

2013 Legislative Session
AGENCY FISCAL IMPACT STATEMENT FORM
(See instructions for completing form)

Agency Name: Community Colleges & Workforce Development (CCWD)
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Measure #: HB 3038 Version: Intro

- No fiscal impact** The absence of an expenditure or revenue (non-tax) impact.
- Minimal Impact** A fiscal impact that can be absorbed with existing agency resources.
- Fiscal Impact** A fiscal impact determined to be greater than a minimal fiscal impact.

The budgetary impact of this bill was reviewed and approved by the Interim Joint Committee on Ways and Means to be recommended to be included in the omnibus budget bill.

Yes _____ No X

Is the bill anticipated by the Governor's Recommended Budget as a Policy Option Package? If yes, please identify the Policy Option Package name and number in your written analysis.

Yes X No _____

Does the proposal have a fiscal or revenue mandate effect on cities, counties, or special districts that triggers evaluation under Section 15, Article XI of the Oregon Constitution?

Yes _____ No X

AGENCY WRITTEN ANALYSIS:

HB 3038 Appropriates a yet to be determined amount of General Fund to the Department of Community Colleges and Workforce Development for three workforce program, which are: Certified work ready communities, Employer Workforce Training and Back to Work Oregon.

The Governor's Recommended Budget includes the Workforce Initiative Policy Package 201. The package would provide \$10,000,000 General Fund for the following:

- A workforce initiative that expands the Back to Work Oregon (\$3.35 million)
 - Ready Communities program proposed in CCWD ARB Package 104 (\$1 million),
 - National Career Readiness Certificate (\$1.8 million) programs,
 - Sector-related workforce training (\$2 million), and provides technical assistance to local workforce programs (\$1 million).
- The package has three full-time permanent positions that include one Program Analyst 4, one Program Analyst 3, and one Administrative Specialist 2 (\$463,000).

In the CCWD CSL there is current \$3.4 million for Back-to-Work Oregon. CCWD has lost federal funds and part of the Governor's package is to backfill that loss to continue programs.

Program Descriptions:

Note: There have been discussions since the GRB was published about shifting some funds between programs. For this reason the funding is identified as approximate.

Back to Work Oregon (\$3.35 million General Fund)

The Back to Work Oregon program was first funded in the 2011 Session with \$3.4 million General Fund. This program consists of two components:

- On-the-Job Training (OJT) which is a “hire-first” program that reimburses a company for the cost of training a new employee. A rigorous training plan is put in place by the company which leads to employee retention in the job. The employee becomes a taxpayer, by drawing a paycheck during training, and beyond.
- Oregon’s National Career Readiness Certificate (NCRC) which demonstrates that an individual has the foundational skills necessary to succeed in the training plan and on the job, and provides the individual with a portable credential for future career growth.

The Department of Community Colleges and Workforce (CCWD) will oversee and manage the program from the state level and Oregon’s seven Local Workforce Investment Boards will operate the program locally in partnership with the Oregon Employment Department. This program is intended to help recovering Oregon companies open more job vacancies while helping Oregonians get back to work sooner and address both the needs of business for skilled workers and the needs of Oregonians to have job-specific certified transportable skills.

In the 2013-15 biennium, the program will place 663 unemployed Oregonians into long term jobs. Local Workforce Investment Boards will also utilize their local federal and non-federal resources to support this effort.

National Career Readiness Certificate (Approximate: \$1.8 million General Funds)

A significant component of CWRC is the National Career Readiness Certificate (NCRC). Oregon’s NCRC was launched by Governor Kitzhaber in 2011 and is a portable, industry- recognized credential which verifies “work readiness”. The NCRC clearly identifies an individual’s WorkKeys® skills in Reading for Information, Applied Mathematics and Locating Information enabling employers to identify job applicants with potential to match the skills required of specific jobs. The NCRC has been identified as one of Governor Kitzhaber’s key workforce development strategies and was utilized in combination with On-the-Job Training in the Back to Work Oregon program. This program was implemented in the 2011-13 biennium and was designed to help get Oregon’s economy back on track by putting 1,325 unemployed Oregonians into long term jobs. More recently, Governor Kitzhaber has included the CWRC concept as part of his 10 Year Plan for Oregon Project, Economy & Jobs Policy Vision; it is also a key strategy in the Oregon Workforce Investment Board’s (OWIB) 2012-2022 strategic plan. Building on this strong foundation, Oregon CWRC will include pathways for communities to excel in certifying a skilled workforce.

