TOPIC description: CollegeBound, Saint Paul's college savings program

A. Executive Summary

While open to further conversations regarding study scope, the Office of Financial Empowerment (OFE) expressed hesitation undergoing any audit in 2026 or of 2027, as management is in the process of reevaluating its own plans, policies, and procedures. Likewise, concerns of excessive resource demand on staff were flagged as being potentially problematic. Nevertheless, interviewers and OFE both agreed an evaluation of CollegeBound's community outreach and the equity questions surrounding said outreach were worthy of exploration. Likewise, a briefing prepared by Community Advisor Donnelly for the Audit Committee's information arrived at several relevant questions which get back to issues of equity. Any performance audit, whether in the immediate or longer term, can draw on these insights for the purposes of the audit methodology. It is these conclusions which ultimately inform this study's proposed scope of work.

The interview panel for this topic consisted of Councilmember Cheniqua Johnson, Community Advisor Noah McVay, and Committee Staffer Nhia Vang. The scope of work was prepared by Mr. McVay in consultation with Ms. Vang.

B. Scope

Evaluate the strength and design of operational controls over financial and nonfinancial reporting, operational efficiency and effectiveness, the cost, quality, and timeliness of goods produced and delivered, and program outcomes against defined goals and performance measures. The entity subject to audit is the Office of Financial Empowerment (OFE), which is established in the Administrative Code as a section of the Office of Financial Services for administrative purposes. The resulting engagement will attempt to address the following research questions:

Program effectiveness

1. What documented, measurable goals exist for participation and outcomes, and what is current performance against each?
2. What target is the 5.44% contribution rate measured against, and what is the year-over-year record?
3. What evaluation, study, or evidence documents the program's impact on families?

Financial operations

1. What is the program's total funding since launch by source - city, state, federal, philanthropic - and which sources are onetime versus ongoing?
2. What is the annual operating cost, and the cost per contributing family for the program?

3. What documentation shows how many years the program can operate on current funding?
4. What reporting requirements, if any, were required by the program's state granting sponsors?
5. Were the $900,000 in vendor payments made in accordance with the contract terms and the city's payment approval policy, and what documentation supports that?
6. What current program data on cost, use, and results is documented and publicly available?

Prospective analysis of social justice concerns

1. How can OFE more cost-effectively conduct outreach so greater numbers of beneficiaries are aware of and enrolled in the program?
2. Race and ethnicity data are not currently available to program managers. What bearing does the absence of these data have on outcomes, and how can OFE better integrate population statistics into routine operations, especially as it relates to opening accounts?
3. To what extent does OFE's banking decisions reflect community needs? Does the use of custodial savings accounts instead of tax-advantaged section 529 accounts create unintended consequences which contribute to compounding social inequities, especially for people of color and other historically marginalized groups who would benefit most from the program?

C. Cost

This study topic has the narrowest scope of the four engagements under consideration this audit cycle. It is expected to take approximately six months to complete and cost in the range of $10,000 to $20,000.

D. Ability to Effect Change

New management is in the midst of ongoing internal program evaluations and exploring new partnerships. An audit tailored to the needs of CollegeBound is useful according to OFE leadership, but may not be timely as standard operating procedures are currently being updated to better align business practices with available philanthropic opportunities. Any comparison of prior and recent data will thus be limited in the short-term. The Audit Committee may therefore wish to pursue an initial, smaller engagement limited to questions of equity before following up in 18 months with a wider performance audit. Alternatively, the Audit Committee may wish to delay any performance audit of CollegeBound for 24 months, i.e., June 2028. In doing so, the Committee can ensure our recommendations are actually implemented by OFE.

E. Key Challenges

Municipal college savings programs (often called College Savings Accounts or CSAs) struggle with three main challenges: securing sustainable funding, engaging low-income families who face competing financial priorities, and overcoming the “demographic cliff" and broader college affordability crisis. CollegeBound is no different. Those challenges are discussed in greater detail below:

Financial Barriers to Participation
Many low- and moderate-income parents lack trust in traditional financial institutions or, due to limited financial literacy exposure, overestimate the amount needed to make a difference. Indeed, studies show a majority of parents perceive modest initial savings as meaningless (Briscese et al., 2025). Likewise, despite citywide eligibility, account usage and additional voluntary contributions frequently remain concentrated in higher-income, more-educated households (Smith-Gibbs & Loya, 2022).

Sustainable Financing
CSAs rely heavily on private philanthropic grants or one-time municipal appropriations, making long-term sustainability difficult once initial funding streams run dry (Battle & Hain, 2024). Tracking births and opening accounts requires extensive data management and operational coordination with Ramsey County, which maintains vital statistics, and Saint Paul Public Schools, which maintains pupil data (CFPB, 2020).

College Affordability
Colleges face shrinking enrollment in traditional college-aged students. This, in tandem with rapidly rising tuition rates and non-tuition costs at local institutions of higher education (such as St. Paul College or the University of Minnesota), which outpace the growth of CSAs, drive down program participation.

F. Study Approach

To address this scope of work, the performance audit may take a hybrid approach, combining literature reviews, a legal analysis of regulatory requirements, case studies of CSAs in comparable jurisdictions, interviews with CollegeBound program managers, and quantitative analysis of select data. The underlying methodology is systems-oriented and results-focused. Specific approaches the Audit Committee may take include:

1. Establishing benchmarks.
    a. Review the city’s procurement policies, vendor contracts, and grant agreements with grantors.
    b. Identify industry standards for public outreach costs and account enrollment timelines.
    c. Document CollegeBound frameworks and federal or state rules governing 529 versus custodial accounts.
2. Deploying mixed-method data collection to address the specific audit questions.
    a. Reconcile vendor payments against invoices, contract deliverables, and approval logs.

    b. Analyze historical funding ledgers (city, state, federal, philanthropic) and family contribution records.
    c. Interview OFE management, partner banks, and grant partners.
    d. Map the structural differences, fee schedules, and wealth-building limits of custodial accounts against 529 plans.
3. Comparing data against established criteria to identify performance gaps and root causes.
    a. Calculate the financial burn rate to determine exactly when current funding will be exhausted.
    b. Conduct an impact assessment of the year-over-year record of contribution rates against intended targets.
    c. Quantify how missing demographic data impacts OFE's ability to measure and correct service inequities.
    d. Divide total outreach spend by the number of enrolled beneficiaries to establish the baseline cost-per-acquisition.
4. Providing forward-looking insights to improve the program's future design.
    a. Examine the feasibility of optimized, low-cost digital or community-based channels to improve outreach efficiency.
    b. Outline a process for OFE to legally and securely collect and integrate population statistics into account opening workflows.

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