



*An Initiative of Children's Home Society of Washington*

2011

*A WorkFirst White Paper:  
Improving a Broken System  
by Creating Pathways to Financial Security*



KARAN GILL  
BURST FOR PROSPERITY  
AUGUST 2011

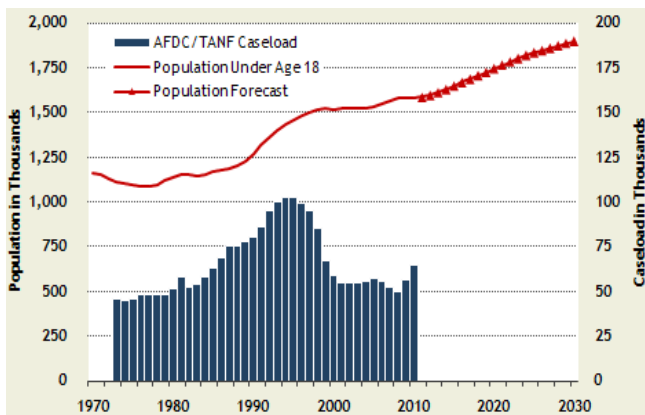
The Washington WorkFirst Subcabinet recently released “Resetting Washington’s WorkFirst for the 21<sup>st</sup> Century,” a report outlining new policies, programs, and principles on Washington State’s welfare system, WorkFirst. This white paper considers the overall policy framework as well as policy proposals outlined in the new report for advocating systemic change to help lower-income families on the path to financial security. Further, this paper will provide data and analysis, future policy direction, and principles and best practices that contribute to the development of a progressive policy vision for public assistance systems.

As a research and policy initiative that explores and tests innovative models, Burst for Prosperity has studied the challenges and trends associated with the WorkFirst system. In this paper, Burst for Prosperity will identify key policy options and their potential risks and implications, as well as outline strategic directions that will position the implementing state agencies to use resources more effectively. This paper will highlight models that Burst for Prosperity has tested in the community, and summarize the resulting analyses, options, and directions.

## BACKGROUND

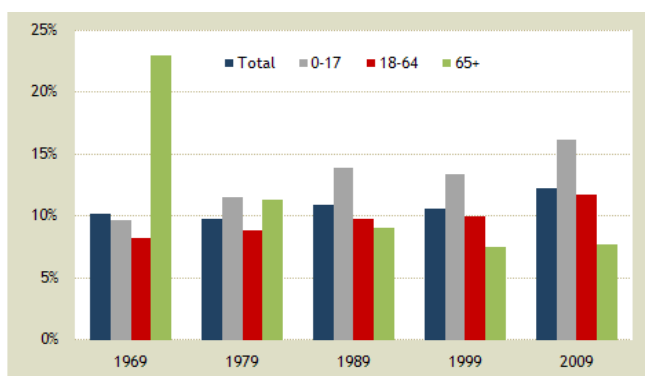
In 1996, welfare nationally underwent a fundamental shift in focusing on getting the most vulnerable population to find and return to employment with the passage of the Personal Responsibility and Work Opportunity Act (PRWOA). Washington State answered the PRWOA with a Temporary Assistance for Needy Families (TANF) funded program called WorkFirst, which provides assistance to eligible low-income families through cash grants, work services and supports, medical assistance, and child-care. The goal of WorkFirst is “to help low-income families build a pathway that can lead them out of poverty and toward economic security.”

### WELFARE CASELOAD<sup>1</sup>



WorkFirst has had success in decreasing the number of families receiving public assistance; however, *poverty rates have remained consistent in Washington State at around 12 percent throughout the last decade since the reform*. Furthermore, the number of children below 200 percent of the federal poverty level (FPL) has similarly remained consistent at around 36 percent.<sup>2</sup> In 1995, the statewide welfare caseload peaked at 105,453 and then began to decline dramatically after the implementation of welfare reform in 1997.<sup>3</sup> In 2000, the caseload had fallen by almost 40 percent from 1997 to 58,796 families; however, in 2010 the caseload had risen to 64,377.<sup>4</sup>

