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UNIVERSITY OF WISCONSIN–MADISON

Policy Brief

Prepared for: UW-Madison Division of Extension

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Key Question

What are the net benefits of a universal child savings accounts program in Wisconsin?

Highlights

- Our findings suggest that CSAs are likely to have substantial positive net benefits for the State and for each Wisconsin county.
- At the statewide level, we find positive net benefits in over 96 percent of our simulations.
- At the county level, we find that on average, all counties have positive mean per-capita present value net benefits - ranging from $110 in Bayfield to $1,640 in Pepin.

The full report is available at https://lafollette.wisc.edu/category/research/cba-reports/

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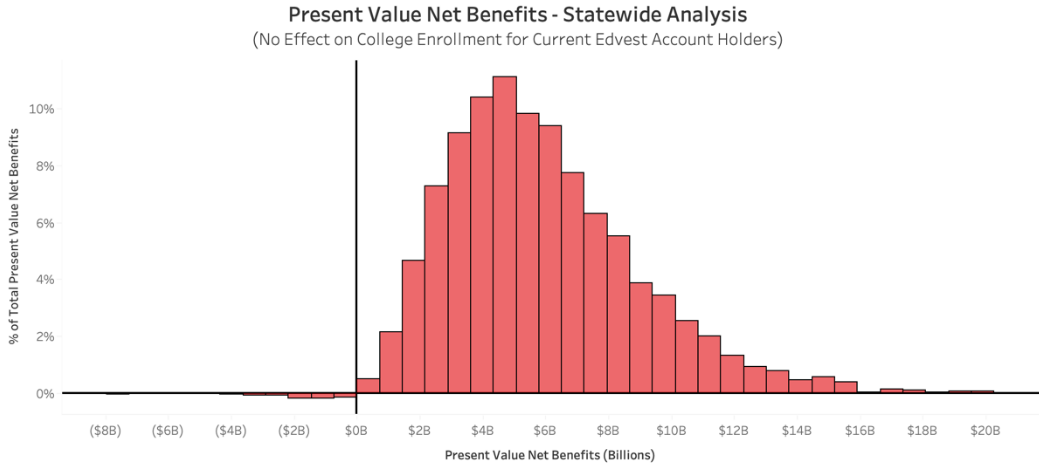
Spring 2023

Child Savings Accounts in Wisconsin: A Cost Benefit Analysis

Child Savings Accounts (CSAs) are intended to help children, from birth to age 18 - especially among low-income populations - build savings for postsecondary education. In the past decade, CSA initiatives have gained strong momentum in states and localities across the United States - in fact, more than 4.9 million children had CSAs at the close of 2022 - a 300% increase from 2021. These programs have become particularly attractive to policymakers concerned about the future workforce, wealth disparities, and disparities in access to higher education. While CSAs have initially been implemented at regional or local levels, those programs have begun providing preliminary data that highlights the potential benefits of broader programs. We conducted a cost-benefit analysis (CBA) for the University of Wisconsin-Madison Division of Extension assessing the long-term costs and benefits of investment in universal child savings accounts for Wisconsin residents.

Statewide Analysis

We find positive net benefits in over 96 percent of our simulations, with a mean present value of net benefits of $4.04 billion - or $224 million per cohort - for the first 18 cohorts, with a range of -$7.76 billion to $19.9 billion.



County-Level Analysis

We find that every county had positive mean per-capita present value net benefits. Counties with the highest mean per-capita net benefits are Pepin at $1,640; Lafayette at $1,550; Trempealeau at $1,540; Clark at $1,410; and Marathon at $1,370. Features of counties with higher net benefits (comparatively) include having more births (younger counties), a larger share of the population that does not currently have an Edvest account, and high baseline college enrollment levels.

Recommendations

- Track data from existing local programs like Fund My Future Milwaukee to evaluate and communicate impact.
- Include child savings accounts as a potential policy intervention in conversations around wealth inequality and access to higher education.
- Look into opportunities for public-private partnerships – could be attractive to those concerned about how to fund CSA programs.
- Must be willing to accept upfront costs and delayed benefits (i.e. account given at birth but benefits manifest at age 18).