

Approved: 1-16-97

Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on January 14, 1997 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research Department
Kathy Porter, Legislative Research Department
Mark Burenheide, Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Revisor of Statutes
Judy Bromich, Administrative Assistant
Janet Henning, Committee Secretary

Conferees appearing before the committee: Rochelle Chronister, Secretary, SRS

Others attending: See attached list

Chairman Kerr welcomed members to the 1997 Committee meetings and stated he and Alan Conroy, Fiscal Analyst, would have an informal orientation for new members in the very near future.

Chairman Kerr advised a decision has not yet been made reference a single budget bill versus multiple budget bills but would probably be making that decision within the next 24 hours.

Chairman Kerr introduced the staff consisting of Committee Secretary Janet Henning; Administrative Assistant Judy Bromich; and Secretary Bev Probasco.

The Chairman informed the Committee that at 11:30 AM, the committee would adjourn to hear Elaine Ryan, Government Affairs Director for the American Public Welfare Association, who would be speaking on welfare reform. Chairman Kerr advised that SRS Secretary, Rochelle Chronister, would be speaking to the Committee reference how the federal welfare reform act would impact the State of Kansas.

Introduction of new staff members from the fiscal staff will be on Wednesday, January 15, 1997. Also to be discussed will be the policy on introduction of bills.

Chairman Kerr then introduced SRS Secretary, Rochelle Chronister who discussed implementation of welfare reform for the State of Kansas (Attachment 1). In response to a question of concern regarding training and transportation, Secretary Chronister stated there are three levels of training which are already in progress and she advised their department is open to any suggestions for contracting, however, their standards are very strict. Secretary Chronister stated that Elaine Ryan would be discussing that Congress has been approached about looking at the ISTEA which is the Department of Transportation funding source up for reauthorization and to see what the State of Kansas can work out with them.

The Chairman then adjourned the meeting at 11:25 A.M. The next meeting is scheduled for January 15, 1997.

KANSAS DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
Rochelle Chronister, Secretary

Senate Committee on Ways and Means
Testimony on Implementation of Welfare Reform

January 14, 1997

SRS MISSION STATEMENT

To provide services to Kansans in need that contribute to their safety and promote dignity, independence, and responsibility.

Mister Chair and members of the Committee, thank you for allowing me the opportunity to provide you with information on the status of welfare reform implementation in Kansas. Welfare reform in Kansas is currently being guided by two pieces of legislation. One is the federal welfare reform law, the Personal Responsibility and Work Opportunity Act of 1996. Kansas qualified as an eligible state as of October 1, 1996, for the purpose of receiving block grant funding under the Temporary Assistance for Needy Families (TANF) Program authorized by the Act. The other legislation guiding welfare reform in Kansas is Kansas H.B. 2929 which was passed by the state legislature in 1994 to authorize the Department of Social and Rehabilitation Services to seek federal waivers of certain AFDC, Medicaid, and Food Stamp regulations.

A chart which details all the cash assistance provisions of the federal and state legislation is Attachment #1 to this testimony. Kansas has moved quickly into welfare reform with the submittal and approval of its state plan effective October 1, 1996, and adoption of KansasWorks, an initiative which focuses on moving public assistance recipients quickly into employment. Able-bodied participants of cash and food stamp assistance are required to look for work as a condition of eligibility for assistance. Employment is now the first expectation of those in KansasWorks. Education and training plans are only supported when job search and work experience placements are not successful, and then only short-term job specific training is allowed. The 5 year time limit for adult recipients became effective October 1, 1996, as did the expectation that all able-bodied adults would be working or in a work activity within no more than 24 months. Additional welfare reform provisions are being implemented in Kansas in a two phase effort and are summarized as follows:

Senate Ways and Means Committee

Date 1-14-97

Attachment # 1

Phase 1 - March 1997

The following changes were chosen for Phase 1 based on timelines mandated by federal law. These changes also require less extensive programming of automated systems.

