

**HB**

**226**

**HFIN**

**FILE**



# FISCAL NOTE

STATE OF ALASKA  
2007 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: CS HB 226 (FIN)  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Labor & Workforce Dev.  
Title: Appeal Termination of STEP Program RDU: Business Partnerships  
Component: Business Services  
Sponsor: Representative Coghill  
Requester: House Finance Committee Component No.: 2658

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services		408.3				
Travel		28.3				
Contractual		402.5				
Supplies		6.1				
Equipment						
Land & Structures						
Grants & Claims		4,472.0				
Miscellaneous						
<b>TOTAL OPERATING</b>		<b>5,317.2</b>				

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>		5,662.0				
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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						
1054 State Employment & Training		5,317.2				
<b>TOTAL</b>		<b>5,317.2</b>				

Estimate of any current year (FY2007) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time		4.00				
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
HB 226 extends the termination date for the State Training and Employment Program to June 30, 2009.

Prepared by: House Finance Committee Phone: 465-4945  
Division: \_\_\_\_\_ Date/Time: 05/04/07 11:18 a.m.  
Approved by: Representative Meyer Date: 5/4/2007  
Representative Chanault

# FISCAL NOTE

STATE OF ALASKA  
2007 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CS HB 226 (FIN)  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Labor & Workforce Dev.  
 Title: Repeal Termination Date of STEP Program RDU: Employment Security  
 Component: Unemployment Insurance  
 Sponsor: Representative Coghill  
 Requester: House Finance Committee Component No.: 2276

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services		270.7				
Travel		5.0				
Contractual		50.0				
Supplies		19.1				
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>		<b>344.8</b>				

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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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						
1054 State Employment & Training		344.8				
<b>TOTAL</b>	<b>0.0</b>	<b>344.8</b>				

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time		3				
Part-time						
Temporary						

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

This bill extends the termination date for the State Training and Employment Program to June 30, 2009.

Prepared by: House Finance Committee  
 Division: \_\_\_\_\_  
 Approved by: Representative Moyer  
Representative Chonault

Phone 465-4945  
 Date/Time 05/04/07 11:14 a.m.  
 Date 5/4/2007

## 2007 HOUSE FINANCE COMMITTEE VOTE SHEET

DATE: 5-4-07

Amendment: 2  
HB 226

MEMBER

Favor

Oppose

JOULE		✓
KELLY	✓	
NELSON		✓
STOLTZE	✓	
THOMAS	✓	
CRAWFORD		✓
FOSTER	✓	
GARA		✓
HAWKER	✓	
CHENAULT	✓	
MEYER	✓	

Yea 7

Nay 4

*adopted*  
*5-4-07*

**CONCEPTUAL AMENDMENT 1**

OFFERED IN THE HOUSE  
TO: CS HB 226 (L&C)

BY REPRESENTATIVE MEYER

1 Page 1, line 1, following "program;"

2 Insert "**requiring a review of the program;**"

3

4 Page 1, following line 8:

5 Insert a new bill section to read:

6 **\*\*Sec.2.** The uncodified law of the State of Alaska is amended by adding a new  
7 section to read:

8 REVIEW OF THE STATE TRAINING AND EMPLOYMENT PROGRAM.

9 The Department of Labor and Workforce Development, in consultation with the  
10 entities listed in AS 23.15.645(b), shall work with representatives of entities eligible  
11 to submit a grant application under AS 23.15.620-23.15.660 and that provide  
12 industry specific training, on-the-job training, institutional training, classroom job  
13 linked training and employment assistance to conduct a review of the priorities and  
14 procedures of the state training and employment program. The entities involved in  
15 the review of the state training and employment program must represent organized  
16 labor and non-union entities. Following the review, the department shall publish a  
17 written report containing its findings and recommendations, including changes, that  
18 it recommends be made to state statute and regulations. The department shall deliver  
19 the report to the president of the senate and the speaker of the house of  
20 representatives on or before the 30<sup>th</sup> day of the 2008 regular legislative session."

