

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 10, 2007

TO: Honorable Joe Deshotel, Chair, House Committee on Economic Development

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB4065 by Otto (Relating to the establishment by the Texas Workforce Commission of a pilot program to provide grants for the construction of certain facilities for job training and employment services.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4065, As Introduced: a negative impact of (\$3,000,000) through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$2,985,150)
2009	(\$14,850)
2010	\$0
2011	\$0
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1
2008	(\$2,985,150)
2009	(\$14,850)
2010	\$0
2011	\$0
2012	\$0

Fiscal Analysis

The bill would amend the Labor Code to require the Texas Workforce Commission (TWC) to establish a pilot program to provide grants for the construction of certain facilities for job training and employment services.

The bill would require TWC to establish a pilot program under which the TWC would contract with the Texas Association of Goodwills to administer grants to reimburse qualified workforce training centers identified by the Texas Association of Goodwills for costs associated with the construction of new facilities that provide job training or employment services. The bill would require that the contract entered into must provide that TWC receive an administrative overhead fee of one percent of the amount of each grant awarded under the program; and each grant awarded under the program is

funded only on the completion of the facility for which the grant is awarded; and notification from the TWC that the contract terms relating to the award of the grant have been satisfied. Under the provisions of the bill, the total amount of grants awarded under this section may not exceed \$3 million. The bill would allow TWC to adopt rules necessary for the administration of this legislation.

The bill would require that no later than January 1, 2009, the TWC would be required to report to the legislature regarding TWC's assessment of the effectiveness of the pilot program in creating and fostering economic development; and to make a recommendation regarding the continuation of the program.

The bill would take effect immediately upon receiving a two-thirds majority vote in each house. If the bill does not receive a two-thirds vote in each house, the bill would take effect September 1, 2007.

Methodology

Based on information provided by TWC, this analysis assumes costs totaling \$3,000,000 for fiscal years 2008-09, which would include \$2,970,300 for 4 grants and \$29,700 for TWC administrative overhead costs. TWC estimates administrative costs would be realized to monitor the 4 grants for 192 hours of work (48 hours per grant) which would include risk assessment, desk reviews, test data, completing reports, and resolution and final reporting. TWC also estimates that administrative costs would include workload expenses related to managing 4 necessary contracts for 200 hours of work (50 hours per contract) which would be for contract development and processing, contract management, and contract closeout.

Also based on information provided by TWC, this analysis assumes program staff salary costs would be \$9,500 per year for FY 2008 and FY 2009 and that costs for other operating expenses would be \$762 per year for FY 2008 and FY 2009; indirect and administrative support costs would be \$1,900 per year for FY 2008 and FY 2009; and employee benefits would be \$2,688 per year for FY 2008 and FY 2009.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 320 Texas Workforce Commission

LBB Staff: JOB, JRO, MW, NV