TANF Box Deficit Overview

Cash assistance, child care, and WorkFirst

Prepared by Senate Ways & Means Staff
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Agenda

- Brief History of TANF and Eligibility
- Financing and Deficit
- Overview of Governor Solution

TANF Box Major Program Descriptions

Temporary Assistance for Needy Families (TANF)

- Mix of state and federal block grant funding aimed at providing benefits and services to low income families
  - Known as the major source for cash welfare to needy families with children
  - Major funding contributor to work-related activities (WorkFirst) and child care subsidies
  - Funds projects aimed at reducing out-of-wedlock pregnancies and promoting two-parent families

Working Connections Child Care (WCCC)

- Mix of state and federal block funding to help subsidize child care for low-income families regardless of whether or not the family receives TANF

WorkFirst

- Programs and services focused on obtaining paid, unsubsidized employment for low-income families who receive cash welfare

In 1996-97, the new TANF law changed welfare to focus on getting recipients to work rather than just assistance

TANF

Key Changes

Changes For Recipients

- Ended the individual entitlement to cash welfare and replaced it with a five-year life time cap
- Required recipients to participate in work activities in order to receive cash and participate in child support collection

Changes For Washington

- Ended the uncapped federal funding formula with a block grant
- Moved welfare program design from the feds to the states
- States could keep savings from lowering caseload numbers for programs such as child care and other self-sufficiency measures

