

Testimony for the
K-12 Education Budget Committee
January 30, 2025

Chair Goetz and Members of the Committee,

It is my pleasure to offer testimony today in my role as the Executive Director of the Kansas Children's Cabinet and Trust Fund (KCCTF).

By way of background, Kansas was a pioneer in establishing a comprehensive system to support children's needs – as both the first state in the nation to establish a Children's Trust Fund in 1980, and the first state in the nation to devote our state share of the Master Tobacco Settlement funds towards meeting the needs of children and families with the statutory establishment of the Kansas Children's Cabinet & Trust Fund in 1999 (K.S.A. 38-1901 and 38-2101 through 38-2105).

- According to K.S.A. 38-1901(g)(1-7) "the Kansas children's cabinet shall have and perform the following functions:
 1. Assist the governor in implementing a coordinated, comprehensive service delivery system to serve the children & families of Kansas
 2. Identify barriers to service and gaps in service due to strict definitions of boundaries between departments and agencies
 3. Facilitate inter-agency and interdepartmental cooperation toward the common goal of serving children & families
 - Investigate & identify methodologies for combining funds across agency & departmental boundaries
 - Propose action to achieve coordination of funding & services across those lines
 - Encourage & facilitate joint planning & coordination between public & private sectors
 4. **Review, assess, & evaluate all uses of money in the CIF**
 5. **Advise the governor & the legislature regarding the uses of moneys credited to the CIF**
 6. Support the prevention of child abuse & neglect through the Children's Initiative Fund (CIF)
 7. Perform the duties and functions prescribed by K.S.A. 38-2103, and amendments thereto.

The statutes enacted in 1999 also established the Kansas Endowment for Youth (KEY Fund) and the Children's Initiatives Fund (CIF). Since the outset, strict accountability has been part of the plan for CIF. An annual evaluation process (K.S.A. 38-2103) offers a

complete look at how programs serve children and families across the state. Our accountability framework is required of all recipients of CIF funds.

I would like to take this opportunity to share the Children’s Initiatives Fund (CIF) recommendations adopted by the Children’s Cabinet governing board for FY26 at our June 7, 2024, board meeting. These recommendations reflect the Children’s Cabinet commitment to our statutory responsibilities, as well as our commitment to efficient alignment and coordination within Kansas’s early childhood care and education mixed-delivery system.

The Kansas State Department of Education (KSDE) serves as our fiscal agent through MOU. The CIF budget contains line item appropriations that pass-through to other state agencies. We include the full CIF budget in the table below to give this committee the full context to help guide your deliberations.

The table below outlines the difference between our board recommendations, HB 2007 and the Governor’s Budget Report:

	CIF FY24 Actual	CIF FY25 Approved	HB 2007 FY26	Governor FY26 Budget	CIF FY26 KCCTF Rec.
Dept for Children and Families					
Child Care Services	\$ 5,033,679	\$ 5,033,679	\$ 5,033,679	\$ 5,033,679	\$ 5,033,679
Family Preservation	\$3,241,062	--	--	--	--
Workforce Registry	--	\$ 1,100,000	\$ 1,100,000	--	--
<i>Subtotal - DCF</i>	<i>\$8,274,741</i>	<i>\$ 6,133,679</i>	<i>\$ 6,133,679</i>	<i>\$ 5,033,679</i>	<i>\$ 5,033,679</i>
Dept of Health and Environment					
Healthy Start/Home Visitor	\$ 1,652,876	\$ 1,791,545	\$ 1,660,924	\$ 1,660,924	\$ 1,660,924
Infants/Toddlers Prog. (Tiny K)	\$ 5,800,000	\$ 5,800,000	\$ 5,800,000	\$ 5,800,000	\$ 5,800,000
Smoking Prevention Grants	\$ 1,001,960	\$ 1,001,960	\$ 1,001,960	\$ 1,001,960	\$ 1,001,960
SIDS Network Grant	\$ 122,106	\$ 122,106	\$ 122,106	\$ 122,106	\$ 122,106
Child Care Health/Safety Grants	--	\$ 1,300,000	\$ 1,300,000	--	--
<i>Subtotal - KDHE</i>	<i>\$ 8,576,942</i>	<i>\$ 10,015,611</i>	<i>\$ 9,884,990</i>	<i>\$ 8,584,990</i>	<i>\$ 8,584,990</i>
Dept of Education					
Parents as Teachers	\$ 9,451,569	\$ 9,609,869	\$ 9,437,635	\$ 9,437,635	\$ 9,437,635
Pre-K Pilot	\$ 4,212,609	\$ 4,244,504	\$ 4,200,000	\$ 4,200,000	\$ 4,200,000
<i>Under Ed Comm. Authority</i>	<i>\$ 13,664,178</i>	<i>\$ 13,854,373</i>	<i>\$ 13,637,635</i>	<i>\$ 13,637,635</i>	<i>\$ 13,637,635</i>
Children’s Cabinet Accountability	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000
Early Childhood Block Grant	\$ 23,294,334	\$ 24,906,341	\$ 23,720,493	\$ 23,720,493	\$ 23,720,493
Early Childhood Infrastructure	\$ 1,158,850	\$ 2,033,506	\$ 1,419,196	\$ 1,419,196	\$ 1,419,196
Imagination Library	\$ 1,172,856	\$ 1,827,144	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Public-Private Partnership	--	\$ 5,000,000	--	--	--
<i>Under KCCTF Authority</i>	<i>\$ 26,001,040</i>	<i>\$ 34,141,991</i>	<i>\$ 27,014,689</i>	<i>\$ 27,014,689</i>	<i>\$ 27,014,689</i>
<i>Subtotal – Dept. of Ed</i>	<i>\$ 39,665,218</i>	<i>\$ 47,996,364</i>	<i>\$ 40,652,324</i>	<i>\$ 40,652,324</i>	<i>\$ 40,652,324</i>
Statewide Pay Plan	--	--	--	\$ 6,848	--
TOTAL CIF Expenditures	\$ 56,426,735	\$ 64,145,654	\$ 56,670,993	\$ 54,277,841	\$ 54,270,993

