

MINUTES OF THE HOUSE EDUCATION BUDGET COMMITTEE

The meeting was called to order by Chairman Joe McLeland at 3:30 p.m. on March 9, 2009, in Room 531-N of the Capitol.

All members were present.

Committee staff present:

Theresa Kiernan, Office of the Revisor of Statutes  
Reagan Cussimano, Kansas Legislative Research Department  
Jonathan Tang, Kansas Legislative Research Department  
Dee Heideman, Committee Assistant

Conferees appearing before the Committee:

Cheryl Semmel, Director, United School Administrators of Kansas  
Bob Vancrum, Blue Valley School District #229  
Mark Tallman, Assistant Executive Director, Kansas Association of School Boards  
Mark Desetti, Director of Legislative Advocacy, Kansas National Education Association  
Dennis McKinney, State Treasurer of Kansas  
April Holman, Director Economic Policy, Kansas Action for Children  
Jackie Free, Kansas Partners for Asset Development

Others attending:

See attached list.

**HB 2105 - Teacher and administrator contracts; notice of non-renewal.**

Theresa Kiernan of the Revisor's provided an overview of **HB 2105**. (Attachment 1)

Cheryl Semmel, Director, United School Administrators of Kansas, spoke in favor of **HB 2105** which would allow school districts for a limited period of time, to notify teachers of non-renewal to a reasonable number of days following the adoption of the state budget. (Attachment 2)

Bob Vancrum, Blue Valley School District #229, was a proponent on the bill, and stated it overrides the usual May 1 date in any case where the Governor has not signed a budget for the ensuing year before April 16. In such a case, non-renewal must take place 15 days after the appropriations bill is signed. (Attachment 3)

Speaking in opposition of **HB 2105**, Mark Tallman, Assistant Executive Director, Kansas Association of School Boards stated that although boards may appreciate more time to make decisions about non-renewing teachers' contracts, the delay also gives teachers more time to indicate whether they wish to accept the contract, which will further delay district staffing decisions. In addition, many district negotiated agreements also contain notice dates and reduction in force procedures that would either not be changed by this bill, or would be in conflict with this bill. (Attachment 4)

Another opponent of **HB 2105** was Mark Desetti, Director of Legislative Advocacy, Kansas National Education Association. He stated that this bill essentially strings teachers along. Also, he felt the system we now have works and there is no reason to change it. (Attachment 5)

After a session of questions and answers, Chairman McLeland closed the hearing on **HB 2105**.

**SB 225 - Low-income family postsecondary savings accounts incentive program.**

**SB 225** was explained by Theresa Kiernan of the Revisor's office. (Attachment 6)

Dennis McKinney, State Treasurer, provided testimony as a proponent of the bill, and indicated in these difficult times, this is not the time to give up on the idea that the state's taxpayers benefit when we enhance workforce development. (Attachment 7)

CONTINUATION SHEET

Minutes of the House Education Budget Committee at 3:30 p.m. on March 9, 2009, in Room 531-N of the Capitol.

The next proponent of this bill to speak was April Holman, Director of Economic Policy, Kansas Action for Children. Her reasons for supporting **SB 225** were; 1) strengthens our workforce, 2) helps Kansas compete with overseas workforce, 3) attracts new jobs to Kansas, 4) bolsters rural and smaller communities, and 5) fosters financial responsibility. (Attachment 8)

Jackie Freed from Kansas Partners in Asset Development, stated that now more than ever, we should encourage families to save for technical and higher education and by offering incentives, Kansas will reap the rewards of this investment in the future of employees of this state. (Attachment 9)

Written testimony Supporting **HB 225** was submitted by Reginald Robinson, President and CEO, Kansas Board of Regents. (Attachment 10)

Don Jordan, Secretary, Kansas Department of Social and Rehabilitation Services also provided written testimony in favor of this bill. (Attachment 11)

There were no opponents testifying on **SB 225**.

After all questions were answered, the hearing on **SB 225** was closed by Chairman McLeland.

The next meeting is scheduled for March 10, 2009.

The meeting was adjourned at 4:40 p.m.



