

HB

170

# HOUSE COMMITTEE REPORT

(11)

Date Referred: March 3, 1989

FURTHER REFERRALS:

Date of Committee Action: 3/29/89

The FINANCE Committee considered:

HB 170

HOUSE BILL NO. 170 [APPROP: BUS. INCENTIVE TRAINING PROGRAM]

"An Act making a special appropriation to the Department of Community and Regional Affairs for the business incentive training program; and providing for an effective date."

**RECOMMENDATIONS:**

- be replaced with CS HB 170 (Fin.)  the same title
- have attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(s):  
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact \_\_\_\_\_
- zero fiscal note \_\_\_\_\_
- zero with analysis \_\_\_\_\_

- fiscal note(s) \_\_\_\_\_
- zero fiscal note(s) \_\_\_\_\_
- zero fn/analysis \_\_\_\_\_

**SIGNING DO PASS:**

**SIGNING:**

(Check approp. column)

Ronald J. Larson LARSON  
Tom Brown BROWN  
Koponen KOPONEN  
Ulmer ULMER  
Barnes BARNES  
Dick Shultz SHULTZ

	Do Not Pass	No Rec	Amend
<u>Lynn Hoffman</u> HOFFMAN		X	
<u>Swackhammer</u> SWACKHAMMER		X	
<u>Roe E. Phillips</u> PHILLIPS		No Rec	
<u>Steve Rieger</u> RIEGER		✓	
<u>Roy Wallis</u> WALLIS		✓	

Lynn Hoffman  
 Chairman's signature

Original sponsors: Ellis, Boyer,  
M.Davis, et al.

<u>Funding Information</u>	
General Fund	\$300,000
Other Funds	-0-
	<u>\$300,000</u>

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 170 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-  
7 ment of Community and Regional Affairs for the busi-  
8 ness incentive training program; and providing for an  
9 effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 \* Section 1. The sum of \$300,000 is appropriated from the state train-  
12 ing and employment program account in the general fund to the Department of  
13 Community and Regional Affairs for the business incentive training program.

14 \* Sec. 2. The unexpended and unobligated balance of the appropriation  
15 made by this Act lapses into the general fund June 30, 1990.

16 \* Sec. 3. This Act takes effect if an Act is passed by the First Ses-  
17 sion of the Sixteenth Alaska State Legislature that establishes the busi-  
18 ness incentive training program and if an Act is passed by the First Ses-  
19 sion of the Sixteenth Alaska State Legislature that establishes the state  
20 training and employment program account. This Act takes effect on the  
21 later of the effective dates of the two Acts.

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 29, 1989

SUBJECT: Dedicated funds issue in SB 191  
(Employment and training programs)

TO: Representative Johnny Ellis

FROM: Teresa B. Cramer *TBC*  
Legislative Counsel

You have asked whether the provisions in SB 191 that create the employment assistance and training program account and identify money that may be appropriated to the account violate the state constitutional prohibition against the dedication of funds. In my opinion, they do not.

Article IX, sec. 7 prohibits the state from dedicating the proceeds of any state tax or license to a special purpose. The unemployment contributions collected from employees under Sec. 23.21.030 are clearly the proceeds of a state tax for purposes of dedicated fund analysis. The employment assistance and training program is clearly a special purpose. However, Sec. 23.21.020 provides that the money collected from the special employee contributions under sec. 23.21.030 be accounted for separately but deposited in the general fund. The section states that the legislature may appropriate that amount to the Department of Labor for the program.

Since the money may not be spent without legislative appropriation, the bill does not create a dedicated fund and does not violate Article IX, sec. 7 of the state constitution.

If I may be of further assistance, please advise.

TC:gc  
WKG8/086

See page 2  
Sec 23-21.020

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 191

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to employment contributions and to  
7 the establishment of employment and training pro-  
8 grams; and providing for an effective date."

