

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 740 - SB 1259

March 29, 2019

SUMMARY OF ORIGINAL BILL: Replaces the Department of Economic and Community Development (ECD) with the Tennessee Higher Education Commission (THEC) as the state agency charged with administering grants related to the labor education alignment program (LEAP). Removes the word "liability" so that local education agencies (LEAs) and state higher education institutions are required only to maintain insurance coverage for students participating in LEAP rather than liability insurance, in regards to workers' compensation related injuries.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – There will be a shift of \$1,000,000 in state funds from ECD to THEC. The net impact to state expenditures is considered not significant.

SUMMARY OF AMENDMENT (005619): Deletes and rewrites all language after the enacting such that the substantive changes are to: clarify that the purpose of the LEAP program is applicable to high school students; change from November 1 of each year to January 15 of each year the required date by which THEC has to submit a report detailing for each LEAP established in this state, the academic credit attainment of participants and an overview of each program; and change the recipient of the report from the Department of Labor and Workforce Development to the Education Committee of the Senate and the Education Committee of the House of Representatives.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Currently, ECD is responsible for awarding and administering LEAP grants to community colleges and colleges of applied technology. The Department is also responsible for submitting an annual report to the Department of Labor and Workforce Development regarding any workforce needs in the state.

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- The provisions of this legislation would move all such responsibilities to THEC and require THEC to submit the annual report to the Education Committee of the Senate and the Education Committee of the House of Representatives.
- In FY18-19, \$1,000,000 was appropriated for LEAP out of the General Fund to ECD; it is assumed that \$1,000,000 will be appropriated for LEAP in each subsequent year.
- The provisions of this legislation would require a shift in those recurring funds from ECD to THEC in order to implement LEAP. As a result, there will be a shift of recurring state funds estimated to be \$1,000,000 from ECD to the THEC for the purpose of administering LEAP. Any net impact to state government is considered not significant.
- Based on information provided by THEC, the provision of this legislation can be handled within existing THEC resources and will not have a significant impact to state expenditures.
- Clarifying the type of insurance that the Tennessee Board of Regents and LEAs must maintain, with regards to workers' compensation, for students participating in LEAP will not significantly impact state or local expenditures.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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