

February 25, 2013

REVISED

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

Dear Senator Lynn:

SUBJECT: Revised Fiscal Note for SB 149 by Senate Committee on Commerce

In accordance with KSA 75-3715a, the following revised fiscal note concerning SB 149 is respectfully submitted to your committee.

Senate Bill 149 would require cash assistance applicants and recipients to undergo a drug screening, if there is a reasonable suspicion of drug use. The drug tests would begin January 1, 2014. The Department for Children and Families (DCF) could use any information available to determine whether a reasonable suspicion exists. The bill would establish the following protocol:

1. For a first positive test, the applicant or recipient could request a confirmation test from a separate drug testing facility. If the test was negative, the cost of the test would be reimbursed. Otherwise, the applicant or recipient would be ineligible for cash assistance unless a substance abuse treatment program and a job skills program was completed. Those completing the programs would be subject to periodic drug tests.
2. For a second positive test, the recipient would be required to complete a substance abuse treatment program and a job skills program, and would be ineligible for cash assistance for a minimum of 12 months, or upon the completion of the remedial programs.
3. For a third positive test, the recipient's cash assistance would be terminated.

The bill would allow cash assistance to continue for the children through a designated third party; however, the designee would be required to pass a drug test, and submit to periodic drug tests based on a reasonable suspicion of drug use. A designee failing a drug test could request a confirmation test. A positive test would require another designee to be selected.

Persons convicted of a first drug felony after July 1, 2013, would be ineligible for cash assistance for five years. Those with subsequent convictions after July 1, 2013, would be ineligible for cash assistance for life. Under current law, Kansas has opted out of the federal prohibition on providing cash and food stamp assistance to convicted drug felons. SB 149 would reinstate the prohibition on assistance to convicted drug felons for five years for a first

conviction, and reinstate the prohibition for those with subsequent drug felony convictions after July 2013.

SB 149 also amends the Employment Security Act to incorporate drug testing provisions for unemployment insurance benefits. The bill would require employers to submit a new report to the Secretary of the Department of Labor with the names and addresses of employees who have been discharged for misconduct and applicants who have not been hired due to misconduct. The bill would allow the Secretary to require other information on the report, as needed, and prescribe the manner in which the report would be submitted. The Secretary would also be responsible for providing a reporting form and adopting rules and regulations to carry out the provisions of the bill. The Secretary could use the report to determine eligibility for unemployment benefits.

SB 149 would require any applicant or recipient of unemployment benefits who tests positive for drugs to complete a substance abuse treatment program and a job skills training program to be eligible for benefits. After completion of the substance abuse treatment and job skills training, the person would be subject to periodic drug screening, as determined by the Secretary of Labor. Upon a second positive drug test, the person would be ineligible for benefits for 12 months or until the substance abuse treatment and job skills training are completed again. Upon a third positive drug test the person would be terminated from receiving unemployment benefits.

Estimated State Fiscal Effect				
	FY 2013 SGF	FY 2013 All Funds	FY 2014 SGF	FY 2014 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$461,665	\$1,095,468
FTE Pos.	--	--	--	4.00

DCF states that 4.00 additional FTE regional positions would be required to establish and maintain drug screening contracts with testing facilities, receive drug test referrals from caseworkers and convey the results to case managers for necessary case actions. These staff would also maintain job skills training contracts and monitor attendance and course completions. In addition, these positions would assure that the eligibility system contains accurate information regarding benefits, number of positive tests, length of time off assistance, and skills training requirements. The cost for salaries, benefits and other operating expenditures for these positions would total \$248,079, including \$101,191 from the State General Fund, in FY 2014.

System changes would be required to accurately track the results of drug tests, treatment and job skills completions, and persons designated to receive benefits employments. The system costs represent upgrade costs to the computer systems which will support the operation of the bill: Kansas Automated Eligibility and Child Support Enforcement System (KAESCES) system

and the Kansas Eligibility Enforcement System (KEES). The cost estimate for system changes to the current system is based on 5,200 hours of programming at \$90 per hour, for a total of \$468,000, including \$201,023 from the State General Fund. The system changes for the KEES system would be \$597,780 including \$507,780 for design, development, testing and training costs, and \$90,000 for state IT personnel costs. The State General Fund portion of this estimate is \$119,676.

DCF estimates performing approximately 1,852 drug tests in the second half of FY 2014 at a cost of \$50 per test, or \$92,600 from all funding sources and \$39,775 from the State General Fund. This estimate assumes that the testing would begin January 1, 2014. The number of drug tests would essentially double in later fiscal years. The agency estimates that job skills training would be provided for 171 persons in FY 2014 and for 334 persons in FY 2015 and beyond. The cost of this training would total \$256,500 in FY 2014 and approximately \$500,000 in FY 2015 and beyond. This training would be totally financed by the federal Temporary Assistance for Needy Families (TANF) Employment Program. DCF currently uses the Substance Abuse Subtle Screening Instrument (SASSI) test to screen TANF recipients. If a person screens positive on this test they are referred for three months of treatment. The estimated prevalence of illicit drug use in TANF based on the SASSI rate is 8.5 percent. The assumption used in this fiscal note is the same 8.5 percent prevalence rate. Thus there will be no additional treatment costs. The original fiscal note from DCF did not specifically state that persons receiving treatment as a result of SB 149 are most likely already receiving treatment.

The agency 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 1,475 persons resulting from the provisions of SB 149, annual savings would total \$1.1 million. For FY 2014 the savings would be \$568,491. Therefore, DCF estimates a net fiscal effect of increased expenditures of \$1,095,468 in FY 2014. The State General Fund portion of this would be \$461,665. The bulk of the additional expenditures in FY 2014 result from one-time computer system changes. For FY 2015 and beyond, the agency estimates savings of approximately \$180,000 from all funding sources, but additional expenditures from the State General Fund of approximately \$180,000. This funding mix results from the savings being from the TANF fund, but additional expenditures being partially financed from the State General Fund.

The Department of Labor states that no additional agency expenditures are expected as a result of this bill. Any fiscal effect associated with SB 149 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,



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

cc: Jackie Aubert, DCF