21

22 Renumber the following bill section accordingly.

23

24

RD 5-4-07 as amended

25-LS0778\C

**CS FOR HOUSE BILL NO. 226(L&C)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-FIFTH LEGISLATURE - FIRST SESSION**

**BY THE HOUSE LABOR AND COMMERCE COMMITTEE**

Offered: 4/20/07  
Referred: Finance

Sponsor(s): REPRESENTATIVE COGHILL

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act extending the termination of the state training and employment program; and  
2 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 enacted in sec. 6, ch. 116, SLA  
5 1996, as amended by sec. 9, ch. 85, SLA 1998, by sec. 47, ch. 86, SLA 2002, and by sec. 1,  
6 ch. 86, SLA 2004, is amended to read:

7           Sec. 6. AS 23.15.620, 23.15.625, 23.15.630, 23.15.635, 23.15.640, 23.15.645,  
8           23.15.651, and 23.15.660 are repealed June 30, 2014 [2008].

9 \* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

adopted  
*[Signature]*

7-4

5-4-07

AMENDMENT 2

OFFERED IN THE HOUSE  
TO: CS HB 226 (L&C)

BY REPRESENTATIVE MEYER

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Page 1, line 8

Delete "2014"

Insert "2009"

*need revision*

# FISCAL NOTE

STATE OF ALASKA  
2007 LEGISLATIVE SESSION

Fiscal Note: 1  
Bill Version: CSHB 226(L&C)  
(H) Publish Date: 4/20/07

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: Labor and Workforce Development  
Title: Repeal Termination of STEP Program RDU: Employment Security  
Component: Unemployment Insurance  
Sponsor: Representative Coghill  
Requester: House L&C Component Number: 2276

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services		270.7	270.7	270.7	270.7	270.7
Travel		5.0	5.0	5.0	5.0	5.0
Contractual		50.0	50.0	50.0	50.0	50.0
Supplies		19.1	19.1	19.1	19.1	19.1
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>344.8</b>	<b>344.8</b>	<b>344.8</b>	<b>344.8</b>	<b>344.8</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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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						
1054 State Employment & Training		344.8	344.8	344.8	344.8	344.8
<b>TOTAL</b>	<b>0.0</b>	<b>344.8</b>	<b>344.8</b>	<b>344.8</b>	<b>344.8</b>	<b>344.8</b>

Estimate of any current year (FY2007) cost: None  
Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time		3	3	3	3	3
Part-time						
Temporary						

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

This bill repeals the termination date for the State Training and Employment Program and makes the program permanent.

Prepared by: Thomas Nelson, Director Phone: 465-5937  
Division: Employment Security Division Date/Time: 4/17/07 10:05 AM  
Approved by: Click Bishop, Commissioner Date: 4/17/2007  
Agency: Department of Labor and Workforce Development

*Need revision*

# FISCAL NOTE

STATE OF ALASKA  
2007 LEGISLATIVE SESSION

Fiscal Note: 2  
Bill Version: CSHB 226(L&C)  
(H) Publish Date: 4/20/07

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: Labor and Workforce Development  
Title: Repeal Termination of STEP Program RDU: Business Partnerships  
Sponsor: Representative Coghill Component: Business Services  
Requester: House L&C Component Number: 2658

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services		408.3	408.3	408.3	408.3	408.3
Travel		28.3	28.3	28.3	28.3	28.3
Contractual		402.5	402.5	402.5	402.5	402.5
Supplies		6.1	6.1	6.1	6.1	6.1
Equipment						
Land & Structures						
Grants & Claims		4,472.0	4,598.0	4,725.0	4,855.0	4,946.0
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>5,317.2</b>	<b>5,443.2</b>	<b>5,570.2</b>	<b>5,700.2</b>	<b>5,791.2</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( 1054 )		5,662.0	5,788.0	5,915.0	6,045.0	6,136.0
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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						
1054 State Employment & Training		5,317.2	5,443.2	5,570.2	5,700.2	5,791.2
<b>TOTAL</b>	<b>0.0</b>	<b>5,317.2</b>	<b>5,443.2</b>	<b>5,570.2</b>	<b>5,700.2</b>	<b>5,791.2</b>

Estimate of any current year (FY2007) cost: None  
Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time		4	4	4	4	4
Part-time						
Temporary						

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

This bill repeals the termination date for the State Training and Employment Program and makes the program permanent.

