

June 1, 2017

Annie McKay, President & CEO
Kansas Action for Children
Testimony in Opposition to House Bill 2430 and House Bill 2429
House Appropriations Committee

Chair Waymaster and Members of the Committee:

Thank you for the opportunity to provide testimony on this proposal to securitize the funding source for the Children's Initiatives Fund. Kansas Action for Children's vision is to make Kansas the best state to raise a child, and our organization shapes health, education, and economic policies that benefit Kansas children and their families. Protecting critical investments in our youngest Kansans is an essential part of our work. **For that reason, we oppose any proposal to sell off, or securitize, any portion of the tobacco settlement.** Tobacco settlement dollars are dedicated to early childhood programs and securitization places Kansas' prized early childhood system at great risk.

Securitizing any amount of tobacco settlement revenue requires the Legislature to weaken or eliminate the statutory protections for early childhood funding. Current law indicates that all revenues resulting from the Master Settlement Agreement must be credited to the Kansas Endowment for Youth Fund. Our state's highly successful early childhood infrastructure is designed to protect a stable source of funding for Children's Initiatives Fund programs. House Bill 2430 would end that protection for a certain portion of tobacco settlement revenue and sell off the legal rights to that revenue. The proposed replacement revenue would not offer any improved protections. The type of demand transfer established by House Bill 2429 has not effectively protected revenue for other purposes, like the Local Ad Valorem Tax Reduction Fund and the County and City Revenue Sharing Fund.

Kansas' early learning funding structure works well and should not be hastily dismantled. The Children's Initiatives Fund was established with a vision for how to leverage tobacco settlement revenues to best serve Kansas children. As we near the 20-year anniversary of this decision, the system is working well. Programs supported by the Children's Initiatives Fund served approximately 200,000 children last year. These early childhood investments help at-risk Kansas children during critical years for development, so that they can enter school prepared to succeed. As we consider the future of early childhood investments in Kansas, possible changes should openly and transparently involve our state's community of early childhood stakeholders discussing what will best serve future



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generations of Kansas children. The Children's Cabinet and Trust Fund, which is charged with overseeing and coordinating the Children's Initiatives Fund, should have the opportunity to provide feedback. Making monumental changes to Kansas' commitment to early learning in response to an immediate budget challenge would undermine our state's highly accountable funding stream that produces an excellent return on investment.

The entirety of the tobacco settlement is dedicated to early childhood programs, and Kansas lawmakers should not divert it to other purposes. Early childhood programs have experienced significant cuts in recent years, and House Bills 2429 and 2430 would make permanent these reduced levels of investment. By dedicating only \$35 million in funding to the Children's Initiatives Fund each year, the proposal would amount to just over half of the approximately \$60 million of annual tobacco settlement receipts that should be invested in early childhood programs. This proposal would also reverse the Appropriations Committee's decision to fund Parents as Teachers using the Children's Initiatives Fund, rather than with Temporary Assistance for Needy Families funding.

For these reasons, Kansas Action for Children urges Kansas policymakers to reject any proposal to securitize any portion of the tobacco settlement. Early childhood investments can shape the trajectory of Kansas children's entire lives, and Kansas should protect and fund its premier early childhood infrastructure. As lawmakers consider various options to balance the budget, please do not hesitate to contact Kansas Action for Children for additional information.