

SAVING FOR COLLEGE IN ARKANSAS & MISSISSIPPI

SURVEY RESPONSES OF PARENTS WITH
ELEMENTARY SCHOOL-AGED CHILDREN

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Community Partners

I. ACKNOWLEDGEMENTS

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Further, we appreciate the great assistance of Lawanda Tyler Jones, Principal of Heidelberg Elementary School in Clarksdale, Mississippi; Nikki Thomas, Principal of Peake Elementary School in Arkadelphia, Arkansas; Gregg Yarbrough, Principal of Blytheville Primary School in Blytheville, Arkansas; and Sylvia Moore, Principal of Marvell Elementary School in Marvell, Arkansas. Each principal helped SBCP administer our surveys in their schools, giving us the invaluable opinions of parents in the four counties we serve.



Mrs. Williams' kindergarten class at Heidelberg Elementary in Clarksdale, MS, proudly smiling after the pizza party they won for having the most returned surveys.

II. EXECUTIVE SUMMARY

In an effort to improve family economic security in rural communities, Southern Bancorp Community Partners (SBCP) sought a sustainable funding source in 2013 for Arkansas's Aspiring Scholars Matching Grant (ASMG) Program, a savings incentive for low-to-moderate income families that matches funds saved for a child's college education in the 529 GIFT Plan, and investigated the possible creation of a matched 529 savings program in Mississippi. In SBCP's research, data showed overall participation was exceptionally low in both states. Even though 529 college savings plans have long been touted as an effective savings vehicle, less than 5 percent of children in Arkansas and Mississippi have a plan established for their benefit.¹ A recent study finds that children with savings accounts in their name, including 529 plans, could be up to seven times more likely to attend college if those children expressed an expectation to attend college— regardless of a family's race, education level, or income.² While 529 plans have been offered in Arkansas and Mississippi for almost two decades, each state ranks poorly in college degree attainment (Arkansas 49th; Mississippi 50th).³

To provide better insight as to why more parents are not saving for their child's college education through a 529 plan or an alternative savings account, SBCP commissioned a survey in fall 2013 within one elementary school in each of the four counties SBCP serves: Clark, Mississippi, and Phillips Counties in Arkansas and Coahoma County in Mississippi. The objective of the survey was to assess parents' awareness and thoughts about saving for their child's college education (see Appendix A). The results of the survey will be used in future publications to better inform and evaluate policy alternatives in an effort to improve post-secondary educational attainment for Arkansans and Mississippians. The survey results provide a snapshot of the intentions versus the actions of parents: although the majority of parents believe it is important for their child to go college, more than half of parents had not saved for their child's college education and planned to use student loans as the main source for financing post-secondary education.

KEY TAKEAWAYS:

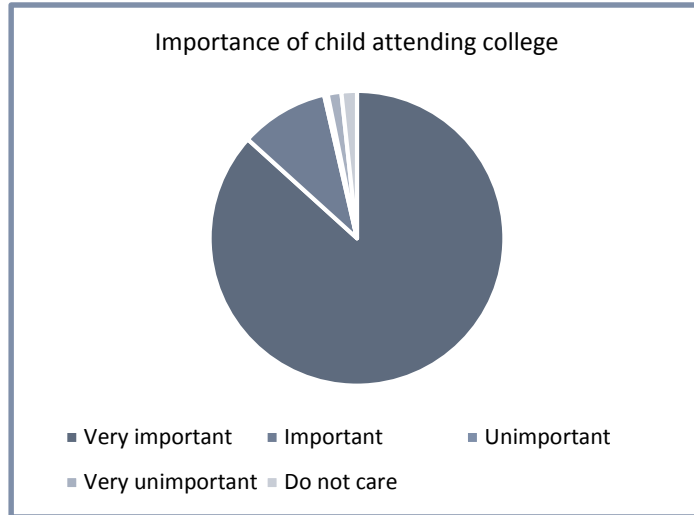
- OVER 95 PERCENT OF RESPONDENTS BELIEVE IT'S IMPORTANT FOR THEIR CHILD TO ATTEND COLLEGE.
- MORE THAN 90 PERCENT OF RESPONDENTS ARE UNSURE OF WHAT A 529 PLAN IS.
- MORE THAN HALF OF RESPONDENTS PLAN TO USE LOANS AS THEIR MAIN SOURCE TO PAY FOR COLLEGE.
- IN HOLDING COLLEGE SAVINGS ACCOUNTS, OVER 25 PERCENT OF RESPONDENTS PREFER A PRIVATE INSTITUTION.
- OVER HALF OF RESPONDENTS HAVE NOT SAVED FOR THEIR CHILD'S COLLEGE EDUCATION.

