

Appendix 5 Welfare History Overview

Federal Welfare Legislative History

2006 **The Deficit Reduction Act (DRA) of 2005**, P. L. 109-171, is enacted on February 8, 2006. The TANF program is extended at the FY 2004 level through FY 2010. Makes appropriations and extends the National Random Sample Study of Child Welfare through FY 2010. Revises the formula for the caseload reduction credit with respect to work participation rates and includes families receiving assistance under separate state programs in the calculation of work participation rates. Directs the Secretary to promulgate regulations for determining whether activities may be counted as work activities, how to count and verify reported hours of work, and work-eligible individuals. Provides for a state penalty for failure to establish or comply with work participation verification procedures.

Replaces incentive bonuses to states for a decrease in the illegitimacy rate with healthy marriage promotion and responsible fatherhood grants. Limits the use of funds for: (1) demonstration projects designed to test the effectiveness of tribal governments or consortia in coordinating the provision of child welfare services to tribal families at risk of child abuse or neglect; and (2) activities promoting responsible fatherhood. Makes appropriations for FY2006-FY2010.

Child Care - Makes appropriations for FY2006-FY2010 for entitlement grants to states for child care.

Child Support - Modifies the rule requiring assignment of support rights as a condition of receiving TANF. Revises requirements for the distribution of arrearages with respect to families that formerly received TANF. Declares that states shall not be required to pay the federal government the federal share of amounts collected on behalf of a family: (1) that formerly received TANF, to the extent that the state pays (passes through) the amount to the family; or (2) that currently receives assistance, to the extent of a certain portion passed through to the family. Revises requirements for use of the tax refund intercept program to collect past-due child support on behalf of children who are not minors. Reduces from \$5,000 to \$2,500 the amount of a child support arrearage triggering referral for passport denial of the parent responsible for the arrearage. Requires that all child support orders include a provision for medical support for children to be provided by either or both parents, and be enforced. Provides for a mandatory annual fee of \$25 for each case of successful child support collection for a family that has never received TANF, if the state collects more than \$500.

2002 **Farm Security and Rural Investment Act of 2002**, P. L. 107-171, is enacted on May 13 making changes to the **Food Stamp Program** and providing program funding through fiscal year 2007. **Title IV: Nutrition Programs - Food Stamp Reauthorization Act of 2002 - Subtitle A: Food Stamp Program** - Amends the **Food Stamp Act of 1977** to exclude from income for food stamp program purposes: (1) legally-obligated child support payments made by a household member on behalf of a person not a member of such household—states can continue to provide a child support deduction, rather than this exclusion—this deduction must be determined before computing the excess shelter expense deduction; and (2) income for program purposes deferred educational and veterans' educational assistance, State complementary assistance payments, and certain medical assistance not included as income under specified provisions of titles IV and XIX of the Social Security Act.

Revises and increases the standard deduction by tying it to the Federal poverty income guideline, according to household size and indexed for inflation. Authorizes states to give a homeless household with some shelter expenses a \$143 monthly deduction rather than an excess shelter expense deduction. Also revises: (1) utility allowances; (2) eligibility certification provisions; and (3) quality control provisions.

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Requires states with a program website to make on-line applications available in each language in which printed applications are available; reduces household reporting requirements; and provides high performance bonus payments beginning in FY 2003 to the six States with the highest or most improved performance. States are authorized to provide up to five months of transitional program benefits to households moving from the temporary assistance for needy families program (TANF). Employment and training program funding allocations are extended through FY 2006 and allocates additional FY 2002 through 2006 amounts to States that ensure availability of specified work opportunities.

Repeals: (1) the 80 percent set-aside for able-bodied adults without dependents; (2) the maintenance-of-effort requirement to access new unmatched funds; and (3) the limits on the amount States are reimbursed for each work slot offered. Increases from \$25 to \$50 the monthly cap on the amount States may reimburse participants for transportation and other work expenses for FY 2002 through 2009.

Amends the **Personal Responsibility and Work Opportunity Reconciliation Act of 1996** to make all legal immigrant children, regardless of U.S. entry date, eligible for the supplemental security income (SSI) and food stamp programs, beginning in FY 2004. Also makes: (1) qualified aliens who have resided in the U.S. for 5 years, and (2) blind or disabled aliens who lawfully reside in the U.S. and receive disability cash or medical benefits, eligible for food stamps.

