

House Engrossed Senate Bill

**FILED**

**JANICE K. BREWER  
SECRETARY OF STATE**

State of Arizona  
Senate  
Forty-eighth Legislature  
First Regular Session  
2007

CHAPTER 293

# **SENATE BILL 1571**

AN ACT

AMENDING SECTIONS 41-1542 AND 41-1544, ARIZONA REVISED STATUTES; AMENDING LAWS 2000, CHAPTER 383, SECTION 10, AS AMENDED BY LAWS 2002, CHAPTER 264, SECTION 4; RELATING TO THE ARIZONA JOB TRAINING PROGRAM AND FUND.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 41-1542, Arizona Revised Statutes, is amended to  
3 read:

4 41-1542. Governor's council on workforce policy; duties

5 A. The governor by executive order may establish a governor's council  
6 on workforce policy. If the governor establishes a governor's council on  
7 workforce policy, the council shall include at least the following members:

8 1. The director of the department of commerce or the director's  
9 designee.

10 2. The director of the department of economic security or the  
11 director's designee.

12 3. The superintendent of public instruction or the superintendent's  
13 designee.

14 4. One representative from a rural community college district who is  
15 appointed by the governor.

16 5. One representative from an urban community college district who is  
17 appointed by the governor.

18 6. One representative from organized labor who is appointed by the  
19 governor.

20 7. Representatives from ~~small and~~ large businesses who are appointed  
21 by the governor and who shall compose at least ~~fifty-one~~ THIRTY per cent of  
22 the total membership of the council.

23 8. REPRESENTATIVES FROM SMALL BUSINESSES WHO ARE APPOINTED BY THE  
24 GOVERNOR AND WHO SHALL COMPOSE AT LEAST TWENTY-FIVE PER CENT OF THE TOTAL  
25 MEMBERSHIP OF THE COUNCIL.

26 B. The governor's council on workforce policy that is established by  
27 executive order shall develop program guidelines for selection criteria and  
28 program operations. These guidelines shall include the following areas:

29 1. Project application procedures.

30 2. Categories of allowable and excluded project costs.

31 3. Limitations relating to partial or total project costs and interim  
32 and end of project reporting requirements.

33 4. Procedures to assure that both urban and rural economic interests  
34 are addressed.

35 5. Criteria to evaluate effective use of training monies.

36 6. Criteria to determine the annual qualifying wage rate per county so  
37 that the qualifying wage rate reflects current economic conditions and the  
38 needs of local businesses in the county.

39 C. The governor's council on workforce policy shall meet at least four  
40 times each year and shall submit a written annual report to the governor, the  
41 president of the senate, the speaker of the house of representatives and the  
42 joint legislative budget committee by September 1 of each year. This report  
43 shall include:

- 1           1. The qualifying wage rate per county.
- 2           2. The number of businesses recruited.
- 3           3. The number of approved applicants.
- 4           4. The number of persons hired.
- 5           5. The number of incumbent workers trained.
- 6           6. The racial and ethnic background of persons trained.
- 7           7. The number of persons trained by job skill category.
- 8           8. The average salaries paid.
- 9           9. The breakdown of full-time and part-time jobs.
- 10          10. The information on the efforts to leverage other training  
11 resources.
- 12          11. A summary of the information considered pursuant to section  
13 41-1543.
- 14          12. The number of grant applications denied due to either of the  
15 following:
  - 16           (a) Insufficient available grant money.
  - 17           (b) The inability to meet the qualifying wage requirements pursuant to  
18 subsection B, paragraph 6 of this section.
- 19          13. A summary of annual spending by state government on workforce  
20 development, including details on each state program that participates in  
21 workforce development in any state agency or community college. The report  
22 shall include:
  - 23           (a) Actual expenditures from state, federal or other sources for the  
24 prior fiscal year, by fund, program and agency and in total.
  - 25           (b) Estimated expenditures from state, federal or other sources for  
26 the current fiscal year, by fund, program and agency and in total.
  - 27           (c) Federally mandated performance measure results by program,  
28 including measures for the previous two fiscal years and for the current  
29 fiscal year.
  - 30           (d) Agency or statewide performance measure results as described in  
31 subsection E of this section by program, including measures for the previous  
32 two fiscal years and for the current fiscal year.
  - 33           (e) A strategic plan that identifies:
    - 34           (i) Each workforce development program in this state.
    - 35           (ii) How the state programs met all performance measures in the  
36 previous fiscal year.
- 37          D. Each state agency and community college shall submit to the  
38 governor's council on workforce policy the information necessary to compile  
39 the report described in subsection C, paragraph 13 of this section by August  
40 1 of each year.
- 41          E. The governor's council on workforce policy shall coordinate with  
42 state agencies and state community colleges to produce outcome-based  
43 performance measures for all state workforce development programs.

