

Mandates to the Texas Workforce Investment Council

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 *Destination 2010: FY04-FY09 Strategic Plan for the Texas Workforce Development System*, endorsed by the Council September 2003 and approved by the Governor October 2003:

“Current and future workers [including TANF participants] will access and be successful at the programs necessary to gain knowledge and skills for tomorrow’s economy. The system will achieve this by maximizing participant outcomes at critical points in the continuum of education to employment, including:

- ◆ *Adult Education*
- ◆ *Secondary Education*
- ◆ *Post-secondary Education*
- ◆ *Employment for mature workers through the SEP program*
- ◆ *High-growth population segments*
- ◆ *TANF participants*

Executive Summary

The Texas Workforce Investment Council (Council) is mandated by H.B. 3431, 76th Legislature, to prepare an annual report to the Governor and the Legislature analyzing work development programs that focus on welfare to work initiatives. This fourth annual report is divided into five sections. The first section analyzes demographics and trends of the welfare population in Texas and examines measures that might be relevant in predicting future demand for welfare services. The second section analyzes bills passed by the 78th Texas Legislature and signed into law by the Governor that might affect the welfare population. The third section provides current performance data on programs, initiatives, and pilots in Texas, comparing current data to past program performance. The fourth section highlights some of the best practices being used by local workforce development boards in collaborating with local partners and meeting the needs of local employers. The final section examines the current status of TANF reauthorization in the federal Congress and notes the differences in the current bills.

Putting People to Work in a Challenging Economy

FY2003 was a year in which the economy grew slowly with unemployment rates moving within a narrow range and a small amount of job growth, but with some signs late in the year that a rebound might be on the horizon. Texas unemployment rates were above national rates the entire year, hitting a high in May with a 6.8% rate, with a decline afterwards, ending the year at 6.6%. Forecasted job growth in Texas shows a steady increase throughout FY04. Analyzing employment by job sectors for the state, it is interesting to note that the sector that grew the most during the period of 2001-2003 was education/health services, which posted a 4.4% growth rate, 1.2% better than the 3.2% growth for the same sector between 1996-2001.

TANF and State Program Caseloads

Texas began the fiscal year with 134,206 TANF and State Program cases and 360,350 recipients. In spite of the slowly growing economy, the caseload remained relatively unchanged during the year. By April, the number of cases were at 134,776 and the recipients had actually dropped to 356,904. By June, the last month that state-wide data was available at publication time, the caseload had increased slightly to 136,840 with 366,379 recipients. Through June, the caseload increased by 2,634—a 1.9% increase. This mirrors the national trends.

One reason that the overall caseload didn't decline this year is the increasing proportion of the TANF and State Program caseload that are "payee" cases. Payee cases are "child only" cases, typically in the past cases in which the parents were absent because of being ruled incompetent, in prison, or cases of parental abandonment. In these "typical" payee cases, it is likely that a relative is caring for the eligible children and receiving the cash grant. A new category of payee cases has been growing in the past few years in which the parent(s) have "exhausted state time limits." In these cases, the adult(s) become ineligible for TANF or State Program, but the children continue receiving their portion of the cash grant, becoming the basis for a payee case. Under current state law, the children would remain in payee cases until the parent(s) reported enough income to make the children ineligible, or until the children reached the age of 18. The proportion of payee cases has grown from 18.9% of the entire population in FY1994 to 39% of the population in FY03, with the largest growth rates in the last five years. If this trend continues, reducing the overall caseload may get increasingly difficult, as a higher proportion of TANF or State Program cases become payee cases.

The Choices Program Continued to Put People to Work – At Record Levels

The Choices program with its work-first design continued to perform successfully at record levels. Local workforce development boards are meeting the challenge by successfully preparing more adults for the workforce in the Choices program and putting more to work than in previous years. In August 2003, 29,525 adults were participating in Choices activities, up 5,437—or 23%—over the same month in 2002. These adults participated in 3,703,790 hours of activities during the month, with 17,846 in, or entering, the workforce. The Choices program helped a record 66,946 adults find employment in FY03, an increase of 11,335 over FY02, up 20.4%. This was a significant accomplishment considering the slow-growth economy.

Families leaving TANF or the State Program and entering the workforce have a number of support mechanisms to assist in achieving self-sufficiency. The 90% earned income disregard allows most families to stay on TANF for this four-month period with a reduced cash grant, but receive full Medicaid coverage, and child care. During this period, the family immediately becomes eligible to receive the Earned Income Tax Credit, either monthly or annually. In the fifth month of employment, the income disregard goes away, dropping TANF cash benefits, but the family enters the 12-month transitional benefit period in which they continue to receive Medicaid coverage, likely Food Stamps, and a child care subsidy. Considering the benefits a family of three receives during the first year of employment, they would earn and receive benefits equaling about \$32,308 at the state-average beginning salary of \$7.20 an hour, if the adult were employed full time. This does not take into account any raises or promotions that the employee might receive during the first year. This is substantial improvement over the \$12,612 in equivalent benefits the family could receive when just on TANF. Work does pay in Texas.

New Legislation Passed by the 78th Legislature and Signed into Law by the Governor

Two new laws passed by the 78th Legislature will impact welfare families in the State. The first, HB2292, reorganizes the health and human services agencies in Texas and is analyzed in detail in Section II. This bill also requires TANF adults to cooperate with the provisions of the Personal Responsibility Agreement that they signed when applying for TANF. In cases where the adult does not cooperate with these provisions without good cause, the entire cash grant will be rescinded after 30 days. After 60 days of non-cooperation, the TANF case is closed. If the adult reapplies for TANF after the case is closed, the cash grant will not be reinstated until the adult demonstrates compliance—i.e. enters the Choices program and participates in activities—for 30 days. These provisions are consistent with the Council's FY02 recommendations for improving the welfare to work system in Texas.

In addition, SB76 puts into law another recommendation from the Council's 2002 report. A 15-member council is established and charged with seeking ways to better coordinate child care services within communities by utilizing all the resources available such as public and charter school pre-kindergarten and after-school programs, Head Start and Early Head Start programs as well as existing child care vendors. The council is charged to identify and develop methods for the collaborative provision of subsidized child care services and pre-kindergarten, Head Start or Early Head Start, or after-school child care program services.

Federal TANF Reauthorization

TANF Reauthorization had not been acted upon by the U. S. Congress by publication of this report. A House bill (HR4) had been passed by the House and forwarded to the Senate. The Senate Finance Committee had drafted and passed a bill to the floor of the Senate. This bill had not yet been considered by the full Senate. It is not likely that a TANF reauthorization bill will be passed this session. The current extension runs through March 31, 2004. This report analyzes the major provisions of current House and Senate reauthorization bills, and compares them with current law.

Texas Workforce Investment Council



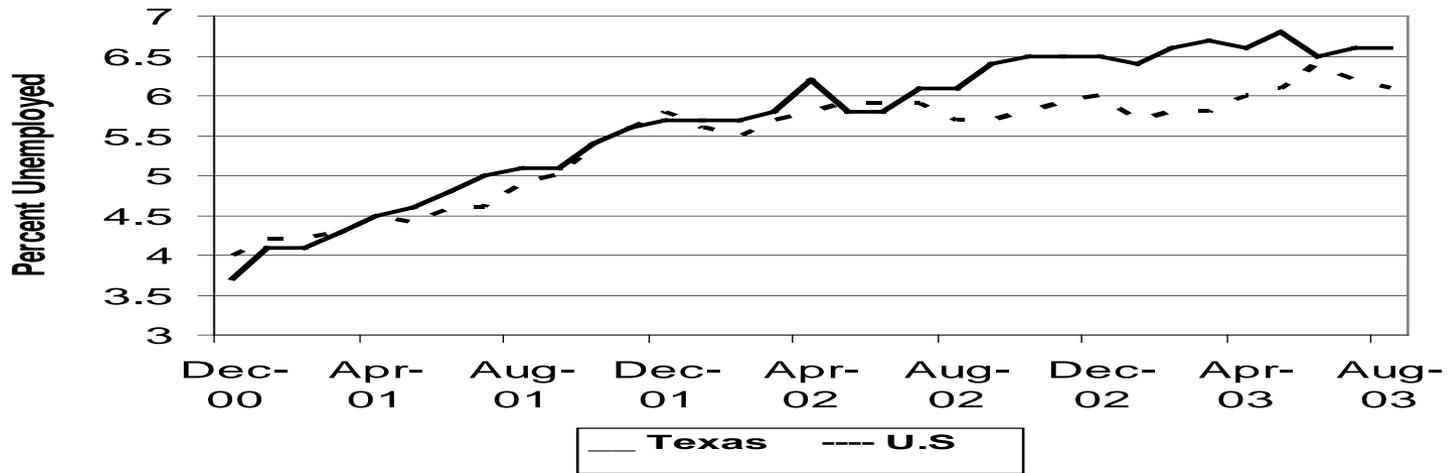
Section I

Welfare to Work Trends In a Slow-Growth Economy

Fiscal Year 2003 – TANF Caseload Holds Steady with Slow-Growth Economy

The U.S. and Texas both experienced a slow-growth economy in FY2003, showing some signs of growth toward the end of the fiscal year. Both the Federal and Texas unemployment rates trended upward during the first part of the year, with the beginnings of a decline occurring during the last the four months. The U.S. rate hit a high of 6.4% in June, and the Texas rate reached 6.8% in May. The Texas unemployment rate has been slightly higher than the U.S. rate for all of FY2003. The year-ending August rates of 6.1% (federal), and 6.6% (Texas) indicate that the rates are beginning to decline.

**Unemployment Rates for Texas and U. S.
December 2000 to August 2003**

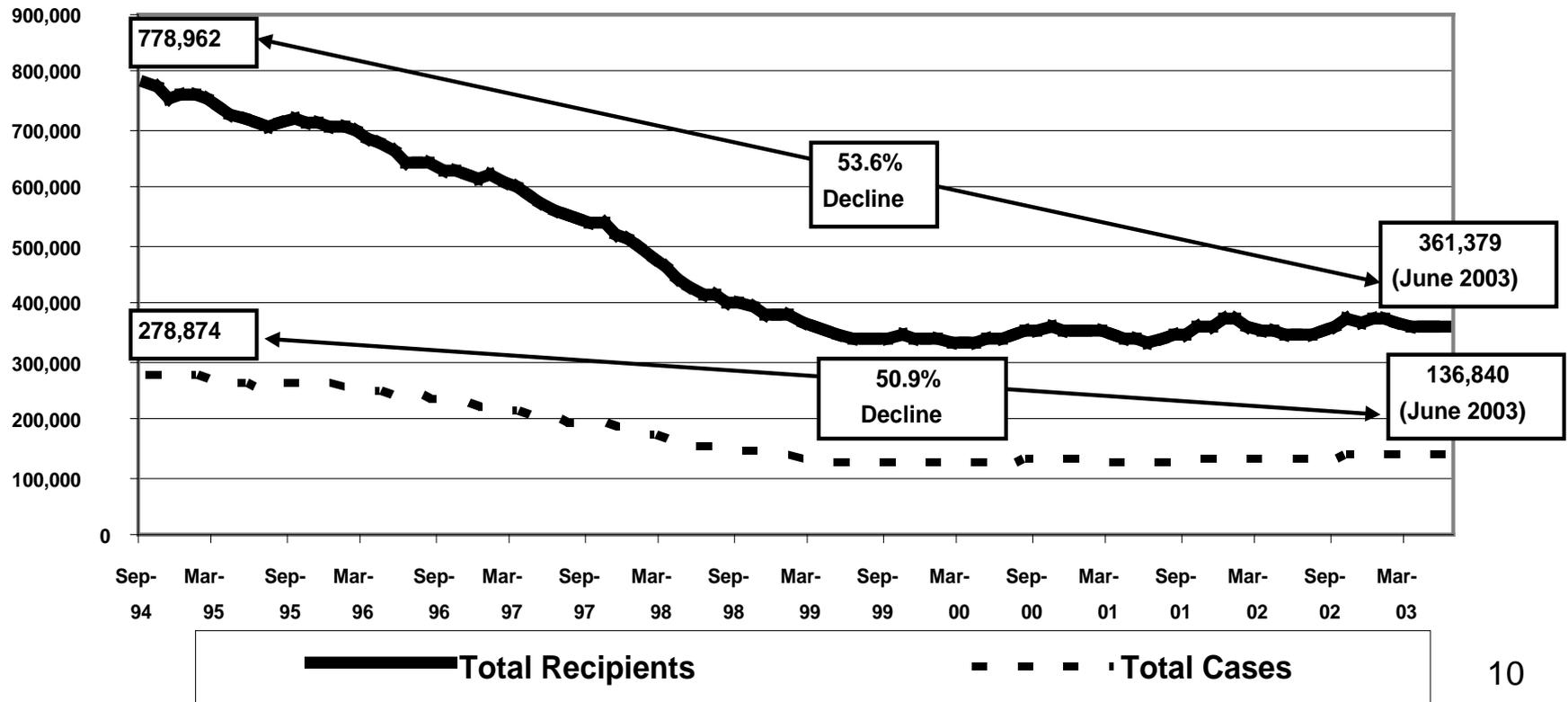


Data Source: U.S. Department of Labor, Bureau of Labor Statistics

TANF Caseload

Nationally, the TANF caseload has remained relatively flat during the last few years. From June 2002 to June 2003, 31 states had caseload increases and 17 had decreases, with two experiencing no change. Nationally, the TANF caseload increased 0.3 percent. In Texas, the trend has been very similar. While there have been fluctuations in caseload numbers during FY2003, by June 2003, the last month that state-wide data was available, there was a net increase in cases of 2,634, or 1.9%.

