

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSSB 309(L&C)
 (S) Publish Date: 4/12/06

Revision Date/Time (Note if correction): _____ Department: **Labor and Workforce Development**
 Title: **Construction Training Grant; Unemployment Comp.** RDU: **Business Partnerships**
 Component: **Business Services**
 Sponsor: **Senate State Affairs**
 Requester: **Senate Labor & Commerce** Component Number: 2658

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	116.9	116.9	116.9	116.9	116.9	116.9
Travel	5.0	5.0	5.0	5.0	5.0	5.0
Contractual	127.4	127.4	127.4	127.4	127.4	127.4
Supplies	3.0	3.0	3.0	3.0	3.0	3.0
Equipment						
Land & Structures						
Grants & Claims	4,790.0	4,946.0	5,064.0	5,186.0	5,310.0	5,437.0
Miscellaneous						
TOTAL OPERATING	5,042.3	5,198.3	5,316.3	5,438.3	5,562.3	5,689.3

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (New)	5,290.0	5,405.0	5,523.0	5,645.0	5,769.0	5,896.0
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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						
New - Construction Trades Training Fund	5,042.3	5,198.3	5,316.3	5,438.3	5,562.3	5,689.3
TOTAL	5,042.3	5,198.3	5,316.3	5,438.3	5,562.3	5,689.3

Estimate of any current year (FY2006) cost: None

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The Department of Labor and Workforce Development has two fiscal notes associated with this legislation: one for the Employment Security Division's revenue collection costs, the second for the Division of Business Partnerships program administration costs.

See attached page for an analysis of the Division of Business Partnerships program administration costs.

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 Division: Business Partnerships Division
 Approved by: Greg O'Clary, Commissioner
 Agency: Department of Labor and Workforce Development

Phone: 465-5937
 Date/Time: 4/12/06 1:40 PM
 Date: 4/12/2006

FISCAL NOTE #1

STATE OF ALASKA
2006 LEGISLATIVE SESSION

BILL VERSION: CSSB 309(L&C)

ANALYSIS: (continued)

This bill would provide sustained funding, through the proposed program's expiration date of July 1, 2012, to train Alaskans for construction jobs in heavy, highway and building construction, and oil or gas pipeline construction.

Alaska's construction labor force is expected to grow 15 percent over the next five years, and over 43,000 job vacancies are projected in the next five to seven years due to job growth and the retirement of older construction workers.

The bill increases the capacity of the state's workforce development system to prepare Alaskans for high growth jobs anticipated as a result of construction projects, including but not limited to a gas pipeline. The bill will ensure that industries doing business in Alaska will have a trained and ready to work labor force to meet current and future demand on projects that have in the past relied on out-of-state labor.

The fiscal note anticipates that the division will take an active role in managing this grant to Alaska Works Partnerships (AWP) to ensure accountability. Oversight will include strategic program and financial oversight due to the significant state investment and the need to ensure alignment with other training initiatives for high growth employment outcomes. The division will engage in negotiations; assure participant tracking and measure outcomes; and evaluate, support and provide technical assistance assuring that AWP enrolls and trains over 2,000 participants on an annual basis. These activities are part of the core services and fundamental mission of the division – to design and implement employment and training programs that align with Alaska's business and industry workforce demands and that result in participant employment and in building a prepared workforce.

The division will assign existing staff to oversee this grant. The division manages federal and state grant programs on a project basis, and is seeking five percent administrative costs to cover active management of this substantial state investment. This represents half the administrative costs typically charged and allowable under other workforce training programs with the same participant count and similar financial investment. The division cannot charge the tasks associated with managing this grant to other funding streams it administers due to federal and state regulations.

The personal services costs associated with this fiscal note reflect the anticipated costs of the management staff responsible for assuring program accountability and alignment with other job training initiatives for high growth, high demand industries. Accordingly, it is estimated that personal service costs will be charged by the Division Director, an Administrative Manager, a Grants Administrator, an Employment Security Analyst for the Management Information System (MIS), and an Accounting Technician, for a total of \$116,900, equating to roughly a 1.25 FTE.

The travel allocation would be used to meet with the grantee to develop alignment and outcomes of the training activities associated with this grant. The contractual allocation includes a portion of the allocated fixed costs that are distributed across all of the programs of the division. The allocated costs include items such as office space lease and indirect services, (\$20.3), and a reimbursable service agreement with Labor Market Information for employment outcome analysis (\$76.5). The contractual line also includes a portion of costs associated with the maintenance and upgrade of the Management Information System that tracks trainees from enrollment through program exit (\$30.6). The supplies allocation includes normal operating supplies for staff (\$3.0).

The amount in the grants line would be used to provide the grant described in SB 309.

The amount of revenue anticipated in FY 2007 using a start date of July 1, 2007 is \$5,290.0.