KEY Fund Summary:

	FY24 Actual	FY25 Approved	FY26 HB 2007	FY26 Gov. Rec.
Beginning Balance	\$ 39,181,699	\$ 31,290,180	\$ 14,071,299	\$ 14,071,299
Average Daily Balance Interest	\$ 1,800,307	\$1,200,000	--	\$400,000
Revenues	\$ 49,929,499	\$ 45,000,000	\$ 41,000,000	\$ 41,000,000
Transfer Out to CIF	(57,661,031)	(61,748,405)	(54,241,837)	(51,848,685)
Transfer to Dept. of Revenue	(1,240,000)	(1,200,000)	(1,200,000)	(1,200,000)
Transfer to Attorney General	(460,593)	--	--	--
Total Available	\$ 31,549,881	\$ 14,541,775	(\$370,538)	\$2,422,614
KCCTF Admin. Expenditures	\$ 259,701	\$ 470,476	\$ 285,059	\$ 289,707
Ending Balance	\$ 31,290,180	\$ 14,071,299	(\$655,597)	\$ 2,132,907

CIF Summary:

	FY24 Actual	FY25 Approved	FY26 HB 2007	FY26 Gov. Rec.
Beginning Balance	\$ 2,222,121	\$ 4,126,405	\$ 1,729,156	\$ 2,229,156
Average Daily Balance Interest	\$ 611,546	--	--	\$200,000
Released Encumbrances	\$ 58,441	--	--	--
Transfer IN from KEY Fund	\$ 57,661,032	\$ 61,748,405	\$ 54,241,837	\$ 51,848,685
Total Available	\$ 60,553,140	\$ 65,874,810	\$ 55,970,993	\$ 54,277,841
Expenditures	\$ 56,426,735	\$ 64,145,654	\$ 56,670,993	\$ 54,277,841
Ending Balance	\$ 4,126,405	\$ 1,729,156	(\$700,000)	--

The November 2024 Consensus Revenue Estimates included a sharp mid-fiscal year reduction in the revenue outlook for cigarette sales and consequently, the tobacco settlement annuity. This is after the revenue outlook had already been downgraded earlier in the year. State and national policies related to the sale of tobacco products have already had a dramatic effect in reducing sales and that trend is expected to continue. As a reminder, this is the only source of revenue currently supporting the CIF budget.

Simply put, we do not have the revenue to support the budget as drafted in HB 2007.

The CIF governing board recommended that the CIF appropriations **do not include** the following line items:

- \$1.1 million transfer to DCF for the Workforce Registry
- \$1.3 million transfer to KDHE for Child Care Health and Safety Grants.

In terms of the Governor's Budget Recommendations, the FY26 GBR includes recommendations to fund the following items **from SGF**:

- The two items shown above. (*noting that we recognize that the K-12 Budget Committee does not make recommendations on the CIF budget for line item transfers to agencies other than KSDE, but including this information as context for your decision-making.)
- The Governor's budget proposes a **\$10 million appropriation of SGF** funds to provide another round of awards to projects that have not previously received Accelerator funds to continue the trend of adding community child care capacity.

By way of background, in 2023 the Children's Cabinet awarded \$54.5 million in competitive grants to 63 communities, generating an additional \$58 million in local matching funds. This one-time grant program combined three strands of federal funding with a private sector gift. These braided funding streams each come with their own opportunities and limitations, resulting in a flexible mix of support for communities to meet their full range of unique and complex needs.