**MARY ANN TORRENCE**, ATTORNEY  
REVISOR OF STATUTES

**JAMES A. WILSON III**, ATTORNEY  
FIRST ASSISTANT REVISOR

**GORDON L. SELF**, ATTORNEY  
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OFFICE OF REVISOR OF STATUTES  
KANSAS LEGISLATURE

Legal Consultation—  
Legislative Committees and Legislators  
Legislative Bill Drafting  
Legislative Committee Staff  
Secretary—  
Legislative Coordinating Council  
Kansas Commission on  
Interstate Cooperation  
Kansas Statutes Annotated  
Editing and Publication  
Legislative Information System

TO: House Education Budget Subcommittee

FROM: Theresa Kiernan, Senior Assistant Revisor of Statutes

RE: House Bill No. 2105

DATE: March 9, 2007

House Bill No. 2105 was introduced by the House Education Committee at the request of the Representative Don Schroeder. The bill amends two provisions in chapter 72 relating to employment contracts for teachers (including retirants who return to employment with a school district) and school district administrators. The bill does not apply to superintendents of school districts.

Under current law employment contracts are deemed to continue for the next succeeding school year unless the local Board of Education (Board) provides written notice of termination or nonrenewal to a teacher on or before May 1 of the current school year. A teacher is required to give written notice to the Board by May 15 if the teacher does not wish to continue the contract, or no later than 15 days after final action is taken by the Board upon termination of professional negotiation, whichever is the later date.

Under House Bill No. 2105 when the appropriation for general state aid for school districts has not been approved by the Governor by April 15, written notice of the Board's intention to terminate or non-renew a contract may be served by the Board to a teacher prior to the time the contract has been completed; such notice must be served not later than 15 days after the date that the bill containing the appropriation is approved by the Governor. A teacher would be required to give written notice to the Board that the teacher does not desire continuation of a contract no later than 30 days after the date that the appropriation bill is approved by the Governor, or no later than 15 days after final action is taken by the Board upon termination of professional negotiation, whichever is the later date.

Parallel amendments are made to the provision relating to administrators.

The fiscal note states that the bill has no fiscal effect.

RS- C:\My Files\Docs\2009HB2105Explr.wpd (tkiernan)

House Education Budget Committee  
Date: 03-09-09  
Attachment #: 1

**Testimony on**

**HB 2105**

**House Education Budget Committee**

Presented by: Cheryl L. Semmel, Executive Director

March 8, 2009

The mission of United School Administrators of Kansas (USA|Kansas\*), through collaboration of member associations, is to serve, support, and develop educational leaders and to establish USA|Kansas as a significant force to improve education.

Education administrators remain committed to ensuring that each and every child in Kansas receives a quality education that will help them reach their potential and become successful, productive adults. There are 465,000 students in our public schools that we strive to impact positively every single day. As you know, Kansas students are making unprecedented academic achievement and we are on a path of continuous improvement.

The 2009 Legislative Session promises to be one of the most challenging in the history of our state, as we face an economic downturn of global proportions. As one of those charged with leading our state through the budget and revenue crisis we are currently facing, I know you will be called on to make some of the most weighty decisions of your legislative service.

**I am here today in support of HB 2015.** In a time of growing uncertainty over matters such as budget shortfalls, teacher shortages and time constraints, we appreciate your efforts to provide some flexibility during these extraordinary times.

Administrators do not make decisions about reductions in workforce lightly and are committed to addressing workforce issues responsibly. Beyond the most immediate impact in the classroom, workforce reduction in K-12 education would result in increased unemployment in many of our communities across Kansas. K-12 education is a major workforce in Kansas – both directly and indirectly. From the district and building level personnel to contracted vendors, these individuals support local economies in many ways, whether it be supporting local retail or contributing to the tax base. In some of our small communities, with limited employment options, these individuals and families will relocate entirely – having a devastating, long-term impact on local communities.

Kansas Statute 72-5437 establishes May 1 as the deadline by which local boards of education must notify teachers of their intent to non-renew a teacher's contract. If the local board does not notify a teacher of its intent to non-renew that teacher's contract by May 1, the teacher is then covered by continuing contract and automatically rehired for the next year.