1           Sec. 2. Section 41-1544, Arizona Revised Statutes, is amended to read:  
2           41-1544. Arizona job training fund; definitions

3           A. The Arizona job training fund is established consisting of  
4 legislative appropriations, monies deposited pursuant to section 23-769,  
5 gifts, grants and other monies. The department shall administer the fund.  
6 On notice from the department, the state treasurer shall invest and divest  
7 monies in the fund as provided by section 35-313, and monies earned from  
8 investment shall be credited to the fund. Before any monies are disbursed  
9 pursuant to this section, the legislature may appropriate monies in the  
10 Arizona job training fund to be used for the department of economic  
11 security's jobs program to provide job training for welfare clients.

12           B. The director may accept and expend federal monies and private  
13 grants, gifts and contributions to assist in carrying out the purposes of  
14 this article. All monies for the program shall be expended only for the  
15 costs related to training, except that the department of commerce shall  
16 reimburse the department of economic security for the development costs for  
17 establishing a system to collect the job training employer tax imposed  
18 pursuant to section 23-769 in an amount of not more than four hundred  
19 thousand dollars and for incremental costs incurred by the department of  
20 economic security relating to the collection of the job training employer tax  
21 imposed pursuant to section 23-769. Monies in the Arizona job training fund  
22 are exempt from the provisions of section 35-190 relating to lapsing of  
23 appropriations.

24           C. The Arizona job training fund monies shall be spent on approval of  
25 the department at the direction of the director in accordance with the  
26 guidelines and procedures adopted by the governor's council on workforce  
27 policy.

28           D. A minimum of twenty-five per cent of the monies appropriated to the  
29 Arizona job training fund shall be used to provide training to small  
30 businesses employing fewer than one hundred employees.  ~~, until June 15 of~~  
31 ~~each fiscal year. After June 15 of each fiscal year, any unexpended monies~~  
32 ~~may be made available to any qualified applicant.~~

33           E. A minimum of twenty-five per cent of the monies appropriated to the  
34 Arizona job training fund shall be used to provide training to businesses  
35 located in rural areas of the state.  ~~, until June 15 of each fiscal year.~~  
36 ~~After June 15 of each fiscal year, any unexpended monies may be made~~  
37 ~~available to any qualified applicant.~~

38           F. If a business receives monies for training from the Arizona job  
39 training fund and the business employs fewer than one hundred employees and  
40 is located in a rural area of this state, the business shall be included in  
41 the minimum percentages prescribed in subsections D and E of this section.

42           G. No more than fifty per cent of the monies in the Arizona job  
43 training fund shall be used to provide incumbent worker training.

1 H. A single grant awarded pursuant to this article shall not be more  
2 than ten per cent of the estimated annual total of monies deposited in the  
3 Arizona job training fund.

4 I. THE DEPARTMENT SHALL NOT APPROVE GRANT MONIES FOR REIMBURSEMENT OF  
5 THE FOLLOWING EMPLOYER COSTS:

6 1. FRINGE BENEFITS, FOOD AND BEVERAGES, RECRUITMENT AND SIGNING  
7 BONUSES FOR TRAINEES AND TRAINERS.

8 2. EMPLOYER COSTS TO COMPLETE A PROGRAM APPLICATION.

