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OMNIBUS WELFARE BILL RECEIVES MAJOR OVERHAUL; HEADS FOR CALENDARS COMMITTEE

An update on CSHB 3639 by Chairman Elliott Naishtat

At a formal meeting of the House Human Services Committee on the floor of the House on April 22nd CSHB 3639 was sent to House Calendars Committee on a 5 to 4 vote. After weeks of negotiations between the Chairman and the Governor's office, differences remained that stalled efforts to reach a compromise bill before it needed to move out of committee. Significant progress had been made however, and the Chair had offered major concessions from the substitute he presented in committee on April 9th (see [Policy Page #79](#)). It is our understanding that a short list of rather minor details kept the governor's office from agreeing to sign on to the legislation. In a clear indication of how far Chairman Naishtat has been willing to compromise, every one of the governor's main welfare reform campaign promises (see www.bush98.com/Initiatives/welfare.html) is included in some manner while a number of the Chairman's initiatives were removed.

As detailed below, the bill now includes full-family sanctions (with protections), increased penalties for welfare fraud, and permanent denial of benefits for drug dealers. More supportive components include an improved earnings disregard (supported by both the Chairman and the governor), a case review and compliance plan prior to imposition of sanctions, needs assessments and post-employment assessments, an incentive program for Local Workforce Development Boards, incentives to improve child support enforcement, nutrition education and outreach, and several technical changes to eligibility policy which treat clients more fairly. Items removed from the bill include housing and

transportation assistance (funding for these had not made it into either the House or Senate budget proposals), the legislative oversight committee, specific language about an increase to the TANF grant, and automatic review of children's Medicaid eligibility (moving separately as HB 820).

It is likely that the bill will reach the House floor next week and negotiations continue among House members. Unfortunately, news that negotiations had broken down between Chairman Naishtat and the Governor's office resulted in declarations by Rep. Hilderbran that he would offer "wholesale amendments" when the bill reached the floor. However, now that many members have had a chance to read the bill and visit with Chairman Naishtat, a more moderate understanding is developing and will hopefully fend off a major floor fight. The bill is in fact very conservative in design and as long as key protections and positive elements remain intact it deserves bipartisan support.

From the beginning of the session the Center has raised serious concerns about proposals to increase penalties and impose full-family sanctions on TANF families. We continue to question if there are any compelling policy reasons for moving forward with such initiatives. However, we understand the compromises that have been necessary to develop a balanced bill that also includes supportive changes for clients.

What follows is a section-by-section description of CSHB 3639 as it was reported out of Committee on April 22nd (provided by the House Human Services Committee). The text of the bill is available on our web site at www.cppp.org/new/hb3639text2.html.

CSHB 3639 By Naishtat
Section by Section Description

ARTICLE 1. PERSONAL RESPONSIBILITY AND SANCTIONS	
SECTION 1.01. SANCTIONS FOR NONCOMPLIANCE <i>Recommended by Interim Committee</i>	Three-step sanction process for noncompliance with work requirements. Full-family sanctions at each step. <ul style="list-style-type: none"> • First infraction: minimum one-month loss of parent's portion of assistance. If

