Report in Response to House Concurrent Resolution No. 94 (HCR 94) of the 2022 Regular Session of the Louisiana Legislature to Study the Potential Feasibility and Benefits of a "Baby Bonds" Program in the State of Louisiana

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LOUISIANA DEPARTMENT OF HEALTH

Department of Children & Family Services
Building a Stronger Louisiana

Report submitted to:
The elected members of the legislature, the Secretary of the Department of Children and Family Services (DCFS), the Secretary of the Louisiana Department of Health (LDH), the State Treasurer, the State Superintendent of Education, the Chairman of the Louisiana Board of Regents, the President of the State Board of Elementary and Secondary Education, the Secretary of the Department of Economic Development, the Executive Director of the Louisiana Housing Corporation, and the David R. Poynter Legislative Research Library.

Report prepared by:
Louisiana Department of Health, Office of Public Health (OPH) staff:

- Lacey Delery, MS, Health Equity Coordinator, OPH Bureau of Family Health (BFH)
- Amy Zapata, MPH, Director, BFH
- Rebecca Majdoch, MPH, Senior Advisor to the Director, BFH

Louisiana Department of Children and Family Services (DCFS) staff:

- Brandy Bonney, Program Manager 1 - Social Services, DCFS
- Brittany Dunn, Program Consultant - Social Services, DCFS
- Kristie Townsend, Program Manager 2 - Economic Stability Programs/Field Support, DCFS

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Table of Contents

Acronyms

ALICE – Asset Limited, Income Constrained, Employed
COI – Child Opportunity Index
DCFS – Department of Children and Family Services
FPL – Federal Poverty Level
GED – General Educational Development Test
GDP – Gross Domestic Product
GPA – Grade Point Average
HCR 94 – House Concurrent Resolution No. 94
HIPAA – Health Insurance Portability and Accountability Act
LA – Louisiana
LDH – Louisiana Department of Health
MOU – Memorandum of Understanding
SNAP – Supplemental Nutrition Assistance Program
TANF – Temporary Assistance for Needy Families
TBD – To Be Determined

Executive Summary

The Charge: House Concurrent Resolution No. 94 (HCR 94) of the 2022 Regular Session of the Louisiana Legislature directed the Department of Children and Family Services (DCFS) and the Louisiana Department of Health (LDH) to jointly "…study the feasibility, best structure, and potential return on investment of a program to provide children born in Louisiana whose birth was covered or eligible for coverage by Medicaid with a trust that, at maturity, can be used to fund the child's postsecondary education in this state, the purchase of a home in this state, or formation of a business in this state." The charge of this study is to identify considerations for establishing what is commonly referred to as a state "Baby Bonds" program.

The Approach: LDH and DCFS staff led this study, with additional research support. The approach included a review of current literature, policy and data, semi-structured interviews with individuals and entities named in the study's authorizing legislation, and consultation with individuals with knowledge or expertise related to the charge of the legislation. The study included an assessment the current policy landscape, identification of existing programs and services with similar goals, characterization of the need and potential eligible populations, and identification of considerations for the potential design and implementation of a Baby Bonds program in Louisiana.

Findings and Recommendations: Baby Bonds are both an economic and social policy that seek to ensure that children enter adulthood with the initial capital needed to pursue a recognized pathway to financial security and building individual and generational wealth (or net worth): postsecondary education, homeownership, or entrepreneurship. Baby Bonds are public or public-private investments that are set aside as trusts, savings or other investment instruments for children's futures. Upon reaching adulthood, qualifying individuals can use the funds for education or assets that have the potential to be wealth generating. Baby Bonds policies are intended to provide tangible economic benefit for individuals and families, catalyze hope for the future, and ameliorate inequities in economic opportunity and wealth.

Baby Bonds programs nationally are variable in their design, structure, investment amounts and vehicles, eligible uses, and implementation. However, there are several common key design principles: Baby Bonds are a substantial monetary endowment; lower-resourced households receive higher amounts; there is automatic enrollment; their use is restricted to education or wealth-generating assets; programs are primarily structured as endowments, rather than family or individual deposits; the programs have a sustainable funding source; and the disbursements are excluded from state benefits' asset limits.[1,2]

The research illuminated significant need in the state for policies that promote economic stability and security for families: one in four children under age 18 in Louisiana live in poverty (compared to one in six nationally)[3] and 51% of families cannot afford the basics needed to live and work based on the United Way's ALICE (Asset Limited, Income Constrained, Employed) measure.[4]

The study identified various programs in Louisiana that align with the goals and operational needs of a potential Baby Bonds program in the state. The greatest opportunity of a potential Baby Bonds program in Louisiana is likely in its ability to complement existing supports and programs by filling in gaps with greater flexibility than current approaches. Considerations and opportunities for alignment are identified in the report. It is recommended that any future planning be guided by the legislative toolkit published by Prosperity Now. While the goals for such a program in Louisiana will inevitably be unique to the needs, assets, and opportunities for synergy in this state, utilization of such a guide will help ensure any program is developed with a strong foundation for success.

Introduction and Study Methods

"...[Though] Louisiana is vastly wealthy in cultural and natural resources, poverty poses a barrier to too many of our citizens' pursuit of the American dream, and a lack of family financial resources can keep children born into less affluent circumstances from attaining education and economic security."

- House Concurrent Resolution (HCR) 94 of the 2022 Regular Session of the Louisiana Legislature[5]

House Concurrent Resolution No. 94 (HCR 94) of the 2022 Regular Session of the Louisiana Legislature directed the Department of Children and Family Services (DCFS) and the Louisiana Department of Health (LDH) to jointly "…study the feasibility, best structure, and potential return on investment of a program to provide children born in Louisiana whose birth was covered or eligible for coverage by Medicaid with a trust that, at maturity, can be used to fund the child's postsecondary education in this state, the purchase of a home in this state, or formation of a business in this state." The charge of this study is to identify considerations for establishing what is commonly referred to as a state "Baby Bonds" program.

Baby Bonds are both an economic and social policy that seek to ensure that children enter adulthood with the initial capital needed to pursue a recognized pathway to financial security and building individual and generational wealth (or net worth)*: postsecondary education, homeownership, or entrepreneurship. Wealth allows families to weather financial emergencies, such as an illness or a layoff, and minimizes the need for public assistance. Currently, only 53% of Americans could weather a $500 financial emergency without worry, according to the 2022 Personal Capital Wealth and Wellness Index.[6] Wealth enables people to invest money and time in their communities, stimulating the economy and fostering civic engagement. Wealth also enables people to invest in their future, including through education and specialization of skills, thus increasing the potential of the state's human capital and growing the economy. Lastly, wealth is intergenerational. Families pass wealth along to the next generation and support their financial start in life when able. Baby Bonds programs aim to broaden the proportion of children starting out their independent financial lives with support. Wealth provides numerous benefits allowing people to focus on their future and to actively contribute to society.[7]

Baby Bonds are intended to give every baby a chance to build a strong financial future, regardless of the economic situation of the family into which he or she is born. According to *Prosperity Now*, in 2016, the median household net worth in Louisiana was $48,800, compared to $92,110 for the US.[8] The median household net worth in 2016 in Louisiana where the head of the household was Black was $17,000 compared to $96,510 where the head of the household was White.[8] In the same time frame, 17.1% of Louisiana households, compared to 15.7% of U.S. households had no wealth or a negative net worth, meaning debt is greater than assets.[9] Baby Bonds are a potential instrument to help all children have the opportunity to achieve financial stability and build wealth for future generations. Baby Bonds also have the potential to address the racial wealth divide in the state.

Fundamentally, Baby Bonds are public or public-private investments set aside as trusts, savings, or other investment instruments for children's futures, typically with the most money invested on behalf of children from households with lower wealth.[1] Upon reaching adulthood, the qualifying individuals can put the invested funds toward education or assets that have the potential to be wealth generating, such as a home or small business. Baby Bonds policies are intended to provide tangible economic benefit for individuals and families, catalyze hope for the future, and ameliorate inequities in economic opportunity

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*The term "wealth" or "net worth" refers to the value of a household's economic resources. It is measured by net worth, which is the total value of a household's assets minus any debts. According to Prosperity Now, "assets are tangible and intangible economic resources – a home, savings in a bank account, a college education – that can produce value for their owner."

and wealth. Though not a primary focus, these investments also have potential to benefit a jurisdiction's economy. Existing "Baby Bonds" programs are variable in design, structure, investment amounts and vehicles, eligible uses and implementation. This report is intended to provide foundational information and outline areas of key decision-making should a program be developed in Louisiana.

Methods

LDH and DCFS staff led this study with additional research support provided by a consultant with expertise in Baby Bonds policy. The approach included a review of current literature, policy, and data; semi-structured interviews with individuals and entities named in the study's authorizing legislation; and, formal and informal consultation with individuals with knowledge or expertise related to the charge of the legislation. Team members used the information from these activities to: 1) assess the current policy landscape; 2) identify existing programs and services with similar goals; 3) characterize the need and identify potential eligible populations in the state; and 4) describe considerations in the potential design and implementation of a Baby Bonds program in Louisiana.

- **Assessment of the current policy landscape related to Baby Bonds and similar policy initiatives:** The study group completed an environmental scan of current state and national policies related to Baby Bonds programs, including a review of publicly available policy papers and resources, as well as interviews with subject matter experts (SME). The team reviewed and categorized others states' legislation by stage of development or implementation, and key features related to design such as administration, eligibility, investment, and disbursement. In the course of these activities, the study group also identified a recent legislative report in Louisiana with relevance to Baby Bonds: the Louisiana's Children's Savings Account Taskforce Report, produced as a result of House Concurrent Resolution (HCR) No. 22 of the 2018 Regular Session of the Louisiana Legislature. The findings and recommendations from this earlier study informed the considerations for a potential Baby Bonds program in Louisiana in this report.
- **Identification of existing programs and services with similar goals:** The study team interviewed individuals named in the legislation to identify existing programs and services in Louisiana to promote access to postsecondary education, homeownership, and formation of a business. The study team also reviewed several reports to identify relevant state and federal economic stability and development programs. This review served to identify potential intersections, synergies, or conflict between these programs and a prospective Louisiana Baby Bonds program.
- **Review of population and program data to characterize need and potential eligible populations:** The study team reviewed data from Medicaid, the United Way ALICE (Asset Limited, Income Constrained, Employed) Report, the Supplemental Nutrition Assistance Program (SNAP) program, and the state Temporary Assistance for Needy Families (TANF) program to characterize the need for a Baby Bonds style program and assess the potential impact on various populations. This review illuminated other populations to consider for eligibility in a Baby Bonds program and strategies for implementation related to eligibility and enrollment processes.
- **Interviews to elicit perspectives on design and implementation:** The study team gathered information from the entities and individuals listed in the legislation and other individuals with relevant expertise. Participants included representatives from the treasury, education, economic development, housing, health, and early childhood policy (please refer to Appendix 1 for the complete list and Appendix 2 for the interview tool used to guide discussions with the state agencies). These interviews provided information about existing programs and services promoting education, homeownership, and entrepreneurship in Louisiana, demonstrating how Baby Bonds may complement current efforts or address important gaps. The interviews also illuminated existing state infrastructure that could potentially be leveraged to manage aspects of program implementation.

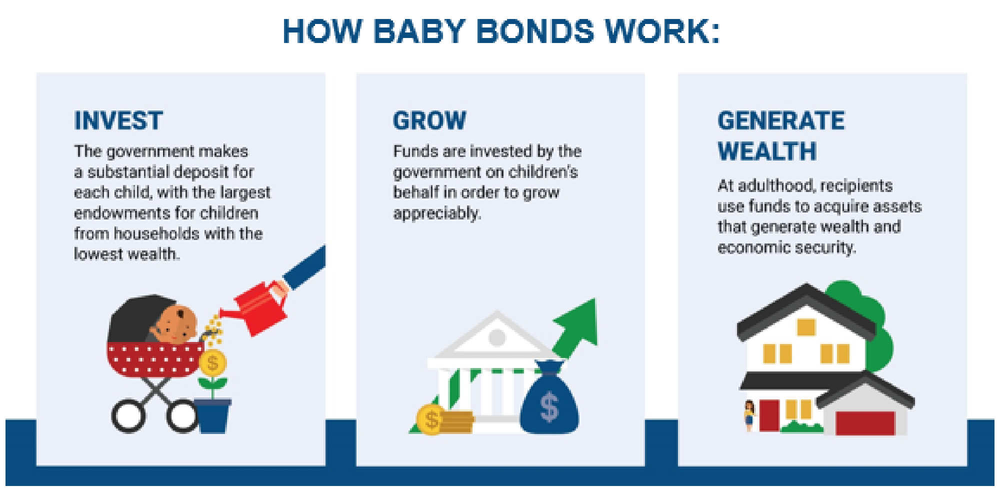
What is a Baby Bonds Program?

"There is nothing new about poverty.
What is new, however, is that we have the resources to get rid of it."

-Martin Luther King Jr.

Baby Bonds, in the simplest sense, are investments made for eligible children at or near birth that can be used for designated purposes in the future. Proposed by economists Darrick Hamilton and William Darity Jr., Baby Bonds are a policy approach to addressing generational poverty and narrowing the racial wealth gap.[1] As seen in Figure 1, funds are invested on behalf of a baby so that when they reach adulthood, regardless of their family's financial situation, they have the ability to participate in pathways that are known to support economic security, opportunity, and prosperity — namely education, homeownership, or entrepreneurship. Most often, Baby Bonds programs are designed such that when a child reaches adulthood they have access to the invested funds for those specific approved purposes of paying for education, putting a down payment on a home, or starting a small business.[10] This approach leverages these recognized pathways to further economic stability for communities along with the individuals and families receiving Baby Bonds. Through investment in each child's future, the public endowment grows with the child. Baby Bonds are one policy tool available to introduce a child trust program in the state as outlined in HCR 94 and support the state's economic prosperity.

Figure 1. Overview of How Baby Bonds Work from *A Brighter Future with Baby Bonds: How States and Cities Should Invest in Our Kids*[11]



Baby Bonds are a wealth-building tool with the potential to benefit every parish in Louisiana by improving equity in access to financial support for children, families, and communities alike. Beyond the financial investment in Louisiana's next generation, Baby Bonds also provide what researcher William Elliott III refers to as "tangible hope" for children and families.[12] Research has demonstrated that policies leading to wealth accumulation influence not only the opportunities available to children as they reach adulthood, but also shape families' aspirations and improve well-being.[13] For example, positive effects associated with a program that set aside $1,000 for postsecondary education for children at birth included reduced maternal depression,[14] improved educational expectations for children, including a college-bound identity,[15] and improved overall well-being for children.[13]

Homeownership has similar effects. In addition to the tax benefits of owning a home, homeownership provides stable housing. Children in families who do not have stable housing are at a greater risk for "poor physical health, increased stress, social isolation, and lower academic performance."[17] Lastly, improved economic security also gives people the runway needed to innovate in business which creates potential to stimulate long-term economic growth when Baby Bonds funds begin to be used. Baby Bonds are intended to use public investment to propel the state's future economic development by developing a talented workforce, increasing tax revenues, and increasing homeownership rates. Baby Bonds programs are also a strategy for addressing known wealth inequities by fostering economic stability and future opportunities for children's.

"And now I see hopefully a brighter future for all children, not just one minority or anything, it's all children because that's what I believe…I know most parents say they want that, but I know that's something I want for my children, and other children around, not just mine—a brighter future."

- Mother anticipating opportunities presented through publicly-funded account[16]

Baby Bonds in Other States

The American Opportunity Accounts Act first introduced Baby Bonds at the federal level in 2018. While the bill has not been passed, the approach has been gaining popularity as an increasing number of states and local jurisdictions have proposed or passed versions of these trusts. In 2021, Connecticut passed legislation to establish a Baby Bond Trust, followed by Washington D.C. in the same year (See Appendix 2). Multiple other states have also introduced similar legislation, including Delaware, Iowa, New Jersey, New York, Washington, and Wisconsin.[18] California passed a Baby Bonds-like program in 2022 specifically for children whose parent or caregiver died from COVID-19 or who are in long-term foster care. In that case, funds are set aside, but do not come with the parameters for how they may be used upon maturity usually associated with Baby Bonds.

While Baby Bonds programs vary across the states and municipalities where they are being implemented, there are common approaches that many share. Below is a list of key design principles that contribute to the overarching goal of Baby Bonds style programs to reduce wealth gaps, address generational poverty, and invest in the jurisdiction's economic future. To view a comparison chart of legislation that has passed in other states, view Appendix 3.

Key Design Principles Across Baby Bonds Programs[11]:

- Require a substantial monetary investment by the government on each eligible child's behalf, with a larger investment for children from lower-resourced households
- Allow for automatic enrollment of all children eligible for the Baby Bonds program
- Allow the funds to grow in value along with the child through long-term investment
- Restrict usage of the funds to wealth-generating assets (such as postsecondary education, homeownership, or small business)
- Exclude Baby Bonds investments and disbursements from asset limits for state benefits
- Ensure sustainable funding source(s) for the program

The Potential Impact of a Baby Bonds Program in Louisiana

"Solutions to child poverty in our rich nation already exist if we are willing to invest in them. We must create that public will. It will take all of us working together."

- Academic Pediatrics' *Ending Childhood Poverty in America*[19]

Baby Bonds programs fit into a larger system of social and economic needs, policies, and programs. Social programs that promote equitable access to economic and basic resources have a track record of improving outcomes. For example, children whose families receive financial assistance for food through SNAP programs are more likely to complete high school and have better health outcomes related to obesity, growth, and heart disease as adults.[19] Ideally, Baby Bonds are intended to complement and amplify the success of existing programs and supports rather than replicate or replace them. The design of such a program should be responsive to the needs of Louisiana specifically.

