

## Policies and People: Welfare Reform in Kentucky

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*In 2002, the U.S. Congress will decide whether to re-authorize the welfare reform legislation. As this time approaches, we will be hearing more and more about welfare reform and what the successes and challenges have been since it began. For some, a decline in cash assistance caseloads is evidence of the success of the legislation. For others, research findings such as low wages despite employment continue to generate concern over the long-term impact of welfare reform. This report looks at how welfare reform is unfolding in Kentucky. In this article we look at the state policy choices and how the caseloads compare to those nationally.*

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**T**his August will mark the fourth anniversary of the 1996 Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA). This legislation changed how cash assistance is provided in the United States. No longer a federal system focused on hardship alleviation, cash assistance is now based on employment, lifetime time limits on access to cash assistance regardless of eligibility, and federal block grants to the States. (For background on welfare reform, see the SEED publication called "Getting Involved in Welfare Reform: Answers to Commonly Asked Questions.")

### Welfare Policy And Programs

One of the key changes, when the welfare reform legislation passed Congress, was that for the first time states were able to make a series of policy choices related to the implementation of welfare reform in their state. For example, states could choose time limits less than the federally-mandated 60 months of cash assistance for adults, or no increases in benefits for additional children.

This approach was taken to allow the flexibility for states to put together indices and programs better suited to their own states. As a result, the new system stands in contrast to the relatively unified program of Aid to Families with Dependent Children (AFDC). Now there are arguably 51 different welfare programs (not including prior waivers); more if you count separately the county-administered programs.

Analyses of the policy choices states revealed some degree of patterning. For example, in relation to employment, some states have chosen a predominantly incentive or "carrot" approach while other have pursued a more punitive or "stick" approach (Zedlewski, 1998).

A national comparison also reveals regional patterns. While each of the four regions of the U.S. (Northeast, West, North Central, and South) contained states that stood out from others in their region, states in the South appeared to have the tendency of opting for more restrictive policy options available (Zimmerman, 1999a).

### Choices in Kentucky

In Kentucky, the federal program Temporary Assistance to Needy Families (TANF) is called the Kentucky Temporary Assistance Program or K-TAP. This is the state-administered program headed by the Cabinet for Families and Children. As stated in the state plan originally submitted to the U.S. Department

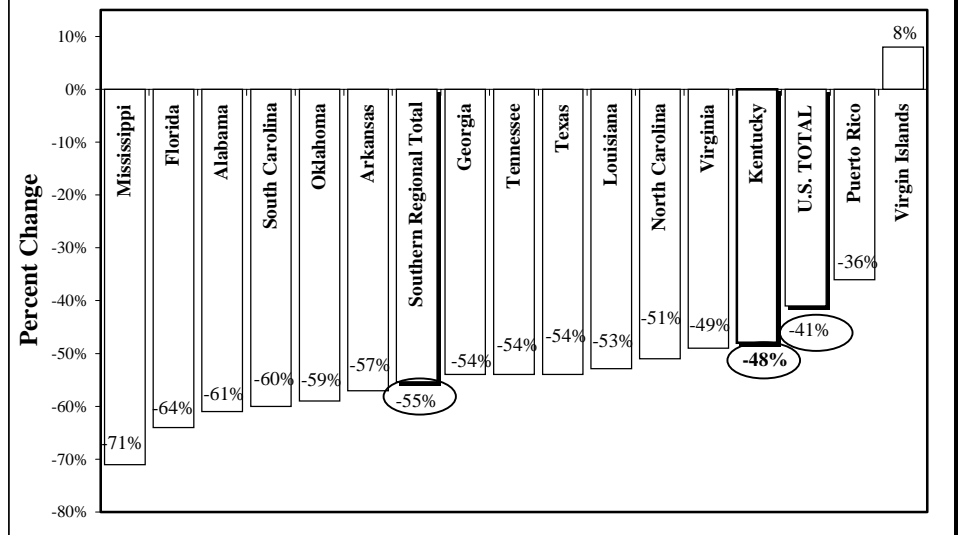
of Health and Human Services, the goal of K-TAP is to “. . . help families acquire the tools to become self-sustaining while ensuring that children are protected and valued.” (CFC, 1997:2)

While details abound, there are highlights of the K-TAP program worth noting. For example, features of the K-TAP program include a focus on individual assessment and developing Transitional Assistance Agreements with recipients. K-TAP contains separate tracks for recipients who are work ready and those who are not. There is diversion assistance for those only needing temporary support such as car repairs. K-TAP also contains relocation assistance, increased resources for child care, and provisions for Individual Development Accounts.

According to the state plan, benefit levels would initially remain the same as that under the prior AFDC program—\$220 a month for a family of three (one adult and two children) with no assets. While eligibility limits are also relatively unchanged, one important difference is that recipients are now allowed to own a vehicle with no limits set on its value.

