

SB

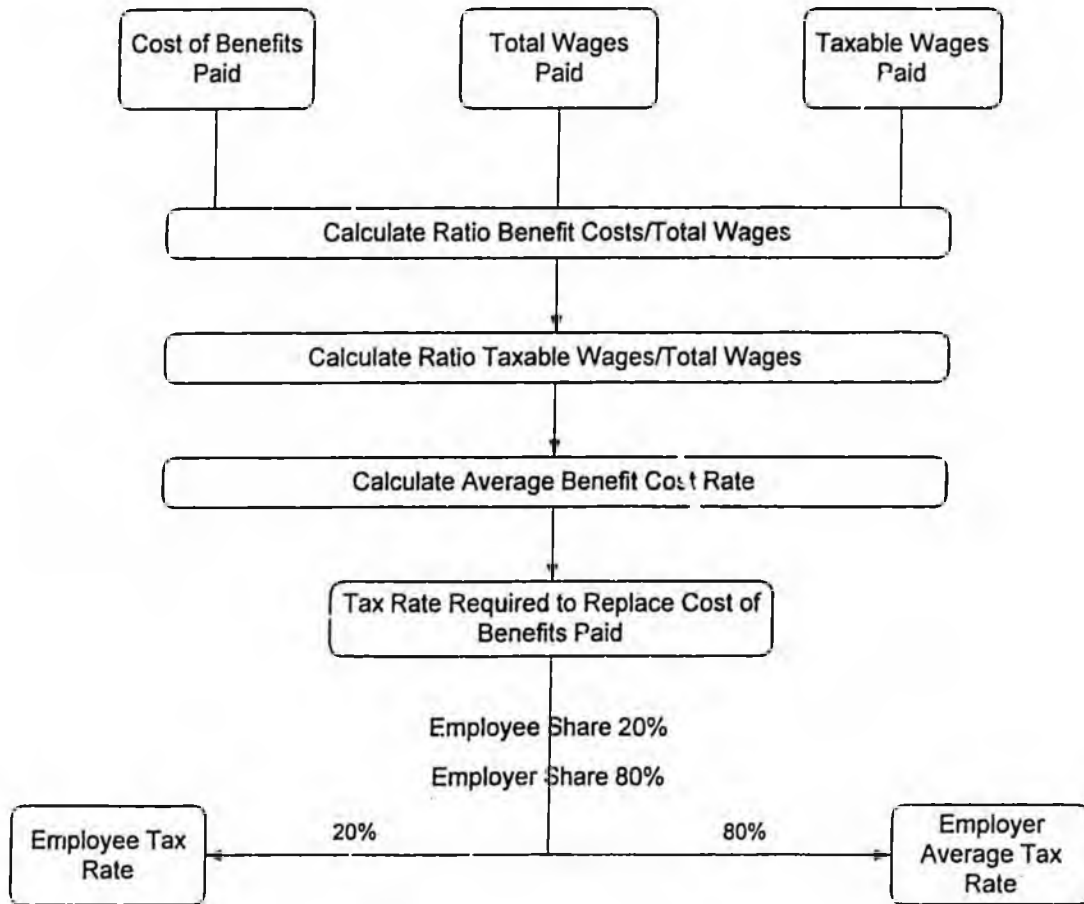
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SFIN

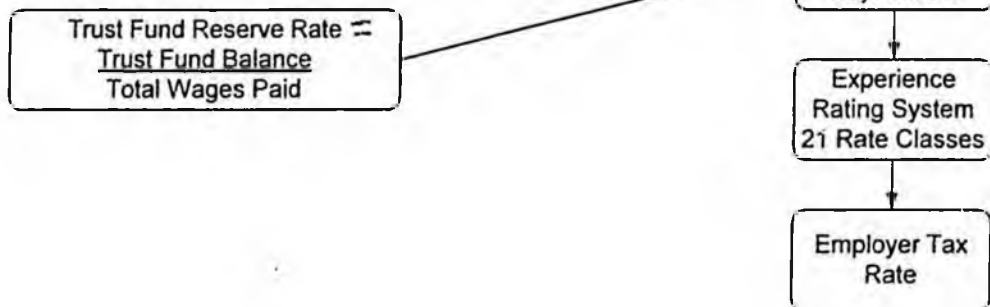
FILE

Basic Parts of Unemployment Insurance (UI) Tax Rate Calculation

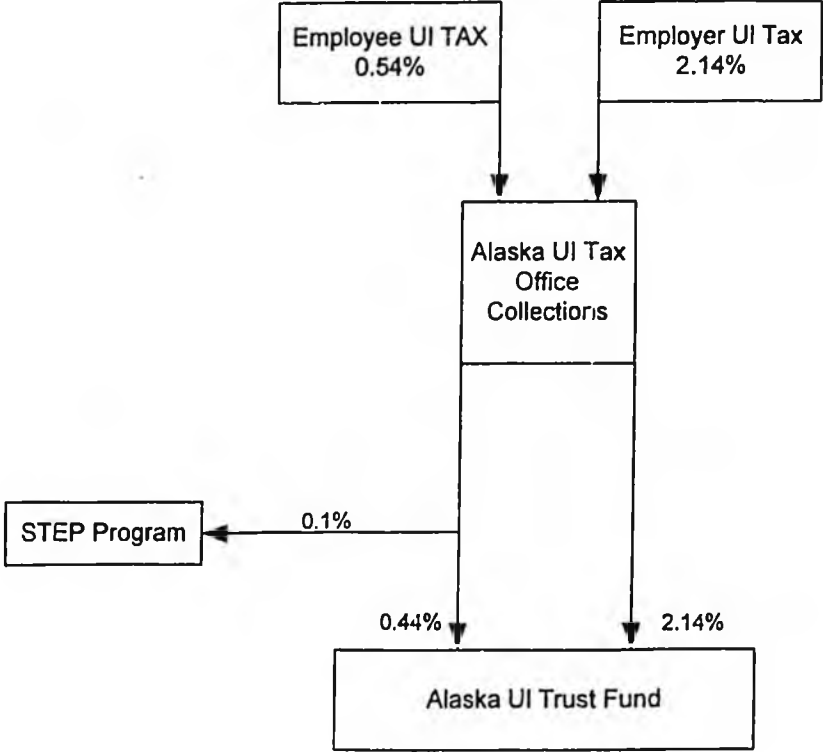
First Stage: Affects Employers and Employees



Second Stage: Affects Employer Only



STEP Program Funding



0.1% of Employee Tax is diverted to the STEP program

Alaska UI Tax Calculation

A step by step walk through the UI tax calculation process, with citations from the Law, and an explanation of each calculation. The calculation of the 2000 tax rates is used as the example.

UI Tax Rate Calculation Procedures, 2000

There are three major steps to the calculation of UI tax rates, with several substeps.

- Step 1. Calculation of the Average 3-year Benefit Cost Rate (ABCR).
- Step 2. Calculation of the Trust Fund Solvency Adjustment.
- Step 3. Calculation of employer and employee tax rates.

This explanation of the tax rate calculation may be clearer if you follow the actual calculations from the Tax Rate Calculation Worksheet and the Tax Base Calculation Worksheet. The "Line" references below refer to the Rate Calculation Worksheet. We suggest that you print a copy of the worksheets, and follow along through this detailed explanation of the tax rate calculation process.

Step 1. Calculation of Average Benefit Cost Rate (ABCR)

Step 1a. (Benefit Costs)

The Law:

AS 23.20.290(c) The department shall determine the average benefit cost rate as follows:

- (1) the department shall determine the amount of benefits paid to insured workers during the last three computation years;
- (2) the department shall subtract from the amount determined in (1) of this subsection the amount of any benefits reimbursed to the fund and the amount of interest earned on the trust fund balance during those computation years;

Translation:

Calculate the amount of benefits paid to employees of taxable employers, minus interest earned on the fund balance, for the past three years. The result is benefits costs.

Calculation:

\$ 100,104,207 -- SFY 97

\$ 99,378,442 -- SFY 98

\$ 102,092,954 -- SFY 99

\$ 301,575,603 -- Line 4

Step 1b. (Total Wages & Ratio of Benefit Costs to Total Wages)

The Law:

(3) the department shall divide the amount determined in (2) of this subsection by the total wages paid by all employers required to pay contributions under this chapter during the first three of the last four computation years;

Translation:

Calculate the amount of wages paid to employees of taxable employers during the first three of the past four years, then divide the result into the benefits paid as calculated in Step 1a. The result is the ratio of benefit costs to total wages.

Calculation:

\$ 5,682,267,480 -- SFY 96

\$ 5,783,006,707 -- SFY 97

\$ 6,124,912,128 -- SFY 98

\$ 17,590,186,315 -- Line 5

\$ 301,575,603 / \$ 17,590,186,315 = 0.017145 -- Line 6

Step 1c. (Taxable Wages)

The Law:

(4) the department shall determine the amount of total wages subject to contributions under this chapter paid during the preceding computation year;

Translation:

Calculate the amount of taxable wages paid in the past year.