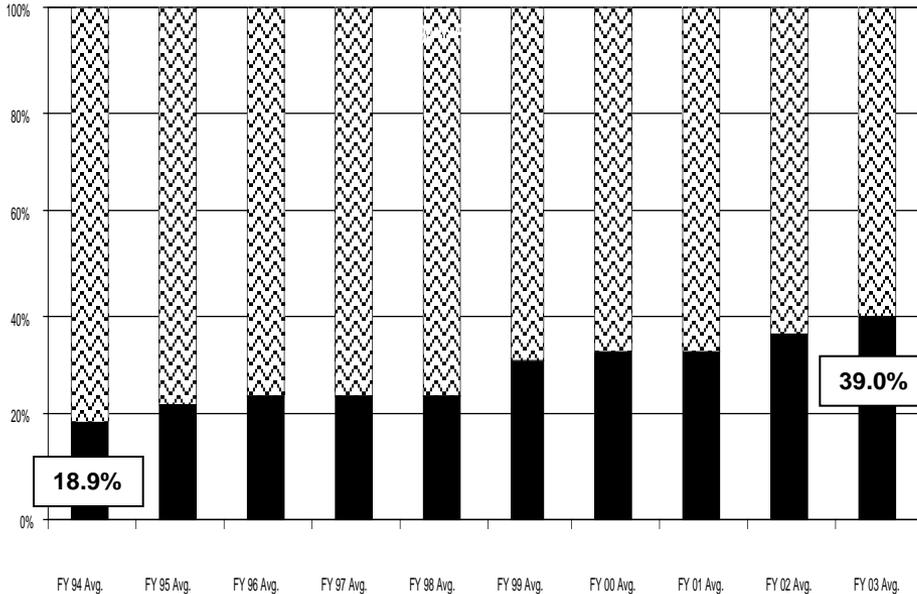
**Total TANF and State Program Recipients and Cases
FY1995 -- June 2003**



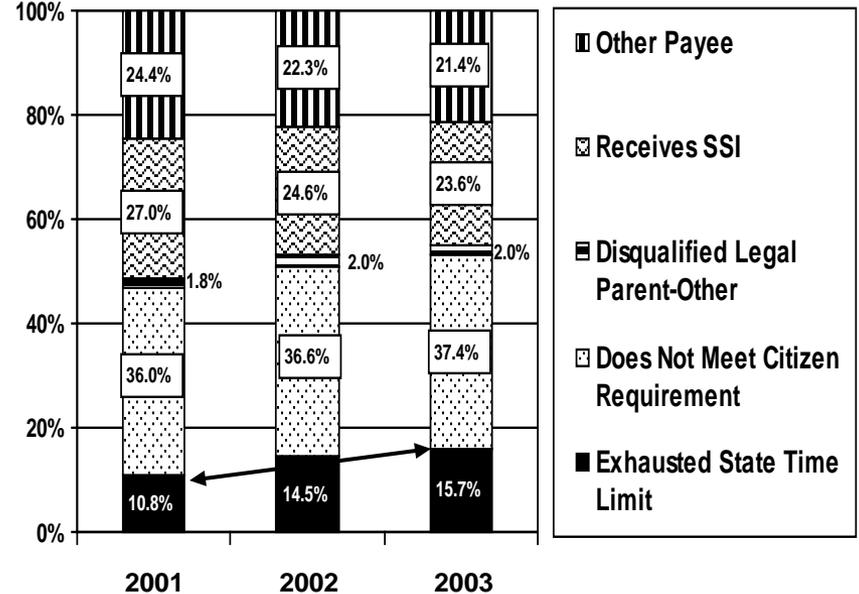
Proportion of Payee Cases Growing

One reason that the total caseload has not declined in the last three years is that the proportion of payee cases, those cases that are child-only, has steadily been growing. The monthly average of payee cases in FY1994 was only 18.9% of the total caseload. By FY2003, this proportion has grown 39.0%. One reason for this proportional growth is because when a family exhausts their state time limits, their children likely remain on TANF as payee cases until the family reports enough income to make them ineligible, or until the children reach 18. Analyzing the proportion of payee cases by type of case shows that while “Does Not Meet Citizen Requirement” cases remains the largest category at 37.4%, this type of case has only grown 1.4 percentage points in three years. “Exhausted State Time Limit” has grown from 10.8% in FY2001 to 15.7% in FY2003, a 45% increase in three years.

Proportion of Payee Cases to All Caretaker Cases FY1994 to FY2003



Proportion of Payee Cases by Type of Case FY2001 to FY2003



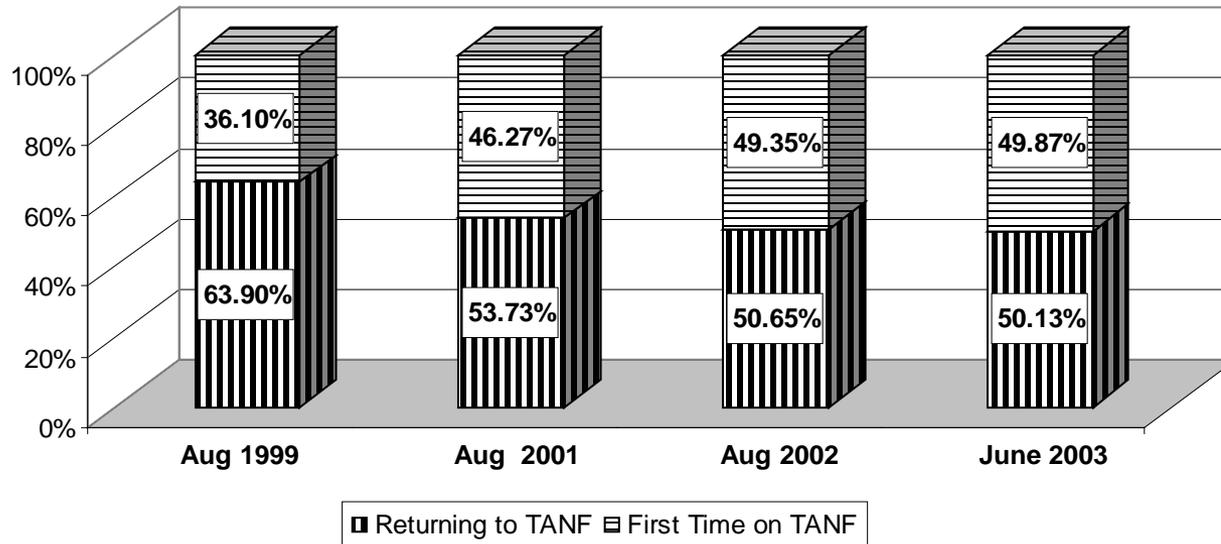
Data Source: Texas Department of Human Services, Computer printout, November 2003.

Data Sources: Department of Human Services, Computer printout, October 2003 and November 2003.

Fewer Families Are Returning to TANF

Comparing data from 1999 to 2003, fewer families are returning to TANF once employed. In August 1999, nearly 64% of the entire TANF caseload were families that had been on TANF previously one or more times. By June 2003, that proportion had dropped to about 50%. This trend is moving positively and indicates that more families are able to find employment and move toward self-sufficiency rather than back onto welfare. With the number of supports now in law, including the four-month 90% income disregard and the twelve-month transition period with guaranteed child care support and Medicaid coverage, families have more time to transition from welfare dependency to self-sufficiency in the workforce. In addition, Choices case managers work with families to make them more aware of additional supports that are available to them once they are employed, such as the Earned Income Tax Credits and continued access to Food Stamps. There is still work to do, but the trends are moving in a positive direction.

**Proportion of TANF Cases New to TANF and Returning to TANF
1999 – 2003**



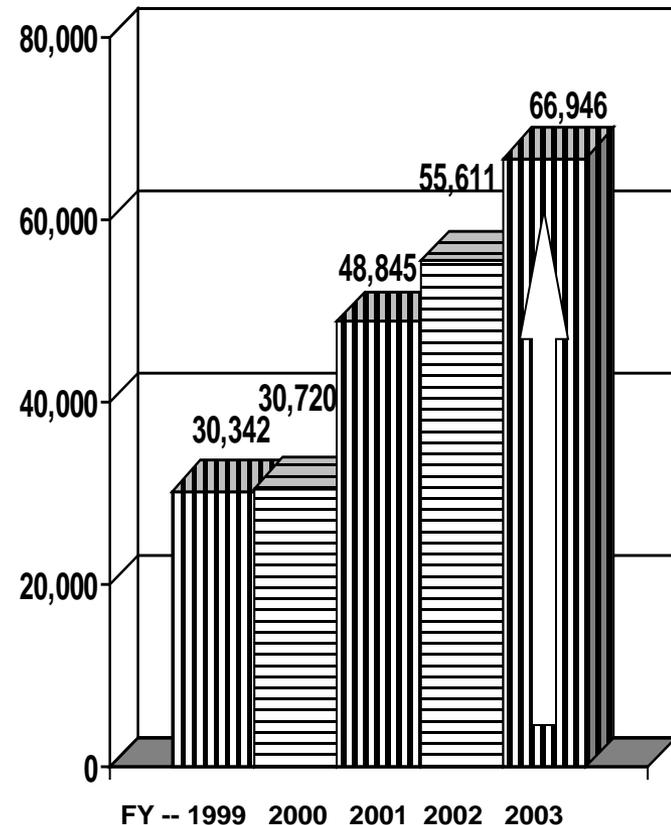
Data Source: Texas Department of Human Services, Computer printout, November 2003.

The Choices Program Continued Putting People to Work Despite a Slow-Growth Economy

The Choices Program, TWC's work-first employment program, continued to place TANF adults in work during FY2003. In each of the last five years, more TANF adults entered the workforce than in the previous year. In FY2003, 66,946 Choices participants entered the workforce, an increase of 11,335 over FY2002. This is a strong testament to the continuing hard work of local work-force development boards and their Choices service providers.

According to DHS's study, *Families in Transition*, the average beginning hourly wage for a Texas TANF adult entering employment was \$7.20. Considering the supports available to TANF families entering the workforce such as the Earned Income Tax Credit, this hourly wage, assuming full-time employment, is the equivalent of \$32,308 annually. This figure assumes that the adult works for a full year without any increase in wages. If the new employee received even modest raises during the first year of employment, this annual income would increase proportionately.

Choices Participants Entering Employment FY 1999 – FY 2003



Data Source: Texas Workforce Commission, Computer printout, October 2003.

