



Balances and Beyond: Establishing Equity in College Savings

Insights from San Francisco's
Kindergarten to College Program

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About OFE



The Office of Financial Empowerment (OFE) is a unique private-public partnership housed within the Office of the Treasurer & Tax Collector of San Francisco that convenes, innovates and advocates to strengthen economic security and mobility of all San Franciscans. For more than a decade, under the leadership of Treasurer José Cisneros, the OFE has engaged partners inside and outside City Hall to equip San Franciscans with knowledge, skills and resources to strengthen their financial health and well-being. At the same time, OFE has leveraged what has worked on the ground to model what is possible across the country. Learn more at sfgov.org/ofe.

About ideas42



At ideas42, we look for deep insights into human behavior—into why people do what they do—and use that knowledge in ways that help improve lives, build better systems, and drive social change. Exploring innovative, often unexpected, solutions to difficult problems, we focus on areas that are vitally important to our collective wellbeing—including environmental sustainability.

For more than a decade, we've been at the forefront of applying behavioral science in the real world. And as we've developed our expertise, we've helped to define an entire field. Our efforts have so far extended to over 30 countries as we've partnered with governments, foundations, NGOs, private enterprises, and a wide array of public institutions. In addition to designing and testing effective solutions that can be scaled for maximum impact, we help organizations develop the knowledge and skills they need to improve existing programs and policies—or create new ones.

Visit ideas42.org and follow [@ideas42](https://twitter.com/ideas42) on Twitter to learn more about our work. Contact youthsavings@ideas42.org with questions.

July 2021: **An Update**

In 2019, ideas42 and San Francisco's Office of Financial Empowerment launched a partnership to better understand how different families in San Francisco were using their Kindergarten to College (K2C) accounts, an automatically-opened and universal college saving account offered to every child entering kindergarten in the San Francisco Unified School District. We dove into program data, talked to families, and explored the barriers that families faced when it came to saving for college. In the following report, we outline the resulting insights around how overcoming some of these barriers could promote equity within the K2C program and engage the families who would benefit most.

The Impact of COVID

Since early 2020, COVID-19 has disrupted nearly every facet of life and exacerbated existing inequalities. Data from the K2C Program indicates that deposits have declined across the program, but especially among families of color with low-incomes (many of whom historically made deposits in person). And yet families in San Francisco have continued to engage with the Kindergarten to College program through other channels, including newsletters, social media, and checking their account balances (*read the full report from SF's Office of Financial Empowerment: [Saving for College during COVID-19](#)*).

From San Francisco's Office of Financial Empowerment

What does data from SF's K2C Program show about how COVID-19 has exacerbated racial and economic inequalities?

1. Savings are down, but still significant
2. The decline in deposits is disproportionately from low-income families of color
3. Families are not withdrawing funds early from their K2C Accounts
4. Families are continuing to actively engage with the K2C Program through non-saving channels

» **Read more:** [Saving for College during COVID-19](#)

What's Next?

Families may have changed exactly how they engage with their accounts during the COVID-19 crisis, but their continued activity suggests that saving for college is still an aspiration for many. In the coming months, ideas42 and K2C will work together to understand the present context of the families it serves, and tackle barriers to equity within the program so that the K2C program can meet this new moment. In the interim, this report summarizes what we learned in 2019 before the pandemic, with insights on engagement and equity that can be valuable to Children's Savings Accounts during this crisis and beyond.

Executive Summary

Despite decades of work in the U.S. to close achievement gaps, huge disparities persist in who attends and completes college. Policy makers and practitioners have an opportunity to address equity gaps early through Children's Savings Accounts (CSAs): financial vehicles specifically designed for higher education savings. However, the potential for CSAs to make the greatest impact on college-going will only be realized if they are designed to promote equity, resolving first and foremost the barriers that affect the most historically disadvantaged in higher education.

In 2019, ideas42 and San Francisco's Office of Financial Empowerment worked together to better understand how different families in San Francisco are using their Kindergarten to College (K2C) accounts. K2C accounts are Children's Savings Accounts opened automatically for all new students in the San Francisco Unified School District that also offer incentives for families to save. Through this process, we analyzed program data and spoke to families to identify opportunities to improve equity with behavioral design.

Designing for Equity Means Focusing on Key Gaps in Participation

Understanding the overall rate of deposits for a CSA program is an important start. But in order to design and measure CSAs with equity in mind, we need a more nuanced understanding of who participates in the programs and how.

Which families are engaging in the K2C program?

- ▶ Defining engagement in K2C: We defined a family as having engaged in the program if they have ever deposited through one of four main channels, or if they have earned certain incentives which require active participation in the program, such as filling out a form or checking a balance.
- ▶ Differences in deposit rates by race/ethnicity: The overall rate of families who have made at least one deposit for Black, Hispanic, Pacific Islander, and Native American families is just 17.8%, a full 4.3 percentage points lower than for white families.
- ▶ Challenging assumptions about language. We found that families who speak a language not represented in the program outreach materials have moderate overall participation, contrary to our initial hypotheses that their participation might be lower.

