

DCF LEGISLATIVE TESTIMONY



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TESTIMONY OF

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Kansas Department for Children and Families

TESTIMONY ON

Opponent Testimony on Senate Bill 501

Chair

Senator Hilderbrand

Vice Chair

Senator Gossage

Ranking Minority

Senator Pettey

and

Members of the Committee

SUMMARY OF ISSUE & DCF POSITION

Chairman Hilderbrand thank you for the opportunity to submit testimony on Senate Bill 501. The Department for Children and Families Economic and Employment Services administers several public assistance safety net programs including cash assistance or Temporary Assistance for Needy Families (TANF), childcare subsidy, and food assistance also known as food stamps or Supplemental Nutrition Assistance Program (SNAP).

SB 501 bill mandates changes to the eligibility rules for public assistance that would come at a substantial cost in state general funds. Previous experience with several of these proposed policies have generated additional costs to administer programs outlined below. It is for these reasons we cannot support the bill.

EFFECT OF LEGISLATION

Exemptions from the Work Requirements Program

This section references the State's ability to exempt 12% of the able-bodied adults without dependents (ABAWD) from food assistance time limits. This group is described as Able-Bodied Adults Without Dependents (or ABAWDS) and are limited to receiving food assistance for 3 out of 36 months unless they are working or enrolled a work program 20 hours a week. Kansas does not currently request exemptions or waivers for ABAWDS.

ABAWD Participation in Employment and Training Programs

Kansas currently operates a voluntary employment and training program for ABAWDs. These individuals may, but are not currently required, to participate. If they chose not to participate, they are subject to the 3-month time limit. As proposed, a mandatory program would be created which requires all ABAWDs to participate to receive benefits. Additional expenditures of funds would be required to provide services to participating individuals and for staffing needs to meet the increase in demand for services. ABAWDS may meet the work requirement by participating in other employment services programs such as training through the local workforce centers, or community corrections work programs. The federal regulations provide specific criteria that a program must meet. The fiscal note is significant at nearly \$3 million for additional staffing and assistance. Changes to the SNAP state plan require federal approval. Currently, 9.3% of ABAWDS are participating in the employment and training program.

Reporting Changes for Food Assistance

Per United States Department of Agriculture (USDA), Food assistance households must be assigned a reporting system in order to notify the state agency of changes in their household circumstances. Kansas currently uses a 'simplified reporting method,' and the move to a 'change reporting method' would be a multifaceted and sizeable undertaking.

Simplified reporting households (USDA term) have their assistance calculated using their current or average circumstances. They are then contacted in six months and required to fill out an interim report form verifying if their information has changed. Between the initial application and this interim report time they are only

required to report if their countable income rises above the program limits, when work hours for Able Bodied Adults Without Dependents (or ABAWDS) fall below 20 hours a week, and if they have lottery winnings above the limits. No small fluctuations in income are required to be reported until a new average is calculated at the six-month check in. When participants report other changes, the changes are then processed.

The monthly reporting system in this legislation requires households to report the income fluctuations and other eligibility factors within 10 days of the occurrence. This would result in the state recalculating their benefits for small fluctuations.

For example, if an individual had one unpaid day of work missed, they would report it and have a new amount of assistance calculated. The next month their income would increase with no days missed and another new amount would be calculated. The costs of staff time, printing, mailing, phone calls etc. quickly rise. The change could result in first an increase and then in a decrease in benefits offsetting in a two-month period.

In addition to small fluctuations in paychecks other changes such as a small rent increase, increase or decrease in a bank account balances or a change in medical expenses. As you can see many households could have a few of these changes monthly. The amount of staff to recalculate benefits rising and falling is significant. It would also require extensive programming changes for the eligibility system. This proposed reporting requirement accounts for the majority of the fiscal costs, about \$10 million of the \$15 million fiscal note, with no clear benefit to recipients or taxpayers. The reporting would be burdensome for the recipients and increases the need for staffing. We feel this is why 51 states/territories use some form of simplified reporting (USDA State Options Report Fourteenth Edition)

Reporting of Lottery Winnings

SB501 reduces the threshold at which claimed lottery winnings must be reported to DCF and compared to assistance beneficiaries. Currently, the cutoff for reporting by statute is \$5,000. DCF has an agreement using federal regulation requiring reporting to be completed for amounts of \$3,500 or more. SB 501 reduces this figure to \$3,000. From the DCF perspective it is felt this change has little or no impact on expenses or revenues.

Reporting Verification

SB501 requires verification of reported information, as allowed by federal law, rather than the use of self-attestations. DCF currently performs data verification and is expanding how these checks are completed. A list of data exchanges is included. The additional staffing needed to verify any routine information not currently included would be absorbed by the additional staff required for the change reporting policy as noted above in ***Reporting Changes for Food Assistance.***

Coordination with Law Enforcement regarding EBT Transactions

SB501 includes a section regarding DCF coordination with law enforcement authorities to conduct onsite inspections of authorized retailers that accept EBT to identify suspicious transactions and possible trafficking of benefits.

