

Department of Planning and Budget

2015 Fiscal Impact Statement

1. Bill Number: SB1372

House of Origin X Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Ruff

3. Committee: Commerce and Labor

4. Title: Workforce development; coordination of statewide delivery of workforce development.

5. Summary: Makes several changes to coordinate the delivery of workforce development and training programs and activities at the state, regional, and local levels. Changes include (i) creating the Workforce Development Consortium to administer the coordinated implementation of programs and activities under the federal Workforce Innovation and Opportunity Act (WIOA) of 2014, (ii) establishing a full-time director position to be supervised by the Governor's Chief Workforce Development Advisor and dedicated to supporting the operations of the Virginia Board of Workforce Development (Board) and requiring quarterly meetings of the Board, (iii) requiring a regional convener of workforce development partners, (iv) establishing minimum levels of fiscal support for workforce credential attainment, and (v) utilizing WIOA reserve funds for incentive programs to increase workforce credential attainment. In addition, the bill increases the size of the Board from 26 to 29 members by reshaping the executive branch membership, reducing the number of legislative members from four to two, and increasing the number of citizen members from 14 to 15. The bill also makes several technical amendments required with the transition from the federal Workforce Investment Act of 1998 to the federal Workforce Innovation and Opportunity Act of 2014.

The 2nd enactment of this bill notes that on October 1, 2017, the Workforce Development Consortium shall report to the Virginia Board of Workforce Development evaluating the rate of the expenditures for incentives established under subsection C of § 2.2-2472.2, as created by this act, from July 1, 2015 through July 1, 2017.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary.

8. Fiscal Implications: The federal Workforce Innovation and Opportunity Act (WIOA) of 2014 streamlines state boards by reducing their size while expanding their responsibilities to

include the alignment of workforce development programs to maximize the effective use of program resources. Also, federal legislation authorizes the hiring of a director and staff.

Staff support for the Board will be led by a full-time director to be supervised by the Chief Workforce Development Advisor. Additional staff may be in the form of in-kind support from agencies.

Under the provisions of the bill, funding for a full-time director position will be provided by the Workforce Innovation and Opportunity Act of 2014 (WIOA). The estimated cost for the director's position, including fringe benefits, is \$140,000. Additionally, funding for the Board's operating expenses are to be provided by WIOA funds.

The costs associated with meeting expenses for the Board are indeterminate at this time. However, this bill requires the Board to meet at least quarterly and increases the Board's membership to 29. There could be some additional costs associated with the increased membership and meeting schedule; however, these costs cannot be determined at this time.

The Virginia Community College System (VCCS) will develop a funding formula for the disbursement of WIOA funds that is permissible under applicable federal law. According to the VCCS, there will be no state fiscal impact to them as a result of this bill.

- 9. Specific Agency or Political Subdivisions Affected:** The Virginia Community College System, the Superintendent of Public Instruction, the Virginia Economic Development Partnership Authority, the Virginia Employment Commission, the Department of Social Services, the Department of Veterans Services, and local workforce development boards.

10. Technical Amendment Necessary: No.

- 11. Other Comments:** HB 1986 makes several changes to the Virginia Board of Workforce Development. HB 2033 also makes changes to coordinate the delivery of workforce development and training programs at state, regional and local levels.

Date: 01/28/2015

cc: Secretary of Commerce and Trade
Secretary of Education