What kinds of engagement gaps exist?

Some families engage without depositing: There are a number of ways that families using K2C can participate in the program. A full 10.4% of families in the K2C program have earned an incentive but have not made any deposits into their account.

- ▶ Differences in deposit rate by channel: Families living in lower-income areas of the city are far more likely to make deposits into their accounts using bank branches, whereas families

living in higher-income neighborhoods are more likely to use other deposit channels, such as Bill Pay or Direct Deposit.

- Opportunities to drive repeat engagement: More research is needed to determine exactly how much engagement -- and over what time horizon -- is most crucial for helping students ultimately enroll in higher education.

Designing for Equity Means Targeting Specific Barriers

In the K2C program, the data showed that many families earned an incentive when they first joined the program, but subsequently failed to make an initial deposit. This gap was even larger for underrepresented minorities in lower-income neighborhoods that are a high priority to the program (priority families). With this target group as a starting point, we set out to talk to families about their experiences with K2C and the barriers they encountered when making a first deposit with K2C. These barriers, while not comprehensive or universal for every family in the program, suggest ways that CSAs can be better designed to serve priority families:

- Many families want to save, but the cost of college seems intimidating: Many priority families know that college is expensive and have a hard time seeing how they could ever save for the full “sticker price” of college. It’s often not clear to families how much of a role savings in a CSA should be expected to play in paying for higher education. Behavioral design can help break down costs and reset mental models about paying for college.

“I would probably have to get four jobs [to afford college], one for each child.”

- Families don’t always trust financial institutions: Many families that we spoke to have had negative experiences with traditional banking. While K2C provides semi-annual account statements, families expressed that this was not always enough to be sure that their deposits were successful. Behavioral design can help provide timely feedback as soon as deposits are made and can suggest new channels for depositing cash outside of banks, like conveniently located drop boxes.

“I always wonder if the money that I am depositing is really going to my son’s account.”

- Banking presents unique hassles for priority families: Many families cited real and persistent challenges at physical deposit locations related to immigration status and documentation. A number of families also raised concerns about whether their money is accessible, especially if they leave the city or country or face financial emergencies. Creating simple materials—for both families and bank employees—that clarify what individuals will need in order to make a deposit can help dispel myths and reduce hassles for everyone. Behavioral design can also ensure that accounts are flexible enough that priority families feel comfortable using them.

“Most of the times I go to a bank branch, the teller makes it hard to deposit. They ask for ID or my social security number.”

Overall, more families saving in CSAs means more children building their intentions and financial capacity to go to college. Equipping students from populations that have been historically disadvantaged to attend and complete college will help to overcome long-standing barriers to economic mobility, further narrowing the gap CSA programs were designed to address. As we continue to identify the most impactful ways CSAs can direct their resources, we can better provide students with a more equitable opportunity to succeed.

Introduction

Every spring, students across the United States make big decisions about whether and where to pursue education after high school. While it's easy to picture students making their lists of universities and families sitting around the kitchen table figuring out how to pay for college, the true path to higher education starts far earlier. From the moment students enter the school system, there are important opportunities that can reinforce their chances of success in college.

Despite decades of work in the U.S. to close achievement gaps, huge disparities in who goes to and completes college continue to persist. In particular, students of color are less likely than their white peers to go to college at all, and far less likely to graduate.^{1,2} Saving for college through a Children's Savings Account (CSA) presents an opportunity for policy-makers to address these equity gaps early. As soon as a child is enrolled in a college savings program, that child, their family, and the community have a chance to start building habits, intentions, and beliefs on the path toward college. In this way, the act of saving itself can help families build a college-bound identity—the sense that college is achievable for their children—and this identity can then help lead to future savings.³ However, the potential for CSAs to make the greatest impact on college-bound identities will only be realized if they are designed to promote equity, addressing first and foremost the barriers that affect the most historically disadvantaged in higher education. As of 2013, fewer than half-of-a-percent of households in the bottom half of the income distribution have college savings through a state 529 plan.⁴ While 529 plans represent just one vehicle for college savings, and are not generally designed with lower-income savers in mind, there is clearly significant room to grow college savings for the students who will benefit most.

While saving for college may seem like a simple step, research in the behavioral sciences has consistently shown that making decisions and taking actions to save is complex for everyone. Saving early and often adds up in the long run, but any one deposit can feel tiny in comparison to the huge cost of college. And without a specific prompt to save, it's easy to delay getting started indefinitely.⁵ These challenges make planning and saving hard for all of us, but low-to-moderate-income (LMI) families face particular barriers to saving. Volatile incomes and expenses, negative experiences with financial institutions, and other barriers add even more complexity to saving for lower income families.^{6,7}

In order to use CSAs as a tool to increase equity, programs must be designed for families who have been historically left out of higher education and their particular needs. While the evidence on exactly which program elements help students build a college-going mindset is limited, practitioners have an opportunity to leverage data from CSA programs in order to better understand who is using them, how they are saving, and how CSAs can be strengthened for the families who stand to gain the most from saving early. With an understanding of those gaps, behavioral science offers a wealth of potential solutions to help families bridge the gap between the intention to save and taking action.

