

February 22, 2023

The Honorable Francis Averkamp, Chairperson
House Committee on Welfare Reform
300 SW 10th Avenue, Room 152-S
Topeka, Kansas 66612

Dear Representative Averkamp:

SUBJECT: Fiscal Note for HB 2393 by House Committee on Welfare Reform

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2393 is respectfully submitted to your committee.

HB 2393 would direct the Secretary of the Department for Children and Families (DCF) to enter into agreements with other state and federal agencies to allow for the continuous review, comparison, and verification of data for food assistance eligibility. Data used from other state agencies to review food assistance eligibility would include death records, wage information, residency changes, incarceration status, changes in employment, and lottery winnings. Items to be obtained and verified from federal databases would include income information, death records, incarceration status, earnings and pension information maintained by the U.S. Social Security Administration, and other items. The bill would require at least quarterly posting of data related to non-compliance and fraud investigations. The bill would also require DCF to modify existing interfaces and create new ones based on the criteria above.

Estimated State Fiscal Effect				
	FY 2023 SGF	FY 2023 All Funds	FY 2024 SGF	FY 2024 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$13,361,569	\$15,361,569
FTE Pos.	--	--	--	203.00

DCF indicates that HB 2393 would increase agency expenditures in FY 2024 by \$15.4 million from all funding sources, including \$13.4 million from the State General Fund and include an increase of 203.00 FTE positions. 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 currently are used for non-food assistance programs or do not fully meet the stated requirements. Additionally, new interfaces would need to be created to obtain and use the federal data. It is estimated the cost to create necessary interfaces would be \$1.6 million.

Additional staffing would be required to manage the interfaces and produce the information needed to verify continuous eligibility. These positions would be located in Economic and Employment Services (EES) administration. These duties would require the hiring of 2.00 Management Systems Analyst FTE positions at an annual salary and benefits of \$59,745. Other expenses would also be incurred by these positions such as communications, travel, fees, etc. at an estimated cost of \$10,623 for each position for the first year. These positions would also be used to post the information related to non-compliance and fraud investigations. The annual estimated costs for these positions including other operating costs are \$140,736.

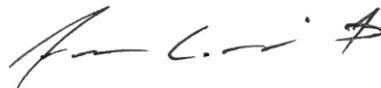
The continuous review and verification of food assistance data would increase the number and frequency of changes needed for individual cases. Based on the data comparisons to be performed, the frequency in which differences and changes are identified and made would increase significantly. These changes, once identified, would 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 the United States Department of Agriculture regulations, program staff have ten days to review and initiate changes to the cases.

DCF currently has 402.00 FTE positions assigned to Supplemental Nutrition Assistance Program (SNAP) eligibility and case management duties in EES. With an estimated 50.0 percent increase in the daily tasks, it is estimated an additional 201.00 FTE positions would be needed to manage the changes and the caseload. An additional \$13.6 million from all funding sources, including \$11.6 million from the State General Fund would be needed to fund the increase in staffing related to the continuous monitoring and review of food assistance benefits with increased data comparisons.

The proposed changes would result in an increase in the food stamp error rate which could result in possible penalties. For FY 2019, Maine indicated it used the 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.

Changes made to the food assistance benefits paid to recipients would have no effect on the state budget. These funds are 100.0 percent federally funded and are passed through to the recipients. These benefits are not reflected in the state budget. Any fiscal effect associated with HB 2393 is not reflected in *The FY 2024 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: Kim Holter, Department for Children & Families