EXECUTIVE SUMMARY

The federally funded Gaining Early Awareness and Readiness for Undergraduate Program (GEAR UP) is one of the most widely known U.S. programs which attempts to increase college enrollment and completion rates among disadvantaged students. GEAR UP has three main aims specifically targeted toward disadvantaged students historically underrepresented in higher education: (1) to increase academic performance and preparation for higher education, (2) to increase the rates of high school graduation and participation in higher education, and (3) to increase students’ and families’ knowledge of higher education options, including academic preparation and financing.

In 2011, an invitational priority was announced by the Department of Education (DOE) that encouraged grant applicants to include financial access and Children’s Savings Accounts (CSAs) in their programming for students and their families. In a September press release, DOE announced 66 new GEAR UP grantees from the 2011 application cycle. Nineteen grantees were state entities and 47 were community-education partnerships. Among these new grantees, the press release stated that “Forty-two of the winning grantees—both state and partnership grants—plan to provide CSAs for their students, along with financial and economic literacy activities” (p. 5).

In 2012, researchers from the Assets and Education Initiative (AEDI) at the University of Kansas launched a multi-method evaluation of 2011 GEAR UP grantees who accepted the invitational priority. AEDI combed through the GEAR UP applications and identified 33 grantees that explicitly stated in their abstracts the intention to open CSAs and/or teach financial education to students and their families. Among these 33 grantees, 25 programs completed AEDI’s initial survey. AEDI selected five programs to participate in a follow-up survey and in-depth interviews and focus groups during on-site visits. The study aimed to answer four primary research questions: (1) How well prepared do GEAR UP programs perceive themselves to be for planning


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and implementing CSAs? (2) What steps have GEAR UP programs taken to plan and implement CSAs? (3) What obstacles have GEAR UP programs encountered? and (4) What strategies have GEAR UP programs used to overcome obstacles that they encountered?

This report answers these four research questions using information collected through surveys, in-depth interviews, and focus groups among the five GEAR UP programs that consented to further evaluation. Three state and two partnership GEAR UP programs participated in surveys, in-depth interviews, and focus groups. These programs varied in size, program experience level, and geographic locale. The 2011 grant cycle was the first time some of these programs received GEAR UP funding from DOE, whereas other programs had received GEAR UP funding for several consecutive years. Each of the five programs partnered with financial institutions, which included banks, credit unions, 529 savings plans, and Individual Development Account (IDA) granting non-profit community organizations. One GEAR UP program offered CSAs prior to the 2011 grant cycle, whereas the others were offering CSAs to students and families for the first time. This indicates variation in both the level of experience in operating a GEAR UP program generally and in implementing CSAs within GEAR UP. Table 1 shows when participating GEAR UP programs implemented or anticipated implementing CSAs by financial partnerships.

### Table 1. GEAR UP Programs’ Anticipated Initial CSA Implementation Dates by Financial Institution Partnerships

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At the time of the evaluation study, two GEAR UP programs had opened CSAs for their students and only one of those two programs was funded during the 2011 grant cycle. The other GEAR UP program received funding during a previous grant cycle and therefore was not funded from the 2011 priority. Additional sample characteristics and evaluation methodology are available in Appendix A of the full report.

This executive summary provides a synopsis of findings from the evaluation study, beginning with responses from a follow-up survey and followed by personnel’s experiences with CSAs and their lessons learned. The executive summary concludes with policy recommendations necessary for successfully integrating CSAs within GEAR UP.

**GEAR UP Personnel are Optimistic about CSAs but Need Information about Effects on Educational Outcomes**

For many students, especially those from low-income families, attending college is a desired but elusive goal. Rising costs keep college out of reach for many economically disadvantaged students, including those in GEAR UP. The average total cost of college attendance, which includes room and board, for an in-state student at a public four-year college for the 2010-11
A school year was $16,140, an increase of 6.1% from the prior school year (College Board, 2010). The Advisory Committee on Student Financial Assistance (ACSFA, 2002) estimates that financial barriers prevent 48% of college-qualified, low-income students and 43% of college-qualified, moderate-income students from attending a four-year college. Similarly, researchers find that unmet need is a barrier to persistence in college, exacerbating the college graduation gap (Paulsen & St. John, 2002).

