

HOUSE BILL REPORT

HB 1603

As Reported by House Committee On:
Human Services & Early Learning
Appropriations

Title: An act relating to revising economic assistance programs by updating standards of need, revising outcome measures and data collected, and reducing barriers to participation.

Brief Description: Revising economic assistance programs by updating standards of need, revising outcome measures and data collected, and reducing barriers to participation.

Sponsors: Representatives Senn, Entenman, Morgan, Kilduff, Macri, Gregerson, Valdez, Chapman, Wylie, Peterson, Doglio, Tharinger, Bergquist, Robinson, Ortiz-Self, Goodman, Lovick, Jinkins, Leavitt, Hudgins, Pettigrew, Slatter, Appleton, Stanford, Davis, Frame, Pollet, Fey and Tarleton.

Brief History:

Committee Activity:

Human Services & Early Learning: 1/30/19, 2/5/19 [DPS];

Appropriations: 2/28/19 [DP2S(w/o sub HSEL)].

Brief Summary of Second Substitute Bill

- Modifies policies in the Temporary Assistance for Needy Families and WorkFirst programs.

HOUSE COMMITTEE ON HUMAN SERVICES & EARLY LEARNING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Senn, Chair; Callan, Vice Chair; Frame, Vice Chair; Goodman, Griffey, Kilduff, Klippert, Lovick and Ortiz-Self.

Minority Report: Do not pass. Signed by 3 members: Representatives Eslick, Assistant Ranking Minority Member; McCaslin, Assistant Ranking Minority Member; Corry.

Minority Report: Without recommendation. Signed by 1 member: Representative Dent, Ranking Minority Member.

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.

Staff: Dawn Eychaner (786-7135).

Background:

Temporary Assistance for Needy Families (TANF) is a federal block grant that provides temporary cash assistance, subsidized childcare, and work programs for families. The Washington WorkFirst TANF Act of 1997 created the WorkFirst program. With limited exceptions, adult TANF recipients must participate in one or more WorkFirst activities that are identified through an assessment and documented in the recipient's Individual Responsibility Plan (IRP). These activities may include paid and unpaid employment-based training programs, career development, community service, work skills assessment and job search training, and vocational training programs.

In 2014 the state began requiring all TANF applicants to attend a mandatory orientation as a condition of eligibility. The TANF program is administered by the Department of Social and Health Services (DSHS).

Work Participation, Sanctions, and Permanent Disqualification.

Federal law and state rules require a reduction or termination of a family's assistance if an individual in the family refuses to participate in work requirements unless the individual meets criteria to be exempt from mandatory work participation or has good cause. This reduction of assistance is referred to as "non-compliance sanction."

States are required to meet two federally set Work Participation Rates (WPR) for the TANF program: a two-parent WPR that measures participation by individuals in two-parent families and an overall, "all family," WPR that measures work activity participation by all work-eligible individuals. The state could be subject to a federal penalty if a WPR is not met in a fiscal year. The DSHS reports on the WPRs to the Legislature quarterly. The October 2018 quarterly report from the DSHS indicated the state has been exceeding both WPR rates since May 2016.

Federal law allows the state to exclude families in sanction status from the WPR calculation for three out of 12 months. Current state rules require a family's TANF grant to be reduced by one person's share or 40 percent, whichever is more, when a recipient is in sanction. After two months in sanction, the recipient's case is closed. If a TANF case is closed at least three times, the individual and any household that person is part of are permanently disqualified from receiving TANF benefits.

Temporary Assistance for Needy Families Five-Year Time Limit.

Federal and state rules limit the length of time an adult can receive TANF benefits to a cumulative total of five years. States can extend TANF assistance beyond the five-year limit for up to 20 percent of the average monthly caseload. Extensions may only be offered to families on the basis of hardship, as defined by the state, or in instances of battering or severe cruelty. The state allows hardship extensions for individuals approved for work participation exemptions or who meet hardship or family violence criteria. For federal fiscal year 2017, 4 percent of the state's caseload was exempt from the five-year limit.

Pre-2011 Temporary Assistance for Needy Families Policies Report.

The 2018 Supplemental Operating Budget required the DSHS to submit a report to the Governor and the Legislature by December 1, 2018, describing the estimated caseload and fiscal impacts of returning to pre-2011 TANF policies. The report includes an analysis of the impacts of removing the five-year lifetime limit, lessening non-compliance sanction policies, and eliminating the mandatory orientation.

Standards of Need.

