

IDEAS42 BEHAVIORAL AUDIT

SAN FRANCISCO KINDERGARTEN TO COLLEGE

Introduction

How to Help Families Save for College

In 2011, the City of San Francisco made a promise to its families. The Kindergarten to College (K2C) program would help families of all income levels build savings so that their children could one day attend and graduate from college. Research suggests that children who have a college savings account with between \$1 and \$499 in it are two and half times more likely to graduate from college than children with no savingsⁱ. To date, the program has opened over 20,000 accounts, and families have deposited over \$1.3 million of their own moneyⁱⁱ.

While these numbers are encouraging, and 15% of accounts have received deposits beyond the amount contributed by the City itself, the City has its sights set even higher. While current research suggests that simply having a college savings account has a powerful effect on students' futures, the effect of the program could be even more powerful if more families were to actively contribute to their accounts. The City's Office of Financial Empowerment wanted to increase the number of people who were using the accounts on their own to further boost the effectiveness of K2C.

In the spring of 2016, the City of San Francisco partnered with ideas42, a nonprofit focused on using behavioral science for social good, to understand the barriers facing families as they try to build savings for college and re-design the communications that the K2C program sends to them in order to maximize account usage. This report documents the results of that partnership.

Defining the Problem

The first step towards improving the number of families who make deposits in their K2C accounts was to precisely define the problem that was most important. Too often, policymakers and program designers spend a great deal of time and effort trying to solve the wrong problem, or approaching the right problem with unwarranted assumptions. An economist might look at the K2C program's deposit rates and assume that most families just weren't interested in saving. Perhaps they could find a better interest rate elsewhere, or preferred to use the money for things other than saving for college. The economic model of human behavior would suggest ramping up the incentive programs even more or accepting that the 15% of families who currently deposit are the only ones interested. But the incentives available in the K2C program are fairly generous, and the Kindergarten to College program staff knew that parents often reported wanting to save more but failing to follow through. The problem could not be as simple as families rationally choosing other things to do with their money. This is in line with what behavioral science tells us about how humans make decisions and follow through on their intended actions.

As humans, we are fallible in our decision-making. We have limited attention, so we do not attend to or internalize all of the information presented to us. When we are unsure of what to do, we rely on relatively unrelated signals like arbitrary numerical anchors or the behavior of the crowd. When we have decided to do something, we do not always follow through, even when it is important and in our best interest. We forget, we procrastinate, or we change our mind because of something more pressing.

In partnership with K2C staff, we explored several different formulations of the issue. For example, encouraging children to save in their accounts directly, helping families take advantage of the various incentives available to them, or focusing on the size of the deposits as opposed to their frequency were all potentially problems worth pursuing. Ultimately, we decided to define our objectives relatively broadly, and settled on two key problem statements:

1. Too few families in San Francisco are saving at all in their K2C accounts. We want to increase the number of first time deposits into K2C accounts.
2. We want more middle-income and low-income students/families in San Francisco to save more frequently in their K2C accounts.

With these agreed-upon objectives in hand, the ideas42 team worked with the Office of Financial Empowerment to understand exactly how San Francisco families approach school, savings, and trying to plan for the distant future.

Investigating the Context

In order to understand what was preventing families from contributing to their K2C accounts, the ideas42 team spent 3 days on the ground in San Francisco interviewing parents, K2C staff, and community partners, as well as observing a Kindergarten to College field trip and Save for College day. The visit allowed us to identify and confirm seven different barriers in the way of saving, and understand how the program's structure interacted with those barriers to prevent families from taking action. We also looked back at previous work ideas42 had done in designing college savings programs for Propel Schools of Pittsburgh and the Children Aid Society of New York.

In addition to the seven behavioral barriers we identified, the San Francisco visit also confirmed that K2C program staff makes consistent, strenuous efforts to serve the families of San Francisco. But with more than 20,000 accounts in service and more each year, these efforts can only do so much. The behavioral barriers we uncovered must be dealt with if the program is to encourage a significantly greater number of families to deposit and families to deposit more frequently. Broadly, these insights are split into two categories: setting the intention to save and following through on the intention to save. Both are described below in more detail.

