

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SCS HB 2(FIN)
 (S) Publish Date: 4/11/08

Identifier (file name): HB002SCS(FIN)-DOLWD-CO-04-11-08 Dept. Affected: Labor and Workforce Development
 Title: "An Act relating to unemployment contributions for the Alaska technical and vocational education program..." RDU: Office of the Commissioner
 Component: Commissioner's Office
 Sponsor: Representative Neuman
 Requester: Senate FIN Component Number: 340

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims	1,704.3		1,704.3	1,704.3	1,704.3	1,704.3	1,704.3	1,704.3
Miscellaneous								
TOTAL OPERATING	1,704.3	0.0	1,704.3	1,704.3	1,704.3	1,704.3	1,704.3	1,704.3

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES (TVEP 1151)	3,017.5	0.0	3,017.5	3,017.5	3,017.5	3,017.5	3,017.5	3,017.5
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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								
1151 Technical Voc Ed Program Rcpts	1,704.3		1,704.3	1,704.3	1,704.3	1,704.3	1,704.3	1,704.3
TOTAL	1,704.3	0.0	1,704.3	1,704.3	1,704.3	1,704.3	1,704.3	1,704.3

Estimate of any current year (FY2008) cost: None

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

See attached.

Prepared by: Guy Bell, Assistant Commissioner
 Division: Office of the Commissioner
 Approved by: Click Bishop, Commissioner
Department of Labor and Workforce Development

Phone 465-2700
 Date/Time 4/11/08 8:29 AM
 Date 4/11/08

FISCAL NOTE # 2

**STATE OF ALASKA
2008 LEGISLATIVE SESSION**

BILL NO. SCS HB 2(FIN)

ANALYSIS CONTINUATION

Section 1(a) of this bill increases the amount allocated to the Alaska Training and Vocational Education Program (TVEP) account from the current 0.10 percent (\$6.0 million) to 0.15 (\$9.1 million) of taxable wages that are subject to employee contributions under AS 23.20.290(d). This equates to an additional investment of approximately \$3 million per year into TVEP which would be used for grants to training entities. Section 3 makes changes to the statutory distribution of the receipts.

There will be no cost to the Employment Security Division, Unemployment Insurance Component to implement these changes.

The department cannot quantify the impact of this change on Unemployment Insurance (UI) rates. On the one hand, employer tax rates may be higher with an additional \$3 million per year allocation to the TVEP than they would be without such an allocation. On the other hand, the workers trained by virtue of the TVEP funded programs are contributing to the UI program and reducing their call on unemployment benefits, thereby contributing to the solvency of the UI program and keeping employer rates lower than they would otherwise be.

This is a consolidated Fiscal Note for the Department of Labor and Workforce Development as the bill would affect the funding levels for a number of existing department components and it would also establish four new ones. In addition to this department, the bill also affects the funding received by the University of Alaska and the Department of Education and Early Development. See the following page for specifics on funding level changes.

FISCAL NOTE # 2

**STATE OF ALASKA
2008 LEGISLATIVE SESSION**

BILL NO. SCS HB 2(FIN)

ANALYSIS CONTINUATION

**Department of Labor and Workforce Development
FY09 TVEP Funding Distribution (in thousands)**

	<u>Current Distribution</u>	<u>Proposed Distribution</u>	<u>Change</u>
FY08 Est Ending Bal:	1,001.5	1,001.5	
FY09 Est Revenue:	(0.1%) 6,035.0	(0.15%) 9,052.5	3,017.5
Less Reserve:	<u>(250.0)</u>	<u>(250.0)</u>	
Net Available	6,786.5	9,804.0	<u>3,017.5</u>

Entity	Current Percent	FY08 Allocation	FY09 Allocation	Proposed Percent	Revised FY09	FY09 Change
Revenue Collection Costs (DOLWD)		344.8	356.9		356.9	0.0
Administration			0.0		0.0	0.0
University of Alaska	55%	3,134.3	3,542.9	45.0%	4,251.2	708.3
Univ of AK Southeast				5.0%	472.4	472.4
Galena (DEED)	4%	228.0	257.7	4.0%	377.9	120.2
Kotzebue (DOLWD)	11%	626.9	708.6	9.0%	850.2	141.6
AVTEC (DOLWD)	22%	1,253.7	1,417.2	17.0%	1,606.0	188.8
SAVEC (DOLWD)	4%	228.0	257.7	3.0%	283.4	25.7
Yuut (DOLWD)	4%	228.0	257.7	9.0%	850.2	592.5
Delta (DOLWD)				3.0%	283.4	283.4
NACTEC (DOLWD)				3.0%	283.4	283.4
New Frontier (DOLWD)				2.0%	188.9	188.9
Total	100%	6,043.7	6,798.6	100.0%	9,804.0	3,005.4

Note 1: Due to the use of revenue projections to determine the annual appropriation amount, actual receipts may be higher or lower than budgeted authorization. To accommodate revenue shortfalls a reserve of 250.0 is maintained.

Note 2: The difference in the current FY09 revenue distributed of \$6,798.6 and the total revenue available of \$6,786.5 is the result of a calculation done for the costs of the new GGU salary contract which increased the Revenue Collection Costs. The calculation was made after the initial fund allocations were done and distributed. The cost increase of \$12.1 is included in the FY09 Governor's budget and will be absorbed by the funds held in reserve.