



WELFARE, WORKFORCE, AND THE 77TH TEXAS LEGISLATURE

During the 77th Texas Legislative Session the Center tracked over 50 bills related to welfare and workforce policy. Many of these pieces of legislation were the result of more than a year of interim work and were designed to help advance Texas' welfare-to-work efforts. While debate over these bills was generally marked by bipartisan support and compromise, the surprise veto of several bills affixed a sour footnote to the session. Additionally, funding for the central employment program for welfare recipients—the Choices program—fell well short of meeting anticipated demands and threatens the progress of positive welfare reform in Texas. This Policy Page discusses the problem of inadequate funding for Choices and reports on the welfare and workforce bills enacted by the legislature.

FUNDING ISSUES

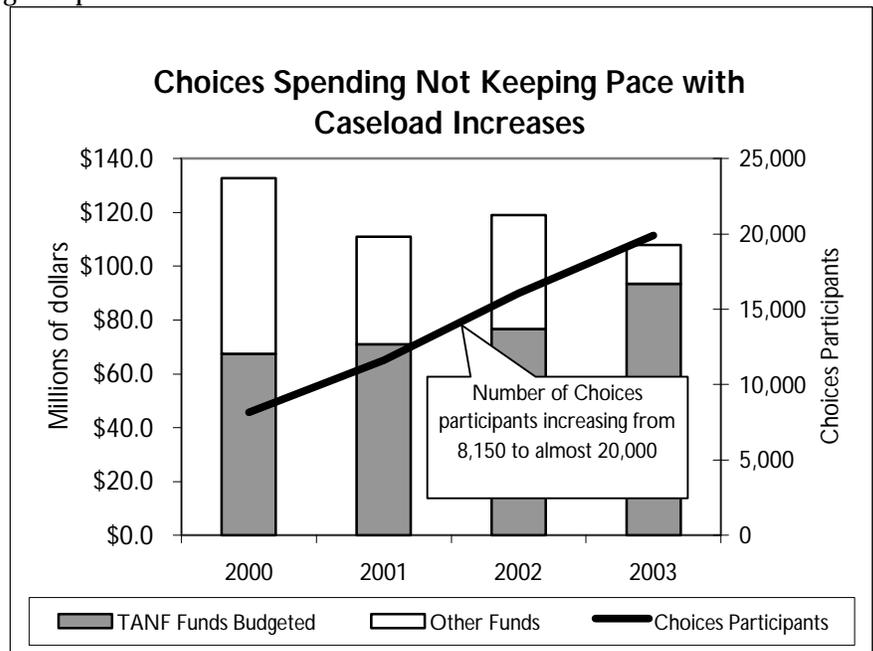
In Texas, employment assistance for public assistance recipients is funded with state general revenue, federal funds from the Temporary Assistance for Needy Families (TANF) block grant, and the U.S. Department of Labor's Welfare-to-Work program. The Choices program is the central employment assistance program for TANF recipients and is delivered by Texas' 28 local workforce development boards (LWDBs) through contractors. This program relies primarily on TANF funds.

While a full analysis of TANF funding decisions will follow later this summer, a brief summary of the Choices funding situation is needed here to understand the welfare and workforce policy and program challenges lining up for the coming biennium (2002-03). The Texas Workforce Commission (TWC) began the session with budget requests for significant increases in funding for the Choices program to meet anticipated caseload increases. These increases were expected due to several factors: a slowdown in the Texas economy and growing concerns about unemployment; the end of some work exemptions for TANF recipients; and, a client pool with more barriers to work, requiring more intensive services to gain and retain employment. February 2001 updates to TANF caseload projections added even more demand to this equation. In the end, TWC did not receive the funding it projected it would need to meet increased caseloads. The result of these decisions will put a serious squeeze on both the capacity and quality of employment assistance for those trying to leave welfare.

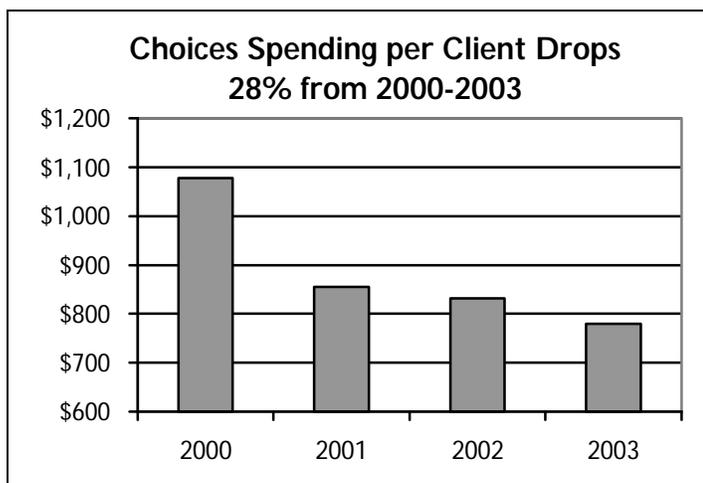
CPPP analysis of TWC budget and caseload figures shows that Texas is preparing to invest

less per participant in adult employment services in the next two years as caseloads increase significantly. This squeeze will leave LWDBs less able to provide the services necessary to help participants move from welfare to work—hardly the positive step forward hoped for in Texas' welfare-to-work plans for the next two years.

