

CASH ASSISTANCE HELPS KANSAS FAMILIES MEET THEIR BASIC NEEDS—

BUT ONLY IF THEY CAN ACTUALLY ACCESS IT.



Kansas operates a cash assistance program that helps struggling families meet basic needs. Families receive a very limited amount of cash through the Temporary Assistance for Needy Families (TANF) program. This means that being able to access every penny of assistance matters for a family in need of food, shelter, and diapers.

The program intentionally gives families the freedom to decide how to spend their cash assistance. Every family needs flexibility to meet their basic needs and overcome unique challenges to find work. Recent attempts to prevent Kansas families from accessing cash assistance weaken the program's effectiveness. Instead, Kansas should focus on helping struggling families find jobs and achieve financial security.

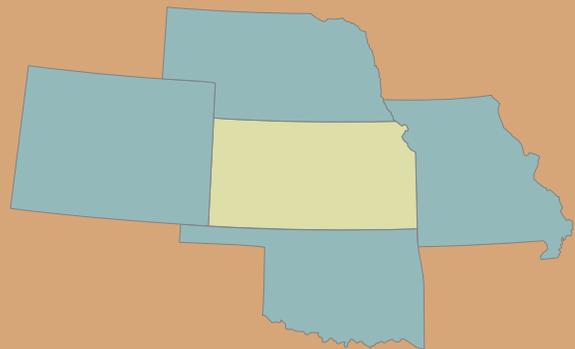
A small amount of cash can make a tremendous difference for a very poor family. All families with young children absolutely must buy food, clothing, and diapers for their children. This matters even more during a child's youngest years, which are critical for healthy brain development. If a family has no money on hand, they may go without necessities like food, clothing, or housing. This kind of extreme scarcity jeopardizes a child's chances of success later in life. Flexible cash assistance helps families survive difficult times and prepare Kansas kids to thrive.¹

Cash assistance also impacts families working to find a job. One parent may need to fix a car or buy a bus pass so that they can search for work. Another may need to pay a babysitter so that they can interview for a job. Cash assistance can also prevent pressing emergencies from becoming tremendous barriers to finding employment. For example, quickly accessing cash can mean avoiding eviction and homelessness for some struggling families.

A cash assistance program only works if families who participate can get and use the money. Families need freedom to meet their most urgent needs instead of relying on a third party to determine what they need most. Preventing families from spending cash assistance makes it more difficult to move from public assistance to a job.

Families who receive cash assistance live on tight budgets. Preventing them from spending assistance outside of the state may prohibit prudent spending. Kansas should repeal a prohibition on spending cash assistance at points of sale outside the state of Kansas.

Families receiving cash assistance need flexibility to wisely budget their assistance. They receive a tightly limited amount of money; at maximum a family of three can only receive \$429 each month. These families must stretch limited dollars as far as possible.



In 2015, Kansas banned families from making point-of-sale transactions outside the state of Kansas using cash assistance. Three out of every four out-of-state cash assistance transactions take place in Kansas' bordering states.

No other state bans cash assistance program participants from spending cash in neighboring states.

Kansas Action for Children analysis of TANF program transaction data from September 2014, December 2014, and April 2015.

GEOGRAPHIC RESTRICTIONS ON CASH ASSISTANCE HARMS KANSAS FAMILIES.

