

**S B**

**191**

SENATE COMMITTEE REPORT

FURTHER

FIN

4/5/89

DATE TURNED INTO OFFICE 4/6/89

Mr. President:

LABOR & COMMERCE

Committee considered

SB 191

employment contributions and to the establishing of employment and training programs; efd

and recommended

- replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title
- or adopt \_\_\_\_\_ CS SB 191 (C+RA) )  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 4/5/89

MEMBERS SIGNING DO PASS

[Signature]  
[Signature]  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

OTHER RECOMMENDATIONS

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

[Signature]  
 Chairman signature and recommendation

Committee Backup attached



**SENATOR FRED F. ZHAROFF**  
**ALASKA STATE LEGISLATURE**

P.O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:

P.O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474

**DISTRICT N**

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

APRIL 1, 1989

MEMORANDUM

TO: SENATOR DICK ELIASON

FROM: SENATOR FRED F. ZHAROFF

RE: SB 191

A handwritten signature in black ink, appearing to read "Fred F. Zharoff", written over the "FROM" line of the memorandum.

I am writing to request your serious consideration and support for SB 191 when it reaches your committee.

As you are well aware, many rural Alaskans are having difficulty finding jobs and meeting the challenges of technological change required for the jobs that are available. Currently, Alaska is one of only 6 states that does not provide any state funded employment training program.

SB 191 remedies that situation in a unique way. Similar to the California employment and training program, SB 191 will generate up to \$2.5 million dollars over a two year period to help meet the training needs of unemployed Alaskans as well as encourage employers to hire these Alaskans.

Please give this measure your careful consideration and move it out of your committee at your earliest convenience.

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 24, 1989

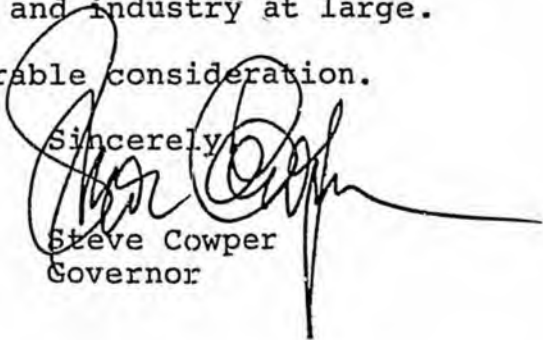
The Honorable Tim Kelly  
President of the Senate  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to create a two-year pilot project program to increase training opportunities for Alaskans severely affected by fluctuations in the Alaskan economy or by technological changes in the work place. The bill would allow the Alaska Department of Labor to award a grant to the existing State Job Training Coordinating Council to administer the program and to provide grants to qualified employment assistance and training entities, according to priorities established by the department after solicitation of comments from key organizations with experience in the training needs of the state. The department would also be authorized to award grants directly to the training entities.

The bill was designed to prevent this new state training program from competing with existing programs, and to meet current unmet training needs in the state. Additionally, the bill is designed so that the program will be funded by legislative appropriation of a small portion of the employee contribution under the current statute, earmarked for this purpose, rather than by general fund money, yet without violating the dedicated-fund prohibition in art. IX, sec. 7, of the Alaska Constitution. I view the bill as a strong step forward in allowing the state to design employee training programs to meet the needs of the employees, employers, unions, and industry at large.

I urge your prompt and favorable consideration.

Sincerely,  
  
Steve Cowper  
Governor

Senate Bill No. 191

**Proposal**

Senate Bill No. 191 establishes a two-year pilot program to increase training opportunities for Alaskans whose livelihood is affected by changes in Alaska's economy or by technological changes in the workplace.

Under the bill, training programs would be funded by a small portion (0.1 percent) of employee contributions which are currently required under Alaska's unemployment insurance law. This would provide \$1,780.0 in FY 90 and \$2,590.0 in FY 91. The training programs would be closely tied to unemployment in order that the training would result in reducing unemployment insurance outlays that would otherwise occur.

**Description of Problem**

Much of the unemployment Alaska is experiencing is "structural unemployment," which is being caused by basic and real changes to its economy. This causes mismatches between available workers' skills and employers' skill needs. When this occurs, workers face a different situation than they face by traditional unemployment.

A majority of the funds used for training in Alaska are from the federal Job Training Partnership Act, Carl D. Perkins monies, or other designated federal funds with specific qualifying provisions. The Federal Government places certain restrictions on the use of these funds, which makes a segment of the state's unemployed or minimally employed workers ineligible to participate in these programs. The use of non-federal monies to fund state

job training programs is required to provide more flexibility in structuring programs in the best interest of Alaska's employers and residents.

