

Appendix 6

Changes in Cash Grant Assistance Programs and Funding Due to Welfare Reforms

On August 22, 1996, President Clinton signed into law the *Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996* that created the Temporary Assistance for Needy Families (TANF) program thereby replacing the Aid to Families with Dependent Children (AFDC) and the Job Opportunities and Basic Skills (JOBS) programs. Under PRWORA, each state must operate a Title IV-D Child Support program to be eligible for TANF funds.

On April 17, 1997, Governor Gary Locke signed into law the *Washington WorkFirst Temporary Assistance for Needy Families Act* thereby creating the WorkFirst program, Washington State's TANF program. The WorkFirst program went into effect in August 1997. These two federal and state laws resulted in major program and funding changes.

On August 5, 1997, President Clinton signed into law the *Balanced Budget Act (BBA) of 1997* which made numerous technical corrections to PRWORA. Funding and spending requirements included: (1) limiting 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 removing the requirement to transfer \$2 to the Child Care & Development Block Grant (CCDBG) for every \$1 transferred to the SSBG; (2) modification of the MOE requirements for the Contingency Fund; and (3) TANF work participation penalties were modified so that the penalty amount is 5% in the first year, and increasing by 2% per year up to 21% maximum.

On February 8, 2006 President Bush signed into law the *Deficit Reduction Act of 2005* reauthorizing the Temporary Assistance for Needy Families (TANF) program with a renewed focus on work, program integrity and strengthening families through healthy marriage promotion and responsible fatherhood. Work activities were defined along with how to count and verify reported hours. The reauthorization was scheduled to expire on September 30, 2010.

On February 17, 2009 President Obama signed into law the *American Recovery and Reinvestment Act (ARRA) of 2009*. This bill provided funding in several key areas: (1) Supplemental Nutrition Assistance Program (SNAP) - provided a 13.6 percent increase in the maximum benefits (Basic Food). (2) TANF – made numerous changes to the TANF program by establishing a TANF Emergency Contingency Fund to provide additional funds to states that experience an increase in: (a) their TANF caseload and expenditures, (b) short-term non-recurring benefits, or (c) subsidized employment programs. States are eligible to receive 80% of the increase in expenditures between FFY 2007 or FFY 2008 (whichever is less) and FFY 2009. Funding was available for FFY 2009 and 2010 and was limited to 50% of the combined annual TANF awards for the 2 year period. (3) Modified the TANF carry-forward rules to allow states to carry forward unexpended TANF and emergency contingency funds to the next year without the requirement to spend them on assistance.

Program and Policy Changes

1. Welfare ceased to be an entitlement (as it was under AFDC and JOBS); instead, participation in TANF has a five-year limit. The five-year limit affected the first clients in Washington in August, 2002.
2. The Economic Services Administration of DSHS works with three partner agencies to provide services to WorkFirst clients.
3. Native American Tribes were granted an option in the federal law to operate their own TANF program, including cash grants and employment and training. The tribes apply to the federal government, and if certified, they receive federal funds. The state identifies and negotiates funding for each tribe. Currently eleven Tribes have elected to operate their own programs.
4. Federal assistance to some legal immigrants was barred or restricted. The State Family Assistance (SFA) and Food Assistance Program (FAP) were created by the Legislature to help legal immigrants.
5. Child care subsidy programs for welfare and low-income families were consolidated into the Working Connections Child Care (WCCC) program. Child care requires a co-payment.

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(See Appendix 8 for a chronological listing of the detailed changes.)

Funding Changes

1. The TANF block grant replaced Title IV-A (AFDC and CEAP) and IV-F (JOBS) entitlement-based federal funding.
2. The Child Care Development Fund (CCDF) consolidated child care funding formerly provided to the State through the Child Care and Development Block Grant (CCDBG) and Title IV-A of the Social Security Act.
3. A requirement to spend an amount of state dollars, known as the Maintenance of Effort (MOE), replaced previous federal requirements to match a percentage of program costs with state funds. There is a MOE requirement for TANF and the CCDF block grant. Federal matching funds still exist in Food Stamps, Medicaid and one CCDF child care funding stream.
5. Total funds available to the General Assistance program were lidded with instructions in the law to limit eligibility factors to control costs.

Funding Details

TANF Block Grant

Washington's TANF block grant was initially **\$404,331,754** per year. The amount of the block grant is based on the amount of the Title IV-A and Title IV-F funds, AFDC Assistance, Emergency Assistance (EA), JOBS, and AFDC administration claimed by Washington State in FFY 1994, plus a portion of the increase of FFY 1995 EA over FFY 1994 EA.

The block grant amount was lowered by penalties or awards to Tribes electing to operate a Tribal TANF program. Since the initial grant award of **\$404,331,754**, Washington's TANF grant amount was reduced by **\$23,786,786** in Tribal TANF awards, to **\$380,544,968**.

Maintenance of Effort (MOE)

The TANF program has a cost-sharing requirement referred to as Maintenance of Effort (MOE). States must expend state funds equal to the amount of the State's 1994 expenditures for the AFDC, EA, AFDC-related child care, transitional child care, At-Risk Child Care, and JOBS programs. HHS has set the amount at \$362,747,765. This amount is reduced when Tribal TANF programs are operating in the state. In FFY 2011, the base MOE level was reduced by \$21,340,405, for Tribal TANF programs operating in the state, to \$341,407,360.

In general, states must spend state funds in an amount equal to at least **80%** of the amount spent on these programs in FFY 1994 as adjusted for Tribal TANF programs; however, if a state meets the required work participation rates, then it only needs to expend **75%** of the amount spent in FFY 1994 as adjusted for Tribal TANF programs.

For FFY 2011, Washington MOE spending is 80% of the adjusted FFY 1994 spending level, or **\$273,125,888**.

Similar to the TANF block grant, the TANF Contingency Fund has a MOE requirement based on the State's 1994 expenditures except these expenditures cannot include those made for child care and separate state programs. This MOE level, equal to 100% of the historic amount, is set by HHS at \$312,193,104.

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HHS also set the MOE requirement for the CCDF block grant based on state expenditures in FFY 1994. The CCDF MOE amount is **\$38,707,605** for FFY 2011.