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REPORT CALLS FOR ESTABLISHING CHILDREN'S SAVINGS ACCOUNT PROGRAM IN ILLINOIS ANALYSIS SHOWS CSAs COULD SIGNIFICANTLY REDUCE RACIAL WEALTH GAP

CHICAGO, August 22, 2017 – [New research](#) released by Heartland Alliance's Social IMPACT Research Center indicate that a Universal Children's Savings Account (CSA) program can help families save for college and may significantly reduce the racial wealth gap in Illinois. CSA programs are designed to open accounts for children at birth to save for post-secondary education. Expanding access to higher education is critical: it is expected that, by 2020, 65 percent of jobs in the U.S. will require post-secondary education, while white people are 1.7 to 2.6 times more likely to complete a four-year degree than black and Latino people.

The report, [Building Brighter Futures: Children's Savings Accounts in Illinois](#), examines the state's 529 college savings program, Bright Start, and finds that it is underutilized by those who could benefit most. Strengthening Bright Start by creating a universal CSA program—a 529 savings account for every child—would have a powerful impact on Illinois's children by dramatically increasing access to higher education. CSAs also support early childhood development, increased college completion rates, strengthen families' financial capability, and have a long-term impact on the state's economy.

“Our new research finds that there's work to be done to expand access to higher education savings—particularly for low-income people and people of color,” says Katie Buitrago, report author and director of the Social IMPACT Research Center at Heartland Alliance. “Making saving easier for groups who have been historically marginalized could significantly reduce the racial wealth gap in Illinois.”

The report, which synthesizes data from focus groups and Bright Start account data from the Illinois State Treasurer's Office, found that:

- Bright Start, like other investment products, is disproportionately used by individuals who are white, educated, male, suburban, middle aged, and earning higher incomes. **Black people, Latinos, lower-income families, and women are underrepresented in the Bright Start program.**
 - White people comprise 88 percent of Bright Start savers, while Asians make up 8 percent of savers and black people and Latinos each make up about 2 percent of savers.
 - Only 4 percent of Bright Start savers make under \$30,000 per year.
- **A CSA program could have a profound effect on the racial wealth gap in Illinois—the gap in assets between white households and households of color.** Depending on funding and participation, these accounts could reduce the racial wealth gap for young adults by as much as one-third while raising the wealth levels of all racial groups.
- **Illinoisans of color and low-income Illinoisans face significant barriers to saving for higher education,** including competing savings pressures, life expenses and debt repayment, gaps in financial education, and mistrust of financial institutions.

Since taking office Treasurer Michael Frerichs has taken steps to expand the usage of Bright Start by people of color, women, and working families. Now is the time for Illinois to expand the program and provide a 529 account for all children at birth.

“One of the main reasons I ran for Treasurer was to expand savings opportunities for women, minorities, and working families,” Treasurer Frerichs said. “This report highlights the need for financial institutions and governments to step up to provide more resources for non-traditional savers.”

[Building Brighter Futures](#) provides a number of federal and state policy recommendations that would make a CSA program a reality for Illinois families and remove savings barriers faced by low-income families, including:

- State legislation to create a **scalable statewide structure** that expands the Bright Start Program to provide a 529 college savings account for all children born in Illinois. Phase in such a universal children’s savings accounts **first at the community level**, with the goal of implementing it statewide for every child.
- Communities should incorporate key features to **ensure program sustainability and high participation**, including creative engagement of youth and families, diverse and committed local leadership, and more.
- Federal tax benefits should be expanded to include a **refundable tax credit** for low- and moderate-income families that save for college.
- The federal government should also consider a “savers bonus,” which would allow low- and moderate-income taxpayers to **deposit their tax refund into a savings account** and receive a one-to-one dollar match each year.

“Illinois has an opportunity to build upon the Bright Start program to invest in the futures of our children and support their dreams of pursuing post-secondary education,” says Jody Blaylock, Senior Policy Associate for Financial Empowerment Policy at Heartland Alliance. “It is time to make Children’s Savings Accounts a reality in Illinois.”

About us

Heartland Alliance, one of the world’s leading anti-poverty organizations, works in communities in the U.S. and abroad to serve people experiencing homelessness, living in poverty, or seeking safety. We believe everyone in society benefits when people who experience disparities in safety, health, housing, education, economic opportunity, and justice are able to exit poverty, heal from trauma, and achieve stability; secure their rights; and shape policies that respond to their needs. For more information, visit www.heartlandalliance.org.

Heartland Alliance’s Social IMPACT Research Center conducts research that helps leaders create change and advance real-world solutions to poverty. Follow IMPACT on twitter at twitter.com/impactheartland. For more info, visit www.heartlandalliance.org/research/

The Illinois Asset Building Group (IABG) is a project of the Financial Empowerment Policy Unit at Heartland Alliance. It is a statewide coalition committed to expanding access to the tools families need to build financially secure futures.

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