



U.S. Senate Committee on Agriculture, Nutrition, & Forestry

March 2, 2017

Reforms Needed in the Supplemental Nutrition Assistance Program (SNAP)

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Secretary

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Thank you for the invitation to share the Kansas model for SNAP reforms and provide recommendations for federal reforms on behalf of the Kansas Department for Children and Families (DCF). Under the leadership of Governor Sam Brownback, the State of Kansas has focused on reforming welfare programs since 2011, to provide Kansans with greater opportunities for a prosperous future. We appreciate the opportunity to supply you with information about DCF's efforts to encourage self-reliance. Information provided highlights our emphasis on food assistance program integrity, work requirements and the responsible use of taxpayer dollars in the Supplemental Nutrition Assistance Program (SNAP).

Background

The United States Department of Agriculture (USDA) regulates SNAP, formerly known as the Food Stamp program, which provides food benefits to qualifying low-income households with income up to 130 percent of the federal poverty level. In Kansas, SNAP is referred to as Food Assistance. SNAP benefits are federally-funded, with the State matching the administrative costs at a 50-percent rate. The program is heavily regulated, with states provided few options to tailor the program according to the needs of their individual populations. Recent discussions about block granting the program are encouraging, as this option would provide flexibility needed by states to innovate and best serve their own residents.

Through welfare reforms in Kansas, we have made a multitude of improvements in programs such as SNAP, as allowed by federal and State law.

Kansas HOPE Act (2015)

DCF and the Kansas Legislature instituted several employment- and integrity-focused policy changes in the 2015 Kansas Hope, Opportunity and Prosperity for Everyone (HOPE) Act. This bill was signed into law during the 2015 legislative session, following overwhelming support in the Kansas Legislature. The Kansas HOPE Act is the most comprehensive welfare reform legislation passed by any state in the nation, and was designed to codify existing DCF reforms and enact additional measures to promote system integrity and strengthen welfare-to-work policies. The provisions of the legislation helped to ensure appropriate and responsible use of taxpayer dollars, support work and restore dignity and purpose to our clients. The most effective path out of poverty is employment, and these policy changes have proven effective. The reforms have helped individuals get back to work, develop their skills to maintain employment, and provided them the tools they need to support their families.

A summary of the HOPE Act may be found in Appendix I; however, a number of the SNAP reforms codified in this legislation bear mentioning here:

- The bill specifically prohibits the State of Kansas from adopting the USDA option of "broad-based categorical eligibility," which expands SNAP eligibility and assistance beyond its intended bounds.
- The legislation also prohibits the use of federal or State funds for advertising to promote SNAP participation.
- Additionally, the bill prohibits DCF from requesting or implementing the USDA waiver that would relax federal law regarding time limits for employable adults with no dependents.
- The Kansas HOPE Act establishes a requirement that SNAP adult recipients must cooperate with child support and work program requirements.

- The bill enacts a policy that is more closely aligned with federal law regarding SNAP benefits and convicted drug felons. It states that an individual shall be permanently disqualified if he/she has been convicted of a State or federal felony offense occurring on or after July 1, 2015, involving possession or use of a controlled substance. An individual shall be eligible for SNAP if the individual enrolls in and participates in a drug treatment program approved by the Secretary, submits to and passes a drug test and agrees to submit to drug testing if requested by DCF. If an individual is convicted of a drug felony a second time on or after July 1, 2015, then the individual will be permanently disqualified from receiving SNAP. Any family members will continue to receive SNAP if otherwise eligible.
- Adults convicted of fraud are no longer eligible to be named an authorized representative of a SNAP household.
- The legislation states that, when determining eligibility for benefits, one motor vehicle owned by the applicant for assistance (regardless of the value) is considered exempt personal property. Equity in any boat, personal water craft, recreational vehicle, recreational off-highway vehicle or all-terrain vehicle, or any additional motor vehicle owned by the applicant, is a non-exempt resource of the applicant. However, any additional motor vehicle used by the applicant (or spouse or cohabiting partner), for the primary purpose of earning income, may be considered exempt personal property at the Secretary's discretion.
- The Kansas HOPE Act states that a photograph of the recipient (or parent/guardian of a child) of assistance shall be placed on any Kansas Benefits Cards upon opt-in of the recipient. The card may serve as valid ID for voting purposes as well.
- The bill prohibits DCF from applying gross income standards for SNAP that are higher than the standards specified in 7 U.S.C. 2014(c), unless expressly required by federal law. In addition, categorical eligibility exempting households from such gross income standards requirements shall not be granted for any non-cash, in-kind or other benefit unless expressly required by federal law.
- Finally, the bill requires the agency to conduct an electronic check for any false information provided on an application for benefits programs administered by DCF.

Kansas HOPE Act 2.0 (2016)

After making tremendous progress to reform welfare programs in 2015, lawmakers introduced additional reforms to further promote employment-driven poverty solutions during the 2016 legislative session. In May 2016, the Kansas HOPE Act 2.0 bill passed both legislative chambers and was signed by Governor Sam Brownback. A summary of HOPE 2.0 may be found in Appendix II. Several of the SNAP-related provisions are detailed below:

- HOPE 2.0 requires DCF to crosscheck winners of a lottery prize of \$5,000 or more with benefits rolls for Temporary Assistance for Needy Families (TANF), SNAP, and Child Care Assistance. Recipients who are identified by means of this crosscheck would be required to verify their income and resources.
- The bill states that DCF shall verify the identity of all TANF, SNAP and Child Care Assistance adults in the assistance household. Current policy only requires verification of the adult who is applying for the entire household.
- The bill codifies agency policy regarding the monitoring of excessive benefit card replacements, including referrals to the agency's Anti-fraud Unit after five card replacements in a 12-month period.
- HOPE 2.0 also codifies USDA work requirements for SNAP applicants and recipients, including registering for work, participating in an available employment

and training program, not voluntarily quitting current employment of at least 30 hours per week, and accepting a suitable offer of employment.

- Finally, the legislation also provides greater clarification regarding the ability of DCF to monitor, enforce and recover assistance knowingly purchased, received, transferred, sold, acquired or possessed by anyone except as authorized by controlling statutes, regulations and policies.

The Kansas HOPE Act shows that DCF will continue to lead the way in the nation pursuing policies that promote employment and strengthen program integrity.

Kansas SNAP Reforms

There are several reforms that Kansas has enacted under the limited options provided to states that serve to encourage work and strengthen program integrity.

