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Sam Brownback, Governor

February 25, 2013

The Honorable Brian Weber, Chairperson
House Committee on Social Services Budget
Statehouse, Room 481-W
Topeka, Kansas 66612

Dear Representative Weber:

SUBJECT: Fiscal Note for HB 2335 by Representative Kelley, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2335 is respectfully submitted to your committee.

HB 2335 would require the Department for Children and Families (DCF) to establish a mandatory drug screening program for cash assistance effective January 1, 2014. The bill would require one-third of cash assistance applicants and recipients to be tested for drug use each year. For a first positive test, the recipient would be required to participate in an education or treatment program and be subject to subsequent drug tests. Those failing to participate would lose cash assistance for 12 months. For a second positive test, the recipient would be required to participate in an education or treatment program and would lose cash assistance for 12 months. For a third positive test, the recipient would be terminated from cash assistance.

HB 2335 would also establish program limitations for recipients with certain drug offenses. If after July 1, 2000, a recipient was or is convicted of a crime that has an element of possession, use or distribution of a controlled substance, the person would become forever ineligible for cash assistance, unless it was a first offense. For a first offense misdemeanor drug charge, the person would be ineligible for cash assistance for 24 months from the date of conviction. For a first offense felony drug charge, the person would be ineligible for cash assistance for five years from the date of conviction.

HB 2335 would also provide that if a recipient opts out of a drug test, DCF would be authorized to order a test under the reasonable suspicion of drug use. Applicants would be required to pay for the drug test; if the test results were negative the applicant would be reimbursed. For households that include a recipient who has been terminated from cash assistance, the other eligible recipients would receive their benefits through a designated third party.

The bill would require DCF to provide an annual report to the House Committees on Appropriations and Health and Human Services and the Senate Committees on Ways and Means and Public Health and Welfare beginning in January 2015.

Estimated State Fiscal Effect				
	FY 2013 SGF	FY 2013 All Funds	FY 2014 SGF	FY 2014 All Funds
Revenue	--	--	--	--
Expenditure	--	--	$220,867	$1,286,355
FTE Pos.	--	--	--	4.00

DCF states that 4.00 additional FTE regional positions would be required to establish and maintain drug screening contracts with testing facilities, receive drug test referrals from caseworkers and convey the results to case managers for necessary case actions. These staff would also maintain job skills training contracts and monitor attendance and course completions. In addition, these positions would assure that the eligibility system contains accurate information regarding benefits, number of positive tests, length of time off assistance, and skills training requirements. Salaries and other operating expenses would total $248,079, including $101,191 from State General Fund, in FY 2014.

System changes would be required to accurately track the results of drug tests, treatment and job skills training completions. The system costs represent upgrade costs to the computer systems which will support the operation of the bill: Kansas Automated Eligibility and Child Support Enforcement System (KAESCES) system and the Kansas Eligibility Enforcement System (KEES). The cost estimate for system changes to the current system is based on 5,200 hours of programming at $90 per hour, for a total of $468,000. The system changes for the KEES system would be $597,780 including $507,780 for design, development, testing and training costs, and $90,000 for state IT personnel costs. The State General Fund portion of this estimate is $119,676. These costs are one-time expenditures that would occur in FY 2014 only.

DCF estimates performing approximately 2,100 drug tests per year. Of these, the agency would be responsible for the costs of 1,986 at a cost $50 per drug test. The cost of drug testing would total approximately $99,300 per year. However, testing would not begin until January 1, 2014, so the cost for FY 2014 would be approximately half of that estimate, or $49,650. DCF currently uses the Substance Abuse Subtle Screening Instrument (SASSI) test to screen TANF recipients. If a person screens positive on this test they are referred for three months of treatment. The estimated prevalence of illicit drug use in TANF based on the SASSI rate is 8.5 percent. The assumption used in this fiscal note is the same 8.5 percent prevalence rate. Thus there would be no additional treatment costs.

The agency estimates savings resulting from recipients who are either temporarily or permanently ineligible for cash assistance due to positive drug testing or drug offense
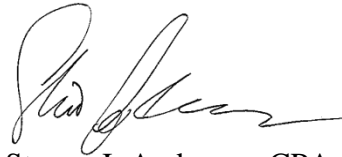
convictions. If the caseload is reduced by an average of 170 persons resulting from the provisions of HB 2335, annual savings would total $155,848. For FY 2014, the agency estimates savings of approximately half the yearly estimate, or $77,154. Therefore, DCF estimates a net fiscal effect of increased expenditures of $1,286,355 in FY 2014. The State General Fund portion of this would be $220,867. The bulk of the additional expenditures in FY 2014 result from one-time computer system changes. For FY 2015 and beyond, the agency estimates additional expenditures of $191,379, including $102,111 from the State General Fund. Any fiscal effect associated with HB 2335 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Jackie Aubert, Children & Families
    Aaron Dunkel, KDHE
    Dave Halferty, Aging & Disability Services
    Mary Rinehart, Judiciary