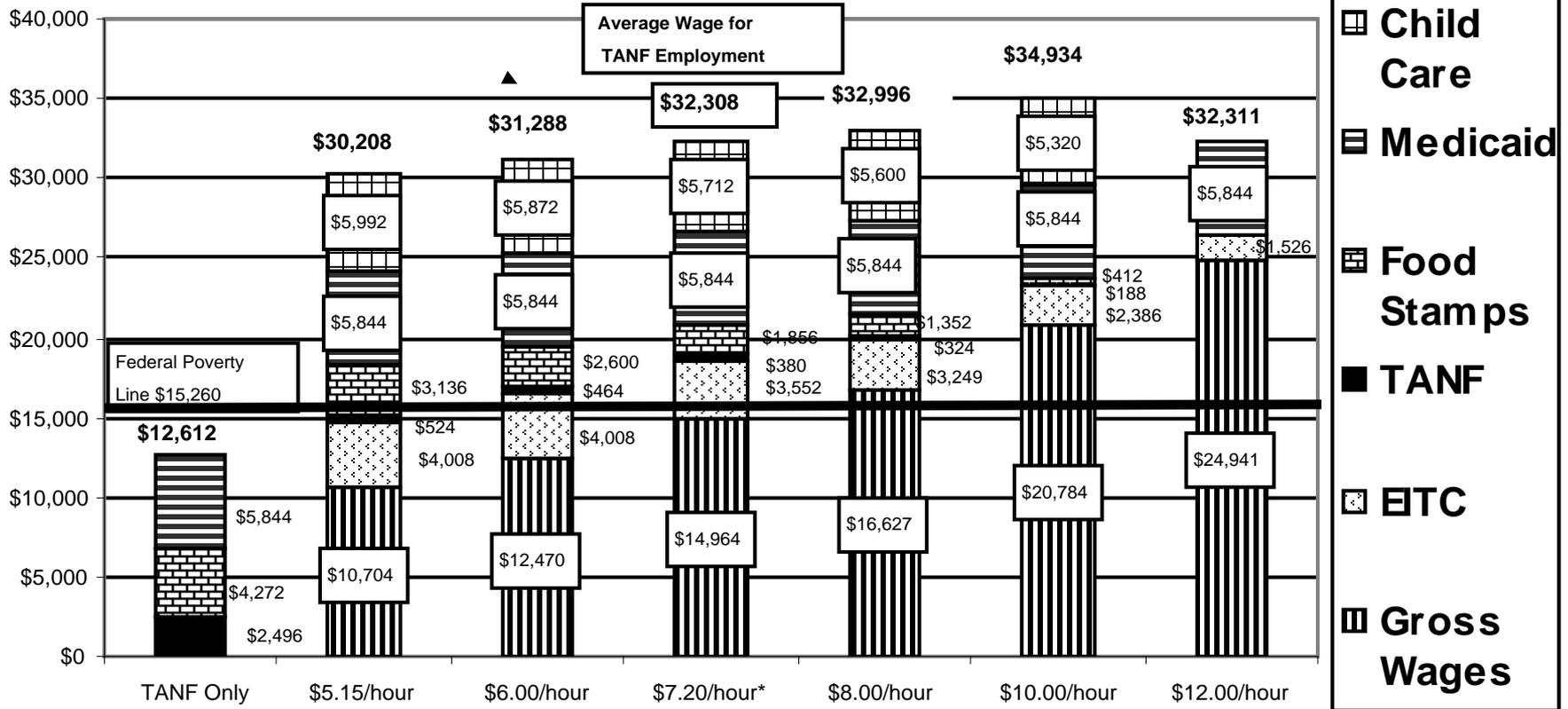
Work Pays – TANF Recipients Entering Employment

When a TANF recipient enters the workforce, state and federal laws provide several supports to help the family transition toward self-sufficiency. The TANF adult has the option of accepting a 90% earned income disregard (EID), which lasts for four months. Unless the beginning salary is extremely high, the EID will leave the family on TANF for this period, although with a reduced cash grant. During these four months, the family would receive: 1) a reduced TANF grant; 2) full child care; and 3) full-family Medicaid coverage. The family will likely remain eligible for Food Stamps. As soon as employment begins, the family will likely be eligible for Earned Income Tax Credit. In addition, all TANF families are eligible for transitional benefits upon employment. If the family chooses to take advantage of the EID, the family will then be eligible for transitional benefits at the end of the four-month period. Transitional benefits guarantees the family subsidized child care (the family will pay a co-payment), as well as continued Medicaid coverage. The family will likely continue to receive Food Stamps, although at a reduced amount. One of the most important benefits the family will likely be eligible for is the Earned Income Tax Credit (EITC), which can be received either monthly or annually, with the Federal Income Tax refund.

The following chart features scenarios of the wages and benefits that a single-parent with two children will receive over the first year of employment at various levels of beginning hourly income. The chart assumes that the adult is working forty hours per week and that the family has chosen the 4-month 90% income disregard discussed in the above paragraph. A single parent with two children entering the workforce full-time at minimum wage (\$5.15 per hour) receives the equivalent of \$30,208 for the first year, when adding in the value of benefits. This includes \$10,704 in gross wages (assuming no raises for the entire year), \$4,008 in Earned Income Tax Credits, and \$3,136 in Food Stamps, plus the Medicaid and Child Care subsidy benefits. A single parent with two children entering the workforce full-time at the state average beginning salary for TANF recipients (\$7.20 per hour) earns the equivalent of \$32,308 annually. This figure includes gross wages of \$14,964, \$3,552 in Earned Income Tax Credits, and \$1,856 in Food Stamps, plus the Medicaid and Child Care subsidy benefits. These annual amounts of income and benefits clearly show that families are far better off working than on welfare in Texas.

2003 Annual Wage and Benefit Scenarios for Single Parent with Two Children

(Calculated with Full-Time Employment of 40 Hours per Week)

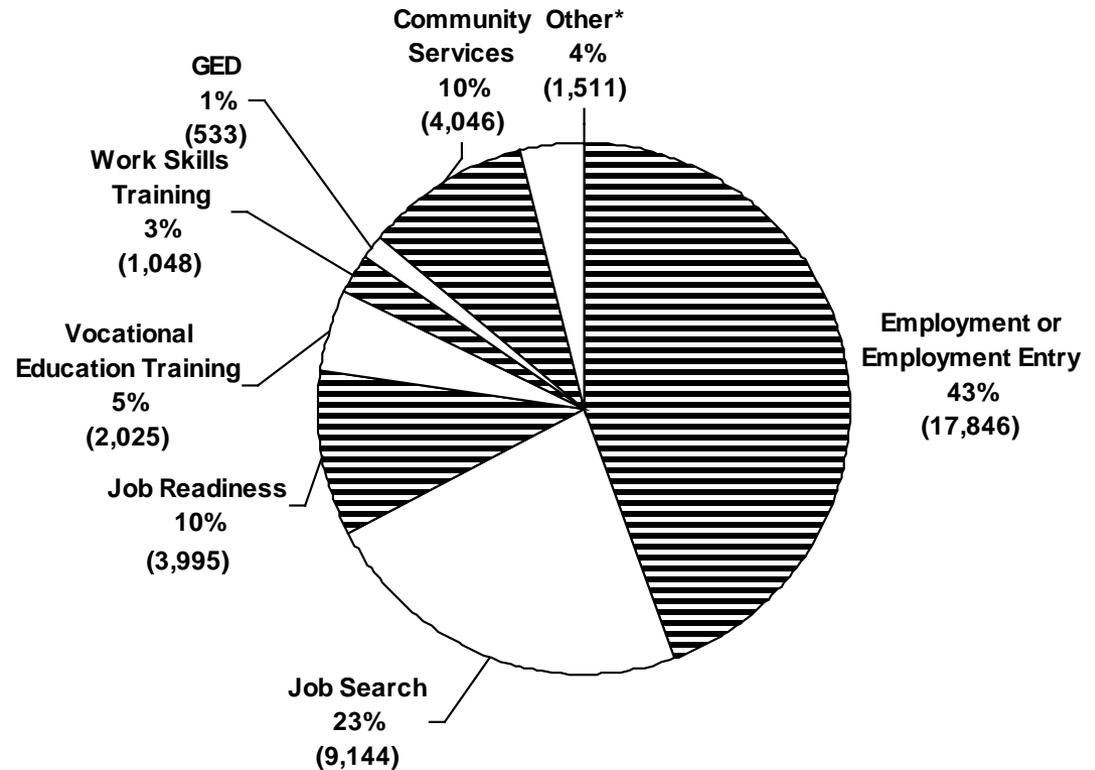


NOTE: Annual totals are derived by using four months of TANF Earned Income Disregard (EID) values plus eight months of post-EID values. At \$12 per hour TANF, Food Stamp, and Child Care values are \$0

Choices Component Summary for All Activities – August 2003

Local Workforce Development Boards Use the Work First Model to Help TANF Clients Find Employment

The State of Texas is committed to the Work First model which is designed to provide TANF adults with the tools necessary to prepare for, gain, retain, and advance in work. Entry into the workforce at the earliest possible time is a key principle. In each of the past four years, the efforts of local boards have been rewarded by federal high performance bonus awards for putting people to work. Last year, the high performance award was for \$7.7 million, with a total of \$72.6 million over the past four years. For the month of August 2003, there were 29,525 clients participating in 41,469 Choices activities across the state. In August, these Choices adults participated in 3,702,790 hours of work activities, averaging about 125 hours per person. Of the 29,525 unduplicated participants, 17,846, or 60.4%, were employed, or entered the workforce in August. Most work activities are directly related to skills needed for employment.



*Other includes Adult Basic Education (60), On the Job Training (19), Job Creation/ Subsidized Work (646), English as a Second Language (25), High School (498), Life Skills (30), Job Skills (151), Work Based Literacy (8), Education-Other (41), and Providing Child Care Services (33).

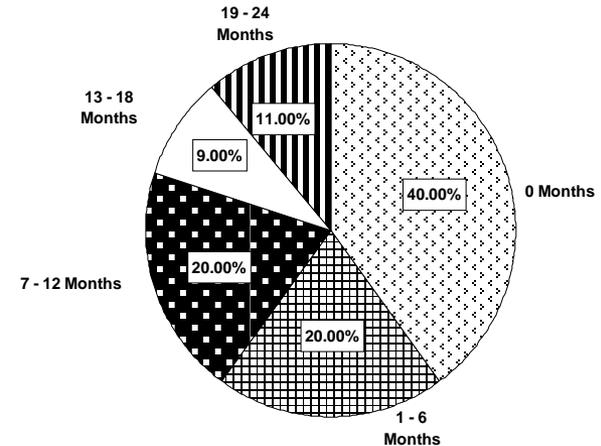
Data Source: Texas Workforce Commission, Choices Component Summary by Month, August 2003

Work Experience and Tier Assignments

During the month of August 2003, Choices adults who entered employment had very different levels of previous work experience. Forty percent of those entering the workforce in August had no recent work experience at all. Twenty percent had from 1-6 months of experience, and another 20% had from 7-12 months of recent experience. Only 9% had from 13-18 months of experience and 11% had from 19-24 months of recent work.

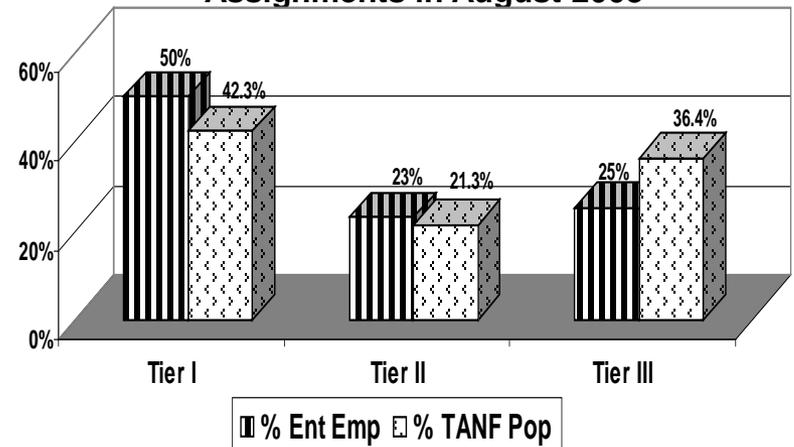
TANF adults are assigned Service Tiers according to their education levels and previous work experience. When comparing the Tier assignments of all Choices adults who entered employment in August 2003 with the Tier assignments of all TANF adults, it is apparent that Choices adults entered employment at rates only somewhat different than they occur in the population. A somewhat larger proportion of Tier I adults entered work than their proportion in the population (50% to 42%) and a smaller proportion of Tier III adults entered work than their proportion in the population (25% to 36%). This result might be expected due to the greater education and/or work experience of Tier I adults, but also points out that Choices case managers help Tier III adults find work at nearly the same proportional rate.

Prior Work Experience of TANF Choices Adults Entering Employment in August 2003



Data Source: Texas Workforce Commission, Computer printout, October 2003.

All TANF Adults by Tier Assignments for June 2002 and Choices Adults Entering Employment by Tier Assignments in August 2003



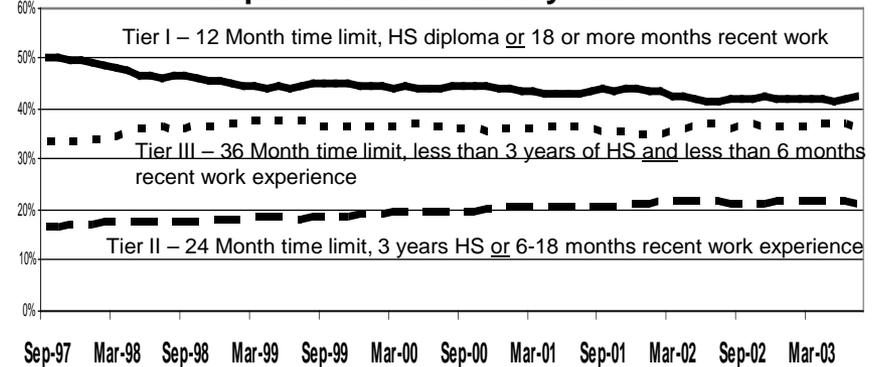
Data Source: Texas Workforce Commission, Computer printout; Department Of Human Resources, *Management Information Focus Report*.

Characteristics of the TANF Population in Texas

The TANF population has remained similar over the years. One way of demonstrating this is analyzing the proportion of the population over time by Tier Assignments. Tier assignments reflect both education level and recent work experience. Over the last six years, the proportion of Tier I clients has declined from just over 50% to 42%, while the Tier III clients have increased from about 33% to 36%, and the Tier II clients have increased from 16% to just over 21%.

