
IMPROVE ALIGNMENT OF SKILLS DEVELOPMENT FUND GRANTS WITH WORKFORCE TRAINING GOALS

The federal government is the primary source of funding for employment and training programs serving adults in Texas. A combination of state and federal funding sources support career and technical education programs for youth and adults. The Legislature supplemented federal workforce training with approximately \$28.6 million per year in General Revenue Funds for the 2018–19 biennium for skills development, of which approximately \$23.6 million per year was allocated to the Skills Development Fund grant program, administered by the Texas Workforce Commission. The program provides grants to public community and technical colleges to fund customized job training programs for businesses that want to train new workers or increase the skills of their existing workforce.

The goal of the Skills Development Fund grant program is to increase the skills and wages of the Texas workforce. However, the program could be better aligned with the state's workforce training priorities, and its evaluation methodology is not rigorous enough to determine the impact of grant awards in spurring economic development. As a result, the state might be spending money on projects that otherwise would be paid for by employers or that have little effect on improving skills or increasing wages. Better monitoring practices and alignment with the state's workforce training goals would improve the program.

FACTS AND FINDINGS

- ◆ The primary Skills Development Fund grant program provides grants to public community colleges, technical colleges, and the Texas A&M Engineering Extension Service, which partner with businesses or consortiums to provide customized employee training. For the 2018–19 biennium, the target average cost per trainee is \$1,800, and single business grants are limited to \$500,000 each.
- ◆ The Skills for Small Business program grants participating community and technical colleges at least \$20,000 each to train employees of small businesses. The program pays for tuition and fees up to \$1,800 for a new employee or \$900 for a current employee to complete an existing community or technical college course.

- ◆ The performance data contained in annual reports for the Skills Development Fund grant program are from grant contracts with colleges, which represent projected, not actual, numbers of workers participating in trainings. Actual data are collected through a different database and are used for final determination of grant payments based on completion, but are not published.
- ◆ The Skills Development Fund grants have been funded by General Revenue Funds to date. As a result of the fund consolidation process, a Skills Development Fund was established in 2017, but no revenue was directed into the fund, and it has a zero balance.

CONCERNS

- ◆ The Texas Workforce Commission requires, at minimum, that a grant project yield a 1.0 percent increase in participants' wages, with a target average training cost of \$1,800 per person. Depending on the prevailing wage for the occupation, this grant may result in minimal economic impact for the individual and may not be a cost-effective use of funds.
- ◆ The Texas Workforce Commission allows awards grants for occupations that the agency does not categorize as growth occupations. These occupations are not target or high-demand occupations, according to local workforce boards, and may not be aligned with local or state strategic workforce priorities.
- ◆ State law directs the Texas Workforce Commission to consider giving priority to training incentives for small businesses. The agency encourages applicants to seek out small businesses and medium-sized businesses for Skills Development Fund projects. However, more than half of funding has been distributed to grants involving large businesses since 2011.
- ◆ About two-thirds of community and technical colleges do not use the full Skills for Small Business grants contracted amount. This lack of use decreases the utility of these funds, which cannot be used for other grants during this time. Restricting the use of these funds for existing courses at community and

technical colleges also may not meet the needs of small employers, which may explain why they are not taking full advantage of the program.

OPTIONS

- ◆ **Option 1:** Amend statute to require the Texas Workforce Commission to collaborate with the Texas Workforce Investment Council to develop a cost-benefit tool that compares the cost of training to the proposed increase in wages and restricts grant awards to those proposals that meet a threshold determined by the Texas Workforce Commission.
- ◆ **Option 2:** Amend statute to prohibit the Texas Workforce Commission from awarding training grants for occupations other than those that are included in the agency's most recent Growth Occupations report or on current regional targeted or high-demand occupation lists.
- ◆ **Option 3:** Include a rider in the 2020–21 General Appropriations Bill requiring the Texas Workforce Commission to survey small businesses and medium-sized businesses about their employee skills and training needs and how Skills Development Fund grants can best support their workforce development efforts. The agency would be required to report its findings to the Office of the Governor and the Legislative Budget Board by September 1, 2020.
- ◆ **Option 4:** Include a rider in the 2020–21 General Appropriations Bill requiring the Texas Workforce Commission, in collaboration with the Texas Workforce Investment Council, to consider methods to expand the use of Skills for Small Business funding to better meet the needs of small businesses, such as funding structured internships and apprenticeships through community and technical colleges. The Texas Workforce Commission would be required to report its findings to the Office of the Governor and the Legislative Budget Board by September 1, 2020.