III. METHODOLOGY

In September 2013, SBCP created a survey (Appendix A) for the parents of elementary school-aged children on saving for their child's college education. Throughout fall 2013, copies of the survey were disseminated to each of the selected elementary schools in each county. A SBCP Senior Community Development Officer (SCDO) chose one elementary school in each respective county to distribute the surveys, and then delivered the surveys to each school's administrative office. The surveys were circulated throughout the selected classrooms per each elementary school principal's discretion. To incentivize parents' survey participation, the classroom with the highest number of completed and returned surveys won a pizza party, given by SBCP. Of the 900 total surveys disseminated, 520 (57.8 percent) were completed and returned back to each school's administrative office. The surveys were then picked-up by each county's SCDO, and sent to the SBCP office in Little Rock, AR.

IV. SURVEY FINDINGS (Appendix B)

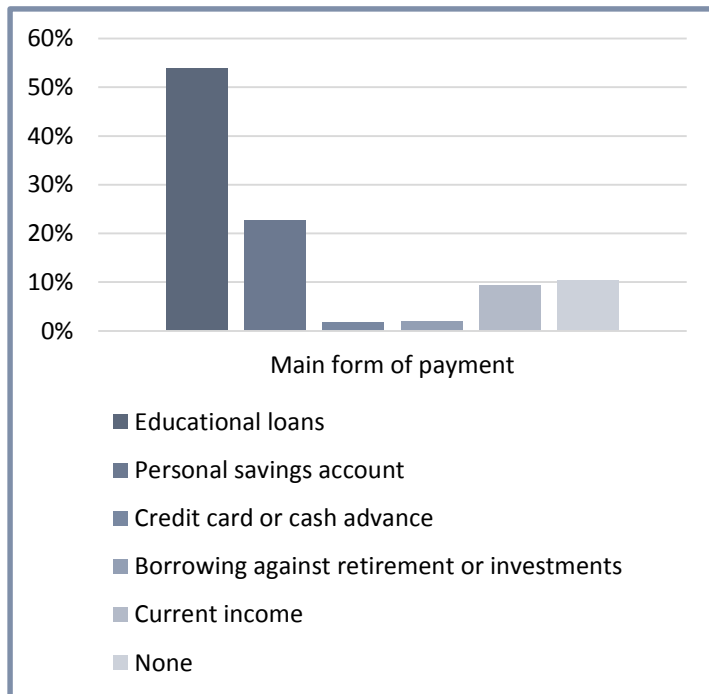
Vast majority of parents think it is important for their child to go to college.



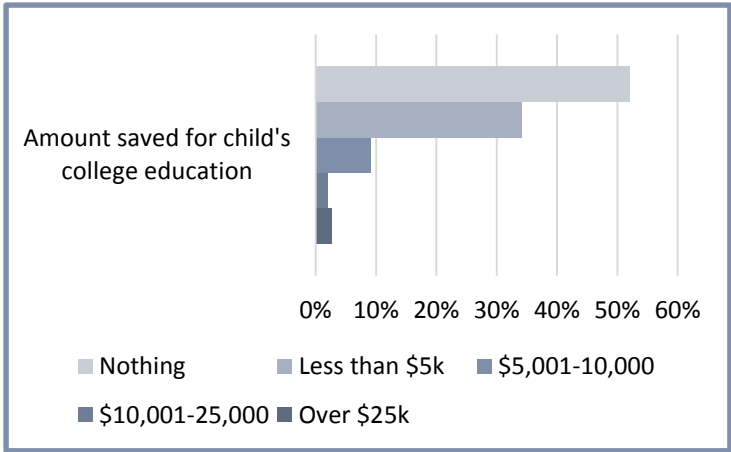
One of the first survey questions asked was, “how important is it to you that your child attends college?” As the chart to the left shows, an overwhelming percentage of parents stated it was “very important” (86.6 percent) or “important” (9.7 percent) their child goes to college. Less than 2 percent of all parents responded believed it was “unimportant” or “very unimportant” for their child to go to college. Less than 1 percent of parents responded they “did not care” if their child went to college.