### POPULATION IN POVERTY<sup>5</sup>



While the welfare caseload has decreased dramatically from pre-1997, poverty rates have stayed relatively consistent, suggesting that the welfare system may not be effectively working to address the needs of many low-income families as a route out of poverty.<sup>6</sup> *Nationally, TANF caseloads have been only modestly responsive to rising unemployment -- December 2007 to December 2009 saw a 103 percent increase in unemployed persons versus only a 13 percent increase in TANF cases.*<sup>7</sup> This further indicates that while the focus on employment was decreasing welfare caseloads, it was not helping the neediest citizens attain financial security. One of

the most convincing figures revealing how great the need is for system improvement is the high return rate and low wage progression of families on welfare. The Wage Progression and WorkFirst Returns report by the Department of Social and Health Services (DSHS) documents only a \$1.31 wage progression for individuals during the three years (2006-09) after leaving TANF (\$9.72 to \$11.03). This same report revealed that only 13 percent of those same individuals have

earnings above 200 percent FPL a full 36 months after leaving WorkFirst. These wages keep families one crisis away from falling back onto the public safety net of the welfare system and stuck in a cycle of poverty. This is, unfortunately, exactly what the data suggests with about 41 percent of the State Fiscal Year (SFY) 2007 adult TANF caseload cycling off and back on TANF at least once during the three-year follow-up period.<sup>8</sup> Furthermore, many families experience multiple spells in the program. Since welfare reform began in 1997, the percentage of adult entrants each month that have previously received TANF has grown to about 65 percent. An adult averages a total of four re-entry spells with the average length of spells at about 12 months. The average and median length of TANF spells has changed very little over time, while the average number of lifetime months on TANF has steadily increased over time.<sup>9</sup>

Burst for Prosperity believes the public assistance system has the potential to serve families on a pathway towards successful, sustainable, and family-wage employment. Our vision is a system that is flexible enough to serve different populations, efficient at finding the appropriate pathway for each individual during their first stay in the system, and empowering in providing individuals ownership of the process so that they can attain a successful career and leave poverty permanently.

## RATIONALE

In the last three years, the WorkFirst system has become the focus of important policy debates in Washington State. Reform discussions between state agencies, practitioners, and advocates have led to multiple perspectives on the mission and implementation strategies of the WorkFirst system. More specifically, stakeholders have focused on how to build a safety net reform agenda that helps individuals achieve lasting economic independence, instead of stagnating in poverty. Budget constraints in a time of increased demand for services have required difficult debates on what programs should be cut without altering the goals of the welfare system. Between fiscal year 2011 and fiscal year 2013, the WorkFirst program anticipates a total budget shortfall of \$307 million due to increased caseloads, loss of federal funding, and the state's budget crisis.<sup>10</sup> Unfortunately, severe cuts to the cash grant, child care services, education, and training access hinder any progress towards needed reforms.

However, even recent recession periods have seen positive systemic change. In 2009, advocates were successful in the passage of statewide legislation (HB 2071) that creates better access to education and training opportunities for families on welfare. In 2010, advocates played a critical role in advancing legislation (HB 3141) that shifts the intent of the WorkFirst program to focus on moving parents into sustainable family-wage jobs that lead to self-sufficiency. While unfortunately Governor Gregoire vetoed this legislation, it prompted her to direct the WorkFirst Subcabinet to find ways to improve self-sufficiency for families on WorkFirst through workgroups with legislators, state agencies, and advocates at the table. In the 2011 session, SB 5921 passed the legislature revising social services, and includes the creation of a task force to oversee the redesign of the WorkFirst program. This task force is designed to improve evidence-based outcome measures, develop accountability measures, and reduce poverty.

These examples of positive systemic change have contributed to the need for a review to highlight best practices and policies that actively seek to answer the key challenge: how to encourage a flexible and appropriate system that is aware of the consequence of changes to policies, programs, and budgets – and at the same time ultimately helps lead families on the path to financial security.

## WORKFIRST OUTCOMES DATA:

- \$1.31 wage progression for individuals during the three years (2006-09) after leaving TANF (\$9.72 to \$11.03).
- Thirteen percent have earnings above 200 percent FPL a full 36 months after leaving WorkFirst.
- Forty-one percent of the SFY 2007 adult TANF caseload cycled off and back on TANF at least once during the three-year follow-up period.
- An adult averages a total of four re-entry spells with the average length of spells at about 12 months.

