

BILL ANALYSIS

C.S.H.B. 3767
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International Relations & Economic Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

As the job market changes and modernizes due to technology advancements or external factors, such as the COVID-19 pandemic, there are calls to align or realign education and workforce systems to meet workforce demand. C.S.H.B. 3767 seeks to provide such alignment by, among other things, requiring the Texas Education Agency, the Texas Higher Education Coordinating Board, and the Texas Workforce Commission to enter the Tri-Agency Workforce Initiative established under the bill's provisions.

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. 3767 amends the Government Code to establish the Tri-Agency Workforce Initiative to coordinate and optimize information and other resources as necessary for the following purposes:

- aligning career education and training programs to workforce demands;
- providing residents of the state with timely and accurate information needed to plan education and workforce pathways; and
- enabling local and state policy makers to evaluate the effectiveness of career education and training programs and progress toward the state workforce development goals.

C.S.H.B. 3767 requires the Texas Education Agency (TEA), Texas Higher Education Coordinating Board (THECB), and Texas Workforce Commission (TWC) to enter into one or more interagency agreements establishing policies and processes for the following:

- sharing and matching relevant data and cooperatively managing education and workforce information collected by each respective agency; and
- coordinating the assignment of staff and other resources to the initiative as necessary to effectuate the state workforce development goals and the strategies for achieving goals developed under the bill's provisions.

The bill establishes that the time spent by an employee of TEA, the THECB, or the TWC in supporting the work of the initiative is not included in the calculation of the number of full-time equivalent employees allotted to the respective agency under other law. The bill requires the commissioner of education, commissioner of higher education, and the chair of the TWC to discuss the work of the initiative at least once per quarter. The bill requires those agencies to hold the initial discussion not later than October 1, 2021.

C.S.H.B. 3767, with respect to a unified workforce data repository, does the following:

- requires TEA, the THECB, and the TWC to use the P-20/Workforce Data Repository as the central repository of career and education data;
- requires those agencies to regularly review the data and incorporate into the repository data determined by the executive officer of the respective agency to be integral to the state workforce development goals and the strategies for achieving those goals developed under the bill's provisions;
- requires any data or reports made accessible to the public under the initiative to comply with applicable state and federal laws governing use of and access to the data; and
- requires TEA, the THECB, and the TWC, where applicable, to ensure that records deposited in the repository are automatically matched at the student level on a timely basis to ensure that those agencies and other entities authorized to access the repository have timely information to support higher education and workforce application, entry, and success.

C.S.H.B. 3767 requires the commissioner of education, commissioner of higher education, and the chair of the TWC to jointly develop and post in a prominent location on the initiative's and each respective agency's website state workforce development goals and coordinated interagency strategies for achieving those goals. The bill sets out requirements for those goals and strategies. The bill requires those officers, in consultation with employers, to jointly update the goals and strategies at least every four years, or more frequently if needed to reflect available data and circumstances, and to designate and update every two years a list of career pathways that includes the two priority categories, target occupations and critical career pathways, as set out under the bill's provisions. The bill requires TEA, the THECB, and the TWC to develop the initial goals not later than January 31, 2022, and to develop the initial strategies not later than April 30, 2022. In a temporary provision set to expire September 1, 2023, the bill requires the commissioner of education, the commissioner of higher education, and the chair of the TWC, not later than June 1, 2022, to jointly make recommendations regarding the development of a modern and publicly accessible job skills inventory for public and private sector jobs in Texas, including certain recommendations set out by the bill's provisions.

C.S.H.B. 3767 requires TEA, the THECB, and the TWC, not later than January 1, 2024, to jointly establish a publicly accessible web-based library of credentials, such as diplomas, certificates, certifications, digital badges, apprenticeships, licenses, or degrees, that are delivered, issued, funded, or governed by the state, aligned with recognized skills and industry standards, available to Texas residents, and used by employers in Texas. The bill requires those agencies to jointly designate a host agency or operating entity for the credential library and requires the library to be updated at least once per year.

