

HB

330

HOUSE COMMITTEE REPORT

(7)
Date Referred to Committee: January 16, 1998

FURTHER REFERRALS: Labor and Commerce
Finance

Date of Committee Action: 4/9/98

The STATE AFFAIRS Committee considered:

HB 330

HOUSE BILL NO. 330

EXTEND STATE TRAINING AND EMPLOYMENT PROG

"An Act repealing the termination date of the state training and employment program; and providing for an effective date."

recommends it be replaced with the following committee substitute _____ the same title
 a new title

additional referral to _____ Committee

attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) _____

fiscal note(s) _____

zero fiscal note(s) CHRA, GOV,

zero fiscal note(s) _____

LABOR

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Jeannette James</i>	<input checked="" type="checkbox"/>			
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
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<i>[Signature]</i>	<input checked="" type="checkbox"/>			
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CHAIR'S SIGNATURE *Jeannette James*

TONY KNOWLES
GOVERNOR



HB 330
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Juneau Alaska 99811-0001
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 12, 1998

The Honorable Gail Phillips
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker Phillips:

The state training and employment program (STEP) has demonstrated its value as one means to help Alaskans achieve worthwhile employment. I transmit this bill to continue this vital program, now due to sunset on June 30, and maintain it in permanent law to ensure it will be available to Alaskans in the future.

The STEP was enacted in 1989 as a temporary, two-year pilot program. Its success led to the Legislature extending its existence three more times in subsequent years. With its last extension, in 1996, the STEP became a permanent program, but remains subject to a sunset provision. Since its last extension, the STEP has made great strides in addressing legislative concerns with the program.

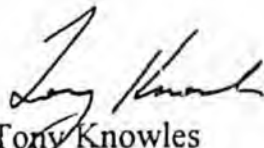
This program is financed with a 0.1 percent contribution from employees' share of unemployment insurance. The STEP job training provided with this small contribution to the unemployment fund results in more working Alaskans and a decreased need to pay out unemployment insurance benefits. The program also assists Alaskans who need to upgrade their job skills in order to maintain their employability.

In fiscal year 1997, more than 1,500 individuals were enrolled in the STEP, an increase of 500 enrollees over the previous year. In one year, STEP clients have reduced claims for unemployment insurance resulting in about a \$1.5 million saving to the unemployment insurance trust fund. Along with the increased use of the program, the STEP administrators were successful in reducing federal recapture of unemployment insurance trust funds by 60 percent while holding administrative costs below 20 percent.

The Honorable Gail Phillips
January 12, 1998
Page 2

It makes good sense to ensure the future existence of the STEP. The program enjoys widespread support from both labor and industry because it offers a vital component of a healthy economy -- preparing Alaskans for good jobs.

Sincerely,



Tony Knowles
Governor

Dwight wants
to move it
as a separate
hill.

2702
~~AW 1864~~

SB 334

(Pearce)

Contains

HB 330

Craig

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HB 330

Dewight

HOUSE BILL NO. 330
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/16/98

Referred: State Affairs, Labor and Commerce, Finance

A BILL

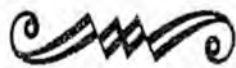
FOR AN ACT ENTITLED

**"An Act repealing the termination date of the state training and employment program;
and providing for an effective date."**

BE IT ENACTED BY THE STATE OF ALASKA:

- * **Section 1.** Section 6, ch. 116, SLA 1996 is repealed.
- * **Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).

State Training and Employment Program

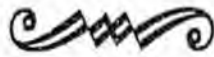


STEP: Stairway to Career Success



Written and compiled for
Alaska Human Resource Investment Council
February, 1998

State Training and Employment Program



STEP: Stairway to Career Success

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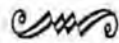
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*Compiled and written for
Alaska Human Resource Investment Council
by Kaylene Johnson
Writing, Research & Graphics
1998*

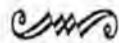
STEP

Stairway to Career Success

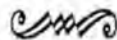
Linda wasn't about to let circumstances get her down. She had grit, determination and fortitude. What she didn't have were the job skills she needed to get a job.



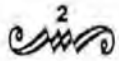
Rose, mother of seven, shook her head over a pile of bills and wondered how her family would make it now that her husband was unemployed. There had to be something she could do besides wring her hands with worry.



When flames threatened hundreds of homes in the Big Lake area, officials made a nationwide plea for trained firefighters. The lives and property of an entire community were at stake. Twenty five young Alaskans arrived on the scene trained and ready to help.



These real-life scenarios have one thing in common. The State Training and Employment Program (STEP) provided the training and skills for each individual to go to work. The individuals are all Alaskans hired for the needs of the local job market. Along with their stories, this report offers an overview of the program and a glimpse into how STEP benefits individuals, businesses and the State of Alaska.



What is STEP?

The State Training and Employment Program is a unique and flexible program that offers Alaska workers the help they need to become or remain employed.

STEP was created in 1989 and has been reauthorized every two years by the Legislature. Goals for the program are to:

- Reduce demand on the Unemployment Insurance Trust Fund by helping to reduce claims for future unemployment benefits.
- Foster new jobs by encouraging businesses to locate in Alaska due to the availability of a skilled labor force and minimize unemployment insurance costs.
- Increase training opportunities for workers severely affected by fluctuations in the economy or technological changes in the workplace.

Prior to the creation of STEP, Alaska was one of only a handful of states that did not contribute state resources to workforce development.

Funding for the program comes from 1/10 of one percent of employee tax contributions into the State's Unemployment Insurance Trust Fund. These funds are administered by the Alaska Department of Labor, Employment Security Division.

Through the STEP program, many participants have moved away from dependence on public assistance. Direct beneficiaries of STEP training include Alaska residents who are 1) unemployed and either receiving Unemployment Insurance (UI) benefits or who have exhausted UI benefits; 2) employed but likely to become unemployed within six months due to a reduction in force, elimination of a current job, or a change in conditions of employment requiring different skills in order to remain employed; or 3) ineligible for UI due to seasonal, temporary, part-time or marginal employment, insufficient qualifying wages or underemployment due to a need for additional training.

Other program beneficiaries include employers, Alaska workers, businesses

"Programs under STEP promote local hire and retrain Alaska workers for new and emerging technologies and industries in our state. The STEP program represents Alaska's commitment to addressing unemployment. The statistics speak to the difference STEP has made in the lives of many Alaskans."

*Yvonne Chase, Director
Department of Community and
Regional Affairs
Division of Community and Rural
Development*

and other state residents. Employers and workers alike benefit from lower UI costs accruing from a reduced demand on the Trust Fund. Businesses benefit from the availability of a skilled workforce and subsidized workforce development. All residents of the state benefit from a stable, more productive workforce, and the decrease of social problems stemming from the stress of unemployment and poverty on families.

The impact of the program has been far-reaching. According to a Department of Labor Program Review FY 95, audits show that the STEP program is meeting its legislative intent and is cost effective in the savings it generates by reducing claims on the UI Trust Fund.

AHRIC's Role

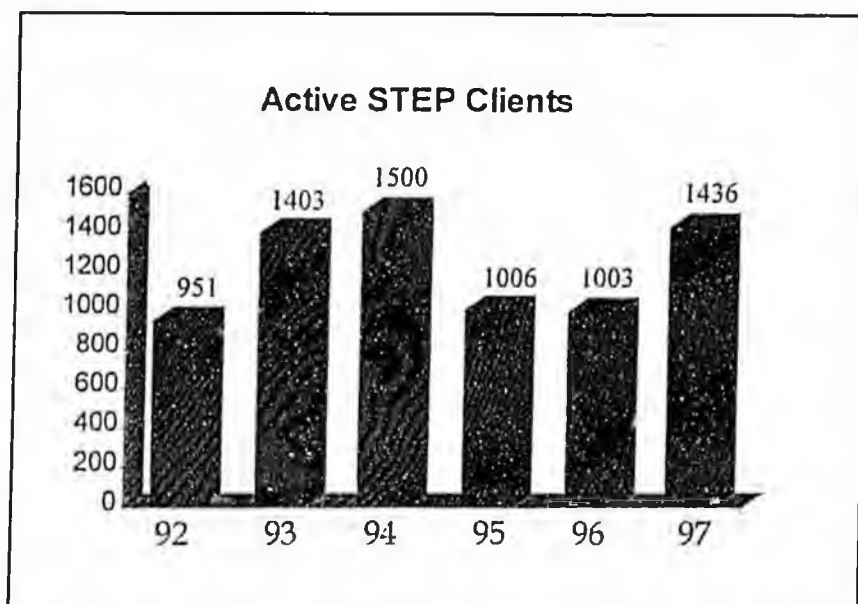
In 1996 the Legislature authorized the Alaska Human Resource Investment Council (AHRIC) with STEP program oversight and accountability. The legislature tasked AHRIC with:

- making STEP more accountable in program reporting and increasing the use of available funds,
- holding down STEP administrative costs to twenty percent,
- reemphasizing that training should be delivered to clients in occupations in which high percentages of nonresidents are employed.

AHRIC distributes STEP funds through the Department of Community & Regional Affairs, Division of Community and Rural Development to the State Private Industry Councils in Alaska's three Service Delivery Areas (SDAs).

Fiscal Year 1997 in particular was a year of positive changes following AHRIC's authorization for program oversight and accountability. Through partnerships with the PICs that provided STEP services, the program saw:

- an increase of 433 more clients served in 1997 over 1996 with





approximately the same level of funding. This is a substantial increase in service delivery and represents the most Alaskans ever served by STEP.

- a 61% improvement in fund utilization. STEP funds not utilized are returned to the Trust. Funds recaptured were down from \$793,434 in 1996 to \$306,426 in 1997, a difference of over \$480,000, and the lowest recapture amount in STEP history.
- administrative costs to operate STEP were held to less than 20%, the lowest percentage in STEP history.

The numbers reflect a program that is growing in its impact on the lives of Alaskans, their families and businesses across the state.

"The STEP program has proven to be an incredibly flexible and responsive resource to help meet the workforce development needs of Alaska employers, while providing the incentives for the incumbent workforce to reinvest in relevant training and education. This helps Alaskans remain competitive in a tough global economy. I wish our federal programs gave us this much flexibility and effective focus."

Mark Mickelson
Program Manager
Alaska Statewide Service
Delivery Area

How the Program Works

With oversight from the Alaska Human Resource Investment Council the STEP program is administered by the Department of Community and Regional Affairs, Division of Community and Rural Development. Funds are then distributed through the Private Industry Councils (PICs) of three Service Delivery Areas (SDAs): Anchorage/MatSu, Fairbanks and Statewide.

