Southern Bancorp
Community Partners

Report

College Savings Accounts

Multiple Paths to a Brighter Future

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Introduction

> *"Save, save, save, and save while you can. Prepare today for tomorrow. Education is the key to success."*
> **– Aloise Hart, mother of Martavious Johnson, student saver**

Education, in particular, higher education, has long been seen as a critical factor in facilitating upward economic mobility (*Haskins 2012*), for individuals, their families, and communities. However, given that college tuition and fees are increasing beyond the rate of inflation for most institutions and that average incomes have decreased in the last decade (The College Board, 2011), many people are unable to start or complete their college degrees. This is particularly troubling since, increasingly, family-sustaining jobs, jobs that allow families to move from poverty to the middle class and stay there, are more likely to require post-secondary education (*Carnavale, et al. 2010*).

There have been many asset building proposals, projects, and policies designed to facilitate people's ability to sustainably move from lower to middle class. These are often developed in response to the disconnect between the financial, temporal and other costs associated with assets like higher education and the resources available to those seeking such assets. Notable among these is Michael Sherraden's 1991 proposal for universal Individual Development Accounts (IDAs) established at birth. While IDAs are now available primarily for adults, child savings accounts (CSAs) are being studied and used as a tool to promote, among other things, educational attainment and increased aspirations.

For more than 20 years, Southern Good Faith Fund ("Southern," now Southern Bancorp Community Partners) has worked with families in rural Arkansas and Mississippi to help them build economic security through a variety of asset building direct service programs and public policy initiatives, and through participation in research. Southern began offering IDAs for adults in 1999 and made its first foray into CSAs in 2003. This paper focuses on Southern's work with four types of child savings accounts (CSAs) or related programs:

- **Saving for Education, Entrepreneurship, and Downpayment (SEED)** *Development and implementation of Southern's first child savings program.*
- **Aspiring Scholars Matching Grant (ASMG)** *Use of policy and practice to develop and promote a statewide college savings program in Arkansas.*
- **Mississippi College Savings Accounts** *Assistance with a new initiative to promote savings and aspirations for college.*
- **Individual Development Accounts** *Use of an adult savings program to facilitate college attendance and completion.*

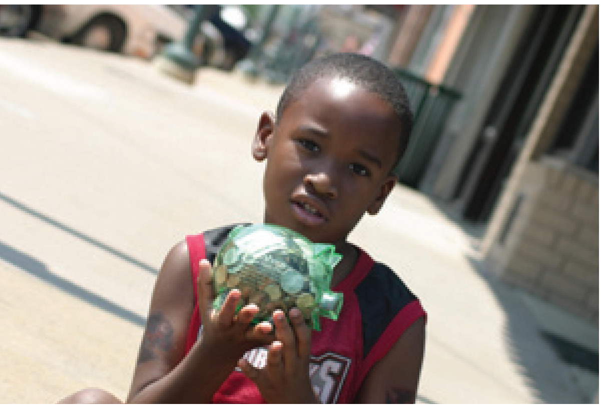
We describe and compare our work in these four areas, discuss the outcomes, and then use the collective work to identify trends and commonalities, barriers to success, gaps in service, and guiding principles for advocacy and program development and management. We include some unanswered questions that may guide future work and research and offer two logic models that describe our theory of change (Appendices *A* and *B*). We trust our experience will inform the promotion and use of CSAs to facilitate college success and economic mobility for those who stand to benefit most.

(Note: The work described herein was done by the Southern Good Faith Fund's asset building and public policy programs. The organization's name has since changed to Southern Bancorp Community Partners and it will be referred to as "Southern" in this document.)

Saving for Education, Entrepreneurship, and Downpayment

> *"SEED has enabled me to do things for my children I know I wouldn't be able to do by myself. I hope other families are allowed to experience this in the same capacity I have."*
> **– LaKeesha Hamilton, mother of SEED participant**

Southern had already been an IDA provider for four years when, in the 2003, we submitted a proposal to CFED for the SEED Demonstration. The purpose of the project was to study a variety of child savings program designs and, ideally, build support for policy-based replication and expansion of such programs. Southern was selected as one of ten sites to implement the program. Each site focused on a specific age group (preschool to high school), provided multiple types of savings and participation incentives, and offered financial education opportunities to children and, in most cases, their parents. (Mason et al, 2009a; Rist and Hagar, 2006). With one exception, the ten sites operated from Fall 2003 to December 31, 2008 (Mason et al, 2009a). Additional information comparing the ten SEED programs can be found in Scanlon et al., 2006; Rist and Hagar, 2006; Marks et al. 2009; Mason et al, 2009a; Mason et al. 2009b; and Scanlon and Whittman, 2010; among others.



William Thomas, Jr. enrolled in SEED at age 3. Author, Mindy Maupin, remembers helping four-year-old William count out $96 in change to make a deposit into his SEED account. William is now an honor student in the sixth grade, still committed to saving and college.

Southern worked with 75 preschool age children from 65 families offering a maximum of $2,250 in incentive funds per child–$1,000 for enrollment, up to $250 for meeting certain interim program benchmarks, and up to $1,000 in savings match. These and other details were documented in a detailed policies and procedures manual used by SEED staff and families. Parents could open a SEED account with only the $1,000 enrollment incentive so all participants accumulated at least $1,000. Anecdotal evidence suggests that the availability of an enrollment incentive was more important than the size of that incentive. Several parents recognized that they might not be able to save much, if any, money on their own, but they were pleased that they were able to fill out some paperwork and ensure their child had at least $1,000 for college. In one case, the parent opened a SEED account for her child who was in state custody because she recognized that this was one solid way she could provide for her child's future. A few others accumulated only the $1,000 enrollment incentive and the interest it earned over the program period.

Savings incentives were offered for piggy bank savings of $25.00 and $50.00 for deposits from any earned income tax credit received. A piggy bank was given to each SEED participant and if they brought their bank in to the bank branch to deposit the contents, and a match of $25 was provided. A $100 participation incentive was offered for investment class attendance (see *Appendix C* for curriculum). Participants had an average net savings of $27 per quarter (median = $3), resulting in an average accumulation of $1,778 (median = $1,276). The largest amount accumulated was $4,201, while the smallest amount was $1,001, representing the enrollment incentive and the interest it earned (Mason et al., 2009a).

Initially, Southern planned to work with the state 529 provider, UPromise, to open SEED accounts as 529 investment accounts. However, after much discussion, we decided that opening the SEED accounts as regular bank savings accounts was preferable for the following reasons:

- *Using a bank account required less paperwork from the family.*
- *Using a bank account helped families build a relationship with a bank and get used to banking procedures like account statements, deposit slips, and the like. This could provide a foundation for more complicated financial services like those offered by 529 programs.*
- *Southern is an affiliate of Southern Bancorp Bank, so no new partnership was needed.*

Based on Southern's experience with IDAs, Southern expected that SEED families would be able to save at least $20 per month. However, the average savings was just $27 per quarter (Mason et al., 2009a). The average income for Southern's IDA participants is approximately $25,000, not much more than the average adjusted gross income for SEED families (*Table 1*). However, the goal for IDA savers is 1-3 years away while the goal for SEED families was about fifteen years away. This lack of immediacy may have influenced savings habits. Southern staff promoted direct deposit as an automated way of facilitating savings but fewer than five families used it. This may have been due to unfamiliarity or discomfort with direct deposit, irregular pay periods, or lack of flexibility in deposit amount. *Table 1* describes the incomes for SEED families:

Table 1: Annual Adjusted Gross Income statistics for SEED families	
Average Adjusted Gross Income	$22,554
Median Adjusted Gross Income	$21,566
Lowest Adjusted Gross Income	$1,656
Highest Adjusted Gross Income	$58,128

Note: Income restrictions were waived for families saving for children participating in Head Start or HIPPY.

Southern noted in the original proposal that providing up to $2,000 in match funds, in addition to participant savings, could prevent participants from receiving certain federal and state benefits because of existing asset limits tests. Southern's policy team worked on this issue with the Arkansas Department of Human Services, interested legislators, and others, and

US Senator Mark Pryor encourages SEED savers to use their piggy banks during an event at Southern Bancorp in February 2005.

resolved it in 2004 by excluding SEED savings from the state asset test. The policy program had similar success excluding IDAs from the state asset test, showing the power of having both asset building and public policy teams in one organization. This arrangement facilitates the public policy program's ability to scale and inform asset building and asset retention opportunities not only for participants in Southern's programs, but for residents of the entire state.

As expected, there were several families that received federal benefits that would have been threatened by SEED savings and incentives. State benefits were already protected. In order for these families to be able to participate without jeopardizing their benefits, Southern set up their savings accounts to be compliant under the Uniform Transfers to Minors Act and the Uniform Gifts to Minors Act. This placed the savings in the child's name, preventing any access by the parents. Because the parents are legally prevented from withdrawing the funds, the savings does not count toward asset limits for various benefits. The child can withdraw the money after turning 18.

While Southern met its goals and contributed to the CSA knowledge base, we, like many other SEED sites, did not initially recognize the effort it would take to enroll 75 participants (Marks et al, 2009). Southern's initial proposal was to help 1,200 families (500 in a test group and 700 in a control group) in two nonadjoining counties enroll in the state 529 plan through partnering with eight agencies in those two communities. Southern and CFED quickly realized that these were not reasonable goals and modified the proposal accordingly. The revised proposal focused on serving 75 children in Phillips County and providing all of them with child savings accounts through bank partners rather than investment vehicles.

While the recruiting partners entered the relationship in good faith, some later decided not to participate. Some felt their staff was not sufficiently engaged in the program, perhaps because the additional SEED paperwork added to their already heavy workload. In retrospect, this is, perhaps not surprising given that the bulk of the work - recruitment, enrollment, and financial education - would have been done by the recruiting partners. That imbalance may not have been obvious to the parties involved before the project started. In addition, because Head Start and HIPPY were four of the recruiting partners, it was challenging to integrate SEED program design into their existing program structure, especially since much of that structure is federally mandated. These were lessons well learned and they inform current partnership development.

