

STATEMENT OF NEEDS AND REASONABLENESS
FOR RULES RELATING TO LABOR
EDUCATION ADVANCEMENT PROGRAMS (L.E.A.P.)

INTRODUCTION

The Minnesota Legislature has instructed the Commissioner of Labor and Industry to develop and implement an application process for organizations seeking to receive funding from the labor education advancement program. The process is to include criteria for the selection of grant recipients which includes, but is not limited to, the number of minority people served and the ability of organizations to match state money received with non-state resources.

The rules for the application and the criteria to be used in the selection of grantees to operate labor education advancement programs were drafted by the Minnesota Department of Labor and Industry. Notice of Solicitation of Outside Information regarding proposed rules governing the criteria used in the selection of Labor Education Advancement Program (L.E.A.P.) grantees was published in the **State Register**, Monday, 25 November, 1991. Comments and information received, in response to the notice, were considered when the rules were drafted.

The Labor Education Advancement Program is operated with the objective of providing racial minorities, females and other economically disadvantaged individuals with information, educational training and assistance to obtain meaningful employment in construction and in other industries that operate apprenticeship training programs and employ people with certified trade skills.

The Department of Labor and Industry has been awarding Labor Education Advancement Program grants to community organizations since 1983. The initial funding was provided by an appropriation of money in the Laws of 1983, Chapter 301, Section 32. Subsequent appropriations, by the Legislature, has permitted continued funding for the Labor Education Advancement Program.

The need to develop rules grew out of information that the Legislature received reflecting citizen interest in expanding the utilization of the Labor Education Advancement Program concept. In response to citizen concern, the Legislature has instructed the Commissioner to develop and implement an application process for organizations seeking to receive funding from the Labor Education Advancement Program (Laws of 1989, Chapter 335, Article I, Section 30).

All parties that have made known their interest will be invited to review the draft and present comments about changes that they feel should be considered.

SMALL BUSINESS - IMPACT OF THE RULES

Labor Education Advancement Program activities tend to focus on employers who are sponsors or co-sponsors of apprenticeship training programs. These employers are required to comply with the mandates of the Minnesota State Plan for Equal Employment Opportunity in Apprenticeship pursuant to the provisions of Title 29 Code of Federal Regulations, Part 30, and applicable provisions of other state and federal laws related to the employment of individuals. The proposed rules will have no measurable effect on this group of employers who operate small businesses.

Small business employers who are not sponsors or co-sponsors of apprenticeship training programs and apply for grants will be obligated to keep and maintain records and report the progress and status of trainees employed under the Labor Education Advancement Program.

The factors in M.S. 14.115, Subd. (a) - (e) have been considered. Since knowledge of the status of each enrollee is an integral part of the Labor Education Advancement Program, less stringent standards for small businesses are not feasible.

AGRICULTURE - IMPACT OF RULES

These rules will have no impact or effect on agricultural activities.

LOCAL GOVERNMENT - IMPACT OF RULES

Local government may participate in Labor Education Advancement Program activities by: (1) employing of individuals referred by grantees; and (2) contributing to the support of a grantee's labor education advancement program operations. The proposed rules on criteria to be used in the selection of labor education advancement grantees will not have an impact on local government because there is no obligation for participation.

NEED FOR AND REASONABLENESS OF RULES

In Laws 1983, Chapter 301, Section 32, the Minnesota Legislature set aside \$250,000 each year for the operation of Labor Education Advancement Program (L.E.A.P.) by the Minneapolis and St. Paul Urban Leagues.

In the rider language on this appropriation, the Legislature provided:

"Before payment of these grants, the Commissioner shall secure an approved contract that specifies the detailed budget to be submitted for use of each grant, the frequency and format of periodic reports on actual use of the grants, and audit requirements. The Legislative Auditor may conduct

"post-award audits of these grants as requested by the Commissioner and approved by the Legislative Audit Commission. Twenty percent of each grant in each year, or \$25,000, shall be available for payment upon demonstration of a dollar-for-dollar match from non-state contributions. If continuation of state funding is anticipated in the 1985-1987 fiscal biennium, the Commissioner shall develop an application process by which organizations currently established or organizations seeking to become established as providers...may seek funding..."

In the 1985 and 1987 State Department's appropriation bills (Laws of 1985 First Special Session, Chapter 13, Section 32; and Laws of 1987, Chapter 404, Section 31), no specific rider language was included in the State Department's appropriation bills for the funding of Labor Education Advancement Programs. However, in 1989, specific rider language was once again included in the Department's appropriation. Laws of 1989, Chapter 335, Article I, Section 30, set aside \$225,000 each year for L.E.A.P. grants. The Legislature went on to provide:

"Notwithstanding Laws of 1983, Chapter 301, Section 32, the Commissioner of the Department of Labor and Industry shall develop and implement an application process for organizations seeking to receive funding from the Labor Education Advancement Program. Criteria for selection of grant recipients shall include but not to be limited to the number of minority people served and the ability of organizations to match the state money with nonstate resources..."

Having received specific instructions from the Legislature, it is the Department's opinion that the application process should be implemented by utilization of the rulemaking process.

NEED

Increased interest in the Labor Education Advancement Program grants has created the need for a more comprehensive method of processing applications and a more effective way of communicating what criteria will be used to select grantees to operate Labor Education Advancement Programs.

The Legislature has indicated its desire to expand the application process to existing and new organizations seeking to receive funding from the labor education advancement program. To accomplish this objective, the application process and the criteria used to select grantees' needs to be published and made available to interested organizations throughout the State of Minnesota.

REASONABLENESS

These rules were drafted to comply with instructions that the Department received from the Legislature. The instructions received require the Commissioner of the Department of Labor and Industry to develop and implement an application process for organizations seeking to receive funding from the Labor Education Advancement Program. The Legislature also provided the Department with certain provisions the application process could have.

The scope of the rules that have been drafted for adoption is confined to the subject material which the Legislature communicated and expressed an interest in. Provisions provided by the Legislature have been included in the rules.

The Department has also attempted to create provisions that will serve as a foundation for future expansion of program activities and which will accommodate changes in economic conditions and help cushion the impact of shifts in the demographic makeup of communities.

The provisions of the rules insure all interested organizations an equal opportunity to apply for and compete for funds to operate a labor education advancement program. There are also provisions which ensure administrative consistency, protect state funds and ensure that state money will be properly distributed and accounted for.

The rules focus on matters that are directly related to the application process and criteria needed to select organizations to run Labor Education Advancement Programs. The Department of Labor and Industry has been awarding grants to fund the cost of operating Labor Education Advancement Programs since 1983. The Department's years of experience administering Labor Education Advancement Program grants was used to draft rules that it feels are both reasonable and practical.