## BFP PRINCIPLES FOR FAMILIES ON WELFARE

Before recommending a policy and programmatic direction, it is important to outline the Burst for Prosperity principles that guide the analyses, in connection to the upcoming WorkFirst changes, to understand the perspectives of the recommendations:

- We believe that true and effective impact from systems should be based on the outcomes of financial stability, independence, and security.
  - The new WorkFirst plan calls for flexibility and efficiency – these tenets must be built with impactful outcomes in mind that address the long-term ‘stayers,’<sup>11</sup> ‘cyclers,’<sup>12</sup> and ‘leavers.’<sup>13 14</sup>
- We believe that models for systems change cannot be introduced without listening to the needs of the community and adapting models accordingly. The work must depend heavily on collaborative and innovative partnerships that engage agencies and individuals from all sectors of the community to leverage resources and create change at multiple levels.
  - A partnership model is critical – between Fiscal Year 2011 and Fiscal Year 2013, WorkFirst the program anticipates a total budget shortfall of \$307 million due to increased caseloads, loss of federal funding, and Washington’s current budget crisis.<sup>15</sup>
- We believe in utilizing research and evidence from tested models to influence public policy that removes systemic barriers and enables positive systemic change.
  - The new WorkFirst plan sets out to implement evidence-based best practices that are sustainable within a block grant program.<sup>16</sup>
- We believe that systemic change design must effectively address both generational and situational poverty.<sup>17</sup>
  - The new WorkFirst plan sets out to improve the introductory evaluation process – this must be based on individual family needs, instead of the “one size fits all” approach the system currently employs.<sup>18</sup>
- We believe that innovations that help low-income families build wealth and move towards financial independence and security should be tested and encouraged.
  - Governor Christine Gregoire directed the WorkFirst Subcabinet to “examine how to best meet the challenges for WorkFirst families to obtain employment and achieve family self-sufficiency.”<sup>19</sup>

### Financial Security

- Acquisition of Assets and Wealth
- A Built Personal Safety Net

### Financial Independence

- Off Public/Private Assistance
- Building Assets

### Financial Safety Net

- Accessing Public/Private Assistance
- Stuck in Poverty

## PROGRAMMATIC AND POLICY DECISIONS

In its review of welfare policy and the new WorkFirst Subcabinet Report, Burst for Prosperity has researched and tested the following major programmatic and policy areas that create positive systemic change:

### ***Strengthen the Assessment Process***

The assessment process (comprehensive evaluation) is key to a WorkFirst participant's ability to effect immediate stability in his or her life – a critical step towards moving out of poverty. The assessment process also allows an opportunity to help parents build the proper foundation to create opportunities for career advancement. Accessing eligible benefits is essential in building the needed stability for the parent to start exploring a career plan. A telephone survey commissioned by the Office of Financial Management (OFM) found that “91 percent of the general sample was income eligible for at least one benefit that the household was not receiving.”<sup>20</sup> This non-take-up further inhibits the pathways currently dictated by frontline staff assessments. Fortunately, Washington State has improved in-person services and continues to redesign systems to offer more same-day, in-person services, such as the benefits portal.<sup>21</sup> While access to support continues to improve through innovative practices, the assessment is still highly concentrated on the quickest pathway off the system, instead of the most sustainable, career-oriented pathway out of poverty. Job search continues to be the most referred strategy; however, multiple studies have found it is unlikely to increase the incomes of those required to participate especially when compared to strategies that incorporate career planning.<sup>22</sup> Thus, it is important that frontline staff improve assessment procedures and concentrate on enabling families to pursue more appropriate career pathways that lead to financial security (see chart on page 4).

In conjunction with accessing eligible benefits, the system can ensure more effective career advancement opportunities by promoting pathways that allow the recipient to gain true ownership through career and life coaching versus strictly a case management approach. The coaching methodology allows for personal goal setting such as career mapping and financial planning for parents to engage in career exploration while applying their own intuition and accountability practices to an attainable plan.<sup>23</sup> Practices already implemented locally use these models. The Burst for Prosperity “Coaching for Prosperity” training program is designed to enhance the work of frontline staff by strengthening understanding of the basic elements of career and life coaching to sharpen their skills and be more effective when working with WorkFirst parents. The “Coaching for Prosperity” model aims to accentuate a culture shift in the way parents use program services. It also encourages parents to go beyond the minimum program requirements while learning how to direct their own pathway, and gives them a unique way of tackling life challenges in order to avoid returning to public assistance.<sup>24</sup> This paradigm is also consistent with the “Resetting Washington’s WorkFirst for the 21<sup>st</sup> Century” report’s recommendation to implement a “culture shift for partners and participants that emphasize connecting the right people to the right activities at the right time.”<sup>25</sup> Implementing a strong assessment process with tools to improve referrals and train case managers in coaching practices will decrease the length of time on public assistance and improve the quality of WorkFirst pathways that allow for career advancement.

