

By: Hughes

S.B. No. 1871

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Texas Empowerment Account pilot program for assisting certain recipients of public benefits in achieving self-sufficiency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle C, Title 2, Human Resources Code, is amended by adding Chapter 37 to read as follows:

CHAPTER 37. TEXAS EMPOWERMENT ACCOUNT PILOT PROGRAM

Sec. 37.001. DEFINITIONS. In this chapter:

(1) "Comptroller" means the comptroller of public accounts.

(2) "Eligible expense" means an expense for which a program participant may use money under the pilot program in accordance with rules adopted by the commission and comptroller.

(3) "Family" means individuals residing in the same household, with at least one parent or guardian and one child under the age of eighteen.

(4) "Financial assistance benefits" means money payments under the Temporary Assistance for Needy Families operated under Chapter 31 or under the state temporary assistance and support services program operated under Chapter 34.

(5) "Pilot program" means the Texas empowerment account program established under this chapter.

(6) "Program participant" means a family enrolled in

1 the pilot program.

2 (7) "Self-sufficiency" means:

3 (A) being employed in a position that pays a wage
4 at least equal to 130 percent of the federal poverty level; and

5 (B) having financial savings in an amount at
6 least equal to \$1,000.

7 (8) "Supplemental nutrition assistance benefits"
8 means money payments under the supplemental nutrition program
9 operated under Chapter 33.

10 (9) "Work" means paid private or public sector
11 employment, including a paid apprenticeship.

12 Sec. 37.002. PURPOSE. The purpose of the pilot program is
13 to assist low-income families in gaining permanent
14 self-sufficiency and eliminating the need for financial
15 assistance, supplemental nutrition assistance, and other
16 means-tested public benefits, notwithstanding the limitations and
17 requirements of Section 31.043.

18 Sec. 37.003. ESTABLISHMENT OF PILOT PROGRAM. (a) The
19 comptroller, in collaboration with the commission, shall establish
20 and administer the pilot program to provide up to 1,000 families
21 with funding for eligible expenses through individual empowerment
22 accounts.

23 (b) The program must operate for at least 12 months but not
24 more than 24 months.

25 Sec. 37.004. TEXAS EMPOWERMENT ACCOUNT PROGRAM
26 FUND. (a) The comptroller shall establish and administer the
27 Texas empowerment account program fund as a dedicated account in

1 the general revenue fund.

2 (b) The fund consists of:

3 (1) money appropriated, credited, or transferred to
4 the fund by the legislature;

5 (2) money appropriated to the fund from federal block
6 grants, including the Temporary Assistance for Needy Families
7 (TANF) block grant and the Title XX Social Services block grant;

8 (3) gifts, grants, and donations contributed to the
9 fund; and

10 (4) any other money available for the purposes of the
11 pilot program.

12 (c) Each quarter, the comptroller may deduct an amount from
13 the Texas empowerment account program fund to cover the
14 comptroller's costs of administering the program. The annual amount
15 deducted may not exceed three percent of the fund for the fiscal
16 year.

17 (d) Each quarter, the comptroller shall disburse to each
18 family service organization participating in the pilot program an
19 amount from the Texas empowerment account program fund to cover the
20 organization's cost of administering the program. The annual amount
21 disbursed between all of the family service organizations may not
22 exceed five percent of the fund for the fiscal year.

23 Sec. 37.005. GIFTS, GRANTS, AND DONATIONS. The
24 comptroller may solicit and accept gifts, grants, and donations
25 from any public or private source for any expenses related to the
26 administration of the program, including the initial
27 implementation of the program.

1 Sec. 37.006. FAMILY ELIGIBILITY. (a) A family is
2 eligible to participate in the pilot program if:

3 (1) at least one member of the family:

4 (A) is a recipient of financial assistance;

5 (B) is at least 18 years of age and not older than
6 62 years of age;

7 (C) is willing, physically able, and legally
8 able to work for at least 20 hours per week; and

9 (D) except as provided by Subsection (b), works
10 at least 20 hours per week;

11 (2) the family's total household income meets the
12 eligibility requirements for supplemental nutrition assistance
13 benefits; and

14 (3) the family includes at least one member who is a
15 dependent child and is at least six years of age and not older than
16 18 years of age.

