

ALASKA LEGISLATURE

2393

HOUSE and SENATE FINANCE COMMITTEE FILES,

2001 - 2002

FISCAL NOTE

MAY 02 2002

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSSB 252(L&C)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Department: Labor and Workforce Development
Title: Employment and Training Program/Board BRU: Employment Security
Component: Job Training Programs
Sponsor: Rules Committee
Requester: Senate Finance Component Number: 2556

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	57.8	43.4				
Travel	11.5	8.0				
Contractual	16.4	7.1				
Supplies	3.0	0.5				
Equipment	2.5	0.0				
Land & Structures						
Grants & Claims	0.0	0.0				
Miscellaneous						
TOTAL OPERATING	91.2	59.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES (1054)	35.0	35.0				
------------------------------------	-------------	-------------	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1054 State Employ & Training	91.2	59.0				
TOTAL	91.2	59.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: None

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time	1	1				
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached.

Prepared by: Ronald Hull, Director Phone: 465-5933
Division: Employment Security Division Date/Time: 5/1/02 8:45 AM
Approved by: Ed Flanagan, Commissioner Date: 05/01/02
Agency: Department of Labor and Workforce Development

For distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

BILL NO. CSSB 252(L&C)

ANALYSIS: (continued)

This bill would rename the Alaska Human Resource Investment Council (AHRIC) as the Alaska Workforce Investment Board (AWIB) and extends the termination or "sunset" date of the State Training and Employment Program (STEP) to June 30, 2004. This CS also makes substantial changes to STEP and we are commenting on two sections of the CS that we believe will have the most fiscal impact. The Job Training Programs component already contains \$4,785.2 of the STEP expenditures and revenues in the proposed FY2003 Operating budget (Governor, Senate and House versions).

Section 12 requires the Department of Labor and Workforce Development (DOLW&D) to collect monies from participants, who received necessary tools, work related clothing, safety gear or other necessities to obtain employment. We would be required to establish collection procedures, track repayments and seek attachment of the individual's permanent fund dividend (PFD) check if repayment is not satisfied.

Based upon previous usage and demand, we estimate STEP collections from participants would not exceed 35.0 annually for up to 80 clients. We would need to establish a program recovery system as little capacity currently exists. Based upon prior experience in Unemployment Insurance collections, the levy of client's PFD check is a labor intensive manual paperwork process. We believe that the new collection monies would not offset the increased costs. We would require a new PFT position and we assume the following additional STEP administrative costs to the State. There may be additional subgrantees (i.e. Municipality of Anchorage) STEP administrative costs not shown below:

New PFT Employment Security Specialist IB Range 14A in Juneau 43.4
Required travel around Alaska to various client locations for small claims court appearances 10.0
Contractual RSA to the Dept. of Law for legal advice on collections 2.5
Required Contractual 7% indirect, 4.5% DP operations and 4% ESD management costs 6.7
Related supplies .5
Basic new equipment for position 2.5

Total annual FY2003 cost: 65.6 (reduced to 59.0 in FY2004)
Total annual revenues: 35.0
Total annual FY2003 net loss: <30.6> (reduced to <24.0> in FY2004)

We assume some of the FY2003 travel, contractual and equipment operating costs are startup costs and will be reduced by 10 percent in FY2004.

Section 48 requires the DOLW&D to prepare one-time additional information for an annual written STEP report to the Legislature due in January 2003. We assume that the new reporting would increase STEP administrative costs in FY2003 only by the following:

25% of an existing Employment Security Analyst II Range 17 A in Anchorage 14.4
Minor travel to Juneau 1.5
Contractual RSA to Research and Analysis for employer information 5.0
Required Contractual 7% indirect, 4.5% DP operations and 4% ESD management costs 2.2
Related supplies & copying 2.5

Total FY2003 annual cost: 25.6

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSSB 252(L&C)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Department: Labor and Workforce Development
Title: Employment and Training Program/Board BRU: Employment Security
Sponsor: Rules Committee Component: Unemployment Insurance
Requester: Senate Finance Component Number: 2276

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel	4.0	4.0				
Contractual	115.0	115.0				
Supplies	3.0	3.0				
Equipment	3.0	3.0				
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	125.0	125.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES (1054)	125.0	125.0				
-----------------------------	-------	-------	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1054 State Employ & Training	125.0	125.0				
TOTAL	125.0	125.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: None

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would rename the Alaska Human Resource Investment Council (AHRIC) as the Alaska Workforce Investment Board (AWIB) and extend the termination or "sunset" date of the State Training and Employment Program (STEP) to June 30, 2004.

The above Expenditures and projected Revenues are contained in the proposed FY 2003 operating budget

Prepared by: Ronald Hull, Director Date: 5/1/02 8:42 AM
 Division: Employment Security Division
 Approved by: Ed Flanagan, Commissioner Date: 5/01/02
 Agency: Department of Labor and Workforce Development

For distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSSB 252(L&C)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Department: Labor and Workforce Development
Title: Employment and Training Program/Board BRU: Employment Security
Component: Employment Services
Sponsor: Rules Committee
Requester: Senate Finance Component Number: 2275

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	220.2	220.2				
Travel	5.0	5.0				
Contractual	29.3	29.3				
Supplies	0.8	0.8				
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	255.3	255.3	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES (1054)	255.3	255.3				
------------------------------------	--------------	--------------	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1054 State Employ & Training	255.3	255.3				
TOTAL	255.3	255.3	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: None

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would rename the Alaska Human Resource Investment Council (AHRIC) as the Alaska Workforce Investment Board (AWIB) and extend the termination or "sunset" date of the State Training and Employment Program (STEP) to June 30, 2004.

The above Expenditures and projected Revenues are contained in the proposed FY 2003 operating budget.

Prepared by: Ronald Hull, Director Phone: 465-5933
Division: Employment Security Division Date/Time: 5/1/02 8:43 AM
Approved by: Ed Flanagan, Commissioner Date: 05/01/02
Agency: Department of Labor and Workforce Development

For distribution information, call the Governor's Legislative Office

SENATE FINANCE COMMITTEE REPORT

DATE: 4/26/02



FURTHER:

DATE TURNED IN TO OFFICE: 05/06/02

Finance Committee considered

SENATE BILL NO. 252

SB 252 EMPLOYMENT AND TRAINING PROGRAM/BOARD

"An Act renaming the Alaska Human Resource Investment Council as the Alaska Workforce Investment Board and relating to its membership; repealing the termination date of the state training and employment program; relating to employment and training activities; and providing for an effective date."

and recommends:

- be replaced with CS SB 252 (FIN)
- adopt previous CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Labor-Job Training	5/1/02 8:44	4785.2		
Labor-Job Training	5/1/02 8:45 am	91.2		
Labor-UI	5/1/02	125.0		
Labor-Employment	5/1/02	255.3		

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Alvin Carter</i>	✓			
<i>[Signature]</i>			✓	
<i>D. E. Olson</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
COCHAIR: <i>[Signature]</i>				✓
COCHAIR: <i>[Signature]</i>			✓	

CS FOR SENATE BILL NO. 252(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act renaming the Alaska Human Resource Investment Council as the Alaska
2 Workforce Investment Board and relating to its membership; relating to repayment on
3 promissory notes for work-related items paid for by grant programs; extending the
4 termination date of the state training and employment program; relating to employment
5 and training activities; and providing for an effective date."

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

7 * **Section 1.** AS 14.35.020(b) is amended to read:

8 (b) When required by any of the Acts described in AS 14.35.010, the board
9 shall

10 (1) prepare, submit, and supervise the administration of the plans for
11 vocational education;

12 (2) select a state director of vocational education;

13 (3) establish the minimum qualifications for teachers, supervisors, or

1 directors;

2 (4) determine the prorated basis on which money shall be available for
3 the salary and necessary travel expenses of the state director of vocational education;

4 (5) consider the advice of the Alaska Workforce Investment Board
5 [ALASKA HUMAN RESOURCE INVESTMENT COUNCIL] established by
6 AS 23.15.550 regarding employment training needs and advise that board
7 [COUNCIL] in the development of vocational education programs.

8 * Sec. 2. AS 14.42.015(a) is amended to read:

9 (a) There is in the Department of Education and Early Development the
10 Alaska Commission on Postsecondary Education consisting of

11 (1) two members of the Board of Regents of the University of Alaska
12 designated by the members of that body;

13 (2) one person representing private higher education in the state
14 selected jointly by the Boards of Trustees of Alaska Pacific University and Sheldon
15 Jackson College from among their membership;

16 (3) one person representing the Department of Education and Early
17 Development selected by the state Board of Education and Early Development;

18 (4) four persons broadly and equitably representative of the general
19 public appointed by the governor;

20 (5) one member of the Alaska Workforce Investment Board
21 [ALASKA HUMAN RESOURCE INVESTMENT COUNCIL] established by
22 AS 23.15.550 designated by the members of that body;

23 (6) one person from the members of the local community college
24 advisory councils appointed by the governor;

25 (7) two members from the legislature, one of whom shall be appointed
26 by the president of the senate and one by the speaker of the house of representatives;

27 (8) one person appointed in accordance with (e) of this section who is
28 a full-time student as defined in AS 14.43.160;

29 (9) one administrator appointed by the governor from a proprietary
30 institution of postsecondary education that has an authorization to operate in the state
31 issued under AS 14.48.

1 * Sec. 3. AS 23.15.550 is amended to read:

2 **Sec. 23.15.550. Alaska Workforce Investment Board [ALASKA HUMAN**
 3 **RESOURCE INVESTMENT COUNCIL].** (a) The Alaska Workforce
 4 Investment Board [ALASKA HUMAN RESOURCE INVESTMENT COUNCIL] is
 5 established in the department. The board [COUNCIL] consists of the following
 6 voting members, not to exceed 26:

7 (1) the lieutenant governor or the lieutenant governor's designee;

8 (2) the commissioners of community and economic development,
 9 education and early development, health and social services, and labor and workforce
 10 development, or each respective commissioner's designee;

11 (3) one representative from the University of Alaska;

12 (4) four additional representatives of education, with one from local
 13 public education, one from secondary vocational education, one from a postsecondary
 14 vocational education institution, and one from adult basic education;

15 (5) four representatives of business and industry, with at least one
 16 representative from the local workforce investment boards [PRIVATE INDUSTRY
 17 COUNCILS] appointed under 29 U.S.C. 2832 [29 U.S.C. 1512 AND SUBJECT TO
 18 RECONSTITUTION UNDER 29 U.S.C. 1515];

19 (6) four representatives of organized labor that the governor shall
 20 appoint from lists of nominees submitted by recognized state labor organizations; the
 21 governor may reject a list submitted under this paragraph and request that another list
 22 be submitted;

23 (7) at least one representative from an organization representing
 24 employment and training needs of Alaska Natives;

25 (8) at least one representative of a community-based [COMMUNITY
 26 BASED] service organization;

27 (9) at least one representative who has personal or professional
 28 experience with developmental disabilities; and

29 (10) at least one and up to five additional members of the private
 30 sector to ensure a private sector majority and regional and local representation on the
 31 board [COUNCIL].

1 (b) Additional nonvoting members may be appointed to the board
2 [COUNCIL] from government or nongovernment entities.

3 (c) A member of the board [COUNCIL] under (a) of this section may appoint
4 a designee to serve in place of the member [NAMED IN (a) OF THIS SECTION].
5 The member shall appoint the designee in writing.

6 * **Sec. 4.** AS 23.15.555 is amended to read:

7 **Sec. 23.15.555. Appointment and term of members.** (a) Members of the
8 Alaska Workforce Investment Board [ALASKA HUMAN RESOURCE
9 INVESTMENT COUNCIL] other than those listed in AS 23.15.550(a)(1) and (2) are
10 appointed by the governor and serve at the pleasure of the governor. The governor
11 may appoint one person to fill two or more of the places listed in AS 23.15.550(a) if
12 the person is qualified in all of the areas the person represents. A member appointed
13 to fill more than one place under this subsection is entitled to only one vote and may
14 appoint only one designee to replace the member in the event the member is unable to
15 attend a meeting.

16 (b) The voting members of the board [COUNCIL] other than those listed in
17 AS 23.15.550(a)(1) and (2) serve for staggered four-year terms and may serve until a
18 successor is appointed. An appointment to fill a vacancy shall be made in the same
19 manner as the original appointment and for the balance of the unexpired term.

20 (c) The governor shall ensure that individuals appointed to the board
21 [COUNCIL] have sufficient expertise to effectively carry out the duties of the board
22 [COUNCIL]. Expertise of the board [COUNCIL] includes, where appropriate,
23 knowledge of the long-term needs of individuals preparing to enter the work force; the
24 needs of local, state, and regional labor markets; and the methods for evaluating the
25 effectiveness of vocational training programs in serving varying populations.

26 * **Sec. 5.** AS 23.15.560 is amended to read:

27 **Sec. 23.15.560. Compensation.** Members of the Alaska Workforce
28 Investment Board [ALASKA HUMAN RESOURCE INVESTMENT COUNCIL]
29 listed in or appointed under AS 23.15.550(a), including a designee of a member
30 attending in place of the member, serve without compensation but are entitled to per
31 diem and travel expenses authorized by law for boards and commissions under

1 AS 39.20.180. Nonvoting members of the board [COUNCIL] appointed under
 2 AS 23.15.550(b) serve without compensation and are not entitled to per diem and
 3 travel expenses. A commissioner appointed under AS 23.15.550(a)(2) or the
 4 commissioner's designee is entitled to per diem and travel expenses as a state
 5 employee.

6 * Sec. 6. AS 23.15.565 is amended to read:

7 Sec. 23.15.565. Officers. The Alaska Workforce Investment Board
 8 [ALASKA HUMAN RESOURCE INVESTMENT COUNCIL] shall elect a chair and
 9 a vice-chair from among the members listed in or appointed under AS 23.15.550(a)(5).
 10 The chair and vice-chair serve in their positions at the pleasure of the board
 11 [COUNCIL].

12 * Sec. 7. AS 23.15.570 is amended to read:

13 Sec. 23.15.570. Meetings, quorum, and committees. (a) The Alaska
 14 Workforce Investment Board [ALASKA HUMAN RESOURCE INVESTMENT
 15 COUNCIL] shall meet not more than three times in a calendar year at the call of the
 16 chair to conduct its business. A majority of the members listed in or appointed to the
 17 board [COUNCIL] under AS 23.15.550(a) constitutes a quorum.

18 (b) The board [COUNCIL] shall establish an executive committee and four
 19 permanent standing committees as described in (c) - (g) of this section. The chair of a
 20 permanent standing committee must be from the private sector. The board
 21 [COUNCIL] may establish additional standing committees and special committees or
 22 subcommittees, not necessarily consisting of board [COUNCIL] members, to advise
 23 and assist the board [COUNCIL] in carrying out its functions assigned by federal or
 24 state statute. The permanent standing committees are

- 25 (1) the assessment and evaluation committee;
- 26 (2) the policy and planning committee;
- 27 (3) the employment and placement committee; and
- 28 (4) the workforce readiness committee.

29 (c) The executive committee consists of the chair and vice-chair of the board
 30 [COUNCIL], the immediate past chair of the board [COUNCIL], and the chairs of the
 31 four standing committees described in (d) - (g) of this section. The executive

1 committee has the duties and may exercise the powers of the council between
2 meetings of the board [COUNCIL]. The executive committee shall

3 (1) report to the board [COUNCIL] in a timely fashion on actions
4 taken on behalf of the board [COUNCIL]; and

5 (2) supervise the affairs of the board [COUNCIL] between regular
6 meetings of the board [COUNCIL].

