



WELFARE REFORM IN WASHINGTON STATE (A)

Clare Banks, assistant to the director of the WorkFirst division at the Washington Department of Social and Health Services (DSHS), looked up from the WorkFirst evaluation she was reading and reflected on the changes in the welfare system during her fifteen years with the agency. Welfare had always been a controversial issue. As federal and state policymakers evaluated and reevaluated the mission and goals of welfare provision, minor changes to the state's welfare system were attempted. Efforts to build the human capital of welfare recipients met with little success, and, under Governor Mike Lowry, few changes were made to Washington's welfare system. All that changed in 1996, when President Clinton's promise to "end welfare as we know it" was realized through passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), fundamentally changing the welfare system nationwide.

PRWORA eliminated the old Aid to Families with Dependent Children (AFDC) program and replaced it with a Temporary Aid to Needy Families (TANF) block grant, giving states the funds to design and implement their own plan to help move families from welfare to work. Under Governor Lowry, the transition was essentially stalled. In 1996, however, Gary Locke was elected and, in April of 1997, Governor Locke signed into law House Bill 3901, creating the WorkFirst program. Washington was the last state to implement a TANF plan.

Governor Locke counted welfare reform among his greatest accomplishments. Since the implementation of the state's TANF plan, state spending on welfare had been reduced by nearly half and the proportion of the state's population receiving welfare was at its lowest level in thirty years.

After passage of the state's TANF plan, Governor Locke created a sub-cabinet WorkFirst group that drafted a set of performance measures to set targets for the four state agencies involved in implementation and to demonstrate the results of WorkFirst. The state legislature and DSHS also created their own performance measures. One of the most important performance goals was a reduction in the number of families on public assistance, as measured by decline in the Washington State welfare caseload. When WorkFirst was established in 1997, the state legislature had mandated a 15% reduction in the caseload from 1997-1999, followed by a decrease of 5% from 1999-2001. Though

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WorkFirst was exceeding the legislative targets, the Governor's performance measures, formulated by the Office of Financial Management (OFM), set more stringent goals. Governor Locke had made welfare reform one of his top priorities, and meeting the Governor's targets was also important. This placed increased pressure on the agencies implementing WorkFirst, especially DSHS. Although Governor Locke stated in 1999 that "for me, welfare reform has never been about reducing caseloads,"¹ DSHS had been compelled to do just that. As the 2000 elections rolled around, and the rate of decrease in the caseload slowed, the WorkFirst division felt the pressure to continue to lower caseloads. The June 2001 target, set by the OFM, called for a reduction in the caseload to 47,100. As of February 1, 2001, the caseload stood at 54,801.

Banks sighed and returned to the WorkFirst study. The information in the evaluation, conducted by the University of Washington and the Social and Economic Science Research Center at Washington State University, could help her to discover why the decline in the caseload had slowed and what could be done to further decrease the number of individuals on welfare. She was glad that her new intern, who had taken a course in quantitative analysis, was starting tomorrow and could help her analyze the evaluation's findings.

The Foundations of the American Welfare State

The American welfare system was born during the Great Depression of the 1930s. Before the Depression, public assistance was provided through private charities and state and local governments. Due to the extreme poverty and unemployment of this period, the federal government believed a large-scale policy approach was needed, challenging the belief that public assistance was a local responsibility. President Franklin Roosevelt responded by creating the Social Security Act of 1935, the foundation of the US welfare system. The Act instituted a federal program of retirement benefits and a joint federal and state unemployment insurance program. The federal government also provided states with federal funds to develop vocational programs, public health and child welfare programs, and what later came to be known as Aid to Families with Dependent Children (AFDC). President Lyndon Johnson made the next significant changes to the welfare system, establishing the food stamp, Medicare, and Medicaid programs. Over the next 30 years, the welfare system was expanded and modified many times. Meanwhile, debate over the merits of the American welfare system continued.

The Ongoing Debate

Welfare has been a controversial issue in America since its inception. During the Depression, critics worried that public assistance programs would create dependency and stifle private initiative. Proponents felt that poverty was the byproduct of a capitalist state, and the government should be responsible for those who did not have economic security. The debate continues today. The cost of providing welfare services continued to climb

¹ Address to the WorkFirst Leadership Conference, March 24, 1999

throughout the 1970s and 1980s as the number of individuals on welfare increased. In response to these developments, the 104th Congress passed legislation in 1996 that fundamentally changed the structure of the welfare system in the U.S.