DISCUSSION

The Texas Workforce Commission (TWC) administers the Skills Development Fund (SDF) grant program, which is intended to increase the skills and wages of the Texas workforce. The agency awards grants to community and technical colleges that partner with businesses to provide customized training for those businesses' employees. SDF

grants provide training programs and economic development incentives for businesses. Economic development incentives come in many forms and can be difficult to evaluate. TWC publishes data from grant contracts; however, the agency has not conducted an effectiveness evaluation using a comparison group that demonstrates what would have happened in the absence of the program. Consequently, the Legislature cannot know the extent to which these grants contributed to job development or retention. Nonetheless, program activities can be assessed to ensure alignment with goals and requirements found in statute.

SKILLS DEVELOPMENT FUND WITHIN THE WORKFORCE SYSTEM

Texas' workforce development system consists of education, training, guidance, and career development programs that are administered by eight state agencies, 28 local workforce boards, public institutions of higher education, independent school districts (ISD), and other community providers. These entities are coordinated by the Texas Workforce Investment Council (TWIC). The council has voting representatives from each of these groups from around the state, and TWIC staff are attached administratively to the Office of the Governor.

The federal government is the primary source of funding for employment and training programs serving adults in Texas. A combination of state and federal funding sources support career and technical education programs for youth and adults. TWC administers 10 programs that support the workforce system. **Figure 1** shows these programs and their appropriations for the 2018–19 biennium.

The Temporary Assistance for Needy Families (TANF) Self-sufficiency and Skills Development programs provide grants to community and technical colleges to fund customized training programs. The TANF Self-sufficiency Program, for current or potential TANF recipients, helps trainees obtain industry-recognized certificates and credentials that can lead to permanent, full-time employment. The Skills Development programs include the Jobs and Education for Texans (JET) grants and SDF grants. JET grants are available to defray start-up costs associated with developing career and technical education programs at community and technical colleges and ISDs. The SDF grant program includes several initiatives, shown in **Figure 2**.

FIGURE 1
TEXAS WORKFORCE COMMISSION WORKFORCE SERVICES PROGRAMS, 2018–19 BIENNIUM

PROGRAM	ALL FUNDS APPROPRIATIONS (IN MILLIONS)	PERCENTAGE OF APPROPRIATION FEDERALLY FUNDED
Workforce Innovation and Opportunity Act	\$331.8	100.0%
Temporary Assistance for Needy Families (TANF) Choices	\$175.6	90.0%
Supplemental Nutrition Assistance Program Employment and Training	\$36.8	76.0%
Employment Services	\$108.3	91.0%
Trade Adjustment Assistance	\$40.8	100.0%
Adult Education and Literacy	\$150.5	84.0%
Skills Development (1)	\$57.4	0.0%
TANF Self-sufficiency	\$5.1	100.0%
Apprenticeship	\$8.9	29.0%
Senior Community Service Employment	\$9.6	100.0%
Total	\$924.8	87.0%

NOTE: The Skills Development Program includes Jobs and Education for Texas Program funding of \$10.0 million for the 2018–19 biennium.
SOURCE: Legislative Budget Board.

