

Policy Brief:

Reinvest in WorkFirst: How we can restore the promise of basic support to Washington families facing poverty



By Julie L. Watts, deputy director

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Washington state is a great place to live, work, and raise a family. Yet, in both good economic times and bad, it is inevitable that some of our state's residents will face hardship. That is a reality that many families who are one paycheck away from the brink of hunger and homelessness know all too well.

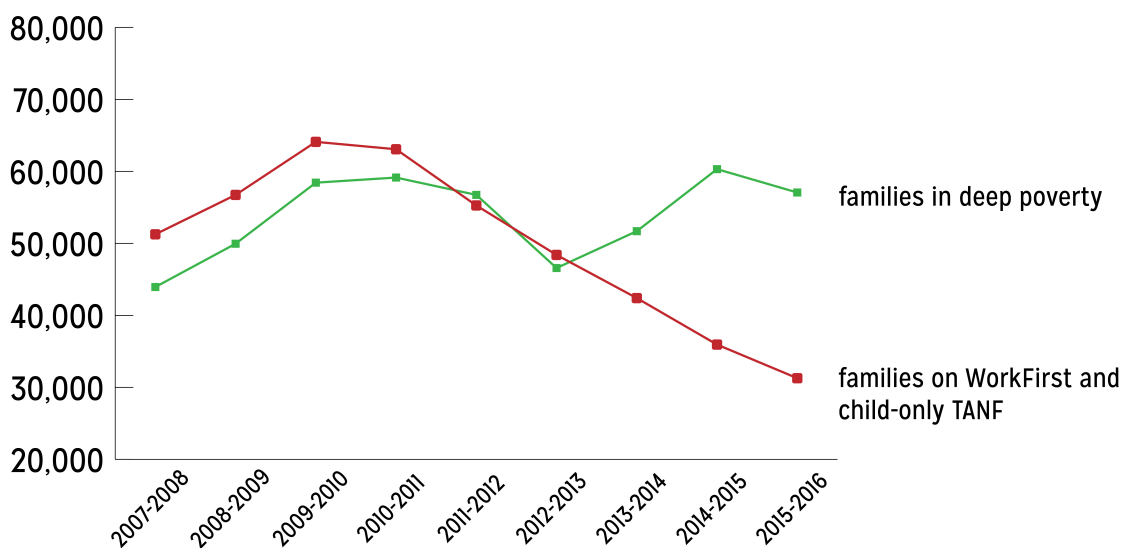
We all want to live in a state where, when people fall on hard times, they don't go without the basics – food, shelter, and necessities of daily life that allow them to look for jobs and get back on their feet.

Fortunately, in Washington state, we have a program that is intended to serve just that purpose.

WorkFirst, Washington's Temporary Assistance for Needy Families (TANF) program, is the main way we as a state protect children and families from the trauma and debilitating effects of deep poverty. WorkFirst not only provides basic assistance to families in crisis, but it is also there to ensure they have access to the means to move out of poverty through job training, child care, mental health, and support services.

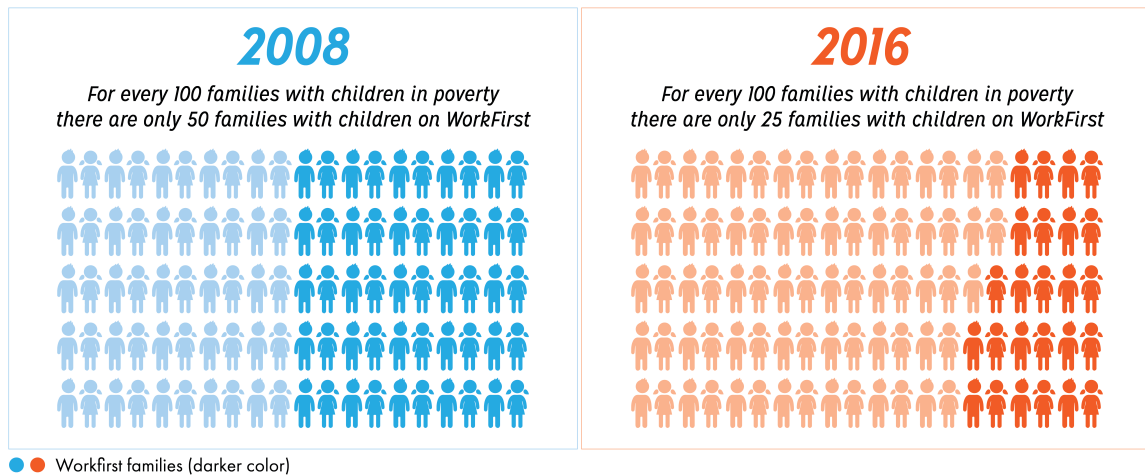
Yet, particularly over the last decade, this program has been headed in the wrong direction. As a result of funding cuts and policy changes, Washington is reaching a smaller portion of the families living in poverty in our state today than at any point in the

