

# FY2017 DEPARTMENT OVERVIEW

## HOUSE FINANCE COMMITTEE

JANUARY 29, 2016



ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT  
COMMISSIONER HEIDI DRYGAS

# DEPARTMENT OVERVIEW



## MISSION:

Protect workers and advance opportunities for employment.

## KEY PROGRAM PRIORITIES:

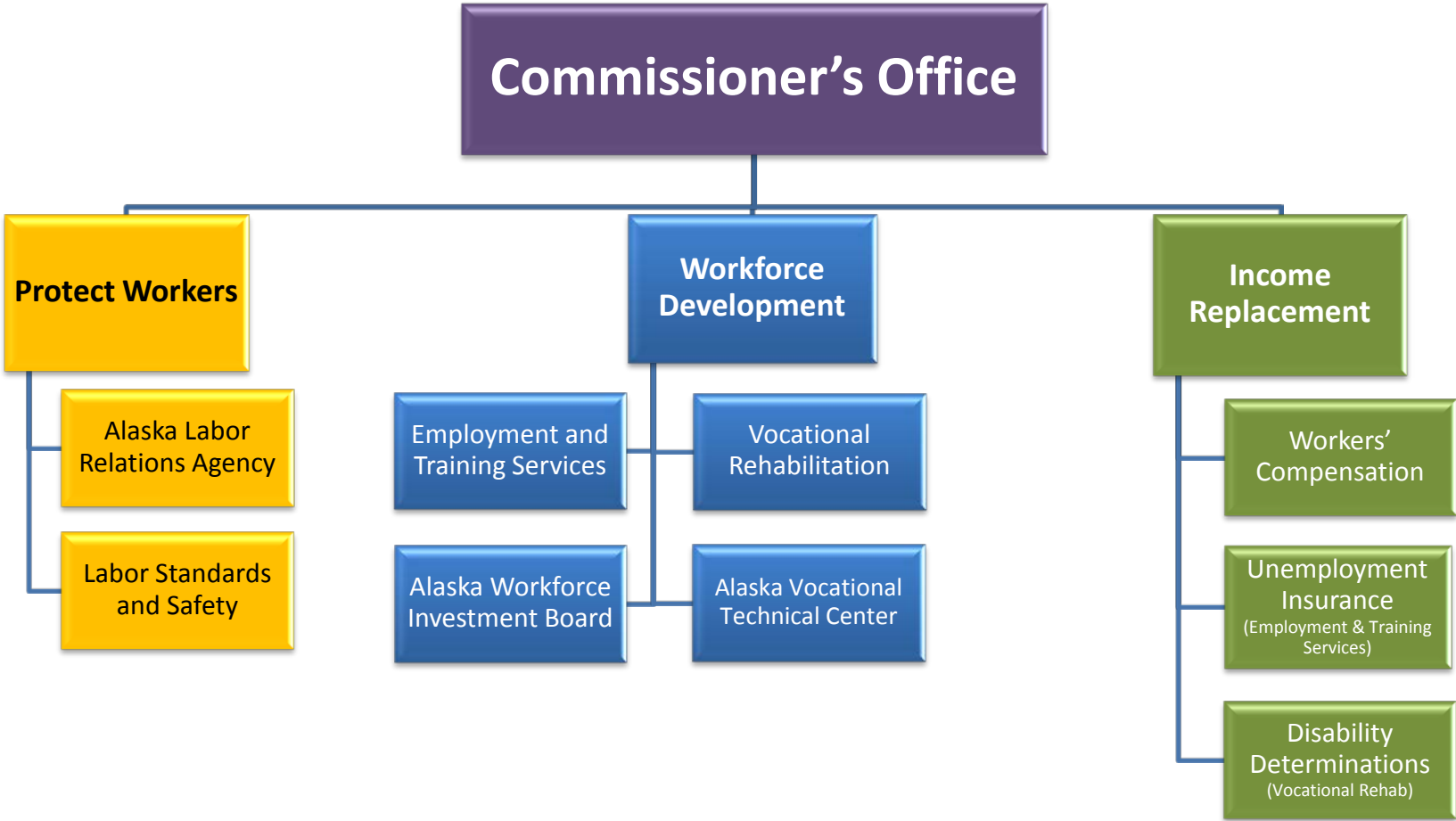
- **Protect Alaska's workers** through statutory and regulatory assistance and enforcement.
- **Workforce development** to support Alaska hire and economic development.
- **Income replacement** for injured, unemployed, and permanently disabled workers.



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# DEPARTMENT ORGANIZATIONAL CHART

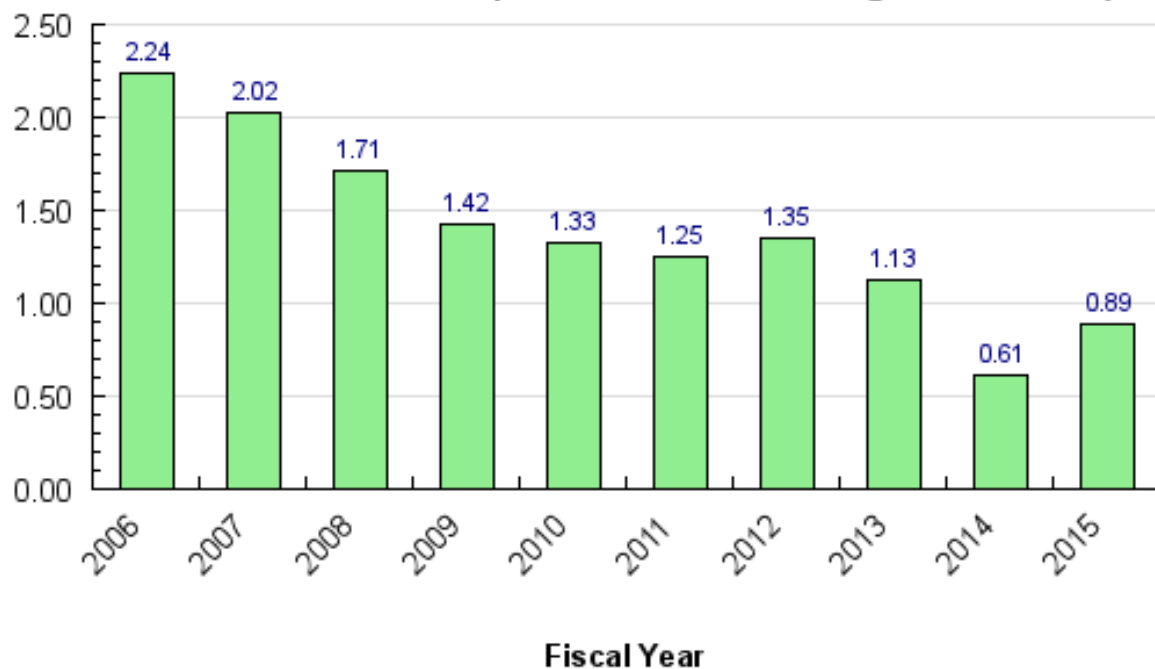


# PROTECT WORKERS

The workplace lost time illnesses and injuries rate of 0.89 per 100 employees in FY2015 was the second lowest on record.