FIGURE 2
SKILLS DEVELOPMENT FUND GRANT INITIATIVES
FISCAL YEAR 2018

PROGRAM	DESCRIPTION
Skills Development Fund Grants	This program provides local customized job training for Texas businesses and workers to increase skill levels and workforce wages.
Skills for Small Business	This program provides up to \$2.0 million for training specifically for small businesses that have 99 employees or fewer. Businesses can apply directly to the Texas Workforce Commission (TWC) for training offered by local community or technical colleges. The agency processes the applications and works with colleges to fund the specific courses selected by businesses for their employees.
Skills for Veterans	This initiative dedicates up to \$1.0 million to address the training needs of U.S. military veterans who are entering the Texas workforce. Employers submit applications to TWC, which reviews the applications and works with local community and technical colleges to fund specific courses selected by businesses for their employees.
Skills for Transition Program	This program provides up to \$4.0 million to train transitioning service members who plan to remain in Texas. Trainees include military service members from 180 days before separating from service to within 180 days after their discharge. Training for jobs that are identified in local workforce boards' targeted and high-demand occupations list is provided at no cost to the service members or the military.

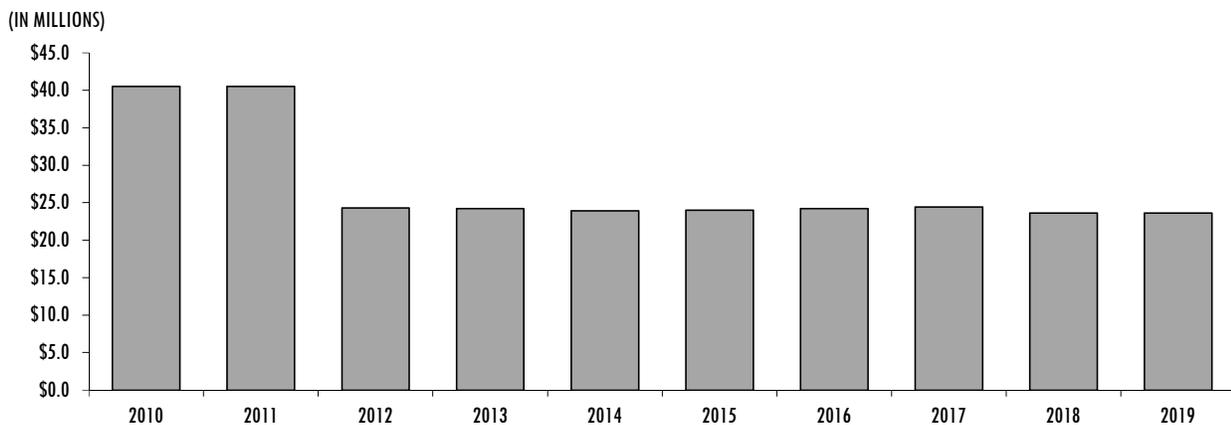
NOTE: Amounts above are from appropriations to the Skills Development Fund grant program, not in addition to the program.
SOURCE: Texas Workforce Commission.

FUNDING FOR SKILLS DEVELOPMENT FUND GRANTS

Although the name Skills Development Fund implies that the program has a dedicated funding source, the grants have been funded from General Revenue Funds. House Bill 1863, Seventy Fourth Legislature, 1995, established SDF as a General Revenue–Dedicated Account. However, it was not exempted from the funds consolidation process and was abolished and consolidated into the General Revenue Fund

during that session. The Legislature appropriated approximately \$28.6 million per fiscal year in General Revenue Funds for the 2018–19 biennium for skills development, of which approximately \$23.6 million per fiscal year was allocated to the Skills Development Fund program. **Figure 3** shows appropriations for the Skills Development Fund program and average grant award from fiscal years 2011 to 2019.

**FIGURE 3
GENERAL REVENUE FUNDS APPROPRIATIONS FOR THE SKILLS DEVELOPMENT FUND PROGRAM
FISCAL YEARS 2010 TO 2019**



NOTE: Amounts include appropriations in the General Appropriation Act, Article VIII, Texas Workforce Commission (TWC), Strategy A.3.1 Skills Development. Amounts for fiscal years 2016 to 2019 exclude \$5.0 million per year in appropriations for the Jobs and Education for Texans program that also appear in TWC, Strategy A.3.1.
SOURCE: Legislative Budget Board.

