

**REPORT TO THE LEGISLATURE**

**TEMPORARY ASSISTANCE FOR NEEDY FAMILIES  
PRE-2011 WORKFIRST POLICIES**

Requirement for ESSB 6032

December 1, 2018

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## EXECUTIVE SUMMARY

### PURPOSE OF REPORT

Engrossed Substitute Senate Bill 6032 (Sec. 207) (Chapter 299, Laws of 2018) directs the Department of Social and Health Services (DSHS) to submit a report to the Governor and the appropriate legislative fiscal and policy committees on the caseload and fiscal impact of returning to pre-2011 Temporary Assistance for Needy Families (TANF) policies. At a minimum, the report must include an analysis of three major policy changes: (1) Removing the 60-month lifetime limit; (2) Lessening non-compliance sanction (NCS) policies; and (3) No longer requiring WorkFirst Orientation.

This report contains detailed estimates of these three policy changes, along with other policy change considerations to help children and parents access services, such as transportation, childcare, education, and training –to support the social and economic well-being of families and help them realize their full potential.

### SUMMARY OF FINDINGS

TANF policy changes in 2011 contributed to significant, immediate and ongoing caseload reductions. In many instances, families did not leave TANF due to economic stability, but rather were determined ineligible based on three major policy changes highlighted in this report: (1) Hard 60-month lifetime limit, (2) More stringent non-compliance sanction (NCS) policies and (3) Requiring WorkFirst Orientation as a condition of eligibility. Below is a summary of the estimated caseload impact associated with discontinuing each major policy change. The body of the report contains additional detail, definitions, and data supporting the estimates.<sup>1</sup>

POLICY CHANGE	CASELOAD IMPACT <sup>2</sup> 2019-21 Biennium		FISCAL IMPACT					
	Number	Percent Increase	FY 2020	FY 2021	FY 2022	FY 2023	2019-21 (Total)	2022-23 (Total)
Removing 60-month lifetime time limit	1,298	4.8%	\$6,248,000	\$9,093,000	\$9,093,000	\$9,093,000	\$15,341,000	\$18,186,000
Lessening non-compliance sanctions – 3 month sanction	569	2.1%	\$6,354,000	\$7,695,000	\$7,695,000	\$7,695,000	\$14,049,000	\$15,390,000
Removing WorkFirst orientation as a condition of eligibility	1,201	4.5%	\$6,356,000	\$10,834,000	\$10,834,000	\$10,834,000	\$17,190,000	\$21,668,000

### AGENCY FINDINGS

In 2016, the Department of Social and Health Services Economic Services Administration (DSHS|ESA) established a strategic goal to reduce poverty in half in a way that achieves equity and removes systemic barriers that prevent our customers from reaching their full potential. The data and analysis in this report reveals that the 2011 changes appear to have negatively impacted families' ability to access necessary cash assistance and supports needed to stabilize and then move toward economic mobility.

<sup>1</sup> Cases may be duplicates from overlapping policy, sum of all policy changes does not provide an accurate total cost

<sup>2</sup> Caseload impacts for the 2019-21 biennium are based on total projected caseload increase for SFY 2016-17 if policies were reversed using caseload data, impacts of policy changes on caseloads, and length of stay

## FULL REPORT

### HISTORY

Temporary Assistance for Needy Families (TANF) was created under the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA)<sup>3</sup> of 1996. The legislation repealed Title IV of the Social Security Act of 1935 – the program known as Aid to Families with Dependent Children (AFDC) – and replaced it with TANF, which emphasized work and time-limited cash assistance. TANF is administered through a block grant to the states. As long as federal guidelines are met, the grant allows states flexibility in how to best address the needs of families with children. Washington initiated the WorkFirst program in August 1997, enacting policies to help families achieve their short and long-term goals through employment, training, and support services.

The TANF block grant was reauthorized under the Deficit Reduction Act (DRA) of 2005<sup>4</sup> (Sec. 7102 Page 120 STAT. 136). The DRA instructed the Department of Health and Human Services (HHS) to develop regulations for states in a set of areas in which they previously had flexibility to make their own decisions. DRA required each state to prepare a Work Verification Plan outlining the steps they will take to achieve federal requirements, and implemented penalties for states that did not meet them. These regulations required Washington to make major changes to the WorkFirst program in order to meet stricter federal participation standards.

As Washington was navigating through the worst economy since the Great Depression (2008 – 2011) federal TANF funding remained stagnant and unresponsive to the national recession. Subsequently, due to rising caseloads and budget shortfalls during the recession, in 2010, Washington state passed Engrossed Second Substitute House Bill (ESSB) 3141 and Engrossed Second Substitute Senate Bill 5921<sup>5</sup> requiring a plan to implement evidence-based best practices for WorkFirst participants that are sustainable within a block grant program; WorkFirst Redesign. This re-examination of our programs and policies resulted in several of the policy changes examined in this report.

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*In 2015-2016, for every 100 poor families with children in Washington, only 19 received TANF. In 1995-96, the “TANF-to-poverty ration” was 68 – a drop of 49 families.<sup>6</sup>*

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### IMPACT OF MAJOR CHANGES TO WASHINGTON STATE’S TANF/WORKFIRST PROGRAM: 2010 – 2017

Between 2010 and 2017, several policy changes were made to TANF/WorkFirst that restricted access and eligibility for the program and contributed to a 45 percent reduction in the TANF caseload (**Chart 1**). According to the Center on Budget and Policy Priorities, Washington state is reaching a smaller portion of families living in deep poverty than at any point in the program’s history.<sup>7</sup>

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<sup>3</sup> [Sec. 408. \[42 U.S.C. 608\] \(a\) \(7\)](#)

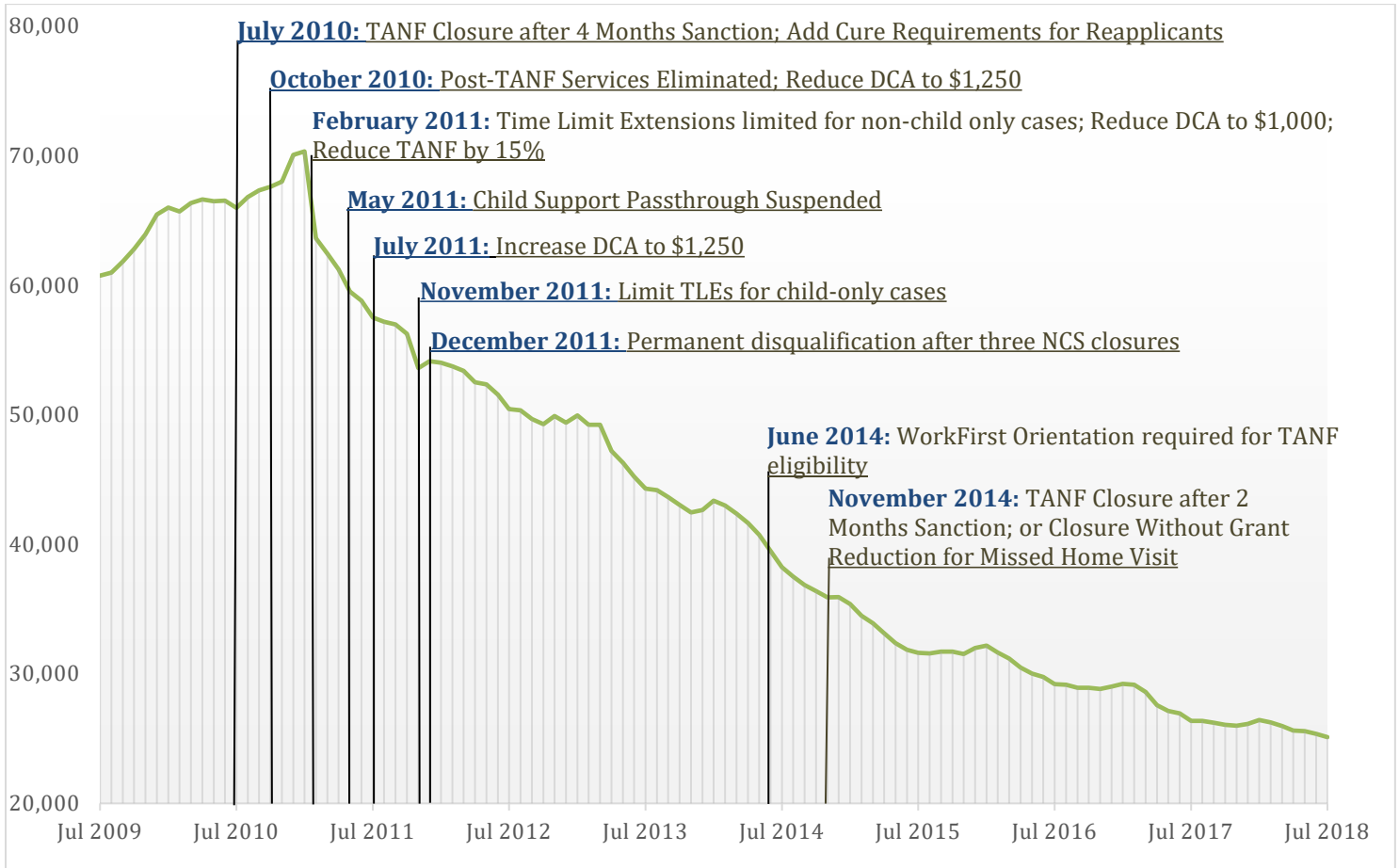
<sup>4</sup> [Deficit Reduction Act of 2005](#)

