

March 3, 2021

The Honorable Susan Concannon, Chairperson
House Committee on Children and Seniors
Statehouse, Room 149A-S
Topeka, Kansas 66612

Dear Representative Concannon:

SUBJECT: Fiscal Note for HB 2283 by House Committee on Children and Seniors

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2283 is respectfully submitted to your committee.

HB 2283 would increase the Temporary Assistance for Needy Families (TANF) life-time limit to 60 months, or 48 months for those receiving diversion payments, with a provision for additional months based on hardship criteria as determined by the Secretary of the Department for Children and Families (DCF). The bill would exempt single parents with a child under one year of age from work participation activities. The bill would permit individuals to receive child care assistance for 60 months while in post-secondary education. The bill would also remove the following provisions:

1. The definition of non-cooperation;
2. The requirement for completion of a work program assessment for those disqualified for TANF because of non-cooperation;
3. The policy of not exempting those who are in two parent homes, pregnant or a parenting teen or those who are in treatment for substance use disorders;
4. The TANF work program non-cooperation, the penalty time periods and the comparable penalty for food assistance; and
5. The TANF child support non-cooperation, the penalty time periods and the comparable penalty for the individual food assistance.

According to DCF, HB 2283 would increase TANF and Child Care caseloads. Additionally, because the bill allows for more individuals to be eligible for TANF benefits, an increase would be expected in the caseload related to TANF Employment Services. The increase

to TANF Employment Services caseloads would require increased staffing as the number of Economic Employment Services (EES) Field Staff FTE positions has been reduced since FY 2012. The bill would also affect Child Support Services contracts and collections. The table below summarizes the total fiscal effect on expenditures by category for FY 2022 and FY 2023 (with rounding adjustments). The sections further below detail the projected fiscal effect for each category. Any fiscal effect associated with HB 2283 is not reflected in *The FY 2022 Governor’s Budget Report*.

	FY 2022			FY 2023		
	SGF	All Funds	FTE	SGF	All Funds	FTE
TANF Cash Assistance	\$ --	\$ 7,265,031	--	\$ --	\$ 14,480,953	--
TANF Employment Services	--	1,448,563	--	--	2,887,334	--
Child Care Subsidy for TANF Cases	--	4,509,604	--	--	10,140,460	--
FTE for Increase Caseload	662,405	1,204,154	21.00	1,324,343	2,407,458	42.00
IT Systems	--	1,000,000	--	--	--	--
Total	\$ 662,405	\$ 15,427,352	21.00	\$ 1,324,343	\$ 29,916,205	42.00

TANF Cash Assistance:

HB 2283 would change several restrictions and limitations on TANF cash assistance benefits. These changes include:

1. Increasing the limit on the number of months TANF cash assistance benefits may be drawn from 24 to 60;
2. Increasing the work exemption for TANF beneficiaries from two months following the birth of a child to 12 months; and
3. Removing progressive periods of eligibility for noncompliance with work requirements or child support.

The following table details the effect of these changes on the projected caseload:

	FY 2022	FY 2023
Increasing Time Limit for Cash Assistance from 24 to 60 Months	868	1,736
Increasing TANF Work Exemption from Two Months to 12 Months following the Birth of a Child	186	357
Removing Progressive Periods of Ineligibility for Noncompliance with Work Requirements or Child Support	315	630
Total Impact on TANF Caseload	1,369	2,723
Additional Cases who may not have applied	850	1,700
Total Projected Additional Cases	2,219	4,423
Estimated Persons/Case	2.37	2.37
Total Projected Additional Persons	5,265	10,493
Projected Monthly Benefits/Person	\$115	\$115
Total Additional TANF Benefits	\$7,265,031	\$14,480,953

The caseload for TANF cash assistance would be projected to increase an average of 2,219 cases per month for FY 2022 and 4,423 cases per month in FY 2023 and going forward. The increase would relate to three changes affecting TANF eligibility: time limits; work exemptions with children under the age of 12 months; and noncompliance with work requirements or child support. The fiscal effect on cash assistance is based on the differences between caseloads, denials and closures at current levels compared to the estimated levels under HB 2283. The total estimate for additional cases includes cases in which applications may not have been submitted because of the concern of possibly not being approved. It is estimated these additional cases total 1,700 annually. FY 2022 includes a reduced number of additional cases as it is expected to take a year to fully implement the changes. The persons per case is based on current figures. The benefit per person represents current monthly estimates.

If resources were sufficient, all expenses could be funded 100.0 percent with TANF funds. However, under the current budget, expenses are expected to exceed revenues by \$13.0 million annually. Funding the changes for TANF cash assistance in HB 2283 would increase the TANF deficit within the next several years unless reductions to other grants and programs would be implemented.

