

# Income Support and Social Services for Low-Income People in Washington

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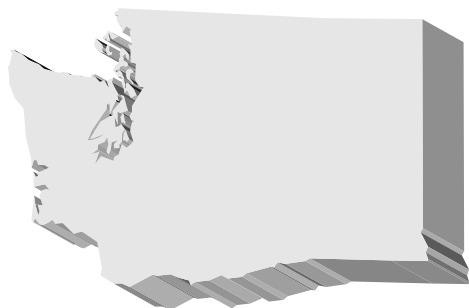
*The Urban Institute*

*State Reports*



Assessing  
the New  
Federalism

*An Urban Institute  
Program to Assess  
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This report is part of The Urban Institute's *Assessing the New Federalism* project, a multi-year effort to monitor and assess the devolution of social programs from the federal to the state and local levels. Project codirectors are Anna Kondratas and Alan Weil. The project analyzes changes in income support, social services, and health programs. In collaboration with Child Trends, Inc., the project studies child and family well-being.

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The nonpartisan Urban Institute publishes studies, reports, and books on timely topics worthy of public consideration. The views expressed are those of the authors and should not be attributed to The Urban Institute, its trustees, or its funders.

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# About the Series

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**A**ssessing the New Federalism is a multi-year Urban Institute project designed to analyze the devolution of responsibility from the federal government to the states for health care, income security, employment and training programs, and social services. Researchers monitor program changes and fiscal developments. In collaboration with Child Trends, Inc., the project studies changes in family well-being. The project aims to provide timely nonpartisan information to inform public debate and to help state and local decisionmakers carry out their new responsibilities more effectively.

Key components of the project include a household survey, studies of policies in 13 states, and a database with information on all states and the District of Columbia, available at the Urban Institute's Web site. This paper is one in a series of reports on the case studies conducted in the 13 states, home to half of the nation's population. The 13 states are Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin. Two case studies were conducted in each state, one focusing on income support and social services, including employment and training programs, and the other on health programs. These 26 reports describe the policies and programs in place in the base year of this project, 1996. A second set of case studies to be prepared in 1998 or 1999 will describe how states reshape programs and policies in response to increased freedom to design social welfare and health programs to fit the needs of their low-income populations.

The income support and social services studies look at three broad areas. Basic income support for low-income families, which includes cash and near-cash programs such as Aid to Families with Dependent Children and Food Stamps, is one. The second area includes programs designed to lessen the

dependence of families on government-funded income support, such as education and training programs, child care, and child support enforcement. Finally, the reports describe what might be called the last-resort safety net, which includes child welfare, homeless programs, and other emergency services.

The health reports describe the entire context of health care provision for the low-income population. They cover Medicaid and similar programs, state policies regarding insurance, and the role of public hospitals and public health programs.

In a study of the effects of shifting responsibilities from the federal to state governments, one must start with an understanding of where states stand. States have made highly varied decisions about how to structure their programs. In addition, each state is working within its own context of private-sector choices and political attitudes toward the role of government. Future components of *Assessing the New Federalism* will include studies of the variation in policy choices made by different states.

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# Highlights of the Report

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**T**his report focuses on the baseline conditions of cash assistance and social services in Washington state, as it embarks on the new welfare reforms specified in the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996—in particular, the replacement of Aid to Families with Dependent Children (AFDC) with Temporary Assistance to Needy Families (TANF).

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## State Overview

Washington is the 18th-largest state in the United States, with a population of 5.3 million in 1995. Between 1990 and 1995, Washington's population grew by almost 12 percent, nearly twice the rate of the United States. This rapid growth, primarily the result of interstate migration and immigration, reflects the attraction of the state's strong economy, particularly in the Seattle/Puget Sound region, with its strong aerospace, high-technology, and telecommunications industrial base. In 1995, Washington's prosperity translated into a higher-than-average per capita income (\$23,774) and lower poverty rate (12.6 percent) than the national average. In addition, Washington has fewer children without health insurance, fewer low-birth-weight babies, lower infant mortality and morbidity, fewer births to teenagers (particularly unmarried teenagers), and a larger share of two-parent families than the national average.

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## Setting the Policy Context

Washington has a long history of providing a strong safety net in support of low-income families, both those on welfare and the working poor. In 1996,



almost 20 percent of the state's general fund, which pays for public schools, public assistance and social services, natural resource management, and environmental protection, went to AFDC and Medicaid. However, in recent years, Washington's safety net has faced mounting pressures from Initiative 601 (a ballot referendum passed in 1993 that limits state spending), a new Republican-controlled legislature, and federal welfare reform.

Under Initiative 601, increases in general fund expenditures are limited to the rate of inflation and total population growth. Although not yet binding, with the populations served by education, corrections, and elderly services growing faster than the population overall and health care costs rising faster than inflation, complying with the spending cap in the future will mean cutting services or improving the efficiency of service delivery. The state has undertaken several initiatives to improve the efficiency of the provision of public services, including performance-based budgeting, regulatory, and quality reviews, performance management systems in the workforce development and child care welfare systems, and the use of managed care in the Medicaid program.

During the 1990s, the political landscape in Washington has shifted to the right, with fiscal constraint a high priority. Although the state governorship remains Democratic, Republicans gained control of the House of Representatives in 1994 and the Senate in 1996. The shift in political focus in Washington has been more moderate than the national shift, consistent with the state's history of bipartisan cooperation and support for many public programs. In fact, the legislature appropriated state funds to replace some of the federal benefits eliminated under the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 and increased funding for health insurance coverage and child care assistance for the low-income working population in anticipation of the demands placed on those programs because of the provisions in PRWORA.

Washington's safety net is funded and administered primarily at the state level, largely through a single state agency, the Department of Social and Health Services. Cities and counties have only limited infrastructure for providing social services, and there is little interest in building up that infrastructure.

Surprisingly, despite Washington's progressive history, the state does not have an income tax. The state's general fund is derived primarily from property taxes, licenses, permits and fees, and federal grants, resulting in a very regressive tax system.

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## Basic Income Support

In 1996, Washington's AFDC program was among the most generous in the United States, and for those who did not qualify for AFDC, the state maintained a general assistance program for children, pregnant women, and incapacitated

or disabled persons. Washington's AFDC program served approximately 66 percent of all poor persons in families with children in an average month, compared with 44 percent for the median state. When combined with the benefits from the Food Stamp program, a Washington family of three could have received \$835 per month, 77 percent of the poverty threshold.

Washington started out ahead of federal welfare reform, implementing a welfare reform waiver demonstration, the Family Independence Program (FIP), prior to the federal Family Support Act of 1988. FIP emphasized a path to self-sufficiency through voluntary participation in education and training—the carrot rather than the stick—and attracted widespread support in the state. When it was determined that FIP led to higher welfare participation and no increase in employment, support for FIP dissipated. Because the employment and training program under the Family Support Act, the Job Opportunities and Basic Skills (JOBS) program, was perceived as very similar to FIP, there was little enthusiasm for JOBS in Washington. The state's AFDC/JOBS program during the mid-1990s has been characterized as having a strong “caretaker” focus, with relatively little focus on employment. In 1994, the state initiated a second demonstration program—Success Through Employment Program (STEP)—which incorporated a stronger work focus and benefit reductions for families on welfare for more than five years. STEP was repealed under Washington's April 1997 welfare reform legislation creating WorkFirst, the state's response to federal welfare reform.

Unlike many other states, Washington did not experience a substantial decline in its AFDC caseload during the mid-1990s. Between January 1993 and January 1996, the AFDC caseload had declined by 18 percent in the median state. In Washington, the caseload decline was only 4 percent. Washington's relatively stable AFDC caseload over this period has been attributed to the state's rapid population growth and higher-than-average unemployment rate (particularly in rural areas). The state's limited focus on employment under JOBS is likely to have been a contributing factor as well.

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## Programs that Promote Financial Independence

To promote self-sufficiency, cash assistance programs often need to be supplemented with employment and training, subsidized child care, child support collection efforts, and health insurance coverage.

### Employment and Training

Washington state received almost \$180 million in federal funds from more than 40 different workforce development and employment programs in 1996. State and local expenditures supplemented these funds. Four agencies control the vast majority of the funds: the State Board for Community and Technical Colleges (SBCTC) for adult basic education; the Office of the Superintendent of



Public Instruction (OSPI) for secondary vocational-technical education; the Employment Security Department (ESD) for job placement services and Job Training Partnership Act (JTPA) programs; and the Department of Social and Health Services (DSHS) for the JOBS program. For the programs administered by ESD and DSHS, private and nonprofit vendors (in addition to SBCTC) provide many of the services under contract.

The Workforce Education and Training Coordinating Board (WETCB), established by the legislature in 1991 to improve program efficiency and coordination, guides employment and training activities in the state. The WETCB is credited with providing a forum for business and labor to be heard on workforce development issues and for brokering agreements for a shared information system, systemwide skills standards, and performance monitoring.

During our site visits in March 1997, the welfare reform legislation that passed the state legislature in April 1997 was being debated and the state was in the midst of developing a single access point for employment and training services. But welfare and nonwelfare clients were still accessing those services via different paths. The primary program serving welfare families in 1996 was the JOBS program, with its skills development rather than “work first” focus. Many of the state’s JOBS participants were involved in remedial education, high school completion or equivalency programs, or higher education. Access to employment and training services was less clear-cut for the nonwelfare population in 1996 because of the wide range of programs and organizations providing services in the state. At the time of our site visit, the state’s effort to develop a One-Stop Career Center was in its early stages. A statewide system of electronic kiosks had been developed to facilitate access to services, and local communities were in the process of developing local partnerships. Washington’s One-Stop Career Centers are building on a program initiated in the state in 1994, Integrated Service Delivery, in which selected local communities developed strategies to improve access to labor market information and education and training opportunities.

Combined with the changing system for accessing employment and training services, there has been a shift in the types of services for the nonwelfare client that is similar to that which occurred for welfare clients under the JOBS program. Services for nonwelfare clients have also moved from skills development training toward short-term training and job placement as a way to stretch the training dollars. This shift is expected to intensify with welfare reform’s even greater focus on immediate job placement and employment.

## **Child Care**

Washington invests heavily in child care and early childhood programs both for those on welfare and for the working poor, with many features of the state’s current system preceding the expanded federal role in child care of the 1990s. In 1996, the state allocated substantial levels of state resources beyond that required to draw down federal funds, including the funding of its comprehensive Early Childhood Education and Assistance Program (ECEAP) for low-income four-year-

olds. The combined federal and state child care funds served about 23,000 children from families on welfare or transitioning off welfare and nearly 14,000 children from nonwelfare families in an average month. The ECEAP reached about 7,000 children and, together with the federal Head Start Program, served about 85 percent of its target population of low-income four-year-olds.

