
KINDERGARTEN TO COLLEGE

LOCAL INNOVATION, NATIONAL IMPACT

Leigh Phillips
Office of Financial Empowerment
City and County of San Francisco



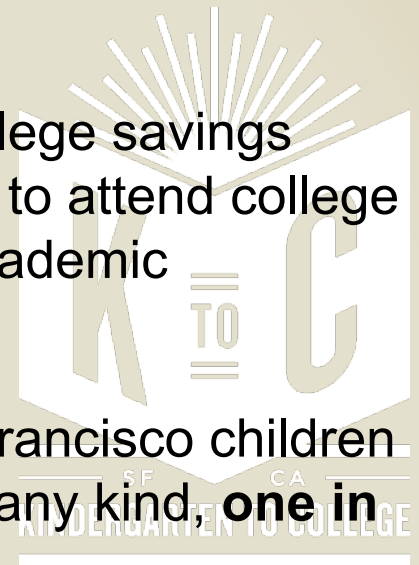
PROGRAM GOALS

Create a college going culture. A child with a college savings account in any amount is **seven times** more likely to attend college than one without, regardless of income, race or academic achievement.

Reduce financial exclusion. **One in three** San Francisco children are born into families with no savings or assets of any kind, **one in two** for African American and Latino children.

Increase Financial Literacy. K2C will be the vehicle that incorporates financial education into our school classrooms, as part of the math curriculum.

Leverage private investment in San Francisco families. K2C leverages private funds for savings matches and help families earn money for college at significantly higher rates than they can earn by saving on their own.



PROGRAM DESIGN

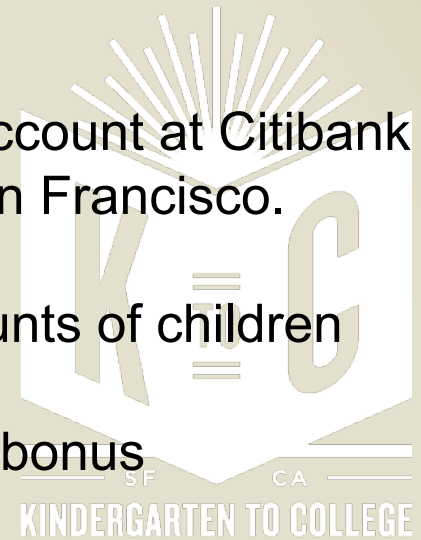
Designed to reach the main success factors identified for CSAs:

1. Auto-enrollment
2. Universality
3. Publicly funded seed deposit
4. Matched savings opportunities
5. Range of deposit options
6. Financial education



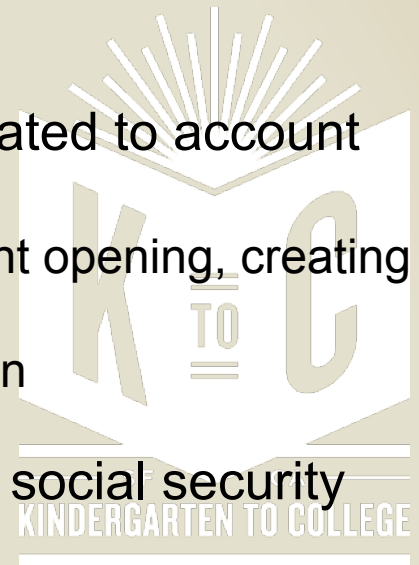
THE BASICS

- Every kindergartener automatically receives an account at Citibank with an opening deposit of \$50 from the City of San Francisco.
- An additional \$50 deposit is provided to the accounts of children eligible for free and reduced lunch
 - Consent form must be signed to receive this bonus
- Families can contribute to the accounts by mail, in-branch, by ACH or online
- Matched savings and incentives are available to all families.
 - \$100 match for first \$100 saved
 - \$100 “Save Steady” bonus
 - Citibank voucher program
- Culturally and developmentally appropriate financial education will be provided to parents/caregivers and children.



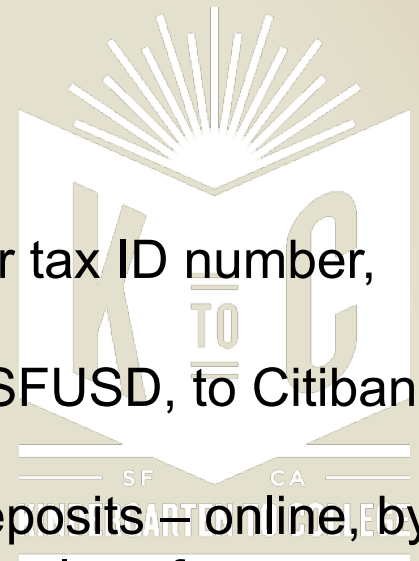
CHALLENGES

- 1. Auto-enrollment** creates significant issues related to account ownership, patriot act and tax reporting
 - K2C cannot require parent signatures for account opening, creating significant regulatory and legal hurdles
 - Need to open accounts with very little information
- 2. Universality** means opening accounts without social security numbers, adding to account challenges.
 - Social Security information is not available from SFUSD
- 3. Unattractive to financial providers** due to reluctance to administer large numbers of small dollar accounts for primarily LMI market
 - Citibank stepped up as the financial partner
- 4. Political challenges** especially in the current budget climate. CSAs can also be complicated to explain and results won't be seen for some years