C.S.H.B. 3767 requires TEA, the THECB, and the TWC to cooperatively establish Internet-based resources for the initiative, including, among other requisite resources set out by the bill, a central website for the initiative that contains information on the state workforce development goals and the strategies for achieving those goals. The bill requires those agencies to jointly solicit public comment on the usefulness of the initiative's Internet-based resources and, in January of each even-numbered year, to publish a summary of those resources, including actions taken to increase the usefulness of the resources or address those comments.

C.S.H.B. 3767 requires TEA, the THECB, and the TWC to coordinate data collection and matching necessary to provide information to each public school and institution of higher education regarding the success of students previously enrolled in a career education and training program offered by the school or institution with respect to critical student outcomes, such as degree and credential completion, employment status and industry of employment, and earnings over time. The bill requires the commissioner of education, commissioner of higher education, and chair of the TWC to ensure that the information is provided in a manner that complies with applicable state or federal law regarding the privacy and confidentiality of student

information. The bill requires those officers, in January of each even-numbered year, to jointly prepare, submit to the legislature, and post on the initiative's and each respective agency's website a report on the impact of career and education training programs on student success and the state workforce development goals.

C.S.H.B. 3767 requires TEA, the THECB, and the TWC, at least 30 days before finalizing state workforce development goals, strategies for achieving those goals, or the report on the impact of career and education training programs on student success, to jointly post on the initiative's and each respective agency's website the proposed goals, strategies, or report and instructions for submitting comment on those items to the agencies. The bill provides for the development of a secure portal through which authorized personnel of approved entities can view and analyze certain data related to the progress toward meeting state workforce goals and requires TEA, the THECB, and the TWC to jointly develop role-based security protocols that ensure the privacy and confidentiality of information made accessible through the portal in a manner that complies with any applicable state or federal law.

C.S.H.B. 3767 authorizes the governor to award a Talent for Texas Champions Governor's Award to recognize leading employers in Texas who are contributing to workforce improvement by supporting certain programs and whose contributions align with strategic priorities for the state, including helping to meet regional workforce demands and enabling more Texas residents to attain jobs that pay a living wage. The bill requires TEA, the THECB, and the TWC to jointly nominate employers for the award.

C.S.H.B. 3767 authorizes a state agency that receives funding through the federal Carl D. Perkins Career and Technical Education Act of 2006 or the federal Workforce Innovation and Opportunity Act or any other federal funding for career education and training, to the extent permissible under federal law, to combine with, transfer to, or delegate to another state agency that receives such funding the agency's management of workforce-related funding as necessary to implement the state workforce development goals. The bill requires TEA, the THECB, and the TWC to jointly submit to the governor and standing legislative committees with jurisdiction over state financial alignment efforts a biennial report on how federal and state funding for career education and training programs are being spent in accordance with the state workforce development goals. The bill requires a state agency that receives federal or state funding for career education and training programs to include in the agency's legislative appropriations request a description of how the agency's career education and training programs and expenditures align with the state workforce development goals.

C.S.H.B. 3767 provides for the determination of a living wage. The bill authorizes TEA, the THECB, and the TWC to accept gifts, grants, and donations from any public or private source for purposes of the initiative and requires those agencies to investigate potential sources of funding from federal grants or programs that may be used for purposes of the initiative.

C.S.H.B. 3767 amends the Labor Code to require the TWC to work in consultation with employers to enhance and improve the reporting of employment and earnings data by employers to the TWC as part of the employer's routine wage filings under the Texas Unemployment Compensation Act or rule of the TWC and consistent with federal law and regulations. The bill requires the enhanced wage filings to include information related to occupation and other important employment information that would improve the state's labor market information. The bill requires the TWC, in consultation with employers and human resource technology providers, to develop viable data priorities and standards for reporting and collecting enhanced wage filings. The bill requires the TWC, not later than September 1 of each even-numbered year, to prepare and submit to the legislature and post on the TWC website a report on employer participation in the enhanced wage filings, a cost-benefit analysis on the enhanced wage filings to the workforce planning process in the state, and any recommendations for legislative or other action to improve the enhanced wage filings. The bill requires the TWC to develop the data

priorities and standards for reporting and collecting enhanced wage filings not later than September 1, 2022, and to submit the initial legislative report not later than September 1, 2024.