- 1997** **Balanced Budget Act (BBA) of 1997**, P. L. 105-33, is enacted on August 5 making changes and implementing numerous technical corrections to the **Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996**, P.L. 104-193. The BBA: (1) establishes the Welfare-to-Work Block Grant; (2) limits the amount of TANF funds that can be transferred to Title XX – Social Services Block Grant (SSBG) to 10% of the TANF block grant and removes the requirement to transfer \$2 to the Child Care & Development Block Grant (CCDBG) for every \$1 transferred to the SSBG; (3) increases from 20% to 30% of individuals in all families (and in 2-parent families) the limitation on the number of persons who may be treated as engaged in work by reason of participation in a vocational education program, or (for teen heads of households) maintenance of satisfactory school attendance; and (4) extends from 5 to 7 years the refugee/asylee eligibility period for SSI/Medicaid eligibility, includes Cuban and Haitian entrants in this category, and provides a 5-year food stamp eligibility for these aliens. Technical corrections: (1) revises computation method for out-of-wedlock reduction bonuses; (2) modifies the MOE requirements for the Contingency Fund; (3) revises work requirements so that a family with a disabled parent is not treated as a 2-parent family, allows the minimum work requirement for a 2-parent family to be shared between both parents with a 55 hour per week minimum, caretaker of a child under age 6 meets work requirements if working 20 hours per week, and allows 12 weeks of job search to count as work during any period a state meets the contingency fund definition of "needy state"; (4) TANF penalties are modified so that the penalty amount is now 5% in the first year, and increasing by 2% per year up to 21% maximum; and (5) the drug felon disqualification rule is modified to apply to convictions for conduct that occurred after 8/22/96.
- 1996** **Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996**, P.L. 104-193, is signed into law on August 22 giving states choices in how to structure their welfare programs. Federal funding is provided in the form of the **Temporary Assistance to Needy Families (TANF)** block grant, and is fixed at the same level for five years. TANF replaces the Aid to Families with Dependent Children (AFDC) program and ends the entitlement status of welfare benefits. PRWORA provides new federal child care funds, reauthorizes the Child Care and Development Block Grant (CCDBG), and requires these combined funds to be administered as a unified program under the **Child Care and Development Fund (CCDF)**. PRWORA also allows states to transfer up to 30% of the TANF block grant into the CCDBG and the Title XX – Social Services Block Grant (SSBG), but limits the amount transferable to SSBG to 10% of the TANF block grant and requires that \$2 be transferred to the CCDBG for every \$1 transferred to the SSBG. In this first major overhaul of welfare in 60 years, welfare receipt is limited to 5 years. The law contains strong work requirements and

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penalties for states that fail to meet them, i.e., 5% of the TANF grant for failure to meet work participation rates with the amount increasing in subsequent years by up to an additional 2% up to a limit of 21%. In addition, there is a performance bonus to reward states for moving welfare recipients into jobs, state maintenance of effort requirements, comprehensive child support enforcement requirements, and supports for families moving from welfare to work, including at least one year of transitional Medicaid when a family leaves welfare for work.

