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# KINDERGARTEN TO COLLEGE

## LOCAL INNOVATION, NATIONAL IMPACT

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City and County of San Francisco



# SF Office of Financial Empowerment

Our mission is to use the strength and influence of City Hall to enable more low-income San Franciscans to succeed in the financial mainstream:

- Healthy Financial Products and Services
- Financial Education and Information
- Encouraging Savings and Asset Building
- Combating Predatory Practices



# TODAY IS THE FIRST DAY OF COLLEGE. IT JUST LOOKS LIKE KINDERGARTEN.



In Spring 2011, the City and County of San Francisco launched the first universal matched Children's Savings Account (CSA) program in a public school system in the country. San Francisco's Kindergarten to College initiative opens a savings account for all children entering kindergarten in the City's public schools, putting students on a path to college from the first day of school.

# PROGRAM GOALS

**Create a college going culture.** A child with a college savings account in any amount is significantly 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.

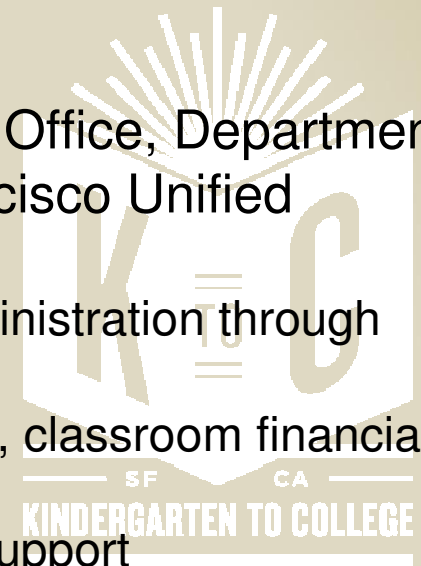
**Increase Financial Literacy.** K2C is the vehicle that incorporates financial education into our school classrooms, as part of the math curriculum.

**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.



# KEY PARTNERSHIPS

- City partners include Mayor's Office, Treasurer's Office, Department of Children Youth and Families (DCYF), San Francisco Unified School District (SFUSD)
  - Bulk of program design, implementation and administration through Office of Financial Empowerment
  - SFUSD responsible for school site administration, classroom financial education, data transfer
  - DCYF and grantees participate in outreach and support
- Key non-profit partners: EARN, CFED/1:1 Fund, New America Foundation, San Francisco Foundation
- Financial Partner is Citibank



# 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



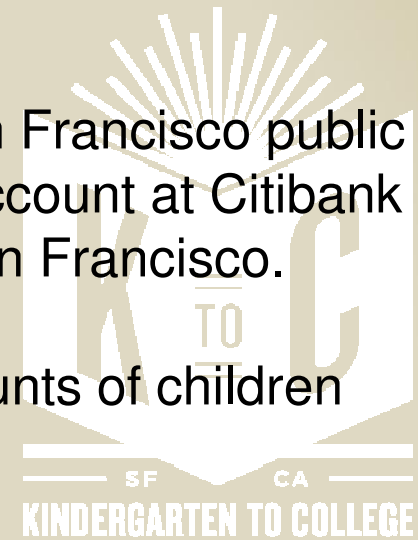
# CHALLENGES

- 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
  - Citibank stepped up as the financial partner
- 2. Universality** means opening accounts for *every* child, adding to account challenges.
  - Social Security information is not available from SFUSD
  - Public schools mitigates some criticisms about high-wealth families
- 3. Unattractive to financial providers** due to reluctance to administer large numbers of small dollar accounts for primarily LMI market
- 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



# THE BASICS

- Every child entering a kindergarten class in a San Francisco public school automatically receives a college savings 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
- Families can contribute to the accounts by mail, in-branch, by ACH or online
- Matched savings and incentives are available to all families.
- Culturally and developmentally appropriate financial education is provided to parents/caregivers and children.





