REQUEST FOR INFORMATION (RFI)

COLLEGEBOUND SAINT PAUL

CITY OF SAINT PAUL, MINNESOTA
OFFICE OF FINANCIAL EMPOWERMENT
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1. **SUMMARY AND BACKGROUND**

The City of Saint Paul (the “City”) Office of Financial Empowerment (the “Office”), as part of the City’s Office of Financial Services (“OFS”), is seeking financial institution partners for the City’s new College Savings Account Program (the “CSA Program”), College Bound Saint Paul.

The Office was launched in 2019 and is comprised of a Director of Financial Empowerment, a Fair Housing Coordinator and a CSA Program Manager. A primary goal of the Office is the implementation and launch of the CSA Program on January 1, 2020.

The purpose of this Request for Information (RFI) is to solicit submittals from various financial institutions to gather information to help the City provide bank accounts for the CSA Program.

**CSA Program Overview**

The vision for the CSA Program is to transform the community by empowering children, youth, and families to pursue their dreams and aspirations for the future through investments in education, economic security, and financial well-being. The City’s goal is to develop an accessible, equitable, and sustainable college savings account program that provides resources and knowledge for all Saint Paul families.

The City engaged a cross-sector CSA Task Force—including community service providers, postsecondary access programs, colleges and universities, birth centers, foundations, financial institutions, corporations, the county, and community members—to develop recommendations for the program design. The City also engaged Prosperity Now as a technical assistance provider for the recommendations report. Prosperity Now is a national nonprofit organization with a mission to ensure everyone in the country has a clear path to financial stability, wealth, and prosperity. The organization has worked for nearly two decades to help design and launch new CSA programs and strengthen the performance of existing programs. [A link to the recommendations report can be found here.](#) Please review the recommendations report document closely as it contains extensive background on College Savings Accounts as well as the recommended program design details.
2. **PROJECT PURPOSE AND DESCRIPTION**

The Office will be responsible for administering all aspects of the CSA Program, such as enrolling participants, participant outreach and engagement, and partnering with local organizations. The Office is open to a variety of account structures which allow for a third-party custodian, such as a master account with subaccounts for children or an individual custodial account for each child, depending on what works best with financial institution systems. However, the account structure must allow for the features and elements listed below:

**Third-Party Custodian:** The City will serve as custodian to hold funds on behalf of the participating children. The primary reasons for having a third-party (non-parent) custodian are to:

- **Enable automation and scale** — Individual parent signatures are not required to open third-party custodial accounts, allowing large numbers of children to be automatically enrolled quickly and efficiently.
- **Secure savings** — Third-party custodianship safeguards program funds, ensuring that they are restricted until the participant is ready to use them to pay for postsecondary education.
- **Protect families from asset limits** — Families are protected from the potential loss of federal and state benefits in public programs that place asset limits on the amount of savings and other resources that recipients can accumulate without losing eligibility.

The CSA Program is open to a variety of account structures, which allow for a third-party custodian, such as a master account with subaccounts for children or an individual custodial account for each child.

**Differentiation Between Program-Provided Funds and Participant Deposits:** The account(s) will hold both program-provided funds (e.g., initial deposits and bonuses) and deposits by participants and their families. The selected account structure must provide a mechanism to differentiate between these different types of funds. Due to the potential use of public funds and the City serving as custodian there may be a need to segregate public funds from other CSA Program dollars and that portion of the funds may be subject to MN Statutes 118A. For example, this has been accomplished in other CSA programs by holding public funds in a separate account from privately raised dollars.

**Automatic Account Opening Without a Social Security Number:** Most children will be automatically enrolled in the program using birth records, without their parents or caregivers having to take any action to open an account. Automatic enrollment will ensure that all children have an account, unless the parent or caregiver chooses to opt
out of the program. The City will work with the Minnesota Department of Health and Saint Paul – Ramsey County Public Health to obtain publicly-available birth data such as, the child’s name, child’s date of birth, parent(s)’ name(s), parent(s)’ residence, and parent(s)’ mailing address if different than residence, but not the parent or child’s Social Security Number (SSN). The Office will electronically transmit a single roster with participant information for each cohort to the financial institution for account opening quarterly.

Since the account custodian will serve as the holder or owner of the account, and designate participants as beneficiaries, the financial institution should be able to open accounts or subaccounts without the use of a Social Security Number (SSN). In 2015, several federal agencies issued guidance specifically stating that in the case of entities opening and owning accounts on behalf of minor beneficiaries, the financial institutions holding the accounts do not need to collect information to verify the identity of the beneficiaries. This is important, because requiring SSNs would preclude undocumented families from participation.

No fees and account maintenance charges: Participants and their families should not incur any fees for the accounts, such as account use or maintenance fees. Banks providing these in-kind services are likely (though not guaranteed by the program) to qualify for Community Reinvestment Act (CRA) credits for serving a low to moderate income population under the Youth Financial Literacy and/or Individual Development Account provisions of the CRA.

Interest Earnings: The accounts may provide a small return on investment. The City is open to ongoing conversations regarding the appropriate structure of the accounts and level of interest earnings for the CSA Program account or subaccounts.

Deposit Only: The accounts should be deposit-only, meaning that funds can be deposited into the account but not withdrawn by participants. The CSA Program will be responsible for authorizing withdrawals from the accounts.

