

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 22, 2017

TO: Honorable Angie Chen Button, Chair, House Committee on Economic & Small Business Development

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB108 by Alvarado (Relating to the creation of the Recruit Texas Program to facilitate the relocation to or expansion in this state of employers offering complex or high-skilled employment opportunities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB 108, As Introduced: a negative impact of (\$8,536,000) through the biennium ending August 31, 2019.

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
2018	(\$4,268,000)
2019	(\$4,268,000)
2020	(\$4,268,000)
2021	(\$4,268,000)
2022	(\$4,268,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1
2018	(\$4,268,000)
2019	(\$4,268,000)
2020	(\$4,268,000)
2021	(\$4,268,000)
2022	(\$4,268,000)

Fiscal Analysis

The bill would amend the Labor Code relating to creation of the Recruit Texas program to facilitate the relocation to or expansion in this state of employers offering complex or high-skilled

employment opportunities.

The bill would require the Texas Workforce Commission (TWC) to provide leadership and direction to out-of-state employers, economic development organizations, local workforce development boards, public junior colleges, and public technical institutes to address the employers' needs for recruitment and hiring for complex or high skilled employment opportunities in Texas. The bill also provides for the awarding of grants to public junior colleges or technical institutes to assist with the rapid curriculum development and instructor certification needed to provide the associated workforce training.

Under the provisions of the bill, the agency may use its appropriations and money from other appropriate, statutorily authorized funding sources, including the Jobs and Education for Texans program. TWC may commit money to an out-of-state employer contingent on the employer's establishment of business in the state and may not use money to pay any training costs or other related costs to relocate the employer's worksite.

The bill would take effect September 1, 2017.

Methodology

Based on the LBB's analysis of TWC, it is assumed there would be a five-year cost of \$21.3 million in General Revenue funds to establish the Recruit Texas program with a focus on assisting and recruiting employers who will provide complex or high skilled employment opportunities in Texas. Of the total five-year estimate, it is anticipated that the agency would award \$21.2 million in grants to public junior colleges or technical institutes to assist with rapid curriculum development, instructor certification, labor market information, equipment/infrastructure cost, and up-front assessments of the business' needs for customized training. It is anticipated that the agency would spend \$0.1 million in strategic marketing tools in the first two years of implementation to ensure potential employers have immediate access to relevant information to assist with their decision in participating in the program. TWC indicates the program administration associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 320 Texas Workforce Commission, 719 Texas State Technical College System Administration, 781 Higher Education Coordinating Board

LBB Staff: UP, CL, EH, CP, SZ, NV, JLi, ED