

Income Support and Social Services for Low-Income People in Texas

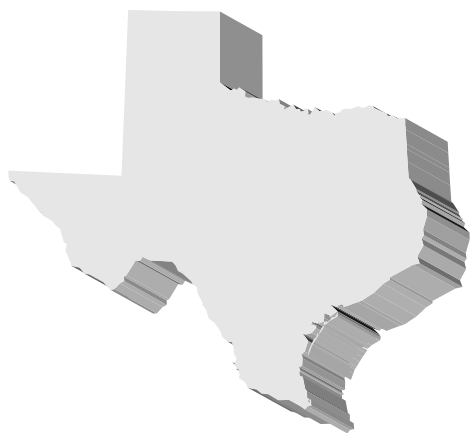
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The Urban Institute



Assessing
the New
Federalism

*An Urban Institute
Program to Assess
Changing Social Policies*



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This report is part of the Urban Institute's *Assessing the New Federalism* project, a multi-year effort to monitor and assess the devolution of social programs from the federal to the state and local levels. Project codirectors are Anna Kondratas and Alan Weil.

The project has received funding from the Annie E. Casey Foundation, the Henry J. Kaiser Family Foundation, the W.K. Kellogg Foundation, the John D. and Catherine T. MacArthur Foundation, the Charles Stewart Mott Foundation, the Commonwealth Fund, the Robert Wood Johnson Foundation, the Weingart Foundation, the McKnight Foundation, and the Fund for New Jersey. Additional funding is provided by the Joyce Foundation and the Lynde and Harry Bradley Foundation through a subcontract with the University of Wisconsin at Madison.

The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders.

The authors would like to acknowledge the assistance of our local collaborator, the Center for Public Policy Priorities; the many Texans from the legislature, state government agencies, agencies of Harris and El Paso Counties, and the cities of Houston and El Paso; the Center for the Study of Human Resources of the University of Texas at Austin; and the nonprofit sector. They gave generously of their time to participate in interviews, send us material, and review notes, memos, and earlier versions of this report. The warm welcome we received on our visits and the cooperation forthcoming throughout this rather lengthy process are much appreciated, and their contributions have made the report more accurate and more readable. In addition to the authors, several Urban Institute staff also contributed to this report. Keith Watson and Jerome Gallagher constructed two of the tables, Freya Sonenstein and Sheila Zedlewski made many substantive and editorial contributions from development of the initial outline to review of the penultimate draft, Felicity Skidmore of the Urban Institute Press prepared the "Highlights of the Report," and core staff of *Assessing the New Federalism* helped with every aspect of moving the report along to its final form.

About the Series

Assessing the New Federalism is a multi-year Urban Institute project designed to analyze the devolution of responsibility from the federal government to the states for health care, income security, employment and training programs, and social services. Researchers monitor program changes and fiscal developments, along with changes in family well-being. The project aims to provide timely nonpartisan information to inform public debate and to help state and local decisionmakers carry out their new responsibilities more effectively.

Key components of the project include a household survey, studies of policies in 13 states, and a database with information on all states and the District of Columbia, available at the Urban Institute's Web site. This paper is one in a series of reports on the case studies conducted in the 13 states, home to half of the nation's population. The 13 states are Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin. Two case studies were conducted in each state, one focusing on income support and social services, including employment and training programs, and the other on health programs. These 26 reports describe the policies and programs in place in the base year of this project, 1996. A second set of case studies to be prepared in 1998 or 1999 will describe how states reshape programs and policies in response to increased freedom to design social welfare and health programs to fit the needs of their low-income populations.

The income support and social services studies look at three broad areas. Basic income support for low-income families, which includes cash and near-cash programs such as Aid to Families with Dependent Children and Food Stamps, is one. The second area includes programs designed to lessen the

dependence of families on government-funded income support, such as education and training programs, child care, and child support enforcement. Finally, the reports describe what might be called the last-resort safety net, which includes child welfare, homeless programs, and other emergency services.

The health reports describe the entire context of health care provision for the low-income population. They cover Medicaid and similar programs, state policies regarding insurance, and the role of public hospitals and public health programs.

In a study of the effects of shifting responsibilities from the federal to state governments, one must start with an understanding of where states stand. States have made highly varied decisions about how to structure their programs. In addition, each state is working within its own context of private-sector choices and political attitudes toward the role of government. Future components of *Assessing the New Federalism* will include studies of the variation in policy choices made by different states.

Contents

Highlights of the Report 1

Introduction 9

Texas: A Brief Overview 11

The State's Population 11

The Economy 13

The Political and Budgetary Landscape 14

Setting the Social Policy Context 17

Texas's Agenda for Serving the Needs of Low-Income Families 17

Social Welfare Spending and Coverage 19

Organization of Services and Administrative Structure 21

Basic Income Support 23

Texas's Income Support Programs 23

Recent Innovations, Changes, and Waivers 24

Programs that Promote Financial Independence 29

Employment and Training 29

Child Care 33

Child Support 38

Medicaid and Other Health Insurance 41

Youth Services and Teen Pregnancy Prevention 42

Last-Resort Safety Net Programs 45

Child Welfare 45

Emergency Services and Housing 48

Innovations and Challenges	51
Devolution of Responsibility to Local Governments	51
Governmental Operations and Innovation	52
Government versus Privately Provided Services	53
Implications of the New Federal Welfare Reform Legislation	54
Challenges/Capacity	59
Conclusion	63
Notes	65
Appendix: List of Interview Sources	67
About the Authors	69

Highlights of the Report

This report focuses on the baseline conditions of cash assistance and social services in the state of Texas as it embarks on the new welfare reforms specified in the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (also known as PRWORA), in particular the replacement of Aid to Families with Dependent Children (AFDC) with Temporary Assistance to Needy Families (TANF).

State Overview

Texas is the second most populous state after California, with almost 19 million people and a population growth rate almost double that of the United States. Of its 254 counties, 196 are rural, although two-thirds of the population live in urban areas. Almost one-third of the population is Hispanic. Texas has one of the youngest populations in the country and a lower than average rate of nonmarital births. Its economy is now growing faster than the nation's and is relatively stable, with a reduced dependence on oil and gas. Texas incomes are below average, however, with 18 percent of Texans below the poverty line (compared to 14 percent for the nation), and education levels are low as well. Texas is a fiscally conservative state with a history of low social spending, especially for cash assistance. The governor has a traditionally weak role, with no cabinet and no direct oversight over the administrative departments. By contrast, the Legislative Budget Board (LBB), a joint committee of the Texas House and Senate, proposes budgets (which the Texas constitution requires to be balanced) and, with the governor's approval, can shift funds when the legislature is out of session. Bipartisan cooperation is the norm, and state government departments are organized more by function than by program.

Setting the Social Policy Context

Social welfare in Texas is shaped by a belief in individual responsibility, distrust of “big government,” and fiscal conservatism. Consistent with this philosophy, an overarching goal of welfare reform is to make sure that all Texans able to work do work.

Texas ranks behind most states in social welfare spending, with limited state spending beyond federal matching requirements. Public spending per poor family in Texas is substantially lower than in the United States as a whole in almost all areas except food stamps. Although local governments are not required to report spending information to the state, other than the documentation required for matching funds, our site visits indicated substantial local variation in social services spending.

Texas law codifies very little about the division of responsibilities between state and local governments. In practice, the state typically operates federally funded and the few state-funded social services through regional offices of state agencies, with services administered in basically the same way statewide. The limited local role in social services contrasts with substantial local responsibilities in the area of health care.

Basic Income Support

The major income support programs in Texas are the Food Stamp program and AFDC (now TANF). Texas has the fourth-lowest AFDC/TANF benefits in the nation and is one of only seven states that do not provide the optional state supplement to recipients of Supplemental Security Income (SSI) for elderly and disabled individuals. There is no statewide General Assistance (GA) and there are few county GA programs. The maximum AFDC monthly grant for a single mother and two children who receive no child support is \$188. With a maximum grant of \$313 in food stamps, such a family in Texas has a monthly income of \$501, just 46 percent of the federal poverty line.

Partly because of low benefit levels, Texans typically stay on AFDC for shorter than average periods (only 17 percent of the caseload has been on AFDC for four years or more, compared to the national average of 27 percent). Texas has the second-largest Food Stamp program in the country, however, with benefit payments totaling \$2.25 billion in FY 1995. This is because the Food Stamp program is a federal program, with a benefit structure designed to offset differences in the generosity of state AFDC benefits.

In 1995, the state legislature passed H.B. 1863, requiring the Texas Department of Human Services (TDHS) to request a waiver from the federal government to enact the Achieving Change for Texans (ACT) demonstration. The ACT

waiver was approved in March 1996 and fully implemented by January 1997. The major provisions of ACT are statewide. These include a requirement that all adult recipients sign a personal responsibility agreement addressing child support cooperation, early medical screening, work requirements, drug and alcohol abuse, school attendance, parenting skills, and similar issues.

A key component of ACT is a tiered welfare time limit for Job Opportunities and Basic Skills (JOBS) program participants, in effect in 87 counties that together serve 90 percent of the AFDC caseload. The tiers are limits of one, two, or three years, depending on job readiness as measured by education and recent work experience. Because the time limit is tiered and applies only to JOBS participants (not their family members), state officials consider ACT to be more “humane” and supportive of family needs than federal welfare. Local caseworkers are enthusiastic about the personal responsibility agreements as opportunities to discuss options with recipients and about the time limits as providing “teeth” to back up instructions to participate in training and job search.

Programs That Promote Financial Independence

To help promote self-sufficiency, cash assistance programs often need to be supplemented with employment and training, subsidized child care, child support collection efforts, and health insurance coverage.

Employment and Training

Passage of the Texas Workforce and Economic Competitiveness Act in 1993 began a process of consolidating training and employment programs and devolving responsibility for them to the local level—a process that was continued under the 1995 waiver law. The Texas workforce development system has several levels. The governor designates Local Workforce Development Areas (LWDAs), certifies Local Workforce Development Boards (LWDBs), and approves LWDA strategic and operating plans for provision of services. Two state advisory boards reporting to the governor and the legislature are charged with making sure real skills are taught and developing strategic plans, performance measures, and evaluations of program performance. In addition, a new state agency was created, in part by transferring certain responsibilities from the TDHS, with full jurisdiction over Job Training and Partnership Act (JTPA) programs, JOBS, Food Stamps Employment and Training, and literacy programs, and state responsibility for child care. In addition to these functions, the new Texas Workforce Commission (TWC) manages the Employment Service and the state’s labor market information system. In 1996, TWC became a \$1.6 billion agency with 6,000 employees. The LWDBs set policy at the local level and are led by business representatives. Once certified, LWDBs submit strategic and operational plans to the governor and to TWC—plans that must include one-stop Career Centers for centralized intake, assessment, and case management



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of employment and training program participants. As of September 1997, 24 of the LWDBs have certified boards in place that are at different stages in the development of their strategic and operational plans. Only one board has actually entered into contract with the state. Implementation of one-stop Career Centers is ahead of LWDB establishment, however, with all but five of the LWDBs having received one-stop grants.

The primary employment and training programs for public assistance recipients are the JOBS program and the Food Stamp Employment and Training (FSE&T) program. JOBS served an average of nearly 31,000 clients a month in fiscal 1996 and FSE&T nearly 13,000. The annual costs of the two programs, respectively, in FY 1996 were \$47 million and nearly \$18 million. H.B. 1863 authorized an array of work programs for AFDC/TANF recipients. However, a Work First service model has become the primary program design for AFDC/TANF. This model, which was fully implemented in January 1996, combines services (over a five-week period) designed to provide the client with early exposure to the labor market. These include job readiness activities, job search, and group employment seminars. Case managers from TDHS or TWC assign AFDC/TANF clients to one of the three time-limit tiers, but the time limit is only activated once the client is contacted by the JOBS program. Program administrators feel that the one- and two-year tiers may be effective but are concerned that the least job-ready tier will need more than three years of services and greater funding than Texas is likely to provide.

The primary focus of the new workforce system is not on welfare reform per se but on making Texas businesses and residents more productive and thus more competitive in the global economy. For example, TWC also spends \$5 million a year through Trade Adjustment Assistance, on unemployment benefits, job training, job service, and relocation benefits to 18,000 to 20,000 workers laid off from trade-impacted industries.

Child Care

The primary goal of Texas's child care system is to provide affordable, quality care to enable low-income parents to work. TWC provides child care to children of low-income parents at risk of needing welfare assistance on a first-come, first-served basis, unless families are eligible for JOBS, transitional child care, or FSE&T. Families with incomes below 150 percent of the federal poverty line are eligible, and can remain eligible for one year after income rises as long as it does not exceed 185 percent of the federal poverty line. Sliding fees are 9 percent of gross family income for one child and 11 percent for two or more children. Texas has not required documentation of legal status; however, it will begin to require Social Security numbers to cross-match data with the state's welfare eligibility system. This policy will effectively deny child care to undocumented immigrants, but this is seen as a consequence of the new policy, not its goal.

Since 1991 Texas has used an innovative Child Care Management System (CCMS) to administer child care services. CCMS has 20 contractors who manage child care services in 28 LWDAs statewide. Funding for child care services is allocated to CCMS contractors on the basis of the number of eligible children in the contractor's service delivery area. CCMS manages multiple funding streams, each with different eligibility criteria, with the goal of making service delivery "seamless" to the families. Except for mandatory information about program structure, certification, and any licensing violations, CCMS contractors are not supposed to influence parents, who may arrange their own child care with other licensed or registered providers or with certain relatives. The system is generally agreed to be working well, receiving an Innovations in Government Award from Harvard's Kennedy School of Government in 1993.

Child care supply is not considered a bottleneck in Texas, although funding for subsidizing it certainly is, at least in part because Texas has not allocated sufficient general revenue to access all available federal matching funds. Funding totaled \$195 million in FY 1995 and served a daily average of 63,000 children, 3 to 4 percent of all Texas children ages 12 or under in low-income families. Child care administrators worry about inadequate training of relatives who are child care providers but feel that quality is increasing—in part because of a Head Start state collaboration grant and in part because of the Child Care and Development Block Grant quality-of-care set-aside.

Child Support

The Office of the Attorney General administers child support establishment and enforcement in Texas. Parents who apply for welfare must assign their child support rights to the state and cooperate in establishing paternity and enforcing child support orders. Texas is a leader in paternity establishment, succeeding in 55 percent of all out-of-wedlock births in 1995 compared to a national average of 45 percent. Counties maintained their own child support enforcement programs and case registries for nonwelfare cases until 1995 legislation required establishment of a statewide integrated child support registry. Since 1989, the enforcement program has been self-funded by the reinvestment of collections retained from the federal government's incentive payments and a percentage of the recovery of AFDC payments. Texas ranked seventh in the nation in child support collections in FY 1995, its most successful tool being the use of wage withholding as a means of enforcement. Drivers' licenses also can be suspended for nonpayment.

Medicaid and Other Health Insurance

Although health care in general enjoys more political support in Texas than does cash assistance, few health programs exist outside those required to



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receive federal matching funds. The Texas Medicaid program includes a “medically needy” provision, but extremely low income and asset limits restrict eligibility. Children are not covered beyond federal requirements (133 percent of the poverty level), but Texas Medicaid does cover pregnant women and infants up to 185 percent of the poverty level in an effort to reduce infant mortality. Texas expects to have extended mandatory managed care to virtually all its Medicaid recipients by the year 2000. Texas has a large uninsured population, with 24 percent of the nonelderly population lacking health insurance in 1994–1995 compared to less than 16 percent for the nation.

Youth Services/Teen Pregnancy Prevention

There is little formal coordination or statewide policy direction in Texas for youth services, and there is no single government-appointed coordinator or state vision regarding teen pregnancy prevention efforts. However, the recent federal welfare reform law providing financial incentives for states that reduce births to unwed teens, combined with the increasing numbers of young single mothers receiving welfare in Texas, have caused the state to expand its coordination of teen pregnancy prevention efforts.

Last-Resort Safety Net Programs

Although one of the goals of devolution is to promote the well-being of children and families, it is important to consider what might happen to families for whom the new rules and programs do not work as designed. Child welfare and housing emergency services have existed for a long time to “pick up the pieces” when families cannot cope.

Child Welfare

In Texas, child welfare is largely a state-run program administered by the Children’s Protective Services (CPS) division of the Texas Department of Protective and Regulatory Services (TDPRS). The major sources of child welfare funding are federal funds and state matches for AFDC/TANF and other joint federal-state programs with matching formulas. Although intake is being increasingly centralized, primary decisionmaking on case management and services to individual families continues at the local level.