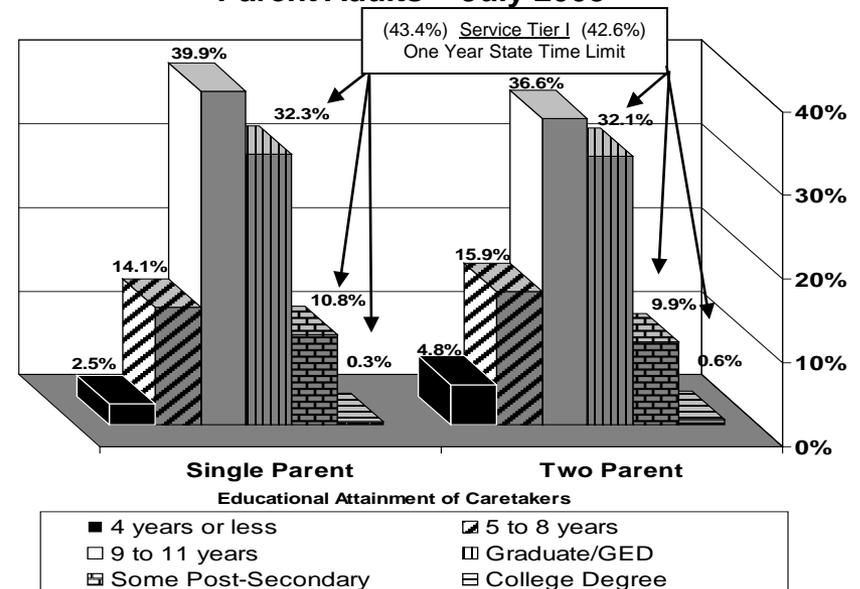
The education levels of TANF adults have not changed much either. About 32% of single-parent adults have a high school diploma or GED, another 10.8% have some post-secondary education, and 0.3% have a college degree, all within one percent of last years levels. Totaling these three groups, about 43% of single-parent adults and two-parent adults have a high school diploma or better. The education levels of two-parent adults are very similar. On the other end of the scale, only 2.5% of single-parent adults have four years or less of education, while another 14% have from 5 – 8 years of education. Almost 40% of single-parent adults and 37% of two-parent adults reached high school, but did not graduate.

Proportion of TANF Adults by Service Tier Assignments September 1997 to July 2003



Data Source: Texas Department of Human Services, *Management Information Focus Report*

Education Levels of TANF Single-Parent and Two-Parent Adults – July 2003

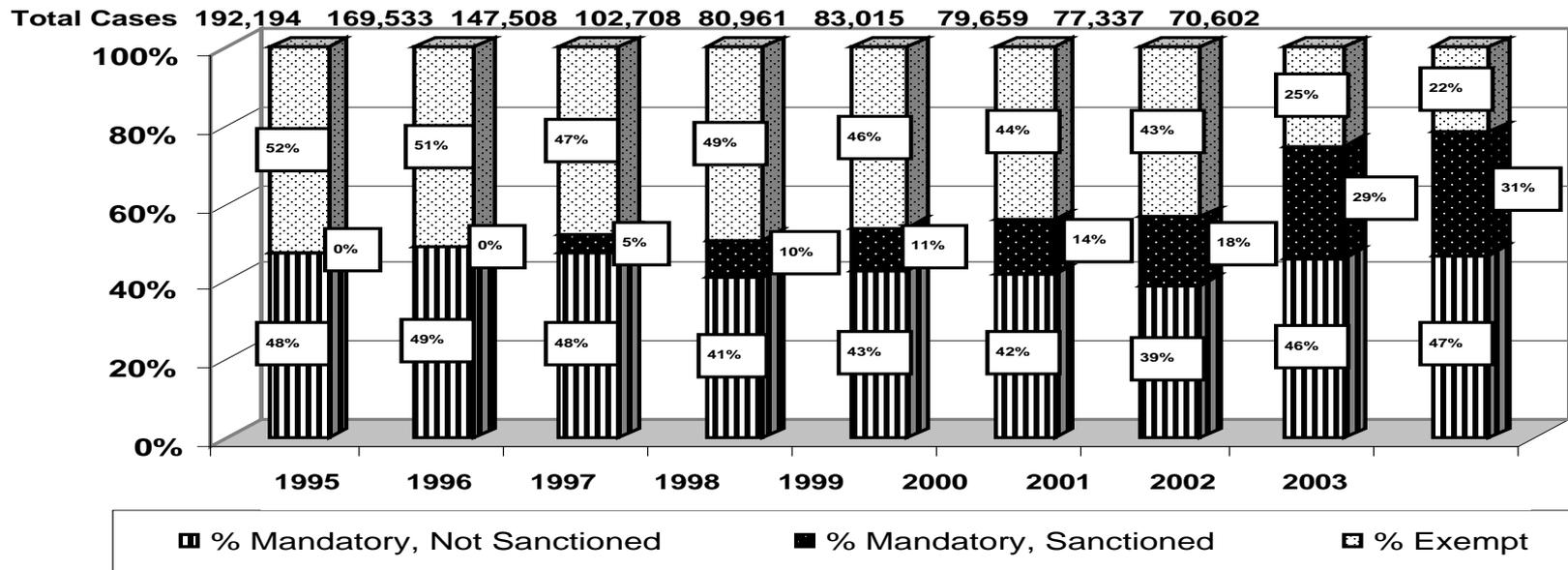


Data Source: Department of Human Services, Computer printout, July 2003.

TANF Adult Work Requirement Trends

The TANF adult population is divided into three groups according to work requirement status. The first group consists of adults exempt from work requirements. Exemptions are granted by the Department of Human Services and most commonly are for caring for a child under the age of one. Adult caretakers not exempt are mandatory and have work requirements. These adults are outreached by the Choices program and enroll in services to prepare them for the workforce. Adults who do not comply with work requirements without good cause are sanctioned. Through FY2003, sanctioned adults lost the adult portion of the cash grant (\$78 a month for a single parent). Under the provisions of HB 2292, and consistent with Council recommendations, now adults who become sanctioned lose their full cash grant and the adult portion of Medicaid coverage after 30 days, and have their TANF case closed after 60 days if they have made no effort to comply. As the TANF population has declined over the years, the proportion of the exempt population has also declined due to a reduction of exemption categories and because the legislature lowered the age of the youngest child for exemption to one. The proportion of the sanctioned population has steadily increased, reaching 31% of the entire TANF population in 2003. As the provisions of HB 2292 take effect in September 2003, the sanctioned proportion should drop significantly, because more families will be encouraged to comply with work and other requirements, or will become ineligible for benefits.

TANF Adult Work Requirement Trends from FY1999 to FY2003

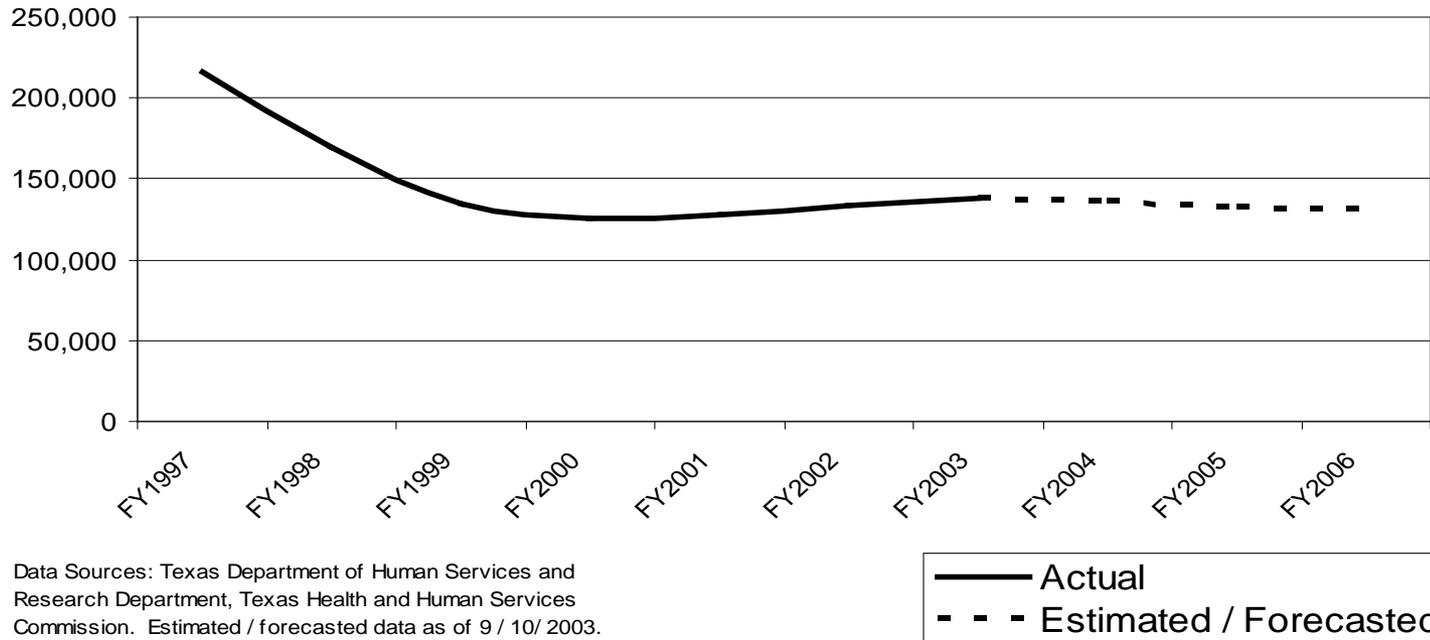


Projections of Potential TANF Population

Beginning in last year's report, a number of indices were examined that might have potential correlation to future TANF populations. These indices could provide a useful tool in predicting future changes in the TANF population.

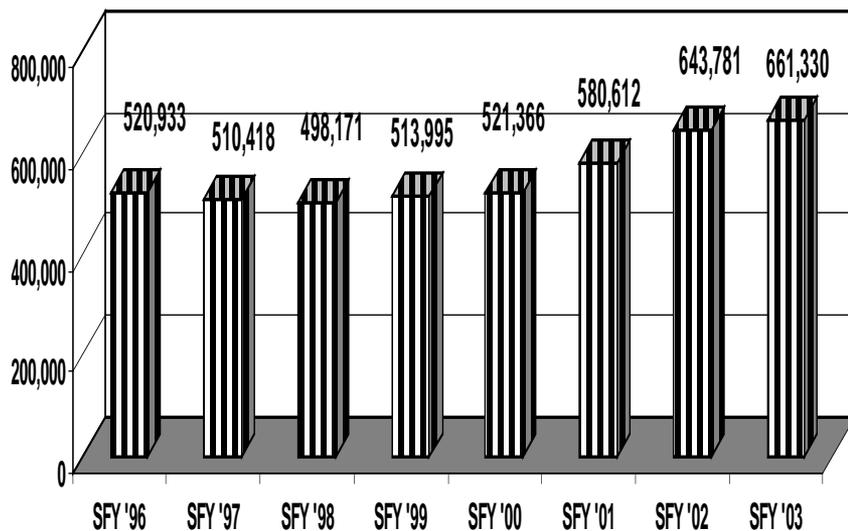
The first and most direct predictor is the actual TANF caseload projection, through FY2006, made by the Texas Department of Human Services. This projection, similar to last year's, predicts a relatively flat TANF population with very little change. It is important to note that this projection does not take into account the above mentioned provisions of HB 2292, which may create a decline in the TANF caseload for FY2004. Formal projections under HB 2292 have not yet been released.

**Historical TANF Caseload and Projections of TANF Caseload
FY1997- FY2006 (Monthly Average)**



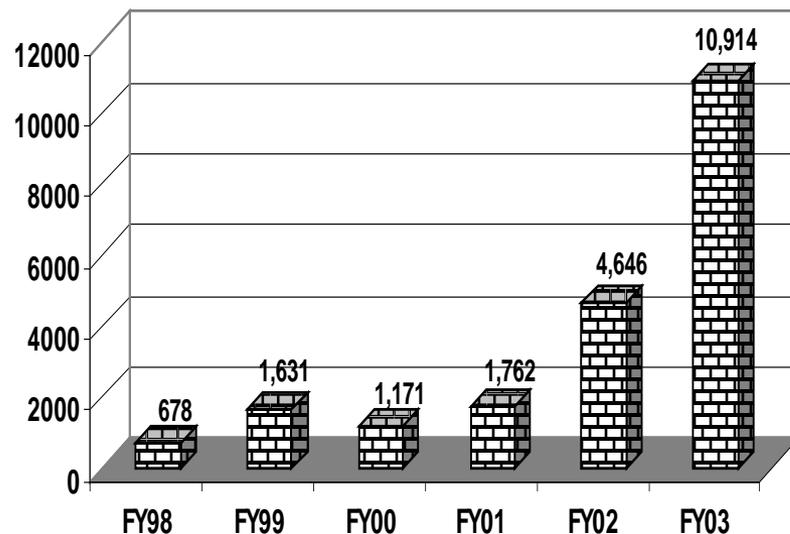
Another factor of determining future TANF population trends is the number of people applying for TANF services. This number has been growing each year since FY1998, reaching 661,330 in FY2003, 17,549 more than FY2002. The Department of Human Services offers a one-time cash diversion program. This program offers an “emergency” cash payment of \$1,000 in lieu of a monthly cash grant for families eligible for TANF. This might be a suitable alternative for an adult head-of-household who is employed, but has a short-term financial emergency. A family receiving this cash payment is not eligible to reapply for TANF for one year. This program has grown each year since its inception, reaching 10,914 in FY2003.