The WorkFirst caseload has dropped dramatically over the last decade even as the number of families in deep poverty grew



Center on Budget and Policy Priorities analysis of poverty and deep poverty data from the Census' Current Population Survey. CBPP uses two-year averages of the poverty data and the TANF-to-Poverty ratios to improve the reliability of the data at the state level.

WorkFirst is helping a smaller portion of families in poverty in Washington than it was a decade ago



Center on Budget and Policy Priorities (CBPP) analysis of Current Population Survey data for families below 100 percent of the federal poverty line. CBPP uses two-year averages of the poverty and caseload numbers to improve the reliability of the data at the state level. Caseload data includes both WorkFirst and child-only TANF.

program's history.

After a decade of disinvestment in the program, WorkFirst only helps only 25 families with children for every 100 living in poverty, down from 50 families for every 100 in 2008. Even in the wake of the economic recession when the number of families in deep poverty (below 50 percent of the federal poverty line) was rising, the WorkFirst caseload was dropping rapidly.¹

Just 10 years ago, WorkFirst served 7,300 more families than there were families with children in deep poverty. By state fiscal years 2015-16, the trend had flipped in the opposite direction. On average, there were 25,800 *more* families with children in deep poverty than there were on WorkFirst in Washington.

This alarming trend has been driven by policy decisions and budget choices aimed at saving money rather than delivering on the promise of basic support for families. These decisions had a far more damaging impact than anyone anticipated. Ultimately, they resulted in state spending on

WorkFirst being cut by 47 percent over the last decade.²

Yet even that dramatic cut in funding doesn't tell the full story of how much the capacity of the program has been undermined over time. Punitive policy changes since 2010 have driven families off the program and into hardship and left them without basic supports like mental health services, child care, and opportunities to get good-paying jobs.

Were our state reaching the same portion of families in poverty today as it was in 2008, WorkFirst would be reaching over 33,000 more struggling families.³

However, we *can* change direction. We can set WorkFirst on the right course for the future. This policy brief will examine how our state has set the program on its current path and lay out practical solutions to set us back on the right track to ensuring that when families hit hard times in Washington they don't go without the basics, and they have meaningful opportunities to gain economic security for the future.

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Washington state has cut state resources for WorkFirst by nearly half since 2008

WorkFirst is Washington State's Temporary Assistance to Needy Families (TANF) program. Through TANF, the federal government provides Washington state with a block grant block to serve families with dependent children with temporary cash assistance, child care and other supports to help them get good-paying jobs. A portion of the caseload are "child-only" cases, children who are not living with their parents or are living with parents who are not eligible for TANF.

In order to receive the federal funding, Washington must also spend state dollars (referred to as Maintenance of Effort funds) or face fiscal penalties. The WorkFirst budget is made up of both state and federal monies that are allocated to things like basic cash assistance, work supports, child care, and staffing and overhead for the Department of Social and Health Services.

But over the last decade, policymakers have made budget choices that led to a massive reduction of the program's reach and its capacity to help families. Since 2008, in real (inflation-adjusted) dollars, the state has cut total funding (both state and federal) for the program by over \$223 million – a 24 percent decline.⁴

WorkFirst families don't benefit from a large portion of state TANF funds

In order to receive federal Temporary Assistance for Needy Families (TANF) block grant funding, Washington is required to dedicate state funds to serving families facing economic hardship or face fiscal penalties. This state-spending requirement is known as "maintenance of effort" (MOE.).