Emergency Services and Housing

No public body sets overall policy for homeless services at the state, county, or city level. Emergency and housing services are locally based and capacity varies by community, with the state allocating limited funds (federal funds from the Department of Housing and Urban Development, state general revenues,

and oil overcharge funds) to city and county governments. Nonprofit organizations play a large role in actual service delivery and must match any public funds they receive out of their own coffers.

Implications of the New Welfare Reform Legislation

Many Texas state officials interviewed for this study view federal welfare reform as devolution in name more than deed. The state's TANF plan basically proposes to continue the waivers already in place prior to the federal legislation. However, the elimination of the federal welfare entitlement is a serious concern in Texas, which has limited state-funded support systems. The block granting of funds to the state is consistent with what Texas was planning for its Local Workforce Development Boards, although the restrictions on block grant spending and the fact that employment and training funds have not been block granted results in less flexibility than the state would like. The new federal child support provisions and the benefit restrictions for legal immigrants are regarded as overly intrusive in state operations and decision-making. Federal child support enforcement statutes will also require the state to make extensive changes. Automation is a particularly pressing challenge, and the state may be forced to provide funds for child support administration rather than the self-funding used to date. With respect to the TANF windfall, the state used part of it to expand welfare-to-work initiatives and child welfare services, but about 39 percent of the surplus (or \$152 million) was used to free up funds to be spent in other areas of the budget.

There will also be more general challenges to meet. Texas's historically low spending on employment and training, combined with the low education levels of many TANF recipients, makes many officials concerned that the state will have trouble meeting the TANF participation requirements and the federal five-year term limits. The slower-than-planned development of the Workforce Development System has also contributed to this concern. This potential problem is exacerbated by cooperation and coordination difficulties between the Texas Department of Human Services and the Texas Workforce Commission. Texas had planned, in a much publicized move, to privatize the development and operation of an integrated enrollment system, and the bidding process generated competition between the two agencies. The final decision not to allow private employees to make eligibility decisions for food stamps or Medicaid resulted in a more limited reengineering initiative that, when operational, may help solve the problem.

The federal cuts in the Food Stamp program combine with the lack of General Assistance in most of the state to cause great concern about the future adequacy of the social safety net in Texas. Texas was especially hard hit by provisions in the welfare reform law affecting legal immigrants. Under an option in the federal welfare law, Texas chose to continue providing TANF, Medicaid, and Title XX benefits for qualified aliens already residing in the



United States as of August 22, 1996. Immigrants who enter after August 22, 1996, however, are barred permanently from receiving TANF in Texas. The federal restrictions will also lead an estimated 112,000 legal immigrants in Texas to lose food stamp benefits. In October 1997 the governor announced an \$18 million state-funded program to restore food assistance for 28,000 elderly and disabled legal immigrants with a probable implementation date of early 1998. The state has no program to help the remaining 84,000 who will lose the food stamp benefit.

The nonprofit agencies that are so important in safety net service delivery in Texas are particularly concerned about the impacts of welfare reform on emergency service needs. These agencies are not kept regularly informed by the state on welfare reform changes, they are seeing more financial rigidity rather than more flexibility with the federal funding changes, and they are expecting increases in the need for emergency services, particularly among immigrants (including legal immigrants), as TANF and related reforms proceed.

Introduction

This report focuses on the findings of our case study in Texas, which was designed to provide a broad picture of the state's social safety net for low-income families with children. The case study examined the current goals, policies, practices, organizational structure, funding, and recent changes in a wide variety of programs serving children and their families. Our review covered baseline conditions and changes occurring in income security programs stemming from state-initiated reforms and the availability of employment and training, and child care programs to support low-income families. We also looked at how other programs and services such as child welfare and emergency services work to assist the most vulnerable low-income families in the state.

Urban Institute researchers visited Austin in December 1996 and conducted interviews concerning state-level policies and programs. In January 1997, we visited Houston and El Paso to develop a picture of local programs and issues and gain some appreciation of within-state differences. At the time of our visits, the 1997 legislative session had not yet convened; and the state had nearly completed implementation of its welfare reform legislation (under federal waivers) that had passed during the previous legislative session in spring 1995. The state was also in the midst of restructuring its workforce development system, linked partly to the state's welfare reform legislation. This report describes Texas's programs and policies under its operating welfare reform waivers and analyzes the circumstances that were shaping the state's response to federal changes in major social programs. The federal welfare reform legislation passed in August 1996 (the Personal Responsibility and Work Opportunity Reconciliation Act, PL 104-193, known as PRWORA) replaced the Aid to Families with Dependent Children (AFDC) entitlement program for income-eligible families with block

grants to each state. These block grants are referred to as Temporary Assistance for Needy Families (TANF).

This report begins with a discussion of the characteristics of the state in terms of its population, economic condition, and political environment. The next section describes the state's agenda for serving the needs of low-income families, including a discussion of spending in this area and an overview of the service delivery structure in the state. The following sections describe the three broad social program areas—supports for basic income needs, policies for moving families toward financial independence, and programs that provide a last-resort safety net for families and children. A final section describes the particular challenges that Texas faces in delivering this support system to low-income families. We end with a discussion of the direction in which the state plans to move in the coming years.

Texas: A Brief Overview

This section provides the context for understanding the social programs we describe later in the report. It presents a brief overview of Texas's population and economy and describes the state's political and budgetary landscape, indicating the climate of attitudes and resources within which state policy is shaped. The discussion highlights key factors such as rapid growth in recent years, an antitax environment, limited state expenditures on social programs, and a unique balance of power between the executive and legislative branches of government.

The State's Population

Texas is the second most populous state, second to California, with almost 19 million people. (See table 1.) Since 1990, Texas has experienced a population growth rate almost double that of the United States as a whole. The state's large and diverse geographic area spans 254 counties, 196 of which are considered rural. Of these 196 rural counties, 62 are considered "frontier," because they have population densities of seven or fewer persons per square mile. While one-third of the population is classified as rural, two of the 10 largest cities in the United States are in Texas.

Texas has a large Hispanic population (31 percent) and about the same proportion of African Americans as the United States as a whole (12 percent). Although a large proportion of the Hispanic population is native-born, immigrants are an important part of the Texas population. In 1996, noncitizen immigrants constituted **8.6 percent** of the population—only California and New York ranked higher in their proportion of noncitizen immigrants. The largest

Table 1 *Texas State Characteristics, 1995*

	Texas	United States
Population characteristics		
Population (1995) ^a (in thousands)	18,732	260,202
Percent under 18 (1995) ^a	29.6%	26.8%
Percent Hispanic (1995) ^a	31.0%	10.7%
Percent Non-Hispanic Black (1995) ^a	12.0%	12.5%
Percent Noncitizen Immigrant (1996) [*]	8.6%	6.4%
Percent Rural (1990) ^b	33.1%	36.4%
Growth: 1990–1995 ^c	10.2%	5.6%
Births per 1,000 Women Ages 15–44 (1994) ^d	75.0	66.7
Percent to Unmarried Women (1994) ^d	28.9%	32.6%
Percent to Women under 20 That Were Nonmarital (1994) ^d	63.0%	76.0%
Per 1,000 Women Ages 15–19 (1994) ^d	78	59
State economic characteristics		
Per Capita Income (1995) ^e	\$21,206	\$23,208
Percent Change in Per Capita Personal Income (1990–1995) ^{e, f}	23.2%	21.2%
Percent below Poverty (1994) ^g	17.6%	14.3%
Unemployment Rate (1996) ^h	5.6%	5.4%
Employment Rate (1996) ^{h, i}	65.2%	63.2%
Percent Jobs in Manufacturing (1995) ^j	12.9%	16.0%
Percent Jobs in Service Sector (1995) ^j	21.0%	23.1%
Percent Jobs in Public Sector (1995) ^j	15.4%	14.7%
Family profile		
Percent Two-Parent Families (1994) ^{g, k}	38.8%	35.7%
Percent One-Parent Families (1994) ^{g, l}	13.1%	13.8%
Percent mothers with child 12 or under		
Working Full Time (1994) ^{g, m}	41.0%	38.1%
Working Part Time (1994) ^{g, n}	13.7%	16.1%
In Two-Parent Families and Working (1994) ^{g, o}	40.2%	40.3%
In One-Parent Families and Working (1994) ^{g, o}	14.5%	13.9%
Percent Children below Poverty (1994) ^g	25.8%	21.7%
Median Income of Families with Children (1994) ^g	\$33,041	\$37,109
Percent Children Uninsured (1995) ^a	17.2%	10.0%
Political		
Governor's Affiliation (1996) ^p	Republican	
Party Control of Senate (upper) (1996) ^p	14D-17R	
Party Control of House (lower) (1996) ^p	82D-68R	

a. Two-year concatenated March Current Population Survey (CPS) files, 1995 and 1996. These files are edited by the Urban Institute's TRIM2 microsimulation model. Excludes those in families with active military members.

b. U.S. Bureau of the Census, *1990 Census of Population: General Population Characteristics*. Washington, D.C., 1992. This figure combines the Census Bureau's "Rural" (30 percent) with 16 percent the Census Bureau lists as "Urban-Outside Urbanized Areas."

c. U.S. Bureau of the Census, *Statistical Abstract of the United States: 1996* (116th edition). Washington, D.C., 1996. 1995 population as of July 1. 1990 population as of April 1.

d. National Center for Health Statistics, *Monthly Vital Statistics Report*, vol. 44, no. 3, and vol. 44, no. 11.

e. U.S. Department of Labor, *State Personal Income, 1969–1995*. CD-ROM. Washington, D.C.: Regional Economic Measurement Division (BE-55), Bureau of Economic Analysis, Economics and Statistics Administration, U.S. Department of Commerce, October 1996.

f. Computed using mid-year population estimates of the Bureau of the Census.

g. CPS three-year average (March 1994–March 1996, where 1994 is the center year) edited using the Urban Institute's TRIM2 microsimulation model.

h. U.S. Department of Labor, *State Personal Income, 1969–1995. State and Regional Unemployment, 1996 Annual Averages*. USDL 97-88. Washington, D.C., March 18, 1997.

i. Employment rate is calculated using the civilian noninstitutionalized population 16 years of age and over.

j. Bureau of Labor Statistics, *1995 Geographic Profile of Employment and Unemployment*.

k. Percent of all families (two or more related persons living in the same household) that include one or more related children and in which the head of the family is nonelderly, married, and the spouse is present.

l. Percent of all families (two or more related persons living in the same household) that include one or more related children and in which the head of the family is not married and nonelderly.

m. Full-time work is defined as at least 1,750 hours per year (50 weeks × 35 hours per week).

n. Part-time work is defined as at least 910 hours per year (52 weeks × 17.5 hours per week) and less than 1,750 hours per year (50 weeks × 35 hours per week).

o. Working is defined as working at least 910 hours per year (52 weeks × 17.5 hours per week).

p. National Conference of State Legislatures, *1997 Partisan Composition. May 7 Update*. D indicates Democrat and R indicates Republican.

proportion of immigrants to Texas are from Mexico, with significant representation from Vietnam, India, and El Salvador.

Texas's immigrant population is heavily concentrated in the largest cities and along the border with Mexico. Our two study sites—Harris and El Paso Counties—together accounted for 35 percent of the total foreign-born population in Texas. Among this group, there is a substantial refugee population in Texas, estimated at 130,000 in 1995, primarily from Southeast Asia. This refugee population is almost entirely concentrated in major metropolitan areas away from the border, especially in Houston and Dallas–Fort Worth. The composition and distribution of Texas's immigrant population has important implications with respect to immigrant-related provisions of the federal welfare reform legislation, which are discussed in “Innovations and Challenges.”

Texas differs from the national average on a number of other population and family characteristics. Texas has a young population—the median age in 1994 was 31.9 years, one of the lowest in the country. In terms of family composition, 38.8 percent of families have two parents, compared to 35.7 percent nationally. More mothers of young children work full-time than the national average. Texas also has a lower-than-average rate of nonmarital birth.

The Economy

The Texas economy is performing better than any time since the early 1980s. (In the mid-1980s, Texas experienced a severe economic decline caused by the oil and real estate bust.) In August 1996, the state's seasonally adjusted unemployment rate fell to 5.6 percent, the lowest since August 1984. The oil industry has stabilized, after years of declining employment; and broad-based growth in services, manufacturing, and trade has led to a strong expansion since 1994. However, the percent of jobs in manufacturing and in the service sector is still lower than the national average. (See table 1.)

The economic expansion was shared across the state: unemployment fell in all of the state's 27 Metropolitan Statistical Areas but El Paso. The state economy continues to increase faster than the national economy, although Texas's growth is now more closely linked to the ups and downs of other states because of reduced dependence on the oil and gas industries and expansion of the service sector. Economic growth eased in 1995, but nonfarm employment continued to grow at a rate about 1.5 percentage points faster than the national average. Moderate economic growth is expected to continue in Texas through the 1996–97 biennium, paralleling similar, but slower, national performance.¹

Despite the economic boom, Texas incomes are below average and many Texans remain poor. The state had lower per capita income (\$21,206 in 1995) than the national average. In 1994, 17.6 percent of all Texans and 25.8 percent



of children lived in poverty. For the United States as a whole, the figures were 14.3 percent and 21.7 percent, respectively.

Education levels in Texas are low as well. Texas ranked 39th among the states in percent of population graduated from high school (77.3 percent in 1993); and, consistent with national statistics, Hispanics have a particularly high dropout rate. In higher education, the state fares better, ranking 20th in the nation in percentage of population graduated from college (22.1 percent in 1993).

The Political and Budgetary Landscape

Texas is a fiscally conservative state with a history of low social spending, especially with respect to cash assistance. The general antitax environment keeps revenues low and has prevented the imposition of a state income tax. In 1993, Texas ranked 49th in state government revenue per capita (\$2,332), 48th in state expenditures per capita (\$2,168), and 49th in per capita state debt (\$482). Tax burdens and spending are higher at the local than at the state level.² Texas ranked 21st in local spending (\$2,262 per capita expenditures in 1992) and 31st in per capita state and local per pupil education expenditures (\$4,894 in 1995).

The structure of state government in Texas is such that the governor has a traditionally weak role, and the governor's party affiliation is not as important as in other states. There is no cabinet, and departments are overseen by a series of boards and commissions. Although the governor appoints board members and commissioners, their terms are staggered, preventing a governor from controlling membership until late into his or her term. Welfare reform and workforce development initiatives are strengthening the role of the governor, however. For example, the governor designates local workforce areas and appoints all three of the full-time commissioners of the Texas Workforce Commission, who are involved in the daily operation of the agency.

In practice, a great deal of power resides with the Legislative Budget Board (LBB), a joint committee of the Texas House and Senate that is chaired by the lieutenant governor and consists of members of the leadership of the House and Senate. The group proposes budgets, and, with the governor's approval, can shift funds when the legislature is out of session.

Texas prepares biennial budgets. The governor does not prepare a formal budget proposal as in many other states. In recent years, governors have presented one- or two-page outlines of their budget priorities for the legislature. LBB puts together a proposed general appropriations bill for the legislature and actually submits the budget to the legislature. The Texas constitution requires a balanced budget. Therefore, appropriations bills must pass through the comptroller of public accounts (an elected position) for certification of the

availability of state funds. In addition, the comptroller is responsible for the Texas Performance Review (TPR), which was adopted by the legislature in 1991. TPR was considered a model for Vice President Al Gore's *Reinventing Government* initiative. Proposals included in TPR incorporate the thinking of many managers and policymakers both within and outside state government and are taken quite seriously by the governor, LBB, and the legislature.

The legislature itself meets only 140 days in odd-numbered years, which somewhat limits the scope of its activities and places enormous pressure on budget deliberations. Being a legislator is a part-time position. Currently, Texas has a Republican governor, George W. Bush, and Republicans gained control of the Senate in the November 1996 election. The Democrats have a comfortable majority in the House. However, there appears to be quite a bit of bipartisan cooperation, and Republicans have been appointed to committee chairmanships in both the Senate and the House.

In general, the state government is organized to avoid the concentration of power, with departments organized more by function than by program. For example, Medicaid eligibility determination is housed in the Department of Human Services, along with the eligibility determination functions for income support and food stamps. However, Medicaid reimbursement of acute health care providers is handled by the Texas Department of Health.



Setting the Social Policy Context

This section describes the philosophical and policy context in Texas with regard to assisting low-income families. After a discussion of policy orientation, this section reviews state and local spending on social welfare programs and the programs' organizational structure. This information provides important background for understanding the structure and approach of the major social welfare programs we review in the following three sections.

Texas's Agenda for Serving the Needs of Low-Income Families

Social welfare in Texas is shaped by three overriding state philosophies: the belief in individual responsibility, a distrust of "big government," and fiscal conservatism. Fiscal issues tend to dominate policy decisions. There is a constant effort to improve the efficiency of government, maximize federal reimbursements, and encourage a business environment that provides opportunities for individual success.

