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Income Support and Social Services for Low-Income People in Washington

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ashington has a long history of providing a strong safety net in support of low-income families, both those on welfare and the working poor. In

1996, almost 20 percent of the state's general fund—which pays for public schools, public assistance and social services, natural resource management, and environmental protection—went to AFDC and Medicaid. However, in coming years Washington's safety net will face mounting pressure due to Initiative 601, a referendum passed in 1993 that limits state spending and is prompting increased scrutiny of all state spending programs.

Washington has a long history of providing a strong safety net in support of low-income families, both those on welfare and the working poor. In 1996, almost 20 percent of the state's general fund went to Aid to Families with Dependent Children (AFDC) and Medicaid.

tion of the state's strong economy, particularly in the Seattle/Puget Sound region, with its strong aerospace, high technology, and telecommunications industrial base. In 1995, Washington's prosperity translated into a higher-than-average per capita income (\$23,774) and lower poverty rate (12.6 percent) than the national average (see table 1). In addition, Washington has fewer children without health insurance, fewer low birth-weight babies, lower infant mortality and morbidity, fewer births to teenagers (particularly unmarried teenagers), and a larger share of two-parent families than the national average.

State Characteristics

Washington is the 18th-largest state in the United States, with a population of 5.3 million in 1995. Between 1990 and 1995, Washington's population grew by almost 12 percent, nearly twice the rate of the United States. This rapid growth, primarily the result of interstate migration and immigration, reflects the attrac-

Setting the Policy Context

Under Initiative 601, increases in general-fund expenditures are limited to the rate of inflation and total population growth. With the populations served by education, corrections, and elderly services growing faster than the population overall and health care costs rising faster than inflation, complying with the spending cap in the future will mean cutting services and/or improving the efficiency of service delivery. The state has undertaken both budget cuts and initia-

Table 1
State Characteristics, 1995

	Washington	United States
Population Characteristics		
Population (1995) (in thousands)	5,301	260,202
Percent under 18 (1995)	26.1%	26.8%
Percent Hispanic (1995)	3.0%	10.7%
Percent Non-Hispanic Black (1995)	2.4%	12.5%
Percent Noncitizen Immigrant (1996) ^a	4.3%	6.4%
Percent Rural (1990)	33.9%	36.4%
Population Growth (1990–1995)	11.6%	5.6%
Births:		
Percent to Unmarried Women (1994)	26.0%	32.6%
Percent to Women under 20 That Were Nonmarital (1994)	74%	76%
Per 1,000 Women Ages 15–19 (1994)	48	59
Economic Characteristics		
Per Capita Income (1995)	\$23,774	\$23,208
Percent Change in Per Capita Personal Income (1990–1995)	21.4%	21.2%
Percent Poor (1994)	12.6%	14.3%
Unemployment Rate (1996)	6.5%	5.4%
Employment Rate (1996)	64.4%	63.2%
Percent Persons Receiving AFDC	5.3%	5.1%
Percent Persons Receiving Food Stamps	8.7%	10.1%
Family Profile		
Percent Two-Parent Families (1994)	36.5%	35.7%
Percent One-Parent Families (1994)	15.0%	13.8%
Percent Mothers with Child 12 or under		
Working Full-Time (1994)	32.8%	38.1%
Working Part-Time (1994)	18.7%	16.1%
Percent Children below Poverty (1994)	17.3%	21.7%
Median Income of Families with Children (1994)	\$40,644	\$37,109
Percent Children Uninsured (1995)	5.6%	10.0%
<p><i>Source:</i> Complete list of sources is available in <i>Income Support and Social Services for Low-Income People in Washington</i> (The Urban Institute, 1998).</p> <p>a. These numbers have been corrected since the printing of the full state report, based on a three-year average of the Current Population Survey (March 1996–March 1998) edited by the Urban Institute to correct misreporting of citizenship.</p>		

tives to improve the efficiency of the provision of public services, including performance-based budgeting, regulatory and quality reviews, performance management systems in the workforce development system, and the use of managed care in the Medicaid program.

During the 1990s, the political landscape in Washington state has shifted to the right, with fiscal constraint a high priority. Although the state governorship remains Democratic, Republicans gained control of the House of Representatives in 1994 and the Senate in 1996. The shift in political focus in Washington has

been more moderate than the national shift, consistent with the state's history of bipartisan cooperation and support for many public programs. In fact, the legislature appropriated state funds to replace some of the federal benefits eliminated under the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 and increased funding for health insurance coverage and child care assistance for the low-income working population in anticipation of the demands placed on those programs because of the provisions in PRWORA.