House Education Budget Committee

Date: 03-09-09

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Recent history demonstrates that the state budget has often not been determined until after May 1. As a result, school districts have had to make employment decisions (by May 1) before budgets are set

Unfortunately, we are in a period of great economic uncertainty. In the absence of a clear budget plan for FY 2010, the only choice many districts will have is to nonrenew all nontenured teachers at their April board meetings, wait for final budget news, and then hope they can re-hire the staff they did not want to release in the first place. **This will have an impact on not only on school programs and operations, but will impact local communities.**

HB 2015 would allow districts, for a limited period of time, to notify teachers of non-renewal to a reasonable number of days following the adoption of the state budget. This would allow school districts to make decisions based on more accurate information about the financial resources available to the district. **Administrators remain committed to ensuring a quality education for each child. They are communicating regularly with staff – instructional and noninstructional – as they prepare for anticipated cuts and remain focused on that common goal.**

In closing, on behalf of education administrators, I would like to thank you for your continued support of education and for realizing the importance of investing in education. Preparing our children requires a shared commitment, collaboration, and open dialogue among all stakeholders. Thank you for being partners in education.

\*USA|Kansas represents more than 2,000 individual members and ten member associations:

Kansas Association of Elementary School Principals  
Kansas Association of Middle School Administrators  
Kansas Association of School Administrators  
Kansas Association of School Business Officials  
Kansas Association of School Personnel Administrators  
Kansas Assoc for Supervision and Curriculum Development  
Kansas Association of Special Education Administrators  
Kansas Association of Secondary School Principals  
Kansas Council of Career and Technical Education Administrators  
Kansas School Public Relations Association

TESTIMONY TO HOUSE EDUCATION BUDGET COMMITTEE

By Robert Vancrum Blue Valley USD 229

March 9, 2009 @ 3:30 PM

on H2105

CHAIRMAN MCLELAND AND OTHER HONORABLE REPRESENTATIVES

I am here representing Blue Valley USD 229, a district of 20,500 students which has experienced rapid growth over the last 20 years. We cover over 91 square miles in Southeast Johnson County Kansas and a small part of Miami County. We are very much a supporter of HB2105, which would extend the date by which districts have to notify teachers of their non-renewal of employment if they don't know if they can employ them for the ensuing year. Although the bill is a little difficult to read, it overrides the usual May 1<sup>st</sup> date in any case where the Governor has not signed a budget for the ensuing year before April 16<sup>th</sup>. In such a case, nonrenewal must take place 15 days after the appropriations bill is signed.

In our case, teachers are able to choose between dozens of districts in either Missouri or Kansas in a drive of less than an hour. Many of the Missouri districts can and do pay more for teachers and we lose some as a result of the uncertainty over how much our district will receive in state funds. In our view it is not fair to teachers at a time of bleak economic outlook to be put through the stress of thinking they may lose their job when there is still a chance that a means will be found to increase school finance funding.

Please report HB 2105 favorably to the Whole House.

I would be happy to answer questions now or at the Committee's convenience.

913-634-8257

House Education Budget Committee

Date: 03-09-09

Attachment #: 3



KANSAS  
ASSOCIATION



OF  
SCHOOL  
BOARDS

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Testimony before the  
**House Education Budget Committee**  
on  
**HB 2105**  
by

**Mark Tallman, Assistant Executive Director/Advocacy**  
Kansas Association of School Boards

**March 9, 2009**

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to comment on **HB 2105**. This bill would change the teacher and administration contract notification dates from the current May 1, and May 15 dates, if the General State Aid Appropriations Bill is not signed by the Governor by April 16. KASB appears in opposition to this bill for several reasons.

First, our members have previously adopted a specific policy position supporting the May 1 and May 15 dates. This policy was adopted after a period of time when legislative school finance decisions were being pushed back later and later. The consensus of our members at that time was a specific date should be set and not subject to change each year. No effort has been made to change that policy in our Delegate Assembly.

Second, even if our policy was not so specific, the experience of our legal and labor relations staff is that the dates should not be changed. Although boards may appreciate more time to make decisions about non-renewing teachers, the delay also gives teachers more time to indicate whether they wish to accept the contract, which will further delay district staffing decisions. In addition, many district negotiated agreements also contain notice dates and reduction in force procedures that would either not be changed by this bill, or would be in conflict with this bill.

Third, we believe there are technical issues in attempting to tie the notice date to legislative action. **HB 2105** would delay the standard May 1 and May 15 dates "whenever a bill containing the appropriation from the State General Fund for General State Aid for the ensuing school year has not been approved by the Governor on or before April 16."

