Center for Social Development

GEORGE WARREN BROWN SCHOOL OF SOCIAL WORK

Interviews with Mothers of Young Children in the SEED for Oklahoma Kids College Savings Experiment

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Introduction

SEED for Oklahoma Kids

The SEED for Oklahoma Kids (SEED OK) experiment is a large-scale study of universal Child Development Accounts (CDAs) provided to randomly selected newborn children in the state. This policy and research collaboration involves multiple partners, including the Center for Social Development (CSD) at Washington University in St. Louis, the Oklahoma College Savings Plan, the Office of the Oklahoma State Treasurer, the Oklahoma Department of Health, and RTI International.

The SEED OK study tests the concept of providing a 529 college savings plan account to every child at birth (Beverly, Kim, Sherraden, Nam, & Clancy, 2012; Kim & Nam, 2009; Nam, Kim, Clancy, Zager, & Sherraden, 2012; Zager, Kim, Nam, Clancy, & Sherraden, 2010). In particular, the experiment examines whether the 529 account has an impact on family attitudes and behaviors concerning postsecondary education and saving for children; it also examines effects on children's developmental outcomes (Zager et al., 2010).

Money in 529s can be used for postsecondary education at eligible in-state and out-of-state educational institutions. These include private and public universities, community colleges, and vocational schools.

The Oklahoma state treasurer invited the primary caregivers (mostly mothers) of newborns to participate in the SEED OK study and told them that they had a 50–50 chance of receiving an Oklahoma College Savings Plan (i.e., OK 529) account with a $1,000 deposit for the child. After the mothers completed a baseline telephone survey, which was conducted in the fall 2007 though spring 2008, the study randomly assigned them to a treatment or control group (Marks et al., 2008). All treatment children were named as beneficiary of a state-owned OK 529 account. These state-owned SEED OK 529s were opened automatically with a $1,000 deposit from the study, and treatment participants and children began receiving additional information from the state treasurer's office (Appendix A).

Treatment participants received information about an opportunity to open their own OK 529 account, which would be separate from the SEED OK 529 created for each treatment child. Low- and moderate-income treatment participants were eligible for savings-match incentives: if someone deposited $25 or more to the participant-owned OK 529 account, the study matched that sum by providing SEED OK funds for deposit into the state-owned account. Each OK 529 account owned by a treatment participant (and for which the focal child was beneficiary) could receive up to $250 in matching funds per year from 2008 to 2011.[1] The state normally requires an initial minimum deposit of $100 to open an OK 529 account. If treatment participants opened such an account by April 15, 2009, SEED OK made this $100 deposit on their behalf. The study offered to provide the initial funds to remove any financial barriers that might prevent participants from opening the separate OK 529 account. Thus, the SEED OK treatment involves the possibility of two accounts: a state-owned SEED OK 529 and a participant-owned OK 529 (See Table 1).

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[1] Deposits made by participants in households with an adjusted gross income below $29,000 were matched with SEED OK funds at a 1:1 rate up to a total of $250 each year. Deposits made by participants in households with an adjusted gross income between $29,000 and $43,499 were matched at a rate of 0.5:1 up to $125 per year.

Table 1. SEED OK treatment and control conditions

Account	Treatment	Control
State-owned SEED OK 529 account	State-owned OK 529 account opened automatically for child with $1,000 "seed" deposit	No state-owned SEED OK 529 account for child
Participant-owned OK 529 account	• Participant-owned OK 529 account opening encouraged • Time-limited $100 account-opening incentive offered • Savings in own account are matched if participant is income eligible	• OK 529 account may be opened by control participant • No SEED OK information or account-opening incentive • No SEED OK savings match

Notes: SEED OK = SEED for Oklahoma Kids; OK 529 = Oklahoma College Savings Plan account.

Similar to members of the treatment group, control participants could open their own OK 529s or other types of savings accounts. However, control participants received no information, the state did not automatically open accounts for them, and they were not offered any financial incentives to open their own account. The experimental nature of this study requires the inclusion of a control group in order to compare outcomes for families not exposed to a policy intervention (control group) with outcomes for families exposed to SEED OK (treatment group).

As mentioned, deposits made by SEED OK (the $1,000 initial deposit and savings matches) are held in state-owned accounts (SEED OK 529s), which are separate from participant-owned accounts (OK 529s). The separation of accounts is an artifact of the study and the policy structure of the OK 529 plan.[2] This separation prevents SEED OK deposits from affecting participants' eligibility for federal financial aid and ensures that the state-owned account will be used only for approved educational expenses.

The state-owned account (SEED OK 529) is invested in the OK 529 Balanced Option, a fund that includes a mix of stocks and bonds.[3] The value of each state-owned SEED OK 529 account rises or falls with the financial markets. During the period of time between account opening (either December 2007 or May 2008) and the in-depth interviews (mid-2009 to late 2010), the value of the SEED OK 529 accounts invested in the Balanced Option fund fluctuated between a high of $1,003 and a low of $698.

This study relies upon a sample of 2,704 participants in the SEED OK baseline survey, which RTI International conducted. The study oversampled participants of African American, American Indian, and Hispanic or Latino (hereafter, Hispanic) origin to ensure sufficient statistical power for analyses with each group (Zager et al., 2010). The SEED OK in-depth interview respondents, the subjects of this report, are participants in the larger SEED OK study.

[2] Some state 529 plans use a two-account structure: savings-match funds deposited by the state are held in one account and money deposited by 529 plan account owners is held in another. Other states report 529 deposits and savings matches on one statement, much the way employer matches are reported on a single statement for a 401(k) account (Lassar, Clancy, & McClure, 2011).

[3] The account owner selects the investment of the participant-owned OK 529 account.

kind of financial socialization (Schuchardt et al., 2009), along with low levels of financial education in schools (Council for Economic Education, 2011), suggest that low income families may be at a significant disadvantage when they try to save.

Despite the challenges that low- and moderate-income families face in saving, evidence also suggests that families often desire to save; when given an opportunity, they are motivated and able to save (Schreiner & Sherraden, 2007). They believe that saving is a good idea, and most have tried to set aside money at some point in their lives (Sherraden & McBride, 2010). Low-income individuals use a variety of strategies for saving. Some of these strategies facilitate saving by employing automatic saving mechanisms, such as allocating a portion of a paycheck to a Christmas club savings plan or limiting the number of tax exemptions taken out of a paycheck in order to maximize the size of the refund at tax time. Other strategies used to generate surpluses for saving include using coupons to minimize expenses, buying in bulk, following a tight budget, and using public charity (Beverly, Moore, & Schreiner, 2003; Sherraden & McBride, 2010).

One reason families may save is for college education—their children's or their own. With college costs continuing to rise, this savings goal eludes many low-income individuals wanting (Advisory Committee on Student Financial Assistance [ACSFA], 2010; National Center for Public Policy and Higher Education, 2002). In a study by the Institute for Higher Education Policy, 37% of middle school parents reported that they were saving for their children's college education (Cunningham, Erisman, & Looney, 2007). However, another study finds that saving for college is less likely among racial- and ethnic-minority parents than among parents in other demographic groups. So too, the likelihood is lower among those with less education and those with lower household income. Racial and ethnic minority parents, those with low levels of education, and those with low household income typically begin saving later than do parents in other demographic groups (Sallie Mae & Gallup, 2009). Public policy can create opportunities for families to accumulate educational savings and may enable low- and moderate-income families to save for their children's future education. Furthermore, evidence suggests that the presence of college savings may lead children to view college as a viable option in the future. Savings may motivate them to prepare for postsecondary education and continue in their studies (Elliott & Beverly, 2011b; Nam, Huang, & Sherraden, 2008; Oliver & Shapiro, 2006; Sherraden, 1991).

Aspirations and expectations for postsecondary education

William Elliott (2009) draws an important distinction between *educational aspirations*, which he defines as enduring beliefs, and *educational expectations*, which may change according to varying social and economic circumstances. Educational expectations, he suggests, are better predictors of actual behavior. If this is true, policies that alter circumstances may be able to change people's expectations. If families have a tangible indication that future schooling is possible, parents may expect children to attend school and behave in ways that conform with this expectation. For example, children may study harder than they would otherwise, resist temptations that divert attention away from their studies, and seek information. Parents may encourage academic effort, reward that effort, convey expectations about their children's future schooling, and generate financial support.

Research suggests that there is often a gap between educational aspirations and expectations (Cook et al., 1996; Elliott, 2009; Reynolds & Pemberton, 2001). Evidence suggests that higher parental expectations are related to better academic performance in children (Axinn, Duncan, & Thornton, 1997; Elliott, 2009; Grinstein-Weiss et al., 2009; Williams Shanks & Destin, 2009). Moreover, academic benefits are associated with parental investments of time, energy, and attention in their children's education and learning (Charles, Roscigno, & Torres, 2007). Some studies emphasize that aspirations and monitoring behavior (e.g., tracking school progress, supervising homework) are related to school success. However, practical circumstances may make aspirations for postsecondary education seem financially implausible (Mickelson, 1990). In other words, even if young people and their families aspire to postsecondary education, they may not expect to attend or complete it (ACSFA, 2002, 2006; Marjoribanks, 1984). However, the chances of success improve if aspirations and expectations can be aligned with financial opportunities that reduce barriers to college entry and completion (ACSFA, 2010; Elliott & Beverly, 2011b).

Despite recent reductions, inequities persist in educational achievement and advancement (Braswell et al., 2001; Charles et al., 2007; Ferguson, 1998; Hertz, 2006; Jencks & Phillips, 1998; Miller-Cribbs, Cronen, Davis, & Johnson, 2002; National Center for Education Statistics, 1996; U.S. Census Bureau, 2011). A key question in educational achievement concerns matriculation and completion of postsecondary schooling. Racial and ethnic minority youth are significantly less likely to attend and complete college than are White students. For example, one study finds that 70% of low-income youth plan to go to college but that only 54% of those youth enroll (ACSFA, 2006). Other studies find additional enrollment and completion disparities by race and ethnicity, household income, and family composition. Minority children from low-income, single-headed households are much less likely than their counterparts to enroll in or complete college (Elliott & Beverly, 2011b). Many factors limit educational options for youth. Among these are structural disadvantage, such as wealth inequalities (Shapiro, 2004), social isolation from mainstream institutions (Wilson, 1987), and a paucity of opportunity (Fernández-Kelly, 1994; Fram, Miller-Cribbs, & Van Horn, 2007; Stanton-Salazar & Dornbusch, 1995). These trends are worrisome because of their implications for the future economic success and well-being of those who do not receive postsecondary education and training (Hertz, 2006).

College costs may also affect aspirations and expectations. If one takes financial assistance into account, the annual net price for public college rose to almost half of family income (48%) for low-income families and to one-quarter of family income (26%) for moderate-income families between the academic years 1992–93 and 2007–8 (ACSFA, 2010). The cost of postsecondary education is so high that pessimism about educational options may be realistic among many young people and their families. In addition, parents tend to be uncertain about and overestimate college costs; such uncertainty leads them to believe that college education is unattainable (Grodsky & Jones, 2007; Horn, Chen, & Chapman, 2003). Uncertainty and a tendency toward overestimation of college costs are particularly common among low-income and minority parents (Avery & Kane, 2004; Grodsky & Jones, 2007); these factors may lead to lower expectations and lower likelihood that the parents prepare for college costs by saving (ACSFA, 2002; Choy & Berker, 2003; Elliott, 2009). Differences by parental income in expectations and preparation for children's education carry over to college completion as well. For example, one study finds that young adults with low-income parents (i.e., those in the bottom income quintile) are significantly less likely to complete college (11%) than are those with parents in the top income quintile (53%; Haskins, 2008).

Families pay for postsecondary education in three main ways: income streams, educational subsidies, and family assets. The first of these, income streams, are widely seen as a primary source of educational funding; many young people and their families assume that parental and/or child income will cover most postsecondary education costs. Social science research documents the effects of income on educational achievement (Axinn et al., 1997; Brooks-Gunn & Duncan, 1997; Duncan, Yeung, Brooks-Gunn, & Smith, 1998), but patterns of paying for college vary substantially by household income. Approximately one-third of low-income households pay out of pocket, but nearly three-fourths of high-income households do so (Cunningham et al., 2007).

Second, many people also believe that they can cover college costs with educational subsidies, such as scholarships, grants, and loans. In reality, the availability of grants has substantially declined over the past decade, and loans are increasingly the most common way to pay for college (Archibald, 2002; Heller & Rogers, 2006).

Family assets are the third main source of funds for college. Research suggests that assets, including net worth, liquid holdings, and nonliquid assets, play an increasingly substantial role in educational achievement and attainment (Conley, 2001a; Elliott, Destin, & Friedline, 2011; Huang, Guo, Kim, & Sherraden, 2010; Nam & Huang, 2009; Zhan & Sherraden, 2011). Income, educational subsidies, and family assets exert influences on future schooling that are not merely financial. Access to a range of financial resources may encourage parents and their children to expect that college is a realistic option (Astone & McLanahan, 1991; Charles et al., 2007).

Asset theory and educational outcomes

Asset theory suggests that savings and assets may lead to positive outcomes for children; in addition, savings and assets may influence outcomes in ways that differ from income (Scanlon & Page-Adams, 2001; Schreiner & Sherraden, 2007; Sherraden, 1991). Assets can be transmitted from one generation to the next and provide an important cushion during difficult economic times or family crisis. In addition, assets may provide their owners with a heightened orientation to the future by enhancing personal efficacy, self-esteem, and child well-being (Sherraden, 1991). As Shapiro (2004, pp. 11–12) notes, "Assets give families the capacity and flexibility to act and the capacity to engage more fruitfully and meaningfully with the world, enhancing their ability to improve their place in it." Savings, a component of assets, may "spark hope" (Schreiner & Sherraden, 2007, p. 21). They may change a person's worldview and patterns and ultimately may increase personal agency (2007). There is some empirical evidence for these assertions, but much of the existing evidence identifies correlations, not causal effects. In addition, some emerging evidence suggests that assets owned by children may also have a positive effect on future well-being. The most convincing evidence comes from studies of educational achievement and attainment (Elliott, Choi, Destin, & Kim, 2011; Elliott, Nam, & Johnson, 2011; Oliver & Shapiro, 2006; Oyserman & Destin, 2010).

Scholars find that assets are positively associated with educational outcomes, such as school achievement, college enrollment, and college completion. However, they are found to be negatively associated with high school dropout rates (Conley, 2001a; Elliott & Beverly, 2011a, 2011b; Elliott, Constance-Huggins, & Song, 2011; Nam & Huang, 2009; Schreiner, Clancy, & Sherraden, 2002; Sherraden & Stevens, 2010; Williams Shanks & Destin, 2009; Zhan & Sherraden, 2009, 2011).

