

HOUSE BILL REPORT

EHB 3901

As Amended by the Senate

Title: An act relating to implementing the federal personal responsibility and work opportunity reconciliation act of 1996.

Brief Description: Implementing the federal personal responsibility and work opportunity reconciliation act of 1996 (Introduced with Senate sponsors).

Sponsors: Representatives Cooke, Boldt, McDonald, Alexander, Bush, Smith, Mielke, Talcott, Cairnes, Reams, Johnson, Huff, Lambert, Sheahan, Mulliken, Parlette, Backlund, Koster, D. Sommers, D. Schmidt, Schoesler, Wensman and Skinner.

Brief History:

Floor Activity:

Passed House 3/17/97, 56-42.
Senate Amended.

HOUSE COMMITTEE ON CHILDREN & FAMILY SERVICES

Staff: David Knutson (786-7146).

Background: Washington is required to implement federal welfare reform with the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193). This federal legislation replaces the former welfare program for low-income families known as Aid to Families With Dependent Children (AFDC) with a new program called the Temporary Assistance for Needy Families (TANF) program.

The new federal welfare reform law fundamentally changes the way low-income families will receive assistance from the federal and state governments. The individual entitlement to assistance is ended and replaced with a maximum five years of assistance in a person's lifetime. A capped federal block grant is provided to the state in lieu of an uncapped federal funding formula based on the welfare caseload. Individuals receiving assistance under the new TANF program are required to work. States are required to suspend the drivers' licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue child support.

Congress stated the following goals for welfare reform as found in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996:

1. Provide states greater flexibility in assisting needy families;
2. End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
3. Prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing these pregnancies; and
4. Encourage the formation and maintenance of two-parent families.

Washington must submit a plan to the federal government detailing how the state will deliver services to low-income families through the new TANF program. The state must provide a 45-day comment period on the plan, and the plan must be in place no later than July 1, 1997. Former Governor Lowry submitted his TANF plan to the federal government on November 16, 1996. It went into effect on January 10, 1997. His plan maintains the welfare system in place prior to passage of federal welfare reform. If the Legislature and Governor Locke do not agree on an alternative to former Governor Lowry's plan, his TANF plan will stay in effect.

The Legislature has the authority to determine which options available under the federal law the state will exercise in developing a Washington TANF program. The options include such issues as eligibility standards, time limits, work participation requirements, sanctions for caretakers who do not comply with program requirements, grant payment amounts, support services such as child care and social services, family caps, requiring school attendance for teenage parents, teen pregnancy reduction programs, and denying assistance to unmarried teen parents.

Summary of Bill: Recipients of TANF may receive a maximum of 60 months of assistance in their lifetime. Up to 20 percent of the caseload may be exempted from the time limits based on federal law. The Department of Social and Health Services is required to meet federal work participation rates using allowable federal work activities. Adults in families receiving TANF are required to participate in work activities. The entitlement to public assistance is removed. A system of competitive, performance-based contracting for welfare-to-work services is established. A variety of contractors, including public agencies, can assist those on TANF in seeking work. Outcome measures and performance standards are used to evaluate contracts and agency performance. Applicants for TANF who have resided in Washington for fewer than twelve months immediately preceding application, will be provided the benefit level of the state in which the person resided immediately before Washington. Recipients of TANF may earn and keep 50 percent of their earned income without affecting their eligibility for TANF. Recipients of TANF who are placed in work or community service will not displace current employees and are protected by wage and hour and work safety laws. Recipients may own a vehicle valued at \$5,000 and keep an additional \$3,000 in a savings account. The DSHS will operate a grant diversion

program to keep people off the TANF program. The department will also operate a program creating individual development accounts to help recipients of TANF attend school, purchase homes for first-time home buyers, and capitalize business ventures. Applicants for TANF are required to identify both parents as a condition of eligibility. Grants provided to recipients shall be made on a prorata basis based on compliance with work requirements. The DSHS will determine the most appropriate living situation for TANF applicants under age 18, unmarried, and either pregnant or having a dependent child. If the applicant does not live in the appropriate setting and comply with other program requirements, they will not receive a cash payment. For minor parents, the most appropriate living situation— does not include residence with the adult father who is found to meet the elements of rape of a child.

