

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note: 4
 Bill Version: CSSB 124(FIN)
 (S) Publish Date: 5/8/07

Revision Date/Time (Note if correction): _____ Department: **Labor and Workforce Development**
 Title: Alaska Workforce Investment Board Allocation RDU: **Office of the Commissioner**
 Component: **Commissioner's Office**
 Sponsor: Senator Olson
 Requester: Senate Rules Component Number: 340

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	2,912.2	2,912.2	2,912.2	2,912.2	2,912.2	2,912.2
Miscellaneous						
TOTAL OPERATING	2,912.2	2,912.2	2,912.2	2,912.2	2,912.2	2,912.2

CAPITAL EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013

CHANGE IN REVENUES (TVEP 1151)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
	2,887.5	2,887.5	2,887.5	2,887.5	2,887.5	2,887.5

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	2,912.2	2,912.2	2,912.2	2,912.2	2,912.2	2,912.2
TOTAL	2,912.2	2,912.2	2,912.2	2,912.2	2,912.2	2,912.2

Estimate of any current year (FY2007) cost: None

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached.

Prepared by: Guy Bell, Assistant Commissioner Phone: 465-2700
 Division: Office of the Commissioner Date/Time: 5/7/07 3:42 PM
 Approved by: Click Bishop, Commissioner Date: 5/7/2007
 Agency: Department of Labor and Workforce Development

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BILL VERSION: CSSB 124(FIN)

ANALYSIS: (continued)

This bill increases the amount allocated to the Alaska Training and Vocational Education Program (TVEP) account from the current 0.10 percent (\$5.8 million) to 0.15 percent (\$8.7 million) of taxable wages that are subject to employee contributions under AS 23.20.290(d). This equates to an additional investment of approximately \$2.9 million per year into TVEP which would be used for grants to training entities. The bill also 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 rates. On the one hand, employer tax rates may be higher with an additional \$2.9 million per year allocation to TVEP than they would be without such an allocation. On the other hand, the workers trained by virtue of 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 budget 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.

There has been an update to the estimated revenues for the TVEP account. The department now has three quarters of receipt data for FY07 and as a result the revenue estimate for FY08 has been increased by \$235.0 from \$5,540.0 to \$5,775.0. This bill would increase the estimated revenue from \$5,775.0 to \$8,662.5, an increase of \$2,887.5.

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ANALYSIS: (continued)

TVEP Receipt Distribution

	<u>Current Distribution</u>		<u>Proposed Distribution</u>		<u>Change</u>
FY07 Est Ending Bal:	753.6		753.6		
FY08 Est Revenue:	(0.1%) 5,540.0		(0.15%) 8,662.5		3,122.5
Less Reserve:	<u>(250.0)</u>		<u>(250.0)</u>		
Net Available	6,043.6		9,166.1		3,122.5

Entity	Current Percent	FY08 Est	Proposed Percent	FY08 Est	Change
Revenue Collection					
Costs (DOLWD)		344.8		344.8	0.0
Administration		0.0		0.0	0.0
University of Alaska	55%	3,134.3	36.0%	3,175.7	41.4
Galena (DEED)	4%	228.0	3.0%	264.6	36.6
Kotzebue (DOLWD)	11%	626.9	8.0%	705.7	78.8
AVTEC (DOLWD)	22%	1,253.7	15.5%	1,367.3	113.6
SAVEC (DOLWD)	4%	228.0	3.0%	264.6	36.7
Yuut (DOLWD)	4%	228.0	8.0%	705.7	477.8
Delta (DOLWD)			3.0%	264.6	264.6
NACTEC (DOLWD)			3.0%	264.6	264.6
AWP (DOLWD)			15.5%	1,313.9	1,313.9
Ketchikan (DOLWD)			5.0%	441.1	441.1
Total	100%	6,043.6	100.0%	9,112.7	3,069.1

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 FY08 Estimated Revenue of \$5,540.0 in the Current Distribution column shown above was the revenue estimate at the time the FY08 Governor's Budget was prepared and the distributions based on this estimate are those that are included in the budget request. The department now has receipt data for the first three quarters of FY07 and based on those figures has increased the estimate of revenue to be received in FY08 to \$5,775.0. The FY08 Estimated Revenue shown in the Proposed Distribution column above includes both the increased estimated revenue and the effect of increasing the contribution rate from 0.10% to 0.15%.

Note 3: The \$3,122.5 in the above Change column is made up of \$235.0 from increasing the revenue estimate and \$2,887.5 from increasing the rate.