Both liquid and nonliquid assets may help explain these relationships. Some parents pay directly for school and related costs with liquid assets (e.g., funds in a savings or checking account). Nonliquid assets, such as an owned home, enable access to capital through equity loans that may be used to pay for education (Nam & Huang, 2009; Yeung & Conley, 2008). Home ownership, a major source of assets in U.S. households, is positively associated with secondary school completion (Axinn et al., 1997), academic achievement, behavior in academic settings, and college completion; it is negatively associated with high school dropout rates (Essen, Fogelman, & Head, 1977; Harkness & Newman, 2003; Haurin, Parcel, & Haurin, 2001; Kane, 1994). If families have the financial capacity to invest in education and associated costs (e.g., books and fees), using either liquid or nonliquid assets, children can focus on academic preparation without wondering whether it will be worth the effort. Thus, they can grow up with the understanding that there will be financing to pay at least some college expenses and that their responsibility is to prepare for academic success.

Assets also may affect educational attainment through indirect means. Having assets, especially savings earmarked for college, may change the attitudes and behaviors of youth and their families in ways that ultimately increase expectations, school performance, the likelihood of attending a postsecondary school, and the chances of completing a postsecondary degree (Elliott, 2009; Elliott & Beverly, 2011a; Zhan, 2006; Zhan & Sherraden, 2011). In other words, parental efforts to earmark assets (formally or informally) for future education may increase the likelihood that they articulate expectations for their children's school performance, are vigilant in monitoring their children's academic progress, and remain engaged in assisting children's efforts to plan for college (Charles et al., 2007; Elliott, 2009; Elliott & Beverly, 2011a; Zhan, 2006; Zhan & Sherraden, 2011).

Moreover, college savings may influence parental expectations for their children's college attendance (Conley, 1999; Elliott & Beverly, 2011a, 2011b; Zhan & Sherraden, 2011). For example, Zhan and Sherraden (2003) find that parental expectations partially mediate the relationship between single mothers' assets and children's educational achievement. Furthermore, the effects of savings appear to be highest for low- and moderate-income children (Elliott & Beverly, 2011a; Elliott, Constance-Huggins, et al., 2011).

Another way to bridge aspirations and expectations is through children's vision of their "future selves." This perspective suggests that savings for future schooling may open a path for children to a "possible self" that is bound for college (Oyserman & James, 2008, p. 374). For example, Elliott, Choi, et al. (2011) suggest that parents with higher wealth perceive a brighter future for their children and transmit this to their children in ways that reinforce children's perception of themselves as "college-bound" (p. 1101). Policy makers should create saving opportunities for low-income families to reduce disparities in college-bound identities. A positive vision of their possible selves may enable children to choose behaviors and actions that are psychologically difficult in the present (e.g., saving instead of spending, studying instead of playing) but highly advantageous over the long term (Tversky & Kahneman, 1981). Moreover, beginning early to save for future education may be more effective than beginning later. Early saving may be particularly effective if begun before educational gaps emerge and children fall too far behind (Charles et al., 2007; Destin & Oyserman, 2009).

Policy developments: Savings for postsecondary education

Public policies can enable low- and moderate-income families to cover some of the costs of postsecondary education. Moreover, if one assumes that expectations are particularly malleable at a young age, it makes sense to intercede early to shift expectations for future schooling, especially expectations among the young people who are least likely to attend postsecondary schooling.

Public policy can make important contributions in each of the three major resource areas that families employ to cover postsecondary education costs: income streams, educational subsidies, and family assets. We turn first to income streams; given the high cost of college, it is difficult for students and families to pay for college by increasing income and decreasing consumption. Further, while many youth seek employment as a way to pay for college, evidence suggests that working can take a toll on the likelihood of college completion (ACSFA, 2010). Public policy, in the form of income subsidies, could help families meet the costs of college. For example, the Earned Income Tax Credit, which provided a maximum of $5,751 to families in 2011 (for a family with three qualifying children; Internal Revenue Service, 2012), can help a family meet an educational obligation, although few families would be able to devote the entire amount to one child's education. This suggests that an income strategy would likely have to be paired with other approaches.

Educational subsidies are another area in which public policy has played a major role by creating scholarships, grants, and loans to help families pay for postsecondary education. For example, Pell Grants provide up to $5,400 financial aid for postsecondary education for students whose families have less than $30,000 annual income (U.S. Department of Education, 2012). However, two trends limit the likely impact of educational subsidies. First, with some exceptions such as Pell Grants, need-based grants have declined over the past 2 decades, although merit-based grants have grown (Archibald, 2002; Heller & Rogers, 2006). Second, loans have played an increasing role relative to those by scholarships and grants. As a result, student debt burden has grown, especially among low- and moderate-income families (Baum & Steele, 2010; Leslie & Brinkman, 1988; McPherson & Schapiro, 1998). Scholarships, grants, and loans also may not have the same psychological effect as savings, because youth do not secure educational subsidies until they are close to postsecondary school matriculation. Unless these subsidies are secured in early childhood, they may not have the indirect effects on expectations (or the effects might not be as potent) as the effects of funds that are in hand earlier (Elliott & Beverly, 2011b; Elliott, Choi, et al., 2011).

Regarding family assets, public policy can assist families in saving for postsecondary education. For example, CDAs provide structured opportunities for families to save for future education (Mason, Nam, Clancy, Kim, & Loke, 2010; Nam et al., 2012). Other policy attempts to provide college savings opportunities for low- and moderate-income families include Individual Development Accounts (IDAs) and state 529 college savings plans (Sherraden, 1991). The Assets for Independence Act, with an appropriation of $24 million in 2010, provides grants to organizations that offer IDAs to low-income participants who are saving for postsecondary education and other uses (U.S. Department of Health and Human Services, 2012). Some states offer to match the deposits of 529 account holders; others exclude 529 savings from state tuition grant calculations. Still others have increased outreach and information efforts, enrolling participants in the workplace to encourage parents to take advantage of this savings opportunity (Clancy & Sherraden, 2003; Lassar et al., 2010, 2011).

Several countries have adopted CDA policies, including Canada, the Republic of Korea, Singapore, and the United Kingdom (Loke & Sherraden, 2009). Interest in CDAs has also grown in the United States, and a number of legislative efforts have resulted. Examples include the America Saving for Personal Investment, Retirement, and Education Act, Baby Bonds, and 401Kids account proposals (Cramer, 2010; Cramer & Newville, 2009). Despite these efforts, no federal, universal CDA policy has passed to date.

Policies that encourage and facilitate college savings may enable students to see college as a goal that is "within reach" (Elliott, 2012, p. 10). Early research from Saving for Education, Entrepreneurship, and Downpayment (SEED) studies suggest that CDAs may have positive attitudinal, behavioral, and social effects (Elliott, Sherraden, Johnson, & Guo, 2010; Scanlon & Adams, 2008; Sherraden & Stevens, 2010). In SEED, these effects are noted among parents and children. They include increases in self-esteem, self-efficacy, orientation to and hope for the future, security, fiscal prudence, and parental interactions with children about financial matters and postsecondary education (Scanlon & Adams, 2009; Sherraden & Stevens, 2010).

Chapter 2

Research Design and Methodology

Sample selection, recruitment, and response

SEED OK is a social policy experiment with a probability sample of individuals randomly assigned to either a treatment or control group. This design allows researchers to examine intervention effects and to test for causality. However, this analysis does not compare treatment and control participants. In data from a small number of interviews conducted very early in the focal children's lives, we would not expect to observe differences in outcomes for children and families. However, it is important to talk with participants in both groups early. On one hand, it is important to understand how treatment participants perceive their experiences with SEED OK accounts. On the other hand, it is important to understand how control participants think about finances and their children's future education in the absence of SEED OK accounts. These early interviews provide key insights into possible future impacts. Those insights will be incorporated into subsequent qualitative and quantitative inquiry.

Sample selection

The full sample for the SEED OK experiment consisted of 2,704 focal children randomly selected from the population of infants born in Oklahoma in 2007.[4] The study oversampled three minority groups: African Americans, American Indians, and Hispanics. Researchers from CSD randomly extracted the in-depth interview subsample from adult SEED OK baseline survey participants, mostly mothers of the children.[5] Three hundred cases, including 200 treatment participants and 100 control participants, were stratified by child's race (Table 2). Because five of these participants lived out of state, the in-depth interview subsample consists of 295 mothers.[6]

In-depth interview recruitment

In July 2009, the Oklahoma state treasurer sent an introductory letter to the 295 subsample members, informing them of the opportunity to participate in a one-on-one interview with a member of the OU research staff (see Appendix B for the letter). The target was to conduct 60 in-depth interviews with respondents of different racial and ethnic backgrounds: 40 with mothers in the treatment group and 20 with mothers in the control group. The letter provided a toll-free number and asked the recipients to contact the OU research team if interested in scheduling an interview. The letter also explained the purpose of the study, the 2-hour commitment required for participation, and the financial compensation. The study offered $45 to compensate each interview respondent for his or her time.

The OU research team scheduled interviews with subsample members who called the toll-free number. To reach those who did not respond to the study invitation, the team placed calls to mothers

[4] For more information about the SEED OK experiment and sample selection, see Nam et al. (2012).

[5] Less than 1% of adult participants in the SEED OK baseline survey sample (N = 2,704) are related to the enrolled child in another way (e.g., the child's grandparent or father).

[6] For ease of description, the report refers to these 295 mothers as members of the "subsample."

Table 2. SEED OK in-depth interview target subsample (n = 300)

Child's Race/Ethnicity	Treatment	Control	Total
White	80	40	120
African American	40	20	60
American Indian	40	20	60
Hispanic	40	20	60
Total	200	100	300

in the random order in which the CSD database listed their numbers. The team did not contact all subsample members by phone.

In September 2009, the Oklahoma state treasurer sent a second written request to subsample members whose phone numbers were no longer in service. Similar to the introductory letter, this second letter included the same toll-free number, inviting recipients to call if they were interested in scheduling an interview.

Interview invitation response

The research team made contact with but did not interview 51 subsample members. Of these, 22 responded to either the introductory letter or to the second letter but were unresponsive to return calls.[7] Also among the 51 mothers with whom we made direct contact are 11 who declined the invitation to participate, seven who moved out of the state between the baseline and in-depth surveys, and three who scheduled interviews but cancelled due to personal conflicts.

Researchers made no phone contact with 184 of the subsample members. Of those to whom the team made calls that were not received, 69 mothers missed connections with the team (i.e., the person did not answer the phone, did not return the team's voice mails, or did not respond to personal messages left with other household members). Seventy-eight phone numbers were either no longer in service or were reported as incorrect. Some mothers (37) were never contacted because the team completed interviews for each demographic subgroup (see Table 2 for the subgroups).[8] Table 3 summarizes the outcomes of the 295 in-depth interview subsample members.

Since the OU team interviewed mothers residing in all parts of the state, it scheduled long-distance trips in advance and conducted a minimum of three interviews per day. If the subsample members in a long-distance area could not be interviewed during the allotted time, the team put them on a waiting list and told them that the team would schedule another trip to that area if additional subsample members agreed to participate. The team placed follow-up calls to tell mothers whether a researcher would revisit their area and whether they would be able to participate in an interview.

[7] The team placed return calls to nearly half of these 22 individuals, but the calls were not answered or not returned. Some phone numbers were disconnected. In some instances, the respondent did not live at the residence from which she placed the initial call to the toll-free number, and the team had difficulty establishing subsequent contact. Other subsample members did not answer the phone, and many did not have voice mail.

[8] Calls were not made to respondents once the team reached the target number of interviews for each subgroup (see Tables 2 and 4).

Table 3. Outcomes of SEED OK in-depth interview subsample (*n* = 295)

Outcome	Subtotal	Total
Interviews completed		60
Phone contact made; no interview		51
Unable to schedule interview	22	
Declined participation	11	
Did not show for scheduled interview	8	
Moved out of state since baseline survey	7	
Unable to reschedule interview	3	
No phone contact made		184
Unanswered calls and messages	69	
Incorrect phone number	78	
Telephone contact not attempted	37	
Total		295

Among subsample members with whom the team could not schedule an interview, none reported having a negative attitude about the SEED OK study.

The OU research team completed 60 interviews between mid-2009 and late 2010. The focal child was between 2 and 3 years of age during this interview period. Table 4 provides the racial and ethnic backgrounds of the focal children of respondents who completed in-depth interviews.

In-depth interview staff and training

In-depth interviews require interviewers skilled at listening, questioning, and giving timely reactions to guide respondents through the process. Interviewers must be prepared to answer unpredictable questions with confidence, interpret the meaning of both verbal and nonverbal communication, and interpret or understand the respondent's message within the context of her environment.

An ethnically diverse team carried out the in-depth interview research. The racial and ethnic identities of the interviewers reflected those of the study sample. The research team included one African American, one American Indian, one Hispanic, and three non-Hispanic White interviewers, all six of whom are female.[9] Interviewers were selected on the basis of their (a) ability to communicate effectively, (b) teamwork ethic, (c) comprehension of the qualitative interviewing process, (d) understanding of the goals and objectives of the research, and (e) capacity to follow through on all interviewer responsibilities.

Three OU PhD faculty members and three graduate-level social work students collaborated with the SEED OK research team from CSD to train for the in-depth interviews. The researchers possessed academic and professional training in interviewing. Each received additional training on research goals and objectives, confidentiality and informed consent, qualitative interviewing skills, and documentation procedures. In the first training, which CSD conducted, the interviewers received an overview of the SEED OK experiment and theory. A second training, led by OU, gave interviewers tools to perform these qualitative interviews. Members of the SEED OK research team conducted practice interviews to assess the flow, timing, and overall experience of the interview process. The

[9] For ease of exposition, this report refers to non-Hispanic Whites as "Whites."

Table 4. SEED OK in-depth interview respondents

Child's Race/Ethnicity	Treatment	Control	Total
White	16	9	25
African American	8	4	12
American Indian	8	3	11
Hispanic	8	4	12
Totals	40	20	60

researchers also conducted "mock" interviews with friends and colleagues prior to interviewing study respondents.

Interview content and procedure

The OU research team worked closely with CSD on development and implementation of the interview protocols, guides, and procedures. Protocols specify procedures for field safety, interview assignments, scheduling, respondent paperwork, and filing interview materials. Interview guides focused on eight topic areas: catching up; economy; savings and money; aspirations and expectations for child's education; SEED OK experience; other savings accounts for the focal child and other children; use of financial services; and goals, future, and closing comments. "Grand tour" questions elicited respondents' overall thoughts about each topic, although interviewers gave prompts to encourage respondents to articulate in greater detail their knowledge, perceptions, opinions, and experiences. The topic areas and examples of primary interview questions include the following:[10]

1. Catching up

    First, let's start with updates. Has anything changed in your life since CHILD was born? Anything else?

2. Economy

    Has the current economy/recession affected you in any way? If so, how?

3. Savings and money

    Can you think about when you were growing up—tell me about the way your family dealt with money?

    Have your thoughts about savings changed over time? How?

    Can you tell me about the most recent time when you tried to set some money aside to save—for anything—it doesn't matter how big or small?

4. Aspirations and expectations for child's education

    Tell me about your hopes and dreams for CHILD regarding education.

5. SEED OK experience (*for treatment interviews only*)

    Let's start at the beginning—tell me the story of SEED for OK Kids.

        Can you tell me what this SEED OK account for CHILD means to you?

