



Center for Social Development

GEORGE WARREN BROWN SCHOOL OF SOCIAL WORK

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INTERVIEWS WITH MOTHERS OF YOUNG CHILDREN IN THE SEED FOR OKLAHOMA KIDS COLLEGE SAVINGS EXPERIMENT



Washington University in St. Louis



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Interviews with Mothers of Young Children in the SEED for Oklahoma Kids College Savings Experiment

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Glossary

401(k) retirement plan. A qualified retirement plan established by employers so that eligible employees can save, typically by deferring wages via payroll deductions. Employers may make matching contributions to the plan on behalf of enrolled employees. Generally, deferred wages and any contributions made by employers are not subject to income tax until employees withdraw the funds at retirement.

529 college savings plan. A tax-advantaged plan designed to encourage saving for the future postsecondary education expenses of a designated beneficiary. The plans are named after Section 529 of the Internal Revenue Code (26 U.S.C. §529 [2011]) and administered by states. The plans allow earnings to grow free from federal income tax if used to pay for qualified higher education expenses. Many 529 plans, such as the Oklahoma College Savings Plan, or OK 529, also offer state residents a tax deduction.

Certificate of deposit (CD). A type of deposit account offered at a bank or other institution. A fixed sum of money is invested for a specific period of time—6 months, 1 year, 5 years, or more—in exchange for interest paid at a specified rate, which is typically higher than that returned by a regular savings account.

Oklahoma College Savings Plan. Parents, relatives, and friends may open an account and contribute to an Oklahoma College Savings Plan on behalf of a beneficiary. Account owners select from several investment options, including an equity fund, a bond fund, a balanced fund, a guaranteed option, and age-based funds that adjust investments according to the beneficiary's age. The minimum initial contribution is \$100. Additional deposits must be at least \$25, or \$15 via payroll deduction.

Participant-owned Oklahoma College Savings Plan account (OK 529). An optional Oklahoma College 529 Savings Plan account that mothers can open for their child's postsecondary education. Deposits into accounts owned by treatment mothers were eligible for SEED OK financial incentives, including \$100 for account opening and a savings match (available from 2008 to 2011) for low- and moderate-income households.

SEED OK 529 account. A state-owned Oklahoma College Savings Plan account opened for every child in the treatment group with \$1,000 from the SEED OK study. Accounts will be used at eligible in-state and out-of-state educational institutions, both public and private, including colleges, universities, graduate schools, community colleges, and vocational schools.

SEED for Oklahoma Kids (SEED OK). A test of a policy to provide a universal and progressive savings account for children. As part of the experimental study, a SEED OK 529 account was opened on behalf of every infant in the treatment group. The experiment offers additional savings incentives to treatment mothers of infants from low- and moderate-income families.

Sherry

Sherry, her husband, and their two children moved in with her husband's grandmother recently when the family lost their home due "to back taxes." Because Sherry stays at home with her children and her husband was recently laid off from his job for the third time, they have no reliable source of income. Sherry did not graduate from high school but hopes that her children will have more opportunity for schooling. Sherry is saving "just [for] necessities, mostly." She says:

[The family] can't afford tires for our truck. They keep going flat.... School trips, pictures, any school functions, or anything that they just want, I just can't get it. I just cannot do it. All of our money goes to our truck payment.

When asked what made saving difficult, Sherry said it was "the fact that we get so little and we need so much."

The SEED OK 529 makes Sherry feel "a whole lot better. It makes me feel like I have some hope for at least one of my kids." Sherry shares what she believes would have happened if a SEED OK 529 account were available when she was young, stating that she "may have stayed in [high] school and not got off track like I did, and did some of the things that I did—I might have had hope for myself." Sherry's mother did not graduate from high school because she became pregnant at the age of 17:

She got married right then, and she didn't finish [high] school, and she sure wanted me to finish. She didn't want me to end up like her in this small town. Like I am now.

Sherry recalls learning about the SEED OK incentives:

Well, they sent me something in the mail, saying by April 15, if I got online or sent it in the mail, they would start him up a \$100 saving that I can put money in. And the other one [SEED OK 529] you know, I can't put money in the other one.... That's what it was; if I got it in by April 15th, they would pay the \$100 to start it.

She opened her OK 529 account and took advantage of the \$100 from SEED OK. Sherry views her OK 529 account favorably but cannot afford to make deposits, "No, we've hit rock bottom." She added:

I think it's [OK 529] a good thing in case we do happen to start doing better, I can put money in there, and the more money I put in there the better off he's gonna be.... The pros, of course: [if] I can put money in it, it will grow faster. I can't put money in there most of the time, but it's [the \$100 from SEED OK] still growing. So, it's not really a bad thing that I can't, but I just wish I could put some in there.... I like being part of the program, and I didn't want him to miss out on it, in case it was gonna be a really good thing. It sounded good.

Executive Summary

SEED for Oklahoma Kids

The SEED for Oklahoma Kids (SEED OK) study is a large-scale experiment designed to test universal Child Development Accounts (CDAs). To test the concept of providing every child with a college savings account at birth, the study recruited a sample of 2,704 infants born in Oklahoma in 2007 and asked mothers of these focal children to complete a baseline telephone survey. The study then randomly assigned participants to the treatment or the control group. The state treasurer's office automatically opened a state-owned Oklahoma College Savings Plan account (SEED OK 529) for each infant in the treatment group, and SEED OK provided an initial \$1,000 deposit for the account. The treasurer's office also sent treatment mothers information on a participant-owned Oklahoma College Savings Plan account (OK 529). In this information, the study offered a time-limited \$100 incentive to open an OK 529 account and a savings match incentive to those with low or moderate incomes. In contrast, the control group did not receive a SEED OK 529 account for the focal child or any information about the OK 529.

This report presents findings from a qualitative analysis of interviews with 60 mothers (40 in the treatment group and 20 in the control group) conducted approximately 2 to 3 years after the birth of sampled children. To understand the range of experiences in the SEED OK experiment across race/ethnicity and social class, the study oversampled three minority groups (African Americans, American Indians, and Hispanics). As a result, the in-depth interview sample disproportionately represents these groups.

The SEED OK experiment leverages contributions from multiple partners, including the Center for Social Development (CSD) at Washington University in St. Louis, the Oklahoma College Savings Plan, RTI International, the Office of the Oklahoma State Treasurer, and the Oklahoma Department of Health. For this report, researchers interviewed mothers to understand attitudes and behaviors regarding a range of questions about their financial lives and perspectives on the future education of their child. The topics include knowledge and understanding of household finances, financial management and saving, educational aspirations and expectations, how they expect to pay for future education, and the treatment respondents' views on the value and effectiveness of SEED OK in meeting their financial and educational goals for their child. The study also explored respondents' aspirations and expectations for the education of their child. Treatment respondents were asked about their SEED OK experience thus far. Findings from this study reflect respondents' *short-term experiences* in SEED OK. The in-depth interviews allow mothers of young children to describe their experiences and their perceptions in detail and in their own words.

Findings

Financial knowledge and behavior in the family

- Mothers report that they grew up in households with low levels of financial sophistication.
- Parents and grandparents of respondents extolled the virtues of savings, and some mothers had small savings when they were young, but few respondents were taught how to save.
- Many mothers indicate that they currently lack confidence in their knowledge of money matters. Some rely on knowledgeable family members for financial advice.

- Nearly one-third of respondents, primarily respondents of color and those with low income, are unbanked.

Saving motives and challenges

- Respondents share their motives for saving and the challenges that they see as preventing them from setting money aside.
- They recognize the value of saving, say that they want to save, and identify short-term goals (e.g., to cover bills, emergencies, children's needs, and for a "rainy day") as their most common motives for saving.
- Some mothers also say that they are motivated to save for such long-term needs as home ownership, retirement, their children's education, or their own education.
- Mothers report challenges that prevent them from saving, including limited resources and debt. Many use every dollar for basic living expenses (e.g., milk, gasoline, and diapers) and "just keeping up with the bills."
- Many mothers say they want to save, and will save, when their circumstances improve. Some note that they accumulated savings in the past and express frustration that they are not able to save more.

Educational aspirations and expectations for the child

- Nearly all respondents hope their child will attend college.
- Even mothers with very low levels of education, including some immigrants, believe that college is important.
- Several link postsecondary education to good jobs and high wages.
- Some mothers say that they wish to provide more opportunities for their children than they had themselves. Several who dropped out of high school do not want their children to "follow in their footsteps."
- Despite these high aspirations, mothers discuss multiple perceived barriers to postsecondary educational attainment. The most commonly identified barriers are social and personal in nature (e.g., adverse influences from peers, falling in love, and "babies").
- Some foresee no obstacle, and others speak about barriers in general terms, not necessarily anticipating that these barriers will be relevant to their own children.

Paying for a child's education

- Mothers recognize that college costs are high, but their estimates of the costs vary widely, and they express uncertainty about possible payment options.
- Many seem to believe that they will "find a way" to pay, but few can articulate a financial plan.
- Some say that they have only recently begun to think about college costs, and others have not considered the matter.

- Nearly half of mothers plan to use savings to help finance their children's education, but most have not yet saved for this purpose.

Perspectives on SEED OK

- Treatment mothers talk about being "excited" and feeling "blessed" that their child received a \$1,000 deposit in the SEED OK 529 account. They know that the state-owned account can be used only for their child's postsecondary education and they "can't touch it right now."
- The vast majority of treatment respondents suggest that the SEED OK 529 account has a positive meaning for them.
- Many mothers seem to believe that the account will create educational opportunities for their child, opportunities that they did not have.
- The SEED OK 529 account appears to give a number of mothers hope and perhaps even confidence in their child's future. Several believe that the account offers them "a sense of security—a little bit of relief that something has begun."
- Many respondents say that the SEED OK program materials and quarterly SEED OK 529 statements remind them that their child has an account for postsecondary education and prompt them to think about saving.
- Through the tangible deposit, the symbolic message, the regular account statements, and program materials, SEED OK seems to motivate some mothers to see their children as college bound, to support their child's education in the precollege years, and to think more about financing college. Mothers say that they are grateful that people other than their family members "care about what happens with our kids."
- Some say that SEED OK motivates them to think about saving for their older children's college as well.
- A few mothers express concern that the economic recession reduced the value of the initial \$1,000 deposit or believe that the deposit will not do much to make college affordable. Some indicate that they have other ways to pay for college and that the initial deposit will not change their plans.
- The sample of interview respondents is small, but there is evidence that mothers in the lowest income and education categories view the SEED OK account as more meaningful than do other respondents who have higher income and education.

Perspectives on participant-owned OK 529 accounts

- Five of the 40 treatment respondents opened an OK 529 account for their child. Three of the five say that the savings-match incentive prompted them to open the account. Some note that they could not open the account without the \$100 account-opening incentive.
- The remaining 35 treatment respondents did not open an OK 529 account. Many say that they do not have money to save (they are "living paycheck to paycheck") and identify that as their primary reason for not opening an account. For example, one treatment mother said, "I kind of feel bad about not even putting no money in the account. You know I just can't afford it, but I'm working on it."

- Some mothers report that they did not receive information or “really did not read” the materials. Some mistakenly thought that they needed to open the account with \$100 of their own money or make regular contributions. (The Oklahoma College Savings Plan requires a minimum \$100 to open an account, but no subsequent contribution is required.) English is not the primary language of three of these respondents, and the language barrier added to the confusion.
- A few mothers have reservations about the fairness of opening an account for one child but not their other children. This concern does not keep them from participating in SEED OK but seems to influence their decision about opening a participant-owned OK 529 account.

Discussion

We offer perspectives and draw several conclusions from the in-depth interviews with SEED OK treatment and control respondents:

- Mothers report that the SEED OK 529, by providing an initial deposit and regular account statements, conveys that *someone outside the family* expects their children to go to college.
- Mothers say that a SEED OK account makes them feel more optimistic about their children going to college. Prior research suggests that this maternal optimism may, in turn, help children see themselves as college bound and help them to overcome or avoid personal and social barriers.
- Mothers say that opening a college savings account on their own is difficult because there are many competing needs for their money.
- Many mothers of young children in this study report economic circumstances that make it difficult for them to think about opening a college savings account (even an incentivized account) or saving on their own.
- Mothers report that the automatically opened SEED OK 529 with an initial deposit
 - o reduces negative attitudes about financial institutions
 - o increases knowledge of some financial products and services
 - o increases their expectations for their child’s education
 - o increases their motivation to save
 - o helps them feel more secure about their child’s future
- Mothers offer several reasons for why they did not open or deposit into a separate, financially incentivized, college savings account for their child (e.g., competing needs for money, did not understand or were unaware of the incentives, desire to save for other children). This suggests a need to increase simplicity, facilitate participation, and open accounts for all children.
- If CDAs begin early in a child’s life, they may have greater effects on social and personal barriers than do loans, grants, and scholarship programs, all of which become available just before college attendance.

Recommendations

These perspectives and conclusions lead to several recommendations for policy makers:

- Adopt a single account structure and open the account automatically at the time of a child's birth (or very early in the child's life), such that a child's account holds public incentives, deposits from family and friends, and earnings.
- Include additional, targeted subsidies and benchmarks, particularly for low-income youth. (Because the lack of funds is a key obstacle to saving, ensure that deposits are tied to academic and other milestones rather than to savings.) These benchmarks could support activities and decisions that contribute to college preparation.
- Draw upon integrated administrative systems and use automatic account opening to avoid requests for Social Security numbers or forms that parents must complete.
- Consider the value of regular account statements and frequent communications. Multiple messages and messengers may raise awareness and understanding of college savings.
- Capitalize on the opportunities provided by economic socialization—the process by which individuals learn about saving and finances from their families—to influence children's outcomes by enhancing parental knowledge of saving options, educational costs, and financial planning.

These SEED OK interview findings provide valuable insights into the promise and challenges of asset-building programs. Additional, longitudinal survey research will explore whether SEED OK 529 accounts influence parental aspirations and expectations for their children's education over time. It could be that CDAs have a greater effect for low-income families than for their higher-income counterparts because low-income families have fewer options for their children. Further research will shed light on programmatic and policy implications.

Treatment respondents joined SEED OK with different levels of savings knowledge and different educational experiences. While it is too early to tell whether the SEED OK 529 account alone will contribute toward future savings, educational planning, and postsecondary education for children, SEED OK appears to serve as a catalyst, motivating parents to begin thinking about and planning for their child's educational future.

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Introduction

SEED for Oklahoma Kids

The SEED for Oklahoma Kids (SEED OK) experiment is a large-scale study of universal Child Development Accounts (CDAs) provided to randomly selected newborn children in the state. This policy and research collaboration involves multiple partners, including the Center for Social Development (CSD) at Washington University in St. Louis, the Oklahoma College Savings Plan, the Office of the Oklahoma State Treasurer, the Oklahoma Department of Health, and RTI International.

The SEED OK study tests the concept of providing a 529 college savings plan account to every child at birth (Beverly, Kim, Sherraden, Nam, & Clancy, 2012; Kim & Nam, 2009; Nam, Kim, Clancy, Zager, & Sherraden, 2012; Zager, Kim, Nam, Clancy, & Sherraden, 2010). In particular, the experiment examines whether the 529 account has an impact on family attitudes and behaviors concerning postsecondary education and saving for children; it also examines effects on children's developmental outcomes (Zager et al., 2010).

Money in 529s can be used for postsecondary education at eligible in-state and out-of-state educational institutions. These include private and public universities, community colleges, and vocational schools.

The Oklahoma state treasurer invited the primary caregivers (mostly mothers) of newborns to participate in the SEED OK study and told them that they had a 50–50 chance of receiving an Oklahoma College Savings Plan (i.e., OK 529) account with a \$1,000 deposit for the child. After the mothers completed a baseline telephone survey, which was conducted in the fall 2007 through spring 2008, the study randomly assigned them to a treatment or control group (Marks et al., 2008). All treatment children were named as beneficiary of a state-owned OK 529 account. These state-owned SEED OK 529s were opened automatically with a \$1,000 deposit from the study, and treatment participants and children began receiving additional information from the state treasurer's office (Appendix A).

Treatment participants received information about an opportunity to open their own OK 529 account, which would be separate from the SEED OK 529 created for each treatment child. Low- and moderate-income treatment participants were eligible for savings-match incentives: if someone deposited \$25 or more to the participant-owned OK 529 account, the study matched that sum by providing SEED OK funds for deposit into the state-owned account. Each OK 529 account owned by a treatment participant (and for which the focal child was beneficiary) could receive up to \$250 in matching funds per year from 2008 to 2011.¹ The state normally requires an initial minimum deposit of \$100 to open an OK 529 account. If treatment participants opened such an account by April 15, 2009, SEED OK made this \$100 deposit on their behalf. The study offered to provide the initial funds to remove any financial barriers that might prevent participants from opening the separate OK 529 account. Thus, the SEED OK treatment involves the possibility of two accounts: a state-owned SEED OK 529 and a participant-owned OK 529 (See Table 1).

¹ Deposits made by participants in households with an adjusted gross income below \$29,000 were matched with SEED OK funds at a 1:1 rate up to a total of \$250 each year. Deposits made by participants in households with an adjusted gross income between \$29,000 and \$43,499 were matched at a rate of 0.5:1 up to \$125 per year.

Table 1. SEED OK treatment and control conditions

Account	Treatment	Control
State-owned SEED OK 529 account	State-owned OK 529 account opened automatically for child with \$1,000 “seed” deposit	No state-owned SEED OK 529 account for child
Participant-owned OK 529 account	• Participant-owned OK 529 account opening encouraged • Time-limited \$100 account-opening incentive offered • Savings in own account are matched if participant is income eligible	• OK 529 account may be opened by control participant • No SEED OK information or account-opening incentive • No SEED OK savings match

Notes: SEED OK = SEED for Oklahoma Kids; OK 529 = Oklahoma College Savings Plan account.

Similar to members of the treatment group, control participants could open their own OK 529s or other types of savings accounts. However, control participants received no information, the state did not automatically open accounts for them, and they were not offered any financial incentives to open their own account. The experimental nature of this study requires the inclusion of a control group in order to compare outcomes for families not exposed to a policy intervention (control group) with outcomes for families exposed to SEED OK (treatment group).

As mentioned, deposits made by SEED OK (the \$1,000 initial deposit and savings matches) are held in state-owned accounts (SEED OK 529s), which are separate from participant-owned accounts (OK 529s). The separation of accounts is an artifact of the study and the policy structure of the OK 529 plan.² This separation prevents SEED OK deposits from affecting participants’ eligibility for federal financial aid and ensures that the state-owned account will be used only for approved educational expenses.

The state-owned account (SEED OK 529) is invested in the OK 529 Balanced Option, a fund that includes a mix of stocks and bonds.³ The value of each state-owned SEED OK 529 account rises or falls with the financial markets. During the period of time between account opening (either December 2007 or May 2008) and the in-depth interviews (mid-2009 to late 2010), the value of the SEED OK 529 accounts invested in the Balanced Option fund fluctuated between a high of \$1,003 and a low of \$698.

This study relies upon a sample of 2,704 participants in the SEED OK baseline survey, which RTI International conducted. The study oversampled participants of African American, American Indian, and Hispanic or Latino (hereafter, Hispanic) origin to ensure sufficient statistical power for analyses with each group (Zager et al., 2010). The SEED OK in-depth interview respondents, the subjects of this report, are participants in the larger SEED OK study.

² Some state 529 plans use a two-account structure: savings-match funds deposited by the state are held in one account and money deposited by 529 plan account owners is held in another. Other states report 529 deposits and savings matches on one statement, much the way employer matches are reported on a single statement for a 401(k) account (Lassar, Clancy, & McClure, 2011).

³ The account owner selects the investment of the participant-owned OK 529 account.

Research in SEED OK

The SEED OK study has a multimethod design. It includes the baseline telephone survey, periodic follow-up surveys for treatment and control participants, account and savings research, and in-depth interviews.

This report details important findings from in-depth interviews conducted with a stratified random sample of SEED OK participants by researchers at the Anne and Henry Zarrow School of Social Work at the University of Oklahoma–Tulsa (OU) and CSD at Washington University in St. Louis. The research aims to understand SEED OK participants’ attitudes and behaviors concerning saving and financial management. It also examines their educational aspirations and expectations. Guiding the investigation are the following research questions:

1. What is the family history of saving, including childhood experiences with saving?
2. What are the aspirations and expectations for the child’s future, including those for postsecondary education?
3. What (if any) savings does the family have for the child’s college education?
4. What is the respondent’s level of knowledge on and experience with financial services, including predatory financial services?
5. What are the perceptions and meaning of savings among respondents?
6. What does SEED OK mean to each treatment respondent and the respondent’s family?

The OU research team worked with CSD to develop the sampling, instrumentation, and tracking processes. It conducted 60 interviews on respondents’ childhood experiences with savings, changes in attitudes and behaviors about money and saving over time, and educational aspirations for their children. The interviews also assessed respondents’ perceptions of the state-owned (SEED OK 529) and participant-owned (OK 529) accounts. At the time of the in-depth interview, the focal children were between 2 and 3 years of age.

A note on terminology

Throughout this report, the term “respondent” refers to any SEED OK participant who completed a face-to-face in-depth interview, “treatment respondent” refers specifically to those who received the SEED OK treatment, and “control respondent” refers to SEED OK participants who did not receive the SEED OK treatment.

We refer to the state-owned accounts that hold the \$1,000 initial deposit and any savings matches as “SEED OK 529 accounts” (or SEED OK 529s). The OK 529 accounts owned by treatment respondents are referred to as “participant-owned OK 529 accounts” (or OK 529s).

Throughout the report, we quote respondents’ statements from interviews. In this way, we retain their terminology. They often use multiple terms to refer to similar concepts. For example, participants used several words for postsecondary education: college, university, and school. When the analysis

suggests different interpretations, we attempt to make this clear. In order to protect the identity of study subjects, this report uses pseudonyms to identify respondents.

How the report is organized

The report opens with a review of the research on savings for postsecondary education (Chapter 1). In Chapter 2, we detail the research design and methodology used for in-depth interviews with study respondents. The next five chapters address key research questions with evidence from the in-depth interviews. Chapter 3 covers money management strategies and teachings, discussing these features both in the respondents' family of origin and in their current household. Chapter 4 reports on respondents' thoughts about savings and the challenges of saving. Chapter 5 analyzes respondents' aspirations and expectations for their children's future education. Chapter 6 presents respondents' plans on ways to pay for their children's postsecondary education. Chapter 7 focuses specifically on the treatment group, assessing treatment respondents' perspectives on and opinions of SEED OK. Chapter 8 details treatment participant decisions related to opening their own OK 529 account. Chapter 9 concludes with a summary of key findings, study limitations, and implications for policy and future research.

Chapter 1

Literature Review: Assets, Savings, and Postsecondary Education

Asset building and low-income families

Historically, social policies for low-income households have focused on income supplements and are often combined with programs that promote human capital development. However, theory and empirical research suggest that asset-based social policy has the potential to promote well-being across the life span for low-income families (McKernan & Sherraden, 2008; Shapiro & Wolff, 2001; Sherraden, 1991).

Low-income households and racial/ethnic minorities generally have substantially lower asset holdings than do households in other income groups (Conley, 2001b; Oliver & Shapiro, 2006; Wolff, 1981). This leaves them vulnerable to unexpected economic shocks and unable to take advantage of financial opportunities (Sherraden, 1988). Survey of Consumer Finance data from 2001 and 2010 suggest that net worth (assets minus liabilities) in the lowest income quintile of families fell from \$9,600 to \$6,200 (Bricker, Kennickell, Moore, & Sabelhaus, 2012). A shift in family savings accompanied this drop; the proportion of families reporting that they had saved in the preceding year fell from 59.2% to 52% between 2001 and 2010 (Bricker et al., 2012, pp. 6, 8).

Unfortunately, the economic crisis of 2008 took a toll on already low levels of wealth in poor households. Between 2007 and 2010, the mean of the lowest quartile of families by net worth fell from a *negative* net worth of \$2,300 to a *negative* net worth of \$12,800 (Bricker et al., 2012, p. 20). In the quartile above this, median net worth fell 43.3% (Bricker et al., 2012, p. 20). Across race/ethnicity, there are also large gaps. According to a report using the Census Bureau's Survey of Income and Program Participation data, median net worth of White households is 20 times higher than that of African American households and 18 times higher than that of Hispanic households—the highest difference since 1984 (Taylor, Kochhar, Fry, Velasco, & Motel, 2011).

Savings and asset accumulation form a cornerstone of financial security and of social development. Unfortunately, few policies promote asset accumulation that begins with savings for children and youth, especially savings for those with low incomes. In fact, current asset-based policies focus primarily on strategies to achieve financial security and social development in adulthood and older age. In order to know how best to proceed in developing assets for children and youth, particularly for those living in low-resource households, it is important to consider theoretical frameworks and current evidence on strategies to build savings and assets for low- and moderate-income families.

Theory and evidence on saving among low- and moderate-income families

Typically, theories of saving assume that families share a relatively stable set of individual characteristics, including goals, expectations, and aspirations. Behavioral economists suggest that people tend to behave less rationally than predicted by neoclassical theory (Simon 1955). Even when people believe saving over the long term is a good idea, they tend to procrastinate (Tversky & Shafir, 1992). They adopt strategies, such as mental accounting, framing, and rules of thumb, which aim to help them save (Shefrin & Thaler, 1992; Tversky & Kahneman, 1981), but these often fail in the face of consumption needs and spending temptations. Given these limitations, researchers propose that carefully designed savings products and services may contribute to the likelihood that people will

make more positive financial choices, regardless of their level of self-control. In their book, *Nudge*, Thaler and Sunstein (2008, p. 3) refer to these design features as “choice architecture.” Some design features may encourage saving. Examples of such features include automatic enrollment, financial incentives, penalties for withdrawal, and information that frames options and potential outcomes related to savings (Shefrin & Thaler, 1992; Thaler, 1985; Tversky & Kahneman, 1981).

