

March 10, 2025

The Honorable Francis Averkamp
300 SW 10th Avenue, Room 187B-N
Topeka, Kansas 66612

Dear Representative Averkamp:

SUBJECT: Fiscal Note for SB 85, as Amended

In accordance with your request, the following fiscal note concerning SB 85, as amended, is respectfully submitted.

SB 85, as amended by the Senate Committee on Government Efficiency, would direct the Department for Children and Families to enter into agreements with state agencies for the continuous review and comparison of data for public assistance. Additionally, the bill would require federal sources of information be reviewed to verify eligibility for public assistance. The bill would exclude records from the Social Security Administration.

Estimated State Fiscal Effect			
	FY 2025	FY 2026	FY 2027
Expenditures			
State General Fund	--	\$5.3 million	\$4.3 million
Fee Fund(s)	--	--	--
Federal Fund	--	500,000	500,000
Total Expenditures	--	\$5.8 million	\$4.8 million
Revenues			
State General Fund	--	--	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Revenues	--	--	--
FTE Positions	--	57.00	57.00

DCF indicates that enactment of SB 85, as amended by the Senate Committee on Government Efficiency, would increase agency expenditures by \$5.8 million from all funding sources, including \$5.3 million from the State General Fund for FY 2026. Continued expenditures for FY 2027 and in the out-years would be \$4.8 million from all funding sources, including \$4.3 million from the State General Fund. SB 85, as amended by the Senate Committee on Government Efficiency, would direct the Department for Children and Families (DCF) to enter into agreements with other state and federal agencies to allow for the continuous review, comparison, and verification of data for food assistance eligibility. Data used from other state agencies to review food assistance eligibility would include death records, wage information, residency changes, incarceration status, changes in employment, and lottery winnings. Items to be obtained and verified from federal databases would include income information, death records, incarceration status, and other items. DCF staff currently accesses some of these information sources when determining initial eligibility or during redetermination reviews. SB 85, as amended by the Senate Committee on Government Efficiency, would require at least quarterly posting of data related to non-compliance and fraud investigations.

SB 85, as amended by the Senate Committee on Government Efficiency, would require DCF to modify existing interfaces and create new ones based on the criteria above. Currently, DCF maintains interfaces with multiple state and federal partners to obtain data to verify initial and continuing eligibility. These interfaces would need to be expanded to meet some of the data matching requirements as they are currently used for non-food assistance programs or do not fully meet the requirements in SB 85, as amended by the Senate Committee on Government Efficiency. Additionally, new interfaces would need to be created to obtain and use the federal data.

The list below details the bill's requirements which would be monitored and compared from state sources. Information is also provided regarding their impact on the number of tasks assigned to be completed:

- Data, not limited to death records, from the Office of Vital Statistics is to be gathered and compared monthly. Currently, data is provided and exceptions to what is maintained in the Kansas Eligibility Enforcement System are identified. These differences are assigned as tasks and worked. No significant change in the workload would be expected;
- Data, not limited to changes in employment or wages, from the Kansas Department of Labor (KDOL) quarterly. DCF currently has access to this information and uses it when applications or reviews are completed. No continuous comparison to all recipients is currently done. Ongoing comparisons would be expected to increase the number of tasks needed to be completed;
- Data, not limited to changes in residency as identified in out-of-state purchases, from the Electronic Benefits Transfer system on a monthly basis. This data is currently available and being reviewed for out of state activity. However, moving out of state is not an activity which must be reported between Interim Reviews. These would now have to be assigned as a task to employees;

- Data, not limited to changes in income, wages or residency as identified by tax records, from the Kansas Department of Revenue (KDOR), quarterly. There are currently no agreements with KDOR. This would require a new agreement be developed. Once an agreement was in place, all changes would have to be assigned as new tasks for employees;
- Data, not limited to incarceration status, from the Kansas Department of Corrections (KDOC) reviewed monthly. DCF currently receives a batch file detailing these changes. This item would have no significant impact on the tasks to be performed;
- Data, not limited to potential changes in employment, income or assets, from KDOL semi-monthly. This would be a new activity. KDOL currently updates quarterly wage information but not semi-monthly. No data is currently provided regarding employment and assets. This information is currently used only at the time of application or review and does not include continuous comparison to all food assistance cases. The number of tasks generated from the updated comparisons would be expected to increase the number of tasks assigned. This item would also require a change in the frequency of reports by Kansas businesses as they currently report quarterly; and
- Monthly data related to gambling winnings from the Kansas Lottery and Racing and Gaming Commission in excess of \$3,000. Information is currently provided related to winnings in excess of \$3,500. The change in reporting limits would not be significant.

SB 85, as amended by the Senate Committee on Government Efficiency, would also require information to be obtained from federal sources. This information would then to be reviewed and acted upon to assess continued eligibility. The list below shows the items from federal sources to be compared and their impact on the number of tasks assigned to be completed:

- Data to verify at least monthly from the Social Security Administration:
 - Earned income information;
 - Death records;
 - Incarceration records;
 - Supplemental Security information;
 - Beneficiary records;
 - Earnings information; and
 - Pension information.

These comparisons were stopped because the system couldn't support the security requirements of the IRS for this exchange. Restarting this would require significant system work, fingerprinting, and wrap back for all employees with access to the data. It is anticipated ongoing comparisons with this data, if it can be obtained, would generate significant differences requiring the assignment of numerous tasks.

- Monthly data from the Department of Health and Human Services regarding income and employment information maintained in the national directory of new hires and child support enforcement data. DCF currently has access to the new hire data which

is used when processing applications and interim reviews. Continuous monitoring of the data and comparison with reported information is not completed. Additionally, quarterly wage information is not reviewed. New tasks would be generated with the implementation of this requirement.