**Workplace Lost Time Injuries and Illnesses Rate per 100 Employees (did not achieve the two percent reduction target in FY2015)**



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# PROTECT WORKERS: \$13,257.6

UGF: \$3,825.6; DGF: \$4,389.8; Other: \$2,200.2; Federal: \$2,842.0

	<u>UGF</u>	<u>DGF</u>	<u>Other</u>	<u>Fed</u>	<u>Total</u>	<u>Full- Time</u>	<u>Part- Time</u>	<u>Temp</u>
<u>Commissioner and Administrative Services</u>								
Alaska Labor Relations Agency - AS 23.05.360	\$558.3	\$0.0	\$0.0	\$0.0	\$558.3	3	1	0
<u>Labor Standards and Safety</u>								
Wage and Hour Administration - AS 23.10.015	\$1,771.0	\$0.0	\$629.7	\$0.0	\$2,400.7	21	0	0
Mechanical Inspection - AS 18.60.180	\$0.0	\$2,263.3	\$718.8	\$0.0	\$2,982.1	21	0	0
Occupational Safety and Health - AS 18.60.010	\$1,088.2	\$2,117.6	\$314.9	\$2,233.6	\$5,754.3	38	0	0
Alaska Safety Advisory Council - AS 18.60.830	\$0.0	\$0.0	\$160.8	\$0.0	\$160.8	0	0	0



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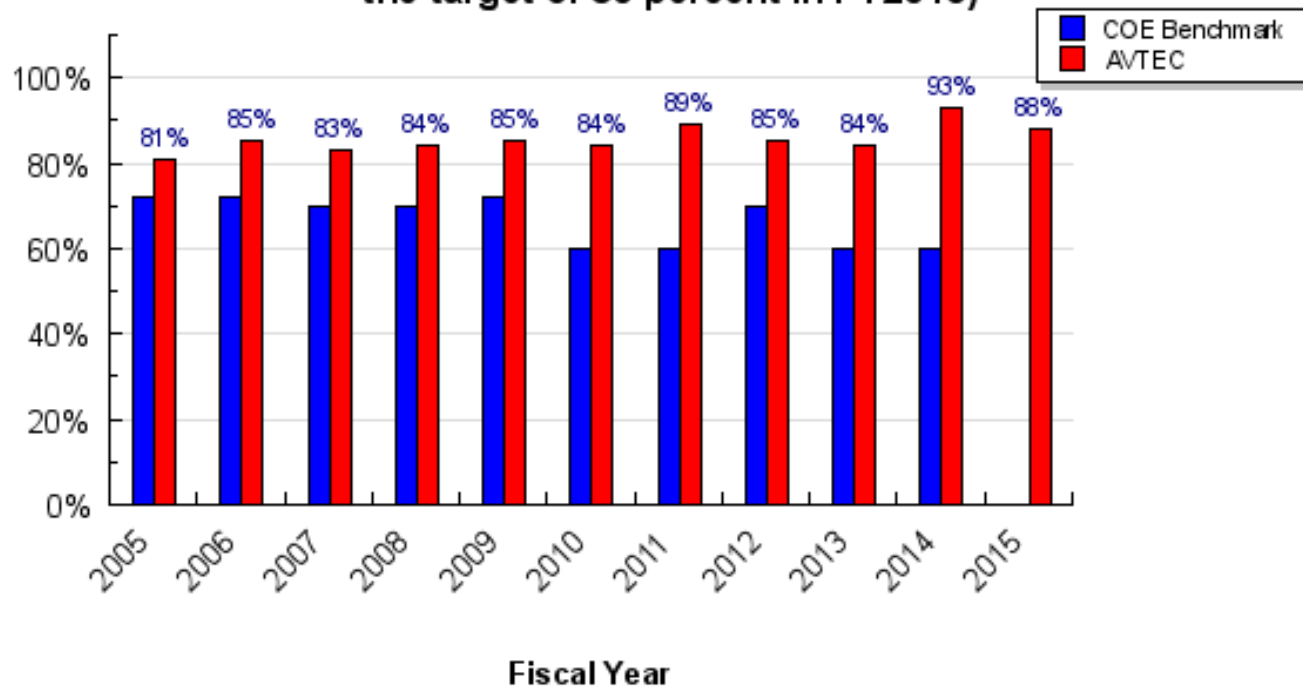


# WORKFORCE DEVELOPMENT

In FY2015, 88 percent of Alaska Vocational Technical Center (AVTEC) long-term program students graduated.



**Percent of AVTEC Long-Term Program Students Who Graduate (exceeded the target of 80 percent in FY2015)**



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# WORKFORCE DEVELOPMENT: \$100,515.9

UGF: \$18,448.8; DGF: \$18,575.4; Other: \$16,111.3; Federal: \$47,380.4

	<u>UGF</u>	<u>DGF</u>	<u>Other</u>	<u>Fed</u>	<u>Total</u>	<u>Full- Time</u>	<u>Part- Time</u>	<u>Temp</u>
<u>Commissioner and Administrative Services</u>								
Alaska Workforce Investment Board - AS 23.15.550	\$0.0	\$0.0	\$554.4	\$0.0	\$554.4	3	0	0
<u>Employment and Training Services</u>								
Workforce Services - AS 23.20	\$0.0	\$798.5	\$4,700.7	\$12,702.3	\$18,201.5	102	0	0
Workforce Development - AS 44.31.020	\$4,589.7	\$12,541.9	\$2,844.6	\$12,360.2	\$32,336.4	29	0	0
<u>Vocational Rehabilitation</u>								
Client Services - AS 23.15	\$4,474.0	\$200.0	\$250.0	\$12,539.9	\$17,463.9	90	0	0
Special Projects - AS 23.15	\$150.0	\$0.0	\$126.0	\$1,248.9	\$1,524.9	0	0	0
<u>Alaska Vocational Technical Center</u>								
Alaska Vocational Technical Center - AS 44.31.020(7)	\$5,434.7	\$4,948.2	\$1,937.2	\$858.2	\$13,178.3	55	16	4

