

CS FOR SENATE BILL NO. 229(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 3/20/96

Referred: L&C, FIN

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to employment contributions and to the state training and
2 employment program; and providing for an effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1. FINDINGS.** The legislature finds that

5 (1) an inadequate number of jobs exist in this state to meet the needs of those
6 seeking employment;

7 (2) many Alaskans are having difficulty finding jobs, especially in trying to
8 meet the changing technology needs in this state;

9 (3) employer and employee contributions paid into the unemployment
10 insurance system are used for payment of compensation to unemployed workers and allocation
11 of a small portion of employment contributions paid by employees would provide money to
12 develop a state training and employment program to meet the training needs of Alaskans;

13 (4) a state training and employment program would

14 (A) help prevent future claims against unemployment benefits;

1 (B) foster new jobs by encouraging businesses to locate in the state due
2 to availability of a skilled labor force and by minimizing employers' unemployment
3 costs; and

4 (C) increase training opportunities to those workers severely affected
5 by the fluctuations in the state economy or technological changes in the workplace in
6 the state;

7 (5) it would be beneficial to the state for state training and employment
8 programs funded by the state training and employment program to supplement, but not to
9 displace, programs funded by money available to a training entity for public or private
10 training, and not to replace, parallel, compete with, or duplicate existing federally approved,
11 jointly administered apprenticeship and training programs;

12 (6) it would be beneficial to the state to make the state training and
13 employment program a permanent state program to benefit Alaska workers, businesses, and
14 industry.

15 * **Sec. 2.** AS 23.15 is amended by adding new sections to read:

16 **ARTICLE 4A. STATE TRAINING AND EMPLOYMENT PROGRAM.**

17 **Sec. 23.15.620. STATE TRAINING AND EMPLOYMENT PROGRAM.**

18 There is created in the department a program to finance and award grants to
19 employment assistance and training entities. Employment assistance and training
20 entities shall give appropriate state agencies full access to accounting records
21 concerning grants received to assure compliance with program standards.

22 **Sec. 23.15.625. EMPLOYMENT ASSISTANCE AND TRAINING**
23 **PROGRAM ACCOUNT.** The employment assistance and training program account
24 is established in the general fund. The commissioner of administration shall separately
25 account for money collected under AS 23.15.630 that the department deposits in the
26 general fund. The annual estimated balance in the account may be appropriated by the
27 legislature to the department to implement AS 23.15.620 - 23.15.660. The legislature
28 may appropriate the lapsing balance of the account to the unemployment compensation
29 fund established in AS 23.20.130.

30 **Sec. 23.15.630. SPECIAL EMPLOYEE UNEMPLOYMENT CREDIT AND**
31 **CONTRIBUTIONS FOR PROGRAM.** (a) In the manner provided in AS 23.20, the

1 department shall collect from each employee an amount equal to one-tenth of one
2 percent of the wages, as set out in AS 23.20.175, on which the employee is required
3 to make contributions under AS 23.20.290(d). The department shall remit to the
4 Department of Revenue, in accordance with AS 37.10.050, money collected under this
5 subsection.

6 (b) Notwithstanding AS 23.20.290(d), the department shall credit each
7 employee with an amount equal to the amount collected from the employee under (a)
8 of this section against unemployment contributions owed by the employee under
9 AS 23.20.

10 (c) The department shall assess and collect, under AS 23.20.185 - 23.20.275,
11 interest and penalties for delinquent reports and payments due under this section.
12 Interest and penalties collected shall be handled in accordance with AS 23.20.130(d).

13 Sec. 23.15.635. PEOPLE TO BE SERVED. Within the limits of its grant, an
14 employment assistance and training entity receiving a grant under AS 23.15.651 shall
15 provide services set out in AS 23.15.640 to state residents who, immediately before
16 beginning training or receiving benefits under a grant financed by this program,

17 (1) are unemployed and

18 (A) are receiving unemployment insurance benefits; or

19 (B) have exhausted the right to unemployment insurance
20 benefits within the past three years;

21 (2) are employed, but liable to be displaced within the next six months
22 because of

23 (A) reductions in overall employment within a business;

24 (B) elimination of the worker's current job; or

25 (C) a change in conditions of employment requiring that, to
26 remain employed, the employee must learn substantially different skills that the
27 employee does not now possess; or

28 (3) have worked in a position covered by AS 23.20 at any time during
29 the last three years, and are not currently eligible for unemployment insurance benefits
30 because

31 (A) their employment has been seasonal, temporary, part-time,

1 or marginal;

2 (B) their qualifying wages are insufficient because of limited
3 job opportunity; or

4 (C) they are employed but, because they are underemployed,
5 they are in need of employment assistance and training to obtain full
6 employment.