<sup>5</sup> [ESSB 3141 & ESSB 5921](#)

<sup>6</sup> [Center on Budget and Policy Priorities: Washington’s TANF Cash Assistance is Disappearing for Poor Families](#)

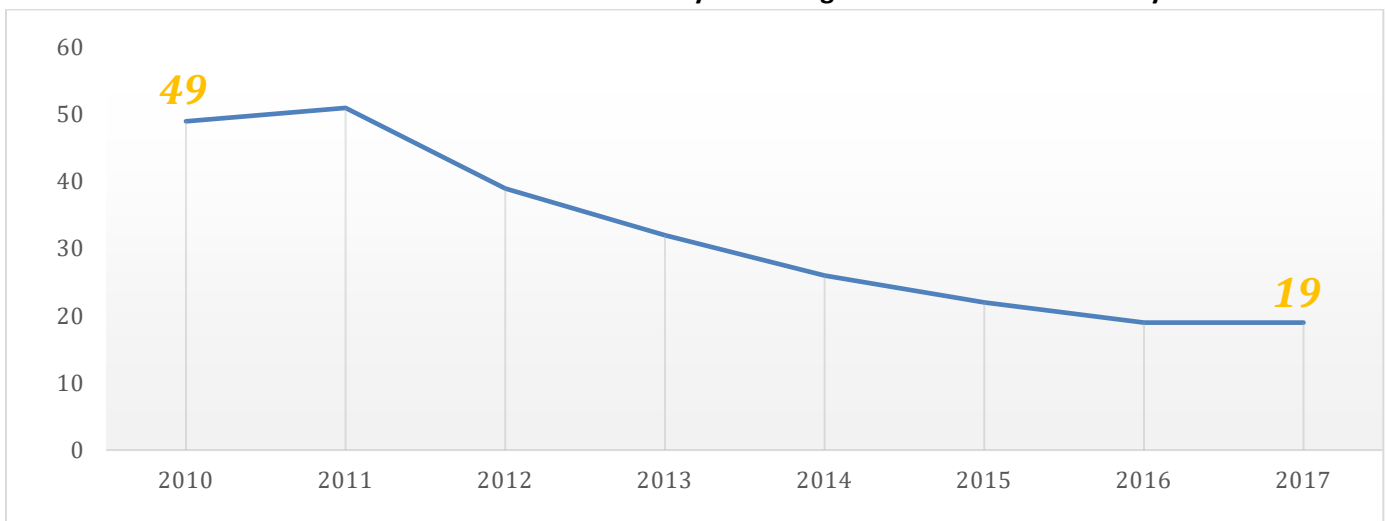
<sup>7</sup> [Reinvest in WorkFirst: How we can restore the promise of basic support to Washington families facing poverty](#)

**Chart 1: Impact of Policy Changes on TANF Caseload July 2009-July 2018<sup>8</sup>**



**Chart 2** shows that TANF in Washington state served 19 families for every 100 families living below the poverty level, dropping from 49 families in 2010.

**Chart 2: Number of Families Served for Every 100 Living Below the Federal Poverty Level**



<sup>8</sup> EMAPS data July 2009-July 2018

## PRE-2011 TANF POLICIES

### Time Limits

As part of PRWORA, a family can receive TANF benefits for a lifetime limit of five years, or 60 months, whether or not consecutive. States have the option to extend federally funded assistance beyond the five-year limit to a maximum of 20 percent of their average monthly number of cases in a given fiscal year.<sup>9</sup> Under these exceptions, the state may extend assistance for a family if:

- The family has a hardship, as defined by the state, or
- The family includes someone who has been battered or subject to extreme cruelty.

Prior to 2011, Washington state allowed a time limit extension to all TANF families meeting exemption criteria<sup>10</sup> ([See Appendix A](#) for matrix regarding pre and post 2011 criteria) or participating satisfactorily in the WorkFirst program. WorkFirst participation included work activities, addressing temporary situations preventing work or work activities, and sanction cure requirements.<sup>11</sup>

Since the inception of the TANF program, Washington state has never reached the 20 percent extension limit allowed under federal rule. The highest exemption month was January 2011, reaching 10.7 percent.<sup>12</sup> Recession driven budget reductions resulted in changes to the time limit hardship extension, and effective February 1, 2011, only TANF parents or needy relative caregiver families meeting the following hardship criteria were able to extend beyond 60 months:

- Approved for WorkFirst exemption due to age, disability or because of a need to stay home to care for a disabled family member or required to apply for SSI;
- Participating in a family violence service plan developed by someone trained in family violence;
- With an open child welfare case with a state or tribal government and it is the first time any child in the home has been involved in dependency considerations or action;
- Employed 32 hours or more per week; or
- Recipient needy relative caregivers over age 55.

When the policy changed in February 2011, 4,636 TANF households no longer met the above time limit extension criteria and were terminated over the course of several months.<sup>13</sup> This means 10,536 children may no longer have access to the supports needed to increase overall well-being (**Chart 3**). In November of 2011, Engrossed Substitute Senate Bill (ESSB) 5921<sup>14</sup> imposed the 60-month time limit on non-recipient or ineligible parents of children who receive Child-Only TANF, further impacting a family's ability to access benefits for their children.

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<sup>9</sup> [Sec. 408. \[42 U.S.C. 608\] \(a\) \(7\)](#)

<sup>10</sup> [WAC 388-310-0350\(1\)\(a\) through \(d\)](#)

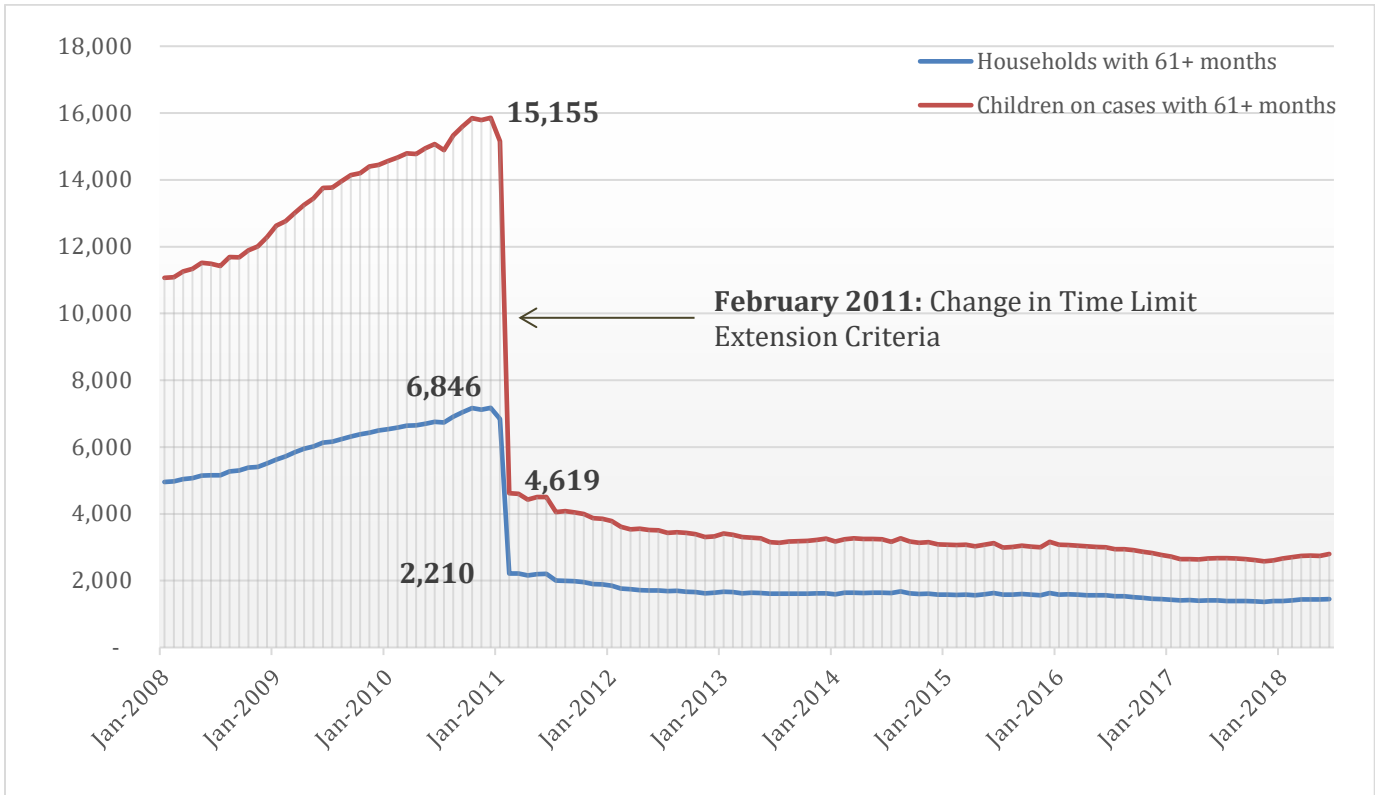
<sup>11</sup> [WSR 10-24-013 effective 11/17/10](#)

