

SB 2-FN - FINAL VERSION

01/31/2019 0106s
8May2019... 1523h
8May2019... 1842h

2019 SESSION

19-1032
04/08

SENATE BILL ***2-FN***

AN ACT relative to funding for job training programs in the department of business and economic affairs.

SPONSORS: Sen. Cavanaugh, Dist 16; Sen. Feltes, Dist 15; Sen. Watters, Dist 4; Sen. Hennessey, Dist 5; Sen. D'Allesandro, Dist 20; Sen. Soucy, Dist 18; Sen. Chandley, Dist 11; Sen. Kahn, Dist 10; Sen. Fuller Clark, Dist 21; Sen. Levesque, Dist 12; Sen. Rosenwald, Dist 13; Sen. Sherman, Dist 24; Sen. Morgan, Dist 23; Sen. Dietsch, Dist 9

COMMITTEE: Finance

ANALYSIS

This bill:

I. Reduces an employer's unemployment contribution rate and requires that a portion of the administrative contribution be deposited in the unemployment compensation fund.

II. Revises the job training programs offered by the department of business and economic affairs.

III. Changes the maximum amount that the department of business and economic affairs may use to administer the job training program.

IV. Requires the commissioner of the department of business and economic affairs to submit an annual report on the effectiveness of job training programs and services.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Nineteen

AN ACT relative to funding for job training programs in the department of business and economic affairs.

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

1 1 Short Title. This act shall be known as the Granite State Jobs Act of 2019.

2 2 Findings. The general court finds it is in the public interest to enhance public-private
3 partnerships to recruit, train, and re-employ workers in order to meet New Hampshire's skills gap
4 and worker shortage, efficiently and timely assisting Granite state businesses and Granite staters
5 looking for work, including those in recovery.

6 3 Unemployment Compensation; Contribution Rates. Amend RSA 282-A:87, IV(a) to read as
7 follows:

8 IV.(a)(1) Each employer subject to payment of contributions pursuant to RSA 282-A:69, I
9 shall have its rate reduced by ~~[2/10]~~ **2/5** of one percent beginning in the ~~[second]~~ **fourth** quarter of
10 ~~[2007]~~ **2019**. An administrative contribution equal to the amount of this reduction shall be paid by
11 all such employers.

12 (2) Commencing ~~[July 1, 2007]~~ **January 1, 2020**, after deduction of all costs
13 incurred in the collection of the administrative contribution, 1/3 of the quarterly administrative
14 contribution collected, not to exceed ~~[\$2,000,000]~~ **\$6,000,000** annually, shall be deposited each
15 quarter in the fund established by RSA 282-A:138-a and shall be expended only as provided by and
16 for the purposes provided in that section **and shall lapse to the unemployment trust fund**
17 **account established in RSA 282-A:104, I(b) if unspent or unencumbered at the end of the**
18 **relevant program year**. The remaining quarterly administrative contribution collected shall be
19 **divided so that the proportional share of the quarterly administrative contribution**
20 **resulting from the increase over 2/10 of one percent shall be deposited in the unemployment**
21 **compensation fund established in RSA 282-A:103 and the remaining amount** deposited in the
22 fund established by RSA 282-A:140 and shall be expended only as provided by and for the purposes
23 provided in that section, and not for any other purpose.

24 4 Unemployment Compensation; Training Fund. Amend RSA 282-A:138-a, I to read as follows:

25 I. There is hereby created in the state treasury a special fund to be known as the training
26 fund. Commencing January 1, 2002, the moneys in this fund may be used, solely as determined by
27 the commissioner of business and economic affairs in accordance with rules and guidelines adopted
28 by the commissioner of business and economic affairs, **after consultation with the governor's**
29 **workforce innovation board**, for funding training under the job training program for economic

1 growth, established under RSA 12-O:30 through 12-O:37. Rulemaking authority relative to
2 administration of the grant award process shall be with the commissioner of [~~resources and economic~~
3 ~~development~~] ***business and economic affairs*** pursuant to RSA 12-O:33.

4 5 Department of Business and Economic Affairs; Job Training Program for Economic Growth;
5 Training Programs. RSA 12-O:32 is repealed and reenacted to read as follows:

6 12-O:32 Training Programs.

