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MEMORANDUM

TO: Robert Stivers, President of the Senate
David Osborne, Speaker of the House
Members of the Legislative Research Commission

From: Senator Stan Humphries, Co-chair *SAH*
Representative David Meade, Co-chair *DM*
Public Assistance Reform Task Force

Subject: Findings and Recommendations of the Public Assistance Reform Task Force

Date: November 18, 2019

In a memorandum dated May 9, 2019, the Legislative Research Commission established the Public Assistance Reform Task Force. The task force was established to 1) examine the effectiveness of establishing work and community engagement requirements for the Supplemental Nutrition Assistance Program (SNAP) and Medicaid beneficiaries and to recommend a protocol for implementation; 2) examine the effectiveness of a substance abuse screening program for applicants and recipients of public assistance who have a felony or misdemeanor history of substance abuse; and 3) to examine the effectiveness of requiring all public assistance benefit cards to include photo identification. The task force was further charged with identifying methods for improving these public assistance reform methods and providing evidence of the effectiveness of these methods in getting more Kentuckians engaged in their communities, working a stable job, and being free from substance abuse.

The nine-member task force began meeting in July 2019 and convened five times during the 2019 Interim. The task force heard testimony from more than a dozen individuals, state agencies, and advocacy groups on various topics, including the need for public assistance reform, the potential effects of various public assistance reform strategies on beneficiaries, community efforts to assist in providing needed services to low-income individuals, and the effectiveness of

the public assistance reform strategies that the task force was specifically charged with examining.

In accordance with the May 9, 2019, memorandum, the task force submits the following findings and recommendations to the Legislative Research Commission for consideration. These findings and recommendations are based on the testimony provided to the task force during the 2019 Interim. This memorandum serves as the final work product of the task force.

Findings

1. The allocation of state and federal funds through the Kentucky Transitional Assistance Program does not prioritize assisting recipients in transitioning off of public assistance by finding and maintaining stable employment.

The Kentucky Transitional Assistance Program (K-TAP) is a public assistance program financed through the federal Temporary Assistance to Needy Families (TANF) block grant and state TANF maintenance of effort (MOE) funds. The program offers assistance to needy families and helps recipients secure stable employment or acquire the skills necessary to secure stable employment; however, an analysis of TANF spending suggests that funds are not allocated in a manner that prioritizes assisting recipients in transitioning off of public assistance by finding and maintaining employment.

In FY 2017, FY 2018, and FY 2019, an average of less than 10 percent of all TANF spending supported programs and services to assist recipients in securing employment or gaining the skills necessary to secure employment. Specifically, less than 5 percent of TANF funds were used for work, education, and training services, and only 4 percent of funds were used for transportation assistance and other work support programs. In addition to these programs and services, approximately 5 percent of all TANF funds were allocated for child care assistance. These percentages do not include funding for supportive services.

During the same 3-year period approximately 55 percent of all TANF funds were allocated to the Cabinet for Health and Family Services, Division of Protection and Permanency for child welfare programs and services, including kinship care payments, family care initiatives, family preservation program services, and payments to private child placing and child caring agencies for children in out-of-home care. For the three years for which data was provided, total TANF funding averaged nearly \$240 million per year of which more than \$132 million was annually allocated to child welfare programs and services. Specifically, an average of nearly 40 percent of all TANF funds were used for kinship care payments and payments to private child placing and child caring agencies, and an average of roughly 16 percent of funds were allocated to the Division of Protection and Permanency for family based services staff salaries and family preservation program services. From FY 2017 to FY 2019, payments to private child placing and child caring agencies alone totaled more than \$220 million dollars. Payments to these agencies comprised the single largest TANF expenditure in each of the three years examined.

For the past decade, a series of short-term TANF reauthorizations approved by the US

Congress have preserved the ability of states to exercise broad discretion in the allocation of federal TANF funds. This discretion has allowed Kentucky to prioritize child welfare programs and services when allocating federal TANF funds, but there is growing speculation that members of Congress may seek to significantly curtail such discretion in future reauthorization efforts. In May 2018 the US House Committee on Ways and Means approved a long-term reauthorization measure that, if passed by Congress, would have increased the share of adult TANF recipients required to engage in work, education, or training programs and would have held states more accountable for long-term success in helping recipients find and maintain stable employment.

