TEAM KENTUCKY

CABINET FOR HEALTH AND FAMILY SERVICES

TANF Budget Realignment

SNAP H.R.1 Updates

Department for Community Based Services

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Temporary Assistance for Needy Families (TANF)

- TANF is a federal block grant.
- Kentucky's annual appropriation is $180,689,420.
- TANF has four Federal defined purposes:
  - Provide assistance to needy families so that children can be cared for in their own homes or in the homes of relatives;
  - End the dependence of needy parents by promoting job preparation, work, and marriage;
  - Prevent and reduce the incidence of out-of-wedlock pregnancies; and
  - Encourage the formation and maintenance of two-parent families

How does Kentucky use TANF Funds?

- **Kentucky Transitional Assistance Program (KTAP)**
  - Provides essential monthly financial aid to help families cover basic needs like rent, food, and utilities.
- **Kentucky Works Program (KWP)**
  - Funds employment services, training, and necessary supports (like transportation or vehicle repair) to help parents secure and maintain jobs.
- **Child Welfare & Kinship Care**
  - Services to support families and children in their homes, in the custody of relatives, or in out-of-home (foster) care.
- **Program Administration**
  - Covers the administrative, staffing, and IT system costs necessary to run all TANF-related programs.

Kentucky Transitional Assistance Program (KTAP) Cash Assistance

- KTAP eligibility is based on a fixed gross income standard.
- Kentucky’s gross income eligibility standards and amount of cash assistance payments did not change from 1995-2022.
- In March 2023 regulations were expanded to update TANF, expanding income thresholds, doubling amount of cash assistance payments, and increasing financial supports for employment based on funding availability.

Transportation Supportive Service

- Transportation support is a monthly per diem that Kentucky Works Program (KWP) participants can utilize to pay for gas, public transportation, or vehicle repairs.
- TANF recipients who are considered work eligible and participating in KWP are offered a monthly per diem.
- The amount is based on the number of days they need support.
- In SFY25, an average of 4,538 individuals received a monthly transportation per diem.

Kentucky TANF

TANF Spending Category	SFY23	SFY24	SFY25
Average KTAP Households	10,026	12,895	15,117
Average KTAP Individuals	21,908	30,061	36,401
Cash Assistance	$35,581,512	$68,847,067	$82,790,073
Transportation Per Diem	$3,825,441	$11,619,620	$16,836,593

TANF Supports for Caregivers

- Kentucky has historically used TANF block grant funding to provide financial supports to relative caregivers and other services to support children in out-of-home (foster) care:
  - Kinship Care (families eligible prior to 2013 moratorium)
  - Relative placement support benefit
  - Relative foster care and adoption subsidies

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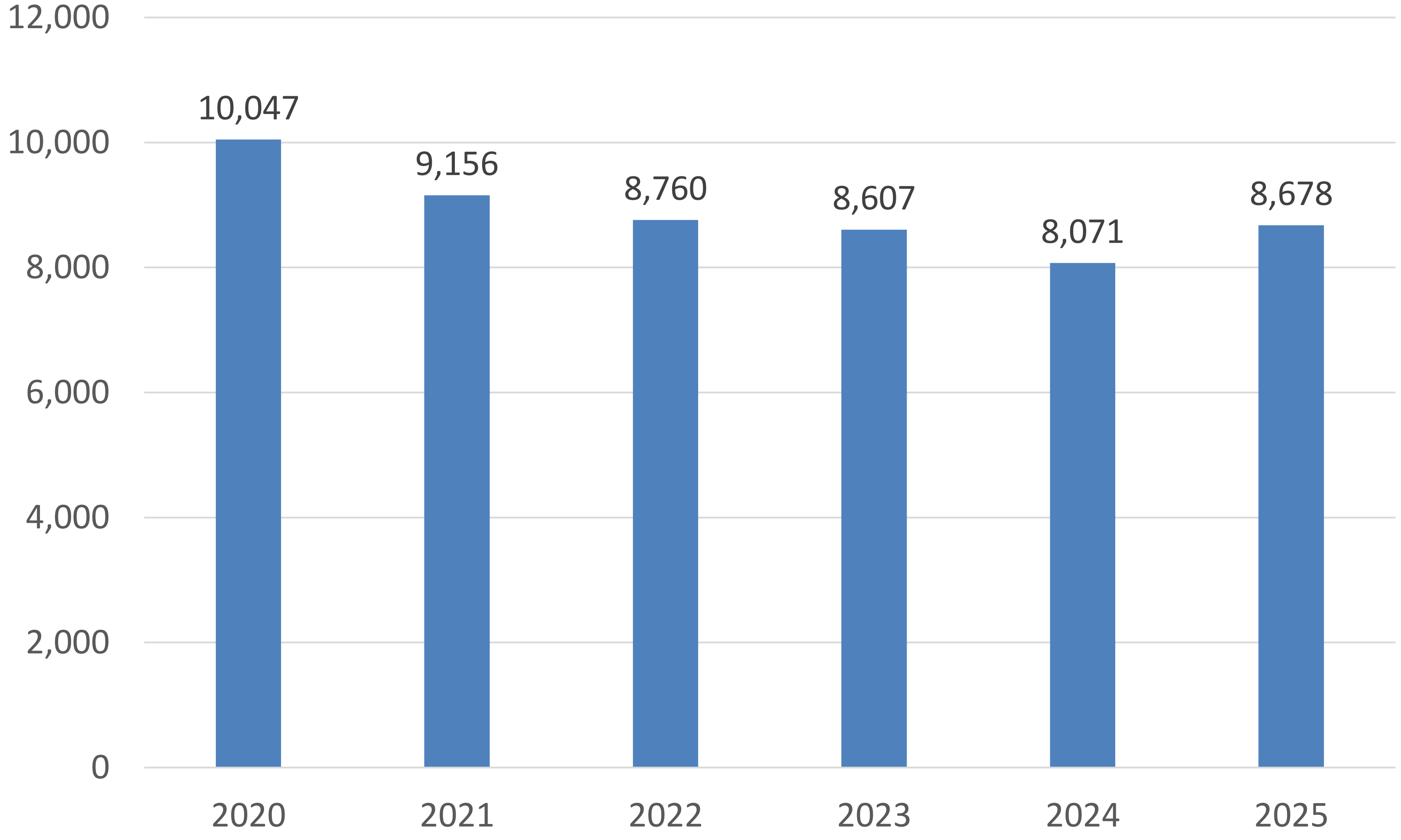
Budget Realignment

