

## College Savings Program

The Foundation for an Open America is in its initial stages of offering our successful college savings program to organizations and groups with college prep programs that serve low income communities. Over two years ago in Lynn, Massachusetts the Foundation created the La Vida Scholars (LVS) program. Latino parents were invited to save for their children's college education while La Vida matches their savings. Today almost fifty families are members of LVS and routinely make their deposits. Another pilot is underway at North Central Essential Charter School in Fitchburg, Massachusetts to create a savings program for 140 students who qualify for the federal lunch program and represent diverse cultural backgrounds.

The College Savings Program has key features that makes it attractive for its stakeholders.

- A savings goal that addresses unmet college expenses or provides extra resources that promote a fulfilling college experience;
- A family-centered approach that involves parents and children together to focus on a single goal of savings for higher education;
- A community model that promotes asset development by thinking outside of the box;
- A strategy to include diverse groups of stakeholders such as colleges and financial institutions to become partners of the program; and
- An opportunity for funders to have a greater impact with limited resources.

The savings program is designed to be led by parents with the assistance of a financial institution and program staff. This reduces undue burden on college prep program staff. The program must reinforce the organization's mission. Furthermore, it should attract new donors as they learn and respond to the self-help model which leverages their contributions.

We greatly appreciate your feedback. Please send your comments to Bob Hildreth at [r.hildreth@openamericafoundation.org](mailto:r.hildreth@openamericafoundation.org).

## Elements of the College Savings Program for Families

### Plan

Purpose: To engage low income families in a savings plan as part of a formal college prep program (CPP).

College Prep Program: Programs operated out of school and by community-based or faith-based organizations, or other community groups with valid nonprofit status that motivate and prepare middle and high school students for college.

Structure: Family contributions are matched by private and public grants and donations. A typical savings period lasts three years. All funds must be fully withdrawn for college-related expenses within five years of savings program inception. No penalties for program termination, however, families are returned only the amount they contribute. There is a savings fund for each child in the program even if the same family. There are limited restrictions on use of savings fund as agreed upon by the Advisory Board and per grant award guidelines.

### Families

Purpose: Deposit a fixed amount (approximately \$12-\$50) monthly into the educational savings fund as predetermined by the program.

Support: Create saving circles to promote and sustain a savings culture.

Assistance: Participate in fundraising to supplement savings, as well as share job networks to help adult and student savers stay employed.

Advisory Board: Serve on advisory board together with CPP staff to set and maintain policies including saving rules and withdrawal guidelines once students are in college.

### Matching Funds

Match: Provide a funding match ranging from 1:1 to 3:1 from the organization for each student's educational savings account.

Private Donors: Foundations and individuals with a mission to support education, community building, economic growth, or poverty reduction, especially for immigrants. It also includes fundraising activities of the agency such as a gala, breakfast, or street fair.

Public Grants: Federal and state funding that match private donations in the program to encourage low income savers. Such plans set rules on income eligibility, amounts, tenure, and structure.

### **Financial Institutions**

Institution: A community-focused institution interested in expanding deposits or obtaining Community Redevelopment Act (CRA) credits by offering services to low income clients.

Selection: LVS Advisory Board invites bids based on an institution's ability to provide:

- Favorable interest rates
- Financial education workshops
- Advice on savings instruments including 529 plans
- Convenience (e.g., automatic deduction, direct deposit, EBT, etc.)
- Customized statements that motivate savings
- Ancillary services (e.g., aid, jobs, event hosting)

### **Colleges**

Institution: One-, two- or four-year accredited programs providing post-secondary diplomas or technical certificates.

Strategy: Provide favorable terms for students, leveraging the attraction of a group of well-prepared, low income candidates with financial resources.

Partnerships: CPP to seek partnerships with colleges that offer

- Financial aid assistance such as scholarships
- College admissions 101 workshop
- Custom designed college site visit

