

April Holman  
Kansas Action for Children  
Legislative Testimony – SB 153  
Senate Financial Education Committee  
March 12, 2012

Thank you madam chair and members of the committee for this opportunity to testify in support of Senate Bill 153.

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.

### **Public/Private Partnership for Higher Education Savings.**

The education and job readiness of the next generation will determine our future prosperity. One way that we can help to ensure the workforce of the future is ready for the challenge is to help families plan and save for their children's higher education. The KIDS Program, administered by the Office of the Kansas Treasurer, does just that. This program provides an incentive for lower-income families to save for their children's post-secondary education. However, we can maximize the impact of this program by expanding it to allow for a public/private partnership to help lower-income families save for higher education and training programs.

### **Why is Saving for Higher Education Important?**

Research shows that saving for a child's higher education has two impacts on the child's educational attainment. The first impact is obvious - a family that saves for their child's higher education develops the financial means to pay for some or all of the child's higher education. The second impact is that the family and the child develop the expectation of receiving a higher education which can foster educational engagement and academic achievement.

### **What is the KIDS Program?**

The KIDS Program provides a dollar-for-dollar match, up to \$600 per year, for families with incomes at or below 200% of poverty that contribute to a Learning Quest higher education savings account. Under the current law only contributions that are made directly by the owner of the account are eligible for the KIDS match. However, we believe that there are a number of corporate and philanthropic entities across the state that would be interested in contributing to KIDS accounts to assist qualified families.

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## **2011 KIDS Data**

- Number of beneficiaries - 813
- Total matched savings - \$421,813

## **Maximize Savings for Lower-income Children**

Senate Bill 153 modifies the KIDS program to allow third-party contributions to KIDS accounts. This would allow philanthropic organizations, employers, and others to contribute to a KIDS account for the benefit of a qualified participant.

Current law allows for up to 1,200 KIDS accounts per year. In 2011 the total number of accounts was almost 400 short of the limit. The economic realities of the recession undoubtedly impacted the ability of many families to participate. However, this underscores the importance of finding ways to help lower income families save for their children's higher education. Allowing a public/private partnership to maximize savings for higher education will help more children and families take this important step towards self-sufficiency and ultimately strengthen the Kansas workforce of the future.