

March 16, 2011

The Honorable Steve Brunk, Chairperson  
House Committee on Federal and State Affairs  
Statehouse, Room 149-S  
Topeka, Kansas 66612

Dear Representative Brunk:

SUBJECT: Fiscal Note for HB 2026 by House Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2026 is respectfully submitted to your committee.

HB 2026 would require all state and local government agencies to enroll and actively participate in the federal E-Verify Program for verifying the employment status of all employees, after January 1, 2012. In addition, no state or local agency could award a public works or purchase contract to a vendor that does not verify the employment eligibility of its employees and employees of its respective subcontractors through the E-Verify Program. If a vendor would violate the E-Verify Program requirements, the Secretary of Labor could prohibit the vendor from doing business with state or local government for a period of up to two years, and could not bid on additional projects. The Department of Labor would be responsible for the maintenance and distribution of the list of offending bidders, contractors and employers.

Estimated State Fiscal Effect				
	FY 2011 SGF	FY 2011 All Funds	FY 2012 SGF	FY 2012 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$230,450	\$230,450
FTE Pos.	--	--	--	3.00

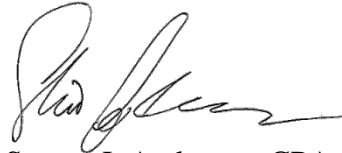
According to the Kansas Department of Labor, enactment of HB 2026 would require an intake coordinator for complaints, an investigator/auditor to verify and respond to the complaint, an attorney to review and make a determination based on the investigations, and to defend the determination in any subsequent appeal. In addition, the Department would redirect time from a communications specialist to maintain and distribute the list of offenders. As a result, the Department would need 3.00 FTE positions, including 1.00 Public Service Administrator I, 1.00

The Honorable Steve Brunk, Chairperson  
March 16, 2011  
Page 2—Fisc\_Note\_Hb2026

Auditor II, and 1.00 Attorney II, along with expenditures totaling \$230,450, all from the State General Fund in FY 2012. This estimate includes \$177,078 for salaries and wages, \$35,663 for indirect costs, and \$17,709 for other operating expenditures including mailing costs, travel for audits and investigations, as well as computer equipment. The agency notes that it would be able to fill these positions within its existing FTE position limitation.

The League of Kansas Municipalities states that enactment of HB 2026 would create a number of new obligations and responsibilities on both private and public employers regarding inquiry and verification of employment authorization of all new hires. However, no fiscal effect estimate was provided. Any fiscal effect associated with HB 2026 is not reflected in *The FY 2012 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson".

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

cc: Kathie Sparks, Department of Labor  
Pat Higgins, Administration  
Melissa Wangemann, Kansas Association of Counties  
Larry Baer, League of Municipalities