Over half of parents plan to use education loans to primarily fund their child’s college education.

When asked “what *main* form of payment do you plan to use to fund your child’s college education?”, the most common response by parents was educational loans at 53.8 percent. The second highest response was a personal savings account at 22.7 percent. Exactly 13 percent of parents plan to fund their child’s college education by using resources available at the time their child attends college, such as a credit card or cash advance (1.7 percent), borrowing against one’s retirement or investments (2 percent), or using their current income (9.3 percent). Over 10 percent of parents that responded said they were not planning on using any source of financing for their child’s college education.



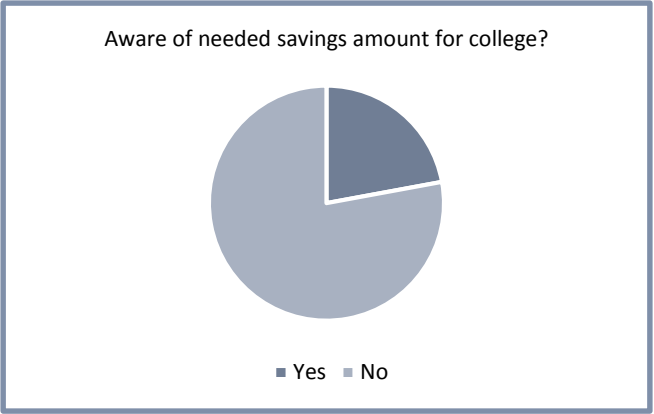
More than half of parents have not saved for their child’s college education.



In response to “how much have you saved for your child’s college education?”, over half of parents (52.1 percent) stated they had not saved anything. However, when parents were asked “if you have already saved for your child’s college education, when did you start saving?”, the number of parents responding they had not saved rose to 57 percent. Over a third (34.1 percent) of parents responded they had saved less than \$5,000. Less than 10 percent of parents had saved between \$5,001-10,000, and less than 5 percent saved \$10,000 or more.

Over three-fourths of parents do not know how much money to save for college.

When asked, “do you know how much you’ll need to save for your child’s college education?”, 77.9 percent of parents stated they were not aware of how much to save. Only 22.1 percent of parents responded they did know how much money they would need to save to fund their child’s college education. These percentages closely align with the number of people who have automatic monthly savings plan established for college savings – only 15 percent of parents responded they did, whereas 85 percent of parents stated they did not have a monthly savings plan set-up.

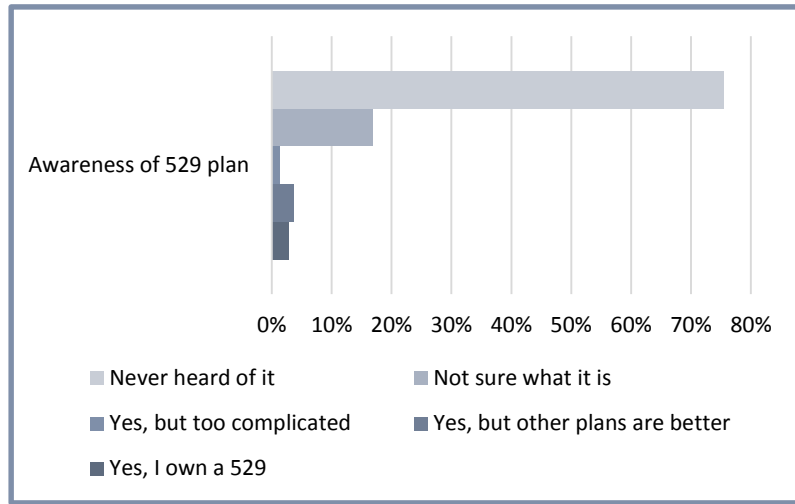


Confidence levels fluctuate in reaching college savings goals.