Restructuring Welfare

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) was signed into law by President Bill Clinton on August 22, 1996. Title I was the most sweeping provision of PRWORA. It established the Temporary Assistance to Needy Families block grant and eliminated AFDC. Under TANF, welfare was no longer an entitlement. States had discretion over the use of the block grant and were assigned the responsibility of designing welfare programs. The Act had considerable impact on welfare policy, and states had to meet a number of stipulations if they wanted to avoid a decrease in federal funding. The most significant federal changes included:

- A client may only receive TANF benefits for a maximum of five years, though states can exempt 20% of their caseload from this requirement, and cash assistance may still be provided with state funds.
- Adults are required to work within two years of receiving benefits.
- As of 2001, single parents are required to work 30 hours per week and two-parent households must have at least one parent working a minimum of 35 hours per week. A twelve-month exemption exists for parents with children under the age of one.
- States that fail to meet the work participation requirement will face reductions in their TANF grant.
- PRWORA provides incentives for states and individuals to decrease caseloads and increase work participation.

WorkFirst in Washington State

Aside from the federal stipulations, PRWORA gave states significant freedom in designing their own welfare programs. In response to PRWORA, many states instituted WorkFirst programs, which emphasize immediate participation in job search or employment rather than education. In Washington, WorkFirst was enacted by the 1997 State Legislature. It was expected to reduce the number of individuals on welfare and increase employment and incomes by helping people in low-income families “find jobs, keep their jobs, find better jobs, and become self-sufficient.” Overall, WorkFirst followed the guidelines laid out in PRWORA, with a few differences.

Time Limits for Federally Funded Assistance: Under WorkFirst, TANF benefits were time-limited for five cumulative years. Medical benefits and food stamps remained entitlements.

Work Requirements: WorkFirst clients had to work. Clients who did not meet work requirements would have their benefits reduced. To facilitate their achievement of the work requirements, clients were required to participate in subsidized or unsubsidized

employment, job search workshops, on-the-job training, pre-employment training, job-related training, or community service. Parents of children under the age of three months were exempt from work requirements, as were clients who could not find childcare for children under six.

Benefits for Working Families: WorkFirst provided subsidized childcare to low-income working families. WorkFirst also provided assistance with medical costs while clients were receiving welfare benefits and for up to one year after benefits ended. Transitional Medicaid remained an entitlement and was provided to families whose income precluded them from receiving welfare. Food stamps also continued as a federal entitlement, though eligibility requirements changed. Single adults from 18 to 50 without children were limited to 3 months of food stamps in a 36-month period, though coverage could be extended in some situations. In addition, Washington continued to aggressively pursue child support from noncustodial parents. If clients failed to cooperate with DSHS, their benefits could be decreased.

Washington WorkFirst also provided language instruction for clients with limited English language skills, tuition assistance to low-income working families, and specialized programs for clients who would have the most difficult time transitioning from welfare to work. In addition, WorkFirst provided cash, food stamp, and medical assistance to legal immigrants. PRWORA excluded legal immigrants who entered the US after August 22, 1996 from receiving non-emergency related public assistance. Governor Locke set aside state funds to provide cash and medical assistance to legal immigrants excluded from benefits under the federal legislation.

In Washington, four state agencies shared responsibility for the WorkFirst program: DSHS, the Employment Security Department (ESD), the State Board for Community and Technical Colleges (SBCTC), and the Department of Community, Trade, and Economic Development (CTED). DSHS was the entry point for clients. Once they established eligibility and were assigned to a case manager, they were referred to ESD for job search services. Training for basic skills and job advancement was available through community and technical colleges overseen by the SBCTC while CTED provided business outreach, planning coordination, and a specialized job program, Community Jobs.

Evaluating WorkFirst

Studies used to monitor and assess Washington's WorkFirst program came from a number of different sources. As mandated by the state legislature, the Joint Legislative Audit and Review Committee (JLARC), a bipartisan legislative committee, conducted studies of state-funded programs on behalf of the legislature, recommending policy and fiscal changes to improve these programs. The Washington State Institute for Public Policy (WSIPP) also conducted non-partisan research at legislative direction. The WorkFirst Study, a collaborative effort of Washington's Employment Security Department, Washington State University, and the University of Washington, sought to

examine the process of leaving TANF. Washington State also conducted its own research, primarily through DSHS.

Data for WorkFirst evaluations came also from various sources. Administrative data included data from DSHS and AFDC/TANF, Unemployment Insurance, Food Stamp, and Medicaid records. Other forms of data included telephone survey data, such as that found in the WorkFirst study.