The Seventy-ninth Legislature, Regular Session, 2005, established the General Revenue–Dedicated Account No. 5128, Employment and Training Investment Holding (Account No. 5128). This legislation established an assessment of 0.1 percent on wages paid by employers, which was offset by an equal reduction in the Replenishment Tax rate. TWC is required to transfer revenue from Account No. 5128 into the Unemployment Compensation Trust Fund if additional funds are needed to meet the trust fund’s minimum amount. Pursuant to the Texas Labor Code, Chapter 204, Subchapter G, if any funds that remain in Account No. 5128, amounts would be transferred to the Skills Development Fund up to the appropriations for the program and would be available for appropriation by the Legislature. However, because the Skills Development Fund did not exist, transfers from Account No. 5128 were made into the General Revenue Fund and were available for general government purposes.

The Eighty-fifth Legislature, Regular Session, 2017, established a Skills Development Fund, but it did not designate a revenue source to deposit or transfer into that fund. The balance of this fund is zero.

SKILLS DEVELOPMENT FUND GRANT REQUIREMENTS AND STRUCTURE

SDF grant requirements have been established through statute, administrative rule, and agency internal policy. The primary SDF grants provide funds to public community

colleges, technical colleges, or the Texas A&M Engineering Extension Service (TEEX), as required by statute. These schools must partner with businesses or consortiums (groups of businesses, often in the same industry) to provide customized training to the businesses’ employees. Except for private, nonprofit hospitals, only private, for-profit businesses may be business partners. A grantee may not contract directly with the business partner to train its own employees. Community or technical colleges may subcontract with the following other entities to provide the training for the business:

- a nonprofit, community-based organization, only in partnership with the public community college or technical college or TEEX; or
- a person, sole proprietorship, partnership, corporation, association, consortium, governmental subdivision, or public or private organization.

Local workforce boards may not receive SDF grants, but applicants must coordinate with these boards regarding the scope of the project. Boards also must review and comment on proposals before submission.

TWC accepts applications throughout the year and awards grants on a rolling basis. Businesses are not required to provide any financial commitment to participate in the program, although TWC indicates that resource contributions are considered to evaluate proposals. Agency

**FIGURE 4
TRAINING CATEGORIES FOR SKILLS DEVELOPMENT FUND GRANTS
FISCAL YEAR 2018**

CATEGORY	PARAMETERS
Business Technical	At least 55.0 percent of the total training hours must be in business technical courses, which are occupation-specific. Examples include metrology, pneumatics, and mechanical maintenance; finance; and nurse certification.
General Technical	Up to 45.0 percent of the total training hours may be in general technical courses, which may be essential to the occupation but are more foundational. Examples include Lean Six Sigma courses, Occupational Safety and Health Administration courses, and computer courses.
Nontechnical	No more than 10.0 percent of the total training hours may be in nontechnical courses such as leadership, communication, and team building.

SOURCE: Texas Workforce Commission.

rule stipulates that 60.0 percent of the grant amount may support training to improve skills of incumbent workers, and 40.0 percent of the amount may be used to develop jobs. A position held by an individual who will receive the training and was hired up to a year before proposal submission or during the contract period may count as a new job.

Most of the training funded by SDF projects must be in the business technical or general technical categories, as shown in **Figure 4**.

TWC typically does not authorize a business to participate in a new SDF grant-funded project within six months of the end date of a previous SDF grant-funded project. TWC may grant an exception for an expanding business that applies for funding to train new employees.

Some businesses choose to use proprietary training for their employees. Proprietary training is owned and controlled by the business or a third-party training vendor. TWC stipulates that a business seeking to use proprietary training for an SDF project must explain why its infrastructure cannot support its training needs without the assistance of an SDF grant. A similar explanation is not required for training that is nonproprietary unless the costs exceed targeted amounts.

To be eligible, business partners must be paying at least the prevailing wage for an occupation in a Workforce Development Area (WDA). The prevailing wage is the wage at the twenty-fifth percentile for that occupation in the employee’s WDA. Business partners must agree to increase wages for those who complete the training by at least 1.0 percent.

