ECONOMIC SERVICES ADMINISTRATION

TANF - Participation Incentive

2015-17 BIENNIAL BUDGET

Transforming Lives

Reduction Option	FY16	FY17	15-17
FTE	27.0	27.0	27.0
GF-State	($10,521,000)	($10,521,000)	($21,042,000)
Total	($10,521,000)	($10,521,000)	($21,042,000)

REDUCTION OPTION SUMMARY

As required by 2015-17 Biennial Budget Instructions, the Economic Services Administration (ESA) is submitting a reduction option that would eliminate funding for a $58.08 incentive payment to Temporary Assistance for Needy Families (TANF) WorkFirst parents who are participating in approved WorkFirst activities at least 20 hours per week and meeting the requirements of their Individual Responsibility Plans (IRP). By implementing this reduction, ESA expects that some WorkFirst participants may be less likely to meet their IRP participation requirements which would negatively impact their efforts toward self-sufficiency and the State's ability to meet federal work participation targets.

REDUCTION OPTION DETAIL

Washington State has had difficulty achieving the required federal work participation target rate for the All-Family TANF caseload and has consistently failed to achieve the required federal work participation rate for the Two-Parent TANF Family caseload. A review of work participation data shows that sufficient numbers of TANF families are engaged in federal countable activities, but not at sufficient hours to meet the federal full-time requirements. A state's failure to meet the TANF All-Family work participation requirements can result in a penalty equal to 5 percent of the TANF annual grant (estimated to be $14.6 million for federal Fiscal Year 2013). Each successive year's penalty increases by 2 percent per year up to a maximum of 21 percent at the end of nine successive years of failure. When the failure is to meet only the Two-Parent target rate, that penalty is reduced to the ratio of the two-parent caseload compared to the all-family caseload (about $1.5 million for federal Fiscal Year 2013).

Beginning in April 2015, it is estimated that approximately 12,000 WorkFirst participants meeting participation requirements will be eligible to receive monthly incentive payments of $58.08. The first incentive payments will be issued in May 2015.

The incentive payment, along with the WorkFirst Orientation, a new strength-based, family-focused assessment and a shorter sanction period are all part of an overall strategy to improve participation in WorkFirst activities and preserve federal funding. The WorkFirst shorter sanction period is intended to encourage families to engage in the program so they gain full benefit within their five-year limit on TANF cash aid. The incentives are designed to reinforce this policy by allowing the department to send a very positive message that additional participation support will be provided when parents engage in the program. The WorkFirst shorter sanction and incentives would work in tandem to present a sharp contrast between the effects of engagement and non-engagement and allow the department to reward positive behavior. By eliminating this funding, some WorkFirst participants may not be as likely to continue to meet their IRP participation requirements or improve their participation in order to qualify for an incentive payment. It will also prevent the department from testing a new approach that might better support participation, preserve federal funding and help more families achieve self-sufficiency within their five-year lifetime limit for TANF cash aid.

This reduction will decrease the amount of GF-State available to meet the federal Maintenance of Effort (MOE) requirement for the TANF program. This will increase the reliance on qualifying GF-State spending in other state agencies in order to ensure the MOE spending requirement is met. Failure to meet the MOE spending requirement results in a penalty to the state. This penalty is a reduction to the federal TANF block grant equal to the amount of the MOE underspend. The loss of federal funds due to penalty must be replaced with GF-State spending. GF-State spending required to replace a penalty does not count toward meeting the MOE requirement.

This proposal would not require a statutory change.

Stakeholder Impact

Some of the advocate community may not support this proposal because it eliminates an opportunity for WorkFirst parents to qualify to receive additional cash payments. However, others have been advocating for an overall 15 percent TANF grant increase in lieu of the additional cash payments for only a segment of the TANF population.