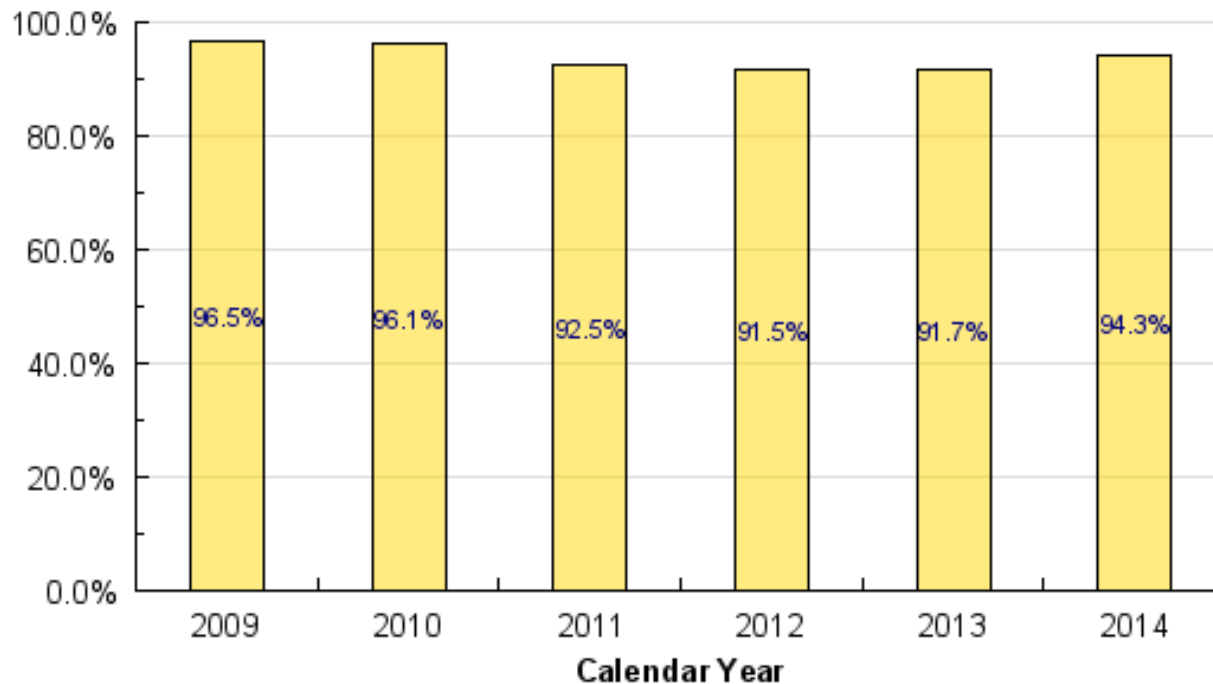


# INCOME REPLACEMENT



In calendar year 2014, Alaska processed 94.3 percent of initial unemployment insurance payments within 21 days, exceeding the federal target.

**Percent of Initial Unemployment Insurance Payments Processed within 21 Days (exceeded the target of 87 percent in 2014)**



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# INCOME REPLACEMENT: \$51,761.3

UGF: \$1,633.0; DGF: \$12,806.3; Other: \$2,106.3; Federal: \$35,215.7

	<u>UGF</u>	<u>DGF</u>	<u>Other</u>	<u>Fed</u>	<u>Total</u>	<u>Full- Time</u>	<u>Part- Time</u>	<u>Temp</u>
<u>Workers' Compensation</u>								
Workers' Compensation - AS 23.30.005	\$0.0	\$5,821.9	\$0.0	\$0.0	\$5,821.9	50	0	0
Workers' Compensation Appeals Commission - AS 23.30.007	\$0.0	\$439.6	\$0.0	\$0.0	\$439.6	2	0	0
Workers' Compensation Benefits Guaranty Fund - AS 23.30.082	\$0.0	\$774.5	\$0.0	\$0.0	\$774.5	1	0	0
Second Injury Fund - AS 23.30.040	\$0.0	\$3,412.5	\$0.0	\$0.0	\$3,412.5	2	0	0
Fishermen's Fund - AS 23.35.010	\$0.0	\$1,457.2	\$0.0	\$0.0	\$1,457.2	2	0	0
<u>Employment and Training Services</u>								
Unemployment Insurance - AS 23.20	\$0.0	\$865.0	\$302.2	\$27,576.2	\$28,743.4	163	40	0
<u>Vocational Rehabilitation</u>								
Disability Determination - AS 23.15.060	\$0.0	\$0.0	\$297.8	\$4,955.0	\$5,252.8	27	0	2



# FY2016 OPERATING BUDGET – \$7.6m (23%) UGF CUT

Eliminated 10 Commissioner's Office and Administrative Services positions, including the department's Communications Coordinator, **(-\$600.0)**

## Lease consolidation efforts

- space has already been reduced in Juneau and Kenai, **(-\$81.1)**
- current efforts are focused on Anchorage,
- will continue to evaluate its leased space in these and other locations

Consolidated the Business Partnerships and Employment Security divisions into the Division of Employment and Training Services, **(-\$337.0)**