While psychological and behavioral theories focus on individual behavior, sociological theories of saving emphasize the influence of the societal context (Nyhus & Webley, 2001; Wärneryd, 1999). Institutions, which represent an aspect of the larger context (Hall & Taylor, 1996), shape policy, programs, and services. They both constrain and provide access to saving opportunities. Institutional theory suggests that a range of institutional supports help people save. Such theory also calls attention to the fact that low-income households have less access to these supports than have more affluent households (Sherraden, 1991). Seven institutional constructs have been proposed to explain differential access to saving in contemporary society. These theoretical constructs include access, information, incentives, facilitation and support, expectations, restrictions, and security (Beverly et al., 2008; Sherraden, 1991; Sherraden & Barr, 2005).

Most theory and research on saving focuses on middle- and high-income families. However, there is increasing interest in savings among low- and moderate-income households (Beverly & Sherraden, 1999). Low-income families report a desire and efforts to save but also say that it is difficult to accumulate a significant amount (Sherraden & McBride, 2010). Research identifies several factors that impede efforts by these families to save.

First, income streams are low and often volatile, making it challenging to set aside money in savings, especially for long-term uses. Second, ongoing consumption requirements are not easily deferred, and saving is difficult when consumption needs exceed income (Beverly & Sherraden, 1999). Low- and moderate-income families frequently are pressed by significant consumption pressures of day-to-day life (Sherraden & McBride, 2010), including expenses for child care and health care. Families are challenged by unemployment, unstable employment, poor employment histories, and jobs without benefits. Moreover, they confront unexpected expenses and emergencies that deplete savings accumulations. Single-parent families are particularly vulnerable to these types of pressures (Edin & Lein, 1997; Newman, 1999; Rank, 2005; Sherraden & McBride, 2010). Therefore, many other demands on families’ financial resources make it challenging to earmark savings for children, even when families want to do so (Sherraden & McBride, 2010).

Third, families often lack opportunities and incentives that may facilitate savings. Low- and moderate-income families are less likely than higher income families to have access to financial products, such as 401(k) plans and other retirement accounts, which have automatic saving features and include contributions by employers, government, and others (Mishel, Bernstein, & Shierholz, 2009). Low- and moderate-income families are also less likely to use formal banking services that protect resources and provide opportunities for growth (Barr, 2004; Federal Deposit Insurance Corporation, 2009; Lusardi, Schneider, & Tufano, 2011; Rhine, Greene, & Toussaint-Comeau, 2006). Furthermore, the complexity of financial products often leaves low-income families vulnerable to predatory lending (Jacob, Hudson, & Bush, 2000; Scanlon, Wheeler-Brooks, & Adams, 2006).

Fourth, although low- and moderate-income families learn by necessity how to survive on limited incomes, they may have less understanding of how to save and accumulate assets. Some low-income adults report that they were exposed to little discussion and teaching about household financial management, especially saving, when they were children (Sherraden & McBride, 2010). Lack of this

kind of financial socialization (Schuchardt et al., 2009), along with low levels of financial education in schools (Council for Economic Education, 2011), suggest that low income families may be at a significant disadvantage when they try to save.

Despite the challenges that low- and moderate-income families face in saving, evidence also suggests that families often desire to save; when given an opportunity, they are motivated and able to save (Schreiner & Sherraden, 2007). They believe that saving is a good idea, and most have tried to set aside money at some point in their lives (Sherraden & McBride, 2010). Low-income individuals use a variety of strategies for saving. Some of these strategies facilitate saving by employing automatic saving mechanisms, such as allocating a portion of a paycheck to a Christmas club savings plan or limiting the number of tax exemptions taken out of a paycheck in order to maximize the size of the refund at tax time. Other strategies used to generate surpluses for saving include using coupons to minimize expenses, buying in bulk, following a tight budget, and using public charity (Beverly, Moore, & Schreiner, 2003; Sherraden & McBride, 2010).

One reason families may save is for college education—their children’s or their own. With college costs continuing to rise, this savings goal eludes many low-income individuals wanting (Advisory Committee on Student Financial Assistance [ACSFSA], 2010; National Center for Public Policy and Higher Education, 2002). In a study by the Institute for Higher Education Policy, 37% of middle school parents reported that they were saving for their children’s college education (Cunningham, Erisman, & Looney, 2007). However, another study finds that saving for college is less likely among racial- and ethnic-minority parents than among parents in other demographic groups. So too, the likelihood is lower among those with less education and those with lower household income. Racial and ethnic minority parents, those with low levels of education, and those with low household income typically begin saving later than do parents in other demographic groups (Sallie Mae & Gallup, 2009). Public policy can create opportunities for families to accumulate educational savings and may enable low- and moderate-income families to save for their children’s future education. Furthermore, evidence suggests that the presence of college savings may lead children to view college as a viable option in the future. Savings may motivate them to prepare for postsecondary education and continue in their studies (Elliott & Beverly, 2011b; Nam, Huang, & Sherraden, 2008; Oliver & Shapiro, 2006; Sherraden, 1991).

Aspirations and expectations for postsecondary education

William Elliott (2009) draws an important distinction between *educational aspirations*, which he defines as enduring beliefs, and *educational expectations*, which may change according to varying social and economic circumstances. Educational expectations, he suggests, are better predictors of actual behavior. If this is true, policies that alter circumstances may be able to change people’s expectations. If families have a tangible indication that future schooling is possible, parents may expect children to attend school and behave in ways that conform with this expectation. For example, children may study harder than they would otherwise, resist temptations that divert attention away from their studies, and seek information. Parents may encourage academic effort, reward that effort, convey expectations about their children’s future schooling, and generate financial support.

Research suggests that there is often a gap between educational aspirations and expectations (Cook et al., 1996; Elliott, 2009; Reynolds & Pemberton, 2001). Evidence suggests that higher parental expectations are related to better academic performance in children (Axinn, Duncan, & Thornton, 1997; Elliott, 2009; Grinstein-Weiss et al., 2009; Williams Shanks & Destin, 2009). Moreover, academic benefits are associated with parental investments of time, energy, and attention in their children’s

education and learning (Charles, Roscigno, & Torres, 2007). Some studies emphasize that aspirations and monitoring behavior (e.g., tracking school progress, supervising homework) are related to school success. However, practical circumstances may make aspirations for postsecondary education seem financially implausible (Mickelson, 1990). In other words, even if young people and their families aspire to postsecondary education, they may not expect to attend or complete it (ACSFA, 2002, 2006; Marjoribanks, 1984). However, the chances of success improve if aspirations and expectations can be aligned with financial opportunities that reduce barriers to college entry and completion (ACSFA, 2010; Elliott & Beverly, 2011b).

Despite recent reductions, inequities persist in educational achievement and advancement (Braswell et al., 2001; Charles et al., 2007; Ferguson, 1998; Hertz, 2006; Jencks & Phillips, 1998; Miller-Cribbs, Cronen, Davis, & Johnson, 2002; National Center for Education Statistics, 1996; U.S. Census Bureau, 2011). A key question in educational achievement concerns matriculation and completion of postsecondary schooling. Racial and ethnic minority youth are significantly less likely to attend and complete college than are White students. For example, one study finds that 70% of low-income youth plan to go to college but that only 54% of those youth enroll (ACSFA, 2006). Other studies find additional enrollment and completion disparities by race and ethnicity, household income, and family composition. Minority children from low-income, single-headed households are much less likely than their counterparts to enroll in or complete college (Elliott & Beverly, 2011b). Many factors limit educational options for youth. Among these are structural disadvantage, such as wealth inequalities (Shapiro, 2004), social isolation from mainstream institutions (Wilson, 1987), and a paucity of opportunity (Fernández-Kelly, 1994; Fram, Miller-Cribbs, & Van Horn, 2007; Stanton-Salazar & Dornbusch, 1995). These trends are worrisome because of their implications for the future economic success and well-being of those who do not receive postsecondary education and training (Hertz, 2006).

College costs may also affect aspirations and expectations. If one takes financial assistance into account, the annual net price for public college rose to almost half of family income (48%) for low-income families and to one-quarter of family income (26%) for moderate-income families between the academic years 1992–93 and 2007–8 (ACSFA, 2010). The cost of postsecondary education is so high that pessimism about educational options may be realistic among many young people and their families. In addition, parents tend to be uncertain about and overestimate college costs; such uncertainty leads them to believe that college education is unattainable (Grodsky & Jones, 2007; Horn, Chen, & Chapman, 2003). Uncertainty and a tendency toward overestimation of college costs are particularly common among low-income and minority parents (Avery & Kane, 2004; Grodsky & Jones, 2007); these factors may lead to lower expectations and lower likelihood that the parents prepare for college costs by saving (ACSFA, 2002; Choy & Berker, 2003; Elliott, 2009). Differences by parental income in expectations and preparation for children's education carry over to college completion as well. For example, one study finds that young adults with low-income parents (i.e., those in the bottom income quintile) are significantly less likely to complete college (11%) than are those with parents in the top income quintile (53%; Haskins, 2008).

Families pay for postsecondary education in three main ways: income streams, educational subsidies, and family assets. The first of these, income streams, are widely seen as a primary source of educational funding; many young people and their families assume that parental and/or child income will cover most postsecondary education costs. Social science research documents the effects of income on educational achievement (Axinn et al., 1997; Brooks-Gunn & Duncan, 1997; Duncan, Yeung, Brooks-Gunn, & Smith, 1998), but patterns of paying for college vary substantially by household

income. Approximately one-third of low-income households pay out of pocket, but nearly three-fourths of high-income households do so (Cunningham et al., 2007).

Second, many people also believe that they can cover college costs with educational subsidies, such as scholarships, grants, and loans. In reality, the availability of grants has substantially declined over the past decade, and loans are increasingly the most common way to pay for college (Archibald, 2002; Heller & Rogers, 2006).

Family assets are the third main source of funds for college. Research suggests that assets, including net worth, liquid holdings, and nonliquid assets, play an increasingly substantial role in educational achievement and attainment (Conley, 2001a; Elliott, Destin, & Friedline, 2011; Huang, Guo, Kim, & Sherraden, 2010; Nam & Huang, 2009; Zhan & Sherraden, 2011). Income, educational subsidies, and family assets exert influences on future schooling that are not merely financial. Access to a range of financial resources may encourage parents and their children to expect that college is a realistic option (Astane & McLanahan, 1991; Charles et al., 2007).

Asset theory and educational outcomes

Asset theory suggests that savings and assets may lead to positive outcomes for children; in addition, savings and assets may influence outcomes in ways that differ from income (Scanlon & Page-Adams, 2001; Schreiner & Sherraden, 2007; Sherraden, 1991). Assets can be transmitted from one generation to the next and provide an important cushion during difficult economic times or family crisis. In addition, assets may provide their owners with a heightened orientation to the future by enhancing personal efficacy, self-esteem, and child well-being (Sherraden, 1991). As Shapiro (2004, pp. 11–12) notes, “Assets give families the capacity and flexibility to act and the capacity to engage more fruitfully and meaningfully with the world, enhancing their ability to improve their place in it.” Savings, a component of assets, may “spark hope” (Schreiner & Sherraden, 2007, p. 21). They may change a person’s worldview and patterns and ultimately may increase personal agency (2007). There is some empirical evidence for these assertions, but much of the existing evidence identifies correlations, not causal effects. In addition, some emerging evidence suggests that assets owned by children may also have a positive effect on future well-being. The most convincing evidence comes from studies of educational achievement and attainment (Elliott, Choi, Destin, & Kim, 2011; Elliott, Nam, & Johnson, 2011; Oliver & Shapiro, 2006; Oyserman & Destin, 2010).

Scholars find that assets are positively associated with educational outcomes, such as school achievement, college enrollment, and college completion. However, they are found to be negatively associated with high school dropout rates (Conley, 2001a; Elliott & Beverly, 2011a, 2011b; Elliott, Constance-Huggins, & Song, 2011; Nam & Huang, 2009; Schreiner, Clancy, & Sherraden, 2002; Sherraden & Stevens, 2010; Williams Shanks & Destin, 2009; Zhan & Sherraden, 2009, 2011).

Both liquid and nonliquid assets may help explain these relationships. Some parents pay directly for school and related costs with liquid assets (e.g., funds in a savings or checking account). Nonliquid assets, such as an owned home, enable access to capital through equity loans that may be used to pay for education (Nam & Huang, 2009; Yeung & Conley, 2008). Home ownership, a major source of assets in U.S. households, is positively associated with secondary school completion (Axinn et al., 1997), academic achievement, behavior in academic settings, and college completion; it is negatively associated with high school dropout rates (Essen, Fogelman, & Head, 1977; Harkness & Newman, 2003; Haurin, Parcel, & Haurin, 2001; Kane, 1994). If families have the financial capacity to invest in education

and associated costs (e.g., books and fees), using either liquid or nonliquid assets, children can focus on academic preparation without wondering whether it will be worth the effort. Thus, they can grow up with the understanding that there will be financing to pay at least some college expenses and that their responsibility is to prepare for academic success.

Assets also may affect educational attainment through indirect means. Having assets, especially savings earmarked for college, may change the attitudes and behaviors of youth and their families in ways that ultimately increase expectations, school performance, the likelihood of attending a postsecondary school, and the chances of completing a postsecondary degree (Elliott, 2009; Elliott & Beverly, 2011a; Zhan, 2006; Zhan & Sherraden, 2011). In other words, parental efforts to earmark assets (formally or informally) for future education may increase the likelihood that they articulate expectations for their children's school performance, are vigilant in monitoring their children's academic progress, and remain engaged in assisting children's efforts to plan for college (Charles et al., 2007; Elliott, 2009; Elliott & Beverly, 2011a; Zhan, 2006; Zhan & Sherraden, 2011).

Moreover, college savings may influence parental expectations for their children's college attendance (Conley, 1999; Elliott & Beverly, 2011a, 2011b; Zhan & Sherraden, 2011). For example, Zhan and Sherraden (2003) find that parental expectations partially mediate the relationship between single mothers' assets and children's educational achievement. Furthermore, the effects of savings appear to be highest for low- and moderate-income children (Elliott & Beverly, 2011a; Elliott, Constance-Huggins, et al., 2011).

Another way to bridge aspirations and expectations is through children's vision of their "future selves." This perspective suggests that savings for future schooling may open a path for children to a "possible self" that is bound for college (Oyserman & James, 2008, p. 374). For example, Elliott, Choi, et al. (2011) suggest that parents with higher wealth perceive a brighter future for their children and transmit this to their children in ways that reinforce children's perception of themselves as "college-bound" (p. 1101). Policy makers should create saving opportunities for low-income families to reduce disparities in college-bound identities. A positive vision of their possible selves may enable children to choose behaviors and actions that are psychologically difficult in the present (e.g., saving instead of spending, studying instead of playing) but highly advantageous over the long term (Tversky & Kahneman, 1981). Moreover, beginning early to save for future education may be more effective than beginning later. Early saving may be particularly effective if begun before educational gaps emerge and children fall too far behind (Charles et al., 2007; Destin & Oyserman, 2009).

Policy developments: Savings for postsecondary education

Public policies can enable low- and moderate-income families to cover some of the costs of postsecondary education. Moreover, if one assumes that expectations are particularly malleable at a young age, it makes sense to intercede early to shift expectations for future schooling, especially expectations among the young people who are least likely to attend postsecondary schooling.

Public policy can make important contributions in each of the three major resource areas that families employ to cover postsecondary education costs: income streams, educational subsidies, and family assets. We turn first to income streams; given the high cost of college, it is difficult for students and families to pay for college by increasing income and decreasing consumption. Further, while many youth seek employment as a way to pay for college, evidence suggests that working can take a toll on the likelihood of college completion (ACSFA, 2010). Public policy, in the form of income subsidies, could help families meet the costs of college. For example, the Earned Income Tax Credit, which

provided a maximum of \$5,751 to families in 2011 (for a family with three qualifying children; Internal Revenue Service, 2012), can help a family meet an educational obligation, although few families would be able to devote the entire amount to one child's education. This suggests that an income strategy would likely have to be paired with other approaches.

Educational subsidies are another area in which public policy has played a major role by creating scholarships, grants, and loans to help families pay for postsecondary education. For example, Pell Grants provide up to \$5,400 financial aid for postsecondary education for students whose families have less than \$30,000 annual income (U.S. Department of Education, 2012). However, two trends limit the likely impact of educational subsidies. First, with some exceptions such as Pell Grants, need-based grants have declined over the past 2 decades, although merit-based grants have grown (Archibald, 2002; Heller & Rogers, 2006). Second, loans have played an increasing role relative to those by scholarships and grants. As a result, student debt burden has grown, especially among low- and moderate-income families (Baum & Steele, 2010; Leslie & Brinkman, 1988; McPherson & Schapiro, 1998). Scholarships, grants, and loans also may not have the same psychological effect as savings, because youth do not secure educational subsidies until they are close to postsecondary school matriculation. Unless these subsidies are secured in early childhood, they may not have the indirect effects on expectations (or the effects might not be as potent) as the effects of funds that are in hand earlier (Elliott & Beverly, 2011b; Elliott, Choi, et al., 2011).

Regarding family assets, public policy can assist families in saving for postsecondary education. For example, CDAs provide structured opportunities for families to save for future education (Mason, Nam, Clancy, Kim, & Loke, 2010; Nam et al., 2012). Other policy attempts to provide college savings opportunities for low- and moderate-income families include Individual Development Accounts (IDAs) and state 529 college savings plans (Sherraden, 1991). The Assets for Independence Act, with an appropriation of \$24 million in 2010, provides grants to organizations that offer IDAs to low-income participants who are saving for postsecondary education and other uses (U.S. Department of Health and Human Services, 2012). Some states offer to match the deposits of 529 account holders; others exclude 529 savings from state tuition grant calculations. Still others have increased outreach and information efforts, enrolling participants in the workplace to encourage parents to take advantage of this savings opportunity (Clancy & Sherraden, 2003; Lassar et al., 2010, 2011).

Several countries have adopted CDA policies, including Canada, the Republic of Korea, Singapore, and the United Kingdom (Loke & Sherraden, 2009). Interest in CDAs has also grown in the United States, and a number of legislative efforts have resulted. Examples include the America Saving for Personal Investment, Retirement, and Education Act, Baby Bonds, and 401Kids account proposals (Cramer, 2010; Cramer & Newville, 2009). Despite these efforts, no federal, universal CDA policy has passed to date.

Policies that encourage and facilitate college savings may enable students to see college as a goal that is "within reach" (Elliott, 2012, p. 10). Early research from Saving for Education, Entrepreneurship, and Downpayment (SEED) studies suggest that CDAs may have positive attitudinal, behavioral, and social effects (Elliott, Sherraden, Johnson, & Guo, 2010; Scanlon & Adams, 2008; Sherraden & Stevens, 2010). In SEED, these effects are noted among parents and children. They include increases in self-esteem, self-efficacy, orientation to and hope for the future, security, fiscal prudence, and parental interactions with children about financial matters and postsecondary education (Scanlon & Adams, 2009; Sherraden & Stevens, 2010).

In sum, research suggests that assets matter for academic achievement, college attendance, and college completion. Effects may be particularly strong for low-income families. College savings may be one important way to increase opportunities for low-income children to attain these areas of educational achievement. This report provides an in-depth examination of how participants in the SEED OK experiment view and think about college savings. Using evidence from in-depth interviews with mothers of infants, the study examines exposure to a 529 college savings plan account, exploring participants' attitudes and behaviors towards saving, financial management, educational aspirations, and educational expectations.

Chapter 2

Research Design and Methodology

Sample selection, recruitment, and response

SEED OK is a social policy experiment with a probability sample of individuals randomly assigned to either a treatment or control group. This design allows researchers to examine intervention effects and to test for causality. However, this analysis does not compare treatment and control participants. In data from a small number of interviews conducted very early in the focal children's lives, we would not expect to observe differences in outcomes for children and families. However, it is important to talk with participants in both groups early. On one hand, it is important to understand how treatment participants perceive their experiences with SEED OK accounts. On the other hand, it is important to understand how control participants think about finances and their children's future education in the absence of SEED OK accounts. These early interviews provide key insights into possible future impacts. Those insights will be incorporated into subsequent qualitative and quantitative inquiry.

Sample selection

The full sample for the SEED OK experiment consisted of 2,704 focal children randomly selected from the population of infants born in Oklahoma in 2007.⁴ The study oversampled three minority groups: African Americans, American Indians, and Hispanics. Researchers from CSD randomly extracted the in-depth interview subsample from adult SEED OK baseline survey participants, mostly mothers of the children.⁵ Three hundred cases, including 200 treatment participants and 100 control participants, were stratified by child's race (Table 2). Because five of these participants lived out of state, the in-depth interview subsample consists of 295 mothers.⁶

In-depth interview recruitment

In July 2009, the Oklahoma state treasurer sent an introductory letter to the 295 subsample members, informing them of the opportunity to participate in a one-on-one interview with a member of the OU research staff (see Appendix B for the letter). The target was to conduct 60 in-depth interviews with respondents of different racial and ethnic backgrounds: 40 with mothers in the treatment group and 20 with mothers in the control group. The letter provided a toll-free number and asked the recipients to contact the OU research team if interested in scheduling an interview. The letter also explained the purpose of the study, the 2-hour commitment required for participation, and the financial compensation. The study offered \$45 to compensate each interview respondent for his or her time.

The OU research team scheduled interviews with subsample members who called the toll-free number. To reach those who did not respond to the study invitation, the team placed calls to mothers

⁴For more information about the SEED OK experiment and sample selection, see Nam et al. (2012).

⁵Less than 1% of adult participants in the SEED OK baseline survey sample ($N = 2,704$) are related to the enrolled child in another way (e.g., the child's grandparent or father).

⁶For ease of description, the report refers to these 295 mothers as members of the "subsample."

Table 2. SEED OK in-depth interview target subsample ($n = 300$)

Child's Race/Ethnicity	Treatment	Control	Total
White	80	40	120
African American	40	20	60
American Indian	40	20	60
Hispanic	40	20	60
Total	200	100	300

in the random order in which the CSD database listed their numbers. The team did not contact all subsample members by phone.

In September 2009, the Oklahoma state treasurer sent a second written request to subsample members whose phone numbers were no longer in service. Similar to the introductory letter, this second letter included the same toll-free number, inviting recipients to call if they were interested in scheduling an interview.

Interview invitation response

The research team made contact with but did not interview 51 subsample members. Of these, 22 responded to either the introductory letter or to the second letter but were unresponsive to return calls.⁷ Also among the 51 mothers with whom we made direct contact are 11 who declined the invitation to participate, seven who moved out of the state between the baseline and in-depth surveys, and three who scheduled interviews but cancelled due to personal conflicts.

Researchers made no phone contact with 184 of the subsample members. Of those to whom the team made calls that were not received, 69 mothers missed connections with the team (i.e., the person did not answer the phone, did not return the team's voice mails, or did not respond to personal messages left with other household members). Seventy-eight phone numbers were either no longer in service or were reported as incorrect. Some mothers (37) were never contacted because the team completed interviews for each demographic subgroup (see Table 2 for the subgroups).⁸ Table 3 summarizes the outcomes of the 295 in-depth interview subsample members.

Since the OU team interviewed mothers residing in all parts of the state, it scheduled long-distance trips in advance and conducted a minimum of three interviews per day. If the subsample members in a long-distance area could not be interviewed during the allotted time, the team put them on a waiting list and told them that the team would schedule another trip to that area if additional subsample members agreed to participate. The team placed follow-up calls to tell mothers whether a researcher would revisit their area and whether they would be able to participate in an interview.

⁷The team placed return calls to nearly half of these 22 individuals, but the calls were not answered or not returned. Some phone numbers were disconnected. In some instances, the respondent did not live at the residence from which she placed the initial call to the toll-free number, and the team had difficulty establishing subsequent contact. Other subsample members did not answer the phone, and many did not have voice mail.

⁸Calls were not made to respondents once the team reached the target number of interviews for each subgroup (see Tables 2 and 4).

Table 3. Outcomes of SEED OK in-depth interview subsample ($n = 295$)

Outcome	Subtotal	Total
Interviews completed		60
Phone contact made; no interview		51
Unable to schedule interview	22	
Declined participation	11	
Did not show for scheduled interview	8	
Moved out of state since baseline survey	7	
Unable to reschedule interview	3	
No phone contact made		184
Unanswered calls and messages	69	
Incorrect phone number	78	
Telephone contact not attempted	37	
Total		295

Among subsample members with whom the team could not schedule an interview, none reported having a negative attitude about the SEED OK study.

The OU research team completed 60 interviews between mid-2009 and late 2010. The focal child was between 2 and 3 years of age during this interview period. Table 4 provides the racial and ethnic backgrounds of the focal children of respondents who completed in-depth interviews.

In-depth interview staff and training

In-depth interviews require interviewers skilled at listening, questioning, and giving timely reactions to guide respondents through the process. Interviewers must be prepared to answer unpredictable questions with confidence, interpret the meaning of both verbal and nonverbal communication, and interpret or understand the respondent's message within the context of her environment.

