

HOUSE BILL REPORT

SHB 1782

As Passed House:
March 4, 2011

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: House Committee on Early Learning & Human Services (originally sponsored by Representatives Hinkle, Kagi, Orcutt, Hunter, Rodne, Carlyle, Armstrong, Pettigrew, Haler, Green, Angel, Ross, Van De Wege, Bailey, Kenney, Ahern, Ryu, Crouse, Short, Eddy, Nealey, Finn, DeBolt, Condotta, Moeller, Sullivan, Darneille, McCune, Buys, Dahlquist, Alexander, Fagan, Johnson, Sells, Overstreet, Maxwell, Seaquist, Haigh, Blake, Hargrove, Dickerson, Rivers, McCoy, Schmick, Santos, Smith, Zeiger, Tharinger, Wilcox, Dammeier, Rolfes, Warnick, Liias, Kretz, Cody, Parker, Probst, Taylor, Fitzgibbon, Reykdal, Shea, Goodman, Asay, Stanford, Klippert, Walsh, Moscoso, Harris, Takko, Kristiansen, Jacks, Roberts, Orwall, Hasegawa, Ladenburg, Jinkins, Hunt, Billig, Ormsby, Upthegrove, Hudgins, Frockt, Appleton, Dunshee, Kelley, Pedersen and Miloscia).

Brief History:

Committee Activity:

Early Learning & Human Services: 2/8/11, 2/10/11 [DPS];
Ways & Means: 2/23/11 [DPS(ELHS)].

Floor Activity:

Passed House: 3/4/11, 96-0.

Brief Summary of Substitute Bill

- Requires that the moneys contained in the Temporary Assistance for Needy Families (TANF) block grant and state funds for TANF programs, including the WorkFirst program, must be used in accordance with legislative policy set forth in statute and appropriations acts.
- Requires that the full amount of the Child Care Development Fund, in addition to certain state funds, be appropriated to the Department of Early Learning (DEL) for the operation of the Working Connections Child Care Program (Working Connections) and other child care functions within the DEL.

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.

- Requires that funds sufficient to carry out the eligibility determinations for Working Connections, service authorizations, and provider payments must be transferred to the Department of Social and Health Services (DSHS) from the DEL, consistent with policy determined by the DEL and the Legislature.
- Requires both the DSHS and the DEL to determine quarterly whether their expenditure levels for TANF and child care programs will exceed available funding at the end of the fiscal year and to report their findings to the Legislature; any actions taken by the DSHS and DEL must be consistent with legislative policy and requirements set forth in the appropriations acts.

HOUSE COMMITTEE ON EARLY LEARNING & HUMAN SERVICES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Kagi, Chair; Roberts, Vice Chair; Walsh, Ranking Minority Member; Hope, Assistant Ranking Minority Member; Dickerson, Goodman, Johnson, Orwall and Overstreet.

Staff: Linda Merelle (786-7092).

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: The substitute bill by Committee on Early Learning & Human Services be substituted therefor and the substitute bill do pass. Signed by 24 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Carlyle, Chandler, Dickerson, Haigh, Haler, Hudgins, Hunt, Kagi, Kenney, Ormsby, Parker, Pettigrew, Ross, Schmick, Seaquist, Springer and Wilcox.

Staff: Melissa Palmer (786-7388).

Background:

Creation of the Temporary Assistance to Needy Families Program.

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 Temporary Assistance for Needy Families (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.

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 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 the DSHS to carry out the provisions of WorkFirst, including child care programs. The DSHS was permitted to expend funds in any manner to effectively accomplish outcome measures defined in the legislation. The 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.

Creation of the Department of Early Learning.

Prior to 2006, Early Learning was a division within the DSHS. In 2006 the Legislature enacted Second Substitute House Bill 2964 and established the Department of Early Learning (DEL) as an executive branch agency whose director was appointed by the Governor. Child care licensing and the operation of the Working Connections Child Care Program (Working Connections) were among the functions that were transferred from the DSHS to the DEL. Beginning in the 2007-2009 biennium, the spending authority for Working Connections was transferred from the DSHS to the DEL. Income eligibility determination and provider payment functions for Working Connections remained within the DSHS.

Beginning in the 2007-2009 biennium, funds contained within the TANF block grant that were used for operating Working Connections, child care quality programs, and child care licensing functions were appropriated to the DEL rather than the DSHS.

Restrictions Imposed on Expenditures by the DSHS and the 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. The 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. 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.

Summary of Substitute Bill:

The TANF block grant moneys and state funds appropriated to the DSHS by the Legislature must be used in accordance with policies established by the Legislature and within appropriated amounts. This is in addition to the existing requirements regarding expenditures of funding to the DSHS for TANF programming, including WorkFirst.