Setting a Specific Intention to Save

Many parents in San Francisco dream that their child will attend college, but not everyone has a concrete plan for how to cover the costs. Parents may have a vague idea that they should build saving for their child's education, and that the K2C program can help, but features of college savings generally and the Kindergarten to College program specifically get in the way.

1. The timing and complexity of the K2C intake process prevents families from ever getting started.

When a student enters the San Francisco Unified School District, either as a kindergartener or a new arrival to the district, they are given a Kindergarten to College account. Unfortunately, because the school district must coordinate with Citibank and the Office of Financial Empowerment to share student data and generate new accounts, there is a lag period of about two months between the excitement of starting school and the ability to use the account. Furthermore, making a deposit can be somewhat complex for first-time depositors, and the introductory materials contain five pages of text-heavy information, making it difficult for parents to figure out exactly what they should do.

The site visit also made it apparent that the parent of kindergarteners face a variety of constraints. Many families in San Francisco struggle to find affordable places to live, and stretch their budgets doing so. Even relatively well-off families face shortages of time, constantly juggling a set of responsibilities that includes work and family time. In addition, during the busy months from the beginning of kindergarten through the holidays and the end of the calendar year, parents have many things to focus on beyond saving for college. All families face a stretched budget in at least one of time, money, or attention, and research suggests that these constraints have a real and substantial impact on peoples' decision-making processes. In their book *Scarcity*, Sendhil Mullainathan and Eldar Shafir argue,

“When scarcity captures the mind, we become more attentive and efficient...With our minds riveted, we are less prone to careless error. This makes perfect sense: scarcity captures us because it is important, worthy of our attention...But we cannot fully choose when our minds will be riveted...Because we are preoccupied by scarcity, because our minds constantly return to it, we have less mind to give to the rest of life.”ⁱⁱⁱ

Taken together, the lag between the start of the school year and account creation, a potentially confusing intake process, and the effects of financial and temporal scarcity mean that families with new accounts frequently fail to ever take their first steps towards regular saving. Once the potential momentum granted by the opening of a new account is lost, it is very difficult for families to get back on track.

2. There are no clear perceived norms for parents to follow around savings.

Outside of official parent ambassadors for the program, no parent we spoke to reported being comfortable with discussing their financial situations or college savings habits with other elementary school parents. Though thousands of families are making K2C account deposits citywide, no individual depositor is able to observe the behavior of others. This means that parents don't know what other parents usually do to financially prepare for their child's college education. The exception to this is during Save for College days, during which parents can see how many others are in attendance, but the parents who attend any one of these events represent a small fraction of the total savers in the program. We have long been aware of the powerful influence of the behavior of others on our own^{iv}, and in the case of college savings, most parents are operating in an informational vacuum. Leveraging the influence of social norms to increase deposit behavior is an untapped opportunity to motivate the decision to save.

3. Program misperceptions justify inaction.

We heard from both parents and K2C staffers that several myths about the structure of the program were common: that the funds can reduce one's eligibility for public benefits during public school years or financial aid awards in college, that all the money in the account could disappear if the family left the district, or even that interacting with the program carried risk of exposure for undocumented families. These are all understandable concerns, but none of them are true of the K2C program. But for a family who has not yet deposited and is not familiar with the program, these concerns might pose enough of a barrier to prevent depositing in the first place, and failing to deposit means that families limit their exposure to the good that the program can do. In this sense, these myths serve as both barrier to action and justification for inaction. Many of these beliefs may stem from the mental model that people use to understand the K2C program. As a "government program", families may assume that K2C disqualifies them from other benefits or puts undocumented families at risk, even though K2C is carefully designed to avoid such pitfalls. Directly challenging people's beliefs can be a challenge from a behavioral design perspective (sometimes they identify even more strongly with the original belief)^v, but these barriers must be confronted in order to improve deposit rates. If these myths are not addressed, they will continue to be a barrier that prevents families from deciding to save in the first place.

