SEED
UNIVERSAL POLICY MODEL
AND RESEARCH

REQUEST FOR PROPOSAL

April 26, 2005
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PURPOSE AND INTRODUCTION

With support from philanthropic foundations, a group of national partners is undertaking an intensive multi-year initiative known as SEED (see Appendix B for a description of SEED). SEED will test the efficacy and inform policy for a national system of asset-building accounts for children and youth. As part of SEED, the Center for Social Development (CSD) at Washington University is issuing this Request for Proposal (RFP) to contract with one state to partner with us in designing and implementing an inclusive and progressive Children's Savings Account initiative, known as the SEED Universal Policy Model and Research, or “Universal Model.”


CSD will lead the implementation and management of the Universal Model, assisted by SEED national partners, CFED, the University of Kansas School of Social Welfare (KU), the New America Foundation (NAF), and the Initiative for Financial Security of the Aspen Institute (IFS).

The Universal Model will use a state’s 529 college savings plan as a structure to test this policy initiative. The selected state will benefit from participation in the Universal Model through deposits of up to $2 million into state-resident 529 savings plan accounts and research identifying facilitators and barriers to saving in the state’s 529 savings plan. Detailed information will be available regarding the perceptions of families related to saving and asset accumulation, and their experiences in the plan. The Universal Model and the state’s 529 savings plan will be highlighted in policy communication to the general public and to other states, and the initiative will be used to inform policy development related to 529 savings plans and children’s savings accounts.

A universal, progressive CSA has been a longstanding goal at CSD (see Appendix A). From the beginning of planning for SEED, CSD has seen the potential of 529 college savings plans. We are interested in characteristics of 529s—especially centralized accounting, low deposit minimums, and matching provisions—that can become building blocks for an inclusive children’s savings account (CSA) policy. With the support of the Ford Foundation, CSD has undertaken research on inclusion in 529 plans, and published a series of studies and analyses. This background work has contributed to this initiative to model and study a universal CSA.

The Universal Model is a key addition to SEED because it will be a scalable model for a universal, progressive account. We seek to ask whether a universal, progressive children’s account can be implemented successfully. The policy model will be centralized, simple, and efficient. The project will (1) use an existing policy structure, (2) at random give accounts to infants, and (3) track their families plus families of controls over the project period. This project seeks to implement and study thoroughly a demonstration of CSAs that is scalable in the form that it is demonstrated. The Universal Model will build on existing policy structures that can potentially be rolled out to all children in America.
OVERVIEW OF SEED AND THE SEED UNIVERSAL POLICY MODEL AND RESEARCH

SEED POLICY, PRACTICE, AND RESEARCH INITIATIVE

SEED accounts are long-term savings and investment accounts established as early as birth and allowed to grow over the course of a lifetime. They are “seeded” with an initial deposit; nurtured and grown with deposits from family, friends, and accountholders themselves; and augmented by other public and private sources.

The SEED initiative (see Appendix B) works currently with twelve non-profit community partners to establish and study accounts for low- and moderate-income children and youth across the country and in Puerto Rico. The first full year of operation for SEED community partners was 2004, and the initiative is proposed to end in 2012.

One of the SEED community partners is a large site serving preschoolers in Head Start centers in the Pontiac, Michigan area. This SEED partner uses the Michigan Education Savings Plan (MESP) for the participant and matching accounts. The other community partners explore varying account structures across a range of ages and demographic, geographic, and organizational contexts.

SEED UNIVERSAL POLICY MODEL AND RESEARCH

In a state selected through competitive grant proposals, CSD plans to:

1. Use an existing policy structure (the state’s 529 savings plan)
2. Deposit up to $1,000 into state-owned accounts of 1,000 state-resident infants selected at random (with expanded subsamples of African Americans, American Indians, and Hispanics)
3. Make matching deposits averaging up to $250 each year over four years, for children from families below a certain income level.
4. Track treatment group families plus families of 1,000 controls over multiple years

This proposal is for a single state partner to participate in a four-year (2006 to 2009) or seven-year (2006 to 2012) policy and research initiative modeling universal children’s saving accounts. The Universal Model will use a state’s 529 savings plan as a structure to test this policy initiative (Table 1). This randomized experiment will include 1,000 infants with accounts and 1,000 controls without accounts.

| Table 1: SEED Universal Model Proposed 529 Savings Plan Account Structure |
|-------------------------------------------------|----------------|----------------|----------------|
| Account Ownership                               | Deposits       | Withdrawals    | Investment Options |
| State owned                                     | SEED initial and matching | None during SEED | State’s decision |
| Participant owned                               | Family         | Per the state’s 529 plan | Per the state’s 529 plan |

CSD expects to partner with the state office responsible for the 529 savings plan and its 529 savings plan administrator in several ways. Following is a description of the proposed 529 savings plan account structure and the responsibilities for the state partner.

