

HOUSE BILL REPORT

HB 1447

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

Title: An act relating to strengthening the ability of assistance programs to meet foundational needs of children, adults, and families.

Brief Description: Strengthening the ability of assistance programs to meet foundational needs of children, adults, and families.

Sponsors: Representatives Peterson, Gregerson, Berry, Taylor, Simmons, Ortiz-Self, Ryu, Reed, Kloba, Doglio, Ormsby, Thai, Fosse, Pollet, Macri, Alvarado and Leavitt.

Brief History:

Committee Activity:

Human Services, Youth, & Early Learning: 2/1/23, 2/7/23 [DPS];
Appropriations: 2/20/23, 2/23/23 [DP2S(w/o sub HSEL)].

Brief Summary of Second Substitute Bill

- Amends the definition of "resource" in the general definitions related to assistance program eligibility to exempt: (1) the entire value of one vehicle, rather than a value of up to \$10,000; (2) retirement funds, pension plans, and retirement accounts; and (3) all other resources up to a value of \$25,000, rather than up to a value of \$6,000.
- Removes the 60-month time limit for the Temporary Assistance for Needy Families (TANF) program as it applies to child-only cases.
- Modifies the TANF program income disregard provision to allow a family to earn and keep 100 percent of new earnings for up to six months.
- Provides that families are ineligible for TANF benefits when their income exceeds 200 percent of the federal poverty level, as opposed to the maximum earned income level as determined by agency rule.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

- Adds TANF recipients who are experiencing a hardship, as defined in agency rule, to the list of those who qualify as having "good cause" for failure to participate in WorkFirst program components.

HOUSE COMMITTEE ON HUMAN SERVICES, YOUTH, & EARLY LEARNING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Senn, Chair; Cortes, Vice Chair; Taylor, Vice Chair; Callan, Dent, Goodman, Ortiz-Self and Rule.

Minority Report: Without recommendation. Signed by 3 members: Representatives Eslick, Ranking Minority Member; Couture, Assistant Ranking Minority Member; Walsh.

Staff: Omeara Harrington (786-7136).

Background:

Temporary Assistance for Needy Families and Related Programs.

The Temporary Assistance for Needy Families (TANF) program is a federally funded program that provides cash assistance to parents or caregivers with children and pregnant individuals to help meet foundational needs. Persons who are caring for a relative's child, are legal guardians, or who are acting in the place of a parent, are also able to apply for TANF benefits on behalf of these children. A "child-only" case is a TANF case in which no adult is included in the benefit calculation. To be eligible for TANF benefits, a person must meet certain income and resource limits and meet citizenship criteria.

The State Family Assistance (SFA) program provides state-funded cash assistance for legal immigrant families, students ages 19 to 20, and pregnant individuals who are ineligible to receive TANF benefits. The Refugee Cash Assistance (RCA) program provides up to 12 months of cash assistance for newly arrived single and married adults who are ineligible for TANF benefits.

WorkFirst. In general, adult TANF and SFA recipients must participate in one or more WorkFirst activities that are identified in the participant's individual responsibility plan. These activities may include paid and unpaid employment-based training programs, career development, community service, work skills assessment and job hunting training, and vocational training programs. WorkFirst participants may receive additional services such as child support collection, food assistance, and subsidized childcare.

If a TANF recipient refuses to engage in WorkFirst activities without good cause, the family's grant is reduced and must be terminated after 12 months of continuous noncompliance. Good cause reasons to not participate in WorkFirst activities include

situations where the recipient is a parent or relative caregiver and does not have day care coverage that would enable the person to to participate, or is a parent of a child under age 2.

Time Limit Extensions. Federal rules limit the length of time an adult may receive TANF benefits to a cumulative total of five years. Time limit extensions (TLEs) may be offered to families on the basis of hardship, as defined by the state, or in instances of family violence. States can extend federal TANF assistance beyond the five-year limit for up to 20 percent of the average monthly caseload.

Statute and rules adopted by the Department of Social and Health Services (DSHS) identify certain circumstances in which a person is eligible for a hardship TLE. The DSHS adopted emergency rules to expand the TLE criteria to apply to families experiencing hardships during the COVID-19 public health emergency. Until June 30, 2023, any active TANF recipient is eligible for a hardship TLE. There is a requirement that policies related to qualification for a TLE must be similar among TANF households including an adult recipient and child-only cases.

