

SB 227-FN - AS AMENDED BY THE SENATE

03/16/2017 0783s

2017 SESSION

17-0987

08/04

SENATE BILL **227-FN**

AN ACT relative to a workforce development and training fund.

SPONSORS: Sen. Feltes, Dist 15; Sen. Bradley, Dist 3; Sen. Fuller Clark, Dist 21; Sen. Hennessey, Dist 5; Sen. Kahn, Dist 10; Sen. Lasky, Dist 13; Sen. Soucy, Dist 18; Sen. Watters, Dist 4; Sen. Woodburn, Dist 1

COMMITTEE: Commerce

ANALYSIS

This bill expands job training programs offered by the department of resources and economic development.

Explanation: Matter added to current law appears in ***bold italics***.
 Matter removed from current law appears ~~[in brackets and struck through.]~~
 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Seventeen

AN ACT relative to a workforce development and training fund.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Unemployment Fund; Employer Rates. Amend RSA 282-A:87, IV to read as follows:

2 IV.(a)(1) Each employer subject to payment of contributions pursuant to RSA 282-A:69, I
3 shall have its rate reduced by ~~[2/10]~~ **1/2** of one percent beginning in the ~~[second]~~ **third** quarter of
4 ~~[2007]~~ **2017**. An administrative contribution equal to the amount of this reduction shall be paid by
5 all such employers.

6 (2) Commencing ~~[July 1, 2007]~~ **September 1, 2017**, after deduction of all costs
7 incurred in the collection of the administrative contribution, 1/3 of the quarterly administrative
8 contribution collected, not to exceed ~~[\$2,000,000]~~ **\$8,500,000** annually, shall be deposited each
9 quarter in the fund established by RSA 282-A:138-a and shall be expended only as provided by and
10 for the purposes provided in that section. The remaining quarterly administrative contribution
11 collected shall **then be divided so that the proportional share of the quarterly**
12 **administrative contribution resulting from the increase over 2/10 of one percent shall then**
13 **be deposited in the unemployment compensation fund established under RSA 282-A:103**
14 **and the remaining amount** deposited in the fund established by RSA 282-A:140 and shall be
15 expended only as provided by and for the purposes provided in that section, and not for any other
16 purpose.

17 2 Training Fund. Amend RSA 282-A:138-a, I to read as follows:

18 I. There is hereby created in the state treasury a special fund to be known as the training
19 fund. Commencing January 1, 2002, the moneys in this fund may be used, solely as determined by
20 the commissioner of resources and economic development in accordance with rules and guidelines
21 adopted by the commissioner of resources and economic development, **after consultation with the**
22 **governor's state workforce innovation board**, for funding training under the job training
23 program for economic growth, established under RSA 12-A:51-58. Rulemaking authority relative to
24 administration of the grant award process shall be with the commissioner of resources and economic
25 development pursuant to RSA 12-A:54, II(a).

26 3 Job Training Program Expanded. Amend RSA 12-A:51 to read as follows:

27 12-A:51 Program Established. There is hereby established a program to provide job training
28 which is designed to attract new business, assist in the expansion of business, and retain existing
29 business in the state of New Hampshire. **Pursuant to rules adopted by the commissioner of**
30 **resources and economic development under RSA 541-A, no more than \$500,000 annually**
31 **may be provided to further support programs offered as of January 1, 2017, and in**

1 *addition to programs offered as of January 1, 2017, funding shall be provided for:*

2 *I. Training individuals not otherwise eligible for state or federal training funds*
3 *available as of January 1, 2017, including the cost of certificate programs and*
4 *occupational skills training in order to fill current in-demand employment in New*
5 *Hampshire with employers having immediate employment needs, with a priority for jobs*
6 *identified through the state's sector partnership initiative;*

7 *II. Enhanced support services, including child care and transportation assistance,*
8 *which would not otherwise be available through any other state, federal or other*
9 *programs, with such assistance limited to income eligible individuals with an identified*
10 *career path and who are determined to be in need of such support services to successfully*
11 *compete for employment opportunities;*

12 *III. The WorkReadyNH program established by the community college system of*
13 *New Hampshire in an amount no more than \$500,000 annually, including expanding the*
14 *WorkReadyNH program to current high school students in grades 10 through 12 on a pilot*
15 *basis;*

16 *IV. Marketing for and program availability of certificate programs and*
17 *occupational skills training opportunities for New Hampshire high school students upon*
18 *graduation in order to fill current in-demand employment in New Hampshire;*

19 *V. Marketing of New Hampshire's workforce development initiatives to employers*
20 *and business community representatives in New Hampshire; and*

21 *VI. Outreach and coordination of services provided in this section to populations*
22 *with higher than average unemployment in New Hampshire, including persons in need of*
23 *training to change careers, persons with substance use disorders who are in recovery*
24 *programs, legal immigrants and speakers of languages other than English.*

25 4 Eligible Costs; Job Training Program. Amend RSA 12-A:56, IV to read as follows:

26 IV. The department may use no more than 10 percent, or [~~\$200,000~~] **\$850,000**, of any
27 moneys received from the training fund established at RSA 282-A:138-a, whichever is less, to
28 administer this program.