The PICs provide services in three ways:

- Individual client services and contracts
- Grants awarded to training institutions, employers who give training, post-secondary schools, and non-profits
- In-house client services.

Client services and contracts

Most clients are served on an individual basis, applying directly to the SDA for employment training and services. The client

works with an employment coordinator to develop a customized plan for training and employment services.

The employment coordinator meets with the client to document eligibility and to assess academic and occupational skills. The client and employment coordinator determine career goals, assess the job market and identify education and training required to meet that goal. Together they develop a training plan, select a training provider, and identify other services needed to complete the plan.

Grants awarded to training institutions, employers who give training, post-secondary schools, and non-profits

Occasionally a client's career goal can be met by a training provider that is already under contract with the SDA to offer classes in a particular area. The client is then referred to the contractor. For example, the Yukon-Kuskokwim Health Corporation is under contract with the Statewide SDA to provide Certified Nurses Aide (CNA) training. CNAs are then employed by the corporation to provide health care services to elders in Native villages.

In some cases, the client can be matched with an employer willing to provide specific training on the job. The employment coordinator executes an on-the-job training contract and the SDA reimburses the employer for half the clients' wages during training.

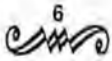
Contracts with other vendors include a variety of training and education providers such as the University of Alaska, Native Associations, voc-tech schools, and organized labor training programs.

In-house client services

Clients are required to maintain contact with their employment coordinator at least monthly while in training. This allows the SDA to address problems that might hinder the client from completing their training. During this period the SDA can provide, as needed, services such as:

"The STEP program demonstrates the state's commitment to developing a well-trained local workforce. The addition of these state resources to the federal funds already available for training and employment programs greatly expands opportunities for Alaskans. STEP allows us to offer assistance not just to people who are trying to reenter the job market, but to workers who need to increase or upgrade their skills, making them more valuable and productive employees for business and industry."

*Lynn Taylor
Program Manager
Anchorage/MatSu Service
Delivery Area*



- personal and financial counseling
- academic tutoring
- emergency assistance, including transportation, child care, housing, medical, dental, vision care, food, clothing
- books, supplies, and equipment required for training
- fees for testing, certification or licensing
- uniforms and tools.

Once a client has completed training, the SDA can provide training in resume preparation, job search techniques and effective interviewing skills.

Who are STEP clients?

STEP clients are people who have been displaced in the workforce, or are facing layoffs unless they receive the training they need to secure or keep their jobs. It especially targets individuals who may have barriers to employment. The biggest barrier to employment is simply inadequate training or job skills. Other barriers can include disabilities, prior prison terms, homelessness, or limited English proficiency. Because of STEP's flexibility, it can address many of the employment obstacles facing its clients.

For example, one STEP client's most prominent barrier to employment was her appearance. She had no teeth. She also needed job skills training. Through STEP training and several phone calls to local dentists by her employment coordinator, the woman received dentures and got a job as an office assistant.

Another STEP client had the skills, but no money to buy uniforms for the well-paying job he knew he could secure. With assistance from the program, he purchased uniforms and has been employed ever since.

Every STEP client has a unique circumstance. One of the advantages of the program is its flexibility to meet the needs of its clients.

Step Training and Employment Program Eligibility Criteria

To be eligible for STEP participation, Alaska residents

1. Are **UNEMPLOYED** and:
 - a) receiving unemployment insurance benefits; or
 - b) have exhausted the right to unemployment insurance benefits within the past three years;

OR

2. Are **EMPLOYED** but likely to be displaced within the next six months because of:

- a) reduction of overall employment within a business;
- b) elimination of the worker's current job; or
- c) a change in conditions of employment requiring the employee to learn substantially different skills than they currently possess in order to remain employed;

OR

- 3. Worked in a position covered by AS 23.20 (Alaska Employment Security Act) within the past three years, but are INELIGIBLE FOR UNEMPLOYMENT BENEFITS because:
 - a) employment has been seasonal, temporary, part-time, or marginal;
 - b) qualifying wages are insufficient because of limited job opportunity; or
 - c) they are underemployed and in need of employment assistance and training to obtain full employment.

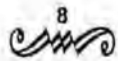
"Considering current welfare legislation, without STEP you would have a larger base of unemployment. STEP is helping the state of Alaska turn out a superior workforce. It is an invaluable tool."

*Kay G. Hoch, Chair
Fairbanks Private Industry
Council
Business Owner: Matrix
Jewelers*

Priority for Service

Participants should meet one of more of the following criteria to be considered for priority service:

- 1. Individuals currently on Unemployment;
- 2. Women, minorities, and rural Alaskans;
- 3. Persons enrolled in the Unemployed Parent Program under AFDC;
- 4. Persons responsible for court-ordered child support payments;
- 5. Persons lacking skills or whose skills have been outdated by technological change;
- 6. Individuals whose annual earned income is less than the Alaska Annual Average Wage, as determined by the Alaska Department of Labor for the calendar year preceding application.



A Penny Saved...

Only a fraction of every penny paid by employees into the Unemployment Insurance (UI) Trust Fund is designated to workforce development through the STEP program. Not only do individuals and businesses benefit from the program, it generates significant savings to the state by reducing unemployment claims on the Fund.

The Department of Labor, Division of Research and Analysis reports that in FY96, 480 new applicants filed 514 UI claims in the year prior to STEP enrollment. Following participation in STEP, 293 participants filed 303 claims. In the year prior to enrollment, FY96 STEP participants received an average of 19.4 weeks of benefits totaling \$1,592,960. After completing STEP, participants averaged only 14 weeks of benefits worth \$675,399.*

Over time, this translates to savings in the millions. In FY96 alone, the reduction of benefits drawn from the Trust following STEP participation totaled \$917,561.

Following the first year of Alaska Human Resource Investment Council's authority for oversight of the program, FY97 showed a marked increase in enrollment and a decrease in funds recaptured by the UI. An increase of 433 additional clients were served in 1997 over 1996 with approximately the same level of funding.

At the same time, funds recaptured by the UI Trust Fund were reduced by more than \$480,000 over the previous year, a 61% improvement of fund utilization. Administrative costs to operate STEP were held to less than 20% as required by the legislature; the lowest percentage of administration cost in STEP history.

In many cases wage earnings of STEP participants increased substantially. The Anchorage/MatSu SDA reported a 36% increase in wages of clients for FY97. The average pre-program wage for clients was \$9.46/hour. The average post-program wage was \$12.82/hour. The Statewide SDA reported that the average wage for participants who completed training in FY96 was \$14.77 per hour. The average wage for clients in Fairbanks was \$12.98, up from \$8.65 before STEP training. It is difficult to measure the benefit on local economies as workers increase their potential earning power and purchase the goods and services they previously could not afford.

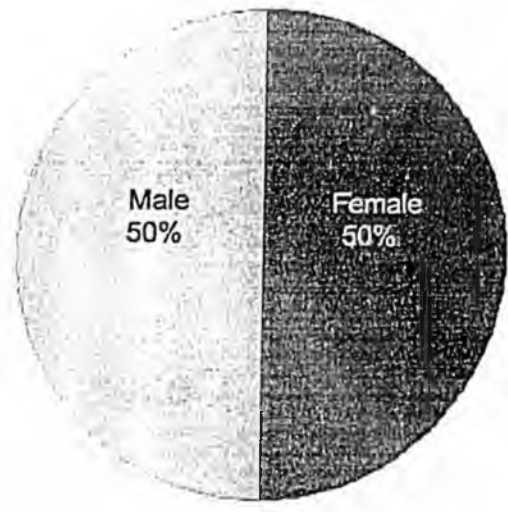
**The Alaska Department of Labor has recently issued a separate up-to-date report that reviews the entire STEP program and evaluates its effect on Unemployment Insurance Trust Funds in terms of reduction of claims filed and benefits paid. This report includes the most recent figures for FY95, FY96 and FY97.*



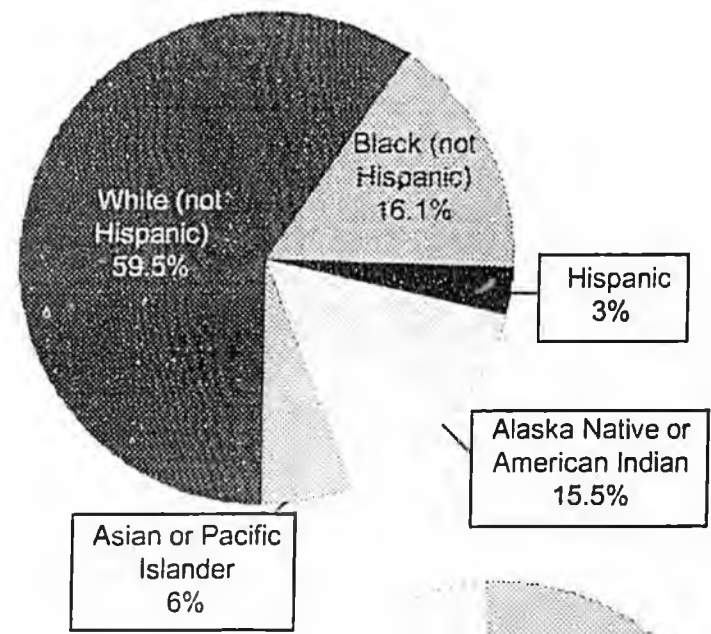
STEP Fund Year	Available	Re-Captured by UI Fund
FY93	\$2,962,335	\$512,539
FY94	\$2,983,523	\$505,140
FY95	\$3,182,940	\$836,023
FY96	\$3,128,151	\$793,434
FY97	\$3,316,900	\$306,426