For nonwelfare families, federal and state funds were combined in a single program, the Employment Child Care Program, in 1996. When it was created in the early 1990s, that program operated as an entitlement, serving all eligible families that applied. However, the entitlement aspect of the program was eliminated soon thereafter as demand exceeded the available funds. In an effort to serve a greater share of the nonwelfare population seeking assistance, Washington's legislature has periodically increased the funds available for child care assistance. At the time of our site visit, the level of funding was such that all families seeking assistance were being served. As part of its response to federal welfare reform, Washington established a single consolidated child care system for all low-income families, welfare and working poor, in 1997.

### **Child Support**

Washington has often led the nation in child support enforcement, with established policies in new-hire reporting, in-hospital paternity establishment, and centralized cash management. The state is well positioned with respect to the child support changes under the new federal legislation, as most of the key elements were already in place. Washington's child support system was one of the first state systems to receive federal certification. In 1996, DSHS was working to continue to improve access to child support services, including establishing better links between the child support enforcement program and other agencies, starting an education campaign to inform Head Start and similar programs about child support services and to encourage referrals, and developing procedures for access via the Internet.

### **Medicaid and Other Health Insurance**

Washington is a leader in providing public health insurance coverage. The state's generous Medicaid program—together with a number of state-only health programs that include a large subsidized program targeted to the low-income working population (the Basic Health Plan)—provide health insurance to about 15 percent of Washington's population. At the same time, Washington has implemented health insurance reforms to improve access to and affordability of private health insurance. At least in part as a result, a lower share of its nonelderly population is without health insurance than in the nation.

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## **Last-Resort Safety Net Programs**

Although one of the goals of devolution is to promote the well-being of children and families, it is important to consider what might happen to families for



whom the new rules and programs do not work as designed. Child welfare and housing emergency services have existed for a long time to “pick up the pieces” when families cannot cope.

### **Child Welfare**

Washington interprets child welfare broadly, to include strengthening families as well as protecting children from abuse and neglect. Washington was one of the first states to provide family preservation services, a program which has recently been expanded from the intensive service model to include an option for less intensive services over a longer period. The state has also moved to an alternative response system intended to prevent families from reentering the child welfare system by providing a continuum of community-based services. In addition, the state provides a wide range of child protective services, in-home supportive services, family support programs, and out-of-home and permanent placements. Concerns about the effectiveness of the state’s child welfare system were raised in the mid-1990s in response to several high-profile cases of child abuse and child deaths. As a result, greater accountability of the child welfare system has been a high priority for the state over the past several years.

### **Emergency and Homeless Services**

The state has a long history of innovative programs to address the problem of homelessness. Beginning in the 1980s, the legislature appropriated funds for emergency shelters, homelessness prevention, mortgage and rental assistance, housing acquisition, and upgrading programs. These funds include over \$200 million since 1989 for the state’s Housing Trust Fund.

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## **Implications of the New Federal Reform Legislation**

The replacement of AFDC with TANF and associated changes in federal law are leading to major changes in a state that has traditionally viewed the goal of welfare and welfare reform as training and educating recipients for long-term success in the world of work rather than imposing short-term work requirements. The welfare reform bill the governor signed into law in April 1997 created WorkFirst, a program whose first priority is helping welfare recipients find paid employment in the private sector through up-front job search, work experience activities, and short-term education and training. Postemployment services are provided to help increase job tenure and facilitate movement up the wage ladder. This is in sharp contrast to the state’s JOBS program, which focused on developing skills even if it meant postponing work.

As a part of the WorkFirst effort, the state is creating a completely integrated child care service delivery system, expanding services to help immigrants naturalize, and providing (state-funded) cash and food assistance to immigrants excluded from federal assistance. The administrative structure will also change,

with DSHS sharing responsibility for WorkFirst with several other state agencies. There is hope within DSHS, other state agencies, and many nongovernmental organizations that this new initiative will simplify the welfare-to-work nexus, tap into the business and social networks that exist statewide, and energize state staff to run a more aggressive work-focused program.

But there are barriers to implementing WorkFirst. First, modifications will be required in the state's information systems to track individuals over time. Second, the increased TANF caseload relative to JOBS may strain the systems for education and training, job placement, and child care. Third, it is not clear that the economy, particularly in the rural areas, can accommodate the influx of new low-skilled workers that is anticipated under TANF. Finally, there is concern that the nonprofit service providers, already reported to be at capacity, may not be able to handle any additional people who may fall through the public safety net. These concerns are exacerbated because Washington state's welfare caseload did not fall in the early 1990s, so the state will not receive the substantial fiscal windfall that many states can count on in the transition from AFDC to TANF block grants, and the state faces future spending constraints under Initiative 601. In an effort to reconcile the desire to maintain a strong safety net with impending fiscal constraints, the state is undertaking several efficiency-improving initiatives, including performance-based budgeting, regulatory and quality reviews, and increased program accountability.



# Introduction

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**W**ashington has a tradition of ensuring the well-being of its low-income population through a strong system of income, health, and social supports. Over the past decade, Washington has been a state leader in developing innovative new programs, ranging from efforts to address universal health care coverage to beginning the family preservation movement in child welfare. However, as in many states, there has been a reassessment of support for the safety net for children and families in the face of competing demands for limited resources, a conservative shift within the state, and federal welfare reform. Nevertheless, Washington has continued its investment in a strong system of support, including offsetting some reductions in federal benefits with state funds, and state-funded expansion of health care and child care services for low-income working families.

This report focuses on the findings of our case study in Washington, describing the state's social safety net for low-income families with children. This case study examines the current goals, policies, practices, organizational structure, funding, and recent changes in a wide variety of programs serving children and their families. The case study covered income support, employment and training, and child programs targeted to low-income families. It also examined how other programs, such as child welfare and emergency services, work to assist low-income families in crisis.

Researchers from the Urban Institute visited Washington in March 1997, following the passage of federal welfare reform legislation in August 1996 (the Personal Responsibility and Work Opportunity Reconciliation Act, P.L. 104-93—PRWORA). At the time of our site visit, several welfare reform proposals were being debated in the state legislature. Washington's final welfare reform legislation was signed into law in April 1997.

The report begins with a discussion of the state’s population, economic condition, and political environment. The second section describes the state’s agenda for serving the needs of low-income families, including a discussion of spending in this area and an overview of the service delivery structure in the state. The next three sections describe the three broad social program areas—supports for basic income needs, policies for moving families toward financial independence, and programs that provide a last-resort safety net for families and children. The final section describes the particular challenges that Washington faces in delivering this support system to low-income families.



# A Brief Overview

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**T**his section provides a brief overview of Washington's economy and population, to establish the context for the social programs described later in the report. It also describes the state's political and budgetary landscape, indicating the climate within which state policy is shaped.

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## Economy<sup>1</sup>

Washington's economy has gone through a long period of restructuring. The 1980s saw the severe shrinkage of the lumber and agriculture sectors, as well as downturns in aerospace (including cutbacks at the Boeing Company, the state's largest private employer). However, from the late 1980s to the present, the state economy has diversified, building a solid base of high-technology and telecommunications industries. In 1995, the state enjoyed a per capita income that was above that of the United States (\$23,774 versus \$23,208) and a poverty rate that was below average (12.6 percent versus 14.3 percent), as shown in table 1.

However, economic growth has been very uneven across the state, reflecting differences in the economic base of Washington's counties. Resource-based counties (lumber and agriculture) have fared less well than the state's metropolitan counties, especially those in western Washington along Puget Sound. Overall, the state's annual unemployment rate has remained fairly constant around 6.5 percent over the 1994 to 1996 period, above the national rate of 5.4 percent, which is consistent with the state's historical pattern relative to the nation as a whole.

**Table 1** *Washington State Characteristics, 1995*

	Washington	United States
<b>Population Characteristics</b>		
Population (1995) <sup>a</sup> (thousands)	5,301	260,202
Percent under 18 (1995) <sup>a</sup>	26.1%	26.8%
Percent Hispanic (1995) <sup>a</sup>	3.0%	10.7%
Percent Non-Hispanic Black (1995) <sup>a</sup>	2.4%	12.5%
Percent Non-Hispanic White (1995) <sup>a</sup>	86.8%	72.6%
Percent Non-Hispanic Other (1995) <sup>a</sup>	7.7%	4.2%
Percent Noncitizen Immigrant (1996) <sup>†</sup>	4.3%	6.4%
Percent Rural (1990) <sup>b</sup>	33.9%	36.4%
Growth: 1990–1995 <sup>c</sup>	11.6%	5.6%
Births per 1,000 Women Ages 15–44 (1994) <sup>d</sup>	62.9	66.7
Percent to Unmarried Women (1994) <sup>d</sup>	26.0%	32.6%
Percent to Women under 20 that were Nonmarital (1994) <sup>d</sup>	74%	76%
Per 1,000 Women Ages 15–19 (1994) <sup>d</sup>	48	59
<b>State Economic Characteristics</b>		
Per Capita Income (1995) <sup>e</sup>	\$23,774	\$23,208
Percent Change Per Capita Income (1990-1995) <sup>f, g</sup>	21.4%	21.2%
Percent Poor (1994) <sup>g</sup>	12.6%	14.3%
Unemployment Rate (1996) <sup>h</sup>	6.5%	5.4%
Employment Rate (1996) <sup>h, j</sup>	64.4%	63.2%
Percent Jobs in Manufacturing (1995) <sup>j</sup>	13.9%	16.0%
Percent Jobs in Service Sector (1995) <sup>j</sup>	21.9%	23.1%
Percent Jobs in Public Sector (1995) <sup>j</sup>	14.6%	14.7%
<b>Family Profile</b>		
Percent Two-Parent Families (1994) <sup>g, k</sup>	36.5%	35.7%
Percent One-Parent Families (1994) <sup>g, l</sup>	15.0%	13.8%
Percent Mothers with Child 12 or under		
Working Full-Time (1994) <sup>g, m</sup>	32.8%	38.1%
Working Part-Time (1994) <sup>g, n</sup>	18.7%	16.1%
In Two-Parent Families and Working(1994) <sup>g, o</sup>	37.2%	40.3%
In One-Parent Families and Working(1994) <sup>g, o</sup>	14.4%	13.9%
Percent Children below Poverty (1994) <sup>g</sup>	17.3%	21.7%
Median Income of Families with Children (1994) <sup>g</sup>	\$40,644	\$37,109
Percent Children Uninsured(1995) <sup>a</sup>	5.6%	10.0%
<b>Political</b>		
Governor's Affiliation (1996) <sup>p</sup>	Democrat	
Party Control of Senate (1996) <sup>p</sup>	23D-26R	
Party Control of House (1996) <sup>p</sup>	45D-56R	

a. Two-year concatenated March Current Population Survey (CPS) files, 1995 and 1996. These files are edited by the Urban Institute's TRIM2 microsimulation model. Excludes those in families with active military members.

b. U.S. Bureau of the Census, *Statistical Abstract of the United States: 1996* (116th edition). Washington, D.C., 1996. 1995 population as of July 1. 1990 population as of April 1.

c. *State Personal Income, 1969-1995*. CD-ROM. Washington, D.C.: Regional Economic Measurement Division (BE-55), Bureau of Economic Analysis, Economics and Statistics Administration, U.S. Department of Commerce, October 1996.

d. Computed using mid-year population estimates of the Bureau of the Census.

