

Fiscal Note

State of Alaska
2020 Legislative Session

Bill Version:	CSHB 235(L&C)
Fiscal Note Number:	6
(H) Publish Date:	3/13/2020

Identifier: HB235CS(L&C)-UA-SYSBRA-3-11-2020
 Title: AK WORKFORCE INVESTMENT
 BOARD:ALLOCATIONS
 Sponsor: WOOL
 Requester: (H) LABOR & COMMERCE

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 Appropriation Requested	Included in Governor's FY2021 Request	Out-Year Cost Estimates					
			FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services	1,006.5	6,225.2	7,231.7	7,231.7	7,231.7	7,231.7	7,231.7	
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	1,006.5	6,225.2	7,231.7	7,231.7	7,231.7	7,231.7	7,231.7	0.0

Fund Source (Operating Only)

1151 VoTech Ed (DGF)	1,006.5	6,225.2	7,231.7	7,231.7	7,231.7	7,231.7	
Total	1,006.5	6,225.2	7,231.7	7,231.7	7,231.7	7,231.7	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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 If yes, by what date are the regulations to be adopted, amended or repealed?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 the changes to the legislation made in the House Labor & Commerce Committee. The new House L&C Committee Substitute changes the TVEP program contribution rate from 0.16% to 0.18%; extends the program sunset date by two additional years until June 30, 2025; and adds a new program allocation for the Kodiak Seafood and Marine Science Center (KSMSC) which is part of the College of Fisheries and Ocean Science (CFOS) at UAF. KSMSC would begin receiving a direct allocation of 1.925% of available TVEP funds in FY21.

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 Date: 03/11/20

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(L&C) increases the overall TVEP program pool by increasing the UI contribution rate from 0.16% to 0.18%; adds a new program allocation of 1.925% for the Kodiak Seafood and Marine Science Center (KSMSC); slightly reduces the funding distribution percentages for existing program recipients, other than the University of Alaska (UA); and reauthorizes the program for five years, through June 2025.

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 available program funds. This legislation would add a statutory allocation for KSMSC, which is a component of the College of Fisheries and Ocean Science (CFOS) at UAF. Under this legislation, the UI contribution into the TVEP program would increase from 0.16% to 0.18%, which will result in an FY21 TVEP program funding estimated at \$15,441.0. The university's TVEP program would receive a 45% allocation of \$6,935.0 and KSMSC would receive a 1.925% allocation or \$296.7. The total TVEP allocation to UA in FY21 would be \$7,231.7. This analysis assumes level funding for each of the next four fiscal years.

The Governor's amended FY21 operating budget includes \$6,225.2 for UA based on the current statutory program. The TVEP program changes made in CSHB235(L&C) increase UA's distribution under the 45% allocation by \$709.8 and add \$296.7 for KSMSC's 1.925% allocation. Therefore, the bill would generate \$1,006.5 in additional funding for the university in FY21.

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.