

SUBJECT: Creating a green job skills training program and development fund

COMMITTEE: Technology, Economic Development and Workforce — committee substitute recommended

VOTE: 7 ayes — Strama, Parker, F. Brown, Eissler, Gattis, Harless, Rodriguez
1 nay — Button
1 absent — Ritter

SENATE VOTE: On final passage, May 4 — 28-3 (Ogden, Patrick, Williams)

WITNESSES: For — Rich Herweck, Texas Combined Heat and Power (CHP) Initiative; (*Registered, but did not testify:* Jay Arnold, Goodwill; Jan Caldwell, Luminant; Jon Fisher, Associated Builders and Contractors of Texas; Rene Lara, Texas AFL-CIO; Cyrus Reed, Lone Star Chapter, Sierra Club)

Against — Pat Carlson, Texas Eagle Forum

On — Doug Ridge, Texas Workforce Commission

BACKGROUND: Labor Code, title 4, subtitle B outlines workforce development and employment services programs of the Texas Workforce Commission.

DIGEST: CSHB 516 would amend Labor Code, title 4, subtitle B to establish the Texas Green Job Skills Development Fund and direct the Texas Workforce Commission (TWC) to create a green job skills grant program to be funded by the development fund.

The TWC would administer the grant program to award grants for the implementation, expansion, and operation of green job skills training programs.

A green job would mean one in the field of renewable energy or energy efficiency, including:

- energy-efficient building, construction, and retrofitting;
- renewable energy, including wind and solar power, biomass hydroelectric, geothermal, and ocean energy;
- research and development of manufacturing of advanced battery or energy storage technologies;
- biofuels from non-feed food stocks;
- techniques to reduce, reuse, or recycle waste;
- techniques to recycle products and convert used materials into new products;
- energy efficiency assessments;
- manufacturing of sustainable products using sustainable processes and materials; and
- water conservation and efficiency.

Recycling would be defined as the process of extracting resources or value from waste by recovering or reusing the material, including the collection and reuse of everyday waste materials.

Texas Green Job Skills Development Fund. CSSB 108 would establish the development fund as an account in the General Revenue Fund and would include:

- legislative appropriations;
- gifts, grants, donations, and matching funds solicited by the TWC from the federal government, local governments, private corporations, or other persons;
- other money required by law to be deposited in the account; and,
- money derived from income in the account.

Money in the development fund could be used only for the purposes of the grant program.

Youth training programs. As part of the grant program, TWC would develop a youth training program that promoted the economic self-sufficiency of youth and young veterans by providing them with opportunities to acquire green job skills while performing community-service activities. Eligible participants in the youth training program would be between 16 and 24 years of age on the date of enrollment in a project and:

- not attending high school and had not received a high school diploma or high school equivalency certificate; or
- attending high school or a program leading to a high school equivalency certificate but at risk of dropping out of high school or the equivalency certification program; and
- was recommended for enrollment in the project by the high school or the equivalency certification program.

Additionally, an eligible program participant would be a veteran who was 24 years or younger on initial participation in the program or:

- a member of a household that received public assistance and earned not more than 80 percent of the area median income;
- educationally disadvantaged, as defined by TWC rule; or
- referred to the program by a school district, state agency, or court.

An eligible youth training program project would provide to a participant integrated green job occupational skills training and education, divided between practical, hands-on work experience at project sites and, if the participant has not received a high school diploma or high school equivalency certificate, academic and project-based instruction designed to result in the attainment of a high school diploma or high school equivalency certificate, of which at least 50 percent of the instruction was devoted to applied academic instruction.

To the extent allowable, an eligible youth training program authorized by federal law and regulations would provide a training stipend to each participant enrolled in the project, which would not count toward a participant's income for determining public assistance.

A stipend could include a plan for incentives under which additional compensation was provided to a participant who demonstrated excellent attendance and performance.

Grant program requirements: CSSB 108 would establish a training program funded through the grant program to meet certain requirements, including assisting in the development of a highly skilled and productive workforce in green industries. Additionally, a training program would assist an eligible individual in obtaining education, skills training, and labor market information to enhance the individual's employability in green industries.

An eligible training program would be hosted by a regional partnership that had a plan to lead trainees to economic self-sufficiency and further career opportunities. The regional partnership would include at least one:

- university, college, technical school, or other nonprofit workforce training provider;
- chamber of commerce, local workforce agency, local employer, or other public or private participating entity;
- economic development authority; and
- community or faith-based nonprofit organization that worked with one or more targeted populations.

