

February 25, 2019

Annie McKay, President and CEO  
Kansas Action for Children  
Verbal testimony in support of House Bill 2096  
House Financial Institutions & Pensions

Dear Chairman Kelly and Members of the Committee:

Kansas Action for Children (KAC) is a nonprofit, nonpartisan organization committed to improving the lives of Kansas children and families by providing comprehensive data, advocating for sound public policy, and collaborating with lawmakers. Our organization cares deeply about ensuring that every Kansas child has the opportunity to be successful. The establishment of a children's savings account program can increase educational attainment and economic security.

Kansas Action for Children has supported similar programs for over a decade. Research shows that "children who have even small savings accounts for college are seven times more likely to attend and graduate from college than those who have no savings accounts."<sup>1</sup> Children are also less likely to be dependent on student debt and "have more diversified asset portfolios as young adults and stronger connection to mainstream financial institutions."<sup>2</sup>

Children's savings accounts can help address long-standing racial and ethnic differences in educational attainment. While there has been a narrowing in college enrollment rates, Black Americans continue to have lower rates of college graduation compared with their white counterparts. Among those who enter college, 62 percent of white students complete their degree or certificate within six years, compared with 38 percent of Black students. Research shows that Black students are more likely to be enrolled part-time, take remedial courses, and begin their college career in community college, all factors that make students less likely to finish their degrees.

Although part-time enrollment and community college attendance are associated with lower completion rates, these educational options can be more accessible for low-income or first-generation students, or students working and paying their way through college.

The racial wealth gap, which shows certain communities of color are less likely to have accumulated wealth than their white counterparts, plays a role when considering college options. For example, Black Americans with college degrees have a median wealth of \$23,400, while white Americans with college degrees have a median wealth of \$180,500. Black children in these households will be less likely

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<sup>1</sup> Mercer, Marsha. "Children's Savings Accounts Help States Create 'College-Going Culture'." The Pew Charitable Trusts. April 6, 2015.

<https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2015/4/06/childrens-savings-account-help-states-create-college-going-culture>

<sup>2</sup> Dr. William Elliott. "Start saving for children's higher education today." Kansas Action for Children. <https://kac.org/529/>

709 S Kansas | Suite 200  
Topeka, KS 66603

P: 785-232-0550 | F: 785-232-0699  
[kac@kac.org](mailto:kac@kac.org) | [www.kac.org](http://www.kac.org)

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to have financial assistance to pay for schooling, and as a result they will be more likely to need to take out loans and work their way through college, making part-time enrollment and community college (again, factors that are associated with lower graduation rates) more appealing.<sup>3</sup>

While the data appear challenging, children's savings account programs are an opportunity to bolster educational outcomes for Kansas children of color to create successful futures for every Kansas child. For these reasons and more, we urge the House Financial Institutions & Pensions Committee to support HB 2096.

Thank you for the opportunity to voice our support of this bill, and please do not hesitate to contact me at [annie@kac.org](mailto:annie@kac.org) if you have any questions.

709 S Kansas | Suite 200  
Topeka, KS 66603

P: 785-232-0550 | F: 785-232-0699  
[kac@kac.org](mailto:kac@kac.org) | [www.kac.org](http://www.kac.org)

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<sup>3</sup> Fetsch, Emily. "2018 Kansas Health and Prosperity Index (HAPI)-Tackling the Legacies of Unfairness Facing Kansans of Color: Enhancing Opportunity for Every Kansan." Kansas Center for Economic Growth. November 2018.  
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