Federal ABAWD Waiver

The federal SNAP work requirements were initially implemented as part of the 1996 welfare reform package. The law states that able-bodied adults without dependents (ABAWDs) are eligible for SNAP benefits for three out of every 36 months, unless they meet the mandated work requirement, which is a minimum of 20 hours per week of work or enrollment in a federally-approved job training program. Individuals 18 to 49, who are capable of work, not pregnant and with no dependent children, are required to meet these program requirements to receive SNAP. The USDA waiver, broadly implemented in states during the Great Recession, removed the work requirement for ABAWDs. The State of Kansas rejected this waiver and restored these work requirements in October 2013. Able-bodied adults who did not meet the work requirement began cycling off the program in January 2014.

DCF worked with the Kansas Department of Labor (KDOL) to track earnings and employment data of ABAWDs after the work requirements were restored. The Foundation for Government Accountability (FGA) did an analysis of this (de-identified) data, an executive summary of which may be reviewed in Appendix III. FGA is a nonprofit, nonpartisan, 501c(3) organization that “promotes better lives for individuals and families by equipping policymakers with principled strategies to replace failed health and welfare programs nationwide.”

Lower Caseloads

Generally speaking, the data shows the SNAP program has lower caseloads because half of able-bodied adults cycled off of the program within three months of restoring the work requirement. Able-bodied adult enrollment is nearly 70 percent lower today than it was immediately before restoring this work requirement. In November 2013, the number of ABAWD recipients was 27,224. In November 2015, that number had decreased to 7,511. DCF also found higher work participation for able-bodied adults on food assistance. The rate of those working nearly tripled after restoring work requirements (comparing ABAWDs in July to September 2013, versus February to April 2014). Nearly half of all able-bodied adults who cycled off the program were employed the following quarter. In addition, the average income among working ABAWDs who left the program in January 2014, is now above the poverty line. Some other results of these changes to the SNAP program have been positive as well. Kansas’ SNAP payment error rate declined from 3.99 percent to .75 percent from fiscal year 2013 to 2014. Total State and federal administrative costs declined by 7.39 percent in Kansas, while the national average rose by 5.27 percent in state fiscal year 2014.

To our knowledge, Kansas is the only state to statutorily prohibit this work-discouraging waiver (via the HOPE Act). Kansans have experienced truly positive life outcomes as a result of this policy change. Kansas is sending the message that we prioritize employment, rather than paying individuals not to work. Individuals in Kansas and across the nation, overwhelmingly support work requirements for welfare recipients who are capable of work.

Non-citizen Income Counted

DCF also requires the income of non-citizens to be counted when determining SNAP benefits (this was codified in the HOPE Act). Although ineligible non-citizens cannot receive SNAP benefits, their income and resources are relevant to the SNAP determinations for other eligible individuals who live in their households. Non-citizens who are unable or unwilling to provide immigrant documentation now have their income and resources counted for the remaining family members. Previously, only a pro-rata share was counted. In some situations, this allowed for a family with all U.S. citizens not to be eligible for SNAP, while the immigrant family was eligible. This is a common sense policy change that treats citizens and non-citizens more fairly and removes the special treatment for non-citizens.

An End to SNAP Participation Recruitment

The State of Kansas stopped accessing USDA Outreach funds formerly used to recruit individuals to apply for SNAP. DCF believed that individuals were more than aware of the existence and availability of this 30-year-old program. More recently, the HOPE Act forbade DCF from using federal or State funds for SNAP recruitment.

Child Support Cooperation

Cooperation with Child Support Services is now required for those receiving SNAP benefits. This provision was codified in the HOPE Act. Child support benefits are provided to families and allow for additional family income when received. After reviewing six months of payment history, the households that had originally not cooperated received an increase of almost 39 percent in child support—a total of \$664,509. Cooperation with child support could include a custodial parent sharing information about the presumed father of a child (when it is safe to do so), or a non-custodial parent cooperating with Child Support Services on a payment plan, for example.

Vehicles Factored into Eligibility

For several years, all vehicles were exempted from counting toward the resource limit in Kansas. This resulted in families with recreational vehicles (not needed to provide transportation to work or medical appointments) to own these luxury items and simultaneously receive assistance from the taxpayers. These vehicles included boats, personal water crafts, all-terrain vehicles, etc. Although there are exempted vehicles (for work and medical use), all vehicles are now included in calculating the resources of the applicants. This provision was also codified in the HOPE Act.

Categorical Eligibility

As discussed previously, the Kansas HOPE Act prohibits Kansas from enacting broad-based categorical eligibility. Although Kansas currently uses the traditional eligibility method as an efficiency, households are now statutorily prohibited from being categorically eligible for SNAP because they qualify for a non-cash TANF or Maintenance of Effort-(MOE) funded benefit, such as receiving a pamphlet or being provided an 800 number. This broad-based categorical eligibility practice dilutes the integrity of the SNAP program.

Drug Felony Convictions

Again, the State of Kansas, via the HOPE Act, has opted in to disqualify people from SNAP participation if they have been convicted of a State or federal drug felony (CFR 273.11(m)). Kansas adopted a second chance policy: for the first felony drug conviction, the individual is still eligible for benefits if he/she completes a drug treatment program. After a second offense, the individual is no longer eligible for food assistance benefits.

SNAP Program Savings

Other actions taken by the State of Kansas have resulted in savings to the SNAP program. When the benefits transitioned to an electronic method of issuance, the State began issuing the benefits cards in the local offices. This resulted in high administrative costs in staffing, compromised security of the cards, shipping, storage and local mailing costs. Our Electronic Benefit Transfer (EBT) vendor, FIS, was able to offer direct mailing of the cards, which greatly reduced the number of cards issued. The reissuance rate dropped 40 percent, while cards were still issued timely to recipients. Beginning in April 2016, Kansas also adopted a new option of allowing clients to suspend a lost EBT card while the individual tries to find it. This new option is designed to both decrease card replacements and add additional account security for cardholders.

Anti-fraud Protection

Our EBT vendor provides us with a product called "Fraud Navigator" that allows for additional monitoring of EBT cards. It also allows for data to be reported for questionable uses of the card. The detailed transaction history can then be used to provide referrals to the agency's Anti-Fraud Unit. Fraud Navigator allows our staff to create rules and flags that generate alerts when certain suspicious conditions are met. One example of this process, which cannot be discussed in detail for obvious reasons, resulted in the closure of more than 1,200 cases of individuals who were not Kansas residents. Thus, this program assists Kansas staff in detecting and stopping fraud early in the process to avoid improper use of benefits.

