

- SUBJECT:** Self-Sufficiency Fund for training welfare recipients
- COMMITTEE:** Economic Development — committee substitute recommended
- VOTE:** 9 ayes — Oliveira, Yarbrough, Greenberg, Keffer, Luna, Raymond, Seaman, Siebert, Van de Putte
- 0 nays
- WITNESSES:** For — Patrick Bresette, Center for Public Policy Priorities
- Against — None
- BACKGROUND :** The federal Personal Responsibility and Work Opportunity Act of 1996, the comprehensive welfare reform initiative enacted in 1996, requires states to ensure minimum work participation rates of welfare recipients. The act requires 25 percent to be working in 1997, increasing 5 percent each year to 50 percent by the year 2002. Under HB 1863 by Hilderbran et al., enacted in 1995, the Department of Human Services (DHS) must require that adults receiving financial assistance work at least 30 hours a week or participate in a job opportunities and basic skills programs (JOBS) for at least 20 hours a week within a one-month period.
- DIGEST:** CSHB would create a self-sufficiency fund in the general revenue fund to be used for job training purposes by public community and technical colleges, community-based organizations and state extension agencies. The training programs would have to meet state and federal work requirements. The fund would be created subject to the availability of funding.
- The fund would be administered by the Texas Workforce Commission (TWC) and used to develop customized job training programs for welfare recipients and businesses and trade unions and to sponsor small and medium sized business networks and consortiums. Funds also could be used for support services as needed. To the extent possible, fund money would have to be spent in all areas of the state. The TWC executive director would be responsible for distributing the fund money and developing criteria to serve a specific number of clients.

Participating employers would help set the training curriculum, would commit to hiring graduates of the training programs, and would have to work to place graduates in jobs with wages reasonably calculated to make graduates independent and self sufficient.

The bill would take immediate effect if finally approved by a record two-thirds vote of the membership in each house.

**SUPPORTERS
SAY:**

CSHB 2928 would help Texas meet the challenge of providing jobs to 50 percent of its welfare recipients by 2002. If Texas is unable to meet this goal, it will lose federal Temporary Assistance for Needy Family (TANF) grant funds. States that do not meet federal work participation requirements can be penalized up to five percent of the TANF block grant in the first year, or about \$23.4 million, increasing by two percent with each consecutive failure, up to a maximum of 21 percent. Penalized states must also increase state spending by an amount equal to the penalty, effectively doubling the cost.

The way to meet this requirement is to work with Texas businesses to offer on-the-job training and direct work experience to those on public assistance. The self-sufficiency fund would enable recipients to participate in customized job training programs and help them find jobs with wages reasonably calculated to make them independent and self sufficient. This would be a great way to match trained recipients with employers. Employers who need employees would be able to set the training curriculum and then pair up with a training entity that would use fund money to actually train the recipients. The recipients would benefit by receiving training for a real job with a decent wage.

This is precisely the sort of program envisioned by federal requirements for spending TANF funds. The conference committee on HB 1, the general appropriations bill, has tentatively allocated \$12 million for the self-sufficiency fund over the next biennium. A similar program, the Skills Development Fund, has been successful in providing job training for underemployed people for a job with a livable wage.

**OPPONENTS
SAY:**

No apparent opposition.

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NOTES: The companion bill, SB 1492 by Ellis and West, has been referred to the Senate Finance Committee.