What is the First Grade College Success Fund?

Glendale Unified School District’s (GUSD) College Success Fund is a Children’s Savings Account Program. GUSD will open college savings accounts for all first-grade students enrolled in a GUSD school as of June 1, 2020.

Using grant funds from the California Student Aid Commission, GUSD will allocate $50 to every First Grade College Success Fund account. The amount will be invested on behalf of the student (beneficiary). It will be available for withdrawal after the beneficiary graduates from a GUSD high school and enrolls in a college or career education program. Through the First Grade College Success Fund program, families are also encouraged to open individual accounts for their children and save for their future.

Why is GUSD Offering this Program?

As the economy continues to transform, the need for higher education or vocational training has become an undeniable reality in the labor market. The cost of higher education keeps increasing with every passing year. One effective way to address this problem is by starting to save for college as early as possible. Saving for college involves upfront investments in time and effort to collect reliable and actionable information. As a result, very few families have traditionally set up college savings accounts for their children. Through the First Grade College Success Fund, GUSD intends to promote a college savings culture in Glendale by helping families to take effective steps towards their children’s futures.

Why is First Grade College Savings Important for GUSD Families?

Setting up accounts at an early age prompts GUSD households to begin accumulating funds on behalf of their children by making regular contributions to college savings accounts over a long period of time. It is estimated that every dollar saved today displaces $2.44 in future student loans plus interest.¹ Few investment options today offer such high rates of return in the US economy.

Studies have shown that having a college savings account is strongly correlated with attending college. The effect of having an account influences college enrollment and attendance independently from the amount of money saved in the account. For many students, having an account sets an expectation to plan for continuing education after high school, leading to increased effort and academic engagement in elementary, middle, and high school. Over time, this increases the level of preparedness and academic achievement.

Where are the Funds Coming From?

Funding for this program is provided entirely by grants from the California Student Aid Commission and private donations. No GUSD funds are being used for this program.

¹ Based on data provided by ScholarShare, https://www.scholarshare529.com/plan/borrowing.shtml
How Does the College Success Fund Program Work?

Account Structure
GUSD’s First Grade College Success Fund envisions that every first-grade student (beneficiary) will have two savings accounts. GUSD will setup the first account with ScholarShare. ScholarShare is a 529 college savings plan for the State of California. GUSD will use this account platform to invest $50 in an investment plan for every first-grade student who is enrolled in a GUSD school as of June 1, 2020.

The second account can be established directly by a parent or guardian of first-grade students. GUSD has partnered with the Glendale Area Schools Credit Union (GASCU) to assist families in setting up individual college savings accounts. GASCU staff will visit school sites across GUSD and help families set up their own accounts. These accounts are referred to as Coverdell Accounts and are similar to regular, interest-bearing, savings accounts.

Parents or guardians will be able to access account balances on both accounts through Outcome Tracker, a designated program management system.

Voluntary Participation in the Program
Participation in the First Grade College Success Fund is strictly voluntary. While all first grade children are automatically enrolled in the program, families can opt out by completing a Program Withdrawal Form online or by sending in a signed hard copy to GUSD’s Student Support Services Department, located at 223 North Jackson Street, Glendale CA 91206.

No Costs or Fees
There are no costs or fees associated with participating in the program. There are no monthly fees or costs associated with the accounts.

Benefits
Currently, GUSD is providing $50 in seed funding to every first-grade student in the District. This amount is invested in an age-appropriate portfolio based on the expected college enrollment year. The program beneficiary will not have access to these funds before graduating from a GUSD high school. The market value of the invested amount will be available to the beneficiary at the time of graduation from a GUSD high school and will be sent directly to the college or career preparation programs to offset the student’s expenses.

Graduation
Students who were enrolled in GUSD as a first grader must also graduate from a GUSD high school to access these benefits. Leaving the District at any time will result in forfeiture of program benefits. However, the student will have access to any college savings account established by their parent/guardian.