Earned Income Disregard. In addition to their monthly payment, a family may earn and keep one half of its earnings during every month it is eligible to receive TANF benefits. Additionally, in calculating a household's gross earnings, the DSHS must disregard the earnings of a minor child who is a full-time student, or a part-time student carrying at least half the normal school load and working fewer than 35 hours per week. However, a family is ineligible for TANF benefits if its monthly gross earned income exceeds the maximum earned income level for household size as set by the DSHS. Currently, the maximum earned income level is \$834 for one person, and \$1,542 for a family of four.

Other Cash Assistance Programs.

The Aged, Blind, or Disabled (ABD) cash assistance program provides cash assistance, a referral to the Essential Needs and Housing (HEN) program, and help accessing federal disability benefits to eligible low-income adults who are age 65 or older, blind, or determined likely to meet federal Supplemental Security Income criteria.

The Pregnant Women Assistance (PWA) program provides cash assistance and a referral to the HEN program to pregnant individuals who are in need based on current income and resource standards for TANF benefits, but are ineligible for a reason other than a failure to cooperate with TANF program rules.

The HEN program provides funding to local governments and homeless service providers to help individuals referred to the program with time-limited rent assistance, services connected to housing stability, and limited essential needs items, such as personal hygiene and transportation. Persons are eligible for a referral to the program when they are eligible for the PWA program or the ABD program or are incapacitated from gainful employment by reason of bodily or mental infirmity that will likely continue for a minimum of 90 days, and meet certain citizenship and resource limitations.

In order to be eligible for ABD, PWA, or HEN benefits, a person must be ineligible for federal aid assistance, other than basic food benefits and medical assistance.

Resource Exemptions for Program Eligibility.

Certain resource limitations apply for purposes of determining eligibility for various cash assistance programs, such as the TANF, SFA, HEN, ABD, and PWA programs. A resource includes any asset owned by or available to the program applicant at the time of the application. An applicant may retain certain resources and not be ineligible for assistance because of having the resource. Exempt resources include, but are not limited to:

- a home that an applicant, recipient, or their dependents live in;
- household furnishings and personal effects;
- one motor vehicle, other than a motor home, used and useful, with a value of up to \$10,000;
- a motor vehicle necessary to transport a household member with a physical disability; and
- all other resources not to exceed \$6,000.

Summary of Substitute Bill:

The definition of "resource" in the general definitions related to assistance program eligibility is expanded to exempt: (1) the entire value of one vehicle, rather than a vehicle up to a value of \$10,000; (2) retirement funds, pension plans, and retirement accounts; (3) and all other resources up to a value of \$25,000, rather than up to \$6,000.

The 60-month time limit for the TANF program is removed as it applies to child-only cases. The requirement that policies related to qualification for a time limit extension must be similar among TANF households, including an adult recipient, and child-only cases is also removed.

A family receiving TANF benefits may earn and keep 100 percent of new earnings for up to six months before reverting to the current law policy of allowing the DSHS to disregard only one half of a family's earnings during each month of eligibility. A family is unable to receive TANF assistance if its monthly gross income exceeds 200 percent of the federal poverty level, rather than the maximum earned income level as determined by the DSHS.

The list of those who qualify as having "good cause" for failure to participate in WorkFirst program components is expanded to include recipients of TANF benefits who are experiencing a hardship as defined in agency rule.

Substitute Bill Compared to Original Bill:

In the substitute bill, the provision is removed providing that cash assistance benefits must

be no less than 15 percent of the standard of need or the previous payment year's payment level, whichever is greater, capped at a 3 percent increase per fiscal year. The provision allowing TANF payments to continue beyond the 60-month time limit when termination or denial of assistance would result in the recipient's financial distress is removed. An emergency clause is added providing that removal of the 60-month time limit for TANF benefits in child-only cases is effective on July 1, 2023. A family is disqualified from TANF eligibility when its monthly gross income exceeds 200 percent of the federal poverty level (as opposed to the maximum earned income level as determined in agency rule, in current law, or the need standard, in the underlying bill). Technical changes are made to harmonize current language with the policies in the bill.

Appropriation: None.

Fiscal Note: Requested on January 27, 2023.

