Approved: 02/14/94
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairman Rochelle Chronister at 1:30 p.m. on February 8, 1994 in Room 313-S of the Capitol.

All members were present except: Rep. Denise Everhart, excused
Rep. Kent Glasscock, excused
Rep. Delbert Gross, excused

Committee staff present: Laura Howard, Legislative Research Department
Jim Wilson, Revisor of Statutes
Jerry Cole, Committee Secretary
Sharon Schwartz, Administrative Assistant

Conferees appearing before the committee:

Rep. Phill Kline, sponsor of HB 2929
Rep. Jim Garner, sponsor of HB 2929
Rep. Tom Robinett, sponsor of HB 2929
Rep. Barbara Allen, Appropriations committee member
Dr. Bob Gustavson, Washburn University economics professor
Paul Johnson, Director, Public Assistance Coalition of Kansas

Others attending: See attached list

Chairman Chronister opened the meeting by calling on Rep. Phill Kline, sponsor of **HB 2929**, to present testimony on the welfare reform proposals included in the bill. (See Attachment 1). Rep. Jim Garner, co-sponsor of the bill was next to address the committee and spoke to specific sections. (See Attachment 2). Rep. Tom Robinett, co-sponsor of the bill, was the final conferee and presented further testimony on additional sections included in the legislation. (See Attachment 3). Dr. Bob Gustavson, economics professor from Washburn University was the next individual to be called upon by the chairman and presented testimony in corroboration with the sponsors of the bill. Dr. Gustavson told the committee he had studied welfare on a local and national level. He went on to say that attainment of a GED alone was unlikely to earn a recepient additional income opposed to an individual who had not received his/her high school diploma or GED. He did, however, state that a GED coupled with technical skills was more likely to remove clients from the welfare role and that HB 2929 sought to do just that. He also said the bill provides tools for accountability on behalf of the welfare population. Dr. Gustavson said his research indicated that penalities sanctioned against recepients with regards to education was more likely to induce a degree of conformity in the recipient or simply cause the recipient to drop from welfare participation.

Paul Johnson, Public Assistance Coalition of Kansas, made comments on data addressed by HB 2929. (See Attachment 4). Rep. Barbara Allen spoke to Section 5 of the bill addressing concerns she had with penalizing AFDC recipients not attending school. (See Attachment 5).

Chairman Chronister told the committee that the Department on Social and Rehabilitation Services had provided fiscal impact data on ACT (Actively Creating Tomorrow) and that Legislative Research had prepared the information for the committee's consideration. (See Attachment 6).

The meeting was adjourned at 3:06 p.m. The next meeting is scheduled for February 10, 1994.

1994 Appropriation Committee Guest List

	NAME	ORGANIZATION
1		
2	Robert Gustavson	Washburn University
3	Mary Ella Simon	LG. of Women Voters
4	Amy Lopez	Intern. Phill Kline
5	Kelly Frazier	Intern Rep. Phill Kline
6	David Stevens	Intern Rep. J. Wells
7	Jeff Bullins	Intern Rep. Bob Miller
8	Michelle Peterson	Ks Gov. Consulting
9	Bill Mills	Intern - Sen Dave Kerr
10	Alda L. Whitten	visitor Concerned Citizen
11	Don Whitten	Concerned Citizen
12	[illegible]	Intern Rep. K Sebelius
13	Danielle Noe	HIAA
14	Renee Gardner	Governor's Office
15	Matt Jordan	Gov's Office
16	Paul Johnson	PACK
17	Joe Furjanic	KCA
18	Bob Williams	Ks. Pharmacists Assoc.
19	[illegible]	KPhA
20	Pamela Johnson Betts	KDHE
21	Ann Koci	SRS - Budget Unit
22	Becky Stauffer	EDS
23	Tim Hoyt	SRS
24	Marty Kennedy	Div. of Budget
25	Faith Spencer	SRS
26	Jennifer Downs	KU.
27	Cleta Renyer	Right to Life of Ks.
28	Marc Hansen	Intern Rep. Fred Gatlin
29	Kathy Miller	St Francis Reg. Med. Center
30	Mary Ellen Conlee	St. Francis Reg. Med. Center

Tue, Feb 8, 1994

1994 Appropriation Committee Guest List

	NAME	ORGANIZATION
31	Carla Nakata	SRS
32	[illegible]	SRS
33	Janet Schalansky	SRS
34	Nancy McCarthy Snyder	Corporation for Change
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45		
46		
47		
48		
49		
50		
51		
52		
53		
54		
55		
56		
57		
58		
59		

Tue, Feb 8, 1994

Harnessing Opportunity for Personal Excellence H.O.P.E.

SPONSORS

Phill Kline
Jim Garner
Tom Robinett
Barbara Ballard
Lisa Benlon
Garry Boston
Tom Bradley
Bill Bryant
Tim Carmody
Darlene Cornfield
Vernon Correll
Ray Cox
Delbert Crabb
Rex Crowell
Carol Dawson
Herman Dillon
Les Donovan
Cindy Empson
Denise Everhart
Mike Farmer
Joann Flower
Joann Freeborn
Fred Gatlin
Kent Glasscock
Greta Goodwin
Clyde Graeber
Bob Grant
Gary Haulmark
Gary Hayzlett
Walker Hendrix
Jerry Henry
Robin Jennison
Joe Kehr
Kenny King
Phil Kline
Bob Krehbiel
Rich Lahti
Al Lane
Doug Lawrence
Steve Lloyd
Judy Macy
Bill Mason
Carol Mayans
Doug Mays
Laura McClure
Ed McKechnie
Dennis McKinney
Bob Mead
Russell Mills
Melvin Minor
Gayle Mollenkamp
Jim Morrison
Don Myers
Melvin Neufeld
Rocky Nichols
Mike O'Neal
Greg Packer
Janice Pauls
Marge Pettey
Jo Ann Pottorff
Ted Powers
Rand Rock
Keith Roe
Alex Scott
Tim Shallenburger
Gene Shore
Marvin Smith
Vince Snowbarger
Bob Tomlinson
John Toplikar
Jene Vickrey
Susan Wagle
Bob Watson
Elaine Wells
Jack Wempe
Steve Wiard
Kenny Wilk

TESTIMONY OF REP. PHILL KLINE

Tuesday, February 8, 1994

Madame Chairmen and members of the committee, thank you for the opportunity to address you today and for your interest in the important topic of welfare reform. Our state and our nation has a proud tradition of helping those in need and this tradition must continue. Recently President Clinton, and our own state's national leaders, specifically, Senator Kassebaum and Representative Meyers, have called attention to the need for welfare reform.