Conclusion

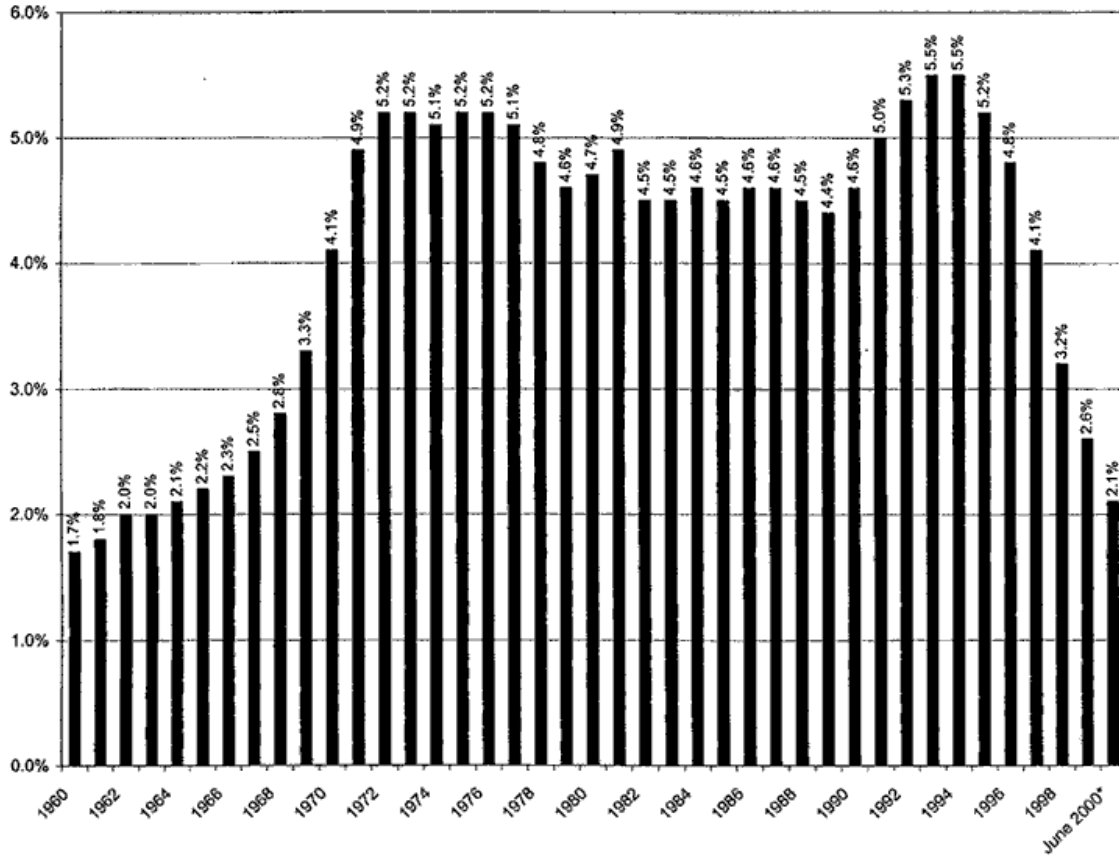
The transformation that Clare Banks had witnessed over the past five years was definitely remarkable. A number of evaluations and reports published since 1997 illustrated the changes in Washington's welfare system. Employment and wages among TANF recipients had increased moderately, and, since 1997, the welfare caseload had decreased by 45%. State spending on welfare fell from \$452 million in 1997 to \$201 million in the 2000 fiscal year. These figures were taken by many as a sign that WorkFirst was having the desired impact – getting clients employed, off welfare, out of poverty, and into financial security. Washington's WorkFirst program was often cited as an example of how welfare reform can work for the poor.

Overall, Banks felt that the decline in the caseload was a positive development. Fewer clients were entering welfare and more clients were leaving welfare. In general, decrease in the caseload was due to more clients exiting the welfare system or fewer clients entering the welfare system. At any given point, Washington's overall caseload was composed of three groups: clients who were continuous TANF recipients, clients who exited TANF and then returned (repeating TANF recipients), and new clients. After PRWORA was enacted, the percentage of continuous clients fell, with the bulk of the caseload composed of repeating welfare recipients. Repeating welfare recipients, clients who seemed to have a difficult time staying employed, were of the most concern to Banks. This dynamic of flows on and off welfare also had implications for understanding the determinants of caseload size and its evolution over time. If DSHS was going to help clients move from welfare to work, Clare Banks had to determine the causes of this recidivism.