An ethnically diverse team carried out the in-depth interview research. The racial and ethnic identities of the interviewers reflected those of the study sample. The research team included one African American, one American Indian, one Hispanic, and three non-Hispanic White interviewers, all six of whom are female.⁹ Interviewers were selected on the basis of their (a) ability to communicate effectively, (b) teamwork ethic, (c) comprehension of the qualitative interviewing process, (d) understanding of the goals and objectives of the research, and (e) capacity to follow through on all interviewer responsibilities.

Three OU PhD faculty members and three graduate-level social work students collaborated with the SEED OK research team from CSD to train for the in-depth interviews. The researchers possessed academic and professional training in interviewing. Each received additional training on research goals and objectives, confidentiality and informed consent, qualitative interviewing skills, and documentation procedures. In the first training, which CSD conducted, the interviewers received an overview of the SEED OK experiment and theory. A second training, led by OU, gave interviewers tools to perform these qualitative interviews. Members of the SEED OK research team conducted practice interviews to assess the flow, timing, and overall experience of the interview process. The

⁹ For ease of exposition, this report refers to non-Hispanic Whites as "Whites."

Table 4. SEED OK in-depth interview respondents

Child's Race/Ethnicity	Treatment	Control	Total
White	16	9	25
African American	8	4	12
American Indian	8	3	11
Hispanic	8	4	12
Totals	40	20	60

researchers also conducted “mock” interviews with friends and colleagues prior to interviewing study respondents.

Interview content and procedure

The OU research team worked closely with CSD on development and implementation of the interview protocols, guides, and procedures. Protocols specify procedures for field safety, interview assignments, scheduling, respondent paperwork, and filing interview materials. Interview guides focused on eight topic areas: catching up; economy; savings and money; aspirations and expectations for child's education; SEED OK experience; other savings accounts for the focal child and other children; use of financial services; and goals, future, and closing comments. “Grand tour” questions elicited respondents' overall thoughts about each topic, although interviewers gave prompts to encourage respondents to articulate in greater detail their knowledge, perceptions, opinions, and experiences. The topic areas and examples of primary interview questions include the following:¹⁰

1. Catching up

First, let's start with updates. Has anything changed in your life since CHILD was born?
Anything else?

2. Economy

Has the current economy/recession affected you in any way? If so, how?

3. Savings and money

Can you think about when you were growing up—tell me about the way your family dealt with money?

Have your thoughts about savings changed over time? How?

Can you tell me about the most recent time when you tried to set some money aside to save—for anything—it doesn't matter how big or small?

4. Aspirations and expectations for child's education

Tell me about your hopes and dreams for CHILD regarding education.

5. SEED OK experience (*for treatment interviews only*)

Let's start at the beginning—tell me the story of SEED for OK Kids.

Can you tell me what this SEED OK account for CHILD means to you?

¹⁰ This list does not include all of the questions posed during the interviews, but represents the major themes.

Do you think there is anything different about how you think about money as compared to the time before the account was opened?

I was told that you were encouraged to open an Oklahoma College Savings account for CHILD (sometimes called “Your Account”). Tell me about the time when you first heard about the opportunity for you to open this account.

[If respondent *did* open an account] What and/or who finally convinced you to open “Your Oklahoma College Savings Plan Account” for CHILD?

[If respondent *did not* open an account] What kept you from opening an Oklahoma College Savings Plan Account for CHILD?

6. Other savings accounts for the focal child and other children

Can you tell me about any other savings accounts you might have for CHILD?

7. Use of financial services

Tell me about the kinds of financial services you use and how comfortable you are using these services, including how you get information about them.

8. Goals, future, and closing comments

Before we finish, I wonder if you have any more suggestions about anything we talked about or anything else I might have missed. Do you have any questions about this research study, our interview, or anything else?

Before each interview, respondents gave the interviewer consent to use of their audio recorded interview for the SEED OK study. Interviews ranged in length from 50 to 70 minutes. Team members conducted the interviews in the homes of subgroup mothers (all respondents are the mothers of children in the subsample), unless the mother asked the team to hold it in a public place. Each respondent chose an alias for herself and for the focal child. The aliases are used to protect subjects’ confidentiality in the study. The interviewer explained the purpose of the study, the respondent’s rights as a subject in the SEED OK in-depth research, the rules of confidentiality, and the length of the respondent’s commitment. During the interview, the OU researcher gave the mother a hard copy of the consent form, a receipt for the incentive payment, and a thank-you letter.

An initial set of interviews served as guides to assess question order, timing, effectiveness of probes, and responses. The OU research team and CSD reviewed the initial interviews to ensure that each grand tour question and subsequent prompts elicited useful and complete responses.

SEED OK participants and in-depth interview respondents

Demographic data for this study come from the 2007–8 SEED OK baseline survey and Oklahoma birth records created in 2007. Table 5 shows child, respondent, and household characteristics for the randomly selected in-depth interview respondents ($n = 60$). For comparison, it also includes the characteristics of those selected for the in-depth interview sampling frame ($n = 295$) and the characteristics of all SEED OK participants ($N = 2,704$). The table separates the characteristics of in-depth respondents in the treatment group from those in the control group, because some research questions examined here are relevant only to the treatment group.

Table 5. Demographic characteristics of SEED OK baseline survey participants and IDI respondents

Characteristic	SEED OK IDI Respondents			IDI Sampling Frame	SEED OK Baseline Participants
	Treatment	Control	Total IDI		
<i>N</i>	40	20	60	295	2,704
Child's race/ethnicity					
White	16 (40)	9 (45)	25 (42)	117 (40)	1,812 (67)
African American	8 (20)	4 (20)	12 (20)	59 (20)	243 (9)
American Indian	8 (20)	3 (15)	11 (18)	59 (20)	297 (11)
Hispanic	8 (20)	4 (20)	12 (20)	60 (20)	352 (13)
Child gender					
Female	18 (45)	11 (55)	29 (48)	145 (49)	1,271 (47)
Male	22 (55)	9 (45)	31 (52)	150 (51)	1,422 (53)
Respondent relationship to child					
Mother	40 (100)	20 (100)	60 (100)	295 (100)	2,699 ^a
Father/sibling/grandmother	0	0	0	0	5 ^b
Respondent marital status					
Married	20 (50)	15 (75)	35 (58)	159 (54)	1,676 (62)
Widowed/divorced/separated	6 (15)	0	6 (10)	24 (8)	189 (7)
Never married	14 (35)	5 (25)	19 (32)	112 (38)	838 (31)
Respondent age					
24 or under	13 (33)	5 (25)	18 (30)	130 (44)	1,217 (45)
25 to 34	24 (60)	13 (65)	37 (62)	145 (49)	1,271 (47)
35 or older	3 (8)	2 (10)	5 (8)	21 (7)	216 (8)
Respondent education					
Less than high school	6 (15)	6 (30)	12 (20)	77 (26)	623 (23)
High school diploma or GED	12 (30)	4 (20)	16 (27)	86 (29)	919 (34)
Some college or associate degree	13 (33)	7 (35)	20 (33)	83 (28)	649 (24)
Bachelor's degree or more	9 (23)	3 (15)	12 (20)	50 (17)	514 (19)
Household size					
2 or 3	11 (28)	4 (20)	15 (25)	103 (35)	865 (32)
4	12 (30)	10 (50)	22 (37)	91 (31)	892 (33)
5 or more	17 (43)	5 (25)	22 (37)	97 (33)	946 (35)
Number of children					
1	11 (28)	3 (15)	14 (23)	91 (31)	919 (34)
2	16 (40)	10 (50)	26 (43)	103 (35)	892 (33)
3 or more	13 (33)	6 (30)	19 (32)	94 (32)	838 (31)
Household income					
Less than \$10,000	12 (30)	5 (25)	17 (28)	86 (29)	784 (29)
\$10,001 to \$30,000	14 (35)	4 (20)	18 (30)	94 (32)	865 (32)
\$30,001 to \$50,000	6 (15)	2 (10)	8 (13)	50 (17)	460 (17)
\$50,001 or more	8 (20)	9 (45)	17 (28)	59 (20)	568 (21)

Table 5 (continued)

Characteristic	SEED OK IDI Respondents			IDI Sampling Frame	SEED OK Baseline Participants
	Treatment	Control	Total IDI		
Housing					
Own			31 (52)	112 (38)	1,136 (42)
Rents			25 (42)	153 (52)	1,217 (45)
Other arrangement			4 (7)	32 (11)	352 (13)
At least one person in household receives TANF, SSI, or SSDI ^c			6 (10)	44 (15)	433 (16)
Household receives SNAP ^c			25 (42)	124 (42)	973 (36)

Sources: SEED OK baseline survey data (2007–8) and Oklahoma birth records (2007).

Notes: IDI = in-depth interview; GED = general equivalency diploma; TANF = Temporary Assistance for Needy Families program benefits; SSI = Supplemental Security Income program benefits; SSDI = Social Security Disability Insurance benefits; SNAP = Supplemental Nutrition Assistance Program benefits (formerly food stamps). Results are presented as *Ns* (and percentages). Totals in each category may not equal 100% due to rounding.

^a Greater than 99%.

^b Less than 1%.

^c Household received benefit in the 12 months prior to the baseline survey.

As mentioned above, all in-depth interview respondents are mothers of the children enrolled in the SEED OK study.¹¹ At the point of survey, a majority of the mothers were married and 25–34 years old; most have one or two children. About half of respondents completed high school or have less education (47%). The other half (53%) have some postsecondary education, and 20% of these mothers hold a bachelor's or graduate degree. Most respondents live in households with low to moderate incomes (58% have income of \$30,000 or less), and 42% receive assistance from the Supplemental Nutrition Assistance Program.¹² About half of the respondents own their own homes. Because we intentionally oversampled minorities, only 42% of children in the subsample are White. Statistical tests reveal no significant difference between in-depth interview respondents and individuals in the in-depth interview sampling frame, with the exception of home ownership. Interview respondents were more likely than others in the sampling frame to be homeowners, and the others were more likely to be renters or to have some other living arrangement. There are also no significant differences between treatment and control groups within the in-depth interview subsample. Appendix C provides the pseudonyms and characteristics (measured at baseline) for each in-depth interview respondent.

Data analysis

A member of the OU research team transcribed the audio recording of each in-depth interview and reviewed the transcription for accuracy before the coding process began. Six members of the OU

¹¹ In some cases, an additional family member was present during the in-depth interview.

¹² The incomes of households in the overall SEED OK sample are disproportionately low. The nature of the sample—mothers of infants in Oklahoma—partly explains this pattern. Poverty rates in Oklahoma are higher than national averages, and poverty rates among Oklahoma children under age 5 tend to be higher than those among Oklahoma children in all other age groups (U.S. Census Bureau, 2012, Table 709).

research team used structural coding to develop an initial codebook. Structural coding is an analytical technique used to manage large data sets by identifying all the text associated with a particular interview question, whether the text originated as a response to the specific question or at another point during the interview (MacQueen, McLellan-Lemal, Bartholow, & Milstein, 2008).

Using NVivo 8 software, the team member who conducted each interview coded the interview transcript, as did a second team member—that is, the team coded each interview twice. Team members performed intercoder agreement in two steps. First, a third team member coded a subsample of each of the first two interviewers' transcripts, and the three examined differences in coding. Second, the interviewers used NVivo 8 to examine intercoder reliability checks in terms of the percentage of agreement; the team set the acceptance level at 85% (as suggested by MacQueen et al., 2008). However, most checks identified levels of intercoder agreement higher than 85%. Disagreement in coding usually resulted from errors of omission rather than commission (i.e., forgetting to code a phrase rather than coding a phrase that should not have been coded).

The team developed a second codebook based on themes that emerged from the first round of coding. Changes primarily consisted of breaking down the original code (i.e., parent code) into more detailed codes (i.e., child codes). Following the development of the second codebook, another round of coding used the same procedures. During each coding round, the team held a weekly meeting to discuss emerging themes. The team employed the same intercoder agreement techniques in both rounds of coding.

Four of the six team members analyzed the results, and each of those team members read each transcript at least once. Team members were then assigned specific research questions and given responsibility for analyzing results. Using the "query" function in NVivo 8 to pull coded data, team members looked for themes, subthemes, and categories within research question results.

Chapter 3

Financial Knowledge and Behavior in Family of Origin and Current Household

One goal of this study is to understand better how early financial socialization, including financial knowledge and behaviors in respondents' family of origin, may have influenced respondents' decisions to save. Interviews explored how respondents' families of origin dealt with money, how much they talked about money management, whether respondents' parents encouraged them to save, and whether the family and respondent had any savings. Interviews also addressed current saving in each respondent's household.

Mary

Mary is a young, unmarried mother with a high school education. She remembers little discussion in her family about saving, and she did not have a bank account as a child. Mary recalls that her family tried to save, but there was no surplus money to set aside. When asked about savings as a child, Mary and her family (who were in the room during the interview) laughed: "There was no savings! We'd try to save what we could. Like, during the summer, mom would save money so we could get clothes for school."

Mary recounts the only discussion of savings with her mother:

I told her about me going to church camp, and she said, "Okay, I'll save the money." My mom saved up the money all year for it. All that, yeah, she saved what she could, when she could. Other than that, there was no, there was no saving.... That's about—that's as far as it went.

Mary had a piggy bank but admits that, as soon as she was old enough to walk to the store by herself, "I wanted candy, so I'd go get candy." Today, Mary says, financial decisions continue to be difficult for her, and the difficulty is exacerbated by a lack of sufficient income:

Now I'm like, I don't know, it's just too much. I just wish there was no such thing as money to an extent. 'Cause it hurts my kids, it hurts our family. Can't get my kids what they need sometimes—sometimes what they want. Which, can't always get what you want, and I knew that, but it's just hard sometimes.

Money management and saving in family of origin

Interviewers asked mothers how their family dealt with money when they were growing up. In addition to examining how and why they save money, the interview questions asked the mothers about financial experiences. The interviewers also asked mothers to recall what their family taught

them about money. In some cases, respondents recalled specific lessons taught by their parents or grandparents; others learned more through observation.

The comments by Stephanie represent one end of this continuum. Stephanie recalled very specific instructions from her mother about the importance of saving and using financial services. She and her mother even made occasional trips to the bank to deposit money into her savings account.

Well, my mom taught me that when you wanted to open a checking or savings account, you go to the bank. I've always used local banks. I just go to them and see who has the best checking or interest on their savings and that's the one I try to go with.

Similarly, Kim, a married mother with one child, recalled that her parents gave strict guidance about saving: "They're very strict on 'save your money.' Be prepared for something to happen. You know, hopefully nothing does happen, and then you just have a lot of money saved."

Several mothers mentioned that grandparents were sources of financial information as they were growing up. Stephanie remembered:

My mom, grandmother, great grandma all said make sure you have enough [savings] because you want to eat, and if you have extra, you save, and that's what you use to go buy frilly things that you want.

Heidi recalled learning about financial matters, including saving, from her grandparents and great grandparents:

I mean, they always had [taught respondent about money and savings]. You know, you gotta save it in order to have it or you won't never have it, and it's coming from the older generation because the generation now is totally different.... Yeah, and you know, your older people, like my grandparents, the older people there were no credit cards—they had to save for what they got.

Some mothers remembered overhearing their parents' conversations, observing spending and saving choices, and reflecting on these experiences later in life. However, they did not recall direct discussions or guidance regarding household financial issues.

Heather remembered having a savings account but said that there was no education or discussion about saving in her family:

We always—all of us—my sisters and I had savings accounts. There wasn't a lot that was in there, but we did have a savings account.... We certainly understood the value of the dollar, but there wasn't any real education at home about savings and that sort of thing.

More commonly, however, respondents recalled little open discussion of financial issues in their family of origin. In fact, many of the respondents indicated that their parents concealed money matters, especially money troubles, from the children. As a result, respondents did not learn much about money management from their families. Sally laughed loudly when asked how her parents handled money. She stated that she did not know of her parents' financial problems as a child but learned of them as an adult. Her parents still fight about money because her father spends all that they have and

pays overdraft fees frequently. Similarly, another mother, Nancy, picked up on her parents' financial difficulties but noted that they never openly discussed any financial concerns:

I just remember, um, everything having to be—I don't know—we couldn't just buy whatever we wanted to buy or, you know, it was we don't have the money for that.... And so, she told us we just didn't have the money for it, and we—I think I knew—I realized later that we didn't have any, have money more than at the moment. [At the time] I don't think it was that clear to me. Most of the things that I remember are things that my sister or my brother would tell me. You know, later, like, "Mom didn't eat lunch today," or, "Mom didn't eat lunch that day so you could go on that field trip," or whatever.

Some could recall no discussion about money or savings. Patricia, for example, was raised by her grandfather, who did not talk to her about money "because we didn't really have any":

When I was growing up, um, I was raised by my grandpa, and he was a farmer. And it was the cash that was in his back pocket or nothing. He didn't have a savings account. He didn't believe in putting your money in the bank. It was—that was it. If he—if it wasn't in his wallet, we didn't have it.

Nancy would like to be more transparent with her children about financial matters. She believes it teaches them that there is not always enough money for everything a person may want:

I think that's okay to tell your kids: "We don't have the money for that." I tell my kids that now, even though we might have the money for it, you know, I think they need to understand that everything costs money and you don't always have the money for that Barbie doll this time.

Without broad exposure to financial information as children, some mothers talked about how they learned to manage their money. Mona, for example, mentioned that she and her husband pooled knowledge from school and both of their families to inform their current decision-making processes:

My parents had problems with savings. His parents [parents of the respondent's husband] had problems with not having enough money there, so how do we take what we've learned from both of them and put them together? How do we become frugal like his parents but also have some more freedoms like my parents? I would say our parents are where we drew from the most, but it definitely helped to have the education background and to have other people also telling you things.

Respondents' childhood experiences with saving fall on a continuum; a few (eight) remembered extensive discussion about savings and had at least some savings as a child. At the other end of the continuum are 23 respondents who recalled little discussion of savings and accumulated little or no savings as a child. In the middle is the largest group of respondents (29), who recalled some discussion of savings and had some savings as a child.

Money management and saving outside of the family

Few respondents learned about saving from people other than family members. About a third (21) said they remembered that money management or saving was part of their elementary or high school curriculum. However, they reported that these topics were mentioned only briefly or were covered

during one class period. Most of these 21 respondents indicated that, if the school curriculum addressed savings, they did not pay much attention to the lessons. Tamara, a low-income, 28-year-old, single mother of four children, recalled her classroom experience:

I think I was in high school. We took it like in a government class or something. They kind of said something about it, but I never really paid any attention to it because we never really had a whole lot of money anyway, so I didn't ever think that it was going to apply to me.

Even though most respondents did not remember learning much about financial management and saving in school, a few had positive recollections. Kim, for instance, remembered the lessons her teacher shared about the time value of money:

I think my 12th grade year, my statistics teacher—he also does insurance, like life insurance, home insurance, car insurance, stuff like that—he would always do statistics on it: “Save this much, and by the time you get this age, you’re fine, you’re stable, and all of that.” ... He’s the only one that was pretty big on “save your money,” and other than that, all the other teachers were “Go to school, get a good job, then you’ll have money to take care of yourself.”

In summary, respondents report that parents and grandparents are primary sources of information, but the levels of discussion and hands-on learning about financial matters vary widely across respondents. A small number of respondents believe that they were well prepared to handle money matters and knew how to save when they reached adulthood. This varied knowledge is evident in the types of financial services that respondents use and in their knowledge about financial services.

Financial services in the current household

Interviews also explored how early experiences may have translated into current financial knowledge and practices. Respondents discussed the financial services they use, including savings and checking accounts, credit cards, and loans. This section discusses mothers' general financial knowledge and use of financial services; Chapter 4 presents a more in-depth discussion about saving motives and challenges.

To ascertain the breadth of the range in knowledge about finances and financial offerings, the in-depth interviewers posed several questions on respondents' familiarity with such matters. For example, interviewers asked the mothers, “How comfortable are you that you understand all your savings options, such as 401(k)s, Roth IRAs, and CDs [certificates of deposit]?” They also asked, “Do you have a checking account?” and, “How do you pay your bills?”

Knowledge of financial products and services

Mothers' responses reveal the extent of variation in knowledge about financial matters. A small group of respondents expressed confidence in their knowledge of financial products and services. They tend to own checking, savings, and other types of investment accounts. Beth, a 33-year-old mother of two, has a master's degree in business administration. She and other knowledgeable mothers indicated that they feel very comfortable with transaction accounts (e.g., checking, savings) and investment accounts such as 401(k) plans and CDs.

However, a majority showed that they have rudimentary knowledge of financial products. Some in this group indicated that they had past or current experience with bank accounts and at least a

minimum level of confidence in their understanding of savings and investment options. Some do not have a bank account (i.e., checking or savings) and do not seem to understand different types of saving vehicles. For example, when asked whether she understands how savings and checking accounts function, Letrece replied, “Not really. I don’t really know how they work to the fullest extent.” She pays most of her bills with cash at a grocery store, as do most of the mothers who lack a checking account.

Several respondents had basic knowledge of their financial options and owned a bank or investment account, either in the past or at the time of the interview. For example, Dorothy said that she understands “the basics” and believes that she knows where to obtain information:

Let’s say that I understand enough to know where to get the information if I needed it. Like I understand enough about it to understand where to go to find information on it. But at this point, we’re not—I mean, he’s [her husband] saving for retirement through work and of course I will when I work. But I understand how the Oklahoma savings for college works and why do you use that and so, the basics, I guess.

In this group, some depend on others to make decisions about financial matters. For example, Carla responded to questions about retirement savings by saying, “That’s my husband’s department ... the state teachers retirement, I think, is all I have.” Her husband, a CPA, manages the household finances. When asked how well she understands her savings options, she replied, “I’m comfortable because I have faith through my husband. He does it all.”

Tamara, who does not have any bank accounts, pays for her bills with cash, and cashes her paychecks at the grocery store. She stated that she is not sure how much it costs her to cash her checks: “I think it’s like 5% or 2% or something like that.... I know my check is \$438 and that’s how much they take out, \$4.38. Or 1%? I don’t even know.”

When asked how comfortable she is in understanding saving vehicles, such as Roth IRAs and 401(k)s, Tamara said that she is uncomfortable with the details:

Oh, I’m not comfortable at all. No, I really don’t understand how all of that works. I know what they are. I know what they’re set up for, but as for details, when you can use it, when you can’t use it—I don’t know.

Kim is a young, middle-income married mother with one child. She has checking and savings accounts, but her financial knowledge beyond these accounts is limited. When asked whether she knows about Roth IRAs or 401(k)s, Kim replied, “Definitely not very sure. ‘Cause I don’t even know how any of that stuff works. Usually if I have a question I do go and talk to my—I talk to my stepdad about all of that stuff.”

Unbanked respondents

Nineteen respondents (32%) reported that they currently are unbanked; that is, they have neither a checking nor a savings account in a bank or credit union. (This differs slightly from the time of the baseline survey, when 14 of the 60 respondents, or 23%, indicated that they were unbanked. See Appendix C.) Not surprisingly, low-income mothers, racial and ethnic minorities, and renters are more likely than their counterparts to be unbanked (Table 6).

Table 6. Banked status by income, race, and home ownership

Characteristic	Unbanked (n = 19)	Banked (n = 41)
Household income		
Low income	18	20
Middle income	1	14
High income	0	7
Mother's race/ethnicity		
White	2	23
African American	7	5
American Indian	5	6
Hispanic	5	7
Home ownership		
Yes	2	29
No	17	12

Notes: Banked status is measured at the time of the in-depth interview. Income is pretax household income for the 12 months prior to the baseline survey. An income-to-poverty ratio was created by dividing income by the appropriate 2008 federal poverty guideline (Beverly et al., 2012; U.S. Department of Health and Human Services Annual Update of the HHS Poverty Guidelines, 2008). The low-income group reported a household income below 200% of the poverty guideline. The middle-income group had a household income between 200% and 399% of poverty. The high-income group had income at or above 400% of poverty. Home ownership is measured at a baseline.

Some unbanked mothers indicated that they choose not to have an account. For example, Miranda, a 30-year-old, single, mother of two, asserted that she is the best manager of her money. Miranda once owned a checking account but had a bad experience and no longer has an account:

I did it one time.... I was working and I had my checking going. I overdraft too much, and I worked, thinking I'm fixing to get me a good check. They took all my money. I had probably like \$70 from my check. I was like, "Oh no, I'm not doing this again. I overdraft too much." So I'm not doing it no more. I'm strictly "check in my hand." No bank controlling my money or none of that.

Others, like Rita, do not trust banks. When asked whether she has a bank account of any kind, Rita replied, "I still don't put our savings in a bank. I usually keep it stashed away in a private area. But I still have the same issue. I can't trust the bank or anything."

Summary

In this study, most mothers report that their family of origin had a low level of financial sophistication. They recall little or no education on saving from family members or other sources, although some remember having some savings when they were young. Some mothers remember being extolled to save by parents or grandparents, but few remember being taught how to save.

In-depth interviews also suggest that respondents may not have learned much as adults about managing finances or saving. Most mothers express limited confidence in their knowledge of money matters, although some say that they rely on more knowledgeable family members for financial

advice. Respondents' limited financial knowledge is also reflected in their use of financial products and services. For example, nearly a third of mothers, primarily those who are respondents of color and those who have low household incomes, report that they are unbanked.

Chapter 4

Saving Motives and Challenges

This chapter describes how respondents think about saving, including saving motives and challenges to saving. Respondents reported a strong *desire to save*, primarily for short-term purposes. But saving is very difficult for most mothers because incomes barely cover basic needs. In addition, some mothers have debt, which they attempt to pay down with any surplus income. Many mothers said they want to save, and will save, when their circumstances improve.