Consistent with this philosophy, an overarching goal of welfare reform is to make sure that Texans who are able to work do work. Hence, close ties are seen between welfare reform, child care, and economic/workforce development. In January 1995, the comptroller of public accounts issued a report recommending that the state consolidate job training programs and reform the wel-

fare system, in anticipation of federal legislation. Following the comptroller's recommendations, during the spring 1995 legislative session, the Texas legislature passed House Bill 1863, which dealt with both welfare reform and job training consolidation. (Details of this legislation and the ensuing programs are discussed in the next two sections.) Key differences between H.B. 1863 and the federal welfare reform law include the Texas exemptions for children and some adults (those whose youngest child at the time of application is under age 4) from mandatory work requirements (and therefore from time limits), and the definition of work and job training, including adult education. (Education is treated as a job-related activity.) Some policymakers and advocacy groups favored waiting to file a state TANF plan to permit time for considering the differences between state law and the new federal welfare law. There was also a desire to allow more time for developing the state's workforce development system. However, timely submission of the state's Temporary Assistance to Needy Families (TANF) plan offered financial advantages. Due to a drop in the state's Aid to Families with Dependent Children (AFDC) caseload over the last two years (mostly due to a drop in unemployment), the state block grant provides a financial windfall.³ Thus, the governor submitted the state's TANF plan on September 30, 1996.

Texas also hopes to save money by consolidating and streamlining benefit application and distribution through "integrated enrollment" for delivery of health and human services. H.B. 1863 directed the Texas Health and Human Services Commission (HHSC) to "improve customer service and maximize efficiency in terms of timeliness and accuracy of eligibility determination," and allows HHSC to direct savings toward service delivery.

HHSC had planned to contract out the integrated enrollment system to a private company or a public/private partnership, but Texas needed federal approval to privatize eligibility determination in its Food Stamps and Medicaid programs.⁴ The size of the potential contract (an estimated \$2.8 billion over seven years) and the extended federal approval process has generated national publicity and created a prolonged period of uncertainty among state employees who are currently responsible for enrollment activities in health and human services programs. The planned privatization of the integrated enrollment system is noteworthy for its size and partnering of public and private organizations. When the federal government ruled in May 1997 that federal law prevented private employees from determining eligibility for the Food Stamps and Medicaid programs, the state scaled back its plans. A private company has been awarded a 15-month contract that focuses on reengineering eligibility determination and service delivery and securing a new computer system. (See the final section for a more detailed discussion.) The debate over the more ambitious privatization plan did generate some innovative ideas for reengineering eligibility determination that will be pursued in this contract. This process is consistent with other initiatives in Texas to encourage competition and improve the efficiency of government, such as the Lone Star Card system and a computer software system using neural network technology to improve detection of fraud, abuse, and waste in the Medicaid program. Neural networks

use mathematical structures to extract patterns and detect trends that are too complex to be noticed by other means.

Social Welfare Spending and Coverage

Texas ranks behind most other states in terms of social welfare spending. Health and human services accounts for about 23 percent of state general fund expenditures.⁵ In 1995, AFDC represented just under 1 percent and Medicaid 12.5 percent of state general fund expenditures.⁶ The Texas constitution imposes a 1-percent cap on state AFDC spending. Although AFDC expenditures are below this limit, the existence of such a cap does reinforce the state's aversion to increasing social welfare spending.

In his 1995 budget policy message to the state legislature, Governor Bush listed public schools and juvenile detention facilities as his funding priorities. He also stated that he hoped to see spending curbed by reforming welfare and controlling the growth in the number of state employees. The 1996–97 Texas budget was about 6 percent larger than the prior year's budget, and about half of this increase went to health and human services, primarily Medicaid. Other human services initiatives that received additional funding increases included the Services to Runaways and At-Risk Youth (STAR) program, vocational rehabilitation services, and children's mental health services.⁷

Table 2 summarizes social welfare spending for families with children in some of the major federally supported programs. Spending beyond federal matching requirements is quite limited. In FY 1996, the federal government paid 62 percent of Texas's AFDC benefit costs, and the state funded the remaining 38 percent. Local governments are not required to share the costs of AFDC in Texas.⁸

Spending per poor family is substantially lower in Texas than in the United States as a whole in almost all areas except food stamps. Texas paid the fourth-lowest AFDC benefit in the nation in 1996. The maximum monthly grant for the typical AFDC family in Texas (a single female caregiver and two children who receive no child support) is \$188. This typical family also receives a maximum of \$313 in food stamps, for a total monthly income of \$501, or about 46 percent of the federal poverty level.⁹

Although local governments are not required to contribute to programs such as AFDC, our site visits indicated that there is considerable variation in local-level support for social welfare programs. Local governments are not required to report spending information to the state, with the exception of documentation required for matching funds. Local school districts fund a number of case management and social services programs, and Harris County (Houston) funds child welfare services; but these expenditures are not tracked at a state level.



Table 2 Social Welfare Spending for Families with Children in Texas: Selected Programs Fiscal Year 1995^a (\$ in millions)

Program	Federal	State/Local	Total	Spending Per Poor Family ^b	
				Texas	United States
Income Security					
AFDC Benefits ^c	329.1	190.7	519.8	214	851
AFDC Administration ^d	103.5	98.8	202.3	83	136
SSI for Children ^e	—	—	271.6	112	184
EITC, Federal ^f	2,772	—	2,772	1,140	1,010
Food Security					
Food Stamps					
Households with children ^g	1,928.1	—	1,928.1	793	711
Child Nutrition ^h	824.9	—	824.9	339	344
Education and Training					
JOBS ⁱ	29.3	17.9	47.2	—	—
JTPA ^j	150.9	—	150.9	62	73
Food Stamps E&T ^k	12.9	4.8	17.7	—	—
Child Care/Development					
AFDC, At-Risk, CCDBG ^l	—	—	194.3	80	115
Child Support Enforcement^m	102.8	46.5	149.2	61	115
IV-A Emergency Assistanceⁿ	8.6	8.6	17.2	7	124
Health					
Medicaid, children only ^o	1,004.7	582.3	1,587	653	984

a. FY 95 unless otherwise indicated in footnotes.

b. **Spending Per Poor Family.** This is spending on each item divided by the number of poor persons in families with children. The number of poor was estimated using the average poverty rate for persons in families with children for 1993–1995 (derived from three years of the Current Population Survey). This computation is shown only when comparable figures are used for Texas and national program spending.

c. **AFDC Benefits.** Source: ACF-231 Line by Line Report, Administration for Children and Families, U.S. Department of Health and Human Services.

d. **AFDC Administration.** This includes administrative costs for child care (except At-Risk), work programs, automated data processing (ADP), FAMIS (a management information system), fraud control, Systematic Alien Verification for Entitlements (SAVE), and other state and local expenses. Source: ACF-231 Line by Line Report, Administration for Children and Families, U.S. Department of Health and Human Services.

e. **Supplemental Security Income (SSI) for Children.** Spending is for the calendar year, estimated based on spending in June and December of each year. Includes federal spending and also state supplements for states in which the state supplement is federally administered. Source: Urban Institute estimates derived from data published in *Children Receiving SSI* (June 1993, December 1993, June 1995, December 1995), Office of Research, Evaluation, and Statistics, Social Security Administration.

f. **EITC Federal.** Source: *Statistics of Income Bulletin* (Spring 1997 and Spring 1995), Internal Revenue Service.

g. **Food Stamps, households with children.** Includes benefit payments only, not administrative costs. Estimates are derived by multiplying actual benefit spending in each state by the estimated proportion of spending for households with children in each state. Source: Urban Institute tabulations based on Food Stamp Quality Control data and tabulations by Food and Consumer Service, U.S. Department of Agriculture.

h. **Child Nutrition.** Includes federal spending for WIC, school lunches, and school breakfasts, plus federal obligations for the Child and Adult Care Food Program and the Summer Food Service for Children. (Federal obligations may differ from actual spending.) Source: *Budget Information for the States*, Budget of the United States Government, FY 97 and FY 95, Office of Management and Budget.

i. **JOBS.** FY 96 expenditures, excluding child care expenses. Source: Texas Workforce Commission program fact sheet, October 1996.

j. **JTPA.** Includes federal obligations to states for JTPA spending under Title II-A (disadvantaged adults), Title II-B (summer youth), and Title II-C (youth training). Federal obligations to states may differ from actual spending. Source: Office of Management and Budget. *Budget Information for the States*, Budget of the United States Government, FY 97 and FY 95.

k. **Food Stamps Employment and Training (FSE&T).** FY 96 expenditures. Source: Texas Workforce Commission program fact sheet, October 1996.

l. **AFDC, At-Risk, and Child Care and Child Development Block Grant (CCDBG) Child Care.** Includes all child care benefits administered by TDHS. Source: Texas Department of Human Services 1995 Annual Report.

m. **Child Support Enforcement.** Source: Form OCSE-31, Office of Child Support Enforcement, U.S. Department of Health and Human Services.

n. **IV-A Emergency Assistance.** Source: ACF-231 Line by Line Report, Administration for Children and Families, U.S. Department of Health and Human Services.

o. **Medicaid, children only.** Expenditure data are for benefits only, and do not include Disproportionate Share Hospital Payments, administrative costs, accounting adjustments, or the U.S. Territories. Source: Urban Institute calculations based on data reported on forms HCFA-64 and HCFA-2082, Health Care Financing Administration, U.S. Department of Health and Human Services.

Organization of Services and Administrative Structure

Texas state agencies are governed by a series of appointed boards and commissions that are largely responsible for policy decisions. Departmental agencies are organized along functional lines and are responsible for program administration and service delivery. Table 3 shows the organizational location of key social welfare programs in Texas. In 1991, the TPR recommended consolidating and streamlining health and human service delivery, which at that time was very fragmented. Rather than creating one health and human services agency, the legislature created HHSC, which has limited powers to now oversee 12 agencies, including the Texas Department of Health (TDH), Rehabilitation Commission, Department of Mental Health and Retardation, Department of Human Services (TDHS), Department of Protective and Regulatory Services (TDPRS), Commission on Alcohol and Drug Abuse, and Juvenile Probation Commission.

The reorganization of health and human services programs did not include employment and training. However, since 1993, Texas has been in the process of consolidating workforce programs. In 1993, the Texas legislature established the Texas Council on Workforce and Economic Competitiveness (TCWEC), one of the first Human Resource Investment Councils under the 1992 amendments to the Job Training and Partnership Act (JTPA). Two years later, the legislature, as part of H.B. 1863, created a new workforce development agency, the Texas Workforce Commission (TWC), which now administers JTPA, Job Opportunities and Basic Skills (JOBS), Food Stamps Employment and Training, School-to-Work, child care, and several other programs. TWC does not administer adult or vocational education programs.

State and Local Relationships

Texas law codifies very little about the division of responsibilities between state and local governments for the delivery of health and human services programs. For the most part, the state operates federally funded services and the few existing state-funded services through regional offices of state agencies. State and federally funded services are administered in basically the same way across the state, with limited authority given to regional administrators for variations in service delivery.

Some local governments, particularly in the more populous Texas counties, operate social service programs with their own revenue sources. In some areas, both the city and county governments have health and human service departments. Harris County (Houston) provides extensive locally funded child welfare services in addition to the services provided by the state, while in other counties the only child welfare services are those provided by TDPRS regional offices. In Travis County (Austin), the city and county governments jointly administer and fund health and human services programs. Local school districts and some city and county governments provide funding for child care. The local role in social services contrasts with local responsibilities in the area



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Table 3 *Organizational Structure of Social Welfare Programs*

Program	State Agency Location	Local Administrative Arrangement
Income Security		
AFDC	Texas Department of Human Services (TDHS)	TDHS field offices
General Assistance	N/A	County Department of Social Services (Harris is only Texas county with General Assistance.)
Food Stamps	Texas Department of Human Services (TDHS)	TDHS field offices
Education and Training	Texas Workforce Commission (TWC)	Local Workforce Development Boards
JOBS		
Summer/Other Youth		
Other JTPA		
Child Care/ Child Development		
Child Care	Texas Workforce Commission	Local Workforce Development Boards
Head Start	Health and Human Services Commission	Direct providers
Other Child Development	Texas Education Agency	Independent School Districts
Child Support Enforcement	Attorney General	Child Support Enforcement regional and field offices
Child Welfare	Texas Department of Protective and Regulatory Services	Texas Department of Protective and Regulatory Services
Child Protection/FamPres		
Foster Care		
Adoption Assistance		
Emergency Services		
IV-A Emergency Assistance	Texas Department of Housing and Community Affairs	County Departments of Social Services
McKinney, other homeless programs		
Immigration/Refugees	Texas Department of Human Services	Community-based providers
Health		
Medicaid	Texas Department of Health— for acute care Texas Department of Human Services (for Medicaid eligibility, long-term care) Texas Department of Mental Health/ Mental Retardation—for mental health services	Local hospital districts County health departments

of health care. The vast majority of Texans reside in counties that have hospital districts with special taxing authority, allowing the assessment of property taxes to finance the delivery of health care to the indigent.¹⁰ All smaller counties are subject to the County Indigent Health Care Act, a small program supported by county and state funds.

Basic Income Support

Income support programs in Texas reflect clear philosophical themes: helping recipients obtain jobs, increasing personal responsibility, and improving the performance of government in assisting needy families. As of late 1996 and early 1997, Texas was implementing welfare reform that had been passed by the state legislature in 1995. This section describes the income support programs available during this period and the provisions of state welfare reform, demonstrating the importance of the state's philosophy in implementing reforms.

Texas's Income Support Programs

The major income support programs in Texas are food stamps and AFDC—now TANF. AFDC benefit levels are low, and the state provides little additional funding beyond that required to obtain federal support. Texas is one of only seven states that do not provide the optional state supplemental payment to recipients of the Supplemental Security Income (SSI) program for elderly and disabled individuals. Texas does not operate a statewide General Assistance program, nor do most counties in Texas have General Assistance programs. Harris County (Houston) does operate a solely county-funded and county-administered General Assistance program primarily for disabled adults not receiving federal assistance. However, Texas counties are required to provide health care for indigent persons.

Caseload Size and Trends

Despite its low benefit levels, Texas has the third-largest AFDC caseload in the nation. However, only about 28 percent of poor persons in families with

children received AFDC in Texas in 1995, compared to 47 percent nationwide.¹¹ In recent years, Texas's AFDC caseload has been falling. In calendar year 1994, the monthly caseload was 283,000 families; but by 1995 that figure had fallen to 269,000. As of September 1996 (the most recent final figures available as of this writing), the caseload had dropped to 239,000, its lowest level since 1991.

Texas families are less likely to stay on AFDC for extended periods of time than are families in other states. In 1995, only about 17 percent of the AFDC families had been on AFDC continuously for four years or more, compared to 27 percent nationwide. The state's low benefit level is one often-cited reason for the shorter periods on AFDC. Other potential reasons for the shorter periods include cultural, political, and demographic differences.

The combination of population size, low income levels, and low benefits results in Texas having the second largest food-stamp program in the country.¹² Food stamp benefit payments totaled \$2.25 billion in FY 1995, slightly down from \$2.3 billion in FY 1994.

Recent Innovations, Changes, and Waivers

The current policy direction of income support programs was established in H.B. 1863. The legislation required the TDHS to request waivers from the federal Department of Health and Human Services in order to enact the Achieving Change for Texans (ACT) demonstration. Texas submitted the ACT waiver proposal to the federal government in September 1995 and obtained approval in March 1996. Federal welfare reform in 1996 did little to directly change the major policy directions of income support in Texas. TDHS submitted a TANF plan that essentially continues the ACT demonstration.

Concurrent with the implementation of welfare reform, state-level reorganizations have shifted responsibility for some programs that serve welfare recipients. Client Self-Support Services, a division of TDHS, has primary responsibility for AFDC/TANF and Food Stamps. Until 1996, the Client Self-Support Services Division also administered the JOBS program and support services, including child care and employment-related transportation. In June 1996, these services were transferred to TWC. Under the state's TANF plan, TDHS and TWC will share responsibilities for administering the TANF block grant. Eligibility for food stamps will continue to be determined at the same time as AFDC/TANF and Medicaid in the TDHS field offices. Recipients of food stamps and AFDC/TANF receive a Lone Star Card that acts as a debit card in participating retail establishments.