<sup>12</sup> [EMAPS data Statewide TANF/SFA Adult Recipient Extension Cases by Category](#)

<sup>13</sup> EMAPS data, Accessed April 7, 2017

<sup>14</sup> [ESSB 5921](#)

**Chart 3: TANF recipients receiving benefits over 60 months<sup>15</sup>**



As of July 2018, only 5.6 percent<sup>16</sup> of the TANF population is receiving post 60-month TANF benefits in Washington state under the current time limit extension categories. The vast majority of these are for people with a disability, those applying for SSI/SSA, and a family experiencing domestic violence (**Chart 4**). While limiting TANF time limit hardship extensions has resulted in fewer families qualifying for TANF, it has not reduced poverty, especially for populations of children, youth, those with disabilities, and minorities in Washington state. The percentage of those living under 200 percent of the FPL increased since 2006, but has decreased over the last three years.

Currently, 25 percent of individuals terminated from TANF due to reaching the 60-month time limit are simultaneously experiencing homelessness.<sup>17</sup> The demand for housing and a low vacancy rate has made it challenging to secure housing, resulting in an average wait of 71 days for a homeless family to find a home.<sup>18</sup>

The department may currently grant a TANF hardship extension to the 60-month time limit if the adult recipient (or ineligible parent) qualifies by having a first time child welfare dependency. However, if the child is in “shelter care status” at the time of the time limit extension review, current TANF and WorkFirst rules do not allow approval of the time limit extensions. Shelter care is the temporary placement of a child by Department of Children, Youth and Families while awaiting a court’s decision to grant a child welfare dependency. It removes access to supports parents/caregivers need in reunifying with their children.

<sup>15</sup> EMAPS data 1/2008-7/2018 and WorkFirst Chartbook

<sup>16</sup> TANF Extension/Child Safety Net Analysis Report August 2018

<sup>17</sup> EMAPS data, assignment 4324 Household Terminations SFY18

<sup>18</sup> Commerce’s 2017 Washington Housing Score Card

**Chart 4: TANF Extension Analysis Report July 2018<sup>19</sup>**

<u>Time limit extension categories</u>	Total Cases	Percentage of total extensions
In Process: category has not been determined or not available	9	0.6%
55 and older caretaker relative	9	0.6%
Disabled adult	486	34.4%
Caring for a disabled adult	35	2.5%
Caring for a disabled child	136	9.6%
Applying for SSI/SSDI	351	24.8%
Family Violence	305	21.6%
Open CPS case, First Dependency order	20	1.4%
Employed 32 hours or more per week	2	0.1%
Administrative Hearing	4	0.3%
No extension: Scheduled to close at the end of the month	56	4.0%
<b>Totals</b>	<b>1,413</b>	<b>100.00%</b>

### ***Caseload Impact***

The department estimates a caseload increase of 1,298 families if the policy is reinstated to the pre-2011 conditions of extending the time limit hardship criteria to a broader population who are reaching 60 months on TANF. <sup>20</sup> This equates to 4.7 percent increase in the total TANF caseload.

With these additional families qualifying for assistance, Washington state’s total hardship exemptions is estimated to increase to 10.3 percent, which is below the maximum federal limit of 20 percent. TANF recipients extended beyond 60 months would be required to continue participating in work requirements, which may positively affect Washington state’s Work Participation Rate (WPR). A majority of the families approved for a time limit hardship extension under the current categories are unable to meet federal participation requirements due to severe or multiple barriers to employment. Expanding the hardship extension criteria to all WorkFirst participants would engage participants in work and work readiness activities, providing them stability as they build economic well-being.

Currently, Pregnant Women’s Assistance (PWA) is available to income eligible pregnant persons who do not qualify for TANF due to time limits. A manual case review of PWA recipients between March 2017 and February 2018 shows that 93 percent of the caseload was denied TANF due to the 60-month time limit. While there is cost with this policy change, the reduction in PWA may offset some of the cost to expand time limit extension hardship criteria.

<sup>19</sup> TANF Extension/Child Safety Net Analysis Report August 2018

<sup>20</sup> DSHS-ESA/EMAPS using the ACES Data Warehouse as of the June 2018 load



### **Fiscal Impact**

A reversion of the hardship extension policy to that in place prior to 2011, would result in more families accessing the essential supports they need to build a better future for their families and opportunities to contribute to their communities in work and education programs. The department anticipates that redefining hardship extensions to pre-2011 definitions would cost \$15.3 million for biennium 2019-2021 and \$18.2 million for biennium 2021-2023 (**Chart 5**). Since these families would be eligible to receive TANF, they would no longer need to use other state benefits such as PWA, which would provide potential savings and reduce forecasted fiscal impact.

**Chart 5: Impacts of extending TANF time limits beyond 60 months SFY 2019-2023**

	ADDITIONAL PEOPLE				PERCENTAGE INCREASE	
<b>CASELOAD IMPACT<sup>21</sup></b>	1,298				4.8%	
<b>FISCAL IMPACT</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>2019-21</b>	<b>2022-23</b>
<b>Additional FTEs</b>	2.5	4.6	4.6	4.6	3.4	4.6
<b>FTE Cost</b>	\$219,000	\$431,000	\$431,000	\$431,000	\$650,000	\$862,000
<b>WorkFirst Employment &amp; Training</b>	\$2,889,000	\$4,097,000	\$4,097,000	\$4,097,000	\$6,986,000	\$8,194,000
<b>TANF cash grant</b>	\$3,086,000	\$4,565,000	\$4,565,000	\$4,565,000	\$7,651,000	\$9,130,000
<b>One-Time Implementation Costs<sup>22</sup></b>	\$54,000	-	-	-	\$54,000	-
<b>Total</b>	<b>\$6,248,000</b>	<b>\$9,093,000</b>	<b>\$9,093,000</b>	<b>\$9,093,000</b>	<b>\$15,341,000</b>	<b>\$18,186,000</b>

### **Non-Compliance Sanction**

Federal statute<sup>23</sup> requires states to reduce or terminate the assistance a family receives if they refuse to engage in work activities, but leaves policy development up to the state. Washington TANF sanction policy has steadily grown more stringent over the years (**Chart 6**).

Sanction policy changes contributing to caseload reduction include:

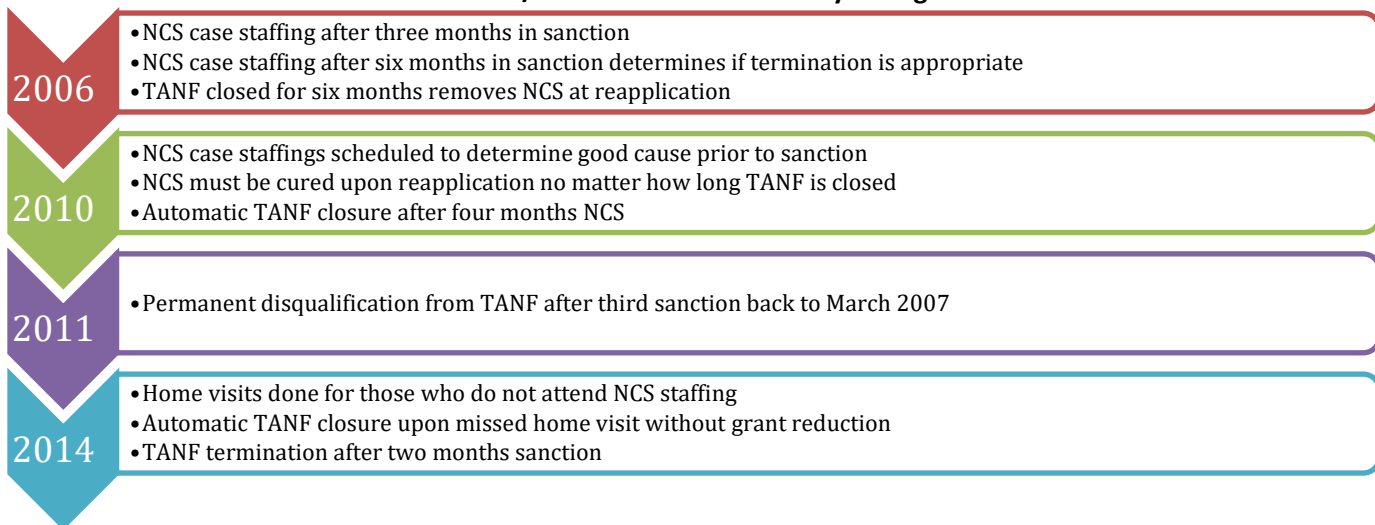
- Decrease in months a family can be in sanction prior to grant termination;
- Permanent disqualification upon three sanction closures; and
- Required home visits prior to imposing sanctions, and termination without grant reduction if a participant is not present for the home visit.

