

HCS SB 173 -- SHELTERED WORKSHOPS

SPONSOR: Scott (Hobbs)

COMMITTEE ACTION: Voted "do pass" by the Committee on Small Business by a vote of 9 to 0.

This substitute increases the state payments to sheltered workshops. Currently, workshops are reimbursed at a rate of \$13 multiplied by the number of six-hour or longer days worked by handicapped workers. The substitute increases this payment each year so that, by July 1, 2008, workshops will be reimbursed at a rate of \$18 multiplied by the number of six-hour or longer days worked by handicapped workers.

FISCAL NOTE: Estimated Effect on General Revenue Fund of an Income of \$0 in FY 2006, a Cost of \$2,447,310 in FY 2007, and a Cost of \$5,247,968 in FY 2008. Subject to appropriation. No impact on Other State Funds in FY 2006, FY 2007, and FY 2008.

PROPONENTS: Supporters say that sheltered workshops are like most small businesses in that they have seen increased expenses from insurance, transportation, and other overhead costs. Some workshops have gone bankrupt in recent years. Most workshops have enough revenue to cover about 75% of their expenses, and the rest is from the per diem received from the state. The bill will give the Department of Elementary and Secondary Education flexibility in future years to raise the per diem to cover expenses. These funds will still be subject to annual appropriations.

Testifying for the bill were Senator Scott; and Department of Elementary and Secondary Education.

OPPONENTS: There was no opposition voiced to the committee.

Richard Smreker, Senior Legislative Analyst