

FISCAL NOTE

STATE OF ALASKA
2014 LEGISLATIVE SESSION

Bill Version SCS CSHB 278
 Fiscal Note Number _____
 () Publish Date _____

Identifier (file name) HB278SCSCS(FIN)-DOLWD-CO-04-17-14 - DRAFT Dept. Affected Labor and Workforce Development
 Title Education: Funding/Tax Credits/Programs Appropriation Commissioner and Administrative Services
 Allocation Commissioner's Office
 Sponsor Rules by Request of the Governor
 Requester Senate Finance OMB Component Number 340

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY15 Appropriation Requested	Included in Governor's FY15 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY15	FY15	FY16	FY17	FY18	FY19	FY20
Personal Services		509.1	509.1	509.1			
Travel							
Services		26.8	26.8	26.8			
Commodities							
Capital Outlay							
Grants, Benefits	926.7	4,997.2	5,923.9	5,923.9			
Miscellaneous							
TOTAL OPERATING	926.7	5,533.1	6,459.8	6,459.8	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)							
1002	Federal Receipts						
1003	GF Match						
1004	GF						
1151	VoTech Ed (DGF)	926.7	5,533.1	6,459.8	6,459.8		
1007	I/A Rcpts (Other)						
1156	Rcpt Svcs (DGF)						
		926.7	5,533.1	6,459.8	6,459.8	0.0	0.0

POSITIONS							
Full-time		5	5	5			
Part-time							
Temporary							

CHANGE IN REVENUES							
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Estimated SUPPLEMENTAL (FY14) operating costs 0.0 (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY15) costs 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 If yes, by what date are the regulations to be adopted, amended, or repealed? 7/1/2015 Discuss details in analysis section.

Why this fiscal note differs from previous version (if initial version, please note as such)

Changed to reflect the Senate Finance committee substitute changes to the Alaska Technical and Vocational Education Program fund account distribution, which includes increasing the TVEP tax from 0.15 percent of the unemployment insurance taxable wage base to 0.16 percent.

Prepared by Paloma Harbour, Director
 Division Administrative Services
 Approved by Dianne Blumer, Commissioner
 Division Office of the Commissioner

Phone 465-5984
 Date/Time 4/17/14 8:00 PM
 Date 4/17/2014

FISCAL NOTE ANALYSIS

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Analysis

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

The additional FY2015 funding of \$926.4 in the grants line assumes that the five percent of TVEP allocated to Ilisagvik College in the Senate Finance committee substitute will go through the department similarly as the others pass through grants included in the Governor's budget. It also includes the increase to the TVEP recipients that already get their funded through the department related to increasing the TVEP tax from 0.15 percent of the unemployment insurance (UI) taxable wage base to 0.16 percent.

Out-year cost estimates are based on the anticipated FY2015 TVEP fund balance available for distribution and will be revised on an annual basis based on updated fund balance projections.

The grants line authorization included in the Governor's budget represents the direct allocations that already pass through the department to (based on the names in the committee substitute not current statute) Alaska 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; Partners for Progress in Delta, Inc.; and Amundsen Educational Center.

Of the \$509.1 in personal services (salary and benefits) expenses already included in the Governor's budget:

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 UI 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 legislation would also require the department to collect information from all TVEP recipients to ensure they are meeting statutory requirements and to amend grants accordingly if requirements are not met.

No fiscal impact of these changes as these activities are already supported with the funding included in the Governor's budget.