SEED RESEARCH REPORT

PRE-SCHOOL DEMONSTRATION AND IMPACT ASSESSMENT

Helping People Act on Their Hopes Rather than Their Fears: Lessons from Non-Enrollees in the SEED Initiative

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Saving for Education, Entrepreneurship, and Downpayment (SEED) is a policy, practice, and research initiative led by six national partners: CFED, the Center for Social Development at Washington University in St. Louis, the University of Kansas School of Social Welfare, the New America Foundation, the University of Kansas School of Social Welfare, the Initiative on Financial Security of the Aspen Institute, and RTI International. Support for the SEED initiative comes from the Ford Foundation, Charles and Helen Schwab Foundation, Jim Casey Youth Opportunity Initiative, Citigroup Foundation, Ewing Marion Kauffman Foundation, Charles Stewart Mott Foundation, Richard and Rhoda Goldman Fund, MetLife Foundation, Evelyn and Walter Haas, Jr. Fund, Lumina Foundation for Education and the Edwin Gould Foundation for Children.

Abstract

This report is based on in-depth interviews and a focus group with parents and caregivers from the SEED Pre-School Demonstration and Impact Assessment that were offered college savings accounts, but chose not to enroll. It documents that these participants remembered being offered SEED accounts, yet due to misunderstandings, mistrust, and concerns did not enroll, although some later regretted this decision. The paper attempts to explain in the participant's own words the decision not to enroll and also to draw implications on how similar opportunities can be offered in a way that helps people to act on the hopes they hold for their children's futures rather than their fears.

I. Background

Saving for Education, Entrepreneurship, and Downpayment (SEED)

SEED is a national policy, practice, and research initiative designed to test the efficacy of a national system of progressively funded asset-building accounts for children and youth. Beginning in 2004, there have been twelve community-based organizations operating children and youth savings account programs across the United States and in Puerto Rico as part of SEED. With the help of staff members at these organizations, members of the SEED research team are monitoring asset accumulation in SEED accounts, conducting surveys of parents who open SEED accounts, conducting in-depth interviews with parents and youth who open accounts, and conducting a survey of SEED staff members.

SEED Pre-School Demonstration and Impact Assessment

One of the research studies in SEED is a large pre-school demonstration and impact assessment. Oakland Livingston Human Service Agency (OLHSA), a Community Action Agency in Pontiac, Michigan, was selected as the site for this portion of the research. The research design is quasi-experimental. Fourteen Head Start centers administered by OLHSA were chosen to participate in the study. The research team created seven pairs of centers with members that were as similar as possible on organizational and demographic characteristics. One member of each pair was randomly assigned to become a treatment center; the other member of each pair was defined as a comparison center. One parent (or other primary caregiver) of each child enrolled in these 14 centers for fall 2004 was invited to participate in a research study. In fall and early winter 2004, RTI International conducted 45-minute telephone interviews ("baseline interviews") with 732 caregivers. After these interviews ended, SEED staff at OLHSA began outreach for the SEED program at the seven treatment centers. (No outreach occurred at the seven comparison centers; families enrolled in these Head Start centers were not eligible to participate in SEED.)

At OLHSA, the SEED package consists of a 529 college savings account (administered by TIAA-CREF), financial education, and support from SEED staff. When a parent enrolls in SEED at OLHSA, the SEED initiative provides $800 to establish the child's account. Families who meet income guidelines also receive a $200 deposit from the state of Michigan. Initially, families were asked to first make a $25 deposit to establish the account, but after a few months, this requirement was waived. Additional deposits into the account (from parents or other individuals) are matched dollar for dollar (up to a maximum match of $1,200). This match is available for four years, through December of 2008.

SEED staff at OLHSA (like staff at most SEED sites) found recruitment to be much more difficult than expected; most families did not immediately open SEED accounts when OLHSA began actively promoting the program. Of the caregivers participating in baseline interviews that had children attending one of the seven treatment centers and were eligible to enroll in SEED, 62% opened accounts and 38% did not. OLHSA eventually reached its goal of opening 500 accounts, but only after extensive recruitment and encountering many refusals. Thus, it is important to ask whether families who opened SEED accounts are different from families who did not open accounts. Previous research (Beverly, 2006; Beverly, Adams, & Shanks, 2006) examined the characteristics of households that chose to open accounts and those who did not to discover that the decision to open a SEED account is significantly associated with very few demographic, economic, family or psychological characteristics. Thus, this study seeks to better understand why parents and caregivers at the experimental Head Start sites did not enroll. It is hard to comprehend why someone might refuse $800 in 'free money' and the opportunity for assistance to accumulate a substantive amount toward a child's education. Through in-depth interviews and a focus group, this paper outlines evidence that potential participants choosing not to enroll focused more on their fears and concerns rather than potential program benefits.