- 1990 Omnibus Budget Reconciliation Act (OBRA) of 1990**, P.L. 101-508, is enacted on November 5. Children are not considered members of AFDC assistance units when determining eligibility for AFDC benefits, and their income and resources are not counted toward family income and resource limits when they are recipients of Title IV-E, state, or local: (1) foster care maintenance payments or a combination of these types of payments; or, (2) adoption support payments or a combination of these types of payments, and the inclusion of the adopted child in the assistance unit would result in lower benefits for the family. Earned Income Tax Credit (EITC) is considered an exempt resource during the month of receipt and the following month by the AFDC and GA-U Programs. Any EITC remaining in the second month following the month of receipt applies towards the Resource Ceiling. States have the option of specifying which categories of families must report monthly and which method of income budgeting to use (prospective or retrospective budgeting). Excludes the income and resources of a child receiving State or local foster care maintenance payments from eligibility or payment determinations for AFDC. Amends the AFDC program to provide child care to low-income families not receiving AFDC benefits when the state determines there is a need for care in order to work and the family is at risk of becoming dependent upon the AFDC program.
- 1989 Omnibus Budget Reconciliation Act (OBRA) of 1989**, P.L. 101-239, becomes law on December 19 and amends the **Child Support Enforcement Amendments of 1984**, P.L. 98-378, to permanently extend the provision to continue a family's Medicaid (Title XIX) eligibility when the family becomes ineligible for AFDC due to the collection or increased collection of child support under Part D of Title IV (Child Support and Establishment of Paternity) of the Social Security Act. Establishes a new AFDC quality control system which imposes penalties on states based upon a sliding scale which reflects the degree to which a state's AFDC error rate exceeds the national average. Also takes into account overpayments and underpayments in determining error rates and establishes a Quality Control Review Panel for dispute resolution between states and the Federal government.
- 1988 Family Support Act (FSA) of 1988**, P.L. 100-485, is enacted on October 13 and targets services for those most likely to become long-term welfare recipients. The act creates the **Job Opportunities and Basic Skills (JOBS)** program, which focuses on education and training, and provides child care and medical assistance to recipients for 12 months after they leave AFDC with employment. Makes changes to the 6-out-of-13 work quarter requirement for AFDC-E and to the "principal wage earner" criteria. Increases the child care disregard to \$175 per child/per month (\$200 for a child under age 2), the work expense disregard to \$90, and disregards EITC. Establishes state option to require that unmarried minor parents must live with a parent, legal guardian or other adult relative, or in an adult-supervised living arrangement to be eligible for AFDC. States must now revise their need and payment standards every 3 years and may create wage supplementation and community work experience programs. Strengthens child support enforcement collection activities, including changes to the \$50 pass-through payment rules and mandatory wage-withholding. Establishes paternity establishment performance standards for states and mandates annual reports to Congress.
- 1986 Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985**, P.L. 99-272, enacted on April 7, formally establishes the two-parent AFDC-Employable (AFDC-E) program which was previously known as AFDC-Unemployed Father. Provides that certain education or training programs may qualify as quarters of work for AFDC eligibility purposes.

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1984 Deficit Reduction Act (DEFRA) of 1984, P.L. 98-369, enacted on July 18, institutes significant changes to the AFDC program. The 185% of Need eligibility test is created, the \$75 work expense deduction is applied to both full- and part-time employment, the \$30 + 1/3 earned income disregard is limited to 4 months followed by a \$30 disregard for 8 months, and the term "earned income" is defined to mean gross income before deductions. Burial plots, funeral arrangements, and real property which a family is making a good faith effort to sell are excluded as resources. Retrospective budgeting is made mandatory for monthly reporting households but optional for other cases, monthly reporting is made mandatory for families with a recent work history or earned income, EITC is declared to be an excluded income, and women in the third trimester of pregnancy are excluded from participation in the WIN program. Lump sum income ineligibility rules are changed to allow recalculation of the period of ineligibility when an event occurs that would have changed the family's need for that month, the money becomes unavailable, or the family incurs medical expenses which offset the lump sum. Overpayment recovery is waived when the debt is exceeded by the cost of recovery, aliens become ineligible for 3 years when their sponsor is a public or private agency, and information disclosure to law enforcement is permitted when the AFDC recipient is a fugitive felon. Establishes the \$50 child support pass-through payment and the exclusion of the earned income of a full-time child for 6 months for purposes of the AFDC gross income test.

Child Support Enforcement Amendments of 1984, P.L. 98-378, signed into law on August 16, provides 4 months of continued Medicaid eligibility for families that lose AFDC eligibility because of the collection or increased collection of child support.

1983 Social Security Amendments of 1983, P.L. 98-21, becomes law on April 20 and amends Title IV to exclude from the definition of "income," any support or maintenance assistance furnished to a family based on need, including home energy assistance.

Supplemental Appropriations Act, 1984, P.L. 98-181, becomes law on November 30 and declares that utility payments made by persons living in federally-assisted low-income housing projects are to be considered rental payments for purposes of determining eligibility and payment amount under the AFDC program.

1982 Job Training Partnership Act (JTPA), P.L. 97-300, enacted on October 13 and establishes participation targets for AFDC recipients, ages 16 and older, in Adult and Youth programs and provides earnings disregards for child participants.

Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982, P.L. 97-248, is enacted on September 3 and amends AFDC eligibility to allow rounding benefits down to the next lower whole dollar, eliminate payment of benefits for a whole month when eligibility is determined later in the month, and not consider a parent absent from the home due to active duty in a uniformed service. States are now allowed to require employment search as an eligibility criteria and may prorate need and payment standards for children living with other non-applying individuals.

