

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2024 REGULAR SESSION**

MEASURE

2024 BR NUMBER 2400

HOUSE BILL NUMBER 734

TITLE AN ACT relating to the promotion of family well-being and making an appropriation therefor.

SPONSOR Representative Killian Timoney

FISCAL SUMMARY

STATE FISCAL IMPACT: YES NO UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ACTUARIAL ANALYSIS
 LOCAL MANDATE CORRECTIONS IMPACT HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: Cabinet for Health and Family Services; Dept. of Agriculture; Finance and Administration Cabinet; Council on Postsecondary Education; Dept. of Corrections; Administrative Office of the Courts; Kentucky State Police; Legislative Research Commission

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED Universities' Tuition and Fees

FISCAL ESTIMATES	2023-2024	2024-2025	2025-2026	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES				
EXPENDITURES		General Fund >\$90.4 million Federal Funds \$67.7 million Restricted Funds \$38.1 million Total >\$196.2 million	General Fund >\$120.4 million Federal Funds \$143.7 million Restricted Funds \$38.1 million Total >\$302.2 million	General Fund >\$120.4 million Federal Funds \$143.7 million Restricted Funds \$38.1 million Total >\$302.2 million
NET EFFECT		General Fund >(\$90.4 million) Federal Funds (\$67.7 million) Restricted Funds (\$38.1 million) Total >(\$196.2 million)	General Fund >(\$120.4 million) Federal Funds (\$143.7 million) Restricted Funds (\$38.1 million) Total >(\$302.2 million)	General Fund >(\$120.4 million) Federal Funds (\$143.7 million) Restricted Funds (\$38.1 million) Total >(\$302.2 million)

() indicates a decrease/negative

PURPOSE OF MEASURE: This measure seeks to expand the eligibility and benefits for public assistance programs for families and pregnant individuals within the Cabinet for Health and Family Services (CHFS) with provisions including banning the Cabinet from relying solely on automated Artificial Intelligence-based software to identify fraud; requiring breast-feeding supplies and lactation support service coverage through Medicaid; requiring that Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T) programs expand job training and support services; requiring CHFS to continue the eligibility and reimbursement changes made to the Child Care Assistance Program (CCAP) during COVID-19; requiring the expansion of the Women, Infants, and Children (WIC) Farmers Market Nutrition Program into Jefferson County; requiring WIC extended benefits for six months upon ineligibility of the program; and requiring additional slots in the Home and Community Based (HCB), Michelle P, and the Supports for Community Living (SCL) Waivers. The bill also directs CHFS to administer a Basic Health Plan, exercise a State Plan Amendment, submit a Section 1332 State Innovation Waiver application, and submit a United States Department of Agriculture Food and Nutrition Services Waiver.

Additional provisions require health coverage insurers to provide a special enrollment period for pregnant individuals to access health coverage, require health benefit plans to provide coverage for dependents regardless of age, require the establishment of a rental assistance program through the Kentucky Housing Corporation (KHC) for pregnant individuals and/or children under age five, require the Department of Agriculture to establish a Farm-to-School program and establish a Senior Farmers Market Nutrition Program; and require any Kentucky postsecondary institution to waive tuition and mandatory fees for students who meet the entrance requirements if the student is pregnant or the parent of child under eighteen (18) years of age, and has incomes at or below the 150 percent of the federal poverty level. The Legislative Research Commission (LRC) is also required to establish a Basic Health Program Design Task Force.

FISCAL EXPLANATION: This legislation includes a General Fund appropriation to CHFS of \$37.1 million in fiscal year 2025 and \$67.1 million in fiscal year 2026, and a Federal Funds appropriation to CHFS of \$64 million in fiscal year 2025 and \$140 million in fiscal year 2026. The Cabinet anticipates these funds should be adequate to implement the provisions listed in this legislation in Sections 34-39. In addition to the appropriations for CHFS, it is estimated it will cost the Cabinet up to \$730,000 in General Fund and \$3.7 million in Federal Funds annually to implement the breast-feeding supplies and lactation support service coverage through Medicaid listed in Section 13 and at least \$46.5 in General Fund dollars in each fiscal year to support the CCAP initiative listed in Section 19. The provisions in this legislation direct CHFS to utilize the federal Child Care and Development Fund block grant to fund the CCAP initiatives, but future federal funding for the grant is uncertain; therefore, the estimated costs listed are General Fund.

Section 31 appropriates \$5 million in General Fund in each fiscal year to KHC, which is administratively attached to the Finance and Administration Cabinet to support the rental assistance program.

Sections 32 and 33 appropriate \$1.1 million in General Fund in each fiscal year to support the Farm-to-School and Senior Farmer Market Programs at the Department of Agriculture.

There are additional fiscal impacts anticipated beyond the appropriations provided in this bill. The Council on Postsecondary Education (CPE) estimates that the provisions in Section 21, which provide for a waiver of tuition and mandatory student fees, could have an annual impact of \$38.1 million in Restricted Funds to the universities' tuition and fees accounts.

There will be a minimal fiscal impact of less than \$25,000 for the LRC to implement the Health Program Design Task Force.

Depending on the exact number of future expungement orders, there may be a need for additional staff to process expungement orders. The impacted agencies include the Department of Corrections, the Administrative Office of the Courts, and the Kentucky State Police. Because the number of future expungements is unknown, these provisions have an indeterminable impact on the General Fund.

In conclusion, the overall cost of this legislation is expected to be greater than \$196.2 million in fiscal year 2025 and greater than \$302.2 million in fiscal year 2026 and at full implementation. The overall impact is indeterminable given the unknown costs related to future expungement orders. A table is included which details appropriations provided within this legislation by fiscal year and fund source.

Appropriations Provided in House Bill 734

Agency	Section	Fund Source	Appropriation 2024-2025	Appropriation 2025-2026	Biennium Total
Kentucky Housing-Rental Assistance	31	General	\$5,000,000	\$ 5,000,000	\$10,000,000
Dept of Agriculture-Farm to School Program	32	General	1,000,000	1,000,000	2,000,000
Dept of Agriculture-Senior Farmers Market Nutrition Program	33	General	100,000	100,000	200,000
CHFS-WIC Farmers Market	34	General	100,000	100,000	200,000
CHFS-SNAP E&T	35	General	2,000,000	2,000,000	4,000,000
CHFS-HCB Waiver 140 slots each Fiscal Year	36	General Federal	1,413,100 3,297,300	2,826,200 6,594,600	4,239,300 9,891,900
CHFS-Michelle P Waiver 1,050 slots each Fiscal Year	37	General Federal	16,050,200 31,450,500	32,100,400 74,900,900	48,150,600 106,351,400
CHFS-SCL Waiver 400 slots each Fiscal Year	38	General Federal	12,530,900 29,238,700	25,061,800 58,477,400	37,592,700 87,716,100
CHFS-WIC Expansion	39	General	5,000,000	5,000,000	10,000,000
General Fund Totals		General	\$43,194,200	\$73,188,400	\$116,382,600
Federal Funds Totals		Federal	\$63,986,500	\$139,972,900	\$203,959,400
Grand Total			\$107,180,700	\$213,161,300	\$320,342,000

DATA SOURCE(S): Cabinet for Health and Family Services; LRC Staff
PREPARER: Kevin Newton; Zach Ireland; Sara Rome; Savannah Wiley; Justin Smith; Jeremy Simpson; Justin Perry NOTE NUMBER: 150 REVIEW: JB DATE: 3/22/2024