- **2023 TANF Regulation Changes**
  - Following regulation changes, the TANF caseload grew by over 50%, and cash assistance spending more than doubled, reducing available carryforward funds.
- **Rising OOHC Costs**
  - At the same time, OOHC expenses surged, driven by increasing number of youth entering OOHC and more youth with complex behavioral health needs and higher placement costs.
- **Budget Realignment Needed:**
  - With increased use of TANF funds coupled with escalating OOHC expenses, a reduction in KTAP cash assistance and transportation supports was required to realign the budget to continue serving children and families safely.

Number of Children in Foster Care



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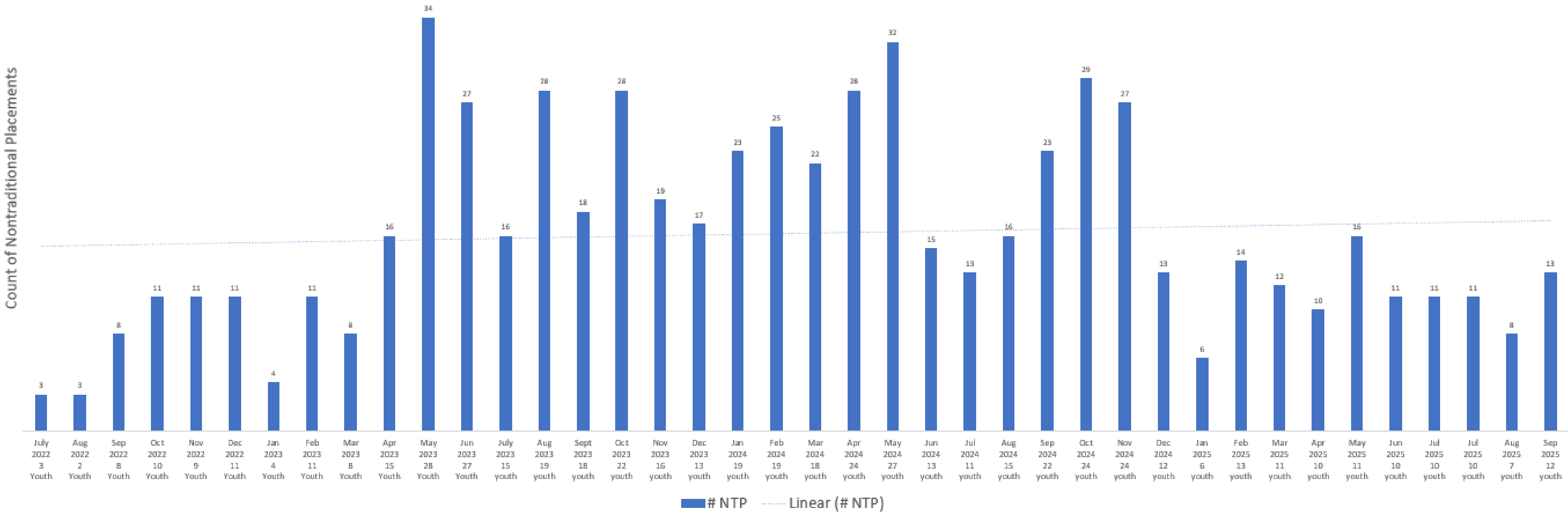
Nontraditional Placements: 7/1/2022 – 9/30/2025



Outreach and Communication

- DCBS staff are available to support KTAP and KWP participants with these changes.
- Communication and outreach began to families in September.
- Constituents can contact a Case Manager by calling **1-855-306-8959** or by visiting a local DCBS office.

