



## Promoting Postsecondary Pathways:



### KIDS Matching Grant and Learning Quest 529 Education Savings Accounts

#### **K.I.D.S. Matching Grant Program**

The Kansas Investments Developing Scholars (K.I.D.S.) Matching Grant Program was created by the Legislature as a part of the Learning Quest 529 Education Savings Program administered by the State Treasurer for Kansas residents with income below 200% of the federal poverty level. When the Learning Quest account owner enrolls a beneficiary in the K.I.D.S. program, the state will match the first \$600 contributed to the Learning Quest account. The account owner must contribute at least \$100 in a year to be eligible, and applications are processed on a first come, first served basis. The matching grant funds must be used to fund the beneficiary's qualified higher education expenses. The program is limited to 1,200 participants with 300 from each of Kansas' four Congressional Districts per year. Program participation in the five most recent years is as follows:

	<u>Beneficiaries</u>	<u>Contributions</u>	<u>% of Change YOY</u>
2019	774	\$393,166.00	3.78%
2018	727	\$378,833.33	7.50%
2017	668	\$352,418.88	(7.30%)
2016	727	\$380,159.00	(13.69%)
2015	874	\$440,471.18	2.83%

#### **Proposed Policy Changes – Senate Bill 473**

The goal of SB 473 is to remove barriers to Kansas families taking advantage of the K.I.D.S. Matching Grant Program and meet the program limit of 1,200 participants per year. The proposed changes will serve to increase the number of active participants, increase the amount contributed to accounts, and improve the likelihood of these children participating in future postsecondary education:

Amend KSA 76-750 to:

- Facilitate third-party contributions to accounts in the K.I.D.S. program and match contributions dollar-for-dollar.
- Expand the K.I.D.S. program to include as a “Qualified individual or family” currently serving in or honorably discharged veterans of the Kansas national guard or any branch of the United States military.

- Facilitate Charitable Organization contributions to accounts in the K.I.D.S. program, deposit contributions in an account for which the withdrawals are restricted to qualified withdrawals under K.S.A. 75-640, and match contributions dollar-for-dollar.

### **Learning Quest 529 Education Savings Accounts and Benefits**

Authorized in the Internal Revenue Code, 529 plans are tax-advantaged vehicles for qualified postsecondary education expenses. In Kansas, the Learning Quest 529 Education Savings Program (Learning Quest) is managed by American Century Investment Management, Inc. through a contract with the Office of the State Treasurer. Kansas also offers the Learning Quest Advisor and the Schwab 529 Plan, which are managed by American Century Investments and distributed by Charles Schwab & Co., Inc. The program offers anyone who is a U.S. citizen or resident alien the option to invest for higher education.

### **Tax Benefits**

- Earnings grow tax-deferred and qualified withdrawals are tax free.
- Kansas taxpayers receive an annual adjusted gross income deduction of up to \$3,000 (or \$6,000 if married and filing jointly) for each beneficiary.
- Can contribute up to \$15,000 per year (\$30,000 if you're married and filing jointly) without incurring federal gift taxes.
- Can make five years' worth of gifts up to \$75,000 (or \$150,000 if you're married and filing jointly) to your 529 account in a single year without being subject to gift taxes.

### **Employer Benefits**

- Employers can offer Learning Quest as part of their competitive suite of benefits.
- Employees can invest in higher education for themselves or their family members.
- Contributions can be made via payroll deduction.

*Treasurer LaTurner and the Kansas Board of Regents are pleased to support enactment of Senate Bill 473 to promote additional postsecondary pathways for Kansas students and their families.*

Further information about Learning Quest and the K.I.D.S. program can be found at <https://kansasstatetreasurer.com/>.

The Kansas Board of Regents is proud to offer KsDegreeStats, an interactive online tool for Kansans to review cost and earnings data from real graduates for each undergraduate degree program offered at a public university or college in Kansas. With hundreds of degree programs available, there are many factors to consider when selecting the institution and the degree program that are the best match. Visit <https://www.ksdegreestats.org> to find more information.