Naomi

Naomi, her husband, and four children are packed into a small two-bedroom apartment. Her husband is unemployed and cannot find a job. Naomi's low salary pays the family's bills. When asked about savings, she replied, "No, we really haven't saved.... We got his bills and my bills and you know we just have so many bills." But she would like to save for a car: "We do need a bigger car because the girls are growing and we barely fit."

Naomi feels personally responsible for her inability to save, even though it would be difficult for anyone in her situation to do so. She wants to "try harder" to save:

[It] just makes me feel like that I need to try harder, you know, just to try to get where we need to.... Just keeping up with the bills mostly you know. I don't know—it's kind of hard ... because I'm the only one working right now and we can't really save anything.

A desire to save

Although most respondents reported learning little during childhood about saving, they indicated during interviews that they believe savings are important. When asked whether their thoughts or feelings about saving money changed over time, most mothers said that they have assigned greater importance to savings as they have grown older.

To prepare for her future and to learn how to manage her money, Dawn has taken classes in financial management and accounting. Dawn contrasted this with the way her friends and family view savings: "They just live for today. The biggest thing that comes out is, 'We're not promised tomorrow.'" Instead, Dawn believes, "yeah, we're not promised ... but it's still probably gonna come."

Many mothers indicated that they want to save when their circumstances change. Sherry said that she plans to begin saving for her daughter as soon as her financial situation improves: "I'm hoping that I can soon start her own fund.... I'm just getting side-tracked." Similarly, Brenna, a single mother of three, stated, "When I get my education—my GED [general equivalency diploma] and stuff, and start putting money back, when I'm able to find a better job, [I'll] start saving."

For Carolina and a few other respondents, having a child changed perspectives on the importance of saving:

Yes, now that I am an adult with children, I have to think about my children and our future. Of course, my idea is to save money for the kids, so that when they grow up, we can take them places and teach them things.... So we can have money for any interest of the child, and pay for those activities.

Nicole, a low-income working mother with one child, noted the importance of having savings when “something happens”:

I just kind of like—I just feel like if you spend it just to spend it, then you’re really not accomplishing anything.... When you do have a lot of savings, then you have stuff for when like something happens to break down, or a disaster or something happens, then you have the money to get out of that disaster. You won’t be worrying.

Saving motives

Interviewers also asked respondents about their saving motives. Researchers asked interviewed mothers to “talk about the most recent time when you tried to set some money aside to save for anything,” and, “What are you trying to save for?” Almost all respondents expressed a desire to save, and it was sometimes difficult to know whether they were describing an actual saving goal or what they would save for if they could save. Either way, responses reveal that mothers see the value of saving and provide insight into what savings mean to them. Respondents talked about short-term saving motives and, occasionally, intermediate or long-term motives.

Short-term saving motives

Short-term savings are typically held in a checking or savings account or kept at home. Mothers described several short-term saving motives, including saving to cover bills, emergencies, and children’s needs. They also said that they save in order to have a “cushion” for a “rainy day.”

Many spoke about unanticipated daily expenses that might arise. For example, Xenia described her savings account this way:

I guess I just figured whenever she [child] would need clothes or whenever, I didn’t have money left over for diapers or anything like that, I could just use the savings account money for anything she needed and then ... I mean, I didn’t really have that long-term goal. I just kinda figured it’s for anything that she would need.

Some wanted to save for intermittent but larger expenses, like insurance, car maintenance, and holiday gifts. These expenses are often anticipated but difficult to meet. Lisa described both unanticipated needs and intermittent expenses as motives for setting aside money:

For just rainy day—for, you know, insurance that’s going to come up in 6 months. You know, we’re always trying to set aside, you know, Christmas money. We like to have a cushion just in case anything big should happen. You know, maintenance on the cars or home. We try to set aside money just in a general account for that.

Sherry admitted that she and her husband have difficulty saving, but when they are able, they set aside money for their truck. They would like to save for a house, because her husband “has some land and we’re going to try and put a trailer on it.” She also indicated that they want to save for future expenses for their children:

The most important thing is our truck. We have to have it. So we try to save as much money as we can for that [payment]. And if we don’t pay it, they will come get it.... I need to save for my kids for when they get up in high school. I know that it costs a lot of money for class rings, and jackets, and field trips, and stuff like that. It’s pretty much my kids mostly.

A few mothers mentioned that they save their tax refunds. Tamara, for example, saved for swimming lessons for her daughter:

Oh, whenever I got some income tax, I saved money for my oldest daughter ‘cause she always wants to take swimming lessons in the summertime. Usually by the time summertime comes, the tax money is gone. So, I saved some money for her to do the swimming lessons.

Intermediate and long-term saving motives

Some respondents have intermediate and long-term saving motives, such as for a car, a house, small business development, education expenses, or retirement. Carolina expressed great satisfaction that she and her husband have been able to save:

We saved an amount so we could manage our own business so that we wouldn’t have anybody telling us what to do.... When we started, we only had one cell phone and one car and we shared an apartment with other people. And that’s how we saved: paying for the things we were buying, things like our refrigerator and things like that.

Her husband shared that he is especially proud given that “we are foreigners [Mexican American], Hispanics here, and we have accomplished something that other people haven’t accomplished.”

In addition to saving for family needs, some mothers began to think about ways to secure their own financial future. Tamara contemplated her own future:

Yeah, I realize now that it’s—especially now that I’m older, that I need to start trying to save money for later. ‘Cause otherwise there might not be any money to take care of me when I’m older.

Nicole reported that she contributes to her workplace retirement plan and saved to purchase her house but currently has no emergency savings:

It took a while to save for this house. I was in an apartment. I was doing foster care actually and I had to get a bigger apartment. So I felt like ... I might as well go ahead and move in a house. So, as I was doing my foster care, I was saving for me a house. Then, after I decided to move here, I found out I was pregnant. So, then I decided to quit doing foster care so I could kind of spend time with me and my pregnancy, and that’s where I’m at. I did save for this [house] and it’s a blessing.... Well, here lately—because the way things being the way they’ve been—I’ve not put too much into savings in a bank per se. For my 401(k), yeah, but not the bank.

Mia and her husband own a business that has been negatively affected by the recent economic downturn. Like others, she mentioned a variety of saving motives. Yet, Mia acknowledged the importance of saving:

My husband ... he's very adamant about wanting to save for retirement and stuff like that. He has his own goals that he tries to get me to own because he is very organized and I am not organized.... And I mean once we're set, he has a goal that he wants to start setting aside and stuff like that, and he definitely wants to have the boys' college fund there—things like that.... I think we got tax money so we actually bought something for the house.... We needed to save for the house to fix the house, do something. So that was mainly what we had to save for right now. Um, we definitely, like I said, want to go back into putting into the 401(k) when we can afford it.

Nancy's husband owns a thriving business, and she stays home with the children. She reflected on their situation:

The last couple years ... we've been truly financially secure.... It's a good feeling knowing that, you know, you don't have to worry about things.... I know there's a lot of people that have to worry about where their next meal is coming from.

With the advice of a financial advisor, Nancy and her husband prioritize saving for their own future and have established a retirement fund:

Well, you know, we set money aside every month. We put money in savings every month. We don't even see it; it goes directly to savings. My husband has just started a—I don't know what it's called—it's kind of like a 401(k) for me, but I don't think it's called a 401(k). And so we are now tucking that money in there for me. And so we're essentially saving for our future.

Saving challenges

Not all respondents are like Nancy and her husband, who are financially secure. Most respondents indicated that they would like to save but identified two main economic challenges to saving: limited resources and debt.

Limited resources

Limited economic resources prevent many respondents from saving. Some mentioned low-income as a challenge. Others reported that saving is difficult because of unemployment and other issues related to the economy. For example, when asked whether the economy or recession affected them, some mothers reported that, between the baseline and in-depth interviews, someone in their household either experienced a period of unemployment ranging from 1 month to 1 year or had their work hours reduced. A few respondents said that their small businesses incurred financial losses in the period between the two interviews, indicating that customers stopped using their services or were unable to pay their bills.

Julie, a single mother of two, was unemployed at the time of the in-depth interview. She described the economic strains of trying to make ends meet for her family. However, she also expressed a desire to

save, one day, for her child's education:

When I get a job and make more money, I'll do it. I have to think of myself first, my situation first, before I can do any of that. So, I know that I might have to move out of here. I need to get me a car and a place, and then when that all falls together ... I can do her savings part and my savings part besides. Hopefully that can be really soon. Just pray with me about it.

Stephanie reported that her husband has been laid off. A married mother of four, she expressed frustration with her current economic situation:

I worry about the kids' future, especially with the economy the way it is right now. I've got all of them a savings account. But right now, there's just not very much in it... Now is the time to have the money there, but it's not there. With [husband] being laid off, we've had to get into some of our savings and stuff. But we are trying to slowly build it back up.

Letrece, a single mother of five children, reported that she receives public assistance: "Basically since they started this program, I have been trying to save and put money in it, but I haven't been able to do nothing because of everything else." Later in the interview, Letrece said:

I've been dedicated to trying to, you know, put money off in that because they [SEED OK] say they'll double it or whatever, and I've been trying to put some money off in there. I basically live month to month.

Many mothers allocate all their income to basic living expenses, leaving little to save. For example, 13 respondents (22%) said that purchasing diapers makes it difficult to save. Ana pointed out that she would like to save for college, but she said:

Everything is a need right now ... like right now, she's outgrown all of her clothes.... And we have to buy diapers every month, and 'cause she's not old enough to be potty trained yet.

Another respondent said that diapers and other necessities come first: "I have to worry about my gas tank and I have to worry about her diapers, her wipes. That's my first priority."

Sherry, a 24-year-old married mother of two, said that she and her husband try "to save as much money as we can," but all of her current income goes to meeting the immediate needs of her family: "Mostly we just know that we're gonna need milk. My kids are always needing socks and toothpaste. Just necessities, mostly."

Silvia, an immigrant without a high school education, is a married mother of two. She said that she would like to begin saving, even for such basic household needs as medicine, but does not have the resources to do so:

Well, I am still thinking about saving, but I can't save right now. I don't have a cent. It is not enough.... I wish to be able to save, even in a piggy bank, so I can have it hidden somewhere for medicine or something.

Even families that manage to set aside some savings often deplete these small accumulations. Cindy, a 32-year-old mother of three, recently tried saving money to attend a business convention, but the money she stashed "underneath [her] keyboard" was spent to pay for food, baby formula, and diapers.

Debt

Some respondents said that, in addition to low incomes, they must address debt before they can save. For example, one-third of respondents reported credit card debt. Some even use credit to cover everyday household expenses or other regular financial obligations (such as utilities). Many reported that surplus from income goes to credit card payments, leaving nothing to save.

Heidi, a 32-year-old married mother of two, reported that she has had credit card debt for years. They were paying down their debt, but her husband recently had a heart attack, and they had to use credit cards to make ends meet until he could return to work. She went to the bank and explained, “[My husband] has had a heart attack, and it’s really rough, and there is nothing in our savings account now.” They developed a plan to pay her bills and credit card debt. This debt has prevented Heidi from saving.

Respondents have other debt that keeps them from saving. Cindy, for example, acknowledged that she has credit card debt, student loans, car payments, and a home mortgage. Patricia, a young mother of two, also has student loans. She hopes to save for her child in the future but believes that paying for school is a priority for now:

Well, I have great plans that haven’t been put into effect yet. Right now, a lot of our money is consumed by me going back to school. And the only way I was able to go back to school is through student loans and things like that. So that debt is building, but I—in the long run, it’ll pay off.

Dawn, a single mother who recently had her third child, has put her marriage and savings plans on hold in order to pay her student loans: “We want to pay my debt off so we can actually get married. He don’t want to marry me until my debt is gone, so saving is far away. It just seems so far away.”

Others face a different kind of debt. Of the 52 respondents who were asked about their use of alternative financial services, nine (17%) indicated that they have used payday loan services. This suggests that some respondents may be burdened with high interest rates and fees. Such burdens would affect their ability to set aside money in savings.

Respondents chose to use payday loans for a number of reasons. Some mothers thought that this was the only option available because they did not have transaction accounts. Others believed that payday loans provide the fastest way to get the money they needed. Most of those who used these services shared stories similar to the one told by Xenia, who stated that she only used payday loans a couple of times then realized the financial consequences:

That is when I first started working, and I was spending a lot of money on formula, diapers, and everything. I think I used it like two or three times. It’s helpful, but I will never use it again.... It’s good because it is money that you can borrow and pay it back, but at the same time, if you keep using it, it doesn’t really help because you are not getting anywhere.... ‘Cause every paycheck you are just paying them and you are just spending more money, ‘cause there’s a fee of \$20 or \$30 or whatever.

Julie said that she also used payday loans for a short time. She went through a divorce and custody battle that required payment up front. The expenses required more financial resources than she had

available, so she turned to payday loan services:

They worked for a while, but you can't get caught up in them or you'll never stop.... If you are living paycheck to paycheck, you got to get a loan, then you got to keep doing it 'cause you are living paycheck to paycheck. How you gonna pay your bills without them? It becomes a dependency.

Nearly all of the respondents who reported using payday loan services stated that they no longer use such services. However, during difficult financial times, many feel that they do not have any other option.

Summary

Overall, it is clear that mothers see savings as valuable and want to be able to set aside money. The most common saving motives are short-term in nature: to finance everyday needs when money falls short; to meet emergencies; and to pay for anticipated but challenging intermittent expenses like insurance, maintenance, and holiday gifts. Some mothers also save for long-term goals, such as home ownership, retirement, or children's or their own education.

Mothers in this sample report that they accumulated savings in the past, but their circumstances at the time of interview seemed to prevent many from setting aside money and especially from saving for any length of time. Many explain that they use every dollar for basic living expenses (e.g., milk, gasoline, toothpaste, socks, and especially diapers). A number of respondents had debt, including student loans and credit card debt, and some say they use any surplus income to pay down debt. Respondents express frustration that they have not been able to save more.

Dorothy

Dorothy, a young mother of two boys, is a student, and her husband is employed. Like many of the respondents in this study, Dorothy expresses a desire for her child to find work that he loves, whatever the choice. She shares a desire that he reach this goal through postsecondary education:

We have these conversations—like parents aspire for their kids to be doctors—they just seemed stressed to me. I don't have any desire for that, but I would like him to—I don't even know if I aspire for him to have like his master's or his doctorate, or you know ... you kind of hope. But honestly, if he can just find something he enjoys doing. I'm—I can truly say I am content with that. I want him to work—well, of course—but I want him to find something that he loves. And if that takes an associate's [degree], it takes an associate's. If it takes master's, it takes a master's. So, I guess in general I hope he gets his bachelor's at least.

Although her hopes about her son's college education are somewhat vague, Dorothy does have firm ideas about his completion of high school. When asked what would happen if her son wanted to drop out, Dorothy stated emphatically, "There's no way he's not finishing high school." Realizing that some children do not want to finish high school, she says it would be important to understand why he might reach this decision:

Well, there's going to be a reason why he's not going to want to be in school anymore. So, basically getting to the root of the issue and dealing with whatever the issue is that's causing him not to want to finish.

But she, like other parents, does not view dropping out of high school as an acceptable option. Dorothy states emphatically, "There's no way he's not finishing high school.... That's unacceptable."

Chapter 5

Aspirations and Expectations for the Child's Education

This chapter focuses on mothers' aspirations and expectations regarding postsecondary education for their children. As the literature review suggests, there is considerable difference between whether mothers aspire for their children to obtain postsecondary education and whether they actually expect them to receive such education. We explore these issues, including the reasons why some mothers aspire for their children to attend college but have concerns about whether they will actually go.

Educational aspirations

Interviewers asked mothers to describe their "hopes and dreams" for their children's education. All of the interviewed mothers indicated that they want their children to do well and go as far as they can in school. Nearly all hoped their child will obtain at least a bachelor's degree ($n = 58$, 97%). Twenty-one mothers (35%) said that they want their child to go even further and attend graduate school. Only two respondents, Kim and Xenia, did not specify how far they would like their child to go in school. Both said, "Whatever she wants."

In general, the mothers recognized the many factors that may influence their child's educational completion. Among these factors are ability, desire, and financial opportunities. With these influences in mind, many respondents noted that it is difficult to project their child's future so far in advance but offered some insights about their aspirations for their toddlers. Still, many expressed a strong desire that their children obtain college and graduate degrees.

Beth asserted that postsecondary education is important for her daughter to get ahead:

I mean she needs to take the path that she wants to take, but that really you have to have the education to fall back on. You know, besides from life experiences, I think education gets you further. And especially being a female. You know, you really need it.

Some respondents who lacked a postsecondary degree recalled their own difficulties in continuing in school and expressed the hope that their own children will receive more education. Miranda, who did not finish college, indicated that she would like her children to be the first ones in her extended family to get college degrees.

I was one of the first of my grandmother's grandkids to even step foot in a college, so hopefully my kids will break that cycle and complete it, you know. I made it there. I went a semester. I can say I did that, but I was one of the first. I broke the cycle. But I want my kids to finish the cycle. I want them to finish college.

Gloretha's siblings, her husband, and his siblings all dropped out during high school. She said that she hopes for more for her son: "I hope that he does get a great education. I hope that he wants to go to college." Reflecting on her family's difficulties getting through school, Gloretha commented that she wants a different life for her son, a life with more educational achievement and success: "I just hope that he does really good, accomplishes something really great in his life."

Mandy, an 18-year-old mother of three, is another respondent who did not complete high school. Despite her lack of education, she voiced the hope that her child will be able to go to school and, as a result, command a high income:

I know I want her to go to college and go to school for something productive. You know, something that's going to make her money.... I want her to make enough money to take care of herself all the way.

Like other respondents, Latino immigrants in the study aspire for their children to receive a college education, but several seemed confused about the postsecondary education system in the United States, and the system differs markedly from that in Mexico. For example, Silvia, noted that she remained in school "only until the sixth" grade in Mexico but wants her daughter to attend school "until she gets a profession." She explained further: "I am not very sure. I believe until the university, I think so ... until she finishes her degree ... all the way through." Silvia believed that things would have been different if she had a SEED OK 529 account when she was a child but "wasn't lucky to be born here."

Lupe, a Mexican immigrant, did not attend high school in Mexico. She was close to tears when she talked about her own education experience. Her mother sent her brothers to school but kept her at home to help with the housework:

I wanted to study, but there was no high school near to the ranch [in Mexico]. Three years later, they opened a high school. After I finish primary school, I thought that I will be attending high school, along with my two other brothers, but my mother said no. She went to a meeting, because they wanted to register all the teens that could attend. When she came back, I thought I will get the paperwork to register, but she gave it to my other brothers and said, "Here are your documents because you are going to high school." And she told me, "Not for you." And I asked, "Why?" And she said, "No, because you're the one who is going to take care of the house." She said, "You're the one who is going to clean, cook, do laundry, and everything else." That broke my heart.

Lupe is determined that her child will receive more education but is confused about the U.S. educational system. When asked how far she would like her child to go in school, she could only say, "Everything.... I still I don't know all—how far she can go. I mean, what is the highest level they can study?"

Views on high school completion

To better understand the importance of education to the interviewed mothers, the interviewers asked them, "What if your child comes home from high school one day and says, 'I really don't want to finish high school.' What would you say or do?" Responses to this hypothetical question varied. Most mothers were adamant that their child complete high school, and these mothers would allow no exception. Seven respondents said that if this situation were to occur, they would encourage high school graduation but implied that forcing teens to do something does not always work. These same individuals said that they would ask the child about the reasons he or she did not want to finish school and devise a plan that may include getting a GED or a job. Similarly, eight mothers said that dropping out of high school was undesirable but again acknowledged alternatives, such as getting a GED. A couple of mothers could not envision their child not completing high school. The responses may suggest different approaches to parenting more than different educational aspirations.

Jocelyn was in the majority of mothers who said that her child must finish high school. Her reaction illustrates this point: “High school—you gonna finish. That’s not even optional.” Nicole gave a similar response, noting that even though she may allow her daughter to make her own choice about attending college, high school completion is not negotiable:

I would actually let her know that, in order for her to kind of get somewhere in life, you need to at least finish your high school.... I feel like [it] is on the kid, and you shouldn’t have to push your kid to go to college. But I would try to push her through high school.... I would tell her, “Look, you need to keep going if I have to drag you to school and sit there with you. You gonna finish high school.”

Many of the mothers who did not finish high school expressed very strong desires for their children to graduate. Imari, a young single mother who did not complete high school, was attending classes during the period of the in-depth interviews; her goal was to become a medical assistant. During the interview, Imari reflected on her difficulty getting a job. She was adamant that her son would finish high school and pursue a college degree so that his life will not be as difficult as hers has been:

If you want to accomplish these things in life—if he want—if he tells me some good stuff that he want to do—if you want to accomplish these things in life—I mean you got to finish school. You can’t drop out of school.

Claire’s response echoed this sentiment. She wants her child to complete high school and not follow in her own footsteps:

I’d be like, “You don’t want to go that route that I went because I didn’t graduate high school, and it’s not a good thing. It’s not something to be proud of, you know. It’s not something to be proud of like going around bragging, I didn’t graduate high school.”... So, I don’t want them to follow in my footsteps so I’m trying to raise them ... so they can go down the right path.

A small number of respondents acknowledged alternatives, such as getting a GED. Kim’s response provides a detailed example of this hypothetical situation:

If she’s set on not finishing high school, I mean, I would hopefully if there’s—I know a program that she can be in instead of high school. I would hope that she would do that, you know. If she has to have a different option—I mean anything. A vo-tech, something, you know. If she at least hopefully get her GED, you know, not just, “I’m gonna drop out of”—if you want to drop out of high school, you have to have some type of plan. And if she needs to fully think that out, because you can’t go back and redo it after that, so.

Beth, who has a graduate degree, indicated that she views educational achievement as “very, very important—especially to females.” She has “high hopes” that “ultimately one [child] would go to Harvard and one might go to Julliard.” When pressed about possibilities, she acknowledged that her toddler may one day decide not to continue in school. Like a few other respondents, Beth stated that she would talk with her daughter to work out an alternative plan:

I’ve never thought about that. I know it’s a possibility that it could happen. I don’t know. I honestly don’t know.... I’d want her to finish [high school]. But I mean if she’s adamant and was having difficulty, or, you know, something, I’d either try to homeschool her or make her get her GED.

Barriers to postsecondary education

To understand factors that mothers thought might interfere with their child's education attainment, we asked, "Sometimes things get in the way and children don't go as far in school as we would like. What do you think are some of the roadblocks that could interfere with your dreams for your child's education?" In their responses, the mothers revealed how expectations for future education may differ from their aspirations for future education. In some cases, the mothers talked broadly about obstacles to educational achievement for children in general, not specifically for the focal child.

Mothers' perceived barriers to the child's educational attainment are categorized in three areas: (a) social and personal, (b) financial, and (c) familial. Mothers often mentioned more than one barrier. When asked to imagine any barriers to educational attainment, however, a few mothers made statements such as, "No, I wouldn't know what that could be," or, "Hopefully, nothing will stop her."

Social and personal barriers

The most commonly cited barriers were social or personal. Many mothers recognize the potential for their child to be adversely influenced by his or her peers. Some respondents mentioned the possibility that their child might go with the "wrong crowd." They noted the risks of drug and alcohol use and early pregnancy. Other barriers in this category are more individual in nature. For example, mothers mentioned health issues, motivation, and academic ability. Carolina observed that young people face several possible challenges along the educational path: "They can fall in love or be lazy, make bad friends, and decide to have a different type of life, make wrong decisions."

Respondents, particularly those with daughters, conveyed concern that their child would become a parent at a young age. Miranda simply stated, "The only thing, babies. The number one thing, babies." Several mothers recalled their own experiences, and Jasmine's comments are representative:

I got pregnant as a sophomore in college. It was the end of my freshman year of college, and we tried to do sophomore classes, and it was hard 'cause he was only 6 months old. No, not even that—like 4 months, something like that—and we were trying to take classes, and it was just horrible because we wouldn't get any sleep, and couldn't do homework, and couldn't find anybody to watch him. That was a big deal, so hopefully that doesn't happen to him. But I don't think anything else will get in the way—hopefully.

Noemi, a single mother of four recalled, "That's why my sister, she dropped out of school, my younger sister. She got pregnant at 15, but she got her GED later on." Her partner added:

Most of the kids here—that's why the kids quit. Yeah, and most of the boys quit because of drugs and alcohol. There ain't much around here to work. This town is mostly like mini-storages, churches, and car washes. I mean, and none of them employ nobody, you know.

Some respondents thought it might be possible that children would not be interested in education beyond high school. Caroline, for example, imagined such a situation: "Just that once they get done with high school, they just are tired of going to school all the time. If they've done it for so long, and they think they'll take a year off and go and then never go back." Similarly, Carla imagined that young

adults might not return to school once they start working:

I think some of the roadblocks would be like, in college, they start working and figure they can work more and make more money instead of going to school versus they could be working ... get burned out, and some of them think it's too hard. Or they're just too lazy and don't want to do the work.

Finally, several participants also talked about the possibility that their child may find school challenging and become frustrated. Gloretha discussed her own struggles in completing high school and imagined the same possibility for her child:

Just coming across a course that he completely doesn't understand, that makes him frustrated, makes you, you know. Or a teacher coming down too hard on him. You know that—that I could see make him not want to finish school.... Just, you know, there's a lot of obstacles that could get in your way—make you not want to finish school.

