

A VISION FOR HOW DIRECT CASH CAN CREATE AN EQUITABLE FOUNDATION FOR ALL

Trust and dignity is essential to transforming cash assistance and providing economic security in Washington

Introduction

Washington state's rich economy, beautiful natural landscapes, and strong communities make our state a vibrant, supportive place to live. However, over one in five households struggle to make ends meet, meaning they face hard choices every month between paying for groceries, rent, health care, child care, and other essentials.¹ Persistent systemic racism creates additional hurdles that disproportionately block Black, Indigenous, and people of color in our state from opportunity. The economic crisis caused by the COVID-19 pandemic continues to reverberate, and high prices for household essentials, such as groceries, are also impacting Washingtonians.² People experiencing poverty are often met with suspicion and blame when they seek help, and our existing public benefit programs are not designed to resolve underlying systemic issues that make meeting basic needs difficult.

Many states facing similar challenges are increasingly turning to unrestricted income assistance, or direct cash, to provide more effective, equitable public assistance.³ Direct cash provides a flexible and effective solution for people to solve day-to-day financial challenges, avoid emergencies like losing their housing, and build a strong foundation for the future. These programs already exist in Washington. However, the state's patchwork of direct cash programs is under-resourced and does not reach everyone who needs support. Two of the largest direct cash programs, Temporary Assistance for Needy Families (TANF) and the Working Families Tax Credit (WFTC), need bold investment to make sure that people have what they need to put food on the table and keep a roof over their heads. Additionally, guaranteed basic income (GBI) is an emerging policy solution that can supplement existing

programs and transform the public benefit system to make sure people are thriving and not just surviving.

This report lays out 11 principles to help policymakers design direct cash programs and provide a roadmap for establishing an income floor by improving direct cash assistance in Washington. When people have the income that they need, our economy thrives, our kids are healthier and happier, and people can focus on what matters, which is caring for themselves and their loved ones.

Understanding poverty in Washington

Too many Washingtonians do not have enough income to meet their basic needs. In 2021, 24% of Washingtonians, equal to over 1.76 million people, had an income below 200% of the federal poverty level.⁴ This translates to \$25,760 for a single person or \$53,000 for a household of four. Although the federal poverty level is widely known and used by government agencies and researchers, it is an outdated measure that leads to undercounting the true number of families that are experiencing financial hardship, especially in areas where the cost of living is high, such as Western Washington.

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The Self-Sufficiency Standard is a better measure of whether a family can meet their basic needs. The Self-Sufficiency Standard defines the amount of income that a household needs to meet an adequate level of living based on the household size and composition; county of residence; and the costs of basic expenses like housing, child care, food, health care, transportation,

taxes, and more. In 2021, the Self-Sufficiency Standard for a household of four in Yakima County was \$68,038 – more than double the federal poverty level of \$26,500.⁵ In the same year, 18% of households in Washington – about 434,000 households – had income below the Self-Sufficiency Standard but over the federal poverty level. These households have few options for public assistance and must make difficult choices between paying rent, putting food on the table, going to the doctor, or going into debt.

People across Washington experience poverty, but the distribution is unequal across different demographics of race and gender. This is because lawmakers and special interests have enacted policies and practices for centuries – including settler colonialism, enslavement,



ADOPTING A BETTER BENCHMARK FOR ADEQUATE INCOME

An alternative to using the federal poverty level to measure income adequacy is the Need Standard, which is set annually by the Washington State Department of Social and Health Services.⁹ The Need Standard incorporates data from the Self-Sufficiency Standard and presents a minimum amount of income needed for households of different sizes. Unlike the Self-Sufficiency Standard, the Need Standard presents one value for a particular household size regardless of the county of residence.

the Indian Removal Act, the Chinese Exclusion Act, redlining, and wage discrimination – that prioritize the economic interests of powerful, land-owning white men over the well-being of everyone else. The top five lowest-paying occupations in the state, which are mainly service jobs, have a disproportionately high percentage of Black, Latinx, Indigenous, and other workers of color.⁶ And women are underrepresented in four of the top five highest-paying jobs.⁷ As a result, women and Black, Latinx, and Indigenous people are more likely to have insufficient income to meet their basic needs.⁸

Direct cash assistance is a powerful tool to help people across Washington

To support people who are facing financial emergencies and the burden of poverty, Washington offers a variety of public assistance programs, including food, housing, medical care, child care, utilities, and income assistance. However, the public benefits system operates in a piecemeal fashion and mainly addresses secondary issues without tackling the core issue of poverty: a lack of money.

The simplest approach to helping families have enough resources to cover their day-to-day needs is to increase income supports through direct cash payments. Direct cash is a form of public support that upholds people’s dignity and gives recipients the autonomy to decide how to best take care of themselves and their loved ones. The flexibility of direct cash allows people to meet their basic needs and pay for things that are not covered by existing public benefits, such as clothes, school supplies, household items, or car repairs. It also provides breathing room to plan for a better future, and recipients have used direct cash to experience things that improve their quality of life, such as holding a birthday celebration or taking a family trip to the zoo.

Research on direct cash shows significant improvements in people’s health, housing stability, education, and employment outcomes. Some examples of positive outcomes of direct cash programs and pilots include:

- ▶ **Baby’s First Years:** Babies whose mothers received GBI payments showed significantly more brain activity after one year, which is linked to cognitive development, compared to babies whose mothers did not receive GBI payments.¹⁰
- ▶ **Denver Basic Income Project:** A 12-month guaranteed income project for people experiencing homelessness saw the percent of participants staying in stable housing more than double, and the number of participants being unsheltered decreased by half.¹¹
- ▶ **Earned Income Tax Credit (EITC):** A \$1,000 increase in family income from the EITC has been associated with higher math and reading scores and high school graduation rates.^{12,13}
- ▶ **Stockton Economic Empowerment Demonstration:** People who received \$500 a month for 24 months had a higher rate of full-time employment compared to a control group that did not receive monthly cash payments.¹⁴