Child Care

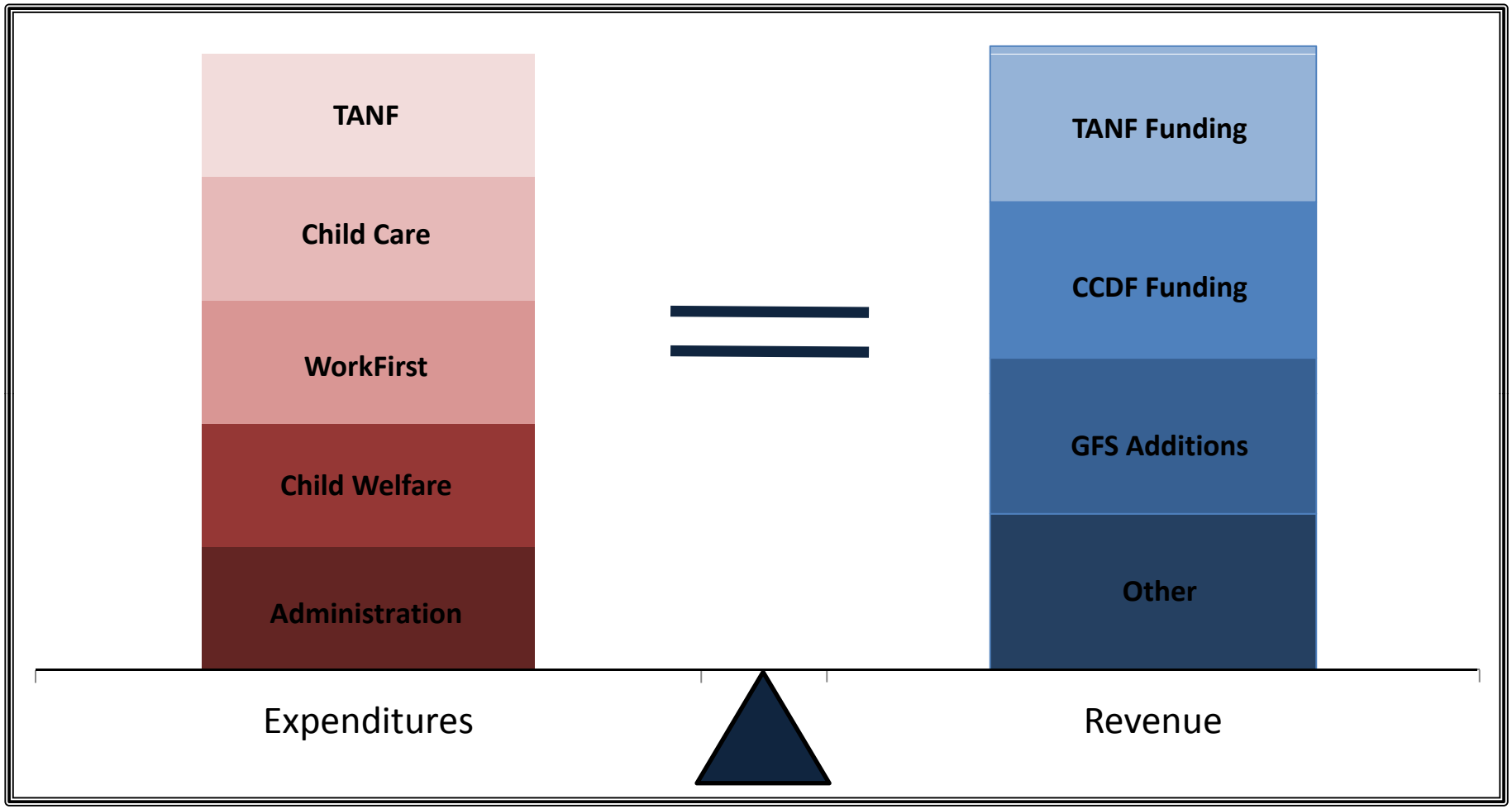
Changes For Recipients

- Ended child care support entitlement for welfare families
- Increased eligibility by expanding eligibility to 85 percent of state median income

Changes For Washington

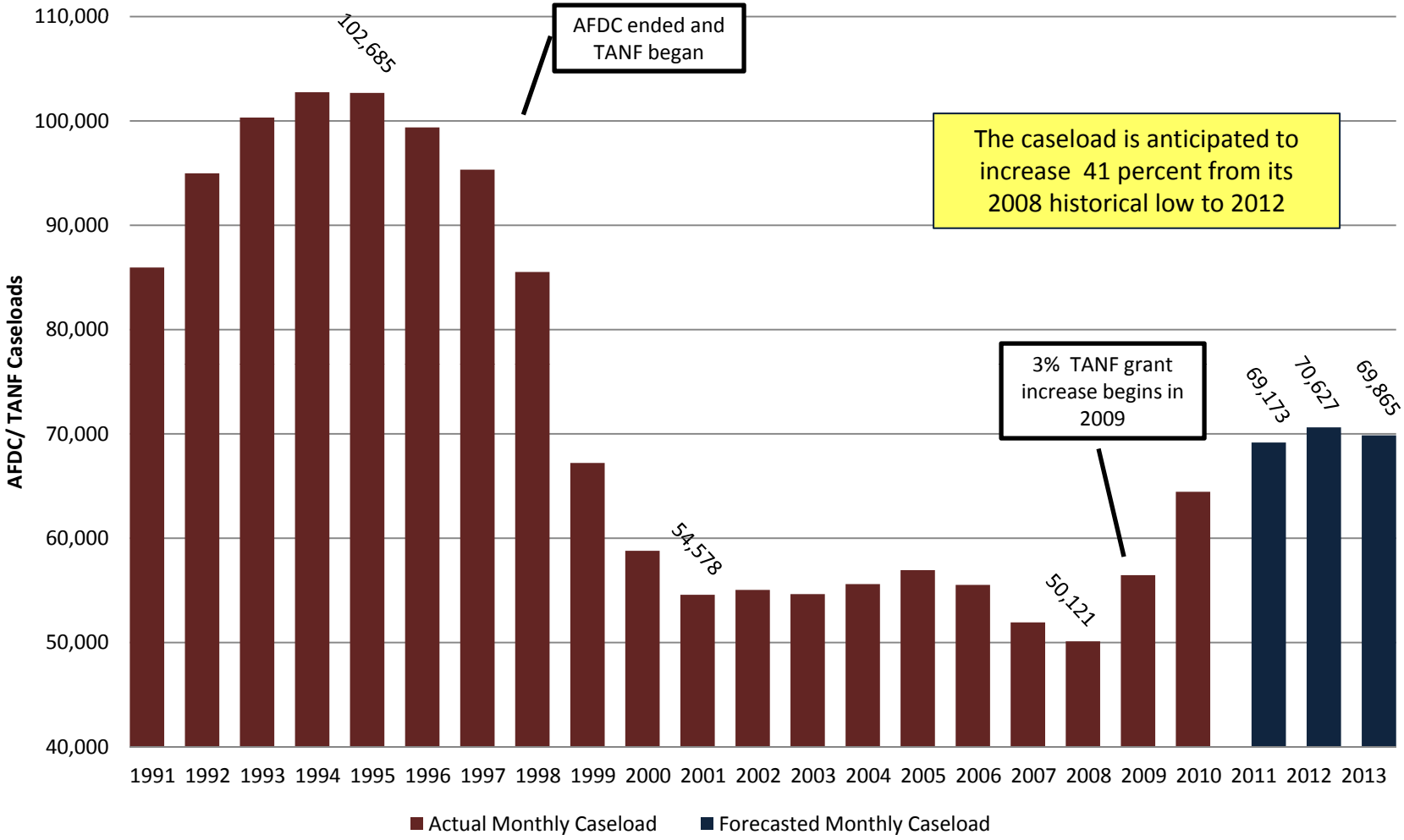
- Consolidated child care programs into a single child care system Child Care Development Fund (CCDF)
- Changed program focus to self-sufficiency through work
- Further changed program focus to increasing effectiveness and efficiency of child care programs

