

ISSUE BRIEF

WorkFirst Re-examination: Adapting WorkFirst for the 21st Century Economy of Washington State

July 2010

With the signing of E2SHB 3141 on April 1, 2010, the Governor directed the WorkFirst Subcabinet to “examine best practices to meet the needs of WorkFirst families to obtain employment and achieve family self-sufficiency, to provide a report by December 2010, and plan to implement best practices that are sustainable.” This statement is consistent with a similar statement made by the Governor in 2005 following a reexamination of the WorkFirst program when she stated, “The program’s goal is and remains economic independence for low income families.”

Washington State is in the midst of the greatest economic crisis since the Great Depression. The state’s unemployment rate stood at 9.2% in April 2010, and the 2008 OFM [State Population Survey](#) indicates that 17.7% of state residents lived below the federal poverty line in 2008. The state budget is under great stress and the need for our safety net services has continued to increase. While things are improving, all indications nationally are that states will recover more slowly and are likely to experience budget stress through the decade.

In light of this reality, the Governor has challenged Washington State and state agencies specifically to “reboot” for a future that will be very different from the past. To challenge ourselves and engage our key stakeholders by re-examining every aspect of our programs, policies and budgets, and assure they are aligned for long term benefit, maximum efficiency and effectiveness, and budget containment. The Governor’s priorities for the economy, education, health care, controlling the state budget, and building strong families are all impacted by individuals and families living in poverty, the target population for our WorkFirst program.

The WorkFirst Subcabinet has been directed to examine the current WorkFirst program to determine if more can be done, within budget, to achieve better results, align the program more consistently to the Governor’s priorities and realize our program as one of the state’s assets for strategic workforce development. To do so will require us to look at how our policies, current program design and engagement strategies with WorkFirst participants can not only get them to work but help them successfully attach to the workforce, move out of poverty, and assure the well-being and development of their children.

The personal responsibility of WorkFirst parents to work towards economic self-sufficiency will remain a fundamental tenet of the program. However, we recognize that the state shares in this responsibility by assisting people in getting a job and engaging in activities that increase their likelihood for success over time.

Children raised in poverty are at much higher risk of maltreatment and other negative lifelong outcomes, and their parents too have often experienced adverse childhood experiences and been raised in poverty as well. Abraham Lincoln is quoted by Doris Kearns Goodwin in the book [Team of Rivals](#) as saying, “The poor need to experience success in order to build confidence for a future they can impact.”

Engaging individuals who have been raised in intergenerational poverty to see a future for themselves and their children requires a true shift in understanding how they live and a positive shift in how they view themselves, their health, their relationships and the world around them. It is important that people build confidence in themselves and take the necessary actions and responsibilities required for economic independence.

The “reboot” of our WorkFirst program is critical to breaking the costly intergenerational cycle of welfare dependency and poverty in our State, developing a 21st century economy workforce and improving the odds for greater health and well-being of children in the families served by our program – they are Washington’s future workforce.

Background

Program History

In 1996, Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act -- landmark legislation that transformed the longtime cash entitlement program, Aid to Families with Dependent Children, into a state block grant program, Temporary Assistance for Needy Families (TANF). Congress gave states explicit authority to design a TANF program in whatever way they felt best let them meet their goals, as long as states complied with the broad goals in the statute, state spending was maintained at a federally mandated level, and states were able to meet required work participation rates.

Federal law requires TANF-funded services to accomplish or support one of the four purposes of TANF:

1. Assist needy families so that the child or children may be cared for in their own homes or the homes of relatives.
2. End the dependence of needy parents by promoting job preparation, work and/or marriage.
3. Prevent or reduce the incidence of out-of-wedlock pregnancies.
4. Encourage the formation and maintenance of two-parent families.

Washington State began WorkFirst, the state’s TANF program, in August 1997. Since its inception, the number of families receiving TANF assistance has declined significantly -- from 88,987 in August 1997 to 66,358 in April 2010. But the program has done little to elevate children out of poverty—which should be a hallmark of a successful TANF program.

According to Washington Kids Count, 14.3% (over 217,000) of Washington’s children live below the federal poverty line, at an estimated annual cost of more than \$8 billion – in the form of decreased economic output as adults, involvement with crime, and the costs associated with poor health and social outcomes.

2005 Re-examination

With WorkFirst facing a budget deficit of nearly \$100 million for the 2005-07 biennium, Governor Gregoire chartered a multidisciplinary workgroup in the Summer of 2005 to find ways to strengthen the state’s welfare-to-work program and operate the program within authorized funding levels. This review was the first comprehensive review of WorkFirst since its inception.

Major changes resulting from the 2005 Re-examination included:

We created the Comprehensive Evaluation, a new evaluation tool and process implemented in June 2006 to obtain better information about a parent's skills and abilities and strengthen our ability to place the parent in appropriate WorkFirst activities.

- In September 2006, we adopted a non-compliance sanction policy to re-engage parents in WorkFirst activities and motivate parents who are not doing all they can to enter the workforce. Prior to September 2006, the sanction policy involved a progressive reduction in the TANF grant up to a maximum of 40% of the monthly TANF grant. A family could remain in sanction indefinitely. Starting in September 2006, a family's grant is reduced by 40% and after six months of sanction, the grant is terminated.