- ◆ Meet work participation rates as specified by law. In the past, federal regulations and funding limited the agency to serving only a small portion of the cash assistance population with employment services. With the new federal law we can now serve more people - in particular, those with one and two year old children. It is imperative that we do so as families are now limited to five years on assistance and must be engaged in work within two years.
- ◆ Implement restrictions on assistance to legal immigrants as required by law.
- ◆ Exempt one vehicle for cash assistance. Continue to count value above \$4650 for Food Stamps.
- ◆ Exempt lump sum income and \$50 of interest income.
- ◆ Apply tougher penalties for households which fail to cooperate with child support enforcement or work program requirements. First time failure to cooperate will result in the entire case being closed. Case will be reopened upon cooperation. If it is a 2nd or subsequent failure to cooperate, case will remain closed for a minimum of two months. After two months, case may be reopened when family cooperates with requirement.
- ◆ Exempt children's earnings as income and resource.
- ◆ Require school attendance or G.E.D. classes for all teen parents as a condition of eligibility.
- ◆ Apply a 10 year disqualification period to households which misrepresent themselves to obtain benefits from 2 states simultaneously.
- ◆ Deny assistance to persons convicted of a drug-related felony. State may pass law to opt out of provision.
- ◆ Limit food stamp eligibility to 3 months in a 36 month period for able-bodied persons between 18 and 50 unless they are working or participating in a work activity at least 20 hours per week.
- ◆ Eliminate \$18/person energy exclusion in determining food stamp benefits (effective 2-1-97).

Phase 2 - July 1997

These provisions require more extensive automated system changes.

- ◆ Provide incentive to work by disregarding 40% of earned income when determining cash assistance payment.
- ◆ Require food stamp recipients to cooperate with Child Support Enforcement. Penalty for non-cooperation same as cash penalty.

There are some provisions of H.B. 2929 the department believes should not now be implemented due to changes which have resulted from the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. These provisions and the reasons for not implementing them are listed in Attachment #2.

Phase 3 of welfare reform is still under development. Some programs being considered include:

- ◆ **Pay After Performance.** Under this system, the grant cash assistance recipients receive is based on the number of hours they participate in work or a work program. This is being piloted in a few other states and shows promise for reducing caseloads. A major overhaul of the automated eligibility system will be required to implement this.
- ◆ **Diversion.** This program is aimed at applicants who have had a recent attachment to the workforce and need only minimal help in order to return to work. Applicants who meet this criteria can receive up to 3 months worth of cash assistance up front in order to resolve their crisis and return to work. This gets people back to work without their becoming accustomed to the welfare system.
- ◆ **Fill the Gap Budgeting.** This budgeting method provides extra incentives for recipients to go to work.

Due to the amount of research which must be concluded before recommendations on the above programs and others can be made and the major systems re-programming which must be accomplished for programs such as those described above, no time line has yet been established for Phase 3.

The federal welfare reform legislation offers the state the opportunity to design work programs and a cash assistance program to meet the needs of Kansans. We look forward to working with you to meet this challenge.

Federal Plan	H.B. 2929	State Plan	Implementation Date and KAR cites
Adults must work within 24 months	No provision	Require all able-bodied adults to work within 24 months	10/1/96
Meet work participation rates as specified by law. Only single parents of child under 1 year exempt.	KanWork services limited to employable adults only with a 30 month limit on services.	Implement employment-focused services with KansasWorks. KansasWorks services available for 60 months. Only the disabled and single parents of child under 1 year exempt.	10/1/96 3/1/97 30-4-64
Maintain client confidentiality	No provision	No change from current regulations	N/A
Establish goals and action plan to reduce out-of-wedlock births and teen pregnancy. Establish statutory rape education program.	No provision	Inter-agency/community task force established to set goals and develop action plan. First meeting 12/96.	7/1/97
Option for grant adjustments for out-of-state transfers.	No provision.	Not adopting option.	N/A