17 (b) A program participant may maintain program eligibility
18 for a period of four weeks without meeting the work requirement in
19 Subsection (a)(1)(D).

20 (c) Income earned and program benefits received by a program
21 participant is included as income for purposes of determining
22 eligibility for any other means-tested public benefits program
23 providing financial assistance.

24 (d) A program participant is not eligible to receive
25 financial assistance benefits while participating in the pilot
26 program.

27 (e) A program participant may remain enrolled in the pilot

1 program through the conclusion of the program.

2 Sec. 37.007. ANNUAL PROGRAM ASSISTANCE AMOUNT. (a) The
3 annual program assistance amount allocated to a program participant
4 is equal to the amount of financial assistance benefits and
5 supplemental nutrition assistance benefits the participant would
6 be eligible to receive if the participant did not participate in the
7 pilot program.

8 (b) The commission shall provide to the comptroller
9 information on the amount of benefits described by Subsection (a)
10 for each program participant. The comptroller shall use that
11 information to calculate the annual program assistance amount for
12 each program participant.

13 Sec. 37.008. PROGRAM PARTICIPANT ACCOUNT. (a) The
14 comptroller shall establish for each program participant an account
15 through which program assistance money will be provided to the
16 participant. Money in a program participant's account may be used
17 only for eligible expenses.

18 (b) The comptroller shall provide each program participant
19 access to a web-based application that enables the participant to
20 monitor the participant's financial activity and improve the
21 participant's financial literacy.

22 Sec. 37.009. PROGRAM PAYMENT AMOUNT. (a) The comptroller
23 shall allocate to a program participant the annual program
24 assistance amount calculated under Section 37.007 in equal amounts
25 on or before the first days of August, November, February, and May.

26 (b) Any funds remaining in a program participant's program
27 account at the end of a fiscal year may be carried forward to the

1 next fiscal year or transferred to the participant's private bank
2 account unless another provision of this chapter mandates the
3 closure of the account.

4 (c) If a family becomes ineligible to participate in the
5 pilot program due to the failure to meet the work requirements under
6 Section 37.006, the comptroller shall:

7 (1) close the family's program account on the date the
8 family became ineligible; and

9 (2) return any money remaining in the account to this
10 state for deposit in the Texas empowerment program account.

11 Sec. 37.010. FAMILY SERVICE ORGANIZATION PARTICIPATION;
12 ELIGIBILITY; CERTIFICATION REQUIRED. (a) The comptroller shall
13 certify eligible organizations as family service organizations for
14 participation in the pilot program.

15 (b) The comptroller shall:

16 (1) develop the form and manner for applying for
17 certification as a family service organization; and

18 (2) post on the comptroller's Internet website an
19 application form for family service organizations.

20 (c) To be eligible for certification as a family service
21 organization by the comptroller and participate in the pilot
22 program, an organization must be:

23 (1) exempt from federal tax under Section 501(a),
24 Internal Revenue Code of 1986, by being recognized as an exempt
25 organization in Section 501(c)(3) of that code;

26 (2) in good standing with this state;

27 (3) able to administer the pilot program at the

1 participant level, including by:

2 (A) accepting, processing, and tracking
3 applications for program participation;

4 (B) approving families for participation in the
5 program; and

6 (C) providing, either directly or through
7 referral to a partner organization, services to enable program
8 participants to achieve self-sufficiency; and

9 (4) able to provide personal financial literacy
10 education to program participants that includes information on the
11 importance of the success sequence and how to analyze the
12 participant's financial activity through the web-based application
13 described by Section 37.008(b).

14 Sec. 37.011. PROGRAM PARTICIPANT APPLICATION. (a) A
15 certified program family service organization shall:

16 (1) develop an application process for families
17 interested in participating in the pilot program;

18 (2) make a program application form readily available
19 to potential participants using various means, including by posting
20 the application on the organization's Internet website; and

21 (3) allow a family to submit a program application to
22 the organization electronically.

23 (b) A certified program family services organization shall
24 provide to each family who submits an application a document that
25 describes the operation of the pilot program, including:

26 (1) eligible program expenses;

27 (2) the organization's expense reporting

1 requirements;

2 (3) a description of the responsibilities of program
3 participants, including the responsibilities under Section 37.011;
4 and

5 (4) the role and responsibilities of family service
6 organizations in the program.