In 2019, ideas42 and San Francisco's Office of Financial Empowerment worked together to better understand how different families in San Francisco are using their Kindergarten to College (K2C) accounts and identify opportunities to improve equity. In previous work together, ideas42 and K2C worked to behaviorally redesign outreach materials for all new families in the program. In this engagement our goals were to build on the K2C program's commitment to equity in two ways:

1. Use data analysis to understand gaps in engagement:

Who in San Francisco uses K2C accounts, and what metrics should be used to gauge engagement? By analyzing program data, we identified LMI groups of families who are not currently using K2C but may benefit from behavioral interventions.

2. Understand behavioral barriers facing priority

families: For Black, Hispanic, Native American, and Pacific Islander families in lower-income neighborhoods, what are potential elements of their context that make engagement challenging? We used qualitative research methods to better understand particular barriers that these families of intended K2C users face.

Understanding who is currently using K2C and how, as well as who isn't using K2C, allows us to determine ways the program can better serve its priority populations of LMI and underrepresented minority families, facilitating more effective channels for participation that can help students build savings and a college-going mindset.



San Francisco Kindergarten to College is the largest, publicly funded children's savings account program in the country that launched in 2011 on the principles of universal eligibility, automatic enrollment and the ability of families to deposit directly, including in cash, in their account. K2C opens children's savings account for every child entering San Francisco's public school system, putting students on a path to college from the first day of kindergarten.



What is Behavioral Science?

Behavioral science is the study of how people make decisions and act within a complex and textured world where context matters. It draws from decades of research in the social sciences to create a more realistic framework for understanding people. The standard approach to predicting human behavior suggests that we consider all the available information, weigh the pros and cons of each option, make the best choice, and then act on it. The behavioral approach shows us something different. We make decisions with imperfect information and do not always choose what's best for us. Seemingly small and inconsequential details undermine our intentions to act. Behavioral science has been used across a variety of fields to realign policies, programs, and products with how we really behave, improving outcomes for millions of people worldwide.

Designing for Equity Means Focusing on Key Gaps in Participation

At its core, success for a CSA program means helping students who otherwise would not have enrolled in postsecondary education complete a college degree or other postsecondary credential. However, the path between making a deposit and receiving a degree lasts many years. The simplest measure of short-term success for many programs is the overall deposit rate: the percentage of families with an account that have made a deposit. This statistic is often used as the top-line comparison metric for programs across the country.⁸

Understanding the overall rate of deposits for a CSA program is an important start, but in order to design and measure CSAs with equity in mind, we need a more nuanced understanding of who participates in the programs and how. Are the programs reaching the families who need them the most? To what extent are families engaging beyond one-time or sporadic deposits? Together, K2C and ideas42 worked to identify the most crucial participants to engage, and took a nuanced look at the spectrum of program engagement.

Identifying Equity Gaps: Who Isn't Yet Saving For College?

One way to focus on the families who stand to benefit the most from CSA programs is to direct finite resources toward those who need them most, rather than families who may be saving for college already outside of K2C. However, identifying families that already have college savings is challenging in practice. While higher income families do save in 529 accounts at higher rates than others, still only 16% of the highest income families in the U.S. have a 529 account.⁹ But that does not necessarily mean they have not saved for college. Instead of using education-specific 529s, previous research in San Francisco suggests that most families that save for college do so using a general-purpose savings account.¹⁰

