

BILL ANALYSIS

C.S.H.B. 3698

By: Vo

Trade, Workforce & Economic Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that the Texas Workforce Commission (TWC) has identified an opportunity to expand reemployment services under the federal Reemployment Services and Eligibility Assessment (RESEA) program, which allows states to provide reemployment assistance to individuals receiving unemployment insurance benefits. Under current law, with some exceptions, claimants participate in reemployment services only if they are profiled as likely to exhaust their unemployment benefits before becoming reemployed. The aim of RESEA is to reduce the length a profiled claimant is on unemployment benefits by expediting reemployment outcomes with support and services. The bill author has also informed the committee that, owing to the rapid growth of RESEA, Texas has the capacity to provide services to more unemployment insurance claimants and help more people find reemployment. C.S.H.B. 3698 seeks to expand participation in reemployment services by revising the conditions under which such participation is required for unemployment benefit eligibility.

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. 3698 amends the Labor Code to include as a circumstance under which participation in reemployment services, such as a job search assistance service, is required as an eligibility condition for an unemployed individual to receive unemployment benefits a determination by the Texas Workforce Commission (TWC), regardless of the results of that individual's assessment by TWC to determine if an individual is likely to exhaust eligibility for regular benefits and to need those services to obtain new employment, that the individual's participation is in furtherance of the following goals, unless there is reasonable cause as determined by TWC for the individual's failure to participate in those reemployment services:

- reducing the duration of unemployment compensation through improved employment outcomes;
- strengthening the integrity of the unemployment compensation program;
- promoting alignment with the vision of the federal Workforce Innovation and Opportunity Act;
- establishing TWC's reemployment services and eligibility assessment program as an entry point to other workforce system partner programs; and
- demonstrating the effectiveness of reemployment services.

Additionally, the bill revises the exception to the provision requiring participation in reemployment services as a condition of that benefits eligibility for an unemployed individual who has been determined to be likely to exhaust eligibility for regular benefits and to need those services to obtain new employment if the individual has completed participation in reemployment services by specifying that the completion is determined by TWC.

C.S.H.B. 3698 applies only to a claim for unemployment compensation benefits filed with TWC on or after the bill's effective. A claim filed before the bill's effective date is governed by the law in effect on the date the claim was filed, and the former law is continued in effect for that purpose.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 3698 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 does the following with respect to the circumstance under which participation in reemployment services is required as an eligibility condition for an unemployed individual to receive unemployment benefits:

- omits the introduced version's specifications that TWC determines that the individual's participation is in furtherance of the goals stated under federal Social Security Act provisions relating to grants to states for reemployment services and eligibility assessments and that the reemployment services meet the standards for evidence-based interventions described by those federal provisions;
- includes instead a specification that TWC determines that such participation is in furtherance of certain goals relating to unemployment compensation, the federal Workforce Innovation and Opportunity Act, TWC's reemployment services and eligibility assessment program, and reemployment services; and
- includes a clarification absent from the introduced that TWC's determination is regardless of the results of that individual's assessment conducted under a profiling system established by TWC.