

S B

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AMENDMENT #1

OFFERED IN THE SENATE

BY SENATOR RODEY

TO: SB 188

Page 1, line 14:

Delete "1992"

Insert "1993"

Page 2, line 1:

Delete "1992"

Insert "1993"

Page 2, line 5:

Delete "1992"

Insert "1993"

① we don't have the information yet on
Employment

② When we get the results of the
trial we should get

BRIEFING PAPER
DEPARTMENT OF LABOR
Senate Bill No. 188

SUBJECT OF PROPOSED BILL: Extend State Training and Employment Pilot Program

SUMMARY OF INTENT: Extend pilot program for an additional year.

BACKGROUND: The State Training and Employment Program was established in 1989 as a two-year pilot project in order that the effectiveness of the program could be evaluated before a permanent, ongoing program was established. Due to delays in the startup of the program, additional time is needed to evaluate it. Accordingly, a one-year extension of the pilot program is proposed.

The pilot program is designed to increase training opportunities for Alaskans whose livelihood is affected by changes in Alaska's economy or by technological changes in the workplace. Training programs are funded by a small portion (0.1 percent) of employee unemployment insurance contributions. The training programs are closely tied to structurally unemployed workers in order that the training will result in reducing unemployment insurance outlays that would otherwise occur.

A majority of the funds currently available for training in Alaska are from the federal Job Training Partnership Act and other designated federal funds with specific qualifying provisions. The family income and other restrictions on the use of these funds makes a segment of the state's unemployed or minimally employed workers ineligible to participate in these programs. This training program permits training to be matched to Alaska's employment needs and Alaskans put back to work.

Several states operate similar programs which use a portion of unemployment contributions to fund job training.

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: 3/11/91

FURTHER: Finance

Date of 5-Day Notice: 3/28/91
(in accordance with Uniform Rule 23)

DATE TURNED
INTO OFFICE: _____

C&RA Committee considered SB 188

Employment contributions and to extending the pilot project for state training and employment programs; efd.

and recommended:

- replace with _____ CS _____ same title
- attached amendment(s) new title
- _____ letter of intent adopted
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date: _____ Department(s)/Date: _____

fiscal note(s) _____
Labor
C&RA (2)

zero fiscal note(s) _____
Administration (2)

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

[Signature]
[Signature]

OTHER RECOMMENDATIONS:

[Signature] Do Pass
Chair: Signature and Recommendation

SUBJECT LINE TO READ: TC NO.; PLNFS; SHORT SUBJECT; DATE

TNC NO: 91-04-005
DATE: 4-4
SPONSOR: (S)C &RA
SUBJECT: SE 188 - EXTEND STEP PROGRAM
MODERATOR: LANI
SITE: ANCHORAGE

PARTICIPANT LIST

TO TESTIFY

NAMES\ REPRESENTING	ADDRESS	PHONE	BILL NO.
✓ 1. ANGELA SALERNO	MILA INC 3330 C #100	99503 562-3424	188
Called 2. ANN VANBOCKEL	MOA-JTP-STEP 825 L ST	343-6574	188

Called ✓ 3. BILL NUGENT-OPAG	325 E 3	99501	276-1059	188
✓ 4. JAMES LONKKE-DCRA	947 E 36 STE. 400		273-9458	188
✓ 5. MR. LESTER LAJUNGER	13500 OLD SEWARD HWY		345-3853	188
6.				

TO OBSERVE:

NAMES REPRESENTING	ADDRESS	PHONE	BILL NO.
Called 1. JAMES GAY	8050 PIONEER #904	333-4066	188
2.			
3.			
4.			
5.			

SUBJECT LINE TO READ: TC NO.; PL\FS; SHORT SUBJECT; DATE

TC NO: 91-04-005
DATE: 4-4
SPONSOR: (S)C &RA
SUBJECT: SB 188 - EXTEND STEP PROGRAM
MODERATOR: LANI
SITE: ANCHORAGE

PARTICIPANT LIST

TO TESTIFY

NAME\ REPRESENTING	ADDRESS	PHONE	BILL NO.
1. ANGELA SALERNO-MILA INC	3350 C #100	99503 562-3424	188
2. ANN VANBOCKEL-NOA JTP-STEP	825 L ST	343-6574	188

3. BILL NUGENT-OPAC	325 E 3	99501 276-1059	188
4. JAMES LDIRKE-DCRA	949 E 36 STE. 400	273-9458	188
5.			
6.			

TO OBSERVE:

NAME\ REPRESENTING	ADDRESS	PHONE	BILL NO.
1.			
2.			
3.			
4.			
5.			

SPONSOR: SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
SUBJECT: SB 188: EXTEND STEP PROGRAM ONE YEAR
MODERATOR: CHRISTI
SITE: FAIRBANKS

PARTICIPANT LIST #1

TO TESTIFY

NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
1.			
2.			
3.			
4.			
5.			

OBSERVED

NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
1. FRANK CHAPADOS			
2.			
3.			
4.			
5.			

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

No. 1
BILL NO. Bill Version: SB 188
(S) Publish Date: 3/11/91

Revision Date: _____
Title: "An Act relating to employment contributions and to extending the .. project .."
Sponsor: Rules Committee
Requestor: Governor

Department Affected: Labor
BRU: Employment Security
Component: State Training & Employment Program
COMPONENT SERIAL NO. 1184

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	22.6					
TRAVEL						
CONTRACTUAL	1,817.4					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	1,840.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE	3,330.7					
---------	---------	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	1,840.0					
FEDERAL FUNDS						
OTHER						
TOTAL	1,840.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary)

(see attached for analysis)

Prepared by: Judy G. Knight, Director Phone: 465-2712
Division: Employment Security Division Date: 2/14/91

Approved by Commissioner: Nancy Bear Usher
Agency: Department of Labor Date: 2/14/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Fiscal Note Analysis
for

"An Act relating to employment contributions...and extending the pilot project..."

