

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 1, 2009

TO: Honorable Chris Harris, Chair, Senate Committee on Economic Development

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

IN RE: SB1770 by Watson (Relating to the creation, operation, and funding of the Texas YouthBuild Program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1770, As Introduced: a negative impact of (\$23,000,000) 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 | (\$11,500,000) |
| 2011 | (\$11,500,000) |
| 2012 | (\$11,500,000) |
| 2013 | (\$11,500,000) |
| 2014 | (\$11,500,000) |

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 | (\$11,500,000) | (\$1,000,000) | 3.0 |
| 2011 | (\$11,500,000) | (\$1,000,000) | 3.0 |
| 2012 | (\$11,500,000) | (\$1,000,000) | 3.0 |
| 2013 | (\$11,500,000) | (\$1,000,000) | 3.0 |
| 2014 | (\$11,500,000) | (\$1,000,000) | 3.0 |

Fiscal Analysis

The bill would amend the Labor Code relating to the creation, operation, and funding of the Texas YouthBuild Program. The bill would create a new grant program requiring complete program management including creation of rules, policies, administrative guidelines, procurement cycles, contract management and closeout, monitoring, data collection, and reporting. The bill requires that the Texas Workforce Commission (TWC) establish this program and states that funding includes 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. TWC is assuming that the program size will be sufficient to administer approximately \$12.2 million in grants per year, requiring three additional FTEs.

This bill would take effect September 1, 2009.

Methodology

For the purposes of this analysis, TWC assumes total funding for the new Texas YouthBuild Program would be \$12.5 million per year (wherein approximately \$12.2 million in program grants are awarded each year), the total would be \$62.5 million for the FY 2010-14 period.

Information provided by TWC assumes that the method of financing would include \$1,000,000 in Workforce Commission federal account no. 5026. Although information provided by TWC also assumes the remaining balance of \$11.5 million each year would be transferred from amounts appropriated to other state agencies (the Texas Education Agency, Texas Juvenile Probation Commission, Texas Youth Commission, Texas Parks and Wildlife Department, and Department of Housing and Community Development), this analysis assumes the remaining balance would require \$11.5 million from the General Revenue Fund each fiscal year to cover the cost of implementing the provisions of the bill.

This analysis assumes grants would be awarded in the amounts of \$12,183,552 for FY 2010, and \$12,203,775 each year for FY 2011-14, totaling \$60,998,652 for the five-year period.

Based on information provided by TWC, it is assumed that 3 additional FTEs would be required to administer \$12.2 million in grants each year. This analysis assumes salaries for 3 Program Specialists of \$57,000 each year would total \$171,000 per year, or \$855,000 for the five-year period. Employee Fringe Benefits are estimated to be \$48,855 each year; totaling \$244,275 for the five-year period. Travel is estimated at \$35,294 each year; totaling \$176,470 for the five-year period. Other Operating Expenses are estimated at \$27,099 for FY 2010 and \$6,876 per year for FY 2011-14 totaling \$54,603 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 \$34,200 each year; totaling \$171,000 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: 665 Juvenile Probation Commission, 694 Youth Commission, 696 Department of Criminal Justice, 701 Central Education Agency, 320 Texas Workforce Commission

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