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Federal Plan	H.B. 2929	State Plan	Implementation Date and KAR cites
Implement 5 year ban on receipt of cash and medical assistance for immigrants arriving in U.S. since 8/22/96 unless a refugee, asylee or veteran.	No provision.	Comply with federal requirement.	2/1/97
Option to provide cash and medical assistance to immigrants in U.S. before 8/22/96 and to other immigrants after 5 year ban is served.	No provision.	Take all options available to continue to serve immigrants.	10/1/96
No prohibition	Seek waiver for 40% earned income disregard without time limit	40% earned income disregard without time limit	7/1/97
May serve all families with children	Seek waiver of federal AFDC-Unemployed Parent requirements and serve all needy families (including GA families)	Will serve all families with children	3/1/97 30-6-70 Revocation of 30-6-72,73 30-4-70 Revocation of 30-4-71,72,73

Federal Plan	H.B. 2929	State Plan	Implementatio. Date and KAR cites
No prohibition.	Seek waiver to exempt one vehicle from resource determination in cash and food stamps.	Exempt one vehicle for cash. Continue to count value above \$4650 for Food Stamps. Food stamp waiver could not be cost neutral without cash savings.	3/1/97 30-4-109 30-6-109
No prohibition	Require both parents in two parent household to register for work.	Both parents subject to work requirements if able-bodied.	10/1/96 30-4-64
Option to states for full family sanction due to voluntarily quitting a job. Food stamp penalty may be the same as cash penalty.	Seek waiver to penalize only the individual for voluntarily quitting a job.	Full family sanction for voluntarily quitting a job.	3/1/97 30-4-64
No assistance to fugitive felons or parole violators.	Seek waiver to deny assistance to fugitive felons.	Implement federal law.	3/1/97 30-4-50
No prohibition.	Seek waiver to penalize cash and food stamp recipients who late monthly report with 10% benefit reduction.	Food Stamp waiver denied. No 10% benefit reduction for late monthly reporting to maintain consistency between programs.	N/A

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Federal Plan	H.B. 2929	State Plan	Implementation Date and KAR cites
Option to states for full family sanctions for failure to comply with child support or work program requirements. Child support penalty must be at least 25% of cash grant.	Seek waiver to penalize for failing to cooperate with child support or work program requirements by removing individual's needs for two months and then terminating assistance to entire family if non-cooperation continues beyond the 2 months.	Penalty for failing to cooperate with child support or work program requirements shall be closure of the case. If it is a first time penalty, case will be reopened upon cooperation. If it is a 2nd or subsequent penalty, case will remain closed for a minimum of two months. After two months, case may be reopened after family cooperates with requirement.	3/1/97 30-4-55 30-4-64
Option to states to require food stamp recipients to cooperate with Child Support Enforcement.	Seek waiver to require food stamp recipients to cooperate with Child Support Enforcement.	Food stamp recipients will be required to cooperate with Child Support Enforcement. Penalty for non-cooperation will be same as above.	7/1/97
No prohibition.	Seek waiver to require child immunizations as condition of eligibility for AFDC; however, staff for this provision were removed from final budget bill.	Notifications of immunizations due being sent routinely with medical cards based on age of child. Co-location of SRS and Health Department personnel has been implemented in several counties.	0.0105263158

Federal Plan	H.B. 2929	State Plan	Implementatio. Date and KAR cites
<p>No prohibition to family cap, but state must pass law.</p>	<p>Receive full assistance for all children born prior to initial request for AFDC and for all children on AFDC prior to enactment of law. Any family who does not have two children prior to receipt of AFDC may receive full benefits for up to two children. Families with only two children will get 1/2 an incremental increase for third child born on AFDC, no increase for subsequent children. Families with more than two children at time of application for AFDC will get no increase for subsequent children. If a family with more than two children goes to work they will receive full incremental increases for all of their children. Two parent families receive an extra disregard if one parent works and one parent stays home with children, but no extra disregard to a single parent who works.</p>	<p>No family cap planned at this time. Family cap as proposed in H.B. 2929 was not possible to track with current computer system and too complicated to implement due to ever changing household compositions.</p>	<p>N/A</p>