This bill extends the state training and employment program for an additional year. The program is funded by a contribution of one-tenth of one percent of covered worker wages collected by the Department of Labor. This is 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 is deposited in the general fund in the employment assistance and training program account.

Revenue calculations for FY 92 (the additional year) are as follows:

<u>FY 92 Revenues</u>	
Estimated taxable wages	\$3,506,000.0
Multiply by one-tenth of 1% to arrive at estimated revenues	\$3,506.0
Adjust for 95% collection rate	<u>(175.3)</u>
<u>Estimated total revenues available</u>	\$3,330.7

Of the total money collected \$22.6 will be retained by the Department of Labor to separately account for the funds. Of the remaining, \$300.0 will be spent on an anticipated appropriation for the Business Incentive Program operated by the Department of Community & Regional Affairs, and \$1,817.4 will be transferred to the Department of Community & Regional Affairs for employment assistance and training grants and to fund priority project analysis and program evaluation from the Department of Labor.

Assumptions:

1. Program would continue for one additional year (FY 92).

STATE OF ALASKA
1991 LEGISLATIVE SESSION

No.

Bill Version: SB 188

(S) Publish Date: 3/11/91

Revision Date: _____ Department Affecting: _____

Title: State Training & Employment Program BRU: _____

Component: _____

Sponsor: Walter J. Hickel

Requestor: _____

COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

This bill will have no fiscal impact on the Division of Personnel.

Prepared By: David K. F. Otto *DKFO* Phone: 465-4430

Division: Personnel Date: 2/15/91

Approved by Commissioner: Millett Keller

Agency: Administration *Millett Keller* Date: 2/28/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

No. 3

II Version: 50188

(S) Publish Date: 3/11/91

Revision Date: _____

Department Affected: Administration

Title: State Training and Employment Program.

BRU: Labor Relations

Sponsor: _____

Component: Labor Relations

Requestor: Governor

COMPONENT SERIAL NO.

0	0	5	8
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

This draft proposes to extend for one year a pilot grant program for employment assistance and training providers. The program is housed in and administered solely by the Department of Labor. It has no direct fiscal or policy impacts on the Department of Administration.

Prepared by: Bruce Cummings *Bruce Cummings*
Division: Labor Relations

Phone: 465-4404
Date: 2/19/91

Approved by Commissioner: Millett Keller *Millett Keller*
Agency: Administration

Date: 2/20/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

No. 4

Bill Version: SB 188

(S) Publish Date: 3/11/91

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: 2/12/91 Department Affected: Community & Regional Affairs
 Title: "An Act relating to employment contributions (STEP)..." BRU: Employment/Training/Rural Development
 Sponsor: Governor Component: State Employment and Training
 Requestor: _____ COMPONENT SERIAL NO.

1	0	1	2
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	52.9					
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	1064.5					
MISCELLANEOUS						
TOTAL OPERATING	1117.4					

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER	1117.4					
TOTAL	1117.4					

POSITIONS:

FULL-TIME	1.0					
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Henderson, Director Phone: 465-4708
 Division: Administrative Services Date: 2/20/91
 Approved by Commissioner: Edgar Blatchford
 Agency: Community and Regional Affairs Date: _____

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Position Title Internal Auditor II		No. of Positions 1	Range / Step 17 A	Barg. Unit GGU
Time Status Full time	Staff Months 12	Location Anchorage		Election District
TYPE OF EXPENDITURE		Justification		
Salary	37.7	This position is indispensable to the administration of the employment and training programs. Taken as a total, over 11 million dollars for training and employment are granted annually by the JTPO. An increasing burden is placed on the unit each year by the federal government for program integrity and accountability. This position is the primary position charged with compliance monitoring, audit tracking and resolution, and liaison with the U.S. Department of Labor for their compliance monitoring of the state.		
Benefits	15.2			
Premium Pay				
Other				
Total Personal Services	52.9			
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost	52.9			
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007	52.9		
CIP Receipts	1061			
Other				