<sup>21</sup> Caseload impact is based on total projected caseload increase for SFY 2016-17 if policies were reversed

<sup>22</sup> One-time implementation costs include initial ESA-ITS systems changes and outreach

<sup>23</sup> [Social Security Act Sec 407 \[42 USC 607\]](#)

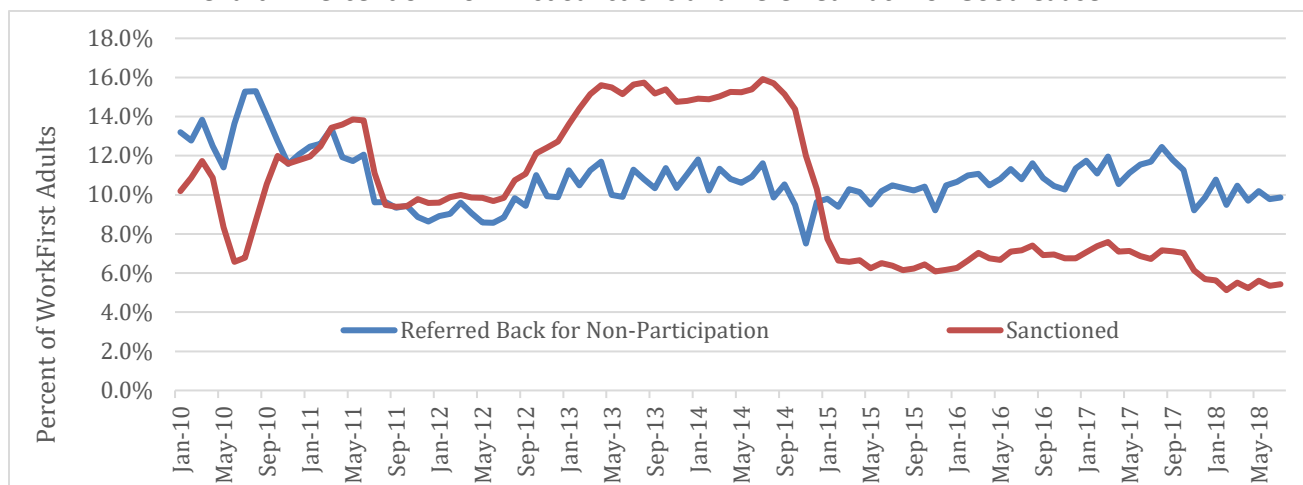
**Chart 6: TANF/WorkFirst Sanction Policy Changes 2006-2014**



**Chart 7** shows trends in sanction cases over the past decade. While the number of families referred back for non-participation has remained steady, the number of families in sanction has fluctuated. Prior to 2010, families had six months to cure sanction. In 2010, when the cure period was reduced to four months, the number of families in sanction dropped due to TANF termination for those with five and six month sanctions. From July 2011 through June 2012, there was a drop in sanctions because families with a child under two or two children under six had the option to suspend work requirements; sanctions were lifted for families who met this criteria. The biggest drop in sanctioned TANF cases was in November 2014 when the cure period reduced from four months to two. TANF grants for families in month three or four of sanction were terminated, and it became more difficult for families to participate 28 consecutive days to cure their sanction in a two-month period. With less time to cure a sanction, it also became easier to reach a third sanction and become permanently disqualified.

Federal statute<sup>24</sup> allows sanctioned families to be excluded from the work participation rate (WPR) for three of twelve months. Increasing months in sanction prior to termination to three is an option that allows families to access TANF but not count against Washington’s WPR.

**Chart 7: Percent of WorkFirst Sanctions and Referred Back for Good Cause<sup>25</sup>**



<sup>24</sup> [Social Security Act Sec 407 \[42 USC 607\]](#)

<sup>25</sup> [WorkFirst Chartbook](#)

### Caseload Impact

Data shows that in SFY 2016-2017, a total of 55 TANF cases were denied due to permanent disqualification; an average of 4.5 per month. To date, 80 families are permanently disqualified from receiving TANF due to sanction policy. A total of 3,088 families terminated in their second month of sanction, an average of 129 per month. There were 5,395 cases closed due to missing their home visit in the non-compliance sanction process, an average of 225 monthly.

### Fiscal Impact

ESA has provided options to show the cost of WorkFirst services and TANF grants due to the caseload increase, and FTE impact if Washington were to increase sanction months to either three or four months (Chart 8 & 9). These projections suggest that increasing sanction months and elimination of the permanent disqualification would lead to more households meeting program eligibility, therefore leading to increased caseloads and program costs. Though increased caseload size comes with a cost, the ability to offer support to more low-income families is an asset to achieving poverty reduction.

**Chart 8: Impacts of increase to 3 months in NCS prior to termination for SFY 2019-2023**

		ADDITIONAL PEOPLE			PERCENT INCREASE	
<b>CASELOAD IMPACT</b>		569			2.1%	
<b>FISCAL IMPACT</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>2019-21</b>	<b>2022-23</b>
<b>Additional FTEs</b>	3.9	8.6	8.6	8.6	6.2	8.6
<b>FTE Cost</b>	\$384,000	\$779,000	\$702,000	\$702,000	\$1,163,000	\$1,404,000
<b>WorkFirst Employment &amp; Training</b>	\$2,505,000	\$2,895,000	\$2,895,000	\$2,895,000	\$5,400,000	\$5,790,000
<b>TANF Cash Grant</b>	\$3,423,000	\$4,021,000	\$4,021,000	\$4,021,000	\$7,444,000	\$8,042,000
<b>One-Time Implementation Costs<sup>26</sup></b>	\$42,000	-	-	-	\$42,000	-
<b>Total</b>	<b>\$6,354,000</b>	<b>\$7,695,000</b>	<b>\$7,695,000</b>	<b>\$7,695,000</b>	<b>\$14,049,000</b>	<b>\$15,390,000</b>

**Chart 9: Impact of increase to 4 months in NCS prior to termination for SFY 2019-2023**

		ADDITIONAL PEOPLE			PERCENT INCREASE	
<b>CASELOAD IMPACT</b>		984			3.7%	
<b>FISCAL IMPACT</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>2019-21</b>	<b>2022-23</b>
<b>Additional FTEs</b>	4.1	8.9	8.9	8.9	6.4	8.9
<b>FTE Cost</b>	\$398,000	\$806,000	\$729,000	\$729,000	\$1,204,000	\$1,458,000
<b>WorkFirst Employment &amp; Training</b>	\$3,355,000	\$3,980,000	\$3,980,000	\$3,980,000	\$7,335,000	\$7,960,000
<b>TANF Cash Grant</b>	\$4,797,000	\$5,784,000	\$5,784,000	\$5,784,000	\$10,581,000	\$11,568,000
<b>One-Time Implementation Costs<sup>26</sup></b>	\$42,000	-	-	-	\$42,000	-
<b>Total</b>	<b>\$8,592,000</b>	<b>\$10,570,000</b>	<b>\$10,570,000</b>	<b>\$10,570,000</b>	<b>\$19,162,000</b>	<b>\$21,140,000</b>

<sup>26</sup> One-time implementation costs include initial ESA-ITS system changes and outreach

