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GOVERNOR JEFF COLYER, M.D.
LARRY L. CAMPBELL, CHIEF BUDGET OFFICER

February 20, 2018

The Honorable Daniel Hawkins, Chairperson
House Committee on Health and Human Services
Statehouse, Room 186-N
Topeka, Kansas 66612

Dear Representative Hawkins:

SUBJECT: Fiscal Note for HB 2666 by Representatives Ousley and Gallagher

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2666 is respectfully submitted to your committee.

HB 2666 would make various changes to public assistance programs. Under current law, the lifetime calendar maximum for receiving cash assistance and child care assistance, for individuals enrolled in post-secondary education, is 24 months. Current law also exempts Temporary Assistance for Needy Families (TANF) households from work participation activities until a child turns three months old. Noncooperation with work programs and child support services can result in penalties being assessed under a tiered system. HB 2666 would exempt such TANF households from work participation activities until the child's first birthday. The bill would also eliminate the tiered penalty system. Finally, the bill would increase the lifetime calendar maximum for cash assistance and child care assistance, for individuals enrolled in post-secondary education, to 60 months.

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	--	--	--	--
Expenditure	--	--	$8,366,014	$8,366,014
FTE Pos.	--	--	8.00	8.00

The Department for Children and Families (DCF) estimates enactment of HB 2666 would increase agency expenditures from the State General Fund by $8.3 million in FY 2019. For FY 2020, DCF estimates expenditures from the State General Fund would increase by $14.7 million. Included in DCF's estimate for FY 2019 is increased expenditures totaling $2.8 million for cash assistance, increased expenditures are a direct result of increasing the lifetime calendar maximum to 60 months. Exempting individuals from participating in work activities up to a child's first birthday would increase expenditures by $0.5 million. Removing tiered penalties would bring DCF out of compliance with federal rules and require the state to use more state funding sources rather than using the Temporary Assistance for Needy Families Block Grant. The agency estimates increasing expenditures by $3.3 million from the State General Fund as a direct result of removing tiered penalties from statute. Increasing the lifetime calendar maximum for child care assistance going to individuals enrolled in post-secondary education would increase expenditures by $193,200 in FY 2019.

Costs not directly related to assistance going to individuals include added funding for 8.00 FTE at regional offices and KEES programming costs. Extending lifetime maximums and eligibility would increase agency caseloads which would require the agency to hire additional staff. Salaries and wages, including fringe benefits, are estimated at $389,355 million in FY 2019. KEES programing costs, along with travel, communication, office space and other operating expenditures are estimated at $1.1 million in FY 2019. All estimates made by the agency would become a part of the agency's base operating budget. DCF notes that many additional expenditures identified as a direct result of enactment of HB 2666 would qualify for federal funding. However, current budgeted expenditures from federal funding sources exceeds projected revenues. Specifically, the Child Care Development Fund is nearing total utilization, requiring additional transfers from TANF. Transferring additional TANF monies would further accelerate declining ending balances in the TANF Fund to the point of depletion. Any fiscal effect associated with HB 2666 is not reflected in *The FY 2019 Governor's Budget Report*.

Sincerely,

L. Campbell

Larry L. Campbell
Chief Budget Officer

cc: Jackie Aubert, Children & Families