5203

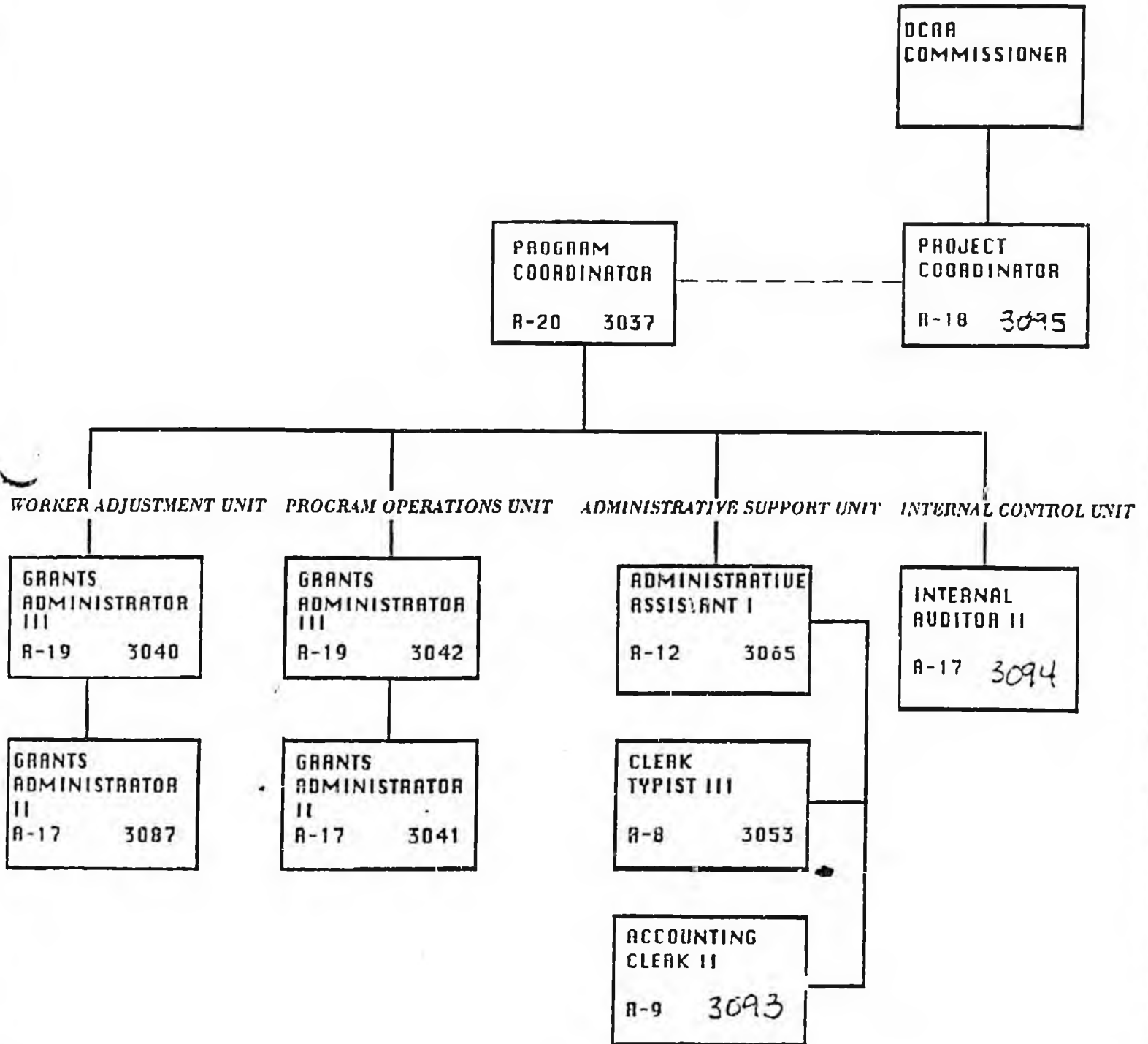
**Request For
New Position**

AGENCY Community and Regional Affairs
 PRP Employment/Training/Rural Development
 COMPONENT State Employment and Training

FY _____

Page _____ of _____
 Revised Date: _____

**JOB TRAINING PARTNERSHIP OFFICE
ORGANIZATIONAL STRUCTURE**



FISCAL NOTE

No. 5

Bill Version: SB 188

(S) Publish Date: 2/11/91

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: 2/12/91

Department Affected: Community & Regional Affairs

Title: "An Act relating to employment

BRU: Employment/Training/Rural Development

contributions (STEP)..."

Component: Statewide Service Delivery

Sponsor: Governor

Requestor: _____

COMPONENT SERIAL NO.

1	1	7	8
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	54.6					
TRAVEL	17.4					
CONTRACTUAL	15.0					
SUPPLIES	0.5					
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	612.5					
MISCELLANEOUS						
TOTAL OPERATING	700.0					

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER	700.0					
TOTAL	700.0					

POSITIONS:

FULL-TIME	1.0					
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Henderson, Director *Remond Henderson* Phone: 465-4703

Division: Administrative Services Date: 2/20/91

Approved by Commissioner: Edgar Blatchford

Agency: Community and Regional Affairs Date: _____

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Position Title GRANTS ADMINISTRATOR II		No. of Positions 1	Range / Step 17 B	Barg. Unit GG
Time Status Full Time	Staff Months 12	Location Juneau		Election District
TYPE OF EXPENDITURE		Amount		
Salary		39.1		
Benefits		15.5		
Premium Pay				
Other				
Total Personal Services		54.6		
Travel		17.4		
Contractual		15.0		
Commodities		.5		
Equipment				
Other				
Total Cost		87.5		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts 1002				
G.F. Match 1003				
General Fund 1004				
I-A Receipts 1007		87.5		
CIP Receipts 1061				
Other				
Justification				
<p>This position is the only dedicated professional position within this component to support the STEP program.</p> <p>This position oversees the development of the SDAS plan of service, manages the development of grant solicitations, contract or subgrant negotiations and writing, monitoring, oversight and reporting requirements. This position also supervises Regional office sub-allocations and oversees their performance in implementing subgrants.</p> <p>This position develops policies and procedures for program operations and assists in the participant enrollment system (MIS) and supports budget and accounting functions relative to this program.</p>				

2082

**Request For
New Position**

AGENCY COMMUNITY & REGIONAL AFFAIRS

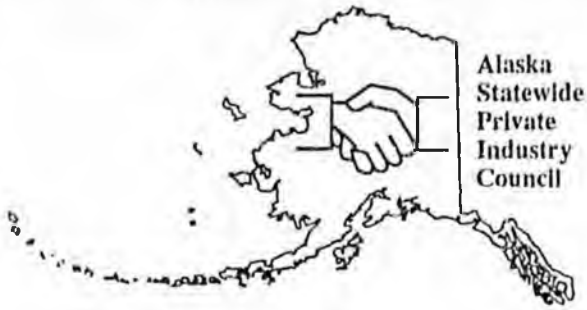
BRU EMPLOYMENT TRAINING/RURAL DEVELOPMENT

COMPONENT STATEWIDE SERVICE DELIVERY

FY 92

Page 1 of 1

Revised Date: _____



"A Partnership Putting Alaskans to Work"

P.O. Box BC, Juneau, Alaska 99811

Phone: (907) 465-4890

April 2, 1991

The Honorable Steve Frank, Chairman
Senate Community and Regional Affairs Committee
Alaska State Legislature
P.O. Box V
Juneau, Alaska, 99811

Dear Senator Frank:

On behalf of the Alaska Statewide Private Industry Council I would like to express strong support for Senate Bill 188. Our experience with the State Training and Employment Program (STEP) over the last year and a half indicates that the program is filling an important niche in Alaska's employment training effort, and supports reinvestment in Alaska's human capital. This is one of the most effective and cost-efficient ways to accomplish Alaskan hire. SB 188 will extend this important effort for an additional year, and allow for a more complete and thorough evaluation.

We appreciate this opportunity to express our support for SB 188, and urge your favorable consideration.