Recognizing that the proposed partnerships were unreasonable, a Southern staff person (author Mindy Maupin) became the SEED program coordinator and had full responsibility of recruiting. Guidelines were changed to allow enrollment by families with an income of 200 percent of the federal poverty level or below, rather than focusing only on lower income brackets. The program coordinator spoke with families of three and four year olds wherever they could be reached—grocery stores, parent meetings, daycares, and the like. She asked current SEED participants to refer other families and eventually reached full enrollment. Given the significant, multifaceted effort needed to enroll 75 children, at times the coordinator felt as if she were "almost stalking" prospective families. The effort included creative means of getting the word out about SEED including:

- *Distributing papier mache eggs to represent a nest egg*
- *Handing out actual SEED packets (for forget-me-not flowers) with a SEED message on the label*
- *Posting flyers (more than 500)*
- *Working with the local newspaper to get articles published about SEED*
- *Purchasing advertising on local radio and cable television*
- *Walking door to door*

After having only five families enroll in 2003, 26 families enrolled in 2004, for a total of 31. Final enrollment was reached of 75 in June of 2005. As challenging as the recruiting process was, once the word was out that the time was ending soon, several families had to be turned away because all the slots were filled. This confirms previous experience showing that word-of-mouth is the most effective advertising vehicle.

In the fall of 2005, Southern hosted the first Semi-Annual Family Financial Activity night for the SEED families. Almost two thirds of the families attended. HIPPY provided transportation for the five families that enrolled through their program. This was the first of six family activity nights. The information presented in the activity nights came from various sources on the internet and were primarily based in activity books from the company Positive Promotions.

- **Spending and Saving** *The parents decorated two cans—one for spending and one for saving. Once the cans were decorated there was a brief discussion about spending and saving our money and about short and long term saving. For more see http://southernpartners.org/assets/archived_publications/pub_raida/SEED_2Q_2005.pdf*
- **Money Denominations** *Jingle about money: participants sang and talked about pennies, nickels, and dimes. There was a mock grocery store and attendees had to make choices with the pretend money they were given and discussed about money, denominations, and choices. For more, see http://southernpartners.org/assets/archived_publications/pub_raida/SEED_4Q_2005.pdf*
- **ABC's of Saving** *A letter of the alphabet was used and related to banking, these words were discussed. Participants made calendars and wrote savings dates on them. For more, see http://southernpartners.org/assets/archived_publications/pub_raida/SEED_2Q_2006.pdf*
- **Wild About Savings** *A jungle theme was used with the animals "saying" savings terms. Crossword puzzles and word finds were set up throughout the room for the parents to work and discuss with the children. For more see http://southernpartners.org/assets/archived_publications/pub_raida/SEED_3Q_2006.pdf*
- **Road to College** *A road was on the wall with various "stops" and "go's" down the path. A teacher came in and read a book about saving. The kids were videoed saying what they wanted to be when they grow up.*
- **Hop Into Savings** *There were pictures and activities for the children to complete while the investment class (see Appendix C) was facilitated for the parents to assist with completion of the 529 applications.*

The SEED Program Coordinator developed the financial education curriculum for children and the Add it up! newsletters. For parents, she offered an investment curriculum (see *Appendix C* for summary) and opportunities for peer support. Financial education classes for parents were optional, but approximately 80 percent families participated. In December of 2007, CFED came for a video and photo shoot with community members and SEED families. Southern provided media training for the SEED families in advance of the event.

At the end of the demonstration, 65 families transferred their accounts to 529 plan accounts. Five of these completed additional paperwork for ASMG enrollment. The ASMG paperwork required income verification and other documents that may have been difficult for some savers to obtain or submit. The other 60 families' college saving was initially ineligible for match, but they may have since completed the requirements for ASMG enrollment, allowing them to receive match.

Seven of the SEED families' savings were transferred to Series EE Bonds and three were unclaimed. We tried to contact all of the families at least five times through phone calls, email, and postal mail before they were declared unclaimed. The final notice was sent by certified mail and, if the family signed for it, Southern issued a Series EE Bond because we knew we had the correct address. There were three that were returned unsigned. These accounts were declared unclaimed and are in dormant savings accounts which can be accessed by the account holders at any time.

To close out the SEED savings, Southern had a cashier's check issued from each of the accounts. These checks went to UPromise for each of the 65 savers opening 529 accounts and to the bank for those opening EE bonds. While this process was very labor and time intensive, UPromise required a separate check issued for each account to create a legal paper trail for each saver.

In conjunction with the other SEED sites across the United State, Southern was able to contribute the CSA knowledge base. This work continues to inform program development at Southern and elsewhere.

Aspiring Scholars Matching Grant Program

> *"Higher education is crucial to future success. Through the Aspiring Scholars Matching Grant (ASMG), individuals can set aside necessary resources to help attain this goal."*
>
> **– State Senator Gilbert Baker, lead sponsor of ASMG program legislation and member of ASMG advisory panel.**

Development

The Aspiring Scholars Matching Grant (ASMG) program, a two-year pilot program, was authorized by the Arkansas Legislature under Act 597 of 2007 (*Appendix D*). The primary purpose of the program is to provide an incentive, in the form of a savings, for low-and moderate-income families to save for their children's college education using the GIFT College Investment Plan (the Arkansas 529 college savings plan) (*DeLong, 2009*). To start the program, $250,000 in state funds were allocated for calendar years 2008 and 2009 ($125,000 per year). These funds came from a surplus in the management fees collected by the state from all GIFT Plan accounts. The maximum matching grant amount is $500 per participant per year for up to five years (a total of $2,500 in match money).

The idea behind the Aspiring Scholars Matching Grant Program was based largely on the need to address the gap in need-based aid for school age children. In 2005, Southern's policy team released the *Arkansas Assets and Opportunity Scorecard* (*Leach et al., 2005*). Using research compiled by CFED, the publication was the first glimpse of Southern's intent to pursue enactment of a 529 college savings plan match contribution. In the publication, Southern's policy team recognized that Arkansas had several notable state financial aid programs for high school students, including the Arkansas Academic Challenge Scholarship and Governor's Distinguished Scholars. Yet, all of these programs, to some degree, are merit-based. The concern was that such programs were not accessible to low-income students, a population that is usually a part of underperforming public schools. Relying on its work and experiences with SEED and IDAs, the policy team knew that these types of programs demonstrated that with the right incentives, low-income families can and will save for the purchase of major assets including a college education. To the policy team, such a model provided an ideal platform model for a college savings match program.

In January 2006, the policy team followed its 2005 recommendation with a *Policy Points* (Southern's policy publication) entitled, "Expanding Access to College in Arkansas: A 529 College Savings Plan Match Policy" (*Price, 2006*).

In this publication, the policy team articulated a recommended design for a 529 college savings plan match policy for Arkansas. The policy team laid out the case for implementing a college savings match by starting with the premise that the most basic way to improve higher educational attainment is to provide greater access to financial aid so that more individuals can afford to pay for college tuition. This premise encompassed the earlier concern set forth in the 2005 recommendation that low-income students did not have access to many merit-based scholarships. The policy team concluded that in order for these students to have better access to higher educational attainment, Arkansas needed to increase need-based aid, especially in the form of grants or scholarships.

Finding sponsors for, as well as enacting and implementing the legislation were relatively easy for four reasons:

- *solid research,*
- *messaging to policymakers,*
- *established relationships with key policymakers, and*
- *a revenue neutral policy.*

Through its publications, the policy team carefully made an informed case for a matched college savings plan. In the 2006 *Policy Points*, the team encouraged legislators to establish a progressive 529 college savings plan match policy. In doing so, the staff listed the seven states that had already enacted such a plan. At the time, Louisiana was the only Southern state that provided matching grants to the college savings plans of low-to moderate-income families. Highlighting Louisiana's work in matched college savings plan made the most sense because of its regional significance as a fellow state in the Deep South (*Price, 2006*).

Colorado, Maine, Michigan, Minnesota, Rhode Island, and Utah were the other states outside of the region that offered matching plans. In those states, family contributions are matched by state funds from various sources including fees from out-of-state participants in the plan, state administrative fees, and state revenues. The level of the match, in some cases, is based on family income. In order to give policymakers and other stakeholders a clear picture of what other states were doing at the time, the policy team provided a summary of savings match plans for Rhode Island, Maine, and Louisiana. Each summary included pertinent information such as the name of the program, the match contribution, and the family income limits (*Leach et al., 2005; Price, 2006;* and *Leach et al., 2006*).

This research enabled the policy team to design a potential college savings match plan for Arkansas. The design included a proposed name, potential value of a savings match, estimated cost, and potential sources of match funds. With so much preparation, the team was able to anticipate and address any potential objections to the program. Moreover, their research armed co-sponsors with enough information to garner bipartisan support from their colleagues and reduced any unnecessary delays.

The policy team was careful about crafting the message to key policymakers. While studies showed the importance of savings to foster a college going mentality, the policy team realized that a message relying only on the psychological impact of savings would not sufficiently build the case for a matched savings plan. Policymakers needed to be able to connect the solution in a way that had concrete outcomes for their constituents and communities. To craft a meaningful argument, the policy team emphasized the social and economic benefits of increasing higher educational attainment and how a 529 college savings plan match policy presented an opportunity to support this goal.

A study that revealed that Arkansas ranked next to last in the nation in attainment of both two-year and four-year college degrees presented the perfect opportunity to support the policy team's position. Among the wealthiest one-fifth of Arkansas households, 40 percent had a college degree. Among the poorest one-fifth of Arkansas households, just 3 percent had a college degree. With these figures in mind, the policy team explained the nexus between the variation in wealth among those with a college degree and those without one. They concluded that states with a better educated workforce are best positioned to benefit from increasing global economy in terms of developing and attracting business growth.

Articulating the connection of Arkansas's need to improve higher education among lower-income households with the social and economic benefits of doing so, made the message of ensuring that more individuals have greater access to financial aid more viable. Based on its experience with SEED, the policy team was well aware that saving for college at an early age had the potential to influence children's early behavior by encouraging better academic performance and by encouraging other long-term planning behaviors among children--and their parents as well. Yet, packaging the social and economic benefits of higher educational attainment with a college savings match plan was a more tangible argument than relying on the cognitive benefits of creating a college-going mentality alone. While research demonstrates that the latter is true, the former enabled the policy team craft a message that readily resonated with policymakers. Thus, allowing policymakers to visualize the direct impact on the state's economy and giving them a firm reason to support a college savings plan match.

When considering the message strategy, it is important to note that the range of the household adjusted gross income made a difference as well. At the time, the median household income for Arkansans was $36,599 (*U.S. Census, 2006*). This amount was relatively low compared to the $60,000 income limit that eventually became a part of the legislation. Moreover, the demographic breakdown of the data shows that no group's median income was more than the income limit. This income limit meant that more Arkansas families could participate, which also made the match savings plan more attractive to policymakers. The $60,000 limit was high enough to allow more families to participate but not too high that it would be grossly unjust for families within that income range to participate.