At the state level, Governor Finney requested that SRS Secretary Donna Whiteman, whom you heard from yesterday, to draft her own reform proposal. The result is the ACT proposal (Actively Creating Tomorrow for Families).

All of these leaders are to be commended for their efforts. We are truly seeing a bipartisan effort to address a far reaching problem and much of the credit goes to those that I've just mentioned.

I am before you today to promote a continuation of that spirit of bipartisanship and to, along with Reps. Jim Garner and Tom Robinett, present the H.O.P.E. plan which is drafted as House Bill 2929.

I believe the merit and need for this plan is clearly demonstrated by the depth and nature of support for this bill. **The H.O.P.E. plan has 77 sponsors from both political parties.** This makes a significant statement - a statement which I hope, along with the merits of the proposal, encourage you to move this package, as a package, to the floor for debate and action.

ATTACHMENT 1

Hope can only be found with purpose - with the ability to chart one's own course and rejoice in its fruits and recover from its anguishes. Without this liberty, hope is lost and the human spirit is diminished.

This theme was articulated in a far better fashion by one our nation's great leaders when he said, "Continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber...We must preserve not only the bodies of the unemployed from destitution, but also their self-respect, their self-reliance, and courage and determination." These are the words of President Franklin D. Roosevelt and they are as relevant now as they were when first spoken.

For in the past three decades we have been engaged in a great social experiment. **Our society, in an effort to preserve hope, has attempted to become the provider of hope - encouraging those who seek hope to look past themselves and their families and to government first. The results are dismal.**

Since the mid-sixties we, as a nation, have spent over $2.8 trillion in cash assistance to the poor, yet poverty has remained stagnant at 12%. In 1975, 39% of all teenage mothers were unwed. By 1990 the figure increased to 68%. Over 50% of these unwed mothers will receive public assistance until the age of 30. The figures are not better in Kansas.

The number of Kansas children living in poverty increased 25% during the 1980's. Births to single teens have risen 19% from the base years of 1987-91, to 1992.

One in four children in Bourbon, Chase, Chautauqua, Cherokee, Marion, Wallace and Wyandotte counties live in poverty and over 80% of all Kansas children on public assistance - do not receive any support from absent fathers.

Why has this happened? The reasons are many and frankly, beyond my complete comprehension. **We cannot, however, ignore the negative impact of state policy which provides financial incentives for unwed teenage mothers to leave their parents' home, which encourages fathers to ignore their financial responsibility for their children, which provides incentives for extended family members to ignore the needs of their family and which subsidizes children having children.**

It is imperative that we recognize that government actions affect individual behavior and that this effect can be adverse, as well as, positive. For decades we have claimed credit for the latter and ignored the former and now, we face a crisis of confidence and dependency.

There is a public crisis of confidence. The taxpayer believes that he or she is providing a free ride to those who are undeserving. They are wrong. The average welfare recipient only stays on public assistance for 8 months and works with dedication and diligence to be self-reliant. This misplaced public cynicism erodes public support for important programs. The H.O.P.E. plan will help restore public confidence and support.

At the same time, those in need face a crisis of dependency. The welfare recipient, especially, our young mothers, are faced with a myriad of choices - all of which, if financial assistance is to be made available, force her on a road of dependency. We expect these mothers and their impoverished children to overcome overwhelming odds to become productive citizens while encouraging the absence of fathers and the break up of families and discouraging saving monies for educational purposes.

The H.O.P.E. plan is a package of reforms which are designed to address these problem areas. **The plan helps keep families together, encourages educational investments and promotes individual and family responsibility while providing a safety net for those in need.**

This plan will save state money in the first year and will generate tens of millions of dollars of savings over the next several years. Part of this savings can immediately be invested into needed paternity outreach and teenage pregnancy reduction programs such as the programs proposed in ACT.

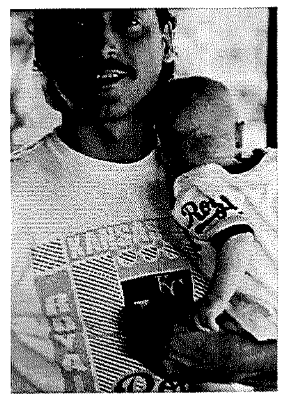
I applaud Donna Whiteman for her efforts in this regard. A review of all available information clearly indicates that if we are to address welfare reform, if we are to reduce public reliance and promote self-reliance, then we must bring dads back into the picture and reduce teenage pregnancies. The Secretary's proposals in these areas, are a positive addition to the H.O.P.E. plan.

How can this accomplished? The following details the key elements of the plan.

H.O.P.E. Proposals

PROMOTING PARENTAL, FAMILY AND INDIVIDUAL RESPONSIBILITY

THE FACTS: Currently, state policy provides financial incentives for unwed teenage mothers to leave their parents' home, for fathers to refuse to assume responsibility for their children, for extended family members to ignore the needs of their family members and for single mothers to continue to have children that they cannot afford. The following facts, therefore, should not be surprising.



