PREPARED BY: DATE PREPARED: PHONE: Jeanne Glenn February 11, 2014 402-471-0056

LB 1091

Revision: 00

## **FISCAL NOTE**

**LEGISLATIVE FISCAL ANALYST ESTIMATE** 

ESTIMATE OF FISCAL IMPACT — STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 201	4-15	FY 2015-16					
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS								
CASH FUNDS	See below	5,000,000	See below					
FEDERAL FUNDS								
CASH RESERVE FUND		(5,000,000)						
TOTAL FUNDS	See below	0	See below					

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

LB 1091 would transfer \$5,000,000 from the Cash Reserve Fund to the Job Training Cash Fund in the Department of Economic Development (DED) on or before December 15, 2014. LB 1091 would also revise existing statutory guidelines linking the size of job training grants to the proposed wage levels of jobs being created.

There would be a one-time \$5,000,000 revenue increase to the Job Training Cash Fund in FY14-15 and a corresponding decrease in the balance of the Cash Reserve Fund. DED notes that the revision in grant guidelines could be implemented by existing agency staff. It is estimated that the state aid appropriation for the Job Training Cash Fund may need to be increased to accommodate the potential expenditure of the newly-transferred funds.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES						
LB: 1091 AM: AGENCY/POLT. SUB: Dept. of Economic Development						
REVIEWED BY: Gary Bush			DATE: January 29, 2014	PHONE: 471-4161		
COMMENTS: Agree with the agency's estimate of impact.						

LB 1091 Fiscal Note 2014

State Agency Estimate								
State Agency Name: Dept. of Economic Development					Date Due LFA: 1/30/2014			
Approved by: Lara Huskey	Date Prepared: 1/23/2014			Phone: 471-3777				
	FY 2013-2014			FY 2014-2015		FY 2015-2016		
	Expenditures	Revenue		Expenditures	Revenue	Expen	nditures	Revenue
General Funds					(\$5,000,000)			
Cash Funds			_		\$5,000,000			
Federal Funds						<u></u>		
Other Funds								
Total Funds					\$0			

LB 1091 would modify the provisions relating to job training grants authorized in Neb. Rev. Stat. §81-1202 et seq., and transfer \$5 million from the Cash Reserve Fund to the Job Training Cash Fund on or before December 15, 2014. Specifically, LB 1091 would modify the maximum amount of expenditure that may be made per job created, by adding an additional funding threshold for projects involving jobs that provide wages that exceed \$50,000/year, or for projects where jobs created are in a high-poverty area.

LB 1091 would also add an additional funding threshold for projects involving jobs that provide wages that exceed \$50,000/year, or for projects where jobs created are in a high-poverty area, if the application for job training funds was approved with provisions described in Neb. Rev. Stat. §81-1203(3).

Under LB 1091, the Department of Economic Development would be able to make expenditures as follows: (1) If wages are under \$30,000/year, the expenditure cannot exceed \$5,000 per job; (2) If wages exceed \$30,000/year, but are under \$50,000/year, the expenditure cannot exceed \$10,000 per job; or (3) If wages exceed \$50,000/year, or the jobs created are in a high-poverty area, the expenditure cannot exceed \$20,000 per job.

Under LB 1091 the Department would be able to make expenditures for projects funded pursuant to the provisions of Neb. Rev. Stat. \$81-1203(3) as follows: (1) If wages are under \$30,000/year, the expenditure cannot exceed \$10,000 per job; (2) If wages exceed \$30,000/year, but are under \$50,000/year, the expenditure cannot exceed \$15,000 per job; or (3) If wages exceed \$50,000/year, or the jobs created are in a high-poverty area, the expenditure cannot exceed \$25,000 per job.

Neb. Rev. Stat. §81-1203(3) refers to training grants for training employees and potential employees of businesses that (a) employ twenty-five or fewer employees on the application date, (b) employ, or train for potential employment, residents of rural areas of Nebraska, or (c) are located in or employ, or train for potential employment, residents of high-poverty areas; and that the business applying for the training grant is partnering with a postsecondary educational institution; a private, nonprofit organization holding a certificate of exemption under section 501(c)(3) of the Internal Revenue Code; or a learning community coordinating council or school district that has partnered with a private, nonprofit organization.

The Department of Economic Development estimates that the costs to implement LB 1091 would be minimal.

Major Objects of Expenditure							
Class Code	Classification Title	13-14 <u>FTE</u>	14-15 <u>FTE</u>	15-16 <u>FTE</u>	13-14 Expenditures	14-15 Expenditures	15-16 Expenditures
Operating Costs.							
Travel							
Capital Outlay							
Aid							
Capital Improvements							
Total							