

HB

169

HOUSE COMMITTEE REPORT

(7)

Date Referred: February 13, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: _____

The LABOR & COMMERCE Committee considered:

HB 169

HOUSE BILL NO. 169 [BUSINESS INCENTIVE TRAINING PROGRAM]
"An Act establishing the business incentive training program."

RECOMMENDS:

- [] replacing with _____ [] the same title
[] a new title
[] the attached amendment(s)
[] do pass
[] do not pass
[] no recommendation
[] individual recommendations
[] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- [] fiscal impact
[] zero fiscal note
[] zero with analysis

APPROVES PREVIOUS:

- [] fiscal note(s) published:
[] zero fiscal notes(s) published:

SIGNING DO PASS:

Handwritten signatures: Gene Conley, Mark Dayer, Steven A. Herman, etc.

SIGNING OTHER THAN DO PASS: (Do Not Pass, No Recommendation, Amend)

Blank lines for signatures under 'SIGNING OTHER THAN DO PASS'.

Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: HB 169 Establishing a Business
Incentive Training Program
 Sponsor: Ellis
 Requestor: _____

Agency Affected: Community & Regional Affairs
 BRU: Job Training Partnership Act
 Components: Governor's Training, Training
and Energy Field Office

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The attached analysis is a Departmental budget developed assuming passage of an appropriation under HB 170.

Prepared by: Mark Mickelson, Deputy Director
 Division: Rural Development Division

Phone: 465-4890
 Date: 2-28-89

Approved by Commissioner: David B. Hoffman
 Agency: Community and Regional Affairs

Date: 2/28/89

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

State of Alaska 1989 - 16th Legislature
First Session
Fiscal Note Analysis

Title: A Business Incentive
Training Program

Page 2 of 3

Assumptions Funds will be passed through the Department of Community and Regional Affairs with oversight provided by the Alaska State Job Training Coordinating Council. The intent of this bill would also provide for a proportionate pass through of grant funds to the established Service Delivery Areas (the administrative/granting entities established under the Job Training Partnership Act.) One of the three established SDA's within the State, the Statewide SDA, is also organized and functional within the Rural Development Division, Department of Community and Regional Affairs. This analysis therefore reflects both of these functions within this Department.

Presently there are no State general funds available in the JTPA BRU. Federal JTPA funds are dedicated to the administration of JTPA programs and cannot be used for the administration of State funded job training programs. Certain prudent and minimal administrative effort must be made to assure that the funds are expended appropriately by the service agencies.

Program Summary At the State office (JTPO) level, the requested administrative funds will be used to provide contract and grant administration necessary to assure the funds are expended appropriately. Oversight and monitoring, both on-site and at desk will be provided. Participants will be tracked and accounted for through modification to the JTPA Participant Management Information System. Technical assistance will be provided to service providing agencies. General program administration including generation of required fiscal and participant reports will be provided.

At the Service Delivery Area level 85% of funds will be directly granted to eligible training projects. The minimal administrative support requested is necessary to initiate program implementation which would include the planning and design work, outreach and promotion, the solicitation process, grant negotiation and writing, grant monitoring, technical assistance and oversight, participant outreach and recruitment, financial accountability, staff training, and program assessment and evaluation. Program services and administration will be integrated into the existing SDA administrative structure, which utilizes five field offices, a small central support office and support for a Private Industry Council.

Positions No new positions are requested at this time. Funds are requested however to provide for proportional level of support of existing staff who would be assigned administrative duties under this program. This would include staff in both the Governors Training Component (the JTPO) and the Training Energy Field Office Component (SDA).

Other Expenditures Modification of the existing JTPA Participant Management Information System will be needed to track and account for program participants. Estimated one-time cost is \$4,500. Travel for the Statewide SDA will require an estimated \$5,000 in consideration of the cost of rural travel. Other contractual costs will include fiscal support costs at approximately \$2,000; program marketing and promotion at \$1,000; data base maintenance at \$1,500 per year with the equipment maintenance agreement, phone, copier, and printing representing the balance of other planned expenditures.

Proposed Budget The following is a breakout of the Department's proposed budget for FY 90 and FY 91:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		7.6	10.5			
TRAVEL		5.0	6.0			
CONTRACTUAL		9.5	5.6			
SUPPLIES		-0-	-0-			
EQUIPMENT		-0-	-0-			
LAND AND STRUCTURES		-0-	-0-			
GRANTS, CLAIMS		277.9	277.9			
MISCELLANEOUS		-0-	-0-			
TOTAL OPERATING	-0-	300.0	300.0	-0-	-0-	-0-

FISCAL NOTE

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 Requestor: _____

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CAPITAL						
REVENUE				-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

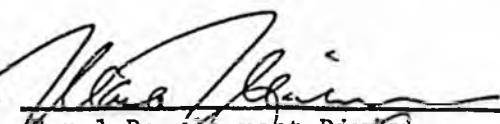
GENERAL FUND	-0-	300.0	300.0	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
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POSITIONS:

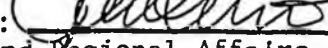
FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

(See Attachment)

Prepared by: 
 Division: Rural Development Division

Phone: 465-4890
 Date: 2/27/89

Approved by Commissioner: 
 Agency: Community and Regional Affairs

Date: 27 Feb 89

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

State of Alaska 1989 - 16th Legislature
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ALASKA STATEWIDE PRIVATE INDUSTRY COUNCIL

JTPA, P.O. BOX BC, JUNEAU, AK 99811

PHONE: (907) 465-4890

February 28, 1989

State of Alaska
House of Representatives
Labor and Commerce Committee

RE: House Bill 169, 170

Honorable Representatives:

Thank you for the opportunity to offer some comments for your review concerning HB 169, an Act establishing the business incentive training program and HB 170, which appropriates \$300,000 to fund the program.

The Alaska Statewide Private Industry Council (ASPIC), which administers federal Job Training Partnership Act (JTPA) funds in rural Alaska, reviewed this legislation during a meeting earlier this month. We found it to be consistent with the job training and employment goals mandated by JTPA as well as those adopted by the PIC.

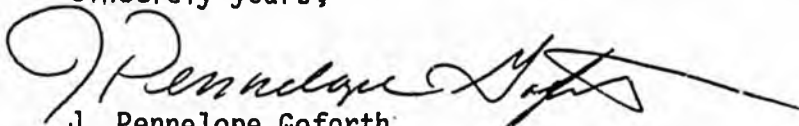
ASPIC has successfully contracted with the Department of Community and Regional Affairs for the delivery of JTPA programs and we find no difficulty in adjusting our administration to accept state funds. In fact, we welcome the additional dollars which will augment our current programs and allow for implementing new programs consistent with the intent of the legislation.

Alaska is one of only six states nationwide that does not offer any matching funds or supplement any JTPA training and employment programs. This measure is the first attempt to directly fund a job training and employment effort in the state. Additionally, it is probably one of the best methods to insure "Alaska Hire".

I urge you to carefully consider this measure as a worthwhile investment in the future of Alaska's labor market.

Thank you for your time and consideration.

Sincerely yours,



J. Penelope Goforth
Chair

3111 C STREET, SUITE 455
ANCHORAGE, ALASKA 99503
(907) 561-7628

WHILE IN SESSION
P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3704

ALASKA STATE HOUSE

OFFICE OF MAJORITY WHIP



CHAIR
HEALTH, EDUCATION & SOCIAL SERVICES

JUDICIARY

SPECIAL COMMITTEE ON
FOREIGN & DOMESTIC TRADE

REPRESENTATIVE JOHNNY ELLIS

BACK UP FOR HB 169 AND HB170

BUSINESS INCENTIVE JOB TRAINING PROGRAM

presented to the House Labor and Commerce Committee

February 28, 1989

CONTENTS:

1) excerpt from the National Association of State Development Agencies, Directory of Incentives for Business Investment and Development in the United States, describing the relationship between developing labor resources and developing business

2) concept suggestion from the Anchorage Economic Development Corporation

3) examples of training programs in other states (Massachusetts, California, Connecticut, and Delaware)

4) copies of sections of the Job Training Partnership Act relating to establishment of regional Private Industry Councils and a Statewide Coordinating Council*

5) news and magazine articles

* Note: rather than establish a new bureaucracy to administer the business incentive training program, this legislation authorizes the three regional Private Industry Councils, already up and running in Alaska, to make grants from the fund.

DCCs in different states. Because the track records of many applicants are relatively short, the managerial ability of the business persons involved is significant in securing assistance. The DCCs are likely to require that the firm has been turned down by one or more lenders before applying, and some will consider only the loan requests referred by member institutions who are willing to purchase part of the loan. Interest rates are generally above the prime rate, which is the cost of loan funds provided to the DCC by its members.

Employment and Training

Trained labor increasingly is viewed as an essential element in development, growth, and redevelopment efforts. Private industry realizes that training can make a difference in reducing manpower costs, increasing productivity, and even making certain operations possible when they rely on particular manpower skills. The ability of states and communities to provide this element, along with land, capital, or other subsidies, can be critical in their efforts to stimulate business, create jobs, and bolster their economies. The importance of trained labor to private industry is reflected in the large number of privately sponsored training programs provided and paid for by the private sector.

★ Many states have already discovered the strong relation between developing labor resources and developing business. In their traditional role of industrial attraction, states found that a suitable labor force was essential, and that training programs were a big help in upgrading the work force. In fact, the mere existence of such a training program acts as a powerful incentive to private business. In this atmosphere, most states have developed training programs "tailored" or "customized" to particular industries or even to specific company needs. The emphasis has always been on practicality—training workers for real jobs, in real companies, which were likely to be available to them. ★ The programs have been designed to reflect local economic realities and private corporate needs, with the latter a major factor. The private sector always plays a central role in the design and implementation of these training programs. More than forty states have formal customized training programs.

Recently some states have refined their training efforts to reflect evolving needs. Among other innovations, special efforts have been made to utilize a trained labor force as an incentive to attract foreign investors; training programs have been expanded to include training for jobs in the service sector; new retraining programs have been started to allow for industrial modernization within states; and entrepreneurial training has been offered as a means of stimulating new business development.

★ The major revolution in state training programs is the increasing tendency of states to more closely link worker training with business development. The linkage between economic development and employment training needs is readily illustrated in a variety of ways. Modernizing the skills of factory workers is just as critical to industrial modernization as innovations in production techniques and capital equipment. Furthermore, the so-called high-technology revolution can move only as fast as the evolution of a work force to carry it out. Just as crucial is the need for a new breed of workers who are equipped to staff America's burgeoning service-sector economy. Rural development efforts aimed at better jobs for the underemployed succeed only if training builds bridges to help people across the skills gap.

Thus, a small but growing number of states have instituted new procedures,

new positions, or new organizations to coordinate training and economic development. Of increasing popularity is the creation of a position of coordinator or ombudsman who participates in planning and operating both sets of programs and "brings to the table" the state's training resources at economic development project negotiations. This is only one method of making the linkage—but it is finding great popularity as a practical, day to day, means of coordination.

ISSUE-SPECIFIC PROGRAMS

There are some categories of programs that play an increasingly important role in state economic development efforts. These are targeted efforts that actually include both financial and nonfinancial assistance, some of which are touched on elsewhere due to overlap. Nevertheless, these special issues are worth noting because they are state priorities and reflect current thinking in state programming.

Export Promotion

Export promotion is basically a means of encouraging business expansion and retention through market expansion and/or substitution. State governments assist smaller- and medium-sized manufacturers that want to enter or enlarge international markets but that lack either the expertise or the capital to export. State trade-development programs usually concentrate on international marketing assistance services, although a few states also offer export financing to companies. Each state has designed an international trade program that meets the needs of its local business constituency, based for the most part on available resources and support from the public or private sector for export development. The range and scope of trade development services thus vary from state to state.

All 50 states have an export development program with staffing ranging from one to forty professionals. In some states a separate international trade division has been created within the development agency. A few states have created a cabinet level position within the governor's cabinet for international trade. In fiscal 1984, states collectively spent over \$10 billion to promote international trade and foreign investment in the United States. In fact, by 1984 the average single state expenditure had risen to almost \$550,000, almost double what it was in 1980. This rise in state international program funds, attributable largely to the growth in export development efforts, occurred at a time when state budgets were severely reduced overall.

