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FISCAL IMPACT REPORT

SPONSOR Heaton **DATE TYPED** 2/15/05 **HB** 321/aHEC

SHORT TITLE Tele-Work Program for Certain Home Businesses **SB** _____

ANALYST Baca

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$47.9			Non-Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

Relates to Division of Vocational Education Division of the Public Education Department
Appropriation in the General Appropriation Act

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	\$431.1		Non-Recurring	Federal Funds (Tele-work)

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Division of Vocational Rehabilitation (DVR)
Governor's Commission on Disabilities (GCD)
Developmental Disabilities Planning Council (DDPC)

SUMMARY

Synopsis of HEC Amendment

The House Education Committee amendment strikes the terms "DISABLED" on page 1, line 13, and inserts in lie thereof the terms "PERSONS WITH DISABILITIES".

Synopsis of Original Bill

House Bill 321 appropriates \$47.9 thousand to the Vocational Rehabilitation Division for expenditure in FY06 to match federal money for the Tele-work Program that provides loans for the purchase of equipment needed to start home business by persons with disabilities or for an employee with a disability to work from remote locations.

Significant Issues

The appropriation in this bill will be used to obtain a nine-to-one federal match for the Tele-work Program thereby generating a \$431.1 thousand. When added to the state's \$47.9 thousand match, a total of \$479 thousand is available to for this program.

DVR reports this is the second stage in an effort to acquire the federal amount available to the state. In cooperation with the Governor's staff, DVR was able to identify \$47 thousand in agency savings that were used to apply for and obtain a grant that generated \$431,100 in federal monies. If HB321 is enacted, the grand total available for this program will be \$958 thousand that will be placed in a permanent revolving fund to be used to guarantee loans for small businesses operated by the disabled and for the purchase of equipment so persons with disabilities can work from remote locations.

Loans for the purchase of equipment are obtained from lending institutions and funds in this program are used to guarantee the loans. DVR would enter into an agreement with a lending institution to handle the loans after a request for proposal process to select the best rates and terms for small businesses. DVR reports high payback rates in comparable loan guarantee programs for persons with disabilities, and staff expresses great confidence that loan defaults will be minimal.

The federal regulations allow interest to be earned on the account and the fund would only be depleted if the loans were in default.

DVR states that this is a one time offer from the federal government that will expire on 9-05-05 and emphasizes that there is no recurring cost to the general fund.

PERFORMANCE IMPLICATIONS

The ability of DVR to assist persons with disabilities will be enhanced while maximizing the use of general fund dollars by utilizing a nine-to-one federal match.

FISCAL IMPLICATIONS

The appropriation of \$47.9 thousand contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 will revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

DVR indicates it can administer the program with existing staff.

TECHNICAL ISSUES

The appropriation in this bill is designed to generate revenue for a revolving fund that is to operate more than one year. According to DVR, the FY06 reversion clause poses no problem because the appropriation will be encumbered once it is placed in the revolving fund account.

OTHER SUBSTANTIVE ISSUES

The three agencies analyzing the bill report the following:

- Technology often is a determining factor for many people with disabilities in terms of their ability to perform work.
- Reasonable accommodations for persons with disabilities are often not addressed by employers. The fact that individuals with a disability can provide their own reasonable accommodation is a positive factor in becoming employed.
- Persons with disabilities often find that working from a remote location is satisfactory to the employer as well as allowing the individual with the disability to work at a location that is physically accessible
- Technology is often very expensive. The ability to loan equipment to determine the types of equipment best fits the individual's needs without having to incur expenses on technology which may not work for the individual is a cost saving practice for the individual with the disability

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

Guaranteed loans for the purchase of equipment to be used by persons with disabilities will be limited by the availability of the \$470 thousand generated by the agency's first application for the federal matching funds available to the state.

LB/lg