

March 30, 2017

The Honorable Troy Waymaster, Chairperson
House Committee on Appropriations
Statehouse, Room 111-N
Topeka, Kansas 66612

Dear Representative Waymaster:

SUBJECT: Fiscal Note for HB 2402 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2402 is respectfully submitted to your committee.

HB 2402 would require the Department of Administration to enter into an agreement with a third party vendor to assist with the collection of debt under the Setoff Program.

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	--	--	--	--
Expenditure	--	\$299,191	--	\$184,191
FTE Pos.	--	3.00	--	3.00

The Department of Administration estimates that additional expenditures of \$299,191 in FY 2018 from special revenue funds would be needed to implement the bill. This amount includes \$157,430 for the salaries and wages costs of 3.00 FTE positions; \$11,761 for overhead costs such as office space and other operating expenses; \$100,000 for additional IT hardware and programming modifications; and \$30,000 for legal costs. The additional positions would be needed to administer third party vendor agreements; monitor third party vendor collection activities and correspondence; process Kansas Debt Recovery System updates for additional collection activities; review third party collections reporting; and process receipts, transfers, and billings. The programming costs would occur if there is a high volume of agreements with third party vendors and if modifications are needed to ensure compatibility with vendor data files. If the volume of agreements is low and there is compatibility with vendor files, the existing system could be used. The legal costs would be for drafting and reviewing contracts or agreements and

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for any legal actions or challenges arising from indemnification. For FY 2019, the Department estimates expenditures would include \$157,430 for salaries and wages; \$11,761 for overhead expenses; and \$15,000 for legal costs.

The Department estimates revenues would increase by allowing third party vendors to assist in the collection of debts; however, the Department is unable to estimate the dollar amount of the increase. Any fiscal effect associated with HB 2402 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Colleen Becker, Department of Administration