A funded training program would target certain populations eligible for training, including:

- workers in high-demand green industries who were in or preparing for high-wage occupations;
- workers in declining industries, including agriculture, timber, or energy sector workers who could be retrained for high-wage occupations in a high-demand green industry;
- veterans, past or present members, or reserve components of the U.S. armed forces, including the state military forces, or the national guard;
- unemployed workers;
- low-income workers, unemployed youth and adults, individuals who did not complete high school, or other underserved sectors of the workforce in high poverty areas; or
- individuals otherwise determined by the TWC to be disadvantaged and in need of training to obtain employment.

Under CSSB 108, a training program could use its grant funds for support services, including basic skills, literacy, GED, English as a second language, and job readiness training, career guidance, and referral services. As determined by the TWC, a portion of the grant would be devoted to administrative costs, equipment purchase and instructor hiring costs, and tuition assistance. A training program could not receive grant program funds for more than three years.

Administration of the grant program. When determining grant awards, TWC would give preference to training programs that provided certification and a career advancement mechanism to a worker receiving

training under the program, and that leveraged additional public and private resources to fund the program, including cash or in-kind donations. Grant awards would be given in a manner to ensure geographic diversity.

Under the bill, the TWC would determine the grant application process for the grants received from regional partnerships. A grant application would have to include the manner in which an applicant would continue to operate its training program after it no longer received grant funding.

The bill would require that 20 percent of funds for grant programs be reserved for programs that served the unemployed and persons whose incomes were at or below 200 percent of the federal poverty level.

Reporting requirements. Grant recipients would be required to submit a report to the TWC within 30 days after funding from the grant program ended. The report would include:

- the number of participants who entered the program;
- the demographics of the participants;
- services received by participants;
- the amount of program spending per participant;
- program completion rates;
- factors determined to interfere significantly with program participation or completion;
- the average wage at placement, including benefits, and the rate of average wage increases after one year; and
- any post-employment support services provided.

The TWC would submit a report that included a summary of the above reporting information to the governor, the lieutenant governor, and the House speaker by October 1 of each even-numbered year. This report would include program summary information from grant recipients. Additionally, TWC would include in this report the following information regarding youth training programs receiving grant awards:

- the number of grants awarded;
- the total dollar amount of grants awarded;
- the geographical distribution of grants awarded;
- the number of youths and other participants enrolled in projects funded by grants;

- the number of youths and other participants who were projected to secure full-time jobs at the conclusion of participation in projects funded by grants;
- the number of youths who were projected to graduate from high school or receive a high school equivalency certificate while participating in the program; and
- the estimated dollar savings due to improved energy efficiency in projects funded by grants.

Enacting provisions: The TWC would adopt rules for the grant program by March 1, 2010. Implementation of the grant program would be contingent upon legislative appropriation of funding or receipt of federal funds for the program.

The bill would take effect September 1, 2009.

**SUPPORTERS
SAY:**

CSSB 108 would establish the Texas Green Job Skills Development Fund and grant program under the direction of the Texas Workforce Commission (TWC). The Governor's Competitiveness Council estimates that two-thirds of new jobs in the energy field will take place in green industry. In order for Texas to remain competitive in the next wave of energy industries, the state cannot be complacent. With the federal government focusing on "green infrastructure," the bill would place Texas in a competitive position to secure federal stimulus dollars to attract the green economy jobs of the future by preparing the workforce of the state to meet the needs of those green businesses.

By supporting workforce programs in green industries that provided skills development, the bill would create a career pathway for participants to high-demand and high-paying green jobs. Additionally, the bill would create a supportive network of regional entities to build a ready workforce for the state and provide the means for workers displaced in the current economy to retrain themselves for a burgeoning industry. The green job skills grant program only would be established through legislative appropriation or through federal funds for that express purpose.

**OPPONENTS
SAY:**

While there are many claims touting the economic benefits of green jobs, there is ample evidence to suggest that these claims are baseless and that promoting this field is counterproductive. Europe's current policy and strategy for supporting green jobs dates back to 1997 and has become one of the principal justifications for similar proposals in the United States.

However, according to a March 2009 report by a university in Madrid, there is a negative economic impact in promoting green jobs. The study found that the United States should expect a loss of at least 2.2 jobs on average for every one created. Such evidence, in addition to the \$22.5 million that would be needed to create the program, suggests that CSSB 108 would be too costly for the state.

NOTES:

According to the Legislative Budget Board, the bill would cost the state \$22.5 million in general revenue related funds.