Trade promotion is a logical component of a state business retention/expansion program. In fact, several states point out that their largest program for existing industry is the trade-leads service. Trade-leads programs generally provide listings of international trade opportunities by mail to thousands of in-state companies.

As with most economic development programs, the objective for an international trade development program operated by a state development agency is, by and large, to create or maintain jobs. A secondary objective is to increase export sales and tax revenue. Program direction and industry targeting tend to result from the job creation/maintenance goal. For example, state policymakers may decide to expand markets of a high-growth industry in an effort to accelerate job creation or target a mature industry in an effort to maintain jobs.

(2)



ANCHORAGE
ECONOMIC
DEVELOPMENT
CORPORATION

ON-THE-JOB TRAINING SUPPLEMENTS

Purpose: This program would help defray some of the up-front costs of recruiting and training Alaskans to fill new basic industry jobs and, in doing so, make Alaska a more competitive location and expand local employment opportunities.

Need: The high cost of recruiting, training, and retaining labor is perhaps Alaska's most limiting economic handicap. It makes many potential opportunities uneconomic and, at times, leads to the excessive utilization of nonresident labor. More than half of all U.S. cities offer training and retraining programs as part of their economic development package.

Structure: The federal Job Training and Partnership Act reimburses employers up to \$2,400 of a qualifying employee's first year's wages. This proposed state program would supplement the federal program by extending it to all Alaskans, not just those that meet low income criteria. The federally funded low income candidates would be given first priority. The state supplements would be available only after the list of JTPA qualified candidates is exhausted.

Cost: We are suggesting that this program be funded with an initial appropriation of \$5 million. Then, we are suggesting that it be evaluated and, if it is shown to be effective, replenished in future years.

550 West 7th Avenue
Suite 850
Anchorage, AK 99501
Telephone (907) 258-3700

Provide growth capital to young organizations that have outgrown initial capital infusions but are unable to gain access to more mature equity sources

The needs of the applicant company must fit the established goals of MCRC; that is, loans and investments must be influential in helping applicants grow, thereby expanding job opportunities within the state. MCRC must also be able to confirm by at least 3 independent inquiries that an investment on similar terms would not be available from other sources.

Volume MCRC is capitalized at \$100 million. In the first 8 years of operation through December 1985, MCRC invested \$140 million in 110 companies. These investments range in size from \$100,000 to \$5 million.

Application Applications are made directly to MCRC and should contain enough information to describe the history and nature of the operation, the products and manufacturing process, the marketing strategy, and enough financial information to adequately describe the company's past operations, present status, and future financial needs and expectations. Specifically, the company must provide the following:

Financial statements for the past 5 years

Financial projections for the next 5 years

Amount and purpose of financing required

Description of product lines

Markets for products

Names of competitors and how the company plans to meet competition

Suppliers

Data on past and future employment at the company

History of the company

Background information on principals

Details of existing debt and capital

Final approval of applications must be made by the MCRC investment committee.

Contact Massachusetts Capital Resource Company
545 Boylston Street
Boston, Massachusetts 02116
(617) 536-3900

Customized Industrial Training

Bay State Skills Corporation

The Bay State Skills Corporation (BSSC) is a quasi-public entity governed by its own board of directors and funded by the state legislature to provide training programs for high-demand occupations or emerging technologies in the state. Companies in need of retraining their work force or recruiting and training potential employees for newly created positions should contact BSSC, specifying the

type of training desired. The training may be either pre-employment or on the job, including training to upgrade employees' skills. BSSC will then identify an appropriate school, college, or training organization. The training program must be conducted in collaboration with a local school, college, university, or training center. When necessary, the educational institution does the advertising, testing, and screening for potential trainees with input from the participating company(ies).

Through BSSC grant awards, the state provides 50% of the cost of training, while the company is expected to contribute 50%. Contributions from the company include a wide range of in-kind support such as personnel time for instruction, curriculum design, screening candidates, or internship supervision; and donated or loaned equipment, cash, or other components that make for a good, strong training program. If the company prefers, its own facilities may be used as part of its in-kind contribution.

BSSC also offers a special program in which trainees are from a targeted section of the population, including displaced workers and AFDC recipients. Under this program the BSSC assumes 80% of the costs and the company is expected to contribute only 20%.

Eligibility BSSC is the catalyst for uniting industry and education to provide training for high growth occupations or positions in high demand in the state's economy. To date, BSSC has focused primarily on advanced (university and college), retraining and entry-level professional programs in engineering, computer services, general manufacturing, communications, machine trades, allied health occupations and entry-level clerical/word processing and hotel positions. Although no minimum number of job openings is required, there must be enough jobs to warrant the training and make it economically feasible. The training institution is encouraged to establish a consortium of companies where appropriate.

Volume BSSC was established in September 1981 with an initial appropriation from the state legislature of \$8 million. As of December 31, 1985, 302 programs had been approved at a cost of approximately \$15 million, which brought over 600 companies together with 200 educational institutions to jointly train people in 6 industrial areas: high technology, manufacturing, health, machine trades, automated office work, and the service sector.

Application Companies interested in seeking state assistance for customized job training should contact BSSC. If the training needs of the company qualify for assistance, BSSC will enter into a memorandum of agreement with the firm and work with the company to design a training program.

Contact Maureen O'Hare
Director of Marketing and Communications
Bay State Skills Corporation
101 Summer Street, 2nd Floor
Boston, Massachusetts 02110
(617) 292-5100

BASIC BUSINESS TAXES

Corporate Income Tax

The state imposes an excise (income) tax on domestic and foreign corporations. For purposes of the excise (income) tax, corporations are classified as either tan-

Special allocation of \$75 million in industrial development bonds

Targeting of state small business and employment and training programs

The Waters Program requires that each block group of a proposed area exceed 150% of the national unemployment and poverty rates while also meeting certain "pocket of poverty" criteria under the UDAG program. The Nolan Program requires that each census tract meet UDAG criteria. These criteria establish a "minimum threshold" of economic distress that a proposed area must meet in order to apply to the state for designation. Designations are made based on proposals from cities and counties containing areas meeting these criteria. These areas are then evaluated competitively on the basis of local economic development incentives designed to complement state incentives.

Eligibility The two programs have different eligibility criteria. The Nolan Program is available to any type of business. Individual incentives may require that certain criteria be met.

The Waters Program requires of a business that it be certified by the state. The business must meet one of the following criteria:

30% of the work force is from a distressed area and the employer provides some kind of community service.

50% of the work force is from a distressed area.

30% of the business is owned by persons in a distressed area.

Volume Under the Nolan Program, a maximum of 10 zones can be designated, and 10 have been designated. Under the Waters Program, a maximum of 9 zones can be designated, and 3 have been designated. There will be 2 more rounds with 3 designations each in 1987 and 1988.

Application For the Nolan Program, the business simply fills out the proper lines on the tax return.

For the Waters Program, the state provides a certification form that must be submitted to the California Department of Commerce. If the business meets the criteria, the state returns an approval form to the business to be filed with the tax return.

Contact Richard Whitman
Enterprise Zone Programs
Department of Commerce
1121 L Street, Suite 600
Sacramento, California 95814
(916) 324-8211

Customized Industrial Training

Employment Training Panel

The Employment Training Panel (ETP) helps match the need of businesses for trained workers with the need of unemployed workers for jobs by contracting with employers and training agencies to cover the actual cost of training. It is funded by diverting a small fraction of the Unemployment Insurance Fund and is intended

to reduce unemployment insurance (UI) costs by getting workers off UI and keeping them off. Because of this, only those workers who are receiving UI, who have exhausted their UI claims, or who are likely to claim UI may be trained under this program.

ETP is a different kind of training and economic development program:

It retrains people with established work histories, not new entrants into the labor market.

ETP pays for training only for known jobs in stable or expanding occupations that provide a decent living.

ETP makes selection of trainees and design of training the responsibility of business even when training agencies provide the training.

ETP pays only for direct training costs, not for stipends or wage subsidies.

ETP has the flexibility to respond to businesses across California as the need arises.

ETP uses a negotiated fee, performance-based contract. This means that payment is made on the basis of the number of trainees who are placed and remain in long-term employment for at least 90 days. ETP does not use a Request for Proposal process. Instead ETP works with employers and training agencies to develop and write training contracts.

Contact Employment Training Panel
800 Capitol Mall, MIC 64
Sacramento, California 95814
(916) 324-3615

BASIC BUSINESS TAXES

Corporate Income Tax

The state imposes a bank and corporation franchise tax on any corporation doing business in the state. The tax is based on net income attributable to sources within the state including tangible property located in the state and activities carried on in the state that produce income. The state does not use the federal net income as a basis for the tax; instead, the net income is defined as the gross business income less deductions allowed under the state tax code. Federal income taxes paid are not deductible. Accelerated depreciation is allowed, but the accelerated cost recovery system is not allowed. Net operating losses cannot be carried forward or backward.

The tax rate is a flat 9.6% of taxable income for fiscal or calendar years 1980-1982. For fiscal and calendar years after 1982, the rate will vary between 9.3% and 9.6%.

Administration is by the State Franchise Tax Board.

Sales and Use Taxes

The state sales and use tax rate is 4.75%. In addition, cities and/or counties levy a 1.25% local sales and use tax, which brings the basic statewide rate to 6%. Several

facility seeking assistance must be located in the zone or must be planning to locate within the zone.

- Volume** The program was authorized by the state legislature in 1981 and went into effect in July 1982. Six zones have been designated. As of June 30, 1985, new investments totaling \$135 million had been made and assisted.
- Application** Industrial companies apply through CDED. Commercial retail enterprises and residential developers apply through their local governments.
- Contact** Ken Roberts
Connecticut Department of Economic Development
210 Washington Street
Hartford, Connecticut 06106
(203) 566-3322

Customized Industrial Training

Connecticut Labor Training Program

The Connecticut Labor Training Program (CLTP) is administered by the Office of Job Training and Skill Development in the Department of Labor to provide preemployment and on-the-job training to companies locating or expanding in the state. The program is designed to reduce start-up costs; companies receive most of the services associated with the program at no cost.

CLTP handles recruitment advertising and refers potential trainees to the company for final selection of participants. Trainees are usually hired by the company before the training begins. Trainees may be reimbursed by CLTP depending on the arrangement between CLTP and the company.

Training can be conducted on the company premises, at a local technical school, or at a community college. Employees of the company are used as instructors when practical. CLTP, according to the company's needs, can provide all training materials, including video materials.

CLTP will consider retraining existing employees if existing jobs can be saved by doing so.

- Eligibility** Any company creating new jobs is eligible for CLTP assistance. No minimum number of jobs is required.
- Volume** CLTP has an annual base appropriation from the state of \$1.5 million. In fiscal 1985 783 people in 27 firms received customized job training and 227 dislocated workers were assisted through 17 projects.
- Application** No formal application is required from the company. CLTP requests that any interested company provide information on the number of jobs involved, the types of jobs, and the timetable for operation of the new facility.
- Contact** Office of Job Training and Skill Development
200 Folly Brook Blvd.
Wethersfield, Connecticut 06109
(203) 566-2450

Industrial Development Bonds/Locally Issued

Two of Delaware's 3 counties, New Castle County and Sussex County, and the City of Wilmington are authorized to issue industrial development bonds (IDBs). The company benefiting from the bond issue as purchaser or user of the facility is responsible for all appropriate state and local taxes levied on the facility.

Eligibility Manufacturing, commercial, and service industries moving into or expanding within these jurisdictions are eligible. New Castle and Sussex Counties have no minimum capital expenditure requirements for commercial or service projects for which bonds are sought. The City of Wilmington has a \$100,000 minimum for commercial and service projects.

Local issuing authorities use the same standards utilized by the Delaware Development Office to evaluate applicants.

Volume In 1985, New Castle County Economic Development Corporation issued IDB financing authorizations for 56 projects totaling \$72,916,070; the City of Wilmington had 51 projects totaling \$41,698,450; and Sussex County had 20 projects totaling \$17,504,000.

Application The firm applies directly to the governing body of the local jurisdiction. No public notice or public approval is required for bond approval.

Contacts Sussex County Department of Industrial Development
P.O. Box 589
Georgetown, Delaware 19947
(302) 856-7701

New Castle County Economic Development Corp.
One Commerce Center, Suite 500
Wilmington, Delaware 19801
(302) 656-5050

City of Wilmington
Department of Commerce
City/County Building
800 French Street
Wilmington, Delaware 19801
(302) 571-4610

Enterprise Zones

See "Targeted Areas Tax Incentives" under the "Tax Exemptions, Deductions, Credits, and Special Treatment" section of this state's write-up.