7 Sec. 37.012. PARTICIPATION REQUIREMENTS. (a) A program
8 participant must agree to:

9 (1) use program money only for eligible or allowed
10 expenses; and

11 (2) notify the participant's family service
12 organization if the participant is no longer eligible for the
13 program not later than the 30th day after the date of becoming
14 ineligible.

15 (b) A program participant shall provide to the
16 participant's family service organization any information
17 necessary to verify the participant's continued eligibility for the
18 pilot program.

19 (c) A program family service organization may not provide
20 services to a program participant if any person in the organization
21 is a participant's immediate family or household member.

22 Sec. 37.013. FAMILY SERVICE ORGANIZATION DUTIES. (a) A
23 family service organization shall enroll a family in the pilot
24 program if:

25 (1) the family applies to participate in the program
26 and the organization determines the family meets the program's
27 eligibility requirements; and

1 (2) the organization has the capacity to provide
2 services to the family.

3 (b) A family service organization shall create a case plan
4 for a family enrolled in the pilot program through the organization
5 that:

6 (1) is developed in collaboration with the family;

7 (2) identifies services the organization will provide
8 to enable the family to achieve self-sufficiency;

9 (3) clearly defines expectations for the family's
10 participation in the program; and

11 (4) outlines a pathway and timeline for the family to
12 achieve self-sufficiency.

13 (c) A family service organization shall annually provide to
14 each program participant the information described by Section
15 37.011(b). The organization may provide the information
16 electronically.

17 Sec. 37.014. FAMILY SERVICE ORGANIZATION AUTONOMY;
18 CHALLENGE TO RULE. (a) A family service organization that
19 receives money under the pilot program is not an agent of the state
20 or federal government.

21 (b) The pilot program does not expand the regulatory
22 authority of this state to impose any additional regulation on a
23 family service organization participating in the program except for
24 regulations that are reasonably necessary to administer the program
25 in accordance with this chapter.

26 (c) A family service organization participating in the
27 pilot program may not be required to modify its creed, practices, or

1 operations to receive money under the program.

2 (d) In any proceeding challenging a rule adopted by the
3 comptroller or the executive commissioner, the comptroller or
4 executive commissioner has the burden of proof to establish that
5 the rule:

6 (1) is necessary to implement or administer the
7 program in accordance with this chapter; and

8 (2) does not impose an undue burden on a program
9 participant or a family service organization that receives or seeks
10 to receive money under the program.

11 Sec. 37.015. RANDOM AUDITING. (a) The comptroller may
12 contract with a private entity to randomly audit family service
13 organizations participating in the pilot program as necessary to
14 ensure compliance with program requirements.

15 (b) During an audit conducted under this section, the
16 comptroller or private entity may require that a program
17 participant or family service organization provide information and
18 documentation regarding any payment made from the Texas empowerment
19 account program fund.

20 (c) A private entity that conducts an audit under this
21 section shall report to the comptroller any violation of this
22 chapter or other relevant law the entity discovers during the
23 audit.

24 (d) A finding that pilot program money was used for an
25 expense that is not eligible under the program does not affect the
26 validity of any payment made for an eligible expense.

27 Sec. 37.016. SUSPENSION OF ACCOUNT. (a) If the

1 comptroller determines that a program participant fails to comply
2 with the program requirements or applicable law, the comptroller
3 shall suspend the participant's program account.

4 (b) On suspension of an account under Subsection (a), the
5 comptroller shall provide written notice to the program participant
6 and the participant's family service organization that the account
7 has been suspended and no further payments may be made from the
8 account. The notice must specify the grounds for the suspension and
9 state that the program participant must respond to the notice and
10 take any corrective action required by the comptroller not later
11 than the 10th business day after the date of receiving the notice.

12 (c) On the expiration of the 10-day period under Subsection
13 (b), the comptroller shall:

14 (1) order permanent closure of the suspended account
15 and declare the participant ineligible for the program;

16 (2) order temporary reinstatement of the account,
17 conditioned on the performance of a specified action by the
18 participant; or

19 (3) order full reinstatement of the account.

20 (d) The comptroller may recover money distributed under the
21 program that was used for ineligible expenses from the program
22 participant or the family service organization that received the
23 money if the participant's account is suspended or closed under
24 this section.

