



ALASKA STATE LEGISLATURE

SENATE LABOR & COMMERCE COMMITTEE

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SB 159 Training & Employment Prog: Contributions

Version A Sponsor Statement

There is a clear need for more vocational education opportunities in Alaska. SB 159 is offered with the goal of increasing capacity of workforce development programs across the state.

The State of Alaska collects 0.5 percent of every employee's taxable wages and divides the proceeds between the State Training and Employment Program (STEP), the Technical and Vocational Education Program (TVEP), and the Unemployment Insurance (UI) Trust Fund. Without increasing the amount collected from employees, Senate Bill 159 would double the amount that goes into STEP from 0.1 percent of taxable wages to 0.2 percent, lowering contributions to the UI Trust Fund by an equivalent amount. , while the employee is credited for their full UI Trust Fund contribution.

Alaska's UI Trust Fund is healthy and can afford to see lower contributions if more funds were to be diverted to STEP. The \$725 million balance at the start of Calendar Year 2025 represented 4.44 percent of taxable wages, well ahead of the UI Trust Fund's goal of 3.3 percent of taxable wages. During the recent pandemic, when 60,000 Alaskans were out of work, the Trust Fund paid out about half of its roughly \$500 million balance and still maintained a healthy cushion.

STEP provides funding for vocational training programs for eligible Alaskans through competitive grants paid to training providers across Alaska. The program receives about \$10 million annually, an amount that is expected to double to \$20 million under SB 159. Current need outpaces funding, and FY2025 grant recipients submitted \$11 million in funding requests for \$6.9 million in available funds. An additional \$10 million a year, while a small amount of the balance of the UI Trust fund, would allow for complete funding of successful grant proposals.

I urge your support of Senate Bill 159.