

WORKFORCE DEVELOPMENT DIVISION
Workforce Policy and Service Delivery Branch
Technical Assistance Bulletin 199

Program: All Programs

Subject: Clarification on Public Subsidies and Goods and Services

Date: December 2, 2008

This Technical Assistance (TA) Bulletin provides Local Workforce Development Boards (Boards) with further clarification on the implementation of Texas Government Code, Chapter 2264 [House Bill (HB) 1196, enacted by the 80th Texas Legislature, Regular Session (2007)] regarding assurances from businesses that receive public subsidies that they will not employ undocumented workers.

WD Letter 07-08, issued on February 7, 2008, and entitled “House Bill 1196: Repayment of Public Subsidies by Businesses Convicted of Knowingly Employing Undocumented Workers,” provides information on the implementation of HB 1196, and specifies that employers receiving a public subsidy are subject to the requirements of HB 1196.

Public subsidies, as defined in Texas Government Code §2264.001(3), include grants that are intended to provide assistance to a business or a defined group of businesses to assist with economic development and job creation or retention. The provisions of Chapter 2264 apply when a Board contracts directly with an employer.

For example, if a Board contracts directly with an employer to provide customized training, that employer is receiving a public subsidy. If the employer is subsequently convicted of illegally employing undocumented workers, that employer is required to repay the amount of the public subsidy with interest.

Additionally, as stated in WD Letter 07-08, “HB 1196 does not apply to the acquisition of goods and services.” The requirements apply only to grants that are intended to support job retention/creation or other grants that are provided directly to employers and are intended to stimulate economic development. Therefore, if a Board contracts with a training entity (e.g., a community college) to provide services to an employer based on the employer’s needs, the provisions of Chapter 2264 do not apply. In this case, the employer is not receiving a direct public subsidy (i.e., because the funds are not contracted to the employer, the employer would not have any funds subject to repayment).

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