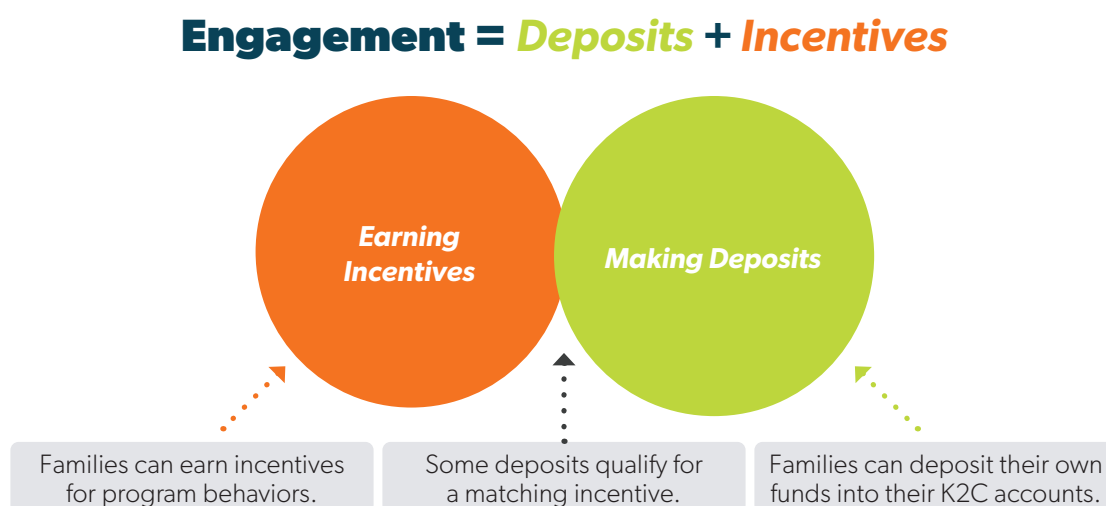
In the absence of consistent and reliable data on usage of other college savings vehicles, focusing on groups that have historically faced disparities in higher education access can help identify who might benefit the most from using a CSA. For example, measuring engagement statistics for families who qualify for free or reduced-price lunch can indicate program participation among those with the most limited financial means who would likely benefit from additional support in saving. Similarly, focusing on students who would be the first in their family to pursue postsecondary education may be a good proxy for determining which students could benefit from the mindset-building potential of a CSA. Programs may also choose to measure engagement with their accounts specifically among underrepresented minority and LMI families, those groups facing the most significant disparities in postsecondary attainment.

Identifying Equity Gaps: **Which Families Are Engaging?**

Measuring engagement with CSAs over time for key demographics helps track if the benefits of these programs are being realized by the groups that stand to gain the most. For the CSA field overall, tracking and reporting on these subgroups in a consistent way will allow for more effective comparisons between program outcomes, helping to ensure the most impactful interventions can become accepted as best practices and scaled up by other CSAs.

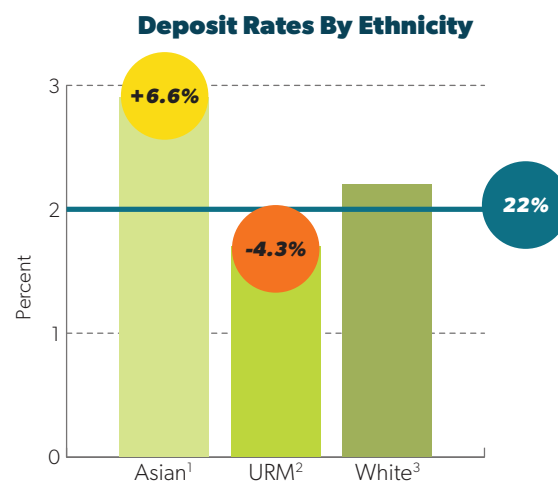
1 Defining Engagement in K2C: What does it mean to engage with a savings account? There are a number of ways that families using K2C can participate in the program. All families in K2C receive an initial seed deposit of \$50. Some families may connect with K2C's message through exposure to their programming and materials, doing so without ever directly interacting with their account. Others may check their balance without making deposits. And highly engaged families deposit regularly while earning incentives. Knowing where to draw the line for whether or not a family has engaged is challenging, and understanding exactly what kinds of engagement are associated with college-going is an important direction for further research.

In K2C families can earn a \$20 Registration Bonus for registering and signing in to their account online to check their balance. Previously, they could also receive the FRL Incentive if they qualified for free and reduced price lunch status and completed a necessary consent form (K2C is currently reevaluating this incentive to be automatic). We define families as having deposited in their account if they have ever made a contribution through a bank branch, direct deposit, mail, or bill pay. We define a family as having engaged in the program if they have ever deposited through one of the four main channels, or if they have earned the Registration Bonus or FRL incentive.



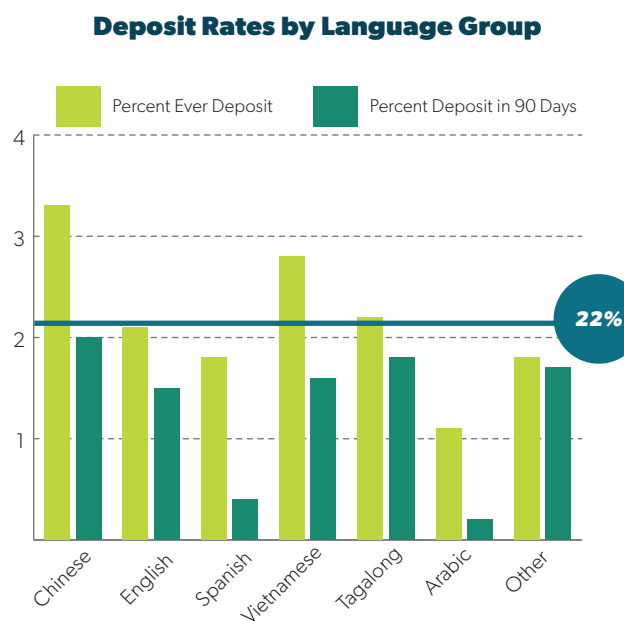
2 Differences in deposit rate by race/ethnicity and language:

In San Francisco's K2C program, 22% of accounts have had a deposit through one of the four main deposit channels: bill pay, direct deposit, mail, or a bank branch. There is notable variation in engagement by groups in terms of race/ethnicity. The overall deposit rate for Black, Hispanic, Pacific Islander, and Native American families—which we identify as underrepresented minorities (URM)—is just 17.8%, a full 4.3 percentage points lower than for white families, indicating that there is more work to be done to help support URM families in the program.



3 Challenging Assumptions About Language:

In some cases, we were surprised by what the data showed. K2C sends account welcome kits and statements in five languages: English, Spanish, Chinese, Vietnamese, Tagalog, and Arabic. At the start of our analysis we hypothesized that families who do not receive outreach in one of K2C's program languages would likely have lower uptake rates. However, we found that families who primarily speak a language not represented in the program have moderate overall participation, and actually make deposits within 90 days of account opening (when the written materials of the program are likely to be most relevant) at higher rates than many other language groups. From this learning, we were able to move our focus away from translating materials into these other languages: working to ensure that different groups in San Francisco have equitable access to K2C means more than just translating materials. Variation that we found between different racial/ethnic groups, and between families who speak the languages already used by the program, point to a broader set of challenges to engagement that require further investigation.



Identifying Opportunities: **Which Engagement Gaps Matter?**

Because many CSA programs allow families to participate in various different ways, understanding the potential impacts of different types of engagement on how families save for and think about college in the future is crucial. For CSA programs like K2C to be successful, they must both help families save money, and help them develop an identity that college is within reach for their child. Some families will choose to make regular deposits from the start of the program. Many others may plan to do so, but will wait years to begin. In the meantime, these “inactive” families may actually be engaging with the program by checking their balances, interacting with program materials, or attending CSA-hosted events and workshops. Looking at how families engage in CSAs offers more opportunities to support families in earning incentives, making initial deposits, and growing their balances over time.

1 Some Families Engage Without Depositing: Families who make multiple deposits over time have more chances to see their incremental efforts grow than those who have made a single deposit. However, even lighter touch engagements with the program outside of depositing may show a desire to engage with the program, especially for families that may have limited financial means to contribute funds to their account.

A full 10.4% of families in the K2C program have earned an incentive but have not made any deposits into their account. Notably, for URM families, only 17.8% have ever made a deposit, but a full 33.4% have either deposited or engaged in one of these incentives. This represents hundreds of families who have not saved money but who have taken concrete steps toward increasing their account balances through earning incentives, and should be considered engaged participants in the program.

2 Differences in Deposit Rate by Channel: Families living in lower-income areas of the city are far more likely to make deposits into their accounts in-person at bank branches, whereas families living in higher-income neighborhoods are more likely to use other deposit channels, such as bill pay or direct deposit. This understanding lined up with our initial hypotheses that lower income families are less likely to use direct deposit due to more volatile cash flow and lower uptake of banking services. Overall, it indicates that improving specific deposit channels—in particular those at physical locations—is most likely to increase deposits among lower-income populations.

3 There Are Opportunities to Drive Repeat Engagement: Families not only participate in CSA programs in different ways, but at different frequencies. For example, while the percentage of URM families who have made at least one deposit into their accounts is 17.8%, only 10% have made a deposit after their first year in the program. More research is needed to determine exactly how much engagement—and over what time horizon—is most crucial for participants to develop and sustain a college-going mindset, but capturing how often participants engage will allow us to identify gaps where we might be able to encourage more frequent deposits over time.

» **New Research Methods Highlight Families' Deposit Practice**

CSA program data provides a rich record of how real families are engaging with these programs. Machine learning (ML) is a set of tools that can help us understand deep and complex relationships in data. At ideas42, we're exploring ways to use tools from ML to help surface new insights into how social programs can best be designed to serve the people who will benefit from them the most.

In this project, we used tools from ML to look for new relationships between participants' socio-demographic features and how they use their accounts. Using K2C's existing data as a starting point, we pulled in non-personally-identifiable data from a variety of public sources. We gathered aggregate data on income from the U.S. Census, and pulled in block-level statistics including 311 call volume and eviction notices from the SF Open Data portal. We focused our dataset on features that appeared to be correlated with making deposits, and trained two different ML clustering models on this dataset to better understand whether there are groups of depositors and non-depositors with similar contexts and behaviors. We wanted to see whether these ML-generated groups of participants would align with our understanding of equity gaps in the program.