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We assume this would generally be the “mega” appropriations bill. However, over the past six years, the mega is almost never signed by April 16. Here is a recent summary:

2003	SB 6	Signed April 21
2004	HB 2675	Signed April 19
2005	Special Session	
2006	SB 225	Signed April 18
2007	HB 2364	Signed April 23
2008	SB 534	Signed April 21

Therefore, using the April 16 date would mean that the notice date would almost always be a “floating” date, which we suggest would make it more difficult for both district and employee planning. It also appears that selecting a later date in April based on historical patterns would push the “trigger” very close to the statutory May 1 date. But it is also very possible that the amount of school funding on which employment decisions will be made will be changed by the Omnibus bill, which is never completed by April 16. That is certainly a possibility if the April estimates are dramatically reduced in a given year.

Therefore, KASB believes that the current contract notice dates should remain in place, and opposes **HB 2105**.

Thank you for your consideration. I will be happy to respond to questions.



Making public schools great for every child

KANSAS NATIONAL EDUCATION ASSOCIATION / 715 SW 10TH AVENUE / TOPEKA, KANSAS 66612-1686

**Mark Desetti, Testimony  
House Education Budget Committee  
March 9, 2009**

**House Bill 2105**

Mr. Chairman, members of the Committee, thank you for the opportunity to share our thoughts on **House Bill 2105**.

There is one thing that both the proponents and opponents of this bill probably agree on. Given the level of cuts in education funding contemplated for this year and next, reductions in the number of staff members are likely inevitable. There are lots of Kansas school children who will do without the benefit of a counselor or school nurse or librarian. In some cases, class size will increase, reducing the opportunity for extra time each child might have with the teacher.

We have been working to remind lawmakers that each Kansas child gets only one chance at first grade; a Kansas high school student gets only one chance at Algebra II or Physics. The opportunity these children have for a quality education should not be subject to fluctuations in the economy. But that apparently is the sad lesson of these times.

Teachers are workers – just like those at Boeing or Sprint or even Caterpillar tractor. They work to feed their families and make their house payments just like any other worker. And if reductions in staff are going to come, we believe that they ought to be given the opportunity to seek other employment opportunities.

You have probably heard how difficult it is to tell a teacher he or she has to be laid off; that there is a negative effect of getting that news. Of course there is. Just as there is for any worker who faces a reduction.

But we believe that by using the May date, a teacher has a better opportunity to find work somewhere else. It puts him or her in the job market all the sooner.

Many teachers will simply stay where they are and hope that they will be called back. Others cannot face the possibility of unemployment and the longer they wait to get into the job search, the less likely it is that they will find another position.

**House Bill 2105** essentially strings teachers along. We appreciate the fact that school administrators would rather hold on to the people they have. But holding on to a person for an extra month or more could mean the difference between a job and the unemployment line.

The system we have right now works. We see no reason to change it.

House Education Budget Committee  
Date: 03-09-09  
Attachment #: 5

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Interstate Cooperation  
Kansas Statutes Annotated  
Editing and Publication  
Legislative Information System

TO: House Education Budget Subcommittee  
FROM: Theresa Kiernan, Senior Assistant Revisor of Statutes  
RE: Senate Bill No. 225  
DATE: March 9, 2007

House Bill No. 225 was introduced by the Senate Ways and Means Committee at the request of the State Treasurer's Office. The bill amends the law which established the Low-Income Family Postsecondary Savings Accounts Incentive Program (Program). The Program is designed to encourage low-income families to establish postsecondary savings accounts by providing state matches for contributions to such accounts. The state will match contributions up to \$600 annually. The Program is administered by the State Treasurer (Treasurer)

Under current law, no moneys would be appropriated for matching after June 30, 2009. The bill would extend the Program indefinitely and make several changes to the administration of the program. Applications for participation would be submitted each year and qualification would be based on household income in the tax year preceding submission of the application.

Under current law, the Treasurer was authorized to approve 400 applications in fiscal year 2007. Each fiscal year thereafter, the Treasurer could approve up to 400 applications in addition to those approved in the previous year. The bill would allow the Treasurer to approve no more than 300 applications from a single congressional district for a total of 1,200 applications. If less than 300 applications in a single district are approved, additional applications from the remaining districts may be approved by the Treasurer. The bill would authorize the state match during the calendar year in which the participant was approved rather than the calendar year in which the account was opened.

The bill would eliminate the current limitation of \$50,000 for marketing and administration of the program.

The Senate Committee on Education amended the bill to delete a provision which required the Treasurer to submit a report on the program to the Governor and Legislature on or before January 31 of each year.

The fiscal note states that the bill would require a transfer of up to \$720,000 from the State General Fund to the Kansas Postsecondary Education Savings Program Fund each fiscal year to meet the matching obligation for the preceding calendar year. The transfer would be made in January of each year.