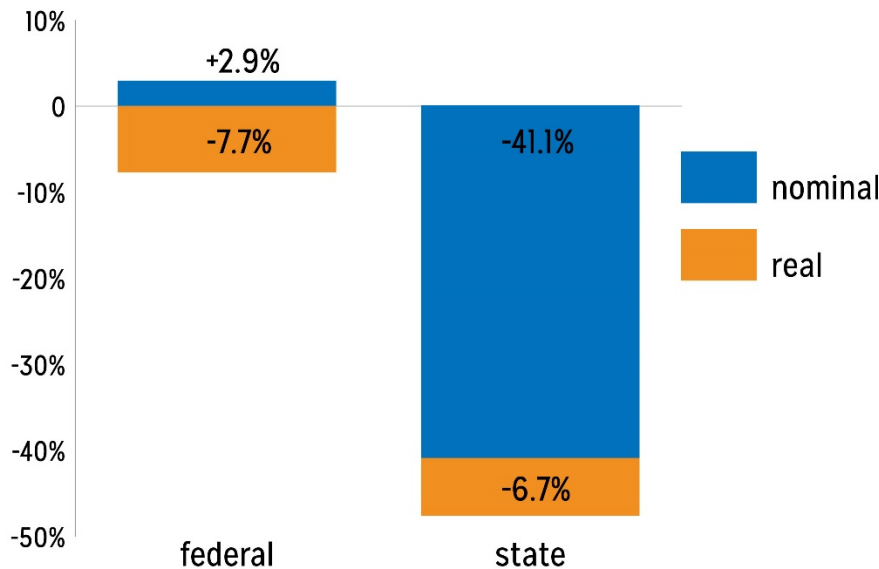
The federal government requires the state to meet MOE targets in order to ensure that states are continuing to support their TANF programs with state funds.

However, only a small portion of the money that Washington uses to meet its MOE requirement goes toward basic assistance for families.

In fact, most families who participate in the WorkFirst program are not eligible to receive many of the benefits, which the state uses to account for its MOE requirement.

Among the types of state spending Washington uses to account for MOE are funding for public education, medical assistance for people with work-related injuries, and college tuition programs that WorkFirst families are not eligible for, because they are not allowed to pursue a 4-year degree as a part of their program participation.

State Workfirst funding has been cut by nearly half since 2008



Center on Budget and Policy Priorities analysis of actual expenditures in the WorkFirst budget 2008-2016, adjusted for inflation.

The total program cuts, however, mask how much Washington has specifically cut state funds going to the program, and relied on federal funds to mitigate the impact. In terms of the state general fund budget, since 2008, Washington has cut state spending on WorkFirst by 47 percent or \$179.6 million.⁵

The WorkFirst caseload is at its lowest point ever

The dramatic cut in funding does not tell the whole story. In 2010, state policymakers began implementing a series of policy changes, driven by a desire to cut the overall state budget, which drove the caseload down. The number of families helped by WorkFirst dropped far more dramatically than anyone anticipated, going from over 50,000 families in 2008 to under 30,000 by 2016. It is still falling today.

The caseload plummeted as the number of families in poverty was rising in the wake of the recession. It continued to fall during the economic recovery – not because fewer families were living in poverty,

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but because punitive policy changes pushed families off the program and prevented more families from coming on. The result is that today, we are serving a much smaller portion of the families living in poverty in Washington than we were just a decade ago. Whereas in 2008, the program was serving 50 families to every 100 families with children in poverty in Washington, today we are serving only 25 families for every 100.⁶

Another way to look at the loss of funding to the program is to ask: what would we be spending today had we not driven the caseload down so dramatically? Had Washington continued to serve

the same portion of families with children living in poverty that it was serving in 2008 at the same level of support, total spending in WorkFirst would have been over \$1.2 billion in 2016. Actual total spending that year was just over \$720 million that year.⁷

Policies that led to such sharp caseload declines include:

Cutting support for parents reaching time limits even though they are “playing by the rules:” Prior to 2011, parents who were actively participating in WorkFirst and doing what was required of them by their caseworkers through their Individual Responsibility Plan (IRP) could be granted an extension to the 60-month time limit if for some reason they had a temporary hardship – like a mental health concern, housing instability or the need for substance abuse treatment – that was preventing them from moving off the program to economic self-sufficiency.

However, in 2011, the state restricted hardship extensions to very limited situations. State studies have since demonstrated that those who left due to