Changes in administrative responsibility for programs under the TANF block grant have raised concerns about coordination of services between the

centralized TDHS system and the decentralized TWC system. Texas's AFDC/TANF program and its Food Stamp program are both state-administered, with uniform procedures throughout the state. County-level TDHS offices in all 254 Texas counties deliver services. In addition, TDHS has 10 regional offices that supervise the county offices. In contrast, TWC will not operate its own service delivery field offices at the local level. Instead, local workforce development boards will provide services through one-stop workforce centers with funds received from TWC.

Description of Waivers

Texas received two waivers from federal AFDC rules over the last few years: Promoting Child Health in Texas (PCH) and ACT. The state was operating the PCH waiver and beginning to operate the ACT waiver when the federal welfare legislation was passed in August 1996.

The PCH waiver required parents or guardians to obtain immunizations for their children and allowed the state to impose a sanction for noncompliance. The sanction imposed is a reduction in the family benefit of \$25 per month per nonimmunized child. PCH was approved by the federal government on July 31, 1995, and was implemented in October 1995. The provisions of PCH were included in H.B. 1863.

ACT is a much more ambitious package of changes included in H.B. 1863. Texas started implementing the statewide components of its ACT waiver in June 1996, and the statewide components were fully implemented by January 1997. Table 4 summarizes the provisions of ACT and their implementation. There are five components of ACT, including both statewide provisions and limited demonstration projects:

- Responsibilities, employment, and resources
- Time-limited and transitional provisions
- Incentives to achieve independence
- AFDC one-time
- Electronic imaging

Responsibilities, employment, and resources. These statewide provisions are designed to remove disincentives to work and encourage personal responsibility. A key provision is the requirement that all adult recipients sign a personal responsibility agreement that addresses issues such as child support cooperation, early medical screening, work requirements, drug and alcohol abuse, school attendance, and parenting skills. Other provisions liberalize non-financial eligibility criteria for two-parent families by removing the requirement that two-parent households prove that at least one parent has been employed for six of the previous 13 months and that one parent works fewer than 100 hours per month. In proposing this change, Texas argued that the work history



Table 4
Achieving Change for Texans (ACT): Provisions and Implementation Dates

Provision	Scope	When Implemented ^a
Responsibilities, Employment, and Resources (Statewide Provisions)		
Remove special eligibility rules (work history and 100-hour rules) for two-parent families	Statewide ^b	October 1996
Exclude the earnings of a child who is a student	Statewide ^b	November 1996
Increase the AFDC asset limits to match the Food Stamp program limits, and increase the allowable value of a car	Statewide ^b	November 1996
Require adults to sign a personal responsibility agreement (PRA) as a condition of eligibility	Statewide ^b	June 1996
Impose penalties/sanctions for failure to comply with the PRA	Statewide ^b	September 1996 ^c
Referral to parenting skills classes if determined necessary by the state (as part of the PRA)	Statewide ^b	September 1996
Change the rules for JOBS exemptions to exempt a parent as long as the youngest child at the time of application is under age five (reduced to age four as of September 1997)	Statewide ^b	October 1996 ^d
Time-Limited and Transitional Benefits		
Time limit of either 12, 24, or 36 months, depending on educational level and amount of recent work experience; time limit only applies to the JOBS participant, not the rest of the family	Bexar County (experimental and control groups)	June 1996
Person who loses AFDC is still eligible for Medicaid	Dallas, Tarrant, Denton, Travis, Fort Bend Counties	September 1996
	Remaining counties with JOBS, for a total of 87 counties covering 90% of AFDC cases	January 1997
Incentives to Achieve Independence		
Fill-the-gap budgeting: benefits will fall by only 10 percent of an earnings increase, in some ranges	Harrison, Gregg, Upshur, and Lubbock Counties ^e	In development
Individual development accounts of up to \$10,000 that allow recipients to save money for specific purposes without losing eligibility due to asset limits	Harrison, Gregg, Upshur, and Lubbock Counties ^e	In development
AFDC One-Time Diversion		
One-time payment of \$1,000, in lieu of regular AFDC eligibility; if this option is chosen, no regular AFDC for 12 months	Rosenberg office in Fort Bend County ^e	November 1997
Electronic imaging		
Electronic imaging to compile a database of fingerprints that can be used to prevent duplicate applications	Guadalupe and Bexar Counties	November 1996

a. Implementation dates in this column were provided to us by TDHS state-level staff.

b. For the statewide provisions, four cities include both experimental and control groups: Corpus Christi, Beaumont, Odessa, and El Paso. Another four cities have control groups only: Lockhart, Luling, Huntsville, and Hondo.

c. In Houston, Urban Institute staff were told that sanctions for failure to bring in children for checkups would start in February 1997.

d. In El Paso, Urban Institute staff were told that this change began in December 1996.

e. There is interest among some advocates for welfare clients in expanding the "incentives to achieve independence" and the "AFDC one-time" provisions beyond these locations, because they are perceived as potentially providing a "glidepath" from welfare to work.

and 100-hour rules discourage marriage for low-income couples and discourage young families from striving for independence.

Time-limited and transitional provisions. A key component of ACT is a “tiered” time limit. H.B. 1863 divides clients into three tiers for TANF time limits of one, two, or three years, after which the adult loses benefits. The tiered system recognizes that not all welfare recipients are alike—some are educated but have short-term needs due to divorce, layoffs, or other crises. Others need more time for education and training. This time-limit provision is only in effect in the 87 counties with JOBS programs, and only begins once a client is called into the JOBS program. However, these counties include 90 percent of the AFDC caseload. Clients are assigned to a tier based on educational level and amount of recent work experience (e.g., those considered more “job ready” are subject to the one-year time limit).

Incentives to achieve independence. A number of more limited demonstration projects are included in ACT to test additional concepts designed to promote independence. Fill-the-gap budgeting extends limited cash payments or transitional benefits to working families so that a family can begin to increase its income without seeing an immediate reduction in its AFDC/TANF benefit. Individual development accounts help recipients save money for purposes that facilitate self-sufficiency, such as furthering their own education or starting their own business.

AFDC one-time. Under this welfare diversion program, clients are able to choose a single payment of \$1,000 in lieu of monthly cash payments. Families choosing this option will be exempt from work requirements, child support requirements, and other requirements in the personal responsibility agreement. If this option is chosen, the family will not be able to receive regular payments for 12 months. Some advocates for welfare recipients would like to see AFDC one-time expanded to other parts of the state. This component of ACT is included in an ongoing evaluation of welfare reform in Texas.

Electronic imaging. This effort to improve government performance and reduce fraud and abuse will compile an electronic database of client fingerprint images that can be matched against those of other AFDC applicants and recipients to prevent recipients from applying twice under different names or in different counties.

Because time limits are tiered based on work readiness, and because time limits apply only to the JOBS participant and not other family members, state officials consider welfare reform in Texas to be more “humane” and supportive of family needs than the federal legislation. However, advocacy groups have expressed concern that the tiered system encourages caseworkers to focus on those who are most employable and that services are insufficient for those with significant barriers to employment. As discussed in the following section, Texas has adopted a “Work First” philosophy in its JOBS program. Work First focuses



on job preparation and job search and makes finding a job the top priority for welfare recipients.

At the local level, caseworkers are enthusiastic about implementation of welfare reform, although the pace of change is a challenge. The personal responsibility agreements provide caseworkers with an opportunity to discuss options with recipients, and the time limits and sanctions provide caseworkers with some “teeth” to back up their instructions to participate in training and job search.

Programs that Promote Financial Independence

To promote family self-sufficiency, income support programs use an incentive structure and case management along with access to employment and training services, child support enforcement, child care subsidies, and Medicaid. These programs increase the financial resources available to families and offer other services designed to facilitate financial independence. Programs for youth encourage employability and self-sufficiency of future workers. Texas has designed a workforce development system that recognizes the interrelationships between these programs.

Employment and Training

The process of consolidating training and employment programs and devolving responsibility for them to the local level began in 1993, with the passage of the Texas Workforce and Economic Competitiveness Act. Responding to the need for a well-trained workforce with the skills required to participate in today's rapidly changing and increasingly competitive economy, the legislature established the Texas Council on Workforce and Economic Competitiveness (TCWEC). TCWEC is an autonomous agency that took the lead in strategic planning and development of performance measures for the new workforce system. The 1993 law also gave the governor authority to designate Local Workforce Development Areas (LWDAs). Local Workforce Development Boards (LWDBs) have jurisdiction over most workforce programs in their respective LWDAs. County judges and the mayors of large cities appoint members of these boards.

In 1995, workforce provisions in H.B. 1863, the state's welfare reform bill, consolidated programs at the state level and authorized block grants to LWDBs for operation and management of employment and training programs. H.B. 1863 also created a new state agency, the Texas Workforce Commission (TWC), and gave it jurisdiction over 28 programs transferred from 10 different state agencies. TWC has three commissioners, appointed by the governor, one each to represent labor, employers, and the public. The precursor to TWC, the Texas Employment Commission, was abolished, and TCWEC was moved to the governor's office with a more limited function.

Despite the inclusion of workforce development provisions in H.B. 1863, the primary focus of the new workforce system is not welfare reform. However, it is the system that will carry out welfare reform activities, so moving people from welfare to work is an important goal of TWC. The goals and vision of the system are best summarized by the Texas Workforce Oversight Committee's report: "A better system is, however, simply a better means to Texas's larger goal: making Texas businesses and residents more productive and therefore more competitive in the global economy."¹³ Thus, the emphasis is on (1) the state's interest in a competitive and expanding economy, (2) employers' expectations, and (3) workers' needs. LWDBs and one-stop centers designed at the local level are viewed as the best way to implement "industry-driven" approaches that identify the education and skills necessary for success in the labor market.¹⁴

The workforce system is designed to reach the population as a whole, improving literacy, basic education, and job skills for all Texans. One priority group, however, is youth, and there is a particular interest in increasing the participation of youth in training programs.

Service Delivery Structure

The Texas workforce development system has four levels. At the top level, the governor designates LWDAs, certifies LWDBs, and approves LWDA strategic and operating plans for provision of services. At the second level, two state advisory boards report to the governor and the legislature. The Texas Skills Standards Board makes sure that real skills are taught in training programs and that skills are portable to other states. TCWEC develops strategic plans and performance measures for the system and evaluates performance.

At the third level, the state agency level, most major employment and training programs are consolidated under TWC. H.B. 1863 gave TWC full jurisdiction over JTPA programs, JOBS, Food Stamps Employment and Training (FSE&T), and literacy programs. TWC also manages the Employment Service and the state's labor market information system.

State responsibility for subsidized child care was recently moved, along with JOBS and Food Stamps Employment and Training, from TDHS to TWC.

However, TDHS still manages the eligibility and benefits portions of the Food Stamps and TANF programs. During 1996, TWC became a \$1.6 billion agency with 6,000 employees.

Although most major workforce programs were transferred to TWC, most related education programs were not. TWC shares responsibility for School-to-Work with the Texas Education Agency (TEA). TEA oversees the state's 1,050 independent school districts. It administers vocational education programs and those adult education programs that are operated at public secondary schools. The Texas Higher Education Coordinating Board (THECB) oversees Texas's university and community college systems. It administers adult education programs at community colleges and also operates the state's Tech-Prep program. There are two small state-funded programs: the Skills Development Fund and SmartJobs. TWC oversees the Skills Development Fund, a program funded by state general revenues, providing start-up and emergency funds for targeted training designed to attract high-skill businesses to Texas. Skills Development programs are offered through community colleges and technical schools. The Texas Department of Commerce operates SmartJobs, which is funded by 0.1 percent of the state's unemployment insurance tax. SmartJobs provides matching funds to employers for training, focusing on high-skill, high-wage employment in high-technology industries.

At the fourth level, the local level, the workforce system is composed of three parts: LWDBs, Career Development Centers, and training/support services providers. LWDBs set policy at the local level. They are led by business representatives, who make up a majority on the boards. Once certified, LWDBs submit strategic and operational plans, which must include one-stop Career Development Centers for centralized intake, assessment, and case management of employment and training program participants. Upon approval of their plans by the governor and a negotiated contract with TWC, LWDBs will receive block grants for workforce programs.

H.B. 1863 prohibits LWDBs from providing any services directly, in order to prevent conflict of interest. LWDBs must contract the operation of One-Stop Career Centers to other entities, who in turn may hire subcontractors to provide services such as adult education, training classes or support services. The Career Centers, however, should provide intake, assessment, development of a training plan, referral to services, and case management on-site. LWDBs across the state have proposed contracting operation of Career Centers to a variety of entities, including the Texas Workforce Commission, county agencies, nonprofit agencies, and for-profit firms such as Lockheed-Martin. Subcontractors for education, training, and support services will likely continue to be the same as under the JTPA program, which has used a combination of community colleges, public schools, community-based organizations, and proprietary schools. Most adult education and literacy instruction is provided through local Adult Education Cooperatives, primarily run by community colleges and public school districts.



As of December 1996, no plans had been approved by TWC and the governor. Neither of the sites visited for this study—El Paso and Houston—had LWDBs in place in February 1997, although the 13-county Gulf Coast LWDB surrounding Houston had established a board. The process of devolution of funds to the 28 LWDBs is over one year behind schedule; H.B. 1863 anticipated that block grants would begin flowing in July 1996. As of September 1997, 24 of the LWDBs have certified boards in place and are at different stages in the development of their strategic and operational plans. Only one board, Dallas/Dallas County, has actually completed the planning process and entered into a contract with the state to receive block grant funds. Until certified boards actually contract with the state, local TWC offices will continue to manage and operate the various workforce programs.¹⁵

On the other hand, implementation of one-stop career centers is running ahead of LWDB establishment in most parts of the state. Most LWDAs have already received one-stop grants from the state to develop their career centers. By 1997, only five out of 28 LWDAs had not received one-stop grants.

Services for Families on Welfare

The JOBS program and the FSE&T program are the primary employment and training programs for recipients of public assistance. JOBS serves AFDC/TANF recipients, and FSE&T serves food stamp recipients who are not receiving AFDC/TANF. In FY 1996, JOBS program expenditures (excluding child care expenses) were \$47.2 million (federal funds were 62 percent of this amount), and the program served 30,799 clients per month. In FY 1996, Texas's FSE&T program expended \$17.7 million (federal funds were 73 percent of this amount) and served 12,855 clients per month. JOBS services are provided in 87 counties where over 90 percent of TANF recipients reside. FSE&T services are provided in 56 counties, in which 77 percent of the mandatory work registrants reside. FSE&T and JOBS services are comparable and are integrated as much as possible at the local level.

H.B. 1863 authorized an array of work programs for AFDC/TANF recipients, including a Work First service model for both JOBS and FSE&T. The Work First approach was fully implemented in January 1996. Work First emphasizes the message that government assistance is intended to be temporary and that Texans are responsible for the support of themselves and their families. Work First services consist of a combination of services, within a five-week period, designed to provide the client with early exposure to the labor market. These services include job readiness activities (e.g., labor market information, interview skills, resumes), individual and assisted job search, and group employment seminars.

Case managers from TDHS coordinate with career center or TWC staff in assigning clients to the one-, two-, or three-year TANF time limit tier. The time limit is only activated once the client is called up for JOBS. The state guidelines are based on educational attainment and work experience, but functional level

of education can also be considered. In El Paso and Houston, TDHS workers typically assign an applicant to the appropriate tier based on education level completed and job experience and refer all nonexempt clients to JOBS. The JOBS program also assesses the client's job readiness. If the assessment does not agree with the assignment made by TDHS, the JOBS program assessment prevails. By policy, TDHS and TWC work together to impose sanctions on clients failing to participate in Work First activities.

Program administrators expressed the opinion that the one- and two-year groups may be well served by career centers' self-service, job search, and training program activities. There are concerns, however, that the hardest-to-serve tier will need more than three years of education and training and greater funding than Texas has provided in the past or is likely to provide in the future.

The Texas JOBS program also targets services to teens. AFDC teen parents and teens who are not attending and have not completed high school are given priority for case management services. The focus of JOBS services for teens is successful completion of education.

Other Targeted Services

Through Trade Adjustment Assistance (TAA), TWC funds about \$5 million worth of unemployment benefits, job training, job search services, and relocation benefits each year to 18,000–20,000 workers laid off from trade-impacted industries. Statewide, about 50 percent of all TAA benefits and training now go to workers displaced by the North American Free Trade Agreement (NAFTA), and 60 percent of all TAA participants live in the El Paso area. State and local officials reported that in the last two years, El Paso lost an estimated 6,000 jobs because of NAFTA, mostly in the garment industry. The typical profile of the TAA participant in El Paso is a female single parent in her 30s or 40s who was born in Mexico; went to school for three or four years in Mexico; speaks, reads and writes little English; and who was laid off as a fairly well-paid sewing machine operator. In January 1997, there were 1,469 people enrolled in TAA-funded training and adult education in El Paso; and most were receiving instruction in English as a second language (ESL) and a general equivalency diploma (GED).