Federal Plan	H.B. 2929	State Plan	Implementation Date and KAR cites
No prohibition.	Seek waiver to exempt children's earnings as income and resource.	Children's earnings exempt as income and resource.	3/1/97 30-4-110,113 30-6-113
Must be a child(including an unborn child) in the household to provide cash assistance.	Same	Same.	3/1/97 30-4-70
Adults are limited to 60 cumulative months of assistance in a lifetime.	Seek waiver so adults who have received 30 months of KanWork services are ineligible for cash assistance for 36 months. Job readiness activities and support services must be provided during 36 months of ineligibility.	Waiver denied. Federal 5 year time limit implemented. No federal funds can be expended beyond 5 year time limit.	10/1/96 30-4-50
May exempt up to 20% of caseload from time limit.	No provision.	Federal option will be taken. Criteria under development.	By 7/1/01
Must assign child support rights to state.	Must assign rights to child support to state and provide name and address, if known, of father.	No change to current regulations.	N/A
Teen parents must stay in school or work toward G.E.D.	No provision specific to teen parents.	School attendance or G.E.D. classes will be an eligibility requirement for teen parents.	-73.9996916752

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Federal Plan	H.B. 2929	State Plan	Implementation Date and KAR cites
10 year disqualification mandatory for misrepresentation to obtain benefits from 2 states simultaneously.	No provision.	Will implement federal law.	3/1/97 30-4-140
Must provide law enforcement officers with address of recipient if needed for official duties.	No provision.	No change from current regulations.	N/A
May not provide assistance for a minor child absent from the home for more than 30-180 days. (# of days state option.)	No provision.	No assistance for minor children absent from home more than 90 days.	3/1/97 30-4-70
Must do initial employability screening for all adults.	No change from current regulations.	Initial employability screening will be included with application and discussed at initial interview.	2/1/97

Federal Plan	H.B. 2929	State Plan	Implementation Date and KAR cites
No prohibition	G.E.D. instruction limited to 9 months; other education and training limited to 30 months.	H.B. 2929 implemented. (Only 12 months of education or training can be counted toward new federal work participation rates. As of 10/1/96 focus is now on short, job specific training.)	11/1/95
No prohibition	SRS may use competitive bids to enter into contracts with public or private entities for child support enforcement services.	SRS has awarded bids for child support collections in 12 judicial districts. Bids have been requested for child support collections in foster care cases but the two bids that have been received have been rejected as too costly. This is being reviewed to determine future action.	1/1/97 pending
Must have a fair hearing process	No provision	No change from current regulations.	N/A

Federal Plan	H.B. 2929	State Plan	Implementation Date and KAR cites
No work-related penalty for parent of child under 6 who is unable to find child care.	No provision.	No change	N/A
Medicaid eligibility must be determined based on AFDC state plan in effect 7/16/96 unless TANF eligibility requirements are less restrictive.	No provision.	Will use TANF eligibility requirements based on less restrictive criteria.	3/1/97
Must continue 12 months of transitional medical assistance based on current Title XIX law.	Seek waiver to expand TransMed to 24 months with a 25% co-pay in months 13-24.	Continue 12 months of TransMed. Expansion of medical services would not be cost neutral which is required for a waiver.	N/A
Must deny assistance to persons convicted of a drug-related felony unless state law is passed to opt out of provision.	No provision.	Current federal guidance will allow self-declaration as means of discovery of drug-related convictions. Will comply with requirement as long as this continues. If self-declaration option is eliminated, state law to opt out may be required as SRS has no means of formal discovery.	3/1/97

Federal Plan	H.B. 2929	State Plan	Implementation Date and KAR cites
Must require all adults to engage in community service within 2 months. Governor has until August 1997 to opt out of requirement.	No provision.	Decision pending	Pending
May screen for domestic violence and refer to counselling. May exempt victims of domestic violence from certain program requirements.	No provision.	Option not implemented at this time. Further study in progress.	Unknown
May disregard amounts saved in individual development accounts (IDA) if specified purpose of account is post-secondary education, 1st home purchase, or business capitalization.	May place up to \$2,000 per year in IDA for children's educational expenses. IDA tax exempt unless funds withdrawn for other than intended purpose. Funds exempt from affecting AFDC grants.	IDA program is being developed for submission to the Governor.	Pending
May sanction family if child does not attend school.	Pilot KanLearn in 3 counties. Provide case management services to teens and incentive payments for adequate attendance and grades. Remove parents from grant if child's attendance is unsatisfactory.	KanLearn was not funded and, therefore, not implemented. Federal option not chosen at this time.	N/A