Accessibility: In order to be accessible to families, the selected financial institution should accept deposits through a number of channels, such as online transfer (online bill pay or Automated Clearing House), payroll deduction (if allowed by the employer), and in-person contributions by cash or check. Ideally, the financial institution should have branches in a variety of locations in the city that are open during non-standard business hours (e.g., evenings and weekends).

Data Sharing with an Information System (IS) Platform: The City anticipates utilizing a third-party information management system (IS) platform, such as Outcome Tracker provided by Vista Share. The CSA Program will use the IS platform to track account activity and balances. Since the account structure will not be a typical savings accounts,
the IS platform will also serve as a user portal for participants to view their account balances and activity, rather than using the financial institution’s online user portal.

The financial institution will need to transmit account activity data to the IS platform. Typically, in CSA programs, financial institutions provide a daily transaction report directly to the IS platform at the close of business each day. The report details not just the account beneficiary and deposit amounts, but also the branch location and type (e.g. cash, check, direct deposit) for evaluation purposes.

If it has the capacity, the financial institution could also provide the IS platform. However, providing the platform is not a requirement to be selected as the financial institution partner for the CSA Program.

3. Project Scope

At a minimum, financial institutions will be responsible for the following:

- Setting up an account structure to hold CSA funds that has the features listed in Section 2, including:
  - Third-party custodianship
  - Allows for automatic account opening without action from parents and without Social Security Numbers
  - Differentiates between program-provided funds and participant deposits
  - Is deposit-only, with no fees or account maintenance charges
  - Able to accept in-person deposits from participants by cash or check

- Opening and maintaining accounts for approximately 5,000 new participants per year for at least 20 years. Note that over a ten-year period, the number of total participants with (sub)accounts is expected to rise to approximately 50,000.

- In collaboration with the CSA Program and selected IS platform vendor, develop the protocols and systems needed to share account activity data between the financial institution and IS platform, as described in Section 2.

- Transmit account activity data (including deposits and account balances) to the IS platform on at least a daily basis.

- Receive deposits from participants through a variety of channels, including in person and electronically (e.g., direct deposit, ACH).

In addition, provide the IS platform for the program as described in Section 2.
4. **Submittal Guidelines**

All submittals must be received by the City’s procurement officer, Paul Dotson, at Paul.Dotson@ci.stpaul.mn.us no later than 2:00pm Central Time on Tuesday, July 2, 2019.

Please direct all questions regarding this RFI to Paul Dotson at the email address above. Answers to all questions will be disseminated to all responders via email.

To qualify for this opportunity, respondents must be:

- A United States-based federally or state-chartered bank, or federally- or state-incorporated credit union.
- In compliance with all applicable federal and state regulations; deposits must be insured through the FDIC or NCUA.

Submittals should address the following points:

- An overview of the financial institution, including its size and holdings, how it was chartered or incorporated, how deposits are insured, and attestation that the financial institution is compliant with all relevant federal and state regulations.
- Why the financial institution wants to partner with the City on this project.
- The capacity of the financial institution to provide the scope of services listed in Section 3, including experience providing related services.
- The account structure the financial institution proposes to use to hold CSA funds, including how the account structure would incorporate the features and elements described in Section 2.
- How the financial institution will ensure accessibility for participants throughout the city, including a list of the financial institution’s branches with locations and hours and/or the financial institution’s ability to partner with other financial institutions to expand accessibility.
- The financial institution’s experience in and commitment to serving low-income consumers, people of color, and immigrants.
- If the financial institution is proposing to provide the IS platform, please describe the plan to offer this platform and the financial institution’s capacity to deliver this service.
- If the financial institution proposes to offer any additional services, such as financial education to participants, please describe.
5. RFI AND PROJECT TIMELINE

Project Timeline:
- Distribution of RFI: June 6, 2019
- Questions from Respondents due: June 14, 2019
- Answers provided to all Respondents: June 19, 2019
- Due Date for Submittals: July 2, 2019
- Planned Interviews with Respondents: Week of July 8, 2019
- Implementation: August – December 2019
- Launch of the CSA Program, College Bound Saint Paul: January 1, 2020

6. BUDGET

All submittals should include estimated budgetary items and costs for the project scope. Costs should be stated as one-time or Non-Recurring Costs (NRC) or Recurring Costs (RC) with the period specified. The City does not currently have an anticipated budget for banking fees for the CSA program.

- As described in the project purpose and description section, participants and their families should not incur any fees for the accounts, such as account use or maintenance fees.
- Financial institutions that partner with other CSA Programs do not charge fees either to the City or the participants.

7. SUBMITTAL EVALUATION

Submittals will not be evaluated. This RFI is for informational purposes only and is not a solicitation that will result in a contract. If the City chooses to do so at a later time, it may issue a separate solicitation for the project services.

8. PUBLIC INFORMATION

Data submitted by a business to the City in response to an RFI is private or nonpublic until the submittals are opened. Once submittals are opened, the name of the responder is read and becomes public. After the City has received the submittals, all remaining data submitted by all responders are public with the exception of trade secret data as defined and classified in Minn. Stat.§ 13.37. A statement by a responder that submitted data are copyrighted or otherwise protected does not prevent public access to the data contained in the response. Submittals in response to an RFI become the property of the City and will not be returned.