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## **PROPONENT TESTIMONY ON SB BILL 281**

**Presented to the Senate Committee on Government Efficiency  
By Tom Treacy  
Office of Kansas State Treasurer Steven Johnson**

**February 13, 2025**

Chairwoman Erickson and Members of the Committee,

Thank you for the opportunity to provide testimony in support of Senate Bill 281. At the request of the Committee on Government Efficiency, our office conducted a review of the programs we administer to evaluate their effectiveness and alignment with the state's goals of maximizing benefits for Kansans while ensuring fiscal responsibility.

One such SGF-funded program that was already under STO review is the Low-Income Family Postsecondary Savings Accounts Incentive Program (a/k/a the KIDS Matching Grant Program), which SB 281 proposes to replace. While well-intended, the KIDS program has, over the years, become administratively burdensome for the state, our 529 program manager, and often families trying to access 529 grant funds. The KIDS program—designed to assist Kansas households earning less than 200% of the federal poverty level by providing up to \$600 in matching funds annually per member of the household—receives an annual appropriation of \$720,000. In 2024, \$397,776.90 was distributed to 218 Kansas households. In aggregate, the KIDS program has grown to over \$16.2 million in assets and, per K.S.A. 75-650(h), all of those dollars must be approved by staff of the Treasurer's office when used to pay for qualified 529 expenditures.

In recent discussions with former Representative Ed O'Malley, the legislative sponsor of the KIDS matching grant program in 2006, the legislative intent of the matching grant program was to serve as a "pilot program" for the state of Kansas. Outside of program participation updates provided within our agency's annual report to the legislature, a thorough legislative review of the effectiveness of the KIDS program has never been performed. For years now, funding of the KIDS matching grant program has essentially been on auto-renew.

Initially, the KIDS program did not require a burdensome number of staff-hours to administer and, because of the decision to divert resources from the state's 529 plan to launch the KIDS matching grant program, the Treasurer's office was able to keep the financial burden to the state low. Today, STO staff collectively spends approximately 850 staff-hours administering the program. Additionally, over 1,000 staff-hours are committed from our Learning Quest 529 program service providers, American Century Investments and Ascensus Government Savings. Given the staff-hours required for detailed review of every withdrawal request from the program

and the financial resources committed to a program that has had an average of 708 matching grant participants over the past five years, it has become necessary to assess whether this is the most effective use of state resources.

### **Enhancing Efficiency and Impact**

SB 281 proposes a more effective approach by replacing the current program with the Kansas Postsecondary Education Savings Account and Kansas ABLE Savings Account Grant Incentive Program. This initiative will provide an incentive to qualifying individuals to open accounts under the Kansas Postsecondary Education Savings Program or the Kansas ABLE Savings Program. The program introduces a “learn-to-earn” concept in which Kansans who participate in a financial literacy training program and open a qualifying 529 or ABLE account, can receive a grant of up to \$100. For families planning for higher education or career related expenses, SB 281 provides a clear, structured incentive to save. Additionally, for individuals with disabilities, the bill ensures continued support through the Kansas ABLE Savings Program, which enables them to save for qualified disability expenses in a tax-advantaged account while maintaining access to essential benefits.

### **Fiscal Responsibility and Transparency**

This bill limits the total amount of grants awarded each year to \$200,000 and mandates an annual report to the Governor and Legislature detailing program participation, financial contributions, and success metrics. This commitment to transparency allows policymakers to continually assess and refine the program to best serve Kansans.

### **Conclusion**

SB 281 represents a prudent step toward improving the efficiency and impact of Kansas’ tax-advantaged savings programs. By consolidating resources, simplifying access, and ensuring financial accountability, this bill strengthens the state’s commitment to helping families save for education and supports individuals living with disabilities achieve greater financial independence.

I urge the Committee to support SB 281 and advance this important legislation. Thank you for your time and consideration. I am happy to stand for any questions.