29 5 Report; Job Training Program; New Paragraph. Amend RSA 12-A:58 by inserting after
30 paragraph III the following new paragraph:

31 IV. The commissioner shall annually provide a report to the governor's state workforce
32 innovation board, the speaker of the house of representatives, the president of senate, the chairman
33 of the senate committee with jurisdiction over commerce issues and the chairperson of the house
34 committee with jurisdiction over labor issues concerning the effectiveness of all job training
35 programs and services.

36 6 Effective Date. This act shall take effect 60 days after its passage.

**SB 227-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to a workforce development and training fund.

FISCAL IMPACT: ☒ State ☒ County ☒ Local ☐ None

STATE:	Estimated Increase / (Decrease)			
	FY 2018	FY 2019	FY 2020	FY 2021
Appropriation	\$0	\$0	\$0	\$0
Revenue	\$0	Indeterminable	Indeterminable	Indeterminable
Expenditures	Indeterminable	Indeterminable	Indeterminable	Indeterminable
Funding Source:	<input checked="" type="checkbox"/> General <input type="checkbox"/> Education <input checked="" type="checkbox"/> Highway <input checked="" type="checkbox"/> Unemployment Compensation Trust Fund and Training Fund			

COUNTY:

Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	Indeterminable	Indeterminable	Indeterminable

LOCAL

Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	Indeterminable	Indeterminable	Indeterminable

METHODOLOGY:

This bill amends RSA 282-A:87, IV, to increase the administrative contribution rate paid by certain employers, subject to payment of contributions under RSA 282-A:69, from 0.2 percent to 0.5 percent beginning in the third quarter of 2017. Further, this bill annually provides an additional \$6.5 million to the Training Fund, administered by the Department of Resources and Economic Development (DRED), from the Administrative Fund, established under RSA 282-A:140. Under current law, the Training Fund shall receive \$2 million annually from the Administrative Fund. The Administrative Fund receives revenue derived from the administrative contribution rate. This bill also expands the Job Training Program and permits DRED to use no more than 10 percent or \$850,000 to administer the program. The current limit is 10 percent or \$200,000.

This bill does not directly increase the unemployment insurance tax rates employers pay which are instead determined by other sections RSA that are not modified by this bill. The administrative contribution rate is part of the employer rate and a change to the administrative contribution rate does not impact employer rates or have any net impact on the total amount of state restricted revenue annually collected. This bill directs the additional revenue derived

from the higher 0.5 percent administrative contribution rate to the Administrative Fund, instead of going to the Unemployment Compensation Trust Fund which is where the revenue would be deposited under current law. After the \$6.5 million is transferred to DRED's Training Fund, excess amounts will remain in the Administrative Fund.

New Hampshire Employment Security estimates that increasing the administrative contribution rate will increase revenue deposited into the Administrative Fund by \$1.6 million in CY 2017, \$13.7 million in CY 2018, and \$17.6 million in CY 2019. Any amounts in excess of the \$6.5 million that is transferred to the DRED Training Fund, will remain in the Administrative Fund. This will result in a net increase of \$6.5 million to the Training Fund, an indeterminable increase of funds to the Administrative fund, and an indeterminable decrease of funds to the Unemployment Compensation Trust Fund.

This bill will not directly impact the unemployment tax rate paid by employers. However, overtime this bill could result in a lower net trust fund balance, which in turn would lower the Fund Balance Reduction (FBR) permitted for employers which could cause employers to pay higher unemployment taxes in future years pursuant to RSA 282-A:82. The State and 92 percent of counties and municipalities would not be impacted by this bill because they reimburse for unemployment compensation benefits. The remaining 8 percent of counties and municipalities that elect to be contributory members could experience increased expenditures in the future if the Unemployment Compensation Trust Fund falls below the established threshold in RSA 282-A:82 and employer rates are increased.

DRED states this bill will annually increase funding to the Training Fund by \$6.5 million for a total of \$8.5 million, which is used to support the WorkReadyNH program, marketing efforts and outreach to individuals with higher than average unemployment. DRED states that since unemployment has decreased there are more funds available in the Unemployment Compensation Trust Fund. This bill increases the administrative contribution rate to 0.5 percent to purpose those funds to training programs. The Department states this bill will not increase the employer rate of payment into the fund based on the current unemployment rate. The Department assumes that should the employer rate increase, the amount of contributions to the fund will decrease which would diminish the funds available to training programs.

AGENCIES CONTACTED:

Department of Resources and Economic Development and New Hampshire Employment Security