Single-business grants may be limited to \$500,000 and typically last 12 months. Based on performance measures in the Eighty-fifth Legislature, General Appropriations Act,

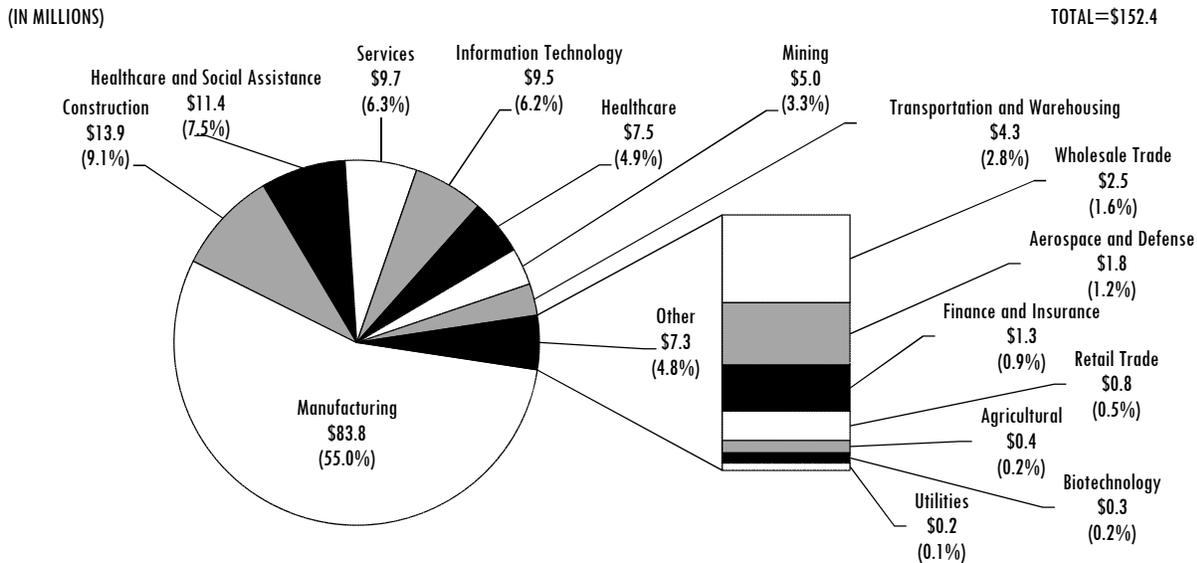
2018–19 Biennium, the target average cost per trainee is \$1,800. Grant funds can apply to tuition, curriculum development, instructor fees, and training materials. Grant funds may not be used to pay for trainee wages, drug testing, travel costs, or certain equipment purchases. Employers may not use grant funds to relocate a worksite within Texas.

Depending on the prevailing wage for the occupation, the wage increase and level of training may have minimal economic impact and leave less state funding available for grant proposals received later in the fiscal year that may offer more benefit. For example, if the prevailing wage for a particular occupation in a WDA were \$15.00 per hour, a 1.0 percent increase would yield an additional \$0.15 per hour, which translates to a gross annual wage increase of about \$312.00 for a full-time employee. For fiscal year 2017, the starting average hourly wage for all jobs attributed to SDF grants was \$23.54, but these wages at some jobs were \$12.68. Six grants during fiscal year 2017, with a combined value of more than \$1.0 million, were awarded to projects with average starting hourly wages of less than \$15.00. The use of SDF grant money to fund such projects leaves less state funding available for grant proposals received later during the fiscal year that may offer more benefit.

Option 1 would amend the Texas Labor Code to require TWC to collaborate with TWIC to develop a cost-benefit tool that compares the cost of training to the proposed increase in wages and restricts the award of grants to those proposals that meet a threshold determined by TWC. TWIC is well-positioned to assist TWC in this effort because its statutorily required duties already include the following activities:

- evaluate the effectiveness of the workforce development system;

FIGURE 5
SKILLS DEVELOPMENT FUND GRANT AMOUNTS AWARDED PER BUSINESS BY INDUSTRY
FISCAL YEARS 2011 TO 2017



SOURCES: Legislative Budget Board; Texas Workforce Commission.

- encourage, support, or develop research and demonstration projects to develop new programs and approaches to service delivery; and
- recommend measures to ensure that occupational skills training is provided for jobs that are locally in demand and directed toward high-skill and high-wage jobs.