A solid relationship between the policy team and the co-sponsors of the legislation created a positive environment for passage of ASMG. In a small state like Arkansas, relationships are particularly important. For instance, a member of the policy staff was a classmate of one of the co-sponsors' daughters. These types of relationships and familiarity with key policymakers enable innovative policy change like ASMG. The fact that a neighbor, church member, college roommate, or childhood friend is advocating for a particular policy coupled with the likelihood that the policymaker will have other personal encounters with the advocate is very powerful. To help cultivate a solid relationship, Southern built a firm reputation among legislators.

Prior to ASMG, the policy team worked with legislators to successfully pass legislation for IDAs. Southern provided the necessary information for legislators to make well-informed decisions based on the research and other facts provided by Southern. The trust was so evident that the final design of ASMG was very similar to the proposed college savings plan in Southern's 2006 publication. Additionally, Southern's public policy team was an integral part of the implementing ASMG. Southern served as a member of the three-person advisory panel to assist with the specific components and implementation of the ASMG program.

Finally, a revenue-neutral policy helped make passing the ASMG program relatively easy. One of the potential sources for match funds that the policy team promoted was the use of the unobligated-administrative fee revenues from the GIFT Plan, Arkansas's 529 college savings plan. This way, no monies from the state's general funds would be used and legislators would not be burdened with trying to figure out a way to pay for another program. The ASMG legislation is included in *Appendix D*.

Outreach

After the ASMG legislation was enacted, Southern worked to maximize the impact of ASMG, build support for similar programs in other jurisdictions, and lay the foundation for more asset building policies in Arkansas. With financial support from the Entergy Corporation, Southern offered enrollment incentives of $100 each to 140 children in families in targeted Arkansas counties to encourage their participation in ASMG. These families were encouraged to build their financial skills and to connect with other asset-building services, including Southern's IDA, tax assistance, credit counseling, and small business support programs.

The initial plan was to recruit children through various partners in the focus communities. However, the partnerships were unsuccessful, so Southern did the majority of the recruiting focusing on Clark, Jefferson, and Phillips Counties. The recruitment efforts for this program started in January 2008 and built on Southern's experience with SEED. The following recruitment methods were used to encourage enrollment:

- *Mailing more than 1,500 letters with ASMG information to former participants of SEED and other asset building programs*
- *Posting ASMG information on the Southern website*
- *Including ASMG information in the Southern client newsletters*
- *Sharing information about ASMG with people using the IDA, credit counseling, tax preparation, utility assistance, and housing counseling services.*

Ana Maupin's mother used the ASMG program to save for her college education. In May 2012, Ana will graduate from KIPP Delta Collegiate High School in Helena-West Helena, Arkansas. She has been accepted at twelve colleges in seven states.

Success was facilitated by the more flexible age requirements for ASMG participation (as compared to SEED). There were a number of families who were interested but unable to enroll because of lack of eligibility, lack of income verification documents, or inability to meet application deadlines. In fact, during the first year of the program 23 percent of those who filled out the paperwork were not accepted because they did not submit their paperwork in time. This led to increased vigilance with regard to deadlines and program management improvements. The need for this attention is not surprising given that most parents had never opened any type of investment account and that the application is ten pages long and requires personal financial documents as attachments. Southern's role was only to recruit participants and facilitate their enrollment; no additional support program or enrichment services were provided.

By the end of 2009, two years after the passage for the ASMG legislation, Southern had assisted more than 100 children and their parents with enrolling in the ASMG program. Five of these were former SEED participants. Since then, the ASMG student group has saved a total of $88,016 (as of January 2012). The expectation was that 140 children would save almost $840,000 (including match) over five years, but given the current savings rate, we will fall short of the goal. This is likely because of challenges in the economy and reduced interest by participants. However, it is positive to note that the accounts have not been closed. That means the account is still available for future contribution and money is still there for the children's tuition. Southern continues to refer parents with school-age children to the ASMG program and frequently offers financial education classes to local school children. Additional data is in Table 2.

Table 2: Savings by Southern-assisted ASMG savers

Total savings	$88,016
Mean savings	$880
Median savings	$495
Mode savings	$300
Minimum savings	$120
Maximum savings	$10,816

It is worth noting that the maximum savings was an outlier. This particular family had a much higher income level that most other participants. They started saving through the SEED program and were recruited through Head Start. After participating in SEED they rolled over all their accumulated savings and incentive to their existing 529 account and enrolled in Aspiring Scholars while they continued to save and earn match.

In addition to the outreach efforts within its direct service market, Southern's policy team spent considerable time marketing the Aspiring Scholars Matching Grant Program around the state. The staff continued to serve as a Governor-appointed advisor to the state's 529 plan management committee to develop and implement marketing activities for ASMG, including heavy-rotation television and radio ads in the first months of the year, postcards and other communication mailed to existing participants; and marketing at public events like the Arkansas State Fair. Staff spoke at several press conferences with the Governor and state legislators. The team met with the state's community action agencies, Head Start programs, state employees association, public school employees union, and other interested entities. Combined, these outreach efforts helped produce 471 approved applications for Aspiring Scholars in the first year, which far exceeded the enrollment goal for the first two years of the program (*DeLong, 2009*).

Southern's experience with two CSA models, SEED and ASMG, allows us to draw some conclusions about best practices:

- *Targeting an early age group gives children and their parents more time to save, but requires recruiting parents and lengthens the time from CSA enrollment to college enrollment/completion. Conversely, CSA programs that target older children have the advantage of working with young people who can be more engaged in saving and goal-setting,. These children have less time to save but they may be more motivated to do so because college (and program impact measurement) is closer.*
- *It is critical that any investment vehicles have a low ($10-$25) minimum deposit to counter the common belief that investments of any sort are "only for rich people."*
- *Some participants may need assistance completing lengthy or complex paperwork to enroll in 529 or other bank or investment vehicles. Offering this assistance can also provide time to connect parents to other asset building or education savings opportunities.*

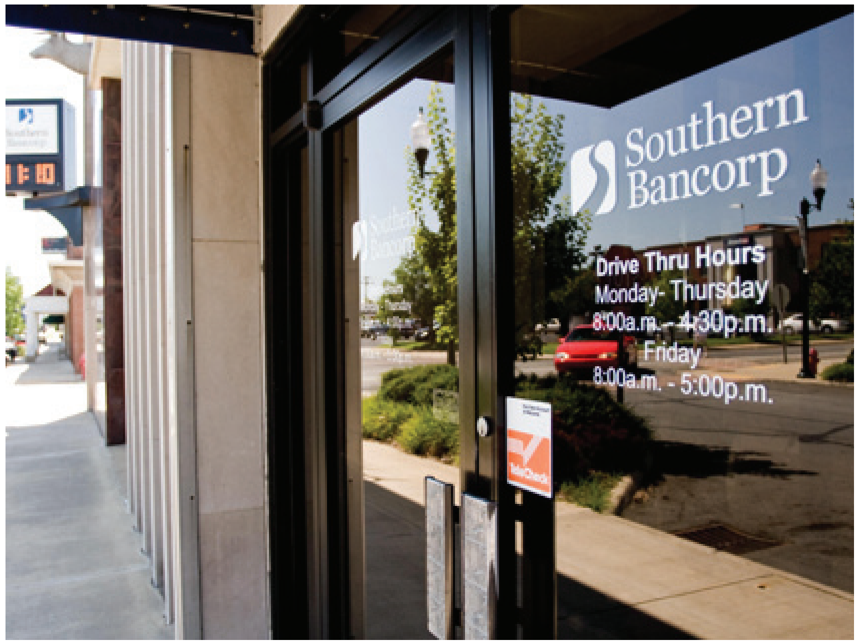
The comparison is summarized in *Appendix E*.

Mississippi College Savings Account Program

"All parents want to be able to provide for their children's future."
– **NaTona T. J. Goldsberry, parent of child saver**

In June of 2011, Southern Bancorp Bank was contacted by CFED to assist in exploration of another children's college savings account model focused in the towns of Greenville and Leland in Mississippi. Southern is partnering with CFED and Delta State University on a project that aims to take advantage of existing community and/or state resources to expand opportunities for low-income children and families to accumulate savings and increase college-going aspirations. The program will focus on kindergartners and offer financial education to the children in the classroom and to their parents. Children will receive $50 in seed money to start the account.

Since this partnership is in its early stages, no children have enrolled yet and no other information is available. Articles from CFED discussiing the Mississippi College Savings Account Program are included in *Appendix F*.



Students participating in the Mississippi College Saving Account Program can take advantage of financial education as they save for their education through their own local bank account.

Individual Development Accounts

> *"[The IDA program is] a wonderful program that benefits you and your family. It gives individuals a chance to accomplish goals that they want to achieve but just need a little help."*
> **–Melinda Sheard, Education IDA saver.**

In 1999, Southern expanded its strategies for helping low-income families reach financial security by focusing on asset development and offering IDAs. These matched savings accounts are used for the purchase of appreciable assets, such as higher education, a first home, or small business development; and are designed to lift families and communities out of poverty through required financial education classes, goal-oriented savings support, and financial match. Southern operates its IDA program in Arkansas and Mississippi, with the majority of accounts in Arkansas where home repair is a fourth additional allowable asset purchase category. Successful participants save at least $666.67, take at least 12 hours of financial education classes, and have their savings matched 3:1 providing $2,667 for their asset purchase. With more than a decade to refine data collection and accumulate anecdotal histories, Southern is well positioned to discuss the impact of IDAs on children and young adults.

Asuncion Alfaro used an IDA to save for his daughter, Yesenia, to attend the University of Arkansas Community College at Hope. She is studying to be an elementary school teacher with a focus on math and English.

IDAs benefit children in at least two ways. First, because the program is designed to facilitate upward economic mobility for people of low or moderate income, successful IDA savers are often able to provide additional resources and stability for their families including children in the home. In recognition of this benefit, Arkansas's state funding for IDAs, provided through federal TANF funding, requires that the saver have a child in the home. Of the 2,268 IDAs Southern has opened since 1999, 78 percent of the account holders had a child under 18 in the home who would likely benefit from the savers success and asset purchase. These are children who experience the educational and developmental benefits associated with program participation and their families owning their own home; children who are more likely to have their economic needs met because their parents' businesses are growing; and children who value of college and job training because they see their parents' commitment to higher education. In fact, the first IDA Southern opened was for a woman with one child who used an IDA to continue her college education. Data on the children of IDA savers is shown in Table 3 and a list of institutions attended by IDA savers is in Appendix G.