#### Recommendation: Improve Frontline Assessment

- It is important that frontline staff improve assessment procedures to help families attain all eligible benefits and refer families to more pathways that promote career advancement.
- Implementing a strong assessment process with tools such as improved referrals and coaching practices will decrease the length of time on public assistance and improve the quality of WorkFirst pathways.

#### Best Practice: Coaching for Prosperity

- The training program is designed to enhance the work of frontline staff by strengthening their understanding of the basic elements of career and life coaching and sharpen their skills to be more effective.
- The model aims to accentuate a culture shift in the way parents utilize services.
- Overall, parents are encouraged to go beyond the minimum program requirements while learning how to direct their own pathway.

#### Research: The Work Advancement and Support Center

- Ninety-One percent of the general sample was income eligible for at least one benefit that the household was not receiving.
- The MDRC research revealed that participants “most appreciated coaching that combined knowledgeable guidance with a strong rapport. They deeply valued the role of coach as a motivator and source of encouragement.”

### ***Improve Employment Pathway Activities in Education and Training***

A key component in improving poor outcomes and helping families attain independence is education and training. In an economy that essentially requires skills and other intangible assets to attain a family-wage job, it is even more critical to increase access to education and training for families on TANF. Currently, over 30 percent of the WorkFirst caseload has less than a high school education.<sup>26</sup> Without more opportunities to gain sought-after workforce skills, it will continue to be extremely difficult for parents on TANF to leave the cycle of attaining low-wage, unstable jobs with few or no benefits attached. Furthermore, TANF must work towards emphasizing investment towards human capital development – which can be accomplished by more education and training opportunities.

Instead of helping more families attain additional education and training, new TANF requirements continue to be increasingly restrictive. TANF requires vocational education to be held to a 12-month limit, and no more than 30 percent of working TANF participants in a state can be in a vocational education pathway. While the WorkFirst Subcabinet report recommends eliminating that restriction, it is disheartening to note that Washington State has been unable to reach even that low allowed federal ceiling. As of December 2009, only about 2,700 TANF parents, or 5.7 percent of the parents on TANF, are participating in vocational training. Further, only 265 parents were participating in a high wage training program. These low numbers do not only reflect recent history: "as a percentage of the total WorkFirst caseload, enrollment in these vocational education activities averaged around 4% through 2005, rose to 6% in 2006, and averaged around 5% in 2007 and 2008. Enrollment reached 6% again in March 2009."<sup>27</sup>

It is not sufficient merely to open pathways towards education and training. Barrier removal and supportive services are essential to helping families succeed in an education pathway. Currently, most supportive services are focused on activities revolving around an employment component. Instead, more services such as transportation, child-care, and coaching should be incorporated and geared towards allowing sustainable education pathways. Integrating services that support education pathways allows recipients an opportunity to succeed, instead of activities that are forced to be "stacked" (combined) just to oblige the restrictive participation requirements.

The new WorkFirst report does outline innovative ways to improve employment pathways such as developing new programs with follow-up support, enhancing community jobs to more family-based jobs, developing a formal mentoring program with business professionals in various career fields, and encouraging more employment agreements to hire recipients in subsidized programs.<sup>28</sup> These innovative strategies are similarly reflected in the local community such as a proven, employer-driven model developed in West Michigan called The SOURCE. This program directly links low-wage employees to a community service provider who works closely with them to increase job retention and promote advancement in their careers by providing services consisting of barrier resolution, life-skills coaching, and access to training for ongoing development of technical skills. The SOURCE is a community-based system designed and funded by small and medium-sized companies to deliver services that connect employees, through the support of a coach, to the most suitable public or private resource by identifying available community training, such as ESL, financial management, and computer skills as well as vocational and degree training to increase their professional assets. South King County has implemented this model ("Connect for Success") in partnership with Burst for Prosperity, CARES of WA, and a collaboration of manufacturers. Some may argue that the Community Jobs program in the WorkFirst system is similar to The SOURCE model; however, Community Jobs holds a 43 percent employment rate, while The SOURCE has shown strong results with fully 83 percent of TANF eligible employees retaining their job for more than 12 months.<sup>29</sup> A similar best practice in Minnesota called M-Powered – a four-part career training program designed to give students the specific training and skills to walk into an entry-level technician position at one of the multiple partnering manufacturers – has also shown early signs of success.<sup>30</sup>

