

# **Assets, Child Outcomes, and the Potential of CSAs: Lessons from Michigan SEED**

Trina Shanks

2014 Assets Learning Conference  
September 17, 2014

***What better predicts long-term outcomes for children: a developmentally appropriate assessment of ability as a young child or their economic and social advantage?***

# Social and Economic Risk

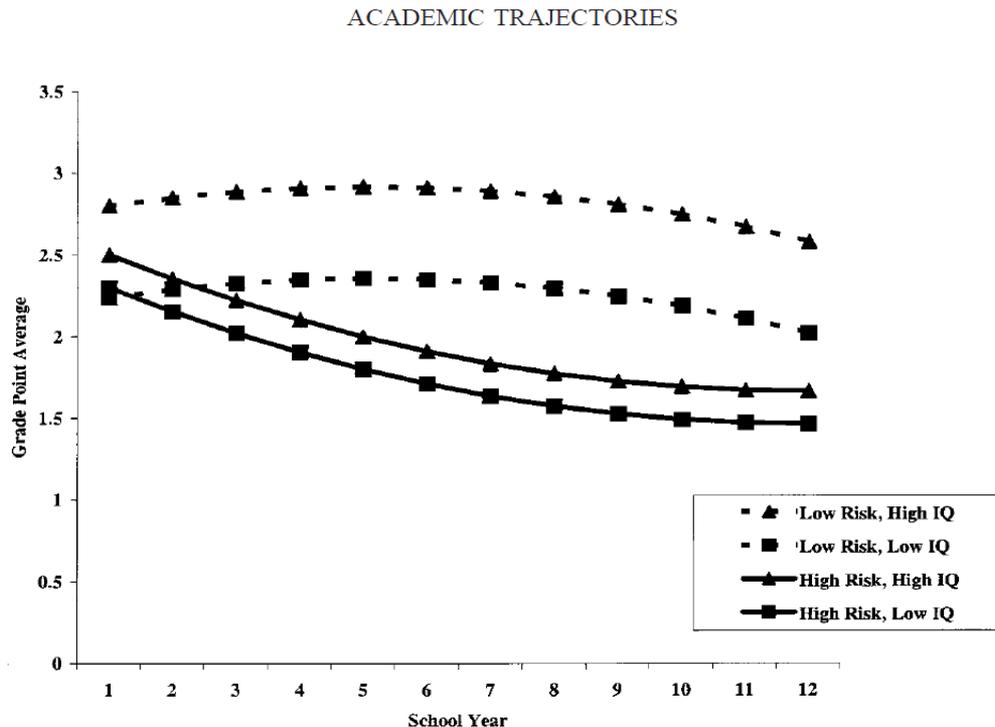
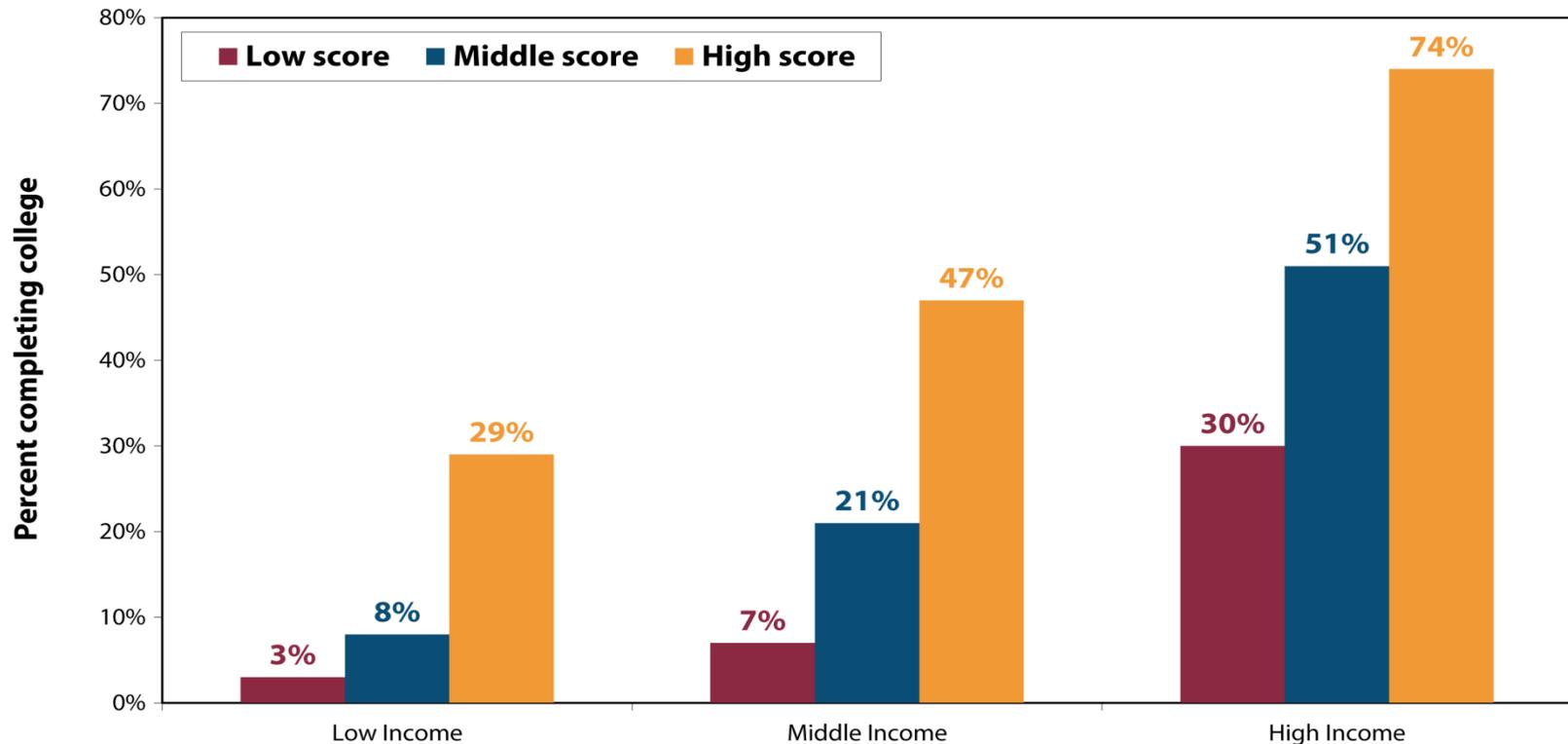