Sincerely,

James L. Barron
James L. Barron
Chairman

cc: The Hon. Fred Zharoff
The Hon. Lyman F. Hoffman
The Hon. Drue Pearce
The Hon. Arliss Sturgulewski



**PRIVATE
INDUSTRY
COUNCIL**

P.O. BOX 196650
ANCHORAGE, ALASKA 99519-6650
(907) 343-6560

"An Anchorage/Mat-Su Consortium"

March 29, 1991

Honorable Steve Frank, Chair
Senate Committee on Community and Regional Affairs
Alaska State Legislature
P. O. Box V
Juneau, AK 99811

Dear Senator Frank:

I am writing on behalf of the Anchorage/Mat-Su Private Industry Council (PIC) to urge favorable consideration of Senate Bill No. 188, to extend the pilot project for state training and employment programs.

The PIC is responsible for overseeing the employment and training programs provided to residents of the Municipality and the Matanuska-Susitna Borough. These programs are primarily federally funded. The addition of the State Training and Employment Program (STEP) has expanded services to Alaskans who could not otherwise be served due to federal guidelines and restrictions.

The program is assisting participants to return to work or retain their jobs by upgrading current skills or learning new ones. Not only do individuals benefit, but the state benefits through a reduced demand on the unemployment insurance trust fund and an increase in workers whose wages circulate through the economy.

At this point we have had approximately one year of actual program operations. While an initial review of program activities shows that program participants are being returned to the work force, we feel that another year of operations is necessary to yield sufficient data for an analysis of both short- and long term benefits.

We respectfully urge the passage of SB 188 to extend the STEP program to June 30, 1992.

Sincerely,

Larry Hartig, Chair
Anchorage/Mat-Su Private Industry Council

cc: Sen. Jalmar Kerttula	Sen. Curt Menard
Sen. Virginia Collins	Sen. Arliss Sturgulewski
Sen. Drue Pearce	Sen. Pat Rodey
Sen. Pat Pourchot	Sen. Rick Uehling
Sen. Rick Halford	Sen. Sam Cotten

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

April 3, 1991

POSITION PAPER

RE: Senate Bill 188

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Program Effects of the Bill

The bill authorizes the extension for a period of one year of the pilot project for state funded training and employment programs. This additional time period will permit continuation of training and employment services to eligible participants throughout the state. The extension will also allow for sufficient time to evaluate the effectiveness of the program.

Comments

The Department of Community and Regional Affairs supports this bill. Through a unique arrangement with the Alaska Department of Labor this department has offered training opportunities to Alaskans utilizing the Service Delivery Areas set up under the federal Job Training Partnership Act. The program is operated in all parts of the state. This arrangement has proven to be an effective service delivery strategy. Since the project became fully operational earlier this fiscal year statistical and anecdotal evidence indicates that the program is very successful. Through the end of February over 456 Alaskans have been enrolled in training programs. We expect nearly 1200 to be trained this year alone. Over 60% of those in the program were unemployed when they enrolled. Approximately 30% have active Unemployment Insurance claims, about 18% have exhausted their UI benefits and over half have no active claim. This indicates service is being provided to those groups the project is intended to serve. Of those completing the training program 73% have gained unsubsidized employment.

There is a great unmet need for training opportunities in Alaska. Typically those served under this program are not employed and have not completed high school. This program offers job specific training that in most cases leads directly to employment. Available evidence indicates that the program should be reauthorized for another year.

Edgar Blatchford
Edgar Blatchford, Commissioner

STEVE COWPER, GOVERNOR

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 485-4700
- 049 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073



105-4714
General Teamsters Local 959 State of Alaska

Affiliated with the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America
ANCHORAGE, ALASKA 99510, P.O. BOX 102692 (907) 269 4122 FAX (907) 337 0668 JACK SLAMA (Secretary/Treasurer)

FAIRBANKS, ALASKA 99707, P.O. Box 609, (907) 452 0221 FAX (907) 452 5051
JUNEAU, ALASKA 99901, 306 W. Douglas St., (907) 586 3295 FAX (907) 586 1227

April 3, 1991

APR - 8 1991

Senator Steve Frank
P.O. Box V
Juneau, AK 99811

Dear Senator Frank:

I urge you to please extend the STEP Program (SB 188). This program has been of great benefit to the workers of this state and with your support will continue to make funds available for retraining and returning people to the Alaskan work force, not to the unemployment insurance program.

Thank you for your consideration and, hopefully, your support.

Sincerely,

TEAMSTERS LOCAL 959

Robert M. Erickson

Robert M. Erickson
Administrative Assistant

RE.91\SENATOR

cc: Jack Slama, Secretary-Treasurer, Teamsters Local 959
Mark Johnson, Executive Assistant, Teamsters Local 959
John Creed, ALIVE Director, Teamsters Local 959



April 3, 1991

1791-1991

CITY OF KENAI
"Oil Capital of Alaska"

210 FIDALGO KENAI, ALASKA 99611
TELEPHONE 283-7535
FAX 907-283-3014

SENT VIA TELECOPIER

Senator Steve Frank
State of Alaska
P.O. Box V
Juneau, AK 99811

RE: *SENATE BILL 188*

Dear Senator:

Please accept these comments on behalf of SB188 during your hearing scheduled for Thursday, April 4, 1991 at 3:30 p.m.

I urge the passage of SB188 as an economic measure that will enhance the opportunities of local hiring throughout our state. The spending of money for pre-employment training, on behalf of citizens of our own areas within the state, will ensure that the work force of Alaska is qualified to participate in the job market. With qualified Alaskans available, we will ensure local hire for our own people.

I would suggest you consider a two-year authorization of this bill rather than a one-year authorization and urge the passage of the funding for this year. As a mayor of a community that has seen the benefits of the State Job Training Council and the STEP Program, I can say unequivocally that the money is well spent.

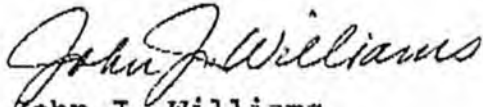
As a member of the Board of the State Job Training Council for the past six years, I can again attest to the worthiness of a job being performed under the Job Partnership Training Act. I am

Senator Steve Frank
April 3, 1991
Page 2

pleased to advise you that our STEP Program has become an integral and worthwhile project within the organization. Once again, I urge your consideration of the passage of this bill and request full implementation and funding for its success.