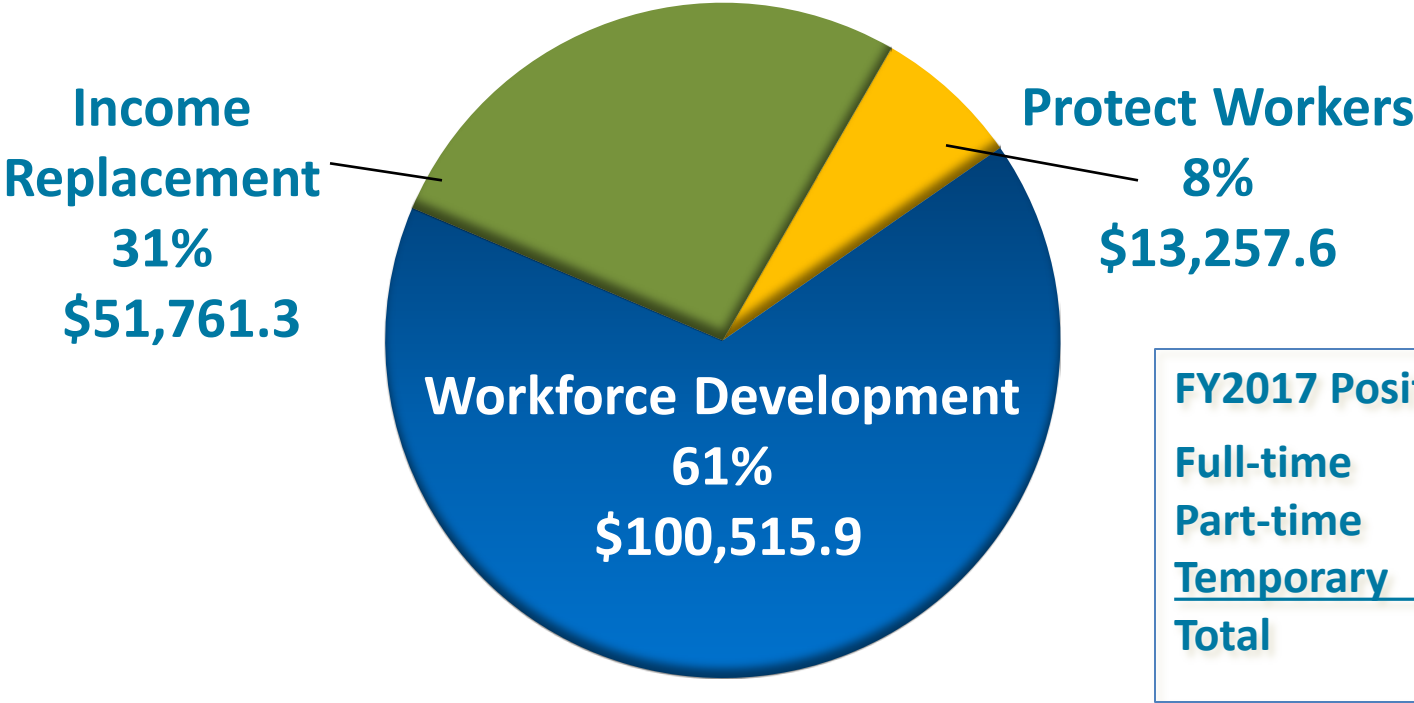
AVTEC Allied Health programs refocused from state-funded longer-term programs to federally-funded 4-6 week pre-apprenticeship type programs for high demand entry-level Health Care occupations **(-\$670.0)**



# FY2017 BUDGET: \$165,530.8

UGF: \$23,907.4; DGF: \$35,767.5; Other: \$20,417.8; Federal: \$85,438.1

## Budget by Priority Program



FY2017 Positions:	
Full-time	735
Part-time	62
Temporary	9
Total	806

UGF: Unrestricted General Funds  
DGF: Designated General Funds



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# GOVERNOR'S FY2017 BUDGET HIGHLIGHTS

## **Reduce UGF supporting lease costs by \$100.0**

- Reflects the significant leased costs reduction efforts currently underway

## **Reduce AVTEC's reliance on UGF by \$74.9**

- Corresponding regulation proposal to increase AVTEC's tuition and fees

## **Reduce UGF supporting the Alaska Construction Academies (ACA) by \$600.0**

- In accordance with legislative intent

## **Consolidate two divisions into the Division of Employment and Training Services**

## **Transfer the Independent Living program to DHSS**

- \$924.1 UGF and \$348.5 Federal transferred out

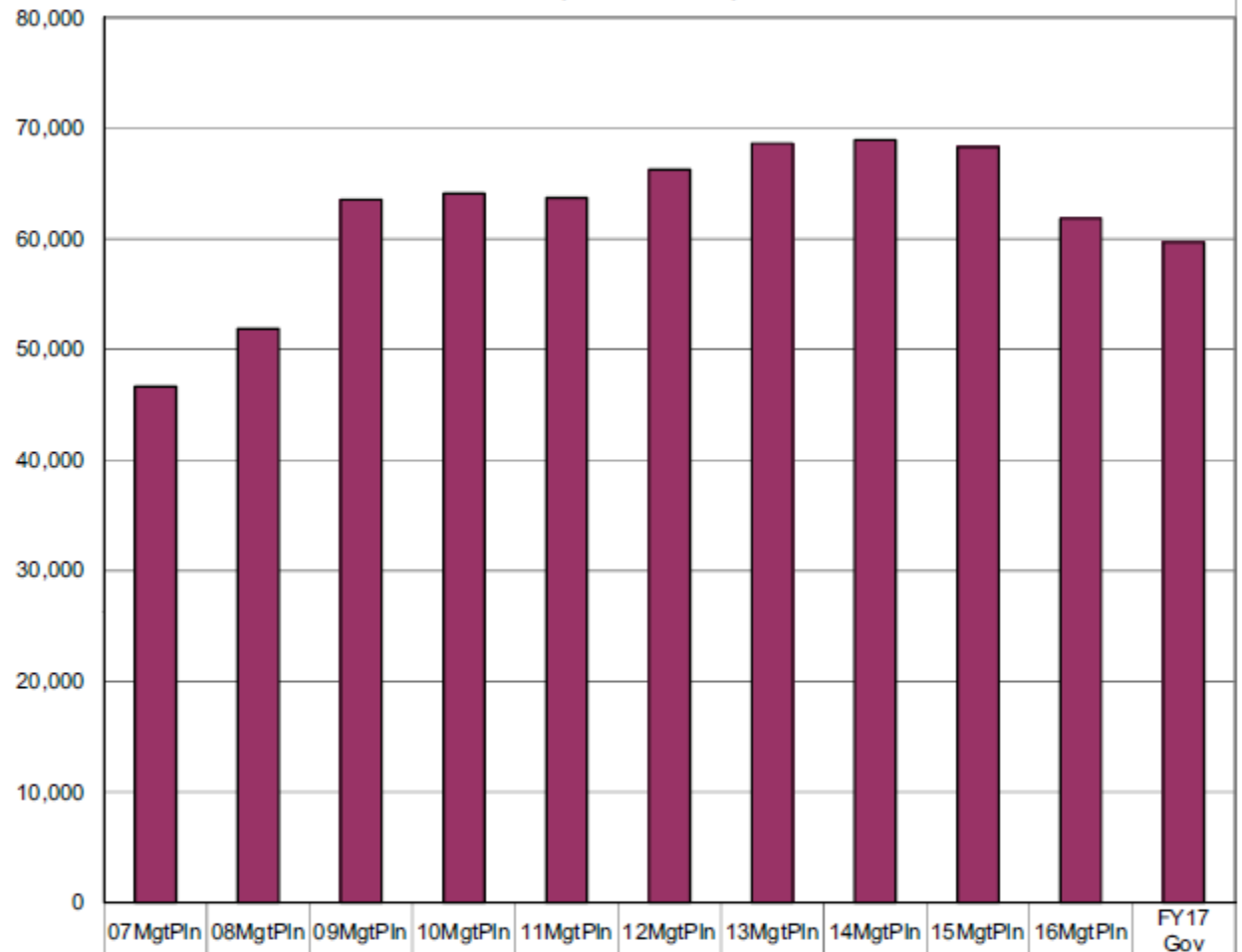
## **Unallocated UGF reduction of \$235.3 for salary adjustment reversals**