Figure 1. Grade point average from 1st grade to 12th grade for students with high and low risk and IQ.

High-IQ four year olds in high-risk economic and social environments do worse later in life than low-IQ children in low-risk economic and social environments (Gutmann, Sameroff & Cole, 2003)

# Incomes matter more than test scores for college completion

College completion by income status and 8th grade test scores



**Note:** Low income is defined as the bottom 25%, middle income is middle 50%, and high income is top 25%.

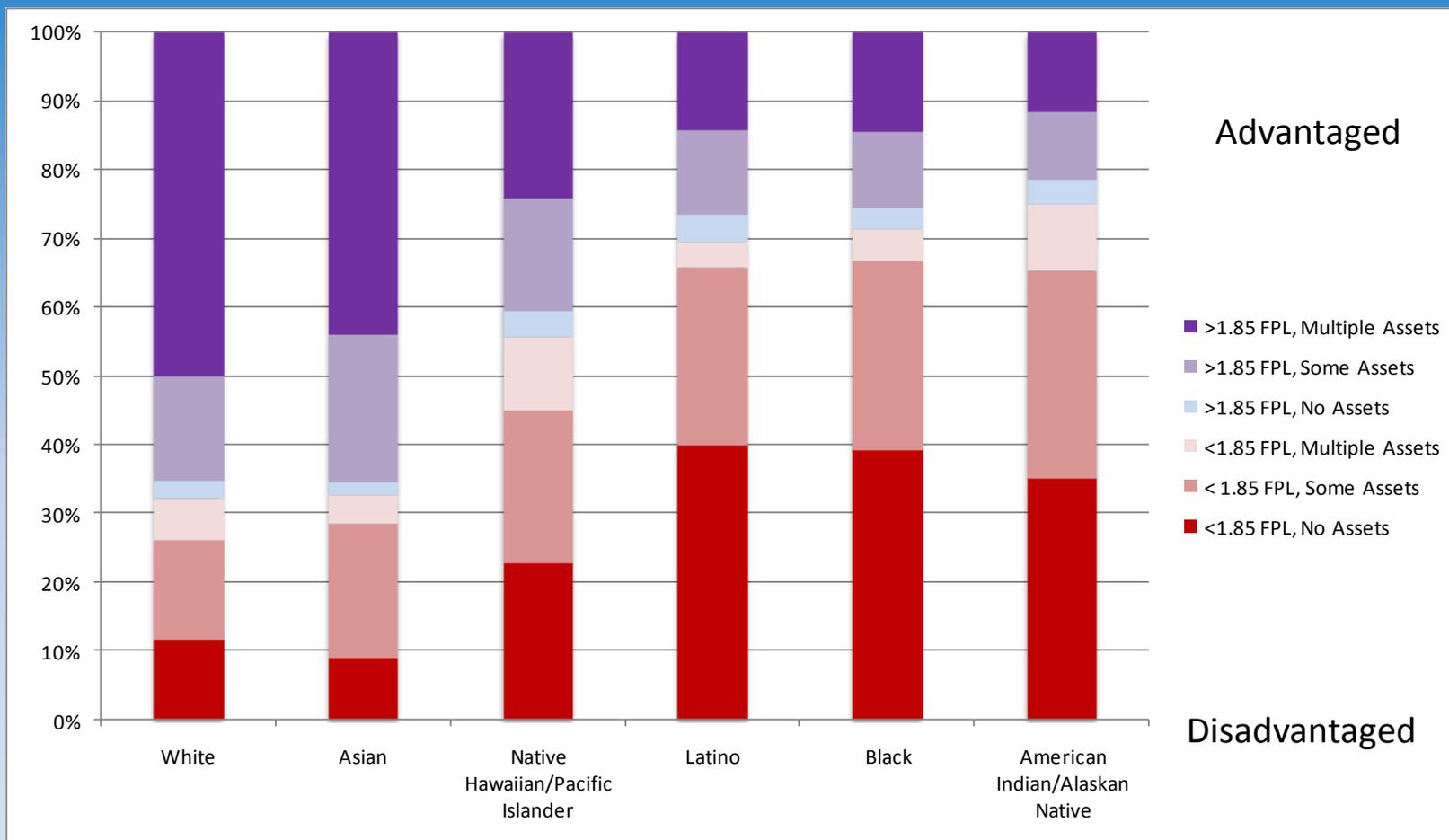
**Source:** Fox, M.A., B.A. Connolly, & T.D. Snyder . 2005. *Youth Indicators 2005: Trends in the Well-Being of American Youth*. Washington, D.C.: U.S. Department of Education, National Center for Education Statistics.

# Economic Inequality and Relative Mobility

- Forty-two percent of children born to parents in the bottom fifth of the income distribution remain in the bottom, while 39 percent born to parents in the top fifth remain at the top.

Isaacs, Sawhill & Haskins, 2008

# Percentages of Children Born in 2001 who Live in Advantaged and Disadvantaged Households by Race



Source: ECLS-B, when children were 9-months

Taken from: Shanks, T. & Simonton, S. (2011). Diverging Pathways: How Wealth Shapes Opportunity for Children. Oakland, CA: Insight Center for Community Economic Development.

# Research Design in Michigan

- Quasi-Experimental
- 14 Head Start centers assigned to matched pairs
- Caregivers of children at all 14 centers invited to complete “baseline interview” in 2004.
- Families in 7 “treatment” centers encouraged to open SEED accounts
- Wave 2 survey given as program was coming to an end in 2008.