Fairbanks STEP Clients FY97*

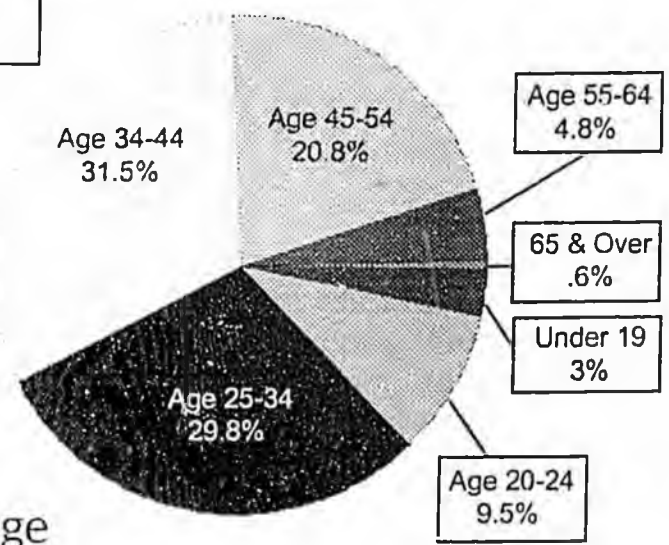
Gender



Race



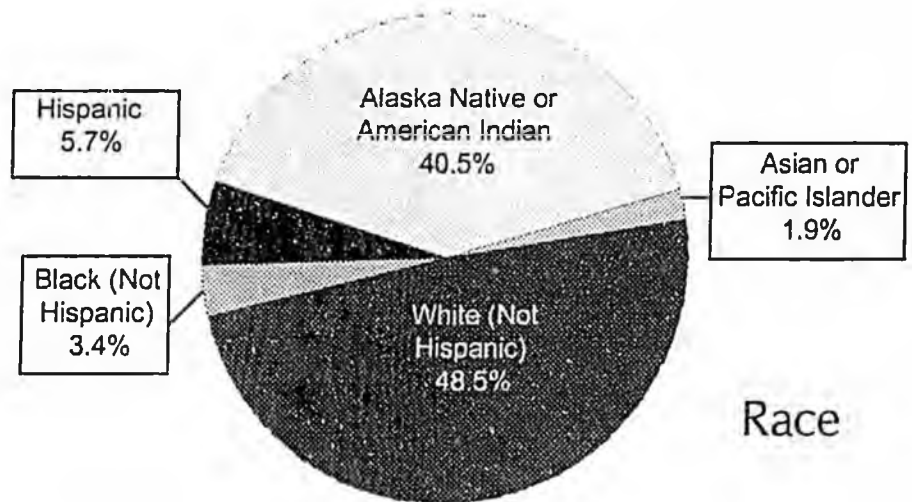
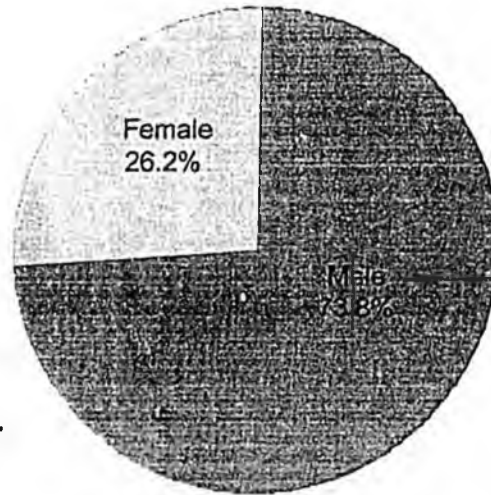
Age



*These figures provided by the Department of Labor reflect only new applicants for the program year. Clients whose services overlapped from the previous year are not counted here. SDA figures are slightly higher since SDA reports all clients served for the program year.

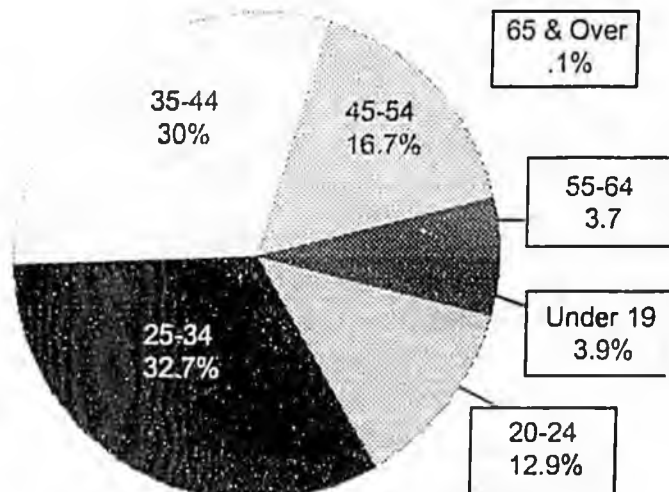
Statewide STEP Clients FY97*

Gender



Race

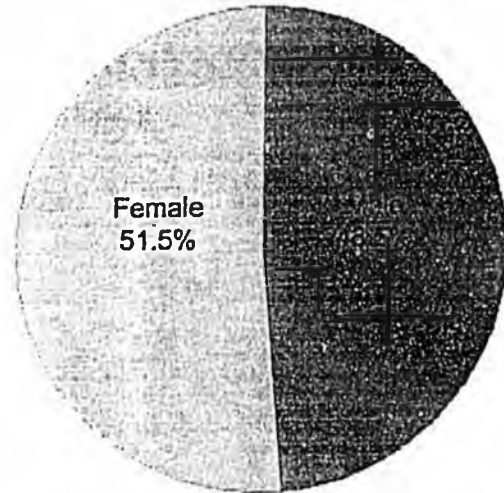
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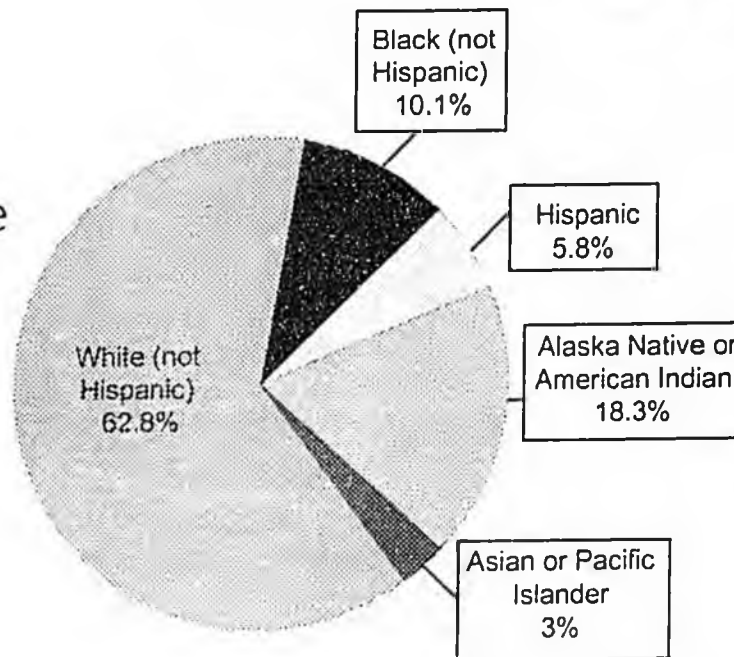
*These figures provided by the Department of Labor reflect only new applicants for the program year. Clients whose services overlapped from the previous year are not counted here. SDA figures are slightly higher since SDA reports all clients served for the program year.

Anch/Matsu STEP Clients FY97*

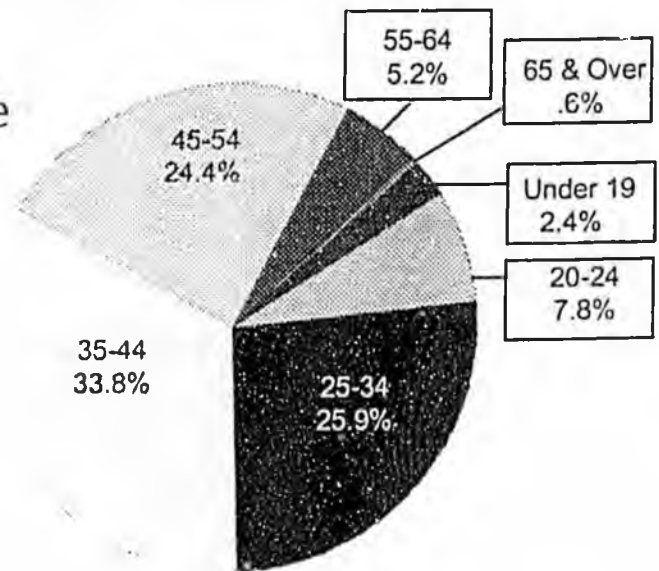
Gender



Race

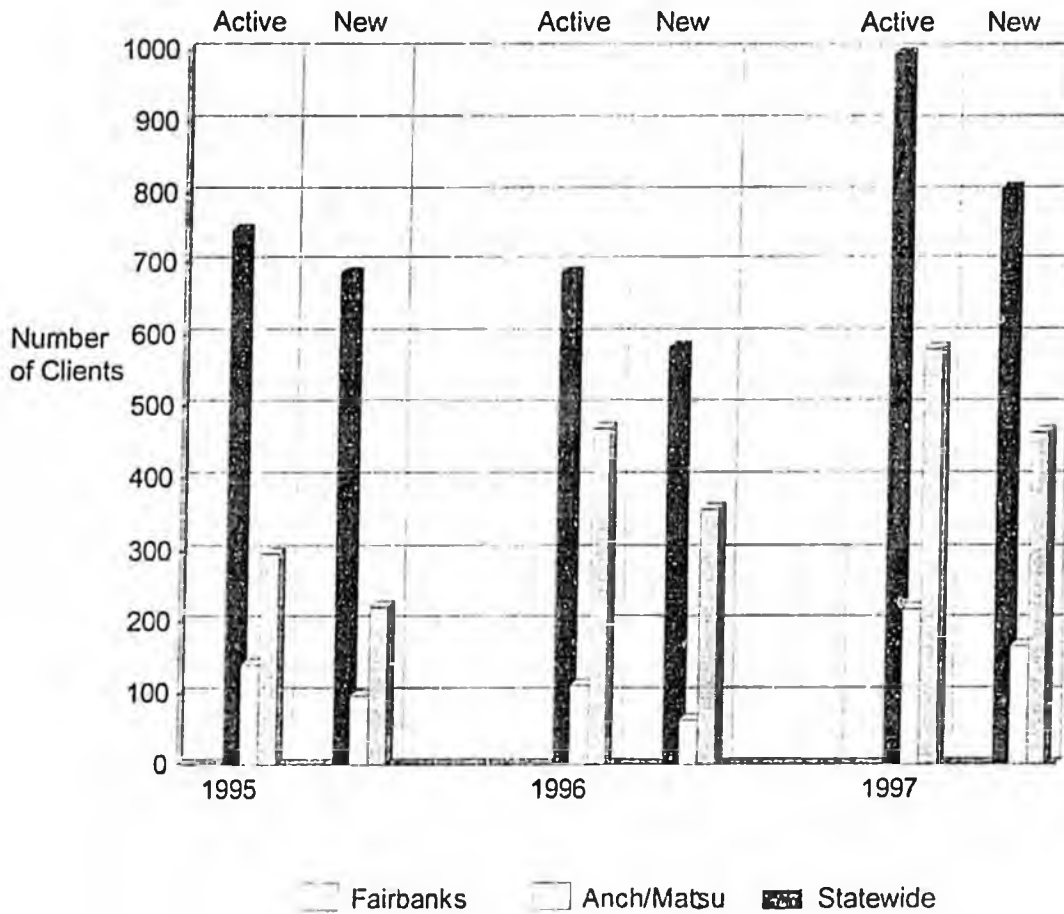


Age



*These figures provided by the Department of Labor reflect only new applicants for the program year. Clients whose services overlapped from the previous year are not counted here. SDA figures are slightly higher since SDA reports all clients served for the program year.