Inasmuch as State General Fund monies are scarce, the Department feels that other financing methods needed to be explored; and Senate Bill No. 191 offers another way to fund state job training programs. The funding mechanism proposed will permit training programs to be matched to Alaska's employment needs, not constrained by inappropriate federal restrictions and guidelines.

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: CSSB 191 (C&RA)

PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
 Title: "An Act relating to employment  
 contributions...and training programs"  
 Sponsor: Rules Committee  
 Requestor: Senate Community & Regional  
 Affairs

Agency Affected: Labor  
 BRU: Employment Security  
 Components: \_\_\_\_\_  
Unemployment Insurance

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		55.0	9.6			
TRAVEL						
CONTRACTUAL		1,725.0	2,580.4			
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	1,780.0	2,590.0	0.0	0.0	0.0

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

REVENUE	0.0	1,780.0	2,590.0	0.0	0.0	0.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND		1,780.0	2,590.0			
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	1,780.0	2,590.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

See Attached

Prepared by: Judy Knight, Deputy Director

Phone: 465-2700

Division: Employment Security Division

Date: 3/21/89

Approved by Commissioner: Jim Sampson

Date: 3/21/89

Agency: Department of Labor

Distribution (by preparer) :

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

Fiscal Note Analysis  
for

"An Act relating to employment contributions...and training..."

This bill provides for the establishment of a state training and employment program that will be funded by a contribution of one-tenth of one percent of covered worker wages collected by the Department of Labor. This will be done at no cost to the worker by giving a credit of this amount from the employee contribution currently provided for in AS 23.20.290. The revenue will be deposited in the general fund in the state training and employment program account.

Revenue calculations for FY 90 and FY 91 are as follows:

	<u>FY 90 Revenues</u>	<u>FY 91 Revenues</u>
Estimated taxable wages	\$2,559,000.0	\$2,727,000.0
Less one quarter for effective date of July 1, 1989	(683,000.0)	
Multiply difference by one-tenth of 1% to arrive at estimated revenues	\$1,876.0	\$2,727.0
Adjust for 95% collection rate	<u>(92.0)</u>	<u>(137.0)</u>
<u>Estimated total revenues available</u>	\$1,780.0	\$2,590.0

Except for the \$55.0 needed by the department to cover administrative costs, the revenues deposited to the state training and employment program account would be transferred to the Department of Community & Regional Affairs for disbursement.

During the first year the department's automated accounting system would have to be modified to allow the separate accounting of these revenues. This would be needed due to the federal requirement that funds such as these not be mixed with U.I. trust fund monies. We estimate the one time cost of this conversion to be \$45.4 of analyst/programmer time for the Unemployment Insurance program.

Also, costs of \$9.6 would be required in staff time during both years to separately account for and transfer this money.

Assumptions:

1. Effective date of July 1, 1989.
2. Pilot program would last for two years.

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: SB 191  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Labor  
 Title: "An Act relating to employment contributions...and training programs" BRU: Employment Security  
 Sponsor: Rules Committee Components: \_\_\_\_\_  
 Requestor: Senate Community & Regional Affairs Unemployment Insurance

EXPENDITURES/REVENUES: (Thousands of Dollars)

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MISCELLANEOUS						
TOTAL OPERATING	0.0	1,780.0	2,590.0	0.0	0.0	0.0
CAPITAL						
REVENUE	0.0	1,780.0	2,590.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND		1,780.0	2,590.0			
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	1,780.0	2,590.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PAKT-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

See Attached

Prepared by: Judy Knight, Deputy Director Phone: 465-2700  
 Division: Employment Security Division Date: 2/24/89  
 Approved by Commissioner: Jim Sampson Date: 2/24/89  
 Agency: Department of Labor

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

Fiscal Note Analysis  
for

"An Act relating to employment contributions...and training..."

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Also, costs of \$9.6 would be required in staff time during both years to separately account for and transfer this money.

Assumptions:

1. Effective date of July 1, 1989.
2. Pilot program would last for two years.



## State of Alaska

Department of Community and Regional Affairs

David G. Hoffman, Commissioner

P.O. Box B

Juneau, Alaska 99811

(907) 465-4700

## MEDIA RELEASE

Rural Development Division  
Release Date: 3-3-89; For Immediate Release

Contact: Bill Mailer  
Phone: (907) 563-1955

**Subject: Governor's Bill Would Create New Employment Assistance and Job Training Opportunities**

Alaskans who are having difficulty finding jobs will get some additional help from the state if a bill introduced by Governor Steve Cowper is approved by the Legislature. Senate Bill 191 proposes the creation of a new state program designed to work alongside existing federal programs which provide employment assistance and job training. The Governor first proposed the job training initiative in a speech last month at a private industry conference in Anchorage. "We would take a small percentage of the dollars that employees pay into the State Unemployment Insurance System, about \$2.5 million a year, and we're going to take some of this money and create a job training program with it. We think it's wise to do that; we think it's a good use of that money." Cowper said. The program would operate initially for two years on a pilot-program basis.