[10] This list does not include all of the questions posed during the interviews, but represents the major themes.

Table 5 (*continued*)

Characteristic	SEED OK IDI Respondents			IDI Sampling Frame	SEED OK Baseline Participants
	Treatment	Control	Total IDI		
Housing					
Own			31 (52)	112 (38)	1,136 (42)
Rents			25 (42)	153 (52)	1,217 (45)
Other arrangement			4 (7)	32 (11)	352 (13)
At least one person in household receives TANF, SSI, or SSDI[c]			6 (10)	44 (15)	433 (16)
Household receives SNAP[c]			25 (42)	124 (42)	973 (36)

Sources: SEED OK baseline survey data (2007–8) and Oklahoma birth records (2007).

Notes: IDI = in-depth interview; GED = general equivalency diploma; TANF = Temporary Assistance for Needy Families program benefits; SSI = Supplemental Security Income program benefits; SSDI = Social Security Disability Insurance benefits; SNAP = Supplemental Nutrition Assistance Program benefits (formerly food stamps). Results are presented as *N*s (and percentages). Totals in each category may not equal 100% due to rounding.

[a] Greater than 99%.

[b] Less than 1%.

[c] Household received benefit in the 12 months prior to the baseline survey.

As mentioned above, all in-depth interview respondents are mothers of the children enrolled in the SEED OK study.[11] At the point of survey, a majority of the mothers were married and 25–34 years old; most have one or two children. About half of respondents completed high school or have less education (47%). The other half (53%) have some postsecondary education, and 20% of these mothers hold a bachelor's or graduate degree. Most respondents live in households with low to moderate incomes (58% have income of $30,000 or less), and 42% receive assistance from the Supplemental Nutrition Assistance Program.[12] About half of the respondents own their own homes. Because we intentionally oversampled minorities, only 42% of children in the subsample are White. Statistical tests reveal no significant difference between in-depth interview respondents and individuals in the in-depth interview sampling frame, with the exception of home ownership. Interview respondents were more likely than others in the sampling frame to be homeowners, and the others were more likely to be renters or to have some other living arrangement. There are also no significant differences between treatment and control groups within the in-depth interview subsample. Appendix C provides the pseudonyms and characteristics (measured at baseline) for each in-depth interview respondent.

Data analysis

A member of the OU research team transcribed the audio recording of each in-depth interview and reviewed the transcription for accuracy before the coding process began. Six members of the OU

[11] In some cases, an additional family member was present during the in-depth interview.

[12] The incomes of households in the overall SEED OK sample are disproportionately low. The nature of the sample—mothers of infants in Oklahoma—partly explains this pattern. Poverty rates in Oklahoma are higher than national averages, and poverty rates among Oklahoma children under age 5 tend to be higher than those among Oklahoma children in all other age groups (U.S. Census Bureau, 2012, Table 709).

them about money. In some cases, respondents recalled specific lessons taught by their parents or grandparents; others learned more through observation.

The comments by Stephanie represent one end of this continuum. Stephanie recalled very specific instructions from her mother about the importance of saving and using financial services. She and her mother even made occasional trips to the bank to deposit money into her savings account.

> Well, my mom taught me that when you wanted to open a checking or savings account, you go to the bank. I've always used local banks. I just go to them and see who has the best checking or interest on their savings and that's the one I try to go with.

Similarly, Kim, a married mother with one child, recalled that her parents gave strict guidance about saving: "They're very strict on 'save your money.' Be prepared for something to happen. You know, hopefully nothing does happen, and then you just have a lot of money saved."

Several mothers mentioned that grandparents were sources of financial information as they were growing up. Stephanie remembered:

> My mom, grandmother, great grandma all said make sure you have enough [savings] because you want to eat, and if you have extra, you save, and that's what you use to go buy frilly things that you want.

Heidi recalled learning about financial matters, including saving, from her grandparents and great grandparents:

> I mean, they always had [taught respondent about money and savings]. You know, you gotta save it in order to have it or you won't never have it, and it's coming from the older generation because the generation now is totally different.… Yeah, and you know, your older people, like my grandparents, the older people there were no credit cards—they had to save for what they got.

Some mothers remembered overhearing their parents' conversations, observing spending and saving choices, and reflecting on these experiences later in life. However, they did not recall direct discussions or guidance regarding household financial issues.

Heather remembered having a savings account but said that there was no education or discussion about saving in her family:

> We always—all of us—my sisters and I had savings accounts. There wasn't a lot that was in there, but we did have a savings account.… We certainly understood the value of the dollar, but there wasn't any real education at home about savings and that sort of thing.

More commonly, however, respondents recalled little open discussion of financial issues in their family of origin. In fact, many of the respondents indicated that their parents concealed money matters, especially money troubles, from the children. As a result, respondents did not learn much about money management from their families. Sally laughed loudly when asked how her parents handled money. She stated that she did not know of her parents' financial problems as a child but learned of them as an adult. Her parents still fight about money because her father spends all that they have and pays overdraft fees frequently. Similarly, another mother, Nancy, picked up on her parents' financial difficulties but noted that they never openly discussed any financial concerns:

> I just remember, um, everything having to be—I don't know—we couldn't just buy whatever we wanted to buy or, you know, it was we don't have the money for that.… And so, she told us we just didn't have the money for it, and we—I think I knew—I realized later that we didn't have any, have money more than at the moment. [At the time] I don't think it was that clear to me. Most of the things that I remember are things that my sister or my brother would tell me. You know, later, like, "Mom didn't eat lunch today," or, "Mom didn't eat lunch that day so you could go on that field trip," or whatever.

Some could recall no discussion about money or savings. Patricia, for example, was raised by her grandfather, who did not talk to her about money "because we didn't really have any":

> When I was growing up, um, I was raised by my grandpa, and he was a farmer. And it was the cash that was in his back pocket or nothing. He didn't have a savings account. He didn't believe in putting your money in the bank. It was—that was it. If he—if it wasn't in his wallet, we didn't have it.

Nancy would like to be more transparent with her children about financial matters. She believes it teaches them that there is not always enough money for everything a person may want:

> I think that's okay to tell your kids: "We don't have the money for that." I tell my kids that now, even though we might have the money for it, you know, I think they need to understand that everything costs money and you don't always have the money for that Barbie doll this time.

Without broad exposure to financial information as children, some mothers talked about how they learned to manage their money. Mona, for example, mentioned that she and her husband pooled knowledge from school and both of their families to inform their current decision-making processes:

> My parents had problems with savings. His parents [parents of the respondent's husband] had problems with not having enough money there, so how do we take what we've learned from both of them and put them together? How do we become frugal like his parents but also have some more freedoms like my parents? I would say our parents are where we drew from the most, but it definitely helped to have the education background and to have other people also telling you things.

Respondents' childhood experiences with saving fall on a continuum; a few (eight) remembered extensive discussion about savings and had at least some savings as a child. At the other end of the continuum are 23 respondents who recalled little discussion of savings and accumulated little or no savings as a child. In the middle is the largest group of respondents (29), who recalled some discussion of savings and had some savings as a child.

Money management and saving outside of the family

Few respondents learned about saving from people other than family members. About a third (21) said they remembered that money management or saving was part of their elementary or high school curriculum. However, they reported that these topics were mentioned only briefly or were covered during one class period. Most of these 21 respondents indicated that, if the school curriculum addressed savings, they did not pay much attention to the lessons. Tamara, a low-income, 28-year-old, single mother of four children, recalled her classroom experience:

> I think I was in high school. We took it like in a government class or something. They kind of said something about it, but I never really paid any attention to it because we never really had a whole lot of money anyway, so I didn't ever think that it was going to apply to me.

Even though most respondents did not remember learning much about financial management and saving in school, a few had positive recollections. Kim, for instance, remembered the lessons her teacher shared about the time value of money:

> I think my 12th grade year, my statistics teacher—he also does insurance, like life insurance, home insurance, car insurance, stuff like that—he would always do statistics on it: "Save this much, and by the time you get this age, you're fine, you're stable, and all of that." … He's the only one that was pretty big on "save your money," and other than that, all the other teachers were "Go to school, get a good job, then you'll have money to take care of yourself."

In summary, respondents report that parents and grandparents are primary sources of information, but the levels of discussion and hands-on learning about financial matters vary widely across respondents. A small number of respondents believe that they were well prepared to handle money matters and knew how to save when they reached adulthood. This varied knowledge is evident in the types of financial services that respondents use and in their knowledge about financial services.

Financial services in the current household

Interviews also explored how early experiences may have translated into current financial knowledge and practices. Respondents discussed the financial services they use, including savings and checking accounts, credit cards, and loans. This section discusses mothers' general financial knowledge and use of financial services; Chapter 4 presents a more in-depth discussion about saving motives and challenges.

To ascertain the breadth of the range in knowledge about finances and financial offerings, the in-depth interviewers posed several questions on respondents' familiarity with such matters. For example, interviewers asked the mothers, "How comfortable are you that you understand all your savings options, such as 401(k)s, Roth IRAs, and CDs [certificates of deposit]?" They also asked, "Do you have a checking account?" and, "How do you pay your bills?"

Knowledge of financial products and services

Mothers' responses reveal the extent of variation in knowledge about financial matters. A small group of respondents expressed confidence in their knowledge of financial products and services. They tend to own checking, savings, and other types of investment accounts. Beth, a 33-year-old mother of two, has a master's degree in business administration. She and other knowledgeable mothers indicated that they feel very comfortable with transaction accounts (e.g., checking, savings) and investment accounts such as 401(k) plans and CDs.

However, a majority showed that they have rudimentary knowledge of financial products. Some in this group indicated that they had past or current experience with bank accounts and at least a minimum level of confidence in their understanding of savings and investment options. Some do not have a bank account (i.e., checking or savings) and do not seem to understand different types of saving vehicles. For example, when asked whether she understands how savings and checking accounts function, Letrece replied, "Not really. I don't really know how they work to the fullest extent." She pays most of her bills with cash at a grocery store, as do most of the mothers who lack a checking account.

Several respondents had basic knowledge of their financial options and owned a bank or investment account, either in the past or at the time of the interview. For example, Dorothy said that she understands "the basics" and believes that she knows where to obtain information:

> Let's say that I understand enough to know where to get the information if I needed it. Like I understand enough about it to understand where to go to find information on it. But at this point, we're not—I mean, he's [her husband] saving for retirement through work and of course I will when I work. But I understand how the Oklahoma savings for college works and why do you use that and so, the basics, I guess.

In this group, some depend on others to make decisions about financial matters. For example, Carla responded to questions about retirement savings by saying, "That's my husband's department … the state teachers retirement, I think, is all I have." Her husband, a CPA, manages the household finances. When asked how well she understands her savings options, she replied, "I'm comfortable because I have faith through my husband. He does it all."

Tamara, who does not have any bank accounts, pays for her bills with cash, and cashes her paychecks at the grocery store. She stated that she is not sure how much it costs her to cash her checks: "I think it's like 5% or 2% or something like that.… I know my check is $438 and that's how much they take out, $4.38. Or 1%? I don't even know."

When asked how comfortable she is in understanding saving vehicles, such as Roth IRAs and 401(k)s, Tamara said that she is uncomfortable with the details:

> Oh, I'm not comfortable at all. No, I really don't understand how all of that works. I know what they are. I know what they're set up for, but as for details, when you can use it, when you can't use it—I don't know.

Kim is a young, middle-income married mother with one child. She has checking and savings accounts, but her financial knowledge beyond these accounts is limited. When asked whether she knows about Roth IRAs or 401(k)s, Kim replied, "Definitely not very sure. 'Cause I don't even know how any of that stuff works. Usually if I have a question I do go and talk to my—I talk to my stepdad about all of that stuff."

Unbanked respondents

Nineteen respondents (32%) reported that they currently are unbanked; that is, they have neither a checking nor a savings account in a bank or credit union. (This differs slightly from the time of the baseline survey, when 14 of the 60 respondents, or 23%, indicated that they were unbanked. See Appendix C.) Not surprisingly, low-income mothers, racial and ethnic minorities, and renters are more likely than their counterparts to be unbanked (Table 6).

Table 6. Banked status by income, race, and home ownership

Characteristic	Unbanked ($n = 19$)	Banked ($n = 41$)
Household income		
Low income	18	20
Middle income	1	14
High income	0	7
Mother's race/ethnicity		
White	2	23
African American	7	5
American Indian	5	6
Hispanic	5	7
Home ownership		
Yes	2	29
No	17	12

Notes: Banked status is measured at the time of the in-depth interview. Income is pretax household income for the 12 months prior to the baseline survey. An income-to-poverty ratio was created by dividing income by the appropriate 2008 federal poverty guideline (Beverly et al., 2012; U.S. Department of Health and Human Services Annual Update of the HHS Poverty Guidelines, 2008). The low-income group reported a household income below 200% of the poverty guideline. The middle-income group had a household income between 200% and 399% of poverty. The high-income group had income at or above 400% of poverty. Home ownership is measured a baseline.

Some unbanked mothers indicated that they choose not to have an account. For example, Miranda, a 30-year-old, single, mother of two, asserted that she is the best manager of her money. Miranda once owned a checking account but had a bad experience and no longer has an account:

> I did it one time.… I was working and I had my checking going. I overdraft too much, and I worked, thinking I'm fixing to get me a good check. They took all my money. I had probably like $70 from my check. I was like, "Oh no, I'm not doing this again. I overdraft too much." So I'm not doing it no more. I'm strictly "check in my hand." No bank controlling my money or none of that.

Others, like Rita, do not trust banks. When asked whether she has a bank account of any kind, Rita replied, "I still don't put our savings in a bank. I usually keep it stashed away in a private area. But I still have the same issue. I can't trust the bank or anything."

Summary

In this study, most mothers report that their family of origin had a low level of financial sophistication. They recall little or no education on saving from family members or other sources, although some remember having some savings when they were young. Some mothers remember being extolled to save by parents or grandparents, but few remember being taught how to save.

In-depth interviews also suggest that respondents may not have learned much as adults about managing finances or saving. Most mothers express limited confidence in their knowledge of money matters, although some say that they rely on more knowledgeable family members for financial advice. Respondents' limited financial knowledge is also reflected in their use of financial products and services. For example, nearly a third of mothers, primarily those who are respondents of color and those who have low household incomes, report that they are unbanked.

Chapter 4

Saving Motives and Challenges

This chapter describes how respondents think about saving, including saving motives and challenges to saving. Respondents reported a strong *desire to save*, primarily for short-term purposes. But saving is very difficult for most mothers because incomes barely cover basic needs. In addition, some mothers have debt, which they attempt to pay down with any surplus income. Many mothers said they want to save, and will save, when their circumstances improve.

Naomi

Naomi, her husband, and four children are packed into a small two-bedroom apartment. Her husband is unemployed and cannot find a job. Naomi's low salary pays the family's bills. When asked about savings, she replied, "No, we really haven't saved.… We got his bills and my bills and you know we just have so many bills." But she would like to save for a car: "We do need a bigger car because the girls are growing and we barely fit."