e. Personal contributions for social insurance are not included in personal income.

f. U.S. Department of Labor. *State and Regional Unemployment, 1996 Annual Averages*. USDL 97-88. Washington, D.C., March 18, 1997.

g. Employment rate is calculated using the civilian noninstitutional population 16 years of age and over.

h. CPS three-year average (March 1994–March 1996 where 1994 is the center year) edited using the Urban Institute's TRIM2 microsimulation model.

i. "Other" includes persons covered under CHAMPUS, VA, Medicare, military health programs, and privately purchased coverage.

j. Normandy Brangen, Danielle Holahan, Amanda H. McCloskey, and Evelyn Yee. *Reforming the Health Care System: State Profiles 1996*. Washington, D.C.: American Association of Retired Persons, 1996.

k. S.J. Ventura, J.A. Martin, T.J. Mathews, and S.C. Clarke. "Advance Report of Final Natality Statistics, 1994." *Monthly Vital Statistics Report*; vol. 44, no. 11, supp. Hyattsville, MD: National Center for Health Statistics, 1996.

l. National Center for Health Statistics. "Births, Marriages, Divorces, and Deaths for 1995." *Monthly Vital Statistics Report*; vol. 44, no. 12. Hyattsville, MD: Public Health Service, 1996.

m. ReliaStar Financial Corporation. *The ReliaStar State Health Rankings: An Analysis of the Relative Healthiness of the Populations in All 50 States*, 1996 edition, Minneapolis, MN: ReliaStar, 1996.

n. Race-adjusted data, National Center for Health Statistics, 1993 data.

o. U.S. Department of Justice, FBI. *Crime in the United States, 1995*. October 13, 1996.

p. National Conference of State Legislatures. *1997 Partisan Composition, May 7 Update*. D indicates Democrat and R indicates Republican.

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## Population

Washington is the 18th-largest state in the United States, with a population of 5.3 million (table 1). Washington's population increased by almost 12 percent between 1990 and 1995, nearly twice the rate of the United States, primarily because of migration into the state in response to Washington's strong economy. That migration was both intrastate and international, particularly of Asian and Hispanic populations. Nevertheless, the shares of the population that are Hispanic and noncitizen immigrants in Washington remain below that of the entire United States. In contrast, the share of the state's population that is of "non-Hispanic other" ancestry, which in Washington is largely Asian, Pacific Islander, and Native American, was above that of the United States (7.7 percent versus 4.2 percent). Overall, however, Washington's racial mix remains disproportionately white compared with that of the United States (86.8 percent versus 72.6 percent).

Almost 80 percent of the state's population resides in western Washington, with the Puget Sound region alone accounting for almost 60 percent. The population growth in the Puget Sound area, which includes the state's largest city, Seattle, has been attributed to its mild climate, quality of life, and diverse economy. As in many Western states, Washington's towns and cities are fairly dense concentrations of population. The share of the state's population residing in rural areas is slightly lower than that of the United States as a whole (34 versus 36 percent).

Across a number of dimensions, families with children in Washington are much better off than the national average. As shown in table 1, the state has fewer children in poverty, fewer children without health insurance, and higher median family income. In addition, it has fewer births to teenagers, particularly unmarried teenagers, and a greater share of two-parent families.

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## Political Landscape

Washington has a long progressive tradition. However, during the 1990s, the political landscape in Washington, as in the rest of the country, has become more conservative. In 1993, the state's governor was a Democrat, and the Democratic party held majorities in both houses of the state legislature. In the 1994 elections, Republicans made big gains in the legislature, attaining a majority in the House of Representatives and drawing within one seat of control of the Senate. In the 1996 elections, Washington acquired a new Democratic governor (Gary Locke) and a Republican Senate, and the House remained Republican. This marks the first time in 14 years that the Republicans have controlled both the House and the Senate.



Under the Republican majorities, the state's legislature has taken on a more conservative focus, although the focus is more moderate than the shift that has occurred at the national level. In fact, in response to the federal welfare reform legislation, the Washington legislature appropriated state funds to replace some of the federal benefits that were eliminated for some legal immigrants under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). The conservative shift in the legislature is offset somewhat by its commitment to the equitable treatment of its residents.

Washington has had a very active governor and legislature. Both have played strong roles in policymaking around social services, particularly child care, child welfare, and welfare issues. The active involvement of both has led to a history of vigorous negotiation on a range of issues, with the governor's ability to veto sections of legislation ensuring an important role for the governor in policy debates.

The policymaking process in the state is very open. Individuals, business interests, labor organizations, nonprofit organizations, and advocacy groups can and do influence legislation. Nongovernmental groups have established relationships with both the executive and legislative branches, and have effectively pushed forward and blocked various reform measures. In addition, the state's legislature and governor have a history of creating councils, boards, commissions, and task forces that are designed to bring a range of perspectives into the policy debate. The legislative process in Washington is also supported by a strong nonpartisan research staff in the legislature, as well as an independent research organization established by the legislature—the Washington State Institute for Public Policy.

Washington also has a tradition of active citizen participation in government, including frequent initiatives and referenda that represent a continual testing of public support. For example, voters have passed initiatives that limit state spending (discussed below), the state's ability to pass unfunded mandates to local areas, and the terms of office for its state and federal representatives. The last, passed in 1992, is credited with changing the functioning of the legislature to rely more heavily on its professional nonpartisan research staff as its core source of institutional knowledge.

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## Budgetary Landscape

Washington's current budgetary landscape has been shaped by Initiative 601 (I-601), a ballot referendum passed in 1993. I-601 limits state spending and the legislature's authority to increase taxes in state fiscal year 1996 and afterwards. Under I-601, increases in total general fund expenditures are limited to the rate of inflation and total population growth.<sup>2</sup> Stresses arise under the cap if growth in an area exceeds that of the total population or rising costs in an area exceed the inflation rate. In Washington, the populations served by K–12 education,

	Washington	50-State Average
K-12 Education	47.0	35.1
Higher Education	10.2	10.7
Corrections	4.2	5.6
AFDC	3.0	2.3
Medicaid	15.8	12.5
Other	19.7	33.9

*Source:* National Conference of State Legislatures, *State Budget Actions*, Denver, CO: NCSL, 1996.  
*Note:* Appropriations refer to general fund plus earmarked dollars for K-12 education.

higher education, corrections, and elderly services are growing faster than the population overall; health care costs are rising faster than inflation. Complying with I-601 will mean either cutting services in education, long-term care, and health; making cuts in other areas so as to allocate a greater share of the fixed resources to those areas; or improving the efficiency of service delivery.<sup>3</sup> Although the constraints of I-601 are not yet binding, I-601 was an important issue in the debate surrounding the 1997–99 biennium budget.<sup>4</sup> The state’s \$19.1 billion operating budget for the 1997–99 biennium came in over \$100 million below the I-601 spending cap, all of which will apply in FY 1999.

Because I-601 is a cap on expenditures and not revenues, the state is building a sizable surplus above the spending limit—\$1 billion—as revenues continue to grow faster than expenditures. A portion of that surplus will be used to cover the costs of offsetting the loss of some federal benefits to legal immigrants under PRWORA. However, determining how to allocate the surplus will be a future issue in the state. While it is likely that the state will maintain a substantial reserve, there is growing pressure to reduce the state’s property tax.

In 1996, Washington’s general fund revenues were \$12.5 billion, and about \$5.8 billion were allocated to human services expenditures, more than the average share of appropriations allocated to the safety net by other states. As shown in table 2, Washington allocated a total of 18.8 percent of its appropriations in 1996 to Aid to Families with Dependent Children (AFDC) and Medicaid, compared with 14.8 percent in the average state.



# Setting the Social Policy Context

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**T**his section describes Washington's policies toward helping low-income families. Following a discussion of policy commitments, it reviews state and local spending on social welfare programs and describes the programs' organizational structure. This information provides important background for understanding the structure and approach of the major social welfare programs in place during 1996, which are reviewed in the three subsequent sections.

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## Washington's Agenda for Serving the Needs of Low-Income Families

Washington has a long history of providing a strong safety net in support of low-income families, both those on welfare and the working poor. In 1996, the state's AFDC program was very generous relative to the United States average, and for those who did not qualify for AFDC, the state also maintained a general assistance program for children, pregnant women, and incapacitated or disabled persons.

Education and training coupled with support services (child care and medical coverage) have been central elements of the state's welfare program over the past decade, and, in fact, were the cornerstone of its 1987 welfare reform demonstration, the Family Independence Program (FIP). Although FIP failed to

move families from welfare into self-sufficiency, the importance of education and support services (for both those on welfare and the working poor) remained a central theme in the state through 1996.<sup>5</sup>

In 1996, Washington also invested heavily in child care programs for both those on welfare and the working poor. More than one-third of the state's 1995 child care caseload consisted of children from nonwelfare families. In addition, Washington ran a comprehensive preschool program for low-income four-year-olds and their families that, along with Head Start, served 85 percent of eligible children.

Consistent with its income support efforts, Washington has been a leader in addressing universal health care coverage and health reform at the state level, providing access to health care for many low-income residents. In 1996, the state's Medicaid program was more generous than most in terms of ages of children covered, income eligibility, and the benefits that were covered. Washington also supports a number of state-only health programs, including a large, subsidized health insurance program that is targeted specifically to low-income workers—the Basic Health Plan.

Finally, Washington has been a leader in developing innovative policies and programs across the social welfare area. For example, the family preservation movement began in Washington, and it has been a key component of the state's child welfare system for a number of years. Washington is recognized as a national leader in child support, having adopted a number of enforcement policies well ahead of federal legislation. Washington has also initiated many creative programs to serve the homeless, including programs providing comprehensive employment and training, health care, and transitional support services.

In recent years, Washington's safety net has faced mounting pressures from Initiative 601, the Republican-controlled legislature, and federal welfare reform. Nevertheless, there is evidence of support for a safety net within the state that, although reduced, continues to be more generous than that of most other states. In particular, in 1997 the state passed legislation to offset some of the reductions in federal benefits under PRWORA and increased funding for health insurance coverage and child care assistance for the low-income working population.

Surprisingly, despite the state's progressive history in maintaining a strong safety net for low-income families, Washington does not have a state income tax. The state's general fund—which pays for public schools, public assistance and social services, natural resource management, and environmental protection—is derived primarily from property taxes, licenses, permits and fees, and federal grants, resulting in a very regressive tax system. In fact, Washington ranked as the fifth-lowest state in terms of the progressivity of its major state and local taxes in 1993.<sup>6</sup>

## Social Welfare Spending in the State

Consistent with Washington's commitment to a strong safety net, social welfare spending in the state per poor family was above the national average across most major assistance programs in 1995 (table 3). Combined federal, state, and local spending per poor family was higher than average for AFDC, the Job Opportunities and Basic Skills (JOBS) training program, AFDC child care, transitional child care, at-risk child care, child support enforcement, and Medicaid.