Financial barriers

A number of the interviewed mothers talked about money as a potential barrier to attaining a college degree. Some discussed financial barriers in terms of their child's potential desire to earn money in a local job or in the military; they indicated that the child might see this desire as an attractive alternative to college. Lisa provided a long list of barriers and listed money at the top:

Oh, just life in general—money. You know, different aspirations than mine. You know, he just, he just might not want to do that. That might not be his personality. That might not be his personal aspirations, and, and girls [laughter].

Xenia worried that she might not be able to afford to send her daughter to a good high school where the other students would be a good influence on her. However, the first thing she mentioned was "boys," followed by "money" and "the wrong people":

Because we're getting to a time where girls are getting pregnant real young, like 14 and 13, and they just think they are in love, and all they care about is the guys ... and even though I hope it's not going to be—I think money might be a problem. That I won't have money to get her to a good high school. And I just don't want her getting with the wrong people. With her getting the wrong ideas about not wanting to finish schools. Things like that."

Familial barriers

A smaller number of respondents mentioned familial issues, such as lack of parental direction or death of a parent. Some respondents noted that flaws in parenting are a potential barrier to educational attainment. For example, Lupe, a Spanish-speaking mother with limited education, suggested, "Sometimes parents don't talk much to their children. They don't communicate, I think." Similarly, respondents noted potential dissonance between the desires of the parent and those of their children. Heidi recalled childhood tensions in her own family.

The only thing is, as I try to remember back when I was a kid, if and especially through your teen years, anything that your parents tried to push you to do, they normally run the opposite direction. I would love for [my children] to go [to college], but I'm not going to push them....

What I've always tried to do ... keep them interested in school, keep 'em in sports, keep 'em in that line. They will enjoy it more. They'll want to be there.

In contrast, others indicated that family loyalty may be a reason for not going to college. For example, some respondents suggested that an individual may forgo postsecondary education in order to take care of parents or another family member. Nicole recalls this situation among some of her own peers:

Sometimes kids feel like they need to be there for the parents if their parents are getting sick. Or struggling, and they feel like they need to be there to help them get through it. I know that's what I've seen—some of my friends do.... One of my girlfriends' momma died, and so she didn't go to school till a long time after, until she got over that. So, parents getting sick and stuff like that.

Summary

Nearly all respondents hope their children will attend college. Despite wide variation in educational attainment among the mothers, most talk about the importance of going to college. Even mothers with very low levels of education, including some immigrants, believe college is important. Several link postsecondary education to good jobs and high wages.

When asked what they will do if their child decides not to complete high school, most respondents are adamant that their child must finish. A number of mothers who dropped out of high school do not want their children to “follow in their footsteps.” Some mothers express the desire to provide more opportunities for their children than they had themselves.

Despite high aspirations for their children's education, mothers identify many possible barriers to postsecondary education. A few mothers say that they do not anticipate any barriers, and some speak about barriers only in general terms, not necessarily anticipating that these barriers will be relevant to their own children. But a number of mothers identify barriers, even multiple barriers, that might prevent their own children from attending college or even finishing high school. The most commonly identified barriers are social and personal in nature. For example, mothers mention adverse influences from their child's peers, falling in love, and getting pregnant. In addition, some mothers name financial or familial barriers, such as lack of money for tuition, lack of parental direction, and death of a parent.

Chapter 6

Paying for the Child's Education

A number of respondents indicated that having children made them think differently about savings and that many of their current savings goals are related to meeting their children's current and future needs. This chapter focuses on the cost of children's future postsecondary education. Interviewers asked respondents about the cost of a 4-year college. They also asked them to describe any plans respondents had for financing the focal child's college education. Most respondents with more than one child discussed their decisions and processes with all of their children in mind.

Gloretha

Gloretha, a married 25-year-old mother of three, works at a convenience store. She would like to save but her family cannot afford to do so at this point in their lives. Her current living situation is "kind of crazy." She, her husband, and three children share her mother-in-law's home along with six other family members. Gloretha's husband, who has been unemployed for several years, stays at home with the children. Gloretha believes that her husband's unemployment is probably due to his lack of a high school diploma and says that this "makes it just a little bit harder on him" to find a job.

They owe money to utility companies and payday lenders, from whom they have borrowed to pay bills. As she observed in the interview, it seems unlikely that their financial and living situation will change much in the next few years. When asked about future college costs for her son, Gloretha said that she has not "really worked all that out." She explains: "I mean I'm trying very, very hard to do what—everything, you know, the best of my ability. But I haven't—I haven't worked out a lot of kinks in the money situation." While she imagines that her son will seek out scholarships, she also plans to contribute something:

I know that there's scholarships, so even if he does, you know [go to college], there might be a certain percentage that I have to pay, and I understand that, so if I do, we'll work something out and I'll get it done.

Perceptions about the cost of college

Interviewers asked mothers, "How much do you think it will cost to send your child to college for four years?" Perceptions of college costs vary substantially. Some respondents provided estimates of costs per semester, while others estimated total costs for a 4-year degree. Respondents' estimated annual costs ranged from \$5,000 to \$50,000. A wide range in estimated costs is understandable; some mothers did not go to college themselves, and others have not yet sought out information on college costs because their children are still young. In addition, estimating college costs is complicated by the fact that federal financial aid (and other need-based financial aid) depends on household economic conditions.

Table 7. How respondents plan to cover their child's college costs ($n = 57$)

Payment Type	Number	Percent
Savings	24	42
Parental contribution	16	28
Scholarships	18	32
Child contribution	14	25
Grants/awards	14	25
Grandparental contribution	9	16
Tribal assistance	6	11
Don't know	6	11

Note: Totals exceed 100% because respondents provided multiple responses.

Some respondents based their estimates and savings goals on personal or family experience. These mothers were enrolled in college, recently graduated, or had family members in college. Wendy based her estimate on expenses incurred by her husband, who attended college at the time of the interview. When asked how much she would like to have saved by the time her daughter is ready to go to college, Wendy assumed that the cost would be relatively close to her husband's expenses:

I think a good goal would probably be about \$15,000. Just because—I know my husband, he's going for 1 year to a specialty school, and that's about \$12,000. So if she decided she wanted to go to some kind of special trade school, that gives me a good estimate of what that is, and \$15,000 would at least be a really great start towards going to college or something.

Others said that they had no idea what to expect but anticipated that it would cost "a lot." Xenia noted, "With the prices still going up on everything, she [child] might need more money [for college]."

Plans to cover college costs

Most respondents recognized a need to set aside money for their child's college. In order to understand how parents plan to do this, we asked respondents to discuss ways that they and their child might meet the costs of postsecondary education.

All but three respondents ($n = 57$) were asked how they plan to cover college costs or spoke about their plans without prompting. Despite their current struggles to make ends meet, most respondents could name ways they might cover their child's college costs in the future. Their plans, which are summarized in Table 7, include savings, scholarships, contributions from the child, grants, and other sources of assistance.

Savings

Among respondents who discussed plans to cover the cost of their children's education, many (42%) said that they plan to use savings to pay those expenses. This does not necessarily mean, however, that mothers were saving for this purpose. Among those who indicated that they or others have begun to save for the focal child, the amount of savings and saving strategies vary widely. Some

indicated that their child has a savings account. A small number have purchased savings bonds or CDs for the child's college education. Most respondents stated that they really had no idea how much they would need to save for their child's college but wanted to help if they could.

One high-income mother, Amanda, uses multiple instruments to save for her child. To diversify her savings, she opened a savings account, purchased savings bonds, and invested in a life insurance policy for her children:

They all have savings bonds, you know, that we buy and grandparents buy and stuff like that to be used for whatever. And they all have a—it's a life insurance policy—but it's like a whole life policy that grows cash value that can be used to buy a house, to buy a car—whatever, and like on milestone birthdays, it automatically—the value of it doubles at certain milestone birthdays, but the premium doesn't change.

Many noted that their economic circumstances did not allow them to set aside money at the time but said that they intend to save as soon as their financial situation improves (see Chapter 4). Comments by one respondent typify those of a few other mothers; Caroline noted that she "just hadn't gotten around to it [saving] yet." Some talked about the financial adjustments they made when their child was born. Representative comments came from Janice's husband, who also participated in the interview:

You know, it's just different, you know. Before we had kids it was—we didn't have to worry about having money if we had to go to the doctor, or having money to buy diapers, or, you know what I'm saying. It was just us. So, we could go 2 weeks and eating ramen noodles, you know. I mean that was fine, but it's just changed a bunch with the kids, you know. And you know money gets tight, you know. I think everybody, almost everybody's, probably living paycheck to paycheck nowadays anyways. It's just a matter of how good you get at—as to how well you survive.

Other respondents talked more explicitly about the difficulty of planning so far ahead for education. Dorothy conveyed her desire to save for her children's future education, but she also noted that current needs take priority:

In their account, you know, we've started to set money back for just.... I mean we haven't decided what it's for.... I'll be honest with you, I'm—it's not—I know this is not what you guys want to hear, but it's 16 years away! And so sometimes I think needs right now are definitely put to priority over saving for his college. Not that it's never thought about.

Parental contribution

Some parents (28%) expect to pay for at least part of their child's college education but did not specify whether they would use income, savings, or loans. Some respondents made comments like, "I'm going to work my butt off," or, "I will look for a job." These comments suggest that they plan to help pay for their children's college with income streams. Lisa is committed to finding a way to pay for her child's college but has not established a plan:

You know, even if we have to—I mean at that point, it's like even if we have to, you know, take out a second mortgage, we're going to send them to school. They're going to go to school.

Many respondents said that they plan to pay for a portion of their child's college education but suggested that they also expect their child to contribute. Claire, a 24-year-old divorced mother of two, is one of these parents:

If I'm still here, I'm going to work my butt off. If I've got to make the money myself and get my career going, you know, then she'll get her little after-school summer job that will pay for at least half of it, you know ... teach her responsibility early.

In some cases, respondents' choices about funding may reflect their personal philosophy about college and financial responsibility. For example, Natalie, a 26-year-old divorced mother of one, said that her son should not face a future burdened unnecessarily by financial obligations if he pursues a college education. However, she noted that it would be a different matter if he were to pick a lucrative profession:

Hopefully I'll be able to provide it, and if I can't, hopefully he'll be able to get some kind of scholarship. If not, then I'd take out loans for him, because I think you shouldn't have to worry about paying off his school. Except for if he's a doctor—my gosh, if he's a doctor, he can take out his own loans!

Scholarships

Eighteen respondents (32%) indicated that they envision their children paying at least part of college costs with scholarships. In talking about scholarships, respondents referred to them in general terms. Most respondents reported that they have not sought out this information yet because their child is so young. However, respondents generally expressed a belief that scholarships may be one option to cover college costs. There was some confusion about the difference between scholarships and grants. Although many mentioned scholarships as a source of college funding, these respondents were vague in describing the scholarships. For example, when asked how she planned to pay for her child, Graciela, a low-income married mother who reports that her family receives "food stamps," acknowledged, "I really haven't thought about that." But Graciela knows that there is assistance for students who are "good at something": "I know there's like a lot of scholarships and grants that she can apply for, and they will help her. Hopefully she's good at something [so] she can get everything paid for."

Amanda, a 34-year-old married mother of three, reported that she was already saving for her children's education. She hoped (like "every parent" does, she said) that the children would secure scholarships. She said that, if necessary, she will take out loans so that her children can go to college:

We have, you know, some savings for them between their savings bonds and stuff like that. And that would help. Ultimately, if they all got a scholarship, that would be really great. Does every parent say that?—"if they all got a scholarship?" Yeah. But, you know, if we had to take student loans, we'd do it, you know, to help them get through.

A small group of respondents had greater knowledge about scholarships. One respondent, for example, talked about a "Ford Program" offered through Oklahoma State University. She explained that this program pays the college costs of students who agree to work for the company upon graduation. Two respondents specifically identified athletic scholarships as likely sources of funding. Miranda proudly stated: "That's my football player. I'm telling you. That's all he talk about is balls and footballs and everything. Yes, he's gonna be mama's star. He is going to college for football."

Among the respondents who identified scholarships as a possible way to pay for college, three had a college degree, seven had some college, five had no formal education beyond high school, and three did not graduate from high school. Although some respondents indicated that they received scholarships to cover some of their own college costs, there is no clear indication that education level is associated with planning to use scholarships as a way to pay for a child's college education.

Child contribution

Many respondents (25%) said that they believe their child should help pay for college by either working or taking out student loans. One respondent indicated that her children will be more invested in their education if they have to borrow funds for it. Nancy, a high-income mother of two, indicated that she and her husband will require their children to pay some of the cost of their college:

Our kids need to use their brains and try to get scholarships for school and/or take an active role in their education and not expect for us to just go ahead.... They need to have some stake in their education too. And so I don't think it will be the most horrible thing in the whole world for them to take out student loans.

Rachel, a highly educated, high-income, married mother of three had a somewhat different philosophy. She believes that her children should learn how to be financially independent; she said that planning, saving, and paying for college is the first step toward this goal:

I think a lot of people want to save and provide for their children. I don't want to. I want my children to learn and provide for themselves. What we save in our savings now, I don't want my children to have any. Not out of greediness—I just want them to have the skills to earn it on their own. If I can help put them through college, help being the key, that's cool. I totally want to do that, and at the same time, I don't want to just give them things.

Grants/awards

Fourteen respondents (25%) mentioned grants as a possible source of college funding. Among these, three plan to pay for their child's college education through the Oklahoma Higher Learning Access Program (referred to as OHLAP by respondents, but also known as Oklahoma's Promise). The program pays college costs for youth who come from a family with an income below \$50,000, make good grades in required courses, and are not involved in illegal activity (Oklahoma State Regents for Higher Education, n.d.). One respondent reported that the child's father is in the military and his GI Bill benefit is transferrable to the child. Others mentioned "grants" without being specific.

Grandparental contributions

Some respondents (16%) spoke about the possibility that the child's grandparents would help to pay for his or her college, although their comments lacked specificity. For example, one respondent said, "[My] parents have mentioned that maybe they would set up something to help assist with that; because they're adamant about [the child] going to college too." In another case, Lucy said that she hopes to use a future inheritance from her grandmother to cover college expenses for her child:

I'm hoping that college will be paid for. I'm hoping that that won't be a problem for him. He's an only child. I'm an only child. My mother is an only child, so when, you know, when my grandmother passes away, we kind of get all the money. What money is there, we get.

Tribal assistance

Just under half of all American Indian respondents indicated that they plan to use tribal assistance to help cover the costs of their child's college education. Some tribes cover tuition by providing assistance in the form of grants and scholarships. Tamara discussed special Pell Grants set aside for American Indian students:

Well, they do Pell Grants, tribal Pell Grants. But I know—like other tribes, if you're enrolled with their tribe—like once you graduate from college ... you graduate high school, you get a stipend. Then you graduate college. Then you get a bigger stipend.

The type of available assistance varies by tribe and occasionally comes with specific requirements or conditions. Respondents appear to be knowledgeable about such stipulations. In many cases, this is because they received such assistance themselves or investigated this option for their own college financing. For example, one respondent reported that her tribe pays 35% of tuition but does so only at a college for American Indian students in southeast Oklahoma. Another respondent noted that her tribe will pay for books, tuition, room, and board, and that it provides monthly monetary assistance for necessities like shampoo. But the tribe will only pay this to students at two particular colleges. Laura explained that her tribe requires community service from students who receive tuition assistance: "[The] grant's \$1,000 a semester, and you have to do an hour of community service for every \$100, I think it is." Although American Indian respondents seemed to know quite a lot about available tribal assistance, they rarely mentioned other scholarships, grants, and loans.

Don't know

Six respondents (11%) acknowledged that they have not developed a plan to pay for their child's college. Some of these indicated that they had not thought about how they would pay for it, and others said that they were not sure how they would cover those expenses.

Other children and college savings

Mothers with other children (82% of respondents) typically talked about their plans for the postsecondary education of all of their children, not only about plans for that of the focal child. Some respondents, like Carla, a mother of five, did not make any distinction between saving for the focal child and saving for her other children: "I mean each of my kids have a savings account. I try to have them save and put in there. They know they have a college fund that they can't touch." (See Chapter 8 for additional discussion of perspectives among mothers of multiple children on saving for their children's college.)

Summary

Mothers are aware that college costs are high, but their estimates of costs vary widely. When asked to talk about ways to cover future college costs, mothers express some uncertainty but can suggest possibilities. Many seem to believe that they will "find a way" to pay. Very few respondents articulate a financial plan, and some say that they only recently began to think about college costs.

When probed about potential sources of funding, many mothers identify multiple possibilities, including loans, scholarships, grants, and assistance from grandparents. This suggests that they have

given some thought to the funding for their child's postsecondary education or are at least aware of some alternatives.

Savings are the most commonly mentioned option. Nearly half of mothers plan to use savings to finance their children's education, although most have not saved for this purpose. In some cases, mothers say that they have delayed saving for their child's college education because of a lack of financial resources or other, more pressing needs. In other cases, respondents simply have not thought much about college costs and how they are going to pay them. Some mothers admit that they have not started to plan because their child is so young, and others note that they need to get their household finances in order before they can think about their child's future.

Letrece

Letrece is a low-income, single mother of five children between the ages of 2 and 9. She has taken a few college courses but has not graduated. Letrece's income comes from Supplemental Security Income benefits for a child who has a disability and from food assistance provided by the Supplemental Nutrition Assistance Program. Letrece works at temporary jobs when she can find them, and she occasionally receives money from family and friends. For her, the SEED OK 529 account "means—it's kind of like his future.... It means a lot to me."

Letrece describes how she reacted when notified that her son received a SEED OK account: "I was just so happy, and I feel like I was just really blessed." Similar to most treatment participants, Letrece did not open her own OK 529. She understood the savings match but does not have money to save and feels badly:

In my mind I was planning on trying to put in as much money in there as possible so they could double it.... Yeah, I was really enthused and encouraged by this program. I'm still encouraged.... The good thing was that it was going to benefit him in the future. And the bad was that I didn't have no money to put in it, but there was still going to be some money there, I guess. I kind of feel bad about not even putting no money in the account. You know I just can't afford it, but I'm working on it.

However, she says that she is thankful for her child's SEED OK 529 account. Letrece also notes, "Just having this program—that's able to help me plan for his future," and says that she has thought differently about money since her son received the account:

I'm thinking more about saving [money] and trying to put it into a savings account to where they can't mess with it until they be grown. Because [the SEED OK 529] was like something that was going to be something stable for my child. You know, something they can rely on even though they making good grades and all of that. Maybe they will be good in sports, but they could always fall back on that, you know, use that scholarship money to get into a good college.

Letrece believes that she might have benefitted from a SEED OK 529 account when she was young:

[It would have] probably helped me to succeed more in some kind of way. I don't know which way, but in some kind of way. Yeah, I think it would have benefited me as a child growing up. I went through school making all good grades, you know.

Chapter 7

Perspectives on SEED OK among Treatment Respondents

SEED OK is a statewide social experiment that uses a probability sample of children born in 2007 in Oklahoma. Mothers of those children agreed to take part in the study and participate in a baseline survey, which they completed in late 2007 or early 2008. The study then assigned participants randomly to either the treatment or the control group.

The Oklahoma state treasurer automatically opened a state-owned SEED OK 529 for every treatment child. The study made an initial deposit of \$1,000 to each of these accounts, and children began receiving quarterly account statements. Next, treatment participants received materials that explained the SEED OK financial incentives. Among other things, the folder sent by the treasurer's office included (a) a letter notifying participants that the study deposited \$1,000 for their child in a state-owned SEED OK 529 account; (b) a SEED OK study brochure that addressed frequently asked questions, describing how the mother could open a participant-owned OK 529 account and take advantage of a savings match; and (c) the state forms required to open a participant-owned OK 529 account for their child's postsecondary education (See also Appendix A).

All self-identified Spanish-speaking treatment participants received all of the materials mentioned above in both Spanish and English. Despite multiple attempts, some folders and subsequent SEED OK communications sent by mail were undeliverable to the addresses available.

This chapter describes mothers' perspectives on SEED OK—particularly their perceptions of the state-owned SEED OK 529 account and the initial \$1,000 deposit—at this early point in time (mid-2009 to late 2010), when the focal children were between 2 and 3 years of age. The sample for this chapter and the next includes only members of the treatment group who completed an in-depth interview ($n = 40$).

Initial communication about participation in the SEED OK study

Most respondents said that they remember receiving a letter that invited them to participate in the SEED OK study shortly after their child was born. These respondents clearly understood that their child had a chance to receive some money for college, yet first impressions of SEED OK varied. Many respondents were enthusiastic about the opportunity. Dawn, a single mother of three, was among these:

We got it in the mail. I started reading it 'cause I had no idea what it was about, and I was like, "Wow!" And I was excited like—I was like, "They just want to give her money just because she was born," or there was a chance of her getting money, and then I started reading more. She has a 50–50 chance of getting it or not getting it.... And then I don't know how much longer it was that we found out she did get the money, and they gave us the account number and all that, and like I said, unfortunately, we haven't been able to put anything in there, but we're glad it's there.

Nicole was pleased that, although her child had just been born, someone was "thinking about these children":

I was like, man, she is young, and they are already talking about her college! Yeah, I didn't even think about it—she just got here! But I thought it was neat because I felt like they are already

thinking about these children. I'm assuming that I wasn't the only one in this thing. You know, and so I said they already thinking about [college for] these children at this age. This is really neat! Then at her age, if I first start saving now—then, oh my gosh—she should really be able to get somewhere ... that's what I thought about when I first seen it.

Others readily took the next steps to learn more about the potential benefits of participating in the study. For example, even though Beth had a few questions regarding the use of the SEED OK 529 account for college expenses, her initial optimism and enthusiasm reflect the reaction of many respondents.

Well, I got a letter notification if I wanted to participate. I thought, well, why not? ... Because I think it's a great opportunity, you know, that they're offering parents within the state.... My concern in the beginning, which, I mean, they—it was explained that it's not just limited to Oklahoma colleges, you know. It's anywhere, which was a concern of mine. You know I didn't want it to be limited. You know, if they got a scholarship or anything out of state, you know, I would want to be able to use that money wherever they wanted to go.

Mia, a married mother of two children, recalled the initial study invitation, which prompted her to investigate the opportunity further with her husband:

We did receive some SEED of Oklahoma booklets.... So we did read it and—actually, I mean, I let my husband read it real quick and said, "Hey, this does look legit." At first I didn't believe it 'cause giving us \$1,000, you know. You're a little skeptical. So my husband did read it, and he goes, "No, it's pretty legit, and it's a state thing." So I said, "okay." So we did it.

Like Mia and her husband, several other respondents first thought SEED OK sounded too good to be true. Sherry, like others, hoped that the offer was legitimate and was pleased with the outcome:

Right after my son was born, they had sent me a letter and asked me to call and get me an interview. So, a week later, I got another one and opened it and it had a \$5 bill in it. So I was like, maybe it's a scam. So, I called, and that's pretty much how it started.... I was hoping it was real and not a scam—I thought that was great. I was glad 'cause with something like that, as bad off as we are right now—it couldn't have happened—I couldn't have done it by myself, or we couldn't have done it by ourselves.

Prior to completing the baseline interview, the study required each mother to supply the child's Social Security number so that the state could automatically open a SEED OK 529 account for each treatment child. (After the mother completed the baseline survey, the study assigned the child to the treatment or control group, and the state opened the SEED OK 529 account.) Some respondents recalled that the materials asked for this information. A few of these mothers expressed concern about this request because they were aware of scams that solicited Social Security numbers. Jackie remembered, "Honestly, my first impressions—I thought it was a scam ... because they wanted her [child's] Social Security number, but then I checked it out and found out that it was okay." Some respondents talked with their friends to see if anyone had heard about SEED OK. Others called the state treasurer's office to verify the legitimacy of the study.

SEED OK program materials and statements

Some time after the telephone baseline survey, mothers received additional information from the Oklahoma state treasurer. Rhonda recalled receiving this notification:

I was really excited just that he [the child] was selected for anything. We were really hoping that he would be one of the ones that, you know, because it was like half—with half [receiving] the thousand. We were really excited to find out then that he was actually one of the ones that had the account.

The \$1,000 SEED OK deposit represents an amount of savings that many families have never had before. Lucy recalled that the money in her son's name was more savings than she had at the time and caused her to think about "saving for his college":

It really made me happy when I got it, you know. I was excited that he won because I thought, "Well, you know, it's a good jump start to have to be just born and already have \$1,000 to your name. It's more savings than I have at the time." So, you know, and it did spur us to think more along those lines of saving for his college and not just rely on what my grandma will give us or whatever.

Gloretha, like other mothers, voiced enthusiasm that her son was "accepted" to receive a "college trust fund":

They sent me a piece of paper in the mail saying that he was accepted for the SEED of Oklahoma program or study or whatever, and I was like, "No way!" ... That was like crazy! Because I was just like—I didn't believe it would happen—'cause my family doesn't have luck like that.... It said that, um, they was set aside a thousand dollars or something like that for him and, um, and they send me like a little piece of paper every month in the mail that it's like a bank statement kind of that just lets me know where he's at ... and it's like a college trust fund or whatever, and I'm his little trustee. And so that's where I know some of the money will come from when [child] decides he wants to go to college.

Miranda also used the term "trust fund" when speaking about the SEED OK 529. She said, "It's just like a trust fund for a kid—for when they get older they'll have that to lean on."