Naomi feels personally responsible for her inability to save, even though it would be difficult for anyone in her situation to do so. She wants to "try harder" to save:

> [It] just makes me feel like that I need to try harder, you know, just to try to get where we need to.… Just keeping up with the bills mostly you know. I don't know—it's kind of hard … because I'm the only one working right now and we can't really save anything.

A desire to save

Although most respondents reported learning little during childhood about saving, they indicated during interviews that they believe savings are important. When asked whether their thoughts or feelings about saving money changed over time, most mothers said that they have assigned greater importance to savings as they have grown older.

To prepare for her future and to learn how to manage her money, Dawn has taken classes in financial management and accounting. Dawn contrasted this with the way her friends and family view savings: "They just live for today. The biggest thing that comes out is, 'We're not promised tomorrow.'" Instead, Dawn believes, "yeah, we're not promised … but it's still probably gonna come."

Many mothers indicated that they want to save when their circumstances change. Sherry said that she plans to begin saving for her daughter as soon as her financial situation improves: "I'm hoping that I can soon start her own fund.… I'm just getting side-tracked." Similarly, Brenna, a single mother of three, stated, "When I get my education—my GED [general equivalency diploma] and stuff, and start putting money back, when I'm able to find a better job, [I'll] start saving."

For Carolina and a few other respondents, having a child changed perspectives on the importance of saving:

> Yes, now that I am an adult with children, I have to think about my children and our future. Of course, my idea is to save money for the kids, so that when they grow up, we can take them places and teach them things.… So we can have money for any interest of the child, and pay for those activities.

Nicole, a low-income working mother with one child, noted the importance of having savings when "something happens":

> I just kind of like—I just feel like if you spend it just to spend it, then you're really not accomplishing anything.… When you do have a lot of savings, then you have stuff for when like something happens to break down, or a disaster or something happens, then you have the money to get out of that disaster. You won't be worrying.

Saving motives

Interviewers also asked respondents about their saving motives. Researchers asked interviewed mothers to "talk about the most recent time when you tried to set some money aside to save for anything," and, "What are you trying to save for?" Almost all respondents expressed a desire to save, and it was sometimes difficult to know whether they were describing an actual saving goal or what they would save for if they could save. Either way, responses reveal that mothers see the value of saving and provide insight into what savings mean to them. Respondents talked about short-term saving motives and, occasionally, intermediate or long-term motives.

Short-term saving motives

Short-term savings are typically held in a checking or savings account or kept at home. Mothers described several short-term saving motives, including saving to cover bills, emergencies, and children's needs. They also said that they save in order to have a "cushion" for a "rainy day."

Many spoke about unanticipated daily expenses that might arise. For example, Xenia described her savings account this way:

> I guess I just figured whenever she [child] would need clothes or whenever, I didn't have money left over for diapers or anything like that, I could just use the savings account money for anything she needed and then … I mean, I didn't really have that long-term goal. I just kinda figured it's for anything that she would need.

Some wanted to save for intermittent but larger expenses, like insurance, car maintenance, and holiday gifts. These expenses are often anticipated but difficult to meet. Lisa described both unanticipated needs and intermittent expenses as motives for setting aside money:

> For just rainy day—for, you know, insurance that's going to come up in 6 months. You know, we're always trying to set aside, you know, Christmas money. We like to have a cushion just in case anything big should happen. You know, maintenance on the cars or home. We try to set aside money just in a general account for that.

Sherry admitted that she and her husband have difficulty saving, but when they are able, they set aside money for their truck. They would like to save for a house, because her husband "has some land and we're going to try and put a trailer on it." She also indicated that they want to save for future expenses for their children:

> The most important thing is our truck. We have to have it. So we try to save as much money as we can for that [payment]. And if we don't pay it, they will come get it.… I need to save for my kids for when they get up in high school. I know that it costs a lot of money for class rings, and jackets, and field trips, and stuff like that. It's pretty much my kids mostly.

A few mothers mentioned that they save their tax refunds. Tamara, for example, saved for swimming lessons for her daughter:

> Oh, whenever I got some income tax, I saved money for my oldest daughter 'cause she always wants to take swimming lessons in the summertime. Usually by the time summertime comes, the tax money is gone. So, I saved some money for her to do the swimming lessons.

Intermediate and long-term saving motives

Some respondents have intermediate and long-term saving motives, such as for a car, a house, small business development, education expenses, or retirement. Carolina expressed great satisfaction that she and her husband have been able to save:

> We saved an amount so we could manage our own business so that we wouldn't have anybody telling us what to do.… When we started, we only had one cell phone and one car and we shared an apartment with other people. And that's how we saved: paying for the things we were buying, things like our refrigerator and things like that.

Her husband shared that he is especially proud given that "we are foreigners [Mexican American], Hispanics here, and we have accomplished something that other people haven't accomplished."

In addition to saving for family needs, some mothers began to think about ways to secure their own financial future. Tamara contemplated her own future:

> Yeah, I realize now that it's—especially now that I'm older, that I need to start trying to save money for later. 'Cause otherwise there might not be any money to take care of me when I'm older.

Nicole reported that she contributes to her workplace retirement plan and saved to purchase her house but currently has no emergency savings:

> It took a while to save for this house. I was in an apartment. I was doing foster care actually and I had to get a bigger apartment. So I felt like … I might as well go ahead and move in a house. So, as I was doing my foster care, I was saving for me a house. Then, after I decided to move here, I found out I was pregnant. So, then I decided to quit doing foster care so I could kind of spend time with me and my pregnancy, and that's where I'm at. I did save for this [house] and it's a blessing.… Well, here lately—because the way things being the way they've been—I've not put too much into savings in a bank per se. For my 401(k), yeah, but not the bank.

Mia and her husband own a business that has been negatively affected by the recent economic downturn. Like others, she mentioned a variety of saving motives. Yet, Mia acknowledged the importance of saving:

> My husband … he's very adamant about wanting to save for retirement and stuff like that. He has his own goals that he tries to get me to own because he is very organized and I am not organized.… And I mean once we're set, he has a goal that he wants to start setting aside and stuff like that, and he definitely wants to have the boys' college fund there—things like that.… I think we got tax money so we actually bought something for the house.… We needed to save for the house to fix the house, do something. So that was mainly what we had to save for right now. Um, we definitely, like I said, want to go back into putting into the 401(k) when we can afford it.

Nancy's husband owns a thriving business, and she stays home with the children. She reflected on their situation:

> The last couple years … we've been truly financially secure.… It's a good feeling knowing that, you know, you don't have to worry about things.… I know there's a lot of people that have to worry about where their next meal is coming from.

With the advice of a financial advisor, Nancy and her husband prioritize saving for their own future and have established a retirement fund:

> Well, you know, we set money aside every month. We put money in savings every month. We don't even see it; it goes directly to savings. My husband has just started a—I don't know what it's called—it's kind of like a 401(k) for me, but I don't think it's called a 401(k). And so we are now tucking that money in there for me. And so we're essentially saving for our future.

Saving challenges

Not all respondents are like Nancy and her husband, who are financially secure. Most respondents indicated that they would like to save but identified two main economic challenges to saving: limited resources and debt.

Limited resources

Limited economic resources prevent many respondents from saving. Some mentioned low-income as a challenge. Others reported that saving is difficult because of unemployment and other issues related to the economy. For example, when asked whether the economy or recession affected them, some mothers reported that, between the baseline and in-depth interviews, someone in their household either experienced a period of unemployment ranging from 1 month to 1 year or had their work hours reduced. A few respondents said that their small businesses incurred financial losses in the period between the two interviews, indicating that customers stopped using their services or were unable to pay their bills.

Julie, a single mother of two, was unemployed at the time of the in-depth interview. She described the economic strains of trying to make ends meet for her family. However, she also expressed a desire to save, one day, for her child's education:

> When I get a job and make more money, I'll do it. I have to think of myself first, my situation first, before I can do any of that. So, I know that I might have to move out of here. I need to get me a car and a place, and then when that all falls together … I can do her savings part and my savings part besides. Hopefully that can be really soon. Just pray with me about it.

Stephanie reported that her husband has been laid off. A married mother of four, she expressed frustration with her current economic situation:

> I worry about the kids' future, especially with the economy the way it is right now. I've got all of them a savings account. But right now, there's just not very much in it.… Now is the time to have the money there, but it's not there. With [husband] being laid off, we've had to get into some of our savings and stuff. But we are trying to slowly build it back up.

Letrece, a single mother of five children, reported that she receives public assistance: "Basically since they started this program, I have been trying to save and put money in it, but I haven't been able to do nothing because of everything else." Later in the interview, Letrece said:

> I've been dedicated to trying to, you know, put money off in that because they [SEED OK] say they'll double it or whatever, and I've been trying to put some money off in there. I basically live month to month.

Many mothers allocate all their income to basic living expenses, leaving little to save. For example, 13 respondents (22%) said that purchasing diapers makes it difficult to save. Ana pointed out that she would like to save for college, but she said:

> Everything is a need right now … like right now, she's outgrown all of her clothes.… And we have to buy diapers every month, and 'cause she's not old enough to be potty trained yet.

Another respondent said that diapers and other necessities come first: "I have to worry about my gas tank and I have to worry about her diapers, her wipes. That's my first priority."

Sherry, a 24-year-old married mother of two, said that she and her husband try "to save as much money as we can," but all of her current income goes to meeting the immediate needs of her family: "Mostly we just know that we're gonna need milk. My kids are always needing socks and toothpaste. Just necessities, mostly."

Silvia, an immigrant without a high school education, is a married mother of two. She said that she would like to begin saving, even for such basic household needs as medicine, but does not have the resources to do so:

> Well, I am still thinking about saving, but I can't save right now. I don't have a cent. It is not enough.… I wish to be able to save, even in a piggy bank, so I can have it hidden somewhere for medicine or something.

Even families that manage to set aside some savings often deplete these small accumulations. Cindy, a 32-year-old mother of three, recently tried saving money to attend a business convention, but the money she stashed "underneath [her] keyboard" was spent to pay for food, baby formula, and diapers.

Debt

Some respondents said that, in addition to low incomes, they must address debt before they can save. For example, one-third of respondents reported credit card debt. Some even use credit to cover everyday household expenses or other regular financial obligations (such as utilities). Many reported that surplus from income goes to credit card payments, leaving nothing to save.

Heidi, a 32-year-old married mother of two, reported that she has had credit card debt for years. They were paying down their debt, but her husband recently had a heart attack, and they had to use credit cards to make ends meet until he could return to work. She went to the bank and explained, "[My husband] has had a heart attack, and it's really rough, and there is nothing in our savings account now." They developed a plan to pay her bills and credit card debt. This debt has prevented Heidi from saving.

Respondents have other debt that keeps them from saving. Cindy, for example, acknowledged that she has credit card debt, student loans, car payments, and a home mortgage. Patricia, a young mother of two, also has student loans. She hopes to save for her child in the future but believes that paying for school is a priority for now:

> Well, I have great plans that haven't been put into effect yet. Right now, a lot of our money is consumed by me going back to school. And the only way I was able to go back to school is through student loans and things like that. So that debt is building, but I—in the long run, it'll pay off.

Dawn, a single mother who recently had her third child, has put her marriage and savings plans on hold in order to pay her student loans: "We want to pay my debt off so we can actually get married. He don't want to marry me until my debt is gone, so saving is far away. It just seems so far away."

Others face a different kind of debt. Of the 52 respondents who were asked about their use of alternative financial services, nine (17%) indicated that they have used payday loan services. This suggests that some respondents may be burdened with high interest rates and fees. Such burdens would affect their ability to set aside money in savings.

Respondents chose to use payday loans for a number of reasons. Some mothers thought that this was the only option available because they did not have transaction accounts. Others believed that payday loans provide the fastest way to get the money they needed. Most of those who used these services shared stories similar to the one told by Xenia, who stated that she only used payday loans a couple of times then realized the financial consequences:

> That is when I first started working, and I was spending a lot of money on formula, diapers, and everything. I think I used it like two or three times. It's helpful, but I will never use it again.… It's good because it is money that you can borrow and pay it back, but at the same time, if you keep using it, it doesn't really help because you are not getting anywhere.… 'Cause every paycheck you are just paying them and you are just spending more money, 'cause there's a fee of $20 or $30 or whatever.

Julie said that she also used payday loans for a short time. She went through a divorce and custody battle that required payment up front. The expenses required more financial resources than she had available, so she turned to payday loan services:

> They worked for a while, but you can't get caught up in them or you'll never stop.… If you are living paycheck to paycheck, you got to get a loan, then you got to keep doing it 'cause you are living paycheck to paycheck. How you gonna pay your bills without them? It becomes a dependency.

Nearly all of the respondents who reported using payday loan services stated that they no longer use such services. However, during difficult financial times, many feel that they do not have any other option.

Summary

Overall, it is clear that mothers see savings as valuable and want to be able to set aside money. The most common saving motives are short-term in nature: to finance everyday needs when money falls short; to meet emergencies; and to pay for anticipated but challenging intermittent expenses like insurance, maintenance, and holiday gifts. Some mothers also save for long-term goals, such as home ownership, retirement, or children's or their own education.

Mothers in this sample report that they accumulated savings in the past, but their circumstances at the time of interview seemed to prevent many from setting aside money and especially from saving for any length of time. Many explain that they use every dollar for basic living expenses (e.g., milk, gasoline, toothpaste, socks, and especially diapers). A number of respondents had debt, including student loans and credit card debt, and some say they use any surplus income to pay down debt. Respondents express frustration that they have not been able to save more.

Dorothy

Dorothy, a young mother of two boys, is a student, and her husband is employed. Like many of the respondents in this study, Dorothy expresses a desire for her child to find work that he loves, whatever the choice. She shares a desire that he reach this goal through postsecondary education:

> We have these conversations—like parents aspire for their kids to be doctors—they just seemed stressed to me. I don't have any desire for that, but I would like him to—I don't even know if I aspire for him to have like his master's or his doctorate, or you know … you kind of hope. But honestly, if he can just find something he enjoys doing. I'm—I can truly say I am content with that. I want him to work—well, of course—but I want him to find something that he loves. And if that takes an associate's [degree], it takes an associate's. If it takes master's, it takes a master's. So, I guess in general I hope he gets his bachelor's at least.

Although her hopes about her son's college education are somewhat vague, Dorothy does have firm ideas about his completion of high school. When asked what would happen if her son wanted to drop out, Dorothy stated emphatically, "There's no way he's not finishing high school." Realizing that some children do not want to finish high school, she says it would be important to understand why he might reach this decision:

> Well, there's going to be a reason why he's not going to want to be in school anymore. So, basically getting to the root of the issue and dealing with whatever the issue is that's causing him not to want to finish.

But she, like other parents, does not view dropping out of high school as an acceptable option. Dorothy states emphatically, "There's no way he's not finishing high school.… That's unacceptable."

Chapter 7

Perspectives on SEED OK among Treatment Respondents

SEED OK is a statewide social experiment that uses a probability sample of children born in 2007 in Oklahoma. Mothers of those children agreed to take part in the study and participate in a baseline survey, which they completed in late 2007 or early 2008. The study then assigned participants randomly to either the treatment or the control group.

