

HB

105

<target><bill>HB 105</bill><subject>HB
105</subject><comm>SF26</comm></target>

ALASKA STATE HOUSE OF REPRESENTATIVES

Contact:

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Session:

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State Capitol
Room 214

REPRESENTATIVE JOHN COGHILL

SSHB 105 State Training and Employment Program Sponsor Statement

The State Training and Employment Program (STEP) was established as a pilot program in 1989 to increase training opportunities for Alaskans affected by fluctuations in the economy or by technological changes in the workplace. Since its inception the program has been reauthorized by the legislature six times.

Last legislature I introduced HB 226 which would have made the STEP a permanent program without a sunset date. During the debate on the legislation it became apparent there needed to be a closer look at the program before eliminating a sunset. The legislature directed the Department of Labor to work with the "group of entities" that are eligible to participate in the STEP program over the interim and come back to the legislature this year with recommended revisions to the STEP program. HB 105 is the work product of that process.

HB 105 Redefines the powers and duties of the Department of Labor and enacts a working partnership between the Department of Labor and the Alaska Workforce Investment Board. HB 105 instructs DOL to adopt regulations to implement the recommendations of the workgroup and gives the Alaska Workforce Investment Board a seat at the table in determining what regulations will be adopted. Current regulations are seen as onerous, discouraging employers from participating in the program and inflating the Department's administrative costs.

Workforce development has never been more important in Alaska's public policy as it is today. The work group, the Alaska Workforce Investment Board, and the Department of Labor are committed to making the STEP program accountable, fair and balanced, and user friendly.

SENATE FINANCE COMMITTEE REPORT

DATE: 4/16/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 105(L&C)

HB 105 STEP PROGRAM

"An Act relating to the state training and employment program; and providing for an effective date."

and recommends:

- be replaced with SCS or CS _____ (_____)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:
 Same Title
 New Title

HOUSE BILL:
 Same Title
 Technical Title Change
 New Title w/ SCR # _____

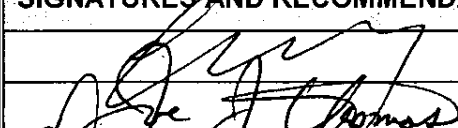
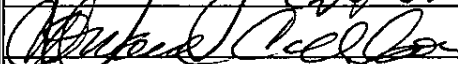
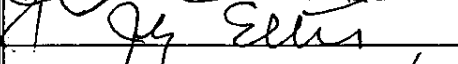


NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
LWF	4/6/09	✓			1
LWF	4/7/09	✓			2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LASTNAME	Do PASS	Do NOT PASS	NO REC	AMEND
	THOMAS	✓		X	
	OLSON	✓			
	ELLIS	✓			
CO-CHAIR: 	HOFFMAN	✓			
CO-CHAIR: 	STEADMAN	✓			

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSSSHB 105(L&C)
 (H) Publish Date: 4/7/09

Identifier (file name): HB105CSSS-DOLWD-BSC-04-06-09 Dept. Affected: Labor and Workforce Development
 Title: STEP Program RDU: Business Partnerships
 Component: Business Services
 Sponsor: Representative Coghill
 Requester: House Labor and Commerce Component Number: 2658

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services		402.7	402.7	402.7	402.7	402.7	402.7	402.7
Travel		31.2	31.2	31.2	31.2	31.2	31.2	31.2
Contractual		446.8	446.8	446.8	446.8	446.8	446.8	446.8
Supplies		9.8	9.8	9.8	9.8	9.8	9.8	9.8
Equipment								
Land & Structures								
Grants & Claims		5,146.7	5,146.7	5,146.7	5,146.7	5,146.7	5,146.7	5,146.7
Miscellaneous								
TOTAL OPERATING	0.0	6,037.2	6,037.2	6,037.2	6,037.2	6,037.2	6,037.2	6,037.2

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES (1054)		6,405.0	6,405.0	6,405.0	6,405.0	6,405.0	6,405.0	6,405.0
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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 Training and Employment		6,037.2	6,037.2	6,037.2	6,037.2	6,037.2	6,037.2	6,037.2
TOTAL	0.0	6,037.2	6,037.2	6,037.2	6,037.2	6,037.2	6,037.2	6,037.2

Estimate of any current year (FY2009) cost: None

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

This legislation makes the State Training and Employment Program (STEP) permanent in addition to other program changes recommended by the STEP taskforce. There are no additional costs to the program anticipated as a result of the changes.

A portion of STEP revenue is set aside for tax collection costs; a separate fiscal note has been submitted by the department to display the cost of collecting STEP by staff in the Unemployment Insurance component under a federally approved cost allocation formula.

