

**Texas Workforce Commission
Five Percent Reduction Options
as of August 27, 2020**

Required 5% Base Reduction	\$ 20,105,004
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Recommended Options for Reduction

	Recommended Base Reduction	Federal Impact per \$1 Reduction	Total Financial Impact	Est Total Program Impacted
<p>1) ES - Employment and Community Base Organizations (ECBO), Rider 28 Rider 28 requires TWC to dedicate \$4.0M annually to implement a program with community based organizations in partnership with employers to move Texans off public benefits and into the workforce. This recommendation would remove these funds from the budget with a corresponding request to delete the rider.</p>	\$ 8,000,000	\$ -	\$ 8,000,000	5,200 clients
<p>2) AEL - Workforce Diploma Pilot Project, Rider 42 Rider 42 allows TWC to implement a diploma pilot project to reimburse entities facilitating individuals complete the diploma program. TWC plans to implement this program in 21 and offset the reduction of AEL match by an increase in reliance on the Windham match. This recommendation would end the program beginning in 22, but would continue the use of the Windham match to draw down the federal grant.</p>	\$ 3,954,280	\$ -	\$ 3,954,280	100 clients
<p>3) BET - Business Enterprises of Texas (BET), Fund 492 Revenue to General Revenue-Dedicated Fund 492 has been decreasing over the years and hasn't exceeded our budgeted amounts since the program transferred to TWC in 2017. The recommended reduction would allow TWC to right size the budget to better align with revenue. The expenditures are used to match the VR federal grant and would impact how much of the VR federal grant we can draw.</p>	\$ 572,428	\$ 3.69	\$ 2,115,011	n/a
<p>4) ES - Current Cost Allocation Reserve, Fund 165 This recommendation would sweep existing Fund 165 currently set aside in our budget as reserve funds and would not have any programmatic impact.</p>	\$ 200,000	\$ -	\$ 200,000	n/a

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5) VR - Vocational Rehabilitation Match	\$ 4,000,000	\$ 3.69	\$ 18,779,200	n/a
This recommendation would reduce the amount of state funds available to match the Vocational Rehabilitation federal grant. While it would reduce the amount of the federal grant we can draw, it will not have an impact on clients served (see supplemental VR chart).				
6) JET - Jobs and Education for Texans (JET) Grants	\$ 960,000	-	\$ 960,000	3-5 grantees
This recommendation would reduce the amount available for JET grants by 6%.				
7) Skills - Skills Development Fund Grants	\$ 2,418,296	-	\$ 2,418,296	1,350 clients
This recommendation would reduce the amount available for Skills Development grants by approximately 6%.				
Total Reduction	\$ 20,105,004		\$ 36,426,787	

Other Programs to Consider

	Federal Impact per \$1 Reduction	Total Impact per \$1 Reduction	Est Average Cost per Client Served ¹	Est Program Impacted per \$1M GR Reduction
1) CC - Child Care Match	\$ 1.62	\$ 2.62	\$ 4,292	600 children
State Child Care Match funds are budgeted in the Child Care program to provide child care grants to the board areas, and are used to draw down the federal Child Care Matching grant. ²				
2) SNAP - SNAP Match	\$ 1.00	\$ 2.00	\$ 500	4,000 clients
SNAP Match funds are budgeted in the SNAP program to provide Employment and Training grants to the board areas, and to draw down the federal 50/50 SNAP grant. A reduction in the state dollar reduction corresponds to a \$1 reduction of federal dollars.				
3) Apprenticeship	\$ -	\$ 1.00	\$ 960	TBD

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Apprenticeship dollars are budgeted to provide on-the-job training for individuals going into apprenticeshipable fields. Reductions to state funds in this program could reduce the contact hour rate paid to instructors, reduce the number of individuals served, or some combination of the two.

Notes:

1) Average cost per client served based on FY21 GAA assumptions.

2) The amount that each state dollar can draw down is determined by the state's Federal Medical Assistance Percentage (FMAP) in any given year. While TWC has the option to cover the reduction by using future FY funds to match the federal grant or increasing the certification requirement by the boards areas; it is assumed in this scenario that TWC would simply forgo the federal dollars. The FMAP assumed to calculate the projected reduction is our FY21 FMAP rate of 61.81 percent.