

***Texas Council on Workforce and
Economic Competitiveness***



***Welfare to Work Initiatives
in Texas: Report 2000***

December 2000

Dear Texas Workforce System Stakeholder:

The Texas Council on Workforce and Economic Competitiveness (Council) is pleased to present this first annual welfare reform report *Welfare to Work Initiatives in Texas: Report 2000* as mandated by House Bill 3431, 76th Legislature. The report was approved unanimously by the Council at its December 15, 2000 meeting.

In writing this report, the Council asked four basic questions. Is welfare reform working in Texas? Is the Work First model successfully achieving its intended outcomes? What are the key issues for the coming biennium? What actions can be taken to improve the system in Texas? Research indicates that the answer to the first two questions is a resounding yes.

This report looks at the recent history of welfare reform in Texas and nationally and what impact these changes have had on the Texas model. Programs, initiatives and pilots in Texas that affect the lives of families on welfare are examined along with best practices in Texas and the United States. This report includes a number of recommendations regarding welfare policy and administration of welfare programs. The intent of these recommendations is to provide guidance to administrators and lawmakers that will result in improvements to services and enhancement of welfare reform in Texas, while maintaining a strong commitment to the Work First philosophy.

I commend this report to you.

David A. Sampson, Chairman

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Mandates to the Texas Council on Workforce and Economic Competitiveness

House Bill 3431 (76th Legislature) requires the Council to provide annual reports to the Governor and Legislature, *“including an annual report analyzing work development programs that focus on welfare to work initiatives.”*

This report aligns with the Texas Workforce Development Strategic Plan, September 1999--August 2004, Goal III:

“Texans have access to obtain the literacy, education and workplace skills necessary for self-sufficient employment, employment advancement and life-long learning,” and

Goal III, Objective (d):

“Develop initiatives to decrease expeditiously, through employment at a self-sufficient level, the proportion of Texans who need public assistance or unemployment insurance.”

Executive Summary

The Texas Council on Workforce and Economic Competitiveness (Council) is mandated by H.B. 3431, 76th Session, to prepare an annual report to the Governor and the Legislature analyzing work development programs that focus on welfare to work initiatives. This initial report is divided into five sections. The first looks at recent history of welfare to work legislation affecting Texas' programs. The second tells the story of welfare to work in Texas, emphasizing population demographics and trend data analysis and identifying issues and challenges to the system, some of which arise from the expiration of the welfare waiver in March 2002. The third highlights and provides performance data of current programs and initiatives in Texas affecting the welfare population, and the fourth highlights some best practices in Texas and the U.S. Finally, the fifth section outlines a number of critical challenges and issues in welfare reform along with Council recommendations to meet the identified challenges.

Welfare Reform in Texas -- A Successful Start

The current welfare reform initiative in Texas began in 1995 when the legislature enacted and Governor Bush signed H.B. 1863 into law. Texas' welfare reform efforts were founded on the basic principles of *personal responsibility, support for strong families, local control, and the value of work*. Caretakers applying for welfare in Texas sign a Personal Responsibility Agreement outlining their responsibility for the care and well-being of their family. This sweeping legislation designed a welfare system which has time limits based on the caretaker's education and work experience under the guiding philosophy of *Work First*. This concept stresses the responsibility of the caretaker in supporting his or her family, the state's responsibility in *temporarily* assisting the family, with the primary goal being *employment*. The law affirmed the principle of local control by implementing a system of local workforce development boards tailored to meet the needs of local job seekers and employers.

A year later, in 1996, federal welfare reform was enacted creating Temporary Assistance for Needy Families (TANF). This legislation established that welfare is no longer an entitlement, but a temporary system of support with a 60-month lifetime limit of benefits. States are free to design their own systems of welfare under the broad principles of TANF, but have to meet federal work activity participation rates. Texas' welfare system outcomes are measured as *entered employment*, while federal outcomes are measured as *work activity participation*.

In the five years that followed the implementation of H.B. 1863, Texas has had a strong and growing economy, providing significant employment opportunities for all Texans and significantly reducing poverty rates in the state. Key reforms emphasizing the values of work and personal responsibility, combined with the strong economy have resulted in 51 percent fewer Texas families relying on public assistance over the past five years, strongly affirming the principle of *Work First*. Texas was awarded a \$16.5 million high performance bonus in 1999 for job placement of TANF caretakers for Federal Program Year 1998.

Critical Issues -- Next Steps and Preparing for the Expiration of the Waiver

Texas must move forward, building on its existing welfare reforms, to assist even more Texas families to move from public assistance to independence. Texas has been operating its welfare program under a waiver which will expire in March 2002. The first step in preparing for the end of the waiver was taken by the Legislature in the 76th Session with the passage of S.B. 666, which incrementally lowered the age of the youngest child for which a caretaker is exempted from participating in work activities from four to one.

TANF allows states to exempt caretakers from participating in work activities, but will only exclude those caretakers caring for a child under the age of one from the state's work participation calculations. Although Texas' system emphasizes the value of work and its importance to long term independence, Texas currently has fourteen exemption categories in TDHS rule exempting 44 percent of TANF families from participation in work activities. Historically, only a small portion of exempt caretakers have chosen to participate in Choices and take advantage of the valuable services designed to help them gain independence. While exempt, their federal 60-month time clock is "ticking," expending valuable months of limited eligibility. If Texas chooses to keep the exempt categories in place, a large percentage of these exempt TANF families will come into the state's work participation rate denominator, even if they do not participate in work activities. This could lower the state's work participation rate and put Texas at risk of federal financial penalties. To address the additional number of mandatory caretakers who are now exempt, it will be important to increase funding to provide case management, employment and support serves.

Before being approved for TANF, caretakers sign a Personal Responsibility Agreement, agreeing to cooperate with all program requirements, including work requirements. Another critical issue arises from the fact that during 1998-1999, in 43 percent of all work-related sanctions, caretakers *chose* to remain in sanction

status from four to twelve (or more) months, rather than to participate in work activities that are designed to prepare them for entering the workforce. This strongly indicates that the state's current partial sanction policies should be strengthened to encourage all caretakers to participate in the required work activities. Federal welfare law allows states discretion in the use of penalties for non-compliance with program requirements. Approximately 35 states impose a full benefit denial for those who refuse to participate in work activities.

TANF caretakers living in rural counties need better access to Choices welfare to work services. Although many receive no Choices services, they are limited to 60 months of lifetime benefits by federal law.

Council Recommendations

- ◆ **Phase out all exemptions not in statute and replace their usage with the temporary “good cause” exclusions administered by the local Choices case managers**
- ◆ **Strengthen Texas’ work related sanction to include a full benefit denial for the second violation, or after three months of the initial sanction, for refusal to “cure” the sanction by participating in work activities**
- ◆ **Expand the Texas Workforce Commission’s current initiative expanding welfare to work services into rural counties**
- ◆ **Require, as a condition of eligibility, exempt TANF caretakers to work toward a high school diploma or GED if they have not earned one**
- ◆ **Make administrative changes in the system designed to refer TANF clients (likely to be eligible for SSI or RSDI) for assistance in applying for services**

Conclusions

In summary, welfare to work and the principle of *Work First* is working in Texas, producing strong caseload reduction and putting families to work. The impact of the loss of the welfare waiver in 2002 and other factors bring to light some issues that, if addressed, will keep Texas moving in the right direction in welfare to work. It is essential that in future evaluations we analyze the effects of future state and federal legislation, the implementation of new programs and initiatives, and measure the effectiveness of the welfare to work system in Texas to assure that these efforts continue to work effectively.

***Texas Council on Workforce and
Economic Competitiveness***



Texas State Capitol - Austin, Texas

Section I
***A Short Legislative History of
Recent Welfare Reform***

1995

Texas Legislature Passes H.B. 1863

Landmark State Welfare Reform Legislation

- Built on the principles of *personal responsibility, support for strong families, local control*, and emphasizes the *value of work (Work First)*
- Establishes that the principal goal of welfare is to assist adult caretakers to *prepare for, find, and retain employment* with results measured as *Entered Employment*
- Requires caretaker to sign *Personal Responsibility Agreement* outlining the responsibilities of the caretaker
- Establishes *time-limited benefits* based on education and work experience
- Requires client assessment and development of an *Employability Plan*

August 1996, 104th U.S. Congress
***Personal Responsibility and Work
Opportunity Reconciliation Act (PRWORA)***

- Establishes *Temporary Assistance for Needy Families (TANF)* to replace Aid to Families with Dependent Children (AFDC)
- Establishes the principle of welfare as *temporary assistance* and *not an entitlement*
- Establishes a 60-month lifetime limit of benefits
- Allows states to determine eligibility and program design
- Requires caretakers to participate in work activities when the state deems them ready
- Establishes that program success be measured by work participation and that states meet minimum standards of work participation or be financially penalized

August 1997

Federal Welfare-to-Work Grants Offer \$3 Billion for State and Local Grants

- Welfare-to-Work funds targeted to the *hardest-to-serve* recipients, *long-term* recipients, and those within 12 months of losing eligibility for TANF
- Texas' share of funds--\$145.9 million over two years--requires a \$1 match of state or local funds for \$2 of federal funds--in kind contributions and donations can be used as match
- 85% of state funds to be distributed to local areas with 15% establishing a reserve fund for special local projects
- Funds targeted to *post-employment* and *job-retention* services
- Funds can be used for wage subsidies, on-the-job training, job readiness, and placement services or support services

1999 - 76th Texas Legislature Passes S.B. 666 Lowers Age of the Youngest Child that Exempts Caretakers from Work Requirements

- Under state law, caretakers with children under the age of four were exempt from participating in TANF work requirements
- While caretakers are exempt, their federal 60-month time clock is “ticking”
- TANF allows states to exempt caretakers with a child under 1 and not include these caretakers in participation rate calculations
- With the loss of Texas’ welfare waiver in March 2002, Texas would be including all of these caretakers in participation rate calculations, except for those with a child under one
- SB 666 incrementally lowers the age of the youngest child exemption: Under 3 years in January 2000; Under 2 years in September 2000; and Under 1 year in September 2001

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Section II Welfare Reform in Texas

***TANF Population Trends and
Demographic Profile***

Welfare Reform in Texas

Texas' welfare reform efforts were founded on the basic principles of *personal responsibility, support for strong families, local control, and the value of work*. In 1995, H.B. 1863 moved Texas forward along these lines, and the success story of the implementation of this new system in Texas is impressive. Texas' welfare system is based on the principle of *Work First*--the adult caretaker being personally responsible for the care of his or her family, and the state being responsible for lending temporary assistance to the family *while preparing the caretaker for entering the workforce*. There are 51 percent fewer Texas families reliant on TANF since the law went into effect. Local Workforce Development Boards across the state have been successful in putting people to work, regardless of prior work experience or levels of education.