Prepared by: Corina Geldhof, Director Phone: 465-5937  
Division: Business Partnerships Division Date/Time: 4/17/07 10:06 AM  
Approved by: Click Bishop, Commissioner Date: 4/17/2007  
Agency: Department of Labor and Workforce Development

Employment and Earnings of Existing STEP Participants in FY05 by Vendor  
Four Quarters Before and After STEP Participation

Training Vendor	Industry	Number of Participants Served	Number Employed		Earnings		% Change in
			Before	After	Before	After	
Alaska Operating Engineers	Construction	448	442	433	23,666,049	26,612,802	12.5
Alaska Laborers Training Trust	Construction	323	319	312	10,267,093	13,830,548	34.7
Alaska Works Partnership (AWP)	Construction	168	166	160	4,880,787	6,688,434	37.0
Pacific Coast Maritime Consortium	Transportation	122	119	119	4,590,413	5,902,998	28.6
IBEW AK Joint Elec Apprentice	Construction	101	101	101	3,372,320	4,523,760	34.1
Center for Employment Education	Construction	96	95	95	2,717,720	3,681,844	35.5
Rural Alaska Fuel Services	Transportation	75	68	68	1,497,729	1,578,927	5.4
Rural AK Community Action Pgm	Education	69	68	67	1,131,434	1,293,011	14.3
Southern AK Carpenters Training Ctr	Construction	66	57	63	2,551,880	3,139,504	23.0
U of A Fairbanks Kuskokwim Campus	Education	62	60	59	1,014,951	997,575	-1.7
Bethel Native Corp Workers Academy	Technology	56	55	56	765,621	915,791	19.6
AVCP Regional Housing Authority	Construction	52	45	48	381,133	482,113	26.5
Alaska Trowel Trades	Construction	29	29	28	487,130	485,811	-0.3
Delta Mine Training Center	Construction	28	25	28	539,525	968,330	79.5
Fairbanks Carpenter Training Center	Construction	22	21	22	814,483	727,149	-10.7
Southwest Alaska Vocational Ed. Ctr.	Construction	20	17	16	195,816	317,959	62.4
Ak Roofers and Waterproofers Local 190	Construction	17	16	17	414,458	512,996	23.8
Piledrivers Local 2520 - Anchorage	Construction	15	12	14	336,642	615,913	83.0
Fairbanks Painters and Allied Trades	Construction	12	12	12	218,745	250,448	14.5
Northern Industrial Training, LLC	Transportation	12	10	11	91,805	337,756	267.9
Aleutia Inc.	Seafood	11	11	9	150,282	124,802	-17.0
Carlile Transportation System	Transportation	11	10	11	278,160	456,143	64.0
U of A Southeast Ketchikan Campus	Construction	11	10	11	102,058	103,559	1.5

Training Vendors with ten (10) or more participants

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Employment and Earnings of Exited STEP Participants in FY 05 by Place of Residence  
Four Quarters Before and After STEP Participation

Place of Residence	Number of Participants	Number Employed		Earnings		% Change in Earnings
		Before	After	Before	After	
Aleutians East	28	23	23	354,207	601,611	69.80
Anchorage	350	333	334	11,194,565	14,004,974	25.10
Bethc'	126	117	119	1,714,082	1,888,840	10.20
Bristol Bay Borough	6	6	6	120,288	171,148	42.30
Denali	15	14	14	466,197	771,333	65.50
Dillingham	22	20	20	313,156	383,222	22.40
Fairbanks	350	339	331	12,293,413	15,688,154	27.60
Fairbanks Southeast	66	64	65	2,364,355	3,028,406	28.10
Haines	8	8	8	228,590	227,739	-0.40
Juneau	157	153	150	6,752,684	8,034,909	19.00
Kenai	100	97	96	3,505,302	3,975,786	13.40
Ketchikan	88	85	84	3,056,088	3,598,516	17.70
Kodiak	36	35	33	1,472,226	1,709,272	16.10
Lake and Peninsula	23	21	22	508,668	630,491	23.90
MatSu	181	176	175	7,441,236	8,982,059	20.70
Nome	28	28	28	548,526	574,419	4.70
North Slope Borough	3	3	3	Confidential	Confidential	158.10
Northwest Arctic Borough	10	10	9	213,803	234,659	9.80
POW - Outer Ketchikan	32	28	29	884,486	990,987	12.00
Sitka	12	12	10	304,182	305,378	0.40
Skagway - Angoon	8	7	8	131,315	204,426	55.70
Valdez - Cordova	69	64	65	2,614,548	3,328,455	27.30
Wade Hampton	110	107	107	1,598,005	1,754,228	9.80
Wrangell - Petersburg	28	28	28	696,310	929,955	33.60
Yakutat	2	2	2	Confidential	Confidential	-54.30
Yukon - Koyukuk	25	25	25	652,448	892,191	36.70
Unknown	5	4	3	Confidential	Confidential	-21.20
<b>TOTAL</b>	<b>1,888</b>	<b>1,809</b>	<b>1,797</b>	<b>59,626,752</b>	<b>73,091,224</b>	<b>22.60</b>