**Table 3 Selected Federal and Related-State/Local Social Welfare Spending for Families with Children in Washington, Fiscal Year 1995 (\$ in millions)**

Program	Federal Spending	State and/or Local Spending	Total Spending	Total Spending per Person in Poor Families with Children <sup>a</sup>	
				Washington	United States
<b>Income Support</b>					
AFDC Benefits	314.8	290.0	605.7	1,537	851
EITC	369.8	—	369.8	938	1,010
Food Stamp Benefits for Households with Children <sup>b</sup>	334.1	—	334.1	848	711
<b>Education and Training</b>					
JOBS <sup>c</sup>	20.6	12.1	32.8	83	59
JTPA <sup>d</sup>	38.0	—	38.0	96	73
<b>Child Care/Development</b>					
AFDC and Transitional Child Care	35.8	33.1	68.8	175	61
At-Risk Child Care	6.2	5.7	11.9	30	20
Child Care and Development Block Grant <sup>e</sup>	14.7	—	14.7	37	34
Head Start	53.4	—	53.4	135	117
<b>Child Support Enforcement</b>					
	75.6	36.5	112.1	285	115
<b>Health</b>					
Medicaid for Children Only <sup>f</sup>	292.3	270.1	562.4	1,427	984

Sources: AFDC estimates are from *ACF-231 Line by Line Report*, Administration for Children and Families, U.S. Department of Health and Human Services. EITC estimates are from *Statistics of Income Bulletin* (Spring 1997 and Spring 1995), Internal Revenue Service. Food Stamps estimates are from Urban Institute tabulations based on food stamp quality control data and tabulations by Food and Consumer Service, U.S. Department of Agriculture. JOBS estimates are from Urban Institute tabulations based on forms FSA-331 and ACF-332, Administration for Children and Families, U.S. Department of Health and Human Services. JTPA estimates are from *Budget Information for the States*, Budget of the United States Government, Office of Management and Budget. AFDC, Transitional and At-Risk Child Care estimates are from *ACF-231 Line by Line Report*, Administration for Children and Families, U.S. Department of Health and Human Services. CCDBG estimates are from *Budget Information for the States*, Budget of the United States Government, Office of Management and Budget. Child Support Enforcement estimates are from Form OCSE-31, Office of Child Support Enforcement, U.S. Department of Health and Human Services. Medicaid estimates are from Urban Institute calculations based on data reported on forms HCFA-64 and HCFA-2082, Health Care Financing Administration, U.S. Department of Health and Human Services.

a. Spending per poor person in families with children includes spending on each item divided by the number of poor persons in families with children. The number of poor was estimated using the average poverty rate for persons in families with children for 1993-95 (derived from three years of the Current Population Survey (CPS)).

b. Estimates are derived by multiplying actual benefit spending in each state by the estimated proportion of spending for households with children in each state.

c. Total spending (combined federal and state) is average monthly expenditures multiplied by 12. The federal and state shares for 1995 were estimated based on the match rates for various components of JOBS spending for federal obligations in the fiscal year.

d. Includes federal obligations to states for JTPA spending under Title II-A (disadvantaged adults), Title II-B (summer youth), and Title II-C (youth training). Federal obligations to states may differ from actual spending.

e. Data are federal obligations, which may differ from actual spending.

f. Data are for benefits only and do not include disproportionate share hospital payments, administrative costs, accounting adjustments, or the U.S. Territories.





## Organization of Services and Administrative Structure

Washington funds and administers most social welfare activities at the state rather than the local level. In general, local government (county or city) is responsible for funding and administering only basic utilities, police and fire protection, road and street maintenance, criminal justice services, and some mental and public health services. Table 4 shows the location of major social welfare programs within the state agency structure and indicates where the primary administrative responsibility was at the local level in 1996.

<b>Table 4 Organizational Structure of Social Welfare Programs</b>		
Program	State Agency	Local Administrative Arrangement
<b>Income Security</b> AFDC General Assistance Food Stamps	Department of Social and Health Services (DSHS)	Local DSHS offices
<b>Education and Training</b> JOBS JTPA State-Funded Employment and Training Programs	DSHS Employment Security Department (ESD) ESD and State Board of Community and Technical Colleges (SBCTC)	Local DSHS offices Local grantees and Private Industry Councils (PICs) Local ESD offices, PICs, and community and technical colleges
<b>Child Care/Child Development</b> Child Care Head Start State-Funded Child Development Programs	DSHS Not applicable Department of Community, Trade, and Economic Development (DCTED)	Local DSHS offices Local grantees Local grantees
<b>Child Support Enforcement</b>	DSHS	Local DSHS offices
<b>Child Welfare</b>	DSHS	Local DSHS offices
<b>Emergency Services</b> Title IV-A Emergency Assistance McKinney & Other Federal and State Homeless Programs	DSHS DCTED	Local DSHS offices Local grantees and contractors
<b>Health</b> Medicaid Basic Health Plan Maternal and Child Health	DSHS Health Care Authority (HCA) Department of Health (DOH)	Local DSHS offices Not applicable Local DOH offices

## **Income Support, Social Services, and Health Care**

The Department of Social and Health Services (DSHS) is the umbrella agency for welfare, social services, some health programs, programs for the aged, and juvenile rehabilitation in the state. In 1996, administrative responsibilities were also at the state level for AFDC, its associated employment and training program—JOBS—food stamps, child care, child support, general assistance, child welfare, Medicaid, and the social services block grant.

In 1996, DSHS comprised seven administrations: Aging and Adult Services, Children’s Services, Economic Services, Health and Rehabilitation Services, Juvenile Rehabilitation Services, Medical Assistance Services, and Management Services. Economic Services administered the income support programs—AFDC, JOBS, food stamps, general assistance, and child support—and welfare-related child care. The Children’s Administration was responsible for employment-related child care, child welfare programs, and programs for children with developmental disabilities or mental illness.<sup>7</sup> This split of child care assistance across agency lines created gaps in the delivery of child care services. This split has been eliminated as part of the state’s administrative changes under PRWORA (see section below, Programs that Promote Financial Independence).

Medical Assistance was responsible for the medical care component of Medicaid. Medicaid long-term care services were under the Aging and Adult Services Administration. The state’s program for low-income workers—the Basic Health Plan—was administered by a separate agency, the Health Care Authority, which also administered the state’s employee health insurance program.

For the most part, services for all of DSHS’s programs in 1996 were provided by state DSHS staff in local offices. Local expenditures on welfare-related services were minimal in Washington. In smaller counties the local offices included all DSHS programs, while in larger counties there were separate local offices for different functions such as income support, child welfare, and long-term care. Child support, although linked to other DSHS programs, was operated by DSHS staff out of regional offices.

The appropriate level of centralization or decentralization in program administration and operations has been an ongoing issue at DSHS. During the mid-1990s, the agency has been centralizing administrative functions and decentralizing program operations decisions. Most notably, financial reporting, purchasing and procurement, and management information systems have been centralized across all programs within the state office. There have also been efforts to centralize some administrative functions within individual program areas. For example, a new Division of Licensing Resources was created in 1996 to handle the licensing of child care and foster care providers for the entire state. The expectation is that this centralization of licensing functions will improve the quality of child care and foster care in the state.



As of 1996, the effort to decentralize program decisionmaking at DSHS had been moving more slowly. As part of that effort, the state's AFDC and JOBS programs were "regionalized" (six regions) for local planning and service delivery in FY 1995. Responsibility for program budgets, staffing, and operations was passed to the regions to ensure that community needs were identified and community resources used in operating the AFDC and JOBS programs. Policy development, technical assistance, and program monitoring and evaluation were retained as centralized functions of DSHS.

Third-party contracts have been a key element of decentralized responsibility for program operations under the JOBS program. Because DSHS lacked the state funds needed to draw down the state's full federal match for JOBS in 1995, DSHS initiated contracts with nonprofit organizations that had unencumbered funds (primarily from United Way) that could be used as a match to draw down the available federal funds. The local DSHS offices identified the types of employment and training services that were needed. The regional DSHS office selected the nonprofit organizations (called third-party contractors), established the contracts with those organizations, and monitored their performance.<sup>8</sup>

Under the new Temporary Assistance to Needy Families (TANF) program, DSHS is passing even greater levels of operational responsibility to the regions. DSHS created a new division, the Division of WorkFirst, which is working closely with regional and local DSHS staff in implementing the state's welfare reform effort. This includes a regional planning process that allows each region to adapt the state's WorkFirst Program to local needs, resources, and economic conditions.

## **Employment and Training**

Employment and training services in Washington have a more mixed state-local administrative structure. In 1996, employment and training services to welfare clients under the JOBS program were administered by DSHS and its local offices. The Employment Security Department (ESD) provided state oversight of the key program providing employment and training services to the broader low-income population—the Job Training Partnership Act (JTPA). JTPA is a federally funded program that provides job training services to economically disadvantaged adults and youths with significant barriers to employment. State and local governments, in partnership with the business community, had responsibility for the development, management, and administration of the state's JTPA program.

Many of the employment and training services that JTPA and JOBS clients received were provided by local ESD offices (called Job Service Centers),<sup>9</sup> state technical and community colleges, and private and nonprofit contractors. Those services included assessment, motivational training, basic education, skills and occupational training, job search assistance, and job placement services.

Because employment and training services were scattered across multiple levels of government, multiple agencies, and numerous service providers, Washington's legislature created the Workforce Education and Training Coordinating Board (WETCB) in 1991. The board's mandate is to improve the efficiency and coordination of training and education in the state's workforce development system (see section below, Programs that Promote Financial Independence).



# Basic Income Support

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**W**ashington provides relatively generous income support for its low-income families. In 1996, Washington's primary income support programs consisted of AFDC, Supplemental Security Income (SSI), general assistance, food stamps, and the federal Earned Income Tax Credit (EITC). The following discussion focuses on the two programs over which states have considerable discretion to define coverage and benefit levels—AFDC and general assistance.<sup>10</sup>

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## Washington's AFDC Program

The AFDC program provided cash assistance to needy children who had been deprived of parental support because their parent was absent from the home, incapacitated, deceased, or unemployed. Within federal guidelines, states set income thresholds for AFDC eligibility, established benefit levels, and defined some coverage parameters. As a result, states varied widely in the generosity of their AFDC programs, particularly in terms of the maximum payments and the maximum income allowed before eligibility was lost.

In 1996, Washington's AFDC program was among the more generous state AFDC programs. Washington provided AFDC assistance to more of its poor population than did most other states. Approximately 66 percent of all poor persons in families with children received AFDC benefits in an average month in Washington (276,000 persons in January 1996), compared with 44 percent for the median state.<sup>11</sup> This generosity reflects the state's decisions on a variety of program elements, including a high level of program benefits and high income limits within which a family was eligible to receive benefits (table 5).