- Eighty percent of Kansas children who benefit from AFDC payments do not receive any support from absent fathers.
- Over 50% of all Kansas AFDC clients are children.
- Collecting child support reduces the average stay on welfare six months and can prevent many from ever receiving public assistance.
- Births to single Kansas teens have risen 19% from 1987-91, to 1992, totalling 3,268 births in 1992.
- The number of Kansas children living in poverty increased 25% during the 1980s.
- One in four children live in poverty in Bourbon, Chase, Chautauqua, Cherokee, Marion, Wallace and Wyandotte counties.

Children born to teenage, unwed mothers face numerous obstacles that continue throughout childhood. Such children suffer disproportionate poverty, low birth weight, malnutrition, violence and abuse. Over 61% of the 4,575 Kansas children born to teenagers in 1991, had mothers on public assistance. We must act.

PROMOTING PARENTAL, FAMILY AND INDIVIDUAL RESPONSIBILITY

THE PROPOSALS: We must promote and encourage the stability of two-parent families. Stable families with two parents are the best protector against poverty, poor health and educational failure.

- Elimination of the marriage penalty, keeping families together.
- Unwed minors who have children must live with their parents to receive AFDC (hardship exceptions are provided).
- AFDC benefits are not provided unless both parents are identified (hardship exceptions are provided).
- SRS will notify extended family members that if they are willing to assume some financial responsibility for a welfare recipient that the family member will receive a dollar for dollar income tax credit. The credit will not exceed the cash welfare benefits and the state will reduce benefits dollar for dollar.

EDUCATION

THE FACTS: The average single parent in Kansas with less than a high school degree earns less than $6,200 annually. The average parent with a high school degree has an average annual income of $13,400, and with a college degree, over $24,000.

THE PROPOSALS:

- Children will be able to save their earned income for educational purposes without affecting parental eligibility for welfare.
- Cash benefits are reduced 10% for each child who is unlawfully not attending school.
- The establishment of "Individual Development Accounts"- allowing residents to invest up to $2,000 annually, which accrues interest tax free. Funds are to be used for educational, home-ownership and health care purposes.

MAKING KANWORK - WORK

THE FACTS: KANWORK has been highly criticized for its failure to provide meaningful employment opportunities to its participants. Additionally, the program has extensive educational costs, with limited success. Among the reasons for these problems are expensive attempts to educate those who will receive little benefit from such efforts and the limited personal incentive for participants to work their way off the program.

KANWORK was originally designed to put people to work and it is time that it do just that. The program should not be a perpetual job training effort. It must provide incentives for individual success.

THE PROPOSALS:

- Employable KANWORK participants will work, unless their employability will be significantly enhanced by education or job training. Education and job training efforts will not exceed one year.

- Employable KANWORK participants shall only receive base benefits for two years, after which they shall only receive existing transitional benefits. These participants shall not receive public assistance again for at least three years.

- SRS shall pilot a debit card program in KANWORK counties. The debit card will take the place of traditional cash and food stamp benefits.

- Those who quit their job or are fired for gross misconduct don't receive benefits.

MISCELLANEOUS PROPOSALS

- Fugitives from felony charges or convictions shall not be eligible for public assistance. Additionally, once apprehended, felons will be forced to repay all welfare benefits received while fleeing justice.

- AFDC benefits will be limited to two children, however, the income exemption will increase a corresponding amount. Families with more children will receive benefits for all children as they first begin to receive public assistance.

STATE OF KANSAS

JIM D. GARNER
REPRESENTATIVE 11TH DISTRICT
601 EAST 12TH
P O BOX 538
COFFEYVILLE, KS 67337
(316) 251-1864
(316) 251-5950

TOPEKA ADDRESS
STATE CAPITOL, RM 284-W
TOPEKA KS 66612-1504
(913) 296-7699
1 800 432-3924

TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
RANKING DEMOCRAT: JUDICIARY
MEMBER: TRANSPORTATION
LABOR AND INDUSTRY
KANSAS JUDICIAL COUNCIL
CRIMINAL LAW ADVISORY COMMITTEE
NCSL STATE AND FEDERAL ASSEMBLY
LAW AND JUSTICE COMMITTEE

TESTIMONY IN SUPPORT OF HOUSE BILL 2929

Madam Chairman and Members of the Committee:

Thank you for the opportunity to appear before the committee and to testify in support of HB 2929.

Welfare reform is not a new issue. U.S. Senator Daniel Patrick Moynihan has been pushing for reform at the federal level for well over a decade. However, I feel we are now seeing real movement toward consensus on this issue and the time for action has arrived.

The proposals we present are directed at preserving families and promoting family and individual responsibility.

Given the fact that we face very limited resources in this state at this time, we have crafted a package that can implement some reforms and will probably save some money. Maybe in the near future our state will be in an improved budgetary situation and can then initiate broad reform measure placing participants in public and private sector jobs.

Until then, we must deal with the realities before us. HB 2929 makes needed reforms to encourage individual and family responsibilities and preserving young families.

ATTACHMENT 2

Attached is a section by section overview of HB 2929. Representatives Kline and Robinett will cover certain section of the bill. I will highlight the following:

1. Section 5 requires children receiving AFDC to attend school if they are able. If the child is not attending school, benefits would be reduced by 10%. This proposal is aimed at encouraging education and keeping kids in school. A study by Manpower Development Research Corp. indicates such efforts do increase enrollment and school attendance. The State of Maryland and Wisconsin require AFDC participants to attend school regularly or lose benefits.

2. Section 10(i) provides that no person will be eligible for benefits if they voluntarily quit a job or are fired due to "gross misconduct". Also, fugitives form justice would not be eligible. This is similar to the voluntary quit program in Secretary Whiteman's Actively Creating Tomorrow (ACT) Program. Since public assistance funds are limited, assistance should encourage responsibility and not be readily available for those individuals not acting responsibly.

