

\$50 per kid: State to launch savings program in Worcester

By Scott O'Connell

WORCESTER – How much of a difference can a bank account with \$50 make in the lives of Worcester kindergartners? The state treasurer is betting it will help a generation of students go to college one day.

Treasurer Deborah B. Goldberg, flanked by local elected officials and other Worcester leaders, announced the initiative, dubbed “SeedMA,” at Jacob Hiatt Magnet School on Monday morning. While she envisions the program eventually being implemented statewide, the pilot will launch next school year in Worcester.

Touting it as a tax dollar-free approach to boosting college attendance rates in the state, Ms. Goldberg said her office will seek assistance from charity foundations and other private donors to run the program. Santander Bank gave \$50,000 for the first year.

The basic component of the initiative is the college savings account SeedMA intends to help set up for the families of every kindergartner in the district, into which it will deposit the first \$50. The program will also provide financial education to help students and their parents better understand basics like budgeting and saving money, banking, and even planning for retirement, according to Ms. Goldberg.

“This is all adding a lifetime of benefit – it’s the unique value of the college savings account,” she said.

While the amount of money families will receive is negligible relative to the overall cost of a college education, Ms. Goldberg and other experts cited statistics showing that students are seven times more likely to attend college simply by having a savings account.

“Just having an account like this means there’s a discussion going on in the family” about investing for college, said Richard Doherty, president of the Association for Independent Colleges and Universities in Massachusetts, who supported Ms. Goldberg’s plan. “It’s about more than just the money in the bank.”

Even just a little investment can nudge a student toward a college education, said Mark Bilotta, founder of college financial rating website www.collegevalue.info and board president of Massachusetts Education and Career Opportunities, Inc. He cited research done by the Assets and Education Initiative at the University of Kansas School of Social Welfare in 2013 that found low- to moderate-income students with up to \$500 saved for college are three times more likely to enroll than peers with no savings.

“It’s less about the dollar figure and more about changing the tone in more homes from ‘if you go to college to ‘when’ you go to college,” he said. “The (college savings account) at this early age does just that.”

Ms. Goldberg’s path to increasing college matriculation is not without a few obstacles, however. One of the reasons she decided to announce the program so far ahead of next school year, for instance, is that it will take time to publicize it to parents. She is also still looking for other donors to help fund the program, which she said will not be paid for with public money.

Thomas Graff, executive director of the Massachusetts Educational Financing Authority, which is also supporting the initiative, said it will be necessary to encourage families to contribute to the accounts, even if the contributions are small.

"You've got to keep saying it and saying it and showing them and doing it," he said at the Worcester Regional Chamber of Commerce, where Ms. Goldberg met with local business and educational representatives to continue touting the program after the initial program at Jacob Hiatt Magnet School.

Ms. Goldberg expects Worcester to be a strong partner in the effort, saying that when her Office of Economic Empowerment was developing the \$eedMA idea over the past 10 months, “it became clearer and clearer which community and which community partners would be the best to work with.” According to a program description provided by the treasurer’s office, Worcester was specifically chosen for its large and diverse population, extensive network of community groups and organizations, and numerous colleges.

“It is critical this pilot be successful,” Ms. Goldberg said. “But I know it will be.”

For more information about the program, visit <http://mass.gov/treasury/SeedMA>.