**Department of Labor and Workforce Development Share of Total Agency Operations  
(GF Only)  
(\$ Thousands)**

The Department's GF budget grew by \$13 million (28%) between FY07 and the FY17 Governor's Request--an average annual growth rate of 2.5%.

The Department's total FY17 GF Request equals \$179 per resident worker.\*



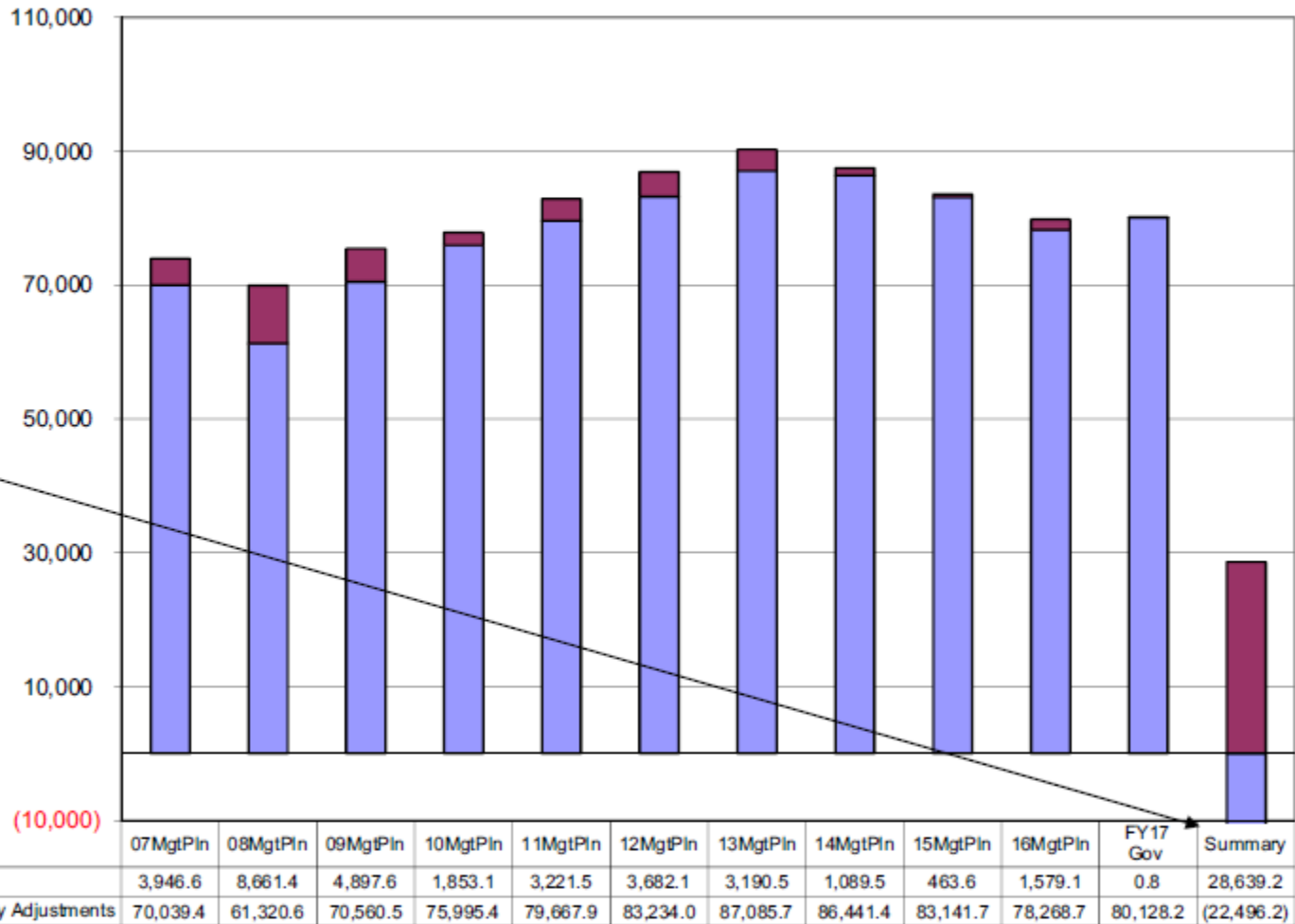
■ Total Agency Budget (GF Only)	46,663.4	51,881.8	63,553.1	64,112.6	63,707.1	66,269.2	68,619.2	68,941.0	68,295.5	61,846.6	59,674.9
% of Agency Budget to Total Agencies' budgets	1.30%	1.40%	1.55%	1.57%	1.45%	1.39%	1.36%	1.35%	1.30%	1.26%	1.24%

\* According to the Department of Labor and Workforce Development, there were 333,174 resident workers in Alaska in 2013.

**Department of Labor and Workforce Development**  
**Salary Adjustment Increases and Personal Services Costs**  
**(All Funds)**  
**(\$ Thousands)**

Personal Services increased \$6.1 million from FY07 to FY17 Gov, an increase of 8%.

**Summary\***  
 The change consists of a \$28.6 million increase for contractual salary adjustments and a (\$22.5 million) reduction in non-contractual personal services costs.