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Attachment #: 6

RS- C:\My Files\Docs\2009SB225Expr.wpd (tkiernan)



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STATE OF KANSAS  
**Dennis McKinney**  
TREASURER

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Senate Bill 225

Kansas Investments Developing Scholars Matching Grant Program

House Education Budget Committee

March 9, 2009

The Kansas Investments Developing Scholars Matching Grant Program was created as a three-year pilot program in 2006. It was assigned to the Treasurer's Office as part of the Learning Quest Education Saving Program. Senate Bill 225 is based on my recommendation to continue the program on a permanent basis providing a \$600 matching grant to up to 1200 participants each year. I have attached my report to the Legislature outlining the participation in the program during the three-year pilot period, and I would be glad to answer any questions you have about the data. The average income of the program's participants was \$26,550.

I am proud that Kansas is one of only 11 states with a matching grant for their 529 education savings program. Matching grant programs like K.I.D.S. ensure that participants at all income levels receive an incentive from the state when they save for their student's future. The tax deduction provided to all Kansas taxpayers who contribute their Learning Quest account is of less value to lower income Kansans who are taxed at a lower rate. Matching grant programs also help break the cycle of poverty by encouraging Kansas families to work hard and invest in education for themselves or their children. Preparing Kansans of all income levels to face the costs of education beyond high school at universities, technical colleges and community colleges also helps create the more educated work force that is necessary in today's economy.

The bill includes a few changes to how we would administer the program.

- Because the matching grant is paid based on the amount that participants contribute each calendar year, we should set the number of participants to be approved by calendar year. The state's matching grant payment will still be made once per fiscal year each January.
- Currently, a participant is considered the adult account owner allowing each account owner to receive one \$600 matching grant regardless of the number of children in the household. The \$600 can be divided into multiple accounts if the account owner chooses. We have found this feature to be confusing to applicants as well as

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cumbersome to administer. Most parents with multiple children want to treat them evenly. If this bill passes, we plan to amend the regulations for the program to change definition of "participant" from the account owner to the beneficiary whose higher education expenses can be paid from the account. This change would also carry with it the restriction that account owners would not be allowed to change the beneficiary for the account. The effect is that the state would be contributing for the education of a particular student instead of to an account owner who can change the beneficiary to any family member as defined by Section 529 of the Internal Revenue Code.

- The Treasurer's Office is willing to administer and promote this program within its existing resources without an appropriation from the State General Fund. We can also work with private sector partners to help market the program.
- Our office believes that the amendment proposed by the Senate beginning at page 2 line 40 subjecting the program to the annual appropriations process is unnecessary because the annual cost of the program can be controlled by the number of grants authorized by this bill and by placing an expenditure limit on the Postsecondary Education Savings Program Trust Fund that is used to distribute the matching grants.

I know that budgets are tight and that it is a difficult time to request to continue this program. However, I contend that now is not the time to give up on the notion that the state's taxpayers benefit when we enhance workforce development by helping place higher education within reach for every Kansan who is willing to work hard and invest for their children's future. Given the ever increasing cost of attending our regents universities, we must help those who can least afford tuition increases to plan for the future by saving today. My office is ready to work with any suggestions that you might have for improving this program.





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## **Kansas Investments Developing Scholars Matching Grant Program**

### **Pilot Period Report**

January 15, 2009

#### **Program Objectives:**

The Kansas Investments Developing Scholars Matching Grant Program is designed to promote workforce development with traditional Kansas values by providing an incentive for families to work hard, save, and invest in education. Preparing families for the cost of postsecondary education helps create the more educated work force that is necessary in today's economy. Incentives that help motivate families who are willing to work and invest in education will also assist many in breaking the cycle of poverty.

#### **Background:**

The Kansas Investments Developing Scholars Matching Grant Program was created as a three year pilot program in 2006 with the passage of K.S.A 75-650 and assigned to the Treasurer's Office as part of the Learning Quest Education Saving Program. The first applications were accepted in August of 2006 after spending two months to implement regulations found in K.A.R. 3-4-1 to K.A.R. 3-4-7 and creating procedures for administering the accounts with our program manager, American Century Investments. The program was designed to focus on the account owner as the participant because account owners are the individuals who have control over education savings accounts established under Section 529 of the Internal Revenue Code.