## WorkFirst Orientation

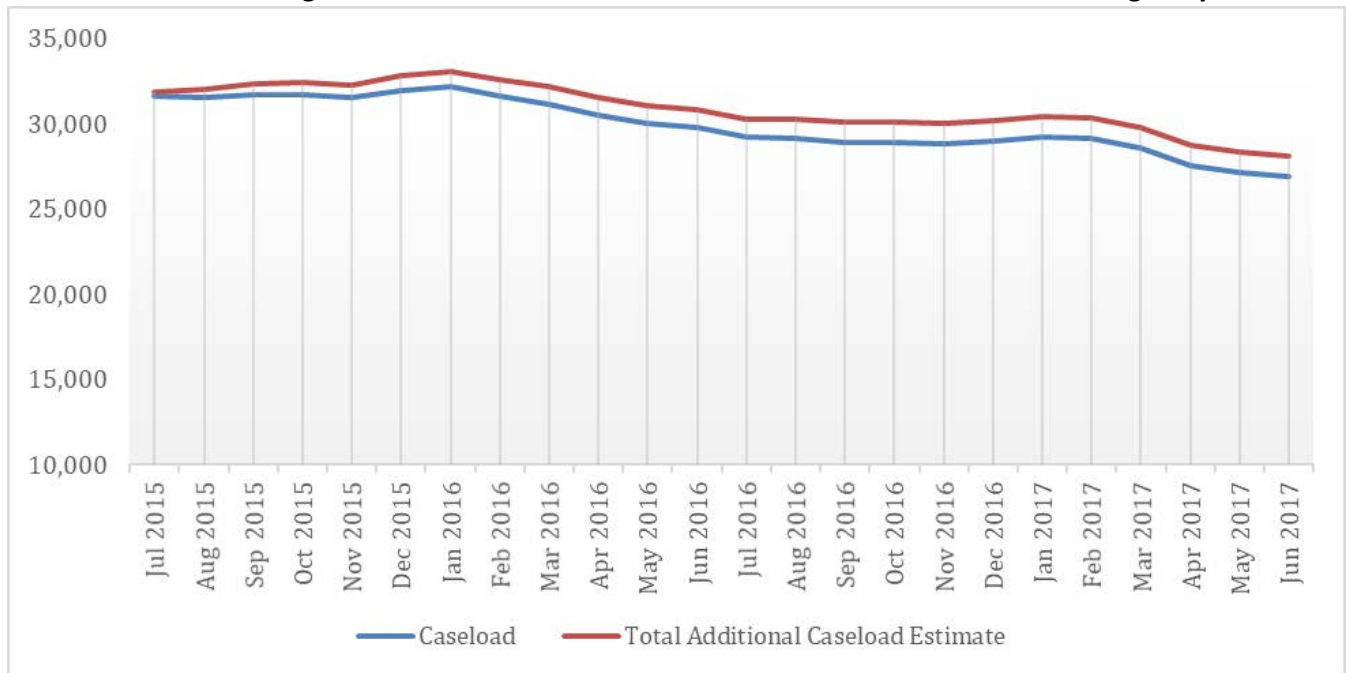
The WorkFirst Orientation went into effect June 1, 2014 as a condition of eligibility for all TANF applicants who must participate in WorkFirst activities.

Currently, TANF applicants who must participate in mandatory work requirements are required to complete a WorkFirst Orientation before approval of their TANF application<sup>30</sup> unless they received TANF within the past 30 days. The department is required to effectively communicate the purpose of TANF and the expectation that recipients will work toward employment or other means of financial support. The WorkFirst Orientation provides a benefit to participants with a consistent statewide message and knowledge of the program’s purpose, activities and supports, and additional programs available to help them achieve goals toward financial independence.

### **Caseload Impact**

**Chart 10** shows caseload reduction from July 2015 through June 2017 after the WorkFirst Orientation became a condition of eligibility. The decrease is minimal, an approximate monthly average of 193 otherwise income eligible families approved for TANF ([See Appendix D](#) for method to determine caseload impact).

**Chart 10: Change in TANF Caseload with WorkFirst Orientation as a condition of eligibility<sup>31</sup>**



### **Fiscal Impact**

ESA has projected the cost of WorkFirst services and TANF grants due to caseload increase and FTE impact if Washington were to eliminate the WorkFirst Orientation as a condition of eligibility (**Chart 12**), but still providing the orientations in order to continue effectively communicating purpose.

<sup>30</sup> [WAC 388-400-0005 \(2\)](#)

<sup>31</sup> EMAPS data July 2017

**Chart 11: Forecasted impacts of eliminating WorkFirst Orientation for TANF eligibility SFY 2019-2023<sup>32</sup>**

	ADDITIONAL PEOPLE			PERCENTAGE INCREASE		
<b>CASELOAD IMPACT</b>	<b>1,201</b>			<b>4.5%</b>		
<b>FISCAL IMPACT</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>2019-21</b>	<b>2022-23</b>
Additional FTEs	2.1	4.5	4.5	4.5	3.3	4.5
FTE Cost	\$200,000	\$413,000	\$413,000	\$413,000	\$613,000	\$826,000
WorkFirst Employment & Training	\$2,466,000	\$4,078,000	\$4,078,000	\$4,078,000	\$6,544,000	\$8,156,000
TANF cash grant	\$3,677,000	\$6,343,000	\$6,343,000	\$6,343,000	\$10,020,000	\$12,686,000
One-time implementation cost <sup>33</sup>	\$13,000	-	-	-	\$13,000	-
<b>Total</b>	<b>\$6,356,000</b>	<b>\$10,834,000</b>	<b>\$10,834,000</b>	<b>\$10,834,000</b>	<b>\$17,190,000</b>	<b>\$21,668,000</b>

## OTHER 2010 TO PRESENT POLICY CHANGES

### Diversion Cash Assistance & Additional Requirements for Emergent Needs

Diversion Cash Assistance (DCA) is an alternative to TANF for families who financially qualify but do not need ongoing monthly assistance.<sup>34</sup> DCA is limited to one 30-day period of assistance not to exceed \$1,250 for families who demonstrate adequate income and resources to meet basic needs like housing, transportation, and employment expenses for a minimum of twelve months. A family who returns to TANF after DCA within twelve months will owe a portion of the DCA loan equal to one-twelfth of the total DCA benefit time the number of months left in the twelve-month period. In October 2010, DCA payments reduced from \$1,500 to \$1,250. The maximum decreased to \$1,000 in January 2011, but returned to \$1,250 in July 2011.<sup>35</sup>

Reductions in the grant amount for DCA have resulted in a reduced ability to divert families with short term, situational need away from longer term TANF dependence.

Additional Requirements for Emergent Needs (AREN) is an emergency assistance program for families who receive TANF but need additional help to prevent an eviction or a utility disconnection. To be eligible for AREN, TANF households must verify that the payment will resolve the emergent need and how the need will be met in the future. AREN is available to families with a maximum of \$750 every twelve months. In March of 2004, the maximum grant amount for AREN recipients was cut in half from \$1500 to \$750.<sup>36</sup> Reductions in AREN have limited our ability to help low-income families address emergent needs specific to their situations.

By increasing both programs to the former maximum grant amounts of \$1,500, staff would have more flexibility to ensure that children and families have a safe home necessary achieve associated rents. According to the Department of Commerce, national research has shown that a \$100 increase in rent is associated with an increase in homelessness

<sup>32</sup> ESA/Division of Finance & Financial Recovery Fiscal projections 8/2018

<sup>33</sup> One-time implementation costs include initial ESA-ITS system changes and outreach

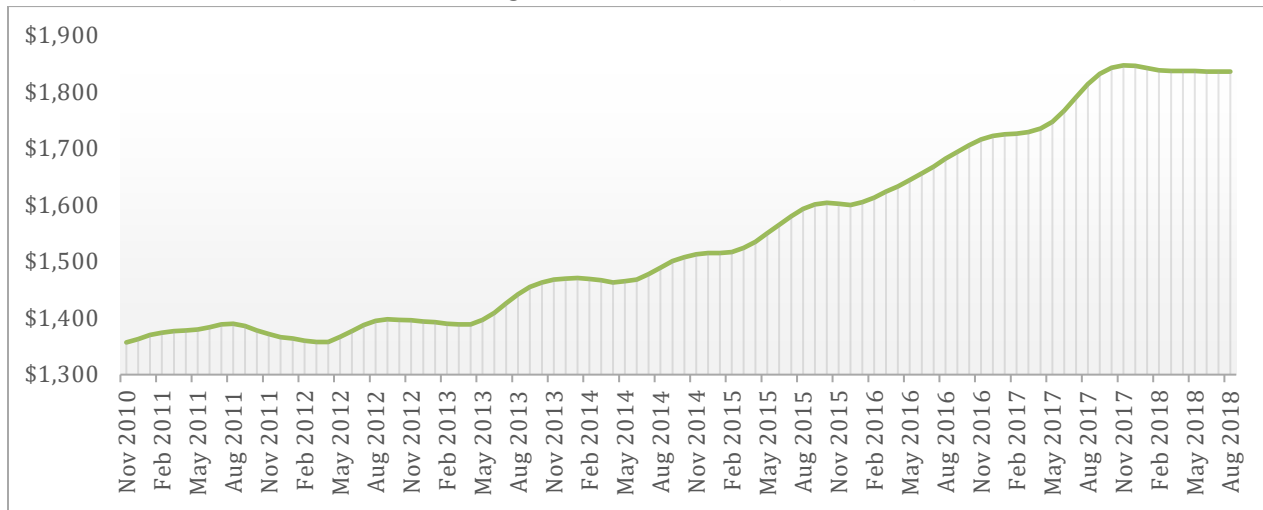
<sup>34</sup> [WAC 388-432-0005](#)