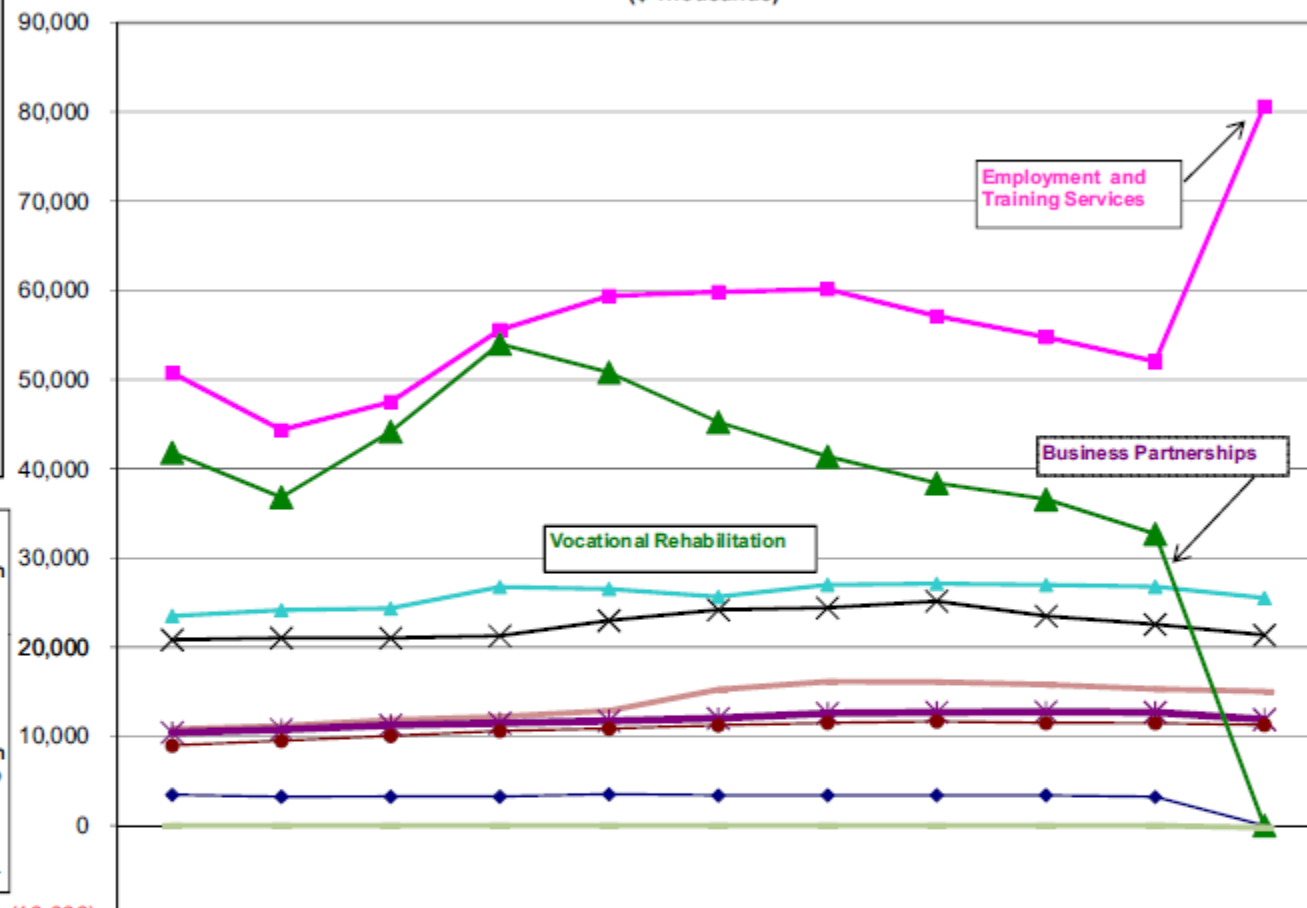
\* Changes in the personal services line from FY07 to FY17 are segregated into two parts: (1) base increases (primarily due to contractual negotiations) and (2) other personal services increases such as transfers between line items or increases from new positions. The final column sums the two types of changes during the period.

## Appropriations within the Department of Labor and Workforce Development (All Funds) (\$ Thousands)

Overall, the Department's total budget has declined (\$5.1 million) between FY07 and FY17Gov. (This amount does include a \$1.3 million transfer of funds to the Department of Health and Social Services from Vocational Rehabilitation due to interdepartmental reorganization of the Independent Living program for FY17.)

Also, with the implementation of Administrative Order 275, the Business Partnerships and Employment Security appropriations are melded into Employment and Training Services.

The funding volatility in Business Partnerships is primarily due to the \$7 million reduction of one-time discretionary federal funds (FY08); and the addition of funds (FY09-10) for Construction Academy Training and Business Services apprenticeship programs. Funding has been reduced starting in FY11 due to the fact that these programs may apply for competitive grants from sources other than the State.



(10,000)