<b>Table 5 Comparison of AFDC Program Rules and Benefits (for a One-Parent Family of Three Persons) in Washington State with the Median State, 1996</b>		
	Washington State	Median State
<b>Maximum AFDC grant</b>		
Total	\$546	\$389
As a percentage of poverty	50%	36%
Percentage change in real value since 1970	-47%	-51%
<b>Combined AFDC and Food Stamp benefits</b>		
Total benefits	\$835	\$699
As a percentage of poverty	77%	65%
<b>Earnings level at which AFDC eligibility ends after 12 months</b>		
Total earnings	\$636	\$516
As a percentage of poverty	59%	48%

*Source:* Committee on Ways and Means, U.S. House of Representatives, *1996 Green Book*, Washington, D.C.: U.S. Government Printing Office, 1996, Tables 8-12, 8-15, 8-17; and Zedlewski, S. and L. Giannarelli, "Diversity among State Welfare Programs: Implications for Reform," New Federalism Brief, Series A, No. A-1, January 1997.

*Note:* Food Stamp benefits are based on maximum AFDC benefits minus any part of the AFDC benefit designated as energy aid (\$86 per month in Washington), and an assumed deduction of \$381 per month (\$134 standard household deduction plus \$247 maximum allowable deduction for excess shelter costs). Earnings levels assume no child care expenses.

In 1996, a key supplement to a state's AFDC program was the federal Food Stamp program. The Food Stamp program is designed to increase the food purchasing power of low-income households to allow them to obtain a nutritionally adequate diet. Since most AFDC families were also eligible for and participated in the Food Stamp program, the combined AFDC and Food Stamp benefit was the foundation of a state's safety net for low-income families and children. In Washington, the maximum combined AFDC and Food Stamp benefits for a family of three were \$835 per month, compared with \$699 per month in the median state. This combined benefit for the most vulnerable in Washington represented 77 percent of the poverty threshold, compared with 65 percent for the median state.

Nevertheless, like all states, Washington had seen an erosion of public welfare benefits. The maximum AFDC grant had fallen in real terms by 47 percent in Washington since 1970, compared with 51 percent in the median state.

### **AFDC Program Innovations**

The AFDC program in place in Washington in 1996 reflected the state's prior history of welfare reform efforts. Washington started out ahead of national welfare reform, implementing a welfare reform waiver demonstration, the Family Independence Program (FIP), prior to the Family Support Act of 1988. Within the state there was a great deal of enthusiasm for FIP as a path to self-sufficiency that emphasized voluntary participation in education and training. When FIP was found to be more costly than AFDC (the evaluation results showed higher welfare participation and little or no increase in employment), support for the program dissipated.

Because the employment and training program under the Family Support Act—the JOBS program—was perceived to be very similar to FIP, there was little enthusiasm for JOBS in the state. The state’s JOBS program began in 1991 as a voluntary program with an emphasis on “basic education and training as a means of attaining permanent self-sufficiency rather than short-term gains from immediate employment in a minimum wage job.” Thus, the focus of the program was to encourage participants to postpone work while investing in developing the skills needed to support employment in a higher paying job. However, since the program was voluntary and families receiving AFDC were not required to participate, JOBS participation was low. In 1995, in the face of pressure from the federal government to increase participation, Washington made participation in its JOBS program mandatory. This mandate had little impact on participation, however, since DSHS made only limited efforts to enforce the requirements. The state’s AFDC/JOBS program during this period has been characterized as having a strong “caretaker” focus, with little effort to promote employment and self-sufficiency. (Washington’s JOBS program is described in more detail in the next section.)

Prompted by the growing national debate on welfare reform and the poor performance of the JOBS program, the Washington legislature passed legislation in 1994 requiring DSHS to seek a federal waiver to operate a second demonstration program, the Success Through Employment Program (STEP). Unlike FIP’s carrot approach, STEP took a carrot-and-stick approach: The carrot was the elimination of the 100-hour rule (under the old rules, two-parent families on welfare lost benefits after the parents worked more than 99 hours in a given month), and the stick was a schedule to reduce benefits by 10 percent per year for families who were on welfare for more than four years. Although STEP’s time limit began in January 1996 and the 100-hour rule was eliminated in the following month, no 10 percent grant reductions were imposed before the demonstration was repealed under Washington’s April 1997 welfare reform legislation. That legislation replaced STEP’s 14-year lifetime limit with a 5-year limit and replaced the JOBS program, with its skills-development focus, with a strong employment-focused program (see section below, Challenges for the Future).

### **AFDC Caseload Changes**

In 1996, Washington’s average monthly AFDC caseload was approximately 102,000 families. Unlike many other states, Washington did not experience a substantial decline in its AFDC caseload during the early 1990s. Between January 1993 and January 1996, the number of individuals receiving AFDC benefits declined in all but nine states. The caseload in the median state declined by 18 percent; six states had declines of one-third or more. In Washington, the number of AFDC recipients declined by only 4 percent.

Washington’s relatively stable AFDC caseload over this period has been attributed to the state’s rapid population growth (12 percent versus 6 percent for



the United States as a whole from 1990 to 1995) and higher-than-average unemployment rate (particularly in rural areas). Washington's limited focus on employment under JOBS over this period is likely to have been a contributing factor as well.

Given that the AFDC caseload has not declined as significantly in Washington as in many other states, Washington will not obtain a large windfall under the federal government's funding formula for the Temporary Assistance to Needy Families (TANF) block grant program. Under TANF, the federal government provides each state an annual block grant that is based on the state's prior spending on the AFDC program. For those states with large reductions in their AFDC caseloads, TANF will provide significantly more federal funds to the state per recipient than would have been available under AFDC.

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## Washington's General Assistance Program<sup>12</sup>

General assistance programs provide a safety net for those ineligible for federally funded programs, such as AFDC/TANF, SSI, and SSDI (the Disability Insurance component of Social Security). Washington was one of 33 states with a general assistance program operating throughout the state in 1996. (Nine other states operate general assistance programs in only some counties.) Washington's program, which is administered and funded by the state, provides assistance to low-income pregnant women, children, "unemployable" (incapacitated) adults, and disabled adults who have applied for SSI or SSDI benefits. "Employable" adults are not eligible for assistance. In FY 1995, the state served an average of 1,657 pregnant women and children and 17,167 unemployable or disabled adults per month.

Washington turned to its general assistance program as a means of offsetting some of the impacts of the federal welfare reform legislation on SSI recipients. Under PRWORA, some elderly and disabled legal immigrants would no longer be eligible for federal SSI benefits. There was a strong consensus within the state that Washington would cover those individuals under its general assistance program.



# Programs that Promote Financial Independence

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**D**espite their generosity, Washington's income assistance programs cannot, by themselves, promote self-sufficiency, nor do they supply income levels adequate to raise recipient families out of poverty. To reach either of these goals, the state provides employment and training services to build recipients' skills and increase their employability, and invests in child care assistance to support parents entering the workforce. Washington has a history of generous funding for child care assistance and, with the exception of its investment in a strong system of community and technical colleges, more limited state funding of employment and training programs. Like many other states, Washington relies heavily on federal funding of employment and training.

Child support paid by an absent parent provides additional support for many low-income families. Washington has long recognized the importance of child support income and has made substantial efforts to increase child support collections and keep child support payments up to date. These efforts are therefore included in the examination of programs that promote financial independence in Washington.

Finally, the lack of health care insurance coverage in entry-level jobs has been cited as a significant barrier to families leaving welfare. With its strong private health insurance market, generous Medicaid program, and range of publicly subsidized health insurance programs, Washington has significantly reduced this potential barrier to employment.

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## Employment and Training

Washington received almost \$180 million in federal funds for more than 40 different workforce development and employment programs in 1996.<sup>13</sup> Those funds were supplemented by state and local expenditures, including a program to provide training to dislocated workers and customized training programs for specific employers and industries.

Not surprisingly, given the number of programs, the state's employment and training system involves a number of agencies. In 1996, four agencies accounted for the vast majority of the public workforce training and education funds. The State Board for Community and Technical Colleges (SBCTC) provided adult basic education; the Office of the Superintendent of Public Instruction (OSPI) provided secondary vocational-technical education; the Employment Security Department (ESD) administered the state's job placement services, as well as JTPA; and the Department of Social and Health Services (DSHS) operated the JOBS program. Under the programs administered by ESD and DSHS, private and nonprofit vendors (in addition to SBCTC) provide many of the education and training services under contracts with the agencies.

### Oversight

Employment and training activities in Washington are guided by the Workforce Education and Training Coordinating Board (WETCB). The board was established in May 1991 by the legislature as a means of improving the efficiency and coordination of the workforce training and education system in the state.<sup>14</sup> The board was given the task of integrating and coordinating policy and planning and evaluating all elements of the state's workforce development system. To date, the WETCB has focused primarily on efficiency and coordination issues. The "most urgent actions" identified by the WETCB include building links among all elements of the workforce training and education system, building links between economic development in the state and workforce training programs, and expanding the capacity of the workforce development system.

The most frequently cited success of the WETCB has been in arranging meetings between people who have not talked to each other before. In particular, the WETCB has provided a forum for business and labor to be heard on workforce development issues. In addition, the WETCB has brokered agreements for a shared information system across the workforce system, the establishment of systemwide skills standards, and the development of a systemwide performance monitoring system.

### Access to Services

Washington is in the midst of an effort to develop a single access point for employment and training services—One-Stop Career Centers. However, in 1996 welfare clients and nonwelfare clients gained access to employment and training services via separate paths.

***Services targeted to families on welfare.*** In 1996, the primary employment and training program serving families on welfare was the JOBS program. At that time, the goal of the JOBS program was to help families on welfare obtain entry-level jobs at “better” wages; that is, at wages that were a step up from minimum wage. Thus, JOBS had a skills development focus (even if it delayed employment) rather than a “work-first” focus. Immediate employment was the objective only for JOBS participants who were job ready. Persons determined to be employable but not job ready (the largest group of JOBS mandatory participants) were assigned to skills development, which could include on-the-job training, work experience, job readiness training, education, and vocational training. In general, the state’s JOBS program had a strong education focus. In an average month in 1994, 26.7 percent of Washington’s JOBS participants were in high school, high school equivalency, remedial education, or English as a second language programs, and another 37.9 percent were in higher education.

***Services targeted to all low-income workers.*** Because the employment and training system in Washington includes so many separate programs and organizations, a key effort in the state has been to simplify access to the system. The state’s One-Stop Career Center partnership includes all the agencies involved with employment and training in the state: ESD, SBCTC, DSHS, the Department of Labor and Industries,<sup>15</sup> and the WETCB. The goal of the state’s effort is to go beyond “brick and mortar” to make effective use of technology for job search and employment information. Toward that goal, Washington has created a system of electronic kiosks across the state and an Internet site that provides an electronic One-Stop Career Center through which services can be accessed.

Washington’s One-Stop Career Center builds on the state’s Integrated Service Delivery program. Under that program, which began in 1994, a number of local initiatives were funded by the state to develop strategies to provide career development assistance, labor market information, access to job openings, and job search assistance in a more easily accessible manner. The Integrated Service Delivery programs were developed within local communities to meet the needs of those communities, resulting in a variety of models across the state. That local flexibility is continuing under the One-Stop Career Centers, with local areas setting up their own partnerships.

