

February 9, 2026

The Honorable Renee Erickson, Chairperson
Senate Committee on Government Efficiency
300 SW 10th Avenue, Room 144-S
Topeka, Kansas 66612

Dear Senator Erickson:

SUBJECT: Fiscal Note for SB 363 by Senate Committee on Government Efficiency

In accordance with KSA 75-3715a, the following fiscal note concerning SB 363 is respectfully submitted to your committee.

SB 363 would require the Secretary for Children and Families to receive and review information concerning individuals and households enrolled in programs for food or medical assistance. The bill would direct the Department of Health and Environment to submit data to the Centers for Medicare and Medicaid Services (CMS) prohibiting certain waivers or exemptions without legislative approval, prohibit self-attestation for determining eligibility, and require quarterly redeterminations of eligibility. The bill would also prohibit certain exemptions from work requirements under the food assistance program by raising the age limit for exemptions for able-bodied adults from 49 to 64 and changing the dependent requirement for an exemption to dependents under the age of 14. Time-limited assistance exemptions for the homeless, veterans, and young adults aged out foster care would also be restricted.

Estimated State Fiscal Effect			
	FY 2026	FY 2027	FY 2028
Expenditures			
State General Fund	819,712	10,032,476	7,728,193
Fee Fund(s)	--	--	--
Federal Fund	--	8,489,878	9,432,243
Total Expenditures	819,712	18,522,354	17,160,436
Revenues			
State General Fund	--	--	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Revenues	--	--	--
FTE Positions	--	256.00	256.00

According to Kansas Department of Health and Environment, enactment of SB 363 could have a significant fiscal effect on the agency. Costs for system changes to facilitate the creation of new data-sharing agreements and interfaces have 75.0 percent federal funding available. However, the enhanced federal funding is subject to CMS approval, and the agency states there is a strong possibility that CMS would refuse to fund the cost of running the income verification as frequently as the bill would require. The cost of the income/wage information is extremely high due to the cost per transaction and the request to run this process for everyone active every two weeks. If CMS would not approve, then the cost to State General Fund would increase. The estimated hours for the changes would be approximately 13,422 at a cost of \$1.6 million.

The agency was unable to estimate the fiscal effect for providing a 30-day notice when a beneficiary would be determined to be noncompliant or ineligible, as CMS requires states to provide 10 days' notice prior to reducing or discontinuing eligibility (42 CFR 431.211). The increase to a 30-day notice would increase the amount of time individuals are enrolled, which would be a cost to the state.

The time spent meeting to determine reporting, building reports, monitoring continuously, and performing ongoing maintenance would be 800 hours per year at a cost of \$40,000, including \$10,000 from the State General Fund.

KDHE estimates that it would need an additional 192.00 positions at a cost of \$8.4 million, including \$2.1 million from the State General Fund, for the costs associated with prohibiting self-attestation for the purposes of determining eligibility for public assistance programs and requiring redeterminations of eligibility on a quarterly basis.

On and after January 1, 2027, retroactive enrollment in the Medical Assistance Program would be limited to the two months prior to the month in which the recipient makes an application for assistance, and eligibility of an individual enrolled would be verified against a death master file on a quarterly basis to ensure that deceased individuals are not enrolled. Upon confirmation of the death of an individual, enrollment in the medical assistance program would be terminated immediately. While the Children's Health Insurance Program (CHIP) was not specified in SB 363, the fiscal impact below includes the cost of providing two months of retroactive enrollment in CHIP, as required by federal H.R. 1, which offsets the expected savings from reducing retroactive Medicaid coverage from three months to two months. Prior to the passage of H.R. 1, retroactive enrollment in CHIP was permitted only in limited circumstances.

For FY 2027, the estimated Medicaid savings would be \$5.1 million, including \$2.0 million from the State General Fund, but this would be offset by an increase in CHIP costs of \$5.2 million, including \$1.6 million from the State General Fund. For FY 2028, the estimated Medicaid savings would be \$10.3 million, including \$4.0 million from the State General Fund, but this would be offset by an increase in CHIP costs of \$10.7 million, including \$2.9 million from the State General Fund. The fiscal estimates reflect that only six months would remain in FY 2027 when the H.R. 1 requirements for retroactive medical assistance must be implemented, effective January 1, 2027. Medicaid and CHIP have different federal match rates. The Medicaid estimate reflects a 60.0 percent federal match, and the CHIP estimate reflects a 70.0 percent federal match.

According to the Department for Children and Families, enactment of SB 363 would have an effect on agency operations. The bill directs the Secretary of the Department for Children and Families (DCF) to enter into agreements with other state agencies to allow for the review, comparison, and verification of data for food assistance eligibility. Data used from other state agencies to review food assistance eligibility includes death records, wage information, residency changes, incarceration status, changes in employment, and lottery winnings. DCF staff currently access these information sources when determining initial eligibility or during redetermination reviews. The bill would require more frequent review of these databases.