In spite of the reality of these affordability gaps, GEAR UP personnel overwhelmingly (92%) perceive that GEAR UP students can afford college using existing financial aid and that students with a CSA will be more likely to enroll in college (93%). This correlates closely to the percentage of GEAR UP personnel that expects that CSAs will help students to be financially prepared for college, demonstrating the link between perceived affordability and likelihood of enrollment.

GEAR UP personnel (60% vs. 40%) are far less convinced, however, that CSAs would improve academic readiness of their students, despite evidence to suggest that CSAs might help them prepare academically for college. For example, previous research finds that students who have savings have higher math scores than students who do not (Elliott, Jung, & Friedline, 2011). Further, research also suggests that having a CSA may be associated with students’ positive expectations for college (Elliott, Choi, Destin, & Kim, 2011). College expectations are believed to be an important factor for predicting students’ academic achievement and college enrollment rates (Oyserman, 2013). While some GEAR UP personnel cited the cultivation of these college expectations as a hoped-for outcome of CSAs, others seemed to need additional information in order to make this connection between CSAs and academic performance.

If we aggregate their responses, the GEAR UP personnel surveyed can be characterized as having positive perceptions overall about the potential of a CSA program to improve GEAR UP students’ access to college; however, they may need to be persuaded that CSAs will help students prepare academically for college success. Importantly, this idea of access to college also seems to include the perception that dependency on loans to pay for college comes at a harsh price. In fact, there is evidence within this study to suggest that GEAR UP personnel are so attuned to the potential harms of debt that they sometimes direct even highly-qualified students into less expensive community colleges rather than more prestigious four-year colleges in order to reduce their dependence on borrowing.

GEAR UP personnel’s attitudes about CSAs can be roughly clustered into four categories:

- The “for whom” group sees saving as a value held primarily by middle-class families and view college as relatively affordable for low-income students through the utilization of existing financial aid options.
- The second group is the “small-item” group. This group sees a way for CSAs to make a meaningful difference in financing college but not with respect to the big-ticket item: tuition. CSAs are more about paying for books and other small-dollar items.
- The “without limitations” group perceives that CSAs can make a real difference in helping students pay for their college education and drive down their debt. This
group is more likely to be found among programs whose CSAs have very progressive savings matches and incentives.

Of course there is another, much smaller group, who do not think that CSAs can help students prepare financially for college. This group might be characterized as the “survival needs” group. The survival needs group does not see a way for low-income students to be able to save enough money for college because so much of their income goes towards providing for their daily needs. GEAR UP personnel may benefit from additional information on the potential of CSAs to improve students’ academic readiness and on the ability of low-income students and families to save. For various reasons, some GEAR UP personnel expresses doubts about the ability of low-income students and their families to save—especially when the right supports are in place (Nam, Kim, Clancy, Zager, & Sherraden, 2013).

GEAR UP Programs Assess their Experiences with CSAs

Reasons for Pursuing CSAs Reflect Emerging Evidence about Savings’ Potential Effects on Educational Outcomes

GEAR UP programs see CSAs as a promising strategy for achieving some of their objectives for helping the disadvantaged students they serve. Additionally, research about the educational outcomes expected from asset accumulation suggests further advantages of this CSA approach:

• Decreasing student debt may reduce the barriers presented by rising college costs. Reducing reliance on student loans may also position students for greater financial success post-graduation.
• Connecting assets to students’ aspirations for college can promote college access by making higher education a more proximate goal and facilitate the development of a “college-bound” identity.
• Getting families “banked” and connected to mainstream financial institutions may have ripple effects for parents and others in the students’ lives, thus promoting group congruence around a “saver” identity.
• Introducing students to saving for other purposes points to some of the advantages of CSAs over more debt-centric financial aid. Research suggests that children who have accounts are more likely to continue accumulating assets as young adults.