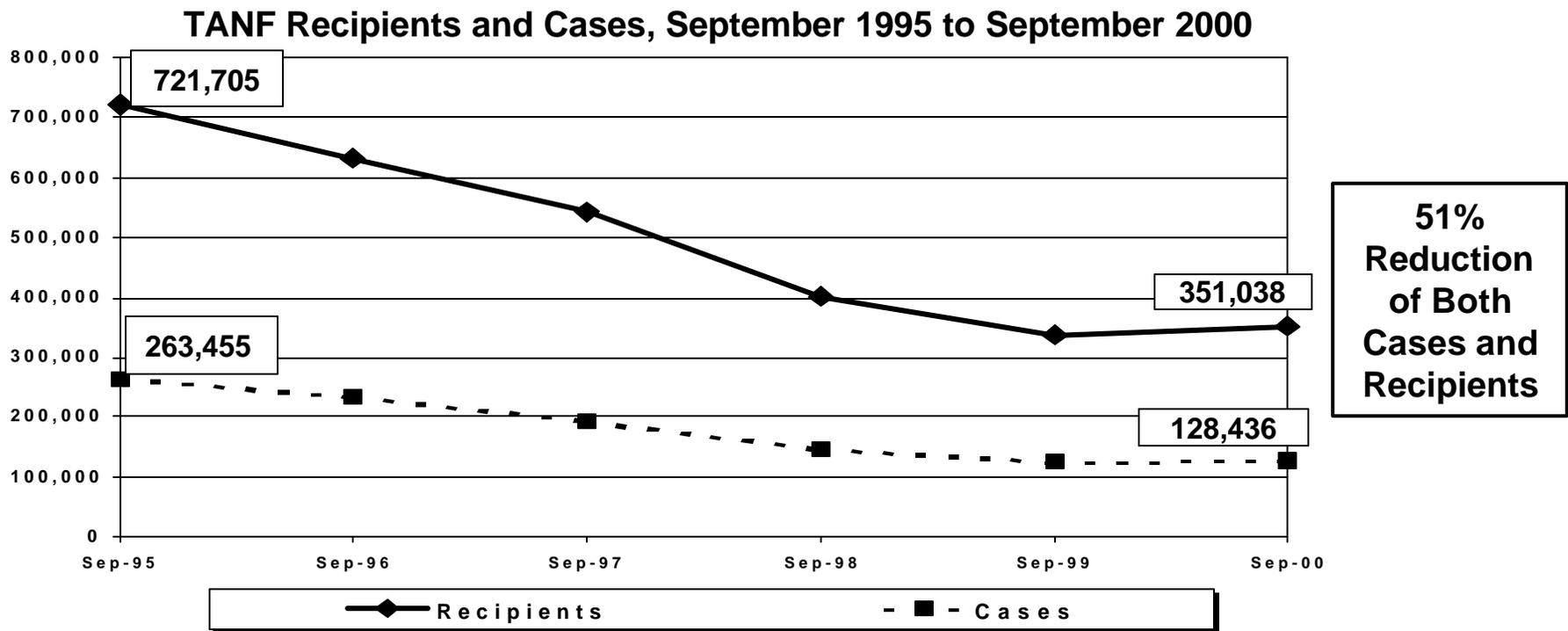
Texas' welfare system operates under a federal waiver based on the provisions of H.B. 1863. This waiver will expire in March 2002. The expiration of the waiver will require some changes to state welfare policy which are addressed in this report. There are also some system adjustments addressed in this report which could help even more families to move toward independence. These key next steps in Texas welfare reform will keep the state moving toward the goal of stronger and self-reliant families in Texas.

House Bill 1863

Current welfare reform began in Texas in 1995 when lawmakers enacted and the Governor signed H.B. 1863. Texas' landmark reform legislation requires families applying for assistance to sign a *Personal Responsibility Agreement* clearly outlining the caretaker's responsibilities and the state's responsibilities. It requires caretaker assessment and the development of an *Employability Plan*, which outlines necessary steps for the caretaker to obtain employment. Caretakers are assigned time limits of assistance according to educational attainment and work experience. The goal of the program is no longer simply to provide financial assistance, but clearly to help caretakers *gain employment*. Success can now be measured in terms of percent of clients entering employment.

The bill also created the Texas Workforce Commission and placed under it the state's major workforce development programs and reaffirmed the principle of local structure and control by local workforce boards. Over the next five years, sweeping changes in welfare to work took place in Texas. From September 1995, when H.B. 1863 became effective, to August 2000, Texas has experienced a *51 percent* reduction of both cases and recipients. At the same time, poverty rates have declined significantly. This is a powerful affirmation that the principle of *Work First* is right for Texas and, combined with a robust economy, is working in Texas.

Welfare Reform is Working in Texas -- Fewer Texans rely on TANF

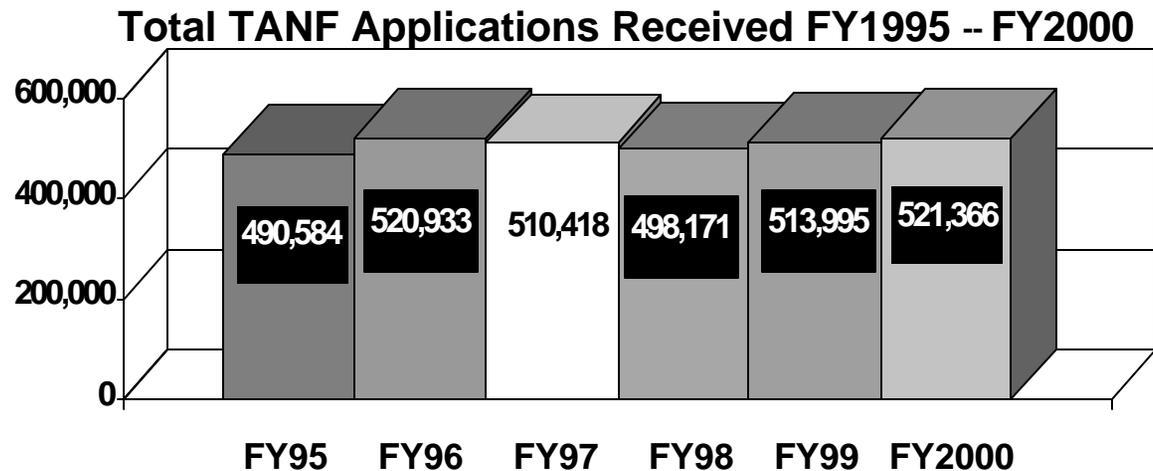


Data Source: Texas Department of Human Services, *Management Information Focus Report*, September 1995 to September 2000.
 Note: All numbers reflect August "cut-off," fiscal year-ending.

Federal Welfare Reform -- Temporary Assistance for Needy Families

A year later in 1996, Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) which included federal welfare reform measures and the establishment of Temporary Assistance for Needy Families (TANF) to replace Aid to Families with Dependent Children (AFDC). The act established that welfare was no longer an *entitlement*. TANF carried with it a 60-month lifetime limit of benefits and allowed each state to establish its own welfare system within the broad guidelines of the legislation. States could now define eligibility requirements for assistance, could determine their own program strategies, but would have to meet federally defined requirements for adult participation in work activities. Countable activities were defined and were for the most part, activities that prepare participants for entering the workforce. One of the major differences in the two reform measures was that the federal system defines success as participation in work activities, a process measure. In Texas, success means putting people to work, an outcome measure.

Texas' economy has been strong since 1995, providing significant employment opportunities for job seekers, including those moving from welfare to work. This strong economy has complemented the reform and the guiding principle of Work First. Together, along with the principle of local control, these account for most of Texas' success in putting people to work. During this period of rapid caseload reduction, applications in Texas for welfare assistance have remained almost level, while denial rates have remained about the same, demonstrating that Texans have fair and equitable access to the system.



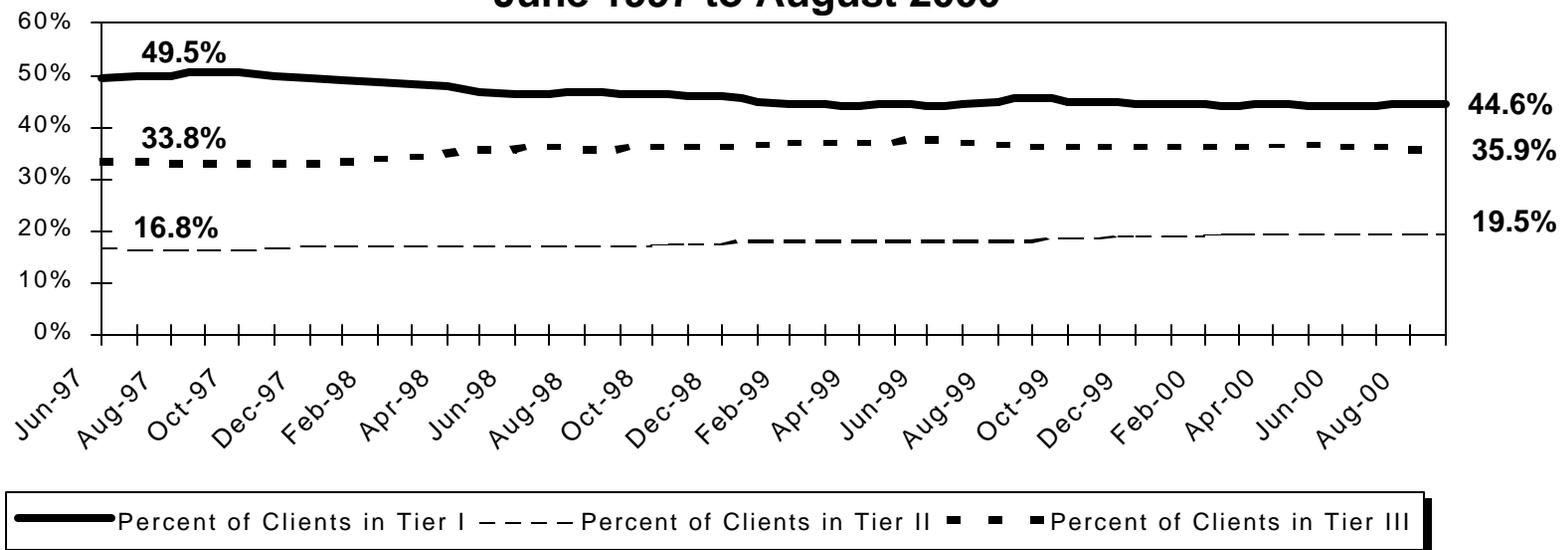
Data Source: Texas Department of Human Services, *Management Information Focus Report*, October 1994-September 2000.

Characteristics of the Texas Caseload

Tier Assignments

Under Texas' reform legislation, time limits for assistance are based on the caretakers' level of education and recent work experience. Caretakers assigned *Service Tier I* have a 12-month time limit and have earned either a high school diploma or GED or have 18 months or more of recent work experience. Caretakers assigned *Service Tier II* have a 24-month time limit and have completed three years of high school or have recent work experience of 6-18 months. Caretakers assigned *Service Tier III* have a 36-month time limit, have completed less than three years of high school, and have less than 6-months of recent work experience. With the large caseload reduction that Texas has experienced, some expected that just those with the highest skill levels and longest work histories (*Service Tier I*) would find employment and leave TANF. However, since the inception of TANF in 1997, caretakers from all tiers have successfully found employment. Including those with the lowest education levels and work histories in Tier III. The proportion of Tier I, II, and III caretakers have changed only slightly during this period of caseload decline.

