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Testimony for Senate Bill 463  
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 the proposed changes to the funding structure of early childhood programs in Kansas contained in Senate Bill 463. 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 Initiatives 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. KAC opposes Senate Bill 463 because it:

**Compromises Kansas' commitment to invest in our youngest children.** Senate Bill 463 proposes abolishing the Kansas Endowment for Youth (KEY) Fund and the Children's Initiatives Fund (CIF) on July 1, 2017. All receipts from the Tobacco Master Settlement Agreement (MSA) would be deposited into the State General Fund (SGF) beginning on July 1, 2017. While the legislation provides **up to** \$50 million for children's programs, it does not specify an annual amount. The legislation establishes a ceiling that may be less than annual tobacco receipts, but it does not establish a floor. While there is growing recognition that a long-term, stable source of funding must be identified to ensure that our state's investments in young children are not eroded as tobacco revenue begins to decline, Senate Bill 463 will actually make this revenue less predictable from year-to-year. Furthermore, this is not a problem that it is necessary to solve this year. The anticipated revenue from the MSA is adequate to fully fund existing programs in the coming years.

**Makes children's programs more susceptible to budget cuts and changes the Cabinet's role.** Given the state's current fiscal challenges, it is possible that allotments will be made to state agencies. Since allotments are at the agency level – not the program level – an agency could choose to eliminate or significantly reduce funding to one or more of the early childhood programs currently funded by the CIF, despite the recommendations of the Kansas Children's Cabinet. While the Legislature currently can disregard the recommendations of the Cabinet, giving that authority to state agencies fundamentally changes the role of the Cabinet.

**Fixes a problem that doesn't exist.** The Kansas Children's Cabinet is transparent and accountable; the efficiency audit commissioned by the Legislature describes the Cabinet as an innovation driver. The report highlighted millions of dollars in savings generated by CIF programs by future cost avoidance, with some programs producing an 11 percent return. The report also stated: "CIF funded programs are held to a higher standard of evaluation than many State programs." These funds are *already* highly accountable and any "fix" contained in Senate Bill 463 risks undermining the results being produced by the existing infrastructure.



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For these reasons, we respectfully request that the provisions of Senate Bill 463 that refer to the KEY Fund and the CIF be removed from the bill. Any changes to the funding structure upon which our entire early childhood system rests should be carefully considered to avoid unintended consequences for our state's youngest children. We would strongly recommend allowing the Kansas Children's Cabinet to study any possible changes during the interim.