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FISCAL IMPACT REPORT

SPONSOR: Campos DATE TYPED: 03/08/01 HB _____
 SHORT TITLE: In-Plant Training Funds Selection Criteria SB SJM-49
 ANALYST: Woodlee

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
NFI	NFI	NFI	NFI	NFI	NFI

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Economic Development Department
LFC Files

SUMMARY

Synopsis of Bill

Senate Joint Memorial 49 proposes certain selection criteria for the Industrial Development Training Board to utilize when making award decisions for the Industrial Development Training Program (IDTP).

Significant Issues

In FY01, the IDTP Board awarded 86 percent of the appropriation before the first month of the fiscal year. Virtually, the entire fund balances were awarded prior to the end of the second quarter of FY01, with only \$4.1 currently available. For FY01, the program funded 2402 jobs with \$10,158.4 of IDTP fund balances. According to the IDTP Budget Report, the Development Training Fund has \$14,637.6 obligated to active projects, but only \$1,441.4, or 9.8 percent, has been expended. The agency has requested a 150% increase in funding for the current and next fiscal year, totaling \$15,000.0.

With limited funding resources of the state and the rising cost per employee found in this program, it is vital that selection criteria be implemented and the application process altered to accommodate such changes. Because the Industrial Development Training Board uses a first-come, first served policy, it is unclear if the proposed additional funds would extend the life of the development training fund. The IDTP has changed its policies to help address the situation, such as only allowing for the initial six months of training and only funding rural areas 65 percent of wages instead of the potential

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75- or 90-percent. Although these policy changes are steps in the right direction, no policies have been adopted to prioritize applications, or has any changes been made to address the issue of funding the majority of projects in the first month of the fiscal year.

The IDTP staff and board need to develop an application process that allows for consideration of projects, given a certain restraint on the amount that can be allocated. Currently, the board meets once a month and addresses completed applications that have been received and approved as qualified applicants. However, as in FY01, the board could feasibly allocate all the available funds prior to the end of the fiscal year. It is perhaps more efficient to meet quarterly or semi-annually and allow applications to be gathered and then considered against one another. As it is now, companies must rush to get their applications in at the beginning of the fiscal year in order to avoid missing out on the available funds later.

The joint memorial requests the IDTP Board to base its selection of companies on the following selection criteria prior to awarding funds:

- (1) the complexity of skills needed by the company;
- (2) whether the company proposes to target hard-to-employ persons;
- (3) the wages and benefits of trainees and other employees;
- (4) the proposed number of trainees and the number of total jobs available from the company;
- (5) employee promotion history and retention rates of trainees and other employees of the company;
- (6) the economic and environmental impacts of the company on the area;
- (7) unemployment rates of the area from which trainees will most likely be hired;
- (8) past financial performance of the company;
- (9) the community service history of the company; and
- (10) other criteria the board deems important to economic development and the quality of life of the area.

FISCAL IMPLICATIONS

There is no appropriation or fiscal implication within the bill.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

Senate Joint Memorial 49 relates to Senate Bill 692, which requests the IDTP Board to utilize the same selection criteria outlined in this joint memorial. HB15, HB78, and SB250 all propose to appropriate \$15,000.0 to the Industrial Development Training Program. SB737 proposes to appropriate \$9,000.0 to the program, contingent upon passage of SB692. SB687 proposes to appropriate \$6,000.0 to the program. HB589 proposes to change the size of project for the exception

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to the residency requirements. HB559 allows for the training of part-time employees, as well as full-time. Also, SB136 proposes selection criteria and transfers the program to the Labor Department.

MW/njw