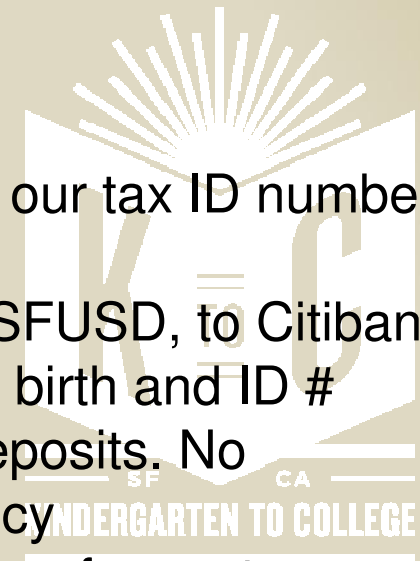
# MATCHES AND INCENTIVES

- Limited to activities linked to financial behavior, and verifiable by the school district or financial partner
- All matches and incentives provided through philanthropy.
- Every family is eligible for a \$1:\$1 match for the first \$100 in savings.
- Families signing up for auto-deposit , or making six months of regular contributions, receive a \$100 “Save Steady” bonus
- Other incentives will be considered on an annual basis, contingent on funding and program goals



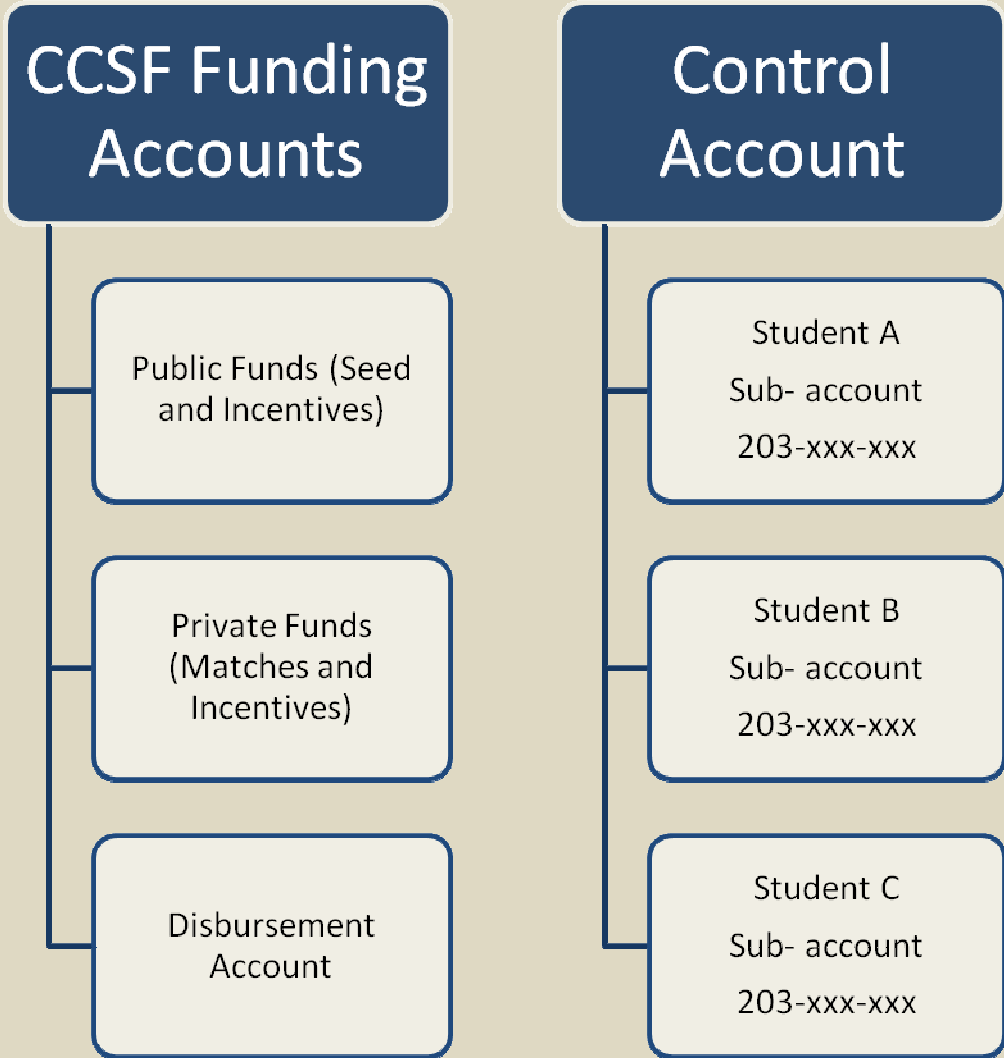
# ACCOUNT STRUCTURE

1. City of San Francisco opens all accounts using our tax ID number, with sub accounts for each child
2. City provides basic information, obtained from SFUSD, to Citibank to open sub accounts – name, address, date of birth and ID #
3. Parents receive an account number to make deposits. No withdrawals are allowed unless for an emergency
4. Money is held in trust in the child's name until use for post-secondary education
5. City tracks incentives and matches through a database provider (Vistashare)
6. Parents are able to view accounts online at [mysavingsaccount.com/K2C](https://mysavingsaccount.com/K2C)