II. Theoretical Framework

Loss Aversion

Fundamental to our understanding of economic decision-making is the behavioral economic theory of loss aversion. According to Tversky and Kahneman (1981), people, whether rich or poor, tend to view the outcomes of economic decisions in terms of losses or gains and to give greater weight to losses when determining utility preferences. In other words, people feel losses more sharply than gains. As such, they are more likely to choose options that will diminish the risk of losses rather than increase the likelihood of gains.

This loss aversion induces what economists have termed status quo bias (Tversky & Kahneman, 1991). In uncertain situations, people will choose to retain their current economic situation out of fear of loss, even when the chance of gain is significantly greater. The more complicated the economic decision, the more likely people are to fall back on their status quo (Bertrand, Mullainathan, & Shafir, 2006). In promoting savings programs such as SEED, then, it is important to consider whether framing the program in terms of what people might lose by not participating rather than what they might gain through savings, as well as providing adequate information and assistance in understanding the complexities of the program, could increase take-up rates.

Determinants of Saving and Investment

Although there are many theoretical approaches to how and why people save and accumulate financial assets, this paper focuses on a comprehensive framework developed by Sondra Beverly and colleagues (2008). This conceptual framework doesn't exclusively apply to low-income households, but attempts to accurately explain the savings and portfolio decisions of those at the lower end of the income distribution. In this model, individual constructs, institutional constructs, and intergenerational and inter-household transfers affect saving and investment action, which over time lead to asset accumulation. These three constructs could also prove relevant in the decision whether or not to open a SEED account.

Individual constructs include economic resources and needs such as high levels of debt and expenses or not having sufficient income; informal social networks that either encourage or hinder savings and investment; financial literacy which encompasses information about particular investments as well as general financial knowledge and skills; and psychological variables such as future orientation, motives for saving, and perceived ability to save (Beverly et. al, 2008).

Institutional constructs include seven factors that have emerged in research on Individual Development Accounts (Beverly & Sherraden, 1999; Sherraden et al., 2005). These factors are 1) access which includes eligibility and how practical it is to conduct transactions; 2) information about the program, product or financial education and how it is communicated; 3) incentives and disincentives such as initial deposits and match rates offered as well as asset restrictions associated with means tested programs; 4) facilitation such as mechanisms that assist in the savings decision, particularly making options automatic; 5) expectations such as match caps or suggestions made by staff; 6) restrictions such as offering a 529 savings plan that can only be used for educational purposes; and 7) security such as level of risk associated with investment. (Beverly et. al, 2008).

Intergenerational and inter-household transfers include receipt of money and other material assistance through gifts, bequests or inheritance (Beverly et. al, 2008). In our research, participants were asked to reflect on their experiences with savings and financial institutions growing up. In many cases, the influence of family of origin was not through monetary gifts, but rather the lack of assistance, information and modeling of positive financial behavior. Although this could be viewed as similar to informal social networks, the intergenerational legacy described here is distinct. Rather than focusing solely on contemporary influences, the key factors are concrete material assistance as well as the financial resources and example passed along when respondent was young.

The relevant question is whether there are recurring individual, institutional, and intergenerational constructs that influence the decision of whether to enroll in the SEED program. This could be characteristics or attitudes of the individual respondents, program characteristics that were appealing or unattractive, as well as intergenerational help or hindrances.

III. Methodology

In this paper, we focus on understanding the reasons why parents decided not to participate in the college savings program offered through OLHSA known as SEED. A qualitative, exploratory design consisting of in depth interviews and a focus group meeting was used to identify the unique perspectives of these parents.