DCF involvement would require clearance from federal authorities as retailer enrollment, investigations and management is in the jurisdiction of the federal government. Increased communication, coordination and data

reporting would require additional staffing. At a minimum, one additional position is expected to be needed. It is unknown how many additional referrals may result based on this item. No estimate is being made regarding additional law enforcement trained investigators. However, if significant increase is identified, more positions may be needed at a later time.

Data Matching Coordination with Kansas Department of Health and Environment (KDHE)

SB 501 requires DCF to enter into a data matching agreement with various agencies to cross-check households enrolled in food assistance or medical assistance to identify changes that may affect eligibility. The extensive, repetitive list includes office of vital statistics, including, but not limited to death records. Death records are currently received weekly. The bill does not list what other components are requested. Any change would require changes to reports or interfaces. Additionally, department of revenue is to provide tax records to identify any changes in income, wages or residency. If this information is legally able to be shared, then interface data bases would need to be developed for both agencies. The cost was not included in the formal fiscal note; information from the department of labor on at least a semi-monthly basis, including, but not limited to, potential changes in employment, income or assets. Employment and income are provided quarterly by the department of labor. It seems possible that reporting from every business/employer in Kansas would have to be modified to provide semi-monthly data.

The proposed language details a list of items to be reviewed and cross-checked. This may create additional costs for the computer systems to be modified. The data matching requirements include a data crossmatch reference to share out of state electronic benefit transfer use with KDHE. However, this may not be allowed by federal regulations as the specific data being referenced is SNAP. Federal approval would be required.



DCF POSITION

In conclusion, DCF does not support these changes. The net effect of processing changes monthly versus setting up an average and reviewing in six months increases administrative costs and paperwork. We have not found where it has substantially increased or decreased caseloads. DCF reduced the SNAP error in 2003/2004 nearly in half when moving to simplified reporting. Per the latest USDA SNAP State Options report only one state (Maine) currently uses change reporting. Although errors could be contributed to many factors, Maine shows an error rate of 19.2% compared to the national rate of 7.36% for 2019. The fact that 51 states and territories utilize some form of simplified reporting seems indicative of the challenges monthly reporting would cause. Participants would be required to provide information constantly for small changes in their circumstances that would fluctuate their benefits increasing and decreasing. The net effect seems to be creating a larger government as staff would be needed to make all the adjustments (up, down, up down) but no real increase or decrease over time.

Thank you for your consideration of this testimony.

EES Data Exchanges

Social Security Administration – DCF fully participates in data matching with SSA to verify Social Security Numbers, Medicare Entitlement, Social Security Income, Qualifying Work Quarters, Prisoner, Address and Citizenship statuses. SSA data is exchanged through several streams including the daily manual and automated SVES request process, the automated SDX exchange for SSI recipients, and the BENDEX exchange to receive automated updates on any changes on their records for Kansas public assistance recipients.

Public Assistance Reporting Information System – DCF participates in the Interstate match every quarter for checking other states to ensure recipients aren't receiving duplicate assistance. DCF sends all recipients and legally responsible caretakers for matching the PARIS Veterans Compensation system and the Federal Compensation records every quarter.

National Directory of New Hires – DCF matches the NDNH New Hires records every month for new applicants of public assistance and those whose cases are coming due for recertification. The new hire match provides the data of hire, employer, and client address on the W-4.

Internal Revenue Service – DCF sends records every month for matching new applicants of TANF and those whose cases are coming due for recertification. The IRS match provides verification of all 1099 unearned income sources from the most recent tax year on file with the agency.

SAVE – DCF staff have on-line access to the Systematic Alien Verification for Entitlements system. This system is used to verify the immigration status of all non- U.S. citizens whose households are applying for public assistance.

Kansas Lottery – DCF receives a file of all payouts in excess of \$3,500 on a monthly basis. The file is matched to current public assistance recipients of SNAP, TANF, Child Care, and LIEAP.

Kansas Department of Labor – DCF has real time access to the Kansas Unemployment Compensation system where staff can access unemployment records.

Kansas Department of Labor – DCF staff has real time access to the quarterly wages of persons whose employers report their wage information in Kansas.

Kansas Vital Statistics – DCF staff has real time access to Kansas' on-line vital statistics verification of birth records for use in verifying relationship for those applying for cash assistance for non-biological children. DCF has regular access to updated death record information of Kansas' Vital Statistics.

Kansas Department of Corrections – DCF receives information for all persons who are in state custody.

Kansas Child Support Services – DCF staff have online access to the CSS system.

KEES System - Is a joint eligibility system that houses household information for SNAP, TANF, Child Care, LIEAP, and Medical Assistance. Information known to one program is visible and accessible to the other programs.

The Work Number/TALX – DCF staff has online access to the Work Number system for verification of employment and compensation for employers who are affiliated with Equifax's system.

KASPER – DCF have access to the online public access system to check incarceration information of those in the custody of the Kansas Department of Corrections.