C.S.H.B. 3767, in a temporary provision set to expire September 1, 2023, requires the TWC to do the following:

- not later than January 1, 2022, design and implement a voluntary pilot program for the reporting and collection of enhanced wage filings;
- to the greatest extent possible, include a representative sample of employers in the pilot program; and
- not later than September 1, 2022, submit to the legislature a report on the results of the pilot program and any recommendations for legislative or other action.

C.S.H.B. 3767 establishes that implementation of a provision of the bill relating to the unified workforce data repository, credential library, and Internet-based resources by TEA, the THECB, and the TWC is mandatory only if a specific appropriation is made for that purpose, federal funding is provided to the agencies for that purpose as part of any federal coronavirus disease (COVID-19) relief spending, or the agencies receive gifts, grants, or donations for that purpose.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3767 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes a short title which was not included in the original.

Whereas the original, in its definition of "career education and training program" for purposes of the initiative, specified a career and technology education program offered by an institution of higher education, the substitute instead clarifies that the program offered is a career technical or workforce education program, as defined by the THECB, offered by an institution of higher education.

The substitute does not provide for the Tri-Agency Workforce Initiative Fund and for its explicit purpose, as the original provided, but does include a provision authorizing the acceptance by the applicable agencies of gifts, grants, and donations for purposes of the initiative and requires the agencies to investigate potential sources of funding.

The substitute does not include provisions which were included in the original establishing a statewide intermediary council to assist the initiative.

The substitute shares substantially similar provisions with the original regarding interagency agreements and applicable staffing matters for the initiative but the substitute's provisions differ as follows:

- the substitute requires the agencies to enter into one or more agreements;
- the substitute requires the agreements to establish policies and processes for sharing and matching relevant data;
- the substitute does not include the original's requirement that the policies and processes established in the agreement ensure that data collected by the agencies is matched at the student level and made available for use; and
- the substitute clarifies the original's provision regarding the basis for the calculation of the number of applicable full-time equivalent employees allotted to a respective agency supporting the work of the initiative.

The substitute replaces the original's quarterly meeting requirement applicable to the respective agencies, as contained in the original, to instead require the commissioner of education, commissioner of higher education, and the chair of the TWC to discuss the initiative at least once per quarter.

The substitute contains provisions substantially similar to the original's provisions regarding the unified workforce data repository. However:

- whereas the original required an automatic match of records deposited at the student level on a timely basis, the substitute requires automatic matching only where applicable; and
- the substitute excludes the original's requirement that any data or reports made accessible to the public under the initiative comply with rules adopted under statutory provisions relating to an education research center advisory board but retains the original's general requirement for compliance with applicable state and federal laws governing the use of and access to the data.

The substitute and the original share substantially similar state workforce development goals and strategies but their provisions differ as follows:

- the substitute requires the development of the goals and strategies rather than their adoption;
- the substitute explicitly assigns the duty to develop and post the goals and strategies to the commissioner of education, commissioner of higher education, and chair of the TWC, rather than generally assigning those duties, as the original did, to the applicable agencies;
- the substitute applicably updates related provisions to reflect the explicit assignment;
- the substitute requires the goals to be jointly developed and jointly updated in consultation with employers;
- the substitute requires the goals to provide for collaborative planning and coordination with local employers;
- the substitute requires the strategies to articulate the ways in which the state can best leverage state funding for programs, whereas the original only required the articulation of federal funding;
- the substitute requires the designation and update of the list of career pathways to be made in consultation with employers;
- the substitute revises the joint recommendations to include specific matters to be included among such recommendations; and
- the substitute postpones the expiration date of these provisions from September 1, 2022, as in the original, to September 1, 2023.

With respect to the substitute's and original's shared provision requiring a web-based credential library:

- the substitute does not include the original's requirement that the credential library include credentials issued by any public or private entity but instead specifies that such credentials are those delivered, issued, funded, or governed by the state;
- the substitute does not include the original's requirement that a host agency or operating entity perform a certain analysis for each credential to determine its value in the labor force;
- the substitute includes a requirement, which was not included in the original, for the credential library to be updated at least once per year; and
- the substitute includes a deadline for the establishment of the credential library that is not included in the original.