The Need for Economic Support for Louisiana Families

Baby Bonds programs are designed to build intergenerational wealth and close the wealth gap.[1] According to the most recent data available (2017 – 2021), the poverty rate in Louisiana is 18.8%, which is significantly higher than the national poverty rate of 12.6%.[3] This difference is even more pronounced for children under the age of 18, with more than one in four children in Louisiana experiencing poverty (26.9%) compared to one in six nationally (16.9%).[3] Another way of approximating the population of children in poverty is to look at births to families who have Medicaid as their health coverage based on their income (as opposed to disability or other eligibility status). Around two-thirds of the approximately 60,000 babies born each year in Louisiana are born to families with Medicaid coverage through income eligibility.[20]

The broad need for economic support for families is also reflected in the utilization of benefits that help families meet basic needs. DCFS provides families with low income access to economic support through SNAP, which supplements families' food budget;[21] and the TANF grant, which supplements families' overall household budget.[22] In State Fiscal Year (SFY) 2022, an average of 402,035 households received SNAP benefits. That represents more than 825,000 Louisianans or 18.5% of the population. Three-quarters (73.8%) of recipients lived below the poverty level and 364,591 were under the age of 18. In the same year, an average of 6,577 recipients received TANF grants, and 5,626 of those recipients were under the age of 18.

Another way to understand poverty is through the United Way's ALICE measure. ALICE describes families that have a higher income than the commonly used Federal Poverty Level (FPL), yet cannot afford the basics needed to live and work.[17] This methodology provides a more nuanced and local characterization of what is required to achieve economic stability and illustrates the ways in which using the FPL does not adequately represent poverty in most places. The measure provides estimated "bare-minimum costs" of basic necessities including housing, child care, food, transportation, healthcare, and a basic cellular service plan, adjusted for different parishes in the state and types of households.[4] The ALICE report estimates that in 2018, a family of four in Louisiana needed at least $69,732 to meet their basic needs, which is two times higher than the qualifying income limit for a family of four to be able to receive Medicaid coverage.[4] These data demonstrate that a large portion of Louisiana families do not earn enough to afford the basics needed to live and work (Figure 2). When the data are placed on a map, the percent of those considered ALICE in poverty and those above the ALICE threshold varies greatly across congressional districts (Figure 3 and see Appendix 4).

Figure 2. Proportion of Families Living in Poverty and Who are ALICE (2018) from the *ALICE in Louisiana: A Financial Hardship Study*[4]

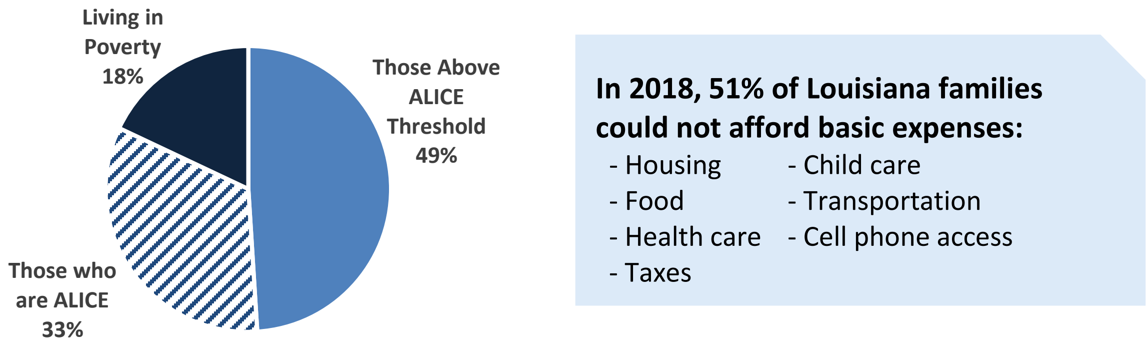
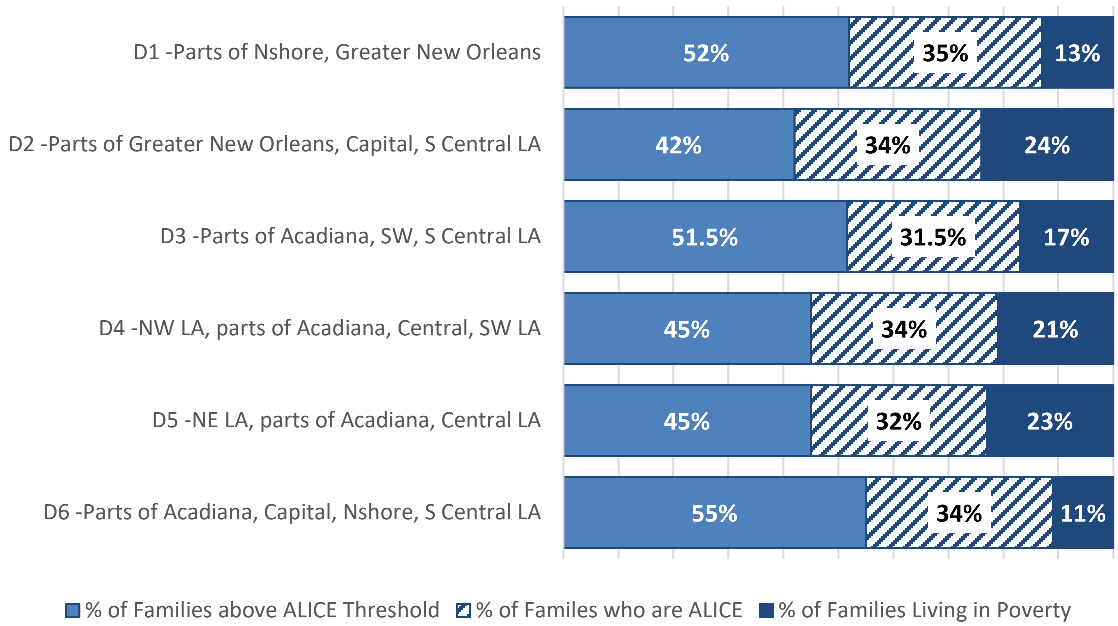


Figure 3. Economic Status of Louisiana Families by Congressional District (2018)[23] (see also Appendix 4 for 2018 Map of Louisiana Congressional Districts)



Lastly, data from the Child Opportunity Index (COI) also demonstrate the need for policies that support educational attainment, homeownership, and economic advancement statewide. The COI assesses factors that affect community characteristics associated with healthy child development, and references positive short- and long-term outcomes for children living "in neighborhoods with access to good schools, healthy foods, safe parks and playgrounds, clean air, safe housing and living-wage jobs for the adults in their lives."[24] Research using the COI demonstrates that favorable neighborhood conditions may be a protective factor against the harmful effects of poverty[25] and help shape children's expectations for the future. For example, living in neighborhoods with high graduation rates and where adults tend to have college degrees reinforces that education is valued and attainable.[26] In other words, greater opportunity may lead to greater expectations and higher achievement in both childhood and adulthood.[24] The COI factors fall within three domains: education, health and environment, and social and economic.[27] Compared to the nation overall, Louisiana ranks poorly in that 39% of census tracts fell into the lowest opportunity group on at least one of the three COI domains. This represents more than 360,000 of Louisiana's 1.1 million children under the age of 18 falling into the lowest opportunity group.[27]

Overall, Louisiana's high rates of poverty and the significant proportion of the population statewide that is unable to meet basic needs highlight the broad need for strategies that improve equitable access to economic opportunity such as through the pathways that Baby Bonds policy addresses.

The Need for Greater Access to PostSecondary Education in Louisiana

Low educational attainment and low-wage jobs limit economic prosperity and present barriers toward wealth-building investments such as buying a home. Louisiana has the highest public high school dropout rate in the nation at 9.6%, compared to a national average of 6% (2013 - 2017).[28] In 2018, 16.2% of Louisianans did not have a high school diploma, 55.2% had a high school diploma and no further education, and 28.6% had a postsecondary degree.[29] Education greatly impacts household earnings. In 2018, individuals 25 years and older who did not have a high school diploma earned on average $20,000, those with a high school diploma earned almost $30,000, those with some college made about $32,000, and those who had a bachelor's degree and a graduate degree earned almost $50,000 and almost $60,000 respectively. [29] However, it is also significant to note that Louisiana's economy has a high reliance on occupations that have lower income potential.[4]

The Need for Increased Homeownership in Louisiana

Housing is often the most expensive item in a family's budget and has a large impact on a person's quality of life. However, many Louisiana families who are considered ALICE or live in poverty, whether they rent or own a home, find it difficult to find affordable housing in safe neighborhoods and often spend an excessive proportion of their income on housing.[30] From 2007 – 2018, the cost of household essentials, including housing, child care, food, transportation, health care, and technology, increased faster than the cost of other goods and services.[17] Homeownership helps to mitigate the unstable nature of rent increases that renters regularly encounter. Safe, affordable housing also influences stability in other areas of life such as school and work attendance and access to healthcare nutritious food.[17] Additionally, homeownership can help individuals build wealth because it acts as a "forced savings mechanism" and, generally, homes appreciate in value.[31] As such, homeownership increases net worth and supports intergenerational wealth.[31] As children of homeowners' transition to homeownership earlier, the period in which they can accumulate wealth increases. [31]

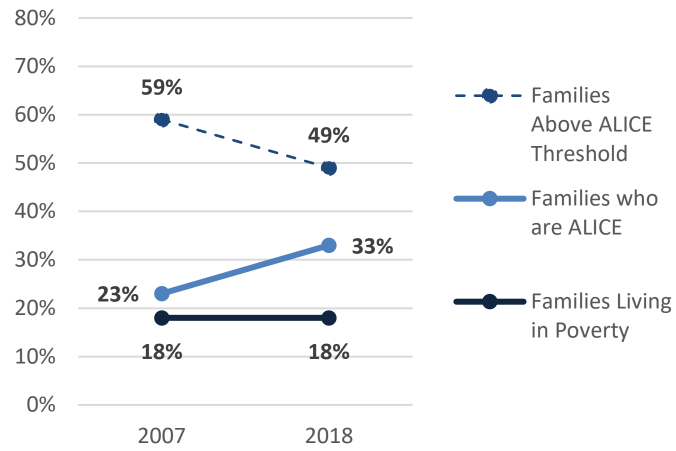
Although Louisiana's homeownership rate is 6.08% above the national average, homeownership overall has declined by 3.72% since 2005 (D. Duggan, personal communication, January 10, 2023). In 2022, the homeownership rate for Black Americans increased to 43.3%, however, it is still lower than it was 10 years ago. Conversely, White Americans (72.1%), Asian Americans (61.7%) and Hispanic Americans (51.1%) all achieved decade-long highs in homeownership in 2022, with the rate for Hispanic Americans reaching above 50% for the first time (D. Duggan, personal communication, January 10, 2023). Black and Hispanic Americans are less likely to sustain homeownership due to having to finance their homes (creating debt), paying higher mortgage rates and property taxes for homes that are in lower-valued neighborhoods that appreciate more slowly.[31]

The Need for Expanded Support for Entrepreneurship in Louisiana

Many factors work together to move families who live in poverty and those who are considered ALICE to live above the ALICE threshold, but the most significant factor influencing a child's financial stability is household members' employment.[17] If all households in Louisiana had income above the ALICE threshold, there would be a significant positive impact on families and it is estimated there would be an added value of $55.3 billion to the Louisiana Gross Domestic Product (GDP).[4]

According to the *ALICE in Louisiana: A Financial Hardship Study*, Louisiana's largest employment sectors are those "…that build and repair the infrastructure and educate and care for the past, current, and future workforce."[4] Employees of these sectors are primarily families of ALICE households and, concerningly, the number of ALICE households in Louisiana has been increasing due to rising costs of living combined with stagnant wages. As shown in Figure 4, in 2007, 23% of households were described as ALICE, but that number had increased to 33% by 2018. Meanwhile the number of households above the ALICE threshold has been decreasing (from 59% in 2007 to 49% in 2018) and the number of households in poverty has remained the same (18% in 2007 to 2018). This demonstrates how the federal poverty level does not accurately reflect the experiences of Louisiana families.

Fig. 4 Economic Shift in La Families 2007-2018[4]



Entrepreneurship is one way families can move out of poverty and the above the ALICE threshold. The resources and supports needed to start a business are not equitably accessible, though. Research shows that people of color experience greater difficulties securing capital to start businesses and their businesses "…are generally smaller and generate less wealth because of not having as much capital to invest" and the lack of needed social and networking opportunities and skills.[32] Entrepreneurs typically use their personal and family savings (64.4%), familial assets (8.7%) or business loans (16.5%), and personal credit cards (9.1%) to start their business.[33] The *U.S. Small Business Administration's* 2022 Louisiana Small Business Economic Profile shows that there was a net increase of 595 businesses between March 2020 and 2021.[34] Also, that in 2018, 4.7% of business owners were Hispanic, 27.8% were racial minorities, 7.4% were veterans, and 45.9% were women.[34] It is significant to note that policies that promote entrepreneurship in the state may become increasingly relevant in the state: according to the United Way 2020 report "…economic growth will be led by the non-traditional work and small businesses of the gig economy."[4]

Existing Programs to Support Educational, Homeownership, & Entrepreneurship Opportunities for Louisianans

Louisiana residents currently have opportunities to further their education, purchase a home, or start a business through various public supports. The following sections describe in more detail the existing programs and opportunities available for Louisiana residents to assist in with the costs associated with attending postsecondary school, purchasing a home, and starting a business.

Current Support for Education Access

Louisiana currently has several state programs to support students' postsecondary education financially. These supports include scholarship and grant programs such as the Taylor Opportunity Program for Students (TOPS) program, the GO Grant, and the MJ Foster Promise (MJFP) program. These programs support thousands of students each year who want to further their education, whether it is immediately after high school graduation (TOPS and GO Grant) or for those who pursue postsecondary education later (MJFP Program for students 21 years and older). The state also has programs that use individual investments to leverage public contributions, such as the Louisiana Student Tuition Assistance & Revenue Trust (START) Savings Program as well as the Louisiana's Achieving a Better Life Experience (ABLE) 529 Program that is specifically for individuals who have a disability. A new program being explored in the state is the Earn to Learn Program, which also requires individual contributions. For dependents and spouses of qualifying veterans and service members, there is also the Veteran Affairs Survivors' and Dependents' Educational Assistance (DEA) program, which provides financial support toward college or graduate degree programs, career-training certificate courses, apprenticeships, and on-the-job training. All these programs have different requirements for eligibility, but all cover the tuition and fees;the Earn to Learn program, if implemented, will allow funds to be used to for other expenses approved by the educational entity. Additional information about these programs—including eligibility, enrollment process, allowable uses, funding source and program administration—is summarized in Appendices 5 and 6.

Although these programs reduce financial barriers to postsecondary education, the programs have important limitations. Most current programs do not holistically cover the expenses of attending postsecondary education. Many provide subsidies for tuition and fees only, leaving the individual or family responsible for other required costs like housing, transportation, food, supplies, and books. These additional costs are not insignificant and often are the barrier to an individual pursuing postsecondary education, which includes colleges, university, and trade schools. Some current programs are also limited to specific fields of study, such as the MJ Foster Promise program. Others require specific grade point averages (GPA), such as TOPS. As a result, individuals who receive a general high school equivalency credential (GED) or who do not pursue postsecondary education immediately after high school are often unable to utilize these programs. Lastly, programs like the START Savings Program, LA ABLE, and Earn to Learn are investment programs requiring a guardian and/or family member to contribute savings. This kind of program is out of reach for many, including the 51% of Louisiana families who are unable to afford basic household essentials.[4]

Current Home Buying Assistance Programs

Louisiana, like most states, has various homebuyer assistance programs to help both first-time home buyers and those who may have owned a home previously. These programs are largely available through the Louisiana Housing Corporation (LHC) (the state's primary housing agency), financial institutions, and municipalities. Many of these institutions include both financial assistance (loans and subsidies) as well as education. There are programs that focus on specific communities or areas in the state including the Rural Home Direct Loan Program, Delta 100, and the Resilience Soft Second Program (RSS). There are also programs specific for first-time homebuyers, such as the Mortgage Revenue Bond Home Program (MRB Home) and the Resilience Soft Second Program (RSS). Lastly, there are programs that subsidize other costs, such as the Market Rate GNMA Program (MR GNMA), which covers up to 4% of down payment and closing costs. There is also the Veteran Affairs (VA) Homeownership program for veterans and service members who meet minimum active-duty service requirements and their surviving spouses. For detailed information about these programs (eligibility, enrollment process, allowable uses, and other information) please refer to Appendices 5 and 6.

Similarly to the education assistance programs described above, the array of home buying assistance programs have certain requirements and/or lack the flexibility needed to make them optimally accessible. Many of these programs require the applicant to be a first time homebuyer and limit the geographic areas where a home purchase will qualify for assistance. Most require the individual or family receiving the assistance to contribute significantly in the form of down payment support or in paying for the many supplemental costs to buying a home such as closing costs, inspections, and earnest deposits. These aspects of existing home buying assistance programs can limit who is able to participate.

Current Supports for Entrepreneurship

There are several organizations across the state that provide assistance to individuals wanting to start or grow their own business. Louisiana Economic Development (LED) provides several mentorship programs and programs that offer technical assistance. The SCORE program, Louisiana Small Business Development Center, and the Hudson Initiative also provide mentorship, business development assistance, and special designations, respectively. Individuals who have a disability can apply for a small interest-free loan at the Micro-Enterprise/Small Business Loan program, which is a partnership between LDH's Office of Aging and Adult Services and the Arc of Louisiana. Lastly, there are two certification programs and a business development program available for veterans and service members: the Louisiana's Veteran Initiative and the Louisiana Veterans First Business Initiative, and Pathway to Assist Veteran Entrepreneurs (PAVE). For details, see Appendices 5 and 6. While programs often assist with important aspects of business development such as creating a business plan or offering mentorship, many do not provide financial assistance. There are business loan opportunities that can be received from financial institutions, but these types of supports are often only really available to individuals with current capitol or strong credit, making them functionally unobtainable for most people.