Following through on the intention to save

4. Account information can be difficult to access.

When accounts are opened for new students, they receive their account card in a mailing. If families do not cut out the attached account card and put it somewhere safe, or if they lose the account card before it is cut out, they now have to recover their account number from K2C, another step to complete before successfully making a deposit. Recovering one's account number requires an active effort to get in touch with K2C staff or attend an event where K2C staff are present. While this bottleneck has already been improved with the introduction of a new online form that lets families easily request the account number, further reducing process-related hassles has tremendous potential for improving deposit rates. In one of the most dramatic examples, allowing families with high school seniors to complete the Free Application for Federal Student Aid at H&R Block while they were already completing their taxes led a 39% increase in FAFSA completion and a 26% increase in the number of those students who went on to college^{vi}. This experiment is particularly compelling because it illustrates the outsized effect that a small hassle can have on a significant financial decision. Completion of the FAFSA potentially affords students tens of thousands of dollars in student aid, but an intervention that reduces FAFSA completion time from several hours to less than 10 minutes dramatically increased the number of students who completed it. Though the rewards and incentives in the K2C program are not quite as dramatic as federal student aid, removing small hassles like finding one's account number has the potential to encourage families follow through on their intention to save. Removing hassles in kindergarten could help families accrue hundreds or thousands of dollars in savings by the time they get to college, and more importantly, make it more likely that their child attends and completes college.

5. Parents do not experience urgency around savings.

There is no doubt that college is expensive. But when a kindergartener and her family receive a K2C account, they have 13 years to build savings for college, and starting right away does not feel particularly urgent. In the face of financial constraints, saving for college is easy to dismiss because the consequences are so far in the future. Research suggests that imposing deadlines on behaviors is an important factor for making sure they are completed^{vii}. In their absence, it is likely that parents will continue to defer saving. Why follow through now when one can always follow through later

6. Each deposit method can be difficult in its own way.

Once a family has their account number securely in hand, they may still face practical difficulties making deposits using any of the four methods. In-person deposits can only be made at Citibank branches, which are not evenly distributed around the city. If a family has questions about the program while making a deposit, it is not always the case that Citibank employees in the branch will be able to adequately answer them. Deposits made through online banking require that the family use online banking in the first place, and not all banks make online bill pay easy. Mail deposits come with the usual bevy of hassles (“Do I have stamps on hand? An envelope? What’s the right address? I need a checking account or a money order.”). And while direct deposit is likely the simplest of the options, one must still remember to submit the form. Direct deposit also excludes parents whose employers do not pay them through a traditional payroll system. While any of these barriers may seem trivial in isolation, the net effect is that families find it difficult to consistently follow through on their intention to save.

7. When the intention to save is strongest, people aren’t able to take action.

When we talked to parents about the moments in which saving for college seemed most important, we heard that inspiration happens during key moments in a child’s life. When children start school, when they talk about their future plans, or when they do well in school, parents are uniquely motivated to plan for their child’s future. But because these moments are often unpredictable, parents are rarely in a physical place or state of mind where making a contribution to the K2C account is salient. In spite of that, there are a few predictable moments when saving for college is particularly salient. The beginning and end of the school year, holidays, and birthdays are all moments that are ripe for the capture of parental attention around the importance of saving for college. Identifying those predictable moments and presenting the opportunity to save and finding ways to make it convenient to contribute from anywhere could help parents capitalize on these moments.

Designing Solutions

After our site visit, we shared our findings with the K2C team and outlined new tactics for reaching families and helping them save. In close collaboration, we re-designed nearly every aspect of the program’s communication materials to account for the bottlenecks above. We highlight a few new approaches below, with examples from the new communications. A full description of the new materials can be found in the appendix.