Customized Industrial Training

Industrial Training Programs

The Delaware Development Office (DDO) administers the training program to provide customized job training assistance. DDO acts as a broker and financial underwriter of training programs for new or expanding firms in the state.

Recognizing the need for industry training funds that provide greater flexibility and employer control than federal funds, Delaware passed legislation in 1984 to provide \$1.6 million annually to subsidize job training activities. Part of this money was reserved for economic development-related training and allocated to the DDO for employer-initiated programs. Should a company identify a lack of specifically skilled workers, a program is designed to train employer-selected applicants for the available positions. The employer signs off on the proposed training program and, upon its completion, determines its effectiveness before reimbursement is made to the trainer. Thus, the employer maintains control over the quality of the work force ultimately hired. Paperwork, restrictions, and regulations are minimal.

Although the remainder of the Blue Collar funds (see "Targeted Industry Tax Incentives" below) are disbursed by the state's Private Industry Council, along with funds from the Job Training Partnership Act and the Dislocated Workers Program, the Council, too, can be accessed through the Development Office, the "one-stop shopping" source for industry. This coordination is possible because Delaware's size permits a one-service delivery area structure, eliminating much of the regional bureaucracy and political interest that impedes efficiency. A similar coordination is evident between DDO and the Department of Public Instruction, which receives \$1.8 million annually in vocational training funds under the federal Carl Perkins Act of 1984.

- Eligibility** Training can be provided for any new or expanding firm engaged in manufacturing, commercial, or service operations in the state. No minimum number of jobs is required.
- Volume** Annually the Delaware Development Office can access approximately \$7 million in job training funds with customized training being funded for the amount needed by the employer to develop an initial work force for start-up or expansion.
- Application** Initial application for training assistance is made to DDO. Once the needs of the interested company have been assessed, a training program is selected to meet these needs.
- Contact** Delaware Development Office
99 Kings Highway
P.O. Box 1401
Dover, Delaware 19903
(302) 736-4271

BASIC BUSINESS TAXES

Corporate Income Tax

Delaware imposes a direct tax on net income derived from business activities and property located in the state. Net income is the amount of federal taxable income with adjustments provided under state tax law, apportioned and allocated to the state. Federal income tax paid is not deductible in determining net income. The rate is 8.7% of taxable net income at all levels.

Organizations that are exempt from the tax include corporations that are incorporated in, but not transacting business in, the state, and corporations that

Job Training Partnership Act

(Editor's Note: Following is the text of the Job Training Partnership Act (JTPA), P.L. 97-300. Signed by the president on October 13, 1982, JTPA took effect in FY 1984. Included in the text are "minor and technical" revisions instituted by P.L. 97-404, enacted on 12/31/82, "conforming" amendments instituted by the Carl D. Perkins Vocational Education Act, P.L. 98-524, enacted on 10/19/84, and the Job Training Partnership Act Amendments of 1986, P.L. 99-496, enacted on October 16, 1986. The 1986 amendments provide more stable funding for service delivery areas under Titles II-A and II-B, put a new emphasis on literacy, mandating remedial education during the summer youth employment program, and count pre-employment skills training for 14 and 15 year-olds toward the 40-percent youth spending requirement. They also allow the use of six-percent funds for post-program data collection for two years and for general and preventive technical assistance, add the self-employed and farmers to the definition of dislocated workers, call for special consideration to displaced homemakers, the handicapped, and veterans, and authorize presidential awards for outstanding private sector training programs and model programs for individuals with multiple barriers to employment.)

An Act

To provide for a job training program and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE; TABLE OF CONTENTS

SECTION 1. This Act may be cited as the "Job Training Partnership Act".

TABLE OF CONTENTS

- Sec. 1. Short title; table of contents.
- Sec. 2. Statement of purpose.
- Sec. 3. Authorization of appropriations.
- Sec. 4. Definitions.

TITLE I—JOB TRAINING PARTNERSHIP

PART A—SERVICE DELIVERY SYSTEM

- Sec. 101. Establishment of service delivery areas.
- Sec. 102. Establishment of private industry council.
- Sec. 103. Functions of private industry council.
- Sec. 104. Job training plan.
- Sec. 105. Review and approval of plan.
- Sec. 106. Performance standards.
- Sec. 107. Selection of service providers.
- Sec. 108. Limitation on certain costs.

PART B—ADDITIONAL STATE RESPONSIBILITIES

- Sec. 121. Governor's coordination and special services plan.
- Sec. 122. State job training coordinating council.
- Sec. 123. State education coordination and grants.
- Sec. 124. Training programs for older individuals.
- Sec. 125. State labor market information programs.
- Sec. 126. Authority of State legislature.
- Sec. 127. Interstate agreements.

PART C—PROGRAM REQUIREMENTS FOR SERVICE DELIVERY SYSTEM

- Sec. 141. General program requirements.
- Sec. 142. Benefits.
- Sec. 143. Labor standards.
- Sec. 144. Grievance procedure.
- Sec. 145. Prohibition against Federal control of education.

PART D—FEDERAL AND FISCAL ADMINISTRATIVE PROVISIONS

- Sec. 161. Program year.
- Sec. 162. Prompt allocation of funds.
- Sec. 163. Monitoring.
- Sec. 164. Fiscal controls; sanctions.
- Sec. 165. Reports, recordkeeping, and investigations.
- Sec. 166. Administrative adjudication.
- Sec. 167. Nondiscrimination.
- Sec. 168. Judicial review.
- Sec. 169. Administrative provisions.
- Sec. 170. Utilization of services and facilities.
- Sec. 171. Obligational authority.

PART E—MISCELLANEOUS PROVISIONS

- Sec. 181. Transition.
- Sec. 182. Criminal provisions.
- Sec. 183. Reference.
- Sec. 184. Repealers.

TITLE II—TRAINING SERVICES FOR THE DISADVANTAGED

PART A—ADULT AND YOUTH PROGRAMS

- Sec. 201. Allotment.
- Sec. 202. Within State allocation.
- Sec. 203. Eligibility for services.
- Sec. 204. Use of funds.
- Sec. 205. Exemplary youth programs.

PART B—SUMMER YOUTH EMPLOYMENT AND TRAINING PROGRAMS

- Sec. 251. Purposes.
- Sec. 252. Authorization of appropriations; allotment and allocation.
- Sec. 253. Use of funds.
- Sec. 254. Limitations.
- Sec. 255. Applicable provisions.

TITLE III—EMPLOYMENT AND TRAINING ASSISTANCE FOR DISLOCATED WORKERS

- Sec. 301. Allocation of funds.
- Sec. 302. Identification of dislocated workers.
- Sec. 303. Authorized activities.
- Sec. 304. Matching requirement.
- Sec. 305. Program review.
- Sec. 306. Consultation with labor organizations.
- Sec. 307. Limitations.
- Sec. 308. State plans; coordination with other programs.

TITLE IV—FEDERALLY ADMINISTERED PROGRAMS

PART A—EMPLOYMENT AND TRAINING PROGRAMS FOR NATIVE AMERICANS AND MIGRANT AND SEASONAL FARMWORKERS

- Sec. 401. Native American programs.
- Sec. 402. Migrant and seasonal farmworker programs.

PART B—JOB CORPS

- Sec. 421. Statement of purpose.
- Sec. 422. Establishment of the Job Corps.
- Sec. 423. Individuals eligible for the Job Corps.
- Sec. 424. Screening and selection of applicants; general provisions.
- Sec. 425. Screening and selection; special limitations.
- Sec. 426. Enrollment and assignment.
- Sec. 427. Job Corps centers.
- Sec. 428. Program activities.
- Sec. 429. Allowances and support.
- Sec. 430. Standards of conduct.
- Sec. 431. Community participation.
- Sec. 432. Counseling and job placement.
- Sec. 433. Experimental and developmental projects and coordination with other programs.
- Sec. 434. Advisory boards and committees.
- Sec. 435. Participation of the States.
- Sec. 436. Application of provisions of Federal law.
- Sec. 437. Special provisions.
- Sec. 438. General provisions.
- Sec. 439. Donations.

PART C—VETERANS' EMPLOYMENT PROGRAMS

- Sec. 441. Programs authorized.

PART D—NATIONAL ACTIVITIES

- Sec. 451. Multistate programs.
- Sec. 452. Research and demonstration.
- Sec. 453. Pilot projects.
- Sec. 454. Evaluation.
- Sec. 455. Training and technical assistance.
- Sec. 456. Projects for special populations.

PART E—LABOR MARKET INFORMATION

- Sec. 461. Labor market information; availability of funds.
- Sec. 462. Cooperative labor market information program.
- Sec. 463. Special Federal responsibilities.
- Sec. 464. National Occupational Information Coordinating Committee.
- Sec. 465. Job bank program.

PART F—NATIONAL COMMISSION FOR EMPLOYMENT POLICY

- Sec. 471. Statement of purpose.
- Sec. 472. Commission established.
- Sec. 473. Functions of the Commission.
- Sec. 474. Administrative provisions.
- Sec. 475. Reports.

PART G—TRAINING TO FULFILL AFFIRMATIVE ACTION OBLIGATIONS

- Sec. 481. Affirmative action.

TITLE V—MISCELLANEOUS PROVISIONS

- Sec. 501. Amendments to the Wagner-Peyser Act.
- Sec. 502. Amendments to part C of title IV of the Social Security Act.
- Sec. 503. Earnings disregard.
- Sec. 504. Enforcement of Military Selective Service Act.

STATEMENT OF PURPOSE

SEC. 2. It is the purpose of this Act to establish programs to prepare youth and unskilled adults for entry into the labor force and to afford job training to those economically disadvantaged individuals and other individuals facing serious barriers to employment, who are in special need of such training to obtain productive employment.

AUTHORIZATION OF APPROPRIATIONS

SEC. 3. (a)(1) There are authorized to be appropriated to carry out part A of title II and title IV (other than part B of such title) such sums as may be necessary for fiscal year 1983 and for each succeeding fiscal year.

(2) From the amount appropriated pursuant to paragraph (1) for any fiscal year, an amount equal to not more than 7 percent of the total amount appropriated pursuant to this section shall be available to carry out parts A, C, D, E, F, and G of title IV.

(3) Of the amount so reserved under paragraph (2)—

- (A) 5 percent shall be available for part C of title IV, and
- (B) \$2,000,000 shall be available for part F of title IV.

(b) There are authorized to be appropriated to carry out part B of title II such sums as may be necessary for fiscal year 1983 and for each succeeding fiscal year.

(c) There are authorized to be appropriated to carry out title III such sums as may be necessary for fiscal year 1983 and for each succeeding fiscal year.

(d) There are authorized to be appropriated \$618,000,000 for fiscal year 1983, and such sums as may be necessary for each succeeding fiscal year, to carry out part B of title IV of this Act.

(e) The authorizations of appropriations contained in this section are subject to the program year provisions of section 161.

DEFINITIONS

SEC. 4. For the purposes of this Act, the following definitions apply:

(1) The term "academic credit" means credit for education, training, or work experience applicable toward a secondary school diploma, a postsecondary degree, or an accredited certificate of completion, consistent with applicable State law and regulation and the requirements of an accredited educational agency or institution in a State.

(2) The term "administrative entity" means the entity designated to administer a job training plan under section 103(b)(1)(B).

(3) The term "area of substantial unemployment" means any area of sufficient size and scope to sustain a program under part A of title II of this Act and which has an average rate of unemployment of at least 6.5 percent for the most recent twelve months as determined by the Secretary. Determinations of areas of substantial unemployment shall be made once each fiscal year.

(4) The term "chief elected official" includes—
(A) in the case of a State, the Governor;
(B) in the District of Columbia, the mayor; and
(C) in the case of a service delivery area designated under section 101(a)(4)(A)(iii), the governing body.

(5) The term "community-based organizations" means private nonprofit organizations which are representative of communities or significant segments of communities and which provide job training services (for example, Opportunities Industrialization Centers, the National Urban League, SER-Jobs for Progress, United Way of America, Mainstream, the National Puerto Rican Forum, National Council of La Raza, 70,001, Jobs for Youth, organizations operating career intern programs, neighborhood groups and organizations, community action agencies, community development corporations, vocational rehabilitation organizations, rehabilitation facilities (as defined in section 7(10) of the Rehabilitation Act of 1973), agencies serving youth, agencies serving the handicapped, including disabled veterans, agencies serving displaced homemakers, union-related organizations, and employer-related nonprofit organizations), and organizations serving nonreservation Indians (including the National Urban Indian Council), as well as tribal governments and Native Alaskan groups.

