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## FISCAL IMPACT REPORT

**LAST UPDATED** \_\_\_\_\_

**SPONSOR** Pinto **ORIGINAL DATE** 2/21/2025

**BILL**

**SHORT TITLE** Workforce Solutions Department Funding **NUMBER** Senate Bill 436

**ANALYST** Garcia

### APPROPRIATION\* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$100,000.0	Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.  
\*Amounts reflect most recent analysis of this legislation.

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>WSD</b>	No fiscal impact	\$100,000.0	No fiscal impact	\$100,000.0	Nonrecurring	General Fund
<b>Total</b>	No fiscal impact	\$100,000.0	No fiscal impact	\$100,000.0	Nonrecurring	General Fund

Parentheses ( ) indicate expenditure decreases.  
\*Amounts reflect most recent analysis of this legislation.

Relates to an appropriation in the General Appropriation Act

### Sources of Information

LFC Files

Agency Analysis Received From  
Workforce Solutions Department (WSD)

## SUMMARY

### Synopsis of Senate Bill 436

Senate Bill 436 appropriates \$100 million from the general fund to the Workforce Solutions Department for increased operational costs attributable to increasing numbers of clients served by the department.

Any unexpended or unencumbered balance remaining at the end of the fiscal year shall not revert to the general fund.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

## **FISCAL IMPLICATIONS**

The appropriation of \$100 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY26 shall not revert to the general fund.

The HAFC substitute for the General Appropriation Act contains appropriations from the general fund totaling \$13.5 million to the Workforce Solutions Department operating budget.

## **SIGNIFICANT ISSUES**

WSD analysis for Senate Bill 436 indicates:

[The department] has often presented to the Legislature on its concerns related to flat federal funding, combined with mandatory salary increases, which have had an over \$2.7 million impact in just fiscal years 24 and 25. [The department] cut over 50 unfunded positions resulting from this dynamic.

[The department] has also presented solvency concerns related to the Unemployment Insurance Trust Fund. Furthermore, the department is anticipating a recession related to federal layoffs, tariffs, and other factors. This would increase utilization of unemployment insurance and employment services. Finally, [the department] may be subject to federal budget cuts or delays in funding, the amount and timing of which are impossible to predict.

All that said, WSD was not consulted on this bill and does not understand the basis for this amount of funding or the proposed uses. These funds were not in the executive budget recommendation. WSD has concerns about one-time infusions of funding, as opposed to structural corrections to the Unemployment Insurance Trust Fund or other aspects of department funding.