

PREP DOCUMENT - KEY FUND TRANSFER TO CIF BUDGET

June 24, 2022



Document Overview

The information below was compiled following the June 3, 2022 Cabinet meeting to support Cabinet Board members in a conversation regarding an additional transfer from the KEY Fund. Line-item details and maintenance of effort/match information were provided by state agency leaders (State Directors Team). The information in the CIF transfer history table was provided by the Kansas Legislative Research Department. The CIF Current Budget table represents the approved budget recommendation from the June 3rd Cabinet meeting.

CIF Statute

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). The Kansas Children's Cabinet is comprised of 15 members – 9 voting members appointed by legislative leadership (4 of 9 members) and the governor (5 of 9 members – no more than 3 of 5 from any one political party), and 6 Ex Officio members representing KSDE, DCF, KDHE, KBOR, Juvenile Justice and the Kansas Supreme Court.

Our statutory framework directs us to:

- Assist the governor in implementing a coordinated, comprehensive service delivery system to serve the children & families of Kansas
- Identify barriers to service and gaps in service due to strict definitions of boundaries between departments and agencies
- 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

- Review, assess, & evaluate all uses of money in the CIF
- Advise the governor & the legislature regarding the uses of moneys credited to the CIF
- Support the prevention of child abuse & neglect through the Children’s Initiative Fund

The statutes also established the Kansas Endowment for Youth (KEY Fund) and the CIF. Since the outset, strict accountability has been part of the plan for CIF. An annual evaluation process offers a complete look at how programs serve children and families across the state. Today, the accountability framework, the Common Measures Initiative (CMI) is required of all recipients of CIF funds. In 2014, the Cabinet debuted the “Blueprint for Early Childhood” which we continue to follow today. The Blueprint focuses on three key categories – Healthy Development, Strong Families, and Early Learning. Cabinet decisions align with the core principles outlined in the Blueprint and are evidence-based and data-driven thanks to our accountability process.

CIF Budget

CIF Program	FY23 Budget	FY24 Cabinet Recs 6/3
Human Services		
<i>Department for Children and Families</i>		
*Child Care Services	\$5,033,679	\$5,033,679
Family Preservation	\$3,241,062	\$3,241,062
Total -- Children and Families	\$8,274,741	\$8,274,741
<i>Health and Environment</i>		
Healthy Start/Home Visitor	\$1,650,000	\$1,650,000
*Infants & Toddlers Program	\$5,800,000	\$5,800,000
Smoking Prevention Grants	\$1,001,960	\$1,001,960
SIDS Network Grant	\$96,374	\$96,374
Total -- KDHE - Health	\$8,548,334	\$8,548,334
Total -- Human Services	\$16,823,075	\$16,823,075
Education		
<i>Department of Education</i>		
Children's Cabinet Accountability Fund	\$375,000	\$375,000
CIF Grants (ECBG)	\$20,729,848	\$21,041,699
Parent Education (PAT)	\$8,437,635	\$8,437,635
Pre-K Pilot Program	\$4,200,000	\$4,200,000
Early Childhood Infrastructure	\$1,400,773	\$1,400,773
Imagination Library (DPIL)	\$500,000	\$1,500,000
Total -- Dept of Education	\$35,643,256	\$36,955,107
State Employee Pay Plan	\$7,739	\$0
Total Expenditures	\$52,474,070	\$53,778,182

***denotes programs with a Maintenance of Effort requirement**

denotes programs with a Match requirement

Additional Context

- FY 23 budget (governors rec) \$52,474,070

- On April 21, 2022, the Kansas Attorney General’s Office reported that Kansas had received \$61,332,865 from the annual tobacco settlement payout

Overall Fiscal Considerations and State Impact

Maintenance of Effort Line Items

The following CIF-funded budget items are tied to a maintenance of effort requirement, meaning any increase in the overall amount for an MOE initiative requires maintenance of that funding level in subsequent years.

- **Infant and Toddlers Program** – CIF funding for these Part C Early Intervention programs is tied to a federally-required maintenance of effort.
- **Child Care Services** – CIF funding for child care subsidy is tied to a federally-required maintenance of effort.

Match Line Items

The following CIF-funded budget items are tied to a federal or state match requirement, meaning they are needed to draw down additional funding for Kansas.