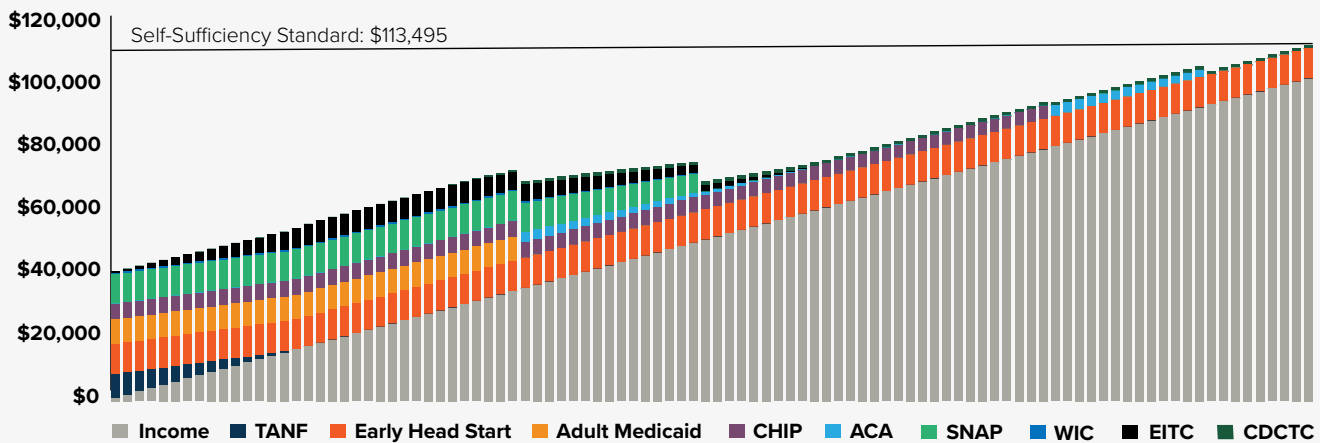
Providing direct cash can improve not only participants’ quality of life, but the impact also extends far beyond one person or one family. Direct cash programs can also benefit our communities and economy. Research has shown that:

- ▶ Every dollar received in direct cash from the federal Earned Income Tax Credit injects up to two dollars into the local economy.¹⁵
- ▶ Making 2021’s Child Tax Credit expansion permanent would yield a return on investment of more than \$10 for every \$1 spent.¹⁶
- ▶ Every dollar spent to reduce childhood poverty yields over \$7 in savings on future economic costs associated with poverty.¹⁷ This impact occurs through lower costs in health care, homelessness, incarceration, and child maltreatment, and increases in earnings.

Figure 1

Washington families do not have enough support to meet their basic needs

Combined resources from income and public assistance programs for a family of three in King County



Note: **TANF**: Temporary Assistance for Needy Families, **CHIP**: Children's Health Insurance Program, **ACA**: Affordable Care Act, which provides subsidies for health insurance, **SNAP**: Supplemental Nutrition Assistance Program, **WIC**: Special Supplemental Nutrition Program for Women, Infants, and Children, **EITC**: Earned Income Tax Credit, **CDCTC**: Child and Dependent Care Tax Credit.

Source: Ilin, Elias and Ellyn Terry. 2021. 'The Policy Rules Database.' Federal Reserve Bank of Atlanta. Available at: www.frbatlanta.org/economic-mobility-and-resilience/advancing-careers-for-low-income-families/policy-rules-database.aspx. UW 2023 Self-Sufficiency Standard for a family of three in Seattle, King County with one adult, one infant, and one school-aged child.

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Despite clear evidence of the benefits of direct cash assistance, racist and classist ideas that assume people with lower incomes cannot manage their finances or are undeserving of aid have led lawmakers to underfund direct cash programs and establish strict conditions. Lawmakers have also prioritized programs that address secondary needs like housing or food assistance rather than direct cash. The programs that do provide income assistance are limited in the amount of money they offer and the number of families they reach, leaving many people behind.

For example, a family of three living in King County who makes less than \$113,000 could receive food, child care, medical, and/or income assistance and still not have enough to cover their basic daily costs (Figure 1). The gap between what families need and what they can receive in public assistance can be upwards of \$70,000. Insufficient benefit amounts result in families with low incomes, who are disproportionately Black, Indigenous, and people of color, foregoing important necessities like doctor's visits, utility payments, and making rent.

A brief overview of the direct cash programs in Washington

While there are a variety of direct cash programs for specific populations and circumstances in Washington (Appendix A), this report focuses on three programs: the Working Families Tax Credit, Temporary Assistance for Needy Families, and guaranteed basic income. The Working Families Tax Credit and Temporary Assistance for Needy Families are the two farthest-reaching existing programs, in terms of number of families served and amount of financial support offered. These two programs need stronger investments and structural changes to ensure every family in Washington has what they need to remain financially secure and take care of themselves and their loved ones. Additionally, GBI is a transformative model for direct cash programs that treats people who need support with dignity and respect. Establishing a statewide GBI program can be a tool to eliminate economic inequity in Washington.

THE WORKING FAMILIES TAX CREDIT

The Working Families Tax Credit (WFTC) provides an annual tax rebate of up to \$1,255 to families with low to moderate incomes. Importantly, unlike the federal EITC, the WFTC is available to people who file taxes with an Individual Taxpayer Identification Number (ITIN), which includes undocumented workers and some survivors of domestic violence. While an estimated 350,000 households are eligible for the WFTC, many households miss out on their credit due to lack of knowledge or structural barriers in the application process. In 2023, the state disbursed roughly \$115 million to more than 160,000 households.¹⁸

The WFTC requires participants to earn income to be eligible for the credit because it is modeled after the federal Earned Income Tax Credit. The earned income requirement excludes unpaid caregivers, people who cannot work because of a disability, and

people who are incarcerated and working for the Department of Corrections. There are several other categories of people who are excluded, including younger and older workers without children (see more in our report, [“The Working Families Tax Credit should support more low-income households”](#)).