3. Section 9 would establish and implement the use of Debit Cards in selected KanWork counties instead of traditional cash benefits and food stamps. This concept is currently being piloted in Maryland and Minnesota. This will eliminate problem facing participants when benefit checks and food stamps are lost or stolen. Also, it removes a mechanism , and thus the perception, of fraud in the system.

Again , thank you for the opportunity to testify in support of HB 2929. We present a reasonable package of reform measures that encourage increased responsibility. I ask that the committee to take favorable action on this reform package.

STATE OF KANSAS

JIM D. GARNER
REPRESENTATIVE 11TH DISTRICT
601 EAST 12TH
P O BOX 538
COFFEYVILLE, KS 67337
(316) 251-1864
(316) 251-5950

TOPEKA ADDRESS
STATE CAPITOL, RM 284-W
TOPEKA KS 66612-1504
(913) 296-7699
1 800 432-3924

TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
RANKING DEMOCRAT: JUDICIARY
MEMBER: TRANSPORTATION
LABOR AND INDUSTRY
KANSAS JUDICIAL COUNCIL
CRIMINAL LAW ADVISORY COMMITTEE
NCSL STATE AND FEDERAL ASSEMBLY
LAW AND JUSTICE COMMITTEE

WELFARE REFORM PROPOSALS IN HB 2929

1. Teenage parents receiving AFDC must live with their parent of legal guardian. Exceptions allowed if threat to health or safety exist in the home. Section 1.

2. No increase in benefits for third child. However, the limit on allowable outside earned income for the family would be increased by the amount any additional benefits would have been. If three or more children in the family when first start receiving benefits, then full benefits for all children but no additional benefits for additional children. Again, allowable earned income limits would increase. Section 2.

3. SRS is to make a diligent effort to find if applicant for AFDC has a relative capable and willing to assume financial support of the applicant. Such relative would be allowed an income tax credit equal to the support given, but not in excess to what the benefits would have been under AFDC. Sections 3 & 4.

4. AFDC benefits would be reduced by 10% if a dependent child is not, but is capable of, attending school. Section 5.

5. Money earned by a minor in the household and saved in an Individual Development Account will not be considered income of the family. Section 6.

6. Individual Development Account -- allows any resident to invest up to $2000 annually to be held in trust for a person under 21 years of age. Accrued interest would be tax free. The account funds could only be used for educational, home-ownership and health care expenses. Section 7.

7. Eliminate the current marriage penalty. Currently, there exist tight restrictions on two-parent families participation in AFDC programs. This has resulting in many fathers leaving the household so the family can become eligible for benefits. The bill would remove these restrictions as set out in Sec. Whiteman's Actively Creating Tomorrow (ACT) proposal. Section 8.

8. Develop and use Electronic Fund Transfers (Debit Cards) in KanWork counties. This would replace traditional cash and food stamp currency. Removes the problems facing participants when benefit checks or food stamps are lost or stolen. Also, eliminates a mechanism for fraud. Section 9.

9. Require applicants for AFDC to identify father of dependent children. SRS given authority to allow for hardship exceptions. Section 10 (c).

10. Persons who voluntarily quit employment or who are fired for "gross misconduct" would not be eligible for benefits. Also, fugitives from justice on felony charges would not be eligible for benefits. Section 10 (i).

11. Enhanced screening of KanWork participants. Participants would be evaluated to determine if "Employable." If participant is employable, then not entitled to receive AFDC benefits for more than two years. These participants would not by eligible for public assistance for at least three years. Section 11(a) & (c). Also, education experience would help participants become "substantially more employable." Section 12(c)(5) & (6).

12. Local units and state agencies would be encouraged to cooperate with SRS in making available jobs to KanWork participants in work that otherwise would go undone. Section 12 (c)(4).

13. The Secretary of SRS would be authorized to seek all necessary federal waivers to implement the provisions of this bill. Section 13.

STATE OF KANSAS

THOMAS A. ROBINETT, JR.
REPRESENTATIVE, TWENTY-NINTH DISTRICT
9004 W. 115TH TERRACE
OVERLAND PARK, KANSAS 66210
(913) 451-2484
OFFICE
STATE CAPITOL, 182-W
TOPEKA, KANSAS 66612-1504
(913) 296-7637

TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER: FEDERAL & STATE AFFAIRS
JUDICIARY
JOINT COMMITTEE, PENSIONS, INVESTMENTS
& BENEFITS

Testimony of Rep. Tom Robinett
House Appropriations Committee
House Bill 2929
February 8, 1994

Madam Chair and Committee members, thank you for the opportunity to appear before you this afternoon in support of HB 2929.

I agree with Representatives Kline and Garner. Our existing welfare system has developed and continues to foster a dependency on government. It discourages individual initiative and responsibility and destroys the family as the foundation of our society.

In contrast, HOPE promotes individual, family and parental responsibility by increasing individual opportunity, encouraging education and employment and preserving families.

I, too, would like to commend the Governor's leadership on this issue and congratulate Secretary Whiteman and her staff on the Actively Creating Tomorrow (ACT) for Families program and their commitment to meaningful welfare reform. HOPE is not intended to preempt ACT for Families; instead we believe HOPE includes some of the SRS program's positive recommendations and complements others. Much of the credit for creating the current environment of action and bipartisan cooperation must go to Governor Finney and Secretary Whiteman.

Representatives Kline and Garner have explained some of the proposals contained in HB 2929. I will briefly review the final three provisions.