Distinction Between New and Active Clients



	1995		1996		1997	
	Active	New	Active	New	Active	New
Statewide	747	688	686	583	995	804
Fairbanks	142	97	113	62	217	168
Anch/Mats	296	221	468	356	581	464

* The figure for active clients includes new applications as well as clients whose services overlapped from the previous year. The figure for new clients includes only new applications for that year. All figures provided by the Department of Labor.

Faces Behind the Facts:

Motivation to Move Mountains

Linda Donovan used to move two tons of lumber a day, feeding pieces of wood into a rip saw at a lumber mill. Now instead of handling wood, she gently handles patients in a quiet doctor's office that overlooks the Chugach mountains. As a medical assistant, she has made a fresh start in her career; one that she is confident will keep her in the workforce permanently.

Her career change and subsequent employment were made possible in part by the STEP program.

"This was my second chance," Donovan says. "It's a program that keeps people from falling between the cracks."

After 16 years working at a mill, Donovan discovered that her work skills from the mill did not translate into jobs available in the community.

Donovan faced a common problem. She could either go back to school to train for a higher paying job, or get a minimum-wage position as a checkout clerk. The school option seemed impossible. The cost was prohibitive, and took time away from the long hours of minimum wage work that she needed to support the family.

Then she visited the Anchorage/MatSu Private Industry Council who offered help through the STEP program. After an interview with Employment Coordinator Suzanne Brown, Donovan decided on a career as a medical assistant. Donovan had prior schooling as a medical technician and had been the First Aid person at the mill where she worked. A training slot at the Career Academy was open, and STEP helped pay for tuition.

The training involved all day at school and four hours of study at home. Since the family only had one vehicle, Donovan rode the bus to school. Her classmates teased her about her serious study habits; she often arrived early on the bus to get a head start on the day. She did not miss a single hour of class in six months. Her determination paid off. Donovan graduated from the program as valedictorian of her class, and she scored in the 90th percentile on the certification test. She is currently studying for the next level of certification.



Linda Donovan works with a patient at Dr. Sandra Denton's office in Anchorage.

"I would not have had a job without this program," Donovan says. She cites STEP with allowing her to attend school full-time, by paying the tuition.

With her new career providing a sustainable income, she bought a car so that she doesn't have to ride the bus to work. She is hoping to buy a house sometime soon. The future looks promising on all fronts.

But Donovan is not one to rest on today's sense of security. Her goal is to remain viable in an ever-changing job market. Besides honing her skills, she intends to learn Spanish medical terms so that she can converse with Spanish-speaking patients. She prefers not to face unemployment again.

"I want to have salable skills that apply anywhere in the workplace. As long as I have that, I will be needed. And I will have a job."

Faces Behind the Facts:

At Home in the Village

Rose Long, who lives in Hooper Bay, a coastal village that looks out across the Bering Sea, knows that her job makes a difference in the lives of many people. As a Certified Nurses Aide (CNA), she helps to support her seven children and a husband who is currently unemployed. With the skills provided through a STEP training program, she also allows elders the opportunity to stay in the village rather than be moved to urban areas for skilled nursing care.

Elders are considered the roots of their Native communities. They are the teachers and storytellers who pass on traditional ways of life to new generations. Elders who require nursing services in order to remain safely in their homes must often seek institutional placement far away from their villages. Many elders, some of whom do not speak English, do not survive institutional care where they are cut off from family, friends and their Native culture. Thanks to CNAs like Rose Long, elders can remain in their homes and provide their communities with wisdom and the roots to a rich traditional lifestyle.

Long was a displaced worker, formerly a substitute teacher at the Hooper Bay Head Start program. She saw a job opening advertised at the post office and applied. STEP funds helped her receive the training she needed. She traveled to St. Mary's, taking classes and bunking at the old mission school for three weeks. It wasn't easy, but she came home with a new career and a job. Employed by the Yukon-Kuskokwim Health Corporation Home Care Services, she regularly cares for five clients. Four of her patients are elders; one is a disabled person.

"I take care of my clients," she says. "I wash their faces, fix their hair, cook and do light housekeeping. I take their vital signs and talk with them, sometimes in Yup'ik. Several of them don't speak English."

Long says the most rewarding part of her job is simply caring for people.

She likes to know she has provided a good meal and made her patients clean and comfortable. She also has the medical training to provide limited skilled nursing.

When Long arrives home, she has the satisfaction of knowing that her job helps to put a meal on her family's table. As she cares for her own household, a word she has heard many times from her clients during the day rings in her ears. "Quyana." The word in Yup'ik means "Thank you."



Roy Carral Photography

Elders are considered the roots of their Native communities. Thanks to STEP training, Certified Nurses Aides help keep elders in their villages.

Faces Behind the Facts:



Trained Hotshots Battle Big Lake Blaze

No sooner had the latest crew of Tazlina Hotshot trainees finished learning how to fight wildfires that come into town, than they were called out to fight the granddaddy of all "urban interface" fires in Alaska, the June 1996 Big Lake Fire.

With 80 hours of training completed, these 25 hardy young men were fully ready to get their feet warm fighting a blaze that consumed 37,800 acres of forest and 250 homes. They fought the fire for 18 days, came out for a day's rest, and went back in for mop-up operations. That made a total of 42 days of actual firefighting.

The Copper Valley Economic Development Council (CVEDC) sponsored the Hotshots' training. Chitina Traditional Village Council collaborated, the Department of Natural Resources and Alaska Fire Service provided the trainers, and STEP funded the training.

"This is a special group of guys," said Donna Tollman, executive director of CVEDC. "They're big, healthy and strong and love what they do. They think nothing of sleeping in tents for weeks. They do a lot of community work, march in the Fourth of July parade and are an inspiration to young kids, who look up to them. There's a certain charisma that goes with this. During the fire they even got themselves on CNN."

The fire fighter trainees come from all across Alaska. Usually about half are

Natives. For many of them, whose homes don't have running water or electricity, the \$15,000 a year they earn fighting fires in the fire season, combined with subsistence, enables them to get by nicely. Though it doesn't match some definition of full employment, firefighting is a major source of income for many communities.

A number of the fire crewmen have also become qualified to teach segments of the training. Qualified individual crewmen are called out to head fire crews in the lower 48, or to serve as crew members.

The Alaska fire season normally ends early in July before the lower 48 fire season begins, giving Alaska firefighters a longer working season. In 1996, the unusual number and intensity of wildfires in the lower 48 has brought them plenty of work.

1996 was the second year STEP funded the training for the Type I firefighters, who receive a full 80 hours of training. Another grant in 1997 funded training for more firefighters.



Text and photos from the 13th Annual Report, Alaska Statewide Service Delivery Area, Year Ending June 30, 1996. Photos by Ed Ohlweiler.

Alaskans Climb Aboard Maritime Careers

When Adam DesRosiers sails the high seas aboard an Alaska merchant marine ship, he will be heading for a new career and a bright future. Thanks to innovative job partnerships and the STEP program, DesRosiers, a Juneau resident, is currently training at the Seafarers International Union's (SIU) educational facility in Piney Point, Maryland. After three months of intensive training, DesRosiers will return to the Pacific Northwest for three months of on-the-job training aboard a U.S. flag vessel serving Alaska ports of call. He will then return to Piney Point for final course work, Coast Guard certification and induction into the SIU.

"The ocean has always been part of my life," DesRosiers says. "I'm well suited to this. Still, I don't know if I could have done it without the financial assistance that the STEP program provided."

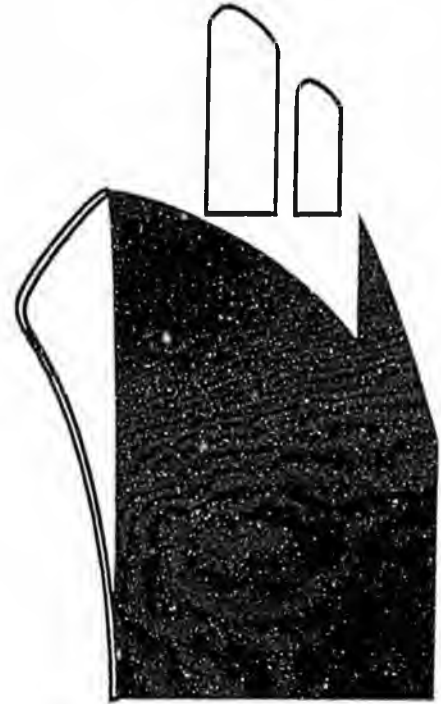
Not only is the 21-year-old well suited for life at sea, he is a born leader. He has already been promoted to the second highest ranking cadet in the school. His ambition is to someday become the captain of a seafaring vessel.

"The school director has called to say how impressed they are with the caliber of Alaskan recruits," says Lin Davis, Community Development Specialist for the Department of Community and Regional Affairs, Division of Community and Rural Development in Juneau. "We've taken them by storm and people are really jazzed."

Excitement over Alaskans gaining more jobs in the merchant marine is shared by the state's congressional delegation. Congressman Don Young, who has been instrumental in initiating partnerships and getting the word out, says, "the STEP jobs program

is providing a direct, and in some cases much needed, benefit to young Alaskans seeking to begin or further their careers in the merchant marine by financing their transportation costs to and from the Alaska Cadet Training Program."

It has been difficult over the years for Alaskans to land jobs on the ships that



"I could list many benefits of the STEP Jobs Program as well as the Alaska Cadet Training Program, but what is most important is the endless opportunities both programs present the residents of our state."

Congressman Don Young

operate here, mostly because there has been little recruiting within the state. New hires were dispatched out of the union hall in Tacoma. Now the Seafarers International Union (SIU) has opened an Alaska office and an apprentice training program targeted at providing employment opportunities for Alaskans. SIU collaborates with the three Service Delivery Areas (SDAs) to assist as many as 36 Alaskans each year to enter their training program. The SDAs provide funds to cover costs associated with physical examinations and drug screening, transportation costs to Piney Point, Maryland, and support services including clothing and uniforms necessary for training. The SDAs also assist in statewide recruitment efforts for the program.