Calculation:

\$ 4,038,792,490 -- Line 3

Step 1d. (Total Wages of Taxable Employers)

The Law:

(5) the department shall determine the amount of all wages paid insured workers during the preceding computation year;

(6) the department shall subtract from the amount determined in (5) of this subsection the amount of wages paid during the preceding year by employers who elect to reimburse the department under AS23.30.276 and 23.20.277;

Translation:

Calculate the amount of wages paid to employees of taxable employers in the past year; this is same wage series used in the step 1.b calculation above, just a differently worded definition.

Calculation:

$\$ 6,309,309,628$ -- Line 2

Step 1e. (Ratio of Taxable Wages to Total Wages)

The Law:

(7) the department shall divide the amount in (4) of this subsection by the amount determined in (6) of this subsection; and .

Translation:

Calculate the **ratio of taxable wages** (from Step 1c) to **total wages** (Step 1d).

Calculation:

$\$ 4,038,792,490 / \$ 6,309,309,628 = 0.640132$ -- Line 7

Step 1f. (Average Benefit Cost Rate)

The Law:

(8) the department shall divide the amount determined in (3) of this subsection by the amount determined in (7) of this subsection.

Translation:

Calculate the final Average Benefit Cost Rate (ABCR) by dividing the ratio of benefit costs to total wages (from Step 1b) by the ratio of taxable wages to total wages (from Step 1e).

Calculation:

$0.017145 / 0.640132 = 0.026783$ -- Line 8

Step 2. Calculation of the Trust Fund Solvency Adjustment

The Law:

AS 23.20.290(f):

An employer shall pay a fund solvency adjustment equal to the contribution rate set out in column B of the table in this subsection opposite the reserve rate of the fund set out in column A. However, the fund solvency adjustment rate of an employer may not increase or decrease more than three-tenths of one percent from one year to the next.

AS 23.20.310(7):

"reserve rate" means the ratio of the total amount available for benefits in the unemployment trust fund on September 30, immediately following the computation date, to the payroll of employers required to pay contributions under the provisions of AS 23.20.165 for the 12 consecutive calendar months ending on the computation date, expressed as a percentage.

Translation:

Calculate the reserve rate as the trust fund balance on September 30 divided by total wages as calculated in Step 1d above. Then compare to the TFSA table to get the TFSA. The TFSA can only increase or decrease by 0.003 each year.

Calculation:

$$\$199,789,331 / \$6,309,309,628 = 0.031666 \text{ -- Lines 9-11}$$

From TFSA table, the reserve rate is "at least 3.0% but less than 3.3%"
Therefore, the TFSA = -0.000% . (In 1999 TFSA was -0.1%.)

Step 3. Calculation of Rates for Employer Rate Classes, for Employees

The Law:

AS 23.20.290:

(c) Beginning January 1, 1997, the rate of contributions for each employer is 80 percent of the average benefit cost rate multiplied by the employer's experience factor set out in column C of the table in this subsection opposite the employer's applicable rate class set out in column A plus the fund solvency adjustment required under (f) of this section. However, the rate of contributions for an employer may not be less than one percent or more than six and one-half percent. The rate of contributions for an employer in rate class 21 may not be less than 5.4 percent. The rate of contributions for an employer must be rounded to the nearest 1/100th of one percent.

(d) Beginning January 1, 1997, and for each succeeding year thereafter, the rate of contributions payable by each employee of an employer who is subject to AS 23.20.165 is 20 percent of the average benefit cost rate as determined in (e) of this section rounded to the nearest 1/100th of one percent. However, the rate of contributions for an employee may not be less than one-half percent or more than one percent.

Translation:

Calculate the employer's share of the Average Benefit Cost Rate (ABCR) as 80%, and the employee's share as 20%. The employer's tax rate at each rate class is equal to 0.80 times the ABCR times the experience factor of the rate class plus the TFSA.

Calculation:

The employee tax is: (0.20 x 0.026783) = 0.54%

The average tax rate is: . . (0.80 x 0.026783 x 1.00) + .000 = 2.14%
(employers in rate)
(classes 10 and 11)

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Total and Taxable Wages in SFY 1999 and UI Tax Base Calculation for 2000

YR/QTR	(1) TOTAL WAGES PD BY CONTRIBUTING EMPLOYERS	(2) TAXABLE WAGES	(3) TOTAL WAGES PD BY ALL COVERED EMPLOYERS	(4) AVG MO COVERED EMPLOYMENT
98/3	1,716,400,098	957,271,932	2,128,534,884	261,505
98/4	1,602,109,366	585,104,858	2,118,899,272	247,300
99/1	1,439,604,170	1,341,162,579	1,932,261,087	239,666
99/2	1,551,195,994	1,155,253,121	2,117,745,767	256,308
TOTAL	6,309,309,628	4,138,792,490	8,297,441,010	251,195

(a)	AVERAGE ANNUAL WAGE = (3)/(4)	=	\$33,031.87
(b)	75% OF AVERAGE ANNUAL WAGE = (a) X .75	=	\$24,773.90
(c)	TAXABLE WAGE BASE = (b) rounded to nearest \$100	=	\$24,800
(d)	RATIO OF TAXABLE TO TOTAL WAGES = (2)/(1)	=	0.640132
(e)	AVERAGE WEEKLY WAGE = (a) / 52	=	\$635.23

SOURCE: Alaska Department of Labor and Workforce Development.
SFY 1998. Employment, Wages, and Contributions,
ES-202 report to the U.S. Department of Labor.

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Alaska UI Tax Rate Calculations and Tax Rates by Rate Class for 2000

Tax Rate Calculations for 2000

	(1) Benefit Cost (Benefits) (-Reimb-Int)	(2) Total Payroll (Taxable) (employers)	(3) Taxable Payroll
SFY 1996		5,682,267,480	
SFY 1997	100,104,207	5,783,006,707	
SFY 1998	99,378,442	6,124,912,128	
SFY 1999	102,092,954	6,309,309,628	4,038,792,490
			\$301,575,603
(4) Benefit Cost for 3 Prev SFY			\$17,590,186,315
(5) Total Payroll, First 3 of Last 4 SFY			0.017145
(6) 3-Yr Benefit Cost/Total Payroll (4)/(5)			0.640132
(7) Taxable/Total Payroll, Last SFY (3)/(2)			0.026783
(8) Average Benefit Cost Rate (6)/(7)			\$199,789,331
(9) UI Trust Fund Balance, Sep 30			\$6,309,309,628
(10) Total Payroll, Last SFY			0.031666
(11) UI Trust Fund Reserve Rate (9)/(10)			0.000
(12) Solvency Adjustment			
(13) Average Employer Tax Rate as a Percent of Taxable Payroll (0.80 x ABCR) + TFSA = (0.80 x #8) + #12			2.14%
(14) Average Employee Tax Rate: (0.20 x ABCR) = (0.20 x #8)			0.54%

Tax Rates for Employees and Experience Rated Employers

Rate Class	Experience Factor	Employee Contribution Rate (%)	Employer Contribution Rate (%)	Total Contribution Rate (%)
1	0.40	0.54	1.00	1.54
2	0.45	0.54	1.00	1.54
3	0.50	0.54	1.07	1.61
4	0.55	0.54	1.18	1.72
5	0.60	0.54	1.29	1.83
6	0.65	0.54	1.39	1.93
7	0.70	0.54	1.50	2.04
8	0.80	0.54	1.71	2.25
9	0.90	0.54	1.93	2.47
10	1.00	0.54	2.14	2.68
11	1.00	0.54	2.14	2.68
12	1.10	0.54	2.36	2.90
13	1.20	0.54	2.57	3.11
14	1.30	0.54	2.79	3.33
15	1.35	0.54	2.89	3.43
16	1.40	0.54	3.00	3.54
17	1.45	0.54	3.11	3.65

18	1.50	0.54	3.21	3.75
19	1.55	0.54	3.32	3.86
20	1.60	0.54	3.43	3.97
21	1.65	0.54	5.40	5.94

Total payroll, taxable payroll, and UI benefits costs are all for employees (current or former) of contributing (taxable) employers only. Reimbursable employers are excluded.

Sources: Alaska Statutes 23.20.290.

Alaska Department of Labor and Workforce Development,
 Research and Analysis Section:
 ES-202 report to the U.S. Dept. of Labor.
 ETA 2-112 report to the U.S. Dept. of Labor.

For further information contact: email thomas_wylie@labor.state.ak.us email
james_wilson@labor.state.ak.us

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 News Releases

SB 289

Projected Increases in Average Employer Costs Under Proposed Legislation

Current Rates (for CY 2000):

Average Employer Tax Rate:	2.14%
Employee Tax Rate:	.54%
Taxable Wage Base: (Maximum wages subject to tax)	\$24,800

Increase	Add'l Employer Cost*	Add'l Employee Cost**
.1%	\$24.80	0
.15%	\$37.20	0
.2%	\$49.60	0
.3%	\$74.40	0

*Per each employee paid \$24,800 (.75% of the average annual wage) or more in wages during the year. New tax represents 4.7%, 7%, 9.3%, and 14% increases, respectively, in the average employer's tax liability.

