

SENATE BILL REPORT

EHB 2262

As of Second Reading

Title: An act relating to constraints of expenditures for WorkFirst and child care programs.

Brief Description: Regarding constraints of expenditures for WorkFirst and child care programs.

Sponsors: Representatives Kagi, Hinkle, Darneille, Ladenburg, Walsh, Goodman, Carlyle, Fitzgibbon, Jinkins, Roberts, Ryu and Kenney.

Brief History: Passed House: 3/08/12, 98-0.

Committee Activity:

Staff: Jennifer Strus (786-7316)

Background: Creation of the Temporary Assistance to Needy Families Program (TANF). Before 1997 Washington operated a welfare program for low-income families with children called Aid to Families with Dependent Children (AFDC). If a family had children under the age of 18 years and met income and resource standards, the family was eligible for assistance under the program. The family had a legal entitlement to monthly cash payments and medical coverage through the Medicaid. This assistance continued as long as the family met the eligibility criteria.

In 1996 the United States Congress enacted the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. This act replaced the AFDC program with a new program called the TANF program. Under this federally funded program for public assistance, the states were required to implement reforms as set forth by Congress. Instead of an uncapped federal funding formula based upon the state's caseload, a capped federal block grant was provided to the states. States are required to meet a maintenance-of-effort (MOE) of state spending annually. A state's failure to meet the MOE is subject to a penalty.

WorkFirst. In 1997 the Legislature passed Engrossed House Bill 3901, which implemented the reforms required by Congress. To receive the block grant authorized under the federal legislation, the states were required to establish a program to move TANF recipients into permanent jobs. Under the federal TANF legislation, the receipt of continued assistance was conditioned upon the individual's participation in work activities. In response to this

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.

requirement under the federal law, the Legislature created the Washington WorkFirst program (WorkFirst).

The TANF Block Grant. Under the 1997 state legislation, the Department of Social and Health Services (DSHS) was required to operate WorkFirst. Under the new statute, the full amount of the block grant, as well as any state funds appropriated by the Legislature, were required to be appropriated to DSHS to carry out the provisions of WorkFirst, including child care programs. DSHS was permitted to expend funds in any manner to effectively accomplish outcome measures defined in the legislation. DSHS was required to monitor expenditures against the appropriation levels provided.

Child Care Development Fund. The Child Care Development Fund was authorized by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The funds are distributed to the states to operate child care subsidy programs and to improve the quality and availability of child care. States are required to spend state funds in order to receive federal matching funds.

Restrictions Imposed on Expenditures by DSHS and the Department of Early Learning (DEL). The TANF block grant monies and state appropriated funds must be spent to carry out the provisions of the TANF program, including WorkFirst; the Diversion Assistance Program, which provides one-time emergency funding; Individual Development Accounts; Entrepreneurial Assistance; child-care services; and job support services. DSHS must employ strategies that accomplish specific outcome measures regarding the WorkFirst program, which include caseload reduction, placement of participants in private sector jobs, and job retention.

In 2010 the Legislature enacted Engrossed Second Substitute House Bill 3141, which required the DEL to implement policies for the expenditure of funds in Working Connections Child Care Program (Working Connections). These policies were required to be consistent with outcome measures for the WorkFirst program and standards intended to promote the continuity of child care for children from low income households.

Legislative-Executive WorkFirst Oversight Task Force (Task Force). In 2011 the Legislature passed ESSB 5921 which created the Task Force comprised of legislators, agency personnel, and OFM to provide oversight and direction to DSHS on the operation of the WorkFirst Program.

Summary of Bill: The WorkFirst program must be operated within amounts appropriated by the Legislature and consistent with policy established by the Legislature and the Task Force to achieve outcomes including improving a recipient's economic status, housing stability, medical and behavioral health, job retention, educational advancement, and the well-being of children in the recipient's care.

DSHS must create a budget structure, including a biennial spending plan, to allow for transparent tracking of program spending for TANF grants, Working Connections, WorkFirst activities, and the administration of the WorkFirst program. The spending plan must be submitted to the legislative fiscal committees and the Task Force no later than July 1, of odd numbered years, beginning on July 1, 2013. DSHS must also provide expenditure reports to

legislative fiscal committees and the Task Force beginning September 1, 2012, and on a quarterly basis thereafter.

Spending for administrative purposes, which does not include information technology and computerization for tracking and monitoring required by federal law, must not exceed 15 percent of the TANF block grant, the federal child care funds, and qualifying state expenditures. DSHS must expend funds for work activities and other services for WorkFirst recipients pursuant to performance based contracts with public and private providers as currently provided for in statute.

The Caseload Forecast Council must forecast the TANF and Working Connections as a courtesy.

Appropriation: None.

Fiscal Note: Available on previous version of the bill.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2012.