The Oklahoma state treasurer automatically opened a state-owned SEED OK 529 for every treatment child. The study made an initial deposit of $1,000 to each of these accounts, and children began receiving quarterly account statements. Next, treatment participants received materials that explained the SEED OK financial incentives. Among other things, the folder sent by the treasurer's office included (a) a letter notifying participants that the study deposited $1,000 for their child in a state-owned SEED OK 529 account; (b) a SEED OK study brochure that addressed frequently asked questions, describing how the mother could open a participant-owned OK 529 account and take advantage of a savings match; and (c) the state forms required to open a participant-owned OK 529 account for their child's postsecondary education (See also Appendix A).

All self-identified Spanish-speaking treatment participants received all of the materials mentioned above in both Spanish and English. Despite multiple attempts, some folders and subsequent SEED OK communications sent by mail were undeliverable to the addresses available.

This chapter describes mothers' perspectives on SEED OK—particularly their perceptions of the state-owned SEED OK 529 account and the initial $1,000 deposit—at this early point in time (mid-2009 to late 2010), when the focal children were between 2 and 3 years of age. The sample for this chapter and the next includes only members of the treatment group who completed an in-depth interview ($n = 40$).

Initial communication about participation in the SEED OK study

Most respondents said that they remember receiving a letter that invited them to participate in the SEED OK study shortly after their child was born. These respondents clearly understood that their child had a chance to receive some money for college, yet first impressions of SEED OK varied. Many respondents were enthusiastic about the opportunity. Dawn, a single mother of three, was among these:

> We got it in the mail. I started reading it 'cause I had no idea what it was about, and I was like, "Wow!" And I was excited like—I was like, "They just want to give her money just because she was born," or there was a chance of her getting money, and then I started reading more. She has a 50–50 chance of getting it or not getting it.… And then I don't know how much longer it was that we found out she did get the money, and they gave us the account number and all that, and like I said, unfortunately, we haven't been able to put anything in there, but we're glad it's there.

Nicole was pleased that, although her child had just been born, someone was "thinking about these children":

> I was like, man, she is young, and they are already talking about her college! Yeah, I didn't even think about it—she just got here! But I thought it was neat because I felt like they are already

SEED OK program materials and statements

Some time after the telephone baseline survey, mothers received additional information from the Oklahoma state treasurer. Rhonda recalled receiving this notification:

> I was really excited just that he [the child] was selected for anything. We were really hoping that he would be one of the ones that, you know, because it was like half—with half [receiving] the thousand. We were really excited to find out then that he was actually one of the ones that had the account.

The $1,000 SEED OK deposit represents an amount of savings that many families have never had before. Lucy recalled that the money in her son's name was more savings than she had at the time and caused her to think about "saving for his college":

> It really made me happy when I got it, you know. I was excited that he won because I thought, "Well, you know, it's a good jump start to have to be just born and already have $1,000 to your name. It's more savings than I have at the time." So, you know, and it did spur us to think more along those lines of saving for his college and not just rely on what my grandma will give us or whatever.

Gloretha, like other mothers, voiced enthusiasm that her son was "accepted" to receive a "college trust fund":

> They sent me a piece of paper in the mail saying that he was accepted for the SEED of Oklahoma program or study or whatever, and I was like, "No way!" … That was like crazy! Because I was just like—I didn't believe it would happen—'cause my family doesn't have luck like that.… It said that, um, they was set aside a thousand dollars or something like that for him and, um, and they send me like a little piece of paper every month in the mail that it's like a bank statement kind of that just lets me know where he's at … and it's like a college trust fund or whatever, and I'm his little trustee. And so that's where I know some of the money will come from when [child] decides he wants to go to college.

Miranda also used the term "trust fund" when speaking about the SEED OK 529. She said, "It's just like a trust fund for a kid—for when they get older they'll have that to lean on."

The SEED OK program materials and quarterly SEED OK 529 statements (Appendix A), many respondents said, remind them that their child has an account for postsecondary education. They also said that the materials prompt them to think about saving. Dawn, who believes that her daughter "may not qualify for Pell," talked about the significance of the account and the quarterly statements:

> I think it's very important for her future. 'Cause I think that if she continues to see these papers [SEED OK 529 statements] come in, then, that people beside me and her dad, you know, and family—but people out there that she has no idea about—want to give her money to go to school, then it must be darn important to go to school.… I'll be like, this is your mail,[13] you

[13] Each treatment child receives a quarterly statement. The statement is addressed to the child and indicates how much money is in the state-owned SEED OK account.

> know, and this is 'cause you got this money when you were born, and I think that it will be just an encouraging story.

Most respondents indicated that SEED OK does not necessarily affect their aspirations for their child's education, but some acknowledged that the SEED OK materials remind them about the importance of future education. Dawn explained further:

> No, I just think we think about [education] more just because when we get the letters and it puts it in our minds more than we would if we weren't getting those letters all the time, but I'd still want her to go to college. That would not change 'cause I have the education and I know that it makes a difference. Regardless of what you are doing, it makes a difference.

Lucy said that the SEED OK 529 statements make her think about saving: "I think, especially when I get those statements, it reminds me, oh, yeah, I've got to save for his college, or, I've got to save for this. And I've told people about it and about the study." Nicole said, "They kept me informed about the program and that it was about a savings for the kids for college and stuff like that." Nicole did not open an OK 529 for her child, but in referring to the child's SEED OK 529 account and the program materials, she said, "It even makes you open up your eyes about saving." She observed:

> It's good. I'd say it was good because it even made me feel like, well gosh, I should save more [than the SEED OK deposit]. Even just having [SEED OK program materials] coming in the mail about savings … because you have all this stuff up in your face about savings. Before, I may of not of—I got bills in the mail for me to pay something, but not to save. And when I started getting this, it almost even teaches you personally to save for you and whatever else and for her, you know. So to just to keep getting those things—it just open up your eyes about saving, period.

Nicole said she believes that, because her child is young, she sometimes forgets about the child's college savings until the SEED OK information arrives:

> I think that's nice that they put the first amount in there for you and stuff. And then when I get statements and stuff, I think, that's nice to inform you, even though you might not think about it. Sometimes when you get the statements, you be like, oh, I forgot this exists. I probably wouldn't think about it as much because she's young still. So, by them sending you statements out and letting you be informed about what's going on, that's nice.

Sherry said that she checks the value of her child's college savings by reviewing the account statements but admitted that she does not fully understand all of the materials:

> They send the statements for the college funds, and I read those just to see how they change 'cause I haven't been able to put any money in them yet—or the one [OK 529] that I can. They send booklets sometimes on, you know, explaining all that, but I really don't understand all that.

Many participants seemed fairly confident that they knew the value of the SEED OK 529 account at the time of the interview and, when asked, stated an approximate value. Some respondents were uncertain about the account value because they could not recall the amount, did not remember receiving a statement, or, in a few cases, did not understand the statements. For example, Xenia said:

> I don't know. I guess I just really don't understand the whole units and different balances and stuff on there. I don't really, don't get it. It will give you a number and then it will say

> something above it. It's kinda—I don't know how to explain it. And like there is another category that says like units, and I don't know—like you are suppose to times or something? I don't know how to get the ending balance.[14]

Meaning of the state-owned SEED OK 529 account

Almost all of the respondents spoke positively about SEED OK. Lupe recalled "the name of the project, that it's planting a seed there. It is very good; this is of great help to us." Rita, a 24-year-old mother of two believes, like other respondents, that SEED OK will make a difference in her child's ability to go to college:

> I'm excited about this program because I wanted her to [go to] college, but I just wasn't sure how I was going to pay for it or anything. When this [SEED OK] came along, I got more excited, you know, because I do want her to go to college. 'Cause I didn't—I graduated [high school], but I never got to go to college.… I want her to go to be somebody or, you know, make a difference in the world.

The interview team asked questions intended to reveal whether the treatment respondents see value in having college savings for a child still so young. For example, interviewers asked such questions as the following: "Can you tell me what this SEED OK account means to you?"; "How important is this account to you?"; "How important do you think it is to your child's future?"; and "If you had had a SEED OK account when you were a child, do you think you would have done anything different?" We used the responses to assess whether respondents find the accounts to be meaningful to them; we also examine what meaning they assign. Based on their responses, we have divided these 40 treatment respondents into four categories: (a) those who seemed to find the account very meaningful (52%); (b) those who seemed to find the account somewhat meaningful (38%); (c) those who seemed to indicate that the account means little or nothing (5%); and (d) those who could not assign meaning (5%). The two respondents in the last group said they did not receive SEED OK communications and so did not understand the account. All but these two respondents indicated understanding that the SEED OK account is intended for their child's future college.

SEED OK 529 account is very meaningful

We identified 21 mothers who seemed to perceive the SEED OK 529 account as very meaningful. This group includes five who also opened their own OK 529 account for their child's education. Respondents' comments regarding the participant-owned OK 529 are detailed in Chapter 8 of this report.

A number of respondents mentioned that having the account gives them "security," "ease," or "relief." Beth's comments are representative of such statements:

> Especially, being so strapped financially, you know, [the SEED OK 529] gives me a sense of security—a little bit of relief that something has begun, you know, and hopefully very soon I'll be able to add to that.

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[14] SEED OK reviewed data from the in-depth interviews as they became available, categorizing important themes and issues concerning program management. Based on these findings, SEED OK created and delivered additional communications, which are detailed in Appendix C.

Mia's perspective also typifies those responses: "It gave me a little ease.… Thank goodness we did do the SEED [OK 529] account because we were unable to start another kind of account."

Some respondents expressed the feeling that they are not alone: They feel that the SEED OK 529 account represents a partnership with others in securing their child's future. Tamara expressed this point:

> Yeah, that's pretty much it, you know. Just knowing that not only do I care about the future of my children but that the bigger picture, you know: There's other people that do care about what happens with our kids. They're not just my kids, they're everybody's kids.

Similarly, Miranda said, "That means a lot for someone to actually do that [open the SEED OK 529 account] for you. You don't have too many people that's wanting to help you like that. So it's a blessing."

Jasmine, a young, single mother, talked about her economic struggles, which have caused her to change jobs three times within 2 and a half years. The resulting income fluctuations made it difficult for her to save, and she questioned her ability to create a secure economic future for her only child. She said that the SEED OK 529 account "Give[s] me something to look forward—to know that it would help … [it] gives me a better outlook." She also conveyed gratitude that others are interested in her child's future:

> I think it made it feel like they actually cared about my child's future along with me, rather than just being like, "Oh yeah, we'll save it for you," but it's … nice to actually know they were going to help.

Most treatment respondents thought that having a SEED OK account when they were children would have made a difference in their lives. This perception was especially common among those mothers who did not have a college degree. For example, Jackie, a mother who took some college courses, said, "Yeah. I think I would have actually graduated." Nicole said she believes that she would have gone "straight on to college" to study for work that interested her:

> Yeah. I think that I would have gone right on to college. The reason why I didn't go to college is because I did not have the money. I did not have nothing. I barely had money to do what I needed to do as far as keeping clothes on my back, right. So, yeah, I think this is good for her. I think this is different than when I was a kid. If I would have had it [SEED OK 529], I would have gone straight on to college and done what I really wanted to do instead of doing something that I feel like I need to do just to make it.

Beth has a graduate degree. At the time of the baseline survey, her household income was in the middle-income category, but since then her circumstances had changed dramatically. She and her husband purchased a new house but then decided to divorce. In the interview, she reported that they separated. Her husband's income "took a hit" from the recession, and as she noted, "We pretty much went through [our] savings to maintain the mortgage and the utilities and their [two children's] care." They also had health care debt from a child's hospitalization. Beth's husband did not attend college, and because he does not "grasp the importance" of postsecondary education, she doubted that he would contribute anything to the children's college savings. She described the SEED OK 529's significance:

> [The SEED OK 529 account] is very important to me because, you know, it starts to—at least one of my kids, you know, on the way of having a savings for college and, you know, um. But it

SEED OK 529 account is not very meaningful

For two mothers, the SEED OK 529 seemed to mean little or nothing. Cindy and her husband did not trust that the stock market would rebound after the 2008 recession. They both expressed frustration that the value of the SEED OK 529 account had fallen from the original $1,000.[15] Cindy's husband stated, "[The economy] is on an upscale right now, but it's not a guaranteed thing."

For this same family of six, hesitation about SEED OK seems to be connected to their own economic situation. Cindy's statement illustrates the connection:

> I still kind of have hopes that he will go to college. I mean, that little money [SEED OK 529] is not going to make a whole lot of difference.… It's scary that we're not going to be able to put them in school. They're going to have to fend for themselves in that area. So, I do worry about them struggling later in life, and since we're struggling now, are we going to be able to help them out when they do become that age?

Cindy said she does not think that a SEED OK 529 would have made a difference in her life:

> Not really, because my parents probably wouldn't have helped me go to college anyway. So I would have had to do it on my own. I don't know. I was so defiant to do anything my parents didn't want me to do, so as soon as I was 18, I left home.

In the other case, Amanda, a high-income respondent with a college degree, expressed her uncertainty about the potential benefits of SEED OK. When asked whether the account makes a difference, she replied, "Honestly, no. Because I don't understand it." She further explained that she does not see how the amount of money in the account will make a difference for her son's future:

> No, it's $800 [estimated balance in the account at the time of the interview]. What's that going to do? Buy a book? … I mean, I don't mean to sound ungrateful either. It's just, I mean, like I said: if I understood it more and really had the benefits of it explained to me that I could understand, you know, or whatever. But right now, no.

When asked whether the SEED OK 529 might have made a difference in her life if she had one as a child, Amanda responded: "Probably not. I was too stubborn and stupid. No."

Unable to discuss the meaning of the SEED OK 529 account

Finally, two treatment respondents indicated that they were unable to discuss the meaning of the SEED OK 529 account; both said that they did not receive SEED OK communications. Becky said:

> [I] just don't know very much about it. No, 'cuz they call me and they say, "Did you get this packet?" And I never get anything.… Without really knowing what it's all about, it's hard to answer that.

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[15] As mentioned earlier, the study provided the initial $1,000 deposited by the state into each SEED OK 529 account. The state invested that deposit in the Balanced Option fund, a mix of stocks and bonds. The state treasurer chose this fund because of the long time horizon before the money will be used for college. The value of the state-owned accounts rises or falls with the financial markets. In the time between the creation of the SEED OK 529 accounts and the interviews, the account value fluctuated between a high of $1,003 and a low of $698.

Chapter 8

Perspectives on Participant-Owned OK 529 Accounts among Treatment Participants

The SEED OK treatment involves the possibility of opening a second Oklahoma College Savings Plan account: a participant-owned 529 account, or OK 529 (termed "Your Account" in some SEED OK materials). Low- and moderate-income treatment participants were eligible for savings match incentives: their deposits of $25 or more into their own OK 529 were matched with SEED OK funds up to $250 per year for each year between 2008 and 2012.

The OK 529 plan requires a $100 minimum initial contribution to open a new account. To remove any financial barriers to account opening, SEED OK offered to deposit the $100 for treatment participants who opened this account for their child by April 15, 2009. If treatment participants opened such an account after that date, the study did not provide the initial $100 deposit.

