

HOUSE BILL REPORT

HB 1197

As Reported By House Committee On:
Human Services
Appropriations

Title: An act relating to public assistance.

Brief Description: Allowing families to retain a greater percentage of income before public benefits are reduced or terminated.

Sponsors: Representatives Leonard, Cooke, Riley, Flemming, Valle, Brown, G. Cole, Mielke, Voloria, Wineberry, Dorn, Anderson, J. Kohl, Karahalios, H. Myers, Vance, Ogden, King, Jones, Eide, Johanson, R. Meyers, Cothorn, Roland, Holm, Wolfe, Franklin, Thibaudeau, Springer, Basich, Kremen, Foreman, Kessler, Campbell, Dunshee, Lemmon, Linville and Pruitt.

Brief History:

Reported by House Committee on:
Human Services, February 24, 1993, DPS;
Appropriations, March 6, 1993, DPS(HS-A APP).

HOUSE COMMITTEE ON HUMAN SERVICES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Leonard, Chair; Riley, Vice Chair; Cooke, Ranking Minority Member; Talcott, Assistant Ranking Minority Member; Brown; Karahalios; Lisk; Patterson; Thibaudeau; and Wolfe.

Minority Report: Do not pass. Signed by 1 member: Representative Padden.

Staff: David Knutson (786-7146).

Background: A large group of legislators, public assistance recipients, state agency staff, human service advocates, and academics conducted an extensive review of our state's public assistance program. The motivation for this review is the scheduled termination of the Family Independence Program (FIP) on June 30, 1993 and the desire to incorporate the positive aspects of the FIP demonstration project into the statewide Job Opportunities and Basic Skill Program (JOBS). Seven community forums were held around the state in

June 1992 to receive input directly from recipients of public assistance and to develop a series of recommendations for a post FIP welfare employment and training program. Forums were held in Yakima, Everett, Seattle, Tacoma, Spokane, Vancouver, and Port Angeles. One hundred ten citizens testified on problems with the current welfare system which promote dependence and act as barriers to economic self-sufficiency.

Testimony at the seven forums held around the state in June, indicated that the majority of public assistance recipients who testified would rather be working. The problem experienced by many recipients is that it is difficult for parents on Aid to Families with Dependent Children (AFDC) to get, and keep a job if the barriers to employment are not addressed. The FIP and JOBS programs offer recipients the education, training, and support services to gain independence, but implementation problems and resource restrictions pose problems for recipients in utilizing everything these programs are capable of providing.

The legislation developed from this process seeks to prepare recipients of AFDC, through education and training, for employment at a level sufficient to care for their family. Short of that, the state will allow public assistance recipients who work to make up the difference between the state payment rate and the level of income sufficient to provide a living wage.

Summary of Substitute Bill: Specific barriers to employment for public assistance recipients are identified and reduced or eliminated. They include: (1) **the 100 hour rule in the Aid to Families With Dependent Children-Employable program (AFDC-E)**; which provides that in two parent AFDC-E households the parent who qualifies the family for assistance is limited to working no more than 100 hours per month. If the parent exceeds the 100 hour limit, the family is ineligible for assistance even if their earnings are so low they are still financially eligible for assistance. (2) **Food Stamp Simplification**; the FIP program exchanged money for the cash value of food stamps. The two principal arguments for this were to (1) provide recipients with additional flexibility when living on limited personal budgets, and (2) improve recipients' self-esteem by not subjecting them to ridicule from other citizens at grocery store check out counters. In discussing food stamp cash out with staff at the National Conference of State Legislatures and the American Public Welfare Association, it does not appear likely that Congress would allow food stamps to be cashed out on a state wide basis. An option which holds many of the benefits of food stamp cash out with few of the negatives is Electronic Benefit Transfer (EBT) cards. They

are used like credit cards and are scanned at the grocery counter by the teller. Twenty five-states are operating or planning the operation of EBT cards for food stamps, AFDC, WIC, and Medicaid. The Department of Social and Health Services will explore the feasibility of transferring to an EBT food stamp process. At the same time, the governor will attempt to gain federal approval to convert the food stamp program to food cash assistance; saving money through administrative simplification and providing greater flexibility for recipients; (3) **Fill The Gap Budgeting.** Recipients who work while on AFDC have their grants reduced dollar for dollar based on employment earnings, after the first four months of employment. By reducing the employment induced reduction in their grant, recipients can receive some assistance longer and keep Medicaid eligibility as long as the family is poor. The state can determine how much of the gap between the payment standard and the need standard the recipient can earn through fill the gap budgeting. The legislation will allow the recipient to earn the difference between the welfare grant payment and the state standard of need without the dollar for dollar reduction in grants; (4) **Retrospective Budgeting.** Another disincentive to employment for AFDC recipients is retrospective budgeting. Retrospective budgeting looks at income earned two months previously, considers it an overpayment to the recipient, and reduces the current grant payment by the amount of the income earned previously. The legislation ends this practice.