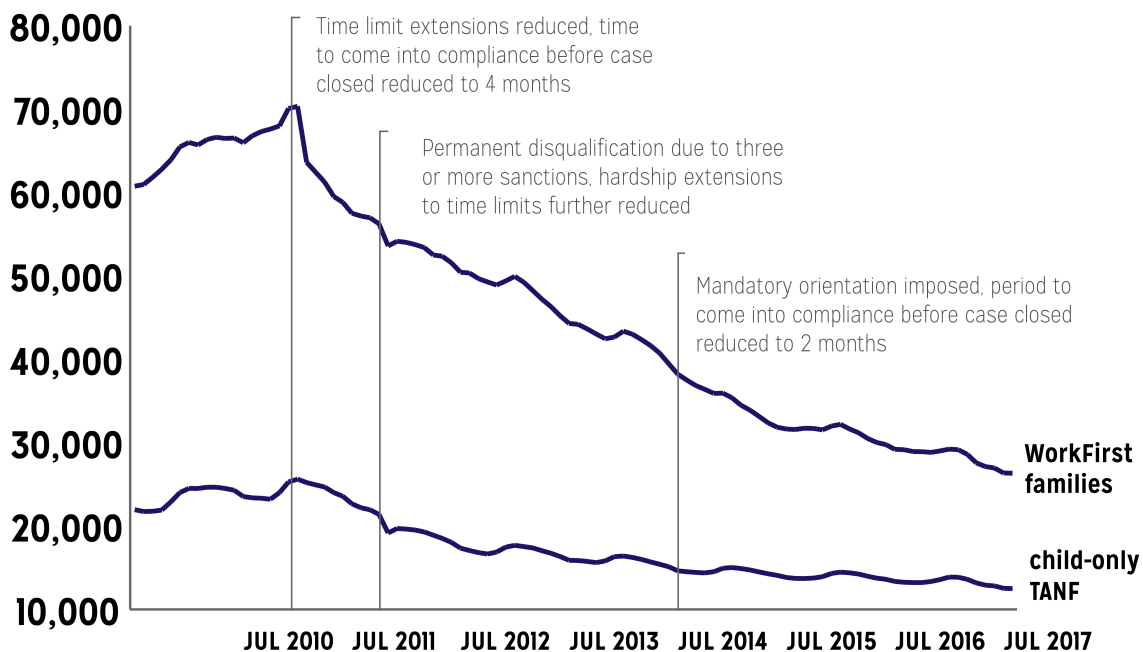
time limits faced significant barriers to moving off WorkFirst into economic security. According to a 2015 report by the Department of Social and Health Services (DSHS) of families who left due to time limits:

- 64 percent have a mental illness.
- 25 percent are in need of drug or alcohol treatment.
- 23 percent were at risk for chronic illness.
- 20 percent were likely to be homeless three years later.⁸

Stricter sanctions for parents who faced barriers to complying with program requirements: Over the last decade, Washington state has shifted its sanction policies and goals from focusing on bringing a parent into compliance with work requirements to instead focusing on punishing the entire family in increasingly harsh ways. This started with the adoption of full-family sanctions, which completely cut off benefits to the entire family in 2006.

In addition, from 2010 to 2014, Washington continued to make these full-family sanctions

Harmful policy changes caused a sharp decline in WorkFirst caseload



Based on actual caseload data July 2009-November 2017, Office of the Forecast Council

Over the last decade, Washington state has shifted its sanction policies and goals from focusing on bringing a parent into compliance with work requirements to, instead, focusing on punishing the entire family in increasingly harsh ways.

quicker and harsher, making it more and more difficult for a family to come into compliance with work requirements by shortening the initial period during which a family was in partial sanction and accelerating the timetable for closing a family's case, thus cutting the entire family off of support. The state repeatedly shortened the period during which families were under partial sanction and limited the time allowed and opportunities for a parent to regain full participation in the program, from six months down to four months in 2010 and then down to two months 2014.

The state also made the penalties harsher with mandatory disqualification or "lock-out" periods, making it much more difficult for a sanctioned family to participate in work activities and come into compliance. In 2010, Washington moved away from a compliance-oriented sanction policy, which allowed sanctioned families to immediately come back into participation, toward a policy that made participation more difficult.

By setting even longer "lock-out" periods, the state sanction policy changes actually interfere with a parent complying with work requirements. Also, in 2011, state law permanently disqualified families who'd been terminated three times due to a non-compliance sanction. This shift from a compliance-oriented sanction policy to a primarily punitive

policy abandons the goal of helping struggling families get the most help they need.

Mandatory Orientation: In 2014, Washington also applied a new requirement that families attend a mandatory orientation before their WorkFirst eligibility is approved. This was layered on top of the already-existing application process, comprehensive evaluation, and development of the Individual Responsibility Plan. The orientation, usually scheduled for a set time, requires families to make an additional trip to the Community Service Organization before they have yet to receive basic assistances. This has created an unreasonable barrier for thousands of families who are in crisis and must now attend an orientation. In the last two years, approximately 122 families per month were denied assistance for missing a WorkFirst orientation.

Cuts to basic assistance and support services: Washington also cut the cash grant, which not only made the assistance families receive even more meager than it was, but it also lowered income eligibility guidelines for the program.