Child Care

The primary goal of Texas's child care system is to provide affordable quality care enabling low-income parents to work. Care is available to children of low-income parents who need care "while their parents work, seek work, or receive education or training leading to gainful employment."¹⁶ State leaders stressed the relationship between child care and work in the context of welfare reform. The fact that the state's welfare reform bill moved child care from



TDHS to the new TWC further suggests that the state wanted to strengthen the link between child care and jobs.

In our case study interviews, program administrators remarked that in the early 1990s, programs placed a greater emphasis on child development. Then, with the state's welfare reform legislation in 1995, the emphasis shifted to support for working families or AFDC/TANF recipients in work preparation activities. Some program administrators agreed with the notion that child care is "support for work," but added that it should also be treated as early education, with minimum standards for what children should learn before kindergarten. Improving the quality of child care services seems to be an important secondary goal, among both the state-level staff working directly in the area of child care policy and the state's contractors at the local sites we visited.

All child care policies are currently statewide policies. The state-level staff propose policy changes for public comment, and final approval rests with the TWC commissioners. TWC provides child care to children of low-income parents at risk of becoming welfare recipients on a first-come, first-served basis, unless families are eligible for JOBS, transitional child care, or FSE&T. Teenage parents enrolled in high school, and the parents of children with disabilities receive priority. Low-income (below 150 percent of the federal poverty guidelines) families with children through age 12 or with disabled children under age 20 are eligible. A family may remain in subsidized child care for up to an additional year after income rises above 150 percent of poverty, unless income exceeds 185 percent of poverty. Sliding fees, in place since 1991, are 9 percent of gross monthly family income for families with one child and 11 percent of gross monthly family income for families with two or more children.

An issue of particular concern in Texas is the eligibility of noncitizens for subsidized child care. In the past and currently, Child Care Management System (CCMS) contractors only ask for proof of Texas residency—an address somewhere in the state—but not for proof of citizenship or legal status. Texas has not required documentation of citizenship or legal status. However, Texas will begin to require Social Security numbers (SSNs), primarily to be able to cross-match data with TDHS's welfare eligibility system. This policy will have the effect of denying child care to undocumented immigrants for the first time. TWC staff did not feel that denying child care to undocumented immigrants was the goal of the SSN requirement—simply a consequence. Asking for SSNs will affect the CCMS relationship with independent school districts (ISDs) in the border areas, since the ISDs do not ask for immigrant documentation for enrollment in public school.

Service Delivery

Since 1991, the state has used the innovative CCMS program to administer child care services. There are 20 CCMS contractors that manage child care services in 28 LWDAs statewide. (Some contractors operate services in more than one LWDA.) The state passes through reimbursement to providers and subsidies

for families from the various federal and state funding sources, and CCMS manages these funds with the goal of making child care delivery “seamless” from the parent’s point of view. Funding is allocated for child care services to CCMS contractors on the basis of the estimated number of eligible children residing within the LWDA served by each contractor.

Application for subsidized child care may be made to the CCMS by telephone or mail or in person. When a family applies to a CCMS office, the contractor determines the family’s eligibility for various funding sources and finds a way to pay for or subsidize the needed child care. The complexity of multiple funding streams, each with different eligibility criteria, is invisible to the families. When a family’s circumstances change, changing its eligibility for a particular source of funding, the CCMS contractor tries to maintain care in this “seamless” manner. By all accounts, the system has been working very well. The system received an Innovations in Government Award from Harvard’s Kennedy School of Government in 1993.

The CCMS contractor advises parents about child care options and refers children eligible for care to the provider of the parent’s choice. Parents may choose from among different types of child care services, though some services may be limited by local availability. Child care services include full-day care, part-day care, before- and after-school care, night or weekend care, and so on. Care includes family day care homes as well as child care centers. Parents may choose a child care provider that is a formal CCMS vendor, or choose self-arranged child care¹⁷ either with other licensed or registered child care providers or with certain relatives. The CCMS contractor pays the provider directly, if it is designated as a vendor, or pays subsidies to parents who choose self-arranged care and who then pay their providers themselves. Most parents in CCMS choose a formal CCMS vendor for care. The share of all care provided by formally licensed providers is about 90 percent, higher than in most states.

Under the CCMS system, CCMS contractors must provide information about program structure, certification, and any licensing violations. Beyond this, contractors are not supposed to influence parents’ child care provider choices. CCMS contractors are also responsible for entering into vendor agreements with licensed and registered child care providers, recruiting child care providers to become vendors, managing waiting lists of children who need care, and offering technical assistance to providers.

Funding

According to the 1995 TDHS annual report, funding for all child care totaled \$194.3 million in FY 1995, compared to \$180.8 million in FY 1994. Those funds served a daily average of 62,833 children in FY 1995 (compared to 56,460 in FY 1994).

The Texas budget has not allocated sufficient general revenues to child care to access or “pull down” all the available federal matching funds. For the last



three years, the state has been raising money from local initiatives to qualify for additional federal matching funds. As of December 1996, 25 local ISDs were participating in the program, called Locally Matched Initiatives. The ISDs are expanding prekindergarten into full-day child development programs. The local districts provide matching funds, and all federal funds drawn down as a result are returned to them. Some city governments, county governments, and private nonprofit agencies are also participating. In Houston, some city Community Development Block Grant money goes toward child care through the Child Care Council, to certify as additional federal match. The United Way and local child care agencies also contribute to the match. The extent of private funding for child care varies by community. About \$5 million to \$6 million has been raised in the state thus far from local sources.

There are no reliable estimates of the degree to which Texas is meeting the child care needs of its low-income residents; but overall, child care funding is not adequate to serve all eligible children. The 62,833 children in subsidized child care in 1995 comprised 3 to 4 percent of all Texas children ages 0–12 years who were in families below 150 percent of poverty.¹⁸ But not all of the low-income children were in families that needed child care, since in some cases the parents were unable to work or be in training, in other cases there were two parents and one stayed home with the children, and in still others family caretakers may have been available. Due to limited funds, families that do not qualify for JOBS or transitional child care and those that are not in a priority group generally are placed on a waiting list, with waits as long as two to four years. TWC staff estimated that as of December 1996, 30,000 children were on waiting lists across the state. Child care administrators caution, however, that waiting list size does not provide a good estimate of demand because many parents are not informed about early care and education programs that are available to them and others do not apply for services when they learn that there is a waiting list.

Supply: Adequacy and Quality

The supply of child care providers does not appear to be a problem in Texas—the limiting factor is one of funding for subsidized care in order to pay providers. State officials indicated that it is very rare that CCMS contractors are unable to find care for a family. Care is most difficult to locate at odd hours and on weekends, and infant care is scarce; but it is generally possible to locate a relative or registered family home for evening or weekend care.

Licensing of child care facilities is the responsibility of TDPRS. The state's policy allows the state-level child care office to grant waivers to licensing policy, but no waiver has been granted in at least 10 years. Family day care homes are "registered" but not licensed. Licensed providers are monitored more closely (they are visited more than once per year) and must meet specific requirements such as a minimum number of square feet per child. If a person cares for three or fewer unrelated children in her or his home, she or he does not have to be licensed or registered in order to provide child care—the home is

“legally exempt” from licensing. However, these providers are not allowed in the CCMS system (not allowed to receive state subsidies) unless they come into the “registered family home” system. State-level staff see this as a commitment to the federal requirement that “minimum health and safety standards” be met.

Starting with the Title IV-A changes in 1989–90 in transitional child care, the federal government adopted the policy that relatives should be paid to provide care. There is concern among Texas state child care administrators that there is not enough attention and training given to relatives who are child care providers.

The opinion at the state level is that the quality of care has been increasing, based on anecdotal feedback from licensing staff. The Head Start state collaboration grant, started in 1991, was seen as one reason for improved quality. And the Child Care and Development Block Grant (CCDBG) quality-of-care set-aside (a portion of federal block grant funds set aside to improve the quality of child care) was considered “essential” by state child care staff. Beginning in October 1997, CCDBG funds were replaced by discretionary funds in the Child Care and Development Fund (CCDF); at least 4 percent of CCDF funding must be spent on quality improvement. CCDBG and CCDF funds are used to produce, publish, and disseminate a quarterly journal to all licensed and registered child care providers in the state; provide training to child care workers statewide; make classroom materials and playground equipment available to child care providers that voluntarily participate in the “designated vendor program”; support TDPRS licensing and monitoring of registered family day homes and school-based child care programs; and produce and distribute parent information publications.

CCMS vendor management specialists ensure compliance with standards and provide training on technical aspects and quality improvement. In addition to immediate training strategies, state child care staff are developing a child care career development system in Texas, in coordination with high schools, community colleges, and four-year colleges.

The designated vendor program is a voluntary program that allows vendors to receive assistance to meet certain criteria related to programming, staffing, and training that are higher than the basic state requirements, but not as strict as the standards for accreditation by the National Association for the Education of Young Children. A vendor that meets the designated vendor criteria receives a certificate. The state would like parents to understand the designated vendor concept so that they will choose the best vendor. While the goal of this program is to improve quality, there is concern that until reimbursement rates are tied to standards, it will be difficult for the program to work. In general, state child care staff felt that quality improvements were limited by the need to keep rates “affordable” in the eyes of the legislature. Nevertheless, there was a feeling that the quality of programs was improving.



Relationship to Early Childhood Development Programs

Texas has two programs that focus on child development: Head Start, a federally funded program; and a state-funded prekindergarten (pre-K) program in the public schools. By state law, each ISD must operate pre-K at least three hours per day if a threshold of potentially eligible children is reached.

The Head Start Collaboration Task Force, which was organized in 1990–91, facilitates coordination between child care and child development programs. Texas was one of the first states to have such a project—now there are Head Start Collaboration projects in all 50 states. The primary goal of the project is to coordinate Head Start more closely with other early childhood programs and with health care programs. The task force comprises about 100 members, including lawmakers, parents, advocates, and state representatives.

Although Texas provides no funding for Head Start directly, many individual Head Start programs are linked to state and locally funded school programs, where Head Start programs receive in-kind donations such as free space in school buildings and transportation for children to and from programs. Head Start teachers may work in other child development and child care programs, such as a public school's pre-K program or a day care center. Head Start teachers can teach in other programs, provided that the children are eligible for Head Start and the programs meet Head Start standards. In FY 1996, there were 79 Head Start providers in Texas, serving 54,000 children. According to staff of the Head Start Collaboration project, 33 percent of those children who are eligible for Head Start in Texas are served. The eligibility standard is 100 percent of poverty. Head Start policies have been stable, with no major changes for at least the last three years.

Head Start has been extending its program to meet child care needs of parents. The majority of urban areas, including both Houston and El Paso, have full-day programs, which last until 3 p.m. The only cities where Head Start programs are open as late as 6 p.m. are Dallas and Austin. However, according to the 1995 TDHS annual report, some regional staff negotiated agreements with Head Start programs to make their facilities available for extended services during the summer for families eligible for TDHS child care. Currently, Head Start staff do all they can to locate afternoon care for children whose parents need full-day care.

Child Support

The Office of the Attorney General (OAG) administers child support establishment and enforcement. The program was moved from TDHS to OAG in 1985, in order to focus more attention on child support and improve collections under the auspices of a law enforcement organization. Child support enforce-

ment procedures, operating through eight regional offices and 65 field offices, are uniform throughout the state.

Although not housed in the same agency, the OAG's Child Support Division and the income support programs administered by TDHS interact frequently. Parents who apply for AFDC/TANF must assign their child support rights to the state and cooperate with OAG on establishing paternity or enforcing child support orders. TDHS automatically refers AFDC/TANF cases to OAG so that child support work may begin. The two agencies also exchange case information and information regarding child support payments collected on behalf of families. Recently, child support officers have been colocated in TDHS local field offices in a few locations, most notably Houston.

Traditionally, counties have maintained their own child support enforcement programs and case registries for non-AFDC and non-Medicaid only cases. However, recent legislation has begun to ease this separation of child support enforcement between the county and the state. Senate Bill 793, passed during the 1995 legislative session, requires the establishment of a statewide integrated child support registry for the purpose of unifying state and local child support registry functions and tracking all child support orders entered in the state.

Policy Development, Priorities, and Budget

Child support legislation has met with a mixed response from Texans, resulting in numerous studies by the legislature and organizational moves. On the one hand, Texans oppose government interference with individual freedom and family matters. On the other hand, Texans value personal responsibility, and child support is one way that people can assume personal responsibility and stay off welfare. OAG officials see the federal government as the main driver of change in child support enforcement. In the view of child support enforcement officials, federal policies since 1984 (the date of the Child Support Enforcement Amendments to the 1975 federal legislation authorizing the Child Support Enforcement Program) have resulted in the federalization of family domestic relations and the inversion of the devolution process occurring in other policy areas. At the state level, policy development and innovation in child support have come largely from OAG and the legislature. Through the Texas Performance Review process, the comptroller of public accounts has also had some input on child support policy. Child support has not been a major focus of the governor.

Since 1989, the child support enforcement program has been self-funded by the reinvestment of retained collections. The Texas child support program earns revenue in two ways. First, an incentive payment is provided by the federal government on child support collections. Second, recovery of AFDC payments is made from the collections. When child support is collected on behalf of an AFDC recipient or former AFDC recipient, a portion of the collection is retained to recoup public assistance costs. The child support enforcement program relies



upon this earned revenue to provide program services, generate more federal revenue, and avoid reliance on state general revenues.

Paternity Establishment

Texas is second in the nation in the total number of paternities established and has been a leader on this issue. Texas has substantially increased its paternity establishment rates, from 1.7 percent of all nonmarital births in 1979 to 54.9 percent in 1995, compared to a national average of 44.9 percent.

One method of establishing paternity in Texas is the Volunteers in Paternity program. This program, which is the result of a collaboration between OAG, the Bureau of Vital Statistics, and the Texas Hospital Association, operates in all birthing hospitals in Texas in order to obtain fathers' acknowledgments on birth certificates or on Acknowledgment of Paternity forms. In 1994, the Texas birth certificate was modified so that it could be used as an acknowledgment of paternity in a legal proceeding. OAG has also developed the Parenthood/Paternity Project (PAPA), which uses volunteer program specialists to teach teenagers about the legal rights and financial responsibilities that come with parenthood.

Enforcement and Collection

Texas ranked seventh in the nation in child support collections in FY 1995.¹⁹ Total child support collections, total AFDC collections, and total non-AFDC collections have all increased at a greater rate than in the nation as a whole since 1979.²⁰ In 1983, Texas passed a constitutional amendment that allowed the use of wage withholding as a means of child support enforcement. This is the state's most successful tool in enforcing child support. Sixty percent of total OAG collections were made through wage withholding in FY 1996, up from 11 percent in 1986.

In September 1995, OAG implemented license-suspension legislation that was passed by the 1995 legislature. Under this law, noncustodial parents who are late with payments may have their driver's, professional, occupational, and recreational licenses suspended. In addition to these enforcement techniques and others required by the federal government, the state also uses the intercept of lottery winnings and seizures and sales of property. Intercept of state income tax refunds is not an enforcement option because Texas does not have a state income tax.

In 1993, OAG implemented the Employer New Hire Reporting (ENHR) program to assist the agency in locating noncustodial parents. In 1995, legislation was passed requiring OAG to work with TWC, TDHS, and the Workers' Compensation Commission to expand the program and create a unified new-hire database. Currently, however, the ENHR program is voluntary, and fewer than 18,000 businesses are participating.

Medicaid and Other Health Insurance²¹

Texas has very few health programs outside of those required to receive federal matching funds. As in other states, Medicaid in Texas is the dominant state-administered health care program, accounting for 12.5 percent of state spending. The state has only a very small medical assistance program for indigents who are not covered by Medicaid, relying instead on county public hospitals (financed through property taxes) to provide care to the uninsured.

Health care in general, and Medicaid in particular, enjoys more political support in Texas than do cash assistance programs. One reason for the support of Medicaid is that several well-financed health care provider groups are financially dependent on Medicaid funds and lobby to protect the program.

Texas covers a limited number of optional groups under Medicaid. Although the Texas Medicaid program does cover the “medically needy,” the income and asset limits are so low that very few people qualify. Although Texas does not provide Medicaid eligibility to children beyond the federal requirements (133 percent of the federal poverty line up to age 6, and 100 percent of the federal poverty line up to age 14), the state does cover pregnant women and infants up to 185 percent of the poverty line without any resource test as part of an effort to reduce infant mortality.

