

HB

169

SENATE COMMITTEE REPORT

Returned to Finance 5/4/89

FURTHER

DATE TURNED INTO OFFICE 5/5/89

Mr. President:

Finance Committee considered CSHB 169 (FIN)

establishing the business incentive training program

and recommended

- replace with _____ CS _____) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Paul Gunt

Chair signature and recommendation

Committee Backup attached

John S. ...
 Do Pass
 Co-Chair

SENATE COMMITTEE REPORT

FURTHER

4/29/89

DATE TURNED INTO OFFICE 5/14/89

Mr. President:

Finance

Committee considered

CSHB 169 (FIN)

establishing the business incentive training program

and recommended

- replace with _____ CS _____) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

*Returned to Finance
5/14/89*

FISCAL NOTE(S) ^{DCE RA} zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Paul Frank

True Kerner

Richard [Signature] (NO PASS)
 Chair signature and recommendation

Committee Backup attached

John [Signature] CO-CHAIR
 DO PASS

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 Phone: 465-4890
Division: Rural Development Division Date: 2-28-89
Approved by Commissioner: Paul G. Hoffman Date: 2/28/89
Agency: Community and Regional Affairs

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

Adopted

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

Title: A Business Incentive
Training Program

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-

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

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 169 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the business incentive training
7 program."

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

9 * Section 1. AS 44.47 is amended by adding new sections to read:

10 ARTICLE 12A. BUSINESS INCENTIVE TRAINING PROGRAM.

11 Sec. 44.47.750. BUSINESS INCENTIVE TRAINING PROGRAM ESTABLISHED.

12 (a) There is established in the department the business incentive
13 training program. The incentive program shall be administered as a
14 supplement to the Job Training Partnership Act (P. L. No. 97-300).

15 (b) The purpose of the incentive program is to encourage private
16 industry to provide new job opportunities by offering assistance in
17 training the new workforce and in retraining existing employees to
18 implement new technologies.

19 Sec. 44.47.752. ADMINISTRATION. (a) The state Job Training
20 Coordinating Council established under 29 U.S.C 1532 shall oversee the
21 incentive program. The service delivery areas established under 29
22 U.S.C. 1511 and subject to redesignation under 29 U.S.C. 1515 shall be
23 used in the administration of the incentive program. The private
24 industry councils appointed under 29 U.S.C. 1512 and subject to recon-
25 stitution under 29 U.S.C. 1515 shall serve as the private industry
26 councils for the incentive program.

27 (b) The coordinating council shall divide appropriations for the
28 incentive program equally among the private industry councils. If a
29 private industry council lacks sufficient money to fund a proposal,

1 the private industry council may apply to the coordinating council for
2 additional funding. The coordinating council may approve reallocation
3 of money from one service delivery area to another to fund a parti-
4 cular proposal if it finds that the reallocation will best serve the
5 purposes of the program.

6 (c) The coordinating council shall adopt regulations under the
7 Administrative Procedure Act (AS 44.62) to implement AS 44.47.750 -
8 44.47.772.

9 Sec. 44.47.754. BUSINESS INCENTIVE TRAINING PLAN. (a) A pri-
10 vate industry council shall adopt a business incentive training plan
11 for the service delivery area. The plan must extend for two years to
12 coincide with the term for the Job Training Partnership Act (P.L.
13 97-300) and must contain

14 (1) identification of the entity or entities that will
15 administer the incentive program and be the grant recipient for grants
16 from the state;

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

20 (3) procedures for identifying and selecting participants;

21 (4) performance goals established in accordance with stan-
22 dards under AS 44.47.766;

23 (5) procedures for awarding grants to businesses; and

24 (6) the budget for two program years and any proposed
25 expenditures for the succeeding two program years, in as much detail
26 as required by the grant administrator designated under AS 44.47.758.

27 (b) If changes in labor market conditions, funding, or other
28 factors require substantial deviation from an approved business incen-
29 tive training plan, the private industry council and the appropriate

1 elected municipal official or officials shall submit a modification of
2 the plan and the budget for review under AS 44.47.756.

3 Sec. 44.47.756. REVIEW AND APPROVAL OF BUSINESS INCENTIVE TRAIN-
4 ING PLAN. The business incentive training plan shall be published and
5 made available for review and comment as an attachment to the job
6 training plan as set out in 29 U.S.C. 1515. The business incentive
7 training plan is subject to review and approval by the governor.