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1 A final decision about the length of the study and the number of interviews has not yet been made. Two research design alternatives are mentioned in this RFP: four years with interviews at two points in time or seven years with interviews at three points in time.
State-owned account. The selected state will accept SEED initial and matching deposits into a state-owned account invested in a fund or funds determined by the state and its 529 savings plan administrator. Once the state is selected, discussions will occur between CSD and the state regarding the process to explain to the randomly-selected families the nature of the SEED initiative, the SEED Universal Model initial deposit and matching features, their options for investment, the informed consent to participate in the research, etc. Participants will also be given typical state 529 savings plan materials.

Participant-owned account. At each family’s discretion, they may open a separate 529 savings plan account for the randomly selected infant. For families below a certain income level, deposits into this participant-owned account will be matched with funds from the SEED Universal Model. Matching funds will be deposited into the same state-owned account as the initial deposit. The state’s 529 savings plan typical statement will be sent to beneficiaries for the state-owned accounts and to account owners and beneficiaries for any participant-owned accounts.

The state will calculate the matching funds due participants based on savings data provided by its 529 savings plan administrator (Appendix C). In collaboration with CSD and the 529 savings plan administrator, the state will determine an efficient process for calculating the match and depositing the match funds into the state-owned account.

Within the context of the Universal Model in SEED, deposits are expected to be matched for children from families below a certain income level. The state should develop and articulate possible approaches for an income-tested match. For example, some states will be able to use exact household income amounts in calculating progressive matches for SEED participant deposits because they can arrange to receive this information for their use from the state taxing authority. The expectation is that the state selected for the Universal Model will use income testing in some manner to assure a progressive system of matching deposits.

State-owned accounts should be held separately well beyond the life of this initiative for use by beneficiaries. No withdrawals will be allowed from the state-owned account during the SEED initiative. States may recommend a policy for forfeiture of funds held in state-owned accounts unused beyond a specific advanced age of the beneficiary. It is desirable for any unused funds to be targeted to low-income 529 savings plan participants in the future. Forfeiture policies will be reviewed by the funders supporting the Universal Model to ensure that they conform to guidelines for use of foundation resources.

It will be necessary to disclose certain records of the 529 savings plan (see Appendix C) to CSD approximately two weeks after each calendar quarter from the opening of the accounts, through 2009 or 2012. CSD plans to sign confidentiality agreements with the state and the 529 savings plan administrator prior to any transmission of files. CSD agrees to treat all records as confidential and will use the records only for the purpose of conducting this research. We will do everything possible to protect the confidentiality of study participants, and participant identities will not be revealed in any publication that may result from this study. Upon completion of the data analysis and reporting, all files containing identifying information will be destroyed.

This research is designed to answer the following research questions using account monitoring, survey methods, and in-depth interviews in a single state:

1. What are the patterns of participation in SEED?
2. How much is saved in SEED?
3. What factors facilitate saving, and what factors are barriers to saving?
4. What is the impact of SEED on saving for children?
5. What are the impacts of SEED on parents’ expectations and behaviors regarding children’s education and life chances?
6. What are the impacts of SEED on children’s cognitive, emotional, and social development, and their attitudes and behaviors regarding education?

Research methods. The SEED Universal Model will have three research methods: survey, account monitoring, and in-depth interviews.

Survey. This research will involve interviews at two or three points in time with approximately 1,000 parents of infants with SEED Universal Model accounts and 1,000 parents of comparison group infants. The interviews will average approximately 50 minutes and be conducted in 2006, 2009, and possibly 2012. After state confidentiality agreements and procedures are satisfied, CSD will require the release of birth record data, addresses, and phone numbers. Computer-assisted telephone interviews will be used to collect survey data by a survey research firm (to be selected). The first wave of interviews, conducted in English and Spanish, will begin with parents as soon as their informed consent for participation in research has been obtained. The survey research firm will ensure that survey participation is as convenient as possible. For example, the research firm will extensively staff a toll-free number so that parents may call in to complete the interview. Participants and control families will be offered financial incentives from SEED for responding to interviews.

Account monitoring. The overall purpose of the account monitoring research by CSD is to study the savings of SEED Universal Model participant families. Savings data from state-owned accounts and participant-owned accounts will be sent to CSD directly from the state or the state’s 529 savings plan administrator (Appendix C). Data from this study will be linked with data from other Universal Model studies for more advanced analyses.

In-depth interview. This qualitative study by CSD and KU will provide detailed information regarding the perceptions of families related to saving and asset accumulation, and their experiences in the Universal Model initiative. A subsample of 60 SEED participants and control families will be interviewed in person in approximately 2009.