Legal immigrants residing in the United States prior to August 22, 1996, will retain eligibility for TANF, Medicaid and Social Services Block Grant programs. Deeming of sponsor's income will apply to these persons. In determining benefit levels for TANF, annual earned income will be prorated to determine monthly income. For legal immigrants residing in the U.S. prior to August 22, 1996, the DSHS will establish a state-funded food assistance program, with benefit levels determined by the Legislature in the biennial operating budget. The DSHS shall facilitate naturalization for recipients of public assistance. Legal immigrants residing in the U.S. prior to August 22, 1996, will have their sponsor's income deemed available to them when determining benefit levels for TANF and General Assistance Unemployable (GAU). Legal immigrants who enter the country after August 22, 1996, are ineligible for public assistance, with some exceptions, for five years, after which their sponsor's income will be deemed. The Legislature reaffirms its commitment to provide prenatal care to all immigrants, regardless of status.

The Department of Health is directed to apply for federal abstinence education funds made available by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The DSHS is directed to train 250 recipients to become child care providers. Recipients trained to be child care providers are required to provide two years of service to DSHS clients following their training. Child care resource and referral agencies are directed to provide priority service to TANF recipients and low-income working families. When determining benefit levels, the DSHS is directed to consider the entire amount of a family's income regardless of the citizenship status of the household member with earnings. The DSHS is directed to coordinate with Indian tribes that elect to operate a tribal TANF program. The Legislature shall specify the amount of state funds to be transferred to tribes for the administration of their programs. The DSHS will adopt rules relating to state maintenance of effort funds provided to Indian tribes. The Employment Security Department is authorized to share confidential wage information on participants in the TANF work program with the DSHS for purposes of evaluation of the program. Law enforcement officers requesting information from DSHS on fugitives are no longer required to furnish a

warrant or subpoena. The Joint Legislative Audit and Review Committee will conduct evaluations of the provisions of the new welfare program.

A process for suspending occupational, professional, recreational, and driver's licenses is established for parents who fail to pay child support or violate a residential or visitation order. The department is given the option to suspend or deny issuance of licenses of parents who are six months behind on their child support payments, or who have violated a residential or visitation order twice within three years. Prior to suspension or denial of a license, delinquent parents are given the opportunity to either contest the department's action, enter into a payment schedule with the department, or have their support order modified by a court or the department. The department may not suspend or withhold a license if they are able to collect a reasonable amount of a parent's arrears through another enforcement method. Tax registrations and certifications are not considered licenses that may be suspended for non-payment of child support. Limited entry commercial fishery licenses may be suspended, but cannot be lost to the holder, for failure to pay child support. The Department of Licensing will distinguish between licenses suspended for noncompliance with a child support order and those suspended due to driving-related infractions.

EFFECT OF SENATE AMENDMENT(S): The earned income disregard is replaced with a 50 percent earnings disregard. The domestic violence exemption is included related to work requirements and time limits within the 20 percent exemption limit. The \$50 child care pass through is ended immediately. The calculation of benefits for newly arriving TANF recipients is simplified. Legal immigrants who lose their SSI coverage will be immediately eligible to apply for GA-U benefits. Until January 1, 1999, post enactment legal immigrants whose sponsor dies or is permanently incapacitated will be able to immediately apply for public assistance. Recipients of TANF who are unemployable will be able to seek counseling, treatment, and other services to help them become employable. They can also meet their work activity requirement by participating in an activity that benefits themselves, their family, or their community. Recipients required to work can pursue employment opportunities in the public or private sectors. Additional displacement language is added to protect city, county, state, and private sector employees. Documents provided to TANF recipients must be written at an eighth grade comprehension level. The child care minimum copayment is lowered from \$20 per family per month to \$10. The copayment schedule for families with incomes up to 175 percent of the federal poverty level is also modified. The Institute for Public Policy is required to determine what constitutes accessible, affordable child care in Washington and report to the Legislature. The department of social and health services is authorized to exempt counties from the food stamp work requirements, unless a county governing authority objects to being objected. If the department received notice of an official county action, it will not exempt the specific county from the work requirements. The two year bar on recipients of TANF participating in work subsidy programs is

removed. The specific language requiring the department of social and health services to reduce TANF grants to stay within legislative appropriations is removed.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Sections 1, 2, 101 through 109, 201 through 207, 301 through 330, 401 through 403, 501 through 506, 601, 705 through 707, 888, 891 through 943, 945 through 948, and 1001 take effect immediately. Sections 801 through 887, 889, and 890 take effect July 1, 1997. Sections 701 through 704 take effect January 1, 1998. Section 944 takes effect October 1, 1998. However, sections 403 and 404 are null and void unless funded in the budget.

Testimony For: None.

Testimony Against: None.

Testified: None.