

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990
5907 HOUSE LABOR & COMMERCE 8672 31

HB 168

EXPLANATION OF CSHB 168 (SA)

Statutory Context

- Title 42 is Public Utilities
- Chapter 05 is APUC
- Article 5 is Rates and Schedules

Section 1 of CSHB 168 (SA) amends A.S. 42.05.381(e)(supp) "Rates Must Be Just and Reasonable".

The existing language tells APUC to adopt regulations for electric cooperatives that set a "range of rates" tariff filing system in order to simplify rate setting procedures.

CSHB 168 (SA) adds telephone utilities to electric co-ops as being eligible for the simplified regulations.

Section 2 of CSHB 168 (SA) amends A.S. 42.05.421(a) . The amendment separates tariff filings into two categories. The first category is for filings that do not increase a utility's revenue requirements. The second category is for filings that do increase a utility's revenue requirements.

The first category of filings, not increasing revenue, may be suspended for not longer than six months unless APUC finds good cause to extend the suspension.

The second category of filings, that do increase revenue, may be suspended for not longer than six months (as opposed to the existing language of "an initial period not longer than six months) for an interim rate increase, and one year for a permanent rate increase if the utility has gross annual revenue more than \$3 million, unless APUC finds good cause to extend the suspension. Utilities with less than \$3 million could have suspensions of 150 days for interim rate increases and one year for a permanent rate increase unless APUC finds good cause to extend.

Please note that the aforementioned deadlines are in the present statute. Section 2 of CSHB 168 (SA) only deletes the words (AN INTIAL PERIOD NOT LONGER THAN) and replaces them with, a period not longer than.



OTZ TELEPHONE COOPERATIVE, INC.

P.O. BOX 324
KOTZEBUE, ALASKA 99752
(907) 442-3114

March 31, 1989

Representative Dave Donley
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Donley:

I appreciate the opportunity afforded me and other local exchange companies to address the House State Affairs Committee regarding HB168, "An Act Relating to Simplified Regulation of Local Exchange Telephone Utilities."

I understand that this bill will now come before the Labor and Commerce Committee of which you are also a member. I look forward to an opportunity to add further testimony or provide clarification of any questions which this committee may have. For your information, I am enclosing a copy of my previous testimony before the House State Affairs Committee.

Please contact me if I can assist you in any way with your further study of this legislation. I firmly believe that simplified regulation is a goal long overdue, and one which will become increasingly critical as the local telephone companies face the extensive changes and challenges ahead.

Sincerely,

Loren J. Karro
General Manager

cc: OTZ Board of Directors
Gordon Parker, Executive Director, ATA

enclosures\

LJK:lc

Testimony before House State Affairs Committee

March 23, 1989 (via teleconference in Kotzebue)

My name is Loren Karro, and I am the General Manager of OTZ Telephone Cooperative. OTZ, a member owned, full service telephone company, serves 1,535 telephone lines and twelve separate exchanges within the Northwest Arctic Borough.

The local exchange companies in Alaska are asking the legislature to recognize that changes in the nature of telephony have increased the need for them to be able to react to changing revenues within a reasonable amount of time and without costly regulatory burdens.

As has been stated by other involved parties, the precedent for decreased regulatory requirements has already been set. In the last five years, 25 states have passed legislation to decrease the regulation of or to deregulate telephone services. In not one state, in not one instance, has experience with decreased regulation led to a tightening of regulatory controls. On the contrary, most states have reacted by extending the deregulation to a greater number of companies and to cover a greater number of circumstances. Legislation passed in 1986 provided for relaxed filing standards for electric cooperatives in Alaska.

Comments filed by the Alaska Public Utilities Commission warn of possible outrageous rate increases which might happen under this

legislation. However there is no experience, in Alaska or in those other states that have allowed for relaxed regulation, that any company has or even could so abuse their powers. In fact, a study by a leading national journal of communications and regulation states that "Less regulation ...does not mean [the telcos] will undertake unreasonable rate increases or let service quality deteriorate. Rather, lower regulatory costs mean lower rates."

The Commission further comments that LEC regulation may not be amenable to simplified regulatory processes because of the intricacies of the separations procedures which divide costs and revenues between local, interstate and state toll services. I assert that it is because of the intricacies of and critical changes to these processes that the local companies so desparately need simplified rate and regulatory procedures. There are numerous docketts at both the federal and state level, any one of which could critically impact the revenues of the local exchange companies. Costs are continually being shifted from the toll to the local service sector, and local service companies need to be able to react to these changes. These changes are totally beyond the control of the local telco; they may present increased expenses or decreased revenues which are not due to lack of efficiency, improper operating procedures or poor investment decisions on the part of the telco.

Present tariff change filings result in serious financial burdens to the companies. One small local exchange company spent over \$100,000 on their last rate case. This amounted to over \$80 per

subscriber for that one filing! In imposing financial burdens such as this, it may well be asked whose interest the Commission is trying to protect. These costs are then added to the revenue requirements of the phone company, and thus further increase the rates needed from the subscribers.

The second part of HB 168 simply establishes a time limit in which the Commission must act. This area has been a bone of contention with the utilities for years. If a phone company finds itself with a revenue shortfall and must file for a tariff change, they at present may well spend an inordinate amount of money and well over a year before the Commission approves the change. By this time the financial burden on the company has increased, the financial shortfall has been exacerbated by another year of insufficient rates, and further changes to the revenue stream beyond the control of the company may have already occurred. It does not seem to me that asking for a years limit for examination of and action on a simplified tariff filing is unreasonable. The APUC has proposed adding the phrase "ability to extend this period for good cause". Such a phrase is a legalize clause which is written so as to allow a "liberal interpretation", and could result in rendering this portion of the bill unenforceable.

The Commission says that such a time limitation would require increased staffing of the Commission. In fact, the simplified rate filing process means simplification for both the telco and the regulatory commission. Instead of going through full public hearings, voluminous filings and extensive involvement, the

Commission staff would be able to review the abbreviated filing, check that the utility is acting in accordance with the regulations, and that the percentage change is not beyond the threshold allowed. It would appear that such a process would greatly reduce the regulatory burden for all parties involved. The Indiana legislature has suggested a smaller staff for their public utility commission because of the reduced work due to the introduction of simplified tariff filings.

Alaskan local exchange companies such as OTZ are close to their subscribers, and are under the significant pressure of community accountability in all their actions. We have historically acted responsibly to keep local rates affordable and to pursue the goal of universal service. However, cost shifts from the national to the Alaskan ratepayers which will be culminated in 1992, and continuing shifts from the toll to the local sector on both the federal and state level, mean additional revenue requirements beyond the control of the local operating companies. The local exchange industry is unique among utilities in this respect. We need to be able to react to these changes in a timely manner, and without extensive filings which would cause additional financial burdens to the subscribers. The telecommunications industry today is anything but static; and the industry in those states which have already enacted regulatory simplification has shown that it can and does act both responsibly and responsively to the needs of its subscribers. The Commission's fears are ungrounded and reactionary.

I would be happy to provide additional information to the committee, and will send a copy of my comments to anyone who wishes them. I appreciate the opportunity to testify before you.



OTZ TELEPHONE COOPERATIVE, INC.

P.O. BOX 324
KOTZEBUE, ALASKA 99752
(907) 442-3114

March 31, 1989

Shirley Genteurann
Kobuk River Lodge & General Store
Ambler, AK 99786

Dear Shirley:

Thank you for your letter about the need for a payphone in Ambler.

We agree that a payphone is needed. Our old switching equipment did not allow for payphones, but we no longer have that limitation.

Our policy is to install a payphone in a location that is open to the public as many hours as possible, and is agreed to by the city council. Your store would seem to be a convenient location, however we need a letter from either the mayor or the city council requesting it be put there. Perhaps you can speak to them and have them send a letter of request.

We do have a supply problem in obtaining payphones, as long back orders are common. However, if the city agrees we will work with you to get a payphone installed as soon as possible.

Sincerely,

Loren J. Karro
General Manager

LJK:lc

6-077
Ford
3/5/90

Original sponsor(s): State Affairs Committee

1 IN THE HOUSE

BY THE LABOR & COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 168 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to simplified regulation of local
7 exchange telephone utilities; and relating to sus-
8 pending the operation of tariff filings."

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

10 * Section 1. AS 42.05.381(e) is amended to read:

11 (e) The commission shall adopt regulations for electric coopera-
12 tives and for local exchange telephone utilities setting a range for
13 adjustment of rates by a simplified rate filing procedure. A cooper-
14 ative or telephone utility may apply for permission to adjust its
15 rates over a period of time under the simplified rate filing procedure
16 regulations. The commission shall grant the application if the coop-
17 erative or telephone utility satisfies the requirements of the regu-
18 lations. The commission may review implementation of the simplified
19 rate filing procedure at reasonable intervals and may revoke permis-
20 sion to use the procedure or require modification of the rates to
21 correct an error.

22 * Sec. 2. AS 42.05.421(a) is amended to read:

23 (a) When a tariff filing is made containing a new or revised
24 rate, classification, rule, regulation, practice, or condition of
25 service the commission may, either upon written complaint or upon its
26 own motion, after reasonable notice, conduct a hearing to determine
27 the reasonableness and propriety of the filing. Pending the hearing
28 the commission may, by order stating the reasons for its action,
29 suspend the operation of the tariff filing. For a tariff filing that

1 does not change the utility's revenue requirement or rate design, the
2 suspension may last for a period not longer than six months beyond the
3 effective date established in the tariff filing unless the commission
4 extends the period for good cause. For a tariff filing that changes
5 the utility's revenue requirement or rate design, the suspension may
6 last, unless the commission extends the period for good cause, for a
7 period not longer than

8 (1) 12 [AN INITIAL PERIOD NOT LONGER THAN SIX] months
9 before an interim rate equal to the requested rate goes into effect
10 and not longer than 18 months before a permanent rate goes [BEYOND THE
11 TIME WHEN IT WOULD OTHERWISE GO] into effect if the annual gross
12 revenues of the utility making the filing are more than \$3,000,000;
13 and

14 (2) [NOT LONGER THAN] 150 days before an interim rate equal
15 to the requested new rate goes into effect and not longer than one
16 year before a permanent rate goes into effect if the annual gross
17 revenues of the utility making the filing are \$3,000,000 or less.
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6-0777J
Ford
3/5/90

Original sponsor(s): State Affairs Committee

1 IN THE HOUSE

BY THE LABOR & COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 168 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

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6 last, unless the commission extends the period for good cause, for a
7 period not longer than

8 (1) ~~6~~ [AN INITIAL PERIOD NOT LONGER THAN SIX] months
9 before an interim rate equal to the requested rate goes into effect
10 and not longer than ~~12~~ months before a permanent rate goes [BEYOND THE
11 TIME WHEN IT WOULD OTHERWISE GO] into effect if the annual gross
12 revenues of the utility making the filing are more than \$3,000,000;
13 and

14 (2) [NOT LONGER THAN] 150 days before an interim rate equal
15 to the requested new rate goes into effect and not longer than one
16 year before a permanent rate goes into effect if the annual gross
17 revenues of the utility making the filing are \$3,000,000 or less.
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Representative Dave Donley, Chair House Labor & Commerce Committee

SUBJECT OF MEETING:
 HB 96 HB 108
 HB 284 HB 13 AB 166
 SCR 21
 SB 82 SSR 41

DATE: 4-18-89

PLACE: C#17

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT WHICH BILL?
✓ ED CRANG	CFAB	5260 LUPIN PL. ANC	99507	562-7556	276-2007	(Y) N	SB 82
✓ Bob Bartholomew	DOT&PF	P.O. Box Z Juneau		463-3237	465-3911	(Y) N	HB 284
✓ Tom Lawson	DCED	PO Box D Juneau	99811		465-2012	Y (N)	SCR 21 Available for Q
✓ Paul Rolpen	D.O.F.	Pouch D - "	99811		465-7515	(Y) N	SCR 41
✓ MARTHA FISCHBACH	SELF	Box 34496, JUN	99803	364-2675	465-8828	(Y) N	HB 96 - Vet
✓ ROFAUN HORSCHER	Assoc Fencel A.S.A	10360 Nigh Rd	99515	522-1155	522-5289	(Y) N	HB 284
✓ Karl OHS	Sen. Zharoff	P.O. Box V, Juneau	99811		465-3473	(Y) N	SB 82
✓ Resa Terrel	A.G.C. of Alaska	134 No. Franklin	99801	584-1740		(Y) N	HB 284
✓ Randall Burns	Dept. of Commerce	P.O. Box D-216 Juneau, AK 99811			465-2535	(Y) N	HB 96
✓ Dean Paddock	Self	Box 20312 Juneau 99802		788-4231	463-4970	(Y) N	SB 82
✓ Scott Burgess	AML	217 2nd St Suite 200 Juneau 99801			6-1325	(Y) N	HB 284

HB

169

HOUSE COMMITTEE REPORT

(7)

Date Referred: February 13, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: _____

The LABOR & COMMERCE Committee considered:

HB 169

HOUSE BILL NO. 169 [BUSINESS INCENTIVE TRAINING PROGRAM]
"An Act establishing the business incentive training program."

RECOMMENDS:

- [] replacing with _____ [] the same title
[] a new title
[] the attached amendment(s)
[] do pass
[] do not pass
[] no recommendation
[] individual recommendations
[] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- [] fiscal impact
[] zero fiscal note
[] zero with analysis

APPROVES PREVIOUS:

- [] fiscal note(s) published:
[] zero fiscal notes(s) published:

SIGNING DO PASS:

Handwritten signatures: Gene Conley, Mark Dayer, Steven A. Herman, etc.

SIGNING OTHER THAN DO PASS: (Do Not Pass, No Recommendation, Amend)

Blank lines for signatures under 'SIGNING OTHER THAN DO PASS'.

Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: HB 169 Establishing a Business
Incentive Training Program
 Sponsor: Ellis
 Requestor: _____

Agency Affected: Community & Regional Affairs
 BRU: Job Training Partnership Act
 Components: Governor's Training, Training
and Energy Field Office

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)


GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

The attached analysis is a Departmental budget developed assuming passage of an appropriation under HB 170.



Prepared by: Mark Mickelson, Deputy Director Phone: 465-4890
 Division: Rural Development Division Date: 2-28-89

Approved by Commissioner: David B. Hoffman Date: 2/28/89
 Agency: Community and Regional Affairs

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

State of Alaska 1989 - 16th Legislature
First Session
Fiscal Note Analysis

Title: A Business Incentive
Training Program

Page 2 of 3

Assumptions Funds will be passed through the Department of Community and Regional Affairs with oversight provided by the Alaska State Job Training Coordinating Council. The intent of this bill would also provide for a proportionate pass through of grant funds to the established Service Delivery Areas (the administrative/granting entities established under the Job Training Partnership Act.) One of the three established SDA's within the State, the Statewide SDA, is also organized and functional within the Rural Development Division, Department of Community and Regional Affairs. This analysis therefore reflects both of these functions within this Department.

Presently there are no State general funds available in the JTPA BRU. Federal JTPA funds are dedicated to the administration of JTPA programs and cannot be used for the administration of State funded job training programs. Certain prudent and minimal administrative effort must be made to assure that the funds are expended appropriately by the service agencies.

Program Summary At the State office (JTPO) level, the requested administrative funds will be used to provide contract and grant administration necessary to assure the funds are expended appropriately. Oversight and monitoring, both on-site and at desk will be provided. Participants will be tracked and accounted for through modification to the JTPA Participant Management Information System. Technical assistance will be provided to service providing agencies. General program administration including generation of required fiscal and participant reports will be provided.

At the Service Delivery Area level 85% of funds will be directly granted to eligible training projects. The minimal administrative support requested is necessary to initiate program implementation which would include the planning and design work, outreach and promotion, the solicitation process, grant negotiation and writing, grant monitoring, technical assistance and oversight, participant outreach and recruitment, financial accountability, staff training, and program assessment and evaluation. Program services and administration will be integrated into the existing SDA administrative structure, which utilizes five field offices, a small central support office and support for a Private Industry Council.

Positions No new positions are requested at this time. Funds are requested however to provide for proportional level of support of existing staff who would be assigned administrative duties under this program. This would include staff in both the Governors Training Component (the JTPO) and the Training Energy Field Office Component (SDA).

Other Expenditures Modification of the existing JTPA Participant Management Information System will be needed to track and account for program participants. Estimated one-time cost is \$4,500. Travel for the Statewide SDA will require an estimated \$5,000 in consideration of the cost of rural travel. Other contractual costs will include fiscal support costs at approximately \$2,000; program marketing and promotion at \$1,000; data base maintenance at \$1,500 per year with the equipment maintenance agreement, phone, copier, and printing representing the balance of other planned expenditures.

Proposed Budget The following is a breakout of the Department's proposed budget for FY 90 and FY 91:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		7.6	10.5			
TRAVEL		5.0	6.0			
CONTRACTUAL		9.5	5.6			
SUPPLIES		-0-	-0-			
EQUIPMENT		-0-	-0-			
LAND AND STRUCTURES		-0-	-0-			
GRANTS, CLAIMS		277.9	277.9			
MISCELLANEOUS		-0-	-0-			
TOTAL OPERATING	-0-	300.0	300.0	-0-	-0-	-0-

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: HB 169 Establishing a Business Incentive Training Program
 Sponsor: Ellis
 Requestor: _____

Agency Affected: Community & Regional Affairs
 BRU: Job Training Partnership Act
 Components: Governors Training, Training and Energy Field Office

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EQUIPMENT		-0-	-0-			
LAND & STRUCTURES		-0-	-0-			
GRANTS, CLAIMS		277.9	277.9			
MISCELLANEOUS		-0-	-0-			
TOTAL OPERATING	-0-	300.0	300.0	-0-	-0-	-0-
CAPITAL						
REVENUE				-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

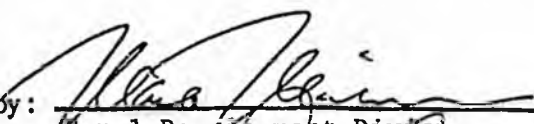
GENERAL FUND	-0-	300.0	300.0	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	300.0	300.0	-0-	-0-	-0-

POSITIONS:

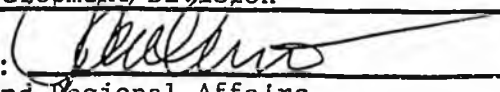
FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

(See Attachment)

Prepared by: 
 Division: Rural Development Division

Phone: 465-4890
 Date: 2/27/89

Approved by Commissioner: 
 Agency: Community and Regional Affairs

Date: 27 Feb 89

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

State of Alaska 1989 - 16th Legislature
First Session
Fiscal Note Analysis

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Program Summary At the State office (JTPO) level, the requested administrative funds will be used to provide contract and grant administration necessary to assure the funds are expended appropriately. Oversight and monitoring, both on-sight and at desk will be provided. Participants will be tracked and accounted for through modification to the JTPA Participant Management Information System. Technical assistance will be provided to service providing agencies. General program administration including generation of required fiscal and participant reports will be provided.