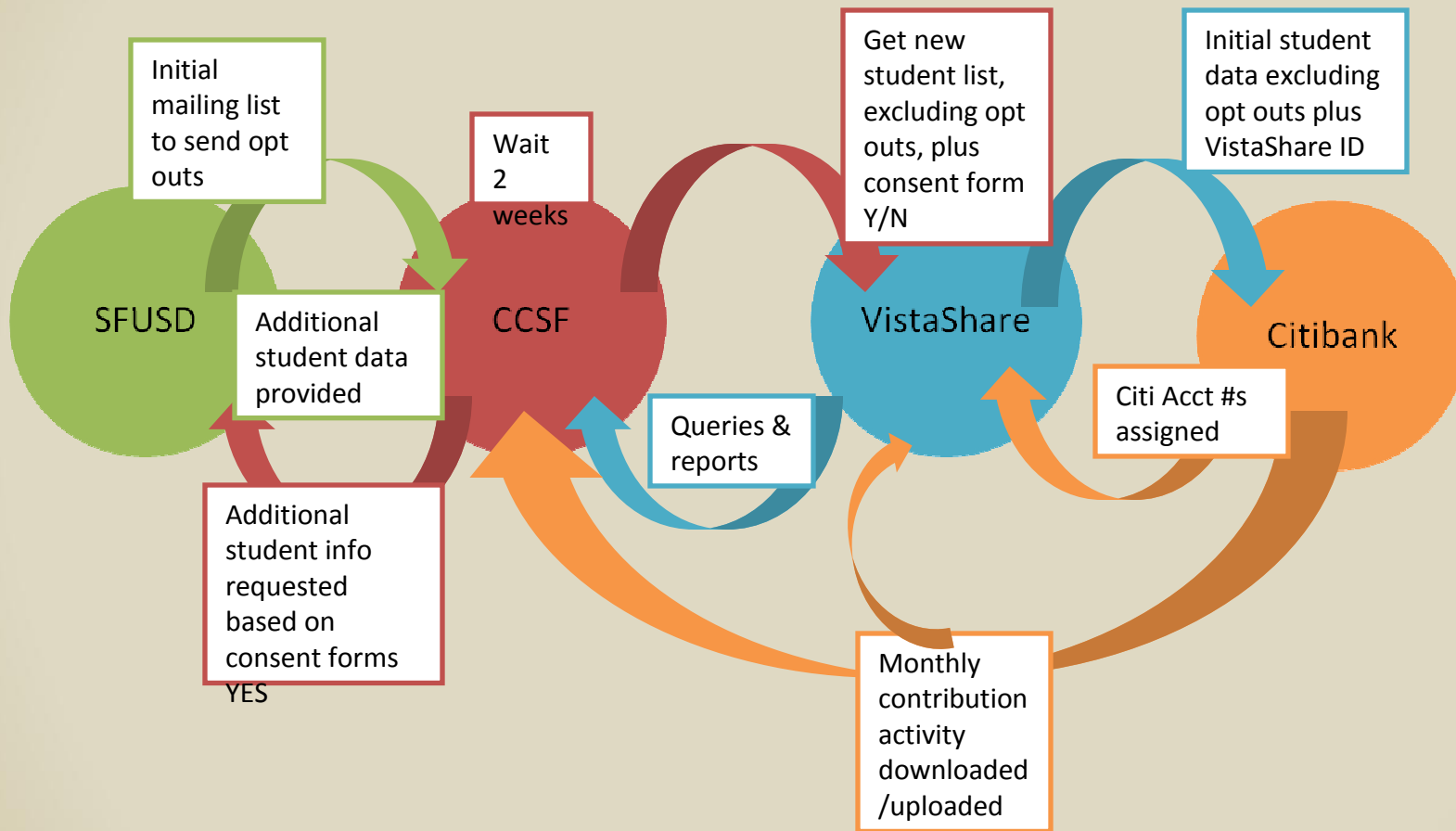


# K2C ACCOUNT STRUCTURE

City and County of San Francisco

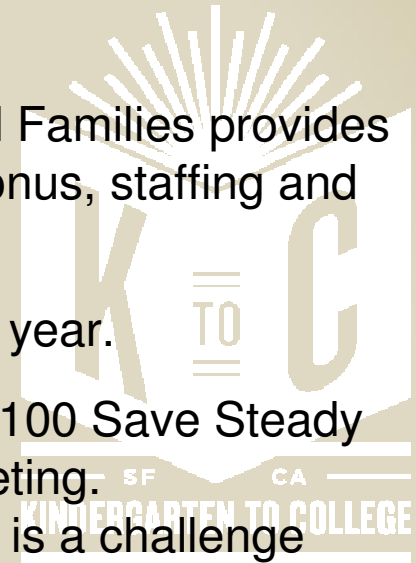


# K2C Data Flow



# FUNDING AND BUDGET

- City and County's Department of Children Youth and Families provides funding for seed deposits, free and reduced lunch bonus, staffing and administration from the General Fund.
- Total city contribution is approximately \$650,000 per year.
- Private philanthropy funds the \$100 match and the \$100 Save Steady bonus. Also provides funding for outreach and marketing.
  - Creating a budget and goal for matched funding is a challenge
- Citibank manages the accounts at no cost. In addition they provide in-kind support to create and maintain the online portal and create and distribute program materials and welcome kits.

