

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 16, 2013

TO: Honorable Kel Seliger, Chair, Senate Committee on Higher Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB437** by Davis, John (relating to career and technical education and workforce development grant programs.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB437, Committee Report 2nd House, Substituted: a negative impact of (\$5,000,000) through the biennium ending August 31, 2015.

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
2014	(\$2,500,000)
2015	(\$2,500,000)
2016	(\$2,500,000)
2017	(\$2,500,000)
2018	(\$2,500,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from New General Revenue Related
2014	(\$2,500,000)
2015	(\$2,500,000)
2016	(\$2,500,000)
2017	(\$2,500,000)
2018	(\$2,500,000)

Fiscal Analysis

The bill would no longer authorize grants to nonprofit organizations and grants to a public junior college or public technical institute for the purpose of providing scholarships under the Jobs and Education for Texans (JET) program administered by the Comptroller of Public Accounts.

Individuals currently receiving scholarships before the effective date of the enactment of the bill for the 2013-2014 academic year may continue to receive the scholarship until they are no longer eligible under the provisions of the bill. The bill would repeal Subchapter Q of Chapter 403, Government Code, relating to development of a habitat conservation plan by the Comptroller of Public Accounts.

The provisions of the bill would also create the Texas Innovative Adult Career Education (ACE) Grant program and provide that the Higher Education Coordinating Board designate Austin Community College's (ACC) governing board as the grant administrator of the program since it meets the criteria of the bill. The bill requires ACC to establish a program advisory board that provides input and recommendations for the awarding of grants along with providing oversight of the grant administrator.

The Comptroller of Public Accounts would establish the General Revenue Dedicated Account-Texas Innovative Adult Career Education (ACE) Grant Fund, which could receive legislative appropriations, interest earnings, gifts, grants, and donations from public and private sources for facilitating this program. The bill would authorize ACC to award grants to develop, support, or expand programs of eligible nonprofit workforce intermediary and job training organizations to prepare low-income students to enter careers in high-demand and significantly higher-earning occupations.

Methodology

For purposes of this fiscal note, it is assumed that it would cost \$2,500,000 per year for the Texas Innovative Adult Career Education (ACE) Grant program. The cost is based on the amount appropriated for the 2012-13 biennium for the JET program, which is a similar program. Based on information provided by Austin Community College, it is anticipated that 8 percent of the total awards would be used for administrative costs.

The Comptroller indicates that costs associated with implementation of the bill could be absorbed within existing resources. The Comptroller also noted that repeal of Subchapter Q of Chapter 403, Government Code would invalidate the habitat conservation plan currently in place with respect to the dunes sagebrush lizard. The absence of the plan may result in the dunes sagebrush lizard being listed as an endangered species which could potentially have a negative fiscal impact on Texas.

The bill 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.

Local Government Impact

Based on information provided by Austin Community College, it is anticipated that 8 percent of the total awards would be used for administrative costs.

Source Agencies: 304 Comptroller of Public Accounts, 781 Higher Education Coordinating Board

LBB Staff: UP, KK, DE, LCO