Confidential = Specific data is confidential but the amount is included in the total.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

**Answers to Questions Regarding HB 226**  
**House Labor and Commerce Committee Hearing**  
**April 18, 2007**

**Question 1:** What is the individual training limit for the State Training and Employment Program (STEP)? Can an individual be trained under STEP more than once?

**Answer 1:** The individual training limit for STEP is \$20,000 every five years and individuals can receive training under STEP more than once. The STEP regulations at 8 AAC 87.090, Limitations on Services, identifies the individual training limit for STEP. As long as an individual has not exceeded the \$20,000 training limit within a five-year period they can receive STEP funding more than once.

**Question 2:** What percent of applicants were awarded grants each of the past several years? What dollar amount did the Department receive in applications in each of those years versus what were actually awarded?

**Answer 2:**

FY07 Grant Applications and Awards:

34 applications received, 15 awarded, 44% awarded

Total amount requested: \$6,787,392

Total amount awarded: \$2,479,644 (36.5% of the requested amount)

FY06 Grant Applications and Awards:

43 applications received, 24 awarded, 56% awarded

Total amount requested: \$9,692,055

Total amount awarded: \$3,340,340 (34.5% of the requested amount)

**Question 3:** Does the Department assist potential applicants in filling out their applications? What other technical assistance does the Department provide to potential applicants?

**Answer 3:** The Department does not complete STEP grant applications on behalf of the applicants. The Department does provide technical assistance and advice to applicants in several ways. During the grant solicitation, interested parties are offered the ability to ask specific questions regarding the Request for Grant Applications, which often includes a pre-application teleconference. Department staff answers these questions, which may include information on how certain parts of the application should be completed, such as the budget section. In the Notices of Grant Denial, technical assistance is offered on ways to improve their applications and in identifying alternative funding sources. The Department also receives inquiries throughout the year from parties interested in conducting training or which have training needs and works with those organizations to develop viable projects.

**Question 4:** How many Alaska apprentices are enrolled for each apprentice category, union versus nonunion?

**Answer 4:** This information has been requested from the U.S. Department of Labor, Office of Apprenticeship Training and will be provided when received.

**Question 5:** What amount do union and non-union entities spend on training of "their own" money?

**Answer 5:** Grantee Contributions can include cash match, in-kind goods and services, and leveraged funds. The contributions are specific to the training project for which they applied.

- In FY 06, unions were awarded \$1,732,430 and their grantee contribution was \$3,493,254. In FY 06 the non-union grantees were awarded \$1,607,910 and their grantee contribution was \$957,804.
- In FY 07, unions were awarded \$1,779,405 and their grantee contribution was \$3,158,069. In FY 07 the non-union grantees were awarded \$700,239 and their grantee contribution was \$1,074,529.

**Question 6:** Do administrative expenses exceed 20 percent?

**Answer 6:** No. Grantees are not subject to the 20% Administrative Cost limitation. The Department adopted for STEP the definition of Administrative Costs included in the Workforce Investment Act programs from the U.S. Department of Labor (see 8 AAC 87.180). Under that definition, all costs incurred by a grantee are considered program costs and include Training or Training Related Supportive Services. Therefore, the limitation on the amount of allowable administrative costs of AS 23.645 (e) applies to those costs incurred by the Department and other state agencies. The Department's administrative expenditures are consistently under the 20% cap.