7 (d) The assessment and evaluation committee shall

8 (1) assess and evaluate programs, initiatives, and the delivery of
9 services to help to ensure equitable distribution of quality education, training, and
10 employment services statewide, especially to rural areas and to programs serving
11 economically disadvantaged citizens;

12 (2) call for and monitor the workforce development system for
13 increased accountability in performance and continuous quality improvement along
14 the goals and strategies of the board's [COUNCIL'S] overall statewide strategic plan
15 for workforce development;

16 (3) use evaluation and performance measures to gauge customer
17 satisfaction within the workforce development system; and

18 (4) perform other duties assigned by the board [COUNCIL].

19 (e) The policy and planning committee shall

20 (1) build policies regarding day-to-day operations and long-term
21 responsibilities of the board [COUNCIL];

22 (2) work to increase awareness of the board [COUNCIL] and its
23 mission throughout the state;

24 (3) work with all other committees on a statewide strategic plan for
25 workforce development; and

26 (4) perform other duties assigned by the board [COUNCIL].

27 (f) The employment and placement committee shall

28 (1) ensure the statewide strategic plan for workforce development
29 addresses

30 (A) customer needs at the local level;

31 (B) moving welfare recipients into the workforce;

1 (C) promoting the hiring of state residents in jobs that have
2 traditionally been filled by out-of-state workers;

3 (D) tailoring employment and training programs to suit state
4 business, industry, and economic development needs;

5 (2) monitor the coordination of service delivery to promote efficiency
6 and to prevent overlap of services among programs; and

7 (3) perform other duties assigned by the board [COUNCIL].

8 (g) The workforce readiness committee shall

9 (1) provide oversight for training, education, and employment
10 programs to ensure the programs are delivering education and training that is relevant
11 to local market needs and the career goals of state residents;

12 (2) build partnerships between employers and quality workforce
13 training programs;

14 (3) work to connect the state public and private education systems with
15 business, government, and labor to ensure that state residents are receiving workforce
16 readiness skills throughout the education process; and

17 (4) perform other duties assigned by the board [COUNCIL].

18 * Sec. 8. AS 23.15.575 is amended to read:

19 **Sec. 23.15.575. Board [COUNCIL] as state planning entity.** The Alaska
20 Workforce Investment Board [ALASKA HUMAN RESOURCE INVESTMENT
21 COUNCIL] shall act as the lead state planning and coordinating entity for state human
22 resource programs administered under

23 (1) 29 U.S.C. 2801 - 2945 (Workforce Investment Act of 1998) [29
24 U.S.C. 1501 - 1792B (JOB TRAINING PARTNERSHIP ACT)];

25 (2) 20 U.S.C. 2301 - 2471 (Carl D. Perkins Vocational and Applied
26 Technology Education Act);

27 (3) [20 U.S.C. 1201 - 1213D (ADULT EDUCATION ACT)];

28 (4)] 29 U.S.C. 49 - 491-1 (Wagner - Peysen Act);

29 **(4) federal law for work programs** [(5) 42 U.S.C. 5011 - 687 (JOB
30 OPPORTUNITIES AND BASIC SKILLS TRAINING PROGRAM)] for needy
31 families with children under the Social Security Act;

1 (5) [(6)] the employment program established under 7 U.S.C.
2 2015(d)(4) (Food Stamp Act of 1977);

3 (6) [(7)] all federal programs designated as successors to the programs
4 listed in (1) - (5) [(1) - (6)] of this section; and

5 (7) [(8)] all state laws involving employment training, vocational
6 education, and workforce development [, AND COMMUNITY SERVICE].

7 * Sec. 9. AS 23.15.580 is amended to read:

8 **Sec. 23.15.580. Functions of the board [COUNCIL].** (a) As the lead state
9 planning and coordinating entity, the Alaska Workforce Investment Board
10 [ALASKA HUMAN RESOURCE INVESTMENT COUNCIL] has responsibility, to
11 the extent authorized by federal and state law, for planning and coordinating federal,
12 state, and local efforts in human resource programs in this state related to employment
13 training, including the work activities of the Alaska temporary assistance program
14 under AS 47.27.

15 (b) The board [COUNCIL] shall

16 (1) facilitate the development of statewide policy for a coordinated and
17 effective employment training and education system in this state;

18 (2) identify the human resource investment needs in the state and
19 develop a plan to meet those needs;

20 (3) review the provision of services and the use of money and
21 resources by the human resource programs listed in AS 23.15.575;

22 (4) assume the duties and functions of the state boards [COUNCILS]
23 described under the laws relating to the federal human resource programs listed in
24 AS 23.15.575;

25 (5) advise the governor, state and local agencies, [AND] the University
26 of Alaska, and other training entities on the development of state and local standards
27 and measures relating to applicable human resource programs;

28 (6) submit, to the governor and the legislature, a biennial strategic plan
29 to accomplish the goals developed to meet human resource investment needs;

30 (7) monitor for the implementation and evaluate the effectiveness of
31 the strategic plan developed by the board [COUNCIL];

1 (8) adopt regulations that set standards for the percentage of program
2 expenses [A GRANT] that may be used for administrative costs; the regulations must
3 clearly identify and distinguish between program expenses that may be included in
4 administrative costs and those that may not be included in administrative costs; the
5 percentage allowed for administrative costs may not exceed the lesser of 15 percent of
6 program expenses in the prior fiscal year or the amount permitted under the
7 requirements of a federal program, if applicable;

8 (9) report annually to the legislature, by the 30th day of the regular
9 legislative session, on the performance and evaluation of training programs in the state
10 subject to review under (f) of this section;

11 (10) identify ways for agencies operating programs subject to
12 oversight by the board [COUNCIL] to share resources, instructors, and curricula
13 through collaboration with other public and private entities to increase training
14 opportunities and reduce costs; and

15 (11) adopt regulations under AS 44.62 (Administrative Procedure Act)
16 to carry out the purposes of AS 23.15.550 - 23.15.585.

17 (c) The board [COUNCIL] may receive money designated for human
18 resource programs and may disburse money, including grants, to human resource
19 projects in accordance with AS 37.07 (Executive Budget Act). The board
20 [COUNCIL] may enter into partnership agreements through appropriate
21 administrative agencies with private industry training entities within the state in order
22 to facilitate the coordination of training opportunities.

23 (d) The board [COUNCIL] shall provide oversight for the planning and
24 coordination of employment-related education training programs operated by the state
25 or operated under contract with the state that are described in (f) of this section. The
26 board [COUNCIL] shall require a training program listed in (f) of this section to meet
27 the requirements of this subsection. The board [COUNCIL] shall, by regulation,
28 establish appropriate penalties for programs that fail to meet the requirements of this
29 subsection. The board [COUNCIL] may recommend to the legislature changes to
30 enhance the effectiveness of the training programs it oversees under this section. A
31 training program described in (f) of this section funded with money appropriated by

1 the legislature must

2 (1) meet the standards adopted by the board [COUNCIL] concerning
3 the percentage of a grant that may be spent on administrative costs;

4 (2) be operated by an institution that holds a valid authorization to
5 operate issued under AS 14.48 by the Alaska Commission on Postsecondary
6 Education if the program is a postsecondary educational program operated by a
7 postsecondary educational institution subject to regulation under AS 14.48;

8 (3) provide to the Department of Labor and Workforce Development
9 the information required by the department for the preparation of the statistical
10 information necessary for the board [COUNCIL] to evaluate programs by the
11 standards set out in (e) of this section.

12 (e) The board [COUNCIL] shall develop standards that encourage agencies to
13 contract for training programs that meet local demands and maximize the use of
14 resources [PROGRAM'S CLASS SIZE]. The board [COUNCIL] shall adopt
15 standards for the evaluation of training programs listed in (f) of this section with
16 regard to the following:

17 (1) the percentage [PERCENT] of former participants who have a job
18 one year after leaving the training program;

19 (2) the median wage of former participants seven to 12 months after
20 leaving the program;

21 (3) the percentage [PERCENT] of former participants who were
22 employed after leaving the training program who received training under the program
23 that was related to their jobs or somewhat related to their jobs seven to 12 months after
24 leaving the training program;

25 (4) the percentage [PERCENT] of former participants of a training
26 program who indicate that they were satisfied with or somewhat satisfied with the
27 overall quality of the training program;

28 (5) the percentage [PERCENT] of employers who indicate that they
29 were satisfied with the services received through the workforce development
30 system [QUALITY OF THE WORK OF NEW EMPLOYEES WHO HAD
31 RECENTLY COMPLETED THE TRAINING PROGRAM].

1 (f) The following training programs are subject to the provisions of (d) and (e)
2 of this section:

3 (1) in the Department of Labor and Workforce Development or
4 operated by the department:

5 (A) [ONE STOP CAREER CENTER;

6 (B) JOB TRAINING PARTNERSHIP ACT] programs under
7 29 U.S.C. 2801 - 2945 (Workforce Investment Act of 1998) [29 U.S.C. 1501
8 - 1792B], assisting communities in moving toward a self-sustainable economy
9 and providing training;

10 (B) [(C)] state training and employment program
11 (AS 23.15.620), providing training and employment services for people who
12 are unemployed or likely to become unemployed, fostering new jobs, and
13 increasing training opportunities for workers severely affected by fluctuations
14 in the state economy or adversely affected by technology advances in the
15 workplace;

16 (C) [(D)] employment-related adult basic education;

17 [(E) SCHOOL-TO-WORK;]

18 (D) [(F)] employment training services operated as part of the
19 Alaska temporary assistance program [TEMPORARY ASSISTANCE
20 PROGRAM] (ATAP);

21 (E) [(G)] unemployment insurance grants provided under the
22 federal training relocation assistance program;

23 (F) [(H)] Alaska works programs, assisting with the welfare-to-
24 work program;

25 [(I) STATE TRAINING AND EMPLOYMENT PROGRAM,
26 COORDINATED WITH THE DEPARTMENT OF COMMUNITY AND
27 ECONOMIC DEVELOPMENT;]

28 (2) in the Department of Education and Early Development or operated
29 by the department, the non-public-school portions of the following programs:

30 (A) [HIGH SCHOOL COMPLETION PROJECT;

31 (B)] Kotzebue Technical Center;

1 (B) [(C)] Alaska Vocational Technical Center;
 2 (C) [(D)] vocational education and technical preparation
 3 [TECH PREP];

4 (D) [(E)] Alaska Career Information System.

5 (g) The board [COUNCIL] shall assess the programs listed in this subsection
 6 and make recommendations to the legislature in its report required under (b)(9) of this
 7 section about whether to include one or more of these programs under the
 8 requirements of (f) of this section:

9 (1) in the Department of Community and Economic Development or
 10 operated by the department:

11 (A) local government assistance training and development,
 12 including the rural utility business advisory program;

13 (B) energy operations, providing training in management and
 14 administration of electric utilities and bulk fuel storage systems;

15 (2) in the Department of Corrections:

16 (A) Correctional Academy, training individuals applying for a
 17 correctional officer position;

18 (B) inmate programs, providing vocational technical training
 19 and education courses for inmates preparing to be released from a correctional
 20 facility;

21 (C) correctional industries program, providing inmates with
 22 jobs while they are incarcerated;

23 (3) in the Department of Environmental Conservation:

24 (A) remote maintenance worker program, providing training
 25 and technical assistance to communities to keep drinking water and sewage
 26 disposal systems running, and providing on-the-job training to local operators;

27 (B) water and wastewater operator training and assistance;

28 (C) federal drinking water operator training and certification;

29 (4) in the Department of Military and Veterans' Affairs: educational
 30 benefits for members of the Alaska National Guard and the Alaska Naval Militia;

31 (5) in the Department of Public Safety:

1 (A) fire service training to maintain emergency training skills
2 for existing fire fighter staff and volunteers and individuals interested in
3 becoming fire fighters;

4 (B) Public Safety Training Academy, training trooper recruits;

5 (6) in the Department of Transportation and Public Facilities:

6 (A) engineer-in-training program, providing on-the-job training
7 for apprentice engineers to enable them to gain the experience necessary to be
8 certified;

9 (B) statewide transportation improvement program, offered by
10 the United States National Highway Institute;

11 (C) local technical assistance program, transferring technical
12 expertise to local governments;

13 (D) Native technical assistance program, transferring technical
14 expertise to Native governments;

15 (E) border technology exchange program, to coordinate
16 highway issues with the Yukon Territory;

17 (7) in the Department of Labor and Workforce Development:
18 vocational rehabilitation client services and special work projects, employment
19 services, including job development, assisting individuals in finding employment, and
20 assisting employed individuals in finding other employment [;

21 (8) IN THE DEPARTMENT OF ADMINISTRATION: ALASKA
22 PROFESSIONAL DEVELOPMENT INSTITUTE, PROVIDING CONTINUING
23 EDUCATION AND TRAINING FOR EMPLOYED WORKERS].

24 (h) The University of Alaska shall evaluate the performance of its training
25 programs using the standards set out in (e) of this section and shall provide a report on
26 the results to the board [COUNCIL] for inclusion in the board's [COUNCIL'S]
27 annual report to the legislature.

28 (i) The board [COUNCIL] shall review each program listed in (f) of this
29 section to determine whether it is in compliance with the standards set out in (d) and
30 (e) of this section. If the board [COUNCIL] finds that a program has failed to comply
31 with the standards set out in (d) and (e) of this section, it shall notify the program

1 director of the failure. If the program director fails to improve the performance of the
2 program within a reasonable time, the board [COUNCIL] shall notify the governor
3 and the Legislative Budget and Audit Committee [LEGISLATIVE BUDGET AND
4 AUDIT COMMITTEE] that the program is out of compliance. A contract entered
5 into by a state agency relating to a training program set out in (f) of this section must
6 contain terms consistent with this section.

7 (j) A department that operates or contracts for a training program listed in (f)
8 of this section shall pay to the board [COUNCIL] a management assessment fee not
9 to exceed .75 percent of the program's annual operating budget. The total amount
10 received as management assessment fees may not exceed the board's [COUNCIL'S]
11 authorized budget for the fiscal year. The board [COUNCIL] shall, by regulation,
12 establish a method to determine annually the amount of the management assessment
13 fee. If the amount the board [COUNCIL] expects to collect under this subsection
14 exceeds the authorized budget of the board [COUNCIL], the board [COUNCIL]
15 shall reduce the percentages set out in this subsection so that the total amount of the
16 fees collected approximately equals the authorized budget of the board [COUNCIL]
17 for the fiscal year. The board [COUNCIL] shall adopt regulations under AS 44.62
18 (Administrative Procedure Act) necessary to administer this subsection.

19 (k) Upon the enactment of a new federal or state program relating to work
20 force development, the board [COUNCIL] shall

21 (1) advise the governor and the legislature on whether the board
22 [COUNCIL] should provide oversight for the new program under this section; and

23 (2) make recommendations necessary to streamline and coordinate
24 state efforts to meet the guidelines of the new program.

25 (l) For purposes of this section, "program"

26 (1) does not refer to the overall activities of an individual institution or
27 individual fields of study or courses that are not associated with programs for which
28 the board [COUNCIL] has oversight responsibility;

29 (2) may include a certificate or associate degree course or a course that
30 is not for credit, whether it is offered by a public or private institute or contracted for
31 by the private sector, so long as it is related to employment.

1 * Sec. 10. AS 23.15.585 is amended to read:

2 **Sec. 23.15.585. Administration.** (a) The governor shall appoint the
3 executive director for the Alaska Workforce Investment Board [ALASKA HUMAN
4 RESOURCE INVESTMENT COUNCIL]. The department shall provide professional,
5 technical, and administrative staff for the Alaska Workforce Investment Board
6 [ALASKA HUMAN RESOURCE INVESTMENT COUNCIL].