The DSHS has established consolidated standards of need for certain cash assistance programs. The standards were developed based on a 1991 market basket survey and are updated annually according to inflation. Cash grant amounts cannot exceed the identified need standard in the TANF program; Refugee Assistance; Supplemental Security Income; and the Aged, Blind or Disabled Program. Current cash grant standards are lower than the standard of need.

Legislative-Executive WorkFirst Poverty Reduction Oversight Task Force.

The 2018 Legislature established the Legislative-Executive WorkFirst Poverty Reduction Oversight Task Force (Task Force) to oversee the operation of the WorkFirst and TANF programs. The voting membership of the Task Force is comprised of eight state agency representatives and eight members of the Legislature.

Summary of Substitute Bill:

Work Participation, Sanctions, and Permanent Disqualification.

If a recipient refuses to engage in work activities, the DSHS must review the case to ensure the DSHS has considered any barriers to work and made any necessary revisions to the recipient's IRP. After four months of continuous non-compliance, the family's grant may be reduced by the recipient's share or 40 percent, whichever is greater. The DSHS may not terminate the grant.

The DSHS may not permanently disqualify households for noncompliance with WorkFirst requirements.

The DSHS may not require TANF applicants to attend an orientation as a condition of eligibility. The DSHS may incorporate orientation information into the recipient assessment.

Temporary Assistance for Needy Families Five-Year Time Limit.

The DSHS must exempt an otherwise eligible family from the five-year time limit due to hardship or family violence. For hardship extensions, the DSHS must add to adopted rules to include circumstances where the parent or caretaker:

- is temporarily prevented from working or looking for a job;
- is in need of mental health or substance use disorder treatment;
- is homeless or at substantial risk of losing stable housing or housing support services;
- or
- demonstrates another basis by which the time limit would cause undue hardship to the recipient or the recipient's family.

Standards of Need.

The DSHS must revise the comprehensive study of living costs that the standard of need for the TANF program is based upon. Out-of-pocket costs for child care and health care are added to the household budget items that must be included in the study of living costs. The Pregnant Women Assistance and the State Family Assistance programs are included in the consolidated standard of need, and the supplemental security income and Aged, Blind, or Disabled programs are removed from the standard.

The comprehensive study must:

- include recommendations for TANF grant standards as a percentage of need;
- be updated annually according to recognized inflation indices;
- be submitted to the Office of Financial Management, the Task Force, and the Legislature by September 1, 2019;
- be adjusted every four years, beginning September 1, 2022, for base costs to a consumer for household budget items used in the study; and
- be redesigned and updated every 10 years beginning September 1, 2029. The 10-year update must include adjustments to study parameters, cost categories, and geographic boundaries as necessary.

Other.

The DSHS may not limit benefits for new state residents to the benefit level the recipient received in their former state of residence.

The Task Force is added to the recipients of quarterly progress reports on outcomes and benchmarks. Outcome measures for use in evaluating the WorkFirst program are expanded to include:

- caseload reduction data for participants who exit due to increased income, employment, at the participant's request, or for other reasons;
- employment;
- wage progression; and
- outcomes for sanctioned and time-limited families.

All provisions apply prospectively only and not retroactively. Prospective application of the Act allows families that have been terminated or disqualified under prior policies to receive benefits prospective only, if otherwise eligible.

Substitute Bill Compared to Original Bill:

The substitute bill changes a reference from "recipient and the recipients family" to "an otherwise eligible family" when describing criteria by which a time limit extension must be allowed for the TANF program. The substitute bill clarifies that new criteria to be added to adopted rules related to time limit extensions falls under the category of hardship and replaces "recipient" with "parent or caretaker" in reference to this category. Satisfactory participation in the program is removed as a criteria by which a parent or caretaker must be allowed a time limit extension. The substitute bill includes any member of the family, rather than only the TANF recipient, in criteria related to time limit extensions for family violence and provides that families who have been terminated or disqualified under prior policies may receive benefits prospectively if they are otherwise eligible.

Appropriation: None.

Fiscal Note: Requested on February 6, 2019.

