

## **BILL ANALYSIS**

Senate Research Center  
88R2595 KSD-F

S.B. 592  
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Natural Resources & Economic Development  
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As Filed

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

There is a current unmet demand for middle-skill jobs. These are jobs that require more than a high school diploma but less than a four-year degree and depend on access to skills training to meet workforce needs.

S.B. 592 creates the Lone Star Workforce Future Fund (LSWFF) that will fund skills training and education programs for middle-skill occupations in high-demand industries. The LSWFF will provide grants to eligible public junior colleges, technical institutes, and non-profits that successfully transition program participants from training and work-based experiences into full-time jobs. The workforce training can be delivered through a variety of methods, including classroom-based or online instruction, work-based experiences, internships, and apprenticeships.

S.B. 592 will equip workers with the skills and training required for middle-skill jobs and will help workers attain higher wages. The LSWFF will deliver impactful workforce training to Texans targeting the specific middle-skill space, which is currently underrepresented in workforce development programs.

As proposed, S.B. 592 amends current law relating to the creation of the Lone Star Workforce of the Future Fund.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to Texas Workforce Commission in SECTION 1 (Sections 134A.007, 134A.008, 134A.009, 134A.011, and 134A.012, Education Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subtitle G, Title 3, Education Code, by adding Chapter 134A, as follows:

#### **CHAPTER 134A. LONE STAR WORKFORCE OF THE FUTURE FUND**

Sec. 134A.001. DEFINITIONS. Defines "commission," "public junior college," and "public technical institute."

Sec. 134A.002. PURPOSE. Provides that the purpose of this chapter is to:

- (1) create and sustain a utilization-driven supply of qualified workers for entry-level to mid-level jobs in high demand occupations in this state;
- (2) address and close the gap between the skills needed by workers and the current skills of the available workforce in this state;
- (3) increase the interest of current and future Texans to fill the available and emerging jobs in this state that require less education than a bachelor's degree but more than a high school diploma; and

(4) strengthen the state's economy by increasing the competitiveness of businesses in this state and the recruitment of businesses to this state.

Sec. 134A.003. LONE STAR WORKFORCE OF THE FUTURE FUND. (a) Requires the Texas Workforce Commission (TWC) to establish and administer the Lone Star Workforce of the Future Fund (fund) as a dedicated account in the general revenue fund.

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

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

Sec. 134A.004. ADVISORY BOARD. (a) Provides that an advisory board of education and workforce stakeholders (advisory board) is created to assist TWC in administering this chapter.

(b) Provides that the advisory board is composed of six members who serve two-year terms and are appointed as follows:

- (1) one member appointed by the governor;
- (2) one member appointed by the lieutenant governor;
- (3) one member appointed by the speaker of the house of representatives;
- (4) one member appointed by the Texas Higher Education Coordinating Board;
- (5) one member appointed by TWC; and
- (6) the chair of TWC, who serves as the presiding officer.

(c) Requires the advisory board to meet at least once each calendar quarter, or as needed, to review grant applications and make recommendations on awarding grants under this chapter.

Sec. 134A.005. FUND USE. Authorizes money in the fund to be used by TWC only to:

- (1) award grants as provided by this chapter; and
- (2) conduct, with a consortium of corporate partners identified by TWC as having available entry-level workforce demand, due diligence assessment reviews of entities receiving grants under this chapter.

Sec. 134A.006. LONE STAR WORKFORCE OF THE FUTURE FUND GRANT PROGRAM. (a) Requires TWC to establish and administer the fund grant program to provide grants to eligible public junior colleges, public technical institutes, and nonprofit organizations that apply to the advisory board in the manner prescribed by the advisory board. Requires TWC to award the grants on the advice and recommendations of the advisory board.

(b) Authorizes grants to be awarded under this chapter from the fund to eligible public junior colleges, public technical institutes, and nonprofit organizations with demonstrated success at delivering impactful workforce training that enables underserved Texans to access careers in high demand occupations in this state.

Sec. 134A.007. GRANT ELIGIBILITY. Requires a public junior college, public technical institute, or nonprofit organization, to be eligible to receive a grant under this chapter, to:

(1) coordinate and deliver a workforce training program, through classroom-based or online instruction, work-based experiences internships, or apprenticeships, or through a combination of those methods, in at least one of the following high growth fields, which is authorized to be revised by TWC periodically by rule based on input from the Texas Workforce Investment Council:

- (A) accounting and corporate finance;
- (B) application development and support;
- (C) business fundamentals;
- (D) client services and sales support;
- (E) consumer banking;
- (F) customer service;
- (G) cybersecurity;
- (H) data analytics;
- (I) help desk/desktop support;
- (J) investment operations;
- (K) life science and bioscience development;
- (L) manufacturing;
- (M) project management support; or
- (N) quality assurance;

(2) demonstrate through third-party validated data successful outcomes in:

- (A) recruiting local unemployed and underemployed individuals to participate in the training program;
- (B) training individuals with the skills needed to secure full-time, family-sustaining employment in the relevant job field; and
- (C) placing individuals in employment described by Paragraph (B);

(3) demonstrate the ability to attract at least 40 percent of the necessary funding for training program operation from revenue streams other than government funding, philanthropy, and earned revenue; and

(4) agree to:

- (A) collaborate with TWC, corporate partners, and nonprofit educational partners to determine the training programs to be provided using grant money;

(B) secure support from local businesses to ensure alignment between training program offerings and in-demand skills;

(C) collaborate with regional employers to make available developmental work-based experiences to further enhance training program participants' career readiness;

(D) engage local entities and organizations, including local workforce development boards and community-based organizations, to assist with identifying and recruiting eligible training program participants; and

(E) comply with any additional grant conditions prescribed by TWC rule, including performance benchmarks established under Section 134A.008 and reporting requirements established under Section 134A.009.

Sec. 134A.008. **PERFORMANCE BENCHMARKS.** Requires TWC by rule to establish performance benchmarks for entities receiving grants under this chapter. Requires that the benchmarks include a requirement that an entity facilitate the successful transition of at least 50 percent of an entity's training program participants from low wage work or unemployment to full-time jobs offering a family-sustaining wage and the opportunity for career mobility, as determined by TWC, within four months of training program completion.

Sec. 134A.009. **REPORTING REQUIREMENTS.** Requires TWC by rule to require each entity receiving a grant under this chapter to submit progress reports to TWC at least twice annually. Requires that each progress report include the following information relating to a training program funded by the grant:

- (1) the number of participants;
- (2) an update on progress toward performance benchmarks;
- (3) a description of any accomplishments achieved, lessons learned, or setbacks or risks incurred by the entity in administering the training program;
- (4) an explanation of any changes to the training program's work plan, team, or budget; and
- (5) the amount of grant money spent by the entity during the reporting period.

Sec. 134A.010. **GRANT AMOUNT.** Prohibits the amount of a grant awarded to an entity under this chapter for a training program from exceeding \$15,000 per training program participant.

Sec. 134A.011. **GRANT USE.** Authorizes an entity to use grant money received under this chapter only for curriculum development, instructor fees and certifications, training materials, and work-related expenses for training program participants as determined by TWC rule.

Sec. 134A.012. **RULES.** Requires TWC to adopt rules as necessary to administer this chapter.

**SECTION 2.** Requires TWC to adopt rules for the administration of Chapter 134A, Education Code, as added by this Act, as soon as practicable following the effective date of this Act but not later than December 1, 2023.

**SECTION 3.** Effective date: September 1, 2023.