

KANSAS ACTION FOR CHILDREN

April Holman, Director of Policy and Research
Kansas Action for Children
SRS Budget Testimony
House Social Services Budget Committee
February 16, 2012

Chairman Crum and Members of the Committee:

Thank you for the opportunity to testify on the budget for SRS and our concerns regarding the proposed spending from the Children's Initiatives Fund (CIF).

Kansas Action for Children is a not-for-profit child advocacy organization founded in 1979. For more than 30 years, KAC has worked with lawmakers on policy solutions that improve the lives of Kansas children and their families.

History of the Kansas Endowment for Youth Fund/Children's Initiatives Fund

The KEY Fund and CIF were created as a result of nationwide tobacco litigation in the late 1990s and the ensuing settlement that promised to provide \$1.6 billion to Kansas over a 25 year period. Legislation passed in 1999 determined that the KEY Fund and CIF dollars would be used to support children's programs. The Kansas Children's Cabinet is charged with overseeing the CIF and making recommendations for CIF spending.

Funding the CIF

Under the system created by this legislation, tobacco dollars received by the state go directly to the KEY Fund. The KEY Fund serves as an endowment for the long-term benefit of funding children's programs. Each year, a transfer is made to the CIF to support children's programs. On several occasions since the inception of the KEY Fund and CIF, tobacco dollars have been transferred to the State General Fund. In fact, in the 12 years since the KEY Fund and CIF were established, more than \$130 million has been diverted to the State General Fund. If those dollars had been allowed to remain in the endowment and earn interest, an estimated \$216 million would exist in the KEY Fund today.

The complex nature of the tobacco settlement payment schedule has left state officials uncertain of the amount of tobacco payments each year. However, the combined average annual tobacco receipts and interest earnings since 1999 is \$56.3 million.

In November 2011, the Kansas Children's Cabinet made its funding recommendations to the

governor based on an estimated payment of \$56 million. However, the governor's budget this year assumes only \$40 million in funding -- a \$16 million cut. There is no precedent for this estimate. Never in the entire history of the Children's Initiatives Fund have tobacco revenues come in at \$40 million.

Why is the CIF so important?

Early intervention is the key to improving outcomes for children. In fact, scientists now know that 90 percent of a child's brain architecture is established before the age of 5. By providing quality early childhood education and health services, which are critical to strong child development, we will reduce the need for more costly remediation in the education and criminal justice systems in the future.

Investing in early childhood programs gives the state the most value for its dollar. In fact, according to an economist at the Federal Reserve Bank, every dollar invested in quality early care and education saves taxpayers up to \$7 in future costs for reduced grade retention, crime and other public assistance.

Our request for CIF Funding

We respectfully request funding for those SRS programs that were cut by the governor's budget be restored to the Children's Cabinet recommendation, based on the estimate of \$56 million in tobacco receipts. For early childhood programs administered by SRS this would be as follows:

Child Care Services: \$5,033,679

Children's Cabinet Accountability Fund: \$519,325

Child Care Quality Initiative: \$500,000

Kansas Early Childhood Investment Grants: \$18,130,251

Comparison of Children's Cabinet Recommendations and Governor's Budget

Children's Initiative Fund

Program	Baseline (FY 2011 Actual)	Children's Cabinet FY 2013 Rec.	Governor's Budget FY 2013
Child Care Assistance	\$1,400,000	\$5,033,679	\$3,407,904
Children's Cabinet Accountability Fund	291,802	519,325	360,140
Childcare Quality Initiative	500,000	500,000	332,353
Children's Mental Health Initiative	3,800,000	3,800,000	2,635,210
Early Childhood Block Grant	11,000,000	--	--
Early Childhood Block Grant – Autism	50,000	--	47,036
Smart Start	8,321,281	--	--
Early Childhood Investment Grants	--	18,130,251	12,449,155
Early Head Start*	3,452,626	3,452,626	66,584
Family Centered System of Care	4,850,000	4,750,000	0
Family Preservation Services	3,241,062	0	1,500,000
Healthy Start Home Visitors	250,000	0	237,914
Infants and Toddlers (Tiny k)	5,700,000	5,700,000	5,700,000
Newborn Hearing Aid Loaner Program	50,000	47,161	47,161
Newborn Screening	2,218,443	0	2,137,185
Parents as Teachers	7,359,130	7,237,635	5,023,541
Pre-K Program	4,800,000	4,799,812	3,323,750
Reading Roadmap	--	933,137	910,994
SIDS Network Grant	75,000	96,374	71,374
Smoking Prevention Grants	1,000,000	1,000,000	1,000,000
CIF TOTALS	\$58,359,344	\$56,000,000	\$39,250,301

* The Governor's Budget recommends full funding (\$11.2 million) for the Kansas Early Head Start Program but uses a combination of federal funds and SGF instead of a larger portion of CIF dollars.