

# Testimony: Senate Finance Committee

## Potential Impact of a TANF Kinship Subsidy Carve Out Program in Texas

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### TANF Kinship Subsidy Program

CPPP recommends the establishment of a kinship subsidy carve-out program modeled on Louisiana's successful Kinship Care Subsidy Program (KCSP). The KCSP, would be part of the Health and Human Services Commission's (HHSC) Temporary Assistance for Needy Families (TANF) program, with rules and benefits customized for the needs of grandparents raising grandchildren, and other kinship caregiving families. The program would provide cash assistance for each eligible child who resides with a qualified relative other than a parent. The main conditions would be:

- The child must live in the home of qualified relatives (either biological or adoptive)
- The child must have income of less than \$250 per month
- The child must be under 18 years of age
- The qualified relative must possess or obtain within one year of certification, either legal custody or guardianship or provisional custody by mandate, such as an Authorization Agreement for Nonparent Relative or Voluntary Caregiver, of the eligible child who is living in the home
- The family must have an annual income of less than 200 percent of the federal poverty threshold
- The parent(s) of the child must not live in the home of the qualified relative

A Kinship Care Subsidy Program would alter the complicated and sometimes punitive program policies that can create barriers for family members who have opened their homes to grandchildren, nieces and nephews, such as such as outdated asset and vehicle limits, work requirements, and time limits. A Kinship Subsidy would allow Texas to better fulfill TANF's key mission under federal law of assisting needy families so that children can be cared for in their own homes, or the homes of relatives.

The program would be limited to kinship families who are not eligible for financial assistance programs offered by the Department of Family and Protective Services (DFPS), nor are enrolled in the general TANF program.

### Financial Impact

In 2016 a kinship caregiver in Texas who received TANF monthly cash assistance only on behalf of the children in their care (known as child-only TANF) received a **maximum of \$98 for one child** and a maximum of only \$141 for two children.<sup>1</sup> Given the real costs associated with providing for a child, this amount is simply too low to ensure that a child receives adequate care. For example the minimum monthly payment provided to a foster parent in Texas is \$23 per day or approximately \$703 a month. For kinship caregivers not receiving financial assistance through DFPS on the other hand, the average TANF payment is about \$3 per day for one child.

Ideally a Kinship Subsidy payment would be thoughtfully designed to better support families struggling to keep children connected to their families, but without financially incentivizing parents to leave their children with relatives. By offering a modest per child subsidy, well below the true cost of raising a child, but still a measurable improvement over the current TANF child-only payment, a Kinship Subsidy payment would help to make it financially viable for grandparents and other relatives to provide homes for the state's most vulnerable children.

Investing in kinship families would save Texas taxpayers millions of dollars every year in foster care costs by making it possible for relatives to care for children who would otherwise fall into the custody of the state.<sup>ii</sup>

#### Example: Kinship Subsidy Program Costs

\$250 per month \*12 = **\$3,000 a year per child**

\$3,000 year/child \*10,000= **\$30 million a year per every 10,000 children**

#### Average Foster Care Costs (2018-2019)

\$2,200 per month \*12 = **\$26,400 a year per child**

\$26,400 year/child \*10,000 = **\$264 million a year per every 10,000 children**

Supporting kinship families by modifying the existing TANF program makes fiscal sense as:

- Providing “assistance to needy families so that children can be cared for in their own homes or the homes of relatives” is the first purpose of the TANF program and the annual \$486 million federal block grant that funds it. A Kinship Subsidy program fulfills the program’s mission and takes priority over other uses of the funding.
- No new infrastructure would be required, as TANF is already available statewide through HHSC’s integrated eligibility and enrollment system. By simply adding the Kinship Subsidy program as an option to the TIERS system and the application, eligible kinship families would be able to enroll while also applying for other benefits like Children’s Medicaid.

### Key Facts about Kinship Care in Texas

- There are 268,000 children living in an informal or voluntary placement kinship care situation in Texas.<sup>iii</sup> In contrast, 10,400 children are formally placed through state-supervised kinship foster care, and 16,400 are placed in paid foster care.<sup>iv</sup>
- In Texas, 90 percent of all children living away from their parents are in informal or voluntary kinship care placements.
- 71 percent of children with a kin caregiver in Texas are living with a grandparent.<sup>v</sup>
- Of the estimated 268,000 children living in a kinship care household in Texas, 123,000 (46 percent) are in low-income families that struggle to support them.<sup>vi</sup>

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<sup>i</sup> TANF applicants can apply for benefits for all members of the household or just on behalf of a child which is known as child-only TANF. When adults are included on the case each household member’s income and assets are reviewed, but in a child-only case when children do not live with their legal parents they are considered independent and their caregiver’s income does not count toward eligibility status.

<sup>ii</sup> For children in paid foster care, the Texas Department of Family and Protective Services reported total foster care payments of \$402,938,794 annually, and an average monthly payment per child of \$2,078.92 in 2015. Texas Department of Family and Protective Services Data Book 2015.

[http://www.dfps.state.tx.us/About\\_DFPS/Data\\_Books\\_and\\_Annual\\_Reports/2015/finance.asp](http://www.dfps.state.tx.us/About_DFPS/Data_Books_and_Annual_Reports/2015/finance.asp)

<sup>iii</sup> Analysis of Current Population Survey 215, U.S. Census Bureau.

<sup>iv</sup> There were a total of 27,895 children under state conservatorship in Texas on August 31, 2015.

[https://www.dfps.state.tx.us/About\\_DFPS/Data\\_Books\\_and\\_Annual\\_Reports/2015/cps.asp](https://www.dfps.state.tx.us/About_DFPS/Data_Books_and_Annual_Reports/2015/cps.asp)

<sup>v</sup> Analysis of Current Population Survey 215, U.S. Census Bureau.

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