In 1995, approximately 2.9 million Texans (15.5 percent of the population) were Medicaid beneficiaries. While AFDC/TANF caseloads have been dropping, Medicaid enrollment has stayed relatively stable and is projected to remain level through FY 1999. In 1995, 79 percent of the Medicaid population were children or nondisabled adults, a slightly higher percentage than the national average.

A large proportion of the Medicaid population is composed of women and children who are categorically eligible because they meet the eligibility criteria used by AFDC. Medicaid eligibility is determined at the same time as AFDC/TANF eligibility in TDHS field offices. Even with state and federal changes to AFDC/TANF, states are required to continue using the old AFDC criteria for Medicaid eligibility. There are concerns that this will add to administrative burdens at the AFDC offices and that those who are eligible for Medicaid but not TANF may not be informed of the availability of Medicaid.

The lack of health insurance is a major problem in Texas: 23.9 percent of the nonelderly population was uninsured in 1994–95, compared to 15.5 percent for the nation as a whole. In spring 1997, a law was enacted establishing the Healthy Kids Corporation, which will help insurance companies sell health insurance for children whose parents are not poor enough to qualify for Medicaid. The measure will encourage insurers to cover children through tax breaks and fewer benefit mandates.



This initiative, however, will be dwarfed by the State Children's Health Insurance Program (S-CHIP), which was included in the Balanced Budget Act of 1997. Texas will be eligible for approximately \$560 million in federal matching funds each year for the next five years to fund health insurance for children. A major issue for Texas will be coming up with the state matching funds required by the law. A work group of state executive branch and legislative officials has been created to examine the state's options under the new law. S-CHIP funds may be used to establish a project designed to expand coverage for children by using existing county expenditures for indigent care to draw down more federal matching dollars. This approach was proposed as a Medicaid research and demonstration waiver, but was recently rejected by the Health Care Financing Administration because it did not offer a choice of health plans.

Texas has gradually been expanding mandatory managed care for Medicaid recipients, one geographic area at a time. Texas enrolls AFDC and related populations, pregnant women, and children in managed care on a mandatory basis. Persons with disabilities may enroll in managed care voluntarily. Urban areas of the state will be covered by managed care by the year 2000.

Youth Services and Teen Pregnancy Prevention

The federal welfare reform legislation (PRWORA, PL 104-193) requires unmarried teen parents to live with their parents or in an adult-supervised setting, includes monetary incentives for states to reduce nonmarital births, and sets aside funds for educational programs addressing sexual abstinence for youth. The ability of a state's social welfare system to promote the economic self-sufficiency of its youth is critical to the long-term success of welfare reform.

In Texas, services for youth are a loosely connected network of programs and funding streams across several levels of government, with little formal coordination or statewide policy direction. Focal points for delivery of youth social services are public schools and juvenile justice programs. Both prevention education and services to pregnant and parenting teens are coordinated through the schools.

The Texas Health and Human Services Commission (HHSC) officially is the overarching policy agency for youth, but its purview does not include the Texas Youth Commission, which focuses on juvenile justice, a substantial part of youth programming in Texas. In the 1994-95 biennium, the legislature created the Texas Commission on Children and Youth, a temporary body of 18 individuals appointed by the governor, lieutenant governor, and speaker of the House. The Texas Commission on Children and Youth produced a report, "Safeguarding Our Future, Children and Families First," and recommended the creation of local Commissions on Children and Families to undertake coordinated service delivery planning and receive grants from the state (from exist-

ing state and federal sources). However, this recommendation was not approved by the legislature and has not been implemented.

There is no single government-appointed teen pregnancy prevention coordinator in Texas and no overarching vision at the state level regarding teen pregnancy prevention programs. Most state-initiated teen pregnancy programs provide services to pregnant teens and are coordinated through the Texas Department of Health. The Texas Association Concerned with School Aged Parenthood in Fort Worth is a statewide coalition of educators and service providers that serves as a leader in the areas of prevention strategies and coordination of state and local support services for pregnant and parenting teens.

Recent welfare reform efforts in Texas have focused attention on teen pregnancy because of the increasing number of young single mothers receiving welfare benefits. Because of this concern, and because of incentives in the federal welfare reform law for reducing births to teens and federal grants for abstinence-only education, the state is expanding its role in coordination of teen pregnancy prevention efforts. For example, a work group has been formed within the Department of Health to coordinate the responsibility for the abstinence-only education grant authorized in the federal welfare reform legislation, and the work group has solicited input from interested parties across the state.

The Pregnancy Education and Parenting (PEP) program is a state-initiated program serving teen parents attending public schools. Its purpose is to reduce the number of students who drop out of school due to parenthood and to place parents 21 or younger back into the educational system. Funding is allocated to ISDs by competitive application requiring local matching funds. PEP programs must include counseling, education, life skills, and job training programs as well as supportive services.²²

In support of state welfare reform initiatives, the legislature was considering using part of their TANF block grant to increase dropout prevention and work transition services for teens likely to become long-term TANF recipients. The funds would provide Communities in Schools (CIS) services to families who receive AFDC.²³ CIS is currently the major school-based, school-linked service program operating on 295 campuses in 23 cities in Texas. CIS, which is primarily a dropout prevention program, represents one of the major workforce-related initiatives that Texas has funded for youth. CIS provides case management services through school-based social workers. The services are available to all students and family members at the school. CIS programs do not provide teen pregnancy prevention services, but they do coordinate with, and refer students to, teen pregnancy prevention programs in their communities.

During the 1995 legislative session, resources for juvenile justice programs were considerably expanded. The most significant preventive measure was the expansion of the STAR program (Services to Runaways and At-Risk Youth). This statewide program, operated out of TDPRS, was originally an intensive program for children ages 7 to 17, providing services for runaways, truants,



and those who are considered at risk for running away or being abused. It has now been expanded to include youth who have been referred for nonfelony offenses and are at risk of becoming involved in the criminal justice system. Program services will be delivered through community-based, nonprofit agencies at the local level that will be required to coordinate with local probation officers. TDPRS was also given responsibility for distributing community development block grant funds targeted to communities with high incidences of juvenile crime to assist in addressing the problem at a local level. Also in keeping with one thrust of its mission of prevention, the HHSC offers funding, technical support, and information for implementation of locally based prevention programs.

Last-Resort Safety Net Programs

Welfare program changes, including increasing state flexibility and block grants, might promote well-being for children and families, but the new rules might make matters worse for some families. This section considers services aimed at helping families whose serious and immediate needs go beyond lack of money. We classify child welfare services and emergency assistance under this category as part of the state's last-resort safety net serving families facing internal strife or loss of food and shelter. In Texas, the child welfare system has been the subject of public scrutiny and is in the process of implementing new guidelines for caseworkers. Housing and emergency services rely heavily on local nonprofits, and capacity varies by community. An understanding of how these programs operated in the context of the welfare system of 1996 and early 1997 will serve as a baseline for comparison with the program structure after two years of welfare reform.

Child Welfare

In Texas, child welfare is largely a state-run program administered by the Child Protective Services (CPS) division of TDPRS. TDPRS was created in 1993 to bring together child protective services, adult protective services, and licensing and regulation of child care providers. TDPRS's primary role is to protect children, the elderly, and persons with disabilities from abuse and neglect. It receives reports of mistreatment, investigates those reports that meet the statutory definitions of abuse or neglect, and provides social services to the victim

and family, including family preservation (in-home) services, removal of children from the home, substitute care, foster care, and adoption.

The CPS program is challenged by the tension between family preservation and child protection. CPS has been criticized on one side for breaking up families when children are removed from their homes, and on the other side for not protecting children adequately when children are left in abusive or neglectful families. The popular perception of the agency is as a broad-based “child welfare” provider concerned with the general well-being of children (e.g., well-fed and clothed, in loving homes, etc.), but the main responsibilities of the agency are limited to “child protection.” For example, TDPRS does not necessarily consider poverty to be a safety risk, and reports of living conditions associated with poverty do not facilitate the opening of a case. This difference results in strained relations between TDPRS and hospitals, schools, and the general public because the latter do not understand why their reports of a child being “dirty” or poorly clothed do not generate a response from TDPRS.

TDPRS was the subject of “sunset” review²⁴ in 1997, which culminated in recommendations included by the legislature in the agency’s reauthorization bill. In response, TDPRS is expanding centralized intake, formulating new guidelines for caseworkers, working to improve permanency planning options and remove barriers to adoption, and revising the way in which services are provided under contract. TDPRS is also addressing its relationships with community organizations and the public. For instance, CPS in Houston now has internal reviews of child deaths, as well as citizens review teams and media child death review panels; and it has initiated a program for volunteer community initiatives, designed to get the community involved and develop an understanding of how the agency operates.

Funding Sources

The major sources of funding for child welfare in Texas are federal funds and state matches for AFDC/TANF, Title IV-B (family preservation and support), Title IV-E (foster care and adoption), Medicaid, and the social services block grant. There are few additional state-sponsored or local government-funded programs, with one exception. In Houston, a county department—Harris County Children’s Protective Services (HCCPS)—adds significant funding and service provision to the system. HCCPS provides \$6 million to \$7 million per year and also receives federal funding for programs. HCCPS provides medical, dental, and residential services to children not served by TDPRS to enhance the efficiency of the TDPRS program.

Service Delivery

In FY 1996, CPS received and referred for investigation 99,780 reports of alleged abuse and neglect in Texas. Statewide, about 45 percent of reports were confirmed as being child abuse; of these cases, more than half were neglect

and almost a third were physical abuse. On average, CPS investigates about 75 percent of the calls it receives.

Texas is moving toward centralized intake for all child welfare cases, with toll-free phone numbers that people can call from across the state. Two or three centers, staffed with bilingual intake workers, will be set up to handle these calls. Also, on September 1, 1996, the state's automated Child and Adult Protective System went statewide. All data related to cases are now computerized, and intake workers type information from calls directly into the computer. When a call from somewhere in the state comes into the central office at Austin and becomes a case, the case then automatically appears on a caseworker's computer screen, at the appropriate local office, with instructions on how to handle it.

Locus of Decisionmaking

Although intake is centralized in about 50 percent of cases so far, state administrators agree that the primary decisionmaking on case management and services to individual families occurs at the local level. Administrators envision the caseworker (in conjunction with a supervisor) continuing to make decisions during investigation and case management regarding what services are needed by a client.

It is anticipated that new guidelines being formulated will tighten the definition of cases to be opened for investigation. In the past two or three years, due to budget cuts and high staff turnover, there have been fewer caseworkers and support staff to deal with incoming calls, leading to concerns that caseworkers are "screening out" calls, a practice that would be facilitated by tighter definitions. However, during the past two or three years, there have also been fewer incoming calls and fewer investigations reported. These reductions may be due to improving economic conditions or decreasing awareness of child abuse in the community. Although state guidelines will establish consistent treatment across most cases, gray areas or borderline cases will still occur, requiring caseworkers to exercise their own discretion. Caseworkers are instructed to consult their local supervisors when interpreting these gray areas.

Decisions on when to remove a child from the home are dictated by specific criteria, as defined in the Texas Family Code, but caseworkers implement this policy. The court is always involved in a decision to remove a child from the home.

Anticipated Impacts of Welfare Reform

The executive director of TDPRS, in a prepared statement on Federal Welfare Reform and Implications for TDPRS, told the Senate Finance Committee about several concerns in regard to changes in the social safety net. For people who go to work, there will be an increased need for traditional and non-traditional child care (evening and other "round the clock" availability) that



will require an accompanying increase in licensing and regulatory activities. In the long term, welfare reform will place greater strain on both the child care industry and families. For people who do not go to work, decreased resources could result in increased incidents of abuse, neglect, and exploitation of children and adults. TDPRS staff expressed general fears about increased child abuse and neglect due to higher poverty and family stress. They also cited some specific effects of welfare reform that might lead to requests for CPS investigations, for instance, (1) homeless families investigated for neglect; (2) food stamp cuts causing hunger; (3) children left home alone due to lack of child care; (4) abandonment due to the child's high mental health costs; and (5) more "throw-away," at-risk adolescents, because families have fewer resources.

Emergency Services and Housing

No public body sets overall policy for homeless services at a state, county, or city level. The Texas Homeless Network, a membership organization of citizens and direct service providers who work with and for homeless people, promotes communication and information dissemination on a statewide basis. The Texas Department of Housing and Community Affairs has primary responsibility at the state level for administering homeless and housing assistance programs. In addition to funds from the U.S. Department of Housing and Urban Development (HUD), Texas has a state-funded program, the Emergency Nutrition and Temporary Emergency Relief Program (ENTERP),²⁵ which provides emergency assistance for utilities, housing, food, and shelter. This program, which served 151,317 people in 1993, is funded through state general revenues and oil overcharge funds, and the contracted service organizations must provide matching funds at least equal to or greater than the ENTERP amount. Texas does not use AFDC-Emergency Assistance monies for homeless services. There is no comparable program to fund shelter providers.

The state allocates funds to city and county governments for services to the homeless. For the most part, cities and counties do not directly administer homeless shelters, although they may provide supportive services, particularly health care. Nonprofit organizations play a large role in filling the gaps. By tapping funds from federal, state, county, and private sources, nonprofits provide services for the homeless, emergency shelter, and transitional housing for homeless families, as well as preventive assistance. One sentiment echoed at both local sites we visited is the need for substance abuse and mental health services. Houston respondents reported that health-related issues (substance abuse, mental illness, and chronic physical ailments) are the number one cause of homelessness.

For the past several years, shortages in affordable housing and long waiting lists for public and assisted housing have made securing and maintaining permanent housing difficult for homeless households. HUD recently rescinded a

requirement that all public housing authorities give preference to homeless families. Giving preferences is now up to local discretion, and the Housing Authority of the city of Houston (HHA) has decided not to give preference to homeless families. Abuse of the system was one reason for ending the preference. People were said to circumvent the long waiting lists by checking into homeless shelters to be certified as homeless. A longer shelter stay requirement curbed abuse, and shelter population counts dropped dramatically. The Housing Authority of El Paso has continued to make homeless families a local priority.

Service Delivery and Capacity

Emergency services and housing are locally based, and capacity varies by community. Houston has successfully expanded funding and services for the homeless, primarily through the collaborative efforts of nonprofit organizations. No public agencies directly operate homeless shelters in Houston; all services are provided by nonprofits. The emergency shelter capacity has steadily increased—in 1997 there are more than 2,500 emergency shelter beds, an increase of almost one-third since 1992.

The homeless population in Houston numbers approximately 15,000.²⁶ Every January since 1992, the Houston Homeless Coalition has conducted an emergency shelter census. The shelter population has remained steady at approximately 2,000, but as noted above, the number of shelter beds is increasing. There is, however, a deficit in shelter beds for women and children. The coalition estimates that an additional 150,000 people are precariously housed—living with friends or family or spending a large portion of their income for rent.

Emergency rental assistance, funded by the federal government, is available in Houston through local churches and Harris County Social Services. Harris County Social Services offers emergency assistance—food, rent, and utility assistance—to families residing in the county. Sources of funds include the Federal Emergency Management Administration, county tax revenue, and state funding from the Texas Department of Housing and Community Affairs. For those who receive housing subsidies, HHA operates a Family Self-Sufficiency program that provides selected Section 8-assisted families with case-managed support services, including child care, transportation assistance, career counseling, job training, and educational assistance. At its housing developments, HHA offers youth programs, infant and child services, and other resident enrichment activities, including GED and job skills training.

In El Paso, emergency services are available, but in a more fragmented fashion than in Houston. The city operates a single room occupancy facility, and the county health department operates a homeless clinic. However, homeless shelters and services primarily are provided by nonprofit organizations. In 1996, the El Paso Department of Social Services allocated \$121,000 in federal Community Development Block Grant monies to the Homeless Coalition, which submitted a proposal on behalf of homeless service organizations in the city. The coalition



also worked with the city to access and distribute federal McKinney funds²⁷ totaling approximately half a million dollars.

A 1991 shelter survey by the city of El Paso estimated there are 4,738 literally homeless.²⁸ There are 15 shelters in El Paso, but each focuses on specific populations—single men, families, the undocumented. Women and children are the primary focus, but the supply is still not adequate. During inclement weather, there is also a shortage of beds for single men. In the winter months, the El Paso Coalition offices serve as a makeshift shelter for 150 people unable to find other shelter.

The homeless population in El Paso differs from that of other cities in Texas. Seasonal farm workers use El Paso as a winter home in order to be closer to their families in Mexico; as temporary workers, if they cannot find adequate employment, they become homeless. Also living there are a large number of “mixed families,” in which children are legal U.S. residents while their mothers are not—a phenomenon peculiar to El Paso and other border cities. In these situations, providers must deal with families that are homeless but have limited access to publicly funded social services. A number of small shelters, usually run by religious organizations, serve the undocumented. In addition, a large number of marginally housed residents live in substandard or overcrowded housing in El Paso or in the nearby *colonias*, which have limited or no access to potable water, waste water disposal, or electricity.

