

BILL ANALYSIS

Senate Research Center
80R1385 KSD-D

H.B. 48
By: Chavez et al. (Zaffirini)
Finance
5/14/2007
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 2421, 79th Legislature, Regular Session, 2005, established a funding mechanism for the Texas Enterprise Fund (TEF) and the skills development program. H.B. 2421 created the Employment and Training Investment Assessment (ETIA), a one-tenth of one percent assessment to be collected from employers from existing unemployment insurance and deposited into a holding fund. A statutory maximum amount from the holding fund is then transferred to the TEF and the skills development program. That bill allocated 67 percent of the holding fund to the TEF and the remaining 33 percent to the skills development program. Beginning on September 1, 2007, the allocation is scheduled to change to 75 percent to the TEF and 25 percent to the skills development program.

Skills and workforce training is severely underfunded in Texas. The Texas Workforce Commission purports to receive three requests for training for every dollar it spends, demonstrating a distinct need for skills development in Texas without a means to provide it. The skills development program is a customized workforce training program, whereby funds are distributed as a partnership grant between a business and a community college in the area. The job training can be either for new workers or for incumbent workers to acquire new skills. The program provides funding and trains workers only when an employer has demonstrated a need and requested that employees be trained in a specific area. The funds for training are put to immediate and specific use. One of the best ways to combat the current unemployment level is to have a more stable, larger, and better trained workforce. The skills development fund can help with this. As the cost of training increases, it will be beneficial to have a dedicated funding source for an effective training program.

H.B. 48 amends the Labor Code to retain the annual allotments from the ETIA holding fund at the current percentages--67 percent for the TEF and 33 percent for the skills development program.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 204.123(a), Labor Code, to delete existing text regarding the distribution of money in the employment and training investment holding fund to be made in a certain manner during any state fiscal biennium beginning on or after September 1, 2007.

SECTION 2. Effective date: upon passage or September 1, 2007.