In Kentucky, a separate program is used for meeting the federally mandated work requirements. All nonexempt recipients are required to participate in the Kentucky Works Program (KWP). Under this program, work activities include employment, work experience, job or vocational training, job search and readiness, community service, or providing child care for a recipient participating in community service activities. Again, recipients develop an individualized plan and sanctions are in the form of a pro-rated benefit reduction for noncompliance “without good cause.”

Percent Change in the Total AFDC/TANF Recipients by State: Southern Region (Jan. 1993- June 1998).



In order to evaluate the welfare reform in the state, the Cabinet for Families and Children contracted with the University of Louisville, Urban Studies Institute. The planned evaluation comprises a “two-phase, longitudinal, outcome-based evaluation of the effects of welfare reform.” This approach includes a five-year panel study of 500 current and former recipients focusing on their quality of life. The University of Louisville is also constructing a linked administrative database for tracking current trends and clients focusing on items such as employment, earnings, child support payments, health care coverage, and more (Cummins and Nelson, 1999b).

As these evaluations contain a long-term focus, in the meantime the Urban Studies Institute has also conducted two telephone surveys of former recipients (Cummins and Nelson, 1998; 1999a).

### Caseloads in Kentucky

Against this background lay the state policy choices and caseload changes

in Kentucky.<sup>1</sup> Overall, policy choices made in Kentucky neither stand out for their liberality nor for their restrictiveness. For example, compared to other states in the South, Kentucky was less likely to have chosen options such as a family cap or imposing asset limits on vehicles. On the other hand, benefit levels in the state remain well below that nationally (Zimmerman, 1999a).

With respect to Kentucky's approach to employment, the Urban Institute characterizes the choices made as “high” in relation to incentives and “medium” in relation to punitiveness (Zedlewski, 1998:63).

In terms of Kentucky's caseload, both the overall declines and the characteristics of those receiving assistance were similar to those of the nation. Nationally, from January 1993 to June 1998, the number of cash assistance recipients fell by 41 percent (Zimmerman, 1999b). Among the four regions of the U.S, the Southern region has been experiencing the highest overall decline (55 percent). For Kentucky, caseloads have declined by 48 percent during this

time. While this is the lowest state-level decline in the Southern region, it is still above the national average.

According to the U.S. Department of Health and Human Services First TANF Report to Congress (DHHS, 1998), the characteristics of Kentucky's caseload generally resemble the national caseload.

In Kentucky, the majority of TANF families contained 2–3 persons (62.9 percent), and had only one child (51.9 percent of TANF families in Kentucky compared to 41.9 percent nationally). Twenty six percent of all TANF families in the state were child only cases with no adult present (six percentage points higher than nationally).

More than one in ten adults receiving assistance were employed (11.7 percent of TANF adults in Kentucky), while 81.2 percent of TANF adults were unemployed but looking for work. Only 7.1 percent of TANF adults were unemployed and not looking for work, much lower than the national rate of 31.1 percent.

Almost 15 percent of TANF adults reported receiving an average of \$332.51 a month while on assistance, the majority of which was earned income. Still, this is \$158.30 less than that reported nationally. In addition to cash assistance, 78.9 percent of TANF families also received food stamps, and 100 percent reported receiving medical assistance.

Most TANF adults in Kentucky (45.6 percent) were between 20 and 29 years of age. The majority were single (61.5 percent compared to 22 percent married; the remainder were widowed, divorced, or separated). The majority (34.4 percent) of Kentucky TANF adults had 12 or more years of education (22 percent were unknown). In terms of race, the

majority were white comprising 80.6 percent of the TANF adults and 77.4 percent of TANF children.