Washington's safety net is funded and administered primarily at the state level, largely through a single state agency, the Department of Social and Health Services. Cities and counties have only limited infrastructure for providing social services, and there is little interest in building up that infrastructure.

Surprisingly, despite Washington's progressive history, the state does not have an income tax. The state's general fund is derived primarily from property taxes, licenses, permits and fees, and federal grants, resulting in a very regressive tax system.

Table 2
Social Welfare Spending
for Families with Children in Washington,
FY 1995

Program	(\$ in millions)			Total Spending per Poor Family	
	Federal Spending	State and/or Local Spending	Total Spending	Washington	United States
Income Support					
AFDC Benefits	314.8	290.0	605.7	\$1,537	\$851
EITC	369.8	0	369.8	938	1,010
Food Stamps for Households with Children	334.1	0	334.1	848	711
Education and Training					
JOBS	20.6	12.1	32.8	83	59
JTPA	38.0	0	38.0	96	73
Child Care/Development					
AFDC and Transitional Child Care	35.8	33.1	68.8	175	61
At-Risk Child Care	6.2	5.7	11.9	30	20
Child Care Development Block Grant	14.7	0	14.7	37	34
Head Start	57.5	0	57.5	113	117
Child Support Enforcement	75.6	36.5	112.1	285	115
Health					
Medicaid, children only	292.3	270.1	562.4	1,427	984

Source: Complete list of sources is available in *Income Support and Social Services for Low-Income People in Washington* (The Urban Institute, 1998).

Basic Income Support

In 1995, Washington's AFDC program was among the most generous in the United States (see table 2) and for those who did not qualify for AFDC, the state maintained a general assistance program for children, pregnant women, and incapacitated or disabled persons. Washington's AFDC program served approximately 66 percent of all poor persons in families with children in an average month, compared with 44 percent for the median state. When combined with the benefits from the Food Stamp program, a Washington family of three could have received \$835 per month, 77 percent of the poverty threshold.

Washington started out ahead of federal welfare reform, implementing a welfare reform waiver demonstration, the Family Independence Program (FIP), prior to the federal Family Support Act of 1988. FIP emphasized a path to self-sufficiency through voluntary participation in education and training—the carrot rather than the stick—and attracted widespread support in the state. When it was determined that FIP led to higher welfare participation and no increase in employment, support for FIP dissipated. Because the employment and training program under the Family Support Act, the Job Opportunities and Basic Skills (JOBS) program, was perceived as very similar to FIP, there was little enthusiasm for JOBS in Washington. The state's AFDC/JOBS program dur-

ing the mid-1990s has been characterized as having a strong “caretaker” focus, with relatively little focus on employment. In 1994, the state initiated a second demonstration program—Success Through Employment Program (STEP)—which incorporated a stronger work focus and benefit reductions for families on welfare for more than five years. STEP was repealed under Washington's April 1997 welfare reform legislation creating WorkFirst, the state's response to federal welfare reform.

Unlike many other states, Washington did not experience a substantial decline in its AFDC caseload during the mid-1990s. Between January 1993 and January 1996, the AFDC caseload had declined by 18 percent in the median state. In Washington,

the caseload decline was only 4 percent. Washington's relatively stable AFDC caseload over this period has been attributed to the state's rapid population growth and higher-than-average unemployment rate (particularly in rural areas). The state's limited focus on employment under JOBS is likely to have been a contributing factor as well.

Programs That Promote Financial Independence

To promote self-sufficiency, cash assistance programs often need to be supplemented with employment and training, subsidized child care, child support collection efforts, and health insurance coverage.

Employment and Training

Washington state received almost \$180 million in federal funds from more than 40 different workforce development and employment programs in 1996. State and local expenditures supplemented these funds. Four agencies control the vast majority of the funds: the State Board for Community and Technical Colleges (SBCTC) for adult basic education; the Office of the Superintendent of Public Instruction (OSPI) for secondary vocational-technical education; the Employment Security Department (ESD) for job placement services and Job Training Partnership Act (JTPA) programs; and the Department of Social and Health Services (DSHS) for the JOBS program. For the programs administered by ESD and DSHS, private and nonprofit vendors (in addition to SBCTC) provide many of the services under contract.