Indeed, this analysis added nuance to our understanding of how different groups engage. For instance, while we generally saw that Chinese speakers have high rates of depositing, our ML analysis highlighted a set of Chinese-speaking families with below-average deposits living in a geographically clustered part of the city, making it easier to potentially reach out to these families with behavioral interventions. Without our ML model, we may have missed identifying this more nuanced group of families who might benefit from the program.

This model also highlighted groups of Black and Hispanic households who live in similar parts of the city that were not making deposits. These clusters of low-frequency depositors aligned with K2C's existing priority groups, and lived in neighborhoods where K2C had relationships with community groups that we could leverage to learn more from individual participants. In this case, our ML model reinforced our desire to focus our eventual work on these communities by showing that they represented a large and geographically specific group of families who were not substantially using K2C.

As more data on the impact of CSA programs on college-going becomes available, opportunities to continue to use data science and ML tools to target outreach and improve equity will grow as well. Using this kind of analysis to better predict what kinds and level of engagement lead to college-going is an exciting route forward for future work. For more information on how ideas42 is implementing ML to solve social problems, visit ideas42.org/machine-learning.

» Designing for Equity Means Targeting Specific Barriers

Understanding equity gaps in CSA participation is the first step toward solving them, but how do we actually design CSA programs to overcome these gaps with our priority populations, who may face specific barriers to engagement? Saving in a CSA encompasses a wide set of behaviors: families must learn about the program, decide whether and how much to save, and then follow through on that intention. By looking deeply at the context in which families make decisions and take actions, behavioral science can shed new light on why equity gaps in CSAs exist. Even better, a wealth of evidence from behavioral science interventions around the world suggests ways to shrink these gaps.

The data showed that many families earned an incentive (such as the free and reduced price lunch incentive) when they first joined the program, but subsequently failed to make an initial deposit. This gap was even larger for underrepresented minorities in high-priority neighborhoods (see “Who is in Our Priority Group?”). With this priority group as a starting point, we set out to talk to families about their experiences with K2C and the barriers they encountered when making a first deposit with K2C. We held focus groups with Spanish-speaking families living in the Mission, and interviewed Black families living in Bayview/Hunters point. While our subsequent work will be focused on continuous engagement by these communities, we began our investigation by focusing specifically on barriers that families face in making their first deposit with K2C because this represents an important and concrete moment of program uptake. Families that make an initial deposit have a clear intention to participate in the program, know how to deposit, and are able to follow through and deposit through the available channels.

The barriers we found, while not comprehensive or universal for every family in our priority group, suggest ways that CSAs can be better designed to serve these families.

» Who Is in Our Priority Group?

In our data work with K2C, we saw a substantial gap between the number of Black, Hispanic, Native American, and Pacific Islander families who had engaged with incentives and made first deposits, especially for families living in the Mission, Bayview/Hunters Point, Southeastern San Francisco, and Treasure Island. In total, this group represents over 4155 families currently enrolled in the San Francisco Unified School District, and we refer to these families collectively as our **Priority Group** or **Priority Families**. For these priority families, 37.2% have engaged with the program in some way, but only 17.4% have made an initial deposit.

» The Road to Depositing

Making an initial deposit may sound like a small action, but in reality it involves several steps, each with potential barriers. Through qualitative research, we were better able to understand some of the complexities involved in making deposits.

One Pathway to Making a Deposit



Decide to make a deposit: In order to make a deposit, families first have to know about the program, trust it, and decide to use it.



Decide where, when and how much to deposit: The next step is to decide how much to deposit, and how to do it. Families can visit the K2C website or consult their welcome kit for details on how to deposit.



Find a bank branch: For families making deposits in person, their next step is to find their nearest Citibank.



Go to the bank: Next families have to physically go to a Citi branch during open hours. For many families, this involves detouring from their normal day or taking transportation.



Fill out a form and interact with a Teller: Families have to complete a deposit slip, which requires them to know their account number, and give their deposit to a teller at the branch.



BARRIER #1: Many Families Want to Save, But the Cost of College Seems Intimidating

Families know that college can be expensive. Thinking about saving in a CSA means considering how much college will cost, and whether their savings will make a dent in those costs.

We all struggle to weigh the costs and benefits of things that are far away from us. Psychologists call this concept **psychological distance**. Events that are further in the future, or more hypothetical, are more abstract and harder to act on.¹¹ For the parents of students starting Kindergarten, college is both of these things: it is years away and hard to picture right now. Beyond being distant, many families are inundated by news stories about the ever-increasing cost of higher education, which can reinforce the belief that college will be financially out of reach. Indeed, low-income families tend to overestimate the costs of college by as much as 200%.¹²

What Do Families in San Francisco Say About College Costs?

