



Center for Social
Development

BROWN SCHOOL AT WASHINGTON UNIVERSITY

Inquiry.
Innovation.
Impact.

Child Development Accounts in the COVID-19 Crisis: Lessons from the Great Recession

Margaret Clancy

All Children Can Reach Their Potential: A CDA Conference

July 16, 2020



Research During the Great Recession: A Window into the COVID Crisis

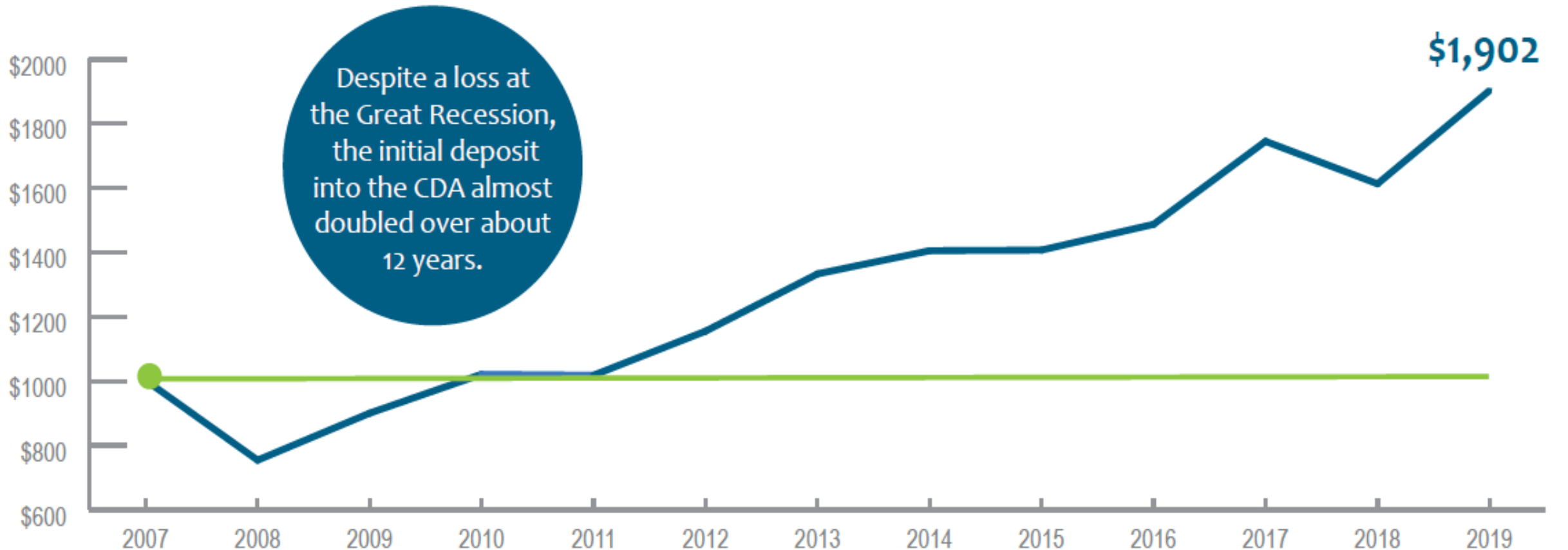


- Wave 1 and Wave 2 surveys: 2,704 (full sample)
2007-2008 and 2011
- In-person interviews: 60 (sub-sample)
2009-2010
- OK 529 plan account and savings data
quarterly



CDA Initial Value Almost Doubled Despite Great Recession

Investment Growth of the SEED OK CDA \$1,000 Initial Deposit: Dec 2007–Dec 2019





Recession Makes Life Difficult

Unemployment and reduced work cause every dollar to be spent for basic living expenses.

“I have to worry about my gas tank and I have to worry about her diapers, her wipes. That’s my first priority.” Nicole

Our truck tires “keep going flat....I just cannot do it. All of our money goes to our truck payment.” Sherry



CDA Offers Mothers a Positive Outlook

blessed
ease *relief*
hope
security



Sherraden, Clancy, Beverly & Huang, 2020;
Gray, Clancy, Sherraden, Wagner, & Miller-Cribbs, 2012



CDA Offers Mothers a Positive Outlook

**The CDA makes me feel “*a whole lot better . . .
like I have some hope for at least one of my kids.*”** Sherry

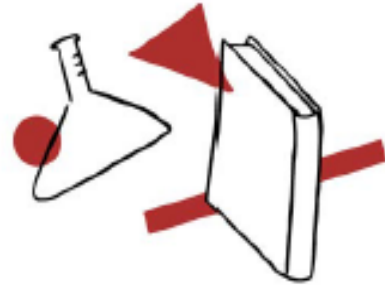
*It gives me a better outlook. [The CDA] made it feel like they
actually cared about my child along with me.”* Jasmine

*“It gives me a sense of relief. It just says this state is being proactive in
trying to encourage parents to save for college
or start something.”* Beth



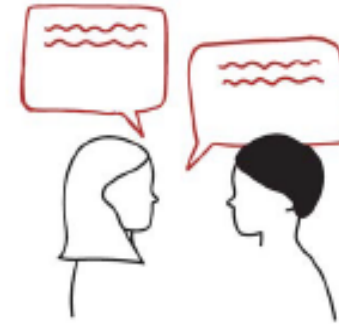
CDA Has Positive Financial and Family Effects

More positive
parenting scores



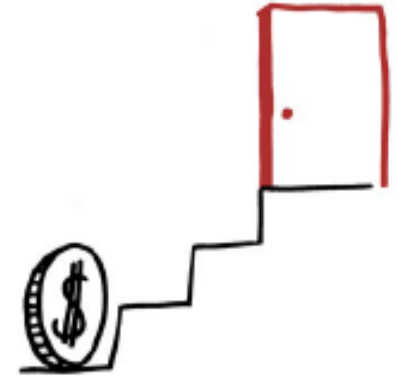
Higher
educational
expectations

Fewer maternal
depressive symptoms



Better
social-emotional
development
of children

Far more
OK 529 assets



Effects are sometimes greater for the most financially vulnerable families, during and after the financial crisis of the Great Recession.



CDA Focus on Long-term Development ...Provide Near-term Impacts

- CDAs focus on long-term development rather than short-term consumption.
- Yet, positive effects of the CDA occur long before the money is spent on postsecondary education.
- CDAs expected to have positive impacts on financially vulnerable households during and after the COVID-19 pandemic.





Social Policy Opportunities

- Focus *first* on building assets for all children, and *second* on improving individual savings.
- Adopt a universal CDA policy and automatically deposit funds at birth.
- Include additional deposits, particularly for low-income children.
- Integrate CDAs with other services for the most vulnerable families.





*“There’s other people that do care about
what happens with our kids.
They’re not just my kids,
they’re everybody’s kids.” Tamara*



Center for Social
Development

BROWN SCHOOL AT WASHINGTON UNIVERSITY

Publications and Resources

<https://csd.wustl.edu/publications-margaret-clancy/>

clancy@wustl.edu