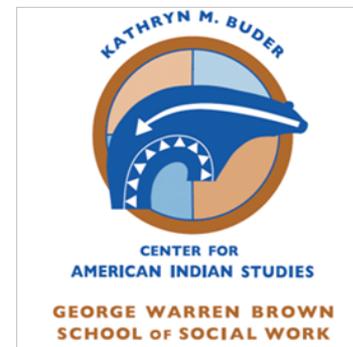




NATIVE NATIONS INSTITUTE
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Founded by the Morris K. Udall Foundation
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**THE HARVARD PROJECT ON
AMERICAN INDIAN ECONOMIC DEVELOPMENT**
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Research on Child Savings Accounts

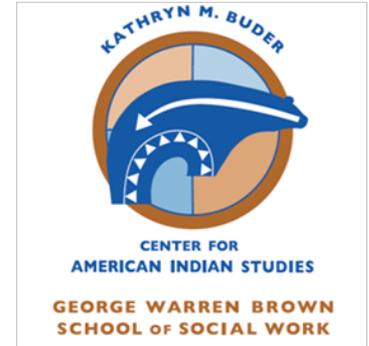
Region VIII Leadership Summit on Family Financial Security
Durango Mountain Resort, Durango, CO
September 15, 2010



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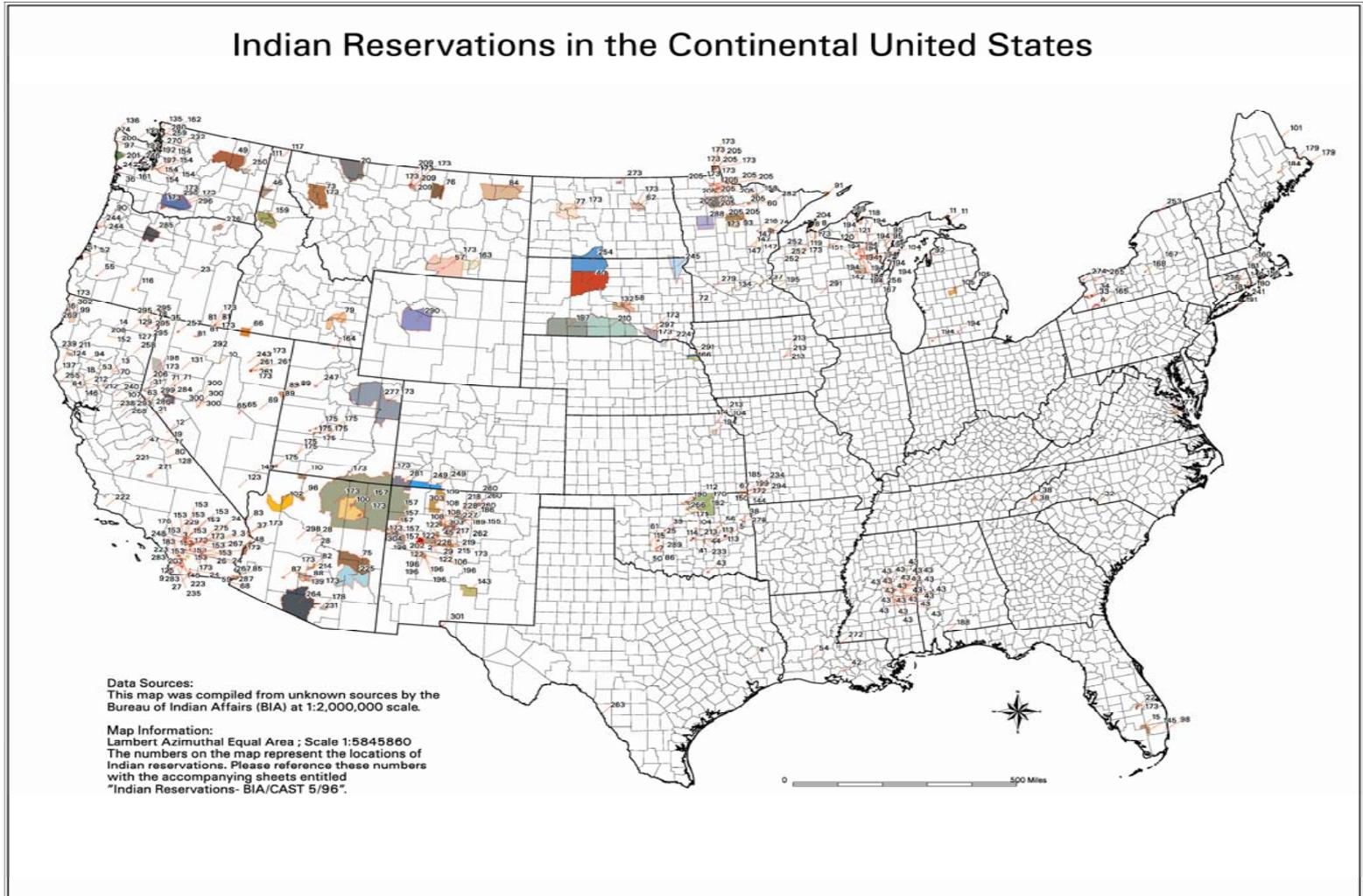
Evidence from Indian Country on Child Savings Accounts