The Potential Benefits of a Louisiana Baby Bonds Program

Poverty, lack of access to higher education, and limited opportunities for business ownership remain significant barriers to economic prosperity for Louisianans despite the numerous policies and support programs already in place. Louisiana would benefit from a long-term strategy to support economic growth for Louisiana families. Baby Bonds present a potential novel policy approach to provide financial support for Louisianans to obtain postsecondary education, invest in a home, and/or engage in entrepreneurship.

The greatest opportunity of a Baby Bonds program in Louisiana is likely in its ability to complement existing supports and programs by filling in gaps with greater flexibility than current approaches. For example:

- Individuals could elect to use the benefits of a Baby Bonds program to pay for the cost of postsecondary education tuition or to fund the many costs that are not otherwise covered by current programs available.
- One young adult could choose to use Baby Bonds funds as a down payment on a home purchase, while another who qualifies for down payment assistance through an existing program could use his or her mature Baby Bond funds to cover the remaining costs of inspections, earnest deposits, or repairs that might otherwise have prevented him or her from successfully using the down payment assistance.
- For yet another individual, the investment from his or her Baby Bond could provide the initial funds needed to start a business.

Baby Bonds have the potential to provide strategic and flexible financial support, contributing to a long term strategy to address economic growth for Louisiana's economy and families through increased homeownership, education, and entrepreneurship.

Program Design Considerations

In the publication, *Baby Bonds: A Legislative Toolkit for Building a Brighter Future in Your State,*[2] national experts in Baby Bonds policy identified key elements of state- or local-level Baby Bonds programs and outlined important domains to consider in the design of the program. See the box below for a list of essential elements. In this section, recommendations and considerations for program design are provided for each of the essential policy elements and decision-making domains outlined in the legislative toolkit.[2] Note that the areas of decision making addressed are **applicable to any jurisdiction's particular priorities and goals**, including program administration, the program fund, eligibility, enrollment, the investment, and disbursement.

Essential Elements of a State- or Local-Level Baby Bonds Policy[2,35]

- ✓ Substantial monetary endowment
- ✓ Lower-resourced households receive higher amounts
- ✓ Automatic enrollments
- ✓ Restricted to wealth-generating assets
- ✓ Endowments, rather than deposits
- ✓ Sustainable funding source
- ✓ Exclusion from state benefits' asset limits

Essential Policy Element: General Program Establishment & Development

The development of a state Baby Bond program would require consultation and expertise beyond the scope of this report. This report serves as an initial scan of the national policy landscape and a preliminary identification of Louisiana-specific considerations based on needs and assets in the state.

Recommendations and considerations for Louisiana policy:

- The legislative toolkit published by *Prosperity Now* provides comprehensive guidance for the development of state legislation and policy, including considerations in the domains below;[2] it is recommended that this toolkit be used to guide the development of state policy.
- Any near-term legislative action to authorize the establishment of a Baby Bonds program should allow for flexibility in implementation and operations. It is recommended that the establishing legislation address decisions such as the entity responsible for leading the development of the program, specifying rulemaking authority, and other near-term actions needed to advance the development of policy. Further decisions related to program design and implementation are recommended to be given the flexibility to be made and codified over time.[2]
- It is recommended that the authorizing legislation require the administering agency to create a program board and/or advisory council with community representation—including families with children potentially eligible to receive the benefit—to provide guidance on the design and operations of the program.[2] Not all functions and authorities of the board or council would need to be predetermined; the authorizing statute should define the general parameters of the program board or advisory council and direct the administering agency to establish the role, duties, and scope of authority of the group.[2] Representatives from low-income communities should have a meaningful role in the program board or advisory council to ensure the program will be responsive to the needs of the communities it is intended to serve.[2]
    - Given Louisiana's strict interpretation of Open Meetings requirements when not specified by a board or council's authorizing statute, it is recommended that any authorizing legislation address allowances related to in-person (vs. virtual) attendance requirements, proxy, quorum and compensation, or authorize the designated administering agency to establish rules to address these common barriers to meaningful participation in public bodies.

- It is important to consider providing compensation to community members on the program board or advisory council for their service to allow people with limited income to participate fully.[2]
- Some of the recommended areas of input include eligibility, allowable uses of the funds, how to access funds when eligible individuals reach the age of maturity, and to advise on the best methods to raise awareness about the program and its benefits).

- Establishment of a multi-sector guidance team to inform the development of the program is recommended, including members representing the affected public, the financial and economic development sectors, business, and philanthropy, in addition to relevant state agencies.
  - There are likely opportunities to create or leverage public-private partnerships in Louisiana's program design. For example, one scenario could be for the state to provide certain initial "seed" funding that could then leverage commitments from other sectors for funding or other incentives. Various individuals interviewed saw the potential to create a multisector "ecosystem" that aligns government, business, philanthropy, and community around the shared aims reflected in a Baby Bonds policy. A multi-sector guidance team could facilitate this kind of thinking in the design of the program.
- It is recommended that the state secure actuarial and investment consultation to assess options for the potential targeted future value of any "bond" and the investments needed to achieve the endowment. It is significant to note that the economic profile of need and cost of living of other jurisdictions is different from that of Louisiana and therefore the amount of long-term intended disbursement will likely be different from other states. These considerations are significant as they impact the budget required and/or could allow for broader eligibility than other states.[2]

Decision-Making Domain: Program Administration

This domain of decision-making refers to the agency or agencies responsible for administering a program overall and the program fund.[2] In some jurisdictions, the same agency oversees both program administration and the program fund; in others, these functions may be overseen by separate agencies. The entity administering the program would need to have the authority to promulgate the rules necessary to implement the legislation and to develop elements of the program not fully detailed in legislation, preferably in consultation with a community advisory board or council, as described above.

Recommendations and considerations for Louisiana policy:

- Many of the state and national SMEs interviewed agreed that, in Louisiana, it will likely be best for the program to be managed separately from the agency responsible for managing the fund in order to capitalize on the expertise, systems, authorities, and management experience of several state agencies currently charged with similar functions. Relevant entities identified for potential program administration functions include:
  - The Louisiana Office of Student Financial Aid (LOSFA): A program of the Board of Regents thatadministers the state's college savings plan, the state's ABLE Plan, as well as all of the state Scholarship and Grant Programs, including TOPS and the Louisiana GO Grant. LOSFA is a leader in the dissemination of college access information within the state, with a concentration on assisting students from low-income families and first-generation college attendees in locating and obtaining the resources necessary to pursue and complete a postsecondary education.
  - The Louisiana State Treasury: The State Treasurer maintains state funds and acts as the state's bank. The Treasury office invests the state's money, ensure returns, and give

money to schools and cities as needed. The office is split into five divisions: administration, fiscal control, investments, unclaimed property, and the State Bond Commission.[36]
    - Authorized brokerage firms and insurance companies, as they may have infrastructure and expertise to administer and manage a benefit program and/or portfolio of this size.
- When selecting an agency to administer the program, consideration should be given to potential barriers posed by data sharing since Louisiana has particular restrictions on sharing information related to student data (see Enrollment section).
- When selecting an agency to administer the program, consideration should be made of which have the experience and resources to administer a program of this scope.

Decision-Making Domain: Program Fund

This domain of decision-making refers to "…the vehicle for holding the funds and how [those funds are] invested."[2]

Recommendations and considerations for Louisiana policy:

- The preliminary recommendation based on the review of publications and discussions with interviewees is that the program fund should be structured as an endowment or pooled trust owned by the government, which collectively holds funds on behalf of eligible children. It is not recommended to set up individual accounts, which would be complex to administer and may cause issues with taxes and benefits.[2]
    - Legislation should state that the money in the fund is owned by the state until disbursed to the child to ensure funds can be reused for another child if a participating child cannot/does not use the funds and to protect families from tax and benefit implications.[2]
    - It is important that the legislation specify that money held in the fund is held in trust for eligible children and can only be used for the program (including administrative costs, if necessary) to ensure that the fund does not get used to fund unrelated state priorities in the future.[2]
- The program should have a funding source that is sustainable over the long term because it is a long-term investment. This can be done by designating a renewable funding source rather than relying on annual appropriations (e.g. Connecticut).[2]
- Investment vehicles for the fund should ideally have a stable rate of return and low- to moderate risk profile.[2]
- Consider companion legislation to any established trust to immediately begin funding the program. Rather than deciding the exact investment vehicle in legislation, the authorizing legislation could "give general parameters of the fund (e.g. focusing on investments with a stable rate of return and low to modest risk) and leave the specific details to the administering agency to determine"[2] and establish through rulemaking.

Decision-Making Domain: Eligibility

This domain of decision-making refers to defining "…who will be eligible for the program and how eligibility will be determined."[2] While HCR 94 called for the report to consider a program that provides "children born in Louisiana whose birth was covered or eligible for coverage by Medicaid,"[5] the *Prosperity Now* legislative toolkit[2] presents several options for the state to consider:

- *Universal eligibility* – Baby Bonds programs with universal eligibility generally seek to have as many children participate in the program as possible. They may provide all eligible children with a base level of funding, with supplemental allocations distributed based on some measure of household wealth or income. The proposed federal American Opportunity Accounts Act was structured as universal eligibility for all children under 18 with an IRS-recognized identification

number, with children from lower income households to receive larger endowments.[2] While a different policy proposal than Baby Bonds, the Louisiana Children's Savings Account Taskforce recommended universal eligibility if such a program were established in Louisiana with automatic enrollment and a progressive incentive structure.[37]
- *Targeted eligibility* – Baby Bonds programs with targeted eligibility seek to limit participation based on some criteria, such participation in a certain public program (e.g. SNAP or Medicaid) or some other indicator of household wealth or income.[2] Or, eligibility could be targeted to a certain population of children (e.g. participation in foster care).

Ultimately, the scope of the eligible population will inform the initial investment necessary to fund the trust. The eligible population will likely need to be defined in the establishment of the trust. Generally, Baby Bonds are intended to provide the largest amount of funding to children from households with the least amount of resources.[2]

Recommendations and considerations for Louisiana policy:
- There would be significant challenges in using "Medicaid-eligible births in Louisiana" as the eligibility criteria for a Louisiana Baby Bonds program since this would include those who may have been eligible for healthcare coverage through Medicaid but who were not enrolled. Generally, it is recommended that any eligibility measure should be in part based on some measure of household income at birth or income based program.
- The following alternative criteria may be considered to restrict or expand eligibility beyond individuals whose families qualified for healthcare coverage through Medicaid at the time of birth. Please note that any additional restriction may make the program more administratively complex and could compromise the recommendation of automatic enrollment into the program (see Enrollment section):
    - Restrict to families that receive multiple benefits. For example, those who have Medicaid as insurance and another public benefit such as SNAP
    - Restrict to children eligible for the Child Care Assistance Program (CCAP)
    - Expand access to children living in families considered ALICE that may not be eligible for Medicaid
    - Expand access to children who are in the foster care system

Decision-Making Domain: Enrollment
This domain of decision-making refers to how children are enrolled into the program and what information sharing is necessary to facilitate enrollment, including parental notification of enrollment.[2]

Recommendations and considerations for Louisiana policy:
- In order to optimize participation and streamline the program operationally, the recommended method of enrollment in a state Baby Bonds program is automatic enrollment based on the eligibility criteria with an "opt-out" option.[2]
    - Automatic enrollment ensures that all children, including children in foster care and children of incarcerated parents, have access to funds without the potential obstacles that occur when enrollment requires a parent or guardian to opt-in and sign up for the benefit (e.g., language accessibility, availability of records, and understanding of the program and requirements).[2]
    - There could also be an "opt-in" option for children who may have missed automatic enrollment,[2] because they were born out-of-state or out-of-the-country to parents who are Louisiana residents or because they were adopted. If an "opt-in" method is included, the application process should be simple to account for the barriers listed above. If a child is born out of state, the policy should address time parameters for eligibility to

enroll to avoid families potentially moving to Louisiana with older children for the purpose of participating in the program.

- It is important to understand the data sharing agreements, requirements, and exclusions when determining enrollment criteria, because having access to the data is essential to confirming eligibility, enrollment, and tracking participation and other reporting.[2]
- Data sharing restrictions (such as those related to the sharing of healthcare and educational information) will need to be considered when setting up the enrollment system.[2] This barrier to program implementation has been an initial obstacle for states establishing Baby Bonds programs. A recent effort in Louisiana to establish datasharing between LDOE Workforce Commission, and Board of Regents (all state institutions) demonstrated this potential barrier for a Baby Bonds program in Louisiana. Data sharing may need to be established through a third party due to these restrictions. Legislation should include a provision directing the relevant agencies to share the information needed for program enrollment.[2]

Decision-Making Domain: Investment

This domain refers to the amount of money set aside for eligible children to ensure the amount received at maturity is sufficient to meet the overall goals of the program.[2]

Recommendations and considerations for Louisiana policy:

- To help determine options for the meaningful amount of funding that eligible individuals may be able to receive at maturity, an analysis is needed to assess the future costs associated with purchasing a home, paying for postsecondary education, and starting a business in Louisiana. Several interview participants identified that $10,000-$20,000 (today's value) be the ideal "nest egg"[2] to be available to individuals to pursue education, homeownership, or for a business endeavor.
- Actuarial and investment guidance is needed to inform the appropriate amount of funding, as well as the financing and investment vehicles needed, to achieve the desired return on investment. As a part of this process, the state may also consider policy options that have differential levels of funding for individuals which would affect the amount needed for disbursement at maturity.
- This study assumes that Baby Bonds would be used in combination with other programs or public-private partnership strategies not yet proposed or developed to help the eligible individuals achieve these goals.
- Some study participants suggested that it may be beneficial for the authorizing legislation to allow for the appropriation and/or the individual allocation at maturity to track to cost of living or a measure of inflation to facilitate automatic adjustment over time without legislative action.[2]

Decision-Making Domain: Disbursement

This domain refers to the "…purpose for which funds may be used, requirements for disbursement, the age range for withdrawal, and what happens to funds in circumstances when participants cannot use them.[11]

Recommendations and considerations for Louisiana policy:

- Since there are likely to be many economic and policy changes over the course of the 18 years that the funds would be maturing, it is recommended that the establishing legislation allow flexibility on the uses of funds and require the program administrator to periodically reassess allowable uses, beyond the three uses outlined in HCR 94 or any establishing legislation.[2]
- It is recommended to include a clause for "other investment in financial assets or personal capital that provides long-term gains to wages and wealth as determined by [the administering agency or board]."[2]

- The authorizing legislation or program rules will need to outline the age range when an individual is able to withdraw the funds.[2] Massachusetts recommended an age range of 18 to 30 years old, though other states allow withdrawals up to age 35.
- Since program participants may not need to use all of the funds on just one of the allowable uses (e.g., education, housing, or business costs) because of additional scholarships and grants for which they may qualify, it is recommended that program participants be allowed to split their use of the funds across multiple allowable uses. Flexibility of usage allows the funds to be most impactful to those who need it. Consideration of a broad interpretation of the eligible uses for the funds should be given to allow different types of education pursuits (including technical, not just postsecondary education), homeownership (including income property), and entrepreneurship. Another use to consider as allowable is retirement savings.[2]
- Legislation should also state what happens to funds set aside for a child and instances when the child cannot use them, such as in the case of premature death, out-of-state residence if there is a residency requirement, or if an eligible individual does not use the funds by a certain age.[2] It is recommended that unused funds are returned to the general "Baby Bonds" fund.[2]
- Additional considerations include developing supports for those who will receive the funds as part of disbursement. Several subject matter experts interviewed suggested that support should entail more than financial literacy and is not a one-time encounter. Several interviews highlighted the need to mitigate risk of individuals becoming victims of scams or other forms of fraud since the availability of a significant sum of money quickly may present new risks. There were recommendations that the program help ensure that people are well prepared to use the funding for legitimate, viable, and stable investments when they become eligible.
- General financial education courses or other support related to the end use selected by the recipient could be considered as either a requirement for disbursement or a support offered to fund beneficiaries. It is important to note that several policy experts consulted, including Prosperity Now, <u>advise against this as a requirement</u> for disbursement.

Decision-Making Domain: Benefits and Taxes

This domain refers to potential impacts on other benefits for which the child and their household may be eligible, as well as tax implications for the children or their families receiving the benefit.[2]

Recommendations and considerations for Louisiana policy[2]:

- It is recommended that Baby Bonds programs are designed such that they do not negatively impact other benefits for which children and families are eligible and do not create tax implications for children and families and families.
- It is recommended that the Baby Bond funds are held by the state in a pooled fund so that they do not affect participants' or their families' eligibility for any state-administered public benefit or state-administered student financial aid prior to disbursement.
- It is recommended that when the funds are disbursed, they do not count toward income limits for state-administered benefits or state-administered student financial aid and are exempt from state taxes.
- The legislation should explicitly state that funds held in <u>and</u> distributed from Baby Bonds are exempt from state taxes and do not count as household assets in calculating eligibility for state-administered benefits programs and state-administered student financial aid.

