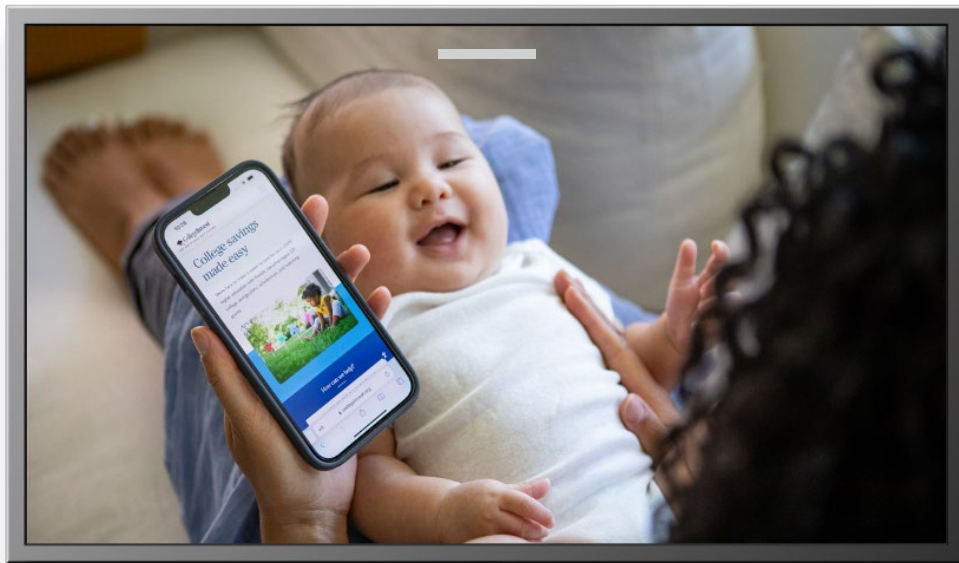




Kickstarter 2024 Report

Pursuant to 23-3.1-306.5,
“College Kickstarter Account Program”



2024

Prepared and submitted by CollegeInvest, a division of Colorado Department of Higher Education (CDHE)

Report to the Colorado State Legislature
Statute: Pursuant to 23-3.1-306.5

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Introduction

CollegelInvest is a self-supporting State Enterprise Fund within the Colorado Department of Higher Education (CDHE). It has a 9 member Governor-appointed advisory Board of Directors, approved by the Senate. CollegelInvest does not receive any taxpayer funding and is not part of the Long Bill.

The Colorado legislature passed a Child “Kickstarter” Savings Account bill ([HB19-1280](#)) which provides \$100 to be deposited in a parent or guardian owned CollegelInvest account for the benefit of every child born or adopted in the State of Colorado on or after January 1, 2020. Adoption of any age child and military residence is also honored. Parents or guardians have until the child’s 5th birthday to claim the award. The program was branded First Step.

First Step launched in 2020 (officially on February 18, 2020, to account for the monthly reporting delay from the Office of the State Registrar of Vital Statistics in CDPHE) and has been in effect every day since. The legislation mandates that the program run through 2040 and that the remaining \$12.4 million dollars in a legacy CollegelInvest early achievers scholarship program be invested in their Stable Value Plus plan and dedicated to fund First Step account awards to Colorado families. The legislation also provides an annual inflation increase, awarding \$110 to families who claimed an award in 2023. This will increase again in 2024 to \$115 and annually through the 20-year term of the legislation.

This report includes the following statute-required data:

- A descriptive and evaluative summary of the marketing and outreach plan
- Statistical summaries of the usage of the program for the past calendar year and for the life of the program

Marketing and Outreach

Grassroots Outreach

CollegelInvest has 8 full-time staff spreading the message about First Step. A bilingual Community Outreach Coordinator was added as a new position to our team in September 2021. He promotes all of CollegelInvest’s programs to under-represented audiences, with an emphasis on our Matching Grant and First Step Programs. Some outreach examples include Denver Health, County health departments (Adams, Jefferson, Northwest, Pueblo, Weld), Nurse Family Partnership (NFP), Early Childhood, Head Start, and other community organizations. In the last quarter, with the return of the school year, he focused his initial in-person outreach to Denver, Adams, Jefferson, Weld, Boulder, and Larimer County school districts, individual elementary schools, and early childhood education programs offered through the districts. We plan to expand this outreach to other counties in the future. Schools that qualify for Title I funding or with a demographically high Latino student population are a primary focus. Additionally, bilingual flyers are distributed digitally through school email newsletters and text communications to parents, as well as in print form in resource folders that are sent home with every child in a school on a weekly, monthly, or quarterly basis. In 2023, First Step grassroots outreach messaging reached over 100 nonprofit organizations and 746 companies in 42 Colorado counties.

These outreach efforts do not use state taxpayer funds, administrative fees, or funds in the First Step master account.

Paid Advertising and Media

In addition to adding our full-time bilingual outreach person in late 2021 to target under-represented groups, CollegeInvest incorporated an extensive paid advertising campaign in October 2022. Using our in-state advertising agency, we created new TV commercials and online ads dedicated to First Step messaging. All materials were produced in both English and Spanish.