Communications and policy development. The state selected to be a partner in the SEED Universal Model should be open to sharing the experience with the general public through the media when asked, and to using the experience to inform policy development related to 529 savings plans and children’s savings accounts within the state, in other states, and at the federal level. Along with CSD, SEED national partners CFED and NAF will be available to assist the selected state in communication and policy.
SCOPE OF WORK AND MINIMUM REQUIREMENTS

SCOPE OF WORK

The SEED Universal Model initiative will provide the selected state with:

- Funds to deposit up to $1,000 into state-owned accounts of 1,000 state-resident infants selected at random (with expanded subsamples of African Americans, American Indians, and Hispanics)
- Matching deposits averaging up to $250 per year for 4 years, based on contributions made in participant-owned accounts (at each family’s discretion, they may open a 529 savings plan account for the randomly-selected infant) for children in families below a certain income level
- Research reports prepared by CSD and KU tracking the 1,000 families, plus families of 1,000 controls\(^2\) over multiple years
- Draft letters to participants and controls, confidentiality agreements, informed consents for participation in research, and other necessary documents
- Partnership in obtaining assurance of informed consent for participation in research with plan participants and confidentiality relating to all state and savings plan administrator program records
- Administrative funds up to $210,000 distributed over four years, or up to $385,000 distributed over seven years (approximately $50,000 - $60,000 per year)\(^3\)

The selected state will be asked to:

- Accept SEED initial and matching deposits into a state-owned account, invested in a fund or funds determined by the state and its 529 savings plan administrator\(^4\)
- Contribute to the design prior to implementation of the Universal Model initiative through planning meetings with CSD and the survey research firm
- Provide birth record data and consult on drawing a random sample from the infant population
- Review and approve CSD’s draft letters to randomly-selected participants and controls, confidentiality agreements, informed consents for participation in research, and other documents
- Provide typical 529 savings plan statements to beneficiaries for the state-owned accounts and to account owners and beneficiaries for any participant-owned accounts
- Release certain records (see Appendix C) from the state’s 529 savings plan administrator to CSD approximately two weeks after each calendar quarter through December 2009 or 2012

\(^2\) Controls will not receive a state-owned 529 savings account but will participate in the Universal Model research.
\(^3\) A budget will be required from the selected state at a future date.
\(^4\) Responses to this RFP should be submitted by the state, with input from the state’s 529 savings plan administrator. Throughout the RFP we refer to “529 savings plan administrator” when discussing the state-selected program manager or financial provider.
• Collaborate with the state’s 529 savings plan administrator and CSD on project implementation and efficient program management (i.e., electronic enrollment of participants, match calculation, data file transfers, etc)

• Calculate the matching funds due participants based on saving data

• Share Universal Model experiences for further policy development, public education, and media outreach, with the assistance of SEED national partners

• Participate in semi-annual SEED meetings (two days, twice a year)

MINIMUM REQUIREMENTS FOR PROPOSAL SUBMISSION
The proposal will consist of the state’s responses to the Questionnaire and Proposal section of this RFP (see section on Proposal Submission for guidance). To be considered as a partner for the SEED Universal Policy Model and Research, states must meet the following minimum requirements before submitting a proposal:

1. Have a minimum of 400 African American births, 400 Hispanic births, and 100 American Indian births during a 12 month period

2. Be able to coordinate and approve the release of birth record data with your state agency responsible for such records (CSD will require the release of birth record data to conduct research, after state and 529 savings plan administrator confidentiality agreements and procedures are satisfied.)

3. Be able to release certain records (see Appendix C) from the state’s savings plan administrator to CSD, after state and 529 savings plan administrator confidentiality agreements and procedures are satisfied

4. Have the authority to implement this initiative without major changes to the state 529 savings plan legislation

5. Be able to commit to the seven-year policy and research initiative outlined in this document
SCHEDULE OF EVENTS, DEADLINES AND SELECTION

SCHEDULE OF EVENTS AND DEADLINES

1. April 26, 2005    RFP IS ISSUED.

2. May 24, 2005    INQUIRIES DUE. Inquiries and requests for interpretation or clarification of the RFP from potential bidders will be accepted only via a form on the CSD SEED website from April 26 through May 24. All inquiries must be received no later than 4:00 p.m. Central Time, May 24, 2005. Questions may be submitted at http://gwbweb.wustl.edu/csd/SEEDUMsearch

3. June 7, 2005    RESPONSES TO INQUIRIES FINALIZED. Responses to requests for interpretation shall be posted on the Center for Social Development’s website no later than 4:00 p.m. Central Time, June 7, 2005 at http://gwbweb.wustl.edu/csd/SEEDUMsearch

4. June 21, 2005    PROPOSALS DUE. The proposal must be submitted to the Center for Social Development by 4:00 p.m. Central Time, June 21, 2005.


6. August 15, 2005 (tentative) ANNOUNCEMENT OF SELECTION.

SELECTION OF PROPOSALS

The SEED Universal Model Planning Group (UMPG) will meet to review and score the proposals. Upon completion of the UMPG’s review of proposals, finalist interviews may be conducted. Determination of whether to conduct interviews and which states to interview is at the sole discretion of the UMPG.

The UMPG will make a recommendation to the SEED Advisory Board, which will approve the final selection.

SELECTION CRITERIA

The state selected for this initiative will be one that demonstrates 1) inclusive values and structure in its 529 savings plan design and operations; 2) ability to model a scalable, progressive, universal children’s savings account policy; and 3) strong potential to carry out the initiative successfully.