Decision-Making Domain: Program Engagement

This domain refers to family and participant awareness of and engagement with the program.[2,11] It is recommend that "….children and their families are aware of [Baby Bonds] from an early age, understand how they can be used once they are adults, and are having early conversations about the child's future education or other account uses."[2]

Recommendations and considerations for Louisiana policy:

- The authorizing legislation should establish general parameters for the program to have an enrollee engagement component, with dedicated funding, to help ensure that families know about and are prepared to use the opportunities available to them. The administering agency should be responsible for developing strategies to ensure effective outreach to families and partnerships with local organizations that serve families.[2] Consider directing the administering agency to develop a plan to offer financial guidance and support through partnerships with existing nonprofit organizations and other agencies that provide similar support to consumers.
- Consider integrating outreach and education approaches about the program, its goals for individuals, and the financial concepts advanced by the program into education and other systems that reach families with young children and youth directly. Support can begin early through the education system and beyond. For example, financial skills classes for parents/ guardians could be useful to help their children prepare for the trust. It is also recommended that high school students be prepared for this opportunity, possibly connected with the processes to identify courses, internships, and academic concentrations that will help them make a well informed decision about their future and the use of the trust fund.
- Consider directing the administering agency to provide regular statements to families of eligible children on the growth of their child's share of the fund and consider an online account or dashboard to view the balance by eligibility.[2]

Decision-Making Domain: Evaluation

This domain refers to defining how the program's effectiveness will be evaluated.[2]

Recommendations and considerations for Louisiana policy:

- An evaluation plan should be developed concurrent with the planning for the program. It is recommended that short-, intermediate-, and long-term process and outcome measures be included.
    - The program board or advisory council can be charged with identifying aspects of the program to be evaluated such as financial stability of the fund, investment performance, enrollment, disbursement and any other factors considered key performance indicators for the program.[2] Any data collected should allow for analysis with disaggregation by race and other factors to assess the reach to populations most historically excluded from participating in asset-building programs.[2]
    - Consider using evaluation metrics from literature on Child Savings Accounts (CSA). The *Louisiana Children's Savings Account (CSA) Taskforce Recommendations Report*[37] identified studies that include wellness indicators such as improved maternal mental health and improved child development.[38]
- Consider requiring the publication of at least an annual report on key evaluation metrics.

Conclusion and Next Steps

A statewide Baby Bonds program, such as the program outlined in HCR 94 of the 2022 Regular Session of the Louisiana Legislature,[5] would be an investment in the future of Louisiana as a whole. If all households in Louisiana had income above the ALICE threshold, there would be a significant positive impact on families and there would be an added value of $55.3 billion to the Louisiana GDP.[4] Baby Bonds have the potential to provide children born into households with little to no wealth with access to common pathways to individual economic security and prosperity: education, homeownership, and business ownership. In combination with existing local, state, and federal programs, Baby Bonds have the potential to provide funds to cover costs associated with these endeavors that other programs do not, and to provide long-term investments in the futures of these families and their children.

The recommendations and considerations outlined in this report provide guidance for the domains that must be considered in the development of any legislation that would establish a Baby Bonds program and fund to resource the program. Considerations related to administration, community oversight and engagement, the program fund, eligibility, enrollment, investment, disbursement, benefits and taxes, program engagement, and evaluation outline the decisions be included in future legislation and/or to be made by program administration and community advisory board.

A Baby Bonds program in Louisiana is consistent with a vision of a thriving Louisiana where everyone has fair access to opportunity by making long-term investments in babies born into families that have not yet had the opportunity to break the cycle of debt and accumulate wealth. It could support an increased tax base, increased homeownership, and increased business creation from which all citizens of Louisiana would benefit. Legislation would be required to establish such a program in Louisiana. In addition to the Louisiana-specific recommendations included in this report and the relevant recommendations from the *Louisiana Children's Savings Account Taskforce* report,[37] it is recommended that any future planning be guided by the comprehensive resource published by Prosperity Now: *Baby Bonds: A Legislative Toolkit for Building a Brighter Future in Your State*. If pursued, the goals for such a program in Louisiana will inevitably be unique to the needs, assets, and opportunities for synergy in this state; utilization of such a guide will help ensure that the program is developed with a strong foundation for success.

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Appendix 1. Individuals and Organizations Consulted

As noted in the Methods section of the report, the study included formal and informal consultation with individuals with knowledge or expertise related to the charge of the legislation, primarily in order to understand the current policy landscape, identify existing programs and services that have similar goals, and identify considerations for the potential design and implementation of a Baby Bonds program in Louisiana. Individuals and entities specifically identified the study's authorizing statute are marked with an asterisk. The interview tool can be found in Appendix 2.

Organization	Name(s) of Representative
The State Treasurer's Office*	Philip Qualls
The State Superintendent of Education*	Ethan Melancon and Michael Comeaux
The State Board of Elementary and Secondary Education*	Ethan Melancon and Michael Comeaux
LOSFA, a Program of the Board of Regents*	Robyn Lively
Louisiana Economic Development*	Tedra Cheatham
Louisiana Housing Corporation*	Jarvis Lewis, Daniel Duggan, and Bridgette Richard
Louisiana Department of Health - Medicaid	Charlene Julien and Rhett Decoteau
The Louisiana Policy Institute for Children	Libbie Sonnier, PhD
Louisiana Community and Technical Colleges System	Monty Sullivan
Massachusetts Treasurer's Office	Daphna Gluck
Mobility Capital Finance, Inc. (MoCaFi)	Wole Coaxum, Founder & CEO
Prosperity Now	Shira Markoff

Appendix 2. Interview Guide

As noted in the Methods section of the report, the study included formal and informal consultation with individuals with knowledge or expertise related to the charge of the legislation, primarily in order to understand the current policy landscape, identify existing programs and services that have similar goals, and identify considerations for the potential design and implementation of a Baby Bonds program in Louisiana. The interview tool guided discussions with many of the individuals consulted.

Introduction

The Department of Children and Family Services and the Department of Health are charged jointly with studying the ***feasibility, best structure, and potential return on investment*** *of a program to provide children born in Louisiana whose birth was covered or eligible for coverage by Medicaid with a trust that, at maturity, can be used to fund the child's postsecondary education in this state, the purchase of a home in this state, formation of a business in this state, or for other asset-building purposes. Additionally, the study includes* ***researching national best practices in development of programs of this type along with trends in policies focused on foster economic stability and asset-building for people starting at birth.***

We are contacting you today because [your organization was specifically named in the legislation / we think you may have perspective or expertise to help inform. Specifically, we are thinking you may have thoughts about [something personalized/specific]:

As we start:

- *Do you have any familiarity with this type of savings or similar types of programs?*
    - *Do you have initial impressions about what is being proposed?*
- *Does your agency have any economic programs that are for this or similar populations? (e.g. that seek to ensure access to opportunities such as education, creating a business, or homeownership)*
- *What do you think are some of the most important considerations to keep in mind about how this proposed program may intersect or affect any other programs, such as those you identified?*
- *Are you aware of any other current programs that this publicly-funded child trust account would impact or be impacted by?*
    - *Are there any other kinds of trusts or other current programs that we should be aware of as part of our research?*

There are a few areas that we'd like to explore specifically with you: funding, eligibility, disbursement, and management of the program

- *Funding:*
    - *In thinking about this program as a publicly-funded child trust account fostering economic stability and asset-building, do you have a sense of what amount of money would be meaningful for a young adult in today's dollars?*
    - *[For select entities]: Do you have a sense of what kind of ROI would investment vehicles need to have to produce that amount in the future?*
    - *Do you have any other considerations related to funding?*

- *Eligibility and enrollment:*
  Right now, the legislation calls for a fairly broad population for eligibility: [individuals whose birth was paid for through the state Medicaid program or who were eligible for Medicaid]
    - *Are there people who you have concerns would be unintentionally excluded from the program?*

- *If eligibility had to be narrowed, do you have any thoughts about alternative populations of focus?*
- *Are there any existing systems for enrolling populations for similar programs that you think it would be important to know about? Any restrictions (e.g. on sharing information between systems)?*
- *If the program were to be excluded from any state asset limits, what would be needed to implement this designation?*
- *Do you have any other considerations related to eligibility and enrollment?*

- *Fund management, oversight, and operations:*
  - *Fund disbursement*
  - *Accessing and using the funds*
  - *Outreach and engagement*
    - *Efforts in other states include financial education for eligible children (and/or their families). Do you think that would be important and are you familiar with any existing programs or approaches to financial education that could be leveraged?*
  - *Do you have any thoughts for how to determine costs such as administration of the program and management of the funds?*
  - *Do you have any other considerations related to fund management, oversight, and operations?*

- *Purpose of the fund: what different issues are presented by the proposed uses including:*
  - *Postsecondary education*
  - *Purchase of a home*
  - *Formation of a business*
  - *Other asset-building purposes*
    - *Are there other asset-building purposes would be appropriate for this program that you think would be important to consider?*
  - *What potential unintended consequences of this program would you be concerned about?*

Other:

- *We are interviewing the Department of the Treasury, the Department of Education, the Louisiana Board of Regents, the State Board of Elementary and Secondary Education, the Department of Economic Development, the Louisiana Housing Corporation, the Veteran Affairs Office, and the Office for Citizens with Developmental Disabilities. Are there other partnerships or outreach you can think of that we should pursue?*
- *Is there anything else you would like us to think about in our research for this program that hasn't come up in this conversation?*

Appendix 3. Comparison Table of Baby Bonds Programs for Passed Legislation

As noted in the *What is a Baby Bonds Program* section of this report, many states and districts have begun writing legislation and/or working to implement a Baby Bonds program. This table highlights the key decisions made by states and districts that have written legislation and or have implemented a Baby Bonds program in their state or district.

State/ Jurisdiction	California[39]	Connecticut	Washington D.C.[1]	Washington State[40]	Federal[41]	Wisconsin	Nevada	New Jersey
Bill	S.B. 854	S.B. 384	D.C. Law 24-53	H.B. 1861	H.R. 835	A.B. 513	A.B. 28	A.B. 4638
Total Monetary Endowment	birth to 9 years old- $4,000 10 to 17 years old - $8,000; annual deposits TBD	$3,200 investment plus earnings	$500 initially, up to $1,000 annual deposits plus earnings	$4,000 investment plus earnings	$1,000	$3,000	$3,200	$2,000
Eligibility	Children from low-income families who lost a primary caregiver to COVID-19 and children who are in long-term foster care.	Children whose births were covered by Medicaid; all eligible children receive the same amount.	Children in Medicaid-eligible households below 300% federal poverty level (FPL)	Children born on or after Jan. 1, 2023, in Medicaid-eligible households provided under the Apple Health for Kids.	Initially, all children younger than 18 years old born after 2005 Thereafter, universal	Children whose mother's net income requirements for Medicaid on the day before children's birth	Child whose birth was covered by Medicaid	Children born to a family with household income less than 200% FPL Children who moved in state within six months of birth
Enrollment Method	TBD	TBD – Investment made based on number of Medicaid-eligible births	Automatic. Investment made based on number of Medicaid-eligible births	Automatic[41]	Automatic	Automatic	Automatic	Automatic, but child may apply if not enrolled automatically
Allowable Uses of Funds	Education Home Purchase	Education Home purchase	Education Home/ Commercial	Education Home Purchase	Education Home purchase	Education Childcare or education of a	Education Home purchase	Education Home purchase

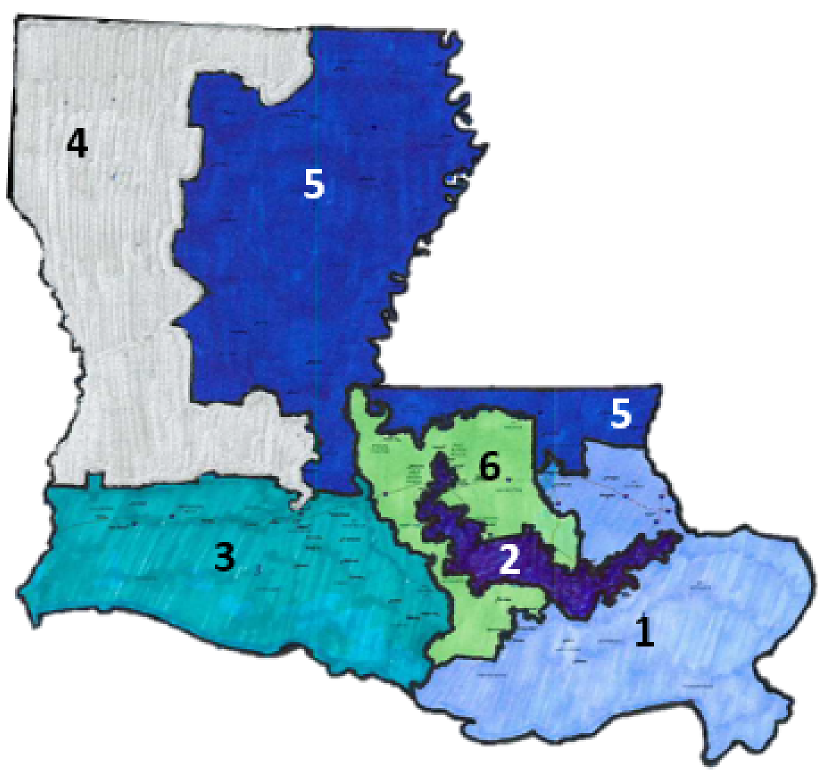
	Business Investment Transportation Purchase	Business investment Other assets yielding long-term gains to wages or wealth	property purchase Business investment Retirement investment	Business Investment	Any expenses paid or incurred on or after person makes 59.5 Other assets yielding long-term gains to wages or wealth	beneficiary's dependent Home purchase Business investment Retirement investment	Business investment Other assets yielding long-term gains to wages or wealth	Business Investment Other assets yielding long-term gains to wages or wealth, as determined by the executive director/board
Access to Benefits	18 years old	Ages 18 to 30 years old[42] Completes financial education course[42]	18 years old Resident of D.C. Disabled	Ages 18 to 31 years old Residents of Washington Pass financial education course Income < 193% the FPL	18 years old	18 years old State resident or at least one parent a time of claiming (unless the beneficiary is a resident for at least one year prior to claiming the funds) – Complete financial literacy course	18 to 30 years old State resident for at least 12 months prior to claim	18 years old or earlier to pay for education Funds are forfeited if the account holder is older than 25 and resided out of state for more than five years.
Program Funding Source	$100 million in one-time funding; $15 million in ongoing funding	Annual state-issued bond	Subject to annual appropriation	General Fund	General fund (with proposals for changes in taxes)	General fund Possible donations	General fund	General fund
State Benefit Asset Limit Exclusions	TBD	Excludes funds from asset limits	Excludes funds from asset limits	Excludes funds from asset limits	Excludes funds from asset limits			

Appendix 4. Map of Louisiana 117th Congressional Districts[43]

As referenced in the *Potential Impact of a Baby Bonds* section of this report, this map shows the congresstional districts of Louisiana.

117th Congress of the United States

Louisiana Congressional District Map



District 1 – Parts of Northshore and Greater New Orleans
District 2 – Parts of Greater New Orleans, Capital, and South Central LA
District 3 – Parts of Acadiana, Southwest LA, and Central LA
District 4 – Northwest LA, and parts of Acadiana, Central, and Southwest LA
District 5 – Northeast LA, and parts of Acadiana and Central LA
District 6 – Parts of Acadiana, Capital, Northshore, and South Central LA

Appendix 5. Programs for Qualified Individuals

As referred to in the *Potential Impact of a Baby Bonds Program in Louisiana* section, the study identified existing programs in the state that provide support for postsecondary education, homeownership, and entrepreneurship. The tables in this section describe in more detail each of the major programs identified including each programs' eligibility requirements, enrollment processes, the allowable uses of funds, and other relevant information. Programs that specifically assist individuals with disabilities and service members are described in Appendix 6.

Postsecondary Education Support: Scholarship Programs[44]			
Program	Taylor Opportunity Program for Students (TOPS)	GO Grant	M.J. Foster Promise
Administration	Louisiana Office of Student Financial Assistance (LOSFA)		
Eligibility	Must attend a Board of Elementary and Secondary Education (BESE) approved high school, meet homeschool requirements, or a parent must be a Louisiana resident for at least 24 months prior to the student's high school graduation. Meet minimum curriculum, GPA, and ACT/SAT score requirements. Enroll full-time as a first-time freshman, by the first semester after the first anniversary of high school graduation. Be a U.S. citizen or permanent resident and meet Louisiana residency requirements. Enroll in an eligible institution.	A Louisiana resident. Receives a Federal Pell Grant and have remaining financial need after deducting family's contribution and other grants/ and scholarships. Enrolled in an eligible LA institution on at least a half-time basis (minimum six hours at semester school or four hours at a quarter school).	Must be a U.S. citizen, and a Louisiana resident for two years before applying. Be at least 21 years of age. Have a High School Diploma/GED OR enrolled in a GED program while pursuing an eligible course of study. Have not previously earned a degree. Not currently incarcerated or been convicted of a violent crime. Meet income requirements. Enroll in a qualified program of study at a participating university or college.
Enrollment	Submit the Free Application For Student Aid (FAFSA) for the current year or the TOPS On-Line Application.	Submit the FAFSA for the current year.	Submit FAFSA and online application annually.
Allowable Uses	Any cost of attendance	Cost of attendance	Tuition and fees

Funding Source(s)	State general fund and statutory dedication	State general fund	Statutory dedication
Other Information	There are four awards: TOPS Opportunity, TOPS Performance, TOPS Honors, and TOPS Tech Award.	Available first-come, first-served. Award amounts may vary by student and by academic year and are not available during the summer sessions. Awards are renewable up to the maximum lifetime award that correlates to that of the Federal Pell Grant.	Receive up to $3,200 per year, or for certain high cost programs, up to $6,400 per year. Students are required to work in LA at least one year after completing program. Agree to perform at least 20 hours or more of community service OR participate in an apprenticeship, internship, or mentorship program each year award is received.