I. <u>Limits on Larger Families.</u>

New Section 2 of HB 2929 places a limit on the number of children for which a family will be entitled to receive AFDC. This proposal considers two different situations. First, if a recipient family has fewer than three children at the time it first begins receiving AFDC benefits, there will be no incremental increase in those benefits as a result of the birth of a third or subsequent child. Second, if a recipient family is already receiving AFDC benefits for three or more children or has three or more children at the time the family first begins receiving AFDC, then benefits will be paid for all existing

ATTACHMENT 3

children; however, no incremental increase in benefits will be payable by reason of the birth of any subsequent children.

In lieu of this incremental increase, the monthly earned income disregard for each employed person in the recipient family will be increased by an amount equal to that which the family would have otherwise received for each additional child.

Our intent is not to punish families. In fact, AFDC payment levels for all existing children have effectively been grandfathered. What we want to promote is personal responsibility. We force each recipient family to make the same determination that you and I have to make in regard to having and raising a family; that is, can we afford another child.

We have been advised by SRS that 75% of families currently receiving AFDC benefits have fewer than three children; large families (ie. those with three or more children) receiving AFDC is not as prevalent a problem as one might believe. Current estimates from SRS are that this proposal would result in a first year savings of approximately $600,000.

II. <u>Elimination of Marriage Penalty.</u>

New Section 8 of the bill directs SRS to seek a waiver under federal law of the so-called marriage penalty. Basically federal law provides that married couples are eligible to receive AFDC benefits <u>only</u> if the principal wage earner (i) is currently working fewer than 100 hours per month, (ii) has worked in at least 6 of the previous 13 quarters and (iii) has earned at least $50 in each of those 6 quarters.

HB 2929 would, subject to the required federal waiver, permit families that would otherwise be eligible for AFDC benefits to receive those benefits without regard to the limitations on earnings and hours worked under federal law. In other words, the state of Kansas will not penalize married couples for remaining together as a family and working to support themselves to the extent possible by setting artificial limits on hours worked and income earned.

In addition, HB 2929 would allow pregnant women who are otherwise eligible for AFDC to begin receiving benefits as early as the first month of pregnancy rather than waiting until the third trimester as provided by federal law. This early AFDC eligibility will facilitate prenatal care throughout pregnancy.

SRS has estimated that the cost savings attributable to this provision would be approximately $3.2 million in the first year. The savings stems largely from the fact that 2-parent families that are not eligible for AFDC and women in the first trimester of a pregnancy receive General Assistance until AFDC eligibility is obtained. By shifting the funding from General Assistance (which is wholly state funded) to AFDC, Kansas can claim federal matching on grants and medical assistance now provided through General Assistance in these cases.

III. Fugitives Ineligible.

Paragraph (i) of Section 10 provides, in part, that no person who is a fugitive from a felony charge or conviction shall be entitled to receive public assistance benefits in the state of Kansas. Current Kansas law provides that anyone receiving assistance while ineligible shall repay the same; this law would now also apply to fugitives receiving benefit payments.

As a practical matter, this proposal will have little fiscal impact; however, it is important in that it sends a message that the state of Kansas is concerned with fairness. Also on the practical side, optimum implementation and enforcement of this provision will require that the fraud unit of SRS be granted access to the National Crime Information Center (NCIC) computer network. Federal law currently allows access only to law enforcement agencies, but SRS has been and likely will continue to seek a change in this policy.

This completes our summary of the proposals offered by HB 2929. Together with Representatives Kline and Garner and at least 74 other members of the House, I urge you to give HOPE to Kansas by recommending HB 2929 favorably for passage. Thank you.

To: House Appropriations Committee

From: Paul Johnson - Director
Public Assistance Coalition of Kansas

Date: February 8, 1994

Re: Comments on Welfare Reform

1) There is a shortage of good demographic data on the families receiving AFDC in Kansas. The average size of the Kansas AFDC family has fallen from 3.8 persons in 1973 to 2.8 persons today. 75% of AFDC families have one or two children. Two-thirds of the 90,000 AFDC clients in Kansas are children.

2) There is a fundamental policy dilemma between disciplining the parents behavior and still supporting the children. Kansas already has a very high number of children in SRS's custody.