The recidivism, compounded by the recent slowdown in the decline of the caseload, worried Banks. DSHS was already under pressure from the governor and the legislature to demonstrate the impact of WorkFirst – and this was largely measured by the decline in the welfare caseload. Banks knew that before long she would have to come up with answers for the deceleration in caseload decline, and recommendations for how WorkFirst could address these issues.

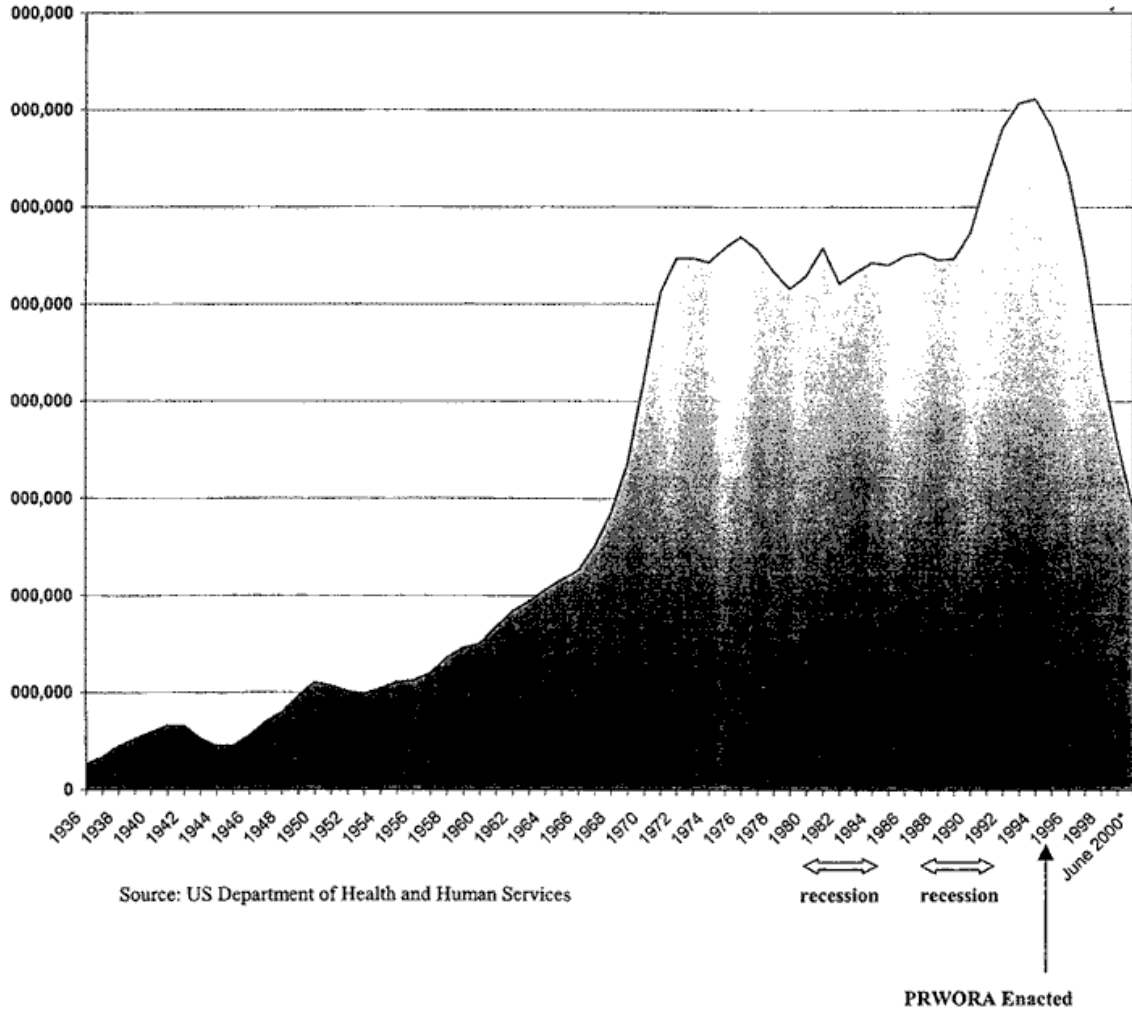
- Appendix 1: Percent of the US Population on Welfare 1960 –2000**
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Appendix 1: Percentage of the US Population on Welfare 1960–2000