- Participants must be a Kansas resident, but they may select any beneficiary for the account. The designated beneficiary is the person whose higher education expenses can be paid from the account.
- Just like all 529 account owners, K.I.D.S. participants were given the right to choose their investment portfolio and can change the beneficiary to another family member at any time.
- The program looks to the household income in the participant's home and not the beneficiary's if they are different.
- Restrictions were placed on the accounts to ensure that only contributions by the participant qualify for the state's match of up to \$600.

- Participants are also required to show that they have incurred qualified higher education expenses before they are allowed to withdraw the state's matching contribution. A non-qualified withdrawal of the participant's contribution results in a forfeiture of the state's matching contribution.
- Each participant can only receive one \$600 matching grant, but they can choose to divide it into multiple accounts for multiple beneficiaries. Joint account owners can receive one \$600 matching grant for each joint account owner.

### **Participation:**

- **Totals:** Over the first three years of the program, 1111 participants have received a total of \$582,239.75 in matching grants for their contributions. 397 participants were approved for one year, 321 for two years and 34 for all three years. Matching contributions have been made to accounts for 862 beneficiaries.
- **FY07 Match:** In February of 2007, the state contributed \$43,278.15 to accounts for 93 beneficiaries based on the contributions by 84 participants from August 1 to December 31, 2006. Their average contribution was \$515. Their average household federal adjusted gross income was \$20,966 or \$24,795 if the participants with negative incomes are excluded with a mean of \$28,101.
- **FY08 Match:** In January of 2008, the state contributed \$274,715.84 to accounts for 611 beneficiaries based on contributions by 528 participants in calendar year 2007. Their average contribution was \$516. Their average household federal adjusted gross income was \$24,623 or \$27,287 if the participants with negative incomes are excluded with a mean of \$36,112.
- **FY09 Match:** In January of 2009, we will be contributing \$264,245.76 to accounts for 576 beneficiaries based on contributions by 499 participants in calendar year 2008. Their average contribution was \$531.86. Their average household federal adjusted gross income was \$25,474 or \$27,869 if the participants with negative incomes are excluded with a mean of \$34,582.

### **Effectiveness of the K.I.D.S. Program:**

Because 65% of the 862 of the accounts for K.I.D.S. beneficiaries were opened after the account owner applied for the K.I.D.S. program, we consider the account owners' participation in the program their as primary motivation to begin saving for postsecondary education expenses. Only 35% of the K.I.D.S. participants already had Learning Quest Education Savings Program accounts for their beneficiaries when they applied for the matching grant.

Adding the state's match to the participants' contributions allowed a total of \$1,160,451.50 to be set aside for the education of these students after high school.

35 beneficiaries have already withdrawn \$30,834.50 from the program to attend junior colleges, technical colleges and universities. One half of that amount or \$15,417.25 is the state's matching funds and the earnings in the state's match account. The other one half is the participants' contributions and their earnings. Even though the program is just in its third year, it has already made an impact by helping these families of limited means afford the costs of postsecondary education.

K.I.D.S. participants have also made significant contributions in addition to the amount that is eligible for the state's match. In 2006, 60% of the accounts for K.I.D.S. beneficiaries had contributions greater than their \$600 matching grant for total of \$51,114. In 2007, 42% of the accounts for K.I.D.S beneficiaries received contributions of \$200,146 more than their match, and in 2008 34% of the accounts for K.I.D.S. beneficiaries received excess contributions of \$169,215. The three year total of \$420,475 shows that this program has been a powerful incentive to encourage working families to save for their children's future beyond the level of the matching contribution provided by the state. Creating this type of positive investing and asset development behavior is precisely why this program was created.

### **Marketing:**


The program was allotted \$50,000 in FY2007 and FY2008 for administration and marketing. The Treasurer's Office has absorbed the soft administrative costs such as salaries and has spent all the funds on marketing and supplies. In the first year we promoted the program on the internet, and through flyers sent to schools and local SRS offices. Posters with detachable flyers were sent to all school counselors and principals, local SRS offices, health departments and local housing authorities in FY 2008. In September of 2007, we sent 193,000 postcards to Kansas families with dependents and with incomes close to the program's guidelines. This mailing could not have been accomplished without the assistance of the Department of Revenue, and it was largely responsible for the increased participation in 2007. The \$50,000 appropriation was eliminated in FY09. With the over 600% increase in participation between year one and year two, we believe the program would have reached the 1200 participant cap in its third year with appropriate marketing resources.