"This program would not be successful if it weren't for the STEP program," says Harold Holton, union representative for the local SIU. "I could not be happier with the partnerships that have been formed. They've gone above and beyond the call of duty in terms of financing, transportation and uniforms for our recruits. I can't thank them enough."

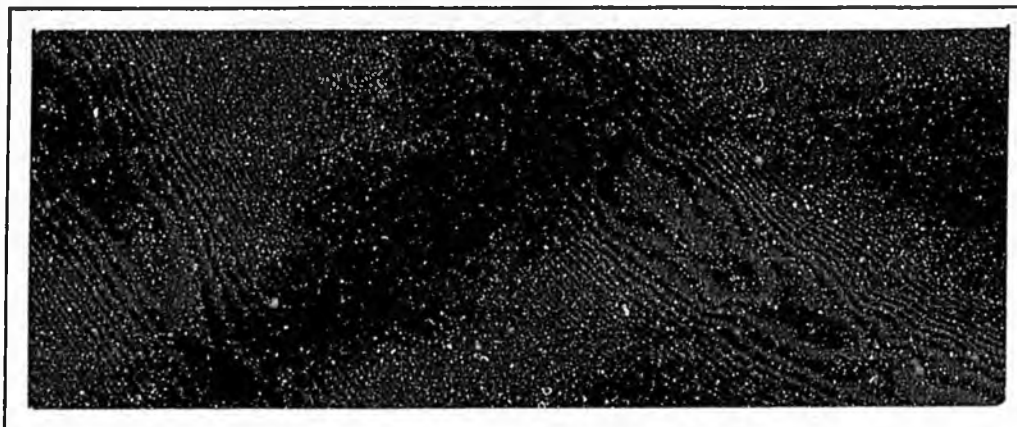
DesRosiers is thankful for this career opening as well. When he finishes training, his entry-level salary will be \$30,000, working rotations of four months on ship and two months off. The opportunities for success are as boundless as the sea on which DesRosiers will soon set sail.

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State Training & Employment Program
Program Review for FY95 - FY97

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Alaska Department of Labor,
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In cooperation with the
Alaska Department of Community & Regional Affairs,
Job Training Partnership Office
and the respective Service Delivery Areas

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EXECUTIVE SUMMARY

The State Training and Employment Program (STEP) served more than 1,000 new clients in both FY95 and FY96, then saw enrollments jump more than 40% in FY97.

Costs per active client have declined steadily between FY95 and FY97, falling from \$1,981 per client to \$1,640. Given the growth in the program, total expenditures have risen from \$2.347 million in FY95 to \$2.940 million in FY97.

In the past three years of the program five of six clients left under positive circumstances. Of FY96 applicants, 25% entered newly created jobs, and one in five entered vacated ones.

In FY97, slightly more than one-half of the program's clients were eligible to participate because they were drawing unemployment insurance (UI) benefits, while an additional 13% were unemployed but had exhausted their benefits. One in four clients were still employed when they entered STEP in that year, though for many of these their job loss was imminent.

In the four quarters before entering STEP, FY95 applicants filed 538 claims for UI and collected a total of over \$1,629,000. In the four quarters after completing STEP, only 345 claims were filed with a total value of \$811,000, a cost savings of more than 50 percent. These savings were slightly more than one-third the cost of the program, for a payback period of less than three years.

Comparisons with Alaska Permanent Fund Dividend records show that 93% of STEP applicants filed for a dividend either for the year prior to entering or the year in which they entered STEP.

Total wages for FY95 clients decreased slightly from \$12.5 million for the last four complete quarters prior to entering STEP to \$11.5 million for the first four complete quarters after leaving the program. Clients' average quarterly wages while working actually rose, increasing from \$4,682 prior to entering STEP to \$4,724 after leaving the program.

Wage changes were not consistent among racial and age groups or between the sexes. Younger clients showed the greatest gains in wages, while older workers posted generally lower wages after completing STEP. The race groups Alaska Natives/American Indians and Blacks showed higher wages after completing STEP, while other racial groups saw wage declines.

In FY97 37% of STEP clients were female, compared to 48% of the state's population and 42% of its labor force as recorded in the 1990 census.

Whites comprised 54% of all STEP clients in FY97, followed by Alaska Natives/American Indians at 30%, Blacks 7%, Hispanics at 5% and Asians/Pacific Islanders at 3%. This compares to Alaska's labor force composition of 80% White, 10% Alaska Native/American Indian, 4% Black, 1% Hispanic, and 4% Asian/Pacific Islander.

In FY97 slightly over one-half of STEP clients were being served by the Statewide Service Delivery Area (SDA), one-third by the Anchorage SDA, and the remainder by the Fairbanks SDA.

INTRODUCTION

This document is a continuation of the series of reports prepared by the Alaska Department of Labor reviewing the performance of the State Training and Employment Program (STEP). Information on STEP clients was provided to the Research and Analysis Section by the Department of Community and Regional Affairs' Job Training Partnership Office. This data provides the basis for analyzing the types of clients being served by STEP and their success in completing the program.

Research and Analysis staff also collected clients' employment and earnings histories and their use of unemployment insurance benefits from databases maintained by the Department of Labor. This information was used to quantify the benefits of STEP program participation for clients. Comparisons of a client's use of unemployment insurance prior to entering STEP and after leaving STEP give an indication as to the client's ability to find and maintain a job. Similarly, comparisons of a client's employment history and earnings pre- and post-STEP serve as an indicator of employability and value of their job skills.

SCOPE OF THIS REPORT

This report focuses on clients who entered the program during the last three complete fiscal years -- FY95 through FY97. Similar reports on the program's performance in earlier years are available for review.

Clients applying to STEP in FY96 were the most current group for which complete data was available to calculate such before-and-after performance measures. Insufficient time has elapsed to collect post-STEP employment and unemployment usage data for FY97 participants, although pre-STEP participation wages, UI usage data and clients' demographic information are available and were included in the analysis.

The reader should note that wage and unemployment insurance usage information is available only for those clients remaining in Alaska. For that reason, pre- and post-STEP results for those clients who entered or left the state within one year of STEP participation cannot be accurately compared. To get some indication as to the extent STEP participants entered and left Alaska, Permanent Fund Dividend records were used to track clients' residency.

BRIEF HISTORY AND PROGRAM OVERVIEW

STEP began serving clients in the latter half of fiscal year 1990 (FY90); the delayed start of the program meant only 138 clients received assistance that year. (See Figure 1.) By FY91 the program had seen a tenfold increase in the number of applicants. After a drop in FY92, the numbers of clients swelled to 1,500 new clients in FY94. The level of new applicants had fallen to just over 1,000 in both FY95 and FY96. Data for FY97, however, show more than 1,400 individuals applied to the STEP program.

The STEP program has three objectives as outlined in its original legislative intent language:

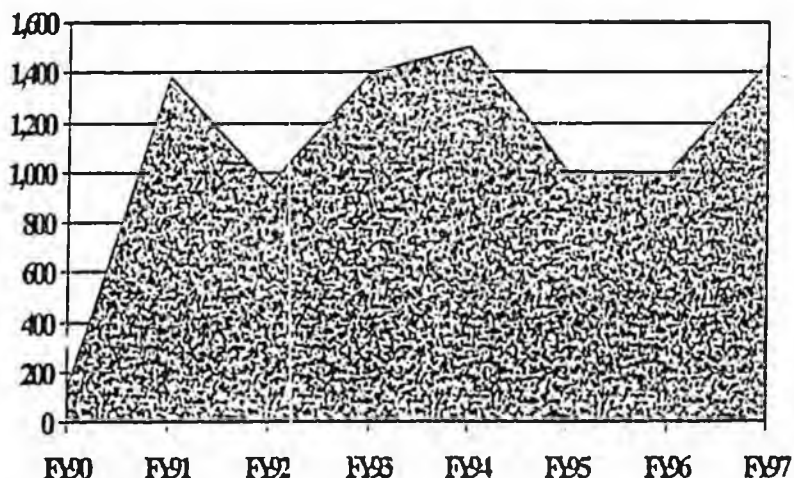
1. Help prevent future claims against unemployment benefits;
2. Foster new jobs by encouraging businesses to locate in Alaska due to the availability of a skilled labor force and lower unemployment costs;
3. Increase the training opportunities to those workers severely affected by fluctuations in the state economy or technological changes in the workplace.

In August 1996, the Alaska Human Resources Investment Council (AHRIC) and the departments of Labor and Community & Regional Affairs adopted measures to determine STEP's success in attaining the program's objectives. These measures were used in this report to evaluate the program's performance, and will be discussed more fully below.¹

ORGANIZATIONAL STRUCTURE OF THE STEP PROGRAM

Oversight of the STEP program is centered at the Alaska Human Resource Investment Council (AHRIC), while general management of the program is the responsibility of the Job Training Partnership Office (JTPO) within the Department of Community and Regional Affairs. The JTPO coordinates with three contracting agencies to provide client services to STEP participants. Currently the three contracting agencies are the Private Industry Councils covering the State's three Service Delivery Areas (SDAs).

Figure 1. STEP Applicants by Fiscal Year



¹ Applying the performance measures approved in FY97 to earlier data was done solely to provide *one measure* of the effectiveness of the STEP program *in the years being studied*. Any program's goals, and therefore the appropriate measures of success, can shift over time. Applying newly defined performance measures to prior years' results may not accurately reflect a program's actual performance, nor serve as an accurate predictor of future performance.

While the SDAs provided many services to the clients directly and were responsible for managing a client's training activities, they also contracted with other organizations to provide client services and they set up working partnerships to promote STEP activities. The diversity of types of contracting agencies was matched only by the diversity of services each agency provided. Typical contracting agencies included public and private post-secondary educational institutions, private for-profit and not-for-profit businesses, union apprenticeship and training trusts, tribal organizations, and economic development agencies. To broaden STEP's outreach programs and leverage its training resources, the SDAs often entered cooperative agreements with other agencies and associations to provide services. This helped hold down program costs while helping STEP reach more clients.

As shown in Table 1, the Statewide SDA enrolled the largest number of clients in each of the three years under review, accounting for between one-half and two-thirds of all enrollees.² All three SDAs showed marked increases in their number of applicants in FY97, with Fairbanks and the Statewide SDA leading in percentage growth rates. The reader should remember, however, that new applicants are joining clients enrolled from prior years who are continuing their STEP participation. When we look at the number of individuals being served by STEP in any given year, the numbers swell by 18 to 25 percent.

Table 1.