The SEED OK program materials and quarterly SEED OK 529 statements (Appendix A), many respondents said, remind them that their child has an account for postsecondary education. They also said that the materials prompt them to think about saving. Dawn, who believes that her daughter "may not qualify for Pell," talked about the significance of the account and the quarterly statements:

I think it's very important for her future. 'Cause I think that if she continues to see these papers [SEED OK 529 statements] come in, then, that people beside me and her dad, you know, and family—but people out there that she has no idea about—want to give her money to go to school, then it must be darn important to go to school.... I'll be like, this is your mail,¹³ you

¹³ Each treatment child receives a quarterly statement. The statement is addressed to the child and indicates how much money is in the state-owned SEED OK account.

know, and this is 'cause you got this money when you were born, and I think that it will be just an encouraging story.

Most respondents indicated that SEED OK does not necessarily affect their aspirations for their child's education, but some acknowledged that the SEED OK materials remind them about the importance of future education. Dawn explained further:

No, I just think we think about [education] more just because when we get the letters and it puts it in our minds more than we would if we weren't getting those letters all the time, but I'd still want her to go to college. That would not change 'cause I have the education and I know that it makes a difference. Regardless of what you are doing, it makes a difference.

Lucy said that the SEED OK 529 statements make her think about saving: "I think, especially when I get those statements, it reminds me, oh, yeah, I've got to save for his college, or, I've got to save for this. And I've told people about it and about the study." Nicole said, "They kept me informed about the program and that it was about a savings for the kids for college and stuff like that." Nicole did not open an OK 529 for her child, but in referring to the child's SEED OK 529 account and the program materials, she said, "It even makes you open up your eyes about saving." She observed:

It's good. I'd say it was good because it even made me feel like, well gosh, I should save more [than the SEED OK deposit]. Even just having [SEED OK program materials] coming in the mail about savings ... because you have all this stuff up in your face about savings. Before, I may of not of—I got bills in the mail for me to pay something, but not to save. And when I started getting this, it almost even teaches you personally to save for you and whatever else and for her, you know. So to just to keep getting those things—it just open up your eyes about saving, period.

Nicole said she believes that, because her child is young, she sometimes forgets about the child's college savings until the SEED OK information arrives:

I think that's nice that they put the first amount in there for you and stuff. And then when I get statements and stuff, I think, that's nice to inform you, even though you might not think about it. Sometimes when you get the statements, you be like, oh, I forgot this exists. I probably wouldn't think about it as much because she's young still. So, by them sending you statements out and letting you be informed about what's going on, that's nice.

Sherry said that she checks the value of her child's college savings by reviewing the account statements but admitted that she does not fully understand all of the materials:

They send the statements for the college funds, and I read those just to see how they change 'cause I haven't been able to put any money in them yet—or the one [OK 529] that I can. They send booklets sometimes on, you know, explaining all that, but I really don't understand all that.

Many participants seemed fairly confident that they knew the value of the SEED OK 529 account at the time of the interview and, when asked, stated an approximate value. Some respondents were uncertain about the account value because they could not recall the amount, did not remember receiving a statement, or, in a few cases, did not understand the statements. For example, Xenia said:

I don't know. I guess I just really don't understand the whole units and different balances and stuff on there. I don't really, don't get it. It will give you a number and then it will say

something above it. It's kinda—I don't know how to explain it. And like there is another category that says like units, and I don't know—like you are suppose to times or something? I don't know how to get the ending balance.¹⁴

Meaning of the state-owned SEED OK 529 account

Almost all of the respondents spoke positively about SEED OK. Lupe recalled “the name of the project, that it's planting a seed there. It is very good; this is of great help to us.” Rita, a 24-year-old mother of two believes, like other respondents, that SEED OK will make a difference in her child's ability to go to college:

I'm excited about this program because I wanted her to [go to] college, but I just wasn't sure how I was going to pay for it or anything. When this [SEED OK] came along, I got more excited, you know, because I do want her to go to college. 'Cause I didn't—I graduated [high school], but I never got to go to college.... I want her to go to be somebody or, you know, make a difference in the world.

The interview team asked questions intended to reveal whether the treatment respondents see value in having college savings for a child still so young. For example, interviewers asked such questions as the following: “Can you tell me what this SEED OK account means to you?”; “How important is this account to you?”; “How important do you think it is to your child's future?”; and “If you had had a SEED OK account when you were a child, do you think you would have done anything different?” We used the responses to assess whether respondents find the accounts to be meaningful to them; we also examine what meaning they assign. Based on their responses, we have divided these 40 treatment respondents into four categories: (a) those who seemed to find the account very meaningful (52%); (b) those who seemed to find the account somewhat meaningful (38%); (c) those who seemed to indicate that the account means little or nothing (5%); and (d) those who could not assign meaning (5%). The two respondents in the last group said they did not receive SEED OK communications and so did not understand the account. All but these two respondents indicated understanding that the SEED OK account is intended for their child's future college.

SEED OK 529 account is very meaningful

We identified 21 mothers who seemed to perceive the SEED OK 529 account as very meaningful. This group includes five who also opened their own OK 529 account for their child's education. Respondents' comments regarding the participant-owned OK 529 are detailed in Chapter 8 of this report.

A number of respondents mentioned that having the account gives them “security,” “ease,” or “relief.” Beth's comments are representative of such statements:

Especially, being so strapped financially, you know, [the SEED OK 529] gives me a sense of security—a little bit of relief that something has begun, you know, and hopefully very soon I'll be able to add to that.

¹⁴ SEED OK reviewed data from the in-depth interviews as they became available, categorizing important themes and issues concerning program management. Based on these findings, SEED OK created and delivered additional communications, which are detailed in Appendix C.

Mia's perspective also typifies those responses: "It gave me a little ease.... Thank goodness we did do the SEED [OK 529] account because we were unable to start another kind of account."

Some respondents expressed the feeling that they are not alone: They feel that the SEED OK 529 account represents a partnership with others in securing their child's future. Tamara expressed this point:

Yeah, that's pretty much it, you know. Just knowing that not only do I care about the future of my children but that the bigger picture, you know: There's other people that do care about what happens with our kids. They're not just my kids, they're everybody's kids.

Similarly, Miranda said, "That means a lot for someone to actually do that [open the SEED OK 529 account] for you. You don't have too many people that's wanting to help you like that. So it's a blessing."

Jasmine, a young, single mother, talked about her economic struggles, which have caused her to change jobs three times within 2 and a half years. The resulting income fluctuations made it difficult for her to save, and she questioned her ability to create a secure economic future for her only child. She said that the SEED OK 529 account "Give[s] me something to look forward—to know that it would help ... [it] gives me a better outlook." She also conveyed gratitude that others are interested in her child's future:

I think it made it feel like they actually cared about my child's future along with me, rather than just being like, "Oh yeah, we'll save it for you," but it's ... nice to actually know they were going to help.

Most treatment respondents thought that having a SEED OK account when they were children would have made a difference in their lives. This perception was especially common among those mothers who did not have a college degree. For example, Jackie, a mother who took some college courses, said, "Yeah. I think I would have actually graduated." Nicole said she believes that she would have gone "straight on to college" to study for work that interested her:

Yeah. I think that I would have gone right on to college. The reason why I didn't go to college is because I did not have the money. I did not have nothing. I barely had money to do what I needed to do as far as keeping clothes on my back, right. So, yeah, I think this is good for her. I think this is different than when I was a kid. If I would have had it [SEED OK 529], I would have gone straight on to college and done what I really wanted to do instead of doing something that I feel like I need to do just to make it.

Beth has a graduate degree. At the time of the baseline survey, her household income was in the middle-income category, but since then her circumstances had changed dramatically. She and her husband purchased a new house but then decided to divorce. In the interview, she reported that they separated. Her husband's income "took a hit" from the recession, and as she noted, "We pretty much went through [our] savings to maintain the mortgage and the utilities and their [two children's] care." They also had health care debt from a child's hospitalization. Beth's husband did not attend college, and because he does not "grasp the importance" of postsecondary education, she doubted that he would contribute anything to the children's college savings. She described the SEED OK 529's significance:

[The SEED OK 529 account] is very important to me because, you know, it starts to—at least one of my kids, you know, on the way of having a savings for college and, you know, um. But it

also gives me a sense of relief as well. No, it just—to me it just says that you know this state is being proactive in trying to encourage parents to save for college or start something, start some sort of account, you know, whether it be through them or, you know, just a basic savings account or something. Just to say this is important, you know.

Some treatment respondents said that the SEED OK account allows them to see their child as college-bound and so motivates them to support their child through future educational endeavors. For example, Sherry noted that her child has “pretty much had [the SEED OK 529] since he was born, so I’ve always been thinking that he’s gonna go to college.” She said:

I was thinking this is something that was good. I’m going to have to get him through school so he can use this and go to college and, you know, do something with himself or at least have the opportunity or be given the opportunity.

Respondents said that they recently began to think about college costs because of their participation in SEED OK. For example, Jasmine said:

[The account] kind of opened up my eyes to realize that I probably can’t afford it by myself, and it’s kind of disheartening, but not anything bad. But I really don’t think anything bad. It’s just given me a more helpful approach to know what’s going on.

To some mothers, the SEED OK account represents the only possibility for a future college education. Tamara shared that there are no other possibilities beyond her own negligible resources; in planning for her child’s college, she could not depend on financial support from her family or the American Indian tribe. The SEED OK account gives her hope for her son’s future:

I know that it’ll make a difference to him.... Just making me glad that he has that chance. Just like how, you know, we talked about earlier that [the] tribe doesn’t really have any revenues coming in or anything like that. So, it kind of eases me to know, like I said, at least that one of them is going to have something when they get old enough. And then if he wants to make that choice to go, I mean, it may not be a whole lot, but it’ll be something.

Mary, who began college but dropped out after her partner lost his job, shared the same view and believes that the SEED OK 529 has given “my kid a chance.... That he could go, that he could actually grow up and be a very successful person.” Mary said that she “probably would have started college a lot sooner—probably wouldn’t have got pregnant so young [at age 18], you know,” if she had had a SEED OK 529 account when she was young.

Some indicated that they like the restrictions on use of the funds. Claire said that the SEED OK 529 account “makes a real big difference,” and she likes the fact that the money cannot be used until her daughter attends college:

It means the world to me because that way, when she gets older and, you know, she gonna get [good] grades no matter what. That way, whatever school she goes to, or whatever school she wants to go to, she can just go ahead and go to it because she has the money right there, you know. And she wouldn’t have to have to want anything and be like, “I want to do this, but I don’t have the money for it. I want to take this course, but I don’t have the money for it,” you know. So, she can do whatever she want when she get into college.... The good thing is she can’t touch it right now. You know how some of these teenagers is: “But it’s my money, and I

can go get it”—no! You can’t touch it until you go to college; it’s for college. So, that’s the good thing. That’s the main thing it changes.

Rita also seemed to like the restrictive nature of the account:

I think it’s pretty neat that they did that for her, opened an account for her, and that when she turns 18, hopefully not get a house, not get a car, but put it in her education and get her books that she needs, and her dorm, and pay for things that she needs to go to school.

Rita observed that a SEED OK 529 would have made a difference in her own life: “Yeah, I think I would of—maybe I would have went to college. Maybe I would have did something with my life.”

Like some other mothers, Dawn thought that she might have been better prepared for college if she had had a SEED OK account when she was young:

Well, yeah, I guess I might have went to a better college. I think I might have thought about my grades a little bit more ‘cause it would have been encouraging to think, okay, well, I have money to go to college. So, ‘cause I didn’t know about the schools ‘til like a month before I was going to graduate [high school]. I had no idea about SIPI [Southwestern Indian Polytechnic Institute] or Haskell [Indian Nations University]—that they were there for Native Americans to go to school. I probably would have thought about my grades a little bit more and me getting into a college. I wasn’t even thinking college at all.

SEED OK 529 account is somewhat meaningful

We identified 15 mothers who said that the SEED OK 529 account is helpful but expressed ambivalence or reservations. At the time of the interview, Imari, a mother with low income, was enrolled in a training program but was not employed. She was uncertain whether her child would go to college but thinks the account will be helpful if he decides to attend. When asked about the importance of the SEED OK 529 account, Imari responded first with an indifferent comment but then more positively about “having this account and having them on my side”:

I mean, it’s not that important to me because I got more important stuff in life to think about. Knowing that he has something to go to college with, you know what I’m saying, I don’t have to worry about trying to struggle to find no money to get my son in college when he do want to go to college, you know what I’m saying. I ain’t got to be like, “Aw baby, you can’t go to college ‘cause I don’t got no money to pay for it,” you know what I’m saying? Having this account and having them on my side is showing me that you can go to college when you want to, you know what I’m saying.

Anxious to respond to the question about what a SEED OK 529 account might have meant to her if she had one as a child, Imari interrupted the interviewer:

I would have went to college. I would have went to college. I would have finished [high] school ‘cause I would of knew that I had something to fall back on. I wouldn’t have to worry about my momma, you know what I’m saying—struggling to get me in college. I mean my brother graduated high school, and my brother wanted to go to college, but he didn’t have the money. We didn’t have the money to go. We didn’t have the money to put him in college or none of that, you know.

Some respondents questioned whether the \$1,000 initial deposit will make much of a difference, given the high costs of college. Like respondents who seemed to find the account very meaningful, Natalie expressed the idea that a larger community supports her child's future:

When the account was opened, he was still really little, and it was just kind of going over being a first-time mom ... it's helped me have a bigger view that it's maybe more than just me and my parents care about what happens in the future for [child].

However, Natalie also expressed some indifference about her child's SEED OK 529 account:

I don't know. It's important, but it's not important. I mean, that's horrible. I'm a horrible interviewee. I think that it's very great that he does have the account. I don't necessarily think that \$1,000 is going to make or break his future. I mean, it may help a little, but it—you know, there's a difference between 100,000 and a thousand. So, I mean, it hopefully, it'll help him with the idea of values in the future. Hopefully.

When asked whether a SEED OK 529 account would have made a difference to her, Natalie paused for a long time and then responded:

Um, probably not. I think that I went to college right out of high school, but then I worked too much to keep up with school. So, before I ended up making the mistake of having huge, bad grades, I stopped going to school—because I had to work.

Other respondents suggest that the account is not as meaningful to them because they have other ways to pay for college. For example, Sonya said:

It's kind of a relief knowing that it's there, to know that it's that much less that one of us is going to have to not come up with, so we're thankful that it's there.... It's important that he's going to start—a head start on savings.

But when asked whether the SEED OK 529 account made a difference, Sonya replied, "No, I mean, not a lot, no. Because I think that, no matter what, he'll probably—his grandparents will help him go to school."

One middle-income respondent, Dorothy, appreciated the SEED OK 529 but said that it will not affect their saving plans:

At some point in time, it will be beneficial. Is it, like, life changing? No, of course not. It's \$1,000.... It's definitely appreciated. We don't want to sound unappreciative, but it doesn't—it doesn't affect what we'll do to save for his college, and it doesn't affect how we feel about his college.

Nancy, a college-educated, stay-at-home, married mother, admitted that the account will be helpful but said that she and her husband do not really need the extra money. They no longer have credit card debt, and they save regularly in several accounts. Referring to the SEED OK 529 account, she said:

In some ways, I feel bad about having it because we don't necessarily need it.... I'm thinking we probably don't necessarily need that money right now, but other people will. But it makes me feel a little bit bad that [the SEED OK 529] could maybe change somebody's life completely, and it's not like that for us.

SEED OK 529 account is not very meaningful

For two mothers, the SEED OK 529 seemed to mean little or nothing. Cindy and her husband did not trust that the stock market would rebound after the 2008 recession. They both expressed frustration that the value of the SEED OK 529 account had fallen from the original \$1,000.¹⁵ Cindy's husband stated, "[The economy] is on an upscale right now, but it's not a guaranteed thing."

For this same family of six, hesitation about SEED OK seems to be connected to their own economic situation. Cindy's statement illustrates the connection:

I still kind of have hopes that he will go to college. I mean, that little money [SEED OK 529] is not going to make a whole lot of difference.... It's scary that we're not going to be able to put them in school. They're going to have to fend for themselves in that area. So, I do worry about them struggling later in life, and since we're struggling now, are we going to be able to help them out when they do become that age?

Cindy said she does not think that a SEED OK 529 would have made a difference in her life:

Not really, because my parents probably wouldn't have helped me go to college anyway. So I would have had to do it on my own. I don't know. I was so defiant to do anything my parents didn't want me to do, so as soon as I was 18, I left home.

In the other case, Amanda, a high-income respondent with a college degree, expressed her uncertainty about the potential benefits of SEED OK. When asked whether the account makes a difference, she replied, "Honestly, no. Because I don't understand it." She further explained that she does not see how the amount of money in the account will make a difference for her son's future:

No, it's \$800 [estimated balance in the account at the time of the interview]. What's that going to do? Buy a book? ... I mean, I don't mean to sound ungrateful either. It's just, I mean, like I said: if I understood it more and really had the benefits of it explained to me that I could understand, you know, or whatever. But right now, no.

When asked whether the SEED OK 529 might have made a difference in her life if she had one as a child, Amanda responded: "Probably not. I was too stubborn and stupid. No."

Unable to discuss the meaning of the SEED OK 529 account

Finally, two treatment respondents indicated that they were unable to discuss the meaning of the SEED OK 529 account; both said that they did not receive SEED OK communications. Becky said:

[I] just don't know very much about it. No, 'cuz they call me and they say, "Did you get this packet?" And I never get anything.... Without really knowing what it's all about, it's hard to answer that.

¹⁵ As mentioned earlier, the study provided the initial \$1,000 deposited by the state into each SEED OK 529 account. The state invested that deposit in the Balanced Option fund, a mix of stocks and bonds. The state treasurer chose this fund because of the long time horizon before the money will be used for college. The value of the state-owned accounts rises or falls with the financial markets. In the time between the creation of the SEED OK 529 accounts and the interviews, the account value fluctuated between a high of \$1,003 and a low of \$698.

Table 8. Meaning of SEED OK 529 account, by household income and respondent's education ($n = 40$)

Characteristic	<i>n</i>	Very Meaningful	Somewhat Meaningful	Not Very Meaningful	Unable to Assign
Household income					
Low income	28	17 (61)	8 (29)	1 (4)	2 (7)
Middle income	8	3 (38)	5 (62)		
High income	4	1 (25)	2 (50)	1 (25)	
Education					
Less than high school	6	4 (67)	1 (17)		1 (17)
High school graduate	25	13 (52)	10 (40)	1 (4)	1 (4)
Bachelor's or more	9	4 (44)	4 (44)	1 (11)	

Notes: "Meaningful" is defined by the SEED OK research team, based on responses to several in-depth interview questions. Results are presented as the number of respondents (and percentages). Income and education are self-reported data from the SEED OK baseline survey. Income is pretax household income for the 12 months prior to the baseline survey. To create an income-to-poverty ratio, the team divided household income by the appropriate 2008 federal poverty guideline (Beverly et al., 2012; U.S. Department of Health and Human Services Annual Update of the HHS Poverty Guidelines, 2008). The low-income group has income below 200% of the poverty guideline. The middle-income group has income from 200% to 399% of poverty. The high-income has income at or above 400% of poverty.

Mandy did not realize that her child received the SEED OK 529 account and speculated that this was because she changed addresses so frequently:

They said it could be a possibility—that it was a chance you could get that—but I didn't know if I got it or not.... Well, I didn't know.... I didn't receive anything. I think it's because I moved too much. That's probably why.

However, Mandy said she thinks that a SEED OK 529 account "would have motivated me to finish high school and go to college. Because I think if I would have had [an account], then I would have said, you know, 'I can't just waste it.'"

Household income, education, and the meaning of SEED OK 529 accounts

To see whether perceptions of the SEED OK 529 accounts varied by household income and parent education, we assigned each respondent to one of three income groups, and we also assigned each to one of three education groups (Table 8).

Overall, there is evidence to suggest that respondents in the lowest income and education categories, as compared with counterparts in higher income and education categories, perceive the account as very meaningful. However, these patterns must be viewed as tentative because sample sizes are small.

Summary

The SEED OK policy test provides the treatment children with SEED OK 529 accounts opened automatically and places an initial \$1,000 deposit in each account. Many of the respondents recall with enthusiasm their invitation to participate in SEED OK; they were excited about the 50–50 chance to receive \$1,000 for their child's college education. At the same time, some thought the offer might

not be legitimate and were skeptical. Familiarity with programs that solicit Social Security numbers for illegal purposes reinforced this suspicion. Some mothers said that a \$1,000 deposit sounded too good to be true.

After the study assigned respondents to the treatment group, the state opened their child's SEED OK 529 account, and families began receiving additional information from the state treasurer's office (Appendix A). Mothers talked about being "excited" that their child received the account and feeling "blessed." They view the account as savings that can be used only for their child's postsecondary education. Overall, treatment respondents indicate that the SEED OK information and quarterly account statements remind them about the importance of future education and saving, although a few said that they did not understand the SEED OK materials or statements.

We designed several in-depth interview questions to reveal whether respondents find the SEED OK account to be meaningful (e.g., we asked whether mothers saw value in having college savings for their very young children). Two of the 40 treatment respondents said that they did not receive SEED OK communications and so do not understand the account. They were unable to answer questions about the meaning of their SEED OK accounts. We assigned the remaining treatment respondents to three different groups: those who suggest that the account is very meaningful, those who seem to find it somewhat meaningful, and those who seem to indicate that the account means little or nothing to them.

Two respondents said that the account has little or no meaning. Their comments reflect their observations about the unstable economy and pessimism about the future earnings potential of the accounts. However, most treatment mothers' responses (90%) indicate that the state-owned SEED OK 529 has a positive meaning for them.

Twenty-one of these respondents spoke very favorably about the account. These mothers suggest that the account gives them hope, perhaps even confidence, in their child's future. Several of the respondents noted that the account offers them "security," "ease," or "relief." Many said they could not finance college on their own and are grateful that someone other than their family showed concern about their child's future. The fact that they have the SEED OK account motivates some to see their child as college-bound, to support their child's education in the precollege years, and to think more about ways to finance college. Many mothers seem to believe that the account will create educational opportunities for their child, opportunities that they did not have.

The remaining 15 respondents indicated that the account is somewhat meaningful and expressed some of the positive sentiments just described. However, they also expressed ambivalence or reservations. A few mothers expressed concern that the economic recession reduced the value of the \$1,000 initial deposit or said they believe that the initial deposit will not do much to make college affordable. Some indicated that they had other ways to pay for college and that the initial deposit would not change their plans. Sample sizes are small, but there is evidence to suggest that mothers in the lowest income and education categories are more likely than others to perceive the SEED OK account as being very meaningful.

Chapter 8

Perspectives on Participant-Owned OK 529 Accounts among Treatment Participants

The SEED OK treatment involves the possibility of opening a second Oklahoma College Savings Plan account: a participant-owned 529 account, or OK 529 (termed “Your Account” in some SEED OK materials). Low- and moderate-income treatment participants were eligible for savings match incentives: their deposits of \$25 or more into their own OK 529 were matched with SEED OK funds up to \$250 per year for each year between 2008 and 2012.

The OK 529 plan requires a \$100 minimum initial contribution to open a new account. To remove any financial barriers to account opening, SEED OK offered to deposit the \$100 for treatment participants who opened this account for their child by April 15, 2009. If treatment participants opened such an account after that date, the study did not provide the initial \$100 deposit.

To encourage account opening and savings, the Oklahoma treasurer’s office made follow-up calls in 2008 and early 2009 to all treatment participants who had not yet opened their own OK 529 account. A Spanish-speaking employee of the Oklahoma treasurer’s office placed calls to Spanish-speaking participants. The treasurer’s office provided a toll-free number that SEED OK participants could call to open their OK 529 or to ask questions.

The state and the study employed a number of strategies to communicate the SEED OK incentives (see Appendix A). The treasurer’s office sent treatment participants a booklet with step by step instructions on completing and mailing the OK 529 plan application. Materials encouraged SEED OK participants to (a) open their own OK 529 account, (b) mail a consent form authorizing the State of Oklahoma to check their income eligibility for the savings match, and (c) save money in their account.¹⁶

This chapter describes perspectives on participant-owned OK 529 accounts among those who opened and did not open accounts. This chapter and the preceding one include only members of the treatment group who completed an in-depth interview ($n = 40$).

Opening the OK 529 account

Five of the 40 (12%) treatment respondents in this study opened an OK 529 account for the focal child.¹⁷ Within this group, one mother did not complete high school, two graduated from high school, and two had bachelor’s degrees or more education. In terms of household income, three of these mothers are in the low-income group, one is in the middle-income group, and one is in the high-income group. Their ages range from 19 to 42 (see Appendix C).

¹⁶ Some participants mistakenly understood that they were required to save or to save with some regularity. Neither SEED OK nor the OK 529 imposes such a requirement.

¹⁷ In the overall SEED OK study, 16% of treatment participants opened OK 529 accounts, but many did not deposit any of their own money (Nam et al., 2012).

Sherry

Sherry, her husband, and their two children moved in with her husband's grandmother recently when the family lost their home due "to back taxes." Because Sherry stays at home with her children and her husband was recently laid off from his job for the third time, they have no reliable source of income. Sherry did not graduate from high school but hopes that her children will have more opportunity for schooling. Sherry is saving "just [for] necessities, mostly." She says:

[The family] can't afford tires for our truck. They keep going flat.... School trips, pictures, any school functions, or anything that they just want, I just can't get it. I just cannot do it. All of our money goes to our truck payment.

When asked what made saving difficult, Sherry said it was "the fact that we get so little and we need so much."