Proposals will be evaluated using the following criteria:

I. Savings Plan Design and Characteristics  25%

II. Demonstrated Commitment to Outreach and Inclusion in Plan Operations  20%

III. Program Structure Fit with Initiative and Potential for Scale  30%

IV. Authority and Capacity to Implement the Universal Model  25%
PROPOSAL SUBMISSION

SUBMISSION OVERVIEW
CSD has developed a secure, on-line submission process with a customized database located at http://gwbweb.wustl.edu/csd/SEEDUMsearch. This CSD Universal Model website must be used for proposal submission and will serve multiple purposes for both the states and the SEED Universal Model Planning Group (UMPG). The database enables CSD to ensure accuracy of data, to standardize specific responses, and to share data easily with the UMPG through system-generated reports.

The CSD Universal Model website allows states to:
1. Submit questions about the Universal Model RFP through an on-line form
2. Review answers to questions asked by other states
3. Prepare working drafts of their Universal Model proposal via a password protected interface
4. View calculations based on data entered
5. Print draft and final copies of their Universal Model proposal
6. Submit to CSD their final copy of the Universal Model proposal
7. Receive a confirmation from CSD that their Universal Model proposal has been received

CSD Universal Model Website use reminder points:
- **Initial login credentials (user name and password) will be sent to you via mail and E-mail.** You can log in to the website and work on your proposal at anytime. Each state has a single user name and password to share among state employees and other state-employed contractors.

- The Universal Model Questionnaire and Proposal is divided into four sections in the RFP, and is subdivided further on the web to facilitate the proposal process.
• Items listed as an “Exhibit” in the Questionnaire and Proposal will be viewed as in-line tables on the CSD Universal Model website. States will enter information into the tables in response to each question. (Exhibits in this document are presented for information purposes only).

• Your SEED Universal Model proposal can be edited and re-edited as much as necessary up to the proposal deadline of 4:00 p.m. Central Time, June 21, 2005. Once this deadline has passed, you will no longer be able to work on your proposal.

SUBMISSION INSTRUCTIONS

To Access the SEED Universal Model and Research RFP
2. Click on the “SEED Universal Policy Model and Research RFP” menu button.

To Begin Work on Your Universal Model Questionnaire and Proposal
1. If this is your first time accessing the CSD Universal Model website, you will create a proposal submission profile. Click on the “Login or Create Proposal” menu button.
2. In order to begin, you will be asked to provide contact information and reset your password. Secure login insures that your state’s information is viewable only to you or others you designate to enter information. Likewise, you will not be able to view other states’ proposals.
3. The following contact information will be collected via the on-line login process:
   - Name of state
   - Contact name
   - Title
   - Address
   - Telephone #
   - Facsimile #
   - E-Mail address
   - Web address
4. If you have already created a profile, log in using the user name provided and the password you created.

SUBMISSION CHECKLIST

Complete the Questionnaire and Proposal at http://gwbweb.wustl.edu/csd/SEEDUMsearch
The site offers a “print view” so that you can print, as often as you like prior to submission, a working draft of your SEED Universal Model proposal. Use this feature to make sure that you have completed all parts of your SEED Universal Model proposal. Once submitted, you will be notified via e-mail that your proposal has been received by CSD.

Submit Commitment Letters
Under section IV. A. 5 of the SEED Universal Model Questionnaire and Proposal, you are asked to indicate commitment for participation in this study through 2012 by submitting a letter to CSD executed by your state agency, the state agency releasing birth record data, the state taxing authority (if applicable), your 529 savings plan administrator, and any other responsible parties. You may submit electronic copies of this letter via E-mail to seed@gwbmail.wustl.edu no later than 4:00 p.m. Central Time, June 21, 2005. You will be notified via E-mail that your commitment letter has been received.
QUESTIONNAIRE AND PROPOSAL

Responses to the questions below will constitute a state’s proposal to conduct the SEED Universal Model.

SECTION I: SAVINGS PLAN DESIGN AND CHARACTERISTICS

A. Plan Information

1. Name the 529 savings plan proposed for the SEED Universal Policy Model and Research. *If your state offers more than one savings plan, list the plan which would be best suited for this initiative.* (Unless otherwise noted, respond to the questions below based on figures for this plan.)

2. What is the initial year of plan operations?

3. What is the minimum initial lump-sum contribution?

4. What is the minimum monthly contribution if participating via automatic contributions?

5. Does the state currently offer an income tax deduction for contributions into the plan? If yes, what is the maximum annual deduction for a single tax filer? For a married tax filer?

6. How frequently are statements mailed to plan participants?

7. Does the savings plan currently offer on-line enrollment?

B. Fund Information and Performance

1. List and describe each investment option, and provide the one year total, three year average, and inception to date performance figures net of all generally assessed fees, expenses and costs through 3/31/05 (Exhibit A).

2. Briefly describe the reasons that these funds were chosen.

C. Plan Fees and Revenue

1. Using the disclosure principles submitted to the SEC by the National Association of State Treasurers and College Savings Plans Network on December 2, 2004, please provide a Fee Structure Chart, an Investment Cost Chart, a Sales Charges Chart, and an Additional Fees Chart for the 529 savings plan (Exhibit B). For the Investment Cost Chart, provide the total annual expenses for a $10,000 investment in each of the funds available for this plan.

