



## Center for Social Development

GEORGE WARREN BROWN SCHOOL OF SOCIAL WORK

# RESEARCH BRIEF

| JULY 2010 | CSD PUBLICATION NO. 10-24 |

## Saving for Post-Secondary Education in American Indian Communities

By Amy Locklear Hertel & Mary Elizabeth Jäger

### Background

American Indians value education as a top asset in tribal communities. In fact, education ranked higher than money, financial security, or homeownership in a 2008 study (Hertel, Wagner, Phillips, Edwards, & Hale, 2008). Many in this study viewed education as part of an unspoken contract between the tribal community and its youth. Study participants noted that the tribal community had a responsibility to teach the youth and that the youth had a responsibility to give back to their tribal community after receiving an education (Hertel et al., 2008). Since education has been identified as a vital asset among American Indian people, it would logically follow that most American Indian adults are either saving for a child's education or would like to save for a child's education. However, little is known about the practices and behaviors of American Indians when it comes to saving for post-secondary education. This pilot study is the first to examine saving for post-secondary education in American Indian communities.

A college education is critical to achieving financial stability in the United States. Empirical evidence linking college completion to higher incomes supports this assertion (Bergman, 2006). Every child should have the opportunity to obtain a post-secondary education and achieve financial stability. However, there are a number of barriers to higher education that make college unobtainable for low-income and minority youth. One of these barriers is limited financial resources. Another barrier is the high cost of post-secondary education. A third barrier to post-secondary education is fewer grant opportunities. One way to save for college is in a 529 college savings plan.

The 529 college savings plan (529 plan or plan) is a savings account designed for individuals to save for future college expenses. The plans are administered by states and allow plan owners to select from a wide range of investments with varying risks and returns. Account owners must identify an account beneficiary, and funds in the account may be used for qualified educational

This brief is based on the full working paper: Hertel, A. L., & Jäger, M. E. (2010). *Saving for post-secondary education in American Indian communities: A geospatial and quantitative analysis* (CSD Working Paper 10-21). St. Louis, MO: Washington University, Center for Social Development.



Washington University in St. Louis

expenses at any eligible educational institution. Eligible educational institutions include private and public colleges and universities, community colleges, and some vocational schools (Boshara, Clancy, Newville, & Sherraden, 2009). They may also include tribal colleges.

## Research Methods

The data for this study are from an 18-question survey instrument designed to learn more about saving for college among American Indians. The survey was administered at the 35th Annual North Carolina Indian Unity Conference held in Raleigh, North Carolina in March 2010. The sample consists of 107 American Indian adults living in North Carolina.

There are two objectives for this study. The first objective is to assess spatially NC 529 College Savings Plan (NC 529 Plan or Plan) awareness and ownership among American Indian participants in North Carolina. The second objective is to identify significant indicators of saving for post-secondary education among participants. The dependent variables for this study come from a review of the literature. The indicators included in the logistic regression model are income, child education expectations, homeownership, and credit card debt.

## Findings

Awareness of the NC 529 Plan among tribes and Native organizations is generally low. More than half of the participants (60%) were not aware of the Plan, and nine counties included in the study had no participant awareness. These counties were Haywood, Mecklenburg, Cabarrus, Iredell, Person, Warren, Greene, Bladen, and Scotland Counties. Mecklenburg County is home to the Metrolina Native American Association, which serves the urban Native population living in and around Charlotte, and Person, Warren, and Scotland Counties contain tribally-designated areas. Haywood, Cabarrus, Iredell, Greene, and Bladen Counties border counties that contain either a tribally-designated area or an urban Indian center.

While nearly half (45%) of the participants reported opening an account to save for post-secondary education, only 11% of the participants were saving in the Plan. This number may sound small, but it is a relatively high rate of participation in comparison to 2007 available data that puts NC 529 Plan participation at less than 1% (Action for Children, 2010). Over half (60%) of those saving in a 529 Plan

were state employees. These findings suggest that the NC 529 Plan may be particularly attractive to American Indians. Additional research is underway to explore this assumption.

There is a high degree of NC 529 Plan ownership among sample participants. This may be representative of American Indians in the state or the result of a skewed sample. While the statewide conference from which the sample was drawn is attended by tribal members from across the state, it may not be attended by participants that are representative of American Indians living in the state. A further study with a larger sample from the state is necessary.

The only significant indicator of saving for college is child education expectations. All other variables are not significant. The finding that income is not associated with saving is itself significant as the opposite has been reported in studies with non-Native participants.