Supplemental Nutrition Assistance Program (SNAP) Changes under Public Law 119-21 (H.R.1)

Public Law 119-21 and SNAP

- H.R. 1 (119th Congress) is a federal tax reconciliation bill.
- Signed into law by President Trump on July 4, 2025.
  - Becoming Public Law 119-21 (P.L. 119-21)
- Changes in a wide range of programs.
- Significant changes to the Supplemental Nutrition Assistance Program.

SNAP Cost Sharing

- Administrative Cost Sharing Changes
  - State Share Increase from 50% to 75%, effective October 1, 2026
  - Approximately $50 million more General Fund in FY27 and $66 million more General Fund in FY 28

- Payment Error Rate - Cost Sharing
  - Starting in federal FY 2028: For the first time, the federal government will impose on states a share of SNAP benefit costs based on each state's payment error rate
    - Error rate under 6%: Federal government pays 100% (state pays nothing)
    - Error rate 6%–7.99%: Federal pays 95%, state pays 5%
    - Error rate 8%–9.99%: Federal pays 90%, state pays 10%
    - Error rate 10% or more: Federal pays 85%, state pays 15%
  - Federal FY 2028: use either 2025 or 2026 error rate
  - Federal FY 2029: use FY 2026 error rate (i.e., “X minus 3 years”)

Kentucky’s Payment Error Rate (PER)

- Preliminarily FFY 2025 PER is 3.8.
  - This is accounting for the first 8 months of the federal fiscal year.
- This is the lowest preliminary PER of the Southeastern Region.
- Nationally Kentucky has the second lowest payment error rate.

SNAP Eligibility Related to Citizenship

1. Resident of the United States

2. Either:
   (A) Citizen or national of the United States (added "national")
   (B) Alien lawfully admitted for permanent residence as an immigrant (same definition and exclusions)
   (C) an alien who has been granted the status of Cuban and Haitian entrant
   (D) an individual who lawfully resides in the United States in accordance with a Compact of Free Association

LIHEAP Standard Utility Allowance

- Households that receive energy assistance automatically receive the Standard Utility Allowance (SUA).
- P.L. 119-21 changes the allowance to only households ‘‘with an elderly or disabled member’’.
  - Affects households at initial SNAP application and at the time of SNAP recertification.
- 24% of households who saw a decrease in SNAP benefits – average of $110-$119 per month.

SNAP Education

- SNAP Ed provided nutrition education across Kentucky.
- Administered through the University of Kentucky through the county extension offices.
- P.L. 119-21 eliminated the SNAP Ed program effective September 30, 2025.
- U.S. Department of Agriculture – Food and Nutrition Service (USDA-FNS) provided guidance that states could continue to operate beyond 9/30/25 if they had remaining funds.
- 10/01/2025 - USDA-FNS advised that SNAP-Ed could not operate due to the shutdown.

Changes to SNAP Work Requirements

- Expanded Age Range:
  - The Able Bodied Adults Without Dependents (ABAWD) time limit now applies to adults ages 18–64 (previously 18–54).
  - Individuals ages 60–64 remain exempt from *general work requirements* but are now *subject to ABAWD time limits* unless another exception applies.
- Narrowed Caring for a Child Exception:
  - The exemption for adults responsible for a dependent child now applies only if the child is under 14 years old (previously under 18).
- Removed Temporary Exceptions (from the Fiscal Responsibility Act of 2023):
  - Veterans, homeless individuals, and former foster youth up to age 24 are no longer automatically exempt from the time limit.

SNAP Work Requirement Changes

- New Exceptions Added:
  - New exemptions were created for Native Americans, Alaska Natives, Indigenous Peoples, and Tribal Members as defined by the Indian Health Care Improvement Act (IHCIA).

- Implementation Timeline:
  - These changes took effect immediately on July 4, 2025, with state compliance required at initial application and recertification.
  - States were granted a 120-day Quality Control (QC) variance period through November 1, 2025.

SNAP Work Requirement Changes

- Elimination of the “Lack of Sufficient Jobs” Criterion:
  - States can no longer receive ABAWD waivers based on insufficient job opportunities.
  - The only allowable basis for a waiver is if an area has an unemployment rate over 10% based on a recent 12-month average, 3-month average, or historical seasonal average.

- Termination of Existing Waivers:
  - All active waivers approved under the old “lack of sufficient jobs” standard will be terminated within 30 days of the memo’s issuance—by November 1, 2025.
  - FNS strongly encourages states to end such waivers voluntarily and prepare to enforce time limits.
  - ABAWD Waiver covering 117 counties will end November 1, 2025

Questions?