

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 278
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB278CS(FIN)am-DOLWD-CO-03-31-14
Title: EDUCATION: FUNDING/TAX
CREDITS/PROGRAMS
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: Senate Finance Committee

Department: Department of Labor and Workforce Development
Appropriation: Commissioner and Administrative Services
Allocation: Commissioner's Office
OMB Component Number: 340

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates					
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES								
Personal Services		509.1	509.1	509.1				
Travel								
Services		26.8	26.8	26.8				
Commodities								
Capital Outlay								
Grants & Benefits		4,997.2	4,997.2	4,997.2				
Miscellaneous								
Total Operating	0.0	5,533.1	5,533.1	5,533.1	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1151 VoTech Ed		5,533.1	5,533.1	5,533.1				
Total	0.0	5,533.1	5,533.1	5,533.1	0.0	0.0	0.0	0.0

Positions

Full-time		5.0	5.0	5.0				
Part-time								
Temporary								

Change in Revenues								
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/15

Why this fiscal note differs from previous version:

Changed to reflect the full cost to the department of collecting the tax revenue into the Alaska Technical and Vocational Education Program fund account.

Prepared By: Paloma Harbour, Director Phone: (907)465-5984
Division: Administrative Services Date: 04/08/2014 03:00 PM
Approved By: Dianne Blumer, Commissioner Date: 04/08/14
Agency: Office of the Commissioner

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSHB 278

Analysis

This proposed legislation extends the current Technical and Vocational Education Program (TVEP) allocation through June 30, 2017. Currently, the allocation expires June 30, 2014.

Out-year cost estimates are based on TVEP receipts included in the department's FY2015 budget request and will be revised on an annual basis based on the balance of the fund.

The grants line authorization represents the legislation's direct allocations that pass through the department to Kotzebue Technical Center; Alaska Vocational Technical Center; Northwestern Alaska Career and Technical Center; Southwest Alaska Vocational and Education Center; Yuut Elitnaurviat, Inc. People's Learning Center; Delta Career Advancement Center; and New Frontier Vocational Technical Center.

Of the \$509.1 in personal services (salary and benefits) expenses:

The majority, \$372.0, covers the cost of collecting the TVEP revenue through the UI tax system. The state is required by federal regulation to pay the cost of TVEP revenue collection since the federal funds that support the UI tax collection cannot be used to collect state revenue. This funding supports the Unemployment Insurance staff time to collect and process the TVEP revenue. Without this funding there would be no revenue in the TVEP account to grant to the recipients in statute.

The remainder, \$137.1, is for administration of the Technical and Vocational Education Program. This funds a grants administrator's time to manage the grants to the recipients; this includes processing accounting transactions to reimburse them for their expenses up to the grant amount. This also covers a portion of a research analyst's time for compiling TVEP recipient training participant information and matching the data to wage records to determine if those participants were employed the year following training as a part of the statutorily required TVEP program performance report. This information is regularly used to respond to legislative inquiries.

These expenses cannot be charged to the department's federal programs.

The services expense is based on the department's indirect cost recovery rate of five percent of direct personal services expenses.

Position counts are based on an average personal services (salary and benefits) cost of approximately \$100.0 per full-time position and rounded to the nearest whole number.

The proposed legislation would also require the department to collect information from Technical and Vocational Education Program (TVEP) recipients to ensure they are meeting statutory requirements and to amend grants accordingly if requirements are not met.

The department already gathers information from TVEP recipients for annual reporting purposes and currently administers the grants to the TVEP recipients so no additional fiscal impact is anticipated.