9

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10

\* Section 1. FINDINGS. The legislature finds that

11

(1) an inadequate number of jobs exist in this state to meet the  
12 needs of those seeking employment;

13

(2) many Alaskans are having difficulty finding jobs, especially in  
14 t.rying to meet the changing technology needs in this state;

15

(3) employer and employee contributions paid into the unemployment  
16 insurance system are used for payment of compensation to unemployed work-  
17 ers, and that allocation of a small portion of employment contributions  
18 paid by employees would provide money to develop a state training program  
19 to meet the training needs of Alaskans;

20

(4) a state employment training program would

21

(A) help prevent future claims against unemployment benefits;

22

(B) foster new jobs by encouraging businesses to locate in  
23 Alaska due to availability of a skilled labor force and by minimizing  
24 employers' unemployment costs; and

25

(C) increase training opportunities to those workers severely  
26 affected by the fluctuations in the Alaskan economy or technological  
27 changes in the workplace in the state;

28

(5) it would be beneficial to the state for employment training  
29 programs funded by this Act to supplement, but not to displace, money

1 available to a training entity for public or private training, and not to  
2 replace, parallel, compete with, or duplicate existing federally approved,  
3 jointly administered apprenticeship and training programs.

4 \* Sec. 2. AS 23 is amended by adding a new chapter to read:

5 CHAPTER 21. EMPLOYMENT ASSISTANCE AND TRAINING.

6 Sec. 23.21.010. EMPLOYMENT ASSISTANCE AND TRAINING PROGRAM.

7 There is created a two-year pilot project program, designed by the  
8 state, to finance and award grants to employment assistance and train-  
9 ing entities. Employment assistance and training entities shall  
10 accord appropriate state agencies full access to accounting records  
11 concerning grants received, to assure compliance with program stan-  
12 dards.

13 Sec. 23.21.020. EMPLOYMENT ASSISTANCE AND TRAINING PROGRAM  
14 ACCOUNT. The employment assistance and training program account is  
15 established in the general fund. The commissioner of administration  
16 shall separately account for money collected under AS 23.21.030 that  
17 the department deposits in the general fund. The annual estimated  
18 balance in the account may be appropriated by the legislature to the  
19 department to implement this chapter. The legislature may appropriate  
20 the lapsing balance of the account to the unemployment compensation  
21 fund established in AS 23.20.130.

22 Sec. 23.21.030. SPECIAL EMPLOYEE UNEMPLOYMENT CREDIT AND CONTRI-  
23 BUTIONS FOR PROGRAM. (a) In the manner provided in AS 23.20, the  
24 department shall collect from an employee, who is contributing under  
25 AS 23.20.290(d), one-tenth of one percent of the rate of contribution  
26 payable by the employee under that subsection. Notwithstanding  
27 AS 23.20.290(d), for the purposes of this chapter, beginning July 1,  
28 1989 and continuing through June 30, 1991, for unemployment contri-  
29 butions due for and collected during that period under AS 23.20, the

1 department shall credit an employee, who is contributing under  
2 AS 23.20.290(d), with payment of one-tenth of one percent of the rate  
3 of contribution payable by that employee under that subsection. The  
4 department shall remit to the Department of Revenue, in accordance  
5 with AS 37.10.050, money collected under this subsection.

6 (b) The department shall assess and collect, under AS 23.20.185  
7 -- 23.20.275, interest and penalties for delinquent reports and pay-  
8 ments due under this section. Interest and penalties collected shall  
9 be handled in accordance with AS 23.20.130(d).

10 Sec. 23.21.040. PEOPLE TO BE SERVED. Within the limits of its  
11 grant, an employment assistance and training entity receiving a grant  
12 under AS 23.21.070 shall provide services set out in AS 23.21.050 to  
13 Alaska residents who, immediately before beginning training or receiv-  
14 ing benefits under a grant financed by this program,

15 (1) are unemployed, and

16 (A) receiving unemployment insurance benefits, or

17 (B) exhausted unemployment insurance benefits during

18 the past three years;

19 (2) are employed, but who might be displaced within the next  
20 six months due to

21 (A) reductions in overall employment within a busi-  
22 ness;

23 (B) elimination of the worker's current job; or

24 (C) a change in conditions of employment necessitating  
25 a substantial revision in skills to remain employed; or

26 (3) have worked in covered employment during the last three  
27 years, and are not currently eligible for unemployment insurance  
28 benefits due to

29 (A) seasonal, temporary, part-time, or marginal

1 employment;

2 (B) lack of qualifying wages because of limited job  
3 opportunity; or

4 (C) underemployment, but are in need of employment and  
5 training assistance to obtain full-time employment.