In addition to its efforts to switch the method of providing access to employment and training services, the state has shifted the types of employment and training services that are provided. In particular, it has shifted from long-term skill-development training toward short-term training and job placement efforts as a way to stretch training dollars. This change represents a dilemma for program staff at JTPA who have viewed their goal as helping people obtain the skills they need to get a better job. The shift is expected to increase with welfare reform because of the latter’s greater focus on immediate employment and job placement. Overall, there is a strong sense that the JTPA program in Washington



lacks the funds to serve a significant share of the population seeking employment and training.

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## Child Care

Washington has demonstrated strong support for child care and early childhood programs, as evidenced by its substantial funding for these programs above the required federal match, its stringent licensing requirements for providers, and its formal structure for coordination around child care issues. Many features of the state's current system date back more than a decade, preceding the expanded federal role in child care policy.

In addition to its major child care programs, Washington funds a comprehensive Early Childhood Education and Assistance Program (ECEAP) for low-income four-year-olds. ECEAP was initiated in the mid-1980s by a business group that made early childhood education its top priority.

### Access and Funding

Before the recent federal welfare reform legislation, the AFDC and Transitional Child Care (TCC) programs guaranteed child care assistance to families who were receiving AFDC and were working or in an education or training program and to families for up to 12 months as they made the transition from welfare to work. In Washington, as in other states, these federal entitlement programs were the major source of child care assistance available for low-income families. On average, about 23,000 children in Washington received assistance through the AFDC and TCC programs each month in FY 1994.

Washington's child care assistance programs extended beyond families receiving AFDC to serve the broader low-income working population. In FY 1994, an average of nearly 14,000 children each month received assistance through the state's non-AFDC-related child care programs.

In the 1995–97 budget, Washington provided nearly \$50 million in state general funds for non-welfare-related child care programs. During this period, other major funding for these child care programs came from the federal At-Risk Child Care Program, which provides federal matching funds to states for child care services to low-income families “at risk” of receiving AFDC, and the Child Care and Development Block Grant (CCDBG), a federal block grant for child care services for low-income families. Child care services also received a significant share of the state's allocation under the Social Services Block Grant (SSBG), a federal block grant available for a wide range of social services.

These funding sources were combined in the Employment Child Care Program, the primary child care assistance program for non-AFDC, low-income

families in Washington. In 1996, the program served families with incomes below 52 percent of the state median income (about \$21,500 for a family of three). When it was created in the early 1990s, the Employment Child Care Program operated as an entitlement, serving all eligible families who applied. About five years ago, however, the state implemented a waiting list, which at one point grew to 6,000 families statewide. Concerns about the waiting list prompted the legislature to appropriate an additional \$10 million for subsidies to low-income families in 1996. While the funding increase had eliminated the waiting list at the time of our site visit, there was widespread concern that the waiting list would be reinstated if sufficient funds were not provided under welfare reform. As part of the state's April 1997 welfare reform legislation, an additional \$100 million was allocated for child care assistance.

Although all the child care programs were administered by a single agency in 1996, the system was not altogether seamless, resulting in some gaps in assistance. Because the administration of child care subsidies was divided across two divisions within DSHS, families often had to deal with two different local offices as their eligibility for assistance changed. In addition, families losing eligibility for TCC benefits did not receive priority for Employment Child Care benefits, sometimes leading to long stays on waiting lists. Family copayments also varied across the different programs.

Federal welfare reform prompted discussions of ways to streamline the administration and rules of the child care programs, leading to the establishment of a single consolidated child care system for all low-income families in the state in 1997. That program, which is operated by the Economic Services Administration in DSHS, provides assistance to families with incomes at or below 175 percent of the federal poverty level.

In addition to the major child care assistance programs, Washington's Early Childhood Education and Assistance Program is a core component of the state's system of services for young children. ECEAP was implemented in 1985 as a comprehensive program "to assist eligible children with educational, social, health, nutritional, and cultural development to enhance their opportunity for success in the common school system."<sup>16</sup> ECEAP serves more than 7,000 low-income four-year-olds each year, and together with Head Start it reaches about 85 percent of income-eligible four-year-olds in the state. Over time, the program's focus has broadened beyond school readiness for the child to a family support model that aims to address a wide range of family needs.

## **Supply and Quality of Child Care**

In 1996, Washington had a sufficient supply of child care, with a vacancy rate of about 15 percent for licensed providers statewide. As in many other states, however, shortages existed for infant care and care during nonstandard hours (evenings and weekends), and these are expected to grow under welfare reform. Informal arrangements were an important source of care among families



receiving child care assistance, particularly among families receiving welfare-related child care assistance.

The state has demonstrated a strong commitment to ensuring the quality of child care. Provider training has been high on the state's agenda, and the legislature recently increased funding for child care training and licensing activities.

### **Relationship between Child Care and Early Childhood Programs**

In Washington, there is a great deal of collaboration in efforts to address child care and early childhood issues. The Child Care Coordinating Committee (CCCC), which is central to these efforts, was created by the legislature in 1988. Its broad membership includes representatives from DSHS child care, ECEAP, Head Start, school districts, local programs, and the business community. The CCCC reports annually to the legislature and to state agencies on ways to maximize funding and improve the quality and quantity of child care in the state. Its 1995–96 report, for example, focused specifically on quality issues. The CCCC's monthly meetings were credited with facilitating a great deal of discussion around child care issues among its constituent members. While some barriers to coordination between child care and early childhood programs still exist, the CCCC provided an important link among these agencies in 1996.

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## **Child Support**

Washington has one of the strongest child support enforcement programs in the nation, and in many instances state policy has led national policy. Washington established policies related to new-hire reporting, in-hospital paternity establishment, and centralized cash management before federal requirements existed. In 1995, after a number of years of substantial effort, Washington's child support system was one of the first state systems to receive federal certification. As a result of these factors, the state is well positioned with respect to the child support changes under the new federal legislation, having most of the key elements already in place.<sup>17</sup>

A major priority for child support in Washington in 1996 was to centralize and improve the way in which the state handles the money collected through its child support program. The state has also launched several other efforts to increase the amount of child support collected by its program, including a legislature-driven initiative to use private contractors to collect child support that is past due when collecting the back support would be very expensive for the state, and the creation of a special team of state child support staff to develop better ways to collect child support.<sup>18</sup>

Washington is also looking at alternative ways to improve access to child support services by both welfare and nonwelfare clients. In 1996, the AFDC caseworker in the local DSHS office worked with the client to complete the

child support enforcement application. That application was then forwarded to the regional child support office for processing. Nonwelfare clients could apply either in the local DSHS office or by mail. At the time of our site visit, Washington was developing procedures for nonwelfare clients to apply via the Internet, as well as exploring other ways to use technology to simplify the child support application process.

In an effort to meet federal performance standards for the child support program, DSHS has also worked to establish better links between the child support enforcement program and other agencies. For example, the state started an education campaign to inform other programs, such as child care and Head Start, about child support services and to encourage referrals to the child support agency.

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## Medicaid and Other Health Insurance<sup>19</sup>

The share of Washington's population without health insurance coverage is lower than that of the United States as a whole (12.9 percent of the nonelderly population vs. 15.5 percent), and the state compares favorably across an array of health status indicators. Washington has lower-than-average rates of teen pregnancy, low-birth-weight babies, infant mortality, and premature death.

This positive health environment reflects, in part, Washington's place among the leaders of state efforts to guarantee health insurance coverage to its residents. Washington has a generous Medicaid program as well as a number of state-only health programs, including a large, subsidized health insurance program, the Basic Health Plan (BHP), targeted to the state's low-income working population. Together with Medicaid, these state programs provide health insurance for about 15 percent of Washington's population. The BHP subsidizes individuals, families, or employers in purchasing private health insurance. In December 1996, 195,000 people were covered by BHP, and another 60,000 were waiting to apply if additional funds became available. Because of the strong support for the program in the state, funding for 8,000 more enrollees was appropriated during the 1997 legislative session.

In addition to the BHP, Washington administers several small medical care coverage programs designed to address the needs of special populations. These include programs for the general assistance population, a program providing Medicaid-type coverage for poor children not otherwise eligible for Medicaid (primarily undocumented immigrant children), and a program funding emergency care for medically indigent persons not eligible for other programs. The total number of people served by these programs was small (28,000) but growing in 1996.

At the same time that Washington provides a strong health care safety net for its low-income population, the state has implemented health insurance





reforms that are intended to improve access to and affordability of private health insurance in the state. These changes include mandates on the benefits that must be provided and limits on exclusions of preexisting conditions across all health insurance plans, as well as reforms targeted to the small-group and individual insurance markets. Although these changes place Washington at the forefront of national reform efforts, they represent a significant retrenchment from legislation to implement universal health insurance coverage that was passed in 1993 and partially repealed in subsequent years. At the time of our site visit, approximately 75 percent of Washington's nonelderly population was covered by either employer-sponsored or individually purchased health insurance, compared with an average of 72 percent across the nation.

Over this same time period, Washington began moving its Medicaid population into managed care. Although this was not initially intended as a means of reducing health care costs, that has become an important goal. As of 1996, the majority of the state's noninstitutionalized Medicaid caseload (around 400,000 beneficiaries) was enrolled in managed care. The state plans to move the disabled Medicaid population (around 70,000 beneficiaries) into managed care by 1999.



# Last-Resort Safety Net Programs

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**C**hild welfare services and emergency assistance provide a “last-resort” safety net for families facing internal strife or severe hardship. As with the other aspects of its safety net, Washington has invested in a system of strong supports for its most vulnerable children and families.

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## Child Welfare

Washington’s child welfare system provides services to “protect children from abuse and neglect, strengthen families, and promote healthy child growth and development.” Concerns about the ability of the state’s child welfare system to provide those services have made child welfare a high priority of the governor and the legislature over the past several years. Much of the concern stems from several high-profile cases of child abuse and child deaths that occurred in the mid-1990s, raising issues around foster care, permanency planning, drug-addicted parents, and licensing and monitoring of providers. As a result of this attention, there is greater emphasis on accountability in the state’s child welfare system and increased funding for child welfare, despite the general tightening of the state’s budget. In addition, in 1996 a new Division of Licensing was created to centralize the licensing of child care and foster care providers in the state, and a Family and Children’s Ombudsman was established to monitor and investigate services provided to children in the state’s care.

## Services

Washington was one of the first states to provide family preservation services—intensive services delivered primarily in the families' homes aimed at preventing the out-of-home placement of children. Since the early 1980s, family preservation services have been a core component of the state's child welfare services. Last year, Washington expanded its family preservation services to include an option of less-intensive services for a longer duration. The new program, which reflects a shift from the state's long-standing intensive family preservation model, is expected to serve more families at a lower cost.

The state has also moved toward creating an alternative response system for families screened out of the child welfare system. The alternative response system is intended to prevent families from reentering the child welfare system by providing them with a continuum of community-based services. Currently, five communities have pilot programs, and legislation has been introduced to expand this initiative statewide.

In addition to the family preservation services, the state provided a wide range of child protective services, in-home supportive services, family support programs, and out-of-home and permanent placements in 1996. Prevention was not a major focus of DSHS efforts, although there was an effort at prevention in the state through the Washington Council for the Prevention of Child Abuse and Neglect, which was created by the legislature to encourage community efforts.