The Workforce Education and Training Coordinating Board (WETCB), established by the legislature in 1991 to improve program efficiency and coordination, guides employment and training activities in the state. The WETCB is credited with providing a forum for business and labor to be heard on workforce development issues and for brokering agreements for a shared information system, systemwide skills standards, and performance monitoring.

During our site visits in March 1997, the welfare reform legislation that passed the state legislature in April 1997 was being debated and the state was in the midst of developing a single access point for employment and training services. But welfare and nonwelfare clients were still accessing those services via different paths. The primary program serving welfare families in 1996 was the JOBS program, with its skills development rather than "work first" focus. Many of the state's JOBS participants were involved in remedial education, high school completion or equivalency programs, or higher education. Access to employment and training services was less clear-cut for the nonwelfare population in 1996 because of the wide range of programs and organizations providing services in the state. At the time of our site visit, the state's effort to develop a One-Stop Career Center was in its early stages. A statewide system of electronic kiosks had been developed to facilitate access to services, and local communities were in the process of developing local partnerships. Washington's One-Stop Career Centers are building on a program initiated in the state in 1994, Integrated Service Delivery, in which selected local communities developed strategies to improve access to labor market information and education and training opportunities.

Combined with the changing system for accessing employment and training services, there has been a shift in the types of services for the nonwelfare client that is similar to that which occurred for welfare clients under the JOBS program. Services for nonwelfare clients have also moved from skills development training toward short-term training and job placement as a way to stretch the training dollars. This shift is expected to intensify with welfare reform's even greater focus on immediate job placement and employment.

Child Care

Washington invests heavily in child care and early childhood programs both for those on welfare and for the working poor, with many features of the state's current system preceding the expanded federal role in child care of

the 1990s. In 1996, the state allocated substantial levels of state resources beyond that required to draw down federal funds, including the funding of its comprehensive Early Childhood Education and Assistance Program (ECEAP) for low-income four-year-olds. The combined federal and state child care funds served about 23,000 children from families on welfare or transitioning off welfare and nearly 14,000 children from nonwelfare families in an average month. The ECEAP reached about 7,000 children and, together with the federal Head Start program, served about 85 percent of its target population of low-income four-year-olds.

For nonwelfare families, federal and state funds were combined in a single program (the Employment Child Care Program) in 1996. When the state began providing child care assistance to nonwelfare families in the early 1990s, that early program operated as an entitlement, serving all eligible families that applied. However, the entitlement aspect of the program was eliminated soon thereafter as demand exceeded the available funds. In an effort to serve a greater share of the nonwelfare population seeking assistance, Washington's legislature has periodically increased the funds available for child care assistance. At the time of our site visit, the level of funding was such that all families seeking assistance were being served. As part of its response to federal welfare reform, Washington established a single consolidated child care system for all low-income families, welfare and working poor, in 1997.

Child Support

Washington has often led the nation in child support enforcement, with established policies in new-hire reporting, in-hospital paternity establishment, and centralized cash management. The state is well positioned with respect to the child support changes under the new federal legislation, as most of the key elements were already in place. Washington's child support system was one of the first state systems to receive federal certification. In 1996, DSHS was working to continue to improve access to child support services, including establishing better links

Table 3
Washington's TANF Program

Eligibility	Income eligibility is \$1,090/month for a recipient family of three with no unearned income and no child care expenses; asset limit is \$1,000.
Diversion Assistance	Provides up to \$1,500 in cash or vendor payments to assist families with short-term needs. Families may receive this assistance once every 12 months. If the family eventually enrolls in TANF, diversion assistance is treated as a loan and deducted from cash benefits on a prorated basis.
Time Limits	5 years (list of exemptions not specified in state plan).
Earnings Disregards	Disregards 50 percent of earnings for TANF recipients.
Work Requirements	Adults must participate in work activities at least within two years of benefit receipt, except for adults with a child under age one (and, effective June 30, 1999, a child under age three months).
Work Sanctions	For first month of noncompliance, removal of adult from benefit for a minimum of two weeks; for second month of noncompliance, same result and grant paid to a protective payee ^a until two weeks after compliance; for third and subsequent months of noncompliance, removal of adult from benefit or 40 percent reduction of benefit, whichever is greater, and grant paid to a protective payee until two weeks after compliance.
Benefit Level	\$546/month maximum for single parent with two children and no income.

