

Revised to include amendments adopted on General File.

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	\$500,000	\$500,000	\$0	\$0
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$500,000	\$500,000	\$0	\$0

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

LB 1110, as amended by AM2294, adopts the Nebraska Workforce Innovation and Opportunity Act (WIOA) and the Sector Partnership Program Act (SPPA).

In the intent language of the bill dealing with WIOA, a number of principles are enumerated that are to guide the state’s workforce investment system.

The bill also provides a definition of “career pathways” as an identified series of positions, work experiences, or educational benchmarks or credentials with multiple access points that offer occupational and financial advancement within a specified career field or related fields over time. Career pathways offer combined programs of rigorous and high quality education, training, and other services that do all of the following:

- Align with the skill needs of industries in the economy of the state or regional economy involved;
- Prepare an individual to be successful in any of a full range of secondary or postsecondary education options, including apprenticeships registered under the National Apprenticeship Act;
- Include counseling to support an individual in achieving the individual’s education and career goals;
- Include, as appropriate, education offered concurrently with and in the same context as workplace preparation activities and training for a specific occupation;
- Organize education, training, and other services to meet the particular needs of an individual in a manner that accelerates the educational and career advancement of the individual to the extent practicable;
- Enable an individual to attain a secondary school diploma or its recognized equivalent and at least one recognized postsecondary credential; and
- Help an individual enter or advance within a specific occupation.

The bill requires the Commissioner of Labor to report annually to the Governor, Legislature, and the Nebraska Workforce Investment Board regarding training expenditures made by local workforce development boards in the prior fiscal year.

The Department of Labor is given authority to administer the requirements of the federal Workforce Innovation and Opportunity Act in order to ensure state compliance with the objectives and requirements of the federal Act.

The Department of Labor indicates that because LB 1110 aligns with the federal Workforce Innovation and Opportunity Act they will operate the program utilizing federal funds, there is no General Fund impact. The Department did not provide an estimate of federal funds that may be received by the state but we assume it will be similar to funds received by the Department for the current programs.

We have no basis to disagree with the Department of Labor’s estimate of fiscal impact.

As amended by AM2294, LB 1110 now incorporates the provisions of LB 1029 and creates the Sector Partnership Program Act (SPPA).

The SPPA is to be administered by the Department of Labor (DOL) in conjunction with the Department of Economic Development (DED). The DOL is to consult with the Nebraska Workforce Development Board, the DED, and the State Department of Education in establishing and administering the program.

DOL shall do the following:

- Establish a study process to conduct labor availability and skills gap studies;
- Determine the laborshed areas of the state; and
- Complete labor availability and skills gap studies for all laborshed areas of the state on a rotating basis.

DOL and DED may contract with other entities to conduct additional labor availability, skills gap, and sector partnership studies.

In addition, DOL and DED shall provide technical assistance to local sector partnerships and persons interested in forming partnerships.

The bill as amended creates the Sector Partnership Program Fund to be administered by the DOL and shall be used to pursue sector partnership activities. The fund is to consist of money transferred to the fund from the Job Training Cash Fund and the Nebraska Training and Support Cash Fund plus any money appropriated by the Legislature, money received from federal sources, gifts, bequests, or other contributions from public or private entities.

The bill provides for a transfer of \$250,000 from the Job Training Cash Fund and \$250,000 from the Nebraska Training and Support Cash Fund to the Sector Partnership Program Fund on or before July 15, 2016. This appears to be a one-time transfer.

LB 1110 contains the emergency clause.

The Department of Labor indicates a cost of \$500,000 for FY2016-17, which includes PSL of \$139,197.

We have no basis to disagree with the Department of Labor's estimate of cost and fiscal impact but should note that the DOL indicates that they expect the studies required by the Sector Partnership Program Act to be completed on a continual basis and that funds necessary for future years will be included in the agency's next biennial budget request. No indication is given as to source of funds for the biennial request.

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2016

LB⁽¹⁾ 1110, AM2294

FISCAL NOTE

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

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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	500,000	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>500,000</u>	_____	_____	_____

Explanation of Estimate: The Workforce Innovation and Opportunity Act (WIOA) is a federal program. Nebraska receives federal funds for the program. LB1110 aligns with the federal WIOA program, and the Nebraska Department of Labor will be able to continue to operate the program through federal funds. As part of the Sector Partnership Program, the Nebraska Department of Labor will work in partnership with the Nebraska Department of Economic Development to conduct Labor Availability and Skills gap studies. For the first program year, both agencies will transfer \$250,000 into a joint fund. It is expected that these studies will be completed on a continual basis. Funds needed for future years will be included in a Budget Issue within the FY2017-2019 Biennium Budget submission. These studies will provide community economic developers and existing or prospective employers a flexible tool to understand the local labor market and make informed expansion and site selection decisions as well as training needs. The survey results remain viable for a two year period. The Nebraska Department of Labor in collaboration with the Nebraska Department of Economic Development will determine the areas to survey. This will result in a total of six surveys conducted - two per area (Labor Availability – household and Employer Needs – employer). Upon completion of each area’s surveys a report and/or reports will be developed around labor availability, employer hiring needs and potential skill gaps for the area.

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>
Research Analyst I	2.0	_____	81,540	_____
Staff Assistant II	1.0	_____	38,065	_____
Research Supervisor	.35	_____	19,592	_____
Total Salaries	_____	_____	139,197	_____
Benefits.....	_____	_____	59,855	_____
Operating.....	_____	_____	294,948	_____
Travel.....	_____	_____	6,000	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	500,000	_____