Below is the breakdown of the total funding available to award in the Accelerator:

- **\$20 Million** from the Kansas Office of Recovery – American Rescue Plan (ARPA) SPARK Health and Education initiatives funding for child care capital improvements
- **\$31 Million** from the Kansas Department for Children & Families (DCF) – Child Care Development Fund (CCDF) ARPA Discretionary Supplemental funds for major operational startup costs, staffing recruitment and training efforts, and certain minor renovations
- **\$1 Million** from the Preschool Development B-5 Planning Grant for Innovation Communities approaches
- **\$2.5 Million** from the Patterson Family Foundation for child care capital improvements in rural communities

After the first full year of the initiative, we can report the following progress:

- 3,340 new licensed child care slots were created, **including 1,368 slots for infants under 18 months of age, an especially acute need in many areas.**
- 28 new child care facilities are now operating in 20 Kansas counties.
- 448 new early childhood professionals have been hired.
- 16 grantees participated in a year-long cohort to test ideas and generate networks of support for community-driven approaches. These Innovation Community projects focused on gaps in rural child care, targeted workforce supports, infant-toddler incentive programs, and novel public-private partnerships.

- A [full report of Year 1 evaluation results](#) can be found here.

The Accelerator isn't just funding new construction. Each community is responding to their own unique needs, resulting in infrastructure improvements that also:

- Renovate unused or donated buildings to be suitable for licensed child care.
- Develop mixed-use spaces to integrate child care with other community services.
- Expand existing centers to accommodate more children.
- Reconfigure existing facilities to increase capacity for infants and toddlers.
- Establish on-site child care centers for major local employers.

When all projects are completed, the Accelerator will result in an estimated 5,655 new high-quality, licensed child care slots across Kansas. Notably, by funding these kinds of targeted construction and renovation projects, Accelerator grants remove or minimize one of the biggest financial barriers for child care providers: the burden of significant overhead expenses from mortgages, leases, or loans required to build and upgrade facilities. This not only frees up resources to focus on quality care and workforce supports in the short term, but these facilities also place the sector on much stronger financial footing over the long haul, similar to the way public funding and subsidies bolster essential infrastructure like roads and bridges or sports stadiums. Over time, the value of creating 5,655 new child care slots today is multiplied greatly as new groups of children fill those slots each year.

- **Please do not convert these line items from SGF to CIF – we do not have the funds to cover that choice.** Decisions to fund or not fund should be based on whether or not to fund with SGF.

We would be remiss if we did not add a note of caution about adding new and different initiatives to the CIF as this will only add to the problem we face. Additionally, we caution against adding transfers from the KEY Fund to other line items. This type of transfer serves to further diminish the resources available to support the CIF.

While approximately half of the CIF budget is appropriated as pass-through transfers to other state agencies, the Children's Cabinet governing board oversees the use of the remaining CIF funds.

The Early Childhood Block Grant (ECBG) is our signature program. ECBG grants are awarded through a statewide, competitive RFP process and formal approval by our governing board. ECBG grantees operate community-focused programs and services that support children, ages birth to 5 with identified risk factors, and their families. These programs are responsive to local needs and include child care and early education, Pre-K, home visiting, and parent education. These programs facilitate young children's language, literacy and life skills competence, which sets children up for success in kindergarten and beyond. In 2024, the Children's Cabinet Board awarded grants to 26 organizations,

reaching 63 counties across the state. These programs are using ECBG funding to serve over 8,000 children ages birth to 5 and almost 7,000 parents and caregivers.

As noted at the beginning of this testimony, the Children's Cabinet is directed by statute to evaluate the use of the CIF funds. We have developed an annual accountability process by which to measure the impact of our programs. ECBG grantees are required as a condition of funding to participate in our Common Measures Initiative, which is evaluated by The Center for Applied Research and Evaluation at Wichita State University. We have been able to demonstrate that participation in our ECBG programs reduces the likelihood that a child will be removed into foster care – as much as 28% less likely – which translates into cost avoidance of nearly \$22 million annually based on the annual average costs associated with foster placement. Our Common Measures Initiative demonstrates year after year, children in our ECBG-funded programs show measurable progress with early literacy and numeracy skills needed to succeed in school.

The rigor of our evaluation is unmatched, and the impact of services is unmistakable. Yet our ECBG grantees are struggling to maintain the reach of their high-quality programs due to multiple years of flat funding. Over time, inflation increases the real cost of delivering services and erodes program capacity to respond to evolving and emergent needs – just as it does for all of us – resulting in fewer children and families benefitting from these critical and timely services during the early years. We ask that you help us protect the long-term health of the CIF and the KEY Fund so that we can continue providing these important services to children, families and communities across Kansas.

Thank you.