Prepared by: Corine Geldhof, Director
 Division: Division of Business Partnerships
 Approved by: Click Bishop, Commissioner
 Agency: Department of Labor and Workforce Development

Phone 465-5937
 Date/Time 4/6/09 10:55 AM
 Date 4/6/09

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSSHB 105(L&C)
(H) Publish Date: 4/7/09

Identifier (file name): HB105CSSS-DOLWD-UI-04-06-09 Dept. Affected: Labor and Workforce Development
Title: STEP Program RDU: Employment Security
Sponsor: Representative Coghill Component: Unemployment Insurance
Requester: House Labor and Commerce Component Number: 2276

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services		250.4	250.4	250.4	250.4	250.4	250.4	250.4
Travel		4.0	4.0	4.0	4.0	4.0	4.0	4.0
Contractual		109.4	109.4	109.4	109.4	109.4	109.4	109.4
Supplies		4.0	4.0	4.0	4.0	4.0	4.0	4.0
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING		0.0	367.8	367.8	367.8	367.8	367.8	367.8

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
1054 State Training and Employment		367.8	367.8	367.8	367.8	367.8	367.8	367.8
TOTAL		0.0	367.8	367.8	367.8	367.8	367.8	367.8

Estimate of any current year (FY2009) cost: None

POSITIONS

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

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

This legislation makes the State Training and Employment Program (STEP) permanent in addition to other program changes recommended by the STEP taskforce. There are no additional costs to the program anticipated as a result of the changes.

The amounts shown in this fiscal note reflect STEP's share of Unemployment Insurance tax collection costs as required by federal law.

Prepared by: Thomas Nelson, Director
Division: Division of Employment Security
Approved by: Click Bishop, Commissioner
Agency: Department of Labor and Workforce Development

Phone 465-5933
Date/Time 4/6/09 10:53 AM
Date 4/6/09

SSHB 105 State Training and Employment Program

Sectional

Section 1. Expands the statutory responsibilities of the Alaska Workforce Investment Board to include performing the duties assigned to it for the management of the State Training and Employment Program in AS 23.15.620 – 23.15.660.

Section 2. Removes language from AS 23.15.580(f) describing people to be served under the STEP and inserts reference to AS 23.15.620 – 23.15.660 which expands guidelines for people to receive training and persons to provide training under the STEP program.

Section 3. AS 23.15.620 is repealed and reenacted to change the description to describe the goals and objectives of the STEP program as defined by the group of entities directed to review STEP by the legislature last year in House Bill 226. The goals and objectives include:

1. Enhance quality of in-state job training and employment assistance.
2. Make in-state job training and employment assistance more accessible to employers, employees, and future employees.
3. Combine resources of program with resources available outside of the program.

Section 3 also defines who qualifies to apply for a STEP grant as a person who provides training and employment services, including a registered apprenticeship program under the National Apprenticeship Act.

Section 4. Eliminates reference to AS 23.15.640 (Services for eligible people; repayment) and AS 23.15.651 (Duties of Alaska Workforce Investment Board; eligible entities), both of which are being repealed because of policy recommended by the entities in the rewriting of the STEP statutes.

This section deletes language requiring a person to be served to be likely to be displaced “within the next six months”. If a person is “liable to be displaced” the person could qualify for training.

It also adds two additional groups of people to be served through STEP:

1. Certain recipients of unemployment insurance benefits.
2. People who have a child support order.

Section 5. This is a new section of law recommended by the group of entities giving direction the Department of Labor and the Alaska Workforce Investment Board by redefining the duties and powers of the department and the board.

1. Adopt regulations after being reviewed by the department and the board.
2. Distribute through grants the purchase of services and contracts.
3. Enter into interagency agreements with other state agencies for training and employment assistance, including the University of Alaska.
4. Conduct an annual review of workforce demand and prioritize grant funding strategies.
5. The Board will assist the department in evaluating grant proposals and awarding grants.

Section 6. Outlines the eligibility of grantees and how the grants are to be used:

AS 23.15.641 Grantees can be a government agency, a private business, an employer, or a nonprofit entity offering vocational training or employment assistance services that can demonstrate they have an acceptable accounting system who can provide industry specific training, on-the-job training, or institutional or classroom job training.

This new section of law also allows grant recipients to use grant monies for tools, clothing, relocation expenses, and other costs essential in training program participants to obtain or retain a job.

AS 23.15.643 A program participant must be a resident of the state, needs training to improve ability to obtain or retain a job, and has worked at a job contributing to Alaska's unemployment benefits program within the last five years.