- **Child Care Services** – CIF is used for match (rate is Medicaid match rate) required by the federal source for these funds (Child Care Development Fund). The state is not fully leveraging the federal funds available, in part due to requirement that 70% of all CCDF funds to the state go towards child care subsidy. The state must have a sufficient number of families applying for and being approved for subsidy, and a sufficient number of DCF enrolled child care providers to meet this requirement.
- **Family Preservation** – CIF is used for the 25% match required by the federal source for these funds (Title IV-B funds). The state is fully leveraging the federal funds available.
- **Healthy Start/Home Visitor** – A portion of the CIF (\$250,000) is used for match required by the federal source for these funds (Title V MCH Block Grant). The state is fully leveraging the federal funds available.
- **SIDS Network Grant** – CIF is used for the match required by the federal source for these funds (Title V Block Grant). The state is fully leveraging the federal funds available.
- **Pre-K Pilot Program (KPP)** – CIF is used for the 30% match required by the Preschool Development B-5 Grant (PDG), which will end in April 2023. The state is fully leveraging the federal funds available.
- **ECBG** – ECBG funds are used as a match for the state’s Community-Based Child Abuse and Prevention Grants (CBCAP). The Cabinet is the state lead for CBCAP funding.

Child Care Wages

Given both historical and current balances, the KEY Fund is not a sufficient source to support comprehensive wage increases for child care providers. The need in this area is great with recruitment and retention of child care professionals (owners and staff) being a core challenge across a variety of settings, largely attributed to low wages. A vibrant child care system must draw on long-term, sustainable support from multiple payers, including families, federal funds, state contributions, local funding, and the private sector to address the critical issue of low wages in the child care sector.

Scaled Transfer Approach Consideration

It may be reasonable to consider a multi-year or scaled strategy for pulling down additional transfers from the KEY Fund. A large one-time influx of funds may be difficult for programs to accommodate (ex. hiring challenges). In addition, implementation of new or expanded initiatives such as the Dolly Parton Imagination Library and Universal Home Visiting, as well as expiration of some early childhood funds (i.e. PDG B-5 state grant and relief funds) may align better with a \$2.5-\$5million transfer over multiple years.

CIF Transfer History

Fiscal Year	Actual MSA	CIF Transfer From KEY Fund	CIF Expenditures	KEY Fund Bal. Post-Transfer
2000	\$49,705,586	\$ -	\$20,338,133	\$70,492,659
2001	\$52,905,922	\$30,000,000	\$28,224,758	\$2,349,683
2002	\$61,465,211	\$40,000,000	\$38,017,756	\$7,814,894
2003	\$61,511,858	\$45,000,000	\$43,656,819	\$ -
2004	\$52,531,729	\$42,588,748	\$41,088,164	\$42,981
2005	\$53,453,764	\$51,135,585	\$50,811,340	\$512,837
2006	\$49,463,392	\$49,514,213	\$49,374,209	\$208,555
2007	\$51,977,584	\$47,361,933	\$46,730,101	\$4,635,676
2008	\$67,435,628	\$62,922,205	\$52,043,959	\$8,457,177
2009	\$72,951,860	\$64,458,892	\$77,376,173	\$16,738,905
2010	\$60,838,465	\$60,119,242	\$68,155,526	\$2,743,603
2011	\$57,091,012	\$59,099,598	\$57,383,397	\$47,894
2012	\$57,985,066	\$55,430,489	\$57,647,057	\$1,912,844

2013	\$68,034,311	\$55,800,000	\$51,773,605	\$3,966,306
2014	\$62,373,453	\$56,100,000	\$58,747,138	\$9,551,847
2015	\$62,452,849	\$56,200,000	\$48,770,812	\$3,069,074
2016	\$59,131,228	\$51,200,000	\$45,158,462	\$524,691
2017	\$62,057,022	\$42,000,000	\$34,504,687	\$4,061,901
2018	\$57,645,631	\$41,751,540	\$41,737,351	\$17,553,825
2019	\$55,989,219	\$58,646,551	\$50,212,236	\$13,218,445
2020	\$53,329,192	\$43,267,487	\$51,712,030	\$21,422,791
2021	\$59,777,642	\$50,402,827	\$52,012,472	\$28,734,342
<i>Amounts Approved by the Kansas Legislature</i>				
2022	\$61,332,864	\$51,712,812	\$52,351,386	\$36,091,209
2023	\$50,000,000 est.	\$52,254,520	\$52,474,070	\$31,907,562

CIF Line Item – Basic Budget Picture

Child Care Services (DCF)

- This is for child care subsidy services to eligible families.
- Overall, CIF equates to 7.8% of the total projected Child Care Subsidy Services funding picture for the state for FY22 (\$64 million total). State General Funds and Federal Funds make up the remaining amount.
 - For comparison, in FY21 – the total was \$56.4 million. CIF accounted for 9%, State General funds accounted for 18%, and federal funds made up the remaining 73%.
- CIF funds serve as both maintenance of effort and match on this fund to help meet federally directed allocation formulas. The state must spend all mandatory and MOE funds to access any federal matching funds. The state match amount is based on the current Medicaid match rate.
- The state is not fully drawing down all funds, in part due to the requirement that 70% of all CCDF funds must be spent on subsidy. The state must have a sufficient number of families applying for and being approved for subsidy, and a sufficient number of DCF enrolled child care providers to meet this requirement.

