

**SUBJECT:** Funding for the Council on Workforce and Economic Competitiveness

**COMMITTEE:** Economic Development — favorable, without amendment

**VOTE:** 8 ayes — Solis, Keffer, Clark, Deshotel, Homer, Luna, Seaman, Yarbrough  
0 nays  
1 absent — McClendon

**SENATE VOTE:** On final passage, April 5 — 30-0, on Local and Uncontested Calendar

**WITNESSES:** For — *Registered but did not testify:* Bill Hammond, Texas Association of Business and Chambers of Commerce  
  
Against — None  
  
On — *Registered but did not testify:* David M. Dennis, Comptroller's Office; Cheryl Fuller, Texas Council on Workforce and Economic Competitiveness

**BACKGROUND:** The 73rd Legislature in 1993 created the Texas Council on Workforce and Economic Competitiveness (TCWEC) to promote the development of a well-educated, highly skilled workforce. As part of its duties, the council evaluates the effectiveness of the state's workforce development system and develops a strategic plan for the system administered by agencies on the council. The council reports periodically to the governor and the Legislature.

The council includes members representing education, organized labor, business and industry, and community-based organizations, as well as five state agencies, including the State Board of Education, Texas Higher Education Coordinating Board, Texas Department of Human Services, Texas Workforce Commission (TWC), and the policy advisory board of the Texas Department of Economic Development. Each agency represented on the council must provide funds to support TCWEC in proportion to the agency's financial participation in the workforce development system. The council is attached administratively to the Governor's Office.

**DIGEST:** SB 429 would require TCWEC to develop performance measures for the workforce development system administered by the agencies on the council. These measures would have to include both formal measures identifying program outcomes, such as job placement and retention rates, and less formal measures, such as employer participation rates or customer satisfaction levels. To the extent possible, the council would have to select these measures from those already developed and approved by the agencies, unless the council identified a gap in accountability or determined that an agency could not report under the previous measures. The formal measures would have to be approved by the governor and the Legislative Budget Board (LBB), at which point they would become part of the state's performance budget and accounting system.

With the governor's approval, TCWEC would have to establish a funding formula determining the amount that each agency must provide to support the council. TCWEC would have to provide TWC with the information the council reported to the governor and Legislature, and TWC would have to publish that information on its Internet web site.

The bill would take effect September 1, 2001. The council and the LBB would have to finish developing, reviewing, and approving the required performance measures on or before September 1, 2002.

**SUPPORTERS SAY:** SB 429 would improve Texas' workforce development system by requiring the creation of performance measures that would enable better evaluation of the system's effectiveness. Although TCWEC is authorized to evaluate the state's entire workforce development system and report to the governor and Legislature, the lack of a mandate for the involved agencies to report to the council on performance measures has limited the council's effectiveness. SB 429 would require TCWEC to establish these measures with the approval of the governor and the LBB to ensure that the state has adequate information to evaluate and improve its workforce development system.

The bill would not create an additional reporting burden on these agencies. The performance measures would be drawn from current measures to the extent possible. The bill would authorize additional performance measures only in the event that current measures do not provide adequate information on accountability, in which case new measures clearly would be needed.

SB 429 also would require TCWEC to create, with the governor's approval, a funding formula to determine how much each member agency must provide for the council's support. Although state law requires each of the five agencies to help fund the council, only three of the agencies are providing funding now. SB 429 would strengthen this requirement by setting a specific formula for funding.

OPPONENTS  
SAY:

Not all agencies that are members of TCWEC are equally capable of supporting the council. For example, the Coordinating Board already has an extremely tight budget, and the federal money that it uses for workforce-related activities cannot be transferred to TCWEC legally. As *ex officio* members, these agencies might not have adequate representation in setting the funding formula.

OTHER  
OPPONENTS  
SAY:

The bill should specify that TCWEC's strategic plan and performance measures would have to measure outcomes and goals rather than processes, so that each agency would retain the flexibility to choose the best methods to accomplish those goals.