**Question 7:** Are STEP funds used to train journeymen?

**Answer 7:** There are instances where incumbent workers, such as journeymen, require training to:

- update certifications,
- obtain new skills to keep up with technological changes, or
- an employer or a job requires a specific skill or certification.

8 AAC 87.120 (d) Participant Priority, identifies persons who lack skills or whose skills have been outdated by technological changes are eligible for training.

**Question 8:** Was STEP money used for a trip to Las Vegas for a trustee and spouse?

**Answer 8:** No, STEP did not pay for a trip to Las Vegas for a trustee and their spouse.

**Question 9:** Was STEP funding used to pay for an athletic club membership?

**Answer 9:** Alaska Works Partnership's Women in the Trades program encourages women participants to obtain physical conditioning, if appropriate, during their pre-apprenticeship training to make them more competitive in the apprentice selection process and to be able to meet job related physical requirements, such as the ability to pass physical fitness tests. Women participants are identified as one of STEP's priority populations per regulation 8 AAC 87.120 (b). The grantee negotiated a reduced rate for an athletic club membership for STEP participants. The details of the expenditure for the last two years are detailed below:

- FY07 STEP allocated \$3,600 for a reduced rate over 3 weeks at a cost of \$120 per week for 10 participants for a Physical Conditioning Program.
- FY06 STEP allocated \$11,520 at a reduced rate for 12 sessions at \$80 per session for 12 participants. The amount actually expended was \$729.

**Question 10:** Why do some high scoring grant applicants not get funded while some low scoring applications do? Is Division staff adjusting review committee scores?

**Answer 10:** The allegation that top performers do not get grants is a broad generalization that fails to take into account the requirements of the STEP program, and the responsibility of the department applying both legal standards and policies of the state in determining awards for priority training projects. For example, new applicants or those not familiar with the STEP occasionally are awarded grants at the discretion of the Department. Recently the Department exercised its authority and directed that a training grant be negotiated with Ocean Beauty Seafoods despite a review committee not recommending an award. The Commissioner recognized that \$55 million had been invested by the state in revitalizing the fishery industry and that Ocean Beauty Seafoods submitted a request for foreign labor worker certification. By funding this training, the Department supported the state's investment in the seafood industry, mitigated the need to hire foreign workers, and fulfilled the purpose of the STEP, which is to increase training opportunities to the state's workers to protect against fluctuations in the economy and to prepare for technological changes in the workplace.

In another instance, the review committee evaluated the Association of Village Council Presidents' application with a high rank. However, the same committee concluded that the investment would result in supplanting of funds. Staff reviewed the grant application and came to the same conclusion that the funds would supplant existing worker compensation. As a result, even though the proposal was favorably considered by the review committee, the Department could not enter into an agreement that would supplant existing funds as it is prohibited by statute.

It is the responsibility of Department staff to review the grant proposals against the criteria in the Request for Grant Applications and the statute. The review may consider past grant performance, the capacity of the entity to meet due diligence including financial viability, compliance with state laws, debarment and debts to the state, other factors that might increase the likelihood of funding a successful project, and the entity's capacity to negotiate an outcome based grant agreement in compliance with STEP goals and program intent. Based on this review, the staff recommends which entities the

Department should fund as part of a statewide distribution of all training funds for workforce investment. The Commissioner makes a final selection and awards the grant. This process requires the exercise of staff judgment in the application of both legal standards and policies of the agency.

At no time does staff adjust scores from the review committee. It is recognized throughout the process that the review team has no authority to allocate resources, as it is the sole responsibility of the agency to do so.

NOTE: Based on a review of the grant process requested by Commissioner Bishop, the grant process is being revised so that more due diligence review is occurring before grant applications are reviewed by the Grant Review Committee. See enclosed document, entitled "STEP Grants Request for Grant Applications (RGA) Process."

**Question 11:** Were eligibility criteria missing from individual files?

**Answer 11:** During FY 06, the Department conducted on-site monitoring of 14 STEP grantees. Of those monitored, 11 had the required documentation in their files to verify the eligibility of the participants. The three that did not maintain all of the required file documentation were required to correct the deficiency by obtaining all of the required documents. These monitoring findings were subsequently resolved. No participants were determined ineligible as a result of the on-site monitoring.

