



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES

PO Box 45010, Olympia WA 98504-5010

August 12, 2010

Dear Tribal Leader,

As a valued partner in our service to families and children in need, I am writing to inform you of the state's plan to keep the budget for Washington's welfare-to-work program, WorkFirst, in balance. Faced with a \$51 million deficit for the remainder of the year, difficult decisions had to be made to ensure a balanced WorkFirst budget, protect the safety net for our neediest families, and maintain access to child care. These are painful cuts, but necessary to stay within budget.

The full list of reductions is enclosed. The Governor announced these reductions at a press conference this morning. Although specific reductions are identified in the list, the distribution of savings is subject to modification based on further analyses by the WorkFirst Subcabinet and caseload changes.

Please note that funding for Tribal TANF programs is not affected by these reductions.

Potential for Further Reductions

Further cuts will be necessary later if Congress chooses to not extend federal TANF emergency contingency funding. This is funding that states have relied on in the last two years to respond to the growing demand for services by families and children affected by the economic recession. We hope to receive \$62 million in extended federal funding, and this amount has already been written into the state budget.

Next Steps

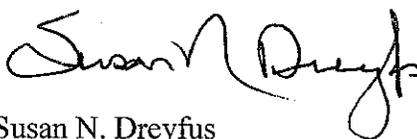
Over the next two weeks, the WorkFirst partnership will be providing additional details about how we plan to implement the reductions needed to address the \$51 million shortfall. We are committed to working with you and our community partners to carry out these changes in ways that are least harmful to those who will be affected.

During lean times like these it is clear that government cannot do this alone. It is more important now than ever that we join together and partner – with each other and with other state agencies, local governments, business, philanthropic organizations, and non-profit groups – to leverage

and maximize our resources and embrace our shared responsibility in helping people with significant social and economic challenges reach their full potential.

Thank you for your continued support. We look forward to working with you to build a strong and financially sustainable future for Washington's WorkFirst program.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan N. Dreyfus". The signature is fluid and cursive, with the first name "Susan" being the most prominent.

Susan N. Dreyfus
Secretary

Enclosure: WorkFirst Reductions for SFY 2011

cc: IPAC Delegate

WorkFirst Budget Reductions for State Fiscal Year 2011

August 12, 2010

Washington's Temporary Assistance for Needy Families (TANF) program, WorkFirst, is facing a \$51 million budget shortfall for State Fiscal Year 2011, which ends June 30, 2011. The shortfall is the result of increased demand for the program due to the economic recession, coupled with declining resources. In the last two years, the WorkFirst caseload has grown by more than 30% -- from 51,106 cases in July 2008 to 66,634 cases in June of this year.

**The distribution of savings identified in the table below is subject to modification based on further analyses by the WorkFirst Subcabinet and caseload changes.*

| Reduction | Description/Impacts | Savings * |
|--|--|--|
| Time Limit Extensions | | |
| Limit hardship extensions to 60-month lifetime time-limit, effective February 1, 2011 | <p>Families who reach the program's 60-month time limit will not qualify for a hardship extension unless the parent is:</p> <ul style="list-style-type: none"> • Disabled and not eligible for federal disability benefits, or disabled and pursuing federal disability benefits • Caring for a disabled child or adult household member • Families with an open child welfare case that involves a child in dependency for the first time • Addressing family violence issues • A relative caregiver over the age of 55 • Working full-time <p>This will impact about 5,555 families who will no longer qualify for a hardship extension.</p> | \$16.38 million |
| Child Care Reductions | | |
| Reduce eligibility to 175% of the federal poverty level (FPL), effective October 1, 2010 | <p>The income eligibility limit for Working Connections Child Care (WCCC) will be lowered from 200% to 175% FPL. This means that for a family of three, a parent's income must be less than \$2,670 per month to qualify for a child care subsidy.</p> <p>Expected to impact about 2,500 families who would no longer qualify for a WCCC subsidy; this represents about 6% of the current WCCC caseload.</p> | \$14.78 million |
| Reduce child care costs for two-parent families, effective October 1, 2010 | <p>Requirements for two-parent households will be aligned with federal rules to move more families from full-time to part-time care. With this change, one parent instead of both parents will be required to participate in work activities. Expected to reduce child care costs for about 1,900 WorkFirst families.</p> | \$2 million |
| Other Benefit Reductions | | |
| Reduce support services funding | <p>Funding for WorkFirst support services such as clothing, transportation, and personal hygiene will be reduced by 10%. \$14.13 million will still be available to provide these supports.</p> <p>These support services will also no longer be available to help former WorkFirst families starting October 1, 2010.</p> | <p>\$1.57 million</p> <p>\$1 million</p> |
| Reduce Additional Requirements/Emergent Need (AR-EN) benefits, effective October 1, 2010 | <p>Funding to prevent the loss of housing or utilities by WorkFirst families will be reduced by 28%. \$7 million will remain available for AR-EN. About 14,770 WorkFirst families receive this help each year.</p> | \$2 million |

| Reduction | Description/Impacts | Savings |
|---|--|------------------------|
| Reduce Diversion Assistance expenditures, effective January 1, 2011 | The maximum amount of Diversion cash assistance that an eligible family can receive will be reduced from \$1,500 to \$1,250. Diversion assistance is a lump sum payment designed to address a short-term need and divert potential WorkFirst families from the program. In the last 12 months, 8,184 families received Diversion assistance. | \$748,000 |
| Earned Income Disregard for Working WorkFirst Families | | |
| Reduce earned income disregard from 50% to 40%, effective April 1, 2011 <i>Requires statutory change</i> | Currently 50% of a family's income from work is not counted when calculating the family's eligibility for WorkFirst and grant amount. This will change to 40%, assuming legislation is passed to allow implementation. Expected to result in termination for 305 families, and reduced grants for about 4,600 families. | \$853,377 |
| Employment Security Department (ESD) Reductions | | |
| Reduce employment services | ESD will reduce expenditures for employment-related services by 2.1%. | \$400,000 |
| Suspend Career Services Program, effective October 1, 2010 | This program helps former WorkFirst parents who are working and looking for career advancement opportunities. Suspension will affect over 4,000 families. | \$2.7 million |
| Department of Commerce Reduction | | |
| Reduce funding for supported works programs, effective October 1, 2010 | The Department of Commerce provides parents with opportunities to work in paid and unpaid subsidized jobs. Funding for these programs will be reduced by 9.8%. There are currently about 8,560 enrollment slots in these programs. | \$3 million |
| State Board for Community and Technical College (SBCTC) Reductions | | |
| End tuition assistance for former WorkFirst parents, effective October 1, 2010 | Funding will end for tuition assistance for former WorkFirst parents. Over 1,200 students receive tuition assistance after leaving WorkFirst in the fiscal year ending June 30, 2009. | \$500,000 |
| Reduce education and training expenditures | Funding for WorkFirst employment and training programs for current WorkFirst parents will be reduced by 10%. | \$2 million |
| Department of Social and Health Services (DSHS) Reductions | | |
| Reduce program support costs | The Department of Social and Health Services will reduce program support costs by 6%. | \$4.01 million |
| Eliminate external three-person Sanction Review Panel, effective October 1, 2010 | This panel reviews all cases that have been sanctioned due to non-participation in required work activities and decides whether they should be closed after four months in sanction. Families can still request an Administrative Hearing at any point in the sanction process. | \$322,500 |
| Total Reductions | | \$52.26 million |