

HOUSE BILL REPORT

HB 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:

Committee Activity:

None.

Brief Summary of 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.
- 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 the DSHS to implement strategies and expend funds in a manner that accomplishes outcomes, including caseload reduction and jobs retention.
- Requires the DEL to expend appropriated funds in a manner consistent with the requirements of the Working Corrections Child Care Program.
- 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

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.

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 WAYS & MEANS

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. 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 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 (CCDF) 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 the CCDF which is used for Working Connections, Seasonal Child Care Program, child care quality programs, and child care licensing functions were appropriated to the DEL rather than the DSHS. Income eligibility determination and provider payment functions for Working Connections remained within 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 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 must implement strategies and expend funds, including those spent in contracting with other state agencies or local governments in a manner that accomplishes the measures developed for caseload reduction, job retention, earnings, and job placement in the private sector. The DEL must, within funds appropriated, expend funds in a manner consistent with the requirement of the Working Connections Child Care Program.

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:

None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.