

SUBJECT: Restructuring the AFDC welfare system

COMMITTEE: Human Services — committee substitute recommended

VOTE: 9 ayes — Hilderbran, Naishtat, Davila, Denny, J. Jones, Krusee, Maxey, Park, Wohlgemuth

0 nays

WITNESSES: For — Oliver McMahon Jr., Waco; Susan Garnett, ARC of Texas-Austin; Judith Sokolow, Advocacy Inc.; James Cooley, Austin.

Against — Gilbert Gonzales Jr., Austin; Bob Green, Texas Fathers Alliance, Primary Nuturing Fathers of Texas.

On — Texas Comptroller John Sharp; Deann Friedholm, Texas Health and Human Services Commission; Robin Herskowitz, Office of the Comptroller; Patrick Bresette, Center for Public Policy Priorities; Gordon Enos, North American Morpho Systems, Inc., Austin Office; Phyllis Coombs, Office of the Comptroller; Judy Dent, Department of Human Services.

BACKGROUND: Aid to Families With Dependent Children (AFDC) is a state-federal cash grant program for needy children and their adult caretakers. To qualify for an AFDC grant, children must lack parental support because one parent is absent, incapacitated, deceased or, in some limited cases, unemployed. The size of a monthly grant varies according to family size. Families that meet eligibility requirement for AFDC benefits also qualify for food stamps, a federally funded food program, and Medicaid, a federal-state health insurance program.

The federal government establishes guidelines for the AFDC program and funds part of the direct cash grant and administrative costs. In Texas the Department of Human Services (DHS) administers the program. The federal government funds about 64 percent of the AFDC benefits and half of the administrative costs. Texas imposes among the nation's most rigorous standards for eligibility and provides relatively low benefits. In fiscal 1995 a typical Texas welfare family, consisting of a mother and two children,

received a maximum of \$188 a month in AFDC payments, making Texas the nation's third lowest ranking state, after Mississippi (\$120) and Tennessee (\$185) in providing AFDC cash benefits, according to the Comptroller's Office. Nationally, the average AFDC family receives \$388 a month in AFDC benefits.

More than 80 percent of recipients seek welfare benefits due to divorce, separation or because an unmarried woman has a child. Almost half of Texas recipients have never been married, and 96 percent of the families are single-parent households. About 40 percent of Texas AFDC recipients are Hispanic, 35 percent are African-American and almost 25 percent are white. In fiscal 1994 approximately 786,395 individuals, in 282,000 families, received AFDC (including AFDC-UP, a program for two-parent families in which one parent is unemployed) and related benefits in an average month in Texas.

The Family Support Act of 1988 revised the federal guidelines and rules for state AFDC programs and state job training and education programs. The Family Support Act requires states to enroll certain percentages of AFDC recipients whose youngest child is at least 3 years old in a Job Opportunities and Basis Skills (JOBS) program offering education, training and work assistance. The federal government matches some state expenditures on the JOBS program and related support services of child care and transportation. Begun in 1990, the JOBS program serves approximately 39,000 persons in Texas, or 16.7 percent of those eligible to participate.

For more information on the Texas AFDC program see House Research Organization Special Legislative Report Number 179, *The Welfare Debate: State Policy on AFDC*, November 30, 1992; the Comptroller's Office report, *A Partnership for Independence-Public Assistance Reform Options*, January 1995; and *Committee on Human Services Interim Report to the 74th Legislature*, November 1994.

POINT-BY-
POINT
ANALYSIS:

CSHB 1863 would limit the size of AFDC grants through either a family-size cap or flat-grant provision, establish time limits on benefits, require use of responsibility agreements to be signed by recipients, impose work requirements on adult recipients and establish new child support enforcement strategies and sanctions.

The Department of Human Services would have to make its first AFDC priority assisting recipients in finding and retaining employment. The department would be required to conduct a needs assessment of recipients and their families and develop an employability plan to ensure that a recipient leaves public assistance and obtains full employment.

Subject to funds availability, DHS would have to implement a program to provide recipients with support services to help them attain independence and self-sufficiency. Support services would include additional education (public and private), child care, transportation, work skill and job readiness training, job search instruction and job placement.