### **Recommendations:**

The Treasurer's Office recommends continuing the program with a few minor changes. We suggest changing the matching grant from one per participant/account owner to one per beneficiary. This would allow families with more than one child who are capable of investing more to receive additional matching funds. This would also spread available funds to more students if the program becomes full by preventing multiple account owners from receiving matching grant funds for the same beneficiary. We would prohibit the participant from changing the beneficiary to prevent multiple matching grants from being transferred to one beneficiary. These changes can be accomplished through rules and regulations.

The bill proposed by the Treasurer's office cleans up language in the current statute by limiting the number of participants by calendar year rather than by fiscal year to align it with the requirement to match their contributions from the previous calendar year each January.

# FISCAL FOCUS

Budget and Tax Policy in  Perspective

April Holman, Director of Economic Policy  
Kansas Action for Children  
Legislative Testimony – SB 225  
House Education Budget Committee  
March 9, 2009

Good afternoon, Chairman McLeland and members of the Committee. On behalf of Kansas Action for Children (KAC) I would like to thank you for this opportunity to testify in favor of SB 225.

Kansas Action for Children is a not-for-profit child advocacy organization founded in 1979. For more than 30 years, KAC has worked with lawmakers on policy solutions that improve the lives of Kansas children and their families.

## The KIDS Program

The KIDS Program is a three-year pilot project designed to strengthen our future workforce and the availability of skilled workers in our state by helping more Kansas children obtain a degree or job training.

The KIDS program is a division of the state's Learning Quest program. As a public-private partnership, KIDS gives low-income Kansas families the opportunity to establish a 529 College Savings Plan, and encourages these families to save for their children's education by matching the first \$600 the families contribute to the 529 account in a year.

Children whose families earn 200% of poverty or less are eligible to save through the KIDS program. To ensure equal opportunity across the state and to encourage workforce development in rural areas, slots are reserved on a first-come, first-served basis in each of the state's four Congressional Districts. The KIDS program is currently capped at 1,200 children. Right now, 515 children participate in the KIDS program.

## Why should we renew the KIDS Program?

- **Strengthens our workforce** - Right now, more than 250,000 Kansas children are growing up in low-income homes. Statistically, these children are less likely to achieve financial independence as adults, which creates a burden on our system. The KIDS Program is a low-cost way to ensure many of these children develop the skills they need to succeed in the workforce and become self-sufficient as adults.
- **Helps Kansas compete with overseas workforce** - As more and more employers require a skilled workforce, and we compete for jobs with workers in other countries, we simply cannot

afford the likelihood that those children growing up in low-income homes - roughly one-third of our next generation - would be unprepared for the workforce.

- **Attracts new jobs to Kansas** - Employers cite a readily-available skilled workforce as a key factor in determining where to locate a business. With the KIDS program, we can grow the kind of skilled workforce we need to attract new employers to Kansas and provide the resources our existing employers need to remain competitive in a global economy.
- **Bolsters rural and smaller communities** – The geographic guidelines in place for the KIDS program provide an opportunity for small- and medium-sized communities to develop a highly-skilled local workforce. By encouraging these program participants, legislators can provide a long-term solution for attracting jobs and growing the local economies in these communities.
- **Fosters financial responsibility** – By providing incentive for low-income families to save, the KIDS program encourages healthy financial decisions that will ultimately help improve the economic conditions for Kansas families seeking to break the cycle of poverty.

### **What needs to happen to maintain the KIDS Program?**

To prevent expiration of the program, the Legislature would need to approve SB 225, a bill that authorizes continuation of the KIDS program and allows low-income Kansas families to continue saving for their children's education. The Senate Committee amended the bill to make funding for KIDS subject to appropriations. In order to fund the program fully, it would cost \$720,000 SGF. However, lawmakers would have control over how much of that amount, if any, would be available each year.

We urge you to pass SB 225 in order to maintain the KIDS Program and the important role it plays in preparing future generations for the workforce and fostering financial responsibility in Kansas.