Other Kansas Benefits Card security measures are also in place to ensure the State adheres to federal and State TANF restrictions. These measures impact SNAP as well, due to the fact that both TANF cash assistance and SNAP food assistance (as well as Child Care subsidy) benefits are stored on the EBT cards. TANF cash withdrawals are restricted by the location of the ATM machine; cash purchases are blocked by merchant category codes; and EBT purchases are transacted in a closed-loop system requiring a USDA Food and Nutrition Service (FNS) retailer number. Therefore, only a business possessing a USDA/FNS retailer ID number associated with its point of sale (POS) machines can conduct SNAP or TANF cash purchases. The EBT system includes monthly reports that are reviewed separately and in combination, focused on trafficking indicators. EBT staff forwards detailed transaction data to our Anti-Fraud Unit, as appropriate.

DCF monitors excessive manually-keyed transactions and requests that clients replace the non-working (or trafficked) card. If no action is taken by the client to replace the card, the agency automatically cancels the card and issues a new card to the client. In addition, card replacements are monitored so that DCF can notify the client when four cards have been issued in a 12-month period. Referrals are automatically made to the Anti-Fraud Unit for clients who request a fifth card in a 12-month period. Staff also monitors excessively large transactions via alerts, for potential trafficking concerns.

Appendix IV shows some of the impact these SNAP policy changes have had on SNAP caseloads and expenditures in Kansas. As previously discussed, the HOPE Act and HOPE Act 2.0 legislation means that some new changes are being implemented: a crosscheck of lottery winners against a list of assistance recipients for those winning more than \$5,000 (more than 15 public assistance recipients have been identified with winnings of \$5,000 or more since July 2016), verification of the identities of all adults receiving assistance, promotion of USDA work requirements for SNAP applicants and recipients, photos on Kansas Benefits Cards for recipients who opt in for this service, etc.

USDA-funded Employment & Training Program

Of note, DCF was awarded one of the 10 federal work demonstration pilots in the nation, funded by the USDA for the SNAP Employment & Training (E&T) program, designed to develop and test innovative employment and training strategies. DCF's application was aptly named Generating Opportunities to Attain Lifelong Success (GOALS). GOALS is a three-year pilot project to set eligible Kansans receiving food assistance on a path to successful careers that pay living wages, offer advancement opportunities and restore our clients' sense of value to themselves, their families and their communities. GOALS operates in 36 counties in Kansas (out of 105) and began accepting clients in late January 2016. As of February 2017, approximately 2,300 SNAP recipients have asked to be enrolled in this employment program. While the State of Kansas is excited to have one of the 10 pilot projects authorized in the last Farm Bill, fewer than 10 percent of eligible new SNAP applicants have signed up for this voluntary project. This low participation rate speaks loudly to the need for Congress to authorize and fully fund a mandatory work requirement for SNAP recipients.

Combatting Fraud and Benefits Trafficking in Kansas

As previously noted, DCF is committed to reducing fraud in all of the benefits programs it administers. Under the current administration, every effort has been made to rebuild a previously-dismantled Anti-Fraud Unit. In 2012, for example, DCF's Wichita Region had no one dedicated to fighting fraud. DCF embarked on a strategic planning journey to make the task of fraud prevention and prosecution a high priority for this agency all across the state.

A Director of Fraud Investigations was designated to spearhead the statewide effort, and the agency immediately reformed policies that had overlooked or facilitated fraud. DCF researched other states' successful anti-fraud initiatives, pursued legislative authority to hire additional fraud investigators and support staff, prosecuted pending cases that were growing stale from lack of attention, and identified cost-effective tools needed to support a robust and sustained agency anti-fraud effort. The chore of training new investigators and creating protocols and data tracking systems for the professional handling of fraud data and related reports was extensive.

Since this effort was launched, tremendous improvements have been made to DCF's anti-fraud efforts and programs. As an illustration of these wholesale enhancements, consider that prior to FY 2012, the agency did not have a comprehensive tracking mechanism for fraud investigations and judgments in a central data repository. Given the agency's new-found focus on fraud-fighting initiatives with the dawn of the Brownback Administration, this was remedied as soon as possible. For FY 2012, there were only 1,213 total fraud investigations initiated statewide. In FY 2013, that total number of initiated investigations jumped to 3,094. In FY 2014, total investigations were 3,868, and in FY 2015 the number was 2,601. The total dollar amount of fraud judgments established statewide went from

\$941,846 in FY 2013, to nearly \$1.8 million in FY 2014, and to more than \$3.2 million in FY 2015. Apart from the actual judgment amounts, there have also been substantial program savings realized by DCF's fraud-fighting efforts. These program savings come from identifying, adjudicating and closing fraudulent cases. In 2014, Kansas ranked second in the country in total state SNAP fraud prosecution convictions with 379. That same year, Kansas was number one in the country in state SNAP fraud prosecution convictions per capita, with one conviction per 7,636 citizens.

DCF has dedicated two staff to centralize and process incorrect benefits for individuals who are receiving duplicate assistance in another state. This work is based on the Public Assistance Reporting Information System (PARIS) report. PARIS is a federal-state partnership that ensures the integrity of public assistance programs through detecting and deterring improper payments. PARIS works with all 50 states, the District of Columbia and Puerto Rico to assist in maintaining the honorable intentions of public benefits programs. PARIS is voluntary, and Kansas is one of the original states to implement the match program. On a quarterly basis, Kansas submits the information on our public assistance recipients for matching to other states, the Veterans Affairs compensation system, and the federal compensation system, for the purpose of identifying individuals who may be receiving duplicate assistance in another state and to ensure that individual income sources are counted correctly in the household's eligibility determination. In FY 2015, two staff members completed work resulting in a savings or cost avoidance of \$869,767.

The detection, deterrence and prevention of welfare fraud saves taxpayer dollars that would otherwise be wrongfully received by individuals who are not entitled to receive such assistance. Anti-fraud efforts directly promote responsible stewardship of scarce public resources and could also mean that more of those scarce public resources are available to assist and strengthen the Kansas families whom we serve. Strengthening such families in turn strengthens Kansas and this great nation.

