

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: SB756

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Ruff

3. Committee: Education and Health

4. Title: Virginia Career Readiness Certification Program; creation; report.

5. Summary: SB 756 creates the Virginia Career Readiness Certification Program to certify the workplace and college readiness skills of Virginians, in order to better prepare them for continued education and workforce training, successful employment, and career advancement. The Virginia Workforce Council, in consultation with the Secretary of Education, shall develop policies and guidelines necessary to implement and administer the Program.

The substitute bill clarifies that funding for provisions of the bill shall be based on a budget approved by the Workforce Council and shall come from funding from the Workforce Investment Act (WIA) or other sources, but the amount is not to exceed one million dollars.

6. Fiscal Impact Estimates: Final

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2009	\$500,000		NGF
2010	\$500,000		NGF

7. Budget Amendment Necessary: Yes, enactment clause 4 of SB 756 states,
4. That the provisions of this act shall not become effective unless an appropriation of nongeneral funds effectuating the purposes of this act is included in a general appropriation act passed by the 2008 Session of the General Assembly, which becomes law.

The House of Delegates amended HB 30 to put language in Item 216 to accommodate the bill. See Item 8.

8. Fiscal Implications:

The third enactment clause of the bill requires funding for the career readiness certification program to come from the Commonwealth's allocation of the Workforce Investment Act.

During the week of January 14, 2008, the federal government reduced by one-half, the allocation for the uncommitted portion of the WIA fund to the Commonwealth of Virginia and several other states. For Virginia, the latest reduction is estimated at or near

\$5.1 million for the next 18 months. The funding earmarked in this bill would come from the fund that was reduced.

Because of the reduction, revenues are now \$700,000 below the budget for the 2008-2010 biennium. In order to fund the shortfall and the requirements of this bill, a waiver will be requested to use some of the Commonwealth's "rapid response" allocation. The Rapid Response fund in the WIA supports innovative programs to help workers find new jobs following large-scale layoffs and plant closing. If the waiver is denied, the Workforce Council and the Governor will need to prioritize which grants and project can be funded.

Please note: the federal government reported a \$3.75 million reduction in mid-January and increased the amount to \$5.1 million in mid-February.

9. Specific Agency or Political Subdivisions Affected:

Virginia Community College System
Local entities competing for Workforce Investment Act funds

10. Technical Amendment Necessary: No

- 11. Other Comments:** Even if the federal waiver is granted for use of rapid response funds, the Governor's priority to establish a comprehensive One Stop workforce center in each of the sixteen workforce areas would be jeopardized, as these funds support this priority and only one comprehensive center has been established.

Date: 2/22/2008 gdj

Document: G:\08 Bill Review\SB756s2.Doc

cc: Senior Advisor for Workforce Development
Secretary of Education