An AFDC applicant or recipient found by DHS to be using illegal drugs would be required, subject to the availability of funds, to undergo screening for drug dependency and, if needed, required to maintain satisfactory progress in an appropriate treatment program and comply with random drug screening. The requirement would apply to a person receiving financial assistance on or after September 1, 1995, the bill's effective date.

The bill would also require DHS, in conjunction with other public or private entities, to develop a parenting skills training program for AFDC recipients, on an as-needed basis. The program would include nutrition education, budgeting and survival skills, and instruction on the necessity of physical and emotional safety for children.

FAMILY CAP AND \$184 MAXIMUM FAMILY GRANT

CSHB 1863 would prohibit DHS from providing additional AFDC benefits for children born to a recipient more than 10 months after the recipient initially became eligible for AFDC. DHS would, however, be allowed to provide AFDC benefits for an additional child of a former recipient who reapplied for AFDC after not having received AFDC benefits for at least 12

consecutive months. DHS could still provide Medicaid benefits, child-care, or any other social or support service for the child denied AFDC benefits if the child met all other appropriate AFDC eligibility requirements.

If an employed adult recipient of AFDC had another child, DHS would be required to exempt \$30 a month of the recipient's earnings when calculating the amount of the family's grant. The provision would apply to all financial assistance paid on or after September 1, 1995.

If the family cap provisions were invalidated by any appeals court, an alternative provision — a maximum family grant of \$184 per month — would take effect. The family grant would provide a maximum flat monthly AFDC grant of \$184 to a family, regardless of the number of children. For any dependent children whose parent or caretaker was not receiving benefits, the grant would be 70 percent of that amount regardless of the number of dependent children. DHS could increase this amount for individuals who are receiving assistance on behalf of a dependent child and who are determined to have a physical or a mental disability.

Supporters say limiting benefits to those who have additional children while on welfare or, as an alternative, giving all families the same size grant, would establish an important component of comprehensive welfare reform. The limits would give welfare recipients the message that government will not subsidize additional births. Average working men and women do not get a pay raise when they have an additional child, and neither should AFDC recipients. These provisions would encourage recipients to get jobs and become self-sufficient before having more children.

Nationally, unwed mothers are the primary cause of an explosion in the welfare rolls. Slightly more than 40 percent of the caretakers receiving AFDC gave birth as unmarried teenagers. In Texas from 1983 to 1993, the number of never-married female-headed families with children under 18 rose by 7 percent annually.

Under the current AFDC program, recipients are rewarded through additional cash benefits for having more children. CSHB 1893 would stop this perverse reward system while still providing some basic assistance.

This would make it clear to these AFDC recipients that they need to get off welfare and obtain employment to support additional children.

The average Texas family on welfare consists of a mother and two children. This type family makes up about 30.3 percent of the Texas AFDC population. Families with one parent and one child make up about 41.4 percent. If the flat family grant of \$184 were imposed, roughly 70 percent of the families would see their grants increase or remain the same.

The provisions in this bill, while promoting self-sufficiency, are sensitive to the needs of those with physical and mental disabilities as well as allowing recipients to retain certain other health, social and support service benefits despite being ineligible to receive additional AFDC benefits.

Opponents say the proposed limits on benefit size are based on the mistaken assumption that welfare recipients have additional children in order to receive more welfare benefits. Numerous studies have shown no cause-and-effect correlation between these two factors. A decision to have a child for economic benefit would be especially dubious in Texas, where the increase in benefits would be about \$25 to \$35 a month.

The family cap or the alternative \$184 per month maximum family grant proposal would merely cause poor kids to become poorer. A family on welfare, with limited resources, could be forced to make drastic choices if those resources had to be stretched to provide for an additional child. Forcing children to go without the basic necessities would only increase the likelihood that society will have to pay for its neglect later through higher public health costs, higher crime rates and other preventable costs.

A similar family cap provision is currently being challenged in New Jersey as a violation of the equal protection clause of the Constitution. The proposed Texas fallback approach — capping the family grant regardless of the number of dependant children — is even more suspect.

The family cap and alternative provision of a maximum family grant of \$184 regardless of family size would unfairly burden families who already have limited financial resources. The provisions would do nothing to address the systemic problems associated with those who seek AFDC

assistance — lack of job skills and/or education — or to prevent teen pregnancy. The alternative family grant provision would jeopardize the Medicaid eligibility for optional health services for pregnant women and children.

