

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 24, 2009

TO: Honorable Mark Strama, Chair, House Committee on Technology, Economic Development & Workforce

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

IN RE: HB2492 by Strama (Relating to the creation, operation, and funding of the Texas Sustainable Youth Program.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2492, Committee Report 1st House, Substituted: a negative impact of (\$11,500,000) through the biennium ending August 31, 2011.

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
2010	(\$5,750,000)
2011	(\$5,750,000)
2012	(\$5,750,000)
2013	(\$5,750,000)
2014	(\$5,750,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Probable (Cost) from Wrkforce Commission Fed 5026	Change in Number of State Employees from FY 2009
2010	(\$5,750,000)	(\$500,000)	2.0
2011	(\$5,750,000)	(\$500,000)	2.0
2012	(\$5,750,000)	(\$500,000)	2.0
2013	(\$5,750,000)	(\$500,000)	2.0
2014	(\$5,750,000)	(\$500,000)	2.0

Fiscal Analysis

The bill would amend the Labor Code relating to the creation, operation, and funding of the Texas Sustainable Youth Program. The bill would create a new grant program requiring complete program management including creation of rules, purpose, participant eligibility, grant requirements and guidelines, eligible entities, monitoring, data collection and reporting. The bill requires that the Texas Workforce Commission (TWC) establish this program and states that funding include appropriations from the legislature and other available money, including funds from federal agencies identified by TWC, the Texas Youth Commission, the Texas Juvenile Probation Commission, the Texas Department of Criminal Justice, the Texas Education Agency, or other state agencies. The bill states that not more than 10 percent of the grant money awarded under the program for a project may be used for administrative costs associated with the project. The bill also states that TWC may reserve up

to eight percent of grant funds for training and technical assistance to qualified organizations.

This bill would take effect September 1, 2009.

Methodology

For the purpose of this analysis TWC is assuming a Texas Sustainable Youth Program totaling \$6.25 million per year (wherein approximately \$6.0 million in program grants are awarded each year), the total would be \$31.25 million for the FY 2010-14 period. The Texas Workforce Commission is assuming in this estimate that of this total, the method of financing would consist of \$500,000 per year in Workforce Commission federal account no. 5026, and that the balance of \$5.75 million would come from General Revenue funds from amounts transferred from the Texas Education Agency, Texas Juvenile Probation Commission, Texas Youth Commission, Texas Parks and Wildlife Department, and Texas Department of Housing and Community Development to cover the cost of implementing the provisions of the bill.

This analysis assumes grants would be awarded in the amounts of \$6,040,000 in FY10 and \$6,050,000 in FY11, totaling \$30,240,000 for the five-year period. Total costs for FY 2010-14 to implement the provisions of the bill = \$570,000 (salaries) + \$105,880 (travel) + \$30,240,000 (grants) + \$57,270 (other operating costs) + \$114,000 (indirect and administrative costs) + 162,850 (benefits) = \$31,250,000 for the five-year period.

Based on information provided by TWC, it is assumed that 2 additional FTEs would be required to administer approximately \$6 million in grants each year. This analysis assumes salaries for 2 Program Specialists of \$57,000 each year would total \$114,000 per year, or \$570,000 for the five-year period. Employee Fringe Benefits are estimated to be \$32,570 each year; totaling \$162,850 for the five-year period. Travel is estimated at \$21,176 each year; totaling \$105,880 for the five-year period. Other Operating Expenses are estimated at \$19,454 for FY 2010 and \$9,454 per year for FY 2011-14 totaling \$57,270 for the five-year period. This includes personal computers, modular workstations and chairs, installation of data cable, installation of phone lines, utilities, phone service, maintenance, signage and supplies. FY 2010 has higher Other Operating Expenses than subsequent years because of start-up costs. Indirect and Administrative Support costs are estimated to be \$22,800 each year; totaling \$114,000 for the five-year period.

Based on the analysis submitted by the Texas Juvenile Probation Commission, Texas Youth Commission, Department of Criminal Justice and the Central Education Agency, duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 320 Texas Workforce Commission, 665 Juvenile Probation Commission, 694 Youth Commission, 696 Department of Criminal Justice, 701 Central Education Agency

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