

SEED for Oklahoma Kids: Demonstrating Child Development Accounts for All Newborns

Michael Sherraden and Margaret Clancy
May 2008

A goal of the Center for Social Development at Washington University in St. Louis (CSD) is to inform and influence a universal, progressive Child Development Account (CDA) policy in the United States.¹ To reach this goal, CSD and partner organizations conceived and designed the project known as SEED for Oklahoma Kids, or SEED OK.²

What is SEED OK?

SEED OK is among the most important policy innovations in the United States. SEED OK will use a 529 College Savings Plan to test the concept of giving every child an account at birth. The SEED OK experiment will test a low-cost and universal CDA.

In a competitive process, Oklahoma has been selected as the state to implement this path-breaking project. SEED OK is a partnership of the State of Oklahoma (Treasurer's Office, Department of Health, and Oklahoma College Savings Plan), CSD, and RTI International (RTI). SEED OK is funded by the Ford Foundation, the Charles Stewart Mott Foundation, and the Lumina Foundation for Education.

The SEED OK Experiment

In Oklahoma, approximately 2,700 parents of infants from a random sample of Oklahoma birth records will be interviewed over the course of the study. The study includes oversamples of American Indians, African Americans, and Latinos. In December 2007 and May 2008, 1,350 randomly-selected SEED OK families received a deposit of \$1,000 into an Oklahoma College Savings Plan (OCSP) 529 account for the child. In addition, income-

¹ For example, a universal and progressive CDA policy, known as the Child Trust Fund, was implemented in the United Kingdom beginning in 2005. All newborns in the UK now receive an account at birth, with larger initial deposits into the accounts of children from low-income families. CSD research informed the development of this policy.

² SEED OK is part of a larger SEED initiative. SEED is a large-scale, multi-faceted demonstration of child development accounts. SEED includes community-based CDAs, a wide range of research, state policy innovations, federal policy development, market development, and communications. SEED is a partnership among CFED, the University of Kansas School of Social Welfare, the New America Foundation, RTI, the Initiative on Financial Security of the Aspen Institute, and CSD.

eligible families will have their OCSA account savings matched up to \$250 each year over a four-year period. At the same time, a control group of about 1,350 families will not receive a SEED OK account. Both groups will be periodically assessed as the children grow up. We will measure whether participation in SEED OK has an impact on: (1) 529 savings for children; (2) total savings in household; (3) parents' attitudes and aspirations for children's education; (4) parents behaviors regarding education, e.g., reading to young children; (5) children's aspirations for education; (6) children's early schooling performance; and (7) children's knowledge, cognitive, and behavioral development.

We would certainly not claim that a universal CDA is a complete and sufficient solution for positive child development and educational attainment. We do think, however, that asset accumulation is a key pathway for individuals, families, and communities to formulate goals and reach their potential. We expect a thorough analysis to reveal that families and children in the SEED OK group will do better than families and children in the control group.

SEED OK is a social experiment in a total (unselected) population. It has an initial seven-year design. RTI has conducted baseline interviews and will conduct two more interview waves in 2011 and 2014. We anticipate that researchers will continue to follow SEED OK participants into young adulthood. RTI and CSD will analyze experimental data following each wave.

In-depth interviews will also be carried out by CSD during the experiment. The interviews will provide detail and insight into how families think and act in relation to the CDA, contributing to interpretation of quantitative findings.

Policy Implications

SEED OK aims not only to demonstrate that a universal asset-building policy is feasible, but also to document outcomes for children and families. Outcomes are expected to lead to policy change. Working with policy partners and New America Foundation and CFED, our aim is to inform and put in place a universal child development account.

In policy design, we are especially interested in certain characteristics of the best 529 plans—such as public oversight, centralized accounting, low annual fees, low deposit minimums, and matching provisions—that can become building blocks for an inclusive CDA policy. SEED OK builds on an existing policy structure that is centralized and efficient, one that could potentially be rolled out to all children across the United States.

About CSD

The Center for Social Development (CSD) is a research and policy center housed at the Brown School of Social Work, Washington University in St. Louis. CSD began in 1994 with Michael Sherraden, Benjamin E. Youngdahl Professor of Social Development, as the founding director. CSD focuses on social development research to inform how

individuals, families, and communities can increase capacity, formulate and reach life goals, and contribute to the economy and society. The principal focus is on low-income families and communities.

Major areas of work are asset building, civic engagement and service, and productive aging. CSD has a multipurpose agenda that encompasses social theory, research, policy innovation, projects in the community, and teaching. CSD connects academic and applied interests, and builds bridges across public, nonprofit, and private sectors. Academic excellence and real-world involvement are emphasized.

For more information, please contact:

Margaret Clancy, Policy Director
Center for Social Development
Washington University
Campus Box 1196, One Brookings Drive
St. Louis, MO 63130-4899
314.935.8178
mclancy@wustl.edu
<http://gwbweb.wustl.edu/csd/SEED/SEED.htm>