8 Sec. 44.47.758. BUSINESS INCENTIVE TRAINING GRANTS. (a) Each
9 private industry council shall designate an administrative entity to
10 be the grant recipient and administrator for the region. An employer
11 may apply to the grant administrator for a business incentive grant if
12 the employer is a private for-profit or nonprofit corporation, part-
13 nership or sole proprietor business. The grant administrator shall
14 review applications and award grants.

15 (b) Each grant administrator is responsible for the allocation
16 of funds and the eligibility of those enrolled in its programs. The
17 grant administrator is responsible for taking action against its
18 subcontractors, subgrantees, and other recipients to eliminate abuses
19 in the programs they are carrying out, and to prevent misuse of funds.
20 If the arrangement is included in an approved job training plan, a
21 grant administrator may delegate the responsibility for determining
22 eligibility under reasonable safeguards, including provisions for
23 reimbursement of costs incurred because of erroneous determinations
24 made with insufficient care.

25 (c) A business incentive training grant shall be used to recruit
26 and train eligible employees for newly created permanent or permanent
27 seasonal positions or to enable existing employees to acquire the
28 skills necessary to qualify the employee to implement new technolo-
29 gies. A business incentive training grant may be used for occupations

1 for which there is a demand in the area served or in another area to
2 which the participant is willing to relocate and for emerging tech-
3 nologies in the state. In selecting recruiting and training programs,
4 the private industry councils and the grant administrators may con-
5 sider whether the occupation in which recruiting or training is sought
6 is in a sector of the economy that has a high potential for sustained
7 demand or growth.

8 (d) Only individuals eligible under the business incentive
9 training plan and residing in the service delivery area may be partic-
10 ipants in employment and training activities funded under the business
11 incentive training program. To be eligible for training or education
12 services under AS 44.47.750 - 44.47.772, immediately before beginning
13 training or education under the program a person shall

14 (1) have been unemployed and

15 (A) receiving unemployment insurance benefits; or

16 (B) have exhausted the right to unemployment insurance
17 benefits within the past three years;

18 (2) be liable to be displaced from work within the next six
19 months because of

20 (A) reductions in overall employment within the busi-
21 ness;

22 (B) elimination of the person's current job; or

23 (C) a change in the conditions of the employee's job
24 requiring that, to remain employed, the employee must have sub-
25 stantially different skills that the employee does not now pos-
26 sess; or

27 (3) have worked in a position covered by AS 23.20 at any
28 time during the last three years and be ineligible for unemployment
29 insurance benefits because the person

1 (A) was working in a seasonal, temporary, part-time,
2 or other marginal employment;

3 (B) has insufficient qualifying wages because of
4 limited job opportunities; or

5 (C) is employed, but, because the person is underem-
6 ployed, the person needs employment assistance and training to
7 obtain full employment.

8 (e) Payments to employers for on-the-job training of partici-
9 pants who experience multiple barriers to employment or are eligible
10 under the Job Training Partnership Act (P.L. 97-300) may not average
11 more than 80 percent of the wages paid by the employer to the partici-
12 pant. Payments to employers for on-the-job training of other partic-
13 ipants may not average more than 50 percent of the wages paid by the
14 employer to participants. The payments shall be considered to be in
15 compensation for the extraordinary costs associated with training
16 employees for new positions and the lower productivity of the partici-
17 pants.

18 (f) A grant made under the business incentive training program
19 may not be used to duplicate facilities or services available in the
20 area from federal, state, or local sources unless the business incen-
21 tive training plan establishes that services or facilities under the
22 program would be more effective or more likely to achieve performance
23 goals.

24 (g) A fee may not be charged for placing an individual in or
25 referring an individual to a training program under AS 44.47.750 -
26 44.47.772.

27 (h) A business incentive training grant may not be awarded to a
28 program that involves political activities.

29 (i) An employer at whose request a participant is offered

1 training shall fulfill the obligation to offer a successful partici-
2 pant in the business incentive training program a position or pro-
3 motion, as applicable. A participant is considered successful if the
4 participant satisfactorily completes the training program in which the
5 participant was enrolled.

6 Sec. 44.47.760. COMPENSATION FOR PARTICIPANTS. (a) A trainee
7 may not receive a payment for training activities in which the trainee
8 fails to participate.

9 (b) An individual in on-the-job training shall be compensated by
10 the employer at the same rates, including periodic increases, as
11 similarly situated employees or trainees and in accordance with appli-
12 cable law. However, an individual may not be paid less than the state
13 minimum wage under AS 23.10.065 whether or not the individual is
14 exempt under AS 23.10.055 or 23.10.070.

