

- SUBJECT:** Use of unemployment compensation funds for reemployment activities
- COMMITTEE:** Economic and Small Business Development — favorable, without amendment
- VOTE:** 5 ayes — J. Davis, Bell, Isaac, Murphy, Workman
3 nays — Y. Davis, Perez, E. Rodriguez
1 absent — Vo
- WITNESSES:** For — (*Registered, but did not testify*: Ellen Arnold, Goodwill Industries of Central Texas, Texas Association of Goodwills)

Against — Rick Levy, Texas AFL-CIO; (*Registered, but did not testify*: Michael Cunningham, Texas State Building & Construction Trades Council)

On — Larry Temple, Texas Workforce Commission; (*Registered, but did not testify*: Luis Macias, Texas Workforce Commission)
- BACKGROUND:** Labor Code, sec. 203.025 allows the Texas Workforce Commission (TWC) to requisition funds from the state’s account in the federal unemployment trust fund for the payment of certain unemployment benefits, such as to assist the state in covering unemployment benefit payments for a reasonable period of time.
- DIGEST:** HB 3005 would amend Labor Code, sec. 203.025 to enable the Texas Workforce Commission to enter into an agreement with the U.S. Secretary of Labor that would provide for the use of money from the state’s account in the federal unemployment trust fund to conduct projects related to reemploying unemployed individuals.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2013.
- SUPPORTERS SAY:** HB 3005 would allow TWC to waive certain provisions of state law in order to use dollars in the unemployment trust fund so that Texans could

take part in reemployment projects authorized by the U.S. Secretary of Labor. In 2012, the U.S. Congress enacted HR 3630, which authorized the Secretary of Labor to waive sections of federal law prohibiting states from using their money in the unemployment compensation trust fund for reemployment projects, so long as the costs of the unemployment trust fund did not increase. HB 3005 is needed because state law does not currently provide for the Texas Workforce Commission to participate in these reemployment projects.

Similar initiatives have been successful in Texas. For example, in 2009 TWC administered the Texas Back to Work program, which assisted more than 4,000 employers in hiring well-qualified Texans. Despite the program's success, it ended in 2012. HB 3005 would enable TWC to submit applications for innovative projects based on the Texas Back to Work model.

Any programs that were funded would be subject to Department of Labor oversight and would have to meet its guidelines during the administration of the program. Also, the Department of Labor would require not only that a program be cost neutral but that it provide cost savings to the state.

**OPPONENTS
SAY:**

Employers pay unemployment insurance taxes to fund the unemployment compensation trust fund. The bill would allow the TWC, without legislative oversight, to divert trust fund dollars to fund experimental programs. The Legislature would not have a say in what programs TWC chose to implement. In addition, before allowing programs like this, the state should make sure there is enough money in the trust fund to protect the interest of employers.