

HOUSE BILL REPORT

EHB 2262

As Amended by the Senate

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.

Floor Activity:

Passed House: 3/8/12, 98-0.

Senate Amended.

Passed Senate: 3/8/12, 49-0.

Brief Summary of Engrossed Bill

- Repeals RCW 74.08A.340 regarding the operation of the WorkFirst program by the Department of Social and Health Services (DSHS).
- Adds a new section to Chapter 74.08A RCW regarding funding for the WorkFirst program requiring the WorkFirst program be operated within amounts appropriated by the Legislature and consistent with policy established by the Legislative-Executive WorkFirst Oversight Task Force.
- Requires the DSHS to provide expenditure reports to legislative fiscal committees and the Legislative-Executive WorkFirst Oversight Task Force beginning September 1, 2012, and on a quarterly basis thereafter.
- Requires the Caseload Forecast Council to forecast the Temporary Assistance for Needy Families and the Working Connections Child Care programs as a courtesy.

HOUSE COMMITTEE ON WAYS & MEANS

Staff: Melissa Palmer (786-7388).

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.

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 Engrossed Bill:

The statute regarding the operation of the WorkFirst program by the Department of Social and Health Services (DSHS) is repealed and a new section regarding the funding for the WorkFirst program is added to statute. The WorkFirst program must be operated within amount appropriated by the Legislature and consistent with policy established by the Legislature and the Legislative-Executive WorkFirst Oversight Task Force to achieve outcomes including improving a recipients economic status, housing stability, medical and behavioral health, job retention, educational advancement; and the well-being of children in the recipient's care.

The DSHS must create a budget structure to allow for transparent tracking of program spending for the Temporary Assistance for Needy Family (TANF) grants, the Working Connections Child Care program, WorkFirst activities, and the administration of the WorkFirst program. Each biennium the DSHS must establish a biennial spending plan and provide updates if the modifications to the spending plan are made. The DSHS must provide expenditure reports to legislative fiscal committees and the Legislative-Executive WorkFirst Oversight Task Force beginning September 1, 2012, and on a quarterly basis thereafter. Based on the quarterly reports, if expenditures are projected to exceed funding, the DSHS must take actions necessary to ensure services provided are available only to the extent and consistent with appropriations in the operating budget and policy established by the Legislature.

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

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment removes the Legislative-Executive WorkFirst Oversight Task Force as an entity that, with the Legislature, sets WorkFirst policy.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.