

# HOUSE BILL REPORT

## E2SHB 3141

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### As Passed Legislature

**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:**

##### **Committee Activity:**

Early Learning & Children's Services: 1/29/10, 2/2/10 [DPS];  
Ways & Means: 2/6/10, 2/9/10 [DP2S(w/o sub ELCS)].

##### **Floor Activity:**

Passed House: 2/13/10, 51-43.  
Senate Amended.  
Passed Senate: 3/3/10, 27-20.  
House Concurred.  
Passed House: 3/6/10, 57-38.  
Passed Legislature.

#### **Brief Summary of Engrossed Second Substitute Bill**

- Makes legislative findings regarding the link between economic self-sufficiency and completion of educational and training programs.
- Establishes a 12-month authorization period under the Working Connections Child Care (WCCC) program for eligible families with children enrolled in the Early Childhood Education and Assistance Program, Head Start, or Early Head Start.
- Requires a report to the Legislature regarding the impact of the 12-month authorization under the WCCC program.
- Directs the WorkFirst subcommittee to re-evaluate the WorkFirst program, develop a proposal for re-designing delivery of services under the WorkFirst program, and report back to the Legislature by December 1, 2010.

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### HOUSE COMMITTEE ON EARLY LEARNING & CHILDREN'S SERVICES

*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.*

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Kagi, Chair; Roberts, Vice Chair; Haler, Ranking Minority Member; Walsh, Assistant Ranking Minority Member; Angel, Goodman and Seaquist.

**Staff:** Sydney Forrester (786-7120).

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## HOUSE COMMITTEE ON WAYS & MEANS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Early Learning & Children's Services. Signed by 14 members: Representatives Linville, Chair; Ericks, Vice Chair; Sullivan, Vice Chair; Cody, Conway, Darneille, Haigh, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew and Seaquist.

**Minority Report:** Do not pass. Signed by 8 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Chandler, Hinkle, Priest, Ross and Schmick.

**Staff:** Wendy Polzin (786-7137).

### **Background:**

#### Temporary Assistance for Needy Families.

The Temporary Assistance for Needy Families (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.

A household may receive TANF benefits for up to a lifetime maximum of 60 months, unless an adult qualifies for one of the following exemptions permitted by federal law:

- caregiver age 55 or older;
- caregiver for an adult who is disabled;
- caregiver for a child who is disabled or who has special needs;
- adult who is disabled and not eligible for Social Security Disability Insurance;
- adult in process of applying for Social Security Disability Insurance or Supplemental Security Income;
- adult addressing family violence issues; or
- adult caring for an infant under 1 year of age.

A household also may be exempt from the 60-month time limit on the basis of hardship. A state may exempt a total of up to 20 percent of its total TANF caseload from the 60-month time limit.

Preliminary data from the current TANF caseload indicates that an estimated 5,000 households have received TANF services for 61 or more months and are not eligible for an exemption on a basis other than hardship. Approximately 87 percent of these households are headed by a single adult. Of all the one-adult households, over 90 percent are mothers who collectively are raising approximately 10,000 children, half of whom are under 8 years of age. An introductory analysis of educational levels of mothers in these single-adult households reflects that approximately 30 percent have less than a high school diploma and another 40 percent have only a high school diploma.

#### 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 the DSHS has responsibility for verifying families' eligibility to receive WCCC subsidies. Under policies adopted by the Department of Early Learning (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 time frames 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 Engrossed Second Substitute Bill:**

#### 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.

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:

1. a process for reassessing persons who are unable to achieve sustainable self-sufficiency through employment after a prolonged period;
2. a plan for referring persons who have been unsuccessful in finding sustainable employment to the Community Jobs Program program; and
3. 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 with no barriers to employment who have work experience, education, or attachment to the job force;
  - persons who have barriers to employment, no work experience, or little education or skills; and
  - persons who are disabled or caring for a disabled child or family member.

The WorkFirst subcabinet is required to adopt the goal of increasing the percentage of TANF recipients who eventually are able to increase household earnings to a level that is at or above 200 percent of the federal poverty level. The proposal for redesigning delivery of TANF-funded programs also must delineate specific strategies to achieve the goal.

Beginning December 1, 2010, and annually thereafter, the OFM, in consultation with other state agencies, must report to the Governor and the Legislature with estimates of:

- the percentage of Washington residents with income at or above 200 percent FPL; and
- the percentage of WorkFirst clients who have achieved earning at or above 200 percent FPL.