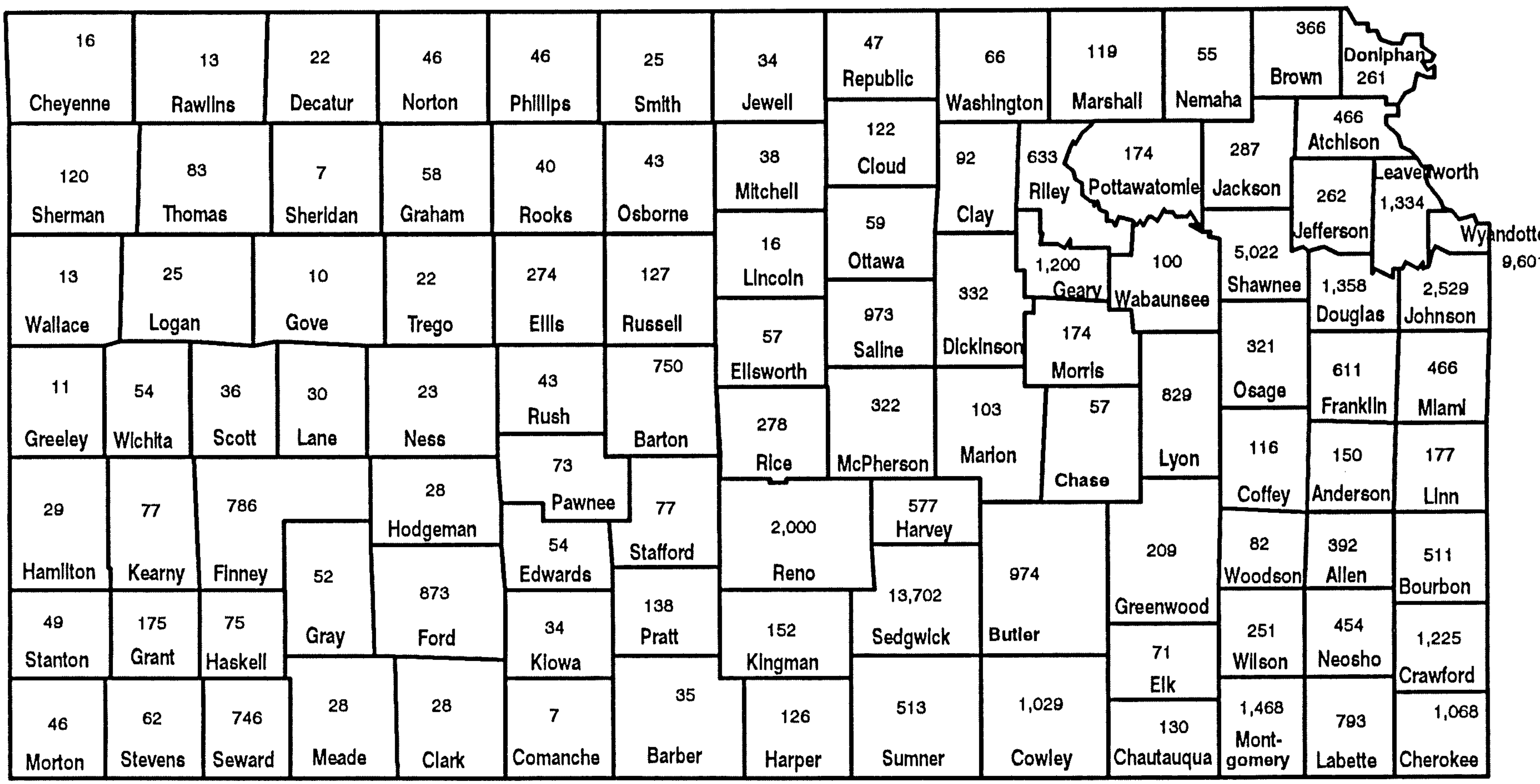
3) The KanWork program does need more attention. SRS has had a difficult time limiting the number of clients who want the help. The program has been overwhelmed. KanWork caseloads have been 150 clients to one worker instead of the 75 to 1 design. There have not been enough resources put into a good initial client assessment. Adequate resources have not been put into education services. Once a budget has been established for KanWork, SRS should only work with a number of clients that can be properly assessed, educated and prepared for employment. This may well cut the present 6,000 client caseload to 3,000 but the program will have a chance at long term success for those clients. The unanswered question here is whether there are enough $8-10/hour jobs to make these families self-sufficient. Public-private partnership employment will probably be needed.

4) The Legislature can play a vital role in seeing that our child support collection system works better. The Legislature needs to set specific collection goals for our child support collection system that is jointly run by SRS and court trustee offices. At best we are only collecting 25¢ on the dollar today. SRS has 110,00 child support cases but only 62,283 actual court support orders. 24,000 of these orders are AFDC connected and SRS is collecting 38¢ on the dollar. This amounts to $1 million a month in uncollected support. The other orders are non-AFDC and the collection rate is 52¢ on the dollar. The court trustee system does not have such specific data compiled statewide. SRS's child support cases involve 160,000 children. Considering all cases in SRS, the courts and private, one out of every three Kansas children could be involved. The Legislature has given SRS more resources in this area and the courts are expanding their efforts so the Legislature needs to referee the situation to make certain we are getting the best result. As automatic wage withholding becomes the norm for all cases, the collections should improve significantly. The AFDC related collections should be used to improve KanWork programs.

ATTACHMENT 4

4-2

AFDC Child Beneficiaries for the Month of August, 1993



Prepared by: SRS Management Services, 9/93
Source: MR600

Statewide Child Beneficiaries = 60,343

4-2

BARBARA P. ALLEN
REPRESENTATIVE, TWENTY-FIRST DISTRICT
JOHNSON COUNTY
P.O. BOX 8053
PRAIRIE VILLAGE, KANSAS 66208
(913) 642-1273
STATE CAPITOL, ROOM 174-W
TOPEKA, KANSAS 66612-1504
(913) 296-7655

STATE OF KANSAS

TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
VICE CHAIRMAN: FINANCIAL INSTITUTIONS & INSURANCE
MEMBER: APPROPRIATIONS
RULES & JOURNAL

February 8, 1994

Madame Chairman Members of the Committee:

I want to direct my comments to **New Section 5 of H.B. 2929**, which provides for a 10% reduction in AFDC benefits to a family if a dependent child in the family, who has not graduated from high school or obtained a G.E.D. diploma, is not attending school.

The idea of offering financial incentives or penalties to encourage teenage welfare recipients to obtain a high school education is not a new idea. In fact, the original "KanLearn" bill was introduced three years ago in the form of a penalty, so that recipients who do not stay in school have their welfare benefits reduced.

However, the 1993 version of the KanLearn bill (**H.B. 2188**) which passed the House, provides for incentives rather than penalties. The bill would offer an incentive payment of not less than $100 to teenage cash assistance recipients upon completion of each two semesters of school, and an incentive payment of $250 upon graduation.

The issue I want to address today is **whether the strategy of simply sanctioning teenage welfare recipients by cutting benefits will help move us toward the ultimate goal - keeping teenage welfare recipients in school, so they will have a better chance to obtain a job and move off welfare.** In other words, is this a strategy which will help teenage welfare recipients realize the strong correlation between education and economic self-sufficiency?