As employment continues to be the main focus of the WorkFirst program, it is vital to provide the appropriate sustainable supports, education and training tools, and connections in the community to help reduce the return rate to the WorkFirst system. In addition, it will be important to find opportunities for steps towards family-wage careers by identifying sectors and employers within those sectors needing skilled workers and offering employment opportunities at different levels. In one successful example, Arkansas has led an effort called the Career Pathways Initiative using only TANF funds to develop community partnerships and pathways to education and employment, innovative instructional

strategies to improve retention, and comprehensive student services.<sup>31</sup> To help more families attain financial security, it is key to leverage work already being done in the community and pursue the innovative ideas outlined in the report.

| Recommendation:<br>Increase Educational Opportunity   | Best Practice:<br>The SOURCE  | Research   |
|---|---|--|
| <ul style="list-style-type: none"> <li>▪ TANF must emphasize investment towards human capital development which can be accomplished by more education and training opportunities.</li> <li>▪ Barrier removal and supportive services are essential to helping families succeed in an education pathway.</li> <li>▪ Create opportunities for steps towards family-wage careers by identifying sectors and employers within those sectors needing skilled workers and offering employment opportunities at different levels.</li> </ul> | <ul style="list-style-type: none"> <li>▪ The SOURCE is a community-based system designed and funded by small and medium-sized companies to deliver services that connect employees, through the support of a coach, to the most suitable public or private resource by identifying available community training, such as ESL, financial management, and computer skills as well as vocational and degree training to increase their professional assets.</li> <li>▪ This model is currently being implemented by Burst for Prosperity and a collaboration of manufacturers in South King County.</li> </ul> | <ul style="list-style-type: none"> <li>▪ As of December 2009, only about 2,700 TANF parents, or 5.7% of the parents on TANF, are participating in vocational training.</li> <li>▪ As a percentage of the total WorkFirst caseload, vocational education activities enrollment averaged around 4% through 2005, rose to 6% in '06, and averaged around 5% in '07 and '08. Enrollment reached 6% again in March '09.</li> <li>▪ The SOURCE has shown strong results with 83 percent of TANF eligible employees retaining their job for more than 12 months.</li> </ul> |

### ***Building a Personal Safety Net – Assets***

A low cash grant and a first job out of WorkFirst, usually at a minimum wage, make it difficult for a family to build assets. Research has shown many low-income families have the ability to save.<sup>32</sup> However, problematic to potential savers are asset limitation barriers that prevent families from having more than \$1,000 in liquid assets or a vehicle worth more than \$5,000 while on WorkFirst. As some states have started to eliminate asset limits altogether, Washington State continues to employ one of the most restrictive asset limit policies in the nation – while states that have eliminated asset limits have reduced administrative costs and seen no increase in caseloads due to increased assets. In order to make an impact on reducing the high return rate of families on welfare, families must be allowed the opportunity to increase assets to build their own personal safety nets.

Studies have shown that liquid assets may play a greater role than income in protecting families against hardship and falling back on the government safety net.<sup>33</sup> Unfortunately, half of Washington families earning less than \$24,800 annually are in asset poverty: should they lose their source of income, they would not have enough resources to subsist at the poverty level for three months.<sup>34</sup> Researchers have found that regardless of income, asset-poor families are more likely to experience material hardship when facing a sudden event, like a job loss or health problem, than are families with assets.