Federal Plan	H.B. 2929	State Plan	Implementation Date and KAR cites
May sanction adults aged 20-51 for not obtaining or working toward G.E.D.	No provision except G.E.D. instruction limited to 9 months.	Option not chosen.	N/A
Indian tribes have option to operate own TANF program.	No provision.	Meeting with tribal leaders held 12/4/96. Tribal decisions are pending.	Pending
Only single parents with children under 1 year may be exempt from work participation rates.	Serve only employable adults.	Federal law to be implemented.	3/1/97
May require absent parents to participate in work programs if not paying child support.	No provision.	Option not taken. No funding provided for federal option.	N/A
May terminate medical assistance for failure to meet work requirements.	No provision.	No change from current regulations.	N/A
Implement electronic benefit transfer (EBT) statewide by 2001.	Pilot EBT in 2 KanWork counties.	Statewide EBT.	Implementation began 10/1/96. Will be statewide by 3/1/97.
Minor parent must live with parent, adult relative, guardian, or supported living to receive assistance.	Same.	No change from current regulations.	N/A

Federal Plan	H.B. 2929	State Plan	Implementation Date and KAR cites
No prohibition.	Person may donate funds for an AFDC recipient and receive a tax credit of 70% of the donation; 15% of donation would be matched by federal funds and given to AFDC recipient.	Coordinated with Dept. of Revenue so donation procedures and tax forms in place for 1994 tax year. Funding for staff to promote program in the field was removed. No donations have occurred and federal matching funds are no longer available.	N/A
No prohibition.	Allowed SRS to become a 501(c)(3) to accept donations from individuals and corporations for AFDC recipients.	Soliciting donations from corporations is being included in the plans for an IDA program.	Pending
No prohibition.	No provision	<u>Program Simplification</u> -exempt \$50 of interest income -exempt lump sum income -broaden exemption for income producing property to be consistent with food stamps	3/1/97 30-4-108 30-4-109 30-4-110 30-4-113 30-6-108 30-6-110 30-6-113

H.B. 2929 ISSUES

- ◆ **Family Cap.** The reasons for not implementing a family cap are twofold. First, the federal law has changed to place a mandatory 5 year time limit on all families. Once one adult in a household has received 60 months of assistance, all family members, including the children, become ineligible for further assistance. Families will know up front that if they have additional children while on assistance that they will be responsible for supporting them without state aid once the 5 year time limit expires. Since the purpose of a family cap was to assure adults did not continue having children in order to receive increased public assistance, the 5 year time limit does an effective job of curtailing such a practice. Second, the family cap as stipulated in H.B. 2929 was not possible to track with our current computer system and was too complicated to implement due to continually changing household compositions.

If the state chooses to continue with a family cap it must be one which allows full assistance for all children conceived prior to initial request for cash assistance and for all children on cash assistance prior to implementation, but no assistance for any additional children conceived after either parent's initial start date of cash assistance receipt. There should also be no additional work disregard for a parent who stays home with the children rather than working as stipulated in H.B. 2929 because the new federal law mandates that both parents work or participate in work program activities.

- ◆ **Full Family Sanctions.** Although H.B. 2929 allows full family sanctions for failing to cooperate with work program activities or child support enforcement, it limits the penalty for voluntarily quitting a job or being fired for misconduct to removing the needs of the individual from the assistance grant. In developing our new policies on the penalty for failing to meet work requirements (including quitting a job) or cooperating with child support enforcement, a meaningful penalty structure was recommended by field staff who serve as case managers.