The full amount of the Child Care Development Fund and qualifying state expenditures must be appropriated to the DEL each year to carry out the provisions of Working Connections, child care quality programs, and child care licensing functions. The DEL must expend funds in a manner consistent with the outcome requirements which include the development of a consistent and stable continuum of child care.

Funds sufficient to carry out the eligibility determinations for Working Connections, service authorizations, and child provider payments, functions which have remained within the DSHS, must be transferred to the DSHS from the DEL consistent with policy determined by the DEL and the Legislature.

The DSHS and the DEL, each quarter, must make a determination of whether the expenditure levels will exceed available funding. They must communicate their findings to the Legislature. If expenditures will exceed funding at the end of the fiscal year, actions taken by the DSHS and the DEL must be consistent with legislative policy and requirements set forth in the appropriations act.

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 & Human Services):

(In support) The bill basically gives the Legislature the TANF "box" back. The Legislature has to take control of this funding. It is not about specific programs within the TANF box. It is about our constitutional duty to deal with the budget and to have this discussion. While the

line between TANF and the Child Care Development Fund is blurred, they are separate, each with their own requirements, purposes, and goals. One thing that has been lost with the TANF box is the distinctness of these purposes. With the box currently in the Governor's control, the Legislature's control of policy is hampered. In 1997, when federal welfare reform was making its way through the states, Washington made the decision that the executive branch would have the authority to decide how federal grant moneys and appropriated funding should be used. Today, the situation is much different. The grant has not increased and other resources have stayed flat. This bill is restoring the power that the Legislature should have. Washington is the only state in the nation that has this particular configuration of policy control over TANF and child care functions. Sometimes this construction has worked well, and other times it has not. The time has come for the Legislature to make decisions and set priorities.

(Opposed) Now is not the time to create barriers that make it more difficult to manage the programs funded by TANF and limit our ability to be flexible and nimble. To put more requirements is ill-advised.

Staff Summary of Public Testimony (Ways & Means):

(In support) This is a substantive bill that has been signed by many members, which speaks to what we are trying to accomplish. This bill is not necessarily about setting priorities in the programs supported by these funds. This bill is saying that we want to have a reasoned discussion now and in the future about a sustainable safety net. It is very hard to do this if the Legislature does not have control of the whole budget. I am pleased that so many members signed on to the bill.

Speaking on behalf of welfare advocates, we are in favor of the bill. Welfare advocates are thankful for member's support of this bill. This is a very tough fiscal situation. There is no better time for this committee and this Legislature to be involved in decisions about the entire budget, including the funding for the TANF box. It is difficult to make decisions about competing budgetary needs when the Legislature does not have authority over the entire budget. While welfare advocates welcome being part of the TANF redesign process, it is past time for the Legislature to have equal responsibility over these funds. Welfare advocates urge rapid passage of this bill. There is no other state that manages their TANF program by giving the budgetary authority to the Governor.

(Opposed) This bill addresses funding and oversight for the state's TANF program, which funds the state's WorkFirst program, child-only TANF program, and Working Connections Child Care Program (Working Connections). Currently, the Working Connections heavily depends on TANF funds. The Governor and the DSHS are in concurrence; this is not the time to limit flexibility and agility of the TANF program. When faced with across-the-board reductions earlier this fiscal year, the sheer number of budget provisions limited the strategies that could be used to meet the reductions. Limits on the TANF box flexibility are ill advised. The DSHS needs more flexibility, not less, so that the DSHS can respond to the fiscal crisis and minimize the need for more funding. Federal TANF funds for this program have not increased, but caseloads have increased. The DSHS has demonstrated the ability to manage this program. If the DSHS did not have the flexibility to manage this program, we would have had to make deeper reductions. The families being served through the TANF have

incomes that are at 31 percent to 52 percent of the federal poverty level. The first priority for use of the TANF funds is to assist the TANF eligible families. Helping families build a bridge out of poverty is the Governor's first priority. The DSHS is committed to including stakeholders. The DSHS has recently committed to a redesign and has begun implementation. The DSHS has involved advocates and legislators in this process. The DSHS commitment includes continuing meetings and involving legislators and the Governor's Policy Office in the decisions regarding these programs. The Governor and the DSHS believe now is not the time to restrict flexibility in responding to this fiscal crisis.

Persons Testifying (Early Learning & Human Services): (In support) Representative Hinkle, prime sponsor; Karen Tvedt, Washington Association for the Education of Young Children and League of Women Voters; Zach Carstensen, Jewish Federation of Greater Seattle; and Robin Zukoski, Columbia Legal Services.

(Opposed) Susan Dreyfus, Department of Social and Health Services.

Persons Testifying (Ways & Means): (In support) Representative Hinkle, prime sponsor; Lonnie Johns-Brown, Washington Advocates Group; and Robin Zukoski, Columbia Legal Services.

(Opposed) Susan Dreyfus, Department of Social and Health Services.

Persons Signed In To Testify But Not Testifying (Early Learning & Human Services): None.

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