

- SUBJECT:** Allowing TWC to contract with local workforce development boards.
- COMMITTEE:** Economic Development — favorable, without amendment
- VOTE:** 9 ayes — Jim Solis, Van de Putte, Deshotel, Homer, Keffer, Luna, McClendon, Seaman, Yarbrough
- 0 nays
- WITNESSES:** For —Rick Levy, Texas AFL-CIO; Ted Melina Raab
- Against —None
- On —Barbara Cigainero
- BACKGROUND:** HB 1863, enacted by the 74th Legislature in 1995, created the Texas Workforce Commission (TWC) and also placed decision-making authority over employment related services with local workforce development boards, with oversight from TWC. Boards are required to contract with “an appropriate entity” to carry out those services.
- The Texas Workforce Commission adopted a policy prohibiting state employees from providing services delegated to the boards in December 1997.
- DIGEST:** HB 3596 would amend sec. 2308.303, Government Code, to state specifically that local workforce development boards may contract with the Texas Workforce Commission to provide workforce development services, including any service for which the board is responsible, under sec. 302.023, Labor Code.
- This bill would take effect on September 1, 1999.
- SUPPORTERS SAY:** HB 3596 would make it clear that local workforce development boards have the option to provide employment-related services in a variety of ways, including through contracts with the Texas Workforce Commission. While some local boards have chosen private firms or local government agencies to

provide services, other boards have expressed a desire to continue using services provided by TWC.

Legislative intent in 1995 was to place decision-making power with the local boards. HB 3596 would preserve the intent of the 1995 measure, countering a policy adopted by TWC prohibiting state employees from providing services. Local boards should have the authority to decide for themselves who would best deliver employment-related services in local communities.

The current TWC policy takes away local control and forces local boards to privatize services, even if there is no suitable private contractor. If a local board applies to TWC for a waiver of the policy, the TWC then takes control of the program. TWC has indicated that in those cases, the agency would then contract with a private entity to provide employment services.

**OPPONENTS
SAY:**

This bill is not necessary. While current TWC rules prohibit the local boards from directly providing employment-related services using federal funding, the boards can apply to TWC for a waiver if there is insufficient competition in the bidding process.

TWC is responsible under the law for overseeing the local workforce development boards, which receive federal funding for various employment-related programs. The boards are required to award funds for programs to various entities through a competitive bidding process. It would be a conflict of interest for the TWC to compete for funds to provide the same services they must oversee and evaluate.