

Research Brief: Current Washington Initiatives on Child Poverty

Washington Child Benefits Feasibility Study



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Authors

Michele Abbott, Helena Wippick, Elina Morrison, Kia Heryadi, Allie Burns, Sofia Torres

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Sarah Veele, Office of Innovation, Alignment, and Accountability Stephanie Budrus, Government Affairs Washington State Department of Children, Youth, and Families

Point of Contact

Michele Abbott; michele.abbott@mefassociates.com

Submitted by

MEF Associates 1330 Braddock Place, Suite 220 Alexandria, VA 22314

Project Director

Michele Abbott, PhD

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Research Brief: Summary of Current Programs and Initiatives in Washington State

Background

Although the United States is the wealthiest nation in history, it has long been plagued by persistently high rates of child poverty relative to its peers. In Washington, nearly one in eight children live in poverty. These disparities are compounded by significant racial inequalities with Black and Hispanic children experiencing poverty rates of 17.8 percent and 19.5 percent respectively, compared to 7.2 percent for non-Hispanic white children. Across the state, 44 percent of Native American and 36 percent of Native Hawaiian and Pacific Islander households are experiencing income inadequacy.

There is overwhelming evidence that poverty in childhood has negative impacts on children across nearly every domain. This includes, but isn't limited to, children's brain development, birth weight, school readiness, and physical and mental health in childhood and throughout adulthood. Meanwhile, investments in childhood economic security have substantial societal returns on investments. Children who have benefited from early investments in their wellbeing become adults with better health outcomes, higher educational attainment, reduced benefits utilization, and increased workforce participation. Early intervention to alleviate poverty can save taxpayers billions annually.

In Washington, several state-wide initiatives are already underway in coalition-building, research, advocacy, and equitable planning activities related to the reduction of child poverty. Washington's Poverty Reduction Work Group (PRWG) developed a 10-year comprehensive plan for reducing poverty and inequality in Washington state. Governor Inslee's Legislative-Executive WorkFirst Poverty Reduction Oversight Task Force (LEWPRO Task Force) also developed a Five Year Plan to Reduce Intergenerational Poverty and Promote Self-Sufficiency, published in 2019. These efforts come in addition to many legislative bills surrounding child poverty reduction.

The Washington Child Benefits Feasibility Study is an effort to explore and assess possible additions or reforms to child benefit policies in Washington State to better address child poverty. The state legislature's 2023-2025 Operating Budget set aside funding to conduct feasibility analyses to provide information and recommendations on fruitful avenues of policy reform and identify areas where further research is warranted. MEF Associates (MEF) collaborated with the Department of Children, Youth, Families (DCYF) to compile a list of policies, programs, and initiatives within Washington related to the study's policy areas. We then identified experts and key players who could speak to the design, implementation, successes, and challenges of these initiatives.

The study covered the existing safety net of cash and near-cash benefits funded and/or administered at the state level, as well as three alternative policies aimed at reducing child poverty. The first two policy alternatives target existing programs that structure direct cash benefits in a way that could support parents or guardians of children: (1) family supports via the tax system, and (2) direct cash transfers via other mechanisms. The final policy alternative encompasses baby boxes and other concrete goods programs.

This research brief provides a high-level summary of our findings from the second round of interviews with Washington experts. The brief was originally published as an appendix to the study's final report, "Policy Solutions to Reduce Child Poverty." To request a copy of the Washington Programs and Initiatives Report, please contact DCYF Office of Innovation, Alignment, & Accountability: (OIAA@dcyf.wa.gov) and MEF Project Director: Michele Abbott (michele.abbott@mefassociates.com).

The Existing Safety Net

Overview: The existing safety net includes various cash and near-cash benefits available to non-workers or low-income individuals offered at the federal and state-level. Note: This brief focuses on a selection of programs that are most relevant to addressing child poverty. This does not include short-term earnings replacement insurance programs, disability programs, benefits policies that are not cash or near-cash assistance, or programs that don't serve a role in supporting families with dependent children.

