

February 16, 2024

The Honorable Brenda Landwehr, Chairperson
House Committee on Health and Human Services
300 SW 10th Avenue, Room 112-N
Topeka, Kansas 66612

Dear Representative Landwehr:

SUBJECT: Fiscal Note for HB 2748 by House Committee on Health and Human Services

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2748 is respectfully submitted to your committee.

HB 2748 would create the Personal Hygiene Fund and Program within the Kansas Department for Children and Families (DCF) beginning July 1, 2024. The bill would authorize the Secretary of DCF to adopt rules and regulations for the program and provide an individual income tax credit for taxpayer contributions to the fund.

According to DCF, enactment of HB 2748 would require the agency to pay for items such as diapers for infants and toddlers, incontinence products including adult diapers, period products, and other personal hygiene products. All expenditures from the new Personal Hygiene Fund would be for the purpose of providing individuals with monthly financial assistance for the purchase of personal hygiene products. These items would be required to conform with adopted rules and regulations. This assistance is currently available for individuals eligible for or receiving Supplemental Nutrition Assistance Program benefits or Women, Infants and Children (WIC) benefits.

The Personal Hygiene Program would require families to apply for benefits. Estimates were prepared for different populations who could be eligible for the various types of hygiene products. Factors included in estimating participant levels included the food assistance caseload, number of individuals receiving WIC benefits, income limits, age ranges, and estimated rates of use. DCF used \$22 as the average monthly cost for the least expensive diapers, \$20 for average cost of menstrual products, and \$80 to \$160 for incontinence products. For benefit calculation purposes, an estimate of \$20 per month for all situations was used and would be funded with State General Fund.

Total Annual Fiscal Effect

Diaper Benefit Participants	19,877
Under 18 Period Product Participants	7,477
Adult Personal Hygiene Products	2,687
Adult Incontinence Supply Participants	<u>114</u>
Total Participants	30,155
Estimated Monthly Benefit	\$ <u>20</u>
Total Monthly Benefits	\$ 603,100
Annual Months	<u>12</u>
Estimated Annual Benefits Paid	\$7,237,200

In 2017, California began providing a \$30 per child monthly diaper benefit. This is in addition to the regular family benefit. In Kansas, 24.2 percent of food assistance participants also receive Temporary Assistance for Needy Families (TANF) cash assistance. TANF funds could be increased to provide additional benefits. However, KAR 30-4-101 sets the basic benefits per family which may be paid in TANF cash assistance. TANF short-term, non-recurrent benefits are limited to four months per episode of need. It is estimated that benefits would be issued using the State General Fund.

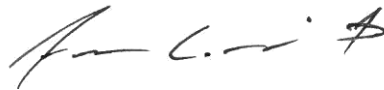
The DCF has indicated that enactment of the bill would require participants to apply for benefits. Ongoing case management and monitoring of eligibility would also be needed. To maintain Economic and Employment Service staff workloads at a level consistent to the period from 2017 to 2020, an additional 25.00 FTE positions would be needed. The agency states it would need 1.00 FTE Program Administrator position, 4.00 FTE Human Services Supervisor positions, and 20.00 FTE Human Services Consultant positions. These positions would oversee the program and the fund. This includes establishing rules and regulations and ensuring benefits are issued in accordance with these rules and regulations, processing applications and performing case management, providing supervision and direction, and assisting with processing as needed. Total expenditures for the positions would be \$1,777,287 for FY 2025 and \$1,753,083 for FY 2026 and ongoing (adjusting for fringe benefits), all from the State General Fund.

The Personal Hygiene Program would require integration into the Kansas Eligibility Enforcement System (KEES) used to perform case management and track benefit approval and issuance. Based on costs to integrate new programs into KEES in the past, it is estimated to be \$900,000 from the State General Fund for this program. These costs would only be necessary for the first year.

The Department of Revenue indicates that it would require a total \$201,640 from the State General Fund in FY 2025 to implement the bill and to modify the automated tax system. The bill would require the Department to hire 1.00 new FTE positions to answer questions from taxpayers and to review, process, and audit marketplace facilitator compliance; and to review, process, and audit additional income tax returns. The Department estimates that ongoing expenses for salaries and wages for the 1.00 FTE position and overhead expenses would total \$72,008 from the State

General Fund in FY 2026. The required programming for this bill would be performed by existing staff of the Department of Revenue. In addition, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond the Department's current budget may be required. Any fiscal effect associated with HB 2748 is not reflected in *The FY 2025 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

cc: Lynn Robinson, Department of Revenue
Kim Holter, Department for Children & Families