

FISCAL NOTE

June 22, 2023

Bill No:	SB 69	Printer's No:	858	Sponsor:	Langerholc
-----------------	-------	----------------------	-----	-----------------	------------

COST / (SAVINGS)

Fund (s)	2022-23	2023-24
General Fund	See Fiscal Impact	See Fiscal Impact

SUMMARY: SB 69 establishes the Recovery-to-Work pilot program within the Department of Labor and Industry (L&I).

ANALYSIS: SB 69 establishes a Recovery-to-Work pilot program to be administered by L&I in consultation with the Departments of Health, Community and Economic Development, Drug and Alcohol Programs (DDAP), Human Services, Corrections, the Pennsylvania Board of Probation and Parole and the Pennsylvania Commission on Crime and Delinquency.

These participating agencies as well as local workforce development boards, support services providers, and business partners are to provide individuals in recovery with career development opportunities, work experience, employability, and career readiness skill training and continued recovery support services.

Local workforce development boards may submit applications for participation in the program (which L&I will develop), which will include partners in support services and business, a plan for carrying out the duties of the program, and cost projections. L&I, in consultation with participating agencies, shall approve up to seven local recovery-to-work pilot programs for participation in the first year after the effective date of this act. Priority is given to those that can leverage other funding sources, have commitments from business partners, or a capability to provide exposure to in-demand occupations.

Subject to the availability of funding, business partners who hire individuals will be eligible for incentive payments of \$1,250 after the individual remains employed an average of 35 hours per week for 26 consecutive weeks and earns wages that meet or exceed the negotiated performance measure. 15 percent of the total amount of money appropriated for incentive payments shall be reserved for business partners with fewer than 100 employees but if the reserved amount is not committed by April 30 of each year, business partners that have at least 100 employees will be eligible.

L&I shall develop and implement an evaluation and performance improvement system and shall, in consultation with participating agencies, submit a report at the end of the fiscal year as well as a final report on the effectiveness of the program to the General Assembly, Governor and Auditor General.

FISCAL NOTE

June 22, 2023

This program shall be funded by money deposited in the Reemployment Fund as well money already appropriated to L&I that could legally be used for Recovery-to Work or money appropriated to any participating agency for Recovery-to-Work. Money appropriated in the Opioid Settlement Restricted Account for Recovery-to-Work can also be used.

This act shall take effect immediately.

FISCAL IMPACT: L&I estimates that the cost for a Recovery-to-Work Pilot program would be \$4.660 million for 100 individuals or \$46,608 per participant. They have also noted several issues related to funding:

- Section 301 provides that the program’s funding may come from the Reemployment Fund. First, under § 1727-E(c) of the Fiscal Code, contributions to the Reemployment Fund have only been authorized through September 30, 2024, and there is no guarantee that such contributions to the Fund will be reauthorized after that date. This fund supports other initiatives already outlined in other bills. Therefore, Pennsylvania priorities are competing against each other for the same funds.
- Section 301 also provides that the Department may use money appropriated to any participating agency. However, there is no mechanism for the Department to access funding that was appropriated to another agency.
- Section 304(a)(4) caps administrative expenses for participating LWDBs at 5%. Typically, in other grant programs administrative expenses are either 10% or capped at a negotiated rate. This will potentially decrease interest in this grant program since administrative costs would need to be funded from other sources.
- Section 701(c) provides that incentive payments for employers employing individuals in recovery shall be paid from money appropriated for payment. The bill contains no appropriation for such payments. Therefore, as it stands, the incentive program will not be available.

DDAP has concerns that adding the Opioid Settlement Restricted Account as a possible funding source will divert money currently planned for their department to L&I for this program.