

SUBJECT: Use of advance interest trust fund by the Texas Employment Commission

COMMITTEE: Appropriations — favorable, without amendment

VOTE: 19 ayes — Junell, Delisi, Clemons, Coleman, H. Cuellar, R. Cuellar, Davis, Gallego, Gray, Greenberg, Haggerty, Harris, Hernandez, Johnson, Kubiak, McDonald, Mowery, Ogden, Raymond

3 nays — Cook, Heflin, Swinford

5 absent — Carona, Conley, Glaze, Park, S. Turner

SENATE VOTE: On final passage, April 18 — voice vote

WITNESSES: For — None

Against — None

On — Jim Hine and Ed Davis, Texas Employment Commission

BACKGROUND: The advance interest trust fund was created when the Texas Employment Commission (TEC) borrowed money from the federal government to pay unemployment benefits and was required to create a special fund for payment of interest on federal loans. This fund is no longer needed for that purpose because the federal loans were repaid in 1988.

State law allows the governor to use money in the fund without legislative appropriation for very limited purposes related to the administration of the fund. Additionally, state law provides for transfers of the interest income of the fund for the administration of Chapters 51, 61, and 62 of the Labor Code, which relate to enforcement of child labor laws, payment of wages, and the minimum wage. The commission is not currently allowed to use the principal in the advance interest trust fund.

DIGEST: SB 867 would allow legislative appropriation of principal in the advance interest trust fund to the TEC for enforcement of the state labor laws concerning child labor, payment of wages and the minimum wage. The bill would take effect September 1, 1995.

**SUPPORTERS
SAY:**

SB 867 is needed to allow the TEC to properly fund enforcement of laws relating to child labor, payment of wages and the minimum wage. The principal of the fund is currently unavailable for expenditure because the money was specifically dedicated to repay interest on a loan. That loan, however, has already been repaid. This principal should be allowed to be appropriated in order to fund these vital projects.

The laws that the principal from this fund would go to enforce are *state* child labor and payment of wages laws, not federal wage laws.

**OPPONENTS
SAY:**

This money should not be used for unfunded mandates for the enforcement of federal labor laws. If the federal government mandates labor laws, it should also be willing to send to the states the money for enforcement. The interest earned in the advance interest trust fund may already be used to fund these projects. The principal of the fund should be kept as a "rainy day" fund for future needs by the TEC.