# SEED impact assessment

## Control Group

- usual services offered to Head Start families\*

## Treatment Group

- usual services offered to Head Start families\*
- SEED account with an initial \$800 deposit, matched by \$200 state deposit
- 1-to-1 match for other deposits, up to \$1,200
- standardized saving reminders (ex: short flyers, refrigerator magnets )
- on-going support and encouragement for saving and financial education attendance; resource and referral

# MI-SEED Sample

- 790 people took the baseline survey
  - 409 Controls, 381 Treatment
- Among the treatment group
  - 235 (62%) opened accounts, 146 did not
- Among those that opened accounts
  - 88 (38%) made additional deposits, 145 did not

# MI-SEED Findings

- Across the entire sample, the only significant difference found between treatment and control groups was parents' perception of the importance of college.
- There were differences in account balances by race, but NH Blacks and NH Whites start out in disparate economic positions.

# MI-SEED Long-Term Follow Up

- Over the last year, I have conducted in-depth interviews with SEED participants.
- The students enrolled in pre-school in 2004 are now in middle school.
- The last communication with these families was in 2008, so many have been difficult to locate.
- To date, 7 interviews have been conducted and transcribed.
- Provides an opportunity to answer questions and reconnect them to the 529 program if they have moved or lost contact.

# Early Findings

- Participants have high expectations for their children.
- Regardless of their economic circumstances, participants are still aware of the accounts 10 years later.
- The SEED account encourages them to do something concrete toward college savings early in child's life.

# High Expectations

“I hope he continues my upward trend in social mobility. I’ve done well. My grandmother maybe made it to third grade, maybe. My mother made it to ninth grade before she dropped out. I’ve made it into college. So I’m hoping my child [laughing] graduates from college. That’s my...my goal for him.

I’ve always talked with him like it’s not even an option”

# High Expectations

Interviewer: Do you feel like you're being successful? Do you feel like you've gotten where you wanted to go?

“Yes, But I want so much more for my son. I want him to know the sky's the limit. He can do whatever he wants. And I want him to know that college is an option for him.”

# Still engaged 10 years later

- One divorced single mom that is working in a low-wage job hasn't been able to put much in the SEED account lately, but actually started a 529 plan for her two younger kids as well.
- Another divorced single mom has gotten a better paying job and is feeling good about her finances and plans to start putting \$10/month into the SEED account again.

# Still engaged 10 years later

- One mom was doing well and depositing \$40/month into the SEED account, but is recently divorced and struggling financially now. She still shows her son the quarterly statements and is proud of the balance.
- One mother is unemployed. Her husband works two jobs, but they are struggling financially. She forgot about the account momentarily, but got a letter reminding her of the SEED account. The family pulled a little money out to deal with a crisis, but she is now talking to her daughter about the account and hoping it will encourage her to do her best in school

# Concrete steps early

“I know that I have some money for her to go to college and that makes me feel a lot better.”

“Even college-educated parents don’t start thinking about accounts until their kids are in high school. Reality is it hurts a lot more when you start doing it four years before you go...”

# Concrete steps early

“Because like I don’t think we would have ever, you know, really talked about financial and college. It would have been just, “Yes, you have the opportunity, yes, you need to go.” This opened up the door to talk about finances.”

“Seed program’s been really helpful for me... it’s helped me learn to initially save money and even at...when my children were in preschool realize that college is coming, and I need to start saving. And it’s put that thought in my head, even at that young age.”

# Concrete steps early

“Because at the time, I wasn’t really concerned about college.

