



Legislative Fiscal Bureau

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February 10, 2016

TO: Members
Joint Finance Committee

FROM: Bob Lang, Director

SUBJECT: Senate Bill 523/Assembly Bill 748: Technical Education Equipment Grants Program

Senate Bill 523 (SB 523) was introduced on January 7, 2016, and was referred to the Senate Committee on Economic Development and Commerce. The committee recommended the bill for passage on a vote of 5 to 0 on January 27, 2016. The bill was referred to the Joint Committee on Finance on February 2, 2016.

Assembly Bill 748 (AB 748) was introduced on January 20, 2016, and was referred to the Assembly Committee on Education, which had a public hearing on February 4, 2016.

SUMMARY OF BILL

SB 523 and AB 748 are identical bills (the bill) that would create a new technical education equipment grants program funded at \$1,000,000 GPR per year beginning in 2015-16. Under this program, the Department of Workforce Development (DWD) would award grants to school districts with approved grant applications in an amount not less than \$10,000 nor more than \$50,000.

Under the bill, a school district that is awarded a grant must use the award for the acquisition of equipment that is used in advanced manufacturing fields in the workplace, together with any software necessary for the operation of that equipment and any instructional material necessary to train pupils in the operation of that equipment. As a condition of receiving a grant, a school district must provide matching funds equal to 100 percent of the grant amount awarded. The match may be in the form of money contributed from private sources or in-kind services or both.

A school district that wishes to receive a grant must apply for the grant in accordance with the rules established by the Department. The bill authorizes DWD to promulgate emergency administrative rules to implement the program without making a finding of emergency.

Funding for the program would be provided to DWD through an existing GPR appropriation. The bill provides increased funding to DWD's workforce training program; grants and services appropriation ("Fast Forward") by \$1,000,000 in 2015-16 and \$1,000,000 beginning in 2016-17. The bill specifies that the Department must allocate not less than \$1,000,000 in each fiscal year for technical education equipment grants to school districts. This appropriation is funded at \$10.4 million GPR annually (of which, at least \$3 million annually is dedicated to the career and technical education incentive grants program).

Under the bill, a grant application must describe the purpose and need for the grant, the projected outcomes that the school district is seeking to achieve as a result of receiving the grant, the amount and source of the required matching funds, and any other information that the Department may require by rule.

Under the bill, the DWD Secretary must appoint an advisory committee composed of representatives of the Department, representatives of private organizations engaged in advanced manufacturing, and such other persons as the Secretary may appoint, to assist the Department in reviewing and evaluating grant applications. DWD, in consultation with the advisory committee, would evaluate grant applications in accordance with procedures and criteria established by DWD administrative rules.

The bill would require that each school district that receives a grant would file a report with the Department by September 1 of each of the first three fiscal years following the fiscal year in which the grant was received. The report would describe how the grant moneys were expended, describe the outcomes achieved as a result of receiving the grant, share the best practices employed by the school district regarding the training of pupils in the use of the equipment acquired with the grant moneys, include a plan for sustainability of that training, and provide such other information as the Department requires.

The bill would direct the Department to promulgate administrative rules necessary to implement the program, including: rules establishing the procedures and requirements for applying for a grant; rules establishing the procedures and criteria for awarding a grant; and, rules governing reporting requirements.

FISCAL EFFECT

The bill would provide \$2,000,000 GPR in the 2015-17 biennium (\$1,000,000 in 2015-16 and \$1,000,000 in 2016-17) for the workforce training program; grants and services continuing appropriation.

Based on the fiscal estimate produced by DWD, the Department estimates that an additional \$125,000 annually may be needed to offset staff (\$100,000 associated with approximately 1.0 FTE of effort) and program support (\$25,000) costs to administer the grant award, the grant reporting process and to support of the advisory committee. The Department also identified one-time costs of \$175,000 estimated to be needed to update the DWD IT system with grant tracking capacity. No additional funding would be provided to directly administer the technical education equipment

grants program. However, the bill would amend the DWD workforce training program (Fast Forward) administration GPR appropriation to support administration of the technical education equipment grants. This appropriation is funded at \$3.3 million GPR annually.

As noted, the bill directs the Department to allocate not less than \$1,000,000 in each fiscal year for technical education equipment grants to school districts. Assuming that the bill were signed into law in approximately April, 2016, this would be near the close of the 2015-16 fiscal year. Considering that the bill directs the Department to promulgate emergency rules, appoint an advisory council, and update existing IT systems to accommodate the new program, DWD may be unable to award grants for 2015-16. However, the grant appropriation is continuing, which means any funds unspent in one year are carried forward and available for expenditure in the following fiscal year (for Fast Forward, career and technical education incentive grants and, under the bill, technical education equipment grants).

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