1981 Omnibus Budget Reconciliation Act (OBRA) of 1981, P.L. 97-35, is signed into law on August 13 and allows welfare-to-work demonstration projects to begin in many states. States may require welfare recipients to go into training, job search, or unpaid work experience in exchange for their AFDC grants. Revises method for determining earned income by changing the order in which the work expense, child care, and \$30 & 1/3 disregards are applied in order to maximize the amount of countable income to be deducted from the grant. Eliminates payments for work-related child care expenses and implements a new child care expense deduction to be deducted from earned income. The \$30 & 1/3 earned income disregard is restricted to 4 months and the recipient must be off AFDC for 12 months before being eligible to receive the disregard again. Prohibits grant payments below \$10, institutes the "principal wage earner" concept for eligibility determinations thereby replacing references to "mother" and "father" in compliance with *Westcott v. Califano*. Permits AFDC

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payments to a pregnant woman (with no other eligible child) during her last month of pregnancy or within the following three-month period if the child would be eligible for AFDC. Now determines monthly eligibility based upon the resources at hand during the month and the monthly benefit amount based upon the income and resources of the prior month.

- 1979** U.S. Supreme Court Decision *Westcott v. Califano* rules in June that Section 407 of the Social Security Act regarding unemployed fathers is unconstitutional because of the discriminatory nature of the gender distinction. The court extends benefits of the AFDC-Unemployed Father program to similarly situated unemployed mothers, thereby removing the gender distinction.
- 1970** Federal regulations require states to guard against payments to ineligible welfare applicants. States must monitor their active AFDC caseloads, compute errors made in determining eligibility, and pay penalties for high error rates.
- 1967** Amendments to the Social Security Act establishes the **Work Incentive Program (WIN)**, which adds employment services to AFDC, and directs states to emphasize work rather than welfare.
- 1963** Medicaid and Food Stamp programs are created; AFDC recipients are automatically eligible for both programs.
- 1961** Amendments to the Social Security Act lead to a new emphasis on social services. Families with two parents can now receive AFDC based upon the unemployment of the father (AFDC-Unemployed Father). Welfare caseloads begin to grow, for both one- and two-parent families.
- 1935** The Aid to Dependent Children (ADC) program (later known as Aid to Families with Dependent Children or AFDC) is created as part of Social Security Act. AFDC supports poor children whose parents are dead, absent, or incapacitated.

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Washington State Legislative History

- 2006** **Engrossed Second Substitute House Bill (E2SHB) 1290** is enacted requiring expedited eligibility determinations and timely access to medical assistance for persons with mental disorders being released from confinement. Additionally, it required collaboration with the Washington Association of Sheriffs and Police Chiefs (WASPC), the Department of Corrections (DOC), and the Social Security Administration (SSA) to develop processes and procedures for coordination. DSHS was directed to phase in the new procedures on a statewide basis and continue to evaluate funding needs as the program is implemented.
- Substitute House Bill (SHB) 2394** is enacted which requires the Department of Social and Health Services to start assessing WorkFirst parents for financial literacy during the comprehensive evaluation effective January 1, 2007. The Bill directs DSHS to offer referrals to financial literacy services available in the local communities to all WorkFirst parents to assist them in becoming self-sufficient and financially stable.
- 2005** **Engrossed Second Substitute Senate Bill 5213** is enacted exercising the state option to exempt individuals convicted of a drug-related felony from the Temporary Assistance for Needy Families (TANF) ban on receipt of benefits. The statutorily mandated effective date is September 1, 2005.
- 2004** **Senate Bill 6411** requires the Department to implement simplified reporting for the Basic Food program beginning October 2004. In addition, Basic Food eligibility restrictions for persons convicted of a drug-related felony are removed effective July 2004. The restriction prohibiting fleeing felons from receiving Basic Food still applies.
- 2003** **Substitute House Bill (SHB) 1624** is signed into law on May 7 permanently authorizing the Washington Telephone Assistance Program (WTAP) which was scheduled to expire on June 30. In addition to permanently authorizing the WTAP program, effective July 1 the program is expanded to include Community Service Voice Mail (CSVM) as a component. DSHS is directed to enter into an agreement with the Department of Community, Trade and Economic Development to provide a portion of the WTAP budget for operation of CSVM which will provide homeless individuals with a community service voice mail box.
- 1999** **WorkFirst Study - 3000 Washington Families** begins. The 5-year longitudinal study is based on a sample of 3,000 WorkFirst clients, and is conducted by the Employment Security Department, University of Washington, and Washington State University.
- 1997** **Engrossed House Bill (EHB) 3901, the Washington WorkFirst Temporary Assistance for Needy Families Act (TANF)**, is signed into law on April 17. It establishes the **WorkFirst** program in Washington State and replaces the Aid to Families with Dependent Children (AFDC) program. The Success Through Employment Program (STEP) Waiver 48 of 60-Month Time Limit is repealed and replaced with a five-year lifetime limit for cash assistance. The earned income exemption is increased to 50% of gross wages, overpayments due to retrospective budgeting are eliminated, and the 100% of Need test is eliminated. The vehicle equity limit is raised to \$5,000, a vehicle used to transport a disabled individual is totally exempt, and savings accounts up to \$3,000 are allowed. Pregnant teen and teen parent requirements for education go into effect. Diversion services as an alternative to cash assistance are implemented. DCS non-cooperation sanction is replaced with a 25% grant reduction and eligibility review cycles are extended from six to twelve months.
- 1995** As required by E2SHB 2798, **Success Through Employment Program (STEP)** waiver application submitted to Department of Health and Human Services (DHHS) on January 30. Proposed project start date is July 1, 1995, end date is June 30, 2005, and project area is statewide. Waiver requests permission to establish length of stay grant reductions and elimination of the 100-hour rule.