(6) Except as otherwise provided therein, the term "council"

means the private industry council established under section 102.

(7) The term "economic development agencies" includes local planning and zoning commissions or boards, community development agencies, and other local agencies and institutions responsible for regulating, promoting, or assisting in local economic development.

(8) The term "economically disadvantaged" means an individual who (A) receives, or is a member of a family which receives, cash welfare payments under a Federal, State, or local welfare program; (B) has, or is a member of a family which has, received a total family income for the six-month period prior to application for the program involved (exclusive of unemployment compensation, child support payments, and welfare payments) which, in relation to family size, was not in excess of the higher of (i) the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, or (ii) 70 percent of the lower living standard income level; (C) is receiving food stamps pursuant to the Food Stamp Act of 1977; (D) is a foster child on behalf of whom State or local government payments are made; or (E) in cases permitted by regulations of the Secretary, is an adult handicapped individual whose own income meets the requirements of clause (A) or (B), but who is a member of a family whose income does not meet such requirements.

(9) The term "Governor" means the chief executive of any State.

(10) The term "handicapped individual" means any individual who has a physical or mental disability which for such individual constitutes or results in a substantial handicap to employment.

(11) The term "Hawaiian native" means any individual any of whose ancestors were natives, prior to 1778, of the area which now comprises the State of Hawaii.

(12) The term "institution of higher education" means any institution of higher education as that term is defined in section 1201(a) of the Higher Education Act of 1965.

(13) The term "labor market area" means an economically integrated geographic area within which individuals can reside and find employment within a reasonable distance or can readily change employment without changing their place of residence. Such areas shall be identified in accordance with criteria used by the Bureau of Labor Statistics of the Department of Labor in defining such areas or similar criteria established by a Governor.

(14) The term "local educational agency" means such an agency as defined in section 4(15) of the Carl D. Perkins Vocational Education Act.

(15) The term "low-income level" means \$7,000 with respect to income in 1969, and for any later year means that amount which bears the same relationship to \$7,000 as the Consumer Price Index for that year bears to the Consumer Price Index for 1969, rounded to the nearest \$1,000.

(16) The term "lower living standard income level" means that income level (adjusted for regional, metropolitan, urban, and rural differences and family size) determined annually by the Secretary based on the most recent "lower living family budget" issued by the Secretary.

(17) The term "offender" means any adult or juvenile who is or has been subject to any stage of the criminal justice process for whom services under this Act may be beneficial or who requires assistance in overcoming artificial barriers to employment resulting from a record of arrest or conviction.

(18) The term "postsecondary institution" means an institution of higher education as that term is defined in section 481(a)(1) of the Higher Education Act of 1965.

(19) The term "private sector" means, for purposes of the State job training councils and private industry councils, persons who are owners, chief executives or chief operating officers of private for-profit employers and major nongovernmental employers, such as health and educational institutions or other executives of such employers who have substantial management or policy responsibility.

(20) The term "public assistance" means Federal, State, or local government cash payments for which eligibility is determined by a needs or income test.

(21) The term "Secretary" means the Secretary of Labor.

(22) The term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, American Samoa, and the Trust Territory of the Pacific Islands.

(23) The term "State educational agency" means such an agency as defined in section 1201(h) of the Higher Education Act of 1965.

(24) The term "supportive services" means services which are necessary to enable an individual eligible for training under

this Act, but who cannot afford to pay for such services, to participate in a training program funded under this Act. Such supportive services may include transportation, health care, special services and materials for the handicapped, child care, meals, temporary shelter, financial counseling, and other reasonable expenses required for participation in the training program and may be provided in-kind or through cash assistance.

(25) The term "unemployed individuals" means individuals who are without jobs and who want and are available for work. The determination of whether individuals are without jobs shall be made in accordance with the criteria used by the Bureau of Labor Statistics of the Department of Labor in defining individuals as unemployed.

(26) The term "unit of general local government" means any general purpose political subdivision of a State which has the power to levy taxes and spend funds, as well as general corporate and police powers.

(27)(A) The term "veteran" means an individual who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable.

(B) The term "disabled veteran" means (i) a veteran who is entitled to compensation under laws administered by the Veterans' Administration, or (ii) an individual who was discharged or released from active duty because of service-connected disability.

(C) The term "recently separated veteran" means any veteran who applies for participation under any title of this Act within 48 months of the discharge or release from active military, naval, or air service.

(D) The term "Vietnam era veteran" means a veteran any part of whose active military service occurred between August 5, 1964, and May 7, 1975.

(28) The term "vocational education" has the meaning provided in section 521(31) of the Carl D. Perkins Vocational Education Act.

(29) The term "displaced homemaker" means an individual who—

(A) was a full-time homemaker for a substantial number of years; and

(B) derived the substantial share of his or her support from—

(i) a spouse and no longer receives such support due to the death, divorce, permanent disability of, or permanent separation from the spouse; or

(ii) public assistance on account of dependents in the home and no longer receives such support.

TITLE I—JOB TRAINING PARTNERSHIP

PART A—SERVICE DELIVERY SYSTEM

ESTABLISHMENT OF SERVICE DELIVERY AREAS

Sec. 101. (a)(1) The Governor shall, after receiving the proposal of the State job training coordinating council, publish a proposed designation of service delivery areas for the State each of which—

(A) is comprised of the State or one or more units of general local government;

(B) will promote effective delivery of job training services; and

(C)(i) is consistent with labor market areas or standard metropolitan statistical areas, but this clause shall not be construed to require designation of an entire labor market area; or

(ii) is consistent with areas in which related services are provided under other State or Federal programs.

(2) The Council shall include in its proposal a written explanation of the reasons for designating each service delivery area.

(3) Units of general local government (and combinations thereof), business organizations, and other affected persons or organizations shall be given an opportunity to comment on the proposed designation of service delivery areas and to request revisions thereof.

(4)(A) The Governor shall approve any request to be a service delivery area from—

(i) any unit of general local government with a population of 200,000 or more;

(ii) any consortium of contiguous units of general local government with an aggregate population of 200,000 or more which serves a substantial part of one or more labor market areas; and

(iii) any concentrated employment program grantee for a rural area which served as a prime sponsor under the Comprehensive Employment and Training Act.

(B) The Governor may approve a request to be a service delivery area from any unit of general local government or consortium of contiguous units of general local government, without regard to

population, which serves a substantial portion of a labor market area.

(C) If the Governor denies a request submitted under subparagraph (A) and the entity making such request alleges that the decision of the Governor is contrary to the provisions of this section, such entity may appeal the decision to the Secretary, who shall make a final decision within 30 days after such appeal is received.

(b) The Governor shall make a final designation of service delivery areas within the State. Before making a final designation of service delivery areas for the State, the Governor shall review the comments submitted under subsection (a)(3) and requests submitted under subsection (a)(4).

(c)(1) In accordance with subsection (a), the Governor may redesignate service delivery areas no more frequently than every two years. Such redesignations shall be made not later than 4 months before the beginning of a program year.

(2) Subject to paragraph (1), the Governor shall make such a redesignation if a petition to do so is filed by an entity specified in subsection (a)(4)(A).

(3) The provisions of this subsection are subject to section 105(c).

ESTABLISHMENT OF PRIVATE INDUSTRY COUNCIL

Sec. 102. (a) There shall be a private industry council for every service delivery area established under section 101, to be selected in accordance with this subsection. Each council shall consist of—

(1) representatives of the private sector, who shall constitute a majority of the membership of the council and who shall be owners of business concerns, chief executives or chief operating officers of nongovernmental employers, or other private sector executives who have substantial management or policy responsibility; and

(2) representatives of educational agencies (representative of all educational agencies in the service delivery area), organized labor, rehabilitation agencies, community-based organizations, economic development agencies, and the public employment service.

(b) The Chairman of the council shall be selected from among members of the council who are representatives of the private sector.

(c)(1)(A) Private sector representatives on the council shall be selected from among individuals nominated by general purpose business organizations after consulting with, and receiving recommendations from, other business organizations in the service delivery area. The number of such nominations shall be at least 150 percent of the number of individuals to be appointed under subsection (a)(1). Such nominations, and the individuals selected from such nominations, shall reasonably represent the industrial and demographic composition of the business community. Whenever possible, at least one-half of such business and industry representatives shall be representatives of small business, including minority business.

(B) For the purpose of this paragraph, the term—

(i) "general purpose business organizations" means organizations which admit to membership any for-profit business operating within the service delivery area; and

(ii) "small business" means private for-profit enterprises employing 500 or fewer employees.

(2) Education representatives on the council shall be selected from among individuals nominated by local educational agencies, vocational education institutions, institutions of higher education, or general organizations of such agencies or institutions, and by private and proprietary schools or general organizations of such schools, within the service delivery area.

(3) The remaining members of the council shall be selected from individuals recommended by interested organizations. Labor representatives shall be recommended by recognized State and local labor organizations or appropriate building trades councils.

(d)(1) In any case in which there is only one unit of general local government with experience in administering job training programs within the service delivery area, the chief elected official of that unit shall appoint members to the council from the individuals nominated or recommended under subsection (c).

(2) In any case in which there are two or more such units of general local government in the service delivery area, the chief elected officials of such units shall appoint members to the council from the individuals so nominated or recommended in accordance with an agreement entered into by such units of general local government. In the absence of such an agreement, the appointments shall be made by the Governor from the individuals so nominated or recommended.

(e) The initial number of members of the council shall be determined—

(1) by the chief elected official in the case described in subsection (d)(1),

(2) by the chief elected officials in accordance with the agreement in the case described in subsection (d)(2), or

(3) by the Governor in the absence of such agreement. Thereafter, the number of members of the council shall be determined by the council.

(f) Members shall be appointed for fixed and staggered terms and may serve until their successors are appointed. Any vacancy in the membership of the council shall be filled in the same manner as the original appointment. Any member of the council may be removed for cause in accordance with procedures established by the council.

(g) The Governor shall certify a private industry council if the Governor determines that its composition and appointments are consistent with the provisions of this subsection. Such certification shall be made or denied within 30 days after the date on which a list of members and necessary supporting documentation are submitted to the Governor. When the Governor certifies the council, it shall be convened within 30 days by the official or officials who made the appointments to such council under subsection (d).

(h) In any case in which the service delivery area is a State, the State job training coordinating council or a portion of such council may be reconstituted to meet the requirements of this section.

FUNCTIONS OF PRIVATE INDUSTRY COUNCIL

Sec. 103. (a) It shall be the responsibility of the private industry council to provide policy guidance for, and exercise oversight with respect to, activities under the job training plan for its service delivery area in partnership with the unit or units of general local government within its service delivery area.

(b)(1) The council, in accordance with an agreement or agreements with the appropriate chief elected official or officials specified in subsection (c), shall—

(A) determine procedures for the development of the job training plan, which may provide for the preparation of all or any part of the plan (i) by the council, (ii) by any unit of general local government in the service delivery area, or by an agency thereof, or (iii) by such other methods or institutions as may be provided in such agreement; and

(B) select as a grant recipient and entity to administer the job training plan (which may be separate entities), (i) the council, (ii) a unit of general local government in its service delivery area, or an agency thereof, (iii) a nonprofit private organization or corporation, or (iv) any other agreed upon entity or entities.

(2) The council is authorized to provide oversight of the programs conducted under the job training plan in accordance with procedures established by the council. In order to carry out this paragraph, the council shall have access to such information concerning the operations of such programs as is necessary.

(c) For purposes of subsection (b), the appropriate chief elected official or officials means—

(1) the chief elected official of the sole unit of general local government in the service delivery area,

(2) the individual or individuals selected by the chief elected officials of all units of general local government in such area as their authorized representative, or

(3) in the case of a service delivery area designated under section 101(a)(4)(A)(iii), the representative of the chief elected official for such area (as defined in section 4(4)(C)).

(d) No job training plan prepared under section 104 may be submitted to the Governor unless (1) the plan has been approved by the council and by the appropriate chief elected official or officials specified in subsection (c), and (2) the plan is submitted jointly by the council and such official or officials.