6 Sec. 23.21.050. SERVICES FOR ELIGIBLE PEOPLE. Subject to the  
7 limits of its grant, an entity receiving a grant under AS 23.21.070  
8 shall provide one or more program elements, including

9 (1) industry-specific training;

10 (2) on-the-job training;

11 (3) institutional or classroom job-linked training;

12 (4) support services, including allowances;

13 (5) relocation assistance; or

14 (6) provisions of necessary tools, work-related clothing,  
15 safety gear, or other necessities to obtain or retain employment.

16 Sec. 23.21.060. DUTIES OF THE DEPARTMENT. (a) The department  
17 may award a grant to

18 (1) the State Job Training Coordinating Council to adminis-  
19 ter an employment assistance and training program and to award pilot  
20 project grants to qualified entities; or

21 (2) other qualified training entities to provide services  
22 listed in AS 23.21.050.

23 (b) If a grant is awarded to the State Job Training Coordinating  
24 Council, the department shall annually provide to the council a pri-  
25 ority list of targeted projects or services, based on unemployment  
26 statistics, unemployment insurance claims, occupational and industrial  
27 projections, availability of other training and employment programs,  
28 and other relevant data. In developing the priority list for targeted  
29 projects and services, the department shall solicit comments from the

1 Department of Community and Regional Affairs, Department of Education,  
2 Department of Commerce and Economic Development, University of Alaska,  
3 organized labor, the council, and the administrative entities of the  
4 substate service delivery areas established for the council.

5 (c) The department may adopt regulations necessary to implement  
6 this chapter.

7 Sec. 23.21.070. DUTIES OF STATE JOB TRAINING COORDINATING COUN-  
8 CIL. (a) In implementing this program under a grant received under  
9 AS 23.21.060(a)(1), and subject to the limit of its grant, the State  
10 Job Training Coordinating Council shall award a pilot project grant  
11 for a period of up to two years, in accordance with the priority list  
12 established by the department under AS 23.21.060(b), to an employment  
13 assistance and training entity if the entity meets program require-  
14 ments and can demonstrate that

15 (1) its accounting systems include controls adequate to  
16 check the accuracy and reliability of accounting data, promote operat-  
17 ing efficiency, and assure compliance with program requirements and  
18 generally accepted accounting principles; and

19 (2) its activities do not replace or compete in any way  
20 with a federally approved jointly administered apprenticeship program  
21 or any other existing training programs.

22 (b) Subject to the limits of its grant, the council may not  
23 award a pilot project grant if the grant would displace money avail-  
24 able through existing public or private training programs.

25 (c) The Department of Community and Regional Affairs shall pro-  
26 vide administrative support to the council to administer the program.  
27 To provide administration of the program, the council may use the  
28 administrative entities of the substate service delivery areas estab-  
29 lished for the council.

1 (d) The council shall annually provide the department with  
2 financial and performance reporting on the activities of the program  
3 and recommendations concerning continuation of funding.

4 Sec. 23.21.080. DEFINITIONS. In this chapter,

5 (1) "council" means the State Job Training Coordinating Council  
6 established in the Department of Community and Regional Affairs under  
7 29 U.S.C. 1532 and Administrative Order Number 74 of the governor;

8 (2) "department" means the Department of Labor;

9 (3) "program" means the employment assistance and training  
10 program established under this chapter; and

11 (4) "substate service delivery areas" means those areas desig-  
12 nated by the governor under 29 U.S.C. 1532.

13 Sec. 23.21.090. SHORT TITLE. This chapter may be cited as the  
14 Alaska Employment Assistance and Training Program Act.

15 \* Sec. 3. AS 23.21.010, 23.21.020, 23.21.030, 23.21.040, 23.21.050,  
16 23.21.060, 23.21.070, 23.21.080, and 23.21.090 are repealed.

17 \* Sec. 4. Sections 1 and 2 of this Act take effect July 1, 1989.

18 \* Sec. 5. Section 3 of this Act takes effect July 1, 1991.