People are also required to file a federal tax return to apply for the WFTC, which can pose a barrier for many people who are homeless, people in rural counties with less access to free tax preparation services, and people who file taxes with an ITIN. People who file their taxes with an ITIN pay higher fees to tax preparers and face long delays from the IRS to receive their ITIN.¹⁹

The credit provides a key economic boost to hundreds of thousands of families, but expansions to eligibility, a more accessible application process, and a boost in the credit amount could make its reach and impact much larger.

TANF’S RACIST ORIGINS PAVED THE WAY FOR LEGISLATIVE CUTS AND RESTRICTIONS IN WASHINGTON

TANF is a federal program that was created in 1996 through the Personal Responsibility and Work Opportunity Act (PRWOA). PRWOA created the 60-month time limit on TANF enrollment, established strict work requirements for participants, and excluded lawfully present immigrants for five years after their arrival.²¹ These policies were created in response to racist stereotypes of Black women as lazy and irresponsible, and anti-immigrant sentiment, which fueled anxiety over these groups receiving public assistance.

Prior to the Great Recession, families in Washington were eligible for help if they met all the requirements, regardless of their time spent on TANF. However, during the Great Recession, Washington state policymakers made several policy changes to reduce the caseload and save money. They enforced the 60-month time limit, reduced the cash grant amount by 15%, reduced the maximum family size, created time limits for child-only cases, withheld child support, reduced diversion cash assistance, and introduced full-family sanctions.²² These cuts to TANF took away a critical source of income support for tens of thousands of

families. TANF caseloads fell from 65,140 cases in 2011 to 42,569 cases in 2014.²³ The caseload has continued to drop over the years to 32,643 cases in 2023.²⁴

Advocates have called on lawmakers for over a decade to restore the cuts to TANF. Now, all policy changes except the hardship exemptions to the 60-month time limit have been at least partially restored. Washington state lawmakers have added several narrow hardship exemptions for families who need help beyond 60 months. However, these exemptions consistently and disproportionately exclude Black, Indigenous, and multiracial families from receiving TANF.²⁵

In response to the COVID-19 pandemic, lawmakers followed the lead of advocates and temporarily restored the pre-Great Recession time limit policy from July 2021 to June 2023. This led to an increase in equitable access, especially benefiting the families of color who had been previously disproportionately terminated. However, despite the clear equity outcomes, the legislature reinstated the 60-month time limit in July 2023, cutting off 3,000 children overnight.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

Temporary Assistance for Needy Families (TANF) is a federal program, administered differently by each state, which provides monthly cash support to families with extremely low incomes. Its main purpose is to protect families from the devastating effects of living in deep poverty (below 50% of the federal poverty level). In 2023, the program reached roughly 32,000 families in Washington.²⁰

Federal lawmakers designed TANF with strict work requirements, an arbitrary 60-month time limit, and small payments that do not increase with the cost of living. In practice, this means families must jump through numerous hoops to enroll in TANF, and they still will not receive enough money to provide for themselves and their families. For example, a household of five whose sole source of income is TANF receives \$11,508 annually, which is just 31% of the federal poverty level.²⁶ While this meager support is a lifeline, it fails to meet the main purpose of the program by leaving children vulnerable to the long-term effects associated with living in deep poverty, which is known to have negative generational impacts. Boosting the TANF grant to match DSHS' Need Standard and removing the 60-month time limit on TANF enrollment would make this program provide an adequate foundation for families with kids facing financial hardship.

GUARANTEED BASIC INCOME

Guaranteed basic Income (GBI) is a model of direct cash which provides recurring, unconditional, unrestricted cash payments to a targeted population.

- ▶ **Recurring** means more than once and at regular intervals; most GBI pilots disburse payments monthly.
- ▶ **Unconditional** means that participants do not need to meet certain conditions common in public benefits programs, such as work, job training, or minimum earned-income requirements.

- ▶ **Unrestricted** means that there are no restrictions on how the cash can be used.

GBI takes a targeted approach – in contrast to universal basic income, which provides unconditional, unrestricted cash payments to a whole population – to ensure that people furthest from financial security can benefit the most. Without the conditions and restrictions in other public assistance programs, GBI can offer participants more dignity, freedom, and self-determination.

A timeline of guaranteed basic income in Washington

- 2017** Governor Jay Inslee establishes the Poverty Reduction Workgroup to create a plan to dismantle poverty in the state.
- 2020** Advocates and lawmakers have introduced several statewide GBI policy proposals since 2020.
- 2021** The Poverty Reduction Workgroup releases its 10-year plan, which includes a recommendation to increase unconditional cash assistance and pilot a state program that provides unrestricted cash assistance.
- 2022** The Washington State Department of Social and Health Services completes a study on the feasibility of implementing a basic income pilot.
- 2023** The legislature appropriates \$1.9 million to continue a local GBI pilot in Tacoma called Growing Resilience in Tacoma (GRIT).

A state-funded program, Economic Security for All, also supports a GBI pilot run by the Workforce Development Council of Seattle-King County.

Other GBI pilots in Washington are privately funded. For example, Hummingbird Indigenous Family Services is piloting a GBI program for Indigenous pregnant people called The Nest.

