

## 2014 SUPPLEMENTAL BUDGET

### KINSHIP CARE (INCOME DISREGARD)

| Request      | FY14       | FY15             | 13-15            |
|--------------|------------|------------------|------------------|
| FTE          | 0          | 0                | 0                |
| GF-State     | 0          | \$298,000        | \$298,000        |
| <b>Total</b> | <b>\$0</b> | <b>\$298,000</b> | <b>\$298,000</b> |

#### DECISION PACKAGE SUMMARY

The Economic Services Administration (ESA) requests increased funding of \$298,000 GF-State for Temporary Assistance for Needy Families (TANF) grants in order to implement a 50 percent unearned income disregard for means-tested child only cases. By funding this request, TANF eligibility requirements for child-only cases with caregivers who live on a fixed income will be more consistent with those of child-only cases with caregivers who are employed.

#### PROBLEM STATEMENT

Effective November 1, 2011, ESSB 5921 established new means-testing rules (RCW 74.12.037) for non-parental caregivers who receive a TANF child-only grant. Under these new rules, most caregivers with incomes above 300 percent of the Federal Poverty Level (FPL) are ineligible to receive a TANF grant to help provide for the children in their care. Non-parental caregivers with incomes between 200 and 300 percent of FPL receive a reduced TANF grant. Caregivers of children who have been placed by a state or tribal child welfare agency where the case is still active are not subject to means testing.

TANF rules specify the types of caregiver income that are counted toward determining eligibility for TANF assistance. Under TANF rules, 50 percent of earned income is disregarded. However, 100 percent of most types of unearned income, such as Social Security retirement benefits, are counted. Some advocates have expressed concern that these rules create the situation where two families with the same amount of monthly income can receive TANF grants of differing amounts.

ESA proposes implementing a 50 percent unearned income disregard for means-tested child-only TANF cases. As of April 2012, there were 8,143 non-parental caregivers receiving child-only TANF assistance. Of the means-tested cases that were closed due to excess income between November 2011 and April 2012, 94 had countable unearned income. Two-thirds of these cases (60) closed during the first month of means-testing and on average, in each following month, an additional seven cases closed. Eligibility for the 94 closed cases was re-determined assuming a 50 percent unearned income disregard. It was found that 86 percent

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(81 cases) would have qualified for a full or partial TANF grant. The estimated annual increased cost for these 81 cases is \$298,000. Additional costs may be incurred as some caretakers with fixed incomes may have assumed they had too much income to qualify and not pursued TANF benefits. To an unknown extent, some of these caretakers might learn of a 50 percent unearned income disregard, apply for a TANF child-only grant, and qualify for a full or partial grant.

#### PROPOSED SOLUTION

The proposal would apply a 50 percent disregard for non-parental caregivers' unearned income so that caregivers living on fixed income would receive the same treatment as employed caregivers during the means-testing process.

#### EXPECTED RESULTS

Non-parental caregivers living on a fixed income will receive the same treatment as employed caregivers during the means-testing process. Non-parental caregivers will receive increased support in providing for the children in their care. Non-parental caregivers with fixed incomes who may have been discouraged from applying for needed assistance may apply for benefits and needy children will receive TANF cash assistance and other needed services and supports. Receipt of TANF assistance may result in these children becoming categorically eligible for other services such as reduced school lunches or College Bound scholarships.

This decision package supports the Results Washington goal to:

- Help the most vulnerable people become independent and self-sufficient.

#### STAKEHOLDER IMPACT

No stakeholders concerns are expected.