**Proportion of TANF Caretakers by Service Tier Assignments
June 1997 to August 2000**

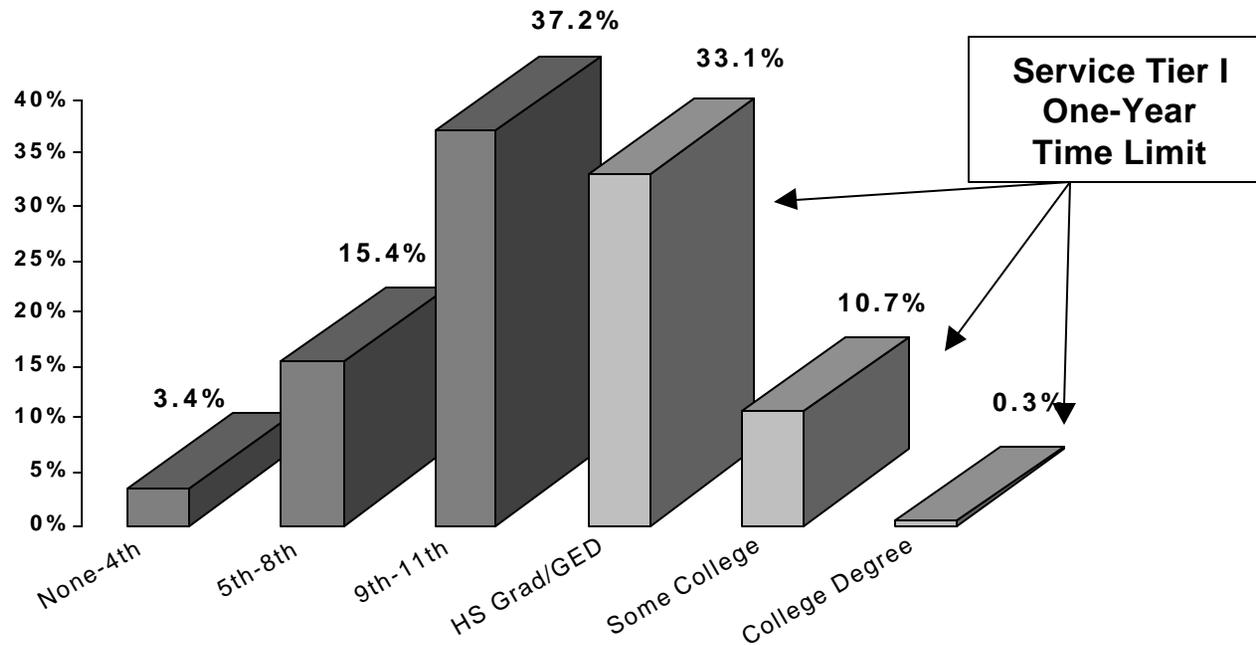


Data Source: Texas Department of Human Services, *Management Information Focus Report*, June 1997-August 2000.

Educational Levels of TANF Adults

As of August 2000, over 44 percent of all TANF adults have a high school diploma or GED, and about 11 percent have earned some college credits, or hold a baccalaureate degree. This proportion has remained relatively constant over the past few years, demonstrating that those leaving welfare for work have come from all educational levels, not just those with high school diplomas or college work.

Educational Levels of TANF Adults August 2000



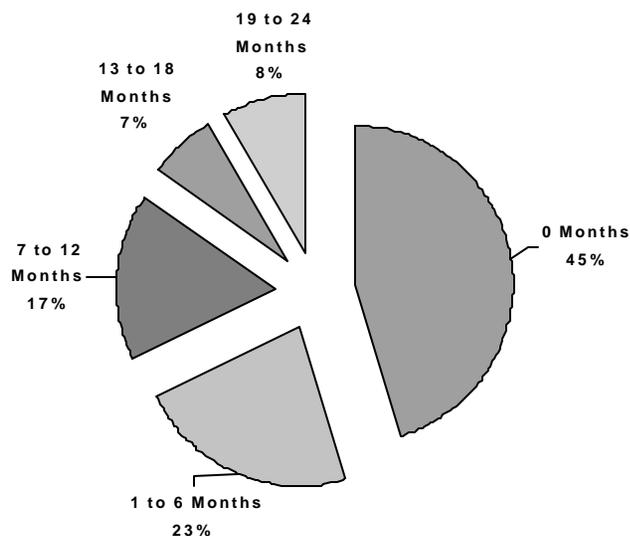
Data Source: Texas Department of Human Services, *Demographic Profile of TANF Caretakers, August 2000*.

Results of “Entered Employment” Between Tier Assignments

Although 35.9 percent of TANF caretakers were classified as Tier III in August 2000, in the same month, 67.9 percent of all caretakers had less than six months of recent work history. In many cases, these caretakers are able to find employment in spite of a lack of work experience.

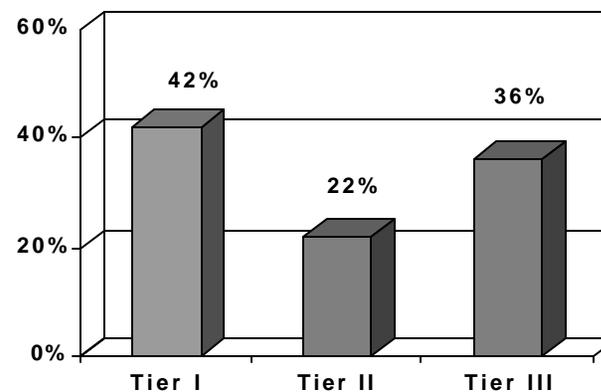
In September 2000, Choices case managers helped caretakers assigned Tier III find employment at a faster rate even than caretakers assigned Tier I. TANF adults classified as Tier III represent 35.9 percent of the population and 36 percent of all adults employed, while adults classified as Tier I represent 44.6 percent of the population, but only 42 percent of those employed.

Caretakers Work Experience Prior to Job Placement -- September 2000



Data Source: Texas Workforce Commission, *Welfare to Work Initiatives*, August 2000.

Percent of TANF Caretakers Entering Employment in September 2000 by Tier Assignments



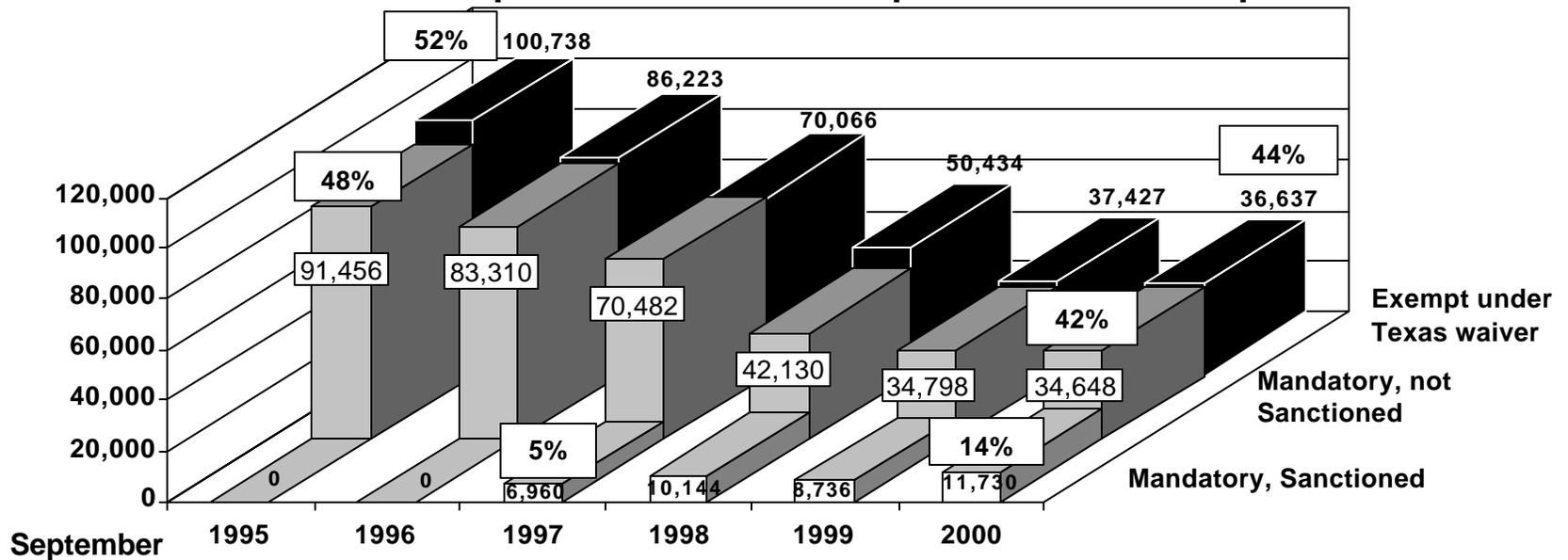
Data Source: Texas Workforce Commission, *Entered Employment Rates by Tiers*, September 2000.

TANF Population by Mandatory and Exempt Classifications

TDHS staff can currently classify a TANF caretaker as “exempt” for work requirements by assigning one of fourteen possible exemption codes. As TANF rolls have been declining, the proportion of exempt adults has declined from 52 to 44 percent. Part of this change is due to the effects of SB 666. SB 666 modified the “age of youngest child” exemption, which exempts a caretaker from mandatory participation in work activities. The age of the youngest child was lowered to three in January 2000, to two in September 2000, and will be lowered to one in September 2001, putting Texas in line with federal TANF requirements. As of August 2000, about 36,600 caretakers were classified “Exempt” from work requirements.

Mandatory plus Mandatory/Sanctioned caretakers have increased from 48 percent of all caretakers in September 1995 to 56 percent in September 2000. Sanctioned caretakers, first tracked separately in FY 1997, have increased from 5 to 14 percent of all TANF caretakers. In September 2000, over 25 percent of those caretakers with mandatory work requirements were under sanction. This large increase in sanctioned caretakers demonstrates that the current partial sanction should be strengthened.

