

# Universal Scholarship and Savings Accounts for All NYC Public School Students

## Introduction to the Save for College Program's Account Infrastructure

*The Account Infrastructure is the first pillar of the Save for College Program's model. Through the NYC Kids RISE Save for College Program, having a financial asset for higher education is part of what it means to go to public school in New York City.*

**WHAT:** Through the Save for College Program, NYC Kids RISE automatically opens an **NYC Scholarship Account** invested in a 529 college savings plan for every student in a participating school starting in kindergarten, unless their family opts out. Each account has a \$100 initial deposit from NYC Kids RISE, and families can earn up to \$200 in additional scholarship rewards for early engagement and savings. Once a student has this account, their family can then open their own **College Savings Account**—either a 529 account or a bank savings account—to save funds for higher education in parallel to their child's NYC Scholarship Account and earn rewards. The funds can be used for both tuition and non-tuition expenses at four-year colleges, two-year college, and vocational and technical training programs in New York and across the country.

**WHY:** The scholarship and savings accounts are a universal foundation that enables families, schools, and communities across New York City to both build financial assets and support college- and career-going expectations for every child, regardless of the child or family's income or immigration status. Research suggests that a child in a low-income household with a college savings account of just \$1-500 is 3x more likely to go to college and more than 4x more likely to graduate than a child without an account, as a result of the role these accounts can play in promoting and reinforcing college-going expectations.<sup>1</sup> Research also suggests that providing accounts with substantial, progressive deposits and expanding access to capital markets and investment returns can meaningfully reduce wealth disparities and the racial wealth gap.<sup>2</sup>

**HOW:** Public sector institutions, school and community partners, and private philanthropy came together to inform and design the infrastructure of the scholarship and savings accounts that advanced the values and goals of the Save for College Program and could scale citywide.

Starting in the Fall 2014, the City of New York began an effort in collaboration with the NYC Department of

Education and the Gray Foundation to explore ways to expand access to higher education and economic opportunity for the City's public school students. From 2014 to 2016, these program partners worked with researchers, practitioners across the country, and NYC family and community stakeholders to design a universal scholarship and savings platform that would

- **Remove barriers** through automatic (opt-out) enrollment;
- **Be inclusive** to all students, regardless of income or immigration status;<sup>3</sup>
- **Be accessible** to families of many language groups by translating Program materials into the nine most common languages spoken in the NYC public school system;
- **Expand access** to capital markets by investing students' NYC Scholarship Accounts in a 529 plan and enabling families to open their own 529 account if they choose, allowing families to benefit from compound earnings and 529-specific potential state and federal tax benefits;<sup>4</sup> and
- **Serve as a platform** for community engagement by enabling students, families, local organizations, businesses, anchor institutions, and other stakeholders to contribute to students' accounts, and integrating opportunities to access and engage with these accounts into existing activities in communities.

Since the Program's pilot phase launched across 39 public schools in Queens, NYC Kids RISE (the nonprofit created to manage the Program as a public-private-community partnership) has partnered with families, school staff and leadership, and community based organizations, the Office of the New York State Comptroller, Amalgamated Bank, and others to further refine the account infrastructure to ensure it best meets the needs, desires, and aspirations of this highly diverse school district—and ultimately, the entire NYC school system.

## SELECTED METRICS FROM THE PILOT PHASE

(as of June 30, 2020\*)

- **95% of kindergarten, first-, and second-grade students** attending a participating elementary school were enrolled in the Save for College Program
- **More than 10,000 NYC Scholarship Accounts** opened across the first three cohorts, one for each enrolled student
- **\$1.25M deposited in scholarship funds** from NYC Kids RISE, including over **\$1M in seeds** and **\$250K in rewards** earned. (This does not include another \$580K in Community Scholarships.)
- **More than 5,058 families** activated their NYC Scholarship Account through the online Savings Tracker (Building Block 1)
- **More than 1,592 families** opened or connected their own college savings account (529 account or bank account) through the platform (Building Block 2)
- **Families saved \$1.7M total** in their own college savings accounts (529 account or bank account) since opening or connecting an account

**WHAT'S NEXT:** Thanks to the technology and partnerships across the public, private, and community sectors that the Save for College Program successfully established during the pilot phase, this financial platform has been built to scale citywide—automatically equipping every NYC public school student with a real financial asset for college and career training.

**Learn how you can help bring this platform to every family in every school across New York City at [nyckidsrise.org](https://nyckidsrise.org).**

*\*Due to the COVID-19 pandemic, all NYC public schools transitioned to remote learning in March of 2020 for the remainder of the school year and through the end of the pilot in June 2020, impacting metrics and milestones for the final quarter.*

### ENDNOTES

- 1 Elliott, W., Song, H., & Nam, I. (2013). Small-dollar Children's Savings Accounts and children's college outcomes by income level. *Children and Youth Services Review* 35(3): 560-571.
- 2 See, for example, Annie E. Casey Foundation, "[Investing in Tomorrow](#)," 2016.
- 3 For more information about how undocumented and mixed status families can participate in and engage with the Save for College Program, see this [Q&A for families here](#).
- 4 Tax benefits vary by individual circumstances and the state in which an account owner pays income tax.

*The NYC Kids RISE Save for College Program is a scholarship and savings program administered by NYC Kids RISE, Inc., a nonprofit, in partnership with the NYC Department of Education and the City of New York. NYC Kids RISE is neither affiliated with, nor an authorized distributor of, New York's 529 College Savings Program and does not solicit investments or provide investment advice. The City of New York and the NYC Department of Education offer no endorsement or recommendation about, and do not control, own or are affiliated with the program manager for New York's 529 College Savings Program and any particular college savings or other investment vehicle, including ones which families may learn about through the Save for College Program.*

*The NYC Kids RISE Save for College Program is a public-private-community partnership that provides families, schools, and communities with a way to work together to save for their children's futures. It's a universal scholarship and savings platform designed to make college and career training more accessible and achievable for all NYC public school students—regardless of their family's income or immigration status. NYC Kids RISE, a nonprofit organization, manages the Save for College Program in partnership with the NYC Department of Education and the City of New York.*

