

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1937-01
Bill No.: SB 465
Subject: Employers-Employers; Employment Security; Unemployment Compensation;
 Labor and Industrial Relations Department
Type: Original
Date: March 9, 2009

Bill Summary: Would create the Division of Job Development and Training and modify the reporting requirements for obtaining unemployment benefits.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration, Administrative Hearing Commission, Linn State Technical College,** and the **Metropolitan Community Colleges** assume this proposal would have no fiscal impact on their organizations.

Officials from the **Department of Economic Development, Division of Workforce Development,** (DWD) assume this proposal would move 539 FTE in the Division of Workforce Development (DWD) to the Department of Labor and Industrial Relations, Division of Employment Security, and would result in a negative impact of \$1,200,000 for the Administrative Services Division at the Department of Economic Development. Currently, DWD pays a large portion (approximately 58% of the DED cost allocation plan) for support services provided by the Administrative Services Division based on the number of FTE in DWD.

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume this proposal would transfer the duties and responsibilities of the Division of Work Force Development to the Division of Employment Security (DES). The result would not be a duplication of effort, a transfer only. DOLIR officials assume there would be cost incurred by the Office of Administration, Information Technology Services Division to implement the Type I transfer; however, DOLIR officials assume the cost would be minimal.

The DES is assuming the fiscal impact proposed by the Type I transfer would be the transfer of the 2010 budget for workforce development administration to DES. The fiscal impact to implement the proposed changes to the required reporting system would be minimal.

Oversight notes that this proposal would transfer the Division of Workforce Development from the Department of Economic Development to the Department of Labor and Industrial Relations, Division of Employment Security. Oversight assumes that transferring these program components from DED to DOLIR would move all program costs and the related federal administrative subsidy from DED to DOLIR as well. Oversight assumes that there would be some reduction in administrative costs to DED due to the reduction in FTE; however, to the extent that DED has used federal program funding to support general administrative costs at DED there would be a net loss of funding to DED. Oversight assumes that any increased federal funding to the Department of Labor and Industrial relations would offset any such losses.

Oversight will indicate no net fiscal impact to the state in this fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

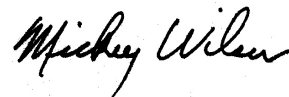
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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

Office of Administration
Administrative Hearing Commission
Department of Economic Development
Division of Workforce Development
Department of Labor and Industrial Relations
Linn State Technical College
Metropolitan Community Colleges



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