

- SUBJECT:** Establishing the Recruit Texas Program for workforce development
- COMMITTEE:** Economic and Small Business Development — favorable, without amendment
- VOTE:** 9 ayes — Button, Johnson, C. Anderson, Faircloth, Isaac, Metcalf, E. Rodriguez, Villalba, Vo
- 0 nays
- WITNESSES:** For — Joe May, Dallas County Community College District; Dana Harris, Greater Austin Chamber of Commerce; Linda Head, Lone Star College; Mario Lozoya, Toyota Motor Manufacturing Texas; (*Registered, but did not testify*: Seth Mitchell, Bexar County Commissioners Court; June Deadrick, CenterPoint Energy; Tom Tagliabue, City of Corpus Christi; Megan Dodge, City of San Antonio; Jennifer Poteat-Phelps, Community College Association of Texas Trustees; Jay Barksdale, Dallas Regional Chamber; Drew Scheberle, Greater Austin Chamber of Commerce, Metro 8 Chambers of Commerce; Mike Meroney, Huntsman Corp., BASF Corp., and Sherwin Alumina, Co.; Annie Spilman, National Federation of Independent Business; Chris Shields, San Antonio Chamber of Commerce; Nelson Salinas, Texas Association of Business; Steven Johnson, Texas Association of Community Colleges; Stephen Minick, Texas Association of Business; Hector Rivero, Texas Chemical Council; Carlton Schwab, Texas Economic Development Council; Mari Ruckel, Texas Oil and Gas Association; Tanya Vazquez, Toyota Motor North America; Stephanie Simpson, Texas Association of Manufacturers; Casey Smith, United Ways of Texas; Guy Robert Jackson)
- Against — None
- On — (*Registered, but did not testify*: Aaron Demerson, Texas Workforce Commission)
- BACKGROUND:** Labor Code, ch. 303 governs the Skills Development Fund, which was established to increase the responsiveness of public community colleges,

technical colleges, community-based organizations, and the Texas Engineering Extension Service to industry and workforce training needs.

The Skills Development Fund may be used to develop customized job training for businesses. It also may be used to encourage employers and colleges to collaborate on workforce training, including for prospective employers who have committed to establishing a place of business in the state.

Sec. 303.003(c) stipulates that money from the Skills Development Fund may not be used to pay training and related costs of an employer who is relocating from one part of the state to another.

**DIGEST:**

HB 1155 would create the Recruit Texas Program within the Texas Workforce Commission (TWC) to provide rapid response workforce training and support services to employers, particularly those offering high-skilled jobs, who may expand or relocate their operations to Texas.

The bill would require the commission to serve as a leader and intermediary between out-of-state employers, economic development organizations, local workforce development boards, and public junior and technical institutions. In this role, the commission would be responsible for addressing employers' recruitment needs to encourage their presence in the state.

The commission could award grants to junior and technical colleges to assist them with the costs of providing workforce training and support services to would-be employers. These grants would be distributed by the executive director or someone appointed by the executive director with experience in grant administration.

Funding for the Recruit Texas Program would be provided through money appropriated to TWC and through other statutorily authorized funding sources. The commission could make funding from the program to employers contingent upon whether the employer established or expanded businesses operations in the state. The bill would not allow funds from the

program to be used to pay training and related costs of an employer who was relocating from one part of the state to another.

TWC could adopt rules as necessary to implement the provisions of the bill.

The bill would take effect September 1, 2015.

**SUPPORTERS  
SAY:**

HB 1155 would bring a needed competitive edge to the way Texas recruits and retains high-quality employers by establishing the Recruit Texas Program. Texas is losing employers to other states that have created innovative programs to address workforce shortages by promising a highly trained or ready-to-train employee pool upon the employer's commitment to the state. A recent study by the Office of the Comptroller of Public Accounts found the most commonly cited reason for employers who were considering moving to Texas but ended up elsewhere was a lack of available workforce and training programs.

The Skills Development Fund offers funds to employers and schools already committed to the state. The Recruit Texas Program, by providing grants to junior and technical colleges to get a headstart on hiring or training needed faculty, would address training needs early in the process of recruiting businesses.

While the Texas Enterprise Fund offers incentives directly to businesses, HB 1155 would provide a benefit to businesses as well as higher education institutions and students. The bill would not pick winners and losers among businesses using state funds; instead, these funds would benefit Texans by making employment-oriented education and training available to them.

The program also could provide an array of support services, such as labor market analyses and recruitment activities. There would be no disadvantage to local businesses under the bill because the program would enable businesses expanding in Texas to access these benefits.

Some cities already have pledged funds to accommodate this program, which has the support of several business organizations. Although the House version of the budget would place the funding needed for the Recruit Texas Program in Article 11, the Senate version of the budget would allow funding for the program to be taken from the Skills Development Fund. As the budget process progresses, there still will be opportunities to pass a budget that would finance the program without dipping into the Skills Development Fund. The TWC ultimately could decide the best method of funding for the Recruit Texas Program.

The bill would protect state resources in the same way that the Skills Development Fund does, by requiring employers to locate here first before disbursing funds. The bill also would prohibit funds to be used for employers simply moving from one part of the state to another.

OPPONENTS  
SAY:

Because the current budget proposals do not contain any separate funding for the Recruit Texas Program, HB 1155 would establish a program that may not be sustainable. Funds other than those from the Skills Development Fund need to be secured to support the program.

Texas benefits from a large number of highly educated workers, a low cost of living, and low utility rates. Offering incentives such as the Recruit Texas Program is not necessary to attract jobs to Texas. In addition, the state should not be in a position of picking winners and losers by offering benefits to businesses it is recruiting.

OTHER  
OPPONENTS  
SAY:

HB 1155 would create a program that would function in a manner that was similar to the way the Skills Development Fund works informally. Schools and cities already use the Skills Development Fund program as a benefit to attract businesses seeking to relocate.

NOTES:

According to the Legislative Budget Board's fiscal note, HB 1155 would have an estimated negative net impact of \$10.3 million to general revenue funds through fiscal 2016-17.