

## **BILL ANALYSIS**

Senate Research Center  
86R13046 KSD-F

S.B. 1576  
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Natural Resources & Economic Development  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Texas economy is booming and companies all across the state are announcing billions of dollars in new investments and facility expansions. Unemployment is at record lows and more Texans than ever are participating in the workforce. But despite this positive economic activity, many employers are struggling to find qualified workers—especially in the skilled trades—to build, operate and maintain these expansion projects and new builds. While progress has been made in public education reform and higher education alignment, there are still thousands of jobs that go unfilled because of the lingering skills gap.

To tackle the problem, S.B. 1576 establishes a grant program housed in the Office of the Governor, Economic Development and Tourism Division (EDT). This program will encourage rapid workforce training programs in the private sector that are outcome based. These apprenticeship programs will require on-the-job paid training, with trainees earning an industry-validated credential or certification and guaranteed employment.

The initial fund would consist of \$2 million, with a target of 200 trained employees through private apprenticeship training programs.

Eligible training programs are required to have the following characteristics:

- On-the-job paid apprenticeship training.
- Graduates must complete at least one industry-based/validated certification.
- The company guarantees employment upon completion of the program.
- The company must agree to stringent reporting requirements, including employment codes, during and after the training program to track program graduates.
- The program targets unemployed Texans, U.S. military veterans, formerly incarcerated individuals, and the underemployed without certifications.

The EDT will administer the program and award grants based on a to-be-determined formula, promulgated by rules to maximize benefits to the State of Texas. Grants will be based on the salaries of trainees after six months on the job. Under program rules, half of the grant amount will be awarded to companies upon training program completion and the other half will be awarded after six months of employment.

As proposed, S.B. 1576 amends current law relating to the creation of the Texas Industrial Workforce Apprenticeship Grant Program.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the executive director of the Texas Economic Development and Tourism Office in SECTION 1 (Sections 481.607 and 481.608, Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 481, Government Code, by adding Subchapter EE, as follows:

#### **SUBCHAPTER EE. TEXAS INDUSTRIAL WORKFORCE APPRENTICESHIP GRANT PROGRAM**

Sec. 481.601. PURPOSE. Provides that the purpose of the Texas Industrial Workforce Apprenticeship Grant Program is to address the immediate industrial workforce needs of this state resulting from the impact of Hurricane Harvey and overall workforce shortages.

Sec. 481.602. DEFINITIONS. Defines "apprenticeship program" and provides that "person" does not include a governmental entity.

Sec. 481.603. PROGRAM. Requires the Texas Economic Development and Tourism Office (office) to establish and administer the Texas Industrial Workforce Apprenticeship Grant Program to encourage the private sector to develop specialized industrial workforce apprenticeship programs in this state. Requires the office to provide grants under the program for persons who meet the requirements of Section 481.605.

Sec. 481.604. TEXAS INDUSTRIAL WORKFORCE APPRENTICESHIP FUND. (a) Provides that the Texas Industrial Workforce Apprenticeship Fund is a dedicated account in the general revenue fund.

(b) Requires the following amounts to be deposited in the fund:

- (1) money appropriated by the legislature for the fund for purposes described by this subchapter;
- (2) interest earned on the investment of money in the fund; and
- (3) gifts, grants, and other donations received for the fund.

(c) Authorizes the fund to be used only for an apprenticeship program that meets the requirements of Section 481.605.

Sec. 481.605. APPLICATION; ELIGIBILITY FOR GRANT. Requires a person, to be eligible to receive a grant under this section, to:

- (1) if the person is an entity, be in good standing under the laws of the state in which the person was formed or organized, as evidenced by a certificate issued by the secretary of state or the state official of another state having custody of the records pertaining to a person formed or organized under the laws of that state;
- (2) not owe delinquent taxes to a taxing unit of this state; and
- (3) have in place an apprenticeship program that:
  - (A) provides on-the-job training under an industry-recognized, accredited training curriculum;
  - (B) guarantees employment for participants during and on completion of the training period;
  - (C) pays each participant at least \$15 per hour during the training period and provides eligibility for participants to receive full-time employee benefits during and on completion of the training period;
  - (D) requires participants to advance their skills, at a minimum, to a credentialed mid-level status in the field related to the apprenticeship program;
  - (E) has a duration of not less than 16 weeks and not more than 26 weeks; and

(F) gives preference to training and hiring:

- (i) unemployed Texans who have filed with the Texas Workforce Commission;
- (ii) veterans of the United States armed forces;
- (iii) formerly incarcerated individuals; and
- (iv) underemployed individuals who are working without industry-recognized certifications or other credentials.

Sec. 481.606. LIMITATIONS ON GRANT AMOUNT AND USE. Prohibits the amount of a grant awarded under this chapter from exceeding \$10,000 per apprenticeship program participant and authorizes it to be used only to reimburse the cost of training, not including wages and benefits.

Sec. 481.607. REQUIREMENTS; GRANT AWARD. (a) Requires the office to distribute the grant funds as a reimbursement for training costs incurred by grant recipients in accordance with Section 481.606.

(b) Requires the office, before awarding a grant to a person under this section, to determine that a sufficient number of apprenticeship program participants have:

- (1) completed the program and achieved the training requirements specified by Section 481.605(3)(D); and
- (2) maintained available and suitable employment for a period of not less than six months cumulatively after completion of the apprenticeship program.

(c) Requires the executive director of the office (executive director) by rule to develop the criteria for making the determinations required by Subsection (b).

Sec. 481.608. PROGRAM RULES. (a) Requires the executive director to adopt rules to administer and enforce this chapter.

(b) Requires the office to post the rules on its Internet website.

Sec. 481.609. ANNUAL REPORT. (a) Requires the office, not later than December 1 of each year, to submit to the lieutenant governor, the speaker of the house of representatives, and the members of the legislature a report on grants made under Section 481.607 that states:

- (1) the number of direct jobs each grant recipient created in this state in each job category of the federal Equal Employment Opportunity Commission's job classification guide;
- (2) the median wage of the jobs each grant recipient created in this state;
- (3) the total amount of each grant awarded to a grant recipient; and
- (4) the number and categorization of apprenticeship program participants trained and employed by each grant recipient under Section 481.605(3)(F).

(b) Prohibits the report from including information that is made confidential by law.

(c) Authorizes the office to require a grant recipient under Section 481.607 to submit, on a form provided by the office, information required to complete the report.

(d) Requires the office to post the annual report on its Internet website.

SECTION 2. Effective date: September 1, 2019.