Implementation Challenges are Common across GEAR UP Programs

Only one of the GEAR UP programs funded through the 2011 invitational priority had already begun its CSA program at the time of evaluation. Another GEAR UP program funded during an earlier grant cycle had a more mature CSA program. The other three sites were still in the planning phase. These sites were dealing with issues of administration, financial education, recruitment and marketing, and account management. These programs have encountered some specific challenges standing in the way of successful implementation:
• Completing tasks for administering CSAs, including defining eligibility, designing accounts, and streamlining the enrollment process.
• Understanding the rules governing CSAs, including alignment with means-tested financial aid and public benefit programs, as well as rules regarding qualifying match funding and account ownership.
• Courting stakeholders and achieving buy-in from financial institution partners, schools, and higher educational institutions.
• Clarifying roles, as institutions in different sectors attempt to work collaboratively in a new area.
• Managing limited staff time and resources, particularly as the DOE invitational did not include additional funding for administration or match within the CSAs.
• Overcoming barriers to CSA implementation, including families’ financial limitations, distrust between low-income households and financial institutions, geographic distance that can prevent access to institutions, insufficient resources to manage costs and organizational capacity needs, and state and federal complexities related to account management.
• Overcoming students’ hesitancy, especially as many GEAR UP families have had little experience with saving or with financial institutions. Students may get mixed messages from family, schools, GEAR UP programs and others about the viability of saving as a strategy to pay for college.
• Integrating facilitators of CSA implementation, including helping students to secure employment so that they have money to save in their accounts, incorporating financial literacy as a complement to saving, and engaging families so that they encourage student savings.

GEAR UP Personnel and Financial Partners Identify Key Lessons for Ongoing CSA Implementation

Conversations with GEAR UP administrative and school personnel and their financial partners revealed several lessons about planning and implementing CSAs. Administrators, school personnel, and financial partners had slightly different perspectives on and experiences with CSAs given that they played different roles in the planning and implementation process. Though, all groups seemed to agree that developing partnerships with key stakeholders, spending adequate time on planning, and anticipating and overcoming barriers were important to the success of CSAs.

Administrative Personnel

• CSAs are compatible with GEAR UP’s goals of improving college outcomes. GEAR UP helps students improve college outcomes by, for example, promoting academic achievement, increasing students’ familiarity with university culture and decreasing college costs through provision of financial support and connection to college aid—strategies consistent with helping disadvantaged students pursue higher education.
• Partnerships are key, particularly since many of the tasks required to successfully implement a CSA program—including financial education, administering
accounts, navigating state and federal regulations—may be outside of the core expertise of GEAR UP administrators.

- GEAR UP programs should develop clarity and understanding about program objectives and roles prior to implementation of CSAs. The skill acquisition required for this planning may help to explain the delays in implementation encountered among many of the GEAR UP programs in this evaluation.
- CSAs require careful messaging and social marketing, particularly since eligible students and families may be resistant to engaging with formal financial institutions, doubt their own ability to save from their limited incomes, and in some cases fear that the promise of the match incentive is “too good to be true.”
- GEAR UP personnel’s knowledge and skills are transferable to CSAs, particularly given their strong relationships with disadvantaged students, experience facilitating pro-education attitudes among young people, and expertise in brokering partnerships.

School Personnel

- Supportive school personnel and stakeholders can endorse CSAs, potentially making their planning and implementation successful. Some of the steps undertaken to implement CSAs include identifying the right personnel and engaging supportive stakeholders.
- Anticipate barriers to CSA implementation and identify strategies to overcome those barriers during the planning process. It was common for school personnel to perceive financial limitations, unfamiliarity with financial institutions, privacy concerns, and lack of financial literacy as barriers to students’ and families’ saving. However, they also suggested strategies to overcome barriers that included identifying a right time and place to introduce accounts to students and families, designing accounts as supportive institutions, teaching financial literacy, and introducing accounts earlier in students’ educational timeline.
- There are alternative models to CSA implementation that may produce better outcomes for students. In one example, school personnel believed students and families might be more successful savers if accounts were introduced earlier, such as in elementary or middle school.