Sample and Selection

Criterion and convenience sampling approaches were used to identify participants for this study. In depth interviews were conducted with 3 parents and 1 focus group was held with 5 parents who were not interviewed individually. To identify our sample, we first obtained the 2004-2005 class lists of families involved in Head Start who would have been eligible for the SEED program. We removed the names of families who opened a SEED account from the lists and the remaining families formed our potential recruitment pool. Fliers containing information about the study were sent to those families who did not sign up for SEED and interested parents in the study were asked to contact OLHSA staff. Many families had moved and the addresses and phone numbers listed were missing or no longer current. Initially, 198 recruitment letters were mailed and 39 of those were returned. A week later, a follow up mailing of 159 postcards was done. Three weeks later we mailed a final round of recruitment letters and postcards. Over a three week period of time recruitment calls were also made to families with a listed phone number and less than 30 numbers were correct. In addition to the 8 parents who agreed to participate in the study, 5 additional parents also expressed interest in the study but were unable to participate due to time constraints or family responsibilities.

In total, eight parents agreed to participate in the study all with children now in the second or third grade. Despite our best efforts to screen out SEED enrollees, 2 of the focus group participants were involved in the SEED program. One was the sister of a non-enrollee and the other was a mutual friend. The research team noticed this when checking the SEED enrollee lists and after much debate decided not to cancel any RSVP or the entire focus group the night before due to concerns that it might discourage participation and lead to negative feedback about the invitation. The findings section identifies interesting similarities between the two parents choosing to enroll in SEED and those choosing not to enroll. With respect to gender there were seven females and one male. There was an equal number of Blacks and Whites (four). Participants ranged in age from 26 to 48 (although the oldest was a grandmother). Two did not report an income range, but of the six who did, 4 reported making between $0-15,000 per year, one $15,001-25,000 and another 25,001-35,000.

Data Collection

Interviews lasted approximately 60 to 90 minutes and all participants agreed to be audio recorded. The focus group lasted approximately 90 minutes and focus group participants also agreed to be audio recorded. Participants were initially offered, and received, a $35.00 cash stipend to thank them for their participation in the study. After recruitment efforts produced only two interviews, a $25.00 gas card was added to the cash stipend to increase participation in the study.

An interview guide, that concentrated on six primary areas, was developed and used with both the in depth interviews and the focus group. The primary areas explored were:

- Whether or not parents remember receiving information about SEED. If so, what were their first impressions of SEED? If not, why do they think they missed the information that was sent out and what might have been a better way to get information to them?
- What led to the decision not to sign up
- If the parent talked to family or friends about the SEED program and if those discussions influenced their decision not to enroll
- Their general experiences (as a child and adult) with saving and financial institutions
- Their experiences with OLHSA

- Their suggestions for ways to make a program like this better; more specifically, what might have convinced them to enroll in SEED

The guide included suggested questions in each topic area but interviewers were given latitude to deviate from the guide when it would enhance the quality or depth of the interview or group meeting. In the tradition of qualitative inquiry, the questions and probes were unique to each interview or group.

Data Analysis
Transcripts were made from the audio taped interviews and three members of the research team participated in the coding process. A modified grounded theory approach was used to analyze the data. Grounded theory essentially refers to an approach that develops theory or extends existing theory from data systematically gathered and analyzed through the research process (Strauss & Corbin, 1998). This study applies developing theory around savings and asset building to parents who had the opportunity to participate in a college savings program for their children and opted not to do so. For example, Beverly, et al (2008) propose that determinants of saving and investment action involve individual constructs (including social networks), institutional constructs, and intergenerational or interhousehold transfers. We sought theory that would offer insight into parent’s decision not to participate in SEED and identify information that would provide a meaningful guide to action.

The three member research team independently reviewed the transcripts page by page and line by line seeking themes related to specific questions asked. This level of coding is known as “open coding” and is considered an analytic technique used to identify the concepts, which become the foundation of a theory, discovered in the data (Strauss & Corbin, 1998). Themes identified in a single passage by two or more coders became part of the thematic categories list. Following the open coding process, the researchers came together to discuss the themes identified and to develop subcategories for those themes. Grouping themes into subcategories, known as “axial coding”, is a level of coding that occurs around the axis of a category and links categories by general or specific attributes and reflects the range of that category (Strauss & Corbin, 1998). We used inductive reasoning to begin the analysis of narrative data and, at later points in the coding process, used theoretical frameworks in the savings and asset literature to guide our work (Bertrand, Mullainathan, & Sharif 2004; Beverly et. al, 2008). Selective coding, the process of integrating and refining categories, was used in the final step of the analysis process. Selective coding allows the analysts to identify a central or core category represented in the data. The core theme or category, among other criteria, should: be central and related to the other categories, appear frequently in the data, and explain variation in the data as well as reflect the central point in the data (Strauss & Corbin, 1998).