2. Is the 529 savings plan sold through brokers?

3. For all state 529 savings plans, were there any state fees collected or revenue generated for the period 1/1/04 through 12/31/04 from brokers and/or from other sources? If yes, please provide the total amount of state fees collected or revenue generated.

4. If yes to question I.C.3 above, is this money used for state-resident 529 savings plan participants? If yes, please provide a summary of how the total revenue is used.
SECTION II: DEMONSTRATED COMMITMENT TO OUTREACH AND INCLUSION IN PLAN OPERATIONS

A. Number of 529 Savings Plan Participants

1. What is the total number of open accounts as of 12/31/04? What is the number of state-resident accounts as of 12/31/04? If your state has more than one savings plan in operation, please provide figures for each 529 savings plan, but list the plan selected for this initiative first (Exhibit C).

2. Please provide the total number of state residents for each county of your state and the total number of state-resident accounts (for the plan selected for this initiative) by county as of 12/31/04 (Exhibit D).

B. 529 Savings Plan Administration and Operations

1. What (if any) administrative and marketing performance standards (i.e., telephone statistics, statement delivery, etc.) do you have in place? How are these standards monitored? What are the administrative and marketing performance results for state-resident 529 savings plan participants (Exhibit E)?

2. Describe specific in-state outreach activities and identify the activity frequency in the previous 12 months.

3. Describe any outreach activities for special sectors (income or ethnicity) and identify the activity frequency in the previous 12 months.

4. If available, provide aggregate demographic information (race, income, etc.) for state-resident family participants.

5. Does your state offer any matching schemes or other financial incentives to in-state resident 529 savings plan participants? If yes, please list and describe (Exhibit F).

6. Please describe your state’s commitment to inclusion in the 529 savings plan.

SECTION III: PROGRAM STRUCTURE FIT WITH INITIATIVE AND POTENTIAL FOR SCALE

A. State’s 529 Program Structure

1. Describe the roles of the public sector and private sector in administering and marketing the plan. What is the role of the state? What is the 529 savings plan administrator’s role?

2. Explain if and how these roles have changed since the plan’s inception.

3. Describe the communication links between your 529 savings plan administrator and the state.

4. Please describe why your state might be uniquely suited to be selected for this SEED Universal Model.
B. Research Requirements and Partnerships with other State Agencies

1. What agency tracks birth records for your state?

2. Does your department interact currently with this state agency for the 529 savings plan? If yes, describe the relationship.

3. How soon after birth are state birth records available in an electronic format?

4. Using the most recent data for your state, please provide total annual births by race of mother (Exhibit G).

5. For purposes of this study only and with consent from participating individuals, what information collected by the state or your 529 savings plan administrator (i.e., data fields in birth records and 529 savings plan records, other than those fields listed in Appendix C) might be available for this research (Exhibit H)?

6. How will your state provide CSD with birth information on families eligible for this initiative?

7. Will random sampling of infants pose any challenges to your state? If yes, how will you overcome these challenges?

C. Potential to Model Policy for Scale

1. How will the state-owned account be structured in your state, especially in terms of account ownership? We are particularly interested in whether the account will be opened automatically or whether families will be required to sign paperwork in order to open the state-owned account.

2. Will state ownership of the initial deposit/matching accounts pose any challenges to your state? If yes, how will you overcome these challenges?

3. Recommend a policy for forfeiture of unused SEED funds held in state-owned accounts. At what age would you recommend that this forfeiture occur?

4. It is expected that matching funds will be income tested. To facilitate the match calculations for SEED participant deposits, will it be possible for your state agency to receive from the state taxing authority an indication of households falling above or below a specific income, for families participating (and consenting) in this initiative? Please propose how your state might facilitate this income test for matches.

SECTION IV: AUTHORITY AND CAPACITY TO IMPLEMENT THE UNIVERSAL MODEL

A. Authority to Implement

1. By what authority can you participate in this study? Must state legislation be amended for you to participate in this initiative?

2. Please describe any other program challenges to your Universal Model participation.
3. When does the contract expire with the state's current 529 savings plan administrator? Do you anticipate any changes to your plan or choice of 529 savings plan administrator? If yes, please describe.

4. CSD recognizes and accepts that substantial changes could occur in the status/operation of your state's 529 plan in the course of this study. For example, office holders could change, contract with current administrator could expire, General Assemblies could enact legislative changes, etc. What, if any, action can the state take to ensure the integrity of this initiative, given the potential for these or other changes?

5. Please indicate commitment for participation in this study through 2012 by securing a letter executed by your state agency, the state agency releasing birth record data, your 529 savings plan administrator, the state taxing authority (if applicable), and any other responsible parties (see Proposal Submission). The letter should include each of the points listed in the Scope of Work section of this document.