To encourage account opening and savings, the Oklahoma treasurer's office made follow-up calls in 2008 and early 2009 to all treatment participants who had not yet opened their own OK 529 account. A Spanish-speaking employee of the Oklahoma treasurer's office placed calls to Spanish-speaking participants. The treasurer's office provided a toll-free number that SEED OK participants could call to open their OK 529 or to ask questions.

The state and the study employed a number of strategies to communicate the SEED OK incentives (see Appendix A). The treasurer's office sent treatment participants a booklet with step by step instructions on completing and mailing the OK 529 plan application. Materials encouraged SEED OK participants to (a) open their own OK 529 account, (b) mail a consent form authorizing the State of Oklahoma to check their income eligibility for the savings match, and (c) save money in their account.[16]

This chapter describes perspectives on participant-owned OK 529 accounts among those who opened and did not open accounts. This chapter and the preceding one include only members of the treatment group who completed an in-depth interview (n = 40).

Opening the OK 529 account

Five of the 40 (12%) treatment respondents in this study opened an OK 529 account for the focal child.[17] Within this group, one mother did not complete high school, two graduated from high school, and two had bachelor's degrees or more education. In terms of household income, three of these mothers are in the low-income group, one is in the middle-income group, and one is in the high-income group. Their ages range from 19 to 42 (see Appendix C).

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[16] Some participants mistakenly understood that they were required to save or to save with some regularity. Neither SEED OK nor the OK 529 imposes such a requirement.

[17] In the overall SEED OK study, 16% of treatment participants opened OK 529 accounts, but many did not deposit any of their own money (Nam et al., 2012).

Sherry

Sherry, her husband, and their two children moved in with her husband's grandmother recently when the family lost their home due "to back taxes." Because Sherry stays at home with her children and her husband was recently laid off from his job for the third time, they have no reliable source of income. Sherry did not graduate from high school but hopes that her children will have more opportunity for schooling. Sherry is saving "just [for] necessities, mostly." She says:

> [The family] can't afford tires for our truck. They keep going flat.… School trips, pictures, any school functions, or anything that they just want, I just can't get it. I just cannot do it. All of our money goes to our truck payment.

When asked what made saving difficult, Sherry said it was "the fact that we get so little and we need so much."

The SEED OK 529 makes Sherry feel "a whole lot better. It makes me feel like I have some hope for at least one of my kids." Sherry shares what she believes would have happened if a SEED OK 529 account were available when she was young, stating that she "may have stayed in [high] school and not got off track like I did, and did some of the things that I did—I might have had hope for myself." Sherry's mother did not graduate from high school because she became pregnant at the age of 17:

> She got married right then, and she didn't finish [high] school, and she sure wanted me to finish. She didn't want me to end up like her in this small town. Like I am now.

Sherry recalls learning about the SEED OK incentives:

> Well, they sent me something in the mail, saying by April 15, if I got online or sent it in the mail, they would start him up a $100 saving that I can put money in. And the other one [SEED OK 529] you know, I can't put money in the other one.… That's what it was; if I got it in by April 15th, they would pay the $100 to start it.

She opened her OK 529 account and took advantage of the $100 from SEED OK. Sherry views her OK 529 account favorably but cannot afford to make deposits, "No, we've hit rock bottom." She added:

> I think it's [OK 529] a good thing in case we do happen to start doing better, I can put money in there, and the more money I put in there the better off he's gonna be.… The pros, of course: [if] I can put money in it, it will grow faster. I can't put money in there most of the time, but it's [the $100 from SEED OK] still growing. So, it's not really a bad thing that I can't, but I just wish I could put some in there.… I like being part of the program, and I didn't want him to miss out on it, in case it was gonna be a really good thing. It sounded good.

Among the respondents who seemed to understand the program specifics—whether or not they opened a participant-owned account—many indicated that the savings match and $100 contribution are attractive incentives. Lucy was especially drawn to the savings match: "It was probably the main reason I opened it [OK 529] … because I would have rather spent the money on something else." She also said:

> To me it just seemed like a regular savings account, but it could only be used for college. Um, and we had been throwing around the idea of the education savings plans and things like that and just hadn't gotten around to calling our accountant guy. And so when that came in the mail, I thought, well, why not do that one? We can still do the other ones, but you know, this one came, and we can have a match. So, you know, two for one. I like two-for-one deals.

For Rhonda, the $100 contribution was the deciding factor that motivated her to open the account:

> Really probably, if they had not put up the first initial deposit, I don't know that we could have done it, because we didn't have the extra money to start it [OK 529 account]. We wanted to. It's just the resources weren't there.… Even [if] it is a hundred dollars, it will grow, and maybe when things do change, we can always add to that later.

When Jasmine received information announcing her treatment status and the additional SEED OK incentives, she carefully considered the opportunity to begin saving for her child's college education. Later, she opened an OK 529 account for her child because she believed it would help her pay for the child's college:

> I got a pamphlet thing in the mail. It was a big envelope thing, and I read through it and was interested. I went to the web site, and it was talking about a college savings plan and all this stuff, 'cause I knew that I probably wouldn't be able to afford college, being as expensive as it already is. I wasn't sure how I was going to be able to pay for it, and I figured if I started saving now, then maybe it would be a little bit easier.… I wasn't sure if I could afford all of it, and I knew that if I started some sort of college plan—savings type plan—now that it would be easier in the long run to save.

Jackie, a mother of a teenager and twin toddlers, opened two OK 529 accounts: one for the focal child and one for her twin sister. She borrowed the $100 needed to open the second account and said she thinks that the $100 initial minimum deposit requirement is "a little high." However, she liked the automatic features of the plan, such as the age-based investments and deposits:

> I do think that's a little high. Because I wanted to get her [focal child's twin sister] started with the same thing, and you know, I had to borrow that money to start that. You know, I think maybe if there was a time, like maybe if there was a free sign-up time or something.… If they could have a period where, you know, if you agreed to have, you know, have automatic payments made, then they'll waive the enrollment fee—that'd be nice. But I mean, I like the way the brackets are set up so you just have to say, "Okay, they're 2 years-old. I want them in the zero-to-three fund." And then as they progress, it automatically moves them into the other funds, so the money's managed.

The automatic features made managing the account easy for Jackie, as she pointed out later in the interview: "It made it easy because they did the enrollment fee, and it made it easy because it's just set up on automatic withdrawal. You know it automatically just comes out, and I don't even think about it."

Most respondents did not open a participant-owned OK 529 account

Although many respondents remembered reading or hearing about the OK 529 account, most did not open one. The reason cited most often was a lack of money to save in the account. Other respondents said that the reason they did not open an account was that they did not understand or were unaware of the incentives. A few respondents believed they needed to open the account with $100 of their own money or commit to making monthly deposits.

Unable to save

Several SEED OK mothers confided that they are unable to cover immediate needs and do not have money to save. They said that these circumstances prevented them from opening an OK 529 account. As noted in Chapter 4, lack of resources and debt are key obstacles to saving. Like Nicole, many respondents indicated that lack of funds prevent them from acting:

> At the time I knew I didn't have the money to put into it, nothing. Nothing to put into nothing.… When I seen [passages in the SEED OK materials] talking about "Your account" and telling me to open up something—I know I ain't got no money to do it.… I just kind of pushed that one to the side because I said "I know I don't have no money to do it." I probably should have read a little bit more. I'm just telling you I didn't because when they were talking about my account, I kind of said, like, "Whatever." I said, "I don't have money to do it," so I just pushed it to the side.

Asked about opening her own OK 529 account, Sonya recalled:

> Until a certain date, they were going to match a certain percentage of the money you were going to put in there, and you know, it was a good idea, but at the time we didn't have the money to put in there, so.… I was hopeful to be able to put the money up, but then, you know, we weren't able to.

Similarly, Beth said, "And I just said I couldn't do it at this time. Because they had made an offer that they would match what I put into it, but I just couldn't do it at the time." Tamara seemed to understand the match and would have liked to deposit money but could not afford it:

> Yeah, I got all the information on that—that they would match whatever I put in there up to a certain amount. I just didn't have the money to do that. I mean, I do want to try and do something for all of them, but just right now, it's just not possible.

Janice decided not to open an OK 529 account in part because she did not have money to save, but she also said that she made the decision because she believed that money was required to open the account. Her decision was influenced further by a concern for her other children, who are not involved in SEED OK:

> Well, I mean, it's just—the whole thing is—like I said, you know, most of the time we're living paycheck to paycheck. So, um, they want a certain amount to open it up with and everything, and it's like we also feel like, well, if we go open one up for her, we have to open one up for her

> brother. And so then that means you need double the amount of money and everything. So it's just, you know, do we have the money right now to do that?

Mary expressed frustration about her inability to save:

> That's [saving for college] something we've been trying to do and especially with this [SEED OK account], this is going to help me out a lot. I've been—I was wanting to put money in an account for them and add to it, and it's just every time I was going to [save] there was something else I had to spend it on—so I could keep electricity on, and water, and gas, and clothes, and food.

Rita also identified resource limitations as a reason she did not open her own 529 account, indicating that she needed to purchase diapers, medicine, and other necessities. But she noted that SEED OK changed how she feels about banks. Earlier in the interview, Rita said that she "can't trust the bank or anything." Later, when asked whether the SEED OK 529 has made a difference, she responded:

> Oh, yeah it does. It does. It helps. They put some money in there so it helps me say that you know if they can save like that and trust it in the bank, maybe I could probably put some money in the bank and see how that goes.

Unaware of or did not understand SEED OK incentives

Although the state treasurer's office sent informational materials to all treatment respondents, some indicated that they were not aware of the details of the $100 incentive to open an account or of the savings match incentives. Many recalled receiving written materials from the program but could not remember the specifics, did not have time to review the communications, or did not understand them. Other respondents indicated that they did not receive any information.

When asked about the SEED OK materials, Tamara admitted that she had not paid full attention to the details:

> I think I still have all of those papers in a file. And then I kept the letter saying that he'd been chosen. I think that I really didn't read—like I think there was one page that had like questions—frequently asked questions. I think that's the one that I really just kind of glanced at and didn't pay any attention to it.

Imari remembered receiving multiple mailings from the program but said that she is not familiar with the account-opening incentive. She pointed to a pile of papers on the floor: "Nuh-uh, they didn't send me nothing. But they keep sending me those big ol' packages right there on the floor."

Some respondents mistakenly thought that they had to make the $100 minimum contribution required to open an OK 529 account. This confusion may be due in part to the fact that the OK 529 application states that $100 is required to open an account. Respondents had to have read and understood the SEED OK materials—which describe the account-opening incentive—to know that SEED OK would provide the $100 minimum contribution. Xenia recalled:

> I got a bunch of papers about that [the OK 529]. I never opened it up 'cause I think it was something where I would put in money, and I really didn't get it. So, I was like, "No, I don't have money to put in there."

Other respondents were familiar with the account-opening incentive but said they forgot about it or missed the time-limited opportunity. Carla remembered something about the incentives but was unclear about the specifics and was not confident enough to act.

> I don't remember what part of the SEED, with all the information. I just read that if we opened up an account, they would match it. Or match it to $100 or something or up to maybe—I don't really know much about that.… I kinda know how SEED works—the program—but not enough to … act on it.… I guess it just seems, some stuff just seems too good to be true maybe. I mean, I don't know.… If I put $100—if I open up a savings account and put $100 [in], the state matches it. Is that—I don't know—I guess I just don't understand it real well.

Among the respondents who did not open their own OK 529 accounts are three Spanish-speaking mothers who stated that all the program materials they received were in English. However, after the study assigned SEED OK baseline survey respondents to treatment and control status in early 2008, all self-identified Spanish-speaking treatment participants received a folder containing SEED OK materials in both Spanish and English. Despite this, most Spanish-speaking treatment respondents stated that they could not read the materials and were not aware of the option to open this account.

Silvia, who reads only in Spanish, recalled, "I have received things in Spanish from time to time," but she said that most of the materials she received were in English. When asked whether she knows anything about opening her own OK 529 account, she replied, "No, I don't remember to tell you the truth.… No, because almost everything was in English."

Mercedes remembers receiving materials in the mail but said that "most all are in English." English is not her first language, and she understands only "a little bit":

> It was a savings account that can be use only for his studies. Yes, I believe so.… Well, [what I understand is] that they opened an account, but what I didn't understand well, or what confuse me, is that some envelopes arrived, and [I] wonder if they were to send money. This is what I did not get or understand … since the first time that they did the interview, they could not speak Spanish, I wasn't able to understand.

Unsuccessful or unwilling

A few treatment respondents said that they tried to open an OK 529 account but were unsuccessful. Lupe made such an attempt but did not have a good experience. She and her husband expressed concern that they did not fully understand how the account works:

> Once I tried [to open an account]. We were saving little by little, and when we had $300, we wanted to open an account. We told our kids that it was for them. We couldn't open the account because there was nobody that could speak Spanish. However, they said that there was a type of savings for when they get older, but my husband decided not to open it, since he can't speak English either. He wanted to make sure to understand how it works and if we can keep depositing to have more money in the account.

Cindy recalled an unsuccessful attempt to open an OK 529 account:

> I tried to do it several times because if you did it by a certain time, they'd give you $100 or whatever. I tried to do it a couple of times and needed some sort of information, and I didn't

> know what that was, and the numbers I put in—I guess they needed an account number or something, and the numbers that I put in weren't working, so I just didn't do it.

Amanda admitted that she does not "really understand the IRAs and stuff." She also indicated that, overall, she did not "get" SEED OK. She tried to open an OK 529 account online and was unsuccessful. She discussed other reasons why she did not open one:

> But the program itself, they send me these statements and then they said, you know, "We've put x amount of dollars in there, and you can add to it, blah, blah, blah." Well, then, but I never really understood it to feel comfortable enough to do anything with it. And then the last statement I got, I guess it showed there was an initial $1,000 in there, but because of the economy and everything, it's down to $800 or something. I'm like, "Gee, that makes me want to invest in that! … It's something about, "We'll open it with money for you, and blah, blah, blah." But I never understood it. I just kind of—honestly, I just kind of blew it off 'cause I didn't really get it. They sent me a big packet of stuff in the mail, but it might as well been written in Chinese 'cause I didn't get [understand] it.

Laura said she knew that she could open an OK 529 account but chose not to do so out of concern about the fluctuating value:

> I mean it was—I thought about the putting money into the account, but I mean, it's not something that's going to be there guaranteed. It's a fluctuating thing, so … I mean, let's say that I put, you know, $1,500 into that account over time, and then it bottomed out. I mean that's just a waste of money. I mean that's just—I don't know—might as well just throw it out the window, you know.

Concern about other children

A majority of treatment respondents (77%) have more than one child. In some families, SEED OK is the only opportunity for any of their children to have college savings. Because of the other children in the household, Rita does not have resources to save for the focal child and mentions that this child is "already covered":

> Well, I have trouble saving for the older one. You know, she wasn't so lucky like her little sister got to get on this [SEED OK 529] program. Well it's kind of harder, 'cause I have two, and one's already covered, you know. This is a pretty good plan for her to go to school. For her, I plan on for her to attend school, too. It's just that it's hard to get the money for that need. You know what I'm saying? I just have other obligations to pay.