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Positions No new positions are requested at this time. Funds are requested however to provide for proportional level of support of existing staff who would be assigned administrative duties under this program. This would include staff in both the Governors Training Component (the JTPO) and the Training Energy Field Office Component. (SDA)

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ALASKA STATEWIDE PRIVATE INDUSTRY COUNCIL

JTPA, P.O. BOX BC, JUNEAU, AK 99811

PHONE: (907) 465-4890

February 28, 1989

State of Alaska
House of Representatives
Labor and Commerce Committee

RE: House Bill 169, 170

Honorable Representatives:

Thank you for the opportunity to offer some comments for your review concerning HB 169, an Act establishing the business incentive training program and HB 170, which appropriates \$300,000 to fund the program.

The Alaska Statewide Private Industry Council (ASPIC), which administers federal Job Training Partnership Act (JTPA) funds in rural Alaska, reviewed this legislation during a meeting earlier this month. We found it to be consistent with the job training and employment goals mandated by JTPA as well as those adopted by the PIC.

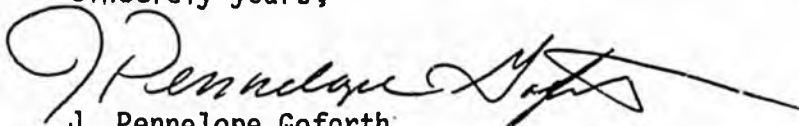
ASPIC has successfully contracted with the Department of Community and Regional Affairs for the delivery of JTPA programs and we find no difficulty in adjusting our administration to accept state funds. In fact, we welcome the additional dollars which will augment our current programs and allow for implementing new programs consistent with the intent of the legislation.

Alaska is one of only six states nationwide that does not offer any matching funds or supplement any JTPA training and employment programs. This measure is the first attempt to directly fund a job training and employment effort in the state. Additionally, it is probably one of the best methods to insure "Alaska Hire".

I urge you to carefully consider this measure as a worthwhile investment in the future of Alaska's labor market.

Thank you for your time and consideration.

Sincerely yours,



J. Penelope Goforth
Chair

3111 C STREET, SUITE 455
ANCHORAGE, ALASKA 99503
(907) 561-7628

WHILE IN SESSION
P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3704

ALASKA STATE HOUSE

OFFICE OF MAJORITY WHIP



CHAIR
HEALTH, EDUCATION & SOCIAL SERVICES

JUDICIARY

SPECIAL COMMITTEE ON
FOREIGN & DOMESTIC TRADE

REPRESENTATIVE JOHNNY ELLIS

BACK UP FOR HB 169 AND HB170

BUSINESS INCENTIVE JOB TRAINING PROGRAM

presented to the House Labor and Commerce Committee

February 28, 1989

CONTENTS:

1) excerpt from the National Association of State Development Agencies, Directory of Incentives for Business Investment and Development in the United States, describing the relationship between developing labor resources and developing business

2) concept suggestion from the Anchorage Economic Development Corporation

3) examples of training programs in other states (Massachusetts, California, Connecticut, and Delaware)

4) copies of sections of the Job Training Partnership Act relating to establishment of regional Private Industry Councils and a Statewide Coordinating Council*

5) news and magazine articles

* Note: rather than establish a new bureaucracy to administer the business incentive training program, this legislation authorizes the three regional Private Industry Councils, already up and running in Alaska, to make grants from the fund.

DCCs in different states. Because the track records of many applicants are relatively short, the managerial ability of the business persons involved is significant in securing assistance. The DCCs are likely to require that the firm has been turned down by one or more lenders before applying, and some will consider only the loan requests referred by member institutions who are willing to purchase part of the loan. Interest rates are generally above the prime rate, which is the cost of loan funds provided to the DCC by its members.

Employment and Training

Trained labor increasingly is viewed as an essential element in development, growth, and redevelopment efforts. Private industry realizes that training can make a difference in reducing manpower costs, increasing productivity, and even making certain operations possible when they rely on particular manpower skills. The ability of states and communities to provide this element, along with land, capital, or other subsidies, can be critical in their efforts to stimulate business, create jobs, and bolster their economies. The importance of trained labor to private industry is reflected in the large number of privately sponsored training programs provided and paid for by the private sector.

★ Many states have already discovered the strong relation between developing labor resources and developing business. In their traditional role of industrial attraction, states found that a suitable labor force was essential, and that training programs were a big help in upgrading the work force. In fact, the mere existence of such a training program acts as a powerful incentive to private business. In this atmosphere, most states have developed training programs "tailored" or "customized" to particular industries or even to specific company needs. The emphasis has always been on practicality—training workers for real jobs, in real companies, which were likely to be available to them. The programs have been designed to reflect local economic realities and private corporate needs, with the latter a major factor. The private sector always plays a central role in the design and implementation of these training programs. More than forty states have formal customized training programs.

★ Recently some states have refined their training efforts to reflect evolving needs. Among other innovations, special efforts have been made to utilize a trained labor force as an incentive to attract foreign investors; training programs have been expanded to include training for jobs in the service sector; new retraining programs have been started to allow for industrial modernization within states; and entrepreneurial training has been offered as a means of stimulating new business development.

★ The major revolution in state training programs is the increasing tendency of states to more closely link worker training with business development. The linkage between economic development and employment training needs is readily illustrated in a variety of ways. Modernizing the skills of factory workers is just as critical to industrial modernization as innovations in production techniques and capital equipment. Furthermore, the so-called high-technology revolution can move only as fast as the evolution of a work force to carry it out. Just as crucial is the need for a new breed of workers who are equipped to staff America's burgeoning service-sector economy. Rural development efforts aimed at better jobs for the underemployed succeed only if training builds bridges to help people across the skills gap.

Thus, a small but growing number of states have instituted new procedures,

new positions, or new organizations to coordinate training and economic development. Of increasing popularity is the creation of a position of coordinator or ombudsman who participates in planning and operating both sets of programs and "brings to the table" the state's training resources at economic development project negotiations. This is only one method of making the linkage—but it is finding great popularity as a practical, day to day, means of coordination.

ISSUE-SPECIFIC PROGRAMS

There are some categories of programs that play an increasingly important role in state economic development efforts. These are targeted efforts that actually include both financial and nonfinancial assistance, some of which are touched on elsewhere due to overlap. Nevertheless, these special issues are worth noting because they are state priorities and reflect current thinking in state programming.

Export Promotion

Export promotion is basically a means of encouraging business expansion and retention through market expansion and/or substitution. State governments assist smaller- and medium-sized manufacturers that want to enter or enlarge international markets but that lack either the expertise or the capital to export. State trade-development programs usually concentrate on international marketing assistance services, although a few states also offer export financing to companies. Each state has designed an international trade program that meets the needs of its local business constituency, based for the most part on available resources and support from the public or private sector for export development. The range and scope of trade development services thus vary from state to state.

All 50 states have an export development program with staffing ranging from one to forty professionals. In some states a separate international trade division has been created within the development agency. A few states have created a cabinet level position within the governor's cabinet for international trade. In fiscal 1984, states collectively spent over \$10 billion to promote international trade and foreign investment in the United States. In fact, by 1984 the average single state expenditure had risen to almost \$550,000, almost double what it was in 1980. This rise in state international program funds, attributable largely to the growth in export development efforts, occurred at a time when state budgets were severely reduced overall.

Trade promotion is a logical component of a state business retention/expansion program. In fact, several states point out that their largest program for existing industry is the trade-leads service. Trade-leads programs generally provide listings of international trade opportunities by mail to thousands of in-state companies.

As with most economic development programs, the objective for an international trade development program operated by a state development agency is, by and large, to create or maintain jobs. A secondary objective is to increase export sales and tax revenue. Program direction and industry targeting tend to result from the job creation/maintenance goal. For example, state policymakers may decide to expand markets of a high-growth industry in an effort to accelerate job creation or target a mature industry in an effort to maintain jobs.

(2)



ANCHORAGE
ECONOMIC
DEVELOPMENT
CORPORATION

ON-THE-JOB TRAINING SUPPLEMENTS

Purpose: This program would help defray some of the up-front costs of recruiting and training Alaskans to fill new basic industry jobs and, in doing so, make Alaska a more competitive location and expand local employment opportunities.

Need: The high cost of recruiting, training, and retaining labor is perhaps Alaska's most limiting economic handicap. It makes many potential opportunities uneconomic and, at times, leads to the excessive utilization of nonresident labor. More than half of all U.S. cities offer training and retraining programs as part of their economic development package.

Structure: The federal Job Training and Partnership Act reimburses employers up to \$2,400 of a qualifying employee's first year's wages. This proposed state program would supplement the federal program by extending it to all Alaskans, not just those that meet low income criteria. The federally funded low income candidates would be given first priority. The state supplements would be available only after the list of JTPA qualified candidates is exhausted.

Cost: We are suggesting that this program be funded with an initial appropriation of \$5 million. Then, we are suggesting that it be evaluated and, if it is shown to be effective, replenished in future years.

550 West 7th Avenue
Suite 850
Anchorage, AK 99501
Telephone (907) 258-3700

Provide growth capital to young organizations that have outgrown initial capital infusions but are unable to gain access to more mature equity sources

The needs of the applicant company must fit the established goals of MCRC; that is, loans and investments must be influential in helping applicants grow, thereby expanding job opportunities within the state. MCRC must also be able to confirm by at least 3 independent inquiries that an investment on similar terms would not be available from other sources.

Volume MCRC is capitalized at \$100 million. In the first 8 years of operation through December 1985, MCRC invested \$140 million in 110 companies. These investments range in size from \$100,000 to \$5 million.

Application Applications are made directly to MCRC and should contain enough information to describe the history and nature of the operation, the products and manufacturing process, the marketing strategy, and enough financial information to adequately describe the company's past operations, present status, and future financial needs and expectations. Specifically, the company must provide the following:

Financial statements for the past 5 years

Financial projections for the next 5 years

Amount and purpose of financing required

Description of product lines

Markets for products

Names of competitors and how the company plans to meet competition

Suppliers

Data on past and future employment at the company

History of the company

Background information on principals

Details of existing debt and capital

Final approval of applications must be made by the MCRC investment committee.

Contact Massachusetts Capital Resource Company
545 Boylston Street
Boston, Massachusetts 02116
(617) 536-3900

Customized Industrial Training

Bay State Skills Corporation

The Bay State Skills Corporation (BSSC) is a quasi-public entity governed by its own board of directors and funded by the state legislature to provide training programs for high-demand occupations or emerging technologies in the state. Companies in need of retraining their work force or recruiting and training potential employees for newly created positions should contact BSSC, specifying the

type of training desired. The training may be either pre-employment or on the job, including training to upgrade employees' skills. BSSC will then identify an appropriate school, college, or training organization. The training program must be conducted in collaboration with a local school, college, university, or training center. When necessary, the educational institution does the advertising, testing, and screening for potential trainees with input from the participating company(ies).

Through BSSC grant awards, the state provides 50% of the cost of training, while the company is expected to contribute 50%. Contributions from the company include a wide range of in-kind support such as personnel time for instruction, curriculum design, screening candidates, or internship supervision; and donated or loaned equipment, cash, or other components that make for a good, strong training program. If the company prefers, its own facilities may be used as part of its in-kind contribution.

BSSC also offers a special program in which trainees are from a targeted section of the population, including displaced workers and AFDC recipients. Under this program the BSSC assumes 80% of the costs and the company is expected to contribute only 20%.

Eligibility BSSC is the catalyst for uniting industry and education to provide training for high growth occupations or positions in high demand in the state's economy. To date, BSSC has focused primarily on advanced (university and college), retraining and entry-level professional programs in engineering, computer services, general manufacturing, communications, machine trades, allied health occupations and entry-level clerical/word processing and hotel positions. Although no minimum number of job openings is required, there must be enough jobs to warrant the training and make it economically feasible. The training institution is encouraged to establish a consortium of companies where appropriate.

Volume BSSC was established in September 1981 with an initial appropriation from the state legislature of \$8 million. As of December 31, 1985, 302 programs had been approved at a cost of approximately \$15 million, which brought over 600 companies together with 200 educational institutions to jointly train people in 6 industrial areas: high technology, manufacturing, health, machine trades, automated office work, and the service sector.

Application Companies interested in seeking state assistance for customized job training should contact BSSC. If the training needs of the company qualify for assistance, BSSC will enter into a memorandum of agreement with the firm and work with the company to design a training program.

Contact Maureen O'Hare
Director of Marketing and Communications
Bay State Skills Corporation
101 Summer Street, 2nd Floor
Boston, Massachusetts 02110
(617) 292-5100

BASIC BUSINESS TAXES

Corporate Income Tax

The state imposes an excise (income) tax on domestic and foreign corporations. For purposes of the excise (income) tax, corporations are classified as either tan-

Special allocation of \$75 million in industrial development bonds

Targeting of state small business and employment and training programs

The Waters Program requires that each block group of a proposed area exceed 150% of the national unemployment and poverty rates while also meeting certain "pocket of poverty" criteria under the UDAG program. The Nolan Program requires that each census tract meet UDAG criteria. These criteria establish a "minimum threshold" of economic distress that a proposed area must meet in order to apply to the state for designation. Designations are made based on proposals from cities and counties containing areas meeting these criteria. These areas are then evaluated competitively on the basis of local economic development incentives designed to complement state incentives.

Eligibility The two programs have different eligibility criteria. The Nolan Program is available to any type of business. Individual incentives may require that certain criteria be met.

The Waters Program requires of a business that it be certified by the state. The business must meet one of the following criteria:

30% of the work force is from a distressed area and the employer provides some kind of community service.

50% of the work force is from a distressed area.

30% of the business is owned by persons in a distressed area.

Volume Under the Nolan Program, a maximum of 10 zones can be designated, and 10 have been designated. Under the Waters Program, a maximum of 9 zones can be designated, and 3 have been designated. There will be 2 more rounds with 3 designations each in 1987 and 1988.

Application For the Nolan Program, the business simply fills out the proper lines on the tax return.

For the Waters Program, the state provides a certification form that must be submitted to the California Department of Commerce. If the business meets the criteria, the state returns an approval form to the business to be filed with the tax return.

Contact Richard Whitman
Enterprise Zone Programs
Department of Commerce
1121 L Street, Suite 600
Sacramento, California 95814
(916) 324-8211

Customized Industrial Training

Employment Training Panel

The Employment Training Panel (ETP) helps match the need of businesses for trained workers with the need of unemployed workers for jobs by contracting with employers and training agencies to cover the actual cost of training. It is funded by diverting a small fraction of the Unemployment Insurance Fund and is intended

to reduce unemployment insurance (UI) costs by getting workers off UI and keeping them off. Because of this, only those workers who are receiving UI, who have exhausted their UI claims, or who are likely to claim UI may be trained under this program.

ETP is a different kind of training and economic development program:

It retrains people with established work histories, not new entrants into the labor market.

ETP pays for training only for known jobs in stable or expanding occupations that provide a decent living.

ETP makes selection of trainees and design of training the responsibility of business even when training agencies provide the training.

ETP pays only for direct training costs, not for stipends or wage subsidies.

ETP has the flexibility to respond to businesses across California as the need arises.

ETP uses a negotiated fee, performance-based contract. This means that payment is made on the basis of the number of trainees who are placed and remain in long-term employment for at least 90 days. ETP does not use a Request for Proposal process. Instead ETP works with employers and training agencies to develop and write training contracts.

Contact Employment Training Panel
800 Capitol Mall, MIC 64
Sacramento, California 95814
(916) 324-3615

BASIC BUSINESS TAXES

Corporate Income Tax

The state imposes a bank and corporation franchise tax on any corporation doing business in the state. The tax is based on net income attributable to sources within the state including tangible property located in the state and activities carried on in the state that produce income. The state does not use the federal net income as the basis for the tax; instead, the net income is defined as the gross business income less deductions allowed under the state tax code. Federal income taxes paid are not deductible. Accelerated depreciation is allowed, but the accelerated cost recovery system is not allowed. Net operating losses cannot be carried forward or backward.

The tax rate is a flat 9.6% of taxable income for fiscal or calendar years 1980-1982. For fiscal and calendar years after 1982, the rate will vary between 9.3% and 9.6%.

Administration is by the State Franchise Tax Board.

Sales and Use Taxes

The state sales and use tax rate is 4.75%. In addition, cities and/or counties levy a 1.25% local sales and use tax, which brings the basic statewide rate to 6%. Several

facility seeking assistance must be located in the zone or must be planning to locate within the zone.

- Volume** The program was authorized by the state legislature in 1981 and went into effect in July 1982. Six zones have been designated. As of June 30, 1985, new investments totaling \$135 million had been made and assisted.
- Application** Industrial companies apply through CDED. Commercial retail enterprises and residential developers apply through their local governments.
- Contact** Ken Roberts
Connecticut Department of Economic Development
210 Washington Street
Hartford, Connecticut 06106
(203) 566-3322

Customized Industrial Training

Connecticut Labor Training Program

The Connecticut Labor Training Program (CLTP) is administered by the Office of Job Training and Skill Development in the Department of Labor to provide preemployment and on-the-job training to companies locating or expanding in the state. The program is designed to reduce start-up costs; companies receive most of the services associated with the program at no cost.