Read more in our report, "[Washington state needs a guaranteed basic income program.](#)"

It can also reach people who are not eligible for other public assistance due to barriers to entry. Although Washington does not currently have a statewide GBI program in place, advocates and lawmakers have been advancing GBI legislation since 2020 and there are several local GBI pilots throughout the state that have been implemented. Creating a statewide GBI

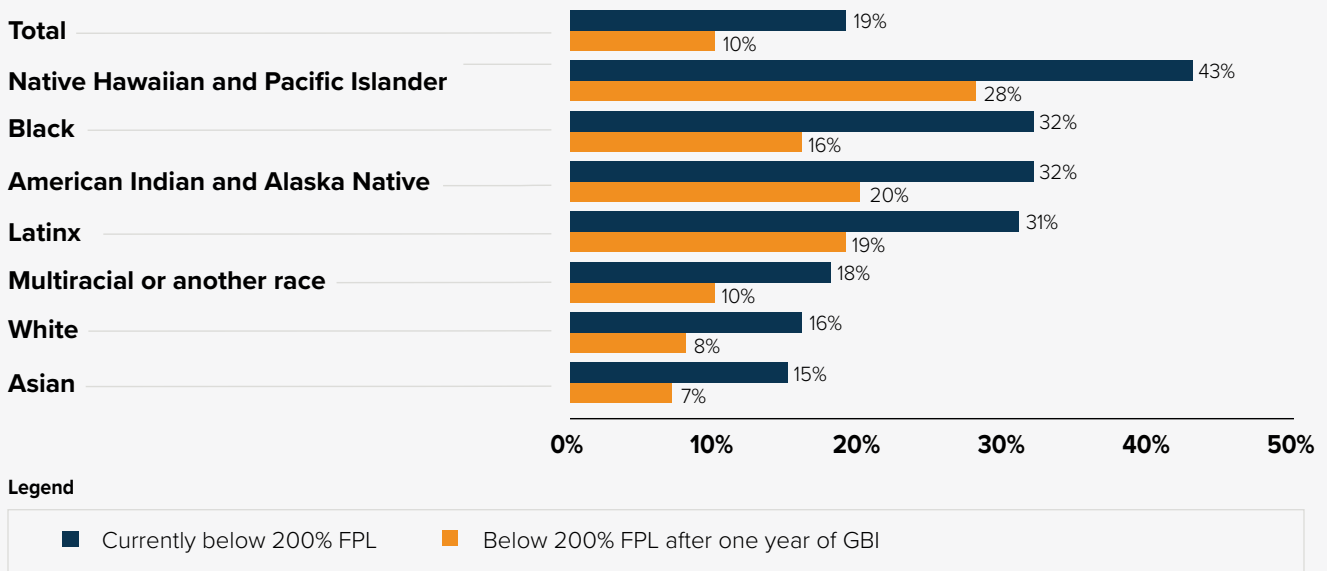
program could transform the public benefits system and the way our state government approaches poverty.

Figure 2 shows the tremendous impact that GBI could have in reducing poverty in Washington. If everyone in Washington who had income below 200% of the federal poverty level received monthly cash payments equal to

Figure 2

GBI could cut poverty in half in Washington

Percent of people in Washington with income below 200% of the federal poverty level before and after receiving GBI, by race and ethnicity



Note: Calculations based on a GBI program that provides monthly payments equal to Fair Market Rent for a 1-bedroom unit in county of residence. The "Latinx" category includes people of all races who identify as Hispanic or Latino. All racial/ethnic groups besides "Latinx" are non-Hispanic or Latino. In 2022, 200% of the federal poverty level was \$27,180 for a single person and \$55,500 for a household of four.

Source: Washington State Budget and Policy Center analysis of 2022 American Community Survey microdata and 2022 HUD Fair Market Rents

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NOTE ABOUT DATA: Wherever possible, data are disaggregated to provide a preliminary understanding of disparities by race, ethnicity, and nativity. Data are not always available for all races and ethnicities, which we recognize is problematic given our country’s long history of cultural erasure. Data about gender are also rarely available for transgender and nonbinary people. The terminology used by data sources to describe people’s identities can also be limited and/or inconsistent. As a result of all of this, the statistics throughout this report tell a limited story. And in some cases, the numbers don’t reflect people’s lived experiences. The Budget and Policy Center is committed to continuing to engage with the communities represented in this data to better understand the stories, voices, and people behind the numbers. We are also committed to engaging with the communities left out of this data – as well as to advocating for better, more accurate, and inclusive data.



fair market rent for a one-bedroom unit in their county of residence, the poverty rate would drop by almost one-half, from 19% to 10%. Poverty rates for Black, white, and Asian individuals would also drop by half or more. Percentage-points-wise, the largest changes are seen for people who identify as Black, Native Hawaiians and other Pacific Islander, Hispanic or Latino, and Indigenous.

BOLD EXPANSIONS TO DIRECT CASH ARE NEEDED

Although our existing safety net programs provide critical support, they often operate in a paternalistic, punitive, and onerous way through work requirements and complicated eligibility and application requirements, which reduce dignity and agency for participants. In addition, the benefits are insufficient for families to adequately meet their basic needs, particularly in a high-cost state like Washington. Many people who are struggling to make ends meet make just a little too much income to qualify for public assistance. Bold expansions to TANF and WFTC would make these programs truly supportive for people struggling to make ends meet, meaning they could put food on the table, tend to their health, and care for their kids and loved ones. GBI programs do not have the same restrictions that existing safety net programs do – they offer unconditional, unrestricted cash to people who need it. Expanding TANF and WFTC and investing in GBI would have big returns for our state economy, reduce income-related racial inequity, and transform childhood poverty in our state.

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Principles for direct cash assistance

Lawmakers and advocates can work together to create a Washington state where everybody truly thrives by establishing an income floor that allows everyone, regardless of ZIP code, ability, skin color, or immigration status, to meet their basic needs and put food on the table. To be most equitable and effective, direct cash assistance programs in Washington state like TANF, WFTC, and GBI need to be rooted in trust and dignity and provide meaningful income support to participants. To do that, direct cash programs should adhere to eleven principles.



Principle 1: Community led

Communities impacted by economic exploitation and exclusion should take the lead in developing new policies to reduce poverty. These communities understand the problems intimately, and they know what changes are needed and most effective. When programs do not center the people who are impacted, they can be ineffective and harmful and even exacerbate existing disparities.

