

# **Saving 10x for Education: The Impact of EARN's TripleBoost Microsavings Program on Families' Education Savings**

By Jade Shipman

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EARN Research Brief



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## INTRODUCTION & EXECUTIVE SUMMARY

EARN is a leading nonprofit provider of microsavings programs in the US. EARN commissioned a Randomized Controlled Trial (RCT) to measure the impacts of TripleBoost, a program designed to help working families save for their children's education. The primary goal of the RCT was to understand how the first 6 months of TripleBoost participation influences the amount of money that families save for their children's education.

To answer this question, the study randomly placed qualified TripleBoost applicants into Treatment and Control groups, where the Treatment group immediately began participation in TripleBoost, and the Control group was placed on a 6-month waiting list. Families were asked a series of questions at the time of application and on a 6-month follow-up survey. Actual deposit data from families in the Treatment group also was analyzed.

RCT findings reveal that during the 6-month study period, TripleBoost families saved an average of \$681 for their children's education, more than 10 times the average amount saved by families in the Control group. A majority of families in the Control group saved \$0 during the study period, while 90% of TripleBoost families saved \$500 or more. The results are statistically significant. Thus, EARN's TripleBoost program effectively drives families to set aside 10x more in savings for their children's education than they would save without the program.

## ABOUT TRIPLEBOOST

TripleBoost is a 24-month program designed to help working families save for their children's education. Since the program's launch in July 2012, EARN has opened more than 1,700 TripleBoost accounts. Parents or legal guardians can enroll children aged 10-18, and can open one account per child, up to five accounts per family. To qualify for the program, families must earn 50% or below of the Area Median Income for their county of residence and household size. The program includes a \$500 deposit goal per child and offers a 3-to-1 match: parents or guardians who deposit \$500 are matched with \$1,500 from EARN, for a total of \$2,000 that can be used for education-related expenses. TripleBoost is administered online, where families apply, check account balances, and initiate withdrawals. TripleBoost is provided in 3 languages: English, Spanish, and Chinese.

Match dollars from TripleBoost can only be used for qualified education expenses, which include college & trade school tuition, tutoring & test preparation, summer school, books & equipment needed for classes, one computer per child, and enrichment classes (such as language or music). Families wishing to use their funds in the future can rollover their savings and matched funds into 529 accounts, which are withdrawal-restricted savings vehicles for higher education. In the event of an emergency, parents or guardians can leave the program and withdraw their personal funds at any time.

### BACKGROUND OF TRIPLEBOOST IMPACT STUDY

EARN's TripleBoost program has been very successful: of all past TripleBoost participants, 92% successfully deposited \$500 and invested \$2,000 into qualified educational expenses for their children.<sup>1</sup> Yet, despite these success rates, it was not clear to EARN if the dollars saved by program participants represented *new* dollars that families would not have otherwise saved without the program. There was a question about whether families would have saved \$500 on their own for education, independent of program participation.

To better understand our program and its impacts, in 2013, EARN issued an RFP for an external evaluation of TripleBoost. At the conclusion of the RFP process, EARN contracted with Goodman Research Group, a Massachusetts-based research firm specializing in the evaluation of education-related programs, to conduct a Randomized Controlled Trial (RCT).

The RCT had several goals. The primary aim was to understand if families participating in TripleBoost saved more for their children's education than eligible and interested families not participating in the program. Secondly, the study sought to understand if the program impacted parents' educational expectations for their children and if the program led to children having better grades at school.

### STUDY METHODOLOGY

Initial participant recruitment took place from August 2013 to March 2014. Families who had applied and were eligible for TripleBoost were randomly assigned to one of two groups: the Treatment group, which began participation in TripleBoost immediately; and a Control group, which was placed on a waiting list for 6 months. Follow-up surveys were administered 6 months later, from February through September 2014. Participants were offered a \$25 grocery store gift card when they completed the follow-up survey.

The TripleBoost program is 24 months in duration. However, the study only measured the first 6 months of participation to ensure that qualified families in the Control group could participate without being required to wait for 2 years. In addition, Control group participants were guaranteed to receive TripleBoost accounts at the conclusion of the 6-month study period.

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<sup>1</sup> Source: EARN Business Intelligence, 2015.

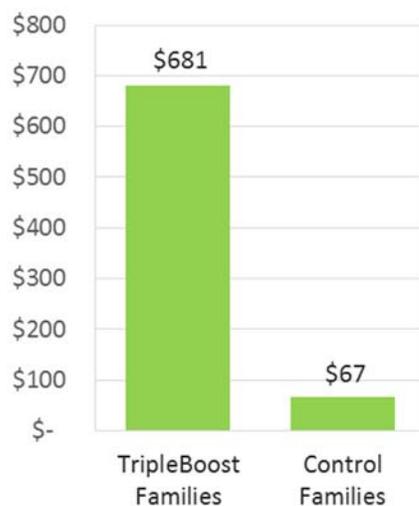
In total, 276 families completed both the intake and follow-up surveys. These 276 families are included in this analysis. Key indicators were measured before participation and at the conclusion of the 6 month period. In addition, actual deposit data from TripleBoost was included in the analysis. The RCT was administered across EARN's 3 service languages (English, Spanish, and Chinese) to ensure that findings are broadly representative.