A [First Step specific landing page](#) on the CollegeInvest website was created to focus the messaging and encourage First Step enrollments for children born or adopted after January 1, 2020. The landing page includes an explainer video and additional content to make it easy for parents to understand the importance of First Step, the one-time \$100 gift contribution, dollar-for-dollar match, and how the enrollment process works. Visitors who provide their email addresses will receive automated follow-up messages to inform and encourage participation.

One of the automated emails includes a [video message from Governor Polis](#) encouraging families to start saving for college. This is in addition to the promotional videos that were produced for the program's launch featuring [Governor Polis](#), [Treasurer Dave Young](#), [Representative Leslie Herod](#) and [DHE Executive Director Angie Paccione](#). These videos, as well as all of the TV advertisements, are online and can also be viewed at CollegeInvest's [YouTube page](#).

Governor Polis also promoted First Step and its matching program with a [press release](#) and media event on August 18, 2022:

"With Colorado Cash Back checks reaching mailboxes around the state, I wanted to highlight CollegeInvest as an exciting opportunity for parents of young children to double your \$750 or \$1500 and start saving for your child's higher education today. Coloradans with a child born or adopted after January 1st, 2020, can sign up now to get a free \$100 credit with dollar-for-dollar matching of \$1,000 per year for the next 5 years after that. Investing in our children's future is one of the best decisions we can make as parents, and the programs being offered will boost your child's college savings account," said Gov. Polis. "I am committed to saving people money and providing real relief to all Coloradans so that people can keep more money in their pockets or start saving more for future costs."

On August 24, 2022, DHE Executive Director Angie Paccione and CollegeInvest CEO Angela Baier were also interviewed on [9News to promote the program](#).

To drive traffic to the landing page, CollegeInvest developed a dedicated First Step media plan consisting of Broadcast TV for English and Spanish stations, Connected TV (Hulu and Programmatic) and digital advertising including display, pre-roll and social. This comprehensive plan runs from October 1st through December 31st each year and raises awareness for First Step and encourages Colorado families to learn more. CollegeInvest placed \$570,000 in paid advertising during the most recent campaign in 2023.

First Step paid marketing and advertising tactics do not use state taxpayer funds, administrative fees, or funds in the First Step master account.

Matching Incentive

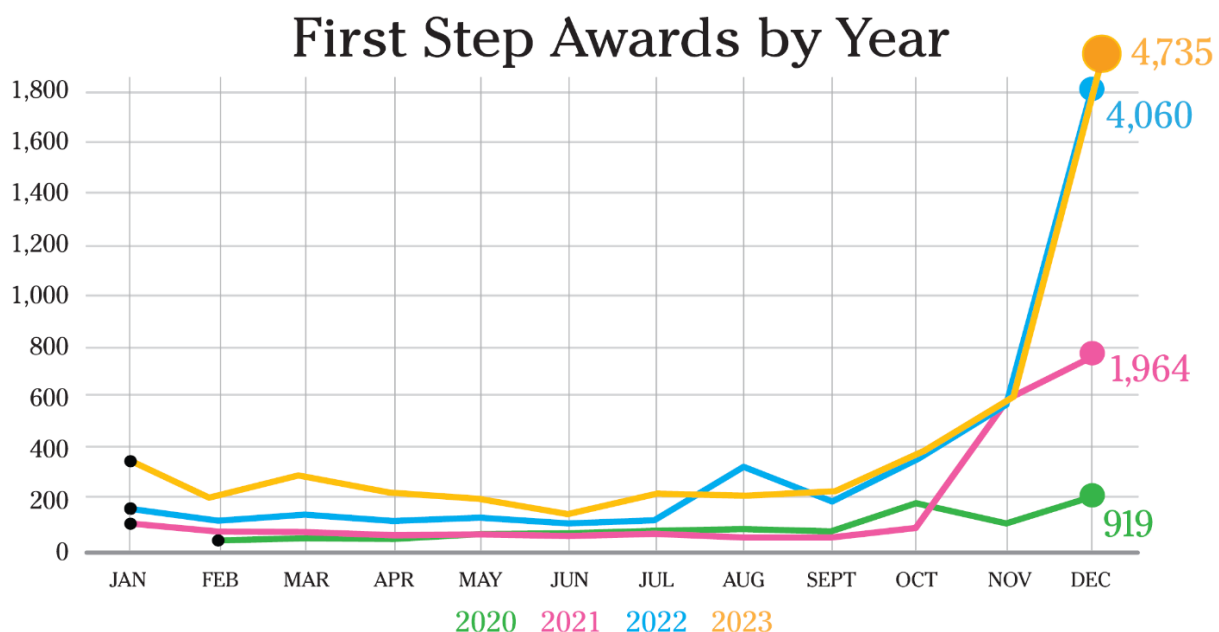
On October 5, 2021, CollegeInvest announced that all First Step awardees would receive a dollar-for-dollar match of future contributions up to \$1,000 per year for 5 years. This program was created by CollegeInvest above and beyond the \$100 kickstarter funds required by the bill.