7 (b) Subject to legislative appropriations, and in accordance with AS 37.07
8 (Executive Budget Act), the board's [COUNCIL'S] budget is funded from programs
9 for which the board [COUNCIL] is the lead state planning and coordinating entity
10 under AS 23.15.575.

11 * Sec. 11. AS 23.15.640(c) is amended to read:

12 (c) The department shall [, TO THE EXTENT ECONOMICALLY
13 FEASIBLE FOR THE INDIVIDUAL,] require an individual who participated in a
14 program that was funded at least in part by a grant under AS 23.15.651 and that
15 included as a program element the provision of necessary tools, work-related clothing,
16 safety gear, or other necessities to obtain or retain employment under (a)(6) of this
17 section to reimburse the department for the portion of the grant that was spent on an
18 element listed in (a)(6) of this section. Repayment shall begin no later than six
19 months after the individual completes or leaves the state training and
20 employment program and may not be less than \$25 each calendar month. The
21 department shall separately account for receipts under this subsection. The annual
22 estimated receipts may be used by the legislature to make appropriations to the
23 department to the employment assistance and training program account
24 (AS 23.15.625) for grants under AS 23.15.651. The department shall institute
25 collection procedures on outstanding promissory notes for amounts due under
26 this subsection. Collection procedures must include obtaining a judgment for
27 default on a promissory note. The department shall seek satisfaction of the
28 judgment from an individual's permanent fund dividend to the extent possible
29 under AS 43.23.065 until the judgment has been satisfied. The department shall
30 implement this subsection by regulation.

31 * Sec. 12. AS 23.15.645(a) is amended to read:

1 (a) The department shall award a grant to the board [COUNCIL] to

2 (1) administer a state training and employment program; and

3 (2) award grants to qualified entities.

4 * Sec. 13. AS 23.15.645(b) is amended to read:

5 (b) When a grant is awarded to the board [COUNCIL], the department shall
6 annually provide to the board [COUNCIL] a priority list of targeted projects or
7 services, based on unemployment statistics, unemployment insurance claims,
8 occupational and industrial projections, availability of other training and employment
9 programs, and other relevant data. The department shall also provide annually to the
10 board [COUNCIL] a priority list of criteria for eligibility to maximize services to
11 those people most in need of training under AS 23.15.620 - 23.15.660. In developing
12 the priority list for targeted projects and services, the department shall solicit
13 comments from the Department of Education and Early Development, the Department
14 of Community and Economic Development, the University of Alaska, organized labor,
15 the board [COUNCIL], and the administrative entities of the local workforce
16 investment [SUBSTATE SERVICE DELIVERY] areas established for the board
17 [COUNCIL]. The department shall give preference to projects and services that train
18 individuals in industries identified in the resident hire report required under
19 AS 36.10.130 as employing a disproportionate percentage of nonresident individuals.

20 * Sec. 14. AS 23.15.645(d) is amended to read:

21 (d) The board, by regulation, [COUNCIL] shall establish grant
22 administration requirements, including accounting procedures, that apply to qualified
23 entities and their grantees.

24 * Sec. 15. AS 23.15.645(e) is amended to read:

25 (e) In making a grant under this section, the board [COUNCIL] shall require
26 that the qualified entity and grantees of the qualified entity limit the amount of the
27 grant proceeds spent on administration so that the total spent on administration from
28 the proceeds of the employment assistance and training program account, including
29 amounts spent by the board [COUNCIL] itself, does not exceed 20 percent of
30 program expenses in the prior fiscal year . The amount collected and remitted in
31 accordance with the shared cost requirements of the federal Office of Management

Amend
#1

1 and Budget Circular A-87 entitled "Cost Principles for State and Local Governments"
 2 is not considered an amount spent on administration under this subsection.

3 * Sec. 16. AS 23.15.651 is amended to read:

4 **Sec. 23.15.651. Duties of Alaska Workforce Investment Board [ALASKA**
 5 **HUMAN RESOURCE INVESTMENT COUNCIL]; grants; eligible entities. (a)**
 6 In implementing this program under a grant received under AS 23.15.645, and subject
 7 to the limit of its grant, the board [COUNCIL] shall award grants, in accordance with
 8 the priority list established by the department under AS 23.15.645(b), to employment
 9 assistance and training entities. A training entity is eligible for a grant under this
 10 section if the entity meets program requirements and can demonstrate that

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

15 (2) its activities do not replace or compete in any way with a federally *Amend*
 16 approved [, JOINTLY ADMINISTERED] apprenticeship program or any other *#3*
 17 existing training programs.

18 (b) The board [COUNCIL] may not award a grant if the grant would displace
 19 money available through existing public or private training programs.

20 (c) To provide administration of the program, the board [COUNCIL] may use
 21 the administrative entities of the local workforce investment [SUBSTATE SERVICE
 22 DELIVERY] areas.

23 (d) The board [COUNCIL] shall annually provide the department with
 24 financial and performance reporting on the activities of the program and
 25 recommendations concerning continuation of funding.

26 * Sec. 17. AS 23.15.660(1) is amended to read:

27 (1) "board" ["COUNCIL"] means the Alaska Workforce
 28 Investment Board [ALASKA HUMAN RESOURCE INVESTMENT COUNCIL]
 29 established in AS 23.15.550;

30 * Sec. 18. AS 23.15.660 is amended by adding a new paragraph to read:

31 (4) "local workforce investment areas" means the areas established

1 under 29 U.S.C. 2831.

2 * Sec. 19. AS 23.15.700(a) is amended to read:

3 (a) There is established in the department the business incentive training
4 program. The incentive program shall be administered as a supplement to 29 U.S.C.
5 2801 - 2945 (Workforce Investment Act of 1998) [THE JOB TRAINING
6 PARTNERSHIP ACT (P.L. NO. 97-300)].

7 * Sec. 20. AS 23.15.710 is amended to read:

8 **Sec. 23.15.710. Administration.** (a) The Alaska Workforce Investment
9 Board [ALASKA HUMAN RESOURCE INVESTMENT COUNCIL] shall oversee
10 the incentive program. The local workforce investment [SERVICE DELIVERY]
11 areas established under 29 U.S.C. 2831 [29 U.S.C. 1511 AND SUBJECT TO
12 REDESIGNATION UNDER 29 U.S.C. 1515] shall be used in the administration of
13 the incentive program. The local workforce investment boards [PRIVATE
14 INDUSTRY COUNCILS] appointed under 29 U.S.C. 2832 [29 U.S.C. 1512 AND
15 SUBJECT TO RECONSTITUTION UNDER 29 U.S.C. 1515] shall serve as the local
16 workforce investment boards [PRIVATE INDUSTRY COUNCILS] for the
17 incentive program.

18 (b) The board [COUNCIL] shall divide appropriations for the incentive
19 program equally among the local workforce investment boards [PRIVATE
20 INDUSTRY COUNCILS]. If a local workforce investment board [PRIVATE
21 INDUSTRY COUNCIL] lacks sufficient money to fund a proposal, the local
22 workforce investment board [PRIVATE INDUSTRY COUNCIL] may apply to the
23 board [COUNCIL] for additional funding. The board [COUNCIL] may approve
24 reallocation of money from one local workforce investment [SERVICE DELIVERY]
25 area to another to fund a particular proposal if it finds that the reallocation will best
26 serve the purposes of the program.

27 (c) The board [COUNCIL] shall adopt regulations under AS 44.62
28 (Administrative Procedure Act) to implement AS 23.15.700 - 23.15.810.

29 * Sec. 21. AS 23.15.720 is amended to read:

30 **Sec. 23.15.720. Business incentive training plan.** (a) A local workforce
31 investment board [PRIVATE INDUSTRY COUNCIL] shall adopt a business

1 incentive training plan for the local workforce investment [SERVICE DELIVERY]
 2 area. The plan must extend for two years to coincide with the term for 29 U.S.C. 2801
 3 - 2945 (Workforce Investment Act of 1998) [THE JOB TRAINING
 4 PARTNERSHIP ACT (P.L. 97-300)] and must contain

5 (1) identification of the entity or entities that will administer the
 6 incentive program and be the grant recipient for grants from the state;

7 (2) a description of the services to be provided, including the estimated
 8 duration of service and the estimated training cost for each [PER] participant;

9 (3) procedures for identifying and selecting participants;

10 (4) performance goals established in accordance with standards under
 11 AS 23.15.780;

12 (5) procedures for awarding grants to businesses; and

13 (6) the budget for two program years and any proposed expenditures
 14 for the succeeding two program years in as much detail as required by the grant
 15 administrator designated under AS 23.15.740.

16 (b) If changes in labor market conditions, funding, or other factors require
 17 substantial deviation from an approved business incentive training plan, the local
 18 workforce investment board [PRIVATE INDUSTRY COUNCIL] and the
 19 appropriate elected municipal official or officials shall submit a modification of the
 20 plan and the budget for review under AS 23.15.730.

21 * Sec. 22. AS 23.15.730 is amended to read:

22 **Sec. 23.15.730. Review and approval of business incentive training plan.**

23 The business incentive training plan shall be published and made available for review
 24 and comment as an attachment to the job training plan as set out in 29 U.S.C. 2833 [29
 25 U.S.C. 1515]. The business incentive training plan is subject to review and approval
 26 by the governor.

27 * Sec. 23. AS 23.15.740(a) is amended to read:

28 (a) Each local workforce investment board [PRIVATE INDUSTRY
 29 COUNCIL] shall designate an administrative entity to be the grant recipient and
 30 administrator for the region. An employer may apply to the grant administrator for a
 31 business incentive grant if the employer is a private for-profit or nonprofit corporation.

1 partnership, or sole proprietor business. The grant administrator shall review
2 applications and award grants.

3 * Sec. 24. AS 23.15.740(c) is amended to read:

4 (c) A business incentive training grant shall be used to recruit and train
5 eligible employees for newly created permanent or permanent seasonal positions or to
6 enable existing employees to acquire the skills necessary to qualify the employee to
7 implement new technologies. A business incentive training grant may be used for
8 occupations for which there is a demand in the area served or in another area to which
9 the participant is willing to relocate and for emerging technologies in the state. In
10 selecting recruiting and training programs, the local workforce investment boards
11 [PRIVATE INDUSTRY COUNCILS] and the grant administrators may consider
12 whether the occupation in which recruiting or training is sought is in a sector of the
13 economy that has a high potential for sustained demand or growth.

14 * Sec. 25. AS 23.15.740(d) is amended to read:

15 (d) Only individuals eligible under the business incentive training plan and
16 residing in the local workforce investment [SERVICE DELIVERY] area may be
17 participants in employment and training activities funded under the business incentive
18 training program. To be eligible for training or education services under
19 AS 23.15.700 - 23.15.810, immediately before beginning training or education under
20 the program, a person shall

21 (1) have been unemployed and

22 (A) receiving unemployment insurance benefits; or

23 (B) have exhausted the right to unemployment insurance
24 benefits within the past three years;

25 (2) be liable to be displaced from work within the next six months
26 because of

27 (A) reductions in overall employment within the business;

28 (B) elimination of the person's current job; or

29 (C) a change in the conditions of the employee's job requiring
30 that, to remain employed, the employee must have substantially different skills
31 that the employee does not now possess; or

1 (3) have worked in a position covered by AS 23.20 at any time during
 2 the last three years and be ineligible for unemployment insurance benefits because the
 3 person

4 (A) was working in a seasonal, temporary, part-time, or other
 5 marginal employment;

6 (B) has insufficient qualifying wages because of limited job
 7 opportunities; or

8 (C) is employed, but, because the person is underemployed, the
 9 person needs employment assistance and training to obtain full employment.

10 * Sec. 26. AS 23.15.740(e) is amended to read:

11 (e) Payments to employers for on-the-job training of participants who
 12 experience multiple barriers to employment or are eligible under 29 U.S.C. 2801 -
 13 2945 (Workforce Investment Act of 1998) [THE JOB TRAINING PARTNERSHIP
 14 ACT (P.L. 97-300)] may not average more than 80 percent of the wages paid by the
 15 employer to the participant. Payments to employers for on-the-job training of other
 16 participants may not average more than 50 percent of the wages paid by the employer
 17 to participants. The payments shall be considered to be in compensation for the
 18 extraordinary costs associated with training employees for new positions and the lower
 19 productivity of the participants.

20 * Sec. 27. AS 23.15.760(b) is amended to read:

21 (b) The board [COUNCIL] shall adopt regulations concerning retention of
 22 records.

23 * Sec. 28. AS 23.15.760(c) is amended to read:

24 (c) The board [COUNCIL] shall, not [NO] later than February 1 of each year,
 25 prepare a report concerning the incentive program and notify the legislature that the
 26 report is available.

27 * Sec. 29. AS 23.15.770(b) is amended to read:

28 (b) Personal liability insurance for members of the local workforce
 29 investment board [PRIVATE INDUSTRY COUNCIL] is an allowable cost.

30 * Sec. 30. AS 23.15.790 is amended to read:

31 **Sec. 23.15.790. Limitation on certain costs. Not [NO] more than 15 percent**

1 of the money available to a local workforce investment [SERVICE DELIVERY]
 2 area for a fiscal year may be expended for the cost of administration. For purposes of
 3 this section, costs of program support, including counseling, that are directly related to
 4 the provision of education or training to participants may not be counted as part of the
 5 cost of administration.

6 * Sec. 31. AS 23.15.800 is amended to read:

7 **Sec. 23.15.800. Selection of service providers.** (a) The primary
 8 consideration in selecting agencies or organizations to deliver services within a local
 9 workforce investment [SERVICE DELIVERY] area is the effectiveness of the
 10 agency or organization in delivering comparable or related services based on
 11 demonstrated performance, in terms of the likelihood of meeting performance goals,
 12 cost, quality of training, and characteristics of participants. In complying with this
 13 subsection, proper consideration shall be given to community-based [COMMUNITY
 14 BASED] organizations as service providers.

15 (b) Appropriate education agencies in the local workforce investment
 16 [SERVICE DELIVERY] area shall be given the opportunity to provide educational
 17 services, unless the grant administrator determines that alternative agencies or
 18 organizations would be more effective or would have greater potential to enhance the
 19 participants' continued occupational and career growth.

20 (c) The grant administrator may not fund an occupational skills training
 21 program unless the level of skills provided in the program is in accordance with
 22 guidelines established by the local workforce investment board [PRIVATE
 23 INDUSTRY COUNCIL].

24 * Sec. 32. AS 23.15.810(1) is amended to read:

25 (1) "board" ["COUNCIL"] means the Alaska Workforce
 26 Investment Board [ALASKA HUMAN RESOURCE INVESTMENT COUNCIL];

27 * Sec. 33. AS 23.15.820 is amended to read:

28 **Sec. 23.15.820. Powers and duties of the Alaska Workforce Investment**
 29 **Board [ALASKA HUMAN RESOURCE INVESTMENT COUNCIL].** (a) The
 30 **Alaska Workforce Investment Board [ALASKA HUMAN RESOURCE**
 31 **INVESTMENT COUNCIL]** shall

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

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

7 (3) adopt regulations under AS 44.62 (Administrative Procedure Act)
8 to carry out the purposes of AS 23.15.820 - 23.15.850, including regulations that set
9 standards for the percentage of a grant that may be used for administrative costs; the
10 regulations must clearly identify and distinguish between expenses that may be
11 included in administrative costs and those that may not be included in administrative
12 costs; the percentage allowed for administrative costs may not exceed the lesser of five
13 percent or the amount permitted under the requirements of a federal program, if
14 applicable;

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

18 (b) The board [COUNCIL] may

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

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

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

27 * Sec. 34. AS 23.15.830 is amended to read:

28 **Sec. 23.15.830. Alaska technical and vocational education program**
29 **account.** The Alaska technical and vocational education program account is
30 established in the general fund. The commissioner of administration shall separately
31 account for money collected under AS 23.15.835 that the department deposits in the

1 general fund. The legislature may appropriate the annual estimated balance in the
2 account to the board [COUNCIL] to implement AS 23.15.820 - 23.15.850. The
3 legislature may appropriate the lapsing balance of the account to the unemployment
4 compensation fund established in AS 23.20.130.

