

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7079

BILL NUMBER: SB 370

NOTE PREPARED: Feb 28, 2006

BILL AMENDED: Feb 27, 2006

SUBJECT: Workforce Development System.

FIRST AUTHOR: Sen. Kruse

FIRST SPONSOR: Rep. Torr

BILL STATUS: 2nd Reading - 2nd House

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) This bill requires the Indiana Economic Development Corporation to establish a regional workforce system of not more than 11 Regional Workforce Areas with oversight by a Regional Workforce Board. It establishes the criteria and selection process for board members. The bill renames the local boards "Workforce Investment Boards", and provides that the duties of the Regional Workforce Boards include providing support and guidance to Workforce Investment Boards. It authorizes the Boards to establish, using a competitive procurement process and with a Workforce Investment Board's consent, agreements for support, oversight, and management services in the regional workforce area.

The bill renames the State Human Resource Investment Council as the State Workforce Innovation Council, designates the State Superintendent of Public Instruction or the Superintendent's designee as a member of the Council, and removes the requirement that the Budget Agency serve as the Council's fiscal agent. It requires staggered terms for council members. The bill allows a member to participate in a meeting of the Council by simultaneous communication under certain circumstances. It provides that the Council is subject to the allotment system administered by the Budget Agency and financial oversight by the Office of Management and Budget.

The bill renames Workforce Development Centers the One Stop Centers, requires that the centers be certified by the Council, and repeals a requirement that certain providers offer services at the centers and restrictions on center funding sources.

The bill repeals provisions concerning: (1) Financial Assistance for Job Training; (2) the State Plan; (3) the establishment of workforce investment areas; (4) the One Stop System and One Stop Partners; (5) the powers

and duties of regional board and One Stop Partners; and (6) fiscal authority for Youth, Adult, and Dislocated Worker Funds under Title 1 of the Workforce Investment Act.

It removes obsolete references.

Effective Date: Upon passage.

Explanation of State Expenditures: The bill requires the Indiana Economic Development Corporation (IEDC) to establish up to 11 regional workforce areas with oversight by a Regional Workforce Board consisting of about 16 members. The state currently has 15 regional Workforce Investment Boards consisting of between 35 to 70 members on each board. The new regional workforce boards would then work with one or two Workforce Investment Boards. The establishment of the new workforce areas and the Boards would be done within the current appropriation for the Corporation.

Background: The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions. As of January 2, 2006, the IEDC had 39 vacant positions valued at \$392,638 and on June 30, 2005, reverted about \$2.45 M to the state General Fund.

(Revised) The changing of the names State Human Resource Investment Council and Workforce Development Centers could have some minor impact on replacing any signage, business cards, or stationary. The membership requirements for the State Human Investment Council that are being deleted, except for the 15% of the members being representatives of labor and the requirement that the Superintendent of Public Instruction or the superintendent's designee serve on the council, is federal law. The impact would probably be minor and be funded within the existing appropriations. The bill also allows members of the State Workforce Innovation Council to participate in meetings using communication that permits all members of the public and council participating to simultaneously communicate with each other during the meeting. The cost would be for providing the communication equipment for the member to participate. The cost would depend on the equipment used. Subjecting the Council to the allotment system administered by the Budget Agency and financial oversight by the Office of Management and Budget should have no fiscal impact.

Repealers: The repealed sections of statute in the bill are to delete federal programs that no longer exist and remove duplicate federal and state language. The federal Workforce Investment Act is currently up for reauthorization. Removal of this language will resolve any conflicts if the Workforce Investment Act is changed.

The following statutes are repealed:

1. IC 22-4-40 dealing with providing financial assistance for comprehensive job training and related services for economically disadvantaged, unemployed, and underemployed individuals through opportunities industrialization centers and other like community-based organizations.
2. IC 22-4-41-3 dealing with the definition of the Job Training Partnership Act.
3. IC 22-4-42-3 dealing with Ivy Tech Community College of Indiana and secondary-level technical education program providers offering the following services.
 - a. Provide the uniform assessment developed by the department under IC 22-4-18-6 of an individual's strengths and weaknesses with regard to workforce and other skills and offer job

- counseling that is relevant to the assessment results.
 - b. Provide information concerning training, retraining, employment, and career opportunities.
 - c. Under the administration of the Department of Workforce Development, provide opportunities to individuals to:
 - i. demonstrate proficiency in particular subject and skill areas; and
 - ii. acquire certificates of achievement under IC 20-12-1-10.
 - d. Assist employers in analyzing the correlation between a particular job opening and the training required to perform at that job.
4. IC 22-4-42-4 dealing with not allowing the use of Special Employment and Training Services Fund, Unemployment Insurance Benefit Fund, or money received from an employer or the employer's predecessors for work force development or the work force development centers.
 5. IC 22-4.5-2-2 dealing with the definition of chief elected officer.
 6. IC 22-4.5-2-7 dealing with definition of One Stop Partner.
 7. IC 22-4.5-2-8 dealing with definition of One Stop System.
 8. IC 22-4.5-2-9 dealing with definition of Regional Board as the Local Workforce Investment Board.
 9. IC 22-4.5-2-10 dealing with definition of State Board as the State Human Resource Investment Council.
 10. IC 22-4.5-2-11 dealing with the definition of State Plan as the unified state plan developed under Title I, section 112 of the Workforce Investment Act.
 11. IC 22-4.5-2-12 dealing with the definition of a Workforce Investment Area as an area designated under section 116 of the Workforce Investment Act.
 12. IC 22-4.5-2-14 dealing with the definition of the Youth Council referring to an advisory committee to a Local Workforce Investment Board.
 13. IC 22-4.5-3 dealing with the State Plan and establishment of the State Plan and establishment of Workforce Investment Areas.
 14. IC 22-4.5-4 dealing with establishing the One Stop System and One Stop Partners.
 15. IC 22-4.5-6 dealing with the chief elected official as the grant recipient for youth, adult, and dislocated worker funds under Title I of the Workforce Investment Act.

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: Indiana Economic Development Corporation; State Human Resource Investment Council; Workforce Development Centers.

Local Agencies Affected: Regional Workforce Boards.

Information Sources: Anne Valentine, Department of Workforce Development, 317-232-7675.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.