

# ECONOMIC SERVICES ADMINISTRATION

## TwoParent Pathway to Employment



### 2016 SUPPLEMENTAL BUDGET

Request	FY16	FY17	15-17
FTE	Placeholder	Placeholder	Placeholder
GF-State	Placeholder	Placeholder	Placeholder
<b>Total</b>	Placeholder	Placeholder	Placeholder

#### DECISION PACKAGE SUMMARY

The Economic Services Administration (ESA) requests funding and FTEs in order to state fund benefits and services to two parent Temporary Assistance for Needy Families (TANF) families that contain a pregnant parent or infant less than 12 months of age. By funding this request, ESA is expected to improve Washington’s federal work participation rates while still providing basic assistance and services to needy two-parent families.

#### PROBLEM STATEMENT

The federal Department of Health and Human Services (HHS), Administration for Children and Families (ACF) notified Secretary Quigley on May 28, 2015 that the State TANF program did not meet required work participation targets in Federal Fiscal Year (FFY) 2012 (Oct 2011-Sep 2012). The state has several options in response to this notification, including entering into a Corrective Compliance Plan (CCP) with ACF that will result in the state meeting the Work Participation Requirements (WPR).

Under Federal TANF rules, adults in a family receiving a TANF grant are required to participate in activities that are intended to move the family to self-sufficiency. Each state must meet two participation rate targets ('all family' and 'two-parent families') as measures of its success in engaging adults in required activities.

TANF code of federal regulations 45 CFR 261.22 specifically allows states to exempt parents in a single parent household from TANF work requirements, for a maximum of 12 months, while they are caring for a child under one year of age. No such federal provision is made for parents in a two parent household. State law allows parents who are caring for a child under one to opt out of WorkFirst participation requirements for a maximum of twelve months. No distinction is made in state law between single and two parent families. All two parent families who meet state WorkFirst exemption criteria due to pregnancy or parenting an infant continue to be counted in the federal WPR as a work eligible individual. By state funding two parent households in the Pregnancy to Employment pathway, Washington can maintain its equitable treatment of families under state law while avoiding the negative WPR consequences of this state-only exemption from work activity.



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Washington State has not achieved the federally required TANF work participation target rates for FFY 2012. A review of work participation data shows that while sufficient numbers of TANF two-parent families are engaged in activities, not enough parents in these families are participating enough hours to meet participation requirements.

A state's failure to meet federal TANF work participation requirements results in a penalty to the state. In the first year that a state fails to meet both rates or fails just the 'all family' rate, the penalty is five percent of the federal TANF Block Grant for that year. For FFY 2012, this would be a penalty of approximately \$13.4 million. If a state fails only the two-parent target, the penalty is reduced to the ratio of the two-parent caseload compared to the all family caseload. For FFY 2012, this penalty would be an estimated \$1.5 million, for a total penalty of \$14.9 million. The penalty amount increases by 2 percent with each successive year of failure, up to a maximum of 21 percent of the federal TANF Block Grant.

#### PROPOSED SOLUTION

This request proposes a solely state funded program for a segment of the two parent caseload as one element of a Compliance Plan specifically targeted at improving the two parent participation rate. Creating a solely state funded program for two parents that contain a pregnant parent or infant less than 12 months of age would allow Washington to exclude these households from the count of two parent work eligible individuals. Two parent households initially issued assistance under the new state funded program, but who are later determined to have met the work participation requirements in any given month, will be included in the two parent WPR and federal funding claim. This process will allow Washington to maximize participation and minimize state-only funding costs, while maintaining the current policy of exempting parents who are pregnant or caring for a child under 1 year of age.

#### EXPECTED RESULTS

ESA anticipates this proposal would increase the two parent WPR and in conjunction with other CCP options would allow the state to meet the two parent WPR target.

#### STAKEHOLDER IMPACT

ESA believes the advocate community will support this proposal.