TANF Adults and Work Requirement Trends -- September 1995 to September 2000

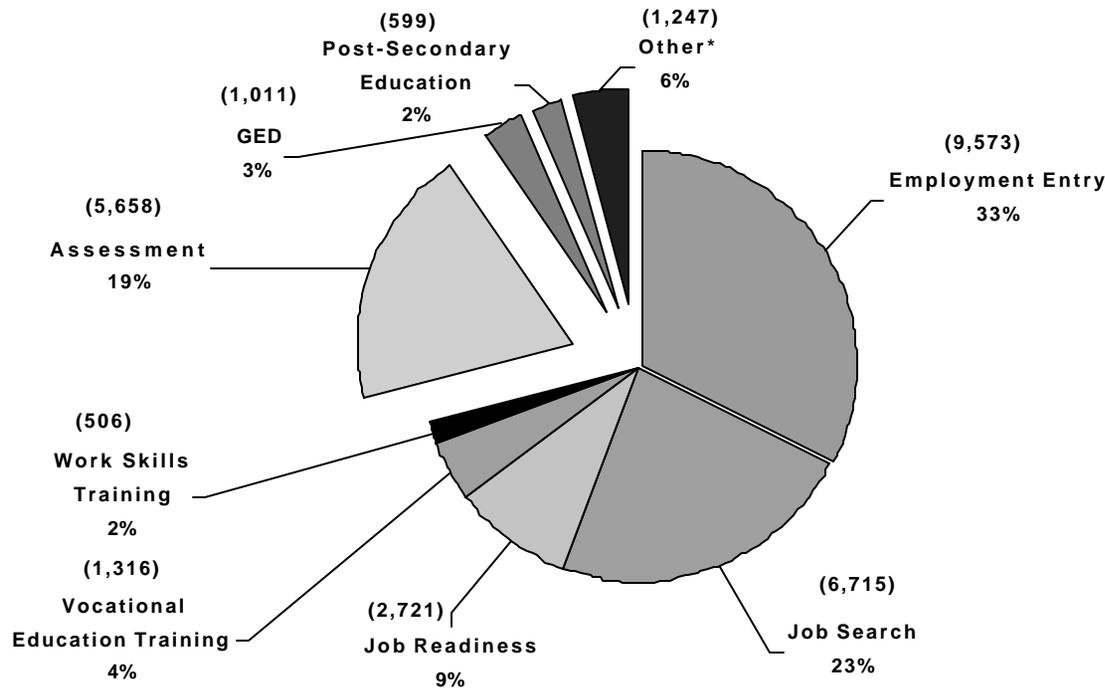


Data Source: Texas Department of Human Services, *TANF Cut-off Strip Files*, Computer Run, September 1, 2000.

Texas' Work First Approach Through the Choices Program

When caretakers are classified as having “mandatory” work requirements, they are outreached into the Choices welfare to work program. Once in Choices, they will receive assessment and be assigned a case manager. The case manager arranges the services needed to help the caretaker become employed, including support services such as child care and transportation assistance. In the initial Work First segment, participants receive help in filling out job applications, tips on how to dress for interviews and for work, and skills necessary to have a successful job interview. Following this week of intensive training, the caretaker begins a job search with guidance from the case manager. Choices services stress work-related activities that will help participants find and retain employment.

CHOICES Component Summary for All Participants, September 2000



Over 72% of all Choices participants are engaged in employment or activities *directly related to rapid employment.*

Data Source: Texas Workforce Commission, *Choices Component Summary by Month, September 2000.*

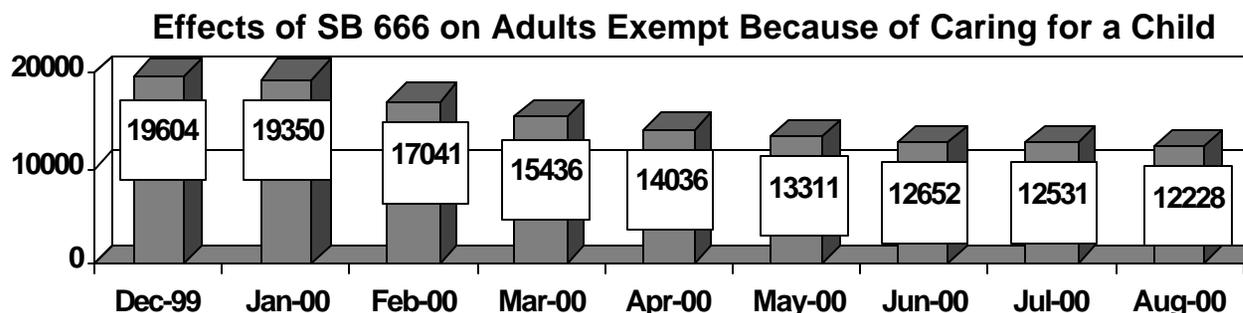
*"Other" includes High School (240), Adult Basic Education (213), English as a Second Language (164), Job Skills (175), Life Skills (190), Job Creation/Subsidized Work (130), Community Service (104), and On-the-job Training (31).

Next Steps in Texas Welfare Reform – Building Upon the Successes and Preparing for the Expiration of the Texas TANF Waiver

Texas' welfare reform legislation was enacted before the passage of the federal welfare reform legislation. Because of this, Texas was allowed to operate its TANF program under a waiver, which was based on the provisions of H.B. 1863 and the former "JOBS" program. This waiver will expire in March 2002, requiring some changes in the way Texas operates its welfare system. SB 666, enacted in the 76th Legislative Session, began this process by incrementally changing the age of the youngest child for an adult to be exempt from work requirements.

Senate Bill 666

The first step in preparing for the loss of the Texas waiver was taken by the 76th Legislature in SB 666. Under the waiver, Texas exempted all caretakers caring for a child under the age of four. Under federal TANF law, while states are free to exempt anyone they choose, all caretakers will be counted in the calculations for the federal work participation rates except for those caring for a child under the age of one (and caretakers who are in the first three months of a sanction). Senate Bill 666 incrementally lowered the age of the youngest child for which a caretaker could receive an exemption. In January 2000, the age was lowered to three, and in September 2000, the age was lowered to two. In September 2001, the age of the youngest child for which a caretaker can receive an exemption will be lowered to one, putting Texas in line with TANF requirements. This legislation has allowed workforce centers across the state to begin serving these caretakers with Choices services, and putting them on the road to employment and self-sufficiency.

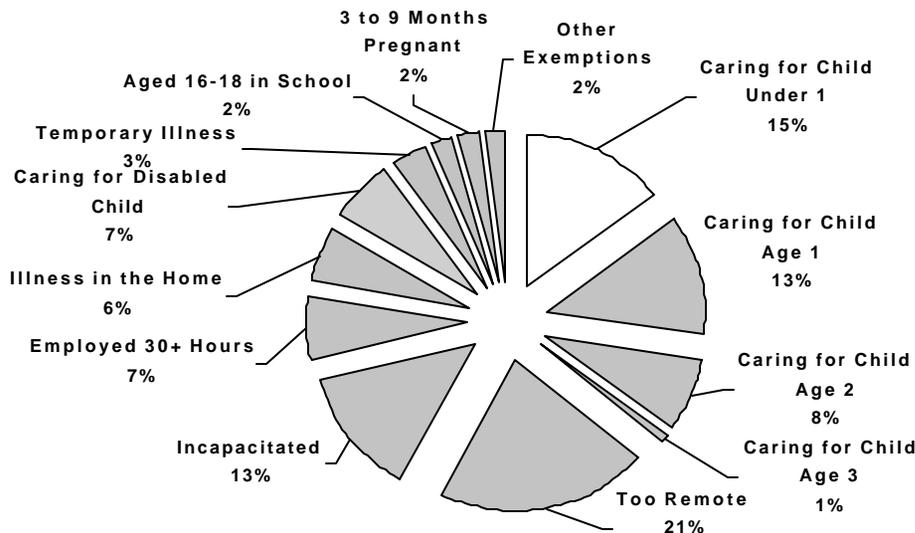


Data Source: Texas Department of Human Services, TANF Adults by Employment Registration Status, Computer Printout.

Caretakers with Work Exemption Codes

The Texas Department of Human Services defines work exemption categories by rule and administers their usage. While caretakers are exempt, they are not required to participate in any work activities, although they can volunteer for Choices services. Texas currently has fourteen “Exempt Codes.” During the period of exemption, the federal 60-month lifetime limit on benefits is “ticking,” and caretakers are expending months of eligibility without receiving the services they need to prepare for and obtain employment. After the TANF waiver expires, all caretakers having exempt status will be included in Texas’ federal work participation calculations except for caretakers “caring for a child under the age of one.” If Texas retains its exemptions, fewer caretakers will access the Choices services designed to help them become independent, and a large proportion of these caretakers will be in the state’s work participation rate calculations, placing Texas at risk for federal financial penalties. (See Issue Brief: *Phase Out Waiver-Based Work Participation Exemptions*, page 65.)

TANF Exempt Caretakers by Exempt Codes, September 2000



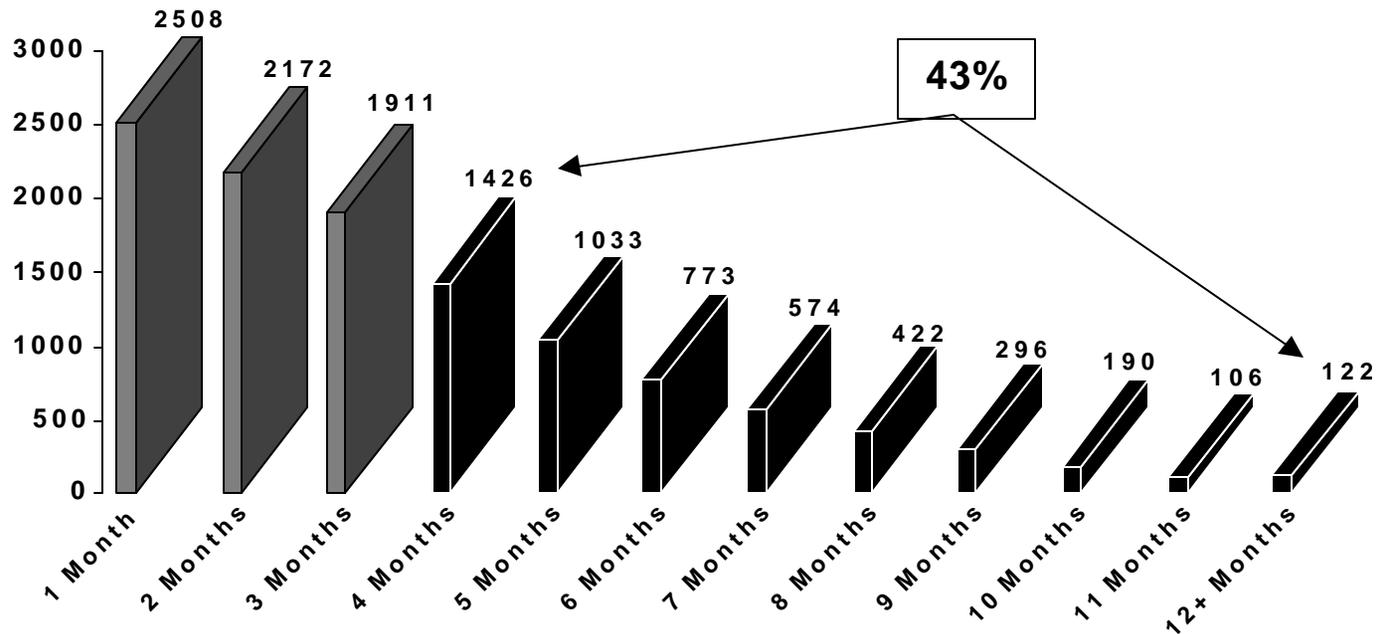
Federal law allows states to exclude only those families with children under one from participation rate calculations after the Texas waiver expires (Shown as clear.) All other exempt families will be included in the calculations (shown as checked.)