B. Staff Roles and Responsibilities

1. Describe the structure and responsibilities of 1) the group that administers the day-to-day 529 savings plan policies and procedures and 2) if different, the group that provides oversight to the plan.

2. List and briefly describe the responsibilities and proposed role in the Universal Model of state-employed professionals and 529 savings plan administrator staff who might be directly involved with the SEED Universal Policy Model and Research (Exhibit I).

C. Experience and Commitment to Policy and Research

1. Summarize prior policy demonstration, financial product development, and/or research experience of key staff who will be directly involved with the SEED Universal Model.

2. Other than those responsibilities outlined previously, in what ways could your state officials or 529 savings plan administrator contribute to the SEED Universal Model?

3. What is the primary motivation in applying for selection in this SEED Universal Model?

D. Communications and Policy Development

1. Suggest steps to build on lessons from the SEED Universal Model to inform a progressive children’s saving account model in your state.

2. Suggest steps to build on lessons from the SEED Universal Model to inform a progressive children’s saving account model in other states and in federal policy development.

3. Suggest steps to share your Universal Model experiences with other states and audiences for communications and public education.
### SUMMARY OF REQUIRED EXHIBITS

Note: Exhibits in this document are presented for information purposes only. In response to each question, states will enter information into tables on the CSD Universal Model website [http://gwbweb.wustl.edu/csd/SEEDUMsearch](http://gwbweb.wustl.edu/csd/SEEDUMsearch).

**EXHIBIT A: INVESTMENT PERFORMANCE (NET OF FEES)**

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Investment Objective</th>
<th>One Year Total</th>
<th>Three Year Average</th>
<th>Since Inception</th>
<th>Inception Date</th>
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**EXHIBIT B: FEE AND INVESTMENT COST CHARTS** (as per the College Savings Plans Network disclosure principles dated 12/2/04)


**EXHIBIT C: NUMBER OF OPEN 529 SAVINGS PLAN ACCOUNTS**

<table>
<thead>
<tr>
<th>529 Savings Plan Name</th>
<th>Total Number of Open Accounts as of 12/31/04</th>
<th>Total Number of State-resident Accounts as of 12/31/04</th>
<th>State-Resident Plan Participation (calculated field)</th>
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Total (calculated field)

**EXHIBIT D: STATE-RESIDENT PLAN PARTICIPATION BY COUNTY**

<table>
<thead>
<tr>
<th>County Name</th>
<th>Total County Residents (in thousands)</th>
<th>County Residents as a % of All State Residents (calculated field)</th>
<th>Total County Accounts as of 12/31/04</th>
<th>State-Resident Participation By County (calculated field)</th>
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Totals (calculated field)
**EXHIBIT E: PERFORMANCE STANDARDS**

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<th>Performance Monitored</th>
<th>Results</th>
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**EXHIBIT F: MATCHING OR OTHER FINANCIAL INCENTIVES**

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<th>Incentive</th>
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**EXHIBIT G: TOTAL BIRTHS BY RACE OF MOTHER (most recent year available)**

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<thead>
<tr>
<th>Year</th>
<th>Non-Hispanic white</th>
<th>Non-Hispanic black</th>
<th>American Indian</th>
<th>Asian or Pacific Islander</th>
<th>Hispanic</th>
<th>All Races (calculated)</th>
</tr>
</thead>
<tbody>
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**EXHIBIT H: AVAILABLE DATA FIELDS**

<table>
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<th>Data Fields</th>
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**EXHIBIT I: STAFFING CHART**

<table>
<thead>
<tr>
<th>State-employed Professionals</th>
<th>Position</th>
<th>Current Responsibilities</th>
<th>Proposed Role in SEED UM</th>
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</thead>
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<table>
<thead>
<tr>
<th>529 Savings Plan Administrator Professionals</th>
<th>Position</th>
<th>Current Responsibilities</th>
<th>Proposed Role in SEED UM</th>
</tr>
</thead>
<tbody>
<tr>
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APPENDIX A

WHY ASSET BUILDING, CHILDREN’S ACCOUNTS, AND A UNIVERSAL MODEL?

Income support has been the defining characteristic of social policy during the past century. Today there is increasing questioning of income as sole definition of poverty and well-being. Nobel Laureate Amartya Sen and others are looking toward capabilities. Asset building can be seen as part of this larger discussion, one measure of long-term capabilities. Asset-based policy would focus on development of individuals, families, and communities. In this sense, asset-based policy is a complement to the support goals of income-based policy.

Can public policy aim for asset accumulation? Asset-based policy is not new. The United States and many other countries already have large asset-based policies. In many cases, these operate mostly through the tax system, i.e., public transfers occur via tax benefits (either tax deferments or tax exemptions). In these circumstances, the poor, who have little or no tax liability, often do not receive any benefits. Examples of US asset-based policy include: home ownership tax benefits; investment tax benefits; defined contribution retirement accounts with tax benefits at the workplace, such as 401(k)s, 403(b)s (named after sections of the internal revenue code); and defined contribution accounts away from the workplace, such as Individual Retirement Accounts (IRAs), and a more generous version known as Roth IRAs. Other asset accounts with tax benefits include Individual Training Accounts, Educational Savings Accounts, State College Savings (529) Plans, and Medical Savings Accounts.

