

January 27, 2016

Shannon Cotsoradis, President & CEO
Kansas Action for Children
Senate Ways and Means Committee

Chairman Masterson and members of the Committee,

Kansas Action for Children (KAC) appreciates the opportunity to express our opposition to proposed changes to the funding structure of early childhood programs in Kansas.

Decades ago, Kansas lawmakers made a commitment to the state's future prosperity by establishing the Kansas Endowment for Youth (KEY) Fund and the Children's Initiative Fund (CIF) with tobacco settlement money. Kansas was the only state in the nation to do so, recognizing both the cost avoidance and tremendous return on investment generated by early learning. It was part of a larger vision to provide early learning opportunities for generations of Kansans to come.

The Governor's budget recommendation proposes eliminating this system of funding for critical early childhood programs. The recommendation calls for transferring \$57.3 million from the KEY Fund to the State General Fund (SGF) instead of to the CIF for Fiscal Year 2017. Permanently funding CIF programs from the SGF would dismantle one of Kansas' most innovative, successful, and forward-thinking legacies.

Making this recommendation permanent would require an important change in state statute. According to K.S.A. 38-2101, all revenues resulting from the Master Settlement Agreement must be credited to the KEY Fund. Statutes also state CIF dollars must be used to provide additional funding for programs to benefit the physical and mental health, welfare, safety, and overall well-being of Kansas children. CIF money may not be used to replace or substitute moneys appropriated from the SGF in the previous year.

The proposed change will make children's programs more susceptible to budget cuts and sweeps, eliminating existing protections for Kansas' youngest citizens. Currently the Kansas Children's Cabinet and Trust Fund, a bipartisan, quasi-governmental agency, ensures accountable investments in children's programs. Amending this funding structure removes a long-standing, successful system of checks and balances within the early learning system.

Additionally, the proposal disregards findings of the efficiency audit commissioned by the Legislature. The preliminary report cites the existing funding structure and the work of the Kansas Children's Cabinet and Trust Fund as an innovation driver of children's programs. It highlighted millions of dollars in savings CIF-funded programs generated simply by future cost avoidance (such as children in special education programs), thereby providing an 11 percent return on investment. The report states: "*CIF-funded programs are held to a higher standard of evaluation than many State programs.*"

For these reasons, we respectfully request that the committee members keep the promise they made to Kansas children more than a decade ago and oppose changes to the funding structure of the KEY Fund and the CIF.



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