Biannual Report on the Asset and Education Field

Building Expectations, Delivering Results:
Asset-Based Financial Aid and the Future of Higher Education

Chapter 2 (Brief): Institutional Facilitation and CSA Effects

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In addition to helping children finance college, much of the interest in creating asset-building policies for children is based on their potential for changing how children think and act. An institutional facilitation theory can help explain how assets may influence children’s expectations for college and in turn, their educational outcomes. This theoretical understanding can also guide CSA policy, to maximize the potential for positive impact on children’s educations.

**Norms and Expectations: Charting a new future requires helping children envision one**

- Normative expectations provide children with initial information about how the world ought to work. Initially, most children begin with high self-efficacy because their experiences have not taught them otherwise, but, as these expectations are tested in school, disadvantaged children, in particular, may alter their perceptions to align with the reality of constraints.¹ This shift in efficacy judgments based on awareness of differences in access to institutional resources may begin around fourth grade.
  - **Policy Implication:** Providing children access to CSAs before they reach this critical developmental stage may help prevent the development of negative efficacy beliefs by expanding children’s perceptions about what is possible for their futures. The earlier children start to save, the more that saving for college may be perceived as normative.

- When children develop doubts about their own efficacy to control events, these beliefs shape their predictions about their ability to bring about future outcomes, including college graduation. This may lead children to act in ways that diverge from even strongly held norms because they have learned that normative outcomes like academic success fail to materialize due to lack of institutional support. If children come to expect that external factors are the reason for their failure, they may disengage from school, making college a distinctly less likely future outcome.
  - **Policy Implication:** To the extent to which CSAs may help children to sustain belief in their ability to affect desired outcomes through their own effort (savings) and institutional help (e.g., matches and access to accounts), they may help children to maintain expectations that align with norms that value higher education and school engagement.

- Even when they value higher education, disadvantaged children may be forced to adopt less desirable patterns of behavior because they lack access to institutional resources necessary for achieving normative expectations successfully.² For example, low-income and minority students are likely to experience a gap between what may be considered their college-bound normative expectations and their actual educational attainment.³

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• Children who are forced to find alternative patterns of behavior to achieve similar results as others are at a competitive disadvantage. Their extraordinary efforts do not produce social change. The poor are forever frustrated because they recognize the effort that they must put forth just to survive, and society suffers because it loses the productivity of a large portion of its citizenry who are spending the bulk of their energy and time meeting basic needs.
  o Policy Implication: As the U.S. strives to compete educationally and economically with a changing world, policymakers must confront the need to generate more college graduates, which will demand increasing the number of talented, disadvantaged students who make it to college. This suggests that policy might consider promoting asset accumulation, which is shown to be positively associated with low-income students’ educational outcomes as a way to ensure that these students experience similar results for their comparable efforts.

• College expectations may help to explain the relationship between assets and children’s educational outcomes, particularly where effects are seen at low levels of savings. Assets dedicated for college, in particular, may help to shape a ‘college-bound’ identity, which, in turn, may be important for increasing engagement in education and countering the effects of rising college costs that make college seem out of reach.
  o Policy Implication: The long-term problem of preparing children for college may be even more critical than the short-term challenge of financing higher education. To the extent to which CSAs could shape children’s college-bound identities and, in turn, influence academic performance, they may show considerable promise for delivering outcomes in both arenas.

• Children cannot internalize expectations without the opportunity to replicate what is being modeled; this requires certain resources. Once cognitive expectations are internalized and integrated into an identity, the child’s automatic response must be interrupted in order for change to occur. The child must have a different experience with performing behaviors, or the child must be given a reason to believe another identity is available to her that was not (or that she perceived was not) previously available.
  o Policy Implication: Children will have difficulty internalizing a ‘college-bound’ identity and then acting on it without access to resources and opportunities. CSAs may provide such means, thus charting a new path for children’s expectations about their futures and their abilities to influence them.

“I can, and they can help”: Self-efficacy and institutional efficacy matter

• Self-efficacy is understood as people’s beliefs about the effectiveness of using their individual resources to exercise influence over their lives. This, of course, is at the heart of the American Dream: If one puts forth the designated level of effort and has the required innate ability, individual resources will produce the desired outcome. Children with high self-efficacy would be expected to display the characteristics of persistence, increased effort, and coping skills; these attributes, in turn, influence school success.\(^4\)
  o Policy Implication: To make the American Dream more attainable for disadvantaged children, policy must restore the role of higher education as an arbiter of equity and

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ensure that low-income and minority children’s talents and effort are commensurately rewarded.

- Having control over one’s own assets can promote self-efficacy—by giving children control over resources that they can use to secure positive outcomes—and asset accumulation may also promote institutional efficacy, changing disadvantaged students’ perceptions of key institutions in their environment as supportive—rather than obstructive—of their educations.
  - **Policy Implication:** Incentives and matches might be important mechanisms for building confidence in CSAs as an effective tool for paying for college. Additionally, children should have control over their CSAs whenever possible, such that they complement and enhance self-efficacy.

- Unlike self-efficacy, wherein children reflect on the part of a task that they perceive as being the result of their own effort and ability, institutional efficacy judgments take place when children reflect on the part of a task that they believe requires access to institutional resources. This poses particular challenges with regards to college access, as research suggests low-income children are much less likely to know that financial aid is available.  
  - **Policy Implication:** The current debt-centric financial aid system, as an institution, provides external cues about children’s future options; in this case, it may have the effect for many students of making college seem unattainable. In contrast, a national CSA program might be thought of as a type of institution designed, in part, to activate and nurture children’s college-bound identities, changing perceptions of institutional support.