**Question 12:** How does the Department ensure the grantees are not using STEP funds to supplant existing training money?

**Answer 13:** Supplanting is an important issue to the Department. The Department relies on a multiple stage process to ensure STEP funds are not supplanted.

- In the first stage applicants are required to sign the grant application assuring that the responsible individual understands that supplanting is prohibited.
- For those proposals selected for award the Department completes a due diligence process that involves review of each grantee's financial status and requires the grantee to certify that supplanting will not occur.
- At the third stage the Department reviews the monthly invoices and back up documentation from the grantees and denies payment on items that are not allowed as part of the grant agreement.
- In the fourth stage the Department conducts on-site monitoring of grantees and asks for back up documentation. In the event of any findings the Department requires the grantee to correct any deficiencies or in the extreme requires the grantee to repay the state for questionable costs.

**Question 13:** In the last 4 years how many union/non-union STEP participants have been trained?

**Answer 13:**

FY 07: 666 union participants and 114 non-union participants (year-to-date)  
FY 06: 1,372 union participants and 286 non-union participants  
FY 05: 1,011 union participants and 732 non-union participants  
FY 04: 906 union participants and 621 non-union participants

Prepared by the Alaska Department of Labor and Workforce Development,  
April 21, 2007

Alaska Department of Labor and Workforce Development  
Division of Business Partnerships  
STATE TRAINING AND EMPLOYMENT PROGRAM (STEP) GRANTS  
REQUEST FOR GRANT APPLICATIONS (RGA) PROCESS  
April 2007

RGA Process

- Review boilerplates and revise, if necessary, to align with RGA
- Identify impacts desired and performance outcomes sought
- Draft of RGA approved
- Announcement and distribution of RGA
- Pre-Application Teleconference with potential applicants to respond to Questions (Q & A)
  - **Updated Procedure** – Pre-Application teleconference will include a discussion of updated grant application procedures and performance expectations
- Publish teleconference proceedings and Q & A
- Select independent review committee and prepare instructions
- Receive applications
- Division review of application responsiveness to the RGA
  - **Updated Procedure** – Assure applicants' responsiveness to the RGA requirements and complete new or update existing due diligence on all applications (currently due diligence is done upon notification of intent to award)
  - **Updated Procedure** – Past performance assessment – Applicants that are prior grantees will have their past performance assessed with more scrutiny
- Review Committee Meeting, Application Evaluation
  - **Updated procedure** – Grant Review Committee performs qualitative review of applications.
  - **Updated Procedure** -Division staff review applications for allocation of STEP funds as part of statewide distribution of the Department's training funding for workforce investment.
- Award recommendations to Director and Commissioner based on committee evaluation and division staff allocation recommendations
- Commissioner approves the final awards
- Letters of Notice of Intent to Award and Notice of Denial issued
- Respond to denial inquiries
- Appeals – must be submitted within 10 calendar days of date of Notices of Intent to Award and Denial – appeals are decided within 14 calendar days of receipt
- Issue press release
- Notify Technical Unit for input to Management Information System (MIS)
- Provide technical assistance upon request to non-awardees to improve future applications

Alaska Department of Labor and Workforce Development  
Division of Business Partnerships  
STATE TRAINING AND EMPLOYMENT PROGRAM (STEP)  
GRANT NEGOTIATIONS  
April 2007

- Negotiation Areas
  - Project activities
  - Location of training
  - Training timelines and schedule
  - Target population
  - Number to be served
  - Performance measures, method of measurement, targets, products
  - Budget
    - Fund sources
    - Cost categories (e.g. training versus support services)
    - Budget line items (e.g., personnel, travel, contractual, etc.)
    - Matching, in-kind contribution or leveraged funds
    - Reasonableness of costs (value) and specific cost items
    - Consistency with other grants
  - Reporting requirements (content, format and frequency)
  - Period of performance
  - Data collection and input decision (who inputs) and timeliness
  - Advance payments

Alaska Department of Labor and Workforce Development  
 Fiscal Year 2006 State Training and Employment Program (STEP) Expenditures