Certified Work Ready Communities (Approximately:\$1 million General Funds)

A CWRC is a community- based framework for economic and workforce development that certifies counties/regions as “work ready” when established goals have been met. It links workforce development to education, aligns with the economic development needs of communities, regions and states and certifies individuals for jobs based on skill levels. In Oregon, certification as a Work Ready Community indicates that a community is taking steps to ensure its citizens have the talent necessary to succeed in existing jobs, master new technologies and embrace innovation. Certification signifies that a community wants to transform its economic base and gain a competitive edge in attracting new businesses and jobs. CWRC programs, utilizing the NCRC to signify work readiness, have been launched successfully in several states to assess and improve worker skills, reduce employer hiring and training costs, market communities and attract new business. The shared belief among those states is that improving the skills of the current and emerging workforce is a powerful economic development strategy.

Supporting Sector Strategies (Approximately: \$2 million General Fund)

Sector strategies are employer-driven partnerships to meet the needs of key industries within regional labor markets. Partners include business, labor, economic development, and education and training partners. Sector partnerships remove bottlenecks that inhibit recruitment, hiring, training and worker advancement within an industry. They create formal career paths to good jobs, reducing barriers to employment and sustaining or increasing middle-class jobs and prepare workers for the higher wage, higher skill, in-demand occupations these sectors offer.

Despite an overall labor surplus, many employers are reporting that they are unable to find the skilled workers they need. Through the NCRC process Oregon workers can be assessed and certified that they have the skills needed in these critical employment areas. Both the NCRC and CWRC can provide the certainty as to the quality of the workforce and the community's ability to meet the demands of business growth. Oregon's communities need to be able to demonstrate the skilled workforce necessary for companies to locate and grow here. Certifying and marketing these strengths to existing and potential new businesses can be a powerful economic development tool that can help Oregon businesses.

Technical Assistance to Local Workforce Programs (Approximately \$1.0 million General Fund)

This funding will be used for evaluation, marketing, and outreach. The work will be performed through personal services contracts.

STAFFING IMPACT (\$462,989 General Fund)

This package includes General Fund for 3 positions (1.0 FTE Program Analyst 4, 1.0 FTE Program Analyst 3, and 1.0 FTE Administrative Specialist 2). Funds and staff will provide ongoing leadership support to communities, compile CWRC benchmarks and data, develop implementation, communication, outreach, business engagement, and evaluation plans, select a soft skills assessment tool, and certify and recertify work ready communities.

What follows in the next page is an example of recent budget planning for the Workforce Initiative:

Workforce Package Concept ⁽¹⁾
(2013-15)

Category of Expenditure			
Personal Services	See Positions Below	\$	462,989
Supplies and Services (excluding Professional Services)			
S & S (Positions)		\$	55,062
S & S (Administration 2%)		\$	163,000
	Subtotal	\$	218,062
Professional Services - Contracts			
ACT-National Career Readiness Certificate (60k@\$25/certificate)		\$	1,500,000
ACT-Soft Skills (25k@ \$10/certificate)		\$	250,000
WIN (curriculum total)		\$	300,000
Technical Assistance (various contracts)		\$	918,949
	Subtotal	\$	2,968,949
Special Pay (To LWIBs)			
Back to Work Oregon Sector Related (current- worker)		\$	3,350,000
Certified Work Ready Communities Coordination		\$	2,000,000
		\$	1,000,000
	Subtotal	\$	6,350,000
Grand Total		\$	10,000,000

Positions and FTE	Positions	FTE
Administrative Specialist 2	1	1.00
Program Analyst 4	1	1.00
Program Analyst 3	1	1.00
Total	3	3.00

(1) A technical adjustment from the Governor's Budget is required to match this concept. The adjustment would be to move \$1.8 million from special payments to professional services. This is to pay for the NCRC services which have been contracted out and for which it is more cost effective to do so.