Five categories were ultimately reflected in the themes identified. Concerns and fears became a frequently recurring core theme. The five primary themes identified were:

Individual constructs
Programmatic Constructs
Family and social networks
Misunderstandings
Central theme: **Critical concerns and fears**

Researchers worked together to assess the reliability of the coding process, thematic identification, and interpretation of the data. The lead researcher re-reviewed all of the interviews making sure that themes were not duplicated or that additional themes or categories were not overlooked.

IV. Findings

1. Participants remembered being offered SEED accounts and understood basic details of the program. Seven of the eight participants immediately recognized the phrase "SEED program" when asked. The one person that didn't readily recognize the program responded, "Yes, I heard that. I had my son in pre-school when they offered that to me." after a few key details were mentioned such as being offered $800 to start a college savings program and a one-to-one match for any additional savings. One respondent was able to provide a cogent description without any prompts. When asked what she remembered about the program, she responded

> *" I believe it's called the SEED Program and it was like a college program; get matched dollar for dollar and that you'd have to put in a certain amount of money. And then I believe there was an $800 grant from the State of Michigan that would be added to it over a period of time or right away, something like that. I remember that I did attend a couple meetings on the program and I was interested in it."*

2. ***The initial reasons identified for rejecting SEED were typically things that could be addressed by program staff***. The reasons initially offered represented themes reflecting individual constructs, program constructs, family and social networks, and basic misunderstandings. The six parents who did not enroll in SEED immediately identified eight distinct reasons for failing to do so. Those reasons were:

1. Unfair that only one child in the family benefits
2. Didn't have the required $25.00 deposit
3. Time frame to sign up was too short
4. Some staff were too pushy
5. Too much red tape
6. Sounded too easy, there must be a catch
7. Didn't have enough money to sign up all the children (not all were eligible)
8. Couldn't open an account due to legal status.

The first caregiver interviewed said that the fact that only one of her three grandchildren could benefit from an account felt unfair and thus prevented her from participating.

> *"I turned them down because of the simple fact that I am raising three grandchildren and would not be fair to have one if I didn't have for all."*

In fact, although only a child attending Head Start was eligible to enroll in SEED, it is possible to change the beneficiary of the account opened by the household (which includes the initial $800 deposit and any money contributed by the family). This would allow an older child or close relative to use account funds for post-secondary education expenses. Thus, technically, it is possible for more than one child in the family to benefit from the account. And even though this thought process requires more explanation and a slightly more sophisticated understanding of how to manage a 529 account, the participant's statement identifies just one of a string of misunderstandings that prevented parents from enrolling their children in the SEED program.

A similar misunderstanding is reflected in the following quote.

> *"I just didn't have the money to give up like you know, the amount of kids I had at the time cause it was so much money per child that you'd have to put forth and they came forward and I just didn't have it at the time."*

If the parent had understood that only one of her children was eligible she may have been more inclined to consider SEED as an opportunity for that particular child. She declined participation because she thought that she had to produce $25.00 per child and then would have to continue saving for them all on a monthly basis.

Another misunderstanding involved the amount required to open the SEED account. Two parents specifically cited the "required $25.00 deposit" as an insurmountable challenge. It was clear from the in depth interviews and the focus group that parents were unaware of a program change that waived the deposit as a participation requirement. One participant said,

> *"I remember that I did attend a couple meetings on the program and I was interested in it. At that time I was very, very low income and I couldn't make a deposit. They wanted a deposit of like $25 or $50 or something and I just didn't have it. I mean I had my laundry money and gas money and didn't have it."*

Three of the initial reasons for failing to participate in SEED, *staff too pushy*, *two much red tape*, and *sounded too easy*, conveyed negative or pre-formed perceptions of the program. A focus group participant shared the following,

> *"I didn't really care for it. I mean just the way it was presented to me I kind of backed off of it. The way she explained it, it seemed like it was a lot of red tape. I mean you have to go through so much and it just discouraged me into being, wanting to be part of it. I mean you have to do this and do that and I mean it sounds easy but it wasn't as easy as she presented it. As you go into it, it was somewhat more than it was supposed to be so I just said ' you know, I'll get back with you at a later date' ."*

One interviewee said that the information she received about SEED sounded too good to be true and that her skepticism prevented her from enrolling her daughter in the program. Out of all the initial reasons given for not enrolling in SEED, the only one that was based on a realistic understanding was the person who didn't have a social security number and was awaiting approval of immigration status. In spite of the fact that initial reasons offered seemed to represent misunderstandings that could be easily addressed, further analysis of data revealed more complicated reasons for participants' rejection of SEED, many of which involved deeper levels of mistrust, serious concerns, and fears stemming from childhood experiences.