#### Working Connections Child Care Program.

Beginning in Fiscal Year 2011, for families with children enrolled in the Early Childhood Education Assistance Program (ECEAP), Head Start, or Early Head Start, the 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, with:

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

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony** (Early Learning & Children's Services):

(In support) This bill was generated by a concern about how TANF is working in our economy and the practice of requiring people with little or no skills to spend months searching for jobs that do not exist. It also stems from a growing concern on the part of the Legislature and some of the executive branch agencies about the effect on children of the short eligibility periods for the WCCC program and the instability created for children from low-income households. The Legislature's role in our three branches of government is to appropriate the TANF funds and set the TANF policies, and this bill would put in place that appropriate role for the Legislature.

House Bill 3141 will take crucial steps in improving the stability and quality of childcare for children served through the WCCC program. Under the current WCCC system, parents are troubled with the constant re-eligibility processes that can be very trying when parents are juggling work, school, and children. Many families are told they qualify for six months but they still are asked to recertify in three months, or in some cases, in as little as six weeks. The WCCC program is about supporting parents to become self-sufficient so they can be free of public assistance. Yet, under the current regulations there is a flaw in the system. When a parent loses a job and is unable to find work right away, the child suffers because they lose their daycare provider. The WCCC program also includes no incentives to increase wages, and some parents determine it is more beneficial to keep a low paying job in order to keep the WCCC subsidy, because without it, they cannot afford the high cost of child care.

Absent legislative action, in Washington the TANF program will undergo at least two significant changes in the coming months. First, the Governor's spending plan indicates a \$49 million reduction in the money placed in the WCCC program. The importance of this child care support is crucial to low-income working families. If low-income working families lose their child care subsidies, they are likely to become TANF clients because they will lose their jobs. The second change that will take place, absent legislative action, is that the Governor intends to impose a hard five-year time limit on TANF recipients. This will be happening in the worst economy our state has ever seen. This will affect about 6,000 families and about 12,000 children who will be cut off from TANF cash assistance on

October 1, 2010. We know these families are in full compliance with what they have been asked to do by the TANF program. These are the families the state should be most accountable to. If we have not been engaging these families in activities that will help them become self-sufficient, we should reexamine what we have been asking these families to do. This bill is an attempt to do that, by focusing on the tipping point achieved when parents complete adequate training and education programs. The Legislature should take back the TANF box and direct the policies that will achieve the intent stated in this bill.

An education is the way out of poverty. Numerous studies support this. Washington, however, has some of the most restrictive policies that are getting in the way of parents who are very capable of completing the education and training programs that will lead to their permanent exit from the TANF program. For parents of children with disabilities, the TANF program lacks appropriate supports and policies. Even for parents with a college degree, keeping a job requires that appropriate child care be available.

The WCCC program should not be just about parents. It should be about providing stability and continuity of care to low-income, at-risk children. For some children, their daycare providers are the most stable part of their lives. Having a 12-month authorization period would provide stability for children, parents, and daycare providers. It also would reduce the time case workers spend on reauthorizations resulting in a reduction in administrative costs.

This bill will dramatically change the focus of our child care subsidy system from one focused solely as a work support to a program designed to foster quality child development and continuity for our most at-risk children. Research is clear that moving to a 12-month redetermination is good public policy and will enhance the quality of our child care subsidy system. A study of children age 6 - 30 months in child care centers found that when the children experienced fewer changes in those who cared for them in a day, and longer stretches with their primary caretaker, they were less likely to exhibit behavior problems. Another study found that high numbers of changes in centers or family child care providers in the earliest years has been linked to less outgoing and more aggressive behaviors among children age 4 and 5. It is critically important for a child's development for them to build a close relationship and attachment to a care giver.

For similar reasons, 22 other states have decided to move to a 12-month redetermination process, and eight states have began their changeover in the same way being proposed here - with Head Start, Early Head Start, and ECEAP families as the starting point. Several additional states are looking to make the change to 12 months not only for the child development benefits but also to reduce administrative costs and burdens. A 2008 Colorado state auditor report found that 6-month redetermination and family reporting requirements were costly to administer and *overly* burdensome on participants in the subsidy system. They also found that only 3 percent of the families seeking redetermination at six months were ineligible for their subsidy programs, yet the costs incurred by the state were substantial as caseworkers spent between 25 percent and 63 percent of their time on activities related to the redetermination of eligibility.

