



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	HB0526	Title:	Provide for state employment services on reservation community centers
Primary Sponsor:	Kipp, George G	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$616,354	\$584,704	\$584,704	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 526 provides for a 3 year pilot project for expanding workforce services to high-poverty counties; directs the State Workforce Investment Board to oversee the pilot project; and provides for goals, objectives, and reporting requirements.

FISCAL ANALYSIS

Assumptions:

Department of Labor and Industry (DLI)

1. Workforce Services Division, Job Service Operations Bureau, currently manages 23 job service offices across Montana providing outreach services to all 56 counties. Implementation of HB 526 will require increased expenditures as outlined in the following assumptions. Since additional federal funding is not available, the department assumes state special revenue or general fund will be added to fund three additional locations.
2. An existing small office which already services a tribal reservation will be used for assumptions in this bill. In FY 2014, 104 visits (2 days per week) were planned in addition to job fairs and other unplanned visits; 56 visits were actually made. The reduction in visits was due to tribal funerals, tribal issues, tribal holidays, and staff shortages. 284 clients were served during these visits.

3. Current local government community centers or tribal employment rights offices close due to funerals, tribal issues, Native American holidays, etc. Because of this, it is assumed that the Job Service Bureau will need to rent office space to maintain regular office hours each weekday. It is estimated that the bureau will need 2,500 square feet of space at approximately \$12 per square foot to include utilities for an annual total of \$30,000. The expense for rent covers office and storage space, conference rooms, common areas, utilities, parking, janitorial, parking, and maintenance. Total rent for 3 offices would be \$90,000.
4. To meet the intent of the bill to “staff the pilot project office at regular hours each weekday”, the bureau shall hire 2.00 FTE employment specialists in each office for a total of 6.00 FTE. Total personal services costs (including benefits) for 6.00 FTE is \$404,546 for FY 2016 and \$387,296 for FY 2017.
5. The bureau share of operating expenses will increase due to additional office space/workload. These expenses include but are not limited to postage for mailings, telephone system/cell phones, long distance, office supplies, resource room computers, motor pool leased vehicle or car rental, and copier/printer/fax. Total increased operating expense are \$46,809 in FY 2016.
6. DLI network administration is calculated based on FTE in the division. Using the 2015 current technology services rate, adding 6.00 FTE would increase the total DLI costs by \$28,122.
7. Internet services will be needed in these pilot offices to help clients with online job search, resume submission, and client self-service in the MontanaWorks database system. SITSD network services range from \$310 per month in highly populated areas to \$1,700 per month in rural or less populated areas. An average cost of \$817 per month is assumed for these pilot offices. It is estimated to be \$9,804 per year in addition to a startup cost of \$2,800. Startup costs include wiring, labor, and wall jacks. Total SITSD network services \$37,812 in FY 2016.
8. Staff will be expected to travel to mandatory training and meetings for the bureau. It is estimated that there will be at least 1 trip per quarter per year. Total travel expenses for meals and is estimated to be \$9,065.
9. Workforce Services Division will not receive additional federal funding for FY 2016-2018.
10. The Employer Security Account (ESA) may not have sufficient revenue to accommodate additional expenses. In the future, a rate increase may be required or the services would need to be funded by the general fund.

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<u>Fiscal Impact:</u>				
FTE	6.00	6.00	6.00	0.00
<u>Expenditures:</u>				
Personal Services	\$358,375	\$358,375	\$358,375	\$0
Operating Expenses	\$257,978	\$226,328	\$226,328	\$0
TOTAL Expenditures	\$616,353	\$584,703	\$584,703	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$616,353	\$584,703	\$584,703	\$0
TOTAL Funding of Exp.	\$616,353	\$584,703	\$584,703	\$0
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$616,353)	(\$584,703)	(\$584,703)	\$0

Technical Notes:

1. The bill as proposed would create a three year pilot project. The completion of the three year pilot project falls during the middle of a budget cycle. If, at the completion of the pilot project, it was determined that these offices should remain open, or add additional offices, funding would need to be secured during the 2017 legislative session.
2. In relation to the SWIB portion of the bill, “local boards” are not clarified or defined within this bill. These “local boards” do not currently exist and would have to be set-up and established from the ground up. There are no clear guidelines within the bill on what constitutes a “local board,” how many personnel are required, or any and all associated costs.

Sponsor’s Initials

Date

Budget Director’s Initials

Date