Grants are provided to community action agencies to provide job opportunities and basic skills training program participants with transitional support services and job retention services. Medical coverage would be provided to former recipients of AFDC whose transitional medical benefits are about to expire. Participation in approved education programs will be allowed to satisfy the AFDC work quarters requirement. Fifty dollars of any child support payment is exempted from food stamp calculations. A one time \$50 school allowance is provided to every school age child in an AFDC family in September. Enrollment lids at community colleges and higher education institutions are raised and targeted for recipients of AFDC. All mandatory participants of the JOBS programs and current voluntary participants will be offered appropriate education and training services.

Services provided to JOBS clients will incorporate principles relating to a family-centered service delivery system. The governor will actively seek all necessary changes in federal statute and rule necessary to implement the provisions of this legislation. The governor will report to the Legislature by February 1, 1994, on his

efforts. The Legislature must approve the implementation plan and authorize the signing of all necessary federal-state agreements.

Substitute Bill Compared to Original Bill: Legislative intent is clarified to state that public assistance should be a temporary assistance program which should provide recipients with all the supports and services necessary to help families become economically independent. Recipients are allowed to earn income up to the standard of need before their assistance grant is reduced, rather than being allowed to retain up to 115 percent of the grant from all sources of income. The department will determine where a recipient should live and who should receive his or her grant check if the recipient is under 18 years of age. The governor will seek federal changes necessary to institute food cash assistance and all other changes needed to implement the legislation and report his progress to the Legislature on a regular basis. Funding to expand Basic Health Plan coverage from recipients leaving assistance was removed. Funding to increase enrollments at higher education institutions was removed. A pilot project for 20,000 recipients is authorized. It will provide varying intensities of education, work, and work experience for recipients. The creation of an executive committee to oversee implementation of the JOBS program is removed and the department will be responsible for JOBS implementation.

Fiscal Note: Available.

Appropriation: \$3,400,000 to increase enrollment at community colleges and technical institutes for recipients of Aid to Families with Dependent Children.

Effective Date of Substitute Bill: Sections 3 and 17 will take effect 90 days after adjournment of session in which bill is passed. The remainder of the bill will take effect if the Legislature authorizes it during the 1994 legislative session.

Testimony For: Removing work disincentives and providing appropriate education, training, work experience, and support services will help people leave public assistance and become tax paying citizens.

Testimony Against: None.

Witnesses: Bernice Morehead, Department of Social and Health Services (neutral; likes concept); Ann Simons, Washington Women United (pro); Mary Murphy, League of Women Voters (pro); Laurie Lippold, Children's Home Society (pro); Barbara Baker, Legal Services (pro); Gail Gosney, Children's

Alliance Board Member (pro); Jean Colman, Welfare Rights Organizing Committee (pro), Tony Lee, Washington Association of Churches (pro); Margaret Casey, Washington State Catholic Conference (pro); Lonnie Johns-Brown, National Association of Social Workers (pro); and Nancy Ameidi, Citizen (pro).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill by Committee on Human Services be substituted therefor and the substitute bill as amended by Committee on Appropriations do pass. Signed by 25 members: Representatives Locke, Chair; Valle, Vice Chair; Silver, Ranking Minority Member; Carlson, Assistant Ranking Minority Member; Appelwick; Ballasiotes; Basich; Cooke; Dellwo; Dorn; Dunshee; G. Fisher; Jacobsen; Lemmon; Linville; Peery; Rust; Sehlin; Sheahan; Sommers; Stevens; Talcott; Wang; Wineberry; and Wolfe.

Staff: Wayne Kawakami (786-7384).

Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Human Services: This bill directs the Department of Social and Health Services (DSHS) to design a statewide AFDC program to be implemented on July 1, 1994. The program shall identify and segment the needs of the recipients. The delivery of education and training services shall be prioritized to match the appropriate mix of services to the needs of each segment. The department may establish duration limits to the education and training services offered in the program. The program shall consider employment incentives, community work, employability/self-sufficiency plans, elimination of work disincentives, and providing food cash assistance or electronic benefit transfer in lieu of food stamps in the program development. An advisory committee is created to give recommendations on the program design and implementation. DSHS, in consultation with the governor, shall determine what statutory or regulatory waivers are necessary to implement the program. DSHS shall present the proposed program plan to the Legislature by December 15, 1993. The department is directed to amend the state plan to eliminate the 100 hour rule for recipients of aid to families with dependent children-employable. The department shall seek federal approval for the state plan amendment and report on federal action to the Legislature by December 1, 1993. There is no appropriation in the bill proposed by the Appropriations Committee.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The policies in the bill are going in the right direction. Assistance is needed in order for poor people to become self-sufficient. The use of pilot programs should be reviewed. If the program is appropriate, it should be statewide.

Testimony Against: None.

Witnesses: (In favor): Laurie Lippold, Children's Home Society; Margaret Casey, Children's Alliance; Bernice Morehead, DSHS; Kit Hawkins, Metropolitan Development Council; and Barb Baker, Evergreen Legal Services.