



29th Alaska State Legislature
House Finance Budget Subcommittee
Department of Labor and Workforce Development
FY 16 Operating Budget

Chair

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465-4797

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**DEPARTMENT OF LABOR AND WORKFORCE
DEVELOPMENT FY2016 HOUSE FINANCE
BUDGET SUBCOMMITTEE NARRATIVE
REPORT**

FEBRUARY 25, 2015

Recommendations:

The House Finance Budget Subcommittee for the Department of Labor and Workforce Development submits an operating budget for FY2016 as follows:

Fund Group:

Unrestricted General Funds	\$23,042.2
Designated General Funds	35,275.5
Other Funds	20,592.8
Federal Funds	<u>\$94,386.6</u>
Total	\$173,297.1

Positions:

PFT	772
PPT	71
Temp	8

BUDGET ACTION:

The House Finance Budget Subcommittee for the Department of Labor and Workforce Development held seven meetings with the department and took the following actions:

Accepted the Governor's amended proposal with the following adjustments:

1. **Commissioner and Administrative Services** (Page 11-12)
 - a. Eliminate 1 PFT (PCN 07-1003); Job Class Title Special Assistant to the Commissioner I
 - b. UGF funding total \$124,400
 - c. Rationale: Position is not necessary for the department to fulfill its mission.
2. **Commissioner and Administrative Services** (Page 11-12)
 - a. Eliminate 1 PFT (PCN 07-1037); Job Class Title Special Assistant to the Commissioner II
 - b. UGF funding total \$37,700
 - c. I/A RCPTs total \$113,000
 - d. Rationale: Position is not necessary for the department to fulfill its mission.
3. **Commissioner and Administrative Services** (Page 11-12)
 - a. Eliminate 1 PFT (PCN 07-5851); Reduce UGF for Job Class Title Deputy Commissioner
 - b. UGF funding \$46,800
 - c. Rationale: One Deputy Commissioner is sufficient.
4. **Worker's Compensation Appeals Commission** (Page 26-27)
 - a. Eliminate Commission Funding \$439,600 (DGF) and two PFT positions
 - b. Rationale: The Worker's Compensation Appeals Commission is an ineffective division, eliminating the commission would realize a cost savings of \$439,600.
 - i. The Commission during the calendar year of 2013 closed 30 cases for a closure rate of 67 percent with an average time from filing to closure of seven months. This closure rate and average time for closure is not demonstrably better than the process was before the establishment of the commission.
5. **Labor Standards and Safety; Occupational Safety and Health** (Page 38-39)
 - a. Reduce G/F Match, a total of \$300,000 is not required as a state match
 - b. Rationale: A total of \$300,000 is not required as a state match.
6. **Labor Standards and Safety; Occupational Safety and Health** (Page 38-39)
 - a. Fund Switch of \$439,600 between G/F Match (UGF) and Workers Safety and Compensation Admin Acct. (DGF)
 - b. Rationale: The Workers Safety and Compensation Administration Account (WSCAA) which is a designated general fund (DGF) revenue, can be used to support the department's Occupational Safety and Health (OSH) component because it was established via statute (AS 34.05.067) for the administrative expenses of the state for workers' safety programs under AS 18.80.
7. **Employment Security; Adult Basic Education** (Page 46-47)
 - a. Reduce G/F Match by \$25,000
 - i. Adult basic education: GED testing center has five grant recipients with a total of \$350,000.
 - b. Rationale: A total of \$25,000 UGF is not required as a state match for federal funds.

8. **Business Partnerships, Business Services** (Page 50-51)
- a. Reduce UGF for the Career and Technical Education program by \$470,200 (UGF)
 - b. Rationale: Department needs to focus on returning individuals to the workforce. The UGF designated for the K-12 education is not part of the mission of the Department of Labor as the education of high school students is the mission of the Department of Education and Early Development.
9. **Business Partnerships, Business Services** (Page 50-51)
- a. Decrement \$456,000 (UGF) from the Oil and Gas Training Program
 - b. Rationale: Alaska employment with the oil industry fluctuates with oil production. High prices are the best explanation for the past decade's employment growth within the oil industry. However, with the current oil production and prices trends; the job industry is not expected to continue to grow.
10. **Business Partnerships, Alaska Technical Center (Kotzebue)** (Page 54-55)
- a. Decrement \$552,000 UGF
 - b. Rationale: The Alaska Technical Center receives TVEP (DGF) funding of \$1,126,000 and is eligible to apply for other competitive grants like the State Training and Employment Program.
11. **Business Partnerships, Southwest Alaska Vocational and Education Center Operations Grant** (Page 56-57)
- a. Decrement \$179,400 UGF
 - b. Rationale: The Southwest Alaska Vocational and Education Center receives TVEP (DGF) funding of \$375,300 and is eligible to apply for other competitive grants like the State Training and Employment Program.
12. **Business Partnerships, Northwest Alaska Career and Technical Center** (Page 60-61)
- a. Decrement \$368,000 UGF
 - b. Rural Apprenticeship Training Centers also receive TVEP funding under AS 23.15.835.
 - c. Northwest Alaska Career and Technical Center (Nome) UGF \$368,000; TVEP \$375,300
 - d. Rationale: The Northwest Alaska Career and Technical Center receives TVEP (DGF) funding of \$375,300 and is eligible to apply for other competitive grants like the State Training and Employment Program.
13. **Business Partnerships, Construction Academy Training** (Page 68-69)
- a. Decrement Construction Academy Training Funds \$3,128,000 (UGF)
 - b. Rationale: The Alaska Construction Academy does not strictly adhere to the mission of the Department of Labor and Workforce Development as it utilizes its limited resources primarily on high school and middle school programs which is the mission of the Department of Education and Early Development.
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The subcommittee adopts the following reports:

Budget Action Worksheet

- Legislative Finance Division Reports-House Structure (Numbers only)
- Agency Totals – FY2016 Operating Budget
- Appropriation / Allocation Summary (All Funds)
- Appropriation / Allocation Summary (GF)
- Transaction Comparison between ADJ Base and House Sub
- Transaction Comparison between Gov Amd and House Sub
- Wordage Report – FY2016 Operating Budget

Respectfully submitted,



Representative Tammie Wilson
House Subcommittee Chair
February 23, 2015