Currently, DCF maintains interfaces with multiple state and federal partners to obtain data to verify initial and continuing eligibility. These interfaces would need to be expanded in order to meet some of the data matching requirements as they are currently used for non-food assistance programs or do not fully meet the requirements of SB 363.

The list below details the bill's requirements which are to be monitored and compared to state sources. Information is also provided regarding the impact on the number of tasks assigned to be completed:

- Monthly basis, from the Office of Vital Statistics, including, but not limited to, death records. Currently, data is provided and exceptions to what is maintained in KEES are identified. These differences are assigned as tasks and worked. No significant change in the workload would be expected.
- Monthly basis, including, but not limited to potential changes in residency as identified in out-of-state purchases, from the Electronic Benefits Transfer system monthly. This data is currently available and being reviewed for out-of-state activity. However, moving out of state is not an activity which must be reported between Interim Reviews. These would now have to be assigned as a task to a worker.
- Monthly basis, from the Kansas Department of Corrections, including but not limited to, incarceration status. DCF currently receives a batch file detailing these changes. This item would have no significant impact on the tasks to be performed.
- Monthly basis, data related to gambling winnings from the Kansas Lottery and Racing and Gaming Commission in excess of \$3,000. Information is currently provided related to winnings in excess of \$5,000. The change in reporting limits would not be significant.
- Semi-monthly basis, from KDOL, including, but not limited to, potential changes in employment, income, or assets. This would be a new activity. KDOL currently updates quarterly wage information but not semi-monthly. No data is currently provided regarding employment and assets. This information is currently used only at the time of application or review and does not include continuous comparison to all food assistance cases. The number of tasks generated from the updated comparisons would be expected to increase the number of tasks assigned. This item would also require a change in the frequency of reports by Kansas businesses as they currently report quarterly.

- Quarterly basis, from the Department of Labor (KDOL), including, but not limited to, changes in employment or wages. DCF currently has access to this information and uses it when applications or reviews are completed. Ongoing comparisons would be expected to increase the number of tasks needed to be completed.
- Quarterly basis, from the Kansas Department of Revenue (KDOR), including, but not limited to, potential changes in income, wages, or residency as identified by tax records. There are currently no agreements with KDOR. This would require a new agreement to be developed. Once an agreement was in place, all changes would have to be assigned as new tasks for employees to work.

No significant fiscal impact is anticipated regarding the systems interfaces. Current agreements could be modified to meet these requirements. However, a significant number of new tasks would be created with the increased frequency and amount of data. These tasks would require additional staff time. Unless required under federal law, DCF would not accept self-attestation of income, residency, age, household composition, care-taker relative status or receipt of other coverage or request authority to waive or decline to periodically check any available income-related data sources to verify eligibility for TANF, food assistance, medical assistance, or assistance under the child care subsidy program.

Various items for the different programs may rely on self-attestation of information. Requiring verification beyond self-attestation would create more tasks to be performed by eligibility workers. This would require more time to determine initial and ongoing eligibility. This additional verification could also result in benefits being delayed to needy and eligible families.

To manage the interfaces and produce the information needed to verify eligibility, the agency would need two additional Management Systems Analyst positions with an annual salary and benefits of \$66,576 each. Other expenses would also be incurred by these positions such as communications, travel, fees, etc. at an estimated cost of \$12,271 per position for the first year. The annual estimated costs for these positions, including other operating costs, would be \$162,753 beginning in FY 2027.

Currently, DCF uses a simplified method for reporting changes to food assistance cases. Under this method, only a few types of changes, such as changes in income or Able-Bodied Adults Without Dependents status are reported. Other changes which may increase or decrease benefit amounts are reported and calculated at the Interim Review which occurs every six months.

The Supplemental and Nutrition Assistance Program (SNAP) caseload averages about 100,000 adults per month. This population includes families and individuals who may move frequently. Additionally, those who are employed mainly work low-wage jobs with varying hours per week. These individuals may also change employment. This could result in frequent changes being noted to the various items being identified. Additionally, as similar information may be looked at from various sources with various time frames, the same changes could be identified more than once.

Based on the data comparisons to be carried out, the frequency in which differences and changes are identified and made would increase significantly. These changes, once identified, would have to be reviewed by a case worker and changes may need to be made to the individual's case. Depending on the type of action being taken, changes could occur in consecutive months for items such as hours worked, or income earned. Each change would require action by the case worker. Per U.S. Department of Agriculture regulations, program staff have ten days to review and initiate changes to the cases. Due to the increased number of data sources being checked and the continuous nature of the checks, the frequency of updating food assistance benefits would increase. Additional positions would be needed as each change task would be assigned, reviewed, and have action taken on.