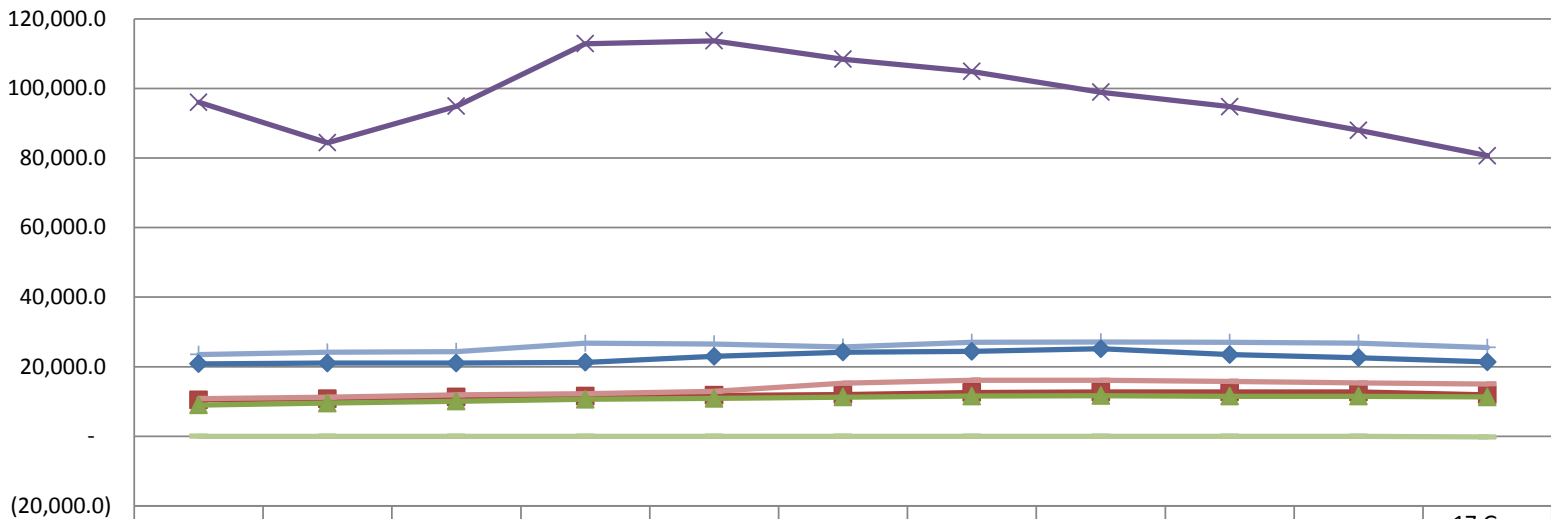
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Employment & Training Services	50,755.8	44,350.5	47,480.4	55,576.4	59,389.4	59,805.5	60,122.0	57,110.7	54,767.4	52,041.8	80,638.4
Vocational Rehabilitation	23,496.8	24,163.1	24,355.7	26,747.7	26,536.8	25,652.5	26,991.7	27,118.6	26,988.8	26,779.2	25,506.6
Commissioner and Admin Svcs	20,829.6	21,046.8	21,026.4	21,256.5	22,982.1	24,198.7	24,414.4	25,167.3	23,486.3	22,570.7	21,370.7
AVTEC	10,826.2	11,202.4	11,866.9	12,219.6	12,868.3	15,242.6	16,126.9	16,097.7	15,806.3	15,304.3	15,037.4
Workers' Compensation	10,451.6	10,782.9	11,264.9	11,501.9	11,748.3	12,018.7	12,602.2	12,712.1	12,758.7	12,705.7	11,905.7
Labor Standards and Safety	8,979.3	9,513.0	10,071.5	10,608.8	10,882.7	11,260.4	11,529.6	11,688.9	11,502.8	11,497.9	11,297.9
Employment Security	3,462.5	3,240.9	3,258.2	3,265.1	3,523.5	3,389.7	3,406.7	3,413.1	3,412.2	3,222.2	-
Business Partnerships	41,808.5	36,808.4	44,161.0	54,011.7	50,800.3	45,236.1	41,376.5	38,398.1	36,584.2	32,704.2	-
Agency Unallocated Approp	-	-	-	-	-	-	-	-	-	-	(225.9)

# ALL FUNDS BY NEW APPROPRIATION STRUCTURE

Federal Funds makes the Division of Employment and Training Services by far the department's largest and most volatile division.

All other divisions have been relatively stable over this time period.

Appropriations within the Department of Labor & Workforce Development  
(All Funds)  
(\$ Thousands)

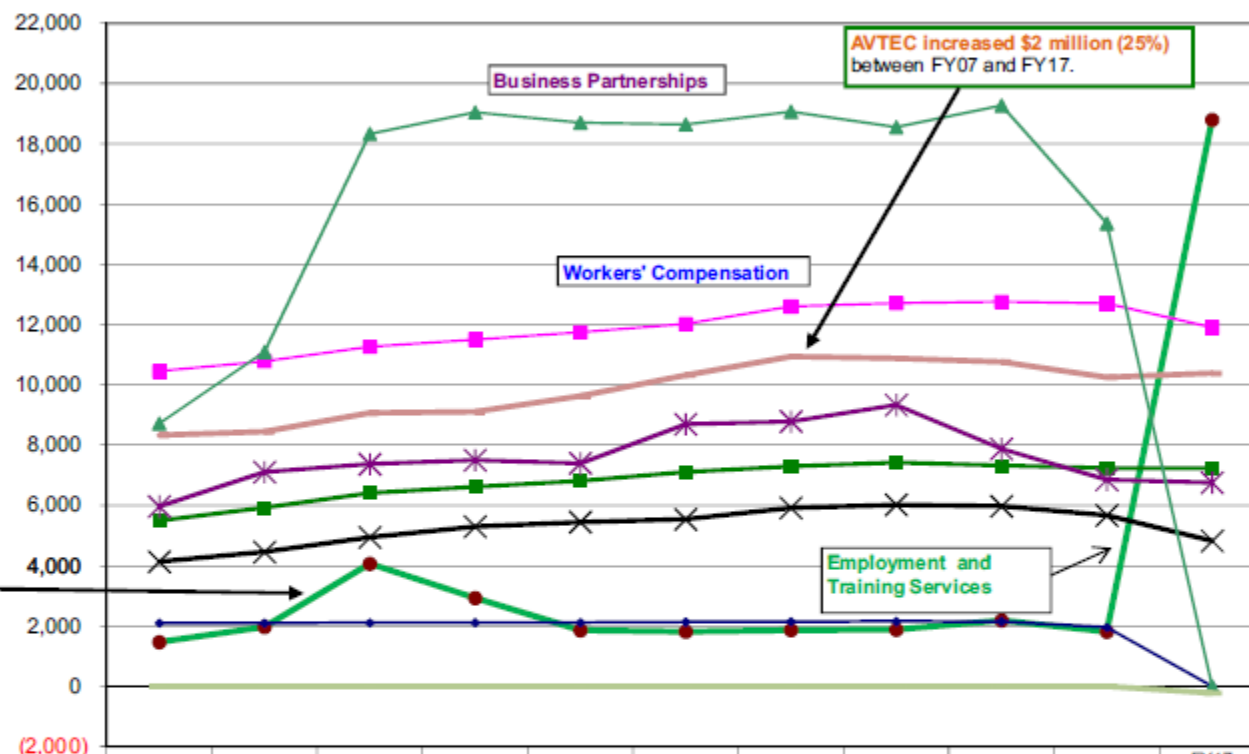




# **Appropriations within the Department of Labor and Workforce Development (GF Only) (\$ Thousands)**

In the 17Gov Request, the **Business Partnerships** and **Employment Security** appropriations were merged into the **Employment and Training Services** appropriation. The implementation of Administrative Order No. 275 became the impetus for several organizational changes. Prior to that action, the Business Partnerships appropriation was comprised of ten allocations. It is anticipated that the reorganization reduces the number of staff necessary to provide workforce development grants and services.