Postsecondary Education Support: Investment Programs		
Program	529 – Louisiana Student Tuition Assistance and Revenue Trust (START) Savings Program[45]	Earn to Learn Program[46]
Administration	The Louisiana Tuition Trust Authority (LATTA) implements/oversees; LOSFA manages the day-to-day administration.	Not yet implemented in Louisiana; the Board of Regents is assessing this opportunity.
Eligibility	The account owner or beneficiary must be a Louisiana resident at the time of program enrollment. Beneficiaries must enroll in a postsecondary institution that is accredited by the U.S. Department of Education.	Qualify to receive at least $1 from the Federal Pell Grant. Qualify for in-state tuition and enroll in a participating in-state certificate or degree-seeking program. Have not previously earned a degree. Family must be able to save $500 a year to receive $4,000
Enrollment	Parents, grandparents, or others may establish the account at any time for each child. Have 180 days to make Initial deposit (equal to or greater than $10) after notification that account was approved.	Student completes FAFSFA and online application. Have one week to open account and make first deposit.
Allowable Uses	Any cost of attendance.	TBD, but typically funds are used for tuition, fees, and any other expenses approved by educational entity.
Funding Source(s)	Account owners fund the accounts and the state matches 2-14% based upon account owner's income.	Account owners provide an initial deposit; source of matching fund unknown.

Homeownership Support: Louisiana Housing Corporation (LHC) Programs[47]							
LHC has seven different programs for homebuyers in Louisiana: the Mortgage Revenue Bond Home Program (MRB Home), Mortgage Revenue Bond Assisted Program (MRB Assisted), Market Rate Conventional Program (MRC), Market Rate GNMA Programs (MR GNMA), Delta 100 Program (Delta 100), Resilience Soft Second Program (RSS), and the Mortgage Credit Certificate Program (MCC).							
Administration	Louisiana Housing Corporation						
Program	MRB Home	MRB Assisted	MRC	MR GNMA	Delta 100	RSS	MCC
Eligibility							
Credit Score	640 or above	640 or above	640 or above	640 or above	No minimum	640 or above	No minimum
Household Income	Up to 80% of the area median income	Up to 140% of area median income	Up to 80% of area median income	Up to 115% of area median income		Up to 80% of the area median income	Up to 80% of the area median income
Homebuyer	First-time	First/repeat	First/repeat	First/repeat		First-time	First-time
Complete Course	Homebuyer	Homebuyer	Homebuyer	n/a	Homebuyer	Homebuyer	Homebuyer
Other					Have sufficient cash reserves.	Debt-to-income ratio: 48% max.	
Enrollment	If income meets program requirements, choose a LHC approved lender, choose a realtor, and begin the home purchasing process.						
Allowable Uses	First-time home purchase 5-9% in down payment and closing costs.	Purchase home in designated areas.	Purchase a single-family home. Reduced mortgage insurance is available.	Purchase a single-family home. Up to 4% down payment and closing costs.	Purchase a single-family home in specific LA parishes.	Purchase a single-family home in the 51 parishes impacted by the 2016 floods. Up to $5,000 in closing costs.	Purchasing a home in designated areas. Tax credit of up to $2,000 per year.
Other Information	Mortgage rates are usually below market.		Mortgage rates are competitive.	Includes 30-year fixed-rate FHA, VA, or USDA. Mortgage rates are competitive.		If home is primary home for 10 years, loan can be forgiven. Can receive up to $55,000 in second mortgage.	The credit can be taken as long as property is buyer's primary residence.

Homeownership Support: Rural Homeownership Assistance Programs	
Program	Rural Home Direct Loan (Section 502 Direct Loan) Program[48]
Administration	U.S. Department of Agriculture
Eligibility	Must meet income and citizenship or eligible noncitizen requirements. Be without housing and are unable to obtain a loan from other resources with reasonable terms and conditions. Also, eligible to participate in federal programs. Property must be 2,000 square feet or less and market value should be within area loan limit. Property acts as primary residence and not used to produce income. Individuals and/or their family members who do not have criminal histories (drug or sexual offenses).
Enrollment	Complete Orientation Guide, watch orientation video, and sign and return form to the Rural Development office that is processing loan.
Allowable Uses	Build, repair, renovate or relocate a home, or to purchase and prepare sites, including providing water and sewage facilities.
Funding Source(s)	Rural Development U.S. Department of Agriculture
Other Information	Typically no down payment. However, applicants with assets higher than asset limits may be required to use a portion of assets. Low- and very-low-income families receive a subsidy that temporarily reduces mortgage payment.

Entrepreneurship Support: Louisiana Economic Development – Mentorship Programs[49]			
LED has three mentorship programs for small business owners; the Small & Emerging Business Development Program (SEBD), Small and Emerging Business Development (SEBD) Roundtables, and the Mentor-Protégé Recognition Program.			
Administration	Louisiana Economic Development		
Program	SEBD	SEBD Roundtables	Mentor-Protégé Recognition Program
Eligibility	Business owner is a U.S. citizen/legal resident, has been a LA resident for at least one year, and owns at least 51% of company. Business owner is full-time employee (at least 20 hours per week) and meets personal net worth requirements. LA is principal place of business and business meets net worth requirements. The business is for profit, performs a lawful and commercially useful function, and anticipates creating new full-time jobs.	Small business owners certified through the SEBD program.	SEBD and/or Hudson Initiative certified business. Protégés must be a Louisiana-based company and not be an affiliate/ related party of the mentor company. The business must be certified in the SEBD program and in "good standing" with the Secretary of State. Protégés must remain in the program for the period defined in the Mentor/Protégé agreement.
Enrollment	Complete online application at ledsmallbiz.com.	Complete the online application at ledsmallbiz.com.	Complete online application and apply to SEBD.
Allowable Uses	Provides managerial assistance and training to aid in growing and sustaining a small business.	Business owners improve their decision-making capacity, receive quality improvement analysis, and enhance management skills.	Mentor companies provides technical and developmental assistance to build protégé business' capacity to compete successfully for public and private sector opportunities.
Other Information	Certificate good for 10 years. The SEBD Certification provides a chance to participate in SEBD Roundtables.	The Small and Emerging Business Development (SEBD) Roundtables provide peer-to-peer learning for small business owners.	

Entrepreneurship Support: Louisiana Economic Development – Other Assistance Programs[49]			
LED has three programs for small business owners that provides bond and technical assistance and increases access state procurement and public contract opportunities: Bonding Assistance Program, the Hudson Initiative, and the Louisiana Contractors Accreditation Institute (LCAI).			
Administration	Louisiana Economic Development		
Program	Bonding Assistance Program	Hudson Initiative	LouisianaContractors Accreditation Institute
Eligibility	All certified Small and Emerging Business Development Program (SEBD) clients that require bid, payment or performance surety bonds.	Businesses with less than or equal to 50 full-time employees, principal operations in Louisiana, business not dominant in its field, and meet profit requirements. Businesses independently owned and operated by Louisianaresidents who are U.S. citizens/legal residents.	Open to all who have the intent to start or currently have an established construction-based Louisianabusiness.
Enrollment	Apply for the SEBD program at ledsmallbiz.com and request an application from a bonding agent.	Complete the application on LED's website.	Look online for upcoming schedule.
Allowable Uses	Offers 25% of contract price or $100,000, whichever is less, in bond guarantee to surety. Access to qualified bonding agents and sureties who performs all underwriting at competitive rates.	Access to state procurement and public contract opportunities. 10% of the total evaluation points can be added to the business's bid on a Request for Proposal (RFP).	Access to a six-week Business and Law and Seminar, and 10-week General Contractors Seminar and Residential Contractors Seminar, that provides Louisiana industry-specific information, and how to prepare for a portion of the contractors state licensing exam.
Other Information	LED's Bond guarantees may mitigate some risk to surety company, leading to a positive underwriting decision.	Prime contractors who use the business as a subcontractor on a bid for an RFP are also eligible to receive additional percentage points on bids.	

Entrepreneurship Support: Other Tax Incentives and Technical Assistance			
Program	Angel Investor Tax Credit (AITC)[49]	SCORE[50]	LA Small Business Development Center (LSBDC)[51]
Administration	Louisiana Economic Development; rules published in Louisiana Administrative Code	SCORE and the U.S. Small Business Administration (SBA)	Hosted by Louisiana State University and is a member of the National Association of Small Business Development Centers
Eligibility	Businesses that meet profit and industry requirements*. Business registered in Louisiana and LED certified as a Louisiana Entrepreneurial Business. Has less than or equal to 50 full-time employees, and principal operations in Louisiana. Business plan and documents address specific criteria.	Individuals interested in starting or growing a small business in the state.	Existing and potential Louisiana business owners.
Enrollment	Email angelinvestor@la.gov business plan and documents that address criteria.	Find resources, mentorship form, and register for a webinar/workshop online.	Request a consultation online.
Allowable Uses	Capital improvements, plant equipment, research and development, and working capital.	Access to free business mentoring, online webinars, templates, free and low cost in-person workshops, and more.	Receive consultation services, workshops, training programs, and market research to new and existing small businesses.
Funding Source(s)	Louisianabusinesses that meet eligibility criteria.	SCORE, SBA, and contributions of over 10,000 volunteers.	The SBA, LED, and participating universities and community colleges.
Other Information	There are limits to how much investors can invest per business, per year, and over the life of program. Investors receive a 25% tax credit or a 35% tax credit if business is in a qualified Opportunity Zone.	There are additional resources for entrepreneurs who are Black, Hispanic, Asian American and Pacific Islander; women; veterans; and in rural areas.	LSBDC has a network of 10 locations across all 64 parishes and services are available at no cost to businesses.

Appendix 6. Programs for Specific Populations

As referred to in the *Potential Impact of a Baby Bonds Program in Louisiana* section, the study identified existing programs in the state that provide support for postsecondary education, homeownership, and entrepreneurship. The tables in this section describe in more detail programs that specifically assist individuals with disabilities and service members.

Programs for Individuals who Have a Disability		
Population	Individuals with specific types of disabilities	Individuals with a disability over the age of 21
Program	LA's Achieving a Better Life Experience (ABLE) 529 Program[52]	Micro-Enterprise/ Small Business Loan Program[53]
Administration	The Louisiana Tuition Trust Authority (LATTA) administers ABLE through LOSFA.	LDH's Office of Aging and Adult Services and the Arc of Louisiana
Eligibility	U.S. citizens and legal residents of Louisiana with a valid Social Security number. Developed the onset of blindness or disability before age 26 AND are eligible for Social Security Disability Income – Title II SSA. A signed physician's diagnosis.	Business has less than or exactly5 employees and startup funds <$35,000. Individuals who are over 21 years old. Individuals who qualify for specific waivers. Specifics can be found online.
Enrollment	Submit application (paper/online) and particular Protected Health Information. Have 180 days to make Initial deposit (at least $10) after notification that account was approved.	Go online or call the Arc of Louisianato complete application. Pay $25 application fee.
Allowable Uses	Tuition for preschool - postsecondary schools; housing; transportation; employment training and support; assistive technology and related services; personal support services; health, prevention, and wellness; financial management and administrative services; legal fees; oversight and monitoring expenses; funeral and burial expenses; and other expenses identified by the IRS.	Use less than or exactly $1,000 interest-free loan to start a small business or purchase supplies/ equipment to sustain an existing business.
Funding Source(s)	The account owner, family, and friends can contribute up to $17,000 per year (subject to change as this amount is tied to the federal gift tax limitation).	Real Choice Systems Change Grant
Other Information	Account funds are not considered assets when determining eligibility for federal and state benefits programs. As long as account balance is less than or exactly $100,000, funds are not considered a resource when determining SSI eligibility. Earnings on account (i.e. interest) are tax free as long as funds are spent on the allowable uses	Repayment plan tailored to business' budget. Loan repayment starts one month after business makes a profit.

Programs for Veterans, Active Duty Personnel and/or Survivors and Dependents: Postsecondary Education and Homeownership		
Population	Dependent/spouse of a qualifying veteran/service member	Eligible veterans, service members, those who were honorably discharged, and their surviving spouses
Program	VA Survivors' and Dependents' Educational Assistance (DEA) program[54]	Veteran Affairs (VA) Homeownership Programs[55]
Administration	U.S. Department of Veterans Affairs (VA)	U.S. Department of Veterans Affairs (VA)
Eligibility	Student must be the son, daughter, or spouse of a qualifying veteran or service member.	Veterans and service members who meet minimum active-duty service requirements and their surviving spouses. Discharged due to hardship, convenience of the government, early out, reduction in force, certain medical conditions, or a disability related to military service.
Enrollment	Apply online or by mail (Form 22-5490).	Request a COE (certificate of eligibility) online.
Allowable Uses	College or graduate degree programs, career-training certificate courses, educational and career counseling, apprenticeships, and on-the-job training.	Veterans, service members, and their surviving spouses can buy or build a home, refinance a loan, improve, or keep current home. Veterans with service-connected disabilities can modify their homes so that they can move more independently. Native American Veterans or a Veteran married to a Native American can buy, build/ improve a home on federal trust land.
Funding Source(s)	U.S. Department of Veterans Affairs (VA)	U.S. Department of Veterans Affairs (VA)
Other Information	If began program before September 1, 2018, can get less than or exactly 45 months of education benefits; if on or after September 1, 2018, can get less than or exactly 36 months. Spouses and surviving spouses have 10 to 20 years to use the benefit based on eligibility requirements and the date the VA establishes DEA eligibility. Time limits can be extended under certain circumstances. Dependents can use the benefit between the ages of 18 and 26, time limits can be extended under certain circumstances.	VA-backed loans generally have better interest rates, require no down payment, and do not require mortgage insurance. VA-backed Interest Rate Reduction Refinance Loan helps reduce monthly payments or make them more stable.

Programs for Veterans and Active Duty Personnel: Entrepreneurship Support			
There are two certification programs: Louisiana's Veteran Initiative (LAVETBIZ) and the Louisiana Veterans First Business Initiative, and a business development program; Pathway To Assist Veteran Entrepreneurs (PAVE) for eligible Veterans.			
Program	Louisiana's Veteran Initiative (LAVETBIZ)[56]	Pathways to Assist Veteran Entrepreneurs (PAVE)[57]	Louisiana Veterans First Business Initiative[58]
Administration	Louisiana Economic Development (LED)	LED, Louisiana Small Business Development Center (LSBDC) Network, the Louisiana Department of Veterans Affairs (VA), and the Louisiana National Guard.	Louisiana Economic Development
Eligibility *Business Owner*	Be a U.S. citizen or legal resident that lives in Louisiana.	Must have the intent to start a business.	
Military Status	At least 51% of the business must be owned by a Veteran or Service-Connected Disabled Veteran.	All Louisiana military personnel (Active duty, Reservists, Veterans).	Business is at least 51% owned by a Veteran, active-duty or reserve military, or Gold Star spouse.
Business	Must be independently owned and operated in Louisiana, with less than 50 employees, not dominant in its professional field, and meet profit limits.		The business is registered and in good standing with the Secretary of State.
Enrollment	Complete the online application at www.ledsmallbiz.com.	Complete the application and pay a registration fee of $15.	Register at www.LAVeteransFirst.org to certify business.
Allowable Uses/ Services	Increases access to purchasing and contracting opportunities available at the state government level by providing business and contact information, and incentives to state purchasing officials and prime contractors who subcontract with LAVETBIZ certified businesses.	Provides on-demand virtual trainings on various topics and an online virtual entrepreneurship boot camp hosted by the LSBDC. Connects entrepreneurs with a LSBDC Business Consultant for continued business support.	Certification to recognize and promote businesses as veteran-owned. Promotional materials to help individuals easily identify their business as veteran-owned.

Appendix 7. Louisiana Children's Savings Account Taskforce Recommendations Report

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Louisiana Children's Savings Account Taskforce Recommendations Report

Table of Contents

Introduction

The following report is a summary of the deliberations and conclusions of the Louisiana Children's Savings Account Taskforce (The Taskforce). Children's Savings Accounts hold the promise of encouraging and supporting more children—especially those from families with low incomes—in pursuing and attaining postsecondary education. This report includes an overview of Children's Savings Accounts (CSAs), recommendations for the structure of a statewide program in Louisiana and considerations for the development and implementation of a program.

The Taskforce was established under House Concurrent Resolution 22 (HCR 22) that passed in the 2018 session of the legislature. Sponsored by Representative Walter Leger, the Taskforce was created to "study and make recommendations relative to establishing a Children's Savings Account program in Louisiana and to submit a written report of findings and recommendations, including a strategic plan for developing and implementing such a program." These recommendations are to be submitted to the House Committee on Education and the Senate Committee on Education no later than sixty days prior to the 2019 Regular Session of the Legislature. The Taskforce is staffed by the Louisiana Office of Student Financial Assistance.

The Taskforce met on August 21, 2018 and October 25, 2018.