Currently, there are 404.00 regional workers performing SNAP related activities. The changes noted to comply with SB 363 (report reviews and information verification) would increase the amount of work needed to be performed by 35.0 percent, or an additional 142.00 positions. It is estimated that another 62.00 positions would be needed to manage the increased number of tasks. These positions would include 9.00 Human Services Assistants, 8.00 Human Services Consultants, 37.00 Human Services Specialists, 6.00 Human Services Supervisors, and 2.00 Program Consultants at a cost of \$5.0 million, including \$3.4 million from the State General Fund, in FY 2027 and FY 2028. These costs would be on-going.

SNAP Error Rate

SB 363 would increase the number of tasks that would be completed which could also impact the Food Stamp Error Rate. These rates are monitored at the federal level and failure to maintain an acceptable rate could result in penalties against the state. Effective Federal Fiscal Year 2028, states will be responsible for paying a portion of the SNAP benefits if their error rate is above 6.0 percent. All changes impacting benefits must be assigned and processed within 10 days. A potential food stamp error occurs if changes are not reported within this time frame. For fiscal year 2024 (the most recent complete year), the Kansas error rate was 9.98 percent. This level of error would result in Kansas being responsible for 10.0 percent of the SNAP benefits paid, which equates to an estimated \$40.0 million from the State General Fund.

Prior to switching to the simplified reporting method for changes currently used, related to food assistance, DCF used a reporting method similar to the proposal. In FY 2003, using a change reporting method similar to what would be required under this bill, DCF had an error rate of 10.45 percent. Soon after adopting the simplified reporting, the error rate dropped to 5.11 percent. The proposed changes could result in an increase in the error rate which could result in possible penalties. During FY 2019, one state, Maine, indicated it used a similar reporting method. Its error rate during that period was 19.12 percent and penalties of \$2.7 million were assessed. The total SNAP benefits issued by Maine during that fiscal year totaled \$203.6 million, similar to the \$265.3 million issued by Kansas. Other states such as Iowa and Michigan also received penalties related to their food stamp rates, though the benefits paid were significantly more than those issued in Kansas. Iowa was issued a penalty of \$2.8 million after issuing \$429.1 million in benefits. Michigan issued \$1.7 billion in benefits and was penalized \$10.9 million for its error rate. Any penalties assessed would require additional state funds.

SNAP Work Program

In July 2025, H.R. 1 was passed by Congress and signed by the President. This bill made significant changes regarding work requirements for SNAP recipients. Changes to work requirements, effective October 1, 2025, include:

- Increasing the age of Able-Bodied Adult Without Dependents to 64 (previously it was under 60).
- Changing the exception of those with dependent children to only apply to children under 14 (previously it was 18 or younger).
- Removing work requirement exceptions for people experiencing homelessness, under 24 and aged out of foster care at 18, or veterans. These exceptions were set to expire October 1, 2030.

SB 363 would incorporate the work requirement changes. These changes would make an additional 20,977 current SNAP recipients subject to work requirements. These persons would be assigned to the SNAP Employment and Training (E&T) program in DCF.

Historically, when these types of eligibility changes are made, about 9.3 percent of the impacted persons choose to participate in the SNAP E&T program. It is estimated an additional 1,951 individuals would be assigned to and participate in the SNAP E&T program. Currently, there are 19.00 non-supervisory positions assigned to the SNAP E&T program to handle a monthly caseload of 1,171 individuals. To maintain the current staff/client ratio, funding for an additional 32.00 positions would be required. The following table details the additional State General Fund costs associated with this expansion of the SNAP E&T program for FY 2026, FY 2027 and beyond:

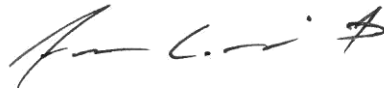
	<u>FY 2026 *</u>	<u>FY 2027</u>
Administrative Costs		
Salaries and Benefits for 32 FTE	\$517,881	\$2,071,523
Standard OOE Per FTE	<u>\$195,072</u>	<u>\$ 626,432</u>
Total Administrative Costs	\$712,953	\$2,697,955
Participant Expenses		
Additional SNAP E&T Participants	1,951	1,951
Average Cost Participant Expenses Per Person/Per Month	\$ 18.24	\$ 20.06
Months	<u>3</u>	<u>12</u>
Total Participant Expenses	\$106,759	\$ 469,738
Total Overall Cost	\$819,712	\$3,167,693

** The FY 2026 figure is based on three months.*

DCF would fully budget the Federal SNAP E&T funds expected to be allocated at the federal level. No funds would be anticipated being available to cover the projected increase in program expenses. DCF has requested additional funds from both sources in the past and would

seek additional funds. However, over the past several federal fiscal years, these requests have been denied. The fiscal effect related SNAP work requirements are included in *The FY 2027 Governor's Budget Report*, while any other fiscal effect associated with SB 363 is not reflected.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", followed by a stylized flourish.

Adam C. Proffitt
Director of the Budget

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