

SENATE BILL REPORT

SB 5684

As of February 7, 2019

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: Senators Nguyen, Wilson, C., Randall, Cleveland, Wellman, Das, Billig, Darneille, Hunt, Keiser and Kuderer.

Brief History:

Committee Activity: Human Services, Reentry & Rehabilitation: 1/29/19, 2/05/19 [DPS-WM, w/oRec].

Ways & Means: 2/26/19.

Brief Summary of First Substitute Bill

- Requires, rather than allows, the Department of Social and Health Services (DSHS) to exempt Temporary Assistance for Needy Families (TANF) recipients from the five-year time limit due to hardship or family violence.
- Removes a provision allowing DSHS to limit benefits for new state residents to the benefit level the recipient received in their former state of residence if that rate was lower.
- Removes the authority for DSHS to permanently disqualify households for noncompliance with WorkFirst requirements.
- Allows, rather than requires, DSHS to reduce a family's TANF grant due to non-compliance and removes the option to terminate the grant.
- Adds outcome measures for use in evaluating the WorkFirst program, including data for participants who exit due to increased income, employment, at the participant's request, or for other reasons.
- Prohibits DSHS from requiring TANF applicants to attend an orientation as a condition of eligibility.
- Allows DSHS to incorporate orientation information into the recipient assessment.

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 DSHS to revise the comprehensive study of living costs that the standard of need for TANF is based upon.
- Requires DSHS to base the standards for the Pregnant Women Assistance and the State Family Assistance programs on the revised comprehensive study.
- Specifies the act applies prospectively only and not retroactively.

SENATE COMMITTEE ON HUMAN SERVICES, REENTRY & REHABILITATION

Majority Report: That Substitute Senate Bill No. 5684 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Darneille, Chair; Nguyen, Vice Chair; Walsh, Ranking Member; Cleveland and Wilson, C..

Minority Report: That it be referred without recommendation.

Signed by Senators O'Ban and Zeiger.

Staff: Alison Mendiola (786-7488)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Maria Hovde (786-7474)

Background: Temporary Assistance for Needy Families. TANF was created under the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996. TANF is a federal block grant that provides temporary cash assistance, subsidized childcare, and work programs for families. States use TANF block grants to operate their own programs. State programs differ, but operate in accordance with the following purposes set forth in federal law:

- providing assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
- ending the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
- preventing and reducing the incidence of out-of-wedlock pregnancies and establishing annual numerical goals for preventing and reducing the incidence of these pregnancies; and
- encouraging the formation and maintenance of two-parent families.

WorkFirst. WorkFirst is Washington State's TANF program which was initiated in 1997. Since 2014, attending a WorkFirst orientation is a condition of eligibility for all TANF recipients who must participate in WorkFirst. With limited exceptions, adult recipients of TANF benefits must participate in one or more WorkFirst activities. These activities may include paid and unpaid employment-based training programs, career development, community service, work skills assessment and job hunting training, and participation in vocational training programs. Federal law requires states to meet a work participation rate

for adult TANF recipients. States not meeting the work participation rate may be subject to penalty. Other provisions include:

- DSHS may permanently disqualify an adult from TANF benefits if that adult has been terminated due to a WorkFirst noncompliance sanction three or more times since March 1, 2007; and
- if a recipient refuses to engage in work and work activities, the family's grant is reduced by the recipient's share, and may terminate the grant if DSHS determines it is appropriate.

Mandatory WorkFirst participants who are exempt from WorkFirst activities include:

- those claiming an infant exemption, meaning there is a child under the age of two in the household and the recipient has not exhausted the 24 month infant exemption;
- a caretaker relative is included in the assistance unit who is fifty-five years old or older and caring for a child and the caretaker is not the child's parent;
- an adult with a severe and chronic disability as defined in rule;
- those who are required in the home to care for a child with special needs, which includes special medical, developmental, mental, or behavioral conditions; and
- those who are required to be in the home to care for another related adult with disabilities when the adult with disabilities cannot be left alone for significant periods of time, and no other is available and able to provide the care.