Table 3: Households of IDA Savers† (1999-2011)

	Education	Small Business	Home Purchase or Repair	Total
Unmarried‡	77%	62%	72%	74%
Married	13%	38%	28%	26%
No children	37%	26%	16%	23%
1 child	29%	25%	32%	30%
2 children	19%	26%	27%	25%
3 children	9%	13%	16%	14%
4 children	5%	6%	5%	6%
5 children	1%	2%	3%	2%
6+ children	1%	1%	1%	1%
Successful savers with children	75%	75%	88%	77%

†Each account is counted, and some households had multiple accounts. Not all savers completed the program successfully.
‡Unmarried includes single, never married, divorced, separated, and widowed

Education IDAs present particular benefits to children as education is the only IDA savings goal that can be transferred to a child or young adult. Parents and often grandparents frequently use an IDA to save for their dependents' college education. This benefits the child not only through direct financial support for educational expenses, but also because the child knows her parents are actively encouraging her to further her education and increase her opportunities.

Southern facilitated 915 successful IDAs between 1999 and 2011, 31 percent of which were for education, making education the second most popular asset purchase category after home-related purchases. Of the 287 people who completed an education IDA purchase with Southern from 1999-2011, only 16 (six percent) of them started with another goal in mind. Similarly, of the 283 purchasers who intended to use their IDA for education, 276 (98 percent) actually used the IDA for education. This is the highest goal stability rate of all the purchase categories, suggesting that those who turn to an IDA to finance their education are truly committed to the goal of higher education for themselves and/or their children. Savers who are interested in education at enrollment are also more likely to successfully complete the IDA program. Data from a 2006 survey of education IDA savers in Arkansas, showed that about one third of participants (or their designees) had graduated (Rowett, 2006). Additional data are available in Table 4.

Table 4: Purchase interests at IDA enrollment and completion (1999-2011)

Asset Category	Asset Goal at Enrollment	Percent of Successful Accounts*	Final Asset Purchase Category
Education	604 (27%)	51%	287 (31%)
Small business	308 (13%)	40%	120 (13%)
Home purchase/ repair	1,356 (60%)	41%	508 (56%)
Total	2,268 (100%)	43%	915 (100%)

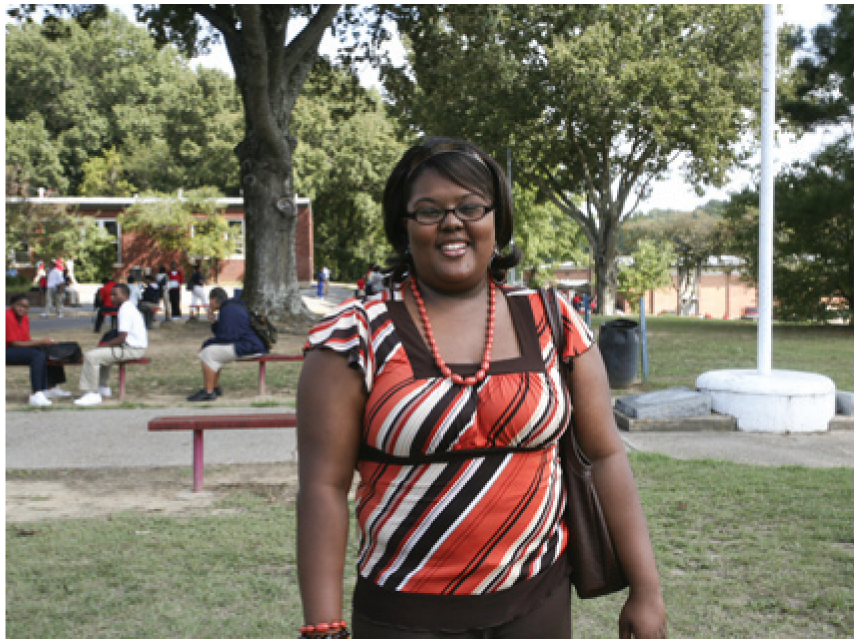
*Percent of successful accounts considers only accounts that are close as of February 1, 2012. Successful accounts may have a final purchase in a category other than the category selected at enrollment.

Education savers have used their savings and match for tuition, fees, books, computers, and other education related expenses at 60 colleges, universities, and technical schools. The institutions include private and public four-year colleges; local, regional and national colleges and universities; community colleges; online universities; and technical schools. These institutions are listed in Appendix G.

A detailed analysis of successful IDA education savers over the last five years shows the following:

- *Education savers comprise 37 percent of all purchases from 2007-2011. The fact that this percentage is higher than the overall percentage since 1999 may suggest that, in the recent challenging economic times, more people see the value of pursuing their education or planning for their child's education.*
- *64 percent of the education savers were saving for someone 25 or younger, either themselves (84 percent) or a dependent child (16 percent).*

Interviews with Southern's IDA coordinators provide anecdotal evidence that the majority of education savers who are financing their own education (as opposed to that of a dependent child) already have some college education. This combined with the fact that savers must be at least 18 to open and IDA strongly suggests that education IDAs are being used to help people continue or complete their higher education. While more traditional child and college savings accounts help young people get to college, education IDAs are an important tool for helping young people continue through college. For this reason, any effort to increase college attendance and completion rates should include education IDAs or similar tools that help students meet the costs of completing their education.



Melinda Sheard earned a degree in Human Resource Development through the University of Arkansas at Fayetteville and financed her education, in part, by participating in the IDA program. After graduation she worked as an adjunct instructor at Phillips Community College and later enrolled in a Master's program.

Conclusions and Summary

> *"I would not have started saving as early for college if it hadn't been for the program."*
> **– Willie Marie Knowlton, IDA saver and grandmother of ASMG saver, German Pirtle.**

The work described herein is summarized in Appendix E and can be classified in three ways based on program characteristics:

- **Family-initiated CSAs** *These are opportunities for which families recruit themselves. Examples include state 529 programs and Arkansas's Aspiring Scholars programs. In these cases, families have to have the initiative to enroll and stay committed to the programs. There are generally no program supports (financial education classes, deposit reminders, etc.) other than those the family seeks out or provides for itself. In addition, there is no obvious means for peer support, unless the family seeks out other savers. Many of these programs are designed to benefit primarily high and middle income families (Clancy et al., 2005), though income-eligible match (such as with ASMG) can make such programs more attractive to families with low or moderate income.*
- **Program-based CSAs** *These are opportunities initiated by a group or organization and offered, in limited quantity, to certain families, often for research purposes. Examples include SEED, the Mississippi Child Savings Accounts, and IDAs. These generally include a requirement to take advantage of programs supports such as financial education classes. Often families are offered incentives to participate. The sponsoring organization often strives to create a community of savers who can provide peer support to each other in classes, program activities, and when they see each other in their community.*
- **Universal CSAs** *These are opportunities initiated by a group or organization and offered to universally to all those meeting certain geographic and other requirements, often age or school grade. Examples include The Kindergarten to College Program in San Francisco (see www.k2csf.org/). These usually provide the supports common to program-based CSAs though large community institutions, like a school district. They are often set up as an opt-out program, unlike the other two categories which are opt-in. Peer support is facilitated by the common knowledge that everyone in the community of a certain age or grade is participating. In this way, these programs are similar to promise scholarships, like the Kalamazoo Promise or the Arkadelphia Promise, sponsored in part by Southern Bancorp. These help create a community-wide, college-going environment since all students know that money is less of an obstacle for college attendance or completion.*

These categories and characteristics are summarized and discussed in the table and text below:

Table 5: Three Models of Child Savings Accounts

Program Characteristic	Family-initiated CSA	Program-based CSA	Universal CSA
Target income bracket	Usually middle to high	Usually low to middle	All
Initiator	Government or family	Organization	Organization
Program supports	None	Some	Some
Peer support	None	Some	Some
Account Type	Bank or investment	Bank or investment	Bank or investment
Recruitment	Self	Organization	Automatic
Enrollment	Opt-in	Opt-in	Opt-in
Example	529 plan	SEED	Kindergarten to College

Target income bracket Many of the widely-available CSAs, such as 529 plans, offer tax benefits that appeal primarily to higher income families. In response, numerous organizations have designed CSAs that target families with lower income, the ones who have the most to gain from attaining a college degree. Universal models target a specific geographic area and do not use income to determine eligibility. Southern's CSA programs targeted families with low to moderate income.

Initiator All families have the option opening a bank savings account to save for college. However, recognizing that this method results in low or no savings for most people, governments and organizations have initiated other models that incentivize and facilitate savings through tax policy, cash financial incentives, program supports, and other features. Southern worked with numerous foundations and other organizations to implement its CSA programs.

Program supports Some families need assistance with household financial management in order to start or maximize their savings. Many organizations offer financial education classes, send savings reminders, or provide other means to help families stay committed to saving for college. Universal CSA programs often offer program supports through large community institutions, such as school districts. Southern provided a variety of program supports for most CSA savers.

Peer support Savers are often more successful if they know and are engaged with others who have similar goals and challenges. Program-based CSAs may provide peer support through classes or other group activities. Universal CSAs are usually designed to automatically-include every child of a certain age or grade in a geographic area unless they opt-out. Because almost everyone in the community knows about the programs, families can support each other through it even if the organization does not create specific support groups. Southern facilitated peer support through financial education classes and other activities.

Account type Both investment and bank savings accounts can be used for CSAs. The choice is often based on the initiator's relationship with financial institutions, the families' comfort with those institutions, and the institutions' ability to provide reasonable means to open accounts, accept deposits, report progress, and otherwise support program development and management. Southern has used both account types.

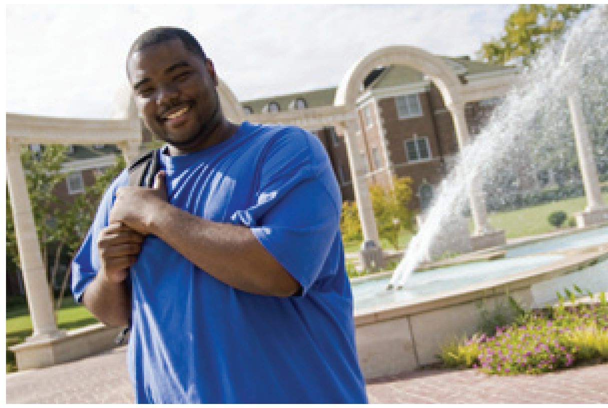
Recruitment Recruitment can be the first barrier for developing a successful program. Once the vehicle for a family-initiated CSA is established, the government may make some effort to market the program but it is up to each family to research the program and complete the enrollment process. Organizations often reach out to target communities or populations to recruit for program-based CSAs and then help applicants through the enrollment process. Universal CSAs, often use on opt-out enrollment process, so the target population participates by default, without any extra effort by the saver, making recruitment unnecessary. Southern has spent considerable time and effort on recruitment for its opt-in CSA programs.