Section 7. Implements program accountability and an appeals process.

AS 23.15.652 The department can expend no more than 20% of the amount appropriated for the program annually for administration of the program. The department and grantees must comply with all federal and state laws. The department shall prepare an annual report of the program to be presented to the Alaska Workforce Investment Board and notify the legislature of the release of the report.

AS 23.15.654 Provides that a person denied a grant by the Department of Labor has 60 days to file an appeal with the Alaska Workforce Investment Board. The Board has 60 days to render a decision on the appeal and their decision is final unless the appeal is then filed in Superior Court.

Section 8. The following statutes are repealed:

AS 23.15.640 The first portion of this statute is reenacted in Section 6 of this bill. The second section repealed required program participants to repay the

department for grant monies used to purchase clothing and tools. Under this repeal program participants will no longer have to reimburse the department.

AS 23.15.645 Repeals duties and powers of the department reenacted in Section 5.

AS 23.15.651 Repeals duties of Alaska Workforce Investment Board which are reenacted in Section 1,2, 3, 5 and 7.

Section 9. Repeals repeal provisions for the STEP in four past pieces of legislation relating to STEP.

Section 10. This bill has an immediate effective date clause.

STATE OF ALASKA

Department of Labor and Workforce Development

OFFICE OF THE COMMISSIONER

SARAH PALIN, GOVERNOR

P.O. BOX 111149
JUNEAU, ALASKA 99811-1149

PHONE: (907) 465-2700
FAX: (907) 465-2784

February 18, 2009

The Honorable Senator Gary Stevens
President of the Senate
State Capitol, Room 111
Juneau, Alaska 99801-1182

The Honorable Representative Mike Chenault
Speaker of the House
State Capitol, Room 208
Juneau, Alaska 99801-1182

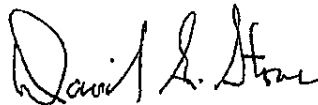
Dear Senator Stevens and Representative Chenault:

Enclosed is a copy of the State Training and Employment Program (STEP) report which presents the findings of the STEP Task Force required by Chapter 46, SLA 2008.

The Task Force reached consensus that the STEP should be made permanent in statute, however they recommended the statute be changed to include financing and awarding grants to employers. They also suggested removing in statute a repayment clause and defining full employment. Specific recommendations were made to clarify the role of the Alaska Workforce Investment Board in providing program oversight and accountability. For changes to regulation and policy, the Task Force recommended that: regional occupational priorities are considered; an appeal process is established; administration and reporting improvements are made; the application for grant process is streamlined; and performance measures are updated. The Task Force will continue to convene in implementing recommendations to applicable regulations, policy and procedures.

If you have questions about the report, please contact me at (907) 465-2700.

Sincerely,



David G. Stone
Deputy Commissioner
STEP Task Force Co-Chair

Alaska Department of Labor and Workforce Development
Findings and Recommendations for the State Training and Employment Program
Task Force Report to the 26th Alaska Legislature
February 18, 2009

Background

Chapter 46, SLA - 08 on May 18, 2008, which extends the State Training and Employment Program (STEP) to June 30, 2010, requires a review of the program as follows:

"The department shall work with representatives of entities who are eligible to submit a grant application under AS 23.15.620 - 23.15.660 and who provide industry-specific training, on-the-job training, institutional training, classroom job-linked training, and employment assistance to conduct a review of the priorities and procedures of the state training and employment program. The group of entities involved in the review must include representatives from organized labor and representatives that are not from organized labor. Following the review, the department shall publish a written report containing its findings and recommendations, including changes, if any, that it recommends be made to state statute and the department's regulations. The department shall deliver the report to the president of the senate and the speaker of the House of Representatives, and publish a summary of the recommendations made in the report on the Alaska Online Public Notice System (AS 44.62.175), on or before the 30th day of each regular legislative session of the Twenty-Sixth Alaska State Legislature."

This report presents the findings of the STEP Task Force appointed by Department of Labor and Workforce Development Commissioner Bishop in response to this requirement.

Synopsis of STEP Task Force Activity

The Task Force (Attachment A, STEP Task Force Membership) began meeting in March 2008 and continues both in a series of teleconferences and in-person meetings. All meetings have been supported with agendas and facilitated with staff support from the department, the Alaska Workforce Investment Board (AWIB), and with support from the Office of the Attorney General. Notes and documentation of the meetings are available.

Alaska Department of Labor Workforce and Workforce Development STEP Task Force Report February 18, 2009

The STEP Task Force developed the following recommendations for changes to statute. Following its work on the statutory recommendations, the STEP Task Force will commence consideration of regulation and policy for the STEP. There was considerable discussion regarding changing the purpose of the STEP which began as a pilot program in 1989, but there was ultimately consensus to maintain the current purpose as specified in statute connected to Unemployment Insurance.