<sup>35</sup> Agency filings affecting [WAC 388-436-0005](#)

<sup>36</sup> Agency filings affecting [WAC 388-436-0002](#)

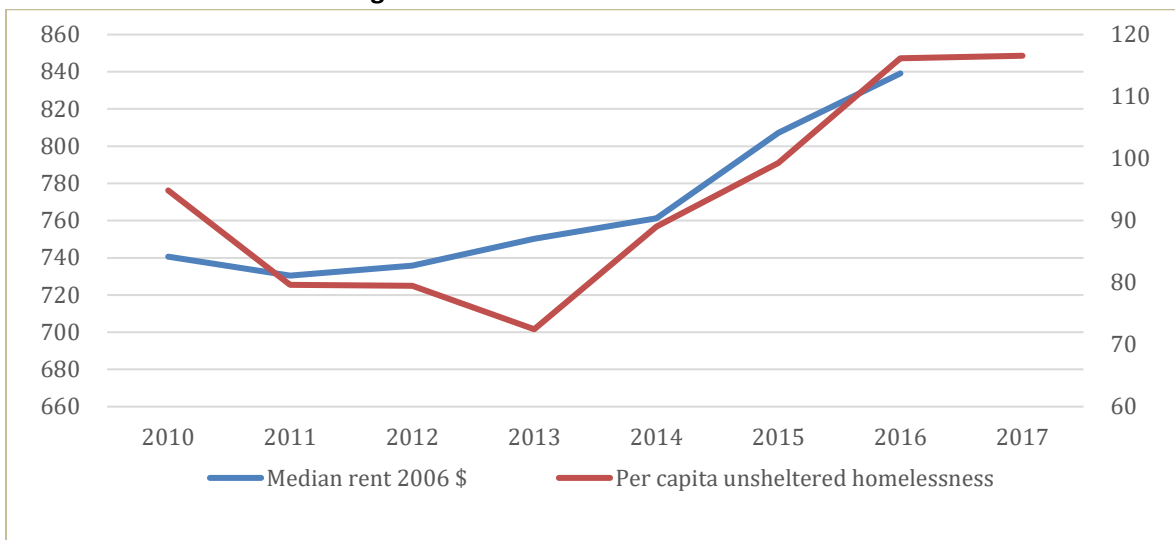
between six and 32 percent.<sup>37</sup> As rental costs rise (**Chart 12**), DCA and AREN grants have had an increasingly limited impact, especially with cuts to both programs.

**Chart 12: Rising Month Rental Costs (2010-2018)<sup>38</sup>**



Rising rents are directly correlated with the increase in homelessness in Washington state since 2013 (**Chart 13**). Growing rents push families living at the margins into homelessness.

**Chart 13: Rising Rent Associated with Increases in Homelessness<sup>39</sup>**



Without additional resources, homeless families are less likely to secure safe and stable housing due to limited housing availability throughout the state. As of February 2018, Washington State had the second lowest vacancy rate in the nation.<sup>40</sup> The low number of housing units available in our state contributes to soaring rental expenses, leaving few options for families looking for a stable home (**Chart 14**).

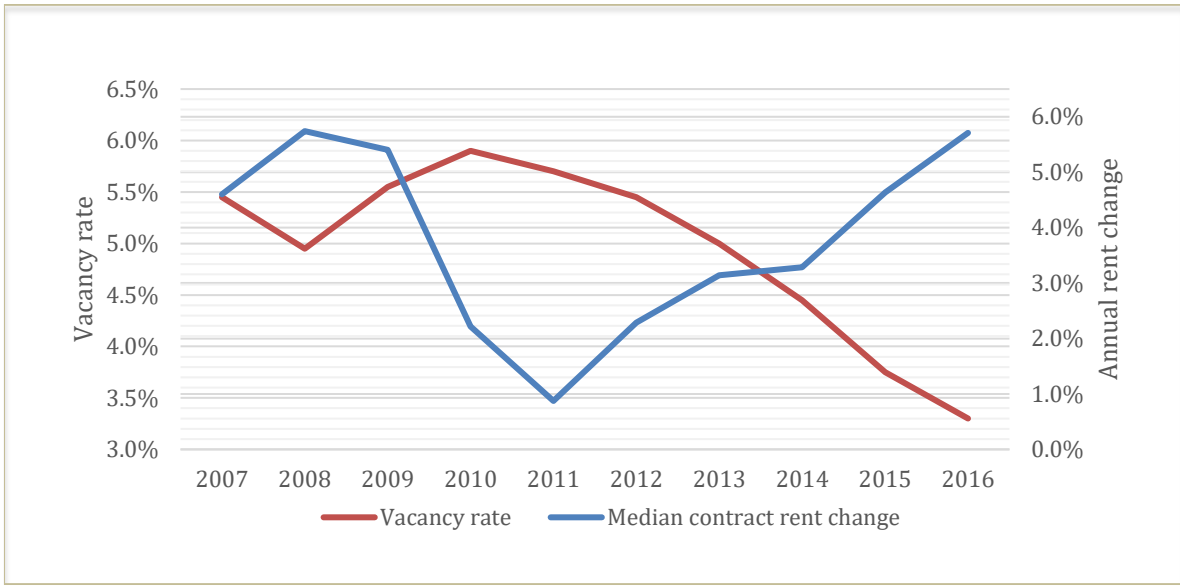
<sup>37</sup> Department of Commerce: [Why is homelessness increasing?](#)

<sup>38</sup> [Zillow Washington Rentals](#)

<sup>39</sup> Department of Commerce: Real Talk & Data Walk

<sup>40</sup> Business Insider: ["These US States have been hit hardest by the new housing crisis"](#)

**Chart 14: Relationship between Vacancies and Rent Increases<sup>41</sup>**



### ***DCA & AREN Policy Findings***

In Washington State, the median cost of a two-bedroom rental is \$1,463.<sup>42</sup> Standing at \$1,250, the current maximum DCA and \$750 AREN payments do not cover the average cost of one month’s rent. During SFY 2018, 82.9 percent of DCA benefits and 76.9 percent of AREN benefits were used to secure housing or prevent eviction; of the remaining AREN benefit payments, 22.5 percent were used to provide heat or prevent utilities from being shut off.<sup>43</sup> By raising the maximum emergency assistance amount to \$1,500, families may maintain safe and stable housing in the case of a financial crisis.

### **Post-TANF Support Services**

Starting a new job can cost money before a paycheck is even received to cover expenses such as transportation and cost increases for childcare and housing. . This transition often makes it harder for families to tackle life’s storms as they lose access to supports such as gas vouchers, childcare, work clothing and car repairs. Offering post-TANF support services can help families adjust to their new income source while continuing to assist them meet their basic needs. Post-TANF supports encourage employment stability and career development, promote family economic success and reduced reliance on public assistance in the future.

Previously, post-TANF support and employment services were offered as support following exit from TANF and provided important supports as families transitioned to employment, but were discontinued in December of 2010. The change impacted families leaving TANF, who would have previously been eligible for post-TANF support services. Eliminated services included accessibility to WorkFirst case management and services up to six months after leaving TANF, and access to employment retention services, wage and skill progression services, tuition assistance, and pre-employment training, which had all previously been available to families after they left TANF.

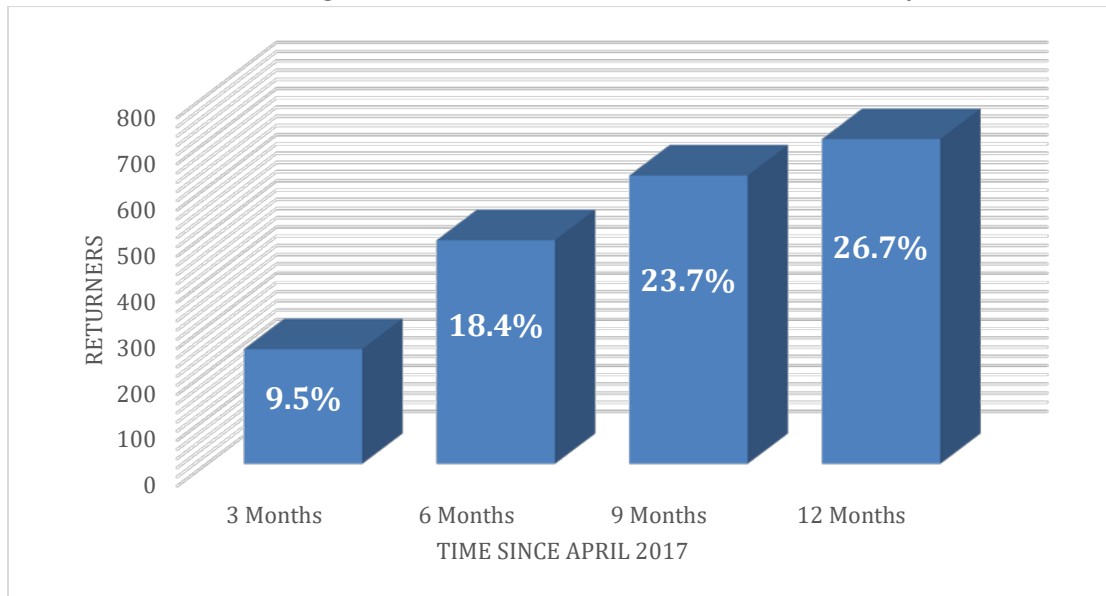
<sup>41</sup> Department of Commerce: Real Talk & Data Walk

<sup>42</sup> Rentanomics: <https://www.apartmentlist.com/rentonomics/rental-price-data/>

<sup>43</sup> EMAPS data July 2017-June 2018

From May 2016 through April 2017, 8,065 families reapplied for TANF after exiting the program. Most recently, of the 2,643 TANF case closures in April 2017, 705 (26.7%) of them returned to TANF by March 2018 (**Chart 15**).