Enrollment If wide participation is a primary goal, then automatic, opt-out enrollment is preferable. This allows families to participate without any initial effort. If opt-in methods are used, organizations should minimize the minimum deposit amount and the amount of paperwork, travel, and other steps needed to enroll. Some families may still need support to complete the enrollment process. Southern has only used opt-in enrollment methods and has seen enrollment efficiency increase with increased support.

Southern's work with families saving for college suggests several key lessons and guiding principles:

- **Families of all income levels can save.** *Southern staff regularly encouraged savings by writing brief notes on their monthly statements congratulating them on their savings, reminding them about their next deposit, or noting their progress toward their goals. Anecdotal evidence and an analysis of more than 1,700 IDA participants shows that the lowest income participants were the best savers in the IDA program:*
  - *Participants below the federal poverty line had a 37 percent success rate and those who were successful took an average of 15 months to reach their asset goal.*
  - *Participants at 100-150 percent of the federal poverty line had a 33 percent success rate and those who were successful took an average of 17 months to reach their asset goal.*
  - *Participants at 150-200 percent of the federal poverty line had a 47 percent success rate and those who were successful took an average of 19 months to reach their asset goal.*

This means that the successful participants with the lowest income took the shortest amount of time to reach their goal. While the moderate income participants had a greater success rate it took them and average of four months longer to reach their asset goal. The goal for child savings accounts–college–is usually further off giving savers more time to accumulate funds but also more time to get discouraged or distracted, often by unforeseen life events. However, the IDA analysis suggests that families with low income at least have the *potential* to save at significant rate.


Lazeric Johnson's mother saved for his college education with an IDA. He studied at the University of Central Arkansas and is the older brother of William Thomas, Jr. (see *SEED above*).

- *While there are key differences between IDAs and child savings accounts (see Mason et al. 2009a),* **education IDAs are a tool to support college continuance and completion** *and those who used IDAs to save for education are more likely to complete the IDA program. This is particularly important given that child savings are unlikely to be large enough to finance a four year, or even a two-year college degree. There is limited data available on degree attainment for education IDA savers, though anecdotal evidence suggests that IDAs are being used to get students a few steps closer to the degree. Southern plans to develop and pilot a College Completion IDA to target nontraditional students who are struggling to find the resources to finish their degree.*

- **Operating a CSA program in the context of an institution that already has a college-going environment increased the likelihood of success**, *both for the program and for the students who are less likely to experience wilting (Elliot and Beverly, 2011). For example, the Southern programs have been well received by students at KIPP Delta Public Schools which focus on college from enrollment.*

- **Success in one location can serve as a model for success in another location, but only if both policies and funding, in addition to other factors, facilitate it.** *For example, if a revenue neutral method for funding match for 529 savings by low income families is not available, it may be difficult to get such legislation passed or it may be passed but not funded.*

- **Policy successes that hinge upon temporary funding or pilot status require advocates to be vigilant regarding the next steps.** *The primary challenge for the ASMG program is continued funding. The program is funded by revenue from the fees collected to manage the GIFT Plan. While this revenue is renewed every year, the enrollment during the two years of the pilot program demonstrated that the source cannot sustain the program. Although a pilot program, the 529 Plan Review Committee has the discretion to continue the program beyond the initial two years, which they have done. To date, the Committee has exercised this discretion and the ASMG is still open to those who want to enroll. However, the Committee is unable to advertise at the level it did in 2008 and 2009 because of the lack of funds to provide the match. Because of the limited revenue stream, once funding runs out, the program will be over.*

  Almost from the beginning committee members discussed other funding sources. They reached out to various foundations to seek additional funds. Unfortunately, no outside funds have been secured to supplement the current funding source. Southern continues to look for an alternate funding source so that this important program may be available for more individuals. We plan to work with policymakers and other stakeholders to determine next steps.

Staffing

- *As others have indicated (e.g. Marks et al., 2009), it is critical to have dedicated coordinators to facilitate success of the program. This kind of "fire in the belly" is critical for success, especially when recruitment strategies have to be revised, savers and/or their parents miss deposits or want to make withdrawals, or partners do not live up to their initial agreements.*
- *An organization needs strong "back-office support" to create and sustain certain college savings programs. An early investment in accounting (for financial management), grantwriting (for incentives and operations), and a management information system (for data and program management) can pay off in increased program impact and efficiency, especially if the organization makes a long term commitment to savings-based asset building tools.*
- *Cultural competency is important skill for CSA program coordinators. However, one should not assume that the coordinators must share ethnic, economic, or other characteristics with savers in order to effectively recruit, motivate, and serve them. Trust and respect depend more on shared values than on shared background.*

Program design and strategy

- *It is helpful to decide from the outset how success will be defined and measured. Options include but are not limited to amount of savings, number of deposits, academic success, scores on college-preparatory exams (e.g. SAT, ACT), college enrollment, or college completion. Success may not be simply economic or academic, but may also be psychological impacting the child's and family's development and self-perception (Mason et al., 2009). Regular measurement is important as it can inform overall program progress and program improvement steps.*
- *Having a realistic understanding of the time and other costs needed to recruit participants and provide enrichment activities (e.g. financial education classes) is critical for setting challenging but achievable goals for participation. For Southern's programs, especially those focused on young children, enrollment required substantial effort, as is typical of such programs (Marks et al., 2009)*
- *Certain financial paperwork may be complicated, especially for first time users. Some savers may need personal assistance gathering critical documents and submitting completed paperwork on time.*

Organizational context

- *Providing multiple asset building services (IDAs, CSAs, credit counseling, tax preparation, etc.) can keep people and encourage them to spread the word to friends and family. This creates a "one stop shop" for asset building activities. For example, the parents of at least six ASMG savers, had been IDA savers, so they understood how a matched savings account could work and had already established trust with Southern's staff. Other families had previously participated in different Southern programs and were pleased to come back for the ASMG.*

Marketing and recruitment

- *Summertime may not the best time for recruitment given that schools and other education-focused organizations are often closed or working reduced hours. Also, many students and families travel during the summer and so may not be aware of summertime recruitment activities.*
- *Organizations often must work to overcome the "it's too good to be true" perspective. Upon first hearing about matched savings account or incentivized saving, many people assume the programs are a scam, making trust with the organization critical. Based on our experience with IDAs, having a critical mass of successful participants helps tremendously. For example a father of a SEED saver was so enamored of the program, he recruited six new savers.*

Policy environment and community

- *Strong policy in support of educational savings and educational attainment is critical, but it must be coupled with sufficient financial investment and a sustainability plan.*
- *Strong, well-defined partnerships, particularly between financial institutions and host organizations, are critical. Placing Southern's program coordinators in the bank lobby was particularly beneficial for facilitating the bank-host organization relationship. Some have indicated that this arrangement is preferred over some others, at least for reducing "technical problems" (Marks, et al., 2009b).*

On the surface, CSAs seem to be a vehicle designed primarily to provide funding for college students and therefore, increase the number of college graduates. In fact, this is often how such programs are "sold" to legislators. However, in Southern's experience, neither CSA nor IDA savers accumulate enough money to finance a college degree. Our data show:

- *CSAs are an important tool to help students* get to *college.*
- *IDAs are an important tool to help students* continue through *college.*

If paying for a college degree were the only measure of success, we would have to declare CSAs and IDAs a failure. But doing so would be shortsighted since CSAs and, to a lesser extent, IDAs, have a more profound effect on children, their families, and their communities (*Sherraden, 2009; Appendix A* and *Appendix B*). According to Elliot and Beverly (*2010*), CSAs can increase by seven times the likelihood of college enrollment by students that "expect to graduate from a four-year college at some point in the future." Their work shows that CSAs facilitate college attendance in a manner greater than just the dollar amount listed as the balance in their account. It remains to be seen whether or not CSAs can create a college-going environment and college attendance among students who, at the time of CSA enrolment, are ambivalent about or see themselves as unlikely to attend college. Universal CSA programs, like Kindergarten to College in San Francisco may be well positioned to answer this question in 10-15 years. Because of these and the previously-discussed program characteristics, the universal CSA model is preferred because it not only facilitates saving for college but also because it may create community-wide aspirations for college.

As we wait for conclusive data from these universal CSA projects, it will be helpful to identify and vet suitable proxies for measuring and tracking the creation of a college-going environment. These could include number of deposits, regularity of deposits, deposit amount, grade point average, course rigor, school attendance, extracurricular activities, civic engagement, and others. If scholars and practitioners are able to connect these or other factors to college attendance, or more powerfully, to college completion, CSA programs can be designed to be even more efficient and effective. This will position CSAs as a more powerful tool for promoting education and economic mobility among those who can benefit most and help create a brighter future for themselves, their families, and their communities.