5 * Sec. 35. AS 23.15.840(a) is amended to read:

6 (a) The board [COUNCIL] shall award grants, in accordance with the priority
7 list adopted under (f) of this section, to technical and vocational education entities. A
8 technical and vocational education entity is eligible for a grant under this section if
9 the entity meets program requirements, the grant program is physically located in
10 Alaska, and the entity 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
19 the grant is requested.

20 * Sec. 36. AS 23.15.840(b) is amended to read:

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

24 * Sec. 37 AS 23.15.840(d) is amended to read:

25 (d) A technical or vocational educational institution that receives a grant from
26 the board [COUNCIL] shall give appropriate state agencies full access to accounting
27 records concerning the grant to assure compliance with program standards.

28 * Sec. 38. AS 23.15.840(e) is amended to read:

29 (e) In making a grant under this section, the board [COUNCIL] shall require
30 that the qualified entity and grantees of the qualified entity limit the amount of the
31 grant proceeds spent on administration so that the total spent on administration from

1 the proceeds of the technical and vocational education program account, including
 2 amounts spent by the board [COUNCIL] itself, does not exceed five percent. A
 3 training program funded by the board [COUNCIL] must

4 (1) meet the standards adopted by the board [COUNCIL] concerning
 5 the percentage of a grant that may be spent on administrative costs;

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

10 * Sec. 39. AS 23.15.840(f) is amended to read:

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

21 * Sec. 40. AS 23.15.850(1) is amended to read:

22 (1) "board" ["COUNCIL"] means the Alaska Workforce
 23 Investment Board [ALASKA HUMAN RESOURCE INVESTMENT COUNCIL];

24 * Sec. 41. AS 23.20.110(a) is amended to read:

25 (a) Except as provided in (h) and (i) of this section, the department shall hold
 26 information obtained from an employing unit or individual in the course of
 27 administering this chapter and determinations as to the benefit rights of an individual
 28 confidential and may not disclose them or open them to public inspection in a manner
 29 that reveals the identity of the individual or employing unit. A claimant or an
 30 employing unit, or the legal representative of the claimant or the employing unit, is
 31 entitled to information from the records of the department to the extent necessary to

1 properly present or protest a claim or determination under this chapter. Subject to
 2 restrictions that the department prescribes by regulation, the information may be made
 3 available to an agency of this state or another state or federal agency charged with the
 4 administration of an unemployment compensation law or the maintenance of a system
 5 of public employment offices, or, for the purposes of the Federal Unemployment Tax
 6 Act, to the Internal Revenue Service of the United States, or, for tax purposes, to the
 7 Department of Revenue. Information obtained in the course of administering this
 8 chapter or in connection with the administration of the employment service may be
 9 made available to persons or agencies for purposes appropriate to the operation of a
 10 public employment service or the administration of employment and training
 11 programs planned or coordinated by the Alaska Workforce Investment Board
 12 [ALASKA HUMAN RESOURCE INVESTMENT COUNCIL] under AS 23.15.550 -
 13 23.15.585.

14 * Sec. 42. AS 24.60.080(h) is amended to read:

15 (h) A legislator, a legislative committee other than the Select Committee on
 16 Legislative Ethics, or a legislative agency may accept [(1)] a gift of (1) volunteer
 17 services for legislative purposes so long as the person making the gift of services is not
 18 receiving compensation from another source for the services, or (2) [A GIFT OF] the
 19 services of a trainee who is participating in an educational program approved by the
 20 committee if the services are used for legislative purposes. The committee shall
 21 approve training under a program of the University of Alaska and training under 29
 22 U.S.C. 2801 - 2945 (Workforce Investment Act of 1998) [29 U.S.C. 1501 - 1792B
 23 (JOB TRAINING PARTNERSHIP ACT)]. A legislative volunteer or educational
 24 trainee shall be considered to be a legislative employee for purposes of compliance
 25 with this section, AS 24.60.030 - 24.60.039, 24.60.060, 24.60.085, 24.60.158 -
 26 24.60.170, 24.60.176, and 24.60.178. If a person believes that a legislative volunteer
 27 or educational trainee has violated the provisions of one of those sections, the person
 28 may file a complaint under AS 24.60.170. The provisions of AS 24.60.170 apply to
 29 the proceeding.

30 * Sec. 43. AS 39.50.200(a)(8) is amended to read:

31 (8) "public official" means

- 1 (A) a judicial officer;
 2 (B) the governor or the lieutenant governor;
 3 (C) a person hired or appointed in a department in the
 4 executive branch as
 5 (i) the head or deputy head of the department;
 6 (ii) the director or deputy director of a division;
 7 (iii) a special assistant to the head of the department;
 8 (iv) a person serving as the legislative liaison for the
 9 department;
 10 (D) an assistant to the governor or the lieutenant governor;
 11 (E) the chair or a member of a state commission or board other
 12 than physician members or alternates of the Alaska Teachers' Retirement
 13 Board appointed under AS 14.25.035(a)(2) or of the Public Employees'
 14 Retirement Board appointed under AS 39.35.030(d);
 15 (F) state investment officers and the state comptroller in the
 16 Department of Revenue;
 17 (G) the executive director of the Alaska Tourism Marketing
 18 Council;
 19 (H) the chief procurement officer appointed under
 20 AS 36.30.010;
 21 (I) the executive director of the Alaska Workforce
 22 Investment Board [ALASKA HUMAN RESOURCE INVESTMENT
 23 COUNCIL]; and
 24 (J) each appointed or elected municipal officer;

25 * Sec. 44. AS 39.50.200(b)(55) is amended to read:

26 (55) Alaska Workforce Investment Board [ALASKA HUMAN
 27 RESOURCE INVESTMENT COUNCIL] (AS 23.15.550);

28 * Sec. 45. AS 44.31.020 is amended to read:

29 **Sec. 44.31.020. Duties of department.** The Department of Labor and
 30 Workforce Development shall

31 (1) enforce the laws, and adopt regulations under them concerning

1 employer-employee relationships, including the safety, hours of work, wages, and
2 conditions of workers, including children;

3 (2) accumulate, analyze, and report labor statistics;

4 (3) operate systems of workers' compensation and unemployment
5 insurance;

6 (4) gather data reflecting the cost of living in the various election
7 districts of the state upon request of the director of personnel under AS 39.27.030; in
8 this paragraph, "election district" has the meaning given in AS 39.27.020(b);

9 (5) operate the federally funded employment and training programs
10 under 29 U.S.C. 2801 - 2945 (Workforce Investment Act of 1998) [29 U.S.C. 1501 -
11 1792B (JOB TRAINING PARTNERSHIP ACT)]; and

12 (6) administer the state's program of adult basic education.

13 * **Sec. 46.** AS 23.15.660(3) is repealed.

14 * **Sec. 47.** The uncodified law of the State of Alaska enacted in sec. 6, ch. 116, SLA 1996,
15 as amended by sec. 9, ch. 85, SLA 1998, is amended to read:

16 Sec. 6. AS 23.15.620, 23.15.625, 23.15.630, 23.15.635, 23.15.640, 23.15.645,
17 23.15.651, and 23.15.660 are repealed June 30, 2004 [2002].

18 * **Sec. 48.** The uncodified law of the State of Alaska is amended by adding a new section to
19 read:

20 **REPORT TO THE LEGISLATURE.** The Department of Labor and Workforce
21 Development shall present a written report to the legislature on the state training and
22 resources program within 10 days of the beginning of the First Regular Session of the
23 Twenty-Third Alaska State Legislature. The report must include

24 (1) an outreach plan for the state training and resources program;

25 (2) a certification verification plan;

26 (3) the department's recommendations on allowable nonadministrative costs
27 for program expenses;

28 (4) a data collection and reporting plan;

29 (5) the status of the governor's discretionary fund for statewide activities
30 established as part of the 1999 Alaska Human Resource Investment Council action plan; and

31 (6) the department's recommendations on including reimbursable employers in

1 the state training and employment program, and excluding current and former employees of
2 reimbursable employers from the program.

3 * **Sec. 49.** The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 TRANSITION: MEMBERS AND TERMS OF THE ALASKA WORKFORCE
6 INVESTMENT BOARD; EXECUTIVE DIRECTOR. (a) On the effective date of this
7 section, the members of the Alaska Workforce Investment Board created in AS 23.15.550, as
8 amended by sec. 3 of this Act, are the same persons who, on the day before the effective date
9 of this section, served as members of the Alaska Human Resource Investment Council under
10 AS 23.15.550 as that section appeared on the day before the effective date of this section.
11 The members described in this section shall serve the remainder of their unexpired terms.

12 (b) The person serving as executive director of the Alaska Human Resource
13 Investment Council on the day before the effective date of this section shall serve, under the
14 same terms and conditions, as executive director of the Alaska Workforce Investment Board
15 created in AS 23.15.550, as amended by sec. 3 of this Act.

16 * **Sec. 50.** The uncodified law of the State of Alaska is amended by adding a new section to
17 read:

18 TRANSITION: EXECUTIVE COMMITTEE OF ALASKA WORKFORCE
19 INVESTMENT BOARD. Notwithstanding AS 23.15.570(c), as amended by sec. 7 of this
20 Act, the executive committee of the Alaska Workforce Investment Board, created in
21 AS 23.15.550, as amended by sec. 3 of this Act, shall include the immediate past chair of the
22 Alaska Human Resource Investment Council, created by AS 23.15.550 as that section
23 appeared on the day before the effective date of this section. The immediate past chair of the
24 Alaska Human Resource Investment Council shall serve on the executive committee until an
25 immediate past chair of the Alaska Workforce Investment Board exists.

26 * **Sec. 51.** The uncodified law of the State of Alaska is amended by adding a new section to
27 read:

28 TRANSITION: REGULATIONS. (a) Notwithstanding sec. 56 of this Act, the state
29 agencies affected by this Act may proceed to adopt regulations necessary to implement the
30 respective changes made by secs. 1 - 46 of this Act. The regulations take effect under
31 AS 44.62 (Administrative Procedure Act), but not before the effective date of the statutory

1 change.

2 (b) To the extent that the regulations are not inconsistent with the purposes of this
3 Act, regulations implementing AS 23.15.550 - 23.15.850 that are in effect on the day before
4 the effective date of this subsection remain as valid regulations implementing this Act. The
5 affected state agencies may continue to administer and enforce the regulations described in
6 this subsection.

7 (c) To the extent consistent with this Act, the regulations attorney is instructed to
8 change terms in the Alaska Administrative Code relating to the Alaska Human Resource
9 Investment Council, as follows:

10 (1) "Alaska Human Resource Investment Council" to "Alaska Workforce
11 Investment Board";

12 (2) "council," in relation to the change described in (1) of this subsection. to
13 "board."

14 * Sec. 52. The uncodified law of the State of Alaska is amended by adding a new section to
15 read:

16 REVISOR OF STATUTES INSTRUCTIONS. The revisor of statutes is instructed to
17 change the heading of art. 4 of AS 23.15 from "Alaska Human Resource Investment Council"
18 to "Alaska Workforce Investment Board."

19 * Sec. 53. The uncodified law of the State of Alaska is amended by adding a new section to
20 read:

21 RETROACTIVITY OF SEC. 47. If sec. 47 of this Act takes effect after June 29,
22 2002, sec. 47 of this Act is retroactive to June 29, 2002.

23 * Sec. 54. Section 47 of this Act takes effect June 29, 2002.

24 * Sec. 55. Section 51(a) of this Act takes effect immediately under AS 01.10.070(c).

25 * Sec. 56. Except as provided in secs. 54 and 55 of this Act, this Act takes effect July 1,
26 2002.



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 2 May 2002 TIME: 5:50 pm

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 3

FROM: MINDY ROWLAND
SENATE FINANCE COMMITTEE SECRETARY
PHONE: 465-4935
FAX: 465-2187

NOTES: Final Please

CS SB 252 (L&C) 22-GS2052 \ J

Plus 2 accompanying amendments

Thx.

Mindy

ask Laura
about f/n's

Hold for CS

ADOPTED
SENATE FINANCE

COMMITTEE #1

Amendment Number: #1

Bill Number: SB 252

Sponsor: Hoffman Date: 5/2/02

Logged In By: Robina

AMENDMENT #1

OFFERED IN THE SENATE

TO: CSSB 252

BY SENATOR

HOFFMAN

- 1 Page 16, line 29
- 2 Delete [15]
- 3 Insert 20

SENATE FINANCE COMMITTEE
1 / 2002 COMMITTEE ACTION

ADOPTED

NO OBJECTION

Bill Number	SB 252		
Amendment	#1		
Motion	Hoffman ADULT		
<u>Motion by</u>	Hoffman AV		
<u>Objection by</u>	Kelly		
<u>Removed</u>	✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Leman			
Senator Olson			
Senator Ward			
Senator Wilken			
Senator Austerman			
Senator Green			
Senator Hoffman			
Co-Chair Donley			
Co-Chair Kelly			
<u>Tally</u>			
Yea			
Nay			
Absent			
MOTION			

WITHDRAWN

SENATE FINANCE
COMMITTEE

Amendment Number: # 2

Bill Number: SB 252

Sponsor: Hoffm Date: 5/2/02

Logged In By: Robin

AMENDMENT #2

OFFERED IN THE SENATE

TO: CSSB 252

BY SENATOR

HOFFMAN

- 1 Page 28, line 18
- 2 Delete [2004]
- 3 Insert 2006.