3. ***Additional reasons often brought up more fundamental misunderstandings, mistrust, concerns, and fears.*** We initially expected the lack of money to be the primary explanation for parents' failure to establish SEED accounts. While lack of money was one of many initial reasons expressed, we quickly found that rationales for choosing not to participate were much more complex and multidimensional. Axial coding of the data revealed deeper reasons for participants' decision not to participant in SEED including mistrust of the U.S. government and financial institutions. Mistrust along with fear, such as potentially negative responses from other institutions (e.g., child welfare organizations and benefits offices) and serious concerns formed a core concept of the 5 identified themes.

While participants generally understood and were in agreement about positive aspects of the SEED program, it appeared to be the mistrust, fears and concerns that kept them from enrolling in the program. Mistrust of systems, organizations, and bureaucracies surfaced repeatedly throughout the study. Several participants mentioned mistrust of the government while others focused on the U.S. banking system. A concern that hard earned money would be lost or taken away was expressed in many comments including this one,

> *"Talking about myself, like if I need some extra money and take a couple of hundred dollars and throw it under the mattress or something, but not like no bank account. A lot of people deal with bank accounts but then if you owe somebody they come into the account first. I'm not about to do that."*

A list of issues that we labeled "more serious concerns" ranged from embarrassment about gaps in financial knowledge and participants' unwillingness to share personal information to misunderstandings about the applicability of SEED to a special needs child. The feelings of several research participants were represented in this statement,

> *"I think some people feel intimidated when you're talking about finances because everybody thinks that's personal. Or people may not even want to admit what their own personal financial situation is because they may be embarrassed or intimidated*

> *about it. Yeah, even though they need it most people feel it's none of your business."*

Participants expressed concerns about divulging personal information to strangers and risking the judgments of others.

Two research participants identified themselves as parents of a child with special needs. A concern voiced by one of these mothers also revealed a basic misunderstanding about the program. She said, *"So I think it's [SEED] a great idea except for I think it should be for college <u>or</u> vocational because like [son's name]he's like a special needs child. I truly do not believe he will ever be able to be college material but vocational school would be fabulous for him. Because this way he would still be a product of society and doing his part as a human, as you know a person."*

This participant was unaware of the fact that SEED funds can be applied toward a vocational program. Another mother dismissed the possibility of using SEED for her son for similar reasons. "*I don't know if this sounds bad but because my son is in special education I know that he'll get a certificate in 12th grade and then he's actually gonna come here to the community center until he's 25 and learn a trade. So, I wasn't so concerned about setting up a college tuition fund for him. I thought if anything there's social security benefits and different kinds of disability benefits that would help him. But for my daughter it was a concern. And she was right at that cut off age*." Misinformation and lack of understanding prevented this parent from using the SEED program to benefit either of her children.

The following statement, made by a focus group member, reflected this parent's genuine concern while elucidating a perplexing and profound misunderstanding of the SEED program.

> *"Most of the people that they offered it to are people who are like one parent families or struggling or some type of handicap where they can't really work like the next person can. To me, when I read it and I threw it out that was something that would go to the middle class family with two incomes. You know what I'm saying? That could just say okay well now we just got paid and we'll take this and give it to them to start for the kids and every time we get it we'll put this in there. Right now, I mean people like us, well I don't know everybody but people like me, I just don't have it to be like okay well here you go and then just every time just here, here, here. With that, I can think of a thousand things to do with it for the kids."*

4. ***Most participants grew up in households that were unbanked or did not utilize financial products or services other than a basic savings or checking account.*** Only

two out of eight respondents remembered their parents using bank accounts when they were young. Among those whose families did not have bank accounts, one respondent stated simply, *"My father did not believe in banks; it's just the way it is."* Another shared, *"My dad had his money in a shoe box and there was a little stash you know, ain't nobody touch."* Even those whose parents did have bank accounts do not remember their parents talking to them much about financial matters.