SB 289

Projected Increases in Average Employee Costs Under Proposed Legislation

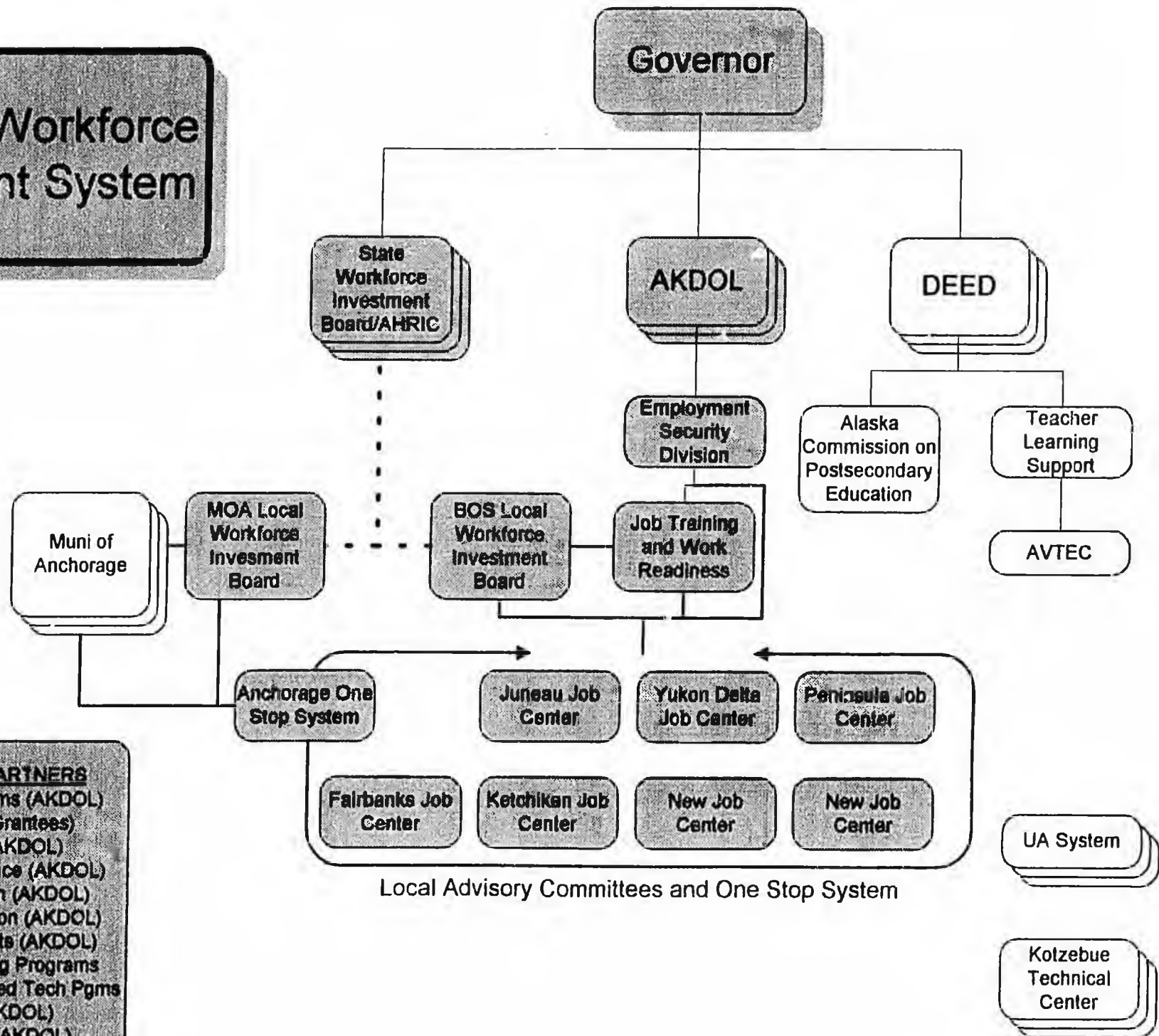
Current Rates (for CY 2000):

Average Employer Tax Rate:	2.14%
Employee Tax Rate:	.54%
Taxable Wage Base: (Maximum wages subject to tax)	\$24,800

Increase	Add'l Employee Cost*	Add'l Employer Cost**
.1%	\$24.80	0
.15%	\$37.20	0
.2%	\$49.60	0
.3%	\$74.40	0

*Per each employee paid \$24,800 (.75% of the average annual wage) or more in wages during the year. New tax represents 18.5%, 27.7%, 37%, and 55.6% increases, respectively, in the employee's tax liability.

Alaska's Workforce Investment System



WIA MANDATED PARTNERS
 Title I Training Programs (AKDOL)
 (Includes ANCT Grantees)
 Wagner Peysner (AKDOL)
 Unemployment Insurance (AKDOL)
 Adult Basic Education (AKDOL)
 Vocational Rehabilitation (AKDOL)
 Welfare to Work Grants (AKDOL)
 Senior Service Training Programs
 Carl Perkins Voc & Applied Tech Pgms
 NAFTA/TAA (AKDOL)
 Veteran's Training (AKDOL)
 CSBG and HUD Training

DISCUSSION OF THE NEED FOR SUPPORTIVE SERVICES:

The Alaska Statewide Service Delivery Area (SDA) faces logistical problems in program delivery not encountered by any other SDA. These problems spring from its sheer physical size, vast distances, high costs, extreme weather and cultural barriers. Most of our communities are remote, lacking in basic services, and without strong local economies. Successful completion of training and subsequent employment is not possible for rural SWSDA participants without necessary supportive services to make it possible.

Supportive services include the following:

Relocation Assistance: In some areas of Alaska, no amount of job training will result in employment because of the absence of local employment opportunities and strong economies to support them. In these instances, it is necessary to help participants relocate to areas where job training can result in related employment.

Tools and Gear: Some jobs require employees to provide their own work clothing and tools as a condition of employment. STEP participants are most likely to be unemployed and, at successful completion of training, have been employed for a lengthy period of time. Financial resources are often depleted. Assistance is needed to help them bridge the gap between successful completion of training and attainment of appropriate employment.

Other:

Allowances -- Most ASW STEP participants are unemployed. Many have been unemployed for a very long time and do not have the personal financial resources to complete lengthy training programs without some financial assistance.

Transportation -- Even with provision of training services, round trip transportation to training facilities remains a problem for the unemployed STEP-eligible population. Transportation costs in Alaska are high and beyond the means of the unemployed.

Room and board -- Most training provided to ASW residents is delivered at a distance from home communities. STEP eligible participants do not usually have the resources to pay for their own room and board costs during training.

Child/Elder Care -- Family care responsibilities are not suspended while participants attend training. Those without financial resources require assistance with child and elder care in order to attend training. Participants are unable to fully attend to the training until these issues are satisfactorily resolved.

Supportive services are necessary and appropriate when required to ensure participant attendance at training and when no other sources of support are available.

**STEP Program Expenditures
by Service Delivery Area
FY98 and FY99**

1998

Anchorage/
Mat-Su
40%



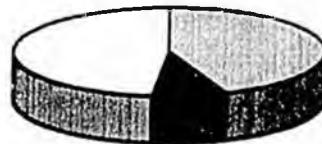
Alaska
State Wide
(Balance of
State)
44%

Fairbanks
16%

Service Delivery Area	1998	1999
Alaska State Wide (Balance of State)	1,133,152	838,349
Fairbanks	431,468	143,223
Anchorage/Mat-Su	1,055,638	920,952
Total	2,620,258	1,902,524