Amendment to #3
ADOPTED

SENATE FINANCE
COMMITTEE

Amendment Number: #3,

Bill Number: SB 252

Sponsor: Wilken Date: 5/2/02

Logged In By: Robin

AMENDMENT

OFFERED IN SENATE FINANCE
TO: CSSB 252 (L&C)

BY: SENATOR Wilken

Page 17, Lines ~~16-18~~ 17

~~DELETE ALL MATERIAL~~

DELETE: "JOINTLY ADMINISTERED ~~APPRENTICESHIP~~
~~Program.~~"

5/2/02

ADOPTED

SENATE FINANCE
COMMITTEE #3
Amendment Number: #3
Bill Number: SB 252
Sponsor: Wilkey Date: 5/2/02
Logged In By: Robin

AMENDMENT

OFFERED IN SENATE FINANCE
TO: CSSB 252 (L&C)

BY: SENATOR Wilkey

Page 17, Lines ¹⁶⁻16-18¹⁷

~~DELETE ALL MATERIAL~~

~~DELETE: "JOINTLY ADMINISTERED APPRENTICESHIP
PROGRAM"~~

5/2/02

Amend

SENATE FINANCE COMMITTEE
 / / 2002 COMMITTEE ACTION

Bill Number	58 252		
Amendment	#3		
Motion	Wilken		
<u>Motion by</u>	Adopt Amendment		
<u>Objection by</u>	Removed		
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Austerman			
Senator Green			
Senator Hoffman			
Senator Leman			
Senator Olson			
Senator Ward			
Senator Wilken			
Co-Chair Donley			
Co-Chair Kelly			
<u>Tally</u>			
Yea			
Nay			
Absent			
MOTION			

SENATE FINANCE COMMITTEE
1 / 2002 COMMITTEE ACTION

A.
ADOPTED

Bill Number	5		
Amendment	# 3		
Motion	Wilken		
<u>Motion by</u>	Wil		
<u>Objection by</u>			
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Hoffman			✓
Senator Leman	✓		
Senator Olson			✓
Senator Ward	✓		
Senator Wilken	✓		
Senator Austerman			
Senator Green	✓		
Co-Chair Donley			✓
Co-Chair Kelly	✓		
<u>Tally</u>			
Yea	5		
Nay	0		
Absent			
<u>MOTION</u>	PASSED		

SENATE FINANCE COMMITTEE

1 / 2002 COMMITTEE ACTION

Bill Number	SB 252		
Amendment	#3 Admended		
Motion			
<u>Motion by</u>	Wilken		
<u>Objection by</u>	Donley		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	Vote	N
Senator Green	✓		
Senator Hoffman			✓
Senator Leman	✓		
Senator Olson			✓
Senator Ward	✓		
Senator Wilken	✓		
Senator Austerman			
Co-Chair Donley			✓
Co-Chair Kelly	✓		
<u>Tally</u>			
Yea	5		
Nay	3		
Absent			
<u>MOTION</u>	PASSED		

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

May 3, 2002

SUBJECT: Amendments to Alaska Workforce Investment Board grant programs to CS SB252(FIN), (Work Order No. 22-GS2052\L)

TO: Senator Dave Donley, Co-Chair
Senator Pete Kelly, Co-Chair
Senate Finance Committee
Attn: Mindy Rowland

FROM: Barbara R. Craver *BRC*
Legislative Counsel

I'd like to bring your attention to an inconsistency caused by the amendment by Senator Wilken. That amendment removes the language in AS 23.15.651 at page 17, line 17, as follows:

Sec. 23.15.651. Duties of Alaska Workforce Investment Board [ALASKA HUMAN RESOURCE INVESTMENT COUNCIL]; grants; eligible entities. (a) In implementing this program under a grant received under AS 23.15.645, and subject to the limit of its grant, the **board** [COUNCIL] shall award grants, in accordance with the priority list established by the department under AS 23.15.645(b), to employment assistance and training entities. A training entity is eligible for a grant under this section if the entity meets program requirements and can demonstrate that

(1) its accounting systems include controls adequate to check the accuracy and reliability of accounting data, promote operating efficiency, and assure compliance with program requirements and generally accepted accounting principles; and

(2) its activities do not replace or compete in any way with a federally approved [, JOINTLY ADMINISTERED] apprenticeship program or any other existing training programs.

This phrase "federally approved, jointly administered apprenticeship program" appears elsewhere in this chapter at AS 23.15.840(a)(2).¹ The paragraph containing that phrase is

¹ AS 23.15.840(a) [emphasis added]:

(a) The council shall award grants, in accordance with the priority list adopted under (1) of this section, to technical and vocational education entities. A technical and

Senator Dave Donley
Senator Pete Kelly
May 3, 2002
Page 2

found in bill section 35 at page 24, line 1. I cannot say whether this means that the other language should be changed also, but wish you to be aware of it.

AS 23.15.651(a)(2) concerns "grants . . . to employment assistance and training entities." AS 23.15.840(a)(2) concerns "grants . . . technical and vocational education entities."

If I may be of further assistance, please advise.

BRC:med
02-464.med

Enclosure

vocational entity is eligible for a grant under this section if the entity meets program requirements, the grant program is physically located in Alaska, and the entity can demonstrate that

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

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

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

Alaska State Legislature

SENATOR
BEN STEVENS
716 WEST 4TH AVENUE
ANCHORAGE, AK
99501-2133
(907) 269-0200
FAX (907) 269-0204

Session:
STATE CAPITOL
JUNEAU, AK
99801-1182
(907) 465-4993
FAX (907) 465-3872

Senate District J

Memorandum

April 30, 2002

To: Senator Pete Kelly, Co-Chair
Senate Finance Committee

From: Senator Ben Stevens, Chair
Labor and Commerce Committee

Subject: Analysis of Senate L&C CS

- 1.) Authorization for the state training and employment program (STEP) ends June 30, 2002. Legislative Audit recommended a four year extension of the state training and employment program. Page 22 of the 3-6-02 Audit - 07-30005-02

CSSB 252 (L&C) extends the termination date STEP for two years to June 30, 2004.

SB 252 by the administration would reauthorize STEP and make it a permanent program.

- 2.) Legislative Audit Recommendation #4 – actively monitor STEP expenditures to ensure administrative costs do not exceed 15 percent of total STEP expenditures.

CSSB 252 (L&C) – page 9 lines 1-3, 5-6 – percentage allowed for administrative costs may not exceed the lesser of 15 percent of program expenses in the prior fiscal year.

- 3.) Legislative Audit found that the requirement of STEP clients to reimburse the department for work-related tools, clothing, gear, necessary to obtain or retain employment is not actively enforced. Page 16 of the 3-6-02 Audit 07-30005-02.

CSSB 252 (L&C) – page 15 lines 18-20, lines 24-29. Specific repayment and collection procedures put into statute.

- 4.) **The following recommendations were addressed by requiring a report to the legislature:**

Legislative Audit recommendation #1 –Take steps to ensure that Alaska residents and employers are aware of the services available through STEP.

Legislative Audit Recommendation #2 – Alaska Workforce Investment Office program coordinator should improve monitoring of its STEP grants.

Legislative Audit Recommendation #6 – Alaska Workforce Investment Office program coordinator should ensure STEP program data is collected and reported in a manner in compliance with statutes.

Legislative Audit Page 13, 3-6-02 Audit 07-30005-02 - exhibit 5; Item –create a Governor’s Discretionary Fund for statewide activities (15% of total).

Legislative Audit Page 21, 3-6-02 Audit 07-30005-02 – STEP and ATVE programs adversely affect the trust solvency factor.

CSSB 252 (L&C) Page 28 line 21, Report to the Legislature – The Department of Labor and Workforce Development shall present a written report within 10 days of the beginning of the First Regular Session of the 23rd Alaska State Legislature.

- 5.) SB 252 on Page 3 lines 30-31 added the Commissioner of Administration as a non voting member of the board.

CSSB 252 – deletes the Commissioner of Administration as a member.

- 6.) SB 252 on page 5, lines 16-17 deleted [not more than three times in a calendar year] which would have made it so the board could meet more than three times in a calendar year.

CSSB 252 – page 5, line 15 – added the language back into law - shall meet not more than three times in a calendar year.

STATE OF ALASKA

Tony Knowles, Governor

Department of Labor and Workforce Development
OFFICE OF THE COMMISSIONER

P.O. Box 21149
Juneau, AK 99802-1149
Phone: (907) 465-2700
Fax: (907) 465-2784

April 24, 2002

Honorable Ben Stevens
Chair, Senate Labor and Commerce Committee
Alaska State Capitol, Room 119
Juneau, AK 99801-1182

Dear Senator Stevens:

I would like to thank you for the opportunity to appear before the Senate Labor and Commerce Committee on April 18, to provide testimony on Senate Bill 252. I sincerely hope that we were able to shed some light on the proposed legislation and its significance to Alaska's workers, businesses and communities, and for the benefit of future generations of Alaskans.

We appreciate the opportunity to go on record with the following information that addresses the questions raised by the Committee during the hearing.

The State Training Employment Program (STEP) has been reauthorized six times through legislative action but has continued to remain temporary since its 1989 inception. At the core of Senate Bill 252 is language enabling STEP to become a permanent program for future generations. In the meantime, STEP continues to be an important option for many Alaskans, representing a unique subset of the job training population. The program provides additional targeted training that results in high numbers of Alaskans getting jobs.

1. Why is there not a more even distribution between the categories of funding agencies between FY97 and FY00?

The distribution of STEP awards across vendor categories is consistent with the type of workforce readiness training identified by the Alaska Human Resource Investment Council (AHRIC). STEP provides industry-specific and job-link classroom training, often less than one year in duration and offered by a wide variety of training vendors. The more narrowly defined vendor categories simply have fewer represented, and as such, have fewer awards relative to the funding.

The difference between the categories does not change dramatically until FY01 when the Municipality of Anchorage renewed previous awards to Union vendors. The Balance of State (all of Alaska except the Municipality of Anchorage and the Mat-Su

Borough) released an RFP that was aggressively responded to by Union training providers. Over FY 97 to FY 01, 113 grants were awarded. Of those, 52 were awarded to Union or labor related organizations. Successful proposals addressed market conditions, provided training through either a job-linked classroom or industry-specific training, and submitted a budget that met the limited available administrative resources.

Exhibit A and the FY 02 Legislative Audit demonstrate a flat trend in the distribution of training providers with an occasional spike by Union related training vendors. While the spike is conspicuous, it is not indicative of a trend to utilize one training provider over another. (Exhibit B shows by category the STEP Vendors from 1997 through 2001.)

2. How are funds distributed? What is the process the department uses to distribute the funds?

According to AS 23.15.645 (Exhibit C), the Alaska Department of Labor and Workforce Development is required to award a grant to the Alaska Human Resource Investment Council (AHRIC) to administer a state training and employment program and award subgrants to qualified training entities. The Labor Department's Alaska Workforce Investment Office (AWIO) distributes the award between the Municipality of Anchorage and communities within the Mat-Su Borough, and the Balance of State. The formula for Local Area allocation is based upon poverty and unemployment rates, and areas of high unemployment. In the Balance of State, funds awarded by the Department are distributed after determining overall statewide grant needs and Regional Office requests for Individual Direct Service Client needs. (See Exhibit D for the Flowchart of STEP Funds Distribution.)

3. How do we determine the priority areas for funding?

The Alaska Human Resource Investment Council (AHRIC) follows the process as outlined in AS 23.15.645 (Exhibit C). The AHRIC is charged with providing an annual priority list of targeted projects or services based on unemployment statistics, unemployment insurance claims, occupational and industry projections, availability of other training and employment programs, and other relevant data. In developing the priority list, the AHRIC solicits comments from the Departments of Education, Community and Economic Development, Labor and Workforce Development, organized labor, Local Workforce Investment Boards, the University of Alaska, and other stakeholders. (Exhibit E, The AHRIC White Paper, and Exhibit F, Board Resolution, provide additional information on priority setting.)

4. Why is the department lapsing so much money on an annual basis?

In State Fiscal Year 1997, a change was made in the administrative rules governing STEP. Prior to this, any STEP funds not expended at the end of a fiscal year were lapsed back into the Unemployment Insurance Trust Fund. Starting with State Fiscal

Year 1998, any STEP funds not expended at the end of a fiscal year remained in the STEP Fund Balance.

The spreadsheet in Exhibit G calculates the effect of this administrative rule change on the STEP Fund Balance. This spreadsheet shows the amounts that have been added to the STEP Fund Balance and the amounts of the Fund Balance that have been allocated for use by the Department for services.

One of the main factors affecting spending by the Alaska Department of Labor and Workforce Development and the two Local Workforce Investment Areas has been insufficient staff resources for effective program administration. This has been exacerbated by numerous changes and events within the state and federal job training and workforce development areas, which since State Fiscal Year 1997, have included:

- **1996 reauthorization of STEP**
- The Balanced Budget Act of 1997
- Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (welfare reform)
- 1996 implementation of One Stop Job Center grant award
- Coordination of the State Training Employment Program with the One Stop system
- **1998 (H) CS for CS for SB 334 reauthorization of STEP**
- 1999 merger of the former Fairbanks Private Industry Council
- 1999 HB 40 merged duties of Department of C&RA merged w/Department of Labor
- **2000 reauthorization of STEP**
- 2000 dissolution of Department of Community and Regional Affairs
- 2000 transfer of the Job Training Partnership Office, Alaska State Wide Service Delivery Area and the Alaska Human Resource Investment Council to Labor
- 2000 SB 289 Created the Alaska Technical and Vocational Education program
- 1999 through 2001 new Workforce Investment Act (WIA) Management Information System
- 2000 end of Job Training Partnership Program and close-out of all JTPA grants
- 2000 development WIA Five Year Unified Plan
- 2001 implementation of the Workforce Investment Act
- 2001 Anchorage/Mat-Su Local WIA Foreign Worker Certification Program grant
- **2002 reauthorization of STEP**

These events have a significant impact upon the administration of Alaska's job training and workforce development programs. They also required the state and the two local areas to spend large amounts of resources planning and realizing changes. Additionally, events such as the merger of the Fairbanks Private Industry Council into the Balance of State Workforce Investment Board, the establishment of the One Stop system (Alaska Job Center Network), the transfer of programs to the Department of

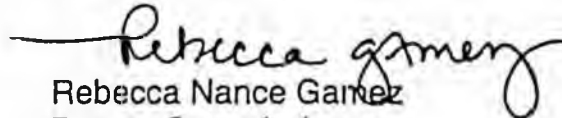
Labor and Workforce Development, and the new Management Information System required new systems and procedure development that directly impacted STEP.

In conclusion, STEP represents an important training opportunity for Alaskans. While federal funds are available for training resources, not all training participants are eligible to receive them because of limitations and restrictions. STEP closes the funding gap for training programs reaching over 25 percent of the nearly 4,000 Alaskans that annually participate in Labor's Employment Security Division training programs.

Expanded efforts are underway to increase public awareness of STEP training opportunities. A STEP marketing plan features Power Point presentations, a twenty-minute video, and public service announcements. A January 2002 Request for Proposals (RFP) for only \$200,000 in available training funds generated 22 proposals totaling approximately \$1.5 million in requests. In the last five years, over \$11 million in requests for STEP grants have been received. During that time, approximately 120 different vendors provided services to STEP-eligible Alaskans.

I hope that this information is helpful to the Committee in its deliberations and I look forward to the opportunity to answer any other questions regarding this important program you or other committee members may have.

Sincerely,



Rebecca Nance Gomez
Deputy Commissioner

cc: Senator Alan Austerman
Senator Bette Davis
Senator Loren Lemam
Senator John Torgerson

Exhibit A

The table below summarizes the information on pages 2 through 9 in the total STEP grant awards to Union and Non-Union training program in the Balance of State, Municipality of Anchorage/Mat-Su Borough, and Fairbanks Service Delivery Area.