TANF Employment Services:

TANF Employment Services are provided to adults who are required to meet federal work activity requirements. These services include providing job training, supports and other activities to assist persons in becoming employed and maintaining that employment. The number of persons participating in this program correlates to the number of TANF Cash Assistance cases. Historically, the number of participants is 68.0 percent of the TANF Cash Assistance cases. The following table details the impact on the expenses related to TANF Employment Services based upon an increase in the TANF Cash Assistance caseload:

	FY 2022	FY 2023
Estimated Additional TANF Cases	2,219	4,423
Percentage of TANF Employment Services Adults	68.0%	68.0%
Additional TANF Adults Requiring Employment Services Monthly	1,509	3,008
Cost of Services per person per month	\$80.00	\$80.00
Additional TANF Costs for Employment Services	\$1,448,563	\$2,887,334

The number of individuals participating in TANF Employment Services is projected to increase by an average of 1,509 persons per month in FY 2022 and 3,008 in FY 2023. The cost per person is based upon current expenditures. All expenses could be funded with federal TANF funds. However, as TANF expenses are exceeding revenues in the current budget, reductions in other programs or grants would be necessary to fund the proposed changes.

Child Care Subsidy:

The bill would increase the lifetime maximum for child care for post-secondary education from 24 months to 60 months. This change affects the number of families eligible for the Child Care Subsidy. The TANF caseload is estimated to increase the number of families receiving the Child Care Subsidy as a TANF recipient. This is separate from those receiving subsidies for

employment purposes. Prior to FY 2012, 2,797 TANF families received the Child Care Subsidy. This represented 23.0 percent of the TANF cases. For estimating purposes, it is projected that 20.0 percent of the new TANF cases would require or be eligible to receive the Child Care Subsidy. The following table details the impact of the bill on Child Care Subsidy payments:

	FY 2022	FY 2023
Extend Child Care Subsidy Benefits for Post-Secondary Education from 24 to 60 months (Cases)	35	69
Projected Child Care Case Increase Associated with TANF Caseload Increase	444	885
Total Projected Increase in Child Care Cases	479	954
Estimated Persons per Case	1.79	1.79
Total Projected Additional Persons for Child Care	858	1,711
Projected Monthly Benefit/Person	\$438	\$494
Total Additional Child Care Benefits	\$4,509,604	\$10,140,460

Persons per case is based on current levels. The monthly benefit is the most recent projected benefit amount. Child Care Subsidy payments are projected to increase \$4,509,604 in FY 2022 and \$10,140,460 in FY 2023. The change is primarily because of the increase in the TANF caseload. All expenses could be funded 100.0 percent with federal Child Care Development Funds. However, if the total spent exceeds the amounts awarded, the difference would have to be made up using TANF funds or State General Fund. A transfer of TANF funds would require additional reductions in TANF-only funded grants or programs.

Additional Position Costs:

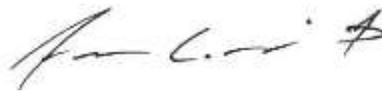
The increase in the caseload would also result in a need for additional positions. Between FY 2012 and FY 2020, the number of Economic Employment Services (EES) Field Staff FTE positions fell 22.0 percent (from 930.00 FTE positions to 728.00 FTE positions). The combined caseload for EES services related to the proposed changes in the bill is projected to be 7.69 percent higher than current caseloads. To calculate the number of positions needed, the projected percentage increase in the caseload was applied to the current position levels for Human Services positions. Estimates include salaries and benefits and other operating expenses based on the number of FTE positions added. It is anticipated that the caseload would take a year to reach its maximum. This would result in only half the FTE positions being required during the first year. Additional salaries, benefits and other operating expenses would total \$1,204,154 from all funding sources, including \$662,405 from the State General Fund, for 21.00 FTE positions in FY 2022 and \$2,407,458 from all funding sources, including \$1,324,343 from the State General Fund, for 42.00 FTE positions in FY 2023. The following table details the additional FTE positions required for FY 2023:

Current Budget	FY 2023 FTE Increase
Human Services Assistant	4.04
Human Services Specialist	33.75
Human Services Supervisor	4.21
	42.00

IT Systems:

The bill would change several eligibility requirements which may require eligibility system changes. These changes would need to be examined to determine cost and time impact. DCF estimates system changes could be approximately \$1.0 million. This would be a one-time expense in FY 2022. These changes relate primarily to TANF and Child Care and would be funded primarily with federal dollars.

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, Children & Families