

SESSION OF 2016

SUPPLEMENTAL NOTE ON SENATE BILL NO. 372

As Amended by Senate Committee of the Whole

Brief*

SB 372, as amended, would statutorily name the act as the Kansas Hope, Opportunity, and Prosperity for Everyone (HOPE) Act, make changes pertaining to eligibility for public assistance, and require the return of certain unencumbered Temporary Assistance for Needy Families (TANF) funds to the Federal Treasury. *[Staff note: Senate Sub. for HB 2258, enacted in 2015 and later modified by 2015 Senate Sub. for HB 2281, made changes to public assistance eligibility requirements and was referenced as the HOPE Act, but it was not statutorily named at that time.]*

The bill would make changes to TANF and other related public assistance programs as follows:

- Reduce the TANF benefit limit from 36 calendar months to 24 calendar months, with the possibility of a hardship extension allowing receipt of TANF benefits until the 36-month lifetime limit is reached (the current lifetime limit is 48 months);
- Reduce from 42 months to 18 months the TANF cash assistance lifetime limit for a recipient of a TANF diversion payment;
- Remove the limit on TANF cash assistance transactions for cash withdrawals from automated teller machines (ATMs) and remove the authority of the Secretary for Children and Families to raise or rescind the withdrawal limits;

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

- Require the Kansas Department for Children and Families (DCF) to monitor repeated requests for replacement of a Kansas Benefits Card and refer frequent replacements for fraud investigation;
- Change work participation requirements and exemptions for recipients of TANF, non-TANF child care, and food assistance (Supplemental Nutrition Assistance Program [SNAP]);
- Make TANF and Child Care Subsidy Program recipients ineligible for assistance for failure to cooperate with fraud investigations;
- Require verification of all adults in the assistance household;
- Require monthly reporting of persons with lottery winnings in excess of \$5,000 to determine any recipient's continued eligibility for public assistance as a result of such winnings; and
- Address the recovery of public assistance debt owed to the State.

Additional bill details follow.

Return of TANF Funds to Federal Treasury

If on September 30 of any year the balance of the TANF Federal Fund Account exceeds \$25,000,000, DCF would be required to return any unencumbered amount in such account exceeding \$25,000,000 to the U.S. Department of Health and Human Services for return to the Federal Treasury. The Secretary for Children and Families would be prohibited from transferring funds from the TANF account to another special revenue fund to circumvent these provisions.

TANF Eligibility

TANF Diversion Assistance Lifetime Limit

Any recipient who receives a one-time TANF diversion assistance payment would be limited to 18 months of TANF cash assistance in a lifetime.

TANF Lifetime Limits

A family group would not be eligible for TANF if at least one adult in the family group has received TANF (including federal TANF assistance received in another state) for 24 calendar months beginning on or after October 1, 1996, unless the Secretary for Children and Families determines a hardship exists and grants a TANF benefit extension until the 36-month lifetime limit is reached. No extension beyond 36 months would be granted. The hardship provision would apply to a recipient who is determined by the 24th month of assistance to have an extreme hardship other than those described in statute.

TANF Cash Withdrawals from ATMs

The \$25 per transaction per day limit on TANF cash assistance transactions for cash withdrawals from ATMs would be removed. The bill also would remove the authority of the Secretary for Children and Families to raise or rescind the withdrawal limit.

TANF Work Participation

The exemption from TANF work participation activities for caring for a child under 3 months of age would not apply to any adult in the TANF assistance plan when at least 1 adult has reached 12 months of TANF cash assistance. TANF work

experience placements would be limited to 6 months per 24-month lifetime limit.

Other Work Requirements and Exemptions

Non-TANF Child Care Recipient

The bill would exempt from the 20-hour per week minimum work requirement all non-TANF child care recipients participating in a SNAP Employment and Training Program (previously available only to mandatory SNAP Education and Training Program participants) or participating in an Early Head Start Child Care Partnership Program and working or in school or training.

SNAP Recipients

Each SNAP household member who is not exempt from work requirements would be required to register for work, participate in an employment and training program if assigned to such a program by DCF, accept a suitable employment offer, and not voluntarily quit a job of at least 30 hours per week. A recipient who fails to comply with the work requirements would be ineligible for SNAP for the following time periods and until compliance with the work requirements: three months of ineligibility for a first penalty; six months for a second penalty; and one year for a third and any subsequent penalty.

Fraud Investigations

Ineligibility for TANF for Failure to Cooperate

An individual who fails to cooperate with a fraud investigation would be ineligible to participate in the TANF cash assistance program and the child care subsidy program until determined by DCF to be cooperating with the fraud

investigation. DCF would be required to maintain sufficient fraud investigative staff to allow for fraud investigations that are timely and in full compliance of state laws and DCF rules and regulations or policies.

Kansas Benefits Card Replacement

DCF would be required to monitor all recipient requests for Kansas benefits card replacement, send a notice on the fourth replacement request in a 12-month period alerting the recipient his or her account is being monitored for potential suspicious activity, and refer the investigation to DCF's fraud investigation unit if an additional request for replacement subsequent to the notice is made.

Verification of Identities

DCF would be required to verify the identity of all adults in the assistance household for TANF cash assistance, SNAP, and the Child Care Subsidy Program.

