



Targeted Deposits in Pennsylvania's Keystone Scholars Child Development Account Program

Anne DeCecco, Julie Peachey, and Margaret M. Clancy

Child Development Accounts (CDAs) are one promising solution to begin to address the challenge of postsecondary education attendance and completion. CDAs are intended for *all children* but have the potential for the **largest impacts** among households of color, lower incomes, and lower parental education.

Pennsylvania became the first state to legislate a statewide, automatic CDA for all children at birth when the General Assembly passed the **Keystone Scholars** program into law in 2018. Beginning January 1, 2019, the program makes automatic \$100 initial deposits into the Keystone Scholars account of every baby born to Pennsylvania families—about 135,000 per year.¹ The funds are administered by the Pennsylvania Treasury Department and are held in an omnibus (or master) account within the Pennsylvania 529 College and Career Savings Program (PA 529) Guaranteed Savings Plan.² Surplus earnings in this plan fund the initial deposits. The funds can be used for higher education expenses when the child turns 18, up until age 29.³ The state encourages families to open their own PA 529 account and save.

This year, Pennsylvania achieved another first: an automatic targeted deposit within the Keystone Scholars program. The **Bright Future Booster** provides an additional, one-time \$50 deposit to accounts for babies born between January 1 and June 30, 2021, to mothers enrolled in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) at the time of their baby's birth.⁴ Now, with the development of the Keystone Scholars' Bright Future Booster, Pennsylvania has become the first statewide CDA program to pilot an automatic targeted deposit at scale, and to operationalize all 10 statewide policy **CDA design elements**.⁵

By targeting extra deposits and incentives to children from low-income families, **state CDA policy** can boost asset accumulation for financially vulnerable children. Making these additional deposits automatic ensures that all eligible children



Bright Future Booster postcard (courtesy of Pennsylvania Treasury Department).

receive them. Information transmitted by the Pennsylvania Department of Health to Pennsylvania Treasury indicates whether the mother receives the WIC benefit at the time of the child's birth. This indicator is key to identifying low-income children statewide in order to make the deposit automatic, as Pennsylvania Treasury does not have access to household income data.

Fifty dollars is just a start toward larger goals. The goals of this pilot are to demonstrate Pennsylvania Treasury's ability to offer the additional targeted deposits, to monitor their impact, and to build awareness of the Keystone Scholars program among low-income families. This new element of Keystone Scholars is designed to help narrow the gap between advantaged and disadvantaged children in the ability to pursue postsecondary education. In addition, it may incentivize mothers to enroll in the WIC Program before they give birth. The big picture goal is to **"grow the children and grow the country."**⁶





WIC program staff in the Pennsylvania Department of Health created the tagline “from nutrition education to college education” for social media communications on the Bright Future Booster (courtesy of Pennsylvania Treasury Department).

In an effort to raise awareness among eligible mothers about the Bright Future Booster, Pennsylvania Treasury has cultivated a strong partnership with the state’s WIC Program at the Pennsylvania Department of Health, as well as with the 24 local agencies that administer the WIC Program throughout the state and their affiliated advocate organizations.

Greater Than the Sum of Its Parts: The WIC-Keystone Scholars Milestone Program

Through the initiative and innovation of one of Pennsylvania’s local WIC agencies, [Adagio Health](#), Pennsylvania Treasury developed another targeted deposit program meant to incentivize WIC Program retention among children in the southwestern part of the state. Adagio Health is the WIC provider in five Pennsylvania counties, which account for about 4.6% of the state’s population. The WIC-Keystone Scholars Milestone Program provides an additional \$50 deposit into the Keystone Scholars accounts of children born throughout 2021 to mothers participating in WIC and served by Adagio. For each year the child remains enrolled in WIC until their fifth birthday, Pennsylvania Treasury will provide additional, increasing deposits into their Keystone Scholars accounts.⁷

Pennsylvania Treasury and Adagio Health are working closely to raise awareness of the program among eligible mothers. The program is an excellent example of a partnership that equals more than the sum of its parts; it aims to strengthen [financially vulnerable families](#) through the array of financial, social, and emotional benefits CDAs provide, and to encourage retention in a critical public health program.

Eligible children can receive up to an additional \$425 in targeted deposits to their Keystone Scholars accounts if they remain eligible for the WIC Program and stay enrolled in it through 5 years of age. Together with the universal \$100 initial deposit, that amounts to \$525 for higher education, and the sum will grow over time.

As the administrator of a large, state-run CDA program, Pennsylvania Treasury relies on trusted community-based

Milestone Program

A partnership between Adagio Health WIC, the Pennsylvania Treasury, and the Henry L. Hillman Foundation



In 2021, invest in your baby's health and education.

The Milestone Program is for families in Adagio Health’s WIC service area. Through the Milestone Program, pregnant moms or parents of a newborn who enroll in WIC in 2021 could receive **higher education savings deposits totaling up to \$525** by the time their child is 5 years old.

Here's how it works:

- Any pregnant mom or parent of a baby born in 2021 who is enrolled in WIC is eligible for the Milestone Program.
- For every year that your baby remains enrolled, an additional college savings deposit will be made into a 529 savings account for your child.
- Children who remain enrolled for up to five years could receive a total of \$525 in higher education savings deposits!

To enroll in the Milestone Program, please visit: pa529.com/keystone

Milestone Program postcard (courtesy of Pennsylvania Treasury Department and Adagio Health).



