

With two months left in Pennsylvania Treasury’s pilot demonstration program that provides seed funding for postsecondary education in six counties, the preliminary results are in:

**Treasury’s Keystone Scholars pilot has doubled Pennsylvania 529 College and Career Savings Account openings in the first year of life.**

In 2018, Pennsylvania Treasurer Joe Torsella launched the Keystone Scholars pilot demonstration project in Delaware, Elk, Indiana, Luzerne, Mifflin, and Westmoreland counties with generous support from the Neubauer Family Foundation, Henry L. Hillman Foundation, Richard King Mellon Foundation, the Heinz Endowments, and PHEAA. As of January 1, 2018, all babies born or children adopted who are residents of those counties became eligible for a \$100 seed deposit in a Keystone Scholars account established for their postsecondary education. Families have until their child’s first birthday to claim the funds.<sup>1</sup> By October 2019, with still two months to go, more than 18% of eligible families had claimed.<sup>2</sup> Figure 1 to the right describes the claim rate by county and overall.

<sup>1</sup> Families could claim their Keystone Scholars account by going to the Keystone Scholars website, entering a unique claim code, and creating an account.

<sup>2</sup> As a point of comparison, in Maine the claim rate for an opt-in Child Development Account with a \$500 seed was 15.5% after its first year.

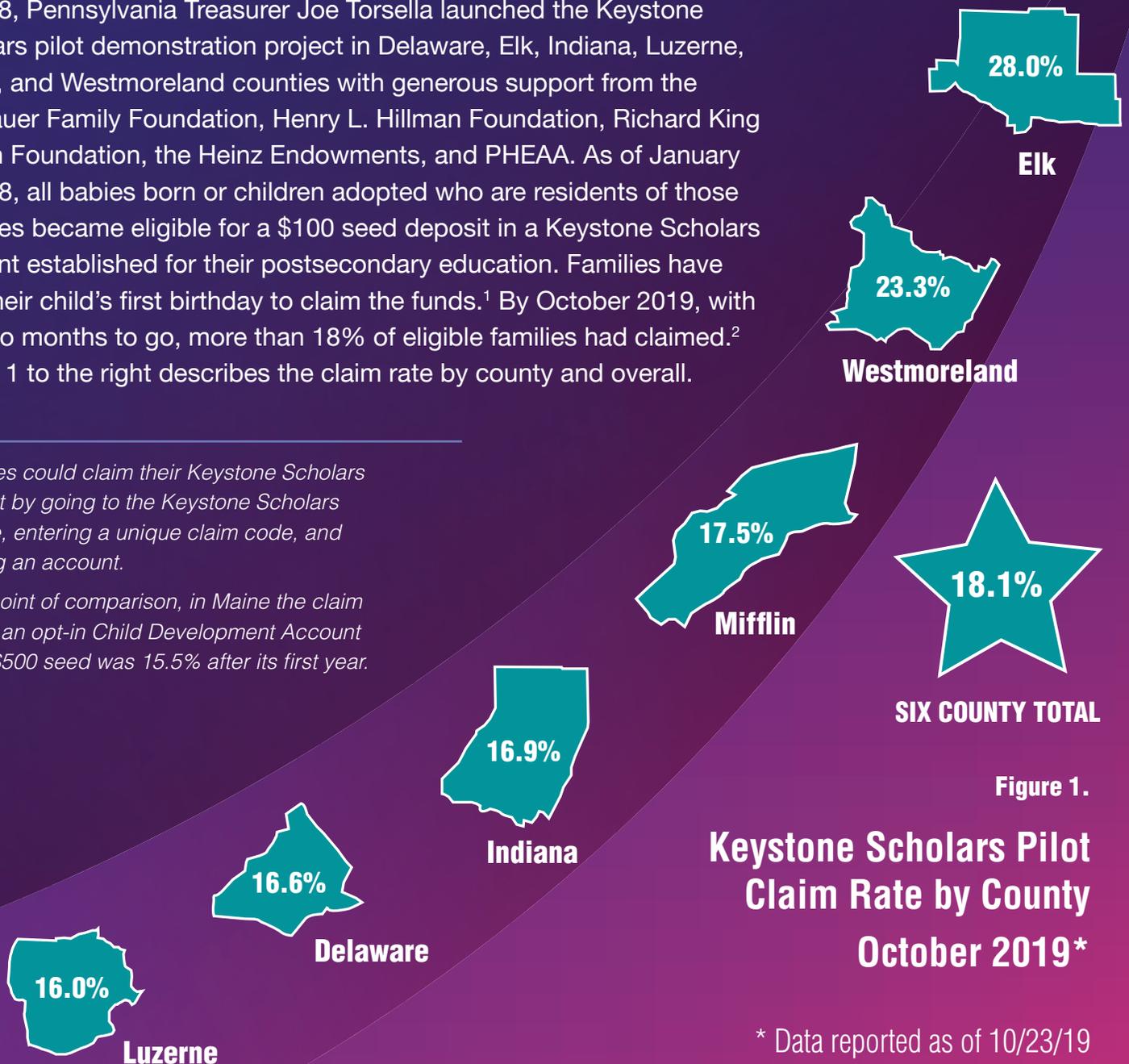


Figure 1.  
**Keystone Scholars Pilot Claim Rate by County October 2019\***

\* Data reported as of 10/23/19

Research shows that children with a savings account dedicated for their future education—even if it has less than \$500 in it—are more than three times as likely to enroll in postsecondary school and four times as likely to graduate than children who do not have one.<sup>3</sup> The Keystone Scholars pilot demonstration project was designed to test implementation of this type of policy with the goal of making it a statewide, universal, opt-out program, in keeping with best practices identified by experts in the Child Development Account field.<sup>4</sup> Thanks to state legislation passed in 2018, that goal has been reached, with every baby born or child adopted by Pennsylvania residents now receiving a Keystone Scholars account as of January 2019, unless their families opt out. Meanwhile, the pilot demonstration project is nearing its end, and so far the results are remarkable.