Effective Date of Substitute Bill: This bill takes effect on May 1, 2020, except for section 1 relating to the comprehensive study of living costs, and section 8, relating to the TANF application orientation, which take effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) It is time to update TANF laws with an increased understanding of policies and their impacts. The standard of need is in need of an update, particularly in the cost categories. The TANF benefits are a last-resort lifeline for struggling families with kids. Increasingly stringent policies have created difficulties for families. Most people who enter the TANF program exit within a year, and families dealing with mental health and other issues are not helped when suddenly cut off from child care and other services. Reinvesting in the TANF program and re-enacting policy fixes will make a difference for families. This is a crucial step to ensure families and children in the state who have fallen on hard times don't go without basics. The TANF program cuts over the last decade totaling more than \$200 million have decimated this program, and today the TANF program only serves 25 out of 100 families in need. A disproportionate number of people cut off from TANF benefits were homeless at the time they were cut off. Communities of color are disproportionately represented among those who have been cut off from the program. The time limit extensions as they exist don't qualify a person who is homeless with two children. Clients receiving TANF benefits face domestic violence, homelessness, and other barriers. The mandatory orientation is offered once a week in a community services office. Child care is not available for these orientations and some families don't have transportation, creating significant barriers. Poverty can trap victims in abusive relationships. Domestic violence survivors have to disclose their abuse and participate in specific activities to qualify for extensions and may not disclose due to safety concerns. The TANF sanctions have severe effects on families, and the terminology "refusing to participate" is not always accurate. Case managers don't offer families flexibility for extenuating circumstances. The TANF program is likely the biggest child-serving program outside of public education. Living in poverty leads to undesirable outcomes, including child welfare system involvement where the correlation between poverty and neglect is very strong. Policies this bill would address were enacted because of budgetary reasons, not philosophical ones. There is a different budget climate now, and it's time to bring the TANF program back to where it was when it started.

(Opposed) None.

Persons Testifying: Representative Senn, prime sponsor; Joe Nguyen, Washington State Senate; David Hlebain, Statewide Poverty Action Network; Julie Watts, Washington State Budget and Policy Center; Sara Robbins, Solid Ground; Traci Underwood, Washington State Coalition Against Domestic Violence; Omar Cuevas Vega, Statewide Poverty Action Network; Jennifer Fagan; and Laurie Lippold, Partners for Our Children.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

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 Human Services & Early Learning. Signed by 20 members: Representatives Ormsby, Chair; Bergquist, 2nd Vice Chair; Robinson, 1st Vice Chair; Rude, Assistant Ranking Minority Member; Cody, Dolan, Fitzgibbon, Hansen, Hudgins, Jinkins, Macri, Pettigrew, Pollet, Ryu, Senn, Springer, Stanford, Sullivan, Tarleton and Tharinger.

Minority Report: Do not pass. Signed by 11 members: Representatives Stokesbary, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Caldier, Chandler, Dye, Hoff, Kraft, Mosbrucker, Steele, Sutherland and Ybarra.

Staff: Kelci Karl-Robinson (786-7116).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Human Services & Early Learning:

The following provisions are removed from the bill:

- requiring the Department of Social and Health Services (DSHS) to revise and update a comprehensive study of living costs related to consolidated standards of need;
- revising criteria for extensions to the five-year limit for receiving Temporary Assistance for Needy Families (TANF);
- extending the noncompliance sanction period to four months and associated case review and notice requirements for the DSHS;
- allowing, rather than requiring, a recipient's TANF grant to be reduced for noncompliance; and
- prohibiting the DSHS from requiring TANF applicants to attend a mandatory WorkFirst orientation as a condition of eligibility.

A null and void clause is added. The effective date is revised to be 90 days after the adjournment of the session in which the bill is passed.

Appropriation: None.

Fiscal Note: Requested on February 6, 2019.

Effective Date of Second Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed. However, the bill is null and void unless funded in the budget.

Staff Summary of Public Testimony:

(In support) The Temporary Assistance for Needy Families (TANF) program provides economic stability to around 25,000 struggling families with children. Over the last decade, \$220 million has been transferred out of the TANF program to help balance the state budget,

yet the number of families living in deep poverty has increased. The TANF policy changes have had a disproportionate impact on black and Native American families; these families make up 20 percent of the TANF caseload, but 33 percent of the families terminated due to the 60 month time limit. Families are abruptly cut off from support due to the permanent disqualification policy. Investments in these families will assist in addressing the homelessness and mental health crises in our state.

(Opposed) None.

(Other) Seventy-two percent of the people in TANF households are children. The caseload has seen about a 45 percent decline due to the TANF policy changes made during the recession. Reversing those policies would lead to a TANF caseload increase.

Persons Testifying: (In support) Davie Hlebain and Alex Hur, Statewide Poverty Action Network.

(Other) Babs Roberts, Department of Social and Health Services.

Persons Signed In To Testify But Not Testifying: None.