Based on the question, “if you have a college savings goal, how confident are you that you will reach your college savings goal?”, the answer with the highest number of responses (34.8 percent) was that the parent did not have a savings goal. The second highest selected answer was that parents were somewhat confident (24.6 percent) in reaching their college savings goal. The remainder of the responses was mixed: 15.4 percent of parents were very confident, 12.5 percent were confident, 6.5 percent were not very confident, and 6.2 percent were not confident at all in meeting their savings goal.

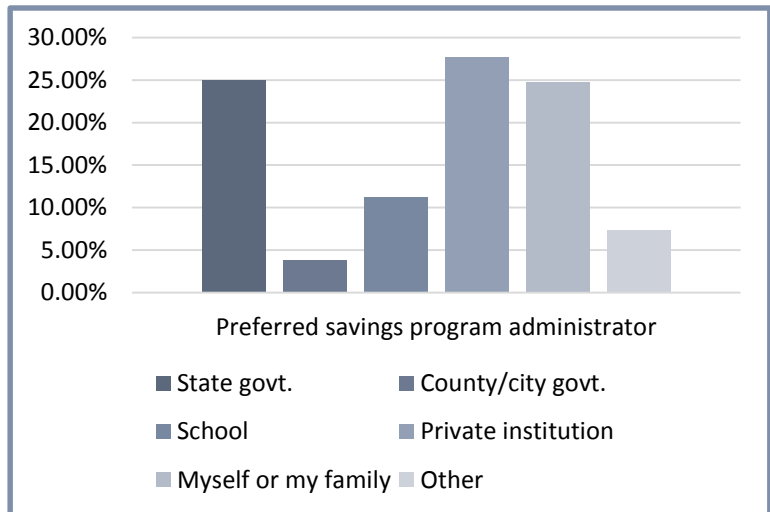
Nearly 95 percent of parents either do not know or are unsure of what a 529 college savings plan is.



In assessing parents’ knowledge of 529 plans, one of the survey questions asked, “do you know what a 529 college savings plan is?”. Over three-quarters (75.4 percent) of parents responded they had never heard of a 529 plan; 16.9 percent stated they had heard of it, but were unsure what it was. Less than 3 percent of parents own a 529 account – 3.7 percent stated they were aware of a 529 other college savings plans were better for their family, and 1.4 percent said they knew what a 529 was but thought it was too complicated.

Parents’ opinions vary regarding college savings programs.

When asked, “when it comes to savings programs available to help you fund your child’s college education, which kind of savings program would you be most likely to participate in?”, most parents (27.7 percent) responded they would most likely participate in one administered by a private institution, such as a bank or a credit union. The second most common answer was state government at 25 percent, and then right beneath state government was the choice “none of the above- I would only trust myself or my family” at 24.8 percent. Approximately 11 percent of parents preferred to have an elementary, middle, or high school run a college savings program, and about 7 percent of parents chose other” as an option. Less than 4 percent of parents wanted a city or county government to administer a savings program.



¹ Arkansas State Treasurer’s Office. (2013); Mississippi State Treasurer’s Office. (2013).
² Elliott, W. & Beverly, S. (2010). *The role of savings and wealth in reducing ‘wilt’ between expectations and college attendance*. Center for Social Development, Brown School of Social Work, Washington University in St. Louis. Available at <http://csd.wustl.edu/Publications/Documents/RB10-04.pdf>.
³ CFED. (2013) Assets and Opportunity Scorecard. Available at <http://assetsandopportunity.org/scorecard/>.

V. APPENDICES

Appendix A

Survey disseminated within Marvell Elementary School in Phillips County, Arkansas; Peake Elementary School in Clark County, Arkansas; Blytheville Elementary School in Mississippi County, Arkansas; and Heidelberg Elementary School in Coahoma County, Mississippi.

This survey, created by Southern Bancorp Community Partners (SBCP), is a series of ten questions asking your thoughts on saving for your child's college education. The results of this survey will be combined and published anonymously in a winter 2014 report on college savings accounts by SBCP. The survey will be administered in the four counties SBCP serves in Arkansas and Mississippi.