1999

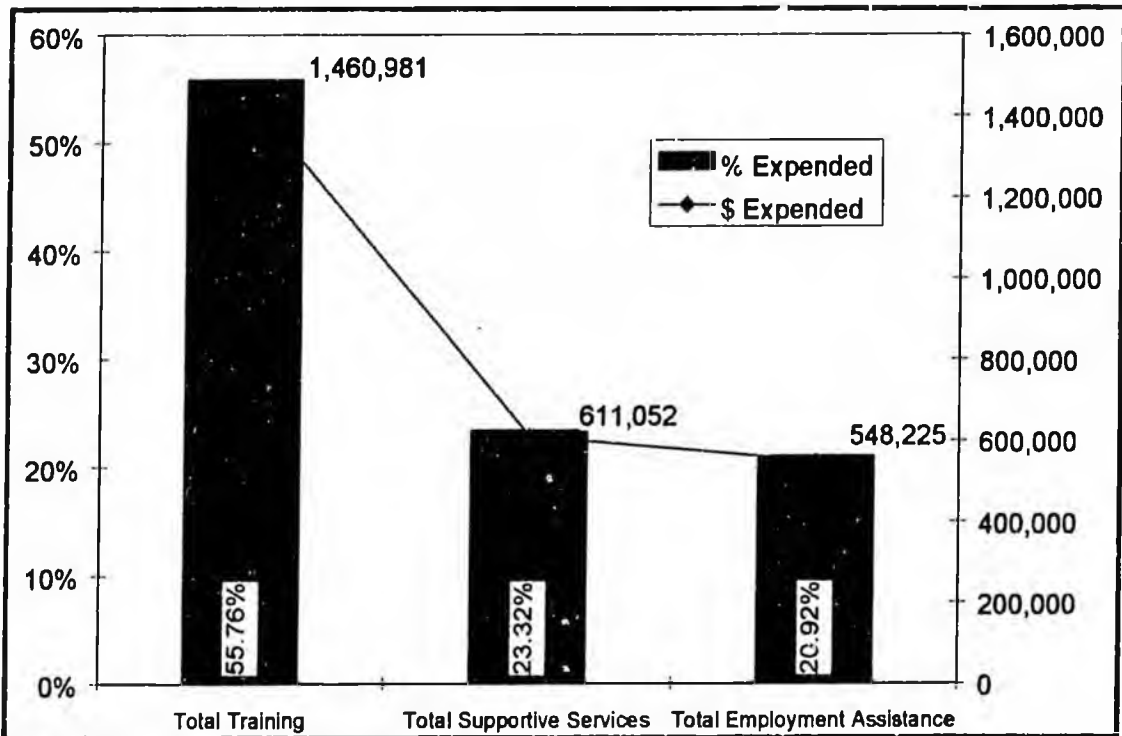
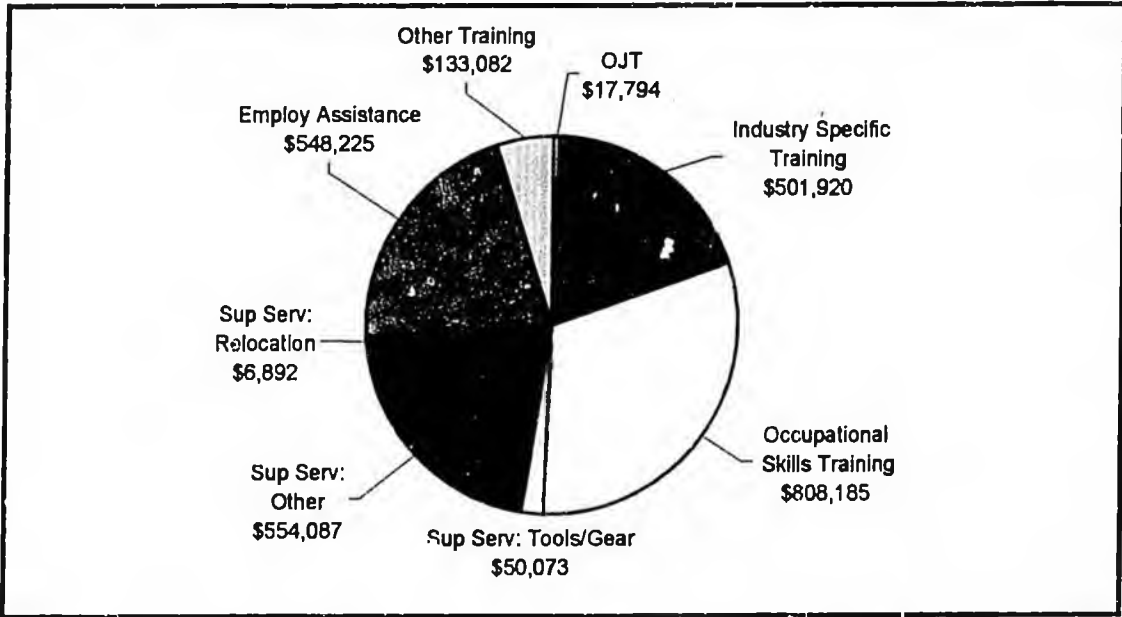
Anchorage/
Mat-Su
48%



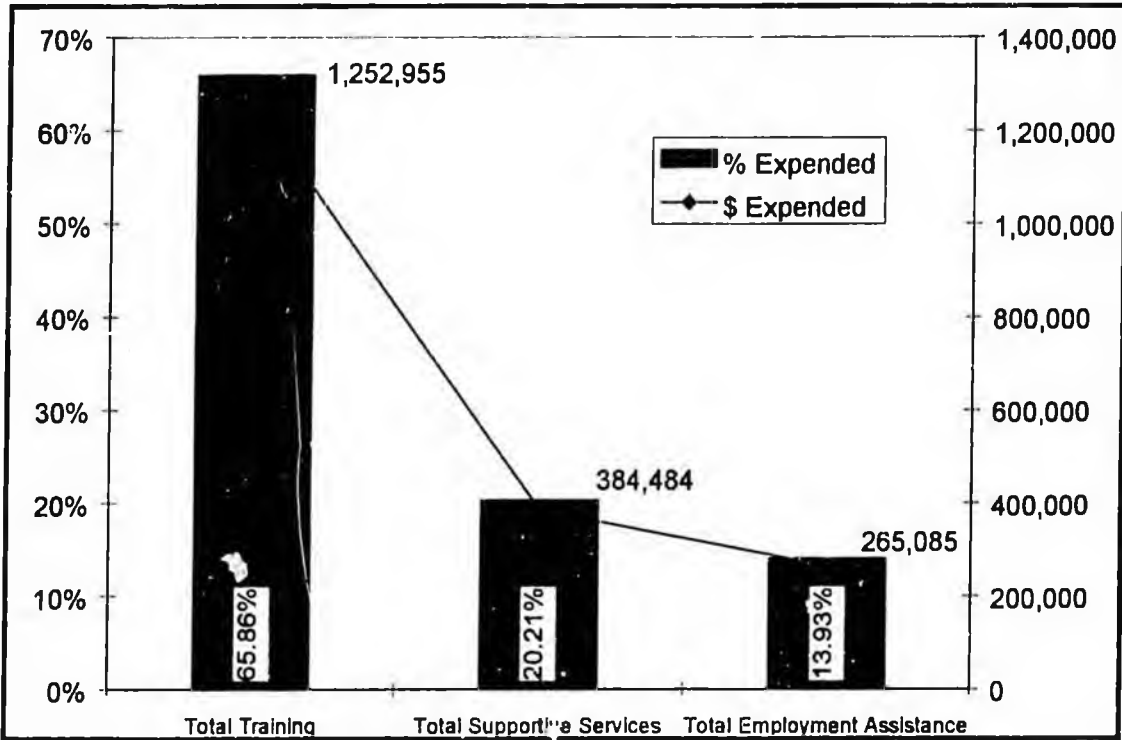
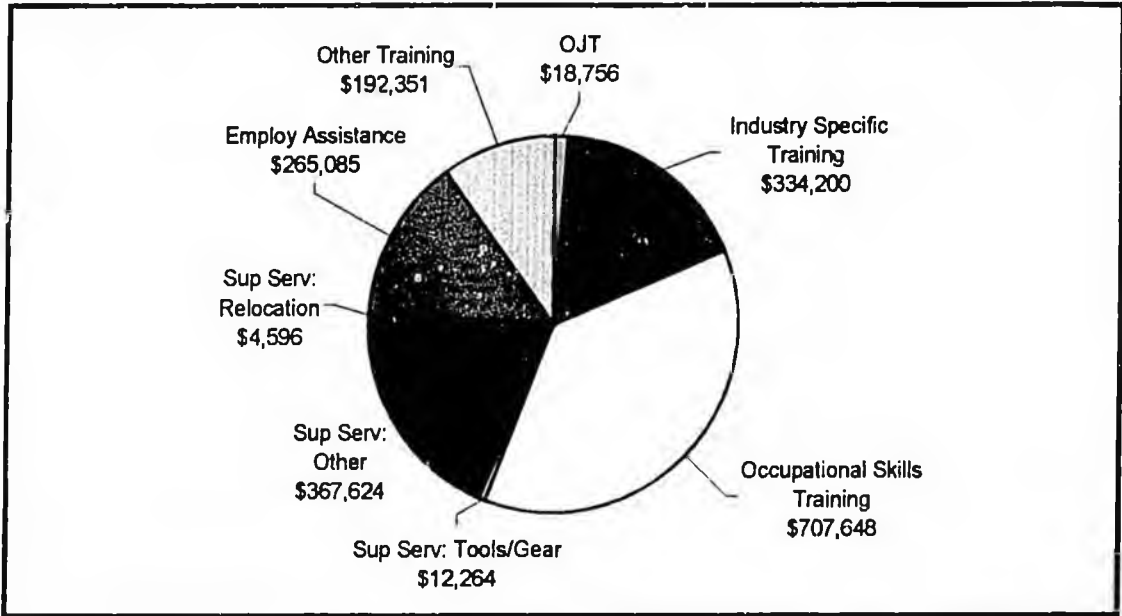
Alaska
State Wide
(Balance
of State)
44%

Fairbanks
8%

FY 98 STEP Program Expenditures by Program Element



FY 99 STEP Program Expenditures by Program Element



STEP Funding Detail

	FY00	FY99	FY98
Authorization			
AHRIC	106.8	106.8	104.8
R&A	330.2	330.2	240.7
ESD Acctg	250.0	250.0	250.0
Client Svcs/DCRA (see detail below)	3,359.1	3,359.1	3,202.5
KTC			61.8
Unrealized Revenues			186.3
Total	4,046.1	4,046.1	4,046.1

AKSAS Expenditures @4/3/00

AHRIC	n/a	106.7	104.8
R&A	n/a	277.4	226.3
ESD Acctg	n/a	294.8	257.6
Client Svcs/DCRA (see detail below)	n/a	2,531.9	
KTC	n/a	56.3	53.0
Total	-	3,270.1	3,664.1
		3270.1	3664.1

STEP Client Services Funding Detail (DCRA)

	SDA FUNDING				OTHER (JTPO Admin & 15% Spec Projects)	TOTAL
	Training	Employment Assistance	Supportiv e Services	Admin		
FY2000 Authorized						
Anchorage/Mat-Su	793.0	164.4	?	138.5	128.8	1,224.7
Fairbanks	210.9	43.7	?	36.9	90.0	381.5
Balance of State	1,008.9	209.1	?	176.3	131.3	1,525.6
JTPO					86.4	86.4
Other Special Projects					140.9	140.9
Total	2,012.8	417.2	-	351.7	577.4	3,359.1



