

HF1942: Birth record access authorized for children's savings program.



SAINT PAUL
MINNESOTA

Children's Savings Accounts (CSAs) are long-term savings or investment accounts that help children from birth to age 18 build savings for the future.

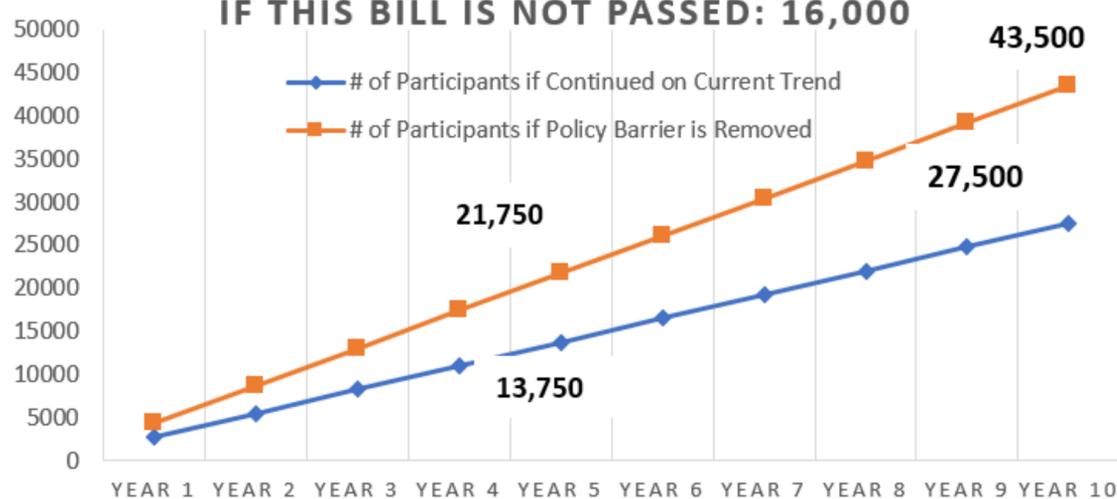
Problem

Minnesota State Statute 144.225 states that birth records of some children are confidential, except in the case that a mother designates the demographic data as public at the time of birth. Because of this policy barrier, CSA programs like CollegeBound Saint Paul are not able to automatically enroll all eligible babies.

Solution

Comparable to the Family and Children's Collaboratives, an entity administering a children's savings program that starts at birth shall have access to birth records for the purpose of opening an account in the program for the child as a beneficiary. For purposes of this paragraph, "children's savings program" means a long-term savings or investment program that helps children and their families build savings for the future.

GAP IN COLLEGEBOUND SAINT PAUL PROGRAM PARTICIPANTS IF THIS BILL IS NOT PASSED: 16,000



Importance of Automatic Enrollments

Considering the positive impacts of CSA programs on children, their parents, and the broader community, it is important that every child who is eligible should be automatically enrolled with the option to opt-out.

- Auto-enrollment provide access to all eligible children to have an account and helps ensure their parents have an opportunity to be connected to the additional multi-generational and wraparound services like financial health resources and child wellness resources.
- Many CSA programs are designed to be auto-enrollment to ensure that they are accessible and inclusive to all families, especially for families and communities that have often been under-resourced due to policy barriers like the current policy poses for a large percentage of our families in Saint Paul.
- A paper published in 2018 speaks to the lessons learned from the CSA field and one of the key implications for practice and policy that came out of that was that automatic enrollment is a way to make financial inclusion a reality for all families (Elliot, 2018).

Research shows that even small amounts of college savings can have a big impact on the lives of students from low-income households.

- One study found that low- and moderate-income children whose families saved \$500 or less are three times more likely to attend college and four times more likely to graduate than those whose families have not saved.[1]
- Having money set aside for postsecondary education helps foster a college-bound identity in children, in which they see themselves as someone who will go to college. [2] This is particularly important for children from low-income households, since research shows that their expectations can be lower than for children from higher-income households, primarily stemming from financial challenges.[3]
- CSAs also bolster parents' expectations for their children's educational attainment.[4]
- A randomized controlled study found positive parenting behaviors with parents of a CSA account.[4]

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Citations

- [1] Elliott, W., Song, H., & Nam, I. (2013). Small-dollar Children's Savings Accounts and children's college outcomes by income level. *Children and Youth Services Review*, 35(3): 560-571.
- [2] Beverly, S.G., Elliott, W., and Sherraden, M. (2013). *Child Development Accounts and College Success: Accounts, Assets, Expectations, and Achievements*, Center for Social Development Perspective 13-27 (St. Louis, MO: Washington University, Center for Social Development).
- [3] See for example: Mello, Z. Racial/ethnic group and socioeconomic status variation in educational and occupational expectations from adolescence to adulthood, *Journal of Applied Developmental Psychology* 30, no. 4 (2009): 494-504.
- [4] Beverly, S., Clancy, M. & Sherraden, M. *Universal Accounts at Birth: Results from SEED for Oklahoma Kids* (St. Louis, MO: Center for Social Development, Washington University in St. Louis, 2016).