Over periods from FY 97 to FY 00, 99 grants were awarded. Of those grants, 27 were awarded to Union or labor related organizations. Successful proposals are ones that addressed market conditions, provided training through either a job-linked classroom or industry-specific training and submitted a budget that met the limited administrative resources available

STEP ALL GRANTS			
Year	Non-Union	Union	Total Award
1997	\$1,469,150	\$ 303,592	\$1,772,742
1998	\$ 824,121	\$ 182,670	\$1,006,791
1999	\$ 429,304	\$ 254,543	\$ 683,847
2000	\$ 600,450	\$ 466,870	\$1,067,320
Total	\$3,323,025	\$1,207,675	\$4,530,700

BOS – GRANTEES 1997

	AWARD	PARTICIPANTS
Alaska Joint Electrical Apprenticeship & Training Trust	\$82,020.00	32
Alaska Laborers Training Trust	\$46,902.00	50
Alaska Roofers JATC	\$14,464.00	6
Alaska Vocational Technical Center (AVTEC)	\$35,300.00	10
Berners Bay Consortium	\$100,708.00	30
Bristol Bay Native Corporation	\$26,864.00	11
Coastal Villages Fishing Cooperative	\$16,775.00	5
Copper Valley Economic Development Corp. (Firefighter)	\$77,478.00	25
Copper Valley Economic Development Corp. (Fire Crew)	\$18,972.00	25
DCRA, Division of Energy (Powerhouse Operators) RSA	\$52,140.00	20
Hospice & Homecare of Juneau	\$23,901.00	16
Int'l Longshoremen & Warehouse Union, Local 200	\$50,375.00	28
Northern Keta Caviar	\$14,000.00	2
Norton Sound Econ. Dev. Corp.	\$40,000.00	20
People Count, Inc.	\$50,620.00	25
University of Alaska Southeast/AK Law Enforcement Trng.	\$76,070.00	10
Wards Cove Packing Co. (Roe Technicians)	\$43,614.00	6
Wards Cove Packing Co. (Salmon Technicians)	\$35,817.00	12
Yukon Delta Fisheries Development Assn.	\$45,530.00	6
Yukon Kuskokwim Health Corp.	\$49,155.00	12
Totals	\$900,705.00	351
Labor Unions	\$193,761.00	
Non Union	\$706,944.00	

BOS - Grantees 1998

	AWARD	PARTICIPANTS
Alaska Forest Creations	\$77,077.00	10
Alaska Joint Electrical Apprenticeship & Training Trust	\$94,160.00	40
Alaska Laborers Training Trust	\$56,537.00	75
Bristol Bay Native Association	\$68,870.00	20
Bristol Bay Native Corporation	\$46,723.00	13
Center for Employment Education (CEE)*	\$68,110.00	10
Copper Valley Econ. Dev. Council (C.N.A.)	\$19,657.00	18
Copper Valley Econ. Dev. Council (Fire Crew Training)	\$40,793.00	25
Copper Valley Econ. Dev. Council (Firefighting)	\$25,454.00	20
DCRA, Division of Energy (Powerhouse Op) RSA	\$48,060.00	20
DCRA, Division of Energy (Rural Utility Clerk Upgrade) RSA	\$2,413.00	4
Int'l Longshoremen & Warehouse Union, Local 200	\$26,033.00	20
Kake Tribal Corp.	\$68,973.00	20
New Frontier Voc-Tech Center	\$49,600.00	10
Northern Keta Caviar	\$15,677.00	2
The RADACT Program	\$21,265.00	7
Southeast Alaska Regional Health Consortium (SEARHC)	\$62,273.00	36
Tanana Chiefs Conference	\$65,327.00	36
Yukon Kuskokwim Homecare Services	\$55,800.00	12
Totals	\$856,265.00	398
Labor Unions	\$120,193.00	
Non Union	\$736,072.00	

*For profit/teamster related school.

BOS - GRANTEES 1999

	AWARD	PARTICIPANTS
Alaska Joint Electrical Apprenticeship & Training Trust	\$72,400.00	31
Alaska Laborers Training Trust	\$67,142.00	75
Alaska Operating Engineers Employers Training Trust	\$79,871.00	85
Chiulista Camp Services	\$30,312.00	6
Copper Valley Economic Development Council	\$7,471.57	5
Cornerstone Home Health Care	\$96,458.00	39
Division of Energy (RSA)	\$53,060.00	20
Kake Tribal, Inc.	\$6,278.30	3
The RADACT Program	\$20,392.00	7
Southeast Regional Resource Center	\$60,943.00	30
Southeast Alaska Regional Health Consortium (SEARHC)	\$49,907.00	36
Central Council Tlingit & Haida Head Start	\$84,186.00	43
Workforce Development Center	\$20,296.00	26
Totals	\$648,716.87	406
Labor Unions	\$219,413.00	
Non Union	\$429,303.87	

BOS - GRANTEES 2000

	AWARD	PARTICIPANTS
Alaska Energy Authority	\$52,957.00	50
Alaska Joint Electrical Apprenticeship & Training Trust	\$55,457.00	35
Alaska Laborers Training Trust	\$97,275.00	85
Alaska Operating Engineers Employers Training Trust	\$90,932.00	85
Alaska Trademark Shellfish, LLC	\$35,315.00	7
Bristol Bay Native Association	\$45,012.40	40
Center for Employment Education (CEE)*	\$98,440.00	13
Norton Sound Health Corporation	\$8,096.90	20
Filedriers & Divers Local 2520 JATP	\$42,120.71	6
The RADACT Program	\$23,341.65	8
Rural Alaska Community Action Program, Inc. (RurAL CAP)	\$78,188.32	42
Southeast Alaska Regional Health Consortium (SEARHC)	\$28,425.02	32
STEP Scholarship Pilot Program (UAS/Cornerstone)	\$19,845.20	15
AVTEC Academies Grant (RSA)	\$38,144.45	15
Totals	\$713,550.65	453
Labor Unions	\$285,784.71	
Non Union	\$427,765.94	

*For profit/teamster related school.

Municipality of Anchorage GRANTEES 1997

	AWARD	PARTICIPANTS
Alaska Laborers	\$47,957.00	
Alaska Roofers	\$44,202.00	
Center for Employment Education (CEE)*	\$89,000.00	
Human Resources Center	\$114,142.00	
MILA,inc	\$194,740.00	
University of Alaska Anchorage	\$137,144.00	
Older Persons Action Group (OPAG)	\$38,045.00	
AVTEC	\$7,700.00	
Career Academy	\$32,636.00	
Matsu College/Wasilla	\$21,135.00	
Alaska Technical Training/Anchorage	\$19,612.00	
Charter College	\$34,398.00	
Elite Temp	\$15,121.00	
ACI Anchorage	\$10,880.00	
Valley Academy	\$6,000.00	
Testing Institute /Anc	\$5,500.00	
MOA - Total	\$818,212.00	
Labor Union	\$92,159.00	
Non Union	\$726,053.00	

NOTE: Due to the current process of relocating their offices to the Muldoon locations, the MOA cannot access the requested information until probably late next week. As soon as the information is available, we will ensure it is made available to supplement this information submitted.

*For profit/teamster related school.

Fairbanks GRANTEES FY 1997

	AWARD	PARTICIPANTS
Fairbanks Area Carpenters & Joint Apprenticeship	\$17,672.00	9
Fairnet	\$21,434.99	58
Literacy Course	\$14,718.00	29
Fairbanks SDA Total	\$53,824.99	96
Labor Union	\$17,672.00	
Non Union	\$36,152.99	

Fairbanks GRANTEES FY 1998

	AWARD	PARTICIPANTS
AK Laborers Training Trust	\$22,300.00	6
Fairbanks Area Painters & Decorators	\$18,480.89	11
Fairbanks Area Carpenters & Joint Apprenticeship	\$21,696.00	7
University of AK FBKS/Tanana Valley College	\$42,179.00	16
Wilson & Wilson	\$24,910.00	20
WizWorks	\$20,960.00	11
Fairbanks SDA Total	\$150,525.89	71
Labor Union	\$62,476.89	
Non Union	\$88,049.00	

Fairbanks GRANTEES FY 1999

	AWARD	PARTICIPANTS
AK Laborers Training Trust	\$17,229.75	
Fairbanks Area Carpenters & Joint Apprenticeship	\$17,900.00	
Fairbanks SDA Total	\$35,129.75	14
Labor Union	\$35,129.75	
Non Union	0	

Fairbanks GRANTEES FY 2000

	AWARD	PARTICIPANTS
Fairbanks Area Car. enters & Joint Apprenticeship	\$17,672.00	
Faimet	\$21,434.99	58
Literacy Council	\$14,718.00	29
Fairbanks SDA Total	\$53,824.99	96
Labor Union	\$17,672.00	
Non Union	\$36,152.99	

Exhibit B - STEP Vendors 1997 - 2001

Top Ten Earning Vendors by region for the fiscal years 1997 through 2001.							
Private Sector	Not for Profit	Union Affiliation	Ak. Native Affiliation	Government	Top Ten Vendors from each Region	Participant	Total Award
	\$144,495.00				RuralCap	84	\$144,495.00
	\$170,529.00		\$159,291.00		Copper Valley Econ	140	\$159,291.00
	\$189,127.00				BBNA	94	\$170,529.00
					AVTEC	76	\$189,127.00
				\$255,570.00	Ak Div of Energy	144	\$255,570.00
\$300,230.00		\$294,177.00			AK Op. Engineers	315	\$294,177.00
		\$357,525.00			CEE(trucks)	59	\$300,230.00
		\$383,244.00			Ak Laborers	519	\$357,525.00
	\$384,546.00				Ak Joint Electrical	212	\$383,244.00
\$72,500.00					UAA	203	\$384,546.00
\$76,599.00					Valley Ac of Nur	24	\$72,500.00
84,966.00					Network Bus. System	20	\$76,599.00
112,737.00					Testing Institute of Ak	17	84,966.00
		\$165,871.00			Career Academy	23	112,737.00
		\$234,824.00			AK Roofers	59	\$165,871.00
					Ak Laborers	271	\$234,824.00
\$242,846.00					CEE	33	\$242,846.00
	321,040.00				UAA	260	321,040.00
	\$490,967.00				HRC Wasilla	662	\$490,967.00
\$889,256.00					MILA, Inc	601	\$889,255.00
		\$6,889.00			Ak Joint Electrical (IBEW)	3	\$6,889.00
\$14,509.00					Weber State University	3	\$14,509.00
\$20,960.00					WizWorks	13	\$20,960.00
\$21,435.00					Falmet	58	\$21,435.00
\$24,910.00					Wilson & Wilson, ojt	20	\$24,910.00
	\$30,075.00				Literacy Council	52	\$30,075.00
		\$43,753.00			Fbka Painters	22	\$43,753.00
		\$57,268.00			Fbka Carpenters	34	\$57,268.00
		\$76,929.00			Ak Laborers Training Trust	58	\$76,929.00
	\$282,261.00				U of A Fairbanks	145	\$282,261.00
\$1,860,947.00	\$2,013,040.00	\$1,820,080.00	\$159,291.00	\$255,570.00		4224	\$5,908,928.00
31.49%	34.07%	27.42%	2.70%	4.33%			100.00%

Exhibit B - STEP Vendors 1997 - 2001

STEP Funding Combined Top Ten Vendors 1997 - 2001

Private Sector	Not for Profit	Union Affiliation	Ak. Native Affiliation	Government	STEP FUNDING COMBINED TOP TEN VENDORS 1997-2001	Participant	Rank
				\$255,570.00	Ak Div of Energy	144	10
\$282,261.00					U of A Fairbanks	145	9
		\$294,177.00			AK Op. Engineers	315	8
\$300,230.00					CEE(trucks)	59	7
		\$389,933.00			Ak Joint Electrical	215	6
	\$490,967.00				HRC Wasilla	662	5
\$543,076.00					CEE	92	4
		\$669,278.00			Ak Laborers	848	3
	\$705,586.00				UAA	463	2
	\$889,255.00				MILA, Inc	601	1
\$1,125,567.00	\$2,085,808.00	\$1,353,388.00	\$0.00	\$255,570.00		3544	\$4,820,333.00
23.35%	43.27%	28.08%	0.00%	5.30%			100.00%

Exhibit B - STEP Vendors 1997 - 2001

STEP Funding Combined Top Ten Vendors - ALL YEARS								
Private Sector	Not for Profit	Union Affiliation	Ak. Native Affiliation	Government	STEP FUNDING COMBINED TOP TWENTY FIVE VENDORS ALL YEARS		Rank	
	\$130,327.00				New Frontier VocTech	74	\$130,327.00	25
	\$134,018.00				YK Health Corp.	59	\$134,018.00	24
			\$162,945.00		Tilting Halda Headstart	83	\$162,945.00	23
\$167,499.00					Golden Age Fisheries	37	\$167,499.00	22
		\$171,852.00			International Painters	80	\$171,852.00	21
	\$181,885.00				RADACT	62	\$181,885.00	20
\$184,917.00					Ocean Beauty	32	\$184,917.00	19
		\$190,231.00			Fbks Carpenters Trng	84	\$190,231.00	18
		\$195,407.00			AK Roofers	71	\$195,407.00	17
	\$211,872.00				People Count	95	\$211,872.00	16
		\$212,722.00			Piledrivers	35	\$212,722.00	15
	\$226,756.00				RuralCap	128	\$226,756.00	14
		\$227,360.00			IBU	148	\$227,360.00	13
258,605.00					AVTEC	154	258,605.00	12
	\$272,228.00				Copper Valley Econ	190	\$272,228.00	11
			\$313,096.00		BBNA	163	\$313,096.00	10
				\$431,630.00	AK Division of Energy	179	\$431,630.00	9
		\$489,117.00			AK Op. Engineers	638	\$489,117.00	8
	\$490,967.00				HRC Wasilla	662	\$490,967.00	7
	\$504,120.00				Older Persons Action Group	152	\$504,120.00	6
\$640,278.00					CEE(trucks)	104	\$640,278.00	5
		\$651,399.00			AK Joint Electrical Trng	435	\$551,399.00	4
\$889,255.00					MILA, Inc	601	\$889,255.00	3
		\$995,070.00			AK Laborers	1426	\$995,070.00	2
	\$1,358,042.00				UAA	780	\$1,358,042.00	1
\$2,140,654.00	\$2,609,215.00	\$3,133,758.00	\$475,041.00	\$431,630.00	448	\$9,990,598.00	rank	
22.09%	36.21%	32.33%	4.91%	4.45%		100.00%		

Exhibit C

AS 23.15.645. Duties and Powers of the Department.

(a) The department shall award a grant to the council to

- (1) administer a state training and employment program; and
- (2) award grants to qualified entities.

(b) When a grant is awarded to the council, the department shall annually provide to the council a priority list of targeted projects or services, based on unemployment statistics, unemployment insurance claims, occupational and industrial projections, availability of other training and employment programs, and other relevant data. The department shall also provide annually to the council a priority list of criteria for eligibility to maximize services to those people most in need of training: under AS 23.15.620 - 23.15.660. In developing the priority list for targeted projects and services, the department shall solicit comments from the Department of Education and Early Development, the Department of Community and Economic Development, the University of Alaska, organized labor, the council, and the administrative entities of the substate service delivery areas established for the council. The department shall give preference to projects and services that train individuals in industries identified in the resident hire report required under AS 36.10.130 as employing a disproportionate percentage of nonresident individuals.

(c) The department may adopt regulations necessary to implement this chapter.

(d) The council shall establish grant administration requirements including accounting procedures that apply to qualified entities and their grantees.

(e) In making a grant under this section, the council shall require that the qualified entity and grantees of the qualified entity limit the amount of the grant proceeds spent on administration so that the total spent on administration from the proceeds of the employment assistance and training program account, including amounts spent by the council itself, does not exceed 20 percent. The amount collected and remitted in accordance with the shared cost requirements of the federal Office of Management and Budget Circular A-87 entitled "Cost Principles for State and Local Governments" is not considered an amount spent on administration under this subsection.

