

MAXIMIZING OPPORTUNITIES for AT-RISK KANSAS KIDS



What is the KIDS program?

The KIDS program helps lower-income families save for higher education. It provides a dollar-for-dollar match, up to \$600 per year, to qualified families contributing to a Learning Quest higher education savings account. In order to qualify, family income must be at or below 200% of the federal poverty guidelines. KIDS began as a pilot program in 2006. Kansas lawmakers adopted the program permanently in 2009.

Who participates in KIDS?

- 600 Kansas children are participating in the KIDS program
- The average annual income of participating families is \$32,617
- The average annual contribution to a KIDS account is \$517

The education and job readiness of our next generation will determine our future prosperity. One way that we can help ensure our future workforce is ready for the challenge is to help families plan and save for their children's higher education. The KIDS Program, administered by 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 further encourage lower-income families to 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.

The National Center for Education Statistics (NCES) notes that "education is positively related to individual earnings." According to the NCES, after ten years individuals with a bachelor's degree are estimated to earn an average of 23 percent more than individuals with no college and

those with an associate's degree earn an average of nine percent more than those with only a high school education.

Maximize savings for lower-income children

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 there are a number of charitable and philanthropic entities across the state that would be interested in contributing to KIDS accounts to assist qualified families.

By modifying the KIDS program, we can allow third-party contributions to KIDS accounts that will qualify for the state match. Current law allows for up to 1,200 KIDS accounts per year. In 2009, the total number of accounts was less than half 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 toward self-sufficiency and, ultimately, strengthen the Kansas workforce of the future.



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