CLTP handles recruitment advertising and refers potential trainees to the company for final selection of participants. Trainees are usually hired by the company before the training begins. Trainees may be reimbursed by CLTP depending on the arrangement between CLTP and the company.

Training can be conducted on the company premises, at a local technical school, or at a community college. Employees of the company are used as instructors when practical. CLTP, according to the company's needs, can provide all training materials, including video materials.

CLTP will consider retraining existing employees if existing jobs can be saved by doing so.

- Eligibility** Any company creating new jobs is eligible for CLTP assistance. No minimum number of jobs is required.
- Volume** CLTP has an annual base appropriation from the state of \$1.5 million. In fiscal 1985 783 people in 27 firms received customized job training and 227 dislocated workers were assisted through 17 projects.
- Application** No formal application is required from the company. CLTP requests that any interested company provide information on the number of jobs involved, the types of jobs, and the timetable for operation of the new facility.
- Contact** Office of Job Training and Skill Development
200 Folly Brook Blvd.
Wethersfield, Connecticut 06109
(203) 566-2450

Industrial Development Bonds/Locally Issued

Two of Delaware's 3 counties, New Castle County and Sussex County, and the City of Wilmington are authorized to issue industrial development bonds (IDBs). The company benefiting from the bond issue as purchaser or user of the facility is responsible for all appropriate state and local taxes levied on the facility.

Eligibility Manufacturing, commercial, and service industries moving into or expanding within these jurisdictions are eligible. New Castle and Sussex Counties have no minimum capital expenditure requirements for commercial or service projects for which bonds are sought. The City of Wilmington has a \$100,000 minimum for commercial and service projects.

Local issuing authorities use the same standards utilized by the Delaware Development Office to evaluate applicants.

Volume In 1985, New Castle County Economic Development Corporation issued IDB financing authorizations for 56 projects totaling \$72,916,070; the City of Wilmington had 51 projects totaling \$41,698,450; and Sussex County had 20 projects totaling \$17,504,000.

Application The firm applies directly to the governing body of the local jurisdiction. No public notice or public approval is required for bond approval.

Contacts Sussex County Department of Industrial Development
P.O. Box 589
Georgetown, Delaware 19947
(302) 856-7701

New Castle County Economic Development Corp.
One Commerce Center, Suite 500
Wilmington, Delaware 19801
(302) 656-5050

City of Wilmington
Department of Commerce
City/County Building
800 French Street
Wilmington, Delaware 19801
(302) 571-4610

Enterprise Zones

See "Targeted Areas Tax Incentives" under the "Tax Exemptions, Deductions, Credits, and Special Treatment" section of this state's write-up.

Customized Industrial Training

Industrial Training Programs

The Delaware Development Office (DDO) administers the training program to provide customized job training assistance. DDO acts as a broker and financial underwriter of training programs for new or expanding firms in the state.

Recognizing the need for industry training funds that provide greater flexibility and employer control than federal funds, Delaware passed legislation in 1984 to provide \$1.6 million annually to subsidize job training activities. Part of this money was reserved for economic development-related training and allocated to the DDO for employer-initiated programs. Should a company identify a lack of specifically skilled workers, a program is designed to train employer-selected applicants for the available positions. The employer signs off on the proposed training program and, upon its completion, determines its effectiveness before reimbursement is made to the trainer. Thus, the employer maintains control over the quality of the work force ultimately hired. Paperwork, restrictions, and regulations are minimal.

Although the remainder of the Blue Collar funds (see "Targeted Industry Tax Incentives" below) are disbursed by the state's Private Industry Council, along with funds from the Job Training Partnership Act and the Dislocated Workers Program, the Council, too, can be accessed through the Development Office, the "one-stop shopping" source for industry. This coordination is possible because Delaware's size permits a one-service delivery area structure, eliminating much of the regional bureaucracy and political interest that impedes efficiency. A similar coordination is evident between DDO and the Department of Public Instruction, which receives \$1.8 million annually in vocational training funds under the federal Carl Perkins Act of 1984.

- Eligibility** Training can be provided for any new or expanding firm engaged in manufacturing, commercial, or service operations in the state. No minimum number of jobs is required.
- Volume** Annually the Delaware Development Office can access approximately \$7 million in job training funds with customized training being funded for the amount needed by the employer to develop an initial work force for start-up or expansion.
- Application** Initial application for training assistance is made to DDO. Once the needs of the interested company have been assessed, a training program is selected to meet these needs.
- Contact** Delaware Development Office
99 Kings Highway
P.O. Box 1401
Dover, Delaware 19903
(302) 736-4271

BASIC BUSINESS TAXES

Corporate Income Tax

Delaware imposes a direct tax on net income derived from business activities and property located in the state. Net income is the amount of federal taxable income with adjustments provided under state tax law, apportioned and allocated to the state. Federal income tax paid is not deductible in determining net income. The rate is 8.7% of taxable net income at all levels.

Organizations that are exempt from the tax include corporations that are incorporated in, but not transacting business in, the state, and corporations that

Job Training Partnership Act

(Editor's Note: Following is the text of the Job Training Partnership Act (JTPA), P.L. 97-300. Signed by the president on October 13, 1982, JTPA took effect in FY 1984. Included in the text are "minor and technical" revisions instituted by P.L. 97-404, enacted on 12/31/82, "conforming" amendments instituted by the Carl D. Perkins Vocational Education Act, P.L. 98-524, enacted on 10/19/84, and the Job Training Partnership Act Amendments of 1986, P.L. 99-496, enacted on October 16, 1986. The 1986 amendments provide more stable funding for service delivery areas under Titles II-A and II-B, put a new emphasis on literacy, mandating remedial education during the summer youth employment program, and count pre-employment skills training for 14 and 15 year-olds toward the 40-percent youth spending requirement. They also allow the use of six-percent funds for post-program data collection for two years and for general and preventive technical assistance, add the self-employed and farmers to the definition of dislocated workers, call for special consideration to displaced homemakers, the handicapped, and veterans, and authorize presidential awards for outstanding private sector training programs and model programs for individuals with multiple barriers to employment.)

An Act

To provide for a job training program and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE; TABLE OF CONTENTS

SECTION 1. This Act may be cited as the "Job Training Partnership Act".

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STATEMENT OF PURPOSE

SEC. 2. It is the purpose of this Act to establish programs to prepare youth and unskilled adults for entry into the labor force and to afford job training to those economically disadvantaged individuals and other individuals facing serious barriers to employment, who are in special need of such training to obtain productive employment.

AUTHORIZATION OF APPROPRIATIONS

SEC. 3. (a)(1) There are authorized to be appropriated to carry out part A of title II and title IV (other than part B of such title) such sums as may be necessary for fiscal year 1983 and for each succeeding fiscal year.

(2) From the amount appropriated pursuant to paragraph (1) for any fiscal year, an amount equal to not more than 7 percent of the total amount appropriated pursuant to this section shall be available to carry out parts A, C, D, E, F, and G of title IV.

(3) Of the amount so reserved under paragraph (2)—

- (A) 5 percent shall be available for part C of title IV, and
- (B) \$2,000,000 shall be available for part F of title IV.

(b) There are authorized to be appropriated to carry out part B of title II such sums as may be necessary for fiscal year 1983 and for each succeeding fiscal year.

(c) There are authorized to be appropriated to carry out title III such sums as may be necessary for fiscal year 1983 and for each succeeding fiscal year.

(d) There are authorized to be appropriated \$618,000,000 for fiscal year 1983, and such sums as may be necessary for each succeeding fiscal year, to carry out part B of title IV of this Act.

(e) The authorizations of appropriations contained in this section are subject to the program year provisions of section 161.

DEFINITIONS

SEC. 4. For the purposes of this Act, the following definitions apply:

(1) The term "academic credit" means credit for education, training, or work experience applicable toward a secondary school diploma, a postsecondary degree, or an accredited certificate of completion, consistent with applicable State law and regulation and the requirements of an accredited educational agency or institution in a State.

(2) The term "administrative entity" means the entity designated to administer a job training plan under section 103(b)(1)(B).

(3) The term "area of substantial unemployment" means any area of sufficient size and scope to sustain a program under part A of title II of this Act and which has an average rate of unemployment of at least 6.5 percent for the most recent twelve months as determined by the Secretary. Determinations of areas of substantial unemployment shall be made once each fiscal year.

(4) The term "chief elected official" includes—
(A) in the case of a State, the Governor;
(B) in the District of Columbia, the mayor; and
(C) in the case of a service delivery area designated under section 101(a)(4)(A)(iii), the governing body.

(5) The term "community-based organizations" means private nonprofit organizations which are representative of communities or significant segments of communities and which provide job training services (for example, Opportunities Industrialization Centers, the National Urban League, SER-Jobs for Progress, United Way of America, Mainstream, the National Puerto Rican Forum, National Council of La Raza, 70,001, Jobs for Youth, organizations operating career intern programs, neighborhood groups and organizations, community action agencies, community development corporations, vocational rehabilitation organizations, rehabilitation facilities (as defined in section 7(10) of the Rehabilitation Act of 1973), agencies serving youth, agencies serving the handicapped, including disabled veterans, agencies serving displaced homemakers, union-related organizations, and employer-related nonprofit organizations), and organizations serving nonreservation Indians (including the National Urban Indian Council), as well as tribal governments and Native Alaskan groups.

(6) Except as otherwise provided therein, the term "council"

means the private industry council established under section 102.

(7) The term "economic development agencies" includes local planning and zoning commissions or boards, community development agencies, and other local agencies and institutions responsible for regulating, promoting, or assisting in local economic development.

(8) The term "economically disadvantaged" means an individual who (A) receives, or is a member of a family which receives, cash welfare payments under a Federal, State, or local welfare program; (B) has, or is a member of a family which has, received a total family income for the six-month period prior to application for the program involved (exclusive of unemployment compensation, child support payments, and welfare payments) which, in relation to family size, was not in excess of the higher of (i) the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, or (ii) 70 percent of the lower living standard income level; (C) is receiving food stamps pursuant to the Food Stamp Act of 1977; (D) is a foster child on behalf of whom State or local government payments are made; or (E) in cases permitted by regulations of the Secretary, is an adult handicapped individual whose own income meets the requirements of clause (A) or (B), but who is a member of a family whose income does not meet such requirements.

(9) The term "Governor" means the chief executive of any State.

(10) The term "handicapped individual" means any individual who has a physical or mental disability which for such individual constitutes or results in a substantial handicap to employment.

(11) The term "Hawaiian native" means any individual any of whose ancestors were natives, prior to 1778, of the area which now comprises the State of Hawaii.

(12) The term "institution of higher education" means any institution of higher education as that term is defined in section 1201(a) of the Higher Education Act of 1965.

(13) The term "labor market area" means an economically integrated geographic area within which individuals can reside and find employment within a reasonable distance or can readily change employment without changing their place of residence. Such areas shall be identified in accordance with criteria used by the Bureau of Labor Statistics of the Department of Labor in defining such areas or similar criteria established by a Governor.

(14) The term "local educational agency" means such an agency as defined in section 4(15) of the Carl D. Perkins Vocational Education Act.

(15) The term "low-income level" means \$7,000 with respect to income in 1969, and for any later year means that amount which bears the same relationship to \$7,000 as the Consumer Price Index for that year bears to the Consumer Price Index for 1969, rounded to the nearest \$1,000.

(16) The term "lower living standard income level" means that income level (adjusted for regional, metropolitan, urban, and rural differences and family size) determined annually by the Secretary based on the most recent "lower living family budget" issued by the Secretary.

(17) The term "offender" means any adult or juvenile who is or has been subject to any stage of the criminal justice process for whom services under this Act may be beneficial or who requires assistance in overcoming artificial barriers to employment resulting from a record of arrest or conviction.

(18) The term "postsecondary institution" means an institution of higher education as that term is defined in section 481(a)(1) of the Higher Education Act of 1965.

(19) The term "private sector" means, for purposes of the State job training councils and private industry councils, persons who are owners, chief executives or chief operating officers of private for-profit employers and major nongovernmental employers, such as health and educational institutions or other executives of such employers who have substantial management or policy responsibility.

(20) The term "public assistance" means Federal, State, or local government cash payments for which eligibility is determined by a needs or income test.

(21) The term "Secretary" means the Secretary of Labor.

(22) The term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, American Samoa, and the Trust Territory of the Pacific Islands.

(23) The term "State educational agency" means such an agency as defined in section 1201(h) of the Higher Education Act of 1965.

(24) The term "supportive services" means services which are necessary to enable an individual eligible for training under

this Act, but who cannot afford to pay for such services, to participate in a training program funded under this Act. Such supportive services may include transportation, health care, special services and materials for the handicapped, child care, meals, temporary shelter, financial counseling, and other reasonable expenses required for participation in the training program and may be provided in-kind or through cash assistance.

(25) The term "unemployed individuals" means individuals who are without jobs and who want and are available for work. The determination of whether individuals are without jobs shall be made in accordance with the criteria used by the Bureau of Labor Statistics of the Department of Labor in defining individuals as unemployed.

(26) The term "unit of general local government" means any general purpose political subdivision of a State which has the power to levy taxes and spend funds, as well as general corporate and police powers.

(27)(A) The term "veteran" means an individual who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable.

(B) The term "disabled veteran" means (i) a veteran who is entitled to compensation under laws administered by the Veterans' Administration, or (ii) an individual who was discharged or released from active duty because of service-connected disability.

(C) The term "recently separated veteran" means any veteran who applies for participation under any title of this Act within 48 months of the discharge or release from active military, naval, or air service.

(D) The term "Vietnam era veteran" means a veteran any part of whose active military service occurred between August 5, 1964, and May 7, 1975.

(28) The term "vocational education" has the meaning provided in section 521(31) of the Carl D. Perkins Vocational Education Act.

(29) The term "displaced homemaker" means an individual who—

(A) was a full-time homemaker for a substantial number of years; and

(B) derived the substantial share of his or her support from—

(i) a spouse and no longer receives such support due to the death, divorce, permanent disability of, or permanent separation from the spouse; or

(ii) public assistance on account of dependents in the home and no longer receives such support.

TITLE I—JOB TRAINING PARTNERSHIP

PART A—SERVICE DELIVERY SYSTEM

ESTABLISHMENT OF SERVICE DELIVERY AREAS

Sec. 101. (a)(1) The Governor shall, after receiving the proposal of the State job training coordinating council, publish a proposed designation of service delivery areas for the State each of which—

(A) is comprised of the State or one or more units of general local government;

(B) will promote effective delivery of job training services; and

(C)(i) is consistent with labor market areas or standard metropolitan statistical areas, but this clause shall not be construed to require designation of an entire labor market area; or

(ii) is consistent with areas in which related services are provided under other State or Federal programs.

(2) The Council shall include in its proposal a written explanation of the reasons for designating each service delivery area.

(3) Units of general local government (and combinations thereof), business organizations, and other affected persons or organizations shall be given an opportunity to comment on the proposed designation of service delivery areas and to request revisions thereof.

(4)(A) The Governor shall approve any request to be a service delivery area from—

(i) any unit of general local government with a population of 200,000 or more;

(ii) any consortium of contiguous units of general local government with an aggregate population of 200,000 or more which serves a substantial part of one or more labor market areas; and

(iii) any concentrated employment program grantee for a rural area which served as a prime sponsor under the Comprehensive Employment and Training Act.

(B) The Governor may approve a request to be a service delivery area from any unit of general local government or consortium of contiguous units of general local government, without regard to

population, which serves a substantial portion of a labor market area.

(C) If the Governor denies a request submitted under subparagraph (A) and the entity making such request alleges that the decision of the Governor is contrary to the provisions of this section, such entity may appeal the decision to the Secretary, who shall make a final decision within 30 days after such appeal is received.

(b) The Governor shall make a final designation of service delivery areas within the State. Before making a final designation of service delivery areas for the State, the Governor shall review the comments submitted under subsection (a)(3) and requests submitted under subsection (a)(4).

(c)(1) In accordance with subsection (a), the Governor may redesignate service delivery areas no more frequently than every two years. Such redesignations shall be made not later than 4 months before the beginning of a program year.

(2) Subject to paragraph (1), the Governor shall make such a redesignation if a petition to do so is filed by an entity specified in subsection (a)(4)(A).

(3) The provisions of this subsection are subject to section 105(c).

ESTABLISHMENT OF PRIVATE INDUSTRY COUNCIL

Sec. 102. (a) There shall be a private industry council for every service delivery area established under section 101, to be selected in accordance with this subsection. Each council shall consist of—

(1) representatives of the private sector, who shall constitute a majority of the membership of the council and who shall be owners of business concerns, chief executives or chief operating officers of nongovernmental employers, or other private sector executives who have substantial management or policy responsibility; and

(2) representatives of educational agencies (representative of all educational agencies in the service delivery area), organized labor, rehabilitation agencies, community-based organizations, economic development agencies, and the public employment service.

(b) The Chairman of the council shall be selected from among members of the council who are representatives of the private sector.

(c)(1)(A) Private sector representatives on the council shall be selected from among individuals nominated by general purpose business organizations after consulting with, and receiving recommendations from, other business organizations in the service delivery area. The number of such nominations shall be at least 150 percent of the number of individuals to be appointed under subsection (a)(1). Such nominations, and the individuals selected from such nominations, shall reasonably represent the industrial and demographic composition of the business community. Whenever possible, at least one-half of such business and industry representatives shall be representatives of small business, including minority business.

(B) For the purpose of this paragraph, the term—

(i) "general purpose business organizations" means organizations which admit to membership any for-profit business operating within the service delivery area; and

(ii) "small business" means private for-profit enterprises employing 500 or fewer employees.

(2) Education representatives on the council shall be selected from among individuals nominated by local educational agencies, vocational education institutions, institutions of higher education, or general organizations of such agencies or institutions, and by private and proprietary schools or general organizations of such schools, within the service delivery area.