Recommendations for Federal SNAP Reforms

Through a wide range of successful reforms made within Kansas, we strongly believe these improvements should be considered by other states. We now look to the federal government to take the lead on additional reforms that would empower states, such as Kansas, to further incentivize employment and self-reliance.

Block Grant

As mentioned previously, states and their residents would be best served by a federal SNAP block grant to the states. This would allow states to innovate with new policies catered to their own populations, provide flexibility for them to promote employment and protect program integrity, and measure and compare outcomes against others to see what is working the best. These state-run programs would bring government closer to the people, creating more accountability. This would, in turn, yield greater system integrity.

Secretaries' Innovation Group (SIG) Recommendations

Absent a wholesale block granting of SNAP, Congress can still take action in the meantime to improve the program. The recommendations drafted and endorsed by the Members of the Secretaries' Innovation Group (SIG) on the Food Stamp Program are certainly worth reviewing. These may be found in Appendix V. SIG is a membership organization of state human service and workforce secretaries who "exchange state program innovations and press for national solutions which favor healthy families, work, economic self-reliance,

budget responsibility and limited government.” We will highlight a few of the SIG recommendations here as well.

Healthy Food Choices

SNAP allows for the purchase of products with no nutritional value that are typically purchased at convenience stores (e.g., energy drinks, pop, candy, etc.). These purchases should be banned, as SNAP is intended to be a supplemental *nutrition* program. This would also help the federal government be at least somewhat consistent with its emphasis on nutrition in other areas (e.g., rigid school lunch guidelines). In addition, it helps ensure that taxpayer dollars are being spent wisely. This rationale also applies to another recommendation—convenience stores should be required to carry more healthy foods to be qualified to serve as an FNS certified retailer for SNAP.

Transaction-level Data Availability

Transaction-level data should also be made available to states to increase transparency and inform state leaders about the effectiveness of SNAP. The federal government should require photos on EBT cards to reduce trafficking. Moreover, USDA should require positive identification and verification to ensure that applicants are who they say they are. The Kansas HOPE Act provision regarding the policy that non-citizens be treated the same as citizens for purposes of counting household income should also be a federally-mandated program requirement, for the reasons already discussed.

Cooperation with Fraud Investigations

The recently passed HOPE 2.0 legislation in Kansas establishes a requirement that recipients must cooperate with fraud investigators in other assistance programs (TANF and Child Care, e.g.). This type of mandatory cooperation is not required or even permitted by 7 CFR 273.16, in the SNAP program. This loophole allows for persons to misrepresent their circumstances but not be required to talk to an investigator or provide documentation that would verify the situation. This is a great disservice not only to taxpayers, but also to other SNAP recipients who are acting in good faith. Recipients should be required to cooperate with fraud investigators.

Eliminate Purchase and Prepare Option

Other recommended changes to SNAP that would foster and facilitate the goal of reducing fraud would be to eliminate the separate “purchase and prepare” option within one household and increase the financial incentives for states to pursue fraud, waste and abuse. Currently, states are only able to retain 35 percent of SNAP funds collected from intentional program violations or fraud cases in order to reinvest in program integrity efforts. Allowing states to retain at least 50 percent of funds collected from these cases would greatly incentivize and promote anti-fraud efforts.

Additional Welfare Reform in Kansas

Beyond the broad array of reforms that Kansas has enacted in recent years to its SNAP program (among the limited options allowed by federal law), Kansas has reformed other welfare benefits programs.

TANF Employment Services

In July 2013, in an effort to be more consistent with similar agencies and clients requesting TANF cash assistance (e.g., clients requesting Department of Labor unemployment

benefits), DCF changed its policies so that now applicants are required to complete registration with KANSASWORKS (Kansas' "web-based job-matching and labor market information system") and to complete a self-assessment. While it is somewhat rare, a few TANF clients who took this step actually obtained employment just by going to the workforce center and being referred to an employer. If the applicant chooses not to follow through, his/her application for TANF benefits is denied.

Eligible TANF participants are engaged in work as soon as they are determined ready through the employment assessment process. TANF mandatory work program clients (work programs are required unless a client falls in an exempt category: i.e., mothers with children under two months, children, the elderly, etc.) are required to actively participate in work components that lead to competitive, integrated employment. Components are defined by the federal government as being either primary or secondary. To comply with federal work participation requirements, households need to meet at least 30 hours of participation per week, at least 20 hours of which need to be primary, and at least 10 hours of which may be secondary components.

The periods of ineligibility for TANF benefits based on non-cooperation with work programs are three months and full cooperation with work program activities for a first penalty; six months and full cooperation with work program activities for a second penalty; one year and full cooperation with work program activities for a third penalty; and 10 years for a fourth or subsequent penalty.

DCF provides employment preparation services to TANF cash assistance recipients and to former recipients during the 12-month period following their use of cash assistance. The goal of these services is to provide the opportunities for clients to advance in the labor market and reach self-reliance. Employment preparation services include job searching, job-readiness activities, job retention activities, job skills training, supervised community service, education, case management, and work experience. Supportive services are also available to TANF recipients and former recipients transitioning to employment. These services include transportation, child care, special services allowance, education, case management, contracted employment services, and training.

While some clients choose not to follow through and actively participate in work requirements, those who do are assisted in the aforementioned employment preparation, job attainment and retention and support services. From January 2011 through October 2016, 40,665 new employments were reported for TANF clients. As the economy improves and more businesses come to Kansas, jobs are more readily available, especially in high-demand occupations, and fewer find themselves in need of temporary assistance. These stronger work requirements, along with Kansas TANF time limits, which have decreased to 24 months (with a possible 12-month hardship extension for qualifying clients) as part of HOPE 2.0, were created to discourage welfare dependency and encourage employment.

TANF participation has declined significantly—an indication that more people became employed while others chose not to complete the necessary steps to determine eligibility for TANF, or to go to work. Kansas TANF caseloads have decreased from more than 40,000 persons in January 2011 to just over 11,000 persons in January 2017. As TANF families transition out of the program at 24 months, they may continue to be eligible for SNAP, child care, medical, energy, and/or housing assistance. Based upon all closure reasons, 90 percent of our TANF closures do continue to get transitional and/or support services once they leave TANF. Only 8 percent of the TANF closure reasons involve time limits. TANF

clients receive cash assistance for 16 months on average (mean), while the median TANF client only needs TANF for 14 months. The number of average monthly new employments tracked by TANF Employment Services are decreasing annually because our TANF caseload has also decreased every year (people on TANF are getting jobs and thus do not need/qualify for cash assistance, the economy is improving and people sometimes choose not to cooperate and fall off the rolls).