The WorkFirst program has outcome measures for evaluating the WorkFirst program, which may include, but is not limited to:

- caseload reduction;
- recidivism to caseload after two years;
- job retention;
- earnings;
- reduction in average grant through increased recipient earnings; and
- placement of recipients into private sector, unsubsidized jobs.

There are a number of restrictions DSHS may impose on a TANF recipient, including:

- exempting a family from the federal time limit of receiving TANF benefits for 60 months after July 27, 1997, in certain circumstances, such as by reason of hardship or if the recipient meets the family violence options under federal law; and
- limiting benefits for new state residents to the benefit level the recipient received to the level the recipient received in their former state of residence if that rate was lower for the first 12 months a recipient is on TANF in Washington State.

Federal law limits hardship exemptions to 20 percent of the caseload.

Washington Needs Standard. The Cash Program Needs Standard is updated annually, as required by statute, which directs DSHS to establish consolidated standards of need each year for cash programs based on actual living costs and recognized inflation. The TANF grant amount cannot exceed the need standard. In determining the needs standard, in 1991 DSHS conducted a market basket survey for items such as shelter, fuel, food, transportation, clothing, household maintenance and operations, personal maintenance and incidentals. Each year this list is used and the Consumer Price Index inflation is applied to determine the current cost. This need standard is updated annually in rule.

The Pregnant Women Assistance Program. The Pregnant Women Assistance Program (PWA) was created by the Legislature in 2011. PWA is a state funded program that provides cash assistance to low-income pregnant individuals who are not eligible for TANF due to the 60-month time limits or the State Family Assistance (SFA) program for a reason other than not cooperating with TANF program rules. This program provides a maximum monthly cash grant of \$197. To be eligible, the individual must reside in Washington, be pregnant, meet income and resource requirements, and meet citizenship or alien status requirements.

State Family Assistance. A person may be eligible for SFA if they are ineligible for TANF for specific reasons and the family meets the following requirements:

- the applicant is a nineteen or twenty-year-old student that meets the education requirements provided for in rule;
- the applicant is a caretaker relative of a nineteen or twenty-year-old student that meets the education requirements as provided for in rule; or
- the applicant is a pregnant woman who has been convicted of misrepresenting their residence in order to receive benefits from two or more states at the same time.

Summary of Bill (First Substitute): Temporary Assistance for Needy Families–Eligibility and Other Conditions. A number of changes are made to a parent or caretaker's eligibility for TANF, benefit level, and other conditions.

DSHS must add additional adopted rules related to time-limit extensions by reason of hardship or if the recipient:

- is participating satisfactorily in the program, 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.

New state residents are entitled to the same benefit level as any other Washington resident; having receiving a lower benefit in another state is no longer a reason to lower a new recipient's benefit level.

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

If a recipient refuses to engage in required DSHS work and work activities, DSHS must review the recipient's case to ensure DSHS has taken into consideration any barriers to work activities and made any necessary revisions to the recipient's individual responsibility plan. As part of the review, DSHS must consider:

- whether the recipient was provided with adequate notice and opportunity to remedy the recipient's noncompliance with program requirements; and
- if there are good cause reasons for failure to participate, pursuant to statute, before imposing sanctions.

After four months of continuous noncompliance with work and work activities, the family's grant may be reduced by the recipient's share or by 40 percent, whichever is greater.

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

Outcome measures for evaluating the WorkFirst program are expanded to include using caseload reduction data to include data for participants who exit:

- due to increased income;
- due to employment;
- at the participant's request; or
- for other reasons such as employment, wage progression, and outcomes for sanctioned and time-limited families.

Washington Needs Standard. The needs standard for TANF is expanded to the PWA and SFA. The household budget items include out-of-pocket costs a recipient may incur for child care and health care.