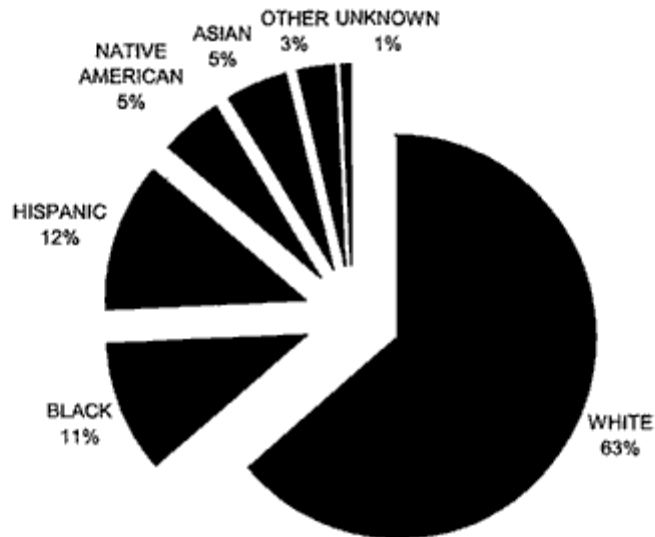
Source: US Department of Health and Human Services

Appendix 2: US Welfare Recipients 1936 – 1999

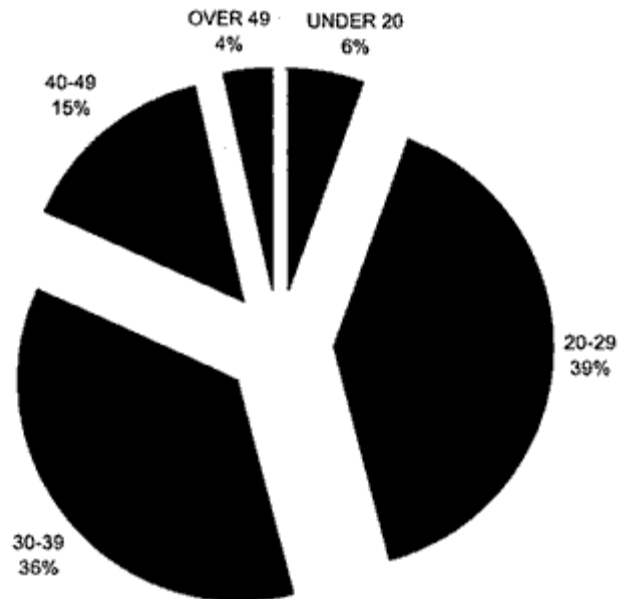


**Appendix 3: Composition of Washington State's TANF Caseload
October 1997 – September 1998**
Source: Department of Health and Human Services

