

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 29, 2009

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

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

IN RE: HB2745 by Isett (Relating to a certification program to provide job skills training.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB2745, As Introduced: a negative impact of (\$152,586,155) 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	(\$76,963,259)
2011	(\$75,622,896)
2012	(\$71,780,534)
2013	(\$69,421,149)
2014	(\$68,275,166)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1
2010	(\$76,963,259)
2011	(\$75,622,896)
2012	(\$71,780,534)
2013	(\$69,421,149)
2014	(\$68,275,166)

Fiscal Analysis

The bill would amend the Labor Code relating to a certification program to provide job skills training. The bill requires the Texas Workforce Commission (Commission) to create a “Texas Ready to Work Certification Program” to identify appropriate occupations to include in the program, develop instructional assessments, and provide certification of skill levels. The bill would require TWC to develop and establish a certification program to provide job skills training to program participants; determine appropriate facilities and settings at which to conduct the certification program; and identify occupations appropriate for inclusion in the certification program, and develop a set of workplace skills for each included occupation.

This bill takes effect immediately if it receives a vote of two-thirds of all the members elected to each

house or if the Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2009.

Methodology

According to the analysis provided by TWC, the Texas Ready to Work Certificate is designed to complement other traditional credentials, such as a high school diploma, community college degree, or college degree. While these education credentials certify an individual's classroom learning experiences, the Texas Ready to Work Certificate measures individuals' workplace skills needed to succeed in the workplace. The Texas Ready to Work Certificate will offer individuals and employers an easily understood and statewide valued credential certifying essential workplace skill. TWC made the following assumptions in their analysis. The TWC would procure the following: pre-instructional assessment; a web-based instructional program; and post-instructional assessment, that issues a completion certificate. Costs for the web-based pre/post assessment and instructional program are estimated to be \$317,800 in FY2010. Total Workforce Board (plus five sites) cost: 11,350 x 28 Workforce Boards = \$317,800. This analysis also assumes a yearly renewal fee of \$56,000 each fiscal year for the Workforce Boards.

TWC estimates staff-assisted customers-served costs to be \$31.8 million in FY 2010 and \$31.3 million in FY 2011, \$29.7 million in 2012, \$28.8 million in 2013 and \$28.3 million in 2014. Amounts are based on the total projected customers served each year X 22.50 per participant(1,413,080 X 22.50 = \$31.8 million in FY 2010).

TWC estimates cost to local Local Workforce Development Boards at \$44.8 million in FY 2010, \$44.2 million in FY 2011, \$42.0 million in 2012, \$40.6 million in 2013 and \$39.9 million in FY 2014. Estimates are based on the Hours x \$15.87 (Workforce Development Specialist I-III)/hour (FTE hourly wage) = Total Staff Cost.

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