Child Development Account Research: Lessons for the Field

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SEED OK is a large-scale policy test of automatic and progressive CDAs and the first universal model in the US

Universal Participation

Without universal participation (full inclusion), those left out will be disproportionately the most disadvantaged children.

Full Inclusion

Full inclusion is not possible without automatic account opening and initial deposits.

Because of the automatic accounts and initial deposits for all children, SEED OK has large impacts on OK 529 savings among disadvantaged children.

The automatic components of the CDA in SEED OK reduce asset inequality early in life.

Early Funding

If CDAs are funded early with a sizable deposit, children may accumulate meaningful levels of assets over time, even if families do not contribute.

Clancy, Beverly, Huang, & Sherraden, Social Service Review, forthcoming
Wealth Accumulation

In SEED OK, 1/3 of asset accumulation is due to investment growth. The $1,000 OK 529 deposit increased by 50% in < 9 years.

Clancy, Beverly, Huang, & Sherraden, *Social Service Review*, forthcoming
College savings initiatives that primarily rely on individual behavior will strongly favor advantaged children.

A savings match has only limited potential to incentivize and subsidize saving for those who most need asset accumulation.

Conclusions

Full inclusion paves the way for more equitable use of public funds (cash or tax subsidies).

Ensuring that all children have college savings is important because modest savings have financial and nonfinancial benefits for children and their families.

Clancy, Beverly & Sherraden, CSD Fact Sheet, 2016
Resources and Contact Information

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