Image courtesy of the Pennsylvania Treasury Department.

Overview of Keystone Scholars Milestone Program Targeted Deposits

Milestone	Deposits		
Birth	\$100	\$50*	
1 Year		\$50	
2 Years		\$50	
3 Years		\$75	
4 Years		\$100	
5 Years		\$100	
Total	\$100	\$425	\$525

- ▶ Keystone Scholars makes an automatic \$100 deposit for all Pennsylvania newborns.
- ▶ Bright Future Booster provides \$50 for babies born between January and June 2021, to mothers enrolled in WIC at the time of child's birth.
- ▶ WIC agencies and partners support outreach efforts.
- ▶ Adagio Health offers their WIC participants up to \$425 in Milestone incentives for children born throughout 2021.
- ▶ Milestone incentives are available each year children remain enrolled in WIC, to age 5.

*All babies in the WIC Milestone Program through Adagio Health receive a \$50 deposit at birth, though they do not also receive the \$50 Bright Future Booster.

Partnership Roles for Community Organizations

- ▶ Encourage families to register their Keystone Scholars account.
- ▶ Help parents log in to their accounts online if needed.
- ▶ Encourage families to open a PA 529 account and save.
- ▶ Consider funding additional targeted deposits.

partners to educate families about Keystone Scholars. In fact, Treasury credits its locally based partner organizations with a large part of the program's success since the first days of the [pilot program](#). Partners—such as community-based nonprofits, health care providers, libraries, and early learning centers, among others—are uniquely positioned to carry the Keystone Scholars message and reassure families that the \$100 is a legitimate benefit provided to all Pennsylvania newborns. Treasury continues to expand its network of partners and to equip them with [printed and digital marketing materials](#) in both English and Spanish to inform families about the program. Treasury also trains organizations on how to help families register their Keystone Scholars account online.⁸ Partners can go a step further to encourage families to open a PA 529, link it to their Keystone Scholars account, and save with deposits as small as \$1.⁹ In addition, Pennsylvania Treasury continually seeks out donor “Champions,” like Adagio Health and the Henry L. Hillman Foundation, that want to give back to their communities by funding additional targeted deposits into the accounts of their area's children.¹⁰ This [combined policy model](#) provides efficient and sustainable services to build assets for all children, especially financially vulnerable ones.

Conclusion

A “booster” deposit to the Keystone Scholars program has been envisioned [since the program's beginning](#). The law authorizing the Keystone Scholars program provides for additional deposits to be made into Keystone Scholars accounts but stops short of authorizing a specific funding stream. In time, Pennsylvania Treasury hopes to use results from the Bright Future Booster pilot to make the case for permanent, targeted deposits for low-income families. Sustainable funding would ideally come from surplus earnings from the PA 529 Guaranteed Savings Plan, similar to the funding stream for the initial Keystone deposits.

Additionally, Pennsylvania Treasury plans to engage more partner organizations like Adagio Health and the Henry L.

Hillman Foundation to help the children in their communities build even more assets for the future.

The Bright Future Booster and Milestone deposits represent important steps in expanding the Keystone Scholars program, addressing existing inequities, and building wealth among Pennsylvania's most disadvantaged families. Pennsylvania Treasury and the PA 529 make this CDA policy innovation possible through strong partnerships with the Pennsylvania Department of Health and numerous, engaged and committed community organizations.

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Notes

- ¹ With about 135,000 births per year, Pennsylvania had funded nearly 330,000 Keystone Scholars accounts by October 30, 2021.
- ² Each child's Keystone Scholars account is held in a unique subaccount within the omnibus account.
- ³ Keystone Scholars program deposits and their earnings can be used on qualified expenses at any type of postsecondary institution that qualifies for federal aid, both in and outside of Pennsylvania. Such institutions include most 2- and 4-year colleges, vocational schools, and apprenticeship programs.
- ⁴ Like the rest of the Keystone Scholars program, the Bright Future Booster uses no taxpayer money. Philanthropic

donations from the Heinz Endowments, the Henry L. Hillman Foundation, the Richard King Mellon Foundation, and the Neubauer Family Foundation fund these targeted deposits.

⁵ The Center for Social Development’s [SEED for Oklahoma Kids](#) research and policy experiment has implemented an automatic targeted deposit among treatment participants. Some local-level CDA programs have also included such deposits.

⁶ Sherraden, M., & Clancy, M. M. (2021). Transforming 529 college savings plans: Grow assets for everyone, grow the country. In R. Boshara & I. Rademacher (Eds.), *The Future of Building Wealth: Brief Essays on the Best Ideas to Build Wealth—for Everyone* (pp. 251–257). Federal Reserve Bank of St. Louis and the Aspen Institute.

⁷ Funding for the deposits is made possible by a grant from the Henry L. Hillman Foundation.

⁸ Pennsylvania Treasury encourages families to register their Keystone Scholars account online to view their funds and watch the assets grow over time. Registration is a key measure of family engagement, because if families do not know about their account, they cannot reap the benefits associated with CDAs. In addition, when families register their account, they are asked to provide an email address, which gives Treasury a cost-efficient way to continue to communicate with families along their savings journey.

⁹ As of September 30, 2021, there is no minimum amount required to open or contribute to a PA 529. Previously, this minimum was \$10.

¹⁰ Prospective donors can learn more by visiting <https://www.pa529.com/keystone/pdf/KS-Champion-Flyer.pdf> and contacting adececco@patreasury.gov.

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