## Conclusions and Implications

To address low Plan awareness in Native communities, the state should consider expanding communication efforts by reaching out to the tribal communities, tribal centers, and urban Indian centers. Tribal offices and urban Indian centers are often trusted institutions and sources of information for American Indian people. Another recommendation for the state is to consider pairing 529 materials with financial education programs offered by tribes or Native community-based organizations. These institutions are a natural outlet to advertise the NC 529 Plan to American Indians. Materials should be culturally appropriate. Brochures with culturally identifiable and representative photographs, designs, and endorsements are recommended. Tribes and Native organizations are encouraged to consult with the state to establish NC 529 Plan scholarship accounts for American Indian students.

The state has apparently made a concerted effort to advertise and enroll its employees in the Plan since a majority of participants in the Plan are state employees. Similar efforts should be made to reach others outside the state employee system. One recommendation is for the state to partner with the NC Department of Commerce and the NC Indian Economic Development Initiative to reach American Indian entrepreneurs.

This study suggests that there is a significant association between saving for college by American

Indians and expectations for post-secondary education. One way to influence saving may be to increase expectations. This may be accomplished through innovative changes to the existing state 529 Plan. Recommendations include offering an initial deposit by the state, the creation of a refundable tax credit, excluding 529 savings from public benefits means testing and need-based financial aid calculations, and providing matching grants for qualified low-income individuals (Clancy, Cramer, & Parrish, 2005). While a few states have adopted these policy recommendations, North Carolina has the opportunity to be among the most innovative of states in this regard.

## References

Action for Children (2010). *Saving brings children's educational goals in focus: An emerging issues report*. Retrieved May 1, 2010, from [http://www.ncchild.org/sites/default/files/FINAL\\_529%20College%20Savings%20Plan.pdf](http://www.ncchild.org/sites/default/files/FINAL_529%20College%20Savings%20Plan.pdf)

Bergman, F. (2006). *Census bureau data underscore value of college degree*. Washington, DC: U.S. Census Bureau.

Boshara, R., Clancy, M., Newville, D., & Sherraden, M. (2009). *The basics of progressive 529s*. St. Louis, MO: Washington University, Center for Social Development; Washington, DC: New America Foundation.

Clancy, M., Cramer, R., & Parrish, L. (2005). *New America Foundation Issue Brief#7: Section 529 savings plans, access to post-secondary education and universal asset building*. St. Louis, MO: Washington University, Center for Social Development.

Elliott, W. (2007). *Specifying children's educational expectations: The potential impact of institutions* (CSD Working Paper 07-07). St. Louis, MO: Washington University, Center for Social Development.

Hertel, A. L., Wagner, K., Phillips, J., Edwards, K., & Hale, J. (2008). *Dialogues on assets in Native communities: Recording a Native perspective on the definition and benefits of retaining and building assets* (CSD-Buder Report 08-19). St. Louis, MO: Washington University, Center for Social Development.

Marjoribanks, K. (1984). Ethnicity, family environment and adolescents' aspirations: A follow-up study. *Journal of Educational Research*, 77, 166-171.

Mau, W. C. (1995). Education planning and academic achievement of middle school students: A racial and cultural comparison. *Journal of Counseling & Development*, 73, 518-526.

Mau, W. C., & Bikos, L. H. (2000). Education and vocational aspirations of minority and female students: A longitudinal study. *Journal of Counseling & Development*, 78, 186-194.

Sherraden, M., Johnson, L., Elliott, W., Porterfield, S., & Rainford, W. (2006). *The I Can Save Program: School-based children's saving accounts for college* (CSD Working Paper 06-02). St. Louis, MO: Washington University, Center for Social Development.

State Advisory Council on Indian Education (2009). *Weaving innovative educational opportunities for American Indian Students: 2009 Report to the North Carolina State Board of Education*. Retrieved May 1, 2010, from <http://www.ncpublicschools.org/docs/americanindianed/reports/2009indianedreport.pdf>

## Acknowledgments

We would like to acknowledge and thank the Heron Foundation for their support of this research and their commitment to building assets in Indian Country. We would also like to thank our colleagues at the Kathryn M. Buder Center for American Indian Studies at Washington University for their continued efforts to educate and train American Indian scholars.

## Authors

Amy Locklear Hertel, Project Manager  
ahertel@wustl.edu

Mary Elizabeth Jäger, Research Assistant  
majager@gwbmail.wustl.edu

## Contact Us

Amy Locklear Hertel  
ahertel@wustl.edu  
(314) 935-8173

Center for Social Development  
George Warren Brown School of Social Work  
Washington University in St. Louis  
Campus Box 1196  
One Brookings Drive  
St. Louis, MO 63130

[csd.wustl.edu](http://csd.wustl.edu)



### CENTER FOR SOCIAL DEVELOPMENT

George Warren Brown School of Social Work  
Campus Box 1196  
One Brookings Drive  
St. Louis, Missouri 63130-4899