?includes supportive services

FY1999 Expenditures (as reported by JTPA/SSD staff)

Anchorage/Mat-Su	687.5	158.4	75	159.2		1,080.1
Fairbanks	78.4	48.4	16.5	37.2		180.5
Balance of State	487.1	58.3	292.9	131.1		969.4
JTPO					81.4	81.4
Misc adjustment (due to billing lag)					223.5	223.5
Total	1,253.0	265.1	384.4	327.5	304.9	2,534.9

FY1998 Expenditures(as reported by JTPA/SSD staff)

Anchorage/Mat-Su	572.2	337.4	146	128.3		1,183.9
Fairbanks	306.7	71.3	53.5	42.4		473.9
Balance of State	582.1	139.4	411.6	154.3		1,287.4
JTPO					69.3	69.3
Misc adjustment (due to difference in expenditure detail)					7.9	7.9
Total	1,461.0	548.1	611.1	325.0	77.2	2,923.3

SENATE FINANCE COMMITTEE REPORT

DATE: 3/29/00

FURTHER:

REPORTED OUT OF
SFC 4/5/00

DATE TURNED
IN TO OFFICE: 5 April 00

Finance Committee considered

SENATE BILL NO. 289

"An Act establishing and relating to the Alaska Board of Technical and Vocational Education; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 289 (FIN)
- adopt previous _____ CS CS forthcoming (_____)
- attached amendment(s)
- adopt Letter of Intent by _____
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical title
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Cie Adams</i>	X	<i>Lynne Green</i>			✓
<i>Gonzalez</i>	✓	<i>Loren A. Hines</i>	-		
<i>Robt E. Hill</i>		<i>David Donly</i>	✓		
<i>Walter Kelly</i>	✓				
Co-Chair: <i>Johnson</i>	✓	Co-Chair:			
Co-Chair: <i>Sean Powell</i>	✓	Co-Chair:			

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

Univ	4/5/00		\$6450.
Labor	4/5/00		\$4,553.

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

STATE OF ALASKA
2000 Legislative Session

REPORTED OUT OF
SFC 4/5/00

FISCAL NOTE

BILL NO. CSSB 289(FIN)

Revision Date: _____
Title: Board of Technical and Vocational Education
Sponsor: Senate Finance
Requester: Senate Finance

Dept. Affected Labor
BRU Employment Security
Component Unemployment Insurance
Component Serial No. _____

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY01	FY02	FY03	FY04	FY05	FY06
Personal Services	0.0					
Travel	4.5					
Contractual	3,124.9					
Supplies	1.5					
Equipment	0.0					
Land & Structures	0.0					
Grants & Claims	1,422.9					
Miscellaneous	0.0					
TOTAL OPERATING	4,553.8	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)

FUND SOURCE	FY01	FY02	FY03	FY04	FY05	FY06
1002 Federal Receipts	0.0					
1003 GF Match	0.0					
1004 GF	0.0					
1005 GF/Program Receipts	0.0					
1054 Empl Trng	4,553.8					
1091 Designated Program Receipts	0.0					
TOTAL	4,553.8	0.0	0.0	0.0	0.0	0.0


Estimate of any current year (FY99) costs: 0.0

POSITIONS

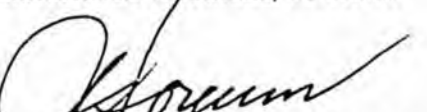
Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
See Attached

Prepared By: SENATE FINANCE COMMITTEE


SENATOR SEAN PARNELL, CO-CHAIR

Date: 4/05/00
Phone: 465-2995


SENATOR JOHN TORGERSON, CO-CHAIR

Date: 4/05/00
Phone: 465-2828

Attachment CS SB 289(FIN)

The current Statewide Employment Program, (STEP - AS 23.15) is funded with the inclusion of this SB 289 fiscal note.

This fiscal note for STEP matches the Governor's FY 01 amended request.

The new Alaska Technical and Vocational Education Program (ATV - AS 23.15 Article 7) is funded with the inclusion of this SB 289 fiscal note.

The fiscal note for ATV reflects a 2/10ths of one percent employee credit in a manner similar to that which is currently applied for the STEP program. It is estimated that in FY 2001, additional contributions to establish this account will total \$6,450,000. In subsequent years it is estimated that \$8,600,000 will be collected annually. This fiscal note addresses FY01. FY02-06 will be addressed by the administrative board for the new program.

The first year will be \$6,450,000 in the following percentage:

University of Alaska	76% = 4,902,000
Kotzebue Technical Center	8% = 516,000
Alaska Vocational Technical Center	16% = \$1,032,000

REPORTED OUT OF
SFC 4/5/00

FISCAL NOTE

STATE OF ALASKA
2000 Legislative Session

BILL NO. CSSB 289(FIN)

Revision Date: _____
Title: Board of Technical and Vocational Education
Sponsor: Senate Finance
Requester: Senate Finance

Dept. Affected University of Alaska/Education
BRU _____
Component _____
Component Serial No. _____

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY01	FY02	FY03	FY04	FY05	FY06
Personal Services	0.0					
Travel	0.0					
Contractual	0.0					
Supplies	0.0					
Equipment	0.0					
Land & Structures	0.0					
Grants & Claims	6,450.0					
Miscellaneous	0.0					
TOTAL OPERATING	6,450.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES []						
------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY01	FY02	FY03	FY04	FY05	FY06
1002 Federal Receipts	0.0					
1003 GF Match	0.0					
1004 GF	0.0					
1005 GF/Program Receipts	0.0					
1054 Empl Trng	6,450.0					
1091 Dcsignated Program Receipts	0.0					
TOTAL	6,450.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY99) costs: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

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

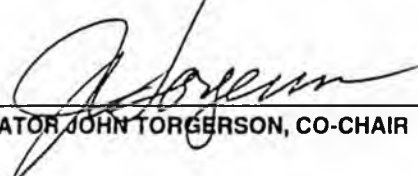
Technical and Vocational Education board funds these one year grants to fund \$4,902,000 to the University of Alaska, \$516,000 to Kotzebue Tech and 1,032,000 to AVTEC.

Prepared By: SENATE FINANCE COMMITTEE



SENATOR SEAN PARNELL, CO-CHAIR

Date: 4/05/00
Phone: 465-2995



SENATOR JOHN TORGERSON, CO-CHAIR

Date: 4/05/00
Phone: 465-2828

CS FOR SENATE BILL NO. 289(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to technical and vocational education and to employment
2 assistance and training; and providing for an effective date."

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

4 * Section 1. The uncodified law of the State of Alaska is amended by adding a new
5 section to read:

6 LEGISLATIVE INTENT; REPORT TO THE LEGISLATURE. (a) It is the intent of
7 the legislature that the Alaska Human Resource Investment Council undergo an internal
8 reassessment and reorganization to minimize the number of members of the council and to
9 improve its ability to efficiently and effectively serve as the state's primary planning and
10 coordinating entity for vocational and technical education.

11 (b) The Alaska Human Resource Investment Council shall report to the legislature by
12 the 15th legislative day of the First Regular Session of the Twenty-Second Alaska State
13 Legislature on the

14 (1) reorganization undertaken to accomplish the goals identified in (a) of this

1 section; and

2 (2) development of regulations and guidelines for implementation of the grant
3 programs for which it is responsible.

4 * Sec. 2. AS 23.15.640 is amended to read:

5 **Sec. 23.15.640. Services for eligible people.** Subject to the limits of its grant,
6 an entity receiving a grant under AS 23.15.651 shall provide one or more program
7 elements. The program elements include

8 (1) industry-specific training;

9 (2) on-the-job training;

10 (3) institutional or classroom job-linked training [;

11 (4) SUPPORT SERVICES, INCLUDING ALLOWANCES;

12 (5) RELOCATION ASSISTANCE; OR

13 (6) PROVISIONS OF NECESSARY TOOLS, WORK-RELATED
14 CLOTHING, SAFETY GEAR, OR OTHER NECESSITIES TO OBTAIN OR RETAIN
15 EMPLOYMENT].

16 * Sec. 3. AS 23.15 is amended by adding new sections to read:

17 **Article 7. Alaska Technical and Vocational Education.**

18 **Sec. 23.15.820. Powers and duties of the Alaska Human Resource**
19 **Investment Council.** (a) The Alaska Human Resource Investment Council shall

20 (1) administer the Alaska technical and vocational education program
21 established in AS 23.15.820 - 23.15.850;

22 (2) facilitate the development of a statewide policy for a coordinated
23 and effective technical and vocational education training system in this state and, to
24 the extent authorized by federal and state law, plan and coordinate federal, state, and
25 local efforts in technical and vocational education programs;

26 (3) adopt regulations under AS 44.62 (Administrative Procedure Act)
27 to carry out the purposes of AS 23.15.820 - 23.15.850, including regulations that set
28 standards for the percentage of a grant that may be used for administrative costs; the
29 regulations must clearly identify and distinguish between expenses that may be
30 included in administrative costs and those that may not be included in administrative
31 costs; the percentage allowed for administrative costs may not exceed the lesser of five

1 percent or the amount permitted under the requirements of a federal program, if
2 applicable;

3 (4) administer the grant program under 23.15.840 and establish grant
4 administration requirements including accounting procedures that apply to qualified
5 entities and their grantees.