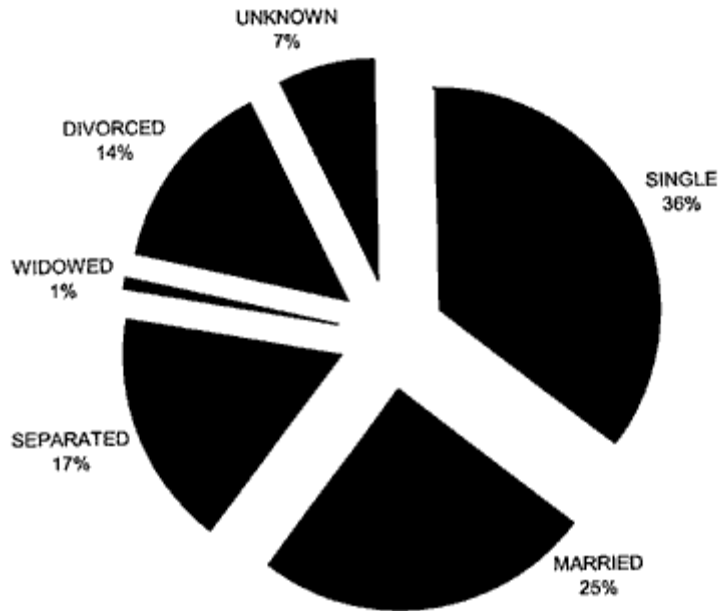
Racial Composition of TANF Families



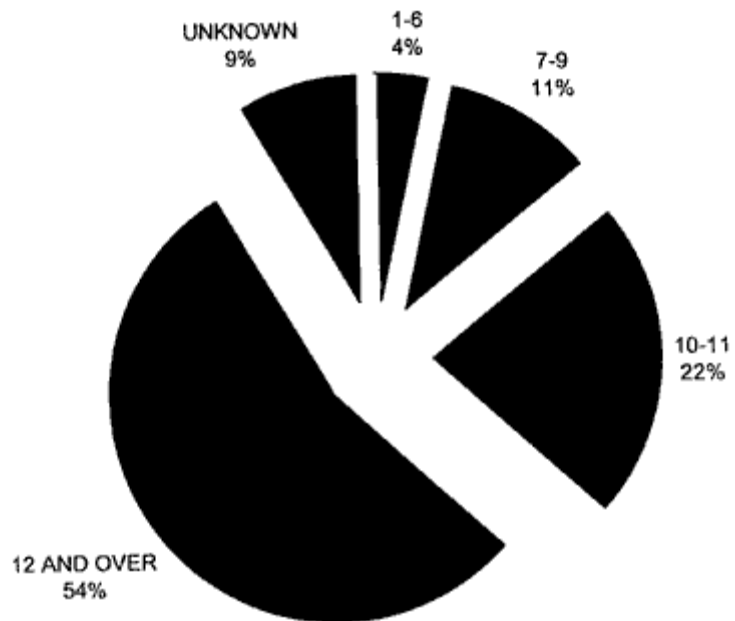
Age of Adult TANF Recipients



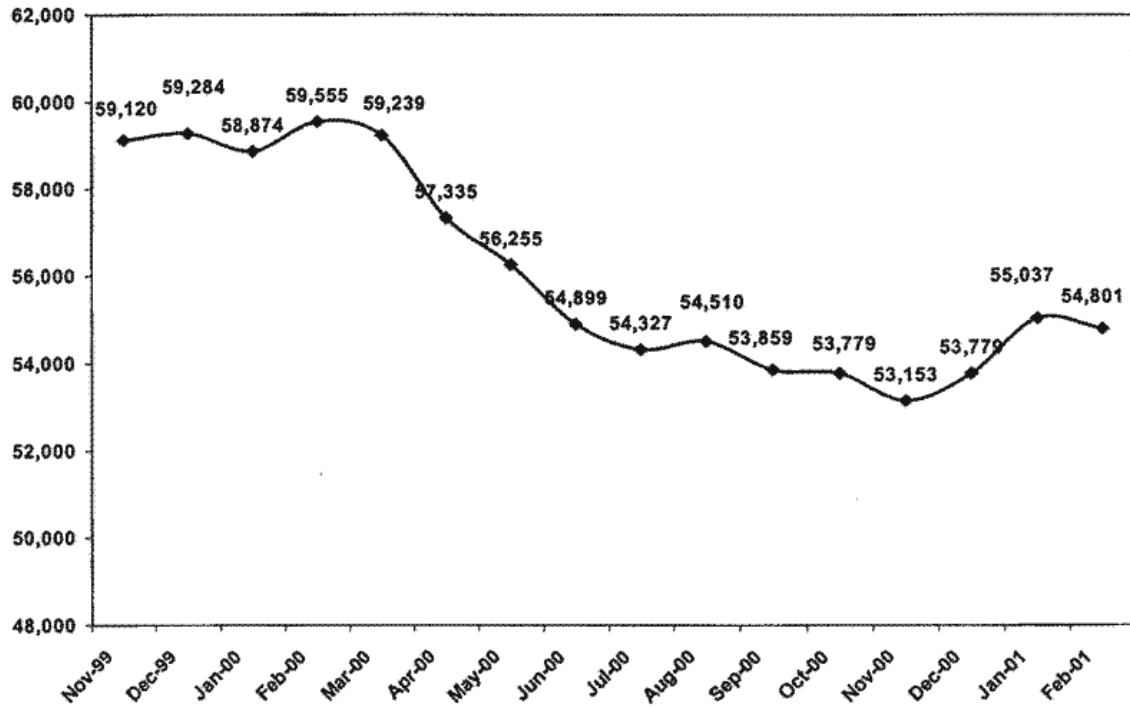
Marital Status of Adult TANF Recipients



Years of Education of Adult TANF Recipients