2. Federal guidelines for SNAP reflect the importance of work and responsibility.

Currently, there are two sets of work requirements for SNAP beneficiaries. The general work requirements mandate that most SNAP beneficiaries ages 16-59 must agree to register for work, take a suitable job if offered, and not voluntarily quit a job or reduce hours if the beneficiary is currently employed. To fulfill the requirement to register for work, SNAP beneficiaries ages 16-59 in Kentucky agree during the SNAP application process to complete Work Registration with the Kentucky Career Center.

SNAP beneficiaries ages 16-59 are exempt from the general work requirements if they work at least 30 hours per week, meet work requirements for another program such as TANF, are unable to work due to physical or mental limitations, are a caregiver for a child under age 6 or an incapacitated person, are participating in an alcohol or drug treatment program, or are enrolled in school or a training program at least half time.

SNAP beneficiaries who are classified able-bodied adults without dependents (ABAWD) must meet additional work requirements. ABAWDs are beneficiaries between ages 18-49 who have no children under age 18 in the home. ABAWDs must work or volunteer at least 80 hours per month, participate in a work program such as a SNAP Employment or Training program at least 80 hours per month, or participate in a combination of work, volunteer, and work program hours for a total of at least eighty hours per month.

If a beneficiary subject to the ABAWD work requirements does not meet the work requirements during any three months in a 36-month period, the beneficiary will become ineligible for SNAP benefits and can only regain eligibility by complying with the ABAWD work requirements for 30 days.

3. The benefits cliff, or cliff effect, is a significant barrier to employment, financial stability, and growth for many individuals who receive public assistance benefits.

The benefits cliff refers to the sudden, dramatic, and often unexpected decrease in public assistance benefits that can occur with even a small increase in earnings. According to the National Conference of State Legislatures (NCSL), the cliff effect can create an anchor into, rather than a ladder out of, poverty. Families often lose more than they gain when they take a job or receive a raise because their public assistance benefits are simultaneously reduced or eliminated entirely.

NCSL, in coordination with the federal Administration for Children and Families (ACF), has developed an initiative called A Whole Family Approach to Jobs: Helping Parents Work and Children Thrive. The whole family approach includes a variety of policy options for states and agencies to consider when seeking to address the benefits cliff.

Recommendations

The task force recommends that the Kentucky General Assembly take the following actions during the 2020 Regular Session:

1. Through the adoption of a joint resolution, instruct the Cabinet for Health and Family Services to study alternative sources of funding for child welfare programs and services currently funded by the federal TANF block grant and state MOE dollars, including strategies for securing additional Title IV-E funds, so that future K-TAP expenditures may be allocated in a manner that prioritizes assisting recipients in transitioning off of public assistance by finding and maintaining stable employment.
2. Through the adoption of a joint resolution, instruct the Cabinet for Health and Family Services to study options for using a singular benefit card for all public assistance benefits, this may include consideration of driver's licenses as an appropriate instrument for delivering public assistance benefits.
3. Through the adoption of a concurrent resolution, direct the Program Review and Investigations Committee to conduct an in-depth analysis of the benefit cliff in Kentucky and make recommendations for addressing barriers to employment for individuals who receive public assistance benefits. In making recommendations, the Program Review and Investigations Committee should consider policy options for addressing the benefits cliff identified by NCSL and ACF as part of their whole family approach initiative.
4. Through the adoption of a concurrent resolution, encourage the Cabinet for Health and Family Services, Department for Community Based Services (DCBS) to develop, update, or identify a substance use disorder screening tool for use during the application and recertification process for the various public assistance programs administered by the department. The concurrent resolution should also encourage DCBS to provide applicants and beneficiaries, whose responses to the screening tool suggest a possible substance use disorder, with information on treatment and support services available in their community and where appropriate refer for assessment.