TANF Drug Testing

The State of Kansas also has statutes in place that require suspicion-based drug testing for TANF clients. Some of these suspicious indicators could include arrest records (within the last 12 months), employment records (loss of job for failing a drug test, e.g., within the last 12 months), self-declaration, visual observation of drug use or paraphernalia, SASSI (Substance Abuse Subtle Screening Inventory) indicators, or prior refusal to drug test. DCF contracts with sites across Kansas that are licensed to conduct sampling and testing (via urinalysis) for amphetamines/methamphetamines, cannabinoids (THC/marijuana), cocaine, opiates, and Phencyclidine (PCP). Consequences for testing positive include requirements for the individual to complete substance abuse treatment and a job-skills training course, and escalating periods of ineligibility for TANF upon additional positive tests. Refusal to test also brings escalating periods of ineligibility for TANF. Children in these households remain eligible for TANF cash assistance with the help of a protective payee to administer the benefits on their behalf.

| Suspicion-Based Drug Testing Results | 1 st quarter 2015 | 2 nd quarter 2015 | 3 rd quarter 2015 | 4 th quarter 2015 | 1 st quarter 2016 | 2 nd quarter 2016 | 3 rd quarter 2016 | 4 th quarter 2016 |
|--------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Total Referred | 54 | 66 | 101 | 95 | 95 | 78 | 96 | 74 |
| Total Tested | 44 | 55 | 87 | 75 | 79 | 70 | 83 | 55 |
| Total Positive | 11 | 10 | 22 | 24 | 26 | 18 | 17 | 16 |
| % of Positive tests | 25% | 18.18% | 25.29% | 32% | 32.91% | 25.71% | 20.4% | 29% |

Research shows that a majority of companies require drug and alcohol testing. State drug testing prepares individuals for what they can expect when they apply for and accept employment. The TANF drug testing initiative was started to properly identify those individuals who are currently using controlled substances so that we can assist in providing the treatment, rehabilitation and training necessary for them to become self-reliant.

Additional TANF Reforms

DCF has made further policy changes to welfare programs as well (many of which are codified in the HOPE Act). Some of these include requiring TANF clients with disabilities to participate in work activities to the extent consistent with their disabilities, requiring 28 hours of work per week to obtain child care assistance (unless the client is in an approved education or training program), requiring DCF to retain a sufficient number of work programs and anti-fraud staff, and prohibiting cash assistance from being used in liquor stores, casinos, massage parlors, pari-mutuel facilities, etc.

Additional Kansas statistics, tables and information on our TANF reforms can be found in Appendix VI.

Success Stories

At the end of the day, the success of our clients shows the efficacy of our policy changes. Below are a few examples of these success stories.

Success Story 1: Former Felon Gains Dignity and Responsibility

A person on TANF with whom we worked was recently released from prison (he had a felony conviction for a financial crime). He obtained a job at a carwash at \$8.50 an hour as a part-time survival job. The employer kept calling him to work extra shifts, and he would go in while others failed to show up for work. He soon was getting full-time hours. In about three weeks' time, the employer moved him to a different carwash, gave him the responsibility of running it, gave him the keys and alarm codes to the business, and is going to be training him on how to fix the equipment. He is expecting a raise. He continues to receive on-the-job training and transportation payments.

Success Story 2: Single Mother Maintains Stable Employment

A single mother of two daughters applied for assistance in April, after her employment terminated due to a sick child. She was determined to return to employment in customer service and find child care for her child. She was referred to a provider and secured employment for 28 hours a week at \$9.30 per hour after 20 hours of training. The work schedule varied, and child care once again became an issue. She continued to look for more stable employment and started a full-time position at \$11.73 per hour at the local cable provider. This client set a goal to "find a stable job" and was determined to make the right decisions to achieve that goal. Child care assistance helped her obtain that goal.

Success Story 3: Women Receives Assistance to Start New and Promising Job

A client had been attending in-patient rehabilitation treatment long before being in the GOALS program. She has since graduated out of in-patient and has been attending out-patient treatment for a while. She faithfully attended rehabilitation and was considered job-ready there. She was motivated for a bright future; however, she had limited clothing options (one pair of clothes and heavily worn tennis shoes). The case manager had been coaching her, and her goal was to be able to buy herself some more clothes once she received a few paychecks. A plastics company called and offered her a job for the following week, but she had to show up with steel-toed boots on and ready to go. With the help of DCF staff, she was able to obtain boots, a pair of jeans and three shirts. She started off at 37 hours per week, at \$9.50 per hour, with a raise coming to her after her probationary period was over. She was excited about bettering herself through this opportunity.

Conclusion

It is our ultimate goal to help individuals move from poverty to prosperity through self-reliance. When welfare reform was enacted in Kansas, childhood poverty plateaued and is now steadily falling in Kansas. According to KIDS COUNT data from the Annie E. Casey Foundation and Kansas Action for Children, in 2012, there were 135,000 children under the age of 18 in poverty. In 2013, that number decreased by 3,000, down to 132,000. The 2014 data saw an even steeper decline, as the number of children under the age of 18 in poverty dropped by 6,000, all the way down to 126,000. The 2015 data brought more good news as the number of Kansas children under 18 in poverty declined by 4,000, down to 122,000.

The childhood poverty rate has also decreased from 19 percent in the 2011 KIDS COUNT report down to 17 percent in 2015. Yet, we recognize that there is more work to be done.

Kansas has decided not to put its dollars toward the “poverty-industrial complex” that is built around the premise of putting trifling sums of government money in the hands of people who have fallen on hard times. These people get trapped in a system that incentivizes them to not work. Instead, DCF encourages self-reliance through its administration of SNAP and other welfare programs.

To that end, we reformed our policies to treat all Kansans in need with respect and to value their God-given potential to succeed, even if some would prefer to “throw money at the ‘problem’.” Our reform measures enhance program integrity and protect Kansas taxpayers, ensuring that benefits are available for those actually in need of temporary assistance. These reforms help Kansas measure success by the number of people coming off of welfare and getting into employment, rather than by the number of people stuck in poverty who are still on welfare.