The impact of these policy changes was to send the caseload into a free fall that continues into 2017. Even as the economy has grown over the last several years, this disturbing gap persists between the number of families in deep poverty and the number of families receiving support from WorkFirst.

As caseloads fell, the state cut WorkFirst and used funds to plug holes in other parts of the budget

These punitive policy decisions have left the WorkFirst caseload in a free-fall state. Sadly, rather than reinvest in the program to serve more families, state budget writers saw caseload decline as an attractive source of revenue and regularly withdrew off of "caseload savings" and "underspent funds" in

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WorkFirst to plug holes in other parts of the state budget.

The biggest withdrawals off the WorkFirst budget were made as the number of families with children facing hardship in Washington was rising. As poverty was rising in the wake of the recession, the state even took funds from the federal government designed to help the state deal with rising poverty rates. At the same time, state policymakers chose to enact policies that kicked many families off the program and cut the level of cash assistance and services. Rather than serving more families, the state swapped federal dollars for state dollars, and used the savings to plug holes in other parts of the state budget.

As the state cut funding to WorkFirst – thus pulling funding away from core services like cash assistance and support services to families – it still needed to meet federal Maintenance of Effort (MOE) requirements (see sidebar page 3.) Rather than maintaining its support for WorkFirst families, the state started counting current Labor and Industries medical spending, Pre-K, higher education, financial aid, and spending in the public school system to make up for the loss in MOE. The result is a diversion of funds away from families with children

living in poverty and toward other state priorities not aimed at alleviating and reducing poverty.

Five sensible steps to getting WorkFirst back on track:

After nearly a decade of disinvestment, WorkFirst lacks the capacity to serve families experiencing poverty and hardship in Washington state without new resources. However, policymakers can take some common-sense steps to reinvest in the program and reverse the trend, ensuring that when families hit hard times in Washington, they do not go without the basics:

1. Require that caseload savings and underspent funds be reinvested in the WorkFirst program to move more families out of poverty.
2. Expand the hardship extension criteria to allow families who are “playing by the rules” – but have a temporary hardship (like a need for mental health or substance abuse treatment or being at high risk for homelessness) that prevents them from working or looking for a job – to have an extension from time limits if approved by their caseworker.
3. Eliminate full-family sanctions and mandatory disqualification. Allow for families to attend a compliance orientation to give them a chance to come into compliance before moving on to the next stage of sanctions.
4. Eliminate mandatory orientations and integrate content from the mandatory orientations into the one-on-one comprehensive evaluation or Individual Responsibility Plan development in order to remove an unnecessary barrier to assistance for families.
5. Increase the cash grant amount to cover more of the increase in the cost of meeting basic needs, and index grant increases to the cost of inflation.

Conclusion

WorkFirst is supposed to be a critical backstop measure against homelessness, hardship and the traumatic effects of deep poverty on children and families in Washington. Yet, decades of disinvestment and harmful policy choices have weakened and diminished its ability to deliver on its promise of support and pathways out of poverty for our state's families. It's time to put WorkFirst back on track by enacting some practical, common-sense measures to expand support for families in Washington.

Acknowledgments:

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About Us:

The Washington State Budget & Policy Center is an organization that conducts research to advance the well-being of all Washingtonians. Our mission is to use research and analysis to advance the well-being of Washington state's communities, improve the economic security and social opportunity of everyone in our state, and support the essential role of government in promoting a just and prosperous society.

Endnotes:

¹ CBPP analysis of poverty and deep poverty data from the Census' Current Population Survey. CBPP uses two-year averages of the poverty data and the TANF-to-Poverty ratios to improve the reliability of the data at the state level.

² Adjusted for inflation, 2016 dollars.

³ Washington State Budget & Policy Center analysis of actual expenditures in WorkFirst 2008-2016 and caseload data and Current Population Survey Data, 2007-08 and 2015-16, based on 2 year averaging.

⁴ Center on Budget and Policy Priorities analysis of actual expenditures in the WorkFirst budget 2008-2016, adjusted for inflation.

⁵ Ibid.

⁶ CBPP analysis of poverty and deep poverty data from the Census' Current Population Survey. CBPP uses two-year averages of the poverty data and the TANF-to-Poverty ratios to improve the reliability of the data at the state level.

⁷ Washington State Budget & Policy Center analysis of actual expenditures in WorkFirst 2008-2016 and caseload data and Current Population Survey Data, 2007-08 and 2015-16, based on 2 year averaging.

⁸ DSHS, "TANF Caseload Decline: The well-being of parents and children leaving WorkFirst in Washington state." (2015.)