

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2006-01
Bill No.: Perfected SB 500
Subject: Revises certain job training programs
Type: Original
Date: April 4, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on <u>All</u> State Funds*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

* Partially subject to appropriation.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development, Department of Higher Education, Department of Elementary and Secondary Education**, and the **Department of Labor and Industrial Relations** each assume this proposal would not fiscally impact their respective agencies.

Oversight assumes the revision of the Community College training program (RSMo 178) would expand the companies available to apply for assistance through the program. Currently certificates are sold by community colleges and are in effect paid off through a dedication of part of withholding tax on new employees' salaries. The DED stated that currently there is a cap on the total outstanding certificates of \$55 million (which is set by the Missouri Job Training Joint Legislative Oversight Committee), of which \$22 million is not issued. Part of the \$22 million is committed to companies as incentive to relocate to Missouri, leaving roughly \$10 million in available certificates. This cap is on outstanding certificates, therefore, it is a constantly changing number with older certificates being paid off as well as new certificates being issued. Oversight assumes the expansion of this program will allow additional companies to qualify for the program. Oversight has ranged the amount of cost from \$0 to (unknown). Oversight acknowledges the creation of new jobs could result in additional tax revenue to the state. However, it would be difficult to assess whether the creation of the jobs would be a direct result of this program. For purposes of this fiscal note, unknown costs have been stated for the retirement of additional certificates.

Oversight also assumes the proposal would expand the Missouri Job Development program (RSMo 620) by allowing companies that are not in the manufacturing industry to apply for the grants from the Department of Economic Development. According to DED, last year \$15 million was appropriated for this program. \$50 in requests were received from 539 projects. Only 396 projects were approved. The total amount appropriated for this program currently is \$20 million. It is assumed this proposal would result in more projects competing for funds which are already insufficient to fulfill requests.

FY 2002 (10 Mo.)	FY 2003	FY 2004
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FISCAL IMPACT - State Government

GENERAL REVENUE

<u>Costs</u> - withholding tax revenues used for the Community College job training program	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
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#ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	\$0 TO <u>(UNKNOWN)</u>	\$0 TO <u>(UNKNOWN)</u>	\$0 TO <u>(UNKNOWN)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

This proposal may impact small businesses in the health or professional services fields, if they are now able to enter into an agreement with a community college under the New Jobs Training Program.

DESCRIPTION

This proposal revises the definition of an "industry" entering into an agreement with a community college under the New Jobs Training Program to include health or professional services.

RAS:LR:OD (12/00)

DESCRIPTION(continued)

The definition of an "industry" which may receive assistance from the Job Development Fund is expanded to include a consortium of entities organized to provide common training to the member entities' employees.

The Basic Industry Retraining Program is expanded to support all new investment, not just capital investment.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Department of Higher Education
Department of Elementary and Secondary Education
Department of Labor and Industrial Relations



Jeanne Jarrett, CPA
Director
April 4, 2001