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Appendix A: Child Savings Account Logic Model

ACTIVITIES	OUTPUTS	SHORT TERM OUTCOMES	INTERMEDIATE OUTCOMES	LONG TERM OUTCOMES
Application Goal Setting Orientation Matched Savings Account Money Management classes Recruitment and Enrollment Program Coordination Participant Support Account Management	# of youth who enroll # open an account %/# of youth who complete courses # of youth who meet savings goals (or save XX amount of dollars; set target) #/% of adults/parents who engage in program courses/program delivery XX individuals inquired about the program XX for education The average number of IDA deposits each month was X.XX. XX account holders met their monthly saving target. The average deposit each month was $XX #/% of parents that open standard checking/savings account	Youth learn to set personal goals and plan for the future Youth develop a working relationship with a financial institution Youth develop positive relationship with adults and peers Youth gain an improved understanding of financial concepts Youth learn to curb their impulsive spending Youth believe college is a viable option for them	XX% of participants can manage a checking account XX% make regular deposits XX% youth have increased neighborhood/community Involvement Individuals share healthy financial attitudes, skills and knowledge with family and neighbors Participants show success in grade school through high school Students show desire and belief in achievement of higher education attainment Parents learn the importance of saving	Youth graduate H.S. Youth attend College Youth take advantage of other programs to pursue higher educational attainment Youth graduate from an institute of higher education Youth maintain bank account Youth maintain healthy financial status

LIST OF INDICATORS FOR SHORT TERM OUTCOMES

RESULTS	INDICATORS	COLLECTED BY
Individuals learn to set personal goals and plan for their future	# of clients who have set personal goals and written down plans for the future financial security	Survey
Individuals develop a working relationship with a financial institution	Percent of individuals who have started banking and employing other services from any bank.	Survey/Bank Records
Families are connected to education, training, and income supplements aimed at living above the poverty level	Percent of individuals in the program who have sought out and receive other financial aide	Survey of program participants
Individuals gain an improved understanding of financial concepts	% of program participants who have completed the economic skills classes	Program Records
Individuals learn to curb their impulsive spending	% of respondents who are able to hold within a budget	Participant Survey

LIST OF INDICATORS FOR INTERMEDIATE

RESULTS	INDICATORS	COLLECTED BY
XX% have decreased their residential mobility due to negative reasons	Student and Resident Mobility Rate	Dept Ed./Community Survey
Of those saving for a home, XX% know what is required for purchase and maintenance	% that score above X% of home-buyer preparedness survey	Participant Survey
Of those saving for microenterprise, XX% have a formal business plan	% of program participants with a written business plan	Program Survey
XX% can manage a checking account	% of program participants with a balanced active checking account	Bank Records
XX% pay bills on time		Company Records/Participant Survey

LIST OF INDICATORS FOR INTERMEDIATE

XX% have a consumer debt-service ratio lower than .1		Participant Survey
XX% have accumulated assets other than their CSA savings	% with bank account	Bank Records/ Participant Survey
Individuals share healthy financial attitudes, skills and knowledge with family and neighbors	% of non-program members who open bank accounts/join CSA program on a reference	Community/Program Survey

LIST OF INDICATORS FOR LONG TERM OUTCOMES

RESULTS	INDICATORS	COLLECTED BY
Youth graduate from high school.	Percent of 9th-grade class who earned high school diplomas.	National Center for Ed. Stats
Youth graduate from college (or achieve a rigorous post-secondary credential).	Percent of youth aged 25-29 who have obtained a 2-year or 4-year post-secondary degree.	American Community Survey (ACS)
Youth are prepared for or engaged in productive careers.	Percent of youth ages 25-29 who are enrolled in school or employed.	Decennial Census
Reduction in Poverty Level	Poverty Rate	ACS
Reduction in Unemployment	Unemployment Rate	ACS

Appendix B: Individual Development Account Logic Model

ACTIVITIES	OUTPUTS	SHORT TERM OUTCOMES	INTERMEDIATE OUTCOMES	LONG TERM OUTCOMES
Outreach Economic Skills classes Coordinating Services IDA accounts ($3/$1 Matching)	X individuals receive services # of individual education workshops and training sessions XX individuals inquired about the program XX completed the initial intake XX attended the first orientation and opened accounts in year one. XX are saving for homeownership XX for microenterprise/ business XX for education The average number of IDA deposits each month was X.XX. XX account holders met their monthly saving target. The average deposit each month was $XX # IDA purchases made in each category #/% that open standard checking/ savings account	Individuals learn to set personal goals and plan for their future Individuals develop a working relationship with a financial institution Families are connected to education, training, and income supplements aimed at living above the poverty level Individuals gain an improved understanding of financial concepts Individuals learn to curb their impulsive spending	XX% have decreased their residential mobility due to negative reasons Of those saving for a home, XX% know what is required for purchase and maintenance Of those saving for microenterprise, XX% have a formal business plan XX% can manage a checking account XX% pay bills on time XX% have a consumer debt-service ratio lower than .1 XX% have accumulated assets other than their IDA savings and their IDA asset goal XX% have increased neighborhood/ community Involvement Individuals share healthy financial attitudes, skills and knowledge with family and neighbors Lower Student Mobility Rates # that purchase their home # that improve their home # that attend higher education institution # that start a small business # of Jobs Created	Business owners utilize other community resources Business owners generate a profit Business owners increase assets Businesses hire additional employees Homeowners increase assets Homeowners make home improvements Youth graduate from college (or achieve a rigorous post-secondary credential). Individuals are engaged in productive careers. Increase in Educational Attainment in community Reduction in Poverty Level Increase in Employment Rate in community

LIST OF INDICATORS FOR SHORT TERM OUTCOMES

RESULTS	INDICATORS	COLLECTED BY
Individuals learn to set personal goals and plan for their future	# of clients who have set personal goals and written down plans for the future financial security	Survey
Individuals develop a working relationship with a financial institution	Percent of individuals who have started banking and employing other services from any bank.	Survey/Bank Records
Families are connected to education, training, and income supplements aimed at living above the poverty level	Percent of individuals in the program who have sought out and receive other financial aide	Survey of program participants
Individuals gain an improved understanding of financial concepts	% of program participants who have completed the economic skills classes	Program Records
Individuals learn to curb their impulsive spending	% of respondents who are able to hold within a budget	Participant Survey

LIST OF INDICATORS FOR INTERMEDIATE

RESULTS	INDICATORS	COLLECTED BY
XX% have decreased their residential mobility due to negative reasons	Student and Resident Mobility Rate	Dept Ed./Community Survey
Of those saving for a home, XX% know what is required for purchase and maintenance	% that score above X% of home-buyer preparedness survey	Participant Survey
Of those saving for microenterprise, XX% have a formal business plan	% of program participants with a written business plan	Program Survey
XX% can manage a checking account	% of program participants with a balanced active checking account	Bank Records
XX% pay bills on time		Company Records/ Participant Survey

LIST OF INDICATORS FOR INTERMEDIATE

RESULTS	INDICATORS	COLLECTED BY
XX% have a consumer debt-service ratio lower than .1		Participant Survey
XX% have accumulated assets other than their IDA savings and their IDA asset goal	% with bank account	Bank Records/ Participant Survey
Individuals share healthy financial attitudes, skills and knowledge with family and neighbors	% of non-program members who open bank accounts/join IDA program on a reference	Community/Program Survey

LIST OF INDICATORS FOR LONG TERM OUTCOMES

RESULTS	INDICATORS	COLLECTED BY
Youth graduate from high school.	Percent of 9th-grade class who earned high school diplomas.	National Center for Ed. Stats
Youth graduate from college (or achieve a rigorous post-secondary credential).	Percent of youth aged 25-29 who have obtained a 2-year or 4-year post-secondary degree.	American Community Survey
Youth are prepared for or engaged in productive careers.	Percent of youth ages 25-29 who are enrolled in school or employed.	Decennial Census
Reduction in Poverty Level	Poverty Rate	ACS
Reduction in Unemployment	Unemployment Rate	ACS

An Individual Development Account is a special savings account that helps low-income residents save and invest. Individual Development Accounts provide a powerful incentive by matching qualifying participants' savings with $3 for every $1 they save. Once the savings goal is reached and economic skills classes are completed, participants can use their savings to buy a home, start a business, or go to college.

IDA programs in the short-term generate knowledge and awareness for the community members. The programs show possibility, 3-1 matching provides the incentive to save, as goals become achievable, and program awareness increases. The intermediate outcome that is most important is financial stability, which not only aides in the realization of community goals of a decrease in the poverty rate, increase in higher educational attainment, and an increase in the employment rate.

Appendix C: SEED Financial Education Curriculum for Parents

Investing in your children's future – education as an investment

Goals:

- *Learn the importance of:*
  - *a. college education*
  - *b. being prepared financially*
  - *c. parents' influence through educational modeling*
- *Get a basic understanding of investment tools*
- *Gain knowledge about the 529 plan*

LEARNING OBJECTIVES	TOPIC	METHODOLOGY/CONTENT
	Introduction and Ground Rules	Find answers to the following questions: 1.) Why are we here? 2.) What are the expectations? (both sides – please write participants' expectations down on flipchart /whiteboard and keep visible) 3.) How would you like to be treated? 4.) Agenda will be on flipchart paper taped to the wall.
	Icebreaker	Please ask participants to find something in their purse or pocket that represents themselves and – if possible – their kids. People often start with keys or glasses and make a few quips about how they represent their life. It goes fast and it's fun. Even if more than one person chooses the same thing, everyone always has something unique to say.
Importance of College Education	1. General question Why is college education so important? Average median annual income, by education level (2004)	Facilitate the game "Strongly agree, agree, disagree, totally disagree!" Place signs indicating the above positions, have all participants stand in the middle of the room. Read the statement from the PowerPoint Presentation and let them walk to their "stand-point". Encourage them to verbalize why they think in this way. Slide after last "general question" Slide: Cost of one semester at PCCUA and one semester at ASU

LEARNING OBJECTIVES	TOPIC	METHODOLOGY/CONTENT
Education is an investment	How much does it cost to attend college? What is financial aid?	Make sure that participants know the differences among grants, scholarships and loans. * Grants: (based on financial need/ eligibility: IDA) The 529 plan does not * Scholarships (Usually have to be "earned" through academic/sport performance) * Loans (Usually have to be paid back once study is complete) * Employment / work-study Provided to eligible students by * Federal government * State government * Postsecondary institutions * Private organizations
Importance of Saving for College	Myth about Saving for College	"Myth" true and false quiz. Please cover the facts reg. "Myth about Saving for College" via slides and emphasize the conclusion. Reality is that: * Grants cover about 33-39% of current public four-year college costs * Undergraduates receive 62% in grant aid * Work-study makes up for less than 1% of total student aid. * 69% of parents expect to receive scholarships for their children, but only 3-7% actually do. Conclusion * "It is always better to save now than borrow tomorrow".
Importance of parents' involvement in the educational process	Modeling the educational process	Let participants discuss what "Modeling" means for them and how the participants can be a model for their children, through Family literacy programs * Getting a GED, college degree, etc. * Goal setting: Parental involvement at school * Money saving: Short and long-term