Asset-based policies in the United States are growing rapidly. Individual account policies have all appeared since 1970, and there are more variations of these all the time. Total tax expenditures for asset building in homes, retirement accounts, and investments are growing rapidly. Altogether, asset-based policies in the United States are large and regressive. Over $300 billion annually in tax expenditures for assets (homes, investments, retirement accounts), and over 90 percent of this goes to households with incomes over $50,000 per year.

At the same time, the poor in Welfare States do not have the same opportunities and subsidies for asset accumulation. The reasons are threefold. First, the poor are less likely to own homes, have investments, or have retirement accounts, where most asset-based policies are targeted. Second, the poor have little or no tax incentives, or other incentives, for asset accumulation. Third, asset limits in means-tested transfer policies discourage saving by the “welfare poor,” and probably also the “working poor”. In effect, the United States and many other countries have a dual policy, consisting of asset building subsidies for the non-poor, and asset building disincentives for the poor. This dual policy is both unfair and counterproductive. If asset building is a key pathway for individuals, families, and communities to develop, then a sensible public policy would be asset building for all, because this would have the greatest payoff in economic and social development. Given these conditions, we ask: Why not asset accumulation by everyone?

The goal should be inclusion in asset-based policy. By inclusion, we mean: (1) universal: bring everyone into asset-based policy; (2) progressive: greater subsidies for the poor; (3) life-long: birth to death, and flexible across the life course; and (4) adequate: sufficient assets to achieve policy purposes.

As examples, we turn briefly to a proposal for a large, inclusive saving plan in the United States, and a new policy of universal children’s accounts in the United Kingdom. President Clinton proposed Universal Savings Accounts (USAs) in his State of the Union address in 1999. In his State of the Union address in 2000, Clinton offered a similar proposal, saying:
Tens of millions of Americans live from paycheck to paycheck. As hard as they work, they still don’t have the opportunity to save. Too few can make use of IRAs and 401(k) plans. We should do more to help all working families save and accumulate wealth. That’s the idea behind the Individual Development Accounts, the IDAs. We ask you to take that idea to a new level, with new retirement savings accounts that enable every low- and moderate-income family in America to save for retirement, a first home, a medical emergency, or a college education. We propose to match their contributions, however small, dollar for dollar, every year they save.

The 1999 USA proposal did not take off politically, and it was reconceptualized as the Retirement Savings Accounts (RSAs) in 2000. The RSA proposal channeled tax credits to financial institutions to cover administrative costs of the accounts, plus match funds deposited by financial institutions into the account. Despite the limited political impact, these proposals elevated the idea of inclusive, progressive saving policy to a new level. Occasions when government leaders have made large and progressive asset building proposals have been few. The USA proposal in 1999, which was like a 401(k) for all workers, with deposits and matching funds for those with lowest incomes, was budgeted at an expenditure level of $38 billion per year, while RSAs were estimated to cost $54 billion over ten years.

A serious discussion of asset-based policy began in the United Kingdom in 2000. In a major policy development in April 2001, Prime Minister Tony Blair proposed a Child Trust Fund for all children in the United Kingdom, with progressive funding. Blair said:

> I believe we have already made important strides in extending opportunity for all – through improving skills and work, through improving living standards and through improving the quality of public services. . . .But now we want to add a fourth element: more people getting the benefit of assets and savings, so that we help spread prosperity and opportunity to every family and community.....We want to see all children grown up knowing that they have a financial stake in society. We want to see all children have the opportunity of a real financial springboard to a better education, a better job, a better home, a better life.

In April 2003, Prime Minister Blair announced that he would go forward with the Child Trust Fund. Beginning in April 2005, each newborn child in the United Kingdom will be given an account, retrospective to children born from September 2002. All children will receive an initial deposit of at least 250 pounds, and children in the bottom third of family income will receive 500 pounds. Additional government deposits are not yet specified. The Child Trust Fund will provide universal and progressive contributions to the child’s account, and life-long accumulation.

This idea is also developing in the United States. As noted in this RFP, the Ford Foundation and several other foundations are now in the process of demonstrating and testing children’s saving accounts (CSA) in the form of the Saving for Education, Entrepreneurship, and Downpayment (SEED) initiative. The goal of SEED is to model, test, and inform a universal CSA policy for the United States. SEED was conceived and initiated by CFED, with the leadership of Bob Friedman. Also, recently introduced federal CSA legislation, known as the ASPIRE Act, has bipartisan support in the Congress. Ray Boshara and his team at NAF provided leadership in policy discussions that led to the ASPIRE Act. The potential of CSAs compared to adult accounts as a long-term pathway to universal asset building may be greater simply because newborns are more politically appealing than adults.