The two following charts illustrate the problem. The number of Choices participants will more than double from the fiscal 2000 figure of 8,150 to a projected total of nearly 20,000 participants in 2003. Despite this increase, TWC is facing a shrinking budget to provide employment services. Also of note is a steadily increasing reliance on TANF funds to pay for employment assistance as time-limited federal Welfare-to-Work funds are depleted, and state General Revenue dollars become even scarcer.



As a result of anticipated caseload increases and inadequate funding, Choices spending per client will drop from the fiscal 2000 level of \$1,078 to \$780 per client in 2003 (according to the final state budget bill). This steady decline in the per capita resources available for services is directly at odds with national welfare-to-work trends and emerging research about best practices. Even in Texas, local workforce programs are experimenting with enriched employment services and post-employment supports that are showing better employment and wage outcomes. Additionally, clients with multiple barriers to work (e.g. mental health issues, disabilities, domestic violence, substance abuse, etc.) will require more—not less—intensive supports as they navigate their way to self-support. On the policy side, the legislature recognized these needs with new legislative direction (see bills discussed below). Unfortunately, the state budget does not reflect this focus and may leave local boards unable to provide much more than stripped-down job placement assistance. An opportunity to move welfare reform beyond caseload reduction and toward poverty reduction has been lost.



WELFARE AND WORKFORCE LEGISLATION

Many of the welfare and workforce bills filed this session were the result of hard work by several interim committees. The Human Services Committees in both the House and Senate and the House Economic Development Committee all took a close look at the progress of welfare reform in Texas, at looming Congressional decisions, and at the expiration of Texas' welfare waiver in 2002. (See their reports at <http://www.house.state.tx.us/house/commit/reports/report.htm> and <http://www.senate.state.tx.us/75r/Senate/CmArch.htm> for more background.) This work resulted in a package of bills filed in both the House and Senate. Of the nearly 50 welfare/workforce bills CPPP monitored, 17 finally passed, though three were then vetoed by Governor Perry. The following is a summary of the welfare/workforce bills that made it through the 77th Legislature.

HB 476 (Naishtat): Job Training for Higher-Wage Jobs

One of the more interesting developments in welfare-to-work services this session was the passage of HB 476, which creates an incentive program for local workforce boards to place

TANF clients in higher-wage jobs. Until this legislation, the state's "work first" policy placed emphasis only on job placements—not good wages. Local contractors have been reimbursed for the numbers of clients "placed," regardless of the quality of the job. This bill modifies this shortsighted focus by encouraging local workforce boards to adjust their programs so that clients are not just placed in any job but prepared for and placed in jobs that can adequately support them and their families. Local workforce boards will be eligible for incentives on a competitive basis, based upon the size and characteristics of their workforce development areas.

HB 476 is funded with \$1.2 million (\$600,000 per year) of TANF funds. According to figures from the Legislative Budget Board (LBB), HB 476 will **save** the state money by helping TANF recipients make the **permanent** shift from welfare to wage-growth work and reducing returns to TANF. HB 476 is expected to produce net savings of \$278,402 in 2002-03 and almost \$1 million in the next five years.

Legislation Affecting Workforce Boards

HB 218 (Wise): HB 218 requires each local workforce development board to have at least one military veteran as a member. Veterans must meet the same eligibility requirements as other board members and represent one of the specific interest groups required under state and federal law, including industry, labor, education, and community-based organizations.

HB 936 (Solis): HB 936 addresses workforce board members' conflict-of-interest responsibilities, and clears up existing confusion about whether or not workforce boards are subject to certain laws affecting government agencies and political subdivisions. Some members of the workforce development community had hoped to expand the bill to give local workforce boards the status of a "quasi-governmental entity," and thus the ability to contract directly with state agencies, most notably the Texas Agricultural Extension Service and the Texas Engineering Extension Service. These provisions were not included in the bill signed by Governor Perry, because of fears of jeopardizing the workforce system's grandfathered status under the federal Workforce Investment Act.

HB 2327 (Solis): HB 2327 enhances the depth and intensity of training provided to members of local workforce development boards. In addition, the bill requires TWC to implement an easy-to-understand sanctions policy and to develop a state plan to address the lack of providers in some parts of Texas.