While the federal government "blocked" the programs to states, the Legislature "blocked" the program to the Governor and it became known as the "TANF Box"



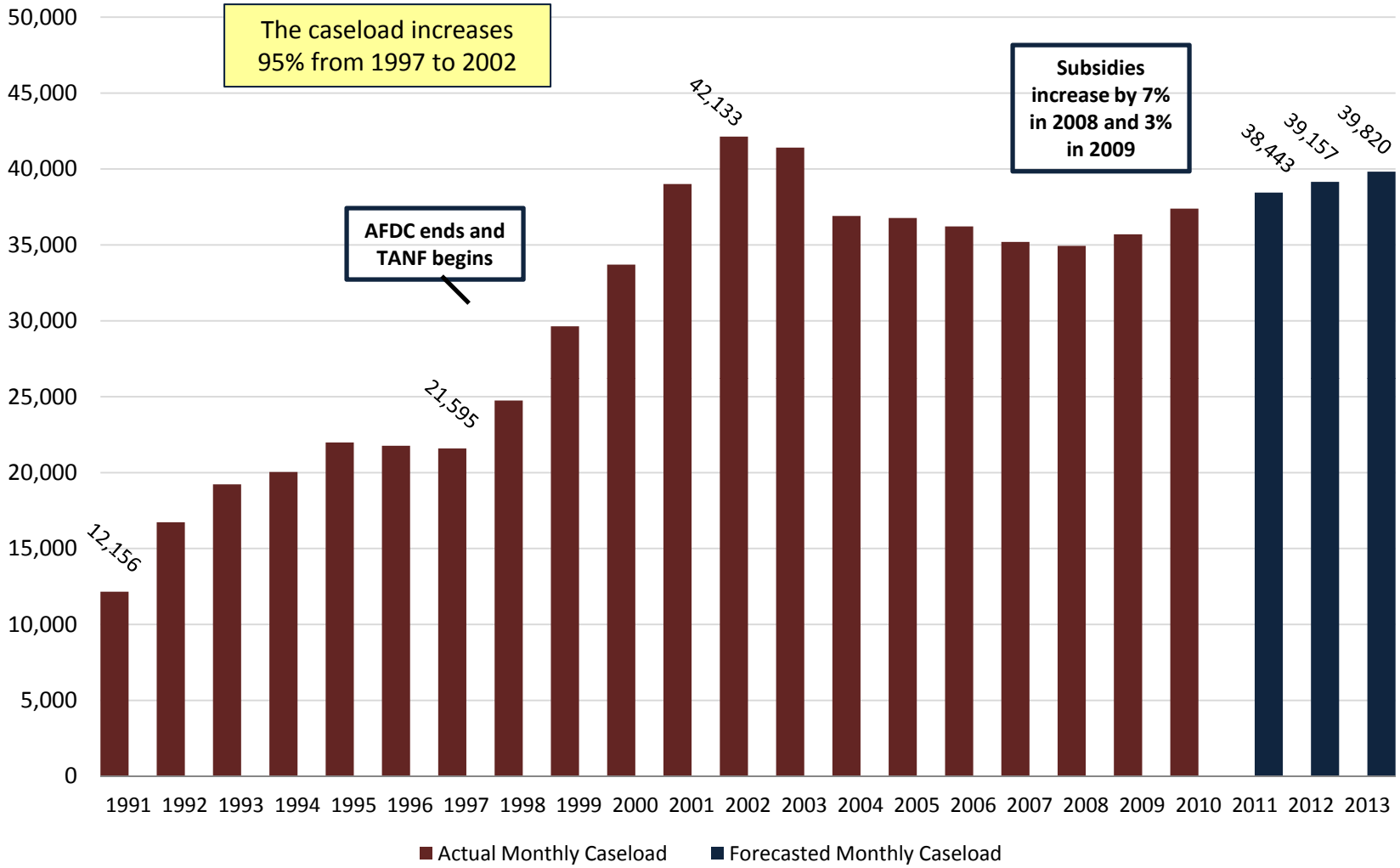
US Health Human Services | OFM | DSHS | DEL | ESD | SBCTC | Commerce | Tribal | Private