Members of the Taskforce are:

Louisiana Office of Student Financial Assistance
Dr. Sujuan W. Boutté, Executive Director

State Treasurer
Mr. John Broussard, Chief Investment Officer

University of Louisiana System
Ms. Erica Calais, Vice President for Student Affairs and Governance

Louisiana Community & Technical College System
Dr. Emily Campbell

BESE
Ms. Kathy Edmonston, BESE Member

Southern University System
Mr. K. Michael Francois, Director, Office of Financial Aid

Louisiana Student Tuition Assistance and Revenue Trust (START)
Ms. Carol A. Fulco, START Saving Program

Board of Regents Commissioner
Dr. Kim Hunter Reed, Commissioner of Higher Education

Governor's Office
Rep. Walter Leger III, State Representative

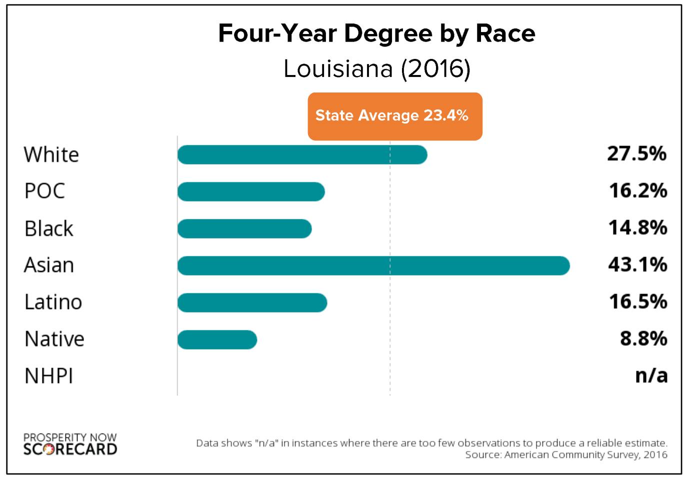
Former Board of Regents Chairman
Mr. Robert Levy, Chair, Board of Regents (2018)

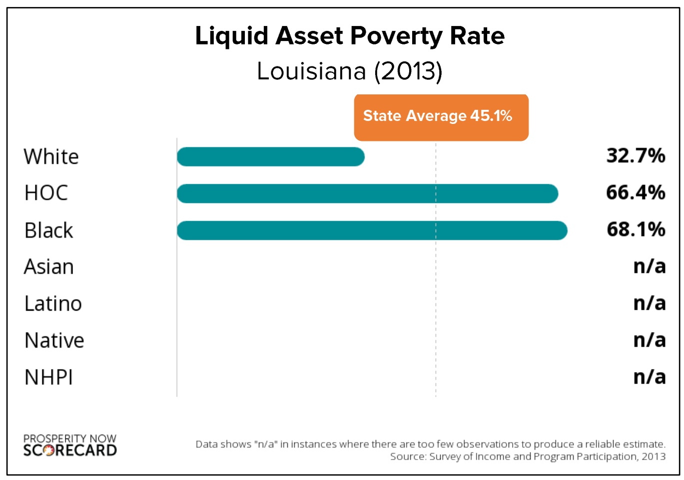
Department of Education
Ms. Stephanie Marcum, Education Technology Sr. Consultant

Louisiana State University System
Ms. Aimee Thibodeaux, MPA, Assistant Director

Louisiana Tuition Trust Authority
Mr. John Williams

The Case for Children's Savings





As HCR 22 acknowledges, rising postsecondary education costs mean that fewer low- and moderate-income Louisianans will be able to access educational opportunities beyond high school. In the decade since the Great Recession, Louisiana's state spending on public colleges and universities plummeted by a third, which led published tuition costs at four-year schools to double.[1] While funding for higher education has started to stabilize in the past year and enrollment is on the rise, Louisiana's funding is still far below pre-Recession levels. Just last year, Louisiana's per-student state funding was the lowest of the 16 Southern states tracked by the Southern Region Education Board.[2] At the same time, studies predict that by 2020, 56 percent of jobs in Louisiana will require some postsecondary education and training.[3]

Higher costs are especially harmful for low-income students, students from non-traditional backgrounds and students of color who continue to face barriers to access. In Louisiana, White students attain four-year degrees at a rate (27.5%) that's nearly double that of Black students (14.8%) and much higher than that of Latino students (16.5%). Creating an educated, well-trained workforce requires policies and programs that expand higher education access to *all* Louisiana students.

In addition to rising education costs, families are also struggling to save for their basic needs, let alone for longer-term goals. Households of color are over twice as likely to face liquid asset poverty, which means they do not have the savings needed to live above the federal poverty line should they have a disruption in income.[4] This puts higher education further out of reach.

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[1] Mitchell, M., Leachman, M., Masterson, K. and Waxman S. Unkept Promises: State Cuts to Higher Education Threaten Access and Equity. Center on Budget and Policy Priorities, 2018.
[2] Budget brief: It's time to re-invest in higher education. Louisiana Budget Project, 2018.
[3] Carnevale, Anthony P., Smith, N. and Strohl, J. Recovery: Job Growth and Education Requirements Through 2020, Center on the Education and the Workforce (Georgetown University McCourt School of Public Policy, 2013).
[4] Prosperity Now, 2018 Scorecard (Washington, DC: Prosperity Now, 2018).

The need for supporting higher education attainment in Louisiana is clear. Fortunately, the state of Louisiana is taking steps to alleviate this crisis by increasing appropriations for GO Grants by $2 million—funds that support non-traditional and low- to moderate-income students who need additional aid to afford the cost of attending college. According to the Louisiana Budget Project, "the 2018-2019 appropriation of $28.4 million is an all-time high. The average Go Grant award in FY 16-17 was $1,064, compared to the average tuition at a four-year public college or university in Louisiana of $8,900."[5]

The Louisiana Office of Student Financial Assistance is also working to make financial support more attainable. The robust START program is Louisiana's 529 program and is, in large part, what makes a statewide Children's Savings Account program possible in Louisiana. A CSA can build on the existing account structure of the START program and essentially work to expand access to 529 accounts to more students in need. A CSA program extends the existing benefits of the START program to more children in the state.

What Is a Children's Savings Account?

Children's Savings Accounts (CSAs) are long-term savings or investment accounts that help children (from birth to age 18) build savings for the future. The accounts grow through program incentives such as initial deposits, matches and contributions made by the children and their family members as their household finances allow. Money in the accounts is generally restricted to paying for postsecondary education expenses. A CSA program can help address Louisiana's disparities in educational attainment by promoting educational aspirations and expectations.

Research on college savings shows that even small dollars saved can have a big impact on the lives of students from low-income households. One study found that low- and moderate-income children whose families saved $500 or less are three times more likely to attend college and four times more likely to graduate than those whose families have not saved.[6] Savings for college help create a college-bound identity in children, in which they see themselves as someone who will go to college.[7] In other words, having even small savings for college raises children's expectations for their future, and research shows a strong link between children's expectations for postsecondary education and their educational outcomes.[8] Many CSA programs also connect participants with other services, such as financial education and college access programs.

The three primary characteristics of CSAs are:

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[5] Louisiana Go Grants 101. Louisiana Budget Project, 2018.
[6] Elliott, W., Song, H., & Nam, I. (2013). Small-dollar Children's Savings Accounts and children's college outcomes by income level. *Children and Youth Services Review, 35*(3):560-571.
[7] Beverly, S.G., Elliott, W., and Sherraden, M. (2013). Accounts, assets, expectations and achievements: How Child Development Accounts may increase college success, Center for Social Development Perspective 13-27 (St. Louis, MO: Washington University, Center for Social Development).
[8] Elliott, W. & Harrington, K. Identifying Short Term Outcome Metrics for Evaluating Whether Children's Savings Accounts Programs Are on Track (Boston, MA: The Federal Reserve Bank of Boston, 2016).

- Savings are intended for purchasing an asset, particularly postsecondary education (some programs may allow other uses, including small business or homeownership).

- Participants receive program-provided "incentives" (such as initial seed deposits and yearly bonuses for advancing to the next grade) to grow the savings in their accounts.

- Incentives are generally restricted to paying for postsecondary education or another allowable asset.

How a CSA Program Works

As Figure 1 illustrates, accounts are opened for children—as early as birth or kindergarten—by a third-party entity (such as a city or nonprofit) or by parents. Typically, CSAs are seeded with an initial deposit. Over time, account balances grow through contributions from the family and other incentives or bonuses. Many programs also connect participants with other services, such as financial education and college access programs. After graduating high school, children can use the account balance to pay for postsecondary education. Account funds could be used for a variety of types of postsecondary education, including four-year colleges, community colleges and vocational schools.

Figure 1: How a CSA Program Works

What Are the Benefits of CSAs?

Research on college savings shows that **even small dollars saved can have a big impact on the lives of students from low-income households**. One study found that low- and moderate-income children whose families saved $500 or less are three times more likely to attend college and four times more likely to graduate than those whose families have not saved.[9] Savings for college help create a college-bound identity in children, in which they see themselves as someone who

[9] Elliott, W., Song, H., & Nam, I. (2013). Small-dollar Children's Savings Accounts and children's college outcomes by income level. *Children and Youth Services Review, 35*(3):560-571.

will go to college.[10] In other words, having even small savings for college raises children's expectations for their future, and research shows a strong link between children's expectations for postsecondary education and their educational outcomes.[11]

CSAs also support parents' ambitions for their children's future. In a randomized control trial known as SEED for Oklahoma Kids (SEED OK), mothers whose children received a CSA at birth maintained higher expectations for their children's future educational attainment by the time their children reached age four than mothers whose children did not receive a CSA at birth.[12] Research also shows a connection between parental expectations and children's future educational attainment.[13]

CSAs also have positive developmental and health effects on children and families:[14]

- **Improved social-emotional development in children** – The SEED OK study found that children with a CSA demonstrated improvements in social-emotional development (i.e., the ability to identify and understand their own feelings, develop empathy, manage strong emotions, and establish and sustain relationships) at age four than children without a CSA. Early social-emotional development is positively correlated with academic achievement later in life.[15]
- **Improved maternal mental health** – SEED OK found decreased symptoms of maternal depression in the mothers whose children were randomly assigned to have a CSA at birth.[16]

CSA Programs Nationwide

CSA programs have been rising in popularity over the past decade. This is in large part because families want to save for their children's future, but traditional 529 investments are not a realistic option for many families. Fewer than three percent of families participate in college savings plans (529 plans). The families that do participate have 25 times the median financial assets of the 97% of families that do not participate.[17]

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[10] Beverly, S.G., Elliott, W., and Sherraden, M. (2013). Accounts, assets, expectations and achievements: How Child Development Accounts may increase college success, Center for Social Development Perspective 13-27 (St. Louis, MO: Washington University, Center for Social Development).

[11] Elliott, W. & Harrington, K. Identifying Short Term Outcome Metrics for Evaluating Whether Children's Savings Accounts Programs Are on Track (Boston, MA: The Federal Reserve Bank of Boston, 2016).

[12] Beverly, S., Clancy, M. & Sherraden, M. Universal Accounts at Birth: Results from SEED for Oklahoma Kids (St. Louis, MO: Center for Social Development, Washington University in St. Louis, 2016).

[13] Elliott & Harrington, 2016.

[14] For a full overview of all key research on the impact of CSAs see: Markoff, S., Loya, B., and Santos, J. Quick Guide to CSA Research (Washington, DC: Prosperity Now & Institute on Assets and Social Policy, 2018).

[15] Beverly, Clancy & Sherraden, 2016.

[16] Beverly, Clancy & Sherraden, 2016.

[17] Higher Education: A Small Percentage of Families Save in 529 Plans. Government Accountability Office, 2012.

According to the 2018 Prosperity Now CSA Program Survey, 65 CSA programs currently serve over 457,000 children in 34 states and the District of Columbia.[18] In 2017, 54 programs served 382,000 children.[19] There are eight statewide CSA programs. See details on each of them in Appendix 4.

Goals of a Statewide Louisiana Program

Given the demonstrated need, especially for Louisiana's low-income children, the Taskforce identified short- and long-term goals for the CSA program:

- Short-term goal – Increase the amount of savings available to all children in the state for postsecondary education.
- Long-term goal – Increase the postsecondary graduation rates of students, especially students from families with low incomes.

Measuring the outcomes of this investment will require patience and careful study. A Children's Savings Account program is a long-term investment that may only bear returns in the decades ahead, when students pursue higher education and attain a degree or certificate beyond high school. Establishing a program evaluation to measure population-based results will be important to tracking success. Louisiana could consider using regular surveys to evaluate:

- Program awareness and engagement among low-income families
- Improvement in outlook or expectations for postsecondary educational attainment among low-income families

Overview of Taskforce Recommendations

Program Design Recommendations

The following section outlines the programmatic considerations that the Taskforce explored, and describes its recommendations, which are based on research, best practices from CSA programs across the country and discussions. These recommendations include program design elements mentioned in the authorizing language for the Taskforce. In summary, the Taskforce recommends that the state pursue a program that provides all newborns an account with a small seed deposit and additional progressive, income-based contributions from the state. To increase participation, newborns would be automatically enrolled in the program. These small contributions would grow with additional support from private philanthropy, family and

[18] Quezada, D., Markoff, S., & Copeland, M. The Movement Soars Ahead: The State of the Children's Savings Field 2018. (Washington, DC: Prosperity Now, 2018).
[19] Copeland, M., Quezada, D. and Markoff, S. The Movement Takes Off: The State of the Children's Savings Field 2017. (Washington, DC: Prosperity Now, 2018).

community contributions. The program would use the existing state 529 plan structure to hold funds for participating children.

Program Design Recommendations

Population Served

The task force recommends a universal program in which every child who is born as a Louisiana resident on or after the program start date (to be determined) is eligible for participation in the CSA program.[20]

A universal program has several benefits:

- It can help increase support for the program from more legislators, potential sponsors and the general public.
- It ensures that the program is not stigmatized or seen as a set-aside just for low-income families.
- Programs targeted to low-income households are, unfortunately, often first to be eliminated during budget cuts and a universal program has a broader constituency.

The Taskforce was concerned that a universal statewide program would not reach low-income households. This concern can be addressed by balancing a universal approach with two key design features:

- Automatic Enrollment – Using an opt-out or automatic enrollment approach (as described further in the next section) ensures that children from low-income households participate in the program at the same rate as higher-income peers.
- Progressive Incentives – A progressive incentive structure provides more benefits for children from low-income households than for their higher-income peers whose families may be able to save more on their own.

[20] Additional eligibility requirements for adoptions and enrollment after birth will be decided at a later point.

Enrollment Type

Automatic enrollment (also known as "opt-out") enrolls children in the program without them or their families taking any action. Parents can opt their children out of the program should they choose not to participate. Automatic enrollment is imperative for reaching low-income families. Conversely, opt-in programs that require households to actively sign up, such as through opening a 529 account or filling out an enrollment form, disproportionately reach those with higher incomes and more financial savvy, because it is more difficult for vulnerable families, such as low-income or immigrant parents with limited English proficiency, to sign up. For example, a study of the Promise Indiana CSA program, which uses opt-in enrollment, found that families above 185% of the federal poverty level made up a higher percentage of Promise Indiana account openings than poor families every year from 2013 to 2017 except for 2014.[21] A 2017 SEED OK program study found that "lower levels of program knowledge were associated with lower rates of account holding and smaller savings amounts among Blacks and Hispanics"—furthering the case for automatic enrollment.[22]

> Maine's Harold Alfond College Challenge started as an opt-in CSA program, but switched to an opt-out approach after research revealed that families with higher education levels, other investments and a financial advisor were more likely to enroll their children in the program than other families with less financial savvy (Center for Social Development).

Automatic enrollment also makes sense from an operational efficiency standpoint. According to Prosperity Now's 2018 CSA Program Survey, 75% of CSA programs nationwide are opt-in, not opt-out. However, when looking specifically at the six largest CSA programs (state-, city- and county-level programs that account for 83% of all children who have CSAs) four out of six use opt-out enrollment.[23] In part, this is because outreach to a large number of families is resource-intensive, and no matter the amount of effort, some percentage of families will not sign up. For example, when the Harold Alfond College Challenge had opt-in enrollment, program administrators spent 80% to 85% of their time on outreach and only reached a 40% take-up rate.[24, 25]

Most state programs that have automatic enrollment receive birth records from the state's health department. In Louisiana's case, the program administrator would enter into a data sharing agreement with the Louisiana Department of Health to receive regular updates on the number of birth certificates filed. These would need to include the minimum data points needed to enroll the child in a master custodial account: child's name, child's date of birth, parent(s) name(s) and address. The Department of Health could also be helpful in program outreach and promotion to parents in the hospital as discussed later in the Program Promotion section.

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[21] O'Brien, M., Lewis, M. Jung, E. and Elliott, W. Savings Patterns and Asset Accumulation in the Promise Indiana Children's Savings Account (CSA) Program: 2017 Update (Center on Assets, Education and Inclusion, University of Michigan, 2018).
[22] Nam, Y., Hole, E., Sherraden, M. and Clancy, M. (2018). Program Knowledge and Racial Disparities in Savings Outcomes in a Child Development Account Experiment, *Journal of Family and Economic Issues* 39(1): 145-162.
[23] Quezada, Markoff & Copeland, 2018.
[24] Axel-Lute, M. College Bound: A Look at Children's Savings Accounts, Shelterforce, 2016.
[25] Clancy, M. and Sherraden, M. (2014). Automatic Deposits for All at Birth: Maine's Harold Alfond College Challenge. (St. Louis, MO: Washington University, Center for Social Development).