Concerns about the effectiveness of the state's child welfare system, particularly Child Protective Services, have prompted DSHS to direct more attention and resources toward program evaluation. Efforts are under way to analyze administrative child welfare data to examine family outcomes and to assess the effectiveness of child welfare services. The assessment at the time of the site visit was that child welfare services were understaffed, leading to more limited investigations than had been possible in the past.

## Funding

Over the past decade, Washington has increasingly drawn on federal funds for child welfare services, particularly Title IV-A Emergency Assistance and Medicaid. In 1996, Washington used Emergency Assistance funds to cover child welfare services and juvenile rehabilitation group homes and institutional care. Medicaid was used for both personal care services for children in foster care and case management for children in out-of-home placements. In 1996, about half the Children's Administration budget came from federal sources, nearly twice as much as in the early 1990s. This is of concern to the state, given the elimination of the Emergency Assistance program under PRWORA. Although the state has transferred funds from the new Temporary Assistance to Needy Families (TANF) program to replace the Emergency Assistance funds, it is not yet clear what rules will govern the use of those funds.

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## Emergency and Homeless Services

Washington has a long history of innovative programs to address the problem of homelessness. Beginning in the 1980s, the legislature appropriated funds for programs for emergency shelters, homelessness prevention, mortgage and rental assistance, housing acquisition and development, and housing weatherization and repair. In particular, the legislature has appropriated more than \$200 million for the state's Housing Trust Fund since 1989. The state funds, combined with federal funds from a variety of programs (including a share of the state's Title IV-A Emergency Assistance funds<sup>20</sup>), have been used to provide a housing safety net in the state.

Support for programs serving the homeless has also been an important issue at the local level. As early as 1978, Seattle began appropriating Community Development Block Grant funds to assist the homeless. And, beginning in the 1980s, Seattle voters approved a series of local property tax levies, the Seattle Housing Levy, to prevent homelessness by supporting low-income housing construction, housing rehabilitation, and assistance for first-time homebuyers. A new, seven-year levy of \$59 million was approved by Seattle voters in 1995.



# Challenges for the Future

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**T**he previous sections have provided an overview of Washington's demographic, economic, political, and financial circumstances, and described the state's social safety net as it operated in 1996. This information provides a baseline for comparison with changes as they occur in response to federal welfare reform legislation, state decisions to exercise program waivers to conduct experimental or demonstration programs, and other responses to federal initiatives. In this final section we describe the larger picture of innovations already under way in Washington, and the challenges that the state perceives as it tries to maintain the well-being of children and families in the future.

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## Devolution of Responsibility to Local Governments

In preparation for increased federal devolution of responsibilities to the state, the Washington State Senate Ways and Means Committee initiated a study of the relationships among the state, county, and city governments. In terms of relative expenditures in 1995, state expenditures were primarily for health and human services (35 percent) and education (43 percent). At the county and city level, health and human services (primarily mental health and public health services) accounted for only 11 percent of total expenditures, and there were no education expenditures. The largest share of county and city expenditures was for law and criminal justice (30 percent). The need to "feed the criminal justice tiger" is seen as putting pressure on counties to reduce other services.

Given the strong state-centralized infrastructure in Washington, there have been only limited efforts to move from state to local control of income support programs. One barrier to such devolution is the limited infrastructure in the counties to support a greater role in income support, coupled with the lack of a constituency for building up that infrastructure. Furthermore, voters in Washington have passed an initiative that prohibits any shift of responsibility from the state to a local area unless increased funds are provided to the local government to assume that additional responsibility.

A very recent effort—Community Public Health and Safety Networks—has attempted to increase collaboration between state and local governments to improve children’s services. The networks are comprised of volunteer citizen members who work to identify community needs and resources, examine existing service structures, recommend how funds can be “decategorized” or shifted to the local level for management, and contract for some community services. Because the networks were established as local quasi-government organizations with no ties to either a state agency or a local government, much of their focus to date has been on planning rather than delivery of services. Many state and local policymakers argue that the networks are duplicative local bureaucracies and are not a viable strategy for devolving responsibility to local government.

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## Government versus Privately Provided Services

Washington law prohibits the contracting out of services traditionally provided by state employees, and the existing state employee contract has a clause that prohibits contracting out. Nevertheless, there is much interest in the state legislature in privatization in an effort to develop more cost-effective service delivery systems. Traditionally, Republicans have supported privatization efforts and Democrats have opposed them.

This is a very contentious issue in Washington, a state with strong labor unions. Even in child welfare, where the state has a long history of significant levels of contracting with private providers, there is continued opposition by unions.

Privatization of employment and training services (especially job placement) under TANF is seen as a test case for increased privatization in the state. The state’s new welfare reform legislation includes a provision that permits DSHS to “engage in competitive contracting for all work activities using outcome-based performance contracts with private and public entities.” Such privatization would build on the increased privatization that occurred in the JOBS program over the 1995–96 period. As noted earlier, because of DSHS’s inability to draw down the state’s full federal match for JOBS in 1995, DSHS initiated contracts with private vendors who had funds that could be used to draw down the federal matching funds. The use of such third-party match contractors has continued into 1997.

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## Monitoring Program and Government Performance

With the exception of programs such as JTPA, in which performance monitoring has been driven by federal requirements, performance monitoring has not been a priority in Washington state. However, in 1996 the legislature mandated that state agencies move toward performance-based budgeting in an effort to link agency activities to performance measures that can be used to guide more effective resource allocation. Presumably this effort will build on some ongoing efforts in the state to improve accountability. For example, in the employment and training system, the WETCB has been leading an effort to develop a performance management system. This effort, called Performance Management for Continuous Improvement (PMCI), is intended to standardize goals, performance indicators, and definitions across the employment and training system. The information collected as part of the performance monitoring is to be used to evaluate the success of the state's workforce development system as a whole and of individual components of the system. This framework has been adopted by the key employment and training agencies in the state.

The state's efforts to improve government performance were expanded in early 1997, with two Executive Orders (97-02 and 97-03) issued by Governor Gary Locke. Executive Order 97-02, Regulatory Improvement, required state agencies to review regulations to ensure that they are necessary, reasonable, effective, clear, and fair. Executive Order 97-03, Quality Improvement, required state agencies to develop and implement a plan to improve the quality, efficiency, and effectiveness of their services. The result of the Executive Orders and other efforts in the state was the repeal of 1,935 sections (about 591 pages) from the Washington Administrative Code, and 192 completed quality projects in 1997. The latter are expected to save \$4 million immediately, and almost \$8 million per year in the future.<sup>21</sup>

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## Responding to Federal Welfare Reform Legislation

On April 17, 1997, Governor Locke signed Washington's welfare reform bill, creating the state's WorkFirst TANF program. The bill establishes a new WorkFirst program that has as its first priority helping welfare recipients find and keep paid employment in the private sector. Consistent with federal legislation, it emphasizes up-front job search, work experience activities, and short-term education and training for the majority of adults in TANF cases. As part of the state's efforts to increase incentives for employment, WorkFirst exempts 50 percent of gross earned income in determining TANF benefits, allows recipients to accumulate greater resources, and provides career development services for TANF recipients who are under-employed or employed part-time. This postemployment support represents a new direction in services to welfare recipients in Washington to help ensure movement up the wage ladder.



WorkFirst represents a significant departure from Washington's AFDC and JOBS programs. First, WorkFirst focuses on immediate employment, while JOBS focused on developing job skills even if it meant postponing work. Second, WorkFirst enjoys strong bipartisan support as an innovative welfare-to-work program, while AFDC and JOBS were perceived by some in the state as moribund programs focused on "writing checks." Finally, WorkFirst incorporates a change in administrative structure from that of the JOBS program, including agencies beyond DSHS in program design and operations and incorporating regional variation in the program.

As part of the WorkFirst effort, the state is creating a completely integrated child care service delivery system, expanding naturalization facilitation services (to ensure access to the federal and state safety net), and providing state-funded cash and food assistance for some immigrants excluded from federal assistance. The latter includes a state-funded TANF program and a food assistance program for legal immigrants who are ineligible for federally funded programs solely because of their citizenship status.

Four agencies have been designated to take the lead on WorkFirst development and implementation: DSHS, ESD, the State Board of Community and Technical Colleges (SBCTC), and the Department of Community, Trade, and Economic Development (DCTED). DSHS has primary responsibility for program operations, ESD has responsibility for employment services to link WorkFirst participants with jobs, SBCTC has responsibility for coordinating the education and training services, and DCTED has responsibility for linking state economic development strategies with WorkFirst. Regional and local collaborations are developing programs that reflect the particular conditions of the region or local area in order to maximize the effectiveness of the WorkFirst program.

Although some in the state are leery of federal welfare reform, there is optimism within DSHS, other state agencies, and many nongovernmental organizations in the state about the new direction Washington is taking under the TANF block grant. The hope is that the increased flexibility under TANF will permit Washington to develop a simpler welfare-to-work program that addresses the needs of its populations better than was possible under AFDC. In particular, there is optimism about the ability of regions in the state to develop WorkFirst programs that are more closely integrated within their community, tapping into the business and social networks that exist across the state.

Despite the optimism in the state about WorkFirst, there are concerns about the capacity of different components of the system to handle the changes that TANF will bring. The most pressing issues that were raised relate to the state's automated systems, the capacity of the programs in the state's safety net and economy to absorb the increase in low-wage workers expected under TANF, and the impacts of the system changes under PRWORA on the nonprofit sector.

## **Automation**

In 1996, DSHS was in the final stages of replacing the computer system for eligibility that had been used for the past 20 years. The new system, Automated Client Eligibility System (ACES), will be used for eligibility and benefit determination for cash, medical, and food assistance programs. However, in order to implement the new welfare reform provisions under WorkFirst, changes are needed in the state's information systems to track an individual's lifetime history on welfare, work history, and crime records, as well as other factors. Making those changes will require modifications to the new system. Changes will also be needed in ESD's management information system, which was used to track JOBS employment and training activities, and will serve the same role under WorkFirst, the Social Service Payment System, and the child care assistance tracking system.

## **Systems Capacity**

It is expected that the increase in the size of the population served under WorkFirst compared with that served by the JOBS program will create stresses on the systems for education and training, job placement (including the labor exchange system), and child care. The DSHS's Preliminary Plan for WorkFirst Program Design and Implementation notes that the participation requirements under WorkFirst will place a heavy burden on the state's child care program and increase the demand for services offered through JTPA, Vocational Rehabilitation, and local community-based organizations.

As in many states, there is some concern, particularly among nongovernmental organizations, that the working poor could be excluded from the system by the influx of welfare cases in Washington. In anticipation of this increased pressure, the state's 1997–99 budget included additional funding for health care, child care, and education for the state's working poor population.