Exhibit D- Distribution of STEP Funds

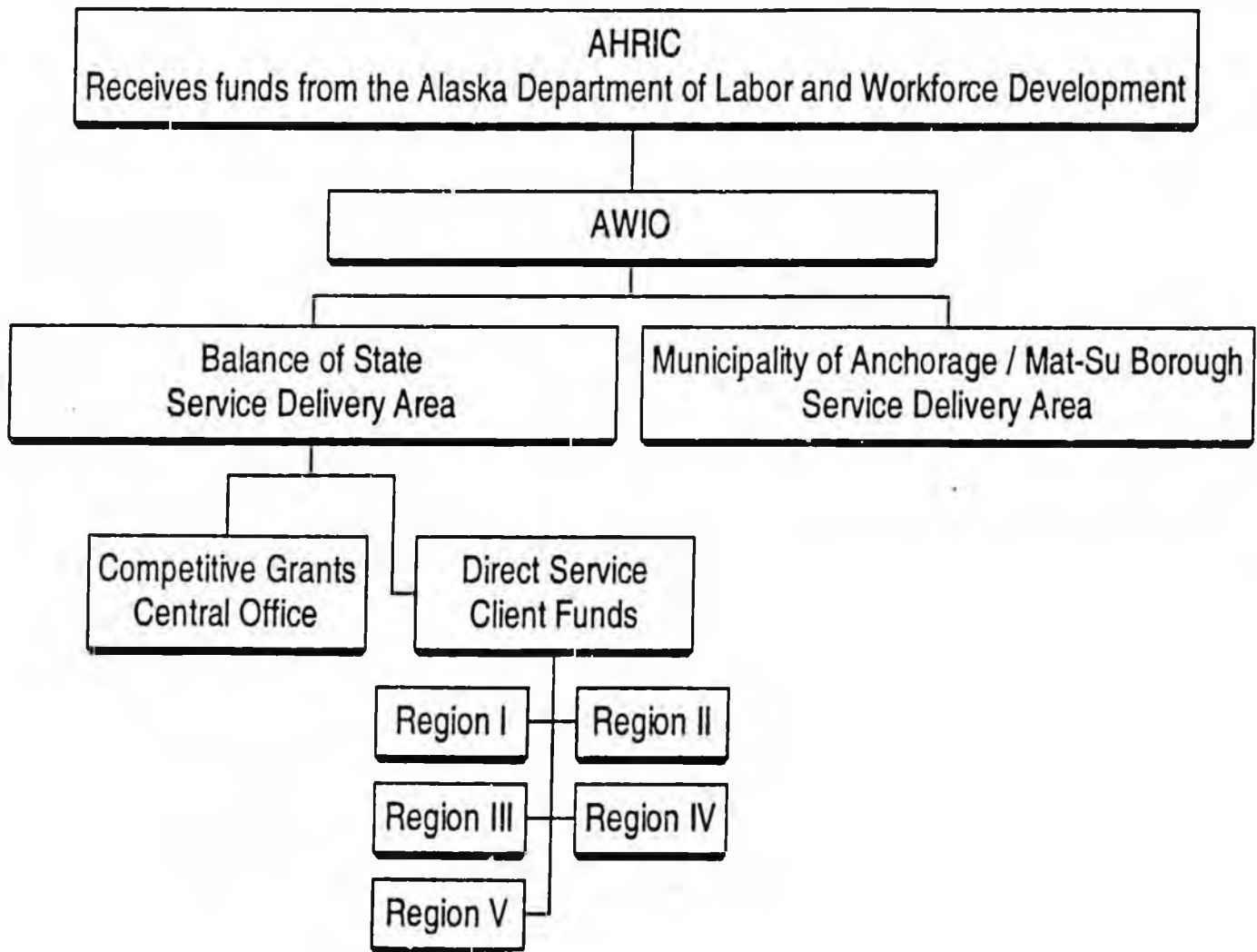


Exhibit E

**Alaska's Skilled Worker Shortage:
Crisis or Opportunity?**

A White Paper
for the
Alaska Human Resource Investment Council
(AHRIC)

October 1, 2001

Alice Galvin, Ed.D., Chair
Alaska Human Resource Investment Council
Alaska Department of Labor & Workforce Development
1016 W. 6th Avenue, Suite 105
Anchorage, Alaska 99501
(907) 269-7485
(907) 269-7489 (fax)
www.labor.state.ak.us/commish/ahric/home.htm

Exhibit F

RESOLUTION NUMBER 02-06 A RESOLUTION REGARDING ADOPTION OF THE PRIORITY LIST REQUIRED FOR THE VOCATIONAL AND TECHNICAL EDUCATION PROGRAM

WHEREAS, the Alaska Human Resource Investment Council is responsible for the administration of the Vocational and Technical Education program established under AS 23.15.840 and;

WHEREAS, the Council shall adopt a priority list each year based on economic, employment, and other relevant data in order to maximize employment opportunities for participants and;

WHEREAS, per regulations adopted by the Council under 8 AAC 86.110 (b), the council will issue its list of priority considerations for the next fiscal year no later than the last day of the regular legislative session.

WHEREAS, the Alaska Department of Labor and Workforce Development, Research and Analysis Section's economic and occupational forecasts are unchanged since the Council's adoption of the priorities on May 14, 2001;

WHEREAS, the Council survey of stakeholders suggests that the existing priorities continue and that no new information or studies have been conducted that would suggest revising the priorities adopted May 14, 2001;

NOW THEREFORE BE IT RESOLVED that:

The Alaska Human Resource Investment Council adopts the priorities for the fiscal year beginning July 1, 2002 as those identified on May 14, 2001.

CERTIFICATION

We, the undersigned, hereby certify that the Alaska Human Resource Investment Council is comprised of 22 members, of whom 16, constituting a quorum, were present at a meeting duly and regularly called, noticed, convened and held this 20th day of February 2002, and that the foregoing Resolution was duly adopted at said meeting by the affirmative vote of 16 members, and opposed by 0 members, and that said Resolution has not been rescinded or amended in any way.

Signed this 20th day of February 2002.

/ S /

Alice Galvin, Chair
Alaska Human Resource Investment Council

Exhibit G
STEP Fund Balance

	AUTHORITY	REVENUE	DIFFERENCE	EXPENDITURES	FUNDS LAPSED	YEAR END FUND BALANCE
SFY 98	\$4,046,100	\$3,871,100	(\$175,000)	\$3,664,100	\$207,000	\$207,000
SFY 99	\$4,046,100	\$3,990,100	(\$56,000)	\$3,365,200	\$624,900	\$831,900
SFY 00	\$4,046,100	\$4,180,900	\$134,800	\$3,372,900	\$673,200	\$1,639,900
SFY 01	\$4,553,800	\$4,262,800	(\$291,000)	\$3,457,100	\$1,096,700	\$2,445,600
SFY 02	\$5,150,100	\$4,462,800	(\$687,300)	N/A	N/A	N/A

Note: In SFY 01 the Department used the entire amount of funds authorized for STEP of \$4,553,800. This was \$291,000 more than the amount of the Revenue collected for the STEP. The \$291,000 was taken from the fund balance. Similarly, the amount authorized in SFY 02 was \$687,300 more than the revenues collected and this amount was also taken from the STEP fund balance.

In SFY 00, the amount of STEP revenue collected was \$134,000 more than the amount authorized by the Legislature. The Department was not authorized to expend these funds and the amount would have remained in the Fund Balance. In SFY 99, the Department based its allocation of funds on the amount of revenues collected and did not use any of the fund balance.

+

Introduction

The future looks bright for Alaska, but do we have the people to fill the jobs? The oil and gas industry wants to fill positions to support a new gasline. Will those employees come from out of state? They'll have to if we don't have a trained workforce in Alaska to fill the good jobs. The same goes for teachers, pilots, nurses, truck drivers. Our only hope is training. But no one entity can do it alone. Industry must partner with education. Unions must work with vocational schools. Partnerships, incentives and education are the key.--Lt. Governor Fran Ulmer

Over the last two years the Alaska Human Resource Investment Council (AHRIC) has become increasingly concerned about the lack of a skilled workforce in Alaska. Members of the AHRIC believe the state is on the verge of a workforce crisis, describing the situation as "urgent," "serious," and "critical." But members of the AHRIC also believe the labor shortage presents tremendous opportunities for Alaskans who are unemployed or who lack education and training. As the "...private/public leadership board that sets the policy framework for developing Alaska's workforce," members of the AHRIC call attention to Alaska's workforce issues. Planning efforts today will have a direct impact on Alaska's ability to attract new businesses, maintain an educated workforce, and build and sustain projects such as the much-desired natural gas pipeline.

Workforce Concerns

A natural gas pipeline from the North Slope to the Lower 48 has become more of a reality with the rising price of petroleum products. A national missile defense project based in Alaska is being discussed in Congress. Commercial construction activity is healthy in Anchorage, with two multi-story office buildings under construction and a 23-story multi-use facility in the planning phase. Visions of an economic expansion are tempered, however, by the fact that Alaska may not be able to supply enough trained workers. A recent Associate Press article states:

The oil patch is bustling around the country, so Alaska is competing with the Lower 48 states and elsewhere for engineers, pipelitters, drilling workers and more to find and develop new oil reservoirs.... Allen Baker, *The Associated Press*, April 17, 2001

In addition to the lack of skilled workers, many of Alaska's trained workforce are on the verge of retirement. Add to that predicament the fact that there has been a decline in the number of younger Alaskans:

The number of Alaskans age 20 to 34 has declined significantly in total numbers (by about 36,000) since the 1990 census....Just as a disproportionately large number of Alaskans approach retirement age there will be relatively few Alaskans that will have completed postsecondary education or training needed to fill the openings created by retiring workers.
--Alaska Economic Trends, September 2000

The oil and gas industry has one of the highest percentages of workers over the age of 50; in 1999 the average age of a pipeline worker was 47. In addition, the average age of electricians, operating engineers, institutional cooks, mechanics, heavy equipment mechanics, engineers, civil engineers, and workers in heavy construction is 40 or over.

The need for trained workers extends well beyond the construction trades. Like the rest of the nation, Alaska is desperate for health care and information technology workers. There is a shortage of teachers in rural areas of the state, especially Alaska Native teachers. With regard to employer demand, the health care industry has the highest need for workers; of the 15 fastest-growing occupations, ten are associated with health services, three with information technology and two with the transportation/visitor industries.

In order to attract and keep businesses in Alaska it is necessary to have good schools, a business-friendly environment and basic infrastructure. We can't have good schools without good teachers. A business-friendly environment is impossible without educated, trained workers. Basic infrastructure cannot be built without skilled labor. Alaska's workforce is the common denominator that makes economic development possible.

Defining Workforce Priorities

We've been here before; we know what happened when Prudhoe Bay came online. We didn't have enough Alaskans to fill the jobs and we imported a lot of labor from Outside. Let's not revisit the past. We have an excellent opportunity to train Alaskans. Let's make sure Alaskans are the first to benefit from the next big project. --Ed Flanagan, Commissioner, Alaska Dept. of Labor and Workforce Development

The AHRIC has already laid the groundwork to prioritize Alaska's workforce development needs. In response to legislation passed during the 2000 legislative session, an annual priority list for Alaska Technical and Vocational Education Program grants was developed. The construction, health care, information technology and transportation industries have been targeted, based on economic, employment and other relevant data developed to maximize employment opportunities for participants. Federal and state training dollars will now be awarded in alignment with the priority list.

Opportunities & Workforce Gaps

The Alaska Department of Labor's Research and Analysis (R&A) Section has extensively researched employment needs in the state and has identified lists of "hot" and "best-bet" occupations. "Hot" occupations are jobs with a higher than average projected growth rate and a higher than average estimated wage, and "best-bet" occupations are those with good employment opportunities and good wages. The R&A Section's statistics show that 27 of the 41 "best bet" occupations require education or training of an associate's degree or higher. There are a number of "hot" occupations, however, that do not require university degrees. Research and Analysis notes:

The labor trades and crafts occupations of electricians, plumbers, electrical powerline installers/repairers, excavating and loading machine operators, and operating engineers all combine growing employment numbers with estimated earnings in the highest earnings group. The often rigorous training required for these occupations is generally available 'on-the-job.'

In addition, state labor economist Neal Fried has seen a shift in the state's population. "It's a tighter labor market and there's more turnover. There are more people leaving the state than entering," Fried said. As a result, there are more opportunities in Alaska for young people and unemployed workers than in the recent past. "The markets have been very healthy and the opportunities have been extraordinary for Alaskans who try to take advantage of it. Kids have many more opportunities than in the past if they know what's out there," Fried said.

A Call to Action

Are there enough workers in Alaska to build a large construction project? Will Alaska seniors suffer because there are too few health care workers to care for them? Will Alaska children receive a substandard education because certified teachers cannot be recruited? Will opportunities to expand Alaska businesses vanish because there are no information technology workers?

At this point, the answers to such questions are unclear. Many pieces are in place for Alaska's successful transition to a trained, skilled workforce, but more remains to be done. Governor Knowles and Lt. Governor Ulmer have made workforce development a high priority as evidenced by the creation of the Alaska Workforce Board (AHRIC), the Governor's Jobs Cabinet and the increased funding for the FY 2002 education budget. U.S. Senator Ted Stevens expressed concern over Alaska's lack of focus on vocational education, and the AHRIC responded with a state plan for vocational training, "*Alaska's Future Workforce Strategic Policies and Investment Blueprint.*" Proposals for regional training centers in geographic hubs have been evaluated and may be funded through efforts by Senator Stevens. State industries and business groups have set up formal consortia with educational institutions to develop curricula and focus on workforce needs. The Department of Labor and Workforce Development has initiated an effort to actively promote its job training and employment services, and has developed a partnership with the Denali Commission, an organization that also provides job training opportunities.

In spite of current efforts toward solving the workforce crisis, state policymakers continue to be concerned. What must be done to produce a viable workforce to ensure future economic development in Alaska?

- Financial Support. The State of Alaska must increase aid to academic and vocational educational programs. Economic development will not happen without a workforce that has access to good educational opportunities.
- Help Students Succeed. State student loans are readily available, but the cost of a college education has increased exponentially over the years. A student graduating from college or vocational school is immediately faced with loan payments on the level of a car or house payment. The state can do more to encourage students to pursue a higher education by providing financial incentives for job training and postsecondary education in priority occupation areas; incentives should be geared toward encouraging students to remain in Alaska upon completion of their training or degree. The state can also encourage student success by providing adequate funding for:
 - early childhood education;
 - career education awareness and linkages, K-14; and

- distance delivery of education to rural areas.
- Vocational education is key to training the number of workers who will be needed for all types of construction projects. Associated General Contractor's Dick Cattanach expresses the concern well:

This year there were 6,900 high school graduates [in Alaska]. Of those, 70 percent don't go to college....When I went to high school, kids took shop, woodworking; we don't have that anymore. We don't seem to emphasize the vocational track anymore. We emphasize the college track and we ignore 70 percent of the kids who graduate. We're not doing nearly enough. Voc ed is an afterthought--we're not focusing on the future of our kids.--*Dick Cattanach, AGC*

If we want trained workers for the future, Alaska's legislators and other key policymakers must commit to funding vocational education programs at a level that reflects the huge number of students who will not go on to advanced education. We must focus on "the other 70 percent."

- Workforce Development Clearinghouse. Creation of a web-based clearinghouse is necessary to provide access to essential functions of the workforce development system. Information is currently available through federal, state and local sources, but a central hub is necessary to manage information in a coordinated manner. The clearinghouse would include information regarding:
 - employment, training and labor market information;
 - professional development, technical assistance and capacity-building services;
 - budget review that promotes alignment and leveraging of resources.
- Reauthorization of the State Training & Employment Program (STEP) as a permanent program. STEP is an innovative job-training program created in 1988 and funded by one tenth of one percent of employee contributions to the Unemployment Insurance (UI) Trust Fund (no state general funds are used). STEP's purpose is to reduce current and future claims against UI benefits by training residents who are unemployed, underemployed or are about to lose their job. Although STEP has been reauthorized each time it has come up for sunset review, making STEP a permanent program in 2002 would signal a commitment by state leaders to train workers who might otherwise join the unemployment rolls.
- Strengthen and Secure AHRIC 's Oversight Role. The Alaska Workforce Board has made significant strides in its first six years, but the AHRIC 's oversight role must be strengthened to bring all Alaska education and training providers and workforce programs under one umbrella. The AHRIC is the oversight body that can make sure Alaskans are being trained for the right jobs and are meeting the needs of Alaska employers.