7 Sec. 23.15.640. SERVICES FOR ELIGIBLE PEOPLE. Subject to the limits
8 of its grant, an entity receiving a grant under AS 23.15.651 shall provide one or more
9 program elements. The program elements include

10 (1) industry-specific training;

11 (2) on-the-job training;

12 (3) institutional or classroom job-linked training;

13 (4) support services, including allowances;

14 (5) relocation assistance; or

15 (6) provisions of necessary tools, work-related clothing, safety gear, or
16 other necessities to obtain or retain employment.

17 Sec. 23.15.645. DUTIES AND POWERS OF THE DEPARTMENT. (a) The
18 department shall award a grant to the council to

19 (1) administer a state training and employment program; and

20 (2) award grants to qualified entities.

21 (b) When a grant is awarded to the council, the department shall annually
22 provide to the council a priority list of targeted projects or services, based on
23 unemployment statistics, unemployment insurance claims, occupational and industrial
24 projections, availability of other training and employment programs, and other relevant
25 data. The department shall also provide annually to the council a priority list of
26 criteria for eligibility to maximize services to those people most in need of training
27 under AS 23.15.620 - 23.15.660. In developing the priority list for targeted projects
28 and services, the department shall solicit comments from the Department of
29 Community and Regional Affairs, Department of Education, Department of Commerce
30 and Economic Development, University of Alaska, organized labor, the council, and
31 the administrative entities of the substate service delivery areas established for the

1 council. The department shall give preference to projects and services that train
2 individuals in industries identified in the resident hire report required under
3 AS 36.10.130 as employing a disproportionate percentage of nonresident individuals.

4 (c) The department may adopt regulations necessary to implement this chapter.

5 (d) The council shall establish grant administration requirements including
6 accounting procedures that apply to qualified entities and their grantees.

7 (e) In making a grant under this section, the council shall require that the
8 qualified entity and grantees of the qualified entity limit the amount of the grant
9 proceeds spent on administration so that the total spent on administration from the
10 proceeds of the employment assistance and training program account, including
11 amounts spent by the council itself, does not exceed 20 percent. The amount collected
12 and remitted in accordance with the shared cost requirements of the federal Office of
13 Management and Budget Circular A-87 entitled "Cost Principles for State and Local
14 Governments" is not considered an amount spent on administration under this
15 subsection.

16 Sec. 23.15.651. DUTIES OF ALASKA HUMAN RESOURCE INVESTMENT
17 COUNCIL; GRANTS; ELIGIBLE ENTITIES. (a) In implementing this program
18 under a grant received under AS 23.15.645, and subject to the limit of its grant the
19 council shall award grants, in accordance with the priority list established by the
20 department under AS 23.15.645(b) to employment assistance and training entities. A
21 training entity is eligible for a grant under this section if the entity meets program
22 requirements and can demonstrate that

23 (1) its accounting systems include controls adequate to check the
24 accuracy and reliability of accounting data, promote operating efficiency, and assure
25 compliance with program requirements and generally accepted accounting principles;
26 and

27 (2) its activities do not replace or compete in any way with a federally
28 approved, jointly administered apprenticeship program or any other existing training
29 programs.

30 (b) The council may not award a grant if the grant would displace money
31 available through existing public or private training programs.

1 (c) To provide administration of the program, the council may use the
2 administrative entities of the substate service delivery areas.

3 (d) The council shall annually provide the department with financial and
4 performance reporting on the activities of the program and recommendations
5 concerning continuation of funding.

6 Sec. 23.15.660. DEFINITIONS. In AS 23.15.620 - 23.15.660,

7 (1) "council" means the Alaska Human Resource Investment Council
8 established in AS 44.19.620;

9 (2) "program" means the state training and employment program
10 established in AS 23.15.620 - 23.15.660; and

11 (3) "substate service delivery areas" means those areas designated by
12 the governor under 29 U.S.C. 1532.

13 * **Sec. 3.** AS 23.15.620, 23.15.625, 23.15.630, 23.15.635, 23.15.640, 23.15.645, 23.15.651,
14 and 23.15.660 are repealed June 30, 1998.

15 * **Sec. 4.** This Act takes effect July 1, 1996.