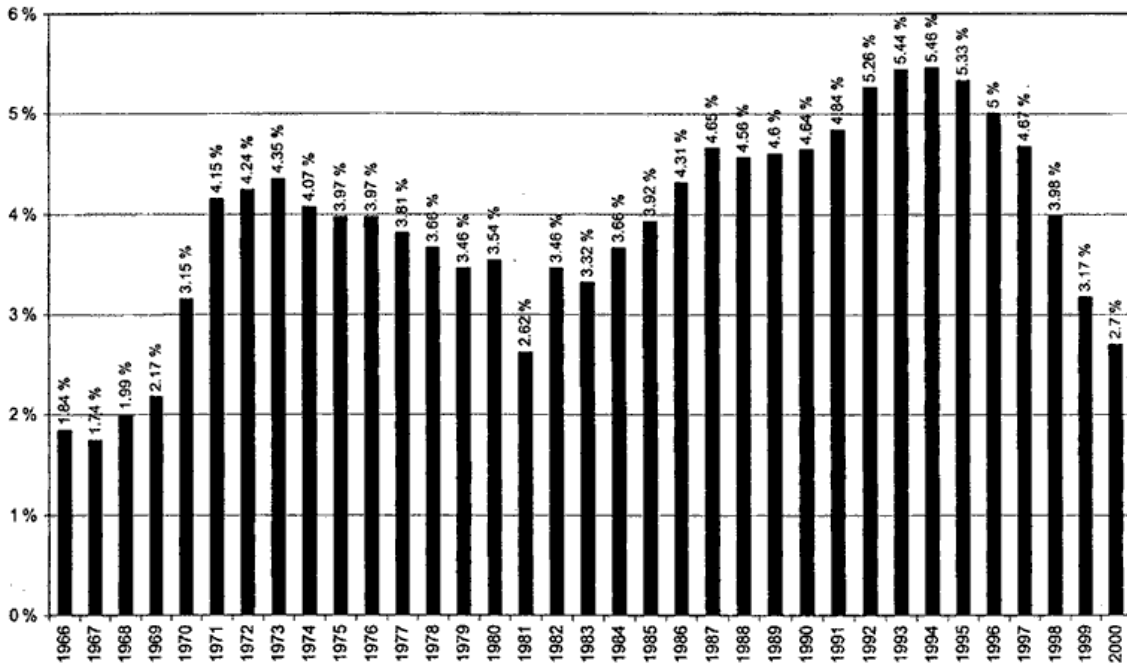
Appendix 4: Washington WorkFirst Cases November 1999 – February 2001



Source: Department of Social and Health Services

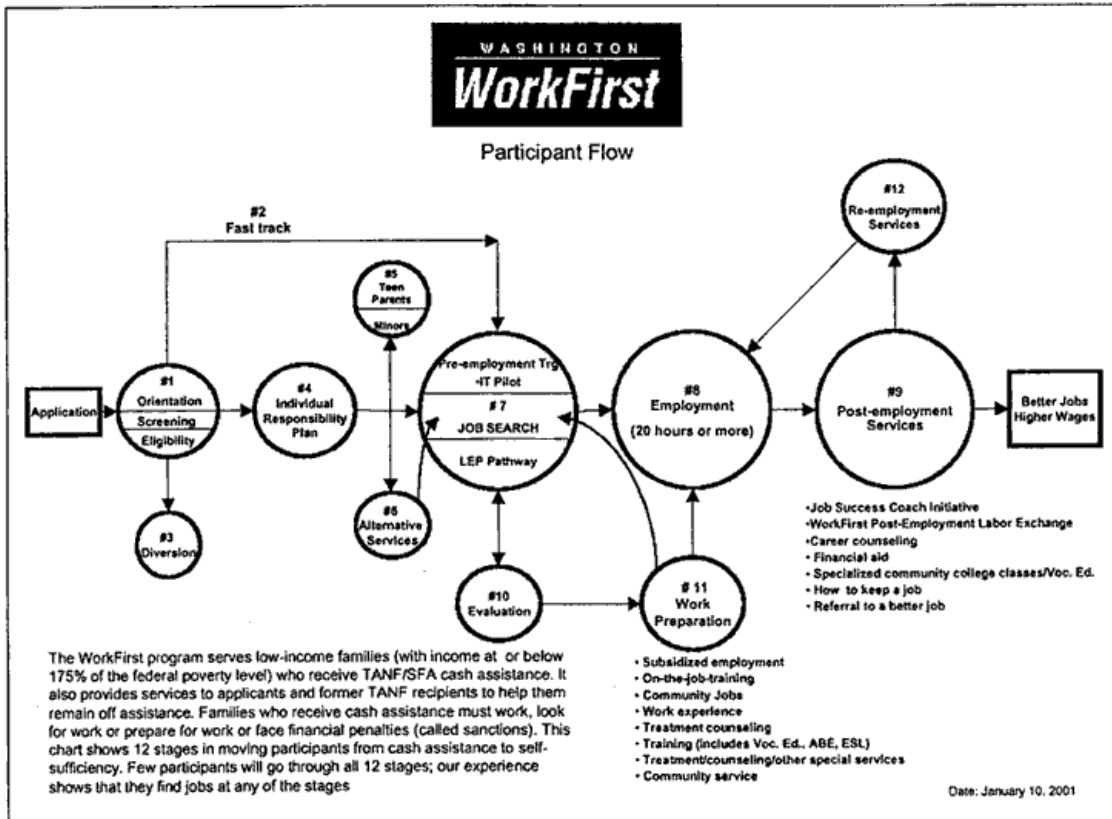
Appendix 5: Average Monthly AFDC/TANF Recipients as a Percent of Washington State Population by Fiscal Year