Landscape of Programs

- Washington residents may access several cash assistance programs. Temporary Assistance for Needy Families (TANF) provides temporary, monthly cash to eligible families. Individuals that are ineligible for TANF may be eligible for State Family Assistance (SFA) or Tribal TANF. The Aged, Blind, or Disabled (ABD) Cash, Pregnant Women Assistance (PWA), and Refugee Cash Assistance (RCA) programs provide cash assistance to low-income individuals who are age 65 or older, blind, determined likely to meet Supplemental Security Income disability criteria, pregnant, or eligible refugees. Lastly, the Diversion Cash Assistance (DCA) program provides alternative assistance for families who have a short-term need and do not wish to receive TANF.
- Food assistance programs include <u>Washington's Basic Food program</u>, which covers both the federal <u>Supplemental Nutrition</u> Assistance Program (SNAP) and the Food Assistance Program (FAP), and the Food Distribution Program on Indian Reservations (FDPIR), which provides USDA foods to eligible households living on or near Indian reservations. Student meal supports include the National School Lunch Program (NSLP) and School Breakfast Program (SBP) and SUN Bucks, which intends to fill the food security gap in summer months.
- The <u>Housing and Essential Needs (HEN)</u> program provides limited rent and utility assistance, move-in costs, and transportation assistance for those unable to work at least 90 days due to physical and/or mental incapacity.
- Utility assistance programs include Additional Requirements for Emergent Needs (AREN), the Low-Income Energy Assistance Program (LIHEAP), the State Home Energy Assistance Program (SHEAP), and the Consolidated Emergency Assistance Program (CEAP). Local programs include the Utility Discount Program and the Energy Assistance Program, while utility companies may also offer additional assistance programs.

Successes Challenges

- In 2022, the legislature created the <u>Diaper Related Payments (DRP)</u> program to offset the costs of diapers and essential needs for early development.
- 2024 saw several expansions to TANF programming, including timelimit extensions and the TANF child support pass through program.
- Recent expansions to school meal programs include the federal Community Eligibility Provision, allowing schools to serve free meals to all students if at least 25% of the students are eligible for free meals, and Washington's House Bill 1238, which mandates that elementary schools provide free meals to all students if at least 40% of the students are eligible for free meals.
- Washington's safety net falls short of meeting families' basic needs, as many families still face barriers to financial stability due to a high cost of living and difficulties accessing safety net programs.
- Fragmented program design and delivery, limited infrastructure for information sharing and a lack of collaboration among agencies are key challenges to the current safety net.
- The absence of a consistent tax system and revenue stream is a significant barrier to implementing policies that alleviate poverty.

- Policies and programs should focus on reducing child poverty through a multi-generational approach that target the root causes of poverty.
- Allowances for families complement existing benefits, ensuring long-term returns on investments and reducing the impact of the "benefit cliff".
- Programs should be federally funded due to limited state funding.

Family Supports via the Tax Code

Overview: Child allowances, such as the Earned Income Tax Credit (EITC), provide cash directly to families with children through the tax code. Washington, though lacking a child tax credit, recently established the Working Families Tax Credit (WFTC), a state version of the federal EITC, to support low-income families.

Landscape of Programs

- In 2023, Washington implemented the WFTC statewide which differs from the federal EITC in two ways: 1) eligible residents may file with an Individual Taxpayer Identification Number (ITIN), allowing those without an SSN, including my immigrant workers, to benefit, and 2) it does not have a phase-in rate, allowing all applicants with at least a dollar of income to benefit.
- The WFTC varies based on a household's number of qualifying children and income level. The maximum credit amount ranges from \$315 to \$1,255 and the minimum credit amount is never less than \$50, as published in the DOR WFTC Eligibility Requirements.
- The WFTC is administered through the Department of Revenue (DOR) and funded by the Washington State legislature.

