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GEORGE WARREN BROWN SCHOOL OF SOCIAL WORK

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The Early Good News about Child Development Accounts

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Child Development Accounts (CDAs) are savings or investment accounts for long-term developmental purposes. Children who grow up knowing they have some assets for postsecondary education may be more future-oriented and so may fare better in the long run than children without these assets.

SEED for Oklahoma Kids is a large-scale policy test of automatic and progressive CDAs, and it is the first truly universal model in the United States. The SEED OK CDA is universal in that it opens an Oklahoma 529 College Savings Plan (OK 529) account on behalf of every infant in the treatment group and automatically deposits \$1,000 into every account. It is progressive in that it offers a savings match to low- and moderate-income families. All treatment families receive regular account statements and information about the importance of college and saving for college. These features—automatic account, automatic initial deposit, account statements, and information about college—make up the SEED OK CDA.

This summary of early research findings from the SEED OK experiment may help CDA advocates communicate the value of such accounts to policymakers, educators and others.

SEED OK's universal, automatic and progressive CDA model gives all children—not just those who are advantaged—the opportunity to benefit. Without the automatic CDA, very few children (especially those who were disadvantaged) had an OK 529 college savings account or any OK 529 college assets. With the SEED OK CDA, virtually all children had OK 529 accounts and assets. The universal and automatic features of the SEED OK CDA eliminate essentially all variation by income, education, race and other socioeconomic characteristics.

The SEED OK CDA treatment “package”—that is, receiving a college savings account with \$1,000, regular account statements and information about the importance of college and saving for college—increased the likelihood that mothers opened an OK 529 account for their young children. The CDA also increased the likelihood that mothers and others had saved for college in an OK 529 account.

Mothers know that they “can’t touch” the SEED OK account while children are young. They understand that funds can be used only for their children’s postsecondary education, extensive interviews with mothers indicate.

The SEED OK CDA seems to have changed parents’ attitudes about the future. The CDA seems to motivate some mothers to see their children as college bound, to support their children’s education in the precollege years and to think more about financing college, the interviews with mothers indicate. If these changes in attitude persist, parents may engage with their children in ways that improve educational outcomes.

The SEED OK CDA improved disadvantaged children’s early social-emotional development. Research indicates the CDA had positive effects on social-emotional development for children at approximately age 4, and the effects appear to be greater for disadvantaged groups, such as low-income children.

The SEED OK CDA may boost mothers' mental health. This CDA reduced maternal depressive symptoms, including symptoms among disadvantaged mothers.

Often, the positive effects of the SEED OK CDA seem to be related to automatic features of the CDA—account opening and initial deposit—rather than parental saving. For example, the CDA improved children's social-emotional development regardless of whether parents had saved in the CDA. And mothers of children with CDAs seemed to feel more positive about the future even though they were not yet saving for their children's college expenses.

To read the full report, please see *Testing Universal College Savings Accounts at Birth: Early Research from SEED for Oklahoma Kids*.

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