

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

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Revision Date/Time (Note if correction): _____ Department: **Labor and Workforce Development**
 Title: Alaska Human Resource BRU: **Office of the Commissioner**
Investment Council Component: **Alaska Human Resource**
 Sponsor: Senator Torgerson **Investment Council**
 Requester: Senate FIN Component Number: 2473

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1007 Inter-Agency Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: None

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See Attached.

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 Division: Alaska Human Resource Investment Council Date/Time: 3/19/01 8:56 AM
 Approved by: Ed Flanagan, Commissioner Date: 03/19/01
 Agency: Department of Labor and Workforce Development

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ANALYSIS: (continued)

This bill appropriates approximately \$4,553.8 of Technical Vocational Education Program (TVEP) funds for the next two fiscal years to the following entities: 52 % to University of Alaska (appx. \$2,369.0), 32 % to Department of Education (DOE) Alaska Vocational Technical Education Center (AVTEC) (appx. \$1,457.2) and 16% to DOE Kotzebue Technical Center (KTC) (appx. \$728.6). This bill is related to new legislation passed last year (CH. 132 SLA 00, SB289, AS 23.15 Article 7) which established the TVEP account, expanded the duties of the Alaska Resource Human Investment Council (AHRIC), and appropriated \$3,425.0 of TVEP monies directly to the same three designated entities with the same percentages. The FY2001 fiscal notes appropriated \$3,425.0 to cover the initial startup year of the program (¼ of a state fiscal year).

SB 289 (AS 23.15.835) identifies the Department of Labor and Workforce Development as the entity that will collect from each employer an amount equal to one-tenth of one percent of the employee wages as set out in AS 23.20.175. The collection of TVEP funds first occurred in FY2001. There is a time lag on collections as revenues come in 30 days after the end of the calendar quarter. In FY2002 and subsequent years, we expect \$4,553,800 in revenues on an annual basis.

The Unemployment Insurance (UI) program has an existing UI tax unit which collects UI tax from Alaska employers and workers. This tax unit, and the infrastructure that currently exists to collect taxes from employers, was utilized to collect the TVEP funds under this bill. The collection process has been identical to the existing system required for the State Training and Employment Program (STEP). The STEP and TVEP 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. In FY2001, we have applied the same requirements to the TVEP collections.

The estimated cost related to collection and accounting for STEP and TVEP monies is \$300,000. Since STEP and TVEP each collect 1/10% from employee wages, the total UI collection and accounting cost of \$300,000 will be split 50/50 between STEP and TVEP. This is the same UI tax collection cost and methodology used in FY2001. The total TVEP amount of \$150,000 is already shown as inter-agency receipts in the FY2002 UI component budget. This TVEP amount is split between UA \$78,000, AVTEC \$48,000 and KTC \$24,000.

The department does not anticipate an increase in operating costs as a result of this legislation.