The spike in FY09 is attributable to the replacement of unrealizable federal funds (FF) with GF.



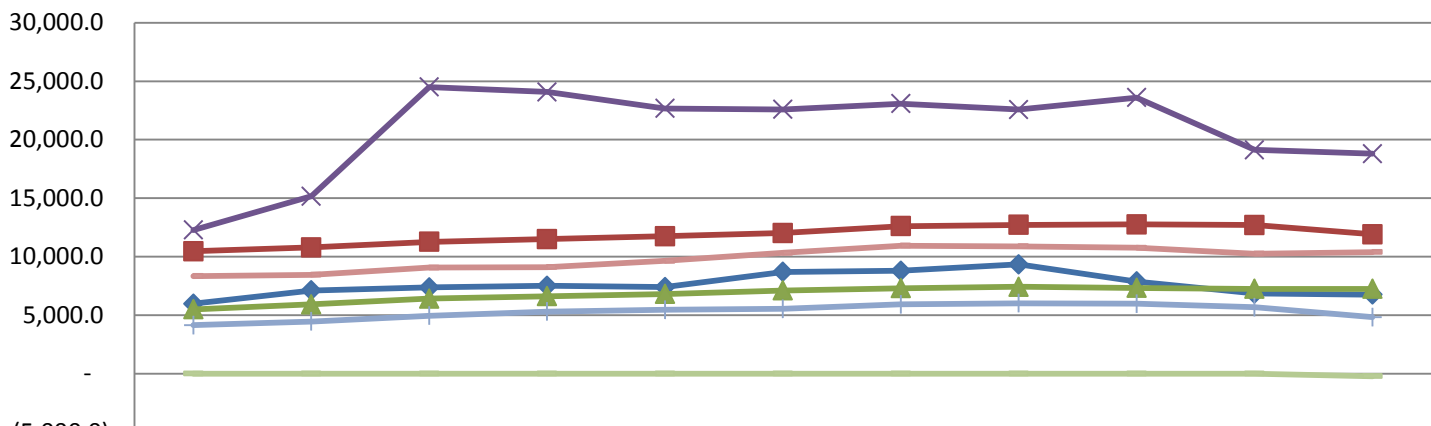
	07MgtPin	08MgtPin	09MgtPin	10MgtPin	11MgtPin	12MgtPin	13MgtPin	14MgtPin	15MgtPin	16MgtPin	FY17 Gov
Employment and Training Services	1,464.6	1,967.8	4,065.2	2,927.0	1,859.1	1,812.6	1,863.9	1,877.5	2,186.6	1,809.5	18,795.1
Workers' Compensation	10,451.6	10,782.9	11,264.9	11,501.9	11,748.3	12,018.7	12,602.2	12,712.1	12,758.7	12,705.7	11,905.7
AVTEC	8,333.4	8,447.0	9,067.3	9,106.1	9,631.6	10,322.4	10,942.5	10,877.1	10,758.6	10,249.8	10,382.9
Labor Standards and Safety	5,495.7	5,923.7	6,412.5	6,616.9	6,809.0	7,111.4	7,295.3	7,419.3	7,320.6	7,240.1	7,240.1
Commissioner and Admin Svcs	5,965.3	7,110.1	7,369.7	7,502.6	7,397.3	8,693.1	8,787.0	9,334.6	7,875.6	6,853.0	6,753.0
Vocational Rehabilitation	4,135.1	4,455.5	4,940.2	5,300.0	5,447.2	5,538.8	5,918.1	6,018.7	5,977.8	5,673.1	4,824.0
Employment Security	2,099.7	2,099.2	2,107.6	2,112.7	2,119.5	2,132.5	2,145.9	2,151.1	2,150.3	1,958.8	-
Business Partnerships	8,718.0	11,095.6	18,325.7	19,045.4	18,695.1	18,639.7	19,064.3	18,550.6	19,267.3	15,356.6	-
Agency Unallocated Appropriation	-	-	-	-	-	-	-	-	-	-	(225.9)

# GENERAL FUNDS BY NEW APPROPRIATION STRUCTURE

General Funds includes special training funds such as the State Training and Employment Program (STEP), and the Technical and Vocational Education Program (TVEP).

General Funds also includes program receipts from fee-for-service type activities (i.e., student tuition and fees or mechanical inspection fees).

Appropriations within the Department of Labor & Workforce Development  
(GF Only)  
(\$ Thousands)



	07 MgtPln	08 MgtPln	09 MgtPln	10 MgtPln	11 MgtPln	12 MgtPln	13 MgtPln	14 MgtPln	15 MgtPln	16 MgtPln	17 Gov 1/29
✕ Employment and Training Services	12,282.3	15,162.6	24,498.5	24,085.1	22,673.7	22,584.8	23,074.1	22,579.2	23,604.2	19,124.9	18,795.1
■ Workers' Compensation	10,451.6	10,782.9	11,264.9	11,501.9	11,748.3	12,018.7	12,602.2	12,712.1	12,758.7	12,705.7	11,905.7
— Alaska Vocational Technical Center	8,333.4	8,447.0	9,067.3	9,106.1	9,631.6	10,322.4	10,942.5	10,877.1	10,758.6	10,249.8	10,382.9
◆ Commissioner and Administrative Services	5,965.3	7,110.1	7,369.7	7,502.6	7,397.3	8,693.1	8,787.0	9,334.6	7,875.6	6,853.0	6,753.0
▲ Labor Standards and Safety	5,495.7	5,923.7	6,412.5	6,616.9	6,809.0	7,111.4	7,295.3	7,419.3	7,320.6	7,240.1	7,240.1
+ Vocational Rehabilitation	4,135.1	4,455.5	4,940.2	5,300.0	5,447.2	5,538.8	5,918.1	6,018.7	5,977.8	5,673.1	4,824.0
— Unallocated Reduction	-	-	-	-	-	-	-	-	-	-	(225.9)



## WE'RE PREPARING ALASKANS FOR THE JOBS OF TODAY— AND TOMORROW.

**Alaska Department of Labor and  
Workforce Development  
Commissioner Heidi Drygas**

Email: [Commissioner.Labor@alaska.gov](mailto:Commissioner.Labor@alaska.gov)  
Phone: (907) 465-2700



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