



Please Vote Yes on HB 16-1196: Child Savings Accounts

Reps. Pettersen & Rankin/Sen. Johnston

THE ISSUE

In just 4 years, three-quarters of all Colorado jobs will require some form of education or training beyond high school. But currently **only a fraction (just 22%) of Colorado students are able to fulfill these requirements.**

Over 45% low-income high school students who have plans to go to postsecondary education upon graduation do not actually enroll due to the financial constraints.

Existing public funding streams to support postsecondary education affordability are being stretched and fail to cover the costs of postsecondary attendance for low-income children. Without parents of low-income children beginning to save and plan early, there will remain large gaps between children's aspirations and college affordability.

CONTEXT FOR THIS POLICY

HB 1196 would establish a pilot of Child Savings Accounts in Colorado. This program would leverage private investments and financial literacy programs to incentive the parents of up to 2,000 preschoolers to establish and invest in postsecondary education savings for their children.

Just over 1/3rd of all Colorado residents 25 and older have a bachelor's degree or higher (with a good number of those who hold degrees having migrated from out of state) and **only 1 in 6 Coloradans in poverty have a bachelor's degree.** Child Savings Accounts help close the gap between what the future workplace needs and the barriers that low-income families face in meeting those needs.

THE OPPORTUNITY

Child Savings Accounts work:

- The SEED Initiative resulted in a significant increase in families' contributions to their children's college savings
- Additional efforts in Nevada, New Mexico, San Francisco, Iowa and Mississippi are supporting parents' financial literacy and incentivizing families to invest in their children's futures.

Research shows that low- and moderate-income children with even just five hundred dollars (or less) in savings are

- More likely to get better grades and graduate from high school
- Three times more likely to enroll in college than children with no savings and
- Four times more likely to graduate college