

# Fiscal Note

State of Alaska  
2020 Legislative Session

Bill Version:	CSHB 235(FIN)
Fiscal Note Number:	12
(H) Publish Date:	3/19/2020

Identifier: HB235CS(FIN)-UA-SYSBRA-3-18-2020  
 Title: AK WORKFORCE INVESTMENT  
 BOARD:ALLOCATIONS  
 Sponsor: WOOL  
 Requester: (H) FINANCE

Department: University of Alaska  
 Appropriation: University of Alaska  
 Allocation: Budget Reductions/Additions - Systemwide  
 OMB Component Number: 1296

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2021	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2021 Request	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
<b>OPERATING EXPENDITURES</b>	<b>FY 2021</b>	<b>FY 2021</b>					
Personal Services							
Travel							
Services		6,225.2	6,225.2	6,225.2			
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>6,225.2</b>	<b>6,225.2</b>	<b>6,225.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Fund Source (Operating Only)

1151 VoTech Ed (DGF)		6,225.2	6,225.2	6,225.2			
<b>Total</b>	<b>0.0</b>	<b>6,225.2</b>	<b>6,225.2</b>	<b>6,225.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2020) cost:** 0.0 (separate supplemental appropriation required)

**Estimated CAPITAL (FY2021) cost:** 0.0 (separate capital appropriation required)

**Does the bill create or modify a new fund or account?** N  
 (Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
 If yes, by what date are the regulations to be adopted, amended or repealed?

## Why this fiscal note differs from previous version/comments:

This note has been updated to reflect language changes made in the House Finance Committee. The new House Finance Committee Substitute returns the TVEP program UI contribution rate to 0.16% as is currently in statute; extends the program sunset date three years to June 30, 2023; and removes the statutory program allocation for the Kodiak Seafood and Marine Science Center (KSMSC). These changes will reduce the amount of money UA will receive from the TVEP program.

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Phone: (907)463-3086  
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**REPORTED OUT OF  
HFC 03/19/2020**

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2020 LEGISLATIVE SESSION

## Analysis

The Alaska legislature established the Technical Vocational Education Program (TVEP) in 2000. The TVEP program is administered by the Alaska Workforce Investment Board per AS 23.15.820 and is funded from a portion of Unemployment Insurance (UI) receipts. Program funds are distributed to statutorily designated technical and vocational education entities (AS 23.15.835) to be used to train and educate Alaskans for high-demand occupations. Program funds are allocated to recipients based on the percentages outlined in AS 23.15.835(d). The program is currently scheduled to expire on June 30, 2020.

CSHB235(FIN) returns the TVEP program's UI contribution rate to 0.16%, resets the distribution percentages for existing program recipients to those currently established in statute, removes the dedicated program allocation for the Kodiak Seafood and Marine Science Center (KSMSC) added in the House Labor & Commerce CS, and reauthorizes the program for 3 years instead of 5 years. The program will now run through June 2023.

UA is a comprehensive provider of career and technical training to expand and develop Alaska's workforce and has been a major recipient of TVEP funding since the program's inception. The university's TVEP program provides grants throughout the state for industry-specific, on-the-job, and classroom training, that impacts thousands of students. In FY19, UA served a total of 4,492 students through the TVEP program.

UA currently receives 45% of TVEP program funds. UA's total TVEP allocation in FY21 is projected to be \$6,225.2 and that amount is included in the Governor's amended FY21 operating budget. This analysis assumes level funding for each of the next two fiscal years - FY22 & FY23.

The CS also includes intent language directing UA to provide from its TVEP allocation, funds to maintain TVEP training programs through KSMSC that are consistent with the TVEP program and with AS 16.52.020 (statutes governing KSMSC).

These figures are based on the Department of Labor & Workforce Development (DOLWD) Research and Analysis Section's revenue projections from 2/5/20 and DOLWD's updated TVEP allocations published 3/10/20.

Entity	Percent	FY2018 Actual Expenditures	FY2019 Actual Expenditures	FY2020 Planned Distribution	FY2021 Proposed Distribution	Change from Prior Year (Preliminary)
University of Alaska	45%	\$ 5,386.6	\$ 4,926.4	\$ 5,619.3	\$ 6,225.2	\$ 605.9
Galena Interior Learning Academy	4%	\$ 478.8	\$ 437.9	\$ 499.5	\$ 553.4	\$ 53.9
Alaska Technical Center	9%	\$ 1,001.6	\$ 927.8	\$ 1,123.8	\$ 1,245.0	\$ 121.2
Southwest Alaska Vocational and Education Center	3%	\$ 359.1	\$ 328.4	\$ 374.6	\$ 415.0	\$ 40.4
Yuut Elitnaurviat, Inc. People's Learning Center	9%	\$ 1,077.3	\$ 985.3	\$ 1,123.8	\$ 1,245.0	\$ 121.2
Northwestern Alaska Career and Technical Center	3%	\$ 359.1	\$ 328.4	\$ 374.6	\$ 415.0	\$ 40.4
Partners for Progress in Delta, Inc.	3%	\$ 359.1	\$ 328.4	\$ 374.6	\$ 415.0	\$ 40.4
Amundsen Educational Center	2%	\$ 239.4	\$ 218.9	\$ 249.7	\$ 276.7	\$ 27.0
Illisagvik College	5%	\$ 598.5	\$ 547.4	\$ 624.4	\$ 691.7	\$ 67.3
Alaska Vocational Technical Center	17%	\$ 2,034.0	\$ 1,861.1	\$ 2,124.2	\$ 2,351.7	\$ 227.5
<b>Total</b>	<b>100%</b>	<b>\$ 11,893.5</b>	<b>\$ 10,890.0</b>	<b>\$ 12,488.5</b>	<b>\$ 13,833.8</b>	<b>\$ 1,345.3</b>