Incentives

Incentives are contributions made to CSAs by the program that help boost participants' account balances. The three main types of incentives are:

- Initial or seed deposits that are made upon initial opening of the account
- Saving matches that match the deposits made by participants (such as a dollar-for-dollar match)
- Benchmark incentives that reward milestones like consistently depositing over a certain period of time or completing eighth grade

Much like states that match 529 contributions, many CSA programs base incentive amounts, including seed deposits and match, on family income and give progressively larger matches to low-income families enrolled in their programs. This acknowledges that families with lower incomes need a larger investment to put college closer within reach, and larger incentives may encourage more program participation amongst the people who need it most. Since these incentives are largely only communicated directly to participants, this also avoids possible stigmas associated with having a separate program for lower-income families. Maryland's Save4College State Contribution Program provides an example of a progressive minimum deposit requirement and state contribution. See here for more details.[26]

Louisiana's existing Earnings Enhancements (state matching grant dollars) in the START program are a great precedent for the state implementing a progressive incentive. For eligible accounts, both the account owner's deposits and matching dollars are invested to earn interest and maximize the value of every dollar saved. If the funds are used to pay Qualified Higher Education Expenses, the earnings are exempt from both state and federal taxes and deposits to the accounts are tax deductible up to a certain amount. The amount of the match is progressive, ranging from 14% for the lowest income households to 2% for households making over $100,000 annually.[27]

The task force recommended an initial, progressive seed deposit for each child born without discussion of how to determine income eligibility or providing additional incentives after opening. Providing additional or higher savings incentives to low- and moderate-income participants helps children whose families have limited financial resources build their account balances faster. For example, when Kindergarten to College in San Francisco first started, all participants received a $50 initial deposit, and participants who are eligible for free or reduced-price lunch receive an extra $50 (note that for several reasons, the program no longer offers this). Another way to structure progressive incentives is to provide the same initial seed deposit to all participants but only provide a match incentive to children from low- or moderate-income families. Estimates for costs associated with the seed deposit are in the Program Costs section.

[26] Save4College, Maryland529.
[27] START Frequently Asked Questions, Louisiana's Student Tuition Assistance & Revenue Trust.

Account Vehicle

Every CSA program outlines what type of financial account the program should use to hold savings. Given the strength of the Louisiana START Saving Program, the Taskforce recommends using the state's 529 plan as the account vehicle for a statewide CSA program. The program administrator (a state agency) will open an entity-owned master 529 account, with the state serving as the owner. The master account will collectively hold the initial deposit and other incentives provided to participating children. Parents and guardians will not be able to make deposits into the master account. Rather, they would have to open their own 529 accounts to make contributions. These accounts will be separate from the master 529 account owned by the state, though ideally, the state would develop an online portal that allows families to see both the state's designated investment in the master account and the balance in their own account.

The entity-owned 529 has several advantages:

- **It allows for automatic enrollment.** As entity-owner of the master 529 account, the state agency administering the program does not need to name individual beneficiaries or provide taxpayer identification numbers for enrolled children to Louisiana START. However, the program administrator will need to have a database system in place to track which children are enrolled in the program and have money invested into the master account.

- **It protects families from losing benefits due to asset limits.** Since the incentive funds are held by the program administrator, not the families, they do not count toward asset limits for public benefits. This ensures that families will not lose their benefits because of their children participating in the program.

- **It safeguards the incentives.** Since the incentives invested on behalf of children are held in the master account, the program administrator can ensure that funds are only used for allowable postsecondary educational expenses. In addition, if participants do not use the money by the designated age limit, the program administrator can recycle the money back into the program, allowing it to be used to provide incentives for other participants.

HCR 22 outlined additional considerations for the Taskforce including withdrawal restrictions, portability and return on investments. Fortunately, basing the program on the state's existing 529 platform means that withdrawals are restricted according to IRS guidelines. Eligible withdrawals for postsecondary expenses include tuition, fees, books, supplies, equipment, computers and sometimes room and board.[28] The state will have to decide what happens to children's funds in the master account should they move. Other states, such as Nevada and Rhode Island, do not require children to be residents of the state at the time that they withdraw the program-provided funds to pay for postsecondary education. Regardless of what is decided about the program-

[28] As of early 2018, the IRS also allows tax-free withdrawals of up to $10,000 per year, per beneficiary to pay for tuition expenses at private, public and religious K-12 schools. Should the state of Louisiana allow 529s to be used for K-12 expenses, legislation will need to specify that these funds are designated for postsecondary purposes only.

provided funds, families would be able to use the money saved in their own 529 account regardless of residency.

Administration

A program administrator is responsible for enrollment; disbursements from the master account; data management and reporting; program outreach; working with partners; and myriad operational activities. The Louisiana Office of Student Financial Assistance would be a natural program administrator for a statewide Children's Savings Account program, since it already administers the state's 529 plan. The program has several types of accounts and wrap around services to encourage parents, grandparents, and others who want to assist in funding a child's education to make regular deposits into a child's education savings account. The Prosperity Now design guide, *Investing in Dreams*, has additional detailed information on the roles and responsibilities of a program administrator.[29]

Program Promotion and Services

Helping build the college-going culture throughout the state; connecting families to financial capability services; and encouraging them to save for postsecondary education, requires CSA program administrator to dedicate significant time and effort to conducting outreach to promote the program. An outreach strategy will be developed to promote the benefits of the program to children and their families, along with information on how to receive program incentives. The CSA program will be promoted through partnerships with school systems, hospitals and community organizations. Outreach activities will range from low-touch activities, such as sending a message about the program in flyers or school newsletters, to higher-touch activities, such as hosting a presentation on the program or fostering opportunities for families to connect with others who are saving.

Since the Louisiana program could start at birth, the Louisiana Department of Health will be an important partner in outreach and promotion. In the case of the Connecticut Higher Education Trust (CHET) program, hospital volunteers talk with new parents about Baby Scholars. With CHET, parents check the box on the birth certificate form and then they receive info from the treasurer's office on opening a 529 and enrolling. Rhode Island's CollegeBound*baby* program allows parents to opt into the program by simply checking a box on the worksheet for a birth certificate.[30]

Louisiana's early childhood service providers could be critical partners in helping with outreach and promotion, especially for children from families with low incomes. The Louisiana Department of Education's Early Childhood Network could provide key insights into the best ways to reach families and their children before kindergarten. Service providers can also identify and implement ways to integrate education and awareness of the CSA program into their existing services.

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[29] Markoff, S. & Derbigny, D. Investing in Dreams: A Blueprint for Designing Children's Savings Account Programs (Washington, DC: Prosperity Now, 2015).

[30] Clancy, M. and Beverly, S. Statewide Child Development Account Policies: Key Design Elements (Center for Social Development, Washington University in St. Louis, 2017).

Once children reach school age, Louisiana's public schools will be critical partners since they have direct contact with students and their families. The program might be promoted by: informing and engaging multiple levels of staff and administrators; training parent coordinators to distribute information via flyers, newsletters, websites, auto-dialers, and text messages; and distributing information at enrollment fairs. Program staff can also work with schools to arrange visits to college campuses and universities for young savers to help foster a college-bound identity. In Nevada, program outreach and promotion has focused heavily on Title I schools to encourage program engagement among families with low incomes.

Louisiana enacted R.S. 17:270 and 3996(B)(45), and repealed R.S. 17:282.3 which require schools to offer personal financial management and require that certain public high school students receive specified instruction in personal financial management as a prerequisite to graduation. This is a natural pathway to integrate instruction about the CSA program.

Outreach for engaging families in the program could also include community groups and businesses hosting information sessions, distributing information, or providing financial and non-financial supports. Banks or credit unions (typically those holding families' savings accounts) can also help children and families build financial knowledge and experience. For instance, they can host regular "bank day" field trips to incentivize and promote savings habits and familiarize children with financial institutions. They can also support financial education efforts for children and/or their parents.

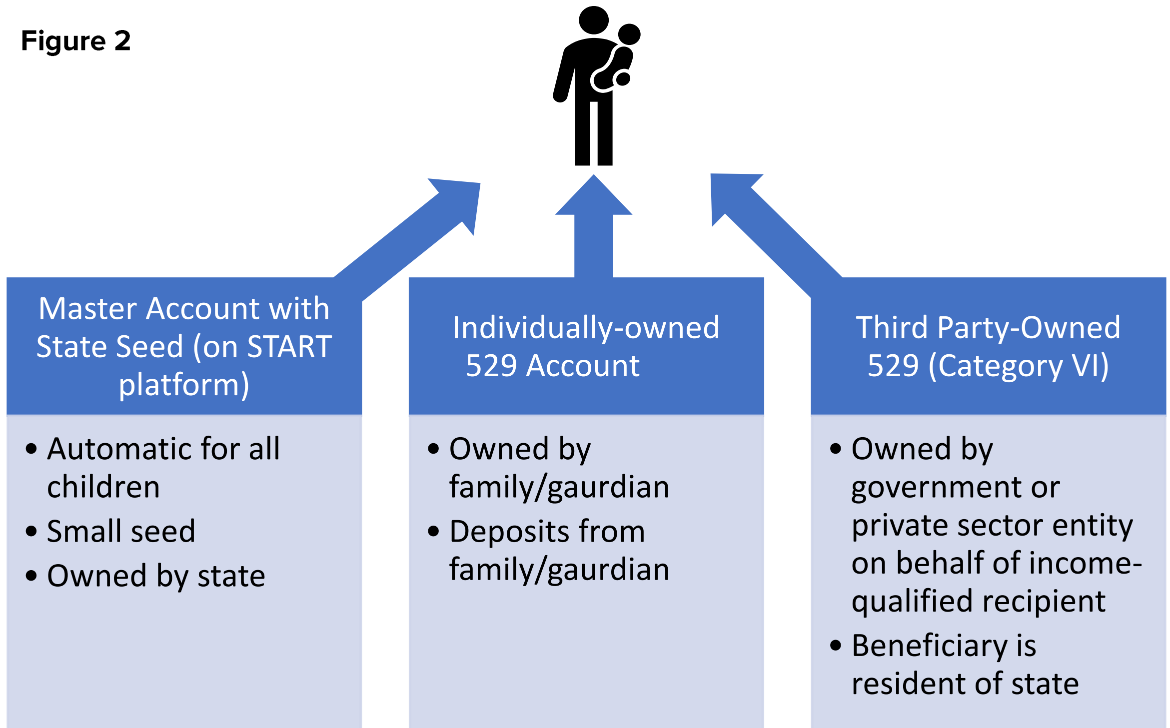
Impact on Benefits and Return on Investment

Another concern identified in the legislation is the CSA program's impact on student financial aid, public assistance, and other public benefits. Designating the state as owner of the 529 accounts, and not individuals, helps avoid some of the eligibility and asset limit requirements imposed by public benefit programs like SNAP, TANF, and SSI. The amounts in the state-owned CSA account will also not count against financial aid for students. However, any balances held in individually-held 529 accounts will count toward the Expected Family Contribution (EFC) calculated to determine financial aid. Fortunately, assets are not counted toward EFC for many low-income students. For more details see Appendix 1.

Again, this program would extend the state's existing 529 account platform to more beneficiaries. Using the state's existing 529 platform also addresses questions about return on investment, safety of the investment, insurance for the account, and ease of managing the account. As stated previously, the state would make a deposit into a master account that holds the designated seed investment for every child born. Family members or guardians looking to contribute to their own savings would need to open a separate 529 plan. Government entities or private philanthropies that want to contribute an irrevocable donation to a beneficiary that income qualifies, can deposit into a Category VI START plan. (See Appendix 2)

As mentioned earlier, the state could establish an online portal that aggregates the back-end accounting so that families can see contributions from several sources in one place. A CSA program could bring together many types of accounts as displayed in Figure 2.

Figure 2



Program Costs

Below are estimates for costs related to a statewide program. Broadly, they are divided into costs for deposits into the accounts and costs for program delivery.

Program Delivery Costs

Below is a summary of costs associated with administering the program. A fuller sample budget is provided in Appendix 3.

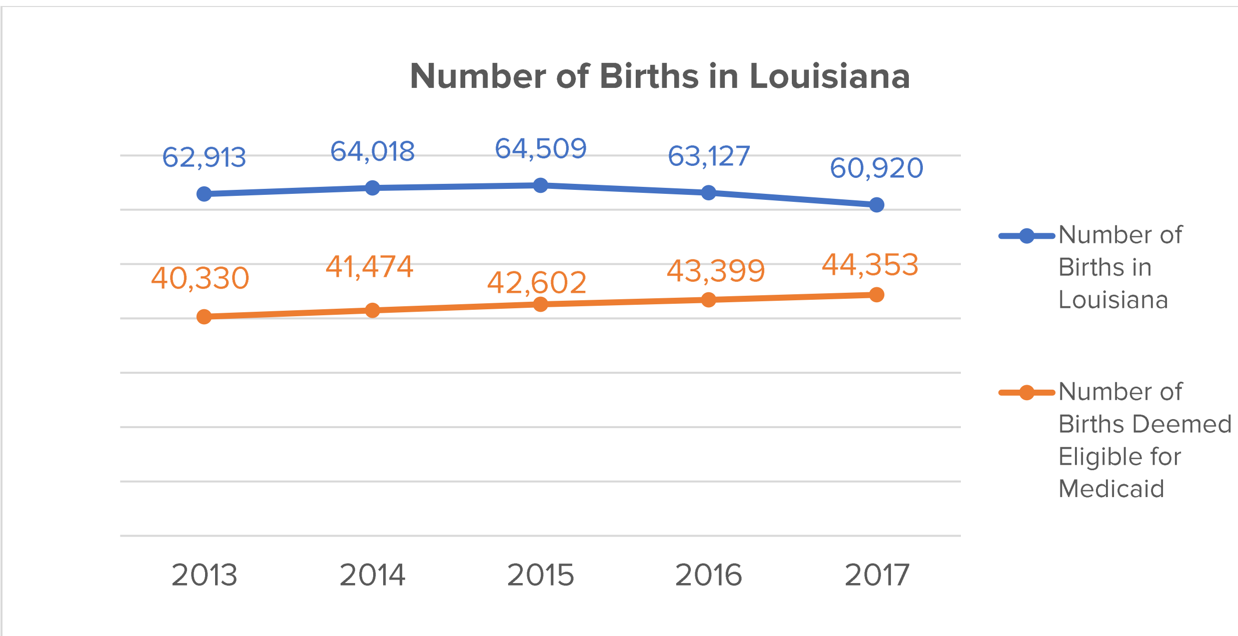
- **Personnel** – This outlines anticipated personnel for the program. It includes a full-time program administrator and a full-time administrative assistant.
- **Database** – This will cover the costs of customizing and licensing for the database system used by the program administrator to track enrollment, account balances, incentives, and indicators. Depending on the payment structure for the selected database system, the cost may be higher in the first year to cover customization and decrease in subsequent years when only licensing fees are applied.
- **Supplies and materials** – These include computers for program staff and general office supplies. These costs will be higher in the first year, as new items are purchased for the program, and will go down in subsequent years.
- **Outreach and marketing** – Potential outreach and marketing are outlined here. Expenses include welcome kits for participants, program flyers and posters, rewards and prizes (e.g., gift cards), giveaways (e.g., piggy banks, pens, t-shirts), and event costs (e.g., refreshments).

Seed, Incentive and Match Deposits

Seed deposits are an initial deposit made automatically into an account when a child is enrolled in a CSA program. No specific research has been done to determine the ideal amount of initial deposits for a CSA program, but research during the SEED national CSA demonstration found that the larger the initial deposit into SEED participant accounts, the higher the total accumulation of funds in the account. The initial deposit amounts for current programs generally range from $50-100, with $50 being most common. A few programs have generous funding and offer significantly higher seed amounts, such as Maine's Harold Alfond College Challenge, which provides $500 for each child.

In Louisiana, the Taskforce is recommending a seed deposit for each newborn in the state; the amount will be based on funding availability. According to the Louisiana Department of Health, the number of children born has been steadily declining since 2013.

Figure 3



Source: Louisiana Department of Health, 2018

For the purposes of estimating costs, Table 1 uses 2017 data as a baseline for the number of children projected to be born in Louisiana. Despite decreasing number of births, the estimation assumes a small growth rate for each year going forward to provide a budget estimate that can be right-sized for actual numbers later.

Table 1 below shows several budget scenarios for seed amounts. For example, if all children were given a seed deposit of $50 (the most common amount for CSA programs), the total cost of the seed deposits would be $3,046,000. The Taskforce did not set income guidelines for a progressive seed structure. For the purposes of estimating costs, the following calculations are based on providing Medicaid-eligible newborns with an account seeded with $50 and all other children with $25. As shown in data provided by the Louisiana Department of Health in Figure 3, in 2017, 73 percent of children born were Medicaid-eligible. Even though this rate is slightly up from 2013, for purposes of estimation, the calculations use this rate for years going forward.

Table 1

	Number of children born	$25 seed for all children	$50 seed for all children	$25 Seed Deposit with $50 for Medicaid-eligible newborns	$25 Seed Deposit with $50 for economically disadvantaged*
2018 cohort estimates	60,920	$1,523,000	$3,046,000	$2,631,825	$2,665,250
2019 cohort estimates	61,000	$1,525,000	$3,050,000	$2,632,312	$2,668,750
2020 cohort estimates	63,000	$1,575,000	$3,150,000	$2,718,617	$2,756,250

*definition of economically disadvantaged

As an alternative measure for a progressive seed, the last budget scenario uses data from the Department of Education (Table 2) that show an average of 75% of kindergartners were considered economically disadvantaged between 2013 and 2018.

Table 2

	Total Kindergarten Enrollment	Total Number of Economically Disadvantaged Kindergartners	Percentage of Economically Disadvantaged Kindergartners
2013-2014	57,589	42,544	73.9%
2014-2015	56,300	41,668	74.0%
2015-2016	53,738	41,607	77.4%
2016-2017	53,325	40,604	76.1%
2017-2018	53,061	38,495	72.5%
		Average	**74.8%**

The Taskforce briefly discussed the possibility of offering additional incentives or matches for certain milestones but did not decide on specific offerings. Smaller programs provide incentives for actions like regularly attending school, opening a 529 account for family contributions, or academic achievements like reading scores. Designing incentives will require considerable thought and attention as these incentives can require intensive administrative effort to track and account. Incentives or matches can also reinforce inequities. For example, providing an incentive for good school attendance would disproportionately benefit higher income families that have healthcare, child care, consistent transportation and other provisions that improve the likelihood their children are able to attend school.