Verification of Lottery Winnings for Continued Eligibility

The Kansas Department of Administration would be required to provide monthly to DCF the Social Security numbers or alternate taxpayer identification numbers of all persons who claim a Kansas Lottery prize in excess of \$5,000 during the reported month. DCF would be required to verify if the lottery prize winners are receiving TANF cash assistance, SNAP, or assistance under the Child Care Subsidy Program and to take appropriate action. DCF would be allowed to use the data received only to determine if a recipient's eligibility for benefits has been affected by the lottery winnings and would be prohibited from publicly disclosing the identity of any lottery prize winners, including those recipients determined to have illegally received benefits.

State Recovery of Public Assistance Debt

Except as authorized in state and federal law, and DCF or Kansas Department of Health and Environment (KDHE) rules and regulations and agency policy, the total amount of any assistance sold, transferred, or otherwise disposed of to others by a recipient or another person, or the total amount of any assistance knowingly purchased, acquired, or possessed by any person, would be considered a debt due the State. Such debt would be recoverable by the Secretary for Children and Families or the Secretary of Health and Environment during the life or upon the death of any recipient or person who sold, transferred, disposed, purchased, acquired, or possessed such assistance. The bill would allow the debt to be recovered as a fourth class claim from the estate of such individual or in an action brought while the recipient or person is living.

Background

At the Senate Committee on Public Health and Welfare hearing, a representative of DCF, an independent contractor with DCF, and a private individual testified in favor of the bill. The conferees generally stated the bill is a continuation of a comprehensive welfare system reform that began in 2015 to promote system integrity and ensure appropriate and responsible use of taxpayer dollars, while placing DCF policies in statute for legislative input and transparency. The conferees stated the policy changes have helped individuals return to work, helped them develop skills to maintain employment, and given them the tools needed to support their families. Written testimony in favor of the bill was provided by representatives of the Foundation for Government Accountability Action and the Salina Adult Education Center.

Opponent testimony was provided by representatives of the Kansas Action for Children and Kansas Appleseed. The conferees generally stated the bill creates additional barriers

for children and families to access the state safety net and food assistance, penalizes multiple-adult families, and creates additional administrative costs. Opponent written testimony was provided by representatives of: the Food Equality Initiative; the Kansas Association of Community Action Programs; KC Healthy Kids; Kids Need to Eat, Inc.; and United Community Services of Johnson County.

Neutral written testimony was provided by a representative of the Kansas Lottery and included recommendations for possible amendments to the bill.

The Senate Committee amended the bill to reduce the TANF and TANF diversion assistance lifetime benefit limits and to make changes with regard to the state agency responsible for the monthly report of Kansas Lottery winners, the agency to which the report would be provided, the identifying information reported, and the dollar amount of the lottery prize winnings to be reported.

The Senate Committee of the Whole amended the bill to require unencumbered funds in the TANF Federal Fund Account in excess of \$25,000,000 as of September 30 of any year be returned to the federal government and to prohibit the transfer of such funds to another special revenue fund; remove the TANF cash assistance limits for cash withdrawals from ATMs and the authority of the Secretary for Children and Family to raise or rescind the limits; make additional changes to the TANF work participation requirements; amend the title of the bill, and make a technical amendment.

According to the fiscal note prepared by the Division of the Budget on the original bill, DCF states there would be an estimated annual cost for identity verification of adult recipients who are not the case head in the TANF and SNAP programs of \$187,000, of which \$73,024 would be from the State General Fund (SGF). Additionally, the verification requirement and the requirement of cooperation with fraud investigations would need to be included in the automated eligibility process, requiring an estimated one-time

development cost of incorporating these features into the automated eligibility system (Kansas Eligibility Enforcement System [KEES]) of \$98,200 each, of which \$19,660 for each feature would be from SGF. The estimated state fiscal effect for FY 2017 indicates expenditures of \$157,343 from SGF and \$1,171,545 from all funds.

DCF states the addition of SNAP Employment and Training participants to those eligible to receive child care assistance would make additional children eligible for child care assistance in 2017 and in 2018, but would have no impact on the SGF as the funding is federal.

DCF states the process of attachment of a debt due the State to a Medicaid beneficiary allowed under the bill would require a detailed investigation to document the dollar amount of the gain to the beneficiary, filing a lawsuit, winning a judgment to collect the debt, and efforts to execute debt collection. Federal financial participation rates of 75.0 percent are available for fraud, waste, and abuse activities. The federal share of any collection received would have to be returned to the federal government. Enhancement of this function in the KDHE Division of Health Care Finance would require at least one full-time equivalent employee to aggressively pursue cases and investigations and private attorney's fees for filing and prosecution. DCF estimates additional expenditures of \$180,000, including \$45,000 from SGF in FY 2017. DCF is unable to estimate recovery revenue of the additional cases.

The original bill would have required the Kansas Lottery to provide DCF with a list of lottery winners over \$10,000 every month and prohibit DCF from publicly disclosing the identity of any prize winner. (The bill as amended would require the Department of Administration to provide DCF with a list of lottery winners of more than \$5,000.) The Kansas Lottery states the bill would not affect revenues or expenditure, unless additional staff time, hardware, or information technology resources are needed to fulfill the bill's

mandates. Any fiscal effect associated with the bill is not reflected in *The FY 2017 Governor's Budget Report*.