
**Early Learning & Human Services
Committee**

HB 1741

Brief Description: Regarding temporary assistance for needy families benefits.

Sponsors: Representatives Kagi and Walsh; by request of Department of Social and Health Services.

Brief Summary of Bill

- Authorizes the Department of Social and Health Services (DSHS) to permanently disqualify parents who have been terminated due to WorkFirst non-compliance sanction three or more times, beginning April 1, 2011.
- Authorizes the DSHS to reduce the maximum amount that families may earn and keep in addition to their monthly Temporary Assistance to Needy Families (TANF) grant beginning April 1, 2011.
- Authorizes the DSHS to establish rules regarding TANF eligibility for non-foster children residing with caretakers other than parents, beginning November 1, 2011.

Hearing Date: 2/8/11

Staff: Megan Palchak (786-7120).

Background:

Temporary Assistance for Needy Families

Temporary Assistance for Needy Families (TANF) is a federal block grant established under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The TANF program replaced the Aid to Families with Dependent Children (AFDC) program, which had provided grants to poor families with children since the 1930s.

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.

States use TANF block grants to operate their own programs. State programs differ, but operate in accordance with the following purposes set forth in federal law:

- to provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
- end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
- 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
- encourage the formation and maintenance of two-parent families.

According to the Center on Budget and Policy Priorities, the basic TANF block grant has been set at \$16.6 billion since it was established in 1996, and its real value has fallen by approximately 27 percent. States are required to spend their own funds on programs for needy families or face financial penalties; this is referred to as the *maintenance of effort* (or MOE) requirement.

WorkFirst

Washington's TANF program is called WorkFirst, and is administered by the Department of Social and Health Services (DSHS). Temporary Assistance to Needy Family funds are provided to two distinct populations in Washington: child-only cases and WorkFirst cases. A brief description of the features related to each case type follows:

- *Child-Only cases*: TANF grants are used for children and not adults in the home. Washington is one of two states which provide Child-Only TANF grants to qualified non-related caregivers. Child-only cases have few eligibility requirements or follow-up checks, unless the child was placed in a home on a dependency order by the Children's Administration.
- *WorkFirst cases*: eligible adults receive various forms of assistance while they participate in activities that will help them connect to the workforce.

If a participant is actively working, the DSHS disregards up to half of the participant's income when determining the participant's ongoing eligibility for a TANF grant. If a family's gross income exceeds the maximum earned income level as set by the DSHS, that family is no longer eligible to receive TANF assistance. Income earned by minor children who are full-time students is also disregarded.

When participants fail to meet WorkFirst participation requirements, they face sanctions or reduced grants. Participants who are out of compliance with requirements for four months are terminated, but may reapply.

WorkFirst Redesign

The WorkFirst Subcabinet (or Subcabinet) chartered a re-examination of the WorkFirst program between July and November of 2010, and released its report to the Legislature on February 3, 2011. The Subcabinet found that WorkFirst, as currently designed, is not financially sustainable within available funding. The report includes a comprehensive set of time-series recommendations to redesign the program so it can be sustained for needy families in the future. Some recommendations include:

- continue to provide a full TANF grant for families with income up to 200 percent of the federal poverty level, and a reduced grant for those with higher incomes;
- revise rules regarding the amount of earned income that can be disregarded when determining participants' eligibility to receive TANF assistance;
- implement reasonable eligibility requirements and follow up checks for child-only cases, for cases in which the child was not placed by Children's Administration on a dependency order; and
- enhance participant accountability.

Summary of Bill:

Under House Bill 1741, families may earn and keep up to 40 percent of their earnings, in addition to their monthly TANF payment, as set by the DSHS. This constitutes a 10 percent reduction in the maximum amount that families are allowed to earn and keep. The reduction becomes effective on April 1, 2011.

On November 1, 2011, the DSHS is authorized to adopt rules to establish eligibility for TANF benefits for non-foster children who live with a caregiver other than his or her parents. These rules may include, but are not limited to, establishing income eligibility standards for the child's caregiver up to 200 percent of the federal poverty level, based on the family's size.

Beginning April 1, 2011, the DSHS may permanently disqualify individuals who have been terminated from WorkFirst due to non-compliance sanctions three or more times since March 1, 2007.

Appropriation: None.

Fiscal Note: Requested on February 2, 2011.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.