In addition to eliminating asset limits for those on WorkFirst, the system can also enable the building of personal safety nets through encouraging WorkFirst participants to open bank accounts. As many as 17 percent of Washington residents are unbanked, without access to safe and affordable financial products and services like savings, checking, or money market accounts. It is likely that most of these families have relied or currently rely on public assistance.<sup>35</sup> Electronic transfers of benefits directly to accounts at financial institutions promote individual savings and banking, while potentially curtailing costs of delivering benefits. Current federal law does not require or prohibit electronic delivery of cash assistance. Many states, including Washington State, distribute TANF cash assistance via electronic benefit transfer (EBT) to a debit or store-valued card with access to funds via ATMs. This system could be improved to encourage direct deposit of benefits by partnering with financial education programs, free tax counseling programs, and mainstream financial institutions. New accounts could have a certain amount of the public benefit automatically deposited, promote savings of Earned Income Tax Credit (EITC), or provide a match for those who can set aside a small amount of funds into an account to encourage more savings and the building of a personal safety net.

As asset limits are removed to promote savings, and accounts with mainstream financial institutions are established, it will be important to ensure engagement in proper financial management such as a financial coaching program to assist

in the development of healthy money management and investment practices. This will require an addition to the referral process to identify and refer qualified recipients to an effective financial coaching curriculum, as the Washington Asset Building Coalition has implemented.<sup>36</sup> Furthermore, if financial training is done by current frontline staff, it is imperative that they are well-trained. A study commissioned by Burst for Prosperity researching the financial capabilities of service providers both revealed the need for additional training and identified possible areas of focus for the training. With periodic and objective assessments of financial capabilities, as well as a comprehensive training plan, service providers can be even more effective in helping low-to-moderate-income families break out of the cycle of poverty and get onto the path of wealth creation.<sup>37</sup> Families will be less likely to need the last resort safety net of the WorkFirst system if they are helped to build assets and access financial coaching.

| <p>Recommendation:<br/>Catalyze Asset Development for Families</p>  | <p>Best Practice:<br/>Financial Coaching</p>   | <p>Research</p>  |
|---|--|--|
| <ul style="list-style-type: none"> <li>▪ Eliminate asset limits.</li> <li>▪ Enable the building of personal safety nets through encouraging WorkFirst participants to open bank accounts.</li> <li>▪ Ensure engagement in proper financial management, such as a financial coaching program to assist in the development of healthy money management and investment practices.</li> </ul> | <ul style="list-style-type: none"> <li>▪ Financial Coaching for Prosperity is a coaching skills training course for human and social service professionals working with adults living in poverty. It focuses primarily on establishing the foundation for a financial coaching philosophy, skills and financial tools.</li> <li>▪ A study commissioned by Burst for Prosperity researching the financial capabilities of service providers established the need for additional training, and identified possible areas of focus for the training.</li> </ul> | <ul style="list-style-type: none"> <li>▪ Studies have shown that liquid assets may play a greater role than income in protecting families against hardship and help many avoid falling back on the government safety net. Unfortunately, half of Washington families earning less than \$24,800 annually are in asset poverty.</li> <li>▪ As many as 17 percent of Washington residents are unbanked, without access to safe and affordable financial products and services like savings, checking, or money market accounts.</li> </ul> |

**Post-TANF Services – A Better Job, and onto a Family-Wage Career**

Most recipients enter very low-wage jobs after leaving the WorkFirst system, instead of opportunities or pathways that can lead to family-wage careers. A first job, even with a low-wage, can be an effective step towards a successful pathway if that job can provide the effective skills, networking, and benefits that can be built upon. The key to improving these outcomes is to have effective post-TANF services to help new workers progress up the wage ladder. The WorkFirst system recently had a post-TANF career services model that proved unsuccessful in engaging and assisting workers in advancing their careers; however, it had the appropriate intention and foundation to allow for a more robust model. Research does identify promising models that create career advancement opportunities. In addition to the building of personal safety nets recommended in this paper, other financial incentives have proven to increase job retention and earnings. For example, Opportunity NYC-Family Rewards offers cash payments (rewards) tied to efforts and achievements in children’s education, family preventative health care practices, and continued employment. In its first two years, the program substantially reduced poverty and contributed to other positive behavioral outcomes. Intermediaries and strong ties to employers in certain sectors also appear to lead to more sustainable employment and higher earnings.<sup>38</sup>

A best-practice program that has proven, successful outcomes is the Riverside, California based Riverside Post-Assistance Self-Sufficiency (PASS). PASS aims to promote job retention and advancement among individuals who recently left TANF. The services include intensive case management, counseling and mentoring, supervised job search with skills workshops, referrals to education and training slots, arranging support services, and other social service programs. While engaging individuals in employment and retention services was a consistent challenge, the program had proven success: total income for individuals rose in the four years after leaving TANF, with individuals earning almost 11 percent more annually than the control group in the two-year follow-up. Job retention was also improved among PASS program participants with the effects growing larger over time.<sup>39</sup> Post-TANF services are a critical component of any redesign of the WorkFirst program to create more sustainable pathways out of poverty.