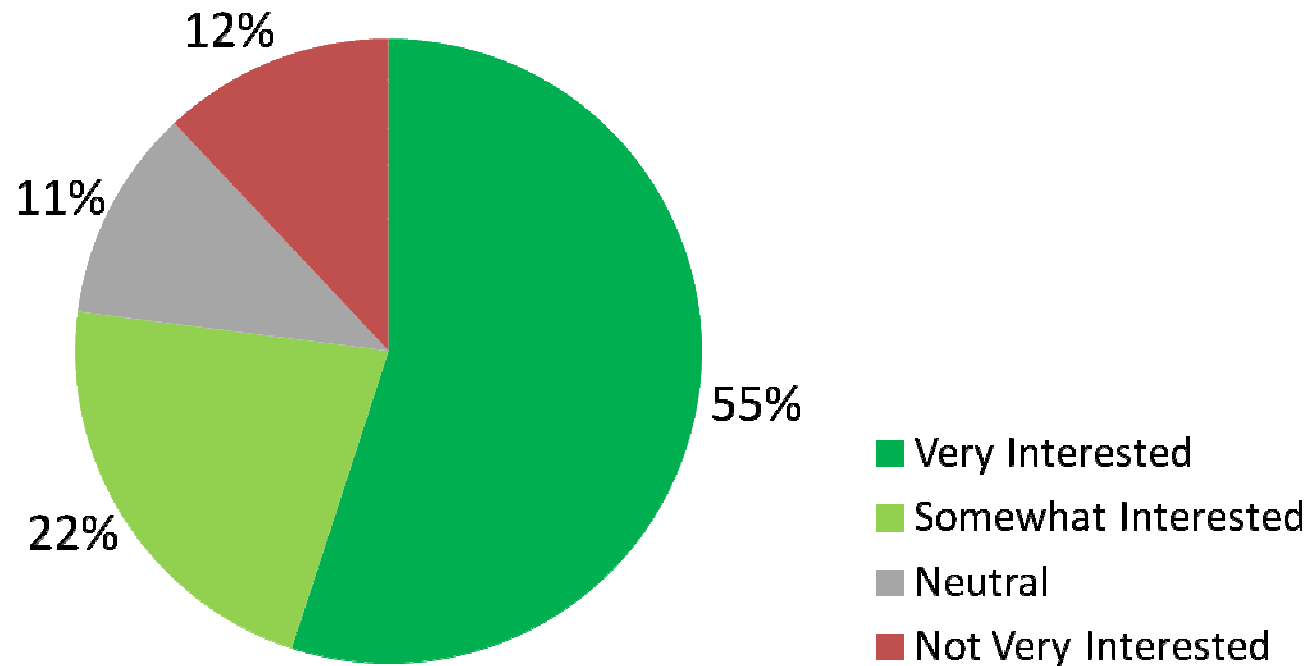


# RESULTS TO DATE

- 8,600 accounts in 74 SFUSD elementary schools
- Families have contributed over \$362,000. Combined with seed deposits, and incentives, account totals are over \$1 mil.
- Over 1,000 families are saving, roughly 12%. This is over four times greater than national participation in 529 programs.
- Of the savers for which we know FRL status, 56% are on FRL
- 294 Families have received the Save Steady Bonus
- Deposit Method Breakdown:
  - In-Branch deposits: 52%