STEP Clients by Service Delivery Area

SDA	New Applicants			Total Participants		
	FY95	FY96	FY97	FY95	FY96	FY97
Statewide	688	583	804	747	686	995
Fairbanks	97	62	168	142	116	217
Anchorage	221	356	464	296	468	581
Total	1,006	1,001	1,436	1,185	1,270	1,793

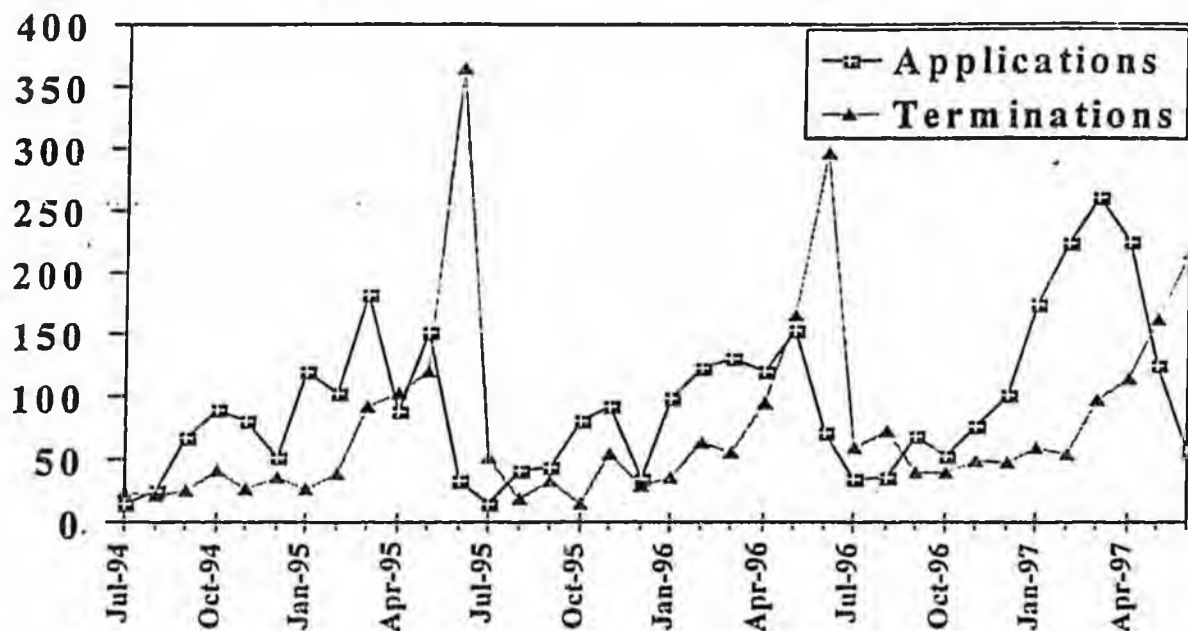
Each of the SDAs shows a strong seasonal pattern in its activities, with the majority of applicants entering the program in the first four months of the calendar year. (See Figure 2.)

Unlike some other employment assistance and enhancement programs, STEP does not limit the number of times an individual may enroll in the program within a given time period. Given the broad range of the program's employment enhancement activities, it is apparent that clients can benefit from STEP participation at several different phases in their employment history. For example, a recently unemployed participant might require basic skills training in order to become employable. Later, STEP staffers could assist in finding a job, and finally additional STEP activities might be required to enhance the worker's job skills, allowing them to progress in their careers or protecting them from technological or structural changes.

² STEP clients can enroll in the program multiple times within a fiscal year. In calculating the number of enrollees and total participants, the same person can be counted multiple times. The incidents of such occurrences, however, are rare. For example, in FY95 STEP served 975 individuals, 1,173 in FY96, and 1,740 in FY97.

Figure 2.

Applications & Terminations by Month



This latter type of training – skills enhancement to protect a worker from being terminated because they lack specific skills – is in fact one of the legislative objectives noted in the creation of the STEP program. This explains why one in ten STEP clients are actually employed at the time of their entrance into the program.

THE COST OF PROVIDING STEP SERVICES

Funding for the STEP program comes from employees' contributions to the Unemployment Insurance Trust Fund - 0.1% of all employees' contributions is made available to fund STEP programs. The investment of additional employment training and skills enhancement to STEP clients is intended to reduce clients' future reliance on the unemployment insurance system. In FY95, UI Trust Fund receipts were such that the STEP program was budgeted \$3.15 million, of which \$2.35 million was expended. For FY96 and FY97, expenditures were \$2.33 million and \$2.94 million, respectively.

As shown in Table 2, costs for serving an active STEP client have fallen more than 15 percent between FY95 and FY97, dropping from \$1,981 to \$1,640. Note that for this calculation we revert to the number of *active clients* in a given fiscal year to better represent the true cost of providing services.

Table 2.
STEP Expenditures by Fiscal Year

Fiscal Year	Total Expenditures in \$Millions	Active Clients	Cost Per Client
FY95	\$2.347	1,185	\$1,981
FY96	\$2.335	1,270	\$1,838
FY97	\$2.940	1,793	\$1,640

MEASURES OF THE PROGRAM'S SUCCESS

- **Reducing Future Claims Against Unemployment Insurance**

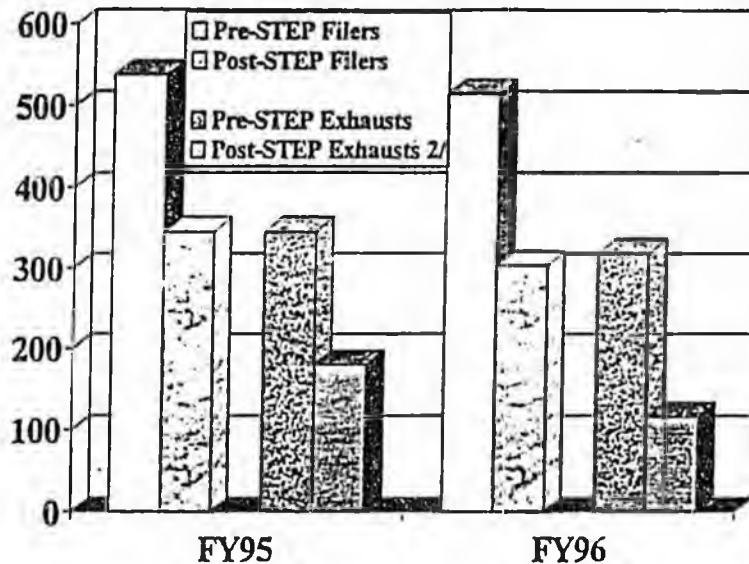
One of the stated goals of the STEP program is the reduction in future claims against unemployment benefits. For FY95 and FY96, the most recent years for which data are available³, significant drops in this measure were apparent. (See Figure 3.) UI claims for STEP participants applying in FY95 fell from 538 claims prior to their participation to 345 in the year after they completed STEP, a reduction of 36%. In FY96, a 41% reduction was experienced as claims fell from 514 to 303.

Fewer claims being filed led to fewer being exhausted, but the declines in exhausted claims was dramatic. For FY95 applicants, the number of claims exhausted following STEP participation was reduced by 48%, dropping from 345 exhausted claims prior to STEP participation to 180 for post-STEP participants. While the data for FY96 is still preliminary since not all post-STEP claims are yet closed, post-STEP claims are only 36% of their pre-STEP participation levels.

A reduction in the number of UI claims filed after completing the STEP program combined with a reduction in the amount of time STEP clients were drawing UI benefits resulted in a significant drop in costs to the Unemployment Insurance Trust Fund. As shown in Figure 4, benefits paid out of the fund in FY95 dropped from \$1.629,000 prior to clients entering STEP to \$811,000 after they had left the program, a reduction of over 50 percent. While still preliminary, the drop in FY96 currently stands at 58 percent.

³ Under the STEP performance measures, a comparison is made of UI records covering four complete quarters both before and after STEP participation. Information on the number of claims filed by FY95 and FY96 participants is complete. However, since claimants have one full calendar year to draw on a claim, two years must pass after STEP completion before a final measure of UI payments can be calculated. For this reason, data for FY96 post-STEP UI payments is preliminary, subject to an upward revision.

Figure 3. STEP Clients' UI Filings and Exhausts



Note that expenditures for STEP are recovered by the reduction in STEP clients' future dependence on unemployment insurance. If it is assumed that the skills STEP participants are provided and the work experience they acquire after leaving STEP remain with them for many years - and therefore keep them off the unemployment insurance registers - then the UI fund is fully reimbursed within three years. (See Table 3.)

Table 3.

STEP Expenditures and Savings, FY95 & FY96

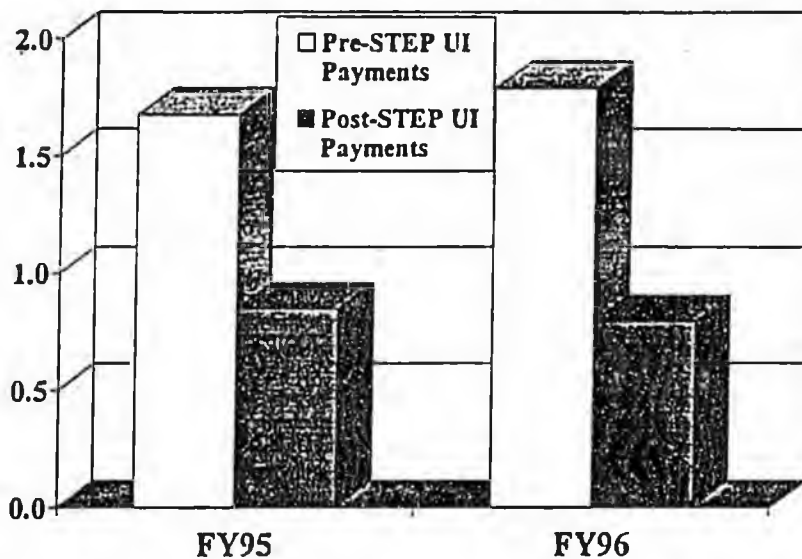
Fiscal Year	Total Expenditures in \$Millions	Single Year Reduction in UI Payments	Percentage Recovered in One Year	Years Required for Full Payback
FY95	\$2.347	\$818,301	35%	2.9
FY96**	\$2.335	\$917,561	39%	2.5

** Data for FY96 are preliminary, as some post-STEP unemployment claims are still open and being paid.

- Reducing the Share of STEP Participants Exhausting Their UI Benefits

Another goal of STEP is to reduce the percentage of clients exhausting their unemployment insurance benefits. A review of the records of STEP clients who filed unemployment claims shortly before entering the program was conducted to determine these clients' exhaustion rates. Those persons referred to STEP within 5 weeks of their initial UI claim or who filed for UI within 10 days of entering STEP were included in the analysis. If more than five weeks of benefits had already been paid to a client, the potential for STEP participation to greatly reduce a client's exhaustion probability was diminished.

