

Revised to include agency response

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2019-20</b>		<b>FY 2020-21</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS	See below	See below	See below	See below
FEDERAL FUNDS				
OTHER FUNDS		(See below)		(See below)
TOTAL FUNDS	See below	See below	See below	See below

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

LB 527 would establish the Customized Job Training Act. The Department of Economic Development would be authorized to administer a grant program to provide funds to employers for reimbursement of job training expenses. The Customized Job Training Cash Fund would be established in the Department to receive revenue from the first six hundredths of one percent of state unemployment insurance tax collected under sections 48-648 to 48-661. The fund could be expended as grants and used for administrative costs related to the program.

It is estimated by the Department of Labor that the funding source as established in LB 527 would be under \$2,000 annually. There would be no net impact to the state as a result of the transfer of funds out of the State Unemployment Insurance Trust Fund and into the Customized Job Training Cash Fund. The estimate provided by the Department of Economic Development assumes that an adequate amount of funding would be available to implement a grant program. Based upon the amount of revenue as calculated by the Department of Labor, it is estimated that the Department of Economic Development could implement LB 527 as written using existing staff.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 527	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Neil Sullivan		DATE: 2/1/2019	PHONE: (402) 471-4179
COMMENTS: The Department of Economic Development assessment of fiscal impact from LB 527 appears reasonable.			

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 527	AM:	AGENCY/POLT. SUB: Nebraska Department of Labor	
REVIEWED BY: Neil Sullivan		DATE: 2/1/2019	PHONE: (402) 471-4179
COMMENTS: The Nebraska Department of Labor assumptions and assessment of fiscal impact from LB 527 appears reasonable.			

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

**2019**

**LB<sup>(1)</sup> 527**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Economic Development

Prepared by: <sup>(3)</sup> Dave Rippe Date Prepared: <sup>(4)</sup> 1/28/2018 Phone: <sup>(5)</sup> 471-3777

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	\$90,930		\$111,550	
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<u>\$90,930</u>		<u>\$111,550</u>	

**Explanation of Estimate:**

LB527 creates a new "Customized Job Training Act." The new program, administered by the Department of Economic Development, allows employers to apply for job training reimbursement grants if the jobs trained for are net new jobs and these jobs meet or exceed the Nebraska average annual wage. The grants awarded by DED are to be based on the proportion to the number of net new created, and based on the number of grants awarded and available funding.

LB 527, as drafted, states that training "may" be provided by community colleges, any accredited postsecondary educational institution, or any qualified training provider. If a "qualified training provider" is used, the training must result in a national, state, or locally recognized certificate; preparation for a professional examination or licensure; an endorsement for an existing credential or license; or development of a recognized skill standard as defined by an industrial sector. Employers receiving a grant must provide DED with documentation showing the completion of the net new job training, and show that the employer has maintained or exceeded its current level of training expenditures.

As drafted, the bill would create a new cash fund in DED for the purpose of funding grants and administrative costs of the new program. Funds for the new cash fund would come from a transfer of "the first six hundredths of one percent" collected by the State Unemployment Insurance Trust Fund at DOL. The estimates of administrative costs assumes that the SUIT fund would provide enough funds to provide loans at the 0.06% rate. It is estimated that the department will require one FTE of an Economic Development Manager. The program outlined in LB 527 will require much more oversight than the current program, including qualified business, training, and monitoring. Additional staffing requirements will become available as the current job training program winds down over the next two to three years.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
G49550 Econ. Dev. Manager	.75	1.0	\$48,450	\$65,890
Benefits.....			19,380	26,360
Operating.....			5,000	6,500
Travel (Includes 0.3 of a vehicle).....			9,600	12,800
Capital outlay.....			8,500	0
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<b>\$90,930</b>	<b>\$111,550</b>

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

**2019**

**LB<sup>(1)</sup> 527**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Labor

Prepared by: <sup>(3)</sup> Katie Thurber Date Prepared: <sup>(4)</sup> 1/29/2019 Phone: <sup>(5)</sup> 402-471-9912

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
TRUST FUNDS	_____	(1,618.00)	_____	(1,618.00)
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>(1,618.00)</b>	<b>=====</b>	<b>(1,618.00)</b>

**Explanation of Estimate:**

As drafted, LB 527 is unclear on what funds are being proposed for deposit into the Customized Job Training Cash Fund. It is the Department of Labor's understanding that LB 527 is taking 0.06% of the funds that are collected for deposit into State Unemployment Insurance Trust Fund (SUIT) and diverting them into the Customized Job Training Cash Fund.

The SUIT Fund grew by \$2,697,346 in FY18, which would produce \$1,618 at .06%. The last five years of collections into the SUIT Fund are as follows:

FY18 \$2,697,346  
 FY17 \$3,409,179  
 FY16 \$3,829,476  
 FY15 \$4,421,056  
 FY14 \$3,093,357

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u> <u>EXPENDITURES</u>	<u>2020-21</u> <u>EXPENDITURES</u>
	<u>19-20</u>	<u>20-21</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	_____	_____	_____	_____