Until the current recession, TANF cash grants were declining



Data Source: OFM Based on November 2010 Forecast Prior to Governor Reductions

The TANF cash grant decline allowed the state to invest in more child care



Data Source: OFM Based on November 2010 Forecast Prior to Governor Reductions

Both TANF and Working Connections serve a variety of participants

TANF Cash Grant Statistics

- TANF Caseload Size (2010)
  - One-Parent Families (54%)
  - Two-Parent Families (10%)
  - Child-Only Cases (36%)
- Child Only Caseload*
  - Kinship (38%)
  - Children of Undocumented Parents (37%)
  - Disabled (20%)
  - Legal Guardian (5%)
  - All other (1%)

* Percentages are rounded and do not equal 100%

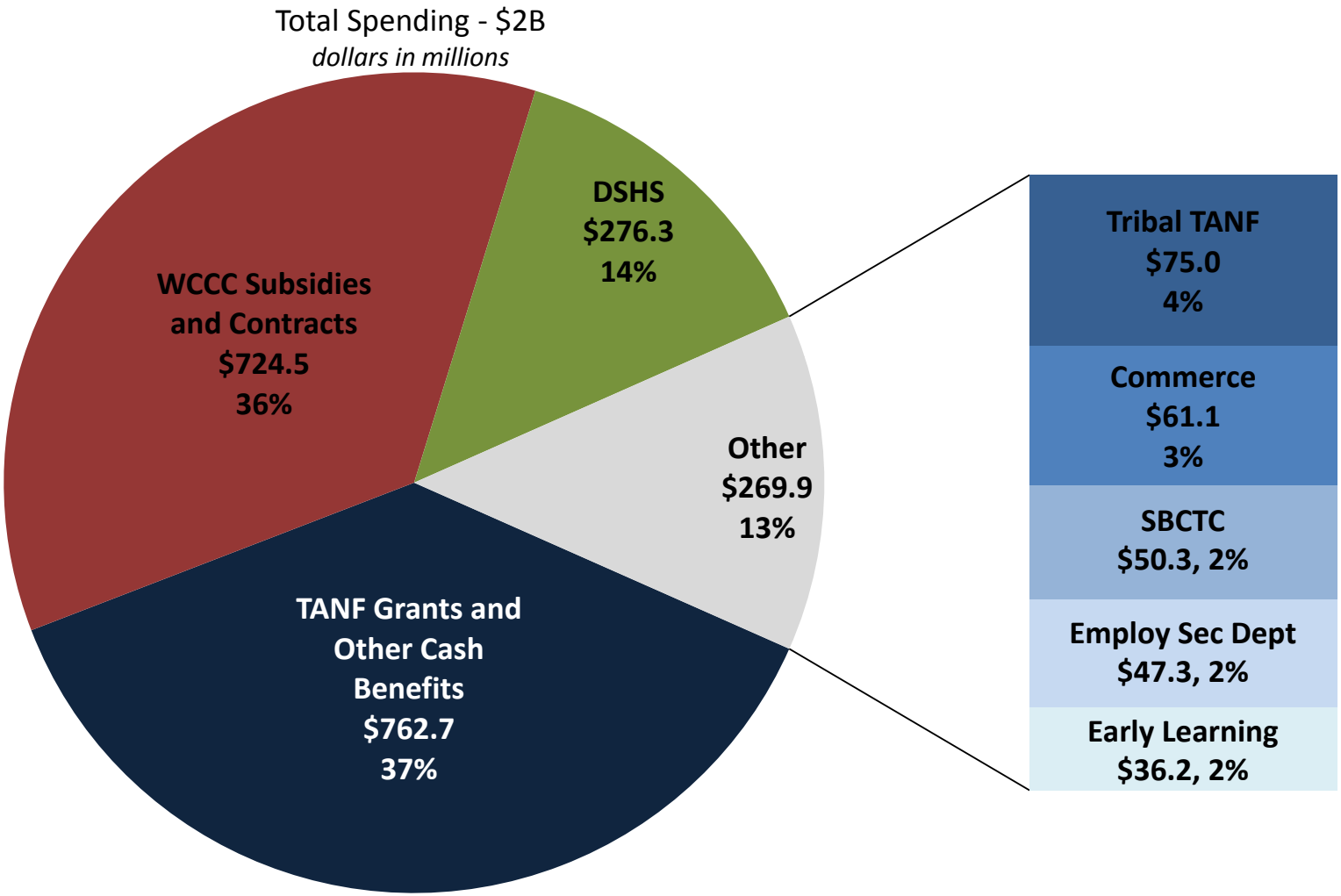
WCCC Caseload Statistics

- TANF/ Non-TANF (2010)
  - 73% of WCCC are non-TANF participants
  - 27% of WCCC are TANF participants
- Income Levels
  - 41% are below 82% FPL
  - 35% are between 82-137.5%
  - 24% are above 137.5%**

* Percentages are based on 175% FPL caseload November forecast

TANF Financing

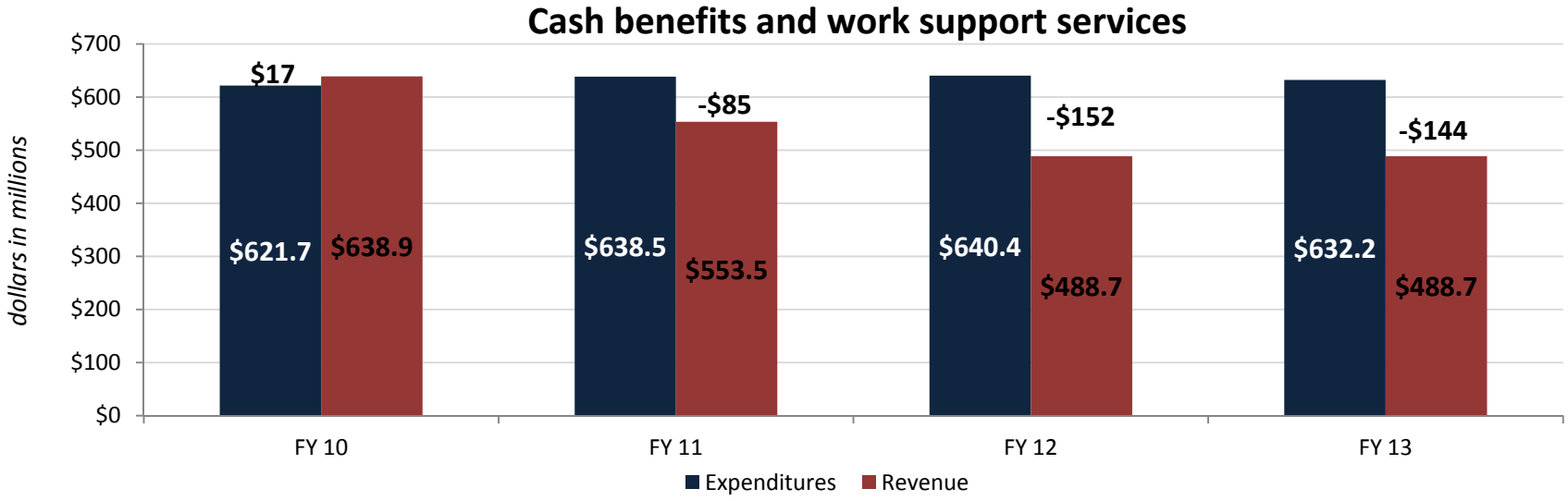
For 2011-13, the anticipated TANF Box spending prior to Governor actions is $2 billion - with cash benefits and child care payments representing 73% of all TANF Box expenditures

