

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 14, 2009

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

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

IN RE: SB108 by Ellis (Relating to the establishment and funding of a green job skills training program that includes training for certain youths and young veterans.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB108, Committee Report 2nd House, Substituted: a negative impact of (\$22,500,000) 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	(\$11,250,000)
2011	(\$11,250,000)
2012	(\$11,250,000)
2013	(\$11,250,000)
2014	(\$11,250,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1
2010	(\$11,250,000)
2011	(\$11,250,000)
2012	(\$11,250,000)
2013	(\$11,250,000)
2014	(\$11,250,000)

Fiscal Year	Change in Number of State Employees from FY 2009
2010	5.0
2011	5.0
2012	5.0
2013	5.0
2014	5.0

Fiscal Analysis

The bill would amend the Labor Code relating to the establishment and funding of a green job skills training program that includes training for certain youth and young veterans. The bill creates the Texas Green Job Skills Development Fund which is an account in the General Revenue Fund. The bill states that the account is composed of legislative appropriations, gifts, grants, donations, matching funds and other money required by law to be deposited in the account. The bill would direct TWC to establish a green job skills grant program to award grants for the implementation, expansion and operation of training programs.

The bill also amends the Labor Code relating to the creation, operation, and funding of a youth training 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.

This bill would take effect September 1, 2009.

Methodology

The bill requires that TWC establish a green jobs skills training program, provided that funding is appropriated, but does not specify the size of the program that is contemplated. TWC assumes an initial program size in the range of \$5 million each fiscal year (\$25 million over a five year period) and three additional FTEs would be required each fiscal year (3 Program Specialists in Salary Group B11 at \$57,000 each year) to implement the provisions of this bill. TWC estimates costs for salaries at \$171,000 each fiscal year, totaling \$855,000 for the five year period. TWC also estimates benefits at \$48,855 each year totaling \$244,275 for the five-year period. TWC estimates other operating expenses for personal computers, modular workstations and chairs, installation of data cable, installation of phone lines, utilities, phone service, maintenance and supplies are estimated at \$26,328 for FY 2010 and \$6,105 for each year thereafter totaling \$50,748 for the five-year period. The agency estimates indirect and administrative support costs of \$34,200 each year totaling \$171,000 for the five-year period.

According to the analysis provided by the Comptroller, this legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either within or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

For the purpose of this analysis TWC is assuming a youth training 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. 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.

Technology

No fiscal implication to technology is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 320 Texas Workforce Commission, 301 Office of the Governor, 304 Comptroller of Public Accounts

LBB Staff: JOB, NV, JRO, MW