9 3. EXCEPT FOR SMALL BUSINESSES, TRAINING EXPENSES FOR PARTNERS OR  
10 CORPORATE OFFICERS.

11 4. EMPLOYEE RELOCATION EXPENSES.

12 5. TRAINING OR COURSE DEVELOPMENT COSTS THAT ARE NOT PART OF THE  
13 EMPLOYER'S APPROVED TRAINING PLAN.

14 6. COSTS FOR ASSESSING THE TRAINING NEEDS OF EMPLOYEES.

15 7. DRUG OR OTHER TESTING COSTS FOR EMPLOYEE SCREENING OR PRESCREENING  
16 PURPOSES.

17 8. COSTS FOR TRADE SHOWS AND CONFERENCES OR SEMINARS THAT DO NOT  
18 RESULT IN A SKILL CERTIFICATE THAT IS EARNED BY AN EMPLOYEE.

19 9. OTHER COSTS PROHIBITED BY RULE.

20 ~~I~~ J. For the purposes of this section:

21 1. "Rural area" means either:

22 (a) A county with a population of less than four hundred thousand  
23 persons according to the most recent United States decennial census.

24 (b) A census county division with less than fifty thousand persons in  
25 a county with a population of four hundred thousand or more persons according  
26 to the most recent United States decennial census.

27 2. "Small business" means a concern, including its affiliates, that  
28 employs fewer than one hundred employees.

29 Sec. 3. Laws 2000, chapter 383, section 10, as amended by Laws 2002,  
30 chapter 264, section 4, is amended to read:

31 Sec. 10. Delayed repeal; reversion

32 A. Section 23-730.02, Arizona Revised Statutes, and title 23, chapter  
33 4, article 5.2, Arizona Revised Statutes, are repealed from and after  
34 December 31, ~~2007~~ 2011.

35 B. Title 41, chapter 10, article 4, Arizona Revised Statutes, is  
36 repealed from and after December 31, ~~2007~~ 2011, at which time any unexpended  
37 or unencumbered monies in the Arizona job training fund attributable to the  
38 job training employer tax imposed pursuant to section 23-769, Arizona Revised  
39 Statutes, revert to the unemployment compensation fund established by section  
40 23-701, Arizona Revised Statutes, and any unexpended or unencumbered monies  
41 in the Arizona job training fund not attributable to the job training  
42 employer tax imposed pursuant to section 23-769, Arizona Revised Statutes,  
43 revert to the state general fund.

1           Sec. 4. Department of commerce; rule revision

2           The department of commerce shall revise the Arizona job training  
3 program rules that were adopted to administer title 41, chapter 10, article  
4 4, Arizona Revised Statutes, to streamline the application and reimbursement  
5 process for all types of employers, including the creation of a web-based  
6 application, with particular attention on reducing the paperwork burden on  
7 small business applicants.

APPROVED BY THE GOVERNOR JULY 2, 2007.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JULY 2, 2007.

Passed the House June 20, 20 07,

by the following vote: 48 Ayes,

10 Nays, 2 Not Voting

[Signature]  
Speaker of the House

[Signature]  
Chief Clerk of the House

Passed the Senate February 22, 20 07,

by the following vote: 28 Ayes,

1 Nays, 1 Not Voting

[Signature]  
President of the Senate

[Signature]  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this  
\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary to the Governor

Approved this \_\_\_\_\_ day of  
\_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Governor of Arizona

S.B. 1571

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State  
this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary of State

SENATE CONCURS IN HOUSE  
AMENDMENTS AND FINAL PASSAGE

Passed the Senate June 20, 2007

by the following vote: 16 Ayes,

6 Nays, 8 Not Voting

Timothy S. Bee  
President of the Senate

Charmian Bellenger  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill received by the Governor this

21<sup>st</sup> day of June, 2007

at 8:30 o'clock a. M.

Wendee Ibarra  
Secretary to the Governor

Approved this 2 day of

July

at 11<sup>10</sup> o'clock A. M.

J. R. Nye  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 2 day of July, 2007

at 2:43 o'clock P. M.

Janice S. Brewer  
Secretary of State

S.B. 1571