(3) The remaining members of the council shall be selected from individuals recommended by interested organizations. Labor representatives shall be recommended by recognized State and local labor organizations or appropriate building trades councils.

(d)(1) In any case in which there is only one unit of general local government with experience in administering job training programs within the service delivery area, the chief elected official of that unit shall appoint members to the council from the individuals nominated or recommended under subsection (c).

(2) In any case in which there are two or more such units of general local government in the service delivery area, the chief elected officials of such units shall appoint members to the council from the individuals so nominated or recommended in accordance with an agreement entered into by such units of general local government. In the absence of such an agreement, the appointments shall be made by the Governor from the individuals so nominated or recommended.

(e) The initial number of members of the council shall be determined—

(1) by the chief elected official in the case described in subsection (d)(1),

(2) by the chief elected officials in accordance with the agreement in the case described in subsection (d)(2), or

(3) by the Governor in the absence of such agreement. Thereafter, the number of members of the council shall be determined by the council.

(f) Members shall be appointed for fixed and staggered terms and may serve until their successors are appointed. Any vacancy in the membership of the council shall be filled in the same manner as the original appointment. Any member of the council may be removed for cause in accordance with procedures established by the council.

(g) The Governor shall certify a private industry council if the Governor determines that its composition and appointments are consistent with the provisions of this subsection. Such certification shall be made or denied within 30 days after the date on which a list of members and necessary supporting documentation are submitted to the Governor. When the Governor certifies the council, it shall be convened within 30 days by the official or officials who made the appointments to such council under subsection (d).

(h) In any case in which the service delivery area is a State, the State job training coordinating council or a portion of such council may be reconstituted to meet the requirements of this section.

FUNCTIONS OF PRIVATE INDUSTRY COUNCIL

Sec. 103. (a) It shall be the responsibility of the private industry council to provide policy guidance for, and exercise oversight with respect to, activities under the job training plan for its service delivery area in partnership with the unit or units of general local government within its service delivery area.

(b)(1) The council, in accordance with an agreement or agreements with the appropriate chief elected official or officials specified in subsection (c), shall—

(A) determine procedures for the development of the job training plan, which may provide for the preparation of all or any part of the plan (i) by the council, (ii) by any unit of general local government in the service delivery area, or by an agency thereof, or (iii) by such other methods or institutions as may be provided in such agreement; and

(B) select as a grant recipient and entity to administer the job training plan (which may be separate entities), (i) the council, (ii) a unit of general local government in its service delivery area, or an agency thereof, (iii) a nonprofit private organization or corporation, or (iv) any other agreed upon entity or entities.

(2) The council is authorized to provide oversight of the programs conducted under the job training plan in accordance with procedures established by the council. In order to carry out this paragraph, the council shall have access to such information concerning the operations of such programs as is necessary.

(c) For purposes of subsection (b), the appropriate chief elected official or officials means—

(1) the chief elected official of the sole unit of general local government in the service delivery area,

(2) the individual or individuals selected by the chief elected officials of all units of general local government in such area as their authorized representative, or

(3) in the case of a service delivery area designated under section 101(a)(4)(A)(iii), the representative of the chief elected official for such area (as defined in section 4(4)(C)).

(d) No job training plan prepared under section 104 may be submitted to the Governor unless (1) the plan has been approved by the council and by the appropriate chief elected official or officials specified in subsection (c), and (2) the plan is submitted jointly by the council and such official or officials.

(e) In order to carry out its functions under this Act, the council—
(1) shall, in accordance with the job training plan, prepare and approve a budget for itself, and

(2) may hire staff, incorporate, and solicit and accept contributions and grant funds (from other public and private sources).

(f) As used in this section, the term "oversight" means reviewing, monitoring, and evaluating.

JOB TRAINING PLAN

Sec. 104. (a) No funds appropriated for any fiscal year may be provided to any service delivery area under this Act except pursuant to a job training plan for two program years which is prepared in accordance with section 103 and which meets the requirements of this section.

(b) Each job training plan shall contain—

(1) identification of the entity or entities which will administer the program and be the grant recipient of funds from the State;

(2) a description of the services to be provided, including the estimated duration of service and the estimated training cost per participant;

(3) procedures for identifying and selecting participants and for eligibility determination and verification;

(4) performance goals established in accordance with standards prescribed under section 106;

(5) procedures, consistent with section 107, for selecting service providers which take into account past performance in job training or related activities, fiscal accountability, and ability to meet performance standards;

(6) the budget for two program years and any proposed expenditures for the succeeding two program years, in such detail as is determined necessary by the entity selected to prepare this portion of the plan pursuant to section 103(b)(1)(B) and to meet the requirements of section 108;

(7) a description of methods of complying with the coordination criteria contained in the Governor's coordination and special services plan;

(8) if there is more than one service delivery area in a single labor market area, provisions for coordinating particular aspects of individual service delivery area programs, including—

(A) assessments of needs and problems in the labor market that form the basis for program planning;

(B) provisions for ensuring access by program participants in each service delivery area to skills training and employment opportunities throughout the entire labor market; and

(C) coordinated or joint implementation of job development, placement, and other employer outreach activities;

(9) fiscal control, accounting, audit and debt collection procedures to assure the proper disbursement of, and accounting for, funds received under this title; and

(10) procedures for the preparation and submission of an annual report to the Governor which shall include—

(A) a description of activities conducted during the program year;

(B) characteristics of participants; and

(C) the extent to which the activities exceeded or failed to meet relevant performance standards.

(c) If changes in labor market conditions, funding, or other factors require substantial deviation from an approved job training plan, the private industry council and the appropriate chief elected official or officials (as described in section 103(c)) shall submit a modification of such plan (including modification of the budget under subsection (b)(6)), which shall be subject to review in accordance with section 105.

REVIEW AND APPROVAL OF PLAN

Sec. 105. (a)(1) Not less than 120 days before the beginning of the first of the two program years covered by the job training plan—

(A) the proposed plan or summary thereof shall be published; and

(B) such plan shall be made available for review and comment to—

(i) each house of the State legislature for appropriate referral;

(ii) appropriate local educational and other public agencies in the service delivery area; and

(iii) labor organizations in the area which represent employees having the skills in which training is proposed; and

(C) such plan shall be reasonably available to the general public through such means as public hearings and local news facilities.

(2) The final plan, or a summary thereof, shall be published not later than 80 days before the first of the two program years and shall be submitted to the Governor in accordance with section 103(d)(2). Any modification shall be published not later than 80 days before it is effective and shall be submitted to the Governor in accordance with such section.

(b)(1) The Governor shall approve the job training plan or modification thereof unless he finds that—

(A) corrective measures for deficiencies found in audits or in meeting performance standards from previous years have not been taken or are not acceptably underway;

(B) the entity proposed to administer the program does not have the capacity to administer the funds;

(C) there are inadequate safeguards for the protection of funds received;

(D) the plan (or modification) does not comply with a particular provision or provisions of this Act or of regulations of the Secretary under this Act; or

(E) the plan (or modification) does not comply with the criteria under section 121(b) for coordinating activities under this Act with related program activities.

(2) The Governor shall approve or disapprove a job training plan (or modification) within 30 days after the date that the plan (or modification) is submitted, except that if a petition is filed under paragraph (3) such period shall be extended to 45 days. Any disapproval by the Governor may be appealed to the Secretary, who shall make a final decision of whether the Governor's disapproval complies with paragraph (1) of this subsection within 45 days after receipt of the appeal.

(3)(A) Interested parties may petition the Governor within 15 days of the date of submission for disapproval of the plan or modification thereof if—

- (i) the party can demonstrate that it represents a substantial client interest.
- (ii) the party took appropriate steps to present its views and seek resolution of disputed issues prior to submission of the plan to the Governor, and
- (iii) the request for disapproval is based on a violation of statutory requirements.

(B) If the Governor approves the plan (or modification), the Governor shall notify the petitioner in writing of such decision and the reasons therefor.

(c)(1) If a private industry council and the appropriate chief elected official or officials fail to reach the agreement required under section 103 (b) or (d) and, as a consequence, funds for a service delivery area may not be made available under section 104, then the Governor shall redesignate, without regard to sections 101 (a)(4) and (c)(1), the service delivery areas in the State to merge the affected area into one or more other service delivery areas, in order to promote the reaching of agreement.

(2) In any State in which service delivery areas are redesignated under paragraph (1), private industry councils shall, to the extent necessary for the redesignation, be reconstituted and job training plans modified as required to comply with sections 102 and 103. Services under an approved plan shall not be suspended while the council is reconstituted and the plan is modified.

(d) In any case in which the service delivery area is a State, the plan (or modification) shall be submitted to the Secretary for approval. For the purpose of this subsection, the Secretary shall have the same authority as the Governor has under this section.

PERFORMANCE STANDARDS

Sec. 106. (a) The Congress recognizes that job training is an investment in human capital and not an expense. In order to determine whether that investment has been productive, the Congress finds that—

- (1) it is essential that criteria for measuring the return on this investment be developed; and
- (2) the basic return on the investment is to be measured by the increased employment and earnings of participants and the reductions in welfare dependency.

(b)(1) The basic measure of performance for adult training programs under title II is the increase in employment and earnings and the reductions in welfare dependency resulting from participation in the program. In order to determine whether these basic measures are achieved, the Secretary shall prescribe standards on the basis of appropriate factors which may include (A) placement in unsubsidized employment, (B) retention in unsubsidized employment, (C) the increase in earnings, including hourly wages, and (D) reduction in the number of individuals and families receiving cash welfare payments and the amounts of such payments.

(2) In prescribing standards under this section the Secretary shall also designate factors for evaluating the performance of youth programs which, in addition to appropriate utilization of the factors described in paragraph (1), shall be (A) attainment of recognized employment competencies recognized by the private industry council, (B) elementary, secondary, and postsecondary school completion, or the equivalent thereof, and (C) enrollment in other training programs or apprenticeships, or enlistment in the Armed Forces.

(3) The standards shall include provisions governing—

(A) the base period prior to program participation that will be used;

(B) a representative period after termination from the program that is a reasonable indicator of postprogram earnings and cash welfare payment reductions; and

(C) cost-effective methods for obtaining such data as is necessary to carry out this section, which, notwithstanding any other provision of law, may include access to earnings records, State employment security records, Federal Insurance Contributions Act records, State aid to families with dependent children records, statistical sampling techniques, and similar records or measures.

(4) The Secretary shall prescribe performance standards relating gross program expenditures to various performance measures.

(c) Within six months after the date of the enactment of this Act, the Secretary shall establish initial performance standards which are designed to contribute to the achievement of the performance goals set forth in subsection (b)(1), based upon data accumulated under the Comprehensive Employment and Training Act, from the National Commission for Employment Policy, and from other appropriate sources. In the development of the initial standards under this subsection, the Secretary shall relate gross program expenditures to the accomplishment of program goals set forth in subsection (b)(1).

(d)(1) The Secretary shall, not later than January 31, 1984, prescribe performance standards for the first program year under this Act to measure the results of the participation in the program to achieve the goals set forth in subsection (b)(1) based upon the initial standards established in subsection (c).

(2) The Secretary, not later than six months after the completion of the first two program years, shall prepare and submit a report to the Congress containing the performance standards established under paragraph (1) of this subsection, together with an analysis of the manner in which the performance standards contribute to the achievement of the goals set forth in subsection (b)(1), including the relative importance of each standard to the accomplishment of such goals.

(3) The Secretary shall prescribe variations in performance standards for special populations to be served, including Native Americans, migrant and seasonal farmworkers, disabled and Vietnam era veterans, including veterans who served in the Indochina Theater between August 5, 1964, and May 7, 1975, and offenders, taking into account their special circumstances.

(4)(A) The Secretary may modify the performance standards under this subsection not more often than once every two program years and such modifications shall not be retroactive.

(B) The Secretary shall prepare and submit a report to the Congress containing any modifications established under subparagraph (A), and the reasons for such modifications.

(e) Each Governor may prescribe, within parameters established by the Secretary, variations in the standards under this subsection based upon specific economic, geographic, and demographic factors in the State and in service delivery areas within the State, the characteristics of the population to be served, and the type of services to be provided.

(f) The National Commission for Employment Policy shall (1) advise the Secretary in the development of performance standards under this section for measuring results of participation in job training and in the development of parameters for variations of such standards referred to in subsection (e), (2) evaluate the usefulness of such standards as measures of desired performance, and (3) evaluate the impacts of such standards (intended or otherwise) on the choice of who is served, what services are provided, and the cost of such services in service delivery areas.

(g) The Secretary shall prescribe performance standards for programs under title III based on placement and retention in unsubsidized employment.

(h)(1) The Governor shall provide technical assistance to programs which do not meet performance criteria. If the failure to meet performance standards persists for a second year, the Governor shall impose a reorganization plan. Such plan may restructure the private industry council, prohibit the use of designated service providers or make such other changes as the Governor deems necessary to improve performance. The Governor may also select an alternate entity to administer the program for the service delivery area.

(2) The alternate administrative entity may be a newly formed private industry council or any agency jointly selected by the Governor and the chief elected official of the largest unit of general local government in the service delivery area.

(3) No change may be made under this subsection without an opportunity for a hearing before a hearing officer.

(4) The decision of the Governor may be appealed to the Secretary, who shall make a final decision within 60 days of the receipt of the appeal.

SELECTION OF SERVICE PROVIDERS

Sec. 107. (a) The primary consideration in selecting agencies or organizations to deliver services within a service delivery area shall be the effectiveness of the agency or organization in delivering comparable or related services based on demonstrated performance, in terms of the likelihood of meeting performance goals, cost, quality of training, and characteristics of participants. In complying with this subsection, proper consideration shall be given to community-based organizations as service providers.

(b) Funds provided under this Act shall not be used to duplicate facilities or services available in the area (with or without reimbursement) from Federal, State, or local sources, unless it is demonstrated that alternative services or facilities would be more effective or more likely to achieve the service delivery area's performance goals.

(c) Appropriate education agencies in the service delivery area shall be provided the opportunity to provide educational services, unless the administrative entity demonstrates that alternative agencies or organizations would be more effective or would have greater potential to enhance the participants' continued occupational and career growth.

(d) The administrative entity shall not fund any occupational skills training program unless the level of skills provided in the

program are in accordance with guidelines established by the private industry council.

LIMITATION ON CERTAIN COSTS

SEC. 103. (a) Not more than 15 percent of the funds available to a service delivery area for any fiscal year for programs under part A of title II may be expended for the cost of administration. For purposes of this paragraph, costs of program support (such as counseling) which are directly related to the provision of education or training and such additional costs as may be attributable to the development of training described in section 204(23) shall not be counted as part of the cost of administration.

(b)(1) Not more than 30 percent of the funds available to a service delivery area for any fiscal year for programs under part A of title II may be expended for administrative costs (as defined under subsection (a)) and costs specified in paragraph (2).

(2)(A) For purposes of paragraph (1), the costs specified in this paragraph are—

- (i) 50 percent of any work experience expenditures which meet the requirements of paragraph (3);
- (ii) 100 percent of the cost of any work experience program expenditures which do not meet the requirements of paragraph (3);
- (iii) supportive services; and
- (iv) needs-based payments described in section 204(27).

(B) For purposes of paragraph (1), the costs specified in this paragraph do not include expenditures for trout employment which meets the requirements of section 205(d)(3)(B).

(3) For purposes of paragraph (2), a work experience expenditure meets the requirements of this paragraph if—

(A) the work experience is of not more than 6 months' duration and is combined with a classroom or other training program;

(B) an individual participant is prohibited from participating in any other work experience program following participation in a program meeting the requirements of this paragraph;

(C) the classroom or other training program component is specified in a preemployment contract or meets established academic standards; and

(D) wages paid in the work experience program do not exceed the prevailing entry-level wage for the same occupation in the same labor market area.

(c)(1) Notwithstanding subsection (b), expenditures may be made in excess of the limitation contained in such subsection if such expenditures are made in accordance with the requirements of this subsection.

(2) Expenditures may be made in excess of the limitation contained in subsection (b) in any service delivery area if—

(A) the private industry council for such area initiates a request for such excess costs; and

(B) excess costs are due to one or more of the following conditions in such area:

(i) an unemployment rate (in the service delivery area or that portion within which services resulting in excess costs are to be provided) which exceeds the national average unemployment rate by at least 3 percentage points, and the ratio of current private employment to population in such area or portion is less than the national average of such ratio;

(ii) the job training plan for such area proposes to serve a disproportionately high number of participants from groups requiring exceptional supportive service costs, such as handicapped individuals, including disabled veterans, offenders, and single heads of households with dependent children;

(iii) the cost of providing necessary child care exceeds one-half of the costs specified in paragraph (2) of subsection (b);

(iv) the costs of providing necessary transportation exceeds one-third of the costs specified in paragraph (2) of subsection (b); or

(v) a substantial portion of the participants in programs in the service delivery area are in training programs of 9 months' duration or more.

(3) Expenditures may be made in excess of the limitation contained in subsection (b) if the need for and the amount of the excess is stated in the job training plan (or modification thereof) for the service delivery area and such plan demonstrates that administrative costs comply with subsection (a) of this section.

(4) The provisions of this subsection shall not be available to the extent that supportive services provided under the job training plan duplicate services provided by any other public or private source that are available to participants without cost.

(5) The Governor shall not disapprove any plan (or modification thereof) on the basis of any statement of the need for and amount of excess costs in the job training plan if such plan or modification meets the requirements of this subsection.

(d) The provisions of this section do not apply to any service delivery area designated pursuant to section 101(a)(4)(A)(iii).

(e) This section shall not be construed to exempt programs under an approved plan from the performance standards established under section 106.

PART B—ADDITIONAL STATE RESPONSIBILITIES

GOVERNOR'S COORDINATION AND SPECIAL SERVICES PLAN

SEC. 121. (a)(1) The Governor shall annually prepare a statement of goals and objectives for job training and placement programs within the State to assist in the preparation of the plans required under section 104 of this Act and section 8 of the Act of June 6, 1933 (known as the Wagner-Peyser Act).