Helping parents set the intention to save

Our first objective in re-designing the communications material was to establish a clear, helpful intake process that grabs attention, simplifies making deposits, and strongly supports continued deposits in the future. To that end, we developed a “Welcome Kit” for families to receive when they got their accounts in October of kindergarten.

The Welcome Kit, focused on action

The first page of the Welcome Kit (on the following page) lays out a clear set of steps to families to take, and each step is designed to either help the family make deposits right away or support their saving in the future. Below, we’ve highlighted key elements of the cover sheet that support these goals.

Start here.

Make it clear where families should start.

Putting your Child on the Path to College: An Action List

The San Francisco Kindergarten to College Program, run by the City of San Francisco, affords every child who attends a public school (in the San Francisco Unified School District) the opportunity to build a college savings account. This checklist to start your child on the path to college is designed to help you get started.

Make it obvious that the account is already open.

Make the account number clear, and put it in multiple places.

1



Open your account. - DONE!

Thanks to the City of San Francisco, your account is already open. Your account number is **XXX-XXXX-XXXX**.

2



Cut out your account card.

In the bottom right corner of this page, cut out the account card with your child's account number on it. Store it in a safe place, like your wallet, purse, or on your refrigerator. You can also take a picture and keep it on your phone.

3



Make a plan to make more deposits.

You and your child should make a plan to help save for college. You can make your first deposit using the pre-paid envelope in this envelope, and the activity on page 2 is designed to help you continue saving. These contributions will earn you additional funds from the City:

Provide a clear set of steps to get started.

Simplify the first deposit by providing a pre-paid, pre-addressed envelope.

- **\$100 Match:** We will match every dollar you deposit.
- **\$100 Save Steady Bonus:** Earn an extra \$100 bonus for a minimum of \$10 a month in your K2C account.

4



Provide your information to get ready for college.

By signing and returning the "Release of Information" form on page 2, your child's account may be eligible for additional money through their school.

5



Track savings online.

Create a user account at www.k2csf.org to check your account balance. Click on the "register" button and follow the instructions to create your account.



Get your questions answered. Questions about any of the above? Visit www.k2csf.org for Program Rules and resources, or e-mail Carol Lei at info@k2csf.org, or call 3-1-1 (in SF) or 415-701-2311 for answers.



The Kindergarten to College Savings Program

City and County of San Francisco as Fiduciary for Kindergarten to College Savings

Account Participant: [Name of child]

Account Number: XXX-XXXX-XXXX

Citibank Routing No. 031100209

Encourage families to engage in simple plan-making to save


A key feature of our Welcome Kit is that it was designed to encourage simple plan-making and follow-through. Simple plan-making has been shown to be effective in a number of other contexts, and we drew on that research to inform our design^{viii}. Below, we show the specific plan-making sheet included in the kits, and call out design elements chosen to maximize effectiveness.

Reinforce commitment and connection to the specific child receiving the account.


Set explicit norm that any deposit amount is fine, but certain incentives are tied to certain deposit sizes.

Child's Name _____


'S COLLEGE SAVINGS PLAN.




1. Circle how much you would like to save per month:



\$5/month
Matching bonus




\$25/month
Matching bonus
Save Steady bonus



Other/month
Matching bonus
Save Steady bonus for deposits
\$10 or more/month

2. How do you want to deposit? (Check one below) Remember, any amount is helpful!




We want to deposit in person

- Find the closest SF Citibank branch by going to [google.com/maps](https://www.google.com/maps) and typing in 'Citibank'. Check the hours and days that they are open (5 minutes).
- Decide when you will go make deposits (circle your choices). Remember to bring your child's account number.

I will get there by:
Walking Car Muni/BART Other

I will go on this day:
Mon Tues Wed Thurs Fri Sat


I will go at this time:
_____ AM PM



We want to deposit online

- Log onto your bank's website and go to the 'Bill Pay' section. Enter the following details to set up payment (one-time or recurring) into your child's account (5 minutes).

