

Families fail in saving for college

By Susan Simpson
The Oklahoman

State matching plan pushed for low, middle incomes.

The Oklahoma College Savings Plan isn't reaching the majority of low- and middle-income families in Oklahoma, according to the state treasurer's office.

Families with household incomes of \$60,000 or less have been slow to sign up for the savings accounts, which can be used for expenses at nearly all colleges and universities in the United States.

The biggest segment of participants earn \$100,000 or more, the income group already most likely to send their children to college.

Lower wage earners may discount the impact that savings, even modest, can produce over time, said David Reisdorph of the Oklahoma Kids College Savings Campaign. His group is urging lawmakers to put money into state matches of individual savings.

At a college savings task force meeting Friday at the state Capitol, Reisdorph said enrollment would grow if the state matched initial deposits of up to \$200, and/or matched up to \$100 annually for at least five years.

That would encourage families to begin accounts at the birth of their children and develop a habit of savings.

"Those savings can be ingrained with just a little bit of assistance," Reisdorph said, adding it would instill a message to children that they are expected to attend college.

Higher-income families also have been drawn to the state plan because of state tax deductions of up to \$20,000 per couple. Poor families may have no taxable income, said James Wilbanks, director of revenue and fiscal policy for state Treasurer Scott Meacham.

Although there are college scholarships available to low- and moderate-income families in Oklahoma, they generally pay only tuition. Even with federal funding, a gap of hundreds or thousands of dollars can remain.

Reisdorph's group also wants the state to give tax breaks to employers matching workers' contributions to the college plan.

Oklahoma will test the effectiveness of state matches with a pilot program next year.

Using a \$2 million grant from the Center for Social Development at Washington University in St. Louis, 1,000 families of babies born in 2007 will be randomly selected for matching contributions of up to \$2,000.

Those families will be compared against a control group to see if the matches lead them to invest more over time.