Recommendation:  
Develop Effective Post-TANF Services

- Most families enter very low-wage jobs when leaving the WorkFirst system. The system should be producing opportunities to leverage those first-placed jobs as part of a pathway that can lead to a family-wage career.
- The key to improving outcomes is to have effective post-TANF services to help new workers progress on their pathways up the wage ladder.

Best Practices:  
Opportunity NYC & PASS

- Opportunity NYC-Family Rewards offers cash payments tied to efforts and achievements in children's education, family preventative health care practices, and continued employment.
- PASS aims to promote job retention and advancement among individuals who recently left TANF. The services include intensive case management, counseling and mentoring, supervised job search with skills workshops, referrals to education and training slots, and arranging support services.

Research:  
MDRC

- Opportunity NYC: In its first two years, the program substantially reduced poverty and contributed to other positive behavioral outcomes.
- PASS: Total income for individuals rose in the four years after leaving TANF, with individuals earning almost \$2000 (almost 11 percent) more annually than the control group in the two-year follow-up. Job retention was also improved among PASS program participants with the effects growing larger over time.

## THE WAY FORWARD

The policy and programmatic vision outlined in this white paper establishes the need for the system to have room to innovate and develop pathway strategies that help families reach the end goal of financial security (see page 4). To catalyze innovation, the federal government should replace process-based work participation rate requirements that provide no incentive for states to create pathways to economic opportunity for outcome-based performance measures. In exchange, federal requirements should push states for outcome-based accountability that shows families are increasing job retention rates, attaining higher-wage jobs, building tangible assets, and reducing their return rate onto public assistance. It is of concern that states are rewarded for reducing the number of people they serve through a caseload reduction credit without knowing if those citizens leaving are in family-wage jobs or in sustainable pathways that help them out of poverty. *The system has become one based on obligation, not opportunity -- we need one that rewards successful outcomes of the people, not the system.*

To attain successful outcomes, there must be strong reinvention and reinvestment to make the system more effective and sustainable to reach longer-term savings. More importantly, the programmatic and policy direction described in this paper persuades innovation and saving of long-term costs while fulfilling the objectives of the undergoing WorkFirst changes and beyond. This way forward includes:

- Strengthening the assessment process by helping families access all eligible benefits and catalyzing pursuits of career advancement opportunities with career and life coaching to attain immediate **financial stability**.
- Improving access to education and training pathways that help families develop human capital and build the necessary intangible assets to compete for jobs that serve as launching pads towards family-wage careers.
- Building a personal safety net with tangible assets by eliminating asset limits, enabling access to mainstream bank accounts, and creating opportunities to access financial education to attain **financial independence**.
- Creating an effective post-system structure that leverages the attained financial stability and independence. Furthermore, leveraging the skills, networking, and benefits from the initial placed job towards a family-wage career that helps parents build wealth towards **financial security**.

The work of advocates collaborating with the WorkFirst Subcabinet allows the system an opportunity to be transformed collaboratively to create more durable policy. *TANF can be a system that can increase its effectiveness through improved access, respond to adverse economic circumstances through responsiveness, address real barriers through focus, encourage practical pathways through targeting, and encourage new opportunity through innovation.* Instead of TANF only helping families to stagnate in poverty, it can and should be used as an opportunity to create a pathway that encourages our most vulnerable citizens towards financial security and prosperity to reduce dependency and poverty.

## ENDNOTES:

---

<sup>1</sup> Office of Financial Management (2011). [www.ofm.wa.gov](http://www.ofm.wa.gov)

<sup>2</sup> Kids Count Data Center (2011). [Datacenter.kidscount.org](http://Datacenter.kidscount.org)

<sup>3</sup> Burley, M. (2001). Welfare Caseload Trends. Washington State Institute for Public Policy (2001).

<sup>4</sup> Office of Financial Management (2011). [www.ofm.wa.gov](http://www.ofm.wa.gov)

<sup>5</sup> Ibid.