(2) Any State seeking financial assistance under this Act shall submit a Governor's coordination and special services plan for two program years to the Secretary describing the use of all resources provided to the State and its service delivery areas under this Act and evaluating the experience over the preceding two years.

(b)(1) The plan shall establish criteria for coordinating activities under this Act (including title III) with programs and services provided by State and local education and training agencies (including vocational education agencies), public assistance agencies, the employment service, rehabilitation agencies, postsecondary institutions, economic development agencies, and such other agencies as the Governor determines to have a direct interest in employment and training and human resource utilization within the State. Such criteria shall not affect local discretion concerning the selection of eligible participants or service providers in accordance with the provisions of sections 107 and 203.

(2) The plan shall describe the projected use of resources, including oversight and support activities, priorities and criteria for State incentive grants, and performance goals for State supported programs.

(3) The Governor shall report to the Secretary the adjustments made in the performance standards and the factors that are used in making the adjustments.

(4) If major changes occur in labor market conditions, funding, or other factors during the two-year period covered by the plan, the State shall submit a modification to the Secretary describing these changes.

(c) Governor's coordination and special services activities may include—

(1) making available to service delivery areas, with or without reimbursement and upon request, appropriate information and technical assistance to assist in developing and implementing plans and programs;

(2) carrying out special model training and employment programs and related services (including programs receiving financial assistance from private sources);

(3) providing programs and related services for offenders and other individuals whom the Governor determines require special assistance;

(4) providing financial assistance for special programs and services designed to meet the needs of rural areas outside major labor market areas;

(5) providing training opportunities in the conservation and efficient use of energy, and the development of solar energy sources as defined in section 3 of the Solar Energy Research, Development and Demonstration Act of 1974;

(6) industry-wide training;

(7) activities under title III of this Act;

(8) developing and providing to service delivery areas information on a State and local area basis regarding economic, industrial, and labor market conditions;

(9) providing preservice and inservice training for planning, management, and delivery staffs of administrative entities and private industry councils, as well as contractors for State supported programs; and

(10) providing statewide programs which provide for joint funding of activities under this Act with services and activities under other Federal, State, or local employment-related programs, including Veterans' Administration programs.

(d) A Governor's coordination and special services plan shall be approved by the Secretary unless the Secretary determines that the plan does not comply with specific provisions of this Act.

STATE JOB TRAINING COORDINATING COUNCIL

Sec. 122. (a)(1) Any State which desires to receive financial assistance under this Act shall establish a State job training coordinating council (hereinafter in this section referred to as the "State council"). Funding for the council shall be provided pursuant to section 202(b)(4).

(2) The State council shall be appointed by the Governor, who shall designate one nongovernmental member thereof to be chairperson. In making appointments to the State council, the Governor shall ensure that the membership of the State council reasonably represents the population of the State.

(3) The State council shall be composed as follows:

(A) One-third of the membership of the State council shall be representatives of business and industry (including agriculture, where appropriate) in the State, including individuals who are representatives of business and industry on private industry councils in the State.

(B) Not less than 20 percent of the membership of the State council shall be representatives of the State legislature and State agencies and organizations, such as the State educational agency, the State vocational education board, the State advisory council on vocational education, the State board of education (when not otherwise represented), State public assistance agencies, the State employment security agency, the State rehabilitation agency, the State occupational information coordinating committee, State postsecondary institutions, the State economic development agency, State veterans' affairs agencies or equivalent, and such other agencies as the Governor determines to have a direct interest in employment and training and human resource utilization within the State.

(C) Not less than 20 percent of the membership of the State council shall be representatives of the units or consortia of units of general local government in such State (including those which are administrative entities or grantees under this Act) which shall be nominated by the chief elected officials of the units or consortia of units of general local government; and

(D) Not less than 20 percent of the membership of the State council shall be representatives of the eligible population and of the general public, representatives of organized labor, representatives of community-based organizations, and representatives of local educational agencies (nominated by local educational agencies).

(4) The State council shall meet at such times and in such places as it deems necessary. The meetings shall be publicly announced, and, to the extent appropriate, open and accessible to the general public.

(5) The State council is authorized to obtain the services of such professional, technical, and clerical personnel as may be necessary to carry out its functions under this Act.

(6) In order to assure objective management and oversight, the State council shall not operate programs or provide services directly to eligible participants, but shall exist solely to plan, coordinate, and monitor the provision of such programs and services.

(7) The plans and decisions of the State council shall be subject to approval by the Governor.

(b) The State council shall—

(1) recommend a Governor's coordination and special services plan;

(2) recommend to the Governor substate service delivery areas, plan resource allocations not subject to section 202(a), provide management guidance and review for all programs in the State, develop appropriate linkages with other programs, coordinate activities with private industry councils, and develop the Governor's coordination and special services plan and recommend variations in performance standards;

(3) advise the Governor and local entities on job training plans and certify the consistency of such plans with criteria under the Governor's coordination and special services plan for coordination of activities under this Act with other Federal, State, and local employment-related programs, including programs operated in designated enterprise zones;

(4) review the operation of programs conducted in each service delivery area, and the availability, responsiveness, and adequacy of State services, and make recommendations to the Governor, appropriate chief elected officials, and private industry councils, service providers, the State legislature, and the general public with respect to ways to improve the effectiveness of such programs or services;

(5) review and comment on the State plan developed for the State employment service agency;

(6) make an annual report to the Governor which shall be a public document, and issue such other studies, reports, or documents as it deems advisable to assist service delivery areas in carrying out the purposes of this Act;

(7)(A) identify, in coordination with the appropriate State agencies, the employment and training and vocational educa-

tion needs throughout the State, and assess the extent to which employment and training, vocational education, rehabilitation services, public assistance, economic development, and other Federal, State, and local programs and services represent a consistent, integrated, and coordinated approach to meeting such needs; and

(B) comment at least once annually on the measures taken pursuant to section 113(b)(9) of the Carl D. Perkins Vocational Education Act; and

(8) review plans of all State agencies providing employment, training, and related services, and provide comments and recommendations to the Governor, the State legislature, the State agencies, and the appropriate Federal agencies on the relevancy and effectiveness of employment and training and related service delivery systems in the State.

(c) In addition to the functions described in subsection (b), the Governor may, to the extent permitted by applicable law, transfer functions which are related to functions under this Act to the council established under this section from any State coordinating committee for the work incentive program under title IV of the Social Security Act or any advisory council established under the Wagner-Peyser Act.

STATE EDUCATION COORDINATION AND GRANTS

Sec. 123. (a) The sums available for this section pursuant to section 202(b)(1) shall be used by the Governor to provide financial assistance to any State education agency responsible for education and training—

(1) to provide services for eligible participants through cooperative agreements between such State education agency or agencies, administrative entities in service delivery areas in the State, and (where appropriate) local educational agencies;

(2) to facilitate coordination of education and training services for eligible participants through such cooperative agreements; and

(3) to provide—

(A) literacy training to youth and adults;

(B) dropout prevention and reenrollment services to youth,

giving priority to youth who are at risk of becoming dropouts;

(C) a State-wide school-to-work transition program op-

erated in a manner consistent with section 205(c); or

(D) any combination of the activities described in subpara-

graphs (A), (B), and (C) of this paragraph.

(b) The cooperative agreements described in subsection (a) shall provide for the contribution by the State agency or agencies, and the local educational agency (if any), of a total amount equal to the amount provided, pursuant to subsection (a)(1), in the grant subject to such agreement. Such matching amount shall not be provided from funds available under this Act, but may include the direct cost of employment or training services provided by State or local programs.

(c)(1) Funds available under this section may be used to provide education and training, including vocational education services, and related services to participants under title II. Such services may include services for offenders, veterans, and other individuals whom the Governor determines require special assistance.

(2)(A) Not more than 20 percent of the funds available under this section may be spent for activities described in clause (2) of subsection (a).

(B) Funds available under this section shall be used for clause (3) of the Federal share of the cost of carrying out activities described in such clause. For the purpose of this subparagraph, the Federal share shall be the amount provided for in the cooperative agreements in subsection (b).

(3) Not less than 75 percent of the funds available for activities under clauses (1) and (3) of subsection (a) shall be expended for activities for economically disadvantaged individuals.

(d) If no cooperative agreement is reached on the use of funds under this section, the funds shall be available to the Governor for use in accordance with section 121.

TRAINING PROGRAMS FOR OLDER INDIVIDUALS

Sec. 124. (a) From funds available for use under section 202(b)(2), the Governor is authorized to provide for job training programs which are developed in conjunction with service delivery areas within the State and which are consistent with the plan for the service delivery area prepared and submitted in accordance with the provisions in section 104, and designed to assure the training and placement of older individuals in employment opportunities with private business concerns.

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

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JUNEAU, ALASKA 99811-2100
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PHONE: (907) 563-1073

February 22, 1989

The Honorable Ann Spohnholz
Alaska State Representative
P.O. Box V
Juneau, AK 99811

Dear Representative Spohnholz:

Job training and employment placement services are important elements of the effort to help Alaskans get good jobs. While many agencies are involved in providing employment and training services, the various resources provided by different agencies have remained largely uncoordinated. To provide a more coherent and accessible system of employment and training resources, The heads of a number of state agencies have formed a mini-cabinet to work on this issue.

The members of the mini-cabinet agreed there was a need to develop a clear state policy on employment and training. This policy would outline state goals, and establish roles, responsibilities and channels of communication among the respective agencies involved in providing employment and training resources.

As a first step in developing a state policy, a mini-cabinet working group has produced the attached draft employment and training policy. The draft policy is now being distributed widely for review and comment. A state employment and training policy cannot be meaningful unless it incorporates the needs and concerns of business, labor and the general public. After a period of public review, the policy draft and public comments will be forwarded to the Governor for final consideration. The objective is to have a state policy in place by late April of this year. Please reply with your comments, by March 20, to:

Bill Mailer
Department of Community and Regional Affairs
949 E. 36th
Anchorage, AK 99508
Phone: 563-1955

Thank you for your assistance in this effort to develop a more unified delivery system of employment and training services.

Sincerely,



David G. Hoffman
Commissioner — on behalf of the
Employment & Training Mini-Cabinet

State of Alaska

DRAFT EMPLOYMENT AND TRAINING POLICY

SUMMARY

A. PURPOSE

The Employment and Training Policy is intended to provide guidance to public agencies engaged in employment and training activities. The primary goal is to increase coordination and efficiency and to make the system more understandable to the public. Employment and training programs must also be coordinated with programs involved with economic development, general education, and job placement.

B. SPECIFIC POLICIES

The heart of the policy paper is the the section on page 5 entitled "*EMPLOYMENT AND TRAINING POLICY*". The elements of this section are as follows:

1. The different state employment and training programs should be coordinated. The annual state plan already required by the U.S. Department of Labor will serve as the major vehicle for coordination.
2. The state will help assist its citizens overcome barriers through training and will provide training without discrimination based on race, sex, etc.
3. Self sufficiency is the goal of training programs. Literacy and basic educational skills are required to achieve this.
4. Training programs will target those who are most at risk.
5. A statewide career counseling system is supported.
6. Job Service is an important part of the employment and training system.
7. Local initiatives will be encouraged.
8. Labor market data must continue to be collected in order to provide appropriate training.
9. The private sector will continue to be encouraged to provide on-the-job training.
10. Elementary, secondary and adult education are an important preparation for work.

11. Occupational and cross cultural education are necessary to keep Alaskans competitive globally.
12. Duplicate programs will be consolidated.
13. The state department of Commerce and employment and training operators will communicate to ensure that people are trained in the proper industrial sectors.
14. Business and industry leaders are encouraged to work with the state through the JTPA system.
15. Training will be provided in occupations where there is a continuing or emerging need for workers.

C. HISTORICAL BACKGROUND

The paper provides a brief historical framework for this proposed policy paper. Numerous organizations have been calling for such a policy paper for some time.

D. FINDINGS

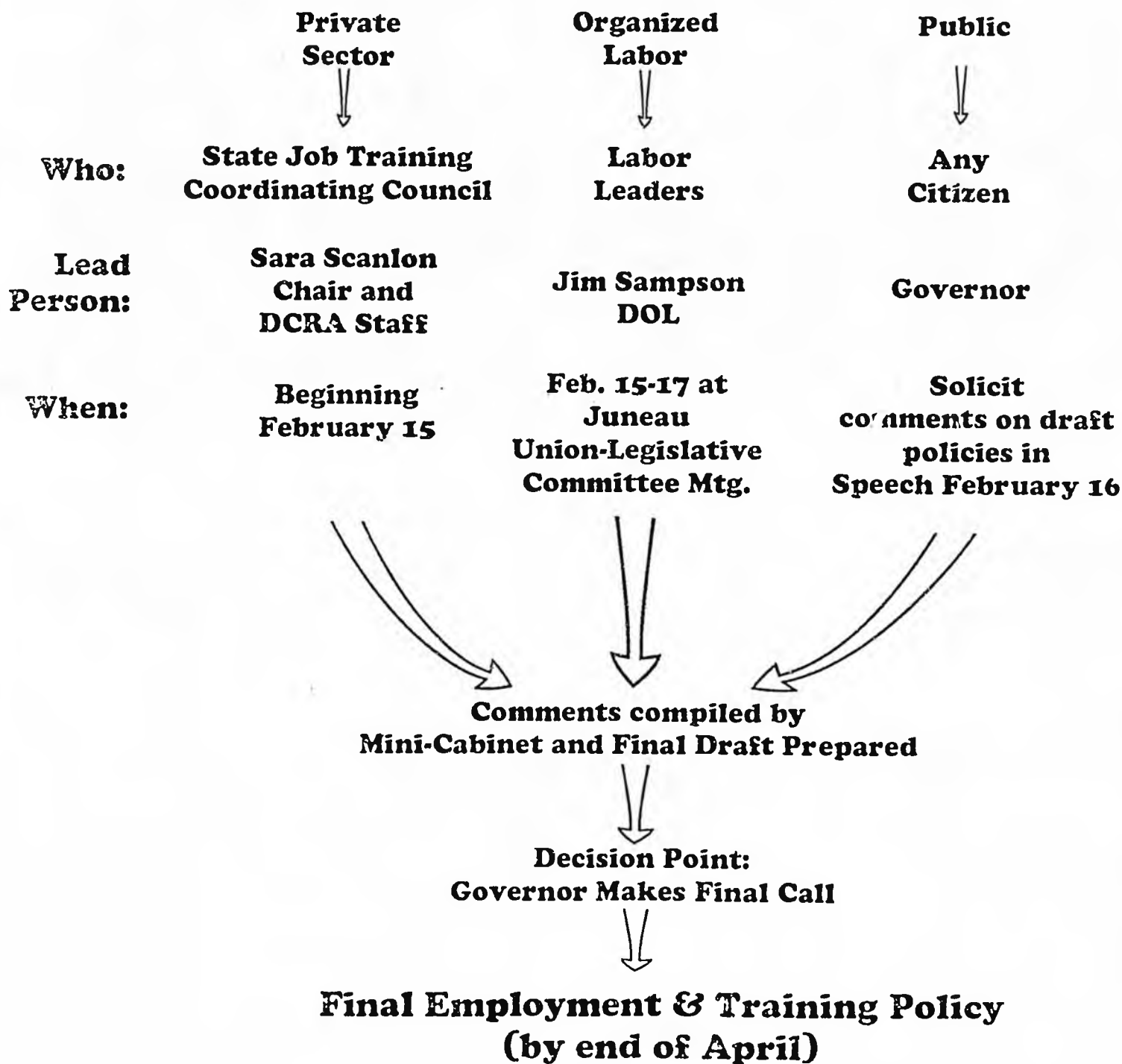
The paper sets forth findings which support the fifteen Employment and Training Policy statements.

1. A comprehensive employment and training policy is an integral part of a healthy economy and the state must take a lead in developing such a policy
2. A cooperative and coordinated approach to human resource development will allow Alaskans to benefit more fully from economic development in the state
3. A successful economic development strategy requires a coordinated human resource development system

E. IMPLEMENTATION

The paper sets forth a Governance Policy which establishes a bilateral relationship between the Employment and Training Mini-Cabinet and the Alaska State Job Training Coordinating Council. This relationship creates a mechanism of checks and balances between the implementing agencies and the group vested with oversight responsibility.

Proposed process for Finalizing the Governor's Employment and Training Policy



Review Draft

STATE OF ALASKA
EMPLOYMENT AND TRAINING POLICY

February 16, 1989

Prepared by:

Department of Community and Regional Affairs
Department of Labor
Department of Education
Department of Health and Social Services
Department of Commerce and Economic Development
Department of Military and Veterans Affairs

Please forward any comments to:

Bill Mailer
Department of Community
and Regional Affairs
949 E 36th
Anchorage, AK 99508
Phone: (907) 563-1955

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Review Draft

STATE OF ALASKA

EMPLOYMENT AND TRAINING POLICY

Executive Summary

This paper sets forth guidelines for the development and implementation of an Employment and Training Policy in the State of Alaska. In doing so, it provides guidance to other human resource development programs such as economic development, education, and the public statewide labor network (Job Service) as these programs relate to the employment and training.

Findings of fact, detailing the status of the current employment and training system and related programs, provide support to the policy statements. The Employment and Training Policy sets forth guiding principles to all state agencies and officials.

For purposes of this paper, employment and training programs include vocational education as well as general education because they provide the basis for all successful employment.

Information generated by previous employment and training policy task forces and the Employment and Training Mini-Cabinet's Employment and Training Policy Work Group are also presented in this paper.

The State of Alaska does not currently have a unified statewide policy on employment and training. Lack of such policy discourages agencies, boards and commissions from working cooperatively and results in a delivery system without comprehensive oversight and accountability.

The Alaska State Job Training Coordinating Council and the Employment and Training Mini-Cabinet should be officially recognized as the primary groups for oversight and implementation of human resource development programs in general and employment and training programs in particular. The relationship, if approved and implemented, would provide mutual access for coordination and communication. Further, it would greatly increase the likelihood of continuity and longevity which is needed for successful program development.