6 (b) The council may

7 (1) receive money designated for technical and vocational education
8 programs and may disburse money, including grants, to technical and vocational
9 education projects in accordance with AS 37.07 (Executive Budget Act);

10 (2) enter into partnership agreements through appropriate administrative
11 agencies with private industry training entities within the state in order to facilitate the
12 coordination of training opportunities; and

13 (3) recommend to the legislature changes to enhance the effectiveness
14 of the training programs it oversees under this section.

15 **Sec. 23.15.830. Alaska technical and vocational education program**
16 **account.** The Alaska technical and vocational education program account is
17 established in the general fund. The commissioner of administration shall separately
18 account for money collected under AS 23.15.835 that the department deposits in the
19 general fund. The legislature may appropriate the annual estimated balance in the
20 account to the council to implement AS 23.15.820 - 23.15.850. The legislature may
21 appropriate the lapsing balance of the account to the unemployment compensation fund
22 established in AS 23.20.130.

23 **Sec. 23.15.835. Special employee unemployment contributions for program.**

24 (a) In the manner provided in AS 23.20, the department shall collect from each
25 employee an amount equal to two-tenths of one percent of the wages, as set out in
26 AS 23.20.175, on which the employee is required to make contributions under
27 AS 23.20.290(d). The department shall remit to the Department of Revenue, in
28 accordance with AS 37.10.050, money collected under this subsection.

29 (b) Notwithstanding AS 23.20.290(d), the department shall credit each
30 employee with an amount equal to the amount collected from the employee under (a)
31 of this section against unemployment contributions owed by the employee under

1 AS 23.20.

2 (c) The Department of Labor and Workforce Development shall assess and
3 collect, under AS 23.20.185 - 23.20.275, interest and penalties for delinquent reports
4 and payments due under this section. Interest and penalties collected shall be handled
5 in accordance with AS 23.20.130(d).

6 **Sec. 23.15.840. Grants for technical and vocational education.** (a) The
7 council shall award grants, in accordance with the priority list adopted under (f) of this
8 section, to technical and vocational education entities. A technical and vocational
9 entity is eligible for a grant under this section if the entity meets program
10 requirements, the grant program is physically located in Alaska, and the entity can
11 demonstrate that

12 (1) the entity's accounting systems include controls adequate to check
13 the accuracy and reliability of accounting data, promote operating efficiency, and
14 assure compliance with program requirements and generally accepted accounting
15 principles;

16 (2) the entity's activities do not replace or compete in any way with a
17 federally approved, jointly administered apprenticeship program or any other existing
18 training programs; and

19 (3) the entity has secured matching funds for the program for which the
20 grant is requested.

21 (b) The council may not award a grant if the grant would displace money
22 available through existing public or private technical and vocational education
23 programs.

24 (c) Subject to the limits of its grant, an entity receiving a grant under this
25 section shall provide one or more program elements. The program elements include

26 (1) industry-specific training;

27 (2) on-the-job training; and

28 (3) institutional or classroom job-linked training.

29 (d) A technical or vocational educational institution that receives a grant from
30 the council shall give appropriate state agencies full access to accounting records
31 concerning the grant to assure compliance with program standards.

1 (e) In making a grant under this section, the council shall require that the
 2 qualified entity and grantees of the qualified entity limit the amount of the grant
 3 proceeds spent on administration so that the total spent on administration from the
 4 proceeds of the technical and vocational education program account, including amounts
 5 spent by the council itself, does not exceed five percent. A training program funded
 6 by the council must

7 (1) meet the standards adopted by the council concerning the
 8 percentage of a grant that may be spent on administrative costs;

9 (2) be operated by an institution that holds a valid authorization to
 10 operate issued under AS 14.48 if the program is a postsecondary educational program
 11 operated by a postsecondary educational institution subject to regulation under
 12 AS 14.48.

13 (f) To the extent that funding is available, grants shall be awarded to entities
 14 that apply for funding by the deadline established by the council by regulation. The
 15 council shall give priority to grant applications from qualified entities whose purpose
 16 is listed first on the list of priorities adopted under this subsection. If money remains
 17 after grants for the first priority have been awarded, the council may make grants to
 18 entities whose purpose is listed next on the list of priorities. The council shall proceed
 19 in this fashion until it has exhausted the money available for granting for the year.
 20 The council shall adopt a priority list each year based on economic, employment, and
 21 other relevant data in order to maximize employment opportunities for participants.

22 **Sec. 23.15.850. Definitions.** In AS 23.15.820 - 23.15.850,

23 (1) "council" means the Alaska Human Resource Investment Council;

24 (2) "program" means the Alaska technical and vocational education
 25 program established in AS 23.15.820 - 23.15.850.

26 * Sec. 4. The uncoded law of the State of Alaska is amended by adding a new section
 27 to read:

28 **PROVISIONS FOR FIRST-YEAR OPERATION.** Notwithstanding AS 23.15.840(a),
 29 enacted by sec. 3 of this Act, for the fiscal year ending June 30, 2001, the money collected
 30 under AS 23.15.835, enacted by sec. 3 of this Act, or otherwise appropriated to the Alaska
 31 Human Resource Investment Council shall be allocated directly in the following percentages

1 to the following institutions for programs consistent with AS 23.15.820 - 23.15.850, enacted
2 by sec. 3 of this Act, and capital improvements:

3	University of Alaska	76 percent
4	Kotzebue Technical Center	8 percent
5	Alaska Vocational Technical Center	16 percent.

6 * Sec. 5. This Act takes effect July 1, 2000.

1-LS1525\S
Cramer
4/4/00

Adopted

CS FOR SENATE BILL NO. 289(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to technical and vocational education and to employment**
2 **assistance and training; and providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** The uncodified law of the State of Alaska is amended by adding a new
5 section to read:

6 **LEGISLATIVE INTENT; REPORT TO THE LEGISLATURE.** (a) It is the intent of
7 the legislature that the Alaska Human Resource Investment Council undergo an internal
8 reassessment and reorganization to minimize the number of members of the council and to
9 improve its ability to efficiently and effectively serve as the state's primary planning and
10 coordinating entity for vocational and technical education.

11 (b) The Alaska Human Resource Investment Council shall report to the legislature by
12 the 15th legislative day of the First Regular Session of the Twenty-Second Alaska State
13 Legislature on the

14 (1) reorganization undertaken to accomplish the goals identified in (a) of this

1 section; and

2 (2) development of regulations and guidelines for implementation of the grant
3 programs for which it is responsible.

4 * Sec. 2. AS 23.15.640 is amended to read:

5 **Sec. 23.15.640. Services for eligible people.** Subject to the limits of its grant,
6 an entity receiving a grant under AS 23.15.651 shall provide one or more program
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8 (1) industry-specific training;

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11 (4) SUPPORT SERVICES, INCLUDING ALLOWANCES;

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14 CLOTHING, SAFETY GEAR, OR OTHER NECESSITIES TO OBTAIN OR RETAIN
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19 **Investment Council.** (a) The Alaska Human Resource Investment Council shall

20 (1) administer the Alaska technical and vocational education program
21 established in AS 23.15.820 - 23.15.850;

22 (2) facilitate the development of a statewide policy for a coordinated
23 and effective technical and vocational education training system in this state and, to
24 the extent authorized by federal and state law, plan and coordinate federal, state, and
25 local efforts in technical and vocational education programs;

26 (3) adopt regulations under AS 44.62 (Administrative Procedure Act)
27 to carry out the purposes of AS 23.15.820 - 23.15.850, including regulations that set
28 standards for the percentage of a grant that may be used for administrative costs; the
29 regulations must clearly identify and distinguish between expenses that may be
30 included in administrative costs and those that may not be included in administrative
31 costs; the percentage allowed for administrative costs may not exceed the lesser of five

1 percent or the amount permitted under the requirements of a federal program, if
2 applicable;

3 (4) administer the grant program under 23.15.840 and establish grant
4 administration requirements including accounting procedures that apply to qualified
5 entities and their grantees.

6 (b) The council may

7 (1) receive money designated for technical and vocational education
8 programs and may disburse money, including grants, to technical and vocational
9 education projects in accordance with AS 37.07 (Executive Budget Act);

10 (2) enter into partnership agreements through appropriate administrative
11 agencies with private industry training entities within the state in order to facilitate the
12 coordination of training opportunities; and

13 (3) recommend to the legislature changes to enhance the effectiveness
14 of the training programs it oversees under this section.

15 **Sec. 23.15.830. Alaska technical and vocational education program**
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17 established in the general fund. The commissioner of administration shall separately
18 account for money collected under AS 23.15.835 that the department deposits in the
19 general fund. The legislature may appropriate the annual estimated balance in the
20 account to the council to implement AS 23.15.820 - 23.15.850. The legislature may
21 appropriate the lapsing balance of the account to the unemployment compensation fund
22 established in AS 23.20.130.