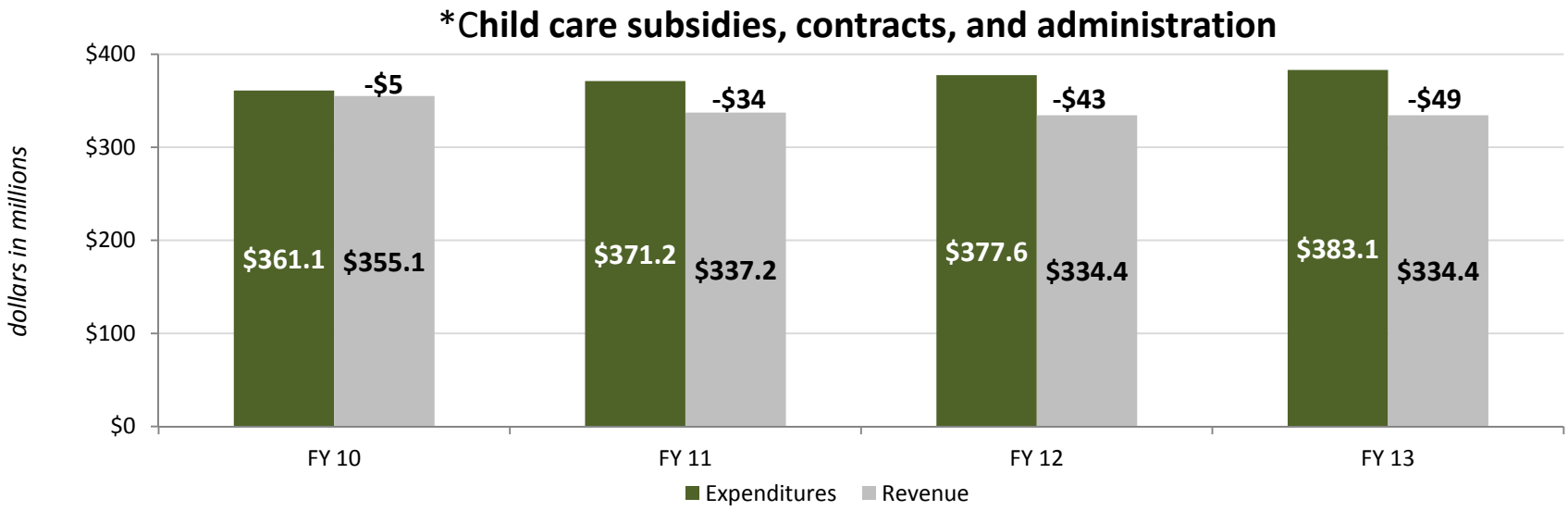


Projected expenditures based on November 2010 caseload forecast prior to any reductions

The TANF Box revenues are made up of a number of funding streams – with total funds expected to drop by 11% from 2009-11 to 2011-13 due to the loss of federal stimulus and other one-time funds

