

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 2, 2013**

**TO:** Honorable John Davis, Chair, House Committee on Economic & Small Business Development

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **HB2478** by Alvarado (Relating to the collection, analysis, and reporting of certain job and skills shortage information by the Texas Workforce Commission.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2478, As Introduced: a negative impact of (\$1,042,188) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2014	(\$552,094)
2015	(\$490,094)
2016	(\$490,094)
2017	(\$490,094)
2018	(\$490,094)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable (Cost) from General Revenue Fund</b> <b>1</b>	<b>Change in Number of State Employees from FY 2013</b>
2014	(\$552,094)	1.2
2015	(\$490,094)	0.6
2016	(\$490,094)	0.6
2017	(\$490,094)	0.6
2018	(\$490,094)	0.6

## **Fiscal Analysis**

The bill would amend the Labor Code relating to the collection, analysis, and reporting of certain job and skills shortage information by the Texas Workforce Commission (TWC). The bill would require TWC to gather and analyze certain information relating to existing job and skills shortages in Texas, and submit a detailed report no later than January 1 of each year to the governor, lieutenant governor, the speaker of the House of Representatives, and the presiding officer of each standing committee or subcommittee of the legislature with primary jurisdiction over workforce development. The bill would also require that the analysis conducted must include: an analysis of job and skills shortages in 16 specified industrial job sectors; a breakdown of job and skills shortages by demographic category; and 5-year, 10-year, and 20-year projections for job and skills shortages in each of the categories specified above.

The bill would take effect immediately upon receiving a two-thirds majority vote in each house. If the bill does not receive a two-thirds vote in each house, the bill would take effect September 1, 2013.

## **Methodology**

TWC anticipates a limited ability to implement the bill due to the following: the absence of a common definition of "job and skills shortages;" information about job and skill shortages not being readily available by industrial job sectors; the unavailability of data pertaining to job and skill shortages by demographic category; and insufficient data, data history, and economic stability to make the required 5-year, 10-year, and 20-year projections. Based on these limitations, TWC anticipates that it could only obtain data needed to perform the analysis required by the bill regarding the job and skills shortages in 16 specified industrial job sectors.

Based on information provided by TWC, obtaining data on job and skills shortages would require an extensive survey of Texas employers. TWC anticipates the analysis would need to survey approximately 10,800 employers to receive 3,240 useable responses at the .95 confidence level and a 30 percent response rate to be statistically valid. Using the baseline cost per unit of the TWC Occupational Employment Statistics employer survey of roughly \$41 per survey recipient, including follow-up waves, this analysis assumes TWC would outsource the survey at an estimated cost of \$442,800 each fiscal year. TWC also indicates they would require \$41,739 for a Programmer IV (0.6 FTE) in fiscal year 2014 and \$31,839 each fiscal year for a Program Specialist III (0.6 FTE) for the survey design. Other indirect and benefit costs are estimated at \$35,716 in fiscal year 2014 and \$15,455 in fiscal years 2015-2018.

## **Technology**

TWC estimates a cost of \$109,294 in fiscal year 2014 and \$47,294 in fiscal years 2015-2018 associated with personnel service costs for the survey design.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 320 Texas Workforce Commission

**LBB Staff:** UP, RB, MW, NV