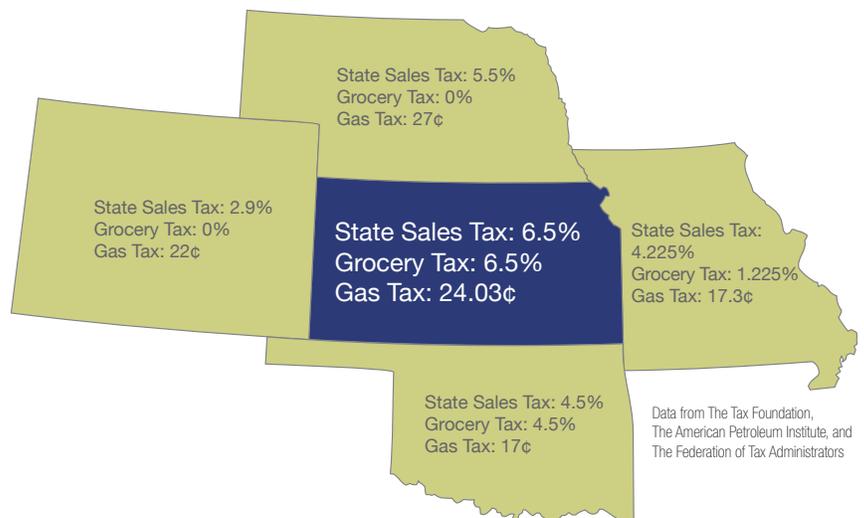
Sometimes families cross a state line to find the lowest price for groceries, gas, and other necessities. More than one in three Kansans who receive cash assistance live in a county that borders another state.² Wyandotte County has the second largest number of cash assistance participants in the state. A state line divides this metropolitan area, which includes both Kansas City, Kansas and Kansas City, Missouri. A family trying to survive on a very limited income absolutely must find the cheapest prices for basic necessities. For some families receiving cash assistance, the nearest discount store likely falls in a different state.



KANSAS FAMILIES CAN REALIZE SIGNIFICANT SAVINGS BY SHOPPING OUT OF STATE.

Comparison shopping saves Kansas families a substantial amount of money. The Kansas sales tax rate is higher than all of its neighboring states, and Kansas raised its state sales tax rate again in 2015. After taking local sales taxes into account, Kansas charges a higher sales tax rate on food than any other state in the country. A Kansas family spending \$100 on groceries each week saves \$274 in sales tax each year by shopping in Missouri, or \$338 by shopping in Colorado or Nebraska. As only very needy families qualify for Kansas cash assistance, this presents significant savings.

Kansas should not prevent a struggling family from crossing state lines. Families receiving cash assistance might experience personal emergencies that force them to suddenly move. For example, a family might lose their home and temporarily move in with a relative or friend. An individual might need to travel to care for a sick family member. Families who find job offers might need cash to begin a new life. Natural disasters might displace poor families. The state should not limit Kansans' ability to support the needs of their families.



KANSAS SHOULD REJECT LIMITATIONS ON ATM WITHDRAWALS OF CASH ASSISTANCE.

Any limit on ATM withdrawals of cash assistance unnecessarily burdens families. Arbitrary withdrawal limits waste families' time, and ATM fees erode already minimal cash assistance.

Kansas policymakers should reject limits on cash assistance withdrawal. Preventing families from actually using cash assistance does not teach good money management skills. It wastes families' time, energy and money. Time spent finding a store with a generous cash-back policy or returning to an ATM trades off with time spent looking for a job. Withdrawal limits restrict families' ability to pay for large purchases. If a family most needs to pay rent or repair their car, they need the ability to do so. Any withdrawal limit harms a family's ability to use cash assistance to meet immediate needs.

This policy could force families to return to an ATM many times to withdraw their cash assistance. ATM fees paid to the state and to ATM operators cut into a family's monthly cash assistance. Searching out other options consumes valuable time families could spend searching for employment.

REPEATED ATM WITHDRAWALS ERODE AN ALREADY MINIMAL CASH BENEFIT

A Kansas family of three receiving the maximum monthly benefit would need to make 17 trips to an ATM to withdraw their cash in \$25 increments.

\$429
- \$64 in fees { **State fees: \$17**
ATM Operator fees: \$47
\$365 (Benefits reduced 15%)

Kansas Action for Children analysis using the Kansas Electronic Benefits Transfer Guide and the 2015 Bankrate Checking Survey

- **April 2015:** Kansas enacts legislation limiting cash assistance ATM withdrawals to \$25 a day, once per day (S Sub for HB 2258)
- **June 2015:** Kansas amends the new law to grant the Kansas Secretary for Children and Families the authority to raise or rescind the ATM withdrawal limit to comply with federal law (S Sub for HB 2281)
- **August 2015:** The Kansas Secretary for Children and Families cancels the \$25 ATM withdrawal limit after receiving federal guidance. Cash assistance ATM withdrawals are still limited to one withdrawal per day.

