

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 6
 Bill Version: CSSB 252(L&C)
 (S) Publish Date: 5/6/02

Revision Date/Time (Note if correction): _____ Department: Labor and Workforce Development
 Title: Employment and Training Program/Board BRU: Employment Security
 Component: Job Training Programs
 Sponsor: Rules Committee
 Requester: Senate Finance Component Number: 2556

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 |
|------------------------|-------------|-------------|------------|------------|------------|------------|
| Personal Services | 57.8 | 43.4 | | | | |
| Travel | 11.5 | 8.0 | | | | |
| Contractual | 16.4 | 7.1 | | | | |
| Supplies | 3.0 | 0.5 | | | | |
| Equipment | 2.5 | 0.0 | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | 0.0 | 0.0 | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 91.2 | 59.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|------------------------------------|-------------|-------------|--|--|--|--|
| CHANGE IN REVENUES (1054) | 35.0 | 35.0 | | | | |
|------------------------------------|-------------|-------------|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|------------------------------|-------------|-------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| 1054 State Employ & Training | 91.2 | 59.0 | | | | |
| TOTAL | 91.2 | 59.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2002) cost: None

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

| | | | | | | |
|-----------|---|---|--|--|--|--|
| Full-time | 1 | 1 | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

See attached.

Prepared by: Ronald Hull, Director Phone: 465-5933
 Division: Employment Security Division Date/Time: 5/1/02 8:45 AM
 Approved by: Ed Flanagan, Commissioner Date: 05/01/02
 Agency: Department of Labor and Workforce Development

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FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

BILL NO. CSSB 252(L&C) #6

ANALYSIS: (continued)

This bill would rename the Alaska Human Resource Investment Council (AHRIC) as the Alaska Workforce Investment Board (AWIB) and extends the termination or "sunset" date of the State Training and Employment Program (STEP) to June 30, 2004. This CS also makes substantial changes to STEP and we are commenting on two sections of the CS that we believe will have the most fiscal impact. The Job Training Programs component already contains \$4,785.2 of the STEP expenditures and revenues in the proposed FY2003 Operating budget (Governor, Senate and House versions).

Section 12 requires the Department of Labor and Workforce Development (DOLW&D) to collect monies from participants, who received necessary tools, work related clothing, safety gear or other necessities to obtain employment. We would be required to establish collection procedures, track repayments and seek attachment of the individual's permanent fund dividend (PFD) check if repayment is not satisfied.

Based upon previous usage and demand, we estimate STEP collections from participants would not exceed 35.0 annually for up to 80 clients. We would need to establish a program recovery system as little capacity currently exists. Based upon prior experience in Unemployment Insurance collections, the levy of client's PFD check is a labor intensive manual paperwork process. We believe that the new collection monies would not offset the increased costs. We would require a new PFT position and we assume the following additional STEP administrative costs to the State. There may be additional subgrantees (i.e. Municipality of Anchorage) STEP administrative costs not shown below:

New PFT Employment Security Specialist IB Range 14A in Juneau 43.4
Required travel around Alaska to various client locations for small claims court appearances 10.0
Contractual RSA to the Dept. of Law for legal advice on collections 2.5
Required Contractual 7% indirect, 4.5% DP operations and 4% ESD management costs 6.7
Related supplies .5
Basic new equipment for position 2.5

Total annual FY2003 cost: 65.6 (reduced to 59.0 in FY2004)
Total annual revenues: 35.0
Total annual FY2003 net loss: <30.6> (reduced to <24.0> in FY2004)

We assume some of the FY2003 travel, contractual and equipment operating costs are startup costs and will be reduced by 10 percent in FY2004.

Section 48 requires the DOLW&D to prepare one-time additional information for an annual written STEP report to the Legislature due in January 2003. We assume that the new reporting would increase STEP administrative costs in FY2003 only by the following:

25% of an existing Employment Security Analyst II Range 17 A in Anchorage 14.4
Minor travel to Juneau 1.5
Contractual RSA to Research and Analysis for employer information 5.0
Required Contractual 7% indirect, 4.5% DP operations and 4% ESD management costs 2.2
Related supplies & copying 2.5

Total FY2003 annual cost: 25.6