LEARNING OBJECTIVES	TOPIC	METHODOLOGY/CONTENT
Knowledge of what "investing" means	The Road from Savings account to 529	What is a 529 plan? (page 1 of GIFT Program Description and Participant Agreement – www.theGIFTplan.com) 529 College savings plan: This allows contributions to be made to the account on behalf of the designated beneficiary * 529: Beginning minimum deposit waived for SEED * Annual asset based fee: This is based on investment portfolio market plan. Plan fee breakdown (page 19) * RISK: There is NO guarantee on the initial investment amount or the money your investment earns. It is not insured through FDIC like a bank account. (page 24 and viii) The primary drawback to Section 529 plans is investment risk. Although the firms that manage Section 529 plans may use less-risky asset allocations to reduce risk as your child nears the first day of college, risk cannot be eliminated altogether. (page 24 and viii) * Drawbacks: If you have to withdraw the money for some reason other than to pay for qualified higher education, then you will pay federal and state taxes PLUS an additional 10% on investment earnings. (page 13) * ROR: You will earn more money on your investment than with a regular bank account. Incorporate the fact that a 529 does not affect benefits in Arkansas. Tax-Deferred Tuition Savings Program account shall be exempt for the purposes of determining eligibility for Transitional Employment Assistance, Medicaid, and food stamps, provided that the federal rules for these programs permit such an exemption. Making money work for you (Investing means putting your money to work for you. Essentially, it's a different way to think about how to make money)

LEARNING OBJECTIVES	TOPIC	METHODOLOGY/CONTENT
What does “investing” mean?		Ask participants to define. Write answers on flip chart. Questions to the audience which lead to the theme: * What kind of choices did you have? * What should I think about when investing? When investing, the following things are very important to consider: Knowledge: - How do these investment products work? Risk: - What kind of risk do I take when considering these options? - Should this investment be short-term or long-term? Risk Tolerance Quiz

LEARNING OBJECTIVES	TOPIC	METHODOLOGY/CONTENT
Reason for investing	Introduction- The Power of Compounding Interest Introduction-	Ask the participants the following questions: If someone offered you either $1000 a day for every day of the month or a penny that doubled in value every day of the month, which would you choose? Let participants guess and as a result split the class into two groups. Now give both groups a big bag of M&Ms. Let them experience a similar task by asking them what do they think would be better – 5 M&Ms each day for a week, or, for a week long, always double the amount of M&Ms each day, starting on day 1 with 1, plus 2 on day 2, plus 4 on day 3 etc. for a week. The result: Group A: 5 x 7 days = 35 M&Ms Group B: 7 days doubling the amount=64 Day 1=1 Day 2=2 Day 3=4 Day 4=8 Day 5=16 Day 6=32 Day 7=64 Now show them the table with the doubled value of the penny (slide 30-Day-Investment). Stock definition slide Investment “eye-opener” “If you had invested $1000 in Microsoft when it went public in March 1986, how much would your stock be worth today? Let participants guess how much interest the Microsoft stock gained. Answer: $473,760 KEY: In a savings account, money earns interest, which is added to the account total. Then the higher total interest earns more interest. Conclusion: Compounding means that the interest also earns interest.

LEARNING OBJECTIVES	TOPIC	METHODOLOGY/CONTENT
Investment products: Stocks, bonds and short-term reserves Basic knowledge of stocks	What are stocks?	What is a stock? Owning a stock means that you own part of a company * Investment products: Stocks, bonds and short-term reserves
Basic knowledge of bonds	What is a bond?	Definition slide - A bond is an IOU (I owe you) from the borrower, who agrees to pay you back the money you lent at some future date, along with interest payment. Bond fact: If you buy a bond for $95, it will mature in 1 year with an amount of $100.
Basic knowledge of short-term reserves	What are short-term reserves?	Definition slide - They are short-term investments that have a maturity date of less than one year. U.S. treasury bills are short-term government securities with maturities ranging from a few days to 26 weeks. Bills are sold at a discount from their face value. Short-term Reserve example: You might pay $970 for a $1,000 Treasury Bill. When it matures, you will be paid $1,000.
	Difference Table * Risk * Prediction * Return Rates * Investor's goals Diversification	Quote – let participants explain. The old saying: Don't put all your eggs in one basket! Perfect description of why you need to diversify your investments General investment terms, definition slides: Diversification - (refers to the actual investment tactics): How money is divided up between different types of investment vs. asset allocation (overall investing strategy) Portfolio should include different categories of investments: - Stocks of U.S. companies vs. international stocks - Stocks vs. bonds - Bonds and short-term reserves Asset Allocation Portfolio

LEARNING OBJECTIVES	TOPIC	METHODOLOGY/CONTENT
	GIFT Plan Investment Options	Definition slides Pie charts- age based investment options slides Investor slides * Age based * Custom portfolio * The aggressive growth indicator * The growth investor * The moderate investor * The conservative investor
	Completing of 529 application	Discuss the account application information.
	FAQ	* Who is the account owner? Any adult. An account holder can open an account on behalf of any student or potential student. For example, parents can save on behalf of a child and grandparents can save on behalf of grandchildren. * Who is the designated beneficiary? Child for whom the SEED savings account was opened. * What is the designation of a successor account owner? This person will become the account owner upon the death of the original account holder. * How/when do I deposit into 529 plan and minimum deposit requirements? (pages 5 & 6, and 22) - First deposit will be from SEED account. We will write a check to GIFT for account opening. - Contributions by check Personal or cashier's check - AIP: Automatic Investment Plan: A recurring amount drafted monthly from your account. - EFT: Electronic Funds Transfer: A one-time draft from your account. You have the option to handle your transactions on-line or by mail. - Direct Deposits from payroll - UPromise - McDonald's example Investment choices * Page 5 & 6 * Page 22 Completion of Application

Appendix D: Arkansas's Aspiring Scholars Matching Grant Program

(*ftp://www.arkleg.state.ar.us/acts/2007/public/Act597.pdf*)

Act 597 of the Regular Session
JSE298 03-12-2007 09:41 JSE298
State of Arkansas *As Engrossed:* S3/12/07
86th General Assembly A Bill
Regular Session, 2007 SENATE BILL 822

By: Senators Baker, Argue, Bryles, *Broadway*
By: Representatives Kenney, Key, Everett, Norton, *Abernathy*

For An Act To Be Entitled
AN ACT TO AUTHORIZE THE SECTION 529 PLAN REVIEW COMMITTEE TO CREATE A PILOT PROGRAM TO BE KNOWN AS THE "ASPIRING SCHOLARS MATCHING GRANT PROGRAM" TO MATCH THE CONTRIBUTION MADE INTO AN ACCOUNT FOR A DESIGNATED BENEFICIARY ESTABLISHED UNDER THE ARKANSAS TAX-DEFERRED TUITION SAVINGS PROGRAM; AND FOR OTHER PURPOSES.

Subtitle
TO AUTHORIZE THE SECTION 529 PLAN REVIEW COMMITTEE TO CREATE A PILOT PROGRAM TO BE KNOWN AS THE "ASPIRING SCHOLARS MATCHING GRANT PROGRAM".

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code Title 6, Chapter 84, Subchapter 1 is amended to add an additional section to read as follows:

6-84-114. Aspiring Scholars Matching Grant Program.

(a) The Section 529 Plan Review Committee shall develop and implement a pilot program to be known as the "Aspiring Scholars Matching Grant Program" that uses available administrative funds to match a contribution made into an account for a designated beneficiary under this subchapter.

(b)(1) An advisory committee shall advise the Section 529 Plan Review Committee on the development and implementation of the Aspiring Scholars Matching Grant Program

(2) The advisory committee shall consist of three (3) members as follows:
(A) One (1) member appointed by the Chair of the Senate Committee on Education;
(B) One (1) member appointed by the Chair of the House Committee on Education; and
(C) One (1) member appointed by the Governor.

(c) A Tax-Deferred Tuition Savings Program account shall be exempt for purposes of determining eligibility for Transitional Employment Assistance, Medicaid, and food stamps, provided that the federal rules for these programs permit such an exemption.

/s/ Baker

APPROVED: 3/28/2007

Appendix E: A Comparison of Child Savings Programs

A comparison of child savings programs

	SEED	ASMG	MCSA	IDA
Account type	Bank savings Insured, low interest	529 investment Uninsured, may lose value, higher returns possible	Bank savings Insured, low interest	Bank savings Insured, low interest
Insured by FDIC	Yes Only until program ends and savings are rolled over into the state 529 plan.	No Investment may lose value.	Yes	Yes
Return potential	Low interest	Varies from low to high according to risk tolerance	Low interest	Low interest
Minimum deposit	$0 Savers received $1,000 deposit upon enrollment	$25	N/A	$20 Each IDA program sets their own minimum
Total match/ incentive available	$2,250 $1,000 in match; $1,250 in incentives	$2,500 **Match: earning ratio varies by income**	N/A	$2,000 Awarded at 3:1 rate after reaching savings goal
Target age group	3-4 years Longer time to save for college, Less ability to relate to savings goals.	0-18 years	3-5 years Longer time to save for college, Less ability to relate to savings goals.	18+ years

A comparison of child savings programs

Savings term	~1-15 years Depends on program design, and saver commitment	~1-18 years Depends on age at first deposit.	~1-18 years Depends on program design, and saver commitment	6 months – 3 years Note: Data is for Southern's version of the programs only. Other programs may offer similar opportunities with different guidelines.

Appendix F: Articles discussing CFED's Mississippi College Savings Account Program

Children's Savings Account Program Launches in Mississippi

http://cfed.org/newsroom/newsletters/february_2012/#story2

This past fall, the Mississippi College Savings Account (CSA) Program officially launched with the goal of providing savings accounts to 500 children across the state. The first-of-its-kind program in Mississippi, funded by the W.K. Kellogg Foundation, provides a $50 initial deposit, restricted to use for post-secondary education for children at selected sites across the state. Thanks to the hard work of our local partners, Delta State University and the Mississippi Community Financial Access Coalition, as well as our financial institution partners, Hope Credit Union and Southern Bancorp, 369 children in Mississippi have already enrolled in the Program.

The Mississippi CSA Program first launched in the City of Jackson in September, enrolling 169 three-, four- and five-year-old children attending Jones, Virden and Westside Early Childhood Development Centers. Our local partners and site coordinators worked closely and tirelessly to achieve close to 100% enrollment at all three sites. Children enrolled in the program in Jackson have received an account at Hope Credit Union, as well as in-class financial education using the Practical Money Skills for Life curriculum. During the month of February, the program will offer financial education training to parents of children in the program using the FDIC's Money Smart curriculum.

The Program kicked off in the Mississippi Delta communities of Leland and Greenville in November. The program targets three-, four- and five-year-old children attending Fulwiler Head Start Center in Greenville, Page-Moore Head Start Center in Leland and Leland Elementary School. Our local partners and site coordinators have made steady progress, having enrolled approximately 200 children in the program so far.