15 (c) An individual employed in activities authorized under the
16 business incentive training program other than on-the-job training
17 shall be paid wages that are not less than the highest of

18 (1) the state minimum wage under AS 23.10.065;

19 (2) the prevailing rate of pay for individuals employed in
20 similar occupations by the same employer; or

21 (3) the prevailing rate of wages under AS 36.05 or 40
22 U.S.C. 276a - 276a-5, if applicable.

23 (d) Allowances, earnings, and payments to individuals partici-
24 ipating in programs under the business incentive training program may
25 not be considered as income in determining eligibility for and the
26 amount of income transfer and in-kind aid furnished under a state
27 program based on need, other than programs under the Social Security
28 Act.

29 (e) Conditions of employment and training must be appropriate

1 and reasonable in light of factors including the type of work, geo-
2 graphical region, and proficiency of the participant.

3 (f) An individual employed in a subsidized job under the busi-
4 ness incentive training program shall be provided benefits and working
5 conditions at the same level and to the same extent as other employees
6 working a similar length of time and doing the same type of work.

7 (g) Money from a grant under the business incentive training
8 program may not be used for contributions on behalf of a participant
9 to retirement systems or plans.

10 Sec. 44.47.762. REPORTING AND RECORDKEEPING. (a) A grant
11 administrator shall maintain records of each participant's enrollment
12 in a business incentive training program in sufficient detail to
13 demonstrate compliance with AS 44.47.750 - 44.47.772.

14 (b) The coordinating council shall adopt regulations concerning
15 retention of records.

16 (c) The coordinating council shall report annually to the legis-
17 lature concerning the incentive program no later than February 1.

18 Sec. 44.47.764. ALLOWABLE COSTS. (a) To be allowable, a cost
19 must be necessary and reasonable for proper and efficient adminis-
20 tration of the program. The following costs are not allowable:

21 (1) costs resulting from violations of or failure to comply
22 with federal, state, or local laws and regulations;

23 (2) entertainment costs; and

24 (3) insurance policies offering protection against debts
25 established by the federal government.

26 (b) Personal liability insurance for members of the private
27 industry council is an allowable cost.

28 Sec. 44.47.766. PERFORMANCE STANDARDS. (a) The basic measure
29 of performance for training programs under AS 44.47.750 - 44.47.772 is

1 the increase in jobs in the area and in employment and earnings for
2 participants resulting from participation in the program. In order to
3 determine whether these standards are achieved, the governor shall
4 adopt standards based on appropriate factors.

5 (b) The governor shall provide technical assistance to programs
6 that do not meet performance criteria. If a program fails to meet
7 performance standards for two consecutive years, the governor shall
8 withdraw unencumbered funds from the program.

9 (c) An interested party who is harmed by a change made under
10 this section is entitled to a hearing under the Administrative Proce-
11 dure Act (AS 44.62).

12 Sec. 44.47.768. LIMITATION ON CERTAIN COSTS. No more than 15
13 percent of the money available to a service delivery area for a fiscal
14 year may be expended for the cost of administration. For purposes of
15 this section, costs of program support, including counseling, that are
16 directly related to the provision of education or training to partici-
17 pants may not be counted as part of the cost of administration.

18 Sec. 44.47.770. SELECTION OF SERVICE PROVIDERS. (a) The pri-
19 mary consideration in selecting agencies or organizations to deliver
20 services within a service delivery area is the effectiveness of the
21 agency or organization in delivering comparable or related services
22 based on demonstrated performance, in terms of the likelihood of
23 meeting performance goals, cost, quality of training, and characteris-
24 tics of participants. In complying with this subsection, proper
25 consideration shall be given to community-based organizations as
26 service providers.

27 (b) Appropriate education agencies in the service delivery area
28 shall be given the opportunity to provide educational services, unless
29 the grant administrator determines that alternative agencies or

1 organizations would be more effective or would have greater potential
2 to enhance the participants' continued occupational and career growth.

3 (c) The grant administrator may not fund an occupational skills
4 training program unless the level of skills provided in the program is
5 in accordance with guidelines established by the private industry
6 council.

7 Sec. 44.47.772. DEFINITIONS. In AS 44.47.750 - 44.47.772

8 (1) "coordinating council" means the state Job Training
9 Coordinating Council established under 29 U.S.C. 1532;

10 (2) "incentive program" means the business incentive train-
11 ing program established under AS 44.47.750;

12 (3) "participant" means an individual receiving education
13 or training, including on-the-job training, under an incentive program
14 grant.