The family cap and family grant provisions could force those women who already have children to seek abortions for subsequent pregnancies because these women would be unable to provide even the most minimal care for their additional children.

TIME LIMITS FOR BENEFITS

CSHB 1863 would require DHS to limit the amount of time a recipient could receive AFDC cash and transitional benefits and would place recipients into one of four categories depending on their education level and prior work experience.

When imposing time-limited benefits on an individual, DHS would be required to consider the individual's needs assessment, which is conducted during the initial eligibility process, along with the prevailing economic and employment conditions in the area of the state where the individual resides. The bill breaks up potential adult recipients into the following four categories:

- Group One — six months of cash benefits and six months of transitional benefits for persons who have a high school diploma, a high school equivalency certificate or degree from a two-year or four-year college, university, technical or vocational school; *and* who have work experience of 18 months or more;
- Group Two — 12 months of cash benefits and six months of transitional benefits for persons with a high school diploma, a high school equivalency certificate, or a certificate or degree from a two-year or four-year college, university, technical or vocational school or with work experience of 18 months or more;

- Group Three — 24 months of cash benefits and 12 months of transitional benefits for persons who have completed three years of high school, or who have work experience of between 6-18 months;
- Group Four — 36 months of cash benefits and no transitional benefits for persons who have completed less than three years of high school and have less than six months of work experience. If, however, the recipient becomes employed, 12 months of transitional benefits would be provided.

DHS would have to perform an in-depth needs assessment unless an assessment had already been conducted for recipients in group four. If the recipient cooperated with the assessment, the time period prescribed would be a cumulative total of 36 months and would not begin to run until the first anniversary of the date on which the department completed the assessment.

The computation of time limits generally would begin when the adult or teen parent became eligible to participate in either mandatory work or employment activities through the JOBS program.

DHS would be directed to gradually implement these time-limited benefits by selecting specific counties or areas of the state for test sites with DHS implementing these provisions statewide as soon as practicable. The department would be allowed to provide for exceptions to the limits for cases involving severe personal hardship, failure of the state to provide support services or community economic factors that prevent a recipient from finding a job.

CSHB 1863 would require DHS to provide necessary transitional child care services and medical benefits (Medicaid) for former AFDC recipients who became ineligible because of increased household income or exhaustion of time limits. These benefits would be provided only until either the end of the applicable period prescribed for transitional benefits or one year after the person first became ineligible for financial assistance because of employment, whichever occurred first.

Supporters say a consensus exists favoring time-limited benefits. Democrats and Republicans, liberals and conservatives all agree that limits must be imposed on how long individuals receive public assistance. Public assistance grants were intended to be a temporary measure aimed at helping people in need, not as a permanent alternative to employment. The current AFDC structure is a disincentive to work and is actually a barrier to long-term self sufficiency. Many recipients are capable of working, and the employment experience will provide these individuals with a sense of dignity, self-esteem and confidence that cannot be achieved by long-term dependence on public assistance.

The grouping of recipients according to their education level and work experience is a fair and workable approach to limiting a recipient's time spent on public assistance. Under CSHB 1863 those with less education and job skills would be able to receive assistance longer while gaining essential job skills and education. Those with more education and work experience would be given a shorter time to move off public assistance. These individuals possess similar education and job skills to those workers receiving unemployment insurance benefits due to displacement in the work force — whose benefits terminate after six months.

The time-limited benefits applying to individuals who fall into the group four category are specifically tailored to help serve individuals who live in particular areas of the state, such as South Texas, where unemployment and lack of job skills and education prevent many from moving off public assistance.

Opponents say time limits would be too arbitrary and fail to account for individual differences in circumstances. Studies have shown wide disparities between reported level of education and actual functioning level. The most restrictive time limit, in group one, would provide a much shorter period than most recipients with a better education and work history need in order to get back on their feet and into a stable job. Historically the most employable need approximately one year of assistance to get back on their feet. Pushing the more employable recipients out into the work force in such a short period of time may in fact thwart what could have been a successful transition to long-term independence.

Any sweeping proposal such as this should be tested first in a pilot program, preferably in an area with low employment and a successful job placement track record.

