

SESSION OF 2017

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR
SUBSTITUTE FOR SENATE BILL NO. 95**

As Recommended by Senate Committee on
Public Health and Welfare

Brief*

Sub. for Sub. for SB 95 would amend law for public assistance programs concerning telephonic signatures.

The bill would require a telephonic signature by an applicant or an applicant's authorized representative be accepted to fulfill any signature requirement for application for public assistance programs administered by the Secretary for Children and Families (Secretary). The bill would make a telephonic signature an option for applicants, not a requirement. A telephonic signature would constitute a valid and legal signature and would be defined to mean a recording of the verbal assent of an individual to submit an application for public assistance to the Secretary over a telephone system and the information to which assent has been given. A telephonic signature could not be denied legal effect or enforceability solely because the signature is telephonic.

The bill would require the Secretary to enter into a memorandum of understanding with a not-for-profit organization that is willing and able to collect and store telephonic signatures on behalf of an applicant. The memorandum would be required to include the requirements for collecting and storing a telephonic signature, to provide for access to such signatures by the Department for Children and Families (DCF), and to require, prior to the adoption of rules and regulations, the Secretary to accept any telephonic

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

signature that is submitted in accordance with the memorandum. The Secretary would be required to adopt rules and regulations prior to January 1, 2018, to establish requirements and procedures for telephonic signatures.

The bill would require any vendor or organization to indemnify the Secretary and DCF against any legal actions and damages from, but not limited to, a breach of software or storage security that allows an unauthorized person to obtain a telephonic signature, application, or other information.

On or before July 1, 2018, DCF would be required to develop the capability to accept, record, and produce telephonic signatures in electronic audio file formats that are submitted with an online application and to securely store telephonic signatures in electronic audio file formats together with applications stored within DCF or enter into an agreement with a vendor to meet these requirements.

If DCF enters into an agreement with a vendor to develop the capability to accept, record, and produce telephonic signatures, the agreement would be required to include the following:

- Requirements for accepting, recording, producing and securing telephonic signature; and
- Requirements for the vendor to secure the recorded electronic audio files in such a manner that no person would have access to the telephonic signatures or applications other than DCF and the vendor.

If DCF enters into an agreement with a vendor to develop the capability to securely store telephonic signatures on electronic audio file formats together with the applications stored within DCF, the agreement would be required to include the following:

- Requirements for the vendor to provide full access to the electronic audio files to DCF and limited access to the vendor; and
- Requirements for securing the electronic audio files, ensuring the files are maintained to prevent access by any person other than DCF and the vendor.

Background

The bill was introduced by the Senate Committee on Public Health and Welfare at the request of Senator Kelly. In the Senate Committee hearing on February 7, 2017, proponent testimony was provided by representatives of ChildCare Aware of Kansas, Episcopal Community Services, Food Equality Initiative, Inc., Harvesters – The Community Food Network, Help House, Kansas Action for Children, Kansas Food Bank, KC Healthy Kids, Sisters of Charity of Leavenworth, and Wesley House and by a private citizen. The proponents stated the electronic voice signature would expedite the process for applying for food assistance and it would be beneficial to reinstate a federal waiver option to allow certain able-bodied people without a disability to qualify for food assistance for more than three months.

Written-only proponent testimony was provided by Catholic Charities of Northeast Kansas, Center on Budget and Policy Priorities, Center for Law and Social Policy, Double Up Food Bucks, El Centro, Food Research and Action Center, Healthy Communities Wyandotte, Kansas Appleseed, Kansas Breastfeeding Coalition Inc., Kansas Interfaith Action, Kansas State Alliance of YMCAs, United Community Services of Johnson County, and USD 501 Topeka School District, and by two private citizens.

Opponent testimony was provided by Senator Pilcher-Cook, the Secretary, and a representative of Strategic Training Solutions. The Secretary stated implementation of

the telephonic signature requirement would have a significant fiscal impact on DCF. Written-only opponent testimony was provided by the Foundation for Government Accountability.

Written-only neutral testimony was provided by Kansas Catholic Conference.

On February 20, 2017, the Senate Committee made the following amendments to the bill and subsequently agreed to insert the amended contents into a substitute bill:

- Inserted additional requirements for DCF regarding acceptance of telephonic signatures by individuals submitting applications for public assistance;
- Decreased the work participation exemption as a condition for receiving TANF for a single custodial parent personally providing care for a child under one year of age to providing care to a child under the age of six months; and
- Reinserted language stricken by the bill, as introduced, that would have eliminated a lifetime maximum of 24 months of child care for recipients of non-TANF childcare participating in post-secondary education and reinserted the 15 hours per week work requirement for such recipients.

On March 6, 2017, neutral testimony was provided by a representative of DCF. The representative stated to implement telephonic signatures, it was determined that a secure file transfer system and secure storage dedicated to the processing of the applications would be needed. The representative noted the bill would allow DCF to use a vendor for a portion of the telephonic system and additional costs may be needed in the future that have not been estimated at this time. No other testimony was offered.

On March 6, 2017, the Committee agreed to remove all contents in Sub. for SB 95 related to applicant requirements

and eligibility for public assistance programs, make the following amendments, and insert the amended contents into a second substitute bill:

- A provision was inserted to require an organization be not-for-profit to be eligible to enter into a memorandum of understanding with the Secretary;
- Language was inserted to indemnify DCF against legal actions related to the actions of any not-for-profit organization or vendor that works with DCF regarding the telephonic signatures; and
- Language was inserted to allow DCF to enter into an agreement with a vendor to meet its obligation to accept, record, produce, and securely store telephonic signatures in electronic audio file formats.

According to the fiscal note prepared by the Division of the Budget on the bill as introduced, DCF states several provisions would have a fiscal effect. DCF estimates 30.0 percent of applicants would use a telephonic method for applying for assistance. In order to receive these calls, the agency states a call center dedicated to the handling of assistance applications would be necessary. Assuming an implementation date of January 1, 2018, DCF estimates start-up costs and six months of operations at \$1,387,511 for FY 2018 and ongoing annual costs of \$1,775,022 for FY 2019 and subsequent years. [Note: Only the telephonic signature provisions remain in the second substitute bill and the provisions have been amended. Other fiscal estimates in the fiscal note on the original bill would not be applicable to the second substitute bill.]

DCF provided updated fiscal impact information to the Committee on March 6, 2017, which stated a total fiscal impact of the telephonic signature as proposed in the second substitute bill is estimated to be \$298,691, including \$102,732

from the State General Fund, in FY 2018 and \$82,691, including \$28,441 from the State General Fund, in FY 2019.

Any fiscal effect associated with the bill is not reflected in *The FY 2018 Governor's Budget Report*.