March 18, 2015

Shannon Cotsoradis, President/CEO
Kansas Action for Children
Testimony for Senate
Ways and Means Committee
Hearing on SB 237

Chairman Masterson and Members of the Committee:

Kansas Action for Children is a nonpartisan, nonprofit organization dedicated to shaping health, education and economic policy that improves the lives of Kansas children and families. On behalf of the more than 700,000 children of Kansas, we stand in opposition to SB 237, which includes sweeping $17.3 million from the Kansas Endowment for Youth into the State General Fund.

Kansas Endowment for Youth nearly empty.
The KEY Fund and the Children's Initiatives Fund was created as a result of nationwide tobacco litigation in the late 1990s with the expectation that the KEY Fund would serve as an endowment for the long-term benefit of children's programs when receipts from the Master Settlement Agreement declined. According to Kansas statute, all revenues deposited in the KEY Fund should remain in the fund unless they are transferred to the CIF or used to support operating expenses at the Kansas Children's Cabinet or the cost of investing the KEY Fund dollars. Yet over the years, more than $179 million has been swept from the KEY Fund. Passage of SB 237 will bring that total to more than $196 million, putting vital children's programs at risk.

Jeopardizes a long tradition of investing early.
When Kansas lawmakers made the decision to commit the proceeds from the MSA to children it was, in part, recognition that investment in early childhood programs gives the state the most value for its dollar. For every $1 invested in early care and education, taxpayers save at least $7 in future costs for reduced grade retention, crime and other public assistance. Research shows that brain development is most rapid during the first three years of a child's life. Today, the Children's Initiatives Fund supports almost all of the early childhood infrastructure in our state, including programs such as the Early Childhood Block Grant, Kansas Preschool Program, Parents As Teachers and Tiny-K. Sweeping funds from the KEY Fund jeopardizes this essential investment in Kansas' next generation.

Comes at a critical time in the history of the Master Settlement Agreement.
Each year, Kansas receives its MSA proceeds in two payments. As part of the MSA's original design, one portion of the payment – which represents approximately 24 percent of the total proceeds in any given year – is scheduled to end in Fiscal Year 2017. That means a substantial decline in the MSA payment is just around the corner. Having a healthy endowment will mean protection for children's programs even when tobacco settlement payments start to decline.

For these reasons, we respectfully request that the committee members keep the promise they made to Kansas children more than a decade ago and eliminate the sweeps from the Kansas Endowment for Youth contained in SB 237.

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Shaping policy that puts children first