

SUBJECT: Modifying smart jobs fund provisions

COMMITTEE: Economic Development — committee substitute recommended

VOTE: 8 ayes — Oliveira, Yarbrough, Davis, Luna, Moffat, Raymond, Shields, Van de Putte

0 nays

1 absent — Solomons

WITNESSES: For — None

Against — None

On — Richard Hall, Texas Department of Commerce

BACKGROUND: In 1993, the Legislature enacted SB 130 by Oliveira, which created the Smart Jobs Fund Program codified in Subchapter J, Chapter 481 of the Government Code.

Since its creation, inconsistencies have been found between definitions and citations in Subchapter J and other statutes. In addition, the definitions do not now fully describe the jobs and areas to which the program should apply. General updates need to be made for the efficiency and effectiveness of the fund.

DIGEST: CSHB 2858 would modify grant and reporting requirements and make definitional and conforming changes. The bill would take effect September 1, 1995.

A "smart job" would be defined as a job that is a family wage job that requires high-level thinking, reasoning and technical skills.

CSHB 2858 would clarify that the program would give funding priority to family wage jobs. A "family wage job" would be redefined as a job that offers wages that start at a level at least equal to 75 percent of the state average weekly wage, rather than equal to or greater than the state average

weekly wage. The bill would delete current language that gives priority to the creation and retention of family wage jobs and employers in industries that promote high skill, high technology jobs.

CSHB 2858 would require that to receive a grant from the program, the employer would need to certify that by the end of the project, wages would be greater than 75 percent of the state average weekly wage, as opposed to current law that mandates a starting wage certification of 66 2/3 percent. If the job already starts at 75 percent, then the bill would require a five percent increase by the end of the job.

Employers securing training for emerging occupations or manufacturing occupations could apply for grants in addition to employers training for demand occupations as currently provided. An "emerging occupation" would be an occupation that arose through forces related to technological changes and would require at least two months of customized training. A "manufacturing occupation" would refer to an occupation producing products with mechanical power and machinery.

Employers applying for grants could request a modification of wage requirements under certain circumstances. The board could modify employer matching fund contribution requirements for employers with fewer than 100, instead of 50, employees. Total administrative costs in a grant contract could not exceed 10 percent of direct training-related costs.

The bill would delete the requirement that the annual report must include the value of employer matching contributions and the number and percentage of women private providers and minority private providers utilized by employers in training. A "minority group member" would be a member of a group eligible for designation as a historically underutilized business.

NOTES:

The original bill would have included that a "smart job" was a job that could reasonably be considered in high demand. The original bill also provided that the executive director would encourage consortiums of small and minority businesses. The original bill would remove the definition of wages.

The original bill stated a different percentage of the state weekly wage to which the employer would need to certify. The original bill would require that administrative costs for any particular project could not exceed 10 percent of the project's direct training-related activities, rather than placing the limit on the total administrative costs as to total direct training-related costs.