

SUBJECT: Continuing TWIC, abolishing the Texas Skill Standards Board

COMMITTEE: Economic and Small Business Development — favorable, without amendment

VOTE: 6 ayes — Button, C. Anderson, Faircloth, Metcalf, Villalba, Vo

0 nays

3 absent — Johnson, Isaac, E. Rodriguez

WITNESSES: For — (*Registered, but did not testify*: Dana Harris, Metro 8 Chambers of Commerce; Stephen Minick, Texas Association of Business)

Against — None

On — Lee Rector, Texas Workforce Investment Council; (*Registered, but did not testify*: Faye Rencher, Sunset Advisory Commission)

BACKGROUND: **The Texas Workforce Investment Council (TWIC).** TWIC is a 19-member board under the Governor’s Office responsible for planning, evaluating, and reporting on the Texas workforce system. Previously known as the Texas Council on Workforce and Economic Competitiveness, the council has existed since 1993.

TWIC assists the governor and Legislature on strategic planning and evaluation of the Texas workforce system. It coordinates with 24 workforce programs at the system’s eight state agency partners. TWIC is tasked with promoting development of a well-educated and highly skilled workforce. Its responsibilities include developing strategic plans, monitoring education and employment outcomes, reporting to the governor and Legislature, researching emerging issues, and reviewing state and local workforce plans. It convenes quarterly or on the call of the chair or for specialized subcommittees and technical advisory committees.

The council is required by the federal Workforce Investment Act and the Workforce Innovation and Opportunity Act. To receive federal funding

under the two acts, the state must have a statewide workforce investment body to oversee workforce development activities. TWIC fulfills this role.

TWIC receives no state money but is funded with federal workforce dollars provided to its member agencies. Personnel costs are 76 percent of the council's total expenses, which were \$808,669 in fiscal 2013.

Of TWIC's 19 members, 14 are appointed by the governor and represent business, labor, education, and community-based organizations. These members serve six-year terms. The remaining five are ex officio voting members and represent workforce partner agencies, such as the Texas Workforce Commission and the Texas Higher Education Coordinating Board. These members serve as long as they hold their designated positions. The council has 12 full-time staff members and receives administrative support from the governor's office.

TWIC is subject to the Texas Sunset Act and last underwent Sunset review under its former name, the Texas Council on Workforce and Economic Competitiveness, in 2003. It was continued under its new title by the 78th Legislature. The council is scheduled to expire September 1, 2015, unless continued by the Legislature.

The Texas Skill Standards Board (TSSB). TSSB is an 11-member advisory board of professionals established in 1995 to work with industry and education programs to develop a voluntary, statewide set of occupational skills standards and credentials for high-wage, high-demand occupations requiring less than a baccalaureate degree. TSSB has created a set of shared standards and has served as the intermediary between industry groups and community and technical colleges to develop degree programs and curricula that align with industry workforce needs. TSSB's role includes certifying programs and postsecondary institutions as offering industry-recognized skills training. TSSB also renews the certification of recognized education and training programs.

TSSB's 11 board members include seven representatives from the business community, two from labor, one from secondary education, and one from postsecondary education. Members are appointed by the governor and serve without term limits. TSSB is administratively

connected to the Governor's Office and supported by one staff person who works for TWIC. Members are not paid but may receive compensation from TWIC for expenses, such as travel expenses, related to their charge.

DIGEST:

HB 1606 would amend Government Code, ch. 2308 to continue TWIC until September 1, 2027. TSSB would be abolished and its authority and duties would be transferred to the TWIC, including:

- advising the governor and Legislature on developing a statewide system of industry-recognized skill standards and credentials for major skilled occupations that provide strong employment and earning opportunities and require less than a baccalaureate degree;
- validating and recognizing national skill standards to guide education, training, and certification of workforce skills;
- convening industry groups to develop skill standards and certification procedures for industries and occupations that lack them;
- assessing standards developed outside of Texas and abroad and promoting portability and mutual recognition of credentials and standards;
- encouraging use of the standards and credentials by employers; and
- providing annual reports on the council's duties to the governor, Legislature, and the Texas Workforce Commission's Division of Workforce Development.

The bill also would require that TWIC be reviewed during the same Sunset period as the Texas Workforce Commission.

The bill would take effect September 1, 2015.