Funding Sources

Most successful large-scale CSA programs leverage a combination of funding sources to support their efforts including public sector, private philanthropy, corporate sector, and individual donations.

Public Sector Support

Public sector support is critical to maintaining large-scale CSA programs, and typically includes city, county, and state government funding sources. This source is well-positioned to fund initial deposits and underwrite operations. State policy makers can either generate new revenue or re-allocate existing funding. Examples of public sector funding include legislative appropriations, fees from 529 plan providers, and discretionary funds managed by mayors or treasurers. See Appendix 4 for an overview of the sources of funding other states use.

<u>Generating new revenue:</u>

Several states collect fees from the 529 fund manager. These fees are part of the contract negotiations between the state and the fund manager.

- College Kick Start (Nevada) – The program is operated by the Nevada State Treasurer's Office and is funded through fees paid to the Treasurer's Office by the state's 529 plan managers, the private companies that manage the CSA plans.

- CollegeBound*baby* (Rhode Island) – In a slight twist on Nevada's model, Rhode Island included a provision in its contract with the state's 529 program manager, Ascensus, which requires Ascensus to provide funding for the $100 initial deposit available to all babies born in the state.

Raising tax revenue is not always popular but can be effective when targeted.

- Several states offer tax deductions for 529 contributions. Lowering the maximum amount of those deductions or creating income restrictions on eligibility for deductions, could generate more state tax revenue to offset costs of a CSA program. For example, currently, the LA START program allows individuals to deduct $2,400 and married couples to deduct $4,800 per beneficiary. Without an income eligibility requirement, wealthy families with multiple accounts can deduct tens of thousands of dollars from their tax liability even though they are less likely to need that funding or incentive to save.

<u>Re-allocating existing funding:</u>

- CHET Baby Scholars (Connecticut) – This statewide CSA program uses assets from the defunct Connecticut Student Loan Foundation (CSLF) to fund the CHET Baby Scholars program. The program will continue until the funds are used, or until policymakers find another source of funding.

Philanthropic Support

Philanthropic support is often used to help launch and sustain programs. Foundations are more likely to provide operating funds than corporate or individual donors. CSA programs have the advantage of advancing several philanthropic goals. Since CSAs touch on so many issues, foundations that fund education initiatives, children's issues, asset building, economic mobility, and inequality issues may be interested in supporting a CSA program. Scholarship funders are another potential source of support because of their mission to provide funds for postsecondary education.

Corporate Sector Support

CSA programs most commonly use corporate donations to fund matching incentives. Companies and consumers are increasingly interested in corporate social responsibility (CSR). Corporations choose to partner with charitable causes that elevate their brand and advance their CSR goals, and CSAs encompass two popular causes: children and education. Many CSA programs receive both monetary and in-kind support from local businesses and financial institutions. This list of companies named by United Ways of Louisiana[31] as having exemplary corporate social responsibility could be a helpful reference.

Corporate donations could be a great source for funding for seed and matches (if implemented) that are targeted to children in families with low-incomes. This is especially true in Louisiana where LOSFA has already created a 529 account option that allows third-party donors to create accounts for low-income beneficiaries. These accounts are Category VI accounts; more information on these available in Appendix 2.

Individual Donor Support

Individual donors may be attracted to the idea of providing match funding to support the aspirations of children in their own community. CSA programs can engage individual donors through fundraising events, online campaigns, and membership programs with monthly giving options and volunteerism.

Stakeholder Outreach & Engagement

While a CSA program addresses several needs in Louisiana, the implementation of such a program will be more successful if community, civic, and faith-based leaders across the state are integral to its design and implementation. Members of the task force recommend engaging these groups across the state to increase buy-in and provide input into effective implementation strategies that increase enrollment and local coordination with other services. This outreach

[31] United Way of Southeast Louisiana.

could take the form of listening sessions and workshops in partnership with groups like chapters of the NAACP, Rotary Clubs, and churches that reach residents.

Conclusion

A Children's Savings Account program has the potential to build on and extend the existing benefits of the LA START program to more families across the state. Louisiana has a great 529 plan and currently, not everyone can maximize and use it. This CSA program is a natural next step for the state in continuing to invest in the future of young people by expanding eligibility and services for students, especially those living in families with low incomes.

The taskforce recommends using the existing 529 account platform to develop a CSA program that both provides all newborns with a seeded account and gives parents the chance to opt out. The taskforce recommends that the legislature introduce and pass legislation that authorizes the creation of a statewide CSA program. This legislation would authorize the Louisiana Office Student Financial Assistance Advisory Board to oversee the design and implementation of the recommendations in this report and submit the plan to the Louisiana Tuition Trust Authority (LATTA) for review and approval. The LATTA is composed of the members of the Louisiana Board of Regents, the commissioner of higher education or her designee, an officer of a bank in Louisiana who is a member of the Louisiana Bankers' Association, one member of the Louisiana House of Representatives appointed by the speaker, one member of the Louisiana Senate appointed by the president and the state treasurer.

The legislation should also authorize a fund to resource the program. This Advisory Board would identify and engage critical community partners and public agencies to detail the account structure, create strategies for promotion and outreach, finalize a budget and develop the timeline for implementation.

Appendix 1: Key Facts about Federal Financial Aid and Assets (Based on 2015-16 Federal Financial Aid Rules)

For many low-income students, assets are not counted towards the calculation of the Expected Family Contribution (EFC)[1] used to determine financial aid.

- For dependent students, *assets are not counted* towards the family's Expected Family Contribution if both 1 and 2 are true:

1. a) Anyone included in the parents' household received any of the following benefits during the prior two years: Supplemental Security Income (SSI), Supplemental Nutrition Assistance Program (SNAP), Free and Reduced-Price School Lunch Program, Temporary Assistance for Needy Families (TANF) and Special Supplemental Nutrition Program for Women, Infants and Children (WIC).

   OR

   b) The student's parents filed or were eligible to file an IRS Form 1040A or 1040EZ in the previous tax year or the parent is a dislocated worker.

2. The previous year's income of the student's parents is less than $50,000.

529s are generally counted as parental assets for dependent students.

- A 529 account owned by a dependent student, or by a custodian for the student, is reported on the FAFSA as a parental asset.
- Up to 5.6% of the value of the 529 is included in EFC as a parental asset.

Parental assets are counted significantly less than students' assets in calculating the EFC.

- For dependent students, in cases where assets are counted in calculating the EFC:

- *20% of a student's assets* (money, investments, business interests, and real estate) are counted.
- *2.6%- 5.6% of a parent's assets* (money, investments, certain business interests, and real estate, based on a sliding income scale and after certain allowances) are counted.

Appendix 2: Description of START Category VI Accounts

Any person or any government entity can open a START Saving Account, regardless of that person/entity's relationship with the beneficiary, provided that, and at the time of the initiation of the agreement:

(i) The beneficiary is a resident of the state.
(ii) The federal adjusted income of the beneficiary's family is less than thirty thousand dollars or the beneficiary must be eligible for a free lunch under the Richard B. Russell National School Act (42 USC 1751 et seq.).
(iii) The beneficiary is not a member of the account owner's family nor a member of the family of any member or employee of the authority and the office of student financial assistance.
(iv) The deposits to the account are an irrevocable donation by the owner.

If the person or government entity does not want to choose the beneficiary for whom an account may be opened, they may designate the Tuition Trust Authority to do so, provided that the beneficiary:

(i) Is a resident of the state.
(ii) The federal adjusted gross income of the beneficiary's family is less than thirty thousand dollars or the beneficiary is eligible for a free lunch under the Richard B. Russell National School Act (42 USC 1751 et seq.).
(iii) Not a member of the account owner's family nor a member of the family of any member or employee of the authority and the office of student financial assistance.
(iv) Demonstrate superior early academic preparation in the third grade by achieving a score on the Iowa Tests of Basic Skills, Stanford 9 Test or TerraNova Test that is in the top two quartiles.

The deposits to Category 6 accounts are an irrevocable donation of the owner, and the earnings enhancement rate for these accounts is determined by the AGI of the beneficiary's family. Earnings enhancements range from 2% to 14% of annual deposits and are determined in accordance with the beneficiary's family's adjusted gross income in accordance with the following chart:

Reported Federal Adjusted Gross Income	Earnings Enhancement Rate
$0 to $29,999	14%
$30,000 to $44,999	12%
$45,000 to $59,999	9%
$60,000 to $74,999	6%
$75,000 to $99,999	4%
$100,000 and above	2%

Appendix 3: Detailed Program Delivery Budget (Estimated)

Expense	Year 1	Year 2	Year 3	Explanation
Personnel				
Program Administrator (1.5 FTE)	$87,000	$87,870	$88,749	Assumes 1% salary increase each year
Administrative Assistant (1 FTE)	$34,000	$34,340	$34,683	Assumes 1% salary increase each year
Fringe Benefits (at 40%)	$48,400	$48,884	$49,373	Should be on par with state benefits
Personnel Subtotal	*$169,400*	*$171,094*	*$172,805*	
Programmatic Costs				
Database	$20,000	$20,000	$20,000	Estimated one year licensing fees
Supplies & Materials	$15,000	$15,000	$12,000	Includes computers and office supplies
Marketing & Outreach	$100,000	$100,000	$80,000	Includes flyers, posters, giveaways, events, etc.
Programmatic Subtotal	*$135,000*	*$135,000*	*$112,000*	
Total Program Administration	***$304,400***	***$306,094***	***$284,805***	
Seed Deposits				
$50 for all newborns	$3,046,000	$3,050,000	$3,150,000	Does not include incentives
TOTAL	**$3,350,400**	**$3,356,094**	**$3,434,805**	

For context, the Nevada Kick Start program has a $2.09M budget. $250,000 for program administration and $1.8M to provide seed for 34,000 children. Approximately 14% of the Nevada budget is dedicated to administration. Louisiana would be reaching approximately 60,000 children, which is almost double the number of students. This budget reflects possible cost savings by LOSFA having existing administrative infrastructure and economies of scale. This budget estimates a little less than 10% of the overall budget for program administration costs.

Appendix 4: State CSA Programs and sources of funding

Below is a list of funding sources for several state CSA programs. Many local programs are funded with a mix of philanthropic, public and corporate funds. State programs have found creative ways to mostly fund with dollars within the state's control.

Connecticut — CHET Baby Scholars: The state legislature used residual funding from a defunct scholarship program to fund the program. It is currently seeking a longer-term funding source once that money runs out.

Maine — Harold Alfond College Challenge: Seed deposits are solely funded by a private foundation, the Alfond Scholarship Foundation, with other philanthropies supporting outreach and programming (Harold Alfond College Challenge).

Massachusetts — $oarMA: In 2016, the Massachusetts legislature approved $350,000 from the General Fund for the SoarMA two-year pilot (*Telegram*).

Nevada — College Kick Start: The program uses the fees that the fund manager pays the state to manage the state's 529 plan. Financial institutions like USAA, Vanguard, State Street and Putnam Investments that manage college-savings plans pay fees to the treasurer that is used to fund the seed deposit for accounts (Las Vegas Review-Journal).

Pennsylvania — Keystone Scholars: The state pays the program using the savings from its Guaranteed Savings Plan. The program is funded through Treasury investment earnings, donations and endowments from the philanthropic community (Keystone Scholars Grant Program Memo). For the initial demonstration launched in 2018, the Pennsylvania Department of Treasury raised $2.25 million in private philanthropic funds for the first six counties (PA Treasury News Release).

Rhode Island — Collegebound*baby*: The initial deposits are funded by the state's 529 plan manager, as established during the contracting process for the plan manager.

West Virginia — Bright Babies: The Bright Babies grant program invests $100 in a SMART529 College Savings plan when parents open an account before the child's first birthday. Money for the program comes from an independent program management firm (WV State of the Treasury 16).

Location	CSA Program	Organization Running Program	Program Description	Enrollment Process	Type of Account(s) Used	Estimated Number of Children Enrolled (as of the end of 2018)	Initial (Seed) Deposit	Other Incentives	Funding Sources
Connecticut	CHET Baby Scholars	Connecticut Treasurer's Office	CHET Baby Scholars provides a $100 initial deposit for Connecticut babies whose parent(s) open a 529 college savings account before their first birthday or within one year of adoption. They can also earn a dollar-for-dollar match on the first $150 deposited into the account.	Opt-in: parent(s) have to open a 529 account to enroll	Parent/guardian-owned 529 account	10,000	$100	Contributions to the 529 account are matched dollar-for-dollar up to $150 if $150 is deposited by child's 4th birthday or the 4th anniversary of adoption	The state legislature used residual funding from a defunct scholarship program to fund the program. It is currently seeking a longer-term funding source once that money runs out.
Maine	Harold Alfond College Challenge	Alfond Scholarship Foundation (in partnership with the Finance Authority of Maine)	The Harold Alfond College Challenge automatically invests $500 in a 529 acount for every baby born as a Maine resident.	Opt-out (automatic): every child born as a Maine resident is enrolled automatically; the state's Bureau of Vital Records shares information about newborns with the Finance Authority of Maine	Initial deposit invested in a master 529 held by the Alfond Scholarship Foundation; parents have to open their own 529 account to make contributions	93,000	$500	Through the state's separate NextGen program: 50% match (up to $300 annually) per beneficiary and a one-time $100 grant if six consecutive automatic contributions are made	Seed deposits are solely funded by a private foundation, the Alfond Scholarship Foundation, with other philanthropies supporting outreach and programming (Harold Alfond College Challenge).
Maryland	Save4College	Maryland 529	The state contributes up to $500 when eligible individuals open a Maryland 529 College Investment Account and make a minimum contribution.	Opt-in: parent(s) have to open a 529 account and fill out an application form	Parent/guardian-owned 529 account	1,815	none	The state contributes either $250 or $500 depending on household income when the minimum contribution is made to the 529. The minimum contribution requirement varies from $25 to $250 based on income.	The legislature appropriated $3 million for fiscal year 2019.

Location	CSA Program	Organization Running Program	Program Description	Enrollment Process	Type of Account(s) Used	Estimated Number of Children Enrolled (as of the end of 2018)	Initial (Seed) Deposit	Other Incentives	Funding Sources
Massachusetts	$eedMA	Massachusetts Treasurer's Office	$eedMA is a pilot CSA program in Worcester and Monson Public Schools in which kindergarten students can receive an initial $50 deposit in a 529 account. Plans call for eventually expanding the program to other communities.	Opt-in: parent(s) have to open a 529 account to enroll	Parent/guardian-owned 529 account	200	$50	none	In 2016, the Massachusetts legislature approved $350,000 from the General Fund for the SoarMA two-year pilot (Telegram)
Nevada	Nevada College Kick Start	Nevada State Treasurer's Office	Nevada College Kick Start automatically establishes Kick Start accounts for every kindergarten student attending public school in Nevada. The goal of the program is to create a college-bound culture in Nevada and increase the number of families actively saving for future college expenses.	Opt-out (automatic): every kindergartener in Nevada public schools is automatically enrolled based on student records	Initial deposit invested in a master 529 held by the Treasurer's Office; parents have to open their own 529 account to make contributions	200,000	$50	Through the state's separate Silver State Matching Grant: up to $300/year & lifetime maximum of $1,500 over 5 years for families with adjusted gross incomes below $75,000; subject to availability of funds	The program uses the fees that the fund manager pays the state to manage the state's 529 plan. Financial institutions like USAA, Vanguard, State Street, and Putnam Investments that manage college-savings plans pay fees to the treasurer that is used to fund the seed deposit for accounts (Las Vegas Review-Journal).
Pennsylvania	Keystone Scholars	Pennsylvania Treasury	Keystone Scholars is currently a demonstration project serving children in six counties in Pennsylvania. Beginning in January 2019, the program will expand statewide and all Pennsylvania resident babies will be automatically enrolled in the program at birth. $100 will be invested for them in a 529 account.	Opt-out (automatic): every child born as a Pennsylvania resident will be automatically enrolled	Initial deposit invested in a master 529 held by the Treasurer's Office; parents have to open their own 529 account to make contributions	950* *beginning in 2019, approximately 140,000 children will be enrolled per year	$100	none	The state pays for the program using the savings from its Guaranteed Savings Plan. The program is funded through Treasury investment earnings, donations and endowments from the philanthropic community (Keystone Scholars Grant Program Memo). For the initial demonstration launched in 2018, the Pennsylvania Department of Treasury raised $2.25 million in private philanthropic funds for the first six counties (PA Treasury News Release).

Location	CSA Program	Organization Running Program	Program Description	Enrollment Process	Type of Account(s) Used	Number of Children Enrolled (as of the end of 2017)	Initial (Seed) Deposit	Other Incentives	Funding Sources
Rhode Island	Collegebound*baby*	Rhode Island Office of the General Treasurer	Collegebound*baby* provides a $100 initial seed deposit in a 529 account for all babies residing in Rhode Island whose parents enroll them by their first birthday or within one year of adoption.	Opt-in: parent(s) simply check a box on the birth certificate form indicating that they want their child enrolled in the program	Initial deposit invested in a master 529 held by the Treasurer's Office; parents have to open their own 529 account to make contributions	23,000	$100	none	The initial deposits are funded by the state's 529 plan manager, as established during the contracting process for the plan manager.
West Virginia	Bright Babies	West Virginia Treasurer's Office	The Bright Babies program provides a $100 initial deposit for babies residing in West Virginia whose parent(s) open a SMART529 college savings account before their first birthday or within one year of adoption.	Opt-in: parent(s) have to open a 529 account to enroll	Parent/guardian-owned 529 account	unknown	$100	none	The Bright Babies grant program invests $100 in a SMART529 College Savings plan when parents open an account before the child's first birthday. Money for the program comes from an independent program management firm (WV State of the Treasury 16).