PURE PENALTIES <u>DON'T</u> IMPROVE SCHOOL ATTENDANCE -- While it's still too early to have all the answers about Learnfare type programs, **we do know using punitive measures by themselves, although sometimes politically attractive, are not the answer to keeping kids in school.** Wisconsin's

ATTACHMENT 5

Learnfare plan, which offers no bonuses for good attendance, withheld $3.4 million in sanctions from welfare families in the first year of the program. However, the program failed to demonstrate improved school attendance among teens subject to Learnfare. **In fact, over one-half of Learnfare students showed poorer attendance, and sanctioned students showed the highest dropout rates, with about one-half dropping out.**

INCENTIVES AND PENALTIES DO IMPROVE SCHOOL ATTENDANCE -- A Learnfare program which has been able to document positive results (i.e. improved school attendance and improved graduation rates) is the **Ohio Learning, Earning and Parenting (LEAP) program, which offers a combination of incentives and penalties to encourage school attendance.**

Two independent audits of LEAP conducted by Manpower Demonstration Research Corporation (MDRC), a widely respected firm in the area of welfare analysis, have yielded studies which show promising results in increasing high school graduation rates and reducing long-term reliance on welfare. The program targets teenage mothers on welfare.

Ohio's LEAP program is unique, because it includes both financial rewards and penalties to encourage school attendance. Participants in Ohio get a one-time payment of $62 for enrolling in the program. In addition, they earn an extra $62 each month they meet minimum attendance requirements. Failure to meet the standard means $62 is deducted from their monthly AFDC check.

According to an independent audit, LEAP students stay in school longer than those not involved in the program. **Of LEAP participants, 61% remained in school, compared with only 51% of a control group.** In addition, LEAP has persuaded more dropouts to return to the classroom. **Among dropouts, 49% of LEAP**

participants went back to school, while 33% of the control group did so. With respect to sanctions and bonuses, findings indicate more teens earn bonuses than sanctions.

LEAP bonuses and sanctions are supposed to occur three months after the behavior that triggers them (for example, poor attendance in September leads to sanctions in December). Thus, **the program provides teens with several opportunities to respond to notices of impending sanctions before their grants are reduced.** An extra benefit of this lag time is that LEAP has experienced far fewer legal problems than has the Learnfare program in Wisconsin, which includes only sanctions.

Last May, auditors released their second report on the four-year-old Ohio program. The report stated, **"[These findings] suggest that the LEAP model is feasible to operate, that its incentives have reached most eligible teens, and that the program has made noteworthy progress toward its immediate goal of encouraging teens to stay in or return to school."**

Sanctions are indeed risky business. Cutting a family's welfare grant has the potential of not only punishing a child who refuses to attend school regularly, but also of hurting innocent children and other family members who may need the additional income.

If sanctions are desired by the Legislature, I suggest we implement a welfare reform provision which provides for financial incentives <u>and</u> penalties to encourage school attendance. This model has proven successful in Ohio, and is a strategy which will help us achieve success in our goal - helping teenage welfare recipients in Kansas stay in school, so they can move off of welfare and into the workforce.

FY 1995 Costs

Waiver Not Required – Priority List

Priority	Policy	Cost (Savings) State General Fund	Cost (Savings) All Funds
1	Paternity Outreach	$ 213,190	$ 297,496
2	Mandatory Paternity Establishment	(57,039)	(120,960)
3	Buy-In Enhancement	(104,130)	(603,049)
4	TransMed from 12 to 24 Months	435,045	1,035,821
5	CSE Services for Food Stamp Recipients	141,971	380,868
6	Claims Unit	451,735	795,620
7	Employer Crossmatch with KAECSES	(105,866)	(238,534)
8	Estate Recovery	(321,158)	(797,537)
9	System Automation	359,699	659,998
10	Need Standard Study	40,875	75,000
11	Custody and Visitation Contract	70,277	100,000
12	CWEP Private Sector JOBS	195,625	387,257
	Subtotal Cost/(Savings)	$ 1,320,224	$ 1,971,980

Waiver Required – Priority List

Priority	Policy	Cost (Savings) State General Fund	Cost (Savings) All Funds
1	Change Earnings Disregards	$ (277,452)	$ (623,405)
2	Require Two-Parent Work Registration	(56,782)	(124,283)
3	Tougher CSE Non-Cooperation Penalty	(56,341)	(134,145)
4	Tougher Job Quit Penalties	(449,749)	(1,070,830)
5	Exempt One Vehicle	237,493	379,249
6	Equalize Monthly Report Penalties	(492,890)	(1,063,501)
7	AFDC-UP Simplification	(2,711,099)	–
8	AFDC First Pregnancy Eligibility	(303,896)	–
9	Teen Pregnancy	400,627	776,408
10	Grant AFDC to Some Foster Children	(85,545)	–
11	Eliminate TransMed Barriers	107,162	255,148
12	Jobs for Pregnant/Young Families	2,323,360	4,644,720
13	Public Service Employment	119,166	236,335
	Subtotal Cost/(Savings)	$ (1,245,946)	$ 3,275,696
	GRAND TOTAL COST/(SAVINGS)	$ 74,278	$ 5,247,676

