

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 13, 2007

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

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

IN RE: HB2029 by Deshotel (Relating to block grant funding for certain workforce training and employment programs and functions by the Texas Workforce Commission.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2029, As Introduced: a negative impact of (\$1,357,798) 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	(\$678,899)
2009	(\$678,899)
2010	(\$678,899)
2011	(\$678,899)
2012	(\$678,899)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1	Change in Number of State Employees from FY 2007
2008	(\$678,899)	72.0
2009	(\$678,899)	72.0
2010	(\$678,899)	72.0
2011	(\$678,899)	72.0
2012	(\$678,899)	72.0

Fiscal Analysis

The bill would amend the Labor Code relating to block grant funding for certain workforce training and employment programs and functions by the Texas Workforce Commission (TWC).

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

TWC assumes that beginning in fiscal year 2008 Project Reintegration of Offenders (RIO) and Trade Act Services would be changed from a block grant to workforce areas to a "Texas Model" program, wherein 72.0 staff located in workforce areas across the state would become TWC state employees.

This analysis assumes that TWC would pay all salaries and related expenses from existing resources. The State of Texas through the Employees Retirement System and the Comptroller of Public Accounts would pay associated amounts for employee fringe benefits— retirement, group insurance, social security, and benefit replacement pay. Supervision of staff would be shared among TWC and workforce boards, and TWC would contract with workforce boards for office space, travel, consumable supplies, telephone, computers, and all other non-personnel costs associated with these TWC employees.

TWC estimates that an additional \$678,899 would need to be appropriated to the Employees Retirement System and the Comptroller of Public Accounts for the associated personnel fringe benefits for these additional state employees. Based on the analysis provided by TWC the number of Full-Time-Equivalents (FTE) cap would also increase for the agency by 72.0 FTE over the 2008-2012 period.

For the purposes of this analysis, it is assumed that any additional duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

According to TWC, the model for the delivery of workforce services would be changed by this legislation, particularly for Project RIO and Trade Act Services. While every local workforce development board would be affected, it is not possible to estimate a fiscal impact at this time.

Source Agencies: 320 Texas Workforce Commission

LBB Staff: JOB, JRO, MW, NV