Financial and Social Development Impacts of Child Development Accounts: Longitudinal Evidence from SEED OK

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All Children Can Reach Their Potential: A CDA Conference
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SEED for Oklahoma Kids
CDA Experiment

• Most rigorous CDA policy test built on the Oklahoma 529
• A random probability sample of the 2007 OK newborn population
  N = 2,704 (1,358 Treatments and 1,346 Controls)
  65% with household income < 200% federal poverty line
• Treatment:
  – Automatic state-owned CDA with a $1,000 initial deposit
  – Offered a time-limited $100 account-opening incentive and a savings match
    for individual OK 529 accounts
  – Half of the treatment group received a supplemental deposit ($200 or $600)
    in 2019

(Sherraden, 1991; Sherraden et al., 2015)
• Test a scalable and sustainable CDA policy model

• Assess financial and social development impacts of CDAs on children and families from various ethnic backgrounds (oversampling of Black, Hispanic, and American Indian mothers)

(Sherraden, Clancy, & Beverly, 2018)
Treatment Children Much More Likely to Have OK 529 Assets

At Dec 31, 2019 (Age 12)
SEED OK Impact = 95.4%
Average OK 529 Assets Much Higher for Treatment Children

At Dec 31, 2019 (Age 12)
SEED OK Impact = $2,290

$3,242
Treatment

$952
Control
Initial Deposit and Investment are Essential for Growth

Despite a loss at the Great Recession, the initial deposit into the CDA almost doubled over about 12 years.

Investment Growth of the SEED for Oklahoma Kids CDA $1,000 Initial Deposit: December 2007–December 2019

(Sherraden, Clancy, Huang, & Beverly, 2020)
Treatment Children More Likely to Have Early Individual OK 529 Accounts

At Dec 31, 2009 (Age 2)
SEED OK Impact = 14.8%

17.2%  
Treatment

2.4%  
Control
Difference in Individual OK 529 Account Holding Persists

At Dec 31, 2019 (Age 12)
SEED OK Impact = 13.5%
## Treatment Children Have More OK 529 Family Savings

### At Dec 31, 2019 (Age 12)

- **Treatment**
  - $1,111

- **Control**
  - $951

SEED OK Impact = $160
## Family Savings for Treatment Children with Individual OK 529 Accounts

At Dec 31, 2019 (Age 12)

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<tr>
<td><strong>Mean</strong></td>
<td><strong>$6,173</strong></td>
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<td><strong>Median</strong></td>
<td><strong>$634</strong></td>
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For some measures, the effects were greater for financially vulnerable families, often regardless of whether or not the family has saved.

(Kim et al, 2015; Huang, Sherraden, Purnell, 2014; Huang et al., 2019a, b; Huang et al., 2014)
Policy Implications

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

(Sherraden, Clancy, Huang, & Beverly, 2020)
Publications and Resources

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