**Chart 15: Percentage of Returners to TANF after Case Closures in April 2017<sup>45</sup>**



### **Other findings regarding pre-2011 policy changes for post-TANF employment**

By investing in post-TANF support services, we can mitigate the cycle of poverty *before* families return to public assistance. The department found that supporting families in the beginning stages of their economic independence is a key factor in their long-term success post-TANF. Below is a list of policy options that may be helpful in ensuring families are successful after leaving TANF:

- ***Supports up to six months Post-TANF***  
Post-TANF support services connects families to necessary services such as gas vouchers, clothing and hygiene assistance, car repairs, and other fees associated with getting families on their feet. This policy change promotes child and family well-being and help parents better prepare for unexpected life storms.
- ***Employment Retention & Wage and Skill Progression services***  
Connecting families to continued education and certification opportunities helps prevent cycling back onto TANF. Employment Retention and Wage and Skill Progression services provide individuals the opportunity to continue developing career skills even after gaining employment. By encouraging career development and advancement – individuals are more likely to attain jobs that lead to higher wages.
- ***Statewide Funding for Transportation Initiative/Post-TANF Employment Transportation Support Services (PETSS)***  
The Transportation Initiative has been a successful pilot program that provides support services to WorkFirst participants who need help paying for license fines or fees, gas, and car repairs. The program also offers on-demand transportation for participants in need.

<sup>45</sup> ESA-EMAPS Report Using the ACES Data Warehouse as of April 2018



Post-TANF Employment Transportation Support Services (PETSS) is an extension of the Transportation Initiative. PETSS allows these transportation services to serve families for an additional three months after leaving TANF. These programs allow families to achieve stability in this transitional time.

- **Post-TANF Cash Grant**

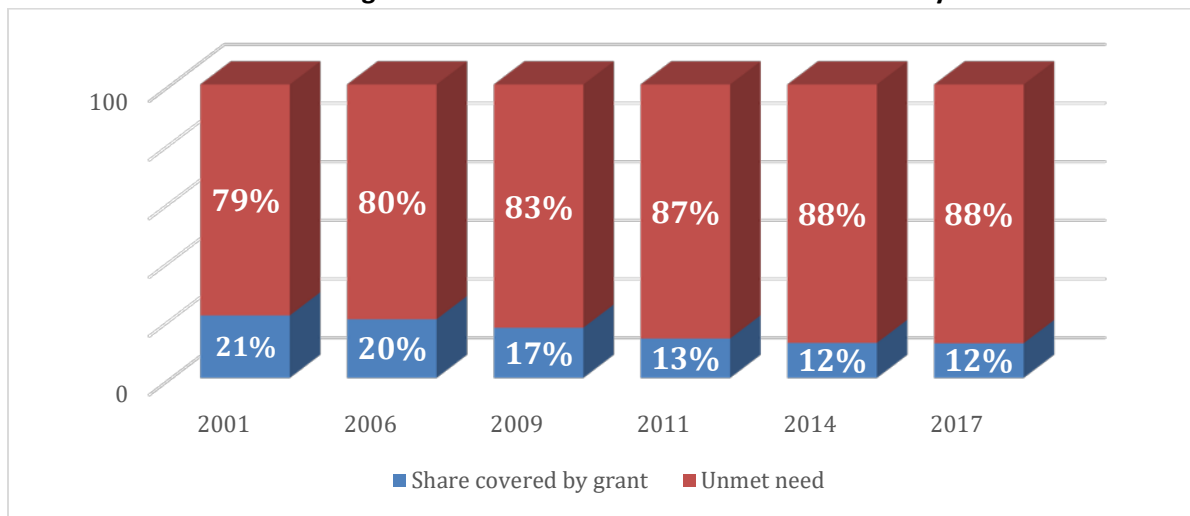
By gradually phasing out benefits, post-TANF cash grants and support services would reduce the likelihood that a family returns to assistance. The cliff effect becomes a slope by offering a gradually reduced grant for families first four-months after leaving TANF. By maintaining full benefits the first month, reducing benefits to 75 percent of the full grant the second month, 50 percent the third month, and 25 percent the fourth month, families are given the opportunity to adjust to their new source of income and a chance at achieving long-term financial stability.

### Child Support Pass-Through

From October 1, 2008 through April 30, 2011, child support was passed through to TANF recipients allowing families to receive payments of up to \$100 per month for an assistance unit with one child, and up to \$200 per month for an assistance unit with two or more children. These are the maximum amounts that federal regulations<sup>46</sup> allow states to pass through to families without having to pay additional money back to the federal government.

TANF benefits alone are inadequate to meet families’ needs. The TANF grant provides a small fraction of what is needed to meet an individual or family’s foundational needs, covering only 12 percent of what it takes to make ends meet in Washington state (**Chart 16**).

**Chart 16: Percentage of Unmet Need from TANF Grant for a Family of Three<sup>47</sup>**



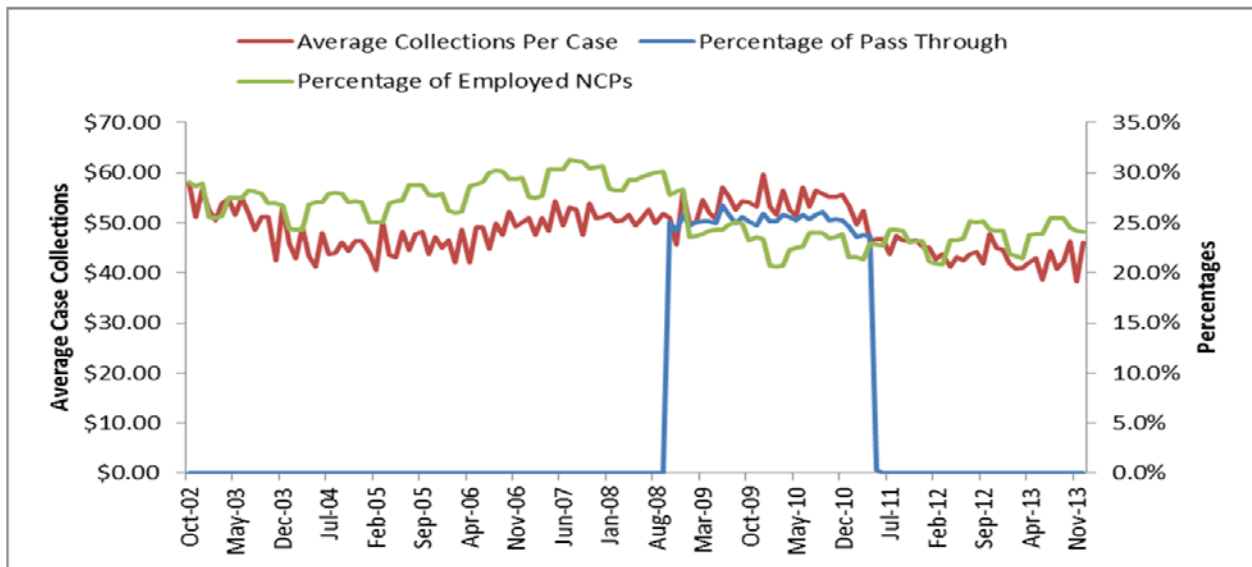
There was an increase in monthly child support payments by an average of 28 percent while the pass-through policy was enacted in Washington State. The pass through policy had a positive impact on the increase of the average TANF case collection, and that significantly more non-custodial parent payments occurred during the pass-through period.

**Chart 17** illustrates that even though the employment rate of non-custodial parents dropped in 2008, the average amount of child support collected on TANF cases increased during the child support pass-through program in October 2008, and did not drop again until the pass through program ended on April 30, 2011.

