

SUBJECT: Supported employment for welfare recipients

COMMITTEE: Human Services — committee substitute recommended

VOTE: 7 ayes — Hilderbran, Naishtat, Christian, Davila, Maxey, McReynolds, Wohlgemuth

0 nays

2 absent — Chavez, Krusee

WITNESSES: For — Bruce Bower; Patrick Bresette; Charlotte Flynn; Joseph Heffernon

Against — None

On — Judy Denton, Texas Department of Human Services

BACKGROUND : In 1995, the Legislature enacted HB 1863 by Hilderbran et al., the Texas welfare reform bill. HB 1863 provided for a pilot program using fill-the-gap budgeting on a limited scope. Fill-the-gap budgeting is designed to help participants move from welfare to work by gradually decreasing benefits as earned income increases. The pilot program, which was never implemented, would have required Department of Human Services (DHS) to report to the governor and the 75th and 76th Legislatures on the results, with reporting requirements expiring September 1, 1999.

DIGEST: CSHB 1909 would require DHS to revise, as necessary, the pilot program enacted by the 74th Legislature in order to implement a statewide fill-the-gap budgeting program or other similar method to extend the period of supported employment for families receiving temporary benefits by disregarding the earnings of family members who obtained employment while receiving assistance. The program would be subject to the availability of funds.

DHS would be required to report to the governor and the 76th and 77th Legislatures on the results, with reporting requirements expiring September 1, 2001.

The bill would take effect September 1, 1997.

**SUPPORTERS
SAY:**

CSHB 1909 would further the welfare reform initiatives passed last session to help move people off welfare and enable them to become more self sufficient. Fill-the-gap budgeting is a system that gradually lowers benefits as income from employment increases in order to wean welfare recipients off the program. This type of system disregards earnings normally counted to calculate the grant benefit of family members who obtain employment while receiving assistance in order to prevent family members from being penalized for working.

Under the current system there is no incentive for people to get a job because even very small increases in income can cause an immediate loss in all benefits. Many recipients who find part-time work or low-wage jobs are better off financially when receiving public assistance because of the extra costs of health care, child care and other benefits.

More than three-fourths of all states implementing welfare reforms have used fill-the-gap methods to support the transition to employment by allowing recipients to retain benefits as they begin to earn income. A study of states employing these policies found that earnings and employment among recipients increased 30 to 150 percent. These changes would help recipients in Texas who receive a very small amount of assistance improve their lives. Fill-the-gap budgeting can also simplify a very complicated set of earned income deduction policies.

The Legislative Budget Board estimates that additional benefits granted to recipients not eligible for extended benefits through federal guidelines would average \$23.18 per month. Since the implementation of fill-the-gap budgeting would depend on the availability of certain federal block grant funding, there would be no cost to the state.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES: The committee substitute gave DHS the flexibility to consider other methods besides fill-the-gap budgeting to implement an earnings disregard program and deleted references to transitional benefits.