Financial Partners

- Financial institutions that are incentivized to partner with GEAR UP programs can help plan and implement CSAs. GEAR UP programs are working with banks, credit unions, 529 programs, and IDA-providing nonprofit organizations as financial partners in the administration of their CSAs. These financial partners are motivated by financial incentives—including the prospect of cultivating new customers among formerly unbanked households and the promise of CRA credits—as well as their aspirations to promote financial literacy and savings behavior within their communities.
- Careful planning may be a key to tailoring CSAs to GEAR UP students. Financial partners identified steps associated with implementing CSAs to include meeting
with other partners, defining eligibility, and designing savings accounts that fit GEAR UP students’ needs.

- Successful CSA implementation requires thorough design and coordination to foresee and address potential barriers. Unfamiliarity with financial institutions and privacy concerns were thought to make it hard for GEAR UP students and their families to save. The unique challenges that state and federal legislation present seemed to make planning and coordination difficult. Personnel from financial partners perceived that these barriers were surmountable, particularly if they were foreseen and planned for in advance.

- GEAR UP programs’ and their financial partners’ creativity and flexibility are transferrable to CSA implementation. All financial partners and their GEAR UP programs used their creativity and flexibility to overcome perceived barriers and challenges to account implementation.

Policy Changes are Needed to Support CSAs within GEAR UP

GEAR UP programs are working to integrate CSAs into their activities in order to facilitate their objective of improving students’ educational outcomes, particularly related to college enrollment and completion. There are three primary aspects of CSA implementation that must be addressed if GEAR UP programs are to successfully utilize CSAs as a complement to their academic preparation and college facilitation: (a) development of partnerships; (b) decisions about key program dimensions; and (c) development of appropriate incentives for GEAR UP programs, financial partners, and, most importantly, low-income savers (whose college contributions come at considerable cost to their current consumption needs).

As policymakers, GEAR UP personnel, DOE administrators, foundations, financial partners, and other stakeholders explore future options for advancing implementation of CSAs within GEAR UP, this initial evaluation illuminates some important lessons. Among our recommendations:

- Provide funding for CSA administration as well as matches and other deposit incentives.
- Leverage GEAR UP scholarships and other existing resources to provide CSA matches, in order to pursue improved educational outcomes from current financial aid investments.
- Accelerate GEAR UP students’ entrance into CSAs, in order to give balances more time to grow and academic expectations more time to influence students’ attitudes and behavior about their future college plans.
- Consider tiered accounts to provide students with access to some financial resources with which to address short-term human capital needs and other essential supports throughout their academic careers.
- Relax restrictions against federal-to-federal matching funds, in order to ease GEAR UP programs’ struggles to secure adequate local matches.
- Provide technical assistance to GEAR UP programs implementing CSAs, including documents related to account opening and administration, sample partnership memoranda, marketing materials in different languages, and coaching to help GEAR UP staff take on tasks related to CSAs.

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• Hold GEAR UP programs accountable for delivering best-practice CSA structures in order to maximize the likelihood of the potentially promising educational outcomes from students’ asset accumulation.

References


ABOUT AEDI

AEDI is an Office at the University of Kansas School of Social Welfare (http://aedi.ku.edu/). Its mission is to create and study innovations related to personal assets and economic well-being, with a focus on the relationship between children’s savings and the educational outcomes of low-income and minority children as a way to achieve the American Dream.

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These individuals and organizations are not responsible for the quality or accuracy of the report, which is the sole responsibility of AEDI. Nor do they necessarily agree with any or all of the report’s findings and recommendations.

The full report can be found on AEDI’s http://aedi.ku.edu/.

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