ATTACHMENT 6

ACT FOR FAMILIES INITIATIVES OF CASH AND MEDICAL ASSISTANCE PROGRAMS-FY 1995

Income Maintenance Initiatives

Source	IM Program & Policy	IM/AS Fld	IM Adm	AFDC	GA	Fee Fund	M'CAID	M'KAN	Comb Total
JS-F	Tougher Job Quit Penalties			(1,070,830)					(1,070,830)
JS-T	Tougher Mo Report Penalties			(983,812)	(79,689)				(1,063,501)
JS-N	2 Parent WReg in Rural Co's			(116,381)	(7,902)				(124,283)
JS-G	Change Earning Disregards-Cost			1,941,919	87,689		528,498	23,865	2,581,971
	Disregard Creates Earners-Save			(2,001,366)	(90,373)				(2,091,739)
	Disregard Ups Avg Income-Save			(1,065,523)	(48,115)				(1,113,637)
JS-I	TransMed from 12 to 24 mo						1,035,821		1,035,821
JS-I	Eliminate TransMed Barriers						255,148		255,148
JS-K	Exempt One Vehicle			131,544	40,480		112,863	94,362	379,249
JS-L	Extracirricular School Costs			375,049					375,049
JS-M	AFDC-UP Simplification			3,288,580	(3,288,580)		1,385,729	(1,385,729)	0
JS-M	AFDC 1st Pregnancy Eligibility			523,959	(523,959)				0
JS-Q	Grant AFDC to some FC Kids			147,492	(147,492)				0
IM	Responsibility Contracts	1,055,375		(199,888)					855,487
IM	Mandatory Paternity Establishment			(110,208)	(10,752)				(120,960)
IM	Tougher CSE Non-Coop Penalties			(134,145)					(134,145)
IM	Needs Standard Study		75,000						75,000
IM	Alternative Service Delivery Pilot	205,705							205,705
JS-WK3	Eliminate Shared Living Penalty			8,676,970	286,842				8,963,812
IM	Develop program Guides		64,690						64,690
	Sub-Total, All Funds.........	$1,261,080	$139,690	$9,403,361	($3,781,851)	$0	$3,318,059	($1,267,503)	$9,072,836

Source	IM Service & Cost Reduction	IM/AS Fld	IM Adm	AFDC	GA	Fee Fund	M'CAID	M'KAN	Comb Total
IM	Needs Based Staffing	8,686,563	50,000	(1,122,400)	(55,200)	($200,000)	(1,115,600)		6,243,363
IM	System Automation		659,998						659,998
Med	Buy-In Enhancement		* 1,193,207				(1,796,256)		(603,049)
IM	Various Claim Collect Issues		974,759	(149,691)	(7,362)		(22,086)		795,620
IM	Estate Recovery		110,463			(908,000)			(797,537)
	Sub-Total, All Funds.........	$8,686,563	$2,988,427	($1,272,091)	($62,562)	($1,108,000)	($2,933,942)	$0	$6,298,395

	IM/AS Fld	IM Adm	AFDC	GA	Fee Fund	M'CAID	M'KAN	Comb Total
Total Funds	$9,947,643	$3,128,117	$8,131,270	($3,844,413)	($1,108,000)	$384,117	($1,267,503)	15,371,231
State Funds	5,421,465	1,704,824	3,415,133	(3,844,413)	(465,360)	161,329	(1,267,503)	5,125,476
Federal Funds	4,526,178	1,423,293	4,716,136	0	(642,640)	222,788	0	10,245,755

* MMIS Cost = $70,000, 1st yr only

6-2

ACT FOR FAMILIES INITIATIVES OF CASH AND MEDICAL ASSISTANCE PROGRAMS-FY 1995

Employment Preparation Initiatives

(90,024)

Source	Topic	Contract/Client Svs	Admin	AFDC	GA	Fee Fund	M'CAID	M'KAN	Comb Total
EPS	JOBS for Pregnant/Young Families		4,644,720	0			0		$4,644,720
EPS	Pilots on Remaining in School	(34,056)	814,847	(29,568)			(26,400)		724,823
EPS	Increased OJT Opportunities		3,142,025	(623,232)			(244,800)		2,273,993
EPS	CWEP Private Sector JOBS		412,217	(24,960)			0		387,257
EPS	Public Service Employment		248,815	(12,480)			0		236,335
EPS	Pay Actual Client Transport Costs	3,938,458		(308,544)			(25,200)		3,604,714
EPS	JOBS for Absent Parents		2,576,658	(100,800)		(688,896)	(45,000)		1,741,962
	Sub-Total, All Funds	$3,904,402	$11,839,282	($1,099,584)		($688,896)	($341,400)		$13,613,804
	State Funds	1,846,782	5,599,980	(461,825)		(289,336)	(143,388)		6,552,213
	Federal Funds	$2,057,620	$6,239,302	($637,759)		($399,560)	($198,012)		$7,061,591

Child Support Enforcement Initiatives

Source	Topic	Contract/Client Svs	Admin	AFDC	GA	Fee Fund	M'CAID	M'KAN	Comb Total
CSE	Paternity Outreach	316,950	29,289			(48,743)			297,496
CSE	Employer Crossmatch w/KAECSES		120,266			(358,800)			(238,534
CSE	Custody and Visitation Contract	100,000							100,000
CSE	CSE Services for Food Stamp Clients		380,868						380,868
	Sub-Total, All Funds	416,950	530,423			(407,543)			539,830
	State Funds	293,022	197,719			(171,168)			319,573
	Federal Funds	123,928	332,704			(236,375)			220,257

SUMMARY OF ALL COSTS/SAVINGS OF ACT INITIATIVES

By Service Area:	Field/Contract Svs	Central Admin	AFDC	GA	Fee Fund	M'CAID	M'KAN	Comb Total
Cash and Medical Assist-IM	$9,947,643	$3,128,117	$8,131,270	($3,844,413)	($1,108,000)	$384,117	($1,267,503	$15,371,231
Employment Preparation Svs-EPS	3,904,402	11,839,282	(1,099,584)	0	(688,896)	(341,400)	0	13,613,804
Child Support Enforcement-CSE	416,950	530,423	0	0	(407,543)	0	0	539,830
Grand Total, All Funds	14,268,995	15,497,822	7,031,686	(3,844,413)	(2,204,439)	42,717	(1,267,503	29,524,865
Grand Total, State Funds	7,561,269	7,502,523	2,953,308	(3,844,413)	(925,864)	17,941	(1,267,503	11,997,261
Grand Total, Federal Funds	6,707,726	7,995,299	4,078,378	0	(1,278,575)	24,776	0	17,527,603

6-3