A universal, progressive CSA has been a longstanding goal at CSD. CSD director Michael Sherraden’s original proposal for individual development accounts (IDAs) was for a universal, progressive account...
beginning at birth. At the request of the George H.W. Bush White House during 1991-92, Sherraden presented a plan to give every newborn in America an account with an initial deposit of $1,000. Similar proposals have come from Duncan Lindsey, author of *The Welfare of Children*, Fred Goldberg, former Commissioner of the Internal Revenue Service, and others.

State 529 college savings plans have the potential to become building blocks for an inclusive CSA policy. With the support of the Ford Foundation during 2001-04 and led by Margaret Clancy, CSD has undertaken research on inclusion in 529 savings plans. This research has put CSD at the center of discussions on this topic.

Achieving a universal CSA policy will require the expertise and talents of many organizations. We are in the very fortunate position to have CFED, KU, NAF, and IFS as partners. With this group, the Universal Model initiative in SEED can inform and influence a future universal CSA policy in the United States.
APPENDIX B

SEED INITIATIVE DESCRIPTION

The SEED (Saving for Education, Entrepreneurship, and Downpayment) Policy, Practice, and Research Initiative is a multi-year, $30 million national initiative to develop, test, and impel matched savings accounts and financial education for children and youth.

The Initiative is an integrated, multifaceted effort consisting of:

- Eleven community organizations testing distinctive programs with various age and target groups, financial education, and supportive services. Community partners include Beyond Housing/NHS, St. Louis, MO; Boys and Girls Clubs of Delaware, Wilmington, DE; Foundation Communities, Austin, TX; Fundación Chana Goldstein y Samuel Levis, Inc, San Juan, PR; Cherokee Nation, Tahlequah, OK; Harlem Children’s Zone, Inc., New York, NY; Juma Ventures, San Francisco, CA; Mile High United Way, Denver, CO; People for People, Inc., Philadelphia, PA; Sargent Shriver National Center on Poverty Law, Chicago, IL; and Southern Good Faith Fund, Helena, AR.

- A pre-school demonstration and impact assessment of 500 accounts and controls from Head Start programs in Michigan. The pre-school demonstration is operated by the Oakland Livingston Human Services Agency in Pontiac, MI.

- A Universal Model Experiment that will establish 1,000 college savings accounts among randomly selected infants and a fully scalable delivery system within one state’s 529 college savings plan (to be selected).

- Rigorous research using account monitoring, in-depth interviews, cross-sectional surveys, impact studies, and other methods.

- Federal and state policy development and advocacy designed both to establish progressive universal systems of accounts and protect children and families from asset and other benefit penalties. Partners will be chosen to lead policy development and advocacy efforts in five states where breakthroughs are possible.

- Product and market development efforts to design and implement efficient and profitable account systems.

SEED is led by five national partners: CFED (www.cfed.org); Center for Social Development at Washington University in St. Louis (http://gwbweb.wustl.edu/csd/); the Initiative on Financial Security of the Aspen Institute (www.aspeninstitute.org/ifs); the New America Foundation (www.newamerica.net); and the University of Kansas School of Social Welfare (www.socwel.ku.edu).


SEED is guided by an Advisory Board of national partners and funders, a Research Advisory Council of leading research experts, and a Policy Council of policy experts and key constituencies.

For more information on SEED overall, contact Carl Rist or Liana Humphrey at CFED (919.688.6444) or visit www.cfed.org.
APPENDIX C

PROPOSED 529 SAVINGS PLAN RECORDS DATA FILE LAYOUT

State-owned account. The selected state will accept initial and matching funds from the SEED Universal Model for deposit into a state-owned account. This account will be invested in a fund or funds determined by the state and its 529 savings plan administrator. Using participant-owned account deposit information from the 529 savings plan administrator, the state will determine the matching funds due each participant.

<table>
<thead>
<tr>
<th>State- owned Account Number</th>
<th>Beneficiary SS# Last 6 Digits</th>
<th>Beneficiary DOB</th>
<th>Beneficiary First Name</th>
<th>Beneficiary Last Name</th>
<th>Quarter-to-date (QTD) deposit</th>
<th>*</th>
<th>Inception to-date (ITD) Deposit</th>
<th>*</th>
<th>Acct Balance</th>
</tr>
</thead>
</table>

*No withdrawals available during the Universal Model research stage.

Participant-owned account. Participants will be given typical state 529 savings plan materials and information about the SEED Universal Model matching features. At each family’s discretion, they may open a 529 savings plan account for the randomly selected infant. Deposits into this account will be matched with funds from the SEED Universal Model.

<table>
<thead>
<tr>
<th>Part. Account Number</th>
<th>Owner SS# Last 6 Digits</th>
<th>Beneficiary SS# Last 6 Digits</th>
<th>Beneficiary DOB</th>
<th>Owner First Name</th>
<th>Owner Last Name</th>
<th>Beneficiary First Name</th>
<th>Beneficiary Last Name</th>
<th>QTD** Deposit</th>
<th>QTD Withdraw</th>
<th>ITD Deposit</th>
<th>ITD Withdraw</th>
<th>Acct Balance</th>
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**Files may be sent semi-annually or quarterly