- ▶ **Sticker Shock:** Many priority families that we spoke to in San Francisco know that college is expensive and have a hard time seeing how they could ever save for the full sticker price of college.
- ▶ **Mental Models Around College Savings:** In addition to the cost of college feeling high and college plans feeling abstract, it's often not clear to families how much of a role savings in a CSA should be expected to play in paying for higher education. Families we spoke with shared a variety of ways that they might pay for college, such as scholarships or student loans. For these families, it can be hard to know how much to save for college now when scholarships or other funding sources might be available later. Though paying for college through savings alone seems impossible, it may not be clear that even small savings balances can serve as one of the many tools that families can use to pay for college, and can help their children reduce future debt.

"[I would like to save] \$100,000. [My kids] would have to get some summer jobs and contribute—honestly, I don't really know. Like I said, we live in San Francisco and the rent is higher than anything. I would probably have to get 4 jobs, one for each child."

"I attended meetings where I heard about \$67,000 per year. It is a lot of money. It will only cover tuition."

"Even if I don't save for them, I'm pretty sure that they'll get into college – probably with a bunch of loans and stuff, which dims the lights."

"My daughter is an A+ student, she's already getting scholarships and we're just getting started. That's the only way I think we'll pay for [college]."



How Can Behavioral Science Help Design For this Barrier?

- 1 **Break Down the Costs:** Framing CSAs as a "launch fund" that is not expected to cover the full cost of college can strengthen the link between saving now and making college more attainable in the future. Focusing on attainable savings amounts, like saving for books or materials, can help make getting started feel less intimidating, and concretize the many ways in which a small amount of college savings can go a long way.
- 2 **Concretize and Demystify College Costs:** Correcting misperceptions about the cost of college is challenging, but previous behavioral research has shown that providing repeated and vivid information can correct misperceptions.¹³ Where families think the cost of college is out of reach for them, using CSA programs as a channel to show the actual net price of different universities can help. Integrating information about affordable options can help reinforce that college is within reach.



BARRIER #2: Families Don't Always Trust Financial Institutions

Many low-income families have a challenging history with conventional banking: according to a 2017 study, 30% of unbanked households in the U.S. do not trust banks and over 12.6% of unbanked families cite this lack of trust as their main reason for not using banks.¹⁴ For these families, using a CSA often means trusting a financial institution that may be new to them, or even trusting an institution that they perceive negatively. Within this context, clear feedback is crucial: families must know that each deposit they make has successfully gone through, and they should feel concrete reinforcement and encouragement when they engage.

What Do K2C Families Say About Banking and Feedback

► **Negative Past Experiences:** Many families that we spoke to in San Francisco have had negative experiences with traditional banking. Some families cited account fees as one driver of bad experiences. Other families, especially first generation Hispanic families that we interviewed in the Mission, mentioned knowing people who had lost money in U.S.-based banks when leaving the country. K2C has policies in place to circumvent traditional barriers to banking, including not charging fees or requiring ID for deposits, but those qualities might not be visible to families who initially perceive the program through its banking partner.

"Absolutely not!! I tuck it away in some places. If I put money in accounts, they start automatically taking it away [through fees]."

—Parent answer to "Do you save money in a bank?"

"My brother had a bad experience with banks. He had an account with money and went to Mexico. When he returned he did not have money. The bank stole the money."

► **Lack of Feedback:** K2C provides feedback using semi-annual account statements, but families expressed that this was not always enough for them to be sure that their deposits were successful. While many CSA programs have a website or other account portals where families can go to check balances in real time, they may prove insufficient in meeting families' needs for visibility and reassurance. This is especially true if the interface is confusing or difficult for families to maneuver, or if families have limited access to the internet. Families we spoke to had challenges using the K2C website to access their balance.

"I always wonder if the money that I am depositing is really going to my son's account."

"I do not know how much money I have in the account. I accessed the website once when a friend of mine told me how...but I forgot how to do it."



How Can We Design for This Barrier?

1 Confirmation and Reinforcement: CSAs can address lack of trust in banking by providing clear and timely feedback as soon as deposits are made. Sending text confirmations is one way to help users feel secure that their deposits went through successfully and will be there in the future. Evidence from other savings programs

suggests that users may build trust by checking their balances multiple times before depositing in a new program.¹⁵ By messaging families immediately after they make a deposit to confirm that it has gone through, CSAs can instantly verify that money is still in the account and that fees are not reducing the amount they have saved.

- 2 Open New Channels:** Physical deposit channels serve an important purpose in CSAs: they allow families to deposit cash. In addition to the deposits K2C collects at schools during designated deposit days, adding new channels for families, such as permanent drop boxes at schools or libraries, can potentially sidestep negative associations that families may have with banks. Emerging research indicates that using grocery stores as channels for CSA deposits is another promising way to help families save.¹⁶ Integrating opportunities to deposit at local stores is a natural extension of this work that might help reduce the association between CSAs and banks that accept deposits.



