



# **The Universal Model in SEED**

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**September 30, 2005**

The Universal Policy Model and Research (“Universal Model” or UM) is a key part of the multi-faceted SEED initiative. In the selected state, the SEED UM will test the policy idea of universal and progressive accounts at birth. Research for the Universal Model will consist of an Experiment, with random assignment of SEED participants and controls, Account Monitoring Research, and In-depth Interviews.

The Universal Model Experiment seeks to model a universal children’s saving account, with considerable potential to influence policy discussion and debate. The Universal Model Experiment will be conducted with 1,000 participants selected at random from the state population (with oversampling of American Indians, African Americans, and Latinos) as well as 1,000 controls.

## **Selection of the SEED Universal Model State**

Building on the Center for Social Development’s (CSD’s) preparation for the SEED UM, we formed the Universal Model Planning Group (UMPG) to assist in the planning and selection of a state. The UMPG is comprised of one person from each of the SEED national partner organizations, UM funders, and 529 experts, including former Missouri State Treasurer Nancy Farmer, and a 529 financial expert.

A Request for Proposal was issued and CSD received very promising proposals, a great success given specific requirements for proposal submission by states, including ethnic diversity in births, release of birth record data, release of savings plan financial records, authority to implement the SEED UM without legislative changes to the state 529 savings plan, ability to coordinate with other state departments, and a willingness to commit to a seven-year initiative.

After a thoughtful planning, review, deliberation, and selection process (Table 1), Oklahoma has been selected as the SEED Universal Model state.

<b>Table 1 Timeline of selected Universal Model Events</b>	
Jan 20	SEED Universal Model Planning group formed
Feb 23	CSD's first draft of UM RFP to UMPG
Mar 23	Second draft of UM RFP to UMPG
Apr 26	RFP issued to states via CSD's SEED UM website
May 24	Inquiries from state due
June 7	CSD responded to state inquiries; posted on SEED UM website
June 21	State proposals submitted via a CSD-developed secure, on-line submission process with a customized database
June 24	Proposals, commitment letters, and summary proposal reports posted on CSD's SEED UM website for UMPG
July 12	Proposal scores submitted by members of UMPG
July 14	State proposals reviewed and three finalists selected at a meeting in St. Louis
July 21	Follow-up questions to three state finalists
Aug 17	Three finalists' responses reviewed; Oklahoma viewed as lead finalist
Aug 23	CSD meeting with key staff at the offices of the State Regents for Higher Education and State Treasurer Scott Meacham in Oklahoma City
Sept 9	Response to detailed questions of Oklahoma Treasurer Meacham received
Sept 21	Review of Treasurer Meacham's responses; UMPG recommendation of Oklahoma as UM state
Sept 28	Selection finalized after review by SEED Advisory Board

### **Contributions of the Universal Model within SEED**

In this section we identify the expected contributions of the Universal Model, indicating how these are different from other parts of SEED. The basic policy features of the Universal Model (UM) are:

- Working with the general population within a state
- Specific attention to major racial/ethnic groups
- Selecting infants at random (mimicking universality)
- Automatic enrollment or “default” enrollment (to the extent possible in the UM)
- Progressive features in deposits (mimicking progressive public sector deposits)
- Basic written communication to participants on program purposes, goals, operations, options, etc.
- Encouragement of additional deposits by family and other sources.

Within the SEED Team, there has been quite a lot of discussion regarding what the impact assessment and the universal model experiment will contribute to SEED. Table 2 compares the research contributions of the two SEED studies.

<b>Table 2 Research Contributions in SEED: Comparison of Two Studies:</b>	
<b>OLSHA Impact Assessment</b>	<b>Universal Model Experiment</b>
Specific population	General population
Begin at ages 3-5	Begin by age 1
Community-based project	Statewide project (mimic universality)
Program-based intervention	Individually-based intervention
Self-selection of participants	Participants randomly selected
Enrollment in state account required	Enrollment in state account automatic
Enrollment in participant account required	Enrollment in participant account optional
Individuals connected to Head Start program	Individuals dispersed in a state population
Communication face-to-face	Communication by mail and Internet
Peers participate	No peer participation
Financial education	No financial education
Quasi-Experiment	Experiment

It may be helpful to add some notes on Table 2:

- Optional enrollment in *participant-owned accounts* in the UM—to become eligible for matching deposits—will test how much participants engage above and beyond the initial automatic deposit in a state-owned account.
- Communications with participant families will be simple and would ideally accompany account statements (we are not sure if this will be possible in the demonstration version), perhaps also with a quarterly newsletter, much like communications from a mutual fund company or an existing 529 program. Such communications are part of the UK Child Trust Fund. For the SEED UM, these communications will have to be thoughtfully designed for intended purpose and impact.
- In a full-scale universal Children’s Savings Account (CSA), all peers would of course be participating.
- In a full-scale CSA policy, it seems likely that financial education and other supports would emerge in the schools and/or community-based organizations as a complement to the basic policy.
- Overall, there are many differences that make the impact assessment distinctive from the universal model experiment. Each of these major tests in SEED will be important in building knowledge and informing policy.

- Ultimately, a large-scale policy will likely consist of a large, efficient, centralized policy (tested in the UM), combined with community-based programming and support (tested in the Impact Assessment). Thus, both studies are integral to building a sound knowledge base.