GRANT AWARDS BY INDUSTRY AND REGION

As shown in **Figure 5**, manufacturing received the most grant funding from fiscal years 2011 to 2017. During each of those years, manufacturing projects accounted for more than 50.0 percent of the SDF funding that TWC awarded.

The Comptroller of Public Accounts (CPA) establishes regions of the state, and the Texas Labor Code, Section 303.006, requires SDF to use these regions, rather than workforce board regions, for reporting purposes. **Figure 6** shows grant amounts awarded by CPA Region. The Coastal Bend Region was eliminated during fiscal year 2016. Counties in that region are now part of the South Texas and Alamo Regions. Statute requires TWC to make an effort to award SDF grants in all areas of the state.

Data for the number of trainees in new and upgraded jobs published in annual reports for regular SDF grants include the amounts projected at the initiation of the grant, not

actual amounts reconciled after the grant’s completion. Actual data for the number of participants are collected through a different database and are used for final determination of grant payments based on completion, but are not published. Wages reported in the annual reports also include only those before the training. According to TWC, the agency collects data during the application process regarding the level of wages that employers intend to pay employees who complete training. The agency does not publish in its annual report the numbers of those who actually completed the training nor the actual increase in wages received, which limits transparency and public accountability.

APPLICATION SELECTION AND STRATEGIC GOALS

TWC reports that it considers the following factors when evaluating eligible applications:

- the type of training provided;
- the reusability of equipment and its residual value to the college or technical school;
- the economic impact of the grant award on the local region;
- the fiscal stability of the business partner;

FIGURE 6
SKILLS DEVELOPMENT FUND AMOUNT AWARDED PER BUSINESS BY COMPTROLLER REGION
FISCAL YEARS 2011 TO 2017

(IN MILLIONS)

REGION	2011	2012	2013	2014	2015	2016	2017	TOTAL
Alamo	\$0.2	\$2.6	\$0.7	\$1.9	\$1.0	\$0.7	\$0.5	\$7.7
Capital	\$0.7	\$1.2	\$0.1	\$2.6	\$3.7	\$1.4	\$0.4	\$10.2
Central Texas	\$1.1	\$2.9	\$1.2	\$2.2	\$2.7	\$1.5	\$3.2	\$14.7
Coastal Bend	\$0.05	\$0.8	\$2.4	\$2.1	\$0.4	N/A	N/A	\$5.7
Gulf Coast	\$1.6	\$3.5	\$6.6	\$1.5	\$3.7	\$2.2	\$3.4	\$22.7
High Plains	\$0.3	\$0.2	\$0.1	\$0.4	\$0.6	\$0.6	\$0.1	\$2.4
Metroplex	\$6.0	\$6.8	\$7.1	\$11.7	\$5.4	\$10.1	\$11.7	\$58.9
Northwest Texas	\$0.1	\$0.4	\$0.4	\$1.0	\$1.7	\$0.2	\$1.3	\$5.1
South Texas	\$1.7	\$2.3	\$0.6	\$0.2	\$0.6	\$3.7	\$0.6	\$9.7
Southeast Texas	\$1.5	\$0.3	\$0.1	\$1.6	\$0.2	\$0.7	\$0.2	\$4.6
Upper East Texas	\$1.3	\$1.1	\$0.2	\$1.0	\$0.9	\$0.8	\$1.0	\$6.3
Upper Rio Grande	\$0.0	\$0.04	\$0.0	\$0.4	\$0.4	\$1.1	\$0.0	\$1.9
West Texas	\$0.1	\$0.2	\$1.9	\$0.2	\$0.0	\$0.3	\$0.0	\$2.6
Total	\$14.6	\$22.4	\$21.5	\$26.7	\$21.2	\$23.5	\$22.5	\$152.4

SOURCES: Legislative Budget Board; Texas Workforce Commission.

- the applicant's current and past performance on SDF grants;
- the inclusion of small businesses and medium-sized businesses;
- the cost per trainee; and
- whether a business provides health insurance to trainees.