The data was analyzed using ANOVA and ANCOVA, statistical methods that allow the assessment of group differences while controlling for other factors. Paired samples T-tests were also conducted to detect differences over time. The analysis included other independent variables that could influence outcomes (e.g. language of program participants). Findings reported as statistically significant reflect a p-value less than .05.

### KEY FINDINGS

Statistically significant results from the RCT indicate that the TripleBoost microsavings program effectively drives families to set aside more in savings for their children's education. As shown in Figure 1, during the first 6 months of the program, TripleBoost families saved an average of \$681 for their children's education, more than 10 times the average amount saved by families in the Control Group, which was \$67.

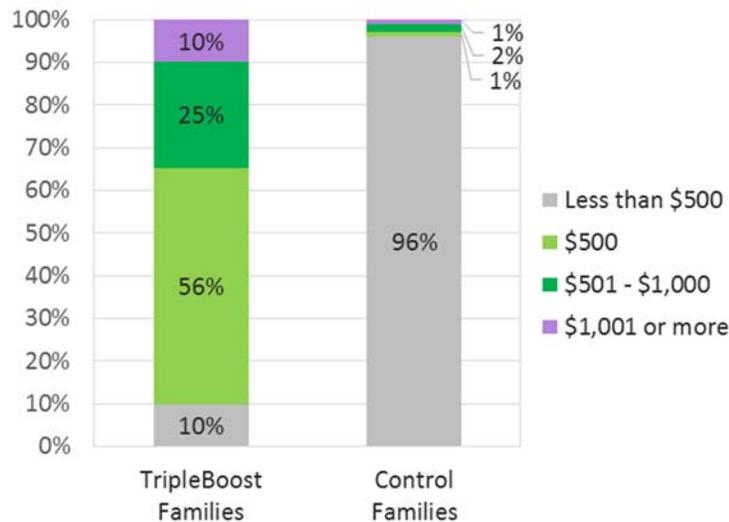
**Figure 1: Average Dollars Saved for Children's Education during the 6-month Study Period**



Source: EARN TripleBoost Randomized Controlled Trial, N=276 families.

Other descriptive statistics support this finding. The median dollars saved for TripleBoost families was \$500, while for Control families, it was \$0. In addition, as shown in Figure 2, 90% of TripleBoost families saved \$500 or more for their children's education during the 6-month study period, compared with just 4% of control group families. Of TripleBoost families, 56% saved \$500, 25% saved \$501 - \$1,000, and 10% saved more than \$1,000.

**Figure 2: Breakdown of Savings for Children's Education during the 6-month Study Period by Category of Dollars Saved**



Source: EARN TripleBoost Randomized Controlled Trial, N=276 families.

### LIMITATIONS & AREAS FOR FUTURE RESEARCH

This research is not without limitations. Notably, the RCT only measured the first 6 months of TripleBoost participation, even though the program is 24 months long. Research over a 24-month time horizon is needed to understand the impacts of the complete TripleBoost program. In addition, the research did not find statistically significant impacts on children's grades or on parents' educational expectations for their children during the 6-month study period. Additional research is needed to understand how the program impacts these outcomes. Future research should consider the role of selection bias: namely, parents who are applying for TripleBoost may be self-selecting for the program because their children have high marks at school and/or because parents already place a high value on education.

### CONCLUSIONS

EARN's TripleBoost microsavings program effectively motivates working families to set aside more in savings for their children's education, by a factor of 10x. These statistically significant results from a Randomized Controlled Trial represent an opportunity, as they indicate that programs like TripleBoost can help lower-income families set aside savings toward important intergenerational goals. While access to education is a complex and challenging issue, our research indicates that goal-based microsavings programs can and do impact dollars saved by lower-income families throughout the US.

## ABOUT THE AUTHOR

Jade Shipman is the Director of Research & Innovation at EARN, where she evaluates and provides strategic recommendations on EARN's in-house financial services and other programs that seek to increase prosperity for working families. Ms. Shipman holds a Master's degree in City and Regional Planning from the University of Pennsylvania, and a B.A. in Sociology with High Honors from the University of California, Santa Barbara.

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## ABOUT EARN

EARN is a national nonprofit that is among the largest microsavings providers in the country. The organization was founded in 2001 with a mission to create prosperity for working families by helping them save and invest in their futures. To date, EARN has helped more than 6,000 families save \$6.8 million of their own money through a variety of microsavings programs, including programs designed to help individuals & families learn to save, as well as programs for those who wish to invest in specific assets: a first home, a small business, or education for themselves or their children.

The EARN Research Institute evaluates the impact of EARN's work and publishes original data, sharing lessons learned and best practices. EARN uses this unique grounding in rigorous research and direct service experience to transform the financial services landscape and to champion effective public policies. EARN's ultimate vision is that millions of well-informed, low-income American families will achieve financial success through proven strategies, fair public policy, and their own hard work.

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