



Financial Facts: SEED OK Child Development Accounts at Age 14

Margaret M. Clancy, Sondra G. Beverly, Mark Schreiner, Jin Huang, & Michael Sherraden

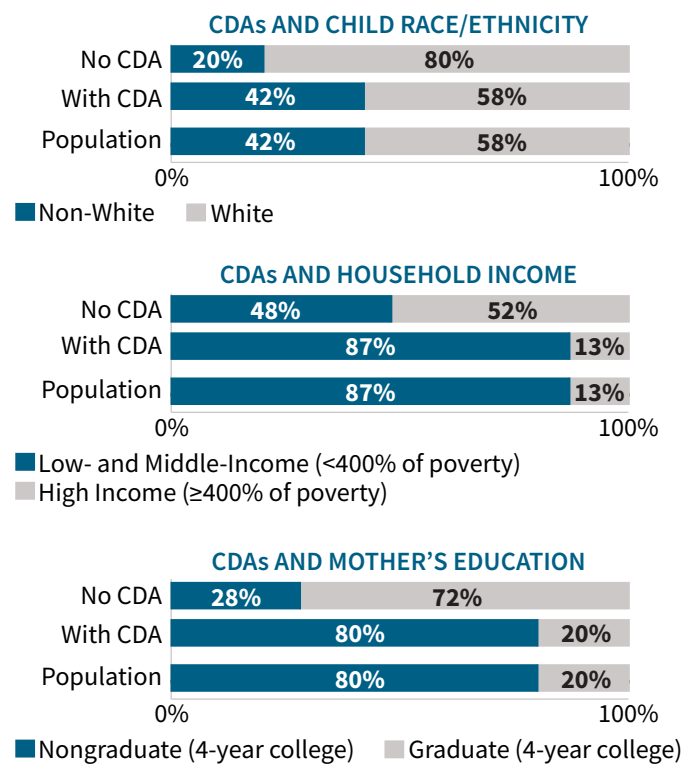
This Fact Sheet presents financial outcomes as of December 31, 2021, when children in the SEED for Oklahoma Kids (SEED OK) experiment were about 14 years old. SEED OK is a large-scale policy test of universal, automatic, and progressive Child Development Accounts (CDAs). The essential feature of the CDA in SEED OK is a state-owned Oklahoma 529 College Savings Plan (OK 529) account, which was automatically opened for newborns in late 2007 with an initial deposit of \$1,000 and which has now grown to about \$2,300. Babies in the treatment group (1,358) received the CDA; those in the control group (1,346) did not. The CDA also received an automatic, targeted deposit in 2019.

The CDA Promotes Full Inclusion in Building OK 529 Assets

The most important financial outcomes in SEED OK relate to full financial inclusion. After 14 years, just 5% of SEED OK control children—those operating under existing OK 529 policy—had OK 529 assets. Because of the automatic features of the CDA, 100% of treatment children had OK 529 assets.

The automatic CDA greatly increases the likelihood that disadvantaged children have assets for their future education. In the images at right, the “No CDA” bar segments show that, under existing 529 policy (without CDAs), more than three quarters of control children with OK 529 assets are White, more than half are from households with high income, and almost three quarters have mothers with college degrees. The “With CDA” bar segments show that treatment children—all of whom have OK 529 assets because of the automatic CDA—exactly mirror the diversity of the state population because every newborn is included. SEED OK research shows that all racial groups build 529 assets when given a CDA structure and support, including an automatic initial deposit.

