

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 2014

STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JUNE 23, 2023

SUMMARY

- Synopsis:** “Manufacturing in Higher Education Act”; requires various State entities to promote manufacturing career pathways for students and provides assistance to manufacturing industry.
- Type of Impact:** Annual expenditure increases to the General Fund; annual revenue increases for county colleges, four-year institutions of higher education, proprietary institutions, and county vocational schools.
- Agencies Affected:** Office of the Secretary of Higher Education; Department of Labor and Workforce Development; Department of State; New Jersey Economic Development Authority; New Jersey State Employment and Training Commission; County Colleges; Four-Year Institutions of Higher Education; Proprietary Institutions; County Vocational School Districts.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Years 2 and 3</u>
State Cost Increase	\$10.4 million	At least \$10.1 million
County Colleges Revenue Increase	\$5 million	\$5 million
Four-Year Institutions of Higher Education Revenue Increase	\$1.25 million	\$1.25 million
Proprietary Institutions Revenue Increase	\$1.25 million	\$1.25 million
County Vocational School Districts Revenue Increase	\$2.5 million	\$2.5 million

- The Office of Legislative Services (OLS) determines that this bill will increase annual State expenditures across several State agencies in order to implement the various requirements of the bill that aim to promote manufacturing-oriented education and the manufacturing industry at-large. In total, the OLS estimates State costs of approximately \$10.4 million in the first year of implementation. State costs thereafter would be at least \$10.1 million due to the bill’s establishment of the Higher Education Manufacturing Grant Program and the bill’s requirement to designate a liaison between the State and manufacturing businesses.

- The bill requires that \$10 million be annually awarded under the Higher Education Manufacturing Grant Program to county colleges, four-year institutions of higher education, proprietary institutions, and county vocational school districts for the purposes of establishing or expanding programs in the manufacturing fields and for marketing and promoting current programs.
- The State may also incur annual cost increases in the event that the Business Action Center within the Department of State hires a new employee to be a liaison between the State and manufacturing businesses located in the State. Employing certain assumptions, the OLS estimates that the approximate annual cost of providing for the salary and benefits of the liaison would be \$125,500.
- Several other measures in the bill aimed at the promotion of manufacturing in the State could result in indeterminate State expenditure increases, the magnitude of which would be dependent on resource allocation and implementation decisions of various agencies.

BILL DESCRIPTION

This bill requires various State entities to promote manufacturing career pathways for students and provides assistance to the manufacturing industry. The provisions of the bill include:

- requiring the Department of Labor and Workforce Development to promote and support the implementation of the manufacturing career pathway offered through the New Jersey Pathways to Career Opportunities Initiative operated by the New Jersey Community College Consortium for Workforce Development;
- creating the Higher Education Manufacturing Grant Program, under which \$10 million would be awarded to four-year institutions of higher education, proprietary institutions, and county vocational school districts for the purpose of establishing or expanding programs in the manufacturing fields, and marketing and promoting current programs in the manufacturing fields;
- requiring the Department of State to designate an existing or newly hired employee of the Business Action Center to act as a liaison between the State and manufacturing businesses;
- requiring the Department of State to work with State departments, agencies, boards, commissions, and authorities to direct resources, create incentives, and provide technological, financial, and workforce development opportunities for manufacturing businesses; and
- establishing the New Jersey Advanced Manufacturing Council in the New Jersey State Employment and Training Commission.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that this bill will increase annual State expenditures across several State agencies in order to implement the various requirements of the bill that aim to promote manufacturing-oriented education and the manufacturing industry at-large. In total, the OLS estimates State costs of up to approximately \$10.4 million in the first year of implementation. State costs thereafter would be at least \$10.1 million due to the bill's establishment of the Higher Education Manufacturing Grant Program and the bill's requirement to designate a liaison between the State and manufacturing businesses.

Higher Education Manufacturing Grant Program

The OLS finds that annual expenditures for the Higher Education Manufacturing Grant Program would be \$10 million, as specified in the bill.

The \$10 million in expenditures required under the bill would result in a total annual revenue increase of \$5 million to the county colleges, which are required to receive 50 percent of program funding. County vocational school districts would receive \$2.5 million, as they are required to receive 25 percent of program funding. Finally, the bill requires that the remaining 25 percent, or \$2.5 million, of funding be awarded to four-year institutions of higher education and proprietary institutions. While the bill does not specify the distribution of funds to the four-year institutions of higher education and proprietary institutions, the OLS assumes that the two groups of institutions will each receive one half of the amount, or \$1.25 million.

Manufacturing Liaison

The bill requires the Department of State, in consultation with the Department of Labor and Workforce Development, to designate an existing or newly hired employee of the Business Action Center in the Department of State to act as a liaison between the State and manufacturing businesses located in the State. The State may incur annual cost increases in the event that the Business Action Center hires a new employee to be a liaison between the State and manufacturing businesses located in the State, rather than designating an existing employee. Assuming that a newly hired employee would receive an annual salary of \$78,000 for this role, then annual costs would approximate \$125,500 when factoring in the State's current fringe benefit rate.

Other Potential State Costs

The State may experience other cost increases to administer and implement various other provisions of the bill. Three provisions in particular may present costs to the State.

First, the bill requires the Department of Labor and Workforce Development, in consultation with the Department of Education, the Office of the Secretary of Higher Education, the New Jersey Council of County Colleges, and representatives of the business community, to promote and support the implementation of the manufacturing career pathway offered through the New Jersey Pathways to Career Opportunities Initiative operated by the New Jersey Community College Consortium for Workforce Development. The OLS surmises that, based on appropriations made for various State public awareness campaigns, one-time costs of promoting the career pathway may cost up to \$100,000 in the first year of implementation. Meanwhile, the OLS assumes, based on experiences in another state, that additional staff costs to support the implementation of the career pathway may require first-year costs of approximately \$150,000. Recurring costs stemming from this requirement are indeterminate as the level of resources that the Department of Labor and

Workforce Development would annually dedicate towards the promotion and support of the manufacturing career pathway is uncertain.

The bill requires the creation of the New Jersey Advanced Manufacturing Council within the New Jersey State Employment and Training Commission. Under the bill, the council would lead various initiatives aimed at promoting the advanced manufacturing industry, including convening and enabling private-public partnerships between institutions of higher education and businesses, implementing an advanced manufacturing initiative to facilitate collaboration across the State, and assisting private companies in scaling up production of new technologies. The bill enables the council to employ staff. Uncertain of the potential level of staffing needed to fulfill the council's duties under the bill, the OLS finds this provision of the bill to be indeterminate. However, assuming that the council employs five people at an average salary of \$78,000, then annual salary and fringe benefit costs would total \$627,500.

Under the bill, the Department of State is required to work with State departments, agencies, boards, commissions, and authorities to direct resources, create incentives, and provide technological, financial, and workforce development opportunities for manufacturing businesses. This requirement of the bill may result in annual State expenditure increases; however, costs associated with this provision are indeterminate as the nature of the resources, incentives, and opportunities that may be developed would likely be subject to implementation decisions made by the Department of State.

Section: Education

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).