April 5, 2007

STEP FY 2006 Authorization		6,614,700
Grants to training vendors	3,406,456	
Reimbursable Service Agreement, (RSA), for services provided by the Employment Training & Services component in DOLWD for Individual Training Accounts.	849,507	
RSA to provide match funding for the federal funding received by DOLWD for the Work Services Program and the Senior Community Service Employment Program (STEP match for these programs was designated by the Legislature in the FY 06 budget).	207,132	
Training Funds		4,463,094
RSA for services provided by the Unemployment Insurance, (UI), component in DOLWD associated with the collection of revenue for the STEP program. This is a shared cost paid by the STEP program as required in a federally negotiated cost allocation plan.	111,745	
RSA for services provided by the Data Processing component in DOLWD to provide support and maintenance to the computer applications used by the UI component associated with the collection of revenue for the STEP program.	50,132	
Revenue Collection Costs		161,877
Workforce Investment Board operations support	48,000	
STEP program administrative costs	532,682	
STEP Program Support Costs		580,682
RSA for services provided by the Research and Analysis Section in DOLWD to support data collection for the occupational database which is used to track STEP participants and provide information for the STEP annual report.	152,500	
Research and Performance Monitoring Costs		152,500
Unused STEP funds retained for FY 07 STEP Activities		1,256,547

**Alaska Department of Labor and Workforce Development  
Division of Business Partnerships  
STATE TRAINING AND EMPLOYMENT PROGRAM (STEP) GRANTS  
REQUEST FOR GRANT APPLICATIONS (RGA) PROCESS**

**RGA Process**

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  - **Updated Procedure** – Assure applicants' responsiveness to the RGA requirements and complete or update due diligence on all applications (currently due diligence is done after the grant is awarded)
  - **Updated Procedure** – Past performance assessment – Applicants that are prior grantees will have their past performance assessed with more scrutiny
- Review Committee Meeting, Application Evaluation
  - **Updated procedure** – Committee scope of authority limited to evaluating applications in accordance with instructions provided by the Division
  - **Updated Procedure** -Division staff review applications for allocation of STEP funds as part of statewide distribution of the Department's training funding for workforce investment
- Award recommendations to Director and Commissioner based on committee evaluation and division staff allocation recommendations
- Commissioner approves the final awards
- Letters of Notice of Intent to Award and Notice of Denial issued
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**Alaska Department of Labor and Workforce Development  
Division of Business Partnerships  
STATE TRAINING AND EMPLOYMENT PROGRAM (STEP)**

**GRANT NEGOTIATIONS**

- Negotiation Areas
  - Project activities
  - Location of training
  - Training timelines and schedule
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    - Fund sources
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  - Reporting requirements (content, format and frequency)
  - Period of performance
  - Data collection and input decision (who inputs) and timeliness
  - Advance payments

**DIVISION OF BUSINESS PARTNERSHIPS  
ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT  
State Training and Employment Program (STEP)**

**DIVISION OF BUSINESS PARTNERSHIPS  
ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT  
State Training & Employment Program (STEP)**

**Success Story  
Southwest and Western Alaska**

Clinton, an resident raised in Nondalton, was hired by Northern Dynasty last spring to participate in training supported by a STEP grant from the Alaska Department of Labor and Workforce Development. The STEP grant was a partnership between Northern Dynasty, Inc., Mining and Petroleum Services (MAPS), and the Bristol Bay Campus, UAF. Clinton was one of twelve participants who received Mine Safety and Health Administration (MSHA) training. Clinton continued with on the job training to become a driller's helper. According to the acting foremen on the job, "Clinton is a really hard worker and a quick learner. He has helped out with drilling during many long hours."

**DIVISION OF BUSINESS PARTNERSHIPS  
ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT  
State Training and Employment Program (STEP)**

**DIVISION OF BUSINESS PARTNERSHIPS  
ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT  
State Training & Employment Program (STEP)**

**Success Story  
Statewide Services**

When Garry first came to an Alaska Job Center in Anchorage he was working in a temporary position as a laborer making between \$8 and \$10 per hour. He requested funding to attend University of Alaska Anchorage to obtain his Associates of Arts and Sciences in Medical Lab Technology. He already had some college credits that would transfer. Garry did not qualify for a Pell grant, but was determined eligible for STEP services. He was an excellent student, averaging a 3.30 GPA while working evenings and weekends at the Blood Bank to support himself. Within the last week, Garry informed his case manager that he got a full-time, permanent position with South Central Foundation and will starting work as a medical lab technician. He did not state how much he would be making, but his employment research shows starting wages for similar positions range between \$15 to \$17 per hour.

