

Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version: SB 217
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB217CS(LC)-DOLWD-WIB-4-28-26
Title: EMPLOYER CONTRIBUTIONS
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: (S) L&C

Department: Department of Labor and Workforce Development
Appropriation: Commissioner and Administrative Services
Allocation: Workforce Investment Board
OMB Component Number: 2659

Expenditures/Revenues

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

	FY2027 Appropriation Requested	Included in Governor's FY2027 Request	Out-Year Cost Estimates					
			FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
OPERATING EXPENDITURES								
Personal Services	134.0	397.2	268.0	268.0	268.0	268.0	268.0	268.0
Travel		4.2						
Services	49.6	227.1	99.2	99.2	99.2	99.2	99.2	99.2
Commodities	6.7	30.0	13.4	13.4	13.4	13.4	13.4	13.4
Capital Outlay	10.0							
Grants & Benefits	18,755.4	6,930.8	39,056.8	38,054.3	33,379.7	29,937.4	23,800.9	
Miscellaneous								
Total Operating	18,955.7	7,589.3	39,437.4	38,434.9	33,760.3	30,318.0	24,181.5	

Fund Source (Operating Only)

1054 STEP (DGF)	18,955.7	7,589.3	39,437.4	38,434.9	33,760.3	30,318.0	24,181.5
Total	18,955.7	7,589.3	39,437.4	38,434.9	33,760.3	30,318.0	24,181.5

Positions

Full-time	1.0		2.0	2.0	2.0	2.0	2.0
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2026) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2027) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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? No
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Corrects the "Included in Governor's FY2027 Request" to include amounts for personal services, travel, services, and commodities - and corrected the amounts in the grants line as a result of this legislation. Analysis section explains breakdown of numbers vs language section in budget.

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Division:	Commissioner and Administrative Services	Date:	04/28/2026 04:00 PM
Approved By:	Dan DeBartolo, Administrative Services Director	Date:	04/28/26
Agency:	Labor and Workforce Development		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. CSSB217

Analysis

This legislation establishes a new employer tax to the employment assistance and training program account established in AS 23.15.625, which is used for the State Training and Employment Program (STEP) administered by the Department of Labor and Workforce Development. This new tax is reduced by the amount the employer is required to contribute to unemployment insurance (UI) under AS 23.20.290(c). This legislation also eliminates the minimum one percent UI employer contribution. This means that that in years when the UI Trust Fund (UITF) is sufficiently solvent there will be an increase in STEP funding that can be used to help meet the training and employment needs of Alaska employers and job seekers. This legislation also increases the employee contribution to STEP from 0.1 to 0.2 percent of taxable wages.

It is projected that if Alaska's economic conditions continue as they are today this will result in an increase to STEP revenue of nearly \$24.5 million in FY2027, a peak of \$61.3 million in total STEP revenue in FY2028 and then decline to a low of \$30.4 million in FY2034 as the UITF requires employer contributions again.

This will significantly increase the amount available for the Alaska Workforce Investment Board (AWIB) to distribute via competitive grants that support industry-driven training, sector partnerships, registered apprenticeship programs, and other employer-led workforce development initiatives aligned with state workforce priorities. Increased funding will allow AWIB to expand grant awards, address unmet employer demand for skilled workers, and support workforce development needs associated with large-scale infrastructure and economic development projects.

The amounts included in the original Governor's FY27 Request column appear in two sections of the budget as follows:

Numbers section - all non-grant funds - \$658.5

Language section - grant funds - \$6,930.8

This fiscal note reflects the increase in grant authority available in the language section as a result of this legislation, as well as the amount currently in the budget for a total available each year as follows:

-\$18,755.4 in FY2027 for competitive grants through AWIB

-\$39,056.8 annually starting in FY2028 for competitive grants through AWIB

To address this increased workload AWIB will need one additional Program Coordinator 1 position in FY2027, and a second Program Coordinator 1 beginning in FY2028.

The increase in STEP revenue is reflected in the Unemployment Insurance fiscal note as that is the component in which the revenue is collected.