All penalties should affect the entire family. Families should be informed up front of the penalties they can expect, and there should be statewide guidelines on how this will be done. Welfare reform puts full value on employment; therefore, giving up a job is the most pernicious violation of responsibility that can occur. Persons who take their job back or take another job for equal or greater hours and pay will not be penalized. For failing to cooperate with work program activities or child support enforcement, the first penalty should be curable upon cooperation with the requirement. This allows a parent to rethink his or her decision and cooperate. Any subsequent penalty should result in two months of ineligibility without cure. Parents would have to cooperate with the requirement before eligibility could be reinstated.

Field staff feel very strongly that penalties which only reduce the grant to the rest of the family are ineffective. It is their experience that in such situations the parents are content to do nothing and allow the family to just get by on less money. After two years of welfare reform with penalties of \$100 grant reduction for quitting a job or failing to meet work requirements, Utah found the same to be true. Parents were accepting the grant reduction and doing nothing to work toward self-sufficiency; therefore, Utah now has provision for a full family sanction. If a reduced grant does not prompt recipients to change their behavior, then such a penalty only reinforces bad choices with no perceived negative consequences.

Iowa also found full family sanctions to be much more effective in motivating recipients to fulfill their responsibilities. Prior to implementing full family sanctions, there was concern in their state that full family sanctions might result in more children needing foster care services due to neglect or abuse. The state, therefore, contracted with the local health departments to follow up with families who were placed on full family sanctions. They have found that the majority of families who are penalized go to work or have other income with which to support the family, such as child support or Social Security or even unreported earnings. Out of 13,337 total referrals in FY 1996, the health departments found the need to make only 12 referrals for child protective services. Kansas SRS has had a long standing policy of restoring cash assistance if a penalty is the sole cause of children being placed into foster care. This policy will be maintained with the implementation of full family sanctions.

If Kansas supports the philosophy of parental responsibility and the value of work, then the consequences for willfully giving up employment or other opportunities to become self-sufficient in favor of cash assistance must be stringent.

- ◆ **Expand TransMed to 24 Months.** The Medicaid Program was not included in the federal welfare reform block grant provisions. Therefore, the state must continue to follow the laws of Title XIX of the Social Security Act in making Medicaid policy. Title XIX currently limits transitional medical assistance, known as TransMed in Kansas, to 12 months following closure of cash assistance due to increased earnings from employment. To expand TransMed to 24 months would require approval of a federal Section 1115 waiver, which must be cost neutral. Cash assistance savings can no longer be used to offset the cost of expanded TransMed coverage in order to achieve cost neutrality. Because the expansion of TransMed would not be cost neutral, it would have to be totally funded through state funds. Section 16 of H.B. 2929 does not allow implementation of any provision which would result in the spending of more state general funds than appropriated.
- ◆ **Immunizations.** Section 15 of H.B. 2929 established up-to-date immunizations of children as a condition of eligibility for AFDC. The fiscal note for this provision included funds for 33 FTE's, a conservative estimate of the staff required to fulfill this

mandate. When staff for this provision were removed from the final budget bill, then SRS Secretary Donna Whiteman and the Appropriations Committee agreed that SRS would not be able to make immunizations a condition of eligibility but would instead promote immunizations.

The agency has done much to promote immunizations since this law passed:

*Each month that a child's immunization is due, the parents receive a notice informing them the child is due for a shot and reminds them to take the child's immunization card with them to the health department or doctor.

*Immunization reminder notices are sent automatically in the month that a child turns 2 months, 4 months, 6 months, 1 year, 4 years, 11 years, and 14 years.

*A notice is sent to all recipients once a year with the schedule of when immunizations are due.

*In Kansas City and Wichita where immunization statistics were lowest, a mobile health department van now sits in the SRS parking lot 4 times a month. Appointments with parents are scheduled to coincide with these times whenever possible.

*Co-location of SRS and Health Department staff has been implemented in several counties. Wichita has located a health department station in the SRS building to make accessibility easier.

*SRS caseworkers obtain permission from recipients to refer their names to the health department, who then contact the recipients and schedule appointments for immunizations and health screenings.

*All managed care contracts with health providers contain a mandate for immunizations and Kan-Be-Healthy screenings.

SRS will continue to promote immunizations and collaborate with local health departments.