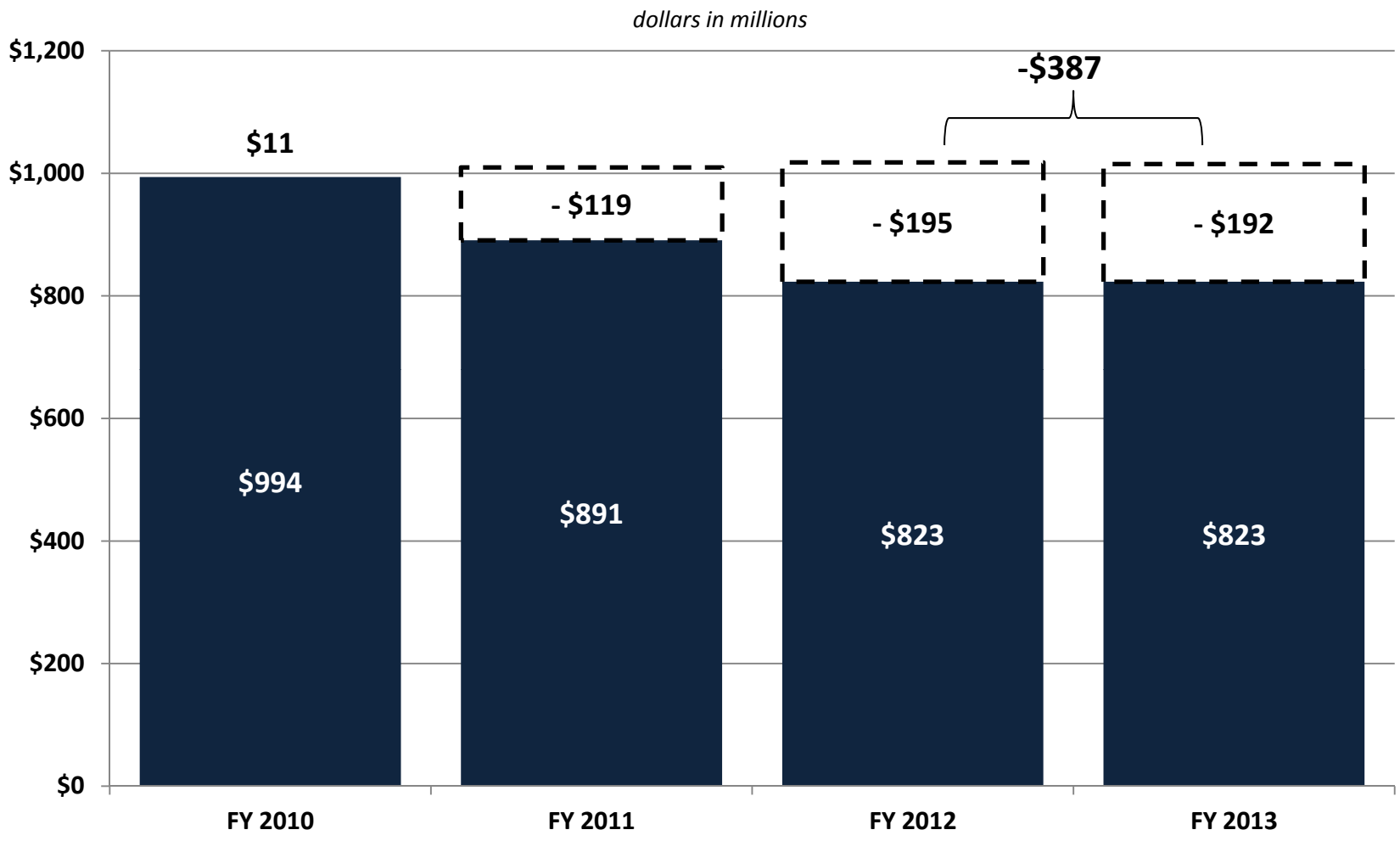
The funding sources dedicated to TANF and child care do not meet the demand for these services





*Child care revenue assumes 28% TANF funds transfer continues each fiscal year

Collectively, the TANF Box is facing a current fiscal year deficit of 11% of expenditures and the biennial budget is facing a deficit almost 20% of expenditures



The Governor is proposing to make several changes to the TANF Box - these are a few of the larger savings items

TANF Grant Reductions (2011-13 Amounts)

- Reduce TANF grant by 15% - $100M
- Implement 60 month time limit - $88M
- Reduce eligibility based on SSI Income - $58M