Figure 4. UI Funds Paid to STEP Clients, Pre- and Post-STEP Participation, in \$ Millions



For FY95 applicants only a small percentage filed for UI within this narrow time frame – 111 clients or roughly 11 percent of all clients. Of these 111 clients, 61 exhausted their benefits. This represents a 55% exhaustion rate. This compares favorably to the exhaustion rates of pre-STEP participants not receiving early intervention, where 64% of all claims filed were exhausted. Exhaustion rates for these early intervention clients more closely matched the exhaustion rates of all UI

claimants in calendar year 1995. In that year, 41.6% of all claimants exhausted their benefits, which was the lowest exhaustion rate since 1981. The reader should note that STEP clients do not represent a random sample of the population and most face significant barriers to gaining employment. For this reason, the difference in exhaustion rates between STEP clients and the overall population is not unexpected. The barriers to employment faced by STEP clients are addressed in the section “Eligibility Criteria of STEP Clients” below.

- **Providing Skilled Workers and Lowering UI Costs to Attract New Businesses**

Another goal of the STEP program is to “foster new jobs by encouraging businesses to locate in Alaska due to the availability of a skilled labor force and minimized unemployment costs.” Reductions in unemployment insurance payments to STEP participants – which lead to reduced UI tax rates – were shown above. Additionally, administrative records show that of the 857 FY95 STEP applicants who successfully completed the program, 251 or 29% of them entered a newly created job (as opposed to filling a previously created but vacated position.) Results were even more impressive for FY96 applicants, where 353 or 48% of the 728 successful completers entered newly created jobs.

- **Increasing Resident Employment by Training Alaskans for Shortage Occupations**

The STEP performance measures approved in August 1996 identified additional measures of program success. These measures are to be applied to FY97 STEP participants, and place new emphasis on focusing training activities to meet specific needs in Alaska’s economy. For example, the Department of Labor now provides the JTPO with a listing of “shortage occupations,” or occupations where a large share of nonresidents are being employed. Being a new measure of program success, there is incomplete information on the number of STEP clients who entered such

occupations prior to FY97. In FY97, however, 774 STEP clients received occupational training and of these 276 found employment in shortage occupations.

By matching STEP clients' Social Security numbers to Alaska Permanent Fund records it was possible to determine their residency. For FY95 and FY96 applicants, 93% received a PFD check for the year prior to entering the program or the year in which they applied. (Such an analysis is not yet possible for FY97 applicants.)

- **Helping Workers Adapt to Technological or Economic Change**

Finally, the August 1996 performance measures set as a goal to "increase the training opportunities to those workers severely affected by fluctuations in the state economy or technological changes in the workplace." While this is in large part a measure of STEP's ability to recruit from a targeted population, such workers were well represented in the program in the past. Of FY95 applicants who successfully completed the program, over 35 percent had indicated this as one of their reasons for entering STEP. In FY96 the percentage dropped to 25%. Of those FY97 applicants who have completed the program, the share having suffered from economic fluctuations or technological change is again about 35%, slightly below the 40% goal set in the performance measures.

WAGE RECOVERY OF CLIENTS AFTER STEP PARTICIPATION

Another measure of STEP's success is "wage recovery," or the ability of STEP clients to earn comparable wages after finishing the program as compared to what they were able to earn prior to entering STEP. Clients entering the program often have been displaced from jobs that they held for some time and bring with them relatively stable incomes. In such cases, it is usually impossible to find a job at the same level of pay requiring the same skills with a different employer, and it is reasonable to expect their average incomes to decline. In both FY94 and FY95, approximately 45% of STEP clients worked in all four quarters prior to entering STEP, and the percentage increased slightly after participation.

As shown in Table 4, total wages earned for all STEP applicants did decline after their participation. In FY95 the decline was a particularly marked one, exacerbated by the closing of a large Anchorage employer which paid high wages. As expected, the decline was less for those STEP clients who successfully completed the program, and those clients who entered STEP with a job were able to maintain their incomes after leaving the program. Analysis was also performed to determine the average wage received by a STEP client when they were working, shown in Table 4 as the "Average Quarterly Wage." In both years, the average quarterly wage increased after a client finished STEP compared to their pre-STEP earnings.

Table 4.

Wages Earned & Quarters Worked by STEP Clients, Pre- & Post-STEP

	FY94		FY95	
	Pre-STEP Wages	Post-STEP Wages	Pre-STEP Wages	Post-STEP Wages
Total Wages Earned				
All Entrants	\$17,743,820	\$17,154,769	\$12,541,832	\$11,493,494
Entrants w/ Positive Terminations	\$16,387,301	\$16,014,448	\$11,381,408	\$10,785,159
Entrants Employed When Applying	\$1,958,057	\$2,066,485	\$1,197,622	\$1,185,756
Average Quarters Worked				
All Entrants	2.75	2.61	2.72	2.47
Entrants w/ Positive Terminations	2.80	2.68	2.72	2.56
Entrants Employed When Applying	2.79	2.69	2.42	2.59
Average Quarterly Wage				
All Entrants	\$4,340	\$4,418	\$4,681	\$4,724
Entrants w/ Positive Terminations	\$4,387	\$4,479	\$4,849	\$4,882
Entrants Employed When Applying	\$4,557	\$4,988	\$4,999	\$4,624

Wage changes were not evenly distributed among different demographic groups. (See Table 5.) Overall, women's wages declined more than men's after participating in STEP, while for racial groups Alaska Natives, American Indians, and Blacks experienced wage increases after STEP.

The most dramatic difference in earnings change was noted by the age of the client. Younger participants showed marked increases in their wages after completing STEP. As the age of the client increased, post-STEP earnings declined sharply. Closer examination of the clients' characteristics show that the vast majority of older clients entered STEP either receiving or having exhausted their UI benefits. These persons likely had longer tenures with an employer than did younger clients, and were receiving higher pay. By contrast, many of the younger clients entered STEP not eligible for UI and with little work history.

Table 5.

Wages Earned by STEP Client Characteristics, FY95

	Pre-STEP Wages	Post-STEP Wages	Percentage Change
Males	\$8,904,721	\$8,218,177	-7.7%
Females	\$3,637,110	\$3,275,316	-9.9%
Whites	\$12,123,458	\$11,350,840	-6.4%
Alaska Natives/Amer. Indians	\$4,003,749	\$4,347,033	8.6%
Blacks	\$546,564	\$591,650	8.2%
Hispanics	\$495,696	\$328,573	-33.7%
Asians/Pacific Islanders	\$574,352	\$536,672	-6.6%
Less than 25 years old	\$1,003,918	\$1,580,684	57.5%
25 to 34	\$3,706,741	\$3,933,645	6.1%
35 to 44	\$4,111,940	\$3,644,653	-11.4%
45 to 54	\$2,834,095	\$1,767,069	-37.6%
55 years old and over	\$885,134	\$567,440	-35.9%

ELIGIBILITY CRITERIA OF STEP CLIENTS

STEP clients must meet certain criteria to be admitted into the program. The criteria reflect the participant's labor force status, and most STEP participants were eligible for the program because they were receiving UI benefits. Clients who had exhausted their UI benefits or who were working part-time jobs and not eligible for benefits represented the bulk of remaining STEP participants. Table 6 shows the eligibility reasons for entrants for fiscal years 1995 through 1997.

Table 6.

STEP Eligibility Criteria by Fiscal Year

Eligibility Reason	FY95	FY96	FY97
Unemployed, Receiving Benefits	557	602	749
Not UI Eligible - Part Time Employment	133	116	220
Unemployed, Exhausted Benefits	148	117	194
Employed, Job Loss Likely	26	26	96
Not UI Eligible - Insufficient Wages	35	34	76
Employed, Job Skills Change Required	73	10	57
Not UI Eligible - Trainee	20	52	25
Unknown/Other	14	44	19

In many cases STEP clients face additional hardships in addition to their basic eligibility criteria. The program keeps records on additional barriers faced by clients in finding employment. Table 7 shows a partial listing of these problems and the numbers of clients suffering from them. Since these are not exclusive categories, many clients enter STEP facing several of these problems simultaneously.

Table 7.

Additional Client Characteristics

	FY95	FY96	FY97
Below Poverty-level Income	206	241	525
Household on Food Stamps	100	62	182
Household on AFDC/ATAP	71	40	120
Long-term AFDC/ATAP recipient	10	9	28
Homeless	4	8	26
Household receiving General Assistance	21	10	16
Household receiving Supt'l Security Income	11	12	17
Handicapped			
Substantial	15	28	41
Yes, but not a barrier	20	19	68
Criminal Offender			
Felon	13	18	51
Misdemeanor	30	33	110

DEMOGRAPHIC CHARACTERISTICS OF STEP CLIENTS

Further analysis of the information provided by STEP clients show that in FY97 Whites comprised 54% of the client population, followed by Alaska Natives/American Indians at 30%. (See Table 8.)

These racial breakouts of STEP clients are in contrast to the state's racial mix as reported in the 1990 census of 75% White, 16% Alaska Natives/American Indians, and slightly over 4% each for Blacks and Asian and Pacific Islanders.⁴ Differences in labor force participation rates among the groups exacerbate these differences. In the overall labor force, Whites account for 80% and Alaska Natives/American Indians only 10% of all participants.

Like the racial composition of STEP clients, the ratio of male to female clients being served by STEP differs from the overall population as recorded in the 1990 census. While females represent about 48 percent of the state's total population, their STEP representation is more indicative of their labor force participation rates than are the breakouts by race. In 1990, 42 percent of the labor force was female, which more closely reflects the percentage of women being served by the STEP program.

Table 8.

Demographic Characteristics of STEP Applicants by Fiscal Year

	FY95		FY96		FY97		1990 Census
	Count	Percent	Count	Percent	Count	Percent	Percent**
Males	632	63%	674	67%	902	63%	53%
Females	374	37%	329	33%	534	37%	47%
Whites	551	55%	582	58%	781	54%	76%
AK Natives/Amer. Indians	376	37%	324	32%	437	30%	16%
Blacks	34	3%	44	4%	101	7%	4%
Hispanics	29	3%	26	3%	78	5%	3%
Asians/Pacific Islanders	16	2%	27	3%	39	3%	4%
19 to 25 years old	176	17%	175	17%	203	14%	13%
25 to 34 years old	326	32%	323	32%	433	30%	31%
35 to 44 years old	291	29%	335	33%	451	31%	27%
45 to 54 years old	170	17%	128	13%	282	20%	14%
55 years old and over	43	4%	42	4%	67	5%	15%

** Comparable percent of Alaska's population from the 1990 census. Note that in the 1990 census, "Hispanic Origin" was not a racial group so 1990 census race totals do not add to 100%.

