

- SUBJECT:** Parents as Scholars pilot program for eligible TANF recipients
- COMMITTEE:** Human Services — committee substitute recommended
- VOTE:** 9 ayes — Naishtat, Maxey, Chavez, Christian, J. Davis, Noriega, Telford, Truitt, Wohlgemuth  
0 nays
- WITNESSES:** For —Patrick Bresette, Center for Public Policy Priorities  
Against —None  
On —Judy Denton, Department of Human Services; Lela Dyson, Texas Workforce Commission
- BACKGROUND:** In 1996, Congress enacted the Personal Responsibility and Work Opportunity Reconciliation Act, which replaced Aid to Families with Dependent Children (AFDC) with Temporary Assistance for Needy Families (TANF) block grants to states. In Texas, the average TANF recipient is a single mother with two children who receives \$180 per month in direct benefits. Recipients also are eligible for Medicaid and food stamps.
- The federal law requires each state to meet minimum “participation rates.” In other words, a minimum percentage of TANF recipients must be participating in specified work activities. The law only allows certain education activities to count, such as vocational training, education directly related to employment, or high school-level education programs.
- The Federal Department of Health and Human Services has adopted the view that a state can use its own welfare dollars to create a separate state program apart from its TANF-funded program. Since the 1996 law requires states to continue spending state money on low income families with children, such a program would count toward this obligation and would not damage the state’s work participation rate required for TANF recipients.

DIGEST:

HB 3470 would require the Department of Human Services (DHS) to establish a Parents as Scholars pilot program. Participants in the program would have to be eligible for TANF benefits. Under the program, they could receive such benefits as assistance for tuition, fees, books, and supplies to help them obtain college degrees for a period of up to 48 months.

A participant in the Parents as Scholars program would be eligible for medical assistance and support services just as TANF recipients are eligible.

**Eligibility.** DHS would develop eligibility criteria that would have to:

- ! require that the person satisfy the eligibility criteria for financial assistance;
- ! prohibit a person who already holds a bachelor's degree from participating;
- ! require the person to seek a degree that would improve the person's ability to obtain employment in their local labor market;
- ! recruit participants who lack the skills to get jobs at a compensation level equal to at least 85 percent of the area median income; and
- ! demonstrate the aptitude to complete degree requirements.

**Funding.** HB 3470 would require money spent under the program to comply with federal requirements for TANF funds. DHS would have to fund this program from state funds specifically appropriated for the program or from other state funds otherwise available. The department could accept gifts and grants from public or private sources.

**Report progress.** DHS would report to the Legislature by January 15, 2003 on the program's effectiveness in improving employability of TANF beneficiaries, with recommendations on expanding or ending the program.

The pilot program would expire September 1, 2003.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. If DHS determined that a waiver or authorization from a federal agency was required before implementation, it could begin the program after authorization was granted.

SUPPORTERS  
SAY:

The Parents as Scholars program would help get TANF recipients out of the welfare system and move them into higher skilled, higher paying jobs. Currently in Texas, no incentive programs encourage welfare recipients to seek college degrees. HB 3470 would do so by establishing a student financial aid program modeled after a similar Parents as Scholars program in Maine that has been quite successful.

This program would help individuals, as well as the Texas economy as a whole, improving the state's attractiveness to new industry by improving the educational level of the workforce. Obtaining a college degree greatly increases an individual's employment opportunity and earnings potential. The 1990 Census showed that people with bachelor's degrees earn an average of \$2,552 per month, while those with high school diplomas or less education, earn an average of \$1,595 per month.

HB 3470 would create a pilot program that would be thoroughly road tested before the Legislature considered any move to expand it. If it did not prove itself, it would not be continued. According to the Legislative Budget Board, the program would serve 300 clients in fiscal year 2000; 500 in 2001; 450 in 2002; and 330 in 2003. The average monthly benefit would be \$500, with one-time program costs totaling \$630,000 in fiscal 2000, with all costs estimated to come from TANF federal funds.

Job assistance programs helping welfare recipients usually result in placing them in minimum wage or other low wage jobs with no benefits. Access to higher education, however, would help prepare them for higher wage jobs with benefits. This program ultimately would reduce the number of welfare recipients in Texas, thus saving tax money.

Participants would have an incentive to try this program because they still would be eligible for food stamps and medical assistance, like other TANF beneficiaries. Most participants in the program also could qualify for financial aid through the colleges where they were enrolled.

Data shows that education has a "two-generational" effect. Children of adult students learn better and are more likely to go to college themselves. Thus, the program would help break the cycle of poverty.

OPPONENTS  
SAY:

Welfare reform has helped people become independent from state assistance. Since 1994, TANF rolls have been cut in half. The state should not establish a new program to spend more money on welfare benefits with a different label. The focus of state efforts should continue to be on job training and job assistance programs aimed at getting people off the welfare rolls as soon as possible.

For example, DHS started the Texas Works program a little over one year ago and has already saved Texas taxpayers \$2.9 million. Under that program, local DHS offices have Texas Works Resource rooms with local job listings and Internet computer links to statewide job banks. Staff and volunteers help individuals write resumes, complete job applications, and find needed support services in their communities. Such programs have far greater and more immediate impact than would subsidizing a college education for welfare recipients.

OTHER  
OPPONENTS  
SAY:

HB 3470 would not do enough to help TANF beneficiaries. Benefits today are so minimal that those people who are able to work already have left the welfare system. People who are eligible for, and are still receiving, TANF benefits are mostly people who have multiple barriers to employment.

The bill would require people who participate in the Parents as Scholars program to accept benefits of about \$500 per month, instead of TANF benefits, about \$180 per month. This means they would receive only about \$320 more per month under this program, despite significant additional expenses. The Parents as Scholars program would not provide enough to pay for all tuition, fees, books, and other related costs.

HB 3470 should allow those who are eligible to participate in the Parents as Scholars program to receive benefits in addition to TANF benefits. This would ensure that people receiving welfare who want to obtain college degrees could afford to do so.

NOTES:

The substitute would allow DHS to accept gifts and grants in addition to using state and federal money to fund the Parents as Scholars pilot program.