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24 (a) In the manner provided in AS 23.20, the department shall collect from each
25 employee an amount equal to two-tenths of one percent of the wages, as set out in
26 AS 23.20.175, on which the employee is required to make contributions under
27 AS 23.20.290(d). The department shall remit to the Department of Revenue, in
28 accordance with AS 37.10.050, money collected under this subsection.

29 (b) Notwithstanding AS 23.20.290(d), the department shall credit each
30 employee with an amount equal to the amount collected from the employee under (a)
31 of this section against unemployment contributions owed by the employee under

1 AS 23.20.

2 (c) The Department of Labor and Workforce Development shall assess and
3 collect, under AS 23.20.185 - 23.20.275, interest and penalties for delinquent reports
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5 in accordance with AS 23.20.130(d).

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7 council shall award grants, in accordance with the priority list adopted under (f) of this
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9 entity is eligible for a grant under this section if the entity meets program requirements
10 and can demonstrate that

11 (1) the entity's accounting systems include controls adequate to check
12 the accuracy and reliability of accounting data, promote operating efficiency, and
13 assure compliance with program requirements and generally accepted accounting
14 principles;

15 (2) the entity's activities do not replace or compete in any way with a
16 federally approved, jointly administered apprenticeship program or any other existing
17 training programs; and

18 (3) the entity has secured matching funds for the program for which the
19 grant is requested.

20 (b) The council may not award a grant if the grant would displace money
21 available through existing public or private technical and vocational education
22 programs.

23 (c) Subject to the limits of its grant, an entity receiving a grant under this
24 section shall provide one or more program elements. The program elements include

25 (1) industry-specific training;

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29 the council shall give appropriate state agencies full access to accounting records
30 concerning the grant to assure compliance with program standards.

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2 proceeds spent on administration so that the total spent on administration from the
3 proceeds of the technical and vocational education program account, including amounts
4 spent by the council itself, does not exceed five percent. A training program funded
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6 (1) meet the standards adopted by the council concerning the
7 percentage of a grant that may be spent on administrative costs;

8 (2) be operated by an institution that holds a valid authorization to
9 operate issued under AS 14.48 if the program is a postsecondary educational program
10 operated by a postsecondary educational institution subject to regulation under
11 AS 14.48.

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13 that apply for funding by the deadline established by the council by regulation. The
14 council shall give priority to grant applications from qualified entities whose purpose
15 is listed first on the list of priorities adopted under this subsection. If money remains
16 after grants for the first priority have been awarded, the council may make grants to
17 entities whose purpose is listed next on the list of priorities. The council shall proceed
18 in this fashion until it has exhausted the money available for granting for the year.
19 The council shall adopt a priority list each year based on economic, employment, and
20 other relevant data in order to maximize employment opportunities for participants.

21 **Sec. 23.15.850. Definitions.** In AS 23.15.820 - 23.15.850,

22 (1) "council" means the Alaska Human Resource Investment Council;

23 (2) "program" means the Alaska technical and vocational education
24 program established in AS 23.15.820 - 23.15.850.

25 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section
26 to read:

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28 enacted by sec. 3 of this Act, for the fiscal year ending June 30, 2001, the money collected
29 under AS 23.15.835, enacted by sec. 3 of this Act, or otherwise appropriated to the Alaska
30 Human Resource Investment Council shall be allocated directly in the following percentages
31 to the following institutions for programs consistent with AS 23.15.820 - 23.15.850, enacted

SENATE FINANCE COMMITTEE
2000 COMMITTEE ACTION

Bill Number:	SB 289 moved		
Amendment			
Motion			
Motion by	Sg		
Objection			
Objection by			
Removed			
Second Objection by			
Committee Member	Y	Vote	N
Senator Randy Phillips	✓		
Senator Dave Donley			
Senator Loren Leman	✓		
Senator Al Adams	/		
Senator Gary Wilken	✓		
Senator Pete Kelly	✓		
Senator Lyda Green			✓
Co-Chair Sean Parnell	✓		
Co-Chair John Torgerson	✓		
Tally			
Yea	7	0	
Nay		0	1
Absent		0	
MOTION	SB 289 moved		

from committee

from committee



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 4/5/00 TIME: 11:45 AM

TO: Gail - legal services

NUMBER OF PAGES, INCLUDING COVER SHEET: _____

FROM: JAMIE FOLEY
SENATE FINANCE CMTE. ASST. SECRETARY
PHONE: 465-2618
FAX: 465-2187

NOTES: Here are the amendments
referred to for SB 289. If questions,
please call. Thanks -
Jamie

SENATE FINANCE
COMMITTEE

Amendment Number: #1

Bill Number: 1B289

Sponsor: Wilken Date: 4/5/00

Logged In By: Jamie

Amendment _____

OFFERED IN THE SENATE BY:

Senator Wilken

TO: CS SB 289 (draft version \S) – An Act relating to technical and vocational education and to employment assistance and training; and providing for an effective date.”

1 Page 6, line 2 through 4 amend to:

2	University of Alaska	[80]	<u>76</u> percent
3	Kotzebue Technical Center	[4]	<u>8</u> percent
4	Alaska Vocational Technical Center		16 percent

SENATE FINANCE COMMITTEE
2000 COMMITTEE ACTION

Bill Number	JB 289		
Amendment	#1		
Motion			
<u>Motion by</u>	SPJ		
<u>Objection</u>			
<u>Objection by</u>			
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Loren Leman	✓		
Senator Al Adams	✓		
Senator Gary Wilken	✓		
Senator Pete Kelly	✓		
Senator Lyda Green	✓		
Senator Randy Phillips			✓
Senator Dave Donley			
Co-Chair Sean Parnell	✓		
Co-Chair John Torgerson	✓		
<u>Tally</u>			
Yea	7	0	
Nay		0	1
Absent		0	
<u>MOTION</u>	Adopted		

SENATE FINANCE
COMMITTEE
Amendment Number: #2
Bill Number: SB 289
Sponsor: Torgerson Date: 4/5/00
Logged In By: Jamie

Amendment _____

OFFERED IN THE SENATE BY:

Senator Torgerson

TO: CS SB 289 (draft version \S) – An Act relating to technical and vocational education and to employment assistance and training; and providing for an effective date.”

- 1 Page 4, line 9, insert: *✓ after requirements*
- 2 ,the grant program is physically located in Alaska,

SENATE FINANCE COMMITTEE
2000 COMMITTEE ACTION

Bill Number:	SB 289		
Amendment:	#2		
Motion:			
<u>Motion by</u> :	JP		
Objection:			
<u>Objection by</u> :	No objection		
Removed:			
<u>Second Objection by</u> :			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Dave Donley			
Senator Loren Leman			
Senator Al Adams			
Senator Gary Wilken			
Senator Pete Kelly			
Senator Lyda Green			
Senator Randy Phillips			
Co-Chair Sean Parnell			
Co-Chair John Torgerson			
<u>Tally</u>			
Yea		0	
Nay		0	
Absent		0	
MOTION	<i>Adopted</i>		

1-LS1525M
Cramer
3/30/00

adopted

CS FOR SENATE BILL NO. 289(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATE FINANCE COMMITTEE

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10 coordinating entity for vocational and technical education.

11 (b) The Alaska Human Resource Investment Council shall report to the legislature by
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13 Legislature on the

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9 (2) on-the-job training;
10 (3) institutional or classroom job-linked training [;
11 (4) **SUPPORT SERVICES, INCLUDING ALLOWANCES;**
12 (5) **RELOCATION ASSISTANCE; OR**
13 (6) **PROVISIONS OF NECESSARY TOOLS, WORK-RELATED**
14 **CLOTHING, SAFETY GEAR, OR OTHER NECESSITIES TO OBTAIN OR RETAIN**
15 **EMPLOYMENT].**

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19 general fund. The legislature may appropriate the annual estimated balance in the
20 account to the council to implement AS 23.15.820 - 23.15.850. The legislature may
21 appropriate the lapsing balance of the account to the unemployment compensation fund
22 established in AS 23.20.130.

23 **Sec. 23.15.835. Special employer and employee unemployment**
24 **contributions for program.** (a) In the manner provided in AS 23.20, the Department
25 of Labor and Workforce Development shall collect from each employer an amount
26 equal to .0015 percent of the wages, as set out in AS 23.20.175, on which the
27 employer is required to make contributions under AS 23.20.290(c). The Department
28 of Labor and Workforce Development shall remit to the Department of Revenue, in
29 accordance with AS 37.10.050, money collected under this subsection.

30 (b) In the manner provided in AS 23.20, the Department of Labor and
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2 to make contributions under AS 23.20.290(d). The department shall remit to the
3 Department of Revenue, in accordance with AS 37.10.050, money collected under this
4 subsection.

5 (c) The Department of Labor and Workforce Development shall assess and
6 collect, under AS 23.20.185 - 23.20.275, interest and penalties for delinquent reports
7 and payments due under this section. Interest and penalties collected shall be handled
8 in accordance with AS 23.20.130(d).

9 **Sec. 23.15.840. Grants for technical and vocational education.** (a) The
10 council shall award grants, in accordance with the priority list adopted under (f) of this
11 section, to technical and vocational education entities. A technical and vocational
12 entity is eligible for a grant under this section if the entity meets program requirements
13 and can demonstrate that

14 (1) the entity's accounting systems include controls adequate to check
15 the accuracy and reliability of accounting data, promote operating efficiency, and
16 assure compliance with program requirements and generally accepted accounting
17 principles;

18 (2) the entity's activities do not replace or compete in any way with a
19 federally approved, jointly administered apprenticeship program or any other existing
20 training programs; and

21 (3) the entity has secured commitments from the private sector to
22 contribute to the program for which the grant is requested an amount equal to or
23 greater than the amount of the grant request.

