

- SUBJECT:** Creating incentives for employers to offer better jobs to TANF recipients
- COMMITTEE:** Economic Development — committee substitute recommended
- VOTE:** 8 ayes — Solis, Keffer, Clark, Deshotel, Homer, McClendon, Seaman, Yarbrough
- 0 nays
- 1 absent — Luna
- WITNESSES:** For — Patrick Bresette, Center for Public Policy Priorities; Sandy Dochen, Capital Area Workforce Development Board; *Registered but did not testify:* Jennifer Corrigan, Texas Council on Family Violence; Rick Levy, Texas AFL-CIO; Hannah Riddering, Texas National Organization for Women
- Against — None
- BACKGROUND:** Temporary Assistance to Needy Families (TANF) is the state-federal cash assistance and workforce development program administered by the Texas Department of Human Services (DHS) and the Texas Workforce Commission (TWC). TWC and local workforce development boards assist TANF recipients in obtaining employment by contracting for employment placement services with local organizations.
- DIGEST:** CSHB 476 would direct TWC to create a job placement incentive program for local organizations with whom the local workforce development board contracts for employment placement services. This program would be subject to available funds.
- TWC would determine the definition of a higher-wage job based on locally appropriate indicators of the wages needed by TANF recipients to obtain self-sufficiency, as defined by federal guidelines. Local development boards would help develop guidelines and would award the monetary incentive to organizations that met the target for the number of placements in higher paying jobs. The job placement organizations could use the funds for education, training, or other services to help TANF recipients stay at work.

This bill also would direct TWC to develop guidelines for post-employment services, such as education and training needed after an individual became employed, based on the individual needs of clients. The local workforce development board would be encouraged to provide post-employment case management services for the individuals who experienced the highest barriers to continued employment.

CSHB 476 would require TWC to adopt all necessary rules by January 1, 2002. This bill would direct state agencies to seek any necessary federal waivers or authorizations needed to implement the provisions of this bill. The agency could delay implementation until the federal waivers or authorization were granted. This bill would take effect September 1, 2001.

**SUPPORTERS
SAY:**

CSHB 476 would help TANF recipients get better jobs. Local workforce development boards must meet employment placement targets, but they have no incentives to encourage placement organizations to place TANF recipients into higher-paying jobs. Because the monetary incentive would be used to subsidize employment, placement organizations would be more likely to place a TANF recipient in a better job.

Once TANF recipients were in higher-paying jobs, this bill would develop the tools the local workforce development boards needed to help them stay there. Post-employment support is vital for transforming a job into a career. Not all local workforce development boards provide these services, and this bill would create the framework for a comprehensive service continuum.

This bill would address the needs of harder-to-serve TANF recipients. As Texas has implemented work first initiatives, the individuals who remain on the TANF rolls are increasingly the difficult-to-serve population. These individuals tend to need more training and support services to enter and remain in the workforce. This bill would create an incentive for employment placement agencies to serve these individuals.

CSHB 476 would not necessarily require additional funding and would not create a permanent expense. This program could be funded with federal TANF funds through TWC's funding stream. Further, the program would be based on availability of funds.

OPPONENTS
SAY:

CASHB 476 would enact into law a program that TWC could do by rule. TWC already has similar programs and has funding for them. If the Legislature were unhappy with TWC's level of dedication of resources to this type of program, it should work with TWC, not legislate a whole new program.

OTHER
OPPONENTS
SAY:

CASHB 476 would promote dependence on public assistance by continuing to subsidize individuals even after they had obtained employment. Because the incentive program subsidizes employment, individuals would not really be self-sufficient.

NOTES:

The fiscal note estimates a cost of \$1.2 million in fiscal 2002-03.

The House version of SB 1 by Ellis, the fiscal 2002-03 general appropriations bill, included a contingency rider in the Article 11 "wish list" to use funds in Strategy B.1.2, Adult Public Assistance Recipients, of TWC's budget for the proposed job placement incentive program. That strategy was appropriated \$225 million for fiscal 2002-03 in Article 7 of the House version of CSSB 1.

The committee substitute added the stipulation of availability of funds for the program.