

March 8, 2012

REVISED

The Honorable Kasha Kelley  
House of Representatives  
Statehouse, Room 165-W  
Topeka, Kansas 66612

Dear Representative Kelley:

**SUBJECT:** Revised Fiscal Note for HB 2686

In accordance with your request, the following revised fiscal note concerning HB 2686 is respectfully submitted.

HB 2686 would require the Department of Social and Rehabilitation Services (SRS) to establish a mandatory drug screening program for cash assistance effective January 1, 2013. The bill would require one-third of cash assistance applicants and recipients to be tested for drug use each year. For a first positive test, the recipient would be required to participate in an education or treatment program and be subject to subsequent drug tests. Those failing to participate would lose cash assistance for 12 months. For a second positive test, the recipient would be required to participate in an education or treatment program and would lose cash assistance for 12 months. For a third positive test, the recipient would be terminated from cash assistance.

HB 2686 would also establish program limitations for recipients with certain drug offenses. If after July 1, 2000, a recipient was or is convicted of a crime that has an element of possession, use or distribution of a controlled substance, the person would become forever ineligible for cash assistance, unless it was a first offense. For a first offense misdemeanor drug charge, the person would be ineligible for cash assistance for 24 months from the date of conviction. For a first offense felony drug charge, the person would be ineligible for cash assistance for five years from the date of conviction.

HB 2686 would also provide that if a recipient opts out of a drug test, SRS would be authorized to order a test under the reasonable suspicion of drug use. Applicants would be required to pay for the drug test; if the test results were negative the applicant would be reimbursed. For households that include a recipient who has been terminated from cash

assistance, the other eligible recipients would receive their benefits through a designated third party.

The bill would require SRS to provide an annual report to the House Committees on Appropriations and Health and Human Services and the Senate Committees on Ways and Means and Public Health and Welfare beginning in January 2015.

Estimated State Fiscal Effect				
	FY 2012 SGF	FY 2012 All Funds	FY 2013 SGF	FY 2013 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$333,214	(\$1,277,067)
FTE Pos.	--	--	--	12.00

SRS states that 12.00 additional FTE regional positions would be required to inform clients of their drug testing appointment, obtain and convey the test results to SRS case workers, coordinate negative test results with the substance abuse case manager, and convey treatment completion information to the SRS case workers. SRS assumes that the additional workers would be hired on or about October 1, 2012, which would allow for three months to set up the drug testing program. Therefore, nine months of salaries and other operating expenses would total \$551,203 in FY 2013. For FY 2014 and beyond, a full year of funding would total approximately \$725,000.

SRS estimates performing 6,500 drug tests per year at a cost \$50 per drug test, with a first time positive rate of 0.4 percent and second and third time positive rates of 18.5 percent. Using these assumptions, the cost of drug testing would total approximately \$264,000 per year. The agency estimates that substance abuse treatment would be provided for 14 persons in FY 2013 and for 27 persons in FY 2014 and beyond. The cost of this treatment would total \$51,235 in FY 2013 and \$102,470 in FY 2014 and beyond. The State General Fund portion of these additional expenditures would be \$333,214 in FY 2013 and \$457,923 in FY 2014 and beyond. The original fiscal note assumed higher positive rates and corresponding levels of treatment.

SRS has since lowered these assumptions. The agency also estimates savings resulting from recipients who are either temporarily or permanently ineligible for cash assistance due to positive drug testing or drug offense convictions. If the caseload is reduced by 4,893 persons resulting from the provisions of HB 2686, annual savings from the federal Temporary Assistance to Needy Families Fund would total \$4,286,457. For FY 2013, the savings would be \$2,143,229. Therefore, SRS estimates a net fiscal effect of \$1,277,067 in savings in FY 2013. Although expenditures from all funding sources would be reduced, State General Fund expenditures would be increased by \$333,214. There is no federal funding available to finance such a program. For FY 2014 and beyond, the agency estimates savings of \$3.2 million from all funding sources and

The Honorable Brenda Landwehr, Chairperson

March 8, 2012

Page 3—2686 Revised For Kelley

additional State General Fund expenditures of \$457,923. Any fiscal effect associated with HB 2686 is not reflected in *The FY 2013 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", with a long horizontal flourish extending to the right.

Steven J. Anderson, CPA, MBA  
Director of the Budget

cc: Brenda Landwehr, House Committee on Health and Human Services