Billers Name: Kindergarten to College Account
Account Number: [account number here]
Billers Address: P.O. Box 790020, St. Louis, MO 63179-9966
Billers Phone: 415-701-2311



We want to make direct deposits through my employer

- On the green piece of paper, complete the Direct Deposit Form (5 minutes).
- The next time you go to work, submit the form to your employer. They will set up direct deposit to your account.

3. We will save what we can for college.

Child's signature

Parent's signature

Prompt parents to think through all of the details of in-person deposit.

Prompt parents and children to sign the form to increase commitment to the plan.

Help parents follow through on the intention to save

Make the need for account retrieval less common, but easier if it is needed

A major difficulty for families who wanted to make a deposit was simply remembering or retrieving their account number. To combat this, we changed the intake process to help families keep track of their account number. Independent of our work, the K2C team set up a new online form to process account number retrieval requests, which should make the process easier for families to get the account number if they do lose their account card.

Regularly remind families with postcards

Another important tactic towards helping parents set a clear intention was for the program to remind parents that the opportunity for savings exists, especially around key times of the year. We designed a series of postcard mailings to be rolled out at well-defined points, and focused our images and text on the leverage provided by these points in time. See below for a few examples.



By having children draw their goals for the future, the need to prepare becomes more salient for parents.

During Lunar New Year, children get monetary gifts in red envelopes. We wanted parents to take advantage of the holiday as a chance to teach their children about saving.



Linking the end of the current school year with eventual college graduation helps reinforce the need to save.



Provide families with a fresh start

We also designed a communication similar to the Welcome Kit to be rolled out in late March. For families who have already deposited, we designed a one-page document reminding them of the need to keep saving and other ways to engage with the program. Families who have not yet deposited will receive a more robust “Fresh Start” kit, capitalizing on the psychological potential of “fresh starts” (natural divisions in time periods) to begin new habits^{ix}.



It's spring!

Look at how much you've grown over the last few months.

The turning of a new season is a great time to reflect on the progress you and your child have made over the past few months. On the road to college, you've taken some very big steps. Here's how to continue that growth in the new season.

▲

For families who have deposited, emphasize the account growth that has already happened and try to build on that success.

For families who have not yet deposited, leverage the new season to help families feel like they have a fresh opportunity to begin depositing.



Spring is here.

A new season is the perfect time for a fresh start.

The San Francisco Kindergarten to College Program, run by the City of San Francisco, affords every child who attends a public elementary school (in the San Francisco Unified School District) the chance to build savings for college. Now that spring is here, it's the perfect time to start making regular deposits in your child's account to start them on the path to college.

Deploy other behavioral tactics

Though the above communications represented some of our main tactics for helping families set the intention to save, they were not the only ones we used. Below, we describe some specific behavioral tactics that didn't merit a full set of communications, but made appearances across all of our new materials.

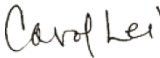
Text from a Lunar New Year-focused postcard.

As you celebrate Lunar New Year, remember that **Kindergarten to College is matching the first deposits in your account for up to \$100**. Try to take advantage of this incentive **before the end of the month!**

As a parent, you know that **every dollar counts** when planning for your child's future! Encourage your child to deposit red envelope money in his or her K2C account.

Depositing only \$10/month starting today can make a difference.


If you lost your account number, fill in your child's name, date of birth, and school name at **www.k2csf/accountnumber** to retrieve the number.


Sincerely,

 Carol Lei, SF K2C Program Manager


Use language that sets targets for depositing sooner as opposed to later.


Use language to suggest that making deposits is the norm for families in San Francisco.

Selection from an information card handed out at K2C events.