We codified and enhanced these policies by drafting and advocating for the Kansas HOPE Act, the most comprehensive welfare reform legislation passed by any state in the country. Kansas has chosen to promote employment and personal responsibility, offering support along the way, as people learn how to thrive instead of just survive. Thank you for the opportunity to share the Kansas Model for welfare reform and recommendations for positive changes to these programs.

Appendix I – Kansas HOPE Act Summary



SUMMARY: This legislation codifies existing welfare policy reforms enacted by the Kansas Department for Children and Families. These employment-focused policy changes are in statute to ensure transparency and legislative input. The additional proposals help us achieve our mission, which includes encouraging personal responsibility. The most effective path out of poverty is employment. We have seen first-hand how this is true for individuals who participate in our work programs.

WHAT THE HOPE ACT DOES:

- Recodify public assistance statutes and incorporate existing policies in statute
- Repeal obsolete statutes
- Add several new policies

Welfare reforms into law

TANF Cash Assistance

- Progressive periods of ineligibility for not complying with TANF work requirements.
- 36-month¹ TANF lifetime limit. An additional 12 months of eligibility may be allowed if hardship criteria are met.
- Prohibit TANF cash assistance from being used in liquor stores, casinos, gaming establishments, and retail establishments providing adult entertainment.
- Authorize diversion payments in lieu of monthly cash assistance.
- Include current eligibility requirements, such as completing a work assessment and cooperating with work programs.
- Establish an exemption from the TANF work participation requirements for parents with a child less than three months of age. The three-month limitation shall not apply if the adult is personally providing care for a child born significantly premature, with serious medical conditions/disabilities.
- Require a 90-day review for clients placed in a "work experience" activity.
- Require persons with disabilities to participate in work activities to an extent consistent with their disabilities.

TANF Cash Assistance and Child Care Assistance

- Progressive periods of ineligibility for TANF cash assistance and child care assistance for not complying with child support requirements.

¹ This has been changed to 24 months.

- Establish fraud penalties. Assistance to the children in the family may be continued under a third-party, protective payee.
- Count the income of cohabitating partners when determining eligibility and benefits.

Child Care Assistance

- Establish a 20-hour minimum weekly work eligibility requirement for employed parents (not receiving TANF cash assistance).
- Reduce the minimum weekly work requirement to 15 hours for parents engaged in post-secondary education.

SNAP (Food Assistance)

- Prohibit the State from adopting the United States Department of Agriculture (USDA) option of "broad-based categorical eligibility" that expands SNAP eligibility and assistance.
- Prohibit the use of federal or State funds for advertising to promote SNAP participation.
- Prohibit DCF from requesting or implementing a USDA waiver or program that would relax the 1996 Welfare Reform Act's time limit on employable adults with no children.
- Count the income of non-citizens when determining SNAP benefits.
- Name a protective payee for SNAP households where the adults have been convicted of fraud.

Statutes Repealed

- Certain programs no longer exist and should be removed from existing language, including General Assistance, Transitional General Assistance and KanWork programs.
- The mandate is removed that requires DCF to apply to the federal government for the approval to implement electronic benefits transfers.
- The final repeal concerns statutes under which DCF would establish and operate child care centers.

New Policies That Were Proposed

- Child Support Cooperation—SNAP adult recipients would be required to cooperate with child support and work program requirements.
- Drug Convictions—The individual shall be permanently disqualified if they have been convicted of a State or federal felony offense occurring on or after July 1, 2015, involving possession or use of a controlled substance or controlled substance analog. An individual shall be eligible for food assistance if the individual enrolls in and participates in a drug treatment program approved by the Secretary, submits to and passes a drug test and agrees to submit to drug testing if requested by the department pursuant to a drug testing plan. An individual's failure to submit to testing or failure to successfully pass a drug test shall result in ineligibility for food assistance until a drug test is successfully passed. Failure to successfully complete a drug treatment program shall result in ineligibility for food assistance until a drug treatment plan approved by the Secretary is successfully completed, the individual passes a drug test, and agrees to submit to drug testing if requested by the department pursuant to a drug testing plan. If an individual is convicted a second time on or after July 1, 2015, then the individual will be permanently disqualified. Any family members will continue to receive food assistance if otherwise eligible.
- Prohibited Purchases—TANF recipients would be prohibited from using cash assistance for sexually-oriented adult materials, in sexually-oriented businesses, or in any business or retail establishment where minors under age 18 are not permitted. TANF cash assistance would also not be allowed to purchase concert tickets, professional or collegiate sporting event tickets or tickets for other entertainment events intended for the general public. Cash assistance cannot be used in a jewelry store, tattoo parlor, massage parlor, body piercing parlor, spa, nail salon, lingerie shop,

tobacco paraphernalia store, vapor cigarette store, psychic or fortune telling business, bail bond company, video arcade, movie theater, swimming pool, cruise ship, theme park, dog or horse racing facility or pari-mutuel facility.

- 36-month² TANF Time Limit—The family group shall not be eligible for TANF if the family group contains at least one adult member who has received TANF, including the federal TANF assistance received in any other state, for 36 calendar months beginning on and after Oct. 1, 1996, unless the Secretary determines a hardship exists and grants an extension allowing receipt of TANF until the 48-month limit is reached.
- Family Resources—When determining eligibility, one motor vehicle owned by the applicant for assistance, regardless of the value of such vehicle, is considered exempt personal property and any equity in any boat, personal water craft, recreational vehicle, recreational off-highway vehicle or all-terrain vehicle, as defined by K.S.A. 8-126, and amendments thereto, or any additional motor vehicle owned by the applicant for assistance is a nonexempt resource of the applicant for assistance except that any additional motor vehicle used by the applicant, the applicant's spouse or the applicant's cohabiting partner for the primary purpose of earning income may be considered as exempt personal property in the Secretary's discretion.
- Cash Withdrawal Limit—No TANF cash assistance shall be used for purchases at points of sale outside of the state of Kansas. TANF cash assistance transactions for cash withdrawals from automated teller machines (ATMs) shall be limited to one transaction per day. ATM transactions were initially limited to \$25 per transaction, but the \$25 limit was rescinded by the Secretary in accordance with legislative authority granted to DCF to raise or rescind the limit if necessary to comply with the provisions of federal law that govern adequate access to cash assistance.
- Photo IDs—Photograph of the recipient (or parent/guardian of a child) of public assistance shall be placed on any Kansas Benefits Cards. The card may serve as valid ID for voting purposes. The amendment provides for an opt-in provision.
- Gross Income Standards—The Secretary for the Department for Children and Families shall not apply gross income standards for food assistance higher than the standards specified in 7 U.S.C. 2014(c) unless expressly required by federal law. Categorical eligibility exempting households from such gross income standards requirements shall not be granted for any non-cash, in-kind or other benefit unless expressly required by federal law.
- Electronic verification—Conduct an electronic check for any false information provided on an application for TANF and other benefits programs administered by the department.