The county provides emergency General Assistance and nonprofit and religious organizations offer rent and utility assistance, but funds are limited and may be depleted at certain times during the year. For those residing in public housing, the El Paso Housing Authority (EHA) provides a large number of social services, such as substance abuse prevention, recreational activities, and day care, in partnership with other agencies.

Innovations and Challenges

The previous sections demonstrate through numerous examples that changes and innovations in administrative practices and service delivery structures were occurring in Texas before federal welfare reform. In this final section, we step back from particular programs and practices to present a larger picture of government reengineering and innovations already under way in Texas, and the challenges the state perceives as it addresses the needs of children and families. We cover devolution of responsibility to local governments, changes in governmental operations, privatization, and the implications of welfare reform. It is important to note that Texas was already implementing a welfare reform plan of its own prior to the passage of federal welfare reform, and that some of the most significant effects of the federal legislation for Texas relate to benefit cuts for noncitizen immigrants rather than to structural changes in the welfare program.

Devolution of Responsibility to Local Governments

Texas has a state-administered system for income support, child support, and child welfare programs. Policies for these programs are uniform across the state. However, state programs have limited funding in Texas, and a great deal of support to individuals and families occurs at the local level, provided by programs with their own tax bases—local hospital districts and independent school districts, as well as nonprofit organizations. In contrast to state-operated programs, these programs receive little state oversight.

A major shift in state-local responsibility began in 1995, when the legislature transferred authority for job training and employment programs from a

state-operated system to one run by 28 regional workforce development boards. These regional boards will receive block grants for employment and training and child care to serve their workforce development areas. While this devolution supports the state's commitment to developing a workforce system that is responsive to local labor market conditions, it poses challenges to meeting statewide standards for TANF funding. Income support and JOBS are now administered by different state agencies, one with uniformity across the state and the other with local adaptations of job training and employment services. Income support administrators focus on moving AFDC/TANF recipients quickly to work, while employment and training providers serve a much broader customer base. In order to meet their objectives, local Career Centers cannot target all of their energies and resources on AFDC/TANF recipients. They must consider employers' needs for a well-trained workforce and workers' needs for long-term employment success as well as short-term job placement. However, if the Career Centers are successful and are used extensively by employers, the workforce development system may prove to be very helpful to AFDC/TANF recipients as well.

Governmental Operations and Innovation

Texas takes government performance seriously. Since 1991, the comptroller of public accounts has been authorized by the state legislature to conduct performance reviews of state government on an ongoing basis. This work is based "on the belief that state government should be scoured for every possible taxpayer saving and opportunity for improvement."²⁹ The Texas Performance Review has evolved over the years from a fairly closed process to a more collaborative and collegial activity. Recommendations are drawn from state agencies and community providers, including models and best practices identified in other states. The Texas Performance Review (TPR) reports that result from this process contain hundreds of proposals and recommendations. Innovations from previous TPRs include the Lone Star Card (first proposed in 1991) and the Council on Competitive Government (suggested in 1993). The Lone Star Card, an electronic benefits card that operates like a bank card for recipients of food stamps and cash benefits, has been in use statewide for over a year. It eliminates cash transactions for food. AFDC recipients can withdraw cash benefits using the card, which replaces AFDC/TANF checks. The 1996 Texas Performance Review included recommendations to strengthen adult literacy education, including consolidation with workforce development programs, improved literacy assessment for workforce development participants, and improved tracking of participant progress and results.

Using the same approach as in the performance review process, the comptroller of public accounts obtained broad input and developed proposals to reform welfare in Texas. *A Partnership for Independence*, issued in January

1995, included proposals to establish individual development accounts, one-time diversion, and fill-the-gap budgeting, all of which were incorporated as pilots in the state's welfare reform program.

Government versus Privately Provided Services

Texas has received a lot of attention recently because of its proposed privatization of its health and human services eligibility determination and enrollment systems. This new system, the Texas Integrated Enrollment System (TIES), would have integrated and streamlined eligibility determination for approximately 15 programs, including AFDC/TANF, Food Stamps, and Medicaid. This project was originally proposed by the Council on Competitive Government, an independent state agency organized at the suggestion of TPR.

Officials in Texas emphasized that their objective was not to contract out government functions arbitrarily, but rather to improve efficiency and customer service in government through increased competition. Contracting with private, for-profit companies for Medicaid claims processing, child support payment tracking, and other information systems requirements are already accepted practices in Texas government.

The proposed privatization of TIES differed from other privatization initiatives because the functions to be contracted out were traditionally carried out by state employees. This change raised two concerns: the potential loss of jobs for state employees, and the appropriateness of having private rather than public employees make decisions related to program eligibility. The potentially large size (estimated at \$2.8 billion over seven years) of the TIES privatization contract attracted major private corporations, such as EDS and Unisys and Lockheed-Martin and IBM, in partnership with state agencies as part of the bidders' teams (Texas Department of Human Services with EDS, and Texas Workforce Commission with Lockheed-Martin). Implementation of the contracting process for TIES was delayed for nine months pending federal approval of a draft Request for Offers. In May 1997, the Clinton administration ruled that privatization of Food Stamp and Medicaid eligibility was not allowable under federal law. At about the same time as the federal administration's ruling, the Texas legislature was reshaping the TIES project. H.B. 2777, which was enacted in June 1997, directs HHSC to coordinate the TIES effort in consultation with TDHS, TWC, and TDH. As a result, TDHS and TWC have terminated their teaming arrangements with private sector vendors. Recommendations developed by TDHS in partnership with EDS during the bidding process will serve as a starting point for the reengineering efforts required in the \$3.7 million, 15-month contract awarded to EDS.³⁰ Thus, Texas has turned to an incremental approach for integrating and improving eligibility systems and will build upon lessons learned and innovations proposed during planning of the TIES procurement.



In other areas of human services, Texas has contracted out for direct service delivery in job training, job search, day care management, and substitute care in child welfare. Most contractors are nonprofit organizations. In child welfare, the Work Group on Competitive Procurement began drafting guidelines for contracting out substitute care. The reauthorization legislation for TDPRS included language stating that TDPRS must design and implement a pilot program for competitive bidding by September 1998. Under the current system, the state places a child in care and pays the substitute caregiver as costs are incurred. The task force is considering a system in which caseworkers maintain case management responsibility, but contract for a set amount of care with a set cost by a specific provider under a competitive bid. In this way, the state would purchase a set amount of service at a given price, limit the number of providers, and hopefully, improve the quality of providers. In child welfare, as in other areas, Texas continues to explore ways to provide services in a more cost-effective manner.

Implications of the New Federal Welfare Reform Legislation

Many Texas state officials interviewed for this study view federal welfare reform as devolution in name more than in deed. Texas had already passed its own welfare reform legislation and was in the process of statewide implementation at the time that federal welfare reform was enacted. The state's TANF plan proposes to continue the waivers that were in place prior to the federal legislation, which include implementing the tiered time-limit system, counting education as satisfying the work requirement, and not applying sanctions to the children's part of the benefit. State officials view these provisions as better tailored to their state's needs and more supportive of children, a "kinder and gentler" welfare reform. The state will, however, be bound by the five-year lifetime limit in the federal law, and elimination of the federal welfare entitlement is a serious concern in Texas, which has limited state-funded support systems.

Other aspects of the federal 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), such as those related to child support and benefit restrictions for legal, noncitizen immigrants, are viewed as overly intrusive in state operations and decisionmaking. The block granting of funds to the state is consistent with what Texas has been planning for its Workforce Development Boards, but the restrictions on block grant spending and the fact that employment and training funds have not been block-granted result in less flexibility than the state would like.

Texas block grant funds will exceed what the state would have received through the 1998–99 biennium absent federal welfare reform; and a number of key decisions in the 1997 legislative session related to how the state should use this windfall, estimated to be about \$390 million. The Center for Public Policy Priorities, a nonprofit policy organization in Austin, prepared a com-

prehensive package of suggestions, incorporating some state agency proposals, aimed at using TANF funds to better prepare AFDC families for employment and assure long-term self-sufficiency. The governor's office also prepared recommendations on how the surplus TANF funds could be spent. The Legislative Budget Board provided ongoing briefings, summary documents, and clarifications to the House Appropriations Committee as it developed the TANF allocation plan.

Ultimately, part of the TANF surplus was used to expand welfare-to-work initiatives and support child welfare services, but part of the surplus was also used to replace state funds diverted from TANF-related programs. About 39 percent of the surplus (or \$152 million) was used to free up general revenue and federal Title XX funds to be spent in other areas of the budget. For example, TANF funds will replace some general revenue funds in the family planning program and the JOBS program. About 32 percent of the surplus (or \$126 million) was allocated to welfare-to-work services and income security for welfare families. These funds will be used to expand the number of slots in the JOBS program, support several job training and job retention initiatives, expand adult literacy and basic education services, continue the \$50 child support pass-through, and provide services to teen parents. Another 16 percent of the surplus (\$63 million) was allocated to child welfare services. About 6 percent of the surplus (\$25 million) was set aside as a contingency to fund caseload growth, and 8 percent of the surplus (\$30.9 million) was allocated to cover 1997 budget shortfalls related to TANF in three state agencies: TDHS, TDH, and TDPRS.³¹

In addition to the TANF windfall, Food Stamp benefit cuts and restrictions on benefits to immigrants were the areas of most concern as Texas responded to the federal legislation. There were no plans to use state funds to cover those denied benefits under federal welfare reform. Child support was also heavily affected by the federal legislation, particularly with respect to reporting and data systems requirements.

Child Support

Federal child support enforcement statutes were extensively revised and will require changes to Texas statutes and procedures to comply with new federal requirements. The state must develop a central case registry to track the status of child support orders (to be linked to a federal registry), a directory of new hires for all employers, and a central disbursement unit for all wage-withholding payments. Federal welfare reform may force the Office of the Attorney General (OAG) to address state funding of child support administration, rather than the current system of self-funding. Changes in the distribution of child support collections under the new law may have adverse impacts on the child support program's revenues. Specifically, the provisions that require payment of pre- and post-assistance arrears to the family before the state government is reimbursed are likely to cause a decline in program income. As noted earlier,



TANF funds will be used to pay for the decision of the Texas legislature to continue passing through the \$50 of collected child support to TANF families and to disregard the \$50 in calculating benefit levels.

Automation is a top priority with OAG, and a pressing challenge as a result of federal welfare reform. The Texas Child Support Enforcement System required by the federal government in the Family Support Act of 1988 was scheduled to be completed by February 1997. However, the distribution changes required under PRWORA will require major design changes and increased expenditures on the system. The new hire directory and the state registry will also require significant resources. Implementation of welfare reform is expected to result in \$27 million in additional costs in 1998–99 and \$40 million in total costs to the child support program over the next five years. Forty percent of these costs are related to the distribution changes and the state registry.

Implications for Immigrants

The federal welfare reform law contained a number of restrictions on benefits to immigrants. For the first time, receipt of public benefits depended on citizenship status, not legal presence. The law created a new status category, “qualified aliens,” which determines whether or not noncitizens are eligible for benefits. The welfare reform law made most qualified aliens (legal immigrants) already residing in the United States ineligible for SSI and food stamps, and it barred immigrants entering after August 22, 1996, from receiving federal means-tested benefits for five years after entry. Exceptions to some benefit restrictions were made for refugees, asylees, noncitizens who are U.S. military veterans or spouses or children of military veterans, and (in the cases of SSI and food stamps) noncitizens who could prove they had worked at least 10 years in the United States. Under an option in the federal welfare law, Texas chose to continue providing TANF, Medicaid, and Title XX benefits for qualified aliens already residing in the United States as of August 22, 1996. Immigrants who enter after August 22, 1996, however, are barred permanently from receiving TANF in Texas.

Responses during our site visit interviews in December 1996 and January 1997 reflected the understanding that both food stamps and SSI would be denied to legal immigrants. At that time, HHSC had estimated that 38,000 legal immigrants would lose SSI, for a total loss of \$130 million in benefits per year, and that 141,000 legal immigrants would lose food stamps, for a total loss of \$122 million in benefits. These numbers were based on July 1996 caseload data.³²

Since our interviews, the federal Balanced Budget Act (H.R. 2051) was signed into law in September 1997. The 1997 Budget Act restored SSI benefits to all elderly and disabled legal immigrants who were receiving SSI on or before August 22, 1996, and restored eligibility for disabled immigrants only (not elderly nondisabled) who entered the United States before August 22, 1996, but applied for benefits after August 22, 1996. Legal immigrants entering the coun-

try after August 22, 1996, remain ineligible. A new state food stamp initiative, announced in October 1997, will provide food assistance to elderly and disabled immigrants who lose federal food stamp benefits.

Medicaid

The 1997 Texas legislature appropriated funds to provide Medicaid for legal immigrants who would otherwise have qualified for but were denied SSI by the noncitizen provisions of the federal welfare law. A rider to House Bill 1, the 1998–99 biennial appropriations bill, authorized the creation of a new Medicaid category for legal immigrants losing SSI. This new Medicaid category, however, has not been implemented because of the restoration of SSI benefits in the 1997 Budget Act. One group whose benefits were not restored by the Budget Act—legal immigrants already in the United States before August 22, 1996, who are elderly but not disabled—are likely to be ineligible for both SSI and Medicaid in Texas, unless the state implements the H.B. 1-authorized Medicaid category for them. Currently, a relatively small number of legal immigrants fall into this category, and it may be difficult to bring the issue to the attention of state policymakers until more immigrants age into this group.

Food Stamps

While the 1997 Balanced Budget Act restored SSI benefits for most legal immigrants, food stamp restrictions remain in effect. Many immigrants in Texas are poor working families, and food stamps play an important role in the state's safety net. The actual number of individuals losing food stamps, as of September 1997, was 121,000 (compared to HHSC's original estimate of 141,000). There was a 72 percent decrease in the number of legal immigrants receiving food stamps between July 1996 and September 1997. September 1, 1997, was the final cutoff date in Texas. Accounting for new cases, naturalizations, and the overall downward trend in food stamp reciprocity, the estimated number of Texas legal immigrants losing food stamps as a result of PRWORA provisions is just under 112,000.³³

The human and economic costs of these cuts will be felt disproportionately in parts of the state with high concentrations of immigrants, including our study sites. According to TDHS data, El Paso County accounted for 20 percent (24,000) and Harris County (Houston) for 12 percent (15,000) of the decline in the number of legal immigrants receiving food stamps. These two counties together absorbed 32 percent of the cuts. Five other border counties—Cameron, Hidalgo, Maverick, Starr, and Webb—together absorbed another 37 percent of the cuts. Because counties do not have General Assistance programs, the impact of the cuts will be felt primarily in local economies, not local government budgets.

Under the federal welfare law, legal immigrants can retain food stamps eligibility if they prove they—or their spouses, or parents when they were under 18—worked at least 10 years in the United States (or 40 “qualifying quarters” in official terminology). TDHS worked closely with the SSA to help immigrants



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find official Social Security records of 40 qualifying quarters for themselves, spouses or parents. Immigrants who signed an affidavit that they worked 40 quarters were given a six-month Certification Pending Verification, while the Social Security Administration (SSA) checks employment records. The temporary certification may be extended if SSA cannot check records within six months. At our local site visits, it was apparent that TDHS eligibility workers had been trained in the determination process and worked with applicants to ensure that they received credit for qualified quarters of work. Attempts to retain food stamps for legal immigrants by proving 40 qualifying quarters were partially successful: 34,000 legal immigrants who received food stamps in July 1996 retained benefits in September 1997 (although this number includes refugees, asylees, and veterans, who were exempt from the cuts).³⁴ Seasonal farm workers have had a particularly difficult time proving qualifying quarters of work. They are often employed through informal contracts, with no Social Security earnings records for their work. Texas Rural Legal Aid has worked with legal immigrant farm workers to prove work histories for purposes of continuing food stamp eligibility.

Food stamp benefit cuts have also affected able-bodied, childless adults ages 18 to 50 who are not working at least 20 hours per week. According to TDHS, the number of 18- to 50-year-old food stamp recipients statewide fell by 51 percent—from 79,600 to 38,600—between July 1996 and September 1997. Texas applied for and received a waiver from this provision of the federal welfare law for counties with unemployment over 10 percent; this waiver exempted all counties along the border and some rural areas of the state. This waiver significantly softened the impact of the legal immigrant food stamp cuts on border counties; for example, the number of 18- to 50-year-old food stamp recipients fell by only 4 percent in El Paso, compared to 65 percent in Harris County.³⁵ Some refugees, however, have lost food stamps because of this provision. Many single refugees, who are exempt from the legal immigrant restriction on food stamps, rely heavily on food stamps during their first few years in Texas, when they have difficulty obtaining work because they arrive with significant language barriers. Most refugees in Texas live in the Houston and Dallas-Fort Worth metropolitan areas, where low unemployment rates mean that the food stamp restrictions for 18- to 50-year-old able-bodied adults are in effect.

