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April 3, 2017

House Early Childhood & Family Supports
HB3314 Relating to post-secondary education expenses

Chair Lively and other members of the committee:

My name is David Rothwell and I am an Assistant Professor in the College of Public Health at Oregon State University. I have worked on and studied anti-poverty interventions for over 14 years, with a specific focus on policies and programs designed to build savings and wealth among low-income families. I am submitting this written testimony based on my research expertise and academic interests. My testimony does not reflect a position taken by the Oregon State University.

I am writing to ask that you pass HB3314 (Relating to post-secondary education expenses) that would initiate the first steps toward establishing universal Child Development Accounts (CDAs) as part of the Oregon Bright Futures Plan (OBFP).

Currently, too many families with children are financially insecure and struggling to get by. Our research suggests that over 60% of American children live in families lack the financial assets to maintain at the poverty line for 3 months. This financial fragility restricts developmental opportunities for children and generates family stress. For young adults, the rising cost of tuition and declining levels of financial aid are real barriers to post-secondary enrollment for many.

Progressive and universal CDAs have the potential to offset some financial insecurity and reduce barriers for post-secondary education. Leaders in my field at the American Academy of Social Work and Social Welfare have identified expanding financial capability and asset building for all as one of 12 Grand Challenges in the discipline. They have published a policy action statement specifically on CDAs as a promising policy intervention to build financial capability and promote asset building ¹.

Below I highlight three evidence-based reasons why establishing CDAs through the OBFP may generate positive outcomes for Oregon children.

1. Providing families an opportunity to save is expected to build assets. In a statewide experiment of CDAs, treatment group participants saved much more than those in the control group ²
2. Research shows that the timing of economic resources matters for healthy and positive development with relatively larger impacts for younger children compared to older children ³. Specifically, evidence

¹<http://aaswsw.org/grand-challenges-initiative/12-challenges/build-financial-capability-for-all/>

²Nam, Y., Kim, Y., Clancy, M., Zager, R., & Sherraden, M. (2013). Do Child Development Accounts Promote Account Holding, Saving, and Asset Accumulation for Children's Future? Evidence from a Statewide Randomized Experiment. *Journal of Policy Analysis and Management*, 32(1), 633.

³Duncan, G. J., Magnuson, K., & Votruba-Drzal, E. (2014). Boosting family income to promote child development. *The Future of Children*, 24(1), 99120.

from experimental research in Oklahoma shows that having access to a CDA may improve social and emotional development ⁴.

3. Early childhood asset accumulation is expected to positively change the identity of disadvantaged youth through a process of cultivating a college-bound identity ⁵.

Based on this promising evidence, I hope the Oregon House will take steps to expand opportunity for all families to save and accumulate assets through CDAs.

Thank you for the opportunity to share this information on the benefits of universal and progressive CDAs.

Sincerely,



David W. Rothwell
Assistant Professor

⁴Huang, J., Sherraden, M., Kim, Y., & Clancy, M. (2014). Effects of Child Development Accounts on Early Social-Emotional Development: An Experimental Test. *JAMA Pediatrics*, 168(3), 265271.

⁵Oyserman, D. (2013). Not just any path: Implications of identity-based motivation for disparities in school outcomes. *Economics of Education Review*, 33, 179190.