RESPONSIBILITY AGREEMENT

CSHB 1863 would require applicants for AFDC to sign a responsibility agreement with DHS promising to comply with the provisions of the agreement to receive benefits. The department could refuse to provide assistance to an individual unless the person complied with each requirement set out in the agreement. If an investigation showed that a recipient was not complying with a requirement of the responsibility agreement, the department would be required to withhold benefits unless the recipient, upon appeal, could show good cause for noncompliance with the provisions of the agreement. Upon failure to show good cause, the recipient would continue to be denied benefits until the department determined that the person was in compliance with the terms of the agreement.

The department would be required to explain to each applicant the work requirements and time-limit benefits in addition to the other provisions of the agreement before the applicant signed the agreement. The responsibility agreement would have to include a list of the state's responsibilities to the individual and the individual's family.

The responsibility agreement would require that the recipient:

- ensure that each dependent child under 18 years old or teen parent under 19 years old attend school on a regular basis;
- work with child support enforcement agencies, if necessary, to establish paternity of a dependant child and to establish or enforce a child support order;
- not use, sell or possess illegal drugs;
- comply with DHS rules regarding periodic and random drug testing to ensure that a recipient is complying with the drug-free requirements;

- provide dependent children age five or younger with medical checkups and immunizations as necessary, provided that health care providers are accessible and available where the child lives, subject to the availability of funds;
- not voluntarily terminate employment of at least 30 hours per week without good cause pursuant to rules to be developed by DHS.
- participate in an activity to enable the recipient to become self-sufficient, such as continuing education, developing necessary literacy skills or participating in a job placement or employment skills training program, community volunteer service or a community work program or other work program approved by DHS.

A recipient with a dependent child age 5 or under or who is eligible for participation in the federal Job Opportunities and Basic Skills Training Program (JOBS) could be exempt from this provision only if all of the positions for that program were already filled.

Supporters say a responsibility agreement would let recipients know what the state expects of them and help instill public confidence that welfare recipients are trying to conduct their lives in a responsible manner. It is perfectly legitimate for the taxpayers of Texas to expect AFDC recipients to conduct themselves as responsible parents and as responsible citizens while on public assistance.

CSHB 1863 would encourage behavior that would ultimately benefit recipients and their families. For instance, the bill would require recipients to be responsible for their children's school attendance or medical check-ups. These provisions would only engender a deeper sense of parental responsibility in the recipients and ultimately benefit their children. In addition, the requirement that recipients be drug-free would promote a much more stable home atmosphere for children to be nurtured and grow into productive members of the community.

Opponents say programs linking AFDC eligibility to behavior are often ineffective, arbitrarily enforced and cost more than they are worth. The government should not take a paternalistic attitude that monitors and seeks to shape all aspects of a recipient's life.

Programs to monitor school attendance would unfairly penalize families that lack adequate control over their teenagers and threaten a loss of benefits to the entire family despite what may be a parent's good faith effort to get a child to attend school. Even the best parents with lots of financial resources at their disposal cannot always control their kids' behavior. Scarce resources would be better spent helping poor children who desire to learn rather than monitoring who is physically present in a classroom.

The responsibility agreement proposed would require recipients to do many things while not guaranteeing the state's role in providing adequate support to assist the client.

MANDATORY WORK PROGRAM OR JOB TRAINING

DHS could require that during any one-month period in which an adult with no children under age 6 was receiving benefits, the adult would have to work at least 30 hours per week or participate at least 20 hours per week in a federal JOBS training program. A recipient with a child under age 6 but who volunteers for the program would receive an additional six months of transitional benefits. This provision would apply to persons receiving assistance on after September 1, 1995.

Supporters say requiring all able-bodied welfare recipients to work or participate in job training while on AFDC would ensure that recipients are either working or obtaining the job skills and training that will allow them to work. This would enable recipients to regard their grants as "earned support" rather than as a "government giveaway program."

Many employers who have hired welfare recipients complain less about their education or job skills than about their work habits. By requiring a work component, the state would help recipients gain a sense of responsibility associated with employment as well as self-discipline.