While some individuals may be cut off entirely from food stamps, some families may experience partial benefit reductions. Immigrant communities in Texas, especially in border cities such as El Paso, have a large share of “mixed households,” in which some members may be citizens, some may be refugees, and some may be qualified legal immigrants who meet the 40 quarters exemption. Others in the household, such as legal immigrants who do not meet the exemptions or undocumented immigrants, may be ineligible for benefits.

On October 8, 1997, Governor Bush, after consulting with Lt. Governor Bob Bullock and Speaker Pete Laney, announced a state-funded program to partially

restore food stamps to legal immigrants. Texas will provide up to \$18 million in state general revenue to restore food assistance for about 28,000 elderly and disabled legal immigrants. There is, as yet, no firm implementation date for this initiative, but state analysts are looking toward early 1998. The state has no other program to provide benefits for the estimated 75,000 to 80,000 nonelderly, nondisabled legal immigrants who lost food stamps between August 1996 and September 1997.

Citizenship services

One strategy for responding to the restriction on immigrants' eligibility for benefits is to promote or provide assistance in naturalization. Currently there is no public funding for naturalization services in Texas; however, recently there was a small state-funded program as well as some federal State Legalization Impact Assistance Grant (SLIAG) funding for citizenship. The Texas Office of Immigration and Refugee Affairs (TOIRA), which operates the state's refugee program, administered state-funded citizenship programs. Citizenship services are currently funded by foundations, and by religious and other private sources; they are delivered by a network of nonprofit and for-profit organizations.

The number of citizenship applications in Texas jumped in 1995, when many aliens who had been legalized under the IRCA (Immigration Reform and Control Act) amnesty provisions became eligible for citizenship. In FY 1995, more than 47,000 persons in Texas became naturalized citizens, compared to just over 25,000 in 1994.³⁶ Applications jumped again in 1996 after the signing of the federal welfare bill, but decreased during the summer of 1997 when the U.S. Congress restored SSI benefits in the Balanced Budget Act. Data provided by TDHS report that just over 7,000 legal immigrants receiving food stamps were naturalized between July 1996 and September 1997.

Challenges/Capacity

In some ways, Texas had a head start on welfare reform by passing its own legislation in 1995, thus initiating the processes of restructuring the workforce system, training caseworkers on the new self-sufficiency requirements, and changing the message to recipients. In fact, during our local visits, it was clear that caseworkers recognized the changes in the system and were encouraging clients to actively seek work or training. Texas is a low-benefit state, recipients are motivated to work, and the economy is good. There are significant challenges, however, especially with respect to meeting federal participation requirements and the five-year limit on benefits. Many welfare recipients in Texas have low educational attainment and little work experience and will require more intensive training and preparation for work. JOBS, the job training program for welfare recipients, has historically been underfunded by the state,



and the restructuring of the workforce development system is still in its early stages.

The state faces particular challenges in coordination between workforce development and welfare reform, in dealing with the effects of Food Stamp cuts, and in lacking local General Assistance programs as backup. As mentioned earlier, the coordination problems between TWC and TDHS are partly due to the transition as the workforce development system is implemented, but there are also differences in the missions of the two programs. There have been difficulties in cooperation and coordination between TDHS and TWC staff on the JOBS program, despite the fact that some of the workers used to work for the same agency (TDHS, before TWC was formed). Sharing of information has been difficult because the eligibility database is located at TDHS, and TWC-JOBS staff at other locations are often not connected to that database. The long delay in moving forward on TIES and the fact that TDHS and TWC were both intending to bid on the TIES proposal generated competition between the two agencies and staff morale problems in both agencies. These coordination difficulties may be temporary in nature, but they place the state in a more difficult position with respect to federal welfare reform than if the workforce restructuring and TIES had been “up and running” a year ago.

In terms of support for those losing benefits, Texas does not have a state General Assistance program; Harris County (Houston) is the only local jurisdiction providing a cash General Assistance program, but it is limited to temporary assistance for disabled persons. Harris County has an extensive program, but other counties have more limited programs for emergency food, rent, and utility assistance. Legal residents (both citizens and noncitizens) will likely continue to be eligible for these programs.

Food stamps are a large component of the safety net in Texas because the state has a large share of working poor families and low AFDC benefits. The Food Stamp cuts will reduce business at food stores and other local merchants. In fact, there is a sense in Texas—especially in areas with high concentrations of immigrants—that the communities stand to lose financially as large sums of federal benefits are withdrawn as a result of welfare reform.

Implications for Nonprofits

Nonprofit organizations are concerned about sharing information and the state’s capacity to assist those who lose benefits. Nonprofits are not kept regularly informed by the state on welfare reform changes, and local providers often hear conflicting information from their clients. As a result, nonprofits at the state level, as well as those in Houston, have taken a greater role in informing local nonprofits, service providers, and the public. State-level nonprofit organizations such as United Way and Catholic Charities are currently engaging in forums with local community service organizations across the state to prepare them for welfare reform. The city of Houston has welfare reform on its legisla-

tive agenda, and Houston's Chamber of Commerce has made welfare reform a work plan item.

On the issue of devolution, nonprofits point out that the complicated accounting that the federal and state governments require is affecting their agencies. They are not seeing more flexibility (with devolution). Rather, they indicate that there are still many strings attached to government funding—although the programmatic side may be more flexible, the financial side is stricter than it used to be (e.g., accounting for spending separately for each funding agency and certifying that funds are not used for lobbying).

Emergency service providers, many of whom are nonprofit organizations, are anticipating an increase in demand as welfare changes proceed. At the time of our site visits (December 1996 and January 1997), it was too early to see noticeable local impacts, because benefits had not yet been cut. Representatives of nonprofit organizations anticipate that immigration and refugee services will experience the greatest impact from welfare reform. The U.S. Catholic Conference has expanded naturalization services considerably, but many immigrants who will not be reached or are not yet eligible to naturalize will lose benefits. Most respondents expect the effects of welfare reform to be most apparent at community food banks, social service and church organizations that provide assistance with rent and utility bills, and county hospitals that serve the indigent. The state is encouraging religious organizations to assist in welfare reform, and the governor's Advisory Task Force on Faith-Based Community Service Groups produced a report, "Faith in Action," in December 1996.



Conclusion

Texas has a commitment to government efficiency and low taxes, as well as a long history of limited government spending. Welfare reform was implemented in Texas in part to “restore the public trust” by restructuring an unpopular program in order to move families to self-sufficiency. The healthy economy in the state and additional funding from the Temporary Assistance to Needy Families program provide opportunities for Texas to invest more in its new welfare and workforce development systems and move many families off welfare and into jobs with a future.

But despite a generally favorable political climate toward immigrants and a large budget surplus, the state continues to limit spending on social programs in favor of tax cuts. Although Governor Bush’s foremost policy initiative, a substantial restructuring of the tax system including \$1 billion in net tax relief, was not passed by the legislature, the legislature did pass H.B. 4, an increase in the homestead exemption, which resulted in a property tax cut of the same magnitude. The legislature authorized appropriation of \$1 billion in state revenues to replace reduced school property taxes.

The Texas workforce development system will test some of the principles of devolution. Will local workforce development boards evolve differently across the state, reflecting the needs of local employers and workers? Will such locally tailored systems be more successful in working with employers and in moving families to self-sufficiency? Certain communities in Texas, particularly El Paso, provide a microcosm of the greatest challenges to making welfare reform work. With high unemployment, low education levels, many workers with limited English, and many noncitizen immigrants who will lose benefits, the safety net is already stretched very thin. It will be important to watch for innovative

approaches to providing job opportunities and income support to families in the El Paso area. It will be equally important to see how systems (federal, state, and local) respond when families reach their time limits, and the needed training and employment opportunities either are not available or are not successful in achieving family self-sufficiency.

Notes

1. Background paper prepared for the *Assessing the New Federalism Project*. Austin, Texas: Center for Public Policy Priorities, November 1996.
2. Legislative Budget Board. *Texas Fact Book*, 1996.
3. The reason for this windfall is that the new federal law allocates TANF block grant funds to states based on spending in FY 1994. Because its AFDC caseload declined significantly since 1994, Texas will receive more funds under TANF than needed to continue programs at their pre-TANF level.
4. Marcia Kinsey. *Privatization*. Austin, Texas: Center for Public Policy Priorities, 1997.
5. Data from Web site: state.tx.us/lbb/members/reports/factbook/FBSBO.htm
6. National Association of State Budget Officers State Expenditure Report.
7. Background paper prepared for the *Assessing the New Federalism Project*. Austin, Texas: Center for Public Policy Priorities, November 1996.
8. In 1995, 18 states required localities to share the costs of AFDC benefit administration, and 11 states required localities to share the costs of AFDC benefits.
9. Ways and Means Committee, U.S. House of Representatives. *Overview of Entitlement Programs—Green Book*, 1996.
10. See J. Wiener, A. Evans, C. Kuntz, and M. Sulvetta. *Health Policy in Texas: Issues and Challenges*. Washington, D.C.: Urban Institute, 1997.
11. Sheila Zedlewski and Linda Giannarelli. *Diversity among State Welfare Programs: Implications for Reform*. Urban Institute Policy Brief, Series A, No. A-1. 1997.
12. Because food stamp benefit amounts depend on income, including cash welfare benefits, food stamp benefits are greater for recipients residing in states with low welfare benefits.
13. Texas Workforce Development Legislative Oversight Committee. "Work in Progress." Austin, Texas. December 31, 1996, p. 4.
14. Texas Council on Workforce and Economic Competitiveness. *The Changing World of Work: A Strategic Plan for Building a World-Class System for Workforce Education and Training*. June 1994, pp. 4–7.
15. Patrick Bresette and Marcia Kinsey. *Welfare to Work Programs*. Austin, Texas: Center for Public Policy Priorities, September 1997.
16. Texas Department of Human Services. *1995 Annual Report*, p. 38.
17. Self-arranged caregivers must be at least 18 years of age and satisfy one of two requirements: (1) be regulated by TDPRS or another state or local governmental entity; or (2) be a grand-parent, aunt, or uncle of the eligible child.
18. This figure does not include children in Head Start or public school prekindergarten programs. In 1996, 54,000 children were served by Head Start and 115,000 children were served by public school kindergartens. However, these children may have been receiving or in need of subsidized child care as well. No unduplicated count is available.
19. Texas Office of the Attorney General. *Child Care Resource Packet*. October 1996, p. 4.
20. Ways and Means Committee, U.S. House of Representatives. *Overview of Entitlement Programs—Green Book*, 1996, 1993.
21. Information in this section is taken in large part from J. Wiener, A. Evans, C. Kuntz, C., and M. Sulvetta. *Health Policy in Texas: Issues and Challenges*. Washington, D.C.: Urban Institute, 1997.
22. TDHS *Annual Report*, 1995.

23. This proposal was under consideration at the time of our site visit. Subsequently, the Texas legislature did allocate \$6 million in TANF funds for this purpose to the Texas Workforce Commission for the FY 1998-99 biennium.
24. Sunset review is a periodic review in which the legislature reexamines the existence of an agency and considers reauthorization of funds.
25. Texas Health and Human Services Commission. *Health and Human Services in Texas: A Reference Guide*, May 1993.
26. 1996 State of Texas Consolidated Plan.
27. Refers to the Stewart B. McKinney Homeless Assistance Act of 1987.
28. 1996 State of Texas Consolidated Plan.
29. John Sharp, Comptroller of Public Accounts. *Disturbing the Peace: A Report from the Texas Performance Review*. Austin, Texas. December 1996, p. iii.
30. Marcia Kinsey. *Privatization*. Austin, Texas: Center for Public Policy Priorities, 1997.
31. *The Policy Page*. Austin, Texas: Center for Public Policy Priorities, August 1, 1997.
32. Texas Health and Human Services Commission. "1996 Federal Welfare Reform: Major Implications for the State of Texas." Report of the Texas Interagency Workgroup on Welfare Reform. Austin, Texas. November 1, 1996.
33. Texas Department of Human Services, "Data by County on Food Stamp 18 to 50 Year-old Able-bodied and Legal Immigrant Recipients: Comparison of July 1996 and September 1997 Food Stamp Recipients."
34. Texas Department of Human Services, "Food Stamp Program in Texas: Legal Permanent Residents: July 1996 Group's Status in September 1997."
35. Texas Department of Human Services, "Data by County on Food Stamp 18 to 50 Year-old Able-bodied and Legal Immigrant Recipients: Comparison of July 1996 and September 1997 Food Stamp Recipients."
36. Texas Department of Human Services, Office of Immigration and Refugee Affairs, "Immigrants in Texas," 1996.

APPENDIX

List of Interview Sources

State Level Respondent Agencies/Organizations

Comptroller of Public Accounts: Texas Performance Review

Legislative Budget Board

Legislative Staff

Including staff of the House Human Services Committee, Senate Finance Committee, staff to legislators involved in workforce development, welfare reform, child care, and public health

Governor's Policy Office—Health and Human Services

Health and Human Services Commission

Texas Department of Human Services

Executive staff for income support programs including eligibility, quality assurance, welfare reform, and regional operations

Texas Office of Immigrant and Refugee Affairs

Attorney General's Office—Child Support Program

Texas Commission on Workforce and Economic Competitiveness

Texas Workforce Commission

TWC Commissioners Office

JOBS and JTPA staff

Child Care

Trade Adjustment Assistance Program

Head Start Collaboration Project

Texas Department of Health—Teen Pregnancy

Texas Department of Housing and Community Affairs

Texas Homeless Network

United Way of Texas

Texas Catholic Conference

Texas Catholic Health Facilities

Texas Rural Legal Aid

Texas Legal Services Center

Center for Public Policy Priorities

Center for the Study of Human Resources, LBJ School of Public Affairs,
University of Texas

Local Respondent Agencies/Organizations: Houston

Houston-Galveston Area Council of Governments
Office of the Harris County Judge
Texas Department of Human Services
 Regional Office management staff and caseworkers
Harris County Social Services Department
Texas Department of Protective and Regulatory Services
 Regional Office Staff—child protective services
Harris County Children’s Protective Services
Gulf Coast Careers—Harris County Private Industry Council
Houston Works
Child Care Management Services
Neighborhood Centers, Inc. (child care)
Catholic Charities
United Way of Texas Gulf Coast
Houston READ Commission
Interfaith Ministries
Annie Casey Mental Health Initiative
Houston Urban League
Housing Authority City of Houston
Coalition for the Homeless of Houston/Harris County
Planned Parenthood of Houston and Southeast Texas

Local Respondent Agencies/Organizations: El Paso

Texas Department of Human Services
 Regional Office management staff and caseworkers
Texas Department of Protective and Regulatory Services
 Regional Office Staff—child protective services
Upper Rio Grande Private Industry Council
El Paso YWCA
Social Service Department, City of El Paso
El Paso Coalition for the Homeless
United Way of El Paso County
Project VIDA
Communities in Schools
Housing Authority of the City of El Paso
Mexican American Legal Defense and Education Fund
Texas Rural Legal Aid
Family Planning Clinic, R.E. Thomason Hospital

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Errata

Several published *State Reports* and *Highlights* include an error in Table 1, “State Characteristics.” Incorrect figures were included for noncitizen immigrants as a percentage of the population. Corrections were made on August 13, 1998 to both the HTML and PDF version of these reports on the *Assessing New Federalism* website.

Correct figures for 1996

	Noncitizens as a Percent of the Population
UNITED STATES	6.4%
Alabama	0.9%
California	18.8%
Colorado	5.1%
Florida	10.0%
Massachusetts	5.4%
Michigan	2.3%
Minnesota	3.0%
Mississippi	0.9%
New Jersey	8.8%
New York	11.9%
Oklahoma	1.5%
Texas	8.6%
Washington	4.3%
Wisconsin	2.1%

Source: Three-year average of the Current Population Survey (CPS) (March 1996-March 1998, where 1996 is the center year) edited by the Urban Institute to correct misreporting of citizenship.

The error appears in the following publications:

State Reports:

Health Policy: Alabama, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington

Income Support and Social Services: Alabama, California, Massachusetts, Michigan, Minnesota, Texas, Washington

Highlights:

Health Policy: Alabama, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Oklahoma, Texas, Washington

Income Support and Social Services: Minnesota, Texas



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