Family Preservation (DCF)

- The Family Preservation program serves approximately 2,000 families annually who are at risk of having a child removed.
- CIF funds serve as the 25% match for this federally funded program (Title IV-B Funds).
- There is no maintenance of effort on this.
- Overall, CIF dollars for Family Preservation represent about 28% of the total budget for this program and are integral to the Family Preservation program. A removal of these funds is estimated to result in a 48% reduction in federal funding to the state.

Healthy Start/Home Visitor (KDHE)

- This line item was increased from a \$250,000 annual distribution to \$1.4 million in 2021. This increase aligns with the All in for Kansas Kids Strategic Plan goals to expand universal home visiting services across the state.
- KDHE uses \$250,000 from the CIF as a match for the Title V MCH block grants.
- There is no maintenance of effort on this.

Infants & Toddlers Program (KDHE)

- All CIF and State General Funds for this program are distributed directly to the local agencies. KDHE uses our federal dollars for infrastructure and state staff as well as sending part of those federal dollars out the door to the local network.
- CIF funding for these Part C Early Intervention programs is tied to a federally required maintenance of effort.
- There is no match on this program.

Smoking Prevention Grants (KDHE)

- This program aims to prevent children from becoming smokers, reduce tobacco-related deaths and exposure to second-hand smoke, and promote policy change.
- There is no federal match or maintenance of effort requirement on these funds.

SIDS Network Grant (KDHE)

- The CIF funding that is received for this goes directly to the program alongside another KDHE contract that funds safe sleep instructors (funded by Title V dollars).
- CIF is used for the match required by the federal source for these funds (Title V Block Grant). The state is fully leveraging the federal funds available.
- There is no maintenance of effort on this.

Children’s Cabinet Accountability Fund (KSDE)

- The Children’s Cabinet Accountability Fund is used to support the Children’s Cabinet’s Annual Accountability Process, including some core Cabinet backbone and meeting support. This process, which began in 2006, is responsive to Kansas statute requiring that the Kansas Children’s Cabinet “review, assess, and evaluate all uses of the monies in the Children’s Initiatives Fund (CIF)” as part of annual allocations. The Kansas Children’s Cabinet works with researchers at the University of Kansas Center for Public Partnerships and Research to interview grantees, complete site visits, compile data, and analyze service delivery and outcomes for each program. Researchers provide ongoing technical assistance in interpreting and using results for program improvement.
- There is no federal match or maintenance of effort requirement on these funds.

CIF Grants – ECBG (KSDE)

- CIF funds are the sole source of state funding for the Early Childhood Block grant.
- ECBG is the program that receives the most funding of the CIF portfolio, and is directly managed by the Children’s Cabinet.
- In 2021 18 ECBG programs operated in Kansas serving children and families across 66 counties.
- ECBG funds are used as a match for the state’s Community-Based Child Abuse and Prevention Grants (CBCAP). The Cabinet is the state lead for CBCAP funding.
- There is no federal match or maintenance of effort.

Parent Education – PAT (KSDE)

- CIF funds are the sole source of state funding for these Kansas Parents as Teachers grants (\$8,437,635, with unspent funds reappropriated back to grantees each July – usually around \$100,000). Districts are required to match each \$1 of state funds with \$0.50 locally – that is an additional \$4,218,817.50, minimum, of local match. Some programs receive additional support from ECBG. The Kansas Parents as Teachers Association has been awarded a Family First grant and some, but not all, Kansas PAT programs partner with KPATA in that project (Bright Futures).
- There is no federal match or maintenance of effort requirement on these funds.

Pre-K Pilot Program (KSDE)

- For 2022-2023, Kansas Preschool Pilot consists of 3 funding sources: \$4.2 million CIF, \$4,132,317 Temporary Assistance for Needy Families (TANF), and \$2,585,540 Governor’s Emergency Education Relief (GEER) funds.
- CIF is used for the 30% match required by the Preschool Development B-5 Grant which will end in April 2023. The state is fully leveraging the federal funds available.

Early Childhood Infrastructure (KSDE)

- This line item was created in the FY23 Budget Recommendations and is intended to support early childhood infrastructure initiatives as guided by the All in for Kansas Kids Strategic Plan. These include statewide developmental health efforts, workforce infrastructure elements, ECIDs, and early childhood governance efforts.
- There is no match or maintenance of effort associated with this line item.

Imagination Library – DPIL (KSDE)

- This line item was initially created in the FY23 Budget Recommendations, and an increase is in the FY24 Budget Recommendations. This line item supports the statewide expansion of the DPIL effort which provides books to Kansas children B-5.
- There is no federal match or maintenance of effort requirement on these funds. However, the CIF serves as the 50% state-level match to local DPIL programs necessary to ensure statewide adoption and implementation.