DHHS Region VIII Leadership Summit on Family Financial Security
Durango Mountain Resort, Durango, CO
September 15, 2010

Who Are the Native Nations?

- 560+ recognized tribes
- Status founded on treaties, U.S. Constitution, Acts of Congress
- Self-governed sovereigns, *not* ethnic groups

Who are the Native Nations?



Self-Determination, Sovereignty, & Self-Government

- Since at least 1975, these rights have been more secure for the Native Nations (tribes) within US boundaries
- Many have succeeded in growing their government revenue
 - Reversing years of poverty
 - Seeking to reverse asset stripping

One Choice: Per Capita Distributions

WHY? Because revenue distributions

- Meet urgent needs
- Shift money-use decision making to individuals and families (devolution)
- Potential for government waste
- Dependency reduced
- Constrain growth of government
- Equalizer in politically factionalized environments
- Policy tool
- Shareholders of tribal estate
- Asset building

Per Capita Distributions & Minors' Accounts

- When per capita distributions are given to youth, they are established as minors' accounts
- Minors' accounts are a form of CSAs
- Minors' accounts are a little different than the “usual” CSAs
 - Originate from a more diffuse logic
 - Universality
 - Unrestricted use

Similarities between tribal minors' accounts & CSAs

- Established at birth
- Tribal government makes regular deposits (although these are not matches)
- Account funds held in trust
- Account holders and parents/guardians receive regular reports on savings
- Limited or no access before adulthood
- Access to funds upon maturity (age 18/21/25)

Differences between Tribal Minors' Accounts and CSAs

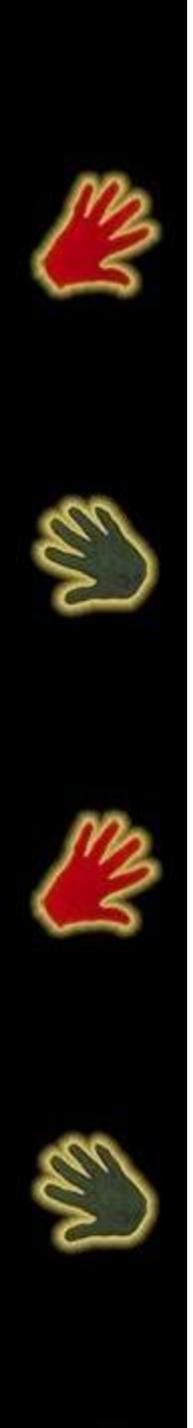
- **Originate from a more diffuse logic**
 - Not just part of benevolent policy making
- **Universality**
 - Not part of a sample/experimental pool
- **Unrestricted use**
 - Not limited to education or other approved expenses

Universality & Unrestricted Use: Benefits

- **Universality**
 - Fairness
 - Greater-than-the-sum-of-parts effects
 - Administrative savings
- **Unrestricted Use**
 - Administrative savings
 - “Utility” maximization
 - Innovation with respect to asset building investments
 - Policy tool

Universality & Unrestricted Use: Disadvantages

- **Diminished incentives for asset building investments**
 - Anecdotal except for Great Lakes tribe example
- **Countered with:**
 - Conditions on receipt
 - Contingent scaling of payments (e.g., based on educational attainment)
 - Phased receipt
 - Financial education



Specific Lessons for CDAs

- **Phased pay out**
- **Education requirements**
- **Financial education throughout savings period**
 - Eventually offer advanced financial education
 - Offer education with a “real world” flavor
 - Great Lakes tribe example
- **Provide mentors to assist with money management**
- **Importance of limiting parent access**

Where to from here?

- **More tribal leader / program director / money manager information exchange**
- **More Indian Country – mainstream information sharing & research:**
 - Saving versus savings
 - Effects of differing amounts of accumulated funds
 - Benefits of giving to families versus children
 - Ongoing exploration of uses/restrictions