

BILL ANALYSIS

Senate Research Center

C.S.H.B. 1528
By: Oliveira (Sibley)
Economic Development
5-16-97
Committee Report (Substituted)

DIGEST

Currently, the Smart Jobs program awards customized job training grants to eligible businesses. The program was created in 1993 and requires several modifications to improve the existing program. C.S.H.B. 1528 would add certain new definitions to the Smart Jobs statute, modify certain wage requirements, recalculate the amount available for administering the program, and restrict the value of Smart Jobs training grants to \$1.5 million at a rate of 10 percent of the annual wages of the employee unless specified conditions are met.

PURPOSE

As proposed, C.S.H.B. 1528 adds certain new definitions to the Smart Jobs statute, modifies certain wage requirements, recalculates the amount available for administering the Smart Jobs Program, and restricts the value of Smart Jobs training grants to \$1.5 million at a rate of 10 percent of the annual wages of the employee unless specified conditions are met.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 481.151, Government Code, to define "emerging occupation," "manufacturing occupation," "micro-business," and "small business." Makes standard recodification and conforming changes. Redefines "existing employer" and "minority group members."

SECTION 2. Amends Section 481.154, Government Code, to prohibit certain costs of the Department of Commerce (department) in any fiscal year from exceeding five percent of the total amount appropriated for the program for that year, rather than five percent of the total funds deposited in the smart jobs fund in that year. Makes standard recodification changes.

SECTION 3. Amends Section 481.155, Government Code, as follows:

(a) Provides that it is the intent of the legislature that, to the greatest extent practicable, money from the smart jobs fund shall be spent on all areas of the state. Authorizes the executive director of the governing board of the department (executive director) to award a grant or a combination of grants in any fiscal year to a single employer in excess of \$1,500,000 or at a rate greater than 10 percent of the annual wages of the new or existing job being created or retained with the grant under certain conditions.

(b)-(c) Makes conforming changes.

(d) Prohibits a grant from being awarded for a project under this section unless each employer participating in the project certifies that the starting wage for a new job created through the project will be equal to or greater than the prevailing wage for that occupation in the local labor market area, rather than greater than 66-2/3 percent of the state average weekly wage, and that the wage for a job existing on the date that the project is scheduled to begin will be increased to the greater of three, rather than 10, percent for a small business or five percent for a business that is not a small business over the wage in effect on the day

before the date on which the project is scheduled for that job; or 100 percent of the prevailing wage for that occupation in the local labor market area, rather than 75 percent of the state average weekly wage. Makes a conforming change.

(e) Authorizes an employer to apply for a grant under this chapter, and an employer who is a micro-business may request a modification of the requirements provided by Subsection (d) and Section 481.159(c), if, among other options, substantial change in the skills required to continue the employer's business exists because of technological changes; or other reasonable factors exist, as determined by the executive director. Makes conforming changes.

(f)-(j) Makes conforming changes.

SECTION 4. Amends Section 481.156(a), Government Code, to authorize one or more employers to secure training for demand occupations, emerging occupations, or manufacturing occupations to apply for a grant under this subchapter. Authorizes one or more employers acting in partnership with an employer organization, labor organization, or community-based organization to secure training for demand occupations, emerging occupations, or manufacturing occupations to apply for a grant under this subchapter. Authorizes one or more employers acting in partnership with a consortium composed of more than one provider to secure training for demand occupations, emerging occupations, or manufacturing occupations to apply for a grant under this subchapter. Makes conforming changes.

SECTION 5. Amends Sections 481.159(b) and (c), Government Code, as follows:

(b) Prohibits total administrative costs for any single employer, rather than particular, project from exceeding 10 percent of the project's expenditures. Prohibits total administrative costs for a consortium project from exceeding 15 percent of the project's expenditures.

(c) Requires 25 percent of allowable expenditures, rather than of the grant award, to be withheld by the department for 90 days after the date of completion of the contract, rather than project. Requires the amount of allowable expenditures withheld, rather than the grant award, to be remitted to the employer if at least 85 percent, rather than all, of the trainees in the project have been retained in employment for that 90-day period and have successfully achieved the skills and competencies, wage requirements, and other contractual obligations. Deletes text in regard to provisions relating to each trainee who is not retained in employment for a certain 90-day period.

SECTION 6. Amends Section 481.160(b), Government Code, to require the annual report to include for that fiscal year, among other items, the wage levels of trainees entering or returning to the work force, broken down by current employees undergoing retraining and new hires, at three months and one year, rather than three years, after the conclusion of their training.

SECTION 7. Effective date: September 1, 1997.

SECTION 8. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 3.

Amends Section 481.155, Government Code, to revise proposed changes to Subsection (a) to authorize the executive director to award a grant or a combination of grants in any fiscal year to a single employer in excess of \$1,500,000, rather than \$1,000,000, or at a rate greater than 10 percent of the annual wages of the new or existing job being created or retained with the grant under certain conditions.

SECTION 5.

Amends Section 481.159, Government Code, to add proposed changes to Subsection (b).