24 (b) The council may not award a grant if the grant would displace money
25 available through existing public or private technical and vocational education
26 programs.

27 (c) Subject to the limits of its grant, an entity receiving a grant under this
28 section shall provide one or more program elements. The program elements include

29 (1) industry-specific training;

30 (2) on-the-job training; and

31 (3) institutional or classroom job-linked training.

1 (d) A technical or vocational educational institution that receives a grant from
2 the council shall give appropriate state agencies full access to accounting records
3 concerning the grant to assure compliance with program standards.

4 (e) In making a grant under this section, the council shall require that the
5 qualified entity and grantees of the qualified entity limit the amount of the grant
6 proceeds spent on administration so that the total spent on administration from the
7 proceeds of the technical and vocational education program account, including amounts
8 spent by the council itself, does not exceed five percent. A training program funded
9 by the council must

10 (1) meet the standards adopted by the council concerning the
11 percentage of a grant that may be spent on administrative costs;

12 (2) be operated by an institution that holds a valid authorization to
13 operate issued under AS 14.48 if the program is a postsecondary educational program
14 operated by a postsecondary educational institution subject to regulation under
15 AS 14.48.

16 (f) To the extent that funding is available, grants shall be awarded to entities
17 that apply for funding by the deadline established by the council by regulation. The
18 council shall give priority to grant applications from qualified entities whose purpose
19 is listed first on the list of priorities adopted under this subsection. If money remains
20 after grants for the first priority have been awarded, the council may make grants to
21 entities whose purpose is listed next on the list of priorities. The council shall proceed
22 in this fashion until it has exhausted the money available for granting for the year.
23 The council shall adopt a priority list each year based on economic, employment, and
24 other relevant data in order to maximize employment opportunities for participants.

25 **Sec. 23.15.850. Definitions.** In AS 23.15.820 - 23.15.850,

26 (1) "council" means the Alaska Human Resource Investment Council;

27 (2) "program" means the Alaska technical and vocational education
28 program established in AS 23.15.820 - 23.15.850.

29 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section
30 to read:

31 **PROVISIONS FOR FIRST-YEAR OPERATION.** Notwithstanding AS 23.15.840(a),

1 enacted by sec. 3 of this Act, for the fiscal year ending June 30, 2001, the money collected
 2 under AS 23.15.835, enacted by sec. 3 of this Act, or otherwise appropriated to the Alaska
 3 Human Resource Investment Council shall be allocated directly in the following percentages
 4 to the following institutions for programs consistent with AS 23.15.820 - 23.15.850, enacted
 5 by sec. 3 of this Act, and capital improvements:

6	University of Alaska	65 percent
7	Kotzebue Technical Center	12 percent
8	Alaska Vocational Technical Center	23 percent.

9 * Sec. 5. This Act takes effect July 1, 2000.

FISCAL NOTE

STATE OF ALASKA
2000 Legislative Session

BILL NO. CSSB 289 ^{FIN} ~~(L&S)~~

Revision Date: _____
Title: Board of Technical and Vocational Education
Sponsor: Senate Finance
Requester: Senate Finance

Dept. Affected Labor
BRU Employment Security
Component Unemployment Insurance
Component Serial No. _____

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY01	FY02	FY03	FY04	FY05	FY06
Personal Services	0.0					
Travel	4.5					
Contractual	3,124.9					
Supplies	1.5					
Equipment	0.0					
Land & Structures	0.0					
Grants & Claims	1,422.9					
Miscellaneous	0.0					
TOTAL OPERATING	4,553.8	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES []						
------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY01	FY02	FY03	FY04	FY05	FY06
1002 Federal Receipts	0.0					
1003 GF Match	0.0					
1004 GF	0.0					
1005 GF/Program Receipts	0.0					
1054 Empl Trng	4,553.8					
1091 Designated Program Receipts	0.0					
TOTAL	4,553.8	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY99) costs: 0.0


POSITIONS

POSITIONS	FY01	FY02	FY03	FY04	FY05	FY06
Full-time						
Part-time						
Temporary						

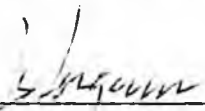
ANALYSIS: (Attach a separate page if necessary)

See Attached

Prepared By: SENATE FINANCE COMMITTEE


SENATOR SEAN PARNELL, CO-CHAIR

Date: 3/11/99
Phone: 465-2995


SENATOR JOHN TORGERSON, CO-CHAIR

Date: 3/11/99
Phone: 465-2828

SB 289/
3-31-00
-W

Fund Solvency Adjustment

A proposal has been made to amend the fund solvency adjustment schedule in AS 23.20.290 to lower the UI Trust Fund balance by \$10,000,000.

Effect on tax rates and fund solvency:

Short Term:

- Reducing the UI Trust Fund level would result in a 0.1% tax savings the first and second year after the reduction and create the potential for an additional 0.1% savings in the third year after the reduction.
- Once the fund reached the new reduced level, tax rates would move up, returning to the level that existed before the reduction took place.

Long Term:

- A lower Trust Fund level would weaken the stability of tax rates. Tax rates would tend to be more likely to increase or decrease in greater amounts to adjust for unforeseen changes in the trust balance.
- A lower Trust Fund level increases the likelihood for insolvency.
 - If the fund became insolvent due to a sharp economic downturn, Alaska could be forced to borrow money from the Federal government at market rates.
 - If Alaska suffered a severe recession (similar to 1986) and had to borrow money to cover benefit costs, employers could lose a credit against FUTA taxes. (Reference: U.S. Code: Title 26, Section 3302. Amount of lost credit varies depending on state circumstances.)

Compliance Issues:

Solvency Requirements:

- Future Reed Act distributions will be based on each state's ability to meet a national standard of solvency requiring an "average high cost multiple" of 1.0.
- Presently, Alaska barely meets the national solvency standard.
- A lower reserve decreases the likelihood that Alaska will meet this national solvency standard.



Alaska State Senate

Senate Finance Committee

Official Business

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

SB 289 – Board of Technical and Vocational Education Sponsor Statement

Oversight of the technical and vocational education programs in Alaska is currently being performed by two groups - the Alaska State Board of Education (BOE) and the Alaska Human Resource Investment Council (AHRIC). (The Alaska Commission on PostSecondary Education also has some peripheral involvement.)

This bill focuses Alaska's technical and vocational education into one new board, making it the authority for:

- ◆ Certification of accredited vocational and technical programs
- ◆ Establishing an Alaskan plan for technical and vocational education
- ◆ Awarding grants to technical and vocational education entities

The bill establishes a new employer fee of the wages paid by employers for unemployment compensation. The annual revenue from this source is expected to be about \$4.25 million annually.

The ATV will establish the guidelines for the grant awards for the new funds as well as other identified funds specific to vocational and technical education.

Passage of this bill will ensure that Alaska is appropriately planning for the technical and vocational education of its people. The state will then be in position to receive funds from the federal government for technical and vocational education programs.

POM for Senator Torgerson

From: Mr. Louis A Bencardino
PO Box 2064

Telephone: 224-5790

Seward, AK 99664

Constituent

Registered Voter: U

Email:

Bill: SB 289 **Title:** BOARD OF TECHNICAL AND VOCATIONAL EDUC

Message:

Please support SB 289. Vocational education is extremely important to maintain a quality workforce for Alaska. A planning entity would help to avoid duplication of programs, could best identify the needs of the state in terms of vocational education and determine where resources should be spent.

Entered in SEW on 3/31/00 POMID: 4654

Distribution: 20

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Message 1 out of 3.

SENATE FINANCE COMMITTEE

SIGN - IN

SB 289-BOARD OF TECHNICAL AND VOCATIONAL EDUC

NAME: Ward Redman Subject/Bill No: 289
Co./Dept./Title: U of A Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: Ed Flanagan Subject/Bill No: 289
Co./Dept./Title: Labor Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions



Teleconference Participants

TCN: 10688

Participant Lists

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Testifiers

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Participants

Unidentified Testifiers: 0

Unidentified Observers: 0

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1 ✓ Name: Mr. Kevin Delaney Phone:
 Address: Affiliation: ADF&G
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 Bill: SB 301: CHITINA DIPNET FISHING PERMIT

2 Name: Ms. Ruth DeCamp Ans ?s Phone:
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 City /St /Zip: Type: Testifier
 Bill: SB 289: BOARD OF TECHNICAL AND VOCATIONAL EDUC

3 ✓ Name: Ms. Mary Weiss Phone:
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 Bill: SB 261: PROTECTION FROM NEEDLE & SHARPS INJURIES

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Teleconference Participants

TCN: 10651

Participant Lists

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ALL



Testifiers



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Participants

Unidentified Testifiers: 0

Unidentified Observers: 1

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VALDEZ (VAL)

TELECONFERENCE

WE MAY BE JOINED BY:

MIKE ANDREWS FOR SB 289

JANICE ADAIR FOR SB 34

KEVIN MCKINLEY FOR SB 34