# Kansas Partners in Asset Development

Working to Establish Opportunities for Kansas Families

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Testimony in support of Senate Bill 225

March 9, 2009

Members of the Committee:

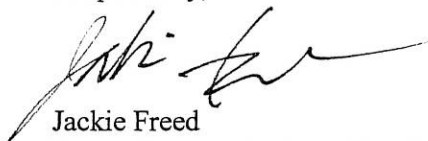
I appreciate the opportunity to speak in support of SB 225. I am Jackie Freed and am representing the members of Kansas Partners in Asset Development. This coalition is comprised of 32 organizations representing social service agencies, disability advocates, educators, and private sector organizations, all of whom believe that in order for our state to thrive we must work to encourage financial stability and asset expansion for Kansas families. Kansas Partners for Asset Development firmly believes in the strength of Kansas families to achieve their financial goals; however we also acknowledge that at times families need a helping hand.

Kansas Partners in Asset Development encourages the passing of 225, to stabilize and increase earning potential for Kansas workers. Individuals who do not receive higher or technical education are quickly sliding in comparison to their counterparts. The Pew Research Foundation a non partisan think tank reported in 2008 that individuals without training beyond high school have seen a 16% drop in income status since 1970 whereas those who receive additional training have remained relatively consistent. Additionally, according to the same research those who have training beyond a high school diploma are less likely to experience financial difficulties. The KIDS program and its ability to encourage training beyond the halls of high schools will stabilize the financial situation of Kansas household and increase earning potential while decreasing severe financial hardships, when fewer Kansas families are forced to rely on programs such as food stamps, LIHEAP, SCHIP, and others all Kansans benefit.

Finally, during a difficult economic time families often feel discouraged by the market conditions and reduce investments or remove them entirely. The match provided by the KIDS program will incentivize higher education savings and encourage families to continue thinking about higher education goals even through our nation's economic recession. As we all well know the earlier savings begins the better the outcome, any time lost not thinking about long term financial goals can undermine the potential impact of the saving. Thus, now more than ever encouraging families to save for technical and higher education should be a priority for this body.

Kansas Partners in Asset Development and its organizations are enthused that this committee is considering Senate Bill 225 and urge the passage of this piece of legislation. The opportunity for higher education and the incentive that this bill provides represents a valuable opportunity to invest in the future of the Kansas economy and the citizens of this great state. By stabilizing income for families and increasing earning potential, the coffers of the State will reap the rewards of this investment in the future employees of this state.

Respectfully,



Jackie Freed  
Kansas Partners in Asset Development

House Education Budget Committee  
Date: 03-09-09  
Attachment #: 9



# KANSAS BOARD OF REGENTS

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March 9, 2009

Representative Joe McLeland, Chairman  
House Education Budget Committee  
Statehouse, Room 503-N  
Topeka, KS 66612

Representative Harold Lane, Ranking Member  
House Education Budget Committee  
Docking S.O.B.  
Topeka, KS 66612

Dear Chairman McLeland and Ranking Member Lane:

On behalf of the Kansas Board of Regents, I write to you to express the Board's support for Senate Bill 225, legislation that would extend the Kansas Postsecondary Education Savings Program.

The Board has long-supported the state's Learning Quest Program. As an advocate for higher education in Kansas, the Board is pleased to support programs, such as Learning Quest, and legislation, such as Senate Bill 225, that help Kansans to prepare for and pursue their higher education goals and dreams.

Thank you for the opportunity to share the Board's support for Senate Bill 225.

Sincerely,

Reginald L. Robinson  
President and CEO

House Education Budget Committee  
Date: 03-09-09  
Attachment #: 10

The Honorable Joe McLeland  
Chairman  
House Education Budget Committee  
503-N  
300 SW 10<sup>th</sup> St  
Topeka, KS 66612

Re: SB 225

Dear Chairman McLeland:

I would like to provide comments in support of Senate Bill 225, which continues the KIDS College Match Savings Program for post-secondary school expenses for low-income individuals and families. This saving program helps low-income individuals and families achieve greater economic security and stability. Lack of access to post-secondary education is a critical barrier preventing low-income individuals from building the personal and financial resources needed to achieve and maintain self-sufficiency. Higher education results in increased personal income, greater earning potential, and contributes to continued economic growth in Kansas. Asset development programs like this savings plan help move families on a path of self-sufficiency. The KIDS College Match Savings Program enables individuals and families to save for education and training, creating opportunities for them and for future generations.

Sincerely,



Don Jordan

OFFICE OF THE SECRETARY

Docking State Office Building, 915 SW Harrison Street, 6th Floor, Topeka, Kansas 66612  
Voice: (785) 296-3271 • Fax: (785) 296-4685 • TTY (Hearing Impaired): (785) 296-3271

House Education Budget Committee

Date: 03-09-09

Attachment #: 11