Successes

• The WFTC had a successful first year, with about 48% of eligible households claiming the credit.

- Washington residents found the WFTC application process straightforward and the outreach methods effective, learning about the WFTC through social media and community organizations.
- Strong and wide-ranging partnerships were a key factor in implementation success. Partnerships include the WFTC coalition, which is a community group including economic and racial justice organizations, labor unions, and direct service providers. The DOR also established a network of partners through the Community Outreach Grants, which includes 27 grantees. These partnerships helped the DOR develop an extensive advisory committee of community members and conduct outreach at community events. Collaborations with trusted organizations embedded in communities were imperative to increase uptake.
- Washington's success with the design and implementation of the WFTC demonstrates the state's potential to implement additional tax credits.

Challenges and Gaps

- A major challenge in implementing the WFTC was building trust and effectively reaching families who were unaware of the credit, lacked materials in their language, or didn't know they were eligible.
- Challenges in building the WFTC from scratch included hiring and training staff and establishing systems and processes for verification and administering taxes.
- The credit's name ("working") created confusion around eligibility requirements and discouraged some eligible families from applying.
- The amount of information required in the credit application led to mistrust in some communities, particularly among those with legal challenges, kinship families, and non-English speakers.

- Efforts are underway to extend the tax credit to childless workers ages 18 to 65 and increase the benefit amount. Some experts recommend providing recurring payments instead of lump sums.
- Experts recommend that the DOR WFTC team establish its own data system, promote data sharing across agencies, and simplify the application to improve implementation.
- Other experts recommend the DOR partner with community-based organizations serving Medicaid recipients, kinship families, and those recently released from jail to increase uptake.

Cash Transfer Initiatives

Overview: New and innovative cash transfer initiatives include any state or local initiatives and pilot programs with a cash transfer component for low-income families, such as local guaranteed income pilots as well as the Economic Security for All initiative.

Landscape of Programs

- The Economic Security for All (EcSA) Incentives program was developed to provide a more human-centered approach to poverty reduction. In its first iteration, \$5.9 million was awarded to support the local development, implementation, and testing of innovative pilot models and to coordinate agencies, providers, and funding sources to streamline access to benefits and create a coordinated poverty reduction system. During the initial EcSA pilot phase, the Workforce Development Council of Seattle-King County launched a guaranteed income pilot program to provide \$500 monthly payments for 10 months to 102 individuals affected by poverty.
- Washington has had several guaranteed income pilots, all of which tend to be small in participant coverage, place-based, and short-term. Growing Resilience in Tacoma (GRIT), is a guaranteed income initiative in Tacoma focused on improving the lives of "Asset Limited, Income Constrained while Employed" families. The Nest, the largest and longest guaranteed basic income program in the state, focuses on pregnant Indigenous women and their child's first 1,000 days of life. Other pilots included the King County Guaranteed Basic Income (GBI) pilot program, the Olympic Community Actions Program (OlyCAP), and the Lavender Rights Project.
- The Evergreen Basic Income Pilot, a proposed initiative to support 7,500 people statewide, will target priority populations facing barriers to safety net access. The pilot legislation is still being finalized for submission next legislative session with plans to scale down the pilot size, but drew heavily from the DSHS Basic Income Feasibility Study.

Successes

• In 2022, the Washington State Legislature set aside 200 million dollars to create the Community Reinvestment Fund (CRF). The CRF included 10 million dollars dedicated to the Career Accelerator Incentives Fund, which provided financial support payments of \$1,000 per month to EcSA participants for meaningful progress made on their career plans.

- A report from one EcSA initiative found that payments paired with wraparound supports had the largest impact on recipients, especially those in deep poverty experiencing additional barriers and compounding issues.
- Due to the promising successes of EcSA programs, the state legislature passed a new law that codified EcSA and made it an ongoing program, which will promote its expansion and preservation.
- Partnerships and collaboration with tribal authorities were key to cash transfer initiative success in making sure the pilot indicators reflect how the resources were being used by the community.