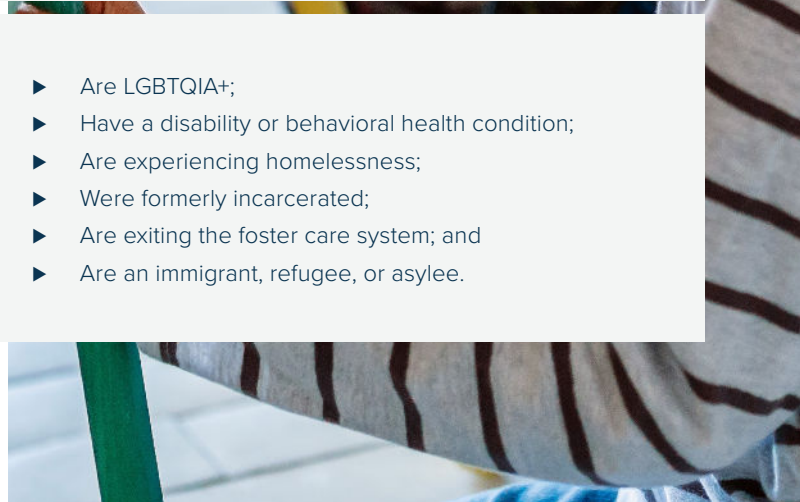
Principle 2: Honor tribal sovereignty and the leadership of Native people

Policymakers should respect the leadership and self-governance of tribal communities and work with tribal leaders. It is important to recognize how public assistance systems have exploited and harmed Indigenous people in the past and present, and how repercussions are felt today. Many tribal nations already operate and prioritize direct cash assistance programs and can provide key insights and leadership.²⁷

Principle 3: Targeted

To increase equity, programs should target people with the highest level of need, especially those who have been systematically excluded from opportunities to build financial stability and wealth. This includes Black, Indigenous, and people of color, as well as people who:

- ▶ Are LGBTQIA+;
- ▶ Have a disability or behavioral health condition;
- ▶ Are experiencing homelessness;
- ▶ Were formerly incarcerated;
- ▶ Are exiting the foster care system; and
- ▶ Are an immigrant, refugee, or asylee.





Principle 4: Inclusive

Eligibility criteria must not exclude anyone based on criminal history, immigration status, work participation, or household composition. These exclusions are built off racism, paternalism, and outdated notions of family composition that have no place in our public programs.

Currently, individuals with certain felony convictions are excluded from public housing and the Section 8 housing voucher program. Most immigrants with lawful permanent resident status must wait five years before accessing federal public benefits programs. Undocumented immigrants are excluded from most federal and state benefits programs (Appendix B). People without children at home and who are between the ages of 18 and 24 and older than 65, and people without earned income, such as unpaid caregivers, are ineligible to receive the WFTC.

Principle 5: Unconditional

Eligibility for direct cash programs should be decoupled from work, surveillance, and punitive program requirements. Since the 1990s, public assistance programs have tied benefits to work participation. The federal EITC, and subsequently state EITCs, was designed to incentivize work. TANF is a particularly punitive program, where participants are sanctioned if they do not meet work requirements. Surveillance of compliance with work participation requirements disproportionately impacts Black and Latinx families who are investigated and removed from benefits at higher rates than white families.²⁸

Principle 6: Unrestricted

People should be able to use their direct cash benefits in whatever way meets their needs. Participants are the experts in how to take care of themselves and their families. Direct cash programs should be rooted in trust and dignity and should not monitor nor control how benefits are used.

Principle 7: Recurring

Direct cash programs should deliver regular payments that people can count on to pay for recurring expenses. To increase financial stability and decrease income volatility, direct cash payments should be distributed monthly or another regular frequency.

Principle 8: Sufficient

The benefit amount should be enough for people to meet a basic level of self-sufficiency. Programs can use the Need Standard set by the Department of Social and Health Services, which represents the amount of income required to maintain a minimum and adequate standard of living in Washington state.

Principle 9: Accessible

People who need direct cash assistance should receive it quickly through a transparent, non-invasive process. Application processes for public support are often needlessly complicated and put a large burden of time, effort, knowledge, and proof on the people who have the least resources. The stakes are high and simple mistakes can lead to penalties, interest, or fraud investigations.

Principle 10: Complementary to existing supports

Direct cash programs should supplement, not replace, other public assistance programs for health care, housing, nutrition, child care, and more. This includes implementing benefits protection policies to prevent ineligibility for other programs or a net loss of support. One way to do this would be to exclude income from direct cash programs as countable income in other public assistance programs.

Principle 11: Protected from extraction and exploitation

Benefits should not be garnished by private companies or public agencies, such as collection agencies or state departments. Participants in direct cash programs already experience economic insecurity and should not face additional financial burdens because of state policies.



A MODEL FOR DIRECT CASH:

THE WASHINGTON COVID-19 IMMIGRANT RELIEF FUND

During the pandemic, a broad coalition of 400 immigrant-rights and labor organizations called on the legislature to provide economic relief to undocumented immigrant workers and their families. These families were disproportionately affected by job loss,²⁹ but were excluded from over \$1 billion in state and federal support.³⁰ Thanks to the work of advocates, the Washington COVID-19 Immigrant Relief Fund (WIRF) provided an unprecedented \$400 million in economic relief for immigrant individuals and families excluded from pandemic relief programs.

Through WIRF, the state offered \$1,000 direct payments (up to \$3,000 per household) in 2020,

2021, and 2022.³¹ WIRF is an excellent example of a direct cash program that met community needs and prioritized accessibility, including language access.³² However, the economic impacts of the pandemic and job loss continue to affect people regardless of citizenship status, and permanent fixes are needed. In 2023, Colorado became the first state to permanently expand unemployment uninsured benefits to undocumented workers. Washington lawmakers have considered, but not passed, legislation that would include undocumented workers and their families in unemployment insurance.

Vicky's story

"I had to be strong because my kids needed me, but I was stressed and unable to sleep or eat when I lost my job. Because of the cash from WIRF, I was able to pay my rent and make sure my kids still had a roof over their heads and didn't end up on the streets."