## **Capacity of the Economy**

In addition to issues surrounding the capacity of the safety net to meet the needs of the new low-income workers, there is some uncertainty about the capacity of the economy to absorb low-skilled workers. While the overall economy in the state is strong, many of the state's welfare clients live in rural areas in which unemployment continues to be quite high. Washington has received waivers to exempt Food Stamp recipients in 24 of the state's 39 counties from the new Food Stamp work requirements because of the high unemployment rates or a lack of jobs in those counties. Some DSHS staff, along with nongovernmental organizations, expressed concern that welfare recipients in those counties will have a difficult time finding employment under the state's WorkFirst program, even with the regional flexibility in program design.





## **Capacity of the Nonprofit Sector**

Finally, there is concern that the nonprofit sector may not be able to fill in the gaps for those who fall through the federal-state-local government safety net. Finding affordable housing and affordable child care, in particular, were seen by the nonprofit community as major challenges facing the working poor in Seattle. There is great concern that changes in the safety net under welfare reform will lead to longer waiting lists in a system of nonprofit service providers that was reported to be at capacity in 1996.

## **A Local Response to Federal Welfare Reform Legislation**

The city of Seattle has undertaken its own effort to develop a response to the national welfare reform legislation. The Seattle Ad Hoc Welfare Reform Committee enlisted the support of local businesses and community and advocacy groups to address issues specific to welfare reform in Seattle. They are evaluating the long-term needs of the poor in Seattle relative to the city's resources and employment opportunities. This effort builds on the Seattle Jobs Initiative.

Seattle was one of six cities selected by the Annie E. Casey Foundation to participate in the Jobs Initiative in 1996. The Seattle Jobs Initiative is intended to improve the odds that unemployed and underemployed adults can get and keep jobs that provide a livable wage. A companion program funded by the city—Ready to Earn—was developed in response to federal welfare reform in early 1997. That program is intended to help people keep jobs once they get them.

# Conclusion

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**W**ashington has a tradition of ensuring the well-being of its low-income population through a strong system of income, health, and social supports. In 1996, that system included generous Aid to Families with Dependent Children (AFDC), general assistance, and Medicaid programs and significant investments in child care and child support, as well as an innovative child welfare program. Although the safety net is more generous than that in many states, with a conservative shift in the state legislature, spending constraints brought about by the Initiative 601 ballot referendum passed in 1993, and federal welfare reform legislation, there has been a reassessment of the state's investment in its safety net. There are concerns that competing demands for state funds or a downturn in the economy could increase the pressure to scale back the state's safety net. Currently, as in many other states, funding for Washington's safety net for children and families is competing with increasing pressure for spending on corrections, education, and long-term care.

In an effort to reconcile the desire to maintain a strong safety net with impending fiscal constraints, the state is undertaking several initiatives to improve the efficiency of the provision of program services, including performance-based budgeting, regulatory and quality reviews, the use of managed care in Medicaid, and increased accountability in the workforce development and child welfare systems. However, increased efficiency in the provision of program services will require greater interaction among government agencies and between government agencies and stakeholders in the community. This need in turn will require significant efforts within the state to remove the administrative and bureaucratic barriers that impede those interactions. The state's Workforce Training and Education and Coordinating Board is an example of the challenges that the state faces as it tries to

improve the efficiency of service delivery: Substantial progress has been made, but much remains to be done.

In addition to efforts to improve the efficiency with which services are delivered, Washington is attempting to reduce the number of families that must turn to the safety net for assistance. In particular, the shift from a skills development to a work-oriented focus in the state's welfare program and across the employment and training system is expected to lead to a greater share of the population that is employed and at least partially self-supporting. To sustain this move toward greater self-sufficiency and to reduce the attractiveness of welfare relative to work, the state is expanding the health care and child care services available to low-income working families. Thus, in the state's 1997-99 budget, increased funding was provided for the Basic Health Plan to cover an additional 8,000 low-income workers, and non-welfare-related child care was increased by \$20 million. Washington has approached welfare reform in a manner that is in keeping with its past: The switch to WorkFirst, its newly enacted program to move welfare recipients to private sector jobs, is buttressed by a comprehensive set of supports for economic independence.

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## Notes

1. This section draws on "Washington State Trends," Olympia, Wash.: Office of Financial Management, 1996.
2. Some of the federal changes under PRWORA have permitted the state to increase the I-601 limit as formerly federal programs are added to the state's budget. Thus, the I-601 limit has been raised to allow coverage of former SSI recipients under the state's general assistance program and continued food assistance to legal immigrants.
3. Another response to I-601 has been the use of dedicated revenue sources to get around the I-601 limits. For example, the Drug Enforcement Agency's violence reduction programs are using car registration fees to pay for services.
4. Washington budgets on a two-year cycle, beginning on July 1 of each odd-numbered year.
5. For a summary of the findings of the evaluation of FIP, see Sharon K. Long and Douglas A. Wissoker, "Welfare Reform at Three Years," *Journal of Human Resources*, Vol. 30, No. 4, Fall 1995, pp. 776–89.
6. Harold A. Hovey, *CQ's State Fact Finder 1996, Rankings Across America*, Washington, DC: Congressional Quarterly, Inc., 1996.
7. There has been an ongoing debate within the legislature as to the value of creating a separate state agency to handle child welfare and child protective service functions. Although this proposal has been on the table for a number of years, it reportedly received the most serious consideration in the 1996 legislative session and continues to be a topic of discussion in the state.
8. These third-party contracts were not without their problems. In a performance audit of the JOBS program, the state's Joint Legislative Audit and Review Committee (1996) reported that (1) there was not a rate structure for contracts awarded to private nonprofit agencies, (2) there were no standard contract outcome measures, (3) contracts were not competitively awarded, and (4) contracts were not adequately monitored.
9. It is likely that the role of the Job Service Centers will change over the next several years in response to a significant change in the state's Unemployment Insurance (UI) system. The state is moving to a system that will permit individuals to file for UI benefits by telephone, eliminating a major function of the Job Service Centers.
10. States may choose to provide an optional supplement to the federal SSI payment. Washington is one of the 44 states that provide supplementary SSI payments.
11. S. Zedlewski and L. Giannarelli, "Diversity among State Welfare Programs: Implications for Reform," *New Federalism Brief, Series A, No. A-1*, January 1997.
12. This section draws from Cori E. Uccello, Heather R. McCallum, and L. Jerome Gallagher, "State General Assistance Programs, 1996," Washington, D.C.: The Urban Institute, 1996.
13. See *High Skills, High Wages: Washington's Comprehensive Plan for Workforce Training and Education*, Olympia, Wash.: Workforce Education and Training Coordinating Board, 1996.
14. At the time of the state's efforts on workforce development, education reform was also on the agenda. Education reform in Washington has focused on competency-based education—moving away from "seat time" to "demonstrated mastery of specific skills and knowledge," which includes a focus on school-to-work (STW) activities. STW is seen as an instrument for preventing welfare dependency in the future.
15. The Department of Labor and Industries' responsibilities include industrial safety and health, employment standards, and workers compensation.
16. *Early Childhood Education and Assistance Program: An Investment in Children and Families, 1994 Longitudinal Study: Year 6*, Washington State Community, Trade, and Economic Development, December 1995.

17. The state has not yet implemented license revocation policies and will need to address this issue in response to the new federal law.
18. This effort is being funded under a federal grant.
19. Information in this section is taken from Len Nichols, Leighton Ku, Susan Wall, and Steve Norton, "Health Policy in Washington: Issues and Challenges," Washington, D.C.: The Urban Institute, 1997.
20. The majority of the state's Title IV-A/Emergency Assistance funds were allocated to serving children at risk of out-of-home placement or of being placed in state-paid care.
21. Office of the Governor, *Governing for Results*, December 1997.

APPENDIX

# List of Interview Sources

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Office of the Governor  
Member of House of Representatives  
Member of Senate  
House of Representatives, Office of Program Research  
Senate Ways and Means Committee  
Senate Health and Long-Term Care Committee  
Joint Legislative Audit and Review Committee

Department of Social and Health Services (DSHS)  
DSHS, Region IV  
DSHS, Rainier Community Service Office  
DSHS, South Seattle Office

Washington Family Policy Council

Employment Security Department  
Rainier Job Service Center

Workforce, Training, and Education Coordinating Board

Department of Labor and Industries

Department of Community, Trade, and Economic Development

Department of Health

Office of Financial Management

Higher Education Coordinating Board

Seattle–King County Private Industry Council

King County Department of Human Services

Washington State Child Care Research and Referral Association

City of Seattle Department of Housing and Human Services

Washington Council for Preventing Child Abuse and Neglect

Seattle Community Public Health and Safety Network

Seattle Housing Authority

Seattle–King County Department of Public Health

Fiscal Policy Center, University of Washington

Washington State Institute for Public Policy

Northwest Institute for Children and Families, University of Washington

Washington State Association of Counties

Washington State Association of Community Action Agencies

Northwest Immigrant Rights Project

Washington Alliance for Immigrant and Refugee Justice

Fremont Public Association

Welfare Reform Ad-Hoc Committee of Seattle

The Children’s Alliance

Columbia Legal Services

United Way of King County

Welfare Rights Organizing Coalition

City of Seattle Homeless Coalition

# About the Authors

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*Sharon K. Long* is a senior research associate in the Health Policy Center of the Urban Institute. Her research has covered a wide range of issues related to poverty, welfare policy, employment and training programs, child care, health care, and long-term care.

*Sandra J. Clark* was a research associate in the Income and Benefits Policy Center of the Urban Institute. Her work has focused on a wide range of programs and services for low-income families with children. She is currently on the staff of the U.S. House of Representatives Budget Committee.

*Caroline Ratcliffe* is a research associate in the Human Resources Policy Center. Her research has included welfare reform, welfare-to-work effectiveness, and the role of parental AFDC receipt on out-of-wedlock childbearing.

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## Errata

Several published *State Reports* and *Highlights* include an error in Table 1, “State Characteristics.” Incorrect figures were included for noncitizen immigrants as a percentage of the population. Corrections were made on August 13, 1998 to both the HTML and PDF version of these reports on the *Assessing New Federalism* website.

### Correct figures for 1996

	Noncitizens as a Percent of the Population
UNITED STATES	6.4%
Alabama	0.9%
California	18.8%
Colorado	5.1%
Florida	10.0%
Massachusetts	5.4%
Michigan	2.3%
Minnesota	3.0%
Mississippi	0.9%
New Jersey	8.8%
New York	11.9%
Oklahoma	1.5%
Texas	8.6%
Washington	4.3%
Wisconsin	2.1%

**Source:** Three-year average of the Current Population Survey (CPS) (March 1996-March 1998, where 1996 is the center year) edited by the Urban Institute to correct misreporting of citizenship.

The error appears in the following publications:

State Reports:

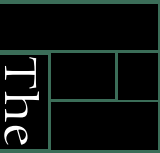
*Health Policy:* Alabama, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington

*Income Support and Social Services:* Alabama, California, Massachusetts, Michigan, Minnesota, Texas, Washington

Highlights:

*Health Policy:* Alabama, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Oklahoma, Texas, Washington

*Income Support and Social Services:* Minnesota, Texas



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