Under the non-compliance sanction policy, over 3,530 families have lost their TANF grant due to sanction. In the last two years, the number of families in sanction has more than doubled -- from 1,442 in May 2008 to 3,473 in April 2010. In the last 12 months, an average of 323 parents (about 10% of the monthly sanction caseload) cure their sanction through participation per month.

- We also implemented new performance measures and public Government Management, Accountability and Performance (GMAP) reviews of WorkFirst by the Subcabinet and Governor. The GMAP measures for WorkFirst are: number of TANF families (caseload); percent of TANF families receiving Working Connections Child Care; percent of Comprehensive Evaluations completed within 30 days; percent of all families participating in federally countable activities; percent of two-parent families participating in federally countable activities; number of families in sanction status; percent of Community Jobs participants who obtained employment; percent of Job Search clients who obtained employment; and percent of training participants who obtained employment.

Opportunities for "Rebooting" WorkFirst

- 2010 TANF Reauthorization
TANF is approaching its next re-authorization milestone this year – providing states with the opportunity to press for measures that support the goals and vision of a revitalized WorkFirst program, including: (1) increased federal funding (the TANF block grant has not increased since 1997); and (2) greater state flexibility, including restoration of flexibility that was greatly undermined by the Deficit Reduction Act of 2005 (which re-authorized TANF through September 30, 2010).

Staff at the HHS Administration for Children and Families have informed the Department of Social and Health Services that it appears likely that reauthorization will be pushed back a year, and that HHS Secretary Kathleen Sibelius has not yet taken an official position in this area.

With one of the nation's most senior and respected Governors and a powerful Congressional delegation, Washington State is well-positioned to be a strong, pro-active force in the national re-authorization debate -- advocating for expanded waiver authority and the freedom to test out innovative approaches and pilots that can help us realize our redesign vision.

- Availability of Innovative, evidence-based approaches
New research-based information is available on the complexity, strengths and needs of individuals and families who live in poverty, as well as effective models for engaging and motivating them to move up and out of poverty.

There is also emerging literature on the best practices and innovations of states in implementing welfare reform that include impact on poverty and child well-being.

Key Re-examination Issues and Questions

Policy

- How can we realign current WorkFirst strategies with workforce development in the 21st century?
- How do we work with child-only cases and better assure the appropriate use of this benefit and the well-being of the children on the caseload?
- How can we meet federal work rates and requirements while having a program that realizes greater outcomes for our participants?
- Do we need to adjust our education and training policy framework to help people not only gain employment but have the opportunity to experience wage progression?
- How do we incorporate what we learn and know about the effects of situational and generational poverty into program design?
- What WorkFirst activities are core functions of the program?
- Who should engage in job search as a work activity?
- What outcomes are we achieving now and how can we improve?
- How will we measure success? What are the desired program outcomes and how will we measure them?

Program Design

- Do federal regulations and requirements provide more flexibility than what is currently allowed in our WorkFirst program?
- Are we being as creative as possible in meeting federal work participation requirements, in ways that align with our core assumptions?
- How should the redesign address deferrals and exemptions from participation?
- How can we better engage two-parent families?
- How can we create a more flexible authorization framework for the program that will allow us to be more responsive to increased costs and caseload growth?
- Can some core functions be provided more efficiently and effectively by others?
- What changes will be required in terms of staff skills and competencies?
- Can we provide some or all of the core functions through performance-based contracts?
- How can we provide funding based on performance incentives or outcomes?
- How will we pace redesign implementation?
- How can we work with our Local Planning Area partners to bring their work into alignment with the goals and assumptions we have for WorkFirst?
- How can we maximize data sharing across agencies to improve communication and collaboration and support integrated case management, and remain in full compliance with privacy and confidentiality requirements?
- How can we reduce the paperwork associated with program administration and work verification and remain in compliance with federal TANF requirements?

Budget

- WorkFirst has a total biennial budget of \$1.95 billion. How can the state leverage these dollars to bring others to the table (e.g., K–12, foundations) who can invest in strategies that improve the economic security and well-being of TANF families?
- How can we leverage existing resources in areas like housing, child care, and child development?
- Can we do more to align TANF expenditures with the state’s need for a strong economy, education reform, improving people’s health and strengthening families?

Key Next Steps

Determine Re-examination Process

- Subcabinet meets with Representative Ruth Kagi, Representative Maureen Walsh, Senator Debbie Regala and Senator Randi Becker to discuss re-examination, refine core assumptions and briefing document further and determine level of legislative engagement.
- Determine the structure and process for the re-examination.
- Develop final draft WorkFirst Re-examination Project Charter outlining project approach and timeline, for review and approval by the Governor and Subcabinet

Proposed Project Timeline

Timeline	Major Milestones
<i>Identify Best and Promising Practices</i>	
May – August 2010	Identify best and promising practices in other states. Numerous evaluations have been done at the state and national levels that we can glean from to identify evidence-based practices that are in alignment with our redesign vision and principles.
<i>Review Current Policies and Services</i>	
July – August 2010	Evaluate selected policies, services and business approaches
<i>Develop Redesign Plan and Report</i>	
September - November 2010	Develop WorkFirst Redesign plan and report.
October 2010	Identify program changes and approaches that require legislation or have a budget impact. For these, present fully developed proposals to the Governor. Develop necessary request legislation and budget decision packages.
December 2010	Present Redesign plan and report to the Governor.