Sincerely,

CITY OF KENAI



John J. Williams
Mayor and Senior Member
State Job Training Council

JJW/clf

cc: Senator Lyman Hoffman
Senator Drue Pearce
Senator Arliss Sturgulewski
Senator Fred Zharoff

WALTER J. HICKEL
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 11, 1991

The Honorable Richard I. Eliason
President of the Senate
P.O. Box V
Juneau, AK 99811

Dear President Eliason:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to extend, for a one-year period, the pilot project for state training and employment programs, and associated employment contributions. The pilot project was established in 1989 (ch. 95, SLA 1989) and is due to expire on July 1, 1991. Due to delays in the start-up of the program, additional time is needed to evaluate the effectiveness of the program.

Several other states have passed legislation that has resulted in successful employment training programs. There is broad-based support for the bill in Alaska from labor and industry. I urge your early and favorable consideration of this bill.

Sincerely

A handwritten signature in cursive script that reads "Walter J. Hickel".

Walter J. Hickel
Governor

STATE OF ALASKA

DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

P.O. BOX 21149
JUNEAU, ALASKA 99802-1149
PHONE: (907) 465-2700

FAX: (907) 465-2784

March 26, 1991

The Honorable Steve Frank, Chair
Community & Regional Affairs Committee
Alaska State Senate
P.O. Box V
Juneau, AK 99811

Dear Senator Frank:

This is to request your consideration in scheduling Senate Bill 188 for hearing before the Community and Regional Affairs Committee. This bill provides a one-year extension of the State Training and Employment pilot program.

As you may recall, the program was established in 1989 as a two-year pilot in order that the effectiveness of the program could be evaluated before a permanent, ongoing program was established. However, due to delays in the startup of the program, additional time is needed to evaluate it. Accordingly, the one-year extension is proposed.

Inasmuch as the program will expire on July 1, 1991, passage of Senate Bill 188 is needed this session if the pilot is to continue.

Thank you for your help.

Sincerely,



Nancy Bear Usera
Commissioner

NBU:kh



ALASKA JOB TRAINING COUNCIL

WALTER HICKEL, GOVERNOR

REPLY TO: State of Alaska
Department of Community
and Regional Affairs
Rural Development Division
949 East 36th Avenue, Suite 400
Anchorage, Alaska 99508-4361
Phone: (907) 563-1073
Fax: (907) 563-1734

February 25, 1991

Honorable Members of the 17th Alaska State Legislature:

A statutory requirement of the Business Incentive Training Program (AS 44.47.750) is that the Alaska Job Training Council report annually to the Legislature on matters related to the program. Attached is the first annual report.

The Job Training Council is unanimous in its support for the legislation. It has the potential of improving the state's economic competitiveness through worker training. This strategy is prevalent among our foreign competitors, and can offer a sound lesson for institutional change at home.

However, while the intent of the statute is correct, we respectfully submit that certain language in the statute ought to be changed in order to accomplish its goals. The mechanics proposed by the law are simply too cumbersome to effectively operate the program. After much thought and examination of other state funded programs, we wish to report on those elements of a model business incentive program.

The Job Training Council will continue to be at your service should you wish to enact some or all of the recommendations.

Respectfully Yours,

Sarah Scanlan, Chair
Vice President, NANA Development Corp.

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

Rural Development Division

WALTER J. HICKEL, GOVERNOR

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February 28, 1991

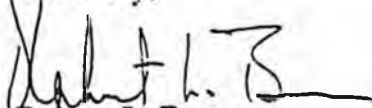
Dear Legislator:

I am pleased to express my support for the first annual report on the Business Incentive Training Program, A.S. 44.47, presented to the First Session of the 17th Alaska State Legislature.

The Business Incentive Program attempts to establish a partnership between the state, private sector employers, and training agencies, to raise the work based skills of Alaskans, particularly in the use of new technologies. Successfully implemented, it has the capacity to emulate a strategy much more prevalent among our foreign competitors: upgrading employee skills as a means to improved business competitiveness.

The following pages will allow you the opportunity to learn about the statute, its means of implementation, and possible ways to exact results consistent with the statute's purpose.

Sincerely,



Robert L. Brean
Director

SB188

1990 REPORT TO THE LEGISLATURE
On The
BUSINESS INCENTIVE TRAINING PROGRAM

AS 44.47.750

Prepared by
James Gurke, Coordinator
ALASKA JOB TRAINING COUNCIL
Sarah Scanlan, Chair

State of Alaska
Walter J. Hickel, Governor

Department of Community & Regional Affairs
Edgar Blatchford, Commissioner



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FINDINGS

The National Governors' Association and National Commission for Employment Policy have recently examined state funded industry-specific training programs, drawing the following conclusions:

- o That businesses in other states offering such assistance are uniformly in agreement that training proved to be valuable and that the state's participation was instrumental.
- o That in most cases a business does not know how to use training as a strategic agent in its business plan, necessitating assistance prior to obtaining the actual training grant.
- o That training projects are most effective when they are clearly tied to specific employer needs and performance objectives developed in the application process.
- o That states reduce the risk of substituting public for private funds in industry-specific training when grants pay for classroom training or some form of customized training, and are most substantial when paying for on the job training wages. Furthermore, training grants for industry-specific training should require a private sector match.

In order to translate these recommendation into action at the state level, the council proposes the following changes to the Business Incentive Training Program.

1. That the Job Training Council be provided the latitude to recommend to the Department of Community and Regional Affairs which agency or agencies be considered for administration of the business incentive program.
2. That Private Industry Councils and regional economic development agencies be used as a means of recruiting businesses interested in worker training.
3. That the business incentive program be targeted toward smaller businesses, and that the business match the grant with a 100 percent cash or in-kind contribution.
4. That the program be concentrated on upgrading skills of existing employees, therefore, eliminating the need for on-the-job wage subsidies as a training cost.
5. That eligibility criteria for employees in training be simplified to being a current contributor to the Unemployment Insurance Trust under AS 23.20.