(This language serves as a summary, and is not exact. Precise language can be found in K.S.A. 39-701 et seq.)

² This has been changed to 24 months.



SUMMARY: In April 2015, Governor Sam Brownback signed into law the Kansas Hope, Opportunity, and Prosperity for Everyone (HOPE) Act, the most comprehensive state welfare reform in the nation. Many of the provisions codified existing DCF policies that were designed to help welfare benefits clients to move from poverty to self-reliance through employment. During the 2016 legislative session, lawmakers introduced additional reforms to further promote employment-driven poverty solutions. In May 2016, HOPE Act 2.0 passed both chambers and was signed by Governor Brownback. As HOPE Act 2.0 became law, the following took effect immediately in some cases, in others, following an appropriate transition period:

1. Crosscheck lottery winners receiving cash, food assistance or child care. The winnings threshold of \$5,000 would require the recipient to verify their income and resources.
2. Verify the identity of all cash, food and child care assistance adults in the assistance household. Current policy only requires verification of the adult applying for the entire household.
3. Require applicants and recipients of cash and child care assistance to cooperate with any fraud investigations. The agency would also be required to maintain a sufficient level of dedicated fraud investigative staff.
4. Monitor excessive benefit card replacements, including referrals to the agency's fraud investigation unit.
5. Include USDA work requirements for food assistance applicants and recipients.
6. Technical correction on TANF lifetime limits for Kansas diversion payment recipients.
7. Provide greater clarification and ability of the Secretary to monitor, enforce and recover assistance knowingly purchased, received, transferred, sold, acquired or possessed by anyone except as authorized by controlling statutes, regulations and policies.
8. Reduce TANF lifetime limit to 24 months from current limit of 36 months.
(This language serves as a summary, and is not exact. Precise language can be found in K.S.A. 39-701 et seq.)

Report: The Power of Work – How Kansas’ Welfare Reform is Lifting Americans Out of Poverty



JONATHAN INGRAM, FEBRUARY 16TH, 2016

EXECUTIVE SUMMARY

Too many Americans are trapped in failing welfare programs and the problem is getting worse. The number of people dependent on government has exploded in recent years, largely due to state and federal expansions.

This was driven by the misguided conventional wisdom that the best way to reduce poverty is to expand welfare to more people and hope that they would eventually work their way out of dependency. But new research turns that notion upside down

In 2013, Kansas bucked the welfare-expansion trend and implemented common-sense work requirements and time limits for able-bodied adults without dependents on food stamps. Under the leadership of Governor Sam Brownback, state officials launched the most comprehensive welfare tracking system of its kind to monitor the impact on individuals’ employment and earnings.

The results were remarkable.

With no welfare work requirement or time limit, just one in five able-bodied adults on food stamps worked. Nearly 93 percent of them were in poverty, most in severe poverty.

Since implementing work requirements and time limits, the number of able-bodied adults on food stamps has dropped by 75 percent.

These reforms immediately freed nearly 13,000 Kansans from welfare on December 31, 2013. Nearly 60 percent of those leaving food stamps found employment within 12 months and their incomes rose by an average of 127 percent per year. That higher income more than offset the food stamps they lost, increasing economic activity and bringing in new resources for other state priorities. Better still, the average income among working able-bodied adults is now above the poverty line.

Those still receiving food stamps, but now subject to a work requirement, are also better off. The typical enrollee has significantly increased their employment and incomes, although their incomes are not as high as those freed completely from welfare.

Long-term welfare caused severe damage. The data shows that the less time these able-bodied adults spend on welfare, the quicker they can get back into the workforce once they are freed from welfare and the more money they will make. These Kansans are discovering new lives of independence and self-reliance that, in some cases, they haven't known for more than two decades.

This new evidence provides policymakers with an opportunity to rethink how they approach welfare. Reformers must refocus their anti-poverty efforts on freeing people from welfare completely instead of simply reforming the welfare experience itself. Policymakers across the country should take a page from Kansas, restore the working class, and give real hope to millions trapped in lives of dependency and poverty.

Executive Summary: <http://thefga.org/research/report-the-power-of-work-how-kansas-welfare-reform-is-lifting-americans-out-of-poverty/>

One-Pager: <http://thefga.org/wp-content/uploads/2016/02/KS-Success-Story-One-Pager-Final-2.16.pdf>

Full Report: <http://thefga.org/wp-content/uploads/2016/02/PowerOfWork-KansasWelfareReform.pdf>

Appendix IV – Kansas SNAP Caseloads

| | <i>Households</i> | <i>Adults</i> | <i>Children</i> | <i>Total Persons</i> | <i>Monthly Expenditures</i> |
|--|-------------------|---------------|-----------------|--------------------------|---------------------------------|
| <i>SNAP Caseload in January 2011</i> | 138,733 | 162,050 | 137,549 | 299,599 | \$37,852,754 |
| <i>SNAP Caseload in December 2016</i> | 111,751 | 128,611 | 112,909 | 241,520 | 27,153,343 |
| <i>Percentage Decrease:</i> | 19% | 19% | 17% | 19% | 28% |

Appendix V – SIG Food Stamps Recommendations

One out of every seven Americans currently receives Food Stamps. The Supplemental Nutrition Assistance Program (SNAP), which is known as Food Stamps, has quadrupled in cost since 2001, and has doubled in cost since President Obama took office in 2008. States face an uphill battle on reforming this program. Federal regulations and laws are not designed to best ensure integrity and effectiveness in the program, and the federal administering agency, Food Nutrition Service (FNS) puts up roadblocks to reform whenever possible.

A common sense approach is needed in Washington D.C. to allow states the ability to ensure welfare benefits are being used appropriately. Despite intense opposition, States have made significant strides in some areas to tackle fraud, waste and abuse in the system. For instance, several states have implemented photos on Electronic Benefits Cards (EBT) and are requiring working-age, non-disabled adults to meet work requirements.

