

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2016-17		FY 2017-18	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$670,250	\$2,000,000	\$1,322,203	\$0
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$670,250	\$2,000,000	\$1,322,203	\$0

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 1029 creates the Sector Partnership Program Act.

The bill creates the Sector Partnership Program to be administered by the Department of Labor. The Department of Labor is to consult with the Nebraska Workforce Development Board, the Department of Economic Development, and the State Department of Education in establishing and administering the program.

The Department of Labor is to establish a grant process to provide funding to local sector partnerships in high-demand areas. Grants may be awarded for either planning or implementation activities. The local sector partnership must provide at least 25% of the grant amount in money or in kind to match the grant. Up to \$30,000 may be awarded for planning grants and up to \$200,000 for implementation grants. The grants must be used within two years.

LB 1029 creates the Sector Partnership Program Fund to be administered by the Department of Labor and shall be used to provide the grants created by the bill. The fund is to consist of money transferred to the fund from the Job Training Cash Fund, any money appropriated by the Legislature, money received from federal sources, gifts, bequests, or other contributions from public or private entities. The Department may use up to 5% of the Fund for operational and administrative expenses incurred to carry out the provisions of the Act.

The bill provides for a transfer of \$2,000,000 from the Job Training Cash Fund to the Sector Partnership Program Fund on or before July 15, 2016. This appears to be a one-time transfer.

The bill also provides a number of definitions; requirements for the Department of Labor; requirements for the local sector partnerships; definitions pertaining to the planning grants and implementation grants; reporting requirements for the local sector partnerships receiving grants; and reporting requirements for the Department of Labor.

The bill contains the emergency clause.

The Department of Labor indicates a cost of \$60,250 for 0.5 FTE for a Job Training Program Coordinator for FY2016-17 and \$62,203 for FY2017-18. This includes PSL of \$22,083 for FY2016-17 and \$22,613 for FY2017-18.

The Department expects to expend \$610,000 in planning and implementation grants in FY2016-17 and \$1,260,000 FY2017-18, respectively.

We agree with the Department of Labor's estimate of cost and fiscal impact.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 1029	AM:	AGENCY/POLT. SUB: Department of Economic Development
REVIEWED BY: Robin Kilgore	DATE: 2-17-16	PHONE: 471-4180
COMMENTS: No basis to disagree with agency estimate of fiscal impact.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 1029	AM:	AGENCY/POLT. SUB: Department of Education	
REVIEWED BY: Robin Kilgore		DATE: 1-28-16	PHONE: 471-4180
COMMENTS: Concur with agency estimate of no fiscal impact.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 1029	AM:	AGENCY/POLT. SUB: Department of Labor	
REVIEWED BY: Robin Kilgore		DATE: 2-18-16	PHONE: 471-4180
COMMENTS: No basis to disagree with agency estimate of fiscal impact.			

Please complete ALL (5) blanks in the first three lines.

2016

LB⁽¹⁾ 1029

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Dept. of Economic Development

Prepared by: ⁽³⁾ Courtney Dentlinger Date Prepared: ⁽⁴⁾ 1/27/2016 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2016-17		FY 2017-18	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	(See Below)	(See Below)	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 1029 would establish the Sector Partnership Program Act, which would create a grant program to be administered by the Department of Labor (DOL), in consultation with the Department of Economic Development (DED), the Nebraska Workforce Development Board, and the Department of Education. This grant program would be funded with \$2 million from DED's Job Training Cash Fund.

The grants would provide funding to eligible local sector partnerships in high-demand sectors. Local sector partnerships must have certain representation to be eligible to receive a grant (employers in the local area, a labor organization, local workforce development board, a postsecondary education institution, an adult basic education provider, and state employment service). DOL would give priority to applications that address skill gaps for middle-skill jobs. No more than one partnership would receive funds under the program for the same industry sector in the same local area, and partnerships must match the grants at 25%. DOL would also provide technical assistance to local sector partnerships and persons interested in forming partnerships.

DOL would determine which sectors are high-demand sectors in Nebraska. In making a determination, DOL would consider (1) rates of employment in the local area and the sector; (2) projected employment growth in the sector; (3) wage levels in the sector; (4) the location quotient of the sector; (5) employment opportunities for middle-skill jobs in the sector; and (6) other relevant criteria as determined by DOL.