Source: "One Year after Federal Welfare Reform: A Description of State Temporary Assistance for Needy Families (TANF) Decisions as of October 1997," L. Jerome Gallagher, Megan Gallagher, Kevin Perese, Susan Schreiber, and Keith Watson, The Urban Institute, *Assessing the New Federalism* Occasional Paper Number 6, June 1998, various tables.

a. Refers to someone outside the family who receives and manages the benefit on the family's behalf.

between the child support enforcement program and other agencies, starting an education campaign to inform Head Start and similar programs about child support services and to encourage referrals, and developing procedures for access via the Internet.

Medicaid and Other Health Insurance

Washington is a leader in providing public health insurance coverage. The state's generous Medicaid program—together with a number of state-only health programs that include a large subsidized program targeted to the low-income working population (the Basic Health Plan)—provides health insurance to about 15 percent of Washington's population. At the same time, Washington has implemented health insurance reforms to improve access to and affordability of private health insur-

ance. At least in part as a result, a lower share of its nonelderly population is without health insurance than in the nation as a whole.

Last-Resort Safety Net Programs

Although one of the goals of devolution is to promote the well-being of children and families, it is important to consider what might happen to families for whom the new rules and programs do not work as designed. Child welfare and housing emergency services have existed for a long time to "pick up the pieces" when families cannot cope.

Child Welfare

Washington interprets child welfare broadly, to include strengthening families as well as protecting children from abuse and neglect. Washington

was one of the first states to provide family preservation services, a program that has recently been expanded from the intensive service model to include an option for less intensive services over a longer period. The state has also moved to an alternative response system intended to prevent families from reentering the child welfare system by providing a continuum of community-based services. In addition, the state provides a wide range of child protective services, in-home supportive services, family support programs, and out-of-home and permanent placements. Concerns about the effectiveness of the state's child welfare system were raised in the mid-1990s in response to several high-profile cases of child abuse and child deaths. As a result, greater accountability of the child welfare system has been a high priority for the state over the past several years.

Emergency and Homeless Services

Washington has a long history of innovative programs to address the problem of homelessness. Beginning in the 1980s, the legislature appropriated funds for emergency shelters, homelessness prevention, mortgage and rental assistance, housing acquisition, and upgrading programs. These funds include over \$200 million since 1989 for the state's Housing Trust Fund.

Implications of the New Federal Reform Legislation

The replacement of AFDC with Temporary Assistance for Needy Families (TANF) and associated changes in federal law are leading to major changes in a state that has traditionally viewed the goal of welfare and welfare reform as training and educating recipients for long-term success in the world of work rather

As part of the WorkFirst effort, the state is creating a completely integrated child care service delivery system, expanding services to help immigrants naturalize, and providing (state-funded) cash and food assistance to immigrants excluded from federal assistance. The administrative structure will also change, with DSHS sharing responsibility for WorkFirst with several other state agencies. There is hope within DSHS, other state agencies, and many nongovernmental organizations that this new initiative will simplify the welfare-to-work nexus, tap into the business and social networks that exist statewide, and energize state staff to run a more aggressive work-focused program.

But there are barriers to implementing WorkFirst. First, modifications will be required in the state's information systems to track individuals over time. Second, the increased TANF caseload relative to JOBS may strain the systems for education and training, job placement, and child care. Third, it is not clear that the

to TANF block grants, and the state faces future spending constraints under Initiative 601. In an effort to reconcile the desire to maintain a strong safety net with impending fiscal constraints, the state is undertaking several efficiency-improving initiatives, including performance-based budgeting, regulatory and quality reviews, and increased program accountability.

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than imposing short-term work requirements. The welfare reform bill the governor signed into law in April 1997 created WorkFirst, a program whose first priority is helping welfare recipients find paid employment in the private sector through up-front job search, work experience activities, and short-term education and training (table 3). Postemployment services are provided to help increase job tenure and facilitate movement up the wage ladder. This is in sharp contrast to the state's JOBS program, which focused on developing skills even if it meant postponing work.

economy, particularly in the rural areas, can accommodate the influx of new low-skilled workers that is anticipated under TANF. Finally, there is concern that the nonprofit service providers, already reported to be at capacity, may not be able to handle any additional people who may fall through the public safety net. These concerns are exacerbated because Washington state's welfare caseload did not fall in the early 1990s, so the state will not receive the substantial fiscal windfall that many states can count on in the transition from AFDC

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