

SUBJECT: Financial incentives for working welfare recipients

COMMITTEE: Human Services — favorable, without amendment

VOTE: 6 ayes — Hilderbran, Naishtat, Christian, Maxey, McReynolds, Wohlgemuth

1 nay — Davila

2 absent— Chavez, Krusee

WITNESSES: For — None

Against — Alison Dieter, Gray Panthers; Patrick Bresette; Charlotte Flynn; Joseph Heffernon

On — Judy Denton, Texas Department of Human Services

BACKGROUND : In 1995, the Legislature enacted HB 1863 by Hilderbran et al., revising the welfare program. The bill directed the Department of Human Services to require most adults receiving financial assistance to work during any one-month period not less than 30 hours a week or to participate at least 20 hours a week in the job opportunities and basic skills (JOBS) training program under the Texas Workforce Commission (TWC).

DIGEST: HB 1784 would direct the Department of Human Services (DHS) to issue rules to increase the financial assistance granted to welfare recipients working or participating in employment activities by an amount sufficient to cover the incidental costs of participating in the activity. The additional amount could not exceed 10 percent of the base family grant. DHS would have to develop a method of setting additional benefits based on the number of eligible participants so as not to affect to the extent possible the total amount of financial assistance paid to all families.

Incidental costs would not include support services made available through DHS, such as child care, transportation assistance, work skills and job readiness training, instruction in job search techniques, and job placement.

The bill would take effect September 1, 1997, and would apply to all financial assistance paid on or after January 1, 1998 regardless of the date eligibility was determined.

**SUPPORTERS
SAY:**

HB 1784 would implement recommendations from the interim report of the Committee on Human Services in order to amend and improve on the reforms initiated last session. The bill would provide a financial incentive for welfare recipients to work and participate in employment activities and a disincentive for not participating, without any extra cost for the state.

Individuals actively looking for work or participating in training programs will spend more money than those who stay at home. Lunch money, clothing expenses, and other incidentals quickly add up. HB 1784 would add a small bonus to encourage these individuals that the efforts they are making will be rewarded.

According to DHS estimates, under the bill the monthly net increase per family would be about \$12.19 and the monthly net decrease for those recipients not working would only be about \$3.81 per month. The incentives proposed by HB 1784 would be an equitable shift of resources. The idea behind welfare reform is to move recipients from welfare to work; it would go against that policy to use surpluses from other entitlement programs to increase the grants of recipients. Those monies would be better spent on job training and work-related activities.

**OPPONENTS
SAY:**

HB 1784 would have DHS increase money to recipients in employment activities by reducing assistance to families who are not in a work program, regardless of whether there was a spot for those families in TWC employment programs. TWC can only serve about 10 to 12 percent of all those eligible for job training each month. On the other hand, because of declining welfare caseloads, Texas will have a surplus of about \$350 million of Temporary Assistance for Needy Family federal grant funds above current levels for the 1998-1999 fiscal years. Some of this surplus — rather than other families' benefits — could be used for incentive payments.

**OTHER
OPPONENTS
SAY:**

A better approach to instituting work incentives would be to provide some sort of a one-time bonus for the successful completion of specific work or employment goals. Alternatively, the state could increase the amount

families could earn and still be eligible for assistance. Both of these types of programs have proven successful in helping welfare recipients move to self-sufficiency.