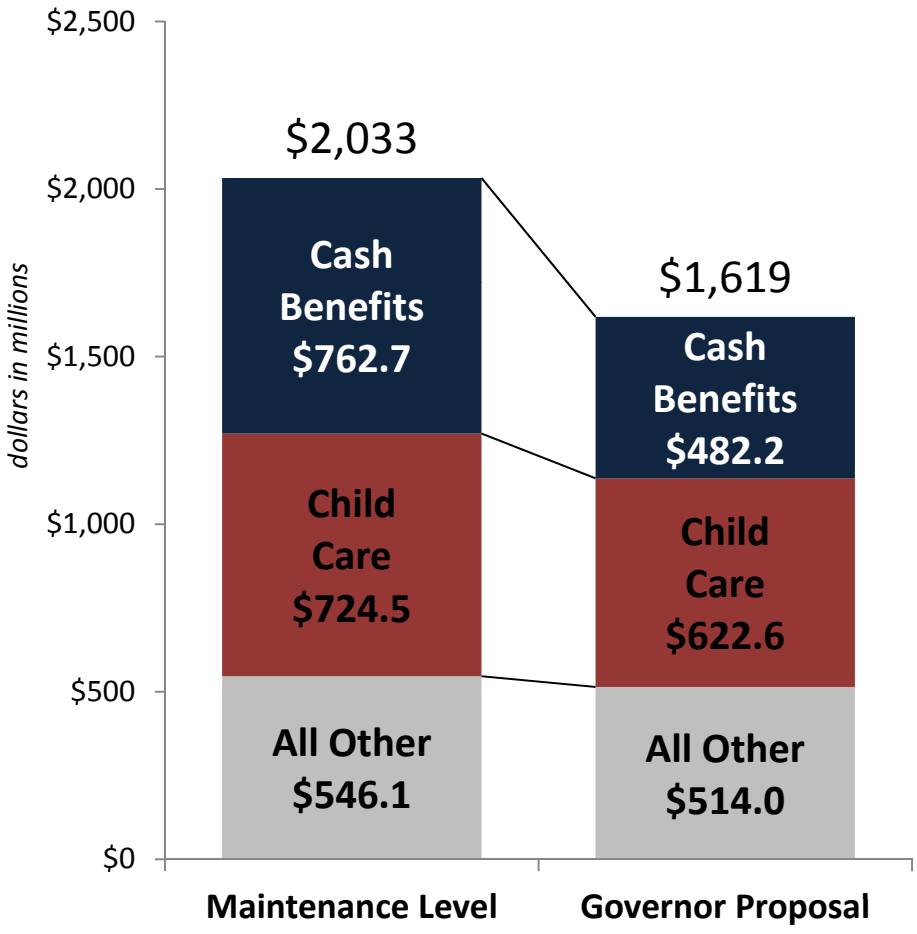
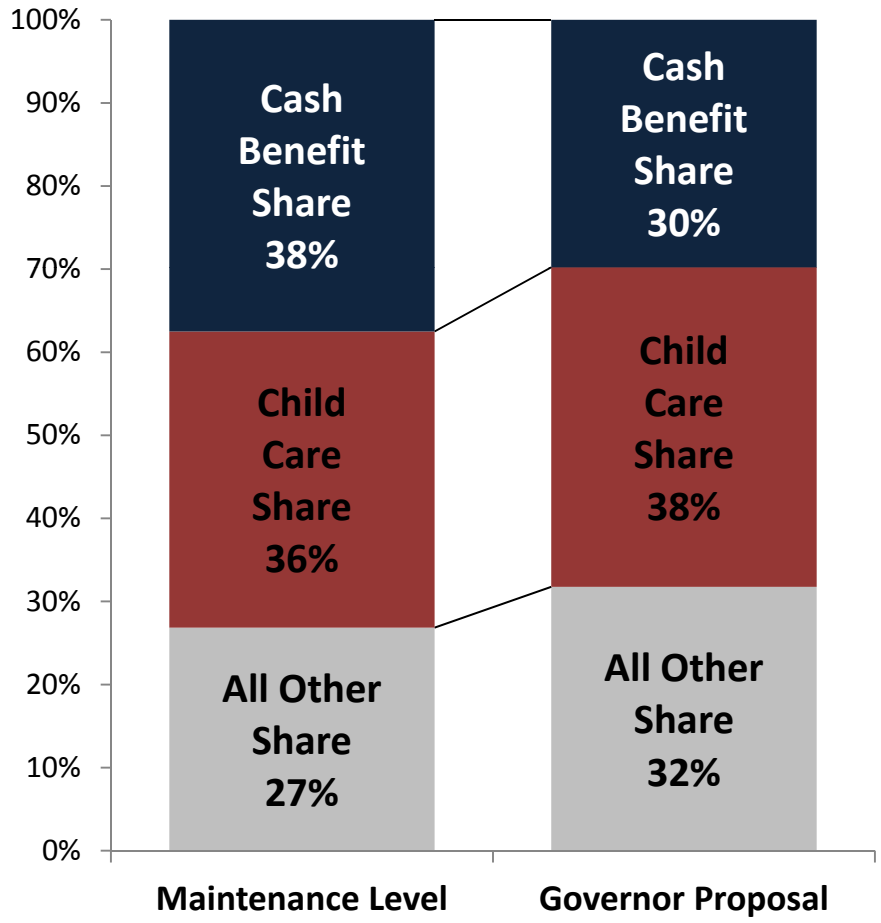
Working Connections Child Care (2011-13 Amounts)

- Caps new entries into WCCC for TANF and TANF eligible - $62M
- Reduce eligibility from 200% FPL to 175% FPL - $35M

Savings are from the November caseload forecast prior to any policy reductions

The Governor's proposal decreases expenditures by 20% and changes the spending focus from cash benefits to child care

Reductions in dollars



Percentage share between ML and Gov