

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 14, 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 workforce development in the state, including the establishment of the Tri-Agency Workforce Initiative and additional employer workforce data reporting.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3767, As Introduced : a negative impact of (\$19,517,461) 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	(\$11,233,953)
2023	(\$8,283,508)
2024	(\$984,846)
2025	(\$900,236)
2026	(\$900,236)

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	(\$11,233,953)	(\$248,819)	22.6
2023	(\$8,283,508)	(\$240,819)	17.6
2024	(\$984,846)	(\$440,819)	9.0
2025	(\$900,236)	(\$240,819)	8.2
2026	(\$900,236)	(\$440,819)	8.2

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. The Texas Workforce Investment Council would provide

administrative support.

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.

In addition, 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 also establish a Statewide Career Intermediary Council to identify ways in which career education and training program providers and employers can improve their services. This council would be required to submit a report to the Legislature on its findings by September 1, 2022.

The bill would establish the Tri-Agency Workforce Initiative Fund, which would be a special fund in the state treasury outside the General Revenue Fund.

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 8.0 FTEs to implement the bill, including three Programmer IVs, two System Analyst Vs, one Education Specialist V, one Data Analyst V, and one Program Specialist V. Salary, benefits, and other costs associating with those FTEs would total \$1,063,570 in fiscal year 2022 and \$1,031,570 in fiscal year 2023, in addition to out-year costs. TEA also identified \$671,188 in professional services costs in fiscal year 2022 and \$2,013,564 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 \$1,826,606 in fiscal year 2022 and \$3,144,014 in fiscal year 2023, \$1,319,902 in fiscal year 2024, \$1,119,902 in fiscal year 2025, and \$1,319,902 in fiscal year 2026. 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 6.3 FTEs in fiscal year 2022, spread across the following positions: Data Analyst III (2.0 FTEs), Program Special II (0.2 FTEs), Programmer V (1.4 FTEs), Project Manager IV (0.3 FTEs), Systems Analyst IV (0.7 FTEs), Systems Analyst V (0.7 FTEs), Data Base Administrator (IV FTEs), and Manager IV (0.5 FTEs). Total costs associated with these position would be \$805,476 in fiscal year 2022. TWC assumes that the number of FTEs would decline to 3.15 in fiscal year 2024, 1.0 in fiscal year 2025, and 0.2 in subsequent years. Associated costs would be \$394,651 in fiscal year 2023, \$105,763 in fiscal year 2024, and \$21,153 in subsequent years. 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 include \$3,005,476 in fiscal year 2022 and \$394,651 in fiscal year 2023, \$105,763 in fiscal year 2024, and \$21,153 in subsequent years.

THECB identified the need for 8.3 FTEs in fiscal year 2022 and 6.1 FTEs in fiscal year 2023. This includes the

following positions in fiscal year 2022: Project Manger III (0.5 FTEs), Data Manager II (0.5 FTEs), Data Specialist III (0.5 FTEs), Business Analyst II (1.0 FTEs), Assistant Director (1.0 FTEs), Program Specialist III (2.5 FTEs), Development Lead (0.5 FTEs), Database Administrator (0.5 FTEs), Information Security Officer (0.5 FTEs), Systems Administrator (0.25 FTEs), Program Manager (0.25 FTEs), Director (0.25 FTEs), and Assistant Commissioner (0.1 FTEs). Costs associated with the FTEs would total \$1,114,024 in fiscal year 2022 and \$866,330 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 \$6,650,690 in fiscal year 2022 and \$4,985,662 in fiscal year 2023.

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, CMA