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| BILL ANALYSIS |

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| H.B. 3260 |
| By: Bell, Keith |
| Trade, Workforce & Economic Development |
| Committee Report (Unamended) |

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| **BACKGROUND AND PURPOSE** The 86th Legislature established the Texas Industry-Recognized Apprenticeship Grant Program to encourage the private sector to develop specialized industry-recognized apprenticeship programs for middle skills careers, which require some education beyond high school but less than a four-year degree, to meet industrial workforce needs in regions impacted by natural disasters and overall workforce shortages. According to a 2022 policy recommendations report by the Texas Commission on Community College Finance, over 54 percent of jobs in Texas at the time were considered middle skill, but only 45 percent of Texans were sufficiently trained for such jobs, thus leaving a "middle skills gap" of roughly 1.4 million Texans. Given this issue and the current labor market being tight with low unemployment rates, as reported by the Texas Workforce Commission (TWC), the program helps deliver in-demand skills to Texans while directly connecting them to employers with available jobs. However, the bill author has informed the committee that TWC has received feedback from employers that the reimbursement timeline under the program is too long, often resulting in employers waiting up to 18 months for reimbursement, as current law does not allow for reimbursement until both the apprenticeship and a 12-month post-training employment period are completed. H.B. 3260 seeks to remedy this situation by authorizing TWC to partially reimburse employers for training under the program as milestones are met during apprenticeship training and employment and requiring TWC to establish Texas-specific parameters for the program. |
| **CRIMINAL JUSTICE IMPACT**It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision. |
| **RULEMAKING AUTHORITY** It is the committee's opinion that rulemaking authority is expressly granted to the Texas Workforce Commission in SECTIONS 2 and 3 of this bill. |
| **ANALYSIS** H.B. 3260 amends the Labor Code to authorize the Texas Workforce Commission (TWC) by rule to distribute payments constituting a partial reimbursement to an eligible person as milestones for on-the-job training and employment are met by Texas Industry-Recognized Apprenticeship Programs Grant Program participants, in accordance with the grant terms. The bill requires TWC to adopt rules as soon as practicable after the bill's effective date establishing the following for the purposes of administering and enforcing the program: * which occupations are recognized by TWC as an apprenticeable occupation for the program and the criteria for that determination, which must include that the occupation:
	+ be customarily learned in a practical way through a structured, systematic program of on-the-job supervised training;
	+ be clearly identified and commonly recognized throughout an industry;
	+ involve manual, mechanical, or technical skills or knowledge which requires significant on-the-job work experience; and
	+ require related instruction to supplement the on-the-job training; and
* a process for and the criteria by which TWC may certify a training program as an industry-recognized apprenticeship program for purposes of the grant program.

The bill updates the definition of "industry-recognized apprenticeship program" accordingly to reflect the TWC role in recognizing and certifying such a program and requires the criteria by which TWC may certify a training program to be generally consistent with the standards of apprenticeship prescribed by federal regulations providing labor standards for the registration of apprenticeship programs. H.B. 3260 applies only to a grant awarded on or after the bill's effective date. A grant awarded before that date is governed by the law in effect on the date the grant was awarded, and the former law is continued in effect for that purpose.  |
| **EFFECTIVE DATE** September 1, 2025. |