



Considerations for selecting a funder and custodian for Children's Savings Accounts

The account custodian and the funder for Children's Savings Accounts (CSAs) can be the same entity, although as will be stated below it is often a good approach to have multiple funding sources for CSAs. According to the Investing in Dreams toolkit, "the most important characteristics of the organization fulfilling the account custodian role is that it is well-known and trusted in the communities served by the CSA program and has the sustainability and commitment to hold the accounts until participants are ready to use their account funds. A wide range of organizations can be suited to this role, such as local or state governments, nonprofits, educational institutions, or foundations."

Funding for CSAs can come from one or a combination of these four sources:

- Public sector
- Philanthropy
- Corporate sector
- Individuals

Considerations for each of the four funding sources include:

Public sector: Almost all existing large-scale CSA programs in the U.S. rely on public sector funding for initial deposits and underwriting operations. Most publicly-funded CSAs receive those funds through legislative appropriations, but civil servants in some locations have come up with innovative mechanisms. The St. Louis College Kids program, for example, is being funded through parking fees. A downside to public funding is that changes in leadership can shift funding priorities. Working from the start to cultivate bipartisan support for CSAs can help prevent changes in funding down the line.

Philanthropy: Foundations can be good sources of startup funds and operating support for CSAs. According to the Investing in Dreams toolkit, "foundations that fund asset-building projects are a

clear first target for fundraising efforts." Scholarship funders are also a good source to target from the philanthropic sector.

Corporate sector: Corporations typically fund matching incentives for CSAs. They are often motivated to meet obligations around corporate social responsibility (CSR). Corporations are generally most interested in partnering with causes that will allow their brand more exposure to potential customers, so a good approach could be holding matching-gift campaigns with employees.

Individuals: Individual donors are often motivated to support the educational dreams and goals of children in their communities. According to Investing in Dreams, "there are a number of ways to engage individual donors, such as with fundraising events, online campaigns, membership programs with monthly giving options, and volunteerism."

Creating a pool of funding sources for a CSA can help ensure its sustainability. San Francisco's Kindergarten to College program, for example, relies on public funding for initial deposits and administrative costs while funding incentives and matching deposits through a combination of philanthropic, corporate, and individual contributions.