(e) In order to carry out its functions under this Act, the council—
(1) shall, in accordance with the job training plan, prepare and approve a budget for itself, and

(2) may hire staff, incorporate, and solicit and accept contributions and grant funds (from other public and private sources).

(f) As used in this section, the term "oversight" means reviewing, monitoring, and evaluating.

JOB TRAINING PLAN

Sec. 104. (a) No funds appropriated for any fiscal year may be provided to any service delivery area under this Act except pursuant to a job training plan for two program years which is prepared in accordance with section 103 and which meets the requirements of this section.

(b) Each job training plan shall contain—

(1) identification of the entity or entities which will administer the program and be the grant recipient of funds from the State;

(2) a description of the services to be provided, including the estimated duration of service and the estimated training cost per participant;

(3) procedures for identifying and selecting participants and for eligibility determination and verification;

(4) performance goals established in accordance with standards prescribed under section 106;

(5) procedures, consistent with section 107, for selecting service providers which take into account past performance in job training or related activities, fiscal accountability, and ability to meet performance standards;

(6) the budget for two program years and any proposed expenditures for the succeeding two program years, in such detail as is determined necessary by the entity selected to prepare this portion of the plan pursuant to section 103(b)(1)(B) and to meet the requirements of section 108;

(7) a description of methods of complying with the coordination criteria contained in the Governor's coordination and special services plan;

(8) if there is more than one service delivery area in a single labor market area, provisions for coordinating particular aspects of individual service delivery area programs, including—

(A) assessments of needs and problems in the labor market that form the basis for program planning;

(B) provisions for ensuring access by program participants in each service delivery area to skills training and employment opportunities throughout the entire labor market; and

(C) coordinated or joint implementation of job development, placement, and other employer outreach activities;

(9) fiscal control, accounting, audit and debt collection procedures to assure the proper disbursement of, and accounting for, funds received under this title; and

(10) procedures for the preparation and submission of an annual report to the Governor which shall include—

(A) a description of activities conducted during the program year;

(B) characteristics of participants; and

(C) the extent to which the activities exceeded or failed to meet relevant performance standards.

(c) If changes in labor market conditions, funding, or other factors require substantial deviation from an approved job training plan, the private industry council and the appropriate chief elected official or officials (as described in section 103(c)) shall submit a modification of such plan (including modification of the budget under subsection (b)(6)), which shall be subject to review in accordance with section 105.

REVIEW AND APPROVAL OF PLAN

Sec. 105. (a)(1) Not less than 120 days before the beginning of the first of the two program years covered by the job training plan—

(A) the proposed plan or summary thereof shall be published; and

(B) such plan shall be made available for review and comment to—

(i) each house of the State legislature for appropriate referral;

(ii) appropriate local educational and other public agencies in the service delivery area; and

(iii) labor organizations in the area which represent employees having the skills in which training is proposed; and

(C) such plan shall be reasonably available to the general public through such means as public hearings and local news facilities.

(2) The final plan, or a summary thereof, shall be published not later than 80 days before the first of the two program years and shall be submitted to the Governor in accordance with section 103(d)(2). Any modification shall be published not later than 80 days before it is effective and shall be submitted to the Governor in accordance with such section.

(b)(1) The Governor shall approve the job training plan or modification thereof unless he finds that—

(A) corrective measures for deficiencies found in audits or in meeting performance standards from previous years have not been taken or are not acceptably underway;

(B) the entity proposed to administer the program does not have the capacity to administer the funds;

(C) there are inadequate safeguards for the protection of funds received;

(D) the plan (or modification) does not comply with a particular provision or provisions of this Act or of regulations of the Secretary under this Act; or

(E) the plan (or modification) does not comply with the criteria under section 121(b) for coordinating activities under this Act with related program activities.

(2) The Governor shall approve or disapprove a job training plan (or modification) within 30 days after the date that the plan (or modification) is submitted, except that if a petition is filed under paragraph (3) such period shall be extended to 45 days. Any disapproval by the Governor may be appealed to the Secretary, who shall make a final decision of whether the Governor's disapproval complies with paragraph (1) of this subsection within 45 days after receipt of the appeal.

(3)(A) Interested parties may petition the Governor within 15 days of the date of submission for disapproval of the plan or modification thereof if—

- (i) the party can demonstrate that it represents a substantial client interest.
- (ii) the party took appropriate steps to present its views and seek resolution of disputed issues prior to submission of the plan to the Governor, and
- (iii) the request for disapproval is based on a violation of statutory requirements.

(B) If the Governor approves the plan (or modification), the Governor shall notify the petitioner in writing of such decision and the reasons therefor.

(c)(1) If a private industry council and the appropriate chief elected official or officials fail to reach the agreement required under section 103 (b) or (d) and, as a consequence, funds for a service delivery area may not be made available under section 104, then the Governor shall redesignate, without regard to sections 101 (a)(4) and (c)(1), the service delivery areas in the State to merge the affected area into one or more other service delivery areas, in order to promote the reaching of agreement.

(2) In any State in which service delivery areas are redesignated under paragraph (1), private industry councils shall, to the extent necessary for the redesignation, be reconstituted and job training plans modified as required to comply with sections 102 and 103. Services under an approved plan shall not be suspended while the council is reconstituted and the plan is modified.

(d) In any case in which the service delivery area is a State, the plan (or modification) shall be submitted to the Secretary for approval. For the purpose of this subsection, the Secretary shall have the same authority as the Governor has under this section.

PERFORMANCE STANDARDS

Sec. 106. (a) The Congress recognizes that job training is an investment in human capital and not an expense. In order to determine whether that investment has been productive, the Congress finds that—

- (1) it is essential that criteria for measuring the return on this investment be developed; and
- (2) the basic return on the investment is to be measured by the increased employment and earnings of participants and the reductions in welfare dependency.

(b)(1) The basic measure of performance for adult training programs under title II is the increase in employment and earnings and the reductions in welfare dependency resulting from participation in the program. In order to determine whether these basic measures are achieved, the Secretary shall prescribe standards on the basis of appropriate factors which may include (A) placement in unsubsidized employment, (B) retention in unsubsidized employment, (C) the increase in earnings, including hourly wages, and (D) reduction in the number of individuals and families receiving cash welfare payments and the amounts of such payments.

(2) In prescribing standards under this section the Secretary shall also designate factors for evaluating the performance of youth programs which, in addition to appropriate utilization of the factors described in paragraph (1), shall be (A) attainment of recognized employment competencies recognized by the private industry council, (B) elementary, secondary, and postsecondary school completion, or the equivalent thereof, and (C) enrollment in other training programs or apprenticeships, or enlistment in the Armed Forces.

(3) The standards shall include provisions governing—

(A) the base period prior to program participation that will be used;

(B) a representative period after termination from the program that is a reasonable indicator of postprogram earnings and cash welfare payment reductions; and

(C) cost-effective methods for obtaining such data as is necessary to carry out this section, which, notwithstanding any other provision of law, may include access to earnings records, State employment security records, Federal Insurance Contributions Act records, State aid to families with dependent children records, statistical sampling techniques, and similar records or measures.

(4) The Secretary shall prescribe performance standards relating gross program expenditures to various performance measures.

(c) Within six months after the date of the enactment of this Act, the Secretary shall establish initial performance standards which are designed to contribute to the achievement of the performance goals set forth in subsection (b)(1), based upon data accumulated under the Comprehensive Employment and Training Act, from the National Commission for Employment Policy, and from other appropriate sources. In the development of the initial standards under this subsection, the Secretary shall relate gross program expenditures to the accomplishment of program goals set forth in subsection (b)(1).

(d)(1) The Secretary shall, not later than January 31, 1984, prescribe performance standards for the first program year under this Act to measure the results of the participation in the program to achieve the goals set forth in subsection (b)(1) based upon the initial standards established in subsection (c).

(2) The Secretary, not later than six months after the completion of the first two program years, shall prepare and submit a report to the Congress containing the performance standards established under paragraph (1) of this subsection, together with an analysis of the manner in which the performance standards contribute to the achievement of the goals set forth in subsection (b)(1), including the relative importance of each standard to the accomplishment of such goals.

(3) The Secretary shall prescribe variations in performance standards for special populations to be served, including Native Americans, migrant and seasonal farmworkers, disabled and Vietnam era veterans, including veterans who served in the Indochina Theater between August 5, 1964, and May 7, 1975, and offenders, taking into account their special circumstances.

(4)(A) The Secretary may modify the performance standards under this subsection not more often than once every two program years and such modifications shall not be retroactive.

(B) The Secretary shall prepare and submit a report to the Congress containing any modifications established under subparagraph (A), and the reasons for such modifications.

(e) Each Governor may prescribe, within parameters established by the Secretary, variations in the standards under this subsection based upon specific economic, geographic, and demographic factors in the State and in service delivery areas within the State, the characteristics of the population to be served, and the type of services to be provided.

(f) The National Commission for Employment Policy shall (1) advise the Secretary in the development of performance standards under this section for measuring results of participation in job training and in the development of parameters for variations of such standards referred to in subsection (e), (2) evaluate the usefulness of such standards as measures of desired performance, and (3) evaluate the impacts of such standards (intended or otherwise) on the choice of who is served, what services are provided, and the cost of such services in service delivery areas.

(g) The Secretary shall prescribe performance standards for programs under title III based on placement and retention in unsubsidized employment.

(h)(1) The Governor shall provide technical assistance to programs which do not meet performance criteria. If the failure to meet performance standards persists for a second year, the Governor shall impose a reorganization plan. Such plan may restructure the private industry council, prohibit the use of designated service providers or make such other changes as the Governor deems necessary to improve performance. The Governor may also select an alternate entity to administer the program for the service delivery area.

(2) The alternate administrative entity may be a newly formed private industry council or any agency jointly selected by the Governor and the chief elected official of the largest unit of general local government in the service delivery area.

(3) No change may be made under this subsection without an opportunity for a hearing before a hearing officer.

(4) The decision of the Governor may be appealed to the Secretary, who shall make a final decision within 60 days of the receipt of the appeal.

SELECTION OF SERVICE PROVIDERS

Sec. 107. (a) The primary consideration in selecting agencies or organizations to deliver services within a service delivery area shall be the effectiveness of the agency or organization in delivering comparable or related services based on demonstrated performance, in terms of the likelihood of meeting performance goals, cost, quality of training, and characteristics of participants. In complying with this subsection, proper consideration shall be given to community-based organizations as service providers.

(b) Funds provided under this Act shall not be used to duplicate facilities or services available in the area (with or without reimbursement) from Federal, State, or local sources, unless it is demonstrated that alternative services or facilities would be more effective or more likely to achieve the service delivery area's performance goals.

(c) Appropriate education agencies in the service delivery area shall be provided the opportunity to provide educational services, unless the administrative entity demonstrates that alternative agencies or organizations would be more effective or would have greater potential to enhance the participants' continued occupational and career growth.

(d) The administrative entity shall not fund any occupational skills training program unless the level of skills provided in the

program are in accordance with guidelines established by the private industry council.

LIMITATION ON CERTAIN COSTS

Sec. 103. (a) Not more than 15 percent of the funds available to a service delivery area for any fiscal year for programs under part A of title II may be expended for the cost of administration. For purposes of this paragraph, costs of program support (such as counseling) which are directly related to the provision of education or training and such additional costs as may be attributable to the development of training described in section 204(23) shall not be counted as part of the cost of administration.

(b)(1) Not more than 30 percent of the funds available to a service delivery area for any fiscal year for programs under part A of title II may be expended for administrative costs (as defined under subsection (a)) and costs specified in paragraph (2).

(2)(A) For purposes of paragraph (1), the costs specified in this paragraph are—

- (i) 50 percent of any work experience expenditures which meet the requirements of paragraph (3);
- (ii) 100 percent of the cost of any work experience program expenditures which do not meet the requirements of paragraph (3);
- (iii) supportive services; and
- (iv) needs-based payments described in section 204(27).

(B) For purposes of paragraph (1), the costs specified in this paragraph do not include expenditures for trout employment which meets the requirements of section 205(d)(3)(B).