**TANF Applications Received
FY 1996 – FY 2003**



Data Source: Texas Department of Human Services, Computer printout, October 2003.

**TANF Diversions by the One-time Payment Initiative
FY1998 – FY2003**



Data Source: Texas Department of Human Services, Computer printout, October 2003.

Other Family Supports

The following indices are supports available to families such as Food Stamps, Medicaid, and the Children's Health Insurance Program (CHIP). These indicators might have a correlation with families at-risk of going on welfare, or the populations may be growing because these benefits are actually helping families stay off TANF.

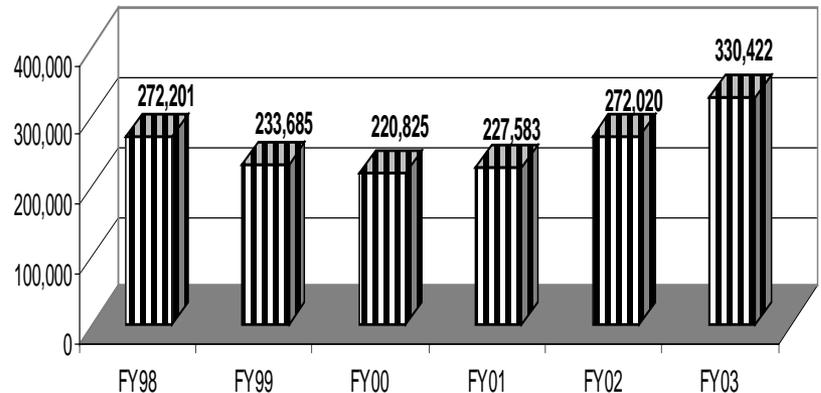
Texas Families Not on TANF Receiving Food Stamps

The number of Texas families receiving Food Stamps but not receiving TANF benefits was declining between FY1998 to FY2000, but has increased over the last three years. As discussed earlier, these services provide a TANF diversion strategy and one might expect Food Stamp usage to grow because of this. In addition, this growth is probably attributable to rule changes in the 77th Legislative Session making it easier to apply for services through telephone applications and various outreach activities such as a 1-800 number.

Texas Children Receiving CHIP Health Care

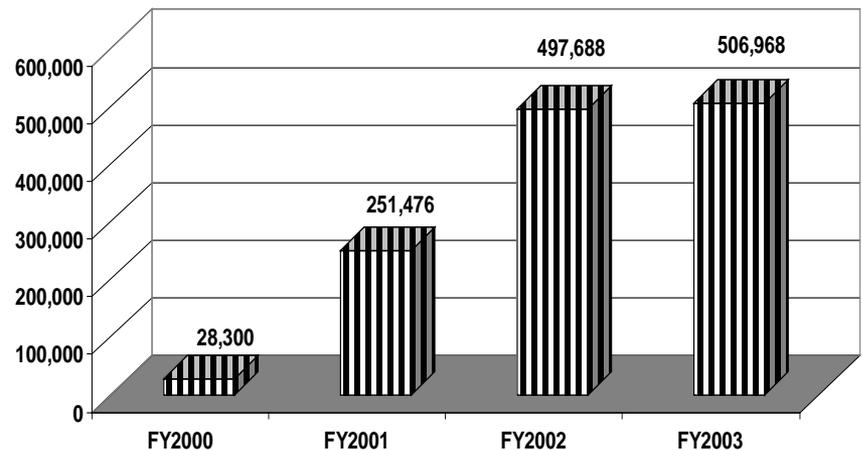
The CHIP Phase II program was instituted in FY2000 and has grown dramatically as outreach efforts have taken effect. The monthly average of children served nearly doubled between FY2001 and FY2002, but increased only a little over 9,000 in FY2003. Changes in eligibility requirements in HB 2292, 78th Legislative Session, may reduce this population somewhat.

Families with Children not on TANF Receiving Food Stamps FY1998 – FY2003



Data Source: Texas Department of Human Services, Computer printout, October 2003.

Annual Average of Monthly Number of Cases of CHIP Phase II – FY2000 – FY2003



Data Source: Research Department, Texas Health and Human Services Commission.

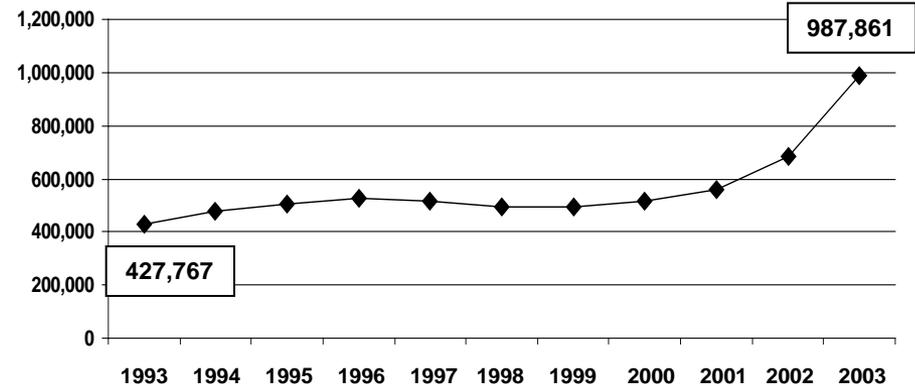
Number of Texas Cases of Medicaid Not on TANF

Medicaid usage in Texas has increased substantially over the past years. For families with children or pregnant women who are not receiving TANF, the monthly average has grown from 427,767 in FY1993 to 987,861 in FY2003. From FY2002 to FY2003, the increase was more than 300,000—over 44%—in one year. This growth has occurred even with the implementation of the CHIP program in FY2000.

Texas Families Earning Below the Federal Poverty Level

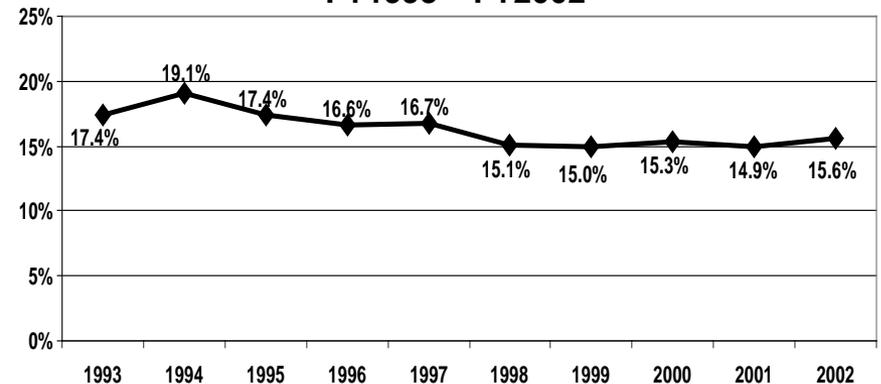
Another indicator of the at-risk for TANF population is the number of families who earn below the federal poverty level. Over the past ten years, this proportion had declined. However, reflecting a national trend, a slightly larger percentage of Texans (15.6%) are earning below the poverty level in FY2003 than last year. This can most likely be correlated to the economic conditions covered earlier in this section.

Families with Children or Pregnant Women Not Receiving TANF with at Least One Family Member Receiving Medicaid FY1993 – FY2003



Data Source: Health and Human Services Commission, Computer printout, Nov. 2003.

Texas Families Earning Below the Federal Poverty Level FY1993 – FY2002

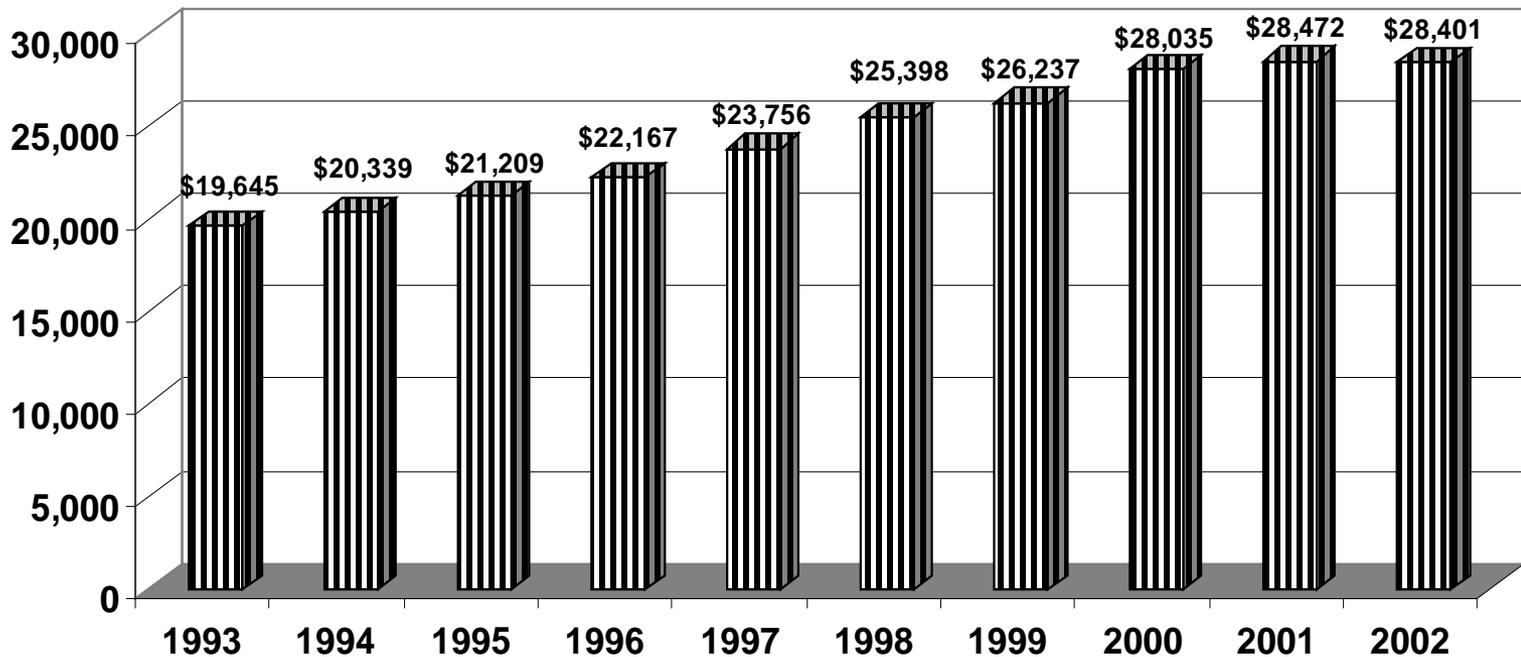


Data Source: Health and Human Services Commission, Computer printout, Nov. 2003.

Texas Families' Earnings

Another predictor of future TANF population trends is the income that families are earning. The Texas Per-Capita personal income has been steadily increasing over the last decade. However, in FY2002, the Texas per-capita income dropped by \$71. This trend held nationally as well, being principally affected by the rising unemployment figures.

Texas Per-Capita Personal Income 1993 - 2002



Data Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Texas Workforce Investment Council



Section II

New Laws Affecting Welfare from the 78th Legislature

The Council, in its' *Welfare to Work Initiatives in Texas: Report 2002*, made four recommendations to the Governor and Legislature:

- Strengthen Personal Responsibility Expectations for TANF Caretakers
- Address the Growth of TANF Payee (Child-Only) Cases
- Develop Methods to Lower Recidivism in TANF Families
- Maximizing Texas' Child Care Funding

This section denotes laws passed by the 78th Texas Legislature and signed by the Governor. It analyzes the new laws and compares the Council's recommendations to the bills passed. The laws included in this section will impact the welfare population directly through changes in some of the programs such as TANF, Medicaid, or Child Care. Since the provisions of these laws are just being implemented, no outcome or performance analysis will be undertaken at this time.

House Bill 2292

HB 2292 provides for a comprehensive reorganization of the structure, function, and delivery of health and human services in Texas. The bill also contains certain provisions that address specific programs and creates a new structure under the Health and Human Services Commission (HHSC).