Because the new job training program would be state-funded, it could be customized to better reflect the actual needs of Alaskan workers and the special conditions of Alaska's economy and work place. Many Alaskans who are not eligible to participate in the existing federal programs would be eligible to participate in the more flexible state program proposed in the bill.

- more -

The new program would not require the use of any new general funds. Instead the program would be funded by using a small fraction of the unemployment taxes which employees pay into the state's unemployment insurance fund. If the concept works as planned, the increase in job training will help more Alaskans find jobs and reduce the number of people on the unemployment roles. The reduction in unemployment payments is expected to more than offset the cost of the job training programs and would result in a net gain for the state's unemployment insurance fund.

The new state-funded job training program would be administered by the State Job Training Coordinating Council which oversees the existing federally-funded job training programs. The Council will award grants to one or more entities which provide employment assistance and job training services. To avoid duplication of services, the bill permits the Council to award the new state-funded grants only to those service providers which would not replace or compete in any way with existing job training programs.

As specified in the bill, the services provided by the new state job training program can include industry-specific training, on-the-job-training, job-related classroom training, relocation assistance, living allowance while in training, and the provision of necessary tools and other necessities required to obtain or retain employment. Each year, based on studies of unemployment conditions and industrial projections, the state program will focus its funding on training projects and services which most directly address actual Alaskan job training and employment service needs.

- end -





**ANCHORAGE**  
ECONOMIC  
DEVELOPMENT  
CORPORATION

March 15, 1989

Honorable Al Adams  
Chairman  
Community and Regional Affairs Committee  
Alaska State Senate  
P. O. Box V  
Juneau, AK 99811

Dear Senator Adams:

This letter is to express AEDC's support for Senate bill 191, which would provide additional training monies to backstop existing programs and provide added training flexibility for economic development applications.

While there are currently several training programs offered or administered by the State of Alaska, there are many gaps and inadequacies when all programs are viewed as a whole. For example, the federal JTPA program addresses only the on-the-job training needs of those with extremely low incomes. Most displaced Alaska workers do not qualify.

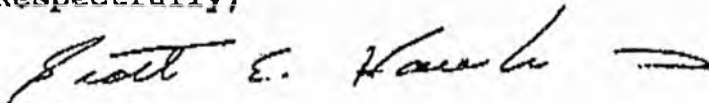
Further, existing programs are inadequate for economic development purposes. There is an urgent need for additional funds that can be used to design training incentives for use in attracting new industries or expanding existing basic industry. This was brought to our attention very forcefully in our negotiations and conversations with Federal Express. Alaska is viewed by investors as having a workforce of limited size and depth, which acts as an impediment to the new industry investments that will be needed to offset the statewide economic impact of the gradual decline of the Prudhoe Bay oilfield in the 1990s.

550 West 7th Avenue  
Suite 1130  
Anchorage, AK 99501  
Telephone (907) 258-3700  
FAX (907) 258-6646

Honorable Al Adams  
March 15, 1989  
Page -2-

As a final note, we have been impressed by the Cowper Administration's progress in coordinating the State's several existing training agencies. In this context, it appears that SB 191 would be a good use of training resources. It would also be a good first step toward bringing Alaska's training programs up to the level currently offered by many other U.S. states.

Respectfully,



Scott E. Hawkins  
President

pc: Honorable Steve Cowper  
Governor of Alaska

Honorable David Hoffman  
Commissioner  
Department of Community and Regional Affairs

Honorable Larry Mercurieff  
Commissioner  
Department of Commerce and Economic Development

213kr



# INTERNATIONAL BROTHERHOOD OF PAINTERS AND ALLIED TRADES

A.F.L.-C.I.O.

LOCAL UNION #1555

P.O. Box 1428

Fairbanks, Alaska 99707

(907) 457-4444

MIKE ANDREWS  
Business Representative  
Financial Secretary

Members of the Senate  
Community & Regional Affairs Committee  
Alaska Legislature  
Juneau, Alaska

March 8, 1989

Dear Chairman Adams and Committee Members,

The International Brotherhood of Painters & Allied Trades Local Union #1555 has reviewed Senate Bill #191, "An act relating to employment contributions and to the establishment of employment and training programs" and we wish to go on record as an organization that supports this legislation.