<i>on Welfare and Workforce Reform</i>	<p>noncompliance lasts longer than six months, full-family sanction is imposed.</p> <ul style="list-style-type: none"> • Second infraction: minimum two-month loss of parent's portion of assistance. If noncompliance lasts longer than three months, full-family sanctions are imposed. • Third infraction: full-family sanction.
SECTION 1.02. CASE REVIEW AND COMPLIANCE PLAN <i>Recommended by Interim Committee on Welfare and Workforce Reform</i>	Prior to the imposition of a full-family sanction a case review must be conducted to ensure the sanction is being imposed correctly. As part of the review, a compliance plan may be developed as a condition for continued assistance.
SECTION 1.03. INELIGIBILITY FOR FINANCIAL ASSISTANCE AND FOOD STAMPS RESULTING FROM CERTAIN DRUG-RELATED CONVICTIONS	<p>Individuals convicted of a drug-related felony involving manufacture or delivery will be permanently barred from TANF and Food Stamps.</p> <p>Others convicted of lesser drug-related felonies will be barred from TANF and Food Stamps for three years. Includes exemptions for those who have completed their sentence and have completed or are participating in a drug treatment program.</p>
SECTION 1.04. STUDY REGARDING ROLE OF SANCTIONS AND INCENTIVES IN IMPROVING PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT	TDHS and the Office of the Attorney General are directed to study the role of sanctions and incentives in improving paternity establishment and child support and report to the 77 th Legislature with recommendations.
ARTICLE 2. WELFARE FRAUD	
SECTION 2.01. SUBPOENA AUTHORITY <i>Recommended by Interim Committee on Welfare and Workforce Reform</i>	Strengthens the ability of TDHS to investigate fraud.
SECTION 2.02. SANCTIONS FOR WELFARE FRAUD	<p>Clarifies prohibitions against providing false information.</p> <p>Permanently denies TANF assistance to persons convicted of fraud.</p> <p>Lesser infractions are barred for one year for first infraction, two years for second and permanently for third.</p>
ARTICLE 3. EMPLOYMENT	
SECTION 3.01. EARNED INCOME DISREGARDS <i>Recommended by Interim Committee on Welfare and Workforce Reform</i>	Supports the transition from welfare to work by allowing TANF recipients to retain assistance during the first six months of employment. Includes an income cap and protections against persons quitting employment to be eligible. Helps TWC meet federal work participation rates. TDHS exceptional item now included in House and Senate budget proposals.
SECTION 3.02. POST-EMPLOYMENT ASSESSMENT	Directs TDHS, TWC and Local Workforce Development Boards (LWDBs) to assess the post-employment needs of TANF recipients and refer them to appropriate services to help them stay employed and off of welfare.
SECTION 3.03. WORK REQUIREMENT EXEMPTIONS <i>Recommended by Interim Committee on Welfare and Workforce Reform</i>	Phases out current "age-of-child" exemptions from TANF work requirements in order to come into compliance with federal law by March of 2002. Directs TDHS to inform clients of impending changes to their exemption status.
SECTION 3.04. BONUS PROGRAM FOR LOCAL WORKFORCE DEVELOPMENT BOARDS	Directs TWC to develop a bonus program to reward efforts by LWDBs to prepare and place TANF recipients in jobs that pay self-sustaining wages that can make them independent of TANF and Food Stamps.
ARTICLE 4. SUPPORT SERVICES	
SECTION 4.01. PERSONAL NEEDS ASSESSMENT	Mirrors Sunset Commission recommendations. Directs TDHS to conduct more intensive case management with clients who may have barriers to becoming employed and leaving TANF.
SECTION 4.02 NUTRITION ASSISTANCE EDUCATION AND OUTREACH	Updates existing statutory language related to nutrition education and outreach and emphasizes working with community organizations, including faith-based groups.

ARTICLE 5. CHILD SUPPORT	
SECTION 5.01. INCENTIVE PROGRAM	Authorizes TDHS and OAG to develop incentives to encourage cooperation with paternity establishment and child support enforcement. Subject to appropriation.
SECTION 5.02. DISREGARD OF CHILD SUPPORT	Clarifies that additional “pass-through” amounts of collected child support or other financial incentives do not count against TANF eligibility. Mirrors current policy.
SECTION 5.03. OBLIGOR EMPLOYMENT ASSISTANCE	Authorizes the OAG to refer unemployed or underemployed obligors to employment-related programs and services to help them become employed and meet their child support obligations.
ARTICLE 6. MISCELLANEOUS PROVISIONS	
SECTION 6.01. ENTITLEMENT TO FINANCIAL ASSISTANCE FROM DATE OF APPLICATION <i>Recommended by Interim Committee on Welfare and Workforce Reform</i>	Brings TANF policy in line with other programs and helps ensure that clients are no longer penalized for the uneven length of time staff takes to reach an eligibility decision. TDHS exceptional item included in House budget proposal.
SECTION 6.02. CASH WITHDRAWALS UNDER ELECTRONIC BENEFITS TRANSFER	Cleans up technical problems with a provision that limits how TANF clients can access benefits from their Lone Star Card. Removes conflicts with retailers’ existing “cash-back” policies.
SECTION 6.03. INCOME AND RESOURCE REQUIREMENTS APPLICABLE TO MEDICAL ASSISTANCE PROGRAM	Ensures that Medicaid policies appropriately reflect changes to TANF eligibility policy designed to support the transition from welfare to work (such as earnings disregard changes).
SECTION 6.04. LEASE AND SUBLEASE OF OFFICE SPACE	Allows health and human service agencies, TWC, or other state agencies administering employment services to lease or sublease office space with a private service provider who is providing complementary services.
SECTION 6.05. CO-LOCATION OF OFFICES OR FACILITIES <i>Recommended by Interim Committee on Welfare and Workforce Reform</i>	Allows TDHS and the OAG to co-locate offices in order to improve child support efforts.
ARTICLE 7. WAIVERS; EFFECTIVE DATE; EMERGENCY	
SECTION 7.01. WAIVERS	Standard clause
SECTION 7.02. EFFECTIVE DATE	September 1, 1999
SECTION 7.03. EMERGENCY	Standard clause

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