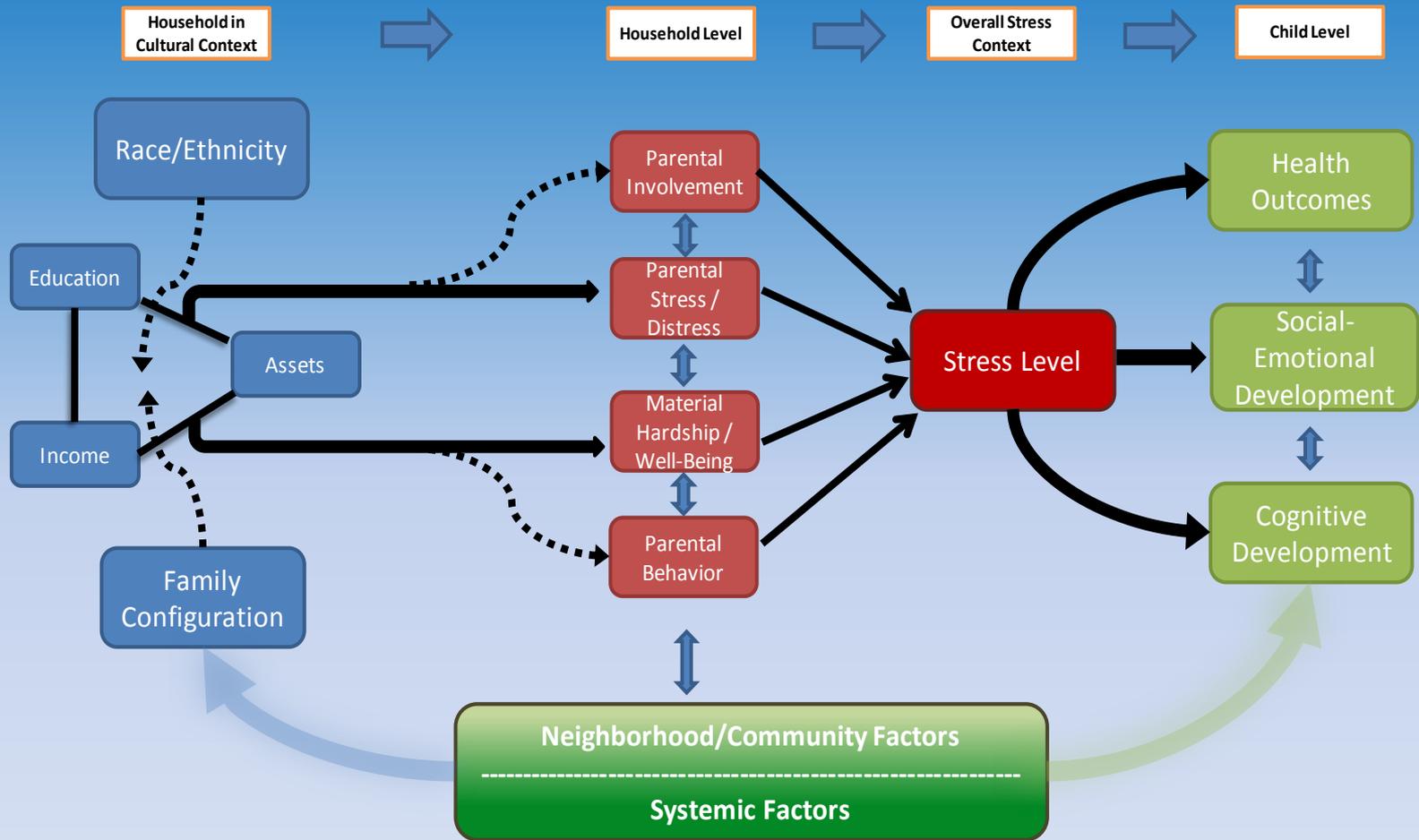
I wasn’t really concerned about how they’re going to do things like that, or what they’re going to do in their future. I was just living in the now...not what the future holds for us.”

# Implications and Conclusions

- CSAs are a potential way to equalize opportunity and help make planning and conversation about college early the norm for a wider range of households.
- Targeted outreach may be necessary for more disadvantaged groups.
- CSAs are a long-term policy instrument. As programs are started, may be beneficial to consider age-appropriate supports and incentives across time.
- As programs are adopted by municipal governments, link to local scholarships and educational opportunities.

trwilli@umich.edu

**Figure 1: General Overarching Framework**



Shanks, T.R. & Robinson, C. (2013). *Assets, economic opportunity and toxic stress: A framework for understanding child and educational outcomes*. *Economics of Education Review*