Financial Facts:
SEED OK Child Development Accounts at Age 14
Margaret M. Clancy, Sondra G. Beverly, Mark Schreiner, Jin Huang, & Michael Sherraden

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

The CDA Promotes Full Inclusion in Building OK 529 Assets

The most important financial outcomes in SEED OK relate to full financial inclusion. After 14 years, just 5% of SEED OK control children—those operating under existing OK 529 policy—had OK 529 assets. Because of the automatic features of the CDA, 100% of treatment children had OK 529 assets. The automatic CDA greatly increases the likelihood that disadvantaged children have assets for their future education.

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

“...The automatic CDA greatly increases the likelihood that disadvantaged children have assets for their future education..."
SEED OK CDA Growth: Early Deposits and Investments Matter

<table>
<thead>
<tr>
<th>All OK 529 Assets: Age 14</th>
<th>Financial Inclusion via the CDA: Age 14</th>
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<tbody>
<tr>
<td>$4,373</td>
<td>98 percentage points</td>
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<tr>
<td>Total OK 529 assets for the average treatment child</td>
<td>Increase in OK 529 asset holding for children of color</td>
</tr>
<tr>
<td>100%</td>
<td>99 percentage points</td>
</tr>
<tr>
<td>Treatment children with OK 529 savings for college or vocational school</td>
<td>Increase in OK 529 asset holding for low-income children</td>
</tr>
<tr>
<td>3.4 times</td>
<td>98 percentage points</td>
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<tr>
<td>Increase in average total OK 529 assets per child (treatment versus control)</td>
<td>Increase in OK 529 asset holding for children with less educated mothers</td>
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“The initial $1,000 deposit fell during the Great Recession but grew to $2,300. The investment mix adjusts as the child ages.”

“All racial groups build 529 assets when given a CDA structure and support, including an automatic initial deposit.”
The essential feature of the CDA in SEED OK is a state-owned Oklahoma 529 College Savings Plan (OK 529) account, which was automatically opened for newborns in late 2007.

The CDA and Parental Saving in OK 529 Accounts

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

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

Low- and middle-income is defined as income below 400% of the federal poverty level. The extrapolation is valid because SEED OK babies were randomly selected from 2007 birth records.
Parent-Owned OK 529 Assets: Age 14

19%
Treatment children whose parent opened an OK 529 account (versus 4% for control children)

$14,045
Average balance in parent-owned OK 529 accounts of treatment children (savers only)

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

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

Authors

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

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

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

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

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

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