In Information Age, globalized labor markets are more competitive, less secure. Labor income is less stable and more unequal.

Worldwide, a declining portion of income is from labor, and growing portion is from capital, and capital income goes mostly to the top.

As a result of these trends, *rising inequality of both income and assets in most countries today.*

(Piketty, 2013)
Policy Transformation?
Asset Building Policies are Growing

• Globally, more social policy is being delivered via asset-building.

• In the United States major asset-based policies are for home ownership and retirement savings.

• Other innovations have appeared in college savings plans, health savings plans, and other areas—almost all of these in past few decades.

• Social policy based on asset holding is emerging globally, but typically it is highly regressive.
CDAs are inclusive saving and asset building accounts, initiated by public policy. Ideally, CDAs are:

- Universal (all children)
- Embedded (inclusive platform, automatic)
- Progressive (greater subsidies for poorest)
- Welcoming (multiple funding sources)
- Purposeful (e.g., for education and development)
- Lifelong (begin at birth, extend across lifespan)

(policy concept in Sherraden, 1991)
Singapore’s Extensive Asset Building for Children and Youth

- Edusave Account for extra lessons and experiences (1993)
- Baby Bonus at birth, and matched saving into Child Development Accounts (2001)
- Post-Secondary Education Account with matched savings (2005)
- CDA deposits of $3,000 for all at birth (2016).

... Total can be more than $30,000 per child, with theme of human capital development.
Other Examples of CDAs:
A Beginning for Lifelong Accounts

- United Kingdom’s Child Trust Fund, 2005-10
- Korea’s Child Development Accounts
- Canada’s several CDA policies
- CDAs starting in Israel in 2017
- President Tsai in Taiwan proposed universal CDAs during campaign
- Mainland Chinese government and UNICEF considering a CDA demonstration
Asset-based Policy Meeting at Peking University in Beijing
CDAs in USA:
Asset Building for Education

• Saving behavior matters for CDAs, but is not the primary focus. The goal is asset building.
• By design, CDA policies can be very paternalistic, with automatic enrollment, restrictions on access, and restrictions on use.
• Policy impacts may be more than material impacts of spending the assets.
CDAs and College Success

(Beverly, Elliott & Sherraden 2013)
Testing Child Development Accounts: Universal, Automatic Accounts at Birth
SEED OK Team and Co-Authors

Margaret Clancy, Washington University
Yunju Nam, SUNY Buffalo
Jin Huang, St. Louis University
Youngmi Kim, Virginia Commonwealth Univ.
Sondra Beverly, Washington University
Trina Williams Shanks, Univ. of Michigan
Lisa Reyes Mason, University of Tennessee
Nora Wikoff, University of Manchester (UK)
Jason Purnell, Washington University
The SEED OK Policy Model: Universal, Automatic, Progressive

- Experimental test with random sample of births across a full state population
- Automatic opening of accounts for all newborns
- Initial deposit of $1,000
- Matching saving for the lowest income households
- Adapts an existing policy infrastructure (college saving “529” plans) to serve everyone: Low cost, sustainable, completely scalable
Policy Platform:  
“Repurpose” 529 Plans

• College Savings (529) Plans currently regressive
• Not endorsing this policy—we are changing it
• 529 policy structure lends itself to inclusion
• SEED OK is test of an inclusive, progressive, and sustainable CDA model using a 529 platform.

(Sherraden & Clancy, 2005)
• A full CDA policy would use a nation-wide platform (e.g., a federalized 529 plan).

• Each participant would have a single account.

• Funding flows could come from multiple sources, with innovations encouraged.

• Ultimately, the account could be used for multiple purposes across the life course.
SEED Participants Are Very Engaged

“I Can Save” Participants in SEED
The SEED OK experiment finds that CDAs can be \textit{fully inclusive}. Only 1 of 1360 treatment families opted out (religious reasons). All other (99.9\%) of treatment children still have 529 assets in their name after 8 years (compared to 2\% of controls).

All subgroups have positive treatment effects. Effects are greater for the poorest subgroups (Wikoff et al, 2015).
Experimental Results from SEED for Oklahoma Kids (SEED OK)

- Increase in 529 account holding, savings, earnings and total assets (Nam et al., *Journal of Policy Analysis and Management*, 2013; Clancy, Beverly, Sherraden, 2016)

- Sustain more positive parental expectations (Kim et al., *Social Service Review*, 2014)

- Improve early social-emotional development of children (Huang et al., *JAMA Pediatrics*, 2014)
Evidence Matters: SEED OK Policy Influence in U.S. States and Cities

“I HAVE A DREAM” FOUNDATION

PROMISE INDIANA
Maine College Challenge: Opt-In Strategy 2008-2013

• Every Maine resident child eligible to receive $500 in a 529 if parents opened an account.

• Begun statewide in 2009, program enrollment rate for 2008-2013 was approximately 40%.

• Families who enrolled infants were more financially sophisticated than those who did not enroll.

(Huang, Beverly, Clancy, Lassar & Sherraden, 2011)

Participation Rate
- Opt-in: 2008–2013: 40%
- Opt-out: 2014 and beyond: 100%

Average Annual Investment
- Opt-in: 2008–2013: $\$$\ $$ $$
- Opt-out: 2014 and beyond: $$ $$ $$ $$ $$ $$ $$ $$ $$ $$ $$

Average Annual Enrollment
- Opt-in: 2008–2013: 5,000
  - 1 baby = 1,000 children
- Opt-out: 2014 and beyond: 12,500
  - 1 baby = 1,000 children
Testifying in Rhode Island for CDAs
CDAs Adopted in St. Louis City and Proposed in Ferguson

FORWARD through FERGUSON
A PATH TOWARD RACIAL EQUITY
YouthSave: Asset Building in Developing Countries

- In Colombia, Ghana, Kenya, and Nepal
- Testing savings accounts, asset building, and youth development for low-income youth
- With Save the Children and other partners
- Multi-method, long-term research, with in-country research partners
Children in YouthSave in Ghana
Vision: Asset Building for Every Child

• If evidence remains positive, my vision is: an account for every child on the planet. . .

• To set the stage for lifelong asset building and financial capability.

• Information technology now makes this feasible.

• During 21st century, social policies will become more global. CDAs could be among the first.

• Consider the potential for development. . .
Toward Lifelong Asset Building for All

Native American participant in the American Dream Demonstration, with house purchased with her IDA funds.
How Get to Inclusive Policy? “More Programs” Is a Falacy

• It is common in social innovation for a new “field” to focus on projects and programs, typically in local applications.

• There is an implicit assumption that more and more programs might eventually add up to an inclusive policy.

• But inclusive social innovation does not happen this way.
Challenge: How Create and Test Inclusive Policy Structures?

By design, an inclusive policy structure:

• Includes everyone automatically
• Achieves efficiencies of scale and low costs
• Enables large accounts to cross-subsidize smaller accounts (both within and across nations?)
• Facilitates cooperation among all providers
• Enables centralized accounting, improving quality
• Creates a centralized database for research
Studies of projects for individual impacts are essential in justifying new policy directions.

But testing policy platforms for inclusive and effective delivery is essential for informing sustainable policy change. (In effect, this is testing a new social institution.)

Unfortunately, this kind of applied social science is not typical.

Can it be increased? Who should undertake this?
Contact Information

http://csd.wustl.edu

csd@wustl.edu

sherrad@wustl.edu

Center for Social Development

GEORGE WARREN BROWN
SCHOOL OF SOCIAL WORK

Washington University in St. Louis