Recently a 12-month redetermination period was adopted in Michigan in response to staff shortages because the state found that a longer eligibility period reduced staff burden associated with processing paperwork. Research suggests that parents losing their subsidy

often stems from the complexities and frequency of the redetermination process rather than changes in family income, hours, or employment structure. Working parents may be unable to leave their place of employment to make in-person visits to subsidy agencies to file necessary paperwork or may be unclear about the steps required to recertify their eligibility. Requiring an abundance of documentation makes the process overly difficult for parents, as well as for agency staff. Finally, in Massachusetts, they switched to a 12-month period of eligibility when an evaluation concluded that 86 percent of families were still eligible for subsidies at the same time of their required 6-month redetermination and therefore a shorter eligibility period was not cost effective.

(Neutral) The TANF partners are pleased about the conversation generated by this bill. We need to talk about his economy, the future economy, and how to reset TANF for the future. This is a very complicated process all around. We have not had a full blown look at TANF since it was first implemented. We welcome a more detailed discussion about the approach proposed in the bill. The TANF clientele is very challenging and we have prescriptive federal requirements to work with. The resetting of the economy and the resetting of government will require a shared governance in lifting families out of poverty and promoting the well-being of children. It is time to step back and talk about what more can be done, including in partnership with our communities, to promote family self-sufficiency.

For children living in poverty, there are many risks, including an increased likelihood of maltreatment. While poverty does not cause maltreatment, the stresses around poverty do. We should be focusing on the long-term goal of self-sufficiency from the first time the applicant enters the program.

The State Board for Community and Technical Colleges (SBCTC) is excited to read this bill because it aligns well with what we have long advocated for. The focus on training programs that are demonstrated by research to lead to greater income gains and career growth is what we believe can make a difference. The disconnect now is that about 78 percent of TANF client who are referred to the SBCTC programs are going into short-term training programs that do not have this link with self-sufficiency. There are many details to be worked out, including funding for the training programs, and increased full time employees. Much has changed in the 13 years since TANF was implemented and it is time to reflect and reevaluate how we can partner better with the Legislature and with each other. Shifting the job search component to six weeks is an awfully tight time frame. Finding a job, even for persons with excellent skills, takes longer than six weeks.

(Opposed) None.

**Staff Summary of Public Testimony (Ways & Means):**

(In support) This is a good effort to reexamine the Temporary Assistance to Needy Families (TANF) program. Extending the Working Connections Child Care (WCCC) eligibility will provide stability for children and families, reduce some costs, and provide other benefits. When parents lose jobs and eligibility, children are expelled from school which would not happen in the K-12 system. There are questions on the fiscal note and why costs increase when eligibility does not change and the number of children receiving Head Start and ECEAP services is too high. The bill could be amended.

(Opposed) None.

**Persons Testifying** (Early Learning & Children's Services): (In support) Representative Kagi, prime sponsor; Shawn Harris, Service Employees International Union Local 925; Caryn Swan Jamero, Community Day School; Gabrielle James; Sandra Kozlowski, Conchetta House; Leslie Sirag; Jan Smith, Washington State Extended Families; Joel Ryan, Washington State Association of Head Start and Early Childhood Education and Assistance Program; Kylee Allen; Robin Zukoski, Columbia Legal Services; Monica Peabody and Penny Baker, Parents Organizing for Welfare and Economic Rights; and Cecily Jenkins.

(Neutral) Marty Brown, Office of the Governor; Susan Dreyfus, Department of Social and Health Services; Charlie Earl, State Board for Community and Technical Colleges; Bette Hyde, Department of Early Learning; and Karen Lee, Employment Security Department.

**Persons Testifying** (Ways & Means): Representative Kagi, prime sponsor; Robin Zukowski, Columbia Legal Services; Karen Tvedt, League of Women Voters and Washington Association for the Education of Young Children; John Bancroft, White Center Early Learning Initiative; Lonnie Johns-Brown, Washington Association of Women; Tony Lee, Solid Ground; and Nick Federici, United Way of King County.

**Persons Signed In To Testify But Not Testifying** (Early Learning & Children's Services): None.

**Persons Signed In To Testify But Not Testifying** (Ways & Means): None.