DRAFT EMPLOYMENT AND TRAINING POLICY

Introduction

The Alaska State Job Training Coordinating Council and the Employment and Training Mini-Cabinet, representing their respective agencies, each have important roles to play in a coordinated employment and training system. Within this paper a formal relationship between the two bodies will be articulated. A strong relationship will ensure the longevity and continuity of the Employment and Training Policy.

Presented here is a state policy to guide the development and evolution of the employment and training system. Accompanying the policy are recommendations to Governor Cowper.

Background

Since 1982, notable efforts have been made toward the development and promulgation of an employment and training policy in the State of Alaska. Major contributions have been made by thoughtful and dedicated individuals to provide guidance to the employment and training, education, vocational education and public labor network systems. Despite progress, circumstances arose in each case which thwarted implementation.

In 1982, a state agency task force produced a draft Employment and Training Policy. One form of this 1982 policy provided the basis for the version presented here as the Employment and Training Policy.

The Vocational Education and Employment Training Task Force established by the legislature issued a comprehensive report in March of 1983. This report identified eight issues confronting vocational education and employment and training in Alaska. Eight recommendations were developed corresponding to the issues.

Recommendations offered by the task force included development of policies for economic and human resource development which, they envisioned, would provide guidance to the development of a state plan coordinating occupational preparation and economic development. A policy guaranteeing equal access to training programs regardless of age, sex, race, religion, national or ethnic origin, handicapping condition or geographic location was also recommended.

The Alaska State Job Training Coordinating Council (SJTCC) met jointly with the three private industry councils and the Governor's Council on Vocational Education in August 1988. Among the products of the meetings was the call for a state employment and training policy which recognized the need for comprehensive planning for economic and human resource development.

DRAFT EMPLOYMENT AND TRAINING POLICY

The Employment and Training Mini-Cabinet consisting of the Commissioners of the Departments of Labor, Community and Regional Affairs, Health and Social Services, Commerce and Economic Development, Education, Military and Veterans Affairs, and the President of the University of Alaska met in November 1988. They were emphatic in their desire for a state employment and training policy to be developed and presented to Governor Cowper.

Therefore, at the direction of the Alaska State Job Training Coordinating Council and the Employment and Training Mini-Cabinet, this Employment and Training Policy and Recommendations for Action have been prepared.

Statement of the Problem

Although there has been much work accomplished over the years, there is no unifying state policy on employment and training.

Lack of official policy guidance from the top level of government produces an atmosphere conducive to duplication of effort, lack of important services, uneven quality of service and territoriality by agencies. A unifying, comprehensive, viable and dynamic policy and implementation strategy are needed.

Findings

The following findings are the product of a review of previously identified findings, and analysis of the present employment and training system.

FINDING 1: A comprehensive employment and training policy is an integral part of any healthy and growing state economy; therefore, the State of Alaska must assume a leadership role for the development and implementation of a State Employment and Training Policy. Increased coordination of existing programs and increased efficiency of program delivery are required to meet Alaska's employment and training challenge in times of shrunken state revenues.

* To minimize costs while maximizing efficiency, state of the art technology should be applied to employment and training programs where financially feasible.

* Both the public and private sectors must develop cooperative educational strategies to assist youth and adults in developing occupational awareness and employment skills.

* All levels of government in Alaska, as well as the private sector, must coordinate efforts in designing and implementing programs for effective human resource development.

* The state must ensure equal employment opportunity for all Alaskans in both urban and rural settings without regard to race, color, religion, national origin, sex, age, disability, marital status, pregnancy or parenthood.

DRAFT EMPLOYMENT AND TRAINING POLICY

* To reduce the expenditure of public funds and contribute to increased economic development, productive employment should be emphasized as the preferable source of income for all Alaskans.

* The U.S. Congress, in passing employment-oriented welfare reform legislation in 1988 determined that medical care, transportation, child care, and elder care are among essential support services to participants in employment and training programs.

* The emergence of a world economy has increased the need to link employment, training and economic development programs to enable Alaskans to take advantage of economic opportunities.

FINDING 2. A cooperative and coordinated approach to the development of Alaskan human resources will allow Alaskans to benefit more fully from economic development within the state.

* The long range success of economic and human resource development is governed primarily by the market place.

* The investment of state resources in development of a highly trained Alaskan work force provides a real return to the state in the form of greater employment opportunities for Alaskans resulting in more money circulating in the local economy, lower unemployment rates and lower public expenditures, especially in rural areas.

* A trained, identifiable and available Alaskan work force is an essential state resource and a critical element in the hiring and location decisions of industry and commerce.

* Economic growth promotes effective human resource utilization by providing employment opportunities and encouraging Alaskans to be self-sufficient.

* New technologies and structural changes in the economy will require on-going training and retraining of the work force.

FINDING 3. The success of any economic development strategy requires a coordinated, responsive and comprehensive human resource development system.

* A cooperative and coordinated effort to increase the level of literacy and basic skills competencies through education programs is essential for preparing Alaskans for training and employment opportunities in the state. The public and private sector must work together to provide literacy and basic skills education programs which will allow Alaskans to become prepared to enter the world of work and/or to retrain for new employment.

DRAFT EMPLOYMENT AND TRAINING POLICY

- * Efficient and effective education and job training combined with a comprehensive statewide labor exchange network will provide a ready labor pool for potential employers.
- * Employers are a primary source of job-specific training in Alaska.
- * Employment training includes outreach, assessment, support services, training, job placement and follow-up.
- * Employment training is an integral part of overall human resource development.
- * Existing effective delivery systems must be maintained and utilized to the fullest extent. Duplicate delivery systems must be avoided.
- * Policy guidance and oversight by the public is a necessary and desirable component in an effective human resource development system; however, duplicate agencies impede the delivery of service.

Mission Statement for Employment and Training

All Alaskans, regardless of their age, sex, race, religion, national origin, disability, marital status, political affiliation or place of residence, shall have equal access to appropriate training and employment which will sustain a viable standard of living. Education, employment and training programs should be coordinated with economic development efforts and labor market demand. Employment and training programs should result in a self-sufficient well-qualified work force able to successfully undertake any and all work needed to be done by employers and to maintain sufficient income through self employment.

Employment and Training Policy

Based on the preceding findings and in an effort to fulfill the mission statement, the following shall be the Employment and Training Policy of the State of Alaska.

1. Every effort shall be made to achieve an integrated education, employment and training system in which all necessary elements are coordinated to deliver services to those Alaskans in need of them. The Governor's Coordination and Special Services Plan shall serve as the implementation mechanism.
2. It is state policy to assist Alaskans to overcome social, cultural, psychological, physical, geographic, and economic barriers to employment; to protect the health and safety of workers and to promote equality of access to the state's employment training programs regardless of age, sex, race, religion, national origin, disability, marital status or place of domicile within Alaska.

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3. Employment and training programs shall be designed to promote economic independence and self-sufficiency. To achieve this goal, programs must provide participants with access to essential literacy and educational competencies as well as appropriate occupational training. It is the public education system that has primary responsibility for educating the citizenry.
4. Employment and training programs shall target individuals who are most at risk of becoming, or currently are, dependent on public funds. School dropouts, teenage parents, those lacking basic literacy skills, those with disabilities, and long-term recipients of public assistance are among those to whom services shall be targeted.
5. The state shall work to increase the employment potential of Alaskans, especially youth and women, by providing opportunities to investigate all occupations through a statewide system of career counseling and education. The system shall provide an opportunity to assess individual skills, aptitudes and abilities.
6. The employment and training system shall continue to include a statewide labor network (Job Service) that assists individuals to obtain suitable jobs and employers to recruit qualified workers.
7. Local initiatives will be encouraged in the development and implementation of employment training opportunities which are consistent with the Employment and Training Policy and the Governor's Coordination and Special Services Plan.
8. Labor market, demographic and current economic development information will be collected, analyzed and disseminated in an effective and consistent manner to enhance the planning, development and operation of employment and training programs.
9. Private sector employers will continue to be encouraged to participate in providing occupation specific training programs through the use of financial incentives.
10. Business, industry and government are encouraged to support elementary, secondary and adult education as preparation for work.
11. Occupational training and retraining and cross-cultural education opportunities must be provided to Alaskans to ensure that the work force will be competitive in the global economy as new technologies emerge and structural changes occur.
12. To coordinate the employment and training programs, duplicate programs will be consolidated.

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13. To ensure an Alaskan work force which is able to meet projected labor needs, information on assistance programs, trade, and development projects will be shared by employment and training program operators and the Department of Commerce and Economic Development.
14. Business and industry representatives are encouraged to become actively involved in the development of employment and training programs. This involvement should occur primarily through the local and statewide councils established under the Job Training Partnership Act but may occur through other means as appropriate.
15. The system shall provide training in occupations for which there is a continuing or emerging need for additional workers as demonstrated by reliable labor market information.

Governance Policy

Administrative Policy. The Employment and Training Mini-Cabinet shall be formally organized to function as the administrative policy board for human resource development. It will be a major contact in the state administration for the Alaska State Job Training Coordinating Council as it carries out its responsibilities.

Policy Recommendations. The Employment and Training Mini-Cabinet and the Alaska State Job Training Coordinating Council, meeting jointly, shall serve as the major forum for transmitting policy recommendations on economic development to the employment and training system through the Governor's Coordination and Special Services Plan.

Delivery System. The employment training system established under the Job Training Partnership Act shall be the primary delivery system for employment training services delivered by state departments. The JTPA system shall coordinate closely with the University of Alaska.

Implementation. The Alaska State Job Training Coordinating Council, which is vested with oversight responsibility for human resource development, will be able to communicate with those state government line agencies which have the responsibility to implement policy and programs relating to human resource development.

Policy Review. A method for periodic review of state policy relating to employment and training and human resource development will be developed.

Goals and Objectives. Government line agencies will directly participate in the development of the Governor's goals and objectives for job training and placement programs. These goals and objectives are required for the preparation of the Job Training Plans of the Job Training Partnership Act and plans under the Wagner-Peyser Act.

DRAFT EMPLOYMENT AND TRAINING POLICY

The Governor's Coordination and Special Services Plan (GCSSP) shall serve as the framework of the state human resource development plan. The Employment and Training Policy would provide guidance in preparation of the GCSSP which includes the Governor's goals and objectives for job training and placement.

Benefits. This governance structure provides a greater opportunity for those line agencies to directly participate in the development of the Governor's Coordination and Special Services Plan.

The governance structure may be of additional benefit in the implementation of the Job Opportunities and Basic Skills section of the Family Support Act of 1988: the new federal welfare reform law.

Strategy for Implementation

Without a specified strategy for implementation, any policy, no matter how well crafted, will do little more than gather dust while those who participated in its development are left to wonder why.

The establishment of an Employment and Training Mini-Cabinet is not an unprecedented concept in an employment and training/human resource development governance structure. The Vocational Education and Employment Training Task Force recommended in 1983, as part of one governance structure option, the establishment of a "sub-cabinet" for vocational education and employment training. The task force further considered that the Governor should designate a lead commissioner. That suggestion was subsequently dismissed because of anticipated problems of peer leadership and authority. These potential problems can be reduced or avoided through careful organization strategy for the Employment and Training Mini-Cabinet, leaving the positive aspects of the sub-cabinet concept intact.

The Employment and Training Mini-Cabinet would be a vital and integral partner in an employment and training/human resource development governance structure.

The Alaska State Job Training Coordinating Council (SJTCC) is appointed by the Governor. It is authorized under the Job Training Partnership Act to carry out a variety of coordinating functions regarding employment, training, vocational education and related disciplines.

Among other things, the Council:

1. Recommends a Governor's Coordination and Special Services Plan which encourages interagency coordination and specifies criteria to guide that coordination;
2. Reports to the Governor annually on its activities;

DRAFT EMPLOYMENT AND TRAINING POLICY

3. Identifies, in coordination with appropriate state agencies, the employment, training, and vocational education needs throughout the state and assesses the extent to which government programs represent a consistent, integrated and coordinated approach to meeting those needs; and
4. May take on functions of any state coordinating committee for the work incentive program under Title IV of the Social Security Act, or any advisory council established under the Wagner-Peyser Act.

These responsibilities make the Alaska SJTCC a clear focal point for review and oversight of state policy implementing employment and training specifically, and human resource development programs generally.

The state agencies constituting the Employment and Training Mini-Cabinet represent the primary vehicles for the delivery of vital state human development services, some of which are for employment and training. All agencies represented on the Employment and Training Mini-Cabinet provide human development services that directly affect the delivery of employment and training services.

A bilateral governance structure for employment and training/human resource development consisting of the Alaska State Job Training Coordinating Council and the Employment and Training Mini-Cabinet would be balanced and comprehensive.

Recommendations for Action

Upon approval by the Employment and Training Mini-Cabinet, the Employment and Training Policy shall be forwarded to the Governor for initial approval. If approved by the Governor, the policy will be forwarded to the Alaska State Job Training Coordinating Council. The Council will make the policy available to, and formally solicit comments from, a much wider audience.

The Alaska SJTCC will be charged with the responsibility for compiling the comments as presented and formulating a draft of the Employment and Training Policy. After being presented to the Employment and Training Mini-Cabinet for concurrence and recommendations, the final draft will then be formally presented to the Governor.

Among the other policy generating agencies that should be included in the review and comment phase of the policy development are the University of Alaska Board of Regents, the State Board of Education, and the Governor's Council on Vocational Education.

DRAFT EMPLOYMENT AND TRAINING POLICY

Definition of Terms

ALASKA STATE JOB TRAINING COORDINATING COUNCIL: Established under the federally funded Job Training Partnership Act, the Council is empowered to carry out a wide range of oversight and coordination functions related to employment and training as well as vocational education. In Alaska the Council consists of twenty members appointed by the Governor for staggered terms. The chairperson is appointed from among the business and industry representatives.

EMPLOYMENT AND TRAINING MINI-CABINET: Membership is comprised of the Commissioners of the Departments of Commerce and Economic Development, Health and Social Services, Labor, Military and Veterans Affairs, Education, Community and Regional Affairs, and the President of the University of Alaska. The purpose of the mini-cabinet is to act as the chief administrative policy board for human resource development. Together with the Alaska State Job Training Coordinating Council, it provides information for the development of the Governor's Coordination and Special Services Plan. In addition to implementing the various human resource development programs offered by the State of Alaska, the Employment and Training Mini-Cabinet is a recipient of the annual assessment of the status of the employment and training system.

EMPLOYMENT AND TRAINING PROGRAMS: These programs range from labor networks to on-the-job training. Services to participants include the provision of up-to-date labor market information, job search assistance, assessment of skills and aptitudes, classroom training and support services such as medical and dental care, tools and clothing, transportation, and child care, to enable a person to participate in training and secure a job. These programs depend on an already existing vocational education system.

GOVERNOR'S COORDINATION AND SPECIAL SERVICES PLAN: This biennial plan is required by the Job Training Partnership Act (PL 97-300). The Act requires a comprehensive plan that involves all aspects of the Job Training Partnership Act programs and the various other programs that relate to it.

JOB TRAINING PARTNERSHIP ACT (JTPA): The major federal job training initiative was implemented in October 1983. There are three main job training programs under JTPA: Title II-A Adult and Youth Training Programs; Title II-B Summer Youth Employment and Training Programs; and Title III Dislocated Worker Programs. In FY 90, the State of Alaska expects to receive \$6.5 million, \$2.5 million and \$1.2 million for the programs, respectively. The HTPA establishes a unique system of program oversight and accountability through the use of private industry councils for each geographically situated service delivery area. The Alaska State Job Training Coordinating Council has oversight responsibility for the entire system.

DRAFT EMPLOYMENT AND TRAINING POLICY

JOB TRAINING PLANS: These are the local plans developed by the private industry councils for their service delivery areas for JTPA programs. The plans are tailored to local conditions within the parameters established by the Governor's Coordination and Special Services Plan.

PRIVATE INDUSTRY COUNCILS: Councils appointed by the local elected officials within the service delivery areas established under JTPA. The councils provide local guidance and oversight to the programs and approve the job training plans.

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1711

ALASKA'S FAMILY SUPPORT TASK FORCE

FINAL REPORT

December 1989

Co-Chairmen:
Senator Rick Uehling
Representative Johnny Ellis



Labor and Commerce Committee Hearing of HB 171-March 27, 1990

The purpose of the welfare reform legislation (HB 171) is designed to keep families together and to provide incentives and sanctions for people on public assistance to move from welfare to gainful employment through education and training programs.

A major overhaul of the welfare system is occurring this year in most states as a result of federally mandated legislation. HB 171 is necessary for continued state compliance with federal law. Non-compliance will put the state in jeopardy for loss of federal funds, which provide approximately 50% of the funding.

The Alaska Family Support Task Force met for 7 months last year to prepare a number of recommendations relating to these welfare reform changes (you can find the report in your folder): HB 171 is the "largest piece of the welfare reform puzzle".

The federal Family Support Act of 1988 outlined mandatory components requiring states to:

- *Establish a state-based education training and work program

- *Provide child care services and Medicaid health coverage as supportive services for up to a year after a participant begins working.

- *Strengthen child support enforcement

HB 171 establishes the Job Opportunity and Basic Skills (JOBS) program which offers education and training and related supportive services.

- *JOBS requires coordination of existing education and training programs in the state:

- The Job Training Partnership Act (JPTA) will be the principal job training program utilized. (It authorizes grants to states to fund job training programs to prepare unskilled people to enter the labor force).

- The State Training & Employment Program (STEP) in the Dept. of Comm & Reg. Affairs (funded through a grant from the Dept. of Labor) will also be a program utilized.

The employment and training programs will enable the welfare recipient families to become self-supporting faster.

--For those who need additional education to reach their employment goal, education options that range from adult literacy programs to vocational education to post-secondary education programs can be utilized.

HB 171 also extends assistance to 2 parent households in which the principal wage earner is unemployed (the unemployed parent mandate) in an effort to keep families together.

Presently, many fathers, especially, will leave the mothers so that their children and wife can receive welfare benefits.