There was consensus by the STEP Task Force to make the STEP permanent. The following are their recommendations to the changes in statute some of which were clarified by the department that could be addressed by either a policy and/or regulation change.

Recommended Changes to Statute

- AS 23.15.350 currently reads "There is created in the department a program to finance and award grants to employment assistance and training entities. Employment assistance and training entities shall give appropriate state agencies full access to accounting records concerning grants received to assure compliance with program standards." The STEP Task Force recommendation is to have the statute read "There is created in the department a program to finance and award grants to employers, employment assistance and training entities."
- AS 23.15.635 currently reads "Within the limits of its grant, an employment assistance and training entity receiving a grant under AS 23.15.651 shall provide services set out in AS 23.15.640(a) to state residents who, immediately before beginning training or receiving benefits under a grant financed by this program,
 - (2) are unemployed, but liable to be displaced within the next six months..." The STEP Task Force recommendation is to remove the section "within the next six months" in the applicable statute.
 - (3) "have worked in a position covered by AS 23.20 at any time during the last three years, and are not currently eligible for unemployment insurance benefits because they are underemployed, they are in need of employment assistance and training to obtain full employment." The STEP Task Force recommendation is to replace this section with "at least the average annual wage as determined under the applicable under 8 AAC 87.110 (REGULATION)."

- There was discussion of striking AS 23.15.640(c) which requires repayment of the amount received by an individual participating in a program funded by a STEP grant for tools, work-related clothing, safety gear, or other necessities to obtain or retain employment. Consensus was achieved to have this provision removed as it is difficult to administer and collect repayment. The STEP Task Force recommendation is to delete the requirement of repayment in the applicable statute.
- AS 23.15.645(a) currently reads "The department shall award a grant to the board to (1) administer a state training and employment program; and (2) award grants to qualified entities." There appeared to be interest from the STEP Task Force in clarifying the role of the AWIB in the STEP program, to provide oversight and improve accountability in statute.
- The STEP Task Force recommends revisions to the applicable STEP statute to define the duties and powers of the department and board in Section IV of the Proposed Changes to STEP Statutes. The revisions include the following:
 - The department shall develop and the board shall annually approve a priority list of targeted projects, services, and persons served.
 - The department and board shall consider giving preference to projects and services that train or assist individuals in vocations, businesses or industries identified in the resident hire report required under AS 36.10.130 as employing a disproportionate percentage of nonresidents.
 - The board shall make recommendations to the department regarding the award of grants to eligible employers, employment assistance, and training entities.
 - The department may provide funds to the board for purposes of assisting in the evaluation and award of grants under the program.
 - The department shall promulgate and the AWIB shall adopt regulations governing the allocation and accountability of funds provided and implemented through this program.

Comments and Recommended Changes for Regulation or Policy

- The STEP Task Force felt regional representation was an important consideration. Regional Advisory Councils could forward occupational priorities and provide input from local businesses to the AWIB. Loss of regional control and decision-making has affected service delivery. The recommendation

of the STEP Task Force is for the AWIB to utilize input from Regional Advisory Councils in the review of STEP grant applications.

- The STEP Task Force supports a recommendation for the incorporation of an appeals process for the STEP program in the applicable statute. Policy and regulation can be developed for the administration of the statutory appeals process.
- The STEP Task Force supports the improvement of administration and reporting for the STEP program, as the current reporting requirements are cumbersome and difficult. There was interest from the STEP Task Force to participate in the development of and provide recommendations for a new Management Information System (MIS). The Task Force is interested in support for funding for a new reporting system to upgrade the MIS. The statute should require that improvements be made to the reporting requirements, but the actual improvements can be made explicit by incorporating changes in regulation or policy.
- The STEP Task Force recommended that improvements be made to the application process for the STEP program, as the application process is cumbersome and needs to be updated. The STEP Task Force felt eligibility requirements need to be reviewed and there should be different tiers for STEP funding: Through a tiered approach to STEP, funds can be set aside for small businesses that require assistance in providing training to its employees with streamlined grant application and administrative procedures. Larger, more complex workforce improvement plans will have a different level of reporting requirements and oversight. The statute should reference tiers, but the department can recommend that it be incorporated in regulation or policy.
- The applicable statute currently allows the AWIB to set performance measures and outcomes for the STEP, including the amount charged for administrative costs. Performance measures for STEP grant recipients can be developed by the AWIB incorporating changes in regulation or policy.