Some mothers, like Natalie, expressed concern about the fairness of saving money for one child and not another:

> I didn't want to be adding more for my son than for my daughter because it does make me feel kind of bad that, you know—I'm going to eventually, you know—he'll know that he has a savings account and a SEED account, and she'll know that she has a savings account, then she'll want to know where her SEED account is and, "Did mommy not love me as much?" You see, you know?

Likewise, Carla focused on her older children. She explained: "I mean, I have a 14-year-old and a 12-year-old that we're more geared towards them right now, I guess, because she's still little. Her time will come."

However, like Jackie (a mother mentioned above), other treatment respondents have been inspired by SEED OK to consider saving for their other children as well. For example, Beth said:

> I'm already thinking I need to get on the ball about this, whether I had been awarded—she had been awarded that money [SEED OK 529]. You know, it's just—my focus is, I need to get on the ball and get more into her fund and then start my eldest one.… Well, and especially going through the divorce right now, I'm just trying to think of how—what is going to be the best way I can provide for my kids. Not just doing the necessities, you know, a place to live, utilities, and all that, but also, you know, their future.

Letrece indicated that the program prompted her to think about saving for the college educations of her other children:

> I'm really dedicated to getting him [focal child] somewhere 'cause I know he's on this program [SEED OK]. Plus, you know, he's the youngest one, and that's influencing me as a parent to help get my other kids some savings started for their college. It really is.

Summary

In the in-depth interview sample, five of the 40 treatment respondents opened their own OK 529 account. For these mothers, the opportunity to earn a match on savings is a very attractive incentive, and three of the five account holders consider the match to be the deciding factor in the decision to open an OK 529. Some also indicate that they could not open the account without the $100 account-opening incentive. When Sherry was asked whether she saves money in her OK 529 account, she replied, "No, we've hit rock bottom," explaining that her husband was laid off for the third time. This statement may help explain why three of the five OK 529 account openers did not make any deposits to their own account.

The remaining 35 treatment respondents did not open an OK 529 account. A few tried to do so but did not succeed, and a few said that they did not receive information about opening an account. However, many mothers said that they do not have enough money to save and indicated that this is their primary reason for not opening an account.

In addition, a number of mothers said they do not understand the incentives or show by their responses that they do not understand the specifics. Most respondents remember reading about the SEED OK 529 and participant-owned OK 529 accounts. However, the financial incentives are complex, and several respondents said that they did not "get" it. Overall, there is some confusion about account opening and saving. Some mistakenly thought that they would be required to make regular contributions to the account or to make the initial $100 contribution (offered by SEED OK for a limited time). English is not the primary language of three of these respondents, and the language barrier seems to have added to the confusion.

The distribution of SEED OK information by mail presents a substantial challenge (see Appendix A for distribution methods). Respondents who relocate may not receive all communications. Some do not read the materials, and others simply do not understand them. In a statewide or universal CDA policy, multiple messages (e.g., public service announcements, increasing the distribution of printed and web materials) and multiple messengers (e.g., medical professionals, teachers, social workers, and media personalities) could increase information on the program and encouragement to save.

A few mothers have reservations about the fairness of opening an account for one child but not their other children. This concern does not keep them from participating in SEED OK but seems to influence their decision about opening a participant-owned OK 529 account. At the same time, a few mothers said that SEED OK motivates them to begin thinking about saving for college for their older children as well.

Chapter 9

Summary and Discussion

Study overview

The SEED OK experiment is a test of a universal and progressive policy to provide a CDA automatically to every child at birth. On behalf of SEED OK, the Oklahoma state treasurer's office opened a state-owned SEED OK 529 account with a $1,000 deposit for every newborn child in the treatment group. In addition, SEED OK encouraged treatment mothers to open their own OK 529 account (with the newborn child as beneficiary). In cooperation with the treasurer's office, SEED OK provided information about OK 529 accounts and offered a $100 deposit to those who opened an account on or before April 15, 2009. Low- and moderate-income treatment participants were eligible for matches on deposits into their own OK 529 accounts.

SEED OK is a randomized experiment. Using a probability sample, it assigned those who completed the baseline survey to a treatment or control group. In most measured respects, the baseline characteristics of these two groups are equivalent (Kim & Nam, 2009). This report presents findings from a qualitative analysis of interviews conducted with 60 mothers (40 in the treatment group and 20 in the control group) approximately 2 to 3 years after the birth of sampled children.

Despite the study's use of random assignment, the current analysis of data from in-depth interviews does not undertake a comparison of treatment and control participants. In this small number of interviews very early in the focal children's lives, we would not expect to observe differences in outcomes for children and families. Nevertheless, data from these early interviews are important to understand how participants think about finances and their children's future education and how treatment participants perceive their experiences with SEED OK. Key insights from these interviews will be incorporated into future qualitative and quantitative investigations.

Summary of findings

Financial socialization and financial knowledge

Research suggests that financial knowledge may be an important component in successful management of money and accumulation of savings (Grinstein-Weiss et al., 2010; Lusardi, 2008; Mochis, 1985). The literature also indicates that early socialization in money management and saving may affect future saving (Bernheim et al., 2001; Mochis, 1985; Webley & Nyhus, 2006). Mothers in the in-depth interview sample report growing up in families with relatively little financial socialization other than what they learned from observing their parents and other adults. Some mothers say that relatives extolled the virtues of saving to them when they were young, but few remember lessons on how to save. As adults, many of these mothers seem to lack financial knowledge and skills. They express limited confidence in their knowledge of money matters, especially with regard to restricted accounts like IRAs and 401(k)s. Nearly a third of the mothers are unbanked; the likelihood of being unbanked is disproportionately high among low-income respondents and respondents of color (see Table 5).

Saving motives and challenges

Although the mothers possess limited financial knowledge and experience, almost all express a desire to save; many save for short-term and intermittent expenses. With a few exceptions, however, mothers find saving—especially saving for long-term purposes—to be very difficult. Many say that they have trouble "just keeping up with the bills" and that the costs of necessities (e.g., milk, gasoline, and diapers) leave them little or nothing to save. A number of mothers use any surplus income to pay down debt, and some say that they intend to save when their economic circumstances improve. When asked what makes saving difficult, Sherry said, "The fact that we get so little and we need so much."

Educational aspirations and expectations

Mothers in the in-depth interview sample have high aspirations for their children's education. Nearly all hope their children will attend college. Even mothers with very low levels of education, including some immigrants, believe that college is important. Several link postsecondary education to good jobs and high wages.

Although almost all mothers hope that their child will go to college, their expectations—the beliefs about what their child will actually do—are more complex. When asked about potential barriers to postsecondary education, a few mothers said that they do not foresee any barriers, and some speak about barriers in general terms, not necessarily anticipating that these will be relevant to their own children. But many mothers identify multiple barriers that could prevent their children from attending college or even finishing high school.

The most commonly identified barriers are social and personal in nature. A number of mothers say that children might be adversely influenced by peers, fall in love, or become pregnant. Some mothers mention lack of money for college tuition as a barrier, but this is not a common response. Given the challenging economic situations in many of the families and the rising cost of postsecondary education, it is not clear why so few mothers mention financial barriers. Some may not be fully aware of costs because they did not go to college themselves. Or, it may be that mothers have not considered this barrier yet because their children are so young or because personal and social issues seem to be more immediate and pressing than financial considerations. These mothers do think about their young children's futures, but the data suggest that many more immediate issues dominate their active planning.

College costs

Overall, mothers are aware that college costs are high, but their estimates of costs vary widely. When asked to talk about ways that they might cover future college costs, mothers expressed some uncertainty. Eleven percent do not name any potential source of funding, and a number note that they only recently began to think about college costs. Still, many mothers say that they will "find a way" to pay. When probed, mothers identified multiple potential sources of funds, including loans, scholarships, grants, and assistance from the child's grandparents. This suggests that they give some thought to funding their child's postsecondary education or at least are aware of possibilities.

Respondents mention savings most often among the potential sources of funding; nearly half of mothers say that they plan to use savings to finance their children's education, but most have not yet saved for this purpose. (Arguably, a likely reason for this response may be that the interview was about "savings.") In addition to the challenges mentioned above, respondents simply have not thought much about college costs and how they will pay. Mothers admit that they have not started to plan because their child is so young.

Perspectives on SEED OK

Many of the respondents recall their enthusiasm upon receiving the invitation to participate in SEED OK and their excitement about the 50–50 chance to receive $1,000 for their child's college education. However, some mothers remember thinking that the offer might not be legitimate. Some say that a $1,000 deposit into a SEED OK 529 account sounded too good to be true, and a few others, aware of scams that solicit Social Security numbers for illegal purposes, report initially viewing the offer with suspicion.

Once the study assigned participants to the treatment group, the state treasurer's office opened state-owned SEED OK accounts, deposited the initial $1,000 provided by SEED OK, and began sending these families additional information. Mothers understand that savings in the account can be used only for their child's postsecondary education; they talk about feeling "excited" and "blessed" that their child has such an account. Some like the restrictive nature of the account and that they "can't touch it right now."

Answers to several in-depth interview questions reveal the meaning of the SEED OK account to respondents. For example, their comments indicate whether mothers see value in having college savings for their very young children. Two of the 40 treatment mothers say they received no SEED OK communications and so could not answer questions about the meaning of their SEED OK accounts. Two others say that the account has little or no meaning for them. Their comments reflect observations about the unstable economy and pessimism about the future earnings potential of the accounts. However, the vast majority of treatment mothers indicate that the state-owned SEED OK 529 has a positive meaning. As Rita said,

> When this [SEED OK] came along, I got more excited, you know, because I do want her to go to college. 'Cause I didn't—I graduated [high school], but I never got to go to college.… I want her to go to be somebody or, you know, make a difference in the world.

In fact, the evidence suggests that the SEED OK 529 account is more meaningful for mothers in the lowest income and education categories than for respondents who have higher income and education. This observation should be interpreted with caution, however, as the sample is small.

Many mothers recognize the tangible value of the $1,000 initial deposit. The SEED OK 529 account seems to give a number of mothers hope and perhaps even confidence in their child's future. Several say that the account offers them "security" or "relief." They note that they could not finance the child's college on their own. Some seem to believe that the account provides the child with educational opportunities that they themselves did not have.

The reality, of course, is that a $1,000 initial deposit cannot fully cover future college expenses. A few mothers seem to believe that college costs are now completely covered, and many more may overestimate the tangible value of the deposit. The SEED OK study may change these mothers' attitudes and behaviors toward college, but families may ultimately find that they are unprepared for actual college costs.

In contrast, several other mothers express reservations about the tangible value of the initial deposit. Some say that they have other ways to pay for college and that the initial deposit does not change their plans. Others indicate that the initial deposit does little to make college affordable. Among this group, SEED OK may not raise expectations enough to change parental attitudes and behaviors related to education.

There also is evidence that mothers perceive cognitive and symbolic value in SEED OK. Many mothers express gratitude that someone other than their family members "care about what happens with our kids." A number of mothers indicate that SEED OK informational materials and quarterly account statements remind them about the importance of future education and saving. Through the tangible deposit, the symbolic message, the regular account statements, and reminders, SEED OK seems to motivate some mothers to see their children as college bound, to support their child's education in the precollege years, and to think more about financing college.

Perspectives on participant-owned OK 529 accounts

Five of the 40 treatment respondents who completed the in-depth interview opened a participant-owned OK 529 account for their child. These mothers indicate that the opportunity to earn a match on savings is a very attractive incentive. Some also note that they could not have opened an account without the $100 incentive. Three of the five made no deposit into their account by the time of the interview. Asked whether she saves money in her OK 529, Sherri said, "No, we've hit rock bottom."

The remaining 35 treatment respondents did not open OK 529 accounts for their young children. Many of the mothers who do not own accounts say that they lack enough money to save and cite that as their primary reason for not opening an account. Some feel discouraged about not being able to save. As Letrece said, "I kind of feel bad about not even putting no money in the account. You know I just can't afford it, but I'm working on it." The savings match is attractive but unattainable for some. For example, Sonya said, "They were going to match a certain percentage of the money you were going to put in there, and you know, it was a good idea, but at the time we didn't have the money to put in there."

Overall, there seems to be some confusion. A few mothers tried to open accounts but were unsuccessful, and a few others say they received no information about opening an account. Responses demonstrate that a number do not understand the incentives or the account specifics. For example, some mistakenly thought that they would be required to make the initial $100 contribution or to make regular contributions to the account. (The Oklahoma College Savings Plan requires a minimum $100 to open an account; SEED OK offered participants a $100 account-opening incentive for a limited period, but no subsequent contribution is required.) English is not the primary language of three of these respondents, and the language barrier contributed to the confusion.

A few mothers express reservations about the fairness of having an account for one child but not their other children. This concern does not keep them from participating in SEED OK but seems to influence their decision about whether to open a participant-owned OK 529 account. In addition, a few mothers say that SEED OK motivates them to begin thinking about saving for college for their other children.

understanding SEED OK, the study designed and delivered additional communications to treatment participants (see Appendix A).

Third, policy makers interested in CDAs and other asset-building programs must keep in mind the difficult economic circumstances that many families face. Subsidies and other methods of facilitating savings may help youth from low-income families to finance college (see discussion below). As mentioned, subsidies transferred early in a child's life (e.g., CDA initiatives) may be more effective than those transferred later (e.g., loans, grants, and scholarships).

Benefits of automatic enrollment with initial deposit

Findings from the in-depth interviews suggest several reasons why CDA programs should provide automatic enrollment as well as an initial deposit. First, if automatic enrollment is not a feature of the 529 plan account, families may not open one. They may be uncomfortable with financial institutions, unfamiliar with restricted savings accounts, or unsure how to choose an investment option. They may not expect their child to go to college, may believe that they are unable to save, or may simply procrastinate.[19] Automatic enrollment overcomes every one of these obstacles; there are no materials to read, no forms to fill out, and no decisions to make. Indeed, family motivation plays no role whatsoever (Goldberg, 2005).

Second, the interviews suggest that an automatically opened account has an important symbolic value. It sends the message that *someone outside the family* expects a child to go to college. An initial deposit presumably strengthens this message. Regular account statements also remind parents (and later, children) that funds are set aside for college. The statements likely reinforce the message that children are college bound. The impact of this message may be quite powerful. If parents see their children as college bound, they may be more likely to provide active support for their children's educational experiences. Children may also develop a college-bound identity and so become more engaged and invested in their education than they would otherwise be (Elliott, Choi, et al., 2011). We suggest that these symbolic and cognitive benefits will be greatest if accounts are opened when children are very young.

Third, administrative considerations suggest the benefits of automatic enrollment. The administrative burden and costs of such an approach are lower than those of elective-enrollment programs. Also, recent research suggests that programs with elective-enrollment provisions disproportionately enroll some families over others; families with more financial knowledge and education are more likely to enroll their children and to understand program features (Huang, Beverly, Clancy, Lassar, & Sherraden, 2011).