> *"Money just wasn't something our family talked about… I guess, my parents just figured that when you get older that you just learn those things, you know."*

In their adult lives, many of the respondents continued this trend. While six respondents said that they do have bank accounts, they have only basic checking accounts and live *"paycheck to paycheck."* Two respondents do not use banks at all. One told us:

> *"A lot of people deal with bank accounts but then if you owe somebody they come into the account first. I'm not about to do that… I'm not about to teach my kids to put it, all their money in the bank either because the bank got so many transaction fees."*

Only one of eight respondents has saved any money for retirement. She had an account through her employer, where money was automatically deducted from her paycheck each month. Others responded to questions about retirement savings as follows:

> *"I don't have a penny… It scares me to death because you know I only got, I got 20 years and I'll be retiring. I don't have a penny saved."*

> *"We have been greatly concerned about that. I talked to my husband and it's been on my heart a couple times, but I don't know where to go, where to start. How do you put money away you don't have to put away?"*

5. ***Responses from those that did open SEED accounts often seemed similar to the non-enrollees.*** Two of the participants that called to RSVP for the focus group turned out to be caregivers that had enrolled in SEED. Although this was a source of concern, in the end these two enrollees provided many valuable insights as well as more evidence about initial misunderstandings of the SEED program. In addition, the perspective offered by those that did enroll helped clarify what things might be unique about non-enrollees as well as provide information about the large number of SEED participants that opened accounts, but never made any additional deposits. The points that follow focus on responses from these two caregivers that did sign up for SEED accounts.

   In fact, the questions and concerns of the two that did decide to enroll were not that different from those that chose not to enroll. They made similar comments about too little income and too many expenses, experiencing families of origin living paycheck to paycheck and not using bank accounts. In addition, they expressed regret at not being able to connect all the dots as to what the SEED program was actually offering. Here are some of the questions and concerns that these account openers had about their SEED account,

> *“The only downfall of the SEED program is I really don’t feel that I was educated enough on how to, I’ve never experienced stock market, so that was I think that caused me to hesitate sending any money because I don’t know how to watch the money. You know what I’m saying?*
>
> *“it’s like okay this money was put here and you know, there is so much here and the statements come every few months, but what happens in the event that if we don’t, we aren’t able to put our own money with it, what happens to that money? …So what happens to that money that has been placed there, you know, when we aren’t able to contribute anything to that? What happens to that? Would they still receive that when they are ready to go to school? Or is that just an empty, is it just gonna go back to wherever it came from? I still don’t understand that.”*
>
> *“but the thing that got me was knowing that I’m unable to work and I don’t know how my children are gonna go to college… But now I keep getting these letters saying that my time has run out. I have until such and such a date to deposit X amount of money into this account in order for it to be matched. But you know, as I said before I was, what’s gonna happen to the money that’s sitting there now? I mean I get all of these papers in the mail and it says that I have until whatever day it is to invest this money. But if any event that I’m unable to put anything anywhere to match whatever is there, my whole thing is now what happens to that? Will they still be able to use that to go to school?”*
>
> *“I think about it everyday. In fact I got some statements in the mail today that you know, early this morning that I haven’t opened yet because I don’t have the time to focus on trying to figure out what this stuff is.*

Although these two did enroll, one thing was clear, they were not planning to deposit their own money into the accounts, even if they had extra to save. One respondent said,

> *“I heard about it a couple years ago when my youngest two were in pre-school… something that they were of offering to put in as far as their college education, but even today I you know,*

> *financial situations I have to feed them you know and take care of the bills and everything before I can; I don't have the extra money to put into that. So even today I haven't been able to put into their program so it's not really gonna end up being beneficial because financially I'm just not able to take away from my household and from them to put that over there."*

The other respondent expressed initial excitement, but came to a similar conclusion,

> *"I actually signed my daughter up for it…I thought it was a great idea and I had really great intentions on investing the additional, I think they would match up to $1200 and as everybody else has said I haven't been able to put in more money towards it. …So I appreciated the $800 and I hope that it accrues some value by the time she gets out of school; however I didn't send the extra money because I don't understand how it all works in terms of me investing and them matching up to $1200."*

6. ***Many participants offered suggestions for ways to improve recruitment and the program itself.*** Some suggestions were things staff had already tried or initially offered. But others were interesting new ideas. These ideas included using large-scale community events to let people know about the program and recruit more participants, changing the age cut-off to allow parents to open accounts for older children, and providing more financial education opportunities. Other suggestions included setting up a payment plan that would facilitate parents' adding money to their child's account each month, perhaps using direct deposit:

> *"…if there was an agreement or an opportunity to say okay when I pay my rent then somewhere along the line during the previous month I can be cutting back $5-$10 because I have maybe this $30-$40 thing that I need to give to the SEED program by the 15th of the month."*

Several focus group participants agreed with this suggestion, implying that they needed an extra push to set aside money for the account but that they did genuinely want to save.