Thank you for taking the time to complete this survey. Please return the completed survey to your child's homeroom teacher **by Friday, October 11, 2013**. The homeroom with the highest number of completed and returned surveys will win a pizza party, given by SBCP!

PLEASE SELECT ONE ANSWER TO EACH OF THE FOLLOWING QUESTIONS, USING AN INK PEN.

1. Grade level and age of your child:

2. How important is it to you that your child attends college?

- a. Very important
- b. Important
- c. Unimportant
- d. Very unimportant
- e. Do not care

3. What *main* form of payment do you plan to use to fund your child's college education?

- a. Educational Loans
- b. Personal savings account
- c. Credit card or credit line cash advance
- d. Borrowing against my retirement or other investments
- e. Current income
- f. None

4. How much have you saved for your child's college education?

- a. Over \$25,000
- b. \$10,001 - \$25,000
- c. \$5,001 - \$10,000
- d. Less than \$5,000
- e. Nothing

5. If you have already saved for your child's college education, when did you start saving?

- a. Prior to child's birth

- b. When child was born
 - c. When child was 1-4 years old
 - d. When child was 5-7 years old
 - e. When child was 8-10 years old
 - f. I have not saved for my child's college education.
- 6. Do you know how much you will need to save to fund your child's college education?**
- a. Yes
 - b. No
- 7. If you have a college savings goal, how confident are you that you will reach your college savings goals?**
- a. Very confident
 - b. Confident
 - c. Somewhat confident
 - d. Not very confident
 - e. Not confident at all
 - f. I do not have a specific goal.
- 8. Do you currently have an automatic monthly savings plan set-up for college savings?**
- a. Yes
 - b. No
- 9. Do you know what a 529 college savings plan is?**
- a. Yes, I own a 529 plan account.
 - b. Yes, but I think other savings plans are better for my family.
 - c. Yes, but I think it's too complicated and I don't understand the benefits.
 - d. I have heard of it, but I don't know exactly what it is.
 - e. No, I have never heard of it.
- 10. When it comes to savings programs available to help you fund your child's college education, which kind of savings program would you be most likely to participate in?**
- a. State government
 - b. County/City government
 - c. Elementary/Middle/High School
 - d. Private institution (bank or credit union)
 - e. None of the above - I would only trust myself and/or my family.
 - f. Other: _____

PLEASE INCLUDE YOUR GENERAL DEMOGRAPHIC INFORMATION. THIS IS OPTIONAL.

Age: _____
Gender: _____
Ethnicity: _____
Education Level: _____
Annual Gross Household Income: _____

Appendix B

Responses to survey questions from Appendix A.