DOL would award grants to local sector partnerships for either planning or implementation activities. Planning grants may be up to \$30,000, and must be used within one year. Implementation grants may be up to \$200,000, and must be used within 2 years.

Planning activities include research identifying the skill gaps in the sector, the factors contributing to the gaps, and the creation of a plan to close the gaps. Implementation activities include skills training, establishing a kindergarten to postsecondary education pipeline, establishing career pathways for adults, identifying skill standards and industry-based certifications, developing curricula, marketing for workforce recruitment, and other activities that assist in preparing or supplying workers for the sector. Implementation activities may also include eliminating barriers to participation in training and education, such as providing for support services such as child care or transportation. For purposes of this subsection, skills training includes (a) training for unemployed individuals before or once they have been hired, as well as training for incumbent workers, (b) on-the-job or classroom training, and (c) training in basic skills, general workplace skills, or specific occupational skills.

DED's Job Training Cash Fund currently has a positive balance, and approximately \$4.7 million in uncommitted funds. At the current rate of use, the provisions of LB 1029 could result in the Department having no funds available to commit to job training or the internship program during FY2017-18. The Department of Economic Development will have minimal costs to implement the provisions of LB 1029, and can do this within the existing appropriation.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....			_____	_____
Operating.....			_____	_____
Travel.....			_____	_____
Capital outlay.....			_____	_____
Aid.....			_____	_____
Capital improvements.....			_____	_____
TOTAL.....			_____	_____

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2016

LB⁽¹⁾ 1029

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Education

Prepared by: ⁽³⁾ Richard Katt

Date Prepared: ⁽⁴⁾ 1/28

Phone: ⁽⁵⁾ 402-471-4808

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

No direct fiscal impact on NDE

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17 EXPENDITURES</u>	<u>2017-18 EXPENDITURES</u>
	<u>16-17</u>	<u>17-18</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2016

LB⁽¹⁾ 1029

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Labor

Prepared by: ⁽³⁾ Kim Schreiner Date Prepared: ⁽⁴⁾ 2/17/2016 Phone: ⁽⁵⁾ 402-471-2492

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2016-17		FY 2017-18	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	670,250	2,000,000	1,322,203	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>670,250</u>	<u>2,000,000</u>	<u>1,322,203</u>	

Explanation of Estimate:

While the Department of Labor will realize \$2,000,000 in revenue, this revenue is coming from the Department of Economic Development's job training cash fund. The Department of Economic Development will suffer a significant expenditure to fund this new program within the Department of Labor. LB1029 provides a one-time transfer of \$2,000,000 but does not provide any guaranteed funds for future years. The Department of Labor expects to award seven Planning Grants in year one valued at up to \$30,000 each as well as two Implementation Grants in year one valued at up to \$200,000 per grantee. There will also be six Implementation Grants in year two as well as two Planning Grants. Funds are only guaranteed for approximately eight or nine grants over the course of two years. Administrative costs for the first year total \$60,250, which represents a half-time Job Training Program Coordinator at a cost including benefits of \$31,579. NEWorks annual maintenance as well as Data Warehouse and ECM needs total \$18,000. Administrative costs increase to \$62,203 in year two due to the annual pay increase. The Grant expense for year one is based on seven Planning Grants at \$30,000 each and two Implementation Grants at \$200,000 each for a total of \$610,000. This increases to six Implementation Grants in year two and two Planning Grants totaling \$1,260,000. Administrative costs remain within five percent of the beginning year fund balance. The beginning fund balance in year two is expected to be \$1,329,751. This Fiscal Note does not include any collaborative efforts or amendments currently under consideration.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2016-17	2017-18
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Job Training Program Coordinator	.5	.5	22,083	22,613
Benefits.....			9,496	9,723
Operating.....			27,171	28,367
Travel.....			1,500	1,500
Capital outlay.....				
Aid.....			610,000	1,260,000
Capital improvements.....				
TOTAL.....			<u>670,250</u>	<u>1,322,203</u>