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1994 Engrossed Second Substitute House Bill (E2SHB) 2798, Welfare System Reform, is enacted on April 2 and addresses the issues of lengthy stays on welfare, lack of access to vocational education and training, inadequate emphasis on employment by the social welfare system, and teen pregnancy as obstacles to achieving economic independence. DSHS is instructed to: (1) reduce AFDC grants by 10 percent per year for some families that received welfare for 48 out of 60 months; (2) waive the 100-hour rule for AFDC recipients; (3) train staff to emphasize the expectation that recipients will enter employment; and (4) determine the most appropriate living situation for unmarried pregnant teens who receive public assistance. Target populations include applicants and recipients who have received AFDC for 36 of the preceding 60 months, custodial parents under the age of 24 who have not completed high school or who have little or no work experience, and families in which the youngest child is within 2 years of being ineligible for AFDC because of age. The department must seek approval from the Department of Health and Human Services (DHHS) for implementation of the time limit provisions, waiver of the 100-hour rule for recipients, and statewide implementation (known as the STEP Waiver). The Employment Partnership Program (EPP) is modified to allow contracting out to public or private nonprofit organizations. In addition, authority to establish wage subsidy projects to enable AFDC grants to be paid as wage subsidies is moved from the Employment Security Department to DSHS. Establishes authority for a child's irrevocable trust account, with a limit of \$4,000, for future educational use. DSHS is directed to actively develop mechanisms to refer disabled persons currently receiving AFDC to the federal Supplemental Security Income (SSI) program.

1993 House Bill (HB) 1197 instructs DSHS to: (1) "segment" the AFDC population; (2) match services to the needs of each segment; (3) focus AFDC on employment; and (4) seek federal waivers that allow families to keep more of their earnings from employment while receiving AFDC.

The Urban Institute's final evaluation of the **Family Independence Program (FIP)** found that participants worked *less*, stayed on welfare *longer*, and returned to welfare *sooner* than AFDC participants. However, the evaluation found that providing cash rather than Food Stamps saved state administrative costs without apparently increasing risk to nutrition.

1990 Washington implements the federal **Family Support Act of 1988**, P.L. 100-485, establishing the **Job Opportunities and Basic Skills (JOBS)** program. Participation is voluntary for welfare recipients.

1987 Family Independence Program (FIP), a 5-year welfare reform demonstration, begins. FIP provides: (1) financial incentives to obtain education, training, and employment; (2) cash rather than Food Stamps; (3) social services during FIP participation; and (4) childcare and medical coupons for 12 months after exiting, if the recipient leaves FIP with employment. The Urban Institute of Washington D.C. is hired as the outside evaluator of the FIP demonstration.

Family Income Study begins. The 5-year longitudinal study is based on a sample of 2000 AFDC clients and low-income families, and is conducted by the Washington State Institute for Public Policy and Washington State University.