7 I. Training programs may include, but shall not be limited to:

8 (a) Structured, on-site laboratory or classroom training.

9 (b) Basic skills.

10 (c) Technical skills.

11 (d) Quality improvement.

12 (e) Safety.

13 (f) Management and supervision.

14 (g) English as a second language.

15 II. No more than \$500,000 annually, from sources other than the WorkReadyNH program,
16 shall be provided to support programs offered as of January 1, 2019, and, in addition to programs
17 offered as of January 1, 2019, funding shall be provided for:

18 (a) Training individuals not otherwise eligible for state or federal training funds
19 available as of January 1, 2019, including the cost of certificate programs, apprenticeship programs
20 as defined under 29 C.F.R. Part 29, and occupational skills training in order to fill current, in-
21 demand employment in New Hampshire with employers having immediate employment needs, with
22 a priority for jobs identified through the state's sector partnership initiative and for employers who
23 pay individuals during training periods.

24 (b) Enhanced support services, including child care and transportation assistance, which
25 would not otherwise be available through any other state, federal, or other programs, with such
26 assistance limited to income eligible individuals with an identified career path and who are
27 determined to be in need of such support services to successfully compete for employment
28 opportunities.

29 (c) The WorkReadyNH program established by the community college system of New
30 Hampshire in an amount not to exceed \$500,000 annually.

31 (d) Certificate programs, apprenticeship programs as defined under 29 C.F.R. Part 29,
32 and occupational skills training opportunities for New Hampshire high school students upon
33 graduation in order to fill current, in-demand employment in New Hampshire.

34 (e) Marketing of New Hampshire's workforce development initiatives to employers and
35 business community representatives in New Hampshire.

36 (f) Recruitment and coordination of services provided in this section to populations with
37 higher than average unemployment in New Hampshire, including persons in need of training to

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1 change careers, persons with substance use disorders who are in recovery programs, persons with
2 disabilities, inmates transitioning to the general population, persons who are homeless, senior
3 citizens, legal immigrants and speakers of languages other than English, including documented
4 outreach to and priority given to persons with substance use disorders who are in recovery
5 programs.

6 6 Department of Business and Economic Affairs; Job Training Program for Economic Growth.
7 Amend RSA 12-O:35, IV to read as follows:

8 IV. The department may use no more than 10 percent, or [~~\$200,000~~] **\$600,000**, of any
9 moneys received from the training fund established at RSA 282-A:138-a, whichever is less, to
10 administer this program, ***including support for the sector partnership initiative.***

11 7 New Paragraph; Department of Business and Economic Affairs; Job Training Program for
12 Economic Growth; Performance. Amend RSA 12-O:37 by inserting after paragraph III the following
13 new paragraph:

14 IV. The commissioner shall annually submit a report to the governor's state workforce
15 innovation board, the speaker of the house of representatives, the president of senate, the
16 chairperson of the senate committee with jurisdiction over commerce issues, and the chairperson of
17 the house committee with jurisdiction over labor issues concerning the effectiveness of all job
18 training programs and services.

19 8 Effective Date. This act shall take effect upon its passage.

20
21 VETOED August 9, 2019 -- Veto Sustained Septemb er 19, 2019
22

SB 2-FN- FISCAL NOTE

AS AMENDED BY THE SENATE (AMENDMENT #2019-0106s)

AN ACT relative to funding for job training programs in the department of business and economic affairs.

FISCAL IMPACT: ☐ State ☒ County ☒ Local ☐ None

STATE:	Estimated Increase / (Decrease)			
	FY 2020	FY 2021	FY 2022	FY 2023
Appropriation	\$0	\$0	\$0	\$0
Revenue	Indeterminable	Indeterminable	Indeterminable	Indeterminable
Expenditures	Indeterminable	Indeterminable	Indeterminable	Indeterminable
Funding Source:	<input type="checkbox"/> General <input type="checkbox"/> Education <input type="checkbox"/> Highway <input checked="" type="checkbox"/> Other - Unemployment Compensation Trust Fund and Job Training Fund			

COUNTY:

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

LOCAL:

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

METHODOLOGY:

This bill as amended creates the Granite State Jobs Act of 2019. It amends the unemployment compensation statutory contribution rate for employers from 0.2% to 0.4% beginning in the second quarter of 2019. After deduction of all costs incurred in the collection of the administrative contribution, 1/3 of the quarterly administrative contribution collected, not to exceed \$6 million annually (increased from \$2 million), shall be deposited each quarter into the job training program fund (Training Fund RSA 282-A:138-a) administered by the Department of Business and Economic Affairs (DBEA). Funds that are unspent or unencumbered at the end of the relevant program year shall lapse to the Unemployment Trust Fund account (RSA 282-A:104, I(b)). The remaining quarterly administrative contribution collected shall be divided so that the proportional share of the quarterly administrative contribution resulting from the increase over 0.2% shall be deposited in the Unemployment Compensation Fund (RSA 282-A:103) and the remaining amount into the Contingent Fund (RSA 282-A:140). The bill expands the definition of and eligibility for training programs pursuant to RSA 12-O:32 and caps the annual amount of financial support for such programs at no more than \$500,000 annually. Additionally, the bill increases the current cap on the DBEA use of moneys from \$200,000 to

\$600,000 annually or 10% of money received from the Training Fund, whichever is less, to administer the program, including support for the private sector partnership initiative.

The Department of Employment Security (DES) states the increase of the current 0.2% to 0.4% in the administrative contribution rate paid by employers pursuant to RSA 282-A:87, IV(a)(1) would provide an additional \$4 million in revenue for a total of \$6 million annually to the DBEA to supplement and expand existing workforce development and job training programs. The bill would not directly increase unemployment insurance taxes on employers. Currently each employer is required to pay quarterly unemployment tax has 0.2% deducted from their tax rate and then this 0.2% is added back as an administrative contribution (AC). The total AC revenue is split as follows:

- \$2 million deposited in to the Training Fund and administered by the DBEA for the Job Training Fund and the Work Ready NH Program.
- The remainder of the AC revenue is retained by the Department of Employment Security to support the administrative functions of the Department (RSA 282-A:87, IV(a) AC and RSA 282-A:140 Contingent Fund) and supplement the administrative funding received from the U.S. Department of Labor.

The DES states the current portion of the unemployment tax payment from an employer in excess of 0.2% is deposited in the Unemployment Compensation Trust Fund (Trust Fund) to pay unemployment compensation benefits. DES assumes the additional AC revenue generated by this legislation would not impact what NHES retains for administration but it would impact the Trust Fund balance because an increased amount of an employer's tax payment will be diverted from the Trust Fund to the DBEA Training Fund. The DES estimates the Fund Balance Reductions (FBRs) due to employers pursuant to RSA 282-A:82 in the first quarter of calendar year 2021 would be reduced from 1.0% to 0.5%, representing a smaller reduction in the forecasted tax rate reduction. The forecasted increase in tax payments caused by this decrease in the FBR would equal an additional \$16.1 million in unemployment tax payments being paid by employers for the first quarter. Further impact on the forecasted FBR due employers in the fourth quarter of calendar year 2021 would increase the FBR from 0.5% to 1.0%. The decrease in tax payments caused by this increase in the FBR equals \$2.7 million less in unemployment compensation tax payments paid by employers for the fourth quarter. The forecasted net impact on total employment compensation tax payments paid through 2021 would be an additional \$13,328,970.

The Department of Business and Economic Affairs (DBEA) states this bill will increase the transfer from the Department of Employment Security to the State Job Training Fund, which is administered by the DBEA, from \$2,000,000 to \$6,000,000 each year. The DBEA states it will

use the additional funds to address workforce demand by providing support and training, designed to address skill gaps and other barriers to employment for individuals that are not eligible for state or federal training funds. The DBEA states it will need to add an Administrator I (Salary Grade 27, Step 1) position to manage the additional funds and the expansion of training programs. The salary, benefits and other expenses associated with the position will be approximately \$87,000 in FY 2020, \$89,000 in FY 2021, \$93,000 in FY 2022 and \$98,000 in FY 2023.

The Community College System of New Hampshire (CCSNH) assumes some portion of the increase in job training funds would be allocated as follows: up to an additional \$500,000 in each fiscal year from the WorkReadyNH Program and an indeterminable additional amount through other education and training programs offered by CCSNH.

AGENCIES CONTACTED:

Department of Employment Security, Department of Business and Economic Affairs and the Community College System of New Hampshire