS: IDENTITY-BASED MOTIVATION AND CSAs

Promise Indiana has always been about more than just the dollar amount in a child's account. While those resources matter, Promise Indiana is built on the belief—validated through empirical evidence—that having a Children's Savings Account can also increase parental and child expectations⁴ and drive greater educational outcomes. Children who identify as college savers believe higher education is in their futures and have a concrete strategy with which to approach this task, critical dimensions that help to explain their improved attainment. On this front, there are few, if any, CSAs realizing the successes of Promise Indiana in utilizing the mechanisms of Identity-Based Motivation⁵ to get families to act in ways consistent with these emerging identities. Given the importance of engagement even in CSA programs that utilize automatic enrollment, Promise Indiana's operationalization of these principles is valuable for the larger field, as well as for their own success:

SALIENCE (bringing college front of mind)

- Talking about college within the school day
- Talking with families about college saving at the point of kindergarten enrollment and representing it as the 'next step' in the child's academic career

GROUP CONGRUENCE (helping children feel part of a larger college-bound culture)

- Walk into My Future college visit events
- Classroom discussions about college
- Employer payroll deduction
- Recruitment of community champions

NORMALIZATION OF DIFFICULTY (positioning college savings as a tool with which to confront the inevitable challenges associated with paying for college)

- Emphasizing how small actions can position families to afford higher education
- Reshaping local community culture regarding how families expect to pay for college
- Promoting college cost calculators to help families accurately assess their own college savings task and construct plans for their own asset accumulation

²Jones-Layman, A. (2015a). Community Counts: Activating All Families to Save for Higher Education. *Bridges*. St. Louis, MO: Federal Reserve Bank of St. Louis.

³ Ibid.

⁴ Kim, Y., Sherraden, M., Huang, J., & Clancy, M. (2015). Child Development Accounts and parental educational expectations for young children: Early evidence from a statewide social experiment. *Social Service Review*, 89(1), 99-137. doi:10.1086/680014

⁵Oyserman, D. and Destin, M. (2010). Identity-based motivation: Implications for intervention. *Counseling Psychology* 38(7), 1001-1043.

IMPLICATIONS FOR THE NATIONAL CSA FIELD AND POLICYMAKERS

- Key modifications can make the 529 instrument more suitable to CSA aims (shortening application, reducing initial deposit requirement, increasing outreach)
 - Lessons about scaling with fidelity and attention to localized contexts, from Promise Indiana’s experience in replication across the state
 - Local partners will need cultivation, guidance, and support, particularly as they begin
 - Requiring organizations to invest in program start-up may increase buy-in and contribute to stronger performance; it also serves as an early test for the lead ‘hosts’
 - Encouraging local communities to brand their efforts uniquely can accommodate desire for customization while preserving the integrity of the core intervention
 - Employer stakeholders in college saving can serve as a potential source of private funding for CSAs across the country
 - Replicating similar initiatives at scale requires a policy infrastructure—particularly within the 529 delivery system and the school systems that will interface with families—that provides the flexibility to accommodate key CSA design features and resources to ensure progressivity
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