Data Source: Texas Department of Human Services, *All Exempts by Exempt Codes, September 1, 2000*, Computer printout.

The Effects of Work Participation Requirements on Personal Responsibility

If a Mandatory adult refuses to cooperate with federal work participation requirements, TDHS assesses a “partial” sanction of \$78 per month penalty (the adult’s portion of the TANF grant). For two parents, both refusing to cooperate, the penalty is \$125 a month. The first sanction is for a one-month minimum or until the adult(s) “cure” the sanction by promising to cooperate. The second sanction is for a three-month minimum or until cured, and the third (and subsequent) sanctions are for a six-month minimum or until cured. Of all work-related sanctions that were assessed in 1998 and running through 1999, 43 percent were from four to twelve or more months, indicating that current partial sanctions are not providing adequate incentive for enough caretakers to take advantage of the services provided in the Choices program. (See Issue Brief: *Strengthen Personal Responsibility Expectations for TANF Caretakers*, page 69.)

Average Monthly Number of Cases by Length of Sanction for Refusing to Cooperate with Work Requirements, with Sanctions Beginning in January-December 1998 and Extending into 1999



Data Source: Texas Department of Human Services, *Number of Clients with an Employment Penalty by the Number of Months with an Employment in the Last 12 Months*, Computer printout.

Choices Services in Rural Counties

All counties in Texas are designated as “Choices Counties” and are classified as being “Full Services” counties, “Mid-Level Services” counties, or “Minimum Services” counties. The Texas Workforce Commission has been working with local workforce development boards helping them to expand Choices full services to more counties. Currently there are 98 “Full Services” counties (an increase of 11 since 1998), three “Mid-Level Services” counties, and 153 Minimum Services counties. Caretakers living in rural, Minimum Services counties are now “good caused” because of remoteness, excluded from mandatory work participation requirements, and are not included in the state work participation rate calculations. After the expiration of the TANF waiver, these caretakers will be included in the state work participation rate calculations. More importantly, as with all exempt caretakers in Texas, the federal 60-month lifetime limit of benefits is “ticking” during the period of exemption without most caretakers receiving Choices services.

The Workforce Commission currently has a “Rural County Expansion” effort underway with Request for Proposals (RFPs) already issued to local workforce boards. This expansion effort will target 42 minimum service counties, each with a TANF adult population of 100 or more, with grants of at least \$50,000 going to ten workforce boards. Grants will support employment or self-employment opportunities, job retention and re-employment efforts; innovative technology projects in two of the ten participating workforce areas that provide partial solutions to service expansion; and support a Rural Services Workgroup made up of the ten participating workforce boards and other interested boards to provide a forum to assist with efforts to expand workforce services to targeted counties. (See Issue Brief: *Provide Choices Services to TANF Recipients Living in Choices Minimum-Services Counties*, page 73.)

Future Issues in Welfare Reform Facing Texas

Federal Reauthorization of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) -- 2002

The U.S. Congress will reauthorize PRWORA in 2002. This not only could affect the TANF block grant, but also Supplemental Security Income (SSI), Child Support, Child Protection, Child Care, Food Stamps, and Child Nutrition Programs, all of which are included in the Act. The caseload reduction nationwide may cause Congress to reconsider funding levels for TANF as well as for child care. Congress may also change the caseload reduction baseline factor, which would impact required performance levels of all states. The actual Federal performance goals might be altered as well. Other changes may be made in Food Stamp formulas as well as child support performance goals.

The Council will be actively engaged in the upcoming federal reauthorization process. Council staff will closely monitor the PRWORA reauthorization process, analyzing substantive changes, including funding levels to the states, which would impact Texas.

***Texas Council on Workforce and
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Texas State Capitol - Austin, Texas

Section III
***Programs, Initiatives, and
Pilots in Texas***

Section III reviews Texas' programs, initiatives, and pilots that are administered by various state agencies. These programs are either focused entirely on the TANF population, or are programs for which TANF recipients would be eligible to receive services. Each program's purpose, objectives, and outcome measures are included, where available.

The Texas Workforce Commission

Programs, Initiatives, and Pilots

The Choices Program and “Work First”

- **Choices is the Employment and Training Program for TANF**
- **The “Work First” service model stresses the value of work and work-related activities that enable individuals to find and retain employment and to upgrade skills**
- **Texas received a \$16.5 million TANF high performance bonus for outstanding job placement**
- **From Sept. 1999 to July 2000:**
 - **81,391 total TANF caretakers served**
 - **27,515 entered employment**
- **In May 2000, over 28,000 children served with child care:**
 - **18,612 TANF children**
 - **9,831 children in transitional child care**

The Welfare to Work Grant Local Board Initiatives

- **A federal initiative supporting efforts to assist hardest-to-serve TANF recipients with post-employment services**
- **85% of funds go to local workforce boards and 15% retained in the Governor's Discretionary Fund for special projects**
- **Texas received \$145.9 million over two years**

From Sept 1999 - July 2000:

- **9,193 eligible clients served**
- **63% all jobs entry rate**
- **43% 30+ hour job entry rate**
- **77% retention rate**
- **67% earnings gain rate**

Governor's Discretionary Welfare-to-Work Fund Initiatives--1999-2000

- **\$525,000--Pilot project in Central Texas to provide substance abuse training, screening assessment, and referral within the Central Texas Workforce Network.**
- **\$2,000,000--Pilot projects by the Texas Department of Transportation to support the transportation needs of persons receiving Welfare to Work funded services.**
- **\$11,200,000--Allocations to local workforce development boards through their annual child care allocations to provide child care services to Welfare to Work eligible individuals.**
- **\$100,000--Technical assistance and training to be provided to local workforce development boards regarding Charitable Choice and the use of faith-based organizations to provide welfare to work services.**
- **\$2,000,000--Fund two pilot projects to target job placement services exclusively for non-custodial fathers.**
- **\$300,000--Assistance to local workforce development boards to identify, secure, and report state matching funds to draw-down federal funds.**

Local Innovation Grants Investment in Long-Term Success for TANF Recipients

- **Under Rider 25, \$4 million per year is available for Local Innovation Grants**
- **Grants must include contracts and arrangements with local community-and/or faith-based organizations (CBOs and FBOs)**
- **\$3 million a year to fund job-retention and reemployment services and \$1 million a year to fund local innovation grants**

- **As of July 2000, 37 contracts with CBOs and FBOs have been awarded totaling \$7.5 million for the biennium**



- **30 contracts for job retention and re-employment services**
- **5 contacts for local innovation grants**
- **2 contracts for microenterprise development**

Adult Education and Literacy Training (Texas Workforce Commission)

- **Under Rider 24, \$2.5 million is available each year for basic education and literacy training for TANF recipients.**
- **Programs must meet the requirements for Adult Education in the Texas Education Code**
 - ◆ ◆ ◆ ◆ ◆
- **As of July 2000, 31 contracts with local entities had been awarded to provide adult-based education and literacy programs to TANF clients**
- **The total of contracts for the biennium to date is \$4.9 million**

Rural Expansion Plan

To Address Choices Service Delivery in Rural Counties

- **In Choices Minimum Service Level Counties, the infrastructure does not currently exist to deliver full Choices services**
- **TANF recipients in these counties are “good caused” as too remote and excluded from work participation requirements, even though the federal 60-month time-limit is in effect**

- **10 boards will receive at least \$50,000 to promote employment, self-employment opportunities, job-retention and re-employment**
- **42 Minimum Service counties with at least 100 clients will be served**
- **2 of the 10 boards will be funded for innovative technology projects as part of this initiative**

Self-Sufficiency Fund

- The Self-Sufficiency Fund, administered by TWC, began operation in 1998
- A TANF-funded program for TANF recipients and adults with children receiving Food Stamps
- Provides customized training for specific businesses--an employer-driven program
- Grants are awarded through community colleges and technical colleges
- Participating businesses must agree to hire trainees who have successfully completed the training
- 3,806 welfare recipients were trained for 221 participating businesses at a cost of \$12.8 million in FY 2000

PROGRAM INTEGRATION

TANF Recipients Receiving Training Through Workforce Investment Act Services Program Year 1999

- **2,693 TANF caretakers received training through Workforce Investment Act (WIA) services in PY 1999**
- **78.3% of TANF caretakers who exited WIA training programs entered employment**
- **73.4% of TANF caretakers who entered employment were retained in employment six months later**

***The Texas Department of Human
Services***

Programs, Initiatives, and Pilots

The Texas Works Program

- **The Texas Works Program is administered by Texas Works Advisors who are TANF eligibility workers**
- **Collaborates with community partners to identify, develop, and expand resources to encourage independence**
- **Organizes local job fairs**
- **Posts job openings in TDHS resource rooms**
- **Expanding the availability of computers in resource rooms so clients can prepare resumes and job applications and can use the Internet for job searches**
- **In FY2000, TDHS estimated that 8,214 families applying for and eligible for TANF were diverted to other resources**

Employment Retention and Advancement Project

- **Employment Retention and Advancement Project (ERA) is a pilot with sites in Fort Worth, Houston, Corpus Christi, and Abilene**
- **Project is designed to increase job stability and wages, reduce reliance on cash assistance, and reduce recidivism**
- **Employs a team-based case management approach which includes a DHS eligibility worker, Choices case manager, and an additional local case manager. Other professions may be on teams to advise on specific areas such as domestic violence**
- **Employs an array of services such as assessment, education, long-range goal setting, and post-employment services**
- **Families are eligible for a \$200 post-employment monthly cash stipend if they meet program requirements**
- **Currently there are 1,157 families receiving ERA services**

Teen Smart

- A program aimed at the prevention of teen pregnancy
- Teen Smart emphasizes setting and achieving personal goals, staying in school, preparing for employment, and delaying pregnancy
- Pilot program implemented through the Communities in Schools programs in Laredo, Odessa, Mt. Pleasant, and Waco
 - **Sites chosen because of relatively high teen pregnancy rates and the ethnic diversities represented**
 - **Targets youth in TANF families and provides services**
 - **Over 450 students in these pilot sites have received services including mentoring, job preparation, retention in school in order to prevent or reduce teen pregnancy**

SSI Application Assistance

- **Through a contract with a private company, assistance to TANF recipients or applicants who are likely eligible for Social Security Income (SSI) are helped through the complex application process**
 - **Identify probable candidates**
 - **Assist clients in completing the application**
 - **Gather supporting information**
 - **Assist with appeals if initial application is denied**
- **365 TANF recipients were successful in their application process in FY2000 and are receiving SSI benefits**
- **Currently 600 cases are in a “pending” status with a high probability of success**