- High institutional efficacy can reinforce self-efficacy, in a process called institutional facilitation. People who have access to institutional resources are more likely to have elevated levels of institutional efficacy, which in turn results in heightened self-efficacy and trust in their own abilities to solve problems.
  - **Policy Implication:** Lack of institutional efficacy may curtail engagement in school, thereby constraining children’s actual likelihood of academic success. CSAs send different messages to children about the value of their financial and academic sacrifices and about the availability of institutional support to bolster their own contributions.

- Institutional efficacy links human agency with institutional resources, bridging the long-standing debate about whether individual or environmental factors are more responsible for the perpetuation of poverty. Institutional efficacy highlights the importance of maximizing human agency among disadvantaged individuals, while recognizing that in order to do so there must be authentic and trusted access to institutional resources, both perceived as well as real.
  - **Policy Implication:** CSAs appeal to political actors across the ideological spectrum in part because of the implicit appeal of institutional facilitation. Liberals appreciate the emphasis on providing institutional support to help individuals reach their goals, while conservatives may value the expectation that individuals make significant contributions.

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• The family, an informal institution, plays the main socialization role prior to school and, as a result, children may be primed to view school in a particular way. Disadvantaged children’s parents may send a double message, telling children to work hard in school in order to succeed—a normative expectation, but also communicating mistrust about the way school will treat the child and about school’s ability to contribute to future success—a reflection of negative cognitive expectations resulting from personal experiences.7
  
  o Policy Implication: CSAs, even when children are the primary targets, also may influence the savings behavior of the entire family. Research suggests that providing children with education savings accounts may help to increase parent engagement in school, in part by sending a different message about how likely it is that their effort will yield desired results.

• Low-income and minority children are more likely to develop low self-efficacy and low institutional efficacy. As children perceive differential access to institutional resources, they have reduced certainty about their families as important informal institutions for providing financial resources. These doubts extend to formal institutions, as well, as they experience how formal institutions respond to different groups.
  
  o Policy Implication: CSAs could be an institution tailored to meet the needs of low-income children. They respond to low-income and minority children’s specific needs by providing them with initial deposits, matches, incentives and financial education, resetting expectations and building self- and institutional efficacy.

CSAs can change children’s environment, develop efficacy, and drive pro-education expectations

• Expectations can be changed. Children’s automatic responses can be interrupted by changes in their environments, and research suggests that asset accumulation may be such a change, capable of charting new educational trajectories.
  
  o Policy Implication: While innovations such as CSAs may be most effective when combined with other policy reforms, including investments in early childhood and elementary/secondary education and stronger supports for low-income families, there is reason to believe that the infusion of assets and, more importantly, the different signals triggered by provision of CSAs may have an impact on children’s outcomes, even absent these other reforms.

• In order for CSAs to help shape children’s identities, they must be accessible to children, provide sufficient resources to create change, and help children know how to use the resources generated by CSAs to help them pay for college.
  
  o Policy Implication: CSAs should be universally available to all children, with an opt-out mechanism to assure that all children end up with an account.8 CSAs should also incorporate financial education, such that they can bridge children’s access to other financial resources and supportive institutions.9

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• Children are more likely to work toward a goal when images of their own future are at the forefront of their mind (salient). CSAs may promote salience in children with regards to college in two basic ways: (a) they signal to children that college is not all that far off and (b) they help children view college as relevant to their current context.
  o **Policy Implication:** While CSA enrollment itself is a signal or cue that college is coming and that there are strategies available to help families prepare, programs should include measures such as provision of bank statements and access to financial education classes—including information on college planning and financial aid—that link saving to the ability to pay for college.
  o **Policy Implication:** Tiered accounts that allow children to use some of their savings to solve problems they encounter on their path to higher education may strengthen children’s understanding of savings as a strategy with which to facilitate progress towards college and help children to focus on college as an approaching objective rather than a distant aim.¹⁰
• For an identity to be actionable, it must also show congruence with a child’s group identity. This occurs when an image of the self feels tied to ideas about relevant social groups.
  o **Policy Implication:** Children and their families might be less likely to participate in a CSA program if saving does not fit their group identity, but a national CSA program might signal, “We save, we go to college,” fostering group congruence around a new ‘saver’ identity, especially as more low-income families participate.
• In order for children to sustain effort and work toward a self-image (such as a college-bound identity), they and their environments must provide ways to address inevitable obstacles (such as paying for college). At its core, children’s perceptions of themselves as an individual or as a group member are predictive of which goals, strategies, and interpretation of difficulty (hard but doable; hard and not attainable) comes to mind with regard to school.¹¹
  o **Policy Implication:** Matches and other incentives increase children’s perception of their CSAs as viable tools with which to finance college, particularly if accompanied by other reforms in financial aid and efforts to address the rising cost of college.

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Acknowledgments

This brief could not have been done without the generous support of the Lumina Foundation, Citi Foundation, Ford Foundation, and the Charles Stewart Mott Foundation.

These 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.

About Us

The mission of the Assets and Education Initiative (AEDI) is to create and study innovations related to assets and economic well-being. The specific focus is 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. AEDI, a division of the KU School of Social Welfare, builds the field’s capacity to conduct rigorous research and advocates for the economic well-being of low-income and minority children. For more, visit http://aedi.ku.edu/.

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