<sup>46</sup> [Social Security Act in 42 USC 657\(a\) \(6\)](#)

<sup>47</sup> Source: University of Washington's Center for Women's Welfare. The Self-Sufficiency Standard. Years 2001-2017

**Chart 17: Distribution of Average Case Collections in Washington, Percentage of Pass through Cases and Employment Non-Custodial Parents from October 2002 to December 2013<sup>48</sup>**



**Request Legislation 2019: Child Support Pass-through**

Increasing families’ available income by re-instating the pass-through policy strengthens the well-being of children and families, and encourages non-custodial parents who pay child support to be engaged in their children’s lives. Reinstating the child support pass-through would mean that up to \$200 of the monthly child support collected could pass directly to families without reducing their TANF grant, helping provide basic needs, such as the cost of quality child care, transportation, a safe home, and school supplies for their children.

**SUMMARY**

Washington state has a mission to develop healthy and safe communities through stability and economic well-being. Through legislation, the state has made strides to improve the opportunities for families by increasing the TANF grants, repealing means testing for caregivers, and increasing the assets limit, allowing a foundation on which to start building a better future for the next generation. In addition to the opportunities available to families through legislative changes, DSHS is beginning efforts to establish a more robust case management approach to assist the department in achieving the 2025 goal of reducing poverty by half. By focusing on the needs of each individual family unit, the family unit will be more equipped to weather life’s storms and use their gifts and talents to reach their human potential.

This report examines the need and benefit of extending access to TANF for families and demonstrates the continued value in establishing direct connections between unmet needs and the commitment for change brought by the legislative fiscal and policy committees.

<sup>48</sup> EMAPS data from SEMS and Employment Security Department as of December 2013

**APPENDIX A**

**Time Limit Extension Criteria before and after 2011**

<b>Pre 2011 Time Limit Policy</b>	<b>Post 2011 Time Limit Policy</b>
<b>Prior to 2011 all families met Washington state's definition for a hardship extension:</b>	<b>Starting February 1, 2011, only TANF parents or needy relative caregiver families meeting the following hardship criteria were able to extend beyond 60 months:</b>
<ul style="list-style-type: none"> <li>• All families participating in or exempt from WorkFirst activities would continue to get a TANF grant.</li> </ul>	<ul style="list-style-type: none"> <li>• Approved for WorkFirst exemption due to age, disability or because of a need to stay home to care for a disabled family member or required to apply for SSI;</li> </ul>
<ul style="list-style-type: none"> <li>• Case staffing were conducted to identify and address challenges to employment.</li> </ul>	<ul style="list-style-type: none"> <li>• Participating in a family violence service plan developed by someone trained in family violence;               <ul style="list-style-type: none"> <li>○ If a family stops participate in family violence services without good cause the time limit extension and TANF would be terminated.</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Mandatory WorkFirst participants who did not provide good cause for failure to participate in activities were subject to sanction.               <ul style="list-style-type: none"> <li>○ If the sanction was not cured within four months the entire TANF grant was terminated.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• With an open child welfare case with a state or tribal government and it is the first time any child in the home has been involved in dependency considerations or action;</li> </ul>
	<ul style="list-style-type: none"> <li>• Employed 32 hours or more per week; or</li> </ul>
	<ul style="list-style-type: none"> <li>• Recipient needy relative caregivers over age 55.</li> </ul>

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## **APPENDIX B**

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### EMAPS Methods for Estimating the Impact of Removing TANF Time Limits on TANF/SFA Caseload

TANF time limit policies include:

- Adult Recipient Time Limit (RC 229)
- Ineligible Parent Time Limit (RC 348)

STEP 1: Pull the following monthly data on TANF/SFA from ACES (July 2015 to June 2017):

- TANF/SFA Caseload
- TANF/SFA Time Limit Terminations (RCs 229 and 348)
- TANF/SFA Time Limit Denials (RCs 229 and 348)
- July 2015 TANF/SFA Adult Case Entries by Length of Stay

STEP 2: Calculate # of Additional Cases:

# of Additional Cases

= # of Time Limit Terminations

PLUS # of Time Limit Denials

STEP 3: Estimate # of Total Additional Cases:

For Example, Oct 2015

# of Total Additional Cases

= # of Additional Cases in Oct 2015

PLUS # of Additional Cases in Sep 2015 remaining active in Oct 2015

PLUS # of Additional Cases in Aug 2015 remaining active through Oct 2015

PLUS # of Additional Cases in Jul 2015 remaining active through Oct 2015

STEP 4: Calculate monthly Caseload Forecast Adjustment Factors (CFAFs) for Removing TANF Time Limits:

For Example, July 2015 – 1st Month of Removing TANF Time Limits

CFAF for 1st Month

= DIVIDING # of Total Additional Cases in July

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## APPENDIX C

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### Methods for Estimating the Impact of Lessening WorkFirst Non-compliance Sanction Policies on TANF/SFA Caseload (Three Month Model)

Lessening WorkFirst non-compliance sanction (NCS) policies includes:

- Eliminating NCS terminations without a grant reduction
- Extending the period in NCS to three months before NCS terminations with a grant reduction
- Eliminating permanent NCS termination (permanent TANF disqualification)

STEP 1: Pull the following monthly data on TANF/SFA from ACES (July 2015 to June 2017):

- TANF/SFA Caseload
- TANF/SFA NCS terminations without a grant reduction (RCs 252 and 349)
- TANF/SFA NCS terminations with 2 months of grant reduction (RCs 252 and 349)
- TANF/SFA cases denied for permanent TANF disqualification (RC 349)
- July 2015 TANF/SFA Adult Case Entries by Length of Stay

STEP 2: Calculate # of Additional Cases:

# of Additional Cases of type A = # of NCS terminations without a grant reduction

# of Additional of type B = # of NCS terminations with 2 months of grant reduction

# of Additional Cases of type C = # of Denials due to permanent TANF disqualification

STEP 3: Estimate # of Total Additional Cases:

# of Total Additional Cases of type A

= # of Additional Cases of Type A in Oct 2015

PLUS # of Additional Cases of type A in Sep 2015

PLUS # of Additional Cases of type A in Aug 2015

# of Total Additional Cases of type B

= # of Additional Cases of Type B in Oct 2015

# of Total Additional Cases of type C

= # of Additional Cases of Type C in Oct 2015

PLUS # of Additional Cases of type C in Sep 2015 remaining active in Oct 2015

PLUS # of Additional Cases of type C in Aug 2015 remaining active through Oct 2015

PLUS # of Additional Cases of type C in Jul 2015 remaining active through Oct 2015

# of Total Additional Cases of all types

= # of Additional Cases of Type A

PLUS # of Additional Cases of type B

PLUS # of Additional Cases of type C STEP

4: Calculate monthly Caseload Forecast Adjustment Factors (CFAFs) for Lessening WorkFirst NCS Policies:

CFAF for 1st Month

= DIVIDING # of Total Additional Cases in July 2015

BY Caseload Size in July 2015

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## APPENDIX D

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### EMAPS Methods for Estimating the Impact of Eliminating Mandatory WorkFirst Orientation on TANF/SFA Caseload

STEP 1: Pull the following monthly data on TANF/SFA from ACES (July 2015 to June 2017):

- TANF/SFA Caseload
- TANF/SFA WorkFirst Orientation Denials (RC 134)
- TANF/SFA Denials for Failure to Cooperate with Application Process (RC 566)
- July 2015 TANF/SFA Adult Case Entries by Length of Stay

Note: There were 136 cases denied for failure to cooperate with application process in April 2018. A review of those cases shows that 59 (43%) were denied because they did not attend WorkFirst Orientation.

STEP 2: Calculate # of Additional Cases:

# of Additional Cases

= # of WorkFirst Orientation Denials (RC 134)

PLUS # of Denials for Failure to Cooperate with Application Process (RC 566)

TIMES WorkFirst Orientation Adjustment Factor

Where WorkFirst Orientation Adjustment Factor is 43%, which is the percent of denials for failure to cooperate with application process that are denied for no WorkFirst Orientation.

STEP 3: Estimate # of Total Additional Cases:

For Example, Oct 2015

# of Total Additional Cases

= # of Additional Cases in Oct 2015

PLUS # of Additional Cases in Sep 2015 remaining active in Oct 2015

PLUS # of Additional Cases in Aug 2015 remaining active through Oct 2015

PLUS # of Additional Cases in Jul 2015 remaining active through Oct 2015

STEP 4: Calculate monthly Caseload Forecast Adjustment Factors (CFAFs) for Eliminating Mandatory WorkFirst Orientation:

For Example, July 2015 – 1st Month of Eliminating Mandatory WorkFirst Orientation

CFAF for 1st Month

= DIVIDING # of Total Additional Cases in July 2015

BY Caseload Size in July 2015