The SEED OK 529 makes Sherry feel "a whole lot better. It makes me feel like I have some hope for at least one of my kids." Sherry shares what she believes would have happened if a SEED OK 529 account were available when she was young, stating that she "may have stayed in [high] school and not got off track like I did, and did some of the things that I did—I might have had hope for myself." Sherry's mother did not graduate from high school because she became pregnant at the age of 17:

She got married right then, and she didn't finish [high] school, and she sure wanted me to finish. She didn't want me to end up like her in this small town. Like I am now.

Sherry recalls learning about the SEED OK incentives:

Well, they sent me something in the mail, saying by April 15, if I got online or sent it in the mail, they would start him up a \$100 saving that I can put money in. And the other one [SEED OK 529] you know, I can't put money in the other one.... That's what it was; if I got it in by April 15th, they would pay the \$100 to start it.

She opened her OK 529 account and took advantage of the \$100 from SEED OK. Sherry views her OK 529 account favorably but cannot afford to make deposits, "No, we've hit rock bottom." She added:

I think it's [OK 529] a good thing in case we do happen to start doing better, I can put money in there, and the more money I put in there the better off he's gonna be.... The pros, of course: [if] I can put money in it, it will grow faster. I can't put money in there most of the time, but it's [the \$100 from SEED OK] still growing. So, it's not really a bad thing that I can't, but I just wish I could put some in there.... I like being part of the program, and I didn't want him to miss out on it, in case it was gonna be a really good thing. It sounded good.

Among the respondents who seemed to understand the program specifics—whether or not they opened a participant-owned account—many indicated that the savings match and \$100 contribution are attractive incentives. Lucy was especially drawn to the savings match: “It was probably the main reason I opened it [OK 529] ... because I would have rather spent the money on something else.” She also said:

To me it just seemed like a regular savings account, but it could only be used for college. Um, and we had been throwing around the idea of the education savings plans and things like that and just hadn’t gotten around to calling our accountant guy. And so when that came in the mail, I thought, well, why not do that one? We can still do the other ones, but you know, this one came, and we can have a match. So, you know, two for one. I like two-for-one deals.

For Rhonda, the \$100 contribution was the deciding factor that motivated her to open the account:

Really probably, if they had not put up the first initial deposit, I don’t know that we could have done it, because we didn’t have the extra money to start it [OK 529 account]. We wanted to. It’s just the resources weren’t there.... Even [if] it is a hundred dollars, it will grow, and maybe when things do change, we can always add to that later.

When Jasmine received information announcing her treatment status and the additional SEED OK incentives, she carefully considered the opportunity to begin saving for her child’s college education. Later, she opened an OK 529 account for her child because she believed it would help her pay for the child’s college:

I got a pamphlet thing in the mail. It was a big envelope thing, and I read through it and was interested. I went to the web site, and it was talking about a college savings plan and all this stuff, ‘cause I knew that I probably wouldn’t be able to afford college, being as expensive as it already is. I wasn’t sure how I was going to be able to pay for it, and I figured if I started saving now, then maybe it would be a little bit easier.... I wasn’t sure if I could afford all of it, and I knew that if I started some sort of college plan—savings type plan—now that it would be easier in the long run to save.

Jackie, a mother of a teenager and twin toddlers, opened two OK 529 accounts: one for the focal child and one for her twin sister. She borrowed the \$100 needed to open the second account and said she thinks that the \$100 initial minimum deposit requirement is “a little high.” However, she liked the automatic features of the plan, such as the age-based investments and deposits:

I do think that’s a little high. Because I wanted to get her [focal child’s twin sister] started with the same thing, and you know, I had to borrow that money to start that. You know, I think maybe if there was a time, like maybe if there was a free sign-up time or something.... If they could have a period where, you know, if you agreed to have, you know, have automatic payments made, then they’ll waive the enrollment fee—that’d be nice. But I mean, I like the way the brackets are set up so you just have to say, “Okay, they’re 2 years-old. I want them in the zero-to-three fund.” And then as they progress, it automatically moves them into the other funds, so the money’s managed.

The automatic features made managing the account easy for Jackie, as she pointed out later in the interview: “It made it easy because they did the enrollment fee, and it made it easy because it’s just

set up on automatic withdrawal. You know it automatically just comes out, and I don't even think about it."

Most respondents did not open a participant-owned OK 529 account

Although many respondents remembered reading or hearing about the OK 529 account, most did not open one. The reason cited most often was a lack of money to save in the account. Other respondents said that the reason they did not open an account was that they did not understand or were unaware of the incentives. A few respondents believed they needed to open the account with \$100 of their own money or commit to making monthly deposits.

Unable to save

Several SEED OK mothers confided that they are unable to cover immediate needs and do not have money to save. They said that these circumstances prevented them from opening an OK 529 account. As noted in Chapter 4, lack of resources and debt are key obstacles to saving. Like Nicole, many respondents indicated that lack of funds prevent them from acting:

At the time I knew I didn't have the money to put into it, nothing. Nothing to put into nothing.... When I seen [passages in the SEED OK materials] talking about "Your account" and telling me to open up something—I know I ain't got no money to do it.... I just kind of pushed that one to the side because I said "I know I don't have no money to do it." I probably should have read a little bit more. I'm just telling you I didn't because when they were talking about my account, I kind of said, like, "Whatever." I said, "I don't have money to do it," so I just pushed it to the side.

Asked about opening her own OK 529 account, Sonya recalled:

Until a certain date, they were going to match a certain percentage of the money you were going to put in there, and you know, it was a good idea, but at the time we didn't have the money to put in there, so.... I was hopeful to be able to put the money up, but then, you know, we weren't able to.

Similarly, Beth said, "And I just said I couldn't do it at this time. Because they had made an offer that they would match what I put into it, but I just couldn't do it at the time." Tamara seemed to understand the match and would have liked to deposit money but could not afford it:

Yeah, I got all the information on that—that they would match whatever I put in there up to a certain amount. I just didn't have the money to do that. I mean, I do want to try and do something for all of them, but just right now, it's just not possible.

Janice decided not to open an OK 529 account in part because she did not have money to save, but she also said that she made the decision because she believed that money was required to open the account. Her decision was influenced further by a concern for her other children, who are not involved in SEED OK:

Well, I mean, it's just—the whole thing is—like I said, you know, most of the time we're living paycheck to paycheck. So, um, they want a certain amount to open it up with and everything, and it's like we also feel like, well, if we go open one up for her, we have to open one up for her

brother. And so then that means you need double the amount of money and everything. So it's just, you know, do we have the money right now to do that?

Mary expressed frustration about her inability to save:

That's [saving for college] something we've been trying to do and especially with this [SEED OK account], this is going to help me out a lot. I've been—I was wanting to put money in an account for them and add to it, and it's just every time I was going to [save] there was something else I had to spend it on—so I could keep electricity on, and water, and gas, and clothes, and food.

Rita also identified resource limitations as a reason she did not open her own 529 account, indicating that she needed to purchase diapers, medicine, and other necessities. But she noted that SEED OK changed how she feels about banks. Earlier in the interview, Rita said that she “can’t trust the bank or anything.” Later, when asked whether the SEED OK 529 has made a difference, she responded:

Oh, yeah it does. It does. It helps. They put some money in there so it helps me say that you know if they can save like that and trust it in the bank, maybe I could probably put some money in the bank and see how that goes.

Unaware of or did not understand SEED OK incentives

Although the state treasurer’s office sent informational materials to all treatment respondents, some indicated that they were not aware of the details of the \$100 incentive to open an account or of the savings match incentives. Many recalled receiving written materials from the program but could not remember the specifics, did not have time to review the communications, or did not understand them. Other respondents indicated that they did not receive any information.

When asked about the SEED OK materials, Tamara admitted that she had not paid full attention to the details:

I think I still have all of those papers in a file. And then I kept the letter saying that he’d been chosen. I think that I really didn’t read—like I think there was one page that had like questions—frequently asked questions. I think that’s the one that I really just kind of glanced at and didn’t pay any attention to it.

Imari remembered receiving multiple mailings from the program but said that she is not familiar with the account-opening incentive. She pointed to a pile of papers on the floor: “Nuh-uh, they didn’t send me nothing. But they keep sending me those big ol’ packages right there on the floor.”

Some respondents mistakenly thought that they had to make the \$100 minimum contribution required to open an OK 529 account. This confusion may be due in part to the fact that the OK 529 application states that \$100 is required to open an account. Respondents had to have read and understood the SEED OK materials—which describe the account-opening incentive—to know that SEED OK would provide the \$100 minimum contribution. Xenia recalled:

I got a bunch of papers about that [the OK 529]. I never opened it up ‘cause I think it was something where I would put in money, and I really didn’t get it. So, I was like, “No, I don’t have money to put in there.”

Other respondents were familiar with the account-opening incentive but said they forgot about it or missed the time-limited opportunity. Carla remembered something about the incentives but was unclear about the specifics and was not confident enough to act.

I don't remember what part of the SEED, with all the information. I just read that if we opened up an account, they would match it. Or match it to \$100 or something or up to maybe—I don't really know much about that.... I kinda know how SEED works—the program—but not enough to ... act on it.... I guess it just seems, some stuff just seems too good to be true maybe. I mean, I don't know.... If I put \$100—if I open up a savings account and put \$100 [in], the state matches it. Is that—I don't know—I guess I just don't understand it real well.

Among the respondents who did not open their own OK 529 accounts are three Spanish-speaking mothers who stated that all the program materials they received were in English. However, after the study assigned SEED OK baseline survey respondents to treatment and control status in early 2008, all self-identified Spanish-speaking treatment participants received a folder containing SEED OK materials in both Spanish and English. Despite this, most Spanish-speaking treatment respondents stated that they could not read the materials and were not aware of the option to open this account.

Silvia, who reads only in Spanish, recalled, "I have received things in Spanish from time to time," but she said that most of the materials she received were in English. When asked whether she knows anything about opening her own OK 529 account, she replied, "No, I don't remember to tell you the truth.... No, because almost everything was in English."

Mercedes remembers receiving materials in the mail but said that "most all are in English." English is not her first language, and she understands only "a little bit":

It was a savings account that can be use only for his studies. Yes, I believe so.... Well, [what I understand is] that they opened an account, but what I didn't understand well, or what confuse me, is that some envelopes arrived, and [I] wonder if they were to send money. This is what I did not get or understand ... since the first time that they did the interview, they could not speak Spanish, I wasn't able to understand.

Unsuccessful or unwilling

A few treatment respondents said that they tried to open an OK 529 account but were unsuccessful. Lupe made such an attempt but did not have a good experience. She and her husband expressed concern that they did not fully understand how the account works:

Once I tried [to open an account]. We were saving little by little, and when we had \$300, we wanted to open an account. We told our kids that it was for them. We couldn't open the account because there was nobody that could speak Spanish. However, they said that there was a type of savings for when they get older, but my husband decided not to open it, since he can't speak English either. He wanted to make sure to understand how it works and if we can keep depositing to have more money in the account.

Cindy recalled an unsuccessful attempt to open an OK 529 account:

I tried to do it several times because if you did it by a certain time, they'd give you \$100 or whatever. I tried to do it a couple of times and needed some sort of information, and I didn't

know what that was, and the numbers I put in—I guess they needed an account number or something, and the numbers that I put in weren't working, so I just didn't do it.

Amanda admitted that she does not “really understand the IRAs and stuff.” She also indicated that, overall, she did not “get” SEED OK. She tried to open an OK 529 account online and was unsuccessful. She discussed other reasons why she did not open one:

But the program itself, they send me these statements and then they said, you know, “We’ve put x amount of dollars in there, and you can add to it, blah, blah, blah.” Well, then, but I never really understood it to feel comfortable enough to do anything with it. And then the last statement I got, I guess it showed there was an initial \$1,000 in there, but because of the economy and everything, it’s down to \$800 or something. I’m like, “Gee, that makes me want to invest in that! ... It’s something about, “We’ll open it with money for you, and blah, blah, blah.” But I never understood it. I just kind of—honestly, I just kind of blew it off ‘cause I didn’t really get it. They sent me a big packet of stuff in the mail, but it might as well been written in Chinese ‘cause I didn’t get [understand] it.

Laura said she knew that she could open an OK 529 account but chose not to do so out of concern about the fluctuating value:

I mean it was—I thought about the putting money into the account, but I mean, it’s not something that’s going to be there guaranteed. It’s a fluctuating thing, so ... I mean, let’s say that I put, you know, \$1,500 into that account over time, and then it bottomed out. I mean that’s just a waste of money. I mean that’s just—I don’t know—might as well just throw it out the window, you know.

Concern about other children

A majority of treatment respondents (77%) have more than one child. In some families, SEED OK is the only opportunity for any of their children to have college savings. Because of the other children in the household, Rita does not have resources to save for the focal child and mentions that this child is “already covered”:

Well, I have trouble saving for the older one. You know, she wasn’t so lucky like her little sister got to get on this [SEED OK 529] program. Well it’s kind of harder, ‘cause I have two, and one’s already covered, you know. This is a pretty good plan for her to go to school. For her, I plan on for her to attend school, too. It’s just that it’s hard to get the money for that need. You know what I’m saying? I just have other obligations to pay.

Some mothers, like Natalie, expressed concern about the fairness of saving money for one child and not another:

I didn’t want to be adding more for my son than for my daughter because it does make me feel kind of bad that, you know—I’m going to eventually, you know—he’ll know that he has a savings account and a SEED account, and she’ll know that she has a savings account, then she’ll want to know where her SEED account is and, “Did mommy not love me as much?” You see, you know?

Likewise, Carla focused on her older children. She explained: “I mean, I have a 14-year-old and a 12-year-old that we’re more geared towards them right now, I guess, because she’s still little. Her time will come.”

However, like Jackie (a mother mentioned above), other treatment respondents have been inspired by SEED OK to consider saving for their other children as well. For example, Beth said:

I’m already thinking I need to get on the ball about this, whether I had been awarded—she had been awarded that money [SEED OK 529]. You know, it’s just—my focus is, I need to get on the ball and get more into her fund and then start my eldest one.... Well, and especially going through the divorce right now, I’m just trying to think of how—what is going to be the best way I can provide for my kids. Not just doing the necessities, you know, a place to live, utilities, and all that, but also, you know, their future.

Letrece indicated that the program prompted her to think about saving for the college educations of her other children:

I’m really dedicated to getting him [focal child] somewhere ‘cause I know he’s on this program [SEED OK]. Plus, you know, he’s the youngest one, and that’s influencing me as a parent to help get my other kids some savings started for their college. It really is.

Summary

In the in-depth interview sample, five of the 40 treatment respondents opened their own OK 529 account. For these mothers, the opportunity to earn a match on savings is a very attractive incentive, and three of the five account holders consider the match to be the deciding factor in the decision to open an OK 529. Some also indicate that they could not open the account without the \$100 account-opening incentive. When Sherry was asked whether she saves money in her OK 529 account, she replied, “No, we’ve hit rock bottom,” explaining that her husband was laid off for the third time. This statement may help explain why three of the five OK 529 account openers did not make any deposits to their own account.

The remaining 35 treatment respondents did not open an OK 529 account. A few tried to do so but did not succeed, and a few said that they did not receive information about opening an account. However, many mothers said that they do not have enough money to save and indicated that this is their primary reason for not opening an account.

In addition, a number of mothers said they do not understand the incentives or show by their responses that they do not understand the specifics. Most respondents remember reading about the SEED OK 529 and participant-owned OK 529 accounts. However, the financial incentives are complex, and several respondents said that they did not “get” it. Overall, there is some confusion about account opening and saving. Some mistakenly thought that they would be required to make regular contributions to the account or to make the initial \$100 contribution (offered by SEED OK for a limited time). English is not the primary language of three of these respondents, and the language barrier seems to have added to the confusion.

The distribution of SEED OK information by mail presents a substantial challenge (see Appendix A for distribution methods). Respondents who relocate may not receive all communications. Some do not read the materials, and others simply do not understand them. In a statewide or universal CDA policy,

multiple messages (e.g., public service announcements, increasing the distribution of printed and web materials) and multiple messengers (e.g., medical professionals, teachers, social workers, and media personalities) could increase information on the program and encouragement to save.

A few mothers have reservations about the fairness of opening an account for one child but not their other children. This concern does not keep them from participating in SEED OK but seems to influence their decision about opening a participant-owned OK 529 account. At the same time, a few mothers said that SEED OK motivates them to begin thinking about saving for college for their older children as well.

Chapter 9

Summary and Discussion

Study overview

The SEED OK experiment is a test of a universal and progressive policy to provide a CDA automatically to every child at birth. On behalf of SEED OK, the Oklahoma state treasurer's office opened a state-owned SEED OK 529 account with a \$1,000 deposit for every newborn child in the treatment group. In addition, SEED OK encouraged treatment mothers to open their own OK 529 account (with the newborn child as beneficiary). In cooperation with the treasurer's office, SEED OK provided information about OK 529 accounts and offered a \$100 deposit to those who opened an account on or before April 15, 2009. Low- and moderate-income treatment participants were eligible for matches on deposits into their own OK 529 accounts.

SEED OK is a randomized experiment. Using a probability sample, it assigned those who completed the baseline survey to a treatment or control group. In most measured respects, the baseline characteristics of these two groups are equivalent (Kim & Nam, 2009). This report presents findings from a qualitative analysis of interviews conducted with 60 mothers (40 in the treatment group and 20 in the control group) approximately 2 to 3 years after the birth of sampled children.

Despite the study's use of random assignment, the current analysis of data from in-depth interviews does not undertake a comparison of treatment and control participants. In this small number of interviews very early in the focal children's lives, we would not expect to observe differences in outcomes for children and families. Nevertheless, data from these early interviews are important to understand how participants think about finances and their children's future education and how treatment participants perceive their experiences with SEED OK. Key insights from these interviews will be incorporated into future qualitative and quantitative investigations.

Summary of findings

Financial socialization and financial knowledge

Research suggests that financial knowledge may be an important component in successful management of money and accumulation of savings (Grinstein-Weiss et al., 2010; Lusardi, 2008; Mochis, 1985). The literature also indicates that early socialization in money management and saving may affect future saving (Bernheim et al., 2001; Mochis, 1985; Webley & Nyhus, 2006). Mothers in the in-depth interview sample report growing up in families with relatively little financial socialization other than what they learned from observing their parents and other adults. Some mothers say that relatives extolled the virtues of saving to them when they were young, but few remember lessons on how to save. As adults, many of these mothers seem to lack financial knowledge and skills. They express limited confidence in their knowledge of money matters, especially with regard to restricted accounts like IRAs and 401(k)s. Nearly a third of the mothers are unbanked; the likelihood of being unbanked is disproportionately high among low-income respondents and respondents of color (see Table 5).

Saving motives and challenges

Although the mothers possess limited financial knowledge and experience, almost all express a desire to save; many save for short-term and intermittent expenses. With a few exceptions, however, mothers find saving—especially saving for long-term purposes—to be very difficult. Many say that they have trouble “just keeping up with the bills” and that the costs of necessities (e.g., milk, gasoline, and diapers) leave them little or nothing to save. A number of mothers use any surplus income to pay down debt, and some say that they intend to save when their economic circumstances improve. When asked what makes saving difficult, Sherry said, “The fact that we get so little and we need so much.”

Educational aspirations and expectations

Mothers in the in-depth interview sample have high aspirations for their children’s education. Nearly all hope their children will attend college. Even mothers with very low levels of education, including some immigrants, believe that college is important. Several link postsecondary education to good jobs and high wages.

Although almost all mothers hope that their child will go to college, their expectations—the beliefs about what their child will actually do—are more complex. When asked about potential barriers to postsecondary education, a few mothers said that they do not foresee any barriers, and some speak about barriers in general terms, not necessarily anticipating that these will be relevant to their own children. But many mothers identify multiple barriers that could prevent their children from attending college or even finishing high school.

The most commonly identified barriers are social and personal in nature. A number of mothers say that children might be adversely influenced by peers, fall in love, or become pregnant. Some mothers mention lack of money for college tuition as a barrier, but this is not a common response. Given the challenging economic situations in many of the families and the rising cost of postsecondary education, it is not clear why so few mothers mention financial barriers. Some may not be fully aware of costs because they did not go to college themselves. Or, it may be that mothers have not considered this barrier yet because their children are so young or because personal and social issues seem to be more immediate and pressing than financial considerations. These mothers do think about their young children’s futures, but the data suggest that many more immediate issues dominate their active planning.

College costs

Overall, mothers are aware that college costs are high, but their estimates of costs vary widely. When asked to talk about ways that they might cover future college costs, mothers expressed some uncertainty. Eleven percent do not name any potential source of funding, and a number note that they only recently began to think about college costs. Still, many mothers say that they will “find a way” to pay. When probed, mothers identified multiple potential sources of funds, including loans, scholarships, grants, and assistance from the child’s grandparents. This suggests that they give some thought to funding their child’s postsecondary education or at least are aware of possibilities.

Respondents mention savings most often among the potential sources of funding; nearly half of mothers say that they plan to use savings to finance their children’s education, but most have not yet saved for this purpose. (Arguably, a likely reason for this response may be that the interview was about “savings.”) In addition to the challenges mentioned above, respondents simply have not thought

much about college costs and how they will pay. Mothers admit that they have not started to plan because their child is so young.

Perspectives on SEED OK

Many of the respondents recall their enthusiasm upon receiving the invitation to participate in SEED OK and their excitement about the 50–50 chance to receive \$1,000 for their child’s college education. However, some mothers remember thinking that the offer might not be legitimate. Some say that a \$1,000 deposit into a SEED OK 529 account sounded too good to be true, and a few others, aware of scams that solicit Social Security numbers for illegal purposes, report initially viewing the offer with suspicion.

Once the study assigned participants to the treatment group, the state treasurer’s office opened state-owned SEED OK accounts, deposited the initial \$1,000 provided by SEED OK, and began sending these families additional information. Mothers understand that savings in the account can be used only for their child’s postsecondary education; they talk about feeling “excited” and “blessed” that their child has such an account. Some like the restrictive nature of the account and that they “can’t touch it right now.”

Answers to several in-depth interview questions reveal the meaning of the SEED OK account to respondents. For example, their comments indicate whether mothers see value in having college savings for their very young children. Two of the 40 treatment mothers say they received no SEED OK communications and so could not answer questions about the meaning of their SEED OK accounts. Two others say that the account has little or no meaning for them. Their comments reflect observations about the unstable economy and pessimism about the future earnings potential of the accounts. However, the vast majority of treatment mothers indicate that the state-owned SEED OK 529 has a positive meaning. As Rita said,

When this [SEED OK] came along, I got more excited, you know, because I do want her to go to college. ‘Cause I didn’t—I graduated [high school], but I never got to go to college.... I want her to go to be somebody or, you know, make a difference in the world.

In fact, the evidence suggests that the SEED OK 529 account is more meaningful for mothers in the lowest income and education categories than for respondents who have higher income and education. This observation should be interpreted with caution, however, as the sample is small.

Many mothers recognize the tangible value of the \$1,000 initial deposit. The SEED OK 529 account seems to give a number of mothers hope and perhaps even confidence in their child’s future. Several say that the account offers them “security” or “relief.” They note that they could not finance the child’s college on their own. Some seem to believe that the account provides the child with educational opportunities that they themselves did not have.

The reality, of course, is that a \$1,000 initial deposit cannot fully cover future college expenses. A few mothers seem to believe that college costs are now completely covered, and many more may overestimate the tangible value of the deposit. The SEED OK study may change these mothers’ attitudes and behaviors toward college, but families may ultimately find that they are unprepared for actual college costs.

In contrast, several other mothers express reservations about the tangible value of the initial deposit. Some say that they have other ways to pay for college and that the initial deposit does not change their plans. Others indicate that the initial deposit does little to make college affordable. Among this group, SEED OK may not raise expectations enough to change parental attitudes and behaviors related to education.

There also is evidence that mothers perceive cognitive and symbolic value in SEED OK. Many mothers express gratitude that someone other than their family members “care about what happens with our kids.” A number of mothers indicate that SEED OK informational materials and quarterly account statements remind them about the importance of future education and saving. Through the tangible deposit, the symbolic message, the regular account statements, and reminders, SEED OK seems to motivate some mothers to see their children as college bound, to support their child’s education in the precollege years, and to think more about financing college.

Perspectives on participant-owned OK 529 accounts

Five of the 40 treatment respondents who completed the in-depth interview opened a participant-owned OK 529 account for their child. These mothers indicate that the opportunity to earn a match on savings is a very attractive incentive. Some also note that they could not have opened an account without the \$100 incentive. Three of the five made no deposit into their account by the time of the interview. Asked whether she saves money in her OK 529, Sherri said, “No, we’ve hit rock bottom.”

The remaining 35 treatment respondents did not open OK 529 accounts for their young children. Many of the mothers who do not own accounts say that they lack enough money to save and cite that as their primary reason for not opening an account. Some feel discouraged about not being able to save. As Letrece said, “I kind of feel bad about not even putting no money in the account. You know I just can’t afford it, but I’m working on it.” The savings match is attractive but unattainable for some. For example, Sonya said, “They were going to match a certain percentage of the money you were going to put in there, and you know, it was a good idea, but at the time we didn’t have the money to put in there.”

Overall, there seems to be some confusion. A few mothers tried to open accounts but were unsuccessful, and a few others say they received no information about opening an account. Responses demonstrate that a number do not understand the incentives or the account specifics. For example, some mistakenly thought that they would be required to make the initial \$100 contribution or to make regular contributions to the account. (The Oklahoma College Savings Plan requires a minimum \$100 to open an account; SEED OK offered participants a \$100 account-opening incentive for a limited period, but no subsequent contribution is required.) English is not the primary language of three of these respondents, and the language barrier contributed to the confusion.

