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LARRY L. CAMPBELL, CHIEF BUDGET OFFICER

February 14, 2018

The Honorable Erin Davis, Chairperson
House Committee on Children and Seniors
Statehouse, Room 151-S
Topeka, Kansas 66612

Dear Representative Davis:

SUBJECT: Fiscal Note for HB 2622 by House Committee on Children and Seniors

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2622 is respectfully submitted to your committee.

HB 2622 would make changes to child care assistance rules and regulations. Under current law, in determining and maintaining eligibility for non-Temporary Assistance for Needy Families (TANF), adults must be employed a minimum of 20 hours per week. For individuals enrolled in post-secondary education, current law requires those individuals to work a minimum of 15 hours per week. Individuals are also limited to 24 months of benefits in their lifetime. HB 2622 would remove the working requirements for both provisions. HB 2622 would also strike the lifetime benefit provision and add a provision allowing child care assistance to be provided for up to 30 days to eligible individuals who can demonstrate that they are engaging in job search activities.

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	--	--	--	--
Expenditure	--	--	$50,456,206	$55,335,592
FTE Pos.	--	--	--	31.00

The Department for Children and Families indicates enactment of HB 2622 would increase agency expenditures by $55.3 million from all funding sources, including $50.5 from the State General Fund in FY 2019. The agency estimates costs would be carried over from fiscal year to fiscal year, increasing slightly year over year. These costs would become a part of the agency's base operating budget.

Removing the minimum weekly work requirements for non-TANF child care assistance, adding child care assistance during job search activities and changing child care assistance for individuals enrolled in post-secondary education would increase expenditures for assistance. Other operating expenditures are also estimated to increase. The agency estimates that removing work requirements for non-TANF child care assistance would increase expenditures by $2.3 million in FY 2019. Funding for non-TANF child care assistance could be financed entirely through federal funding sources. Providing child care assistance for individuals in search of a job would increase agency expenditures by $2.8 million in FY 2019. The agency notes the amount estimated for child care assistance for individuals in search of a job represents funding for up to three months per case, not 30 days. Three months was used to estimate expenditures because federal rules require assistance for up to three months, not 30 days. Expenditures for child care assistance for individuals in search of a job would be financed through the State General Fund and federal funds; increasing use of the State General Fund would allow the agency to access more federal funding through maintenance of effort requirements. Removing the lifetime cap on individuals enrolled in post-secondary education and removing work requirements for those same individuals would increase agency expenditures by $48.1 million from the State General Fund in FY 2019. The agency notes the initiatives addressed in the bill, coupled with anticipated expenditure increases related to the 2014 Federal Child Care and Development Fund Reauthorization would deplete federal child care funding. Depleting federal funding would require additional, ongoing, State General Fund appropriations.

In addition to increased expenditures going directly to child care assistance, the agency is estimating other operating expenditure increases. The agency estimates 31.00 FTE would need to be added at regional offices located throughout the state as a result of increasing caseload. Caseloads are estimated to increase because the bill would increase current limitations and lift existing caps. Adding 31.00 FTE would increase salary and wage expenditures by $1.5 million in FY 2019. Other expenditures for communication, office space, travel, supplies and KEES programing are estimated at $597,937 million in FY 2019. Any fiscal effect associated with HB 2622 is not reflected in *The FY 2019 Governor's Budget Report*.

Sincerely,

L. Campbell

Larry L. Campbell
Chief Budget Officer

cc: Jackie Aubert, Children & Families
Dan Thimmesch, Health & Environment