The early successes of the Mississippi CSA Program are keeping us energized as we face an exciting and challenging year ahead. The program will now focus on promoting savings and providing parents with the necessary information and tools to encourage them to invest in their children's future and to increase their children's college-going aspirations by saving for their education.

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Kellogg Asset Building for Children

http://cfed.org/programs/abc/initiatives/kellogg_abc/

With support from the Kellogg Foundation, CFED is seeking to expand the impact, effectiveness, and availability of children's savings accounts as a tool to promote asset building and financial capability for low-income and minority children and youth. CFED is developing scalable and financially sustainable children's savings account programs for at least 500 children and their families in Michigan and Mississippi.

Beginning in Fall 2011, CFED plans to launch a CSA pilot in each state with the following objectives:

- *Develop a scalable and financially sustainable program, piloted with at least 500 children and youth in the first two years.*
- *Leverage existing community and state resources, adding to established programs or initiatives within the state.*
- *Expand opportunities for low-income children and families to accumulate assets and increase children's college-going aspirations.*

Michigan

The pilot in Grand Rapids, MI, led by LINC Community Revitalization, will open a children's savings account for a select cohort of children entering kindergarten over the next two years. Every child entering kindergarten in 2011 and 2012 in the 4 pilot schools will automatically receive a college savings account with an opening deposit of $50. Participating children will receive in-class financial education, and their families will be provided financial coaching opportunities.

Mississippi

Delta State University and the Mississippi Community Financial Access Coalition (MCFAC) are partnering in Mississippi to bring CSAs to multiple communities. Preschoolers in the City of Jackson's Early Childhood Development program, as well as kindergartners in Washington County's Leland School District, will receive college accounts with a $50 seed deposit. Children will receive financial education in the classroom, and their parents will also have the opportunity to access financial training.

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Mississippi College Savings Account Program Launch

http://cfed.org/blog/inclusiveeconomy/mississippi_college_savings_account_program_launch/

By Johanna Barrero on 09/08/2011 @ 11:00 AM

Tags: Children's Savings Accounts

CFED is pleased to announce the launch of the Mississippi College Savings Account Program in Jackson, MS, on September 8, 2011 at 10 a.m. at Jones Early Childhood Development Center. Three leading nonprofit organizations dedicated to promoting economic development in Mississippi, the Center for Community and Economic Development (CCED) at Delta State University, the Mississippi Community Financial Access Coalition (MCFAC) and Hope Credit Union, have partnered with the City of Jackson, Department of Human and Cultural Services to bring incentivized college savings accounts to children enrolled at Virden, Jones and Westside Early Childhood Development Centers in Jackson, MS.

With support from the W.K. Kellogg Foundation, the program will establish an account for each participating child at Hope Credit Union with a seed deposit of $50 and will offer match deposits and other incentives as funds are available throughout the life of the program. Accounts will be built with program contributions as well as participant and family savings over time to be used for higher education related expenses. Participating children will also receive at least 5 hours of in-classroom financial education while their parents will be offered up to the 10 hours of training.

The MS College Savings Account program seeks to address the gap in higher educational attainment affecting low income students in Mississippi, where less than 15% of 9th graders end up transitioning to and completing college. The program will help children create a financial nest egg, increase economic opportunity, and transform their aspirations for their own futures, including plans for college.

Appendix G: List of Schools Attended by Students with IDAs

Alabama State University
Arkansas Beauty School
Arkansas State University
Baptist Health Schools of Little Rock
Capella University
Central Bible College
Coahoma Community College
Colby College
College America
College of the Ouachitas
Columbia College
Delta State University
Fielding Graduate University
Florida Institute of Technology
Grand Canyon University
Harding University
Henderson State University
Howard University
Huntington College
Imagine Paul Mitchell Partner School
Institute of Ultrasound Diagnostics
International Academy of Medical Acupuncture
Iowa State University
James Madison University
John Brown University
Kansas Community College
Liberty University
Mercer University
Mississippi State University
Mississippi Valley State University
National Park Community College
New York University
Ouachita Baptist University
Ouachita Technical College
Philadelphia University
Phillips Community College of the University of Arkansas
Pulaski Technical College
South Arkansas Community College
Southeast Arkansas College
Southern Arkansas University
Tennessee State University
University of Arkansas for Medical Sciences College of Nursing
University of Arkansas for Medical Sciences College of Pharmacy
University of Arkansas Community College at Hope
University of Arkansas
University of Arkansas at Little Rock
University of Arkansas at Little Rock William H. Bowen School of Law
University of Arkansas at Monticello
University of Arkansas at Pine Bluff
University of Central Arkansas
University of Denver
University of Louisiana
University of Memphis
University of Mississippi
University of Oklahoma
University of Phoenix
Webster University
Xavier University

About the Authors

Meredith Covington joined Southern as its Development Associate in January 2011 with four years' experience in policy working for various government entities and nonprofits. She was later promoted to the position of Policy and Communications Manager. She holds a B.S. in Political Science and Pre-Law from Spring Hill College in Mobile, Alabama, and a Master of Public Administration with a concentration in Public Policy from DePaul University's School of Public Service in Chicago, Illinois.

Tamika Silverman Edwards is the Director of Public Policy for Southern Bancorp Community Partners. As the Director, Edwards oversees Southern's policy work in Arkansas and Mississippi. Prior to joining Southern, Edwards was a Community Affairs Specialist for former U.S. Senator Blanche Lincoln (AR) for ten years. Tamika's adult life has been dedicated to public service. Her position at Southern furthers her passion and determination to better the lives of people in the region she calls home. She earned a J.D. from the UALR William H. Bowen School of Law, a M.A. in Professional and Technical Writing from UALR and a B.A. in English from the University of Arkansas at Pine Bluff. She resides in Little Rock with her husband and daughter.

Benjamin Kaufman joined Southern as Social Metrics Manager in August 2011 with six years of experience in nonprofit management. He holds a B.A. in Anthropology and Sociology from Drake University in Des Moines, Iowa, and a Master of Public Service from the William J. Clinton School of Public Service in Little Rock, Arkansas.

Mindy Maupin is an IDA Program Coordinator and a Volunteer Income Tax Assistance (VITA) volunteer for Southern Bancorp Community Partners, in Helena-West Helena, Arkansas. She previously served as the SEED Program Coordinator. She has been with the Asset Builders Program since fall of 2002. Prior to working for SBCP, Mindy worked for Southern Bancorp Bank serving as a customer service and new accounts representative. In her current position as program coordinator, she is responsible for case management, recruitment, and facilitation of economic skills training for adults in the IDA program. She provided similar services for families saving through SEED and ASMG. Mindy has received home buyer training certification through Neighborhood Works and the Arkansas Development Finance Authority and is currently pursuing a bachelors degree in business administration at the University of Arkansas at Little Rock.

Karama Neal directs the asset building and workforce development programs at Southern Bancorp Community Partners. Services include individual development accounts, credit counseling, financial education, homebuyer counseling, utility assistance, and income tax preparation. She supports staff in four locations in Arkansas and Mississippi and is humbled and impressed with their commitment and ability to help their neighbors achieve their dreams. Karama is the creator and editor of an award winning social justice blog and joined SBCP in 2009 after having served as an adjunct assistant professor at Emory University in Atlanta. She earned a Ph.D. in Genetics from Emory University and holds an M.A. in Bioethics and Health Policy from Loyola University Chicago and a B.A. in Biology from Swarthmore College. She lives in her hometown of Little Rock with her husband and daughter.

About Southern Bancorp Community Partners

Southern works to revitalize the rural mid-South by building communities and changing lives. Most of Southern's communities are located in the Mississippi Delta with a legacy of long term poverty, economic decline, loss of population and many other severe challenges.

Southern builds communities through a comprehensive community-driven strategic planning process that helps residents create and then build local capacity to implement a shared vision for economic recovery. Southern changes lives by directly helping individuals and families build educational, financial, and material assets so they can create better futures for themselves and their families. Southern works to magnify the impact of these efforts by seeking proactive public policy change and providing nontraditional financing to businesses with potential to create jobs and invest in their communities. By building on the financial, social, and human capital that Southern provides, targeted communities can become engines that drive revitalization in surrounding communities and across regions.

Southern is a community development financial institution and a 501c3 nonprofit affiliate of Southern Bancorp (SBI), one of America's largest community development banks. With resources available to Southern through this long-term partnership, Southern implements its revitalization activities in communities where SBI has a bank presence. Southern's targets three transformational goals: reducing poverty, decreasing unemployment, and increasing educational attainment in the targeted communities over the next generation.

Southern's award-winning strategic community planning effort engages local residents, business leaders, and other stakeholders in creating a shared vision for revitalization. Southern's staff then works with local leaders until the goals are achieved and the community begins to turn around. Southern fuels this process by leveraging public and private funding and providing loans and grants to achieve community goals.

Southern also offers programs that help low- and moderate-income families build income and assets, such as matched savings accounts, financial literacy education, and housing and credit counseling. These programs help families to improve financial stability, buy and maintain homes, start businesses, and attend college. Southern's volunteer tax assistance provides thousands of low-income families quality tax preparation services that maximize use of Earned Income Tax and other credits. Successful public policy initiatives, such as putting an end to payday lending in Arkansas and creation of a state Housing Trust Fund, expand Southern's impact exponentially throughout the region.

Over the last seven years, Southern has generated more than $155 million in funding and over $3 billion in cumulative bank loans in distressed Delta markets, providing capital for new and expanding business, school improvement models, increased access to healthcare services, and other community-initiated enhancements.

Southern's efforts have proven so successful in Phillips County and Clark County, Arkansas that Southern also initiated its strategic development process in Coahoma County, Mississippi. Focused on measuring the impact of its efforts, Southern established a social metrics program that tracks critical indicators related to its three transformational goals and foster continual program improvement. Southern's efforts have already gained national recognition from organizations as diverse as the Council on Foundations, Bloomberg's BusinessWeek, Corporation for Enterprise Development, the Annie E. Casey Foundation, and the American Bankers Association.

Southern's vision is to expand this model to additional communities in the next twenty years, creating a strategic cluster of revitalized communities and transforming the region spanning from northeast Arkansas to the Gulf Coast. By focusing on particular pivotal communities, rather than spreading its efforts across a vast region, Southern concentrates its resources to achieve maximum impact.

Southern Bancorp Community Partners is the result of the merger of Southern Good Faith Fund and Southern Bancorp Capital Partners, organizations with more than twenty years of commitment each to rural people and communities. Learn more at *SouthernPartners.org*.