A few mothers express reservations about the fairness of having an account for one child but not their other children. This concern does not keep them from participating in SEED OK but seems to influence their decision about whether to open a participant-owned OK 529 account. In addition, a few mothers say that SEED OK motivates them to begin thinking about saving for college for their other children.

Discussion

High aspirations, measured expectations

We find evidence of high educational aspirations; across education and income levels, mothers hope that their children will go to college, but many identify barriers that could prevent children from doing so. Financial barriers are not the primary potential obstacle mentioned by these mothers with young children; instead, they more often mention social and personal issues that might impede postsecondary education. Among these are the adverse influences of peers, substance use, and early pregnancy. These findings suggest that efforts to make college affordable may not be enough to increase college graduation rates, especially among at-risk youth. If parents perceive that their children face insurmountable barriers to postsecondary education, some may be indifferent to CDAs and unchanged by them. Still, initiatives that define children as college bound—especially ones that do so early in the child’s life—may change attitudes and behaviors in ways that help youth avoid substance abuse, early pregnancy, and the “wrong crowd.”¹⁸ Although CDA initiatives are varied, those that begin early in a child’s life may have greater effects on social and personal barriers than do loans, grants, and scholarship programs, all of which become available just before college attendance.

Limited individual action

Mothers in this in-depth-interview sample took little individual action to save toward their children’s postsecondary education. Despite the \$100 account-opening incentive and the offer to match the savings of low- and moderate-income families, just five of the 40 treatment mothers opened OK 529 accounts for their children and two account owners made deposits into these accounts. Consistent with other research (Sherraden & McBride, 2010; Sherraden et al., 2005; Wheeler-Brooks & Scanlon, 2009), we find that saving is extremely difficult for many mothers; as mentioned above, they say that limited resources and the desire to pay down debt prevent them from setting money aside. Mothers also say that they lack knowledge about how to save. Many lack experience with such sophisticated (e.g., restricted) saving vehicles as 401(k)s and IRAs.

Findings from the in-depth interviews have several implications. First, although financial planners, state college-savings plan program managers, and others view 529s as important mechanisms to prepare families for college costs, the accounts rely on individual action; the individual must open the account and contribute savings. Families that have difficulty saving, that are uncomfortable with restricted accounts, and that do not expect their children to go to college are very unlikely to open and save in 529 accounts. In fact, these families are not likely to put aside money for college in any saving vehicle. Thus, if an approach to college savings relies heavily on individual saving, it is unlikely to reduce disparities in college attendance and completion.

Second, although very few mothers opened their own account, those who did—and even some of those who did not—say that the account-opening and matching incentives are attractive features. Incentives capture people’s attention and appear to provide an important way to engage mothers in thinking about savings. However, the incentives should be simple and clearly communicated. A substantial challenge for this study is that the state sent SEED OK information primarily by mail. Some respondents relocated and might not have received all communications. Others did not read the materials or did not understand them. To address the difficulty that some mentioned in

¹⁸ For more on college-bound identity, see Elliott, Choi, et al. (2011) and Elliott, Nam, et al. (2011).

understanding SEED OK, the study designed and delivered additional communications to treatment participants (see Appendix A).

Third, policy makers interested in CDAs and other asset-building programs must keep in mind the difficult economic circumstances that many families face. Subsidies and other methods of facilitating savings may help youth from low-income families to finance college (see discussion below). As mentioned, subsidies transferred early in a child's life (e.g., CDA initiatives) may be more effective than those transferred later (e.g., loans, grants, and scholarships).

Benefits of automatic enrollment with initial deposit

Findings from the in-depth interviews suggest several reasons why CDA programs should provide automatic enrollment as well as an initial deposit. First, if automatic enrollment is not a feature of the 529 plan account, families may not open one. They may be uncomfortable with financial institutions, unfamiliar with restricted savings accounts, or unsure how to choose an investment option. They may not expect their child to go to college, may believe that they are unable to save, or may simply procrastinate.¹⁹ Automatic enrollment overcomes every one of these obstacles; there are no materials to read, no forms to fill out, and no decisions to make. Indeed, family motivation plays no role whatsoever (Goldberg, 2005).

Second, the interviews suggest that an automatically opened account has an important symbolic value. It sends the message that *someone outside the family* expects a child to go to college. An initial deposit presumably strengthens this message. Regular account statements also remind parents (and later, children) that funds are set aside for college. The statements likely reinforce the message that children are college bound. The impact of this message may be quite powerful. If parents see their children as college bound, they may be more likely to provide active support for their children's educational experiences. Children may also develop a college-bound identity and so become more engaged and invested in their education than they would otherwise be (Elliott, Choi, et al., 2011). We suggest that these symbolic and cognitive benefits will be greatest if accounts are opened when children are very young.

Third, administrative considerations suggest the benefits of automatic enrollment. The administrative burden and costs of such an approach are lower than those of elective-enrollment programs. Also, recent research suggests that programs with elective-enrollment provisions disproportionately enroll some families over others; families with more financial knowledge and education are more likely to enroll their children and to understand program features (Huang, Beverly, Clancy, Lassar, & Sherraden, 2011).

Lastly, automatic enrollment is likely to have beneficial effects on the amount of savings. The initial deposit has financial value. If an initial deposit is provided at the time of the child's birth, when the account is automatically created, then funds are likely to remain in the account for at least 18 years. If offered elective enrollment instead of automatic enrollment, some families may choose not to save and others may open an account at some point later in the child's life (e.g., when resource constraints are low). Although the amount accumulated will vary depending on investment choices and market conditions, youth will have a sum of money to put toward their postsecondary education. Those who

¹⁹ For discussion of reasons that many families—across the income spectrum—do not save, see Thaler (1994) and Thaler & Sunstein (2008).

hold accounts created automatically at the time of their birth will likely accumulate larger sums than those in accounts created some time later.

Initial deposit is not enough

Even if allowed to grow untouched for 18 years, any initial deposit is likely to cover only a small portion of college costs, and the size of initial deposit incentives is limited to what is politically feasible. Some families will find other ways to finance college, drawing upon personal savings, scholarships, loans, assistance from grandparents, and so forth. But many families, especially low-income families, will not have adequate resources. Alone, an automatically opened CDA with an initial deposit cannot overcome all of the financial barriers faced by low-income families. If CDA programs included additional, targeted subsidies (i.e., benchmark deposits provided for low-income students and tied to academic success, other milestones, or activities, such as volunteerism), there would be more savings for college, and this might increase college completion rates for low-income youth.

As do the SEED OK 529 accounts, the additional subsidies are likely to have symbolic value, reinforcing that college is important and the child is college bound. Because families recognize that the initial deposit will not meet the full cost of college, occasional subsidies may trigger changes in attitudes and behavior.

Study limitations

This study provides an initial snapshot on savings knowledge and attitudes toward college savings among mothers of young children. The in-depth interview findings reported here are subject to several limitations. The in-depth interview subsample is not representative of all mothers of young children in the United States or even of all mothers of young children in Oklahoma. There are several reasons for this. First, the SEED OK sample is composed only of mothers of infants in Oklahoma and only those mothers who completed the baseline survey. Second, the in-depth interview findings come from a small subsample of respondents ($n = 60$) randomly drawn from a sample stratified by race and ethnicity in order to oversample racial and ethnic minorities. Third, the study did not reach some mothers, and others were unable or declined to participate in the in-depth interviews. Those who were interviewed may differ in systematic ways from those who were not. In addition, at the time of the interview, the children were between 2 and 3 years of age. Findings therefore reflect participants' *short-term experiences* in SEED OK.

Qualitative research, such as the in-depth interviews used in this study, attempts to generate insights and reveal meaning. Using qualitative methods, this study generates some ideas that can be tested empirically with larger samples that are representative. At this early stage of the research, in-depth interviews allow us to obtain detailed perspectives from mothers; in their own words, they describe their financial situations, views on future education, and perceptions of SEED OK's effects on their thinking and behavior. Their responses provide valuable insights into the promise and challenges of asset-building programs, and they offer hints about possible future impacts.

Additional, longitudinal survey research will explore whether these accounts influence parental aspirations and expectations for their children's education over time. It could be that CDAs have a greater effect for low-income families than for their higher-income counterparts, because low-income families have fewer options for their children. Further research will shed light on programmatic and policy implications.

Recommendations for a universal CDA

These findings suggest that individuals learn about saving and finances from their families, which make important contributions in the economic socialization of children. This socialization process provides policy makers with valuable opportunities. Policies and programs should be designed to facilitate and enhance parental financial knowledge of saving options, educational costs, and financial planning. Institutional theory and behavioral economics suggest that saving in these accounts may be more likely if, in addition to information, they feature incentives, savings-target expectations, and restrictions on account use (Beverly, Sherraden, Cramer, et al., 2008; Sherraden & Barr, 2005; Thaler & Sunstein, 2008).

The request for Social Security numbers and the resulting suspicions of legitimacy are among the challenges that arise in running an experimental test, yet circumstances would be different if the policy were implemented universally. In a universal CDA policy, there would be no need for such requests because the government could provide Social Security numbers and open accounts automatically (Nam et al., 2012). Moreover, a universal CDA policy could become an expected event that coincides with the birth of a baby.

This experiment employs two accounts, the state-owned SEED OK 529 and the participant-owned OK 529. Using two 529 accounts ensures that SEED OK deposits do not affect eligibility for federal financial aid and that the state-owned account will be used only for approved educational expenses. Yet, responses indicate that mothers find this dual account structure confusing. Some state 529 plans operate under a structure in which a single account holds participant contributions and savings match funds deposited by the state, much the way employer matches are reported on a single 401(k) plan account statement (Lassar et al., 2011). Ideally, a universal CDA policy would have a single, automatically opened 529 plan account for each child. The account would hold public incentives, deposits from family and friends, and earnings (Nam et al., 2012).

In a statewide or universal CDA policy, the state would employ multiple messages and media to distribute information and encourage active saving. It also would deploy multiple messengers, raising awareness and engagement by marshaling service professionals and media personalities. An additional benefit of such efforts is that they would increase the perceived legitimacy of the policy.

However, clear communication is not the only obstacle to a universal CDA policy. Many mothers indicate that their primary reason for not opening an OK 529 account is that they have no money to save. This is a substantial challenge for CDA initiatives, especially initiatives with accounts that must be opened by individuals. Overall, the savings match for postsecondary education provides mothers with an attractive incentive to save for their child's education, but our study suggests that several factors could be addressed. These include simplicity, money to save, and desire to save for their other children. Their economic situations may change over time and their financial ability to save may improve, but the SEED OK savings match expired in 2011. In a universal model, mothers would not have to open their own accounts and incentives might continue for the duration of the account. In addition, such a model might tie incentive deposits to benchmarks rather than to savings; the link between incentive and benchmark might also provide ways to engage children in thinking about their futures (Sherraden, Peters, Wagner, Guo, & Clancy, forthcoming). These benchmarks could support activities and decisions that contribute to college preparation.

Treatment respondents joined SEED OK with different levels of savings knowledge and different educational experiences. While it is too early to tell whether the SEED OK 529 account alone will

contribute toward future savings, educational planning, and postsecondary education for children, SEED OK appears to serve as a catalyst, motivating parents to begin thinking about and planning for their child's educational future.

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Appendix A

SEED for Oklahoma Kids Communications with Treatment Participants: January 2008–December 2011

The following table details communications with SEED for Oklahoma Kids (SEED OK) treatment participants from January 2008 through December 2011. As noted below, SEED OK treatment participants received letters, postcards, brochures, and phone calls from the Oklahoma treasurer's office on behalf of the SEED OK study.

Between mid-2009 and late 2010, the research team conducted in-depth interviews with treatment respondents. The team reviewed transcripts of these interviews as they became available. The purpose of the review was to identify important SEED OK program management themes and issues. Treatment respondents had varying degrees of knowledge of the state-owned SEED OK 529 account, and the interviews reveal that some participants did not receive or did not understand their quarterly SEED OK 529 account statements. Based on these findings, SEED OK designed and delivered new communications.

Table A1. SEED OK communications with treatment participants: January 2008–December 2011

Materials	Date	Description
Treatment status notification	January 2008 or May 2008 ^a	Folder arrived in the mail to notify participants of SEED OK treatment status. Folder materials included letter from State Treasurer Scott Meacham, frequently asked questions brochure, match eligibility form , savings match terms , and OK 529 application and brochure. All materials sent in Spanish and English to self-identified Spanish speakers.
	February 2009	Updated materials informed treatment participants of extended deadline to open OK 529 account and receive \$100 initial deposit. Folder included Let's Get Started booklet , OK 529 application and brochure, updated brochure with frequently asked questions , match eligibility form , and savings match terms .
Quarterly statements for state-owned SEED OK 529 accounts	Once each calendar quarter beginning January 2008	Statements show deposits, withdrawals, and the market value of the account. SEED OK messages on OK 529 paper statements varied quarterly. For example, "Open your own OK 529 account and you may qualify for a savings match. Act by April 15, and Oklahoma will deposit the \$100 initial contribution for you!"
Postcards	February 2008	Postcard highlighted three steps to save and receive the savings match: 1. "Open your Oklahoma College Savings Plan account by mail or online." 2. "Mail the Match Eligibility Form to the State." 3. "Save money in Your Account."
	May 2008, August 2008, March 2009, June 2011 (Spanish version)	Various postcards encouraged treatment participants to open an OK 529 account.

Table A1 (*continued*)

Materials	Date	Description
Postcards (<i>continued</i>)	July 2009, November 2010 (Spanish version), March 2011, September 2011	Various postcards encouraged treatment OK 529 account holders to save and take advantage of the savings match.
	December 2008, 2009, 2010, 2011	Holiday postcards encouraged saving by OK 529 account holders.
	March 2010, January 2011	Postcards encouraged treatment participants to save their tax refund in an OK 529 account.
E-mails ^b	July 2008, June 2011	E-mails reminded treatment participants to open OK 529 account.
	November 2010, March 2011, September 2011, December 2011	E-mails sent in conjunction with messages that encouraged treatment participants to save and take advantage of savings match.
	October 2010	E-mail provided information about how to read OK 529 account statement.
	January 2011	E-mail encouraged treatment participants to save their tax refund in an OK 529 account.
	April 2011	E-mail encouraged treatment participants to monitor the savings in their child's state-owned SEED OK 529 account.
Letters	July 2008	Letter from State Treasurer Scott Meacham encouraged treatment participants to open OK 529 account.
	November 2008, November 2010, December 2011	Letter reminded OK 529 account holders of available savings match and encouraged treatment participants to save.
Account-related brochures	January 2008	Brochure announced extended deadline to open an OK 529 account and receive \$100 initial deposit. It also explained renewed account-opening opportunity.
	July 2010	All treatment participants sent brochure reminding them of the quarterly statements their child should be receiving 4 times per year: January, April, July, and October.
	October 2010	Brochure provided illustrative information to treatment participants about how to read their child's SEED OK 529 account statement.
Phone calls	May–August 2008	Phone calls encouraged participants without an OK 529 account to open one.
	October 2008	Phone interviews solicited feedback from treatment participants for future communications on account opening. Treasury representative conducted phone interviews with 15 SEED OK participants.
	April 2009	Recorded phone message from State Treasurer Scott Meacham encouraged treatment participants to open OK 529 account by \$100 deposit deadline.
	March–April 2009	Oklahoma State Department of Health called encouraging OK 529 account opening.

Table A1 (continued)

Materials	Date	Description
Other mail	October 2009	All SEED OK treatment participants received (a) a trifold brochure summarizing features of SEED OK program and Oklahoma College Savings Plan, and (b) a magnet featuring the SEED OK logo and phone number of the state treasurer's office.
	March 2010	Package containing a SEED OK " Future College Graduate " t-shirt reminds recipients that the child will use the state-owned SEED OK 529 account to attend a college, university, community college, or vocational school.
	July 2010	Two children's books , SEED OK bookplate labels, and a postcard encouraged educational activities. Treatment parents who completed baseline survey in Spanish received one of the two children's books in Spanish and English.
	April 2011	A growth chart encouraged participants to track child's growth and monitor savings in the SEED OK 529 account: "Watch Your Child Grow as the SEED OK Oklahoma College Savings Plan Account Grows, Too." Families can periodically record child's height and the SEED OK account balance.
	July 2011	Educational music CDs , savings stickers, and an informational card distributed to encourage children to think of saving in a fun, age-appropriate way.
	November 2011	Treatment participants received a 2012 SEED for Oklahoma Kids Calendar designed to provide easy access to contact information for SEED OK (state treasurer's office) and the Oklahoma College Savings Plan. On the pages for each month, the calendar provides education-related information or messages that encourage saving.

Note: The Center for Social Development and the Oklahoma state treasurer's office collaborated to develop all materials for the SEED OK study. Many of the documents described in this table can be found on the Center for Social Development's web site (see <http://csd.wustl.edu/AssetBuilding/SEEDOK/Pages/SEEDOKMgmtComm.aspx>).

^a RTI International drew two samples from all births in the state during two 3-month periods in 2007. The second sample was drawn because the response rate from the first sample did not provide a large enough sample size. Thus, SEED OK participants were notified of their study group status in January or May 2008.

^b More than half of the SEED OK treatment participants initially provided their e-mail addresses. RTI International periodically sends an updated list of addresses to the Oklahoma treasurer's office for use in SEED OK communications.

Appendix B

Introductory Letter to In-Depth Interview Respondents



SCOTT MEACHAM

OKLAHOMA STATE TREASURER

Date

Participant name

Address

City, State Zip

Dear {study participant}

Some time ago you agreed to join the SEED for Oklahoma Kids study. We are writing now to ask if you would be willing to talk with us in person about the study and your general experiences with money and savings. This research is being conducted by the University of Oklahoma and Washington University. If you agree to participate, we will pay you \$45 in appreciation of your time.

You may call 1-877-270-6379 to schedule an interview or wait for a phone call from a representative of our office. Please call also if you have any questions. Someone from the University of Oklahoma will meet with you after you agree to be interviewed. They will visit you at home or somewhere else where you are comfortable talking. The interview will not affect any benefits or services you receive from the State of Oklahoma.

We hope you will take the time to give your thoughts and feedback. Your opinions really matter to us.

Sincerely,

A handwritten signature in black ink that reads 'Scott Meacham'.

Scott Meacham

Oklahoma State Treasurer

Appendix C

Characteristics of In-Depth Interview Respondents Measured at Baseline

IDI Respondent Pseudonym	Study Group	Age	Marital Status	No. of Children	Mother's Race/Ethnicity	Income ^a	Mother's Education ^b	English Primary Language	Banked Status ^c
Amanda	T	34	Married	3	White	High	Bachelor's or more	Yes	Yes
Ana	C	34	Married	1	White	Low	Less than HS	Yes	Yes
Becky	T	30	Sep./divorced	2	American Indian	Low	HS graduate	Yes	Yes
Beth	T	33	Married	2	White	Middle	Bachelor's or more	Yes	Yes
Brenna	C	25	Nev. Mar.	3	African American	Low	Less than HS	Yes	No
Carla	T	31	Married	5	White	Middle	Bachelor's or more	Yes	Yes
Carolina	T	27	Nev. Mar.	2	Hispanic	Low	HS graduate	No	Yes
Caroline	T	22	Married	3	White	Middle	HS graduate	Yes	Yes
Cindy	T	32	Sep./divorced	3	White	Low	HS graduate	Yes	Yes
Claire	T	24	Sep./divorced	2	African American	Low	HS graduate	Yes	Yes
Dawn	T	36	Nev. Mar.	2	American Indian	Low	Bachelor's or more	Yes	Yes
Desiree	C	22	Nev. Mar.	2	African American	Low	HS graduate	Yes	Yes
Dorothy	T	22	Married	2	White	Middle	HS graduate	Yes	Yes
Gloretha	T	25	Married	3	African American	Low	HS graduate	Yes	No
Grace	C	27	Married	2	White	High	Bachelor's or more	Yes	Yes
Graciela	T	21	Married	2	Hispanic	Low	HS graduate	Yes	Yes
Heather	C	31	Married	2	White	High	Bachelor's or more	Yes	Yes
Heidi	C	32	Married	2	American Indian	Middle	HS graduate	Yes	Yes
Holly	C	26	Married	3	American Indian	Middle	HS graduate	Yes	Yes
Imari	T	17	Nev. Mar.	2	African American	Low	Less than HS	Yes	Yes
Jackie	T	42	Married	3	White	Middle	HS graduate	Yes	Yes
Janice	T	25	Married	2	White	Low	HS graduate	Yes	Yes
Jasmine	T	19	Nev. Mar.	1	American Indian	Low	HS graduate	Yes	Yes
Jessie	C	32	Married	3	White	Middle	HS graduate	Yes	Yes
Jocelyn	T	27	Nev. Mar.	1	African American	Low	HS graduate	Yes	No
Juanita	T	30	Sep./divorced	4	Hispanic	Low	HS graduate	No	No

Appendix C (continued)

IDI Respondent Pseudonym	Study Group	Age	Marital Status	No. of Children	Mother's Race/Ethnicity	Income ^a	Mother's Education ^b	English Primary Language	Banked Status ^c
Julie	C	22	Nev. Mar.	2	African American	Low	HS graduate	Yes	Yes
Kim	C	20	Married	1	White	Middle	HS graduate	Yes	Yes
Laura	T	20	Married	3	American Indian	Low	HS graduate	Yes	Yes
Letrece	T	25	Nev. Mar.	5	African American	Low	HS graduate	Yes	No
Lisa	C	28	Married	2	American Indian	Middle	HS graduate	Yes	Yes
Lola	C	26	Nev. Mar.	2	African American	Low	Less than HS	Yes	No
Lucy	T	29	Married	1	White	High	Bachelor's or more	Yes	Yes
Lupe	T	27	Married	4	Hispanic	Low	Less than HS	No	Yes
Mandy	T	18	Nev. Mar.	3	African American	Low	Less than HS	Yes	No
Margarita	C	28	Married	4	Hispanic	Low	HS graduate	Yes	Yes
Marta	C	29	Married	2	Hispanic	Low	Less than HS	No	No
Mary	T	19	Nev. Mar.	1	White	Low	HS graduate	Yes	Yes
Mercedes	T	22	Nev. Mar.	1	Hispanic	Low	Less than HS	No	No
Mia	T	35	Married	2	White	Middle	HS graduate	Yes	Yes
Miranda	T	30	Nev. Mar.	2	African American	Low	HS graduate	Yes	Yes
Mona	C	22	Married	2	White	Middle	HS graduate	Yes	Yes
Nancy	T	33	Married	2	White	High	Bachelor's or more	Yes	Yes
Natalie	T	26	Sep./divorced	1	American Indian	Low	HS graduate	Yes	Yes
Nicole	T	28	Nev. Mar.	1	African American	Low	HS graduate	Yes	No
Noemi	T	27	Nev. Mar.	4	Hispanic	Low	HS graduate	Yes	No
Patricia	C	22	Married	2	White	Middle	HS graduate	Yes	Yes
Rachel	T	34	Married	3	White	High	Bachelor's or more	Yes	Yes
Rhonda	T	29	Married	1	White	Low	Bachelor's or more	Yes	Yes
Rita	T	24	Married	2	American Indian	Low	HS graduate	Yes	No
Sally	C	27	Married	1	White	High	Bachelor's or more	Yes	Yes
Sandra	C	34	Nev. Mar.	6	Hispanic	Low	Less than HS	No	Yes
Sherry	T	24	Married	2	White	Low	Less than HS	Yes	Yes
Silvia	T	32	Married	2	Hispanic	Low	Less than HS	No	No
Sonya	T	26	Sep./divorced	1	White	Middle	HS graduate	Yes	Yes
Stephanie	C	35	Married	4	White	Low	HS graduate	Yes	Yes

Appendix C (continued)

IDI Respondent Pseudonym	Study Group	Age	Marital Status	No. of Children	Mother's Race/Ethnicity	Income ^a	Mother's Education ^b	English Primary Language	Banked Status ^c
Tamara	T	28	Nev. Mar.	4	American Indian	Low	HS graduate	Yes	No
Wendy	T	26	Married	2	American Indian	Middle	Bachelor's or more	Yes	Yes
Xenia	T	19	Nev. Mar.	2	Hispanic	Low	HS graduate	Yes	Yes
Yvonne	C	37	Married	3	Hispanic	Low	Less than HS	No	Yes

Notes: IDI = in-depth interview; T = treatment group; C = control group; Sep. = separated; Nev. Mar. = never married; HS = high school. Italics identify respondents who opened their own participant-owned OK 529 account.

^a Income data come from the SEED OK baseline survey. Income is the respondent's self-reported pretax household income for the 12 months prior to the baseline survey. An income-to-poverty ratio represents the quotient obtained by dividing household income by the appropriate 2008 federal poverty guideline (for guidelines, see Beverly et al., 2012; U.S. Department of Health and Human Services Annual Update of the HHS Poverty Guidelines, 2008). "Low" income is defined as income below 200% of the federal poverty guideline, "middle" income represents 200% to below 400% of poverty, and "high" income is income at or above 400% of poverty.

^b Our measure uses three categories to capture the mother's highest level of education: less than high school graduate, high school graduate, and bachelor's degree or more.

^c "Banked status" indicates whether a household has a bank account (checking or savings). Having a basic bank account is a fundamental indicator that the respondent's household is connected to mainstream financial institutions.

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