***The Texas Department of Protective
and Regulatory Services***

Programs, Initiatives, and Pilots

Communities in Schools

- **Serves at-risk children in over 400 middle and high school campuses with services such as:**
 - **Academic tutoring, counseling, and guidance**
 - **Mentoring**
 - **Drug, gang, and violence prevention activities**
 - **Career assistance, exploration, and work experience**
 - **Peer pressure, self-esteem, and anger management programs**
 - **Parental and family involvement**
- **97% of students receiving CIS services remained in school**
- **914 TANF recipients were served along with 15,398 TANF eligible clients and 1,210 pregnant or parenting teens in FY2000**

Second Chance Teen Parent Program

- **The Division of Prevention and Early Intervention, in cooperation with TDHS and the Governor's Office, manages this program which provides services to teen parents who qualify to receive TANF, their children, and pregnant teens eligible for Medicaid.**
- **Piloted in Dallas, Harris, Bexar, and Hidalgo counties, all of which have high numbers of TANF eligible teen parents**
- **The program provides counseling, parenting classes, mentoring, case management, child care, and educational services**
- **Since October 1998, the program has served 805 TANF eligible, pregnant/parenting teens and 914 children of TANF caretakers**

Services to At Risk Youth (STAR)

- Established in 1983 to help fill the gap in services to youth who are runaways, truant, at risk of running away, or at risk of abuse who did not meet the criteria for Child Protective Services or services of county juvenile probation programs
- Provides services in all 254 counties
- Community agencies provide STAR services under state contract
- Services must include family crisis intervention counseling, short-term emergency residential care, and individual and family counseling
- 32,910 TANF eligible clients were served in Texas in FY 2000

The Texas Education Agency

Programs, Initiatives, and Pilots

Adult Education for TANF Recipients

- **Adult Education programs are strongly encouraged to form collaborative efforts with local workforce development boards, DHS offices, local support service providers, and businesses**
- **Services provided include:**
 - Academic skills training
 - Workforce readiness and work-related training
 - Parenting skills
 - Addressing issues such as transportation, accessing child care, beneficial health practices, and other issues such as domestic violence
- **In FY2000 program outcomes are:**
 - 6,061 TANF clients served with 86,672 contact hours
 - 38% completed level; 26% made progress; 54% of those who completed the level continued in the program and moved to a higher level

***The Texas Higher Education
Coordinating Board***

Programs, Initiatives, and Pilots

Post-Secondary Vocational and Technical Education

- **Texas' 50 public community college districts, four technical colleges, three lower-division state colleges, 35 four-year public universities, and degree-granting proprietary institutions offer a variety of academic, vocational and technical programs for certification, associate degree, baccalaureate, and higher degrees.**
- **Texas' public community and technical colleges offer a wide range of vocational-technical programs that can be completed in flexible entry and exit formats, providing accessibility to TANF recipients who may not be able to attend traditional educational programs.**
- **TANF recipients deemed not work-ready, or following employment, can apply for and receive funding for post-secondary vocational and technical education through a variety of programs including WIA, Apprenticeship, Self-Sufficiency Fund, Welfare-to-Work Grant Funds, state grants, and federal grants (Pell Grant).**

Pell Grants

- Pell Grants are federal education grants for the pursuit of post-secondary education for low income students
- Pell Grant funds can be used for tuition, fees, books, school-related tools and materials, and financial support for living expenses such as room and board, utilities and even child care
- *Most TANF recipients are eligible for Pell Grant support*
- Choices case managers can help TANF recipients who are interested in post-secondary education apply for Pell Grants
- Almost 11% of TANF caretakers have some college credits
- In the 1998-1999 school year, there were 236,553 Texas students attending post-secondary institutions with Pell Grant assistance

***Texas Council on Workforce and
Economic Competitiveness***



Texas State Capitol - Austin, Texas

Section IV

***Best Practices in Welfare Reform
in Texas and the United States***

Access 2000

Dallas, Texas

- **A partnership between the Dallas Workforce Development Board's WorkSource and Business Access, a private company building customized online communities**
- **Welfare to Work Grant eligible clients who have entered the workforce receive donated home computers installed in their home, connected to education and training programs**
- **Computers become the property of the clients upon completion of their program objectives**
- **Clients attend a mandatory training session on computer usage**
- **Program allows clients to pursue education and training opportunities in home and reduces the need for child care**
- **Clients can also use the computers to assist their children with homework and to communicate with case managers, mentors, and classroom instructors**

Jacob's Ladder

Temple Emanu-El, Dallas

- **An example of a faith-based initiative embracing *Work First***
- **Program focus is to help welfare recipients get and keep jobs that pay at least \$8.50 an hour with benefits**
- **Program can also offer GED classes, computer training, and training to start small businesses**
- **Clients start out working 10 hours per week**
- **Clients participate in a 10-week life skills curriculum covering assertiveness, personal health, nutrition, money management, child management, self-advocacy, coping with crisis, legal rights, community resources, and re-entering employment**
- **Program provides case management and trained, volunteer mentors who work one-on-one up to a year after employment**
- **Program has enrolled 51 clients as of the end of October**

Substance Abuse Training Initiative

Texas Workforce Commission, Texas Commission on Alcohol and Drug Abuse, and the Center for Substance Abuse Treatment

- A project to strengthen coordination between local workforce development boards and local units of substance abuse treatment to help individuals become more work ready and to help them retain employment once hired
- The three agencies are sponsoring a series of regional training events on Welfare to Work and Substance Abuse Service Coordination between October 2000 and March 2001
- Outcomes are improved service to the welfare client through better knowledge of workforce and treatment staffs
- Workforce center staff will be better equipped to identify and make appropriate referrals of clients with possible substance abuse issues

RISE

Minneapolis, Minnesota

- **Program serves the hardest-to-serve population, mostly men from minority groups with multiple barriers to work—the city’s “forgotten, inner-city minorities”**
- **Training typically lasts from 6 – 18 months**
 - **Clients are required to work at least part-time and take classes 15 hours per week**
 - **Clients meet regularly with job skills coaches**
- **Training for available jobs for the over 30 corporations whose executives serve on the board of directors**
- **Graduates typically make more than \$11 an hour with a 90% retention rate**
- **Works closely with employers to teach the precise skills necessary for employment**

First Coast Workforce Development, Inc. Jacksonville, Florida

- **Models “WorkSource” program after staffing companies**
- **Takes trainees and markets them to employer customers**
- **Trains welfare clients for exact specifications of future employer**
- **Continues working with employers who have hired welfare to work clients to find out what additional skills the clients need in order to move up in the workforce**
- **A nine-person “sales staff” of “corporate liaisons” covers six counties and markets the “product lines” (the trainees)**
- **Program focused entirely on what the employers need**
- **Conducts a yearly telephone survey of 15,000 local employers to determine job growth and salary information**

***Texas Council on Workforce and
Economic Competitiveness***



Section V
***Critical Issues Facing
Texas in
Welfare Reform***

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**Welfare to Work Initiatives Report
Critical Issues Facing Texas**

Issue 1: Phase Out Waiver-based Work Participation Exemptions

Texas' welfare waiver allows TANF caretakers significantly more exemptions from work participation requirements than does federal welfare law. Federal law allows states the option to exempt only those caring for a child under one from required participation rate calculations. Before the state waiver expires in March 2002, Texas should phase out exemptions that are found only in the state's waiver and substitute the use of temporary "good cause" exceptions for those who truly cannot participate in any work or training activities. Texas should encourage as many TANF families as possible to participate in activities designed to help their family achieve independence.

Background

Texas statute lists two exemptions from TANF work requirements; one based on the age of the youngest child, and the second for caretakers whose presence is required in the home to care for a disabled child. However, under the Texas welfare waiver (expiring in March 2002), the state included a number of additional exemption categories. As long as a caretaker is exempt, he or she is not required to participate in Texas' Choices (welfare-to-work) program.

TANF families face a five-year lifetime limit of temporary federal welfare assistance. While adults are exempt from work requirements, the federal time clock is "ticking"—and the family expends limited months of eligibility without participation in workforce services. Only those with the most compelling reasons should be exempted from participating in Choices services. These services provide *key assistance* families need and stress adults' personal responsibility for providing for their families. Results in Texas clearly demonstrate that most TANF caretakers want to succeed and can do so.

The Texas Department of Human Services (TDHS) currently grants "exemptions" from work requirements while local workforce boards can offer "good cause" exceptions for non-participation in work activities. After the state's TANF waiver expires, the state must include both adults with "good cause" and adults with "exemptions" in the participation rate calculations, except those caring for a child under the age of one. Local Choices case managers are required to review good cause exceptions at least every 90 days, while the Texas Department of Human Services (TDHS) Texas Works Advisors typically review all cases about twice a year.

The state has not directly listed these exemptions in the state's waiver, but continues them by reference from the JOBS program in effect before state and federal welfare reform. Exemptions that the state recognizes are:

- ◆ Child 15 or under
- ◆ 16-18 year old child in school
- ◆ Caring for disabled child
- ◆ Age 60 or older
- ◆ Caring for child under 2*
- ◆ Illness in the home
- ◆ Employed 30+ hours
- ◆ Caring for Child not TANF
- ◆ Vista Volunteer

- ◆ Temporary illness
 - ◆ Too remote area
 - ◆ 3 to 9 months pregnant
 - ◆ Incapacitated
 - ◆ Pending appeal
- * *Note: This will change to “Caring for a child under 1” on September 1, 2001.*

Caretakers who are not exempt are “mandatory” and are outreached to participate in the Choices program, delivered through local workforce boards. Once enrolled in Choices, the case manager assesses the caretaker to determine employability, employment barriers, and service needs. Case managers may grant temporary “good cause” to caretakers who are unable to participate in work requirements because of illness, or other legitimate reasons. Case managers review “good cause” cases at least every 90 days. Good cause exceptions in Texas are:

- ◆ Temporarily ill or incapacitated
- ◆ Incarcerated or has a court appearance
- ◆ Caretaker of a physically or mentally disabled child who requires the caretaker’s presence in the home
- ◆ No available transportation or breakdown in transportation arrangements
- ◆ No available child care or breakdown in child care arrangements
- ◆ Lack of other necessary support services that would prohibit caretaker from participating
- ◆ Receives a job referral that results in an offer below minimum wage, except for certain work-related, on-the-job training activities such as work skills training
- ◆ No available jobs within reasonable commuting distance, travel to work or training would require a commuting time of more than two hours round trip, or the distance prohibits walking and transportation is not available
- ◆ Family crisis or circumstances precluding participation (including domestic violence), except that the caretaker would be expected to engage in problem resolution through appropriate referrals for counseling and supportive services

If Texas phased out all work exemptions based only on the Texas waiver, most TANF caretakers would have mandatory work requirements. Choices case managers could excuse adults who are unable to participate in any work or preparatory activities by assigning a “good cause” exception. Texas could shift responsibility for deciding who is not able to participate in work activities from TDHS program eligibility staff to those who understand the recipient’s workforce readiness and local workforce conditions, the case managers at the local workforce boards.