Another suggestion was to provide opportunities for parents and children to work together on special projects that would help them raise money for their accounts.

> *"Perhaps, I mean we have these people who are willing to donate money, are willing to do this type of thing for kids who come from low income families. Perhaps they would be willing to somewhat employ parents for an hour or you know, to earn the money to put into SEED. I can find an hour of my time to do something…If you*

> *can you know, bring your kids with you at something you can do and perhaps involve them in I think a lot more people would participate."*

Overall, the suggestions of respondents indicated their sincere interest in saving for their children's education as well as their desire for assistance and support in doing so. Although most respondents did not choose to enroll in SEED, they had positive reactions as they learned more about the opportunity. Several even acknowledged that they didn't understand certain aspects, and expressed regret for not having investigated more and signing up. In addition, all appreciated being able to enroll their child in Head Start and those that interacted with OLHSA in other programs had positive experiences. It is unfortunate that this enthusiasm came so late and one lesson is to find better ways to build upon the goodwill established with Head Start and the broader OLHSA organization.

7. ***Many participants had strategies for managing their finances and a few even made attempts to save for their children, although typically not very successfully.*** Strategies that these participants use to manage finances are the same kinds of strategies that many successful savers use to build assets (Beverly, et al., 2008). Savings strategies identified in the data primarily involved individually motivated actions or individual philosophies. Strategies included:
    a. Exclusive use of cash
    b. Saving (and even seeking) loose change
    c. Cutting coupons
    d. Tracking expenditures with a computer program
    e. Purchasing used clothes or salvaging items that others tossed out
    f. Maintaining low levels of debt

One participant shared the following strategy with pride,

> *"Now I have my own little trick. I'm a change nut. If I find ten cents on the floor I'm gonna pick it up. Now that's how I do my Christmas and that's how I pay my taxes on my house."*

One individual felt that she was better able to manage her finances when she refused to make loans to family members even in serious time of need. One participant shared her disappointment at a family's member response to her request to return money that had been borrowed,

> *"Oh you working, you got the money. 'You know, what about my kids? I could use the money that I just gave you to help my kids. It's supposed to be a loan, not a charitable organization, you know, so in that case, alright, you won't get it again. Enjoy it while it lasts'."*

Many participants joined in to express difficulties with family and significant others asking them for money, particularly after a tax refund. Yet, other participants found critical support from family members and members of their social networks in their attempts to manage their finances or to save money. For example, one participant said,

> *"When I get money or get paid, I take most of the money that's not spent on a bill or the kids, I take it to my boyfriends grandma cause she's an old lady and she not about to you know what I'm saying mess with the money. Then when I call her she gonna give me a thousand questions to why I need it. So I give it to her because she gonna be a hassle to give it back to me".*

Another participant felt unable to save money for her children but gave money to her mother who had established savings accounts for each child.

> *"She opened up [a savings account] every time I had a kid she go up there. I mean for real because I have a kid she like a month or so before I'm due she like well you know I'm going to open that account so I'm gonna need a social security number. Don't forget to bring the card. I take her the numbers and she takes it and opens an account. Like around tax time she tries to be funny, I know you got 5 grand, you can at least give me $100 a piece. You know? So I give her whatever she asked for".*

It was apparent that the participant never considered using the eligible child's SEED account to maximize the contribution that grandma was making to the child's future. But even with these strategies for savings, most participants also mention things that make it difficult to save. These include struggles with bills, rising prices and someone in the household becoming unemployed. There was even a dialogue about how much is spent making purchases for children, and when it might be time to buy something for oneself.

V. Implications and conclusions

The individual difficulties faced by many of these participants are myriad and complex. They range from unemployment and very low incomes to complete unfamiliarity with the account product offered. In spite of this, the SEED program still represents an advantageous offer to the caregivers and their children. Thus, how recruitment is handled and the way initial entry into the program is managed become crucially important. Summarizing most responses, there are three potential reactions to the SEED program. Each provides an opening to better explain the program and help the family capitalize on the opportunity in the best way possible given their specific situation.

1. *The person says that they are not interested in enrolling and offers a reason that demonstrates a clear misunderstanding of the program.* In this case, it is imperative to address any initial questions or misunderstandings immediately and completely. This might be a good time to discuss contingencies and talk through hypothetical scenarios.

