

SUBJECT: Pilot grant program with Goodwill for job training facility construction

COMMITTEE: Economic Development — favorable, without amendment

VOTE: 7 ayes — Deshotel, Straus, Kolkhorst, Dunnam, Morrison, Ortiz, Veasey
0 nays

WITNESSES: For — Lori Henning, Texas Association of Goodwills
Against — None

DIGEST: HB 4065 would add Labor Code, sec. 302.015 to create a job training and employment service facilities pilot grant program. The Texas Workforce Commission (TWC) would establish a pilot program where TWC would contract with the Texas Association of Goodwills to administer grants to reimburse workforce training centers for costs associated with the construction on new facilities that provide job training or employment services.

The bill would define “workforce training center” as an organization that:

- specialized in the retail sale of donated items;
- provided job training and employment services to individuals with disabilities;
- used a majority of its revenue for job training and employment programs;
- maintained at least a 50 percent ratio of employees who had disabilities or other barriers to employment;
- operated in at least three counties, had multiple locations, and was affiliated with a statewide organization; and
- was exempt from federal taxation as a 501(c)(3) non-profit corporation.

Under such a contract, TWC would receive an administrative overhead fee of 1 percent of the amount of each grant, and each grant would be funded only until the completion of the facility and notification from the commission that the contract terms had been satisfied.

The total amount of the grants could not exceed \$3 million, and TWC would adopt rules to govern the grant process.

TWC would report to the Legislature by January 1, 2009, with an assessment of the effectiveness of the pilot program in creating and fostering economic development and recommendations regarding the continuation of the program. The pilot program would expire September 1, 2009.

The 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, 2007.

**SUPPORTERS
SAY:**

HB 4065 would encourage the development and expansion of non-profit job training and employment services in Texas. There is no state mechanism that encourages expansion and growth of non-profit job and employment training centers. Expansion by non-profits that provide employment and training opportunities can lead to potential periods of financial instability and loss. The pilot program proposed by the bill would help these non-profits expand and grow to reach new clients in new areas. It would help promote employment among people who are chronically underserved and underemployed. In the process, the bill would make such people less dependent on state services, and some of the funds spent on expanding and growing these programs would return to the state in sales taxes and money to the unemployment compensation fund.

This pilot project would target only those non-profits best equipped to receive grant monies and make immediate use of the funds to expand and grow their job training services. While the criteria of the pilot program would be restrictive, this would ensure that money was used appropriately. The pilot program would serve as a template to expand the grant program in the future to other non-profits, at which point the eligibility criteria would be eased.

**OPPONENTS
SAY:**

According to the Legislative Budget Board (LBB), this bill would cost the state \$3 million in general revenue-related funds in fiscal 2008-09, which could be used to fund other important state services.

**OTHER
OPPONENTS
SAY:**

Under HB 4065, the eligibility guidelines for grants to non-profits would be too restrictive and would include a very small number of groups that provide these services. While many non-profits provide beneficial job and

employment training services, they would not be eligible to receive grant funds under the criteria established in the bill.

NOTES:

According to the LBB, HB 4065 would cost the state \$3 million in general revenue-related funds in fiscal 2008-09. Of this sum, TWC would receive \$29,700 to cover administrative overhead costs. The rest would be used to award four grants.