Attachment A - STEP Task Force Membership Roster

Ginger Blaisdell, Senate President's Office

Diana Cartier, Alaska Operating Engineers/Employers Training

Krista Gonder, Northern Industrial Training

John Hakala, US Department of Labor, Office of Apprenticeship Training

Linda Hulbert, AWIB Member, New York Life Insurance Company

Eden Larson, Klebs Mechanical, Inc.

Tom Minder, Alaska Joint Electrical Apprenticeship & Training

Bo Underwood, ASRC Energy Services

Fred Villa, AWIB Member, University of Alaska

Doug Ward, AWIB Member, Alaska Ship and Dry Dock

Staff Roster

Greg Cashen, AWIB Executive Director, DOLWD*

Corine Geldhof, Director, Division of Business Partnerships, DOLWD

Jeff Hadland, Senior Economist, DOLWD

Larry McKinstry, Assistant Attorney General, AK Department of Law

Tom Nelson, Director, Employment Security Division, DOLWD

Christine Sanderford, Program Lead, Division of Business Partnerships, DOLWD

David Stone, Deputy Commissioner, DOLWD

*DOLWD - Alaska Department of Labor and Workforce Development

RESOLUTION NUMBER 09-01
RESOLUTION IN SUPPORT OF THE STATE TRAINING AND EMPLOYMENT
PROGRAM (STEP) TASK FORCE REPORT

WHEREAS, the Alaska Workforce Investment Board is a public organization that is accountable through its members and staff to the residents, the Legislature and the Governor of Alaska;

WHEREAS, the Alaska Workforce Investment Board acts as the lead state planning and coordinating entity for state human resource programs involving employment training, vocational education, and workforce development;

WHEREAS, the primary purpose of the State Training and Employment Program (STEP) is to reduce current and future claims against Unemployment Insurance benefits through investment in job training;

WHEREAS, STEP promotes local hire and may be used to mitigate the impacts of Alaska's economic fluctuations through training or retraining for new or emerging industries and technologies;

WHEREAS, the Commissioner of Labor established a STEP Task Force to consult and work with entities from organized labor and not from organized labor eligible to submit a grant application and who provide training and employment assistance to conduct a review of the STEP program as required by Alaska Legislature in Chapter 46 SLA 08;

WHEREAS, the Commissioner of Labor determined that the Alaska Workforce Investment Board should be an active participant in the STEP Task Force to conduct a review of the STEP program;

WHEREAS, the STEP Task Force met in the spring and summer of 2008 to review the STEP program making recommendations for changes to statute, regulation, and policy; and

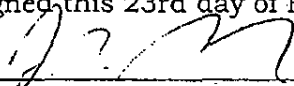
WHEREAS, the STEP Task Force Report was forwarded to the President of the Senate and Speaker of the House or Representatives on or before the 30th day of the 2009 legislative session.

NOW THEREFORE BE IT RESOLVED that the Alaska Workforce Investment Board fully supports the proposed recommendations contained in the STEP Task Force Report, including making the STEP program permanent, that was forwarded by the Department of Labor and Workforce Development to the President of the Senate and Speaker of the House of Representatives.

CERTIFICATION

The Alaska Workforce Investment Board held a meeting duly and regularly called, noticed, and convened this 23rd day of February, 2009 and the foregoing Resolution was adopted at said meeting.

Signed this 23rd day of February 2009.



Jim Lynch, Chair
Alaska Workforce Investment Board

Chapter 4c - Apprentice Labor

29 USC 50 - Sec. 50. Promotion of labor standards of apprenticeship

The Secretary of Labor is authorized and directed to formulate and promote the furtherance of labor standards necessary to safeguard the welfare of apprentices, to extend the application of such standards by encouraging the inclusion thereof in contracts of apprenticeship, to bring together employers and labor for the formulation of programs of apprenticeship, to cooperate with State agencies engaged in the formulation and promotion of standards of apprenticeship, and to cooperate with the Secretary of Education in accordance with section 17 of title 20. For the purposes of this chapter the term "State" shall include the District of Columbia.

29 USC 50 - Sec. 50a. Publication of information; national advisory committees

The Secretary of Labor may publish information relating to existing and proposed labor standards of apprenticeship, and may appoint national advisory committees to serve without compensation.

Such committees shall include representatives of employers, representatives of labor, educators, and officers of other executive departments, with the consent of the head of any such department.

29 USC 50 - Sec. 50b. Appointment of employees

The Secretary of Labor is authorized to appoint such employees as he may from time to time find necessary for the administration of this chapter, with regard to existing laws applicable to the appointment and compensation of employees of the United States.