This additional incentive, funded through federal dollars secured by CollegeInvest, has had a massive impact on the number of families who are claiming this award. It also motivates applicants to start contributing to their new accounts on a regular “set it and forget” pattern for systematic savings. All First Step awardees who claimed their award by 12/31/22 will receive a dollar-for-dollar match of up to \$1,000 a year for 5 consecutive years, for a total of \$5,000. **In May 2023, CollegeInvest awarded \$5,013,727 in matching incentives to 5,446 families.** Those families received an average match of \$921 from CollegeInvest but they actually contributed more than the match, with an average of \$3,292 per account. Families who claim their First Step award in 2023 and beyond receive a match of up to \$500 per year for 5 years (\$2,500). Contributions made by First Step families during 2023 will be matched and deposited into their accounts in May 2024.

CollegeInvest conducted consumer research with account owners in June 2023. When asked about how the First Step program played a role in their decision to open a CollegeInvest account, 74% said it was important. Among households earning less than \$100k, the number jumped to 90%.

The First Step matching incentive does not use state taxpayer funds, administrative fees, or funds from the First Step master account.

Statistical Summaries



The number of eligible children born/adopted, and percentage who claimed an award

[Question 6\(b\)\(i\)\(ii\) in HB19-1280](#)

Birth Year	Vital Records Births	By Cohort Year	Participation %
2020 Total	62,079	3,446	5.6%
2021 Total	63,645	3,279	5.2%
2022 Total	63,163	3,064	4.9%
2023 Total	57,494	1,889	3.3%

The data for 2023 does not include the number of births for December 2023 since we haven't received that information from CDPHE. These percentages will increase over time because parents have until the child's 5th birthday to claim. Our participation rate for children born in the first quarter of 2020 is already up to 6.4%. As a point of comparison, California has a child savings account program called CalKIDS. This program was seeded with \$2 billion in taxpayer funds and was intended to "auto-enroll" every child with \$100. However, recent updates show that of the nearly 400,000 eligible newborns in their state, [only 4% have registered accounts](#) on the CalKIDS website.

The number of families who made additional contributions after the initial award

[Question 6\(b\)\(vi\)\(a\) and \(b\) in HB19-1280](#)

Application Year	Total Accounts	% of Accounts Making Contributions	% of Accounts Not Making Contributions
2020	919	97%	3%
2021	1,964	98%	2%
2022	4,060	90%	10%
2023	4,735	91%	9%

The average contribution per account was \$3,292. Also, there were over 2,300 families who claimed their award in November/December 2023. Those families, and others who recently signed up in 2023, are likely waiting until the 2024 calendar to start their matching contributions.

NOTE: Evaluation data for questions 6 (b) III, IV and V in HB19-1280 require cross tabulation of multiple children in a family and is not possible due to federal banking and investment privacy laws.

CollegeInvest offers 4 plan choices, each with their own manager (First Bank, Nationwide, Vanguard, and TIAA). There is no system to cross reference client account information between these four companies. All accounts are protected by federal private banking and investment laws. Families frequently choose different plans for their children depending on beneficiary age and account owner preferences.

Also, according to federal guidelines, there can only be one account owner. So even if a family chooses the same plan for multiple children, we don't know if two account owners are in the same family. Frequently families will put one child with the mother as the account owner and the other child with the father as the account owner for ease of payroll deductions, corporate matches, etc. This is also a very common practice for divorced or unmarried parents. So unfortunately, we have no way of knowing with any certainty which children are from the same household.

Conclusion

On November 3, 2023, [CollegelInvest announced that its First Step program](#) had helped more than 10,000 families. Those parents and guardians opened CollegelInvest savings accounts which received a total of \$1 million placed directly into the accounts of babies born or adopted in Colorado since January 1, 2020. The initial cohort of families to receive a match on their 2022 contributions received a total of \$5,013,727 in May 2023. We will award matches for 2023 contributions in May 2024.

The story received media coverage including a feature in the [Colorado Sun](#). Governor Polis also promoted the massive success of the program with his own [press release](#) on November 16, 2023:

"It is never too early to start planning for your child's postsecondary education, and I am thrilled that more than 10,000 families have enrolled in the First Step savings program and received the free \$100 contribution from CollegelInvest. Right now, in addition to the first \$100, CollegelInvest will match dollar-for-dollar contributions up to \$2,500, bringing the total free contributions from CollegelInvest to \$2,600," said Governor Polis. "I am committed to supporting more Coloradans to achieve their higher education goals, and innovative programs like First Step are part of Colorado's commitment to hardworking families and individuals."

During the last two months of 2023, with the benefit of the annual massive paid TV & online advertising campaign, there were an additional 1,880 families who claimed their First Step award. That brings the current total to 11,891 families as of mid-January 2024.

Since its inception in 2020, the First Step program has seen significant increases in applications from Colorado families as awareness grows. The number of awards given out has doubled year-over-year during the beginning of the program. In 2023, we still saw a 17% increase over 2022 (4,060 to 4,735). We will continue to emphasize outreach to under-served audiences and also fine-tune our highly effective paid advertising campaign in 2024. Additionally, we expect heightened interest from families who have children born in 2020. They are nearing their 5th birthday and are now in their final year of eligibility to apply for a First Step award.