HHSC is run by the Executive Commissioner who is appointed by the Governor with advice and consent of the Senate. Eleven health and human services agencies are abolished and transferred to the HHSC which will be continued until September 1, 2009. The following agencies are being abolished:

- Interagency Council on Early Childhood Intervention
- Texas Department on Aging
- Texas Commission on Alcohol and Drug Abuse
- Texas Commission for the Blind
- Texas Commission for the Deaf and Hard of Hearing
- Texas Department of Health
- Texas Department of Human Services
- Texas Department of Mental Health and Mental Retardation
- Texas Rehabilitation Commission
- Texas Department of Protective and Regulatory Services
- Texas Health Care Information Council

The Health and Human Services Council is created to assist the Executive Commissioner in developing rules and policies and consists of nine members of the public. The following powers, duties, functions, programs, and activities are transferred to the HHSC:

- Administrative support services such as strategic planning and evaluation, audit, legal, human resources, information resources, accounting, purchasing, financial management, and contract management services
- Texas Department of Human Services related to determining eligibility for long-term care services and community-based support services (DHS) and Office of the Inspector General
- Financial assistance program (TANF) under Human Resources Code, Chapter 31 and 34
- Preventing family violence and providing services to victims of family violence
- Nutritional assistance programs under Human Resource Code, Chapter 33 (provide nutrition education and outreach to persons eligible for food stamps)
- State child health plan program under Health and Safety Code, Chapters 62 and 63
- Medical assistance program under Human Resources Code, Chapter 32
- All rulemaking and policymaking authority for the provision of health and human services and perform information systems planning and management for health and human services agencies. The centralized administrative support service will be performed by commission personnel or performed under a contract with the commission.

The Executive Commissioner appoints, supervises, and defines the responsibilities of a commissioner for each agency with approval of the Governor. A Health and Human Services Council will assist the Executive Commissioner in developing rules and policies for HHSC. The agencies are created on the date the Executive Commissioner of the HHSC appoints the commissioner of the respective agency. The Executive Commissioner is required to present a transition plan to transfer the powers, duties, functions, programs, and activities to the HHSC and the newly created agencies by December 1, 2003. Each agency will have a council of nine members of the public to assist the commissioner to develop rules and policies for the department.

The following agencies are created under the HHSC:

Department of State Health Services

All powers, duties, functions, programs, and activities of:

- Texas Department of Health
- Texas Department of Mental Health and Mental Retardation related to providing mental health services (state hospitals, community services)
- Texas Commission on Alcohol and Drug Abuse
- Texas Health Care Information Council

Department of Aging and Disability Services

All powers, duties, functions, programs, and activities of:

- Texas Department on Aging
- Texas Department of Mental Health and Mental Retardation related to providing mental retardation services (state schools, community services)
- Texas Department of Human Services related to providing long-term care services and community-based support and services, licensing and enforcing regulations applicable to long-term care facilities, and licensing and enforcing regulations applicable to home and community support services agencies

Department of Assistive and Rehabilitative Services

All powers, duties, functions, programs, and activities of:

- Texas Rehabilitation Commission
- Interagency Council on Early Childhood Intervention
- Texas Commission for the Blind and Visually Impaired
- Texas Commission for the Deaf and Hard of Hearing

Department of Family and Protective Services

- Provide protective services for children and elderly and disabled persons
- Provide family support and family preservation services that respect the fundamental right of parents to control the education and upbringing of their children
- License, register, and enforce regulations applicable to child-care facilities and administrators

The bill also has provisions affecting various health and human services programs. The following represents a sampling of major provisions of the bill as they affect welfare programs:

Medicaid/CHIP

- Requires Medicaid to be the payor of last resort
- Provides for cost savings on prescription drugs by establishing a preferred drug list
- Establishes cost-sharing for Medicaid recipients
- Maintains 200% federal poverty level for CHIP eligibility, reduces CHIP and Medicaid continuous eligibility from 12 to 6 months, and institutes a 90-day waiting period for coverage.
- Strengthens efforts to prevent Medicaid fraud and abuse

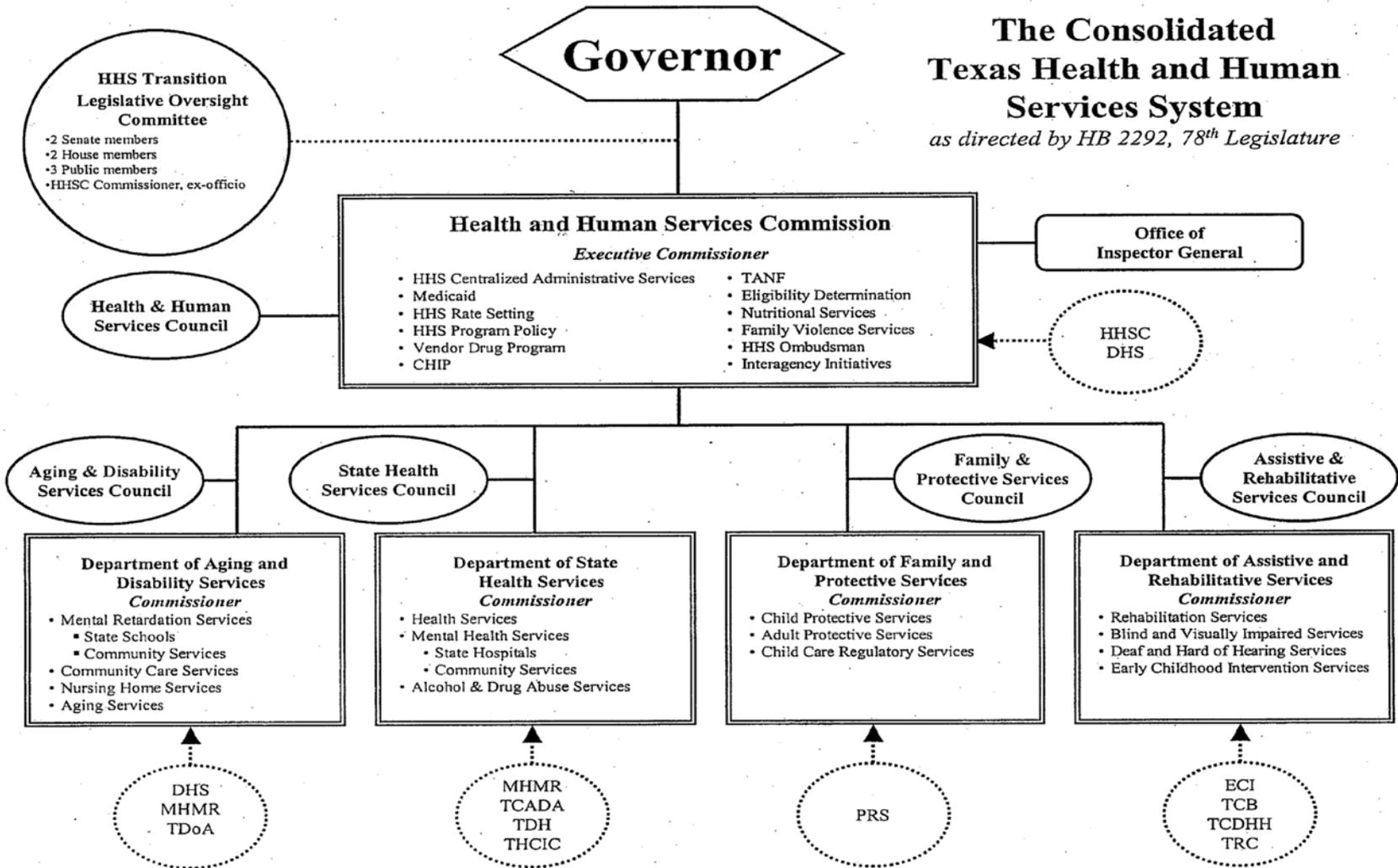
Temporary Assistance for Needy Families and State Financial Assistance Program

These provisions from HB2292 are consistent with Council recommendations from the *Welfare to Work Initiatives in Texas: Report 2002*.

- Requires TANF recipients to comply with all requirements of the personal responsibility agreement to retain eligibility for TANF benefits
- Certain recipients are eligible to participate in a Healthy Marriage Development Program
- Provides for a sanction resulting in suspension of all cash benefits for noncompliant individuals and families until compliance has been established for 30 consecutive days, unless recipients can demonstrate “good cause”
- Provides that pregnant women and children will continue to receive Medicaid regardless of TANF status
- Requires a “payee,” the person receiving cash payments for eligible dependent children, to sign a “bill of responsibility” as a condition of receiving benefits, agreeing to cooperate in establishing paternity of the dependent children; submit the dependent children for periodic screening and immunizations; agree not to use, sell, or possess controlled substances or abuse alcohol; and to assure and provide proof that the dependent children are attending school.
- Creates a temporary, six-month exclusion of a new spouse’s income in eligibility determination if the couple’s combined income does not exceed 200 percent of the federal poverty level.

The Consolidated Texas Health and Human Services System

as directed by HB 2292, 78th Legislature



 Agencies formerly providing programs

Health and Human Services Commission, 2003.

7/30/03

House Bill 2292 - Timeline

Date	Description and Section Number of Effected Program
Sept 1, 2003	All provisions of this bill take effect unless otherwise noted
Sept 1, 2003	All powers, duties, functions, and activities relating to the CIS program are transferred to the TEA
Oct 1, 2003	HHSC Transition Legislative Oversight Committee members to be appointed by governor
Oct 1, 2003	DHS determines if a waiver or authorization from a federal agency is necessary and request any required waivers
Oct 1, 2003	HHSC shall request and pursue any necessary waivers from a federal agency or appropriate entity to allow families enrolled in the state Medicaid program to opt into the child health plan program under chapter 62, Health and Safety Code
Nov 1, 2003	Public hearing of the transition plan must occur before this date
Dec 1, 2003	TRANSITION PLAN submitted to Governor, outlining transfers from affected agencies and specify dates of transfer.
Dec 1, 2003	The TWC shall develop and implement a program through which a recipient having unmet housing needs is referred to agencies and organizations providing housing programs and services and connected to other housing resources
Dec 1, 2003	DHS report progress on needed waivers to governor and presiding officer of both houses
Jan 1, 2004	HHSC implements plan to consolidate the administration of health insurance premium payment reimbursement programs
Jan 1, 2004	DHS shall require each payee of financial assistance to enter into a responsibility agreement that complies with the requirements of section 31.0031, Human Resource Code
Sept 1, 2004	All powers, duties, functions, activities, obligations, rights, contracts, records, property, and appropriations or other money of the Texas Dept. of Health that are determined by the commissioner of HHSC to be essential to the administration of the medical transportation program are transferred to the HHSC
Feb 1, 2005	The Commission shall report to the governor, the lieutenant governor, and the speaker of the house regarding the Medicaid Fraud Pilot Program
Sept 1, 2005	The HHSC or the appropriate state agency operating part of the medical assistance program under chapter 32, Human Resource Code, shall adopt rules in section 32.0261 by this date
Sept 1, 2009	Commission goes under Sunset

Senate Bill 76

Senate Bill 76 is consistent with the recommendations made by the Council to the Governor and the Legislature regarding collaboration efforts between Child care, pre-kindergarten, Head Start, Early Head Start, and after school care programs.

The director of the State Center for Early Childhood Development shall establish a 15 member advisory committee on child care coordination. No later than September 1, 2004, the committee shall prepare and deliver a report that includes recommendations for effective models of child care coordination, effective administrative structure at the state and local level to facilitate coordination of child care resources, revision of statutes and policies to facilitate child care coordination, promotion of school readiness through early child care and education programs, and one or more methods of including the collected and maintained data. On December 31, 2004 the advisory committee is abolished.

Coordination of services will include providing information regarding child care resources and referral agencies as well as information and referral providers serving the applicant's community. There will also be coordination to ensure, to the extent practicable, that full-day, full-year child care services are available to meet the needs of low-income parents who are working or participating in the workforce training or education. Transportation between child-care facilities located in close proximity to a pre-kindergarten, Head Start, or Early Head Start, or after school child care program will be coordinated.

Identifying and developing methods for the collaborative provision of subsidized child care services and pre-kindergarten, Head Start or Early Head Start, or after-school child care program services by:

- operating a combined system for eligibility determination or registration processes so that the applicant may apply for all services available through a single point of access
- sharing facilities or staff
- increasing the enrollment capacity of those programs

There will be cooperation with each state agency regarding child care or child development studies conducted by that agency and collecting data necessary to determine a child's eligibility for subsidized child care services or pre-kindergarten. The State Center for Early Childhood Development will develop longitudinal studies to measure the effects of quality early childhood care and education programs on educational achievement (high school performance and completion). They may also develop a quality rating system demonstration project under which these programs are assessed under a quality rating system. A report must be provided to the legislature including an evaluation of the effectiveness of the project and recommendations on statewide implementation of the project.