(3) For purposes of paragraph (2), a work experience expenditure meets the requirements of this paragraph if—

(A) the work experience is of not more than 6 months' duration and is combined with a classroom or other training program;

(B) an individual participant is prohibited from participating in any other work experience program following participation in a program meeting the requirements of this paragraph;

(C) the classroom or other training program component is specified in a preemployment contract or meets established academic standards; and

(D) wages paid in the work experience program do not exceed the prevailing entry-level wage for the same occupation in the same labor market area.

(c)(1) Notwithstanding subsection (b), expenditures may be made in excess of the limitation contained in such subsection if such expenditures are made in accordance with the requirements of this subsection.

(2) Expenditures may be made in excess of the limitation contained in subsection (b) in any service delivery area if—

(A) the private industry council for such area initiates a request for such excess costs; and

(B) excess costs are due to one or more of the following conditions in such area:

(i) an unemployment rate (in the service delivery area or that portion within which services resulting in excess costs are to be provided) which exceeds the national average unemployment rate by at least 3 percentage points, and the ratio of current private employment to population in such area or portion is less than the national average of such ratio;

(ii) the job training plan for such area proposes to serve a disproportionately high number of participants from groups requiring exceptional supportive service costs, such as handicapped individuals, including disabled veterans, offenders, and single heads of households with dependent children;

(iii) the cost of providing necessary child care exceeds one-half of the costs specified in paragraph (2) of subsection (b);

(iv) the costs of providing necessary transportation exceeds one-third of the costs specified in paragraph (2) of subsection (b); or

(v) a substantial portion of the participants in programs in the service delivery area are in training programs of 9 months' duration or more.

(3) Expenditures may be made in excess of the limitation contained in subsection (b) if the need for and the amount of the excess is stated in the job training plan (or modification thereof) for the service delivery area and such plan demonstrates that administrative costs comply with subsection (a) of this section.

(4) The provisions of this subsection shall not be available to the extent that supportive services provided under the job training plan duplicate services provided by any other public or private source that are available to participants without cost.

(5) The Governor shall not disapprove any plan (or modification thereof) on the basis of any statement of the need for and amount of excess costs in the job training plan if such plan or modification meets the requirements of this subsection.

(d) The provisions of this section do not apply to any service delivery area designated pursuant to section 101(a)(4)(A)(iii).

(e) This section shall not be construed to exempt programs under an approved plan from the performance standards established under section 106.

PART B—ADDITIONAL STATE RESPONSIBILITIES

GOVERNOR'S COORDINATION AND SPECIAL SERVICES PLAN

Sec. 121. (a)(1) The Governor shall annually prepare a statement of goals and objectives for job training and placement programs within the State to assist in the preparation of the plans required under section 104 of this Act and section 8 of the Act of June 6, 1933 (known as the Wagner-Peyser Act).

(2) Any State seeking financial assistance under this Act shall submit a Governor's coordination and special services plan for two program years to the Secretary describing the use of all resources provided to the State and its service delivery areas under this Act and evaluating the experience over the preceding two years.

(b)(1) The plan shall establish criteria for coordinating activities under this Act (including title III) with programs and services provided by State and local education and training agencies (including vocational education agencies), public assistance agencies, the employment service, rehabilitation agencies, postsecondary institutions, economic development agencies, and such other agencies as the Governor determines to have a direct interest in employment and training and human resource utilization within the State. Such criteria shall not affect local discretion concerning the selection of eligible participants or service providers in accordance with the provisions of sections 107 and 203.

(2) The plan shall describe the projected use of resources, including oversight and support activities, priorities and criteria for State incentive grants, and performance goals for State supported programs.

(3) The Governor shall report to the Secretary the adjustments made in the performance standards and the factors that are used in making the adjustments.

(4) If major changes occur in labor market conditions, funding, or other factors during the two-year period covered by the plan, the State shall submit a modification to the Secretary describing these changes.

(c) Governor's coordination and special services activities may include—

(1) making available to service delivery areas, with or without reimbursement and upon request, appropriate information and technical assistance to assist in developing and implementing plans and programs;

(2) carrying out special model training and employment programs and related services (including programs receiving financial assistance from private sources);

(3) providing programs and related services for offenders and other individuals whom the Governor determines require special assistance;

(4) providing financial assistance for special programs and services designed to meet the needs of rural areas outside major labor market areas;

(5) providing training opportunities in the conservation and efficient use of energy, and the development of solar energy sources as defined in section 3 of the Solar Energy Research, Development and Demonstration Act of 1974;

(6) industry-wide training;

(7) activities under title III of this Act;

(8) developing and providing to service delivery areas information on a State and local area basis regarding economic, industrial, and labor market conditions;

(9) providing preservice and inservice training for planning, management, and delivery staffs of administrative entities and private industry councils, as well as contractors for State supported programs; and

(10) providing statewide programs which provide for joint funding of activities under this Act with services and activities under other Federal, State, or local employment-related programs, including Veterans' Administration programs.

(d) A Governor's coordination and special services plan shall be approved by the Secretary unless the Secretary determines that the plan does not comply with specific provisions of this Act.

STATE JOB TRAINING COORDINATING COUNCIL

Sec. 122. (a)(1) Any State which desires to receive financial assistance under this Act shall establish a State job training coordinating council (hereinafter in this section referred to as the "State council"). Funding for the council shall be provided pursuant to section 202(b)(4).

(2) The State council shall be appointed by the Governor, who shall designate one nongovernmental member thereof to be chairperson. In making appointments to the State council, the Governor shall ensure that the membership of the State council reasonably represents the population of the State.

(3) The State council shall be composed as follows:

(A) One-third of the membership of the State council shall be representatives of business and industry (including agriculture, where appropriate) in the State, including individuals who are representatives of business and industry on private industry councils in the State.

(B) Not less than 20 percent of the membership of the State council shall be representatives of the State legislature and State agencies and organizations, such as the State educational agency, the State vocational education board, the State advisory council on vocational education, the State board of education (when not otherwise represented), State public assistance agencies, the State employment security agency, the State rehabilitation agency, the State occupational information coordinating committee, State postsecondary institutions, the State economic development agency, State veterans' affairs agencies or equivalent, and such other agencies as the Governor determines to have a direct interest in employment and training and human resource utilization within the State.

(C) Not less than 20 percent of the membership of the State council shall be representatives of the units or consortia of units of general local government in such State (including those which are administrative entities or grantees under this Act) which shall be nominated by the chief elected officials of the units or consortia of units of general local government; and

(D) Not less than 20 percent of the membership of the State council shall be representatives of the eligible population and of the general public, representatives of organized labor, representatives of community-based organizations, and representatives of local educational agencies (nominated by local educational agencies).

(4) The State council shall meet at such times and in such places as it deems necessary. The meetings shall be publicly announced, and, to the extent appropriate, open and accessible to the general public.

(5) The State council is authorized to obtain the services of such professional, technical, and clerical personnel as may be necessary to carry out its functions under this Act.

(6) In order to assure objective management and oversight, the State council shall not operate programs or provide services directly to eligible participants, but shall exist solely to plan, coordinate, and monitor the provision of such programs and services.

(7) The plans and decisions of the State council shall be subject to approval by the Governor.

(b) The State council shall—

(1) recommend a Governor's coordination and special services plan;

(2) recommend to the Governor substate service delivery areas, plan resource allocations not subject to section 202(a), provide management guidance and review for all programs in the State, develop appropriate linkages with other programs, coordinate activities with private industry councils, and develop the Governor's coordination and special services plan and recommend variations in performance standards;

(3) advise the Governor and local entities on job training plans and certify the consistency of such plans with criteria under the Governor's coordination and special services plan for coordination of activities under this Act with other Federal, State, and local employment-related programs, including programs operated in designated enterprise zones;

(4) review the operation of programs conducted in each service delivery area, and the availability, responsiveness, and adequacy of State services, and make recommendations to the Governor, appropriate chief elected officials, and private industry councils, service providers, the State legislature, and the general public with respect to ways to improve the effectiveness of such programs or services;

(5) review and comment on the State plan developed for the State employment service agency;

(6) make an annual report to the Governor which shall be a public document, and issue such other studies, reports, or documents as it deems advisable to assist service delivery areas in carrying out the purposes of this Act;

(7)(A) identify, in coordination with the appropriate State agencies, the employment and training and vocational educa-

tion needs throughout the State, and assess the extent to which employment and training, vocational education, rehabilitation services, public assistance, economic development, and other Federal, State, and local programs and services represent a consistent, integrated, and coordinated approach to meeting such needs; and

(B) comment at least once annually on the measures taken pursuant to section 113(b)(9) of the Carl D. Perkins Vocational Education Act; and

(8) review plans of all State agencies providing employment, training, and related services, and provide comments and recommendations to the Governor, the State legislature, the State agencies, and the appropriate Federal agencies on the relevancy and effectiveness of employment and training and related service delivery systems in the State.

(c) In addition to the functions described in subsection (b), the Governor may, to the extent permitted by applicable law, transfer functions which are related to functions under this Act to the council established under this section from any State coordinating committee for the work incentive program under title IV of the Social Security Act or any advisory council established under the Wagner-Peyser Act.

STATE EDUCATION COORDINATION AND GRANTS

Sec. 123. (a) The sums available for this section pursuant to section 202(b)(1) shall be used by the Governor to provide financial assistance to any State education agency responsible for education and training—

(1) to provide services for eligible participants through cooperative agreements between such State education agency or agencies, administrative entities in service delivery areas in the State, and (where appropriate) local educational agencies;

(2) to facilitate coordination of education and training services for eligible participants through such cooperative agreements; and

(3) to provide—

(A) literacy training to youth and adults;

(B) dropout prevention and reenrollment services to youth, giving priority to youth who are at risk of becoming dropouts;

(C) a State-wide school-to-work transition program operated in a manner consistent with section 205(c); or

(D) any combination of the activities described in subparagraphs (A), (B), and (C) of this paragraph.

(b) The cooperative agreements described in subsection (a) shall provide for the contribution by the State agency or agencies, and the local educational agency (if any), of a total amount equal to the amount provided, pursuant to subsection (a)(1), in the grant subject to such agreement. Such matching amount shall not be provided from funds available under this Act, but may include the direct cost of employment or training services provided by State or local programs.

(c)(1) Funds available under this section may be used to provide education and training, including vocational education services, and related services to participants under title II. Such services may include services for offenders, veterans, and other individuals whom the Governor determines require special assistance.

(2)(A) Not more than 20 percent of the funds available under this section may be spent for activities described in clause (2) of subsection (a).

(B) Funds available under this section shall be used for clause (3) of the Federal share of the cost of carrying out activities described in such clause. For the purpose of this subparagraph, the Federal share shall be the amount provided for in the cooperative agreements in subsection (b).

(3) Not less than 75 percent of the funds available for activities under clauses (1) and (3) of subsection (a) shall be expended for activities for economically disadvantaged individuals.

(d) If no cooperative agreement is reached on the use of funds under this section, the funds shall be available to the Governor for use in accordance with section 121.

TRAINING PROGRAMS FOR OLDER INDIVIDUALS

Sec. 124. (a) From funds available for use under section 202(b)(2), the Governor is authorized to provide for job training programs which are developed in conjunction with service delivery areas within the State and which are consistent with the plan for the service delivery area prepared and submitted in accordance with the provisions in section 104, and designed to assure the training and placement of older individuals in employment opportunities with private business concerns.

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

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February 22, 1989

The Honorable Ann Spohnholz
Alaska State Representative
P.O. Box V
Juneau, AK 99811

Dear Representative Spohnholz:

Job training and employment placement services are important elements of the effort to help Alaskans get good jobs. While many agencies are involved in providing employment and training services, the various resources provided by different agencies have remained largely uncoordinated. To provide a more coherent and accessible system of employment and training resources, The heads of a number of state agencies have formed a mini-cabinet to work on this issue.

The members of the mini-cabinet agreed there was a need to develop a clear state policy on employment and training. This policy would outline state goals, and establish roles, responsibilities and channels of communication among the respective agencies involved in providing employment and training resources.

As a first step in developing a state policy, a mini-cabinet working group has produced the attached draft employment and training policy. The draft policy is now being distributed widely for review and comment. A state employment and training policy cannot be meaningful unless it incorporates the needs and concerns of business, labor and the general public. After a period of public review, the policy draft and public comments will be forwarded to the Governor for final consideration. The objective is to have a state policy in place by late April of this year. Please reply with your comments, by March 20, to:

Bill Mailer
Department of Community and Regional Affairs
949 E. 36th
Anchorage, AK 99508
Phone: 563-1955

Thank you for your assistance in this effort to develop a more unified delivery system of employment and training services.