BACKGROUND TO STATE FUNDED INDUSTRY-SPECIFIC TRAINING

The gap between school and work is the focus of the recent report of the Commission on the Skills of the American Workforce, "America's Choice: High Skills or Low Wages." It contends that our future economic growth is dependent upon a workforce that is not college bound, and that future prosperity is linked to the work skills of this population cohort. The report is blunt in its assessment that neither schools nor work are organized to produce the highly skilled, productive workers critical to our future.

The problems confronting occupational training in the education system are mirrored in the private sector as well. "Made in America," a 1988 MIT study of productivity, similarly found "most workplace training unstructured and often non-existent." In spite of the billions of dollars employers report spending on workplace training, it represents only about one percent of total payroll costs. Less than ten percent of all workers receive any formal training and most of those are "managers and technical elites."

Among other things, the MIT report concluded:

- o "There seems to be a systematic under evaluation in this country of how much difference it can make when people are well educated and when their skills are continuously developed and challenged."
- o "The origins of the problem lie not in the disappearance or weakening of basic American values and capabilities, but in the institutions that educate Americans for work."
- o "Without major changes in the ways schools and firms train workers...no amount of macroeconomic fine tuning or technological innovation will be able to produce significantly improved economic performance or a rising standard of living."

At the state level, the 16th Alaska Legislature attempted to address some of these concerns with passage of two bills: the Business Incentive Program (BIP) in AS 44.47.750; and a companion bill, the State Training and Employment Program (STEP), SLA 95, 1989. Their purpose is to encourage private industry to provide new job opportunities by offering assistance in training the new workforce and in retraining existing employees to implement new technologies. Each attempts to create new institutional arrangements to improve the skills of the Alaska workforce.

POLICY RATIONALE FOR STATE FUNDED TRAINING

Alaska is only one of four states to use the unemployment insurance trust rather than general tax revenue in underwriting worker training and retraining -- the others being California, Delaware and Rhode Island. However, at least a quarter of the states have comparable programs supported by their respective general funds. In virtually every case the purpose of the statutes are the same:

(California) To encourage investment in the productivity and competitiveness of California's workers through training.

(Maryland) To improve competitiveness and productivity of the workforce; upgrade employee skills for new technologies; and assist in promotion of employment stability.

(New York) To assist individual businesses and industries in improving competitiveness by providing skill training; to provide job skills to dislocated workers; to upgrade skills of existing employees to enable modernization of operations, particularly among small businesses.

Historically, government sponsored programs have targeted the idea of industry attraction. For instance, providing a package of tax incentives and worker training to attract a firm or discourage its leaving. However, this goal has a zero sum result -- as states within a region establish similar incentives the playing field is leveled and programs compete against each other in a bidding war.

Adoption of new strategies are based upon alternative premises.

(1) That state financing of training in transferable skills will, in itself, help create an environment which will interest new business.

(2) That government participation in industry specific training helps mitigate a concern of small businesses, known as the "free rider dilemma." Companies fear that by providing training at their own cost, they then risk losing employees through relatively high turnover rates. A consequence is that few lower level workers ever receive advanced skills training.

(3) That government financing of high skills training will improve competitiveness of businesses, thus reduce turnover and help retain business and employment within the state.

(4) Finally, that demographic indicators show that many workers lack functional skills because they were unsuccessful in school or simply have not kept up with technological advances. These workers are most likely to be claimants of unemployment insurance or public assistance in the absence of any job specific training.

CURRENT STATUS
OF THE
BUSINESS INCENTIVE PROGRAM

Funding Mechanics

The Business Incentive Training Program (BIP), AS 44.47.750, was passed by the first session of the 16th Legislature as a companion to a second, larger program, the State Training and Employment program (STEP), in SLA 95, 1989.

Besides providing for training, STEP established the means of funding both programs by way of an employment assistance and training account in the general fund. One-tenth of one percent of the employee wages paid into the unemployment insurance trust are set aside to pay for STEP and BIP. Monies are then appropriated from the general fund to the Department of Labor for STEP (approximately \$2 million), and to the Department of Community and Regional Affairs for BIP (\$300,000 by statute). A significant difference between the two laws is that STEP has a two year sunset provision due to expire June 30, 1991. BIP does not have a sunset provision, but without the employment and training account established by STEP, funds would have to be appropriated directly from the general fund.

Projects Funded in FY 90

The Department of Community and Regional Affairs established an application process consistent with the statute to enable Private Industry Councils to apply for BIP grants. In FY 90, only two of three Private Industry Councils (PICs) chose to apply for funding: Statewide and Fairbanks. The Anchorage Private Industry Council did not choose to apply for BIP funds in FY 90.

Statewide Project: The Statewide PIC is administered by the Division of Rural Development. It awarded the University of Alaska Southeast, Institute of Mining Technology, \$44,370 to provide specialized advance underground mine training and work experience. Five participants were trained and an underground mine site was developed for use by future trainees. In addition, a mining video was developed for use by the Alaska Employment Service and other agencies to inform and recruit potential miners into the industry. In FY 91 the project was extended to provide training to two additional participants at a cost of \$17,538.

In FY 90 the department undertook development of regulations that reflected new knowledge about implementation of industry-specific training. The Statewide PIC was advised that a direct connection to placement in business or industry would be a prerequisite to training. Statewide subsequently reallocated its grant from the University to its regional offices, but no further obligations have been reported.

Fairbanks Project: The Fairbanks Private Industry Council expended \$26,356 in FY 90. It awarded a single grant for computer training through the University of Alaska Small Business Development Center. The project allowed the Center to establish a computerized entrepreneurial training program that has subsequently been used by trainees under both the Job Training Partnership Act and the State Training and Employment Program.