**DIVISION OF BUSINESS PARTNERSHIPS  
ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT  
State Training and Employment Program (STEP)**

**DIVISION OF BUSINESS PARTNERSHIPS  
ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT  
State Training & Employment Program (STEP)**

**Success Story  
South Central Alaska**

Jon had dropped out of high school after completing the 10th grade. He had a seasonal work history in the fishing industry and needed training to be employed full-time in the maritime field. With STEP funding, he completed courses at the Alaska Vocational Technical Center (AVTEC) in Seward, including Safe Food Handling, Basic Safety Training, Basic Engineering Indoctrination Topics, Deck Indoctrination Topics, Proficiency in Survival Craft, and Tankship Dangerous Liquids. At the completion of the training he was interviewed by Polar Tanker, Inc., and selected for a six-month on-the-job training (OJT). Jon completed his OJT in February and has become a full-time permanent employee of Polar Tankers, Inc. He was requested to complete his GED prior to beginning his training, which he did within three months.

**DIVISION OF BUSINESS PARTNERSHIPS  
ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT  
State Training and Employment Program (STEP)**

**DIVISION OF BUSINESS PARTNERSHIPS  
ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT  
State Training & Employment Program (STEP)**

**Success Story  
Interior and Northern Alaska**

Amy is now starting her third year as a carpenter apprentice in Fairbanks and has received training through a STEP grant to the Carpenters Local 1243. The union reports Amy has done very well in her class, has high scores, is productive and very interested in succeeding in her career, asks many questions of her instructors, and developed a strong work ethic. The union reports Amy's monthly hours evaluations have many positive comments, and would be recommended for employment with any of their contractors. As a whole, Amy has leadership qualities and is an asset to the union.

**DIVISION OF BUSINESS PARTNERSHIPS  
ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT  
State Training and Employment Program (STEP)**

**DIVISION OF BUSINESS PARTNERSHIPS  
ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT  
State Training & Employment Program (STEP)**

**Success Story  
Southeast Alaska**

Robin completed two classes under the 2006 University of Alaska Southeast -- Ketchikan/Alaska Ship and Drydock STEP grant: a 40 Hour Hazwoper Training Course and the Shipyard Competent Person Training. Robin received three raises of 50 cents per hour each either during or shortly after completing training. Robin has made very good progress in the Alaska Ship and Drydock and is now a top performer in the Corrosion Control program. His employer reports Robin's strong work ethic and capacity for learning new knowledge, skills, and abilities qualifies him as a top candidate for additional training. A goal of the Alaska Ship and Drydock is to develop a stable workforce, which in shipbuilding and repair is a multi-skilled workforce. Robin has all of the attributes required to become a multi-skilled shipbuilder and repairer.



## ASSOCIATED GENERAL CONTRACTORS of ALASKA

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April 27, 2007

Representatives Mike Chenault and Kevin Meyer  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, Alaska 99801-1182

Re: CS for HB 226

VIA E-MAIL

Dear Representatives Chenault and Meyer:

As Alaska looks to the future, one of the challenging issues confronting the State concerns providing training today for the workforce of tomorrow. Alaska needs training providers that can furnish that training so Alaskans can enjoy the economic benefits that accrue from well paying jobs available to trained workers. If Alaskans aren't trained and available when the opportunities present themselves, many of the best jobs will go to non-residents because Alaskans do not have the required skills.

One of the advantages to the STEP program is that the money comes from Alaskan workers and is intended to focus on improving workers skills. Since its inception in 1989, it has been the one program dedicated to improving the quality of Alaska workforce.

CS for HB226 will provide money to selected training providers to assure that Alaskans can receive the required training in Alaska for the jobs that exist in Alaska. AGC of Alaska supports CS for HB226 and encourages passage.

Sincerely

Richard Cattanach, Executive Director

FAIRBANKS  
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