Council Policy Recommendation

The Council recommends to the Governor and the Legislature the following TANF administrative policy for Texas:

- ◆ **The Texas Department of Human Services should phase out all work requirement exemption codes currently being administered except for those already in Texas statute (caring for a child under the age of one and some who are caring for a disabled child,) beginning in September 2001 and to be completed by the end of March 2002. This six-month phase out period would allow Texas time to give proper notification to recipients and to provide a head start in moving adults into the Choices program before the expiration of the Texas welfare waiver.**

- ♦ **The Texas Workforce Commission should review its “good cause” definitions to ensure that its rules cover compelling reasons for inability to participate in any work or training activities, and that these can replace the use of most work exemption codes.**

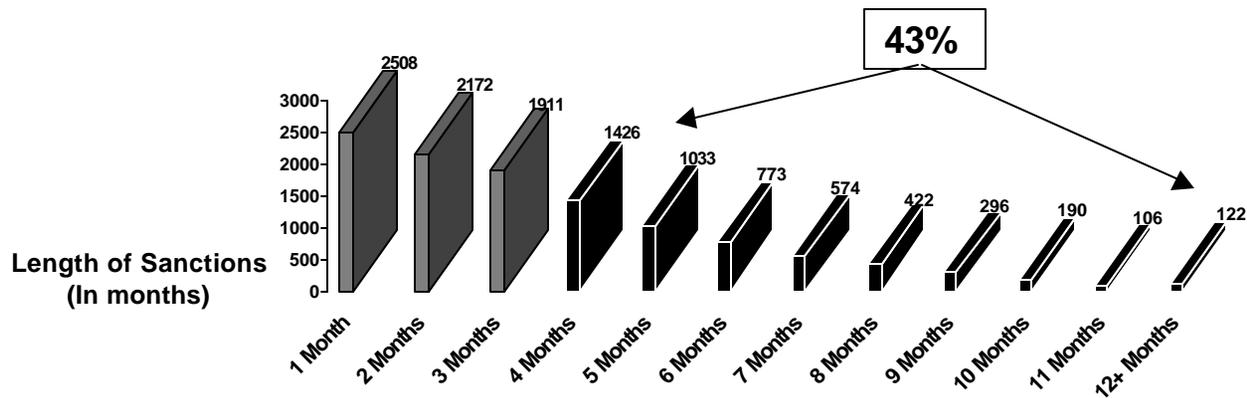
Welfare to Work Initiatives Report Critical Issues Facing Texas

Issue 2: Strengthen Personal Responsibility Expectations for TANF Caretakers

In Texas, those who apply to receive assistance under the state's Temporary Assistance for Needy Families (TANF) program must sign a Personal Responsibility Agreement (PRA) as a condition of receiving benefits. This agreement stresses that the caretaker of the family must take personal responsibility for the support of themselves and their children. Once certified for TANF, if an adult does not comply with the requirements of the PRA, the state may impose a partial financial sanction upon the family. One of the requirements in the PRA is that the adult(s) must cooperate with TANF work participation requirements.

A recent TDHS study shows that of all work-related sanctions beginning in 1998 and running through 1999, in over 43 percent of cases, the caretakers chose to remain in sanction status for four to twelve (or more) months. The purpose of imposing a financial sanction is to change the behavior of adults and to motivate them to take personal responsibility for their families. Local workforce boards offer an array of services and tools designed to help TANF families become independent. This high proportion of lengthy work-related sanctions demonstrates that the current partial sanction needs strengthening.

Average Monthly Number of TANF Sanctioned Cases by Length of Sanction 1998-1999



Background

Congress established the Temporary Assistance for Needy Families (TANF) block grant in 1996 to replace Aid to Families with Dependent Children (AFDC). Welfare is no longer an entitlement; rather, welfare benefits provide temporary assistance to families in need of assistance until they can find employment.

Under TANF, each state conducts a program “that provides assistance to families with (or at the states option, expecting) children and provides parents with job preparation, work, and support services to enable them to leave the program and become self-sufficient.”¹ The Act also requires “a parent or caretaker receiving assistance under the program to engage in work (as defined by the State) once the State determines the parent or caretaker is ready to engage in work.”² Federal welfare law allows states discretion in the use of penalties for non-compliance with program requirements. Approximately 35 states impose a full benefit denial for those who refuse to participate in work activities. Fifteen states impose this penalty for the first violation in order to encourage families to meet their obligation to participate in work activities.

In Texas, when caretakers apply for TANF cash assistance at a TDHS Texas Works Office, they must sign a TANF Personal Responsibility Agreement in which they agree to participate in work activities, cooperate with child support officials, and meet other requirements. The state promises to provide certain assistance and services. The TANF Personal Responsibility Agreement states that the purpose of TANF is to prepare the caretaker for work and provide services that would assist the caretaker in finding work. Texas provides these services through the local workforce board’s Choices Program. A Choices case manager at the local one-stop center works directly with the family, coordinating services and assisting the adult in finding employment.

Texas’ Choices Program is a *Work First* program, which provides diverse training, educational, and employment readiness activities designed to obtain employment at the earliest opportunity. Caretakers who refuse to take advantage of these services are not meeting the work requirements set forth in the TANF Personal Responsibility Agreement, and may have a partial sanction imposed. TDHS defines the amount of the partial sanction by rule in an amount equal to the “adult portion” of the family’s grant (\$78 a month for single parents and \$125 a month for two-parent families, when both parents do not cooperate.) Although the financial penalty of the sanction remains constant, Texas currently has three levels of sanctions. The first sanction is for a minimum period of one month and lasts until the individual “cures” the sanction by “promising” to cooperate. The second sanction is for a minimum of three months and remains until cured. The third (and subsequent) sanctions are for a minimum period of six months and remain until cured.

During the sanction period, the family may continue to receive cash assistance for the children’s portion of the grant as well as Food Stamps and Medicaid. Sanctioned cases are disregarded in the federal calculation of participation rates for only three months in any 12-month period. Cases that remain in a sanction status beyond three months count in the state’s participation rate. The work participation rate compares total number of cases meeting federal work requirements with all cases receiving TANF assistance (less families with a child under one).

The Choices case manager attempts to contact individuals that do not cooperate—by mail, telephone, and in some cases, home visits—before and after the state imposes a sanction. Caretakers who refuse to responsibly comply with the work and training requirements of the program should be removed completely from the TANF program (full benefit denial), until such time as they decide to seek the training, educational, and employment opportunities available to them through TANF within program guidelines. More TANF caretakers will take advantage of these opportunities if refusal leads to a two-step process culminating in a full benefit denial.

Council Policy Recommendation

The Council recommends to the Governor and the Legislature the following work-related sanction policy for Texas:

- **For Failure to Cooperate with Work Requirements:**
 - **First violation: 1-month minimum, 3-month maximum, partial sanction (adult cash assistance only)**
 - **Second violation: TANF case is closed. (Full Benefit Denial)**
 - **Three months of violation without cure: TANF case is closed. (Full Benefit Denial)**
- **A Sanction may be “cured” only by “demonstrated compliance,” defined as the adult satisfactorily participating in Choices approved activities for one month.**

Welfare to Work Initiatives Report
Critical Issues Facing Texas

**Issue 3: Provide Choices Services to TANF Recipients
Living in Choices Minimum-Services Counties**

Under Texas' current TANF welfare waiver-based policy, TANF adults who live in Choices minimum-services counties are assigned "good cause" because of remoteness, excluded from mandatory work requirements, and are not included in the state work participation rate calculations. After the waiver expires in March 2002, these adults will be included in the work participation rate calculations. In August 2000, most TANF families (88.6% or 77,167) lived in the 98 Choices full-services counties and the three Choices mid-level services counties, while 9,922 TANF families (11.4%) lived in the 153 Choices minimum services counties.³

All TANF adults in Texas are under the federal five-year lifetime limit for receiving TANF benefits. For TANF adults living in Choices minimum-services counties, this designation means that they do not receive Choices services unless they "volunteer" for services in a mid or full service county. Some of these adults could use up all of their 60-months of lifetime TANF benefits without receiving the services that could have helped them obtain employment and be able to support their families.

Background

TANF adults who live in Choices minimum-services counties are not subject to state TANF time limits unless they volunteer for services in a mid or full service county. On the other hand, all TANF families headed by an adult are subject to the federal five-year lifetime limit of benefits, regardless of where they live.

The Texas Workforce Commission (TWC) issued a Policy Letter on June 23, 1998, clarifying that all counties are Choices counties. This policy allows local workforce development boards to provide three different levels of Choices services, from minimum to full service levels, as a local option.⁴ TWC has worked with local workforce boards to begin expanding Choices services into minimum services counties, and Texas now has 98 counties (an increase of 11 since 1998) designated as Choices full services counties, and three others that provide mid-level services.

The Texas Workforce Commission is currently working on a Rural Expansion initiative designed to develop means to expand Choices services into 42 additional rural counties, each having an adult TANF population of at least 100. Requests for Proposals have been issued to all local workforce boards, and TWC will award ten grants of a minimum of \$50,000 each. The grant proposals will support employment or self-employment opportunities, job retention and re-employment efforts; innovative

technology projects in two of the ten participating workforce areas that provide partial solutions to service expansion; and a Rural Services Workgroup made up of the ten participating workforce boards and other interested boards to provide a forum to assist with efforts to expand workforce services to targeted counties. The impact of this initiative could reduce the number of families living in Choices minimum services counties to around 5,700 families (about 6.6% of the TANF caseload) and perhaps even fewer.

Council Policy Recommendation

The Council recommends to the Governor and the Legislature the following TANF Policy for Texas:

- **The Legislature should encourage and fund the Texas Workforce Commission to expand the efforts of the Rural Expansion Initiative to work with local workforce boards to develop innovative means of expanding Choices services into minimum services counties. Options might include technology-based services, co-location of part-time services, or other innovative solutions.**

Welfare to Work Initiatives Report **Critical Issues Facing Texas**

Issue 4: Require, as a Condition of Eligibility, Exempt TANF Caretakers Who Do Not Have a High School Diploma or GED to Work Toward a Diploma or GED

Texas' welfare to work program emphasizes employment as the best option for most recipients. A strong Texas economy provides good opportunities for those moving toward independence to build or rebuild a career. However, in an increasingly high-tech work place, some employers will not consider job applicants who do not have a high school diploma or a GED. Exempt recipients should participate in some activity to prepare for eventual entry into the workforce, unless their particular situation precludes any activity. If more exempt TANF adults, who exercise their choice not to participate in work activities, came into the Choices program already having completed a high school diploma or GED, their employment options might be considerably better.

As of September 2000, while 44 percent of TANF caretakers had graduated from high school, earned a GED, or even had earned some college credits, 56 percent of TANF caretakers did not have a high school diploma or GED. If the caretaker is a teen parent, he or she is required to attend high school as a condition of eligibility. If the caretaker is 20 or older, there is no such requirement.

Background

Any resident of Texas is constitutionally guaranteed a high school education until they reach the age of 21. Many school districts offer GED preparation classes or a "quick track" to graduation programs for students who are at-risk of dropping out before graduation. In addition, many school districts offer these programs at night and on weekends for those students who work. Most school districts also offer child care for students who have children of their own.