Total number of surveys disseminated: 900

Total number of returned surveys: 537

Total number of returned completed surveys: 520

Total rate of response: 57.8%

	Clark Co. (#)	Clark Co. (%)	Miss. Co. AR (#)	Miss. Co. (%)	Phillips Co. (#)	Phillips Co. (%)	Coahoma Co. (#)	Coahoma Co. (%)	Total (#)	Total Avg (%)
Importance of child attending college										
Very important	169	81.6%	55	85.9%	164	89.6%	78	93.9%	466	86.8%
Important	28	13.5%	6	9.4%	16	8.7%	2	2.4%	52	9.7%
Unimportant	0	0%	1	1.6%	1	0.5%	0	0%	2	0.4%
Very unimportant	3	1.4%	2	3.1%	1	0.5%	2	2.4%	8	1.5%
Do not care	7	3.4%	0	0%	1	0.5%	1	1.2%	9	1.7%
Planned main form of payment for child's college education										
Educational loans	104	50.2%	38	59.4%	109	59.6%	38	45.7%	289	53.8%
Personal savings account	51	24.6%	14	21.9%	34	18.6%	23	27.7%	122	22.7%
Credit card or cash advance	7	3.4%	0	0%	1	0.5%	1	1.2%	9	1.7%
Borrowing against retirement or investments	7	3.4%	1	1.6%	2	1.1%	1	1.2%	11	2.0%
Current income	21	10.1%	4	6.3%	14	7.7%	11	13.2%	50	9.3%
None	17	8.2%	7	10.9%	23	12.6%	9	10.8%	56	10.4%
Amount saved for child's college education										
Over \$25,000	10	4.8%	1	1.6%	3	1.6%	0	0%	14	2.6%
\$10,001-\$25,000	7	3.4%	1	1.6%	1	0.5%	2	2.4%	11	2.0%
\$5,001-\$10,000	28	13.5%	4	6.3%	7	3.8%	10	12.1%	49	9.1%
Less than \$5,000	83	40.1%	20	31.3%	52	28.4%	28	33.7%	183	34.1%
Nothing	79	38.2%	38	59.4%	120	65.6%	43	51.8%	280	52.1%
Age of child when started to save for child's college education										
Prior to child's birth	3	1.4%	0	0%	5	2.7%	0	0%	8	1.5%
When child was born	34	16.4%	2	3.1%	12	6.6%	6	7.2%	54	10.1%
When a child was 1-4 years old	15	7.2%	12	18.8%	14	7.6%	19	22.9%	60	11.2%
When child was 5-7 years old	46	22.2%	11	17.2%	16	8.7%	7	8.4%	80	14.9%
When child was 8-10 years old	19	9.2%	0	0%	6	3.3%	4	4.8%	29	5.4%
Not saved for child's college	90	43.5%	39	60.9%	130	71.1%	47	56.6%	306	57.0%
Aware of how much needed to fund child's college education										
Yes	52	25.1%	13	22.8%	28	15.4%	22	29.7%	115	22.1%
No	155	74.9%	44	77.2%	154	84.6%	52	70.2%	405	77.9%
Confidence level in reaching college savings goal										
Very confident	17	8.2%	4	7.0%	47	25.8%	12	16.2%	80	15.4%
Confident	17	8.2%	6	10.5%	29	15.9%	13	17.6%	65	12.5%
Somewhat confident	62	30.0%	19	33.3%	30	16.5%	17	22.9%	128	24.6%
Not very confident	25	12.1%	6	10.5%	2	1.1%	1	1.6%	34	6.5%
Not confident at all	18	8.7%	0	0%	14	7.7%	0	0%	32	6.2%
Do not have a specific goal	68	32.9%	22	38.6%	60	32.7%	31	41.9%	181	34.8%
Established monthly savings plan for college savings										
Yes	41	19.8%	3	5.3%	22	12.1%	12	16.2%	78	15.0%
No	166	80.2%	54	94.7%	160	87.9%	62	83.8%	442	85.0%
Aware of 529 college savings plan										
Yes – owns 529 account	11	5.3%	0	0%	3	1.6%	1	1.4%	15	2.9%
Yes – other savings plans are better	7	3.4%	1	1.8%	7	3.8%	4	5.4%	19	3.7%
Yes – too complicated	4	1.9%	0	0%	2	1.1%	0	0%	6	1.4%
Not sure	38	18.4%	12	21.1%	28	15.4%	10	13.5%	88	16.9%
No	147	71.0%	44	77.2%	142	78.0%	59	79.7%	392	75.4%
College savings program most likely to participate in										
State govt.	42	20.3%	19	33.3%	44	24.2%	25	33.8%	130	25%
County/City govt.	7	3.4%	2	3.5%	11	6.0%	0	0%	20	3.8%
Elem/Mid/High School	21	10.1%	5	8.8%	26	14.3%	7	9.5%	59	11.3%
Private institution	88	42.5%	13	22.8%	31	17.0%	12	16.2%	144	27.7%
None of the above	28	13.5%	13	22.8%	63	34.6%	25	33.8%	129	24.8%
Other	21	10.1%	5	22.8%	7	3.8%	5	6.8%	38	7.3%

Appendix C

Demographic information volunteered in Appendix B.