Lastly, automatic enrollment is likely to have beneficial effects on the amount of savings. The initial deposit has financial value. If an initial deposit is provided at the time of the child's birth, when the account is automatically created, then funds are likely to remain in the account for at least 18 years. If offered elective enrollment instead of automatic enrollment, some families may choose not to save and others may open an account at some point later in the child's life (e.g., when resource constraints are low). Although the amount accumulated will vary depending on investment choices and market conditions, youth will have a sum of money to put toward their postsecondary education. Those who

[19] For discussion of reasons that many families—across the income spectrum—do not save, see Thaler (1994) and Thaler & Sunstein (2008).

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Appendix A

SEED for Oklahoma Kids Communications with Treatment Participants: January 2008–December 2011

The following table details communications with SEED for Oklahoma Kids (SEED OK) treatment participants from January 2008 through December 2011. As noted below, SEED OK treatment participants received letters, postcards, brochures, and phone calls from the Oklahoma treasurer's office on behalf of the SEED OK study.

Between mid-2009 and late 2010, the research team conducted in-depth interviews with treatment respondents. The team reviewed transcripts of these interviews as they became available. The purpose of the review was to identify important SEED OK program management themes and issues. Treatment respondents had varying degrees of knowledge of the state-owned SEED OK 529 account, and the interviews reveal that some participants did not receive or did not understand their quarterly SEED OK 529 account statements. Based on these findings, SEED OK designed and delivered new communications.

Table A1. SEED OK communications with treatment participants: January 2008–December 2011

Materials	Date	Description
Treatment status notification	January 2008 or May 2008[a]	Folder arrived in the mail to notify participants of SEED OK treatment status. Folder materials included letter from State Treasurer Scott Meacham, frequently asked questions brochure, match eligibility form, savings match terms, and OK 529 application and brochure. All materials sent in Spanish and English to self-identified Spanish speakers.
	February 2009	Updated materials informed treatment participants of extended deadline to open OK 529 account and receive $100 initial deposit. Folder included *Let's Get Started* booklet, OK 529 application and brochure, updated brochure with frequently asked questions, match eligibility form, and savings match terms.
Quarterly statements for state-owned SEED OK 529 accounts	Once each calendar quarter beginning January 2008	Statements show deposits, withdrawals, and the market value of the account. SEED OK messages on OK 529 paper statements varied quarterly. For example, "Open your own OK 529 account and you may qualify for a savings match. Act by April 15, and Oklahoma will deposit the $100 initial contribution for you!"
Postcards	February 2008	Postcard highlighted three steps to save and receive the savings match: 1. "Open your Oklahoma College Savings Plan account by mail or online." 2. "Mail the Match Eligibility Form to the State." 3. "Save money in Your Account."
	May 2008, August 2008, March 2009, June 2011 (Spanish version)	Various postcards encouraged treatment participants to open an OK 529 account.

Table A1 (*continued*)

Materials	Date	Description
Postcards (*continued*)	July 2009, November 2010 (Spanish version), March 2011, September 2011	Various postcards encouraged treatment OK 529 account holders to save and take advantage of the savings match.
	December 2008, 2009, 2010, 2011	Holiday postcards encouraged saving by OK 529 account holders.
	March 2010, January 2011	Postcards encouraged treatment participants to save their tax refund in an OK 529 account.
E-mails[b]	July 2008, June 2011	E-mails reminded treatment participants to open OK 529 account.
	November 2010, March 2011, September 2011, December 2011	E-mails sent in conjunction with messages that encouraged treatment participants to save and take advantage of savings match.
	October 2010	E-mail provided information about how to read OK 529 account statement.
	January 2011	E-mail encouraged treatment participants to save their tax refund in an OK 529 account.
	April 2011	E-mail encouraged treatment participants to monitor the savings in their child's state-owned SEED OK 529 account.
Letters	July 2008	Letter from State Treasurer Scott Meacham encouraged treatment participants to open OK 529 account.
	November 2008, November 2010, December 2011	Letter reminded OK 529 account holders of available savings match and encouraged treatment participants to save.
Account-related brochures	January 2008	Brochure announced extended deadline to open an OK 529 account and receive $100 initial deposit. It also explained renewed account-opening opportunity.
	July 2010	All treatment participants sent brochure reminding them of the quarterly statements their child should be receiving 4 times per year: January, April, July, and October.
	October 2010	Brochure provided illustrative information to treatment participants about how to read their child's SEED OK 529 account statement.
Phone calls	May–August 2008	Phone calls encouraged participants without an OK 529 account to open one.
	October 2008	Phone interviews solicited feedback from treatment participants for future communications on account opening. Treasury representative conducted phone interviews with 15 SEED OK participants.
	April 2009	Recorded phone message from State Treasurer Scott Meacham encouraged treatment participants to open OK 529 account by $100 deposit deadline.
	March–April 2009	Oklahoma State Department of Health called encouraging OK 529 account opening.

Table A1 (*continued*)

Materials	Date	Description
	October 2009	All SEED OK treatment participants received (a) a trifold brochure summarizing features of SEED OK program and Oklahoma College Savings Plan, and (b) a magnet featuring the SEED OK logo and phone number of the state treasurer's office.
	March 2010	Package containing a SEED OK "Future College Graduate" t-shirt reminds recipients that the child will use the state-owned SEED OK 529 account to attend a college, university, community college, or vocational school.
	July 2010	Two children's books, SEED OK bookplate labels, and a postcard encouraged educational activities. Treatment parents who completed baseline survey in Spanish received one of the two children's books in Spanish and English.
Other mail	April 2011	A growth chart encouraged participants to track child's growth and monitor savings in the SEED OK 529 account: "Watch Your Child Grow as the SEED OK Oklahoma College Savings Plan Account Grows, Too." Families can periodically record child's height and the SEED OK account balance.
	July 2011	Educational music CDs, savings stickers, and an informational card distributed to encourage children to think of saving in a fun, age-appropriate way.
	November 2011	Treatment participants received a 2012 SEED for Oklahoma Kids Calendar designed to provide easy access to contact information for SEED OK (state treasurer's office) and the Oklahoma College Savings Plan. On the pages for each month, the calendar provides education-related information or messages that encourage saving.

Note: The Center for Social Development and the Oklahoma state treasurer' s office collaborated to develop all materials for the SEED OK study. Many of the documents described in this table can be found on the Center for Social Development's web site (see http://csd.wustl.edu/AssetBuilding/SEEDOK/Pages/SEEDOKMgmtComm.aspx).

[a] RTI International drew two samples from all births in the state during two 3-month periods in 2007. The second sample was drawn because the response rate from the first sample did not provide a large enough sample size. Thus, SEED OK participants were notified of their study group status in January or May 2008.

[b] More than half of the SEED OK treatment participants initially provided their e-mail addresses. RTI International periodically sends an updated list of addresses to the Oklahoma treasurer's office for use in SEED OK communications.

Appendix B

Introductory Letter to In-Depth Interview Respondents

SCOTT MEACHAM

OKLAHOMA STATE TREASURER

Date

Participant name
Address
City, State Zip

Dear {study participant}

Some time ago you agreed to join the SEED for Oklahoma Kids study. We are writing now to ask if you would be willing to talk with us in person about the study and your general experiences with money and savings. This research is being conducted by the University of Oklahoma and Washington University. If you agree to participate, we will pay you $45 in appreciation of your time.

You may call 1-877-270-6379 to schedule an interview or wait for a phone call from a representative of our office. Please call also if you have any questions. Someone from the University of Oklahoma will meet with you after you agree to be interviewed. They will visit you at home or somewhere else where you are comfortable talking. The interview will not affect any benefits or services you receive from the State of Oklahoma.

We hope you will take the time to give your thoughts and feedback. Your opinions really matter to us.

Sincerely,

Scott Meacham

Oklahoma State Treasurer

Appendix C

Characteristics of In-Depth Interview Respondents Measured at Baseline

IDI Respondent Pseudonym	Study Group	Age	Marital Status	No. of Children	Mother's Race/Ethnicity	Income[a]	Mother's Education[b]	English Primary Language	Banked Status[c]
Amanda	T	34	Married	3	White	High	Bachelor's or more	Yes	Yes
Ana	C	34	Married	1	White	Low	Less than HS	Yes	Yes
Becky	T	30	Sep./divorced	2	American Indian	Low	HS graduate	Yes	Yes
Beth	T	33	Married	2	White	Middle	Bachelor's or more	Yes	Yes
Brenna	C	25	Nev. Mar.	3	African American	Low	Less than HS	Yes	No
Carla	T	31	Married	5	White	Middle	Bachelor's or more	Yes	Yes
Carolina	T	27	Nev. Mar.	2	Hispanic	Low	HS graduate	No	Yes
Caroline	T	22	Married	3	White	Middle	HS graduate	Yes	Yes
Cindy	T	32	Sep./divorced	3	White	Low	HS graduate	Yes	Yes
Claire	T	24	Sep./divorced	2	African American	Low	HS graduate	Yes	Yes
Dawn	T	36	Nev. Mar.	2	American Indian	Low	Bachelor's or more	Yes	Yes
Desiree	C	22	Nev. Mar.	2	African American	Low	HS graduate	Yes	Yes
Dorothy	T	22	Married	2	White	Middle	HS graduate	Yes	Yes
Gloretha	T	25	Married	3	African American	Low	HS graduate	Yes	No
Grace	C	27	Married	2	White	High	Bachelor's or more	Yes	Yes
Graciela	T	21	Married	2	Hispanic	Low	HS graduate	Yes	Yes
Heather	C	31	Married	2	White	High	Bachelor's or more	Yes	Yes
Heidi	C	32	Married	2	American Indian	Middle	HS graduate	Yes	Yes
Holly	C	26	Married	3	American Indian	Middle	HS graduate	Yes	Yes
Imari	T	17	Nev. Mar.	2	African American	Low	Less than HS	Yes	Yes
Jackie	***T***	***42***	***Married***	***3***	***White***	***Middle***	***HS graduate***	***Yes***	***Yes***
Janice	T	25	Married	2	White	Low	HS graduate	Yes	Yes
Jasmine	***T***	***19***	**Nev. Mar.**	***1***	***American Indian***	***Low***	***HS graduate***	***Yes***	***Yes***
Jessie	C	32	Married	3	White	Middle	HS graduate	Yes	Yes
Jocelyn	T	27	Nev. Mar.	1	African American	Low	HS graduate	Yes	No
Juanita	T	30	Sep./divorced	4	Hispanic	Low	HS graduate	No	No

Appendix C (*continued*)

IDI Respondent Pseudonym	Study Group	Age	Marital Status	No. of Children	Mother's Race/Ethnicity	Income[a]	Mother's Education[b]	English Primary Language	Banked Status[c]
Julie	C	22	Nev. Mar.	2	African American	Low	HS graduate	Yes	Yes
Kim	C	20	Married	1	White	Middle	HS graduate	Yes	Yes
Laura	T	20	Married	3	American Indian	Low	HS graduate	Yes	Yes
Letrece	T	25	Nev. Mar.	5	African American	Low	HS graduate	Yes	No
Lisa	C	28	Married	2	American Indian	Middle	HS graduate	Yes	Yes
Lola	C	26	Nev. Mar.	2	African American	Low	Less than HS	Yes	No
Lucy	***T***	***29***	***Married***	***1***	***White***	***High***	***Bachelor's or more***	***Yes***	***Yes***
Lupe	T	27	Married	4	Hispanic	Low	Less than HS	No	Yes
Mandy	T	18	Nev. Mar.	3	African American	Low	Less than HS	Yes	No
Margarita	C	28	Married	4	Hispanic	Low	HS graduate	Yes	Yes
Marta	C	29	Married	2	Hispanic	Low	Less than HS	No	No
Mary	T	19	Nev. Mar.	1	White	Low	HS graduate	Yes	Yes
Mercedes	T	22	Nev. Mar.	1	Hispanic	Low	Less than HS	No	No
Mia	T	35	Married	2	White	Middle	HS graduate	Yes	Yes
Miranda	T	30	Nev. Mar.	2	African American	Low	HS graduate	Yes	Yes
Mona	C	22	Married	2	White	Middle	HS graduate	Yes	Yes
Nancy	T	33	Married	2	White	High	Bachelor's or more	Yes	Yes
Natalie	T	26	Sep./divorced	1	American Indian	Low	HS graduate	Yes	Yes
Nicole	T	28	Nev. Mar.	1	African American	Low	HS graduate	Yes	No
Noemi	T	27	Nev. Mar.	4	Hispanic	Low	HS graduate	Yes	No
Patricia	C	22	Married	2	White	Middle	HS graduate	Yes	Yes
Rachel	T	34	Married	3	White	High	Bachelor's or more	Yes	Yes
Rhonda	***T***	***29***	***Married***	***1***	***White***	***Low***	***Bachelor's or more***	***Yes***	***Yes***
Rita	T	24	Married	2	American Indian	Low	HS graduate	Yes	No
Sally	C	27	Married	1	White	High	Bachelor's or more	Yes	Yes
Sandra	C	34	Nev. Mar.	6	Hispanic	Low	Less than HS	No	Yes
Sherry	***T***	***24***	***Married***	***2***	***White***	***Low***	***Less than HS***	***Yes***	***Yes***
Silvia	T	32	Married	2	Hispanic	Low	Less than HS	No	No
Sonya	T	26	Sep./divorced	1	White	Middle	HS graduate	Yes	Yes
Stephanie	C	35	Married	4	White	Low	HS graduate	Yes	Yes

Appendix C (*continued*)

IDI Respondent Pseudonym	Study Group	Age	Marital Status	No. of Children	Mother's Race/Ethnicity	Income[a]	Mother's Education[b]	English Primary Language	Banked Status[c]
Tamara	T	28	Nev. Mar.	4	American Indian	Low	HS graduate	Yes	No
Wendy	T	26	Married	2	American Indian	Middle	Bachelor's or more	Yes	Yes
Xenia	T	19	Nev. Mar.	2	Hispanic	Low	HS graduate	Yes	Yes
Yvonne	C	37	Married	3	Hispanic	Low	Less than HS	No	Yes

Notes: IDI = in-depth interview; T = treatment group; C = control group; Sep. = separated; Nev. Mar. = never married; HS = high school. Italics identify respondents who opened their own participant-owned OK 529 account.

[a] Income data come from the SEED OK baseline survey. Income is the respondent's self-reported pretax household income for the 12 months prior to the baseline survey. An income-to-poverty ratio represents the quotient obtained by dividing household income by the appropriate 2008 federal poverty guideline (for guidelines, see Beverly et al., 2012; U.S. Department of Health and Human Services Annual Update of the HHS Poverty Guidelines, 2008). "Low" income is defined as income below 200% of the federal poverty guideline, "middle" income represents 200% to below 400% of poverty, and "high" income is income at or above 400% of poverty.

[b] Our measure uses three categories to capture the mother's highest level of education: less than high school graduate, high school graduate, and bachelor's degree or more.

[c] "Banked status" indicates whether a household has a bank account (checking or savings). Having a basic bank account is a fundamental indicator that the respondent's household is connected to mainstream financial institutions.

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