In conclusion, in FY 90, \$300,000 was authorized for BIP; but only \$75,408 expended. An explanation for this anomaly is the fact that BIP proposes to establish new institutional partnerships between the state, business, and training agencies. Little prior experience with such implementation models existed at the time of BIP's authorization.

For example, in 1983, Illinois established the Prairie State 2000 Authority, but it took almost three years to fully implement the program. It is now in its fifth year of operation and is often cited as one of the most successful models for work based education. The lessons learned were apparently worth the time and should be an example for Alaska.

The following recommendations are based upon what we have learned from the research and the experience of other states.

JUSTIFICATION FOR PROPOSED AMENDMENTS TO THE BUSINESS INCENTIVE PROGRAM

1. That the Job Training Council be provided the latitude to recommend to the Department of Community and Regional Affairs which agency or agencies be considered for administration of the business incentive program.

In order to accomplish the goals of the Business Incentive Program, the statute directs the Job Training Council to allocate equal grants to each Private Industry Council (PIC) established under the federal Job Training Partnership Act.

This process of grants distribution is unique among all the state funded programs investigated for this report. Its adoption was likely in the belief that the administrative system used under JTPA would provide management efficiency, and that the local private industry council would be a bridge to local employers.

The initial problem in implementation has been the fact that BIP and STEP were undertaken at the same time, by most of the same agencies, with an understanding that the programs were to meet unique training needs. STEP, having almost six times the budget as BIP (approximately \$2 million vs. \$300,000) naturally took priority among the PICs.

A more important issue, discussed further in Recommendation #3, is the need for an employer to understand how workforce training can become a part of the business strategic plan, so that public policy outcomes can be easily accommodated by the private sector. For BIP to succeed, a certain marketing and management threshold must be met. With each Private Industry Council entitled to separate \$100,000 grants, each agency must administer, market and provide the appropriate technical assistance with only \$15,000 in administration (15 percent statutory limitation). This bifurcated approach to administration will not allow BIP to replicate those models discovered in our research.

The recommendation is that the Department of Community and Regional Affairs continue to have authority for the program, guided by recommendations from the council in regard to administration and awarding of training grants. Technical assistance should be available from the administrative agency, to assess employer training needs, available curricula, and sources of training expertise.

2. That Private Industry Councils and regional economic development agencies be used as a means of recruiting businesses interested in worker training.

The Maryland "Partnership for Workforce Quality" is among the best examples of a partnership in action to promote and recruit employers into workforce training projects. The network includes the Chamber of Commerce, private industry councils, organized labor, and their system of community colleges.

Administration is centrally located in their Department of Economic and Employment Development. Payments for training occur through a voucher system to pay for training at a recognized training agency; or through grants to a business consortium or individual business who arrange their own training method and curriculum.

The recommendation is that a recruitment method, similar to Maryland's program, be emulated in the Alaska Business Incentive Program.

3. That the business incentive program be targeted toward smaller businesses and that the business must match the grant with a 100 percent cash or in-kind match.

Targeting and Substitution Issues. To adequately support a public policy initiative like BIP or STEP, the state must be prepared to justify the program against two criteria. First, a method of targeting resources should be considered given the small amount of available assistance. Second, a method should exist to ensure that state general funds are not substituting for otherwise available private training monies.

A common approach used by other states in determining business need is the use of pre-application assistance. Business receiving a training grant should be able to cite the positive effects training is expected to have on the business. Specifically, it should be able to develop a training plan which identifies specific skills to be obtained by employees; whether these skills are likely to be important components of its overall business strategy; and the means of measuring the acquisition of the skills acquired in training.

Targeting is further assured through limitations that can easily be built into the statute.

- o One, by concentrating the majority of the money on small business under the theory that they are least likely to afford job specific skills training on their own. Small business is also responsible for the most significant number of new job openings. Maryland, for instance, concentrates 60 percent of its funding on businesses with less than 100 employees; New York, 50 percent.
- o Second, that funding be limited by either a percentage of available funds or a dollar amount. Illinois limits its grants to \$50,000, Maryland to 5% of the funds available in the appropriation. Both states' appropriations are similar in size to Alaska. Illinois' experience over the past four years is that grants average \$17,000 per business.

Reciprocally, the government must make some attempt at deciding whether the use of public funds is necessary, or whether substitution of public funds for private resources is likely to occur. (Creticos & Sheets, National Commission for Employment Policy). The method recommended by Creticos is that a set of criteria be established by the state for determining whether a business is to be assisted. The business applies for the grant not by competing against other firms, as in a request for proposals (RFP), but rather, by competing against the criteria on a first come basis.

Screening methods, such as an on-site business consultation, not only help determine need, but also ensure that the training plan is designed as an integral part of the firm's business plan. Minnesota, Kentucky, and Oregon all use a partnership with their respective community colleges to screen employers, develop curriculum and provide training. [The University of Alaska has a "quick start" program, but it is not integrated with BIP in any way.] Illinois provides grants of up to \$5000 just to get the initial training plan in place to ensure training goals are met. California has recently adopted a similar pre-application strategy.

A final note about the substitution issue is that of cost sharing. Conclusions from available research and examples of other state programs indicate that cost sharing between the state and private sector is recommended. Matching funds reflect the degree of business interest in training; reduce the likelihood of substitution; and expand the resources of the program. Virtually every other state funded employment training program requires a private sector match to demonstrate the partnership role in a training strategy.

Because of limited resources, it is recommended that the business incentive program be better targeted toward small employers; those having less than 100 employees. Furthermore, it ought to be a requirement of the program that grants be matched by the private sector.

4. That the program be concentrated on upgrading skills of existing employees, therefore, eliminating the need for on-the-job wage subsidies as a training cost.

The particular reason for not funding OJT in state funded programs is that the client group is not the same as in programs that target the economically disadvantaged, like JTPA. It does not tend to be a "hard to serve" group with many barriers to employment, but rather, individuals in need of specific skills training. OJT also represents an investment that is least defensible in terms of the substitution issue.