Opponents say this provision would be onerous for women who are the sole caretakers for young children and persons in economically distressed areas of the state. Requiring some recipients who have job skills and are searching for a job to enter job training for 20 hours a week after only one month of unemployment fails to recognize that it often takes many months to find a job even if one has job skills.

CHILD SUPPORT ENFORCEMENT

CSHB 1863 would direct the state attorney general to issue an order to suspend the professional, occupational, motor vehicle, hunting or fishing license or other recreational permits or licenses of persons who are behind in child support payments equal to or greater than the total support due for 90 days. This order would be issued only after the person owing support had been provided an opportunity to make payments toward the past due child support amount under an agreed or court ordered repayment schedule and had failed to comply with the terms. This provision would apply to child support owed or unpaid as of September 1, 1995, for a child receiving financial assistance under AFDC.

The person owing support, upon notice, could request a hearing within 20 days after the date of service of the notice. The notice would also have to include information stating that an order suspending the license shall be rendered on the 60th day after the date of service unless by that date:

- the attorney general received proof that all the arrearage and the current month's child support obligation have been paid;
- the child support agency or obligee filed a certification that the obligor is in compliance with a reasonable repayment schedule; or
- the obligor appeared at a hearing and showed that the request for suspension should be denied or stayed.

The request for a hearing would stay the suspension of the license pending the hearing. After a final order suspending a license, an order would be forwarded to the appropriate state agency, which would in turn verify the

license, record and report the suspension and demand surrender of the license as deemed necessary.

The attorney general could adopt procedures for the transfer to the Department of Protective and Regulatory Services (PRS) of child support monies collected for children in the care of PRS, who would otherwise be eligible for AFDC benefits, to defray the costs of foster care.

The bill would require the attorney general to refer non-custodial, unemployed parents owing child support for children receiving AFDC for skills training and job placement through the Texas Employment Commission, Texas Job Training Partnership Act or other state or local agency.

The Attorney General's Office would be directed to give priority to establishing and enforcing court-ordered child support in cases involving children receiving AFDC benefits.

Supporters say sanctions against those who owe child support are needed to assure compliance with court orders and to ensure that children will receive the financial support to which they are entitled. State-granted licenses, whether professional or recreational, should be revoked to get the attention of parents who ignore court orders and child support payment obligations and allow a child to languish on public assistance.

The start-up costs of the program would be minimal compared to the benefits of having able parents take financial responsibility for their children. Some analysts estimate the project would cost approximately \$3.14 million to implement but would garner \$14.5 million in child support payment for the biennium.

The Attorney General's Office has established court orders for child support in about 99,000 AFDC cases. Only 24,000 of these cases were classified as "paying." The other 75,000 cases dramatically demonstrate the failure of many parents of AFDC children to follow through on their parental obligations, leaving taxpayers to support these children.

"Deadbeat" parents, not those unable to pay, would be targeted for sanctions. Those unable to pay would get job training and job referrals so they eventually could meet their child support obligations.

Opponents say denying someone the ability to drive to work or to even practice their profession is counterproductive if the goal is to make parents pay support owed to children. These measures would only reduce the rate of child support compliance and the total amount paid to support a child.

Implementing this provision could cost more than would ever be collected. The task of identifying deadbeat parents and the licenses they hold, sending notices and complying with due process requirements will create a logistical nightmare.

OTHER PROVISIONS

Fraud prevention. A Public Assistance Fraud Oversight Task Force would advise and assist DHS in fraud investigations and collection. DHS's Office of the Inspector General would compile and disseminate information and statistics relating to fraud prevention and post-fraud referrals.

DHS would have to aggressively publicize fraud prosecutions, establish and promote a toll-free hotline for the reporting of welfare fraud, develop a method for identifying applicants for public assistance in counties bordering other states and those who are receiving benefits in other states. The department would develop a computerized matching system with the Texas Department of Criminal Justice to prevent an incarcerated individual from illegally receiving public assistance.

Vehicle registration and title information could be used to determine eligibility for AFDC benefits. TxDOT could provide a dedicated line to its vehicle registration record database for use by other state agencies.

In conjunction with other state agencies, DHS would develop a program for preventing welfare fraud by using electronic fingerprint imaging or photo-imaging of applicants and recipients of AFDC. Such imaging would be strictly confidential and to be used only to prevent welfare fraud.