**SUPPORTERS
SAY:**

TWIC should be continued because it performs several important functions for both state operations and federal Workforce Investment Act and Workforce Innovation and Opportunity Act compliance. Not maintaining TWIC or a similar function could cost the state \$160 million in federal workforce funds upon which many programs depend.

Apart from helping the state meet federal requirements, TWIC serves the

Texas workforce system well. Requiring workforce partners to convene quarterly enables greater potential for partnership and strategic planning. The council's annual report on state and local workforce goals and outcomes keeps everyone accountable for their respective roles in the workforce system. TWIC performs this essential function at no cost to the state because it is fully federally funded.

Texas is facing a considerable labor shortage and a misalignment between education and training and workforce needs. Any efforts to address this issue are beneficial and should be maintained.

TSSB should be abolished and its functions transferred to TWIC. TSSB has accomplished the bulk of its goals and its role now is predominantly administrative, such as renewing certified programs. The number of new programs and colleges seeking TSSB certification has dropped. Industry certification, which performs a similar function to the skill standards, is an emerging focus at the state and federal levels, making the TSSB standards less relevant and necessary.

Recently, the board has met only once or twice a year. It has abdicated certification renewal duties to the chair in an effort to minimize the need to meet and ease the delay for programs seeking certification, so only the chair is actively responsible for this duty. For the colleges, programs, students, and employers currently relying on the value of being certified by TSSB, TWIC would be well qualified to continue this important work and maintain the skill standards' reputation.

Abolishing TSSB eliminates the inefficiency of having two distinct workforce-related boards when one could perform both boards' functions and submit one report to the governor. TSSB's mission of aligning the workforce's skilled labor needs with education and training falls within the larger work of TWIC. The council's membership will ensure the continued input of stakeholders such as employers and educational institutions. TWIC also has statutory authority to convene advisory committees for more technical input as needed, just as TSSB does.

No significant staffing changes would result from dissolving TSSB and moving its duties to TWIC. For 15 years, one or two TWIC employees

have staffed TSSB, while TWIC has performed the TSSB's administrative work.

Attaching TWIC to the Texas Workforce Commission's Sunset schedule makes administrative sense as it would ensure that the Sunset Advisory Commission evaluated the entire workforce system at one time. The Texas Workforce Commission's programs make up the bulk of TWIC's portfolio.

While tying TWIC's Sunset review to the Texas Workforce Commission's schedule would be efficient and effective, TWIC still would benefit from remaining administratively separate from the commission. This separation allows TWIC to hold a neutral position as convener and evaluator of other agencies that operate workforce programs, such as the Texas Workforce Commission.

OPPONENTS
SAY:

TSSB, which HB 1606 would abolish, performs an essential function for postsecondary institutions and students, ensuring graduates are able to enter the workforce with recognizable, certified credentials and skills training. Having this certification performed by an independent, third party like TSSB provides employers with the assurance that any graduate of these programs will have necessary, relevant training for today's workforce.

TSSB has gained national attention for its work, and many other states seek to emulate Texas' model. Texas is viewed as a leader in workforce development and tailoring education to stay ahead of labor market demands. Abolishing TSSB would remove incentives for companies to move to Texas to take advantage of this education and training system and could make the state less competitive.

Many stakeholders currently rely on TSSB standards to evaluate credentials and degrees of potential employees. Institutions frequently approach the board about creating certain training and education programs. Abolishing this board would leave many participating students, programs, and employers in limbo and unsure of their status.

The board's small size, independence, and lack of term limits have been assets for fostering long-term partnerships between education, industry, and the workforce. Moving TSSB's responsibilities to TWIC would turn those duties into another administrative task, rather than the strategic planning it is now. A larger agency with a broader focus such as TWIC may not be able to bring TSSB's level of attention and commitment to workforce partners and the system as a whole.

TSSB is a cost-effective planning body that does important work and whose members are unpaid. Texas needs to make sure that the education and training of its workforce are aligned with employment opportunities. The benefits and exposure for Texas that TSSB provides outweigh any savings in cost or administrative burden that eliminating the board would create.

NOTES:

The companion bill, SB 209 by Hinojosa, was approved by the Senate Natural Resources and Economic Development Committee, placed on the March 17 intent calendar, and not again placed on the intent calendar on March 19.