

FISCAL NOTE

No: 8

Bill Version: HCS CSSB 289 (FIN)

BILL (H) Publish Date: 4/25/00

**STATE OF ALASKA
2000 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction): _____
 Title: Technical and Vocational
Education
 Sponsor: Senate Finance
 Requestor: House Rules

Department Affected: Labor
 BRU: Employment Security
 Component: _____
Unemployment Insurance
 COMPONENT SERIAL NO. 2276

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

OPERATING	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
PERSONAL SERVICES	103.7	103.7	103.7	103.7	103.7	103.7
TRAVEL	0.1	0.1	0.1	0.1	0.1	0.1
CONTRACTUAL	44.5	44.5	44.5	44.5	44.5	44.5
SUPPLIES	0.9	0.9	0.9	0.9	0.9	0.9
EQUIPMENT	0.8	0.8	0.8	0.8	0.8	0.8
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	150.0	150.0	150.0	150.0	150.0	150.0

CAPITAL						
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CHANGE IN REVENUE FUND SOURCE #						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
1007 Inter-Agency	150.0	150.0	150.0	150.0	150.0	150.0
TOTAL	150.0	150.0	150.0	150.0	150.0	150.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY00) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

(See Attached)

Prepared by: Rebecca Gamez, Director *RH 101* Phone: 465-2711
 Division: Employment Security Division Date/Time: 4/25/00 9:21 AM
 Approved by Commissioner: Ed Flanagan, Commissioner *[Signature]*
 Agency: Department of Labor Date: 4/25/00

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ATTACHMENT

Fiscal Note for HCS CSSB 289 (FIN) am
Short Title: Technical and Vocational Education
4/25/2000

SB 289 realigns oversight and planning for vocational and technical education in Alaska. Additionally, the bill establishes a new supplementary grant program funded by employee Unemployment Insurance (UI) contributions.

Specifically, section AS 23.15.835 of SB 289 identifies the Department of Labor and Workforce Development as the entity that will collect from each employee an amount equal to one-tenth of one percent of the wages as set out in AS 23.20.175, on which the employee is required to make contributions under AS 23.20.290(c). The bill's effective date is July 1, 2000. In FY2001, the first year, collections are expected to be \$3,225,000. This is due to the lag in collections where revenues come in 30 days after the end of the calendar quarter. Therefore, the collections would occur for the quarters ending in September, December, and March. In FY2002 and subsequent years, \$4,300,000 in revenues is expected on an annual basis. The program is to be administered by the Alaska Human Resource Investment Council (AHRIC).

The UI program in the Employment Security Division of the Department of Labor and Workforce Development has an existing UI tax unit which collects Unemployment Insurance tax from Alaskan employers and workers. This tax unit and the infrastructure that currently exists to collect taxes from employers will be utilized to collect the new funds under SB 289. The collection process is expected to be almost identical to the existing system required for the State Training and Employment Program (STEP). The STEP funds are collected from workers through employers in addition to those collected for UI. The STEP currently pays for their fair and reasonable share of the process costs as established by a federally negotiated shared cost agreement. This is required since the UI program operations are exclusively funded by federal dollars and cannot contribute to non-federal program activities. It is expected the same will be required for SB 289. The estimated cost related to the collection and accounting of SB 289 funds will be \$200,000.

Historically, the annual cost of collection for the STEP program has ranged from \$250,000 to \$280,000. With the implementation of SB 289, the full cost is expected to be approximately \$300,000. SB 289's portion would be approximately one-half or \$150,000, based on the prorated share of anticipated collections for both STEP and SB 289.