According to TWC, agency staff and management evaluate applications holistically as they receive them, in accordance with internal policy. If the cost of training is relatively high, the agency may ask the employer to share costs, or it may approve parts of the application or split the grant across two fiscal years to manage resources.

As part of its holistic evaluation, TWC considers proposed wage increases and uses an estimate of regional economic impact resulting from SDF grants. However, several attributes of the methodology may overestimate the impact. First, the evaluation assumes that the employer would not have pursued similar training and wage increases for employees in the absence of the grant, which is difficult to verify. In addition, the evaluation considers annual income, but participants are required to remain employed for 90 days.

Therefore, using annual income in calculations may overestimate the impact of the grants.

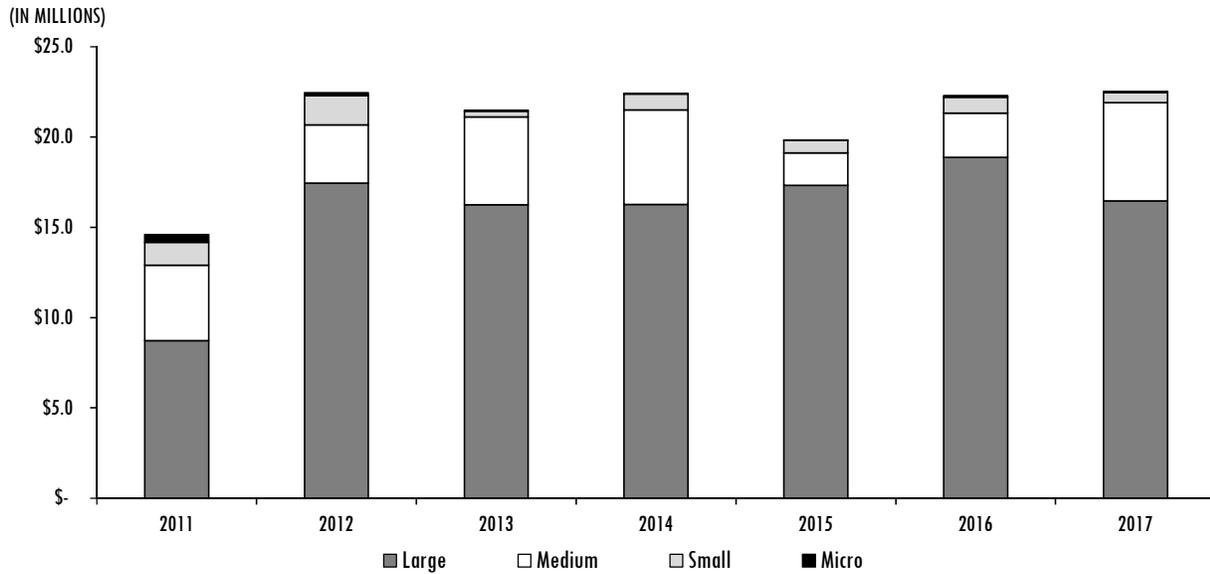
Additionally, the evaluation conflates new hires with new jobs and also counts existing jobs as new jobs. For example, employers may count employees hired within a year before applying for the grant as new jobs for grant purposes, and the agency counts these salaries in measuring the impact of the grant. However, employees may have been filling existing vacancies or working for a different company in the same region. If those recently hired employees came from similar jobs at other companies in the same region, counting the full value of the new salary in the region would overestimate the impact of the grants. Similarly, if those employees replaced departing employees who had similar wages, the evaluation also would overestimate the impact.

As part of the development of the cost-benefit tool in Option 1, TWC should evaluate and consider revising the components of the economic impact model.