By September 1, 2019, DSHS must submit to the Office of Financial Management (OFM), the Legislative-Executive WorkFirst Poverty Reduction Task Force (Task Force), and the Legislature, a revised comprehensive study of living costs. Living costs must be updated annually according to recognized inflation indices.

By September 1, 2022, and every four years thereafter, DSHS must adjust the estimated base costs to a consumer for household budget items used in the study, in addition to annual adjustments for inflation.

By September 1, 2029, and every ten years thereafter, DSHS must submit a redesigned and updated comprehensive study to OFM, the Task Force, and the Legislature. When completing each ten-year redesign, DSHS must adjust study parameters, including costs categories and geographic boundaries, as needed.

Outcomes measure reports must be provided to the Task Force. This information is currently provided to the Legislature, the Governor, and all contractors for WorkFirst services.

Outcome data regarding job retention and wage regression is reported quarterly to the Legislature. This information must also be provided to the Task Force.

The act applies prospectively only, not retroactively. Prospective application of the act allows families that have been terminated or disqualified under prior policies to receive benefits prospectively only, if otherwise eligible.

EFFECT OF CHANGES MADE BY HUMAN SERVICES, REENTRY & REHABILITATION COMMITTEE (First Substitute): The term "recipient" is changed to "family" in regards to hardship exemptions. Clarifies that prospective application of the act allows families that have been terminated or disqualified under prior policies to receive benefits prospectively only, if otherwise eligible. A technical change is made.

Appropriation: None.

Fiscal Note: Requested on January 25, 2019.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains several effective dates. Please refer to the bill.

Staff Summary of Public Testimony on Original Bill (Human Services, Reentry & Rehabilitation): *The committee recommended a different version of the bill than what was heard.* PRO: TANF is a last resource lifeline. In the last decade the program has experienced many harsh policy changes that were driven by the recession and made only for budgetary reasons. Families with few barriers get off TANF quickly, those who do not exit quickly have more complicated situations they are addressing including homelessness and mental health issues. Most of those facing permanent disqualifications due to sanctions are experiencing domestic violence, are homeless and experiencing mental health challenges or both. Families in crisis are not able to make it to appointments and end up sanctioned. Eliminating the policy that allows permanent TANF disqualification after three sanctions is the most important policy change we can make. It is crucial when families fall on hard times that they do not go without the basics. The TANF caseload has dropped dramatically since the stricter policy changes were enacted in 2011 and have disproportionately impacted families of color. The caseloads are not down because people are no longer in poverty. TANF serves far fewer families in poverty than it used to before the policy changes of 2011. There also used to be diversion programs to help families with one-time costs. Those programs no longer exist. We know people who are cut from TANF include a high number of homeless children. This bill restores the commitment to help families in need. While there are time limit exceptions for domestic violence, some recipients are afraid to disclose this, or do not know about the exceptions. There are far more families experiencing domestic violence than the number of families getting a time extension. The sanctions are real and can cause extreme stress, especially when you are a single parent, have children with special needs, and are homeless. You are required to work or engage in work activities for 35 hours per week. If one week you work 34 hours and the next week you do 40 hours, you are not allowed to average your time and end up with a sanction. Families in crisis are asking for grace to make it by and provide for their children. We know there is an association between child welfare involvement and poverty. Two-thirds of child welfare cases involve children in poverty. TANF and other support programs are a great intergenerational strategy. Restoring the pre-2011 TANF policies helps families in poverty, families experiencing a short-term crisis, and helps children.

Persons Testifying (Human Services, Reentry & Rehabilitation): PRO: Senator Joe Nguyen, Prime Sponsor; Laurie Lippold, Partners for Our Children; David Hlebain, Statewide Poverty Action Network; Julie Watts, Washington State Budget and Policy Center; Sara Robbins, Solid Ground; Jennifer Fagan, citizen; Rebecca Michael, Statewide Poverty Action Network; Tamaso Johnson, Washington State Coalition Against Domestic Violence.

Persons Signed In To Testify But Not Testifying (Human Services, Reentry & Rehabilitation): No one.