⁴ 1990 Census of Population, Social and Economic Characteristics, Alaska. U.S. Department of Commerce, Bureau of the Census.

Except for two notable exceptions, the age of STEP applicants closely follows that of the overall population. The exceptions occur at the last two older aged categories, where clients between 45 and 54 years of age are much more prominent in the STEP program than they are in the population as a whole, and in the 55 and over age groups, from which STEP draws few applicants.

SEPARATING FROM STEP - HOW CLIENTS LEFT THE PROGRAM

As would be expected, STEP clients terminated their participation in the program for a variety of reasons. Some entered newly created jobs, others filled vacated ones, and some clients had never been without a job during their participation in STEP. All of these persons were considered to have terminated their association with the STEP program in a positive manner. More than four out of five clients were in this category. The rest left the program for a variety of reasons, which are listed in Table 9.

Table 9.

Clients' Termination by Year

Termination Reason	FY95	FY96	FY97
Entered Vacated Job**	98	180	267
Protected against Economic/Technical Change**	288	214	248
Entered New Job**	379	212	216
Entered Employment**	10	51	94
Cannot Locate	9	15	27
Refused to Continue	4	15	15
Moved from Area	2	7	14
UI Clients Received Employment Assistance**	82	71	13
Health/Medical Problems	6	6	6
All Other Terminations	93	94	36
TOTAL TERMINATIONS	971	865	936
Percent Positive Terminations:	88.3%	84.2%	89.5%
Percent of Clients Not Yet Terminated:	0.4%	6.8%	30.1%

** Denotes a Positive Termination as defined by the STEP program objectives.

A review of the termination reasons based on the client's sex, race or age showed only slight - and somewhat expected - differences among groups. For example, younger workers were more likely to enter the program unemployed than were older ones. This meant a larger share of younger workers left the program entering a new or recently vacated job. Older workers, on the other hand, were more likely to use STEP training to enhance their job skills so that they could maintain their current employment and protect against technological and economic fluctuations.

There was also little difference among the SDAs in the overall percentage of positive terminations, but there were greater differences in the types of these terminations. Overall around 85 percent of clients left the program for positive reasons. In the Anchorage/Mat-Su SDA, the vast majority left to enter newly created jobs, while in the Fairbanks SDA a large majority of clients were training to

better weather changes in the economy. (See Table 10.) The Statewide SDA saw equal shares of its clients in these two categories, but saw much larger shares entering vacated jobs than the other areas. Given the more rapid employment growth in urban Alaska when compared to rural Alaska, such regional differences in the types of job placements should be expected.

Table 10.

Clients' Termination Reasons by SDA, FY96

Termination Reason	Statewide	Fairbanks	Anchorage
Entered Vacated Job**	88	6	86
Protected against Economic/Technical Change**	128	24	62
Entered New Job**	98		109
Entered Employment**	50	5	1
Cannot Locate Client	10	1	4
Refused to Continue	6	1	8
Moved from Area	1	2	4
UI Clients Received Employment Assistance**	70	1	
Health/Medical Problems	1		5
All Other Terminations	50	5	35
TOTAL TERMINATIONS	502	45	314
Percent Positive Terminations:	86.5%	80.0%	82.2%

** Denotes a Positive Termination as defined by the STEP program objectives.

717 K Street
Anchorage, AK 99501
April 8, 1998

VIA FACSIMILE 465-2381

The Honorable Jeanette James
Alaska State Legislature
State Capitol, Room 102
Juneau, AK 99801-1182

RE: State Training & Employment Program

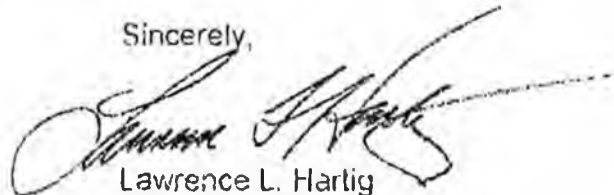
Dear Representative James:

I am an Alaska business owner and manager. I have also served as a private sector representative on the Anchorage/Mat-Su Private Industry Council (PIC) for the last nine years, six years as its chair. This council has oversight and guidance responsibilities relating to federal and state job training programs in our local area.

I urge you and the other members of the House State Affairs Committee to support the reauthorization of the State Training & Employment Program (STEP). STEP is a valuable and needed component of Alaska's work force development strategy, and should be made permanent. Although there are a number of other training programs, largely supported by federal funding, these programs often have eligibility and other limitations. By its design, STEP is better suited to provide training to workers who are temporarily affected by fluctuations in the State's economy or technological changes in an industry. An unemployed worker served under STEP can receive specific needed training and be returned to the work force promptly.

As you know, Fairbanks also has an active Private Industry Council and I urge you to get their view on the reauthorization of STEP.

Sincerely,



Lawrence L. Hartig
Vice-Chair
Anchorage/Mat-Su Private Industry Council

FISCAL NOTE

Title: State Training and Employment Program

Dept. Affected: Community & Regional Affairs

BRU: Employment Training/Rural Development

Component: Statewide Service Delivery

Sponsor: Rules Committee

Requestor: Governor

COMPONENT SERIAL NO.

1178

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0

REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

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

Estimate of current (FY98) impact \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

See attached page 2.

Prepared by: Remond Henderson, Director

Phone: 485-4708

Division: Administrative Services

Date: 1/14/98

Approved by Commissioner: Mike Irwin, Commissioner

Date: 1/14/98

Agency: Department of Community & Regional Affairs

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Fiscal Note Analysis Continued

Title: State Training & Employment Program

Date: 1/14/98

This bill repeals the termination date of the State Training and Employment Program (STEP) to retain the program in permanent law.

The STEP program generates restricted revenue through the collection of 0.1 percent of employee unemployment insurance contributions for employment and training programs.

The Department of Community and Regional Affairs receives STEP funds through an inter-agency transfer from the Department of Labor. These funds are budgeted in two components, the State Training and Employment component and the Statewide Service Delivery (SSD) component. The Department's FY 99 budget request for all STEP funds is currently \$3,431.0 (STEP \$1,763.3; SSD \$1,667.7). Subsequent to the introduction of the Governor's budget, it has come to the Department's attention this number is higher than the amount documented as an inter-agency transfer of \$3,268.5 in the Department of Labor's budget request. The Department plans to submit a budget amendment to reduce its request by (\$162.5) in line with the Department of Labor.

Fiscal Note Analysis Continued

Title: State Training & Employment Program

Date: 1/14/98

This bill repeals the termination date of the State Training and Employment Program (STEP) to retain the program in permanent law.

The STEP program generates restricted revenue through the collection of 0.1 percent of employee unemployment insurance contributions for employment and training programs.

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FISCAL NOTE

Title: State Training and Employment Program

Dept. Affected: Community & Regional Affairs

BRU: Employment Training/Rural Development

Component: State Training & Employment Program

Sponsor: Rules Committee

Requestor: Governor

COMPONENT SERIAL NO.

1012

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE FUND SOURCE:						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

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

Estimate of current (FY98) impact \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

See attached page 2.

Prepared by: Remond Henderson, Director

Remond Henderson

Phone: 465-4708

Division: Administrative Services

Date: 1/14/98

Approved by Commissioner: Mike Irwin, Commissioner

Mike Irwin

Date: 1/14/98

Agency: Department of Community & Regional Affairs

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FISCAL NOTE

No: 3

**STATE OF ALASKA
1998 LEGISLATIVE SESSION**

Bill Version: HB 330
(H) Publish Date: 1/16/98

Revision Date (Note if correction) _____	Dept. Affected _____ Office of the Governor
Title "An Act repealing the termination date of the state training and employment program;..."	BRU Commissions and Special Offices
Sponsor Rules Committee	Component Human Resource Investment Council
Requester Governor	Component Serial No. 2055

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: 0.0

POSITIONS	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

This bill repeals the termination date of the State Training and Employment Program (STEP) to retain the program in permanent law. The Alaska Human Resource Investment Council (AHRIC) receives STEP funds via a budgeted RSA with the Department of Labor. AHRIC's FY99 operating budget request includes 106.8 in STEP funds. Assuming approval of this bill, there will be no fiscal impact for AHRIC.

Prepared by <u>Michael A. Nizich, Administrative Director</u> <i>(Signature)</i>	Phone <u>465-3876</u>
Division <u>Division of Administrative Services</u>	Date <u>1/7/98</u>
Approved by <u>Jim Ayers, Chief of Staff</u> <i>(Signature)</i>	Date <u>1/7/98</u>
Agency <u>Office of the Governor</u>	

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FISCAL NOTE

No: 4

Bill Version: HB 330

(1) Publish Date: 1/16/98

**STATE OF ALASKA
1998 LEGISLATIVE SESSION**

Revision Date (Note if correction): _____

Title: State Training & Employment Program

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 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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CHANGE IN REVENUE FUND SOURCE #						
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FUNDING:

(Thousands of Dollars)

	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY98) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

(See attached)

Prepared by: Rebecca Nance, Director Phone: 465-2711

Division: Employment Security Date: 10/28/97

Approved by Commissioner: Tom Cashen, Commissioner

Agency: Department of Labor Date: 10/28/97

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Title: State Training & Employment Program

Date: 10/28/97

This bill repeals the termination date of the State Training and Employment Program (STEP) to retain the program in permanent law.

The Department of Labor, Employment Security Division will be submitting it's FY99 Operating Budget Request for the STEP component at the same level as the approved FY98 budget - \$4,046.1, assuming approval of this bill.

The STEP program generates restricted revenue through the collection of 0.1 percent of employee unemployment insurance contributions for employment and training programs, an occupational database, and accounting and collection activities.

Title: State Training & Employment Program

Date: 10/28/97

This bill repeals the termination date of the State Training and Employment Program (STEP) to retain the program in permanent law.

The Department of Labor, Employment Security Division will be submitting it's FY99 Operating Budget Request for the STEP component at the same level as the approved FY98 budget - \$4,046.1, assuming approval of this bill.

The STEP program generates restricted revenue through the collection of 0.1 percent of employee unemployment insurance contributions for employment and training programs, an occupational database, and accounting and collection activities.