Average Monthly AFDC/ TANF Recipients as a Percent of Washington State Population by Fiscal Year



Source: Department of Social and Health Services

Appendix 6: Washington WorkFirst Participant Flow Chart



Source: Washington WorkFirst

Appendix 7: WorkFirst Study Project Description



The WorkFirst Study 3000 Washington Families

The WorkFirst Study will provide information not currently available from any other source that is necessary to improve the management of the WorkFirst program. Understanding the transition to self-sufficiency and the effect of various program elements requires longitudinal information. Washington has well-developed management information systems that provide some important longitudinal information. However, because of gaps in the available administrative data, currently available data cannot adequately describe the process of leaving and staying off Temporary Assistance for Needy Families (TANF).

Data collection and analysis is being conducted by the Social and Economic Science Research Center, at Washington State University. Dr. Marieka Klawitter, from the Daniel J. Evans School of Public Affairs at the University of Washington, leads the study analysis team. The study director is Greg Weeks, PhD, director of the Labor Market and Economic Analysis branch of the Washington State Employment Security Department. Dr. Weeks was responsible for the Family Income Study, the five-year longitudinal study of Washington's low-income population.

The survey collects information on a broad range of activities and characteristics for a sample of 3000 current and former WorkFirst clients. Respondents are being re-interviewed annually in order to track the transitions and changes in their lives and to identify which WorkFirst components, training, or educational activities are related to leaving and staying off TANF. The survey information is merged with administrative data to form an unbroken record, over time, of clients' activities and characteristics. The survey questionnaire covers the following topics:

Family structure	Food economics and food bank usage
Labor market activity	Help from family, friends, and local services
Education and training	Children's school performance
WorkFirst activities	Childcare (use, cost, quality)
Household income	Mental health
Health and insurance	Substance abuse
Housing	Domestic violence
Fringe benefits from work	Criminal activity

The study sample represents Eastern and Western Washington, urban and rural counties, one and two-parent cases, and minority clients in sufficient numbers for sub-group analysis. The sample is being refreshed by new sample members each year to ensure the survey accurately represents the current TANF caseload.

The WorkFirst Study began interviewing in December 1999 with initial interviews of 3000 TANF clients. Reports, analyses and published issue papers will be produced regularly.

What policy questions will be answered? Through our analyses of the survey data, we will address a variety of important policy questions, including:

- What program elements help clients leave welfare and stay off?
- What helps people keep their jobs and earn more income?
- Which post-employment services help clients stay employed?
- What are the measurable effects of WorkFirst on children, including outcomes?

Source: Washington WorkFirst

WELFARE REFORM IN WASHINGTON STATE (A)

Research Design Questions

1. What is the overarching question that Clare is seeking to answer?
2. What is the population of interest to Clare?
3. What do you need to know to answer the question and what methods would you use to answer it?
4. What theories help you to understand the potential answers to the question? Are there issues that the theories do not address?
5. What hypotheses are suggested by the question and how would you test them?
6. What comparisons would you make in order to answer Clare's question and test your hypotheses?
7. Identify and define potentially relevant variables. Are they quantitative or qualitative (or both)? How would you measure these variables?
8. What unit of analysis would you use (individual, family, household, etc.)?
9. What research method(s) would you use (experiments, survey research, existing data research, etc.)?
10. What sort of data would be useful (cross-sectional, trend, panel etc.)
11. How would you collect data?
12. How would you conduct data analysis?
13. What constraints or problems (budgetary, political, etc.) could your research face?