OJT payments are treated differently by the various state programs. California permits them, but only upon condition that time sheets are signed by the employee and trainer indicating the number of hours in training versus simply doing one's job. Illinois provides for OJT by not subsidizing wages of the trainee, but rather the employee who serves as trainer. Maryland and Kentucky do not permit OJT simply because the substitution issue weakens the argument for use of public funds.

The argument for training existing employees is fundamental to the business incentive program. By limiting training to existing employees, the government is responding to a private sector need as a partner. The uncertainties of matching trained workers to employer expectations is removed from the equation. Instead, the employer takes the initiative to train its existing workforce, including new hires. For example, when Federal Express entered the Alaska market there was a local desire to assist them in training new employees. The argument of most state programs is, "Fine...hire the new workforce, then enter into a partnership with the state to provide the skills training you require."

The recommendation is that only existing employees qualify and that training be oriented toward classroom or customized training and away from on-the-job wage subsidies.

5. That eligibility criteria for employees in training be simplified to being a current contributor to the Unemployment Insurance Trust under AS 23.20.

The Legislative intent of the statute and the eligibility criteria for employers and employees are currently at odds. The statute requires that trainees be unemployed, at risk of being unemployed, or marginally employed seasonal workers. Eligible employers, on the other hand, even include sole proprietor businesses who do not contribute to the Unemployment Insurance Trust under AS 23.20.

The strict employee eligibility in the statute makes the program clumsy to operate and has the potential of precluding private sector interest. Employers are restricted by whom they may hire, and to upgrade the skills of existing employees the employer must guarantee that the employee is about to lose his or her job.

Because the funding source for the program is the Unemployment Insurance Trust, employers should be limited to those who are covered under AS 23.20.

The recommendation is that employee and employer eligibility be consistent with the purpose of the program. Both entities ought to be currently covered under AS 23.20 to be eligible for assistance under the program.

CONCLUSION

The recommendations presented in the report are those of the Job Training Council. We hope they represent the best interest of the intended customer, employers and employees interested in industry specific training. We also hope we have encouraged some thought about how Alaska can forge new institutional arrangements which are consistent with legitimate functions of the state: education and promotion of our economic well being.

The Job Training Council is firmly in support of the purpose behind AS 44.47.750. We encourage the 17th Legislature to continue its support for the Business Incentive Training Program, considering also the recommendations offered in our report.

Draft regulations are about to be adopted by the Department of Community and Regional Affairs which will provide the Business Incentive Program with sufficient guidance to achieve some of our recommended outcomes. However, with the information available to us from other state funded programs and current research, changes to the statute are advisable. The Job Training Partnership Office, Department of Community and Regional Affairs, has assembled a very detailed critique of each section of the statute with drafts of alternative language. Further information is available through Robert L. Brean, Director, Division of Rural Development.

As a final remark, the Job Training Council would like to offer whatever assistance we can to broaden the public debate about the Business Incentive Program and State Training and Employment Program. We encourage the Legislature to conduct public hearings on the subject, soliciting the opinions of our training partners and the private sector in determining how an investment in workforce skills can improve our economy.

REFERENCES

The following sources of information were used for this report.

1. A special meeting of an Alaska Job Training Council Ad Hoc Committee for BIP, August 17, 1990.
2. A BIP workshop conducted under the auspices of a joint meeting between the Job Training Council and Private Industry Councils, November 10, 1990, facilitated by Steve Duscha, former Director of the California Employment Training Panel, and Peter Creticos, author of several research studies on state funded training programs.
3. Attendance by the Chair and council staff at an National Governors' Association workshop highlighting the Maryland "Partnership for Workforce Quality" legislation.
4. Examination of other state legislation and reports documenting outcomes of similar state funded workplace-based retraining programs, including:
 - Bluegrass State Skills Corporation, 1989 Annual Report, State of Kentucky.
 - "Evaluating State-Financed, Workplace-Based Retraining Programs," Research Report 89-08, Peter Creticos and Robert Sheets, National Commission for Employment Policy and National Governor's Association.
 - "Partnership for Workforce Quality: Maryland's Response to Skills Upgrading," Audrey S. Their, Maryland Department of Economic and Employment Development, NGA Center for Policy Research.
 - "State-Financed, Workplace-Based Retraining Programs," Research Report 89-01, Peter Creticos and Robert Sheets, National Commission for Employment Policy and National Governor's Association.



**PRIVATE
INDUSTRY
COUNCIL**

"An Anchorage/Mat-Su Consortium"

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March 29, 1991

Honorable Steve Frank, Chair
Senate Committee on Community and Regional Affairs
Alaska State Legislature
P. O. Box V
Juneau, AK 99811

APR 1 1991

Dear Senator Frank:

I am writing on behalf of the Anchorage/Mat-Su Private Industry Council (PIC) to urge favorable consideration of Senate Bill No. 188, to extend the pilot project for state training and employment programs.

The PIC is responsible for overseeing the employment and training programs provided to residents of the Municipality and the Matanuska-Susitna Borough. These programs are primarily federally funded. The addition of the State Training and Employment Program (STEP) has expanded services to Alaskans who could not otherwise be served due to federal guidelines and restrictions.

The program is assisting participants to return to work or retain their jobs by upgrading current skills or learning new ones. Not only do individuals benefit, but the state benefits through a reduced demand on the unemployment insurance trust fund and an increase in workers whose wages circulate through the economy.

At this point we have had approximately one year of actual program operations. While an initial review of program activities shows that program participants are being returned to the work force, we feel that another year of operations is necessary to yield sufficient data for an analysis of both short- and long term benefits.

We respectfully urge the passage of SB 188 to extend the STEP program to June 30, 1992.

Sincerely,

Larry Hartig, Chair
Anchorage/Mat-Su Private Industry Council

cc: Sen. Jalmar Kerttula	Sen. Curt Menard
Sen. Virginia Collins	Sen. Arliss Sturgulewski
Sen. Drue Pearce	Sen. Pat Rodey
Sen. Pat Pourchot	Sen. Rick Uehling
Sen. Rick Halford	Sen. Sam Cotten