<sup>6</sup> Institute for Women's Policy Research (2006).

<sup>7</sup> Pavetti, LaDonna. Center on Budget and Policy Priorities (2010).

<sup>8</sup> WorkFirst Subcabinet (2011). "Resetting Washington's WorkFirst for the 21<sup>st</sup> Century." January 2011.

<sup>9</sup> OFM WorkFirst Performance Team (2008). *Length of Stay and Re-entry Rates of Adult Clients on TANF*. September 2008.

<sup>10</sup> Ibid.

<sup>11</sup> Stayers: about a third (29 percent) of the SFY 2007 adult TANF caseload consists of participants who remained persistently on cash assistance.

<sup>12</sup> Cyclers: show significant labor force attachment but do not show the degrees of wage progression that 'quick leavers' were able to achieve. Cyclers cycled off and on the caseload with relatively intensive use of TANF over the 36-month follow-up period.

<sup>13</sup> Leavers: participants who were able to transition off TANF relatively quickly and remain off (quick leavers) were less likely to have barriers to work and more likely to experience steady wage growth. Quick leavers were also more likely to be in two-participant households, have a youngest child at least 13 years old, and have at least a high school degree or its equivalent.

<sup>14</sup> OFM WorkFirst Performance Team (2008). *Length of Stay and Re-entry Rates of Adult Clients on TANF*. September 2008.

<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

<sup>17</sup> *Situational poverty*: generally traced to a specific incident within the lifetimes of the person or family members in poverty.

*Generational poverty*: a cycle that passes from generation to generation.

<sup>18</sup> OFM WorkFirst Performance Team (2008). *Length of Stay and Re-entry Rates of Adult Clients on TANF*. September 2008.

<sup>19</sup> Ibid.

<sup>20</sup> Gardner, Erica & Came, Deb (2007). *Going it Alone*. OFM. April 2007.

<sup>21</sup> Rosenbaum, Dorothy (2011). *Improving the Delivery of Key Work Supports*. CBPP, February 2011.

<sup>22</sup> Greenberg, D., Deitch, V., Hamilton, G. (2009). *Welfare-to-Work Program Benefits and Costs*. MDRC, February 2009.

<sup>23</sup> McKenna, Maggie (2011). *Coaching for Prosperity: Implementations in Career Connections Progress Report*.

<sup>24</sup> Burst for Prosperity (2011). <http://www.burstforprosperity.org/coachingForProsperityTraining.php>

<sup>25</sup> WorkFirst Subcabinet (2011). "Resetting Washington's WorkFirst for the 21<sup>st</sup> Century." January 2011.

<sup>26</sup> Ibid.

<sup>27</sup> Office of Financial Management (2009). *WorkFirst Performance Chartbook*. May 2009.

<sup>28</sup> WorkFirst Subcabinet (2011). "Resetting Washington's WorkFirst for the 21<sup>st</sup> Century." January 2011.

<sup>29</sup> The Source (2011). <http://www.grsource.org/>

<sup>30</sup> Hennepin Technical College (2011).

<sup>31</sup> CLASP (2010). *Funding Career Pathway and Career Pathway Bridges*. May 2010.

<sup>32</sup> Sherraden, M (1991). *Assets and the Poor*. M.E. Sharpe, Inc. New York.

<sup>33</sup> Gill, K., Kinne, A. Watts, J. (2011). *The Prosperity Blueprint*. Burst for Prosperity. Washington Asset Building Coalition.

<sup>34</sup> CFED. "State Profile: Washington." 2009-2010 Assets & Opportunity Scorecard. 2009. Washington, DC.

<sup>35</sup> Ibid.

<sup>36</sup> Washington Asset Building Coalition (2011). <http://www.washingtonabc.org/node/123>

<sup>37</sup> Loke, V. (2011). *Financial Capabilities of Service Providers*. Center for Social Development, 2011.

<sup>38</sup> Berlin, Gordon (2010). *Rethinking Welfare in the Great Recession*. [www.mdrc.org](http://www.mdrc.org)

<sup>39</sup> MDRC (2010). *Benefit-Cost Findings of the ERA Project*.

***If you have any questions regarding the report, please contact Karan Gill at 206.527.3886 or [karang@chs-wa.org](mailto:karang@chs-wa.org)***