Pennsylvania Treasury has worked with Dr. Robert Nathenson, a senior researcher at the American Institutes for Research, and researchers at the University of Pennsylvania’s Consortium for Policy Research in Education, to study the pilot and evaluate the impact it has had on recipient families. In September 2019, Nathenson found that overall, families in pilot counties were twice as likely to open a Pennsylvania 529 College and Career Savings Account (PA 529) as families in non-pilot counties within the first year of their child’s life.<sup>5</sup> This means that the \$100 incentive was successful in motivating Pennsylvania families to take the next step to begin actively saving for their children’s future education. The doubling of account openings among pilot families is a statistically significant finding that is attributable to receiving the \$100 incentive and related outreach efforts from Pennsylvania Treasury. The impact was visible across the board; as Figure 2 below shows, in every pilot county the proportion of PA 529 account openings within a child’s first year of life increased.

***The odds of opening an account increased the most in the more rural counties, which had lower proportions of families saving prior to the launch of the pilot.***

Part of this is attributable to the strong work of Treasury’s community partners highlighting how PA 529 accounts can be used for any postsecondary schooling, including career and technical education, vocational training, and both 2 and 4-year college.

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3 William Elliott, Hyun-a Song and Ilsung Nam. (2013). “Small Dollar Children’s Savings Accounts, Income and College Outcomes” St. Louis, MO: Center for Social Development, Washington University in St. Louis.  
<https://csd.wustl.edu/publications/documents/wp13-06.pdf>

4 Sherraden, M., Clancy, M., & Beverly, S. (2018). “Taking Child Development Accounts to Scale: Ten Key Policy Design Elements” (CSD Policy Brief No. 18-08). St. Louis, MO: Washington University, Center for Social Development.  
<https://csd.wustl.edu/18-08/>

5 Based on a multivariate empirical model specification comparing pilot counties to non-pilot counties during the pilot period (2018) to earlier years (2014-2017).

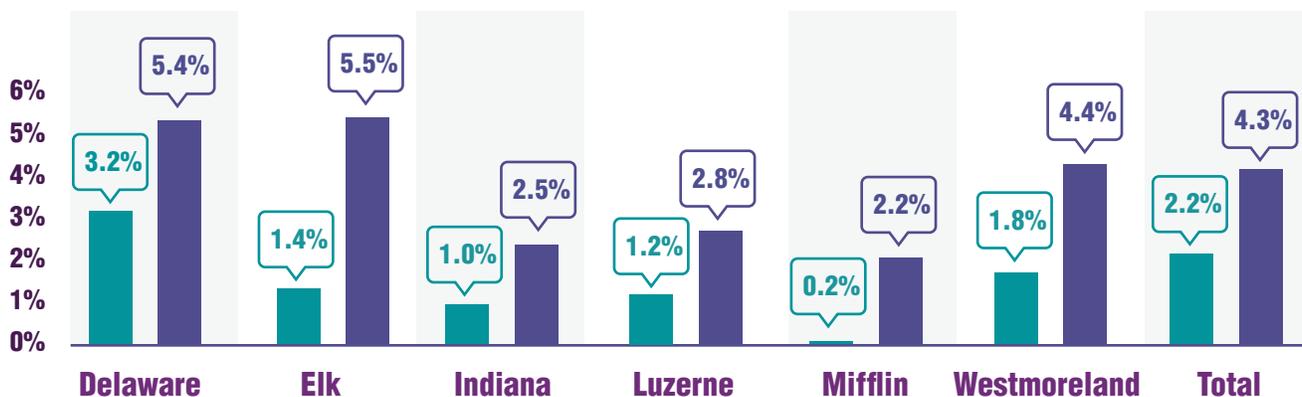
***In addition to doubling families' PA 529 participation rate, the pilot also increased the socioeconomic diversity of Pennsylvania 529 account holders.***

Families who claimed the \$100 incentive and families that went on to open a new 529 account were from more diverse socioeconomic backgrounds than the existing PA 529 account-owning population. For example, the pilot was successful in encouraging increased 529 account ownership among low-income Pennsylvania mothers.

PA 529 ownership also increased after the pilot across a wide range of families, including for all racial and ethnic groups, across varying levels of parental education, and for different levels of income. As the program expands, PA Treasury aims to incentivize all Pennsylvanians to save, inclusive of all race/ethnicities, income statuses, and education levels.

**Figure 2.**

**Percent of Families Opening a PA 529 Account in First Year of Child's Life, by County June 2019\***



\* Data reported as of June 30, 2019

■ 2014-2017 ■ 2018

Behind the scenes, staff at Pennsylvania Treasury have worked to raise awareness about the Keystone Scholars pilot, including conducting outreach to local governments, health systems, state-wide associations, and community organizations.<sup>6</sup> The results of the pilot, as well as results from other states, show that program participation increases over time as information about the program disseminates and becomes more familiar to the population. As the opt-in pilot comes to a close, and the statewide universal opt-out program gets underway, Treasury is continuing to conduct outreach and build partnerships with these entities and others to raise awareness among all Pennsylvania families of their Keystone accounts and especially to encourage all to save—no matter what amount—for their children's future.

<sup>6</sup> Our group of dedicated partners is continually growing. Please see [www.pa529.com/keystone/](http://www.pa529.com/keystone/) for a current list of pilot partners.