Effective Date of Substitute Bill: The bill contains multiple effective dates. Please see the bill.

Staff Summary of Public Testimony:

(In support) Over the years, many assistance programs have become difficult to access and easy to be removed from. Families are struggling, and when that is the case, giving them access to funds is the smart and right thing to do. During the COVID-19 pandemic, people were spending assistance dollars on food and essentials, which pushes back on decades old thinking that families are not going to spend assistance funds on essential items. The bill is expensive, but there are greater expenses that are incurred when families are not cared for. Programs like TANF should fit people; people should not have to fit programs. These programs create an opportunity for families with low income to move toward self-sufficiency. Asking for help is difficult. Families that need the help should get help and not be treated as less than human because they do not have a self-sustaining financial situation.

When there are hard limits regarding asset exemptions in statute, it is hard to keep up with changing conditions. People should not be forced to spend down their savings before they qualify for help. These are modest cash grants that will not pay for rent, or all of the food, or transportation needs a person has. Allowing retention of earnings for six months will allow people to stabilize and establish an emergency fund or pay down medical bills and debt, and participate in traditional banking systems, rather than predatory ones. It is crucial that families have time to adjust to a new income and not be penalized for finding work. It is imperative to remove the time limit for hardship and child only cases, which will codify and make permanent a policy that is currently in place through budget measures, and also to allow a hardship exemption from WorkFirst requirements. Some people are able to find stability within the 60-month timeline, but it would only take one setback for that time to not be enough.

(Opposed) None.

(Other) The DSHS has submitted some suggested amendments.

Persons Testifying: (In support) Representative Strom Peterson, prime sponsor; Alex Hur and Lianna Kressin, Statewide Poverty Action Network; Donna O'Connor, Hopelink; Senight Zahilay, Northwest Harvest; Kevin Briscoeray; Alicya Pearson, Food Lifeline; and Jude Ahmed and Jose Delapena, Urban League of Metropolitan Seattle.

(Other) Melissa Kenney, Department of Social and Health Services.

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, Youth, & Early Learning. Signed by 19 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Berg, Chopp, Davis, Fitzgibbon, Harris, Lekanoff, Pollet, Riccelli, Ryu, Senn, Simmons, Slatter, Springer, Stonier and Tharinger.

Minority Report: Do not pass. Signed by 11 members: Representatives Stokesbary, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; Chandler, Connors, Couture, Dye, Rude, Sandlin, Schmick and Steele.

Staff: Matt Mazur-Hart (786-7139).

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

The second substitute bill amends the original bill to add a null and void clause, making the bill null and void if specific funding is not provided by June 30, 2023 in the omnibus appropriations act.

Appropriation: None.

Fiscal Note: Preliminary fiscal note available.

Effective Date of Second Substitute Bill: Section 2 of the bill contains an emergency clause and takes effect July 1, 2023. The remainder of the bill contains multiple effective dates. Please see the bill. However, the bill is null and void unless funded in the budget.

Staff Summary of Public Testimony:

(In support) The bill would help elevate economic prosperity for vulnerable folks, as Temporary Assistance for Needy Families (TANF) recipients could keep 100 percent of new earnings for six months after starting a new job. It also would remove obstacles from folks seeking employment. Many TANF recipients are single mothers or recent immigrants who would achieve more financial stability under this bill. The proposal would also help the state meet the Governor's goal of reducing poverty by 50 percent in 2025.

The bill would enable folks to keep more of their savings to allow them to respond to a family emergency without having to face a financial crisis. The bill also accounts for the increasing values of cars, particularly used cars.

The TANF program can help single mothers support their families' basic needs, receive childcare assistance, and complete higher education classes to lift their families out of poverty. This bill will help more families reach self-sufficiency and build up their savings for the future.

(Opposed) None.

(Other) The bill supports poverty reduction by expanding the earned income disregard, increasing resource exemptions, and removing the time limit for certain TANF populations. The Department of Social and Health Services is available to answer any technical questions that legislators might have about the bill.

Persons Testifying: (In support) Avi Laudon, The Workforce Development Council of Seattle-King County; Alex Hur, Statewide Poverty Action Network; and Jude Ahmed, Urban League of Metropolitan Seattle.

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

Persons Signed In To Testify But Not Testifying: None.