In 2020, when the pandemic hit, Vicky, who is a leader with OneAmerica in Vancouver, lost her job as a house cleaner. She was supporting her two kids as a single mom, and she was in shock. When she searched for another job, there was nothing available because businesses shut down. As a mixed-status family, she and her kids were excluded from support like expanded unemployment insurance and stimulus checks. Because of the support of the payments from WIRF, she was able to catch up on rent and get on a payment plan when she finally found a new job, but she is still struggling to recover financially. She is eligible for the Working Families Tax Credit, but because doing her taxes is complicated, she hasn't been able to claim her credit yet.

Lawmakers must end policies that extract resources from low-income households

The expansion of unrestricted cash programs must go hand-in-hand with reforms to Washington policies that extract resources from low-income households, including criminal legal system fines and fees; garnishment of federal benefits and child support payments; and requirements to reimburse the state for overpayment of benefits, even if the overpayment is minor and

through no fault of the applicant.³³ These policies are not only counterproductive and devastating for working people and families, but they also provide negligible returns to our state and county revenue streams.

Fines and fees extract resources from people

least able to pay: Hundreds of thousands of people in Washington are impacted by legal financial obligations (LFOS), or the fines and fees levied by courts when people interact with Washington's criminal legal system.³⁴ This punitive system of debt pads the pockets of money collection agencies who

are contracted to collect the debt.³⁵ It also drains resources from Black and Indigenous communities who are disproportionately impacted due to persistent and historical racism in our criminal legal system.³⁶

As of 2023, most non-restitution LFOs are no longer mandatory if the impacted person is found to be indigent or unable to pay.³⁷ However, research has shown large variance in how judges assess LFOs and a person's ability to pay,³⁸ and Black, Indigenous, and Latinx defendants are more likely than white defendants to have more and higher LFOs applied.³⁹ Eliminating fines and fees and relieving people of court debt would provide massive relief to people impacted by the criminal legal system and their loved ones, who often must choose between paying fines and fees or essential needs like rent and groceries.⁴⁰

The impact of incarceration on benefits: When people are incarcerated, they lose access to any benefits they are enrolled in. This includes Social Security Disability Insurance (SSDI), which is one of the only federal lifeline programs that provides financial support to people who are unable to work because of a qualifying disability. Failure to pay LFOs may result in loss of other government benefits, such as TANF, State Family Assistance (SFA), Pregnant Women Assistance (PWA), Aged, Blind, or Disabled (ABD) cash, the Housing and Essential Needs (HEN) program, Basic Food, and federally-funded housing.⁴¹ People may also lose their veteran benefits.⁴²

The income that incarcerated people earn from working inside prisons – where they are paid \$0.85 to \$2.85 an hour with a \$40-per-week maximum⁴³ – does not make them eligible for the Working Families Tax Credit because it does not meet the legal definition of earned income. However, direct cash is a powerful way to support people impacted by the carceral system, and GBI pilots across the country have targeted people who are reentering society⁴⁴ in recognition that financial stability helps people to rebuild their lives and significantly decreases recidivism.⁴⁵

TANF and child support garnishment: Federal TANF regulations require all participants to sign over their right

to receive child support payments, but states have an option to “pass through” some or all of the payments to the intended parent. As mentioned earlier, during the Great Recession, Washington state lawmakers eliminated the child support pass-through policy. For a decade, families that participated in TANF and received child support payments would not see any of their child support payments. Instead, the state would collect and hold this money. From 2021-2023, Washington withheld over \$37 million of child support from families on TANF.⁴⁶ However, in 2021, lawmakers passed legislation that allowed TANF participants to receive part of their child support: Families with one child could receive up to \$50, and families with two or more children could receive up to \$100 per month. In 2024, legislators passed legislation that allowed families to receive the full amount of their child support, which will go into effect in 2026.

Garnishment of Supplemental Security Insurance from children: The Department of Children, Youth, and Families (DCYF) currently collects Social Security benefits from foster children to cover the child's costs of care. In 2018, the state took \$6.89 million in Supplemental Security Income benefits from foster children.⁴⁷ States are required by law to provide and pay for this public service and should not use children's Social Security benefits to reimburse themselves. Children do not have a financial obligation to pay for their own foster care. To serve the children's best interests, DCYF should preserve these funds to set up children for financial success when they reach adulthood.

Collection of unintentional overpayments of benefits, and the application of penalties and interest to overpayments: State agencies currently take a variety of approaches to the overpayment of benefits like TANF, SSI, ABD, unemployment insurance, and the WFTC. People with lower incomes are often facing adverse life circumstances that make it burdensome to deal with agency bureaucracy and the steps needed to waive an overpayment. The process can cause additional financial harm due to the need to take time off work, seek expert or legal support, or find child care to attend administrative hearings and prove they did not knowingly submit a fraudulent application. These barriers are so high that less than 4% of cases with

Ginny's Story: The Burden of Legal Financial Obligations

"We wanted to save that money to support my son Willie when he got out of prison, but instead we ended up paying for a system designed to keep us down."

Ginny Parham lives in Tacoma and has worked hard to provide for her family through a union job at SuperValu. As the sole income earner, she supported her household while her husband, who has since passed away, took care of their son at home. In 1996, Ginny's son Willie was incarcerated and had \$3,000 of debt applied to his case in legal financial obligations (LFOs). Even though Willie was working full time in the kitchen for the Department of Corrections, he was making only tens of dollars a week, not enough to cover his costs while incarcerated - things like food and hygiene products. The money Ginny and her husband hoped to save for Willie's future, or that they could have used instead to save and buy a home, was instead absorbed by the state over time to cover the LFOs and basic necessities during his 25 years in prison. Ginny continues to care for one of her grandchildren at home, and in the last two years she has been able to receive \$600 from the Working Families Tax Credit. This has helped her cover costs, but it is nothing compared to the money she has paid the state over time while her son was incarcerated.

founded findings pursue administrative hearings to have their case looked at or overturned.⁴⁸ Of the people who go through the Department of Social and Health Services' (DSHS) process to have their cases looked at, less than 10% of cases result in a finding of fraud.⁴⁹

The pursuit of overpayments is expensive in terms of agency staff time and resources.⁵⁰ Community impacts of these investigations are also costly, intimidating families to leave benefits regardless of founded findings of fraud.⁵¹ DSHS has recently moved to waive unintentional overpayments, because they recognize that the policy is counterproductive and harmful to the communities they are meant to serve. Other agencies also have the authority to waive overpayments and should pursue policies that do not further penalize and burden the low-income families supported by state benefits programs.

