

February 18, 2015

The Honorable Julia Lynn, Chairperson  
Senate Committee on Commerce  
Statehouse, Room 445-S  
Topeka, Kansas 66612

Dear Senator Lynn:

**SUBJECT:** Fiscal Note for SB 198 by Senate Committee on Judiciary

In accordance with KSA 75-3715a, the following fiscal note concerning SB 198 is respectfully submitted to your committee.

SB 198 would add contractors to the state directory of new hires that the Department of Labor would maintain under the federal Personal Responsibility and Work Opportunity Act of 1996. The Department of Children and Families uses the state directory of new hires for administering its eligibility verification system.

Estimated State Fiscal Effect				
	FY 2015 SGF	FY 2015 All Funds	FY 2016 SGF	FY 2016 All Funds
Revenue	--	--	--	\$82,500
Expenditure	--	--	--	\$100,000
FTE Pos.	--	--	--	--

The Department of Labor estimates SB 198 would require \$100,000 to modify its computer system to capture contractor information for the state directory of new hires. This cost would be paid by fee funds and matching federal funds from the Department for Children and Families. The Department of Labor anticipates they would be able to identify additional fraud with the reporting of contractors in the state directory of new hires; however, the Department does not have data to make a precise estimate on the number of additional fraud cases that would be identified.

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The Department for Children and Families indicates that adding contractors to the state directory of new hires will result additional child support collections from income withholding orders. Dependent on employer reporting, child support collections could increase by 1.0 percent per fiscal year that would result in an additional \$1.5 million in FY 2016. The Department would keep approximately \$82,500, or 5.5 percent, in child support collections to pay back the state for state paid Temporary Assistance for Needy Families (TANF) or foster care. Any fiscal effect associated with SB 198 is not reflected in *The FY 2016 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: Dawn Palmberg, Department of Labor  
Jackie Aubert, Children & Families