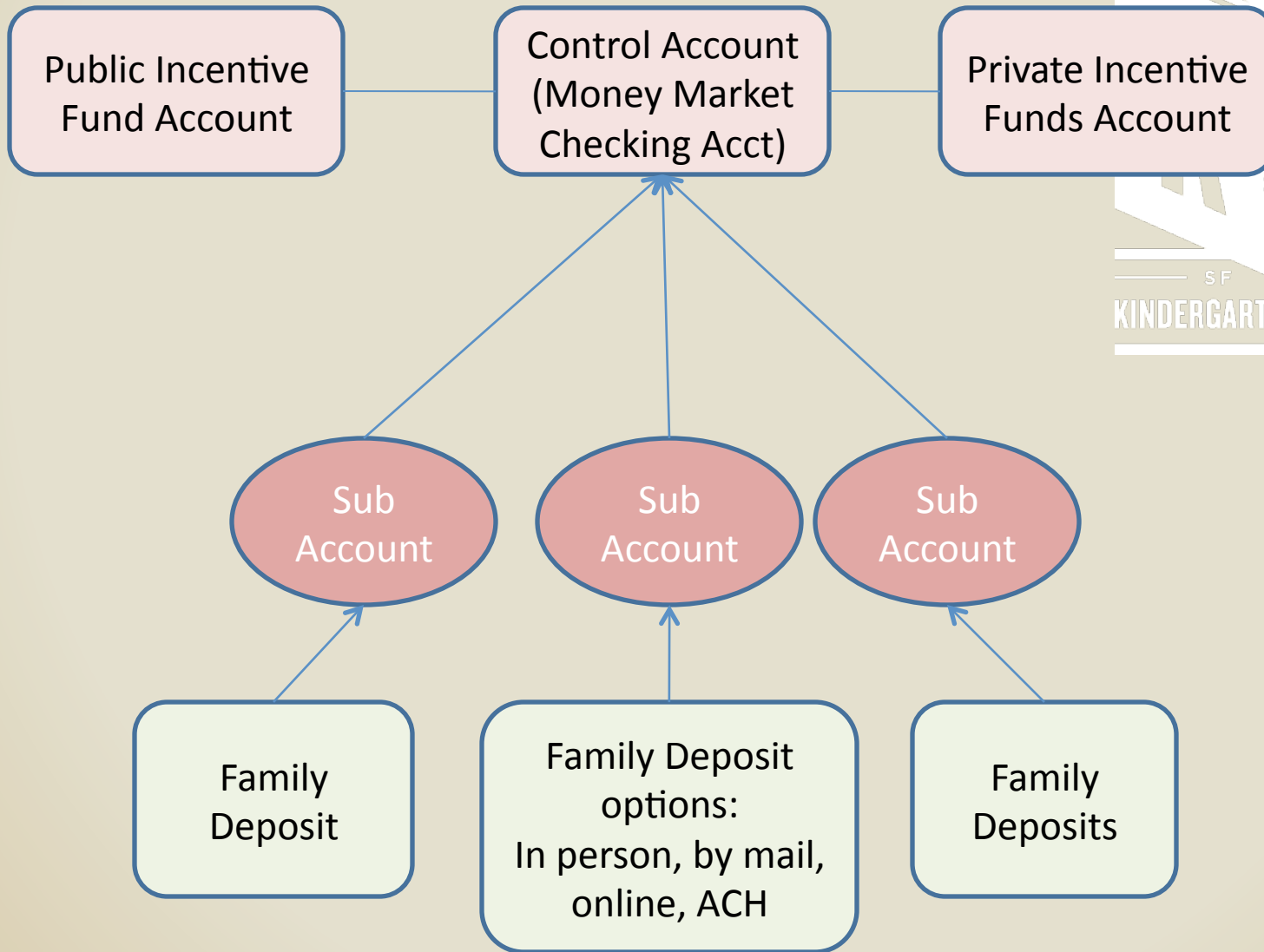


ACCOUNT STRUCTURE

1. Accounts are based on an escrow structure
2. City of San Francisco opens accounts using our tax ID number, with sub accounts for each child
3. City provides basic information, obtained from SFUSD, to Citibank to open sub accounts
4. Parents receive an account number to make deposits – online, by mail, in-branch. No withdrawals will be allowed unless for an emergency
5. Money will be held in trust in the child's name until use for post-secondary education
6. City tracks incentives and matches
7. Parents and students are able to view accounts online



ACCOUNT STRUCTURE



RESULTS TO DATE

- 1,135 kindergartners received college savings accounts in April
- \$12,000 in deposits from parents to date
- 2,400 additional accounts will open in October
- 60% of families signed optional consent form; less than one percent chose to opt out
- Financial education built into lesson plans; teachers receiving professional development training
- www.mysavingsaccount.com up and running
- Case Study co-authored by New America Foundation releasing this week



RECOMMENDATIONS

1. The involvement of City Officials is key to program success. K2C championed by Mayor and Treasurer with support from Board of Supervisors, Superintendent, School Board President
2. Development of account structure is time and labor intensive – allow adequate planning, anticipate the need for financial and legal expertise
3. Provide support and resources for the schools – they are main point of contact with families
4. Be prepared to invest significant time, energy and resources in outreach and communication
5. Look for public and private funding sources to create a community focused program. K2C funders include:
 - EARN – funded first year match
 - San Francisco Foundation – second year match, Save Steady bonus
 - Charles Stewart Mott Foundation – marketing and evaluation
 - Citibank and Citi Foundation – financial education, voucher program
 - Walter and Elise Haas Fund – general support
 - Stanford University – pro bono support for evaluation



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DREAM
HUGE.**



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Leigh Phillips

Manager
Office of Financial Empowerment
City and County of San Francisco
(415) 554-4320
Leigh.phillips@sfgov.org

Anee Brar

K2C Program Manager
Office of Financial Empowerment
City and County of San Francisco
(415) 554-4453
Anee.brar@sfgov.org