Legislation Affecting Public Assistance

HB 477 (Naishtat): Recognizing that many Texans still receiving TANF benefits have substantial barriers to employment, HB 477 mandates interagency cooperation between TWC and the Department of Human Services (DHS) to ensure that these hard-to-employ recipients get the holistic services they need to enter the workforce.

HB 1005 (Naishtat): HB 1005 creates separate state-funded TANF assistance programs for two-parent TANF families and for TANF clients in rural areas, where employment opportunities are scarce. HB 1005 ensures equal access for all TANF recipients and avoids potential federal penalties linked to unrealistic performance targets for serving two-parent TANF families. Texas joins more than a dozen other states in taking advantage of new flexibility under federal TANF rules.

HB 1187 (Olivo): The Parents as Scholars pilot project was created to ensure that recipients of public assistance have access to higher education opportunities that may increase their ability to get a well-paying job. HB 1187 offers more flexible eligibility requirements for the Parents as Scholars pilot project and ensures that participation in Parents as Scholars counts as a work activity required by some public assistance programs.

HB 1243 (Villareal): HB 1243 extends the outcome analysis of certain workforce programs from 12 months to up to three years and requires TWC to monitor the earnings of former Choices clients and report its findings to the legislature. Like HB 476, the bill is an excellent step toward the goal of getting former public assistance recipients who are provided employment services on the road to wage-growth employment. These new measures should provide policymakers with better information about the effectiveness of current welfare-to-work efforts.

HB 2103 (Dutton): HB 2103 streamlines the process of getting TANF assistance to families in which grandparents are caring for children whose parents either cannot or should not receive assistance for their children.

HB 2279 (Naishtat): Previously, a student eligible for a tuition and fee exemption at a higher education institution because the student received TANF must have enrolled in college within a year of graduating from a Texas public high school to receive the exemption. HB 2279 extends the deadline to the two-year anniversary of high school graduation for an eligible student to enroll in college and get the tuition/fee exemption.

SB 45 (Zaffirini): SB 45 directs DHS, the Health and Human Services Commission, and TWC to jointly adopt rules defining which “hardships” warrant an exception to the imposition of time-limited benefits. Federal regulation allows states to exempt up to 20% of their TANF caseload from federal time limits. With some of the first cases of clients reaching this five-year limit in the coming biennium it is important that the state agencies develop criteria for deciding what circumstances would warrant an exemption.

SB 297 (West): In the 1999 session, Senator West championed a successful effort to provide a one-time payment to low-income grandparents who are caretakers for their TANF-eligible grandchildren. The program has been very well received, and this session lawmakers adjusted the eligibility guidelines to make the assistance more accessible. The age limit was lowered from 50 to 45 and the income of the grandparents can now be 200% of the federal poverty level (up from 100%).

SB 554 (Carona): This bill creates Texas Career Opportunity Grants—scholarships for certain low-income students enrolling in for-profit, post-secondary (proprietary) schools. TWC will administer the grants program.

Governor Perry's Vetoes of Workforce Legislation

Three key workforce bills were vetoed by Governor Rick Perry. These bills were carefully developed by House and Senate Human Services Committees after a thorough review of existing state policy. They received broad bipartisan support during the session and represented a thoughtful and balanced effort to guide state welfare-to-work policy. One can only surmise that the vetoes signal the governor's desire for a different and perhaps more restrictive approach than that offered by lawmakers. Advocates for low-income families will have to carefully monitor any DHS or TWC rule changes promoted by the governor or his appointees during the coming months.

HB 1004 (Naishtat): HB 1004 would have provided a framework for the types of work activities in which recipients of cash assistance may engage to meet work requirements and make a successful transition to self-support. The legislation would have provided needed direction to local workforce development boards and was the result of intensive workgroups that involved the Governor's staff. The bill was amended late in the session to address last-minute concerns voiced by the governor, making the veto even more bewildering.

HB 1006 (Naishtat): HB 1006 would have modified the current exemptions from work requirements for certain TANF recipients. Some examples: recipients age 60 or over; families caring for disabled children and adults; victims of domestic violence; disabled clients; and, recipients unable to find transportation or child care. This bill actually reduced the number of exemptions available and would have provided more decision-making authority to local welfare-to-work programs.

SB 161 (Zaffirini): SB 161 would have broadened the definition of transitional supports for TANF clients. Current research is showing that a broad array of post-employment supports can result in better job stability and wage gains. This bill merely provided authority to expand these efforts to the extent funds were available.

*For text of these 77th Session bills go to:
<http://www.capitol.state.tx.us/tlo/billnbr.htm>*

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