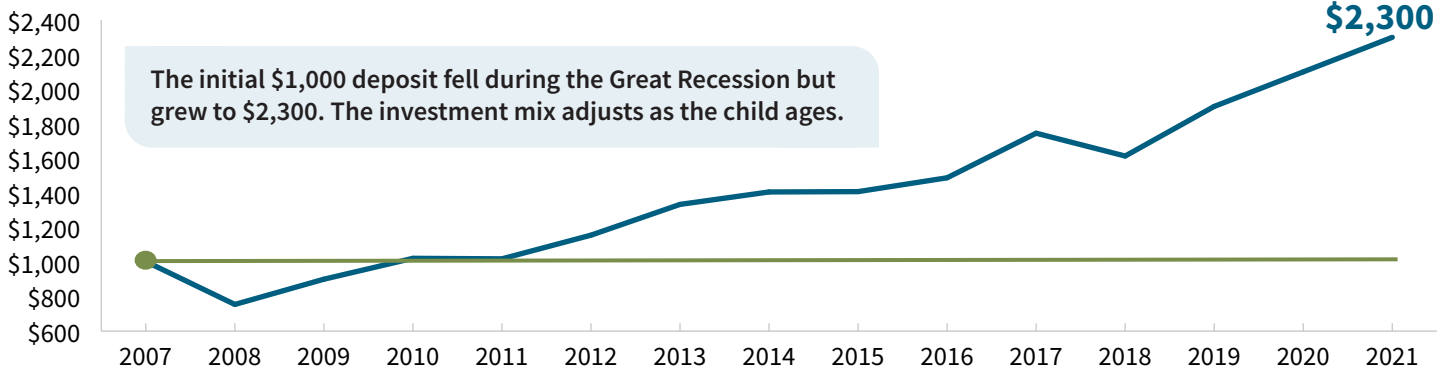
With CDAs, OK 529 Asset Holding Mirrors the State Population and Includes All Children



Without CDAs, the distribution of OK 529 ownership is highly skewed in favor of advantaged children.

“The automatic CDA greatly increases the likelihood that disadvantaged children have assets for their future education.”

SEED OK CDA Growth: Early Deposits and Investments Matter



“All racial groups build 529 assets when given a CDA structure and support, including an automatic initial deposit.”

All OK 529 Assets: Age 14

\$4,373

Total OK 529 assets for the average treatment child

100%

Treatment children with OK 529 savings for college or vocational school

3.4 times

Increase in average total OK 529 assets per child (treatment versus control)