- 

AUTOMATICALLY OPENED
 K2C college savings accounts are automatically opened for each student entering a San Francisco public elementary school (within the San Francisco Unified School District)
- 

NO FEES
 There are no account fees or charges. The account is free.
- 

EASILY EARN ADDITIONAL MONEY
 The City of San Francisco starts each account with \$50. Students and families can earn over \$250 in additional funds.
- 

USE FUNDS FOR ANY HIGHER EDUCATION COSTS
 Funds can be used for tuition and fees for college, community college, or other kinds of training programs. This also includes supplies, books, and other education-related expenses.

Directly address common myths about the program.

Join thousands of parents across San Francisco, just like you, who are already saving for their children's futures. Research shows that parents who make a plan to save in their child's Kindergarten to College (K2C) account, even for \$5 or \$10 a month, can improve their child's likelihood of graduating from college.

If you have any questions about the Kindergarten to College (K2C) program, email Carol Lei at info@k2csf.org or call 3-1-1 (in SF) or 415-701-2311.

Selection from a letter sent to families in advance of the account opening.

Conclusion

The collaboration between the San Francisco K2C program and ideas42 used behavioral science to produce a drastically revamped and improved set of communications materials that should help increase the number of families that take advantage of their K2C account. By leveraging behaviorally-informed communication strategies to help families set an intention to save and follow through on that intention, we hope to increase the number of families in San Francisco who are able to build meaningful savings balances for college. These savings will help set and reinforce the expectation that students go to college, will help students take care of vital college expenses, and will help them find the financial footing to focus on academic success.

Of course, we do not expect that the work will end here. The redesigned communications strategy presented here is the first step towards adopting a behaviorally-informed perspective for service delivery in the City of San Francisco. Equipping the city’s dedicated staff with a new set of behaviorally informed tools to continue to improve the communications and outreach efforts will allow them to more effectively serve the children, parents, and families of San Francisco.

Appendix

Communication	Target Audience and Date	Description
K2C Info Card	General Handout	We provided a revised version of the K2C Info Card handout, with a focus on addressing the bottlenecks identified in our audit process. The Info Card is handed out at events.
How to Start Saving Brochure	General Handout	We provided an updated version of the “How to Start Saving” brochure that provides clear guidance on depositing and helps families follow through. The brochure was designed to be handed out at events.
“Heads Up” Communication	New K2C Families in mid-October	We created a simple letter designed to prepare families to receive their K2C account in early November.
Welcome Kit	New K2C Families in late October	We created a revised welcome kit for families new to the program, which includes a revised welcome letter, new action kit cover sheet, new plan-making sheet, new behaviorally-designed envelope, revised direct deposit sheet, and revised release of information sheet.
“Welcome Back” Action Kit	Existing K2C Families in late October	We created a new “welcome back” savings kit for families already in the program, which will include a letter, action kit cover sheet, plan-making sheet, behaviorally designed envelope, revised direct deposit sheet, and revised release of information sheet.
Principal/Administrator Letter	Principals and administrative staff at K2C schools in mid-September, and again in early January	We created a letter to principals explaining their school's savings performance relative to other schools and outlining how they can and why they should promote the program at their school.
Spring “Fresh Start” Action Kit	All K2C Families in late March	We created a new “fresh start” savings kit, which will include a letter, action kit cover sheet, plan-making sheet, behaviorally designed envelope, revised direct deposit sheet, and revised release of information sheet. There are separate versions of these kits for families that have and have not made a deposit.
Save for College Days Template for Flyers	All K2C Families throughout the year	We created a template for improved “Save for College Days” flyers that will be distributed to parents via mailings and in the classroom throughout the academic year.
Event-Specific Postcards	All K2C Families throughout the year	We created several behaviorally designed postcards to be sent to parents at key points throughout the year (start and end of school

		year, tax refund season, birthdays, holidays including New Year's and Lunar New Year).
K2C "Mythbusting"	General Handout	We created a document designed to address several myths parents hold that our research process identified (the K2C funds disappear if a family leaves the district, the account disqualifies families from public benefits, etc.) that the K2C program staff can use to correct misperceptions of the program.

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