

SENATE BILL REPORT

E2SHB 3141

As Reported by Senate Committee On:
Human Services & Corrections, February 25, 2010
Ways & Means, March 1, 2010

Title: An act relating to redesigning the delivery of temporary assistance for needy families.

Brief Description: Regarding delivery of temporary assistance to needy families.

Sponsors: House Committee on Ways & Means (originally sponsored by Representatives Kagi, Pettigrew, Seaquist, Kenney and Ormsby).

Brief History: Passed House: 2/13/10, 51-43.

Committee Activity: Human Services & Corrections: 2/18/10, 2/25/10 [DPA-WM, DNP, w/oRec].

Ways & Means: 3/01/10 [DPA, DNP].

SENATE COMMITTEE ON HUMAN SERVICES & CORRECTIONS

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.
Signed by Senators Hargrove, Chair; Regala, Vice Chair; Kauffman and McAuliffe.

Minority Report: Do not pass.
Signed by Senator Carrell.

Minority Report: That it be referred without recommendation.
Signed by Senators Stevens, Ranking Minority Member; Brandland.

Staff: Jennifer Strus (786-7316)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.
Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Fairley, Hobbs, Keiser, Kline, Kohl-Welles, McDermott, Murray, Oemig, Pridemore, Regala and Rockefeller.

Minority Report: Do not pass.
Signed by Senators Zarelli, Ranking Minority Member; Brandland, Carrell, Hewitt, Honeyford, Parlette and Schoesler.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff: Michael Bezanson (786-7449)

Background: Temporary Assistance for Needy Families (TANF). The TANF program is administered with federal block grant funding, appropriated to the Department of Social and Health Services (DSHS) by the Legislature. Federal law permits the use of TANF funding for the following purposes:

- to provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
- to end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
- to prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
- to encourage the formation and maintenance of two-parent families.

Washington's TANF program is called WorkFirst. Under WorkFirst, recipients receive a comprehensive evaluation prior to referral to job search activities. The evaluation is facilitated by a WorkFirst specialist and covers a broad range of topics. Information obtained through the evaluation process is used to develop an individual responsibility plan (IRP) for the recipient. The IRP includes an employment goal, a plan for obtaining employment as quickly as possible, and a description of services to remove barriers to employment and to enable the recipient to obtain and keep employment. Federal law requires states to include a job search component in their TANF programs. Washington's job search component calls for 12 weeks of job search and the focus of the program is work.

WorkFirst Subcabinet. The directors of the partner agencies comprise the WorkFirst Subcabinet. The partner agencies are the Office of Financial Management (OFM), DSHS, the Employment Security Department, the Department of Commerce, the State Board for Community and Technical Colleges, and the Department of Early Learning (DEL). The Subcabinet reports to the Governor. The Subcabinet, chaired by the OFM director, is responsible for monitoring program performance and reform implementation. Policy making administrators from the partner agencies comprise the WorkFirst policy oversight group called Sub 2. This group is also chaired by OFM and provides policy direction, monitors performance on a monthly basis, and provides oversight for program implementation. Field and policy headquarters managers from each of the partner agencies comprise the operations oversight group called Sub 3. This group meets weekly and collaboratively manages partnership-wide initiatives, recommends policy improvements to Sub 2, and provides guidance and support to local partnerships.

Working Connections Child Care Program. The Working Connections Child Care program (WCCC) provides child care subsidies to child care providers serving working families with incomes at or below 200 percent of the federal poverty level. In addition to low-income working families, WCCC subsidies also may be paid to providers on behalf of:

- families receiving TANF who are enrolled in approved activities; and
- parents under age 22, not on TANF, and enrolled in high school or a General Education Development (GED) program.

The Economic Services Administration (ESA) within DSHS has responsibility for verifying families' eligibility to receive WCCC subsidies. Under policies adopted by the DEL, eligibility determinations for WCCC subsidies are effective for a period of three or six months, after which a reauthorization process is conducted to determine continued eligibility.

Changes that can result in a family becoming ineligible for subsidies include:

- an increase in income;
- the loss of a job or a temporary lay-off;
- not keeping current with the obligation to make the monthly co-payment to the provider;
- not providing notice of changes in the family's circumstances within the timeframes required; or
- not providing all documentation requested at the time of the reauthorization.

When a family loses eligibility for a WCCC subsidy, it may result in the child experiencing a change in caregiver and environment if, when eligibility is reinstated, the child's enrollment slot has already been filled by another child.

Summary of Bill (Recommended Amendments): Temporary Assistance for Needy Families. The primary goal of the TANF program is economic self-sufficiency for families through unsubsidized employment. The WorkFirst job search requirements are modified to require consideration of the applicant's marketable job skills, attachment to the labor force, and level of education or training when determining the length of time job search is required. The TANF wage subsidy program is named the Community Jobs Program.