DHS would have to verify errors attributed to client fraud and limit such fraud, and to develop a Houston area plan to reduce error rates. DHS could, if necessary, modify within federal limits the one-day screening and service delivery requirements to reduce the state's error rate. An interagency task force on Electronic Benefits Transfers would be created to assist HHSC in adding new benefit programs to the EBT system.

DHS would have to report quarterly on curtailment of welfare fraud and take appropriate disciplinary action, including dismissal, against management and other staff if a region has a higher than average error rate and that rate is not reduced in a reasonable period.

Teen pregnancy. CSHB 1863 would require the attorney general to report to appropriate law enforcement officials suspected instances of statutory rape involving teen AFDC recipients.

Work and education. The bill would require DHS, in conjunction with the state agency for workforce development, to implement programs that would aid AFDC recipients in finding and keeping jobs. A Work First Program would provide participants with job readiness training and employment information and services; a Job Internship Program would utilize participating businesses; and a Texas Works Program operated by a non-profit group or local governmental entity would offer motivational and job readiness training. The bill would require DHS to develop these programs in accordance with federal law as part of the JOBS Training Program.

The bill would create the Educate Texas Program to provide adult education services to AFDC clients who are referred to the program by DHS and the Texas Center for Adult Literacy and Learning. The center would develop workbooks and promotional materials on adult literacy. The center also would develop programs for teaching English as a second language and evaluate instructional videotapes and other recorded materials available for use in adult literacy instruction. The center would publish guides evaluating the materials and encourage cable companies and other broadcast entities to use the guide in selecting materials for broadcasting.

Each general state academic teaching institution that runs a state approved teacher education program would have to teach at least one course that

introduces students to the fundamentals of teaching adult literacy and English as a second language.

Pilot programs. The bill calls for the implementation of various pilot programs, with reports to the Legislature and/or governor. These include:

- A program to assist AFDC clients in achieving self-sufficiency by permitting DHS to extend transitional benefits to 24 months or gradually lower AFDC benefits through "fill-the-gap" budgeting;
- A program for teenage parents to stay in school;
- An emergency assistance pilot program to support families who are not receiving AFDC, who are in crisis and who would be otherwise be eligible for financial assistance. The pilot program would be established in a high-employment area of the state or in an area that uses the electronic benefits transfer system (EBT).
- Individual development accounts for individuals who are receiving AFDC. DHS would encourage private sector employers to provide matching funds for employed recipients who participate in the program.
- A Council on Competitive Government study of whether the state should contract with private entities to operate part of the functions of DHS's AFDC program including determining program eligibility, job placement assistance and fraud detection.
- A Health and Human Services Commission (HHSC) plan for integrated eligibility determination and service delivery. The system would be designed to achieve a least 1 percent savings, to then be used for further development of the system.
- HHSC expansion of its existing integrated eligibility pilot programs to include the Harris County Hospital District and the University of Texas Medical Branch at Galveston. A contract with the two entities would specify performance-based measures to ensure error rates are kept within acceptable federal limits and to simplify processes and use proprietary software. DHS would establish standards for other automated systems to

allow other entities to file information directly and study the feasibility of having private contractors or other state agencies assist DHS.

Coordinated programs. The Health and Human Services Commission would assist AFDC recipients who are eligible for assistance under federal programs such as Supplemental Social Security Income (SSI) or Social Security Disability Income (SSDI) to apply for the benefits under those programs. The state could deduct from the lump-sum payment a recipient receives from the federal government when the person is accepted in a SSI or SSDI program any consultant's fee and any AFDC payments made by the state before acceptance into the federal program.

HHSC would organize a planning group with representatives from DHS, the Central Education Agency and the Texas Rehabilitation Commission to improve caseload management and to identify clients eligible for federal assistance.

PRS would classify those children in the conservatorship of the state and placed in the home of a relative as children in "foster care" for purposes of making such children eligible for Medicaid. PRS would be required to file retroactively for federal financial participation for legitimate nonrecurring adoption expenses.

The state comptroller would lead a coordinated effort to increase awareness of the federal earned income tax credit program.

