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FISCAL IMPACT REPORT

ORIGINAL DATE 2/13/09

SPONSOR Morales LAST UPDATED _____ HB _____

SHORT TITLE Dislocated Worker Training SB 422

ANALYST Peery-Galon

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$2,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Workforce Solutions Department (WSD)

Economic Development Department (EDD)

No Response Received From

Association of Counties

SUMMARY

Synopsis of Bill

Senate Bill 422 appropriates \$2,000.0 from the general fund to the Workforce Solutions Department for the state's four workforce development boards to administer training for dislocated workers and adults.

FISCAL IMPLICATIONS

The appropriation of \$2,000.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2010 shall revert to the general fund.

According to the December 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$293 million, or 2.6 percent, less than the FY09 appropriation. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

WSD reported the proposed legislation would have a direct fiscal impact on the department. Funding would be required at the State Administrative Entity (SAE) level for the following: fiscal administration, program monitoring, and program management.

As the State Administrative Entity (SAE), WSD's projected administrative costs would be 10 percent of the total appropriation. The remaining 90 percent would be distributed to the local workforce development boards utilizing the federal Workforce Investment Act distribution formula. Ten percent of the proposed \$3 million dollar appropriation would be three hundred thousand dollars. WSD noted proposed legislation relates to Workforce Investment Act funding from U.S. Department of Labor for training dislocated workers.

The federal Workforce Investment Act funds have declined over the past 6 years. EDD stated that state general fund appropriations directly to Workforce Solutions for dislocated workers must be considered as a way to supplant the declining federal dollars.

SIGNIFICANT ISSUES

EDD stated the definition for a “dislocated worker” applies to persons who are terminated through no fault of their own. With the ever increasing number of lay-offs occurring, there is a need to ensure funding is available to retrain individuals for alternate employment opportunities.

PERFORMANCE IMPLICATIONS

EDD noted with the additional funding, the Workforce Solutions Department should have the resource necessary to provide additional services. Passage of the proposed legislation does not have any performance implications for the Economic Development Department.

ADMINISTRATIVE IMPLICATIONS

EDD noted the proposed legislation does not specifically earmark money for administrative purposes. However, federal dollars typically allow a percentage of an appropriation for general administration, monitoring and/or management. Because there is no specific earmark for administration, does this prohibit the Workforce Solutions Department from utilizing a portion of this appropriation for administration as they are accustomed to doing with federal funds?

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 422 has a relationship with Senate Bill 418.

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