One out of every five Kansas cash assistance transactions is an ATM withdrawal



84% of ATM cash assistance withdrawals is for more than \$25

Kansas Action for Children analysis of TANF program transaction data from September 2014, December 2014, and April 2015

Enforcing new restrictions on accessing cash assistance wastes state resources. Kansas should spend this money helping families meet their basic needs and prepare for employment.

Creating barriers to accessing cash assistance costs state resources as well. Kansas contracts with a private technology firm to administer public assistance benefits. Families who participate in assistance programs receive an Electronic Benefit Transfer card. (In Kansas, this card used to be called a Vision Card.) This system is already designed to deny certain types of transactions. Implementing more restrictions requires spending more state resources to update the system.

Kansas should instead spend this money helping families meet their basic needs and preparing them to find employment. Transactions data show that a tiny fraction of public assistance benefits is spent fraudulently.³ Additionally, the federal government already prohibits using TANF cash assistance benefits in liquor stores, casinos and adult entertainment venues.⁴

POLICY ALTERNATIVES TO BUILD FINANCIAL STABILITY.

Kansas can improve its cash assistance program to build participants' money management skills. Saving money can be difficult for families with minimal incomes. Kansas could lift asset limits that disqualify families with more than \$2,250 in savings from cash assistance.⁵ The state should not discourage individuals receiving cash assistance from building savings. Additionally, Kansas could offer direct deposit of cash assistance. Families with bank or credit union accounts are more likely to achieve financial security.⁶

These policies offer a better approach for improving Kansas cash assistance recipients' financial skills. Improved financial circumstances create better outcomes for families weathering crises. Low-income children growing up with higher financial stability experience improved educational and employment outcomes.⁷ Kansas should focus on helping families find jobs and achieve financial security instead of creating barriers to accessing cash.

CONCLUSION.

Cash assistance gives families the flexibility to meet their basic needs and to prepare for employment. Kansas should focus on helping struggling Kansas families find jobs and achieve financial security. Unnecessary limits on getting and spending cash assistance waste families' time and taxpayer dollars. Policymakers should reject those limitations and help all struggling Kansas families make ends meet.

Minnesota prohibits families from using cash assistance outside of Minnesota and its neighboring states. State agency staff reported that the state's contractor charges an extra fee to enforce the restriction.

Clearinghouse Review Journal of Poverty Law and Policy: Restrictions on Interstate Use of Cash Benefits. May-June 2013, Volume 47, Numbers 1-2.



ENDNOTES.

- ¹ Elizabeth Lower-Basch and Stephanie Schmit, "TANF and the First Year of Life: Making a Difference at a Pivotal Moment," CLASP, October 2015, http://www.clasp.org/resources-and-publications/body/TANF-and-the-First-Year-of-Life_Making-a-Difference-at-a-Pivotal-Moment.pdf
- ² Kansas Department for Children and Families, Caseload Detail for Selected Assistance Program, SFY2015
- ³ In 2014, eight states reported to the United States Department of Health and Human Services that they had studied prohibited uses of TANF benefits. In every state, prohibited transactions accounted for less than one percent of total benefits (Federal Register Vol. 79 No. 25). In 2013, an organization that opposes public assistance benefits analyzed Kansas EBT transactions data from August, September, and October of 2012. Even when the organization included legal transactions like cash advance facilities in its analysis, it found that just 0.5% of transactions occurred in "potentially illicit" locations – and could not prove that individuals spent cash in the location where it was withdrawn.
- ⁴ Middle Class Tax Relief and Job Creation Act of 2012, Title IV, 42 U.S.C. §§ 601-687 (West)
- ⁵ Fortunately, Kansas policy does not count vehicles, 529 plans, or educational income toward the asset limit.
- ⁶ Ezra Levin, "Ten TANF Reforms to Expand Financial Security: Helping Families Save and Invest to Escape Poverty Permanently," Corporation for Enterprise Development, May 2014, http://cfed.org/newsroom/experts/ezra_levin/ten_tanf_reforms_to_expand_financial_security/index.html
- ⁷ "Why Assets Matter: An overview of research on assets and their effect on financial stability and economic opportunity," Corporation for Enterprise Development. http://cfed.org/about/why_assets/