Measures underway by states, and the reforms proposed below are aimed at deterring fraud, protecting legitimate beneficiaries and securing taxpayer's peace of mind that the Food Stamp program is best serving the people of the United States. With the help of reform-minded voices in Congress, States can move forward with significant and meaningful reforms to this important program.



Secretaries' Innovation Group Food Stamps Policy Page:

<http://www.secretariesinnovationgroup.org/food-stamps.html>

Full Statement on Food Stamp Program Problems and Recommended Solutions:

<http://nebula.wsimg.com/3284946cf57e99e6419835001d2bd36a?AccessKeyId=EEB98E648E3097DCA50D&disposition=0&alloworigin=1>

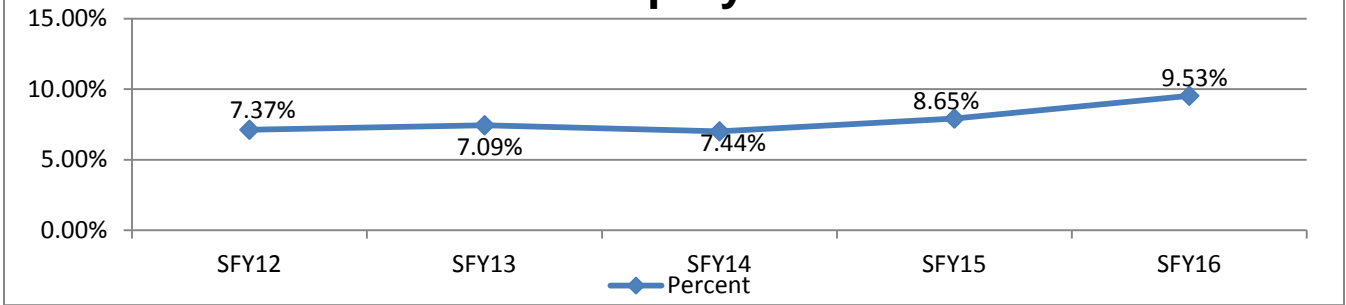
Appendix VI – Kansas TANF Statistics

| | Households | Adults | Children | Total Persons | Monthly Expend |
|--------------------------------|------------|--------|----------|---------------|----------------|
| TANF Caseload in January 2011 | 15,507 | 13,530 | 26,642 | 40,172 | 4,427,064 |
| TANF Caseload in December 2016 | 5,004 | 2,930 | 8,621 | 11,551 | 1,285,651 |
| Percentage Decrease: | 67% | 78% | 67% | 71% | 70% |

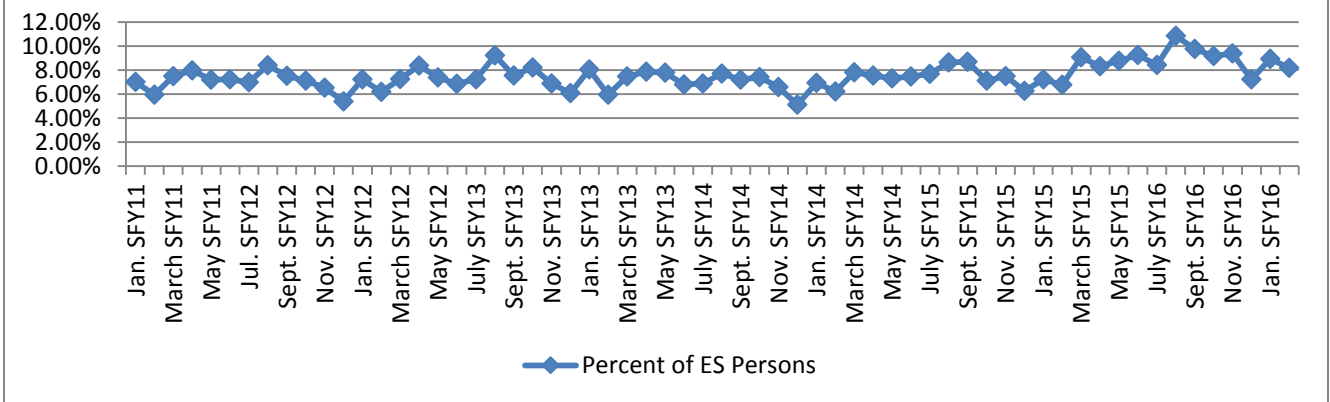
| CALENDAR YEAR | TOTAL NEW EMPLOYMENTS |
|------------------------|-----------------------|
| 2011 | 11,136 |
| 2012 | 7,781 |
| 2013 | 6,131 |
| 2014 | 5,812 |
| 2015 | 5,422 |
| 2016 (THROUGH OCTOBER) | 4,383 |
| TOTAL | 40,665 |

| Calendar Year | Average Monthly New Employments | Average Monthly ES Persons | Average Percent of ES Persons Employed |
|---------------|---------------------------------|----------------------------|--|
| 2011 | 928 | 13,072 | 7.10% |
| 2012 | 648 | 8,796 | 7.37% |
| 2013 | 511 | 7,206 | 7.09% |
| 2014 | 484 | 6,507 | 7.44% |
| 2015 | 452 | 5,221 | 8.65% |
| 2016 | 429 | 4,501 | 9.53% |

Percentage of Average Monthly New Employments



New Employments as a Percent of Employment Services Persons



| | Adults | Total Persons | Monthly Expend |
|-------------------------------------|--------|---------------|----------------|
| TANF Employment Services (Jan 2011) | 13,503 | 13,503 | \$792,152 |
| TANF Employment Services (Dec 2016) | 4,667 | 4,667 | \$318,895 |
| Percentage Decrease: | 65% | 65% | 59% |

| TANF Drug Testing Results for 2015 | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
|---|----------------------|-----------------------|----------------------|-----------------------|
| Total Positive Tests | 11 | 10 | 21 | 24 |
| % of Tested | 20.37% | 15.15% | 21.00% | 21.00% |
| Total Tested | 44 | 55 | 86 | 75 |

Kansas Child Poverty (KIDS COUNT data <http://datacenter.kidscount.org/data/tables/43-children-in-poverty-100-percent-poverty?loc=18&loct=2#detailed/2/18/false/573,869,36,868,867/any/321,322>)

| Location | Data Type | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------|-----------|---------|---------|---------|---------|---------|
| Kansas | Number | 134,000 | 135,000 | 132,000 | 126,000 | 122,000 |
| | Percent | 19% | 19% | 19% | 18% | 17% |