

March 3, 2025

The Honorable Renee Erickson, Chairperson
Senate Committee on Government Efficiency
300 SW 10th Avenue, Room 144-S
Topeka, Kansas 66612

Dear Senator Erickson:

SUBJECT: Fiscal Note for SB 256 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 256 is respectfully submitted to your committee.

SB 256 would require all full-time employees of each state agency to perform their duties in the assigned office, facility, or field location of such employees on or before July 1, 2025. The bill would allow agency heads to grant exceptions for employees with nonstandard work hours, positions where in-office employment is deemed unreasonable, or if office space constraints would require additional expenditures to accommodate employees. On or before August 1, 2025, each state agency would be required to submit to the Department of Administration the number of exceptions granted, and any other information deemed necessary by the Department. On or before October 1, 2025, the Department of Administration would be required to submit a report to the Senate Committee on Government Efficiency that includes certain information regarding exceptions, buildings leased, and remote workers.

The Department of Administration indicates enactment of the bill would have a twofold fiscal effect on the agency. The first effect would result from the staff time that would be necessary to develop a form and process by which agencies would provide the list of exceptions to the return-to-work requirement as well as staff time compiling the responses and providing the lease and building occupancy information in the report to the Legislature. The second effect would result from the bill's limitations on remote work. The Department indicates this limitation could affect recruitment and retention of employees because the flexibility to work remotely is an important aspect of employment to potential candidates and current employees. The Department states that its hiring efforts could be impeded due to the state not being able to offer remote-work options to employees and candidates choosing to work at a competing employer who may still offer remote-

work options. The Department states it is unable to estimate a precise fiscal effect. However, it notes that if enactment of the bill reduced the number of employees it can attract and retain, it could affect the Department's ability to provide services. The Department further notes it could have to offer higher salaries to attract qualified candidates for positions that cannot be filled as a result of the inability to work remotely.

The Department of Health and Environment indicates enactment of the bill would increase expenditures by \$842,688 in FY 2026, including \$421,344 from the State General Fund, and \$506,688 in FY 2027, including \$253,344 from the State General Fund. Expenditures would be for the agency to lease additional building space and purchase equipment and materials for employees that would be returning to a physical office location. The agency states that it does not have adequate leased office space for all remote employees. The agency states that if it would not be granted an exception, it would incur additional expenses for office rent, IT services, and furniture. The agency estimates that such expenditures would be eligible for a 50.0 percent federal share. The agency states it currently has 168 employees who work entirely remotely and do not have a designated office workspace. The agency also notes that the Division of Health Care Finance in particular has utilized remote-work options to recruit sufficient eligibility staff to meet federal standards, resulting in staff who work remotely outside of Shawnee County, where a majority of the Department's offices are located. The Department states that requiring all such employees to report to an office would inhibit its ability to fill positions and could put the state at risk of noncompliance with federal requirements which could result in the federal government imposing a corrective action plan. The Department notes that certain staff could opt to resign upon being required to report to an office, which would increase expenditures related to recruitment and contract labor; however, the number of employees who may resign and the associated costs could not be estimated.

The Department of Agriculture indicates enactment of the bill would not have a fiscal effect on the agency if field inspection staff would be granted an exception and could continue to be assigned to their field location, which is often home-based. If the agency would be required to lease office space for these individuals, it indicates that additional funding would be required. The Department indicates that field inspection staff spend most of their time traveling to and from the premises of licensed facilities and requiring these employees to report to an office would increase travel costs for the agency. The Department further states that, for non-field inspection staff, the agency has sufficient workspace available in all its existing facilities.

The Department for Aging and Disability Services indicates enactment of the bill would increase expenditures by \$160,000 from the State General Fund beginning in FY 2026 to provide additional office space to remote employees. The Department also states that the bill could affect recruitment and retention. The Department indicates many candidates inquire about remote-work options and enactment of the bill could result in the loss of qualified applicants. The Department also notes employees may resign to seek employment that provides remote-work options.

The Board of Regents indicates enactment of the bill would not have a fiscal effect on the Board if exceptions would be granted for its remote staff because office space constraints would require additional expenditures. The Board states that enactment of the bill would require

additional staff time to manage the exception process, but that this effect could be absorbed within existing resources.

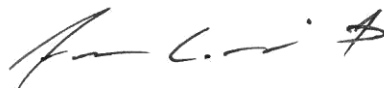
The Office of Judicial Administration indicates that, if it is considered a state agency, enactment of the bill would increase expenditures for the Judicial Branch. However, a precise fiscal effect cannot be estimated.

The Department of Corrections indicates enactment of the bill would not have a fiscal effect on the agency. The agency brought most of its COVID-related remote work force back into the office approximately two years ago. Any current employees working remotely, which is less than 1.0 percent of agency positions, could find office space in existing buildings throughout the Department.

The Department of Labor and Department for Children and Families indicate enactment of the bill would have a minimal fiscal effect that could be absorbed within existing resources.

The Kansas Bureau of Investigation indicates enactment of the bill would not have a fiscal effect on the agency. Any fiscal effect associated with SB 256 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Samir Arif, Department of Administration
Amy Penrod, Department of Health & Environment
Kim Holter, Department for Children & Families
Becky Pottebaum, Board of Regents
Gabrielle Hull, Department of Education
Jennifer King, Department of Corrections
Paul Weisgerber, Kansas Bureau of Investigation
Trisha Morrow, Judiciary
Lita Biggs, Department of Agriculture
Leigh Keck, Department for Aging & Disability Services
Dawn Palmberg, Department of Labor