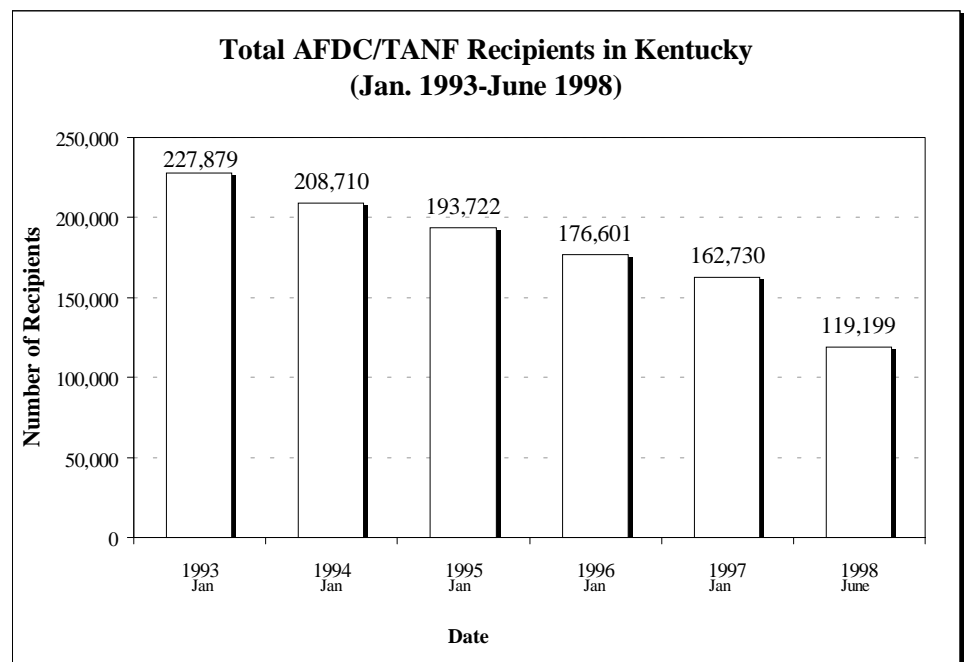
In TANF families in Kentucky, most children were between 6 and 11 years old, comprising 34.6 percent of all children receiving cash assistance. Following close behind were children ages 2–5, who were 29.4 percent of all TANF children in the state. Most children were living with a parent (90.8 percent) while 6.1 percent were living with a grand parent. The remaining 2.6 percent were living with other relatives. Only .2 percent of children on TANF in Kentucky were parents themselves (slightly lower than that nationally at .3 percent).

The transition of former recipients in Kentucky also exhibits trends similar to that nationwide. For example, according to the most recent phone survey of former K-TAP recipients, 48.3 percent are finding employment (Cummings and Nelson, 1999a). The majority of these are finding employment in services (47.2 percent), working 40–45 hours per week (47.8 percent). Most former

recipients reported earnings between minimum wage (\$5.15/hr) and \$7.99 an hour (61.8 percent combined) with the largest single category being \$6.00–6.99 an hour (28.7 percent). The majority of jobs obtained by former recipients did not provide health or other benefits.<sup>2</sup>

Most recently, the Cabinet for Families and Children and the University of Louisville released the results from the analyses using the newly established linked administrative data. This first report reveals both cohort and regional differences across the state (Cummings and Nelson, 1999b).

Cohort differences refer to the differences among those recipients who began the program at different times. For example, the report follows those recipients who were part of the program in October 1996 (right before KTAP began) through June 1998. Similarly, it tracks those who joined the program for each month since. This means that the report can pull out and track separately longer term recipients from newer ones.



Among the 21 cohorts followed in the report, there were no differences in education or earnings levels whether the recipients were already part of the program in October of 1996 or had just entered the program in 1998. Still, other differences were found.

Among those who were already part of the cash assistance program, these individuals were moving off assistance at a slower rate than those who had joined more recently. They were also more likely to be co-participating in food stamps and Medicaid and have higher rates of child support collection.

But there have also been changes. The total number of new cases is declining. The average age of the children in families receiving assistance is getting younger than it was before; particularly as an increasing proportion of these children are infants.

The report also shows regional differences. For example, recipients in eastern Kentucky are leaving assistance at the slowest rates. And, while recipients in this part of the state are also more likely to be participating in food stamps and Medicaid, they also had the lowest rates of child support collection.

On the other hand, adults receiving cash assistance who did not live in eastern Kentucky were more likely to have had work experience and to have higher educational levels. These adults also reported both higher levels of income and higher levels of earned income. And finally, recipients who lived in the cities outside of eastern Kentucky reported both the highest rates of homelessness and the highest levels of earned income (Cummings and Nelson, 1999b).

## Summary

Across the nation, welfare reform has brought new and sweeping changes. The system has moved from one federal program to multiple state programs and from a focus based on hardship alleviation to a focus on employment. Recipients now face new lifetime limits on access to cash assistance and States now face new Federal requirements.

So, how are we doing? So far the numbers in Kentucky look on par with the national averages. In Kentucky, welfare reform policy choices were not highly restrictive. And while the overall changes in the number of recipients may not have declined at the dramatic rate of some other states, the rate of change is still near that for the nation as a whole. The characteristics of Kentucky's overall recipient population and work transition also reflect similar national trends.

In the year 2002, the U.S. Congress will be considering whether to re-authorize welfare reform. As this time nears, we will be hearing more and more about welfare reform and its impacts and outcomes nationally and in Kentucky.

## Notes

1. Kentucky is one of only seven states in the U.S. that did not seek a waiver during the prior AFDC program.

2. This and the earlier phone survey (Cummings and Nelson, 1998) are only one aspect of a broader evaluation plan underway. The response rate of the most current survey was 89 percent when individuals with disconnected phone numbers or phones no longer in service are excluded. When included, the response rate is reduced to 42 percent. The resulting sample included 522 discontinued cases.

## Resources

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