Exploitative fees for tax filers claiming the Working Families Tax Credit: Due to deceptive practices by for-profit tax preparation companies, many people end up being charged additional fees or being redirected to a paid tax preparation option even if they are eligible to file for free.⁵² Families could be charged fees ranging from \$15 to \$150 for their WFTC application and could face even higher fees for ITIN applications. The Department of Revenue should prioritize expanding free tax filing methods so that



AVERAGE LFO DEBT FOR
A FELONY CONVICTION⁵³

\$2,500

AVERAGE MONTHLY
EARNINGS FOR SOMEONE
WHO WAS FORMERLY
INCARCERATED 4 YEARS
POST-RELEASE⁵⁴

\$2,010*

* At this income level, a single person without children would not qualify for TANF or the WFTC.

**Learn more about the impact of fines and fees
in our report "[It's time to reform Washington's
harmful system of fines and fees.](#)"**

taxpayers do not continue to be exploited by deceptive corporations. Lawmakers can choose to regulate the tax preparation industry, or provide robust free filing services, rather than allowing for-profit companies to continue profiting off the backs of working people.

It's past time to remove a constitutional barrier to cash assistance

Constitutional prohibition against gift of public funds:

Article 8, Sections 5 and 7 of the state constitution prohibits a government entity from giving or loaning public funds to an individual or other private entity “except for the necessary support of the poor and infirm.” Constitution writers included this provision to prevent the state from taking on debt to fund railroad companies during a time when railway projects were failing. Today, Article 8 poses a major barrier to efforts to improve economic security programs, including direct cash programs. Policymakers often cite these sections as a reason to restrict direct cash programs and enact onerous measures to prevent benefit overpayments to individuals. Policymakers apply this provision excessively and inappropriately, while narrowly defining “poor” to mean people with the very lowest incomes. Amending Article 8 would give state and local governments greater freedom to improve and create direct cash programs that would reduce poverty.

Moving towards our North Star

Our north star is establishing an income floor in Washington through unrestricted direct cash payments that allows everyone to meet their basic needs, regardless of their ZIP code, skin color, immigration status, or ability. The principles in this report lay out our vision for what direct cash assistance should look like in Washington. However, we know that there are significant gaps between the system we currently have and the system we hope to achieve. Lawmakers have many opportunities to improve our current direct cash system and align existing programs with the principles outlined in this report. They can begin by:

- ▶ **Investing in a statewide GBI program** so that more people statewide have a financial foundation to build on;
- ▶ **Making bold investments in TANF** so that it provides adequate support to families facing financial hardship; and
- ▶ **Expanding and improving the WFTC** so that it provides substantial, monthly cash support for more people with lower incomes.



LAWMAKERS CAN MAKE THESE IMPROVEMENTS TO TANF:

- ▶ **Inclusivity: Expand hardship exemptions to the 60-month time limit.** Narrow hardship exemptions disproportionately exclude Black, Indigenous, and multiracial families and exacerbate racial disparities. TANF is the only public benefit program that has a time limit. Expanding hardship exemptions to anyone who would face financial hardship if they stopped receiving TANF will ensure that families can receive help when they need it.
- ▶ **Sufficiency: Increase the grant amount to match the Need Standard set by the DSHS.** The Need Standard is a more accurate reflection of what households in Washington need and is adjusted each year to reflect the current cost of living so that recipients do not lose purchasing power. Current TANF grants amount to about 10% of the Need Standard and do not increase without an act of the legislature.⁵⁴ DSHS can begin by tying the grant amount to a percentage of the Need Standard and creating benchmarks to gradually increase the percentage.

Monthly TANF grant amounts are far below Need Standard

Family Size	Maximum Monthly TANF grant	Need Standard
1	\$450	\$3,732
2	\$570	\$5,911
3	\$706	\$7,270
4	\$833	\$9,369
5	\$959	\$11,229

- ▶ **Unconditionality: Remove work, job training, and education requirements.** This will require federal advocacy to eliminate the federal requirement to meet a work participation rate, and to remove the sanctions on families for non-compliance with work and education requirements.



LAWMAKERS CAN MAKE THESE IMPROVEMENTS TO THE WFTC:

- ▶ **Inclusivity: Remove the age restriction so anyone 18 and older can qualify for the WFTC.** Currently, the WFTC has an arbitrary age restriction that excludes young adult workers and working seniors if they are not raising a child. Around 114,000 people between the ages of 18-24 and over 65 could benefit from the WFTC if the age restriction for workers without children were removed.⁵⁵
- ▶ **Protection from extraction and exploitation: Work to fully integrate the WFTC application with the IRS' Direct File program.** This would provide tax filers with another free tax filing option, in addition to free tax preparation services through Volunteer Income Tax Assistance programs, to avoid paying predatory fees to tax-preparation companies.
- ▶ **Recurring payments: Distribute WFTC in monthly payments.** Monthly payments give families struggling to make ends meet more financial stability over time. One important consideration that state agencies must keep in mind is the impact to federal public benefits by making the WFTC a periodic payment rather than a lump sum. State agencies can pursue a waiver from the federal government to exempt periodic tax credit payments from being counted toward income for public benefits.
- ▶ **Sufficiency: Increase the credit amount. Policymakers can start by increasing the base amount (for a household with no qualifying children) from \$315 to \$500.** For comparison, South Carolina's EITC is 125% of the federal EITC,⁵⁶ which comes out to \$750 in Tax Year 2023 for a household with no qualifying children. Additional increases for households with children would also help provide year-round support.
- ▶ **Unconditionality and inclusivity: Remove the earned income requirement.** This change would expand the credit to unpaid caregivers, people who rely on TANF, SSI, or SSDI as their only source of income, and people who are incarcerated and working for the Department of Corrections.
- ▶ **Accessibility: Implement categorical eligibility.** This would ensure that people already enrolled in a benefits program like TANF and meet the income eligibility for WFTC could automatically receive the credit rather than applying separately. Consequently, fewer people would miss out on claiming their credit, increasing the impact of the credit for communities across Washington. Implementing this policy would require data sharing between different state agencies.
- ▶ **Inclusivity: Expand eligibility to all residents, regardless of whether they have a Social Security Number (SSN) or ITIN.** Right now, workers who are undocumented must file federal taxes to qualify for the WFTC and must apply for ITINs for their children if they do not have an SSN. While including people who use ITINs to file their taxes has a big impact for undocumented taxpayers, applying for an ITIN is a complicated process which can cost hundreds of dollars per person and take months.⁵⁷ The IRS will not issue an ITIN unless the individual has a federal tax filing requirement, which means that otherwise eligible undocumented workers in Washington cannot claim the WFTC if their income is too low to meet the federal tax filing requirement.⁵⁸ This prevents many people from applying for the WFTC, even if they would qualify. Removing this requirement and expanding eligibility for all residents, regardless of whether they have an SSN or ITIN, would simplify the process for everyone and expand the impact of the credit.