You have an opportunity to help unemployed Alaskans through this legislation by providing something more than welfare. This bill would assist them in training programs and offer new avenues upon which to start or build careers.

As well, SB #191 allows the state to implement a sound employment and training policy controlled by the state while creating a necessary conduit for enhanced cooperation between state agencies to provide services through private and public vendors. This shall diversify the economy in several ways and place monetary and personal value back into Alaska's most viable, flexible and productive resource, its citizens and future workers.

We urge you to pass this bill as written and look forward to helping you gain full Senate and House approval.

Sincerely,

George R. Cheap  
President  
IBPAT L.U. #1555  
Fairbanks, Alaska



"A Partnership Putting Alaskans to Work"

P.O. Box BC, Juneau, Alaska 99811

Phone: (907) 465-4890

March 7, 1989

State of Alaska  
Senate  
Community and Regional Affairs Committee

RE: Senate Bill 191

Honorable Senators:

On February 15, 1989 the Alaska Statewide Private Industry Council met in Anchorage. Representatives from the Department of Labor discussed with the Council proposed legislation to create a two-year pilot employment and training program, funded through contributions and credits to the unemployment insurance trust fund. As a result of this discussion, the Council has endorsed the legislation, now introduced as Senate Bill 191.

The Council provides policy guidance and oversight for federally funded Job Training Partnership Act (JTPA) programs throughout rural Alaska. We are pleased to see efforts by the state to supplement these federal dollars. We believe that the programs created by SB 191 would be compatible with our existing JTPA programs, consistent with JTPA intent and goals adopted by the Council, and could be effectively and efficiently administered through the current delivery system.

We appreciate this opportunity to express support for SB 191 and urge your favorable consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "J. Penelope Goforth".

J. Penelope Goforth  
Chair

MAR 13 1989



## North & Northwest Mayor's Conference

P.O. Box 68  
Unalakleet, Alaska 99884



President: Alton Washington (907) 923-3771  
Secretary: Robert Footo (907) 824-3655

### RESOLUTION NO. 89 - 10

Second Session of the Ninth Annual  
NORTH AND NORTHWEST ALASKA MAYORS' CONFERENCE  
Unalakleet, Alaska  
February 9 & 10, 1989

A RESOLUTION OF THE NORTH AND NORTHWEST ALASKA MAYORS' CONFERENCE REGARDING SUPPORTING GOVERNOR COWPER'S PROPOSAL TO ESTABLISH A PROGRAM TO HELP TRAIN UNEMPLOYED AND UNDEREMPLOYED ALASKANS FOR RE-ENTRY INTO THE LABOR FORCE.

WHEREAS, the North and Northwest Alaska Mayors' Conference is an organization established to promote the social and economic well being of its member communities and the people of the region; and

WHEREAS, the percentage of unemployed and underemployed Alaskans in the Northwest region is 80% to 90%; and

WHEREAS, these unemployed and underemployed Alaskans often could re-enter the labor force if they had access to training that addresses regionally viable economic development projects; and

WHEREAS, Governor Cowper's proposed Alaskan Employment Training Assistance Program would help train eligible unemployed and underemployed Alaskans for re-entry into the labor force; and

WHEREAS, this program would have no impact upon the State's general fund as it would be funded through the Unemployment Insurance Trust Fund; and

WHEREAS, the Program would ultimately reduce the demands on the Unemployed Trust Fund by training and placing individuals currently drawing unemployment insurance benefits, among other services and benefits; and

WHEREAS, the services to be provided would include those types currently offered under the Job Training Partnership Act (JTPA) programs and would be provided through the existing JTPA service delivery system administered by the Department of Community and Regional Affairs; and

WHEREAS, this delivery system is centered within the regional communities, thereby ensuring local access, local control and involvement of locally viable economic development projects.

RESOLUTION NO. 89-10

Page 2

NOW THEREFORE BE IT RESOLVED BY THE NORTH AND NORTHWEST ALASKA MAYORS' CONFERENCE TO: support Governor Cowper's proposal to establish the Alaska Employment Training Assistance Program.

Passed and approved by the SECOND SESSION OF THE NINTH ANNUAL NORTH AND NORTHWEST ALASKA MAYORS' CONFERENCE THE 10th DAY OF FEBRUARY, 1989.

Robert A. Washburn  
President

Bob Focht  
Secretary

INTRODUCED BY: Wales

VOTE: YES Unanimous

SECONDED BY: Shungnak

NO \_\_\_\_\_

DIRECTED TO: Governor's Office

Alaska State Legislature