This legislation will work with families in an effort to assist them by providing tools to become self-supporting.

HOUSE COMMITTEE REPORT

3/28

(7)

Date Referred: March 12, 1990

FURTHER REFERRALS:

Date of Committee Action: 3/27/90

FINANCE

The LABOR & COMMERCE Committee considered:

HB 171

HOUSE BILL NO. 171

JOB TRAINING AND EDUCATION PROGRAM

"An Act establishing a training and education program to expand employment opportunities for low-income persons; repealing the work incentive program; and providing for an effective date."

RECOMMENDATIONS:

- be replaced with RSIB 171 (New) the same title
- have attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact _____
- zero fiscal note _____
- zero with analysis _____

- fiscal note(s) NSS 3/12/90
- zero fiscal note(s) _____
- zero fn/analysis _____

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not Pass No Rec Amend

SIGNING DO PASS	SIGNING	Do Not Pass	No Rec	Amend
<u>[Signature]</u>	<u>[Signature]</u> <u>Lerman</u>		<input checked="" type="checkbox"/>	
<u>[Signature]</u> <u>Greenberg</u>				
<u>[Signature]</u> <u>Boucher</u>				
<u>[Signature]</u> <u>Collins</u>				
<u>[Signature]</u> <u>Finkelstein</u>				
<u>[Signature]</u> <u>Boyer</u>				
<u>[Signature]</u> <u>Donley</u>				

[Signature]

Chairman's Signature

HOUSE COMMITTEE REPORT

(7)

Date Referred: February 13, 1989 FURTHER REFERRALS: LABOR & COMMERCE

FINANCE

Date of Committee Action: 3/8/90

The HEALTH, EDUCATION, & SOCIAL SERVICES Committee considered: HB 171

HOUSE BILL NO. 171 [JOB TRAINING AND EDUCATION PROGRAM]

"An Act establishing a training and education program to expand employment opportunities for low-income persons; repealing the work incentive program; and providing for an effective date."

RECOMMENDS:

- [X] replacing with CSHA 171 HESS [] the same title [X] a new title
[] the attached amendment(s)
[] do pass
[] do not pass
[] no recommendation
[] individual recommendations
[] additional referral to the Committee

ADOPTS: House HESS letter of intent

ATTACHES NEW FISCAL NOTE(S):

- [X] fiscal impact DHSS
[] zero fiscal note
[] zero with analysis

APPROVES PREVIOUS:

- [] fiscal note(s) published:
[] zero fiscal notes(s) published:

SIGNING DO PASS:

Handwritten signatures: J. Ellis, John Davis, Ken Stuber, Mark Baker

SIGNING OTHER THAN DO PASS:

(Do Not Pass, No Recommendation, Amend)

Handwritten signature: J. Ellis
Chairman's signature

parents participate in a work project.

It is estimated that some 625 new families will be included in this coverage in fiscal year 1991 and about twice that number the following year.

BENEFITS WHILE WORKING

To ensure that parents who find jobs can afford to continue working and to provide an incentive to find jobs, welfare reform offers child care assistance and Medicaid benefits for up to a full year after a client begins working. These benefits will be offered beginning April 1, 1990. Child care benefits will be administered through the Department of Community and Regional Affairs' existing child care programs.

It is estimated that these benefits will provide medical coverage and child care for some 1,170 children by 1992.

CHILD SUPPORT ENFORCEMENT

In keeping with its goal of encouraging families to be self sufficient, the Family Support Act implements several changes in child support. Chief among these are:

- * Guidelines for judges who set support orders must be periodically reviewed and updated.
- * Child support orders must be reviewed regularly and may be modified by the Child Support Enforcement Division at the request of either parent.
- * Employers must withhold child support payments from wages for nearly all support orders on a phased-in schedule beginning November 1990.
- * A greater effort must be made to establish paternity, including identifying both parents at the time of birth.

Published by the Alaska Department of Health and Social Services, Division of Public Assistance.

People Reaching Independence and Dignity through Employment

How welfare reform will affect Alaska



INTRODUCTION

The federal Family Support Act of 1988, often called welfare reform, mandates that states make massive changes in the way they handle almost every aspect of welfare. In Alaska those changes will begin taking place on April 1, 1990.

To prepare for these changes, some 150 Alaskans spent part of last summer holding hearings, gathering information and preparing reports. The final results are the recommendations from Alaska's Family Support Task Force, chaired by Sen. Rick Uehling and Rep. Johnny Ellis.

WHY THE CHANGE?

The Family Support Act's primary goal is to take people off welfare by providing them with education, training and the child care necessary to win and keep jobs. It is also intended to support families and children in need by extending benefits to two-parent families.

HOW MUCH WILL IT COST?

In the long run, federal and state governments believe welfare reform will bring down costs by taking people off welfare. Program implementation, however, is costly. Depending on the number of people who participate, which is driven by available funds, Alaska's combined state and federal budget for fiscal year 1991 is estimated to be between \$17.84 million and \$34.15 million. The State of Alaska's share of that will be between \$9.07 million and \$20.7 million.

WHAT WILL CHANGE?

J.O.B.S.

(Job Opportunity and Basic Skills)

JOBS, which will replace the current WIN program, will offer education, training, job search, on-the-job training and supportive services. These will include continuing child care and

family medical coverage for one year after the client leaves welfare for a job.

Under the Family Support Act, welfare clients will be under much greater pressure to train for and find jobs than they are now. In Alaska, the recommendation is that all Aid for Family with Dependent Children (AFDC) clients with children age three or older be required to participate in JOBS.

Services will focus on people and families who are seen as the least likely to leave welfare without them. Chief among these are teen-age parents without a high school diploma. Such clients will be required to attend school to receive AFDC benefits, as will any adult client who is found to test below an eighth grade literacy level. Other clients who will receive priority are those who have been on welfare for at least 36 of the past 60 months and those who will soon be ineligible for AFDC because their children are getting older.

JOBS also requires coordination of existing education and training programs in the state in order to make these services as accessible as possible to welfare clients.

Service to Alaska Natives will change dramatically under JOBS. Access to training, education and jobs will be increased greatly by offering JOBS through regional Native non-profit organizations, rather than at only a few urban sites. Twelve Native organizations have already begun offering JOBS in their areas.

JOBS will be available to non-Native clients beginning Oct. 1, 1990.

TWO-PARENT HOUSEHOLDS

Beginning Oct. 1, 1990, Alaska must offer assistance to two-parent households in which the principal wage earner is unemployed. The coverage will include year-round AFDC benefits, Medicaid and the requirement that one or both

WELFARE REFORM OVERVIEW

The Family Support Act of 1988 is the most comprehensive overhaul of the Aid to Families with Dependent Children (AFDC) program since it was enacted in 1935. Passage of the new Act was the result of a two year bipartisan effort by the nation's governors. It begins to change the current welfare system from an income maintenance program with minor work components, into a system that actively promotes family self-sufficiency and assists clients in leaving welfare for work.

KEY FEATURES OF THE FAMILY SUPPORT ACT:

A. Cash and Medical Benefits for Unemployed Parents:

For the past several years, states have had the option of covering two-parent households in which the principal age earner is unemployed. Alaska has not included these families in its AFDC program. The Act mandates AFDC unemployed parent (UP) coverage in all states beginning October 1, 1990.

B. Job Opportunities and Basic Skills Training (JOBS)

The Act repeals the WIN (Work Incentive) program in the work programs established under the old AFDC program and replaces it with JOBS. State programs begin October 1, 1990. The key differences between the old and the new program are:

1. Alaska Native organizations receive the direct federal funding to provide JOBS services to Alaska Native AFDC clients. Native grantees will begin their programs before the State begins its JOBS. Native funding for FY 91 is expected to be 38% of Alaska's total JOBS funding; no State or local match is required.
2. Services must be targeted to the long-term dependent and those most at risk of becoming long term dependent.
3. Because long-term dependent and at risk clients are also the hardest to serve they will require more in-depth services.
4. Supportive services such as child care, transportation, medical assistance, increase.
5. Federal funding levels will increase and match funds are available for new services, as long as federal funds are targeted to long-term dependent and at-risk individuals.
6. Phased-in performance standards increase the number of clients served.

C. Transitional Benefits While Working:

1. The Act creates a new entitlement to day care assistance for up to twelve months for anyone who leaves AFDC because of increased earnings, beginning April 1, 1990.
2. The Act also makes the current four-month extended Medicaid benefits available for up to a full year, beginning April 1, 1990.

D. Child Support Enforcement:

The Act addresses several child support enforcement issues, but the four main features are:

1. Each state establish guidelines by October 1989 which are a rebuttable presumption for judges who set support orders, with periodic review of the guidelines;
2. Support orders must also be reviewed regularly;
3. Employers must immediately withhold child support payments from wages for nearly all support orders on a phased in schedule beginning November 1990;
4. The identities of both parents must be established at the time a birth is recorded,

GOALS OF ALASKA'S FY 91 FAMILY SUPPORT ACT PACKAGE

UNEMPLOYED, TWO-PARENT FAMILIES

Cover the 1495 poor children in 623 intact families with AFDC cash benefits, and provide them and their parents with medical coverage, by October 1, 1990.

Why: Congress felt that poor children in intact families were being penalized in the 20 states who did not cover them.

Tools: Unemployed Parents AFDC, Medicaid.

Establish one pilot program each in urban and rural Alaska that allows parents in UP families to "work off" their AFDC grant and medical insurance.

Why: By definition, both parents in UP families are able bodied, and at least one has recent work experience. If no paying jobs are available, one parent may support the family by performing work or community service for their AFDC grant and health insurance. States with strong Work programs experience lower UP cash assistance payments than states without Work requirements.

Tools: State JOBS, Native Grantees.

JOB OPPORTUNITIES AND BASIC SKILLS TRAINING (JOBS)

Provide meaningful job training opportunities to 620 non-natives and 380 Alaska Natives on AFDC. AFDC clients whose youngest child is three years or older are mandatory participants if child care is available.

Why: In our society, work is tied to self-esteem. The work force has changed and more than 60% of women with young children work.

Tools: JTPA training funds, JOBS case management services, child care, medical coverage.

JOBS, cont'd.

Raise the literacy level of JOBS participants who do not perform above an 8th grade level.

Why: Any job which pays enough to support a family requires basic competency in English and math.

Tools: Adult Basic Education (A.B.E.) services, both urban and rural.

Ensure that young parents between ages of 13-24 on AFDC get a high school diploma. The law mandates education for those under 20 without a diploma and targets young parents under 24 for special attention.

Why: The single most predictable profile of a long-term welfare dependent is one of a young parent who lacks a high school education. Investing here will be our biggest pay off.

Tools: DOE pilot for 25 teen parents, other JOBS services, child care, medical, and supportive services.

Ensure clients with barriers to learning or training get help.

Why: One of the most frequent concerns of job training professionals is that clients' underlying problems, such as substance abuse, are not addressed during or before training. The result is another failure for the client and waste of precious training resources.

Tools: Specialized intensive case management and supportive services for 25 JOBS clients who are appropriate for treatment. (Treatment resources come from existing system).

JOBS, cont'd.

In exchange for parents' participation, guarantee cash assistance, child care and medical coverage to 1000 AFDC families participating in training or education.

Why: In this contract, if parents agree to try to improve themselves, then the government must give them the tools to do so. As a practical matter, the government is already paying cash and medical for this client. The new expense is for child care.

Tools: AFDC cash, JOBS, child care and medical.

Make sure there is enough supply of child care/of the right hours in the right places to meet the needs of FSA clients.

Why: Alaska must exempt parents from participation if child care cannot be found. Supply of part-time, weekend, evening care and care for very young children must be generated. Entry level jobs, especially in service sector may not be 8-5 pm.

Tools: Information and referral brokering service to recruit providers and match with client needs and to do ground work for licensing.

Ensure that 1400 children placed in child care while parents work or train get quality care, beginning April 1, 1990 and October 1, 1990.

Why: It is shortsighted to address the needs of a parent in poverty only to ignore the needs of their children. Quality care must be available to all clients.

Tools: JOBS component to educate the parent to choose good quality care, licensing resources.

JOBS, cont'd.

Ensure that parents have the tools to balance work and family.

Why: Being a good parent is the most important job most of us will ever do, yet it is the job for which we receive the least formalized training. Single parents, young parents, families with economic pressures, or low education levels could benefit greatly.

Tools: JOBS will provide parenting training during its orientation sessions. In future years, JOBS may offer scholarships to community-based parenting programs for AFDC clients.

TRANSITION BENEFITS WHILE WORKING

Help with child care expenses and medical coverage for up to one year for the working poor who leave AFDC for a job.

Why: Lack of affordable child care and medical coverage are two major reasons parents do not permanently make the transition from welfare to work. It seems safer to "do nothing."

Tools: Transitional child care and medical benefits beginning April 1, 1990, via Medicaid and DCRA.

CHILD SUPPORT ENFORCEMENT

Ensure that Alaska has ability to review and modify child support guidelines and all support orders periodically.

Why: It is important that child support payments reflect current economic conditions, needs, and family situations.

Tools: Child Support Enforcement Division staff within Department of Revenue; Court System's Child Support Guideline Committee.

CHILD SUPPORT ENFORCEMENT cont'd.

Beginning November 1990, immediately withhold child support payments for new and modified orders from paychecks.

Why: Experience indicates that collections are much higher when they are automatically withheld from wages. Current practice is to immediately withhold payments only for obligers whom the system has marked as being delinquent in their payments. This creates a stigma for those obligers.

Tools: CSED, employers.

Increase paternity establishment for AFDC cases.

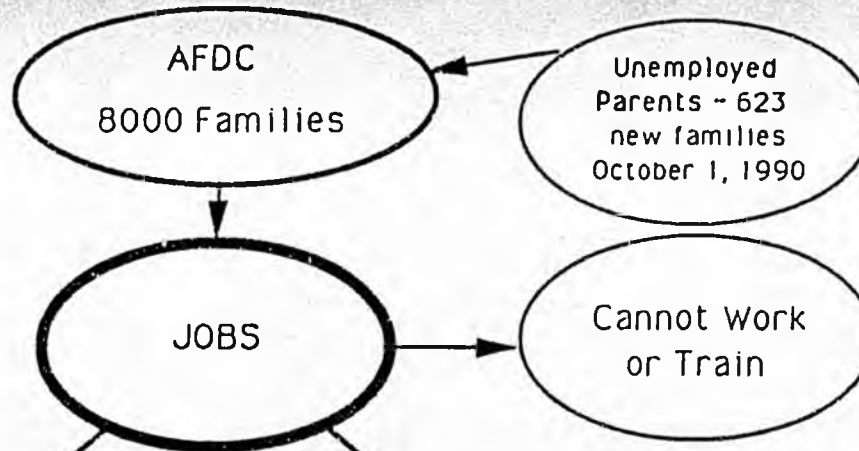
Obtain Social Security Numbers of both parents before Birth Certificate is issued.

Why: Parents should be responsible for their children, whether or not they live in the same home. AFDC cash outlays can be reimbursed by child support payments collected by CSED on behalf of AFDC clients.

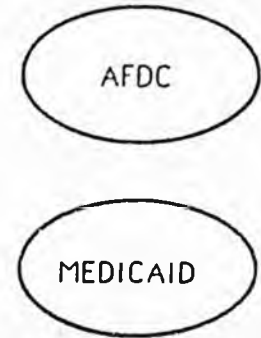
Tools: CSED staff, DPA eligibility workers, Bureau of Vital Statistics, sanctions if clients don't cooperate.