Financial Inclusion via the CDA: Age 14

98 percentage points

Increase in OK 529 asset holding for children of color

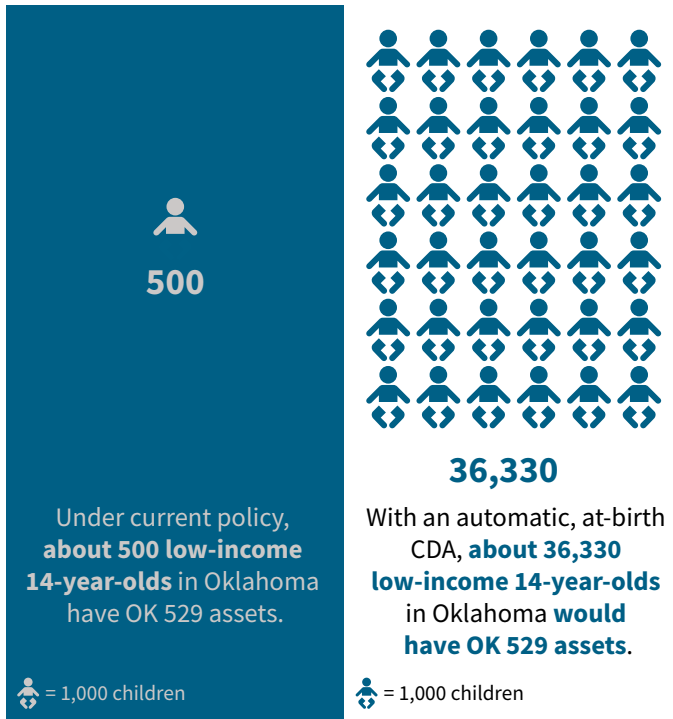
99 percentage points

Increase in OK 529 asset holding for low-income children

98 percentage points

Increase in OK 529 asset holding for children with less educated mothers

OK 529 Assets: CDA Impacts for Low-Income Children Born in OK in 2007



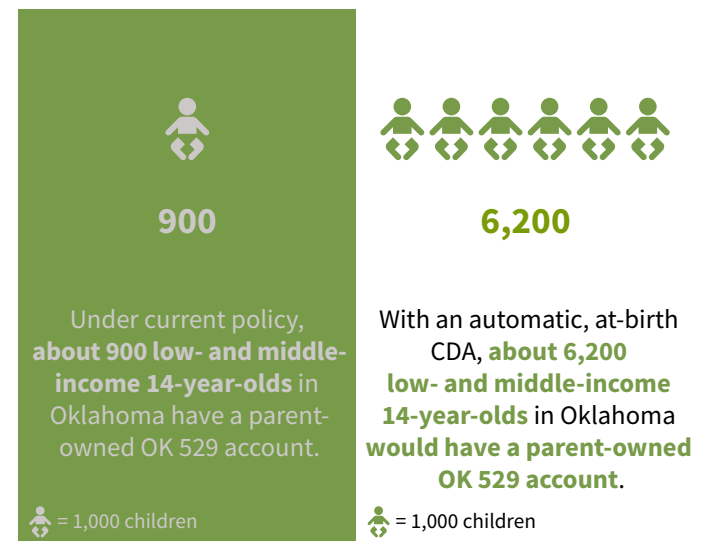
Low-income is defined as income below 200% of the federal poverty level. The extrapolation is valid because SEED OK babies were randomly selected from 2007 birth records.

“The essential feature of the CDA in SEED OK is a state-owned Oklahoma 529 College Savings Plan (OK 529) account, which was automatically opened for newborns in late 2007.”

The CDA and Parental Saving in OK 529 Accounts

Though parent saving is not the primary goal of SEED OK, the CDA increased saving by parents for children’s postsecondary education and increased the number of parent savers. New 529 savers, as a group, are more racially and socioeconomically diverse than those control parents who saved in the OK 529 without the CDA.

Parent-Owned OK 529 Accounts: CDA Impacts for Low- and Middle- Income Children Born in OK in 2007



Low- and middle-income is defined as income below 400% of the federal poverty level. The extrapolation is valid because SEED OK babies were randomly selected from 2007 birth records.

Parent-Owned OK 529 Assets: Age 14

19%

Treatment children whose parent opened an OK 529 account (versus 4% for control children)

\$14,045

Average balance in parent-owned OK 529 accounts of treatment children (savers only)

4.8 times

Increase in OK 529 account opening by parents (compared with control children)

“New 529 savers, as a group, are more racially and socioeconomically diverse than the control parents who saved in the OK 529 without the CDA.”

Acknowledgments

Support for this publication comes from the Charles Stewart Mott Foundation and an anonymous donor. Major early support for SEED for Oklahoma Kids (SEED OK) came from the Ford Foundation. The authors are grateful for our partnerships with the state of Oklahoma through Randy McDaniel, State Treasurer; Ken Miller, former State Treasurer; and Scott Meacham, former State Treasurer. This work would not have been possible without our cordial, steadfast partnership over more than 16 years with Tim Allen, Deputy Treasurer for Communications and Program Administration. The Oklahoma College Savings Plan Program Manager, TIAA-CREF Tuition Financing, Inc., also has been a valuable partner throughout the course of this long-running study. We are grateful to Chris Leiker for editorial assistance.

For more detailed information about the SEED OK account and savings research, see *Financial Outcomes in a Child Development Account Experiment: Full Inclusion, Success Regardless of Race or Income, and Investment Growth for All* (CSD Research Summary 21-06).

Authors

Margaret M. Clancy is the Policy Director in the Center for Social Development, Director of the College Savings Initiative, and Director of the SEED for Oklahoma Kids experiment.

Sondra G. Beverly is a Senior Scholar with the Center for Social Development.

Mark Schreiner is a Senior Scholar with the Center for Social Development.

Jin Huang is a Professor of Social Work at Saint Louis University and Research Associate Professor with the Center for Social Development.

Michael Sherraden is founding Director of the Center for Social Development and the George Warren Brown Distinguished University Professor at Washington University in St. Louis.

Suggested Citation

Clancy, M. M., Beverly, S. G., Schreiner, M., Huang, J., & Sherraden, M. (2022, June). *Financial facts: SEED OK Child Development Accounts at age 14* (CSD Fact Sheet No. 22-20). Washington University, Center for Social Development. <https://doi.org/10.7936/13ge-kt42>



Center for Social Development

BROWN SCHOOL AT WASHINGTON UNIVERSITY

Center for Social Development

Washington University
MSC 1196-251-46
One Brookings Drive
St. Louis, MO 63130

csd.wustl.edu

Follow us @CSDWUSTL