THE UNIVERSITY OF KANSAS
School of Social Welfare

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Honorable Chair Senator Molly Baumgardner
Senate Education Committee

Thank you for the opportunity to share some of the research on the potential of early children's assets—such as those delivered through Kansas' postsecondary savings account program—to improve outcomes. I am Melinda Lewis, an Associate Professor of Practice in the University of Kansas' School of Social Welfare and co-author of a book examining the effects of wealth—and its absence—on children's educational outcomes, *Making Education Work for the Poor: The Potential of Children's Savings Accounts* (Oxford University Press, 2018). From 2013-2018, I was Assistant Director of a research center that evaluated Children's Savings Account (CSA) programs around the country. Here, I will provide a brief overview of CSA research, with particular emphasis on evidence from programs with features that resemble the approach outlined in SB473—especially Promise Indiana. In that program, as in SB473, children and their parents engage "champions"—third-party supporters who make contributions, ranging from small-dollar gifts ($5.29 from a dentist to their patients, or $10 for each student in a confirmation class) to larger investments, such as the Wabash County Community Foundation's awarding of early scholarships to elementary and middle school students. In a display that is truly inspiring to witness, Promise Indiana draws on entire communities' collective capacity to create a culture of "college-going" and equip children with game-changing early educational assets, even if their parents cannot.

CSAs have demonstrated impressive and lasting effects on children's outcomes along the opportunity pipeline designed to carry them to success. Importantly, evidence suggests that families do not need to save their own money for a CSA to catalyze development of the educational expectations, social/emotional development, and interim academic achievement that lead to college enrollment and completion. Instead, just having an account matters, and the effects are often amplified with the presence of tangible assets—regardless of their source.

☐ **Early social/emotional development:** Infants randomly assigned to receive CSAs demonstrate significantly higher social-emotional skills at age four than their counterparts.[i] Effects were strongest among low-income families. Further, *even without changing families' monthly budgets,* CSAs mitigate about 50% of the negative association between material hardship and children's social-emotional development.[ii]

☐ **Parental educational expectations:** Using experimental data, researchers found that parents whose children received the CSA have higher expectations and that their expectations are more likely to remain constant or increase than parents whose children did not receive the CSA.[iii] Other research has confirmed that assets are positively related to educational expectations.[iv] By influencing what parents believe is possible for their children's future and what children come to expect for themselves, early assets can affect school engagement, in ways that pay dividends throughout the educational system.

☐ **Academic achievement in early schooling:** Improvements in educational expectations and social/emotional health contribute to stronger academic achievement. In Promise Indiana, having a CSA had a positive, statistically-significant relationship with both reading and math achievement, specifically for children eligible for free/reduced lunch, accounting for nearly 29% of the variance in reading scores and 23% of the variance in math scores.[v]

☐ **College access and completion:** Students with at least $500 in educational assets are about 2X more likely to graduate from college than children who have a college-bound identity only. [vi] For low-income

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children, the figure is 3X more likely. Assets help bridge the distance between high school and college for those with the desire and ability to continue their educations who may otherwise 'wilt'.[vii]

☐ **Post-college financial health and return on degree:** Much of the growing pessimism with which Americans contemplate their children's futures hinges on perceptions that college doesn't pay as much as it should, or used to, or does, for others. Here, promisingly, assets may also help to improve return on degree. Where student debt slows upward mobility[viii] and compromises net worth[ix], youth with education savings are more likely to hold assets[x] and to adopt healthy financial habits, including regular saving, as an adult.[xi]

How do CSAs work? Research has articulated the mechanisms by which early educational assets exert these seemingly unbelievable effects. Early educational assets: (1) make higher education appear urgent; (2) frame difficulties associated with preparing for college as signals of importance, rather than impossibility; and (3) present educational attainment as "something that *people like me* do". There are real, powerful, and quantifiable multiplier effects of early educational asset ownership. SB473 encourages charitable organizations to join forces with the state and with families, toward an asset-empowered approach to education financing and a stronger foundation for children's successful futures. I am happy to answer any questions.

Sincerely,

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