  - ACH 27%
  - Mail 21%



# Finding: Parents Show High Levels of Interest in K2C

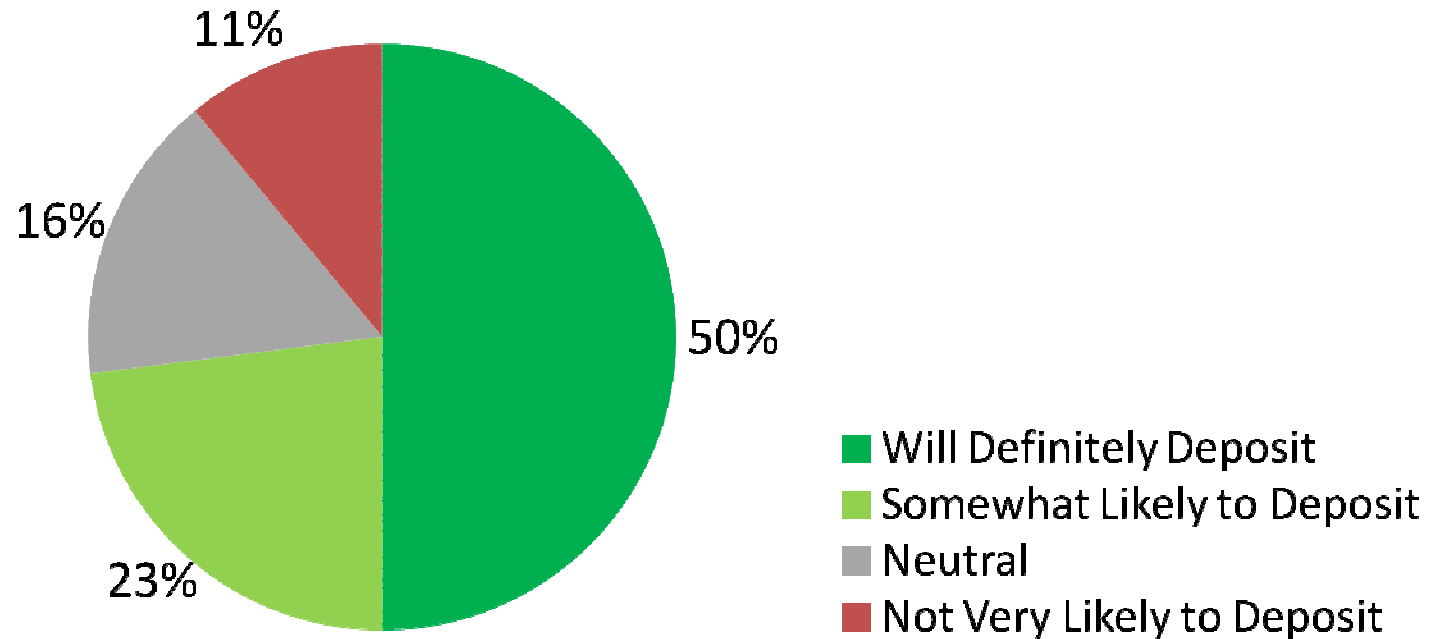


Source: K2C Parent Telephone Survey



# Finding:

## A Majority of Parents Likely to Deposit



Parents who have **already made a deposit** are more likely to make future deposits than parents who have never deposited.

Source: K2C Parent Telephone Survey





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STEADY.  
DREAM  
HUGE.**



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