Sincerely,



David G. Hoffman
Commissioner — on behalf of the
Employment & Training Mini-Cabinet

State of Alaska

DRAFT EMPLOYMENT AND TRAINING POLICY

SUMMARY

A. PURPOSE

The Employment and Training Policy is intended to provide guidance to public agencies engaged in employment and training activities. The primary goal is to increase coordination and efficiency and to make the system more understandable to the public. Employment and training programs must also be coordinated with programs involved with economic development, general education, and job placement.

B. SPECIFIC POLICIES

The heart of the policy paper is the the section on page 5 entitled "*EMPLOYMENT AND TRAINING POLICY*". The elements of this section are as follows:

1. The different state employment and training programs should be coordinated. The annual state plan already required by the U.S. Department of Labor will serve as the major vehicle for coordination.
2. The state will help assist its citizens overcome barriers through training and will provide training without discrimination based on race, sex, etc.
3. Self sufficiency is the goal of training programs. Literacy and basic educational skills are required to achieve this.
4. Training programs will target those who are most at risk.
5. A statewide career counseling system is supported.
6. Job Service is an important part of the employment and training system.
7. Local initiatives will be encouraged.
8. Labor market data must continue to be collected in order to provide appropriate training.
9. The private sector will continue to be encouraged to provide on-the-job training.
10. Elementary, secondary and adult education are an important preparation for work.

11. Occupational and cross cultural education are necessary to keep Alaskans competitive globally.
12. Duplicate programs will be consolidated.
13. The state department of Commerce and employment and training operators will communicate to ensure that people are trained in the proper industrial sectors.
14. Business and industry leaders are encouraged to work with the state through the JTPA system.
15. Training will be provided in occupations where there is a continuing or emerging need for workers.

C. HISTORICAL BACKGROUND

The paper provides a brief historical framework for this proposed policy paper. Numerous organizations have been calling for such a policy paper for some time.

D. FINDINGS

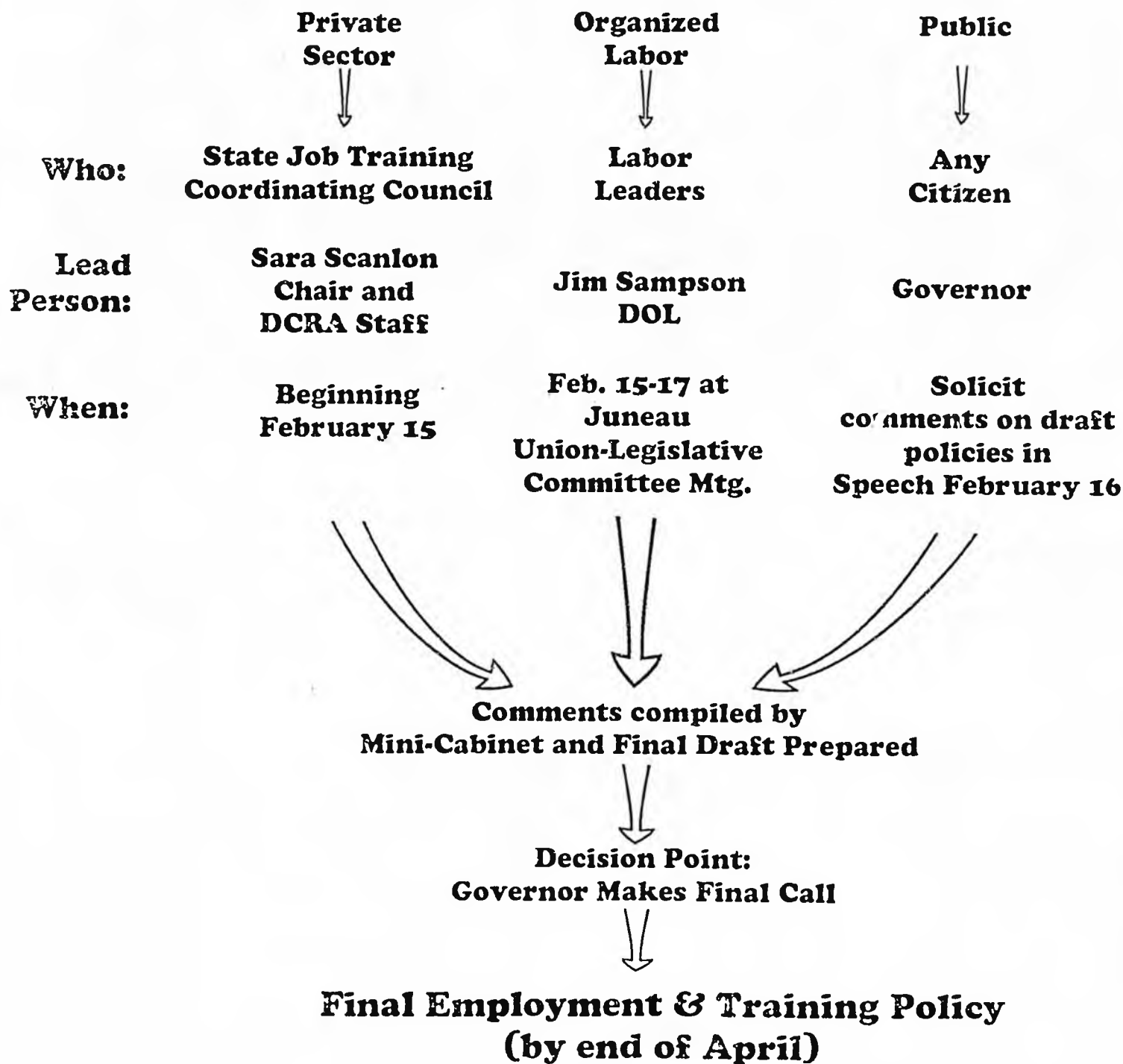
The paper sets forth findings which support the fifteen Employment and Training Policy statements.

1. A comprehensive employment and training policy is an integral part of a healthy economy and the state must take a lead in developing such a policy
2. A cooperative and coordinated approach to human resource development will allow Alaskans to benefit more fully from economic development in the state
3. A successful economic development strategy requires a coordinated human resource development system

E. IMPLEMENTATION

The paper sets forth a Governance Policy which establishes a bilateral relationship between the Employment and Training Mini-Cabinet and the Alaska State Job Training Coordinating Council. This relationship creates a mechanism of checks and balances between the implementing agencies and the group vested with oversight responsibility.

Proposed process for Finalizing the Governor's Employment and Training Policy



Review Draft

STATE OF ALASKA
EMPLOYMENT AND TRAINING POLICY

February 16, 1989

Prepared by:

Department of Community and Regional Affairs
Department of Labor
Department of Education
Department of Health and Social Services
Department of Commerce and Economic Development
Department of Military and Veterans Affairs

Please forward any comments to:

Bill Mailer
Department of Community
and Regional Affairs
949 E 36th
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TABLE OF CONTENTS

	Page
Executive Summary	1
Introduction	2
Background	2
Statement of the Problem	3
Findings	3
Mission Statement	5
Employment and Training Policy	5
Governance Policy	7
Strategy for Implementation	8
Recommendations for Action	9
Definition of Terms	10

Review Draft

STATE OF ALASKA

EMPLOYMENT AND TRAINING POLICY

Executive Summary

This paper sets forth guidelines for the development and implementation of an Employment and Training Policy in the State of Alaska. In doing so, it provides guidance to other human resource development programs such as economic development, education, and the public statewide labor network (Job Service) as these programs relate to the employment and training.

Findings of fact, detailing the status of the current employment and training system and related programs, provide support to the policy statements. The Employment and Training Policy sets forth guiding principles to all state agencies and officials.

For purposes of this paper, employment and training programs include vocational education as well as general education because they provide the basis for all successful employment.

Information generated by previous employment and training policy task forces and the Employment and Training Mini-Cabinet's Employment and Training Policy Work Group are also presented in this paper.

The State of Alaska does not currently have a unified statewide policy on employment and training. Lack of such policy discourages agencies, boards and commissions from working cooperatively and results in a delivery system without comprehensive oversight and accountability.

The Alaska State Job Training Coordinating Council and the Employment and Training Mini-Cabinet should be officially recognized as the primary groups for oversight and implementation of human resource development programs in general and employment and training programs in particular. The relationship, if approved and implemented, would provide mutual access for coordination and communication. Further, it would greatly increase the likelihood of continuity and longevity which is needed for successful program development.

DRAFT EMPLOYMENT AND TRAINING POLICY

Introduction

The Alaska State Job Training Coordinating Council and the Employment and Training Mini-Cabinet, representing their respective agencies, each have important roles to play in a coordinated employment and training system. Within this paper a formal relationship between the two bodies will be articulated. A strong relationship will ensure the longevity and continuity of the Employment and Training Policy.

Presented here is a state policy to guide the development and evolution of the employment and training system. Accompanying the policy are recommendations to Governor Cowper.

Background

Since 1982, notable efforts have been made toward the development and promulgation of an employment and training policy in the State of Alaska. Major contributions have been made by thoughtful and dedicated individuals to provide guidance to the employment and training, education, vocational education and public labor network systems. Despite progress, circumstances arose in each case which thwarted implementation.

In 1982, a state agency task force produced a draft Employment and Training Policy. One form of this 1982 policy provided the basis for the version presented here as the Employment and Training Policy.

The Vocational Education and Employment Training Task Force established by the legislature issued a comprehensive report in March of 1983. This report identified eight issues confronting vocational education and employment and training in Alaska. Eight recommendations were developed corresponding to the issues.

Recommendations offered by the task force included development of policies for economic and human resource development which, they envisioned, would provide guidance to the development of a state plan coordinating occupational preparation and economic development. A policy guaranteeing equal access to training programs regardless of age, sex, race, religion, national or ethnic origin, handicapping condition or geographic location was also recommended.

The Alaska State Job Training Coordinating Council (SJTCC) met jointly with the three private industry councils and the Governor's Council on Vocational Education in August 1988. Among the products of the meetings was the call for a state employment and training policy which recognized the need for comprehensive planning for economic and human resource development.

DRAFT EMPLOYMENT AND TRAINING POLICY

The Employment and Training Mini-Cabinet consisting of the Commissioners of the Departments of Labor, Community and Regional Affairs, Health and Social Services, Commerce and Economic Development, Education, Military and Veterans Affairs, and the President of the University of Alaska met in November 1988. They were emphatic in their desire for a state employment and training policy to be developed and presented to Governor Cowper.

Therefore, at the direction of the Alaska State Job Training Coordinating Council and the Employment and Training Mini-Cabinet, this Employment and Training Policy and Recommendations for Action have been prepared.

Statement of the Problem

Although there has been much work accomplished over the years, there is no unifying state policy on employment and training.

Lack of official policy guidance from the top level of government produces an atmosphere conducive to duplication of effort, lack of important services, uneven quality of service and territoriality by agencies. A unifying, comprehensive, viable and dynamic policy and implementation strategy are needed.

Findings

The following findings are the product of a review of previously identified findings, and analysis of the present employment and training system.

FINDING 1: A comprehensive employment and training policy is an integral part of any healthy and growing state economy; therefore, the State of Alaska must assume a leadership role for the development and implementation of a State Employment and Training Policy. Increased coordination of existing programs and increased efficiency of program delivery are required to meet Alaska's employment and training challenge in times of shrunken state revenues.

* To minimize costs while maximizing efficiency, state of the art technology should be applied to employment and training programs where financially feasible.

* Both the public and private sectors must develop cooperative educational strategies to assist youth and adults in developing occupational awareness and employment skills.

* All levels of government in Alaska, as well as the private sector, must coordinate efforts in designing and implementing programs for effective human resource development.

* The state must ensure equal employment opportunity for all Alaskans in both urban and rural settings without regard to race, color, religion, national origin, sex, age, disability, marital status, pregnancy or parenthood.

DRAFT EMPLOYMENT AND TRAINING POLICY

* To reduce the expenditure of public funds and contribute to increased economic development, productive employment should be emphasized as the preferable source of income for all Alaskans.

* The U.S. Congress, in passing employment-oriented welfare reform legislation in 1988 determined that medical care, transportation, child care, and elder care are among essential support services to participants in employment and training programs.

* The emergence of a world economy has increased the need to link employment, training and economic development programs to enable Alaskans to take advantage of economic opportunities.