Caretakers over the age of 20 without a high school diploma or GED have many options for completion of their GED. Many school districts, community colleges, churches, libraries, and other local organizations offer GED preparation programs. Most of these programs receive state and federal funds through the Texas Education Agency's Adult Education division. Funds are distributed directly to local adult education consortia, which in turn distribute funds to eligible local service providers. Most adult education programs offer evening and weekend classes for those students who are working. GED self-paced study guides are available for those who are required to be at home. These study guides and workbooks allow the student to learn materials for sections of the GED, and then to be tested. Adults who have access to computers can use self-paced programs available for study at home. There are Internet-based study programs as well. The PBS television network and other local educational television stations also provide GED preparation programs.

Assuming that TDHS phases out all waiver-based exemptions, the only exemptions granted by TDHS Texas Works eligibility workers will be “caring for a child under the age of one” and “presence required in the home to care for a disabled child”. Exempt adults do not become “mandatory,” (that is required to be in Choices for work or training activities), until the exemption is lifted. Similarly, local workforce boards may grant adults “good cause” which temporarily excuses them from work requirements. Caretakers whose good cause is for “remoteness” should also be required to work toward a high school diploma or GED.

Once the exemption is lifted, the adult is required to register for Choices welfare to work services. If some TANF adults could earn their diploma or GED in the time period between being approved for TANF (but exempt from work requirements) and becoming mandatory and registering for Choices services, they may have better employment opportunities open to them. In addition, for the nearly 10,000 TANF caretakers living in a county where full Choices services are not available, those without their diploma or GED would be able to work toward a diploma or GED in their local area.

Council Policy Recommendation

The Council recommends to the Governor and the Legislature the following TANF Policy for Texas:

- **The Legislature should require, as a condition of eligibility, all exempt TANF caretakers and TANF caretakers with a “good cause” for remoteness, who have not earned either a high school diploma or a GED to register in an approved program to begin work on either a diploma or GED unless they are: (1) voluntarily participating in Choices, or (2) if the caretaker’s exemption would preclude them from participating in such activities.**
- **TANF adults under the age of 21 should register in a public school program and those 21 or older should register in an approved adult education GED preparation program. Compliance with this requirement should be ensured by having attendance and progress monitored by the Choices case manager.**
- **TANF adults who are required to be in the home, or who would need child care (not provided by the school district or community college), should be enrolled in an available self-paced, home-study program and program administrators would be required to report progress to the case manager.**

*Welfare to Work Initiatives Report
Critical Issues Facing Texas*

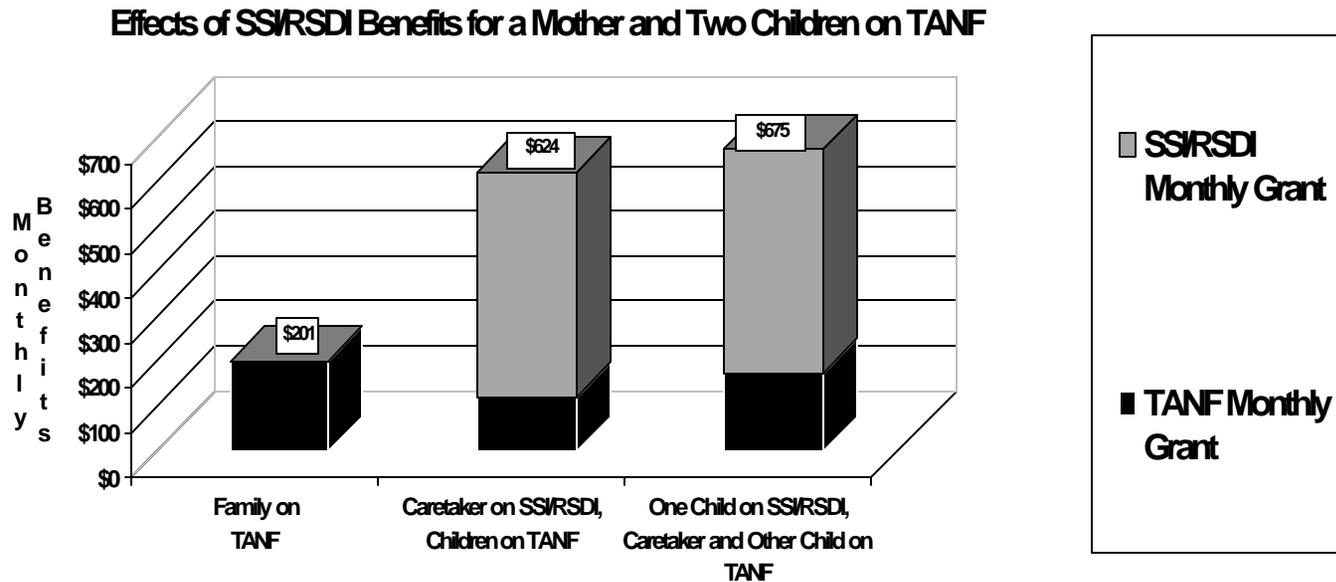
Issue 5: Improve the Effectiveness of the TANF SSI / RSDI Referral Process to Assist Eligible TANF Recipients Qualify for SSI or RSDI Benefits and Related Services That Could Enable Them to Gain Employment

In September 2000, Texas had 4,484 Temporary Assistance for Needy Families (TANF) caretakers who were exempt from work requirements because of being “Incapacitated,” and another 2,242 caretakers who were exempt because of “Caring for a Disabled Child”. Some of these caretakers or their children currently receiving TANF may be eligible for federal Social Security Income (SSI) or Retirement, Survivors, and Disability Insurance (RSDI). TANF caretakers or children of caretakers who are disabled, elderly, or blind with a condition thought to last at least a year may be eligible for these benefits. Referring eligible families to SSI or RSDI and expediting their application is important for families because these programs are tailored to the employment needs of disabled clients and benefit payments to individuals for SSI and RSDI are higher than TANF.

Background

SSI and RSDI are federally funded programs geared specifically to the needs of disabled individuals. In Texas, state agencies such as the Texas Rehabilitation Commission, Texas Commission for the Blind, Mental Health and Mental Retardation, and the Texas Commission for the Deaf and Hard of Hearing work closely with disabled individuals in assisting them in finding employment. Services provided are often geared for preparing, training, and providing the client with specialized tools for work. This “Work First” approach parallels that of TANF, except that the special needs of the disabled client is the focus of the effort.

In addition to the employment and training assistance, these programs provide higher monthly benefits than the TANF program. For instance, a mother and two children on TANF currently receive a maximum monthly grant of \$201. If the caretaker was certified for SSI/RSDI benefits, the family receives a monthly SSI grant of \$512 and a monthly TANF grant for the children of \$123, totaling \$635 a month, an increase of \$434. If one child was certified for SSI/RSDI, the family receives a monthly SSI grant of \$512 and a monthly TANF grant of \$174, totaling \$686 a month, an increase of \$485.



Recognizing the need to find a better way to identify TANF recipients who might be eligible for SSI or RSDI benefits, the 74th Legislature included provisions in the state’s welfare reform legislation, H.B. 1863, for the state to enter into a contract to identify and refer potentially eligible TANF recipients to SSI and RSDI. Referrals to SSI from the contract began in July 1998. The two current contractors, Medical Advocacy Services for Healthcare (MASH) and Associated Disability Advocates (ADA) split referrals, working together as a team.

The Texas Department of Human Services (TDHS) defines the “Incapacitated” exemption from the state’s TANF work requirements as a condition that is likely to last for three or more months. Consequently, a part of this population might have an incapacity lasting for three or more months, but less than the twelve months required for SSI or RSDI eligibility. TDHS reviews eligibility for TANF clients at least every six months, so any family which has had an “Incapacitated” or “Caring for a Disabled Child” exemption for more than six months would be a good candidate for SSI/RSDI eligibility referral.

TDHS trains TANF eligibility workers to question applicants about any disabled family members. If the response is positive, eligibility workers fill out Form 1132E (“Referral for SSI Application Assistance”), which refers the case to the TDHS state office.

TDHS logs in these forms and forwards them MASH or ADA. Of all referrals received by the contractors for SSI/RSDI, the “eligibility worker referral” statistically has the highest probability of client eligibility. In 1999, referrals coming from DHS Texas Works eligibility workers averaged about 18 per month, but between March 2000 and September 2000, workers have referred a total of less than 10 cases. Data are unavailable to determine this decline in direct eligibility worker’s referrals.

TDHS furnishes MASH and ADA a referral list of TANF recipients who have certain Medicaid codes indicating chronic illnesses. The current list contains about 28,000 recipients and requires months to determine which recipients are the most likely to be SSI/RSDI eligible. MASH and ADA contact the referred cases by letter and explain the program and benefits. If the client responds positively, they begin the long application process, which often lasts up to a year.

The three key problems with the current process are: (1) the screening involved in determining probable eligibility from the massive referral list; (2) the smaller number of direct referrals from the TDHS Texas Works eligibility workers; and (3) the lack of processes to assist in identifying probable eligible children of TANF caretakers. Direct referrals from TDHS eligibility workers are especially important because these referred individuals have proven to be the most likely eligible, and direct referrals allow the eligibility determination process to begin at the earliest possible time, usually during the TANF application process.

Council Policy Recommendation

The Council recommends to the Governor and the Legislature the following Administrative Policy for Texas:

- **The Texas Department of Human Services (TDHS) should furnish the contracting companies with a referral list of all TANF recipients who have been exempted for *more than six months* from work requirements because of “Incapacity,” “Caring for a Disabled Child,” or “Presence Needed in Household.” This referral list should be furnished to contractors at least quarterly.**
- **TDHS should work with the Texas Education Agency to develop a referral procedure for identifying those children of TANF recipients who have a high probability of eligibility for SSI/RSDI.**
- **TDHS should enter into a MOU with the Texas Workforce Commission that allows and establishes procedures for TANF Case Managers to refer TANF recipients who are likely eligible for SSI or RSDI directly to the TDHS contract manager.**
- **TDHS should explain the benefits of and provide written information on SSI and RSDI at each TANF review.**
- **TDHS and the Texas Workforce Commission should jointly design and implement a training module for Texas Works eligibility workers and Choices Case Managers that would assist them in identifying TANF recipients who are likely eligible for SSI or RSDI and to ensure that they understand the referral procedures.**
- **The Texas Department of Human Services should report to the Legislature each year the results of this referral program.**

Endnotes

¹ Personal Responsibility and Work Opportunity Reconciliation Act,

² Personal Responsibility and Work Opportunity Reconciliation Act,

³ Texas Workforce Commission, *Ramp Up Plan for SFY 2001-2003*, "Average Monthly LWDA Caseload in id and Full Service Counties as a Percentage of Average Monthly LWDA Adult Caseload in All Counties," October 2000.

⁴ Texas Workforce Commission, "Expansion of Choices Counties," (ID/NO: WD-WR 79-98), June 23, 1998.