The substitute does not include the original's requirement for the Texas Workforce Investment Council to provide administrative support, including resources and staff, for the initiative.

The substitute and original share substantially similar provisions regarding a central Internet website and online resources but the substitute refers to them, collectively, as Internet-based resources and changes the applicable provisions as follows:

- the substitute specifically requires the website to contain information on the state workforce development goals and strategies and does not include the original's requirement for the website to contain publicly accessible career and workforce information;
- the substitute does not include the original's requirement for inclusion on the website of the data on the outcomes of students participating in programs specifically for the first, fifth, and tenth years after program completion but instead provides that the Internet resources must provide such data regarding the applicable matters over time, without specificity as to a period.
- the substitute does not include the original's specification that the earnings included in the data regarding outcomes are median earnings;
- the substitute does not include the original's requirement for the website to include the following:
 - certain analytical tools;
 - tools enabling the secure interagency sharing of information in order to seamlessly refer a website visitor at the visitor's election to tailored career navigation, support, and training resources; or
 - data necessary to demonstrate return on investment for each career education and training program, including state and local costs, costs to the student, and student salary at the first, fifth, and tenth years after completing the program; and
- the substitute revises the original's provisions requiring the annual solicitation of public comment and the annual publication on the website of certain information to provide, as follows:
 - the substitute omits the requirement that the solicitation be made annually;
 - the substitute requires the publication of a summary of actions to address such comments in January of each even-numbered year rather in December of each year as required in the original; and
 - the substitute does not include the original's provision requiring the annual publication of trend data regarding the use of the website.

The substitute sets out student success reporting requirements that are substantially similar to the original's performance reporting provisions and both the substitute and original provide for reporting the impact of career and education training programs on state workforce development goals. However:

- the substitute includes an additional requirement for the privacy and confidentiality of student information that was not in the original; and
- the substitute does not include the original's biennial September deadline for submission of the legislative report and for the required website postings regarding the impact of applicable training programs but instead requires the report to be submitted in January of even-numbered years.

The substitute and the original require a secure portal for viewing and analyzing currently available matched data but the substitute does not specify, as the original did, that such data is that which is related to the progression toward living-wage employment for residents of Texas but instead specifies that such matching data is related to the progress toward meeting state workforce needs. The substitute also specifies that the role-based security protocols applicable to the portal are those developed by the applicable agencies rather than those adopted by the agencies.

With respect to the authorization, which was included in the original, for a state agency that receives certain federal funding to combine with, transfer to, or delegate to another agency the agency's management of workforce-related funding, the substitute specifies that the authorization is conditioned on the extent to which that is permissible under federal law.

The substitute and original both provide for similar additional workforce data to be reported with an employer's routine wage filings but differ as follows:

- whereas the original required the TWC to request that each employer provide such data as part of the employer's routine wage filings, the substitute instead requires the TWC to work in consultation with employers regarding enhanced data as part of an employer's routine wage filings, which must include certain information;
- the substitute includes a provision that was not included in the original requiring the TWC in consultation with employers and human resource technology providers, to develop viable data priorities and standards for reporting and collecting enhanced wage filings and establishes a deadline for that development; and
- the substitute changes the original's requirement for a public report to be provided by the TWC regarding employer participation in the enhanced data reporting and a cost-benefit analysis by:
 - requiring instead that TWC prepare and submit to the legislature a biennial report on such participation and analysis and also requiring certain recommendations;
 - providing for an initial report on such participation and analysis, with the recommendations, not later than September 1, 2024; and
 - providing for a voluntary pilot program for the reporting and collection of enhanced wage filings and requiring a legislative report on the results of the program with recommendations.

The substitute includes a provision, which was not included in the original, making certain provisions of the bill regarding the unified workforce data repository, the credential library, and the Internet-based resources mandatory only if a specific appropriation is made for that purpose, federal funding is provided to the applicable agencies for that purpose as part of any federal coronavirus disease (COVID-19) relief spending, or the agencies receive gifts, grants, or donations for that purpose.