CASH ASSISTANCE

WELFARE REFORM

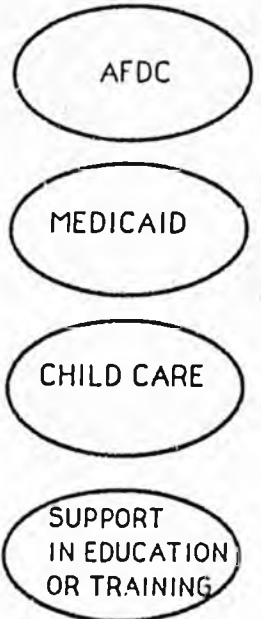
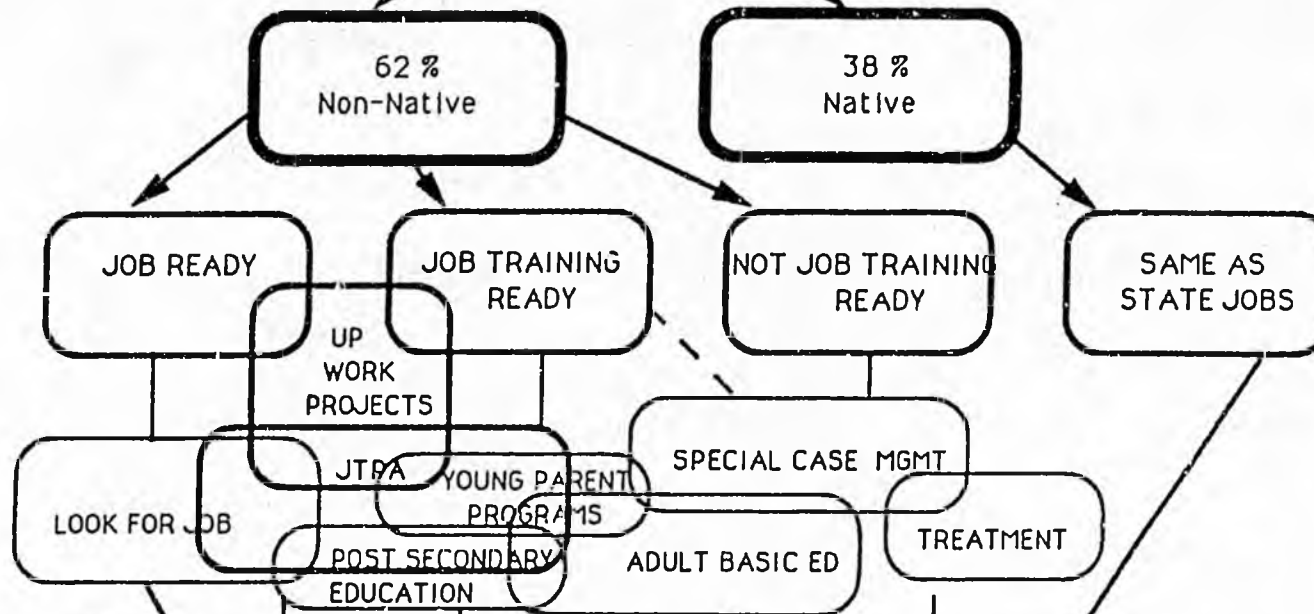


BENEFITS



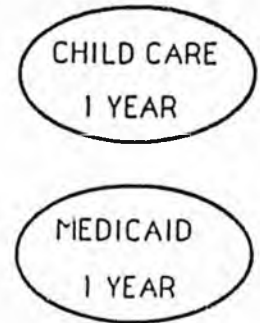
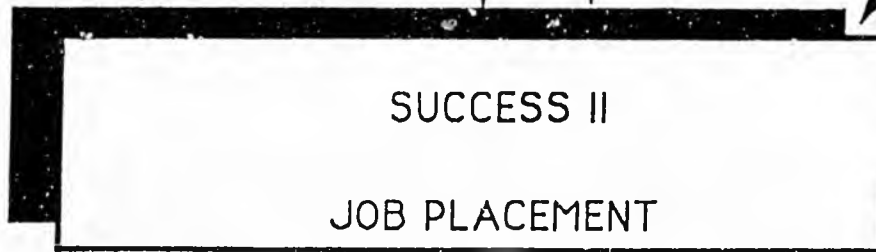
JOBS

October 1, 1990



TRANSITION BENEFITS

April 1, 1990



3111 C STREET, SUITE 455
ANCHORAGE, ALASKA 99503
(907) 561-7628

WHILE IN SESSION
P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3704

ALASKA STATE HOUSE

OFFICE OF MAJORITY WHIP

CHAIR
HEALTH, EDUCATION & SOCIAL SERVICES

JUDICIARY

SPECIAL COMMITTEE ON
FOREIGN & DOMESTIC TRADE

REPRESENTATIVE JOHNNY ELLIS

To: Rep. Dave Donley
Chair, Labor and Commerce

From: Rep. Johnny Ellis *JE*

Date: March 19, 1990

Re: Request for a Committee Hearing of CSHB 171

I respectfully request a committee hearing on CSHB 171 during the week of March 26, if possible.

CSHB171 is based on the Family Support Act federal mandates and the Alaska Family Support Task Force's recommendations concerning welfare reform. It is imperative that we pass this bill through the Legislature this session because of the federal mandates and deadlines for implementation.

If you have any questions about the bill, please contact Kimberly in my office at 3704.

HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES



P.O. BOX V, JUNEAU 99811
(907) 465-3759

March 8, 1990

Letter of Intent to
CSHB 171 (HESS)

The purpose of this letter is to state that the House HESS Committee intends, under this legislation, to allow people who are participating in the Job Opportunities and Basic Skills (JOBS) program to attend a four year degree program if it will assist them in obtaining gainful employment.

CSHB 171 (HESS) will allow JOBS participants to access 4 year college programs as well as 2 year vocational or college programs. A four year program is acceptable if required to meet the client's employment goal, and if this employment goal is supported by the client's assessment results and labor market conditions. However, JOBS participants in the final two years of a four year program will receive child care assistance, case management and other supportive services on an as-available basis. JOBS funds will not be used to pay tuition or other direct costs for these final two years.

Clients will not be sanctioned for failure to complete Job Search or other JOBS program activities during this period of self-initiated education provided that they are attending a Pell Grant approved institution at least half time, and making satisfactory progress as defined by the institution.

A handwritten signature in cursive script, appearing to read "Johnny Ellis".

Rep. Johnny Ellis, Chair

#1

A M E N D M E N T

OFFERED IN THE HOUSE

BY REP. ELLIS

TO: CSHB 171 (HESS)

Page 2, line 23, after "(P.L. 97-300)":

Insert "or a training and employment program operated or funded by the State Job Training Coordinating Council in the Department of Community and Regional Affairs through a grant from the Department of Labor"

Page 5, line 20, after "682(i)":

Insert "and programs operated or funded by the State Job Training Coordinating Council in the Department of Community and Regional Affairs through a grant from the Department of Labor"

#2

Line 22 Page 7

(c) In administering the program, the department shall direct JOBS case managers to recommend and accept as appropriate component participation, reasonable client activities designed to promote and develop entrepreneurial ability and success.

reletter subsequent paragraphs

A M E N D M E N T # 3

OFFERED IN THE HOUSE

TO: CSHB 171 (HESS)

Page 1, line 12, after "program;":

Insert "establishing a pilot project relating to an alternative education program designed to meet the needs of persons of school age who are pregnant or are parents;"

Page 12, after line 16:

Insert a new bill section to read:

"* Sec. 10. PILOT PROJECT. (a) The Department of Education shall award a contract to a school district to establish a pilot project under which persons of school age who are either pregnant or are parents could attend an alternative education program designed to meet their needs for day care, transportation, and education related to parenting, job skills, health, and fitness.

(b) The department shall award the project contract described in (a) of this section to a school district that

- (1) is centrally located in the state;
- (2) has access to existing facilities to support the project;
- (3) will serve the highest number of persons of school age who are pregnant or are parents, including eligible school-aged persons from other areas of the state who are temporarily residing in the district in order to be near its specialized health facilities; and

(4) agrees to accept into the project all school-aged persons receiving assistance under AS 47.25.310 - 47.25.420 (aid to families with dependent children) who apply for acceptance into the project and meet project participation criteria.

(c) After determining where the project will be located according to the criteria set out in (b) of this section, the department shall retain oversight jurisdiction of the project.

(d) The department shall require the school district in which the project is located to submit information that will assist the department in evaluating the extent to which the project meets the needs of its participants for day care, transportation, and education. The department shall also analyze the project's operation to determine the extent to which its methodologies would be suitable for application in other school districts that vary in size and demographics. To the extent that the department determines that the project's methodologies are not suitable for statewide application, the department shall develop recommendations for other methodologies that would be applicable to other school districts.

(e) In this section, "school age" has the meaning given in AS 14.03.-070.

(f) This section is repealed June 30, 1992."

Renumber the following bill section accordingly.

FISCAL NOTE

REQUEST:

Revision Date: _____
Tide: An act relating to AFDC and
establishing an effective date.

Agency Affected: DHSS/DPA, DCRA, DOE
BRU: Public Assistance Administration

Sponsor: Rep. Ellis, Bover, M. Davis et al
Requestor: Rep. Ellis

Components: Alaska Work Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	128.9	133.8	138.8	144.0	149.5	155.1
TRAVEL	39.4	44.8	40.8	45.4	51.6	48.0
CONTRACTUAL	2657.7	4185.2	4685.2	4712.6	4746.9	4746.9
SUPPLIES	0.6	0.6	0.6	0.6	0.6	0.6
EQUIPMENT	6.0	6.0	6.0	6.0	6.0	6.0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	926.8	928.0	1026.2	1027.2	1028.9	1026.9
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	3759.4	5297.6	5897.6	5935.8	5983.5	5983.5

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	3659.4	5197.6	5797.8	5835.8	5883.5	5883.5
FEDERAL FUNDS	100.0	100.0	100.0	100.0	100.0	100.0
OTHER						
TOTAL	3759.4	5297.6	5897.6	5935.8	5983.5	5983.5

POSITIONS:

FULL-TIME	3	3	3	3	3	3
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) NO FISCAL IMPACT IN FY 90.

Increases in future years reflect required increases in clients served as stipulated in the federal law. See attached detail.

Prepared by: John R. Taber
Division: Division of Public Assistance

Phone: 465-3347
Date: 3/6/90

Approved by Commissioner: Myra M. Munson
Agency: Health & Social Services

Date: 3/6/90

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

DIVISION OF PUBLIC ASSISTANCE

Committee Substitute for House Bill 171 establishes two new public assistance programs which are mandated by the Federal Family Support Act of 1988, to be administered by Alaska's Department of Health and Social Services (DHSS), Division of Public Assistance (DPA). Both new programs begin October 1, 1990.

The bill authorizes the Unemployed Parent (UP) program, which provides that two parent families in which the primary wage earner is unemployed may be eligible for Aid to Families with Dependent Children (AFDC). Currently only single parent families are eligible unless the second parent is incapacitated.

It also creates the Job Opportunities and Basic Skills training program, (JOBS), to replace the existing Work Incentive (WIN) program, which is repealed. The purpose of JOBS is to assist AFDC clients to get jobs and leave welfare.

This bill establishes these programs in accordance with the federal Family Support Act of 1988 and the recommendations of Alaska's Family Support Task Force. The bill requires DPA to establish all components of these programs statewide in FY 91.

Governor's Budget Must Remain As Base

The Governor's proposed FY 91 budget includes funding for the new programs' entitlement and start up costs. The Governor's budget meets minimum federal mandates for the first year of welfare reform. Therefore to ensure compliance with federal requirements, the Governor's proposed welfare reform funding level must remain intact. It should serve as the base upon which fiscal note funding for H.B. 171 builds.

The proposed law requires earlier implementation of the services necessary to meet the federal mandates than does the Governor's budget. Therefore certain assumptions which formed the Governor's budget cannot be used to plan for this bill.

For example, the Governor's proposed JOBS and UP budgets assume:

1. JOBS will not offer a full menu of components in each JOBS geographical area in the state.
2. Some JOBS components will not be offered at all in FY 91, or offered to a few clients in one or two sites on a demonstration basis only. These will require future funding for implementation.

3. Alaska Native organizations JOBS programs' education, training, and work project plans and costs funded directly by the federal government have no State participation in the first year.
4. Alaska will not require UP clients to meet a work requirement this year. In FY 91, JOBS may develop one basic UP work project for a few clients.

The Governor's FY 91 budget proposal anticipates phasing in statewide JOBS funding through FY 94.

Also, although the UP program does have a mandatory work requirement for its recipients, this requirement does not begin until 1994. At that time Alaska must require a minimum of 40% of UP recipients to participate in work activity for 16 hours or more per week in addition to JOBS education and training activities. By 1997 the participation requirement increases to 75%. Because the Act stipulates no minimum starting level for FY 91, the base budget includes no funding to begin this UP work activity. It is anticipated by the Governor's budget that funding to meet these requirements will be phased in as earlier mandates are established administratively.

H.B. 171 states that DHSS shall provide all JOBS components to State JOBS participants statewide. It also requires the department to explore innovative education and training programs for UP families. These stipulations require that the base provided by the Governor's budget be expanded.

Fiscal Note Requirement

The following analysis describes \$3.7 million in additional funding needed to implement H.B. 171. The Department of Health and Social Services is presenting this fiscal note because it has overall responsibility for implementing JOBS. However, as with the Governor's base budget for welfare reform, not all of the fiscal note is actually DHSS funding.

The Department of Education would administer \$1,280,000 in contract and grant funds for young parent and Adult Basic Education Services. The remaining amount includes \$2.2 million in contract and grant funds for DHSS and DCRA to purchase services from community organizations. It includes \$240,000 for DhSS and DOL personal services and administration. (See graph, page 6).

Not shown in this analysis are program savings anticipated by implementing welfare reform. Although the program costs will always be required, if JOBS is effective, these costs will eventually result in savings to the actual cash benefits paid to AFDC clients. Because these are long term benefits and data does not yet exist to quantify the savings, the fiscal note cannot reflect these savings.

FY 1991
FAMILY SUPPORT ACT IMPLEMENTATION COSTS

ENTITLEMENTS	DEPT/S	GOVERNOR'S PROPOSED BUDGET (S's in thousands)			HB 171 FISCAL NOTES					
		State GF	FED	TOTAL	FY91 7% Participation Rate Required	FY92 11% Participation Rate Required	FY93 11% Participation Rate Required	FY94 15% Participation Rate Required	FY95 20% Participation Rate Required	FY96 20% Participation Rate Required
1. UP Cash Benefits	DHSS	1952.2	2315.2	4267.4						
2. Transition & UP Medicaid	DHSS	2,076.2	2,485.2	4,561.4						
3. Transitional Child Care	DCRA/DHSS	875.8	875.8	1,751.6						
4. JOBS Child Care	DCRA/DHSS	999.4	999.4	1,998.8						
Subtotal		5,903.6	6,675.6	12,579.2						
Entitlement Administration										
5. DPA Eligibility	DHSS	392.2	308.2	700.4						
6. DCAP Eligibility/Mgmt	DCRA/DHSS	168.9	168.9	337.8						
7. DCAP Child Care Accounting	DCRA/DHSS	26.0	23.1	49.1						
8. Maniilaq Staff	DHSS/Maniilaq	15.8	11.0	26.8						
9. Local Administration	DCRA/DHSS	187.5	187.5	375.0						
10. Information & Referral Agencies Authorized Care	DCRA/DHSS	170.0	170.0	340.0						
Subtotal		960.4	868.7	1,829.1						
TOTAL AFDC & CHILD CARE ENTITLEMENTS		6,864.0	7,544.3	14,408.3	0.0					
11. CHILD SUPPORT ENFORCEMENT		206.5	400.8	700.4	0.0					
START UP/DATA PROCESSING										
12. Outreach/Evaluation/Reporting	DHSS	21.7	21.7	43.4						
Integrate Computer Systems										
13. JAS/EIS Expansion	DHSS	419.9	97.3	517.2						
14. DCRA Child Care Computer	DCRA/DHSS	154.0	154.0	308.0						
15. JTPA/EIS Interie	DCRA/DHSS	75.0	75.0	150.0						
16. DCRA Data System Integration	DCRA/DHSS	36.0	36.1	72.1						
17. Statewide Interie (DOE/DOL)	DHSS/DCE/DOL	50.0	50.0	100.0						
TOTAL START UP/DATA PROCESSING		756.6	434.1	1,190.7	0.0					

GOVERNOR'S PROPOSED BUDGET
(S's in thousands)

HB 171 FISCAL NOTES

CHILD CARE ENHANCEMENT	DEPT/S	State GF	FED	TOTAL	FY91	FY92	FY93	FY94	FY95	FY96
					7% Participation Rate Required	11% Participation Rate Required	11% Participation Rate Required	15% Participation Rate Required	20% Participation Rate Required	20% Participation Rate Required
18. Child Care Licensing	DHSS	126.0	10.6	136.6	134.2	139.6	139.6	145.0	151.7	151.7
19. Head Start Demos	DCRA	0.0	0.0	0.0						
20. True Cost of Care FSA	DCRA	0.0	0.0	0.0						
21. Guaranteed FSA clients in DCAP	DCRA	0.0	0.0	0.0						
22. Reserve Funds in DCAP for E&T	DCRA	0.0	0.0	0.0						
TOTAL CHILD CARE ENHANCEMENT		126.0	10.6	136.6	134.2	139.6	139.6	145.0	151.7	151.7
JOBS/UP WORK PROJECTS										
23. JOBS Staff Case Mgrs.	DHSS/DOL	168.6	190.4	359.0	62.0	64.5	64.5	67.0	70.1	70.1
24. Young Parents Support	DHSS/DOE	180.0	30.0	210.0	380.0	395.2	395.2	410.4	429.4	429.4
25. Substance Abuse Case Mgrs	DHSS/Contract	27.6	27.6	55.2	88.8	92.4	92.4	95.9	100.3	100.3
26. Supportive Services	DHSS/DOL	131.2	131.2	262.4	72.4	75.3	75.3	78.2	81.8	81.8
Vocational Education										
27. JTPA Case Mgmt & Administration	DCRA	257.5	0.0	257.5						
28. JTPA Client Services	DCRA	200.0	0.0	200.0	see line 35					
29. Entrepreneur Training	DHSS/DOE	0.0	0.0	0.0						
30. AVTEC Housing	DHSS/DOE	0.0	0.0	0.0						
31. Increase ABE	DHSS/DOE	150.0	0.0	150.0	900.0	1800.0	1800.0	1800.0	1800.0	1800.0
32. Parenting Education	DHSS	0.0	0.0	0.0	217.0	225.7	225.7	234.4	245.2	245.2
33. Caregiver Education	DCRA	0.0	0.0	0.0	80.0	80.0	80.0	80.0	80.0	80.0
34. Child Care as a Business	DCRA	0.0	0.0	0.0	25.0	25.0	25.0	25.0	25.0	25.0
35. All Components Statewide	DHSS/Contracts	0.0	0.0	0.0	900.0	1500.0	2000.0	2000.0	2000.0	2000.0
36. UP Work Projects Coordination	DHSS/DOL	0.0	0.0	0.0	400.0	400.0	500.0	500.0	500.0	500.0
37. Native UP Work Projects	DHSS/Native Grantees	0.0	0.0	0.0	500.0	500.0	500.0	500.0	500.0	500.0
TOTAL JOBS and UP WORK		1,114.9	379.2	1,494.1	3,625.2	5,158.0	5,758.0	5,790.8	5,831.8	5,831.8
TOTAL FY 91 WELFARE REFORM ALL DEPARTMENTS		\$9,068.0	\$8,769.0	\$17,930.1	\$3,759.4	\$5,297.6	\$5,897.6	\$5,935.8	\$5,983.5	\$5,983.5
	Administration				240.0	242.5	242.5	245.0	248.1	248.1
	DOE/Contract				1280.0	2195.2	2195.2	2210.4	2228.4	2229.4
	DHSS/Contract				1634.4	2254.9	2854.9	2875.4	2901.1	2901.1
	DHSS/Native Grant Funds				500.0	500.0	500.0	500.0	500.0	500.0
	DCRA/Contract				105.0	105.0	105.0	105.0	105.0	105.0
					3759.4	5297.6	5897.6	5935.8	5983.5	5983.5

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HB171 FISCAL NOTE

FY 1991 FUNDS \$3,759,400
(2.8%) (6.4%)

