

January 27, 2022

The Honorable Susan Concannon, Chairperson
House Committee on Children and Seniors
Statehouse, Room 152-S
Topeka, Kansas 66612

Dear Representative Concannon:

SUBJECT: Fiscal Note for HB 2525 by House Committee on Children and Seniors

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2525 is respectfully submitted to your committee.

HB 2525 would remove the requirement to cooperate with child support services to be eligible for food and childcare assistance. The bill would exempt qualifying adults enrolled in a public or private elementary or secondary school or postsecondary educational institution from meeting the 20-hour weekly work requirement to be eligible for childcare assistance.

Estimated State Fiscal Effect				
	FY 2022 SGF	FY 2022 All Funds	FY 2023 SGF	FY 2023 All Funds
Revenue	--	--	--	--
Expenditure	--	--	859,382	2,457,992
FTE Pos.	--	--	--	14.00

The Kansas Department for Health and Environment, the Department of Administration, and the Kansas Department for Aging and Disability Services indicate that HB 2525 would have no fiscal effect on the agencies, respectively.

The Department for Children and Families indicates that enactment of HB 2525 would affect the Child Care and Food Assistance caseloads by increasing expenditures and the number of positions it would take to handle the additional caseload.

Child Care Caseload

The bill would remove the work requirement for adults attending school in order to be eligible for child care assistance. Additionally, cooperation with Child Support Services would no longer be required to be eligible for child care assistance. The following table details the impact of these changes on the projected child care caseload:

	<u>FY 2023</u>	<u>FY 2024</u>
Total Projected Additional Cases Per Month	137	389
Estimated Persons/Case	1.74	1.74
Total Projected Additional Persons Per Month	238	676
Projected Monthly Benefits/Person	\$518	\$544
Total Additional Child Care Benefits	\$1,479,015	\$4,410,943

The bill would increase the caseload for child care assistance an average of 137 cases per month for FY 2023 and 389 cases per month in FY 2024. The estimated months of child care assistance as a result of the removal of the work requirement for adults in school would be 24 months. This would result in the caseload leveling off in FY 2025 at an average increase of 504 cases per month. The number of cases was estimated by reviewing the number of cases closed or denied. On average, there are 21 cases per month closed or denied for not meeting the work requirement. The number of child care cases denied or closed due to noncooperation with child support services was minimal and determined to have no significant fiscal impact.

Food Assistance Caseload

The bill would remove the requirement to cooperate with child support services to be eligible for food assistance. A review of historical data found, on average, 2,500 cases per month are not receiving benefits due to noncooperation. With the proposed change, these cases would be eligible for food assistance benefits. Increased food assistance benefits, estimated at \$22.5 million, would be funded 100.0 percent with Supplemental Nutrition Assistance Program funds and would be passed through the agency directly to the beneficiaries.

Additional FTE Costs

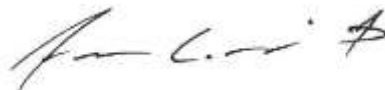
The increase in the caseload would result in a need for an additional 14.00 FTE positions. The combined increase to caseload for child care and food assistance related to the proposed changes would be 2.42 percent. To calculate the FTE increase that would be needed, the projected percentage increase in the caseload was applied to the current FTE levels for Human Services positions. Estimates include salaries and benefits and other operating expenses based on the number of FTE added. Additional salaries, benefits and other operating expenses total \$839,359 from all funding sources, including \$397,382 from the State General Fund in FY 2023 and \$829,439 from all funding sources, including \$393,154 from the State General Fund in FY 2024.

IT Systems

The bill would change several eligibility requirements which could require eligibility system changes. These changes would need to be examined to determine cost and time impact. An estimate of \$1.0 million from all funding sources, including \$462,000 from the State General Fund is being included for impact purposes. These would be one-time costs in FY 2023.

DCF anticipates the changes would not be fully implemented until the third year. The projected costs for the third year are estimated at \$6.8 million from all funding sources, including \$396,460 from the State General Fund. The additional expenses detailed above would be expected to continue into later years assuming the caseload remains constant. Expenditure increases would occur if benefit rates or caseloads increase. There are currently sufficient federal Child Care Development Funds (CCDF) to cover the increase in expenditures related to child care assistance. However, the long-term implementation of these child care assistance changes would likely require additional expenditures from the State General Fund as reserve CCDF funds are projected to eventually be exhausted at the current level of spending. Any fiscal effect associated with HB 2525 is not reflected in *The FY 2023 Governor's Budget Report*.

Sincerely,

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

Adam Proffitt
Director of the Budget

cc: Celeste Chaney-Tucker, Department of Administration
Kim Holter, Children & Families
Dan Thimmesch, Health & Environment
Leigh Keck, Aging & Disability Services