Challenges and Gaps

- · Although cash transfer programs are not designed to be punitive, participants risk losing TANF or other benefits if they receive extra cash, deterring them from enrolling or opting in these programs.
- Programs face challenges in communicating with target populations and building trust with the community, as well as designing payment mechanisms for those without bank accounts.
- Administrative challenges such as balancing funding for personnel, translation services, and wraparound services pose a barrier to implementing cash transfer pilots, which can be costly and difficult to fund.

- Public-private partnerships should be leveraged to fund cash transfer initiatives, and to support implementation to scale them
- Cash transfers during pregnancy, expanded child tax credits, and paid leave, combined with wraparound services, are most effective in reducing child poverty.
- Cash transfer initiatives must ensure benefits protection, enable self-attestation of eligibility to reduce bureaucracy and build trust, and offer flexible disbursement options.

Baby Boxes & Other Concrete Goods

Overview: A baby box is a box given to new parents, typically constructed out of cardboard, that contains many infant care items, such as clothing, blankets, towels, bibs, diapers, toys, or nursing pads. Other concrete goods programs for new parents aim to reduce the financial burden of childrearing by providing some of the items that are needed, such as diapers, school supplies, car seats, or direct payments to cover housing, transportation, or childcare costs.

Landscape of Programs

- While Washington lacks a universal statewide program offering baby boxes or concrete goods to parents, several programs provide concrete goods to families with young children.
- DCYF funds partner organizations to distribute concrete goods. This funding supports a variety of populations: families with
 child welfare involvement, contracted <u>in-home service providers</u>, and prevention programs. DCYF also provides items <u>through</u>
 <u>child welfare services</u>, allowing case workers to purchase necessities for clients. DYCF implements this concrete goods
 programming through their <u>contracted combined in-home service</u> (CIHS) providers.
- Local community-based organizations offer small scale concrete goods programs. Specifically, tribal organizations may provide culturally relevant items, such as children's books in native languages or drums.
- Family Resource Centers (FRCs), such as <u>Family Education and Support Services (FESS)</u>, are critical to successfully
 implementing concrete goods programs, as they have low barriers to entry, are deeply connected to the communities they
 serve, and are responsive to community needs.
- Washington offers several diaper-related programs to ease the financial burden on parents, including <u>diaper bank grants</u>, the
 <u>Diaper Distribution Demonstration and Research Pilot</u>, and <u>Diaper Related Payments</u>, which increase TANF/SFA cash benefits
 to help cover diaper costs.

Successes

Since the COVID-19 pandemic, concrete goods programs in Washington have seen a substantial increase in funding and interest due to their ability to build trust with families and increase families' participation in other programs.

 The Washington State Legislature appropriated \$5 million to Commerce in fiscal year 2023 to strengthen FRC services and increase capacity statewide. Some of this funding has supported the establishment of the <u>Washington Family</u> <u>Support Network</u> for FRCs.

Challenges and Gaps

- DCYF concrete goods programs face several implementation challenges, such as not working directly with families, requiring providers to pay upfront and seek reimbursement, and struggling to manage application volumes. Postpandemic, many community organizations essential to implementing concrete goods programs closed, reduced services, or stopped collaborating, presenting a challenge in referring families to services.
- Concrete goods programs struggle to find sufficient and sustainable funding streams.

- Concrete goods programs should be tailored to families' specific needs, but this creates an implementation challenge in meeting the diverse needs of all families.
- Concrete goods programs are most effective when distributed by trusted intermediaries, like community organizations, which
 help families access additional services and strengthen community ties. Experts recommend more strategic and effective
 communication and collaboration among organizations providing concrete goods to allow for better resource allocation and
 to braid funding.
- A concrete goods pilot program would be an effective way to generate evidence and lessons learned and determine how to be most responsive to families' needs.