Texas Workforce Investment Council



Section III

Programs, Initiatives, and Pilots in Texas

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 personal responsibility, work and work-related activities that enable individuals to find and retain employment and to upgrade skills**
- **In FY2003, record numbers of TANF adults were employed through the Choices program**
- **Texas received a \$5.1 million TANF high performance bonus in 2003 for outstanding job placement by local workforce development boards**
- **For FY2003:**
 - **171,301 total TANF caretakers served, an increase of 12,870, or 8% over FY2002**
 - **66,946 entered employment, a 20% increase over last year, earning and pumping into local economies approximately \$137 million and saving \$33.9 million in TANF cash assistance that would have been paid out to these families**
- **In FY2003, an average of 28,282 TANF children were served daily with child care, an increase of nearly 350 over FY2002**

The Choices “Ramp-Up” Initiative

Serving Additional Adults in FY2003

- **TWC and local workforce boards took proactive measures to implement the provisions of PRWORA when the Texas waiver expired on March 31, 2002**
- **New rules became effective in July 2002**
- **As of April 1, 2002, the 28 Boards had implemented their customized local plans**
- **As of July 2002, Choices rules were consistent with the post-waiver requirements of PRWORA**
- **As a result of the Boards’ “ramping up”:**
 - **171,301 clients were served, an increase of 8% over FY2002**
 - **91,387 participated in work activities, an increase of 3.2%**

Governor's Discretionary Welfare to Work Fund Initiatives - FY2003

\$2.07 million - Contract was awarded to the Texas State Technical College (TSTC) to facilitate math training in Texas.

TSTC will use the funds to provide scholarships to WtW eligible individuals to cover the cost of math skills training throughout Texas.

Job Retention and Local Innovation Grants

Investment in Long-Term Success for TANF Recipients

**Under Rider 23A & B, \$3 million was available for
FY2003 for Job Retention and Local Innovation Grants**

- **\$934,421 from Rider 23A funds were earmarked for post-employment mentoring and \$1,065,579 for Self-Sufficiency to fund training.**
- **\$125,000 of Rider 23B funds were set aside for micro-enterprise development. In addition, three Boards received Rider 23B funds totaling \$104,250 for learning disability assessments and \$770,750 of the Rider 23B funds were reserved for Self-Sufficiency to fund training.**

Adult Education and Literacy Training

Texas Workforce Commission Demonstration Projects

Rider 22 earmarked \$2 million of TANF funds to support basic education and literacy training

- **\$778,000 – UT Pan Am, Adelante Project – Manufacturing and Machining Technology programs**
- **\$150,000 – Learning Disabilities Assessment and Protocol Training**
- **\$500,000 – Medical Transcription Training**
- **\$302,000 – Texas State Technical College, Family Dollar Stores, Inc. – Employee training in English As a Second Language and Retail training**
- **\$70,000 – El Paso Community College - Drop Out Recovery program for disadvantaged youth**
- **\$200,000 – TANF Literacy Program - Upgrade basic skills**

Rural Expansion

Statewide Choices Service Delivery

- **Since the Choices program has been operating at the Texas Workforce Commission, TWC has worked to increase the number of counties where TANF families would have full access to the Choices employment services**
- **In order to expand Choices services throughout the state, TWC allocated over \$14 million to local boards to provide these services in the remaining rural counties**
- **Subsequently, Choices services have expanded into an additional 163 counties**

Minimum Service County Caseloads

- **In October 1996, there were 167 minimum-service counties with 19,177 eligible adults, representing 11.2% of all eligible adults**
- **In August 2002, there were only 66 minimum-service counties with 1,586 eligible adults, representing only 1.8% of all eligible adults**
- **Currently, Choices services are available statewide in all Texas counties with a TANF caseload**

Self-Sufficiency Fund

- **The Self-Sufficiency Fund, administered by TWC, began operation in 1998**
- **A TANF-funded program for adult TANF recipients, adults with children receiving Food Stamps, and families at-risk of being on welfare**
- **Provides funding for customized training of individuals in order to contribute to the success of local employers**
- **Grants are awarded through community and technical colleges, statewide extension services, and community-based organizations**
- **Participating employers agree to hire individuals who are successfully trained to meet their specific needs**
- **757 trainees were trained and placed with 85 participating employers at a cost of \$2.6 million in FY2003**

***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 TDHS TANF eligibility workers**
- **Collaborates with community partners to identify, develop, and expand resources to encourage independence**
- **Organizes local job fairs**
- **Makes computers available in resource rooms in local offices so clients can prepare resumes and job applications and can use the Internet for job searches**
- **In FY2003, TDHS estimated that 6,728 families applying for and eligible for TANF were diverted to other resources, an increase of 10% over 2002**

Employment Retention and Advancement Project

- **Employment Retention and Advancement Project (ERA) is a pilot between Local Workforce Development Boards and DHS**
- **Sites are in Fort Worth, Houston, Corpus Christi, and Abilene and funded with \$3,494,477 of TANF funds**
- **The project is designed to increase job stability and wages, reduce reliance on cash assistance, and reduce recidivism**
- **The project provides for collaboration among multiple agencies at the state and local level**
- **It also provides continuity between eligibility and workforce services**
- **Designed to enhance the current service delivery system by using a team-based case management approach which includes a DHS eligibility worker, Choices case manager, and an additional local case manager. Other professionals may be on teams to advise on areas such as domestic violence and substance abuse**
- **Employs an array of services such as assessment, education, long-range goal setting, and post-employment services**
- **Since April 2000, 6,078 individuals have participated in ERA, an increase of 973 since 2002**
- **ERA is in the fourth year of a five-year federally funded evaluation being conducted by Manpower Demonstration Research Corporation (MDRC)**

SSI Application Assistance

- **Through a contract with a private company, assistance to TANF recipients or applicants who are deemed likely to be eligible for Social Security Income (SSI) are helped through the complex application process by company representatives, who:**
 - **Identify probable candidates**
 - **Assist clients in completing the application**
 - **Gather supporting information**
 - **Assist with appeals if initial application is denied**
- **1,589 TANF recipients were successful in their application process in FY2003 (an increase of 56% from FY2002) and are receiving SSI benefits**
- **Currently there are 4,575 cases pending claims at SSA:**
 - **Pending initial claims with SSA: 2,400**
 - **Claims in the appeals process at SSA: 2,175**

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

Programs, Initiatives, and Pilots

Communities in Schools

- **Serves at-risk children in over 317 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
- **97.9% of students receiving CIS services remained in school**
- **Funded with \$7.3 million GR from TEA and \$4.8 million in TANF funds**
- **964 TANF recipients were served along with 37,855 TANF eligible clients in FY2003.**
- **930 pregnant or parenting teens were served in FY2003, a number down 24 from last year.**
- **This program will move to TEA in FY 2004.**

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 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**
- **Funded with \$2.16 million GR, \$10.68 million GR for TANF maintenance of efforts funds, and \$8.27 million Title IV-B funds**
- **29,430 TANF eligible clients were served in FY2003, down 1,137 from 2002.**

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**
- **Adult Education was funded for FY2003 with \$26.36 million in federal Section 231 funds, \$6.89 million in state GR funds, \$6.5 million in TANF (federal) funds, and \$2.0 million in state GR (TANF Maintenance of Effort) funds**
- **Services provided include:**
 - **Academic skills training**
 - **Workforce readiness and work-related training**
 - **Parenting skills**
 - **Addressing issues such as transportation, accessing child care, health literacy, and other issues such as domestic violence**
- **In FY2003 program outcomes are:**
 - **12,580 TANF clients were served, an increase of 3,335, or 36%, over FY2002. Clients participated for 1,322,947 contact hours**
 - **67% of TANF clients who took a progress assessment completed at least one level, and 89% of those continued in the program, moving to a higher level, both increases over FY2002**
 - **2,280 TANF participants set a goal of obtaining a GED and 910 participants actually completed a GED in FY2003.**

***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 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

- **Most TANF recipients are eligible for Pell Grant support**
- 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
- Choices case managers can help TANF recipients who are interested in post-secondary education apply for Pell Grants
- 11.1% of Single-Parent and 10.5% of Two-Parent TANF caretakers have some college credits while 43.4% of Single-Parent caretakers and 42.6% of Two-Parent caretakers have earned at least a high school diploma or GED and are eligible for post-secondary training
- In the 2001-2002 school year, there were 253,445 Texas students attending post-secondary institutions with Pell Grant assistance, up 8,895 over last year, with a total amount of \$580,578,900 in grants
- Of these Pell Grants, 110,327 were for attending public and private senior universities, 142,503 for community and technical colleges, and 615 for health-related institutions

Texas Workforce Investment Council



Section IV

Best Practices in Welfare Reform in Texas

Best Practices in Welfare Reform in Texas offers examples of strategies being carried out by state agencies, local workforce development boards, employers, non-profit organizations, and other entities to assist families on public assistance. Many of these examples contain collaborations between two or more of these entities. Some of these efforts might be effectively duplicated in other areas of the state.

Some of these efforts are designed to offer on-the-job training, subsidized employment, and other forms of preparation for TANF adults to enter the workforce. Others offer entry-level positions that could lead to promotions and a career ladder, in some cases in targeted occupations, or attainment of transferable skills to other sectors of the economy. Texas' Work First model is based on attachment to the workforce at the earliest possible time, and many of these efforts are outstanding examples of collaborative efforts between the public and private sectors to accomplish this goal.

Providing Educational and Job Opportunities Through Computer Training Dallas County, Cameron County, Upper Rio Grande, and Northeast Texas Workforce Development Boards

- **Business Access** is an in-home, online education and training program for disadvantaged persons
 - The program provides computers and internet access in the homes of participants
 - Program case managers provide a Career Assessment Inventory and develop an individual curriculum for each participant
 - Curriculums contain core computer classes such as *Windows, Internet Explorer, and Microsoft Works*, as well as other educational components drawn from 300 available online courses from adult education and GED preparation, to occupation-specific courses
 - Participants are required to complete their curriculum in one year and get to keep the computer upon graduating
 - There are currently over 1,700 registered in the program
- Funding comes from various sources, with TANF, Welfare to Work, and WIA funds being the most common
 - Dallas County was the first Board to implement the project, but it is now in use in others
 - Of the first 1,300 participants in Dallas:
 - 74% have left TANF
 - 99% had or obtained employment
 - 90% have kept their jobs or advanced
 - 31% have increased their income
 - 84% met TANF program requirements
 - A TWC study of 500 graduates revealed:
 - 474 placements—a 94.8% placement rate
 - Average hourly wage of \$7.99
 - 302 participants entered employment in the first quarter after graduation
 - The maximum hourly wage was \$18.75

Providing Employment Opportunities for Choices Adults

Alamo Workforce Development Board

- **Cleaning Ideas Corporation has partnered with the Texas Workforce Network through committing to hire customers of the San Antonio Texas Workforce Centers**
- **Employees at Cleaning Ideas have opportunities for career advancement/opportunities in retail, clerical, customer services, bio-medical production and accounting**
- **Choices participants in the program are mentored and taught occupational skills**
- **Participants in the program earn average hourly wage of \$8.00**
- **Cleaning Ideas Corporation uses the Texas Workforce Centers as their exclusive recruitment source**
- **Partnering with the Texas Workforce Network and the Workforce Centers has ensured that participants move toward self-sufficiency**

Providing Employment Opportunities for Transitional Workers

Southeast Texas Workforce Development Board

- **Christus St. Elizabeth Hospital of Beaumont has partnered with the Southeast Texas Workforce Development Board in developing a quality workforce for the area**
- **St. Elizabeth has expanded its services to the community and therefore more job opportunities have been made available**
- **The hospital pays a higher minimum starting wage**
- **St. Elizabeth is a major contributor to the welfare-to-work movement in Southeast Texas, as many participants are hired and move to self-sufficiency**
- **Participants in the program are placed initially as relief or part-time workers and eventually are offered full-time employment with benefits**

For more information please contact Ms Penny Richard at (409) 899-7165 x4550.

Providing Employment Opportunities for Transitional Workers

Dallas County Workforce Development Board

- **Parkland Health and Hospital System has partnered/collaborated with the workforce centers in the Dallas area**
- **Parkland management is interested in assisting TANF/FSE&T recipients to obtain gainful employment and those in search of a career in the medical field**
- **Parkland collaborates in grants, youth programs and employment and training of TANF/FSE&T recipients to enhance the Dallas County Workforce**
- **Over 49 TANF/FSE&T individuals have been hired with an average wage of \$10.90**
- **They also developed a Patient Care Assistant Training Program to assist the hard to serve population and they may lack skills or work experience**
- **The training program pays an individual \$6.98 per hour during training and \$8.31 per hour following completion of the six week training**
- **Approximately 80% of the participants completed this training, with 27 individuals hired**
- **After completion of this training a Patient Care Assistant Training Certificate is awarded by Parkland to the participant**

For more information please contact Mr. Danny Davila at (214) 590-6858.

Providing Employment Opportunities for Transitional Workers

East Texas Workforce Development Board

- **Maxxim Medical has partnered with the East Texas Workforce Development Board**
- **This company utilizes the workforce centers for recruiting, interviewing and testing of applicants**
- **Maxxim management hired and trained many Choices Program and Food Stamp Employment and Training Program clients**
- **Approximately 18.8% of their workforce is Hispanic and they are considering an ESL class for non-English speaking employees**
- **All new hires are full-time employees with benefits**
- **Maxxim offers college tuition reimbursement program, OSHA training, mentoring, and leadership and motivational training for front-line supervisors**
- **Maxxim is exploring the possibility of providing some type of transportation for workers commuting from locations outside of the city limits**

For more information please contact Ms Janice Russell (903) 675-9321.

