



Center for Social Development

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Child Development Accounts and Mother's Educational Expectations: Impacts From a Statewide Social Experiment

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Outline

- Child Development Accounts (CDAs)
- The SEED for Oklahoma Kids Experiment
- Methods: Data, Measures, and Estimation
- Results
- Discussion: Results Interpretation, Limitations, and Policy Implications



Child Development Accounts: A Policy Innovation for Asset Building

- Special savings accounts for children
 - For homes, education, businesses, or other development purposes
 - Savings subsidized for the poor (e.g., matching)
 - Can be multiple sources of deposits
 - With financial education
 - Ideally, CDAs are lifelong (begin at birth), universal (available to all), and progressive (greater subsidies for the poorest children)
- (for policy concept, see Sherraden, 1991)



Child Development Accounts: A Beginning for Lifelong Accounts

- Singapore's Baby Bonus and CDAs
- United Kingdom's Child Trust Fund
- Korea's Child Development Accounts
- Canada's several CDA policies
- YouthSave demonstration in developing countries

(for CDA policy review, see Loke & Sherraden, 2009)



Child Development Accounts in USA: Asset Building for Education

- CDA policies are focused on asset building for child development, education, lifelong well-being.
- Saving behavior matters for CDAs, but this is not the primary focus.
- By design, CDA policies can be very paternalistic, with automatic enrollment, restrictions on access until a certain age, and restrictions on use.
- Psychological and behavioral effects may include future orientation and educational achievement.



Policy Test of Universal & Progressive CDAs: SEED for Oklahoma Kids (SEED OK)

- Policy and research initiative designed to test the idea of universal, progressive accounts, lifelong asset building
- SEED OK tests whether CDAs promote asset accumulation and improve attitudes and behaviors of parents and children
- Research is multi-method: Experiment, Account Monitoring, and In-depth Interviews
- Oklahoma selected for the SEED OK experiment through competitive process



SEED OK Research Design

- An experiment with random sample of newborns from a statewide population
- Oversamples of African Americans, Latinos, and American Indians
- Random assignment to treatment group (n=1,358) and control group (n=1,346)
- Integrated into an existing policy structure—the Oklahoma College Savings Plan, or OK 529



Intervention Features of SEED OK

Treatment Group

SEED OK 529 account:

- 1. Provides a \$1,000 initial deposit**
- 2. Offers a savings match for income-eligible participants**

Participant-owned OK 529 account:

- 3. Offers a \$100 account-opening incentive**
- 4. Mailings encourage additional deposits**

→ = Opt-out enrollment

→ = Opt-in enrollment



Methods: SEED OK Data

- 2007 Oklahoma Birth Records
- Baseline survey (August 2007-April 2008)
- (SEED OK intervention started)
- Follow-up survey (March-July 2011)
- Sample size:
 - N=2,704 (baseline survey)
 - n=2,236 (analytic sample)



SEED OK Sample Characteristics

- Children: white (67%); male (53%)
- Participants: age ($m=26$); below high school (16%), high school graduate (33%); some college (25%), Bachelor's degree (25%); married (63%); income-needs ratio below 1.5 (55%);
- Balance check in the baseline sample ($N=2,704$) and in the follow-up sample ($N=2,236$)
- Comparison on demographic and socioeconomic characteristics between those participants included in and excluded from the follow-up sample



Outcome measures: Mothers' Educational Expectations

- Expectation level at follow-up survey: “How far in school do you think that [your child] will go?” Five response categories range from “won’t finish high school” (1) to “will go to graduate school” (5).
- Durability of expectations: we calculate the difference and create two categorical levels: “remain the same or increase” (1) and “decrease” (0).

Methods: Identification & Estimation

- Bivariate tests
- OLS and Logistic regressions
- Weighted analyses
- Sensitivity tests (non-weighted analyses)



Results: Bivariate Tests

Educational expectations	Full	Treatment	Control	Treatment- Control Difference
Expectations at baseline (mean)	4.13	4.13	4.13	.00
Expectations at follow-up (mean)*	4.16	4.19	4.14	.05
Durability of expectations (%)**				
decreased	13.02	11.63	14.41	- 2.78
stayed the same or increased	86.98	88.37	85.59	2.78
Total unweighted <i>N</i>	2,167	1,097	1,070	

* $p < .10$ ** $p < .05$.

Results: Multiple Regression



(DV: Educational expectations in the follow-up survey)

- Treatment mothers report significantly higher levels of expectations at the follow-up survey compared to control groups ($b=.05$, $p=.06$).
- Several covariates are also significantly associated, including marital status, parent education, number of children, and African-Americans.
- Significant interaction between Hispanics and primary language.



Results: Logistic Regressions (DV: Durability of Educational Expectations)

- The odds that expectations remained constant or increased are 26 percent higher for treatment participants than for control participants ($b = .26$; $p = .03$).
- Significant covariates: American Indians, mother's age, high school graduates, low income and those with income information missing (compared to high income), and home ownership.



Discussion

- SEED OK has a positive impact on educational expectations at the follow-up survey.
- SEED OK intervention prevents declines in mothers' expectations: The proportion of treatment participants whose expectations remain stable or increase is significantly greater than the proportion of control participants whose expectations do so.



Discussion

- CDAs may reduce effects of structural barriers for disadvantaged groups, and help mothers maintain optimistic prospects for their child's future education.
- As a complement to Head Start and food supplement programs policies, universal and progressive CDAs may have potential to enhance parental expectations and involvement in child development.



Discussion

Previous studies have found other non-financial impacts from SEED OK:

- Decrease in mothers depressive symptoms (Huang et al., Social Science and Medicine, 2014)
- Increase in child social-emotional development (Huang et al., JAMA Pediatrics, 2014)

Developing theoretical specification: CDAs may increase positive view of future, which in turn may affect both parental and child well-being.



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