

March 28, 2024

The Honorable Sean Tarwater, Chairperson
House Committee on Commerce, Labor and Economic Development
300 SW 10th Avenue, Room 346-S
Topeka, Kansas 66612

Dear Representative Tarwater:

SUBJECT: Fiscal Note for HB 2774 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2774 is respectfully submitted to your committee.

HB 2774 would create the Kansas Workforce Pathway Act. The bill would also create and provide for the configuration of the Kansas Terminal on Linking and Analyzing Statistics on Workforce Pathways System. The system would be used to exchange, deidentify and match individual level education and workforce data, connect individuals and organizations to information to support the education-to-employment pipeline, and provide the legislature and state agencies with access to data regarding state workforce development. The system would make it possible to match data from various agencies and programs to create reports that may be analyzed to assist the Legislature and state agencies with developing strategies to improve education and workforce outcomes. Any person who knowingly and willfully releases data from the system to a person not authorized to lawfully receive the data would be guilty of a severity level 9, nonperson felony.

The bill would also create the Kansas Council on Workforce Pathways to implement and administer the Act. The bill provides for the appointment of the Council members by the Governor and the Legislature. The Council would include agency heads that signed a memorandum of understanding to share data with the system. The Council's duties would include developing a strategic plan to develop, implement, and utilize the system; establishing the research agenda for the system; and overseeing compliance regarding the protection of data shared with the system. On or before June 30, 2025, and each June 30 thereafter, the council would develop a list of credentials that align to the in-demand occupations for each industry operating in the state.

In addition, the bill would create the Office of Workforce Pathways within the Department of Commerce. The Office would develop and manage the system on behalf of the council. The bill would provide for the appropriation of \$3.0 million beginning in FY 2025 for developing and operating the system and funding the duties and responsibilities of the Office.

The Department of Commerce indicates the Office of Workforce Pathways created by HB 2774 would require the agency to contract with a vendor to create a database and dashboard to input educational and workforce data to generate reports. The reports would be analyzed for a variety of purposes and be available for public viewing. The Department would also hire 3.00 FTE positions as staff for the Office to gather the data, input data, create reports, and analyze the information contained in the system. The contractual costs as well as salary costs would be expended from the \$3.0 million from the funding to be appropriated to the Department beginning in FY 2025. The Division of the Budget notes that the bill specifies that \$3.0 million would be appropriated annually to operate the new program and system, but the bill does not state which state fund the appropriation would be made from.

The Department of Education indicates that enactment of HB 2774 would require the agency to expend \$212,000 from the State General Fund in FY 2025 to hire 2.00 Information Technology positions at a cost of \$208,000 and expend \$4,000 for one-time operating expenditures for computers, phones, internet, and office rent. In FY 2026, operating expenditures would be reduced by \$3,800 for total costs of \$208,200.

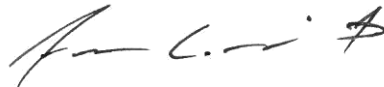
The Department of Labor indicates that any fiscal effect from sharing data under the bill would be handled within existing resources. The Board of Regents indicates HB 2774 would require the Board to appoint a person to serve on the Council and determine a process to share needed data. The additional staff time could be absorbed within the Board's existing resources and would not require additional funding.

The Kansas Sentencing Commission indicates HB 2774 could increase prison admissions, bed space, and workload of the Commission; however, the Commission is unable to estimate the fiscal effect. The Department of Corrections indicates that although HB 2774 could increase the prison population and bed space based on the Kansas Sentencing Commission prison estimates, the Department is unable to estimate a fiscal effect.

According to the Office of Judicial Administration, HB 2774 could increase the number of cases filed in the district courts because it creates a new crime. These provisions would increase time spent by district court judicial and nonjudicial personnel in processing, researching, and hearing cases. Because the crime carries a severity level 9 nonperson felony penalty, there could also be more supervision of offenders required to be performed by court services officers. The enactment of the bill could increase the collection of docket fees, fines, and supervision fees that would be deposited into the State General Fund. The agency indicates that it is unable to estimate a precise fiscal effect.

The Office of the Governor and the Legislature indicate HB 2774 would not have a fiscal effect for their agencies. Any fiscal effect associated with HB 2774 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt
Director of the Budget

cc: Trisha Morrow, Judiciary
Tom Day, Legislative Services
Sherry Rentfro, Department of Commerce
Scott Schultz, Kansas Sentencing Commission
Jennifer King, Department of Corrections
Dawn Palmberg, Department of Labor
Gabrielle Hull, Department of Education
Amy Penrod, Department of Health & Environment
Becky Pottebaum, Board of Regents
Ethan Belshe, Office of the Governor