WorkFirst Subcabinet. The WorkFirst Subcabinet will collaborate with the Governor and reevaluate the WorkFirst program in the context of legislative intent regarding the focus of the WorkFirst program. The reevaluation also will reflect consideration of research relating to family economic self-sufficiency and completion of adequate training and education programs. The Subcabinet will develop a proposal for the Legislature to redesign the state's use of the TANF funding in a manner that makes optimum use of all funds available to promote more families moving out of poverty to sustainable self-sufficiency. The proposal is due December 1, 2010, and must include the following:

- a process for reassessing persons who are unable to achieve sustainable self-sufficiency through employment after a prolonged period;
- a plan for referring persons who have been unsuccessful in finding sustainable employment to the Community Jobs Program; and
- a schedule for developing and implementing three pathways to family self-sufficiency that will be used to guide case management and engage parents early in developing a comprehensive plan to achieve self-sufficiency while addressing families' current basic needs.

The pathways must address the needs of persons: (1) with no barriers to employment who have work experience, education, or attachment to the job force; (2) who have barriers to employment, no work experience, or little education or skills; and (3) who are disabled or caring for a disabled child or family member.

Working Connections Child Care Program. Beginning in Fiscal Year 2011, for families with children enrolled in the Early Childhood Education Assistance Program (ECECAP), Head Start, or Early Head Start, the WCCC subsidy authorization will be valid for 12 months unless a change in circumstances requires a reauthorization sooner. The DEL will report to the Legislature by September 1, 2011 on the following:

- an analysis of the impact of the 12-month authorization period on the stability of child care, program costs, and administrative savings; and
- recommendations to expand the application of the 12-month authorization period to additional populations of children in care.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Amendments): Changes the reauthorization period for WCCC from 6 months to 12 months.

EFFECT OF CHANGES MADE BY HUMAN SERVICES & CORRECTIONS COMMITTEE (Recommended Amendments): Changes the reauthorization period for WCCC from 12 months to 6 months.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 12, 2010.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Engrossed Second Substitute House Bill (Human Services & Corrections): PRO: TANF is currently focused on its recipients getting a job, any job. Sixty-five percent of current recipients have been on TANF before. They cycle on and off and don't develop the skills they need to stay off TANF permanently. Average length of time a family stays on TANF is five months. For WCCC, eligibility can be determined every six weeks, which is hard for parents because most are working and they have to take time off to do this. Want to look at longer periods of eligibility and see how it works. Michigan, Massachusetts, and Oregon all switched to 12 month eligibility and have not experienced great cost increases, and have seen significant administrative savings. The bill does not change the program; it sets out a framework that the subcabinet is to explore. In WCCC, one's reauthorization period can change for no reason. If one loses a job, childcare is immediately cut off and then if one finds a job five days later they must go through the whole childcare process all over. This bill would improve the stability and continuity of care. The overall goal of TANF is moving kids out of poverty and the best way to do this is to get parents working. AFDC helped three out of four kids in poverty; TANF helps two out of four. The current TANF program has not achieved the goal of moving people into sustainable long term employment. The Legislature should fully engage in this program. It is time the Legislature applied evidence-based principles to this program. In the Tipping study done in 2008, the median income after leaving TANF was \$12,444. After leaving, 38.4 percent return to TANF. We currently have a one-size-fits-all program that doesn't work. The most effective programs have a robust education and training component to the program. Absent a skills building portion of the program, recipients are no better off.

OTHER: The biggest concern with the bill is that it repeals the original intent section which stated that the focus of the bill is on work. The Governor has committed to the prime sponsor that the subcabinet will take a hard look at the program. The section on the pathways should be changed to be less prescriptive. The Governor has no issues with the 12 month authorization for WCCC. SBCTC supports the bill's intent to re-evaluate the program but is concerned about possible implementation issues.

Persons Testifying (Human Services & Corrections): PRO: Representative Kagi, prime sponsor; Lonnie Johns Brown, Natasha Fecteau, Sara Byers, WSA; Bianca Bailey, Kylee Allen, parents; Karan Gill, Burst for Prosperity, Carol Wood, United Way of King County; Tony Lee, Solid Ground; Robin Zukoski, Columbia Legal Services.

OTHER: Carole Holland, Alexis Oliver, Governor's Policy Office; Marie Bruin, SBCTC.

Staff Summary of Public Testimony on Recommended Amendment (Ways & Means):

PRO: In the Working Connections Child Care system parents find themselves having to submit paperwork unnecessarily and most families do not have many changes in their circumstances. There appears to be no set rules for certification. For some children, day care providers are the most stable thing in their lives. A 12-month certification will provide stability they and their families need. Many states have a maximum 12-month certification period. Families would still have to send in required documentation. This is a change in authorization periods not eligibility. States have implemented 12-month certifications as a way to save money on staffing and other efficiencies. States with 12-month certifications have seen no appreciable increase in costs. DSHS says in the fiscal note that it takes 15 minutes to complete a child care reauthorization. We feel it is underestimated as it takes at least 12 steps to reauthorization. A recent study argued that it should be cost neutral. The 12-month period is not an unreasonable request. The 6-month certification is too close to the current rules.

The TANF program has not been successful. Many families on the caseload have been on and off of the program repeatedly. The bill suggests that the Governor and WorkFirst subcabinet reexamine the program and invest in services that are more effective in helping families move toward self-sufficiency. It does not seem like participants should participate for 32 hours in job search if jobs are not available.

Persons Testifying (Ways & Means): PRO: Kylee Allen, WSA; Karen Tvedt, League of Women Voters; Carol Wood, United Way of King County; Robin Zukoski, Columbia Legal Services.