ALIGNMENT WITH STATE WORKFORCE PRIORITIES

Although local workforce boards are required to provide feedback to TWC on SDF applications, SDF grants are not required to fund training for state growth occupations or local high-demand or target occupations. TWC is required

FIGURE 7
SKILLS DEVELOPMENT FUND GRANT AMOUNTS AWARDED PER BUSINESS BY BUSINESS SIZE
FISCAL YEARS 2011 TO 2017



NOTE: Large=500 or more employees; medium=100 to 499 employees; small=21 to 99 employees; and micro=1 to 20 employees.
 SOURCES: Legislative Budget Board; Texas Workforce Commission.

by statute to gather and study information annually regarding existing and projected shortages in high-wage, high-demand occupations in Texas. TWC releases periodic reports regarding growth occupations, which include growing occupations that pay more than the Texas median wage. Local workforce development boards also are required to publish lists of target and high-demand occupations for their regions. Workforce boards develop these lists using their own criteria; therefore, definitions vary across the state. Local workforce boards also may contribute written statements to grant applications stating that certain grant projects are for targeted occupations, which may help justify approval of higher-cost training.

The practice of awarding training grants for jobs that are not designated as growth occupations by TWC, nor designated as target or high-demand occupations according to local workforce boards, may not align with local or state strategic workforce priorities. Legislative Budget Board (LBB) staff collected information from 28 local workforce development boards about their experiences with SDF grants, and 12 boards responded. Regarding the degree to which training supported by SDF grants is aligned with the state’s strategic workforce goals, four boards reported that the grants were optimally aligned, and eight reported that they were aligned partially. Considering SDF’s limited grant resources, the

grants use state resources most efficiently by supporting occupations that the state and local workforce boards have identified as being in high demand and offering high wages. Option 2 would amend the Texas Labor Code to prohibit TWC from awarding training grants for occupations other than those that are included in the agency’s most recent Growth Occupations report or on current regional targeted or high-demand occupation lists.

APPLICATIONS FOR SMALL BUSINESSES

TWC is required to consider prioritizing training incentives for small businesses, which are those with from 21 to 99 employees. TWC encourages applicants to seek out small businesses and medium-sized businesses for regular SDF projects. However, since 2011, more than half of regular funding has been for grants involving large businesses. **Figure 7** shows the breakdown of grant amounts awarded by business size.

Compared to large businesses, small businesses and medium-sized businesses may have fewer resources available to spend on pursuing partnerships with local community and technical colleges and participating in the application and data collection processes. Option 3 would include a rider in the 2020–21 General Appropriations Bill requiring TWC to survey small businesses and medium-sized businesses about

their employee skills and training needs and how SDF grants can best to support their workforce development efforts. TWC would be required to report its findings to the Office of the Governor and the LBB by September 1, 2020, and to use the information to improve the program.

TWC also has a separately structured initiative, the Skills for Small Business program, which grants community and technical colleges at least \$20,000 to pay for trainings for employees of small businesses. The program reimburses qualifying businesses up to \$1,800 for a new employee or \$900 for a current employee to complete an existing course at the community or technical college. According to the agency, approximately two-thirds of these receiving colleges do not use the full contracted amounts. Unused Skills for Small Business funds are reallocated to other grants after the 12-month grant period expires. This practice may not maximize the utility of these funds because they cannot be used for other grants during this period. Restricting the use of these funds for existing courses at community colleges also may not meet the needs of small businesses, which could explain why the grants are not being used in full.

Option 4 would include a rider in the 2020–21 General Appropriations Bill requiring TWC, in collaboration with TWIC, to consider methods to expand the use of Skills for Small Business funding to better meet the needs of small businesses. These additional methods could include funding structured internships and apprenticeships through community and technical colleges. TWC would be required to report its findings to the Office of the Governor and the LBB by September 1, 2020.

FISCAL IMPACT OF THE OPTIONS

Options 1 and 4 would require the collaboration of TWC and TWIC to modify program administration. It is assumed that both agencies could absorb these duties within existing resources.

Option 2 would change which applications were approved, but it would not change the amount of grant funding available and, therefore, would have no fiscal impact. Any administrative changes necessary to add these criteria to application evaluation are assumed to be insignificant.

Option 3 would require TWC to survey small businesses and medium-sized businesses. Based on a comparable survey of businesses that TWIC conducted during fiscal year 2015, which cost less than \$25,000, it is assumed that any fiscal impact would be insignificant.

The introduced 2020–21 General Appropriations Bill does not include any adjustments as a result of these options.