For example, what could they do with the 529 account if an older child is more likely to go college or they want to share funds among multiple children? Or alternatively, even if they are currently unemployed and have no possibility of adding to the account themselves during the first few years, it is still possible to open an account with the initial $800 and ask others to make deposits on the child's behalf or wait to contribute once their situation changes.

2. *The initial outreach is successful and the person agrees to open a SEED account.* In this case, early follow up is important. There still may be additional fears and concerns. Do all possible to make sure they understand the account itself, know how to read the statements, make deposits, and feel good about the program and what it could mean for their child and family overall. In fact, it might be better not to rush a participant to enroll before initial concerns are addressed. This just postpones the tough conversation and might lead to more confusion, particularly if SEED staff loses contact with the caregiver.

3. *The initial response is positive and the family starts to save and seems engaged.* In this case, spend time getting to know the family and their situation whenever possible. There may be gaps of knowledge, a change in financial circumstances, or receptivity to suggestions that would help family to save more or be more proactive in encouraging their child's educational success.

This may seem like intense case management for what should be a simple and straightforward child savings program. Such intensity might be necessary at the beginning to make a good first impression, build appropriate rapport with potential accountholders, and ensure that households understand and take maximum advantage of the opportunity offered. It could prove more efficient, however, to strengthen the institutional constructs of the program rather than attempt to resonate with hundreds of individual circumstances.

Thus, when individual barriers exist, the institutional features may need to be even stronger. Automatic enrollment and account opening would help facilitate everyone over the initial hurdle of signing up for an account. In addition, things like stamped, addressed envelopes to TIAA-CREF could improve the practicality of making deposits. Finding persuasive and culturally appropriate ways to explain account statements, risk options, and other financial principles both in writing and in person might also help. Although OLHSA chose not to provide benchmark incentives (probably a good thing given the number of sites and accountholders), offering fundraising options for children and their families to earn money to deposit into accounts could be motivating given the difficult financial circumstances faced by many participants.

Many of the participants did not receive good instruction in financial matters from their parents or families of origin. When there is nothing in a person's own experience or social network that provides exposure to complex financial instruments or investments, it is less likely that he or she will believe that saving in such an account will provide the mechanism to create a better future for one's child. Thus, even if they enroll, they still may not actively participate or make additional deposits. If one of the purposes of SEED and programs like it is to break intergenerational cycles of asset poverty, then engaging children and parents together around these issues is important. One concern with SEED is that very few accountholders participate in the family fun nights or many of the opportunities offered for practical instruction in financial education. Taking advantage of the year when participating children were enrolled in Head Start centers to set up demonstrations or displays to highlight financial principles also might have helped. This could include collaborating with Head Start staff to work small activities or assignments into the curriculum, which would serve as an effective teaser or parallel teaching mechanism.

Examining participant responses, the Beverly et al. (2008) constructs for determinants of savings and asset building seem relevant to the decision of enrolling in the SEED program. Both the initial reasons offered as well as the more serious concerns included a combination of individual variables and program related variables and were intertwined with childhood experiences with finances, or lack thereof. Whether working with individuals, strengthening institutional constructs through program features or directly intervening to influence intergenerational transfers of financial resources and information, these findings reveal that SEED or any similar child savings program will need to help participants act on their hopes rather than their fears. Such help may entail encouraging a potential participant to articulate and visualize their hopes, expectations, and aspirations for their child's future and linking these to savings. It may entail specifying how much money would be forfeited over 14 years by not accepting the $800 and doing all possible to reach the $1200 match limit. This may also entail providing clear, accurate responses to whether a 529 account is eligible for garnishing or makes one ineligible for particular benefits. Unless the fears, concerns and losses that participants associate with saving and contributing to a SEED account are acknowledged and addressed, they might not trust enough to take advantage of the benefits offered.

The SEED demonstration provides many opportunities to learn. It may be disappointing that many chose not to enroll in SEED and that even among those that did open accounts, many are not making any additional deposits. But as the research presented here demonstrates, even these circumstances can provide insights as to how to improve recruitment strategies and strengthen program offerings. Given that the intention of these interviews and focus groups was to study non-enrollees, the information obtained from the two account openers was accidental. In future research, it is possible to use empirical data to study such non-savers using survey data from the Impact Assessment combined with account monitoring information. If additional questions emerge, focus groups with this target audience might also be warranted.

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