25 Sec. 37.017. REFERRAL TO ATTORNEY GENERAL. (a) On
26 receipt of evidence of the fraudulent use of an account, the
27 comptroller or a family service organization may refer the case to

1 the attorney general for investigation.

2 (b) With the consent of the appropriate local county or
3 district attorney, the attorney general has concurrent
4 jurisdiction with the consenting local prosecutor to prosecute an
5 offense referred to the attorney general under Subsection (a).

6 Sec. 37.018. DATA COLLECTION. (a) The comptroller shall
7 collect the following information at the time the pilot program
8 begins operating, on a quarterly basis while the program is
9 operating, and at the conclusion of the program:

- 10 (1) taxpayer revenue spent per program participant;
11 (2) state money appropriated per program;
12 (3) federal money received per program;
13 (4) the number of recipients enrolled in or otherwise
14 receiving benefits under each program;

15 (5) aggregate demographic and socioeconomic
16 information on recipients under each program including information
17 relating to:

18 (A) the age, race or ethnicity, and gender of
19 recipients;

20 (B) the highest level of education completed by
21 recipients;

22 (C) whether the recipients reside in an urban or
23 rural area of the state;

24 (D) the average household income of recipients
25 under each program;

26 (E) the employment status of recipients or, if
27 recipients are dependents, of the parents or guardians of

1 recipients under each program;

2 (F) the number of hours per week worked by
3 recipients;

4 (G) the marital status of recipients or, if
5 recipients are dependents, of the parents or guardians of
6 recipients under each program;

7 (H) the average number of dependents in recipient
8 households under each program;

9 (I) other safety net benefits or government
10 provided subsidies received by recipients;

11 (J) duplicative services and administrative
12 activities among programs;

13 (K) the percentage of state money appropriated to
14 each program that is directly spent on providing benefits to
15 recipients under the program and the percentage that is spent on
16 staff and other administrative costs;

17 (L) the percentage of recipients who become
18 ineligible for each program because the recipient no longer meets
19 the income eligibility requirements; and

20 (M) the average length of time between an initial
21 application for benefits and approval under each program;

22 (6) a cost-benefit analysis that compares the costs of
23 providing each program with the program's effectiveness at
24 transitioning recipients to self-sufficiency; and

25 (7) a statistical analysis of the data collected under
26 Subdivisions (1) and (2).

27 (b) Not later than the 10th day following the last day of

1 each calendar quarter during the pilot program's operation, the
2 comptroller shall post on its Internet website outcomes for all
3 program family service organizations during the previous calendar
4 quarter including the information collected under Subsection (a).

5 Sec. 37.019. STUDY. (a) On conclusion of the pilot
6 program, the comptroller, using existing resources, shall conduct a
7 study on the outcomes of the pilot program based on the information
8 collected under Section 37.018. Using methodological best
9 practices, the comptroller shall compare the outcomes achieved by
10 families who participated in the pilot program with similarly
11 situated individuals who did not participate in the program.

12 (b) In conducting the study, the comptroller may collect
13 necessary information from a state agency that administers or
14 operates a safety net program or a family service organization that
15 participated in the pilot program. At the request of the
16 comptroller, a state agency or family service organization shall
17 provide the requested information within a reasonable time.

18 Sec. 37.020. RULES; PROCEDURES. (a) The comptroller and
19 the executive commissioner shall adopt rules and procedures
20 necessary to implement, administer, and enforce this chapter.

21 (b) A rule adopted under Subsection (a) is binding on an
22 organization that applies for certification as a family service
23 organization and a state or local governmental entity, including a
24 political subdivision of this state, as necessary to implement,
25 administer, and enforce this chapter.

26 SECTION 2. As soon as practicable after the effective date
27 of this Act, the comptroller of public accounts and the executive

1 commissioner of the Health and Human Services Commission shall
2 adopt rules necessary to implement Chapter 37, Human Resources
3 Code, as added by this Act.

4 SECTION 3. This Act takes effect immediately if it receives
5 a vote of two-thirds of all the members elected to each house, as
6 provided by Section 39, Article III, Texas Constitution. If this
7 Act does not receive the vote necessary for immediate effect, this
8 Act takes effect September 1, 2023.