Providing Employment Opportunities for TANF Adults

Coastal Bend Workforce Development Board

- **Wal-Mart has partnered with the Coastal Bend Workforce Development Board's *Work-Force 1*, Goodwill Industries, and Workforce Network, Inc.**
- **The program trains TANF participants by using a classroom and on-the-job training based curriculum developed in part by Wal-Mart**
- **Personnel staff of Wal-Mart working with Goodwill Industries ensured that the classroom training was relevant and applied to the "*world of retail work*"**
- **Program goal is to train and employ a skilled retail salesperson to meet the needs of the community retail businesses**
- **156 participants were trained and earned \$6.63 per hour during the four-week training**
- **Persons successfully completing the training acquired a retail sales certification through this partnership**
- **Over 80% of the participants trained as skilled retail salespersons were employed at retail outlets and of those, Wal-Mart hired 23**

For more information please contact Ms Zulema Gutierrez (361)854-0943.

Texas Workforce Investment Council



Section V

Federal TANF Reauthorization

TANF Reauthorization had not been acted upon by the U. S. Congress by publication of this report. A House bill (HR4) had been passed by the House and forwarded to the Senate. The Senate Finance Committee had drafted and passed a bill to the floor of the Senate. This bill had not yet been considered by the full Senate. It is not likely that a TANF reauthorization bill will be passed this session. The current TANF extension runs through March 31, 2004.

In absence of enrolled legislation, this report analyzed the major provisions of the House and Senate versions of TANF Reauthorization as they currently stand, and compare each provision to current law.

“Universal Engagement” Requirements

Current Law: States must ensure that adults are engaged in work, as determined by the state, within 24 months. States have an option to require Individual Responsibility Plans for recipients.

Senate Finance Bill

- Eliminates 24-month provision
- Requires states to develop self-sufficiency plans for each family within 60 days of TANF enrollment and outline how they intend to require parents and caregivers to engage in work or other activities
- Each self-sufficiency plan must contain activities designed to assist the family achieve their maximum degree of self-sufficiency, supportive services that the state intends to supply, steps to promote child well-being, and information about work support assistance for which the family may be eligible
- U.S. DHHS shall impose a financial penalty on states that fail to comply with the requirement based on the degree of substantial noncompliance

House Bill (HR4)

- States must develop self-sufficiency plans for all parents or caretakers receiving assistance within 60 days of TANF enrollment
- Plans must detail work activities
- U.S. DHHS is directed to impose financial penalties on states that fail to comply with these requirements

Participation Rates

Current Law: For FY2003 and thereafter, all-families rate: 50%; Two-parent rate: 90%

Senate Finance Bill

- All-families rate 55% in FY2005, 60% in FY2006, 65% in FY2007 and 70% thereafter
- Eliminates separate two-parent rate

House Bill (HR4)

- All-families rate 55% in FY2005, 60% in FY2006, 65% in FY2007, and 70% thereafter
- Eliminates separate two-parent rate

Participation Rate Credits

Current Law: Caseload reduction credit allows states to reduce participation rates by caseload reduction since FY1995 that is not attributable to eligibility rule changes

Senate Finance Bill

- Replaces caseload reduction credit with employment credit based on number of families employed after leaving cash assistance; larger credit with families with higher earnings
- Credits are capped at 40% for FY2004, declining to 20% by FY2008

House Bill (HR4)

- Retains caseload deduction based on recent declines in caseload but recalibrates using different base year
- Additional credit for states that reduced caseloads by more than 60% between 1995 and 2001

Hours of Participation Required to Count Toward All-Families Rate

Current Law: Single parent with child under 6 - 20 hours; Other single parents - 30 hours; Two-parent families - 35 hours, 55 hours if receiving child care; Teen parents - 20 hours or in school; No “partial credit” for those not fully meeting required hours

Senate Finance Bill

- Single parent with child under 6—24 hours
- Other single parents—34 hours
- Two-parent families—39 hours, 55 hours if receiving child care
- Teen parents—current law
- Some partial credit allowed

House Bill (HR4)

- 160 hours a month for all
- Teen parents—current law
- Some partial credit allowed

Countable Work Activities

Current Law: Limits to specific allowable work activities for first 20 hours, allows remaining hours to be job skills training, education related to employment, secondary school attendance or GED program

Senate Finance Bill

- Primary work requirements increased to 24 hours and allows certain “barrier removal” and education activities for up to 6 months
- Remaining hours current law, plus substance abuse treatment, postsecondary education, and adult literacy activities and activities approved by waiver after August 22, 1996

House Bill (HR4)

- Primary work requirements increased to 24 and limited to paid/unpaid work, supervised work experience or supervised community service
- Remaining hours: substance abuse counseling, rehabilitation treatment, work-related education, training, job search/readiness, and other activities the address a purpose of TANF

Barrier Removal and Other Activities

Current Law: Activities limited as specified above

Senate Finance Bill

- For up to 6 months in a 24 month period as a primary activity: substance abuse counseling; programs designed to remove work barriers; post-secondary education; adult literacy
- During months 4-6, these activities must be combined with work-readiness activities or employment
- May count as secondary activity: no time limit

House Bill (HR4)

- State-defined activities may count as a primary activity for to 3 consecutive months in a 24 month period and as a secondary activity with no time limit

Education and Training

Current Law: Vocational activity can count as primary activity for up to 12 months (capped at 30%)

Senate Finance Bill

- Provides state option to count vocational or post-secondary education for more than 12 months (capped at 10% of caseload)
- Credits are capped at 40% for FY2004, declining to 20% by FY2008

House Bill (HR4)

- Eliminates vocational education as a primary activity, except that work-related education or training for 3 months
- Eliminates the 30% cap

Sanctions and Sanction Review Procedures

Current Law: States must sanction families that fail to comply with requirements. Subject to exemptions determined by state; states have discretion to partially reduce a grant or to terminate assistance completely

Senate Finance Bill

- Current law with two changes:
- State plan must describe strategies to address services for struggling and non-compliant families and clients with special problems
- State must review self-sufficiency plan before imposing a sanction

House Bill (HR4)

- States must terminate assistance to all family members for non-compliance for at least 2 months; sanction must last 30 days
- State plan must describe strategies to address services for struggling and non-compliant families and clients with special problems

Child Care Funding

Current Law: FY 2003—Mandatory funding \$2.7 billion; Discretionary funding \$2.1 billion

Senate Finance Bill

- Mandatory funding to increase \$200 million a year for 5 years
- Not specified if these will require matching funds

House Bill (HR4)

- Same increase as Senate for mandatory requiring state match
- Authorizes (not appropriates) additional \$2.4 billion for discretionary funding over 5 years

Basic Block TANF Grant Funding

Current Law: Frozen at \$16.5 billion through FY2003

Senate Finance Bill

- Same amount through FY2008

House Bill (HR4)

- Same amount through FY2008

Supplemental Grants

Current Law: \$319 million in FY2003 for states with low TANF funding levels or high population growth

Senate Finance Bill

- Same amount through FY2007

House Bill (HR4)

- Same amount through FY2007

Contingency Fund

Current Law: \$2 billion for states with increased Food Stamp caseloads or unemployment (states must meet 100% MOE requirement, excluding child care and separate state programs)

Senate Finance Bill

- Same amount through FY2008 based on unemployment rate, Food Stamp caseload, or TANF caseload increase
- Reduces 100% MOE requirement

House Bill (HR4)

- Same amount through FY2008, retaining current law except that spending on child care and separate state programs count for MOE
- Reduces 100% MOE requirement

Bonuses

Current Law: \$200 million high performance bonuses based on work, work supports; \$100 million on nonmarital birth reduction

Senate Finance Bill

- \$100 million for employment achievement
Fy03, \$200 million thereafter
- Eliminates nonmarital birth reduction bonus

House Bill (HR4)

- Same as Senate

Dedicated Funding for Marriage Promotion and Family Formation

Current Law: TANF money may be used for these activities

Senate Finance Bill

- \$500 million over 5 years for competitive matching grant for healthy marriage program
- \$500 million over 5 years for research, demonstrations, and technical assistance

House Bill (HR4)

- \$600 million over 5 years for competitive matching grant for healthy marriage program
- \$500 million over 5 years for research, demonstrations, and technical assistance

Fatherhood Programs

Current Law: No provisions

Senate Finance Bill

- \$75 million annually for fatherhood programs
- Purposes of program to support marriage, parenting, and economic stability for fathers

House Bill (HR4)

- \$20 million annually for fatherhood programs
- Purposes of program to foster parenting, job training, business management skills, and healthy marriages

TANF Purposes

Current Law: To assist needy families, end dependence of needy parents by promoting work and marriage, reduce out-of-wedlock pregnancies, and encourage the formation of two-parent families

Senate Finance Bill

- Modifies the 4th purpose to maintenance of “healthy, 2-parent married families and encourage responsible fatherhood”

House Bill (HR4)

- Adds improving child well-being and reducing poverty
- Modifies 4th purpose to encourage the formation of healthy 2-parent married families and encourage responsible fatherhood

“Superwaiver”

Current Law: No provision in current law; allows some program-specific waiver authority

Senate Finance Bill

- Allows up to ten states, with approval from HHS, to obtain waivers of federal law and rules related to TANF, Social Services Block Grant, and Child Care Development Fund

House Bill (HR4)

- States, with approval of appropriate federal agencies, could obtain waivers of nearly all federal law and rules related to TANF, Food Stamps, public housing, Social Services Block Grant, Child Care Development Fund, most Workforce Investment Act programs, and adult basic education.

Texas Workforce Investment Council
1100 San Jacinto Boulevard, Suite 100
Austin, Texas 78701
(512) 936-8100
www.governor.state.tx.us/twic.htm

Texas Workforce Investment Council



Texas State Capitol - Austin, Texas

***Welfare to Work Initiatives
in Texas: Report 2003***

December 2003

Dear Texas Workforce System Stakeholder:

The Texas Workforce Investment Council (Council) is pleased to present this fourth annual welfare reform report *Welfare to Work Initiatives in Texas: Report 2003* as mandated by Texas Government Code 2308.101 (14). This report was approved at the Council's December 12, 2003 meeting.

In writing this report, the Council asked five basic questions. Is the state's welfare to work effort still working in a slow-growth economy? Are there significant changes in the demographics of the welfare population in Texas? Is the Work First Model successfully putting adults to work? What bills were passed by the 78th Legislative Session and signed by the Governor that will affect this population? What are some of the innovative practices going on around the state at the local level?

This report analyzes aspects of Texas' welfare to work initiatives operating in the context of a slow-growing economy over the past year. Demographic trends of the TANF population are examined to determine what impact significant changes in the population might have on the Texas model. Bills that were passed by the recent legislative session that might affect welfare recipients were analyzed. Programs, initiatives, and pilots that affect the lives of families on welfare are discussed as well as some best practices around the state that might provide models for replication. Finally, TANF reauthorization, still not passed by Congress at publication, was examined comparing the provisions of current bills under consideration in the Federal House and Senate.

I commend this report to you.

Ann F. Hodge, Chair

Council Members

Business and Industry Representatives

Ann F. Hodge, Katy Chamber of Commerce (Chair)
John W. Sylvester, Linbeck Corporation (Vice Chair)
Edward B. Adams, Sr., E. B. Adams & Associates
Harold Jenkins, CTJ Maintenance, Inc.
John W. Wroten, Jr., Electronic Data Systems

Community-Based Organization Representatives

Frank Acosta, Motivation, Education & Training, Inc.

Education Representatives

Angela Blanchard, Co-Founder of University of
Houston Center for Organizational Research
and Effectiveness (President and CEO of
Neighborhood Centers, Inc.)
Larry F. Jeffus, Educational Consultant and Author
Mario H. Salinas, Edinburg I.S.D.

Labor Representatives

James N. Brooks, Carpenters Local No. 665
R. Steve Dement, Pipe Fitters Local No. 211 (Chair,
Apprenticeship and Training Advisory Committee)
Richard G. Hatfield, Air Line Pilots Association,
Robert Hawkins, United Association of Plumbers and
Pipe Fitters Local No. 529
Lonnie R. Morgan, UAW Local No. 276

Ex-Officio Members Representing State Agencies

Jim Hine, Texas Board of Human Services
Larry Temple, Texas Workforce Commission
Robert Scott, Texas Education Agency
Jeff Moseley, Texas Department of Economic
Development and Tourism Office
Don Brown, Texas Higher Education Coordinating
Board

Table of Contents

Council Mandates	1
Executive Summary	3
Section I Welfare to Work Trends in a Slow-Growth Economy	7
Section II New Laws Affecting Welfare from the 78th Legislature	25
Section III Programs, Initiatives, and Pilots in Texas	37
Section IV Best Practices in Welfare Reform in Texas	59
Section V TANF Reauthorization	67