A Shared Vision

Alaska will have enough workers to build a pipeline, Alaska's seniors will be cared for, our children will receive an excellent education and business opportunities will abound if business, industry, government, the university and state policymakers join forces to make workforce development a top priority. We must plan now for tomorrow's workforce. If we fail to act, the opportunities we see on the horizon today will become tomorrow's workforce crisis.

Subject: SB 252

Date: Thu, 25 Apr 2002 11:24:30 -0800

From: "Ronald E Hull" <ron_hull@labor.state.ak.us>

To: "Mary A Jackson" <Mary_Jackson@legis.state.ak.us>,
 "Deborah J Grundmann" <Deborah_Grundmann@legis.state.ak.us>,
 "Heather K Brakes" <Heather_Brakes@legis.state.ak.us>


CC: "Rebecca N Gamez" <rebecca_gamez@labor.state.ak.us>


Mary:

Attached is the statutory reference to reporting on the performance and evaluation of the training programs. (Sec.23.15.580(b)(6)&(9).

I have also attached our thoughts on the 20% justification.

Ron

 23_20_570.doc	<p>Name: 23_20_570.doc Type: WINWORD File (application/msword) Encoding: base64 Download Status: Not downloaded with message</p>
---	---

 20% justification.doc	<p>Name: 20% justification.doc Type: WINWORD File (application/msword) Encoding: base64 Download Status: Not downloaded with message</p>
---	---

(f) The employment and placement committee shall

(1) ensure the statewide strategic plan for workforce development addresses

(A) customer needs at the local level;

(B) moving welfare recipients into the workforce;

(C) promoting the hiring of state residents in jobs that have traditionally been filled by out-of-state workers;

(D) tailoring employment and training programs to suit state business, industry, and economic development needs;

(2) monitor the coordination of service delivery to promote efficiency and to prevent overlap of services among programs; and

(3) perform other duties assigned by the council.

(g) The workforce readiness committee shall

(1) provide oversight for training, education, and employment programs to ensure the programs are delivering education and training that is relevant to local market needs and the career goals of state residents;

(2) build partnerships between employers and quality workforce training programs;

(3) work to connect the state public and private education systems with business, government, and labor to ensure that state residents are receiving workforce readiness skills throughout the education process; and

(4) perform other duties assigned by the council.

Sec. 23.15.575. Council as state planning entity.

The Alaska Human Resource Investment Council shall act as the lead state planning and coordinating entity for state human resource programs administered under

(1) 29 U.S.C. 1501 - 1792b (Job Training Partnership Act);

(2) 20 U.S.C. 2301 - 2471 (Carl D. Perkins Vocational and Applied Technology Education Act);

(3) 20 U.S.C. 1201 - 1213d (Adult Education Act);

(4) 29 U.S.C. 49 - 49I-1 (Wagner - Peyser Act);

(5) 42 U.S.C. 681 - 687 (Job Opportunities and Basic Skills Training Program) for needy families with children under the Social Security Act;

(6) the employment program established under 7 U.S.C. 2015(d)(4) (Food Stamp Act of 1977);

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services
Department of Education & Early Development
State of Alaska

Subject: SB 252

Date: Thu, 25 Apr 2002 11:24:30 -0800

From: "Ronald E Hull" <ron_hull@labor.state.ak.us>

To: "Mary A Jackson" <Mary_Jackson@legis.state.ak.us>,
 "Deborah J Grundmann" <Deborah_Grundmann@legis.state.ak.us>,
 "Heather K Brakes" <Heather_Brakes@legis.state.ak.us>


CC: "Rebecca N Gamez" <rebecca_gamez@labor.state.ak.us>


Mary:

Attached is the statutory reference to reporting on the performance and evaluation of the training programs. (Sec.23.15.58J(b)(6)&(9).

I have also attached our thoughts on the 20% justification.

Ron

 <u>23_20_570.doc</u>	<p>Name: 23_20_570.doc Type: WINWORD File (application/msword) Encoding: base64 Download Status: Not downloaded with message</p>
--	---

 <u>20% justification.doc</u>	<p>Name: 20% justification.doc Type: WINWORD File (application/msword) Encoding: base64 Download Status: Not downloaded with message</p>
--	---

Sec. 23.15.570. Meetings, quorum, and committees.

(a) The Alaska Human Resource Investment Council shall meet not more than three times in a calendar year at the call of the chair to conduct its business. A majority of the members listed in or appointed to the council under AS 23.15.550 (a) constitutes a quorum.

(b) The council shall establish an executive committee and four permanent standing committees as described in (c) - (g) of this section. The chair of a permanent standing committee must be from the private sector. The council may establish additional standing committees and special committees or subcommittees, not necessarily consisting of council members, to advise and assist the council in carrying out its functions assigned by federal or state statute. The permanent standing committees are

- (1) the assessment and evaluation committee;
- (2) the policy and planning committee;
- (3) the employment and placement committee; and
- (4) the workforce readiness committee.

(c) The executive committee consists of the chair and vice-chair of the council, the immediate past chair of the council, and the chairs of the four standing committees described in (d) - (g) of this section. The executive committee has the duties and may exercise the powers of the council between meetings of the council. The executive committee shall

- (1) report to the council in a timely fashion on actions taken on behalf of the council; and
- (2) supervise the affairs of the council between regular meetings of the council.

(d) The assessment and evaluation committee shall

(1) assess and evaluate programs, initiatives, and the delivery of services to help to ensure equitable distribution of quality education, training, and employment services statewide, especially to rural areas and to programs serving economically disadvantaged citizens;

(2) call for and monitor the workforce development system for increased accountability in performance and continuous quality improvement along the goals and strategies of the council's overall statewide strategic plan for workforce development;

(3) use evaluation and performance measures to gauge customer satisfaction within the workforce development system; and

(4) perform other duties assigned by the council.

(e) The policy and planning committee shall

(1) build policies regarding day-to-day operations and long-term responsibilities of the council;

(2) work to increase awareness of the council and its mission throughout the state;

(3) work with all other committees on a statewide strategic plan for workforce development; and

(4) perform other duties assigned by the council.

(f) The employment and placement committee shall

(1) ensure the statewide strategic plan for workforce development addresses

(A) customer needs at the local level;

(B) moving welfare recipients into the workforce;

(C) promoting the hiring of state residents in jobs that have traditionally been filled by out-of-state workers;

(D) tailoring employment and training programs to suit state business, industry, and economic development needs;

(2) monitor the coordination of service delivery to promote efficiency and to prevent overlap of services among programs; and

(3) perform other duties assigned by the council.

(g) The workforce readiness committee shall

(1) provide oversight for training, education, and employment programs to ensure the programs are delivering education and training that is relevant to local market needs and the career goals of state residents;

(2) build partnerships between employers and quality workforce training programs;

(3) work to connect the state public and private education systems with business, government, and labor to ensure that state residents are receiving workforce readiness skills throughout the education process; and

(4) perform other duties assigned by the council.

Sec. 23.15.575. Council as state planning entity.

The Alaska Human Resource Investment Council shall act as the lead state planning and coordinating entity for state human resource programs administered under

(1) 29 U.S.C. 1501 - 1792b (Job Training Partnership Act);

(2) 20 U.S.C. 2301 - 2471 (Carl D. Perkins Vocational and Applied Technology Education Act);

(3) 20 U.S.C. 1201 - 1213d (Adult Education Act);

(4) 29 U.S.C. 49 - 49I-1 (Wagner - Peyser Act);

(5) 42 U.S.C. 681 - 687 (Job Opportunities and Basic Skills Training Program) for needy families with children under the Social Security Act;

(6) the employment program established under 7 U.S.C. 2015(d)(4) (Food Stamp Act of 1977);

(7) all federal programs designated as successors to the programs listed in (1) - (6) of this section; and

(8) all state laws involving employment training, vocational education, workforce development, and community service.

Sec. 23.15.580. Functions of the council.

(a) As the lead state planning and coordinating entity, the Alaska Human Resource Investment Council has responsibility, to the extent authorized by federal and state law, for planning and coordinating federal, state, and local efforts in human resource programs in this state related to employment training, including the work activities of the Alaska temporary assistance program under AS 47.27.

(b) The council shall

(1) facilitate the development of statewide policy for a coordinated and effective employment training and education system in this state;

(2) identify the human resource investment needs in the state and develop a plan to meet those needs;

(3) review the provision of services and the use of money and resources by the human resource programs listed in AS 23.15.575 ;

(4) assume the duties and functions of the state councils described under the laws relating to the federal human resource programs listed in AS 23.15.575 ;

(5) advise the governor, state and local agencies, and the University of Alaska on the development of state and local standards and measures relating to applicable human resource programs;

(6) submit, to the governor and the legislature, a biennial strategic plan to accomplish the goals developed to meet human resource investment needs;

(7) monitor for the implementation and evaluate the effectiveness of the strategic plan developed by the council;

(8) adopt regulations that set standards for the percentage of a grant that may be used for administrative costs; the regulations must clearly identify and distinguish between expenses that may be included in administrative costs and those that may not be included in administrative costs; the percentage allowed for administrative costs may not exceed the lesser of 15 percent or the amount permitted under the requirements of a federal program, if applicable;

(9) report annually to the legislature, by the 30th day of the regular legislative session, on the performance and evaluation of training programs in the state subject to review under (f) of this section;

(10) identify ways for agencies operating programs subject to oversight by the council to share resources, instructors, and curricula through collaboration with other public and private entities to increase training opportunities and reduce costs; and

(11) adopt regulations under AS 44.62 (Administrative Procedure Act) to carry out the purposes of AS 23.15.550 - 23.15.585.

(c) The council may receive money designated for human resource programs and may disburse money, including grants, to human resource projects in accordance with AS 37.07 (Executive Budget Act). The council may enter into partnership agreements through appropriate administrative agencies with private industry training entities within the state in order to facilitate the coordination of training opportunities.

(d) The council shall provide oversight for the planning and coordination of employment-related education training programs operated by the state or operated under contract with the state that are described in (f) of this section. The council shall require a training program listed in (f) of this section to meet the requirements of this subsection. The council shall, by regulation, establish appropriate penalties for programs that fail to meet the requirements of this subsection. The council may recommend to the legislature changes to enhance the effectiveness of the training programs it oversees under this section. A training program described in (f) of this section funded with money appropriated by the legislature must

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

(2) be operated by an institution that holds a valid authorization to operate issued under AS 14.48 by the Alaska Commission on Postsecondary Education if the program is a postsecondary educational program operated by a postsecondary educational institution subject to regulation under AS 14.48;

(3) provide to the Department of Labor and Workforce Development the information required by the department for the preparation of the statistical information necessary for the council to evaluate programs by the standards set out in (e) of this section.

(e) The council shall develop standards that encourage agencies to contract for training programs that maximize the program's class size. The council shall adopt standards for the evaluation of training programs listed in (f) of this section with regard to the following:

(1) the percent of former participants who have job one year after leaving the training program;

(2) the median wage of former participants seven to 12 months after leaving the program;

(3) the percent of former participants who were employed after leaving the training program who received training under the program that was related to their jobs or somewhat related to their jobs seven to 12 months after leaving the training program;

(4) the percent of former participants of a training program who indicate that they were satisfied with or somewhat satisfied with the overall quality of the training program;

(5) the percent of employers who indicate that they were satisfied with the quality of the work of new employees who had recently completed the training program.

(f) The following training programs are subject to the provisions of (d) and (e) of this section:

(1) in the Department of Labor and Workforce Development or operated by the department:

(A) One Stop Career Center;

(B) Job Training Partnership Act programs under 29 U.S.C. 1501 - 1792b, assisting communities in moving toward a self-sustainable economy and providing training;

(C) state training and employment program (AS 23.15.620), providing training and employment services for people who are unemployed or likely to become unemployed, fostering new jobs, and increasing training opportunities for workers severely affected by fluctuations in the state economy or adversely affected by technology advances in the workplace;

(D) employment-related adult basic education;

(E) School-to-Work;

(F) employment training services operated as part of the Alaska Temporary Assistance Program (ATAP);

(G) unemployment insurance grants provided under the federal training relocation assistance program;

(H) Alaska works programs, assisting with the welfare-to-work program;

(I) state training and employment program, coordinated with the Department of Community and Economic Development;

(2) in the Department of Education and Early Development or operated by the department, the non-public-school portions of the following programs:

(A) high school completion project;

(B) Kotzebue Technical Center;

(C) Alaska Vocational Technical Center;

(D) vocational education and Tech Prep;

(E) Alaska Career Information System.


Subject: SB 252**Date:** Thu, 25 Apr 2002 11:24:30 -0800**From:** "Ronald E Hull" <ron_hull@labor.state.ak.us>**To:** "Mary A Jackson" <Mary_Jackson@legis.state.ak.us>,
"Deborah J Grundmann" <Deborah_Grundmann@legis.state.ak.us>,
"Heather K Brakes" <Heather_Brakes@legis.state.ak.us>**CC:** "Rebecca N Gamez" <rebecca_gamez@labor.state.ak.us>


Mary:

Attached is the statutory reference to reporting on the performance and evaluation of the training programs. (Sec.23.15.580(b)(6)&(9)).

I have also attached our thoughts on the 20% justification.

Ron

 <u>23_20_570.doc</u>	Name: 23_20_570.doc Type: WINWORD File (application/msword) Encoding: base64 Download Status: Not downloaded with message
--	--

 <u>20% justification.doc</u>	Name: 20% justification.doc Type: WINWORD File (application/msword) Encoding: base64 Download Status: Not downloaded with message
--	--

April 24, 2002

Thank you for the opportunity to comment on STEP administrative cost levels. To ensure compliance with the recommendations of the recent legislative audit and in recognition of other factors influencing administrative costs, we recommend that administrative limits be set at 20% of the previous years program expenditures.

Current costs and demands

Currently, costs are calculated on 15% of the annual appropriation and our actual average expenditures have been 14% of the appropriation. Expenditures are primarily fixed expenses with little flexibility, which explains how there could be full expenditure of STEP administrative funds but not full expenditure of program funds.

The DLA additionally made several recommendations that would increase administrative costs and responsibilities, such as increasing efforts in marketing the STEP program. Exclusively marketing STEP is an administrative cost that must be borne by the STEP program and no method exists currently for appropriating funds on behalf of the STEP program for a targeted marketing program. DLA also requested an increase in the level of reporting. Given the nature of the reports proposed it is difficult to argue that the reports are necessary to operate the program therefore costs of the additional reporting would be administrative. Lastly, DLA recommended increased auditing of the STEP program and subgrantees. At the current 14% appropriation, we have only been able to target minor audits based upon complaints and observations of others. The additional costs of comprehensive monitoring could run as high as 5% of appropriation.

Program of last resort

All other funding resources must be accessed before STEP funds are expended on behalf of participants, as STEP is the funding source of last resort. The ebb and flow of alternative funding sources could result in fluctuations in use of STEP program funds while the majority of STEP's administrative costs are fixed and not easily reduced to reflect a reduction in program usage. For example, the injection of H1B funds impacted STEP usage but it's important to note that most alternative fund sources are temporary and focused on meeting specific needs.

Accessibility

For profit, public and not-for-profit organizations have frequently expressed the need for a higher level of administrative funding in order to more fully participate in the program. Many organizations are unable waive a portion or all of their administrative costs in order to participate in a STEP grant. Several not-for-profit organizations can testify that their administrative costs are much higher than 15 or 20% and the state's failure to address this gives the impression that the state is deliberately choosing not to work with their agency.

There are few excesses in the STEP program. By setting the administrative level at 20% we increase the likelihood that the program will be able to respond to the recommendations of the DLA, the needs of STEP participants and employers. We make it more likely that the program will be able to meet its administrative costs in years when STEP usage fluctuates, while providing more access to organizations needing more than the currently available administrative support.