Appendix A: Current cash programs in Washington

Program	Description
Temporary Assistance for Needy Families (TANF)	<p>Federal cash assistance program for families with very low incomes.</p> <ul style="list-style-type: none"> Provides monthly cash payments that vary based on family size and income. The maximum benefit amount is 31% to 35% of the federal poverty level. The average payment is \$542.⁵⁹ Participants must complete job search or work participation requirements through the WorkFirst program. A family of three must have an income of less than \$15,696 per year (or \$1,308 per month) and less than \$12,000 in savings and assets. Average monthly caseload in 2023: 32,643.⁶⁰
Pregnant Women’s Assistance (PWA)	<p>Washington’s cash assistance program for pregnant individuals who are ineligible to receive TANF or SFA.</p> <ul style="list-style-type: none"> Eligibility requirements mirror TANF requirements. Maximum cash grant of \$450 (equal to TANF for a family of one).
State Family Assistance (SFA)	<p>Washington’s cash assistance program for:</p> <ul style="list-style-type: none"> Families who are lawfully present in the U.S. and do not meet TANF’s citizenship requirements; dependent students ages 19 to 20; and some two-parent households that include one pregnant parent or a child younger than 12 months. Participants must meet WorkFirst activity requirements.
Aged, Blind, or Disabled Cash Assistance (ABD)	<p>Cash assistance for people who are 65 and older, blind, or meet the disability criteria set by the federal Supplemental Security Income (SSI) program but are not receiving SSI.</p> <ul style="list-style-type: none"> Payment of up to \$417 per month. Participants must first apply for SSI or other federal aid programs. Once someone starts to receive SSI payments, they are required to pay back what they received through the ABD program. Average monthly caseload in 2023: 27,365.⁶¹
State Supplemental Payment (SSP)	<p>State-funded supplemental monthly payments for recipients of SSI.</p> <ul style="list-style-type: none"> Resource limit of \$2,000 for an individual and \$3,000 for a couple. The Social Security Administration (SSA) determines SSI eligibility.
Refugee Cash Assistance (RCA)	<p>Cash grants for up to 12 months to refugees, asylees, and certain immigrants.</p>
Working Families Tax Credit (WFTC)	<p>Washington’s annual tax credit for households with low to moderate incomes.</p> <ul style="list-style-type: none"> The amount received varies depending on family size and income level. In 2023, the maximum payment was \$1,255 for a family with three or more children. Households must have at least \$1 of earned income and file their federal taxes. Includes people who file their taxes using an Individual Tax Identification Number (ITIN), such as undocumented immigrants, people experiencing domestic violence, and students with certain visa statuses. See our fact sheet for ITIN filers here. An estimated 350,000 households are eligible, but only 162,000 households applied for and received their credit in 2023.⁶²

Program	Description
Guaranteed Basic Income (GBI)	<p>Regular, unconditional, unrestricted cash payments to a targeted population, which is typically people with low incomes who may also be facing other situations associated with economic insecurity.</p> <ul style="list-style-type: none"> • There have been at least five local GBI pilots across the state, both publicly and privately funded, including: <ul style="list-style-type: none"> • Growing Resilience in Tacoma: \$500 a month for 12 months. • Workforce Development Council of Seattle-King County: \$1,000 a month for 12 months. • The Nest: \$1,255 a month for Indigenous pregnant people until the baby's third birthday.
Tribal TANF	TANF programs independently operated by federally recognized tribes. Tribes have flexibility to design and implement their programs but must meet federal TANF program goals. ⁶³
Tribal per capita payments	Some tribal nations, including the Confederated Tribes of the Colville Reservation, Tulalip, Puyallup, and Muckleshoot, provide cash payments to each tribal member. Eligibility criteria, payment amount, and frequency of payment vary by tribe.

Appendix B: Eligibility for public assistance for undocumented immigrants^{64, 65}

	Ineligible	Eligible
Federal Programs	<ul style="list-style-type: none"> • Medicaid • Children's Health Insurance Program (CHIP) • Supplemental Security Income (SSI) • Temporary Assistance for Needy Families (TANF) • Supplemental Nutrition Assistance Program (SNAP) • Earned Income Tax Credit (EITC) • Section 8 Housing Voucher 	<ul style="list-style-type: none"> • Women, Infants, and Children (WIC) • School breakfast and lunch programs
State-only funded programs	<ul style="list-style-type: none"> • Aged, Blind, or Disabled (ABD) Cash Assistance • Housing & Essential Needs (HEN) • State Family Assistance (SFA) • Food Assistance Program (FAP) • Unemployment insurance 	<ul style="list-style-type: none"> • Children's Health Program (CHP) • Disaster Cash Assistance Program (DCAP) • Refugee Cash Assistance (RCA)

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