

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		See below		See below
CASH FUNDS	See below	See below	See Below	See below
FEDERAL FUNDS				
OTHER FUNDS				
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.

LB632 states intent to appropriate \$10 million from the General Fund to the Job Training Cash Fund for FY21-22. The Job Training Cash Fund is an account within the Department of Economic Development (DED) that is used to provide reimbursements to businesses that support job training activities and other costs related to helping industry and business locate and/or expand in Nebraska.

LB632 would establish a subaccount to fund businesses providing qualified internships to students, with \$1 million allocated.

The amount of additional funds for a low-income student will be 50% of the cost of the internship, the maximum amount of additional funds being \$2,500. Additional funds will be available for first-generation college students and will equal 24% of the cost of the internship with the maximum amount of additional funds being \$1,000. A low-income student will be eligible for a Transportation Aid grant in the amount of \$25/mo with DED establishing those guidelines. Low income financial assistance is not to exceed \$250/mo.

DED is to provide coaching and provide a report to the Legislature annually. DED estimates this program will require the hiring of Business Consultant, which we concur. Cost for FY21-22 will be \$134,410 and \$103,530 for FY22-23. Estimates on how quickly the cash fund can be expended cannot be determined at this time.

Technical note: To place funds into a cash fund from the General Fund would require a transfer, not an appropriation. Historically the Job Training Cash Fund has been funded by transfers from the Cash Reserve Fund, however this is not specified in LB632.

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2021

LB⁽¹⁾ 632

FISCAL NOTE

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

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<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:

LB632 amends sections 81-1201.02 and 81-1201.21 to provide additional benefits for businesses who provide internships to low-income or first-generation college students. The bill creates a subaccount within the Job Training Cash Fund, and provides additional funds for the internship program currently administered by the Department of Economic Development (DED).

From the Job Training Cash Fund, the bill requires that DED establish a new subaccount within the fund of up to \$1 million to provide additional funds to businesses providing qualifying internships. In addition to the current internship program described in sections 81-1210.01 to 81-1210.03, that provide up to 75% of the cost of an internship up to \$5,000—\$7,500 if the intern is a Federal Pell Grant recipient—the bill provides additional benefits to a business providing internships to low-income, or first-generation college students. The amount of additional funds for a low-income student is equal to 50% of the cost of the internship, up to \$2,500. The amount of additional funds for a first-generation college student is equal to 25% of the cost of the internship, up to \$1,000.

In addition to the benefits to the business providing an internship, a low-income student receiving an internship may apply to DED for a Transportation Aid grant of \$25 per month, or for financial assistance for childcare not to exceed \$250 per month. The funds from the new subaccount may also be used by DED to provide legal aid to international students. In addition, LB632 requires that the subaccount be used to provide wrap-around job coaching to students employed at an internship after the internship has expired. The job coaching expense is limited to 25% of the subaccount. The bill would also increase the required minimum wage for a qualifying internship to \$13 per hour in counties with a population of less than 100,000 and \$15 per hour in counties with a larger population.

LB632 also contains intent language to appropriate \$10 million to the Job Training Cash Fund in FY2021-2022. Normally a transfer is identified from some source to a cash fund to provide funding to carry out the provisions of the bill. Since there is no language for this, implementation would be expended through reallocation of current resources and no additional impact is assumed. Note that as of 2/24/2021 the Job Training Cash fund's balance of \$4.690 million includes \$2.028 million under contract and \$2.642 million committed to projects requiring job training incentives.

In addition, the bill also increases the maximum that can be allocated from the Job Training Cash Fund to the Intern Nebraska Cash Fund from \$1.5 million to \$3 million, annually. It is assumed that DED could use a maximum of \$2 million per year in the current internship program along with the \$1 million for the new provisions contained in LB632.

The bill contains a number of new responsibilities and reporting requirements for DED. In addition to increasing the number of available internships, the bill also requires DED to certify eligible low-income or first-generation college students, provide transportation and child-care grants to eligible students, and provide for job coaching. This will require the services of an Economic Development Business Consultant. In addition, there will be a one-time cost of \$50,000 to cover programming costs and licensing fees to manage grant applications and transportation and childcare grants by students in the Department's grant management software. The total administrative cost of a funded program is expected to be \$134,410 in the first year and \$103,530 in the following year.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22 EXPENDITURES</u>	<u>2022-23 EXPENDITURES</u>
	<u>21-22</u>	<u>22-23</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				