Total number of returned completed surveys: 520

Total number of returned completed surveys, with demographic information: 219

Total rate of response: 42.1%

	Clark Co. (#)	Clark Co. (%)	Miss. Co. (#)	Miss. Co. (%)	Phillips Co. (#)	Phillips Co. (%)	Coahoma Co. (#)	Coahoma Co. (%)	Total (#)	Total (%)
Age										
20-29	10	10.8%	3	11.5%	27	37.5%	13	46.4%	53	24.2%
30-39	52	55.9%	13	50.0%	35	48.6%	12	42.9%	112	51.1%
40-49	24	25.8%	5	19.2%	6	8.3%	1	3.6%	36	16.4%
50-59	7	7.5%	2	7.7%	3	4.2%	1	3.6%	13	5.9%
60-69	0	0%	1	3.8%	0	0%	0	0%	1	0.4%
70-79	0	0%	1	3.8%	0	0%	0	0%	1	0.4%
Not disclosed	0	0%	1	3.8%	1	1.4%	1	3.6%	3	3.2%
Gender										
Male	7	7.5%	1	3.8%	6	8.3%	2	7.1%	16	7.3%
Female	86	92.5%	25	96.2%	66	91.7%	26	92.9%	203	92.7%
Ethnicity										
Black	28	30.1%	17	65.4%	46	63.9%	23	82.1%	114	52.1%
White	59	63.4%	7	26.9%	14	19.4%	0	0%	80	36.5%
Hispanic	1	1.1%	0	0%	1	1.4%	1	3.6%	3	1.4%
Asian	3	3.2%	0	0%	0	0%	0	0%	3	1.4%
Other	0	0%	0	0%	0	0%	0	0%	0	0%
Not disclosed	2	2.2%	1	3.8%	11	15.3%	4	14.3%	18	8.2%
Education Level										
Less than high school	3	3.2%	1	3.8%	9	12.5%	5	17.6%	18	8.2%
GED	3	3.2%	2	7.7%	3	4.2%	0	0%	8	3.7%
High school diploma	24	25.8%	6	23.1%	19	26.4%	2	7.1%	51	23.3%
Some college	22	23.7%	6	23.1%	24	33.3%	11	39.3%	63	28.8%
Associate's Degree	10	10.8%	5	19.2%	5	6.9%	2	7.1%	22	10.0%
Bachelor's Degree	24	25.8%	5	19.2%	9	12.5%	7	25.0%	45	20.5%
Graduate Degree	7	7.5%	1	3.8%	1	1.4%	1	3.6%	10	4.6%
Not disclosed	0	0%	0	0%	2	2.8%	0	0%	2	0.9%
Annual Gross Household Income										
Less than \$25,000	24	25.8%	7	26.9%	35	48.6%	5	17.6%	71	32.4%
\$25,001-\$50,000	14	15.1%	7	26.9%	10	13.9%	6	21.4%	37	16.9%
\$50,001-\$75,000	10	10.8%	1	3.8%	2	2.8%	1	3.6%	14	6.4%
\$75,001-\$100,000	7	7.5%	2	7.7%	2	2.8%	0	0%	11	5.0%
More than \$100,000	17	18.3%	0	0%	0	0%	0	0%	17	7.8%
Not disclosed	21	22.6%	9	34.6%	23	31.9%	16	57.1%	69	31.5%

Appendix D

Demographic information of the four counties SBCP currently serves: Clark, Mississippi, and Phillips Counties in Arkansas and Coahoma County in Mississippi.

Source: U.S. Census Bureau, 2010.

Arkansas					
	Clark County	Mississippi County	Phillips County	State	U.S.
% of Pop. with HS Diploma	37.6%	37.7%	30.9%	35.2%	28.6%
% of Pop. with Some College or Associate's Degree	24.2%	25.4%	29.8%	27.9%	28.6%
% of Pop. with Bachelor's Degree	12.2%	9.0%	8.0%	13.0%	17.7%
% of Families in Poverty	16.0%	21.2%	26.1%	13.8%	10.5%
Median Family Income	\$48,475	\$40,881	\$34,031	\$49,791	\$64,293

Mississippi			
	Coahoma County	State	U.S.
% of Pop. with HS Diploma	28.5%	30.6%	28.6%
% of Pop. with Some College or Associate's Degree	29.9%	30.1%	28.6%
% of Pop. with Bachelor's Degree	12.0%	12.6%	17.7%
% of Families in Poverty	33.1%	17.0%	10.5%
Median Family Income	\$30,681	\$48,057	\$64,293