

BILL ANALYSIS

C.S.H.B. 3173

By: Talarico

Trade, Workforce & Economic Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that opportunity youth and young adults are young people aged 16 to 24 who are disengaged from both school and employment and comprise 13.1 percent of Texas' young adult population—nearly half a million individuals—a rate that exceeds the national average of 10.9 percent. The bill author has also informed the committee that the Federal Workforce Innovation and Opportunity Act serves as the main funding source for programs and supports for these youth, with those federal dollars targeting 14- to 24-year-olds and distributed by the Texas Workforce Commission through 28 local workforce development boards. However, the bill author has further informed the committee that systemic challenges impede effective resource utilization, including with respect to financial transparency, variations in strategic planning, and preparing youth for an evolving job market. C.S.H.B. 3173 aims to address these issues by revising requirements relating to programs funded by the Federal Workforce Innovation and Opportunity Act.

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 this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3173 amends the Government Code to require the local plan adopted by a local workforce development board under the Workforce Development Act, in establishing goals, objectives, and performance measures for segments of the population as part of the plan's requisite operational component, to establish the specific goals, objectives, and performance measures for individuals who are at least 14 years of age but younger than 25 years of age.

C.S.H.B. 3173 requires a governmental entity that provides a financial incentive that results in the creation of at least 100 estimated new employment opportunities to notify the Texas Workforce Commission (TWC) and any local workforce development board operating in a workforce development area where the financial incentive is distributed of the plan to distribute the financial incentive not later than the 30th day after the date the governmental entity approves the financial incentive. For these purposes, the bill defines "governmental entity" as a state agency or political subdivision of the state, including a municipality or county, and "financial incentive" as a financial benefit, including a grant, loan, or tax preference, or a combination of those benefits, offered by a governmental entity to any person. The required notice must include the following:

- the estimated number of new employment opportunities the financial incentive will create;
- the estimated start date for each new employment opportunity created by the financial incentive; and
- a description of the skills and training necessary for applicants for each new employment opportunity created by the financial incentive.

C.S.H.B. 3173 requires TWC to annually evaluate the following:

- the effectiveness of TWC's federally funded youth programs; and
- the best practices for local workforce development boards to meet the current and projected workforce needs of employers in workforce development areas and to provide workforce development services to individuals who are at least 14 years of age but younger than 25 years of age.

The bill defines "federally funded youth program" as a youth workforce development program funded under federal Workforce Innovation and Opportunity Act provisions relating to workforce development programs. The evaluation must include the following information for individuals who are at least 14 years of age but younger than 25 years of age:

- a calculation of the total percentage of workforce funds spent annually through TWC's federally funded youth programs on efforts to:
 - increase employment among those individuals;
 - reenroll those individuals who have dropped out of a public or open-enrollment charter school; and
 - facilitate the participation of those individuals in postsecondary education, technical education, or the military;
- the respective numbers of those individuals who, as follows:
 - have dropped out of a public or open-enrollment charter school and are assisted in reenrollment with workforce funds; and
 - receive assistance in participating in postsecondary education, technical education, or the military;
- for each local workforce development area:
 - the respective numbers of those individuals who, as follows:
 - are eligible for workforce development services; and
 - annually receive workforce development services, including the number receiving assistance in enrolling in high school, a high school equivalency program, an apprenticeship program, a public institution of higher education, a technical school, or the military; and
 - the total number of workforce development service providers actively serving those individuals in the area through TWC's federally funded youth programs; and
- examples of efforts to reach those individuals in which TWC and local workforce development boards coordinated with each of the following respective entities:
 - the Texas Education Agency, public school districts, or open-enrollment charter schools;
 - the Texas Higher Education Coordinating Board or institutions of higher education; and
 - the Department of Family and Protective Services.

The evaluation must additionally include:

- for each local workforce development board, an assessment of the board's current use of workforce funds to determine and meet the current and projected workforce needs of employers in the workforce development area; and
- examples of efforts to meet current and projected workforce needs in which TWC and local workforce development boards coordinated with each of the following respective entities:
 - private employers or other members of the business community; and

- workforce development service providers.

The bill requires TWC to make the annual evaluation, any information collected in the course of conducting the evaluation, and any findings of TWC arising from the evaluation readily available to local workforce development boards, employers, institutions of higher education, school districts, charter schools, and the public.

C.S.H.B. 3173 requires TWC to make a report to the legislature detailing TWC's findings on the effectiveness of TWC's federally funded youth programs not later than January 15 of each odd-numbered year. The report must include the following:

- the information included in the annual evaluation required under the bill's provisions;
- employment outcome information for individuals who are at least 14 years of age but younger than 25 years of age, disaggregated by local workforce development area;
- an analysis of multiyear trends identifiable from the information contained in the annual evaluation, including any identifiable trends that show positive impacts of TWC's federally funded youth programs on workforce participation of individuals who are at least 14 years of age but younger than 25 years of age; and
- TWC's recommendation for legislative or regulatory action, including recommendations for regulatory action by other governmental entities.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 3173 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute makes all provisions of the introduced that are applicable to individuals who are at least 16 years of age but younger than 25 years of age applicable instead to individuals who are at least 14 years of age but younger than 25 years of age.

The introduced and the substitute both require TWC to evaluate workforce development activities but differ in the following ways:

- the substitute makes the introduced version's requirement for TWC to annually evaluate the effectiveness of TWC's workforce development program applicable instead to TWC's federally funded youth programs;
- the substitute accordingly replaces references in the introduced to "TWC's workforce development program" and "workforce development programs," as applicable, with references to "TWC's federally funded youth programs" for purposes of TWC's required report to the legislature;
- the substitute includes a provision, absent from the introduced, defining "federally funded youth program" as a youth workforce development program funded under federal Workforce Innovation and Opportunity Act provisions relating to workforce development programs;
- the introduced required the evaluation to include a calculation of the respective percentages of workforce funds spent annually on specified efforts, while the substitute requires the evaluation to include a calculation of the total percentage of workforce funds spent annually through the applicable programs on those specified efforts; and
- with respect to the requirement for the evaluation to include, for each local workforce development area, the total number of workforce development service providers actively serving individuals who are within the applicable age range in the area, the substitute specifies that the service providers that must be included are those that actively serve such individuals through TWC's federally funded youth programs.