FINDING 2. A cooperative and coordinated approach to the development of Alaskan human resources will allow Alaskans to benefit more fully from economic development within the state.

* The long range success of economic and human resource development is governed primarily by the market place.

* The investment of state resources in development of a highly trained Alaskan work force provides a real return to the state in the form of greater employment opportunities for Alaskans resulting in more money circulating in the local economy, lower unemployment rates and lower public expenditures, especially in rural areas.

* A trained, identifiable and available Alaskan work force is an essential state resource and a critical element in the hiring and location decisions of industry and commerce.

* Economic growth promotes effective human resource utilization by providing employment opportunities and encouraging Alaskans to be self-sufficient.

* New technologies and structural changes in the economy will require on-going training and retraining of the work force.

FINDING 3. The success of any economic development strategy requires a coordinated, responsive and comprehensive human resource development system.

* A cooperative and coordinated effort to increase the level of literacy and basic skills competencies through education programs is essential for preparing Alaskans for training and employment opportunities in the state. The public and private sector must work together to provide literacy and basic skills education programs which will allow Alaskans to become prepared to enter the world of work and/or to retrain for new employment.

DRAFT EMPLOYMENT AND TRAINING POLICY

- * Efficient and effective education and job training combined with a comprehensive statewide labor exchange network will provide a ready labor pool for potential employers.
- * Employers are a primary source of job-specific training in Alaska.
- * Employment training includes outreach, assessment, support services, training, job placement and follow-up.
- * Employment training is an integral part of overall human resource development.
- * Existing effective delivery systems must be maintained and utilized to the fullest extent. Duplicate delivery systems must be avoided.
- * Policy guidance and oversight by the public is a necessary and desirable component in an effective human resource development system; however, duplicate agencies impede the delivery of service.

Mission Statement for Employment and Training

All Alaskans, regardless of their age, sex, race, religion, national origin, disability, marital status, political affiliation or place of residence, shall have equal access to appropriate training and employment which will sustain a viable standard of living. Education, employment and training programs should be coordinated with economic development efforts and labor market demand. Employment and training programs should result in a self-sufficient well-qualified work force able to successfully undertake any and all work needed to be done by employers and to maintain sufficient income through self employment.

Employment and Training Policy

Based on the preceding findings and in an effort to fulfill the mission statement, the following shall be the Employment and Training Policy of the State of Alaska.

1. Every effort shall be made to achieve an integrated education, employment and training system in which all necessary elements are coordinated to deliver services to those Alaskans in need of them. The Governor's Coordination and Special Services Plan shall serve as the implementation mechanism.
2. It is state policy to assist Alaskans to overcome social, cultural, psychological, physical, geographic, and economic barriers to employment; to protect the health and safety of workers and to promote equality of access to the state's employment training programs regardless of age, sex, race, religion, national origin, disability, marital status or place of domicile within Alaska.

DRAFT EMPLOYMENT AND TRAINING POLICY

3. Employment and training programs shall be designed to promote economic independence and self-sufficiency. To achieve this goal, programs must provide participants with access to essential literacy and educational competencies as well as appropriate occupational training. It is the public education system that has primary responsibility for educating the citizenry.
4. Employment and training programs shall target individuals who are most at risk of becoming, or currently are, dependent on public funds. School dropouts, teenage parents, those lacking basic literacy skills, those with disabilities, and long-term recipients of public assistance are among those to whom services shall be targeted.
5. The state shall work to increase the employment potential of Alaskans, especially youth and women, by providing opportunities to investigate all occupations through a statewide system of career counseling and education. The system shall provide an opportunity to assess individual skills, aptitudes and abilities.
6. The employment and training system shall continue to include a statewide labor network (Job Service) that assists individuals to obtain suitable jobs and employers to recruit qualified workers.
7. Local initiatives will be encouraged in the development and implementation of employment training opportunities which are consistent with the Employment and Training Policy and the Governor's Coordination and Special Services Plan.
8. Labor market, demographic and current economic development information will be collected, analyzed and disseminated in an effective and consistent manner to enhance the planning, development and operation of employment and training programs.
9. Private sector employers will continue to be encouraged to participate in providing occupation specific training programs through the use of financial incentives.
10. Business, industry and government are encouraged to support elementary, secondary and adult education as preparation for work.
11. Occupational training and retraining and cross-cultural education opportunities must be provided to Alaskans to ensure that the work force will be competitive in the global economy as new technologies emerge and structural changes occur.
12. To coordinate the employment and training programs, duplicate programs will be consolidated.

DRAFT EMPLOYMENT AND TRAINING POLICY

13. To ensure an Alaskan work force which is able to meet projected labor needs, information on assistance programs, trade, and development projects will be shared by employment and training program operators and the Department of Commerce and Economic Development.
14. Business and industry representatives are encouraged to become actively involved in the development of employment and training programs. This involvement should occur primarily through the local and statewide councils established under the Job Training Partnership Act but may occur through other means as appropriate.
15. The system shall provide training in occupations for which there is a continuing or emerging need for additional workers as demonstrated by reliable labor market information.

Governance Policy

Administrative Policy. The Employment and Training Mini-Cabinet shall be formally organized to function as the administrative policy board for human resource development. It will be a major contact in the state administration for the Alaska State Job Training Coordinating Council as it carries out its responsibilities.

Policy Recommendations. The Employment and Training Mini-Cabinet and the Alaska State Job Training Coordinating Council, meeting jointly, shall serve as the major forum for transmitting policy recommendations on economic development to the employment and training system through the Governor's Coordination and Special Services Plan.

Delivery System. The employment training system established under the Job Training Partnership Act shall be the primary delivery system for employment training services delivered by state departments. The JTPA system shall coordinate closely with the University of Alaska.

Implementation. The Alaska State Job Training Coordinating Council, which is vested with oversight responsibility for human resource development, will be able to communicate with those state government line agencies which have the responsibility to implement policy and programs relating to human resource development.

Policy Review. A method for periodic review of state policy relating to employment and training and human resource development will be developed.

Goals and Objectives. Government line agencies will directly participate in the development of the Governor's goals and objectives for job training and placement programs. These goals and objectives are required for the preparation of the Job Training Plans of the Job Training Partnership Act and plans under the Wagner-Peyser Act.

DRAFT EMPLOYMENT AND TRAINING POLICY

The Governor's Coordination and Special Services Plan (GCSSP) shall serve as the framework of the state human resource development plan. The Employment and Training Policy would provide guidance in preparation of the GCSSP which includes the Governor's goals and objectives for job training and placement.

Benefits. This governance structure provides a greater opportunity for those line agencies to directly participate in the development of the Governor's Coordination and Special Services Plan.

The governance structure may be of additional benefit in the implementation of the Job Opportunities and Basic Skills section of the Family Support Act of 1988: the new federal welfare reform law.

Strategy for Implementation

Without a specified strategy for implementation, any policy, no matter how well crafted, will do little more than gather dust while those who participated in its development are left to wonder why.

The establishment of an Employment and Training Mini-Cabinet is not an unprecedented concept in an employment and training/human resource development governance structure. The Vocational Education and Employment Training Task Force recommended in 1983, as part of one governance structure option, the establishment of a "sub-cabinet" for vocational education and employment training. The task force further considered that the Governor should designate a lead commissioner. That suggestion was subsequently dismissed because of anticipated problems of peer leadership and authority. These potential problems can be reduced or avoided through careful organization strategy for the Employment and Training Mini-Cabinet, leaving the positive aspects of the sub-cabinet concept intact.

The Employment and Training Mini-Cabinet would be a vital and integral partner in an employment and training/human resource development governance structure.

The Alaska State Job Training Coordinating Council (SJTCC) is appointed by the Governor. It is authorized under the Job Training Partnership Act to carry out a variety of coordinating functions regarding employment, training, vocational education and related disciplines.

Among other things, the Council:

1. Recommends a Governor's Coordination and Special Services Plan which encourages interagency coordination and specifies criteria to guide that coordination;
2. Reports to the Governor annually on its activities;

DRAFT EMPLOYMENT AND TRAINING POLICY

3. Identifies, in coordination with appropriate state agencies, the employment, training, and vocational education needs throughout the state and assesses the extent to which government programs represent a consistent, integrated and coordinated approach to meeting those needs; and
4. May take on functions of any state coordinating committee for the work incentive program under Title IV of the Social Security Act, or any advisory council established under the Wagner-Peyser Act.

These responsibilities make the Alaska SJTCC a clear focal point for review and oversight of state policy implementing employment and training specifically, and human resource development programs generally.

The state agencies constituting the Employment and Training Mini-Cabinet represent the primary vehicles for the delivery of vital state human development services, some of which are for employment and training. All agencies represented on the Employment and Training Mini-Cabinet provide human development services that directly affect the delivery of employment and training services.

A bilateral governance structure for employment and training/human resource development consisting of the Alaska State Job Training Coordinating Council and the Employment and Training Mini-Cabinet would be balanced and comprehensive.

Recommendations for Action

Upon approval by the Employment and Training Mini-Cabinet, the Employment and Training Policy shall be forwarded to the Governor for initial approval. If approved by the Governor, the policy will be forwarded to the Alaska State Job Training Coordinating Council. The Council will make the policy available to, and formally solicit comments from, a much wider audience.

The Alaska SJTCC will be charged with the responsibility for compiling the comments as presented and formulating a draft of the Employment and Training Policy. After being presented to the Employment and Training Mini-Cabinet for concurrence and recommendations, the final draft will then be formally presented to the Governor.

Among the other policy generating agencies that should be included in the review and comment phase of the policy development are the University of Alaska Board of Regents, the State Board of Education, and the Governor's Council on Vocational Education.

DRAFT EMPLOYMENT AND TRAINING POLICY

Definition of Terms

ALASKA STATE JOB TRAINING COORDINATING COUNCIL: Established under the federally funded Job Training Partnership Act, the Council is empowered to carry out a wide range of oversight and coordination functions related to employment and training as well as vocational education. In Alaska the Council consists of twenty members appointed by the Governor for staggered terms. The chairperson is appointed from among the business and industry representatives.

EMPLOYMENT AND TRAINING MINI-CABINET: Membership is comprised of the Commissioners of the Departments of Commerce and Economic Development, Health and Social Services, Labor, Military and Veterans Affairs, Education, Community and Regional Affairs, and the President of the University of Alaska. The purpose of the mini-cabinet is to act as the chief administrative policy board for human resource development. Together with the Alaska State Job Training Coordinating Council, it provides information for the development of the Governor's Coordination and Special Services Plan. In addition to implementing the various human resource development programs offered by the State of Alaska, the Employment and Training Mini-Cabinet is a recipient of the annual assessment of the status of the employment and training system.

EMPLOYMENT AND TRAINING PROGRAMS: These programs range from labor networks to on-the-job training. Services to participants include the provision of up-to-date labor market information, job search assistance, assessment of skills and aptitudes, classroom training and support services such as medical and dental care, tools and clothing, transportation, and child care, to enable a person to participate in training and secure a job. These programs depend on an already existing vocational education system.

GOVERNOR'S COORDINATION AND SPECIAL SERVICES PLAN: This biennial plan is required by the Job Training Partnership Act (PL 97-300). The Act requires a comprehensive plan that involves all aspects of the Job Training Partnership Act programs and the various other programs that relate to it.

JOB TRAINING PARTNERSHIP ACT (JTPA): The major federal job training initiative was implemented in October 1983. There are three main job training programs under JTPA: Title II-A Adult and Youth Training Programs; Title II-B Summer Youth Employment and Training Programs; and Title III Dislocated Worker Programs. In FY 90, the State of Alaska expects to receive \$6.5 million, \$2.5 million and \$1.2 million for the programs, respectively. The HTPA establishes a unique system of program oversight and accountability through the use of private industry councils for each geographically situated service delivery area. The Alaska State Job Training Coordinating Council has oversight responsibility for the entire system.

DRAFT EMPLOYMENT AND TRAINING POLICY

JOB TRAINING PLANS: These are the local plans developed by the private industry councils for their service delivery areas for JTPA programs. The plans are tailored to local conditions within the parameters established by the Governor's Coordination and Special Services Plan.

PRIVATE INDUSTRY COUNCILS: Councils appointed by the local elected officials within the service delivery areas established under JTPA. The councils provide local guidance and oversight to the programs and approve the job training plans.