

SUBJECT: Phasing out TANF work exemptions

COMMITTEE: Human Services — favorable, with amendment

VOTE: 8 ayes — Naishtat, Maxey, Chavez, Christian, J. Davis, Noriega, Truitt,
Wohlgemuth

0 nays

1 absent — Telford

SENATE VOTE: On final passage, May 4 — voice vote

WITNESSES: None

BACKGROUND: The federal welfare-reform law in 1996 created the Temporary Aid to Needy Families (TANF) block grant to replace the Aid to Families with Dependent Children, Job Opportunities and Basic Skills, and Emergency Assistance programs.

Family income and resources of TANF recipients may not exceed specified limits. Families also must meet age, citizenship, and residence requirements. States must meet minimum work participation rates of their welfare clientele.

In 1995, Texas enacted its own welfare-reform measures, some of which were temporarily grandfathered under the new federal reforms.

Texas law requires that during any one-month period in which an adult TANF recipient is receiving benefits, the recipient must work at least 30 hours per week or participate at least 20 hours per week in a job training program. The law exempts from work-participation requirements TANF recipients who are caretakers of physically or mentally disabled children and single parents of children under age four.

DIGEST: SB 666, as amended, would phase out current TANF work exemptions. It would exempt from work-participation requirements, effective January 1, 2000, newly eligible single TANF recipients who are caretakers of children under age three, and effective September 1, 2000, newly eligible TANF

recipients who are caretakers of children under age two. Effective September 1, 2001, newly eligible single TANF recipients would be exempt if they were caretakers of children less than a year old.

The bill would define a caretaker as the parent or relative of a dependent child with whom the child primarily resides.

The bill would specify that TANF recipients:

- ! on December 31, 1999, would remain subject to exemption authorizations as they existed before the effective date of the bill, until their first recertification on or after January 1, 2000;
- ! on August 31, 2000, would remain subject to exemption authorizations as they existed on January 1, 2000, until their first recertification on or after September 1, 2000; and
- ! on August 31, 2001, would remain subject to exemption authorizations as they existed on September 1, 2000, until their first recertification on or after September 1, 2001.

The bill would direct the Texas Department of Human Services (DHS) to work with the Texas Workforce Commission (TWC) to implement efforts to inform clients whose exemption status would be affected by the pending change.

The bill would take effect September 1, 1999, only if the fiscal 2000-01 general appropriations act provided a specific appropriation for this purpose.

**SUPPORTERS
SAY:**

SB 666 would bring Texas into conformity with federal requirements in a way that would be fair to TANF recipients and administratively manageable. Federal requirements allow only TANF caretakers of children who are less than one year old to be exempt from work-participation requirements. Texas is operating its welfare program under a federal waiver that is due to expire in 2002, at which time Texas will have to meet federal rules.

Phasing out the exemptions would help both the state and the TANF recipients. If all recipients suddenly were forced to meet work-participation requirements, welfare-to-work support programs — such as child care and work training — suddenly would have to accommodate a significant number

of new enrollees. According to some estimates, almost 20,000 families would be affected by the change in work exemptions.

Also, without a phase-out, mothers and other caretakers who are now exempt until their youngest child turns four, and who understood that they might have up to four years of exemption, suddenly would have to alter their lives and orientation toward care of their children and their family's future without advance notice and preparation. Preparation is important because recipients have only one to three years of benefits available to them once they start work, and many already are confused about program requirements and limitations because of the many welfare changes that have occurred over the past few years.

SB 666 would require educational efforts to prepare families for these changes and would provide a mechanism by which families would lose their current exemptions, as appropriate, during their next recertification interview, thereby staggering the workload for DHS and TWC programs over the next two years.

Other bills this session — such as HB 820 by Naishtat, HB 3470 by Olivo, and SB 369 by Bosse — would address related problems in the welfare system that present barriers to full employment of TANF recipients.

**OPPONENTS
SAY:**

While SB 666 would phase in its changes over the next few years, it would not focus enough on addressing the challenges raised by changing the current work exemptions.

Texas' welfare laws were constructed in part to balance very short time limits on TANF assistance (one to three years) against work exemptions that delayed the start of the time limits. Under this bill, many TANF recipients not only would have their exemption status removed but also would have their time limits started, which means they would have to make their way relatively quickly from welfare to work.

The current services are not doing enough to prepare people for jobs that can actually support their families. Adding more families into this system would risk swelling the ranks of the working poor and using up clients' time limits without assurances that they would find work that could lift them out of poverty.

NOTES: The committee amendment would allow TANF recipients to phase out of their exemptions by specifying that:

- ! on December 31, 1999, they would remain subject to exemption authorizations as they existed before the effective date of the bill, until their first recertification on or after January 1, 2000;
- ! on August 31, 2000, they would remain subject to exemption authorizations as they existed on January 1, 2000, until their first recertification on or after September 1, 2000; and
- ! on August 31, 2001, they would remain subject to exemption authorizations as they existed on September 1, 2000, until their first recertification on or after September 1, 2001.

HB 820 by Naishtat, which would enroll children of former TANF recipients into the Medicaid program, passed the House on May 7 and passed the Senate on May 19.

HB 3470 by Olivo, which would enact a Parents as Scholars program for TANF recipients, passed the House on May 11 and was reported favorably by the Senate Human Services Committee on May 13.

SB 369 by Bosse, which would continue the operation of DHS and make changes to the assessment of TANF recipients' needs, was considered by the House on May 13, at which time it was recommitted to the House Human Services Committee on a point of order.