

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 4, 2021

TO: Honorable Angie Chen Button, Chair, House Committee on International Relations & Economic Development

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3767 by Murphy (relating to measures to support the alignment of education and workforce development in the state with state workforce needs, including the establishment of the Tri-Agency Workforce Initiative.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3767, Committee Report 1st House, Substituted: a negative impact of (\$19,097,025) through the biennium ending August 31, 2023.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	(\$11,514,303)
2023	(\$7,582,722)
2024	(\$902,052)
2025	(\$817,603)
2026	(\$817,771)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from Federal Funds 555</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$11,514,303)	(\$248,819)	30.1
2023	(\$7,582,722)	(\$240,819)	19.8
2024	(\$902,052)	(\$440,819)	8.0
2025	(\$817,603)	(\$240,819)	7.2
2026	(\$817,771)	(\$440,819)	7.2

Fiscal Analysis

The bill would establish the Tri-Agency Workforce Initiative, which would guide state policy on career education and workforce training. The bill would direct the Texas Education Agency (TEA), the Texas Higher Education Coordinating Board (THECB), and the Texas Workforce Commission (TWC) to enter into an interagency agreement related to the Tri-Agency Workforce Initiative that would facilitate sharing staff, data, and other resources. Full-time Equivalents (FTEs) associated with the Tri-Agency Workforce Initiative would not count toward the FTE cap of the three agencies.

Among its provisions, the bill would require TEA, THECB, and TWC to establish a web-based library of credentials and also develop a web site for the Tri-Agency Workforce Initiative that includes career and workforce information for the public. The bill would require TEA, THECB, and TWC to update the Tri-Agency Workforce Initiative's web site to include certain information related to career education and workforce training, including information on career pathways. By June 1, 2022 TEA, THECB, and TWC would have to make recommendations related to a job skills inventory to match skills to education programs and career pathways.

TEA, THECB, and TWC would use a data repository established under existing law as a central repository for career and education data. Data in the repository would be "automatically matched" at a student level. The three agencies would be required to jointly evaluate career and training programs and post a report based on that analysis on the web site.

TEA, THECB, and TWC would be required to develop a secure portal for authorized entities to view data about the progression to living-wage employment for Texas residents.

The bill would require TWC to work in consultation with employers to enhance and improve the reporting of employment and earnings data by employers to the commission as part of an employer's routine wage filings.

Methodology

The Legislative Budget Board obtained information about the fiscal impact of the bill from TEA, THECB, and TWC. Because the bill specifies that the agencies shall implement the bill jointly, rather than specifying that one agency shall take the lead, this analysis assumes that all costs identified by the agencies will be required. This analysis also assumes that the method of finance for the costs specified in this section would be the General Revenue Fund No. 1. For the purposes of this analysis, the increase in FTEs required by the bill are included in the analysis for informational purposes.

According to TEA, the bill would require the agency to hire 5.0 FTEs to implement the bill. Salary, benefits, and other costs associating with those FTEs would total \$682,915 in fiscal year 2022 and \$662,915 in fiscal year 2023, in addition to out-year costs. TEA also identified \$416,137 in professional services costs in fiscal year 2022 and \$1,248,410 in professional services costs in fiscal year 2023. These costs would be related to the development of the new central database. There would also be \$88,332 in recurring costs for software licensing and hardware leasing and a one time hardware/software cost of \$3,516 in fiscal year 2022 and \$10,548 in fiscal year 2023. TEA indicates a cost of \$200,000 for an external vendor to complete an evaluation in fiscal years 2024 and 2026. Total costs reported by the agency include \$1,190,899 in fiscal year 2022 and \$2,010,204 in fiscal year 2023, in addition to out-year costs. TEA indicates that of this amount, federal funds would be available to fund \$248,819 in fiscal year 2022, \$240,819 in fiscal year 2023, \$440,819 in fiscal year 2024, \$240,819 in fiscal year 2025, and \$440,819 in fiscal year 2026.

TWC identified the need to add 17.8 FTEs in fiscal year 2022, a number which would decline to 9.2 FTEs in fiscal year 2023. This includes 8.0 FTEs that would be required to implement provisions related to enhanced wage filing data. TWC anticipates that the increased workload to enhanced wage filing data would be substantial.

Totals costs associated with FTEs at TWC would be \$1,106,549 in fiscal year 2022 and \$551,118 in fiscal year 2023. In addition, the agency identified that \$2,200,000 in professional services would be required in fiscal year 2022. Total costs reported by the agency, which also would include rent, other operating expenses, consumable supplies, utilities, and employee benefits, would total \$4,031,984 in fiscal year 2022 and \$872,615 in fiscal year 2023, in addition to out-year costs.

THECB identified the need for 7.3 FTEs in fiscal year 2022 and 5.6 FTEs in fiscal year 2023. Costs associated with the FTEs would total \$871,168 in fiscal year 2022 and \$717,751 in fiscal year 2023. The agency also identified \$5,536,666 in professional services costs in fiscal year 2022, and \$4,119,332 in fiscal year 2023. Total costs reported by the agency include \$6,540,239 in fiscal year 2022 and \$4,940,722 in fiscal year 2023, in addition to out-year costs.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 320 Texas Workforce Commission, 701 Texas Education Agency,
781 Higher Education Coordinating Board

LBB Staff: JMc, SZ, AH, THO, LBO, CMA