BARRIER #3: Banking Presents Hassles Unique to Priority Families

Making deposits at a bank can present hassles for anyone: finding out when the bank is open, waiting in line, and filling out deposit slips all take time and planning. However, priority families face particular and unique challenges when using banks. For CSAs to be designed for this population, they must affirm a sense of “belonging” when families go to the bank.

What Do Families in San Francisco Say About Banks and Hassles?

- **Concerns About Documentation:** Many families we spoke to cited real and persistent challenges at physical deposit locations related to documentation. While we did not ask families directly about their immigration status, a number of families brought up concerns about needing to show identification, social security numbers, or addresses when visiting the bank.
- **Fund Accessibility:** Outside of hassles at the physical bank branch, a number of families raised concerns about whether their money is accessible, especially if they leave the city or country or face financial emergencies. For families facing rising rents, the potential of eviction, displacement, or deportation, knowing that funds are accessible if something happens is crucial. Liquidity and flexibility are important for low-income families who frequently struggle to pay expenses or overcome financial shocks.¹⁷ While K2C allows for emergency withdrawals, perceived inflexibility may prevent families from making any deposits, or depositing substantial amounts.

“Most of the times I go to a bank branch, the teller makes it hard to deposit. They ask for ID or my social security number.”

“It is scary. In my country, I felt comfortable using and going to the bank. We [now] go in groups of 4 to fill out the forms and [deposit] at the bank.”

“If you have a legal status, save as much as you can at the K2C account. I am personally afraid to know what it would happen if I am deported. That is the reason why I stopped saving.”

[My sister] wanted to utilize the money [in her account] and she couldn’t get to it for an emergency purpose. I think that she was one of the believers and put a lot of her money in, and then she couldn’t utilize the money and then she told me one day that you shouldn’t do that.



How Can We Design for This Barrier?

- 1 Setting Expectations:** In the short term, creating simple materials—for both families and bank employees—that clarify what individuals will need in order to make a deposit can help dispel myths and reduce hassles for everyone. For bank employees, this could take the form of checklists for accepting a CSA deposit that clarify ways that ID requirements might differ from deposits in other kinds of accounts. For parents and students, creating ID cards with account information that families can use to make deposits without filling out paperwork or needing to produce other forms of identification is one concrete way to reduce hassles.
- 2 Clarity Around Access:** Ensuring that accounts are flexible enough that priority families feel comfortable using them is important. K2C provides guidance on fund accessibility, but when designing CSAs for communities that may face immigration issues, or who face volatile income and expenses, allowing emergency access to the funds can make sure that saving in a CSA is viable. Striking the right balance between discouraging early withdrawals and accommodating emergencies is an evolving design challenge. Being clear about how to access funds in an emergency and eliminating ambiguity around that process will help set clear expectations for families from the start.

Conclusions and New Directions

For students entering Kindergarten, their next 13 years hold many opportunities to build and reinforce their beliefs that they can succeed in college, and to build their financial capacity to do so. But in order to have the most impact, CSAs must address the barriers that those who have historically had the least access to higher education face. In San Francisco, we were able to identify equity gaps and suggest new opportunities to engage more families and improve savings and mindset outcomes.

Beyond identifying equity gaps, behavioral design has a crucial role to play in ensuring that programs are built with real people in mind and targeted to the groups who can benefit from them the most. Learning directly from communities about what they want and need to participate in CSAs, and designing programs that help overcome those barriers will ensure the strength of CSAs for years to come. Our work has pointed toward design solutions that show promise for engaging Black, Hispanic, and other racial minority families who face particular barriers to depositing in K2C, but there is more to do. In the coming years, K2C and other CSA programs can continue to strengthen engagement by:

- 1. Refining and Launching Targeted Interventions:** The design ideas identified here are great starting points, but all require further prototyping and design in order to be rolled out for families. For the CSA field at large, finding opportunities to integrate these design strategies into programs is the first step toward learning whether they help more families make deposits.
- 2. Rigorously Testing What Works:** Once interventions launch, rigorously evaluating their impact will help determine what is working and which ideas might need to be improved. Collecting evidence on these interventions in practice will allow us to prioritize implementing at scale those that can make the greatest impact for priority populations.
- 3. Connecting to Educational Outcomes:** In the years to come, the first substantial cohorts of students who have had access to CSAs from early childhood will begin to graduate from high school and pursue further education. As they navigate decisions around what to do after high school, their experiences with college savings will be one of many pieces that inform their future. For the field, the chance to observe who attends (and ultimately completes) postsecondary education—and whether CSAs contribute to closing equity gaps in higher education—will present valuable opportunities to learn what has worked and refine the design of programs.

Overall, more families saving in CSAs means more children building their intentions and financial capacity to go to college. More students from disadvantaged populations attending and completing college will help to overcome long-standing barriers to economic mobility, which will further close the gap CSA programs were designed to address. As we continue to work to identify the most impactful ways CSAs can direct their resources, we can ensure we are providing students the best and most equitable opportunity to succeed.

Endnotes

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