### **Important features of the Universal Model in SEED**

Next we describe important features of the UM in SEED, including matters of conceptualization, application, and research. Note that, like other components of SEED, *the importance of the UM is greater than the specific research questions being asked*. The context of asking the specific questions—a scalable model tested in a population—is the key purpose and ultimate value of the UM. Important features of the UM are detailed below.

***Define fundamental policy features and set a direction.*** The UM will define a policy direction in a model that demonstrates (1) universality, (2) progressivity, and (3) life-long accounts (starting near birth). These three features are fundamental to any future asset-based policy, if it is to be inclusive.

***Use a simple, efficient policy structure that has the potential to be taken to scale.*** Using the 529 structure—which already exists and through which some states offer low-cost, inclusive policy features—opens the door to possible scale.

***Build on a 529 policy knowledge base.*** CSD operates from the perspective that knowledge and expertise are valuable. The UM is not testing an “innovation” as if no knowledge existed. Prior research and policy expertise at CSD leads us to identify desirable policy features and conditions, and to aim for these in the UM (Clancy & Sherraden, 2003; Clancy, Orszag, & Sherraden, 2004; Clancy, Reid, & Parrish, 2005). Therefore, the RFP for selecting a state sought desirable policy conditions and capacity to implement, not primarily innovation.

***Build on a savings theory and evidence knowledge base.*** The UM will be designed with institutional features that we have reason to believe will matter. This is a body of knowledge that CSD is building from ADD and other studies and will apply in SEED. The features that are important are: access, information, incentives, expectations, facilitation, restrictions, security (Sherraden, Schreiner, & Beverly, 2003; Sherraden & Barr, forthcoming; Schreiner & Sherraden, forthcoming).

***Test policy features in the real world.*** Theory is one thing, but a test in the real world is much more valuable. The UM will ask if it can be done.

***Refine the policy design.*** The Universal Model experiment will also allow for the inevitability that—within a given policy structure—adjustments and refinements can be made along the way.

***Assess patterns and correlates of saving performance.*** Saving patterns and performance will be assessed through Account Monitoring Research. Again, the key point is the context in which these patterns are assessed—a general population, with progressive funding.

***Assess individual experiences in the UM.*** These will be documented using In-Depth Interview Research, which will provide thick description and stories, and also systematic analysis for patterns and likely relationships, adding to insight and explanation when combined with quantitative results, adding to policy insights, and adding to theory-building. Again, the key point is the context of the policy model.

***Test impacts of the Universal Model.*** Impacts will be tested using a true Experiment, a textbook policy experiment with random selection and assignment in a general population of a state, designed to be generalizable to the entire state, with implications for the nation. Quantitative results will be further informed with in-depth interview results that are part of the Experiment (see next section on key impacts to be tested).

***Test impacts on subpopulations by race/ethnicity.*** Because asset distribution is so unequal by race, and because this likely has major implications for equality and development, the UM will oversample among African Americans, Latinos, and Native Americans, and conduct analyses both within and across different racial groups.

### **Key research questions in the UM Experiment**

Key impacts to be tested in the UM Experiment, subject to review and changes by the RAC and the UM evaluator, are:

- 1a. Saving for children's education
- 1b. Total household savings
- 1c. Other household assets, liabilities, and net worth
- 2a. Parents' financial knowledge
- 2b. Children's financial knowledge
- 3a. Parents' aspirations for children's education
- 3b. Children's aspirations for education
- 4a. Children's cognitive development
- 4b. Children's socio-emotional development
- 4c. Children's school performance

Each of these will be specified and operationalized as hypotheses—all tested as potentially positive impacts of the SEED UM. Most of the questions will be tested via multiple measures, allowing multiple tests and different approaches to understanding these potential impacts in considerable detail.

Note that these hypothesized impacts overlap a great deal with impacts tested in the OLHSA Impact Assessment, which is as planned. This will provide valuable comparative data in these two very different interventions, for future analyses and policy lessons.

The key point and purpose of the UM is the testing of these impacts with a general population and in a model that has potential to be taken to large scale, i.e., to become truly universal. In this regard, the UM is distinctive from the Impact Assessment. Each study will contribute important but different types of knowledge that is relevant for policy.

Some additional notes on these hypothesized impacts might be useful:

There is a possible Hawthorne effect on total saving for children's education, i.e., questions in the research process may stimulate greater savings for education among the controls.

It may not be possible to test children's financial knowledge using a standardized and normed instrument until grade 4, which is beyond the scope of the UM; however, it will be possible to test account holders compared to controls.

Ideally, school performance would be tracked over a longer period of time, extending through college age. This is beyond the scope to the current UM, but remains a possibility as long-term follow-up.

Unfortunately, we cannot systematically test particular program features within this study. The SEED UM is likely to be delivered as a single set of policies to be tested as a bundle. However, survey questions and in-depth interviews can shed light on how participants responded to various policy features.

The UM will make an important contribution in testing impacts from near birth through approximately second grade. This is a long study and we are very fortunate to be able to do it. Looking down the road, it may also be desirable to track the SEED UM experimental sample over a longer period of time, ideally even to young adulthood. This would be especially true if meaningful impacts are found by second grade; we would want to know if the impacts continue, increase, or wash out over time. These are decisions that future researchers will make. Our task is to carry out this study so that it is informative in the current context, and also keeps the door open for long-term follow-up.

## References

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