TxMHMR would enter into an interagency agreement with DHS to amend eligibility requirements for the state's emergency assistance plan. TxMHMR would be required to certify to DHS the nonfederal expenditures for which the state would claim federal matching funds. DHS would have to allocate to local mental health and mental retardation authorities 66 percent of the federal funds received due to this provision.

An interagency work group to implement the action plan adopted at the 1994 Supported Employment Summit for persons with disabilities would be created.

The Texas Rehabilitation Commission would have to employ a person to train counselors to understand and use work incentives and to review cases in order to inform clients about and assist them in obtaining work incentives and SSI. The commission would have to ensure that each contract to provide services to clients of a local mental health and mental retardation authority included a provision requiring the authority to train counselors about social security incentives to fund supported employment, determine clients' eligibility for work incentives and SSI and to assist clients and their families with related information.

Individual Transition Plans (ITPs) for children with disabilities would have to state that competitive employment shall be a goal of their school program.

As leased office space agreements expire, HHSC would have to move toward a cost effective one-stop or service center method for human services delivery. HHSC could approve the office space for agencies under its umbrella and request the assistance of staff from agencies.

HHSC would have to coordinate with Texas Commission on Alcoholism and Drug Abuse and DHS to amend the eligibility requirements for the state's emergency assistance plan under Title IV-A of the Social Security Act to include cases when a child or a significant adult in a child's family needs chemical dependency treatment. TCADA would have to study amending the state's Medicaid plan to include chemical dependency treatment.

Other provisions. HHSC would have to develop workload standards and educational requirements for agency staff, approve any change in plans involving the expenditure of federal funds by health and human service agencies and evaluate the feasibility of designating itself as the single state agency for federal health and human services funding. HHSC could consolidate federal funds to sent to local communities to streamline service delivery. Agencies under the HHSC umbrella would have to obtain HHSC's approval of budgets and transfers of funds in excess of \$1 million between budget strategies compared to the agency's operating budget approved by the commission. All health and human service agencies would have to submit strategic plans and biennial updates to HHSC.

NOTES:

The fiscal note on the bill estimates both savings and costs from general revenue and from federal funds, varying by year. In 1997 and 1998, savings would more than offset costs.

The committee substitute added: the Article 1 provisions pertaining to the family grant, support services, parenting skills training and resource limits and responsibility agreement; Article 3, delineation of time-limited benefits; Article 4, works programs, including the mandatory work provision; and all of the provisions of Article 5 dealing with Child Support Enforcement.

On March 30 the Senate Health and Human Services Committee reported a committee substitute for SB 22 by Zaffirini, the companion bill to HB 1863. While CSHB 1863 provides for implementation of a statewide time-limited benefits program, CSSB 22 would instead makes it a pilot program. Under the Senate version time-limited benefits would start once a recipient has completed JOBS training, not when recipients are eligible for either mandatory work or employment activities through the JOBS program, as in CSHB 1863. CSSB 22 would require recipients with no children under the age of one to participate in the JOBS training program, while CSHB 1863 would require participation by recipients with no children under the age of six.

The Senate version, unlike CSHB 1863, does not include a family cap limiting benefits for additional children born to mothers receiving AFDC, reduction in family cash grant assistance, mandatory work requirements or drug screening for recipients.

CSSB 22, unlike CSHB 1863, does not address child support enforcement issues. It does include a responsibility agreement for recipients, but does not delineate specific requirements for the recipient. The Senate version provides that benefits could not be withheld from a recipient if the support services necessary to meet the recipient's responsibilities were not provided by the state.

The U.S. House of Representatives on March 24 approved an overhaul of federal welfare programs. The Personal Responsibility Act (HR 4) would consolidate several programs into state block grants. The states would

receive block grants for Family-Based Nutrition, School-based nutrition, Family Assistance (which replace the AFDC cash grants), Child Protection and Child Care programs.

The bill would deny cash benefits to families without minor children, children born to mothers under the age of 18, families not cooperating in paternity establishment or child support, persons convicted of fraudulently misrepresenting a place of residence and aliens that do not meet citizenship requirements. The bill would also cut off benefits to recipients after five years, make the food stamp program a capped entitlement, establish a family cap that would deny payments for additional children born to mothers already receiving cash benefit assistance and require that states toughen Child Support Enforcement provisions through the suspension of drivers and professional licenses for parents who fail to pay child support.