- Monthly data from the Department of Housing and Urban Development regarding payment and earnings information. There is currently no agreement with this agency. Once an agreement was established and implemented, changes would generate tasks to be worked.
- Monthly data from the Federal Bureau of Investigation regarding fleeing felons. There is currently no agreement with this agency. Once an agreement was established and implemented, changes would generate tasks to be worked.

It is estimated the development or expansion of these interfaces would result in initial expenditures of \$1.2 million. Ongoing maintenance of these interfaces is estimated at an annual cost of \$240,000 (20.0 percent of the initial development costs).

Additional staffing would be required to manage the interfaces and produce the information needed to verify continuous eligibility. These positions would be located in Economic and Employment Services administration. These duties would require the hiring of two Management Systems Analysts at an annual salary and benefits of \$65,971 for each position. Other expenses would also be incurred by these positions such as communications, travel, fees, etc. at an estimated cost of \$12,767 for the first year. These positions would also be used to post the information related to non-compliance and fraud investigations. The annual estimated costs for these positions including other operating costs are \$162,169 during the FY 2026.

Currently, DCF uses a simplified method for reporting changes to food assistance cases. Under this method, only a few types of changes, such as changes in income or Able-bodied Adults Without Dependents status are reported. Other changes which may increase or decrease benefit amounts are reported and calculated at the Interim Review which occurs every six months.

The Supplemental Nutrition Assistance Program (SNAP) caseload averages over 100,000 adults per month. This population includes families and individuals who may move frequently. Additionally, those who are employed mainly work low-wage jobs with varying hours per week. These individuals may also change employment. This may result in frequent changes being noted to the various items being identified through continuous monitoring. Additionally, as similar information may be looked at from various sources with various time frames, the same changes may be identified more than once.

Based on the data comparisons to be performed, the frequency in which differences and changes are identified and made would increase significantly. These changes, once identified, would have to be reviewed by a caseworker with potential changes to be made to the individual's case. Depending on the type of action being taken, changes could occur in consecutive months for items such as hours worked or income earned. Each change would require action by the case

worker. Per USDA regulations, program staff have ten days to review and initiate changes to the cases.

Due to the increased number of data sources being checked and the continuous nature of the checks, the frequency to update food assistance benefits would be expected to increase. As each change task was assigned, reviewed, and as action was taken, additional positions would be needed. Currently, there are 361.00 regional workers performing SNAP related activities. The changes noted to comply with the continuous eligibility would be expected to increase the amount of work needing to be performed by 35.0 percent, or an additional 126.00 positions. As of January 2025, there was a 12.0 percent vacancy rate for eligibility workers, which equates to 71.00 positions. Allowing for these vacancies, it is estimated 55.00 positions would be needed to manage the increased tasks related to SNAP. These positions would include 1.00 Administrative Assistant position, 7.00 Human Services Assistant positions, 7.00 Human Services Consultant positions, 34.00 Human Services Specialist positions, 5.00 Human Services Supervisors, and 1.00 Program Consultant positions. These positions would be benefits-eligible and additional building space would be needed. An additional \$4.4 million is estimated to fund the increase in staffing related to the continuous monitoring and review of food assistance benefits with increased data comparisons.

The increased number of tasks resulting from continuous monitoring could also impact the Food Stamp Error Rate. These rates are monitored at the federal level and failure to maintain an acceptable rate could result in penalties against the state. All changes impacting benefits must be assigned and processed within ten days. A potential food stamp error occurs if changes are not reported within this time frame.

Prior to switching to the simplified reporting method for food assistance changes now being used, DCF used a reporting method similar to the proposal. In FY 2003, using a change reporting method similar to what would be required under the bill, DCF had an error rate of 10.45 percent. Soon after adopting the simplified reporting, the error rate dropped to 5.11 percent.

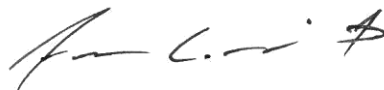
The proposed changes are expected to result in an increase in the error rate which could result in possible penalties. During FY 2019, one state, Maine indicated it used a similar reporting method. Its error rate during that period was 19.12 percent and penalties of \$2.7 million were assessed. The total SNAP benefits issued by Maine during that fiscal year totaled \$203.6 million, similar to the \$265.3 million issued by Kansas. Other states such as Iowa and Michigan also received penalties related to their food stamp rates, though the benefits paid were significantly more than those issued in Kansas. Iowa was issued a penalty of \$2.8 million after issuing \$429.1 million in benefits. Michigan issued \$1.7 billion in benefits and was penalized \$10.9 million for its error rate. Any penalties assessed would require additional state funds.

Federal funds to cover expenses related to the administration of the SNAP program during Federal Fiscal Year 2024 totaled \$30.2 million. Kansas spent all but \$639,023 of the federal funds awarded. It is estimated approximately \$500,000 in federal SNAP administrative funds are available to cover the changes proposed by SB 85, as amended by the Senate Committee on Government Efficiency. All expenses above this amount would require a State General Fund

appropriation. Changes made to the food assistance benefits paid to recipients would have no impact on the state budget. These funds are 100.0 percent federally funded and are passed through to the recipients. These benefits are not reflected in the state budget.

The Kansas Racing and Gaming Commission, Kansas Department of Labor, Kansas Department of Health and Environment, and Department of Corrections indicate that enactment of SB 85, as amended by the Senate Committee on Government Efficiency, would have no fiscal effect on the agencies. The Kansas Lottery and the Kansas Department of Revenue indicate that enactment of SB 85, as amended by the Senate Committee on Government Efficiency, would have negligible fiscal effect on the agencies. Any fiscal effect associated with SB 85, as amended by the Senate Committee on Government Efficiency, is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt
Director of the Budget